

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED COMPANIES

ISSUER IDENTIFICATION

FISCAL YEAR 2005

Fiscal Identification No. A-15.075.062

Company Name:

INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.)

Registered Office:

**AVENIDA DE LA DIPUTACIÓN
EDIFICIO INDITEX
15142 ARTEIXO – A CORUÑA**

ANNUAL CORPORATE GOVERNANCE REPORT
OF INDUSTRIA DE DISEÑO TEXTIL, S.A.

In this Annual Corporate Governance Report, the Board of Directors of INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) (hereinafter, "INDITEX" or "the Company") has included all the relevant information corresponding to fiscal year 2005, which commenced on 1 February 2005 and closed on 31 January 2006, excepting those other cases in which other dates of reference are specifically mentioned. In Spain, Law 26/2003 of 17 July (hereinafter, the "Transparency Law"), which amended the Spanish Stock Exchange Act and the Revised Text of the Spanish Corporation Law with the objective of reinforcing the transparency of listed companies, developed the series of reflections on the principles and practices that should govern the corporate governance of listed companies that were contained in the Report by the Olivencia Commission and, subsequently, in the Report of the Special Commission for the Promotion of Transparency and Security in Financial Markets and Listed Companies (hereinafter, the "Aldama Report"), giving regulatory support to the conclusions and recommendations contained therein as regards the promotion of transparency.

The contents and structure of this Report adjust, for the third straight year, to the model laid down by Circular 1/2004 dated 17 March from the *Comisión Nacional del Mercado de Valores* (Spanish Stock Exchange Commission, hereinafter the *CNMV*), on annual corporate governance report of listed companies and other entities that issue securities admitted to trading on official secondary securities markets and other instruments for information of listed companies, in order to comply with the transparency requirements arising out of the Transparency Law, as well as with the provisions of Ministerial Order ECO/3722/2003, of 26 December, established to implement same.

This Annual Corporate Governance Report is subject to publication as a relevant fact and may be consulted through our corporate web page: www.inditex.com.

The rules governing the corporate governance of INDITEX are established in its Articles of Association, Board of Directors' Regulations and Regulations of the General Meeting of Shareholders, in its Internal Regulations of Conduct Regarding Transactions in Securities, the Code of Conduct of the INDITEX group and the Regulations of the Social Advisory Board, as is explained in more detail below:

Articles of Association: These were approved by the General Meeting of Shareholders in July 2000. The General Meeting held in April 2001 introduced an amendment consisting of a reduction in the number of shares required to attend the General Meeting, while the one held in July 2003 resolved new amendments, mostly due to the new duties of transparency, information and protection of the shareholder, which were introduced by Law 44/2002, of 22 November, on Measures for the Reform of the Financial System (hereinafter, the "Financial Law") and by the recommendations and conclusions regarding corporate governance, and specifically those included in the Aldama Report. Finally, the AGM held on 16 July 2004 adopted several amendments regarding the full adaptation to the

Transparency Law and the inclusion of recommendations on corporate governance, thoroughly reviewed throughout the Annual Corporate Governance Report for fiscal year 2004, underscoring the following ones: (i) the requirement to hold at least 50 shares in the Company to be eligible to attend Annual General Meetings was suppressed; (ii) the possibility for shareholders to grant proxy and to issue votes by mail or electronic means was included in the regulations of the company; (iii) some rules were laid down for those cases where a shareholders' proxy is in conflict of interest; (iv) the composition of the Audit and Control Committee was reformed, to be comprised of independent directors exclusively; (v) a new article regarding the Nomination and Remuneration Committee, that must also be entirely comprised of independent directors, was introduced and (vi) a new article on the web page of the company was introduced.

Board of Directors' Regulations: These were approved by the Board of Directors in July 2000. Their purpose is to determine the principles of operation of the Board, the basic rules for its organisation and working and the rules governing the conduct of its members and includes, among other matters, rules relating to the appointment and removal of directors, their rights and duties and the relations of the Board with the shareholders, with the markets and with the external auditors, all this with the aim of achieving the highest possible degree of efficiency. The Board of Directors' Regulations were already subject to a major reform, as resolved by the administration body on 20 March 2003, in order to adapt them to the new obligations introduced by the Financial Law, and to the recommendations contained in the Aldama Report. Said reform, however, and for time reasons, did not take into account all the mandates of the Transparency Law, which was published after same resolution. For such reason, a new amendment to the internal rules on governance of the Board of Directors was approved by the meeting it held on 10 June 2004, on the one hand fully including the provisions of the Transparency Law and the implementing regulations thereof, and on the other undertaking other reforms, which were not mandatory but which aimed at reviewing and updating the contents of the Board of Directors' Regulations in light of the most recent trends on the issue of good corporate governance, harmonising the terminology used and correcting some minor errors discovered in the wording thereof.

Regulations of the General Meeting of Shareholders: This text was approved at the General Meeting held on 18 July 2003. Its aim is to govern the operation of the General Meeting as to calling of meetings, preparation, information, attendance, development and exercise of voting rights, and to inform the shareholders of their rights and duties relating to this. It was approved by the Annual General Meeting of Shareholders held on 16 July 2004 to amend the Regulations of the General Meeting of Shareholders to fully include thereon the provisions of the Transparency Law and the implementing regulations thereof, updating at the same time the contents of the Regulations in light of the most recent trends on the issue of good corporate governance.

Internal Regulations of Conduct regarding Transactions in Securities (hereinafter, the "Internal Regulations of Conduct"): Approved by the Board of Directors in July 2000, this document contains the rules governing the confidentiality of relevant information, transactions involving securities of INDITEX and its group of companies by the persons included in its scope, its treasury stock policy and communication of relevant facts. In its meetings on 20 March and 11 December 2003, the Board of Directors approved revised texts of the Internal Regulations of

Conduct, in order to adapt them firstly to the new obligations introduced by the Financial Law, and secondly to the recommendations contained in the Aldama Report, redefining several concepts and strengthening control over those transactions that could be carried out at some point in the future by Affected Persons with securities of the company, amongst other modifications.

Code of Conduct of the INDITEX group: Approved by the Board of Directors in February 2001, this Code is defined as an ethical commitment that includes key principles and standards for the appropriate development of the relations between INDITEX and its principal stakeholders: shareholders, employees, partners, suppliers, customers and Society. It includes an Internal Code of Conduct and a Code of Conduct for External Manufacturers and Workshops to guarantee the suitable introduction and management of the principles contained in the Human Rights Declarations and the Conventions of the United Nations and those of the International Labour Organisation, principally.

The full text of all the aforementioned documents is available on the corporate web page (www.inditex.com).

Regulations of the Social Advisory Board: The Social Advisory Board is the advisory body of INDITEX with regard to Corporate Social Responsibility. In December 2002, the Board of Directors authorised its creation and approved its Regulations, which determine the principles of action, the basic rules governing its organisation and working and the rules of conduct of its members.

A OWNERSHIP STRUCTURE

A.1. Complete the following table about the share capital of the company:

Date of last modification	Share capital (€)	Number of shares
20-07-2000: Resolution passed by General Meeting of Shareholders	93,499,560 euros	623,330,400 shares

All the shares are of the same class and series, represented by the book-entry method and are fully paid-up and subscribed.

INDITEX has been listed on the Spanish Stock Markets since 23 May 2001 and has been part of the selective IBEX35 since July 2001. In addition, it has been part of the Eurostock 600 since September 2001, of the selective Morgan Stanley Capital International index since November 2001, of the Dow Jones Sustainability Index since September 2002 of the *FTSE4Good* since October 2002 and of the *FTSE ISS Corporate Governance* index, since its launching in December 2004.

A.2. List the direct and indirect holders of significant holdings in your company at the date of the fiscal year end, excluding the directors:

As INDITEX's shares are represented by the book-entry method, and therefore there is no shareholder register kept by the company itself, it is

not possible to know with precision the ownership structure of the company.

In any case, according to the information provided in the web site of the *CNMV*, and to the information provided by shareholder Rosp Corunna Participaciones Empresariales, S.A. to INDITEX, in a letter dated 27 January 2006 informing of the sale of 7,040,000 INDITEX shares, representing 1.13% in the share capital, the owners of significant holdings in the company as at 31st January 2006, excluding the directors, were those shown below:

Name or company name of the shareholder	Number of direct shares	Number of indirect shares (*)	% Total of share capital
Rosalía Mera Goyenechea	0	36,550,000	5.863%

(*) through:

Name or company name of the direct owner of the shareholding	Number of direct shares	% on share capital
ROSP CORUNNA PARTICIPACIONES EMPRESARIALES, S.L.	36,550,000	5.863
Total	36,550,000	5.863

Likewise, it must be stated that according to the information provided by the *CNMV* on its web page as at 31 January 2006, Chase Nominees Ltd., in its capacity as international custodian/depository bank, possessed a direct stake of 5.974% in the capital of the company

Indicate the most significant movements in shareholding structure that have taken place over the fiscal year.

The company has not been given notice of any significant movements in the shareholding structure over the year, except for the provisions hereunder contained regarding shareholder Rosp Corunna Participaciones Empresariales, S.L.

A.3. Complete the following tables on the members of the board of directors of the company, who have shares in the company:

As at 31 January 2006, the members of the Board of Directors who had shareholdings in the share capital of the company were as follows:

Name or company name of the director	Date of first appointment	Date of last appointment	Number of direct shares	Number of indirect shares (*)	% Total of share capital
Amancio Ortega Gaona	12-06-1985	15-07-2005	63	369,600,000 ⁽¹⁾	59.294%
Pablo Isla Álvarez de Tejera	9-06-2005	15-07-2005	25,100	0	0.004%

Antonio Abril Abadín	12-12-2002	18-07-2003	76,015	0	0.012%
GARTLER, S.L.	13-12-2004	15-07-2005	369,600,000	0	59.294%
Carlos Espinosa de los Monteros Bernaldo de Quirós	30-05-1997	16-07-2004	34,385	0	0.006%
Francisco Luzón López	28-02-1997	16-07-2004	11,531	565 ⁽²⁾	0.002%
Irene Ruth Miller	20-04-2001	20-04-2001	30,239	0	0.005%
Juan Manuel Urgoiti López de Ocaña	02-01-1993	15-07-2005	27,739	0	0.004%
José Luis Vázquez Mariño	30-03-2005	15-07-2005	3,000	0	0%

(*) Through:

Name or company name of the direct holder of the stake	Number of direct shares
GARTLER, S.L.	369,600,000 ⁽¹⁾
CAÑABARA, S.A.	565 ⁽²⁾
Total:	369,600,565

% Total of the share capital in the possession of the board of directors	59.327%
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Complete the following tables on the members of the Board of Directors who have rights over shares in the company:

Members of the Board of Directors do not have rights over shares in the company.

A.4. Indicate, where applicable, the family, business, contractual or company relationships existing between the holders of significant holdings, to the extent that they are known by the company, unless these be scarcely relevant or stem from the ordinary course of trade:

The company has not been given notice of any family, business, contractual or company relationships existing between the holders of significant holdings that are of a relevant nature or that do not stem from the ordinary course of trade.

A.5. Indicate, where applicable, the business, contractual or company relationships existing between the holders of significant holdings

and the company, unless these be scarcely relevant or stem from the ordinary course of trade:

There have been no relations of a business, contractual or company nature between the holders of significant holdings and the company that are of a relevant nature or that do not stem from the ordinary course of trade, subject to the information provided under section C regarding related-party transactions, for transparency purposes.

A.6. Indicate the para-social agreements entered into between shareholders that have been communicated to the company:

Indicate, where appropriate, the concerted actions existing between the shareholders of your company and which are known to the company:

In the event that during the year any modification or breaking of those pacts or agreements or concerted actions has occurred, indicate it expressly:

The company has not received any communications in relation to the making of para-social agreements nor does it have any proof of the existence of concerted actions between its shareholders.

A.7. Indicate if there is any legal or natural person who exerts control or could exert control over the company in accordance with article 4 of the Spanish Stock Exchange Act:

Name or company name
GARTLER, S.L.

Observations
Through GARTLER, S.L., Amancio Ortega Gaona holds 59.294% of the share capital.

A.8. Complete the following tables on the treasury stock of the company:

At year-end closing:

Number of direct shares	Number of indirect shares	% total of share capital
41,000	0	0.007%

List the significant variations, in accordance with the provisions of Royal Decree 377/1991, occurring during the fiscal year:

During the fiscal year there have not been any significant variations, in accordance with the provisions of Royal Decree 377/1991, in the treasury stock of the company.

A.9. Give details of the conditions and term of the current mandate given by the general meeting to the board of directors to carry out acquisitions or transfers of the company's own shares.

At the date of the issue of this report, the authorisation granted by the General Meeting of Shareholders of the company at its meeting held on 15 July 2005 remains in force, by virtue of which the Board of Directors was authorised to acquire the company's own shares. Below is a literal transcription of the resolution passed by the aforementioned General Meeting on item six of the Agenda:

Authorize the Board of Directors, so that, in accordance with the provisions of article 75 and following articles of the Spanish Corporation Law, it can proceed to the derivative acquisition of its own shares either directly or through any affiliated companies in which the company is the controlling company, respecting the legal limits and requirements and the following conditions:

a) Methods of acquisition: the acquisition shall be done via sharedealing, exchange or dation in payment.

b) Maximum number of shares to acquire: shares with a nominal value that, added to those already directly or indirectly possessed by the company, does 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.

With regard to the provisions of the last paragraph of section 1 of article 75 of the Spanish Corporation Law, it is herein indicated that the shares that are acquired by virtue of this authorization may be allocated by the company, amongst other ends, to their delivery to the employees or directors of the company whether directly or as a consequence of the exercise of the option rights by those holding them, by virtue of the personnel compensation plans of the company or of its Group approved by the General Meeting of Shareholders.

This authorization annuls the authorization approved by the General Meeting of Shareholders held on 16 July 2004.

A.10. Indicate, where applicable, the legal and statutory restrictions on the exercise of voting rights, as well as the legal restrictions on the acquisition or transfer of stakes in the share capital.

All the shares of the company have the same voting and financial rights and there are no legal or statutory restrictions on the acquisition or transfer of shares.

As regards the exercise of voting rights, the only restriction is that contained in article 44 of the Spanish Corporation Act (hereinafter, “SCA”), which provides that a shareholder who is in arrears in the payment of capital calls may not exercise their right to vote.

B ADMINISTRATIVE STRUCTURE OF THE COMPANY

B.1 Board of Directors

Apart for the matters reserved for the competence of the General Meeting, the Board of Directors is the highest decision-making, supervisory and controlling body of the company, as it is entrusted with the direction, administration, management and representation of the company, delegating in general the management of the day-to-day business of INDITEX to the executive bodies and to the management team and concentrating its efforts on the general supervisory function, which includes directing the policy of INDITEX, monitoring the management activity, assessing the management by the senior management, taking the most relevant decisions for the company and acting as a link with the shareholders.

It is also incumbent on the Board of Directors to ensure that the company enforces its social and ethical duties, and its duty to act in good faith with regard to its relationship with its employees and with third parties, as well as to ensure that no individuals or small groups of individuals have a decision power within the company which has not been subjected to counterweights and controls, and that no shareholder receives a more privileged treatment than the others.

The Board performs its functions in accordance with the corporate interest, it being understood as the viability and maximization of the company’s value in the long term in the interest of all the shareholders, which shall not prevent taking into account the rest of lawful interests, either public or private, that concur in the development of every business activities, and specially those of the other “stakeholders” of the company: employees, customers, suppliers and civil Company in general, determining and reviewing its business and financial strategies in the light of said criterion, trying to achieve a reasonable balance between the selected proposals and the risks taken

It is provided under article 5 of the Board of Directors’ Regulations that said body shall, acting at its own behest or at the suggestion of the corresponding intern body, exercise directly at least the following powers:

- (a) To design the strategy and the general policy of the Company, to set up the programs and fix the goals to carry out all the activities included on the corporate purpose.

- (b) To enhance and supervise the management of the Company, as well as the fulfilment of the fixed goals.
- (c) To identify the main risks of the Company and to organize the appropriate systems of internal control and information.
- (d) To set the grounds of the corporate organization in order to ensure its best effectiveness and the effective supervision by the Board of Directors.
- (e) To approve the policy on treasury stock.
- (f) To define the policy of information to the shareholders and the markets in general, under the criteria of transparency, integrity and truthfulness of the information.
- (g) To approve the transactions entailing the disposal of substantial assets of the Company, as well as major corporate transactions.
- (h) The remaining tasks reserved by these Regulations.

The ordinary power to call the Board of Directors, to decide on the agenda of its meetings and to conduct the debates lies with the Chairman. At the present time, Amancio Ortega Gaona is the Chairman of the Board and of its Executive Committee.

The Deputy Chairman or Deputy Chairmen will substitute the Chairman in case of his absence or if it is impossible for him to act, or when the Chairman himself should so decide. The office of First Deputy Chairman and C.E.O. is held by Pablo Isla Álvarez de Tejera and that of Second Deputy Chairman is held by Carlos Espinosa de los Monteros Bernaldo de Quirós.

The Secretary, who need not be a director, but needs to be a lawyer, shall help the Chairman in his duties, provide the necessary advice and information to the directors and shall devote particular attention to the legal and material formality of the Board's decisions, and to the enforcement of the corporate governance principles and of the internal regulations of the company. A Deputy Secretary may also be appointed, who need not be a director, to assist the Secretary or to substitute him in case of his absence or if it is impossible for him to act for the performance of his functions.

Mr. Antonio Abril Abadín, General Counsel, holds the office of Secretary and *Letrado Asesor* (Consulting Lawyer) of the Board of Directors. Javier Monteoliva Díaz, Director of the Legal Department, holds the office of Deputy Secretary, non-member, of the Board.

The Board will hold ordinary meetings quarterly and, on the initiative of the Chairman, as many times as this latter considers advisable for the good running of the company. The Board must also meet when at least one third of its members so request.

B.1.1. List the maximum and minimum number of directors provided in the articles of association:

Maximum number of directors	12
Minimum number of directors	5

B.1.2. Complete the following table with the members of the Board:

Name or company name of the director	Representative	Office on the Board	Date of first appointment	Date of latest appointment	Election procedure
Amancio Ortega Gaona		Chairman	12-06-1985	15-07-2005	AGM
Pablo Isla Álvarez de Tejera		First Deputy Chairman	9-06-2005	15-07-2005	AGM
Juan Carlos Rodríguez Cebrián		Ordinary member	28-02-1997	16-07-2004	AGM
Antonio Abril Abadín		Secretary	12-12-2002	18-07-2003	AGM
GARTLER, S.L.	Flora Pérez Marcote	Ordinary member	13-12-2004	15-07-2005	AGM
Carlos Espinosa de los Monteros Bernaldo de Quirós		Second Deputy Chairman	30-05-1997	16-07-2004	AGM
Francisco Luzón López		Ordinary member	28-02-1997	16-07-2004	AGM
Irene Ruth Miller		Ordinary member	20-04-2001	20-04-2001	AGM
Juan Manuel Urgoiti López de Ocaña		Ordinary member	02-01-1993	15-07-2005	AGM
José Luis Vázquez Mariño		Ordinary member	30-03-2005	15-07-2005	AGM

Total number of Directors	9
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Indicate the resignations or dismissals that have occurred during the period in the Board of Directors:

- On 11 February 2005, it was resolved by the Board of Directors to accept the resignation tendered by Mr. Juan Carlos Rodríguez Cebrián as member of the Board and Managing Director of the Company.
- On 9 June 2005, it was resolved by the Board of Directors to accept the resignation tendered by Mr. Fred Horst Langhammer as director and Ordinary member of the Board of Directors of the Company.
- On 26 September 2005, it was resolved by the Board of Directors to accept the resignation tendered by Mr. José María

Castellano Ríos as director and non executive Deputy Chairman of the Board of Directors and its Executive Committee.

