
REPORT DRAFTED BY THE BOARD OF DIRECTORS OF INDUSTRIA DE DISEÑO TEXTIL, S.A., ON 14th JUNE 2011, FOR THE PURPOSES OF THE PROVISIONS OF SECTION 286 OF THE ACT ON CAPITAL COPORATIONS, IN SUPPORT OF THE PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION REGARDING ITEM SEVEN OF THE AGENDA OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS CONVENED FOR THE 19th AND 20th JULY 2011, ON FIRST AND SECOND CALL, RESPECTIVELY.

1. SCOPE OF THE REPORT

This report is drafted by the Board of Directors of INDUSTRIA DE DISEÑO TEXTIL, S.A. (hereinafter, "**INDITEX**" or the "**Company**") pursuant to the provisions of Section 286 of the revised text of the Act on Capital Corporations, approved by *Real Decreto Legislativo* (Order in Council) 1/2010, of 2 July (hereinafter, the "**Act on Capital Corporations**"), which requires a written report by directors in support of the grounds for the proposed amendments to the Articles of Association, which are submitted to the Annual General Meeting of shareholders of the Company for approval, a Meeting convened to be held on 19th and 20th July 2011 on first and second call, respectively, items number seven of the Agenda.

2. SUPPORTING THE PROPOSAL

The reform of the Articles of Association, which is tabled to the AGM for approval, seeks to update the wording of the by-laws pursuant to the regulatory changes introduced by the recent amendments to the regulations that govern capital corporations.

Actually, the entry into force of the Act on Capital Corporations last 1st September 2010 has entailed the repeal of the revised text of the Spanish Corporation Act, a regulation which had been approved by *Real Decreto Legislativo* 1564/1989, of 22 December (hereinafter, the "**Spanish Corporation Act**"). Although the Act on Capital Corporations is a revised text, it introduced certain amendments to the regulations governing corporations that should be addressed in the wording of the By-laws of INDITEX.

On the other hand, Act 12/2010 of 30th June amending Act 19/1988 of 12th July on Auditing, Act 24/1988, of 28th July on the Securities Market and the revised text of the Spanish Corporation Act, approved by *Real Decreto Legislativo* 1564/1989, of 22nd December, to adjust them to the EU regulations, (hereinafter, "**Act 12/2010**") introduced through a new wording of Additional Provision No. Eighteen of Act 24/1988 of 28th July on the Securities Market, certain changes to the regulation of the Audit Committee of issuers of securities, which have to be included in the by-laws of INDITEX.

Additionally, to prevent any subsequent amendments on the exclusive grounds of

any change in the name of the regulations applicable in future, a change is proposed regarding specific references to the “Act on Capital Corporations” (replacing the references to the “Spanish Corporation Act”) or any other express reference to the applicable regulations, with a general reference to the “Statute” or to the “applicable regulations”.

In order to proceed to the above referred rewording of the by-laws of the Company, the amendment to a number of Sections of the Articles of Association is proposed to the AGM. Namely, to Sections 1 (“Name”), 6 (“Non-voting shares. Preference shares. Redeemable shares”), 8 (“Representation of the shares”), 10 (“Increase and reduction of capital, and issue of bonds or other securities that acknowledge a debt”), 11 (“Capital calls”), 13 (“Co-ownership, usufruct and pledge of shares”), 16 (“Classes of General Meetings”), 17 (“Notice. Universal General Meetings”), 18 (“Attendance at Meetings. Right to vote”), 26 (“Number of Directors”), 28 (“Convening and quorum of Board Meetings. Passing of resolutions”), 31 (“Audit and Control Committee”) and 34 (“Web page”).

For an easier comparison between the new wording of the sections subject matter of the proposed amendments and the current one, a literal transcription of both wordings is added for an easier reference, in double column, with the proposed changes highlighted in the right column, whereas the current wording is provided in the left column.

3. PROPOSED AMENDMENTS

3.1. Proposed amendment to section 1 (“Name”) of the Articles of Association (“Name”)

The proposed amendment aims at replacing the reference to the repealed revised text of the *Spanish* Corporation Act with a general wording regarding “*the regulations applicable to corporations*” in order to avoid any future amendment to the Articles of Association on the exclusive grounds of a change in the name of the applicable regulations.

3.2. Proposed amendment to section 6 of the Articles of Association (“Non-voting shares. Preference shares. Redeemable shares”)

The purpose of this amendment is to replace the reference to the repealed revised text of the *Spanish* Corporation Act with a general wording regarding “*the applicable regulations*” in order to avoid any future amendment to the Articles of Association on the exclusive grounds of a change in the name of the applicable regulations

3.3. Proposed amendment to section 8 of the Articles of Association (“Representation of the shares”)

This proposed amendment seeks to replace the reference to the “*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. y a sus entidades participantes*” [Spanish Central Securities Depository, in

charge of the Register of Securities, and the Clearing and Settlement of all trades] with a general wording regarding “*entities charged with keeping the records of securities represented in book-entry form pursuant to the regulations from time to time applicable*” to avoid any future change in the by-laws on the exclusive grounds of a change in the applicable regulations governing the book-entry issue.

