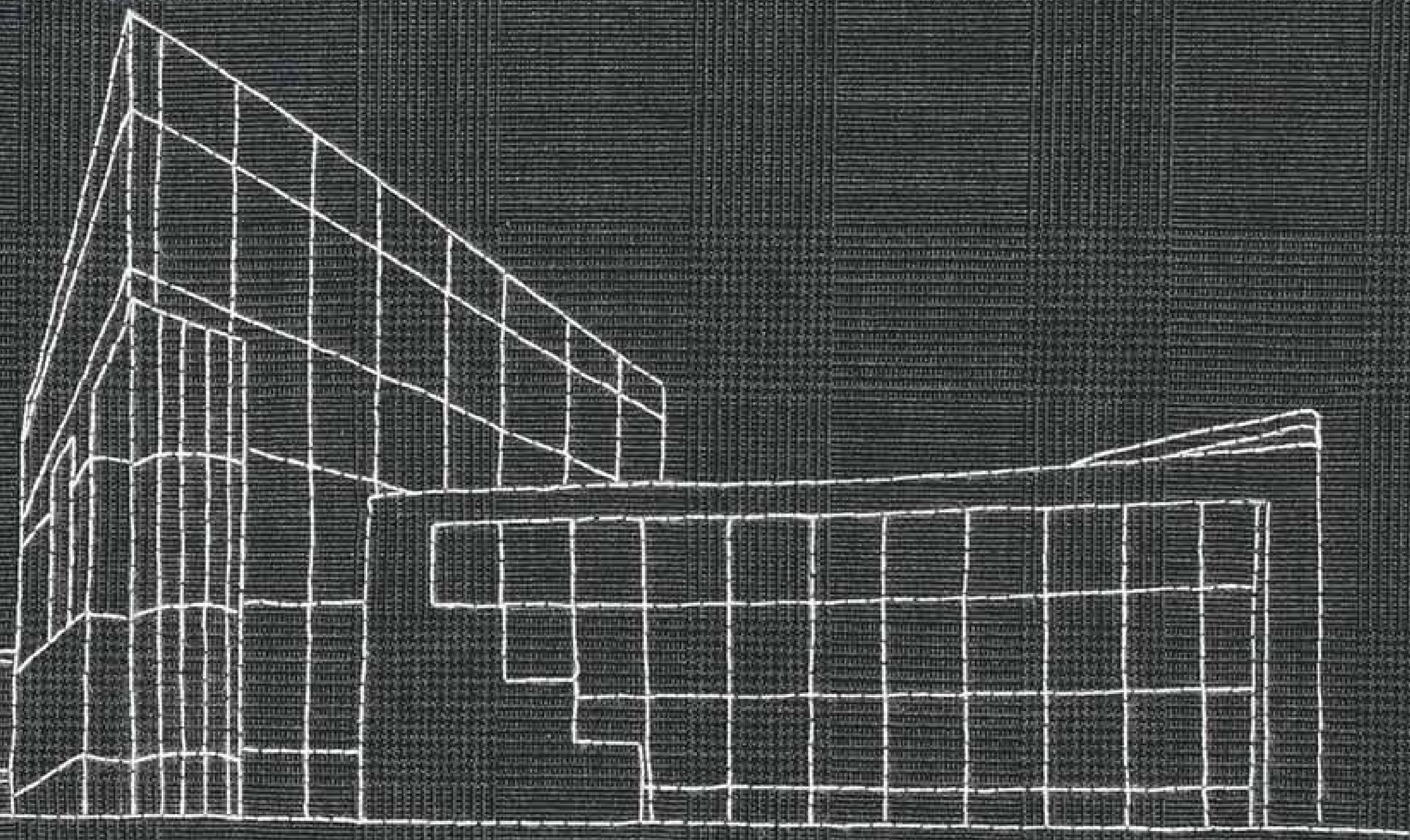


INDITEX

Annual Report 2009

INDITEX

ZARA Pull and Bear Massimo Dutti

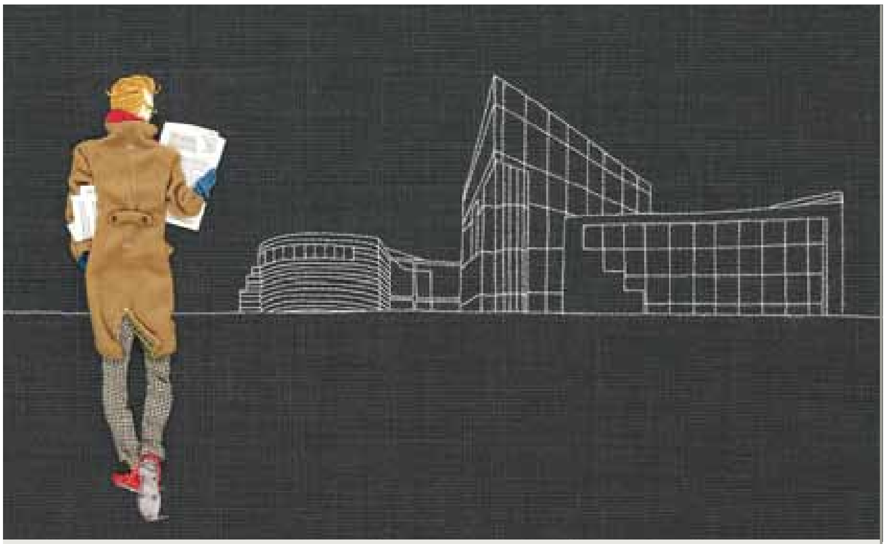
4,607	*stores*
11,084	*millions of euros in sales*
74	*countries with sales presence*
92,301	*employees*

Bershka Stradivarius oysho ZARA HOME UTERQÜE

Annual Report 2009

INDITEX


ZARA



Global Reporting Initiative Indicators

With transparency as the fundamental principle in its relationship with society, Inditex has followed the Global Reporting Initiative indicators since it published its first Sustainability Report in 2002. Using this guide, Inditex attempts to provide detailed, organised access to the information on its activity to all its stakeholders.

Within the general indicators, specific indicators for the textile and footwear sector have been included, identified in the following way:

Specific indicator for the sector

● *Specific indicator comment for the sector*

1. STRATEGY AND ANALYSIS

Pages	
14-15	**1.1** Statement from the most senior decision-maker about the relevance of sustainability to the organisation and its strategy.
267-273, 20-25	**1.2** Description of key impacts, risks, and opportunities. *Apparel and Footwear Sector Specific Commentary: Where applicable, this should include an assessment of supply chain performance.*

2. ORGANISATIONAL PROFILE

17, 175	**2.1** Name of the organisation.
28-45	**2.2** Primary brands, products, and/or services.
215-231	**2.3** Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.
175	**2.4** Location of organisation's headquarters.
46-53, 223-224	**2.5** Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.
225-238	**2.6** Nature of ownership and legal form.
46-53, 223-224	**2.7** Markets served.
25, 170-173	**2.8** Scale of the reporting organisation.
25, 215-231	**2.9** Significant changes during the reporting period regarding size, structure.
26-27	**2.10** Awards received in the reporting period.

3. REPORT PARAMETERS

	REPORT PROFILE
14-15, 175	**3.1** Reporting period (e.g., fiscal/calendar year) for information provided.
175	**3.2** Date of most recent previous report (if any).
175	**3.3** Reporting cycle (annual, biennial, etc.)
310	**3.4** Contact point for questions regarding the report or its contents
	REPORT SCOPE AND BOUNDARY
4-5	**3.5** Process for defining report content.
175-176	**3.6** Boundary of the report.
175-176	**3.7** State any specific limitations on the scope or boundary of the report.
206-211	**3.8** Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.
198-205	**3.9** Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.
N/A	**3.10** Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).
196-205	**3.11** Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.
	GRI CONTENT INDEX
6-13	**3.12** Table identifying the location of the Standard Disclosures in the report.
	ASSURANCE
168, 196, 308-309	**3.13** Policy and current practice with regard to seeking external assurance for the report.

CORE INDICATOR ***ADDITIONAL INDICATOR***

4. GOVERNANCE, COMMITMENTS AND ENGAGEMENT

Pages	GOVERNANCE
239-263	**4.1** Governance structure of the organisation.
255	**4.2** Executive capacity of the chair person of the maximum governing body.
240-241	**4.3** Number of members of the highest governance body that are independent and/or non-executive members.
60-61, 274-282	**4.4** Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.
248-251	**4.5** Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organisation's performance.
264-267	**4.6** Processes in place for the highest governance body to ensure conflicts of interest are avoided.
251-253	**4.7** Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.
14-17, 67, 72-73, 86-89	**4.8** Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.
60-61	**4.9** Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance.
251-253	**4.10** Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.
	COMMITMENTS TO EXTERNAL INITIATIVES
267-273	**4.11** Explanation of whether and how the precautionary approach or principle is addressed by the organisation.
86-89	**4.12** Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.
67, 86-89, 122	**4.13** Memberships of associations (such as industry associations) and/or national/international advocacy organisation.
	STAKEHOLDER ENGAGEMENT
72-73, 137-163	**4.14** List of stakeholder groups engaged by the organisation.
72-73	**4.15** Basis for identification and selection of stakeholders with whom to engage.
72-73	**4.16** Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.
83-89, 137-163	**4.17** Key topics and concerns that have been raised through stakeholder engagement.

5. MANAGEMENT APPROACH AND PERFORMANCE INDICATORS

	FINANCIAL PERFORMANCE INDICATORS
●	*APPAREL AND FOOTWEAR SECTOR-SPECIFIC DISCLOSURE ON MANAGEMENT APPROACH*
	CODE OF CONDUCT
72-79	**AF1.** Code of conduct content and coverage.
	AUDIT PROCESS
70-73, 76	**AF2.** Parties and personnel engaged in code of conduct compliance function.
75-79	**AF3.** Compliance audit process.
	GRIEVANCE PROCEDURES
80-82, 89	**AF4.** Policy and procedures for receiving, investigating, and responding to grievances and complaints.
	CAPACITY BUILDING
129-130, 138-139	**AF5.** Strategy and scope of efforts to strengthen capacity of management, workers and other staff to improve in social and environmental performance.
	BUSINESS INTEGRATION
74-79	**AF6.** Policies for supplier selection, management, and termination.
●	*SUPPLY CHAIN STANDARDS AND PRACTICES PERFORMANCE INDICATORS*

	CODE OF CONDUCT
74	**AF7.** Number and location of workplaces covered by code of conduct.
	AUDIT PROCESS
76	**AF8.** Number of audits conducted and percentage of workplaces audited.
	NON-COMPLIANCE FINDINGS
N/A	**AF9.** Incidents of non-compliance with legal requirements or collective bargaining agreements on wages.
N/A	**AF10.** Incidents of non-compliance with overtime standards.
N/A	**AF11.** Incidents of non-compliance with standards on pregnancy and maternity rights.
N/A	**AF12.** Incidents of the use of child labour.
N/A	**AF13.** Incidents of noncompliance with standards on gender discrimination.
N/A	**AF14.** Incidents of non-compliance with code of conduct.
N/A	**AF15.** Analysis of data from code compliance audits.
	REMEDIATION
79	**AF16.** Remediation practices to address non-compliance findings.
	BUSINESS INTEGRATION
75-79	**AF17.** Actions to identify and mitigate business practices that affect code compliance.
	ECONOMIC PERFORMANCE
122-127, 170	**EC1** Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.
270-274	**EC2** Financial implications and other risks and opportunities for the organisation's activities due to climate change.
185, 195-197	**EC3** Coverage of the organisation's defined benefit plan obligations.
N/A	**EC4** Significant financial assistance received from government.
	MARKET PRESENCE
N/A	**EC5** Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.
83-85	**EC6** Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.
251	**EC7** Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.
	INDIRECT ECONOMIC IMPACTS
179-181	**EC8** Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.
123	**EC9** Understanding and describing significant indirect economic impacts, including the extent of impacts.
	ENVIRONMENTAL PERFORMANCE INDICATORS
●	*APPAREL AND FOOTWEAR SECTOR-SPECIFIC DISCLOSURE ON MANAGEMENT APPROACH*
	MATERIALS
90-91	**AF18.** Programmes to replace organic-based adhesives and primers with water-based adhesives and primers.
90-93	**AF19.** Practices to source safer alternative substances to those on the restricted substances list, including description of associated management systems.
	MATERIALS
142-143	**EN1** Materials used by weight or volume.
142-143	**AF20.** List of environmentally preferable materials used in apparel and footwear products.
142-143	**EN2** Percentage of materials used that are recycled input materials.
	ENERGY
154-163	**EN3** Direct energy consumption by primary energy source.

CORE INDICATOR ***ADDITIONAL INDICATOR***

154-163	**EN4**	Indirect energy consumption by primary source.
140-141, 143-151, 154-163	**AF21.**	Amount of energy consumed and percentage of the energy that is from renewable sources.
140-141, 143-151, 154-163	**EN5**	Energy saved due to conservation and efficiency improvements.
140-141, 143-151, 154-163	**EN6**	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.
140-141, 143-151, 154-163	**EN7**	Initiatives to reduce indirect energy consumption and reductions achieved.
	WATER	
162-163	**EN8**	Total water withdrawal by source.
162-163	**EN9**	Water sources significantly affected by withdrawal of water.
162-163	**EN10**	Percentage and total volume of water recycled and reused.
	BIODIVERSITY	
137	**EN11**	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.
137	**EN12**	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.
152-153	**EN13**	Habitats protected or restored.
138-153	**EN14**	Strategies, current actions, and future plans for managing impacts on biodiversity.
137	**EN15**	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.
	EMISSIONS, EFFLUENTS AND WASTE	
156-158	**EN16**	Total direct and indirect greenhouse gas emissions by weight.
156-158	**EN17**	Other relevant indirect greenhouse gas emissions by weight.
138-153	**EN18**	Initiatives to reduce greenhouse gas emissions and reductions achieved.
156-158	**EN19**	Emissions of ozone-depleting substances by weight.
156	**EN20**	NO, SO, and other significant air emissions by type and weight.
162-163	**EN21**	Apparel and Footwear Sector Specific Commentary: ● *For Footwear: Report on total chromium discharges. For Apparel: Report on the discharge of antimony, arsenic, cadmium, chromium, cobalt, copper, cyanide, lead, mercury, nickel, and zinc.*
160-163	**EN22**	Total water discharge by quality and destination. ● *Apparel and Footwear Sector Specific Commentary: Report on pumice, stones and sand.*
N/A	**EN23**	Total number and volume of significant spills.
N/A	**EN24**	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.
N/A	**EN25**	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.
	PRODUCTS AND SERVICES	
144-145	**EN26**	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. ● *Apparel and Footwear Sector Specific Commentary: Report also on the use of recycled materials and the recyclability of products and packaging.*
160-163	**EN27**	Percentage of products sold and their packaging materials that are reclaimed by category.
	COMPLIANCE	
N/A	**EN28**	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.

		TRANSPORT
144-147, 160-163	**EN29**	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.
		OVERALL
205	**EN30**	Total environmental protection expenditures and investments by type.
		SOCIAL PERFORMANCE INDICATORS
		APPAREL AND FOOTWEAR SECTOR-SPECIFIC DISCLOSURE ON MANAGEMENT APPROACH
		EMPLOYMENT
131	**AF22**	Policy and practices regarding the use of employees with non-permanent and non-fulltime status.
N/A	**AF23**	Policy regarding the use of home working.
N/A	**AF24**	Policy on the use and selection of labour brokers, including adherence to relevant ILO Conventions.
		WAGES AND HOURS
131	**AF25**	Policy and practices on wage deductions that are not mandated by law.
131	**AF26**	Policy on working hours, including definition of overtime, and actions to prevent excessive and forced overtime.
		DIVERSITY AND EQUAL OPPORTUNITY
130-131	**AF27**	Policy and actions to protect the pregnancy and maternity rights of women workers.
		EMPLOYMENT
128, 131	**LA1**	Total workforce by employment type, employment contract, and region.
128, 130-131	**LA2**	Total number and rate of employee turnover by age group, gender, and region.
132, 193-194	**LA3**	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.
128	**AF28**	Percentage of foreign migrant workers as a portion of total workforce, broken down by region.
		LABOUR/MANAGEMENT RELATIONS
N/A	**LA4**	Percentage of employees covered by collective bargaining agreements.
N/A	**LA5**	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.
N/A	**AF29**	Percentage of workplaces where there is one or more independent trade union(s).
N/A	**AF30**	Percentage of workplaces where, in the absence of a trade union, there are worker-management committees, broken down by country.
		OCCUPATIONAL HEALTH AND SAFETY
132	**LA6**	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programmes.
132	**LA7**	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. Apparel and Footwear Sector Specific Commentary: Include: health issues associated with reduced lung function due to dust in "Occupational disease rate". Include: risk assessments and preventative measures for accidents and injuries.
132	**AF31**	Initiatives and programmes to respond to reduce, and prevent the occurrence of musculoskeletal disorders.
132	**LA8**	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.
132	**LA9**	Health and safety topics covered in formal agreements with trade unions.
		TRAINING AND EDUCATION
129-130	**LA10**	Average hours of training per year per employee by employee category.
129-130	**LA11**	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.
129-130	**LA12**	Percentage of employees receiving regular performance and career development reviews.

CORE INDICATOR ***ADDITIONAL INDICATOR***

		DIVERSITY AND EQUAL OPPORTUNITY
130-131	**LA13**	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.
130-131	**LA14**	Ratio of basic salary of men to women by employee category.
130-131	**AF32**	Actions to address gender discrimination and to provide opportunities for the advancement of women workers.
		HUMAN RIGHTS PERFORMANCE INDICATORS
		INVESTMENT AND PROCUREMENT PRACTICES
122	**HR1**	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.
74-85	**HR2**	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.
129-130	**HR3**	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.
		NON-DISCRIMINATION
130-131	**HR4**	Total number of incidents of discrimination and actions taken.
		FRREDOM OF ASSOCIATION AND COLLECTIVE BARGAINING
80-82	**HR5**	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.
		CHILD LABOUR
74-76	**HR6**	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.
		FORCED AND COMPULSORY LABOUR
74-79	**HR7**	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.
		SECURITY PRACTICES
N/A	**HR8**	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.
		INDIGENOUS RIGHTS
N/A	**HR9**	Total number of incidents of violations involving rights of indigenous people and actions taken.
		INDICATORS ON THE PERFORMANCE OF SOCIETY
		COMMUNITY
94-113	**SO1**	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.
94-113, 122	**AF33**	Priorities in community investment strategy.
122	**AF34**	Amount of investment in worker communities broken down by location.
		CORRUPTION
233-235	**SO2**	Percentage and total number of business units analyzed for risks related to corruption.
233-235	**SO3**	Percentage of employees trained on anti-corruption policies and procedures of the organisation.
233-235	**SO4**	Actions taken in response to incidents of corruption.
		PUBLIC POLICY
80-82	**SO5**	Public policy positions and participation in public policy development and lobbying.
N/A	●	*Apparel and Footwear Sector Specific Commentary: Report public policy position on the inclusion of labour and environmental protections in trade agreements and the degree to which lobbying positions integrate considerations about the potential effects on workers, communities, and organisations in the supply chain.*
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.

	ANTI-COMPETITIVE BEHAVIOUR	
N/A	**SO7**	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.
	COMPLIANCE	
N/A	**SO8**	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.
	PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS	
	CUSTOMER HEALTH AND SAFETY	
90-93	**PR1**	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.
N/A	**PR2**	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.
	PRODUCT AND SERVICE LABELLING	
90-93	**PR3**	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.
N/A	**PR4**	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.
57-65	**PR5**	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.
	MARKETING COMMUNICATIONS	
120-123	**PR6**	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.
N/A	**PR7**	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.
	CUSTOMER PRIVACY	
N/A	**PR8**	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.
	COMPLIANCE	
N/A	**PR9**	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

CORE INDICATOR ***ADDITIONAL INDICATOR***

Letter *from the Chairman*

Amancio Ortega

Inditex Chairman

Dear friends:

We are pleased to deliver this 2009 Annual Report, which provides a detailed, albeit not exhaustive, summary of the combined efforts by all individuals making up the Inditex Group to meet the needs of all of our stakeholders: customers, social groups, suppliers, shareholders, and, of course, employees.

I thus believe that my initial remarks should highlight the work of the more than 90,000 employees who are the company's backbone, and without whose efforts and daily contributions these pages would lack soul and be merely a compendium of pointless numbers. The sense of responsibility and the excellent performance of all Inditex Group staff stand out in this report. All employees, with the latest fashion trends foremost in mind, perform their jobs while paying close attention to environmental and social issues, which confers a high degree of responsibility to their creative work.

By the end of 2009, the Group consisted of 92,301 individuals of more than 140 nationalities, who spoke 40 different languages and resided in more than 80 countries. This diversity of cultures and career paths is one of Inditex's greatest assets. This is true from a human standpoint, of course, since it translates into an incomparable exchange and richness of cultures. It is also the case from a business standpoint, as such diversity is one of Inditex's best resources for gaining first-hand knowledge of international trends and creating the best-possible fashion collections to keep up with the hottest trends and changing tastes of shoppers worldwide.

Each employee's sense of initiative, the enthusiasm our teams display in the course of their daily work and the motivation they convey to other teams are the real secrets of the Group's success. Dynamic decision-making, common sense, a sense of commitment and self-criticism guided by motivating leaders are the key values underpinning this shared determination to take fashion to all corners of the globe. In the past year, innovative and dedicated initiatives have arisen from our employees' character traits and their passion for their work, within the framework of our ongoing drive for responsible performance.

An example of the Group's spirit of innovation is the eco-efficient store launched by Zara and Zara Home in November in Portal de l'Àngel (Barcelona, Spain). This is the first store in Europe to obtain LEED certification, a seal of sustainable architecture that is one of the most demanding of its kind in the world. This project is the result of an interdepartmental effort involving everyone from our Environment, Architecture and Building teams to store staff. Store employees have the best understanding of both customer tastes and their stores' energy consumption, and of where sustainability improvements should be applied. The result is a building in keeping with the stunning surroundings of Barcelona's Portal de l'Àngel, which also serves as an example of environmental efficiency and as a clear model for future openings by all Group concepts.

The responsibility illustrated in our way of doing business was similarly evident in 2009 in our products, with initiatives to enhance the monitoring of all merchandise sold by the Group. These efforts included an update of Inditex's Clear to Wear and Safe to Wear quality standards, which were created in 2006.

These standards, along with Tested to Wear protocols for suppliers, which are based on the obligatory Code of Conduct for External Manufacturers and Workshops, are the methodological foundation for the social audits which Inditex periodically performs on its suppliers. The audits are a useful tool and have become a global benchmark. We are convinced that our supply chain requirements, which are always complemented by monitoring and advisory programmes to encourage improvements in working conditions at our suppliers' factories, represent significant progress for the entire textile industry.

To this end, in addition to the work we do with our suppliers, we believe that it is essential to undertake joint efforts involving all affected parties: suppliers, central governments, trade union organisations and industry companies, among other groups, to ensure that any improvements achieved will be shared by all parties and will ultimately filter into society at large.

Based on its commitment to being involved in the entire textile business, Inditex is an active participant, and in many cases a sponsor, of local and international conferences and seminars aimed at encouraging improvements in the industry. Highlights of these efforts include endowing academic chairs at several universities worldwide, as well as participating in professional clusters in countries such as Morocco, India, Turkey and Portugal, among other locations, and signing on to international alliances, such as the Ethical Trading Initiative and the MFA Forum.

On this point, I must take a moment to remember Neil Kearney, the general secretary of the International Textile, Garment and Leather Workers' Federation (ITGLWF), who passed away last November while on the job, specifically while working on a joint project with Inditex. Mr. Kearney was a trailblazer and a leader in the defence of textile industry workers' rights throughout the world. He spearheaded a pioneering agreement signed in 2007 between Inditex and the ITGLWF to guarantee better working conditions and safeguard workers' right to collective bargaining worldwide. His inspiring personality and his constant quest for solutions had a great impact on our company in terms of our social commitment, and provided us with additional motivation to work daily to continually improve the way we do business. Rest in peace.

Thanks to our ongoing search for ways to foster social dialogue, Inditex made further progress in 2009 by signing an agreement with another international trade union organisation, the UNI Global Union, which advocates for workers' rights and promotes sustainable corporate growth. The agreement endorses basic principles which are the hallmarks of our company.

With the customer and fashion constantly at the forefront of the decision-making process, I believe that it is important to underscore the rapid evolution in 2009 of what the experts call Web 2.0: new ways of communicating with the customer, social networking, immediacy of information sharing and ever-greater options for finding and managing information thanks to heretofore-unknown technologies for generating feedback online.

Inditex is no stranger to this phenomenon. Very much in keeping with our corporate identity, in which the customer has always driven the business model, the Group works hard to meet the information demands of its fans on social networks. These followers in some cases exceed 2 million people -- truly mind-boggling figures. Rising demand for interactive communication via social networking and other technologies has prompted all Inditex retailers to expand their online presence into new media channels.

These efforts include new smartphone applications created by Zara and Zara Home, which translate our fast-fashion distribution model to users' handsets with daily, immediate updates displaying the latest collections hitting the stores. This is just the latest precursor of what will become a reality in 2010: Zara's online store. The company's marketing and technical teams have contributed all of their combined experience and know-how to ensure that our collections reach customers in the most satisfying manner possible.

This vehicle for growth, set to launch in the second half of 2010, will complement the international expansion strategy the Group continues to roll out on all fronts. Of Inditex's 11,084 million euros of total net sales in 2009, sales outside Spain accounted for 68%.

These are the issues on which we will continue to work hard each day, with the primary goal of satisfying the appetite for fashion of our numerous customers worldwide. This requires a constant quest for innovation, creativity and cultural involvement at all international levels. It is a worthwhile endeavour, because Inditex is undoubtedly the world's most beautiful company.

Gratefully yours,

Amancio Ortega Gaona

Chairman

Inditex
and the five keys to its business

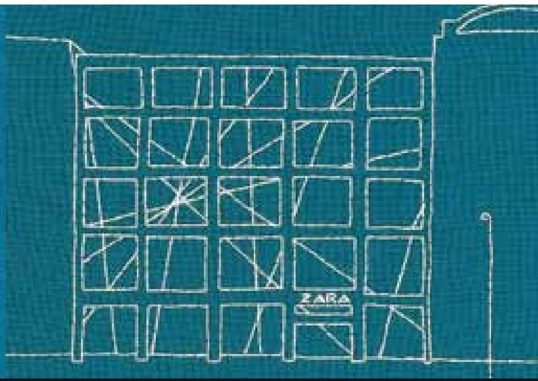
The Inditex Group was formally established in 1985. However, its origins as a fashion distribution group go back to 1975 when Zara opened its first store. The Group has eight commercial formats which all share the same customer orientation and the vertical integration of all of the fashion business phases, from design, manufacture and logistics to sales in its own stores.

An ethical and responsible approach is applied to all of the Group's operations. The Internal Code of Conduct and the Code of Conduct for External Manufacturers and Workshops are a foundation for the management of social matters while the Strategic Environmental Plan shapes the Group's environmental actions.

Inditex has been listed on the stock exchange since 2001 and is included in international sustainability indices such as FTSE4Good, Dow Jones Sustainability and FTSE4Good Ibex.

Its sales formats

- ZARA
- Pull and Bear
- Massimo Dutti
- Bershka
- Stradivarius
- oysho
- ZARA HOME
- UTERQÜE



1. Customer

The heart of the business

The customer is key. Our work begins with the customer and continues in the store, where the customer's fashion demands are noted and the design process is launched.

The customer's desires are not only met in terms of fashion but also taken as a whole. We consider all aspects that complement the shopping experience, including the location and design of the stores, which are situated in the main commercial districts of the world's cities.

The Group's unwavering focus on the customer is the source of the creation and development of its eight brands, each of which has a different and specific appeal to offer to its customers.

2. Store

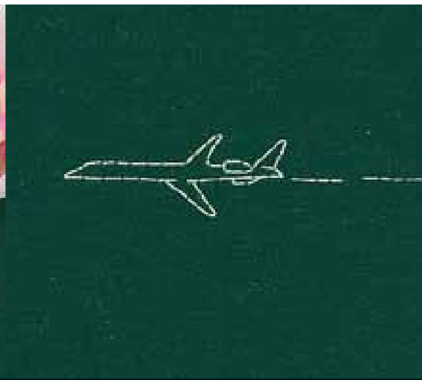
Where the customer and fashion meet

The store is the place in which the customer's fashion desires meet the offers of the design teams from each of the chains. The store is where the Group's specific business model begins and ends. The store's personnel channel customers' demands to the designer's table, thereby setting the production process in motion which, in the shortest period of time possible, will result in tangible offers in the store.

Furthermore, the stores constitute the chains' main advertising medium. Their chief characteristics include:

- Preferred locations.
- Meticulously designed window displays.
- Unique internal and external architectural design.
- Tailored coordination of the product.
- Excellent customer service

model



3. *Design/Production*

Rapid response to market needs

Every second counts and that is why a permanent and fluid relationship between the store's personnel, the design teams and the production centres is so important. As a large share of our business, including manufacturing in our own centres and by external suppliers, takes place on a local level, we can provide a rapid response to the market's demands.

All of the chains have their own teams of designers and salespeople. Currently, Inditex has over 300 employees in these roles.

On 31 January 2010, Inditex had a network of 1,237 suppliers with which it maintains stable relationships under a prism of ethics and responsibility and which are governed by the External Manufacturers and Workshops Code of Conduct, which must be accepted to maintain commercial relations with the Group.

4. *Logistics*

Under 48 hours from the distribution centre to the stores

The Group's distribution process is designed in such a way as to ensure the products on offer in the stores are continuously renewed.

All products, regardless of their source of origin, are sent out to the stores from the logistics centres of each of the Group's chains so that, worldwide, each store receives merchandise twice a week and each delivery includes new models. This model means that the product leaves the distribution centre and reaches European stores in, on average, 24 hours and US and Asian stores in 48 hours.

Inditex logistics centres are located in Arteixo (A Coruña), Narón (A Coruña), Zaragoza, Meco (Madrid), Tordera, Palafolls and Sallent de Llobregat (Barcelona), León and Elche (Alicante). Together, their surface area exceeds one million square metres.

5. *Teams*

Inditex's 92,301 employees use the customer as their point of reference

Inditex is a multi-cultural and multi-racial company with 92,301 employees representing more than 140 nationalities. All of our employees, regardless of their relationship with a store, act in the interest of our customers' desire for fashion as well as in accordance with the environmental and corporate social responsibility norms laid down by Inditex. Their day-to-day lives are filled with initiative, enthusiasm and optimism.

On-going training plays an essential role, particularly that of store staff. This training, which also includes basics in customer service, focuses on specialist knowledge of fashion trends and the ability to seize and interpret the information that store staff receive from customers every day.

Inditex
IP

Performance

2009, a year which ratifies the Inditex business model

The main Inditex figures for the financial year 2009 confirm the strength of the Group business model and how correct the multiformat international growth strategy was.

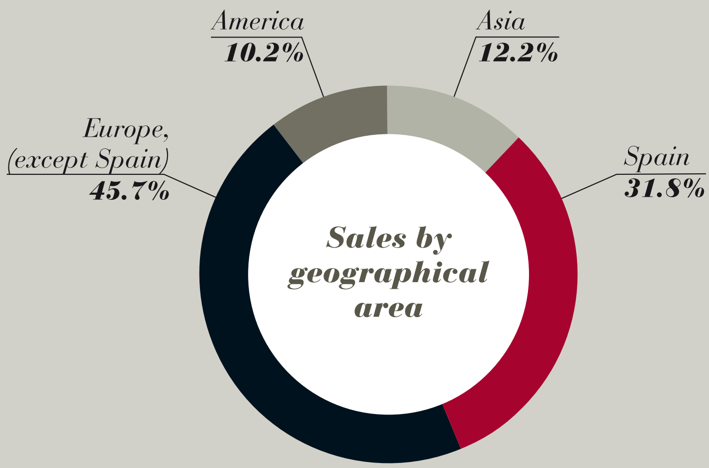
The results obtained by the Inditex Group during 2009 are the confirmation of the multiformat international growth strategy in a year of increasing efficiency which has highlighted the strengths of the business model. Consequently, it has generated a strong cash flow, which has primarily used to fund the expansion of the business. At the same time, the strong cash flow situation has allowed an increase in shareholder payouts, up to 14% more than in the previous year. All the key items on the profit and loss account have seen positive growth.

Relevant data 2009

92,301 employees

During the year 3,189 people joined the company

74 countries with retail presence



Sales trends have been satisfactory, with a growth of 9% at constant exchange rates. Inditex has also maintained comparable sales over the course of the year. The gross margin, which has increased by 7% to 6,300 million euros, meaning a 57.1% on sales, 27 basic points more than in the previous year. Operating expenses remain under strict control, with a growth of 7% mainly due to the new retail areas.

Regarding the format to format evolution, Zara still represents approximately two thirds of Inditex sales, with the remaining third in the other formats. The Group's ongoing overseas expansion translates into a highly diverse sales platform, which allows the Group to reach out to a large client base in an appropriate way.

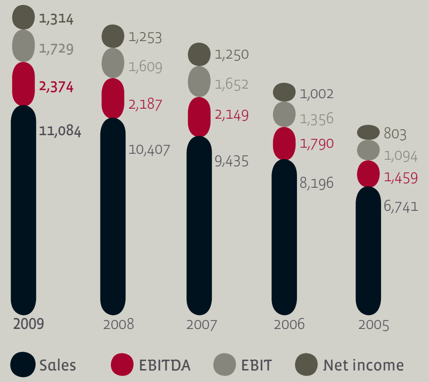
The contribution of sales in stores located outside Spain has reached 68% of the total figure, and all chains have increased their sales percentages on international markets, demonstrating their desire and ability to expand at a global level. The scale of this effort is clear if we recall that during 2009 alone, we increased our overseas presence to a total of 46 countries.

Zara's sales have seen a net growth from 4% to 6% at constant exchange rates, with a 5% growth in EBIT. The younger lines have also shown positive trends during 2009.

In parallel with the commercial expansion, over recent years the Group has invested in the development of the logisitics infrastructure, and it now has the capacity needed to maintain, with the same flexibility as ever, the growth

Pablo Isla, First Vice-Chairman and CEO of Inditex.

Financial results



8% increase
in commercial space

During 2009, all the key items on the profit and loss account have seen positive growth

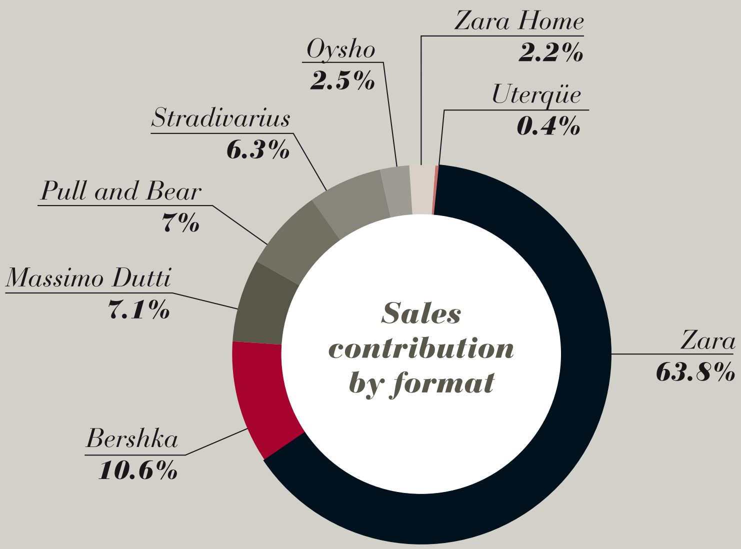
of the retail network as forecast for coming years. A strong potential has been achieved to continue growing in a profitable way over the coming years and, in this regard, the expansion in Europe and Asia is a priority.

As regards Europe, it is important to indicate firstly that this is the domestic market, the natural area for expansion of all the concepts. In Western Europe there are great opportunities for growth in markets such as Italy, France, Germany and the United Kingdom. There are also significant business opportunities in Eastern Europe and Russia. Overall, Inditex sees great potential for profitable expansion in Europe in the next few years.

In Asia, the priority is to deepen the firm strategic presence built up over recent years and which has led sales in this region to represent 12% of Group sales. The expansion has so far been notable for the excellent reaction to the fashion proposals from the public in different Asian markets, and the fact that many of these markets are currently undergoing attractive changes. The Group now has a solid presence in the region and has developed a significant position in many of the major Asian capitals. A multiconcept expansion strategy is being developed over there, combining Zara openings with those of a number of other formats in most countries. For example, it is worth mentioning that at the close of 2009 five of the formats were present in China, after the first openings of Pull and Bear, Bershka and Stradivarius over the past year.

The growth is currently strongest in China, Japan and South Korea. Along these lines, the Group will further penetrate the key markets with the launch of Zara in India in May 2010. New stores will open in New Delhi and Mumbai, which will be followed by other stores in different Indian cities. Expansion in these four markets will be combined with selective store openings in other Asian countries where the Group is already established. In summary, Asian markets show great long-term growth potential for Inditex.

It is also worth mentioning our plans for growth in the Americas, fundamentally based on consolidating our existing operations through a selective expansion process.



748 million euros in dividends (1.20 euros per share)

Analysing the perspectives of the overall activity, the priority for Inditex is still to maintain a profitable investment for the sustained expansion of the Group with attractive long-term returns.

For the immediate future it should be mentionated the plans to start online selling for Zara products during the Autumn/Winter campaign 2010. Team has been working very hard to ensure the success of the launch and feels sure of the opportunitites which Zara will have in e-commerce.

Finally, as for shareholder payouts, the Board of Directors will be proposing to the General Shareholders' Meeting the payment of a dividend this year of 1.20 euros per share. A dividend of 0.06 euros per share has already been paid out, on 3rd May 2010, plus an additional dividend of 0.60 euros per share, including the extraordinary payment, which will be paid out on 2nd November this year. The total dividend to be distributed to shareholders is 748 million euros, 14% more than in the previous year.

Inditex is in an excellent position to take advantage of the opportunities for growth to be found around the world. It has a well diversified sales platform, with retail operations in 77 countries after the opening of the first stores in Bulgaria, Kazakhstan and India in the first months of 2010. Inditex operates with a business model which gives enormous flexibility, and its chains have a solid commercial basis, with attractive prices. Its business model allows it to take advantage of the opportunities for growth in any market where they can be found.

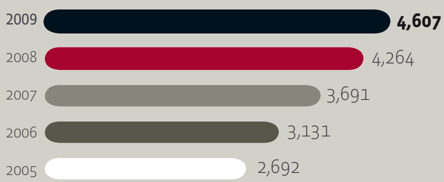
Inditex has strong potential to continue growing in a profitable way over the coming years and, in this regard, our priority is to focus on expansion in Europe and Asia

4,607

stores

at year end

Number of stores at year-end



Net openings

343

Balance (in millions of euros)

	2009	2008	2007	2006	2005	TACC 09/05
Net assets	**5,371**	4,749	4,217	3,471	2,921	18%
Net financial position	**2,380**	1,219	1,052	714	703	37%

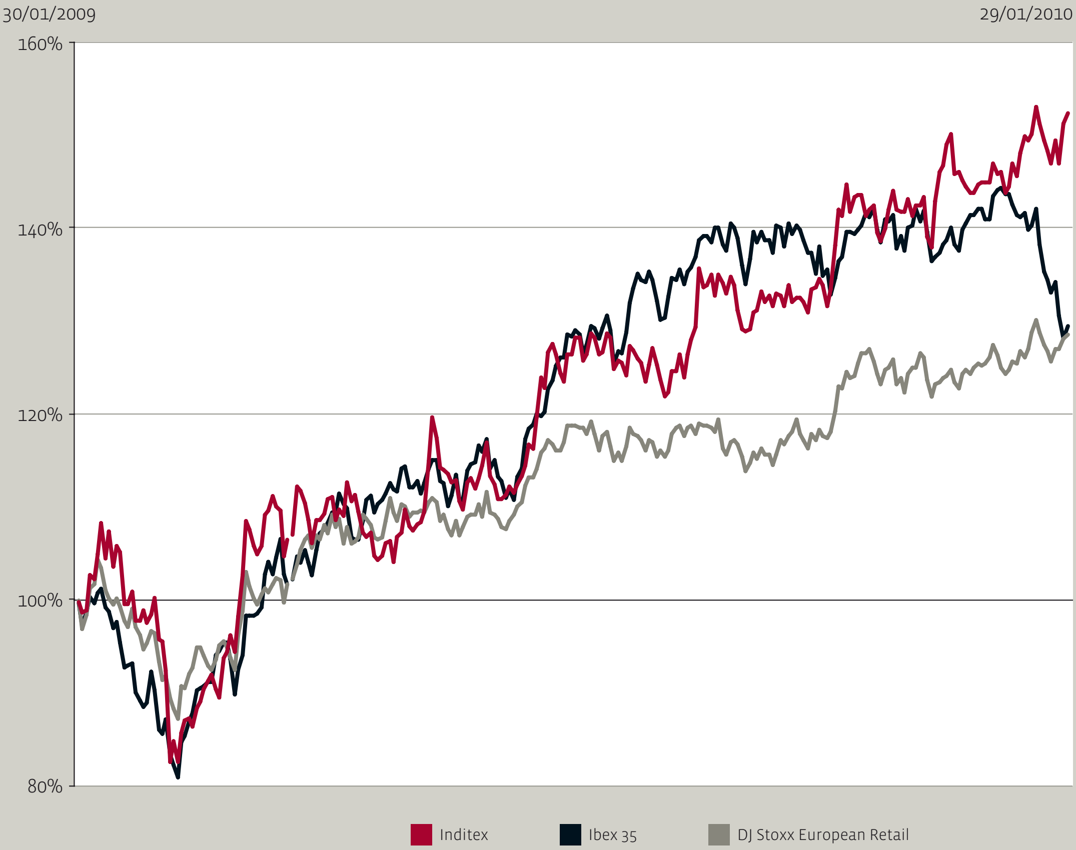
Shares during 2009

Shares in Inditex saw a revaluation of 52.7% during the financial year 2009, closing at 45.64 euros per share at 31 January 2010, compared to the 28.9% increase of the Dow Jones Stoxx 600 Retail, or the 29.6% increase of the Spanish index Ibex 35 over the same period. The average negotiated volume of shares exceeded the 1.9 million per day mark.

Inditex's market capitalisation stood at 28,446 million euros at year-end, 210% more than its initial market value on 23rd May 2001, as compared with the 14% rise experienced by IBEX 35 during the same period.

In May and November 2009 the dividend for 2008 was paid out, totalling the sum of 1.05 euros per share.

Inditex vs indexes

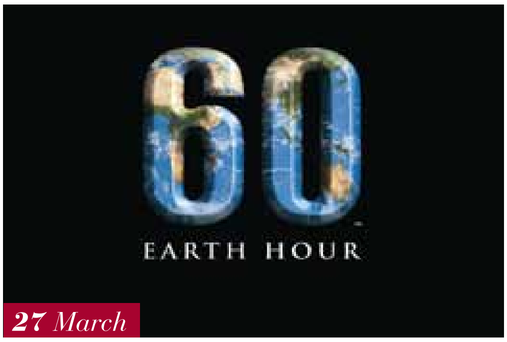


Evolution of main indicators

	2009	2008	2007	2006	2005	2004
Turnover (in millions of euros)						
Sales	11,048	10,407	9,435	8,196	6,741	5,569
Store sales (own stores and franchises, without VAT)	11,678	10,997	9,895	8,530	6,997	5,738
Percentage of sales in overseas stores	68%	66%	63%	60%	57%	54%
Results and cash flow (in millions of euros)						
Operating profit (EBITDA)	2,374	2,187	2,149	1,790	1,459	1,227
Business profit (EBIT)	1,729	1,609	1,652	1,356	1,094	922
Net Profit	1,322	1,262	1,258	1,010	811	646
Net income attributable to the parent company	1,314	1,253	1,250	1,002	803	639
Cash flow (attributed net profit plus repayments and provisions)	1,960	1,831	1,747	1,435	1,169	944
Financial structure (in millions of euros)						
Net Assets attributed to the parent company	5,329	4,722	4,193	3,448	2,889	2,376
Net financial position	2,380	1,219	1,052	714	703	489
Other relevant information:						
Number of stores:	4,607	4,264	3,691	3,131	2,692	2,244
. In Spain	1,900	1,896	1,747	1,628	1,461	1,321
. Overseas	2,707	2,368	1,944	1,503	1,231	923
Net openings	343	573	560	439	448	322
Number of countries with commercial presence	74	73	68	64	62	56
Number of employees	92,301	89,112	79,517	69,240	58,160	47046
Financial and management ratios						
Net financial debt on net attributed assets	-45%	-26%	-25%	-21%	-24%	-21%
ROE (Net attributable income on net attributable assets)	26%	28%	33%	32%	30%	29%
ROCE (EBIT on average capital used)	34%	36%	43%	43%	41%	42%

Milestones *for the year*


14 July



27 March

6 May


2 October

February

27: Inditex is included for the second time on the Eco 10 index created by the financial daily El Economista. The index is made up of the securities most recommended by 52 international investment banks.

28: Massimo Dutti opens its first store in Peking at the Solana shopping centre.

March

20: Bershka opens an emblematic store in Saint Petersburg (Russia). It is housed in a unique 18th century building on Nevsky Prospect, the best shopping street in the city.

27 Inditex takes part in Earth Hour environmental awareness activities organised by the WWF by turning off the show window lights in many of its stores located on main shopping streets throughout the world.

31 Inditex led the Merco 2009 (Corporate Reputation Business Monitor) ranking as the company with the best reputation in Spain. The Chairman of Inditex, Amancio Ortega, is chosen as the most respected director for the sixth year running.

April

3: Pull and Bear launches 'The Pull and Bear World Project', a competition targeting young people throughout the world that have fresh ideas and the desire to contribute something new to society in areas relating to art, sports, social and environmental commitment.

May

6 Oysho launches a project to protect marine animals through in-store sale of the Oysho Summer Playlist CD. The proceeds go to the WWF programme for saving Mediterranean dolphins and turtles.

13: The FTSE Group keeps Inditex as a member of the FTSE4Good Index following its annual review. The index evaluates listed Spanish companies based on fulfilment of criteria for social, economic and environmental responsibility in the running of the enterprise.

14: Inditex is named 'Multi-market Retailer of the Year' at the third meeting of the World Retail Congress. The award recognizes distribution companies that demonstrate successful management of commercial activities in various countries, companies that become global models for the sector.

21: Massimo Dutti opens its first stores in Colombia and the Philippines increasing the number of countries where it is present to 41.

27: Pull and Bear and Bershka launch operations in China with stores in Peking. Bershka completes its launch there with stores in Hong Kong, Dalian, and Shanghai.

June

4: Zara opens its first store in Egypt where Pull and Bear and Bershka have had operations since 2008.

July

14 The Shareholders' General Meeting approves the financial Statements for 2008 and the issuing of dividends for €654 million - €1.05 per share.

17: Uterqüe celebrates the first anniversary of its launch with simultaneous opening of three stores in Madrid, Brussels and Dubai.

August

1 Bershka's new logistics centre in Palafolls (Barcelona), adjoining the chain's Tordera offices which opened in June, is in full operation .

September

4: The Inditex Group strengthens its position on the Dow Jones Sustainability Index World (DJSI World) improving its standing in all criteria used for preparation of this leading index for socially responsible investment.

18: Zara improves its position on the Best Global Brands ranking prepared by Interbrand each year. It rose from last year's 62nd position to position 50. It is the largest increase seen among fashion companies found in the Top 100 on this list.

October

1: Business Week recognizes Inditex as the ninth best company in the world for financial performance within the 40 company ranking prepared annually by A.T. Kearney.

2 Inditex and UNI Global Union sign a world-wide agreement guaranteeing that essential labour rights and regulations be protected by social dialogue with Inditex managers in each of the countries where the Group operates. The agreement supports the fundamental workers rights laid out in the International Labour Organization Conventions.

30: Zara arrives in Chicago with its largest US store situated at 700 N. Michigan Avenue, an important shopping enclave on the Magnificent Mile.

November

10 The new Massimo Dutti store on Barcelona's Diagonal receives the first Energy Rating of A granted to a commercial establishment by the Ministry of Industry, Tourism, and Commerce in Spain It is the maximum rating for energy efficiency in buildings.

20: Inditex launches operations in Syria with the opening of the first Zara, Pull and Bear, Massimo Dutti, Bershka and Stradivarius stores.

25 Zara strengthens its presence in Tokyo with a new store at the heart of the Shibuya district (Tokyo). It is Zara's 50th store in Japan.

December

2: The new Zara and Zara Home store located in Barcelona's Portal de l'Angel, is the first textile distribution project in Europe with LEED certification, the US stamp of sustainable architecture and one of the most demanding in the market.

15 Uterqüe opens its first store in Mexico surpassing 50 stores worldwide for the youngest Inditex chain .

17 Zara and Zara Home launch applications for the iPhone and others*smart phones* enabling their users to access fashionable new products that arrive daily at both chains' stores.

January

21: After Haiti's horrific earthquake, Inditex agrees to contribute two million euro for aid and reconstruction programmes.

27 According to the UGT Business Social Responsibility Observatory, of the companies quoted on the Ibex 35 Index, Inditex along with Red Electrica have the best practices with regard to corporate social responsibility.

28: For the fourth year running, Inditex appears on the world-wide list of companies showing most concern for the environment. This, according to the Global 100 Most Sustainable Corporations in the World prepared by the Canadian Corporate Knights magazine, is for specialisation in corporate social responsibility.

29: Stradivarius opens its first store in China in the city of Shanghai.

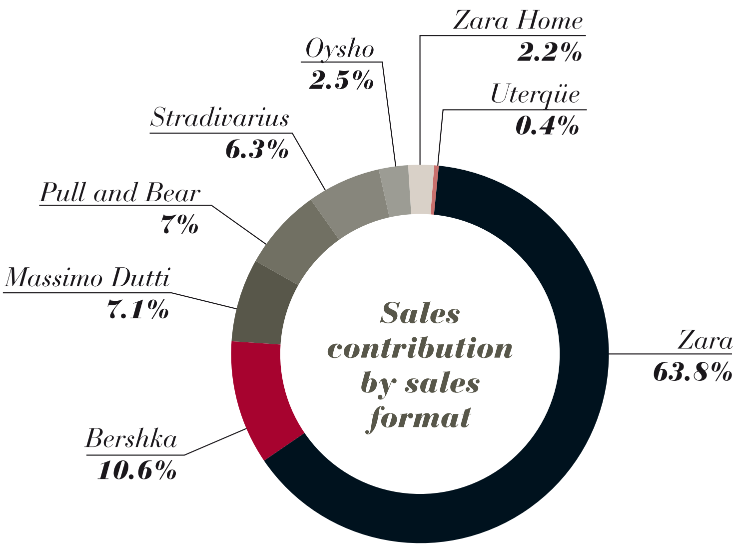
Commercial *concepts*

ZARA Pull and Bear

In accordance with the Inditex Group's international vocation, during 2009 the 8 commercial chains which comprise the group underwent significant international expansion. In this way, 98% of new stores were localised in international markets which means stores have been opened in 46 countries.

2009 was the year Inditex chains were introduced and consolidated on social networks. This applies both for those already present in these virtual areas, such as Pull and Bear or Bershka, and for chains which burst onto the scene over the year, such as Zara ot Uterqüe, among others. This step means Inditex is moving closer to its customers. In this context, the launch of the application for iPhone and *smartphones* by Zara and Zara Home, which already have more than 1 million users, is notable.

Regarding the environment, the Inditex group chains made several qualitative steps during 2009. Regarding stores, the opening of the first store with LEED certifications in Europe by Zara and Zara Home, or in the case of Massimo Dutti, obtaining energy classification A issued by the Spanish Ministry of Industry, Tourism and Trade to a store for its excellence in terms of energy efficiency, is notable. Other chains such as Pull and Bear or Oysho have undertaken environmental initiatives involving employees or customers. In short, Inditex's commercial formats have made it clear that the environment is key to the group's global strategy



Zara (*)
Pull and Bear
Massimo Dutti
Bershka
Stradivarius
Oysho
Zara Home
Uterqüe

Massimo Dutti Bershka Stradivarius oysho ZARA HOME UTERQÜE






Sales by format (**)	Contribution by format	No. of stores at the close of 2009	Net openings 2009	New markets 2009	Countries in which it operates
7,077	63.8%	1.608	88	2	74
771	7%	626	43	5	44
790	7.1%	497	27	6	44
1,177	10.6%	651	60	4	44
702	6.3%	515	59	6	37
280	2.5%	392	18	-	23
243	2.2%	261	22	1	25
44	0.4%	57	26	8	11

(*) At year-end, the number of Zara stores included 213 Zara Kids stores.
(**) Millions of euros

For Zara, 2009 was the year for moving to communication 2.0. Following the philosophy of giving an immediate response to its customers' wishes, the chain extended its meeting points with its fashion proposals to the most far-reaching social networks. Since 2009, the global image of Zara, in addition to 74 countries, has been present on Facebook, Twitter and YouTube with a very active response by its users. Zara inaugurated its profile on Facebook in September and in a few weeks had more than 1 million fans, a figure which at year end already topped 2 million.

Social networks have turned into yet another shop window for the chain to present its latest novelties and, like any other store, to take its customers' impressions regarding its fashion supply on board. Zara's immersion in social networks has been accompanied by a website update (www.zara.com) with updated images of new articles coming into the store and different proposals for looks so as not to lose any details of new trends. These trends are also availablae on the mobile phone via the application for iPhone and other smartphones that the chain launched this year and which at year end had recorded more than 1 million downloads.

1975	*Launch Date*
63.8%	*Contribution to total sales*
1,608	*Number of stores at year-end* (including 213 Zara Kids stores)
88	*Number of net openings in the financial year*
74	*countries*
2	*new countries in the financial year*

Main indicators 2009 (Millions of euros)

7,077	*Net Sales*
1,105	*EBIT*
15.6%	*EBIT margin*

ZARA

www.zara.com

During 2009, Zara marked a new environmental milestone, specifically within the scope of the Inditex group's ecoefficient store project, with the opening in Barcelona of the first fashion store in Europa with LEED certification, one of the most demanding sustainable architecture international quality seals in the world. The store Zara and Zara Home presents progress beyond the group's first ecoefficient store open in Athens (Greece) in 2008. The stores, in addition to being a model of inspiration for the group's new openings, are an architectonic reconciliation exercise of an apparently avant-garde building in a classical and urban setting; Portal de l'Àngel in the heart of Barcelona, with an exceptional result from an urbanistic point of view.

Among the openings made over 2009 are the Zara store in the Tokyo district of Shibuya, which leads to a total of 50 brand establishments in Japan; the Zara flagship on Chicago's Michigan Avenue–in the area known as the Magnificent Mile, and the Zara store in Wangfujing, in Beijing, one of the most emblematic commercial streets in China.

Pull and Bear

www.pullbear.com

Pull and Bear has been a source of inspiration for young people most interested in the latest trends for almost 2 decades. The decoration of its stores, music and fashion proposals comprise the ideal setting for the most avant-garde lifestyles.

Over 2009, Pull and Bear presented its credentials in 5 new countries (Ukraine, Croatia, Estonia, Syria and China) with the opening of stores in central locations for youngsters. For its premiere in China, the chain opted for the Solana shopping centre northeast of Chaoyang park, the largest urban park in Asia and one of the main commercial areas in the China capital. Pull and Bear introduced itself to Chinese young people with an art-tinged event (music, graffities, design and fashion), just as it did in London with the opening of an emblematic store on Oxford Street, the commercial street par excellence of life in London. The chain, which has been up and running in the UK since 2008, is consolidating its presence in a privileged location.

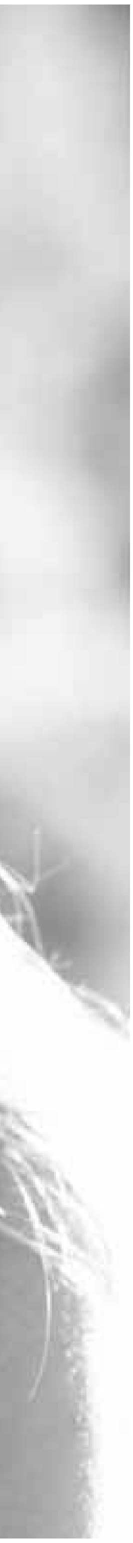
The relationship of Pull and Bear with the restless and innovative mindset of young people, in addition to being clear in its active presence in social networks, is reflected in mould-breaking initiatives closely related to its customers' activities. Music and chasing dreams are the common denominator of many young people and Pull and Bear has channelled these concerns into projects like the blog Pull The Metal, in collaboration with the Barcelona magazine Metal, specialising in lifestyle content, or The Pull and Bear World Project, the chain's major social initiative this year. By means of this competition, Pull and Bear compiled original and different ideas relating to the world of art, sport and social and environmental undertakings, values on which to base the brand with the purpose of turning the best into a real project.

The undertaking with the environment has materialised in the culmination of the project Pull and Bear Forest, which the chain had commenced the year before and which, in addition to no longer publishing fashion catalogues on paper to avoid felling trees, included an initiative which was finally carried out this year in Querétaro (Mexico). Pull and Bear has collaborated with the reforestation of the Sierra Gorda Biosphere Reserve by planting more than 16,000 trees together with the participation of Inditex Mexico employees.

1991	*Launch Date*
7%	*Contribution to total sales*
626	*Number of stores at year-end*
43	*Number of net openings in the financial year*
44	*countries*
5	*new countries in the financial year*

Main indicators 2009 (Millions of euros)

771	*Net Sales*
101	*EBIT*
13.1%	*EBIT margin*



Massimo Dutti

www.massimodutti.com

During 2009, Massimo Dutti introduced its fashion proposals for urban and independent men and women to 6 new markets in Europe, America, Africa and Asia. The chain, which has formed part of the Inditex Group since 1991, commenced its activity in Croatia, Colombia, Costa Rica, Egypt, Syria and the Phillipines, demonstrating that a taste for elegant cuts and top quality garments may be shared by citizens from any part of the world singled out for their love of details.

The chain, which came into being in China in 2008, opened its first store in Beijing this year in the commercial area of Solana, one of the most notable in the capital. With this opening, Beijing joins a list of large Chinese cities where Massimo Dutti is present, such as Shanghai, Hong Kong or Macao.

Over the year, Massimo Dutti has extended its fashion supply with the Baby line, a collection especially designed for babies with soft and comfortable garments. In addition, the chain has presented a new interior image for its stores. The establishment the chain opened on Königsalle avenue in Dusseldorf (Germany) was the first to incorporate new furnishings and lighting which renovate its image and goes further into depth on the warm and elegant setting which is the hallmark of all its stores. The new image is built with noble materials such as walnut, skin and dark marble and has a mixture of moden lines and classical details. For this renovation, which is already present in the chain's new stores and which will be incorporated into periodic store renovations, lighting plays an essential role. Its treatment which offers more contrasts which boosts the prominence of collections, enables more responsible energy consumption.

Continuing along the lines which Zara started to map out in 2008 with the opening of the first ecoefficient store of the Inditex Group, Massimo Dutti inaugurated at the end of the year a store on number 484 of avenida Diagonal in Barcelona which received Energy Classification A issued by the Spanish Ministry of Industry, Tourism and Trade. This A rating, the first attained in Spain by a commercial establishment, corresponds to the maximum level in terms of energy efficiency in buildings. The improvements provided both to lighting systems and air conditioning and ventilation systems enable a reduction in electricity consumption greater than 30% which will mean reducing CO_2 atmospheric emissions by 36 tonnes a year.

This energy rating means Massimo Dutti marks a new phase in the development of Inditex's ecoefficient store project, integrated into the Group's Environmental Strategic Plan, and makes progress with the aim to reduce the impact of its stores on the environment.

1991	*Purchase Date*
7.1%	*Contribution to total sales*
497	*Number of stores at year-end*
27	*Number of net openings in the financial year*
44	*countries*
6	*new countries in the financial year*

Main indicators 2009 (Millions of euros)

790	*Net Sales*
117	*EBIT*
14.8%	*EBIT margin*

The latest revolution in Bershka is called 'Magic'. This is the new concept of image the chain is implementing in its new stores and which began at the beginning of the year in stores in Italy and Holland. The chain therefore correlates its look to the frenetic pace of young people who love daring and latest fashion trends. The new Bershka stores capture the essence of the digital world, expressed by means of materials, furnishings and lighting. Dark colours, pale light and house-dance music are the key aspects of the new image for this chain which has been growing at the pace of latest technologies since 1998.

The direct interaction of Bershka with its customers, especially dynamic by means of social networks, enables it to gain first-hand knowledge of its concerns which translate into constant innovations for its products or their presentation, such as new labels for its garments which are more visual and practical, manufactured with recycled cardboard as part of the group's measures to reduce its impact on the environment.

In 2009 Bershka opened its first stores in 4 new markets: Ukraine, Syria, China and Singapore. The chain opens up

1998	*Launch Date*
10.6%	*Contribution to total sales*
651	*Number of stores at year-end*
60	*Number of net openings in the financial year*
44	*countries*
4	*new countries in the financial year*

Main indicators 2009 (Millions of euros)

1,177	*Net Sales*
196	*EBIT*
16.7%	*EBIT margin*

Bershka

www.bershka.com

to South-east Asia by means of the opening in Singapore. Therefore, it selected ION Orchard, the largest shopping centre in Singapore. However, the most emblematic opening of the chain over the year took place in Saint Petersburg. This is an establishment located in a singular 18th century building on Nevsky Prospect, the most spectacular commercial street in the city and one of the most notable avenues because of the concentration of historic buildings situated there. Russia is a priority market for Inditex's expansion strategy and at year end Inditex had 135 establishments, 22 of them Bershka.

Bershka is the group's second largest chain in terms of number of establishments, after Zara. Its commercial network totals 651 stores in 44 countries. To respond efficiently to this network of stores, the chain finished in 2009 an important renovation and extension of its logistic facilities in Palafolls (Barcelona), a centre with more than 60,000 square metres adjacent to its headquarters located in Tordera (Barcelona), which has incorporated new incoming and outgoing goods lines and management systems for latest generation processes.

www.stradivarius.com

1999	Purchase Date
6.3%	Contribution to total sales
515	Number of stores at year-end
59	Number of net openings in the financial year
37	countries
6	new countries in the financial year

Main indicators 2009 (Millions of euros)

702	Net Sales
149	EBIT
21.2%	EBIT margin

In 2009 Stradivarius held its 15th anniversary as a women's fashion reference. Throughout this time, the chain's treble clef image has progressed at the same rhythm, as its customers. It always maintains its essence and aims its products at women. Fifteen years after it came into being, the girl behind Stradivarius is now a young city slicker lady with her own personality and style. For her, Stradivarius is a comfortable and warm store in a sophisticated and relaxed environment where buying becomes an entirely pleasant experience.

To commemorate its 15th anniversary, Stradivarius has launched a T-shirt and some special paper bags which have been delivered to all its stores. Fifteen years history has coincided with opening the chain's store number 500 located in the commercial area of Kolonaki in Athens (Greece) and opening up in six new markets: Ukraine, Latvia, Croatia, Estonia, Syria and China. These openings mean Stradivarius boosts its presence in Eastern Europe and starts to expand into Asia and the Pacific. For its opening night in China the chain opted for Shanghai in which Zara, Pull and Bear, Massimo Dutti and Bershka are also present.

One of the chain's most notable introductions during 2009 was that made in Estonia by the enclave chosen for its very first store in Tallin. This is an establishment which is emblematic for its innovative architectonic concept in an old industrial building with an avant-garde and spectacular result.

Over the last few months, Stradivarius has driven forward its collection of complements by broadening its bags, belts, shoes, tights and jewellery supply with the aim of offering its customer the total look.

Regarding the social setting, Stradivarius has shown its undertaking in regard to breast cancer by publishing a supportive calendar starring the Spanish actress Elsa Pataky, which has been on sale in 2009. The aim of the campaign is to increase awareness on the importance of this cause and contribute with a contribution towards medical research.

oysho

www.oysho.com

2001	*Launch Date*
2.5%	*Contribution to total sales*
392	*Number of stores at year-end*
18	*Number of net openings in the financial year*
23	*countries*

Main indicators 2009 (Millions of euros)

280	*Net Sales*
38	*EBIT*
13.6%	*EBIT margin*

Oysho was the Inditex Group's first specialised chain. When it came into being in 2001, it revolutionised the world of women's underwear and applied Zara's hallmark for overwear to lingerie. In 2009, the chain with headquarters in Tordera (Barcelona) took one more step in its singular approach to underwear by extending its supply in a new, welcoming and pleasant setting.

The chain has introduced some additional collections to its lingerie and corsetry lines under the concept Homewear. This product line includes fashion proposals to use at home or informally such as jackets and trouser leggings or warm clothes. This new product range is accompanied by renovations to the interior design of its stores. In new Oysho stores, white - a natural furnishing colour - is predominant in addition to golden brass lamps, old busts lined with tapestry and gold leafing picture frames which add nuances to the setting. The result is a welcoming store which harks back to small establishments of emblematic districts, such as SoHo in Nueva York, Le Marais in Paris or San Telmo in Buenos Aires.

Stores opened by Oysho during the latter part of 2009 already have the new image. This is the case of the two most notable establishments which the chain opened in 2009, located in ideal locations such as Rambla Catalunya, in Barcelona, or calle Rioja in Seville (Spain). During 2010, Oysho will stamp its new image both on new stores and on the renovations.

In the area of customer services, the chain launched its new gift card in 2009 which has begun to be used in its stores.

In 2009 Oysho showed its environmental undertaking in a sea animal protection project with the NGO WWF, publishing a compilation CD whose profits went to a WWF programme to save Mediterranean sea dolphins and tortoises. The CD *Oysho Summer Playlist* was sold over the summer season in all the chain's stores.

2003	*Launch Date*
2.2%	*Contribution to total sales*
261	*Number of stores at year-end*
22	*Number of net openings in the financial year*
25	*countries*
1	*new countries in the financial year*

Main indicators 2009 (Millions of euros)

243	*Net Sales*
25	*EBIT*
10.3%	*EBIT margin*

ZARA HOME

www.zarahome.com

Zara Home has been incorporating the lastest fashion trends in home decoration since 2003 into products such as dinner services, cutlery or textiles (bedclothes, table and bath). During this exercise, its offering for children has increased with full layettes for infants.

During 2009, the fashion chain for Inditex has carried out, together with Zara, two pioneering projects which have marked a milestone in the group's activity and which will be references for the remaining chains in the environment and customer service areas. This is the opening of the first ecoefficient Zara Home store, located in Portal de l'Àngel, Barcelona and the launch of an application for third generation mobile phones.

The ecoefficient store the chain has opened together with Zara in Barcelona is the first European store in the process of LEED certification, one of the most demanding sustainable architecture quality seals in the world. The chain's architecture equipment and Inditex' environment equipment have jointly designed this establishment as a model and reference for the chain's future openings, which will incorporate all measures that enable reducing energy consumption by 30% compared to a traditional store, saving 50% of water and avoiding the emission of more than 150 tonnes of CO_2 a year. In this store Zara Home has also made numerous interior design innovations by introducing new materials into its furniture (such as marble or natural wood) and lighting, designed to make products stand out.

The launch of the application for *smartphones*, which Zara Home made in December with the fashion novelties which arrive at its stores daily is one more step to broaden customer service channels as it did in 2007 with the creation of its online store, which is operational in 15 countries.

In 2009, Zara Home opened its first store in Poland which coincided with the Inditex group's tenth anniversary in this market until year end with presence in 25 countries.

Uterqüe celebrated its first birthday in 2009. In barely 12 months, the Inditex group's youngest chain has turned into a reference in the field of fashion complements and accessories. It came into being with a very clear premise: that complements at the back of a woman's wardrobe become a basic necessity. Uterqüe takes maximum care in the manufacture of its products with the best properties and looks after the finest details like its stores which are sophisticated and natural areas in which elegance cohaibts with functionality.

To celebrate its first birthday, last July, the chain simultaneously opened 3 emblematic stores located on the Gran Vía in Madrid (Spain); at Zaventem airport, in Brussels (Belgium); and in Dubai, in one of the most relevant shopping centres in the United Arab Emirates, Mall of the Emirates. In addition, during this exercise Uterqüe renewed its website with a new more minimalist and conceptual image in which the product participates more.

Just as for the remaining commercial formats of the Inditex group, Uterqüe is a chain with significant international vocation. During 2009, the chain underwent an important international expansion by entering into 8 countries in Europe, the Middle East and America: Belgium, Cyprus, Saudi Arabia, United Arab Emirates, Lebanon, Kuwait, Qatar and Mexico. By launching its brand in these markets, Uterqüe ends the year with commercial presence in 11 countries after receiving a warm commercial welcome in all of them. With the opening in Mexico last December in the exclusive shopping centre Antara Polanco in Mexico DF, the chain exceeded 50 stores and used the opportunity to present its latest fiesta collection which is available in all its stores.

At first complete year end, Uterqüe had 57 stores and a turnover of 44 million euros. In 2010, the chain plans to increase its commercial area within a range of between 25 and 30 stores. 65% of this new area will be in international markets.

UTERQÜE

www.uterque.com

2008	*Launch Date*
0.4%	*Contribution to total sales*
57	*Number of stores at year-end*
26	*Number of net openings in the financial year*
11	*countries*
8	*new countries in the financial year*

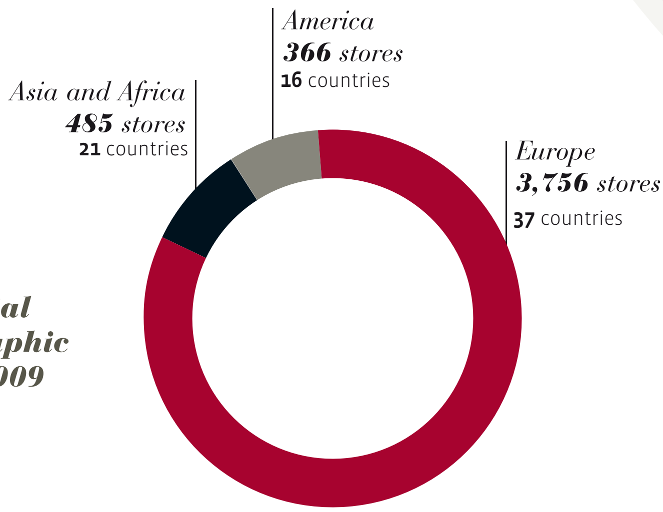
Main indicators 2009 (Millions of euros)

44	*Net Sales*
-2	*EBIT*

International *presence*

Inditex began to expand outside Spain in 1988, at a time when the company only had a few dozen stores. Gaining a global presence was not only a strategic move, it also formed part of the essence of Inditex. The Group ended the financial year of 2009 with a presence in 74 countries on four continents, operating in the whole of the European market as a natural place for all of its chains to expand and with a strong commitment to the Asia-Pacific region as an area of strategic growth, particularly in Japan, China and Korea. The weight of international markets in the Group's turnover has risen to 68.2%. In the case of Zara, the chain with the greatest presence abroad, the international market already accounts for 77% of its turnover.

Between 1 February 2009 and 31 January 2010, Inditex added 343 new stores to its sales network, reaching at year end a total of 4607 stores in 74 countries, following the opening of the Group's first stores in Syria. The structure of each opening has been very different. During the financial year, Inditex increased its commercial presence in 46 markets. International expansion has concerned all of the sales formats and has been especially significant in the case of Uterqüe, the most recent format, which at the end of the financial year, only one and a half years since its launch, was already operating in 11 countries.



Inditex's commercial presence by geographic area at year end 2009

Countries in which the chains started commercial activity during 2009

ZARA

Egypt
Syria

Pull and Bear

Croatia
China
Syria
Ukraine

Massimo Dutti

Colombia
Costa Rica
Croatia
Egypt
The Philippines
Syria

Bershka

China
Singapore
Syria
Ukraine

Stradivarius

Croatia
China
Estonia
Latvia
Syria
Ukraine

ZARA HOME

Poland

UTERQÜE

Saudi Arabia
Belgium
Cyprus
United Arab Emirates
Kuwait
Lebanon
Mexico
Qatar

3,756 *stores*
financial year 2009

In August, Massimo Dutti opened a store in the heart of London's shopping district, ***Oxford Street, thereby increasing to 11*** *the number of stores in the UK*

Europe

Inditex has a significant commercial presence in European markets, which the Group considers to be its domestic market and the natural area of growth for all formats. In the financial year of 2009, Inditex opened 200 new stores in this region. Growth was particularly significant in countries like Russia (37 openings), Poland (34), Greece (18), Portugal (18) and Turkey (15). Growth abroad in this region materialised with the opening of new chains in countries such as Poland, Belgium, Cyprus, Ukraine, Latvia, Croatia and Estonia.

Number of stores at year end 2009

	Zara	Zara Kids	Pull and Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Uterqüe	Total
Germany	64			8						**72**
Andorra	1		1	1		1	1	1		**6**
Austria	11				1					**12**
Belgium	26		2	20	6			6	3	**63**
Cyprus	4		4	2	5	6	2	2	1	**26**
Croatia	3		1	1	2	1				**8**
Denmark	3									**3**
Slovakia	2		1		1	2				**6**
Slovenia	4		2	1	2	3				**12**
Spain	328	168	285	246	265	275	178	120	35	**1,900**
Estonia	2		1		1	1				**5**
Finland	4									**4**
France	114	4	19	16	43	19	10	18		**243**
Greece	43	6	21	12	25	15	15	7	4	**148**
The Netherlands	15				7			1		**23**
Hungary	6		4		5	4	1			**20**
Ireland	9		5	1	5	2				**22**
Iceland	2									**2**
Italy	78	12	34	7	40	24	53	22		**270**
Latvia	4		3		3	1				**11**
Lithuania	4		4		4	4				**16**
Luxemburg	2			1						**3**
Malta	1		5		2	1		1		**10**
Monaco	1									**1**
Montenegro	1		1		1	1	1			**5**
Norway	3			2						**5**
Poland	28		15	6	20	18	10	1		**98**
Portugal	60	23	61	41	45	37	31	19	6	**323**
United Kingdom	65		4	11	4			7		**91**
Czech Republic	6		3	1	4	1				**15**
Romania	9		7	2	6	6	4	3		**37**
Russia	35		24	10	22	23	15	6		**135**
Serbia	4		2	2	2	2	2			**14**
Sweden	8			3						**11**
Switzerland	10			5	1					**16**
Turkey	27		15	12	16	15	13	10		**108**
Ukraine	4		3		3	2				**12**
Total	**991**	**213**	**527**	**411**	**541**	**464**	**336**	**224**	**49**	***3,756***

***485* stores**
financial year 2009

Asia and Africa

*Zara opened in Shibuya, Tokyo, a store with a striking store front in one of the busiest intersection in the world. It **marked Zara´s 50th store in Japan**, a very relevant market for the format.*

Asia is a strategic geographical area for Inditex´s growth. Chinese, Japanese and Korean markets, which are key in the expansion in the area, absorbed most of the new openings, with 63 new stores. The strong growth in China, with a total of 41 new stores, must be underscored, including the first Pull and Bear, Bershka and Stradivarius points of sale. In Japan, there were 50 stores as of fiscal year end, whereas in Korea the company tripled its presence with 17 Zara stores. In FY2009 Syria was added to the list of countries where the Group is present. The entry of new formats was completed with the launching of Zara and Massimo Dutti in Egypt, a market first entered by Pull and Bear and Bershka in 2008.