B.1.3. Complete the following tables about the members of the board and their various natures:

EXECUTIVE DIRECTORS

Name or company name of the board member	Committee which proposed that member's appointment	Position in the organisational chart of the company
Amancio Ortega Gaona	Nomination and Remuneration Committee ⁽¹⁾	Chairman
Pablo Isla Álvarez de Tejera	Nomination and Remuneration Committee	First Deputy Chairman –and Chief Executive Officer (CEO)
Antonio Abril Abadín	Nomination and Remuneration Committee	General Counsel

⁽¹⁾ The first appointment of the executive director Amancio Ortega Gaona s took place before the creation of the Nomination and Remuneration Committee.

NON-EXECUTIVE DOMANIAL DIRECTORS

Name or company name of board member	Committee which proposed that member's appointment	Name or company name of the significant shareholder being represented or who has proposed the appointment
GARTLER, S.L.	Nomination and Remuneration Committee	Amancio Ortega Gaona

NON-EXECUTIVE INDEPENDENT DIRECTORS

Name or company name of the board member	Committee which proposed that member's appointment	Profile
Carlos Espinosa de los Monteros Bernaldo de Quirós	Nomination and Remuneration Committee	(2)
Francisco Luzón López	Nomination and Remuneration Committee	(2)
Irene Ruth Miller	Nomination and Remuneration Committee	(2)
Juan Manuel Urgoiti López de Ocaña	Nomination and Remuneration Committee ⁽¹⁾	(2)
José Luis Vázquez Mariño	Nomination and Remuneration Committee	(2)

⁽¹⁾ The initial appointment of the non-executive independent director, Juan Manuel Urgoiti López de Ocaña is prior to the creation of the Nomination and Remuneration Committee.

⁽²⁾ A brief description of the profile of the independent, non-executive members of the Board of Directors of the company is given below:

Carlos Espinosa de los Monteros Bernaldo de Quirós. (61)

An independent director since May 1997. A graduate in Law and Business Studies from ICADE, he is a Commercial Expert and State Economist and holds an MBA from Northwestern University. He has been the Deputy Chairman of the Instituto Nacional de Industria, Chairman of the Board of Directors of Iberia and Aviaco, member of the Executive Committee of the International Air Transport Association and Chairman of the Circulo de Empresarios, of the Spanish Association of Car and Truck Manufacturers and of the International Organisation of Motor-Vehicle Manufacturers. At the present time he is the Chairman of the Board of Directors of Daimler Chrysler España, of Fraternidad – Muprespa and Board member of Acciona, S.A..

Francisco Luzón López. (58)

An independent director since February 1997. He is a graduate in Business Studies and Economics from the University of Bilbao. He has collaborated as a lecturer at the University of Deusto (Bilbao). He joined the Banco de Vizcaya in 1972, gaining wide experience in that Group in different Units and functions, becoming General Manager and Board member in 1986. In 1988 and after its merger with the Banco de Bilbao, he went on to become a member of the Board of Directors of the Banco Bilbao Vizcaya. At the end of the same year, he was appointed President of the Banco Exterior de España, office which he held from 1988 to 1996. In 1991 he was the impulse behind the creation of the new Grupo Bancario Argentaria of which he was the founder and was Chairman until 1996. After that year, he joined the Banco Santander Central Hispano as Director-General Manager, Deputy to the Chairman and in charge of Strategy, Communication and Institutional Relations, being at the present time, responsible for the area of Latin America for the aforementioned financial institution. He is World Deputy Chairman of Universia and Chairman of the Social Board of the University of Castilla-La Mancha.

Irene R. Miller. (53)

An independent member of the Board since April 2001. She is a science graduate of the University of Toronto with a Bachelor in Science and of Cornell University with a Master of Science in chemistry. She began her career at General Foods Corporation and later worked as an investment banker for Rothschild Inc. and Morgan Stanley & Co. In 1991 she joined Barnes & Noble as Senior Vice President of Corporate Finance and in 1993, before the flotation of Barnes & Noble, became Chief Financial Officer. In 1995, she was appointed director and Vice-Chairman of the Board of Directors of Barnes & Noble. At present time, she is the CEO of

Akim, Inc., an American investment and consulting firm, which she first joined in 1997. She is also a member of the Boards of Directors of Coach Inc., (where she is *lead director*), Barnes & Noble, Inc. and TD Bank Financial Group. Previously, she sat on the Board of Directors of Oakley Inc., Benckiser N.V. and The Body Shop International Plc.

Juan Manuel Urgoiti López de Ocaña. (66)

He has been an independent director since January 1993. He is a graduate in Law from the University of Madrid, beginning his career in the Banco de Vizcaya in 1962. After occupying many executive positions, he was appointed General Manager in 1978, director in 1984 and CEO in 1986. In 1988, after its merger with the Banco Bilbao he was appointed CEO of the Banco Bilbao Vizcaya. He has been President of Ahorrobank, Banco de Crédito Canario, Banco Occidental, Instituto de Biología y Sueroterapia and Laboratorios Delagrangue and Board member of Antibióticos, S.A. At the present time he is the Chairman of the Banco Gallego, Deputy Chairman of Acciona, S.A., member of the Board of Necso, S.A., and member of the European Advisory Board of Citigroup Global Markets. He is Chairman of the Board of Trustees, or *Real Patronato*, of the Reina Sofia National Museum and Art Centre and a member of the *Real Patronato* of the Prado Museum. He is President of the private foundation Fundación José Antonio de Castro and is a member of other foundations and institutions. He holds the Gran Cruz de Mérito Civil and has been awarded the honour of Commander of the Order of the British Empire. (C.B.E.)

José Luis Vázquez Mariño (61)

An independent Director since March 2005. A Commerce professor, he holds a B.Sc in Economic and Business Studies and is a certified public accountant. He has spent his professional career at Arthur Andersen where he was in charge of the Financial and Human Resources divisions worldwide and was made Area Managing Partner for Latin America. AT the present time, he is member of the Boards of Directors of Banco Pastor and La Voz de Galicia, S.A.

OTHER NON-EXECUTIVE DIRECTORS

List the reasons why they can not be considered domanial or independent:

There are no other non-executive directors that cannot be considered domanial or independent directors.

Indicate the variations that, where appropriate, have occurred during the period in the type of each director:

There have been no variations in the type of directors during the fiscal year. With regard to the composition of the Board of Directors, two replacements have occurred with a neutral result from the perspective of said composition and of the internal balance between all types of directors, as is shown in paragraph B.1.4 below.

B.1.4. Indicate if the classification of the directors carried out in the previous point corresponds to the distribution provided in the regulations governing the Board.

The Board of Directors' Regulations provides that the Board of Directors shall be made up of directors from the three categories that are shown below:

- a) Executive directors, understanding as such that or those managing directors and those who under whatever title fulfil management responsibilities in the company.
- b) Domanial directors, understanding these to be the holders or the representatives of the holders of significant stable shareholdings in the share capital of the company that, regardless of whether these shareholdings entitle them to a position on the administrative body, have been deemed sufficiently significant by the Board.
- c) Independent directors, understanding as such those professionals of repute who are not linked to the executive team or the significant shareholders and that meet the requirements that ensure their impartiality and objectivity of opinion.

The aforementioned Regulations also state that the Board of Directors, in the exercise of its powers of proposal to the General Meeting and of cooption for the covering of vacant positions, shall ensure that the proportion of independent directors on the Board be at least equal to the floating capital of the company.

The number of independent directors, five, is much greater than would correspond proportionally to the Board taking into account the floating capital of the company. In that respect, INDITEX was already ahead of the recommendations of the Olivencia Committee and of the Aldama Report when the company's first independent director, Juan Manuel Urgoiti López de Ocaña, joined the Board in January 1993. In 1997, the General Meeting appointed as independent directors Francisco Luzón López and Carlos Espinosa de los Monteros Bernaldo de Quirós.

Continuing this criterion of introducing independent professionals of repute onto the Board of Directors, the General Meeting of Shareholders held in April 2001 appointed two new independent directors - Irene R. Miller and Fred Horst Langhammer – raising

the number to five, fully complying with the recommendations of the Olivencia Committee and of the Aldama Report, as the non-executive directors make up the majority on the Board and half of the Board are independent directors.

During this exercise, to fill in the vacancy occurred on 11 February 2005, as a result of the resignation tendered by Mr. Juan Carlos Rodríguez Cebrián, an executive director, the Board of Directors, in its meeting held on 30 March 2005, prior report of the Nomination and Remuneration Committee, appointed Mr. José Luis Vázquez Mariño, an independent director, as director and Ordinary Member of the Board of Directors, thus increasing the number of independent directors to six. Subsequently, to replace Mr. Fred H. Langhammer, an independent director who stepped down on 9 June 2005, the Board of Directors, prior report of the Nomination and Remuneration Committee, in its meeting held on this same day, appointed Mr. Pablo Isla Álvarez de Tejera as Board member and Chief Executive Officer; therefore, the balance of the various types of existing directors is kept.

Finally, the resignation tendered on 23 September 2005 by executive director Mr. José María Castellano Ríos, whose position has not been filled in yet, has altered the existing balance given that the share of independent directors has increased to five, in respect of the total number of directors, nine, versus the ten existing at the beginning of FY2005. Thus, the Board of Directors is comprised of an executive director, two executive directors, one external director and five independent external directors.

Only independent directors can be members of the Audit and Control Committee and the Nomination and Remuneration Committee.

B.1.5. Indicate, in the event that there are any, the powers that have been delegated to the managing director(s):

The Chairman of the Board of Directors and the Executive Committee, Amancio Ortega Gaona, and the First Deputy Chairman and CEO, Pablo Isla Álvarez de Tejera, have been delegated each and every one of the powers contained in the list included further below, and these must be exercised in the following manner and conditions: all of them severally, without distinction, with the exception of those that: a) involve the disposal of funds of above a certain amount, in which case it shall be necessary that the aforementioned two members of the Executive Committee act jointly or that either one of these acts jointly with another person who in virtue of any legal title is also empowered with the power in question; or/and b) involve the alienation or encumbrance of immovables of the company, for which the prior agreement of the Executive Committee or, where appropriate, the Board of Directors, shall be required.

The requirement of joint action provided in the preceding paragraph shall not apply when it involves transactions, actions or contracts that, regardless of the amount involved, are carried out or awarded between companies belonging to the INDITEX group of companies, understanding as such those companies, whether Spanish or foreign, in which INDITEX, S.A., whether directly or indirectly through other investee companies, is the holder of at least 50% of its share capital, in which case either of the two members of the Committee in whom powers have been vested may act severally on their own, in the name and on behalf of the company, independently of the amount involved in the matter in question.

List of powers:

1.- To appear and represent the Company vis-à-vis all manner of authorities, agencies, centres, departments and offices of the General State Administration, Central or Peripheral Government, autonomous communities, provinces, municipalities, the Corporate, Independent and European Administration, public registries of all types and, in general, any public or private entity or person whatsoever. To sign and file all manner of applications, petitions, unsworn statements or affidavits, pleadings and documents; make and pursue all types of claims; and, in general, exercise such powers as may be required for the management and defence of the rights of the Company.

2.- To sign, send and receive and collect from the Spanish postal and telegraphic authorities or offices ordinary or registered postal or telegraphic correspondence, declared value items and postal and telegraphic money orders. To file any claims before said authorities or offices and, where appropriate, collect the related indemnity payments.

3.- To verify consignments of all kinds of merchandise and goods by land, sea or air, and to receive those addressed to the Company. To file the relevant claims against railroad and shipping companies and against carriers in general for breakdowns, delays, losses or any other breach of the transportation agreement, and to collect the indemnity agreed with the same or set by the courts. To sign agreements and arrangements of all types with carriers, travel agencies, hotels, restaurants and other persons or entities who intervene in the transport of individuals or in the sphere of the hotel and catering industry.

4.- To claim and collect amounts owing to the Company for whatever reasons and to sign the appropriate receipts and acquittances. To make payments. To render and require the rendering of accounts and to challenge or approve the same. To provide, cancel and recover all manner of bonds and deposits, including those at/of the Spanish General Savings Deposit and its branches.

5.- To enter into all manner of loan and credit agreements. To open current, loan, savings or any other account with credit institutions and/or finance companies, both public and private; with respect to all such accounts and any other account existing in the Company's name, to deposit or pay in cash sums, withdraw amounts or dispose of same by means of receipts, cheques and drafts, pay by transfer or order transfers, endorse or send for debiting bills of exchange, trade bills and credit notes, as well as bills or invoices payable by the Company; and to approve or challenge the balances shown in such accounts; to stand guarantee for other companies belong to the "INDITEX" group of companies and, in consequence, to sign in favour of those guarantees, bonds and other guarantee documents, as well as guarantee policies and counter-guarantee policies and, in general, to carry out all that is permitted under the legislation and banking practices.

6.- To draw, endorse, assign or transfer by any means other than endorsement, to accept, sign, require conformity, guarantee, cause the assignment of the provision for, collect, discount and pay bills of exchange, promissory notes, cheques, money orders and other commercial drafts, participate in the acceptance or payment of the same, protest such bills or drafts or make the equivalent declaration, and disclose in the protest document the reasons for not having accepted or paid the bills and drafts charged to the Company. To act as a plaintiff or defendant in connection with bills of exchange in all manner of legal matters, acts or dealings and pre-trial and procedural steps or actions due to non-acceptance or non-payment, and to bring any of the other actions provided for in the Bills of Exchange and Cheques Act or any other applicable legislation.

7.- To execute, with the aforementioned limitation in relation to real property, all manner of acts and contracts relating to movables and real property, rights, securities, participation units, shares, interests, at such prices, for such considerations, under such terms, in such periods and under such provisions, clauses and terms as are deemed appropriate. Specifically, to acquire, assign, grant and dispose of or transfer for whatever title, including that of a court-ordered sale in lieu of payment, all manner of movable or real property, rights, trademarks and other distinctive signs and industrial property rights, securities, participation units, shares and interests; take out all manner of compulsory and voluntary insurance; execution of works, services and supplies of all kinds; to rent and let, take in leasing or sublet; to create, amend, acknowledge and extinguish real property rights; including chattel mortgages and pledges without transfer of possession and all manner of encumbrances on real and movable property and rights owned by the Company; carry out groupings of, additions of, divisions of and severances of title to properties, make declarations of new construction work and divisions of real

property under the condominium ownership system, establishing the bylaws which shall govern the same; and to conduct and participate in measurements, surveys and boundary marking, approving the same and executing any certificates that may be issued. Regarding all the above acts and contracts, they may act with the broadest powers in the execution and performance thereof, requiring, where appropriate, whatever is necessary for such purpose, as well as to amend, novate, cancel or terminate the same.

8.- To grant all manner of acts and contracts relating to IT, management, security and communication products, equipment and systems, as well as those referring to intellectual property arising out of or related with the same and, in general, any others referring to all manner of movables; to contract the execution of works, services and supplies of all types, at such prices, for such considerations, under such terms, in such periods and under such provisions, clauses and conditions as are deemed appropriate. Specifically, to acquire, assign, grant, encumber and dispose of or transfer for whatever title, including that of a court-ordered sale in lieu of payment, the aforementioned goods; to rent and let them, take them in leasing or subletting them; to create, amend, acknowledge and extinguish real property rights and guarantee rights on the movables belonging to the Company. Regarding all the above acts and contracts, they may act with the broadest powers in the execution and performance thereof, requiring, where appropriate, whatever is necessary for such purpose, as well as to amend, novate, cancel, terminate or discharge them.

9.- To enter all manner of agreements for business collaboration, such as franchise contracts, joint-venture contracts, accounts in participation, commercial distribution, licence and agency contracts and, in general, all those that the national and international expansion of the company can require.

10.- To appear in deeds of incorporation, alteration, merger or winding-up of all kinds of entities and companies, and attend, on behalf of the Company, assemblies, meetings or ordinary and extraordinary meetings of shareholders, intervening therein and casting their vote in the manner that they deem appropriate whatever the matter that is being debated and on which resolutions are passed, accepting positions and appointments and, in general, exercising in the name of the company any rights that may correspond to it.

11.- To attend, in the name and on behalf of the company, meetings, general meetings and assemblies of condominiums or co-owners, intervening therein and casting their vote in the way that they deem appropriate, whatever the matter that is being debated and on which resolutions are passed, accepting positions and appointments and, in general, exercising in the name of the company any rights that may correspond to it in Condominium

Owner Communities, as well as in the meeting they these may hold in compliance with the current Condominium Property Law and other applicable legislation.

12.- To attend on behalf of the Company all kinds of auctions and bidding called by Central Government, autonomous communities and provincial and municipal authorities and private or public persons and entities and, to this effect, submit tender conditions, declarations, plans and estimates, make bids and provide bonds; holding, in short and without any limitation whatsoever, such powers as may be required to obtain and accept, provisionally or definitively, with such qualifications as are deemed appropriate, the relevant award and to exercise the rights and perform the obligations arising therefrom.

13.- To set up the offices, workplaces and buildings of the Company and to organize the services provided therein. To hire staff, establishing recruitment and joining terms; to freely appoint and remove the same, including executives and skilled employees; to establish their rights, duties, powers and functions, salary, bonuses and indemnity payments; to agree upon promotions and transfers; and to exercise penalization and disciplinary powers, as well as to act on behalf of the Company before the employees' collective representation bodies and to represent it in the negotiation of agreements or pacts whatever their scope or nature.

14.- To represent the company before any manner of authorities and administrative bodies, whatever they may be, that have authority in labour and Social Security matters, bringing proceedings and claims, requesting or not the suspension of the actions being the subject of the claim, to appear and act in matters pending in which their principal has a direct or indirect interest, in all manner of cases and proceedings, proposing and examining all types of evidence; to request and obtain documents, copies, certificates and transfers; to file, prepare and draft all manner of pleadings, applications, petitions, allegations and claims; and, in general, to carry out all those acts that are necessary in the labour life of the company, to file its registration as a company before the labour authorities and the Social Security, those necessary for and arising out of the hiring of all manner of workers, including applying for and receiving payment of subsidies and allowances, the registration of workers [with the relevant authorities], etc., as well as those actions that are necessary for or are motivated by the amendment or termination of that labour relationship; those that are necessary for or arise out of the training that has to be given to the personnel of the company; statements and payments of Social Security contributions, requests for postponement and refunds, all that are necessary in the relations of the company with the employment and job-search offices; and, in general, to following the procedures through all its stages and motions, bringing the

appropriate actions before the courts or not, until such time as firm decisions are obtained and fully enforced.

15.- To represent the company before all manner of authorities and administrative bodies, whatever these may be, that have authority in respect of Health and Safety at Work and Labour Risks, bringing proceedings and filing claims and, in general, carrying out all those actions that may be desirable for the principal company in those cases in which it, directly or indirectly, may have an interest. To carry out all that may be necessary to promote and maintain the safety of the workers in the workplaces, complying with the legislation on the prevention of Labour Risks and other complementary regulatory schemes; to plan and executive the policy for the prevention of risks; to act in the name of the company before the workers and their representative bodies and participating bodies as regards prevention; to draw up and introduce an occupational hazard plan; to organise the prevention service, providing it with the material and human resources that are necessary for it to develop its activity; to contract and to sign arrangements with authorised entities for the provision or acting as external prevention services; to carry out, organise and arrange the carrying out of assessments of risks, medical check-ups and other health check measures and prevention systems; to contract the performance of external labour risk prevention audits and, in general, all those acts that are related to such risks. To proceed to insure common and occupational risks of the workers, signing agreements and association documents with of the Social Security Agencies and Mutual Insurance Companies for Work Accidents and Industrial Diseases of the Social Security, or entities that should replace them in such functions and tasks, reporting or putting an end to, at the appropriate time, those that may have been signed; to accept positions and participate in those governing boards and advisory boards of such entities collaborating in the management of Social Security.

