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MINISTRY OF LABOUR
AND IMMIGRATION

SECRETARIAT OF STATE
FOR SOCIAL SECURITY



SOCIAL SECURITY RESERVE FUND

**Changes and actions in 2010 and
status as at 31 December 2010**

REPORT TO PARLIAMENT



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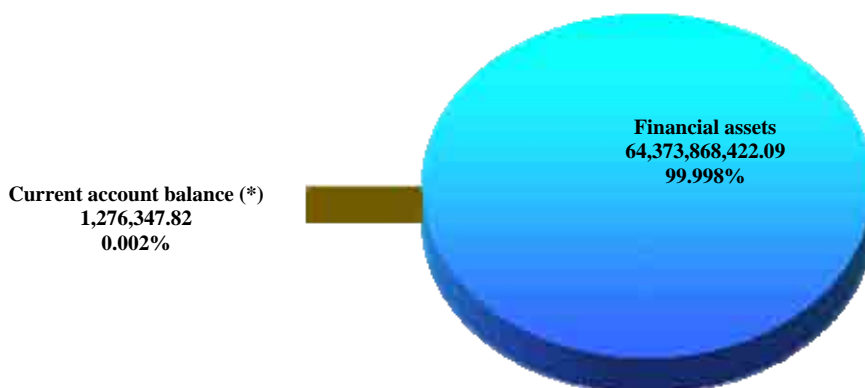
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1. RESERVE FUND STATUS AS AT 31/12/2010

On 31/12/2010, the breakdown of the Reserve Fund balance was as follows:

| | |
|-------------------------------------------------------------------------|---------------------------|
| 1-Financial assets | €64,373,868,422.09 |
| <i>(recorded at acquisition price¹)</i> | |
| 2-Current account balance | €1,258,805.44 |
| 3-Interest accrued on the current account in December 2010 | €17,542.38 |
| <i>(received on 4 January 2011)</i> | |
| <hr/> | |
| RESERVE FUND TOTAL | €64,375,144,769.91 |

This is illustrated in the following graph:



(*) *With interest accrued in December 2010 and received on 04/01/2011*

This Reserve Fund balance represents 6.11% of the Gross Domestic Product (according to figures from the National Institute of Statistics ("INE") published in the CNE-2000 on 17 November 2010, GDP for 2009 was €1,053,914 million).

¹ The acquisition price is known as the "dirty price" or "all in price" because it includes the amount paid for the accrued - but not collected - interest coupons which, where applicable, the asset includes. Including this amount means that the amounts received when the asset matures or is disposed of have to be adjusted in the opposite direction to prevent them from being calculated twice. In terms of accounting, however, the assets are recorded excluding interest, and therefore no adjustment is required.



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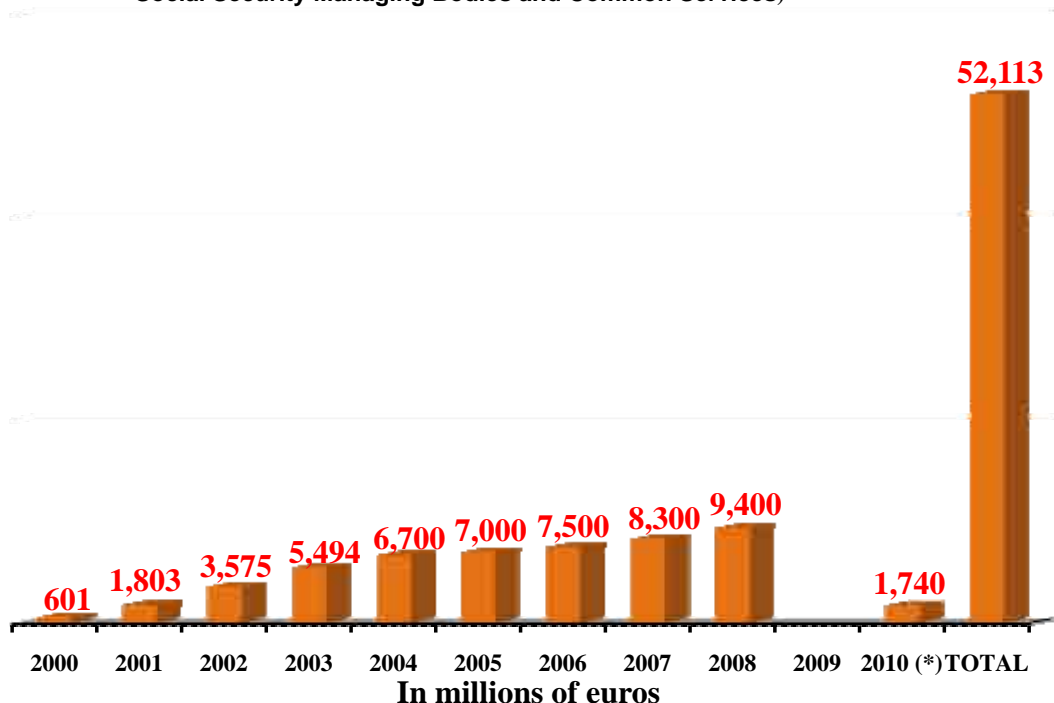
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If we take the estimated GDP for 2010 from the 2009-2013 Stability Programme (€1,054,968 million), the Reserve Fund on 31 December 2010 represented 6.10% of GDP.

2.- CHANGES IN THE RESERVE FUND BALANCE

The Reserve Fund **allocations** approved by the Council of Ministers and taken from the budget surpluses of the Social Security Managing Bodies and Common Services, covering the period from the first allocation approved in 2000 up to 31 December 2010, are illustrated in the following graph:

**ALLOCATIONS APPROVED BY
COUNCIL OF MINISTERS AGREEMENT
UP TO 31 DECEMBER 2010**
(taken from the budget surpluses of the
Social Security Managing Bodies and Common Services)



(*) *Approved by Council of Ministers Resolution of 26/02/2010*



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The amounts allocated as excess surpluses arising from the management by the Social Security **Mutual Societies for Work-Related Injuries and Occupational Diseases** in order to benefit **Temporary Disability due to Common Contingencies** were paid into the Reserve Fund's dedicated account:

- For years 1997-2002: **€19,872,722.09.**
- For 2003: **€258,828.77.**
- For 2004: **€5,335,504.48.**
- For 2005: **€41,452,276.13.**
- For 2006: **€110,265,045.16.**
- For 2007: **€119,958,195.12.**
- For 2008: **€80,059,126.02.**
- For 2009: **€69,247,170.19.** Paid in on 27 July (€10,607,486.96), 28 July (€3,301,609.54), 29 July (€2,092,010.95), 30 July (€20,364,904.23) and 2 August 2010 (€2,881,158.51).

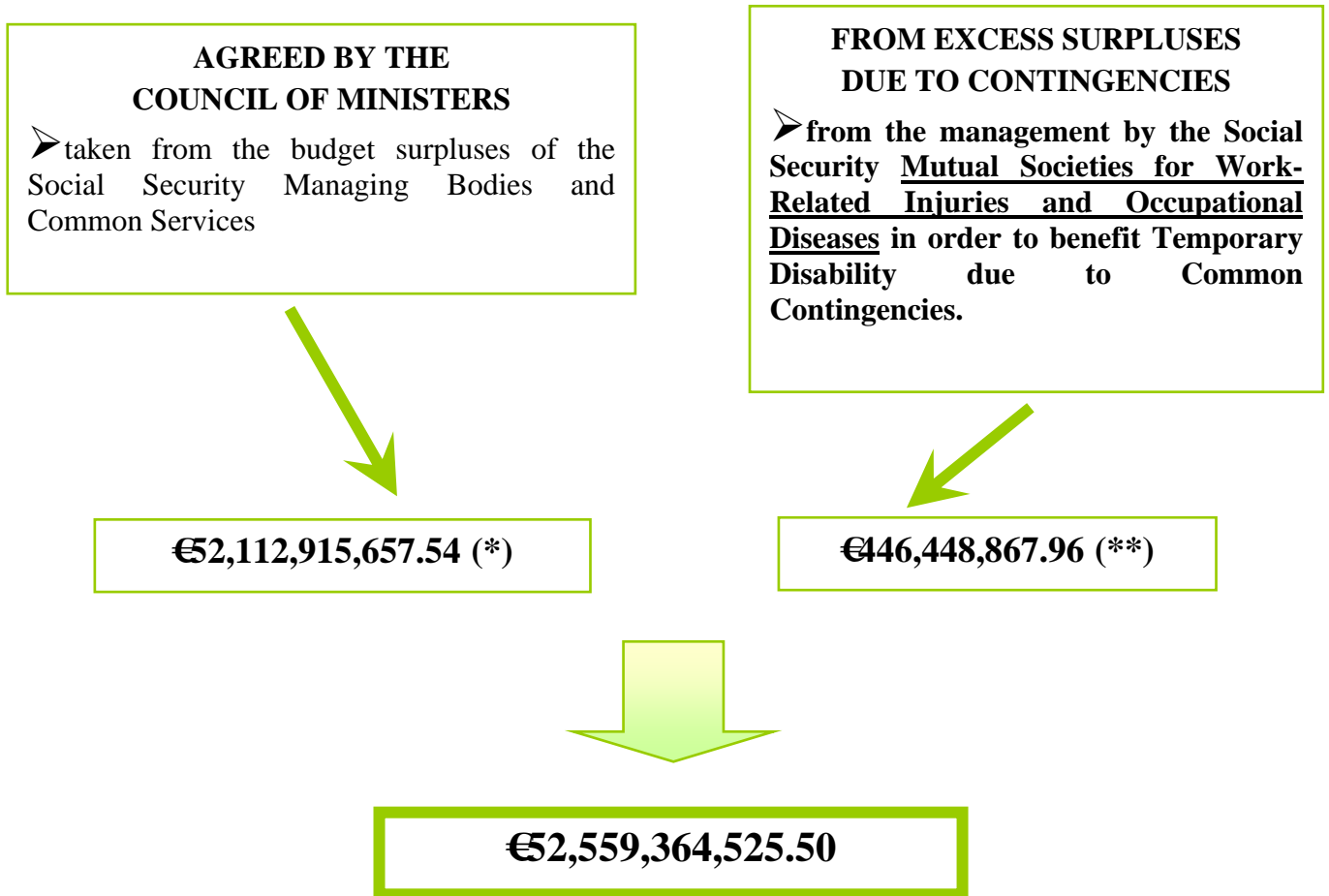


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SOCIAL SECURITY RESERVE FUND ALLOCATIONS



() In 2010 €1.740 million was approved by the Council of Ministers Resolution of 26/02/2010.*

*(**) In 2010, €69,247,170.19 was paid into the Fund from the excess surpluses arising from the management by the Social Security Mutual Societies for Work-Related Injuries and Occupational Diseases in order to benefit Temporary Disability due to Common Contingencies in 2009.*

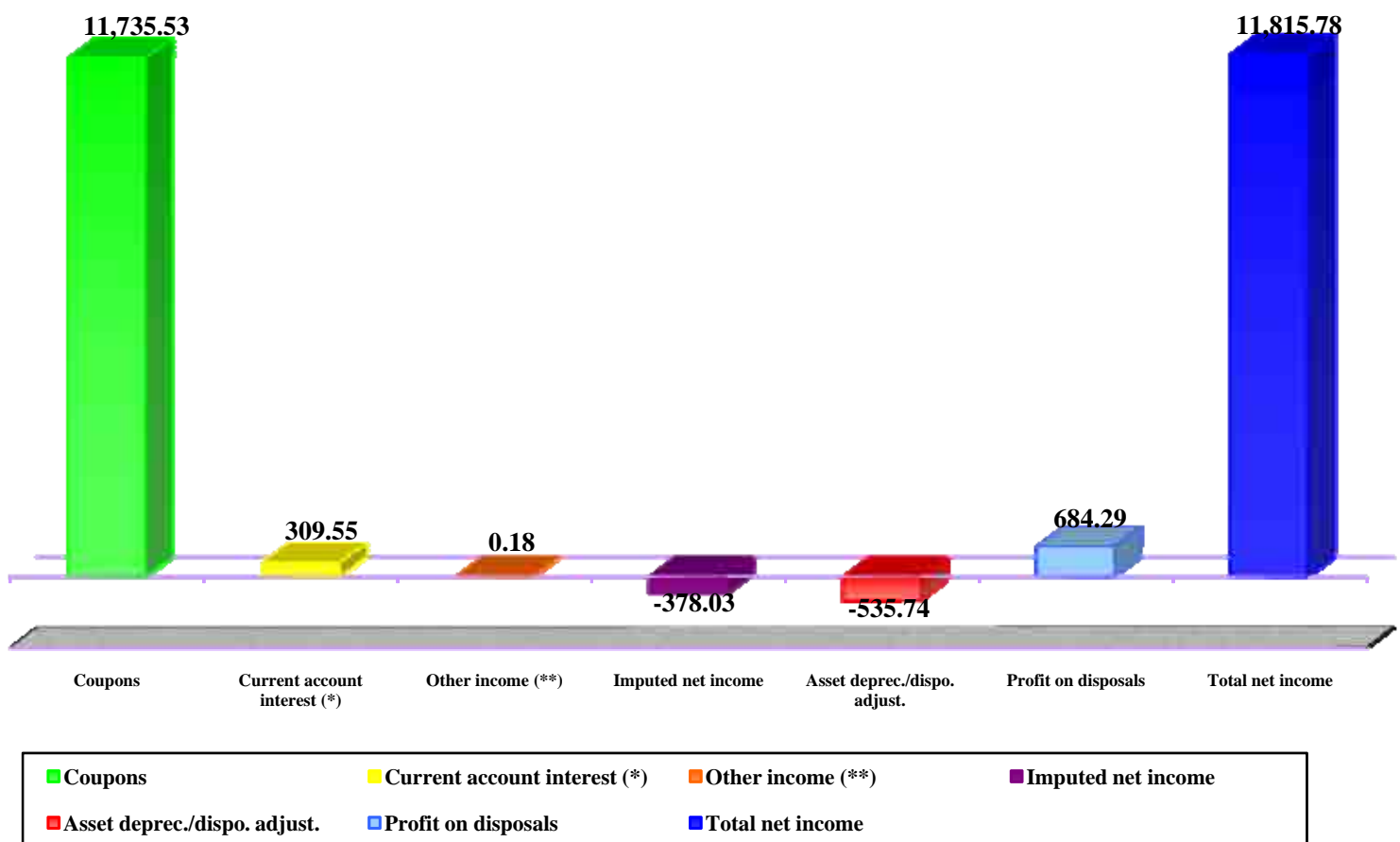


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The **net income generated**² by the Fund between 2000, when the first allocation to the Reserve Fund was approved, and 31/12/2010 (this income also forms part of the Reserve Fund allocation) can be summarised as follows:



Figures in millions of euros

(*) Includes interest accrued in December and received on 4 January 2011.

(**) Includes income generated from double security-based swaps (€101,047.86) as well as compensation for interest that was not earned on income received too late to be counted as excess surplus arising from the management by the MATEPSS in order to benefit Temporary Disability due to Common Contingencies for the 2006 financial year (€78,017.23).

² Not including asset income that was earned but not received during the year. The income earned but not received for 2010 totalled €1,631,563,539.94.

This figure is recorded in the accounts of the General Treasury of the Social Security.



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GENERAL CHANGES IN THE RESERVE FUND BALANCE

ALLOCATIONS AND INCOME

Status as at 31/12/2010. Figures in millions of euros

| Cumulative figures | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|-----------------------------------------------------|------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1. ALLOCATIONS | 601 | 2,404 | 5,979 | 11,473 | 18,193 | 25,198 | 32,740 | 41,150 | 50,670 | 50,750 | 52,559 |
| 1.a Council of Ministers' Resolution (*) | 601 | 2,404 | 5,979 | 11,473 | 18,173 | 25,173 | 32,673 | 40,973 | 50,373 | 50,373 | 52,113 |
| 1.b MATEPSS excess surpluses (**) | | | | | 20 | 25 | 67 | 177 | 297 | 377 | 446 |
| 2. NET INCOME GENERATED | 3 | 29 | 190 | 552 | 1,137 | 1,987 | 3,139 | 4,566 | 6,553 | 9,272 | 11,816 |
| 2.a Income generated (***) | 3 | 29 | 190 | 562 | 1,175 | 2,065 | 3,255 | 4,729 | 6,787 | 9,690 | 12,352 |
| 2.b Adjustments for depreciation/disposal of assets | | | | -10 | -38 | -78 | -116 | -163 | -234 | -418 | -536 |
| TOTAL | 604 | 2,433 | 6,169 | 12,025 | 19,330 | 27,185 | 35,879 | 45,716 | 57,223 | 60,022 | 64,375 |

(*) Taken from the budget surpluses of the Social Security Managing Bodies and Common Services.

(**) Arising from the management by the MATEPSS of the benefit for Temporary Disability due to Common Contingencies.

(***) Current account interests (in each financial year this includes the interest accrued in December but received in January of the following year), asset income, income from disposals and other income.



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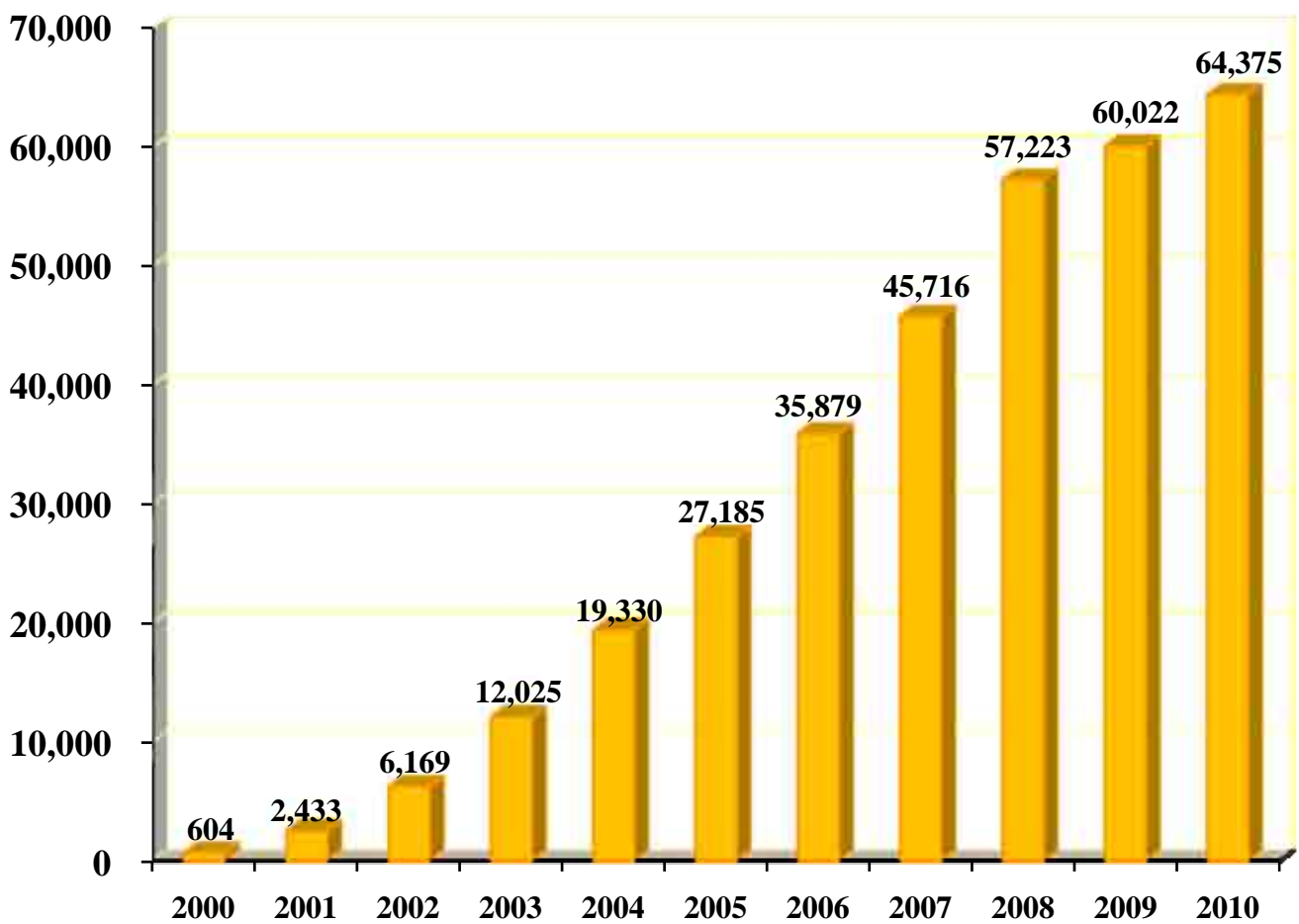
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The balance breakdown by year is shown below:

General Changes in the Reserve Fund Balance

Status as at 31 December

Figures in millions of euros





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3.- ACTIONS IN 2010 FINANCIAL YEAR

3.1. Investment criteria for 2010

- The Social Security Reserve Fund will invest in Spanish public debt and may invest in the public debt of Germany, France and the Netherlands. The debt must be issued in euros, with maximum credit quality, and negotiated on regulated markets or organised trading systems.
- Investment in the public debt of non-Spanish issuers, if approved by the Social Security Reserve Fund Management Committee, must be limited such that the total value of foreign debt in the portfolio does not exceed 55% of the total nominal value of the portfolio.
- If market conditions are favourable, assets may be disposed of subject to security, profitability and diversification criteria.
- The Social Security Reserve Fund must be managed taking into account the timeframes established by the Secretariat of State for the Social Security's schedule for future inflows and the disposal of funds to cover contributory pensions.
- The modified term of the Social Security Reserve Fund shall be between 3.5 and 5 years, although the pace needed to achieve the required term will be gradual and may vary depending on the economic and financial climate and the status of the Social Security Reserve Fund.
- The maturity structure for portfolio assets must be well-balanced and avoid any excessive concentration of maturity periods.



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- The Social Security Reserve Fund's Spanish securities must be diversified, such that no single product in the portfolio accounts for more than 15%, in general terms, of the nominal outstanding balance. This is in addition to the issuer policies, which will not automatically shape the Fund's investment decisions.
- The nominal value of all Spanish Treasury products in the Social Security Reserve Fund's portfolio shall not exceed 11% of the total Treasury debt in circulation (bills and short and long-term bonds), excluding foreign currency issuances.
- At the time of investment, priority shall be given to purchases of benchmark products in the portfolio.



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3.2. First Management Committee meeting of 2010.

On 22 January 2010, the Social Security Reserve Fund Management Committee, which is the senior managing body for the Reserve Fund, held its twenty-fifth meeting. After having analysed the proposal from the Investment Advisory Committee, which met on 21 January 2010, the Committee adopted the following resolutions:

- ✓ To approve for 2010 the investment criteria in force in 2009. These criteria are set out in the previous section.
- ✓ To approve the proposal to buy Spanish Public Debt for €5,191 million (€500 million on the primary market and €4,691 million on the secondary market), leaving a balance in the current account of €0.60 million.
- ✓ To distribute assets such that, in respect of what was agreed by the Management Committee on 8 July 2009, the term of the Fund would remain at 4.8 years with a modified term of 4.6 years.
- ✓ To give the Bank of Spain, which would act as an agent, until 15 March 2010 (transaction date) to complete the acquisitions.

The proposal to purchase assets that the Reserve Fund Management Committee, as senior monitoring body, approved in its meeting on 22 January 2010, specified the following list of assets to be purchased:



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SPANISH PUBLIC DEBT

| Description of asset | Maturity | Value in euros | | |
|------------------------------------|---------------|--------------------|----------------------|----------------------|
| | | Primary | Secondary | Total |
| Treasury Bills (1) | February 2011 | 300,000,000 | | 300,000,000 |
| State Long-Term Bonds (5.35%) | 31/10/2011 | | 300,000,000 | 300,000,000 |
| State Long-Term Bonds (6.15%) | 31/01/2013 | | 200,000,000 | 200,041,305 |
| State Short-Term Bonds (2.30%) (2) | 30/04/2013 | 200,000,000 | 500,000,000 | 700,000,000 |
| State Short-Term Bonds (4.25%) | 31/01/2014 | | 50,000,000 | 50,000,000 |
| State Long-Term Bonds (4.75%) | 30/07/2014 | | 500,000,000 | 500,000,000 |
| State Short-Term Bonds (3.30%) | 31/10/2014 | | 700,000,000 | 700,000,000 |
| State Long-Term Bonds (4.40%) | 31/01/2015 | | 500,000,000 | 500,000,000 |
| State Long-Term Bonds (3.15%) | 31/01/2016 | | 400,000,000 | 400,000,000 |
| State Long-Term Bonds (5.50%) | 30/07/2017 | | 200,000,000 | 200,000,000 |
| State Long-Term Bonds (4.30%) | 31/10/2019 | | 541,000,000 | 541,000,000 |
| State Long-Term Bonds (4.00%) | 30/04/2020 | | 300,000,000 | 300,000,000 |
| State Long-Term Bonds (4.80%) | 31/01/2024 | | 500,000,000 | 500,000,000 |
| TOTAL | | 500,000,000 | 4,691,000,000 | 5,191,041,305 |

(1) Auction on 16 February

(2) Auction on 4 February

Once the aforementioned proposal was passed by the Social Security Reserve Fund Management Committee, on behalf of the General Treasury of the Social Security and based on the certificate issued by the Committee Secretary, the corresponding acquisition file was opened and the acquisition orders were sent to the Bank of Spain.