Number of stores at year end 2009

	Zara	Pull and Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Uterqüe	Total
Saudi Arabia	21	8	9	19	22	10	4	2	**95**
Bahrain	2	2	2	1	1	1	1		**10**
China	44	4	6	13	1				**68**
South Corea	17								**17**
Egypt	3	2	1	2					**8**
The United Arab Emirates	8	5	8	5	7	5	7	2	**47**
Philippines	6		2						**8**
Indonesia	8	2	3						**13**
Israel	19	19	1						**39**
Japan	50								**50**
Jordan	2	2	2	1	2	1	1		**11**
Kuwait	5	4	2	2	3	3	2	1	**22**
Lebanon	4	4	4	4	4	4	4	1	**29**
Malaysia	5	2	4						**11**
Morocco	4		1		3		2		**10**
Oman	1				1	1	1		**4**
Qatar	2	2	2	2	1	2	2	1	**14**
Singapore	7	3	4	1					**15**
Siria	1	1	1	1	1				**5**
Thailand	5								**7**
Tunisia	2								**2**
Total	**216**	**60**	**54**	**51**	**46**	**27**	**24**	**7**	***485***


ZARA
ZARA
ZARA

366 *stores*
financial year 2009

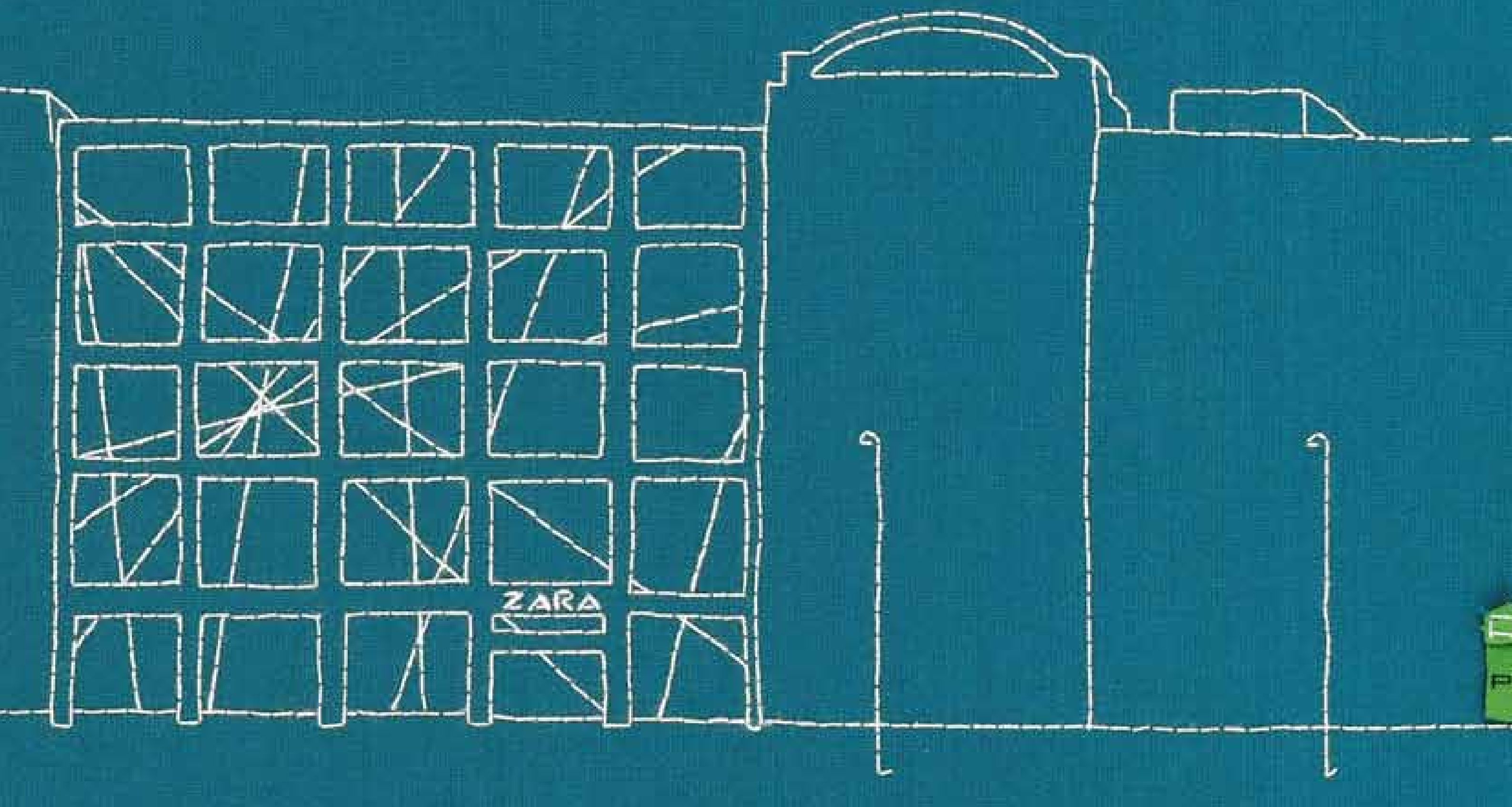
Zara ***opened on the Magnificent Mile in Chicago****, its biggest store in the United States with an imposing façade 15 metres high and 60 metres wide on the intersection of Michigan Avenue and Huron Street*

America

In the financial year of 2009, Massimo Dutti opened its first stores in Colombia and Costa Rica while Uterqüe opened its first store in Mexico, the American market in which Inditex is most prevalent. Mexico, the United States and Colombia saw the largest number of openings in 2009. In total, Inditex opened 28 new stores on the American continent, bringing to 366 the number of stores in this region.

Number of stores at year end 2009

	Zara	Pull and Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Uterqüe	Total
Argentina	8								**8**
Brazil	26								**26**
Canada	18								**18**
Chile	7								**7**
Colombia	8		2	4	4				**18**
Costa Rica	2		1						**3**
El Salvador	2	1		1					**4**
United States	48								**48**
Guatemala	2	2	1	2	1				**8**
Honduras	2								**2**
Mexico	48	33	28	41		29	13	1	**193**
Panama	2								**2**
Puerto Rico	1								**1**
Dominican Republic	1								**1**
Uruguay	2								**2**
Venezuela	11	3		11					**25**
Total	**188**	**39**	**32**	**59**	**5**	**29**	**13**	**1**	***366***



Inditex Commitment

Bershka
ull and Bear
oysho
Massimo Dutti
UTERQÜE
Stradivarius

Customers, *shareholders and society*

Customers

Our customers are the central characters around which all Inditex operations revolve. This not only includes the stores where personnel are the first line of contact, but the rest of the Group as well; from designers and commercial people to corporate professionals that seem to be far from the store activity.

The Inditex motor starts humming once customer demand reactions are analysed. Inditex has a flexible, dynamic and innovative organisation which respond to new trends and tastes in fashion in record time and at heady speeds, meaning that customer expectations can be met by the stores quickly.

This link with our customer is not seen just from a fashion perspective; it also makes its mark with localization, store design, ethical and responsible production environments. There is also a social and environmental point of view as reflected in the chapters on CSR and the Environment.

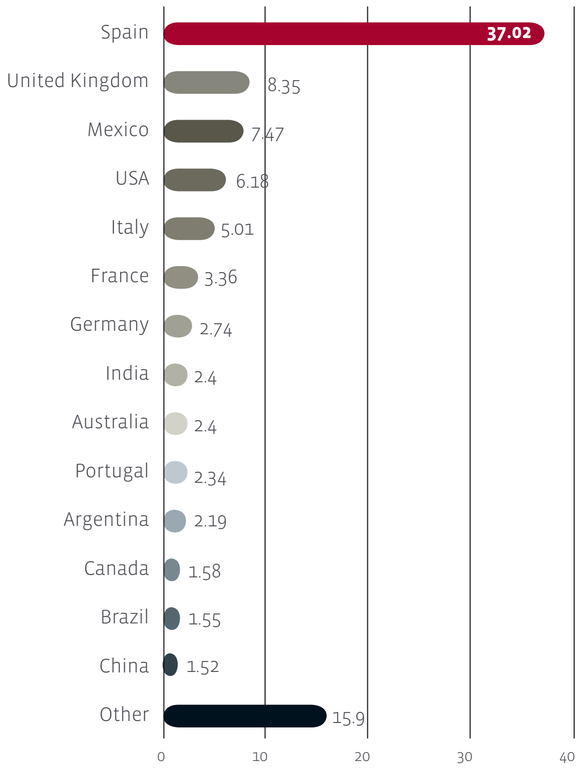
Inditex sees customer service as the key enabling chains to attend to and process customer desires as swiftly as possible. It is one of the most important day-to-day aspects for store personnel. In order that customers enjoy their encounter with fashion in a free and comfortable environment, all of the personnel that work in the Group's stores receive periodic training to help with requests and questions in an efficient and enjoyable manner. In fact, more than 80% of the investment Inditex makes in training targets store staff. In recent years the Store Management Terminal (TGT), which is operative in all Inditex stores, has become an effective tool for continuous training in-store and the best place for daily queries regarding collections available in-store and new products received or at the point of being received, so facilitating information for the customer. Store personnel have access to information about product and warehouses and communication with chain management via the TGT. It improves service.

In addition, customers have other communication channels with the Group for resolving any questions regarding product or the organisation that could not be dealt with in the store. Both the chains and the Group's headquarters have specialised professional teams who offer personalised service to all customers who require it, by phone, email or post and in several languages so as to make the query easier.

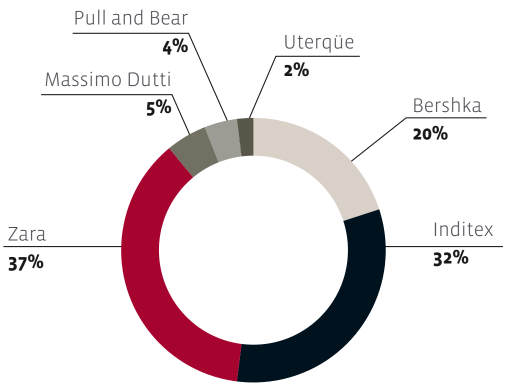
In 2009, more than 54,000 queries were attended to. They were received by e-mail from the chains or Inditex.com, and over the phone. Just a very low percentage were received by post.

Queries handled by channel in 2009

Origin of electronic queries received in 2009 (in %)



Electronic queries received in 2009(*), by chain



(*) Due to a change in methodology, queries received by Oysho and Stradivarius are not included.

Offering fast effective customer service through store personnel and other enabled communication channels is one of the Inditex Group tenets. The limited number of complaints received each year by the chains indicates that the service is meeting needs. In 2009, the Spanish consumer authorities registered a total of 4,344 complaints to the Inditex chains from their customers. This represents one complaint per 56,201 garments sold, clearly demonstrating the high degree of satisfaction.

Internet

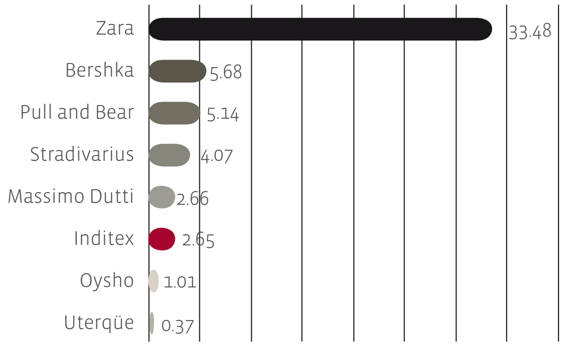
As can be seen by the number of queries received through email, the Internet has become one of the best showcases the chains can use to demonstrate their fashion offerings and maintain a direct close relationship with their customers. During 2009, this virtual relationship got a big push thanks to the launch and entrenchment of all the Inditex chains in social networking sites. Customers are more involved in activities of the Group now that these new medias provide a direct connection to the chains.

The effort that all of the chains made during 2009 to continuously update their web site content with the latest fashion offerings at their stores has been significant. This is the case with Zara.com where there is a new page with the most recent styles available in the stores. This area, called *Lookbook*, has become the most visited area of the web site in just a few months.

All the chains have specialist Internet teams who are continually developing and implementing better tools so that the customer online service is as suitable and effective as possible.

In 2009, the Inditex web sites, including both chain sites and inditex.com, received 55 million visits with more than 264 million pages viewed.

Visits to Inditex websites (in millions)



The visit data for Inditex websites does not include Zarahome.com, the online store for Zara Home, which has been available since October 2007. At the close of 2009, the Zara Home online store was receiving 38,000 visits a day and had 170,383 users subscribed to its newsletter.

Affinity Card 2009

Affinity Card is the Inditex Group card, a payment method valid for its holders in any Group establishment: Zara, Massimo Dutti, Bershka, Pull and Bear, Stradivarius, Oysho, Zara Home and Uterqüe. Available in Spain for more than 15 years, the Affinity Card is also held by customers in Mexico and Greece where it was launched in 2007, and in Portugal where it has been available since 2008. Currently there are more than a million Affinity Card holders in these four countries. All of them have a card that offers financial advantages and methods of payment based on the holders' needs.

In 2009 the Affinity Card celebrated its 15th anniversary by rewarding the loyalty of its holders through a series of initiatives. Among them was a promotion where the holder received a percentage through their accumulated purchases, as well as the *Personal Shopper*, through which the holder could enjoy an exclusive service from a professional image consultant, making a trip through Group stores with a budget of a thousand euros for purchase with the Affinity Card in Inditex stores in Spain.

The Affinity Card has a web site in each of the countries where it is used. In Spain, the affinitycard.es site had more than 250,000 visits in 2009, 25% more than in 2008. The website has become a communication tool as well as a tool customers can use to easily query accounts and transactions online.

More than 200,000 people in Spain receive monthly information at their home regarding the latest news about Group fashion brands, and more than 150,000 card holders receive e-mail communications from the chains containing information about fashion trends and the latest products.

Inditex corporate governance

Introduction

Generally, the tendency is to define Corporate Governance as the way in which companies are organised, managed and controlled. In this context, good corporate governance refers to the administrators and managers responsible for governance acting diligently, ethically and transparently in performing their functions.

Article 5.4. of the Regulations of the Board of Directors of Inditex says that *"The Board of Directors will perform its functions in accordance with the corporate interest, defined as the long-term viability and maximisation of the value of the company in the common interest of all shareholders, which should not impede other legitimate public or private interests being taken into consideration as they affect the performance of company activity and especially those that affect other stakeholders in the company: employees, customers, suppliers and society in general. The Board will determine and review the company's business and financial strategies in the light of this principle, attempting to establish a reasonable balance between the chosen proposals and the risks taken."* The maximisation of company value may therefore only be understood as the continuous creation of value for each and every stakeholder: employees, shareholders, customers, business partners, suppliers and society in general, i.e. a model of a socially responsible company involved in a continuous two-way dialogue that benefits every related agent.

There thus appears a concept of good corporate governance as a necessary instrument to meet the objective of long-term, net total wealth creation, which has to be expressed through management acting ethically and transparently, while being subject to internal and external checks and controls.

Such good corporate governance is an element of corporate social responsibility, understood in its widest sense, and thus becomes a strategic instrument for company efficiency to achieve competitive advantages in conjunction with social action and social responsibility in the strictest sense and with environmental sustainability.

As such, the Annual Corporate Governance Report approved by the Inditex Board of Directors, in accordance with the legally established model, is designed as a document that provides complete and reasoned information on the company's governing structure and practices, so that the market and interest groups can form a faithful image and complete, well-founded judgement on the corporate government of the Inditex Group and on the degree to which the recommendations of good governance approved to this effect have been observed.

Corporate governance report

These consist of:

- Articles of Incorporation, approved in their latest version by the General Shareholders' Meeting of 16th July 2004 and partially modified by agreement of the General Meeting of the 18th July 2006.

- Regulations of the General Meeting of Shareholders, approved by this body at its meeting on 18th July 2003 and partially modified through various agreements of the General Meetings of 18th July 2006 and 17th July 2007.

- Regulations of the Board of Directors, of which the latest revised text was approved by the Board on 11th December 2007.

- Internal Regulations for Conduct for Inditex and the company group in relation to the stock markets, of which the latest revised text was approved by the Board of Directors on 13th June 2006.

- Internal Code of Conduct and Code of Conduct for Inditex External Manufacturers and Workshops, approved by the Board of Directors on 23rd February 2001, the latter being rewritten at the meeting of the 17th July 2007.

- Internal Directive on Responsible Staff Practices for the Inditex Group, approved by the Board of Directors on 13th June 2006.

During 2009, Inditex has continued with practical application and consolidation of the reforms realised in the above-mentioned standard for adaptation to the Unified Code of Good Governance, keeping on Inditex's part, a degree of practically complete compliance with recommendations of the cited Code.

Bodies and mechanisms of Corporate Governance

Inditex corporate governance is expressed through the following institutional and operational bodies and mechanisms:

1.- The General Shareholders Meeting.- Inditex puts into practice the principle of "one share, one vote", attendance at General Meetings is not conditional on the possession of a minimum number of shares and there are no blocking provisions in the Articles of Incorporation, with the result that the degree of good governance obtained is optimum.

2.- The Board of Directors.- As it consists of an Executive Director Representing Controlling Shareholders, who is its Chairman and the founder of the company, two executive directors, a director representing controlling shareholders and five independent directors, to the extent that they are all people of professional prestige and completely separate from the executive team and main shareholders, a majority percentage of independent directors is obtained that is much higher than would correspond proportionally to the company's floating capital. During the six meetings held throughout the year, the Board of Directors, among other things, accepted the matters dealt with by the Audit and Control Committee and the Appointments and Remuneration Commission, analysed and approved the results that the company is regularly required to provide to the market and its supervisory bodies, approved the Annual Corporate Governance Report for the year 2008 and the Triple Report as well as the Report on the policy of remuneration of the Board of Directors itself.

3.- The Audit and Control Committee.- Beyond legal requirements and the recommendations, this Committee consists of five directors, all independent as explained above. During 2009, it met on five occasions and, as well as examining the results of the company and the information supplied to the market, it considered such relevant issues for good governance as the protection and supervision of the function of the Inditex Group Internal Audit, the identification and evaluation of threats to the Group and the analysis of the third annual report presented by the Ethics Committee.

4.- Appointments and Remuneration Commission.- This consists of five independent directors and during the tax year it held five meetings where it analysed and reported on, among other matters, the appointment of managers, transactions with related parties and the human resources policy.

5.- The Committee and Management of Regulatory Compliance.- Reporting directly to the Audit and Control Committee, the Regulations Compliance Committee, consisting of the company's CEO, who is its Chairman, the General Secretary, who is also the Regulation Compliance Manager, the Capital Market Manager and the Human Resources Manager, has the general function of promoting knowledge and ensuring compliance with the Internal

Members of the Board of Directors during the Annual General Meeting held at the company's headquarters in July 2009.

Conduct Regulations for Inditex and its Group of Companies in matters relating to the Securities Market. During the year, it met on four occasions in relation to specific operations with Inditex shares.

6.- The Ethics Committee.- During its third year, this Committee, made up of the General Secretary and the Regulations Compliance Manager, the Human Resources Manager and the Corporate Social Responsibility Manager, supervised the application by Inditex Staff of the Responsible Practices Directive, an instrument designed to ensure the professional, ethical and responsible behaviour of its employees in carrying out company activities in any part of the world.

Transparency and Information

Good governance requires stakeholders to have regular, prompt access to relevant, sufficient and reliable information, both in relation to the rules and practice of governance and to the results achieved.

To do this, and in order to provide maximum corporate transparency, the Company, as well as including all relevant information and communications on its corporate website, kept the market informed as necessary throughout 2009 by sending out relevant market releases (an extensive distribution list with market investors, analysts and sources of market information), press releases (to media outlets and agencies) and through webcast conference calls and road-shows in the main European and American financial marketplaces, which were held following the recommendations of the National Stock Market Commission contained in its letter dated 22 December 2005: “Recommendations regarding information meetings with analysts, institutional investors and other stock-market professionals”, for the purposes of avoiding the selective diffusion of relevant information and of fulfilling the principle of equality of treatment of investors.

Relationship with shareholders

The Shareholder body

Inditex shares are represented by means of account annotations. Keeping the register of these annotations is the responsibility of the Management Company for Share Registration, Compensation and Liquidation Systems (Iberclear).

Inditex had 67,439 shareholders according to data from form X-25 that the company requested from Iberclear for the Ordinary General of Shareholders Meeting of 2009. Of these, 56,242 were individual shareholders and the remainder investment institutions. With the incorporation of significant holdings registered in the Spanish National Securities Market Commission, the approximate summary of the shareholder structure is as follows:

Shareholder body	Shares	%
Individuals	24,060,555	3.86%
Institutional investors	229,669,782	36.85%
Partler 2006 SL	57,872,465	9.28%
Gartler SL	311,727,598	50.01%
Total	**623,330,400**	**100.00%**

Inditex has among its operating principles the fulfilment of a policy of transparency and maintenance of communication channels guaranteeing that all of its current and potential shareholders have clear, complete, homogeneous and simultaneous information, which is sufficient to value the management of the company and its economic and financial results. The Rules of the Board set down, in Article 41, a series of measures which regulate the relations with the shareholders.

Shareholders’ Office

Any individual shareholder can visit the Shareholders’ Office to request detailed information on the performance of the business and future strategy. Through this channel individual shareholders can formulate any request for information that they deem relevant on the performance of Inditex. The Shareholders’ Office dealt with more than 750 petitions from individual investors during 2009.

The Shareholders’ Office takes on special relevance during the period for the calling and holding the General Shareholders Meeting that is traditionally held halfway through July in Inditex's corporate headquarters in Arteixo (A Coruña). Information and documentation is sent specifically to provide shareholders with appropriate knowledge on the convening and content of the General Meeting as well as to facilitate their participation in the process of the taking of decisions by the group's maximum governing body .

Corporate web page

The corporate web page includes all the relevant information for shareholders and investors and is a vehicle of communication with shareholders, providing them with current information on all significant aspects of the Group.

Any user can gain access to the corporate web page to view, among other information, daily and historical share pricing, Inditex annual public reports since 1998, financial information registered in the Spanish National Securities Market Commission (CNMV) via Periodic Public Information and the financial calendar, among other things.

In 2009, the section on information for shareholders and investors on the corporate web page received 561,238 visits.

In addition to the corporate website, www.inditex.com, there are Group websites for each of the following store formats:

www.zara.com	www.pullandbear.com
www.massimodutti.com	www.bershka.com
www.e-stradivarius.com	www.oysho.com
www.zarahome.com	www.uterque.com

Department of Relations with Investors and Analysts

- Some 50 financial and stock-market bodies publish analytical reports relating to Inditex shares. Inditex is the third Spanish company by the number of covers.

- Some 11,200 institutional investors, holding 36.85% of corporate capital, play a key role in formation of the share price and its liquidity.

Relevant information on the performance of the business is communicated quarterly both to the CNMV and to all the shareholders and the financial community and the media, with special attention to those specialising in economic information. This relevant information includes the Balance Sheet, P&L Account and Management Report.

This same procedure is followed with information referring to relevant events that affect the performance of the business. This information is accessible immediately by means of the corporate web page and is distributed to a database of investors and analysts with more than 1100 registrations.

Among institutional investors, Inditex complements this information with quarterly freely accessible multiconferences to explain the quarterly results and performance of the business.

It is important to mention the presentations of annual results to analysts and investors in London and Madrid, with an audience of some 70 persons. The company also holds information meetings in the principal financial capitals and visits to corporate facilities.

Activities with institutional investors

a) Roadshows

Inditex holds two annual roadshows in which it presents the results of the first semester (spring-summer season) and the whole year (after the autumn-winter season) visiting the world's principal financial capitals. Over two and a half weeks, the principal investors have access - mainly by means of individual meetings - to the strategic viewpoint of the management team. During these visits direct contact is established with more than 200 investors.

b) Sector conferences

Another forum of communication with investors is the sector conferences organised by financial institutions, participating in the main events that are held in Europe, with an average attendance of 50 leading institutional investors at each of them.

c) Individual meetings

Apart from the programmed occasion, a large number of meetings were held with investors during the year. In the case of specific requests, visits to investors from a certain country or geographical area are also organised. In the past year presentations have been made in the principal financial capitals of Europe and Asia to more than 100 institutional investors.

d) Visits of investors to the corporate installations

Equally numerous are visits of institutional investors to Inditex facilities to gain deeper knowledge of our organisation, its business model and corporate strategy. Throughout 2009, meetings have been held with approximately 50 institutional investors from all over the world. 90 videoconferences and multiconferences have also been held.

Open to society

Inditex is committed to transparency and access to group information. The media, with its role as primary social intermediary, is one of the main external communicators of information regarding the Group corporate strategy. Its knowledge of macroeconomic scenarios, the sector and the company itself enable it to analyze Inditex's direction and performance with a critical spirit and communicate this information to society.

The General Directorate of Communication and Institutional Relations at Inditex is the channel the Group uses to give the media access to relevant information about the company. It has a team at the corporate headquarters specialized in financial information and with broad knowledge of the textile industry and fashion tendencies. Inditex is adding a series of professionals to this central structure. They are specialized in Communications and Public Relations and are joining affiliate offices where company operations are most relevant or in the countries where the communication media is especially developed. The purpose is to facilitate media accessibility and the availability of relevant information regarding the company. Currently, the Communications Department is present on three continents where it maintains a fluid relationship with the local communication media: America (US and Mexico), Europe (Spain, the United Kingdom, Russia, Italy, Greece, Germany, Poland, France, and Turkey) and Asia (Japan, China, Korea, and India).

During 2009 Inditex made thirty releases to the media in more than 70 countries, via this team. All of the press releases were also available on the corporate website, www.inditex.com, in order to guarantee that the maximum number of interested people would have access to the information. These communications include details regarding important questions about Inditex's performance such as the agreement reached to open the first Zara stores in India in 2010, the agreements adopted by the General Shareholders Meeting, the quarterly reports of results, and the main milestones arising from expansion and activities in the social and environmental area.

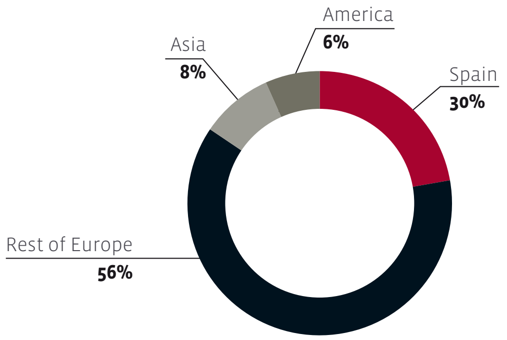
The corporate web page makes available a specific press area which has become one of the main sources of company information. In addition to the cited communications, there are informative materials available such as the Annual Report since it began being published, corporate presentations, and corporate governance and stock market information. For their part, the chains' web pages provide the media with information about collections.

During 2009 Inditex maintained press conferences with national and international media in order to make the annual presentation of results and to report on the General Shareholders Meeting, among others. In these conferences, Pablo Isla, Vice-chairman and CEO of Inditex, kept close contact with the communications media in order give these professionals periodic access to the highest executive level of the organisation.

Inditex tries to respond to all those requests for information arising from the media around world. Just by email, more than 1,500 requests for information from the press, radio, television and internet have been attended to. This very significant volume demonstrates Inditex's high exposure and the interest its activities generate at an international level.

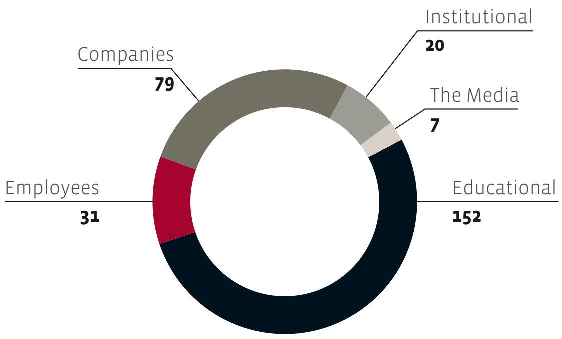
Inditex periodically monitors the information published by the media in about thirty countries. Just in those markets, the Group has counted 35,250 articles in which it was mentioned in 2009. The European communications media published 86% of these articles as a consequence of Inditex's important presence in that region. Nevertheless, articles out of Asia grew from 4% last year to 8% of the total, a result of the significant expansion the Group made in these markets.

News about Inditex by geographical area

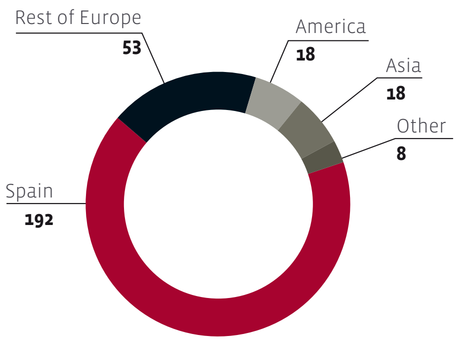


The Group headquarters in Arteixo (A Coruña, Spain) keeps an open door policy that resulted in 289 visits being organised in 2009. These visits, attended by personnel with broad knowledge of the company and long professional careers in the organisation, are directed to diverse types of institutions (mainly educational, corporate, communications media, and employees). The visits include all the main divisions and departments (design, commercial, pattern design, pilot stores, show window design, manufacturing and logistics) enabling acquisition of a deep understanding of the Inditex business model. A total of 4,348 people visited the company installations between 1 February 2009 and 31 January 2010.

Visits to the installations by type



Origin of the visits by geographical area



Some mentions of Inditex in the international press

Zara parent Inditex holds steady in storm

Κέρδη 1,25 δισ. ευρώ το 2008

Αύξηση πωλήσεων αναμένει η Inditex

Comment Zara passe au vert à Barcelone

Récemment inauguré en plein centre de la ville espagnole, le point de vente du groupe Inditex sera le premier magasin textile européen à obtenir la certification Leed.

Στην αγορά της Θεσσαλονίκης

Inditex: Ενίσχυση παρουσίας

「ザラ」今後も出店加速

渋谷に2店舗体制、攻勢続く

Zara spills a few secrets

... and prepares to open 2 stores, at long last, in downtown Chicago

ZARA 连锁店:"高贵不贵"的启示

Zara

Camel and toffee tones add up to the hottest take on safari

A very sophisticated look this season is earthy colours, luxe slouchy tailoring and fluid fabrics. Think designer does the high street.

The chic blouses and high-waisted trousers create an über-stylish look. Watch out for – and covet – the double-breasted blazers.

Prepare to fall in love with the long tailored shorts. Thigh-hiding and smart enough for day or night. A wardrobe lifesaver.

日本経済新聞

2009.11.25

ZARA日本50店目

服装供应链之痒

—ZARA模式的可能性

Corporate Social Responsibility

Large-scale development

For one more year, the practical exercise of the strategy of Social Responsibilty by Inditex has been articulated through the management of a broad concept of development, understood as the expansion process of those liberties which should be enjoyed by all those persons who, directly or indirectly, have been influenced by the implantation of the Inditex business model.

A broad development which is the result of an increase in certain capacities in which the level of income does not exclusively constitute the key indicator and, on the contrary, other variables are relevant, such as the enjoyment of a long and decent life, deriving from the exercise of employment which is respectful of Fundamental Human and Employment Rights, and free, in a peaceful and safe community.

A development in which freedom is the primordial axis enabling us to encourage the role of the working woman both in the factories which make up the Inditex production chain and in the communities in which their families live, as essential factors for social change.

In short, a development that, articulated through the international framework agreement achieved with the International Textile, Garment and Leather Workers' Federation (ITGLWF), makes it possible in the short-term to create a social fabric, inside and outside the factories, which is responsible and generates the processes in which social participation, through the free exercise of the Principles of Freedom of Association (87 Convention of the ILO) and Collective Negotiation (98 Convention of the ILO), is not considered to be a means to achieve small-scale development, but must be considered as constituent parts of its own ends.

Javier Chércoles,
Manager of Corporate Social Responsibility at Inditex.

From Decent Work Comes the Five Wins

Neil Kearney - Former General Secretary (1988 – 2009) International Textile, Garment and Leather Workers' Federation (ITGLWF)

This text is an extract from a conference held during the tenth anniversary of ETI in October 2008.

In memoriam

On 18th November 2009, Neil Kearney, Secretary General of the International Textile, Garment and Leather Workers Federation (ITGLWF) died. Kearney was the main instigator of the collaboration agreement, a pioneer in the sector, signed by Inditex with the trade union organisation in 2007, with the main objective of ensuring trade union freedom and the right to collective negotiation in all countries.

"…30 years ago there was little talk of Corporate Social Responsibility. Employers were expected to take responsibility for those they employed. And they usually did - after a fashion.

Then along came the globalisation of industries like textiles and footwear. Production moved to countries with few rules and little respect for their application. Worker exploitation became intense. Child labour, beatings, deaths in factory fires, all led to consumer revulsion forcing brands and retailers to begin an effort to clean up their supply chains. Rules for suppliers were set down in codes of conduct with compliance policed by an army of social auditors.

Today, this process constitutes a large part of the CSR business, now a US$ 60 billion industry.

This is where Freedom of Association comes into its own, where workers have the right to organise themselves into Trade Unions and where their Trade Union Representatives enter into dialogue, negotiate and bargain collectively with Management on their behalf.

In the absence of such representation there is a huge potential for misunderstanding and conflict. Take Bangladesh where a couple of years ago in a very modern factory workers received lower wages than in the previous month when they had worked less hours. Without industrial relations systems in place and without representation none had the courage to raise the issue with the management. However, they stopped work and began discussing among themselves. Outraged at the stoppage one manager struck out at the workers creating a riot situation in the factory in which one worker was killed, a large part of the factory was trashed and led to 18 months of disruption throughout Bangladesh's garment industry. These are the consequences of the absence of industrial relations management systems and a dearth of communication.

Freedom of Association and Collective Bargaining are not just Human Rights. They are also key constituents of good management practice. In reality, Freedom of Association and Collective Bargaining are the foundations of "mature industrial relations" where management and workforce combine their efforts, recognising their interdependence and working together for their common interests.

Again this doesn't happen by chance.

In these sectors there is huge hostility to workers exercising their right to join Trade Unions. When even suspected of thinking about unionisation workers are threatened, harassed and fired. As a result, they are then generally afraid to exercise their rights. At the same time trade unions are denied access to workers.

The ITGLWF recommends employers give an individual written right to unionise guarantee to every worker and to all new recruits. Such a guarantee makes clear that the employer supports the right of the workforce to join a Trade Union, indicates that the employer will recognise and bargain with that union and will not discriminate against workers who become members.

The ITGLWF also recommends that employers conclude access agreements with Trade Unions permitting them to meet their workforce at mutually agreed times.

A key part of industrial relations management systems should include a protocol to prevent conflicts and other issues based on relations between Management and Trade Union spelling *out the rights and responsibilities of each. A central part of these protocols should aim to promote dialogue and not just about the demands of both sides but concentrating on short daily briefings and de-briefings on production problems; solutions; and upcoming challenges, and how to meet them.*

It should include a weekly review of developments including bottlenecks; challenges; and progress. Finally, it should include regular monthly meetings where important industrial relations issues are examined in greater depth.

All this is time well spent.

Take Cambodia, where there have been many disputes and labour stoppages.

Some factories have adopted industrial relations management systems and have recognised Trade Unions and bargain with them. In an enterprise, for example, not a single day's work has been lost in the two years since these systems were adopted. There Trade Unions consult and recommend how work be allocated between lines, a continual source of dispute in the past.

In other words, mature industrial relations do not eliminate problems but they provide a mechanism where these can be anticipated, identified and dealt with before they escalate into disputes.

So, where can Suppliers as Employers get advice and assistance?

The ITGLWF would recommend going first to Labour Ministries, also seek advice from key international Buyers and do not hesitate to approach Local and National Trade Unions seeking information and advice on how to build systems to minimise the potential for dispute.

The ITGLWF has itself developed a number of components of industrial relations management systems, including Grievance and Disciplinary Procedures and protocols for relations between Trade Unions and Managements and works with International Buyers, Trade Unions and Management to put in place mature systems of industrial relations. We also provide training on the use of such systems to both Trade Unions and Managements.

This support approach is gaining ground. Many key buyers now believe the US$ 60 billion expenditure on CSR could be better spent by switching from policing and auditing to support. For example, the biggest retailers in the world publicly say that the present approach is not sustainable in the long term and that the future lies in mature systems of industrial relations.

Inditex has gone a step further and concluded a Global Framework Agreement with the ITGLWF and both are working together to make "mature industrial relations" a reality in key Inditex's Suppliers across the world.

This represents a major switch handing back responsibility for working conditions to where it belongs – the workplace. Properly undertaken this should result in continuous monitoring of conditions from within an enterprise as opposed to irregular visits by external auditors.

But this approach can only be effective in situations of mature industrial relations with real social dialogue and where the energies of both managers and workforce have been harnessed for the monitoring process enhancing both its effectiveness and credibility.

The objective is decent work and mature industrial relations is the route to that Decent Work.

Of course, some will question Why bother about Decent Work? Why bother indeed?

Analysis shows a direct correlation between bad working conditions and low productivity, poor quality, and late delivery. Inattention to conditions of work and industrial relations usually means poor or weak managements failing to realise the full potential of an enterprise.

"Decent Work", on the other hand, is usually accompanied by above average productivity, better quality production and ability to deliver on time, all elements necessary for a viable, profitable and internationally competitive business.

From decent work come the five Rights. Workers win through better wages and conditions. The employer wins through improved productivity, quality and profitability. The International Buyers, such as Inditex, wins through reliable supplies and protection of their reputation and the Community and the country of production win through stability of employment and enhanced resources.

In other words, Right Working Conditions (Compliance), Right Health and Safety, Right Quality, Right Delivery Time and, finally Right Price...".

In other words, correct employment conditions, correct health and safety, correct quality, correct delivery date and finally the correct price.

Our team: Managers of the Inditex CSR model

Internal team

- **1 CSR Directorate**
  - **13 INDITEX Compliance**
  - **7 INDITEX Health and safety**

External team

236 Compliance

EU 19 (ITS, PWC, SGS)

Romania	3
Bulgaria	1
Italy	4
Portugal	11

NON-EU EUROPE 18 (ITS, SGS)

Turkey	18

AMERICA 9 (ITS)

Mexico	5
Argentina	1
Brazil	3

AFRICA 16 (ITS, SGS)

Egypt	2
Morocco	9
Tunisia	5

ASIA 174 (ITS, SGS, KPMG)

China	94
India	31
Bangladesh	14
Pakistan	2
Vietnam	9
Thailand	4
Cambodia	3
Singapore/ Sri Lanka	3
Malaysia	5
Indonesia	6
The Philippines	3

59 Health and safety

EU 17 (Colormoda – Technical Advice, USG, SGS)

Spain	14
Germany	1
Portugal	2

NON-EU EUROPE 15 (Bureau Veritas, SGS)

Turkey	15

AMERICA 1 (SGS)

USA	1

ASIA 26 (Bureau Veritas, SGS)

Bangladesh	5
Vietman	5
China	11
India	5

1 *INDITEX Corporate investment*

47 *Emergencies*

ASIA
47
(MSF)

Sumatra (Indonesia)	47

487 *Community development*

EU
21
(MSF, Entreculturas, Cáritas)

Greece	13
Spain	8

AMERICA
217
(Entreculturas, SJR)

Perú	68
Chile	19
Argentina	12
Brazil	22
Venezuela	24
Central America	19
Dominican Republic	17
Colombia	26
Ecuador	6
Panamá	4

AFRICA
217
(MSF, Cáritas, SJR)

Malawi	27
Sudan	48
Central African Republic	4
Burundi	12
Burkina Faso	4
Morocco	19
Somalia	103

ASIA
32
(Cáritas)

Cambodia	32

21 *Integration*

EU
21
(El Molí d'en Puigvert Foundation and COGAMI)

Spain	21

Our team

22 *internal*

850 *external*

Inditex, a model of CSR of global intervention:

In the sphere of Corporate Social Responsibility, Inditex opts for a model of global intervention starting from the Inditex Internal Code of Conduct, and attempts to reach all those who, directly or indirectly, are influenced by the conduct of its activity: suppliers, international institutions, customers and society in general.

Inditex Internal Code of Conduct

1 *Suppliers*

- Code of Conduct for Manufacturers and External Workshops.
- Methodology to monitor the process of implementing the Code of Conduct for External Manufacturers and Workshops: *Tested to Wear*
- Compliance Programmes
- Clusters

2 *Institutions*

- Dialogue Platforms
- *FTSE4Good* and *Dow Jones Sustainability* Indexes
- Social Council
- Ethics committee

Key tools in the activity of Inditex and its relations with employees, suppliers and customers

1 *Internal Inditex Code of Conduct*

Formal declaration of values which regulate the relations of Inditex with each one of its interest groups (shareholders, employees, customers, business partners, suppliers and society in general).

2 *Code of Conduct for External Manufacturers and Workshops*

Formal declaration of values developed from the Internal Code of Conduct which sets the principles which regulate the relationship between Inditex and its suppliers. Modified in 2007, after joining the Ethical Trading Initiative and the incorporation of its Base Code, it includes among others the following ILO agreements: 1, 14, 26, 29, 79, 87, 98, 100, 105, 111, 131, 135, 138, 142, 155, 164 and 182.

3 *Tested to Wear*

The methodology for the conduct of the corporate audits of Inditex which uses as a framework of reference the new Code of Conduct for External Manufacturers and Workshops, after the inclusion in it of the Base Code of the Ethical Trading Initiative.

Main activities carried out in the field of CSR in 2009	**Quarter**
Inclusion on *the FTSE4 Good* for the seventh consecutive year.	I
Application of the international framework agreement between ITGLWF, Inditex and a factory in Dhaka (Bangladesh) for the conduct of mature industrial relations.	I
Emergency Programmes in Sumatra (Indonesia).	I
Establishment of the Corporate Social Responsibility office in Morocco.	II
Inclusion on *the Dow Jones Sustainability* Index for the sixth consecutive year.	II
Launch of the *Better Work Programme* in Morocco.	II
Signing of the first collaboration agreement with the University of Dhaka for the training of compliance teams.	II
Application of the international framework agreement between ITGLWF, Inditex and a factory in Phnom Penh (Cambodia) for the conduct of mature industrial relations.	II
Design and application of the methodology *of the SJR Planning Tool* for planning programmes of social investment in complex geographical scenarios (refugee camps in Colombia and Central Africa).	II

3 Customers

- Product health protocol: *Clear to Wear*
- Product safety protocol: *Safe to Wear*

4 Society

- Community Development Programmes
- Escort Programmes
- Emergency Programmes
- Project *for&from*
- Sponsorship and Patronage Programmes

4 Clear to Wear

A product safety standard which has been developed by Inditex in accordance with the most demanding legislation on the subject. It regulates those substances of legally limited use and which, if they are present in the product above certain levels, might be harmful to health.

5 Safe to Wear

This is a product safety standard developed by Inditex, in accordance with the most demanding regulations in the matter of product safety, and of general and obligatory application for all clothing and footwear products and accessories.

6 Social investment

Collaboration with social institutions and non governmental organisations.

Main activities carried out in the field of CSR in 2009	**Quarter**
Data Mining of the production chains at clusters from India and Portugal.	III
Signing of the first collaboration agreement with the *National Institute of Fashion Technology* in Delhi (India) for the training of compliance teams.	III
Application of the international framework agreement between ITGLWF, Inditex and a factory in Lima (Peru) for the conduct of mature industrial relations.	III
Monitoring programmes for vulnerable groups in Greece and Morocco.	III
Data Mining of the production chain in Italy.	IV
Design and application of the new standards of product health and safety and of the internal regulations of the *pH standard*.	IV
Emergency Programme in Haiti.	IV
Incorporation of the first employee of a *for&from* Massimo Dutti store (Mataró, Spain).	IV

1.– Suppliers

The relationships between Inditex and its suppliers are set by two key texts which are obligatory for both employees and suppliers. They are as follows:

Inditex Internal Code of Conduct:

Formal declaration of values which regulate the relations of Inditex with each one of its interest groups (shareholders, employees, customers, business partners, suppliers and society in general).

Code of Conduct for External Manufacturers and Workshops.

Formal declaration of values developed from the Internal Code of Conduct which sets the principles which regulate the relationship between Inditex and its suppliers. Modified in 2007, after joining the Ethical Trading Initiative and the incorporation of its Base Code, it includes among others the following ILO agreements: 1, 14, 26, 29, 79, 87, 98, 100, 105, 111, 131, 135, 138, 142, 155, 164 and 182.

In-depth study of the Inditex production chain

Number of suppliers in 2009 (*)

Geographical area	Suppliers 31/1/2010	Suppliers 31/1/2009
Africa	94	101
America	51	61
Asia	481	417
Non-EU Europe	99	91
EU	512	516
TOTAL	**1,237**	**1,186**

(*) suppliers producing more than 20,000 units/year.

Number of suppliers ruled out in 2009

Suppliers ruled out for breaches of the Code of Conduct for External Manufacturers and Workshops or commercial reasons.

Geographical area	2009	2008
Africa	11	19
America	20	7
Asia	57	67
Non-EU Europe	7	16
EU	50	66
TOTAL	**145**	**175**

The Compliance Programme of the Inditex Conduct Code

The Inditex Compliance Programme is a procedure designed by Inditex in collaboration with the International Textile, Garment and Leather Workers' Federation (ITGLWF), the University of Northumbria (United Kingdom), the *Centre for Business and Public Sector Ethics of Cambridge* (United Kingdom) and the *Ethical Trading Initiative*. Its objective is to implant the Code of Conduct for Manufacturers and External Workshops and the Principles and Conventions of the ILO and the United Nations, with special attention to the Principles of Freedom of Association and Collective Negotiation (ILO Conventions Numbers 87, 98 and 135) at the centres of production of the suppliers of Inditex, as well as those others of an external nature which complement their chain of production.

Tested to Wear is the methodology of corporate audits which is used in the Compliance Programme for the control of the process of implantation of the Inditex Code of Conduct.

The phases of the Compliance Programme

PHASE I. Raising awareness

Training of the potential suppliers of the Inditex chain of production in all those aspects related to the process of implantation of the Code of Conduct for External Manufacturers and Workshops, the Internal Directive on Responsible Practices of the staff of Inditex and the health and safety standards for Inditex products *Clear to Wear* (CTW) and *Safe to Wear* (STW), respectively.

PHASE II. Self-evaluation of suppliers.

The potential supplier carries out a prior self-diagnosis *(Pre-Assessment)* as a necessary condition in order to form part of the Inditex production chain.

The self-diagnostic process is articulated through a questionnaire which includes questions which permit the CSR and Inditex Commercial teams to evaluate the potential supplier through specific indicators that have been specially designed to comply with the requirements of the Code of Conduct for Manufacturers and External Workshops, with the product health and safety standards in force at Inditex (*Clear to Wear and Safe to Wear*) and the required response in terms of units/time. The questionnaire gives a response to the five key points on which the sustainability of the Inditex production chain relies, after the approval of the Internal Code of Conduct in February 2001:

- Optimum compliance.
- Health and safety
- Good quality.
- Correct delivery date.
- Suitable price.

PHASE III.- Corporate audit

Social audits are processes of evaluation of the level of compliance with the Code of Conduct for External Manufacturers and Workshops of Inditex, through corporate audits carried out by accredited external consultants, in accordance with SA 8000 and with the Inditex methodology *Tested to Wear* (TTW) based on:

- Code of Conduct for Inditex External Manufacturers and Workshops.
- Base Code *of the Ethical Trading Initiative*.
- The Principles of the *Global Compact* of the United Nations.
- The International Labour Organisation Programme of the *Better Work Programme*.
- The recommendations of *Social Accountability International*.
- The principles of the *Global Reporting Initiative*.
- The recommendations of the ITGLWF.

Social audits carried out in 2009

Auditing firm and geographical area	Accreditation SA 8000	Number of initial social auditors	Monitoring programmes	TOTAL
Inditex internal auditors	**Yes**	**200**	**126**	**326**
Bangladesh		15	10	25
China		1	-	1
Spain		28	79	107
India		34	1	35
Italy		4	-	4
Morocco		29	26	55
Pakistan		1	1	2
Portugal		65	9	74
Turkmenistan		1	-	1
Turkey		21	-	21
Vietnam		1	-	1
Intertek Group	**Yes**	**526**	**108**	**634**
Argentina		7	-	7
Bangladesh		56	2	58
Brazil		6	-	6
Bulgaria		4	-	4
Cambodia		4	-	4
China		171	18	189
Egypt		2	1	3
The Philippines		1	-	1
India		125	48	173
Indonesia		10	3	13
Italy		3	-	3
Malaysia		1	-	1
Morocco		1	-	1
Mexico		7	6	13
Pakistan		8	3	11
Portugal		11	2	13
Romania		20	6	26
Syria		1	-	1
Sri Lanka		2	-	2
Thailand		2	-	2
Tunisia.		7	-	7
Turkey		53	16	69
Vietnam		24	3	27
SGS Group	**Yes**	**153**	**40**	**193**
China		10	-	10
India		15	5	20
Morocco		26	22	48
Moldavia		1	-	1
Turkey		101	13	114
PricewaterhouseCoopers	**No**	**74**	**62**	**136**
Portugal		74	62	136
Iloper Auditores	**No**	**12**	**1**	**13**
Portugal		12	1	13
TOTAL		**965**	**337**	**1,302**

PHASE IV.- Suppliers' Rating

Using the *Tested to Wear methodology* and the execution of corporate audits and in consonance with the demands set down by ETI, the consolidated evaluation per supplier of the degree of compliance of each one of the sections of the Code of Conduct for External Manufacturers and Workshops is undertaken. The evaluation is made using the following scale:

- **Evaluation 4:** There is no evidence of any breach of a particular section of the Code of Conduct for External Manufacturers and Workshops.
- **Evaluation 3**: Reasonable compliance with a section of the Code of Conduct for External Manufacturers and Workshops.
- **Evaluation 2:** Specific breach of a section of the Code of Conduct for External Manufacturers and Workshops.
- **Evaluation 1:** Significant breach of a section of the Code of Conduct for External Manufacturers and Workshops.

With the specific evaluation of each one of the principles of the Code of Conduct, four levels are set to measure the final degree of fulfilment of the Code of Conduct by the supplier. This rating is the starting point to articulate the design and the subsequent execution of the plans of corrective action and to verify the correction of the breaches detected in the corresponding monitoring audits.

The compliance programme has been developed by the CSR team at Inditex, in collaboration with the ITGLWF and the University of Northumbria.

Levels of degree of fulfilment of the Code of Conduct by the supplier

Rating A	Complies with the New Code of Conduct for External Manufacturers and Workshops.
Rating B	Breaches a non-relevant aspect of the Code of Conduct.
Rating C	Breaches a non-exclusive aspect of the Code of Conduct.
Rating D	Breaches a number of aspects of the Code of Conduct.

Rating of suppliers per geographical area

		2009		2008	
		No. of suppliers	% suppliers	No. of suppliers	% suppliers
Africa	**A**	65	69.15	67	66.34
	B	13	13.83	11	10.89
	C	8	8.51	11	10.89
	D	5	5.32	9	8.91
	PR(*)	3	3.19	3	2.97
	TOTAL	**94**	**100%**	**101**	**100%**
America	**A**	33	64.71	47	75.81
	B	7	13.73	8	12.90
	C	5	9.80	4	6.45
	D	1	1.96	0	0
	PR(*)	5	9.80	3	4.84
	TOTAL	**51**	**100%**	**62**	**100%**
Asia	**A**	139	28.90	105	25.12
	B	177	36.80	115	27.51
	C	88	18.30	100	23.92
	D	72	14.97	92	22.01
	PR(*)	5	1.04	6	1.44
	TOTAL	**481**	**100%**	**418**	**100%**
Non-EU Europe	**A**	22	22.22	40	43.96
	B	52	52.53	34	37.36
	C	15	15.15	10	10.99
	D	8	8.08	7	7.69
	PR(*)	2	2.02	0	0
	TOTAL	**99**	**100%**	**91**	**100%**
European Union	**A**	302	58.98	364	70.41
	B	152	29.69	95	18.38
	C	22	4.30	8	1.55
	D	32	6.25	42	8.12
	PR(*)	4	0.78	8	1.55
	TOTAL	**512**	**100%**	**517**	**100%**
TOTAL		**1,237**		**1,189**	

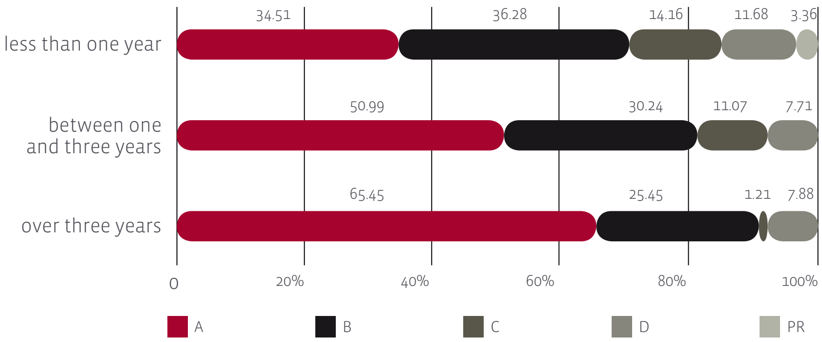
(*) PR: Pending rating.

PHASE V. Plans of Corrective Action

The objective of this phase is to develop responsible and committed working environments with the fulfilment of the main Conventions of the International Labour Organisation and the United Nations.

Following the completion of an audit and the subsequent approval by the manager of the factory of the conclusions reached therein, both teams, social auditors and the management, should reach a consensus on the extent of the breaches and the actions designed to correct the breaches detected, the periods of time for them to be corrected and the date to carry out a second monitoring audit to verify correctness.

Classification of the suppliers according to the years of commercial relations with Inditex



***90% of suppliers** which have formed part, for more than three years, of the Inditex production chain, obtain optimum or reasonable compliance from the Code of Conduct for External Manufacturers and Workshops in their facilities.*

PHASE VI.- Monitoring programmes

After the conduct of the corporate audits, the monitoring programmes are started up to verify, in the periods of time decided by the management of the production centres of the Inditex suppliers, accredited external consultants and the CSR team (in some countries, such as Spain, Portugal, Turkey, Morocco, India, Bangladesh and Cambodia representatives of the ITGLWF also participate), the necessary actions to correct the breaches detected.

Period of time for the conduct of the monitoring audits

Supplier Rating	Period of time for the conduct of the audits
A	24 months
B	18 months
C	12 months
D	6 months

Initial and monitoring audits conducted in 2009

	2009			**2008**			**% variation 08/09**		
Geographical area	**Monitoring audits**	**Initial audits**	**Total**	**Monitoring audits**	**Initial audits**	**Total**	**Monitoring audits**	**Initial audits**	**Total**
Africa	49	65	114	45	46	91	8.89%	41.30%	25.27%
America	6	20	26	0	18	18	-	11.11%	44.44%
Asia	94	483	577	46	335	381	104.35%	44.18%	51.44%
Non-EU Europe	29	176	205	7	67	74	314.29%	162.69%	177.03%
European Union	159	221	380	90	189	277	76.67%	16.93%	37.18%
TOTAL	**337**	**965**	**1,302**	**188**	**655**	**841**	**79.26%**	**47.33%**	**54.82%**

Reinforcing alliances with the parties involved: manufacturers, employees and local trade union representatives

Inditex considers that the relationship with suppliers must be based on cooperation between all the parties involved (manufacturers, workers and local trade union representatives). Only in this way is it possible to achieve a basis of consensus, commitments, which benefit both the suppliers and their communities and the sector in general.

This principle of action led Inditex to sign, in October 2007, an agreement with the ITGLWF, which constituted a new way of intervening in values and rights in the textile factories which make up the Inditex production chain. This framework agreement is designed to develop mature industrial relations between all interested parties through the promotion and protection of Fundamental Human and Employment Rights and, especially, those contemplated in the main Conventions of the International Labour Organisation (numbers 29, 87, 98, 100, 105, 111, 135, 138, 155 and 159, mainly), the Universal Declaration of the Human Rights, the United Nations Convention on the Rights of the Child and the Directives of the OECD for multinational companies in the factories of their suppliers.

This international framework convention is articulated through the seven lines of action:

- The proper implantation, in form and time, of the Code of Conduct for External Manufacturers and Workshops.
- The participative and transparent management of the Corrective Action Plans, designed to implant the Code of Conduct in a sustainable manner in the centres of Inditex suppliers.
- The start up of shared programmes for the creation of "Social Capital" (Trust) for managers and representatives of workers (Peru, Bangladesh, India and Cambodia, mainly).
- The development of protocols and procedures for the prevention of possible conflicts in the production centres of the suppliers.
- The development of protocols and procedures for the eradication of child labour and respect for the rights of emigrant workers (*migrant workers*).
- The research and systematisation of good practices in the processes of implantation of codes of conduct at the University of Northumbria, through the Inditex Chair of Ethical Fashion.
- The search for formulas of intervention from the business point of view for the implantation of the ILO concept of *Decent Work* in domestic work (*homeworkers*) of the embroidery centres in the North Capital Region of Delhi (India).

Programmes for the prevention of conflicts

Among the commitments taken on by Inditex after signing the framework agreement with the ITGLWF, the creation of the Inditex Chair of Ethical Fashion at the University of Northumbria (Newcastle, United Kingdom) stands out as an instrument for the innovation in values and citizenship in the university sphere. During the 2009/2010 academic year, over 400 students have registered. The most important objectives of the professorship are:

- To raise awareness of Fundamental Human and Employment Rights in fashion students at the University of Northumbria.
- To innovate in methodologies and processes for the implantation of codes of conduct of multinational textile companies in their production chains.
- To develop practical cases related with the above processes.

During the 2009/10 academic year, the chair has carried out the following activities:

- Adaptation of methodologies for the eradication of child labour in complex geographic areas (India and Morocco).
- The beginning of the *Jamuna Project*, designed to implant the concept of *Decent Work* in domestic work in embroidery production (*homeworkers*) in Delhi (India).
- Design of an innovative project (*The Northumbria University Sweatshop Project*[1]), which simulates a day's work in a production centre so as to awaken feelings of co-responsibility among the students, the future heads of purchasing teams.
- Creation of university networks which make it possible to connect other geographical spaces linked to the Inditex production chain and to share business and educational experiences from a global perspective such as the University of Santiago de Compostela (Santiago de Compostela, Spain), ISEM (Madrid, Spain), ESADE (Barcelona, Spain), Universidad Antonio Ruiz de Montoya (Lima, Peru), University of Dhaka (Bangladesh) and the *National Institute of Fashion Technology* in Delhi (India), among others.

(1) For more information about *The Northumbria University Sweatshop Project* please visit (http://www.northumbria.ac.uk/sd/academic/scd/beenthere/).

Joint interventions by Inditex and the ITGLWF in 2009 for the solution of conflicts deriving from impediments to the free exercise of the principles of freedom of association and collective negotiation.

	Bangladesh				***Cambodia***			***Peru***
Factory	**Factory 1**	**Factory 2**	**Factory 3**	**Factory 4**	**Factory 5**	**Factory 6**	**Factory 7**	**Factory 8**
No. of employees	**1,100**	**175**	**2,410**	**1,189**	**6,790**	**4,000**	**4,000**	**1,200**
Reasons for the conflict								
Non-exercise of the Principle of Association (Convention 87 of the ILO)	N/A	N/A	✓	N/A	N/A	N/A	✓	✓
Dismissal of trade union representatives (Convention 87 of the ILO)	N/A	N/A	✓	N/A	N/A	N/A	✓	✓
Non-exercise of the Principle of Collective Negotiation (Convention 98 of the ILO)	N/A	N/A	✓	N/A	✓	✓		✓
Improvement in the working conditions (Conventions 161 and 187 Y of the ILO)	N/A	✓	✓	N/A	N/A	N/A	✓	N/A
Health and safety at work (Conventions 161 and 187 of the ILO)	✓	✓	✓	N/A	N/A	N/A	N/A	N/A
Inadequate remuneration (Conventions 95 and 131 of the ILO)	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Calculation of compensation for a workplace accident resulting in death, in accordance with the standards of the international insurance industry itself (Spectrum Protocol)	N/A	N/A	N/A	✓	N/A	N/A	N/A	N/A
Temporary workers	N/A	N/A	N/A	N/A	✓	✓	✓	✓
The parties involved								
Offices of the ITGLWF involved in the decision	Brussels (Belgium)	Brussels (Belgium)	Brussels (Belgium)	Kuala Lumpur (Malaysia)	Brussels (Belgium) and Kuala Lumpur (Malaysia)	Brussels (Belgium) and Kuala Lumpur (Malaysia)	Brussels (Belgium) and Kuala Lumpur (Malaysia)	Brussels (Belgium), Caracas (Venezuela) and Madrid (Spain)
Local trade union organisations	BNC	NGWF	BNC	BNC	C.Cadaw.	C.Cadaw.	Kremmer Youth y C. Cadaw.	FNTTP
Management of the factory	Local	Local	Local	Local	International and Local	International and Local	International and Local	Local
Local business organisations	BGMEA	BGMEA	BGMEA	BGMEA	No	No	No	No
	Present but did not participate	No	Present but did not participate	Present but did not participate				
International purchasers	Present but did not participate	Present but did not participate	Present but did not participate	Present but did not participate				
Date of commencement of the conflict	January 2009	February 2009	February 2009	June 2008	June 2009	June 2009	October 2008	June 2009
Date of the joint intervention of the ITGLWF and Inditex	November 2009	March 2009	March/June/ September/ December 2009 y January 2010	November 2009	December/ January 2009	December/ January 2009	March 2009	August 2009
Date of settlement of the conflict	November 2009	April-May 2009	January 2010	Pending resolution	January 2010	January 2009	March 2009	August 2009

Clusters of suppliers: An instrument to share change

In the sphere of production, Inditex maintains selective and lasting relationships with its suppliers. In order to achieve this kind of stable relationships, Inditex promotes and participates in clusters with suppliers. These clusters are defined as those working groups which, made up of suppliers, trade unions, business associations and international purchasers, aim to generate productive and sustainable environments which are respectful of Fundamental Human and Employment Rights in those geographical areas that are strategic for the development of the Inditex business model.

Parties involved in the clusters:

- Representatives of business associations (BGMEA, ANIVEC/ APIV and AMITH, among others).
- Representatives of supra-national organisations such as the ILO or IFC, among others.
- Members of Dialogue Platforms such as the *Ethical Training Initiative* (ETI) or M*ultifiber Agreement Forum* (MFA).
- Representatives of the Ministries of Industry, Trade and Employment of each country.
- Factory managements.
- Representatives of local and international trade unions (C.CADAW, NGWF, BNC, CC.OO. and ITGLWF, among others).
- NGOs specialising in the resolution of employment conflicts(*Maquila Solidarity* and *Clean Clothes Campaign*, among others).
- Departments of Purchasing and of Corporate Social Responsibility at Inditex.

The clusters constitute an important forum to debate the changes and adaptations necessary to the employment practices which give rise to an improvement of competitiveness.

These are the main objectives achieved by activity of the clusters in 2009:

- Developing mature industrial relations between all the interested parties, from the application of methodologies for the prevention of conflicts in factories belonging to the suppliers that make up the Inditex production chain.
- Generating new sources of competitive advantages for the textile and footwear industries through the product health and safety standards of Inditex, *Clear to Wear and Safe to Wear,* respectively. During the financial year, the adaptation of these standards to the Bengali textile industry, through the *Pin Project* has been outstanding.
- Adapting methodologies for compliance in the factories of Moroccan and Portuguese suppliers through the compliance standards *Fibre Citoyenne* for Morocco, and *Portugal Standard* (Portugal).
- Encouraging bilateral and multilateral relationships between all the interested parties: *Better Work Projects* in Vietnam and Morocco.

The total activity of the Inditex clusters during 2009

Suppliers involved	511
External workshops	731
Workers who make up the staff of the external manufacturers and workshops working for Inditex and involved in the clusters	308,508

The activity of the Inditex clusters during 2009

Bangladesh

Suppliers	47
External workshops	120
Workers who make up the staff of the external manufacturers and workshops working for Inditex in Bangladesh	161,080

Activities of the Bangladesh cluster during 2009:

- Training of social auditors in the *Tested to Wear methodology.*
- 71 initial social audits.
- 12 monitoring programmes.
- Increase in the CSR team of the Inditex office in Dhaka (Bangladesh) and training: The new members of the team have received training for the execution of social audits and the use of the computer tools developed by the Department of CSR for the management of the process of implantation of the Code of Conduct for External Manufacturers and Workshops in the Inditex production chain.
- Standardisation of the social and employment conditions in the factory of a supplier in Dhaka (Bangladesh): After a social audit in which the installations of the factory showed breaches in the health and safety of the workers, the application of a corrective plan of action was established so as to correct the breaches detected. The plan concluded with the transfer of the production and the workers to a new factory in accordance with the Code of Conduct for External Manufacturers and Workshops of Inditex, the valuation of the management systems of this supplier and the creation of instruments to prevent new conflicts.
- Standardisation of the social and employment conditions in the factories of a supplier in Dhaka (Bangladesh): Development of a corrective plan of action for the correction of the breaches detected, in view of the irregularities detected in a social audit related with health, safety and remuneration of the workers. The case was closed with the resolution of all the breaches of the Inditex Code.

Turkey

Suppliers	97
External workshops	170
Workers who make up the staff of the external manufacturers and workshops working for Inditex in Turkey	43,275

Activities of the Turkey cluster during 2009:

- Training of social auditors in the *Tested to Wear methodology.*
- 175 initial social audits.
- 29 monitoring programmes.
- Development of the *Apprentice Scheme* working group: Creation of a recurrent working group for the establishment of relative improvement measures for the social and employment situation of the figure of the apprentice in the textile sector. The working group is made up of international corporations and trades unions and the *Ethical Trading Initiative*, for the study of the *Government Occupational Training Law in Turkey 3308.*

Portugal

Suppliers	184
External workshops	217
Workers who make up the staff of the external manufacturers and workshops working for Inditex in Portugal	14,264

Activities of the Portugal cluster during 2009:

- Training of social auditors in the *Tested to Wear* methodology.
- 162 initial social audits.
- 74 monitoring programmes.
- Guimaraes Project:

  Aimed at learning more about the production line in this country. It comprises the geo-referencing of manufacturers and external workshops engaged in dressmaking, pattern-making, embroidery, laundry and dry cleaners´ and cutting activities.

Morocco

Suppliers	80
External workshops	115
Workers who make up the staff of the external manufacturers and workshops working for Inditex in Morocco	36,804

Activities of the Morocco cluster during 2009:

- Training of social auditors in the *Tested to Wear* methodology.
- 56 initial social audits.
- 48 monitoring programmes.
- Creation of the CSR office of Inditex in Tangiers (Morocco) and training of the new teams.
- Implantation of the protocol agreed by the ITGLWF and Inditex for the eradication of child labour in the productive installations which make up the Inditex production chain.

India

Suppliers	103
External workshops	109
Workers who make up the staff of the external manufacturers and workshops working for Inditex in India	53,085

Activities of the India cluster during 2009:

- Training of social auditors in the *Tested to Wear* methodology.
- 174 initial social audits.
- 53 monitoring programmes.
- Trident Project I, II and III.

  Aimed at learning more about the production line in this country. It comprises, inter alia:

  - The geo-referencing of manufacturers and external workshops engaged in dressmaking, pattern-making, embroidery, laundry and dry cleaners', and cutting activities.
  - Measuring the degree of water drinkability in suppliers´ factories.
  - Measuring the degree of compliance with the Indian laws and regulations of environmental and product health and safety systems in laundries, pattern-making facilities and dry cleaners' used by the suppliers.

2.- Institutions

Dialogue Platforms

Dialogue platforms are an efficient tool for collective action and for formulating public policies that promote and protect Basic Human and Employment Rights. They are spaces for reflection made up of representatives of trade union organisations, business organisations, ordinary society and international purchasers which encourage debate on processes of implantation of responsible strategies within the business models of the participating companies.

The three most representative platforms in the sector, with which Inditex habitually participates, are:

Multifiber Agreement Forum (www.mfa-forum.net)

Multifiber Agreement Forum (MFA) is a dialogue platform which promotes social responsibility and competitiveness of national textile industries in countries that are vulnerable to the end of the quota process. It is made up of international purchasers, suppliers, local and international trade union organisations, ministries of Industry, Trade and Employment and representatives of civil society.

Currently, Inditex is actively promoting the MFA in Morocco and studying the possibility of extending this initiative to other complex social and employment scenarios, such as Bangladesh.

The Morocco MFA is made up of companies such as Mango, Marks & Spencer and Next, among others; the Ministries of Trade and Employment, the Employers' Organisation from the Textile Sector in Morocco and local and international representatives of the ILO. Its objective is to give a boost to the *Better Work Programme* as a source of competitive advantage for the national textile sector.

Ethical Trading Initiative (www.ethicaltrade.org)

ETI is an organisation with its headquarters in the United Kingdom which brings together international distribution companies, large suppliers, trade unions and NGOs, and which aims to improve the living conditions of the workers in the supplying companies. Its members are:

- 56 international corporations such as Inditex, Gap, and Tesco, among others.
- Nine trade union organisations of a global nature such as the ITGLWF.
- 15 organisations that are representative of the third sector in the encouragement and protection of Basic Human and Employment Rights.

Among the main objectives the most important are:

- Promoting the Base Code (adopted by Inditex in 2006)
- Supporting joint initiatives of NGOs, trade unions and businesses which promote decent working in the chains of production of the member companies.
- Developing processes which make it possible to share experiences and cases of good practices among the members.
- Designing corporate practices related to processes of responsible purchase.
- Studying cases of good practices for the implantation of Convention 29 of the ILO relating to the elimination of forced labor and those other recommendations related with domestic work in the production chains.
- Defining protocols for the exercise of responsible purchasing of cotton in producing countries.

Better Work Programme (www.betterwork.org)

In 2007, the International Labour Organisation in collaboration with the World Bank, put forward the *Better Work Programme* with the aim of increasing, in a sustainable manner, the competitiveness of certain emerging countries, such as Cambodia, Vietnam, Jordan, Lesotho, Haiti, Indonesia and Morocco, based on the promotion, respect and encouragement of Basic Human and Employment Rights. It contemplates the following lines of intervention:

- Offering training and cases of good practices to the manufacturers so as to improve the productivity of their manufacturing centres through other experiences learned by the ILO and the World Bank.
- Training trade union representatives in all those matters related to the exercise of Principles of Association and Collective Negotiation.
- Training employment inspectors on whom to subsequently base the process of implantation of the *Better Work Programme*.
- Reducing redundant work (duplication of social audits) through the use of the conclusions of the different intervention programmes of the *Better Work Programme*.

During 2009 the *Better Work Programme* enjoyed the participation of thirty organisations in the following actions:

- Consolidation of the *Better Work Programme* in Vietnam, especially in the footwear sector.
- Training of the intermediate management in Cambodia so that they can develop environments which permit the development of mature industrial relations between supervisors and workers.
- Creation of an online tool in Cambodia and Vietnam which enables member international purchasers to have access to the conclusions that are derived from the work in the field concerned.

Commitment to securities markets

Inditex has remained on the sustainability indexes, FTSE4Good and Dow Jones Sustainability Index for the eighth and the seventh consecutive year, respectively.

FTSE4Good is a stock exchange sustainability index that includes the most committed multinational companies in the field of corporate responsibility. This index evaluates the social responsibility of its listed companies in accordance mainly with their activities related to sustainable development and respect for Human Rights. Twice yearly, the FTSE4Good Policy Committee reviews the behaviour of the member companies in relation to sustainability, based on a thorough questionnaire that the Ethical Investment Research Service draws up, as well as on the data that the companies publish and other sources of information. Inditex has been a member of this index since 2002.

Dow Jones Sustainability Indexes are a family of stock exchange indexes reflecting the activities of participating companies in the field of sustainability and corporate responsibility. As a prerequisite for entry, and for subsequent listing on the above-mentioned indexes, the participants must undergo a rigorous analysis and selection process led by an independent external agency. This analysis evaluates the quality of management at companies in areas related to corporate governance, risk management and branding, employment practices and environmental actions, among others. Inditex has been a member of these indexes since 2003.

Result obtained by Inditex in the most recent Dow Jones Sustainability Indexes evaluation

	2009		2008	
	Inditex score (%)	**Average score (%)**	**Inditex score (%)**	**Average score (%)**
Total	**72**	**47**	**67**	**46**
Dimensions studied				
Economic	60	53	54	54
Environmental	90	38	77	35
Social	74	45	74	46
Social dimension				
Criteria				
Employment practices	77	56	82	58
Development of human capital	52	29	46	23
Gaining and retaining talent	60	35	58	38
Philanthropy	74	35	74	36
Corporate Report	48	37	48	36
Standards for suppliers	99	62	92	60
Commitment with interest groups	87	50	95	55

The Inditex Social Council

The Inditex Social Council was set up as an instrument to encourage, propose and arbitrate proposals from interest groups involved in its business. The Council ensures that the Inditex External Manufacturers and Factories Code of Conduct is enforced in order to guarantee that the interests of vulnerable groups are not only protected but that they become part of the agenda for the Inditex Board of Directors' and every employee in the company.

The Inditex Social Council members must be independent and transmit the interests and aspirations of civil society, helping Inditex to develop an open business model, with values and committed to its environment.

Social Council Members

D. Alfred Vernis - ESADE Business School
D. Ezequiel Reficco - University of los Andes
D. Víctor Viñuales -Fundación Ecología y Desarrollo
Dña. Adela Cortina - Valencia University
Dña. Cecilia Plañiol - Ex-Chairwoman of the Fundación Española Contra el Cáncer

Inditex Social Council Duties

a) Giving advice on promoting, implementing and developing the Inditex Corporate Social Responsibility Model.

b) Giving advice on interpreting and applying the Internal Code of Conduct and proposing measures and control systems that encourage, oversee and, where applicable, guarantee fulfilment thereof.

c) Providing information about the Corporate Social Responsibility Department's plans of action.

d) Informing on awareness and/or development programmes launched in the Inditex production and selling chains, and any other investment made in the field of Corporate Social Responsibility.

e) Encouraging talking, dialogue and communications between local and international society and Inditex, wherever its business model is implemented.

f) Promoting methods of disseminating the Internal Code of Conduct to each of the interest groups.

g) Proposing any ideas or recommendations to the Board of Directors, after hearing the Audit and Control Committee, that it deems suitable in order to better fulfil the Inditex Corporate Social Responsibility programme.

Meetings held in 2009

Date held	Venue	% of members present at the meeting
03- 06-2009	ESADE Business School (Madrid)	60

Ethics committee

The Ethics Committee is in charge of overseeing proper compliance with the Internal Directive on Responsible Staff Practices at Inditex. It is made up of: General Board Secretary, Antonio Abril; Human Resources Manager, Begoña López-Cano; and Corporate Social Responsibility Manager, Javier Chércoles. It can act on its own initiative, at the request of any duly identified employee and, exceptionally, as a result of an anonymous complaint from an employee made in good faith.

The Ethics Committee is attached to the Board of Directors, through the Audit and Control Committee and it has the following functions:

- The internal dissemination of the Directive among all Inditex staff.
- Receiving all kinds of documents related to the application of the Directive.
- Putting through dossiers related to the application of the Directive until the corresponding decision is taken.
- The interpretation of any doubt arising through the application of the Directive.
- Proposal to the Board of Directors, with a prior report from the Audit and Control Committee, of all the clarifications and rules of development required by the application thereof.

In 2009, all of the incidents that Inditex employees reported to the Ethics Committee were suitably resolved.

3.- Customers

Health and safety of the product

If, in its relations with suppliers, Inditex promotes and demands compliance with the Code of Conduct for External Manufacturers and Workshops and its verification tool is the *Tested to Wear methodology*, its product policy guarantees that its articles do not involve risks for the health and safety of the user. For this purpose, it encourages technological innovations in this field which it shares with all the external manufacturers and workshops which make up its production chain. These innovations have led to the creation and implantation of two internal standards that are obligatory for all suppliers: *Clear to Wear*, regarding product health, and *Safe to Wear*, to ensure product safety.

Clear to Wear

It is the product health standard created in 2006 by the Inditex CSR Department in collaboration with the University of Santiago de Compostela (Spain) in accordance with the most demanding legislation in the field of product safety anywhere in the world. It is of general and obligatory application for all those products including clothing, footwear, accessories, complements and textiles supplied to Inditex.

Apart from matters relating to composition, pH and colour-fastness, it regulates substances that have limited legal uses such as formaldehyde, arylamines, phenols (PCP and TeCP), cadmium, lead, mercury, chromium, chromium (VI), nickel, phthalates, fire resistant polybrominates, pesticides, chlorinated short-chain paraffins, perfluorooctane sulfonates (PFOS), dimethyl fumarate, organostannic compounds and artificial colours linked to allergic reactions. It also limits the use of two parameters not contemplated in the current legislation, the organochlorinated compounds and the isocyanates. Finally, it includes the *Registration, Evaluation, Authorisation and Restriction of Chemicals* (REACH) as an obligatory community regulation for all Inditex suppliers.

After the approval of the CTW in February 2006, as well as its subsequent updatings, Inditex, as a responsible and socially-committed organisation, accepts the commitment to implant its standard through its production chain.

In order to facilitate the implantation of the standard in the chain of production, Inditex has developed specific and detailed documentation: *Implementation Toolkit Guidelines*. Each Toolkit is a guide of obligatory compliance for all Inditex suppliers.