16.- As regards procedural rules, to exercise all those actions that are available to the principal and to waive those brought. To appear before the ordinary and special Courts of Law and Tribunals of all levels and jurisdictions, in all manner of trials, as well as in any kind of voluntary jurisdiction cases, administrative and economic-administrative cases. Consequently, to enter into conciliation agreements, with or without composition settlements, to mediate in pre-court proceedings, to file relevant claims and to answers summons and notifications, to sue, contest or accept, and report or lodge complaints; to file statements and ratify them, request and obtain documents; to request the practice of any proceedings whatsoever including: indictments, imprisonment and releases from prison; to hear notifications, notices, citations and summons, to assert and challenge jurisdictions; to apply for joinder of claims; challenge judges, magistrates and court officials; to propose and examine evidence and submit depositions; to

attend court appearances, hearings and meetings and speak and vote, including Meetings of Creditors in all manner of collective execution proceedings, and may take part in auctions and request the adjudication of goods in partial or total payment of the debt being claimed; to reach a composition in court and outside court, to file and pursue, to the end, the litigation or case through its particular proceedings, possible incidents and appropriate appeals, until such time as firm resolutions, decisions or judgments are obtained and enforced; to take responsibility for the money or goods that are subject to the procedure being followed and, in general, exercising in the name of the company any rights that it may be entitled to.

17.- To compromise and refer to arbitrators all matters in respect of which they are empowered, either in any of the types of arbitration proceedings with the scope and under the requirements provided for in Spanish legislation on arbitration, or those types of arbitration proceedings characteristic of international commercial arbitration.

18.- To request that a Notary Public enter into record the minutes, and to serve and receive notices and notarial demands.

19.- To replace some or all of the foregoing powers by granting the relevant powers of attorney and to revoke all the powers granted, and to get copies of all kinds of records and deeds.

20.- To execute in public deeds the resolutions passed by the Shareholders in General Meeting, the Board of Directors and the Executive Committee.

B.1.6. Identify, where appropriate, the members of the board who hold the position of director or senior manager in other companies that are part of the group of the listed company:

Name or company name of the director	Company name of the entity of the group	Office
D. Pablo Isla Álvarez de Tejera	BERSHKA LOGÍSTICA, S.A.	Director
	CHOOLET, S.A.	Chairman
	DENLLO, S.A.	Chairman
	CONFECCIONES FIOS, S.A.	Chairman
	GLENCARE, S.A.	Chairman
	CONFECCIONES GOA, S.A.	Chairman
	GRUPO MASSIMO DUTTI, S.A.	Director

	HAMPTON, S.A.	Chairman
	KENNER, S.A.	Chairman
	NIKOLE, S.A.	Chairman
	OYSHO ESPAÑA, S.A.	Director
	PULL&BEAR ESPAÑA, S.A.	Director
	SAMLOR, S.A.	Chairman
	SIRCIO, S.A.	Chairman
	STEAR, S.A.	Chairman
	STRADIVARIUS ESPAÑA, S.A.	Director
	TEMPE, S.A.	Deputy Chairman
	TRISKO, S.A.	Chairman
	ZARA ESPAÑA, S.A.	Director
	ZINTURA, S.A.	Chairman
	ZARA MÉXICO, S.A. DE C.V.	Director

Antonio Abril Abadín		
	BERSHKA LOGÍSTICA, S.A.	Secretary non member
	COMDITEL, S.A.	Secretary non member
	CHOOLET, S.A.	Secretary non member
	DENLLO, S.A.	Secretary non member
	CONFECCIONES FIOS, S.A.	Secretary non member
	GLENCARE, S.A.	Secretary non member
	CONFECCIONES GOA, S.A.	Secretary non member
	GOA-INVEST, S.A.	Secretary non member
	GRUPO MASSIMO DUTTI, S.A.	Secretary non member
	HAMPTON, S.A.	Secretary non member
	INDITEX, S.A.	Director
	INVERCARPRO, S.A.	Director
	KENNER, S.A.	Secretary non member
	KETTERING, S.A.	Secretary non member
	KIDDY'S CLASS ESPAÑA, S.A.	Secretary non member

LEFTIES ESPAÑA, S.A.	Secretary non member
LIPRASA CARTERA, S.L.	Secretary non member
MASSIMO DUTTI LOGÍSTICA, S.A.	Secretary non member
NIKOLE, S.A.	Secretary non member
OFTEN TEXTIL, S.A.	Secretary non member
OYSHO ESPAÑA, S.A.	Secretary non member
OYSHO LOGÍSTICA, S.A.	Secretary non member
PLATAFORMA EUROPA, S.A.	Secretary non member
PLATAFORMA LOGÍSTICA LEON, S.A.	Secretary non member
PULL&BEAR ESPAÑA, S.A.	Secretary non member
PULL&BEAR LOGÍSTICA, S.A.	Secretary non member
SAMLOR, S.A.	Secretary non member
SIRCIO, S.A.	Secretary non member
STEAR, S.A.	Secretary non member
STRADIVARIUS ESPAÑA, S.A.	Secretary non member
TEMPE, S.A.	Deputy Chairman Director
TRISKO, S.A.	Secretary non member
ZARA, S.A.	Secretary non member
ZARA ESPAÑA, S.A.	Secretary Director
ZARA LOGÍSTICA, S.A.	Secretary non member
ZINTURA, S.A.	Secretary non member
ZARA BELGIQUE, S.A.	Director
ZARA CANADA, S.A.	Director
ZARA CHILE, S.A.	Director
ZARA DANMARK, S.A.	Director
ZARHELLAS, S.A.	Director

	ZARA VASTGOED, B.V,	Director
	ZARA HOLDING, B.V.	Supervisory Director
	ZARA LUXEMBOURG, S.A.	Director
	ZARA NORGE, AS	Director
	ZARA SUISSE, SARL	Director
	ZARA SVERIGE, AB	Director
	G. ZARA URUGUAY	Director
	ZARA VENEZUELA, S.A.	Director

B.1.7. List in detail, where appropriate, the directors of your company that are members of the boards of directors of other companies that are listed on official stock markets in Spain that are not part of the group, whose aforementioned membership has been communicated to the company:

Name or company name of director	Listed company	Office
Pablo Isla Álvarez de Tejera	TELEFÓNICA, S.A.	Ordinary member of the Board of Directors
Carlos Espinosa de los Monteros Bernaldo de Quirós	ACCIONA, S.A.	Ordinary member of the Board of Directors
Francisco Luzón López	BSCH	Ordinary member of the Board of Directors
Juan Manuel Urgoiti López de Ocaña	ACCIONA, S.A.	Deputy Chairman
José Luis Vázquez Mariño	BANCO PASTOR, S.A.	Ordinary member of the Board of Directors

B.1.8. Complete the following tables with respect to the total remuneration of the directors that has accrued during the year.

a) In the company that is the subject of this report:

Item - remuneration	Amounts in thousands of euros
Fixed remuneration	1,437
Variable remuneration	336
Per diems	
Provisions set forth in the Articles of Association	
Options on shares and/or other	

financial instruments	
Others	1,444
Total	3,217

Other Benefits	Amounts in thousands of euros
Advances	
Loans granted	
Pension Funds and Plans: Contributions	
Pension Funds and Plans: Obligations contracted	
Life insurance premiums	
Guarantees contracted by the company in favour of the directors	

b) From the company's directors belonging to other boards of directors and/or the senior management of companies of the group:

Item - remuneration	Amounts in thousands of euros
Fixed remuneration	70
Variable remuneration	
Per diems	
Provisions set forth in the Articles of Association	
Options on shares and/or other financial instruments	
Others	
Total	70

Other Benefits	Amounts in thousands of euros
Advances	
Loans granted	
Pension Funds and Plans: Contributions	
Pension Funds and Plans: Obligations contracted	
Life insurance premiums	
Guarantees contracted by the company in favour of the directors	

c) Total remuneration by type of director:

Type of director	By company	By group
Executive	2,583	70
Non-executive Domaniel	60	
Non-executive Independent	574	

Other Non-executive		
Total	3,217	70

d) With respect to the income attributed to the controlling company:

Total remuneration of directors (thousands of euros)	3,287
Total remuneration of the directors / income attributed to the controlling company (expressed in %)	0.41%

B.1.9 Identify the members of senior management who are not in turn executive directors and indicate the total remuneration accrued in their favour during the fiscal year:

Name or company name	Position
Lorena Alba Castro	Logistics General Manager
Eva Cárdenas Botas	ZARA HOME Manager
Carlos Crespo González	Internal Audit Director
Javier Chércoles Blázquez	CSR Director
Borja de la Cierva Álvarez de Sotomayor ⁽¹⁾	C.F.O.
José Pablo del Bado Rivas	PULL & BEAR Manager
José María Druet Ampuero	HR General Manager
Jesús Echevarría Hernández	Communication and Institutional Relations General Manager
Ignacio Fernández Fernández	Tax Director
Agustín García-Poveda Fernández	International Dpt. General Manager
Abel López Cernada	Export and Transport Director
Marcos López García	Stock Market Director
Juan José López Romero	Purchasing and Contracting Director
Carlos Mato López	ZARA Manager
Gabriel Moneo Marina	IT General Manager
Javier Monteoliva Díaz	Legal Department Director
Arantxa Murciano	Import Director
Elena Nogueira García	KIDDY'S CLASS Manager
Jorge Pérez Marcote	MASSIMO DUTTI Manager
Óscar Pérez Marcote	BERSHKA Manager
Ramón Reñón Túñez	Expansion General Manager
Carmen Sevillano Chaves	OYSHO Manager
Jordi Triquell Valls	STRADIVARIUS Manager

Total remuneration senior management (thousands of euros)	9,466
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- (1) On 2 March 2006, Mr. Antonio Rubio Merino was appointed the new Chief Financial Officer replacing Mr. Borja de la Cierva Álvarez de Sotomayor, who has left the company.

B.1.10 Identify additionally if there are any guarantee or protective clauses, for cases of dismissal or changes in control, in favour of the members of the senior management, including the executive directors, of the company or of its group. Indicate if these contracts have to be communicated to and/or approved by the governing bodies of the company or of its group:

Number of beneficiaries	10
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Article 15.2.(f) of the Revised Text of the Board of Directors' Regulations, in its wording approved by that body in its meeting held on 10 June 2004, included among the basic responsibilities of the Nomination and Remuneration Committee that of reporting to the Board, before the holding of its meeting, on staff contracts containing guarantee or protective clauses for cases of dismissal or changes in control.

With this respect, it was resolved by the Board of Directors in the meeting held on 9 June 2005, prior favourable report of the Nomination and Remuneration Committee, to acknowledge and give its consent to the employment agreements containing guarantee or severance agreements entered into with Senior Managers, executive directors inclusive.

B.1.11. Indicate the process used to establish the remuneration of the members of the board of directors and the clauses in the articles of association relating thereto.

The General Meeting of Shareholders is the body responsible for approving the system and the amount of the remuneration of the directors.

Article 33 of the Articles of Association currently in force provides the following:

- 1.- *The remuneration of the directors shall consist of a fixed annual remuneration for each director the amount of which shall be decided by the General Meeting of Shareholders for each fiscal year or be valid for those fiscal years that the Meeting establishes. In the same manner, the General Meeting of Shareholders may assign per diems for attendance of the meetings of the Board of Directors or of its Delegate or Consultative Committees and set the amount thereof.*
- 2.- *Additionally, systems of remuneration may be established that are referenced to the market value of the shares or which entail the giving of shares or option rights over*

shares, destined for the directors. The application of said systems of remuneration must be agreed by the General Meeting of Shareholders, which shall determine the value of the shares that it takes as a reference, the number of shares to be given, the exercise price of the option rights, the period of duration of this remuneration system and the other conditions that it considers appropriate.

Likewise, and after having met the requirements laid down by the Law, similar remuneration systems may be established for the personnel, whether management personnel or not, of the company and of the companies in its group.

- 3.- *The remuneration foreseen in this article shall be compatible with and independent of the salaries, remunerations, indemnifications, pensions or compensations of any kind, generally or extraordinarily established for those members of the Board of Directors who perform executive duties, whatever their relationship with the company, whether a labour (common or special senior management relationship), mercantile or service relationship, relationships that shall be compatible with the status of member of the Board of Directors.*
- 4.- *The company may take out public liability insurance for its Directors.*

For their part, the Board of Directors' Regulations establish in Article 28:

1. *The director shall be entitled to receive the remuneration fixed by the General Meeting of Shareholders in accordance with the provisions of the Articles of Association and of these Regulations in accordance with the indications of the Nomination and Remuneration Committee.*
2. *The Board shall endeavour for the remuneration of the director to be moderated according to market demands. Likewise, the Board shall ensure that the remuneration of the non-executive directors is such that it offers incentives to dedication by the directors, while not creating an obstacle as regards their independence.*
3. *The Nomination and Remuneration Committee shall prepare a report on an annual basis, which shall be submitted to the Board of Directors and shall be included in the Annual Report of the company. The report shall state, director by director, the amount of money they receive as directors, separating the different items, such as fixed allocations, per diems, share options or any other*

remuneration system bound to the shares. Furthermore, as regards the executive directors, it will mention, at least, the total aggregate remuneration they all receive from the company or from the companies of its group in respect of any office they might hold other than that of director.

The General Meeting held on 15 July 2005 resolved to set, with indefinite validity until a later General Meeting should resolve otherwise, and effective as of 1st February 2005, the remuneration of the directors of INDITEX in the following manner, the quantities stated in the sections (b) to (e) below being totally independent and fully compatible between each other:

- (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, other than the Chairman, shall receive a fixed annual amount of sixty thousand euros (€ 60,000) for the tenure of their office;
- (c) -----The directors, other than the Chairman, who for their part sit on the Executive Committee, shall also receive an additional fixed amount of thirty thousand euros (€30,000);
- (d) The Chairmen of the Audit and Control Committee and of the Nomination and Remuneration Committee shall also receive an additional fixed amount of eighteen thousand euros (€ 18,000); and
- (e) -----The directors who for their part sit on the Audit and Control Committee and / or on the Nomination and Remuneration Committee shall also receive an additional fixed amount of twelve thousand euros (€ 12,000)”

B.1.12. Indicate, where appropriate, the identity of the members of the board who are, in turn, members of the board of directors or senior managers of companies that possess significant stakes in the listed company and/or entities of the group:

Name or company name of the director	Company name of the significant shareholder	Office
Amancio Ortega Gaona	GARTLER, S.L.	Chairman of the Board

List, where appropriate, any relevant relationships, other than those covered in the foregoing paragraph, of the members of the Board of Directors that link them with the significant shareholders and/or in entities of the group:

There are no relevant relationships, other than those covered in the previous paragraph, of the members of the Board of Directors that link them to the significant shareholders and/or in entities of the group.

B.1.13. Indicate, where appropriate, the modifications made to the board of directors' regulations during the fiscal year.

During this fiscal year, no amendments whatsoever were made to the text of the Board of Directors' Regulations.

B.1.14. Indicate the procedures for the appointment, re-election, assessment and removal of directors. Give details of the authorised bodies, the procedures to follow and the criteria to be used in each of the procedures.

The system for the selection, appointment and re-election of members of the Board of Directors of INDITEX constitutes a formal and transparent procedure, expressly regulated in the Articles of Association and the Board of Directors' Regulations.

The directors shall be appointed by the General Meeting, and shall hold their office during the period established to this purpose by the Meeting, which may not exceed the term of five years. If the resolution governing their appointment does not establish a term for the office, it shall be understood that they have been elected for five years.

The directors may be re-elected indefinitely, for periods of equal or less duration, by the General Meeting, which may likewise agree the removal of any of these at any time.

The Board of Directors itself may provisionally cover the vacancies that arise on said Board, designating from among the shareholders the persons who will have to fill the vacancies until the first General Meeting thereafter.

The proposals for the nomination of directors that the Board of Directors submits to be considered by the General Meeting, and the nomination decisions that said body adopts in virtue of those powers to co-opt that are legally attributed to it, must be preceded by the relevant report from the Nomination and Remuneration Committee.

When the Board departs from the Nomination and Remuneration Committee's suggestions, it must state the reasons for its actions and place its reasons on the record.

The Board of Directors and the Nomination and Remuneration Committee, within the scope of their competences, shall endeavour for the choice of candidates to fall on persons of well-known ability, competence and experience, and must maximize their rigour in relation to those persons called to cover the positions of independent directors.

The Board of Directors may not propose or appoint to fill an independent director's position any persons who do not satisfy the criteria of independence established in section 1.(c) of article 7 of the Board of Directors' Regulations, or those who at that time hold the position of director simultaneously in more than four listed companies other than the company.

The proposals for re-election of directors that the Board of Directors decides to submit to the General Meeting will have to be subjected to a formal process of preparation, which shall include, necessarily, a report issued by the Nomination and Remuneration Committee in which the quality of work and the dedication to office of the proposed directors during their previous mandate shall be assessed.

In this respect, the Nomination and Remuneration Committee has, amongst others, the following responsibilities:

- a) To prepare and check the criteria that must be followed for the composition of the Board of Directors in addition to selecting the candidates;
- b) To advise on the proposals for nominations of directors prior to their nomination by the General Meeting of Shareholders or, where appropriate, by the Board of Directors by the co-optation procedure;
- c) To advise on the nomination of the internal offices of (Chairman, Deputy Chairman or Chairmen, CEO, Secretary and Deputy Secretary) of the Board of Directors;
- d) To propose to the Board the members that must form part of each of the Committees;

Requests for information addressed to the Nomination and Remuneration Committee shall be made by the Board of Directors or its Chairman. Likewise, the Committee must consider the suggestions presented by the Chairman, the members of the Board, the management or the shareholders of the company.

As regards the assessment and removal of directors, the Nomination and Remuneration Committee is expressly entrusted with the following functions:

- a) To prepare and review the criteria that must be followed for the selection of the senior management of the company and to report on the appointment or removal of the senior managers reporting directly to the Board of Directors, including the CEO.
- b) Report annually to the Board on its assessment of the performance of the senior management of the company and especially of the CEO and his remuneration.

B.1.15. Indicate the cases in which the directors are obliged to resign.

The Board of Directors' Regulations, in article 24, establishes a provision with respect to the obligation of the directors to resign in cases that could negatively affect the working of the Board or the credit and reputation of INDITEX.

The directors must place their office at the disposal of the Board of Directors and, if this latter should consider it advisable, tender their resignation in the following cases:

- a) When they reach a certain age, under the terms detailed in section B.1.20..
- b) When they cease to hold the executive positions to which their appointment as director was associated.
- c) When they are involved in any of the cases of incompatibility or prohibition foreseen in the Law, the Articles of Association or in the Board of Directors' Regulations. In particular, the independent directors shall place their office at the disposal of the Board of Directors and shall tender, when appropriate, their resignation in the event that they fall under any of the cases of incompatibility or prohibitions provided by article 7.1. (c) of those Regulations or in the event that they suddenly come to hold the post of director in more than four listed companies other than the company.
- d) When they are seriously admonished by the Audit and Control Committee for having breached their duties as directors.
- e) When their remaining on the Board might jeopardise the interest of the company or when the reasons for their appointment cease to exist.

B.1.16 Explain if the function of top executive of the company is incumbent on the office of chairman of the board. Where

appropriate, indicate the measures that have been adopted to limit the risks of the accumulation of power in a single person:

Mr. Amancio Ortega Gaona is the founder, majority shareholder and Chairman of the Board of Directors of Inditex and therefore, he is a domanial executive director of the company.

Mr. Pablo Isla Álvarez de Tejera has been a member of the Board of Directors, since 9 June 2005 and First Deputy Chairman of the Board since 26 September 2005.

The measures to limit the risks of the accumulation of power in a single person are found not only in the designation of a Deputy Chairman of the Board and CEO and in the delegation of powers to this person, but also through the granting of wide powers to the executive directors, which are complementary to the powers delegated to the Chairman and CEO.

Likewise, since 26 September 2006, independent director Mr Carlos Espinosa de los Monteros Bernaldo de Quirós holds the office of Second Deputy Chairman of the Board of Directors.

B.1.17 Are enhanced majorities, other than the legal majorities, required for any type of decision?

