

**ANNUAL GENERAL MEETING OF SHAREHOLDERS  
OF  
INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A)**

**JULY 18, 2006**

**PROPOSED WORDING OF THE  
RESOLUTIONS**

**First.- Study and approval, where appropriate, of the Annual Accounts and the Management Report of Industria de Diseño Textil, S.A. (Inditex, S.A.) for fiscal year 2005, ended 31 January 2006.**

The following resolution is proposed to the Annual General Meeting:

“Approval of the Annual Accounts (Balance Sheet, Profit and Loss Account, and Annual Report) and the management report of Industria de Diseño Textil, S.A. (Inditex, S.A.) for fiscal 2005 (ended 31 January 2006), laid by the Board of Directors at its meeting held on 28 March 2006 and signed by all the directors”

**Second.- Study and approval, where appropriate, of the annual accounts (Balance Sheet, Profit and Loss Account, Shareholders’ Equity Statement, Cash Flow Statement, and Annual Report) and Management Report of the consolidated group (Inditex Group) for fiscal year 2005, ended 31 January 2006, and of the management of the company**

The following resolution is proposed to the Annual General Meeting:

“Approval of the Annual Accounts (Balance Sheet, Profit and Loss Account, Shareholders’ Equity Statement, Cash Flow Statement and Annual Report) and the consolidated management report of the Inditex Group for fiscal 2005 (ended 31 January 2006), laid by the Board of Directors at its meeting held on 28 March 2006 and signed by all the directors”

Approval of the management of the Board of Directors of Industria de Diseño Textil, S.A. (Inditex, S.A.) for fiscal year 2005.”

**Third.- Distribution of the income or loss of the fiscal year and distribution of dividends.**

The following resolution is proposed to the Annual General Meeting:

“Approval of the proposed distribution of the income of fiscal 2005 (ended 31 January 2006), in accordance with the Balance Sheet previously approved, in the amount of five hundred and twenty million, six hundred and sixty nine thousand euros (520,669,000€), to be distributed as shown below:

	<u>THOUSANDS OF €</u>
- To voluntary reserve.....	103,038
- To dividends.....	417,631
- TOTAL.....	520,669

It is resolved to pay the shares with the right to dividends the gross amount of fifty-two cents per share as ordinary dividend, and fifteen cents per share as bonus dividend, which adds up to sixty seven cents per share; the dividend shall be paid to shareholders as of 21 July 2006, through those entities linked to the *Spanish Central Securities*

*Depository, in charge of the Register of Securities, and the Clearing and Settlement of all trades (Iberclear) (Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A) where they have their shares deposited”*

**Fourth.- Re-election of Directors.**

The following resolution, which has the previous favourable report of the Nomination and Remuneration Committee, is proposed to the Annual General Meeting:

“Approval of the re-election of Ms. Irene Ruth Miller, whose particulars are already recorded with the Companies Register, as Ordinary Member of the Board of Directors for the five-year term provided in the Articles of Association, as from the date of this Annual General Meeting.”

**Fifth.- Re-election of Auditors.**

The following resolution, which has the previous favourable report of the Audit and Control Committee, is proposed to the Annual General Meeting:

“To appoint the current Auditors of the company, KPMG Auditores, S.L., with registered address in Madrid, at 95, Paseo de la Castellana, and holder of the Spanish Tax Identification Number (C.I.F) ES B-78510153, registered with the Official Register of Auditors under number S0702, as Auditors of the Company to review the annual accounts and the management reports of the Company and the consolidated ones of the Inditex Group, for the term commencing on February 1<sup>st</sup>, 2006 and ending on January 31<sup>st</sup>, 2007.”

**Sixth.- Proposed amendment to the Articles of Association: articles 17 (Notice) and 27 (Appointment and duration of the office of Director)**

The following resolution is proposed to the Annual General Meeting:

“To amend articles 17 and 27 of the Articles of Association with regard to the calling of the Annual General Meeting of Shareholders and the term of the office of director, respectively which shall hereinafter read:

a) Article 17.- Notice. Universal General Meetings.