Standard under constant review

The product quality standards of Inditex are under constant review with the aim of always being in accordance with the most demanding legislation in the matter of product health around the world. CTW was created in 2006 and in 2007 its first review took place. During the 2009 financial year, the Inditex CSR Department, in collaboration with the Organic Chemistry teams of the University of Santiago de Compostela, introduced technical and scientific innovations and updatings into CTW which will begin to be applied in the analyses carried out during 2010.

Technical and scientific innovations and updatings of the CTW 2010 standard

- Regulation of new legally limited substances due to the new legislative developments in the field of health of textile articles or their presence in new industrial applications that are the result of innovation in the textile industry.

Category	Parameter
Legally limited substance	Mercury
	Chrome
	Perfluorooctane sulfonates (PFOS)
	Dimethyl fumarate (DMF)
	Organostannic compounds
Limited use substance	Isocyanates

- Modification to the limits of the regulated substances depending on the material or compound in which they are present.

Regulated substance	Limit contemplated in CTW 2007	Limit contemplated in CTW 2010
Arylamines	20 ppm for textile and leather products.	20 ppm for textile products.
		30 ppm for leather products.
Cadmium	No detection for all complements, and metallic and plastic accessories.	1 ppm for textile and leather products.
		Maximum of 75 ppm for metallic and plastic elements.
		Maximum of 75 ppm for paints and metallic coatings.
Lead	Maximum of 100 ppm for accessories, metallic and plastic elements.	Maximum of 100 ppm for textile products and furs without direct contact with the skin, for children older than three years and metallic and plastic elements.
		Maximum of 90 ppm for all dyed materials and those with superficial coatings: metal, plastic, wood and raffia, among others.
		Maximum of 1 ppm for textile products, for children under three years, and for those others that are in direct and prolonged contact with the skin, for children of over three years.
		Maximum of 30 ppm for textile products made mainly with PVC, neoprene and plastics.
Phthalates	No detection in articles for children under the age of two.	No detection for all textile, plastic and synthetic products (mainly clothing, footwear, accessories and household textiles).
	Maximum of 500 ppm for articles for children older than two years (clothing, footwear, non-metallic accessories and household textiles).	
Fire resistant fabrics	No detection for fire-resistant fabrics detailed in Appendix II of CTW 2007, except DecaBDE.	No detection for fire-resistant fabrics such as: TRIS, TEPA, PBB AND BIS-(2,3.DIBROMOPROPYL PHOSPHATE), for textile products.
	Maximum of 1000 ppm for DecaBDE for textile products.	Maximum of 1000 ppm for fire-resistant fabrics such as: PentaBDE, DecaBDE and OctaDBE, for textile products.
Organochlorate compounds	Maximum of 5 ppm for textile products for children under two years and in textile products that are in direct and prolonged contact with the skin.	Maximum of 1 ppm for textile products for children under three years and in textile products that are in direct and prolonged contact with the skin.

- Modification in the classification/denomination of the substances regulated

Regulated substance	Classification contemplated in CTW 2007	Classification contemplated in CTW 2010
Allergenic colouring materials	• Substances of limited recommendable use	• Legally limited substances
Organochlorate compounds	• Substances of limited recommendable use	• Substances of limited use
Pesticides	• Other substances not contemplated in the CTW 2007	• Legally limited substances
Short-chain Chlorinated Paraffins	• Other substances not contemplated in the CTW 2007	• Legally limited substances

- New legally limited parameters (colour solidities): The Asiatic legislation regarding product health includes new textile product quality parameters related with the fixing of dyeing products to the fibres of the fabric.

Category	Parameter
Legally limited parameters	Colour fastness in water
Legally limited parameters	Colour fastness in perspiration
Legally limited substance	Colour fastness to rubbing
Legally limited substance	Colour fastness to saliva

- New obligatory community regulation: *Registration, Evaluation, Authorisation and Restriction of Chemicals* (REACH), a new European regulation which has come into force and which makes the industry responsible for the risks which attach to chemicals. It sets down tools for the control of the products manufactured or imported into the European Union, it provides constant means of updating and mechanisms for applying for information from users.

Safe to Wear

This is defined as a product safety standard developed by the Inditex CSR Department, in accordance with the most demanding regulations in the matter of product safety, and of general and obligatory application for all clothing and footwear products and accessories.

Apart from all those aspects relating to control of metallic contamination (mainly broken needles), STW limits the design of laces and cords in clothes targeted at children under 14 years old; the size and pulling and twisting forces of small parts of clothes targeted at children under 3 years old, and the presence of cutting or sharp objects in them. It also limits the flammability of clothing for children under 14 years old.

Technical and scientific innovations and updatings of the STW standard

- Modifications in the legally limited parameters:

  a. Modification in the requirements in sleeping clothes: Inclusion of adult textile articles within the scope.

  b. Modification in the legislation which regulates the inflammability of textile articles: Inclusion of the following legislation on inflammability of textiles:

  - Dutch regulations: *Netherland Mandatory Fire Safety Requirements.*
  - Norwegian regulations: *"FOR 1984-02-13 nR 427 Forskrifter om forbud mot svaert brannbare tekstiler 13-02-1984" Directive on prohibition of highly flammable textiles.*
  - Swiss regulations: *"Swiss Ordinance 817.043.1".*

  c. Modification in the acceptable limits of inflammability of textile articles:

Requirements in children's sleeping clothes (up to 14 years)

Garment type	Legislation
Pyjamas (1)	Netherlands. Mandatory Fire. Safety Requirements.
Pyjamas (2)	Netherlands. Mandatory Fire. Safety Requirements.
Nightdresses, dressing-gowns and bathrobes (1)	Netherlands. Mandatory Fire. Safety Requirements, when they are verified with EN 1103.
Nightdresses, dressing-gowns and bathrobes (2)	UK Regulations, BS 5722 when they are verified with BS 5438.
Nightdresses, dressing-gowns and bathrobes (3)	UK Regulations, BS 5722 when they are verified with BS 5438.
Baby's bathrobe (1)	Mandatory Fire Safety Requirements, when they are verified with EN 1103.
Baby's bathrobe (2)	Mandatory Fire Safety Requirements, when they are verified with EN 1103.
Bathrobe	Mandatory Fire Safety Requirements, when they are verified with EN 1103.
Baby nightclothes	No

Requirements in adult sleeping clothes

Garment type	Legislation
Sleeping clothes	Netherland Mandatory Fire Safety Requirements when they are verified with EN 1103.

Requirements in daytime wear

Garment type	Age of user	Limit
Plain surface fabric	Children under fourteen years.	Combustion time greater than seven seconds.
Plain surface fabric	Adults	Combustion time greater than five seconds.
Raised surface fabric	Children and adults.	Combustion time between 0 and 7 seconds if the base of the textile does not burn. Combustion time greater than four seconds if the base of the textile burns.

CPSIA reference manual for the United States

After the approval of the *Consumer Product Safety Improvement Act* of 2008 by the Government of the United States of America, and with the objective of carrying out a proper compliance with its requirements, Inditex certifies the compliance of those products which it imports into the United States of America with the above-mentioned regulation, as well as any other applicable regulation.

For this purpose, and with the object of helping its suppliers in the process of implantation of the CPSIA, Inditex has published a manual which includes requirements of the standards of product health and safety (CTW and STW) and provides a special procedure to ensure compliance with the requirements of the CPSIA for those articles sold in the United States.

The CSR Department has developed a specific procedure of implantation of the CPSIA requirements by means of the certification of all the articles which go onto the American market through the active participation between Inditex, the supplier and accredited external laboratories. The procedure includes articles targetted at children under fourteen for all the parameters and substances regulated in the CPSIA and articles targetted at adults only for inflammability.

Indicators of implantation

Programmes of external training for Inditex suppliers

	2007	2008	2009
No. of suppliers	190	128	250

Programmes of training for Inditex sales teams

	2007	2008	2009
No. of attendees	70	350	220

Programmes of external training for teams from the external laboratories accredited by Inditex

	2007	2008	2009
No. of attendees	-	6	14

Policy in relation to fur products

In 2002, in response to animal rights protection demands, Inditex passed its fur prohibition policy, which lays down a ban on the use of fur in the products that it sells.

This policy requires that fur in the products that Inditex sells must come from animals raised on farms for human food consumption and, under no circumstances, from animals killed exclusively to sell their fur.

4.- Society

1 Programmes of community development

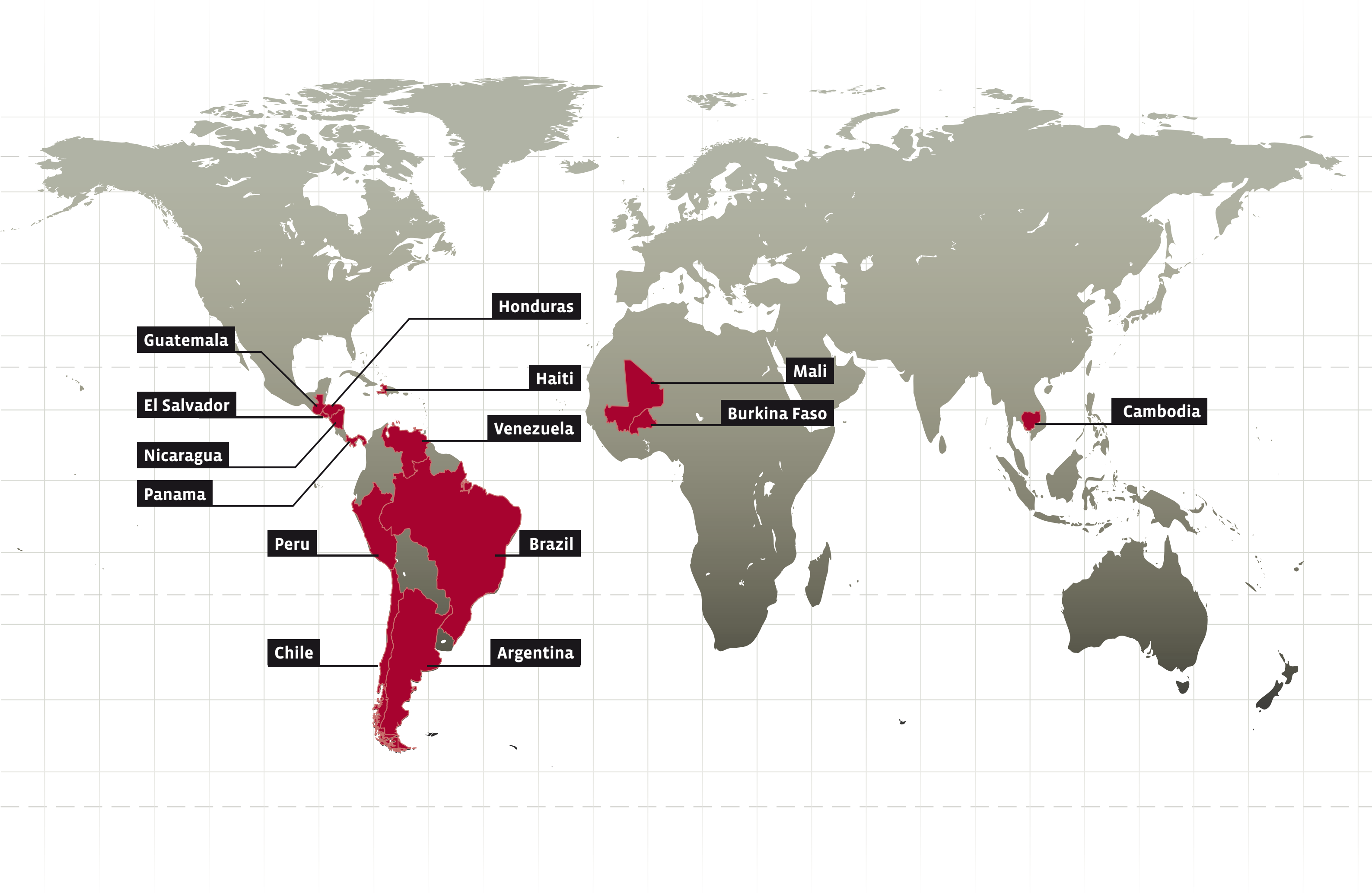
At Inditex we believe that development must start by building an equal, participative, co-responsible and egalitarian civil society - both inside and outside factories. We believe that development involves strengthening the human capital of the communities targeted by our social investment programmes.

After the approval of the Inditex Internal Code of Conduct by the Board of Directors in 2001, the CSR Department developed its strategy of Corporate Social Responsibility together with a limited group of corporate entities of a global nature, in geographical areas in which it traditionally carried out its business model. These entities are mainly Fundación Entreculturas-Fe y Alegría, Servicio Jesuita a Refugiados (SJR), and international networks of Cáritas and Médecins Sans Frontières, with which initiatives are started up through the following lines of intervention:

- **1 - Community development programmes**
- **2 - Monitoring programmes**
- **3 - Emergency Programmes**
- **4 - for&from programmes**

The aim of the community development programmes is to supply the tools necessary for the harmonious exercise of a wide concept of development, based on the extension of political, social, training and economic capacities of those communities, institutions and organised groups that are close to our activity. Traditionally, these programmes are articulated in the following areas of intervention:

- **Increase in educational cover:** The right to education is understood as a fundamental right for development. Within this section, those educational projects are included which aim generally for the universalisation of education and specifically the construction, alteration and equipping of educational institutions for disadvantaged and vulnerable populations.
- **Improvement in the quality of education:** The objective is to permit access to a decent, quality education for vulnerable groups through the development of processes which permit the training of teachers and the adaptation of training plans for teachers, mainly.
- **Technical training for work:** It concentrates on equipping educational centres which facilitate the development of technical abilities which make it possible for the students to have access to a decent job which is suitable for their environment, once their training is complete.
- **Institutional strengthening:** Programmes aimed at improving systems of administration, computing, planning and communication of those civil associations (local collaborators with Inditex on the ground) which are responsible for the effective and efficient execution of the programmes of social investment.



Honduras
Guatemala
Haiti
Mali
El Salvador
Burkina Faso
Cambodia
Venezuela
Nicaragua
Panama
Peru
Brazil
Chile
Argentina

List of projects of community development 2009

Argentina

Entreculturas-Fe y Alegría

Project: Integral training and social promotion of vulnerable groups in the provinces of Corrientes, Chaco, Salta, Jujuy and Buenos Aires. The aim is the training for work of 272 pupils and the equipping of five centres of vocational training and five open classrooms, and the conduct of educational constructions in four centres.

Total duration of the project: 30 months

Investment 2009: 162,634 euros

Beneficiaries: 1.553

Results obtained during 2009:

- Conduct of 69 hours of training for work and an open classroom.
- 341 persons attended the training activities (employment and affective training, and re-insertion into school).
- Purchase of 35 % of the equipment for five centres of vocational training and five open classrooms.
- Construction of 45% of the educational infrastructure.

Achievement of 120% of planned goals.

Brazil

Entreculturas-Fe y Alegría

Project: Construction of the people's cultural centre, Fe y Alegría, in Grajaú, Sao Paulo, for the training of fifty-four young people as community cultural agents.

Total duration of the project: 30 months

Investment 2009: 49,210 euros

Beneficiaries: 217

Results obtained during 2009:

- Conduct of nine cultural events.
- Equipping of educational spaces.
- 63 persons attended the training activities.

Achievement of 91% of planned goals.

Brazil

Entreculturas-Fe y Alegría

Project: Construction of a centre for education and culture in Santa Catarina, analysis of the educational needs of the population and multidisciplinary training for children and young people as well as their families and communities.

Total duration of the project: 30 months

Investment 2009: 57,437 euros

Beneficiaries: 80

Results obtained during 2009:

- Monitoring of forty families from five districts.
- Termination of 55% of the construction of the centre.
- 1,164 hours of training for minors.

Achievement of 100% of planned goals.

Brazil

Entreculturas-Fe y Alegría

Project: Creation of an alternative school for school back-up and training for young people from marginal districts. It also includes the establishment of alliances with other institutions for the operation, dissemination and sustainability of the school and the conduct of 1,144 hours of additional training for young people with scarce resources.

Total duration of the project: 30 months

Investment 2009: 51,218 euros

Beneficiaries: 87

Results obtained during 2009:

Termination of the adaptation and rehabilitation of the alternative school.

Establishment of seven alliances with other institutions as a guarantee of the sustainability of the school.

1,380 hours of additional training for young people with limited resources to favour their access to advanced education.

Achievement of 99% of planned goals.

Guatemala

Entreculturas-Fe y Alegría

Project: Central American programme for the improvement of the quality of education and teachers' living conditions. To give an incentive to educators and support staff of the Fe y Alegría centres in Guatemala for a better performance in their educational work.

Total duration of the project: 30 months

Investment 2009: 24,742 euros

This project will begin in the 2010/2011 financial year.

Honduras

Entreculturas-Fe y Alegría

Project: Central American programme for the improvement of the quality of education and teachers' living conditions in the "department" of Yoro. The programme includes the development of diploma courses and certifications for the educators and giving them training in the management of pre-school centres. For this purpose, a diploma holder in Psycho-pedagogy and a diploma holder in Management of Projects have been hired.

Total duration of the project: 30 months

Investment 2009: 24,749 euros

Beneficiaries: 74

Results obtained during 2009:

Conduct of 346 hours of training for teachers.

Achievement of 103% of planned goals.

Haiti

Entreculturas-Fe y Alegría

Project: Central American programme for the improvement of the quality of education and teachers' living conditions. in the regions of Jean-Rabel, Balán, Ouanaminthe and Anse-á Pitre. The project includes the training of eighty teachers in the field of management of the centres and the purchase and application of teaching resources.

Total duration of the project: 30 months

Investment 2009: 17,684 euros

The situation in Haiti after the earthquake has halted the project. The priority of Fe y Alegría during the financial year was to attend to the emergency and planning and to contribute to social and educational reconstruction in the country.

Nicaragua

Entreculturas-Fe y Alegría

Project: Central American programme for the improvement of the quality of education and teachers' living conditions in the localities of Ocotal, Estelí, Diriamba, Chinandega, León, Ciudad Sandino, Mateare, Bello Amanecer, Las Cuaresmas and Somotillo. It includes: The training of teaching staff in the matter of management of the educational centres, access to credits of 23 teaching staff, medical attention for forty persons and certified training for eighteen persons.

Total duration of the project: 30 months

Investment 2009: 24,749 euros

Beneficiaries: 224

Results obtained during 2009:

- Access to credit for 43 teachers.
- Medical attention for 163 teachers in ophthalmology, odontology and surgeries.
- Training of 18 teachers.

Achievement of 159% of planned goals.

Panama

Fe y Alegría

Project: Central American programme for the improvement of the quality of education and teachers' living conditions in Pedregal and Costa Abajo. Details: Training seventeen persons and facilitating the access of seventeen persons to a joint savings and credit fund which will contribute to an improvement in the quality of life of the teaching staff of the educational centres.

Total duration of the project: 30 months

Investment 2009: 24,749 euros

Beneficiaries: 35

Results obtained during 2009:

- Access of seven teachers to resources to carry out training on university diploma courses in Psychopedagogy and Teaching in Education and Learning.
- Participation of seven teachers in training activities.
- Thirteen loans made to the administrative staff of the educational centres.

Achievement of 31% of planned goals.

El Salvador

Fe y Alegría

Project: Central American programme for the improvement of the quality of education and teachers' living conditions as well as the creation and promotion of a savings and credit fund for educators from San Salvador, San Miguel and Santa Ana.

Total duration of the project: 18 months

Investment 2009: 24,749 euros

Beneficiaries: 90

Results obtained during 2009:

- Creation of a savings and credit committee.
- Design of a qualification programme.

Achievement of 76% of planned goals.

Chile

Fe y Alegría

Project: Strengthening of the programmes of technical and professional education of Fe y Alegría Chile - PHASE II in the Metropolitan Region and Valparaiso. Details: Vocational training for young people and teachers belonging to the educational centres and the establishment of alliances with companies to increase the number of internships and jobs in companies for the students.

Total duration of the project: 30 months

Investment 2009: 29,197 euros

Beneficiaries: 667

Results obtained during 2009:

- Training for insertion into the workplace for 230 pupils.
- Conduct of 4,500 evaluations of pupils.
- Conduct of internships by 115 students.
- Conduct of a workshop on insertion into the world of work for 150 students.
- Increase of 90% in the number of internships undertaken by students.

Achievement of 113% of planned goals.

Regional
International Federation of Fe y Alegría Latin America

Project: Training of managerial teams (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, Peru, Dominican Republic and Venezuela); improvement of the processes of project management (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, Peru, Dominican Republic and Venezuela); and evaluation of strategic planning (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, Peru, Dominican Republic and Venezuela).

Total duration of the project: 30 months

Investment 2009: 158,157 euros

Beneficiaries: 139

Results obtained during 2009:

- Training of 78 persons in social management.
- Conduct of ten related publications.
- Training of 18 persons in the application of the software for project administration and accounts.
- Drawing up of a draft evaluation guide.
- Holding of an international training meeting for heads of planning and projects.

Achievement of 95% of planned goals.

Peru
Fe y Alegría

Project: Construction and restoration of School 6" in Tingo Marí (Huánuco).

Total duration of the project: 12 months

Beneficiaries: 240

Investment 2009: 90,421 euros

Results obtained during 2009:

This project is to be carried out in the 2010/2011 financial year.

Peru
Fe y Alegría

Project: Strengthening of education for networking in educational institutions of Fe y Alegría Peru.

Total duration of the project: 24 months

Investment 2009: 271,384 euros

Beneficiaries: 3,304

Results obtained during 2009:

- Conduct of 120 hours of training through a plan for the qualification of teachers.
- Distribution of two technological literacy modules.
- Holding of workshops for the development of technical and productive skills for students at ten educational institutions.

Achievement of 98% of planned goals.

Peru
Fe y Alegría

Project: Alternative proposal of rural education in the departments of Cusco, Loreto, Piura and Ancash (4th phase).

Total duration of the project: 30 months

Investment 2009: 149,265 euros

Beneficiaries: 2,992

Results obtained during 2009:

- Conduct of 90 productive projects by the students.
- Attendance of 1,455 parents at workshops on human rights, interculturality and sexuality, among other subjects.
- Conduct of 18 hours of teacher training for working in training in rural environments.

Achievement of 161% of planned goals.

Peru
Network for Attention to Children and Young People

Project: Project of attention and training for children and young people. Consolidation and cohesion of the organisations that make up the network and work with the young people.

Total duration of the project: 30 months

Investment 2009: 110,301 euros

Beneficiaries: 716

Results obtained during 2009:

- Conduct of health attention for 4,188 young people.
- Conduct of 539 actions of social promotion for young people.
- Making of 44 updates on the web page of the infancy network.
- Conduct of 269 inter-institutional meetings.

Achievement of 129% of planned goals.

Peru
Vicariato de Jaén

Project: Training in tutoring, assessment and methodologies for increasing the development of capabilities and values in the Jaén education network.

Total duration of the project: 30 months

Investment 2009: 33,492 euros

Beneficiaries: 6,000

Results obtained during 2009:

- Conduct of 1,320 hours of teacher training for innovation projects and workplace insertion.
- Training of 18,276 parents, pupils and teachers.
- Conduct of 49 productive projects.

Achievement of 112% of planned goals.

Peru
PEBAL

Project: Development of the PEBAL of la Inmaculada in Lima.

Total duration of the project: 24 months

Investment 2009: 62,321 euros

Beneficiaries: 9,990

Results obtained during 2009:

- Training of 1,003 persons in alternative basic education, technical education and training in matters related to health and hygiene.
- Conduct of 14 activities of institutionalization of the area of social promotion of PEBAL (creation of the web page and updating of the accounting system, among other matters).
- Health attention for 905 persons.

Achievement of 140% of planned goals.

Peru
SEPSI

Project: Training of educators from the sector of education of the people from the Compañía de Jesús.

Total duration of the project: 24 months

Investment 2009: 44,793 euros

Beneficiaries: 40

Results obtained during 2009:

- Training of 124 people's educators from 14 centres.
- Construction of a virtual classroom for advice and constant monitoring of the teachers.
- Drawing up of a document on people's education in Peru.

Achievement of 221% of planned goals.

Peru
CSS

Project: Strengthening of educational initiatives in the social sector.

Total duration of the project: 30 months

Investment 2009: 26,083 euros

Beneficiaries: 400

Results obtained during 2009:

- Creation of ten working groups on social justice and people's education.
- Production of four training materials.

Achievement of 200% of planned goals.

Venezuela
Fundación Centro Gumilla

Project: Training for democracy and citizen involvement in educational centres, local government and social organisations in Distrito Capital, Anzoátegui, Apure, Aragua, Barinas, Bolívar, Carabobo, Lara, Mérida, Miranda, Monagas, Sucre, Táchira and Zulia.

Total duration of the project: 30 months

Investment 2009: 152,329 euros

Beneficiaries: 590

Results obtained during 2009:

- Conduct of 542 hours of training in associative capacities.
- Conduct of 200 hours of training in social leadership.
- Participation of 1,281 persons in training sessions to strengthen their associative capacities and those of management in communities of people.
- Training of 135 persons in matters related with social leadership.

Achievement of 162% of planned goals.

Venezuela
Fundación Centro Gumilla

Project: National public incidence for community and citizen participation in Distrito Capital, Anzoátegui, Apure, Aragua, Barinas, Bolívar, Carabobo, Lara, Mérida, Miranda, Monagas, Sucre, Táchira and Zulia.

Total duration of the project: 30 months

Investment 2009: 59,239 euros

Beneficiaries: 183

Results obtained during 2009:

- Creation of six regional networks of social action.
- Participation in 367 social events on violence in schools and community work.
- Conduct of a national campaign oriented towards promoting social co-existence.

Achievement of 22% of planned goals.

Venezuela
Fe y Alegría

Project: Proposal for the technical training and integration into the community of young people from five slum areas and one rural area (State of Mérida, Distrito Federal, Zulia, Lara, Miranda and Mérida).

Total duration of the project: 30 months

Investment 2009: 51,097 euros

Beneficiaries: 1,128

Results obtained during 2009:

- Conduct of 11 teacher training workshops with a total duration of 6,312 hours.
- Participation of 377 teachers in training activities.
- Distribution of 581 educational materials.
- Preparation of educational materials related to the conduct of social and community projects.

Achievement of 86% of planned goals.

Cambodia

Cáritas

Projects: Community Health programme in Battambang and Siem Reap (Mother-and-Child Health Programme). Details:

- Health care in the community, including health education (seminars and periodic workshops on maternal health and infant survival, analysis of health needs and vaccination campaigns, among other matters).

- Immunization and reduction of malnutrition in children and pregnant or lactating women (includes workshops on healthy nutrition, with incidence on the importance of checking weight and height in children).

- Training in basic community health (hygiene, dental health, dengue fever, diarrhea, malaria...) and prevention and attention to those affected by chronic illnesses, especially tuberculosis and HIV/AIDS (training of voluntary health agents in chronic illnesses, HIV/AIDS and tuberculosis).

Total duration of the project: January 2008 - December 2010

Investment 2009: 79,367 euros

Beneficiaries: Over 7,500

Results obtained during 2009:

- In Battambang: Vaccination for tetanus, measles, DTP1/DTP2/DTP3, BCG, HBP1/HBP2, and polio of 1,824 persons (336 pregnant women and 1,488 niños).
- At Siem Reap: Vaccination of 349 children and 80 pregnant women.
- Training of 2,655 persons from 38 villages (mothers of two-year-old children, pregnant women and parents) in immunisation activities.
- Distribution of foodstuffs for 1,017 children, 388 pregnant women and 476 lactating mothers.
- Distribution of breakfasts in schools.
- Creation of a kitchen garden for nine schools.
- Repairs in 33 dwellings (135 persons).
- Training of midwives among the population in remote areas.
- Construction of a maternity facility.
- Training of mothers regarding the importance of breast-feeding and the symptoms of illness in the newly-born child.
- Regular fumigations for the reduction of contagion of AIDS, tuberculosis, malaria and dengue fever.
- Training regarding drinking water to 38 communities and distribution of water filters to families in seven localities.

Observations: Reduction in deaths of mothers before and after birth, deaths of the newly-born and illnesses due to malnutrition in children under five years. Increase in the population with access to health centres, percentage of vaccination in risk groups (mainly children and women).

The remote geographical situation of the localities, the lack of qualified staff and of time for the conduct of training programmes, and the limited educational level has made the conduct of the programme difficult.

Cambodia

Cáritas

Projects: Programmes of community development in Siem Reap, Preah Vihea and Kompong Thom. The objective of this programme is to create a network of coordination to prevent and mitigate disasters, promote social participation by means of the creation of structures of community social organisation, reduce illiteracy among adults and guarantee food safety by starting up alternative ways of life. For this purpose, the programme contemplates training activities, workshops for farmers on the improvement of productivity and courses on Basic Human Rights, among other matters.

Total duration of the project: January 2008 - December 2010

Investment 2009: 191,049 euros

Beneficiaries: 5.400

Results achieved during the first two quarters of 2009 (at the close of this Annual Report, the results of the financial year were being consolidated):

- Second training workshop on disaster prevention.
- Increase in the number of community committees for disaster management.
- Classes for the reduction of the rate of illiteracy for 281 peasants.
- Training for six new teachers.
- Construction of small infrastructures and development of water systems.
- Increase in family economic resources and creation of small companies.
- Training in sustainable agriculture.
- Creation of community banks of rice, complementary crops such as green vegetables and fruit trees, raising of animals and fish farming, creation of a community bank of cows.
- Construction of drains, tanks, manual water pumps, wells and roads.

Mali

Cáritas

Projects: Improvement in food safety and improvement of the nutritional level deriving from the lack of water in the regions of San and Kati through the purchase and distribution of agricultural materials, the creation of infrastructures and the distribution of food.

Total duration of the project: 6 months

Investment 2009: 297,000 euros

Beneficiaries: Over 15,000

Results obtained during 2009:

- Acquisition of 120 donkeys, 120 ploughs, 120 carts and 120 seed drills.
- Refurbishing 100 wells and digging two wells.
- Purchase and installation of 18 mills for nine villages.
- Construction of a micro-reservoir.
- Acquisition and distribution of foods for 15,885 persons.

Achievement of 100% of the expected objectives in the financial year.

Burkina Faso

Cáritas

Project: Nutritional improvements in the dioceses of Koupéla, Koudougou and Diébougou.

Total duration of the project: 24 months

Investment 2009: 188,696 euros

Beneficiaries: 91.840

Results obtained during 2009:

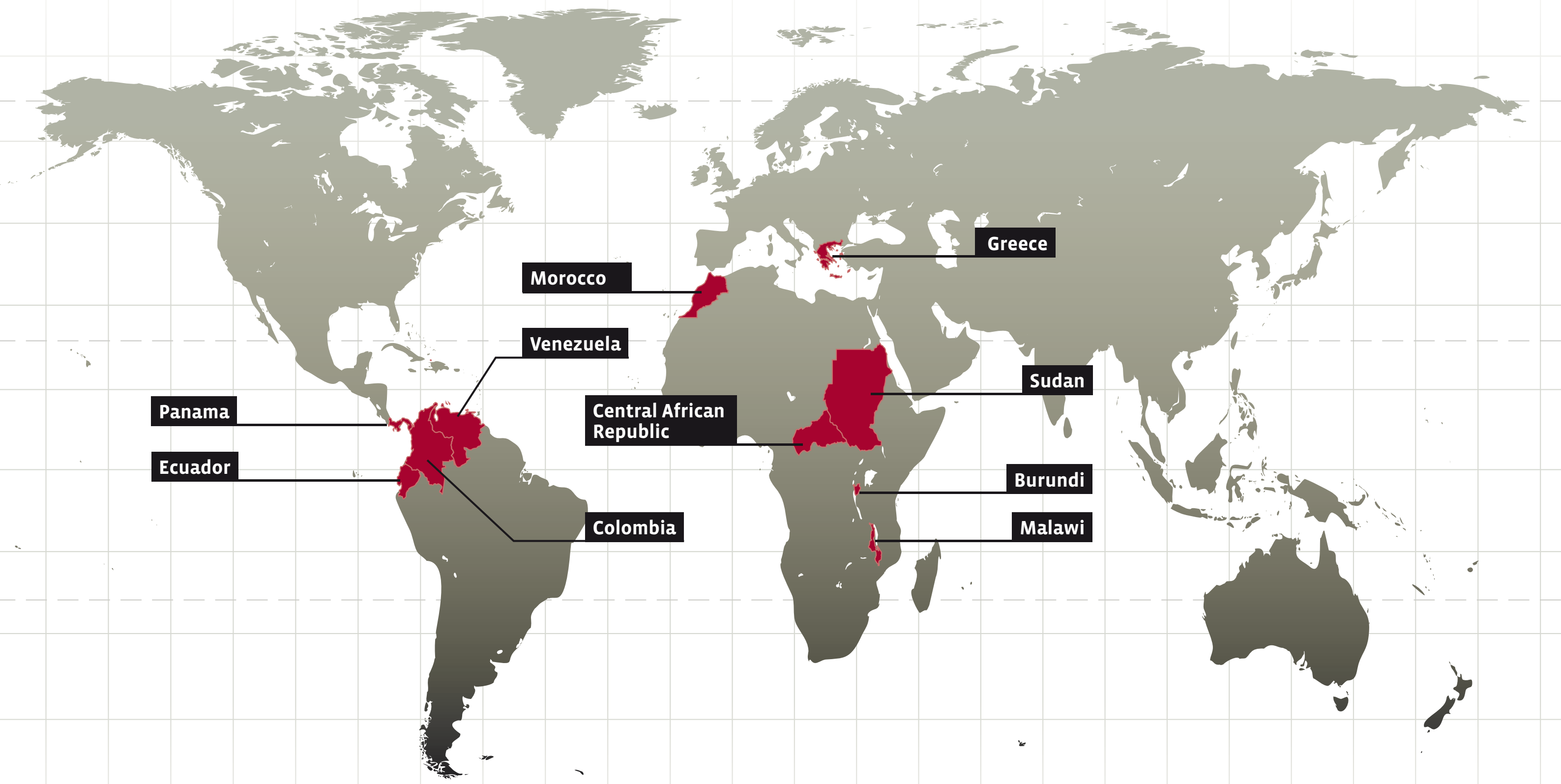
- Refurbishing 91 wells and digging three wells.
- Construction of 75 pits.
- Distribution of nine solar dryers.
- Building a central warehouse in Ouagadougou.
- Allocation of farming equipment.
- Wire fencing.
- Provision of fertilizers and seeds.
- Provision of wheat mills.
- Holding of training courses.

Achievement of 100% of the expected objectives in the financial year.

2 *Monitoring programmes*

Since 2005, Inditex has supported programmes of social investment which encourage a culture of peace and, as a consequence, the recovery and rehabilitation of the social fabric through the funding of certain health, social and educational projects in countries such as Burundi, Malawi, the Central African Republic, Sudan, Colombia, Ecuador, Panama and Venezuela.

In 2009, Inditex extended this commitment to new geographical areas such as Greece and Morocco, due to their situation as countries receiving immigration from the former Soviet Union, the Balkans, Iraq, Afghanistan and Somaila and, in the case of Greece and Morocco, immigration from Sub-Saharan Africa.



Greece

Médecins Sans Frontières

Project: It concentrates on improving the mental and physical wellbeing of undocumented immigrants in Patras, Evros, Rodopi and Mitilini. The objective is to improve the conditions of reception, especially those of a medical and health-related nature, of the immigrants; to compile data on the physical and mental condition of the groups at the moment of reception; and to create a lobby to gain humane treatment in the processes of reception and attention, in accordance with the internationally-recognised Basic Medical Rights.

Total duration of the project: 12 months

Investment 2009: 400,000 euros

Beneficiaries: Over 10,000

Results obtained during 2009:

- Conduct of 3,806 primary consultations and 1,337 mental health consultations.
- 576 patients sent to hospitals.
- Vaccination of 520 persons for tetanus and diphtheria.
- Distribution of materials such as sleeping bags, hygiene kits, food and water containers, among other items (over 1,880 units)
- Repair of latrines and showers.
- Conduct of 262 therapeutic sessions.
- Conduct of 190 sessions of recreational activities.
- Distribution of leaflets with information on legal and social services in Greece.
- 30 meetings with the national government and five meetings with organs of decision at the international level.
- Signing of an agreement with the Ministry of Health and the Ministry of the Interior to guarantee the conduct of the activities.
- Conduct of bilateral meetings with the local, regional and national governments to inform of the medical and humanitarian needs of the undocumented immigrants.

Morocco

Médecins Sans Frontières

Project: Monitoring programme to improve the state of health of the sub-Saharan immigrants in transit or forced to stay and for their participation in processes of improvement of their health-related conditions, both in urban environments (Rabat and Casablanca) and rural environments (province of Oujda).

Total duration of the project: 12 months

Investment 2009: 300,000 euros

Beneficiaries: Pending evaluation

Results obtained during 2009:

- Signing of an agreement with the Moroccan government to guarantee health attention to immigrants in transit or held in Casablanca and Rabat.
- The project has facilitated access to health to 95% of the immigrants located. With regard to the programmes of preventive health, the objective of access to sub-Saharan immigrants has been 65% achieved.

Observations: This project is pending global evaluation.

Somalia

Médecins Sans Frontières

Project: Primary and secondary health care for the most vulnerable population groups (children and women) in Middle Shabelle.

Total duration of the project: 12 months

Investment 2009: 300,000 euros

Beneficiaries: 225,600

Results obtained during 2009:

- 2,461 patients admitted to the maternity hospital.
- Care taken at 1,666 births.
- Conduct of 25,109 pre-natal consultations.
- Conduct of 1,433 post-natal consultations.

Observations: The project has been affected by the worsening of the security situation in the country. Despite this, through the management of the project by the national staff, the planned objectives have been achieved.

Burundi

Jesuit Refugee Service

Project: Social and economic reintegration of returning refugees in the province of Muyinga, through training in agriculture and fishing, the promotion of food safety among the refugees and the creation of local groups to encourage the creation of associations.

Total duration of the project: 24 months

Investment 2009: 483,587 euros

Beneficiaries: 1,500

Results obtained during 2009:

- Training of 1,220 persons as community veterinary agents.
- Conduct of 4,000 monitoring visits for primary attention in the homes involved.
- Training of 1,473 families in work for levelling of land.
- Distribution of 2.8 million stocks of forage plants and 6,000 head of goats.

Achievement of 53% of planned goals.

Malawi

Jesuit Refugee Service

Project: Support for quality formal education for refugees at the Dzaleka camp and urban refugees in Lilongwe, through the restoration and construction of infrastructures and the conduct of psycho-social support activities.

Total duration of the project: 24 months

Investment 2009: 354,370 euros

Beneficiaries: 2,614

Results obtained during 2009:

- Improvement to the health and level of nutrition of 150 children of less than 5 years of age, as well as two blocks of classrooms and latrines in a secondary school.
- Construction of twelve classrooms in a primary school for 2,541 pupils and a vocational training workshop for 736 adults.
- Registration of 246 students in the Accelerated Learning Programme.
- Psycho-social assistance by 21 community counsellors for the population of the refugee camps.

Achievement of 70% of planned goals.

Central African Republic

Jesuit Refugee Service

Project: Construction and restoration of primary schools for internal displaced people and other young people affected by the war in the provinces of Haute Kotto and Ouham, through the support for the implantation of the SJR in the country.

Total duration of the project: 24 months

Investment 2009: 260,703 euros

Beneficiaries: 662

Results obtained during 2009:

- Construction of three schools in Yangou Bamara, Kotto III and Mouka Schools for 408 beneficiaries, restoration of a school in Ouadda and construction of a house for the teachers.
- Construction of latrines in four primary schools.
- Purchase and distribution of 290 school desks and tables for the students, teachers and management.

Achievement of 100% of planned goals.

Sudan

Jesuit Refugee Service

Project: Support for quality primary and secondary education in southern Sudan, Central and Eastern Equatoria States.

Total duration of the project: 24 months

Investment 2009: 403,340 euros

Beneficiaries: 24,000

Results obtained during 2009:

- Access to education for 2,209 students in seven schools.
- Construction of a pavilion, a primary school, renewal of four primary schools, construction of latrines, a laboratory block and a dormitary block for children in new schools.
- Distribution of sports and school materials in six schools.
- Registration of 5,700 secondary students.
- Training of 558 teachers in educational techniques.
- Material, health and financial support for 2,327 secondary pupils.
- Holding of seminars on prevention of conflicts for 675 persons.

Achievement of 70% of planned goals.

Monitoring programmes developed with the Jesuit Refugee Service for Latin America and the Caribbean (SJR LAC)

The Jesuit Refugee Service (JRS) is an international organisation which looks after displaced persons and refugees in over 50 countries, especially in those areas where there are armed conflicts and situations of natural catastrophes. In Latin America, it acts as the Jesuit Refugee Service for Latin America and the Caribbean (JRS LAC) and it works mainly with those displaced as a result of the situation in Colombia and with those affected by the earthquake in Haiti.

Inditex, which has been collaborating with JRS in Africa, began in 2009 to work with JRS LAC for displaced persons from Colombia in Colombia itself, Venezuela, Ecuador and Panama and for this purpose it has developed the JRS LAC Planning Tool.

JRS LAC Planning Tool

This is a new methodology specifically designed by Inditex and the Jesuit Refugee Service for Latin America and the Caribbean, in collaboration with Entreculturas-Fe y Alegría Foundation, which collects the joint experiences of both organisations in similar processes of planning carried out by their teams in other complex scenarios, such as the projects for intervention in refugee camps in Africa and Asia.

This is an instrument designed for planning strategies of intervention and/or humanitarian aid in the face of certain humanitarian crises or conflicts using the principles and the vision of JRS LAC and those other principles contemplated in the United Nations Conventions or Regulations (Protection and Promotion of Basic Human Rights); Humanitarian Law; the Law of Refugees; the main Codes of Conduct and Best Practices of the NGOs and other recommendations (the Sphere Project and the Minimum Regulations for Education in Emergency Situations).

This methodological tool has been applied experimentally in the workshop carried out in Cartagena de Indias (Colombia) in April 2009, by a multidisciplinary team of professionals to establish the lines of intervention and to design the framework of financing for future programmes of social investment by Inditex in the areas of influence of JRS LAC.

This methodology makes it possible to identify the priorities of social intervention in the countries affected by the displacements caused by the situation in Colombia, to understand the global nature of the humanitarian crisis, and to evaluate the capacities of the social agents to be managers of their destination from a multi-relational perspective.

In short, the workshop has made it possible to carry out an exercise of planning to build, among other things, a model of supra-regional intervention.

Regional (Latin America and the Caribbean)
Jesuit Refugee Service LAC

Project: Programme for the local integration of the population in a situation of displacement and refuge in the receiving communities for Colombian displaced persons.

Total duration of the project: 36 months

Investment 2009: 54,358 euros

Beneficiaries: 116

Results obtained during 2009:

- Holding of a training workshop for the teams from the four countries involved (Colombia, Venezuela, Ecuador and Panama).
- Twelve monitoring visits
- Design of a programme for the identification of child soldiers.

Achievement of 90% of planned goals.

Colombia
Jesuit Refugee Service LAC

Project: Programme for the local integration of the population in a situation of displacement and refuge in the receiving communities for Colombian displaced persons, through the identification of persons in this situation.

Total duration of the project:36 months

Investment 2009: 109,061 euros

Beneficiaries: Over 18,500

Results obtained during 2009:

- Drawing up of two reports on the situation regarding Human Rights and fifteen workshops.
- Holding of forty-six meetings of political debate with young students and the creation of a debate group regarding management of rights.

Achievement of 90% of planned goals.

Ecuador, Panama and Venezuela
Jesuit Refugee Service LAC

Project: Programme for the local integration of the population in a situation of displacement and refuge in the receiving communities for Colombian displaced persons.

Total duration of the project: 36 months

Investment 2009: 169,915 euros

Beneficiaries: 2,794

Results obtained during 2009:

- Conduct of 1,722 legal consultations and 210 psycho-social consultations.
- Holding of ten workshops on Human Rights and five on local integration.
- Preparation of four organisations for access to credit and assignment of 19 alternative credits for ninety beneficiaries.
- Commencement of contacts to promote a law of human mobility which will help with the rights of displaced persons.
- Access to school for 98 minors and psycho-therapeutic monitoring for 48 displaced children.
- Documentation for 39 persons.
- Granting of humanitarian assistance for thirteen families.
- Attention to 592 persons with need for protection.
- Conduct of an awareness-raising campaign on the frontier on Human Rights and refuge.

Achievement of 110% of planned goals.

3 Emergency Programmes

Through the Emergency Programmes, Inditex actively participates in projects of intervention designed to alleviate the negative consequences of natural catastrophes which have occurred anywhere in the world. The development of the strategy of intervention involves both national or international partners and the teams of CSR of the Group in the development of the following activities:

- Identification of the main vulnerable groups affected by the humanitarian emergency and determination of the needs in the short and long-term.
- Identification of the social agents who act on the ground and on whom the project can be subsequently based.
- Evaluation of the capacities of these social agents to respond to the needs in the short and long-term of the previously identified vulnerable groups.
- Identification of the basic lines of intervention and of the possible intervention projects. What is more, the costs per activity and the equipment necessary for effective and efficient execution are calculated.
- Planning of the agenda for the execution in the short and long-term of the projects.

In the 2009 financial year, Inditex activated emergency projects in Sumatra (Indonesia) and Haiti to alleviate the effects of the earthquakes that were suffered by both regions in September 2009 and January 2010.

The Haiti earthquake

On 12th January 2010, an earthquake with a magnitude of 7 on the Richter scale hit the island of Haiti. Its epicentre was at a distance of 15 kilometres from the capital, Port-au-Prince.

Five days after the tragedy, Inditex signed a collaboration agreement with the organisations, Entreculturas and Cáritas Española, with which the work on its project of help for the reconstruction of Haiti was begun, funded with the contribution by Inditex of two million euros. The project concentrates on giving support to the most vulnerable groups mainly in the medium and long-term and in the particular areas in which this help may be most necessary.

- The project, duration, objectives, activities, results achieved and the beneficiaries will be published in the 2010 Annual Report.

The earthquake in Sumatra (Indonesia)

In September 2010, an earthquake with a magnitude of 7.6 on the Richter scale hit the island of Sumatra, at a distance of forty-five kilometres from the coast of the city of Padang. A few days later, an aftershock of 6.3 degrees again hit the same area at a distance of 150 kilometres from the epicentre of the first earthquake. The earthquake caused serious damage to the infrastructure and buildings in this area with large loss of human life.

The official estimates one week after the catastrophe identified 704 dead, over 1,000 missing and 1,000 injured. Inditex acted rapidly with an immediate health aid project together with Médicins Sans Frontières and the Indonesian Ministry of Health.

Indonesia

Médecins Sans Frontières

Project: Emergency intervention for the victims of the earthquake on the island of Sumatra. Details: Identification of the surgical and primary health needs in the hospitals of Padangy Pariaman; management of mobile clinics and provision of medical materials, vaccinations for tetanus and measles, development of a post-catastrophe mental health plan and donation of urgently required materials.

Total duration of the project: 2 months (September-November 2009).

Investment 2009: 200,000 euros

Beneficiaries: 100,000

Results obtained during 2009:

- Conduct of over 180 surgical operations.
- Use of seventeen organised mobile clinics, over 1,200 consultations carried out in them and distribution of over 500 anti-tetanus vaccines.
- Attention to over 9,000 victims.
- Distribution of 20,000 cooking kits.
- Distribution of 730,000 litres of drinking water and distribution of two sources and tanks of water, installation of a gravitational system and cleaning and disinfection of 27 wells.
- Construction of six new wells, seven water tanks in public areas and systems of irrigation using rainwater in eleven different locations.

4 for&from Programmes

Since 2005, Inditex has been collaborating with the El Molí d'en Puigvert Foundation and the Galician Confederation of the Disabled (COGAMI) in projects for the creation of spaces for giving jobs to persons with physical and/or mental disabilities. From these collaborations, three stores have arisen which show the economic and social profitability.

Chronology

2001	*First contacts between the El Molí d'en Puigvert Foundation and Inditex to explore formulas of social and employment insertion for vulnerable groups.*
2002	*Inauguration of the first for&from Massimo Dutti store in Palafolls (Barcelona)*
2006	*Enlarging of the store, for&from Massimo Dutti in Palafolls.*
2007	*Inauguration of a new for&from Massimo Dutti store in Allariz (Ourense)*
2008	*Inauguration of the first for&from Bershka store in Palafolls (Barcelona)*
2009	*First incorporation of an employee from the fore)from project into the normal workforce as an employee of a Massimo Dutti store in Mataró (Barcelona).*

for&from Massimo Dutti Palafolls (Barcelona) - 2002

This is the first for&from store. It was opened in collaboration with the El Molí d'en Puigvert Foundation with the aim of making it possible to find work for patients with severe mental disturbances.

After eight years of activity, this project is:

- **Sustainable.-** The economic results of the store reflect a financial equilibrium in acordance with its dimensions and comparable with any other Inditex point of sale in the area.
- **Integrating.-** The store supplies stable jobs to nine professionals (seven of whom have TMS). The fact of working in a place serving the public with a high rate of rotation of customers makes it possible for them to have constantly interpersonal relations with the customers, which leads to an improvement in their mental health, a significant reduction in medication and a reduction of hospital resources.
- **Efficient.-** The working experience deriving from the project has made it possible to put one patient with TMS in a job in a Massimo Dutti store in Mataró and another three patients in another three companies in the region.
- **Measurable.-** The project generates direct social savings which can be proven through the measurement of the economic and social impacts generated by the store.

Indicators	2007	2008	2009
Net amount of the turnover (in euros)	703,695	728,104	784,492
Area (in m²)	140	140	140
Average number of workers	7	8	9
Number of equivalent complete working days	3.5	4	4.5

for&from Massimo Dutti Allariz (Ourense) - 2007

This is the second initiative of the for&from project, on this occasion implemented by the Galician Confederation of the Disabled (COGAMI) and the Concello de Allariz (Ourense).

The staff is currently made up of five employees, all of whom have different degrees of physical disability and are in a disability range of between 30 and 70 percent. The store has an architectural development, adaptation of the furniture and numerous technical solutions which, apart from making the work of the staff easier, converts the store into a commercial space which is a reference regarding accessibility and elimination of barriers. For the choice of the specific technical materials for this project, Inditex has taken advantage of the specialist advice of Via Libre (Fundación ONCE) and of COGAMI.

Together with the store, a cultural classroom has been installed on the first floor of the building which specialises in the dissemination and promotion of social matters, in which exhibitions and talks are held which are linked with the Third Sector.

Indicators	**2007**	**2008**	**2009**
Net amount of the turnover (in euros)	96,987(*)	757,008	859,178
Area (in m^2)	120	120	120
Average number of workers	6	6	5

(*) Turnover since it opened in October 2007, until the end of the 2007 financial year.

for&from Bershka Palafolls (Barcelona) - 2008

This is the first Bershka for&from store and the third initiative of the for&from project conducted jointly by the El Molí d'en Puigvert Foundation and Inditex. The store has different architectural and technical solutions to facilitate the movement of any person. The solutions have been taken on the initiative of for&from Massimo Dutti in Allariz and have had the advice of the Vía Libre team (Fundación ONCE).

Indicators	**2008**	**2009**
Net amount of the turnover (in euros)	125,327(*)	275,247
Area (in m^2)	80	80
Average number of workers	3	7
Number of equivalent complete working days	1.5	3.2

(*) Turnover since it opened in August 2008, until the end of the 2008 financial year.

Objectives achieved in 2009

	Portugal		China		Morocco	
Production chain	**Planned**	**Achieved**	**Planned**	**Achieved**	**Planned**	**Achieved**
Social audits in accordance with Tested to Wear	37	162	170	182	25	56
Monitoring audits	28	74	71	18	18	48
Strengthen local CSR teams in the cluster						
Extension of the Fibre Citoyenne programme to the suppliers that work for Inditex					25	35
Portugal Standard pilot programme for suppliers who work for Inditex	✓	✓				
Rationalise the chain of production	✓	✓	✓	X	✓	✓
Implement the pilot programme of homeworking in the clusters					✓	N/A
Direct management of the compliance department in the cluster	✓	✓	✓	X	✓	✓
Generally implement the Pre-Assessment programme	✓	X	✓	X	✓	✓
Manage the proper implantation of the international framework agreement						
Product health - Clear to Wear (CTW)						
Extend the training and awareness programmes of suppliers relating to CTW	80	10			30	0
Working groups to correct the legislative loopholes relating to use of chemicals	80	10			30	0
Training courses in the clusters to communicate and raise awareness about the use of green chemicals	80	10			30	0
Working groups to identify alternatives to replace PVC in positional stamping	80	10			30	0
Obtain the commitment to comply with CTW from suppliers through the declaration of agreement	✓	✓	✓	✓	✓	✓
Courses to carry out the technical specifications of products	80	0			30	0
Participate actively in forums of debate related with the conduct of policies of product health	✓	✓	✓	✓	✓	✓
Product safety - Safe to Wear (STW)						
Obtain the commitment to comply with STW from suppliers through the declaration of agreement	✓	✓	✓	✓	✓	✓
Actively participate in forums of debate related with the conduct of product safety policies	✓	✓	✓	✓	✓	✓
Participation in dialogue platforms						
Participate on the board of the Ethical Trading Initiative						
Working groups of:						
Ethical Trading Initiative						
MFA Forum (Bangladesh)						
MFA Forum (Morocco)					✓	✓
MFA Forum (Lesotho)						
ASEPAM (Global Compact)						
Better Work Morocco					✓	✓
Better Factories Programme in Cambodia						
Portugal Standard	✓	✓				
Ethical Fashion Chair at the University of Northumbria						
Programmes for creation of social capital						
Strengthening of the trade union fabric of the factories of Inditex suppliers						
Community Developement Programmes						
New initiatives for&from						
Expansion Emergency programmes in refugee camps						
Development and implementing of the methodology for planning social investment programmes in refugee camps						
Termination of the Programme Spectrum						

Turkey		Cambodia/Vietnam		Bangladesh		India		Spain		Venezuela, Colombia, Ecuador and Panamá		Others	
Planned	Achieved	Planned	Achieved	Planned	Achieved	Planned	Achieved	Planned	Achieved	Planned	Achieved	Planned	Achieved
60	175	25	29	20	71	28	174	10	28			75	88
30	29	11	3	14	12	24	53	7	79			47	21
				✓	✓	✓	✓						
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	
✓	N/A			✓	N/A	✓	N/A						
✓	X	✓	✓	✓	✓	✓	✓						
✓	X	✓	✓	✓	✓	✓	✓	✓	N/A			✓	
✓	✓					✓	✓						
30	0			30	0	30	10	80	15				
30	0			30	0	30	10	80	15				
30	0			30	0	30	10	80	15				
30	0			30	0	30	10	80	15				
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓
30	0			30	0	30	0	80	0				
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓
												✓	✓
												✓	✓
				✓	✓								
												✓	N/A
								✓	✓				
		✓	✓										
												✓	✓
		✓	✓	✓	✓								
								✓	✓				
										✓	✓		
										✓	✓		
				✓	✓								

Objectives planned for 2010

Chain of production.	Portugal Planned	China Planned	Morocco Planned
Conduct of Initial Audits	55	140	25
Conduct of Monitoring Audits	20	35	20
Strengthening of the local CSR teams			✓
Creation of the local CSR teams		✓	
Conduct of the Data Mining project in the second and consecutive lines of the production chain			✓
Rationalisation of the production chain	✓	✓	✓
Reduction of the number of manufacturers and external workshops D	✓	✓	✓
Application of the Framework Agreement between ITGLWF and Inditex for the solution of employment conflicts	✓	✓	✓
Implementation of the Pre-Assessment Programme	✓	✓	✓
Product Health - Clear to Wear (CTW)			
Extension of the training and awareness-raising programmes of suppliers relative to CTW	✓	✓	✓
Commitment of compliance with CTW obtained from the suppliers, through the declaration of agreement	✓	✓	✓
Participating actively in forums of debate and committees related to the development of policies of product health	✓	✓	✓
Implementation of Inditex CTW "Reasonable & Responsible Testing Programme" in the chain of production	✓	✓	✓
Creation of a laboratory of internal analysis			
Conduct of technical audits on dry cleaners, printers and laundries	✓	✓	✓
Design and implementation of corrective action plans	✓	✓	✓
Conduct of Monitoring Audits on dry cleaners, printers and laundries	✓	✓	✓
Product Safety - Safe to Wear (STW)			
Extension of the training and awareness-raising programmes of suppliers relative to CTW	✓	✓	✓
Commitment of compliance with STW obtained from the suppliers, through the declaration of agreement	✓	✓	✓
Participating actively in forums of debate and committees related with the development of policies of product safety	✓	✓	✓
Implementation of the Inditex STW Reasonable and Responsible Testing Programme	✓	✓	✓
Conduct of technical audits on clothing workshops	✓	✓	✓
Design and implementation of corrective action plans	✓	✓	✓
Conduct of Monitoring Audits	✓	✓	✓
Product Health and Safety - Consumer Product Improvement Act (CPSIA)			
Implementation of the Inditex CPSIA Reasonable and Responsible Testing Programme	✓	✓	✓

Turkey	Cambodia/ Vietnam	Bangladesh	India	Spain	Venezuela, Colombia, Ecuador and Panamá	Rest of the production chain
Planned	Planned	Planned	Planned	Planned	Planned	Planned
70	25	35	50	10		70
30	10	15	20	10		25
		✓	✓	✓		
✓						
✓		✓				
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
				✓		
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓

Chain of production.	Portugal Planned	China Planned	Morocco Planned
pH - Guideline & Implementation Toolkit			
Extension of the training and awareness-raising programmes of suppliers relative to CTW	✓	✓	✓
Commitment of compliance with CTW obtained from the suppliers, through the declaration of agreement	✓	✓	✓
Technical audits in verfication of actions proposed in dry cleaners, printers and laundries	✓	✓	✓
Design and implementation of corrective action plans	✓	✓	✓
Conduct of Monitoring Audits on dry cleaners, printers and laundries	✓	✓	✓
Arylamines - Guideline & Implementation Toolkit			
Extension of the training and awareness-raising programmes of suppliers relative to CTW	✓	✓	✓
Commitment of compliance with CTW obtained from the suppliers, through the declaration of agreement	✓	✓	✓
Technical audits in verification of actions proposed in dry cleaners, printers and laundries	✓	✓	✓
Design and implementation of corrective action plans	✓	✓	✓
Conduct of Monitoring Audits on dry cleaners, printers and laundries	✓	✓	✓
Dialogue Platforms			
Active participation in the following dialogue platforms:			
Ethical Trading Initiative			
MFA Forum			
ASEPAM (Global Compact)			
Better Work			
Better Factories			
Ethical Fashion Chair at the University of Northumbria			
Rates of Sustainability			
Inclusion on the Dow Jones Sustainability Indexes			
Inclusion on the FTSE4Good index			
Programmes of creation of social capital			
Strengthening of the trade union fabric in the factories of Inditex suppliers			
Programmes of social investment			
Inauguration of new for&from stores			
Increase in the range of the programmes of community development to key countries in terms of the chain of production			
Optimization of the system of indicators for monitoring the programmes of community development			
Emergency Programme in Haiti.			

Turkey	Cambodia/ Vietnam	Bangladesh	India	Spain	Venezuela, Colombia, Ecuador and Panamá	Rest of the production chain
Planned	Planned	Planned	Planned	Planned	Planned	Planned
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
						✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
✓	✓	✓	✓	✓		✓
						✓
						✓
	✓	✓	✓			
				✓		
		✓	✓			
					✓	
					✓	

Sponsorship and patronage

The commitment of Inditex to society in general and, in particular, to the communities in which its activity is undertaken is completed with the actions of sponsorship and patronage that the Group carries out throughout each financial year. In this field, Inditex collaborates by giving support to institutions of a number of kinds and geographical areas which have a solid link to society and experience in the conduct of their activities.

The Sponsorship and Patronage Commission is the internal body in Inditex which makes itself responsible for valuing the social projects. This Commission is made up of the Secretary General of the Board, Antonio Abril, the General Manager of Communication and Institutional Relations, Jesús Echevarría, and the Manager of Corporate Social Responsibility, Javier Chércoles. The collaboration is not restricted to a particular area of action or to a specific geographical environment; instead it covers a wide range of areas such as health, culture, sport, training, social help and business promotion, with the aim that the contribution should reach social groups with different needs.

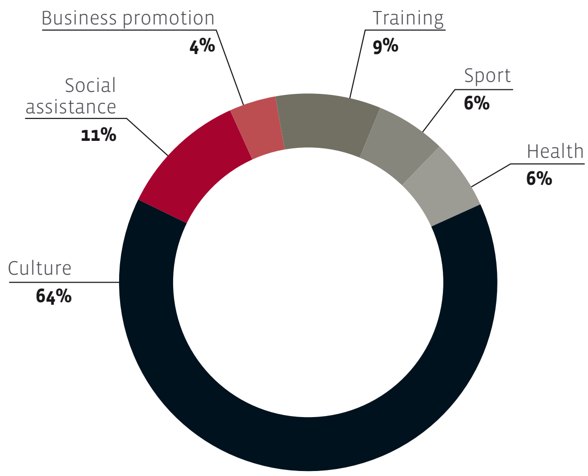
During the 2009 financial year, in the field of sponsorship and patronage, Inditex collaborated actively with over forty recognised national and international institutions. In the majority of cases, it is a matter of stable collaborations initiated in previous financial years which allow the start up of solid social actions with continuity over time such as the promotion of basic-level sports in the area of A Coruña, research in the struggle against cardiovascular disease, through the collaboration with the National Centre for Cardiovascular Research Foundation (Fundación Pro-CNIC), or the promotion of social actions in Latin America, giving support to initiatives from such institutions as Fundación Alternativas, among others. In total, Inditex devoted 2.77 million euros to programmes of sponsorship and patronage, 33.6% more than in the previous year. As in previous years, culture was the main area of investment, with 64% of the funds.

Investment in programmes of sponsorship and patronage by area of intervention

(in euros)	**2009**	**2008**
Health	156,796	733,474
Culture	1,794,254	778,870
Sport	158,197	134,397
Training	259,242	248,108
Social assistance	304,362	93,010
Business promotion	101,841	89,515
Total	**2,774,693**	**2,077,374**

Investment by area of intervention, in percentage terms

Total: 2.77 million euros



Culture

Inditex collaborates with the promotion of different cultural disciplines. In the field of music, the link of the Inditex Group with Galician cultural organisations such as the Galician Symphony Orchestra and the Association of Friends of the Opera of Coruña, among others, is particularly important and it is collaborating with them in a stable and ongoing manner.

One of the innovations for the 2009 financial year is the beginning of collaboration of the Group with the Spanish Royal Academy, an institution whose objective is to watch over the Spanish language, the most solid basis of union of Spanish-speaking countries, where Inditex has a notable presence.

In the cultural sphere, Inditex kept up, during 2009, its collaboration with other institutions such as the Carolina Foundation, which promotes cultural relationships and cooperation in educational and scientific matters between Spain and the countries of the Latin American Community of Nations, among others.

Sport

With its stable link to basic-level sport in Galicia, Inditex contributes to the promotion and assurance of sports activities among the youngest members of society in sports activities such as basketball, handball, football and hockey.

Health

The Fundación Centro Nacional de Investigaciones Cardiovasculares (Fundación Pro-CNIC) is the main beneficiary of the contributions of Inditex in the field of health. The Group has been a member of the trust of this foundation since its creation in December 2005 and is involved together with another fourteen Spanish private companies in the fight against cardiovascular diseases.

The CNIC, under the chairmanship of the cardiologist, Valentín Fuster, is an institution which covers all of Spain and is attached to the Instituto de Salud Carlos III, whose mission is to be an international point of reference in research into cardiovascular diseases, the primary cause of death in Spain with over 120,000 deaths annually.

In 2009, the contribution of Inditex to health institutions was completed with support for a training project of the Complexo Hospitalario Universitario A Coruña.

Training and business promotion

Inditex completes its investment in sponsorship and patronage by participating in numerous educational programmes which serve as a link between university and the business world, with the aim of bringing these two areas together as they are those which can give a boost to the development of the business fabric.

Social investment consolidated by year and project

Social investment consolidated by year

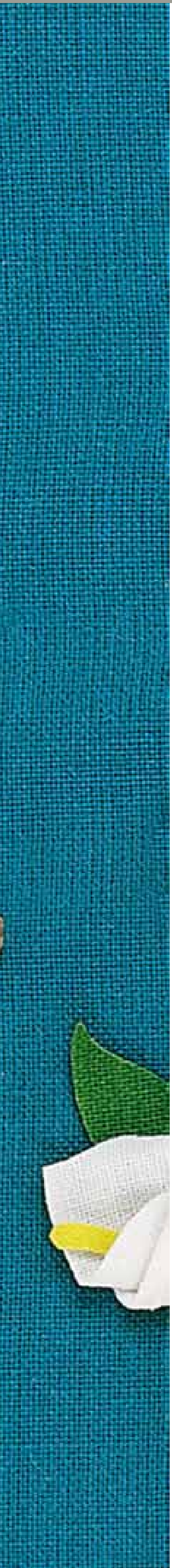
Project Type (Data in euros)	Collaborating organisation		2009	2008
Community development	Entreculturas-Fe y Alegría	Argentina	162,634	168,291
		Brazil	157,865	167,602
		Peru	788,090	756,786
		Venezuela	262,665	439,676
		Chile	29,197	60,080
		Guatemala	24,742	19,572
		Honduras	24,749	18,567
		Haiti	17,684	16,835
		Nicaragua	24,749	19,073
		Panama	24,749	19,073
		El Salvador	24,749	19,073
		Latin Américan regional project	158,157	195,372
	Cáritas Internacional	Cambodia	270,416	237,679
		Mali	297,000	297,000
		Burkina Faso	188,696	188,696
	Carolina Foundation		137,592	137,592
	Total community development		**2,593,734**	**2,760,967**
Monitoring programmes	JRS Internacional	Sudan	403,340	278,000
		Burundi	483,587	367,000
		Malawi	354,370	242,000
		Central African Republic	260,703	113,000
	JRS LAC	Colombia, Ecuador, Panama, Venezuela	333,334	-
	MSF	Grecee	400,000	-
		Morocco	300,000	-
		Somalia	300,000	-
	Total programmes in refugee camps		**2,835,334**	**1,000,000**
Sponsorship and patronage	Culture		1,794,254	778,870
	Sport		158,197	134,397
	Training		259,242	248,108
	Business promotion		101,841	89,515
	Health		156,796	733,474
	Social assistance		304,362	93,010
	Total sponsorship		**2,774,693**	**2,077,374**
	Total (*)		**8,203,761**	**5,838,341**
Emergencies	Sumatra earthquake (Indonesia)		200,000	-
	Haiti earthquake		2,000,000	-
	Earthquake in Ica (Peru)		-	737,634
	Spectrum (Bangladesh)		-	77,000
	Sichuan earthquake (China)		-	2,236,000
	Total emergencies (**)		**2,200,000**	**3,050,634**
	Total		**10,403,761**	**8,888,975**

(*) This sum corresponds to the social investment of a recurrent nature, excluding that devoted to emergency programmes, in such a manner that the comparison between financial years is homogeneous.
(**) Given the non-recurrent nature of the social investment linked to emergencies, its comparative evolution is offered independently.

Company Cash Flow

(millions of Euros)	2009 Financial Year	2008 Financial Year
Net cash received for sale of products and services	11,084	10,407
Flow received from investments made	8	17
Cash received for sales of assets	10	1
Total value-added flow	**11,101**	**10,425**

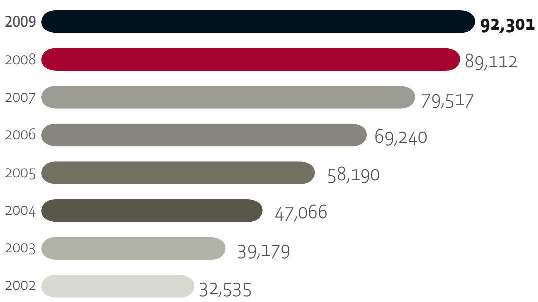
Distribution of value-added flow		
Employee wages	1,792	1,703
Tax payments	391	360
Financial debt return	197	155
Dividends paid out to shareholders	662	662
Corporate social investment	10	9
Cash withheld for future growth	953	20
External payments made outside the group for purchasing goods, raw materials and services	6,587	6,579
Payments made for investments in new productive assets	510	937
Total distribution of value-added flow	**11,101**	**10,425**



Human *resources*

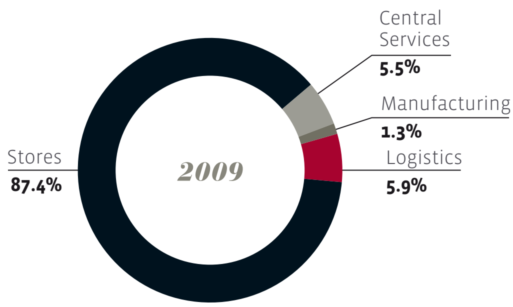
In 2009 3,189 people joined Inditex, making 92,301 employees at year end. Inditex has a marked multicultural and multiracial nature. The more than 140 nationalities working together on a daily basis at stores as well as offices and logistics platforms make freedom and respect for difference the basis for Group corporate culture.

Change in number of employees over time



Stores are Inditex's primary activity centre, and as such the main employment engine of the company. They represent 87.4 % of the Group's employees.

Employees by activity



Inditex is comprised of ***92,301 people that share initiative, enthusiasm, and optimism*** *in their day to day activities*

The spirit of freedom and respect for the Inditex culture is present in all areas and activities. But, in addition, the people that make up this company have common characteristics.

- They are self-critical.
- They are always exploring simple practical new solutions to problems.
- They like what they do.
- They enjoy commitment.
- There are flexible and adaptable.
- They are different and they are free.

The people of Inditex like freedom and common sense; they like to try and make mistakes and try again and improve.

1. Shiori Morita

Ginza manager
Marronnier
Tokyo (Japan)

What is Zara's customer in Japan like?

Zara's clients in Japan love fashion and know that they can always find what they are looking for in our stores, from the trendiest to the basic quality garment. They demand a high-level of customer service, meaning that in the stores we always try to give them the best service possible. They don't come just to find clothes, they also enjoy the Zara shopping experience.

What is the store day-to-day routine like?

Before we open we go over general store coordination. Fifteen minutes before opening we have a team meeting to talk about the day's organisation and to remind ourselves of basic points of customer service. Once open, my role as manager is to make sure that everything goes smoothly, to organise orders and maintain constant communication with the design and commercial teams, as well as to be available to customers.

2. Miguel Garea

Group leader
Zara Logistics
Arteixo (Spain)

What was Inditex like when you started working for the company?

I started working at the company in 1997 when obviously, it was much smaller. The logistics centre was smaller and many work areas that we have now scarcely existed.

I always remember when we came to Japan in 1998. It was then we really saw the spectacular growth of the company. The tremendous success, especially in the logistics area, was always due to team work and the dedication of all employees.

What role do logistics play in the Inditex business model?

All the departments are important, but logistics are key for serving the stores.

We can place products in any store in the world in barely 48 hours. The teams clearly understand that fast efficient service to the stores is of utmost important. Don't forget that distribution is the last link in getting clothing to the store.

3. *Andrew Brown*

Salesperson at Zara
5th Ave. - 42nd St.
New York (USA)

Is there much communication between the Zara stores and design teams?

Yes, its constant and very fruitful. In the last few days several clients asked for one of the Woman line of jackets we carry in white, in cream. We transmitted a suggestion to the design teams and in two weeks we had the jacket in that colour in the store.

Are New York customers more demanding than in other cities?

Rather than demanding, New York customers have a lot of criteria and knowledge about fashion. This the city of fashion and consumption of excellence. Customers are very informed regarding changing trends. They know what they want and where to get it.

4. *Moira Chiarelli*

Stradivarius Stores
Management
Milan (Italy)

What are Italian customers like?

Our customer is always looking for the fashion component, loves trendy clothes, and has specific somewhat extravagant taste.

Customers visit our stores to get a full-blown shopping experience: they pick out clothes to the beat of music and seek advice to achieve a *look totally* tailored to their demands.

What's the day-to-day routine in the company?

My day is a combination of emotions and experiences: being the point of reference for so many people and trying to transmit my enthusiasm is the greatest satisfaction I can have. Working in stores in different cities gives you unique experiences. But the most important thing in our company is the emphasis placed on people, the way that open communication is established, and the constant interaction with colleagues.

5. *Maria Mendes*

Uterqüe Designer
Arteixo (Spain)

What's it like to participate in the creation of a new chain?

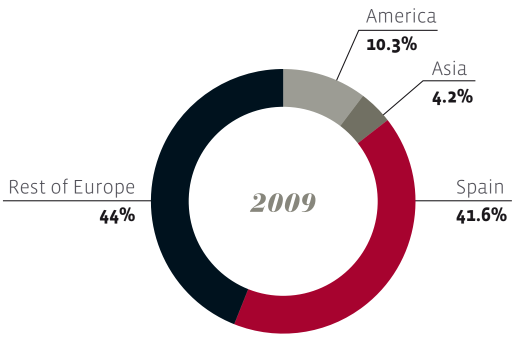
Being part of the Uterqüe founding team was an unforgettable experience. Our team spirit is really strong and we are very exacting. Each department plays an active fundamental role. Our direct contact with the stores and the important contributions made by our colleagues that work with the public, make our understanding of customer needs very real.

After having had the unique opportunity to see the birth of Uterqüe, we now have the responsibility to make sure that the chain becomes a global standard, and that is very motivating.

How would you define Uterqüe?

Uterqüe is cosmopolitan and elegant. A complete life style concept and without a doubt, a name in the fashion world. We carefully select our suppliers making sure that the manufacturing quality of our products is very high. We work with the latest trends and interpret them using fine materials and caring for every detail.

Distribution of employees by geographical areas



Distribution of employees by country

Europe	2009
Germany	2,995
Austria	622
Belgium	1,109
Croatia	212
Denmark	95
Slovakia	113
Spain	38,358
France	5,538
Greece	3,143
Holland	744
Hungary	427
Ireland	663
Italy	4,723
Luxembourg	72
Monaco	33
Norway	166
Poland	2,232
Portugal	5,219
UK	3,772
Czech Republic	338
Romania	917
Russia	4,027
Sweden	443
Switzerland	500
Turkey	2,079
Ukraine	393
Total	**78,933**

America	2009
Argentina	564
Brazil	1,540
Canada	832
Chile	628
USA	2,200
Mexico	3,488
Puerto Rico	86
Uruguay	182
Total	**9,520**

Asia-Pacific	2009
China	1,788
South Korea	401
Japan	1,659
Total	**3,848**

	2009
Europe	78,934
America	9,520
Asia-Pacific	3,848
Total	**92,301**

Personal and professional development

Training

The Inditex Group views training and internal promotion of its people as key to its activities. Its business model requires continuous innovation and team work. To maintain this environment, the Group's personnel management policy encourages promotion from within, training and development, performance evaluation and constant adaptation of the business.

In support of this ideal, internal training plans are adapted to the needs of the Group's employees depending on their jobs, and are by nature diverse:

- Orientation for new employees
- Team management.
- Languages
- Information systems
- New technologies
- Individual training plans
- Store management systems.
- Training in products, raw materials, and collection presentation.

In store

More than 80% of the Inditex training budget targets store personnel. They are the largest teams and are in direct contact with the customer. The most frequent training activity for these groups is the orientation of new employees joining the Group. Their training continues via the Store Management terminal (TGT) and courses on preventing occupational hazards among others. In store training programmes have a particularly practical focus.

The management of in-store teams got a qualitative boost in 2009 with the in-store implementation Human Resource management modules in the TGT, the computer terminal which acts as a channel of communication between the stores and corporate areas. These modules offer the heads of the stores the most suitable tools for the daily management of the shop, including the organisation of the staff, their performance and their training needs. The TGT has been operative since 2009 in all Inditex stores around the world.

In order to provide guidelines and guarantee the quality and standardisation of job training, instructional materials including guides, advice, periodic evaluations, and more were developed to help both trainers and learners. Among these materials, the chains' store organisation manuals are particularly important and are constantly updated. The manuals include detailed information on all aspects of the in-store work, such as human resources, activity at the till, the environment, or detailed information on the chain and the Group. All the store managers have the manuals available for use by the employees in any concrete situation.

In classroom

Classroom training programmes, primarily for languages and data processing, are another of the Group's large training blocks designed to improve the work skills of employees. Continuing with the trend of prior years, nearly a million hours of classroom training were carried out in 2009. The materials taught on each course varied according to the nature of the activity of each professional and the specific vocabulary required.