Indicate how the resolutions are passed on the board of directors, indicating at least the minimum quorum of attendance and the type of majorities required to pass the resolutions:

Article 28 of the Articles of Association of the company provides:

1.- The Board shall meet whenever required by the interests of the company. Meetings shall be convened by the Chairman or acting Chairman, on his own initiative or at the request of at least one-third of its members.

2.- Board meetings shall be validly held when attended either in person or by proxy by half plus one of the members in office.

Without prejudice to the foregoing, the Board shall be understood to be validly constituted without the need for notice if all its members are present in person or by proxy and they unanimously agree to the holding of a meeting.

The Board may also pass resolutions in writing without needing to hold a meeting, in accordance with the provisions of the Spanish Corporation Law. Likewise, the meetings of the Board shall be held via telephone multiconference, videoconference or via any other similar system that allows one or several directors to attend the meeting through such

system. To this end, the notice of the meeting of the Board of Directors shall state the location where the meeting is physically to be held, to which the Secretary of the Board must go. It shall also state that it is possible to attend said meeting via telephone conference call, videoconference or via an equivalent system, and it must indicate and have available the appropriate technical devices required for this purpose, in order to permit direct and simultaneous communication among the members attending the meeting. The Secretary of the Board of Directors shall include in the minutes of the meetings of the Board of Directors held by such means, in addition to the directors physically attending or, where appropriate, represented by another director, those directors attending the meeting via telephone multiconference system, videoconference or via a similar system.

- 3.- Any director can appoint in writing another director as proxy, each meeting requiring a special proxy, notifying the Chairman of the same in writing.*
- 4.- For resolutions to be passed, an absolute majority of votes in favour by the directors attending the meeting shall be required. In the case of an equality of votes, the Chairman shall have a casting vote. The foregoing is understood without prejudice to the provisions of Article 30.2 of these Articles of Association.*
- 5.- The Board's debates and resolutions shall be entered in a Minutes Book, each one of which shall be signed by the Chairman and the Secretary or by those who acted for them at the meeting to which the minutes refer. Copies and certificates of the Minutes shall be authorized and issued by the Secretary of the Board with the approval of the Chairman or by those who substituted them.*
- 6.- The Board shall have to decide which of its members shall make effective its own resolutions as well as those the General Meeting of Shareholders, when the latter has not expressed who shall execute them. Failing such a decision by the Board, the making effective of resolutions shall be the duty of the Chairman, or the acting Chairman at that time, according to the certification of the Secretary of the Board.*
- 7.- The Secretary and, where appropriate, the Deputy Secretary, even when they are not directors, shall be empowered to convert the company's resolutions into public documents.*

The reference in Article 28.4 of the Articles of Association to Article 30.2 constitutes the only case, in addition to that provided in article 3.4 of the Board of Directors' Regulations, of enhanced majority for the passing of resolutions by the Board of Directors.

The aforementioned Article 30.2 of the Articles of Association provides that it shall be necessary that two-thirds of the members of the Board vote in favour in order to permanently delegate any power of the Board of Directors to the Executive Committee or to the CEO, if such post has been appointed, and for the appointment of the directors who have to fill such positions. However, this enhanced majority is required pursuant to the provisions of article 141.2 of the Spanish Corporation Act, and therefore it does not constitute a higher quorum than the one statutorily required

As for article 3.4 of the Board of Directors' Regulations, it requires the resolution to be passed by a majority of two-thirds of the directors present for the modification of said Regulations, which actually means an enhanced majority not statutorily required

For its part, Article 17 of the Board of Directors' Regulations provides:

1. *The Board of Directors shall ordinarily meet on a three-monthly basis and, at the initiative of the Chairman, whenever the same should consider it appropriate for the good working of the Company. The Board of Directors must also meet when a meeting is requested by at least one-third of its members, in which case it shall be called by the Chairman to meet within the fifteen days following the request.*
2. *Notice of ordinary meetings shall be carried out by letter, fax, telegram or electronic mail, and shall be authorized by the signature of the Chairman or that of the Secretary or the Deputy Secretary by order of the Chairman. The notice shall be issued at least three days in advance.*

The notice of the meeting shall always include the agenda of the meeting and shall be accompanied by the duly summarised and prepared relevant information.
3. *The Chairman of the Board of Directors may call extraordinary meetings of the Board when in his opinion the circumstances so justify it, without the period of advance notice and the other requirements indicated in the previous section applying in such cases. Furthermore, the Board shall be considered validly constituted without the need for notice if, all its members being present or represented, these unanimously agree to the meeting taking place.*
4. *The Board may equally pass resolutions in writing without the need for a meeting, in accordance with the provisions of the Spanish Corporation Law. Furthermore, the Board may hold a meeting via videoconference or conference*

call, in order that one or more directors may attend the meeting through the aforementioned system. For this purpose, the notice for the meeting of the Board shall state not only where the meeting is physically to be held, where the Secretary of the Board must go to, but also the possibility that the meeting may be attended via conference call, videoconference or equivalent system, and it must indicate and have available the appropriate technical devices required for this purpose, which in any case must permit direct and simultaneous communication among the members attending the meeting. The Secretary of the Board shall record in the minutes of the meetings held by these means not only the members of the Board physically present or, where appropriate, represented by another director, but also the members attending the meeting via multiconference call, videoconference or similar system.

5. *The Board shall draw up an annual calendar of its ordinary meetings.*

B.1.18. Explain if there are any specific requirements, that are different from those relating to the directors, in order to be appointed chairman:

No specific requirements, other than the capacity of director of the company, are demanded to be appointed Chairman of the Board of Directors.

B.1.19. Indicate if the chairman has the casting vote:

The Chairman of the Board of Directors has a casting vote in the event of equality of votes between the directors attending the meeting. This is understood without prejudice to the provisions of article 30.2 of the Articles of Association and of article 3.4 of the Board of Directors' Regulations, referred to in section B.1.17 above.

B.1.20. Indicate if the articles of association or the board of directors' regulations establish any age limits for the directors:

Article 24.2 of the Board of Directors' Regulations states that the directors must place their office at the disposal of the Board of Directors and, if this should deem it appropriate, tender the relevant resignation:

- a) *When they reach the age of 68. However, the directors who hold the office of Chief Executive Officer or Managing Director shall place their office at the disposal of the Board of Directors upon reaching the age of 65, being able to continue as ordinary members of the Board*

of Directors until the aforementioned age of 68. As an exception, the foregoing rules shall not apply in the case of the founding Chairman of the company, Amancio Ortega Gaona.

B.1.21. Indicate if the articles of association or the board's regulations establish a limited term of office for the independent directors:

Neither the Articles of Association nor the Board of Directors' Regulations establish a limited term of office for the independent directors.

B.1.22. Indicate if there are formal procedures for the granting of proxies in the board of directors. Where appropriate, list them briefly.

Article 28.3 of the Articles of Association establishes that any director can grant proxy to another director for his representation, such proxy being of a special nature for each meeting, communicating this in writing to the Chairman.

In line with this provision, article 19.1 of the Board of Directors' Regulations states that the Board meeting will be validly held when it is attended by at least half plus one of its members (or the whole number of directors immediately above half, should the Board be comprised of an odd number), whether in person or by proxy, stating further that the 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.

B.1.23. Indicate the number of meetings that the board of directors has held during the fiscal year. Likewise, state, where appropriate, the times that the board has met without its Chairman being present:

Number of Board meetings	7
Number of Board meetings without the presence of the Chairman	1

Indicate the number of meetings held over the fiscal year by the different committees of the Board:

Number of meetings of the Executive Committee	0
Number of meetings of the Audit Committee	6
Number of meetings of the Nomination and Remuneration Committee	7

B.1.24. Indicate if the individual and consolidated annual accounts that are presented for approval to the board are previously certified:

Identify, where appropriate, the person or people who has/have certified the individual and consolidated annual accounts of the company, for their preparation by the Board:

The individual and consolidated annual accounts that are presented in order to be prepared by the Board are previously certified by the First Deputy Chairman of the Board and CEO and by the Chief Financial Officer.

B.1.25. Explain, if there are any, the mechanisms established by the board of directors to prevent the individual and consolidated accounts being presented to the General Meeting with qualifications in the auditors' report.

The Audit and Control Committee, made up entirely of independent, non-executive directors, has meetings, without the presence of the management of the company, with the auditors of the individual and consolidated annual accounts in order to review the company's annual accounts and the periodic financial information that the Board must provide to the markets and their supervisory boards, overseeing compliance with the legal requirements and correct application of generally accepted accounting principles in the drawing up thereof. In such meetings, any disagreement or difference of opinion existing between the management of the company and the external auditors is put forward, so that the Board of Directors can take the necessary steps so that the audit reports are issued without qualifications.

During fiscal year 2005, the external auditors appeared at the meetings of the Audit and Control Committee on four occasions.

Furthermore, previously to the drafting of the annual or quarterly accounting statements, the management of the company also holds a meeting with the Audit and Control Committee and is subjected by the latter to suitable questions as to the application of accounting principles, estimations made in the preparations of the financial statements, etc., matters which are subject to discussion with the external auditors.

In this respect, Article 43.4 of the Board of Directors' Regulations states:

The Board of Directors shall endeavour to definitively prepare the accounts in such a manner that they do not give rise to qualifications on the part of the auditor. Nonetheless, when the Board considers that it must maintain its opinion, it shall publicly explain the content and scope of the discrepancy.

B.1.26 List the measures taken so that the information given to the market is transmitted equitably and symmetrically:

Article 42.1 of the Board of Directors' Regulations lays down that the Board of Directors shall inform the public immediately about:

- a) Relevant information, which is capable of significantly affecting the formation of prices on the stock market.
- b) Relevant changes in the company's ownership structure, such as variations in significant holdings, syndication pacts and other forms of coalition, of which it has become aware.
- c) Substantial modifications of the company's rules of governance.
- d) The treasury stock policy that, where appropriate, the company proposes carrying out under the authorizations obtained in the General Meeting and their modifications.

For its part, article 42.2 of the aforementioned Regulations provides that the Board of Directors shall take the necessary steps to ensure that the half-yearly and quarterly financial information and any other financial information that prudence requires to be put at the disposal of the markets is drafted under the same principles, criteria and professional practices as those used for the annual accounts and that they are as reliable as these last. For this last purpose, the Audit and Control Committee shall review said information.

Furthermore, the company releases information to the market following the principles included in the Internal Regulations of Conduct, especially relating to the obligation that the information must be accurate, clear, quantified and complete, avoiding subjective assessments that lead or could lead to confusion or deceit.

Communications to the markets occur after having carried out the relevant filings, where appropriate, at the *CNMV* and, preferably, after the close of trading of the Spanish stock markets, in accordance with the Internal Regulations of Conduct, which states that the communication to the *CNMV* must be done previously to communication by any other medium and as soon as the relevant fact is known, the relevant decision has been taken or the relevant agreement or contract with third parties has been signed.

Likewise, the communications of relevant information are accessible through the "Information for Shareholders and Investors" section on the company's web page as soon as they have been communicated to the *CNMV*.

The company releases the relevant information to the market simultaneously by the following means:

- Results Release to a distribution list containing 1,000 entries with investors, analysts and the information media of the market. Inclusion in the distribution list is free.
- Press releases to some 675 media and press agencies.

After sending the Results Releases, the company carries out freely accessible webcast conference calls in which upwards of 125 investors and analysts take part and which include a question and answer session.

On a six-monthly basis, the management team of the company does a roadshow in the main European and American financial marketplaces.

B.1.27. Does the secretary of the board also hold the office of director?

The Secretary and *Letrado Asesor* [Consultant Lawyer] of the Board of Directors, Antonio Abril Abadín, holds the office of director and of member of the Executive Committee.

B.1.28. Indicate, if there should be any, the mechanisms established by the company to preserve the independence of the auditor, the financial analysts, investment banks and credit rating agencies.

Article 43 of the Board of Directors' Regulations, under the heading "Relations with the auditors" states in paragraphs 1, 2 and 3:

1. *The relations of the Board with the external auditors of the company shall be channelled through the Audit and Control Committee.*
2. *The Audit and Control Committee shall abstain from proposing to the Board of Directors, and the latter shall abstain from putting forward to the General Meeting of Shareholders, the appointment as auditor of the company of any auditing firm which would be incompatible in accordance with auditing legislation as well as those audit firms where the fees that the company expects to pay them for all services in all areas are greater than five percent of the audit firm's total revenues during the last fiscal year.*
3. *The Board of Directors shall publicly disclose the whole of the fees that have been paid by the company to the audit firm for services other than auditing.*

The mechanisms established to preserve the independence of the external auditor are the following:

- It is incumbent on the Audit and Control Committee, made up exclusively of independent directors, to propose to the Board of Directors, in order to be studied by the General Meeting of Shareholders, the appointment of the auditors. Furthermore, to propose to the Board of Directors the terms of their contracts, the scope of their professional mandate and, where appropriate, the rescission or non—renewal of their appointment;
- Among the functions of the aforementioned Committee is also that of liaising with the external auditors in order to receive information on those matters that could jeopardise their independence and on any other matter related to the carrying out of the accounts auditing process, as well as on those other communications envisaged by auditing legislation and auditing standards.
- Likewise, the Audit and Control Committee monitors the conditions and the enforcement of the contracts entered into with the external auditors of the Company to carry out assignments or tasks other than those covered by the audit contract.
- The external auditors consult periodically with said Committee, as is explained in point B.1.25 above without the management of the company being present, in order to review the annual accounts of the company and the periodic public information that the Board of Directors must provide to the markets and its supervisory boards.
- The company reports in its consolidated annual report on those fees paid to its external auditors for each item that is other than the auditing of the financial statements.

As regards the mechanisms established to guarantee the independence of the financial analysts, the company, as has already been stated in section B.1.26. above, releases information to the market following the principles included in the Internal Regulations of Conduct, especially relating to the obligation that the information must be accurate, clear, quantified and complete, avoiding subjective assessments that lead or could lead to confusion or deceit.

The company has not contracted services from Investment Banks or Credit Rating Agencies during fiscal year 2005.

B.1.29. Indicate if the auditing firm carries out other work for the company and/or its group other than that of auditing and, in this event, declare the amount of the fees received for said work and the percentage that it represents of the fees charged to the company and/or its group.

The auditing firm does carry out other work for the company and its group other than that of auditing.

	Company	Group	Total
Amount of other work apart from that of auditing (thousands of euros)	195	203	398
Amount of work other than that of auditing / total amount charged by the auditing firm (in %)	31,4%	6.4%	10.5%

B.1.30. Indicate the number of years that the current audit firm has uninterruptedly been auditing the annual accounts of the company and/or its group. Likewise, indicate the percentage that represents the number of years audited by the current audit firm over the number of years in which the annual accounts have been audited:

	Company	Group
Number of uninterrupted years	4	4

	Company	Group
No of years audited by the current audit firm / no. of years that the company has been audited (in %)	19%	25%

B.1.31. Indicate the stakes held by members of the board of directors of the company in the capital of entities that have the same or a similar or complementary type of activity as that which makes up the corporate object, both of the company and of its group, and that have been communicated to the company. Likewise, indicate the offices and functions they perform in those companies:

All the members of the Board of Directors have communicated to the company that they neither hold stakes in the capital of companies that have the same, similar or complementary type of activity as that making up the corporate object of the company and its group nor do they hold offices or perform any functions in said entities.

B.1.32. Indicate and where appropriate give details if there is a procedure whereby the directors can get external advice:

The possibility that the directors can request external advice is expressly covered in the Board of Directors' Regulations, which in article 27 provides the following:

1. *In order to be aided in the performance of their duties, the non-executive directors may request that legal, accounting, financial or other experts be engaged at the company's expense.*

The commissioned task must of necessity deal with particular problems of a certain importance and complexity which may arise in the performance of the office.

2. *The decision to engage external experts must be notified to the Company Chairman and can be open to veto by the Board of Directors if it proves that:*
 - a) *it is not necessary for the proper performance of the duties entrusted to the non-executive directors; or*
 - b) *the cost is not reasonable in view of the importance of the problem and of the assets and income of the company; or*
 - c) *the technical assistance obtained may be adequately dispensed by in-house experts and technicians,*
 - d) *the confidentiality of the information to be provided to the expert may be jeopardised.*

B.1.33. Indicate and, where appropriate, give details if there is a procedure to enable the directors to have the necessary information to prepare the meetings of the administrative bodies in a timely manner:

Article 17.2 of the Board of Directors' Regulations, classified in chapter V ("Working of the Board"), after establishing that the notice for the ordinary meetings of said body shall be given at least three days in advance of the meeting, states that the notice shall always include the agenda of the meeting and shall be accompanied by the duly summarised and prepared relevant information.

This is complemented:

- On the one hand, by article 26 of the aforementioned Regulations, which recognises the widest powers for the director to obtain information on any aspect of the company (and its subsidiary companies), to examine its books, registers, documents and other records of the company's operations and to inspect all its facilities, likewise establishing that the exercise of the powers of information shall be channelled through the Chairman, the Deputy Chairman or any of the Deputy Chairmen, where appropriate, or the Secretary of the Board of Directors, who

will attend to the requests of the director by providing him with the information directly, offering appropriate interlocutors at the appropriate level in the organisation or establishing such measures so as to enable them to conduct the desired examinations and inspections *in situ*.

- On the other hand, through the director's obligation to diligently obtain information on the course of business of the company and prepare suitably for the Board meetings and for the subcommittees they belong to, as is referred to in article 29 of the Regulations.

B.1.34. Indicate if there is liability insurance covering the directors of the company.

There is liability insurance covering the directors of the company.

B.2 Committees of the Board of Directors

B.2.1. List the administrative bodies:

Name of the body	No of members	Functions
Board of Directors	10 ⁽²⁾	(1)
Executive Committee	7	(1)
CEO	1	(1)
Audit and Control Committee	5	(1)
Nomination and Remuneration Committee	5	(1)

⁽¹⁾ The functions of each of these are described in detail in this report.

⁽²⁾ Since 23 September 2005 there is vacancy in the Board which has not been filled in yet, thus membership of the Board is actually comprised of nine members, although the official number thereof is ten.

B.2.2. Give details of all the committees of the board of directors and their members:

EXECUTIVE COMMITTEE

In accordance with the provisions of article 30 of the Articles of Association, on 28 February 1997 the Board of Directors established an Executive Committee which holds in delegation all the powers of the Board, except those that cannot be delegated by law or by its Articles of Association and those others that are necessary for the responsible exercise of the general supervisory function that is incumbent on the Board.

Composition of the Executive Committee at 31 January 2005:

Name	Office
Amancio Ortega Gaona	Chairman

Pablo Isla Álvarez de Tejera	Deputy Chairman
Antonio Abril Abadín	Secretary
Carlos Espinosa de los Monteros Bernaldo de Quirós	Member
Francisco Luzón López	Member
Juan Manuel Urgoiti López de Ocaña	Member
José Luis Vázquez Mariño	Member

AUDIT COMMITTEE

The Board of Directors' meeting on 20 March 2003 resolved to modify the name of the Audit and Compliance Committee in order to adapt it to the new nomenclature given by the Financial Law, going on to be called "The Audit and Control Committee".

In accordance with the provisions of articles 31 of the Articles of Association and 14 of the Board of Directors' Regulations, the Audit and Control Committee is comprised of independent directors exclusively.

The Revised Text of the Board of Directors' Regulations, approved by said body in its meeting held on 10 June 2004, enhances the functions of the Audit and Control Committee, adding to its powers that of supervising the terms and observance of the contracts entered into with the external auditors of the company for the performance of assignments or tasks other than those included in the audit contract.

In the meeting of 9 June 2005, the Board of Directors of the company approved, prior report of the Nomination and Remuneration Committee, to increase the number of members of the Audit and Control Committee to five, appointing Mr. José Luis Vázquez Mariño, an independent director, as new member of the Committee.

