

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED COMPANIES

ISSUER IDENTIFICATION

FISCAL YEAR 2006

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 2006, which commenced on 1 February 2006 and closed on 31 January 2007, excepting those cases in which other dates of reference are specifically mentioned. In Spain, Act 26/2003 of 17 July (hereinafter, the "Transparency Act"), which amended the Spanish Stock Exchange Act and the Revised Text of the Spanish Corporation Act with the purpose 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.

Finally, on 22 May 2006, the Board of the *Comisión Nacional del Mercado de Valores* (Spanish Stock Exchange Commission, hereinafter the "CNMV"), resolved to approve as a single document including the recommendations on corporate governance, the Unified Code of Good Corporate Governance prepared by the Special Work Group set up further to a resolution of the Spanish Government with the goal of assisting the CNMV with the harmonisation and update of the recommendations included in the Olivencia and Aldama Reports. Under the provisions of the resolution of the Board of the CNMV, listed companies must take said Code as a reference, for the purposes of explaining whether they meet or not the recommendation on corporate governance therein provided, upon tabling the Annual Corporate Governance Report for FY2007; therefore, for the purposes hereof, the recommendations of the Unified Code have not been taken into account.

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 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 is available on 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, the Internal Guidelines for Responsible Practices of the Inditex's Group Personnel 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. Finally, said revised text was amended further to a resolution of the Board of Directors dated 13 June 2006 for the purposes of adapting the contents thereof to the provisions of *Real Decreto* 1333/2005, of 11 November, implementing the Stock Exchange Act in the matter of market abuse.

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.

Internal Guidelines for Responsible Practices of the Inditex Group’s Personnel: which were approved further to a resolution passed by the Board of Directors held on 13 June 2006 for the purposes of encouraging the ethical behaviour of its employees and helping prevent any manner of corruption. The Guidelines provide a mechanism which enables the employees of the group to inform, confidentially, of any potentially relevant irregularity which, in their opinion means a breach of the Guidelines.

The full text of all the aforementioned documents is available on the corporate web site (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 *Eurostoxx* 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 accurately the ownership structure of the company.

In any case, according to the information provided in the web site of the *CNMV*, the owners of significant holdings in the company as at 31 January 2007, 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	5.864%

(*) 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	5.864%
Total	36,550,000	5.864%

Likewise, it must be stated that according to the information provided by the *CNMV* on its web page as at 31 January 2007, 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 notice given by Deutsche Bank, S.A.E., in its capacity as deponent, regarding the transfer of shares carried out on 11 January 2007 by State Street Bank and Trust Co., in its capacity as custodian/ depository bank and which resulted in a reduction of its stake in the share capital of INDITEX under the 5% threshold..

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 2007, the members of the Board of Directors who had a stake 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	0	369,600,063 ⁽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.	12-12-2006	12-12-2006	311,727,598	0	50.010%
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	0	0	0%
Irene Ruth Miller	20-04-2001	18-07-2006	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.	311.727.598 ⁽¹⁾
PARTLER 2006, S.L.	57,872,465 ⁽¹⁾
Total:	369,600,063

% Total of the share capital in the possession of the board of directors	59.325%
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Complete the following tables on the members of the Board of Directors who have rights over shares in the company:

Name or company name of director	Number of direct option rights	Number of indirect option rights	Number of equivalent shares	Total % over share capital
Mr. Pablo Isla Álvarez de Tejera	100,000	0	100,000	0.016%
Mr. Antonio Abril Abadín	21,500	0	21,500	0.003%

The above mentioned rights pertain to the stock ownership plan approved by the Annual General Meeting of Shareholders held on 18 July 2006, and they represent the maximum number of shares said directors might receive should the appreciation target for the share price be met as well as the remaining terms and conditions of the plan.

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, without prejudice to that referred to under item A.3 above as regards the fact that Mr Amancio Ortega Gaona is the indirect holder of the shares held by two significant shareholders: Gartler, S.L. and Partler 2006, S.L.

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.

Remarks
Through GARTLER, S.L., and PARTLER 2006, 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
2,389,383	0	0.383%

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

Date	Number of direct shares	Number of indirect shares	Total % over share capital
26-07-2006	2,348,383	0	0.37%

Results of the year for treasury stock transactions (in thousands €)	0
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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 18 July 2006 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 share-dealing, 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 15 July 2005.

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 any 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 society 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 needs 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 devote particular attention to the formal and material legality 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
Antonio Abril Abadín		Secretary	12-12-2002	18-07-2003	AGM
GARTLER, S.L.	Flora Pérez Marcote	Ordinary member	12-12-2006	12-12-2006	Board of Directors
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	18-07-2006	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 12 December 2006, it was resolved by the Board of Directors to acknowledge the spin-off of Gartler, S.L. and its subsequent withdrawal from the Board of Directors as a result of the cessation of its legal personality further to said spin-off; during that session of the Board, it was also resolved to appoint the new Gartler S.L., one of the two companies beneficiaries of the spin-off, as ordinary member of the Board.

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 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. (62)

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 and of Fraternidad – Muprespa, and Board member of Acciona, S.A..