Apart from specific training according to the professional activity performed by each employee, Inditex offers general courses in corporate social responsibility, the environment and occupational hazard prevention policies either on-line or through personally-attended courses.

Logistics, design, commercial and corporate areas

In addition to general training courses, Inditex has personalised training programmes for both new employees and those that need updated training at specific times due to job requirements. These programmes, designed jointly by the Human Resources Department and the direct superior of the new employee, include a period of in-store training, the core of Inditex's activity and the leading figure in its business culture and model.

During 2009 the directors of the various Inditex affiliates participated in a training programme designed to deepen the skills and responsibilities of the position.

Internal promotion

Talent management is a strategic value at all Inditex corporate levels, from the store to corporate positions. From its beginnings, the Group has encouraged the creation of suitable working environments so that employees can develop their professional abilities and grow within the company. Indeed, the vast majority of store managers began as store assistants in Inditex. This is an example of the Group's team management which is used to evaluate the performance of each responsibility for each position, as well as the appropriate attitudes for getting the best results.

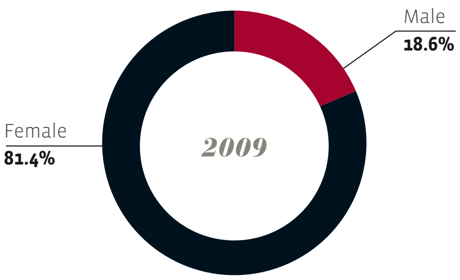
Here is an example of this policy. During 2009, 554 shop assistants were promoted to different positions of responsibility within the stores or to positions of responsibility within the structure of Zara Spain, while another 331 people, also from the stores, took on positions of responsibility in the offices of other chains or with Inditex central services. In general about 10% of the Inditex staff, primarily from stores, are promoted from within each year.

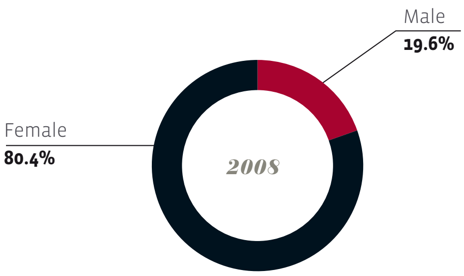
Each business unit at Inditex sets down its own lines of activity in terms of staff motivation and on the basis of the characteristics of their activity or geographical location, with the result that it is very normal to find policies and projects whose sphere of action is local and is conducted wholly by the teams of that business unit. If the result of that policy is satisfactory, it is transferred to the global ambit of the company. In practice, these lines of action constitute a true value within the Group, which grants great autonomy and freedom of action to its different teams.

Equality, diversity and reconciliation

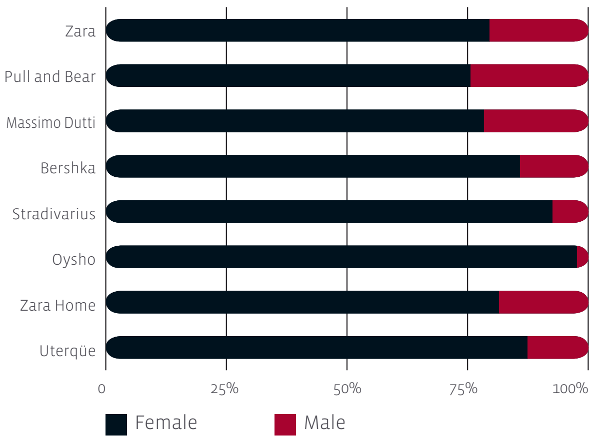
Inditex is made up of 92,301 people with 140 nationalities. The staff is 81.4% women and 18.6% men. At Inditex, men and women compete equally for opportunities in the recruitment processes, and apply for internal promotion based on the same criteria for assessment, development, talent and dedication to their work.

Employees by gender





Employees by gender in each commercial format (%) in 2009



The number of women at management level corresponds to the percentage of women on staff (more than 80%)

Inditex has an explicit commitment to equality and non-discrimination. The commitment to both vertical and horizontal equality was endorsed in 2006 with the ratification of the Equal project, Active Diversity, co-financed by the European Commission and with its social responsibility activities managed by the Spanish Coordinator from the Women's European Lobby and the Carolina Foundation which promote the implementation of measures for reducing inequalities between men and women in businesses.

Finally, the approval of a performance protocol against possible gender discrimination and sexual harassment by the Group's management should be emphasised. Using this protocol any employee may begin an internal investigation procedure with the aim of establishing the facts and deal with any possible responsibilities.

Inditex made a significant effort to incorporate equality programmes in the Group companies during 2009.

The programmes include measures favouring reconciliation between work and family life, such as facilities for reincorporation of women after pregnancy leave and corresponding measures for paternity, ways to adjust work days to school calendars, social assistance and others. Follow-up of the equality programmes was created by a commission that analyzes their application and their results.

During the year equality programmes were signed at Zara Logística, joining the 2008 signatures for the Zaragoza logistics centre and the manufacturing centres at Arteixo and Narón (A Coruña). Likewise, situation diagnostics were agreed by the Meca (Madrid) logistics centre and the Bershka and Massimo Dutti centres in Tordera (Barcelona).

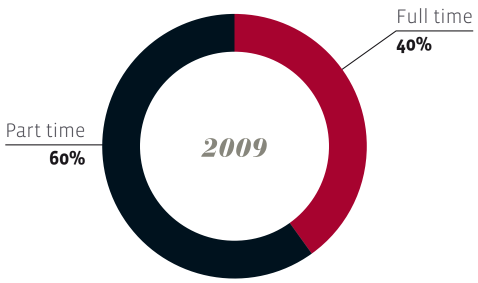
Acknowledgment through the incorporation of measures and policies aimed at equal opportunities within Inditex

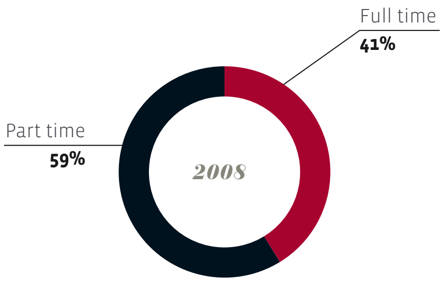
Group activities in this area have been recognised by the Social Action Council of the Zaragoza city government. In 2009, it awarded Inditex for the implementation of measures and policies promoting equal opportunity.

Labour policy

In 2009, the number of part-time employees, as opposed to full-time, increased slightly to 60% of the workforce. This shows that more workers are choosing this formula in order to combine work with studies or family. One of the main characteristics of the Inditex business model is flexibility, which is reflected in the human resource policy. The company offers a range of positions with different working hours so as to facilitate, to the extent possible, stable work shifts.

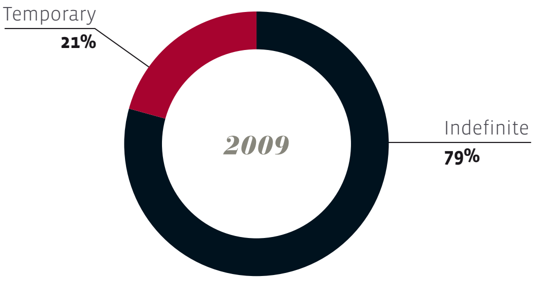
Employees by type of working day in 2009





On the other hand, Inditex is making a commitment to the creation of stable employment. In 2009, the ratio of permanent contracts remained stable with respect to 2008 and represents 79% of the total.

Staff structure by type of contract in 2009



Inditex is always working to emphasise reconciliation of work and family life; the protection of pregnant and nursing women, the prevention of occupational hazards during pregnancy, compatibility of part-time work and caring for younger children and older dependent people or extended periods of leave for the same reasons.

Inditex and UNI Global Union sign global deal to guarantee workers' rights

In 2009 Inditex took a qualitative step in this area by signing a Global Agreement with the UNI Global Union, formally committing its collaboration for guaranteeing workers rights and sustainable growth of the company. This agreement assures that essential workers rights and labour regulations are protected through social dialogue with the managers of Inditex in each of the countries where the Group operates. The agreement supports the fundamental workers rights laid out in the International Labour Organisation Conventions.

Agreement signature in October 2nd 2009.

Compensation policy

All the areas of Group activity, independently of their direct or indirect relationship with the store, are aimed at responding to the demands of the customers. This means that, apart from the variable part of the salary associated with sales for store employees, those who work in logistics and production also have elements of pay linked with productivity and a large number of jobs in the corporate structure also have a variable component to their salary.

Within the variable pay policy of the employees of the central services, new criteria have been set for fixing objectives. All positions will have:

- Part of the variable portion with specific common objectives.
- Part of the variable portion may be for specific area and project objectives as chosen by managers.

Staffing costs (in thousands of euro)	2009	2008	Var. %
Fixed and variable salaries	1,461,952	1,389,177	5.2%
Social security contributions by Inditex	329,680	314,010	5%
Total staffing costs	1,791,632	1,703,187	5.2%

Several variable compensation programmes and services with advantageous conditions for employees were put in place by Inditex in 2009.

Social dialogue

Respect for the freedom of labour unions and dialogue are key aspects of Inditex social policy. In 2009 the company agreements in Spain were maintained in the logistics centres of Massimo Dutti and Bershka in Tordera (Barcelona), Zara Home in Meco (Madrid), and at the logistics platform in Zaragoza, having the same social representation as in 2008.

Health and safety

The occupational hazard prevention organisational chart for 2009 continued being integrated and extended with the incorporation of two experts in Alicante and Barcelona and training of 115 basic technicians.

In addition, the following actions were taken throughout the year:

1. Training activities

- Online training regarding occupational hazards in stores and offices for 17,000 Inditex Spain employees.
- Prevention Week: On-site training at Massimo Dutti Spain, Zara Spain, and Zara Home Spain regarding occupational hazards in stores.
- Organisation and execution of evacuation drills for 4,500 store employees and 1,500 employees a logistics centres.
- Training activities for “Back Care and Relaxation” at logistics and manufacturing centre offices.
- Training of maintenance teams at the logistics centres for Bershka, Oysho, Zara, Pull and Bear and Stradivarius.
- Training for using electric pallet transports at manufacturing plants.

2. Type A Flu Campaign

Communication campaigns for Type A Flu were developed for all work centres in the world. They included a management protocol and delivery of preventative material.

3. Health and safety studies

- Preliminary and research studies for implementing OHSAS 18001 at the Zaragoza logistics centre.
- Electrostatic studies, specific ergonomic and psychosocial evaluations at work centres.
- Written procedures for job rotation in manufacturing and logistics centres.
- Emergency procedures for 130 stores and four logistics centres, as well as participation in the plans for thirty shopping centres. An action diagram for emergencies was implemented in 1,900 stores in all of the Group chains.

4. Other projects that were carried out

- Implementation of a specific area for occupational hazard through the TGT in all Group stores. This is to make sure that all management operations are available.
- Implementation of a store visit checklist for Store and Human Resources Management at Zara Home Spain and Pull and Bear Spain..
- Training programme in “Functions for managing the PRL of managers” at Zara Home Spain, Uterqüe Spain, Zara Spain, Massimo Dutti Spain, and Pull and Bear Spain.
- Communication campaign regarding work conditions for minors and pregnant women at Massimo Dutti Spain and Bershka Spain.

5. International area

- Implementation of TGT based occupational hazard prevention management systems in Great Britain, Italy, Portugal, the Netherlands, Sweden, Norway, and Denmark.
- Translation of the PRL training module to Italian and Portuguese in offices and implementation in all chains of the Group in the United Kingdom, Italy, Portugal, the Netherlands, Sweden, Norway, and Denmark.
- Creation of an Occupational Hazard Prevention area on all Store Management Terminals (TGTs) making PRL information available.
- Translation and implementation of the online training module at in-store workstations in Italy and Portugal.
- Creation of the Safety Champions figure for all work centres in the United Kingdom and Ireland as internal monitoring resources for compliance with hazard prevention policies.
- Internal communications campaign regarding work safety in Italy.

Social commitment

All of the activities that the Inditex Group launches with its teams in the area of Human Resources are topped-off by corporate alignment with society. In addition to the Corporate Social Responsibility activities carried out by the Group, the people that comprise Inditex show constant dedication by proposing and participating in many voluntary social activities. Here are some examples of activities that Inditex people have led and promoted in 2009:

Projet jeunes, solidarity programme

Zara France, in collaboration with Force Ouvrière, launched the Projet Jeunes solidarity programme in 2008 for the purpose of giving job opportunities to young people from disadvantaged neighbourhoods in the Paris metropolitan area.

The young people received five weeks of theoretical, personal, and practical training in preparation for joining the workforce. At the end of 2009 Zara France had given five courses of the programme to a total of 70 young people, 42 of which are now permanent full-time members of the Zara store team.

Recruiting Erasmus

As an international company Inditex emphasises the professional value of people with world concerns and participates in the *Recruiting Erasmus* programme. This PeopleMatters initiative gives Spanish students doing studies abroad and foreign students studying in Spain the opportunity to work with collaborators in the project, such as Inditex.

Other solidarity initiatives

Tempe, the Inditex footwear and accessories centre in Elche (Alicante) has been carrying out corporate voluntary activities for several years. These programmes are developed by employees with regional social organisations like the Alicante Association for the Mentally Ill among others, or Valencian Community institutions. They focus on different solidarity activities like donating food or footwear, or organising sports activities. In 2009, Tempe launched a solidarity scholarship programme for the participation of employees in Inditex Peru projects, together with the Intercultural institution.

Additionally, during the year the different Inditex work centres (central offices or chain offices and logistic centres) have launched different social activities like solidarity markets.

Internal motivation

During FY2009, Inditex has set in train a number of internal initiatives revolving around employees' motivation, among which, a number of benefit programs for employees involving IT or health services, inter alia, must be pointed out. Other family actions may be underscored, such as organised visits to the work centres and a Christmas party for the children of the employees in the different work places.

The environmental dimension

Meeting a tremendous challenge: integrating sustainability into the business model

The environmental variable is key in the global strategy of Inditex. Conscious that it operates on a global scale with economic, social and environmental implications, Inditex works to reconcile economic growth and respect for the communities where it does business with protecting the environment.

In 2006 Inditex launched its Environmental Strategy Plan 2007-2010 (PEMA 2007-2010) with the intent of integrating the environmental variable into all of its business processes. At the time, the Group was aware of the difficulty of involving all teams and getting them to think of sustainability as a strategic concept, particularly in view of the company's rapid growth and the inertia behind it. Now, a year before PEMA ends, Inditex has met the challenge: Sustainability is one more component of the business model.

The effort from all the teams enabled us to go further than just meeting specific objectives or taking particular action. The sustainability variable has been incorporated into planning and decision making for areas key to the

Inditex model such as stores, logistics, fashion design and manufacture, and teams of people in general.

During 2009, the group saw important progress regarding environmental issues in all its operational areas, progress supported by the advances made in previous years. For the commercial area the design process and launch of new store models integrate sustainability at this stage, guaranteeing compliance during execution. In the case of logistics, 70% of the fleet of vehicles providing service to Zara comply with the Euro5 standard, the most rigorous standard in place regarding motor vehicle emissions, and the remaining 30% comply with Euro4.

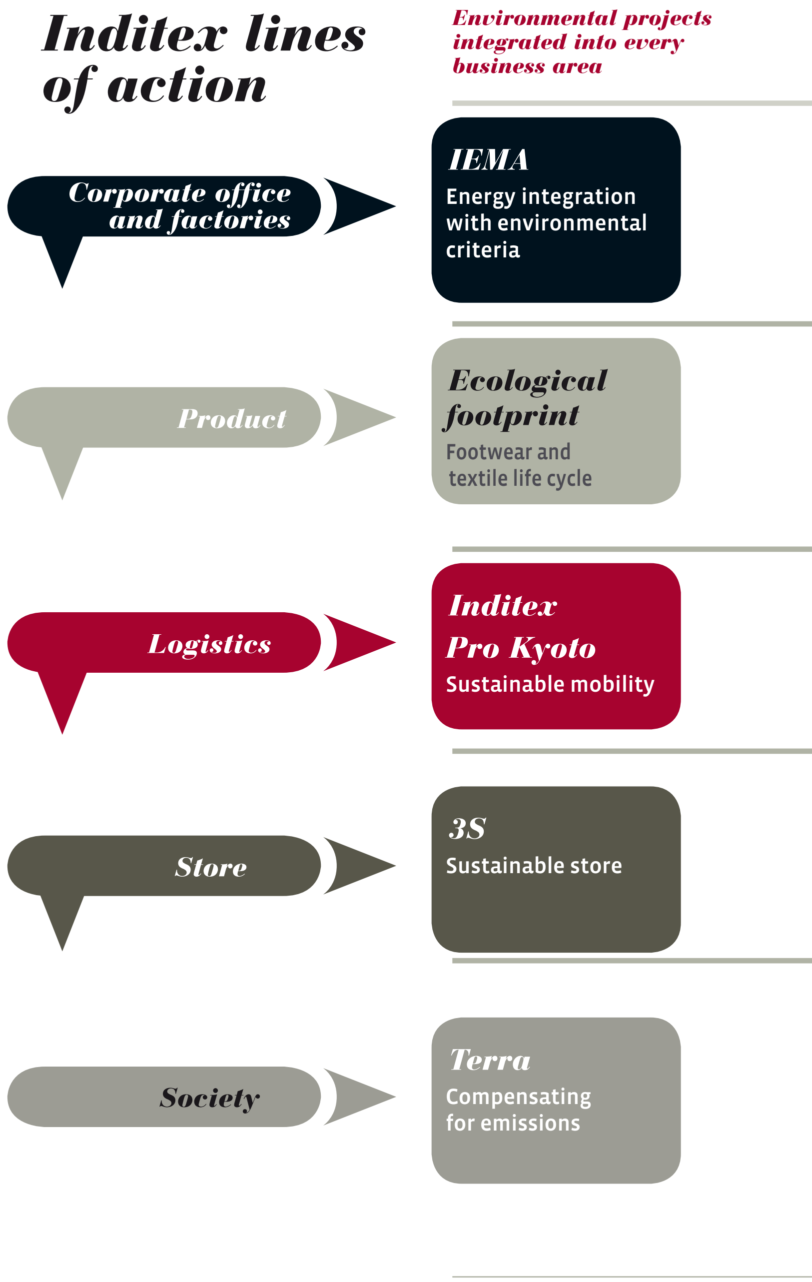
With respect to product, primarily in the footwear area, designers have a tool for rating the ecological footprint of a particular article. The information is used to make decisions regarding materials and production processes, developing products that are more sustainable throughout their life cycle.

These are some of the lines that have been followed during 2009 within the PEMA framework. Planned objectives were reached and environmental efficiency and CO_2 emission reduction indicators improved. This is described in the following pages.

The Environmental Strategy Plan emerged after a review of all areas involved in the business model's processes in terms of efficiency and the environment. It assumes the following commitments:

- To achieve 50% usage of renewable or high-efficiency energy sources in the logistics centres and head offices of the chains.
- To reduce CO_2 emissions associated with distribution by road by 20% based on the Group emissions in 2005.
- To reduce the electricity consumption in stores built from 2008 onwards by 20%, based on consumption in stores operating in 2005.

In order to achieve these ambitious goals, PEMA is organised in five large programmes designed for each one of the Group's productive areas:



Impact Area	*Description*	*2009 Activities*	*2010 Objectives*
Central headquarters, headquarters of the chains, factories and logistical centres	Integration of efficient energy consumption variables, renewable energies sources, and atmospheric emissions into a single management model.	Energy efficiency programmes in the logistics centres. Installation of cogeneration plants at the Meco (Madrid) and Palafolls (Barcelona) logistic platforms.	Development of an energy web page. Implementation of photovoltaic installations in Meco (Madrid) and Palafolls (Barcelona).
Product	Analysis of garment manufacturing variables that affect the environment in order to design a production evaluation tool with sustainable criteria.	- Finalisation of the project, making available to footwear designers a tool incorporating ecological criteria into the design.	Design and manufacture of the first ecological footwear.
Transport and logistics	Control and reduction of indirect greenhouse gas emissions (GHG) generated by logistical activity. Develop compensation mechanisms for GHG emissions.	Finalisation of the Sustainable Mobility Plan for employees, customers and logistics.	Implementationn of the Sustainable Mobility Plan for employees, customers and logistics. Efficient driving training for professional drivers.
Stores	Integration of energy sustainability and efficiency criteria in all the Group's stores.	- Progressive implementation of the eco-efficient store model, adapting it to the characteristics of the location as Inditex stores are expanded, . Reduction of 1% in the emissions of greenhouse gases associated with stores. Opening of a Zara store conforming to LEED criteria.	Continuation of progressive implementation of the eco-efficient store model, adapting it to the characteristics of the location as Inditex stores are expanded. Plan for adapting existing stores to the Inditex eco-efficiency model.
Society	Planting of the forests necessary to absorb 100% of the CO_2 generated by the Inditex central services in Arteixo (A Coruña).	Continuation of the collaboration agreement between the Galician Government and Inditex for creating new nurseries of suitable forest seeds in Carboeiro and O Seixo in A Coruña (Spain). Inditex commitment to the 2009 edition of "The Earth Hour", an initiative promoted by the WWF for raising society's awareness of the importance of the fight to prevent climate change. Collaboration of Oysho with the WWF in a campaign to raise awareness of protecting the oceans.	Continuation of the collaboration agreement between the Galician Government and Inditex for creating new nurseries of forest seeds. Inditex commitment to the 2010 edition the "Earth Hour" initiative promoted by WWF. New projects for reducing CO_2.

PEMA will be concluded in 2010, finishing the development and implementation of pilot projects and preparing material documenting these best practices so that they can be spread throughout all the chains in the Group.

1 IEMA Project

Objectives 2010

Planned completion of construction at Palafolls and Meco in June 2010.

Development of an energy web page.

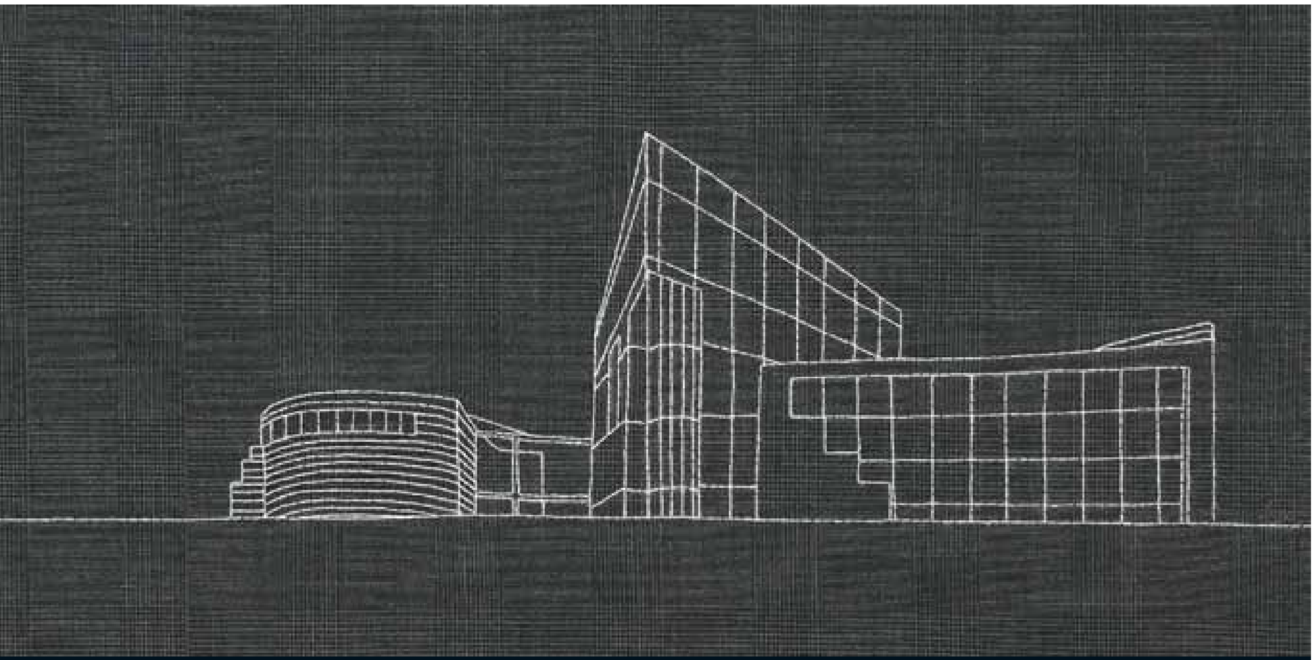
Implementation of photovoltaic installations in Meco (Madrid) and Palafolls (Barcelona).

Energy integration using environmental criteria

The purpose of this project is the application of eco-innovation to energy consumption management. It involves the integration of efficient energy consumption variables, renewable energy sources, atmospheric emissions and climate change within a single management model that will allow for control and coordinated decision making for all of them.

Strategic objectives

- Overall optimization and minimisation of energy consumption, particularly reduction of fossil fuel consumption (diesel).
- Minimisation of direct and indirect emissions of greenhouse gases generated by company operations.
- Development of mechanisms for compensating for greenhouse gas emissions.



2009 Activities

Energy efficiency plans for the logistics centres in Meco (Madrid), León and Palafolls (Barcelona)

The plans include installation of lighting control systems. These technologies are emphasised:

- Lighting timers that can be activated for 10 minutes with a button.
- Lighting programmes with remote control that can activate and deactivate lighting in function with the time and type of zone.

Energy exploitation in the Palafolls and Meco plants

PEMA 2007-2010 compliance: an agreement with Cummins Power Generation was signed for the construction of energy generation plants through cogeneration in the Palafolls (Barcelona) and Meco (Madrid) logistics centres. The agreement is for long-term exploitation, including thermal and refrigeration energy transfer. The plants will cover 230,000 square meters and will have the latest generation of engines powered by C995 N5D natural gas. Each of the engines will produce 996Kw of electricity, capable of providing the logistics centres with basic heat and air-conditioning.

2 Ecological footprint project

Objectives 2010

Design and manufacture of the first ecological footwear.

Analysis of textiles and footwear life cycles

The project analyses and defines the main variables that influence the environment in the manufacture of the garments and footwear, and presents the design of a simplified analysis tool enabling consistent evaluation of production with sustainability criteria. This analysis will include criteria about the efficiency of the consumption of production resources, use of harmful substances and optimisation of production processes.

2009 Activities

Development of an ecological shoe taking into account environmental impact at all stages of the life cycle of the shoe: raw materials, design, manufacture, and recycle.

During project development an environmental impact study of shoe production processes was made for all stages of the life cycle, developing and testing the tools that enable us to make the analysis.

Analysis of the life cycle

Production Process Evaluation

An exhaustive analysis of the shoe production process was done, localizing energy and raw materials. The analysis allowed for gathering energy consumption data for each phase of production, identifying critical points where energy efficiency methods can be applied.

Developing a specific methodology

A calculation methodology was developed from the data and the shoe production analysis. It integrates the three best known eco-design tools: Ecological Footprint (EF), Carbon Footprint (CF), Environmental Risk Assessment (ERA). This enables us to obtain a unique Eco-design index indicating the degree of environmental impact of the shoe analyzed.

'Tempe EcoFootDesign' Tool

The TempeEcoFootDesign computerized tool has been developed. It enables the designer to easily obtain an indicator showing the degree of impact on the environment from the composition of the shoe and as such creates the most environmentally friendly shoe designs.

The ecological shoe

The tool uses the information regarding harmful substances provided by the Inditex specific product health standard, *Clear to Wear,* and information from analysis of the model being studied. Analyzing developed models, the tool provides knowledge regarding what materials are more environmentally friendly and where to focus design of the footwear.

3 Inditex Project *Pro Kyoto*

2009 Activities

Objectives 2010

Implementation of the Sustainable Mobility Plan for employees, customers and logistics. The pilot test for cities will be progressively broadened in the international area and will be available for customers on the web sites of each of the Group chains.

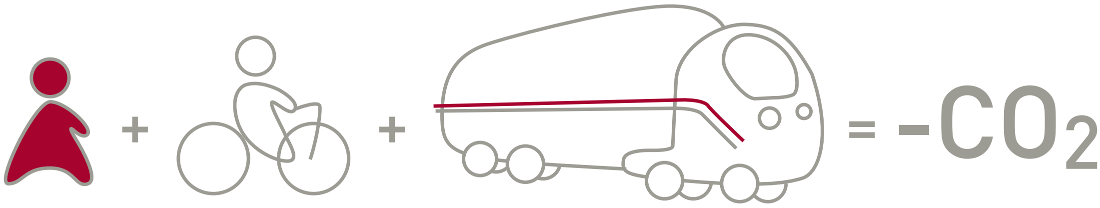
Professional driver training in efficient driving, including the joint training plan with Mercedes-Benz Spain and several logistics operators.

Inditex ProKyoto puts into practice the commitment to sustainability, climate change and the other commitments deriving from the Kyoto Protocol regarding transport and logistics.

The ultimate goal of the project is reduction of the CO_2 emissions associated with transport and logistics using the following methods:

- **A 20% reduction in greenhouse gas (GHG) emissions associated with logistics and distribution by 2020.**
- **Sensitising of all company personnel.**
- **Promotion of sustainable mobility among employees, customers, and logistics.**

Implementation of the Sustainable Mobility Plan was completed in 2009. It was initiated in previous years to pursue the reduction of CO_2 emissions. The activities established for this area are set out in the “Focus on Completely Sustainable Mobility” manual. The content of the manual is intended for employees and logistics professionals with the purpose of informing them, training them, and making them aware of sustainable mobility and the behaviours and measures they can take to that end.



1.- Employees and sustainable mobility

In 2009 several proposals and solutions to facilitate easy and ecological daily commuting for employees were developed. The "Focus on Completely Sustainable Mobility" manual includes best practices for personal travel with advice about sustainable transport and efficient driving.

The plan contemplates, among other things, the use of public transport, transport pooling, and bicycles. Specifically, online web tools were developed for Inditex Group employees which facilitate and promote sustainable mobility. These are some of the web applications:

Carpooling site

Online tools that help people who make the same daily trip and could carx‹x‹pool with a meeting point for organising themselves. In addition, the tool provides information about CO_2 emissions savings for the transport and a graphic view of the route.

Ecological transport

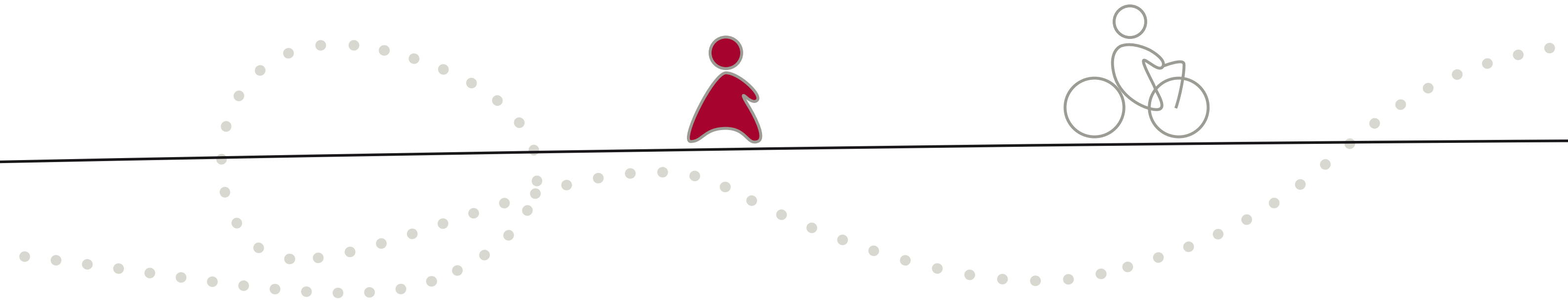
Web application showing users the advantageous of using public transport and bicycles as opposed to individual cars. The application gives interactive advice for efficient environmentally friendly driving as well as recommendations for a safer healthier life.

2.- Clients and sustainable mobility

Customers can get information about using public transportation and the benefits provided to the city and society in general by using the web application "Find your eco-route to Inditex". It improves the image of the city, saves on trips, reduces accidents, reduces energy consumption and emission contaminants, and improves quality of life.

The application shows the geographic location of stores, public transport services, public bus stops, underground and train stations, and bicycle parking near the store locations in different Spanish cities. In addition links are provided for those cities where the government makes available online public transport route searches.

A pilot test was made of the application for Madrid, A Coruña, and Barcelona during 2009.



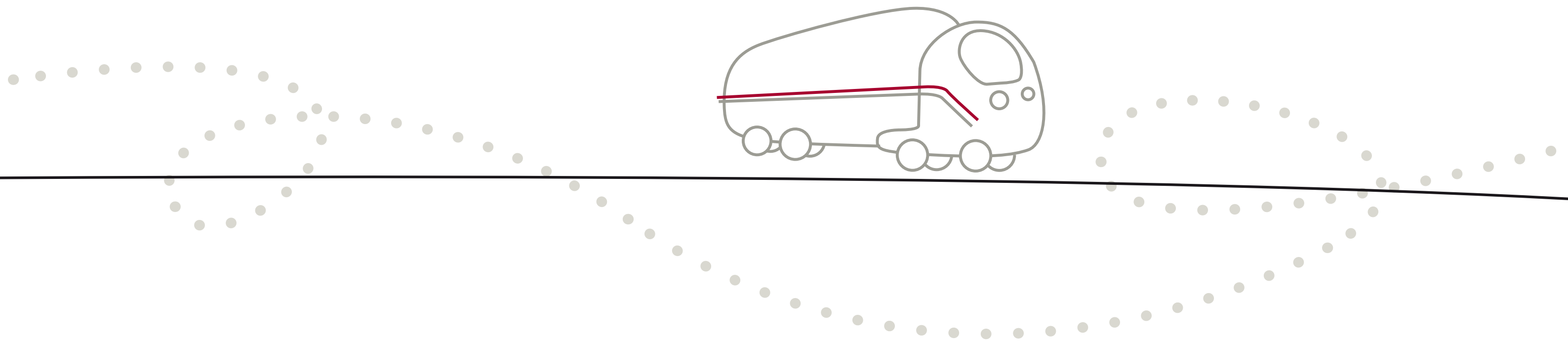
3.- Logistics and sustainable mobility

As a continuation of initiatives carried out in 2008, in 2009 there were specific activities in collaboration with transport companies that provide service to Inditex. None of the Group companies have their own fleet. These are the project programmes carried out in 2009:

Environmental audit of logistics operations

An environmental audit of logistics operations was done from the Pull and Bear logistics centre in Narón (A Coruña). Its purpose was to improve and optimize operations and routes with sustainable criteria, reduction of consumption, and reduction of CO_2 emissions. The audit enabled proposals to be created for improvements that have been provided to all logistics managers at the the different Inditex chains so that they can communicate them to their logistics operators.

Activity Axis	*Sphere of application*	*Proposals*
Use of alternative fuels and environmentally friendly vehicles (EFV)	Environmentally friendly vehicles (EFV)	• Electric vehicles • Hybrid vehicles • CNG and LNG vehicles • Liquid hydrogen vehicles • LPG vehicles • Biodiesel vehicles
Efficiency increase: reduction of consumption per kilometre	Technical improvements	• Automated consumption control • Allerons (in wheel, between cab and trailer, at the end of the trailer) • Low resistance tyres • Aluminium rims
Sensitising of staff and efficient driving training	Operating improvements	• Efficient driving training
Urban Logistics	Operating improvements	• Night-time deliveries • Urban consolidation centres and close sorting areas
Reduction of the number of vehicles and kilometres per vehicle and ton	Operating improvements	• Redefinition of primary route-vehicle networks • Redefinition of the distribution network • Road trains and giant trucks • Pallet stacking • Consolidation of sorting
	IT applied to transport	• Route and load optimization systems • Load contracting web pages



Environmental self-evaluation questionnaire

In order to guarantee that logistics operators comply with environmental obligations and to promote the reduction of CO_2 emissions and green house gasses associated with Inditex group logistics operations, an environmental self-evaluation questionnaire for logistics operators that work with the Group as well as those who would like to offer their services was defined.

The questionnaire was designed specifically for the needs of Inditex but includes considerations of the *European Retail Round Table* (ERRT), of which Inditex is a part and which includes the group of commitments to work on energy efficiency in order to tackle climate change.

An application evaluates the level of compliance based on the answers to the questionnaire and assigns a value between 0 and 10 (10 points reflects the least environmental impact). This enables a comparison of degree of compliance and environmental impact with other companies for planning and execution of an environmental improvement plan for existing operators.

Efficient Driving Manual

The Efficient Driving Manual was developed in 2009. It is the fruit a a collaboration between the Logistics and Environmental Departments of Inditex and Mercedes-Benz Spain. The purpose was to train drivers providing services to the Inditex logistics operations in eco-efficient driving. A pilot test was run during the year.

Driving style has a notable influence on energy expenditure and air quality. According to the Institute for Energy Diversification and Saving, drivers trained in efficient driving technique develop driving habits that lead to approximately 15% savings in fuel and CO_2 emissions.

4 Sustainable store

Objectives 2010

Continuation of progressive implementation of the eco-efficient store model, adapting it to the characteristics of the location as the Inditex commercial network is expanded.

The Group's Environment and Architecture teams, with the support of experts and technologists from Spanish universities in A Coruña, Santiago de Compostela and Vigo have defined the model for best practices in the environmental area which enables Inditex, and its suppliers, to establish a framework for achieving sustainability at our stores. The 3S Project aims to guarantee the reduction of consumption and emissions of CO_2 associated with stores and to work on the building of stores with sustainability parameters. Initiatives like development of the eco-efficient store and sensitisation and training of store personnel regarding environmental issues are emphasised.

150 tons less of CO_2 emitted per year

50% saving on water

30% less energy consumption in comparison with a conventional store

2009 Activities

Eco-efficient Store Manual

The Eco-efficient Store manual that was created by the Environment and Architecture Group, was updated and structured specifically to support the information necessary for each type of construction. The document incorporates the latest technical requirements with regards to air conditioning and lighting.

Sensitising and training of store employees

Several videos dealing with issues regarding the environment, waste, care of the planet, saving water, saving energy, sustainable transport, recycling, etc. were developed. Their purpose is to sensitise and increase awareness among employees regarding care and protection of the environment.

Zara-Zara Home, Portal de l'Àngel, 11-13, Barcelona

Eco-efficient store: Zara-Zara Home, Portal de l'Àngel, 11-13, Barcelona

The Zara store opened in Athens (Greece) in 2008 was Zara's first eco-efficient store, the first of the Group with these characteristics. It has served as a base for the step Inditex has taken in this area during 2009, the opening of the first fashion store in Europe getting LEED certification, the US stamp of sustainable architecture, one of the most rigorous in the market.

The Zara-Zara Home store opened last November at Portal de l'Àngel, 11-13, one of the most commercial locations in Barcelona: The store brings together all of the environmental initiatives launched by Inditex up to this point. The application of the standards adopted in this store involves a rethinking of the processes of design, construction, management, maintenance and refurbishment of stores with the aim of making them reference standards in terms of energy efficiency, respect for the environment, reduction of environmental impact and minimisation of waste.

Zara-Zara Home, Portal de l'Àngel, 11-13, Barcelona

The sustainability and energy efficiency measures established in the store at Portal de l'Àngel are structured around the requirements set down in each one of the categories of the LEED certification system and contemplate actions regarding materials, installations and control systems and processes. The final result is a store which consumes 30% less energy with respect to the annual average consumption of a conventional store, saves 50% on water, and prevents the emission of over 150 tons of CO_2 per year.

A model of commercial activity is achieved characterised by the minimisation of its environmental impact and which returns the use of an exceptional urban space to the city. These are some of the main characteristics of this establishment:

- **Store in a proper setting** The eco-efficiency of an urban project such as this is measured not only in strictly environmental terms in the interior of the premises but also contemplates variables in the environment such as accessibility and the area´s basic services. The store complies with these specific LEED criteria as its location has a wide network of public transportation facilitating clean access. Furthermore, it is to be emphasised that the access route, Portal de l'Àngel, is pedestrian and that there are parking areas for bicycles in the area, facilitating use for customers and employees.

- **Efficient water usage.** Thanks to the use of more efficient mechanisms and reduction of volume and pressure in sinks, showers, and toilets, water usage has been reduced by half as compared to conventional stores.

- **Energy efficiency.** Zara has reduced its stores' consumption of light per square metre by half since 2005. It continually incorporates the most innovative efficient lighting equipment. Additionally, in Portal de l'Angel centralized control of air conditioning and an automatic double door in the entrance have reduced the consumption of energy for air conditioning more than 30%.

- **Materials and resources.** In the choice of materials, recycled and reused materials, materials produced in the vicinity of the

project, and those which, during the process of extraction, manufacture and transport have consumed the least possible energy take priority. During construction of the store, there was good management of the waste generated.

- **Innovation in processes and technologies** Improvement and updating of the eco-efficient store concept is ongoing. Every day there are contributions from the design department, builders, installers and material suppliers.

The complete detailed Zara-Zara Home project at Portal de l'Àngel is available at the Inditex website (www.inditex.com).

Applying sustainability criteria to existing stores: store automation management and recycling of alarms

There have been several environmental projects implemented in existing stores, such as store automation management and alarm recycling.

In the case of store automation, in 2009 a store remote control system was implemented enabling constant management of the components involved in optimizing store efficiency, such as temperature, air conditioning, and lighting regulation.

Alarm recycling is another project that was launched during the year. The alarms for one-time use on garments sold in the stores are recycled and transformed into pegs that are used to hang shoes in the store. This results in a considerable reduction of CO_2 emissions in the peg manufacturing process.

5 Terra *Project*

2009 Activities

Objectives 2010

Continuation of the collaboration agreement between the Galician Government and Inditex for creating new nurseries of forest seeds.

Inditex commitment to the 2010 edition of the "Earth Hour".

New projects for reducing CO_2.

Compensation for emissions and protection of the natural environment

This is a global transverse action which makes it possible to work on the closing of the energy cycle, through planting trees which act as a CO_2 sink and compensate for the Group emissions.

The main lines of action of the Terra project are:

- **Creation of the necessary forest to absorb the emissions which result from the consumption of electrical energy and fossil fuels.**

- **Promotion of activities to protect the natural environment, habitats and ecosystems.**

Creation of forest areas in Galicia

An agreement with the Galicia Regional Government for projects to create forest areas of a high genetic level. This project, now in its third year, is pursuing the creation of new nurseries of forest seeds suitable to the mountains of A Braxe, Carboeiro y O Seixo (A Coruña, Spain) with the *Pinus Pinaster, Pinus radiata, Populus tremula, Pinus nigra corsicana* and *Castanea sativa* species. Its objectives are:

- The production and introduction of plants of high genetic value tree species, especially leafy deciduous trees so as to create forests which guarantee the production of quality seeds.

- The increase in biological diversity and in carbon fixing, intensifying the fight against climate change in the Galician woodlands.

- The start up of a clear line of social action showing owners and inhabitants of rural villages and civil society in general the importance of the culture of managing and conserving the forests of Galicia's hills.

Revitalization of the Reixac and Vallmanya rivers

The Reixac and Vallmanya rivers are two waterways that flow into the Tordera river as it runs through the city of Palafolls (Barcelona). The purpose of the project is to make the area situated along the Reixac river a green zone, giving it continuity as an ecological corridor and complementing the space to be used for equipment at the right margin of the Vallmanya river next to the Tordera to Palafolls road.

The project contemplates reviving the two rivers as well as the stretch between them.

Oysho agreement with WWF/Adena

Oysho acted on its environmental commitment with a marine animal protection programme in conjunction with WWF/Adena during 2009. It edited a compilation CD whose profits are going to a programme to save Mediterranean dolphins and turtles. The CD, *Oysho Summer Playlist*, was sold all summer at the chain's stores. The agreement proposed activities to protect turtles, such as developing alternate selective fishing systems that prevent their death, and others intended to protect dolphins. This includes a scientific study made of dolphins' conditions in the Mediterranean (populations, threats, geographic location, ...), finding measures to be adopted by the authorities to regulate efficiently their protection, and the spaces where they live, and tracking of dolphin population with the latest tagging technologies in order to understand their migratory paths.

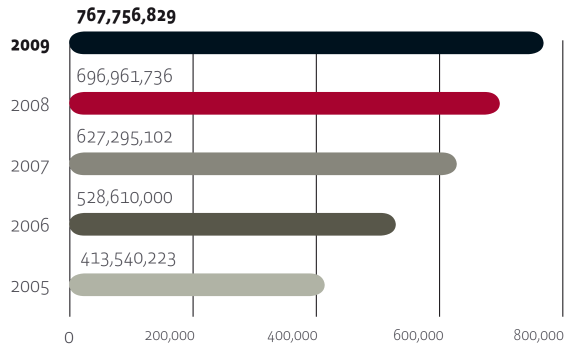
'Earth Hour'

Inditex took part in turning out the lights during "Earth Hour", an environmental sensitisation initiative organised by the WWF with a symbolic stop of electricity consumption during a predetermined hour. It is intended to make the world aware of the need to respect the environment and reduce CO_2 emissions associated with energy consumption. The initiative took place on 28 March 2009 with the participation of more than 3,000 cities in 84 countries. Inditex turned out the show window lights in a good number of its stores located on the main shopping streets of the world.

The indicator *system*

The results of Inditex's environmental management, as reflected in the indicators presented, show the positive progress of the relative indicators, calculated against the number of garments in the market. These indicators show significant reduction (energy, CO_2 emissions) as compared to previous years in all areas of the business, reflecting the success of the innovative environmental management project integrated in all phases of operations. Likewise, its important to recognise that their is no direct relationship between business growth and generation of impact on the environment, reflecting the efficiency of its management.

Number of garments released on the market.



The values used in the ratios are the following:

Ratio= (absolute value of the year/number of garments put on the market during the year) x 1000.

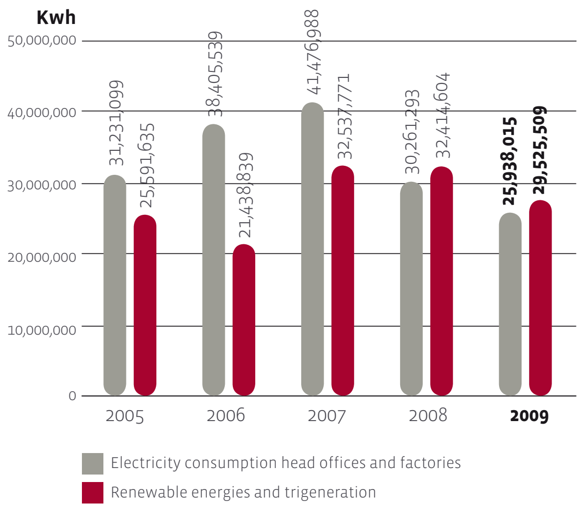
All the indicators include data up to December 2009.

Energy consumption

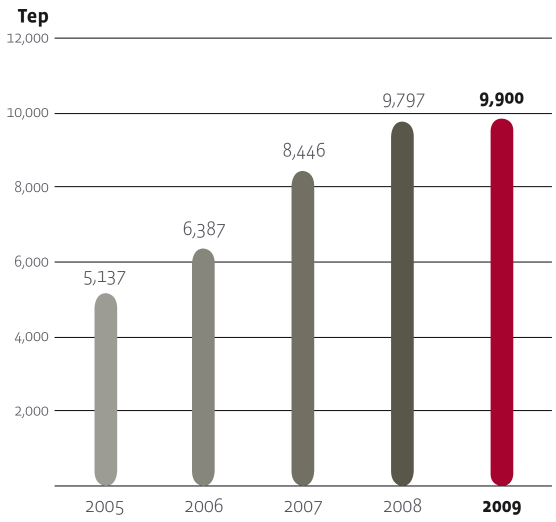
At headquarters of chains and factories

The system of energy supply at these installations receives an important contribution from the Group's own sources (trigeneration plants and boilers for heating and processing) over which there is exhaustive emissions control and a minimisation and energy efficiency plan, in which substitution by sources of renewable energy and by natural gas is very important, which makes it possible to reduce considerably emission levels.

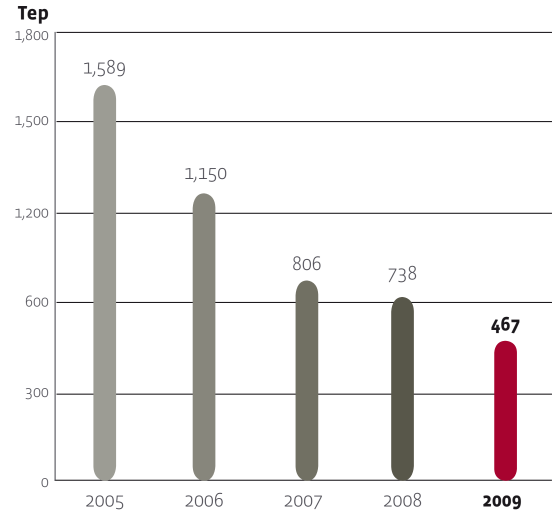
The scheme for energy consumption from these activities makes it possible to combine all sources of energy with a global vision of efficiency and reward use of renewable energies. On the basis of this operating scheme, Inditex had set itself a commitment that 50% of the energy consumed by the production processes should come from cleaner and more efficient energy sources such as cogeneration or renewables before 2012. This objective has already been achieved as can be observed in the following graph which compares the total consumption with the contributions of efficient energy sources.



Consumption of natural gas (Tep)[1]



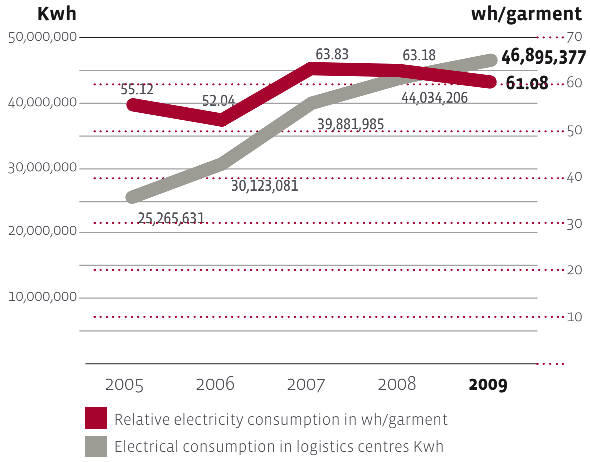
Consumption of diesel (Tep)[1]



(1) Tep: Ton of oil equivalent = 41.868 GJ
10^3 m^3 of natural gas = 0.9315 tep
1 ton of diesel = 1.035 tep

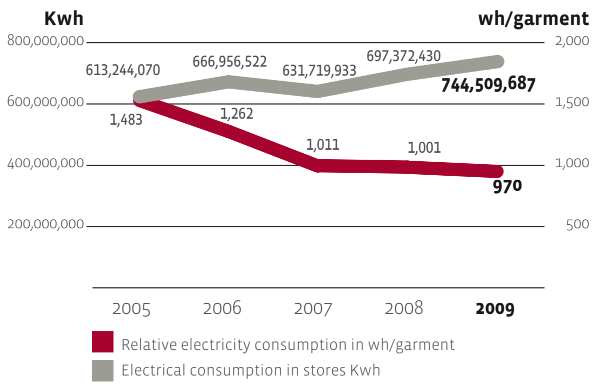
Logistics and transport

All the garments manufactured by Inditex are distributed from the logistics centres in Spain. Inditex intends to reduce electricity consumption per garment by 20% in these centres, based on consumption in 2005, using the indicator "consumed watts per mobilised garment" (w/garment) as a gauge.



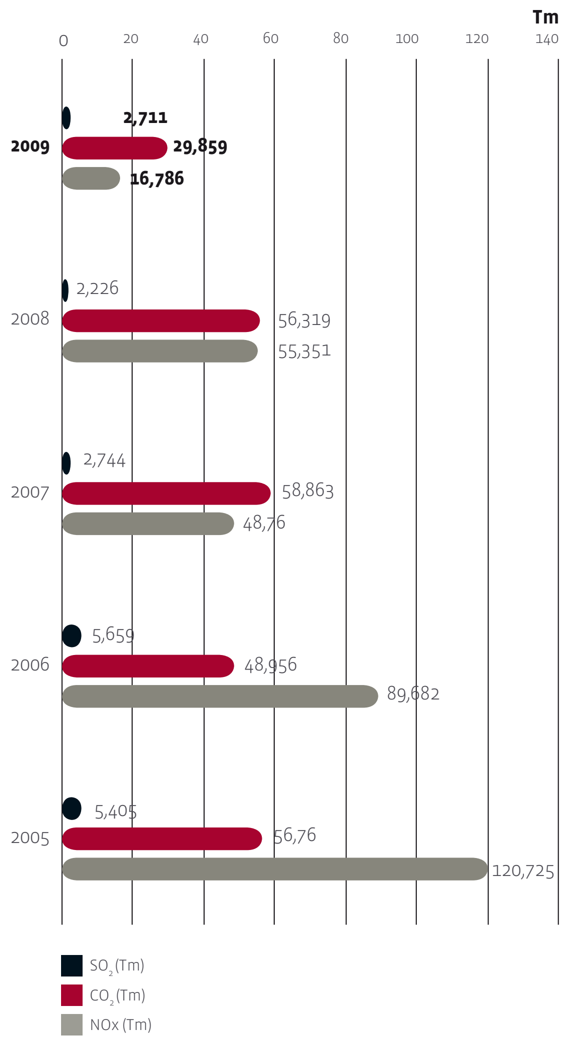
Stores

Electricity consumption at stores is important, meaning that a great effort has been made to start up the eco-efficient store. The objective is to achieve a reduction in electricity consumption per garment of 20% before 2020. Nevertheless, it is worth mentioning that the efficiency measures applied since 2005 have made it possible to contain consumption and reduce relative consumption measured in watts per garment.

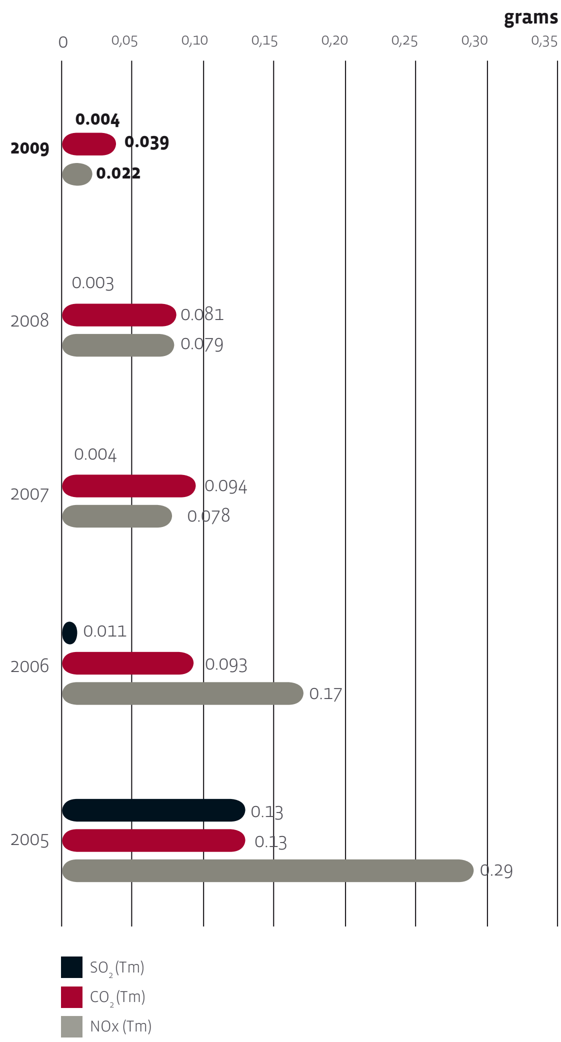


The reduction of CO_2 and other atmospheric emissions

Atmospheric emissions by year in manufacturing and logistics centres



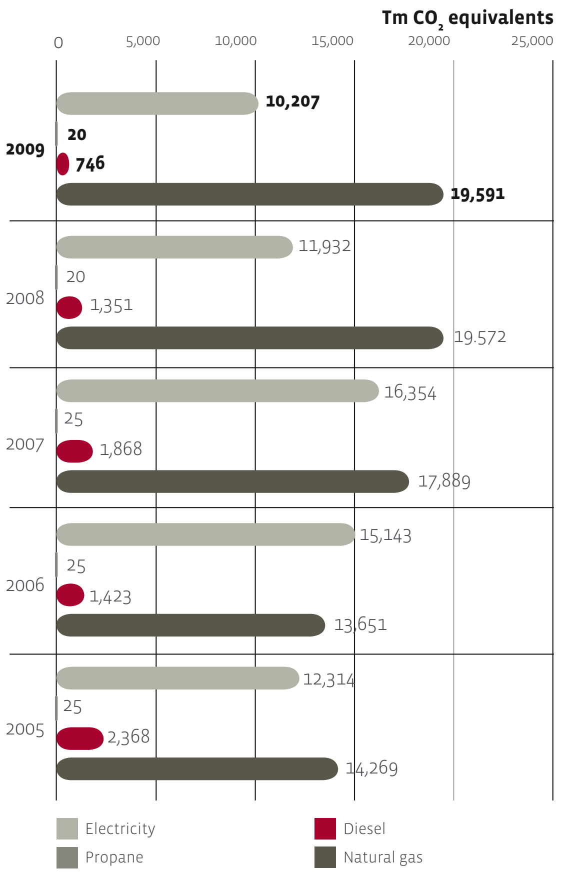
Ratio gr/garment



This includes the central headquarters, all Inditex factories, the head offices and the logistics centres of all chains. All emission sources undergo strict and frequent controls by an authorised inspection company, each in accordance with the parameters established by legislation in force.

At headquarters of chains and factories

Emissions of CO_2 (Tm) equivalent per type of energy at head offices of chains and factories

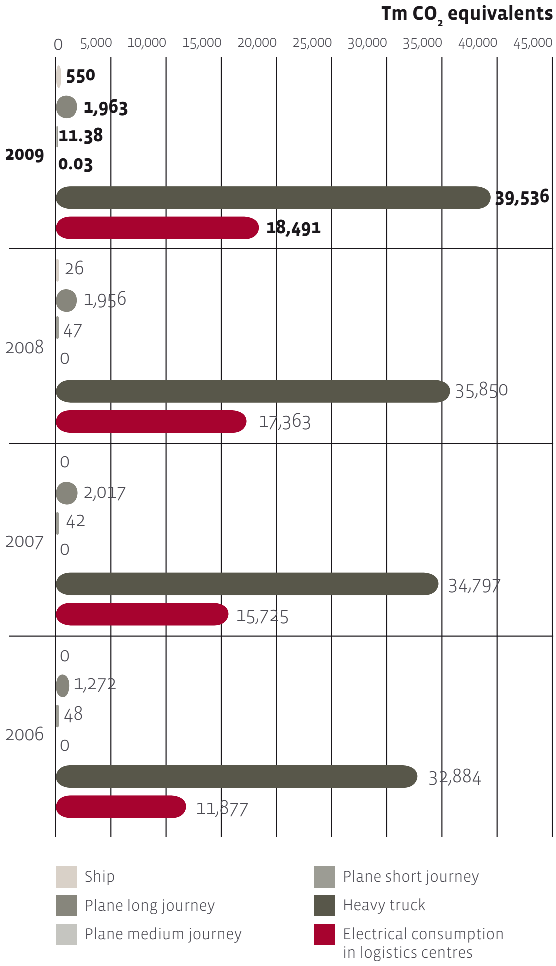


In logistics and transport

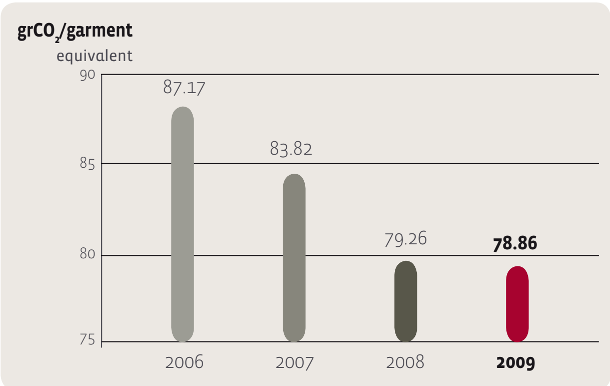
The calculation of CO_2 emissions is carried out according to the number of kilometres covered by each means of transport (land, air or sea). For the calculation of the emissions rate of CO_2 per kilometre according to the type of vehicle, the GHG protocol is taken as a reference (www.ghgprotocol.org) :

- Kg of CO_2/km truck = 0.87
- Kg of CO_2/km plane on short flight (<450 km) = 1.58
- Kg of CO_2/km plane on medium-length flight (between 450 and 1500 km) = 0.8
- Kg of CO_2/km plane on long flight (>1500 km) = 0.57
- Kg of CO_2/km truck = 0.35

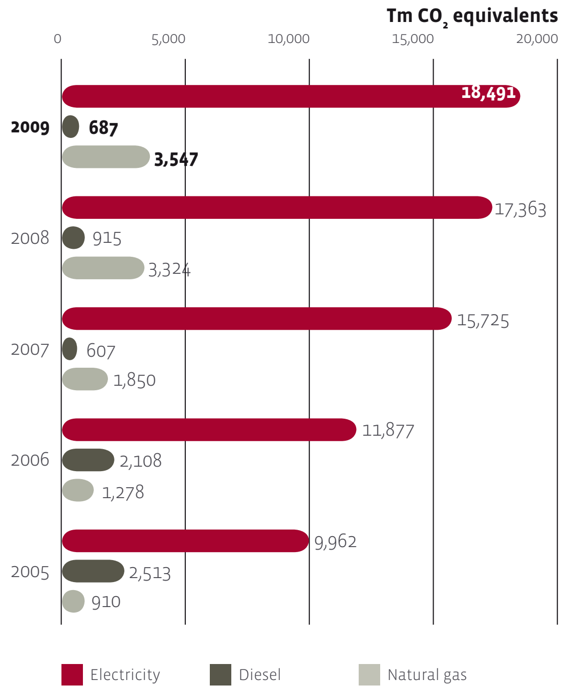
Emissions of CO_2 (Tm) equivalent from transport and electrical consumption at logistical centres.



Emissions of CO2 (Tm) equivalent from transport and electrical consumption at logistical centres per garment



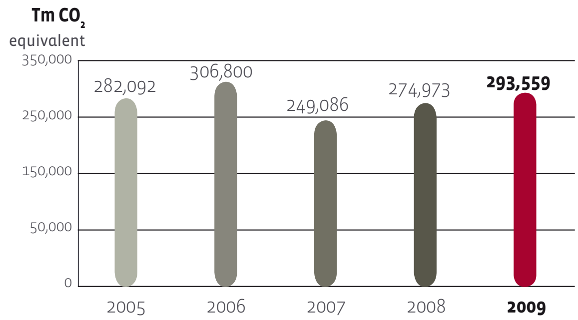
Emissions of CO_2 (in tons) in logistical centres according to the type of energy consumption



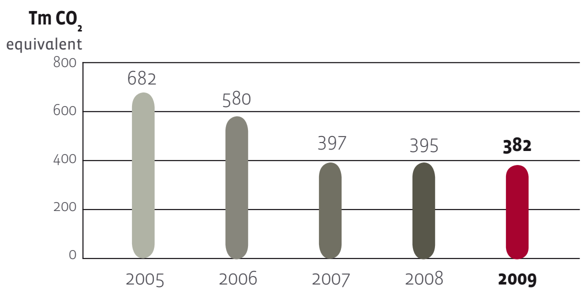
In stores

In stores, the emissions of CO_2 are generated indirectly by the electrical energy consumed.

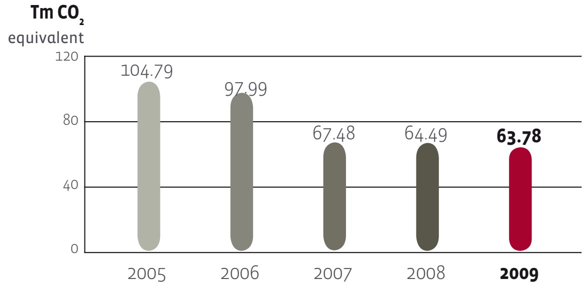
Emissions of CO_2 equivalent in stores.



CO_2 emissions (grams) equivalent in stores by garment



Emissions of CO_2 equivalent by store

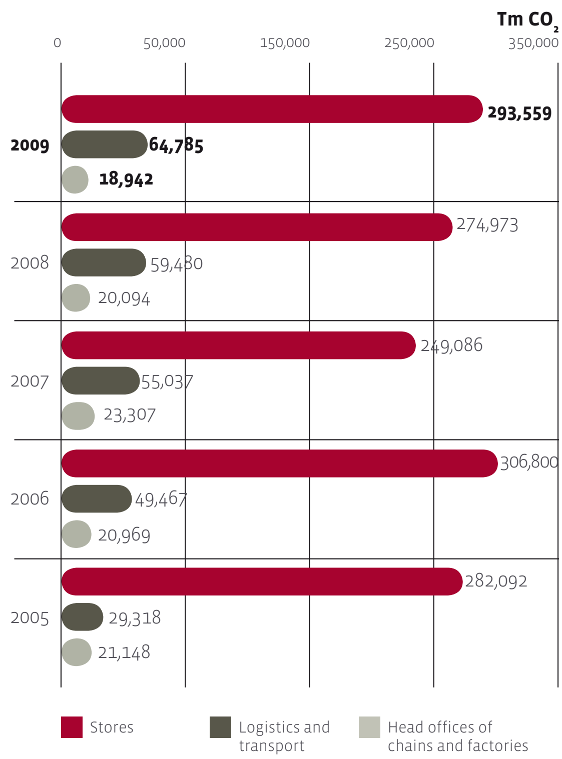


Number of stores at year end 2009: 4.607

Global CO_2 emissions

Emissions are grouped by design and manufacture for logistics and transport and stores.

Emissions CO_2 equivalent

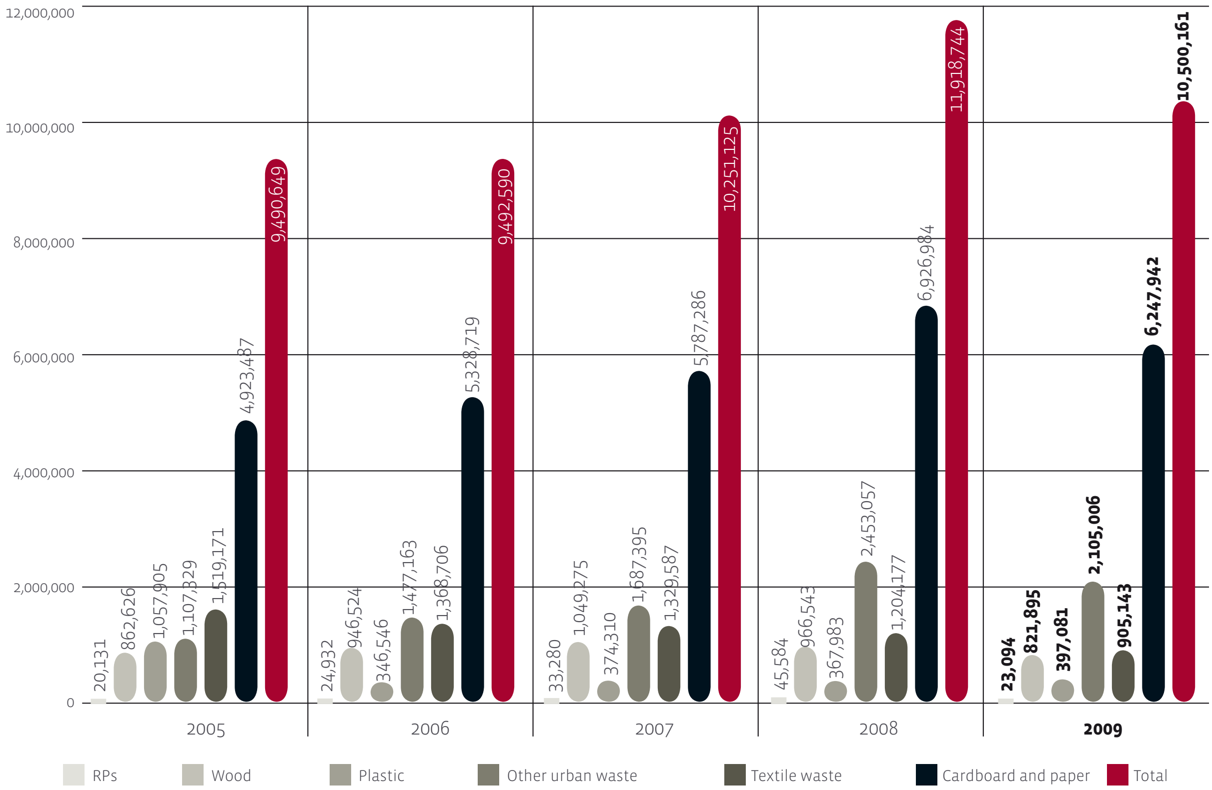


Item	Tm CO_2
Design and manufacture:	18,942
Logistics and transport:	64,785
Stores:	293,559
TOTAL	**377,286**

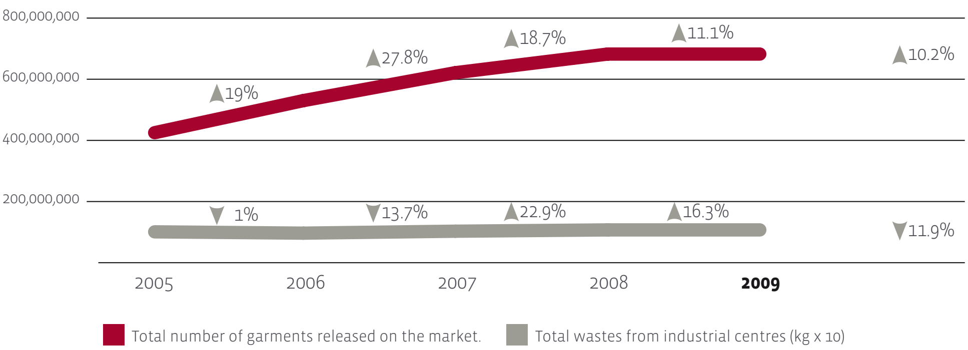
Generation and waste management

The management of wastes and the Waste Minimisation Plan which has been running since 2003 are a part of the success deriving from good practices and the commitment of all the staff.

Annual industrial waste generation (kg)



Comparison of garments put on the market with the total of industrial waste generated

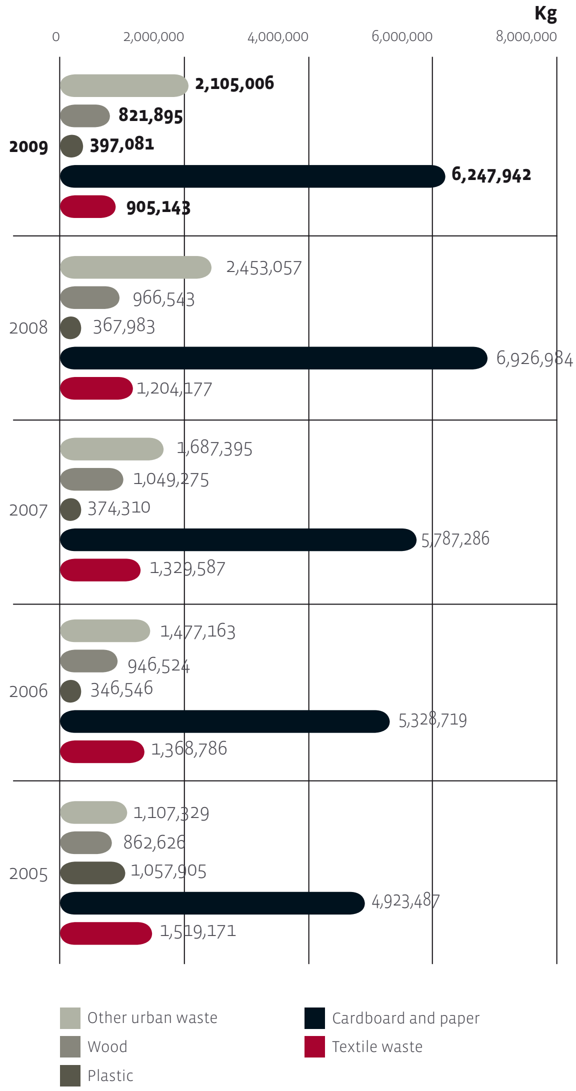


Increase in the number of items put in the market during the period 2005-2009: ***85.65 %***
Increase of industrial waste generated during the period 2005-2009: ***10.64 %***

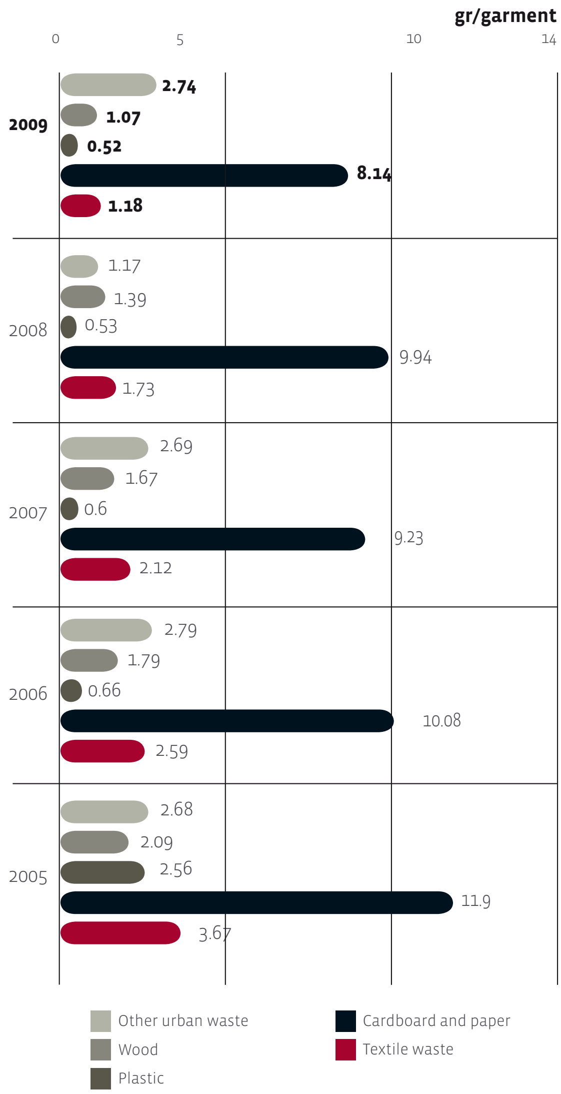
Annual generation of urban waste that can be assimilated

The waste is classified in accordance with the European Waste Catalogue (EWC) and its transposition into national and regional legislation.

Absolute data



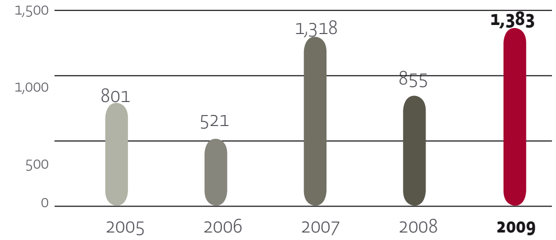
Relative data according to the number of manufactured garments (grams)



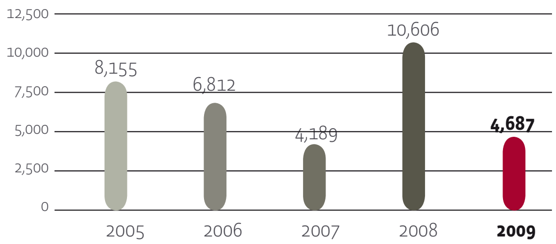
Annual generation of dangerous waste

Next, graphs of the most significant dangerous waste generated in our industrial centres are presented.