1.- General Meetings, both Annual and Extraordinary, must be called by the Board of Directors by notice published in the Official Gazette of the Companies Register and in a major newspaper of the province where the Company has its Registered Office, at least one month prior to the date set for the meeting, such notice to state the place, date and time on which the meeting is to be held on first call and the date on which, where appropriate, the meeting shall be held on second call. At least twenty four hours must lapse between those two dates. The notice shall likewise contain a complete agenda.

2.- Shareholders who represent at least five per cent of the share capital, may request that a supplement to the notice of the General Meeting be published, to include one or more items on the agenda. This right must be exercised by means of an irrefutable notice to be received at the corporate seat within five days of the date of publication of the notice. The supplement to the notice must be published at least fifteen days prior to the date set for the meeting of the General Meeting of Shareholders

3.- Notwithstanding the provisions set above, it shall be understood that a General Meeting has been properly called and shall be validly held to deal with any business, provided that all the share capital is present and the shareholders unanimously decide to hold such meeting.

b) Article 27.- Appointment and duration of the office of Director.

1.- Directors shall be appointed by the General Meeting and shall hold their office for a five year term.

2.- The Directors may be reappointed indefinitely by the General Meeting, who may likewise decide the removal of any of them at any time.

3.- The Board of Directors itself may fill any vacancies internally that should arise in it, appointing from among the shareholders the persons who shall fill the vacancies until the first General Meeting.

With regard to said amendments to the Articles of Association, in compliance with the provisions of article 144.1.a) of the Revised Text of the Spanish Corporations Act, it was unanimously resolved by the Board of Directors in the session held on 13 June 2006 to approve the Report which will be attached to the Minutes as an Annex thereto.”

**Seventh.- Proposed amendment to the General Meeting of Shareholders’ Regulations: articles 8 (Notice) and 22 (Voting of the Proposed Resolutions)**

The following resolution is proposed to the Annual General Meeting:

“To amend the paragraphs set out below of articles 8 and 22 of the General Meeting of Shareholders’ Regulations, which shall hereinafter read as follows, without altering the remaining paragraphs of the above mentioned articles, which shall keep their current wording:

a) Article 8. Notice

General Meetings, either Annual or Extraordinary, shall be called by the Board of Directors by notice published in the Official Gazette of the Companies Register and in a major daily newspaper in circulation in the province where the Company has its registered office, at least one month in advance of the date set for the meeting or the greatest period of time required by the Law, where appropriate, depending on the

resolutions submitted to its deliberation.

The notice shall state the place, day and hour on which the General Meeting is to be held on first call, as well as, if necessary, the date on which the Meeting is to be held on second call. A 24-hour period shall pass at least between the first and the second call. The notice of call shall also state clearly, all the matters to be discussed therein. Shareholders who represent at least five per cent of the share capital, may request that a supplement to the notice of the General Meeting be published, to include one or more items on the agenda. This right must be exercised by means of an irrefutable notice to be received at the corporate seat within five days of the date of publication of the notice. The supplement to the notice must be published at least fifteen days prior to the date set for the meeting of the General Meeting of Shareholders

No later than the day of publication, or in any case the immediate following working day, the Company must send the notice, and where appropriate, the eventual supplement thereto, to the Spanish Securities and Exchange Commission [*Comisión Nacional del Mercado de Valores*], hereinafter “CNMW”, as well as to the Governing Companies of the Stock Exchanges where the shares of the Company are quoted for its insertion in the Stocks’ Gazettes. The text of the notice and where appropriate, of the eventual supplement thereto, can also be accessed at the Company’s web page.

Notwithstanding the above, the General Meeting shall be deemed to have been duly called and validly held to discuss any matter, whenever the whole corporate capital is present and all those attending unanimously agree to hold the meeting.

b) Article 22. Voting of the proposed resolutions

4. As a general rule and without prejudice to the use of other alternative systems the Chairman might deem necessary to use where circumstances so require, voting on the proposed resolutions shall be performed according to the following procedure:
  - (i) When the voting is on proposed resolutions regarding items on the agenda, the votes of the shares present and represented shall be deemed votes in favour of the motion, after subtracting the votes pertaining to (a) those shares whose holders or proxies state that they vote against, in blank or that they abstain, and who inform of their votes or abstention to the Notary to be put on record; (b) those shares whose holders have voted against, in blank or had expressly stated their abstention through any of the means referred to in the following article, and (c) those shares whose holders or proxies had left the meeting prior to the voting of the proposed resolution in question, and had recorded their leave with the Notary, in the form provided in article 18.5 of these Regulations.
  - (ii) When the voting is on proposed resolutions regarding matters not included on the agenda, the votes of the shares present and represented shall be deemed against the motion, after subtracting the votes pertaining to (a)