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Details of the transactions that took place between 2 February and 9 March - the value dates- (the transaction dates being between 28 January and 2 March) and totalling **€5,190,956,441.22**, are shown in the following table:

| | DESCRIPTION OF FINANCIAL ASSET AND ISSUE REFERENCE | DEPRECIATION DATE | TOTAL ACQUISITION PRICE (includes accrued interest coupon if applicable) | NOMINAL VALUE = REDEMPTION VALUE | AVERAGE ACQUISITION IRR |
|-------------|--------------------------------------------------------|----------------------|-----------------------------------------------------------------------------------|----------------------------------------|-------------------------------|
| I) | SHORT-TERM ZONE | | | | |
| | Treasury Bills Issue ref. ES0L01102182 | 18/02/2011 | 299,999,295.70 | 302,615,000.00 | 0.862 |
| | State long-term Bonds (5.35%) Issue ref. ES0000012452 | 31/10/2011 | 299,996,324.85 | 277,073,000.00 | 1.348 |
| | TOTAL | | 599,995,620.55 | 579,688,000.00 | |
| II) | 3-YEAR ZONE | | | | |
| | State long-term Bonds (6.15%) Issue ref. ES0000011660 | 31/01/2013 | 199,999,403.70 | 179,543,000.00 | 2.214 |
| | State short-term Bonds (2.30%) Issue ref. ES00000121T5 | 30/04/2013 | 699,999,956.79 | 695,036,000.00 | 2.342 |
| | State short-term Bonds (4.25%) Issue ref. ES00000121H0 | 31/01/2014 | 49,999,386.95 | 47,248,000.00 | 2.699 |
| | State long-term Bonds (4.75%) Issue ref. ES0000012098 | 30/07/2014 | 500,000,094.71 | 450,212,000.00 | 2.714 |
| | State short-term Bonds (3.30%) Issue ref. ES00000121P3 | 31/10/2014 | 700,001,277.40 | 678,963,000.00 | 2.819 |
| | TOTAL | | 2,150,000,119.55 | 2,051,002,000.00 | |
| III) | 5-YEAR ZONE | | | | |
| | State long-term Bonds (4.40%) Issue ref. ES0000012916 | 31/01/2015 | 499,999,634.18 | 467,678,000.00 | 2.928 |
| | State long-term Bonds (3.15%) Issue ref. ES00000120G4 | 31/01/2016 | 399,999,375.01 | 400,194,000.00 | 3.187 |
| | State long-term Bonds (5.50%) Issue ref. ES0000012783 | 30/07/2017 | 199,999,588.60 | 173,011,000.00 | 3.552 |
| | TOTAL | | 1,099,998,597.79 | 1,040,883,000.00 | |
| IV) | 10-YEAR ZONE | | | | |
| | State long-term Bonds (4.30%) Issue ref. ES00000121O6 | 31/10/2019 | 540,967,409.46 | 518,747,000.00 | 3.923 |
| | State long-term Bonds (4.00%) Issue ref. ES00000122D7 | 30/04/2020 | 299,997,961.16 | 299,685,000.00 | 4.027 |
| | State long-term Bonds (4.80%) Issue ref. ES00000121G2 | 31/01/2024 | 499,996,732.71 | 478,008,000.00 | 4.378 |
| | TOTAL | | 1,340,962,103.33 | 1,296,440,000.00 | |
| | TOTAL FINANCIAL ASSETS PURCHASED (I+II+III+IV) | | 5,190,956,441.22 | 4,968,013,000.00 | 2,922 (*) |

(*) *The average weighted IRR is calculated on the nominal value*

Zone-based distribution criteria:

Short-term zone: maturity up to 12 months from 31/12/2010 in order to tie in with accounting criteria.

3-year zone: maturity between 12 months and 4 years from 31/12/2010.

5-year zone: maturity between 4 years and 7 years from 31/12/2010.

10+ year zone: maturity over 7 years from 31/12/2010.



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Once the disposals and acquisitions had been completed, and in order to summarise the actions carried out, a comparison was drawn between the figures estimated on the date of the meeting, according to the resolutions adopted by the Management Committee, and the new status of the Reserve Fund on the final value date of the acquisition transactions:

| RESOLUTIONS | ESTIMATED INDICATORS PROPOSED FIGURES | ACTUAL FIGURES (Figures as at 09/03/2010) |
|-------------------------------------------------------------------------------------|----------------------------------------------|--------------------------------------------------|
| Amount of Spanish Debt to be purchased (€m) | 5,191.00 | 5,190.96 |
| Average amount of purchases made per day (€m) | | 199.65 |
| Account Value (€m) (1) | 0.60 | 1,741.88 |
| Level of concentration (%) (2) | 9.81 | 9.78 |
| SSRF term (years) (3) | 4.80 | 4.59 |
| SSRF modified term (years) (3) | 4.60 | 4.45 |
| Acquisition IRR (%) (4) | 3.00 | 2.92 |
| Percentage of foreign debt (nominal value) compared to total portfolio value | 21.10 | 21.17 |

(1) In the Proposed Figures column, Account Value means the balance on 22/01/2010 plus the predicted cash inflows in January from the collection of coupons and depreciation of assets (€5,191,597,867.28), minus the estimated amounts needed to purchase Spanish debt (€5,191,000,000.00) The Account Value in the Actual Figures column includes:

- The surplus from the acquisitions, which was €43,558.78.
- The interest on the current account from January and February 2010 (€1,238,422.95).
- The financial investment (€1,740,000,000.00) of the allocation approved by the Council of Ministers Agreement of 26 February, which took place on 2 March.



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(2) Proportion of Spanish Treasury products in the SSRF portfolio compared to the total Treasury debt in circulation, not counting the stripped coupon.

(3) When calculating the term and modified term of the Fund's implementation period, the following figures were taken into account:

- *Current account interest accrued from January and February 2010 (€1,238,422.95), as well as the interest accrued in March up to the 9th but not yet received (€139,389.91).*
- *The financial investment (€1,740,000,000.00) of the allocation approved by the Council of Ministers Agreement of 26 February, which took place on 2 March.*
- *The surplus from the acquisitions (€43,558.78).*

However, if the calculation were to take into account the €1,740,000,000.00 allocation approved by the Council of Ministers on 26 February, the term and the modified term would be between 4.72 and 4.57 years respectively.

(3) The acquisition IRR in the Proposed Figures column is compared with the IRR in the Actual Figures column. The acquisition proposal's IRR was calculated - once the purchases had been completed - based on the nominal value that was actually purchased and the IRR on the day of the Social Security Reserve Fund Management Committee Meeting -22/01/10- (data obtained from the Bank of Spain for Spanish assets, and from Reuters for foreign assets), except the Treasury Bill with issue reference ESOL01102182, the value of which was that on the first day of listing, according to the Bank of Spain's bulletin: 16 February.



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3.3. Second Management Committee meeting of 2010.

On 26/02/2010, the Council of Ministers approved a Reserve Fund allocation of €1,740 million, the financial investment of which took place on 02/03/2010.

As a result of the amount available to invest arising from the approved allocation, on 25 March 2010, the Social Security Reserve Fund Management Committee, which is the senior managing body for the Reserve Fund, held its twenty-sixth meeting. After having analysed the proposal from the Investment Advisory Committee, which met on 23 March 2010, the Committee adopted the following resolutions:

- ✓ To approve the proposal to buy Spanish Public Debt—to be debited from the existing balance in the account opened with the Bank of Spain, as well as the predicted inflows from coupons (€77,329,131.66) and asset depreciation (€54,269,000.00) by 30 April 2010— for a total of €2,973,450,000 (€600,000,000 on the primary market and €2,373,450,000 on the secondary market), leaving a balance in the current account of €7,980.67.
- ✓ To distribute assets such that, in respect of what was agreed by the Management Committee on 22 January 2010, the term of the Fund would remain at 4.8 years with a modified term of 4.6 years.
- ✓ To give the Bank of Spain until 14 May 2010 (transaction date) to complete the acquisitions.



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The Advisory Committee's proposal, which was submitted to the Reserve Fund Management Committee (acting as senior monitoring body) for approval in its meeting on 25 March 2010, comprised the following asset acquisitions:

SPANISH PUBLIC DEBT

| Description of asset | Maturity | Value in euros | | |
|------------------------------------|------------|--------------------|----------------------|----------------------|
| | | Primary | Secondary | Total |
| State long-term Bonds (5.35%) | 31/10/2011 | | 30,000,000 | 30,000,000 |
| State short-term Bonds (2.30%) (1) | 30/04/2013 | 300,000,000 | 450,000,000 | 750,000,000 |
| State short-term Bonds (3.30%) | 31/10/2014 | | 720,000,000 | 720,000,000 |
| State short-term Bonds (3.00%) (2) | 30/04/2015 | 300,000,000 | 350,000,000 | 650,000,000 |
| State long-term Bonds (3.15%) | 31/01/2016 | | 40,000,000 | 40,000,000 |
| State long-term Bonds (4.10%) | 30/07/2018 | | 700,000,000 | 700,000,000 |
| State long-term Bonds (4.00%) | 30/04/2020 | | 83,450,000 | 83,450,000 |
| TOTAL | | 600,000,000 | 2,373,450,000 | 2,973,450,000 |

(1) Auction on 8 April

(2) Auction on 6 May

Once the proposal was passed by the Social Security Reserve Fund Management Committee, on behalf of the General Treasury of the Social Security and based on the certificate issued by the Committee Secretary, the corresponding acquisition file was opened and the acquisition orders were sent to the Bank of Spain.



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Details of the transactions that took place between 9 April and 11 May - the value dates- (the transaction dates being between 6 April and 6 May) and totalling **€2,973,436,671.53**, are shown in the following table:

| | DESCRIPTION OF FINANCIAL ASSET AND ISSUE REFERENCE | DEPRECIATION DATE | TOTAL ACQUISITION PRICE (includes accrued interest coupon if applicable) | NOMINAL VALUE = REDEMPTION VALUE | AVERAGE ACQUISITION IRR |
|------|--------------------------------------------------------|----------------------|-----------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------|
| I) | SHORT-TERM ZONE | | | | |
| | State long-term Bonds (5.35%) Issue ref. ES0000012452 | 31/10/2011 | 29,999,915.53 | 27,562,000.00 | 1.123 |
| | TOTAL | | 29,999,915.53 | 27,562,000.00 | |
| II) | 3-YEAR ZONE | | | | |
| | State short-term Bonds (2.30%) Issue ref. ES00000121T5 | 30/04/2013 | 749,999,526.30 | 734,939,000.00 | 2.014 |
| | State short-term Bonds (3.30%) Issue ref. ES00000121P3 | 31/10/2014 | 719,999,950.20 | 695,349,000.00 | 2.831 |
| | TOTAL | | 1,469,999,476.50 | 1,430,288,000.00 | |
| III) | 5-YEAR ZONE | | | | |
| | State short-term Bonds (3.00%) Issue ref. ES00000122F2 | 30/04/2015 | 649,999,916.54 | 654,242,000.00 | 3.193 |
| | State long-term Bonds (3.15%) Issue ref. ES00000120G4 | 31/01/2016 | 39,989,711.03 | 39,605,000.00 | 3.082 |
| | TOTAL | | 689,989,627.57 | 693,847,000.00 | |
| IV) | 10+ YEAR ZONE | | | | |
| | State long-term Bonds (4.10%) Issue ref. ES00000121A5 | 30/07/2018 | 699,998,613.32 | 661,922,000.00 | 3.708 |
| | State long-term Bonds (4.00%) Issue ref. ES00000122D7 | 30/04/2020 | 83,449,038.61 | 81,745,000.00 | 3.859 |
| | TOTAL | | 783,447,651.93 | 743,667,000.00 | |
| | TOTAL FINANCIAL ASSETS PURCHASED (I+II+III+IV) | | 2,973,436,671.53 | 2,895,364,000.00 | 2,922 (*) |

(*) *The average weighted IRR is calculated on the nominal value*

Note: see zone-based distribution criteria on page 12



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Once the disposals and acquisitions had been completed, and in order to summarise the actions carried out, a comparison was drawn between the figures estimated on the date of the meeting, according to the resolutions adopted by the Management Committee, and the new status of the Reserve Fund on the final value date of the acquisition transactions:

| RESOLUTIONS | ESTIMATED INDICATORS PROPOSED FIGURES (25-03-10) | ACTUAL FIGURES (Figures as at 11/05/2010) |
|-------------------------------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------|
| Amount of Spanish Debt to be purchased (€m) | 2,973.45 | 2,973.44 |
| Average amount of purchases made per day (€m) | | 156.50 |
| Account Value (€m) (1) | 0.03 | 12.61 |
| Level of concentration (%) (2) | 10.16 | 10.13 |
| SSRF term (years) (3) | 4.80 | 4.61 |
| SSRF modified term (years) (3) | 4.60 | 4.46 |
| Acquisition IRR (%) (4) | 2.76 | 2.92 |
| Percentage of foreign debt (nominal value) compared to total portfolio value | 18.90 | 18.88 |

(1) In the Proposed Figures column, Account Value means the existing balance as at 25/03/2010 (which includes the €1,740 million allocation approved by the Council of Ministers Agreement of 26 February 2010) plus the predicted cash inflows in April from the collection of coupons and depreciation of assets (€1,231,598,131.66), minus the estimated amounts needed to purchase Spanish debt (€2,973,450,000). The Account Value in the Actual Figures column includes:

- The surplus from the acquisitions, which was €13,328.47.
- The interest on the current account from March and April 2010 (€740,761.40).
- The coupons collected due to the new acquisitions (€11,831,982.89).



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(2) Proportion of Spanish Treasury products in the SSRF portfolio compared to the total Treasury debt in circulation, not counting the stripped coupon.

(3) When calculating the term and modified term of the Fund's implementation period, the following figures were taken into account:

- *Current account interest accrued from March and April (€740,761.40), as well as interest accrued up to May 11th but not yet received (€29,176.65).*
- *The increase in collected coupons (€11,831,982.89).*
- *The surplus from the acquisitions (€13,328.47).*

(4) The acquisition IRR in the Proposed Figures column is compared with the IRR in the Actual Figures column. The proposal's IRR was calculated - once the purchases had been completed - based on the nominal value that was actually acquired and the IRR on the day of the Social Security Reserve Fund Management Committee meeting –25/03/10– (data from the Bank of Spain).



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3.4. Third Management Committee meeting of 2010.

On 10 June 2010, the twenty-seventh meeting of the Social Security Reserve Fund Management Committee was held to analyse the proposals put forward by the Social Security Reserve Fund Investment Advisory Committee, which met that same day. The Management Committee, as the senior monitoring body, approved the following definitive Resolution:

- To dispose of financial assets (Dutch and German) for a nominal value of €2,262,096,000.
- Using the profit from this disposal, as well as the existing balance in the account opened with the Bank of Spain, which totals €12,644,998.45, Spanish Public Debt would be acquired on the primary and secondary market.
- The amount of Spanish Public Debt to acquire on the primary market totalled €1,450,000,000, with this being the desired objective, and therefore the amounts that could not be acquired on the primary market would be acquired on the secondary market, with the same products being acquired.
- The remaining Spanish Public Debt acquisitions would take place on the secondary market for an amount, estimated on 10 June 2010, of €1,119,160,000. The difference between the final amount obtained in the sales and the amount indicated in the Proposed Figures column would be adjusted according to the acquisitions on the secondary market, and the balance of the Proposed Figures would be achieved in accordance with the market conditions.
- To maintain a Account Value of €178,000.
- To distribute assets such that, in respect of what was agreed by the Management Committee on 25 March 2010, the term of the Fund would be extended to 4.5 years with a modified term of 4.3 years (the term had been 4.8 years and the modified term 4.6 years).
- To give the Bank of Spain, which would act as an agent, a deadline of 2 July 2010.



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Details of the approved transactions are as follows:

Distribution of disposals

| Description of asset to be sold | Maturity | Nominal Sale Price (euros) |
|---------------------------------|------------|----------------------------|
| Germany 5.00% | 04/07/2012 | 108,028,000 |
| Netherlands 5.00% | 15/07/2012 | 996,746,000 |
| Germany 4.50% | 04/01/2013 | 281,840,000 |
| Germany 3.75% | 04/07/2013 | 426,975,000 |
| Netherlands 4.25% | 15/07/2013 | 448,507,000 |
| TOTAL | | 2,262,096,000 |

Distribution of Spanish Public Debt acquisitions:

| Description of asset | Maturity | Value in euros | | |
|-----------------------------------|------------|-------------------|------------------|----------------------|
| | | Primary | Secondary | Total |
| Treasury Bills (1) | 24/09/2010 | 300,000,000 | | 300,000,000 |
| Treasury Bills (1) | 17/12/2010 | 300,000,000 | | 300,000,000 |
| Treasury Bills (2) | 17/06/2011 | 300,000,000 | | 300,000,000 |
| Treasury Bills (2) | 16/12/2011 | 250,000,000 | | 250,000,000 |
| State short-term Bonds (2.50%) | 31/10/2013 | | (**) 550,000,000 | 550,000,000 |
| State long-term Bonds (4.00%) (3) | 30/04/2020 | 300,000,000 | (**) 569,160,000 | 869,160,000 |
| TOTAL | | (*) 1,450,000,000 | 1,119,160,000 | 2,569,160,000 |

(1) Auction on 22 June

(2) Auction on 15 June

(3) Auction on 17 June

(*) The amounts that cannot be acquired on the primary market will be acquired on the secondary market, with the same products being acquired.

(**) Estimated amounts according to figures as at 8 June. The difference between the final amount obtained from the sales will be adjusted according to the purchases on the secondary market.



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On behalf of the General Treasury of the Social Security and based on the certificate issued by the Committee Secretary, the corresponding file was opened and the acquisition and disposal orders were sent to the Bank of Spain.

Details of the disposals and acquisitions that took place between 17 June and 1 July - the value dates- (the transaction dates being between 14 June and 29 of June) are shown in the following table (the total disposals came to **€2,558,151,748.14**, and the total acquisitions came to **€2,570,589,682.95**):

Total disposals:

| DESCRIPTION OF FINANCIAL ASSET AND ISSUE REFERENCE | DEPRECIATION DATE | NOMINAL VALUE DISPOSED | CASH DISPOSAL VALUE | DISPOSAL IRR |
|----------------------------------------------------|-------------------|-------------------------|-------------------------|---------------------|
| German State Bonds (5.00%) Issue ref. DE0001135200 | 04/07/2012 | 108,028,000.00 | 123,059,535.16 | 0.501 |
| Dutch State Bonds (5.00%) Issue ref. NL0000102671 | 15/07/2012 | 996,746,000.00 | 1,130,811,280.80 | 0.704 |
| German State Bonds (4.50%) Issue ref. DE0001135218 | 04/01/2013 | 281,840,000.00 | 315,013,989.36 | 0.634 |
| German State Bonds (3.75%) Issue ref. DE0001135234 | 04/07/2013 | 426,975,000.00 | 480,151,313.60 | 0.797 |
| Dutch State Bonds (4.25%) Issue ref. NL0000102689 | 15/07/2013 | 448,507,000.00 | 509,115,629.22 | 1.072 |
| TOTAL FINANCIAL ASSETS DISPOSED | | 2,262,096,000.00 | 2,558,151,748.14 | 0.776 (*) |

(*) *Average weighted IRR on the nominal amount disposed*



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Total acquisitions:

| | DESCRIPTION OF FINANCIAL ASSET AND ISSUE REFERENCE | DEPRECIATION DATE | TOTAL ACQUISITION PRICE (includes accrued interest coupon if applicable) | NOMINAL VALUE = REDEMPTION VALUE | AVERAGE ACQUISITION IRR |
|-------------|--------------------------------------------------------|----------------------|--------------------------------------------------------------------------------------|-------------------------------------|-------------------------------|
| I) | SHORT-TERM ZONE | | | | |
| | Treasury Bills Issue ref. ES0L01009247 | 24/09/2010 | 299,999,839.30 | 300,692,000.00 | 0.913 |
| | Treasury Bills Issue ref. ES0L01012175 | 17/12/2010 | 299,999,069.39 | 302,298,000.00 | 1.576 |
| | Treasury Bills Issue ref. ES0L01106175 | 17/06/2011 | 299,999,548.72 | 306,992,000.00 | 2.305 |
| | Treasury Bills Issue ref. ES0L01112165 | 16/12/2011 | 249,999,424.09 | 260,810,000.00 | 2.831 |
| | TOTAL | | 1,149,997,881.50 | 1,170,792,000.00 | |
| II) | 3-YEAR ZONE | | | | |
| | State short-term Bonds (2.50%) Issue ref. ES00000122R7 | 31/10/2013 | 549,999,538.33 | 564,980,000.00 | 3.382 |
| | TOTAL | | 549,999,538.33 | 564,980,000.00 | |
| III) | 5-YEAR ZONE | | | | |
| | TOTAL | | - | - | - |
| IV) | 10+ YEAR ZONE | | | | |
| | State long-term Bonds (4.00%) Issue ref. ES00000122D7 | 30/04/2020 | 870,592,263.12 | 908,875,000.00 | 4.623 |
| | TOTAL | | 870,592,263.12 | 908,875,000.00 | |
| | TOTAL FINANCIAL ASSETS PURCHASED (I+II+III+IV) | | 2,570,589,682.95 | 2,644,647,000.00 | 3,142 (*) |

(*) *The average weighted IRR is calculated on the nominal value*

Note: see zone-based distribution criteria on page 12



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Once the disposals and acquisitions had been completed, and in order to summarise the actions carried out, a comparison was drawn between the figures estimated on the date of the meeting, according to the resolutions adopted by the Management Committee, and the new status of the Reserve Fund on the final value date of the acquisition transactions:

| RESOLUTIONS | ESTIMATED INDICATORS PROPOSED FIGURES (10-06-10) | ACTUAL FIGURES (Figures as at 01/07/2010) |
|-------------------------------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------|
| Amount of Foreign Debt to be purchased - nominal value (€m) | 2,262.10 | 2,262.10 |
| Amount of Spanish Debt to be purchased - cash value (€m) | 2,569.16 | 2,570.59 |
| Account Value (€m) (1) | 0.18 | 0.21 |
| Level of concentration (%) (2) | 10.22 | 10.38 |
| SSRF term (years) (3) | 4.50 | 4.46 |
| SSRF modified term (years) (3) | 4.30 | 4.28 |
| Disposal IRR (%) (4) | 0.74 | 0.78 |
| Acquisition IRR (%) (5) | 3.06 | 3.14 |
| Percentage of foreign debt (nominal value) compared to total portfolio value | 15.20 | 15.00 |

(1) The difference between the Account Value in the Proposed Figures column and the Actual Figures column is the surplus from the transactions (€29,063.64).

(2) Proportion of Spanish Treasury products in the SSRF portfolio compared to the total Treasury debt in circulation, not counting the stripped coupon.



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(3) For the calculation of the term and modified term in the Actual Figures column, the account interest accrued during June is included (€37,736.81), as well as the interest accrued on 1 July (€2.33), both not yet received.

(4) The disposal IRR in the Proposed Figures column is compared with the IRR in the Actual Figures column. The proposal's IRR was calculated based on the nominal value disposed and the IRR on the day of the Social Security Reserve Fund Management Committee meeting –10/06/10– (data from Reuters).

(5) The acquisition IRR in the Proposed Figures column is compared with the IRR in the Actual Figures column. The proposal's IRR was calculated - once the purchases had been completed - based on the nominal value that was actually purchased and the IRR on the day of the Social Security Reserve Fund Management Committee meeting –10/06/10– (data from the Bank of Spain), except the Treasury Bills with issue references ES0L01106175 and ES0L01112165, the values of which were those on 15/06/10 (first day of listing according to the Bank of Spain's bulletin).



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3.5. Fourth Management Committee meeting of 2010.

On 8 July 2010, the Social Security Reserve Fund Management Committee, held its twenty-eighth meeting to analyse the proposals put forward by the Social Security Reserve Fund Investment Advisory Committee, which met on 07/07/2010, the Management Committee, as senior monitoring body, approved the following definitive Resolution:

- To acquire Spanish Public Debt –to be debited from the existing balance in the account opened with the Bank of Spain (€47,638,570.45), as well as the predicted inflows from coupons (€76,159,938.50) and asset depreciation (€3,986,990,000.00) by 30 July 2010– for a total of €5,010,700,000 (€1,800,000,000 on the primary market and €3,210,700,000 on the secondary market), leaving a balance in the current account of €8,508.95.
- The amount of Spanish Public Debt to acquire on the primary market totalled €1,800,000,000, with this being the desired objective, and therefore the amounts that could not be acquired on the primary market would be acquired on the secondary market, with the same products being acquired.
- To distribute assets such that, in respect of what was agreed by the Management Committee in the meeting on 25 March 2010, the term of the Fund would remain at 4.8 years with a modified term of 4.6 years.
- To give the Bank of Spain, which would act as an agent, until 30 September 2010 to complete the aforementioned transactions.



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Details of the approved transactions are as follows:

Distribution of Spanish Public Debt acquisitions:

| Description of asset | Maturity | Value in euros | | |
|------------------------------------|------------|----------------------|----------------------|----------------------|
| | | Primary (*) | Secondary | Total |
| Treasury Bills (1) | 22/07/2011 | 300,000,000 | | 300,000,000 |
| Treasury Bills (2) | 19/08/2011 | 300,000,000 | | 300,000,000 |
| Treasury Bills | 21/10/2011 | | 150,000,000 | 150,000,000 |
| Treasury Bills (2) | 17/02/2012 | 150,000,000 | | 150,000,000 |
| Treasury Bills (3) | 17/02/2012 | 150,000,000 | | 150,000,000 |
| State short-term Bonds (2.30%) | 30/04/2013 | | 480,700,000 | 480,700,000 |
| State short-term Bonds (2.50%) (4) | 31/10/2013 | 300,000,000 | | 300,000,000 |
| State long-term Bonds (4.75%) | 30/07/2014 | | 550,000,000 | 550,000,000 |
| State short-term Bonds (3.00%) (5) | 30/04/2015 | 300,000,000 | 530,000,000 | 830,000,000 |
| State long-term Bonds (4.10%) | 30/07/2018 | | 380,000,000 | 380,000,000 |
| State long-term Bonds (4.30%) | 31/10/2019 | | 670,000,000 | 670,000,000 |
| State long-term Bonds (4.00%) | 30/04/2020 | | 450,000,000 | 450,000,000 |
| State long-term Bonds (4.65%) (6) | 30/07/2025 | 300,000,000 | | 300,000,000 |
| TOTAL | | 1,800,000,000 | 3,210,700,000 | 5,010,700,000 |

(1) Auction on 20 July

(2) Auction on 17 August

(3) Auction on 21 September

(4) Auction on 5 August

(5) Auction on 2 September

(6) Auction on 15 July

(*) The amounts that could be acquired on the primary market would be acquired on the secondary market, with the same products being acquired.