Composition of the Audit and Control Committee at 31 January 2006:

Name	Office
Francisco Luzón López	Chairman
Carlos Espinosa de los Monteros y Bernaldo de Quirós	Ordinary Member
Irene Ruth Miller	Ordinary Member
Juan Manuel Urgoiti López de Ocaña	Ordinary Member

José Luis Vázquez Mariño	Ordinary Member
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Antonio Abril Abadín, director, General Counsel and Secretary of the Board acts as the Secretary-non-member of the Audit and Control Committee.

NOMINATION AND REMUNERATION COMMITTEE

In accordance with the provisions of articles 32 of the Articles of Association and 15 of the Board of Directors' Regulations, the Nomination and Remuneration Committee is comprised of independent directors exclusively.

The Revised Text of the Board of Directors' Regulations, approved by said body in its meeting held on 10 June 2004, enhances the functions of the Nomination and Remuneration Committee, adding to its powers that of reporting to the Board, before it holds its meeting thereof, of the contracts with the personnel that include severance agreements for those cases that imply dismissals or changes in control.

In the meeting held on 9 June 2005, the Board of Directors of the company approved, prior report of the Nomination and Remuneration Committee the appointment of José Luis Vázquez Mariño, as new member of the Nomination and Remuneration Committee, replacing Fred H. Langhammer who stepped down as director in said meeting.

Composition of the Nomination and Remuneration Committee at 31 January 2006:

Name	Office
Carlos Espinosa de los Monteros Bernaldo de Quirós	Chairman
Francisco Luzón López	Ordinary Member
Irene Ruth Miller	Ordinary Member
Juan Manuel Urgoiti López de Ocaña	Ordinary Member
José Luis Vázquez Mariño	Ordinary Member

Antonio Abril Abadín, director, General Counsel and Secretary of the Board acts as the Secretary-non-member of the Nomination and Remuneration Committee.

B.2.3. Give a brief description of the organisational and working rules, as well as the responsibilities, attributed to each of the committees of the board.

The Executive Committee

The regulation of the Executive Committee is found in the Board of Directors' Regulations, article 13 thereof providing that this shall be made up of a number of directors being no less than three nor greater than seven.

The passing of the resolutions of appointment of the members of the Executive Committee will require at least two-thirds of the members of the Board to have voted in favour thereof.

The Chairman of the Board of Directors acts as Chairman of the Executive Committee and the Secretary of the Board, who may also be assisted by the Deputy Secretary, performs the duties of secretary. The office of Deputy Chairman of the Executive Committee is held by the Deputy Chairman of the Board of Directors.

The permanent delegation of powers by the Board of Directors to the Executive Committee shall require two-thirds of the members of the Board to vote in favour and may include, at the Board's discretion, all or a part of the powers of the Board itself. In any case, those powers that legally or according to the articles of association cannot be delegated may not be delegated to the Executive Committee and nor may those others that are necessary for the responsible exercise of the general supervisory function that is incumbent on the Board.

The Executive Committee reports to the Board of Directors on the matters discussed and the decisions taken in its meetings.

Audit and Control Committee

The Audit and Control Committee shall be made up of a minimum of three and a maximum of five directors appointed by the Board itself, who must all be independent directors. For this purpose, those professionals of repute who are linked to the management team or to the significant shareholders and who meet the requirements to ensure their impartiality and objectivity of judgment shall be deemed to be independent

The Chairman of the Audit and Control Committee shall be elected for a period that does not exceed four years and must be replaced at the expiration of the aforementioned period. He may be re-elected once a period of one year has elapsed since the date of his ceasing in the post.

The Committee shall meet in ordinary meeting on a quarterly basis in order to revise the periodic financial information that has to be given to the Stock Market authorities, as well as the information that the Board of Directors has to approve and include

in its annual public documentation. Furthermore, it shall meet each time its Chairman calls it to meet, who must do so whenever the Board or the Chairman thereof requests the issuing of a report or the adoption of proposals and, in any case, whenever appropriate for the successful performance of its functions.

The members of the management team or of the personnel of the company and its group shall be obliged to attend the meetings of the Committee and to provide help and access to the information at their disposal when the Committee so requests. Equally, the Committee may require the attendance at its meetings of the auditors of the accounts.

For the best performance of its functions, the Audit and Control Committee may obtain the advice of external experts.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall be made up of a number of directors that is not less than three or greater than five and who must necessarily be independent directors. A Chairman will be appointed from among its members.

Requests for information addressed to the Nomination and Remuneration Committee shall be made by the Board of Directors or its Chairman. Likewise, the Committee must consider the suggestions presented to it by the Chairman, the members of the Board, management or the shareholders of the company.

The Nomination and Remuneration Committee shall meet each time that it is called to meet by its Chairman, who must do so each time the Board or its Chairman requests the issuing of a report or the adoption of proposals within the scope of its competences and, in any case, whenever is suitable for the successful performance of its functions. In any event, it shall meet once a year to prepare the information about the directors' remuneration that the Board has to approve and include in its annual public documentation.

B.2.4. Indicate, where appropriate, the advisory and consultative powers of each one of the committees and (where appropriate) the powers delegated to them:

The Executive Committee

The Executive Committee, created from within the Board of Directors of the company, holds in delegation all the powers of the Board, apart from those that by law or by the Articles of Association cannot be delegated, and those others that are necessary for the responsible exercise of the general supervisory function that is incumbent on the Board.

The Executive Committee reports to the Board on the matters discussed and the decisions taken in its meetings, in such manner that the Board has complete knowledge of the decisions of the Executive Committee.

Audit and Control Committee

The Audit and Control Committee is a consultative committee, with informational, advisory and proposal powers in the matters determined by the Board itself.

Without prejudice to other tasks that the Board assigns to it, the Audit and Control Committee will have the following basic responsibilities, which are:

- a) To report to the General Meeting of Shareholders on those questions put forward by shareholders regarding matters within the scope of its competence.
- b) To propose to the Board of Directors, in order to be studied by the General Meeting of Shareholders, the appointment of the auditors of the accounts. Furthermore, to propose to the Board of Directors their contractual conditions, the scope of their professional mandate and, where appropriate, the rescission or non—renewal of their appointment;
- c) To liaise with the external auditors in order to receive information on those matters that could put at risk their independence and on any other matter related to carrying out of the audit process, as well as on those other communications envisaged by audit legislation and auditing.
- d) To supervise the fulfilment of the auditing contract, endeavouring for the opinion about the annual accounts and the main contents of the auditor's report to be drawn up in a clear and precise manner and to evaluate the results of each audit process.
- e) To supervise the terms and the observance of the contracts entered into with the external auditors of the Company for the performance of works or tasks other than those included in the audit contract.
- f) To supervise the Internal Audit Department of the Company and its Group, approving the budget of the Department, the Plan of Internal Audit, and supervising the material and human resources, whether internal or external, of the Internal Audit Department for the performance of their work. To report on the appointment of the Internal Audit Department Director prior to the corresponding report from the Nomination and Remuneration Committee.

- g) To supervise the process of financial information and the internal control systems of the Company, and to check the suitability and integrity of the same
- h) To revise the company's annual accounts and the periodic financial information that the Board must provide to the markets and to their supervisory bodies, overseeing compliance with legal requirements and correct application of generally accepted accounting principles in the drawing up thereof.
- i) To inform the Board of Directors about any significant change in the accounting criteria and about risks arising from the balance sheet or from any other source.
- j) To examine compliance with the Internal Regulations of Conduct, the Board of Directors' Regulations, the Code of Conduct and, in general, with the rules of governance of the company, and to make the necessary proposals for their improvement.
- k) To receive information and, where appropriate, to issue reports on the disciplinary measures intended to be imposed on the members of the senior management team of the company.
- l) To report during the first three months of the year and whenever the Board of Directors so requests on compliance with the Code of Conduct and to make proposals to the Board of Directors for the taking of steps and adoption of policies aimed at improving compliance with the Code.
- m) To draw up and put forward to the Board of Directors an annual report on corporate governance for its approval.
- n) To draw up an annual report on the activities of the Audit and Control Committee.
- o) To supervise the functioning of the company's web page regarding the provision of information about corporate governance.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is a consultative committee, with informational, advisory and proposal powers in the matters determined by the Board itself.

Without prejudice to other tasks that are assigned to it by the Board, the Committee shall have the following basic responsibilities:

- a) To prepare and review the criteria that must be followed for the composition of the Board of Directors, and to select the candidates;
- b) To advise on proposed nominations of directors prior to their nomination by the General Meeting of Shareholders or, where appropriate, by the Board of Directors by the co-optation procedure;
- c) To advise on the nomination of internal positions (Chairman, Deputy Chairman or Chairmen, CEO, Secretary and Deputy Secretary) of the Board of Directors;
- d) To propose to the Board the members that should form part of each of the Committees;
- e) To prepare and review the criteria that must be followed for the selection of the senior management of the company and to report on the appointment or removal of the managers reporting directly to the Board of Directors, including the CEO.
- f) To report annually to the Board on its assessment of the performance of the senior management of the company, and especially of the CEO and his remuneration;
- g) To report on the systems and amount of the annual remuneration of directors and senior management and to prepare the information to be included in the annual public documentation about the remuneration of the directors referred to in article 28.3.
- h) To report to the Board, before it holds its meeting, on those contracts of the personnel that include severance agreements, for those cases that imply dismissal or changes in control
- i) To advise on transactions that imply or may imply conflicts of interest, transactions with related parties or those transactions that imply the use of corporate assets and, in general, to report on the matters included in Chapter IX of the Board of Directors' Regulations.
- j) To draw up and keep up-to-date a contingency plan to cover those vacancies in key positions within the company or its group.

B.2.5. Indicate, where appropriate, the existence of rules for the board's committees, the place where they are available for consultation and any modifications introduced during the year. In turn, please indicate if an annual report has voluntarily been prepared on the activities of each committee.

The rules governing the Audit and Control Committee and the Nomination and Remuneration Committee are contained in the Board of Directors' Regulations, as well as in the Articles of Association, and there are no specific individual regulations for each of them.

The complete text of the Board of Directors' Regulations is available for consultation on both the corporate web page (www.inditex.com) and on the website of the CNMV.

In compliance with the provisions of Art. 14.2.(m) of the Board of Directors' Regulations, the Audit and Control Committee prepared a report on the activities carried out by it during fiscal year 2004.

B.2.6. In the case that there is an executive committee, explain the degree of delegation and autonomy it has in the performance of its functions for the passing of resolutions about the administration and management of the company.

In accordance with article 30 of the Articles of Association, on 28 February 1997 the Board of Directors established an Executive Committee which holds in delegation all the powers of the Board, except those that cannot be delegated by law or by its Articles of Association, and those others that are necessary for the responsible exercise of the general supervisory function that is incumbent on the Board.

The Executive Committee reports to the Board on the matters discussed and the decisions taken in its meetings, in such manner that the Board has complete knowledge of the decisions of the Executive Committee.

B.2.7. Indicate if the composition of the executive committee reflects the participation on the board of the different directors in accordance with their nature:

The Executive Committee is made up of three executive directors and four independent, non-executive directors, and thus its composition reflects a level of participation of the directors, according to their nature, which is very similar to that on the Board.

B.2.8. In the event that there is a Nomination Committee, indicate if all its members are non-executive directors:

All the members of the Nomination and Remuneration Committee are independent, non-executive directors.

C RELATED-PARTY TRANSACTIONS

No relevant transactions from a quantitative or qualitative perspective, which have entailed a transfer of resources or obligations in fiscal year 2005 have taken place between INDITEX and the related parties thereto.

However, for transparency purposes, and in accordance with the information broken down in other documents (Annual Report and Consolidated Annual Report, and half-yearly Periodic Public Information), below is a list of the transactions with related parties during FY2005 pursuant to the definitions, criteria and groupings provided in Order EHA/3050/2004, of 15 September and in Circular 1/2005, of 1st April, of CNMV.

Likewise, article 38 of the Board of Directors' Regulations, provides as regards transactions of the company with significant directors and shareholders as follows:

Article 38. Transactions with directors and significant shareholders

- 1. The Board of Directors reserves the right to have knowledge of any transaction between the Company and a director or a significant shareholder.*
- 2. In no event will it approve such a transaction if previously a report has not been issued by the Nomination and Remuneration Committee evaluating the transaction from the standpoint of market conditions. In the event of transactions with significant shareholders, the Committee shall examine it also from the standpoint of an equal treatment for all shareholders.*
- 3. In the case of transactions within the ordinary course of company business and being of a habitual or recurrent nature, a general authorization of the line of transactions and their conditions of execution will be sufficient.*
- 4. The Company shall inform of the transactions conducted with directors, significant shareholders and Related Persons in the half-yearly public periodic information and in the annual corporate governance report, within the scope of the Law. Likewise, the Company shall include on the notes to the annual accounts information on the transactions carried out by the company or any companies within the Inditex Group with directors and with those acting on their behalf, whenever they are alien to the ordinary course of trade of the Company or are not carried out in normal market conditions*

- C.1 Give details of the relevant transactions carried out which entail a transfer of resources or obligations between the company, or entities of its group, and the significant shareholders of the company:**

During FY2005, the INDITEX Group has carried out with the majority shareholder Gartler, S.L, or with the individuals and companies related thereto, the following transactions:

Nature of transaction	Type of transaction	Amount (thousands €)
Contractual	Assets leases	(5,739)
Contractual	Works and Leases	8,608

C.2. Give details of the relevant transactions carried out which entail a transfer of resources or obligations between the company or entities of its group, and the directors or officers of the company:

With regard to remunerations received by directors and officials of the Company, reference is made to the provisions of sections B.1.8 and B.1.9, respectively; below is the list of the transactions carried out between the company or any of its corporate companies and the directors and officials of the company

Nature of transaction	Type of transaction	Amount (thousands €)
	Compensation	6,684
	Loans and Advances	708

The loans and advances above referred were paid back in full during FY2005.

C.3. Give details of the relevant transactions carried out with other companies belonging to the same group, provided that these are not eliminated in the process of preparing the consolidated financial statements and do not form part of the ordinary business of the company as regards its object and conditions:

The transactions carried out with other companies of the group, in the proportion represented by the stake of the group in the share capital of these latter, are part of the ordinary business of the company as regards its object and conditions and have been eliminated in the process of preparing the consolidated financial statements; therefore, they are not covered by this Report.

Notwithstanding the above, the amount of the transactions carried out between Inditex and other group companies which, although being part of the ordinary business of the company as regards its object and conditions, have not been fully eliminated in the consolidation process, being consolidated under the equity method, is shown below:

Nature of transaction	Type of transaction	Amount (thousands €)
Commercial	Purchase of goods	141,381

C.4. Identify, where appropriate, the situations of conflicts of interest in which the directors of the company find themselves, according to the provisions of article 127 third part, of the SCA.

The company has no evidence that any of its directors is in a situation of conflict of interests, whether directly or indirectly, with the interests of the company.

C.5. Give details of the mechanisms established to detect, determine and resolve possible conflicts of interest between the company and/or its group and its directors, managers or significant shareholders.

The Board of Directors' Regulations state in Article 32 ("Conflicts of Interest"):

- 1.- *It shall be understood that a conflict of interest exist where there is a direct or indirect conflict between the interest of the Company and the personal interest of the Director. It is considered that directors have a personal interest when the matter affects them or a Person Related to them.*

For the purposes of these Regulations, Related Persons are understood as being the following:

- a) The spouse of the director or any other person with similar relation of affectivity.*
- b) The ascendants, descendants and siblings of the director or of the spouse (or any other person with similar relation of affectivity) of the director*
- c) The spouse (or any other person with similar relation of affectivity) of the ascendants, descendants and siblings of the director*
- d) Those companies where they hold the office of director or senior manager or in which they hold a significant participation, understanding as such, for the case of companies listed on any official Spanish or foreign secondary market, those referred to in section 53 of the Spanish 24/1998 Act, passed on 28 July – "The Stock Exchange Act", and its regulations, and for the case of unlisted national or foreign companies, any direct or indirect participation over twenty (20) percent of its issued share capital.*

With regard to directors who are legal entities, Related Persons are understood as being the following:

- a) those partners who are included with regard to the Director legal entity, in any the situations provided in article 4 of the 24/1988 Act, of 28 July, governing the Stock Exchange.*
- b) Those companies that are part of the same corporate group, as defined in article 4 of the 24/1988 Act, of 28 July, governing the Stock Exchange, and their partners.*
- c) The representative, who is a natural person, the administrators de iure or de facto, the liquidators and the attorneys-in fact of the director, who is a legal entity.*
- d) Those persons who are understood, with regard to the director who is a legal entity, as being related persons in accordance with the above-referred provisions regarding directors who are natural persons.*

2.- The following rules shall apply to the situations of conflict of interest:

- a) Information: directors must inform the Board of Directors, through the Chairman or the Secretary thereof, of any situation of conflict in which they are.*
- b) Abstention: directors must abstain from attending and taking part in the discussions and voting of those matters regarding which they are in conflict of interest. With regard to domanial directors, they shall abstain from taking part in the voting of those matters that might entail a conflict of interest between those shareholders that had proposed their appointment and the Company*
- c) Transparency: in the Corporate Governance Report, the Company must inform of any situation of conflict of interest in which a director is, that the Company is aware of by virtue of the information of same by the affected person, or by any other means.*

In addition, the Board's Regulations regulate the following situations which can give rise to conflicts of interest:

- The rendering of professional services in competing companies (article 31).
- The use of corporate assets (article 33).
- The use of non-public company information for private ends (article 34).

- The taking advantage of business opportunities of the company (article 35).

Furthermore, article 37 of the Board of Directors' Regulations, under the heading "Duties of information of the director", provides that the director must inform the company:

- a) of the shares in the same of which he is the direct or indirect holder, as well as of those other shares which are in the possession, directly or indirectly, of his closest relatives, all of which in accordance with the provisions of the Internal Regulations of Conduct Regarding Transactions in Securities;
- b) of any stake they might hold in the capital of any companies with the same, similar or complementary business range as the one that makes up the corporate purpose, and of the offices and posts they hold in same. They shall also inform of those business conducted for themselves or for somebody else, with the same, similar or complementary business range as the one that makes up the corporate purpose. Said information shall be included on the Annual Report, and
- c) of all the positions they hold and of the activities that they carry out in other companies or entities, and, in general, about any fact or situation that could be relevant for their acting as a director of the Company.

As is expressly provided under article 1 of the Board of Directors' Regulations, the rules of conduct established thereon for the directors shall apply, to the extent that they are compatible with their specific nature, to the senior management of the company who are not directors. More particularly and with the due nuances, the following articles shall apply to them: article 30 (Duty of confidentiality); 32 (conflicts of interest), in connection with the duty of informing the Company; 33 (use of corporate assets); 34 (non-public information); 35 (business opportunities), and 36 (prohibition to make undue influence of the office).

In addition, the Internal Regulations of Conduct, in article 5 and after stating in the first paragraph that the general principles that must govern the actions of the persons subjected to conflicts of interest are those of independence, abstention and confidentiality, lay down the following:

5.2. Declaration of conflict

The Affected Persons shall undertake in writing to act independently in their activities and to make known to the CCO [Code Compliance Office] using the standard model that is established for this purpose, those conflicts of interest to which they are subject due to their activities outside the Inditex group, their family relationships, their personal property, or for any other cause with:

- a) *Suppliers, external workshops not being part of the company and significant contractors for goods or services, or their Directors and general proxies.*
- b) *Agents and franchisees of the Inditex group, or their Directors and general proxies.*
- c) *People who are engaged in similar or analogous activities to those of the Inditex group and that compete with the Inditex group in the same markets.*
- d) *External advisors and suppliers of professional services to the Inditex group.*

Among the powers granted to the Nomination and Remuneration Committee is that of reporting on the transactions that involve or could involve conflicts of interest, transactions with related parties or that involve the use of company assets and, in general, on the matters contemplated in chapter IX of the Board of Directors' Regulations (in which all the foregoing articles of the Board of Directors' Regulations are included). In view of that report, it is incumbent on the Board of Directors to approve, where appropriate, the transaction.