those shares whose holders or proxies state that they vote for, in blanc or that they abstain, and who inform of their votes or abstention to the Notary to be put on record; (b) those shares whose holders have voted for, in blank or had expressly stated their abstention through any of the means referred to in the following article, and (c) those shares whose holders or proxies had left the meeting prior to the voting of the proposed resolution in question, and had recorded their leave with the Notary, in the form provided in article 18.5 of these Regulations.

**Eighth.- Approval, where appropriate, of a Stock ownership Plan of the Company addressed to members of the senior management, including executive directors and other key employees of the Inditex Group, and subsequent award of shares of the Company to its beneficiaries.**

The following resolution, which has the previous favourable report of the Nomination and Remuneration Committee, is proposed to the Annual General Meeting:

“ 1.- To approve, pursuant to the provisions of article 130 and of the Fourth Additional Provision of the Spanish Corporations Act, and further implementing legislation, the establishment of a stock ownership plan of the Company addressed to members of the management team, including executive directors and other key employees of the Inditex Group, that involves the award of shares to the beneficiaries thereof (hereinafter, “the Plan”), pursuant to the following basic terms and conditions.

- (i) The Plan shall consist of the promise to award ordinary shares of Industria de Diseño Textil, S.A. (Inditex, S.A.), for a par value of 0.15 euro of the same class and series as the remaining shares of the Company, recorded through the book entry system to the beneficiaries for free, on a certain date and pursuant to the terms and conditions provided in this resolution, as well as in those instruments that implement it.
- (ii) This Plan consists of allocating to the beneficiaries a number of units whose goal is to facilitate the determination of a number of shares to be awarded to each Beneficiary, where appropriate, at the completion of the Plan, in accordance with the appreciation of the weighted average price of the share of the Company during calendar years 2006 and 2007 with regard to the weighted average price of the last calendar quarter of the year 2005, pursuant to the terms and conditions provided to implement this resolution. The Units are not of a capital value, they shall be granted for free, that is for no consideration whatsoever and, as is the case of the rights of the beneficiaries arising out of their participation in this Plan, they may not be transferred to any third parties, whether *inter vivos* or *mortis causa*, except as otherwise provided, in the implementation of this resolution.
- (iii) The Plan shall be in force until the 1<sup>st</sup> October 2008, date of vesting of the right to be awarded the shares to which the beneficiaries may be entitled,

where appropriate, subject to the cases of an advance settlement that may be provided to implement this resolution.

- (iv) The maximum number of shares of Industria de Diseño Textil, S.A. (Inditex, S.A.) covered by the Plan amounts to 2,348,383, representing 0.37% in the share capital, a maximum number of 125,000 of which shall be for executive directors and up to a maximum of 2,223,383, for the rest of officials and key employees of the Company and its affiliated companies.
- (v) It is hereby resolved to allocate to the Plan all or part of the 2,348,386 remaining shares of the stock options plan approved by the Annual General Meeting of Shareholders in the session held on 20 July 2000, 19 January 2001 and 20 April 2001, representing 0.37% of the share capital, issued as a result of a capital increase resolution passed on 20 July 2000, subscribed by a financial entity in order to help the Company enforce the commitments undertaken vis-à-vis the beneficiaries of said stock options Plan.
- (vi) Should there be any remaining shares after the completion of the Plan, the Annual General Meeting of Shareholders may resolve that such shares be allocated, among other possible purposes, to new Stock ownership Plans for directors of the company and / or personnel of the Inditex Group of the Company.