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Likewise, in accordance with the official notice issued by the Social Security Public Accounts Department on 2 July 2010, the estimated amounts to provide to the Social Security Reserve Fund as **excess surpluses** arising from the management of the Temporary Disability Benefit for Common Contingencies by the Mutual Societies for Work-Related Injuries and Occupational Diseases, for 2009, (Article 1 of the Law 28/2003, of 29 September, which governs the Social Security Reserve Fund), which should be paid in before 31 July 2010, totalled €9,264,914.83, and therefore the Management Committee approved the investment in the following asset:

Additional acquisition of Spanish Public Debt to be debited from the allocations made by the Mutual Societies for Work-Related Injuries and Occupational Diseases:

| Description of asset | Maturity | Value in euros | | |
|-------------------------------|------------|----------------|-------------------|-------------------|
| | | Primary | Secondary | Total |
| State long-term Bonds (5.50%) | 30/07/2017 | | 69,264,000 | 69,264,000 |
| TOTAL (*) | | 0 | 69,264,000 | 69,264,000 |

(*) *Estimated amount to invest according to the amount communicated in the official notice of 2 July 2010 by the Social Security Public Accounts Department.*

On behalf of the General Treasury of the Social Security and based on the certificate issued by the Committee Secretary, the corresponding file was opened and the acquisition orders were sent to the Bank of Spain. Initially, on 13/07/2010, acquisition orders for a total of €5,010,700,000 were sent to the Bank of Spain. Subsequently, on 03/08/2010, an acquisition order for a total of €9,247,000 (adjusted amount in accordance with the actual income of the Mutual Societies), once the excess surpluses arising from the management of the Temporary Disability Benefit for Common Contingencies in 2009 have been paid in by the MATEPSS.



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Details of the acquisitions that took place between 20 July and 24 September –the value dates- (the transaction dates being between 15 July and 21 September) and totalled **€5,079,946,479.80** (€1,775,929,742.89 on the primary market and €3,304,016,736.91 on the secondary market), are shown in the following table (figures in euros):

| | DESCRIPTION OF FINANCIAL ASSET AND ISSUE REFERENCE | DEPRECIATION DATE | TOTAL ACQUISITION PRICE (includes accrued interest coupon if applicable) | NOMINAL VALUE = REDEMPTION VALUE | AVERAGE ACQUISITION IRR |
|-------------|--------------------------------------------------------|----------------------|-----------------------------------------------------------------------------------|----------------------------------------|-------------------------------|
| I) | SHORT-TERM ZONE | | | | |
| | Treasury Bills Issue ref. ESOL01107223 | 22/07/2011 | 299,999,359.61 | 306,727,000.00 | 2.218 |
| | Treasury Bills Issue ref. ESOL01108197 | 19/08/2011 | 299,999,793.99 | 305,567,000.00 | 1.835 |
| | Treasury Bills Issue ref. ESOL01110219 | 21/10/2011 | 149,999,647.21 | 153,579,000.00 | 1.911 |
| | TOTAL | | 749,998,800.81 | 765,873,000.00 | |
| II) | 3-YEAR ZONE | | | | |
| | Treasury Bills Issue ref. ESOL01202172 | 17/02/2012 | 296,373,525.08 | 305,603,000.00 | 2.111 |
| | State short-term Bonds (2.30%) Issue ref. ES00000121T5 | 30/04/2013 | 477,474,098.84 | 474,311,000.00 | 2.273 |
| | State short-term Bonds (2.50%) Issue ref. ES00000122R7 | 31/10/2013 | 303,225,000.00 | 300,000,000.00 | 2.276 |
| | State long-term Bonds (4.75%) Issue ref. ES0000012098 | 30/07/2014 | 549,999,415.13 | 504,464,000.00 | 2.693 |
| | TOTAL | | 1,627,072,039.05 | 1,584,378,000.00 | |
| III) | 5-YEAR ZONE | | | | |
| | State short-term Bonds (3.00%) Issue ref. ES00000122F2 | 30/04/2015 | 833,632,943.07 | 825,795,000.00 | 2.987 |
| | State long-term Bonds (5.50%) Issue ref. ES0000012783 | 30/07/2017 | 69,246,651.01 | 61,678,000.00 | 3.523 |
| | TOTAL | | 902,879,594.08 | 887,473,000.00 | |
| IV) | 10+ YEAR ZONE | | | | |
| | State long-term Bonds (4.10%) Issue ref. ES00000121A5 | 30/07/2018 | 379,999,227.59 | 371,147,000.00 | 3.987 |
| | State long-term Bonds (4.30%) Issue ref. ES00000121O6 | 31/10/1019 | 669,998,308.34 | 636,165,000.00 | 4.035 |
| | State long-term Bonds (4.00%) Issue ref. ES00000122D7 | 30/04/2020 | 449,999,948.33 | 447,236,000.00 | 4.060 |
| | State long-term Bonds (4.65%) Issue ref. ES00000122E5 | 30/07/2025 | 299,998,561.60 | 309,080,000.00 | 5.115 |
| | TOTAL | | 1,799,996,045.86 | 1,763,628,000.00 | |
| | TOTAL FINANCIAL ASSETS PURCHASED (I+II+III+IV) | | 5,079,946,479.80 | 5,001,352,000.00 | 3.084 (*) |

(*) *The average weighted IRR is calculated on the nominal value*

Note: see zone-based distribution criteria on page 12



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Once the acquisitions had been completed, and in order to summarise the actions carried out, a comparison was drawn between the figures estimated on the date of the meeting, according to the resolutions adopted by the Management Committee, and the new status of the Reserve Fund on the final value date of the acquisition transactions:

| RESOLUTIONS | ESTIMATED INDICATORS PROPOSED FIGURES (08-07-10) | ACTUAL FIGURES (Figures as at 24/09/2010) |
|-------------------------------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------|
| Amount of Spanish Debt to be purchased (€m) (1) | 5,079.95 | 5,079.95 |
| Account Value (€m) (2) | 0.089 | 924.74 |
| Level of concentration (%) (3) | 9.94 | 10.33 |
| SSRF term (years) | 4.80 | 4.70 |
| SSRF modified term (years) | 4.60 | 4.53 |
| Acquisition IRR (%) (4) | 3.64 | 3.08 |
| Percentage of foreign debt (nominal value) compared to total portfolio value | 13.10 | 13.28 |

(1) *The Proposed Figures column includes the total of the acquisition orders sent to the Bank of Spain corresponding to the predicted inflows up to 31/07/2010.*

(2) *The Actual Figures column includes:*

- ✓ *The non-invested amount of the amount paid in by the MATEPSS (€170.19).*
- ✓ *The surplus from the acquisitions (€520.20).*
- ✓ *The interest on the current account from June to August 2010 (€774,647.46).*
- ✓ *The coupons collected due to the new acquisitions (€18,478,221.15).*
- ✓ *The depreciated assets on 20 August ESOL01008207 (€604,710,000) and 24 September ESOL01009247 (300,692,000).*



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(3) Proportion of Spanish Treasury products in the SSRF portfolio compared to the total Treasury debt in circulation, not counting the stripped coupon.

(4) The acquisition IRR in the Proposed Figures column is compared with the IRR in the Actual Figures column. The proposal's IRR was calculated - once the purchases had been completed - based on the nominal value that was actually purchased and the IRR on the day of the Social Security Reserve Fund Management Committee meeting –08/07/10– (data from the Bank of Spain), except the Treasury Bills with issue references ESOL01107223 and ESOL01202172, the values of which were those on the date of the auction: 20 July and 17 August, respectively.



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3.6. Fifth Management Committee meeting of 2010.

On 3 November 2010, the Social Security Reserve Fund Management Committee, which is the senior managing body for the Reserve Fund, held its twenty-ninth meeting. After having analysed the proposal from the Investment Advisory Committee, which met on 29 October 2010, and following the investment criteria in force, the Committee adopted the following resolutions:

- ✓ To approve the proposal to buy Spanish Public Debt –to be debited from the existing balance in the account opened with the Bank of Spain, as well as the predicted inflows from asset depreciation on 17 December 2010 (€302,298,000)– for an amount of €1,996,189,000 (€300,000,000 on the primary market and €1,696,189,000 on the secondary market), leaving the remaining amount in the current account balance.
- ✓ To distribute assets such that the term of the Fund would remain at 4.8 years with a modified term of 4.6 years (in respect of what was agreed by the Management Committee in the meeting on 8 July).
- ✓ To give the Bank of Spain, which would act as an agent, until 24 December 2010 to complete the aforementioned transactions.



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Details of the approved transactions are as follows:

Distribution of Spanish Public Debt acquisitions:

| Description of asset | Maturity | Value in euros | | |
|------------------------------------|------------|--------------------|----------------------|----------------------|
| | | Primary | Secondary | Total |
| State short-term Bonds (2.50%) | 31/10/2013 | | 500,000,000 | 500,000,000 |
| State short-term Bonds (3.25%) (1) | 30/04/2016 | | 500,000,000 | 500,000,000 |
| State long-term Bonds (4.30%) | 31/10/2019 | | 300,000,000 | 300,000,000 |
| State long-term Bonds (4.85%) (2) | 31/10/2020 | 300,000,000 | 396,189,000 | 696,189,000 |
| TOTAL | | 300,000,000 | 1,696,189,000 | 1,996,189,000 |

(1) New benchmark issued on 4 November

(2) Auction on 18 November

Once the proposal was passed by the Social Security Reserve Fund Management Committee, on behalf of the General Treasury of the Social Security and based on the certificate issued by the Committee Secretary, the corresponding acquisition file was opened and the acquisition orders were sent to the Bank of Spain.



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Details of the acquisitions that took place between 16 November and 22 December –the value dates- (the transaction dates being between 11 November and 17 December) are as follows:

Total acquisitions:

| | DESCRIPTION OF FINANCIAL ASSET AND ISSUE REFERENCE | DEPRECIATION DATE | TOTAL ACQUISITION PRICE (includes accrued interest coupon if applicable) | NOMINAL VALUE = REDEMPTION VALUE | AVERAGE ACQUISITION IRR |
|------|--------------------------------------------------------|----------------------|-----------------------------------------------------------------------------------------|-------------------------------------|-------------------------------|
| I) | SHORT-TERM ZONE | | | | |
| | TOTAL | | - | - | - |
| II) | 3-YEAR ZONE | | | | |
| | State short-term Bonds (2.50%) Issue ref. ES00000122R7 | 31/10/2013 | 499,999,754.98 | 514,419,000.00 | 3.613 |
| | TOTAL | | 499,999,754.98 | 514,419,000.00 | 3.613 |
| III) | 5-YEAR ZONE | | | | |
| | State short-term Bonds (3.25%) Issue ref. ES00000122X5 | 30/04/2016 | 499,999,517.92 | 528,639,000.00 | 4.456 |
| IV) | TOTAL | | 499,999,517.92 | 528,639,000.00 | 4.456 |
| | 10+ YEAR ZONE | | | | |
| | State long-term Bonds (4.30%) Issue ref. ES00000121O6 | 31/10/2019 | 299,999,331.31 | 306,762,000.00 | 4.649 |
| | State long-term Bonds (4.85%) Issue ref. ES00000122T3 | 31/10/2020 | 696,188,585.55 | 692,895,000.00 | 4.839 |
| | TOTAL | | 996,187,916.86 | 999,657,000.00 | 4.781 |
| | TOTAL FINANCIAL ASSETS PURCHASED (I+II+III+IV) | | 1,996,187,189.76 | 2,042,715,000.00 | 4.407 |

Note: see previous zone-based distribution criteria on page 12

(Average weighted IRR on the nominal value acquired*



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Once the acquisitions had been completed, and in order to summarise the actions carried out, a comparison was drawn between the figures estimated on the date of the meeting, according to the agreements adopted by the Management Committee, and the new status of the Reserve Fund on the final value date of the acquisition transactions:

| RESOLUTIONS | ESTIMATED INDICATORS PROPOSED FIGURES (03-11-10) | ACTUAL FIGURES (Figures as at 22/12/2010) |
|-------------------------------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------|
| Amount of Spanish Debt to be purchased (€m) | 1,996.19 | 1,996.19 |
| Level of concentration (%) (1) | 10.52 | 10.32 |
| SSRF term (years) | 4.80 | 4.41 |
| SSRF modified term (years) | 4.60 | 4.21 |
| Acquisition IRR (%) (2) | 3.67 | 4.40 |
| Percentage of foreign debt (nominal value) compared to total portfolio value | 12.30 | 12.32 |

(1) Proportion of Spanish Treasury products in the SSRF portfolio compared to the total Treasury debt in circulation, not counting the stripped coupon.

(2) The acquisition IRR in the Proposed Figures column is compared with the IRR in the Actual Figures column. The proposal's IRR was calculated - once the purchases had been completed - based on the nominal value that was actually acquired and the IRR on the day of the Social Security Reserve Fund Management Committee meeting -03/11/10- (data from the Bank of Spain).



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4. KEY RESERVE FUND FIGURES AS AT 31/12/2010

The assets portfolio, which on 31/12/2010 had a purchase price³ of €64,373,868,422.09, broken down by zone, were distributed as follows:

| ASSETS | VALUE IN EUROS | PERCENTAGE |
|-----------------|--------------------------|----------------|
| Short-term zone | 9,689,155,952.83 | 15.05% |
| 3-year zone | 21,689,854,884.38 | 33.69% |
| 5-year zone | 15,677,510,483.18 | 24.36% |
| 10+ year zone | 17,317,347,101.70 | 26.90% |
| TOTAL | 64,373,868,422.09 | 100.00% |

Note: see zone-based distribution criteria on page 12

And nominal value:

| ASSETS | VALUE IN EUROS | PERCENTAGE |
|-----------------|--------------------------|----------------|
| Short-term zone | 9,187,257,000.00 | 14.93% |
| 3-year zone | 20,580,113,000.00 | 33.45% |
| 5-year zone | 15,412,470,000.00 | 25.05% |
| 10+ year zone | 16,347,816,000.00 | 26.57% |
| TOTAL | 61,527,656,000.00 | 100.00% |

Note: see zone-based distribution criteria on page 12

³ Refer to footnote 1 (page 1) regarding how accrued interest coupons are considered in the acquisition price. We should also point out that an accounting provision is made to cover the possible difference between the acquisition price and market price of the portfolio at the end of the financial year, in line with the Social Security Public Accounts Department Resolution of 19 November 2008.



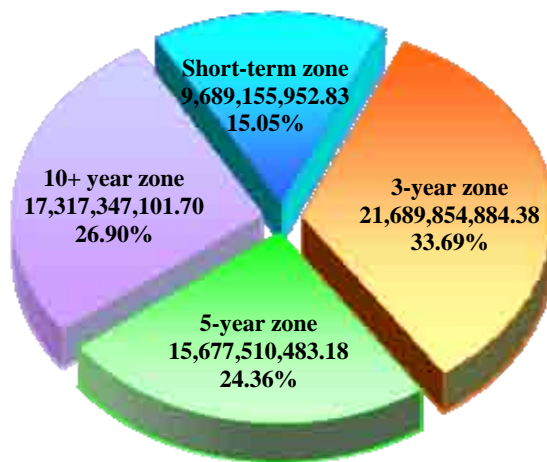
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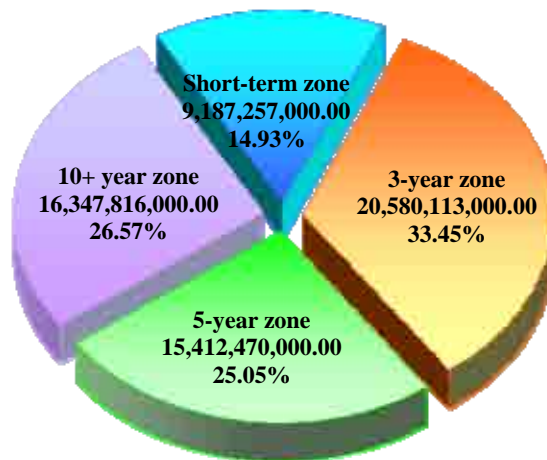
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The following graphs show the acquisition price and nominal value of the assets as at 31/12/2010 (figures in euros):

GRAPHS/ACQUISITION PRICE



GRAPHS/NOMINAL VALUE





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The assets portfolio, as at 31/12/2010, contains Spanish debt as well as non-Spanish debt from Germany, France and the Netherlands. The distribution of these assets is as follows, broken down by acquisition price:

| ASSETS | SPANISH DEBT (in euros) | FOREIGN DEBT (in euros) | TOTAL (in euros) | % |
|-----------------|----------------------------|----------------------------|--------------------------|----------------|
| Short-term zone | 8,639,166,736.51 | 1,049,989,216.32 | 9,689,155,952.83 | 15.05% |
| 3-year zone | 20,655,526,678.90 | 1,034,328,205.48 | 21,689,854,884.38 | 33.69% |
| 5-year zone | 10,928,313,862.15 | 4,749,196,621.03 | 15,677,510,483.18 | 24.36% |
| 10+ year zone | 16,359,383,483.41 | 957,963,618.29 | 17,317,347,101.70 | 26.90% |
| TOTAL | 56,582,390,760.97 | 7,791,477,661.12 | 64,373,868,422.09 | 100.00% |

Note: see zone-based distribution criteria on page 12

And nominal value:

| ASSETS | SPANISH DEBT (in euros) | FOREIGN DEBT (in euros) | TOTAL (in euros) | % |
|-----------------|----------------------------|----------------------------|--------------------------|----------------|
| Short-term zone | 8,174,445,000.00 | 1,012,812,000.00 | 9,187,257,000.00 | 14.93% |
| 3-year zone | 19,630,681,000.00 | 949,432,000.00 | 20,580,113,000.00 | 33.45% |
| 5-year zone | 10,600,527,000.00 | 4,811,943,000.00 | 15,412,470,000.00 | 25.05% |
| 10+ year zone | 15,540,594,000.00 | 807,222,000.00 | 16,347,816,000.00 | 26.57% |
| TOTAL | 53,946,247,000.00 | 7,581,409,000.00 | 61,527,656,000.00 | 100.00% |

Note: see zone-based distribution criteria on page 12

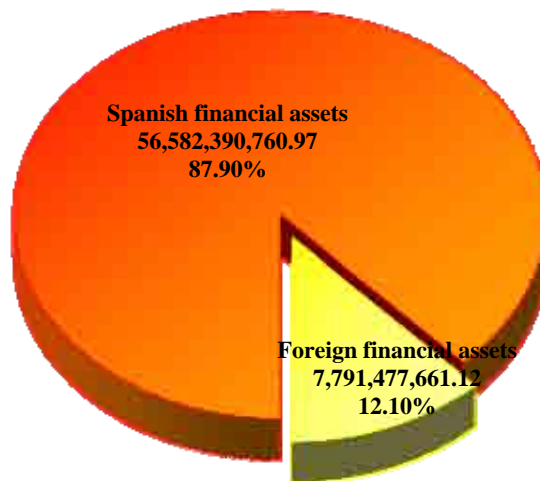


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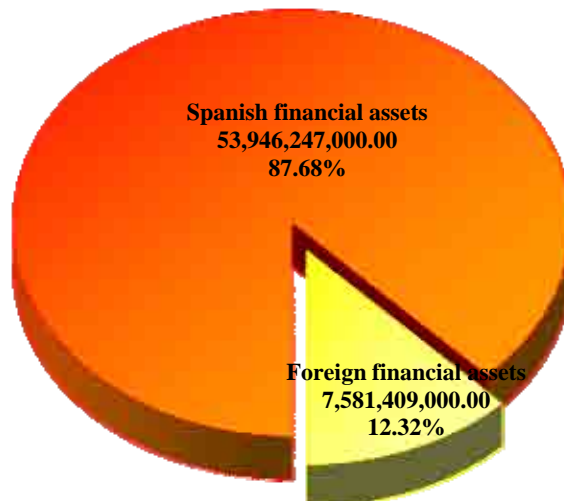
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The following graph illustrates the acquisition price as at 31/12/2010 (figures in euros):



And nominal value (figures in euros):



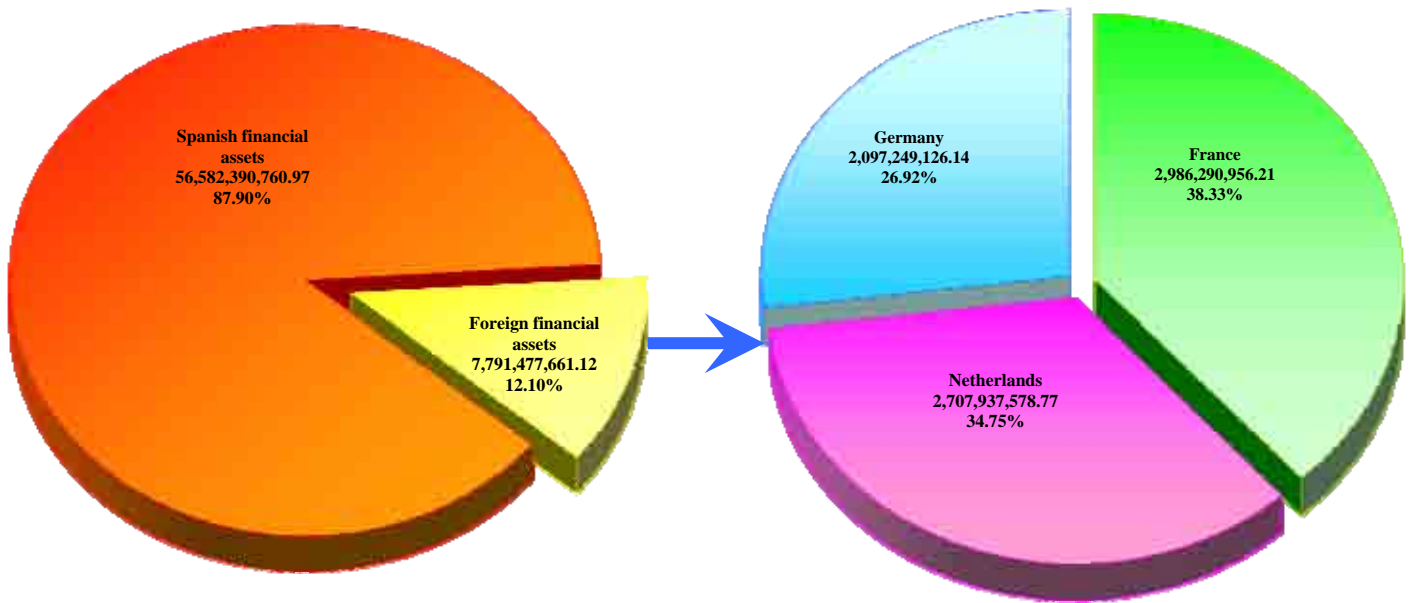


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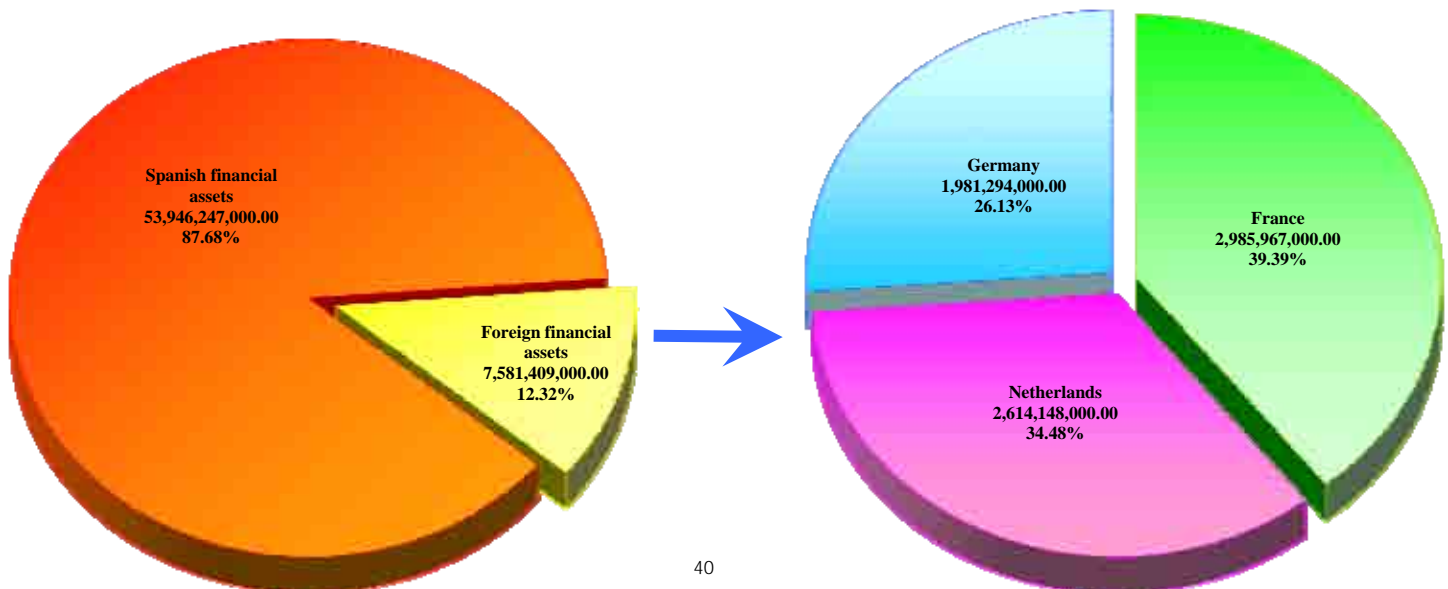
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The distribution of the financial assets of the Reserve Fund as at 31/12/2010, showing the issuing country and the acquisition price is as follows (figures in euros):



And nominal value (figures in euros):





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The following table shows the distribution of **Spanish debt broken down by zones**, and the acquisition price:

| ASSETS | SPANISH DEBT (in euros) | % |
|------------------------|------------------------------------|----------------|
| Short-term zone | 8,639,166,736.51 | 15.27% |
| 3-year zone | 20,655,526,678.90 | 36.51% |
| 5-year zone | 10,928,313,862.15 | 19.31% |
| 10+ year zone | 16,359,383,483.41 | 28.91% |
| TOTAL | 56,582,390,760.97 | 100.00% |

Note: see zone-based distribution criteria on page 12

And nominal value:

| ASSETS | SPANISH DEBT (in euros) | % |
|------------------------|------------------------------------|----------------|
| Short-term zone | 8,174,445,000.00 | 15.15% |
| 3-year zone | 19,630,681,000.00 | 36.39% |
| 5-year zone | 10,600,527,000.00 | 19.65% |
| 10+ year zone | 15,540,594,000.00 | 28.81% |
| TOTAL | 53,946,247,000.00 | 100.00% |