D SYSTEMS FOR CONTROL OF RISKS

D.1. General description of the risk policy of the company and/or of its group, detailing and assessing the risks covered by the system, together with the justification for the adjusting of those systems to fit the profile of each type of risk.

Risks management in the INDITEX Group is based upon the following principles:

- This tool is the responsibility of the Board of Directors and the Senior Management, which aims to provide a reasonable safety in the achievement of the targets established by the Group.
- It is the responsibility of each and every member of the Organisation, and
- It represents an integrated system which directs the control activities towards preventing the relevant risks.

In this context, the risks management in the INDITEX Group starts with the identification and assessment of those factors that may affect negatively the fulfilment of the business objectives and involves adopting certain answer to face up to these factors and implementation of the necessary control measures so that this answer be effective.

The process of risks management is subject to the review of the Board of Directors, through the Audit and Control Committee.

The identification and assessment of the risks of the Group lead to a “risks map”.

During FY2004, progressions were made in this process and the “risks map” of INDITEX was updated, while a new classification system thereof was also defined. This new system still keeps the differences between strategic and operational risks.

		Strategic	Operational
EXTERNAL	Business environment	x	
	Regulations		x
	Image and reputation	x	x
INTERNAL	Human resources	x	x
	Operations	x	x
	Financial		x
	Information for the decision making		x
	Technology and information systems	x	
	Governance and management	x	

“Business environment”

Those risks stemming from external factors, connected with the activity of the Group.

“Regulations”

Those risks regarding the enforcement of the various laws and regulations to which the Group is exposed in the different countries where it is present

“Image and reputation”

Those which have a direct influence on the way the Group is perceived by its customers, employees, shareholders, suppliers and the Society in general.

“Human Resources”

Those arising out of the consequences of a lack of motivation and loyalty in the personnel, of an inappropriate sizing or qualifications, or of an excessive turnover thereof As well as of the difficulties regarding recruitment.

“Operations”

This category includes those risks more directly linked with the basic activities of the business, from the conception of design to the sale of the finished product in the store, including procurement management and the manufacture processes. Those risks regarding the real estate management, logistics planning and loss of yield linked to growth, are also included.

“Financial”

Those regarding the management and administration of the money assets and among them, those arising out of the exchange fluctuations. Credit and interest rates risks are also included.

“Information for the decision making”

The risks in connection with the appropriate information at all levels: transactional and operative, financing-accounting, management, budgeting and control.

“Technology and information systems”

Those risks regarding the technical infrastructure and the efficient management of information and of the computing and robotic networks in general. The risks connected with the physical and logical safety of the systems are also included.

“Governance and management”

Those risks affecting the governance of the Company.

D.2. Indicate the systems of control established to evaluate, mitigate or reduce the main risks to the company and its group.

Below is a detailed description of the most relevant risks, given their impact, of each of the above described categories, specifying the assessment and control systems established to mitigate their potential impact:

A) External Risks

1. Business environment

The most relevant risk in this category, given its impact, is connected with whether the Group would be able to adapt to the environment/market where it operates, or not. This is inherent in the fashion retail business and consists in the eventual incapacity of the Group to follow and offer a response to the evolutions of its target market (demographic changes, changes in the consumption habit, lack of response regarding new business opportunities, etc.,)

The capacity to adapt to the environment/market means making decisions to open in new markets and countries, the launch of new business lines,

contributing to the diversification of the risk in INDITEX among its various formats (fashion for young women, mens' wear, childrens' wear, homewear, footwear, fragrances, accessories, etc), and working in geographic areas with unsynchronised economic cycles, with all the risks and uncertainties that this entails.

The decisions on the entry of new markets, the launch of new business lines or the opening of stores are subject to mistakes in sales and profit forecasts, and the effects thereof last in time since they give rise to investments which will not be recovered.

In order to reduce the exposure to risk in this area, the Group carries out a viability research of each new market, business line or store, considering pessimistic scenarios, and subsequently monitors whether the expected figures are met or not. Moreover, the business model of INDITEX is not only based upon the management of new openings, but also on improvements in the efficiency and effectiveness of the markets, business lines and stores already existing, so that the growth achieved via expansion and diversification, be complemented by the organic growth of the current business.

2. Regulations

In order to provide a better management of the risks included in this category, they have been classified in accordance with their nature, in: risks regarding the commercial, tax, custom, labour regulations and others.

The importance of these risks arises out of the various legal systems existing in those countries where the Group operates, which for its part, is also the result of the great geographic dispersion of its sales and supplies transactions. The complexity entailed by the simultaneous management of many legal realities is also the source of potential breaches, which must be managed.

In order to reduce the exposure to risk in this area and secure the appropriate enforcement of the prevailing local legislation in force, the corporate Legal, Tax and Labour departments work in coordination with the various people responsible of each country or geographic zone and with the legal external advisors in same. In Section D.5 hereunder, the legislation that usually affects the Group in those countries where it operates, is identified.

Additionally, the Corporate Social Responsibility Department periodically carries out social audits together with teams of independent professionals, with a great command of the language as well as of the local labour and environmental legislation, to ensure the appropriate respect for both the labour requirements covered by the International Labour Organisation (ILO) Treaties and for the Human Rights covered in the major Treaties that govern this subject.

3. Image and reputation

The main risks included in this category arise out of the likelihood of an improper management of the aspects regarding the CSR and the sustainability, as well as of the corporate image of the Group.

The potential breach of the Code of Conduct of the Group, and in particular, the inappropriate management of the social and labour aspects that affect the workers and third parties (subcontractors, suppliers, franchisees, etc.,) could entail a risk of failing to comply with social responsibility issues. The likelihood of children exploitation, labour discrimination, harassment situations or of working under unhealthy conditions.... are just some examples of those situations that must be avoided. This risk is especially relevant with regard to those third parties linked with the Group, since it is internally mitigated by the Human Resources Department who safeguards the observance of the Code of Conduct by establishing specific control procedures.

The Group has developed a Social Audit Program, based on the external and independent verification of the degree of implantation and compliance with the Code of Conduct for External Workshops and Manufacturers in order to minimize the potential risks of harming the image due to incorrect behaviours by third parties. Said program specifies the review procedures which secure getting information and evidences on the minimum working conditions that all External Manufacturers and Workshops must comply with.

In such sizable and visible organisations as INDITEX, some conflicts could arise out of an inappropriate relationship with third parties alien to the operative of the Group (CNVM, communication media, Investors, Governments,....).

With the aim to mitigate this risk, the Group has a Division of Communication and Institutional Relations, responsible for the centralized management of the communications with third parties. Likewise, given their relevance, the General Counsel´s Office and the Capital Markets Department are charged with managing specifically the relationship with the CNMV and the latter is also charged with dealing with the investors.

Due to the large number of countries of various geographical areas where the Group is present, its image could be harmed in such cases where it were not able to adapt its products and transactions to the social and cultural variety, practices and particularities of specific markets. To lessen such risk, the Group carries out relevant researches and reviews with the goal of establishing the right policies that help identify and, where appropriate, implant the required measures.

B) Internal Risks.

4. Human Resources

The main risks in the Human Resources area are those arising out of the likelihood of an inappropriate size, qualifications and flexibility of the human resources, of an inappropriate labour environment and of an excessive dependence on key personnel. This section also includes the risks connected with the recruitment and turnover of the personnel.

If the organisational structure is not able to face up to the changes in the transactions or in the business strategy or to assume the growth pace as well as the likely difficulty to have enough personnel or duly qualified one, this could entail some risks for the Group.

To minimize said risk, the Human Resources Department carries out continuous recruitment and hiring processes of new personnel, it has developed a periodical training program for its staff and has implemented specific systems :

- to combine quality in the performance of their duties by the employees and the satisfaction they may obtain at their workplace;
- to facilitate the exchange of jobs among those employees wishing to broaden their experience in the different areas of the Organisation

An excessive dependence on key personnel involves that certain significant information and responsibilities of the Group may fall on people that might leave the company without having defined appropriate succession plans. The work system carried out by the Organisation favours the transfer of information among the people involved in the different areas, so that the risk arising out the concentration of information on key personnel be lower.

In an Organisation where upwards of fifty-eight thousand people are employed, ensuring an appropriate working environment becomes essential for the future. The Human Resources Department is always aware of the importance of this risk when making decisions and carrying out activities.

The loyalty and training programs, career plans put in place for the personnel, corporate benefits, incentive policies....are some of the activities that allow to manage properly this risk.

5. Transactions

Since this is the category that includes those risks most directly linked with the activity, some significant risks for the Group accumulate hereunder.

One of these risks is that of not getting the design of the collections right, it being understood as the likely inability of the Group to recognize and assimilate the ongoing changes in the fashion trends as well as to design, manufacture, supply and sell new models in tune with customers' expectations.

The Group reduces the exposure to this risk through a manufacturing and procurement system that ensures a reasonable flexibility to answer to the unforeseen changes in the demand by our customers. Stores are permanently in touch with the designers team, through the Product Management Department, and this allows to perceive the changes of taste of the customers and the vertical integration of the transactions allows to cut the manufacturing and delivery terms as well as to reduce the stock volume, while the reaction capacity that allows to introduce new products throughout the season, is kept.

An inappropriate management of supplies, both as regards those acquired by the Group from external suppliers, and the supply of goods to the stores, is directly linked with the risk of an inappropriate procurement management. The search for “economies of scale” in the procurement processes of raw materials and finished products may lead to an over-accumulation of inventory volumes.

Demand estimates for each product are imperfect by definition, and an excessive supply of product, with the resulting devotion of financial resources to fast depreciating inventory is just as negative as an inadequate supply thereof, leading to non accomplished purchases which divert customers towards the competitors of the Group.

The aim of providing a supply of products appropriate to meet the needs of the customers requires a high turnover of finished products. The management of this high inventory turnover may lead to. A wrong planning of supplies together with a bad logistics management of transactions could lead to mistakes between the warehouses and the stores in the assignment of references, collapses within the distribution centre and, all in all, to delays and mistakes in the delivery of goods to the points of sale.

To lessen the above risks, in addition to granting priority to every aspect connected with the logistics planning, both at its distribution centres and in the routes used for transport, the Group has taken the following measures:

- < prior to each season, the various Procurement Departments determine the top initial supplies levels for each type of articles through the procurement budget, which is reviewed every week to assess the fulfilment thereof, allowing a reasonable flexibility of the supply chain.

- < it deals twice a week (as regards ZARA) with the orders coming from the stores placed by the store manager and reviewed and adjusted prior to the dispatch of the goods; in the past few years, human and economic resources have been allocated to perfect the process of order from and supply to the store, which has resulted in a decrease of the inefficiencies of the whole process. Moreover, daily information on the stock levels in each store is provided and checked by the staff responsible for the product in each area.

- < it relies on computer systems that record the volume of business, ensuring appropriate levels of confidence regarding the picking of the

product and at the same time, producing information on the result of the distribution.

The risk arising out of the interruption of the transaction is linked with the likely occurrence of extraordinary events which escape the control of the Group (catastrophes, fires, strikes of key employees of suppliers, etc.) that might affect significantly the normal operative.

Given the operative of the Group, the main risks included in this category are to be found at the logistics centres. The distribution of the finished product is centralized on an independent basis, through logistics centres located in each of the commercial concepts, except for Zara which has two main centres located in Arteixo and Zaragoza, thus facilitating the contingency plans in case of potential accidents or stoppage of the distribution activities.

Although the Group takes active measures to reduce exposure to this type or risks, keeping strict safety measures in all its distribution centres, in addition to the insurance policies that cover both damages incurred by the stock and the opportunity cost and loss of profit in the event of a loss, there is a significant inventory volume exposed to any accidents or imponderables that might occur in said distribution centres.

The likely existence of defects in the finished product would be linked with the risk of an inappropriate quality of the product.

To mitigate this risk, the factories of the Group manage their own quality system.

With regard to those products purchased from external manufacturers, the quality control begins the moment when said manufacturers are informed of the conditions and characteristics that the product must meet. With regard to all products a pre-production sample is received to validate that the prescribed specifications are met and additionally, upon receipt of the product in the warehouses, or prior to the consignment thereof in the origin with regard to goods manufactured outside the European Union, a random revision of the quality of the goods takes place.

The risk arising out of the inappropriate service and satisfaction of the customer is linked with the possibility of an incorrect management of the brand image, the value for money, the customer service, the window-dressing, the layout of the product, payment facilities, the returns....and in short, of all those issues that might have a negative impact on the shopping experience in the store.

This risk has raised special awareness in the Group, given that it directly affects the future shopping intention of the customers. Therefore, to reduce exposure to this risk, INDITEX uses a great number of tools, among which are: standardised "customer service" procedures; training and monitoring programs for the store managers, store assistants and cashiers; monitoring and price adjustment systems for products with low turnover, teams that periodically visit the stores to ensure that the image of

each brand is duly conveyed; telephone communication channels with the customers in order to ensure the quality of the sales and post-sales service, and the website of each commercial format.

The growth model of the Group is based upon the continual search of new business premises in major shopping areas, applying the best practices of the Organisation to the negotiation of the lease and purchase agreements. The administration of the some 2,370 own stores operative as at 31 January 2006 subjects the Group to economic losses arising out of an inadequate property management.

The Group reduces its exposure to the risk of an inappropriate property management through the normalisation of its lease agreements and the monitoring thereof, controlling the observance of the contingencies plan for its real estate, which includes such acts as taking out insurance policies, maintaining the premises in good condition and enforcing the applicable local regulations.

Additionally, the Real Estate Department is part of a committee who analyses the suitability of each new opening.

As a result of the high growth speed the Group is experiencing, given its expansion process, the risk of reducing the yield of its transactions exists, due to operational costs growing in proportion above income.

To avoid this potential risk of yield loss linked to the growth, the management of the Group has implemented a 3-year control of costs plan known as "Plan Reduce 3". The main action lines of said plan revolve around the control and efficiency of personnel costs, rents and other operational costs.

6. Financial

The activities of the Group are subject to various financial risks. Included in this category are risks regarding the improper management of exchange rates, cash management and sundry, such as credit or interest rates risks.

The Group operates in an international environment being therefore subject to the exchange rate risk as regards transaction in currencies, especially in US dollars, Mexican Pesos, Japanese Yens and Sterling Pounds.

To control the exchange rate risk arising out of future commercial transactions, assets and liabilities acknowledged in a currency other than the one used by the Company, the entities of the Group use forward exchange agreements. The Group manages the net position in each currency by using external forward contracts in currency or such other financial instruments. In addition, the Group follows the policy of keeping coverage of the estimated transactions, especially imports and exports of goods, for each subsequent season.

The Group keeps several investments in businesses abroad, whose net assets are subject to the foreign exchange risk. The foreign exchange risk over the net assets of transactions abroad is managed pursuant to the guidelines of the Management of the Group.

The Group does not suffer significant concentration of credit risk, given it has hedging measures to cover sales to franchises, being retail sales most of its turnover, and being payment mostly made in cash or through credit cards.

The Group has not been significantly subject to cash management and exchange rate risks since it has enough cash and the like to face up to the required outgoings in its usual transactions. As for the necessary funding in specific cases, both in euros and in other currencies, the Group makes use of credit, loan agreements or any other financial instrument.

Although in relative terms none of those risks are critical for the Organisation, all of them are systematically managed by the Financial Department.

7. Information for decision making

This category includes the risks regarding an inadequate transactional, operative, financial and accounting information as well as that for budgeting. These are not significant risks in relative terms, although the departments of the Group and especially the Management Control Department are directly responsible for producing and supervising the quality of said information.

Additionally, in order to reduce exposure to this kind of risks, the Group regularly reviews the management information disclosed to the relevant officials and invests in IT, follow-up and budgeting systems, among others.

8. Technology and information systems

The risk of an inappropriate IT infrastructure belongs in this category.

The reliability of the IT systems, including both computing and robotic systems is basic for the activities of the Group to operate suitably. The complexity of the transactions stemming from the vertical integration and the geographic dispersion of stores, factories and external workshops could give rise to an excessive proliferation of systems which would prove to be uneconomical and contrary to the principle of simplicity of use.

To reduce exposure to this type of risks, the Systems Department permanently monitors the streamlining and coherence of the systems, directed at minimizing the number of software packages, maximising training of all users involved in handling these and guaranteeing the security and stability required for the continuous development of the activities of the Group.

Moreover, there are contingency systems in the event of computer stoppage, with double equipment and data storage in a different location to the main Centre, which would reduce the consequences of a breakdown or stoppage to a margin of just a few hours.

9.- Governance and management

This category includes the risk of not having the appropriate management of the Group.

The Group is aware of the limitations that such a risk would entail in a scenario of strong growth as the one foreseen. For such reason, it has implemented in FY2005, a redesign process of the management structure to face up successfully to the new scenarios.

Likewise, if a member of several ones of the management team fails to observe rules of the code of conduct, carries out illegal acts or harm the image, this could entail a risk regarding the non observance of Corporate Governance and transparency standards.

At the present time, transparency and good governance obligations for listed companies are duly governed by the recommendations of several institutions and by a specific legal framework (Financial Act, Transparency Act, Order ECO/3722/2003 and Circular 1/2004 of CNMV.) Lack of information or wrong information on sensitive issues, such as transactions with related parties or the remuneration of officials would harm the good image or the reputation of the Group, being therefore those issues subject to the control of the Audit and Control Committee and of the Nomination and Remuneration Committee, exclusively comprised of independent directors.

An operative management requires the delegation of responsibilities on the personnel of the management, therefore the potential negligence or bad faith thereof is a risk inherent of a professional chain of command. The Group actively manages exposure to that type of risks through a nomination policy supervised by the Nomination and Remuneration Committee, exclusively comprised of independent directors. There are also Internal Regulations of Conduct regarding Transactions in Securities and a body designated as the Code Compliance Supervisory Board which, according to article 10.2.2 of said Regulations, is charged with observing and enforcing the rules of conduct of the Securities Markets and the rules of the IRC itself (Internal Regulations of Conduct), its procedures and further additional regulations, whether present or future.

- D.3. In the event that any of the risks affecting the company and/or its group should have materialised, indicate the circumstances that motivated them and if the established systems of control worked.**

The risks described in the previous section are inherent in the business model and the activity of the Group and therefore some of them are likely to materialize to some degree throughout each financial year.

However, none of the risks having materialized occurred significantly in the Organisation during the last fiscal year.

D.4. Indicate if there are any committees or other governing bodies responsible for establishing and supervising these mechanisms of control and list their functions.

The main governing bodies responsible for controlling risks are the Board of Directors, the Audit and Control Committee and the Management Committee.

1.- The Board of Directors

The Board of Directors is responsible for identifying the main risks of the group and for organising the appropriate internal control and information systems.

2.- The Audit and Control Committee

Meanwhile, the Audit and Control Committee assists the Board of Directors in its supervision and control duties by reviewing the internal control systems. The duties of the Audit and Control Committee are provided under the Articles of Association and the Board of Directors' Regulations.

The Board of Directors' Regulations provide that it is incumbent on the Audit and Control Committee, exclusively comprised of independent Directors of the Group, to supervise the duties of the Internal Audit department of the Company and its Group, approving the budget of the Department and the internal audit plan and supervising the material and human resources thereof, whether internal or external.

The Internal Audit Department is directly linked to the Board of Directors, to which it reports, through the Audit and Control Committee, thus ensuring the full independence of its acts.

- In accordance with the Internal Audit Charter of the Group, the mission of the Internal Audit function is that of contributing to the good running of the INDITEX GROUP, by assuring an independent supervision of the internal control system, and by providing recommendations to the Group that help reduce to reasonable levels the potential impact of the risks that hinder the accomplishment of the objectives of the Organization.

Likewise, according to the Charter, the objectives of the Internal Audit function are:

- To promote, by means of conclusions and recommendations, the existence of appropriate internal control and risk management systems, as well as the homogeneous and efficient application of internal control system policies and procedures, in order to help accomplish the objectives of the Organization.
- To serve as the communication channel between the Organization and the Audit and Control Committee, in relation to those matters that are responsibility of Internal Audit.