- 3.4.** Proposed amendment to **section 10** of the Articles of Association (“*Increase and reduction of capital, and issue of bonds or other securities that acknowledge a debt*”)

On the one hand, as regards paragraph 4 of Section 10, this change aims at replacing the reference to the repealed revised text of the Spanish Corporation Act, with a general wording regarding “*the applicable regulations*” so as to prevent any future changes in the by-laws on the exclusive grounds of a change in the name of the applicable regulation, and on the other, as regards paragraph 5, this amendment seeks to adjust the wording thereof to the wording of Section 317 of the Act on Capital Corporations.

- 3.5.** Proposed amendment to **section 11** of the Articles of Association (“*Capital calls*”)

The proposed amendment seeks to adjust the wording of the heading of this section to the terms used under Section 81 of the Act on Capital Corporations to refer to what was designated as “*capital calls*” under Section 42 of the Spanish Corporation Act, such term being replaced with that of “*outstanding payments on uncalled shares*”.

- 3.6.** Proposed amendment to **section 13** of the Articles of Association (“*Co-ownership, usufruct and pledge of shares*”)

The grounds for this amendment are that it is deemed expedient to replace the reference to the repealed revised text of the Spanish Corporation Act with a general wording regarding “*the regulations from time to time applicable*” to avoid any future amendments to the By-laws on the exclusive grounds of a change in the name of the applicable regulations.

- 3.7.** Proposed amendment to **section 16** of the Articles of Association (“*Classes of General Meetings*”)

The purpose of this change is to replace the reference to the thirty-day term provided under Section 100.3 of the Spanish Corporation Act with a general text regarding the “*term provided under the applicable regulations*”.

- 3.8.** Proposed amendment to **section 17** of the Articles of Association (“*Notice. Universal General Meetings*”)

This amendment seeks to adjust the wording of Section 17 of the by-laws to the prevailing provisions regarding the publication and the contents of the notice of

the General Meeting to Sections 173 and 174 of the Act on Capital Corporations. Namely, Section 173 of the Act on Capital Corporations as amended by “*Real Decreto Ley 13/2010*, of 3 December on tax, labour and releasing proceedings to promote investment and job creation” provides that the General Meeting “*shall be convened by means of a notice published in the Official Gazette of the Companies Register and in the web page of the company*”.

3.9. Proposed amendment to **section 18** of the Articles of Association (“*Attendance at Meetings. Right to vote*”)

In line with the proposed amendment to Section 11 above referred, this change aims at adjusting the wording of Section 18 of the by-laws to the terms used under Section 81 of the Act on Capital Corporations, the term “*capital calls*” being replaced with that of “*outstanding payments on uncalled shares*”.

3.10. Proposed amendment to **section 26** of the Articles of Association (“*Number of Directors*”)

The proposed amendment consists of replacing the reference to the repealed revised text of the Spanish Corporations Act with a general wording regarding the “*regulations from time to time applicable*” in order to avoid any subsequent amendment on the exclusive grounds of a change in the name of the applicable regulation.

3.11. Proposed amendment to **section 28** of the Articles of Association (“*Convening and quorum of Board Meetings. Passing of resolutions*”)

The proposed amendment consists of replacing the reference to the repealed revised text of the Spanish Corporations Act with a general wording regarding the “*applicable regulations*” in order to avoid any subsequent amendment on the exclusive grounds of a change in the name of the applicable regulation.

3.12. Proposed amendment to **section 31** of the Articles of Association (“*Audit and Control Committee*”)

The proposed change seeks to adjust the duties of the Audit and Control Committee to the new wording of Additional Provision Number Eighteen to Act 24/1988, of 28 July on the Securities Market, introduced by Act 12/2010.

On the other hand, the requirement included in the new wording of the above referred additional provision, that at least one of the members sitting on the Audit and Control Committee should be an independent director, and that his/her knowledge and expertise regarding accounting and audit matters should be taken into account upon his/her nomination, is expressly addressed.

3.13. Proposed amendment to **section 34** of the By-laws (“*Web page*”)

The proposed amendment aims at introducing a general wording to prevent any future changes to the by-laws on the grounds of specific changes in the

applicable regulations governing publicity through the web page, such as those foreseen in the “Draft Bill for the partial amendment to the Act on Capital Corporations and the transposition of Directive 2007/36/EC of the European Parliament and of the Council, of 11th July, on the exercise of certain rights of shareholders in listed companies” published in the Official Gazette of the Spanish Parliament (*Cortes Generales*) of 25th February 2011.