Note: see zone-based distribution criteria on page 12



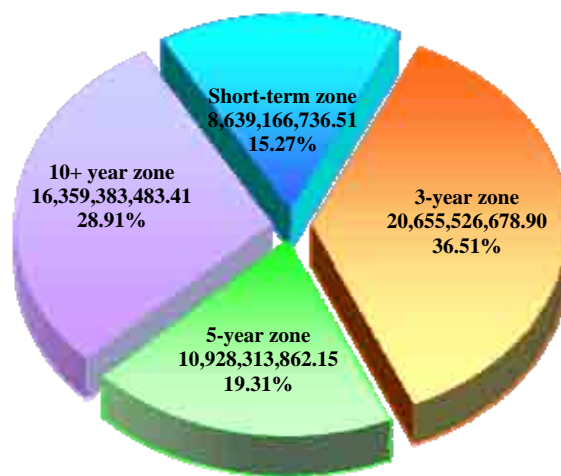
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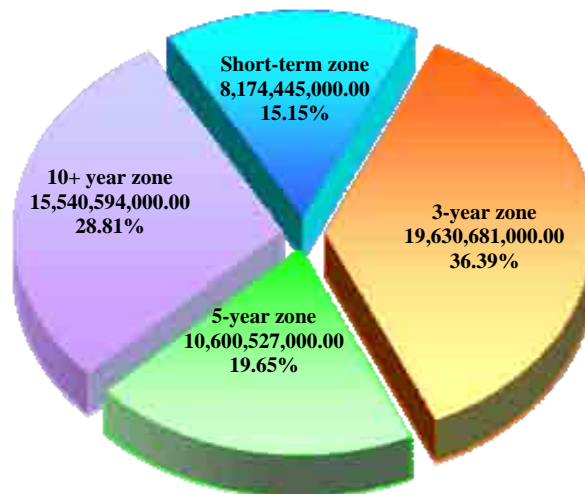
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The following graphs show the acquisition price and nominal value of the assets as at 31/12/2010 (figures in euros):

SPANISH DEBT BY ZONE / ACQUISITION PRICE



SPANISH DEBT BY ZONE / NOMINAL VALUE





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Likewise, the distribution of foreign debt broken down by zone as at 31/12/2010, and the acquisition price is shown below:

| ASSETS | FOREIGN DEBT (in euros) | % |
|------------------------|------------------------------------|----------------|
| Short-term zone | 1,049,989,216.32 | 13.48% |
| 3-year zone | 1,034,328,205.48 | 13.28% |
| 5-year zone | 4,749,196,621.03 | 60.95% |
| 10+ year zone | 957,963,618.29 | 12.29% |
| TOTAL | 7,791,477,661.12 | 100.00% |

Note: see zone-based distribution criteria on page 12

And nominal value:

| ASSETS | FOREIGN DEBT (in euros) | % |
|------------------------|------------------------------------|----------------|
| Short-term zone | 1,012,812,000.00 | 13.36% |
| 3-year zone | 949,432,000.00 | 12.52% |
| 5-year zone | 4,811,943,000.00 | 63.47% |
| 10+ year zone | 807,222,000.00 | 10.65% |
| TOTAL | 7,581,409,000.00 | 100.00% |

Note: see zone-based distribution criteria on page 12



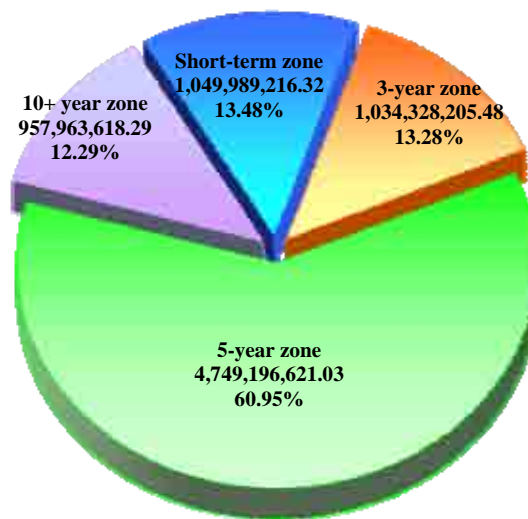
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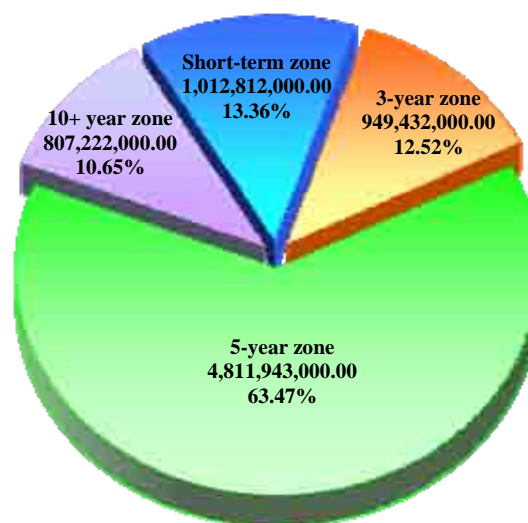
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The following graphs show the acquisition price and nominal value of the assets as at 31/12/2010 (figures in euros):

FOREIGN DEBT BY ZONE / ACQUISITION PRICE



FOREIGN DEBT BY ZONE / NOMINAL VALUE





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As mentioned above, **foreign debt** is made up of assets from the following countries: France, Germany and the Netherlands. Their distributions and graphs **by country and zone** as at **31/12/2010** are set out below, showing the acquisition price and nominal value:

FRANCE

Acquisition price:

| ASSETS | FRENCH DEBT (in euros) | % |
|------------------------|-----------------------------------|----------------|
| Short-term zone | - | - |
| 3-year zone | 499,992,281.98 | 16.74% |
| 5-year zone | 2,061,317,943.13 | 69.03% |
| 10+ year zone | 424,980,731.10 | 14.23% |
| TOTAL | 2,986,290,956.21 | 100.00% |

Note: see zone-based distribution criteria on page 12

And nominal value:

| ASSETS | FRENCH DEBT (in euros) | % |
|------------------------|-----------------------------------|----------------|
| Short-term zone | - | - |
| 3-year zone | 455,545,000.00 | 15.26% |
| 5-year zone | 2,108,048,000.00 | 70.60% |
| 10+ year zone | 422,374,000.00 | 14.14% |
| TOTAL | 2,985,967,000.00 | 100.00% |

Note: see zone-based distribution criteria on page 12



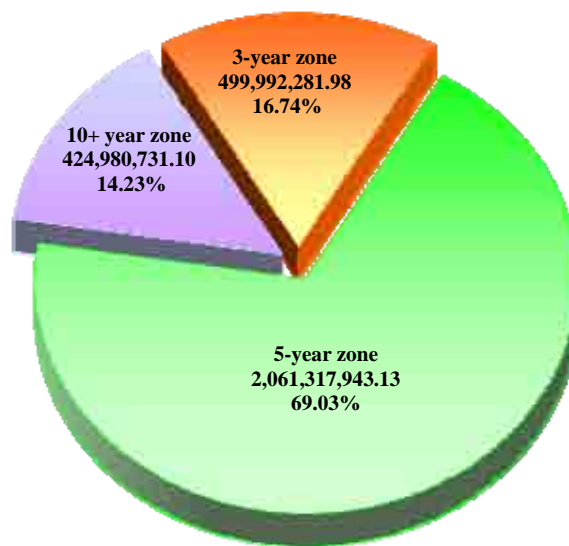
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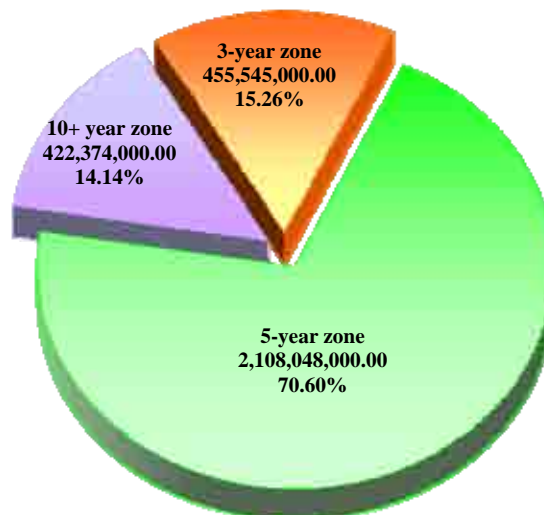
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The following graphs show the acquisition price and nominal value of the assets as at 31/12/2010 (figures in euros):

FRENCH DEBT BY ZONE / ACQUISITION PRICE



FRENCH DEBT BY ZONE / NOMINAL VALUE





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GERMANY

Acquisition price as at 31/12/2010:

| ASSETS | GERMAN DEBT (in euros) | % |
|------------------------|-----------------------------------|----------------|
| Short-term zone | - | - |
| 3-year zone | 534,335,923.50 | 25.48% |
| 5-year zone | 1,262,917,875.78 | 60.22% |
| 10+ year zone | 299,995,326.86 | 14.30% |
| TOTAL | 2,097,249,126.14 | 100.00% |

Note: see zone-based distribution criteria on page 12

And nominal value:

| ASSETS | GERMAN DEBT (in euros) | % |
|------------------------|-----------------------------------|----------------|
| Short-term zone | - | - |
| 3-year zone | 493,887,000.00 | 24.93% |
| 5-year zone | 1,268,309,000.00 | 64.01% |
| 10+ year zone | 219,098,000.00 | 11.06% |
| TOTAL | 1,981,294,000.00 | 100.00% |

Note: see zone-based distribution criteria on page 12



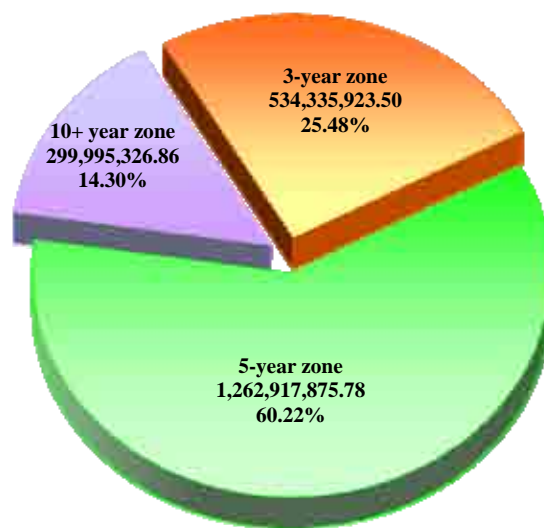
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The following graphs show the acquisition price and nominal value of the assets as at 31/12/2010 (figures in euros):

GERMAN DEBT BY ZONE / ACQUISITION PRICE



GERMAN DEBT BY ZONE / NOMINAL VALUE





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THE NETHERLANDS

Acquisition price:

| ASSETS | NETHERLANDS DEBT (in euros) | % |
|------------------------|--------------------------------------------|----------------|
| Short-term zone | 1,049,989,216.32 | 38.78% |
| 3-year zone | - | - |
| 5-year zone | 1,424,960,802.12 | 52.62% |
| 10+ year zone | 232,987,560.33 | 8.60% |
| TOTAL | 2,707,937,578.77 | 100.00% |

Note: see zone-based distribution criteria on page 12

And nominal value:

| ASSETS | NETHERLANDS DEBT (in euros) | % |
|------------------------|--------------------------------------------|----------------|
| Short-term zone | 1,012,812,000.00 | 38.74% |
| 3-year zone | - | - |
| 5-year zone | 1,435,586,000.00 | 54.92% |
| 10+ year zone | 165,750,000.00 | 6.34% |
| TOTAL | 2,614,148,000.00 | 100.00% |

Note: see zone-based distribution criteria on page 12



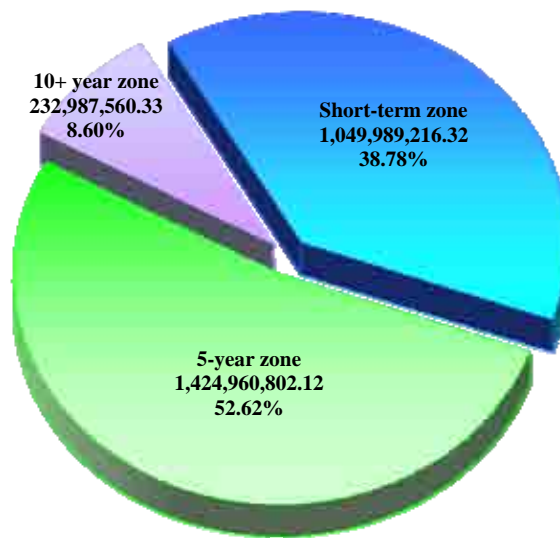
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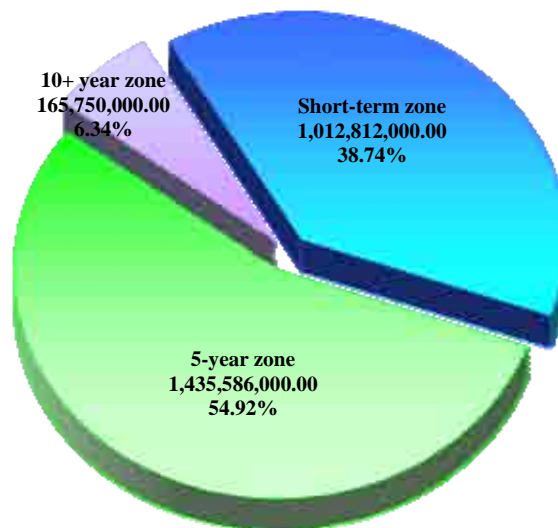
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The following graphs show the acquisition price and nominal value of the assets as at 31/12/2010 (figures in euros):

DUTCH DEBT BY ZONE / ACQUISITION PRICE



DUTCH DEBT BY ZONE / NOMINAL VALUE





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The following table lists the types of assets and products contained in the portfolio on
31/12/2010:

| | DESCRIPTION OF FINANCIAL ASSET AND ISSUE REFERENCE | DEPRECIATION DATE | TOTAL ACQUISITION PRICE (includes accrued interest coupon if applicable) | NOMINAL VALUE = REDEMPTION VALUE |
|------------|--------------------------------------------------------|----------------------|-----------------------------------------------------------------------------------|-------------------------------------|
| I) | SHORT-TERM ZONE | | | |
| | Dutch State Bonds (4.00%) Issue ref. NL0006173015 | 15/01/2011 | 599,991,932.65 | 596,197,000.00 |
| | Treasury Bills Issue ref. ES0L01102182 | 18/02/2011 | 299,999,295.70 | 302,615,000.00 |
| | State short-term Bonds (4.10%) Issue ref. ES00000120Z4 | 30/04/2011 | 2,383,557,119.86 | 2,304,324,000.00 |
| | Treasury Bills Issue ref. ES0L01106175 | 17/06/2011 | 299,999,548.72 | 306,992,000.00 |
| | Dutch State Bonds (5.00%) Issue ref. NL0000102606 | 15/07/2011 | 449,997,283.67 | 416,615,000.00 |
| | Treasury Bills Issue ref. ES0L01107223 | 22/07/2011 | 299,999,359.61 | 306,727,000.00 |
| | State long-term Bonds (5.40%) Issue ref. ES0000012387 | 30/07/2011 | 2,440,138,692.57 | 2,226,585,000.00 |
| | Treasury Bills Issue ref. ES0L01108197 | 19/08/2011 | 299,999,793.99 | 305,567,000.00 |
| | Treasury Bills Issue ref. ES0L01110219 | 21/10/2011 | 149,999,647.21 | 153,579,000.00 |
| | State long-term Bonds (5.35%) Issue ref. ES0000012452 | 31/10/2011 | 2,215,473,854.76 | 2,007,246,000.00 |
| | Treasury Bills Issue ref. ES0L01112165 | 16/12/2011 | 249,999,424.09 | 260,810,000.00 |
| | TOTAL | | 9,689,155,952.83 | 9,187,257,000.00 |
| II) | 3-YEAR ZONE | | | |
| | German State Bonds (5.00%) Issue ref. DE0001135192 | 04/01/2012 | 349,986,397.49 | 321,680,000.00 |
| | Treasury Bills Issue ref. ES0L01202172 | 17/02/2012 | 296,373,525.08 | 305,603,000.00 |
| | French State Bonds (5.00%) Issue ref. FR0000188328 | 25/04/2012 | 499,992,281.98 | 455,545,000.00 |
| | State short-term Bonds (2.75%) Issue ref. ES00000121I8 | 30/04/2012 | 1,873,294,761.86 | 1,841,228,000.00 |
| | German State Bonds (5.00%) Issue ref. DE0001135200 | 04/07/2012 | 184,349,526.01 | 172,207,000.00 |
| | State long-term Bonds (5.00%) Issue ref. ES0000012791 | 30/07/2012 | 2,032,037,868.42 | 1,873,260,000.00 |
| | State short-term Bonds (3.90%) Issue ref. ES00000120L4 | 31/10/2012 | 2,229,971,573.91 | 2,150,936,000.00 |
| | State long-term Bonds (6.15%) Issue ref. ES0000011660 | 31/01/2013 | 2,269,855,477.95 | 1,965,031,000.00 |
| | State short-term Bonds (2.30%) Issue ref. ES00000121T5 | 30/04/2013 | 1,927,473,581.93 | 1,904,286,000.00 |
| | State long-term Bonds (4.20%) Issue ref. ES0000012866 | 30/07/2013 | 2,314,308,216.12 | 2,209,067,000.00 |
| | State short-term Bonds (2.50%) Issue ref. ES00000122R7 | 31/10/2013 | 1,353,224,293.31 | 1,379,399,000.00 |
| | State short-term Bonds (4.25%) Issue ref. ES00000121H0 | 31/01/2014 | 1,977,949,247.60 | 1,875,054,000.00 |
| | State long-term Bonds (4.75%) Issue ref. ES0000012098 | 30/07/2014 | 2,221,321,047.28 | 2,025,205,000.00 |
| | State short-term Bonds (3.30%) Issue ref. ES00000121P3 | 31/10/2014 | 2,159,717,085.44 | 2,101,612,000.00 |
| | TOTAL | | 21,689,854,884.38 | 20,580,113,000.00 |



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| | DESCRIPTION OF FINANCIAL ASSET AND ISSUE REFERENCE | DEPRECIATION DATE | TOTAL ACQUISITION PRICE (includes accrued interest coupon if applicable) | NOMINAL VALUE = REDEMPTION VALUE |
|-------------|--------------------------------------------------------------|----------------------|-----------------------------------------------------------------------------------|-------------------------------------|
| III) | 5-YEAR ZONE | | | |
| | German State Bonds (3.75%) Issue ref. DE0001135267 | 04/01/2015 | 329,974,905.58 | 323,795,000.00 |
| | State long-term Bonds (4.40%) Issue ref. ES0000012916 | 31/01/2015 | 2,390,216,296.09 | 2,253,803,000.00 |
| | French State Bonds (3.50%) Issue ref. FR0010163543 | 25/04/2015 | 611,406,510.34 | 635,598,000.00 |
| | State short-term Bonds (3.00%) Issue ref. ES00000122F2 | 30/04/2015 | 1,483,632,859.61 | 1,480,037,000.00 |
| | German State Bonds (3.25%) Issue ref. DE0001135283 | 04/07/2015 | 124,957,568.91 | 124,900,000.00 |
| | Dutch State Bonds (3.25%) Issue ref. NL0000102242 | 15/07/2015 | 824,965,302.09 | 853,664,000.00 |
| | French State Bonds (3.00%) Issue ref. FR0010216481 | 25/10/2015 | 499,921,498.54 | 520,110,000.00 |
| | German State Bonds (3.50%) Issue ref. DE0001135291 | 04/01/2016 | 299,998,190.69 | 307,544,000.00 |
| | State long-term Bonds (3.15%) Issue ref. ES00000120G4 | 31/01/2016 | 2,089,831,485.47 | 2,153,572,000.00 |
| | French State Bonds (3.25%) Issue ref. FR0010288357 | 25/04/2016 | 649,994,942.83 | 679,870,000.00 |
| | State short-term Bonds (3.25%) Issue ref. ES00000122X5 | 30/04/2016 | 499,999,517.92 | 528,639,000.00 |
| | German State Bonds (4.00%) Issue ref. DE0001135309 | 04/07/2016 | 507,987,210.60 | 512,070,000.00 |
| | Dutch State Bonds (4.00%) Issue ref. NL0000102283 | 15/07/2016 | 599,995,500.03 | 581,922,000.00 |
| | French State Bonds (5.00%) Issue ref. FR0000187361 | 25/10/2016 | 299,994,991.42 | 272,470,000.00 |
| | State long-term Bonds (3.80%) Issue ref. ES00000120J8 | 31/01/2017 | 2,074,995,448.86 | 2,092,512,000.00 |
| | State long-term Bonds (5.50%) Issue ref. ES0000012783 | 30/07/2017 | 2,389,638,254.20 | 2,091,964,000.00 |
| | TOTAL | | 15,677,510,483.18 | 15,412,470,000.00 |
| IV) | 10+ YEAR ZONE | | | |
| | State long-term Bonds (4.10%) Issue ref. ES00000121A5 | 30/07/2018 | 2,379,977,887.97 | 2,347,227,000.00 |
| | State long-term Bonds (4.60%) Issue ref. ES00000121L2 | 30/07/2019 | 2,004,771,945.76 | 1,920,215,000.00 |
| | State long-term Bonds (4.30%) Issue ref. ES00000121O6 | 31/10/2019 | 1,510,965,049.11 | 1,461,674,000.00 |
| | State long-term Bonds (4.00%) Issue ref. ES00000122D7 | 30/04/2020 | 1,704,039,211.22 | 1,737,541,000.00 |
| | State long-term Bonds (4.85%) Issue ref. ES00000122T3 | 31/10/2020 | 696,188,585.55 | 692,895,000.00 |
| | French State Bonds (3.75%) Issue ref. FR0010192997 | 25/04/2021 | 424,980,731.10 | 422,374,000.00 |
| | Dutch State Bonds (7.50%) Issue ref. NL0000102077 | 15/01/2023 | 232,987,560.33 | 165,750,000.00 |
| | State long-term Bonds (4.80%) Issue ref. ES00000121G2 | 31/01/2024 | 1,736,275,636.86 | 1,643,818,000.00 |
| | State long-term Bonds (4.65%) Issue ref. ES00000122E5 | 30/07/2025 | 299,998,561.60 | 309,080,000.00 |
| | German State Bonds (6.50%) Issue ref. DE0001135044 | 04/07/2027 | 299,995,326.86 | 219,098,000.00 |
| | State long-term Bonds (6.00%) Issue ref. ES0000011868 | 31/01/2029 | 1,849,758,681.42 | 1,575,715,000.00 |
| | State long-term Bonds (5.75%) Issue ref. ES0000012411 | 30/07/2032 | 1,802,404,459.37 | 1,526,314,000.00 |
| | State long-term Bonds (4.20%) Issue ref. ES0000012932 | 31/01/2037 | 1,524,995,975.20 | 1,529,027,000.00 |
| | State long-term Bonds (4.90%) Issue ref. ES00000120N0 | 30/07/2040 | 850,007,489.35 | 797,088,000.00 |
| | TOTAL | | 17,317,347,101.70 | 16,347,816,000.00 |
| | TOTAL FINANCIAL ASSETS AS AT 31/12/2010 (I+II+III+IV) | | 64,373,868,422.09 | 61,527,656,000.00 |

Note: see zone-based distribution criteria on page 12



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5.- RESERVE FUND PROFITABILITY ANALYSIS AS AT 31/12/2010

5.1. Reserve Fund income

Since the Council of Ministers approved the first allocation to the Reserve Fund in 2000, the income that has been generated by the Fund can be broken down into **coupons, imputed net income, profit from disposal transactions, other income** and **interest** obtained on the Fund's **current account**.