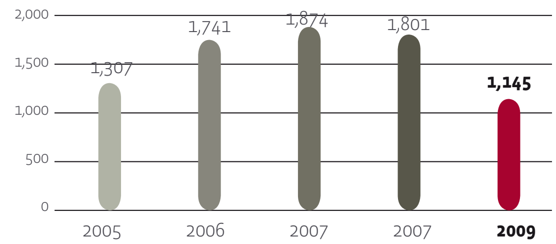
Batteries (Kg)



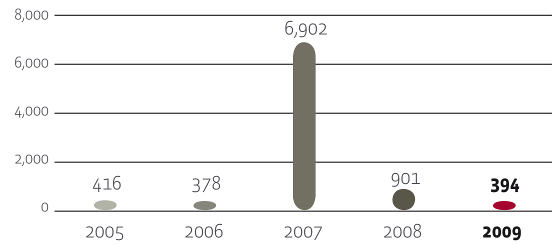
Office waste (Kg)



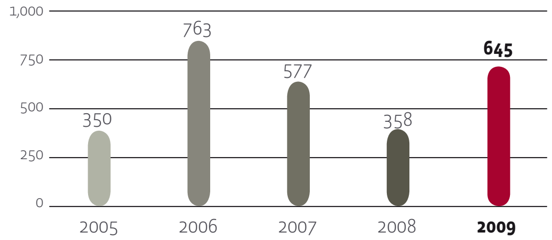
Fluorescents (Kg)



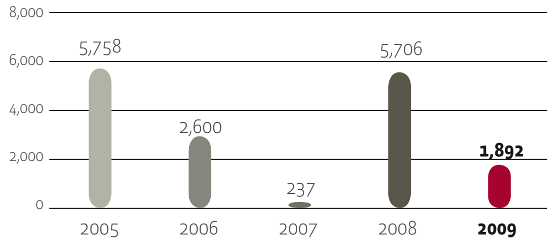
Oil filters (Kg)



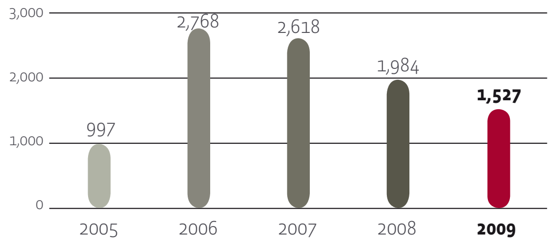
Contaminating metallic packaging (Kg)



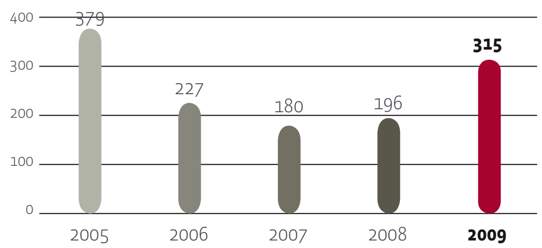
Used mineral oil (Kg)



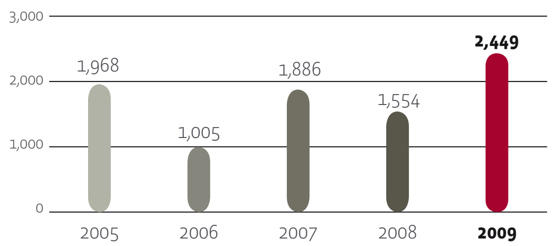
Contaminated absorbents (kg)



Paint (Kg)



Contaminating plastic packaging (Kg)



With the exception of oil filters, the variability of the rest of the waste can be shown by the irregular collection periods. Collections are made when the container is full or the maximum time permitted for waste storage has expired (6 months). This means that the waste generated in September of one year may be collected in March of the following year and included in the calculations for that year.

In 2009 contaminating metallic packaging was generated by centres where in previous years there was none. This can be explained by change to a work or activity methodology that subsequently required use of these materials.

Recycling of Alarms

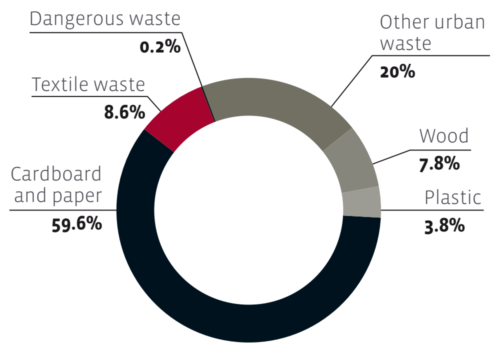
Continuing with the programme begun in 2007, all alarms used are recycled as a means of taking advantage of the component materials (plastic and copper) for manufacturing other products. We provide the kilograms of alarms recycled separately so as not to hide the real level of compliance with our urban waste reduction plan.

Alarms (Kg)

Waste allocation according to its type and treatment

The final step in the Waste Minimisation Plan is recycling. All waste is sent, according to its nature, to recycling plants, composting, treatment or an authorised management agency.

Proportion of generated waste



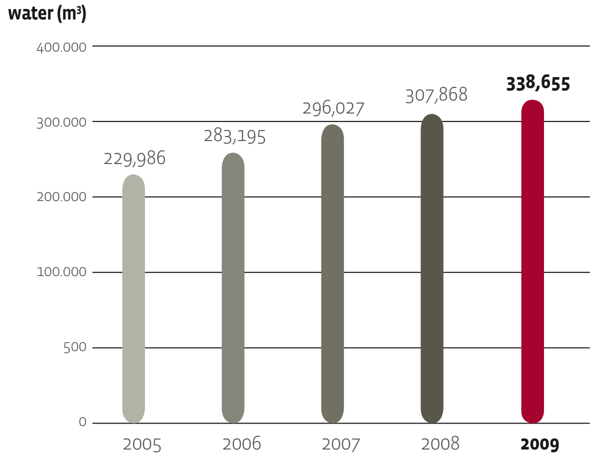
With respect to the recuperation of products released on the market, it is not viable to evaluate the volume generated nor its management on a worldwide level, given that there is no collection system or specific management for textile materials.

The packaging materials released onto the market (cardboard and plastic bags, labels, protective elements) associated with the products marketed by Inditex, are appropriately managed by authorised agents. Inditex adheres to the available Integrated Management Systems for Packaging and Wrapping in every country it operates in. The commitment to these systems means that each Inditex chain pays a not-for-profit management agency whatever it costs to collect and manage the waste generated by the stores. This management agency is established with the recognition of the authorities of each country (in Spain, Ecoembes) to ensure that the waste generated by the stores is suitably collected, managed and recycled.

Consumption and use of water

In the case of factories and logistics centres, water consumption data are taken from direct measurements and from utility bills (public supply networks). In the case of stores, the data is obtained by sampling utility bills for a group of stores and extrapolating them to the total stores.

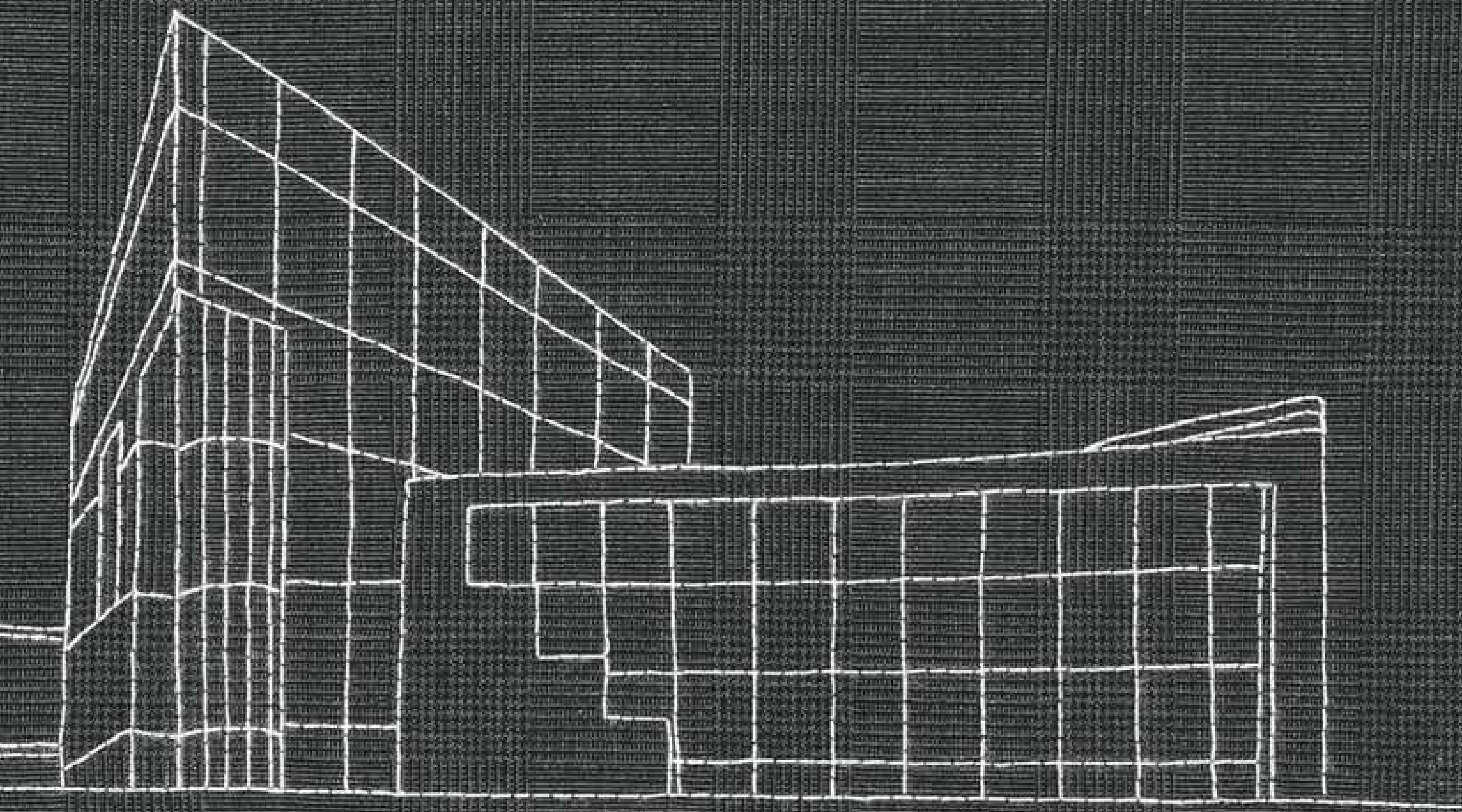
Water consumption



Water supply at all the centres for both processes and for consumption comes from public and authorised supply networks with the result that Inditex has no impact on protected habitats.

Most water consumed in the commercial network is for domestic use - mainly cleaning and basic consumption. For this reason it is impossible to recycle it. In the area of industrial activities, water is mainly needed for generating steam and for industrial refrigeration in a closed cycle, where recirculating systems are used.

Wastewater from all of our sites is dumped into sewage systems, with the relevant administrative authorisation in all cases. This assumes that analysis is done periodically to guarantee compliance with current law. In some cases of residual wastewater, we have installed purification systems in front of the clean-up networks in order to minimize the environmental impact of the waste.



Legal Documentation

DL

Economic
and financial report

KPMG Auditores S.L.
Fama, 1
15001 A Coruña

<u>Auditors' Report on the Annual Accounts</u>

(Translation from the original in Spanish. In the event of discrepancy, the original Spanish-language version prevails)

To the Shareholders of
Industria de Diseño Textil, S.A.

We have audited the consolidated annual accounts of Industria de Diseño Textil, S.A. (the "Company") and subsidiaries (the "Group"), which comprise the consolidated balance sheet at 31 January 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the notes thereto, the preparation of which is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the consolidated accounts taken as a whole, based on our examination which was conducted in accordance with generally accepted auditing standards in Spain, which require examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual accounts and evaluating their overall presentation, as well as the appropriateness of the accounting principles used and the reasonableness of the estimates made.

In accordance with prevailing Spanish legislation, these consolidated annual accounts for the year ended 31 January 2010 also include, for each individual caption in the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes thereto, comparative figures for the previous year. We express our opinion solely on the consolidated annual accounts for the year ended 31 January 2010. On 26 March 2009 we issued our unqualified audit report on the consolidated annual accounts for the year ended 31 January 2009.

In our opinion, these consolidated annual accounts for the year ended 31 January 2010 present fairly, in all material respects, the consolidated equity and consolidated financial position of Industria de Diseño Textil, S.A. and subsidiaries at 31 January 2010 and the consolidated results of their operations, the consolidated cash flows and consolidated changes in equity for the year then ended, and contain sufficient information necessary for their adequate interpretation and understanding, in accordance with International Financial Reporting Standards adopted by the European Union which have been applied on a basis consistent with that of the preceding year.

The accompanying consolidated directors' report for the year ended 31 January 2010 contains such explanations as the Directors consider relevant to the situation of the Group, the evolution of its business and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for the year ended 31 January 2010. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Industria de Diseño Textil, S.A. and subsidiaries.

KPMG AUDITORES, S.A.

(*<u>Signed on original in Spanish</u>*)

Enrique Asla García
Partner

18 March 2010

Inditex Group consolidated annual accounts 31 January 2010

1.- Consolidated income statement

Industria de Diseño Textil, S.A. and subsidiary companies

(in thousands of euros)	Notes	2009	2008
Net sales	(2)	11,083,514	10,406,960
Cost of merchandise	(3)	(4,755,505)	(4,492,720)
Gross profit		**6,328,009**	**5,914,240**
Gross margin		57.1%	56.8%
Operating expenses	(4)	(3,952,702)	(3,707,887)
Other net operating income (losses)	(5)	(1,118)	(19,497)
Operating profit (EBITDA)		**2,374,189**	**2,186,856**
Amortization and depreciation	(11,12,13)	(645,801)	(578,320)
Operating profit (EBIT)		**1,728,388**	**1,608,536**
Financial results	(6)	3,782	(21,599)
Income before taxes		**1,732,170**	**1,586,937**
Income tax	(22)	(410,033)	(325,322)
Net income		**1,322,137**	**1,261,615**
Net income attributable to minority interest		7,783	8,164
Net income attributable to the parent		**1,314,354**	**1,253,451**
Earnings per share, euro cents	**(7)**	**211.4**	**201.6**

2.- Consolidated statement of comprehensive income

Industria de Diseño Textil, S.A. and subsidiary companies

(in thousands of euros)	2009	2008
Net income	**1,322,137**	**1,261,615**
Other comprehensive income		
Translation differences related to foreign operations	34,995	(92,022)
Cash flow hedges	(65,424)	55,379
Other income and expenses recognised directly in equity	(32,293)	(37,799)
Tax effect	19,627	5,938
Total comprehensive income for the year	**1,279,042**	**1,193,111**
Total comprehensive income attributable to:		
Equity holders of the Parent	1,270,556	1,185,319
Minority interests	8,486	7,792
Total comprehensive income for the year	**1,279,042**	**1,193,111**

3.-Consolidated Balance sheet

Industria de Diseño Textil, S.A. and subsidiary companies

(in thousands of euros)	Notes	31-01-10	31-01-09
ASSETS			
Current assets		**3,943,795**	**3,264,041**
Cash and cash equivalents	(18)	2,420,110	1,466,291
Trade and other receivables	(9)	421,781	585,311
Inventories	(10)	992,570	1,054,840
Income tax receivable	(22)	15,663	15,342
Other current assets		93,671	142,257
Non-current assets		**4,391,642**	**4,512,605**
Property, plant and equipment	(11)	3,293,535	3,442,321
Investment property	(12)	13,273	8,455
Rights over leased assets	(13)	514,159	531,468
Other intangible assets	(13)	19,118	16,476
Goodwill	(14)	131,685	131,685
Financial investments	(15)	15,392	14,416
Deferred tax assets	(22)	234,203	203,100
Other	(16)	170,277	164,684
TOTAL ASSETS		**8,335,437**	**7,776,646**
LIABILITIES			
Current liabilities		**2,304,960**	**2,390,848**
Trade and other payables	(17)	2,103,029	2,073,141
Financial debt	(18)	35,058	234,037
Income tax payable	(22)	166,873	83,670
Non-current liabilities		**659,931**	**637,198**
Financial debt	(18)	4,996	13,241
Deferred tax liabilities	(22)	172,892	213,847
Provisions	(19)	127,054	101,820
Other non-current liabilities	(20)	354,989	308,290
Equity		**5,370,546**	**4,748,600**
Net equity attributable to the parent		5,329,166	4,721,714
Net equity attributable to minority interest		41,380	26,886
TOTAL EQUITY AND LIABILITIES		**8,335,437**	**7,776,646**

4.-Consolidated statement of cash flows

Industria de Diseño Textil, S.A. and subsidiary companies

(in thousands of euros)	2009	2008
Income before taxes and minority interest	**1,732,170**	**1,586,937**
Adjustments to income-		
Amortization and depreciation	624,711	569,367
Foreign exchange translation differences	30,665	(11,097)
Provisions for impairment	53,087	22,624
Other	10,074	(14,021)
Income tax	(391,059)	(290,069)
Funds from operations	**2,059,648**	**1,863,741**
Variation in assets and liabilities		
Inventories	48,466	(72,107)
Receivables and other current assets	162,750	(159,725)
Current payables	49,983	143,268
Changes in working capital	**261,199**	**(88,564)**
Cash flows from operations	**2,320,847**	**1,775,176**
Investments intangible assets	(26,898)	(78,068)
Investments property, plant and equipment	(460,995)	(851,973)
Acquisition of businesses	0	(6,102)
Acquisition of other financial investments	378	21,758
Investments other assets	(12,590)	(23,643)
Fixed assets sales and retirements	(9,645)	679
Cash flows from investing activities	**(509,750)**	**(937,349)**
Decrease due to repayment of non-current financial debt	(3,520)	(28,644)
Increase in drawdowns on non-current non-financial debt	10,519	11,366
Decrease due to repayment of current financial debt	(203,777)	(137,385)
Dividends	(662,090)	(661,566)
Other financing activities	316	(1,997)
Cash flows used in financing activities	**(858,552)**	**(818,228)**
Net increase in cash and cash equivalents	952,545	19,599
FX impact on cash and cash equivalents	1,273	(19,142)
Cash and cash equivalents at beginning of the year	1,274	1,465,835
Cash and cash equivalents at the end of the year	**2,420,110**	**1,466,291**

5 .- Consolidated statement of changes in equity

Industria de Diseño Textil, S.A. and subsidiary companies

(in thousands of euros)	Capital	Share premium	Retained earnings	Other reserves	Treasury shares	Translation differences	Cash flows	Subtotal	Minority interest	Total equity
Balance at 1 February 2008	**93,500**	**20,379**	**4,127,061**	**54,489**	**(6,927)**	**(95,369)**	**-**	**4,193,133**	**23,922**	**4,217,055**
Profit for the year	-	-	1,253,451	-	-	-	-	1,253,451	8,164	1,261,615
Transfers	-	-	(17,900)	-	-	17,900	-	-	-	-
Other comprehensive income for the year	-	-	(37,799)	-	-	(92,022)	55,379	(74,442)	(372)	(74,814)
Translation differences related to foreign operations	-	-	-	-	-	(92,022)	-	(92,022)	-	(92,022)
Cash flow hedges	-	-	-	-	-	-	55,379	55,379	-	55,379
Other income and expenses recognised directly in equity	-	-	(37,799)	-	-	-	-	(37,799)	(372)	(38,171)
Operations with equity holders or owners	-	-	(656,738)	-	6,310	-	-	(650,428)	(4,828)	(655,256)
Share-based payments	-	-	-	-	6,310	-	-	6,310	-	6,310
Dividends	-	-	(656,738)	-	-	-	-	(656,738)	(4,828)	(661,566)
Balance at 31 January 2009	**93,500**	**20,379**	**4,668,075**	**54,489**	**(617)**	**(169,491)**	**55,379**	**4,721,714**	**26,886**	**4,748,600**
Balance at 1 February 2009	**93,500**	**20,379**	**4,668,075**	**54,489**	**(617)**	**(169,491)**	**55,379**	**4,721,714**	**26,886**	**4,748,600**
Profit for the year	-	-	1,314,354	-	-	-	-	1,314,354	7,783	1,322,137
Transfers	-	-	(6,241)	-	-	(2,598)	-	(8,839)	8,838	-
Other comprehensive income for the year	-	-	(32,996)	-	-	34,995	(45,797)	(43,798)	703	(43,095)
Translation differences related to foreign operations	-	-	-	-	-	34,995	-	34,995	-	34,995
Cash flow hedges	-	-	-	-	-	-	(45,797)	(45,797)	-	(45,797)
Other income and expenses recognised directly in equity	-	-	(32,996)	-	-	-	-	(32,996)	703	(32,293)
Operations with equity holders or owners	-	-	(654,265)	-	-	-	-	(654,265)	(2,830)	(657,095)
Contributions									4,995	4,995
Dividends	-	-	(654,265)	-	-	-	-	(654,265)	(7,825)	(662,090)
Balance at 31 January 2010	**93,590**	**20,379**	**5,288,927**	**54,489**	**(617)**	**(137,094)**	**9,582**	**5,329,166**	**41,380**	**5,370,546**

6.- Notes to the consolidated annual accounts of the Inditex Group as at 31 January 2010

The consolidated annual accounts of the Inditex Group for the year ended 31 January 2010 have been prepared by the Board of Directors of the Company and will be submitted for approval at the corresponding annual general shareholders' meeting. The directors consider that the consolidated annual accounts will be approved without changes. These annual accounts have been prepared in accordance with International Financial Reporting Standards adopted by the European Union (hereinafter EU-IFRS), in compliance with Regulation (EC) No. 1606/2002 of the European Parliament.

Inditex's financial year and that of most of its subsidiaries starts on 1 February of each year and ends on 31 January of the following year. The twelve-month period ended 31 January 2009 will hereinafter be referred to as the 2008 period or year, the period ended 31 January 2010 as 2009, and so on.

Unless otherwise stated, the amounts shown in the consolidated annual accounts are expressed in thousands of euro. The euro is the functional and reporting currency of the Company.

The individual annual accounts of the parent company (Inditex) for 2009 have been prepared by the Board of Directors in a separate document.

It is expected that the consolidated annual accounts for 2009 will be approved by the shareholders at their ordinary annual general meeting without significant changes. The consolidated annual accounts for 2008 were approved by the shareholders at their ordinary general meeting held on 14 July 2009.

These consolidated annual accounts present fairly the consolidated shareholders' equity, financial position and changes in equity of the Inditex Group as at 31 January 2010, as well as the results of its operations and cash flows for the year then ended.

The consolidated annual accounts for 2009 have been prepared on the basis of the accounting records of Inditex and the remaining group companies.

These consolidated annual accounts have been prepared on a historical cost basis, except for derivative financial instruments, which were not accounted for using hedge accounting and are stated at fair value.

The preparation of consolidated annual accounts requires Inditex Group management to make judgments and estimates that affect the amounts recognized in the consolidated annual accounts. Estimates are constantly revised and based on historical experience, the determination of discount rates, forecast trends in expected events and future cash flows. These estimates essentially refer to determining the useful lives of property, plant and equipment, measuring the impairment of assets in stores (notes 11 and 13), measuring goodwill impairment (note 14), determining the recoverability of tax loss carryforwards of group subsidiaries located abroad (note 22) and calculating provisions related to the outcome of litigation proceedings and other potential liabilities for the Group (note 9).

Although these estimates have been made on the basis of the best information available on the matters analyzed at the time of preparing these consolidated annual accounts, it is possible that events may take place in the future which could make it necessary to amend, increase or decrease these estimates in future accounting periods, which would be carried out prospectively, recognizing the effects of the change in estimation in the corresponding future consolidated annual accounts.

The basis of consolidation and accounting principles applied are explained in note 31.

6.1. Activity and description of the Group

Industria de Diseño Textil, S.A. (hereinafter Inditex), which has its registered offices at Avenida de la Diputación s/n Edificio Inditex, Arteixo (A Coruña, Spain), is the parent of a group of companies, the principal activity of which consists of the distribution of fashion items, mainly clothing, footwear, accessories and household textile products. Inditex carries out its activity through various commercial formats such as Zara, Pull & Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe. Inditex is domiciled in Spain, is listed on all four Spanish stock exchanges and, together with its subsidiary companies, comprises the Inditex Group (the Group).

Each format's commercial activity is carried out through chains of stores managed directly by companies in which Inditex holds all or the majority of the share capital, with the exception of certain countries where, for various reasons, the retail selling activity is performed through franchises. Certain franchise agreements entered into by the Group include call options which, if exercised, would allow the Group to acquire all of the shares of franchised entities or, alternatively, the rights to the leases for the premises in which the franchised stores operate and the assets associated with these stores. These options may be exercised after a certain period of time has elapsed since the signing of the franchise agreement.

Inditex's business model is characterized by the search for flexibility in adapting production to market demand by controlling the supply chain throughout the different stages of design, manufacture and distribution. This enables it to focus both its own and suppliers' production on changes in market trends during each commercial campaign.

The Group's logistics system is based on constant deliveries from the distribution centres of the various commercial formats to stores throughout each season. This system essentially operates through centralized logistics centres for each concept in which inventory is stored and distributed to stores worldwide.

At 31 January 2010 the different group formats have stores in 74 countries, as follows:

Number of stores

	Company-managed	Franchises	Total
Spain	1,865	35	**1,900**
Rest of Europe	1,680	176	**1,856**
America	303	63	**366**
Rest of the World	135	350	**485**
Total	**3,983**	**624**	**4,607**

At 31 January 2009, the geographical distribution of stores was as follows:

Number of stores

	Company-managed	Franchises	Total
Spain	1,862	34	**1,896**
Rest of Europe	1,504	156	**1,660**
America	283	55	**338**
Rest of the World	72	298	**370**
Total	**3,721**	**543**	**4,264**

The majority of company stores are held under operating leases. Information on the main characteristics of lease contracts is provided in note 23.

6.2. Sales

Revenue in the consolidated income statement includes amounts received from the sale of goods and income from rentals, royalties and other services rendered in the ordinary course of the Group's business, net of VAT and other sales-related taxes.

Details of this caption for 2009 and 2008 are as follow:

	2009	2008
Net sales in company-managed stores	10,170,220	9,546,573
Net sales to franchises	827,087	760,649
Oher sales and services rendered	86,207	99,738
Total	**11,083,514**	**10,406,960**

6.3. Cost of merchandise

Details of this caption for 2009 and 2008 are as follows:

	2009	2008
Raw materials and consumables	4,693,235	4,540,347
Change in inventories	62,270	(47,627)
Total	**4,755,505**	**4,492,720**

Raw materials and consumables mainly include amounts relating to the acquisition or production by third parties of products held for sale or transformation, and other direct expenses related to the acquisition of goods.

6.4. Operating expenses

Details of operating expenses are as follows:

	2009	2008
Personnel expenses	1,791,632	1,703,188
Operating leases (note 23)	1,134,032	1,028,377
Other operating expenses	1,027,038	976,322
Total	**3,952,702**	**3,707,887**

At 31 January 2010 the Group had a total of 92,301 employees, of which 74,275 were female and 18,026 male (89,112 employees at 31 January 2009, of which 71,706 were female and 17,406 male). Note 26 (employee benefits) provides additional information on personnel expenses.

Lease expenses mainly relate to the rental, through operating leases, of the commercial premises from which the Group carries out its activity. Note 23 provides more detailed information on the main characteristics of these leases, together with the related minimum future payment commitments.

"Other operating expenses" mainly include expenses relating to store operations, logistics and general overheads, such as electricity, commissions on credit and debit card payments, travel, transportation of merchandise from logistic centres to stores, decoration expenses, communications and all kinds of professional service.

6.5 Other net operating income (losses)

This caption includes all operating expenses and income other than those associated with the Group's commercial and logistics activity, which are included under "Operating expenses" in the consolidated income statement, as described in the previous note.

This caption mainly includes variations in the debt related to reciprocal sales and purchase options between the Group and shareholders with a partial stake in certain subsidiaries, as these options are considered a deferred acquisition of the shares which constitute the underlying asset (see note 20). These variations are mainly due to the relationship between the price of the options and the number of stores operated, shareholders' equity and the results of these subsidiary companies.

Details of the main put-call options over these investments are given below:

a) Subsidiary companies domiciled in Germany

At 31 January 2010 and 2009 the Group has a call option on 22% of the share capital of Zara Deutschland, GmbH. This shareholding belongs to Otto GmbH and Co. KG, which in turn has a put option to sell its entire shareholding to Industria de Diseño Textil, S.A.

These options may be exercised by the holders at any time. However, the exercised call option effectiveness is delayed to certain dates established in the related agreement, which vary depending on the moment in which the predetermined option is exercisable. These options have no premium or compensation of any kind attached and the strike price will depend mainly on the contributions made by Otto GmbH and Co. KG to the shareholders' equity of the subsidiary and on the number of ZARA stores opened in Germany after 1 February 2006.

b) Subsidiary companies domiciled in Mexico

The Group has call options on 5% of the share capital of Zara México, S.A. de C.V., 3% of the share capital of Bershka México, S.A. de C.V., and 1.5% each of Oysho México, S.A. de C.V. and Pull & Bear México, S.A. de C.V., which are held by the minority shareholder. The exercise period of these options extends over the term of the agreements between the parties. The options have no premium attached and the strike price will depend on the shareholders' equity of the subsidiaries.

6.6. Financial results

Details of "Financial results" in the consolidated income statements for 2009 and 2008 are as follows:

	2009	2008
Interest income	8,368	26,067
Foreign exchange gains	37,172	20,075
Dividends	311	177
Total income	**45,851**	**46,319**
Interest expense	(9,428)	(9,372)
Foreign exchange losses	(32,641)	(58,546)
Total expenses	**(42,069)**	**(67,918)**
Total	**3,782**	**(21,599)**

Financial income and expenses mainly comprise interest accrued on the Group's financial assets and liabilities during the year (see note 18). Net foreign exchange differences are principally due to fluctuations in the currencies with which the Group operates (see note 25) between the time when income, expenses, acquisitions or disposals of assets are recognized and when the corresponding assets or liabilities are realised or settled under applicable accounting principles.

6.7. Earnings per share

Basic earnings per share were calculated by dividing net profit for the year attributable to the parent company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held by the Group (see note 21), which in 2009 and 2008 totaled 623,109,136 and 621,711,085, respectively.

Diluted earnings per share are calculated based on profit attributable to the holders of equity instruments of the Company and a weighted average number of ordinary shares outstanding after adjustment for the dilution effect of all potential ordinary shares. The share-based payment plan referred to in note 26 has not had a significant impact on the calculation of diluted earnings per share.

6.8. Segment reporting

The principal activity of the Inditex Group comprises the retail distribution of clothing, footwear, accessories and household textile products through various commercial format stores aimed at different targeted sectors of the public.

The origin and predominant nature of the risks and rewards of the Inditex Group's business units correspond to operating segments, as these risks and rewards are mainly influenced by the fact that each cash-generating unit belongs to a particular commercial format. The internal organisation of the Inditex Group, the decision-making process and the system for communicating information to the Board of Directors and group management are organised primarily by commercial format, followed by geographical areas.

Details of Inditex Group segment reporting are as follows:

FY2009

	Zara	Bershka	Other concepts	Total
Sales to third parties	7,076,740	1,177,268	2,829,506	**11,083,514**
Segment result	1,105,324	196,184	426,881	**1,728,388**
Amortization and depreciation	444,038	54,583	147,180	**645,801**
ROCE	29%	59%	46%	**34%**
Number of stores	**1,608**	**651**	**2,348**	**4,607**

FY2008

	Zara	Bershka	Other concepts	Total
Sales to third parties	6,824,430	1,025,524	2,557,006	**10,406,960**
Segment result	1,055,388	154,537	398,611	**1,608,536**
Amortization and depreciation	412,291	46,168	119,861	**578,320**
ROCE	32%	56%	44%	**36%**
Number of stores	**1,520**	**591**	**2,153**	**4,264**

The segment result refers to the operating result (EBIT) of the segment. Income and expenses which are considered corporate in nature or as belonging to the group of segments as a whole have been assigned to each segment in accordance with criteria considered reasonable by group management.

Return on Capital Employed (ROCE) is defined as the ratio between the segment's result for the year (EBIT) and the average capital employed (shareholders' equity and, where applicable, net financial debt).

As permitted by the amendments in the IFRS 8 improvement project, issued in April 2009, the transition date of which allows for early adoption of the new requirements, the Group has amended the disclosure of certain entries as they are not taken into consideration in the Group's decision-making process.

Geographical reporting

In the presentation of information by geographical segment, revenue is based on the geographical location of customers and segment assets are based on the geographical location of assets. Non-current segment assets do not include deferred tax assets.

Sales

	2009	2008
Spain	3,708,967	3,730,299
Rest of Europe	5,221,491	4,809,263
America	1,096,709	1,038,065
Asia and rest of the world	1,056,347	829,333
Total	**11,083,514**	**10,406,960**

Non-current assets

	31/01/10	31/01/09
Spain	1,933,037	2,025,518
Rest of Europe	1,783,597	1,858,381
America	210,412	231,763
Asia and rest of the world	230,393	193,842
Total	**4,157,439**	**4,309,505**

6.9. Trade and other receivables

Details at 31 January 2010 and 2009 are as follows:

	31/01/10	31/01/09
Trade receivables	112,795	120,923
Sales to franchises	115,371	133,053
Public entities	157,627	249,471
Other current receivables	35,988	81,864
Total	**421,781**	**585,311**

Trade receivables mainly correspond to customer debit/credit card payments pending collection.

Part of the Group's activity is carried out through franchised stores (see note 1). Sales to franchises are made under agreed collection terms and generate the receivables shown in the table above, which are secured as described in note 25.

Balances receivable from public entities comprise VAT and other taxes and duties incurred by group companies in the countries in which they operate.

Other current receivables include items such as rental incentives due from shopping centre developers (see note 23) and outstanding balances on sundry operations.

6.10 Inventories

Details at 31 January 2010 and 2009 are as follows:

	31/01/10	31/01/09
Raw materials and consumables	29,015	45,598
Work in progress	20,603	17,693
Finished goods for sale	942,952	991,549
Total	**992,570**	**1,054,840**

The Group contracts insurance policies to cover the potential risk of damage to its inventory.

6.11. Property, plant and equipment

Details of and movement in the "Property, plant and equipment" caption of the consolidated balance sheet are as follows:

	Land and buildings	Leasehold improvements, machinery and furniture	Other plant and equipment	Work in progress	Total
Cost					
Balance at 01/02/2008	842,117	3,812,835	173,783	224,424	5,053,159
Acquisitions	44,759	606,782	40,594	183,685	875,820
Disposals	(4,454)	(69,375)	(3,859)	(9,936)	(87,624)
Transfers	3,305	115,269	(1,121)	(137,427)	(19,974)
Foreign exchange impact	571	(66,802)	(6,398)	570	(72,059)
Balance at 31/01/2009	**886,298**	**4,398,709**	**202,999**	**261,316**	**5,749,322**
Balance at 01/02/2009	886,298	4,398,709	202,999	261,316	5,749,322
Acquisitions	55,218	369,257	35,833	56,454	516,762
Disposals	(5,757)	(127,229)	(44,901)	(18,333)	(196,220)
Transfers	48,042	90,050	29,789	(177,773)	(9,892)
Foreign exchange impact	(2,480)	16,666	1,593	689	16,468
Balance at 31/01/2010	**981,321**	**4,747,453**	**225,313**	**122,353**	**6,076,440**
Depreciation					
Balance at 01/02/2008	149,527	1,608,890	91,795	-	1,850,212
Depreciation charge for the year	46,469	407,503	30,049	-	484,022
Disposals	(3,194)	(39,094)	(1,216)	-	(43,504)
Transfers	104	(730)	(24)	-	(650)
Foreign exchange impact	(4,050)	(927)	(7,112)	-	(12,089)
Balance at 31/01/2009	**188,856**	**1,975,642**	**113,492**	**-**	**2,277,990**
Balance at 01/02/2009	188,856	1,975,642	113,492	-	2,277,990
Depreciation charge for the year	62,479	447,792	36,788	-	547,059
Disposals	(2,816)	(81,999)	(21,183)	-	(105,998)
Transfers	(320)	640	(34)	-	286
Foreign exchange impact	851	7,916	819	-	9,586
Balance at 31/01/2010	**249,050**	**2,349,991**	**129,882**	**-**	**2,728,923**
Impairment losses (note 31.2-g)					
Balance at 01/02/2008	-	20,835	-	-	20,835
Impairment charge	-	22,794	-	-	22,794
Applications	-	(13,841)	-	-	(13,841)
Foreign exchange impact	-	(777)	-	-	(777)
Balance at 31/01/2009	**-**	**29,011**	**-**	**-**	**29,011**
Balance at 01/02/2009	-	29,011	-	-	29,011
Impairment charge	-	33,906	-	-	33,906
Applications	-	(8,935)	-	-	(8,935)
Balance at 31/01/2010	**-**	**53,982**	**-**	**-**	**53,982**
Net carrying value					
Balance at 31/01/2009	697,442	2,394,056	89,507	261,316	3,442,321
Balance at 31/01/2010	**732,271**	**2,343,480**	**95,431**	**122,353**	**3,293,535**

"Other plant and equipment" include, inter alia, information technology equipment and motor vehicles.

The impairment charge for the year corresponds to valuation adjustments relating to plant and equipment in stores, the amount of which is determined on the basis of the budget for 2010 and estimated growth in sales and expenses for the following two years in the business plan. The estimated cash flows for the period not covered by this plan are extrapolated taking into account forecast growth for comparable stores over the residual lease term.

Disposals mainly comprise assets related to commercial premises in which the Group carries out its activity.

Fully depreciated items of property, plant and equipment include certain items, mainly machinery, installations and furniture, whose gross cost value amounted to euros 682,434 thousand and euros 481,622 thousand at 31 January 2010 and 2009, respectively.

The Group contracts insurance policies to cover the potential risk of damage to its property, plant and equipment.

Through its corporate risk management policy, the Group identifies, assesses and controls damage and responsibility-related risks to which its subsidiaries are exposed. It does this by compiling and measuring the main risks of damage, loss of profits and responsibilities affecting the Group and implements prevention and protection policies aimed at reducing the frequency and intensity of these risks.

Likewise, standard measurement criteria are established at corporate level which enable the different exposure risks to be quantified, measured and insured.

The Group contracts insurance policies through corporate insurance programmes to protect its assets from risk and establishes limits, risk retention and conditions according to the nature thereof and the financial relevance of the subsidiary. This structure mainly comprises worldwide insurance programmes through which the main risks insured by the Group are organised.

6.12. Investment property

Investment property mainly relates to premises and other properties leased to third parties. Movement in this caption during 2009 and 2008 is as follows:

Cost	**31/01/10**	**31/01/09**
Opening balance	19,678	19,678
Acquisitions	6,000	-
Closing balance	**25,678**	**19,678**
Amortization and depreciation		
Opening balance	11,223	10,203
Acquisitions	1,182	1,020
Closing balance	**12,405**	**11,223**
Net carrying value	**13,273**	**8,455**

The total market value of investment property at 31 January 2010 is approximately euros 20,000 thousand.

During 2009, euros 2,700 thousand (euros 2,738 thousand in 2008) of rental income on these properties has been included under Net sales – Other sales and services rendered (see note 2) in the consolidated income statement.

6.13. Rights over leased premises and other intangible assets

"Rights over leased premises" include amounts paid to proprietors and third parties in respect of lease transfer rights, access premiums or tenancy right waivers and indemnities in order to lease commercial premises.

"Other intangible assets" include amounts paid for the registration and use of Group brand names and the external cost of software applications. Details of and movement in other intangible assets during 2009 and 2008 are as follows:

	Rights over leased property	Patents and similar intangibles	Software	Other intangible assets	Total
Cost					
Balance at 01/02/2008	742,037	23,048	9,630	3,824	778,539
Acquisitions	86,545	1,851	5,925	83	94,404
Disposals	(16,553)	-	(489)	(816)	(17,858)
Transfers	19	-	106	51	176
Effect of movement in foreign exchange	(9,088)	-	(404)	-	(9,492)
Balance at 31/01/2009	**802,960**	**24,899**	**14,768**	**3,142**	**845,769**
Balance at 01/02/2009	802,960	24,899	14,768	3,142	845,769
Acquisitions	26,686	1,532	1,665	1,801	31,684
Disposals	(13,684)	-	(55)	(1,879)	(15,618)
Transfers	6,622	-	1,825	793	9,240
Effect of movement in foreign exchange	2,003	-	(56)	-	1,947
Balance at 31/01/2010	**824,587**	**26,431**	**18,147**	**3,857**	**873,022**
Depreciation					
Balance at 01/02/2008	237,006	13,988	6,228	2,942	260,164
Amortization for the year	42,627	1,544	1,803	68	46,042
Disposals	(6,272)	-	(173)	-	(6,445)
Transfers	-	-	-	-	-
Effect of movement in foreign exchange	(2,304)	-	(66)	-	(2,370)
Balance at 31/01/2009	**271,057**	**15,532**	**7,792**	**3,010**	**297,391**
Balance at 01/02/2009	271,057	15,532	7,792	3,010	297,391
Amortization for the year	44,754	1,698	2,445	120	49,017
Disposals	(7,481)		(29)	(1,878)	(9,388)
Transfers	-		624	(3)	621
Effect of movement in foreign exchange	1,423		6	-	1,429
Balance at 31/01/2010	**309,753**	**17,230**	**10,838**	**1,249**	**339,070**
Impairment losses (not 31.2-g)					
Balance at 01/02/2008	427	-	-	-	427
Impairment charge	7	-	-	-	7
Balance at 31/01/2009	**434**	**-**	**-**	**-**	**434**
Balance at 01/02/2009	434	-	-	-	434
Impairment charge	540				540
Applications	(61)				(61)
Disposals	(434)				(434)
Transfers	196	-	-	-	196
Balance at 31/01/2010	**675**	**-**	**-**	**-**	**675**
Net carrying value					
Balance at 31/01/2009	**531,469**	**9,367**	**6,976**	**132**	**547,944**
Balance at 31/01/2010	**514,159**	**9,201**	**7,309**	**2,608**	**533,277**

The Group has capitalized euros 1,800 thousand during the year corresponding to development activities that comply with IAS 38.

6.14. Goodwill

Details of and movement in this caption of the consolidated balance sheet during 2009 and 2008 are as follows:

	2009	2008
Opening balance	131,685	125,583
Acquisitions	-	6,102
Closing balance	**131,685**	**131,685**

Subsidiary	2009	2008
Stradivarius España, S.A.	53,253	53,253
BCN Diseños, S.A. de C.V.	15,523	15,523
Zara Polska, S.p. Zo.o.	35,940	35,940
Zao Zara CIS	19,822	19,822
Pull and Bear CIS	428	428
Stradivarius CIS	6,719	6,719
Closing balance	**131,685**	**131,685**

Goodwill corresponding to Stradivarius España, S.A. was generated upon acquisition of this company in 1998 and is stated at its carrying amount at 1 February 2004, the date of transition to EU-IFRS.

The goodwill corresponding to BCN Diseños, S.A. de C.V. was generated upon acquisition of the holder of the franchise rights to the Massimo Dutti format in Mexico in 2004.

In 2005 Inditex acquired a 51% share in the Polish company formerly known as Young Fashion Sp. Z.o.o. (currently Zara Polska, S.p. Z.o.o.), which until then held the franchise rights to Zara in that country, and reserved the right to acquire an additional 29% as of 1 February 2008. The voting rights for 80% of the share capital had already been acquired by Inditex, and were paid for in August 2005, although legal ownership of the aforementioned 29% of shares remained with the partner until Inditex exercised its right to acquire this.

Inditex granted the seller a put option on the remaining 20% of share capital, exercisable after June 2008 at a price that depended on results for the year prior to that in which the option was to be exercised. On 22 January 2009, Inditex acquired the remaining 20% of the share capital of Zara Polska S.p. Zo.o.

In 2006 Inditex acquired 100% of the share capital of the Russian company formerly known as Zao Stockmann-Kranoselskaya (currently Zao Zara CIS), which until then held the franchise rights to Zara in that country.

In 2007 Inditex cancelled the franchise contracts of the companies which held the franchise rights to the Pull & Bear and Stradivarius formats in Russia, thus generating goodwill of euros 428 thousand and 6,719 thousand, respectively.

Goodwill arising from the acquisition or cancellation of franchise contracts is equivalent to the value of intangible assets that do not comply with the requirements established in IFRS 3 for separate recognition.

The recoverability of goodwill is adequately guaranteed through the profitability of the acquired companies, whose future cash flows justify their net value at year end (note 31.2-g). This recoverable value is calculated based on the 2010 budget and the business plan for the following years, which is prepared taking into account expected performance for comparable stores and the expansion plan associated with the units under analysis.

6.15. Financial investments

Details of and movement in this caption of the consolidated balance sheet during 2009 and 2008 are as follows:

	Investment securities	Investments in EIGs	Loans and other credit facilities	Total
Balance at 01/02/2008	5,491	14,631	16,052	36,174
Acquisitions	95	-	-	95
Disposals	-	(14,631)	(10,317)	(24,948)
Other	3,095	-	-	3,095
Balance at 31/01/2009	**8,681**	**0**	**5,735**	**14,416**
Balance at 01/02/2009	8,681	0	5,735	14,416
Disposals	-	-	(4,236)	(4,236)
Other	-	5,212	-	5,212
Balance at 31/01/2010	**8,681**	**5,212**	**1,499**	**15,392**

Non-current investment securities mainly correspond to a stake in Banco Gallego.

The investment in Economic Interest Groupings (EIGs) comprises Inditex's shareholding in fourteen economic interest groupings, the activity of which is the leasing of assets managed by a separate, non-group entity which retains most of the profits and is exposed to the risks associated with this activity. These groupings have applied the fiscal incentives established in prevailing Spanish legislation (see note 22), the effect of which is shown under "Income tax" in the consolidated income statement.

6.16. Other non-current assets

Details of and movement in this caption of the consolidated balance sheet during 2009 and 2008 are as follows:

	Guarantees	Other	Total
Balance at 01/02/2008	102,509	17,186	119,695
Acquisitions	35,033	6,968	42,001
Disposals	(4,995)	(5,440)	(10,435)
Transfers	(5)	(89)	(94)
Effect of movements in foreign exchange	13,266	251	13,517
Balance at 31/01/2009	**145,808**	**18,876**	**164,684**
Balance at 01/02/2009	145,808	18,876	164,684
Acquisitions	22,881	2,813	25,694
Disposals	(18,510)	(191)	(18,701)
Profit/(Loss) for the year	-	(2,879)	(2,879)
Transfers	5,133	560	5,693
Foreign exchange impact	(4,271)	62	(4,209)
Balance at 31/01/2010	**151,041**	**19,241**	**170,282**

Guarantees mainly correspond to amounts deposited with proprietors of leased commercial premises to ensure compliance with the conditions stipulated in lease contracts (see note 23).

6.17. Trade and other payables

Details of this caption of the 2009 and 2008 consolidated balance sheets are as follows:

	31/01/10	31/01/09
Trade payables	1,557,752	1,540,765
Personnel	133,923	116,953
Public entities	302,842	305,554
Other current payables	108,512	109,869
Total	**2,103,029**	**2,073,141**

6.18. Net financial position

Details of "Cash and cash equivalents" in the consolidated balance sheets are as follows:

	31/01/10	31/01/09
Cash in hand and at banks	669,511	741,568
Short-term deposits	542,601	89,748
Fixed income securities	1,207,998	634,975
Total cash and cash equivalents	**2,420,110**	**1,466,291**

Cash in hand and at banks includes cash on hand and demand deposits in financial institutions. Short-term deposits and fixed income securities comprise term deposits and money market investment funds that are used to acquire highly liquid, fixed income securities with average weighted maturity of less than 90 days, a high credit rating and which are convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Details of group loans and borrowings are as follows:

31/01/2010

	Current	Non-current	Total
Loans	428	2,746	3,174
Credit facilities	31,633	99	31,732
Finance leases	2,997	2,151	5,148
Other financial debt	0	0	0
	35,058	**4,996**	**40,054**

31/01/2009

	Current	Non-current	Total
Loans	10,356	6,247	16,603
Credit facilities	220,458	-	220,458
Finance leases	3,213	6,994	10,207
Other financial debt	10	-	10
	234,037	**13,241**	**247,278**

At 31 January 2010 the Group has a draw-down limit of euros 2,264,963 thousand on its credit facilities (euros 1,156,483 thousand at 31 January 2009).

Interest on financial debt is negotiated by the Group on the respective financial markets and usually consists of a monetary market index plus a spread in line with the solvency of the company (parent or subsidiary) contracting the debt.

Financial debt is stated in the following currencies:

	31/01/2010	31/01/2009
Euro	10,143	185,086
US Dollar	1,903	8,636
Other European currencies	387	7,142
Other American currencies	27,621	45,402
Other currencies	0	1,012
	40,054	**247,278**

The maturity of group loans and borrowings at 31 January 2010 and 2009 is as follows:

	31/01/2010	31/01/2009
Less than one year	35.058	234.037
Between one and five years	4.996	13.241
More than five years	-	-
	40.054	**247.278**

6.19. Provisions

Details of and movement in this caption of the consolidated balance sheet during 2009 is as follows:

	Pensions and similar obligations with personnel	Liabilities	Total
Balance at 01/02/2009	6,060	95,760	101,820
Provisions made during the year	1,620	25,947	27,567
Disposals	-	(2,725)	(2,725)
Effect of movements in foreign exchange	107	285	392
Balance at 31/01/2010	**7,787**	**119,267**	**127,054**

Provision for pensions and similar obligations with personnel

In accordance with commitments, some group companies are required to meet certain obligations with personnel. The Group has a provision to cover the actuarial liability corresponding to the estimated accrued portion of these commitments at 31 January 2010.

Provision for liabilities

Given the Group's international presence, it has certain legal, customs, tax and other contingencies. The amounts shown here correspond to current obligations from legal claims or constructive obligations deriving from past actions which include a probable outflow of resources that has been reliably estimated. At the date of preparation of these consolidated accounts, there are no litigation proceedings whose final outcome could significantly affect the Company's equity situation.

The directors of Inditex consider that the provisions recorded in the consolidated balance sheet adequately cover risks deriving from litigation proceedings, arbitration hearings and other contingencies, and do not expect any additional liabilities to arise therefrom. Given the nature of the risks, it is not possible to estimate when any eventual liabilities may have to be settled.

6.20. Other non-current liabilities

Details of and movement in this caption of the consolidated balance sheet during 2009 and 2008 are as follows:

	Options with partners	Lease incentives	Other	Total
Balance at 01/02/2008	33,580	185,553	10,355	229,488
Acquisitions	-	86,700	14,750	101,450
Changes through profit or loss	1,950	(15,384)	-	(13,434)
Disposals	-	(1,990)	-	(1,990)
Foreign exchange impact	-	(7,224)	-	(7,224)
Balance at 31/01/2009	**35,530**	**247,655**	**25,105**	**308,290**
Balance at 01/02/2009	35,530	247,655	25,105	308,290
Acquisitions	-	60,826	14,558	75,384
Changes through profit or loss	1,488	(20,874)	-	(19,386)
Disposals	-	(706)	(3,957)	(4,663)
Other	963	(4,226)	-	(3,263)
Foreign exchange impact	-	(1,373)	-	(1,373)
Balance at 31/01/2010	**37,981**	**281,302**	**35,706**	**354,989**

Additions through profit and loss have been recognized under “Other income/expenses, net” (euros 153 thousand in 2009 and euros 600 thousand in 2008) (see note 5) and “Financial results” (euros 1,335 thousand in 2009 and euros 1,350 thousand in 2008) (see note 6) of the consolidated income statement.

6.21. Capital and reserves

Share capital

At 31 January 2010 and 2009, parent company share capital amounted to euros 93,499,560 and is represented by 623,330,400 registered shares of euros 0.15 par value each, subscribed and fully paid. All shares belong to a single class and series, have the same voting and profit-sharing rights and are represented by book entries.

The parent company’s share premium at 31 January 2010 and 2009 amounted to euros 20,379 thousand, while retained earnings totaled euros 1,901,521 thousand and euros 1,719,063 thousand, respectively. The parent company’s legal reserve has been appropriated in compliance with Article 214 of the Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits. At 31 January 2010 and 2009, the parent company has appropriated to this reserve the minimum amount required by law.

Inditex shares are listed on the four Spanish stock exchanges. As shares are represented by book entries and the Company therefore does not maintain a record of shareholders, it is not possible to know accurately the share structure of the Company. According to public information registered with the Spanish Stock Exchange Commission, at 31 January 2010 the members of the Board of Directors controlled, directly or indirectly, approximately 59.349% of parent company share capital, compared to 59.348% at 31 January 2009 (see note 29). At 31 January 2010, Gartler, S.L. held 50.010% of the shares of INDITEX (50.010% at 31 January 2009).

Dividends

Dividends distributed by the parent company during 2009 and 2008 amounted to euros 654,497 thousand and euros 652,000 thousand, respectively. These amounts represent 1.05 cents per share in 2009 (1.05 cents in 2008).

The distribution of profit proposed by the Board of Directors is shown in note 28.

Treasury shares

Treasury shares held by the Inditex Group comprise the following:

- 41,000 treasury shares at 31 January 2010 (41,000 as at 31 January 2009) with an average acquisition cost of euros 2.18 per share.
- 180,264 shares with an acquisition cost of euros 2.93 per share (180,264 at 31 January 2009), corresponding to the following operation:

At the meetings held on 20 July 2000, 19 January 2001 and 20 April 2001 the shareholders of Inditex agreed to launch a share option plan which awarded board members and management of Inditex and its group of subsidiaries option rights over a maximum of 3,018,400 ordinary Inditex shares of euros 0.15 par value each.

In order to hedge the share option plan, Banco Bilbao Vizcaya Argentaria, S.A. subscribed to 3,018,400 shares of a capital increase carried out in January 2001 and signed a call option agreement in favour of Inditex whereby the latter could acquire the shares for sale to beneficiaries in the event they exercised their option rights. This financial entity also subscribed a swap contract with Inditex in order to set the return on the investment in the Company's shares and regulate the associated cash flows. Upon expiration of this plan, 2,348,383 residual shares remained, which Inditex acquired in 2007 and recorded as treasury shares. As described in note 26, the shareholders of Inditex at an annual general meeting agreed to incorporate these remaining shares into a new share-based remuneration plan, which vested in 2008.

6.22. Income tax

With the exception of Inditex, S.A. and Indipunt, S.L., companies whose information is incorporated into these consolidated annual accounts file individual tax returns.

Inditex, S.A. is the parent of a group of companies that files consolidated tax returns in Spain. The consolidated tax group is composed of Inditex, S.A., the parent, and Spanish subsidiaries which comply with prevailing tax legislation for filing consolidated tax returns. The subsidiaries that comprise this tax group are the following:

Tax Group

Bershka Logística, S.A.	Plataforma Europa, S.A.
Bershka BSK España, S.A.	Plataforma Logística León, S.A.
Bershka Diseño, S.L.	Plataforma Logística Meco, S.A.
Choolet, S.A.	Pull and Bear Diseño, S.L.
Comditel, S.A.	Pull and Bear España, S.A.
Confecciones Fíos, S.A.	Pull and Bear Logística, S.A.
Confecciones Goa, S.A.	Samlor, S.A.
Denllo, S.A.	Stear, S.A.
Fashion Logistics Forwarders, S.A.	Stradivarius Diseño, S.L.
Glencare, S.A.	Stradivarius España, S.A.
Goa-Invest, S.A.	Stradivarius Logística, S.A.
Grupo Massimo Dutti, S.A.	Trisko, S.A.
Hampton, S.A.	Uterqüe Diseño, S.L.
Inditex, S.A.	Uterqüe España, S.A.
Kiddy´s Class España, S.A.	Uterqüe Logística, S.A.
Lefties España, S.A.	Uterqüe, S.A.
Lefties Logística, S.A.	Zara Diseño, S.L.
Massimo Dutti Diseño, S.L.	Zara España, S.A.
Massimo Dutti Logística, S.A.	Zara Home España, S.A.
Massimo Dutti, S.A.	Zara Home Logística, S.A.
Nikole, S.A.	Zara Home Diseño, S.L.
Oysho Diseño, S.L.	Zara Logística, S.A.
Oysho España, S.A.	Zara, S.A.
Oysho Logística, S.A.	Zintura, S.A.

Indipunt, S.L. is the parent company of a separate tax group whose sole subsidiary is Jema Creaciones Infantiles, S.A.

"Income tax payable" in the consolidated balance sheet corresponds to the 2009 income tax provision, net of withholdings and payments on account made during the period. "Trade and other payables" include the liability deriving from the remaining applicable taxes.

"Income tax receivable" in the consolidated balance sheet essentially corresponds to amounts recoverable from the taxation authorities. "Trade and other receivables" mainly include the difference between VAT recoverable and VAT receivable.

Inditex, S.A. holds a 49% stake in nine economic interest groupings (EIGs), 50% in two EIGs, 49.50% in two EIGs and 46% in one EIG, the principal activity of these EIGs being the leasing of assets. These groupings requested from the tax authorities, and were granted, tax incentives provided for in income tax legislation (see note 15).

The aforementioned operations have given rise to positive and negative adjustments to taxable income, which have been treated as permanent differences. In relation to the aforementioned first nine entities, positive taxable income of euros 69,181 thousand has been integrated, and negative taxable income of euros 77,260 thousand for the remaining five. Furthermore, for these operations the Group has applied a credit for investments of euros 9,174 thousand, a valuation allowance for the corresponding investments of euros 21,160 thousand, and a reduction in deferred tax liabilities of euros 13,606 thousand. The effects of these adjustments have been recognized in the income tax expense account, representing, in total, a reduction in the expense of euros 7,554 thousand.

The income tax expense comprises both current and deferred tax. Current tax is the amount of income taxes payable in respect of the taxable profit for the year. Deferred tax is the amount of income taxes payable or recoverable in future years and arises from the recognition of deferred tax assets and liabilities. The income tax expense comprises the following:

	2009	**2008**
Current taxes	474,702	211,010
Deferred taxes	(64,669)	114,312

A reconciliation of the income tax expense which would have resulted by applying the prevailing Spanish general income tax rate to "Profit before tax" and the actual expense recorded in the consolidated income statement for 2009 and 2008 is as follows:

	2009	**2008**
Consolidated accounting before taxes	1,732,170	1,586,937
Income tax expense at tax rate prevailing in the country of the parent company	519,651	476,081
Net permanent differences:		
Individual companies	(1,403)	(156,190)
Consolidation adjustments	3,863	(24,602)
Effect of tax rates in foreign jurisdictions	(95,230)	26,141
Capitalization of prior years' losses and credits	2,743	(8,145)
Adjustment to prior years' taxes	(329)	(4,075)
Income tax recognized directly in reserves	0	36,294
Other adjustments	46,192	42,488
Adjustments to deferred tax assets and liabilities	0	3,246
Use of tax losses previously not recognized	(4,694)	0
Tax credits and deductions	(60,760)	(65,916)
Income tax expense	**410,033**	**325,322**

Positive permanent differences mainly correspond to non-deductible expenses, the allocation of taxable income from the EIGs and the portion attributable to taxable income related to a contribution of rights to use certain assets to a subsidiary.

Negative permanent differences mainly correspond to tax loss carryforwards generated by economic interest groupings.

Temporary differences are the difference between the carrying amount of an asset or liability and its tax base. The consolidated balance sheet at 31 January 2010 reflects deferred tax assets and liabilities at that date.

Details of "deferred tax assets" and "deferred tax liabilities" in the accompanying consolidated balance sheet are as follows:

Deferred tax liabilities:	**2009**	**2008**
Lease operations	2,878	2,868
Intragroup operations	20,310	28,032
Amortization	33,776	23,234
Subsidiary valuation adjustments	66,247	93,054
Reinvest of profits	4,072	4,188
Other	45,609	62,471
Total	**172,892**	**213,847**

Deferred tax assets:	**2009**	**2008**
Provisions	34,744	56,379
Amortization	19,895	18,917
Lease incentives	5,613	7,740
Tax losses	42,958	36,773
Intragroup transactions	74,522	51,744
Other	56,471	31,547
Total	**234,203**	**203,100**

Movement in deferred tax assets and liabilities in 2009 and 2008 is as follows:

	Deferred tax liabilities	**Deferred tax assets**
Balance at 01/02/2009	213,847	203,100
Charge/credit to income statement	(35,247)	29,422
Charge/credit to reserves	(5,708)	1,681
Balance at 31/01/2010	**172,892**	**234,203**

These balances have been determined based on tax rates which, according to enacted fiscal legislation, will be in force during the years in which the balances are expected to reverse and which, in certain cases, differ from the tax rates prevailing in the current year.

Certain companies forming part of the consolidated group have reserves which could be taxable if distributed. The accompanying consolidated financial statements include the tax effect of those cases in which a firm decision has been taken to distribute reserves.

As permitted by the prevailing tax legislation in each country, group companies have applied tax credits amounting to euros 60,760 thousand (euros 65,916 thousand at 31 January 2009). These credits and deductions mainly relate to investments and, to a lesser extent, to other credits.

At 31 January 2010, the Group has tax losses of euros 185,124 thousand (euros 207,830 thousand at 31 January 2009) which may be offset against future profits, the majority of which may be utilized indefinitely. Deferred tax assets in respect of tax losses are only recognized when there is evidence that future taxable profits will be available against which the asset can be utilized. At 31 January 2010 the credit for losses to be offset that appears under assets in the balance sheet amounts to euros 42,958 thousand.

Tax inspections were initiated on the tax group during the year, which to date have focused on the parent company Industria de Diseño Textil, S.A. Certain foreign subsidiaries are also being inspected in the United Kingdom and Portugal.

The Group does not expect that significant additional liabilities will arise as a result of these inspections or those that could be carried out in the future in relation to periods that have not yet expired.

Years open to inspection by the tax authorities for all main applicable taxes vary depending on the tax legislation in each country. The directors do not expect that any significant additional liabilities affecting group equity or results would arise in the event of inspection.

6.23. Operating leases

Most of the commercial premises from which the Group carries out its retail distribution activities are leased from third parties. These rental contracts are classified as operating leases since, irrespective of the lease term and the amounts paid or due to the owners of the leased premises, there is no transfer of risks and rewards inherent to ownership.

Due to the presence of the Group in different countries, the variety of legislation governing lease contracts, the diverse nature and economic status of the owners and other factors, there is a broad range of clauses regulating lease contracts.

In many cases the lease contracts simply establish a fixed rental payment, normally monthly, adjusted for inflation based on a price index. In other cases the amounts payable to the lessor are a percentage of the sales obtained by the Group in the leased premises. These variable lease payments or contingent rent may have minimum guaranteed amounts or certain rules of calculation attached. In some countries lease contracts are periodically indexed to market rates, which on occasion entails an increase in rent, but rent is not reduced when market rates fall. Occasionally, staggered rental payments are agreed, which means cash outflows can be reduced during the initial years of the use of commercial premises, although the expense is recognized on a straight-line basis (see note 31.2-p). Free rental periods are also frequently established in order to avoid having to pay rent when premises are being refurbished and prepared for opening.

Rental contracts also sometimes require lessees to pay certain amounts to the lessor, which, from an economic perspective, could be considered advance rental payments, or to the previous tenants so that they waive certain rights or transfer them to the Group (transfer rights or different types of indemnities). These amounts are recognized as non-current assets (see note 13) and are generally amortized over the term of the lease contract.

On certain occasions, shopping centre developers or the proprietors of leased premises make contributions towards the establishment of the Group's business in their premises. These contributions are treated as lease incentives (see note 20) and are taken to income over the lease term.

A wide variety of situations also apply to the duration of lease contracts, which generally have an initial term of between 15 and 25 years. However, legislation in certain countries or the situations in which lease contracts are typically used means the duration of contacts is sometimes shorter. In some countries, legislation or the lease contracts themselves protect the right of the lessee to terminate the contract providing sufficient advance notice (e.g. three months) is given. In other cases, however, the Group is obliged to comply with the full term of the contract, or at least a significant part thereof. Some contracts combine these undertakings with termination clauses that may only be exercised at certain times over the term of the contract (e.g. every five years or at the end of the tenth year).

Details of operating lease expenses are as follows:

	2009	2008
Minimum installments	1,015,429	894,435
Contingent installments	118,603	133,942
	1,134,032	**1,028,377**
Sub-leasing collections	7,489	7,693

Future minimum payments under non-cancellable operating leases are as follows::

2009

Less than 1 year	Between 1 and 5 years	More than 5 years
758,563	1,396,799	893,854

2008

Less than 1 year	Between 1 and 5 years	More than 5 years
596,673	1,030,610	624,982

6.24. Finance leases

The Group has contracted finance leases mainly for commercial premises and logistics centres. The corresponding leased assets are recorded under property, plant and equipment in the consolidated balance sheet (see note 11), while the related debt is recognized as a financial liability (see note 18). The carrying amount of items acquired under lease financing and the future amounts payable until the leases expire are as follows:

	31/01/2010	31/01/2009
Cost of the asset	39,602	40,353
Accumulated depreciation	(11,921)	(11,314)
	27,681	**29,039**

Minimum payments

	31/01/2010	31/01/2009
Less than one year	2,997	3,213
Between one and five years	2,151	6,994
More than five years	-	-
	5,148	**10,207**

6.25. Risk management and financial instruments

Financial risk management policies

The Group's activities are exposed to certain types of financial risk: market risk (including currency risk), credit risk, liquidity risk and interest rate risk on cash flows. The Group's risk management policy centers on the uncertainty of financial markets and attempts to minimize the potential adverse effects on the Group's profitability through the use of certain financial instruments as described below.

This note provides information on the Group's exposure to each of the aforementioned risks, the Group's objectives, policies and processes for managing risk, the methods used to measure these risks and any changes from the previous year.

Currency risk

The Group operates in an international environment and, accordingly, is exposed to currency risk, particularly relating to the US Dollar and, to a lesser extent, the Mexican Peso, the Japanese Yen and the UK Sterling. Currency risk arises on future commercial transactions, assets and liabilities recorded in foreign currencies, and net investments in foreign businesses.

In order to control the currency risk on future commercial transactions and assets and liabilities recorded in currencies other than the Company's functional currency, group companies use forward exchange contracts. The Group manages each currency's net position through external forward foreign currency contracts or other financial instruments.

The Group has various investments in foreign businesses, the net assets of which are exposed to currency risk which is managed in line with group management policies.

During 2009, had the value of the euro increased by 10% compared to the US Dollar and, as a result, compared to the rest of the foreign currencies linked to the US Dollar, all other things being equal, consolidated profit after income tax would have been approximately euros 59,994 thousand higher (euros 49,451 thousand in 2008), primarily because of the conversion of subsidiaries' financial statements expressed in currencies other than the euro, and the impact on the portion of merchandise purchases in US Dollars not covered by exchange rate hedges.

Credit risk

The Group is not exposed to significant concentrations of credit risk, as policies are in place to cover sales to franchises and retail sales comprise the vast majority of revenue. Collections are primarily made in cash or through credit card payments.

The Group also limits its exposure to credit risk by investing solely in products that have high liquidity and credit ratings.

Provision is made for the impairment of trade receivables when objective evidence exists that the Group will be unable to recover all the outstanding amounts in accordance with the original contractual conditions of the receivables. This provision is calculated as the difference between the carrying amount and the present value of future estimated cash flows discounted at the effective interest rate and is recognized in the income statement. Charges to the provision during the year as a result of value adjustments to the balances recorded under this caption amounted to euros 14,634 thousand and correspond to doubtful trade receivables.

At 31 January 2010 and 2009 no significant overdue receivable balances exist. Furthermore, based on available historical data, the Group does not consider it necessary to make value adjustments to receivables which are not past due. The fair value of receivables is equal to their carrying amount.

The Group's policy is only to extend financial guarantees to subsidiaries.

The main financial assets of the Group are shown under Financial Instruments: other information.

Liquidity risk

The Group is not exposed to significant liquidity risk, as it maintains sufficient cash and cash equivalents to meet the outflows of normal operations. In the event the Group requires financing, either in euros or in other currencies, it reverts to loans, credit facilities or other types of financial instruments (see note 18).

Details of financial liabilities are disclosed in note 18, along with their expected maturities.

Interest rate risk

Interest rate fluctuations affect the fair value of assets and liabilities which accrue a fixed rate of interest, as well as future cash flows from assets and liabilities indexed to a variable interest rate. Group exposure to this risk is not significant for the reasons mentioned above.

The Group does not have any financial assets or liabilities at fair value through profit or loss or interest-rate financial derivatives. Given the Group's investment policy, any changes in interest rates at year end would not significantly affect consolidated profits.

Capital management

The Group's capital management objectives are to safeguard the Group's ability to continue operating as a going concern so that it can continue to generate returns for shareholders, benefit other interested parties, and maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments thereto in response to changes in economic conditions. No significant changes to capital management have been made during the year.

Neither the Company nor Inditex group subsidiaries are subject to strict capital management criteria.

Financial instruments

Merchandise and goods for resale are partly acquired from foreign suppliers in US Dollars. In accordance with prevailing currency risk policies, group management contracts derivatives, mainly forward contracts, to hedge cash flow fluctuations related with exchange rates.

Moreover, and as described in note 31.2.n), the Group applies hedge accounting to mitigate the volatility effect that contracting hedge instruments prior to recording the associated transactions would have on the consolidated income statement.

Consequently, the fair value of hedging derivatives has been recognized in equity during the year. A total of euros 10,408 thousand (euros 10,330 thousand in 2008) was reclassified to the income statement, the hedged portion of which was recognized under cost of merchandise and the speculative portion under financial results. The ineffective portion of hedging derivatives has not been significant and has also been taken to financial results.

At 31 January 2010 the Group held derivatives, mainly forward purchases, in US Dollars for a par value of US Dollars 1,402,055 thousand (US Dollars 894,173 thousand at 31 January 2009), as well as sales of 2,113,310 thousand Mexican Pesos (387,379 thousand at 31 January 2009).

The fair value of forward currency contracts has been calculated using measurement techniques based on the cash exchange rate and interest rate curves (level 2).

Approximately 60% of cash flows associated with hedges in US Dollars are expected to be generated during the six months subsequent to year end, while the remaining 40% is expected to be generated between six months to a year. It is also likely that the impact on consolidated profit and loss will arise during these periods.

Financial instruments: other information

The main financial assets held by the Group, other than cash and cash equivalents and derivative financial instruments, comprise loans and receivables related to the Group's principal activity and guarantees in relation to the lease of commercial premises, which are shown under other non-current assets. The main financial assets of the Group are as follows:

	2009	2008
Cash and cash equivalents	2,420,110	1,466,291
Trade receivables	112,795	120,923
Sales to franchises	115,371	133,053
Other current receivables	35,988	81,864
Guarantees	151,041	145,808
Total	**2,835,305**	**1,947,939**

The financial liabilities of the Group mainly comprise debts and payables on commercial transactions, salaries payable and loans and borrowings.

The fair value of financial assets and liabilities measured at amortized cost does not differ substantially from their carrying amount, taking into account that in the majority of cases collection or payment is made in the short-term. In 2009, no significant financial asset impairment has been recognized.

6.26. Employee benefits

Defined benefit or contribution plan obligations

In general, the Group has no defined benefit or contribution plan obligations with its employees. However, in line with prevailing labour legislation or customary practice in certain countries, the Group assumes certain commitments related to the payment of specific amounts for accidents, illness, retirement, etc., to which employees sometimes contribute. The associated risk is partially or fully externalized through insurance policies. Furthermore, in some countries employees receive a share of profits. The liabilities associated with these items are recognized under "Trade and other payables" and "Other non-current liabilities" in the consolidated balance sheet. The impact of these obligations on the consolidated income statement and the consolidated balance sheet is not significant

Share-based payments

At their respective meetings held on 18 July 2006, the directors and shareholders of Inditex agreed to a share-based payment plan (hereinafter the Plan) whereby certain group employees would receive free on 1 October 2008 ordinary Inditex shares of euros 0.15 par value each belonging to the same class and series as the remaining shares of the Company.

The Plan was aimed at members of the management team, including two executive board members and seven general managers, and other key employees of the Inditex Group.

The Plan came into effect on 18 July 2006, the date on which the shareholders approved the Plan, and vested on 1 October 2008, when the beneficiaries' right to receive the shares materialized.

The final number of shares to be received upon vesting of the Plan depended on the share's revaluation in accordance with the conditions established by the Board of Directors: beneficiaries would be entitled to receive 100% of the shares corresponding to the units initially assigned when the average quotation price during 2006 and 2007 exceeded the weighted average quotation price during the last quarter of 2005 by a certain percentage established by the Board of Directors, based on the different forecast revaluation scenarios.

Fair value at the plan concession date was estimated at euros 48,046 thousand using commonly accepted valuation techniques, taking into account assumptions corresponding to the value of the share at the grant date, the average quotation, interest rates, the dividend payable or "dividend yield" and volatility. Personnel expenses recorded in the consolidated income statement for 2008 amounted to euros 17,799 thousand, with a balancing entry in equity. This Plan vested on 1 October 2008 and 2,153,545 shares were distributed to beneficiaries.

6.27. Interest in joint ventures

Inditex has a 50% stake in the group formed by the parent Tempe, S.A. and its subsidiaries Tempe México, S.A. de C.V., Tempe Brasil, S.A., Tempe Logística, S.A. and Tempe Diseño, S.A. The principal activity of these companies is the design, supply and distribution of footwear to Inditex Group companies, their main customer. The assets, liabilities, income and expenses of this joint venture that have been consolidated are as follows:

	2009	2008
Non-current assets	32,251	26,619
Current assets	142,558	121,854
Non-current liabilities	(3,947)	(2,852)
Current liabilities	(67,652)	(71,295)
Net assets	**103,210**	**74,326**
Revenues (*)	321,955	280,255
Expenses	(233,229)	(214,990)

(*) Revenue from third parties other than the Group: euros 45,636 thousand and euros 40,494 thousand in 2009 and 2008, respectively.

6.28. Proposed distribution of parent company profit

The directors will propose that euros 873,047 thousand of 2009 net profit of the parent company, to be distributed corresponding to an extraordinary dividend of euros 0.10 per share on the total of 623,330,400 ordinary shares, and that euros 125,051 thousand be taken to voluntary reserves.

6.29. Remuneration of the Board of Directors and transactions with related parties

Remuneration of the Board of Directors

Remuneration received by the Board of Directors and senior management during 2009 is shown in the section on transactions with related parties.

As in 2008, the Group has no commitments in respect of pension plans or life insurance schemes.

Other information concerning the Board of Directors

According to the public registers of the Spanish Stock Exchange Commission (CNMV), at 31 January 2010 the members of the Board of Directors held the following direct and indirect investments in the share capital of Inditex:

Name or company name of director	Number of direct shares	Number of indirect shares	Percentage of capital
Mr. Amancio Ortega Gaona	-	369,600,063 [1]	59.294%
Mr. Pablo Isla Álvarez de Tejera	139,800	-	0.022%
Mr. Carlos Espinosa de los Monteros Bernaldo de Quirós	40,000	-	0.006%
GARTLER, S.L.	311,727,598	-	50.010%
Mr. Francisco Luzón López	-	9,195 [2]	0.001%
Dña. Irene R. Miller	30,239	-	0.005%
Mr. Juan Manuel Urgoiti López de Ocaña	27,739	-	0.004%
Mr. José Luis Vázquez Mariño	5,000	-	0.001%
Mr. Antonio Abril Abadín	97,515	-	0.016%
Total			**59.349%**

[1] Through Gartler, S.L. and Partler 2006, S.L.
[2] Through Cañabara Inversiones, S.I.C.A.V., S.A.

Transactions with related parties

Related parties are subsidiaries, joint ventures and associates, details of which are shown in Appendix I to the consolidated annual accounts, as well as significant or controlling shareholders, members of the Board of Directors of Inditex and key management.

Inditex Group companies

Operations between Inditex and its subsidiaries form part of regular activities and have been fully eliminated in the consolidation process and are therefore not shown in this note.

Details of operations between Inditex and its joint ventures which have not been completely eliminated in the consolidation process as they are proportionately consolidated are as follows.

Company	2009	2008
	Thousands of euros	
Joint ventures	**(265,138)**	**(239,761)**

Details of operations with significant shareholders, the members of the Board of Directors and management are as follows:

Significant shareholders

According to the information in the public registers of the Spanish Stock Exchange Commission, Gartler, S.L. holds 50.010% of Industria de Diseño Textil, S.A. and is, therefore, the controlling shareholder of the Inditex Group. During 2009 and 2008, operations carried out by the Inditex Group with the controlling shareholder, or with related persons or companies, are as follows:

2009

Nature of relationship	Type of operation	Amount (thousands €)
Contractual	Asset leasing	(13,452)
Contractual	Asset leasing	147
Contractual	Works	8,056

2008

Nature of relationship	Type of operation	Amount (thousands €)
Contractual	Asset leasing	(10,271)
Contractual	Asset leasing	157

Several group companies have leased commercial premises belonging to companies related to the controlling shareholder. The majority of these lease contracts were signed prior to 1994 and expire between 2014 and 2016.

Based on the information in the table, the Group has earned income totaling euros 8,203 thousand from transactions with individuals and companies related to the controlling shareholder. These transactions, which mainly comprise works carried out by the Group's building contractor Goa-Invest, S.A., were carried out on an arm's length basis.