4. LITERAL TRANSCRIPTION OF THE PROPOSED AMENDMENTS

CURRENT WORDING	FULL PROPOSED TEXT
<p>Section 1.- <u>Name</u></p> <p>The name of the Company is “INDUSTRIA DE DISEÑO TEXTIL, SOCIEDAD ANONIMA”, in abbreviated form “INDITEX, S.A.”; it is a public limited mercantile company, of Spanish nationality and it shall be governed by these present By-laws and, in as far as specific dispositions may not be applicable, by the revised text of the [Spanish] Corporation Act approved by Royal Legislative Decree 1564/1989 of 22 December and by the remaining applicable legislation.</p>	<p>Section 1.- <u>Name</u></p> <p>The name of the Company is “INDUSTRIA DE DISEÑO TEXTIL, SOCIEDAD ANONIMA”, in abbreviated form “INDITEX, S.A.”; it is a public limited mercantile company, of Spanish nationality and it shall be governed by these present By-laws and, in as far as specific dispositions may not be applicable, by the revised text of the [Spanish] Corporation Act approved by Royal Legislative Decree 1564/1989 of 22 December and by the remaining applicable legislation regulations governing public limited companies.</p>
<p>Section 6.- <u>Non-voting shares. Preference shares. Redeemable shares</u></p> <p>1.- The Company may issue non-voting, preference and redeemable shares under the terms foreseen in the Law and in the following paragraphs.</p> <p>2.- The General Meeting may resolve the issuance of non-voting shares for a nominal amount no greater than half of the paid-up capital, under the terms and with the rights foreseen in Law.</p> <p>Non-voting shares will grant their holders the right to receive a non-accumulative minimum annual dividend of five (5) percent of the paid-up capital for each non-voting share, provided that there are sufficient profits to be distributed, although failure to pay the minimum dividend shall not entail the recovery of the right to vote. In the issues of voting shares (whether ordinary, preference or redeemable) or of convertibles bonds or securities entitling the holder to subscribe voting shares, the holders of non-voting shares shall not enjoy pre-emptive subscription rights.</p>	<p>Section 6.- <u>Non-voting shares. Preference shares. Redeemable shares</u></p> <p>1.- The Company may issue non-voting, preference and redeemable shares under the terms foreseen in the Law and in the following paragraphs.</p> <p>2.- The General Meeting may resolve the issuance of non-voting shares for a nominal amount no greater than half of the paid-up capital, under the terms and with the rights foreseen in Law.</p> <p>Non-voting shares will grant their holders the right to receive a non-accumulative minimum annual dividend of five (5) percent of the paid-up capital for each non-voting share, provided that there are sufficient profits to be distributed, although failure to pay the minimum dividend shall not entail the recovery of the right to vote. In the issues of voting shares (whether ordinary, preference or redeemable) or of convertibles bonds or securities entitling the holder to subscribe voting shares, the holders of non-voting shares shall not enjoy pre-emptive subscription rights.</p>

CURRENT WORDING	FULL PROPOSED TEXT
<p>3.- Within the conditions authorized by the Law and meeting the requirements provided for the amendment of the Articles, the General Meeting may resolve to issue shares that confer a privilege over the ordinary shares.</p> <p>Where the privilege consists of the right to obtain a preferential dividend, the Company shall be under the obligation to agree the distribution of the dividend if there are profits to be distributed. The preferential dividend shall not be of an accumulative nature. Ordinary shares may not under any circumstance receive dividends charged to the profits of one fiscal year where the preferential dividend for the same year has not been paid, but once the payment of the preferential dividend has been resolved, the holders of preference shares shall not be entitled to the dividend that may correspond to the ordinary shares.</p> <p>4.- The General Meeting may agree the issue of shares that are redeemable at the request of the Company, the holders of said shares or of both, for a nominal amount no greater than one quarter of the paid-up share capital. The specific conditions for the exercise of the right of redemption shall be set in the issue resolution. If the aforementioned right should be attributed exclusively to the Company, it may not be exercised until three years have passed, to be calculated as of the issue.</p> <p>Redeemable shares must be fully paid-up at the time of subscription.</p> <p>The redemption of the redeemable shares must be done charged to profits or free reserves or with the proceeds of a new share issue resolved by the General Meeting or, where appropriate, by the Board of Directors exercising the powers that it may have been delegated for this purpose by the General Meeting in accordance with the provisions of the Corporations Law, in order to finance the redemption. If these shares should be redeemed charged to profits or free reserves, the Company must establish a reserve for the amount of the nominal value of the redeemed shares. Should there not be a sufficient amount of profits or free reserves or should there not be a new issue to finance the operation, the redemption may only be carried out in accordance with the requirements established for the reduction of</p>	<p>3.- Within the conditions authorized by the Law and meeting the requirements provided for the amendment of the Articles, the General Meeting may resolve to issue shares that confer a privilege over the ordinary shares.</p> <p>Where the privilege consists of the right to obtain a preferential dividend, the Company shall be under the obligation to agree the distribution of the dividend if there are profits to be distributed. The preferential dividend shall not be of an accumulative nature. Ordinary shares may not under any circumstance receive dividends charged to the profits of one fiscal year where the preferential dividend for the same year has not been paid, but once the payment of the preferential dividend has been resolved, the holders of preference shares shall not be entitled to the dividend that may correspond to the ordinary shares.</p> <p>4.- The General Meeting may agree the issue of shares that are redeemable at the request of the Company, the holders of said shares or of both, for a nominal amount no greater than one quarter of the paid-up share capital. The specific conditions for the exercise of the right of redemption shall be set in the issue resolution. If the aforementioned right should be attributed exclusively to the Company, it may not be exercised until three years have passed, to be calculated as of the issue.</p> <p>Redeemable shares must be fully paid-up at the time of subscription.</p> <p>The redemption of the redeemable shares must be done charged to profits or free reserves or with the proceeds of a new share issue resolved by the General Meeting or, where appropriate, by the Board of Directors exercising the powers that it may have been delegated for this purpose with the provisions of the Corporations Law, applicable regulations, in order to finance the redemption. If these shares should be redeemed charged to profits or free reserves, the Company must establish a reserve for the amount of the nominal value of the redeemed shares. Should there not be a sufficient amount of profits or free reserves or should there not be a new issue</p>