As regards **coupons**, a total of **€11,735,534,516.07** has been collected. We can distinguish between coupons that have been collected on the maturity date (€1,487,404,635.84) and those collected when the assets were disposed of (€248,129,880.23) as follows:

1. Coupons collected on the maturity date:

| COUPONS | PARTIAL AMOUNT (€) | TOTAL AMOUNT (€) |
|--------------|--------------------|--------------------------|
| 2001 | | 18,699,000.00 |
| 2002 | | 120,425,190.08 |
| 2003 | | 338,265,455.84 |
| 2004 | | 592,924,827.64 |
| 2005 | | 857,615,313.37 |
| 2006 | | 1,171,273,841.45 |
| 2007 | | 1,535,058,217.03 |
| 2008 | | 2,034,850,211.79 |
| 2009 | | 2,339,694,054.23 |
| 2010 | | 2,478,598,524.41 |
| 04/01/2010 | 51,673,152.50 | |
| 12/01/2010 | 9,829,200.00 | |
| 15/01/2010 | 52,546,930.00 | |
| 31/01/2010 | 675,391,986.50 | |
| 09/04/2010 | 22,433,742.50 | |
| 25/04/2010 | 97,477,980.00 | |
| 30/04/2010 | 169,249,392.05 | |
| 04/07/2010 | 47,393,770.00 | |
| 12/07/2010 | 12,780,375.00 | |
| 15/07/2010 | 99,894,010.00 | |
| 30/07/2010 | 881,963,774.65 | |
| 08/10/2010 | 10,273,000.00 | |
| 25/10/2010 | 29,226,800.00 | |
| 31/10/2010 | 318,464,411.21 | |
| TOTAL | | 11,487,404,635.84 |



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2. Coupons collected when disposing of assets:

| COUPONS | PARTIAL AMOUNT (€) | TOTAL AMOUNT (€) |
|--------------|--------------------|-----------------------|
| 2009 | | 156,913,647.84 |
| 2010 | | 91,216,232.39 |
| June | 91,216,232.39 | |
| TOTAL | | 248,129,880.23 |

The **net imputed income** that has been generated by the Fund since the first approved allocation in 2000 is shown below:

| Depreciation DATE | | PARTIAL AMOUNT (in euros) | TOTAL AMOUNT (in euros) |
|-------------------|---------------------------|---------------------------|-------------------------|
| 2001 | - From depreciated assets | | 0.00 |
| 2002 | - From depreciated assets | | 6,714,260.00 |
| 2003 | - From depreciated assets | | 17,220,919.74 |
| 2004 | - From depreciated assets | | -14,800,848.92 |
| 2005 | - From depreciated assets | | 7,627,818.36 |
| 2006 | - From depreciated assets | | -14,445,823.13 |
| 2007 | - From depreciated assets | | -100,368,613.40 |
| 2008 | - From depreciated assets | | -70,394,705.16 |
| 2009 | - From depreciated assets | -144,330,440.02 | -111,803,859.74 |
| | - From disposed assets | 32,526,580.28 | |
| 2010 | - From depreciated assets | -65,155,129.73 | -97,778,162.86 |
| | - From disposed assets | -32,623,033.13 | |
| TOTAL | | | -378,029,015.11 |



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The **profit from disposals** corresponding to the difference between the “clean” disposal price and the “clean” purchase price (with the relevant accounting adjustments) totalled **€684,290,527.45** and is broken down below:

| PROFIT FROM DISPOSALS | PARTIAL AMOUNT (€) | TOTAL AMOUNT (€) |
|------------------------------|---------------------------|-------------------------|
| 2009 | | 498,913,390.60 |
| 2010 | | 185,377,136.85 |
| June | 185,377,136.85 | |
| TOTAL | | 684,290,527.45 |

Other income includes income generated from double security-based swaps (€101,047.86), as well compensation for interest that was not earned on income received too late to be counted as excess surplus arising from the management by the MATEPSS of the benefit for Temporary Disability due to Common Contingencies for the 2006 financial year (€78,017.23). Details are as follows:

| OTHER INCOME | AMOUNT (in euros) |
|---------------------------------------------------------------------------------|------------------------------|
| FROM DOUBLE SECURITY-BASED SWAPS | 101,047.86 |
| 2007 | 44,755.52 |
| 2008 | 45,023.25 |
| 2009 | 11,269.09 |
| COMPENSATION FOR INTEREST NOT EARNED ON MATEPSS INCOME RECEIVED LATE | 78,017.23 |
| 2008 | 78,017.23 |
| TOTAL | 179,065.09 |



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Finally, as regards **interest accrued** on the **current account** opened with the Bank of Spain, the following amounts have been earned from 2000 to 31/12/2010:

| CURRENT ACCOUNT INTEREST | AMOUNT (euros) |
|---------------------------------|-----------------------|
| 2000 | 2,779,240.69 |
| 2001 | 7,500,828.26 |
| 2002 | 33,507,299.15 |
| 2003 | 16,991,616.34 |
| 2004 | 35,243,455.27 |
| 2005 | 24,341,090.96 |
| 2006 | 33,743,035.77 |
| 2007 | 38,559,185.51 |
| 2008 | 93,906,295.36 |
| 2009 | 18,618,272.71 |
| 2010 | 4,359,772.06 |
| TOTAL | 309,550,092.08 |

The **overall income generated** by the Reserve Fund, from the date of the first approved allocation in 2000 to 31/12/2010 is summarised in the following table:

| NET INCOME GENERATED BY THE RESERVE FUND 2000-2010 | |
|---------------------------------------------------------------------------------------------------------|--------------------------|
| Figures in euros | |
| Coupons | 11,735,534,516.07 |
| Imputed net income | -378,029,015.11 |
| Profit from disposals (*) | 684,290,527.45 |
| Other income | 179,065.09 |
| Adjustments for depreciation/disposal of assets (interest coupon for depreciated or disposed assets) | -535,744,941.17 |
| Current account interest | 309,550,092.08 |
| TOTAL NET INCOME | 11,815,780,244.41 |

(*) *Difference between the “clean” disposal price and the “clean” acquisition price (with the relevant accounting adjustments)*



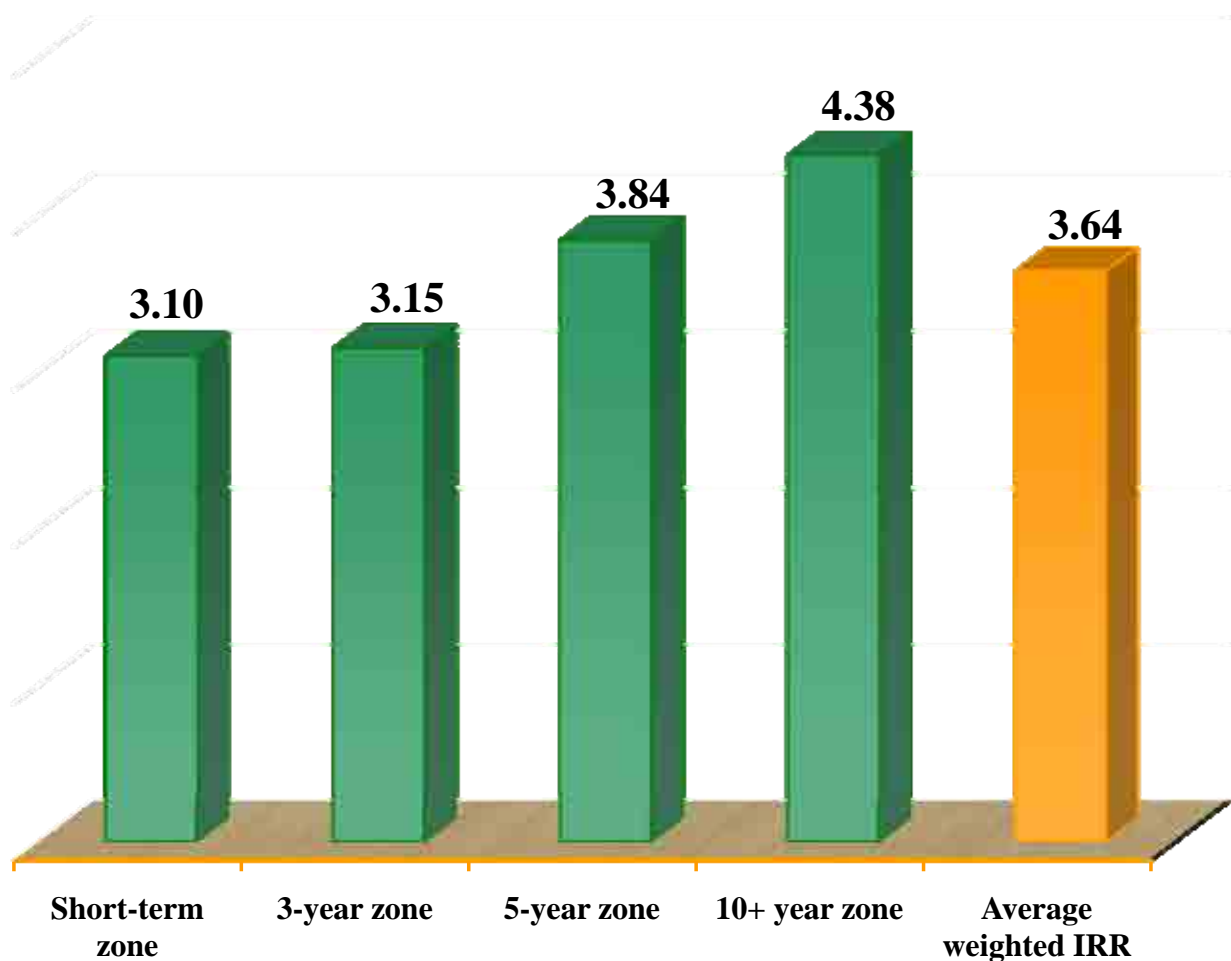
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5.2. Profitability of fixed-income assets: public debt as at 31/12/2010

The following figures show the profitability of the assets contained in the Fund's portfolio. Profitability is determined by the IRR of each product at the time of purchase. Thus, the "acquisition IRR" of the current portfolio, which is made up of products that have been acquired since December 2000 and which are still contained in the portfolio on 31 December 2010, is determined by taking the average weighted IRR on the nominal value for each type of asset. This is equal to **3.64%**. The breakdown is as follows:



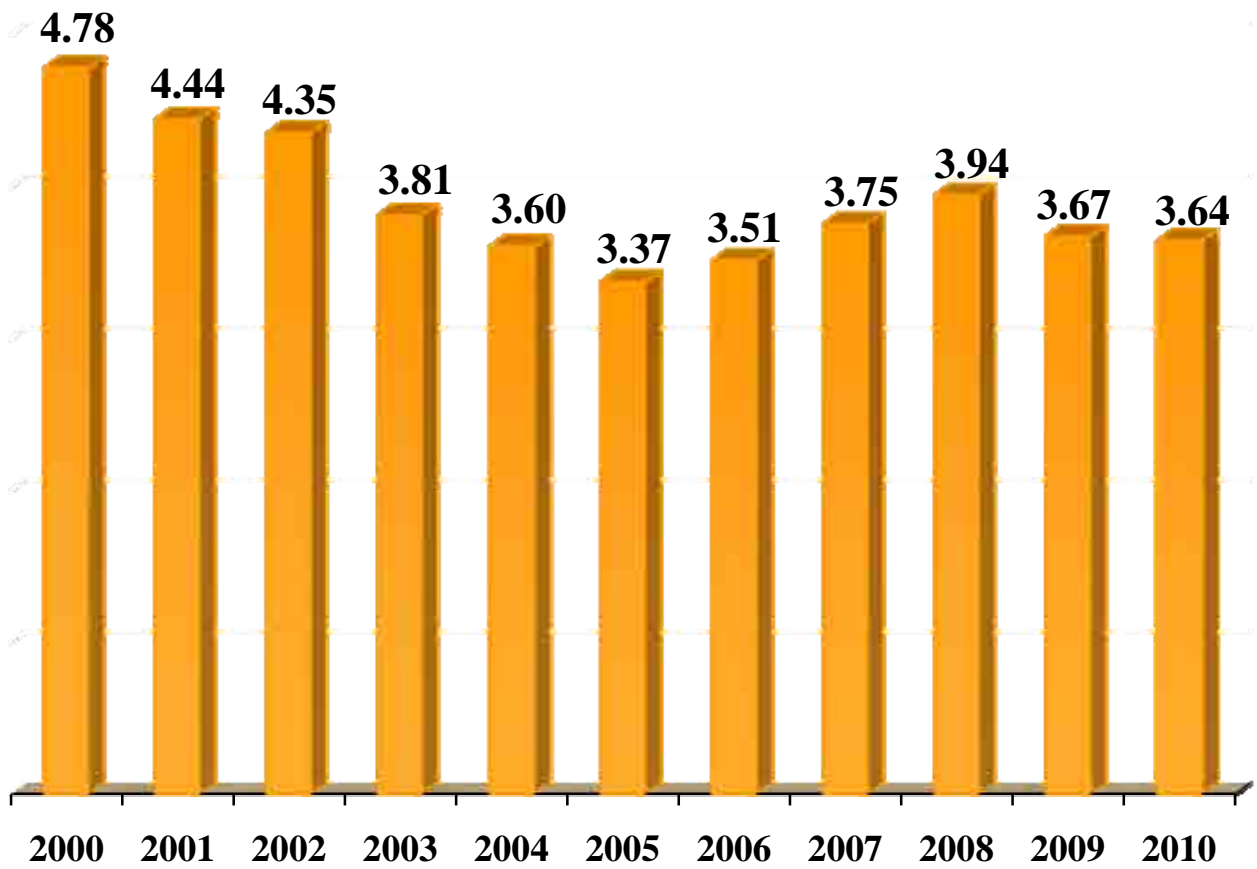


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The changes in the annual figures for the average weighted IRR on the nominal value of the assets in the portfolio are as follows:





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5.3. Profitability of the “General Treasury of the Social Security Special Reserve Fund. Art. 91.1 TRLGSS”

Until 31 December 2004, the nominal rate applied to amounts that the General Treasury deposited in the Special Reserve Fund account opened with the Bank of Spain, pursuant to the terms of the agreement between the General Treasury and the Bank of Spain, was **“the simple mean of the marginal rates used for the weekly auctions of the European System of Central Banks (main funding transactions) published during the period corresponding to the settlement of the account”**.

As of 1 January 2005 the nominal interest rate to be applied is **“equal to seven base points below the Eonia day-to-day rate, applied to the balances at the close of every day”**. The Eonia rate is the 1-day interbank interest rate for the Eurozone and, over the years, has been used to obtain the following average rates:

| YEAR | AVERAGE RATE % |
|-------------|-----------------------|
| 2000 | 4.78 |
| 2001 | 4.32 |
| 2002 | 3.27 |
| 2003 | 2.31 |
| 2004 | 2.02 |
| 2005 | 2.02 |
| 2006 | 2.77 |
| 2007 | 3.79 |
| 2008 | 3.79 |
| 2009 | 0.64 |
| 2010 | 0.36 |

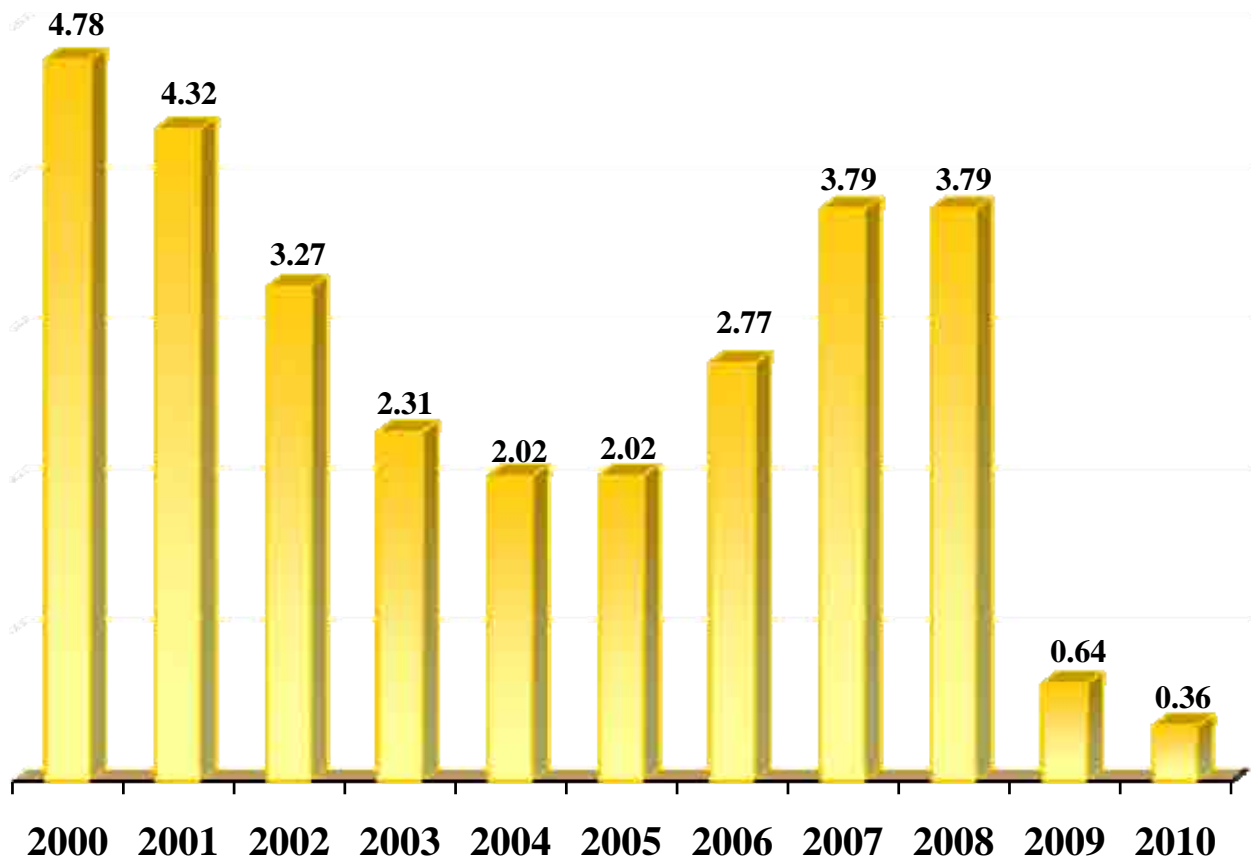


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The interest rate changes are illustrated in the following graph:





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The **interest accrued** during **2010** on the TGSS Special Reserve Fund account was **€4,359,772.06**.

The average monthly interest rates for 2010 are shown below:

| MONTH | AMOUNT (euros) | AVERAGE INTEREST RATE % |
|--------------|---------------------------|----------------------------------------|
| JANUARY | 606,055.16 | 0.28 |
| FEBRUARY | 632,367.79 | 0.27 |
| MARCH | 422,242.57 | 0.27 |
| APRIL | 318,518.83 | 0.28 |
| MAY | 30,945.02 | 0.27 |
| JUNE | 37,736.81 | 0.28 |
| JULY | 246,127.69 | 0.41 |
| AUGUST | 528,519.77 | 0.35 |
| SEPTEMBER | 263,470.07 | 0.37 |
| OCTOBER | 677,844.13 | 0.63 |
| NOVEMBER | 578,401.84 | 0.51 |
| DECEMBER (*) | 17,542.38 | 0.42 |
| TOTAL | 4,359,772.06 | 0.36 |

(*) *The income was received on 4 January 2011*



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5.4. Reserve Fund Profitability as at 31/12/2010

We have determined the **total accumulated profitability of the Reserve Fund as at 31 December 2010** (asset portfolio + Reserve Fund current account balance + accrued but unpaid interest).

The figure was calculated using the method approved by the Social Security Reserve Fund Management Committee in its meeting on 11 November 2005. This new method applies a technical adjustment to the method that had been used previously, in order to bring it in line with the method used for other investment and private pension funds. The main feature of this method is that it takes into account the market value of the Fund at the time of each allocation. This means that each inflow can be suitably weighted against total fund profitability.

The accumulated Fund profitability figure is obtained by comparing the current net asset value of an allocation and its value at the time when the Fund was created, then annualising said accumulated profitability figure. The net asset value of the unit contribution is adjusted every time a new allocation is made in order to distinguish the profitability generated by each inflow from the Fund total for each sub-period.

For the purposes of the calculation, we used the market value of the portfolio based on the closing price of each product on said date. The closing price was the price published by the Bank of Spain for Spanish debt products, and for foreign debt products the closing price was provided by Reuters. On 31/12/2010, the net asset value of the Reserve Fund was **€62,089,952,945.11** (€62,088,676,597.29 from the portfolio, €1,258,805.44 deposited in the current account, and €17,542.38 in interest accrued during December).

Based on this method, **the accumulated profitability of the Reserve Fund since it was created** in 2000 until 31 December 2010 is **48.61%**, the equivalent of an annual rate of **3.96%**.

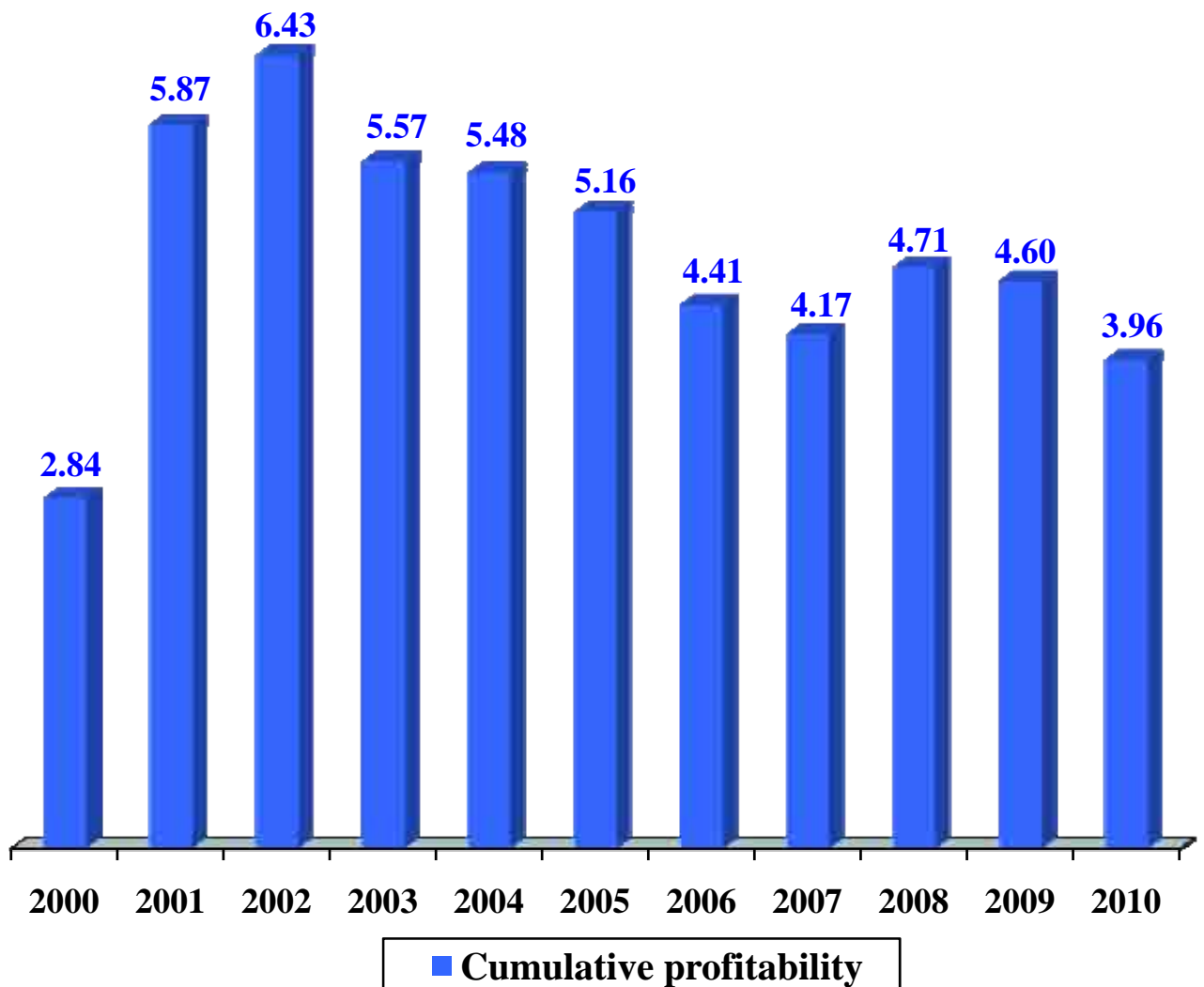


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Similarly, and using the same steps as for calculating the accumulated profitability as at 31/12/2010, we have calculated the accumulated profitability at the end of each financial year since the Reserve Fund was created (2000-2010). The change in profitability over this period is shown in the following graph:





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5.5. Summary of profitability

Set out below is a table summarising the percentages and a graph showing the change in Fund profitability, as analysed in detail in the foregoing sections:

| Financial year | IRR | Average rate current account | Cumulative profitability (*) |
|-----------------------|-------------|-----------------------------------------|----------------------------------------------|
| 2000 | 4.78 | 4.78 | 2.84 |
| 2001 | 4.44 | 4.32 | 5.87 |
| 2002 | 4.35 | 3.27 | 6.43 |
| 2003 | 3.81 | 2.31 | 5.57 |
| 2004 | 3.60 | 2.02 | 5.48 |
| 2005 | 3.37 | 2.02 | 5.16 |
| 2006 | 3.51 | 2.77 | 4.41 |
| 2007 | 3.75 | 3.79 | 4.17 |
| 2008 | 3.94 | 3.79 | 4.71 |
| 2009 | 3.67 | 0.64 | 4.60 |
| 2010 | 3.64 | 0.36 | 3.96 |

() Profitability at market price*

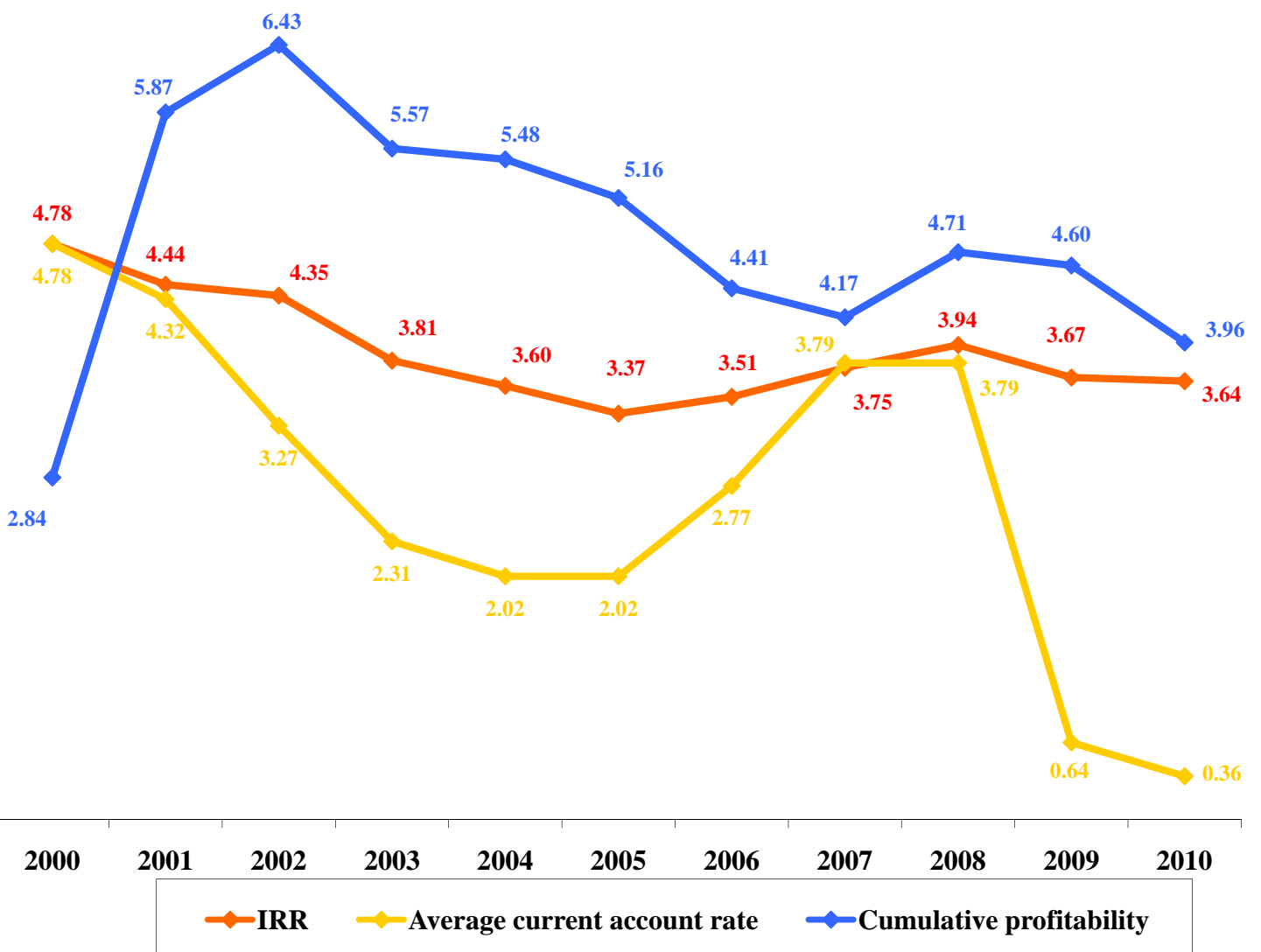


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Change in profitability (as a percentage)