3.- The Management Committee

The Management Committee is charged with the coordination of the business and corporate areas, and takes active part in identifying, assessing, defining and implementing hedging policies, establishing specific measures to help mitigate the impact of risks in the achievement of the goals of the Group.

D.5. Identification and description of the processes of compliance with the various regulations that affect your company and/or its group.

The geographic dispersion of the Group entails complying with many legislations and this is a relevant risk. Precisely, this diversity has brought about the creation of a specific category within the external risks that affect the Group, designated as “Regulation”, which has been described under section D.2 above.

Within this category, it has been thought fit to classify the risks in four groups, depending on the kind of regulation to which they refer and on the potential impact they have on the Group. This classification shall be used to detail the legislation that affects the Group in its operative._

- Consumer and trade legislation which regulates licences for store opening, business hours, sales periods and all that related to retail distribution, as well as those issues regarding the conditions that must be met by the products being sold in stores, especially in relation to the labels and packaging, and generally, all aspects that affect retail sales.
- Tax legislation, relating to the taxes that are charged on the group’s activities and profits.
- Customs legislation, referring to cross-borders movements of merchandise.
- Labour legislation, which regulates the relations with its workers as regards salaries, working hours, labour calendar, health and safety, etc.,

- Other legislations, including common legislations for any listed company and specific legislation relating to the activity performed by the Group.
- Accounting legislation, relating to the accounting principles and standards.
- Securities market legislation, which affects all listed companies.
- Intellectual and industrial property legislation, relating to rights over designs and trade marks.
- General civil and mercantile legislation, relating to company law and civil and commercial contracts.
-
- Competition law, which specifically affects the relations with other competitors in the market.
- Property legislation which fundamentally affects the leases of business premises where the stores of the Group are located.
- Legislation governing the personal data protection, regarding the custody of personal information that is confidential.
- Environmental legislation, regarding the proper treatment of waste, spillage, etc.,

In order to reduce exposure to the risk of non-compliance with the different legislations to which the group is subject, the corporate Legal, Tax and Labour Departments carry out the task of coordination with the various members of management of each geographical area and external legal advisors of each country.

E GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders, duly convened and constituted in accordance with all legal formalities and those of the Articles of Association and its own Regulations, is the supreme and sovereign body of expression of the will of the company. Its resolutions are binding on all its shareholders, including those absent or dissenting shareholders, without prejudice to any remedies they may have at law.

In accordance with the provisions of the Regulations of the General Meeting of Shareholders, this body is empowered to pass all manner of resolutions regarding the company, and the following powers, in particular, are reserved for it:

- a) To decide on the individual annual accounts of the company and, if appropriate, on the consolidated accounts of the company and its group, as well as on the distribution of the profit.
- b) To appoint and dismiss the directors, as well as to confirm or revoke those provisional appointments of directors executed by the Board, and to review the company's management.
- c) To appoint and dismiss the auditors of the accounts.
- d) To adopt resolutions on the issuance of bonds, the increase or reduction of capital, the reorganization, merger, split-off or dissolution of the company, the global assignment of assets and liabilities and, in general, any amendment to the company's Articles of Association.
- e) To authorize the Board of Directors to increase the company's capital, proceed to the issuance of bonds and other fixed yield securities.
- f) To approve the adoption of remuneration systems consisting of the granting of either shares or rights over shares, as well as of any other remuneration system linked to the value of the shares, regardless of who is the beneficiary of such remuneration systems.
- g) To approve the Regulations of the General Meeting of Shareholders and their subsequent amendments.
- h) To decide on the matters submitted to it by the Board of Directors.
- i) To empower the Board of Directors with the powers it deems suitable for unexpected situations.

The Board of Directors shall convene the Ordinary General Meeting necessarily once a year, within the first six months of the closing of each financial year in order to, at least, review the company's management, to approve, where appropriate, the accounts of the previous year and to decide upon the distribution of income or loss.

The Extraordinary General Meeting shall meet when the Board of Directors so resolves or when a number of shareholders which represent at least five percent of the share capital so request, expressing in the request the matters to be discussed. In this latter case, the General Meeting of Shareholders must be convened to meet within the thirty days following the date in which the Board of Directors was required by means of a notary to convene the Meeting. The agenda of the meeting will necessarily include the matters that were the subject of the request.

In the resolutions to call the General Meeting, the Board of Directors shall require the presence of a Public Notary to take the minutes of the General Meeting.

Both the Ordinary and the Extraordinary General Meetings must be convened by the Board of Directors through notice published in the Official Gazette of the Mercantile Registry and in one of the newspapers with the highest circulation in the province where the company has its registered office, and at least one month in advance of the day appointed for the meeting or the greatest period that is required

by law, where appropriate, due to the resolutions submitted for deliberation. The notice must state the day, time and place of the meeting, as well as the date on which, if appropriate, the General Meeting shall be held on second call, and there must be at least a 24-hour period between one call and the other. The notice shall likewise state, clearly and precisely, all the matters to be discussed therein.

No later than the date of publication, or in any event the business day that immediately follows, the notice of the meeting shall be sent by the company to the CNMV, and to the Governing Organisations of the Securities Markets where the company's shares are listed for its insertion in the relevant Listing Bulletins. The text of the notice shall also be accessible through 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 share capital is present and all those attending unanimously agree to hold the meeting.

E.1 Enumerate the quorum for the holding of the general meeting established in the articles of association. Describe how they are different from the minimum requirements foreseen in the Spanish Corporation Act (SCA).

Both article 21.1 of the Articles of Association and Article 15 of the Regulations of the General Meeting provide that the General Meeting will be validly held on first call where shareholders who are present or represented by proxy represent at least fifty percent of the subscribed share capital with the right to vote. At second call, generally, the General Meeting shall be validly held regardless of the capital attending the same. However, if the Meeting is called to decide on an increase or a reduction in the share capital, the issue of debentures, the transformation of the company, the merger for the creation of a new company or via the taking-over of the company by another entity, its spin-off in whole or in part, the global assignment of assets and liabilities, the substitution of the company purpose as well as any other modification whatsoever of the Articles of Association, shall require, at second call, the attendance of twenty-five percent of the subscribed share capital with the right to vote.

Therefore, the only difference between said rules and the provisions of the SCA, both in general (Art. 102) and for special cases (Art. 103), consists of the quorum necessary for the holding of the General Meeting at first call in accordance with Art. 102 of the SCA, that the Articles of Association and the Regulations of the General Meeting of the company have made equal to the quorum for valid meetings on first call in accordance with article 103 of the SCA (shareholders who are present or represented by proxy represent at least fifty percent of the subscribed share capital with the right to vote).

This is expressly permitted by article 102 of the SCA itself, where, after laying down that the General Meeting of Shareholders shall be validly held on first call when the shareholders present or represented by proxy possess, at least, twenty-five per cent of the subscribed voting share

capital, it goes on to provide that the articles of association can establish a higher quorum.

E.2. Explain the system for the adoption of the resolutions of the company. Describe how this is different from the system provided in the SCA.

Once the question and answer session of the shareholders has ended and answers have been given according to the provisions of the Regulations of the General Meeting, the proposals regarding the items on the agenda or the proposals put forward by shareholders that are not legally required to be on the agenda shall be voted on.

If there were proposals regarding matters not included in the agenda and the Meeting can resolve on them, the Chairman shall decide the order in which they shall be put to vote. Otherwise, the voting of the proposals shall follow the agenda established to this effect.

It shall not be necessary for the Secretary to read in advance the unabridged version of the proposals of resolution, the text of which will have been given to the shareholders at the beginning of the meeting. In any case, the Secretary shall indicate to the members in attendance those proposals to be voted on at each time, and shall summarize the essential contents of those resolutions which have not been completely read out in accordance with that provided above. Whenever proposals concerning resolutions referring to the items on the agenda are submitted that are alternative to those presented by the Board of Directors, the proposal made by the Board shall be voted in first place and then, if appropriate, those proposed by other speakers in chronological order, in accordance with the time at which they were put forward.

Whenever the Meeting passes a proposed resolution, the remaining incompatible proposals relating to the same item on the agenda shall not be put to vote.

As a general rule, and without prejudice to the possibility, at the Chairman's discretion, of using other alternative systems when the circumstances so require, for the purposes of the voting on the proposed resolutions, the voting by the shareholders shall be determined in accordance with the following procedure:

- a) When the voting is on proposed resolutions relating to items on the agenda, votes in favour shall be considered to be those of the shares present and represented, deducting those votes corresponding to (a) the shares whose holders or proxy holders show that they vote against, in blank or abstain through the communication or expression of their vote or abstention to the Notary, for them to be recorded; (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.

b) When the voting is on proposals of resolutions on matters not included in the agenda, votes against shall be considered to be those corresponding to all the shares present in person or by proxy, deducting the votes corresponding to (a) shares whose holders or proxy holders state that they vote in favour, in blank or that they abstain, through the communication or expression of their vote or abstention to the Notary, for them to be recorded; (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.

The resolutions shall be adopted by a majority of votes of the shares present or represented at the General Meeting, except in the event of legal provisions or provisions of the Articles of Association stating the contrary. Votes shall be by roll-call or by ballot, as provided by the General Meeting. In the event of a tie, the proposal shall be deemed to be rejected.

Shareholders with a right to attend and vote may vote on the proposals concerning items of the agenda by post, or by any other remote through any other electronic means communication means, whenever the Board of Directors so decides, expressly stating this possibility in the notice calling the General Meeting in question. Once the voting of each proposal is completed, the Chairman shall proclaim the result of the voting stating whether the resolution has been passed or rejected. whenever the Board of Directors, bearing in mind the state of the art and the available means, so decides pursuant to the provisions of the General Meeting of Shareholders' Regulations, after considering that there are enough guarantees to secure the identification of shareholders who exercise their right to vote, and the certainty and authenticity of the will expressed.

Votes by post shall be effected by sending to the Company a form containing said vote and enclosing the attendance card issued by the entity or entities entrusted with keeping the book-entry registry, duly signed by hand.

Votes effected by electronic communication shall have a recognized electronic signature or such other guarantees that as the Company deems ideal to ensure the authenticity and the identity of the shareholder shareholders who exercises his their right to vote.

Votes effected by post or by electronic communication shall be received in the Company before the twenty-four (24) hours of the second working day (Saturdays excluded) immediately prior to the day set for the General Meeting. Otherwise, vote shall be deemed as not cast.. Votes

cast in accordance with such provisions shall be deemed valid, except in the event of acts of God or force majeure preventing their reception or correct identification.

The Board of Directors is entitled to develop the foregoing provisions by setting the rules, means and procedures suitable for the state of the art in order to implement the casting of votes and the granting of proxy through electronic means, by enforcing where appropriate the rules for this purpose enacted.

Namely, the Board of Directors may (i) rule the use of alternative guarantees to the electronic signature regarding the casting of electronic vote pursuant to the provisions of 4 above, (ii) reduce the time limit established under 5 above for the Company to receive votes cast by post or by e-mail, and (iii) establish other means of remote communication or otherwise suitable for the state of the art to implement the casting of votes, provided that the identity of the individual exercising his right to vote is properly guaranteed.

In any case, the Board of Directors shall pass the necessary resolutions to avoid potential duplicities and ensure that those shareholders who have cast their vote through remote communication systems or granted proxy by postal or electronic mail are duly entitled to do so pursuant to the provisions of the Articles of Association and of these Regulations of the General Meeting. The development regulations that the Board of Directors may adopt pursuant to the provisions of this paragraph shall be published on the Company's Web page

Shareholders with a right to attend and vote that effect their votes through remote communication systems pursuant to the provisions of this article shall be deemed as present for the purposes of the quorum of the General Meeting in question. Consequently, prior proxies shall be deemed revoked and subsequent proxies shall be deemed as not produced.

Attendance in person of the shareholder to the General Meeting shall entail the revocation of the vote effected by post or by e-mail. Votes effected by post or by e-mail shall also be deemed as revoked in the event of a subsequent vote different to that previously cast.

At present time, further to the suppression by the General Meeting of Shareholders of the company, held on 18 July 2003, of the requirement of a qualified majority (two-thirds of the share capital present in person or by proxy at the General Meeting) for the passing of certain resolutions, the system of majorities for the passing of resolutions does not differ from the provisions of article 93.1 of the SCA.

E.3. List the rights of the shareholders in relation to general meetings, that are different from those established in the SCA.

Within the rights for the shareholders recognised by article 48 of the SCA, the following can be listed in relation to the General Meetings: the

right to attend and to vote in the general meetings and to challenge the resolutions of the company, and the right of information.

These rights are developed in articles 104 (“Right to attend the meeting”), 105 (“Limitations on the right to attend and vote”), 106 (“Proxies”), 108 (“Representation by a relative”), 112 (“Right to information”) and 115 and following (relating to the challenging of resolutions) of the SCA.

The rights of the shareholders of INDITEX in relation to the general meetings are scrupulously respected by the company, in the terms established in the legislation in force, in the Articles of Association and the Regulations of the General Meeting of Shareholders.

Right to information of the shareholders

The Investor Relations Department and the Shareholders’ Office at INDITEX are at the disposal of the shareholders to provide all the information on the General Meeting that they may need. Prior to the General Meeting, those shareholders who so request are sent a copy of the annual report and the relevant documentation relating to the items on the agenda.

Moreover, the company deals, as far as is possible, with the requests for information that are made by the shareholders in relation to the items on the agenda of the General Meeting, both before the General Meeting and during the meeting itself through the question and answer session, which all shareholders attending the meeting can participate in if they wish and whose participation is always answered.

Section E.4 hereof deals with the regulation of the right of information of shareholders covered by the Regulations of the General Meeting.

Attendance of General Meetings. Right to Vote

The right to attend is dealt with in section E.9.

Each share entitles its holder to one vote.

Proxies at the General Meeting

Section E.10 deals with the issue of proxies at the General Meeting.

E.4. Indicate, where appropriate, the measures adopted to promote the participation of the shareholders in the general meetings.

In addition to the publication of the notices provided by Law and in the Articles of Association and of the making available to the shareholders in the registered office of the company, free of charge, of the information and the documentation related to the agenda of the meeting, the

company publishes the notice of the General Meetings through the corporate web page, including all the relevant documentation to facilitate the attendance and the participation of the shareholders, including the agenda, the directors' reports and the remaining documentation in relation to the General Meeting that is required by Law.

Furthermore, the Regulations of the General Meeting of Shareholders, establishes new instruments directed at favouring the participation of the shareholders, in particular, through developing their rights of information, attendance and proxy.

In this respect, articles 9 and 10 of the Regulations of the General Meeting establish the following:

Article 9. Information available as from the notice of the Meeting

As from the publication of the notice of the meeting, the company shall make the following information available to the shareholders:

- (a) The documents (such as, among others, the annual accounts, proposals for the distribution of the profit, management reports, auditing reports, directors' reports, proposals for resolutions, literal text of amendments to the Articles of Association, auditors and/or independent experts' reports, merger or split-off plans) which by law must compulsorily be provided in relation to the various items included on the agenda.*
- (b) The complete text of the proposed resolutions that the Board of Directors is submitting to the deliberation and approval of the General Meeting in relation to the different items on the agenda. As an exception, the Board of Directors may omit the publication of those proposals not required by the Law or the Articles of Association to be put at the shareholders' disposal as from the date of the calling of the General Meeting, whenever there are justified reasons that make previous publication not advisable.*
- (c) Practical data related to the General Meeting and the way in which the shareholders exercise their voting rights, such as, amongst others:*
 - i. The communication channels existing between the Company and the shareholders, and namely those explanations necessary for shareholders to exercise their right to information, stating the postal addresses and e-mail addresses where they can address their queries.*
 - ii. The ways and procedures to grant proxy for the General Meeting.*
 - iii. The ways and procedures to cast votes through remote communication systems, including where appropriate, the*

forms to justify the attendance and the exercise of the vote through remote means in the General Meeting.

- iv. Information on the location of the place where the Meeting is to be held and the way to access same*
 - v. Information, where appropriate, on the systems or procedures that may facilitate the monitoring of the Meeting, such as simultaneous translation devices, videoconferences, information available in foreign languages, etc.*
- (d) Any other information deemed appropriate to facilitate the attendance and participation of the shareholders at the General Meeting.*

The shareholders shall be able to get, freely and immediately, the documents and data referred to in the previous paragraphs at the registered office, as well as to request the free delivery or dispatch of such documents and data, in accordance with the provisions of the Law. Furthermore, such documents and data shall be incorporated into the company's web page.

Article 10. Right to information prior to the holding of the General Meeting

From the very day the notice of the General Meeting is published, and until the seventh day, included, prior to the day set for the Meeting, every shareholder may request in writing to the Board of Directors the information or clarification they may deem necessary or ask the questions they might think fit, regarding the items on the agenda. Moreover, in the same term and manner, shareholders may request information or clarifications or ask questions in writing concerning the information accessible to the public that the Company had already furnished to the CNMV since the last General Meeting was held. Likewise, the shareholders may ask for any other information they may need about the General Meeting through the company's web page or through the shareholder service telephone line placed at the shareholders' disposal for such purpose, the number of which shall be given in a timely manner.

The Board of Directors is obliged to provide shareholders with the requested information or clarification, except whenever (i) the Chairman considers the publication of the data requested may have an adverse effect on the corporate interests (although this exemption cannot be alleged if the request is supported by shareholders representing at least twenty-five (25) per cent of the share capital), (ii) the information or clarification requested does not refer to the items on the agenda or to information accessible to the public that the Company has furnished to the CNMV since the last General Meeting was held; (iii) the information or clarification requested is not reasonably necessary in order to form an opinion on those matters raised before the Meeting or, for whatever

reason, it is considered abusive; or (iv) the legal provisions or regulations so provide.

The shareholders' requests for information shall be answered by the full Board of Directors itself, by any of its members, its Secretary, even if he is not a member of the Board, or by any other person expressly empowered by the Board of Directors for such purpose.

In the terms provided for by law, the requests for information shall be answered in writing and prior to the General Meeting, unless the characteristics of the required information make it unsuitable. Those requests for information that cannot be answered prior to said Meeting due to the proximity to the date of the Meeting, or those that are submitted during the same, shall be answered during the General Meeting, in accordance with the provisions of these Regulations or, where appropriate, in the shortest period of time as of the date on which the Meeting was held, always within the maximum term provided by the Law for this purpose.

Those answers given to significant questions that are provided to the shareholders prior to the date of the meeting, shall be made available to all the shareholders attending the meeting at the beginning of the same, and shall also be put on the company's web page.

The right to information is supplemented by those of attendance and proxy, which are dealt with in sections E.9 and E.10 below. Both rights have been extended as a result of the amendments introduced to the Articles of Association and to the Regulations of the General Meeting in July 2004.

E.5. Indicate if the office of chairman of the general meeting coincides with the office of chairman of the board of directors. Give details, where appropriate, of which measures have been adopted to ensure the independence and good working of the general meeting:

Article 16 of the Regulations of the General Meeting of Shareholders, transforming into rules article 22 of the company's Articles of Association, provides that the General Meeting shall be chaired by the Chairman of the Board of Directors or, failing the Chairman, by the Deputy Chairman who replaces him in accordance with the Articles of Association, and failing the Chairman and Deputy Chairman, by the shareholder appointed by the General Meeting itself.

Once the board of the General Meeting has prepared the list of the attendees, expressing the nature or proxy of each one and the number of own shares or shares of the proxy-grantors attending the meeting, the Chairman shall declare the Meeting to be validly held; shall submit for its deliberation the business that has to be discussed according to the agenda or the previous agreement of the Universal Meetings; shall direct and order the debates signalling the turns for speaking and granting the floor to those shareholders who have made a written request to speak and then to those who have made a spoken request to speak, and may

establish turns for speakers in favour and against the motion and may limit the number of those who may speak in favour or against or the time allowed for each speaker; shall declare the business to have been discussed sufficiently and shall order that the voting thereon proceed, proclaiming the result of the voting after such vote. All of these aspects, as well as others regarding the good working of the General Meeting, are developed in detail in the Regulations of the General Meeting of shareholders.