CURRENT WORDING	FULL PROPOSED TEXT
capital through repayment of contributions.	to finance the operation, the redemption may only be carried out in accordance with the requirements established for the reduction of capital through repayment of contributions
Section 8.- <u>Representation of the shares</u>	Section 8.- <u>Representation of the shares</u>
<p>1.- Shares are represented in book-entry form.</p> <p>2.- The keeping of the Company's book-entry register is the responsibility of <i>the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.</i> [Spanish Central Securities Depository, in charge of the Register of Securities, and the Clearing and Settlement of all trades] and its participants.</p> <p>3.- The establishment, circulation and legitimation for the exercise of the rights deriving from the shares are governed by the stock market regulations</p>	<p>1.- Shares are represented in book-entry form.</p> <p>2.- The keeping of the Company's book-entry register is the responsibility of the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. [Spanish Central Securities Depository, in charge of the Register of Securities, and the Clearing and Settlement of all trades] <u>and its participants such entities charged with keeping the records of securities represented in book-entry form pursuant to the regulations from time to time applicable.</u></p> <p>3.- The establishment, circulation and legitimation for the exercise of the rights deriving from the shares are governed by the stock market regulations.</p>
Section 10.- <u>Increase and reduction of capital, and issue of bonds or other securities that acknowledge a debt</u>	Section 10.- <u>Increase and reduction of capital, and issue of bonds or other securities that acknowledge a debt</u>
<p>1.- The Company may increase or reduce its share capital in accordance with all the legal provisions on this matter.</p> <p>2.- The capital increases may be made, partially with new contributions and partially with reserves or profits.</p> <p>3.- When the capital increase is not fully subscribed within the period set for subscription, the capital shall increase by the amount of the subscriptions that have been made, unless the conditions of the issue have expressly provided otherwise.</p> <p>4.- The General Meeting of Shareholders may resolve, pursuant to the provisions of the Spanish Corporation Act, the capital reduction to redeem a certain group of shares, provided that said group is defined according to substantial, homogeneous and non-discriminatory criteria. In such case, this motion must be approved both by the majority of the shares of the shareholders belonging to the affected group, and by the majority of shares of the rest of the shareholders remaining with the Company. The amount to be paid by the Company may</p>	<p>1.- The Company may increase or reduce its share capital in accordance with all the legal provisions on this matter.</p> <p>2.- The capital increases may be made, partially with new contributions and partially with reserves or profits.</p> <p>3.- When the capital increase is not fully subscribed within the period set for subscription, the capital shall increase by the amount of the subscriptions that have been made, unless the conditions of the issue have expressly provided otherwise.</p> <p>4.- The General Meeting of Shareholders may resolve, pursuant to the provisions of the Spanish Corporation Act, <u>the applicable regulations</u>, the capital reduction to redeem a certain group of shares, provided that said group is defined according to substantial, homogeneous and non-discriminatory criteria. In such case, this motion must be approved both by the majority of the shares of the shareholders belonging to the affected group, and by the majority of shares of the rest of the shareholders remaining with the Company. The amount to be paid by the</p>

CURRENT WORDING	FULL PROPOSED TEXT
<p>not be less than the arithmetic mean of the closing prices of the shares of the Company on the Continuous Market of the Stock Exchanges during the quarter prior to the date on which the resolution to reduce the capital was passed. The setting of an amount lower than the one above-referred shall require the unanimous consent of the affected shareholders.</p> <p>5.- In the event of a capital reduction which purpose is the return of contributions, payment to shareholders may be fully or in part in kind, provided that the terms of article 39.3 of the corporate by-laws are met.</p> <p>6.- The Company may issue bonds or other securities that acknowledge or create a debt, with or without guarantee, subject to the legally established limits and conditions. The Company may also guarantee the issue of securities carried out by its subsidiaries.</p>	<p>Company may not be less than the arithmetic mean of the closing prices of the shares of the Company on the Continuous Market of the Stock Exchanges during the quarter prior to the date on which the resolution to reduce the capital was passed. The setting of an amount lower than the one above-referred shall require the unanimous consent of the affected shareholders..</p> <p>5.- In the event of a capital reduction which purpose is the return of the value of contributions, payment to shareholders may be fully or in part in kind, provided that the terms of article 39.3 of the corporate by-laws are met.</p> <p>6.- The Company may issue bonds or other securities that acknowledge or create a debt, with or without guarantee, subject to the legally established limits and conditions. The Company may also guarantee the issue of securities carried out by its subsidiaries.</p>
<p>Section 11.- <u>Capital calls</u></p>	<p>Section 11.- Capital calls Outstanding payments on uncalled shares</p>
<p>When there are partially paid-up shares, shareholders must pay the portion of capital not paid-up in such manner and within such time limit or limits as may be provided in the resolution for the capital increase or, failing that, on the terms decided by the Board of Directors, in any event within the maximum deadline of five years from the date of the resolution regarding the increase in share capital.</p>	<p>When there are partially paid-up shares, shareholders must pay the portion of capital not paid-up in such manner and within such time limit or limits as may be provided in the resolution for the capital increase or, failing that, on the terms decided by the Board of Directors, in any event within the maximum deadline of five years from the date of the resolution regarding the increase in share capital.</p>
<p>Section 13.- <u>Co-ownership, usufruct and pledge of shares</u></p>	<p>Section 13.- <u>Co-ownership, usufruct and pledge of shares</u></p>
<p>1.- Co-ownership, usufruct and the pledge of the shares shall be governed by the provisions of the revised text of the [Spanish] Corporation Law.</p> <p>2.- Since shares are indivisible, the joint owners of shares and the joint holders of other rights over the same must designate a single person for the exercise of the corresponding rights and must notify satisfactorily the identity thereof to the Company.</p>	<p>1.- Co-ownership, usufruct and the pledge of the shares shall be governed by the provisions of the revised text of the [Spanish] Corporation Law regulations form time to time applicable.</p> <p>2.- Since shares are indivisible, the joint owners of shares and the joint holders of other rights over the same must designate a single person for the exercise of the corresponding rights and must notify satisfactorily the identity thereof to the Company.</p>
<p>Section 16.- <u>Classes of General Meetings</u></p>	<p>Section 16.- <u>Classes of General Meetings</u></p>