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6.- FORECASTS

6.1. Financial Year 2011

During 2011, using the portfolio as at 31/12/2010 as a reference, the following **coupons** will mature:

| COUPON DATE | VALUE (€) |
|--------------------|-------------------------|
| 04/01/2011 | 38,990,352.50 |
| 15/01/2011 | 36,279,130.00 |
| 31/01/2011 | 684,724,805.50 |
| 25/04/2011 | 82,957,980.00 |
| 30/04/2011 | 310,908,525.29 |
| 04/07/2011 | 47,393,770.00 |
| 15/07/2011 | 71,851,710.00 |
| 30/07/2011 | 843,693,445.50 |
| 25/10/2011 | 29,226,800.00 |
| 31/10/2011 | 391,569,725.50 |
| TOTAL | 2,537,596,244.29 |



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Also during 2011, various public **financial assets will mature** on the following dates, which could be reinvested during the same year for the value of **€9,187,257,000.00** (€8,174,445,000.00 of which are Spanish financial assets and €1,012,812,000.00 are foreign financial assets):

| DATE OF DEPRECIATION | DESCRIPTION OF ASSET | NOMINAL VALUE (€) |
|----------------------|--------------------------------------------------------|-------------------------|
| 15/01/2011 | Dutch State Bonds (4.00%) Issue ref. NL0006173015 | 596,197,000.00 |
| 18/02/2011 | Treasury Bills Issue ref. ES0L01102182 | 302,615,000.00 |
| 30/04/2011 | State short-term Bonds (4.10%) Issue ref. ES00000120Z4 | 2,304,324,000.00 |
| 17/06/2011 | Treasury Bills Issue ref. ES0L01106175 | 306,992,000.00 |
| 15/07/2011 | Dutch State Bonds (5.00%) Issue ref. NL0000102606 | 416,615,000.00 |
| 22/07/2011 | Treasury Bills Issue ref. ES0L01107223 | 306,727,000.00 |
| 30/07/2011 | State long-term Bonds (5.40%) Issue ref. ES0000012387 | 2,226,585,000.00 |
| 19/08/2011 | Treasury Bills Issue ref. ES0L01108197 | 305,567,000.00 |
| 21/10/2011 | Treasury Bills Issue ref. ES0L01110219 | 153,579,000.00 |
| 31/10/2011 | State long-term Bonds (5.35%) Issue ref. ES0000012452 | 2,007,246,000.00 |
| 16/12/2011 | Treasury Bills Issue ref. ES0L01112165 | 260,810,000.00 |
| TOTAL | | 9,187,257,000.00 |



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To these figures we add:

- The balance of the Reserve Fund's current account as at 01/01/2011 (€1.26 million euros).
- The interest accrued during December 2010 on the balance in the account with the Bank of Spain (€0.018 million), which will be paid in on 4 January 2011.
- The amounts that will be allocated during the year, in accordance with the Council of Ministers Resolution, to the Reserve Fund, taken from the budget surplus of the Social Security Managing Bodies and Common Services.
- The amounts that are allocated to the Fund as a result of the excess surpluses arising from the management by the MATEPSS of the benefit for TD due to Common Contingencies (Article 1 of Law 28/2003, of 29 September, which governs the Social Security Reserve Fund).
- The profits from future investments.

In the **2011 Social Security Budget, €3,456.96 million** is the estimated budget allocation to the Social Security Reserve Fund.

Projections for the amounts likely to be invested throughout 2011 are shown in the following table and its corresponding graph:



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AMOUNTS LIKELY TO BE INVESTED DURING 2011

| | | | |
|----------------------------------------------------|------------------|------------------|----------------------------|
| Account balance as at 01/01/2011 | | | 1,258,805.44 € |
| Interest for December 2010, received on 04/01/2011 | | | 17,542.38 € |
| 2011 Coupons | | | 2,537,596,244.29 € |
| First quarter | | 759,994,288.00 | |
| Second quarter | | 393,866,505.29 | |
| Third quarter | | 962,938,925.50 | |
| Fourth quarter | | 420,796,525.50 | |
| Assets maturing in 2011 | Spaniards | | 8,174,445,000.00 € |
| | Foreign citizens | | 1,012,812,000.00 € |
| First quarter | Spaniards | 302,615,000.00 | |
| | Foreign citizens | 596,197,000.00 | |
| Second quarter | Spaniards | 2,611,316,000.00 | |
| | Foreign citizens | - | |
| Third quarter | Spaniards | 2,838,879,000.00 | |
| | Foreign citizens | 416,615,000.00 | |
| Fourth quarter | Spaniards | 2,421,635,000.00 | |
| | Foreign citizens | - | |
| TOTAL | | | 11,726,129,592.11 € |

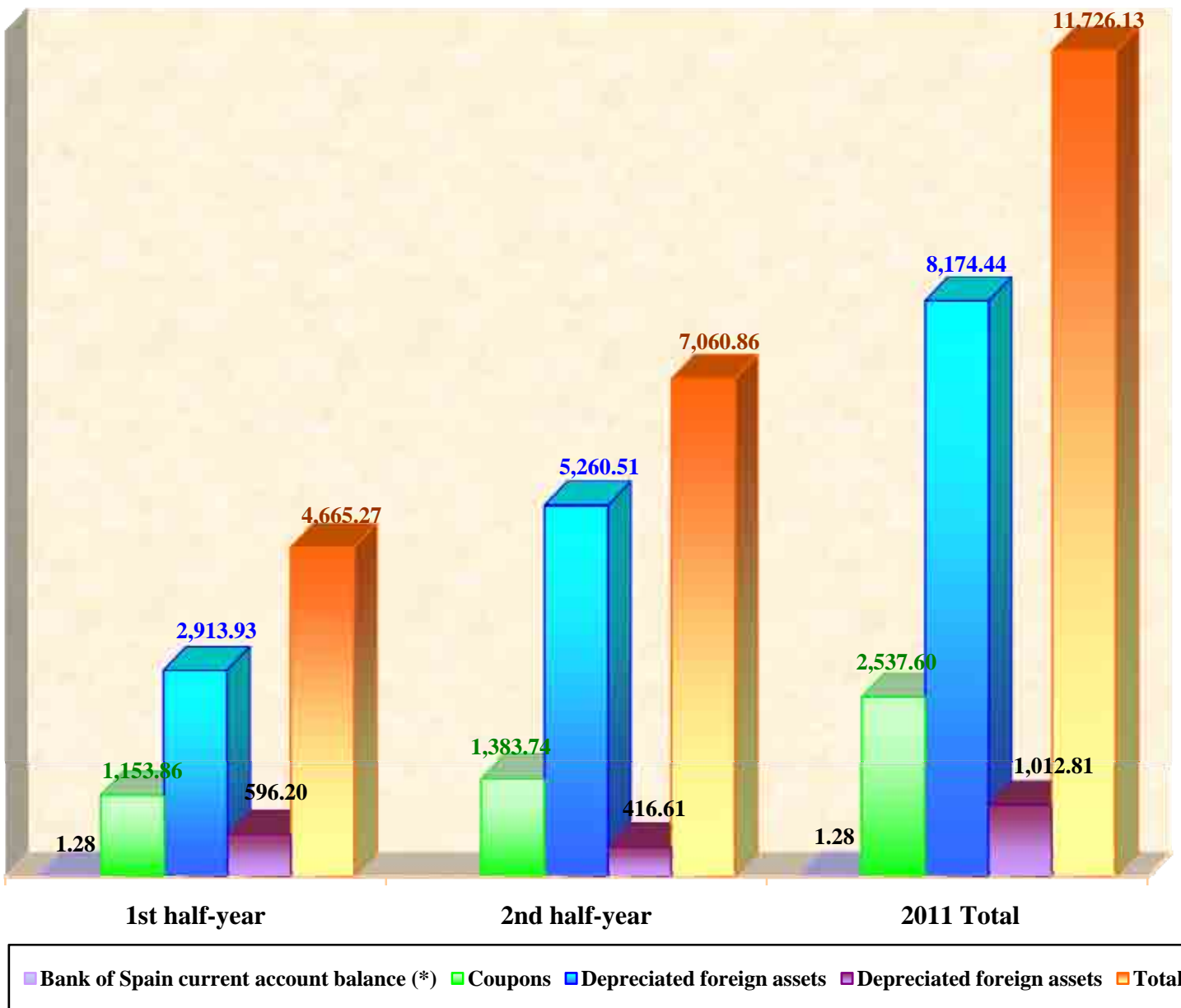


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**AMOUNTS LIKELY TO BE INVESTED
DURING 2011**
Figures in millions of euros



() Includes interest accrued in December 2010 and received on 4 January 2011*



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6.2. Financial Years 2012 and 2013

During **2012**, using the **portfolio as at 31/12/2010** as a reference, the following coupons will mature:

| COUPON DATE | VALUE (€) |
|--------------|-------------------------|
| 04/01/2012 | 38,990,352.50 |
| 15/01/2012 | 12,431,250.00 |
| 31/01/2012 | 684,724,805.50 |
| 25/04/2012 | 82,957,980.00 |
| 30/04/2012 | 225,515,865.50 |
| 04/07/2012 | 47,393,770.00 |
| 15/07/2012 | 51,020,960.00 |
| 30/07/2012 | 723,457,855.50 |
| 25/10/2012 | 29,226,800.00 |
| 31/10/2012 | 284,182,064.50 |
| TOTAL | 2,179,901,703.50 |

Also during 2012, various public **financial assets will mature** on the following dates, which could be reinvested during the same year for the value of **€7,120,459,000.00** (€6,171,027,000.00 of which are Spanish financial assets and €49,432,000.00 are foreign financial assets):

| DATE OF DEPRECIATION | DESCRIPTION OF ASSET | NOMINAL VALUE (€) |
|----------------------|--------------------------------------------------------|-------------------------|
| 04/01/2012 | German State Bonds (5.00%) Issue ref. DE0001135192 | 321,680,000.00 |
| 17/02/2012 | Treasury Bills Issue ref. ES0L01202172 | 305,603,000.00 |
| 25/04/2012 | French State Bonds (5.00%) Issue ref. FR0000188328 | 455,545,000.00 |
| 30/04/2012 | State short-term Bonds (2.75%) Issue ref. ES00000121I8 | 1,841,228,000.00 |
| 04/07/2012 | German State Bonds (5.00%) Issue ref. DE0001135200 | 172,207,000.00 |
| 30/07/2012 | State long-term Bonds (5.00%) Issue ref. ES0000012791 | 1,873,260,000.00 |
| 31/10/2012 | State short-term Bonds (3.90%) Issue ref. ES00000120L4 | 2,150,936,000.00 |
| TOTAL | | 7,120,459,000.00 |

This represents a total of **€3,300,360,703.50** by way of coupons and the depreciation of assets subject to investment.



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Likewise, the following coupons will mature in **2013**:

| COUPON DATE | VALUE (€) |
|--------------|-------------------------|
| 04/01/2013 | 22,906,352.50 |
| 15/01/2013 | 12,431,250.00 |
| 31/01/2013 | 684,724,805.50 |
| 25/04/2013 | 60,180,730.00 |
| 30/04/2013 | 174,882,095.50 |
| 04/07/2013 | 38,783,420.00 |
| 15/07/2013 | 51,020,960.00 |
| 30/07/2013 | 629,794,855.50 |
| 25/10/2013 | 29,226,800.00 |
| 31/10/2013 | 200,295,560.50 |
| TOTAL | 1,904,246,829.50 |

Also during 2013, various public **financial assets will mature** on the following dates, which could be reinvested during the same year for the value of **€7,457,783,000.00** (all of which are Spanish financial assets):

| DATE OF DEPRECIATION | DESCRIPTION OF ASSET | NOMINAL VALUE (€) |
|----------------------|--------------------------------------------------------|-------------------------|
| 31/01/2013 | State long-term Bonds (6.15%) Issue ref. ES0000011660 | 1,965,031,000.00 |
| 30/04/2013 | State short-term Bonds (2.30%) Issue ref. ES00000121T5 | 1,904,286,000.00 |
| 30/07/2013 | State long-term Bonds (4.20%) Issue ref. ES0000012866 | 2,209,067,000.00 |
| 31/10/2013 | State short-term Bonds (2.50%) Issue ref. ES00000122R7 | 1,379,399,000.00 |
| TOTAL | | 7,457,783,000.00 |

This represents a total of **€9,362,029,829.50** by way of coupons and the depreciation of assets subject to investment.



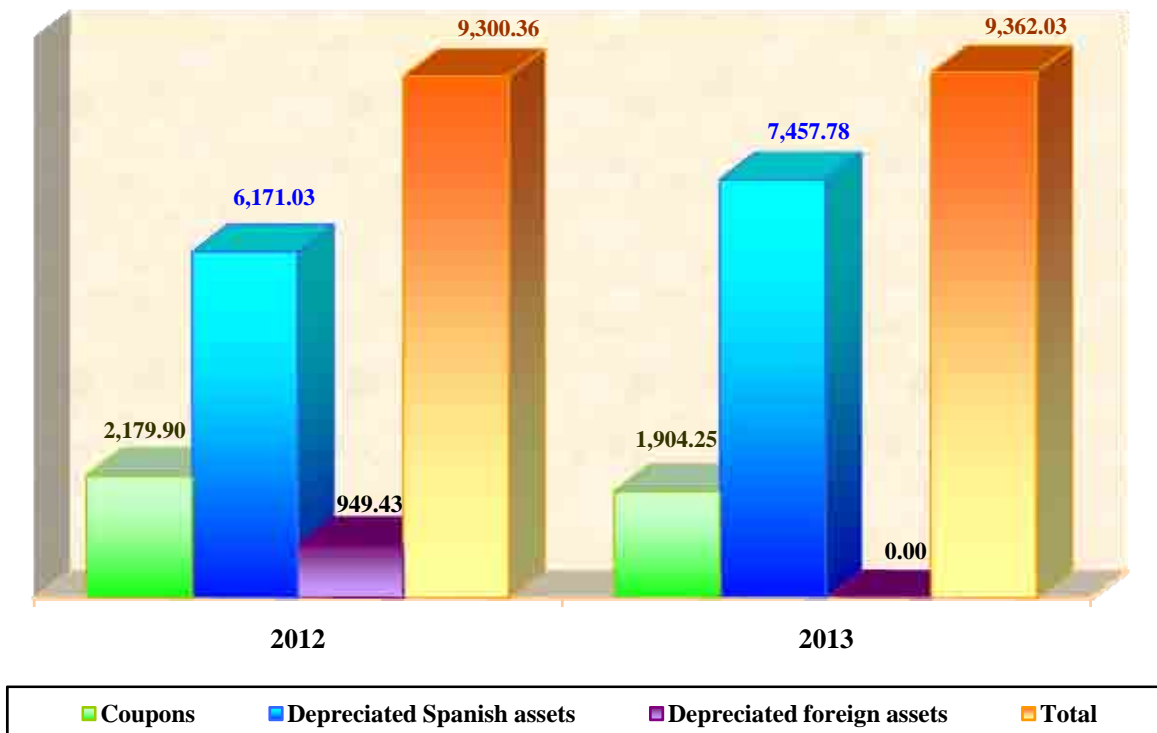
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Therefore, considering the variables described above, the graph below shows the amount likely to be invested during 2012 and 2013. To these figures we add the amounts that are allocated during the above-mentioned years, in accordance with the Council of Ministers Agreement, to the Reserve Fund, taken from the budget surplus of the Social Security Managing Bodies and Common Services. The amounts that are allocated to the Fund as a result of the excess surpluses arising from the management by the MATEPSS of the benefit for TD due to Common Contingencies (Article 1 of Law 28/2003, of 29 September, which governs the Social Security Reserve Fund), as well as the profits generated from future investments.

***AMOUNTS LIKELY TO BE INVESTED
DURING 2012 AND 2013
Figures in millions of euros***





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7.- COMPARISON OF RESERVE FUND KEY FIGURES

We will now draw comparisons with the Social Security Reserve Fund's key figures from 2009.

| KEY FIGURES FOR THE SOCIAL SECURITY RESERVE FUND | | |
|-------------------------------------------------------------|------------------------------------|------------------------------------|
| | 2009 (AS AT 31/12/2009) | 2010 (AS AT 31/12/2010) |
| PROFITABILITY OF FIXED INCOME ASSETS (IRR) ON ACQUISITION | 3.67% | 3.64% |
| CURRENT ACCOUNT PROFITABILITY | 0.64% | 0.36% |
| RESERVE FUND PROFITABILITY | 4.60% | 3.96% |
| LEVEL OF CONCENTRATION (1) | 9.11% | 10.24% |
| TERM (2) | 4.45 years | 4.42 years |
| MODIFIED TERM (2) | 4.30 | 4.22 |
| % FOREIGN DEBT (NOMINAL VALUE) IN TOTAL PORTFOLIO | 23.73% | 12.32% |
| % SSRF OF GDP (3) | 5.70% | 6.11% |

(1) *Level of concentration means the percentage of Spanish Treasury products (nominal value) in the SSRF portfolio compared to the total Spanish Treasury debt in circulation, not counting the stripped coupon.*

(2) *When calculating the term and modified term of the Fund, we have included interest on the current account that is accrued during December of each year but not paid until January of the following year.*

(3) *The figures for the two years have been calculated using the 2009 GDP (€1.053.914 million, based on data from the National Institute of Statistics published in the CNE-2000 on 17 November 2010). For the 2010 figures, if we take the estimated GDP for 2010 from the 2009-2013 Stability Programme (€1,054,968 million), the Reserve Fund on 31 December 2010 represented 6.10% of GDP.*



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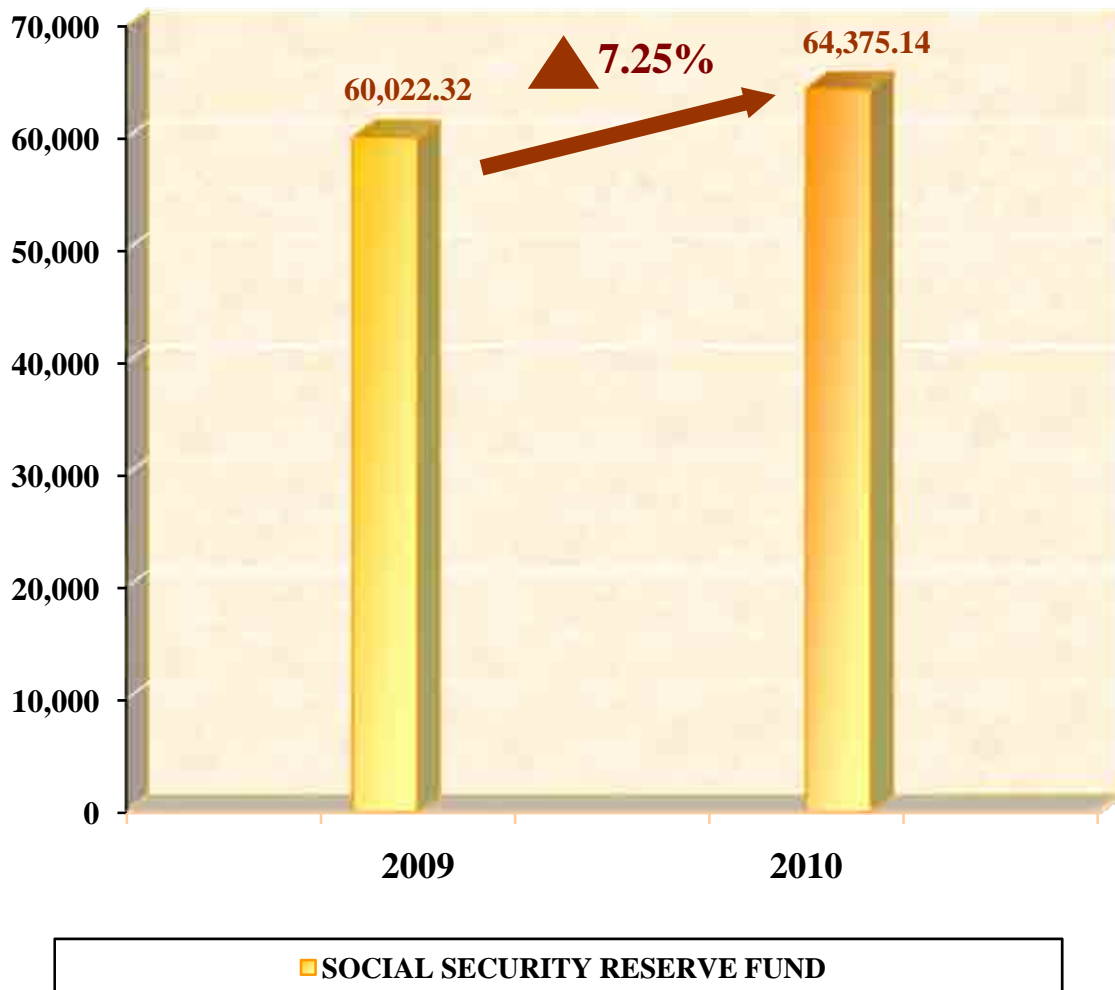
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The following graph shows the changes in the total value of the Social Security Reserve Fund between 31/12/2009 and 31/12/2010:

RESERVE FUND ON 31/12/2009 AND 31/12/2010

Figures in millions of euros



Note: Includes interest accrued in December of each year and received in January of the following year.