Members of the Board of Directors and management

Total remunerations and indemnities received by Inditex board members and management during 2009 are as follow:

	Board members	Senior management
Remunerations	5,411	10,923
Indemnities	-	735

Total remunerations and indemnities received by Inditex board members and management during 2008 were as follow:

	Board members	Senior management
Remunerations	5,164	10,817
Indemnities	-	2,933

Finally, the Inditex Group earned income totaling euros 986 thousand in 2009 from transactions with directors or individuals related to directors. This income corresponds to works carried out by the Group's building contractor Goa-Invest, S.A. and the transactions were carried out on an arm's length basis.

6.30. External auditors

Details of fees and expenses accrued by KPMG International (main auditor) and associated firms in relation to services rendered to consolidated companies are as follows:

	2009	2008
Audit services	4,005	3,940
Other services	708	313
Total	**4,713**	**4,253**

In addition to the audit of the Inditex Group annual accounts, audit services rendered by KPMG International also include certain audit work related to the external audit.

Non-audit services, mainly relating to corporate social responsibility, include inspection of suppliers' workshops and factories and other services rendered to certain foreign group subsidiaries

According to information received from the auditors, fees received from the Inditex Group by KPMG International or associated firms do not exceed 0.033% of total revenue.

6.31. Selected accounting policies

6.31.1 Basis of consolidation

a) Subsidiaries

Subsidiaries are those entities controlled by the parent company. Control exists when the parent company has the power, directly or indirectly, to govern financial and operating policies. Subsidiaries are consolidated by aggregating the total amount of assets, liabilities, income, expenses and cash flows, after carrying out the adjustments and eliminations relating to intragroup operations. The results of subsidiaries acquired during the year are included in the consolidated annual accounts from the date that control commences.

The identifiable assets acquired, liabilities and contingent liabilities assumed as part of a business combination are stated at fair value at the date of acquisition, providing this has taken place after 1 January 2004, the date of transition to EU-IFRS. Any excess over the fair value of identifiable assets acquired, liabilities and contingent liabilities assumed at that date is recognized as goodwill, and in the opposite case, is recorded as income for the year. Acquisitions of entities prior to this date were recognized in accordance with generally accepted accounting principles in Spain once all necessary corrections and adjustments at the transition date were taken into account. In accordance with EU-IFRS, goodwill is not amortized but is systematically tested for impairment. Minority interest shown in the consolidated statement of changes in equity corresponds to investments held in group companies prior to the date of transition to EU-IFRS. Consequently, these investments are measured at an amount equivalent to the percentage of the net carrying amount of the assets and liabilities of the companies of which they are shareholders.

Any loss attributable to minority interest exceeding their interest is assumed by the Group when preparing its annual accounts. Minority interest in the equity and results of subsidiaries is presented under "Net equity attributable to minority interest" and "Profit attributable to minority interest", respectively. Details of subsidiaries and joint ventures are provided in Appendix I.

b) Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated annual accounts include, in each individual caption of the balance sheet and income statement, the Group's proportionate share in these entities' assets, liabilities, revenue, expenses and cash flows from the date that joint control commences until the date that joint control ceases.

c) Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. The consolidated annual accounts include the Group's share of the total recognized gains, losses, assets and liabilities of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal obligations or made payments on behalf of an associate.

d) Harmonization of criteria

Each of the entities included in the consolidated group prepares its annual accounts and other accounting records in accordance with accounting policies and legislation applicable in the country of origin. When these accounting criteria and policies are different to those adopted by Inditex in the preparation of its consolidated annual accounts, they have been adjusted in order to present the consolidated annual accounts using homogenous accounting principles.

e) Intragroup eliminations

Intragroup balances and transactions, and any unrealized gains or losses arising from transactions with third parties, are eliminated in the consolidation process. In the case of jointly controlled entities, balances, revenues and expenses between intragroup companies, and any unrealized gains or losses arising from transactions with third parties, are eliminated in the consolidation process to the extent of the Group's interest in the entity. Unrealized gains or losses arising from transactions with associates are eliminated from the consolidated annual accounts to the extent of the Group's interest in the entity.

f) Translation of foreign currency operations

The Group has applied the exemption relating to accumulated translation differences from IFRS 1 First-time Adoption of International Financial Reporting Standards and, therefore, any translation differences recognized in the consolidated annual accounts generated prior to 1 January 2004 are recorded under reserves. Since that date, the financial statements of entities with a functional currency other than the euro are translated as follows:

- Assets and liabilities are translated to euro at foreign exchange rates prevailing at the balance sheet date.
- Items that comprise the equity of these entities are translated to euro at historical exchange rates (or, for accumulated results, at the average exchange rate for the year in which they were generated).
- Revenues and expenses are translated to euro at the average exchange rate for the year.

Differences arising from the application of these exchange rates are included in consolidated equity under "Translation differences".

Foreign exchange differences of consolidated companies deriving from monetary operations with other consolidated entities which, in substance, form part of the net investment made by the Group in foreign entities, and whose collection or payment is not foreseeable or is not likely to occur, are classified as consolidated equity until disinvestment in the subsidiary takes place, at which time the differences are recognized as income or expense for the year.

Exchange differences deriving from trade balances payable and receivable and financing operations between group companies, with foreseeable settlement, are recognized in the income statement for the year.

g) Financial statements in hyperinflationary countries

The financial statements of foreign operations in countries considered to have hyperinflationary economies have been adjusted prior to translation to euro to account for the effect of changes in prices.

h) Entities with a closing date different to that of the Group

Entities with a closing date different to that of the consolidated accounts have been consolidated with the financial statements at their closing date (31 December 2009; see Appendix I). Significant operations carried out between the closing date of these subsidiaries and that of the consolidated accounts are harmonized accordingly

i) Changes to the consolidated group

The following entities were incorporated and consolidated for the first time during the year:

Stradivarius Commercial Shangai CO, LTD	Bershka Korea, LTD
Zara Bulgaria LTD	Massimo Dutti Korea, LTD
Massimo Dutti Bulgaria, LTD	Tempe Trading
Stradivarius Bulgaria, LTD	Zara Diseño, S.L.
Pull and Bear Bulgaria, LTD	Bershka Diseño, S.L.
Bershka Bulgaria, LTD	Massimo Dutti Diseño, S.L.
Massimo Dutti Croatia, LTD	Stradivarius Diseño, S.L.
Uterqüe Cis, LTD	Oysho Diseño, S.L.
Uterqüe Giyim Limited	Pull and Bear Diseño, S.L.
Uterqüe México S.A. de C.V.	Zara Home Diseño, S.L.
Pull and Bear Hong Kong, LTD	Tempe Diseño, S.L.
Inditex Trent Retail India Private LTD	Uterqüe Diseño, S.L.

The companies named Skhuaban España, S.A., Zara Italia B.V. and Zalapa B.V. at 31 January 2009 changed their names during the year to Lefties Logística, S.A., Zara Holding II, B.V. and ITX Financien B.V., respectively.

The incorporations to the consolidated group referred to above have not had a material impact on the consolidated annual accounts for 2009.

6.31.2 Accounting principles

The Group has applied IAS 1 Presentation of Financial Statements (revised 2007) for the first time. The objective of this standard is to aggregate information in the financial statements on the basis of their characteristics. Consequently, changes in equity arising from transactions with owners in their capacity as owners are shown separately from other changes in equity. In accordance with this standard, changes in equity arising during 2009 and 2008 as a result of transactions with third parties other than owners are shown in the consolidated income statement and in the consolidated statement of comprehensive income while transactions with owners are presented in the consolidated statement of changes in equity.

Segment reporting referred to in note 8 has been prepared in accordance with IFRS 8 Operating Segments, effective for periods beginning on or after 1 January 2009. This standard sets out the requirements for disclosure of information about an entity's operating segments, which are defined as components of an entity about which separate financial information is available that is evaluated regularly by the management in their decision-making process. In accordance with the transitional provision of IFRS 8, the directors of the Company have restated comparative information in order to comply with the new disclosure requirements.

In March 2009, the IASB published Amendments to IFRS 7: Improving Disclosures about Financial Instruments, adopted by the European Union on 27 November 2009, the objective of which is to set out new disclosure requirements for determining the fair value of financial instruments and information relating to liquidity risk. As explained in note 18, the Group's exposure to these risks is limited.

At the date of preparing these consolidated annual accounts, the following standards or interpretations have been published and will be effective in the coming years. The directors of the Company do not expect application of these standards and interpretations to have a significant impact on the Group's financial situation:

- IFRIC 12 Service Concession Agreements. This interpretation is specifically applicable to concession operators who are awarded the construction or rendering of service in a regulated environment. This interpretation is applicable to issuers of securities in regulated markets of the European Union for annual periods beginning on or after 27 March 2009.

- Amendment to IFRS 3 Business Combinations (revised 2008) and amendments to IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates, IAS 31 Interests in Joint Ventures, and IAS 21 The Effects of Changes in Foreign Exchange Rates. Effective prospectively for business combinations in which the acquisition date is in or after the first annual period beginning on or after 1 July 2009.

- IAS 39 Financial Instruments: Measurement. Exposures qualifying for hedge accounting: This amendment clarifies which risks can be designated as a hedged item. The amendment must be applied retrospectively for annual periods beginning on or after 1 July 2009.

- IFRS 1 First-time Adoption of IFRS. This is a revised and improved version of the current IFRS 1 and does not introduce any changes in accounting treatment. The amendment is applicable to issuers of securities in regulated markets of the European Union for annual periods beginning on or after 31 December 2009.

- IFRIC 16 Hedges of a Net Investment in a Foreign Operation. This interpretation provides guidance on identifying the foreign currency risks that qualify as a hedged risk in the hedge of a net investment in a foreign operation, which entity within a group can hold a hedging instrument and the amounts to be reclassified from equity to profit or loss when the entity disposes of the investment. This interpretation is applicable to issuers of securities in regulated markets of the European Union for annual periods beginning on or after 30 June 2009.

- IFRIC 17 Distributions of Non-Cash Assets to Owners. This interpretation provides guidance on the accounting treatment of distributions of non-cash assets in which all shareholders are treated equally, but does not apply to common control transactions. This interpretation is applicable to issuers of securities in regulated markets of the European Union for annual periods beginning on or after 31 October 2009.

- IFRIC 18 Transfers of Assets from Customers. This interpretation provides guidance on how to account for property, plant and equipment received from customers. This interpretation is applicable for transfers of assets received from issuers of securities in regulated markets of the European Union for annual periods beginning on or after 31 October 2009

- Amendment to IAS 32 Classification of Rights for Issue. This amendment is applicable to issuers of listed securities in regulated markets in which the legal tender is different, and is effective for annual periods beginning on or after 1 February 2010.

At the date of preparing these consolidated annual accounts, the following standards or interpretations have been published and are pending adoption by the European Union:

- Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions. This amendment incorporates guidance previously included in IFRIC 8 and IFRIC 11, which have been withdrawn, and is applicable for annual periods beginning on or 1 January 2010.

- Improvements to IFRS issued in April 2009. These affect various standards and become effective on different dates.

- Amendment to IFRS 1 First-time Adoption of IFRS. Additional exceptions for first-time adopters effective for annual periods beginning on or after 1 January 2010.

- IAS 24 Related Party Disclosures. The revised standard regulating disclosure requirements for balances and transactions with related parties will be effective for annual periods beginning on or after 1 January 2011.

- IFRS 9 Financial Instruments. This standard simplifies the classification and measurement criteria for financial instruments in IAS 39, maintaining a mixed measurement model and establishing only two main financial asset categories: amortized cost and fair value. This new standard will be effective for annual accounting periods beginning on or after 1 January 2013.

- IFRIC 14 Prepayment of a Minimum Funding Requirement. This interpretation is applicable where the entity has made obligatory prepayments regarding minimum contributions to defined benefit plans.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. This interpretation determines the accounting treatment to be applied to transactions in which financial liabilities are extinguished or partially extinguished through the issue of equity instruments.

- IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures. This amendment exempts first-time adopters from providing comparative information, in the same way as entities which already prepare their financial reporting under IFRS. This amendment is effective for annual periods beginning on or after 1 July 2010.

Taking into account the activity carried out by the companies that form part of the Group, the directors of the Company do not consider that the application of the standards referred to in this note will have a significant effect on the Group's financial statements. The Group has not implemented early application of the aforementioned standards and interpretations.

a) Foreign currency transactions

Foreign currency transactions are translated to euro using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognized in the income statement as financial results.

Cash flows from transactions in foreign currency are translated into euro in the consolidated cash flow statement at the exchange rate prevailing at the transaction date. The effect of variations in exchange rates on cash and cash equivalents expressed in foreign currencies is presented separately in the consolidated cash flow statement under “Effect of exchange rate fluctuations on cash and cash equivalents”.

b) Property, plant and equipment

Items of property, plant and equipment are stated at cost, including any additional costs incurred until the asset enters into operation, less accumulated depreciation and any impairment losses or depreciation.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives are as follows:

Description	Useful lives
Buildings	25 to 50
Leasehold improvements, machinery and furniture	7 to 13
Other property, plant and equipment	4 to 13

The Group reassesses residual values, useful lives and depreciation methods at the end of each financial year. Modifications to initially established criteria are recognized as changes in estimates.

After initial recognition of an asset, only costs that generate future economic benefits and which can be classified as probable and can be reliably estimated are capitalized.

Repair and maintenance costs are expensed as they are incurred.

c) Rights over leased property

Rights over leased assets include the cost of lease transfer rights, access premiums or tenancy right waivers paid to the proprietors and former tenants of commercial premises.

Rights over leased assets are recognized at cost of acquisition. After initial recognition, they are stated at cost less accumulated amortization and any impairment losses and are amortized over the term of the lease contract, except when, for legal reasons, the rights do not lose value, in which case they are determined to be intangible assets with indefinite useful lives and are therefore systematically tested for impairment.

d) Other intangible assets

- Patents and similar rights are stated at cost of acquisition or usufruct, or at the cost of registering the items developed by the Group, and are amortized on a straight-line basis over a maximum period of ten years.

- Software is stated at cost and amortized on a straight-line basis over a five-year period.

The Group reviews the residual value, useful lives and means of amortization of intangible assets at the end of each accounting period. Modifications to initially established criteria are recognized, where applicable, as changes in estimates.

e) Financial investments

Financial investments which represent less than 20% of share capital of the investee entity are stated at fair value.

f) Investment property

Investment properties are assets held to generate rental income, capital appreciation or both, and are stated at cost of acquisition less accumulated depreciation and any impairment losses or depreciation. Depreciation is calculated on a straight-line basis over the useful lives of the corresponding assets.

Details of the market value of investment properties are shown in note 12.

g) Impairment

The Group systematically tests for impairment of consolidated assets which are not considered biological assets, financial assets, inventories, deferred tax assets and non-current assets classified as held for sale, in order to determine whether the carrying amount exceeds the recoverable value (impairment). In order to do this, the Group has developed a general, systematic procedure for carrying out these impairment tests based on the monitoring of certain events or circumstances such as the performance of the business, operating decisions regarding the continuity of a particular location, or other circumstances which indicate that the value of an asset may not be recovered in full.

The recoverable amount of goodwill or assets with indefinite useful lives is estimated at the closing date, and thereafter at least once per year.

Calculation of recoverable amount

The recoverable amount of assets is the higher of fair value less selling costs and value in use. Value in use takes into account expected future cash flows deriving from the use of the asset, forecast variations in the amount or distribution of the cash flows, the time value of money, the risk premium attached to the risk of uncertainty attached to the asset, and other factors which a market participant would consider in valuing the cash flows from the asset.

The recoverable amount is calculated for individual assets unless they do not generate largely independent cash flows, in which case the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

Based on actual management of operations, the Group has defined each of the commercial premises in which it carries out its activities (stores) as basic cash-generating units, although these basic units can be aggregated to concept-country level, or even to all the companies located in the same country. Group assets which are not clearly assignable under this scheme (for example industrial or logistical assets) are treated separately within the context of this general policy according to their specific nature.

Impairment losses recognized for cash-generating units are initially allocated to reduce goodwill attributed to the CGU and then to the other assets of the CGU pro rata on the basis of the carrying amount of each of the assets.

Reversals of impairment

Impairment losses in respect of goodwill are not reversed in subsequent years. For assets other than goodwill, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that an asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The reversal of an impairment loss in a cash-generating unit is distributed among its assets, except for goodwill, in proportion to their carrying amounts and taking into account the limitation set out in the previous paragraph.

Impairment losses are debited to amortization and depreciation in the consolidated income statement. Reversals of impairment losses on assets other than goodwill are credited to this account once internal or external sources of information have been analyzed and it can be concluded that the impairment indicators which determined the recognition of value adjustments no longer exist or have been partially mitigated.

h) Trade and other receivables

Trade receivables are recognized at fair value. After initial recognition, they are stated at amortized cost in accordance with the effective interest rate method, less any provision for impairment

Provision is made for impairment of trade receivables when there is objective evidence that the Group will not be able to collect the entire amount owed by the debtor in accordance with the terms of the debt. This provision is calculated as the difference between the carrying amount and the present value of future estimated cash flows discounted at the effective interest rate and is recognized in the income statement.

i) Inventories

Inventories are measured at the lower of cost and net realizable value.

Cost comprises all costs of acquisition, transformation and other costs incurred in bringing the inventories to their present location and condition.

Transformation costs comprise the costs directly related to the units produced and a systematically calculated portion of indirect, variable and fixed costs incurred during the transformation process.

Cost is calculated on a FIFO basis and includes the cost of materials consumed, labour and manufacturing expenses.

The cost of inventories is adjusted when cost exceeds net realizable value. Net realizable value is considered as the following:

- Raw materials and other supplies: replacement cost. However, materials are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost;

- Goods for resale: estimated selling price, less selling costs;

- Work in progress: the estimated selling price for the corresponding finished products, less estimated costs of completion and selling costs

j) Cash and cash equivalents

Cash and cash equivalents include cash in hand, call deposits with banks and other short-term highly-liquid investments, providing they are easily convertible into cash and are exposed to insignificant risk of changes in value. Investments which mature in less than three months from the acquisition date are also included.

Bank overdrafts on demand which form part of the Group's cash management are included in the statement of cash flows as a component of cash and cash equivalents and are recognized as financial liabilities in the consolidated balance sheet.

The Group classifies cash flows relating to interest and dividends paid and received as investing and financing activities, respectively.

k) Employee benefits

Commitments acquired with group personnel to be settled in the long-term are estimated based on their accrual through the application, where appropriate, of actuarial assumptions. The Group has created a provision to cover the actuarial liability of the estimated portion accrued at 31 January 2010.

Equity instruments granted to group employees are measured at the grant date. Personnel expenses accrued during the year are determined on the basis of the fair value of equity instruments at the grant date, the period over which services will be rendered and the number of instruments estimated to be definitively consolidated at the end of the period.

Transactions relating to share-based payments entered into prior to 7 November 2002 were recognized using accounting principles prevailing in Spain at the date of transition to EU-IFRS.

Personnel expenses accrued by the beneficiaries of the plan referred to in note 26 to the consolidated annual accounts are recognized with a credit to equity accounts during the period in which services are rendered.

l) Provisions

Provisions are recognized in the balance sheet when:

- the Group has a present legal or constructive obligation as result of a past event;

- it is probable that an outflow of economic benefits will be required to settle the obligation; and

- the amount can be reliably estimated

Provisions are based on the best information available at the date of preparation of the annual accounts and are revised at each balance sheet date.

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed against the consolidated income statement caption where the corresponding expense was recorded.

m) Financial liabilities

Financial liabilities, including trade and other payables, are initially recognized at fair value less any transaction costs directly attributable to issuance of the liabilities, and are subsequently carried at amortized cost using the effective interest method.

n) Derivatives and hedging operations

Financial instruments acquired to hedge forecast transactions in foreign currencies are initially recognized at fair value plus any transaction costs directly attributable to acquiring the instrument.

Foreign exchange rate hedges relating to forecast transactions are treated as cash flow hedges, and therefore any gains or losses derived from measuring the instrument at fair value which correspond to the effective portion of the hedge are recognized in equity. The ineffective portion is taken to financial income or expense as appropriate.

Amounts recognized in equity are taken to income when the transaction takes place with a debit or credit to the account in which it was recognized. Losses recognized in equity which are not expected to be recovered in the future are reclassified to financial income or expense.

o) Revenue recognition

The sale of goods is recognized when the significant risks and rewards of ownership of the goods are transferred.

Sales to franchises are recognized when the aforementioned conditions are met and when revenue can be reliably determined and collection is considered probable.

Rental income is recognized on a straight-line basis over the term of the lease.

Revenue from royalties is recognized using the accrual principle based on the substance of the contracts, providing collection is considered probable and the amount can be reliably estimated.

p) Leases

Lease contracts in which the significant risks and rewards inherent to ownership of the asset are substantially transferred to third parties are classified as finance leases, and are otherwise recorded as operating leases.

Assets acquired through a finance lease are recognized as non-current assets at the lower of the present value of the future lease minimum payment and the fair value of the leased asset, while the corresponding debt with the lessor is recognized as a liability. Lease payments are apportioned between the reduction of the outstanding liability and the finance charge, which is recorded as a financial expense during the year.

In the case of operating leases, non-contingent or fixed rent payments are charged to the income statement on a straight-line basis over the term of the lease. Contingent rent is recognized in the period in which payment is probable, as are variable rent increases linked to the consumer price index.

Incentives received from shopping centre developers or owners of commercial premises are recognized as non-current liabilities and booked as a reduction in rental expense under "Other operating expenses" on a straight-line basis over the term of the respective lease contracts.

q) Financial income and expenses

Financial income and expenses are recognized on an accrual basis using the effective interest method. Dividend income is recognized when the right to receive payment is established.

r) Income taxes

Income tax comprises current and deferred tax and is recognized in the income statement and included in the determination of net profit or loss for the year, except to the extent that it relates to a transaction which has been recognized in the same or different years, in which case it is recognized in equity, or to a business combination.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet method, which provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax liabilities comprise income tax amounts payable in the future on account of taxable temporary differences while deferred tax assets are amounts recoverable due to the existence of deductible temporary differences, tax loss carryforwards or deductions pending application.

The Group recognizes deferred tax assets and liabilities derived from temporary differences, except those relating to the initial recognition of goodwill and to the initial recognition of assets or liabilities of a transaction which is not a business combination and which did not affect either accounting or taxable profit (losses). Deferred tax assets and liabilities are also recognized for temporary differences relating to investments in subsidiaries, except when the parent company can control their reversal and the temporary differences will probably not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date and reflecting the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets or liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets, whether recognized or not, are reviewed at each balance sheet date.

The Group only offsets current tax assets and liabilities if it has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are recognized on the consolidated balance sheet under non-current assets or liabilities, irrespective of the expected date of realization or settlement.

s) Current and non-current assets and liabilities

The Group classifies assets and liabilities as current and non-current. Assets and liabilities are classified as current when they are expected to be realized or settled within twelve months of the balance sheet date, and are otherwise classified as non-current.

Assets and liabilities are not netted unless there are specific requirements to the contrary or a standard or interpretation so permits.

t) Treasury shares

Treasury shares acquired by the Group have been presented separately at cost as a reduction in equity in the consolidated balance sheet, and no gains or losses have been recorded as a result of transactions carried out with treasury shares.

Costs incurred in treasury share transactions are recorded as a reduction in equity, after consideration of any tax effect.

6.32. Environment

Costs incurred in environmental activities are recognized under other operating expenses in the year in which they are incurred.

I Appendix Structure of the Inditex Group

Company	Effective % ownership	Location	Consolidation method	Year end	Concept	Activity
Subsidiaries:						
Industria de Diseño Textil, S.A.	Parent Company	La Coruña - Spain	Full Cons.	31/01/10	-	Parent Company
Comditel, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/01/10	Zara	Centralized textile purchasing
Inditex Asia, Ltd.	100.00%	Hong Kong - China	Full Cons.	31/01/10	Zara	Centralized textile purchasing
Zara Asia, Ltd.	100.00%	Hong Kong - China	Full Cons.	31/01/10	Zara	Centralized textile purchasing
Choolet, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Textile manufacturing
Confecciones Fíos, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Textile manufacturing
Confecciones Goa, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Textile manufacturing
Denllo, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Textile manufacturing
Hampton, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Textile manufacturing
Jema Creaciones Infantiles, S.L.	51.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Textile manufacturing
Nikole, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Textile manufacturing
Samlor, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Textile manufacturing
Stear, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Textile manufacturing
Trisko, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Textile manufacturing
Zintura, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Textile manufacturing
Glencare, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Textile manufacturing
Indipunt, S.L.	51.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Textile manufacturing
Zara España, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Retailing
Zara Argentina, S.A.	100.00%	Buenos Aires - Argentina	Full Cons.	31/01/10	Zara	Retailing
Zara Belgique, S.A.	100.00%	Brussels - Belgium	Full Cons.	31/01/10	Zara	Retailing
Zara Chile, S.A.	100.00%	Santiago de Chile - Chile	Full Cons.	31/12/09	Zara	Retailing
Zara USA, Inc.	100.00%	New York - USA	Full Cons.	31/01/10	Zara	Retailing
Zara France, S.A.R.L.	100.00%	Paris - France	Full Cons.	31/01/10	Zara	Retailing
Zara UK, Ltd.	100.00%	London - UK	Full Cons.	31/01/10	Zara	Retailing
Zara Hellas, S.A.	100.00%	Athens - Greece	Full Cons.	31/01/10	Zara	Retailing
Zara México, S.A. de C.V.	95.00%	Mexico DF - México	Full Cons.	31/12/09	Zara	Retailing
Zara Portugal Confecçoes Lda.	100.00%	Lisbon - Portugal	Full Cons.	31/01/10	Zara	Retailing
G.Zara Uruguay, S.A.	100.00%	Montevideo -Uruguay	Full Cons.	31/01/10	Zara	Retailing
Zara Brasil, Lda.	100.00%	Sao Paulo - Brazil	Full Cons.	31/12/09	Zara	Retailing
Zara Nederland, B.V.	100.00%	Amsterdam - Netherlands	Full Cons.	31/01/10	Zara	Retailing
Zara Österreich Clothing, GmbH	100.00%	Vienna - Austria	Full Cons.	31/01/10	Zara	Retailing
Zara Denmark A/S	100.00%	Copenhagen-Denmark	Full Cons.	31/01/10	Zara	Retailing
Zara Sverige, AB	100.00%	Stockholm - Sweden	Full Cons.	31/01/10	Zara	Retailing
Zara Norge, AS	100.00%	Oslo - Norway	Full Cons.	31/01/10	Zara	Retailing
Zara Canada, Inc.	100.00%	Montreal - Canada	Full Cons.	31/01/10	Zara	Retailing
Zara Suisse S.A.R.L.	100.00%	Friburg - Switzerland	Full Cons.	31/01/10	Zara	Retailing
Zara Luxembourg, S.A.	100.00%	Luxembourg - Luxembourg	Full Cons.	31/01/10	Zara	Retailing
Za Giyim Ithalat Ihracat Ve Ticaret Ltd.	100.00%	Istanbul - Turkey	Full Cons.	31/01/10	Zara	Retailing
Zara Italia, S.R.L.	100.00%	Milan - Italy	Full Cons.	31/01/10	Zara	Retailing
Zara Japan Corp.	100.00%	Tokio - Japan	Full Cons.	31/01/10	Zara	Retailing

Company	*Effective % ownership*	*Location*	*Consolidation method*	*Year end*	*Concept*	*Activity*
Zara Ceská Republika, S.R.O.	100.00%	Prague - Czech Rep.	Full Cons.	31/01/10	Zara	Retailing
Zara Puerto Rico, Inc.	100.00%	San Juan - Puerto Rico	Full Cons.	31/01/10	Zara	Retailing
Za Clothing Ireland, Ltd.	100.00%	Dublin - Irleland	Full Cons.	31/01/10	Zara	Retailing
Zara Magyarorszag, KFT.	100.00%	Budapest - Hungary	Full Cons.	31/01/10	Zara	Retailing
Zara Monaco, SAM	100.00%	Montecarlo-Monaco	Full Cons.	31/01/10	Zara	Retailing
Zara Commercial (Shanghai), Co Ltd.	100.00%	Shanghai- China	Full Cons.	31/12/09	Zara	Retailing
Zara Commercial (Beijing), Co Ltd.	100.00%	Beijing- China	Full Cons.	31/12/09	Zara	Retailing
Zara Macau, Ltd.	100.00%	Macao- China	Full Cons.	31/12/09	Zara	Retailing
Zara Polska, Sp. Zo.o.	100.00%	Warsaw - Poland	Full Cons.	31/01/10	Zara	Retailing
ZAO Zara CIS, Ltd.	100.00%	Moscow - Russia	Full Cons.	31/12/09	Zara	Retailing
Zara Deutschland, GmbH	78.00%	Hamburg - Germany	Full Cons.	31/01/10	Zara	Retailing
Zara Bucuresti, Srl	100.00%	Bucharest - Romania	Full Cons.	31/12/09	Zara	Retailing
Zara Ukraine LLC	100.00%	Kiev - Ukraine	Full Cons.	31/12/09	Zara	Retailing
Zara Slovakia, S.R.O.	100.00%	Bratislava - Slovakia	Full Cons.	31/01/10	Zara	Retailing
Zara Croatia, Ltd.	100.00%	Zagreb - Croatia	Full Cons.	31/01/10	Zara	Retailing
Zara Retail Korea, Ltd.	80.00%	Korea	Full Cons.	31/01/10	Zara	Retailing
Zara Bulgaria LTD	100.00%	Sofía - Bulgaria	Full Cons.	31/12/09	Zara	Retailing
Zara Diseño, S.L.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Design
Inditex Vastgoed Korea, Ltd.	100.00%	Korea	Full Cons.	31/01/10	Zara	Retailing
Inditex Trent Retail India Private LTD	51.00%	Mumbai - India	Full Cons.	31/01/10	Zara	Retailing
Kiddy´s Class España, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Retailing
Kiddy´s Class Portugal Conf. Lda.	100.00%	Lisbon - Portugal	Full Cons.	31/01/10	Zara	Retailing
Fibracolor Decoración, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/01/10	Zara	Decoration
Fibracolor, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/01/10	Zara	Textile purchasing and treatment
Fibrarel AIE	100.00%	Barcelona - Spain	Full Cons.	31/01/10	Zara	Textile purchasing and treatment
Oysho España, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/01/10	Oysho	Retailing
Oysho Venezuela, S.A.	100.00%	Caracas - Venezuela	Full Cons.	31/01/10	Oysho	Retailing
Oysho Portugal, Conf. Lda.	100.00%	Lisbon - Portugal	Full Cons.	31/01/10	Oysho	Retailing
Oysho Mexico, S.A. de C.V.	98.50%	Mexico DF - México	Full Cons.	31/12/09	Oysho	Retailing
Oysho Italia, S.R.L.	100.00%	Milan - Italy	Full Cons.	31/01/10	Oysho	Retailing
Oysho Hellas, S.A.	100.00%	Athens - Greece	Full Cons.	31/01/10	Oysho	Retailing
Oysho Österreich, GmbH	100.00%	Vienna - Austria	Full Cons.	31/01/10	Oysho	Retailing
Oysho Giyim Ithalat Ihracat Ve Ticaret Ltd.	100.00%	Istanbul - Turkey	Full Cons.	31/01/10	Oysho	Retailing
Oysho Polska, Sp zo.o	100.00%	Warsaw - Poland	Full Cons.	31/01/10	Oysho	Retailing
Oysho CIS, Ltd.	100.00%	Moscow - Russia	Full Cons.	31/12/09	Oysho	Retailing
Oysho France, S.A.R.L.	100.00%	Paris - France	Full Cons.	31/01/10	Oysho	Retailing
Oysho MAGYARORSZAG, KFT	100.00%	Budapest - Hungary	Full Cons.	31/01/10	Oysho	Retailing
Oysho Ro, Srl	100.00%	Bucharest - Romania	Full Cons.	31/12/09	Oysho	Retailing
Oysho Ukraine, Llc	100.00%	Kiev - Ukraine	I.Global	31/12/09	Oysho	Retailing
Oysho Deutschland, GmbH	100.00%	Hamburg - Germany	Full Cons.	31/01/10	Oysho	Retailing
Oysho Diseño, S.L.	100.00%	Barcelona - Spain	Full Cons.	31/01/10	Oysho	Design
Grupo Massimo Dutti, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti Hellas, S.A.	100.00%	Athens - Greece	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti Giyim Ithalat Ih.Ve Tic. Ltd.	100.00%	Istanbul - Turkey	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti Venezuela, S.A.	100.00%	Caracas - Venezuela	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti France, S.A.R.L.	100.00%	Paris - France	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti UK, Ltd.	100.00%	London - UK	Full Cons.	31/01/10	Massimo Dutti	Retailing

Company	Effective % ownership	Location	Consolidation method	Year end	Concept	Activity
Massimo Dutti Suisse, S.A.R.L.	100.00%	Friburg - Switzerland	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti Sverige, AB	100.00%	Stockholm - Sweden	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti Norge, AS.	100.00%	Oslo - Norway	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti Italia, S.R.L.	100.00%	Milan - Italy	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti Ireland., Ltd.	100.00%	Dublin - Ireland	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti USA, Ltd.	100.00%	New York - USA	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti Danmark A/S	100.00%	Copenhagen-Denmark	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti CIS, Ltd.	100.00%	Moscow - Russia	Full Cons.	31/12/09	Massimo Dutti	Retailing
Massimo Dutti Deutschland, GmbH	100.00%	Hamburg - Germany	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti Mexico, S.A. de C.V.	98.00%	Mexico DF - México	Full Cons.	31/12/09	Massimo Dutti	Retailing
BCN Diseños, S.A. de C.V.	98.00%	Mexico DF - México	Full Cons.	31/12/09	Massimo Dutti	Retailing
Zara Home Belgique, S.A.	100.00%	Brussels - Belgium	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Massimo Dutti	Dormant
Massimo Dutti Hong Kong, Ltd.	100.00%	Hong Kong - China	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti Polska, Sp z.o.o.	100.00%	Warsaw - Poland	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti Ro, Srl	100.00%	Bucharest - Romania	Full Cons.	31/12/09	Massimo Dutti	Retailing
Massimo Dutti Macau Ltd.	100.00%	Macao- China	I.Global	31/12/09	Massimo Dutti	Retailing
Massimo Dutti Ukraine, Llc	100.00%	Kiev - Ukraine	I.Global	31/12/09	Massimo Dutti	Retailing
Massimo Dutti Ceská Republika, s.r.o	100.00%	Prague - Czech Rep.	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti Commercial Beijing Co, Ltd.	100.00%	Beijing- China	Full Cons.	31/12/09	Massimo Dutti	Retailing
Massimo Dutti Bulgaria, LTD	100.00%	Sofia-Bulgaria	Full Cons.	31/12/09	Massimo Dutti	Retailing
Massimo Dutti Croatia, LTD	100.00%	Zagreb - Croatia	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti Korea, LTD	100.00%	Korea	Full Cons.	31/01/10	Massimo Dutti	Retailing
Massimo Dutti Diseño, S.L.	100.00%	Barcelona - Spain	Full Cons.	31/01/10	Massimo Dutti	Design
Pull & Bear España, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Pull and Bear	Retailing
Pull & Bear Hellas, S.A.	100.00%	Athens - Greece	Full Cons.	31/01/10	Pull and Bear	Retailing
Pull & Bear Portugal Conf. Lda.	100.00%	Lisbon - Portugal	Full Cons.	31/01/10	Pull and Bear	Retailing
Pull & Bear Giyim Ith. Ihrac.Ve Tic. Ltd.	100.00%	Istanbul - Turkey	Full Cons.	31/01/10	Pull and Bear	Retailing
Pull & Bear Mexico, S.A. de C.V.	98.50%	Mexico DF - México	Full Cons.	31/12/09	Pull and Bear	Retailing
Pull & Bear Belgique, S.A.	100.00%	Brussels - Belgium	Full Cons.	31/01/10	Pull and Bear	Retailing
Pull & Bear France, S.A.R.L.	100.00%	Paris - France	Full Cons.	31/01/10	Pull and Bear	Retailing
Pull & Bear Italia, S.R.L.	100.00%	Milan - Italy	Full Cons.	31/01/10	Pull and Bear	Retailing
Pull & Bear Ceska Republika, S.R.O.	100.00%	Prague - Czech Rep.	Full Cons.	31/01/10	Pull and Bear	Retailing
Pull & Bear Ireland, Ltd.	100.00%	Dublin - Ireland	Full Cons.	31/01/10	Pull and Bear	Retailing
Pull & Bear Magyarország Kft.	100.00%	Budapest - Hungary	Full Cons.	31/01/10	Pull and Bear	Retailing
Pull & Bear Polska, Sp zo.o	100.00%	Warsaw - Poland	Full Cons.	31/01/10	Pull and Bear	Retailing
Pull & Bear CIS, Ltd.	100.00%	Moscow - Russia	Full Cons.	31/12/09	Pull and Bear	Retailing
Pull & Bear Uk Limited	100.00%	London - UK	I.Global	31/01/10	Pull and Bear	Retailing
Pull & Bear Ro, Srl	100.00%	Bucharest - Romania	I.Global	31/12/09	Pull and Bear	Retailing
Pull and Bear Ukraine, Llc	100.00%	Kiev - Ukraine	I.Global	31/12/09	Pull and Bear	Retailing
Pull & Bear Slovakia, S.R.O.	100.00%	Bratislava - Slovakia	I.Global	31/01/10	Pull and Bear	Retailing
Pull & Bear Croatia, LTD	100.00%	Zagreb - Croatia	I.Global	31/01/10	Pull and Bear	Retailing
Pull & Bear Commercial Beijing Co, Ltd.	100.00%	Beijing- China	I.Global	31/12/09	Pull and Bear	Retailing

Company	Effective % ownership	Location	Consolidation method	Year end	Concept	Activity
Pull & Bear Bulgaria, LTD	100.00%	Sofia-Bulgaria	I.Global	31/12/09	Pull & Bear	Retailing
Pull & Bear Hong Kong LTD	100.00%	Hong Kong - China	I.Global	31/12/09	Pull & Bear	Retailing
Pull and Bear Diseño, S.L.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Pull & Bear	Design
Uterqüe, S.A.	100.00%	La Coruña - Spain	I.Global	31/01/10	Uterqüe	Centralized purchasing
Uterqüe España, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Uterqüe	Retailing
Uterqüe Hellas	100.00%	Athens - Greece	Full Cons.	31/01/10	Uterqüe	Retailing
Gruputerqüe Portugal Conf. Lda	100.00%	Lisbon - Portugal	Full Cons.	31/01/10	Uterqüe	Retailing
Uterqüe Cis, LTD	100.00%	Moscow - Russia	Full Cons.	31/12/09	Uterqüe	Retailing
Uterqüe Giyim Limited	100.00%	Istanbul - Turkey	Full Cons.	31/01/10	Uterqüe	Retailing
Uterqüe México S.A. de C.V.	100.00%	Mexico DF - México	Full Cons.	31/12/09	Uterqüe	Retailing
Uterqüe Diseño, S.L.	100.00%	La Coruña - Spain	I.Global	31/01/10	Uterqüe	Design
Bershka BSK España, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/01/10	Bershka	Retailing
Bershka Portugal Conf. Soc. Unip. Lda.	100.00%	Lisbon - Portugal	Full Cons.	31/01/10	Bershka	Retailing
Bershka Hellas, S.A.	100.00%	Athens - Greece	Full Cons.	31/01/10	Bershka	Retailing
Bershka Mexico, S.A. de CV	97.00%	Mexico DF - México	Full Cons.	31/12/09	Bershka	Retailing
Bershka Giyim Ithalat Ihracat Ve Tic.Ltd.	100.00%	Istanbul - Turkey	Full Cons.	31/01/10	Bershka	Retailing
Bershka Belgique, S.A.	100.00%	Brussels - Belgium	Full Cons.	31/01/10	Bershka	Retailing
Bershka France, S.A.R.L.	100.00%	Paris - France	Full Cons.	31/01/10	Bershka	Retailing
Bershka Suisse, S.A.R.L.	100.00%	Friburg - Switzerland	Full Cons.	31/01/10	Bershka	Retailing
Bershka Nederland, B.V.	100.00%	Amsterdam - Netherlands	Full Cons.	31/01/10	Bershka	Retailing
Bershka Italia, S.R.L.	100.00%	Milan - Italy	Full Cons.	31/01/10	Bershka	Retailing
Bershka U.K., Ltd.	100.00%	London - UK	Full Cons.	31/01/10	Bershka	Retailing
Bershka Ireland., Ltd.	100.00%	Dublin - Ireland	Full Cons.	31/01/10	Bershka	Retailing
Bershka Ceska Republica, S.R.O.	100.00%	Prague - Czech Rep.	Full Cons.	31/01/10	Bershka	Retailing
Bershka Croatia, Ltd.	100.00%	Zagreb - Croatia	I.Global	31/01/10	Bershka	Retailing
Bershka Polska Sp Z O.O.	100.00%	Warsaw - Poland	I.Global	31/01/10	Bershka	Retailing
Bershka Slovakia, S.R.O.	100.00%	Bratislava - Slovakia	I.Global	31/01/10	Bershka	Retailing
Bershka Carpati, Srl	100.00%	Bucharest - Romania	I.Global	31/12/09	Bershka	Retailing
Bershka Ukraine, Llc	100.00%	Kiev - Ukraine	I.Global	31/12/09	Bershka	Retailing
Bershka Magyaroszag Kft.	100.00%	Budapest - Hungary	I.Global	31/01/10	Bershka	Retailing
Bershka Cis, Ltd	100.00%	Moscow - Russia	Full Cons.	31/12/09	Bershka	Retailing
Bershka Osterreich Clothing GmbH	100.00%	Vienna - Austria	Full Cons.	31/01/10	Bershka	Retailing
Bershka Hong Kong Limited	100.00%	Hong Kong - China	Full Cons.	31/01/10	Bershka	Retailing
Bershka Commercial Beijing Co, Ltd	100.00%	Beijing- China	Full Cons.	31/12/09	Bershka	Retailing
Bershka Bulgaria, LTD	100.00%	Sofia-Bulgaria	Full Cons.	31/12/09	Bershka	Retailing
Bershka Korea, LTD	100.00%	Korea	Full Cons.	31/01/10	Bershka	Retailing
Bershka Diseño, S.L.	100.00%	Barcelona - Spain	Full Cons.	31/01/10	Bershka	Design
Stradivarius España, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/01/10	Stradivarius	Retailing
Stradivarius Hellas, S.A.	100.00%	Athens - Greece	Full Cons.	31/01/10	Stradivarius	Retailing
Stradivarius Portugal, Conf. Unip. Lda.	100.00%	Lisbon - Portugal	Full Cons.	31/01/10	Stradivarius	Retailing
Stradivarius Giyim Ithalat Ih. Ve Tic. Ltd.	100.00%	Istanbul - Turkey	Full Cons.	31/01/10	Stradivarius	Retailing
Stradivarius Polska, Sp zo.o	100.00%	Warsaw - Poland	Full Cons.	31/01/10	Stradivarius	Retailing
Stradivarius Ireland Limited	100.00%	Dublin - Ireland	Full Cons.	31/01/10	Stradivarius	Retailing
Stradivarius Italia SRL	100.00%	Milan - Italy	Full Cons.	31/01/10	Stradivarius	Retailing
Stradivarius CIS, Ltd.	100.00%	Moscow - Russia	Full Cons.	31/12/09	Stradivarius	Retailing
Stradivarius France, S.A.R.L.	100.00%	Paris - France	Full Cons.	31/01/10	Stradivarius	Retailing
Stradivarius Magyaroszag Kft.	100.00%	Budapest - Hungary	Full Cons.	31/01/10	Stradivarius	Retailing

Company	Effective % ownership	Location	Consolidation method	Year end	Concept	Activity
Stradivarius Croatia, LTD.	100.00%	Zagreb - Croatia	Full Cons.	31/01/10	Stradivarius	Retailing
Stradivarius Slovakia, S.R.O.	100.00%	Bratislava - Slovakia	Full Cons.	31/01/10	Stradivarius	Retailing
Stradivarius Ro, Srl	100.00%	Bucharest - Romania	Full Cons.	31/12/09	Stradivarius	Retailing
Stradivarius Ukraine, Llc	100.00%	Kiev - Ukraine	Full Cons.	31/12/09	Stradivarius	Retailing
Stradivarius Ceská Republika, s.r.o	100.00%	Prague - Czech Rep.	Full Cons.	31/01/10	Stradivarius	Retailing
Stradivarius Commercial Shangai CO, LTD	100.00%	Shanghai- China	Full Cons.	31/12/09	Stradivarius	Retailing
Stradivarius Bulgaria, LTD	100.00%	Sofia-Bulgaria	Full Cons.	31/12/09	Stradivarius	Retailing
Stradivarius Diseño, S.L.	100.00%	Barcelona - Spain	Full Cons.	31/01/10	Stradivarius	Design
Zara Home España, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara Home	Design
Zara Home Portugal, Conf. Soc. Unip. Lda.	100.00%	Lisbon - Portugal	Full Cons.	31/01/10	Zara Home	Design
Zara Home U.K., Ltd.	100.00%	London - UK	Full Cons.	31/01/10	Zara Home	Design
Zara Home Hellas, S.A.	100.00%	Athens - Greece	Full Cons.	31/01/10	Zara Home	Design
Zara Home Nederland, B.V.	100.00%	Amsterdam - Netherlands	Full Cons.	31/01/10	Zara Home	Design
Zara Home Mexico, S.A. de C.V.	98.50%	Mexico DF - México	Full Cons.	31/12/09	Zara Home	Design
Zara Home Italia, S.R.L.	100.00%	Milan - Italy	Full Cons.	31/01/10	Zara Home	Design
Zara Home Giyim Ithalat Ihracat Ve Ticaret Ltd.	100.00%	Istanbul - Turkey	Full Cons.	31/01/10	Zara Home	Design
Zara Home Francia, S.A.R.L.	100.00%	Paris - France	Full Cons.	31/01/10	Zara Home	Design
Zara Home Ro, Srl	100.00%	Bucharest - Romania	Full Cons.	31/12/09	Zara Home	Design
Zara Home CIS, Ltd.	100.00%	Moscow - Russia	Full Cons.	31/12/09	Zara Home	Design
Zara Home Ukraine, Llc	100.00%	Kiev - Ukraine	Full Cons.	31/12/09	Zara Home	Design
Zara Home Ceská Republika, s.r.o	100.00%	Prague - Czech Rep.	Full Cons.	31/01/10	Zara Home	Design
Zara Home Polska, Sp zo.o	100.00%	Warsaw - Poland	Full Cons.	31/01/10	Zara Home	Design
Zara Home Diseño, S.L.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara Home	Design
Zara Logística, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Logistics
Plataforma Europa, S.A.	100.00%	Zaragoza - Spain	Full Cons.	31/01/10	Zara	Logistics
Plataforma Logística León, S.A.	100.00%	León- Spain	Full Cons.	31/01/10	Zara	Logistics
Plataforma Logística Meco, S.A.	100.00%	Madrid- Spain	Full Cons.	31/01/10	Zara	Logistics
Pull & Bear Logística, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Pull & Bear	Logistics
Massimo Dutti Logística, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/01/10	Massimo Dutti	Logistics
Bershka Logística, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/01/10	Bershka	Logistics
Oysho Logística, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/01/10	Oysho	Logistics
Stradivarius Logística, S.A.	100.00%	Barcelona - Spain	Full Cons.	31/01/10	Stradivarius	Logistics
Zara Home Logística, S.A.	100.00%	León- Spain	Full Cons.	31/01/10	Zara Home	Logistics
Uterqüe Logística, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Uterqüe	Logistics
Lefties Logística, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Retailing
Corporación de Servicios XX1, S.A. de C.V.	100.00%	Mexico DF - México	Full Cons.	31/12/09	Zara	Services
Zara Financiën B.V.	100.00%	Breda - Netherlands	Full Cons.	31/01/10	Zara	Finance
Zara Mexico, B.V.	100.00%	Breda - Netherlands	Full Cons.	31/01/10	Zara	Finance
Zara Holding, B.V.	100.00%	Breda - Netherlands	Full Cons.	31/01/10	Zara	Holding company
ITX Financien, B.V.	100.00%	Breda - Netherlands	Full Cons.	31/01/10	Zara	Holding company
Massimo Dutti Holding, B.V.	100.00%	Breda - Netherlands	Full Cons.	31/01/10	Massimo Dutti	Holding company
Liprasa Cartera, S.L.	98.00%	Madrid - Spain	Full Cons.	31/01/10	Massimo Dutti	Holding company
ITX Merken, B.V.	100.00%	Breda - Netherlands	Full Cons.	31/01/10	Zara	Holding company
ITX RE	100.00%	Ireland	Full Cons.	31/01/10	Zara	Insurance
ITX Trading, S.A.	100.00%	Friburg - Switzerland	Full Cons.	31/01/10	Zara	Centralized purchasing
ITX E-commerce	100.00%	Ireland	Full Cons.	31/01/10	Zara	E-Commerce

Company	Effective % ownership	Location	Consolidation method	Year end	Concept	Activity
Goa-Invest, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Construction and real estate
Zara Vastgoed, B.V.	100.00%	Breda - Netherlands	Full Cons.	31/01/10	Zara	Real estate
Vastgoed Asia, Ltd.	100.00%	Hong Kong - China	Full Cons.	31/01/10	Zara	Real estate
SNC Zara France Immobiliere	100.00%	Paris - France	Full Cons.	31/12/09	Zara	Real estate
SCI Vastgoed Ferreol P03302	100.00%	Paris - France	Full Cons.	31/12/09	Zara	Real estate
SCI Vastgoed France P03301	100.00%	Paris - France	Full Cons.	31/12/09	Zara	Real estate
SCI Vastgoed General Leclerc P03303	100.00%	Paris - France	Full Cons.	31/12/09	Zara	Real estate
SCI Vastgoed Nancy P03304	100.00%	Paris - France	Full Cons.	31/12/09	Zara	Real estate
Invercarpro, S.A.	100.00%	Madrid - Spain	Full Cons.	31/01/10	Zara	Real estate
Robustae S.G.P.S. Unip. Lda.	100.00%	Lisbon - Portugal	Full Cons.	31/01/10	Zara	Real estate
Lefties España, S,A,	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Real estate
Inditex Cogeneración, A.I.E.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Cogeneration plant
Inditex, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Dormant as at 31/01/08
Zara Holding II, B.V	100.00%	Breda - Netherlands	Full Cons.	31/01/10	Zara	Dormant as at 31/01/08
Fruminga, B.V.	100.00%	Breda - Netherlands	Full Cons.	31/01/10	Zara	Dormant as at 31/01/08
Zara, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Dormant as at 31/01/08
Zara, S.A.	100.00%	Buenos Aires - Argentina	Full Cons.	31/01/10	Zara	Dormant as at 31/01/08
Fashion Logistic Forwarders, S.A.	100.00%	La Coruña - Spain	Full Cons.	31/01/10	Zara	Logistics

Multigroup companies:

Tempe, S.A.	50.00%	Alicante - Spain	Prop. Cons.	31/01/10	Zara	Commercialization of footwear
Tempe México, S.A. de C.V.	50.00%	Mexico DF - México	Prop. Cons.	31/12/09	Zara	Commercialization of footwear
Tempe Logística, S.A.	50.00%	Alicante - Spain	Prop. Cons.	31/01/10	Zara	Logistics
Tempe Brasil, Ltda.	50.00%	Sao Paulo -Brazil	Prop. Cons.	31/12/09	Zara	Commercialization of footwear
Tempe Diseño, S.L.	50.00%	Alicante - Spain	Prop. Cons.	31/01/10	Zara	
Tempe Trading	50.00%	Friburg - Switzerland	Prop. Cons.	31/01/10	Zara	Commercialization of footwear
Group Zara Australia Pty. Ltd.	80.00%	Sidney - Australia	Prop. Cons.	31/01/10	Zara	Dormant as at 31/01/08

Associates:

Naviera Elealva, A.I.E.	49.00%	Las Palmas - Spain	Equity Acc.	31/12/09		Asset leasing
Naviera Celeste, A.I.E.	49.00%	Las Palmas - Spain	Equity Acc.	31/12/09		Asset leasing
Naviera del Miño, A.I.E.	49.00%	Las Palmas - Spain	Equity Acc.	31/12/09		Asset leasing
Naviera del Sil, A.I.E.	49.00%	Las Palmas - Spain	Equity Acc.	31/12/09		Asset leasing
Naviera Venus, A.I.E	49.00%	Las Palmas - Spain	Equity Acc.	31/12/09		Asset leasing
Naviera Berlín , A.I.E.	49.00%	Las Palmas - Spain	Equity Acc.	31/12/09		Asset leasing
Naviera Covadonga, A.I.E.	49.00%	Las Palmas - Spain	Equity Acc.	31/12/09		Asset leasing
Naviera Gran Sol , A.I.E.	49.00%	Las Palmas - Spain	Equity Acc.	31/12/09		Asset leasing
Naviera Guadiana , A.I.E.	49.00%	Las Palmas - Spain	Equity Acc.	31/12/09		Asset leasing
Naviera Manchuria , A.I.E.	46.00%	Las Palmas - Spain	Equity Acc.	31/12/09		Asset leasing
Naviera Llera , A.I.E.	50.00%	Las Palmas - Spain	Equity Acc.	31/12/09		Asset leasing
Nebulosa de Omega, A.I.E.	50.00%	Las Palmas - Spain	Equity Acc.	31/12/09		Asset leasing
Naviera Cabo Vilaboa C-1658, A.I.E.	49.50%	Las Palmas - Spain	Equity Acc.	31/12/09		Asset leasing
Naviera Cabo Domaio C-1659, A.I.E.	49.50%	Las Palmas - Spain	Equity Acc.	31/12/09		Asset leasing

II Appendix Article 127ter of the Spanish Companies Act

As required by Article 127 ter of the Spanish Companies Act, introduced by Law 26 of 17 July 2003, which modified Securities Market Law 24 of 28 July 1988, and the Revised Text of the Spanish Companies Act, with a view to enhancing the transparency of listed entities a list of companies with a statutory activity which is identical, similar or complementary to that of Inditex and in which members of its Board of Directors hold investments or management positions is as follows:.

Board member	Company tax number	Company name	% ownership	Post
D. Pablo Isla Álvarez de Tejera	A78276854	Bershka Bsk España, S.A.	0%	Board member
D. Pablo Isla Álvarez de Tejera	A78115201	Grupo Massimo Dutti, S.A.	0%	Board member
D. Pablo Isla Álvarez de Tejera	A15026347	Oysho España, S.A.	0%	Board member
D. Pablo Isla Álvarez de Tejera	A15108673	Pull&Bear España, S.A.	0%	Board member
D. Pablo Isla Álvarez de Tejera	A70126164	Uterqüe España, S.A.	0%	Board member
D. Pablo Isla Álvarez de Tejera	A60348240	Stradivarius España, S.A.	0%	Board member
D. Pablo Isla Álvarez de Tejera	A15234065	Tempe, S.A.	0%	Vice-chairman of the Board
D. Pablo Isla Álvarez de Tejera	A15022510	Zara España, S.A.	0%	Board member
D. Pablo Isla Álvarez de Tejera	A15340516	Zara Home España, S.A.	0%	Board member
D. Pablo Isla Álvarez de Tejera	ZME920824KM3	Zara México, S.A. de C.V.	0%	Board member
D. Antonio Abril Abadín	A78276854	Bershka BSK España, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A70218847	Bershka Diseño, S.L.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A78111671	Bershka Logística, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15114424	Comditel, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15052160	Choolet, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15311368	Denllo, S.A	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15037393	Confecciones Fíos, S.A	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15018476	Confecciones Goa, S.A	0%	Secretary, non-board member
D. Antonio Abril Abadín	A70191887	Fashion Logistics Forwarders, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15643620	Glencare, S.A	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15121031	Goa Invest, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15155625	Hampton, S.A	0%	Secretary, non-board member
D. Antonio Abril Abadín	A028601094	Inditex, S.A	0%	Secretary, non-board member
D. Antonio Abril Abadín	G15632003	Inditex Cogeneración, A.I.E.	0%	Joint director
D. Antonio Abril Abadín	A80317043	Invercarpro, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15388366	Kiddys Class España, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15334725	Lefties España, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A08478448	Lefties Logística, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	B83077594	Liprasa Cartera, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	B70218896	Massimo Dutti Diseño, S.L.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15569890	Massimo Dutti Logística, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A78115201	Grupo Massimo Dutti, S.A.	0%	Secretary, non-board member

D. Antonio Abril Abadín	A15049299	Nikole, S.A	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15026347	Oysho España, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	B70218862	Oysho Diseño, S.L.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15327612	Oysho Logística, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15497225	Plataforma Europa, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A70020714	Plataforma Logística de León, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15355290	Plataforma Logística Meco, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15108673	Pull&Bear España, S.A.	0%	Secretary, board member
D. Antonio Abril Abadín	B70218839	Pull&Bear Diseño, S.L.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15458128	Pull&Bear Logística, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15022585	Samlor, S.A	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15568165	Stear, S.A	0%	Secretary, non-board member
D. Antonio Abril Abadín	A60348240	Stradivarius España, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	B70218904	Stradivarius Diseño, S.L.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15137318	Stradivarius Logística, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15234065	Tempe, S.A.	0%	Vice-chairman of the Board
D. Antonio Abril Abadín	B70218821	Tempe Diseño, S.L.	0%	Vice-chairman of the Board
D. Antonio Abril Abadín	A15795396	Tempe Logística, S.A.	0%	Vice-chairman of the Board
D. Antonio Abril Abadín	A15058324	Trisko, S.A	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15346166	Uterqüe, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A70126164	Uterqüe España, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	B70218854	Uterqüe Diseño, S.L.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A70126149	Uterqüe Logística, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A08447427	Zara, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	B70218912	Zara Diseño, S.L.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15022510	Zara España, S.A.	0%	Secretary, board member
D. Antonio Abril Abadín	A15710965	Zara Logística, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	A15121049	Zintura, S.A.	0%	Secretary, non-board member
D. Antonio Abril Abadín	450661802	Zara Belgique, S.A.	0%	Board member
D. Antonio Abril Abadín	895218121	Zara Canada, S.A.	0%	Board member
D. Antonio Abril Abadín	967857609	Zara Chile, S.A.	0%	Board member
D. Antonio Abril Abadín	24209717	Zara Danmark, S.A.	0%	Board member
D. Antonio Abril Abadín	94352564	Zara Hellas, S.A.	0%	Board member
D. Antonio Abril Abadín	803910010B01	Zara Vastgoed, B.V.	0%	Board member
D. Antonio Abril Abadín	8753489B01	Zara Holding, B.V.	0%	Supervisory Director
D. Antonio Abril Abadín	LU1696782	Zara Luxembourg, S.A.	0%	Supervisory Director
D. Antonio Abril Abadín	980643263	Zara Norge, S.A.	0%	Board member
D. Antonio Abril Abadín	556569857701	Zara Sverige, Ab	0%	Board member
D. Antonio Abril Abadín	548644	Zara Suisse, S.A.R.L.	0%	Board member
D. Antonio Abril Abadín	213950900014	G.Zara Uruguay, S.A.	0%	Board member

Furthermore, and in accordance with the above-mentioned law, there is no record of the members of the Board of Directors having carried out or performed any activities in 2009 in companies with a statutory activity which is identical, similar or complementary to that of Inditex.

Consolidated

management report 31 January 2010

1 .- Summary of FY 2009

Figures expressed in millions of Euros

Net **sales** amounted to Euros 11,084 million in FY2009, which represents growth of 9% at constant exchange rates.

In FY2009 INDITEX **retail space** weighted by the calendar of openings increased by 10%. Total selling area at the year end reached 2,348,708 square meters:

(Total selling area)	31 Jan 2010	31 Jan 2009	Var % 09/08
Zara	1,541,291	1,447,313	6%
Pull and Bear	175,574	158,927	10%
Massimo Dutti	138,001	130,618	6%
Bershka	232,319	211,436	10%
Stradivarius	133,062	116,835	14%
Oysho	54,930	51,925	6%
Zara Home	65,761	59,655	10%
Uterqüe	7,770	4,180	n.s.
Total	**2,348,708**	**2,180,889**	**8%**

At 2009 year end INDITEX operated 4,607 stores in 74 countries. In FY2009 INDITEX has opened stores in 46 countries:

	Net openings	Total stores	
Concept	**2009**	**31 Jan 2010**	**31 Jan 2009**
Zara	103	1,395	1,292
Zara Kids	(15)	213	228
Pull and Bear	43	626	583
Massimo Dutti	27	497	470
Bershka	60	651	591
Stradivarius	59	515	456
Oysho	18	392	374
Zara Home	22	261	239
Uterqüe	26	57	31
Total	**343**	**4,607**	**4,264**

A list of quarterly openings and the location of stores by country and concept at the year end is included in Annexes IV and V.

Like-for-like sales were maintained in FY2009 (-2% in H1 and 2% in H2), thus reflecting the flexibility of the business model. The like-for-like calculation includes 78% of FY2009 store sales (i.e. sales in stores opened for the whole of fiscal years 2009 and 2008).

Net sales by concept in FY2009 and FY2008 are as follows:

Concept	2009	2008	% Chng. 09/08	In local currencies and constant perimeter
Zara	7,077	6,824	4%	6%
Pull and Bear	771	720	7%	9%
Massimo Dutti	790	722	9%	10%
Bershka	1,177	1,026	15%	17%
Stradivarius	702	633	11%	12%
Oysho	280	242	16%	18%
Zara Home	243	222	9%	10%
Uterqüe	44	17	n,s,	n,s,
Total sales	**11,084**	**10,407**	**7%**	**9%**

Ongoing international expansion strategy has led to a highly diversified sales platform, with international store sales reaching 68% of the total. The area with the largest proportion of total store sales was Europe (ex-Spain), which accounts for 46% of the total. Asia is the area with the highest growth in store sales as a result of successful expansion and strong acceptance in the area.

	2009	2008
Europa ex-Spain	45.7%	44.8%
Spain	31.8%	33.9%
Asia	12.2%	10.5%
America	10.2%	10.7%
Total	**100.0%**	**100.0%**

All concepts have increased their percentage of international store sales:

Concept	2009	2008
Zara	77%	75%
Pull and Bear	54%	50%
Massimo Dutti	56%	53%
Bershka	58%	54%
Stradivarius	38%	33%
Oysho	54%	48%
Zara Home	57%	54%
Uterqüe	24%	10%
Total	**68%**	**66%**

Gross profit rose to Euros 6,328 million, 7% higher than the previous year, which takes it to 57.1% of sales (56.8% en FY2008).

Operating expenses have been tightly managed over the year, growing by 7%, mainly as a result of the new retail space added. The FY2009 efficiencies plan has been fully achieved.

Millions of euros	2009	2008	% Var
Personnel expenses	1,792	1,703	5%
Rental expenses	1,134	1,028	10%
Other operating leases	1,027	976	5%
Total	**3,953**	**3,708**	**7%**

At FYE2009 the number of employees was 92,301 (89,112 at FYE2008).

FY2009 **EBITDA** came to €2,374 million, 9% higher than the previous year, and EBIT to €1,729 million, 7% higher.

The breakdown by concept of EBIT is as follows:

	EBIT by concept (Million €)			% EBIT on sales	EBIT by concept on total (%)
Concept	**2009**	**2008**	**Var % 09/08**	**2009**	**2009**
Zara	1,105	1,048	5%	15.6%	63.9%
Pull and Bear	101	119	-15%	13.1%	5.8%
Massimo Dutti	117	108	9%	14.8%	6.8%
Bershka	196	155	27%	16.7%	11.3%
Stradivarius	149	144	4%	21.2%	8.6%
Oysho	38	21	77%	13.6%	2.2%
Zara Home	25	14	76%	10.3%	1.4%
Uterqüe	-2	n.a	-	-	-
Total EBIT	**1,729**	**1,609**	**7%**	**15.6%**	**100.0%**

Financial results include non-cash expenses as a result of foreign exchange losses due to the conversion at closing exchange rates of accounts receivable and payable:

Millions of euros	2009	2008
Net finance income (losses)	8	17
Foreign exchange gains (losses)	(5)	(38)
Total	**4**	**(22)**

Net income came to €1,314 million, 5% higher than the previous year.

INDITEX's Board of Directors will propose at the General Shareholders Meeting an ordinary dividend of €1.10 per share and a bonus dividend of €0.10 per share, a **total dividend** of €1.20 per share. €0.60 will be payable on 3 May 2010 as interim ordinary dividend and €0.60 would be payable on 2 November 2010 as final ordinary and bonus dividend.

INDITEX maintained its financial strength to reach a higher net cash position at FYE:

	31 January 2010	31 January 2009
Cash & cash equivalents	2,420	1,466
Current financial debt	(35)	(234)
Non-current financial debt	(5)	(13)
Net financial position	**2,380**	**1,219**

The operating working capital position remains negative, a consequence of the business model:

	31 January 2010	31 January 2009
Inventories	993	1.055
Receivables	422	585
Payables	(2.270)	(2.157)
Operating working capital	**(856)**	**(517)**

Funds generated from operations reached €2,060 million in FY2009, 11% higher than the previous year.

Capital expenditure for FY2009 amounted to €510 million.

Dividends to shareholders reached €662 million in FY2009.

2.- *Start of 2010*

Store sales in local currencies have increased by 14% from 1 February to 14 March 2010. The Spring-Summer season is influenced by the performance over the Easter period due to its significant sales volumes.

Expected capital expenditure in FY2010 is approximately €570 million as a result of the store opening plan for the year. Approximately 95% of new space will be added in international markets. Approximately 70% of the corresponding contracts have been signed, although in some cases openings may not take place in FY2010:

Concept	Range	% International
Zara	110 - 120	98%
Pull and Bear	40 - 45	95%
Massimo Dutti	25 - 35	98%
Bershka	45 - 50	98%
Stradivarius	65 - 75	95%
Oysho	30 - 35	80%
Zara Home	25 - 30	65%
Uterqüe	25 - 30	65%
Total net openings	**365 - 425**	

3 .- *Tables and annexes to follow*

Consolidated financial statements

FY2009 profit & loss statement

(Millions of euros)	**FY2009**	**FY2008**
Net sales	11,084	10,407
Cos of sales	(4,755)	(4,493)
Gross profit	**6,328**	**5,914**
Gross margin	57.1%	56.8%
Operating expenses	(3,953)	(3,708)
Other net operating income (losses)	(1)	(19)
Operating profit (EBITDA)	**2,374**	**2,187**
EBITDA margin	21.4%	21.0%
Amortization and depreciation	(646)	(578)
Operating profit (EBIT)	**1,729**	**1,609**
EBIT margin	15.6%	15.5%
Financial results	4	(22)
Income before taxes	**1,732**	**1,587**
Income tax	(411)	(325)
Net income	**1,322**	**1,262**
Net income attributable to minority interests	8	8
Net income attributable to the parent	**1,314**	**1,253**
Net income margin	11.9%	12.0%
Earnings per share, euro cents (*)	**211**	**202**

(*) EPS calculation on 623.1 million and 621.7 million shares in 2009 and 2008, respectively.

Consolidated Balance Sheet at 31 January 2010

(Millions of euros)	31 January 2010	31 January 2009
Assets		
CURRENT ASSETS	**3,944**	**3,264**
Cash & cash equivalents	2,420	1,466
Receivables	422	585
Inventories	993	1,055
Other	109	158
NON-CURRENT ASSETS	**4,392**	**4,513**
Property, plant and equipment	3,307	3,451
Intangible assets	665	680
Financial investments	15	14
Other	404	368
Total Assets	**8,335**	**7,777**
Liabilities & Equity		
CURRENT LIABILITIES	**2,305**	**2,391**
Payables	2,270	2,157
Financial debt	35	234
NON-CURRENT LIABILITIES	**660**	**637**
Financial debt	5	13
Deferred tax liabilities	173	214
Other	482	410
EQUITY	**5,371**	**4,749**
Equity attributable to the Group	5,329	4,722
Minority interests	41	27
Total liabilities & equity	**8,335**	**7,777**

Consolidated Statement of Cash Flows FY2009

(Millions of euros)	FY2009	FY2008
Income before taxes	**1,732**	**1,587**
Adjustments to income		
Amortization and depreciation	625	569
Foreign exchange translation differences	31	(11)
Other	63	9
Income tax	**(391)**	**(290)**
Funds from operations	**2,060**	**1,864**
Changes in assets and liabilities		
Increase in inventories	48	(72)
Increase in accounts receivable	163	(160)
Decrease in current liabilities	50	143
Changes in working capital	**261**	**(89)**
Cash from operations	**2,321**	**1,775**
Acquisition of intangible assets	(27)	(78)
Acquisition of property, plant and equipment	(461)	(852)
Acquisition of companies	0	(6)
Acquisition of other financial investments	0	22
Acquisition of other assets	(13)	(24)
Fixed asset sales and retirements	(10)	1
Cash flows from investing activities	**(510)**	**(937)**
Net decrease in long-term financial debt	(4)	(29)
Net decrease in other long-term debt	11	11
Net increase in current debt	(204)	(137)
Dividends	(662)	(662)
Other financing activities	0	(2)
Cash used in financing activities	**(859)**	**(818)**
Net increase in cash and cash equivalents	953	20
Foreign exchange impact on cash & cash equivalents	1	(19)
Cash and cash equivalents at beginning of the year	1,466	1,466
Cash and cash equivalents at end of the year	**2,420**	**1,466**

I Annex

Income statement: FY2009 quarterly results

	Q1	Q2	Q3	Q4
Net sales	2,338	2,522	2,898	3,325
Cost of sales	(1,007)	(1,163)	(1,159)	(1,426)
Gross profit	**1,331**	**1,359**	**1,739**	**1,899**
	56.9%	53.9%	60.0%	57.1%
Operating expenses	(936)	(954)	(983)	(1.079)
Other net operating income (losses)	(0)	0	(0)	(1)
Operating cash fl ow (EBITDA)	**395**	**405**	**756**	**819**
	16.9%	16.0%	26.1%	24.6%
Amortization and depreciation	(146)	(162)	(159)	(179)
Operating income (EBIT)	**249**	**243**	**597**	**640**
	10.6%	9.6%	20.6%	19.2%
Financial results	(8)	8	4	(0)
Income before taxes	**240**	**251**	**602**	**640**
Taxes	(56)	(59)	(141)	(154)
Net income	**184**	**192**	**460**	**486**
Minorities	(0)	1	4	3
Net income attributable to the controlling company	**184**	**191**	**456**	**483**
	7.9%	7.6%	15.7%	14.5%

II Annex

Return on Equity (ROE), defined as net income on average shareholders' equity for the year:

Description	2009
Net income	1,314
Shareholders equity - previous year	4,722
Shareholders equity - current year	5,329
Average equity	5,025
Return on equity	**26%**

Return on Capital Employed (ROCE), defined as EBIT on average capital employed (shareholders' equity plus net financial debt):

	2009
EBIT	1.729
Average capital employed:	
Average shareholders' equity	5.025
Average net financial debt (*)	0
Total average capital employed	**5.025**
Return on capital employed	**34%**

(*) Zero when net cash

Return on Capital Employed by concept:

Concept	FY2009
Zara	29%
Pull and Bear	41%
Massimo Dutti	56%
Bershka	59%
Stradivarius	73%
Oysho	27%
Zara Home	24%
Uterqüe	-
Total	**34%**

III Annex

Company-managed stores and franchised stores at FYE:

Concept	Co. Mag.	Franchises	Total
Zara	1.229	166	**1.395**
Zara Kids	213		**213**
Pull and Bear	541	85	**626**
Massimo Dutti	372	125	**497**
Bershka	574	77	**651**
Stradivarius	416	99	**515**
Oysho	359	33	**392**
Zara Home	233	28	**261**
Uterqüe	46	11	**57**
Total	**3,983**	**624**	**4,607**

Sales in company-managed and franchised stores:

	2009	
Concept	**Company Managed**	**Franchises**
Zara	87%	13%
Pull and Bear	87%	13%
Massimo Dutti	72%	28%
Bershka	86%	14%
Stradivarius	84%	16%
Oysho	91%	9%
Zara Home	89%	11%
Uterqüe	92%	8%
Total	**86%**	**14%**

IV Annex

Net openings by quarter:

Concept	1Q 2009	2Q 2009	3Q 2009	4Q 2009	Total 2009
Zara	22	27	31	23	**103**
Zara Kids	2	(11)	(2)	(4)	**(15)**
Pull and Bear	10	9	12	12	**43**
Massimo Dutti	11	7	6	3	**27**
Bershka	18	17	12	13	**60**
Stradivarius	15	11	17	16	**59**
Oysho	7	1	5	5	**18**
Zara Home	8	3	9	2	**22**
Uterqüe	2	7	10	7	**26**
Total net openings	**95**	**71**	**100**	**77**	**343**

Total stores by quarter:

Concept	1Q 2009	2Q 2009	3Q 2009	4Q 2009
Zara	1,314	1,341	1,372	**1,395**
Zara Kids	230	219	217	**213**
Pull and Bear	593	602	614	**626**
Massimo Dutti	481	488	494	**497**
Bershka	609	626	638	**651**
Stradivarius	471	482	499	**515**
Oysho	381	382	387	**392**
Zara Home	247	250	259	**261**
Uterqüe	33	40	50	**57**
Total stores	**4,359**	**4,430**	**4,530**	**4,607**

V Annex

Stores by concept and country as at 31 January 2010:

Country	Zara	Zara Kids	Pull and Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Uterqüe	INDITEX
GERMANY	64	-	-	8	-	-	-	-	-	72
ANDORRA	1	-	1	1	-	1	1	1	-	6
SAUDI ARABIA	21	-	8	9	19	22	10	4	2	95
ARGENTINA	8	-	-	-	-	-	-	-	-	8
AUSTRIA	11	-	-	-	1	-	-	-	-	12
BAHREIN	2	-	2	2	1	1	1	1	-	10
BELGIUM	26	-	2	20	6	-	-	6	3	63
BRAZIL	26	-	-	-	-	-	-	-	-	26
CANADA	18	-	-	-	-	-	-	-	-	18
CZECH REPUBIC	6	-	3	1	4	1	-	-	-	15
CHILE	7	-	-	-	-	-	-	-	-	7
CHINA	44	-	4	6	13	1	-	-	-	68
CYPRUS	4	-	4	2	5	6	2	2	1	26
COLOMBIA	8	-	-	2	4	4	-	-	-	18
KOREA	17	-	-	-	-	-	-	-	-	17
COSTA RICA	2	-	-	1	-	-	-	-	-	3
CROATIA	3	-	1	1	2	1	-	-	-	8
DENMARK	3	-	-	-	-	-	-	-	-	3
UAE	8	-	5	8	5	7	5	7	2	47
EGYPT	3	-	2	1	2	-	-	-	-	8
EL SALVADOR	2	-	1	-	1	-	-	-	-	4
SLOVAKIA	2	-	1	-	1	2	-	-	-	6
SLOVENIA	4	-	2	1	2	3	-	-	-	12
SPAIN	328	168	285	246	265	275	178	120	35	1,900
USA	48	-	-	-	-	-	-	-	-	48
ESTONIA	2	-	1	-	1	1	-	-	-	5
PHILIPPINES	6	-	-	2	-	-	-	-	-	8
FINLAND	4	-	-	-	-	-	-	-	-	4
FRANCE	114	4	19	16	43	19	10	18	-	243
GREECE	43	6	21	12	25	15	15	7	4	148
GUATEMALA	2	-	2	1	2	1	-	-	-	8
NETHERLANDS	15	-	-	-	7	-	-	1	-	23
HONDURAS	2	-	-	-	-	-	-	-	-	2
HUNGARY	6	-	4	-	5	4	1	-	-	20
HON KONG	7	-	3	3	-	-	-	-	-	13
INDONESIA	8	-	2	3	-	-	-	-	-	13
IRELAND	9	-	5	1	5	2	-	-	-	22

Country	Zara	Zara Kids	Pull and Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Uterqüe	INDITEX
ICELAND	2	-	-	-	-	-	-	-	-	2
ISRAEL	19	-	19	1	-	-	-	-	-	39
ITALY	78	12	34	7	40	24	53	22	-	270
JAPAN	50	-	-	-	-	-	-	-	-	50
JORDAN	2	-	2	2	1	2	1	1	-	11
KUWAIT	5	-	4	2	2	3	3	2	1	22
LETONIA	4	-	3	-	3	1	-	-	-	11
LEBANON	4	-	4	4	4	4	4	4	1	29
LITHUANIA	4	-	4	-	4	4	-	-	-	16
LUXEMBOURG	2	-	-	1	-	-	-	-	-	3
MACAO	1	-	1	-	-	-	-	-	-	2
MALASYA	5	-	2	4	-	-	-	-	-	11
MALTA	1	-	5	-	2	1	-	1	-	10
MOROCCO	4	-	-	1	-	3	-	2	-	10
MEXICO	48	-	33	28	41	-	29	13	1	193
MONACO	1	-	-	-	-	-	-	-	-	1
MONTENEGRO	1	-	1	-	1	1	1	-	-	5
NORWAY	3	-	-	2	-	-	-	-	-	5
OMAN	1	-	-	-	-	1	1	1	-	4
PANAMA	2	-	-	-	-	-	-	-	-	2
POLAND	28	-	15	6	20	18	10	1	-	98
PORTUGAL	83	23	61	41	45	37	31	19	6	323
PUERTO RICO	1	-	-	-	-	-	-	-	-	1
QATAR	2	-	2	2	2	1	2	2	1	14
UK	65	-	4	11	4	-	-	7	-	91
DOMINICAN REPUBLIC	1	-	-	-	-	-	-	-	-	1
ROMANIA	9	-	7	2	6	6	4	3	-	37
RUSSIA	35	-	24	10	22	23	15	6	-	135
SERBIA	4	-	2	2	2	2	2	-	-	14
SINGAPORE	7	-	3	4	1	-	-	-	-	15
SWEDEN	8	-	-	3	-	-	-	-	-	11
SWITZERLAND	10	-	-	5	1	-	-	-	-	16
SIRIA	1	-	1	1	1	1	-	-	-	5
THAILAND	5	-	-	2	-	-	-	-	-	7
TUNISIA	2	-	-	-	-	-	-	-	-	2
TURKEY	27	-	15	12	16	15	13	10	-	108
UKRAINE	4	-	3	-	3	2	-	-	-	12
URUGUAY	2	-	-	-	-	-	-	-	-	2
VENEZUELA	11	-	3	-	11	-	-	-	-	25
Total	**1,395**	**213**	**626**	**497**	**651**	**515**	**392**	**261**	**57**	**4,607**

Other information

Related party transactions

Related party transactions are described in note 29 to the consolidated annual accounts. No related party transactions occurred during the year that substantially affected the financial situation or results of the Company during the year.