Lastly, and as a guarantee of the independence and good working of the General Meeting, mention must be made, on one hand, that the preparation of the list of those attending and the calculation of the quorum for the valid holding of the Meeting is entrusted to a company of repute in its sector of activity and which acts according to qualified professional practices; and, on the other hand, that the Board of Directors, in compliance with the provisions of article 7.2 of the Regulations of the General Meeting of Shareholders, requires the presence of a Notary to take the minutes of the Meeting.

E.6. Indicate, where appropriate, the modifications introduced during the year in the regulations of the general meeting.

The Board of Directors' Regulations have not been subject to any amendments during FY2005.

a)

E.7. Give the attendance figures for the general meetings held during the year to which this report refers:

Date General Meeting	Attendance data			Total
	% attendance in person	% attendance by proxy	% distance voting	
15-07-2005	0.26%	73.91%	0 ⁽¹⁾	74.17%

⁽¹⁾ A total number of seven shareholders cast remote votes by electronic means

E.8. Indicate briefly the resolutions passed in the general meetings held in the year to which this report refers and the percentage of votes with which each resolution was passed.

The General Meeting of Shareholders of INDITEX, in its meeting held on 15 July 2005 and in accordance with the items on the agenda, passed the following resolutions, which are summarised below:

First.- Study and approval, where appropriate, of the annual accounts (Balance Sheet, Profit and Loss Account and Annual Report) and Management Report of INDITEX, S.A. and its consolidated group (Inditex Group), corresponding to fiscal year 2003, ended on 31 January 2005, and of the management of the company.

The Annual Accounts (Annual Report, Balance Sheet and Profit and Loss Account) and the management report of Industria de Diseño Textil, S.A. (INDITEX, S.A.) were approved, as well as the Annual Accounts and the consolidated management report of the Inditex Group, corresponding to fiscal year 2004 (ended on 31 January 2005), drawn up by the Board of Directors at its meeting held on 30 March 2005 and signed by all the Directors, except for Mr Juan Carlos Rodríguez Cebrián, who stepped down as director on 11 February 2005, prior to the statement of the current annual accounts.

Likewise, the management of the Board of Directors of Industria de Diseño Textil, S.A. (INDITEX, S.A.) for fiscal year 2004 was approved.

This resolution was approved by a majority of 99.86%, with 0 votes against and 627,944 abstentions.

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

The Meeting approved the proposed distribution of the income of fiscal 2004 (ended 31 January 2005), in accordance with the Balance Sheet previously approved, in the amount of three hundred forty three thousand six hundred and seventy euros (343,670€), to be distributed as shown below:

	<u>THOUSANDS OF €</u>
- To voluntary reserve.....	44,471
- To dividends.....	299,199
- TOTAL.....	343,670

It was resolved to pay the shares with the right to dividends the gross amount of thirty cents per share as ordinary dividend, and eighteen cents per share as bonus dividend, which adds up to forty eight cents per share. The dividend shall be paid on 21 July 2005, 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 the shareholders have their shares deposited.

This resolution was approved by a majority of 99.98%, with 0 votes against and 180,410 abstentions.

Third.- Ratification and appointment, if appropriate, of Directors.

The appointment of GARTLER, S.L., holder of the Spanish C.I.F. ES-B15500838, being its registration data already filed with the Companies Register, as Member of the Board of Directors, so far represented by Ms. Flora Pérez Marcote to discharge the duties inherent in the office, as resolved by said body in its meeting held on 13 December, 2004, was approved and ratified, as was the appointment of GARTLER, S.L. to hold the office of director for the five-year term provided in the Articles of Association as from the date of this Annual General Meeting, which shall

name the natural person who shall discharge the duties inherent in the office

Likewise the appointment of Mr. Pablo Isla Álvarez de Tejera whose particulars are already recorded with the Companies Register as member of the Board of Directors, as resolved by said body in the meeting held on 9 June, 2005 was approved and ratified, as was the appointment of Mr. Isla Álvarez de Tejera to hold the office of director for the five-year term provided in the Articles of Association as from the date of this Annual General Meeting.

Likewise, the appointment of Mr. José Luis Vázquez Mariño, whose particulars are already recorded with the Companies Register as member of the Board of Directors, as resolved by said body in the meeting held on 30 March, 2005 was approved and ratified as was the appointment of Mr. Vázquez Mariño to hold the office of director for the five-year term provided in the Articles of Association as from the date of this Annual General Meeting.”

Messrs. Isla Álvarez de Tejera and Vázquez Mariño being present, they state that they are not involved in any disqualifications or prohibition causes whatsoever, and they expressly accept their appointment by the Annual General Meeting as members of the Board of Directors of the company, thanking it for the trust shown in them.

----- This resolution was approved by a majority of 99.91%, with 196,620 votes against and 216,596 abstentions.

Fourth.- Re-election of Directors.

Likewise, in view of the imminent expiration of their respective terms of office, the removal and subsequent re-election of Mr. Amancio Ortega Gaona, Mr. José María Castellano Ríos and Mr. Juan Manuel Urgoiti López de Ocaña, whose particulars are recorded with the Companies Register, as Ordinary Members 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, were approved.

Messrs. Castellano and Urgoiti being present, they state that they are not involved in any disqualifications or prohibition causes whatsoever, and they expressly accept their re-election by the Annual General Meeting as members of the Board of Directors of the company, thanking it for the trust shown in them

This resolution was approved by a majority of 99.90%, with 196,620 votes against and 261,367 abstentions.

Fifth.- Re-election of Auditors.

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

were appointed as Auditors of the Company to review the annual accounts and the management reports of the Company and of the consolidated ones of the INDITEX Group, for the term commencing on February 1, 2005 and ending on January 31, 2006, delegating to the Board of Directors, in the broadest terms, the task of determining, prior report of the Audit and Control Committee, all other terms of the contract of said audit firm.

This resolution was passed by a majority of 99.98%, with 0 votes against and 80,410 abstentions.

Sixth.- Authorization of the Board of Directors for the derivative acquisition of own shares.

The Board of Directors was authorised, under the terms shown in the answer in section A.9 above, to proceed to the derivative acquisition of its own shares, either directly or through any affiliated companies in which the company is the controlling company.

That authorization annulled the authorization approved by the General Meeting of Shareholders held on 16 July 2004.

This resolution was passed by a majority of 99.98%, with 666 votes against and 80,558 abstentions.

Seventh.- Remuneration of the Board of Directors

We refer to the provisions of section B.1.11 hereof , where the resolution of the Annual General Meeting of Shareholders in connection with the remuneration of the Board of Directors is transcribed.

Eighth.- Granting of powers for the implementation of resolutions.

The Board of Directors, expressly empowering it to be substituted by the Executive Committee or by any of its members, was delegated the powers that are necessary for the correction, development and implementation of each of the resolutions approved in the General Meeting.

In particular, the Chairman of the Board, Amancio Ortega Gaona, the Deputy Chairman, José María Castellano Ríos and the Secretary of the Board, Antonio Abril Abadín were empowered so that, any of them, severally and without distinction, could carry out whatever actions are appropriate to implement the resolutions passed in the General Meeting in order to register these same in the Mercantile Registry and in any other Registries, including in particular, and amongst other powers, that of appearing before the Notary to notarise 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 from the General Meeting, and to proceed to the

mandatory filing of the individual and consolidated annual accounts with the Companies Register.

This resolution was approved by a majority of 99.98%, with 109 votes against and 80,508 abstentions.

The full text of the resolutions is available to the public from 15 July 2005 on the corporate web page (www.inditex.com) and through the web page of the *CNMV*.

E.9. Indicate, where appropriate, the number of shares that are necessary to attend the general meeting and if, regarding this, there are any restrictions laid down in the Articles of Association.

In accordance with the provisions of the Articles of Association and of the Regulations of the General Meeting of Shareholders, further to the amendments introduced to both sets of rules approved by the Annual General Meeting of Shareholders held on 16 July 2004, shareholders who have their shares registered in their name in the book entry register at least five days prior to the date set for the meeting, in addition to keeping them until the holding of the Meeting and to being up to date in the payment of capital calls, are eligible to attend the General Meeting, regardless of the number of shares they hold.

The requirement to hold at least 50 shares in the Company in order to be eligible to attend the General Meetings is therefore suppressed, so as to facilitate that all shareholders take part in the passing of resolutions by the General Meeting.

To exercise his right to attend, the shareholder must previously be authorized through the corresponding nominative card of attendance, on which the number and the class of the shares he holds is indicated, as well as the number of votes he can tender. The card shall be issued by the entity responsible for the accounting register to those holders of shares that prove that the shares were registered in the aforementioned register before the time limit prior to the meeting stated in the first paragraph of this subsection.

E.10. Indicate and justify the policies followed by the company in relation to proxies in the general meeting of shareholders.

Article 12 of the Regulations of the General Meeting of Shareholders, developing the provisions of article 20 of the Articles of Association, lays down :

1. *Any shareholder who has the right to attend may be represented by a proxy in the General Meeting, even if the proxy is not a shareholder. Each Meeting shall require such proxy to be conferred in writing and for each proxy to be specifically granted for each particular meeting. Said requirement shall not apply when the proxy is the spouse, ancestor or descendant of the represented person, nor when the proxy holds a*

general power of attorney conferred by public document with powers to administer all the estate that the represented person has on national territory. Shareholders may not be represented in a General Meeting by more than one proxy.

2. *Proxies may be granted by postal or electronic mail, and in this case, the provisions of article 23 of the Corporate by-laws regarding the casting of votes in such manners, shall apply, provided that it is not incompatible with the nature of proxy.*
3. *Proxies shall be included in the list of members in attendance, stating in case they are granted in a public document, the date of execution, the authorizing Notary, and the number of the record. Notwithstanding the above, the person acting as Chairman of the General Meeting in accordance with the provisions of article 22 of the Articles of Association, may ask the proxy to provide the documentation that proves the nature of its representation. The Company shall keep a record of those documents containing the conferred representations proxies granted.*
4. *Proxies can always be revoked. The attendance of the proxy-giver at the Meeting, either in person, or having effected the vote by remote communication systems, shall have the effect of a revocation, regardless of the date on which the proxy was granted.*
5. *Unless the proxy-giver so indicates, should the proxy be in a conflict of interests, it shall be assumed that the proxy-giver has appointed as proxies as well, jointly and in succession, the Chairman of the General Meeting, and if this should also be in conflict of interest, the Secretary of the General Meeting, and if this should also be in conflict of interest, the Capital Markets Director of the Company.*
6. *If no instructions regarding the vote on proposals of the agenda were given, it shall be understood that the proxy shall vote in favour of said proposals submitted by the management body. If no instructions regarding the vote on proposals not included on the agenda were given, it shall be understood that the proxy shall vote against said proposals.*
7. *Where the document containing the proxy or delegation is submitted to the Company without expressly stating the name of the proxy, it shall be assumed that the proxy-giver has appointed as proxies as well, jointly and in succession, the Chairman of the General Meeting, and if this should also be in conflict of interest, the Secretary of the General Meeting, and if this should also be in conflict of interest, the Capital Markets Director of the Company.*

E.11. Indicate if the company is aware of the policy of the institutional investors as to participation or lack of participation in the company's decisions:

The share capital of INDITEX is represented by the book-entry system and there is no shareholders' register. The company is not aware of the policy of the institutional shareholders with respect to participation in company decision-making as these are decisions that are not stated publicly.

E.12. Indicate the address and means of access to the corporate governance content on your web page.

The address of the corporate web page of INDITEX is www.inditex.com.

During fiscal 2004, a new revision of the INDITEX web page was carried out, adapting its content and the time period of the communication of information to the requirements of Spanish Ministerial Order ECO/3722/2003, of 26 December, and, above all, to the requirements established in Circular 1/2004, of the *CNMV*.

The way to access the corporate governance contents is the following: once you are on the corporate web page, there is a menu with several areas, among them the one called "Information for Shareholders and Investors". If you click on that heading, or place the cursor thereon, the sections headed "Investor Relations", "CNMV filings", "Corporate Governance" and "Contact for Investors" will appear. It is also possible to download from this page many different documents of interest to shareholders and investors.

Within these last two sections of the web page, it is possible to have access to the following information and documentation:

- Rules and regulations: Articles of Association, the Regulations of the General Meeting of Shareholders and the Board of Directors' Regulations, the Internal Regulations of Conduct Regarding Transactions in Securities and the Code of Conduct.
- Shareholding structure: share capital, number of shares, significant holdings, information on treasury stock, etc.
- The General Meeting of Shareholders: notices of meeting, agendas of meetings, proposed resolutions, reports from the members of the Board, full texts of the documents put forward to the General Meeting for their approval or that are submitted thereto for its information, presentations given, quorums, resolutions passed, votes cast and which way they were cast.
- Board of Directors: composition of the Board, of the Executive Committee, of the Audit and Control Committee and the Nomination and Remuneration Committee, with details of the different types of directors and the positions they hold in each of the committees or bodies; shares held in the company by the Board of Directors and remuneration policy.

- Relevant facts and other communications
- Other relevant information: daily and historic price of the share, investor diary, dividends, financial information, Annual Report for the last few years; financial information (annual and quarterly results, presentations and webcasts), press releases, public periodic information, para-social agreements, transactions with related parties, Annual Corporate Governance Reports and communication channels with the company.

Furthermore, and in accordance with the provisions in Circular 1/2004 of the *CNMV*, certain corporate governance documents are directly accessible from the site map on the web site.

Finally, it must be pointed out that the information included on the web page, apart from certain documents, is given in two languages: Spanish and English.

F DEGREE TO WHICH THE GOOD GOVERNANCE RECOMMENDATIONS HAVE BEEN FOLLOWED

Indicate the degree of compliance of the company with respect to the existing corporate governance recommendations, or, where appropriate, the non-assumption of said recommendations.

In the event of non-compliance with any of them, explain the recommendations, rules, practices or criteria applied by the company.

As the only document to which ORDER ECO/3722/2003, of 26 December, refers has not been drawn up, you should take as a reference to complete this section the recommendations of the Olivencia and Aldama Reports.

As has been set forth in this report, and pursuant to the thorough review included in last year's Annual Corporate Governance Report, throughout fiscal year 2004, the adaptation process of the Articles of Association, the Board of Directors' Regulations and the Regulations of the General Meeting to the provisions of the Law on Transparency and implementing provisions thereof, was completed, while at the same time other reforms have been implemented, which although not mandatory, attempted to review and update the contents of the internal regulations of the company in light of the most recent trends on good corporate governance issues.

Therefore since FY2004, the company has achieved almost total compliance with the recommendations on corporate governance included both in the report from the Olivencia Commission and in the Aldama Report. The most relevant aspects regarding the enforcement of the corporate governance recommendations provided in the Olivencia and Aldama Reports, are set out below:

Board of Directors

- The core task of the Board of Directors is the general duty of supervision; article 5 of the Board of Directors' Regulations sets out its direct duties.
- At the present time, the Board of Directors is comprised of five independent external directors, one domanial external director, one executive domanial director and two executive directors, which results in not only a majority of external directors but also of independent directors, above the proportion that should be met considering the "free float" of the company
- The duties of Secretary of the Board, *Letrado Asesor* (Consulting Lawyer) and General Counsel of the INDITEX Group lie with the same individual, thus fostering his ability to ensure the formal and material legality of the actions of the Board, who is in addition, member of the Board of Directors, thus vesting upon him the highest degree of commitment and responsibility as regards the performance of his duties.
- The two Delegated Committees of Control set up within the Board of Directors, that is the Audit and Control Committee and the Nomination and Remuneration Committee are exclusively comprised of independent directors
- The Board of Directors' Regulations provide the obligations of directors stemming from the general duties of diligence and loyalty, and specifically cover the situation of conflicts of interest, the duty of confidentiality, the exploitation of business opportunities and the use of corporate assets.
- It is incumbent on the Board of Directors to learn of any transactions that the Company would carry out with a director or a significant shareholder; said transactions shall not be authorised unless a prior report has been issued by the Nomination and Remuneration Committee assessing it from the perspective of the market conditions and in the event of transactions with significant shareholders, the principle of equal treatment of shareholders must also be considered.

Annual General Meeting of Shareholders

- The right to attend the Annual General Meeting of Shareholders is not conditional upon holding a minimum number of shares.
- There are no limits to the maximum number of votes that one shareholder or the companies belonging to the same group may cast.
- The possibility of granting proxy to attend the AGM and to exercise thereat the right to vote via postal mail or by electronic means is provided in the internal regulations, having the granting of proxy and the voting by electronic means been implanted at the AGM held in July 2005.

External Auditors

- The Audit and Control Committee, fully comprised of independent directors, meets with the auditors without the management of the

company being present, in order to review the annual accounts and the periodic financial information that the Board of Directors must provide to the markets and to its supervisory boards.

- The Audit and Control Committee oversees the terms and conditions as well as the enforcement of the agreements entered into with the external auditors to carry out assignments other than those consisting of the audit of the financial statements, and the Annual Report of the company provides information on the fees paid to the external auditors for assignments other than the statutory audits.

Finally, at present time the only recommendation that has not been adopted is: the existence of specific Rules and Regulations for the Audit and Control Committee and the Nomination and Remuneration Committee (although rules are included for the two Committees in the Board of Directors' Regulations). This recommendation is not considered, in the particular case of INDITEX, to be relevant for optimum corporate governance.

G OTHER INFORMATION OF INTEREST

If you consider that there are any other principles or relevant aspects as regards the corporate governance practices applied by your company that have not been covered in this Report, please mention them and explain their content below.

In this section, any other information, clarification or nuance may be included that is related to the previous sections of the report, to the extent that they are relevant and not reiterative.

In particular, indicate if the company is subject to different legislation than the Spanish legislation in corporate governance matters and, where appropriate, include the information that the company is obligated to provide which is different to that required in this report.

All the principles or relevant aspects relating to corporate governance practices applied by INDITEX have been covered in this Report.

The company is not subject to any legislation other than the Spanish legislation in corporate governance matters.

All relevant information on corporate governance for fiscal 2005, which commenced on 1 February 2005 and closed on 31 January 2006, is included in this Report, excepting those other cases in which other dates of reference are specifically mentioned.

Further to 31 January 2006, the following facts that affect the information provided in this Annual Corporate Governance Report have occurred:

- On 2 March 2006, State Street Bank and Trust Co., in its capacity as international custodian / depositary bank, informs the CNMV, pursuant to the information provided by the latter on its corporate website, that it has reached a direct stake of 5.034% in the share capital of the company.

- The Board of Directors, in its meeting held on 13 June 2006, passed the following resolutions, among others:
 - i) Approval of the “Internal Guidelines for Responsible Practices of the Inditex’s group Personnel”, in order to set down internal rules of conduct with the goal of encouraging the ethical behaviour of its employees and work in collaboration in order to prevent corruption in all its forms. The Internal Guidelines provide a mechanism enabling employees to report, in a confidential manner, any potentially relevant irregularities that in their view might be a breach thereof.
 - ii) Approval of the amendment of the Internal Regulations of Conduct regarding Transactions in Securities, to adjust them to the provisions of *Real Decreto* 1333/2005, of 11 November, implementing the Stock Exchange Act (LMV) in the matter of market abuse.
 - iii) Approval of the amendment of the Board of Directors’ Regulations and proposal to the Annual General Meeting of Shareholders to amend the Articles of Association and the General Meeting of Shareholders’ Regulations, so that they adjust to the amendment of the Corporation Act (LSA), introduced by the Final Provision No. one of Act 19/2005, of 14 November, on the European Corporation, in the matter of the notice of the AGM and term of office of directors.

This Annual Corporate Governance Report has been approved by the Board of Directors of the company, in its meeting held on 13 June 2006.

Indicate the Directors or members of the Board of Directors who have voted against, or have abstained from voting in relation to, the approval of this Report.

None of the directors have voted against or have abstained from voting in relation to the approval of this Report.