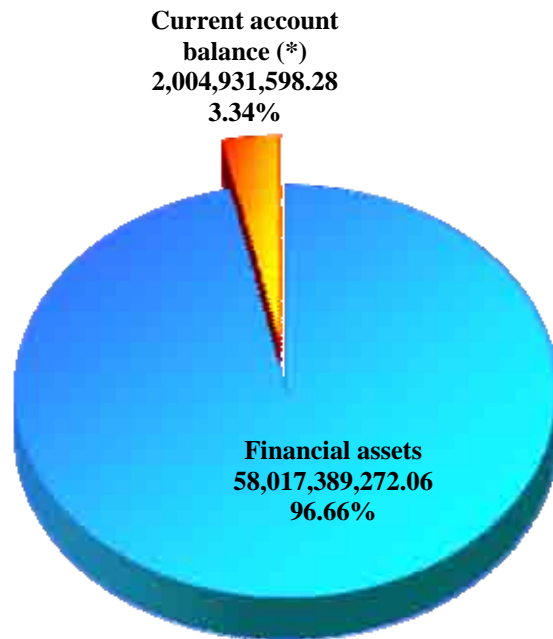
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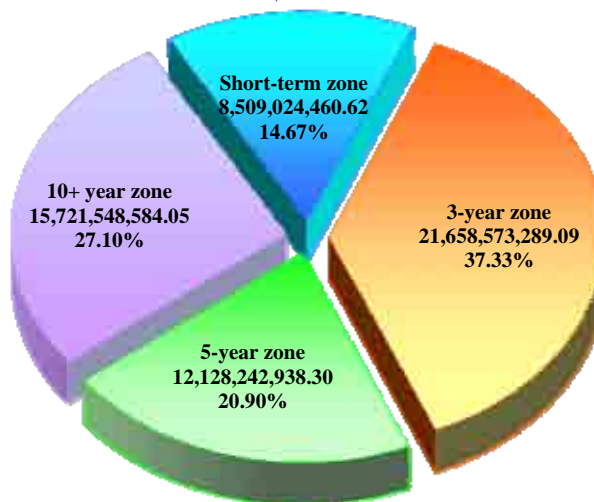
The distribution is as follows (figures in euros):

DISTRIBUTION OF THE RESERVE FUND ON 31/12/2009



() With interest accrued in December 2009 and received on 05/01/2010*

Distribution of financial assets (recorded at acquisition price)



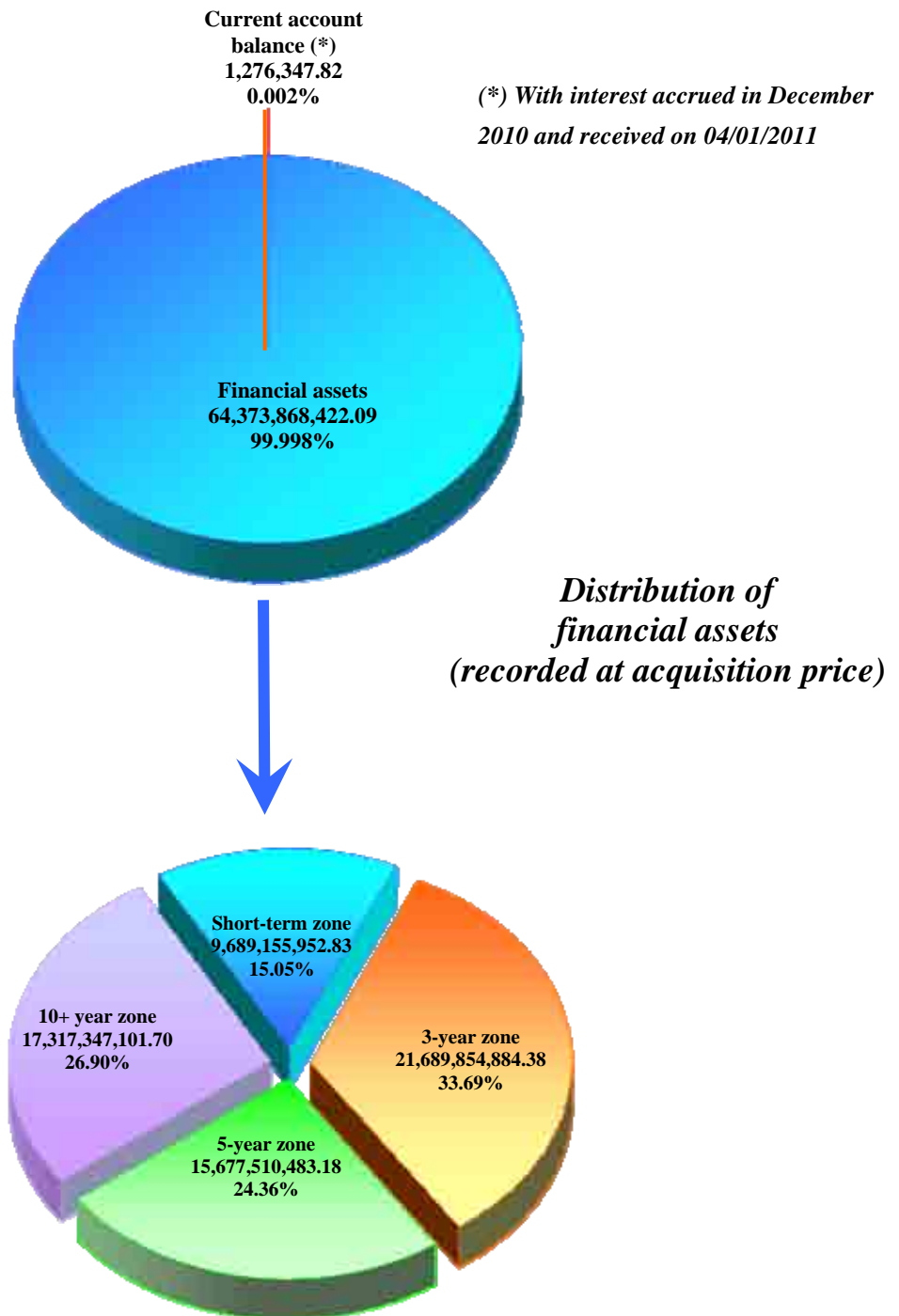


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DISTRIBUTION OF THE RESERVE FUND ON 31/12/2010





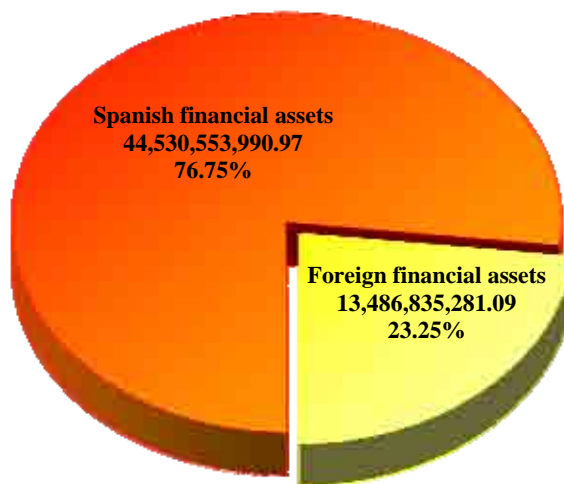
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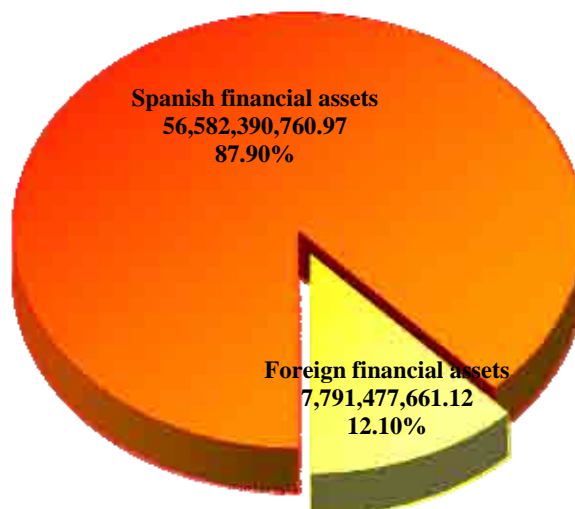
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**DISTRIBUTION OF SPANISH/FOREIGN FINANCIAL ASSETS HELD BY THE
RESERVE FUND, BASED ON THE ACQUISITION PRICE**

AS AT 31/12/2009



AS AT 31/12/2010



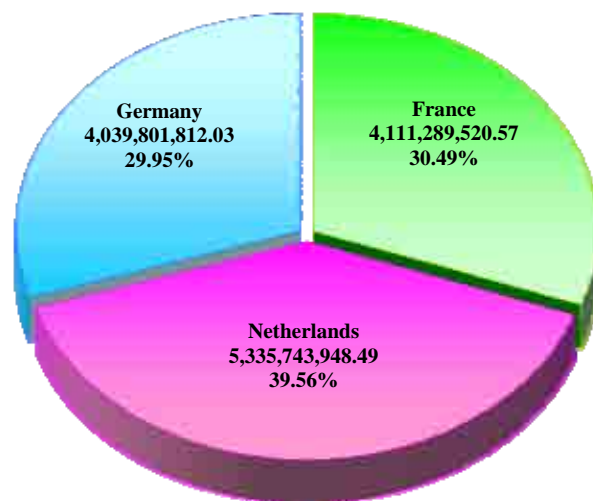
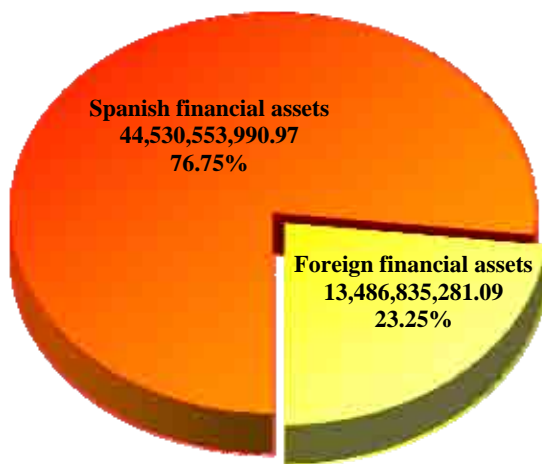


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**DISTRIBUTION OF FINANCIAL ASSETS HELD BY THE RESERVE FUND,
ACCORDING TO ISSUING COUNTRY AND BASED ON THE ACQUISITION
PRICE AS AT 31/12/2009**



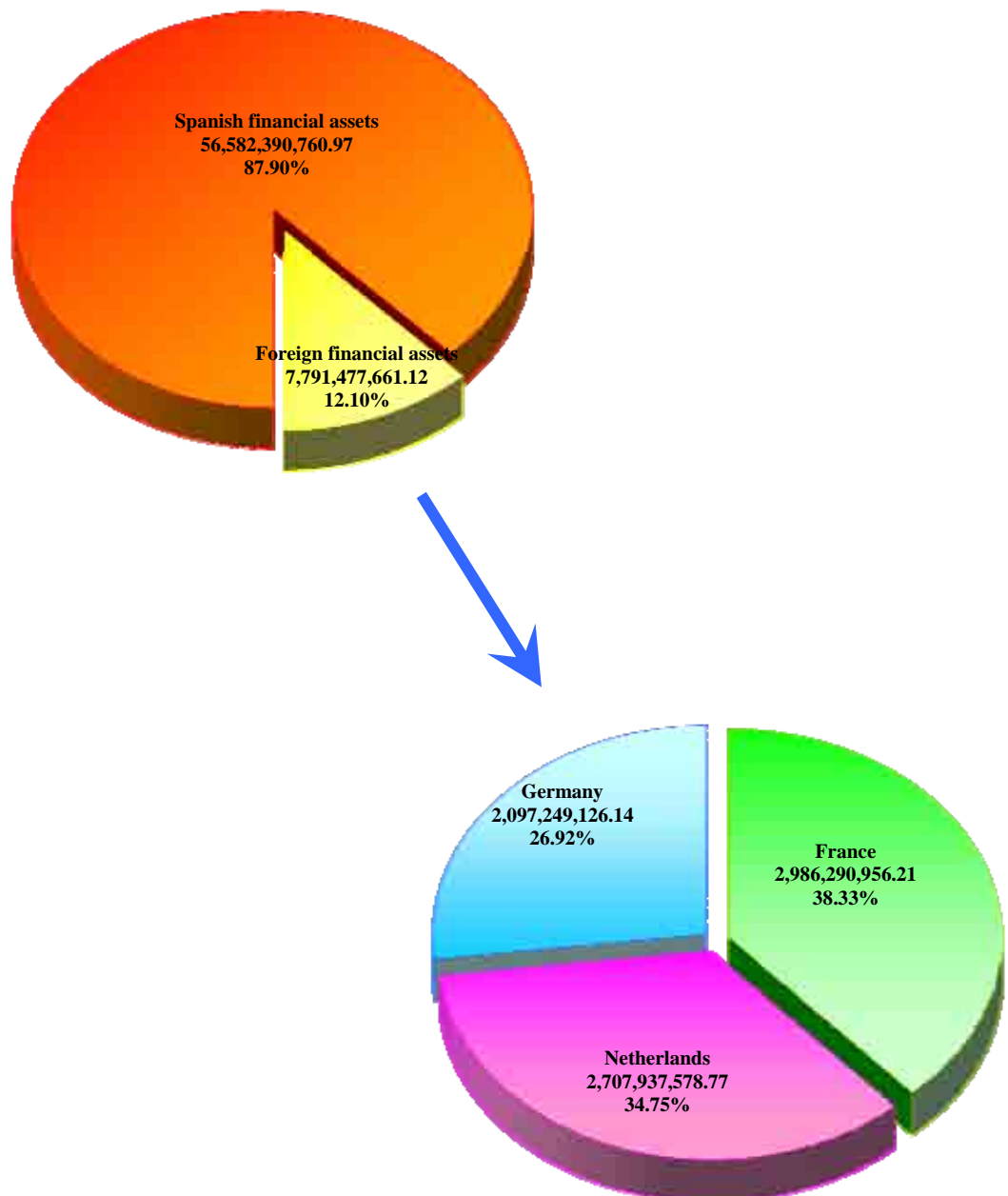


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**DISTRIBUTION OF FINANCIAL ASSETS HELD BY THE RESERVE FUND,
ACCORDING TO ISSUING COUNTRY AND BASED ON THE ACQUISITION
PRICE AS AT 31/12/2010**





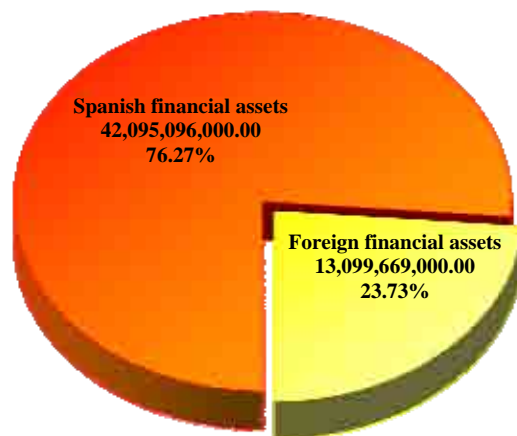
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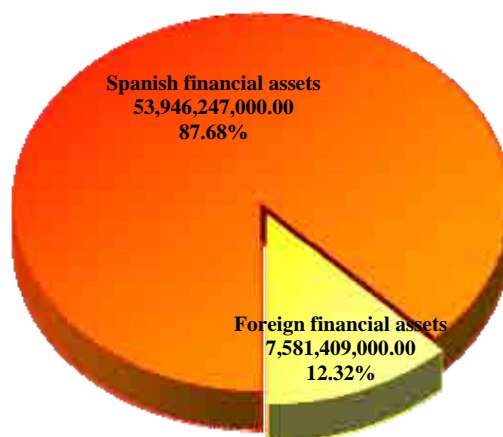
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**DISTRIBUTION OF SPANISH/FOREIGN FINANCIAL ASSETS HELD BY THE
RESERVE FUND, BASED ON NOMINAL VALUE**

AS AT 31/12/2009



AS AT 31/12/2010





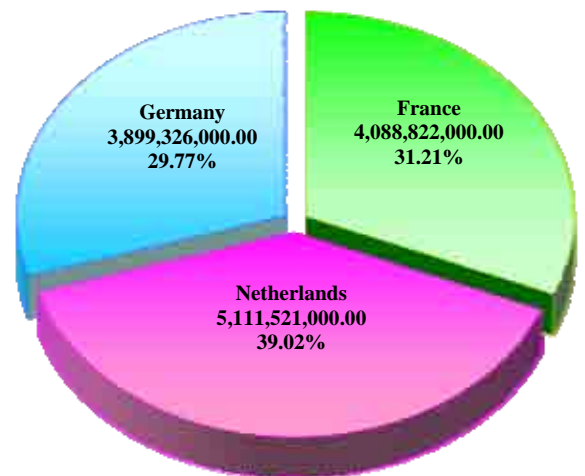
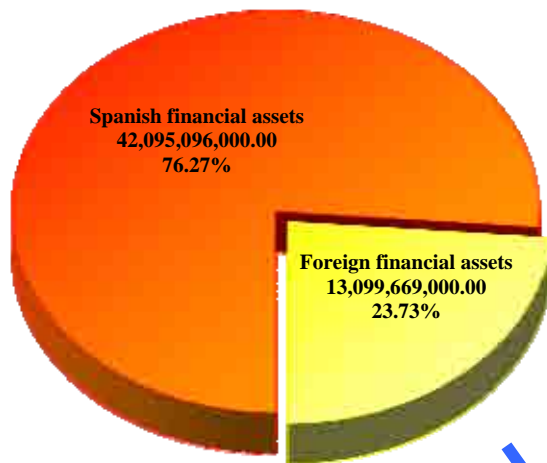
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**DISTRIBUTION OF FINANCIAL ASSETS HELD BY THE RESERVE FUND,
ACCORDING TO ISSUING COUNTRY AND BASED ON THE NOMINAL VALUE**

AS AT 31/12/2009





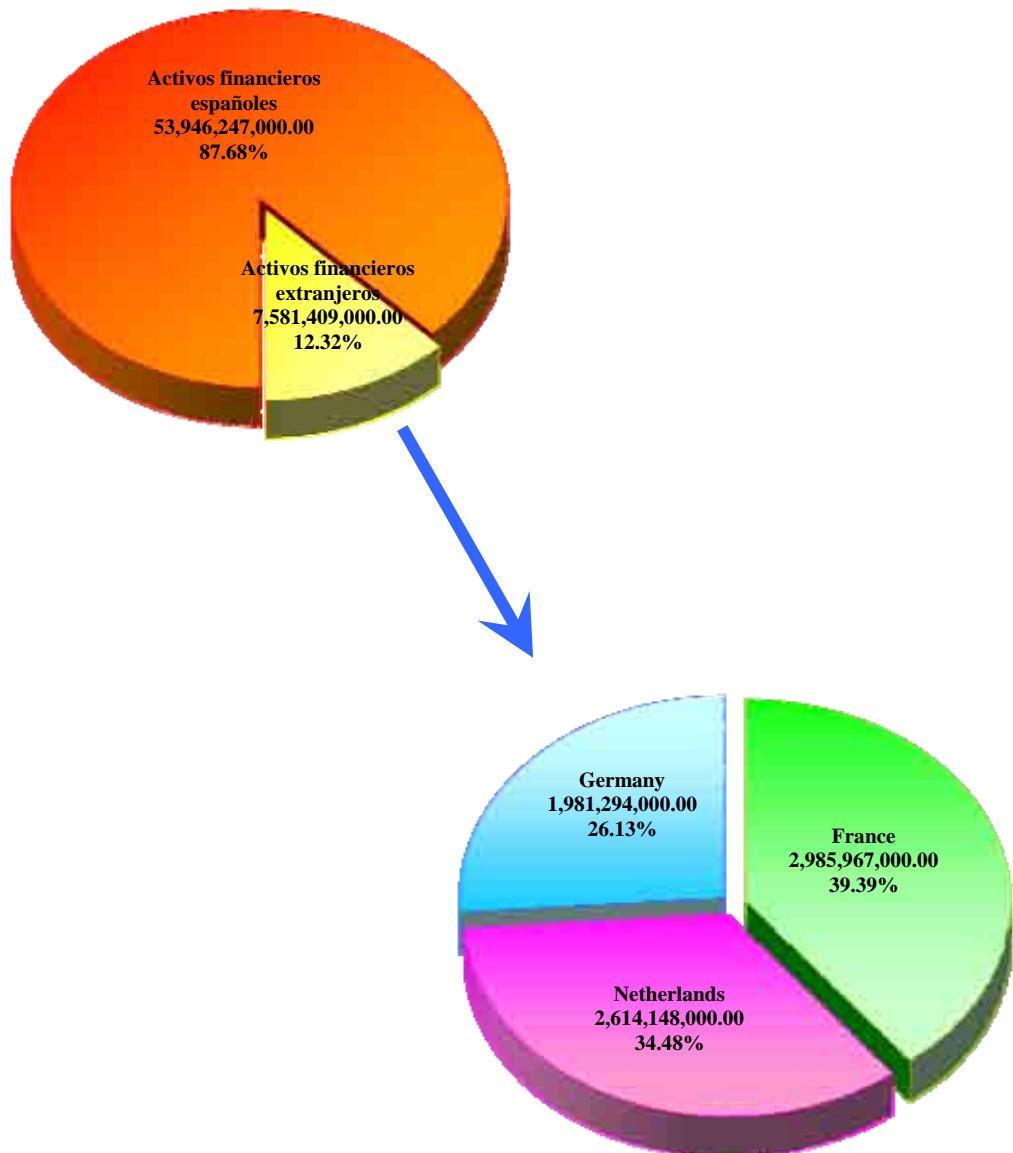
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**DISTRIBUTION OF FINANCIAL ASSETS HELD BY THE RESERVE FUND,
ACCORDING TO ISSUING COUNTRY AND BASED ON THE NOMINAL VALUE**

AS AT 31/12/2010





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8.- IMPORTANT ASPECTS OF THE RESERVE FUND

8.1. Operational Aspects of Reserve Fund Management

All the figures contained in this report highlight the significant amount of management that the Social Security Reserve Fund entails in terms of the allocations approved by the Council of Ministers' Agreement, the income from surpluses of Mutual Societies for Work-Related Injuries and Occupational Diseases, and the income generated by the Reserve Fund itself.

As at 31 December 2010, the value of the Social Security Reserve Fund was €64,375.14 million.

Despite the difficult economic climate in Spain, which is in line with the international climate, we expect to be able to continue and consolidate the principles that inspired the creation of the Reserve Fund, thereby helping to maintain confidence in the Social Security System.

It should also be noted that, thanks to the good performance of the Social Security System, the Reserve Fund currently represents 6.11% of GDP (which in 2009 was €1,053,914 million, according to figures from the National Institute of Statistics published in the CNE-2000 on 17 November 2010). This percentage will continue to increase if the Reserve Fund grows as predicted over the coming years. If we take the estimated GDP for 2010 from the 2009-2013 Stability Programme (€1,054,968 million), the Reserve Fund on 31 December 2010 represented 6.10% of GDP.



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APPENDIX I

FINANCIAL AND ECONOMIC INFORMATION FROM THE ANNUAL ACCOUNTS



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FINANCIAL AND ECONOMIC INFORMATION **FROM THE ANNUAL ACCOUNTS**

This report on the actions in 2010 and the Reserve Fund Status as at 31 December 2010, which is submitted to the Parliament –in accordance with Article 6 of Law 28/2003, of 29 September, which governs the Social Security Reserve Fund– aims to provide information on the management and actions carried out during the year –based on the decisions of the Management Committee, as the senior managing and monitoring body–, specifically the data showing the Reserve Fund value, composition, portfolio distribution, profitability and market value as at 31/12/2010. With additional information on the changes to the Reserve Fund balance over the next three years, which allows the forecast for the Fund's inflows to be carried out, so that the appropriate management actions can be planned.

The aforementioned information, prepared from the point of management, which presents data, breaks down information by countries and periods and evaluates market prices, has a different approach, in specific sections, to the financial and economic information that is included in the annual accounts, in accordance with the applicable accounting principles.

In accordance with EHA Order/1037/2010, of 13 April, the General Public Accounting Plan was approved as an accounting plan framework for all Public Administration departments.

This new accounting plan sets out a series of new valuation criteria. Of these, the criterion on the problems of financial assets and consequently the asset portfolio in which the Social Security Reserve Fund is invested is particularly significant.



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An initial distinction is based on the fact that with the new plan, the asset portfolio is not going to be catalogued in the first instance according to the nature of the products it is composed of, but rather according to the investment aim or purpose. Therefore, the portfolio can be classed as a “held-to-maturity portfolio” as a result of the desire and the financial capacity of the investor to hold the portfolio until said time arrives, or as an “available-for-sale portfolio”. Cataloging in this manner has a direct impact, in this case, on how the Reserve Fund's financial situation is shown in the annual accounts.

With regard to held-to-maturity portfolios, the plan makes a distinction between its initial valuation, at the time of underwriting or purchasing the products, and a subsequent valuation at the end of the financial year. As a result, the initial valuation must be at a reasonable value; in other words, the amount of the payment made plus the directly attributable costs (this criterion is in line with the 1997 adaptation still in force), insofar as the subsequent valuation of the held-to-maturity portfolio is done using the depreciated cost, by which we mean the amount at which the asset was initially valued, plus/minus, as appropriate, the amount attributed to the difference between the initial amount and the amount received on maturity in the financial year results.

Another of the new features in the new plan is the disappearance of the traditional provision for asset depreciation, which adjusted the book value of the products downwards as a result of the market value being lower than the product acquisition price at the end of the financial year.



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For the purpose of clarifying the foregoing and due to the significance of the change that the implementation of the new plan entails, additional information is provided on the **financial situation** that the **Social Security Reserve Fund** would have after applying the new valuation criteria set out in the plan to a catalogued portfolio, in the first instance, **as a held-to maturity portfolio** based on the **accounting figures at the close of the 2010 financial year**.

| SSRF FINANCIAL SITUATION AS AT 1 JANUARY 2011 | AMOUNT (euros) |
|-----------------------------------------------------------------------------|---------------------------|
| SSRF long-term securities according to "depreciated cost" valuation | 53,325,155,396.66 |
| SSRF short-term securities according to "depreciated cost" valuation | 9,233,601,387.50 |
| SSRF current account balance in the Bank of Spain | 1,258,805.44 |
| Short-term interest on SSRF securities | 1,445,862,420.51 |
| TOTAL SSRF FINANCIAL SITUATION AS AT 1 JANUARY 2011 | 64,005,878,010.11 |



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APPENDIX II

ABOUT MUTUAL SOCIETIES FOR WRI AND OD



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II.1 NOTICE REGARDING THE RESERVES ESTABLISHED AND THE EXCESS MANAGEMENT SURPLUSES GENERATED BY THE SOCIAL SECURITY MUTUAL SOCIETIES FOR WORK-RELATED INJURIES AND OCCUPATIONAL DISEASES.

During 2009, in accordance with the General Regulations on Management Collaboration (approved by Royal Decree 1993/1995 of 7 December, with subsequent modifications introduced by Royal Decrees 250/1997 of 21 February, 576/1997 of 18 April, 428/2004 of 12 March and 688/2005 of 10 June and 38/2010 of 15 January), the Social Security Mutual Societies for Work-Related Injuries and Occupational Diseases must, for each financial year, determine how much profit has been generated from the management of each of the two groups of contingencies that they cover (occupational and common contingencies), bearing in mind that a different system for distributing the profit applies to each one.

Management of occupational contingencies

As regards the management of occupational contingencies, once the provision for occupational contingencies has been allocated, the remaining profit generated by the Mutual Societies for each financial year must be allocated, pursuant to Article 65 of the General Regulations on Collaboration, to the following reserves (listed in order of priority):

Immediate obligations reserve.

Stabilisation reserve.

The value of the Immediate Obligations Reserve, as provided for in Article 65.3 of the General Regulations on Collaboration, must be equal to 15% of the contributions collected for occupational contingencies, after having deducted the amount paid by way of reinsurance. Nevertheless, the mutual societies may decide to increase the amount paid into this reserve up to a maximum of 25% of the net contributions collected during the year.



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The value of the Stabilisation Reserve must be equal to 15% of the average total annual contributions received by the mutual society for occupational contingencies over the past three years. Again, the mutual societies may decide to increase the amount paid into this reserve up to a maximum of 20% of the average total of these contributions.

Any surplus that remains after having covered the provision and the aforementioned reserves must, in accordance with the provisions of Article 73 of the General Social Security Act and Article 66 of the General Regulations on Collaboration, be allocated as follows:

- 80% will be used for general prevention and rehabilitation purposes, including encouraging companies to undertake special measures to prevent work-related injuries and occupational diseases. To this end, mutual societies may allocate 15% of this amount towards encouraging companies to adopt measures and procedures that effectively and verifiably reduce the occupational accident rate, by means of a "bonus/malus" system, the terms and conditions of which are set forth in Royal Decree 404/201, of 31 March, implemented by TIN Order/1448/2010, of 2 June.

The amount that is allocated for general prevention and rehabilitation purposes, as set forth in Article 66.1 of the Regulations, must be paid by 31 July of each year. It must be deposited into an account opened with the Bank of Spain in the name of the General Treasury of the Social Security, for the use of the Ministry of Labour and Immigration.

- 10% will go towards providing welfare support for insured workers and their beneficiaries, to be paid into the Social Welfare Fund.
- The remaining 10% will be used to increase the company's voluntary reserves or, otherwise, the aforementioned Social Welfare Fund.



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Management of common contingencies

As regards the management of common contingencies, and in accordance with the provisions of Article 73.3 of the General Regulations on Collaboration, any profit shall be paid into a special reserve fund called the Stabilisation Reserve for Temporary Disability due to Common Contingencies. The maximum value of this reserve has been set at 25% of the contributions collected by the mutual society for such contingencies during each financial year. The purpose of the reserve is to cover any possible future management losses.