CURRENT WORDING	FULL PROPOSED TEXT
<p>1.- General Meetings may be Annual or Extraordinary.</p> <p>2.- The Annual General Meeting shall be necessarily held once a year, within the six months following the fiscal year end in order to, at least, review the corporate management of the Company, approve, where appropriate, the accounts of the previous year and resolve as to the distribution of profits.</p> <p>3.- The Extraordinary General Meeting shall meet whenever the Board of Directors so resolves or when so requested by a number of shareholders representing at least five (5) percent of the share capital and expressing in their request the matters to be discussed. In this latter case, the Meeting must be called to be held within the thirty days following the notarially-certified request therefore to the Board; the agenda shall necessarily include the matters which are the object of the request.</p>	<p>1.- General Meetings may be Annual or Extraordinary.</p> <p>2.- The Annual General Meeting shall be necessarily held once a year, within the six months following the fiscal year end in order to, at least, review the corporate management of the Company, approve, where appropriate, the accounts of the previous year and resolve as to the distribution of profits.</p> <p>3.- The Extraordinary General Meeting shall meet whenever the Board of Directors so resolves or when so requested by a number of shareholders representing at least five (5) percent of the share capital and expressing in their request the matters to be discussed. In this latter case, the Meeting must be called to be held within the thirty days following the notarially-certified request therefore to the Board <u>deadline provided in the applicable regulations</u>; the agenda shall necessarily include the matters which are the object of the request.</p>
<p>Section 17.- <u>Notice. Universal General Meetings</u></p>	<p>Section 17.- <u>Notice. Universal General Meetings</u></p>
<p>1.- General Meetings, both Annual and Extraordinary, must be called by the Board of Directors by notice published in the Official Gazette of the Companies Register and in a major newspaper of the province where the Company has its Registered Office, at least one month prior to the date set for the meeting, such notice to state the place, date and time on which the meeting is to be held on first call and the date on which, where appropriate, the meeting shall be held on second call. At least twenty four hours must lapse between those two dates. The notice shall likewise contain a complete agenda.</p> <p>2.- Shareholders who represent at least five per cent of the share capital, may request that a supplement to the notice of the General Meeting be published, to include one or more items on the agenda. This right must be exercised by means of an irrefutable notice to be received at the corporate seat</p>	<p>1.- General Meetings, both Annual and Extraordinary, must be called by the Board of Directors by notice published in the Official Gazette of the Companies Register and in a major newspaper of the province where <u>the web page</u> of the Company at least one month prior to the date set for the meeting, such notice to state the <u>name of the Company</u>, place, date and time on which the meeting is to be held, <u>the agenda with the full business to be transacted</u>, and the date on which, where appropriate, the meeting shall be held on second call. At least twenty four hours must lapse between those two dates. The notice shall likewise contain a complete agenda.</p> <p>2.- Shareholders who represent at least five per cent of the share capital, may request that a supplement to the notice of the General Meeting be published, to include one or more items on the agenda. This right must be exercised by means of an irrefutable notice to be received at the corporate seat within five</p>