Risks and uncertainties

Risks and uncertainties facing the Group are described in note 25 to the consolidated annual accounts. There are no significant risks or uncertainties at FYE2009.

Research and development expenditure

The Inditex Group has not performed or outsourced to third parties any research and development projects, which are considered as projects to which amounts are allocated over several years to develop products that are expected to generate profits over a number of years.

Nonetheless, since its incorporation, management of the Company has been underpinned by available technology in all areas of its activity to improve the manufacturing and distribution processes, and by developing, using its own resources or with the support of third parties, instruments that facilitate business management. Examples of this technology include point-of-sale terminals, inventory management and administration systems, delivery systems in the distribution centres, in-store communication systems, and in-store clothing and footwear labeling systems.

Treasury shares

Inditex holds 221,264 treasury shares of fifteen eurocents par value each. Group companies do not hold any shares in the parent company. Additional information is provided on these shares in notes 21 and 26 to the consolidated annual accounts.

Subsequent events

No significant events have occurred subsequent to the financial year end.

Risk management

Note 25 to the consolidated annual accounts provides information on financial risk management policies.

Capital structure, including shares not traded on a regulated EU market, indicating, where applicable, the different classes of shares and, for each class of share, the associated rights and obligations and the percentage of share capital represented

The share capital of Inditex amounts to Euros 93,499,560, divided into 623,330,400 shares of fifteen eurocents (Euros 0.15) par value each, all of the same class and series, which are subscribed and fully paid up.

Shares confer the holder the condition of a shareholder and the rights established in the Spanish Companies Act, other applicable legislation, and the Company's legal organisation documents. Each share confers the right to one vote, while a minimum number of shares does not have to be held to be able to attend general meetings.

Restrictions on the transferability of shares

There are no statutory restrictions on the transfer of shares and no shareholder agreements restricting or defining the conditions for the free transfer of shares.

Significant direct or indirect share capital holdings

According to the information provided on the website of the Spanish National Securities Market Commission and information provided to Inditex by the shareholder Rosp Corunna Participaciones Empresariales, S.L., the holders of the most significant share capital holdings in the Company at 31 January 2010, excluding board members, were as follows:

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	Voting rights as percentage of total
Mr. Amancio Ortega Gaona (1)	0	369,600,063	59.294%
Ms. Rosalía Mera Goyenechea (2)	0	36,550,000	5.864%
CAPITAL RESEARCH AND MANAGEMENT COMPANY (3)	0	30,970,261	4.969%

(*) Through:

Name or company name of direct shareholder	Number of direct voting rights	Voting rights as percentage of total
(1) GARTLER, S.L.	311,727,598	50.010%
(1) PARTLER 2006, S.L.	57,872,465	9.284%
(2) ROSP CORUNNA PARTICIPACIONES EMPRESARIALES, S.L.	36,550,000	5.864%
(3) INSTITUCIONES DE INVERSIÓN COLECTIVA GESTIONADAS	30,970,261	4.969%

Restrictions on voting rights

No legal or statutory restrictions on exercising voting rights exist, except for the restriction established in Article 44 of the Spanish Companies Act, which stipulates that any shareholders who default on payment of unpaid shareholder contributions cannot exercise their voting rights

Associative agreements

The Company is not aware of the existence of any associative agreements.

Regulations applicable to the appointment and replacement of members of the Board of Directors and modifications to the Company's articles of association:

Appointment and replacement of members of the Board of Directors

The system for selecting, appointing and re-electing members of Inditex's Board of Directors consists of a formal and transparent procedure, expressly regulated by the Company's articles of association and the Board of Directors Regulations.

Board members will be appointed by the shareholders in a general meeting and will perform their duties during the period established in the articles of association, which is currently five years.

In general meetings, shareholders can re-elect board members an indefinite number of times for equal terms. Shareholders can also agree to the dismissal of board members at any time.

The Board of Directors can temporarily appoint replacements for vacant positions on the board by selecting individuals from among the shareholders until the next general meeting is held.

Any proposals to appoint board members presented by the Board of Directors for consideration by the shareholders in general meetings and any appointment decisions made by the shareholders via the co-option powers with which they have been legally vested must be preceded by the corresponding report from the Appointments and Remunerations Committee and, in the case of independent board members, by the relevant proposal from this Committee.

When the Board of Directors does not follow the recommendations of the Appointments and Remunerations Committee, it must present reasons for its action, which must be documented in minutes.

The Board of Directors and the Appointments and Remunerations Committee will, within the scope of their powers, endeavour to ensure that the potential candidates have recognized solvency, ability and experience, and will exercise due rigour when assessing candidates for the position of independent board member.

The Board of Directors may not propose or appoint any candidate for the position of independent board member who simultaneously holds positions as director in more than four listed companies in addition to the Company. Individuals cannot be proposed or appointed for the position of independent board member unless they fulfill the independence criteria established in Section 1.(c) of Article 7 of the Board of Directors Regulations.

Any proposals to re-appoint board members which the Board of Directors decides to present to the shareholders in a general meeting must be formally prepared and must include a report issued by the Appointments and Remunerations Committee evaluating the quality of work and dedication to the post of the board members proposed during the preceding mandate and, in the case of independent board members, the corresponding proposal from the Committee to re-appoint them.

Furthermore, the Board of Directors must provide a description of the character of each board member to the shareholders in general meetings, and the shareholders must perform or ratify the appointment, which must be confirmed, or where applicable, modified in the Annual Corporate Governance Report subsequent to being verified by the Appointments and Remunerations Committee.

Regarding the replacement of board members, board members must resign from their posts when the term of their appointment expires and when the shareholders so decide in accordance with the legal or statutory powers vested.

Board members must offer their resignation to the Board of Directors and formalize, where necessary, their resignation in the following circumstances:

a) When they reach 68 years of age. Nonetheless, the board members occupying the position of Managing Director or General Manager must offer their resignation to the Board of Directors when they reach 65 years of age, being able to continue as board members until they reach the age of 68. Exceptionally, the aforementioned rules will not apply in the case of the founding Chairman of the Company, Mr. Amancio Ortega Gaona.

b) When they resign from the executive positions with which they were associated on being appointed as board members.

c) When they are subject to any of the circumstances of incompatibility or prohibition established by law, in the Company's articles of association, or in the Board of Directors Regulations. In particular, independent board members must offer their resignation to the Board of Directors and formalize, where necessary, their resignation when they are subject to any of the circumstances of incompatibility stipulated in Article 7.1.(c) of these Regulations or when they subsequently become directors in more than four listed companies in addition to the Company.

d) When they receive a serious warning from the Control and Audit Committee for having breached their obligations as board members.

Board members must also inform the Board of Directors and, where necessary, offer the Board of Directors and formalize their resignation if the board considers resignation is necessary because of circumstances which could affect the credit or reputation of the Company or, by whatever means, expose the Company's interests to risk, and when the reasons for the board members being appointed no longer prevail.

Board members representing shareholders must offer their resignation when the shareholders they represent sell their entire share capital holding or reduce it to a level which requires the number of board members representing shareholders to be decreased.

Lastly, when a board member leaves the post before the end of the mandate, as a result of resignation or any other reason, an explanation for the reasons must be given in a letter to all the members of the Board of Directors, and the Company must present these reasons in the Annual Corporate Governance Report. In the case of independent board members, the Appointments and Remunerations Committee must also present a proposal for early dismissal or resignation.

Modification of the articles of association

The procedure for modifying Inditex's articles of association is established in Article 144 of the Spanish Companies Act which requires, inter alia, that the modification agreement be accepted by the shareholders in a general meeting with the quorum required to constitute and adopt agreements stipulated in Article 103 of the aforementioned Act. Inditex's articles of association have not increased the quorum for modifying the statutory text.

Powers of the members of the Board of Directors, particularly in relation to the possibility of issuing or repurchasing shares:

The Board of Directors is responsible for managing, administering and representing the Company with full powers and without prejudice to the legal or statutory powers with which the shareholders have been vested.

Within the legally established limits, the chairman of the Board of Directors and the Executive Commission, Mr. Amancio Ortega Gaona and the First Vice-Chairman and Managing Director, Mr. Pablo Isla Álvarez de Tejera, have been vested with all the powers listed below in order that they be exercised in the following way and under the following conditions: jointly and severally and indistinctively, except for certain powers which involve: a) the use of funds exceeding a certain amount, in which case joint or shared action will be required by the two aforementioned members of the Executive Committee or by one of these individuals and another individual who, by any legal title, has also been vested with the same power; and/or b) the disposal or encumbrance of the Company's real estate assets, in which case prior approval is required from the Executive Committee or, where applicable, the Board of Directors.

The requirement to act jointly stipulated in the previous paragraph will not be applicable in the case of operations, actions or contracts, irrespective of their value, that are performed or signed by INDITEX Group companies. These companies are considered to be any Spanish or foreign companies in which INDITEX, S.A. directly or indirectly through other subsidiaries holds at least a 50% interest. In these circumstances, either of the two members of the Commission who have been vested with powers can act jointly and severally alone, on behalf of and representing the Company, irrespective of the amount involved.

Details of powers:

1.- Appear on behalf of and represent the Company before any authorities, bodies, centres, sections or offices of the Spanish government, whether it be centrally or in outlying areas; of the autonomous regional governments; of the provinces and municipalities; of corporate government; of independent government; and of European government, including public registries of any type; and, in general, any public or private entity. Sign and present all types of applications, petitions, simple or sworn statements, manuscripts and documents. Define and uphold any objectives and, in general, exercise all the powers required in order to manage and defend the rights of the Company.

2.- Sign, issue, receive and collect from the post office any postal or telegram correspondence comprising ordinary or registered letters, money transfers, postal orders and telegrams. File with these offices any claims necessary and collect, where applicable, any compensation.

3.- Verify shipments of products and goods of any type by land, sea or air, and receive deliveries on behalf of the Company. Make any necessary claims to rail, maritime or transport companies in general for any damage, delay, loss or any other breach of the transport contract, collecting any compensation where applicable agreed with these companies or established by the courts. Sign agreements of any type with transport companies, travel agencies, hotels, restaurants and any other individuals or entities involved in the transport of passengers or in the hotel and catering sector.

4.- Claim for and collect any amounts owed to the Company, signing receipts and authorizing any acknowledgements of receipt. Make payments. Disclose accounts and demand disclosure of accounts, and challenge or approve accounts. Set up, cancel and withdraw guarantee deposits of all classes including those placed with/and of the General Bank for Deposits of the Spanish Treasury and its branches.

5.- Arrange all types of loan and credit agreements. Open current, credit, savings and any other type of account with public and private credit institutions and/or financial institutions, as well as any other accounts in the name of the Company. Pay in funds, withdraw funds or obtain funds by way of receipts and checks. Make or order payments by bank transfer. Endorse or permit charging of bills of exchange, bank transfers and credit notes, as well as receipts or invoices payable by the Company. Approve or contest the balances of the aforementioned accounts. Act as guarantor for other INDITEX Group companies and, therefore, sign on their behalf guarantees, deposits and any other similar documents, along with guarantee and counter-guarantee documents. In general, perform any activities permitted by banking legislation and best practice.

6.- Release, endorse, cede or transfer by any means other than endorsement, accept and sign, demand consent for, guarantee, require cession of provision of, collect, discount and pay bills of exchange, promissory notes, cheques, money orders, and any other trade notes. Intervene in the approval or payment thereof. Contest such bills or notes or make the necessary declarations and responses in the relevant protests stating the reasons for not accepting or paying bills and notes charged to the Company. Actively or passively act in all types of legal proceedings, actions or negotiations, pre-court and court proceedings resulting from contesting or not paying charges, as well as any other activity established in the Exchange and Cheque Law or other applicable legislation

7.- Considering the restriction described above regarding real estate assets, execute all types of deeds and contracts relating to all types of assets, rights, securities, stakes, shares and share capital holdings for and with the prices, amounts paid, amounts received, terms, periods, agreements, clauses and conditions established. In particular, acquire, cede, grant, dispose of or transfer by any means, including awarding in settlement, of all types of assets, rights, brands, other trademarks and industrial property, securities, stakes, shares, and share capital holdings. Contract all types of obligatory and voluntary insurance. Execute works, services and supplies of all types. Act as lessor or lessee in rental, finance lease or sub-let agreements. Set up, modify, recognize and cancel land and building rights, including real estate mortgages and pledges without transfer of ownership and any type of encumbrance over all types of assets and rights held by the Company. Apply for land groupings, aggregations, divisions and segregations, permits for new construction projects, and divisions of buildings under joint ownership regime; establishing the statutes governing such activities. Conduct and collaborate with measurement, demarcation and boundary definition work, approving such work and signing any deeds that are drawn up. Intervene using full powers to execute and fulfill such deeds and contracts; demanding, where applicable, fulfillment of any requirements therein, and modifying, renewing, cancelling or withdrawing these deeds and contracts.

8.- Execute all types of deeds and contracts relating to information technology, management, security and telecommunications products, equipment and systems, as well as any assets relating to copyrights deriving from or related to these assets and, in general, any rights relating to all types of buildings. Contract work, services and supplies of all types for or with the prices, amounts paid, amounts received, terms, periods, agreements, clauses and conditions established. In particular, acquire, cede, grant, encumber, dispose of or transfer any ownership, including awarding in settlement, over the aforementioned assets. Obtain or offer such assets as lessor or lessee through rental, finance lease or sub-let agreements. Set up, modify, recognize and cancel land and building rights and pledges over real estate assets held by the Company. Intervene using full powers to execute and fulfill such deeds and contracts, demanding, where applicable, fulfillment of any requirements therein, and modifying, renewing, cancelling or withdrawing these deeds and contracts.

9.- Execute any type of collaborative agreement such as franchise agreements, joint ventures, cashpooling, distribution agreements, trade agreements, concessions, agency agreements, and, in general, any agreements that could be intrinsic to the national and international expansion of the Company.

10.- Appear in deeds on the incorporation, modification, merger or winding-up of all types of entities and companies, and attend on behalf of the Company assemblies, meetings, or ordinary and extraordinary meetings. Intervene in such meetings, cast votes in the appropriate manner, whatever the issues in question, and accept agreements. Accept positions and appointments and, in general, exercise on behalf of the Company any rights it is granted.

11.- Attend on behalf of and in representation of the Company residents' association and joint-owner meetings. Intervene in such meetings, cast votes in the appropriate manner, whatever the issues in question, and accept agreements. Accept positions and appointments and, in general, exercise on behalf of the Company any rights it is granted in jointly-owned buildings. Attend and intervene in any meetings held in accordance with the prevailing Law on Buildings under Joint Ownership and other applicable legislation.

12.- Attend on behalf of the Company all types of auctions and tenders organised by the State, autonomous regional governments, provinces, municipalities, and public and private individuals and entities and, to this end, present specifications, declarations, projects and budgets; prepare bids and set up guarantee deposits, making definitive and unlimited use of the powers required to obtain and accept, provisionally or definitively, based on the conditions considered appropriate, the tender in question. Exercise the rights and fulfill the obligations related to these tenders.

13.- Set up the offices, centres and branches of the Company and organise the services therein. Hire personnel. Establish the conditions for selecting and appointing personnel. Freely appoint and separate them, including directors and qualified personnel. Establish their rights, obligations, powers and functions, salaries, bonuses and compensation. Agree promotions and transfers. Exercise the powers to sanction and discipline. Act on behalf of the Company in relations with workers' committees and represent the Company when negotiating agreements in any area or of any type.

14.- Represent the Company before any government authorities or bodies responsible for labour and Social Security issues; prepare reports and claims; demand the suspension of or accept contested assessments; appear and intervene on behalf of the Company in proceedings in progress in which the Company has a direct or indirect interest by presenting and defending all types of evidence, requesting and obtaining documents, copies, certificates and notifications; and presenting, preparing and defending all types of declarations, requests and statements. In general, intervene in any proceedings required during the life of the Company such as registering the Company with the labour and Social Security authorities; conducting the procedures required to contract all types of workers, including requesting and collecting grants and bonuses, registering workers, etc.; conducting the procedures required to modify or cancel employment contracts, train staff, present and pay Social Security contributions, and request Social Security payment deferrals and rebates. Conduct the procedures required in relations between the Company and temporary employment and personnel selection agencies. In general, follow procedures for all formalities and incidents, filing appeals, where necessary, until outright rulings are issued and enforced.

15.- Represent the Company before any government authorities or bodies responsible for health and safety at work and occupational risk issues, preparing reports and claims and, in general, any documents the Company considers necessary in relation to any proceedings in which it has a direct or indirect interest. Perform any actions necessary to promote and guarantee worker safety in work centres by complying with legislation on occupational health and safety and other complementary legislation. Plan and execute the risk prevention policy. Act on behalf of the Company in relations with workers and their representatives regarding health and safety measures. Prepare and implement a professional risk plan. Organise the risk prevention service, allocating the human resources and assets required to operate the service. Negotiate and sign agreements with approved entities which render external risk prevention procedures. Negotiate, organise and perform risk assessments, medical examinations, and other health checks and risk prevention systems. Contract external health and safety audits and, in general, audits of any actions related with such risks. Obtain insurance to cover common and professional contingencies to which workers are exposed by signing agreements and associative agreements with Social Security management entities and occupational health and safety insurance companies affiliated with the Social Security system, or other entities that have taken over performing the functions and duties of these entities, renouncing or cancelling in the past any contracts signed, and accepting appointment to and participation in the governing and advisory boards of such entities that collaborate with the management of the Social Security system.

16.- As permitted by legislation, take any action which is the responsibility of the principal and renounce any claims lodged against it. Appear before the ordinary and special courts and tribunals of any instance and jurisdiction in all types of legal cases, as well as in relation to any type of voluntary, administrative and economic and administrative legal proceedings. Consequently, participate in conciliation acts with or without agreement; intervene in inquests; prepare necessary court declarations; respond to summons and writs; sue, dispute or agree, and report or bring action; present and ratify briefs; request and obtain documents; request any type of proceedings be conducted including prosecutions, imprisonments, and releases from prison; hear writs, subpoenas, summons, and notifications; exercise and challenge powers; promote joinders of writs and challenges of judges and court clerks; present and defend evidence and provide court confessions; make court appearances and visits and attend meetings with full voting rights including meetings of creditors of all types of bankruptcy proceedings, being authorized to participate in auctions and request the awarding of assets in part or full payment for the outstanding receivables claimed; settle in or out of court, lodge and, basically, follow lawsuits or legal proceedings during each stage of the process and in relation to possible incidents and appeals until an outright ruling or sentence is reached and enforced; under special circumstances, make any appeals, out-of-court settlements, waivers and statements that could lead to a stay of proceedings either through an out-of-court settlement or due to nullity; exercise any other power not listed above stipulated in Articles 25 and 414.2 of Law 1 of 7 January 2000 governing lawsuits; take charge of any funds or assets involved in the legal proceedings and, in general, exercise on behalf of the Company any rights the Company is entitled to under this law

17.- Settle and agree through arbitration any issues under the director's jurisdiction and using any means and to the extent and following the requirements stipulated in Spanish arbitration law and international trade arbitration legislation.

18.- Appoint a public notary to file affidavits and prepare and receive writs and summons.

19.- Replace, in whole or in part, the preceding authorities, grant corresponding powers and revoke powers granted, and obtain copies of all types of legal records and deeds.

20.- File by public deed any agreements made by the shareholders, Board of Directors or Executive Committee.

The General Secretary and Secretary to the Board of Directors, Mr. Antonio Abril Abadín, is Inditex's proxy and, subject to the same conditions and limitations applicable to the managing directors stipulated in the second and third paragraph of this section, has the powers described in points 1, 2, 4, 5, 6, 7, 9, 10, 11, 12, 14, 16, 17, 18, 19 and 20 of the above list.

With regard to the possibility of issuing or re-purchasing shares, at the general meeting held on 14 July 2009 Inditex's shareholders authorized the Board of Directors to acquire treasury shares in the Company or shares in its subsidiaries, within the limits established by prevailing legislation.

Significant agreements which enter into force, are modified or expire as a result of a change in control in the Company deriving from a public takeover bid and the effect thereof, except where their disclosure would be damaging to the Company. This exception does not apply when the Company is legally obliged to disclose this information.

Inditex has not signed any significant agreements which enter into force, are modified or expire as a result of a change in control in the Company deriving from a public takeover bid.

Agreements between the Company and its directors and management or employees entitled to compensation in the event of resignation or unfair dismissal or if employment is terminated as a result of a public takeover bid.

Except for the agreements with the two executive board members and seven directors described below, the employment contracts of Inditex employees do not contain any specific clauses establishing compensation on termination of employment and, therefore, employees are only entitled to the compensation established under prevailing labour law.

In its meeting held on 9 June 2005, and having obtained a favorable report from the Appointments and Remunerations Committee, Inditex's Board of Directors agreed and approved nine (9) contracts with guarantee or golden parachute clauses currently established in favour of certain members of the Board of Directors, including two executive board members (the First Vice-Chairman and Managing Director, and the General Secretary and Secretary to the Board of Directors).

The aforementioned agreements establish that if an employment contract is terminated due to, inter alia, unfair dismissal or resignation as a result of certain causes (including a change in control of the Company, on the condition that a significant number of the Company's governing boards are reappointed, or a change in the content and objectives of its principal activity), the director will be entitled to compensation equivalent to two full years' salary, calculated based on the salary of the last year worked.

Corporate Governance Report

The Corporate Governance Report can be found on the Inditex website www.inditex.com and on the website of the Spanish National Securities Market Commission, dated 17 March 2010.

Annual Corporate Governance Report

In this Annual Corporate Governance Report, the Board of Directors of Industria Textil de Diseño, S.A. (Inditex, S.A.), (hereinafter, "Inditex" or "the Company) has included all the relevant information corresponding to fiscal year 2009, which commenced on 1 February 2009 and closed on 31 January 2010, 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 addressing 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.

The contents and structure of this Report adjust to the model laid down by Circular 4/2007 dated 27 December of the CNMV, whereby the model of the annual corporate governance report of listed companies is amended, in order to adjust its contents to the recommendations of the Unified Good Governance Code.

This Annual Corporate Governance Report is subject to publication as a relevant fact and is available on our corporate web site: 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 it 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 operation and the rules governing the conduct of its members and they include, 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. Finally, the Board of Directors resolved, in the meeting held on 11 December 2007, to amend these Regulations in order to adjust them to the new recommendations of the Unified Good Governance Code.

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. Finally in order to adjust its contents to the new recommendations on these issues laid down in the Unified Good Governance Code, these Regulations were amended as a result of a resolution passed by the AGM in the meeting held on 17 July 2007.

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 (Royal Decree) 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 report, confidentially, of any potentially relevant irregularity which, in their opinion would mean 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 operation and the rules of conduct of its members.

A.- Ownership structure

A.1. Share capital of the Company

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

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 Ibex 35 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. Direct and indirect holders of significant holdings in the 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 by CNMV in its web site and by the shareholder Rosp Corunna Participaciones Empresariales, S.L. to Inditex, the owners of significant holdings in the Company as at 31 January 2010, excluding the directors, were those shown below:

Name or company name of the shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% Total of share capital
PARTLER 2006, S.L.	57,872,465		9.284%
Rosalía Mera Goyenechea (1)	0	36,550,000	5.864%
CAPITAL RESEARCH AND MANAGEMENT COMPANY (2)	0	30,970,261	4.969%

(*) through:

Name or company name of the direct owner of the shareholding	Number of direct voting rights	% on total voting rights
(1) ROSP CORUNNA PARTICIPACIONES EMPRESARIALES, S.L.	36,550,000	5.864%
(2) INSTITUCIONES DE INVERSIÓN COLECTIVA GESTIONADAS	30,970,261	4.969%

The Company has not been given notice of any significant movements in the shareholding structure over the year, except for the notice regarding the reduction in the stake of Capital Research and Management Company, from its former percentage of 6.428%.

A.3. Members of the Board of Directors of the Company, who have voting rights attached to shares in the Company

As at 31 January 2010, 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	Number of direct voting rights	Number of indirect voting rights (*)	% on the total vote rights
Amancio Ortega Gaona	0	369,600,063(*)	59.294%
Pablo Isla Álvarez de Tejera	139,800	0	0.022%
Carlos Espinosa de los Monteros Bernardo de Quirós	40,000	0	0.006%
GARTLER, S.L.	311,727,598	0	50.010%
Irene Ruth Miller	30,239	0	0.005%
Francisco Luzón López	0	9,195(2)	0.01%
Juan Manuel Urgoiti López de Ocaña	27,739	0	0.004%
José Luis Vázquez Mariño	5,000	0	0.001%
Antonio Abril Abadín	97,515	0	0.016%

(*) Through:

Name or company name of the direct holder of the stake	Number of direct voting rights	% on the total voting rights
GARTLER, S.L.	311.727.598 (1)	50.010%
PARTLER 2006, S.L.	57,872,465 (1)	9.284%
CAÑABARA INVERSIONES, S.I.C.A.V., S.A.	9,195 (2)	0.01%
Total:	**369,609,258**	**59.295%**

Total % of voting rights in the possession of the Board of Directors	**59.349%**

No member of the Board of Directors has any rights over shares in the Company.

A.4. Family, business, contractual or company relationships existing between the holders of significant holdings

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. Business, contractual or company relationships existing between the holders of significant holdings and the Company

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. Para-social agreements affecting the Company pursuant to the provisions of art. 112 of the LMV (Stock Exchange Act) have been reported to the Company. Shareholders bound by the agreement. Existence of concerted actions among shareholders. Modification or breaking of those pacts or agreements or concerted actions has occurred

The Company has not received any notices regarding the making of para-social agreements nor does it have any proof of the existence of concerted actions between its shareholders.

A.7. 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
Amancio Ortega Gaona

Remarks
Through GARTLER, S.L., and PARTLER 2006, S.L., he holds 59.294% in the share capital.

A.8. Treasury stock of the Company

At year-end closing:

Number of direct shares	Number of indirect shares	total % on share capital
221,264	0	0.035%

During the fiscal year there have not been any significant variations in accordance with the provisions of Royal Decree 1362/2007 in the treasury stock of the Company.

A.9. 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 14 July 2009 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 seven 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 2008.

A.10. Legal or by-law restrictions on the exercise of voting rights, as well as any legal restrictions on the acquisition or transfer of interests in the share capital

All the shares of the Company have the same voting and financial rights and there are no legal or by-law 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.

A.11. Annual General Meeting of Shareholders agreement for the adoption of anti-takeover measures in the event of a public tender offer pursuant to the provisions of Act 6/2007

There has been no Annual General Meeting of Shareholders agreement for the adoption of anti-takeover measures in the event of a public tender offer pursuant to the provisions of Act 6/2007.

B.- Administrative structure of the company

B.1. Board of Directors

Apart from 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.

B.1.1. 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. 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
Carlos Espinosa de los Monteros Bernaldo de Quirós		Second Deputy Chairman	30-05-1997	14-07-2009	AGM
GARTLER, S.L.	Flora Pérez Marcote	Ordinary member	12-12-2006	17-7-2007	AGM
Francisco Luzón López		Ordinary member	28-02-1997	14-07-2009	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
Antonio Abril Abadín		Secretary	12-12-2002	15-07-2008	AGM
Total number of Directors					**9**

No vacancies have occurred on the Board of Directors during the fiscal year.

B.1.3. Members of the Board and their different categories

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 Nomination and Remuneration Committee was set up.

Total number of Executive Directors	**3**
Total % of Board members	**33.33%**

Non-executive proprietary 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

Total number of Proprietary Directors	**1**
Total % of Board members	**11.11%**

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)
José Luis Vázquez Mariño	Nomination and Remuneration Committee	*(2)*

Total number of Independent Directors	**4**
Total % of Board members	**44.44%**

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

Carlos Espinosa de los Monteros Bernaldo de Quirós. (65)

Has been 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 Chairman of the Board of Directors of Mercedes Benz España, 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 Círculo 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 chairs Fraternidad-Muprespa and sits on the board of Acciona, S.A.

Francisco Luzón López. (62)

He has been 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 driving force 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 as Director-General Manager, Deputy to the Chairman and in charge of Strategy, Communication and Institutional Relations. At the present time, he is Executive Deputy Chairman of Banco de Santander for Latin America and World Deputy Chairman of Universia and Deputy Chairman of the National Library of Spain.

Irene R. Miller. (57)

She has been 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 Toronto Dominion Bank Financial Group. Previously, she sat on the Board of Directors of Oakley Inc., Benckiser N.V., and The Body Shop International Plc.

José Luis Vázquez Mariño (65)

He has been 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, S.A., and La Voz de Galicia, S.A.

Other non-executive directors

Name or company name of the board member	Committee which proposed that member's appointment
Juan Manuel Urgoiti López de Ocaña (1)	Nomination and Remuneration Committee
Total number of other Non-Executive Directors	1
Total % of Board members	**11.11%**

(1) A brief description of the profile of this non-executive member of the Board of Directors of the Company is given below:

Juan Manuel Urgoiti López de Ocaña. (70)

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 holding 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 Delagrange and Board member of Antibióticos, S.A. At the present time he is the Chairman of the Banco Gallego and Deputy Chairman of Acciona, S.A.He is President of the Fundación Gaiás-Cidade da Cultura and of 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.).

Reasons why they can not be considered proprietary or independent, as well as their ties, whether with the Company or its management or with its shareholders

Name or company name of the board member	Reasons	Company, officer or shareholder with whom the director has ties
Juan Manuel Urgoiti López de Ocaña	Being executive director of Banco Gallego, S.A., wherein an executive director of the Company has the status of non-executive proprietary director	Antonio Abril Abadín

No variations have occurred during the period in the category of each director

B.1.4. Reasons why proprietary directors have been appointed at the behest of shareholders whose stake is less than 5% in the share capital

No proprietary directors have been appointed at the behest of shareholders whose stake is less than 5% in the share capital.

There have been no formal petitions for presence on the Board received from shareholders whose stake is equal to or greater than that of others at whose proposal proprietary directors have been appointed.

B.1.5 Withdrawn from his/her position before the expiry of his/her term of office

No director has been withdrawn before the expiry of his/her term of office.

B.1.6. Powers delegated to the managing director

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 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 belonging 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 to 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 into 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 organise 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 of 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 the Social Security Agencies and Mutual Insurance Companies for Work Accidents and Industrial Deseases 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.1.7. 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
Mr. Pablo Isla Álvarez de Tejera	BERSHKA ESPAÑA, S.A.	Director
	GRUPO MASSIMO DUTTI, S.A.	Director
	OYSHO ESPAÑA, S.A.	Director
	PULL&BEAR ESPAÑA, S.A.	Director
	STRADIVARIUS ESPAÑA, S.A.	Director
	TEMPE, S.A.	Deputy Chairman
	UTERQÜE ESPAÑA, S.A.	Director
	ZARA ESPAÑA, S.A.	Director
	ZARA HOME ESPAÑA, S.A.	Director
	ZARA MÉXICO, S.A. DE C.V.	Director
Mr. Antonio Abril Abadín	MASSIMO DUTTI, S.A.	Secretary non member
	BERSHKA ESPAÑA, S.A.	Secretary non member
	BERSHKA DISEÑO, S.L.	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
	FASHION LOGISTICS FORWARDERS, 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
	Inditex COGENERACIÓN, A.I.E.	Director
	INVERCARPRO, S.A.	Director
	KIDDY'S CLASS ESPAÑA, S.A.	Secretary non member
	LEFTIES ESPAÑA, S.A.	Secretary non member
	LEFTIES LOGISTICA, S.A.	Secretary non member
	LIPRASA CARTERA, S.L.	Secretary non member
	MASSIMO DUTTI DISEÑO, S.L.	Secretary non member
	MASSIMO DUTTI LOGÍSTICA, S.A.	Secretary non member
	NIKOLE, S.A.	Secretary non member
	OYSHO ESPAÑA, S.A.	Secretary nonmember
	OYSHO DISEÑO, S.L.	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
	PLATAFORMA LOGÍSTICA MECO, S.A.	Secretary non member
	PULL&BEAR ESPAÑA, S.A.	Secretary non member
	PULL&BEAR DISEÑO, S.L.	Secretary non member
	PULL&BEAR LOGÍSTICA, S.A.	Secretary non member
	SAMLOR, S.A.	Secretary non member

	SKHUABAN, S.A.	Secretary non member
	STEAR, S.A.	Secretary non member
	STRADIVARIUS ESPAÑA, S.A.	Secretary non member
	STRADIVARIUS DISEÑO, S.L.	Secretary non member
	STRADIVARIUS LOGÍSTICA, S.A.	Deputy Chairman Director
	TEMPE, S.A.	Secretary non member
	TEMPE DISEÑO, S.L.	Secretary non member
	TEMPE LOGÍSTICA, S.A.	Secretary non member
	TRISKO, S.A.	Secretary non member
	UTERQÜE, S.A.	Secretary non member
	UTERQÜE ESPAÑA, S.A.	Secretary non member
	UTERQÜE DISEÑO, S.L.	Secretary non member
	UTERQÜE LOGÍSTICA, S.A.	Secretary non member
	ZARA, S.A.	Secretary non member
	ZARA DISEÑO, S.L.	Secretary Director
	ZARA ESPAÑA, S.A.	Secretary non member
	ZARA LOGÍSTICA, S.A.	Secretary non member
	ZINTURA, S.A.	Director
	ZARA BELGIQUE, S.A.	Director
	ZARA CANADA, S.A.	Director
	ZARA CHILE, S.A.	Director
	ZARA DANMARK, S.A.	Director
	ZARA HELLAS, S.A.	Director
	ZARA VASTGOED, B.V.	Supervisory Director
	ZARA HOLDING, B.V.	Director
	ZARA Luxembourg, S.A.	Director
	ZARA NORGE, AS	Director
	ZARA SUISSE, SARL	Director
	ZARA SVERIGE, AB	Director
	G.ZARA URUGUAY, S.A.	Director

B.1.8. Directors of the 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

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	BANCO SANTANDER, S.A.	Director- General Manager
Juan Manuel Urgoiti López de Ocaña	ACCIONA, S.A.	2nd Deputy Chairman of the Board of Directors
José Luis Vázquez Mariño	BANCO PASTOR, S.A.	Ordinary member of the Board of Directors

B.1.9. Rules established regarding the number of boards of which its directors may be members

Pursuant to the provisions of Article 12.2 of the Board of Directors´ Regulations, the Board may not propose or appoint any persons to fill up a vacancy on the Board who already perform the duties of Directors at the same time, in more than four listed companies other than the Company.

B.1.10. The Company's general policies and strategies reserved for approval by the Board in plenary session

- The investment and financial policy
- The definition of the structure of the group of companies
- The corporate governance policy
- The strategic or business Plan, as well as management targets and annual budgets
- The policy regarding compensation and evaluation of performance of senior management
- The dividends policy as well as the treasury stock policy and especially, the limits thereto

B.1.11. 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	1,904
Variable remuneration	1,594
Per diems	
Provisions set forth in the Articles of Association	
Options on shares and/or other financial instruments	
Others	1, 888
Total	**5,386**

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	

c) Total remuneration by category of director

Category of director	By company	By group
Executive	4,354	25
Non-executive Proprietary	90	
Non-executive Independent	774	
Other Non-executive	168	
Total	**5,386**	**25**

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

Total remuneration of directors (thousands of euros)	**5,411**
Total remuneration of the directors / income attributed to the controlling company (expressed in %)	**0.41 %**

B.1.12. 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
Costas Antimissaris	UTERQÜE Director
Carlos Crespo González	Internal Audit Director
Javier Chércoles Blázquez	CSR Director
José Pablo del Bado Rivas	PULL AND BEAR Manager
Jesús Echevarría Hernández	Communication and Institutional Relations General Manager
Ignacio Fernández Fernández	Chief Financial Officer
Begoña López-Cano Ibarreche	HR General Manager
Abel López Cernada	Import, 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
Jorge Pérez Marcote	MASSIMO DUTTI Manager
Óscar Pérez Marcote	BERSHKA Manager
Ramón Reñón Túñez	Deputy Vice-President and CEO
Carmen Sevillano Chaves	OYSHO Manager
Jordi Triquell Valls	STRADIVARIUS Manager

Total remuneration senior management (thousands of euros)	**10,923**

B.1.13. Indemnity or golden parachute 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. Contracts reported to and/or approved by the governing bodies of the Company or of its Group:

Number of beneficiaries	**9**

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.

In 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.

Pursuant to the provisions of the new Article 116bis of the Stock Exchange Act, introduced in Act 6/2007, of 12 April, the Board of Directors submitted to the upcoming Annual General Meeting of Shareholders held on 15 July 2009 a report to explain the matters covered in said Article, among which are the agreements reached between the Company and its management officials (or employees) whereby a compensation is granted in case of resignation or wrongful dismissal or where the employment agreement terminates on account of a public tender offer. The AGM is thus informed about any agreements including indemnity or golden parachute provisions. Additionally, this report is included in the relevant fact reporting the Agenda of the Annual General Meeting of the Shareholders.

B.1.14. 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.- A report on the remuneration policy shall be approved every year by the Board, on the proposal of the Nomination and Remuneration Committee, and it shall cover at least the issues of fixed and variable remuneration, as well as the remaining relevant terms of the employment agreements of those who discharge senior management duties as executive directors The report shall focus on the remuneration policy approved by the Board for the year in course, and, where appropriate, on the one expected for years to come, especially pointing out the most significant changes of said policy as regards the one for the previous year.

4.- The report referred in item 3 above will be published on the corporate web page and shall be made available to all shareholders upon holding the Annual General Meeting, but any issue which might entail the disclosure of sensitive business information shall be eliminated thereof.

The General Meeting held on 15 July 2008 resolved to amend in part the remuneration of the directors set by the AGM held on 18 July 2006, with indefinite validity until a later General Meeting should resolve otherwise, and effective as of 1 February 2008. Below is a detail of the remuneration of the directors of Inditex , 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 forty thousand euros (€40,000); and

(e) The directors who for their part sit on the Audit and Control Committee or / and on the Nomination and Remuneration Committee (including the Chairmen of both Committees) shall also receive an additional fixed amount of thirty thousand euros (€ 30,000). Directors who for their part sit on the Executive Committee shall receive an additional fixed amount of eighteen thousand euros (€18,000).

The Board in plenary session has reserved the right to approve the following decisions

- At the proposal of the Chief Executive of the Company, the appointment and if applicable, the dismissal of senior managers, as well as their compensation clauses

- The remuneration of directors and, in case of officials, their additional remuneration on account of their executive duties and other terms which must be observed under their employment agreements

B.1.15. Approval by the Board of Directors a detailed compensation policy and specify the matters covered thereby

- Amount of fixed components, with a breakdown, if applicable, of fees payable for attendance at meetings of the Board and its Committees and estimated annual fixed compensation arising therefrom

- Variable compensation items

- Main characteristics of the social security systems, with an estimate of the amount thereof or equivalent annual cost.

- Terms and conditions that must be included in the agreements with executive directors performing senior management duties, which will include:

i) Term;

ii) deadlines for notice, and

iii) any other provisions regarding employment premiums, as well as indemnity or golden parachute provisions in case of early termination of the employment agreement between the Company and the executive director.

B.1.16. Submission of a report on director compensation policy to the vote of the shareholders at a General Meeting of Shareholders for consultative purposes. Relevant portions of the report regarding the compensation policy approved by the Board for the following years and the most significant changes experienced by such policies vis-à-vis the policy applied during the fiscal year, and provide an outline of the manner in which the compensation policy was applied during the fiscal year.

Role of the Nomination and Remuneration Committee and, if external advice has been provided, state the name of the external advisors that have given such

Pursuant to the provisions of Article 28 of the Board of Directors´ Regulations, the Nomination and Remuneration Committee prepares and submits to the Board a report on the remuneration of directors. Said report, which covers the issues of both fixed and variable remuneration, as well as the remaining relevant terms of the employment agreements of those who discharge senior management duties as executive directors, is not subject to the consultative vote of the General Meeting of Shareholders but it is published on the corporate web site and is made available to all shareholders with the notice of the Annual General Meeting, thus ensuring transparency and full disclosure thereof.

B.1.17. Identity of the members of the board who are, in turn, members of the Board of Directors or senior managers of companies that posses 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

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.1.18. Regulations of the Board of Directors have been amended during the fiscal year

The regulations of the Board of Directors have not been amended during the fiscal year.

B.1.19. Procedures for the appointment, re-election, assessment and removal of directors. 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 for 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, and regarding independent directors, by the relevant proposal of the Nomination and Remuneration Committee

Where 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 that the choice of candidates shall 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 hold the office of director simultaneously in more than four listed companies other than the Company. In case the vacancy which needs to be filled is that of an independent director, the Board may not propose or appoint any persons who do not satisfy the criteria of independence established in section 1(c) of Article 7 of the Board of Directors' Regulations.

The proposals for re-election of directors that the Board of Directors decides to submit to the General Meeting will have to be subject 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, and regarding independent directors, the relevant proposal of the Nomination and Remuneration Committee.

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, and regarding independent directors, to make such proposals so that they are approved by the Board 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.

Additionally, the Board of Directors shall explain to the Annual General Meeting in charge of appointing or ratifying the appointment of directors the nature thereof, and said nature shall be confirmed or, where appropriate, reviewed in the Annual Corporate Governance Report, after verification by the Nomination and Remuneration Committee.

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

a) To advise on the proposal, where appropriate, of the early dismissal of an independent director

b) To advise annually the Board on the evaluation of the performance of the Chief Executive of the Company.

B.1.20. Cases under which the resignation of directors is mandatory

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 have an impact on the reputation or name of the Company or otherwise jeopardise the interest of the Company or when the reasons for their appointment cease to exist.

Likewise, proprietary directors must resign when the shareholders they represent dispose of their ownership interest in its entirety or reduce it up to a limit which requires the reduction of the number of proprietary directors.

B.1.21. Function of Chief Executive of the Company. Measures that have been adopted to limit the risks of the accumulation of power in a single person

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

Rules established whereby one of the independent directors is authorized to request that a meeting of the Board be called or that other items be included on the agenda, to coordinate and hear the concerns of external directors and to direct the evaluation by the Board of Directors

Pursuant to the provisions of Article 18.2 of the Board of Directors´ Regulations, where the Chairman of the Board is also the Chief Executive of the Company, the coordinator shall have the following additional powers: i) to call the meeting of the Board and the addition of new items on the agenda, being the Chairman bound to comply with these requests and ii) to coordinate and to echo the concerns of external directors.

B.1.22 Requirement of enhanced majorities, other than the legal majorities, for any type of decision. Resolutions on the Board of Directors, minimum quorum of attendance and 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 of 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.1.23. Specific requirements, different from those relating to the directors, in order to be appointed Chairman

There are no specific requirements, different from those relating to the directors, in order to be appointed Chairman.

B.1.24. Casting vote of the Chairman

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.1.22 above.

B.1.25. 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.1.26. Limited term of office for the independent directors

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

B.1.27. Measures to correct the scant number of female directors. Procedures established by the Nomination and Remuneration Committee in order to ensure that recruitment processes are free from any implied bias hindering the selection of female directors and which allow for the free search for women

Pursuant to the provisions of Article 15.2 (k) of the Board of Directors´ Regulations, the Committee shall ensure when filling up any new vacancies and when appointing new Directors that the recruitment process does conform to the prohibition of any manner of discrimination.

B.1.28. Formal procedures for the granting of proxies in the Board of Directors

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.1.29. Number of meetings of the Board of Directors during the fiscal year and number of times that the board has met without its Chairman being present

Number of Board meetings	6
Number of Board meetings without the presence of the Chairman	2

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	5
Number of meetings of the Nomination and Remuneration Committee	5

B.1.30. Number of meetings held by the Board of Directors during the fiscal year at which not all of its members have been in attendance

Number of non attendance of directors during the fiscal year	4
% of non attendace over the total votes during the fiscal year	7.4%

B.1.31. Previous certification of individual and consolidated annual accounts presented for approval to the Board. People who 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.1.32. Mechanisms established by the Board of Directors to prevent the individual and consolidated accounts being presented to the General Meeting with qualifications in the auditors' report

The Audit and Control Committee, made up entirely of independent, non-executive directors, has meetings, without the presence of the management of the Company, with the auditors of the individual and consolidated annual accounts in order to review the Company's annual accounts and 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 provides that:

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.1.33. The Secretary of the Board of Directors

Mr. Antonio Abril Abadín, the General Counsel and Legal Advisor of the Board of Directors, sits on the Board and also on the Executive Committee thereof.

B.1.34. Procedures for appointment and removal of the Secretary of the Board

Pursuant to the provisions of Article 10 of the Board of Directors´ Regulations, the appointment and removal of the Secretary of the Board shall be approved by the Board in plenary session, following the report of the Nomination and Remuneration Committee; the Secretary need not be a director.

- The Nomination and Remuneration Committee reports on the appointment.
- The Nomination and Remuneration Committee reports on the dismissal.
- The Board in plenary session approves the nomination.
- The Board in plenary session approves the dismissal.

The Secretary of the Board is responsible for specially ensuring compliance with good governance recommendations.

B.1.35. 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.1.32 above without the management of the Company being present, in order to review the annual accounts of the Company 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 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 2009.

B.1.36. Change of external auditor of the Company during the fiscal year

No changes have occurred regarding the external auditor of the Company during the fiscal year.

B.1.37. Works carried out by the Company and/or its Group other than that of auditing and, in such case, 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)	312	396	708
Amount of work other than that of auditing / total amount charged by the auditing firm (in %)	46.64%	9.79%	15.02%

B.1.38 Observations or qualifications on the audit report on the Annual Accounts for the prior fiscal year. Reasons given by the Chairman of the Audit and Control Committee to explain the content and scope of such observations or qualifications

No observations or qualifications were included into the audit report of the Annual Accounts for the prior fiscal year.

B.1.39. Number of years that the current audit firm has been auditing the annual accounts of the Group. 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 consecutive years	8	8
No of years audited by the current audit firm / no. of years that the Company has been audited (in %)	32 %	40 %

B.1.40. 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 reported 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.1.41. Procedure whereby they 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.1.42. 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 ("Running 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 the 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.1.43. Rules requiring Directors to inform the Company —and, if applicable, resign from their position— in cases in which the credit and reputation of the Company may be damaged

Pursuant to the provisions of Article 24.4 of the Board of Directors´regulations, Directors shall inform the Board and, if appropriate, place their office at the disposal of the Board and formalize the relevant resignation, if said body deems it convenient, when circumstances that may harm the name and reputation of the Company concur in them or, in any other way, jeopardize the Company's interests, as well as when the reasons for their appointment disappear.

B.1.44. Members of the Board of Directors who have informed the Company that he/she has been prosecuted or that an order for the commencement of an oral trial has been issued against him/her for the commission of any of the crimes covered in Article 124 of the Spanish Corporation Act

No one of the members of the Board of Directors has informed the Company that he/she has been prosecuted or that an order for the commencement of an oral trial has been issued against him/her for the commission of any of the crimes covered in Article 124 of the Spanish Corporation Act..

B.2. Committees of the Board of Directors

B.2.1. 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 as at 31 January 2010:

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	Ordinary Member
Francisco Luzón López	Ordinary Member
Juan Manuel Urgoiti López de Ocaña	Ordinary Member
José Luis Vázquez Mariño	Ordinary 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.

Composition of the Audit and Control Committee as at 31 January 2010:

Name	Office
Irene Ruth Miller	Chairwoman
Carlos Espinosa de los Monteros y Bernaldo de Quirós	Ordinary Member
Francisco Luzón López	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.

Composition of the Nomination and Remuneration Committee as at 31 January 2010:

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.2.2 Duties of the Audit and Control Committee

- Supervise the process of preparation and the integrity of the financial information relating to the Company and, if applicable, to the Group, monitoring compliance with legal requirements, the proper delimitation of the scope of consolidation, and the correct application of accounting principles.

- Periodically review the internal control and risk management systems, in order for the main risks to be properly identified, managed and made known.

- Ensure the independence and effectiveness of the internal audit function; make proposals regarding the selection, appointment, re-election and withdrawal of the head of the internal audit department; propose the budget for such area; receive periodic information regarding its activities; and verify that senior management takes into account the conclusions and recommendations contained in its reports.

- Establish and supervise a mechanism whereby the employees may give notice, on a confidential basis and, if deemed appropriate, anonymously, of any potentially significant irregularities, especially of a financial and accounting nature, that they notice at the Company.

- Submit to the Board proposals for the selection, appointment, re-election and replacement of the external auditor, as well as the contractual terms under which it should be hired.

- Regularly receive from the external auditor information regarding the audit plan and the results of the implementation thereof, and verify that senior management takes its recommendations into account.

- Ensure the independence of the external auditor.

- In the case of groups of companies, favour the auditor of the Group as the auditor responsible for audit work at the companies that form part thereof.

B.2.3. 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. 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 submitted to 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 assignments 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 the Annual Activities Report, 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 periodically review the risk control and management policy, which may contain at least the different types of risks, the fixing of the risk level which is considered acceptable, the measures foreseen to mitigate the impact of the identified risks and the systems of information and internal control.

i) To review 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.

j) 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.

k) 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.

l) 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.

m) 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.

n) To draw up and put forward to the Board of Directors an annual report on corporate governance for its approval.

o) To draw up an annual report on the activities of the Audit and Control Committee.

p) To supervise the functioning of the Company's web page regarding the provision of information about corporate governance.

q) To report to the Board of Directors about the creation or, as the case may be, acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature.

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, and where appropriate, on the re-election of directors and, in case of independent directors, to submit said proposals to the Board of Directors for approval, prior to the nomination by the General Meeting of Shareholders or, where appropriate, by the Board of Directors for 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 advise on the appointment and dismissal of senior managers as proposed by the Chief Executive to the Board of Directors

f) To annually advice the Board on the evaluation of the performance of the Chief Executive of the Company, and also of the Nomination and Remuneration Committee itself;

g) To propose the remuneration policy for directors and senior managers to the Board, and to ensure compliance with the remuneration policy set forth by the Company

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.

k) To ensure that when filling up any new vacancies and when appointing new Directors the recruitment process should conform to the prohibition of any manner of discrimination.

l) To propose to the Board the individual remuneration of executive directors and the remaining terms and conditions of their employment agreements.

B.2.5. Existence of rules for the Board's committees, the place where they are available for consultation and any modifications introduced during the year. Voluntary preparation 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 full 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.

Said Regulations have been amended, as resolved by the Board of Directors in a resolution passed in the meeting held on 11 December 2007, in order to include therein the recommendations of the Unified Code on Good Governance, as set forth in section B.1.18 hereof

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 2009; likewise, the Nomination and Remuneration Committee drew up an annual report on the activities it performed during fiscal year 2009.

B.2.6. Composition of the executive committee as regards the category of its members

The Executive Committee is made up of three executive directors and four non-executive directors, three of them independent. Its composition is slightly different from the structure of the Board of Directors, having the company deemed it expedient that all executive directors sit on the Executive Committee, whereas out of the remaining directors, two of them, one domanial (Gartler, S.L.) and one independent, are not members of the Executive Committee.

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 2009 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 financial Report), below is a list of the transactions with related parties during FY2009 pursuant to the definitions, criteria and groupings provided in Order EHA/3050/2004, of 15 September, to which refer the Instructions to complete this Annual Report included in Annex I of the Circular 1/2004, of 1 April, in the wording provided by Circular 4/2007, of 27 December, of CNMV, whereby the form of the annual corporate governance report of listed companies is amended.

C.1. Relevant transactions carried out by the Company with directors, significant shareholders or shareholders represented on the Board, or with persons related thereto

The Board in plenary session has reserved for itself the power to approve, after a favourable report of the Audit and Control Committee or any other committee entrusted with such duty, transactions carried out by the Company with directors, with significant shareholders or shareholders represented on the Board, or with persons related thereto.

C.2. 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 FY2009, 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 €)	Arrendamiento de activos	(13.452)
Contractual	Assets leases	(13,452)
Contractual	Assets leases	147
Contractual	Rendering of services	*8,056*

C.3. 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.1.11 and B.1. 12, respectively.

In addition to the above referred remunerations, below is a breakdown of the transactions carried out by and between the Company (or entities of its group) and the directors or officers of the Company, all of which have been conducted in ordinary market conditions and within the ordinary course of business of the Company:

Nature of the transaction	Type of transaction	Amount (thousands euros)
Contractual	Compensation	735
Contractual	Rendering of services	*986*

No other relevant transaction has taken place between the Company or any company belonging to its corporate Group and the directors or officers of the Company.

C.4. 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

A breakdown of 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:

Entity	Brief description of the transaction	Amount thousands €)
Joint ventures	Purchase of goods	(276,319)

C.5. Situations of conflicts of interest the members of the Board of Directors have been subject to, according to the provisions of Article 127 third part, of the SCA

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

C.6. Mechanisms established to detect, determine and resolve possible conflicts of interest between the Company and/or its Group and its directors, managers or significant shareholders

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

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

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

a) The spouse of the director or any other person with similar relation of affectivity.

b) The ascendants, descendants and siblings of the director or of the spouse (or any other person with similar relation of affectivity) of the director

c) The spouse (or any other person with similar relation of affectivity) of the ascendants, descendants and siblings of the director

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

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

a) Those partners who are included with regard to the Director legal entity, in any the situations provided in Article 4 of the 24/1988 Act, of 28 July, governing the Stock Exchange.

b) Those companies that are part of the same corporate group, as defined in Article 4 of the 24/1988 Act, of 28 July, governing the Stock Exchange, and their partners.

c) The representative, who is a natural person, the administrators de iure or de facto, the liquidators and the attorneys-in fact of the director, who is a legal entity.

d) Those persons who are understood, with regard to the director who is a legal entity, as being related persons in accordance with the above-referred provisions regarding directors who are natural persons.

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

a) Information: directors must inform the Board of Directors, through the Chairman or the Secretary thereof, of any situation of conflict in which they are.

b) Abstention: directors must abstain from attending and taking part in the discussions and voting of those matters regarding which they are in conflict of interest. With regard to proprietary directors, they shall abstain from taking part in the voting of those matters that might entail a conflict of interest between those shareholders that had proposed their appointment and the Company

c) Transparency: in the Corporate Governance Report, the Company must inform of any situation of conflict of interest in which a director is, that the Company is aware of by virtue of the information of same by the affected person, or by any other means.

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

- The rendering of professional services in competing companies (Article 31).
- The use of corporate assets (Article 33).

- The use of non-public company information for private ends (Article 34).
- The taking advantage of business opportunities of the Company (Article 35).

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

a) of the shares in the same of which he is the direct or indirect holder, as well as of those other shares which are in the possession, directly or indirectly, of his closest relatives, all of which in accordance with the provisions of the Internal Regulations of Conduct Regarding Transactions in Securities;

b) of any stake they might hold in the capital of any companies with the same, similar or complementary business range as the one that makes up the corporate purpose, and of the offices and posts they hold in same. They shall also inform of those businesses conducted for themselves or for somebody else, with the same, similar or complementary business range as the one that makes up the corporate purpose. Said information shall be included on the Annual Report, and

c) of all the positions they hold and of the activities that they carry out in other companies or entities, and, in general, about any fact or situation that could be relevant for their acting as a director of the Company.

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

Likewise, as regards significant shareholders, Article 38 of the above referred Regulations provides as follows, under the heading "Transactions with directors and significant shareholders":

1. The Board of Directors reserves the right to have knowledge of any transaction between the Company and a director or a significant shareholder.

2. In no event will it approve such a transaction if previously a report has not been issued by the Nomination and Remuneration Committee evaluating the transaction from the standpoint of market conditions. In the event of transactions with significant shareholders, the Committee shall examine it also from the standpoint of an equal treatment for all shareholders.

3. In the case of transactions within the ordinary course of company business and being of a habitual or recurrent nature, a general authorization of the line of transactions and their conditions of execution will be sufficient.

4. The Company shall inform of the transactions conducted with directors, significant shareholders and Related Persons in the half-yearly public periodic information and in the annual corporate governance report, within the scope of the Law. Likewise, the Company shall include on the notes to the annual accounts information on the transactions carried out by the Company or any companies within the Inditex Group with directors and with those acting on their behalf, whenever they are alien to the ordinary course of trade of the Company or are not carried out in normal market conditions.

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

5. Declaration of conflict

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

a) Suppliers, external workshops not being part of the Company and significant contractors for goods or services, or their Directors and general proxies.

b) Agents and franchisees of the Inditex group, or their Directors and general proxies.

c) People who are engaged in similar or analogous activities to those of the Inditex group and that compete with the Inditex group in the same markets.

d) External advisors and suppliers of professional services to the Inditex group.

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

C.7. Companies of the Group listed in Spain

Only one company of the Group is listed in Spain.

D.- Systems for control of risks

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

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

– this tool is the responsibility of the Board of Directors and the Senior Management, which aims at providing a reasonable safety in the achievement of the targets established by the Group.

– it is the responsibility of each and every member of the Organisation.,

– It represents an integrated system which directs the control activities towards preventing the relevant risks, providing an appropriate level of guarantees to shareholders, other stakeholders and the market in general.

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

The identification and assessment translates into a risks map including the main risks, both strategic and operational, grouped in different categories, together with an assessment thereof in accordance with their potential impact, the likeliness of their occurring and the level of preparation of the Group to face up to them. The risk map is subject to review regularly in order to keep it updated by including the amendments regarding the evolution of the Group. The different corporate areas and business lines take part in the identification of the main risks included in the map, as well as in the evaluation thereof.

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

Risks reviewed are classified and grouped in the following categories:

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

1. Business environment

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

This category encompasses the risks regarding the difficulty in adjusting to the environment or market in which the Company operates. This is inherent in the fashion retail business and consists in the eventual incapacity of the Group to follow and offer a response to the evolutions of its target market (demographic changes, changes in the consumption habit, lack of response regarding new business opportunities, etc.,).

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

In line with the foregoing, the expansion policy and the multi-brand format of the Group represent a way to diversify this risk, which downplays the global exposure to this risk of the market.

2. Regulations

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

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

In order to reduce the exposure to risk in this area and secure the appropriate enforcement of the prevailing local legislation in force, the corporate Legal, Tax and Labour Departments work in coordination with the various people responsible in each country or geographic zone and with the legal external advisors in same. In Section D.4 hereunder, the legislation that usually affects the Group in those countries where it operates, is identified.

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

3. Image and reputation

Those are the risks which have a direct impact on the way the Group is perceived by its stakeholders (customers, employees, shareholders and suppliers) and by the society in general.

These risks arise out of a potential improper management of the aspects regarding the social responsibility and sustainability, the responsibility on account of the composition of products, as well as of the corporate image of the Group.

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

In such sizable and visible organisations as those of the Group, some conflicts could arise out of an inappropriate relationship with third parties alien to the operations of the Group (CNVM, communication media, Investors, public authorities, etc.,).

The Group, through its Division of Communication and Institutional Relations, responsible for the centralized management of the communications with third parties, sets out the procedures and protocols required to minimize this risk. Likewise, given their relevance, the General Counsel´ s Office and the Capital Markets Department are charged with managing specifically the relationship with the CNMV and the latter is also charged with dealing with the investors.

Moreover, the large experience gained by the Group, given its long international career, allows it to minimize the risk attached to the difficulty in adapting its products and operations to the different social and cultural realities, uses and special features of specific markets, by setting up the right policies which allow it to identify and as the case may be, implement the required measures. Additionally, the Group controls and verifies the level of compliance with its health and safety of the products standards ("Safe to Wear" and "Clear to Wear"), as part of its production process.

4. Human Resources

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

To minimize said risk, the Human Resources Department carries out continuous recruitment and hiring processes of new personnel. It has also developed a regular training programme for its staff and has implemented specific systems:

– to combine quality in the performance of their duties by the employees and the satisfaction they may obtain at their workplace;

– to facilitate the exchange of jobs among those employees wishing to broaden their experience in the different areas of the Organisation

On the other hand, the work system implemented within the Organization favours the transfer of knowledge between the relevant employees in the different areas, thus minimizing the risk linked to depending excessively on the knowledge of key personnel Additionally, the use of career development, training and compensation policies seeks to retain key employees.

To ensure the appropriate labour environment, the Human Resources Department is governed by a series of active rules which are thoroughly reviewed in the Social and Environmental Performance Report.

5. Operations

The main operational risks the Group has to face up to arise out of a potential difficulty in recognizing and taking in the ongoing changes in fashion trends, manufacturing, supplying and putting on the market new models meeting customers´ expectation.

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

Given the relevance that an efficient logistics management has on the appearance of such risks, the Group conducts a review of all the factors which may have a negative impact on the target of achieving the maximum efficiency of the logistics management, to actively monitor such factors under the supervision of the Logistics Committee.

The risk arising out of the interruption of the transaction is linked with the likely occurrence of extraordinary events beyond the control of the Group (natural disasters, fires, strikes of haulers or suppliers, discontinuance in the supply of power or fuel, etc.,) that might affect significantly the normal operation.

Given the operations of the Group, the main risks included in this category are to be found at the logistics centres and in external operators charged with transporting the goods. The distribution of apparel, footwear, accessories and home ware for all the formats is based upon 11 logistics centres spread throughout the territory of Spain. The use of such logistics centres is optimized on account of the size of each format: thus, Zara currently has four main centres, which favour the implementation of contingency plans in case of any potential accidents or stoppage of the distribution activities

Additionally, the Group takes active measures to reduce risk exposure, by keeping high levels of safety and protection in all its distribution centres, together with insurance policies covering both the potential property damage incurred by the facilities and stock, as well as any loss of profit which might arise out of any loss.

In order to ensure the growth of the Group and enhance the flexibility of its business model, the Logistics Expansion Plan assesses the need and envisages, where appropriate, investing in new distribution centres or in the extension of the existing ones, so as to minimize the risk linked to the logistics planning and sizing. Additionally, investments are carried out towards the improvement and automation within the existing centres so as to increase their capacity and efficiency.

To minimize the risks attached to the quality of finished products, the Group resorts to different monitoring systems based upon defined standards ("Safe to Wear" and "Clear to Wear") whose implementation is mandatory within the production line, for all finished products, footwear and accessories.

To reduce exposure to the risk arising out of an improper customer satisfaction and service, the Group applies standard store service procedures, training and monitoring programmes for store managers and assistants, and communication channels available for customers in order to ensure the quality of the sale and post-sale service.

The Group reduces the risk linked to the real estate management, regarding the search and selection of business premises, through the monitoring of local markets where it operates and through the evaluation and supervision of new openings by the Expansion Committee.

6. Financial

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

The Group operates globally and as a result of using currencies other than the euro in its business transactions, in recognized assets and liabilities and net investment in ventures outside the European Monetary Union, the Group faces an exchange rate risk which must be covered in a sufficient and systematic manner by seeking to minimize the economic losses and the volatility of financial statements.

To achieve this, the Group companies are governed by the corporate Exchange Rate Risk Management Policy.

The Group manages each currency's net position by using external forward foreign currency contracts or other financial instruments which minimize the exposure of the Group to such risk. Thus, the purchase of goods and stock takes place in part through orders placed to foreign suppliers in US dollars. Pursuant to the current Exchange Rate Risk Management Policy, in force, the Group deals in derivatives, mainly in forward contracts, to cover the variations of the cash flow linked to the exchange rate.

The Group has various investments in foreign businesses, the net assets of which are exposed to exchange rate risk. The foreign exchange risk over the net assets of transactions abroad is managed pursuant to the guidelines and policies set out by the Management of the Group.

The Group is not exposed to significant concentrations of credit risk, as policies are in place to cover sales to franchises and retail sales comprise the vast majority of revenue. Collections are primarily made in cash or through credit card payments. Likewise, the Group also limits its exposure to credit risk by investing solely in products that have high liquidity and credit ratings.

Where there is objective evidence that the Group shall not be able to collect any and all sums owed by debtors within the original terms of the debt, a provision is made for impairment of trade receivables. The amount of the provision charge is recognized on the Profit and Loss account.

The Group is not exposed to significant liquidity and interest rate risk, as it maintains sufficient cash and cash equivalents to meet the outflows of normal operations. On the other hand, the cash created is subject to the counterparty risk which is managed pursuant to the Corporate Investment Policy which seeks to ensure the safety and integrity of the capital invested, optimising the profitability and ensuring the required cash to face up to the operative business needs.

In case of specific needs for funding, whether in euros or in other currencies, the Group may resort to loan agreements, or any other financial instrument.

Interest rate fluctuations affect the fair value of assets and liabilities which accrue a fixed rate of interest, as well as future cash flows from assets and liabilities indexed to a variable interest rate. The Group does not have any financial assets or liabilities at fair value through profit or loss or interest-rate financial derivatives. Nor are there any interest rate derivatives. Consequently, any changes in interest rates at year end will not significantly affect consolidated profits.

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

7. Information for the decision making

The risks hereunder included are those linked to the appropriate information at all levels: transactional and operative, financing-accounting, management, budgeting and control.

These are not significant risks in relative terms, although the various departments of the Group and especially the Planning and Management Control Department and the Financial Administration Department, which report to the Financial Division, are directly responsible for producing and supervising the quality of such information. Moreover, in order to reduce exposure to this kind of risks, the Group regularly reviews the management information disclosed to the relevant officials and invests in IT, follow-up and budgeting systems, among others.

In addition, the consolidated Annual Accounts and those of each and every relevant company are subject to review by the independent auditors who are also in charge of carrying out certain audit works regarding the financial information. Likewise, as regards the most significant companies of the Group, independent auditors are requested to issue recommendations on internal control.

8. Technology and information systems

The risks hereunder covered are those linked to the technical infrastructure and the efficient management of information and of the computing and robotic networks. The risks connected with the physical and logical safety of the systems are also included.

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

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

9. Governance and management

This category includes the risk of not having the appropriate management of the Group which might entail a breach of the Corporate Governance and transparency standards.

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

There are also Internal Regulations of Conduct regarding Transactions in Securities and a body designated as the Code Compliance Supervisory Board which, according to Article 10.2.2 of said Regulations, is charged with observing and enforcing the rules of conduct of the Securities Markets and the rules of the IRC itself (Internal Regulations of Conduct), its procedures and further additional regulations, whether present or future.

D.2. Materialization during the fiscal year of the various types of risks affecting the Company and/ or its Group. Circumstances giving rise to them and operation of the control systems established

The risks described in section D.1 above are inherent in the business model and the activity of the Group; therefore they are always present somehow, throughout each financial year. However, none of them has materialized in such a way as to have any significant impact on the Organization during last fiscal year.

D.3. Committee or other governing bodies responsible for establishing and supervising these mechanisms of control. Functions

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

1.- The Board of Directors

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

2.- The Audit and Control Committee

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

The Board of Directors´ Regulations provide that it is incumbent on the Audit and Control Committee, exclusively comprised of Independent Directors of the Group, to supervise the process of the financial information and of the internal control systems of the Group, to check the appropriate type and integrity of said systems, to supervise the duties of the Internal Audit Department of the Company and its Group, approving the budget of the Department and the internal audit plan and supervising the material and human resources thereof, whether internal or external.

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

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

Likewise, according to the Charter, the goals of the Internal Audit function are to promote the existence of appropriate internal control and risk management systems, the homogeneous and efficient application of internal control system policies and procedures which make up such internal control system and to serve as a communication channel between the Organization and the Audit and Control Committee, in relation to those matters that are the responsibility of Internal Audit.

3.- The Steering Committee

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

D.4. Processes of compliance with the various regulations that affect the Company

Among the external risks that affect the Group, a specific category described as "Regulation" has been included, which has been described under section D.2 above. Within this category, it has been thought fit to classify the risks in four groups, depending on the kind of regulation to which they refer and on the potential impact they have on the Group. This classification shall be used to detail the legislation that affects the Group in its operations.

– Consumer and trade legislation which regulates licences for store opening, business hours, sales periods and all that related to retail distribution, as well as those issues regarding the conditions that must be met by the products being sold in stores, especially in relation to the labels and packaging, and generally, all aspects that affect retail sales.

– Tax legislation, relating to the taxes that are charged on the Group's activities and profits.

– Customs legislation, referring to cross-border movements of merchandise.

– Labour legislation, which regulates the relations with its workers as regards salaries, working hours, labour calendar, health and safety, etc.,

– Other legislations, including common legislations for any listed company and specific legislation relating to the activity performed by the Group:

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

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

E.- General meeting of shareholders

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

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

a) To decide on the individual annual accounts of the Company and, if appropriate, on the consolidated accounts of the Company and its Group, as well as on the distribution of the profit.

b) To appoint and dismiss the directors, as well as to confirm or revoke those provisional appointments of directors executed by the Board, and to review the company's management.

c) To appoint and dismiss the auditors of the accounts.

d) To adopt resolutions on the issuance of bonds, the increase or reduction of capital, the reorganization, merger, split-off or dissolution of the Company, the global assignment of assets and liabilities and, in general, any amendment to the company's Articles of Association.

e) To authorize the Board of Directors to increase the company's capital, proceed to the issuance of bonds and other fixed yield securities.

f) To approve the adoption of remuneration systems consisting of the granting of either shares or rights over shares, as well as of any other remuneration system linked to the value of the shares, regardless of who is the beneficiary of such remuneration systems.

g) To approve the Regulations of the General Meeting of Shareholders and their subsequent amendments.

h) To decide on the matters submitted to it by the Board of Directors.

i) To empower the Board of Directors with the powers it deems suitable for unexpected situations.

j) To approve the transactions entailing an effective amendment of the corporate objects and those whose effect is equivalent to that of the liquidation of the Company.

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

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

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

Both the Ordinary and the Extraordinary General Meetings must be convened by the Board of Directors through notice published in the Official Gazette of the Mercantile Registry and in one of the newspapers with the highest circulation in the province where the Company has its registered office, and at least one month in advance of the day appointed for the meeting or the greatest period that is required by law, where appropriate, due to the resolutions submitted for deliberation. The notice must state the day, time and place of the meeting, as well as the date on which, if appropriate, the General Meeting shall be held on second call, and there must be at least a 24-hour period between one call and the other. The notice shall likewise state, clearly and precisely, all the matters to be discussed therein.

No later than the date of publication, or in any event the business day that immediately follows, the notice of the meeting shall be sent by the Company to the CNMV, and to the Governing Organisations of the Securities Markets where the company's shares are listed for its insertion in the relevant Listing Bulletins. The text of the notice shall also be accessible through the company's web page.

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

E.1. Quorum required for the holding of the General Meeting of Shareholders established in the Articles of Association. Differences with the minimum requirements foreseen in the Spanish Corporation Act (SCA)

	Differences of % of quorum required in the SCA for general cases	Differences of % of quorum required in the SCA for special cases
Quorum necessary at first call	50% of the suscribers share capital with the right to vote	
Quorum necessary at second call		

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

Therefore, the only difference between said rules and the provisions of the SCA, both in general (Art. 102) and for special cases (Art. 103), consists of the quorum necessary for the holding of the General Meeting at first call in accordance with Art. 102 of the SCA, that the Articles of Association and the Regulations of the General Meeting of the Company have made equal to the quorum for valid meetings on first call in accordance with Article 103 of the SCA (shareholders who are present or represented by proxy represent at least fifty percent of the subscribed share capital with the right to vote). This enhanced quorum may not be deemed to be a restriction on the control by the Company, since it is only applicable to first calls

This is expressly permitted by Article 102 of the SCA itself, where, after laying down that the General Meeting of Shareholders shall be validly held on first call when the shareholders present or represented by proxy possess, at least, twenty-five per cent of the subscribed voting share capital, it goes on to provide that the Articles of Association can establish a higher quorum.

E.2. Differences with the Spanish Corporation Act for the passing of corporate resolutions.

There are no differences with the Spanish Corporation Act for the passing of corporate resolutions.

E.3. Rights of the shareholders in relation to General Meetings different from those established in the SCA

Within the rights for the shareholders recognised by Article 48 of the SCA, the following can be listed in relation to the General Meetings: the right to attend and to vote in the general meetings and to challenge the resolutions of the Company, and the right of information.

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

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

.

Right to information of the shareholders

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

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

Section E.4 hereof deals with the regulation of the right of information of shareholders covered by the Regulations of the General Meeting. With regard to the information made available to shareholders from notice of the Meeting, these two issues below are established in addition to the provisions of the SCA:

a) The full text of all the proposed resolutions that the Board of Directors submits to the AGM for debate and approval regarding the various items of the agenda; and

b) The following information regarding directors whose ratification or appointment is proposed: a) professional profile and biography; ii) other Boards of Directors where they sit, whether in listed companies or otherwise (except for Boards of property holding companies of the director in question or of his/her next of kin); iii) the category to which they belong, and in case of proprietary directors, stating the shareholders they represent or with whom they have links; iv) date of their first appointment and, as the case may be, of any further appointments to sit on the Board of Directors, and v) the shares in the Company and stock options they hold.

Attendance of General Meetings. Right to Vote

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

Each share entitles its holder to one vote.

Proxies at the General Meeting

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

E.4. Measures taken to promote the participation of the shareholders in the General Meetings

In addition to the publication of the notices provided by Law and in the Articles of Association and of the making available to the shareholders in the registered office of the Company, free of charge, of the information and the documentation related to the agenda of the meeting, the Company publishes the notice of the General Meetings through the corporate web page, including all the relevant documentation to facilitate the attendance and the participation of the shareholders, including the agenda, the directors' reports and the remaining documentation in relation to the General Meeting that is required by Law.

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

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

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

As from the publication of the notice of the Meeting, the Company shall make the following information available to the shareholders.

a) *The documents (such as, among others, the annual accounts, proposals for the distribution of the profit, management reports, auditing reports, directors' reports, proposals for resolutions, literal text of amendments to the Articles of Association, auditors and/or independent experts' reports, merger or split-off plans) which by law must compulsorily be provided in relation to the various items included on the agenda.*

(b) *The full text of the proposed resolutions that the Board of Directors submits to the deliberation and approval of the General Meeting in relation to the different items on the agenda, and all the information regarding directors whose ratification or appointment* *is proposed pursuant to the provisions of the Board of Directors´ Regulations. As an exception, the Board of Directors may omit the publication of those proposals not required by the Law or the Articles of Association to be put at the shareholders' disposal as from the date of the calling of the General Meeting, whenever there are justified reasons that make previous publication not advisable.*

***(c)** Practical data related to the General Meeting and the way in which the shareholders exercise their voting rights, such as, amongst others:*

(i) The communication channels existing between the Company and the shareholders, and namely those explanations necessary for shareholders to exercise their right to information, stating the postal addresses and e-mail addresses where they can address their queries.