2.- For the purposes of covering the execution of this Plan, and subject to the authorization covered in Resolution Nine below, it is hereby resolved to authorise the Board of Directors with the express powers of substitution, so that, in accordance with the provisions of article 75 et seq. of the Spanish Corporation Act, and pursuant to the provisions of the paragraph v) section 1 above, it may proceed to the derivative acquisition of its own shares observing the legal limits and requirements and the following terms and conditions:

a) Methods of acquisition: the acquisition shall be done through purchase and sale, by exercising the call option that the Company has vis-à-vis the financial entity that subscribed the issuance of shares.

b) Maximum number of shares to be purchased: 2,348,383, representing 0.37% in the share capital of the Company

c) Price: the purchase price of shares shall amount to 2.93 euros per share, in accordance with the call option granted by the financial entity to the Company.

d) Duration of the authorisation: eighteen (18) months as of the date of this resolution.

For the purposes of the provisions of the last paragraph, section 1 of article 75 of the Spanish Corporation Act, it is hereby stated that the Company shall use all or part of the

shares acquired under this resolution, subject to any other potential uses, to be awarded to the employees or directors of the Company under this Plan.

3.- Delegate in the Board of Directors, with express substitution powers, all necessary powers to implement this resolution, it being expressly authorised, among other things:

- (a) To execute on behalf of the Company the Stock Ownership Plan, carrying out all necessary or expedient acts to better implement it.
- (b) To determine the terms and conditions of the Plan in what has not been expressly provided by the Annual General Meeting of Shareholders, establishing, among other things, the following ones: the exact number of shares subject matter of the Plan, the requirements to be met by beneficiaries in order to receive the shares, the award procedure, the cases of an advanced settlement of the Plan or the expiry of the rights initially allocated, and generally, the whole set of rules governing the Stock Ownership Plan.
- (c) To prepare, subscribe and file all the required documents, whether public or private, and to perform any and all necessary acts, statements or steps with the CNMV, the *Spanish Central Securities Depository, in charge of the Register of Securities, and the Clearing and Settlement of all trades (Iberclear)* and any other departments, entities or public or private registers, whether Spanish or foreign, to implement the Plan.
- (d) To perform all acts that the Company must carry out pursuant to the terms and conditions of the Stock Ownership Plan.
- (e) To designate, where appropriate, the bank or banks that must render their services for the Company as regards the execution and administration of the Stock Ownership Plan and to negotiate, agree and subscribe the pertaining agreements with the bank or banks so selected, as well as those other contracts or agreements that are deemed expedient with any other entity and, where appropriate, with the beneficiaries, to execute the Plan. entidades y, en su caso, con los beneficiarios, para la ejecución del Plan.
- (f) To adapt the contents of the Plan to the transactions of the Company that might take place while the same is in force, so that the terms of the Plan are kept unchanged.
- (g) And generally, to carry out such other acts that are necessary or just expedient for the success of the Stock Ownership Plan.”

**Ninth.- Authorization to the Board of Directors for the derivative acquisition of own shares**

The following resolution is proposed to the Annual General Meeting:

" Authorization to the Board of Directors, so that, in accordance with the provisions of

article 75 et seq. of the Spanish Corporation Act, it may proceed to the derivative acquisition of its own shares, either directly or through any subsidiaries in which the Company is the controlling company, observing the legal limits and requirements and under the following conditions:

- a) Methods of acquisition: the acquisition shall be done through purchase and sale, exchange or dation in payment.
- b) Maximum number of shares to be acquired: shares with a nominal value which, added to that of those shares already in the possession of the Company, directly or indirectly, do not exceed 5% of the share capital.
- c) Maximum and minimum prices: the minimum price of acquisition of the shares shall be their nominal value and the maximum price shall be up to 105% of their market value at the date of purchase.
- d) Duration of the authorization: eighteen (18) months from the date of this resolution.

This authorization annuls the authorization approved by the General Meeting of Shareholders held on 15 July 2005”

#### **Tenth.- Remuneration of the Board of Directors**

The following resolution, which has the previous favourable report of the Nomination and Remuneration Committee, is proposed to the Annual General Meeting:

“In accordance with the provisions of Article 33.1 of the Articles of Association, it is resolved to fix the remuneration of the directors of the Company as shown below, for an indefinite term until a subsequent Annual General Meeting of Shareholders resolves otherwise and effective as of 1 February of the year in course, being the amounts laid down in paragraphs (b) to (e) below, fully independent and compatible among them:

- (a) the Chairman of the Board of Directors shall receive a fixed annual amount of six hundred thousand euros (€ 600,000), being this the only remuneration that he will receive from the company for all concepts;
- (b) Each director shall receive a fixed annual amount of ninety thousand euros (€ 90,000) for the tenure of their office;
- (c) The First and Second Deputy Chairmen of the Board of Directors shall also receive an additional fixed annual amount of forty thousand euros (€40,000);
- (d) The Chairmen of the Audit and Control Committee and of the Nomination and Remuneration Committee shall also receive an additional fixed amount of twenty-four thousand euros (€ 24,000); and

- (e) The directors who for their part sit on the Executive Committee, the Audit and Control Committee or / and on the Nomination and Remuneration Committee (including the Chairmen of the last two Committees) shall also receive an additional fixed amount of eighteen thousand euros (€ 18,000)”

**Eleventh.- Information to the Annual General Meeting of Shareholders regarding the Board of Directors’ Regulations.**

“Pursuant to the provisions of article 115 of the Stock Exchange Act, in the wording provided by article 1 of Act 26/2003 of 17 July, to enhance transparency in listed companies the “Transparency Act”), the Annual General Meeting of Shareholders is hereby informed that it was resolved by the Board of Directors, prior report in support issued by the Audit and Control Committee, to amend article 23 (Term of office) of the prevailing Revised Text of the Board of Directors’ Regulations currently in force, in order to adapt its wording to the amendments introduced in the Spanish Corporation Act by the First Final Provision of Act 19/2005, of 14 November, on the European Public Limited Company domiciled in Spain.

Likewise, the opportunity offered by the required modification is seized to correct a mistake detected in the wording of article 19 ( Conduct of meetings) of the above mentioned Regulations.

With this respect, the above referred articles shall read as follows:

**Article 23. Term of office**

1. Directors shall hold their office for a term established by the Board of Directors, which shall not exceed six years at the end of which they may be re-elected for the same maximum terms.
2. Directors appointed by co-optation shall hold their office until the date that the first General Meeting is held.
3. The director who ends his mandate or for any other cause should cease to hold his office may not render service in another entity having a corporate purpose that is similar to that of the company for a period of two years.

The Board of Directors, should it think it appropriate, may exempt the outgoing director from this obligation or shorten the length of the period.

**Article 19. Conduct of the meetings.**

1. The Board shall be validly held when at least half of its members plus one attend either in person or by proxy. In the event of an uneven number of Directors, the Board shall be validly held when a number of Directors immediately higher than half of it concur.

Directors shall do their best to attend the Board meetings and, when they cannot do so in person, they shall grant a proxy to another member of the Board giving instructions as to its use and communicating the same to the Chairman of the Board of Directors.

2. The Chairman shall be responsible for organising the debate and fostering the participation of the directors in the Board's deliberations.
3. Except in those cases where the bylaws establish other voting quorums, resolutions shall be passed when a majority of those attending the meeting vote in favour.

This amendment, approved by the Board of Directors in its session held on 13 June 2006, has been disclosed to the *Comisión Nacional del Mercado de Valores*."

#### **Twelfth.- Granting of powers for the implementation of resolutions.**

The following resolution is proposed to the Annual General Meeting:

" Delegation to the Board of Directors, expressly empowering it to be substituted by the Executive Committee or by any of its members, of the necessary powers as wide as statutorily required for the correction, development and implementation, at the time that it considers most appropriate, of each of the resolutions passed in this Annual General Meeting.

In particular, to empower the Chairman of the Board of Directors, Mr. Amancio Ortega Gaona, the First Deputy Chairman and C.E.O., Mr. Pablo Isla Álvarez de Tejera and the Secretary of the Board, Mr. Antonio Abril Abadín so that, any of them, jointly and severally, without distinction, and as widely as is necessary in Law, may carry out whatever actions are appropriate to implement the resolutions passed in this General Meeting in order to register them in the Companies Register and in any other Registries, including, in particular, and amongst other powers, that of appearing before a Notary Public to execute the public deeds and notary's certificates that are necessary or advisable for such purpose, correct, rectify, ratify, interpret or complement the agreements and formalize any other public or private document that is necessary or appropriate so that the resolutions passed are implemented and fully registered, without the need for a new resolution of the Annual General Meeting, and to proceed to the mandatory filing of the individual and consolidated annual accounts with the Companies Register."