CURRENT WORDING	FULL PROPOSED TEXT
<p>within five days of the date of publication of the notice. The supplement to the notice must be published at least fifteen days prior to the date set for the meeting of the General Meeting of Shareholders.</p> <p>3.- Notwithstanding the provisions set above, it shall be understood that a General Meeting has been properly called and shall be validly held to deal with any business, provided that all the share capital is present and the shareholders unanimously decide to hold such meeting.</p>	<p>days of the date of publication of the notice. The supplement to the notice must be published at least fifteen days prior to the date set for the meeting of the General Meeting of Shareholders.</p> <p>3.- Notwithstanding the provisions set above, it shall be understood that a General Meeting has been properly called and shall be validly held to deal with any business, provided that all the share capital is present and the shareholders unanimously decide to hold such meeting.</p>
<p>Section 18.- <u>Attendance at Meetings. Right to vote</u></p>	<p>Section 18.- <u>Attendance at Meetings. Right to vote</u></p>
<p>1.- Shareholders who have their shares registered in their name in the book entry register at least five days prior to the date set for the meeting, in addition to keeping them until the holding of the Meeting and to being up to date in the payment of capital calls, are eligible to attend the General Meeting, regardless of the number of shares they hold.</p> <p>2.- Each share gives a right to one vote.</p> <p>3.- The members of the Board of Directors must attend the General Meetings. Officers, managers and technical staff of the Company duly authorised by the Board of Directors may attend each meeting, with a right to speak but not to vote. Nonetheless, the Meeting itself may revoke this authorization.</p>	<p>1.- Shareholders who have their shares registered in their name in the book entry register at least five days prior to the date set for the meeting, in addition to keeping them until the holding of the Meeting and to being up to date in the payment of capital calls any outstanding payments on uncalled shares, are eligible to attend the General Meeting, regardless of the number of shares they hold</p> <p>2.- Each share gives a right to one vote.</p> <p>3.- The members of the Board of Directors must attend the General Meetings. Officers, managers and technical staff of the Company duly authorised by the Board of Directors may attend each meeting, with a right to speak but not to vote. Nonetheless, the Meeting itself may revoke this authorization.</p>
<p>Section 26.- <u>Number of Directors</u></p>	<p>Section 26.- <u>Number of Directors</u></p>
<p>1.- The Board of Directors shall be formed by a number of members being no less than five nor greater than twelve</p> <p>2.- It is not necessary for the prospective director to be a shareholder in order to be appointed as member of the Board. The provisions of sections 123 and 137 of the revised text of the [<i>Spanish</i>] Corporation Law and supplementary regulations shall be observed in the election.</p> <p>3. The Board of Directors shall appoint one of its members as Chairman. The Board of Directors shall likewise appoint a Secretary, who need not be a director, in which case he will be entitled to attend and speak but not to vote.</p>	<p>1.- The Board of Directors shall be formed by a number of members being no less than five nor greater than twelve</p> <p>2.- It is not necessary for the prospective director to be a shareholder in order to be appointed as member of the Board. The provisions of sections 123 and 137 of the revised text of the [<i>Spanish</i>] Corporation Law and supplementary regulations the regulations from time to time applicable shall be observed in the election.</p> <p>3.- The Board of Directors shall appoint one of its members as Chairman. The Board of Directors shall likewise appoint a Secretary, who need not be a director, in which case he will be entitled to</p>

CURRENT WORDING	FULL PROPOSED TEXT
<p>4. The Board shall necessarily appoint a Deputy Chairman, who shall substitute the Chairman should it be impossible for this same to act or in the event of his absence or when the Chairman himself should so decide. The Board may also appoint more than one Deputy Chairman. In this case, the Chairman shall be substituted by, firstly, the First Deputy Chairman, who in his turn shall be substituted where necessary by the Second Deputy Chairman and so on and so forth</p> <p>5.- The Board of Directors may likewise appoint a Deputy Secretary, who will not need to be a director.</p> <p>6.- The office of director is compatible with any other office or function within the Company or the companies of its group.</p>	<p>attend and speak but not to vote.</p> <p>4.- The Board shall necessarily appoint a Deputy Chairman, who shall substitute the Chairman should it be impossible for this same to act or in the event of his absence or when the Chairman himself should so decide. The Board may also appoint more than one Deputy Chairman. In this case, the Chairman shall be substituted by, firstly, the First Deputy Chairman, who in his turn shall be substituted where necessary by the Second Deputy Chairman and so on and so forth</p> <p>5.- The Board of Directors may likewise appoint a Deputy Secretary, who will not need to be a director.</p> <p>6.- The office of director is compatible with any other office or function within the Company or the companies of its group.</p>
<p><u>Section 28.- Convening and quorum of Board Meetings. Passing of resolutions</u></p>	<p><u>Section 28.- Convening and quorum of Board Meetings. Passing of resolutions</u></p>
<p>1.- The Board shall meet whenever required by the interests of the Company. Meetings shall be convened by the Chairman or acting Chairman, at his behest, or at the request of at least one third of the Directors.</p> <p>2.- Board meetings shall be validly held when attended either personally 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 being present in person or by proxy, unanimously agree to hold the meeting. The Board may also pass resolutions in writing without having to hold a session, in accordance with the provisions of the Corporations Law. Likewise, the meetings of the Board may be held via telephone multi-conference, videoconference or via any other similar system allowing the attendance of one or several directors to the meeting. To this end, the notice of the meeting of the Board of Directors shall state the location where the physical session is to be held to which the Secretary of the Board shall go. It shall also</p>	<p>1.- The Board shall meet whenever required by the interests of the Company. Meetings shall be convened by the Chairman or acting Chairman, at his behest, or at the request of at least one third of the Directors.</p> <p>2.- Board meetings shall be validly held when attended either personally 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 being present in person or by proxy, unanimously agree to hold the meeting. The Board may also pass resolutions in writing without having to hold a session, in accordance with the provisions of the Corporations Law applicable regulations. Likewise, the meetings of the Board may be held via telephone multi-conference, videoconference or via any other similar system allowing the attendance of one or several directors to the meeting. To this end, the notice of the meeting of the Board of Directors shall state the location where the physical session is to be held to which the Secretary of the Board shall go. It shall also</p>