(ii) The ways and procedures to grant proxy for the General Meeting.

(iii) The ways and procedures to cast votes through remote communication systems, including where appropriate, the forms to justify the attendance and the exercise of the vote through remote means in the General Meeting.

(iv) Information on the location of the place where the Meeting is to be held and the way to access same.

(v) Information, where appropriate, on the systems or procedures that may facilitate the monitoring of the Meeting, such as simultaneous translation devices, videoconferences , information available in foreign languages, etc.

***d)**Any other information deemed appropriate to facilitate the attendance and participation of the shareholders at the General Meeting.*

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

Article10. Right to information prior to the holding of the General Meeting

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

The Board of Directors must provide the required information except (i) where the Chairman considers that the publicity of the information requested may be detrimental to the Company´s best interests, (nevertheless, this exemption may not be claimed where the request is supported by shareholders representing at least twenty five (25) per cent of the corporate capital; (ii) where the information or clarification requested do not refer to the items on the agenda or to information accessible to the public that the Company has furnished to the CNMV since the last General Meeting was held; (iii) where the information or clarification requested is not considered reasonably necessary in order to reach an opinion over those matters raised to the Meeting or, if by any means, it is considered abusive; or (iv) where legal provisions or regulations so provide.

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

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

Those answers given to significant questions and put at shareholders' disposal prior to the date on which the Meeting is set to be held, shall be at the disposal of the shareholders attending the Meeting at the beginning of the same, and shall also be disseminated though the Company's web page.

The right to information is supplemented by those of attendance and proxy, which are dealt with in sections E.9 and E.10 below.

E.5. Chairmanship of the General Meeting of Shareholders and measures adopted to ensure the independence and good working of the General Meeting

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

Once the board of the General Meeting has prepared the list of the attendees, expressing the nature or proxy of each one and the number of own shares or shares of the proxy-grantors attending the meeting, the Chairman shall declare the Meeting to be validly held; shall submit for its deliberation the business that has to be discussed according to the agenda or the previous agreement of the Universal Meetings; shall direct and order the debates signalling the turns for speaking and granting the floor to those shareholders who have made a written request to speak and then to those who have made a spoken request to speak, and may establish turns for speakers in favour and against the motion and may limit the number of those who may speak in favour or against or the time allowed for each speaker; shall declare the business to have been discussed sufficiently and shall order that the voting thereon proceed, proclaiming the result of the voting after such vote. All of these aspects, as well as others regarding the good working of the General Meeting, are developed in detail in the Regulations of the General Meeting of shareholders.

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

E.6. Modifications introduced during the year in the regulations of the General Meeting

No amendment has been introduced throughout FY2009 into the General Meeting of Shareholders´ Regulations.

E.7. Attendance figures for the General Meetings held during the year to which this report refers

Attendance data

Date General Meeting	14-07-2009
% attendance in person	0.05%
% attendance by proxy	83.12%
% distance voting	0 (1)
Electronic vote	(1)
others	(1)
Total	**83.17%**

(1) A total number of two shareholders cast remote vote by electronic means, and five did so by post mail.

E.8. Resolutions passed in the General Meetings held in the year to which this report refers and the percentage of votes with which each resolution was passed

The General Meeting of Shareholders of Inditex, in its meeting held on 14 July 2009 and in accordance with the items on the agenda, passed the following resolutions, which are summarised below:

"First.- Study and approval, where appropriate, of the annual accounts (Balance Sheet, Profit and Loss Account, Shareholders´ Equity Statement, Cash Flow Statement and Annual Report) and Management Report of Industria de Diseño Textil, S.A. (Inditex, S.A.) for fiscal year 2008, ended 31st January 2009.

The Annual Accounts (Balance Sheet, Profit and Loss Account, Shareholders´ Equity Statement, Cash Flow Statement and Annual Report) and the management report of Industria de Diseño Textil, S.A. (Inditex, S.A.) for fiscal 2008 (ended 31st January 2009), laid by the Board of Directors at its meeting held on 24 March 2009 and signed by all the directors were approved

This resolution was passed with the favourable vote of 99.78% of the voting quorum.

Second.- Study and approval, where appropriate, of the annual accounts (Balance Sheet, Profit and Loss Account, Shareholders´ Equity Statement, Cash Flow Statement and Annual Report) and Management Report of the consolidated group (Inditex Group) for fiscal year 2008, ended 31st January 2009 and of the management of the Company.

The Annual Accounts (Balance Sheet, Profit and Loss Account, Shareholders´ Equity Statement, Cash Flow Statement and Annual Report) and the consolidated management report of the Inditex Group for fiscal 2008 (ended 31st January 2009), laid by the Board of Directors at its meeting held on 24 March 2009 and signed by all the directors were approved.

The management of the Board of Directors of Industria de Diseño Textil, S.A. (Inditex, S.A) for fiscal year 2009 was approved.

This resolution was passed with the favourable vote of 99.78% of the voting quorum.

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

The proposed distribution of the income of fiscal 2008 (ended 31st January 2009), in the amount of six hundred and eighty-three millions, three hundred and forty-four thousand euros, to be distributed as shown below, was approved:

	Thousands of €
To voluntary reserve (minimum amount)	28,847
To dividends (maximum amount to be distributed for a fixed gross dividend of 1.05 euros per share for the aggregate 623,330,400 ordinary shares into which the share capital is divided)	654,497
Total	**683,344**

It was thus resolved to pay the shares with the right to dividends the gross amount of one euro and five cents (1.05 €) per share. Having the gross amount of fifty-five euro cents (0.55 €) been paid last 4 May 2009 as interim dividend, it is thus resolved to pay the shares with a right to dividends, a supplementary dividend in the gross amount of fifty euro cents (0.50 €) per share, remaining amount to add up to the total dividend.

This supplementary dividend shall be paid to shareholders as of 2nd November 2009, through those entities linked to the Spanish Central Securities Depositary, in charge of the Register of Securities, and the Clearing and Settlement of all trades (Iberclear) where they have their shares deposited"

This resolution was passed with the favourable vote of 99.93% of the voting quorum.

Fourth.- Re-election of members of the Board of Directors

a) Re-election of Mr Carlos Espinosa de los Monteros Bernaldo de Quirós, in the capacity of independent external director

The re-election of Mr Carlos Espinosa de los Monteros Bernaldo de Quirós, whose particulars are already recorded with the Companies Register, as member of the Board of Directors for the five-year term provided in the Articles of Association, as from the date of this Annual General Meeting, was approved.

b) Re-election of Mr Francisco Luzón López, in the capacity of independent external director

The re-election of Mr Francisco Luzón López, whose particulars are already recorded with the Companies Register, as member of the Board of Directors for the five-year term provided in the Articles of Association, as from the date of this Annual General Meeting, was approved.

These resolutions were passed with the favourable vote of 88.40% and 88.43% of the voting quorum, respectively.

Fifth.- Re-election of Auditors.

The current Auditors of the company, KPMG Auditores, S.L., with registered address in Madrid, at 95, Paseo de la Castellana, and holder of the Spanish Tax Identification Number (Spanish C.I.F) ES B-78510153, registered with the Official Register of Auditors under number S0702, were appointed as Auditors of the Company to review the annual accounts and the management reports of the Company and the consolidated ones of the Inditex Group, for the term commencing on February 1st, 2009 and ending on January 31st, 2010.

This resolution was passed with the favourable vote of 96.68% of the voting quorum.

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

The Board of Directors was authorised, so that, in accordance with the provisions of Article 75 et seq. of the [Spanish] Corporation Act, it may proceed to the derivative acquisition of its own shares, either directly or through any subsidiaries in which the Company is the controlling company, observing the legal limits and requirements and under the following conditions::

a) Methods of acquisition: the acquisition shall be done through purchase and sale, exchange or dation in payment.

b) Maximum number of shares to be acquired: shares with a nominal value which, added to that of those shares already in the possession of the Company, directly or indirectly, do not exceed 10% 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: five (5) years from the date of this resolution.

For the purposes of the provisions of the last paragraph of Article 75.1 of the [Spanish] Corporation Act, it is hereby stated that the shares acquired hereunder may be allocated by the Company, inter alia, to be handed out to the employees or managers of the Company either directly or as a result of the exercise of any option rights they might hold under the remuneration plans for the staff of the Company or its Group approved by the Annual General Meeting of Shareholders.

This authorization supersedes and cancels the authorization approved by the General Meeting of Shareholders held on 15 July 2008"

This resolution was passed with the favourable vote of 91.17% of the voting quorum

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

It was resolved to delegate in the Board of Directors, expressly empowering it to be substituted by the Executive Committee or by any of its members, as well as to any other person expressly authorised for these purposes by the Board, of the necessary powers as wide as required in law for the correction, development and implementation, at the time that it considers most appropriate, of each of the resolutions passed in this Annual General Meeting.

In particular, it was resolved to empower the Chairman of the Board of Directors, Mr Amancio Ortega Gaona, the First Deputy Chairman and CEO, Mr Pablo Isla Álvarez de Tejera and the Secretary of the Board, Mr Antonio Abril Abadín so that, any of them, jointly and severally, without distinction, and as widely as is necessary in Law, may carry out whatever actions are appropriate to implement the resolutions passed in this General Meeting in order to record them in the Companies Register and in any other Registries, including, in particular, and amongst other powers, that of appearing before a Notary Public to execute the public deeds and notary's certificates that are necessary or expedient for such purpose, correct, rectify, ratify, construe or supplement the agreements and execute any other public or private document that is necessary or appropriate so that the resolutions passed are implemented and fully registered, without the need for a new resolution of the

Annual General Meeting, and to proceed to the mandatory filing of the individual and consolidated annual accounts with the Companies Register.

This resolution was passed with the favourable vote of 99.93% of the voting quorum

The full text of these resolutions is made available to the public as of 15 July 2009 on the corporate website (www. inditex.com) and also on the web site of CNMV.

E.9. By-law restrictions requiring a minimum number of shares to attend the General Meeting of Shareholders

There are no by-law restrictions requiring a minimum number of shares to attend the General Meeting of Shareholders.

E.10. Policies followed by the Company in relation to proxies in the General Meeting of Shareholders

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

> 1.-*Any shareholder who has the right to attend may be represented by a proxy in the General Meeting, even if the proxy is not a shareholder. Each Meeting shall require such proxy to be conferred in writing and for each proxy to be specifically granted for each particular meeting. Said requirement shall not apply when the proxy is the spouse, ancestor or descendant of the represented person, nor when the proxy holds a general power of attorney conferred by public document with powers to administer all the estate that the represented person has on national territory. Shareholders may not be represented in a General Meeting by more than one proxy.*
>
> *2. Proxies may be granted by postal or electronic mail, and in this case, the provisions of Article 23 of the Corporate by-laws regarding the casting of votes in such manners, shall apply, provided that it is not incompatible with the nature of proxy.*
>
> *3. Proxies shall be included in the list of members in attendance, stating in case they are granted in a public document, the date of execution, the authorizing Notary, and the number of the record. Notwithstanding the above, the person acting as Chairman of the General Meeting in accordance with the provisions of Article 22 of the Articles of Association, may ask the proxy to provide the documentation that proves the nature of its representation. The Company shall keep a record of those documents containing the conferred representations proxies granted.*
>
> *4. Proxies can always be revoked. The attendance of the proxy-giver at the Meeting, either in person, or having effected the vote by remote communication systems, shall have the effect of a revocation, regardless of the date on which the proxy was granted.*
>
> *5. Unless the proxy-giver so indicates, should the proxy be in a conflict of interests, it shall be assumed that the proxy-giver has appointed as proxies as well, jointly and in succession, the Chairman of the General Meeting, and if this should also be in conflict of interest, the Secretary of the General Meeting, and if this should also be in conflict of interest, the Capital Markets Director of the Company.*
>
> *6. If no instructions regarding the vote on proposals of the agenda were given, it shall be understood that the proxy shall vote in favour of said proposals submitted by the management body. If no instructions regarding the vote on proposals not included on the agenda were given, it shall be understood that the proxy shall vote against said proposals.*
>
> *7. Where the document containing the proxy or delegation is submitted to the Company without expressly stating the name of the proxy, it shall be assumed that the proxy-giver has appointed as proxies as well, jointly and in succession, the Chairman of the General Meeting, and if this should also be in conflict of interest, the Secretary of the General Meeting, and if this should also be in conflict of interest, the Capital Markets Director of the Company.*

E.11. Institutional investors policy as to participation or lack of participation in the Company's decisions

The share capital of Inditex is represented by the book-entry system and there is no shareholders' register. The Company is not expressly aware nor has it received any notice regarding the policy of the institutional shareholders with respect to participation in company decision-making.

E.12. Address and means of access to the corporate governance content on your web site

The address of the corporate website of Inditex is www.inditex.com.

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

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

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

- Rules and regulations: Articles of Association, the Regulations of the General Meeting of Shareholders and the Board of Directors' Regulations and the Internal Regulations of Conduct Regarding Transactions in Securities.

- Shareholding structure: share capital, number of shares, significant holdings, information on treasury stock, etc.

- The General Meeting of Shareholders: notices of meeting, agendas of meetings, proposed resolutions, reports from the members of the Board, full texts of the documents put forward to the General Meeting for their approval or that are submitted thereto for its information, presentations given, quorums, resolutions passed, votes cast and which way they were cast.

- Board of Directors: composition of the Board, of the Executive Committee, of the Audit and Control Committee and the Nomination and Remuneration Committee, with details of the different categories of directors and the positions they hold in each of the committees or bodies; shares held in the Company by the Board of Directors and remuneration policy.

- Relevant facts and other communications

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

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

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

F.- Degree to which the good governance recommendations have been followed

Degree of conformance of the Company to the recommendations of the Unified Code on Good Governance

1. The By-Laws of listed companies do not limit the maximum number of votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of the acquisition of its shares on the market

See sections: A.9 , B.1.22 , B.1.23 and E.1 , E.2.

Complies [x] Explain [ ]

2. When both the parent company and a company controlled by it are listed companies, they both provide detailed public disclosure on:

a) Their respective areas of activity, and any business dealings between them, as well as between the controlled listed company and other companies belonging to the group;

b) The mechanisms in place to resolve any conflicts of interest that may arise.

See sections: C.4 and C.7

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [x]

3. Even if not expressly required under applicable commercial Laws, transactions involving a structural change of the company and, in particular, the following, are submitted to the shareholders at the General Meeting of Shareholders for approval:

a) The transformation of listed companies into holding companies through "subsidiarization" or reallocating core activities to controlled entities that were previously carried out by the company itself, even if the latter retains full ownership of the former;

b) The acquisition or disposal of key operating assets, when it involves an actual change in the corporate purpose;

c) Transactions whose effect is tantamount to the liquidation of the Company.

Complies [x] Complies in part [ ] Explain [ ]

Although the case described under letter a) of this Recommendation is not expressly covered in the General Meeting of Shareholders´ Regulations, Chapter III of Act 3/2009 of 3 April on the structural amendments of private companies, expressly governs the segregation (full transfer on account of universal succession of one or several parts of the assets of one company, each of which sets an economic unit, to one or several companies, and the segregated company receives shares of the beneficiary companies) and the "subsidiarization" (full transfer of the assets of a company to a newly incorporated company, in exchange for the full stock of the beneficiary company) of private companies, by submitting the above referred transactions (segregation and subsidiarization) to the regulation of split-off, where appropriate.

Therefore, such transactions which basically encompass the case referred to under letter a) of this Recommendation should be subject to the prior approval of the Annual General Meeting of Shareholders, pursuant to the provisions of the above referred Act 3/2009 of 3 April.

4. Detailed proposals of the resolutions to be adopted at the Annual General Meeting, including the information to which recommendation 28 refers, are made public at the time of publication of the notice of the General Meeting of Shareholders.

Complies [x] Explain [ ]

5. Matters that are substantially independent are voted on separately at the General Meeting of Shareholders, in order to allow the shareholders to express their voting preferences separately. This rule applies, in particular:

a) To the appointment or ratification of directors, which shall be voted on individually;

b) In the event of amendments of the Articles of Association, to each article or group of articles that are substantially independent of one another.

See section: E.8

Complies [x] Complies in part [ ] Explain [ ]

6. Companies allow split votes so financial intermediaries who are recorded as having shareholder status but act for different clients can divide their votes in accordance with the instructions given by such clients.

See section: E.4

Complies [x] Explain [ ]

7. The Board performs its duties with a unity of purpose and independent judgment, affording equal treatment to all shareholders in furtherance of the corporate interests, which shall be understood to mean the optimization, in a sustained fashion, of the financial value of the Company.

It likewise ensures that in its dealings with stakeholders, the Company abides by the laws and regulations, fulfils its obligations and contracts in good faith, respects the customs and good practices of the industries and territories in which it operates and upholds any other social responsibility standards to which it has voluntarily adhered.

Complies [x] Complies in part [ ] Explain [ ]

8. The Board assumes responsibility, as its core mission, for approving the company's strategy and the organization required to put it into practice, and to ensure that Management meets the goals set while pursuing the company's interest and corporate purpose. As such, the Board in plenary session reserves for itself the right to approve:

a) The company's policies and general lines of strategy, and in particular:

i) The Strategic or Business Plan as well as the management goals and annual budgets;

ii) The investment and financing policy;

iii) The design of the structure of the corporate group;

iv) The corporate governance policy;

v) The corporate social responsibility policy;

vi) The policy for compensation and assessment of the performance of senior managers;

vii) The risk control and management policy, as well as the periodic monitoring of internal information and control systems.

viii) The dividend policy and the policy regarding treasury stock and, especially, the limits thereto.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

i) At the proposal of the Chief Executive of the Company, the appointment and, if applicable, removal of senior managers, as well as their severance packages.

See section: B.1.14.

ii) The compensation of directors and, in the case of executive directors, the additional compensation to be paid for their executive duties and other terms of their contracts.

See section: B.1.14.

iii) The financial information that the Company must periodically disclose publicly due to its status as listed company.

iv) Investments or transactions of all kinds which are strategic in nature due to the large amount or special characteristics thereof, unless approval thereof falls upon the shareholders at the General Meeting of Shareholders.

v) The creation or acquisition of interests in special-purpose entities or entities registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature whose complexity might impair the transparency of the group.

c) Transactions made by the Company with directors, with significant shareholders or shareholders with Board representation, or with other persons related thereto ("related-party transactions").

However, Board authorization need not be required in connection with related-party transactions that simultaneously meet the following three conditions:

1st. They are governed by standard-form agreements applied on an across-the-board basis to a large number of clients;

2nd. They are conducted at prices or rates generally set by the party acting as supplier of the goods or services in question;

3d. The amount thereof is not higher than 1% of the annual revenues of the Company

It is recommended that related-party transactions be approved by the Board after favorable report of the Audit and Control Committee or, where appropriate, such other committee handling the same function; and that the directors affected thereby should neither exercise nor delegate their votes, and should be absent from the meeting room while the Board deliberates and votes on the transaction.

It is recommended that the powers granted herein to the Board are conferred without the power of delegation, except for those mentioned under b) and c) above, which may, for urgent reasons, be adopted by the Executive Committee subject to subsequent ratification by the Board in plenary session.

See sections: C.1 and C.6

Complies [x] Complies in part [ ] Explain [ ]

9. In order to operate effectively and in a participatory manner, the Board ideally is comprised of no few than five and no more than fifteen members.

See section: B.1.1

Complies [x] Explain [ ]

10. External, proprietary and independent directors, are a vast majority on the Board and the number of executive directors is the minimum necessary number, bearing in mind the complexity of the corporate group and the percentage interest held by the executive directors in the Company's share capital.

See sections: A.2, A.3, B.1.3 and B.1.14.

Complies [x] Complies in part [ ] Explain [ ]

11. If there is an external director who cannot be deemed either proprietary or independent, the Company explains such circumstance and the links such director maintains with the Company or its managers or with its shareholders

See section: B.1.3

Complies [x] Explain [ ] Not applicable [ ]

12. Among external directors, the relation between the number of proprietary directors and independent directors reflects the proportion existing between the share capital of the Company represented by proprietary directors and the rest of its capital.

This strict proportionality standard can be relaxed so that the weight of proprietary directors is greater than would correspond to the total percentage of the share capital that they represent:

1st In large cap companies where few or no equity stakes attain the legal threshold as significant, but there are shareholders holding interests with a high absolute value.

2nd. In case of companies with a plurality of shareholders represented on the Board but not otherwise related.

See sections: B.1.3, A.2 and A.3

Complies [x] Explain [ ]

13. The number of independent directors represents at least one-third of the total number of directors.

See section: B.1.3

Complies [x] Explain [ ]

14. The status of each director is explained by the Board at the General Meeting of Shareholders at which the shareholders are to make or ratify their appointment and that such status is confirmed or reviewed, as the case may be, annually in the Annual Corporate Governance Report, after verification by the Nomination and Remuneration Committee. Said report also discloses the reasons for the appointment of proprietary directors at the proposal of shareholders controlling less than 5% of the share capital, as well as the reasons for not having accommodated formal petitions, if any, for presence on the Board from shareholders whose equity stake is equal to or greater than that of others at whose proposal proprietary directors have been appointed.

See sections: B.1.3 and B.1.4

Complies [x] Complies in part [ ] Explain [ ]

15. Where female directors are few or non-existent, the Board explains the reasons for this situation and the measures taken to correct it; and in particular, the

Nominating Committee takes steps to ensure that, when new vacancies are filled:

a) Recruitment processes do not have an implied bias that hinders the recruitment of female directors;

b) The Company deliberately seeks women with the target professional profile and includes them among the potential candidates.

See sections: B.1.2, B.1.27 and B.2.3.

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [x]

16. The Chairman, being responsible for the effective running of the Board, ensures that directors receive adequate information in advance of Board meetings; promotes debate and the active involvement of directors during Board meetings; safeguards their rights to freely take a position and express their opinion; and, working with the chairmen of the appropriate committees, organises and coordinates regular evaluations of the Board and, where appropriate of the Chief Executive Officer.

See section: B.1 42

Complies [x] Complies in part [ ] Explain [ ]

17. Where the Chairman of the Board is also the Chief Executive Officer, one of the independent directors is authorized to request the calling of a Board meeting or the inclusion of new items on the agenda; to coordinate and echo the concerns of external directors; and to lead the Board's evaluation of the Chairman.

See section: B.1.21

Complies [ ] Complies in part [x] Explain [ ] Not applicable [ ]

Further to the amendment to the regulations approved during the session of the Board held on 11 December 2007, Article 18 of the Board of Directors´ Regulations includes word for word, the provisions of this Recommendation, being thus the independent director and Second Deputy Chairman, Mr Carlos Espinosa de los Monteros Bernaldo de Quirós, entitled to request, being this request mandatory for the Chairman, the calling of a Board meeting, and the inclusion of new items on the agenda, as well as to coordinate and echo the concerns of the external directors. However, the power to lead the Board´s evaluation of the Chairman has not been included since, as it is explained under Recommendation 22 below, the Board has not deemed it necessary to assess the performance by the Chairman of the Board of his/her duties.

18. The Secretary of the Board takes particular care to ensure that the Board's actions:

a) **Adhere to the letter and the spirit of laws and their implementing regulations, including those approved by the regulatory authorities;**

b) Comply with the Articles of Association and the General Meeting of Shareholders' Regulations, the Board of Directors´ Regulations and other regulations of the Company;

c) Are informed by those good governance recommendations included in this Unified Code as the Company has subscribed to.

And, in order to safeguard the independence, impartiality and professionalism of the Secretary, his/her appointment and removal are reported by the Nominating Committee and approved by the Board in plenary session; and that such appointment and removal procedures are set forth in the Board's Regulations

See section: B.1.34

Complies [x] Complies in part [ ] Explain [ ]

19. The Board meets with the frequency required to perform its duties efficiently, in accordance with the calendar and agendas set at the beginning of the fiscal year, and that each Director is entitled to propose items of the agenda that were not originally included therein.

See section: B.1.29

Complies [x] Complies in part [ ] Explain [ ]

20. Directors' absences are limited to unavoidable cases and quantified in the Annual Corporate Governance Report. And when there is no choice but to grant a proxy, it is granted with instructions.

See sections: B.1.28 and B.1.30

Complies [x] Complies in part [ ] Explain [ ]

21. Where directors or the Secretary express concerns about a proposal or, in the case of the directors, regarding the running of the Company, and such concerns have not been resolved at a Board meeting, such concerns are recorded in the minutes at the request of the person expressing them.

Complies ☐ Complies in part ☐ Explain ☐ Not applicable ☒

22. The Board in plenary session evaluates the following on a yearly basis: :

a) The quality and efficiency of the running of the Board;

b) On the basis of the report submitted by the Nomination and Remuneration Committee, the performance of their duties by the Chairman of the Board and by the Chief Executive Officer;

c) The running of its Committees, on the basis of the report they submit;

See section: B.1.19

Complies ☐ Complies in part ☒ Explain ☐

This Recommendation has been fully included in the Board of Directors´ Regulations, except for the assessment of the performance by the Chairman of said body of his duties (although the performance of the duties by the Chief Executive of the Company is actually subject to assessment)

The Board of Directors has not deemed it necessary to carry out an assessment periodically and in an ongoing manner of the performance by the Chairman and Founder of the Company of his duties, it being more appropriate to focus on the assessment of the performance by the Chief Executive Officer and First Deputy Chairman of his executive duties.

23. All directors are able to exercise the right to request any additional information they require on matters within the Board's competence. Unless the Articles of Association or the Board provide otherwise, such requests are addressed to the Chairman or the Secretary of the Board.

See section: B.1.42

Complies ☒ Explain ☐

24. All directors are entitled to call on the Company for the advice they need to carry out their duties. The Company provides suitable channels for the exercise of this right, which, in special circumstances, may include external advice at the company's expense.

See section: B.1.41

Complies ☒ Explain ☐

25. Companies organise induction programmes for new Directors to rapidly and adequately acquaint them with the Company and its corporate governance rules. Directors are also offered refresher training programmes when circumstances so advise.

Complies ☒ Complies in part ☐ Explain ☐

26.Companies require that directors devote sufficient time and effort to perform their duties efficiently, and, as such:

a) Directors inform the Nomination and Remuneration Committee of their other professional duties, in case they might detract from the necessary dedication;

b) Companies lay down rules about the number of boards on which their directors may sit.

See sections: B.1.8, B.1.9 and B.1.17

Complies ☒ Complies in part ☐ Explain ☐

27. The proposal for the appointment or re-election of directors that the Board submits to the shareholders at the General Meeting of Shareholders, as well as their interim appointment through the co-option system, are approved by the Board:

a) On the proposal of the Nomination and Remuneration Committee, as regards independent directors;

b) After report of the Nomination and Remuneration Committee, as regards the remaining directors.

See section: B.1.2

Complies ☒ Complies in part ☐ Explain ☐

28. Companies post the following information regarding directors on their websites, and keep such information updated:

a) Professional and biographical profile;

b) Other Boards of Directors of listed or unlisted companies on which they sit;

c) Indication of the director's category, stating, as regards proprietary directors, the shareholder they represent or to whom they are related.

d) Date of their first and subsequent appointments as a company director; and

e) Shares held in the company and options thereon held by them.

Complies [x] Complies in part [ ] Explain [ ]

29. Independent directors do not hold office as such for a straight period of more than 12 years.

See section: B.1.2

Complies [x] Explain [ ]

30. Proprietary directors tender their resignation when the shareholder they represent sells its entire shareholding interest. The appropriate number of them does likewise when such shareholder reduces its interest to a level that requires the reduction of the number of its proprietary directors.

See sections: A.2, A.3 and B.1.2

Complies [x] Complies in part [ ] Explain [ ]

31. The Board of Directors does not propose the removal of any independent director prior to the expiration of the term, set in the Articles of Association, for which he/she was appointed, except where good cause is found by the Board upon a prior report of the Nomination and Remuneration Committee. In particular, good cause shall be deemed to exist whenever the director has failed to perform the duties inherent in his /her position or comes under any of the circumstances described in section III.5 (Definitions) of this Code.

The removal of independent directors may also be proposed as a result of Tender Offers, mergers or other similar corporate transactions that entail a change in the share capital structure of the Company, when such changes in the structure of the Board follow from the proportionality standard mentioned in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

Complies [ ] Explain [x]

Article 24 of the Board of Directors´ Regulations requires a prior report of the Nomination and Remuneration Committee for the proposed early dismissal by any independent director before his/her tenure expires, but it has not been deemed necessary to include into these regulations the provision pursuant to which this proposal need not be submitted unless there is good cause. Anyway, no proposal for the early dismissal of any independent director has been submitted so far.

32. Companies establish rules obliging directors to report and, if appropriate, to resign in those instances as a result of which the credit and reputation of the Company might be damaged and, in particular, they require that such directors report to the Board any criminal charges brought against them, and the progress of any subsequent proceedings.

If a director is indicted or tried for any of the crimes described in Section 124 of the Spanish Corporation Act, the Board examines the matter as soon as practicable and, in view of the particular circumstances thereof, decides whether or not it is appropriate for the director to continue to hold office. And the Board provides a substantiated account thereof in the Annual Corporate Governance Report.

See sections: B.1.43, B.1.44

Complies [x] Complies in part [ ] Explain [ ]

33. All directors clearly express their opposition when they feel that any proposed resolution submitted to the Board might be contrary to the best interests of the Company. And in particular, independent directors and the other directors not affected by the potential conflict of interest do likewise in the case of decisions that could be detrimental to the shareholders lacking Board representation.

Where the Board adopts material or reiterated resolutions about which a director has expressed serious reservations, such director draws the pertinent conclusion and if he/

she chooses to resign, sets out the reasons in the letter referred to in the next Recommendation.

This Recommendation also applies to the Secretary of the Board, even if he/she is not a director.

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [x]

34. Directors who give up their place before their tenure expires, through resignation or otherwise, explain the reasons in a letter sent to all members of the Board. Without prejudice to such withdrawal being communicated as a relevant fact, the reason for the withdrawal is explained in the Annual Corporate Governance Report.

See section: B.1.5

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [x]

35. The compensation policy approved by the Board specifies at least the following points:

a) The amount of the fixed components, with a breakdown showing the fees, if any, for attending the meetings of the Board and its Committees and an estimate of the fixed annual fixed compensation they give rise to;

b) The items of the variable remuneration, including, in particular:

i) The categories of directors to which they apply, as well as an explanation of the relative weight of variable to fixed compensation items.

ii) Performance evaluation criteria used to calculate entitlement to compensation in shares, share options or any other variable component;

iii) Main parameters and grounds for any system of annual bonuses or other non-cash benefits; and

iv) An estimate of the absolute amount of variable compensation arising from the proposed compensation plan, as a function of the degree of compliance with benchmark assumptions or targets.

c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar systems), with an estimate of the amount thereof or the equivalent annual cost.

d) Terms and conditions that must be included in the contracts of executive directors performing senior management duties, which will include:

i) Term;

ii) Notice periods; and

iii) Any other provisions relating to hiring bonuses, as well as indemnity or golden parachute provisions in the event of early or other termination of the contractual relationship between the Company and the executive director.

See section: B.1.15

Complies [x] Complies in part [ ] Explain [ ]

36. Remuneration paid by means of delivery of shares in the company or companies that are members of the group, share options or instruments indexed to the price of the shares, and variable compensation linked to the company's performance or pension schemes is confined to executive directors.

This recommendation shall not apply to the delivery of shares when such delivery is subject to the condition that the directors hold the shares until they cease to hold office as directors.

See sections: A.3, B.1.3

Complies [x] Explain [ ]

37. The remuneration of external directors is such as is necessary to compensate them for the dedication, qualifications and responsibility required by their position, but is not so high as to jeopardize their independence.

Complies [x] Explain [ ]

38. The compensation linked to company results takes into account any qualifications included in the external auditor's report that reduce such earnings.

Complies [ ] Explain [ ] Not applicable [x]

39. In the case of variable compensation, compensation policies include technical safeguards to ensure that such compensation reflects the professional performance of the beneficiaries thereof and not simply the general performance of the markets or of the industry in which the company does business or circumstances of this kind.

Complies [x] Explain [ ] Not applicable [ ]

40. The Board submits a report on director compensation policy to the vote of the shareholders at a General Shareholders' Meeting, as a separate item on the agenda and for advisory purposes. This report is made available to the shareholders separately or in any other manner that the Company deems appropriate.

Such report shall focus especially on the compensation policy the Board has approved for the current year, as well as on the policy, if any, established for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will emphasize the most significant changes in such policies with respect to the policy applied during the fiscal year prior to that to which the General Shareholders' Meeting refers. It shall also include an outline of the manner in which the compensation policy was applied in such prior fiscal year.

See section: B.1.16

Complies [ ] Complies in part [x] Explain [ ]

Pursuant to the provisions of Article 28 of the Board of Directors´ Regulations, this body must approve (as it has been done in the session held on 10 June 2008), upon proposal of the Nomination and Remuneration Committee, a report on the remuneration of directors with the scope covered by this Recommendation.

This report is published on the website of the Company and is made available to all shareholders together with the notice of the Annual General Meeting of Shareholders; the Company considers this transparency to be sufficient and, therefore, the consultative vote regarding said report needs not be introduced.

With this respect, it must be borne in mind that the General Meeting of Shareholders is charged with approving the remuneration system for directors and the amount thereof; therefore, it is not deemed necessary to submit a resolution whose contents have been previously approved by said body to a subsequent consultative vote of the General Meeting of Shareholders. As it has been explained in section B.1.14 hereof, wherein the system to determine remuneration of directors is described, the Company expressly avoids the use of a generic and undetermined system to fix the remuneration of the Board of Directors consisting of a reference to the Board having a share in the profits of the Company. Conversely, it is provided in Article 33.1 of the Articles of Association that "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 accordance with such provision, it was resolved by the Annual General Meeting held on 15 July 2006 – as amended by the AGM held on 18 July 2008 - to fix, for an indefinite term, the remuneration of the directors of the Company on account of the performance of their duties as board members, as it is explained below under item 41.

41. The Annual Report list the individual compensation of directors during the fiscal year, including:

a) A breakdown of the compensation of each director, to include where appropriate:

i) Attendance per diem or other fixed compensation received as a director;

ii) The additional compensation received as chairman or member of a Board committee;

iii) Any compensation received under profit-sharing or bonus schemes, and the reason for the accrual thereof;

iv) Contributions on the director's behalf to defined-contribution pension plans; or any increase in the director's vested rights, in the case of contributions to defined-benefit plans;

v) Any severance package agreed or paid;

vi) Any compensation received as a director of other companies in the group;

vii) Compensation for the performance of senior management duties by executive directors;

viii) Any item of compensation other than those listed above, of whatever nature and provenance within the group, especially when it is deemed to be a related-party transaction or when the omission thereof detracts from a true and fair view of the total compensation receive

b) A breakdown of any delivery to directors of shares, share options or any other instrument indexed to the price of the shares, specifying:

i) Number of shares or options awarded during the year, and the terms and conditions for the exercise thereof;

ii) Number of options exercised during the year, specifying the number of shares involved and the exercise price;

iii) Number of options outstanding at the end of the year, specifying their price, date and other requirements for exercise;

iv) Any change during the year in the terms for the exercise of previously-awarded options.

c) Information on the relationship, in such past fiscal year, between the compensation received by executive directors and the profits or other measures of performance of the Company.

Complies ☐ Complies in part ☒ Explain ☐

Pursuant to the explanations included under item 40 above, it was resolved by the Annual General Meeting of Shareholders held by the Company on 15 July 2008, the contents of which are transcribed under section B.1.14 hereof (as well as on the website in the section "Information for Shareholders and Investors"), to approve the current remuneration of the directors on account of the exercise of their collegiate duties of supervision and control, i.e., their duties as directors.

Additionally, section B.1.11.a) hereof covers the aggregate remuneration of directors on account of different criteria (remuneration item, on account of their sitting on other boards and/or their being senior managers of the Group companies and of their belonging to a category of director).

Pursuant to the foregoing, the following information may be gathered: a) the individual remuneration of each and every Board member in their capacity as directors, including the aggregate remuneration of the Chairman of the Board, Mr Amancio Ortega Gaona; and, b) the aggregate remuneration of executive directors on account of the exercise of their senior management duties. The foregoing information is deemed to be complete and thorough.

42. Where there is an Executive Committee (hereinafter, the "Executive Committee"), the breakdown of its members by director category is similar to that of the Board, and its secretary is the Secretary of the Board.

See sections: B.2.1 and B.2.6

Complies ☐ Complies in part ☒ Explain ☐ Not applicable ☐

Pursuant to the breakdown of members of the Executive Committee provided in section B.2.1 hereunder, the structure by categories of Board members who sit on the Executive Committee is slightly different from the current structure of directors of the Board by categories, since the Company has deemed it fit that all executive directors should sit on the Executive Committee, whereas the remaining two directors –one proprietary (Gartler, S.L.) and one independent – are not part of the Executive Committee.

43. The Board is always kept informed of the matters dealt with and the resolutions adopted by the Executive Committee, and all members of the Board receive a copy of the minutes of the meetings of the Executive Committee.

Complies ☐ Explain ☐ Not applicable ☒

44. In addition to the Audit Committee mandatory under the Stock Exchange Act, the Board of Directors forms a single Nomination and Remuneration Committee as a separate committee of the Board, or a Nomination Committee and a Remuneration Committee.

The rules governing the make-up and operation of the Audit and Control Committee and the Nomination and Remuneration Committee or committees are set forth in the Board´s Regulations, and include the following:

a) The Board appoints the members of such Committees, taking into account the background, knowledge, qualifications and experience of the Directors and the responsibilities of each Committee, discusses its proposals and reports, and receives a report, at the first meeting of the full Board following

the meetings of such committees, on their activities and the work.

b) These Committees are formed exclusively of external directors and have a minimum of three members. The foregoing is without prejudice to the attendance of executive directors or senior managers, when expressly resolved by the members of the Committee.

c) the Chairmen of the Committee are independent directors.

d) They may receive external advice, whenever they feel this is necessary for the discharge of their duties.

e) Minutes are prepared of their meetings, and a copy sent to all Board members.

See Sections: B.2.1 and B.2.3

Complies [x] Complies in part [ ] Explain [ ]

45. Supervising compliance with internal codes of conduct and corporate governance rules is entrusted to the Audit and Control Committee, the Nomination and Remuneration Committee or, if they exist separately, to the Compliance or Corporate Governance Committee.

Complies [x] Explain [ ]

46. The members of the Audit and Control Committee and, particularly, the Chairman thereof, are appointed taking into account their background, knowledge and experience in accounting, auditing and risk management matters.

Complies [x] Explain [ ]

47. Listed companies have an internal audit function which, under the supervision of the Audit and Control Committee, ensures the smooth operation of the information and internal control systems.

Complies [x] Explain [ ]

48. The head of internal audit submits to the Audit and Control Committee his/her annual work plan; reports to it directly on any issues arising in the execution of such plan; and submits an activities report to it at the end of each fiscal year.

Complies [x] Complies in part [ ] Explain [ ]

49. Risk control and management policy specifies at least:

a) The different types of risk (operational, technological, financial, legal, reputational, etc.) the Company is exposed to, including contingent liabilities and other off-balance sheet risks among financial or economic risks.

b) The determination of the risk level the Company sees as acceptable;

c) Measures in place designed to mitigate the impact of the risks identified, should they materialize;

d) The internal reporting and control systems to be used to monitor and manage the above risks, including contingent liabilities and off-balance sheet risks.

See Section: D

Complies [x] Complies in part [ ] Explain [ ]

50. It is incumbent on the Audit and Control Committee:

1st With respect to the internal control and reporting systems:

a) To monitor the preparation and the integrity of the financial information relating to the Company and, if appropriate, to the group, checking compliance with legal requirements, the appropriate demarcation of the scope of consolidation, and the correct application of accounting standards.

b) To periodically review internal control and risk management systems so main risks are properly identified, managed and disclosed.

c) To ensure the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of the internal audit service; propose the department's budget; receive regular reports on its activities; and verify that senior management takes into account the findings and recommendations of its reports.

d) To establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate, anonymously, potentially significant irregularities within the Company that they detect, in particular financial or accounting irregularities.

2nd With respect to the external auditor:

a) To make recommendations to the Board for the selection, appointment, reappointment and replacement of the external auditor, and the terms of its engagement.

b) To receive regular information from the external auditor on the audit plan and the results of the implementation thereof, and check that senior management takes its recommendations into account.

c) To monitor the independence of the external auditor, to which end:

i) The Company reports a change of auditor to the CNMV as a relevant fact, accompanied by a statement of any disagreements with the outgoing auditor and the reasons for the same.

ii) The Committee ensures that the Company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, all other regulations established to safeguard the independence of the auditors;

iii) In the event of resignation of the external auditor, the Committee investigates the circumstances that may have given rise thereto.

d) In the case of groups, the Committee favours the auditor of the group assuming responsibility for the audits of the companies that form part thereof.

See Sections: B.1.35, B.2.2, B.2.3 and D.3

Complies [x] Complies in part [ ] Explain [ ]

51.The Audit and Control Committee may cause any company employee or manager to appear before it, and even order their appearance without the presence of any other manager.

Complies [x] Explain [ ]

52. The Audit and Control Committee reports to the Board, prior to the adoption thereby of the corresponding decisions, on the following matters specified in Recommendation 8:

a) The financial information that the Company must periodically make public due to its status as a listed company. The Committee should ensure that interim financial statements are prepared under the same accounting standards as the annual financial statements and, to this end, consider whether a limited review by the external auditor is appropriate.

b) The creation or acquisition of interests in special-purpose entities or entities registered in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Related-party transactions, unless such prior reporting duty has been assigned to another supervision and control committee.

See Sections: B.2.2 and B.2.3

Complies [x] Complies in part [ ] Explain [ ]

53. The Board of Directors endeavours to present the annual accounts to the shareholders at the General Shareholders' Meeting without reservations or qualifications in the auditor's report and, in the exceptional instances where they do exist, both the Chairman of the Audit and Control Committee and the auditors give a clear account to the shareholders of the content and scope of such reservations or qualifications.

See Section: B.1.38

Complies [x] Complies in part [ ] Explain [ ]

54. The majority of the members of the Nomination Committee –or of the Nomination and Remuneration Committee, if one and the same– are independent directors.

See Section: B.2.1

Complies [x] Explain [ ] Not applicable [ ]

55. The Nomination and Remuneration Committee has the following duties, in addition to those stated in the earlier Recommendations:

a) To assess the qualifications, background knowledge and duties and qualifications required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.

b) To examine or organise, in the manner it deems appropriate, the succession of the Chairman and the Chief Executive and, if appropriate, make proposals to the Board for such succession to take place in an orderly and well-planned manner.

c) To report on senior manager appointments and removals that the Chief Executive proposes to the Board.

d) To report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: B.2.3

Complies [x] Complies in part [ ] Explain [ ] Not applicable [ ]

56. The Nomination and Remuneration Committee consults with the Company's Chairman and Chief Executive, especially on matters relating to executive directors.

And that any Board member may request that the Nomination and Remuneration Committee consider possible candidates to fill vacancies for the position of director, if it finds them suitably qualified.

Complies [x] Complies in part [ ] Explain [ ] Not applicable [ ]

57. The Nomination and Remuneration Committee is responsible for the following duties, in addition to those set forth in the earlier recommendations:

a) To propose to the Board of Directors:

i) The compensation policy for directors and senior managers;

ii) The individual compensation of executive directors and other terms of their contracts.

iii) The basic terms and conditions of the contracts with senior managers.

b) To ensure compliance with the compensation policy set by the Company.

See sections: B.1.14, B.2.3

Complies [x] Complies in part [ ] Explain [ ] Not applicable [ ]

58. The Nomination and Remuneration Committee consults with the Chairman and Chief Executive of the Company, especially on matters relating to executive directors and senior managers. .

Complies [x] Explain [ ] Not applicable [ ]

G.- Other information of interest

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

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

All relevant information on corporate governance for fiscal 2008, which commenced on 1 February 2009 and closed on 31 January 2010, is included in this Report, excepting those other cases in which other dates of reference are specifically mentioned.

Mandatory definition of independent director:

None of the independent directors has or has had any relationship with the Company, its significant shareholders or its managers which, had it been sufficiently significant or important, would have resulted in the director not qualifying for consideration as independent pursuant to the definition set forth in sub-section 5 of the Unified Good Governance Code.

Yes ☐ No ☒

Activities Report Audit and Control Committee

Preliminary

The Board of Directors of INDUSTRIA DE DISEÑO TEXTIL, S.A. (Inditex, S.A.) (hereinafter, Inditex) has been amending its rules on corporate governance in line with the most demanding trends on the subject and in accordance with the good governance codes and, where appropriate, the regulations approved on this matter. Amongst said adjustments and amendments are those affecting the Board of Directors´ Regulations, out of which those aimed at enhancing the tasks of the Audit and Control Committee, either by extending its duties or by allocating new ones thereto, such as that of drawing up an annual activities report, shall be stressed.

This document drawn up by the Audit and Control Committee of Inditex, in the session held on 7 June 2010 is the seventh annual activities report prepared in compliance with the provisions of Article 14.2 (o) currently in force of the Board of Directors´ Regulations of the Company.

The Audit and Control Committee of Inditex: origin and evolution, regulations and composition

Origin and evolution

The Board of Directors of Inditex, in the meeting held on 20 July 2000, approved the Board of Directors´ Regulations, under the provisions of Article 29.3 of the Articles of Association and in order to adjust to the guidelines of the report drawn up by the Special Commission for the study of an Ethics Code for corporate governance (the "Olivencia Code").

Article 14 of said Regulations established the Audit and Control Committee (first known as Audit and Compliance Committee), with powers similar to those which were later acknowledged by law, since Act 24/1988, of 28 July, governing the Stock Exchange (LMV) incorporated them, as amended by the Financial Act in November 2002.

Subsequently, in its meeting of 20 March 2003, the Board of Directors resolved:

1) To propose to the General Meeting of Shareholders the amendment of the Articles of Association, through a new wording of Article 30, in order to include the regulation of the Audit and Control Committee.

2) To approve the amendment to the Board of Directors´ Regulations, in order to enhance the functions of the Audit and Control Committee, with the assumption of new tasks and the extension of those already existing.

Thus, the Additional Provision introduced on the Stock Exchange Law by the Financial Act, according to which those issuing companies whose shares were admitted to trading on secondary official securities markets should have an Audit Committee, was enforced, as were the latest trends concerning corporate governance issues of listed companies established by the Aldama Report, laying with the Articles of Association the task of fixing the number of members, the powers of the Committee and the rules governing its operation.

Subsequently, it was resolved by the Board of Directors in its meeting held on 10 June 2004, to approve a new Revised Text of the Board of Directors´ Regulations, which would include the provisions of Act 26/2003 of 17 July, amending the Stock Exchange Act and the Revised Text of the Spanish Corporation Act in order to foster transparency in listed companies ("the Transparency Act") and its bylaws. With this new amendment the Audit and Control Committee was enhanced with the inclusion of a new duty.

Finally, the Board of Directors in its meeting held on 11 December 2007 approved a new Revised Text of the Board of Directors´ Regulations in order to adjust the contents thereof to the Recommendations of the Unified Code on Good Governance. Further to this amendment, the duties of the Audit and Control Committee were extended as it assumes the Recommendations provided by said Unified Code on this issue.

Regulations

Article 31 of the Articles of Association currently in force provides as follows:

Article 31.- Audit and Control Committee.

An Audit and Control Committee shall be formed within the Board of Directors made up of a minimum of three and a maximum of five directors who must necessarily be independent directors.

1.-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.

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.

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:

(a) To report to the General Shareholders' Meeting 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 submitted to the General Shareholders' Meeting, the appointment of the external auditors that must review the annual accounts.

(c) To supervise the internal audit services.

(d) To know the financial information process and the internal control systems of the Company

(e) 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 standards.

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 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.

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.

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.

Meanwhile, Article 14 of the Board of Directors´ Regulations, in the wording approved by the Board in the meeting held on 11 December 2007, sets forth as follows:

Article 14. The Audit and Control Committee

1. The Audit and Control Committee shall be made up of a number of directors being no less than three and no greater than five, who shall necessarily be independent directors. The Chairman of the Committee shall be elected for a maximum period of four years. He may be re-elected a year after expiry of said maximum period.

2. Without prejudice to other tasks it is assigned by the Board, the Audit and Control Committee shall have the following basic responsibilities, which are:

(a) To report to the General Shareholders' Meeting 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 submitted to the General Shareholders' Meeting, the appointment of the auditors. 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 liase 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 standards.

(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 assignments 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 the Annual Activities Report, 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 periodically review the risk control and management policy, which may contain, at least, the different types of risks, the fixing of the risk level which is considered acceptable, the measures foreseen to mitigate the impact of the identified risks and the systems of information and internal control.

(i) To review the Company´s annual accounts and the periodic financial information that the Board must provide to the markets and the supervisory bodies, overseeing compliance with the legal requirements and with the correct application of generally accepted accounting principles.

(j) 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.

(k) To examine compliance with the Internal Regulations of Conduct Regarding Transactions in Securities, with these Regulations, with the Code of Conduct and, in general, with the rules of governance of the Company and to make the necessary proposals for their improvement.

(l) 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.

(m) 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.

(n) To draw up and put forward to the Board of Directors an annual report on corporate governance for its approval.

(o) To draw up an annual report on the activities carried out by the Audit and Control Committee itself.

(p) To supervise the functioning of the Company´s web page regarding the provision of information on corporate governance as referred to under Article 40.

(q) To report to the Board of Directors about the creation or, as the case may be, acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature.

3. 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 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*

4. 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 of its meetings by the Auditors of the Accounts.

5. For the best performance of its functions, the Audit and Control Committee may obtain the advice of external experts, to which purpose the provisions of Article 27 of these Regulations shall apply.

6. The Audit and Control Committee shall report to the Board on the business transacted and the resolutions passed, informing the first Board of Directors held in plenary session after its meetings, of its activity and of the work done. Furthermore, a copy of the minutes of the Committee meetings shall be put at the Board members' disposal.

Composition

The Executive Committee of Inditex, S.A., in the meeting held on 27 October 2000, appointed the members of the Audit and Control Committee, resolving thus its initial composition

Said initial composition was ahead of the provisions subsequently included in the Stock Exchange Act, regarding the requirements that the Committee be formed by a majority of non-executive directors, and that the Chairman be elected amongst said non-executive directors.

However, the amendments to the Board of Directors´ Regulations that the Board resolved in its meeting of 20 March 2003 were beyond both the provisions of the recommendations of the Aldama Report, then applicable and of the current Unified Code – which recommends that the Committee should be comprised of non executive directors exclusively, and that the Chairman thereof should be an independent director–, since the requirement that all members of the Audit and Control Committee should be independent directors was made an internal regulation.

This resolution entailed a necessary change in the composition of the Committee.

To meet this requirement, the only executive director of the Audit and Control Committee tendered his resignation as a member thereof, and another independent director was appointed as member of this Committee, after report of the Nomination and Remuneration Committee.

On 9 June 2005, it was resolved by the Board of Directors of the company, after report of the Nomination and Remuneration Committee, to extend the number of members of the Audit and Control Committee to five, and Mr José Luis Vázquez Mariño was elected as new member of the Audit and Control Committee.

Finally, having the maximum four-year term provided in Additional Provision Number Eighteen of the Stock Exchange Act expired, and pursuant to the provisions of clauses 31 and 14 of the Articles of Association and of the Board of Directors´ Regulations, respectively, it was resolved by the Audit and Control Committee during the meeting held on 9 December 2008, to appoint Ms Irene R. Miller as new Chairwoman of said body, replacing Mr Francisco Luzón López, the former Chairman thereof.

As a result of said amendments, the current composition of the Audit and Control Committee of Inditex is shown below:

Chairwoman:	Ms. Irene Ruth Miller
Ordinary Members:	Mr. Carlos Espinosa de los Monteros y Bernaldo de Quirós
	Mr. Francisco Luzón López
	Mr. Juan Manuel Urgoiti López de Ocaña
	Mr. José Luis Vázquez Mariño
Secretary (non member):	Mr. Antonio Abril Abadín

EA brief résumé of each member of the Audit and Control Committee is provided in section B.1.3 of the Annual Corporate Governance Report, which is part of this Annual Report 2009.

At present and pursuant to the provisions of Article 15.1 of the Board of Directors´ Regulations, all members of the Audit and Control Committee are independent directors.

Activities of the Audit and Control Committee

Sessions held and business transacted

The sessions held by the Audit and Control Committee throughout FY2009 and the main business transacted are shown below:

Date of session	Agenda
03/27/2009 03/24/2009	-Review of the Annual Accounts of the Company for FY2008.
	-Review of the periodic financial information that the Board of Directors must provide to the markets and to the supervisory bodies.
	-Meeting with the external auditors
	-Internal Audit Assignments.
	- Annual Corporate Governance Report
	-Half-yearly report (August 2008-January 2009) of the Code Compliance Supervisory Board (CCSB).
06/08/2009	- Review of the periodic financial information that the Board of Directors must provide to the markets and to the supervisory bodies.
	- Internal Audit Assignments
	- "Triple Report": on financial, social and environmental issues
	- Annual activities report of the Audit and Control Committee
	- Proposed re-election of the auditors
	- Projects of IT Division.
	- Financial transactions.
09/15/2009 09/14/2009	- Review of the periodic financial information that the Board of Directors must provide to the markets and to the
	Review of the periodic financial information that the Board of Directors must provide to the markets and to the supervisory bodies
	- Meeting with the external auditors
	- Financial Division Policies.
	- Internal Audit: Issues of its remit.
	Half-yearly report (February-July 2009) of the Code Compliance Supervisory Board

Lines of action

As for the lines of action of the Audit and Control Committee during FY2009, they have revolved around the following aspects:

Periodic financial information, annual accounts and auditors´ report

The Audit and Control Committee reviews the economical and financial information of the Company prior to the approval thereof by the Board of Directors.

To this end, prior to the drafting of the quarterly, half-yearly or annual financial statements, the Audit and Control Committee also meets with the Management of the Company to review the application of the accounting principles, estimations considered while preparing the financial statements, etc.,

Likewise, the Committee, fully comprised of non executive independent directors, meets with the external auditors in order to review the annual accounts of the Company and certain periodic financial information, ensuring that the legal requirements are met and that the accounting standards generally accepted are correctly applied.

In its meetings held on 24 March, 8 June, 14 September and 9 December, the Audit and Control Committee proceeded to review thoroughly the results for FY2008 and for the first three quarters of FY2009, that the Board of Directors must provide quarterly to the market and to its supervisory bodies, in accordance with the format of the Public Periodic Information ("PPI"), and the pertaining Results Release and Press Release.

Likewise, the Annual Accounts, the individual and consolidated Management Report and the Auditors´ Report for FY2008 were reviewed, it being verified by the Committee that the latter was unqualified.

Efficiency and independence of the Auditors

With the attendance of the session held on 24 March 2009 by the Auditors of the Group, who had been previously called to this end, the Audit and Control Committee reviewed the audit carried out during FY2008.

The assignment conducted by the auditors consisted of the audit of the consolidated financial statements of the Group as at 31 January 2009 and the audit of the individual financial statements of certain companies within the Group also as at

31 January 2009; likewise during FY2009 the auditors issued a limited review on the financial statements

In addition, the major issues subject to a special analysis were also reviewed, pointing out different areas: international, national, accounting issues and other topics of less significance.

Internal Audit

Both the Director and other members of the Internal Audit Department, the Chief Executive Officer and the external auditors attended the meetings of the Audit and Control Committee held throughout 2009 and took the floor, since the internal audit was one of the key lines of action of the Committee during this fiscal year.

In the various meetings it held, the Committee went through several areas of its remit, such as the supervision of the Internal Audit Department and the approval of its budget, and the activities report of said Department.

Annual Corporate Governance Report

The Audit and Control Committee in its session of 24 March 2009 gave a favourable report to the Annual Corporate Governance Report for FY2008, drawn up as regards its format, contents and structure, pursuant to the provisions of the Circular 1/2004, of 17 March, and it was resolved by the Committee to submit it to the Board of Directors for approval and to recommend the dissemination thereof through those means set forth in the prevailing legislation and regulations in force.

"Triple Report": financial, social and environmental

In the meeting held on 8 June 2009, the Committee gave a favourable report to the Sustainability Report also known as "Triple Report" for the year 2008, drawn up taking into account the guidelines, in the 2002 version, of the Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI) and following the principles thereof. This is the sixth time this Triple Report has been published.

The Sustainability Report provides full information about the activities of Inditex, S.A. and its corporate Group over the last years and especially in fiscal 2009, regarding the three major dimensions or areas of the Group: financial, social and environmental.

Annual Report of the Audit and Control Committee

The Committee drew up its sixth Activities Report showing the activities carried out by this body during FY2008.

Other lines of action

- Review of the quarterly reports drawn up by the Code Compliance Office on the incidences that occurred with regard to the compliance with the Internal Regulations of Conduct Regarding Transactions in Securities (IRC), pursuant to the provisions of Article 10.2.4 thereof.

- Review of the half-yearly reports drawn up by the Audit and Control Committee on the measures taken to promote the knowledge and guarantee the enforcement of the provisions of the IRC, in accordance with the provisions of Article 10.1.4 thereof.

- Review of the third annual report of the Committee of Ethics about the implementation of the Internal Guidelines for the Responsible Practices of the Inditex´s Group personnel.

Main relationships of the Audit and Control Committee

With the Annual General Meeting of Shareholders

The Chairman of the Audit and Control Committee is available to the shareholders at the Annual General Meeting in order to address those questions therein raised by the same with regard to matters within its remit, pursuant to the provisions of the Law, the Articles of Association and the Board of Directors´ Regulations.

With the Board of Directors

At the beginning of each session of the Board of Directors, the Chairman of the Audit and Control Committee reports on the main business transacted in the last meeting of the Committee.

With the Chief Executive Officer and the Senior Management

The Committee encourages the appearance in its sessions of the CEO and of the senior managers and officials of the Company to explain their view on certain issues directly linked with the field of responsibility of the Committee and which are recurrent.

To stress the independence of the Audit and Control Committee with regard to the management of the Company and of the Group, all members of the Committee are independent directors.

With the General Counsel´s Office

The General Counsel and Secretary of the Board, in his capacity as Code Compliance Officer also, periodically informs the Audit and Control Committee on the degree of compliance with the Internal Regulations of Conduct regarding Transactions in Securities and in general, on the degree of enforcement of the rules of the Company on corporate governance.

With the Internal Audit Department

The Internal Audit is a centralized function included in the current organisational structure by means of a direct link to the Board of Directors to which it is functionally subordinated through the Audit and Control Committee.

The Director of the Internal Audit Department is responsible for the Internal Audit function.

The Director of the Internal Audit Department regularly reports to the Committee, which is the main recipient of the results achieved by the Internal Audit function, about the assignments performed in the various fields of the auditing activity.

On the other hand, the Audit and Control Committee supervises the Internal Audit Department, approving its budget, the Internal Audit Plan, the annual activities report and the resources of the Department to carry out its tasks as well as the contents of its acts.

With external auditors

The relationship of the Board of Directors of the Company and the external auditors of the Group is channelled through the Audit and Control Committee.

External auditors attend the meetings of the Committee wherein the Periodic Financial Information which the Board of Directors needs to approve and disclose on a half-yearly basis is subject to review.

In addition, the Committee proposes to the Board of Directors the appointment of the external auditors, the terms for their hiring, the scope of their professional mandate and their revocation or non renewal; it liases with them; it supervises the enforcement of the audit contract; it evaluates the results of each audit and supervises the terms and enforcement of those contracts entered into with the auditors for the performance of assignments other than those covered by the audit contract, pursuant to the provisions of Article 14 of the Board of Directors´ Regulations.

Activities Report *Nomination And Remuneration Committee*

Preliminary

The Board of Directors of INDUSTRIA DE DISEÑO TEXTIL, S.A. (Inditex, S.A.) (hereinafter, Inditex) has been amending its rules on corporate governance in line with the most demanding trends on the subject and in accordance with the good governance codes and, where appropriate, the regulations approved on this matter. Amongst said adjustments and amendments are those affecting the Board of Directors´ Regulations, out of which those aimed at enhancing the tasks of the Nomination and Remuneration Committee, either by extending its duties or by allocating new ones thereto, shall be stressed.

This document drawn up by the Nomination and Remuneration Committee in the session held on 7 June 2010, is the fifth annual activities report prepared by said body.

The Nomination and Remuneration Committee of Inditex: origin and evolution, regulations and composition

Origin and evolution

The Board of Directors of Inditex, in the meeting held on 20 July 2000, approved the Board of Directors´ Regulations, under the provisions of Article 29.3 of the Articles of Association and in order to adjust to the guidelines of the report drawn up by the Special Commission for the study of an Ethics Code for corporate governance (the "Olivencia Code").

Article 15 of said Regulations established the Nomination and Remuneration Committee, entrusting it with the relevant duties pursuant to the above-mentioned Olivencia Code.

Subsequently, in its meeting of 20 March 2003, the Board of Directors resolved:

1) To propose to the General Meeting of Shareholders the amendment of the Articles of Association, through a new wording of Article 32, in order to include the regulation of the Nomination and Remuneration Committee.

2) To approve the amendment of the Board of Directors´ Regulations, clarifying and harmonising some of the duties of the Committee.

Subsequently, it was resolved by the Board of Directors in its meeting held on 10 June 2004, to approve a new Revised Text of the Board of Directors´ Regulations, whereby the duties of the Nomination and Remuneration Committee were once again enhanced, with the inclusion of a new task, regarding the need for the Committee to give a report on the employment agreements of the personnel that include guarantee clauses or severance agreements, before they are subscribed.

Finally, the Board of Directors in its meeting held on 11 December 2007 approved a new Revised Text of the Board of Directors´ Regulations in order to adjust the contents thereof to the Recommendations of the Unified Code. Further to this amendment, the duties of the Nomination and Remuneration Committee are enhanced as it assumes the Recommendations provided by the Unified Code on this issue.

Regulations

Article 32 of the Articles of Association currently in force provides as follows:

Article 32.- Nomination and Remuneration Committee

1.-A Nomination and Remuneration Committee shall be formed within the Board of Directors, made up of a minimum number of three directors and a maximum of five who must necessarily be independent directors.

To this end, independent directors are understood as those that meet the requirements referred to under the second paragraph of Article 31.1

2.-The Chairman of the Nomination and Remuneration Committee shall be appointed by the Board of Directors from among its members.

3.-Without prejudice to any other tasks that it might be assigned from time to time by the Board of Directors, the Nomination and Remuneration Committee shall have at least the following basic responsibilities:

(a) To report on the proposals to appoint directors prior to their appointment by the General Meeting of Shareholders or, where appropriate, by the Board of Directors through the co-option procedure.

(b) To report on the appointment of the internal offices (Chairman, Deputy Chairman(s), CEO, Secretary and Deputy Secretary) of the Board of Directors.

(c) To propose to the Board the members that must form part of each one of the Committees.

(d) To draw up 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.

(e) To report annually to the Board on the assessment of the performance of the senior management of the Company, especially of the CEO and his remuneration.

(f) To report on the systems and on the amount of the annual remuneration of directors and senior management and to prepare the information to be included in the annual public information regarding the remuneration of the directors.

4.-The Nomination and Remuneration Committee shall meet, ordinarily, once a year, in order to prepare the information on the remunerations of the Directors, that the Board of Directors must approve and include in the public annual documents. Moreover, it shall meet each time that 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 it is thought fit for the successful performance of its functions.

5.-The request 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 made by the Chairman, Directors, senior management or the shareholders of the Company.

The Board of Directors may develop and complete the above-referred rules in its Regulations, pursuant to the provisions of the Articles of Association and of the Law.

Meanwhile, Article 15 of the Board of Directors´ Regulations, in the wording approved by the Board in the meeting held on 10th June 2004, sets forth as follows:

Article 15. The Nomination and Remuneration Committee.

1.-The Nomination and Remuneration Committee shall be made up of a number of directors being no less than three nor greater than five, and shall be made up necessarily of independent directors. Its Chairman shall be chosen among its members.

2.-Without prejudice to other tasks that are assigned to it by the Board and to the remaining duties reserved to it by these Regulations, the Nomination and Remuneration Committee shall have the following basic responsibilities, which are:

(a) To draw up 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 and, in case of independent directors, to submit said proposals to the Board of Directors for approval, prior to the nomination by the General

Meeting of Shareholders or, where appropriate, by the Board of Directors for the co-optation procedure.

(c) To advise on the nomination of the internal offices of (Chairman, Deputy Chairman, CEO, Secretary and Vice-Secretary) of the Board of Directors.

(d) To propose to the Board the members that must form part of each one of the Committees.

(e) To advise on the appointment and dismissal of senior managers as proposed by the Chief Executive to the Board of Directors.

(f) To annually advice the Board on the evaluation of the performance of the Chief Executive of the Company, and also of the Nomination and Remuneration Committee itself.

(g) To propose the remuneration policy for directors and senior managers to the Board, and to ensure compliance with the remuneration policy set forth by the Company.

(h) To report to the Board, before it holds its meeting, on those contracts of the personnel that include golden-parachute clauses, for those cases that imply dismissal or changes in control.

(i) To advise in relation to the transactions that involve or may involve conflicts of interest, the transactions with related persons or those transactions that imply the use of corporate assets and, in general, about the matters included in Chapter IX of these Regulations.

(j) To draw up and keep up-to-date a contingency plan to fill in the vacancies of key positions within the Company and its Group.

(k) To ensure that when filling up any new vacancies and when appointing new Directors the recruitment process should conform to the prohibition of any manner of discrimination.

(l) To propose to the Board the individual remuneration of executive directors and the remaining terms and conditions of their employment agreements.

3.-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 made by the Chairman, the members of the Board, management or the shareholders of the Company.

4.-The Nomination and Remuneration Committee shall meet each time that 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 to include in its annual public documentation.

5.-The Nomination and Remuneration Committee shall report to the Board on the business transacted and the resolutions passed, informing the first Board of Directors held in plenary session after its meetings, of its activity and of the work done. Furthermore, a copy of the minutes of the Committee meetings shall be put at the Board members' disposal.

Composition

The Executive Committee of Inditex, S.A., in the meeting held on 27 October 2000, appointed the members of the Nomination and Remuneration Committee, resolving thus its initial composition

The amendments to the Board of Directors´ Regulations that the Board resolved in its meeting of 20 March 2003 were beyond both the provisions of the recommendations of the Aldama Report, then applicable and of the current Unified Code – which recommends that the Committee should be comprised of non executive directors exclusively and that the Chairman thereof should be an independent director–, since the requirement that all members of the Nomination and Remuneration Committee should be independent directors was made an internal regulation. This resolution entailed the necessary modification to the composition of the Committee. To meet this requirement, the only executive director of the Nomination and Remuneration Committee tendered his resignation as a member thereof, and another independent director was appointed as member of this Committee, prior report of the Nomination and Remuneration Committee.

The current composition of the Nomination and Remuneration Committee of Inditex is shown below:

Chairman:	Mr Carlos Espinosa de los Monteros y Bernaldo de Quirós
Ordinary: Members	Ms Irene Ruth Miller
	Mr Francisco Luzón López
	Mr Juan Manuel Urgoiti López de Ocaña
	Mr José Luis Vázquez Mariño
Secretary (non member):	Mr Antonio Abril Abadín

A brief résumé of each member of the Nomination and Remuneration Committee is provided in section B.1.3 of the Annual Corporate Governance Report, which is part of this Annual Report 2009.

At present and pursuant to the provisions of Article 14.1 of the Board of Directors´ Regulations, all members of the Nomination and Remuneration Committee are independent directors.

Activities of the Nomination and Remuneration Committee

Sessions held and business transacted

The sessions held by the Nomination and Remuneration Committee throughout FY2009 and the main business transacted are shown below:

Date of session	Agenda
03/24/2009	- Assessment of the performance of the Board of Directors, the Supervision and Control Committees and the performance of duties by the Chief Executive Officer
05/14/2009	- Appointment of the new Chief Financial Officer
	- Report on other appointments
06/08/2009	- Recent initiatives of the Human Resources Department
	- Report on the re-election of Directors.
	- Report on the remuneration policy of the Board of Directors.
	- Annual Activities Report of the Nomination and Remuneration Committee
09/14/2009	- Transactions with related parties
12/09/2009	- Transactions with related parties.
	-Report of the Human Resources Department

Lines of action

As for the lines of action of the Nomination and Remuneration Committee during FY 2009, they have revolved around the following aspects:

Appointments within the Company

During the meeting held by the Committee on 14th May, it acknowledged the appointments made within three corporate areas of Inditex.

Re-election of Directors

In compliance with the provisions of the Board of Directors´ Regulations, the Committee proposed and issued the relevant reports, on the re-election of Directors and on the appointment of internal offices witin the Board of Directors.

In this respect, the Committee, in the meeting held on 8th June 2009, with the abstention of the interested parties, proposed the submission by the Board of Directors to the Annual General Meeting of Shareholders, of the relevant proposal on the re-election of Messrs. Espinosa de los Monteros Bernaldo de Quirós and Luzón López, as members of the Board, and, where appropriate, their subsequent appointment by the Board as members of the Executive Committee.

Assessment of the Governing bodies

Pursuant to the Recommendations of the Unified Code on Good Governance, and to the provisions of the Board of Directors´ Regulations, the Committee reviewed in its meeting held on 24th March 2009, the assessment of the performance of the Board of Directors, of the Supervision and Control Committees, and of the first executive, in accordance with the assessment methodology previously approved.

Remuneration Policy

Likewise, pursuant to the Recommendations of the Unified Code on Good Governance and to the internal regulations of the Company, the Committee proposed to the Board of Directors, in the meeting held on 8th June 2009, the report on the remuneration policy of Board members for FY2008, addressing inter alia, the fixed and the variable remuneration of directors and any other relevant terms of the employment agreements of those who discharge senior management duties as executive directors.

Transactions with related parties

Pursuant to the provisions of the corporate regulations, in the session dated 14 September and 9 December 2009 respectively, the Committee reported about two specific transactions carried out between the Inditex Group and two companies linked to the controlling shareholder.

These transactions were valued considering the market conditions that apply to similar transactions and the principal of equal treatment for all shareholders, pursuant to the provisions of Article 38 of the Board of Directors´ Regulations. The authorised transactions are not very significant, in that the disclosure thereof is not required to show the true image of Inditex´s assets, its financial situation or its results; notwithstanding this, they were made public for transparency reasons in the relevant documents (Annual Corporate Governance Report and Annual Financial Report).

Main relationships of the Nomination and Remuneration Committee

With the Board of Directors

At the beginning of each session of the Board of Directors, the Chairman of the Nomination and Remuneration Committee informs of the main business transacted in the last meeting of the Committee.

With the Chief Executive Officer and the Senior Management

The Committee encourages the appearance in its sessions of the First Deputy Chairman and Chief Executive Officer and of the senior managers and officials of the Company to explain their view on certain issues directly linked with the field of responsibility of the Committee and which are recurrent.

With the Human Resources Department

In order to keep the Nomination and Remuneration Committee duly informed, the Human Resources Division regularly informs the Committee on the changes, if any, in the global remuneration systems, the market researches on the pay of Senior Management, the annual pay adjustments and the review of the adjustment guidelines for each country, a summary of the annual adjustments carried out and the global programmes for the detection and development of potential in the matter of personnel, and succession plans.

Verification of the audit of GRI Indicators

SGS

INDEPENDENT VERIFICATION REPORT

1. SCOPE.

SGS ICS Ibérica, S.A. (hereinafter, SGS) has carried out, at the request of INDITEX, S.A. (hereinafter, INDITEX), an Independent Verification of the information regarding Human Resources, Social and Environmental practices for the fiscal year ended as at 31st January 2010, included on the 2009 Annual Report (hereinafter, the Report).

Included in the scope of the Independent Verification are the wording and data provided in the Report. The information and/or data to which a reference is made but which are not provided in the Report are excluded from the scope.

2. INDEPENDENCE.

INDITEX shall be solely responsible for the information contained in the Report and its drafting.

SGS has not taken part nor advised INDITEX in the drafting of the Report. It has acted as independent verifier exclusively, checking that the contents of the Report are appropriate.

SGS is solely responsible for the contents of this Verification Report and for the opinions therein included.

3. VERIFICATION.

Regarding the independent verification of the Report, SGS´s methodology has been used, consisting of audit procedures according to ISO 19011 and verification mechanisms according to Global Reporting Initiative (GRI) Guidelines (G3) (hereinafter, the Guidelines) and AA1000 Assurance Standard (2003).

Our assignment of independent verification has consisted of raising a number of questions sent to certain Departments at INDITEX which are involved in generating the Report, as well as implementing certain review procedures and sampling-based assessment tests as described below:

- Determining the Standards, Systems and Management Approach used in the generation of the Report, mainly through meetings held with Inditex´s Corporate Social Responsibility Department.
- Review of the minutes of meetings held by Inditex Group's Social Board in fiscal year ended as at 31st January 2010.
- Review of the main findings arising from the various "dialogue processes" with the main "interested parties", carried out by the Corporate Social Responsibility team, using to such effect internal information as well as external information provided by independent third parties.
- Checking the integrity of the information shown on the Report versus such other relevant information disclosed by INDITEX in its 2009 Consolidated Financial Statements and in its 2009 Annual Corporate Governance Report.
- Checking that the indicators included on the Report match those recommended by the Guidelines and that the report indicates which are applicable or not.
- Verification of the quantitative and qualitative information corresponding to the above referred "indicators", starting from management systems which are characteristic of INDITEX.
- Comparing the data and findings detailed in the Economic Part of the Report to check that they are in accordance with those shown in INDITEX´s Consolidated Financial Statements for fiscal year ended as at 31st January 2010, audited by KPMG Auditores S.L.

4. TEAM.

SGS' team charged with this Independent Verification was comprised of:

- Ms Carlota Abalo Sinde
- Ms Laura López Sanjurjo

SGS ICS IBÉRICA, SA | Trespaderne 29 28042 Madrid t 34 91 3138115 f 34 91 3138102 www.sgs.es

INDEPENDENT VERIFICATION REPORT

5. FINDINGS.

Starting from the scope, the methodology, the analytical procedures and the sampling-based review tests conducted, it can be concluded that:

- The Report has been drafted pursuant to the requirements of the Guidelines.
- The findings arising out of the tests carried out, within the scope described in sections 1 and 3 above, have not revealed any significant errors.
- "*GRI* 's Application level" declared by INDITEX (A+) is appropriate.

6. RESPONSIBILITIES.

- Inditex Group's Corporate Social Responsibility Department is responsible for preparing the Report and for defining its content.
- The responsibility of the verification team consists of issuing the Independent Verification Report pursuant to the terms of the "Engagement Letter" and pursuant to the independence standards required by the International Federation of Accounts (IFA)´s Code of Ethics. Likewise, in accordance with INDITEX´s internal procedures, the "Engagement Letter" has been approved by the Audit and Control Committee of the company.
- The scope of the Independent Verification is substantially lesser than that of a Regular Audit. Therefore, no auditor's opinion regarding the Report is expressed.

June 14, 2010

Signed: Carlota Abalo -SGS ICS Ibérica, S.A.

SGS ICS IBÉRICA, SA | Trespaderne 29 28042 Madrid t 34 91 3138115 f 34 91 3138102 www.sgs.es

The **Annual Report 2009** provided information under the terms of the triple –economic, social and environmental- dimension.

The Annual Report 2009 is fully available on the corporate web site, where additional useful information may also be accessed.

The English translation of this Report has been reviewed by the Centre for Business and Public Sector Ethics of Cambridge (United Kingdom).

Shareholders Office

accionistas@inditex.com

Tel.: +34 901 330 212

Fax: +34 981 185 365

Investors Relations Department

r.inversores@inditex.com

Tel.: +34 981 185 364

Fax: +34 981 185 365

Communication and Institutional Relations Corporate Division

comunicacion@inditex.com

Tel.: +34 981 185 400

Fax: +34 981 185 544

Inditex S.A.

Edificio Inditex

Avda. de la Diputación, s/n

15452 Arteixo, A Coruña, Spain

+34 981 185 400

www.inditex.com

Editor:
Communication and Institutional
Relations Corporate Division
Inditex S.A.
Avda. de la Diputación, s/n
15142 Arteixo
A Coruña, Spain

The Annual Report 2008 is the previous
Report published in June 2009.

Published by:
EUROPUBLIC SL, Servicios Globales
de Marketing_Tel 0034 902 149 149