Article 73.3 provides for a transfer system, in which funds for the management of occupational contingencies can be transferred to the management of common contingencies, and vice-versa. Therefore, if the management of one of these contingencies does not generate enough income to be able to provide the legally required level of coverage for its reserve, funds can be transferred from the management of the other contingency, once it has allocated a sufficient amount to its own reserve.

Finally, after the management of common contingencies has allocated the maximum amount into its specific reserve in accordance with the provisions of Article 73.3 of the General Regulations on Collaboration, any remaining surplus will be allocated to the Social Security Reserve Fund described in Article 91.1 of the General Social Security Act, in order to cover any future requirements of the system. The surplus must be paid into the General Treasury of the Social Security before 31 July of each year.

Mutual Societies' reserves and excess surpluses for 2009

The following tables show the reserves and excess surpluses arising from the management by the Mutual Societies for Work-Related Injuries and Occupational Diseases during 2009.



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**II.2 MUTUAL SOCIETIES FOR WORK-RELATED INJURIES AND OCCUPATIONAL DISEASES
OF THE SOCIAL SECURITY
RESERVES ESTABLISHED AND EXCESS MANAGEMENT SURPLUSES GENERATED
2009 FINANCIAL YEAR**

| NO. | NAME | RESERVES ESTABLISHED | | | | | | 80% OF EXCESS SURPLUSES FROM MANAGEMENT OF OCCUPATIONAL CONTINGENCIES ALLOCATED TO THE PREVENTION AND REHABILITATION FUND | EXCESS SURPLUSES FROM MANAGEMENT OF COMMON CONTINGENCIES ALLOCATED TO THE RESERVE FUND |
|-----|-----------------------------------------|-------------------------------|--------------|-------------------------|--------------|--------------------------------------------|--------------|---------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| | | IMMEDIATE RESERVE OBLIGATIONS | | STABILISATION RESERVE | | TEMPORARY DISABILITY STABILISATION RESERVE | | | |
| | | AMOUNT | % COVERAGE | AMOUNT | % COVERAGE | AMOUNT | % COVERAGE | | |
| 1 | MUTUAL MIDAT CYCLOPS | 115,064,766.17 | 25.00 | 114,530,079.65 | 20.00 | 71,350,424.22 | 25.00 | 44,848,038.66 | 12,170,362.64 |
| 2 | MUTUALIA | 41,850,853.00 | 25.00 | 39,077,429.00 | 20.00 | 3,334,185.24 | 5.00 | 10,200,422.18 | 0.00 |
| 3 | ACTIVA MUTUA 2008 | 39,850,391.32 | 25.00 | 42,112,218.25 | 20.00 | 27,747,686.36 | 25.00 | 17,751,194.16 | 12,381,806.43 |
| 7 | MUTUA MONTAÑESA | 17,714,322.67 | 25.00 | 18,151,541.45 | 20.00 | 11,429,196.95 | 25.00 | 3,121,900.08 | 2,881,158.51 |
| 10 | MUTUA UNIVERSAL MUGENAT | 124,095,567.34 | 25.00 | 136,829,036.74 | 20.00 | 69,214,958.49 | 21.13 | 56,779,690.65 | 0.00 |
| 11 | MAZ | 60,463,477.85 | 25.00 | 62,057,831.82 | 20.00 | 33,566,651.62 | 25.00 | 2,722,582.45 | 1,106,178.40 |
| 15 | UMIVALE | 49,264,661.02 | 25.00 | 49,360,320.15 | 20.00 | 37,503,125.23 | 25.00 | 5,164,903.49 | 5,059,459.79 |
| 21 | MUTUA NAVARRA | 7,879,517.10 | 25.00 | 7,310,688.11 | 20.00 | 1,958,545.40 | 14.04 | 7,961,848.94 | 0.00 |
| 39 | MUTUA INTERCOMARCAL | 21,798,217.83 | 25.00 | 22,136,257.18 | 20.00 | 13,213,685.71 | 24.93 | 1,673,802.78 | 0.00 |
| 61 | FREMAP | 367,140,775.84 | 25.00 | 360,616,845.86 | 20.00 | 237,073,247.85 | 25.00 | 210,587,643.50 | 1,817,459.61 |
| 72 | SOLIMAT | 7,659,919.13 | 25.00 | 7,000,792.90 | 20.00 | 4,134,009.73 | 25.00 | 3,729,700.94 | 792,164.42 |
| 115 | MUTUA DE ANDALUCÍA Y DE CEUTA | 7,345,665.70 | 25.00 | 7,209,697.42 | 17.38 | 1,623,722.87 | 8.25 | 1,424,397.85 | 0.00 |
| 151 | ASEPEYO | 245,024,546.31 | 25.00 | 244,296,964.79 | 20.00 | 156,858,879.97 | 25.00 | 129,882,040.45 | 18,438,985.67 |
| 183 | MUTUA BALEAR | 23,800,743.81 | 25.00 | 23,746,189.79 | 20.00 | 14,280,249.81 | 25.00 | 12,882,806.49 | 2,509,445.12 |
| 201 | MUTUA GALLEGA DE ACCIDENTES DE TRABAJO | 14,976,588.18 | 15.00 | 18,610,249.13 | 15.00 | 1,908,934.89 | 3.75 | 0.00 | 0.00 |
| 267 | UNIÓN DE MUTUAS (UNIMAT) | 28,626,309.57 | 25.00 | 31,507,940.31 | 20.00 | 21,259,948.25 | 25.00 | 7,344,047.39 | 1,482,662.64 |
| 272 | M.A.C., MUTUA DE ACCIDENTES DE CANARIAS | 12,113,367.41 | 25.00 | 11,530,462.40 | 20.00 | 628,634.88 | 5.00 | 4,195,234.94 | 0.00 |
| 274 | IBERMUTUAMUR | 122,269,845.86 | 25.00 | 123,822,552.33 | 20.00 | 73,468,784.29 | 25.00 | 64,862,842.55 | 10,607,486.96 |
| 275 | FRATERNIDAD-MUPRESA | 132,348,433.30 | 25.00 | 133,847,547.31 | 20.00 | 30,068,931.72 | 9.15 | 35,603,805.03 | 0.00 |
| 276 | EGARSAT | 29,247,192.05 | 25.00 | 30,513,595.97 | 20.00 | 13,900,769.72 | 20.30 | 4,475,800.65 | 0.00 |
| | TOTAL | 1,468,535,161.46 | 24.83 | 1,484,268,240.56 | 19.90 | 824,524,573.20 | 22.31 | 625,212,703.18 | 69,247,170.19 |



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II.3 CHANGES IN THE RESERVES ESTABLISHED BY THE SOCIAL SECURITY MUTUAL SOCIETIES FOR WORK-RELATED INJURIES AND OCCUPATIONAL DISEASES FINANCIAL YEARS 2000 TO 2009

The following table and graph show the changes in the annual balances of the reserves established by the Social Security Mutual Societies for Work-Related Injuries and Occupational Diseases:

| FINANCIAL YEAR | RESERVE IMMEDIATE OBLIGATIONS | | STABILISATION RESERVE | | TEMPORARY DISABILITY STABILISATION RESERVE | |
|----------------|-------------------------------|------------|-----------------------|------------|--------------------------------------------|------------|
| | AMOUNT | % COVERAGE | AMOUNT | % COVERAGE | AMOUNT | % COVERAGE |
| 2000 | 743,457,645.90 | 20.59 | 605,697,024.30 | 16.53 | 242,858,473.04 | 20.74 |
| 2001 | 801,625,063.19 | 19.40 | 688,756,108.61 | 16.25 | 250,454,713.73 | 17.63 |
| 2002 | 928,728,902.68 | 21.56 | 754,774,202.45 | 16.06 | 226,431,234.49 | 14.67 |
| 2003 | 1,056,536,649.58 | 22.44 | 881,813,903.41 | 17.08 | 288,555,457.67 | 16.52 |
| 2004 | 1,207,217,925.40 | 23.64 | 971,164,729.99 | 17.86 | 447,327,366.84 | 19.12 |
| 2005 | 1,348,191,103.28 | 24.05 | 1,120,053,856.59 | 18.96 | 551,214,737.40 | 21.48 |
| 2006 | 1,535,468,220.94 | 24.56 | 1,282,777,812.72 | 19.77 | 633,032,414.12 | 22.08 |
| 2007 | 1,687,776,837.38 | 24.83 | 1,421,307,105.56 | 19.88 | 725,714,232.35 | 22.43 |
| 2008 | 1,659,361,355.49 | 24.83 | 1,508,585,703.59 | 19.92 | 819,187,492.53 | 22.47 |
| 2009 | 1,468,534,161.46 | 24.83 | 1,484,268,240.56 | 19.90 | 824,524,573.20 | 22.31 |

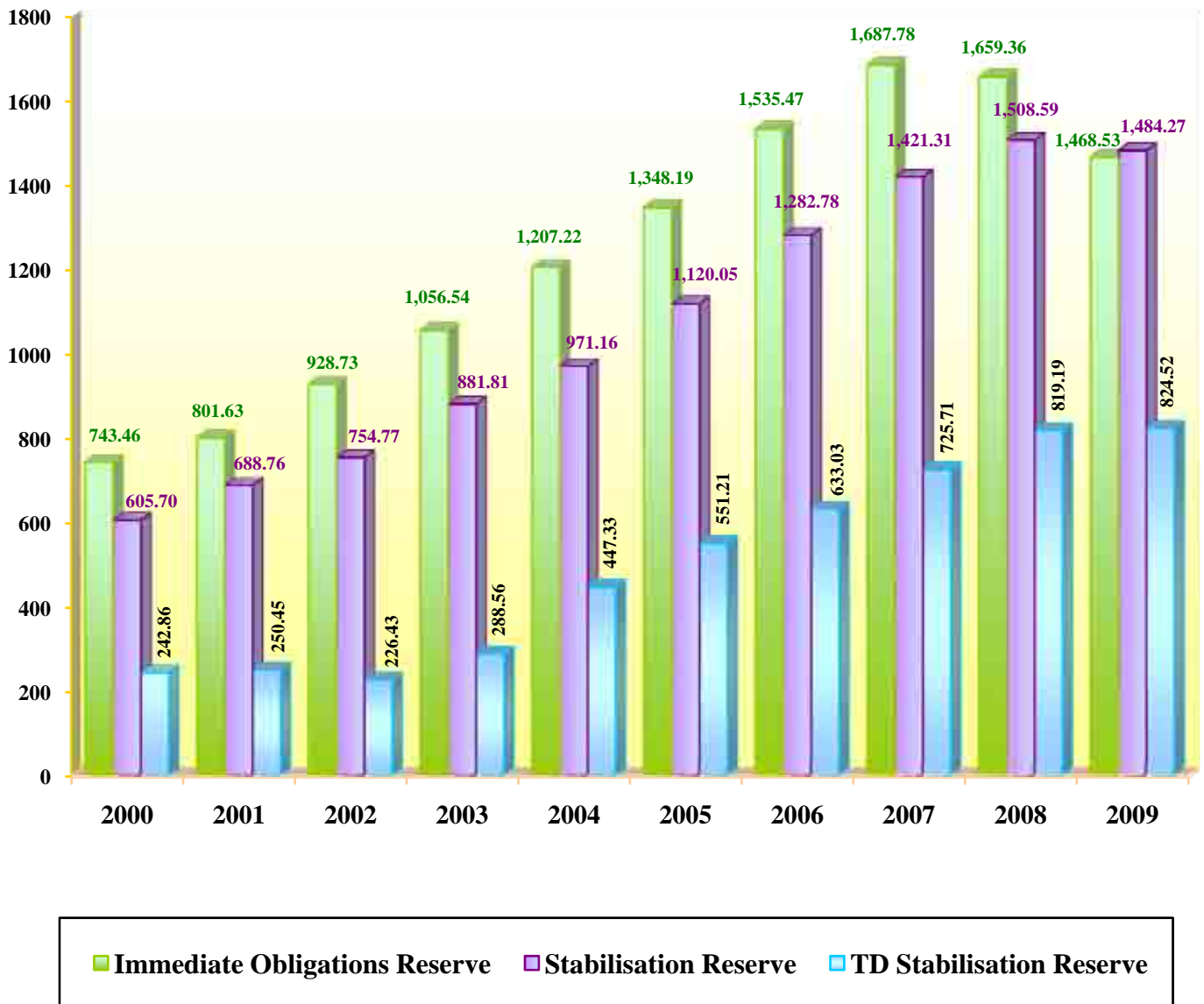
Figures in euros



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Figures in millions of euros



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APPENDIX III

PREVENTION AND REHABILITATION FUND



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If, once the required provisions and reserves have been covered, there are any excess surpluses arising from the management by the Mutual Societies for Work-Related Injuries and Occupational Diseases, 80% of the remaining amount will be allocated towards general prevention and rehabilitation purposes. The Mutual Societies must pay this amount into a special account held with the Bank of Spain on behalf of the Ministry of Work and Immigration by 31 July of the year following that to which the surplus relates.

Between 2000 and 2009, Mutual Societies paid €3,564.93 million into the Fund, which corresponds to the excess surpluses from 1999-2008. In 2010, Mutual Societies paid in €25.21 million, which corresponds to the excess surpluses generated in 2009 and represents 83.08% of the initial income forecasts. The projected figure for 2010 is €752.54 million.

These large sums illustrate how well the System is being managed and, therefore, of how it is affecting the Mutual Societies for Work-Related Injuries and Occupational Diseases. They also illustrate that the surpluses obtained by the Mutual Societies are being suitably allocated and distributed.

A change in the economic climate has resulted in a fall in income in 2010. This trend is expected to continue in 2011. Thus, the General State Budget Act for 2011 shows a figure of €600.30 million.

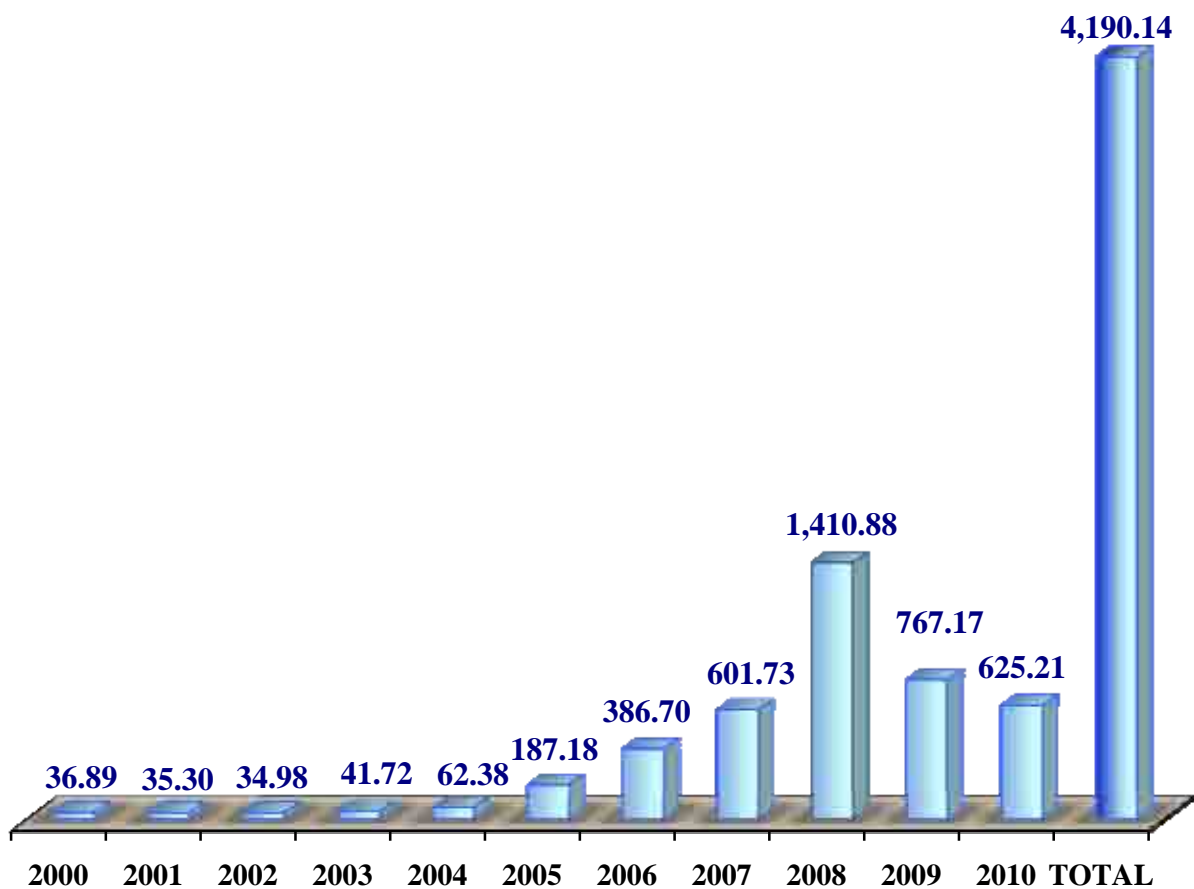


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The changes in the allocations made by the Mutual Societies for Work-Related Injuries and Occupational Diseases between 2000 and 2010 are shown in the following graph:



Figures in millions of euros

As regards the management of the Prevention and Rehabilitation Fund, and following the recommendations repeatedly issued by the Court of Auditors, since 2007 the Fund's transactions have been subject to budgetary treatment and have therefore been included in the budgets approved by the Courts for each financial year. They have also been subject to budgetary monitoring.



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The amounts paid into the account held with the Bank of Spain have been used to carry out various noteworthy actions, including, in 2010, an amount of €44 million allocated towards financing the Foundation for the Prevention of Occupational Risks, a foundation whose primary goal, under the supervision of the Ministry of Labour and Immigration with the participation of both public administration departments and organisations representing employers and employees, is to promote, especially among small and medium enterprises, activities aimed at improving health and safety in the workplace.

In addition, in 2010 the Secretariat of State for the Social Security and the National Institute of Occupational Health and Safety signed a management order whereby the aforementioned Institute, with a contribution of €1 million from the Prevention Fund, was entrusted with prevention-related actions.

In addition to the above-mentioned actions, the Ministry of Labour and Immigration has authorised the Prevention and Rehabilitation Fund to release funds for building or renovating prevention and rehabilitation centres and services, to be managed by the Mutual Societies, as well as for other institutions to carry out research and analysis of occupational contingencies.

As a result of the transactions involving the Prevention and Rehabilitation Fund -both the allocations made by the Mutual Societies for Work-Related Injuries and the payments made from the Fund- the Fund's balance at the close of 2010 was €4,480,709,265.34.



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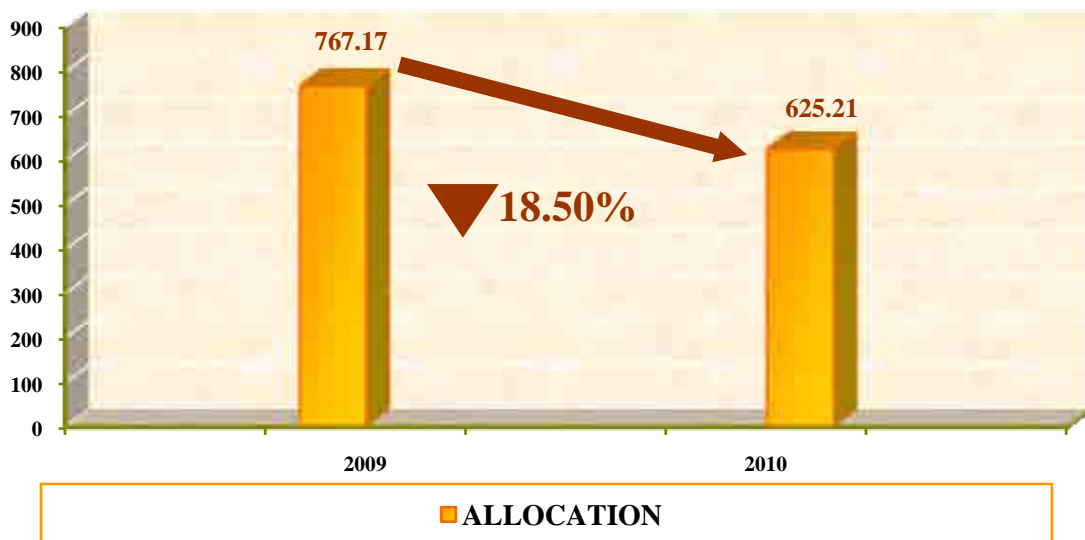
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The following table and its corresponding graphs show the changes in the allocations and the Fund's balance throughout 2009 and 2010.

| | ALLOCATION (80% OF EXCESS SURPLUS FROM THE MANAGEMENT OF OCCUPATIONAL CONTINGENCIES) | PREVENTION AND REHABILITATION FUND BALANCE |
|----------|--------------------------------------------------------------------------------------------|-----------------------------------------------|
| 2009 | 767,171,890.08 | 3,900,373,774.93 |
| 2010 | 625,212,703.18 | 4,480,709,265.34 |
| % CHANGE | -18.50% | 14.88% |

Figures in euros

Allocation: 80% of the excess surpluses from the management of occupational contingencies



Figures in millions of euros

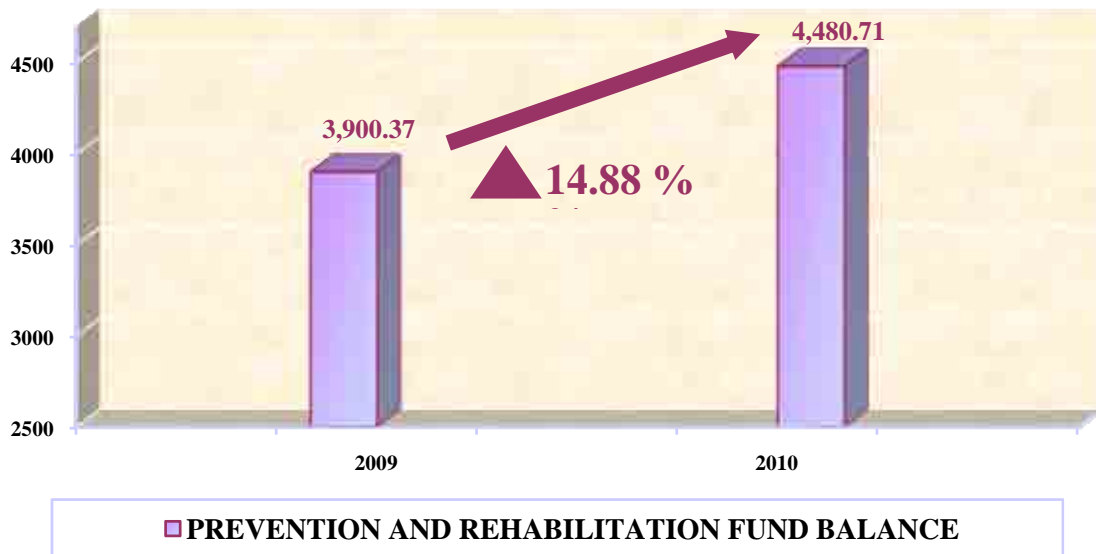


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Prevention and Rehabilitation Fund balance



Figures in millions of euros

Of huge significance and implications for the management of the Prevention and Rehabilitation Fund, is that, as of 2010, Article 73 of the revised text of the General Social Security Act, approved by Legislative Royal Decree 1/1994 of 20 June, has been amended by the Third Final Provision (Point 3) of Law 26/2009 of 26 December, on the 2010 General State Budget. This provides for the possibility that funds deposited in the Prevention and Rehabilitation Fund's account may be invested in financial assets issued by public legal persons until they are needed, subject to the quantities, deadlines and other conditions set forth by the Ministry of Labour and Immigration.



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The investment process began in June 2010 with the publication of TIN Order/1483/2010, of 2 June, which sets out the conditions for the investment of funds deposited in the Prevention and Rehabilitation Fund's special account.

And for 2010 it sets out the following resolutions:

- Resolution, of 12 July 2010, of the Secretariat of State for Social Security, which sets the amount of funds deposited in the Prevention and Rehabilitation Fund's special account that will be allocated to the acquisition of financial assets, as well as the characteristics thereof and other investment conditions.
- Resolution, of 13 June 2010, of the Secretariat of State for Social Security, which sets out the financial assets that the funds deposited in the Prevention and Rehabilitation Fund's special account (opened with the Bank of Spain, at the disposal of the Ministry of Labour and Immigration and owned by the General Treasury of the Social Security, which has determined an investment of €3,492,000,000.00 therein).
- Resolution, of 14 October 2010, of the Secretariat of State for Social Security, which sets out the financial assets that the funds deposited in the Prevention and Rehabilitation Fund's special account (opened with the Bank of Spain, at the disposal of the Ministry of Labour and Immigration and owned by the General Treasury of the Social Security, which has determined an investment of €557,000,000.00 therein).
- Resolution, of 22 November 2010, of the Secretariat of State for Social Security, which sets out the financial assets that the funds deposited in the Prevention and Rehabilitation Fund's special account (opened with the Bank of Spain, at the disposal of the Ministry of Labour and Immigration and owned by the General Treasury of the Social Security, which has determined an investment of €591,000,000.00 therein).



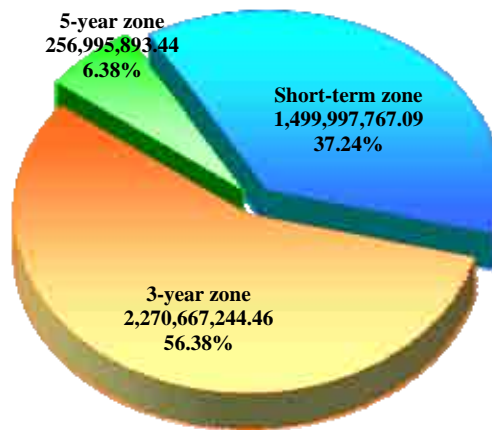
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The following graphs show the total amount of funds deposited in the Prevention and Rehabilitation Fund which have been invested in financial assets as at 31 December 2010 (figures in euros):

DISTRIBUTION OF FINANCIAL ASSETS BY ZONE / ACQUISITION PRICE (*)



(*) Acquisition price adjusted to the accrued interest coupons in 2010.

DISTRIBUTION OF FINANCIAL ASSETS BY ZONE / NOMINAL VALUE