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<p>state that it would possible to attend the meeting via telephone conference, videoconference or via equivalent system, registering and arranging the disposal of the appropriate technical devices in order to permit the 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 he Id by those means, the directors attending physically or where appropriate the directors represented by other directors as well as those directors attending the meeting via telephone multi-conference system, videoconference or via similar system.</p> <p>2.- Any director can appoint another director as proxy in writing, each meeting requiring a special proxy, notifying the Chairman of the same in writing.</p> <p>3.- For resolutions to be passed, an absolute majority of votes 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 notwithstanding the provisions of section 30.2 of these Articles.</p> <p>4.- 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.</p> <p>5.- The Board shall decide which of its members shall implement its resolutions as well as those of the General Meeting of Shareholders, when the latter has not made any designation. Failing a designation by the Board, the implementation of resolutions shall fall with the Chairman, or the acting Chairman, as certified by the Secretary.</p> <p>6.- The Secretary and, where appropriate, the Deputy Secretary, even though they are not directors, shall be empowered to put the company resolutions on public</p>	<p>state that it would possible to attend the meeting via telephone conference, videoconference or via equivalent system, registering and arranging the disposal of the appropriate technical devices in order to permit the 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 he Id by those means, the directors attending physically or where appropriate the directors represented by other directors as well as those directors attending the meeting via telephone multi-conference system, videoconference or via similar system.</p> <p>3.- Any director can appoint another director as proxy in writing, each meeting requiring a special proxy, notifying the Chairman of the same in writing.</p> <p>4.- For resolutions to be passed, an absolute majority of votes 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 notwithstanding the provisions of section 30.2 of these Articles.</p> <p>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.</p> <p>6.- The Board shall decide which of its members shall implement its resolutions as well as those of the General Meeting of Shareholders, when the latter has not made any designation. Failing a designation by the Board, the implementation of resolutions shall fall with the Chairman, or the acting Chairman, as certified by the Secretary.</p> <p>7.- The Secretary and, where appropriate, the Deputy Secretary, even though they are not directors, shall be empowered to put the company resolutions on public</p>

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Section 31.- <u>Audit and Control Committee</u>	Section 31.- <u>Audit and Control Committee</u>
<p>1.- An Audit and Control Committee shall be formed within the Board of Directors made up of a minimum of three and a maximum of seven directors who must necessarily be independent directors.</p> <p>To this end, independent directors are understood as those professionals of repute not linked to the executive team or the significant shareholders and that meet the requirements that ensure their impartiality and objectivity of opinion.</p> <p>2.- The Chairman of the Audit and Control Committee shall be elected for a maximum period of four years, upon expiry of which he shall be replaced. However, a year after the date of expiry, he may be re-elected.</p> <p>3.- Without prejudice to any other tasks that it might be assigned from time to time by the Board of Directors, the Audit and Control Committee shall perform the following duties:</p> <p>(a) To report to the General Shareholders' Meeting on those questions put forward by shareholders regarding matters within the scope of its competence.</p> <p>(b) To propose to the Board of Directors, in order to be submitted to the General Shareholders' Meeting, the appointment of the external auditors that must review the annual accounts</p> <p>(c) To supervise the internal audit services</p> <p>(d) To know the financial information process and the internal control systems of the Company</p> <p>(e) To liaise with the external auditors in order to receive information on those</p>	<p>1.- An Audit and Control Committee shall be formed within the Board of Directors made up of a minimum of three and a maximum of seven directors who must necessarily be independent directors <u>and out of whom at least one of them shall be appointed taking into account his/her knowledge and expertise in accounting or audit matters or in both</u></p> <p>To this end, independent directors are understood as those professionals of repute not linked to the executive team or the significant shareholders and that meet the requirements that ensure their impartiality and objectivity of opinion</p> <p>2.- The Chairman of the Audit and Control Committee shall be elected for a maximum period of four years, upon expiry of which he shall be replaced. However, a year after the date of expiry, he may be re-elected.</p> <p>3.- Without prejudice to any other tasks that it might be assigned from time to time by the Board of Directors, the Audit and Control Committee shall perform the following duties:</p> <p>(a) To report to the General Shareholders' Meeting on those questions put forward by shareholders regarding matters within the scope of its competence.</p> <p>(b) To propose to the Board of Directors, in order to be submitted to the General Shareholders' Meeting, the appointment of the external auditors that must review the annual accounts</p> <p>(c) To supervise the internal audit services</p> <p>(d) To know the financial information process and the internal control systems of the Company</p> <p><u>(c)</u> To liaise with the external auditors in</p>