Francisco Luzón López. (59)

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. (54)

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. (67)

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 *Reales Patronatos* of the Prado Museum and of the Spanish National Library. 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 (62)

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, one replacement has occurred with a fully 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 provide 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 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 as a result of the spin-off of domanial director Gartler, S.L., the Board of Directors, in the session held on 12 December 2006, after favourable report of the Nomination and Remuneration Committee, nominated the new Gartler, S.L., one of the two beneficiary companies of said spin-off, newly incorporated, as Ordinary member of the Board and domanial director.

Only independent directors can be members of the Audit and Control Committee and of 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 individually, 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 of them should act 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 real property of the company, for which a prior resolution 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. 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 answer 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 ESPAÑA, 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
	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
	MASSIMO DUTTI, S.A.	Director
	ZARA MÉXICO, S.A. DE C.V.	Director
Antonio Abril Abadín	MASSIMO DUTTI, S.A.	Secretary non member
	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
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
ZARAHELLAS, 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	1,364
Variable remuneration	825
Per diems	
Provisions set forth in the Articles of Association	
Options on shares and/or other financial instruments	
Others	1,736
Total	3,925

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	25
Variable remuneration	
Per diems	
Provisions set forth in the Articles of Association	
Options on shares and/or other financial instruments	
Others	
Total	25

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	
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c) Total remuneration by type of director:

Type of director	By company	By group
Executive	3,045	25
Non-executive Domanial	90	
Non-executive Independent	790	
Other Non-executive		
Total	3,925	25

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

Total remuneration of directors (thousands of euros)	3,950
Total remuneration of the directors / income attributed to the controlling company (expressed in %)	0.39%

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
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 Division 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
Antonio Rubio Merino	Chief Financial Officer
Carmen Sevillano Chaves	OYSHO Manager
Jordi Triquell Valls	STRADIVARIUS Manager

Total remuneration senior management (thousands of euros)	9,395
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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, after 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 18 July 2006 resolved to set, with indefinite validity until a later General Meeting should resolve otherwise, and effective as of 1 February 2006, 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 shall receive a fixed annual amount of ninety thousand euros (€ 90,000) for the tenure of their office;
- (c) The First and Second Deputy Chairmen of the Board of Directors shall also receive an additional fixed annual amount of forty thousand euros (€40,000);
- (d) The Chairmen of the Audit and Control Committee and of the Nomination and Remuneration Committee shall also receive an additional fixed amount of twenty-four thousand euros (€ 24,000); and
- (e) The directors who for their part sit on the Executive Committee, the Audit and Control Committee or / and on the Nomination and Remuneration Committee (including the Chairmen of the last two Committees) shall also receive an additional fixed amount of eighteen thousand euros (€ 18,000).

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
Amancio Ortega Gaona	PARTLER 2006, 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, the text of the Board of Directors' Regulations has been amended, further to a resolution of said body passed in the session held on 13 June 2006, to adjust the contents thereof to the stipulations of the First Final Provision of Act 19/2005, of 14 November, on the European Public Limited Company with corporate seat in Spain, in the matter of the term of the office of director, which shall be the same for all members of the Board, and to correct an error which has been revealed in the text of the 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 Articles of Association, which at present is of 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:

YES NO

Mr. Amancio Ortega Gaona is the founder, majority shareholder and Chairman of the Board of Directors of INDITEX and therefore, he is a domanical 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	5
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	9
Number of meetings of the Nomination and Remuneration Committee	3

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 with the auditors of the individual and consolidated annual accounts in order to review the company's annual accounts and certain 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.

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 as follows:

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, in order to review the annual accounts of the company and certain 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 2006.

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)	110	199	309
Amount of work other than that of auditing / total amount charged by the auditing firm (in %)	22.6%	6.5%	8.7%

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	5	5

	Company	Group
No of years audited by the current audit firm / no. of years that the company has been audited (in %)	22.7%	29.4%

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 2007:

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.

Composition of the Audit and Control Committee at 31 January 2007:

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

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.

Composition of the Nomination and Remuneration Committee at 31 January 2007:

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.(n) of the Board of Directors' Regulations, the Audit and Control Committee prepared a report on the activities it carried out during fiscal year 2006; likewise, the Nomination and Remuneration Committee drew up an annual report on the activities it performed during fiscal year 2006.

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 2006 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 FY2006 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.

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 FY2006, 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	(5,460)
Contractual	Assets leases	138
Contractual	Works and Leases	4,598

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 officers of the Company, reference is made to the provisions of sections B.1.8 and B.1.9, respectively; likewise, in addition to the abovementioned remunerations, reference is made to the provisions of section A.3 hereof regarding the rights over shares of the Company held by directors under the stock ownership plan approved by the Annual General Meeting held on 18 July 2006; the details of said plan are provided in the resolution passed by the session of the AGM and in the communications conveyed to the CNMV. Meanwhile, those senior managers mentioned under section B.1.9 hereof have the right to receive, under the above referred stock ownership plan, a maximum number of 456,000 shares, should the terms and conditions thereunder provided be met.

No relevant transactions have occurred between the Company or entities of its group and the directors or officers of the Company.

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
Venturer	Purchase of goods	

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