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<p>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 standards.</p> <p>4.- The Audit and Control Committee shall ordinarily meet quarterly in order to review the periodic financial information that has to be relayed to the Stock authorities, as</p>	<p>order to receive information on those matters that could put at risk their independence, <u>so that the Committee may review them</u>, 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 standards; <u>namely, the Committee should receive from the auditors at all events and on a yearly basis, the written confirmation of their independence vis-à-vis the Company or vis-à-vis those entities directly or indirectly linked thereto, as well as the information on any additional services whatsoever other than those the subject matter of the audit agreement, rendered to the Company or to the entities linked thereto, by such auditors or entities linked to them, pursuant to the provisions of the prevailing regulations from time to time in force.</u></p> <p>(d) <u>To supervise the effectiveness of the internal control of the company, the internal audit, where appropriate, and the risks management.</u></p> <p>(e) <u>To supervise the process for preparing and disclosing regulated financial information and the effectiveness of the internal control systems of the Company (namely, the internal control system on financial reporting), checking their appropriateness and integrity and reviewing with the external auditors of the Company any significant internal control weakness revealed in the course of the audit.</u></p> <p>(f) <u>To issue on a yearly basis and prior to the issue of the audit report, a report expressing an opinion on the independence of the external auditors of the Company, such report to address at any rate, the rendering of any additional services whatsoever referred to under paragraph (c) above</u></p> <p>4. The Audit and Control Committee shall ordinarily meet quarterly in order to review the periodic financial information that has to be relayed to the Stock authorities, as well</p>

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<p>well as the information that the Board of Directors has to approve and include in the 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.</p> <p>5.- The management team or the personnel of the Company shall be obliged to attend the meetings of the Committee and to give their help and access to the information at their disposal when the Committee so requests. Likewise, the Committee may require the attendance at its meetings of the Auditors of the Accounts.</p> <p>6.- The Audit and Control Committee may develop and complete in its Regulations the aforementioned rules, in accordance with the provisions of the Articles of Association and with the Law.</p>	<p>as the information that the Board of Directors has to approve and include in the 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.</p> <p>5.- The management team or the personnel of the Company shall be obliged to attend the meetings of the Committee and to give their help and access to the information at their disposal when the Committee so requests. Likewise, the Committee may require the attendance at its meetings of the Auditors of the Accounts.</p> <p>6.- The Audit and Control Committee may develop and complete in its Regulations the aforementioned rules, in accordance with the provisions of the Articles of Association and with the Law.</p>
<p>Section 34.- <u>Web page</u></p>	<p>Section 34.- <u>Web page</u></p>
<p>The Company shall keep a web page to provide information to the shareholders, including, at least the following documents:</p> <p>(a) the Corporate By-laws.</p> <p>(b) The General Meeting of Shareholders Regulations.</p> <p>(c) The Board of Directors' Regulations and, where appropriate, the Regulations of the Committees of the Board of Directors.</p> <p>(d) The Annual Report and the Internal Regulations of Conduct regarding transactions in securities of the Company and its corporate group.</p> <p>(e) The Annual Corporate Governance Report.</p> <p>(f) All documents concerning the Ordinary and Extraordinary General Meetings, with the information regarding the agenda, the proposals made by the Board of Directors, and any other relevant information that</p>	<p>The Company shall keep a corporate web page to attend to the exercise by shareholders of the information right, and to disclose the relevant information required by the regulations governing the securities market, including at least the following documents documents and information provided by the applicable regulations and the remaining information whose availability to the shareholders and investors shall be deemed fit to provide via the web page.</p> <p>(a) — the Corporate By-laws.</p> <p>(b) — El Reglamento de la Junta general.</p> <p>(c) — The Board of Directors' Regulations and, where appropriate, the Regulations of the Committees of the Board of Directors.</p> <p>(d) — The Annual Report and the Internal Regulations of Conduct regarding transactions in securities of the Company and its corporate group.</p> <p>(e) — The Annual Corporate Governance Report.</p> <p>(f) — All documents concerning the Ordinary and Extraordinary General Meetings, with the information regarding the agenda, the proposals made by the Board of Directors, and any other relevant information that the</p>

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<p>the shareholders might require to cast their vote.</p> <p>(g) Information on the proceedings of the General Meetings held, namely as regards the composition of the General Meeting at the time of its constitution, resolutions passed with a break-down of the votes cast and expressing whether they are for, against or abstention as regards each of the proposals included on the agenda.</p> <p>(h) The communication channels existing between the Company and the shareholders, and namely those explanations necessary to exercise the right to vote, stating the postal and e-mail addresses where shareholders can address their queries.</p> <p>(i) The ways and procedures to grant proxy for the General Meeting.</p> <p>(j) The ways and procedures to vote through remote communications including where appropriate, the forms to justify the attendance and the exercise of the vote through remote means in the General Meeting.</p> <p>(k) The relevant facts filed with the CNMV, under the terms required by the applicable law</p>	<p>shareholders might require to cast their vote.</p> <p>(g) Information on the proceedings of the General Meetings held, namely as regards the composition of the General Meeting at the time of its constitution, resolutions passed with a break-down of the votes cast and expressing whether they are for, against or abstention as regards each of the proposals included on the agenda.</p> <p>(h) The communication channels existing between the Company and the shareholders, and namely those explanations necessary to exercise the right of information to vote, stating the postal and e-mail addresses where shareholders can address their queries.</p> <p>(i) The ways and procedures to grant proxy for the General Meeting.</p> <p>(j) The ways and procedures to vote through remote communications including where appropriate, the forms to justify the attendance and the exercise of the vote through remote means in the General Meeting.</p> <p>(k) The relevant facts filed with the CNMV, under the terms required by the applicable law</p>

Arteixo (A Coruña), on 14th June 2011