
REPORT THAT THE BOARD OF DIRECTORS OF INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) SUBMITS TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS SUPPORTING THE PROPOSAL INCLUDED ON ITEM No. SIX OF THE AGENDA OF THE ANNUAL GENERAL MEETING CONVENED FOR 18 AND 19 JULY 2006 ON FIRST AND SECOND CALL, RESPECTIVELY.

This report is drawn up in compliance with article 144.1.a) of the Spanish Corporations Act to state the reasons that justify the proposal put forward by the Board of Directors regarding item No. six of the Agenda of the Annual General Meeting of Shareholders, regarding the amendment to articles 17 and 27 of the prevailing Articles of Association currently in force.

The grounds for the proposed amendment to the above mentioned articles 17 and 27 of the Articles of Association is the need to adapt the current by-laws of the Company to the amendments introduced by the first final provision of Act 19/2005, of 14 November, on the European Public Limited Company domiciled in Spain, to the Revised Text of the Spanish Corporations Act, in the matters of calling of meetings of the Annual General Meeting of Shareholders and the term of office of director.

The proposed amendments of both articles 17 and 27 of the Articles of Association, are thoroughly reviewed and justified below.

(a) Proposed amendment of article 17

This amendment is proposed as a result of the amendment of article 97 of the Spanish Corporation Act on the calling of meetings of the Annual General Meeting of Shareholders, introduced by the above mentioned First Final Provision of the Act 19/2005, in that (i) the period where the notice of the Annual General Meeting of Shareholders must be published in advance of the date scheduled for holding such meeting is increased to one month, and (ii) shareholders holding at least 5% of the share capital are granted the right to request a supplement to the notice to include one or more items to the Agenda (thus completing the right already acknowledged by article 100.2 of the Spanish Corporation Act to shareholders holding such percentage, of requesting the calling of the Annual General Meeting).

The adaptation of the wording of article 17 to the new term where the notice of the AGM must be published, and the inclusion in the Articles of Association of this new right of shareholders to request a supplement to the notice of the AGM, are hereby proposed.

(b) Proposed amendment of article 27

This amendment is proposed in turn, as a result of the amendment of article 126 of the Spanish Corporation Act regarding the term of office of directors, in that (i) the term of office of directors, provided in the Articles of Association shall be the same for all directors, and (ii) the maximum term of office for directors is increased to six years.

This item purports to show that the term of office of directors can only be one, and pursuant to the legal mandate, it is deemed expedient to keep the term of five years.

Consequently, the Board of Directors deems appropriate to propose to the Annual General Meeting of Shareholders the amendment of articles 17 and 27 of the prevailing Articles of Association that affect the contents highlighted in bold, italic and underlined below, in order to adapt their wording to the above referred reform of the Spanish Corporation Act.

1.- Proposed amendment of article 17

<u>Current wording</u>	<u>Full proposed text</u>
<p>Article 17.- Notice. Universal General Meetings.</p> <p>1.- General Meetings, both Annual and Extraordinary, must be called by the Board of Directors by notice published in the Official Gazette of the Companies Register and in a major newspaper of the province where the Company has its Registered Office, at least fifteen days prior to the date set for the meeting, such notice to state the place, date and time on which the meeting is to be held on first call and the date on which, where appropriate, the meeting shall be held on second call. At least twenty four hours must lapse between those two dates. The notice shall likewise contain a complete agenda.</p> <p>2.- Notwithstanding the provisions set above, it shall be understood that a General Meeting has been properly called and shall be validly held to deal with any business, provided that all the share capital is present and the shareholders unanimously decide to hold such meeting.</p>	<p><u>Article 17.- Notice. Universal General Meetings.</u></p> <p>1.- <u>General Meetings, both Annual and Extraordinary, must be called by the Board of Directors by notice published in the Official Gazette of the Companies Register and in a major newspaper of the province where the Company has its Registered Office, at least one month prior to the date set for the meeting, such notice to state the place, date and time on which the meeting is to be held on first call and the date on which, where appropriate, the meeting shall be held on second call. At least twenty four hours must lapse between those two dates. The notice shall likewise contain a complete agenda.</u></p> <p>2.- <u>Shareholders who represent at least five per cent of the share capital, may request that a supplement to the notice of the General Meeting be published, to include one or more items on the agenda. This right must be exercised by means of an irrefutable notice to be received at the corporate seat within five days of the date of publication of the notice. The supplement to the notice must be published at least fifteen days prior to the date set for the meeting of the General Meeting of Shareholders</u></p> <p>3.- Corresponds to current paragraph 2 unchanged.</p>

1.- Proposed amendment of article 27

<u>Current wording</u>	<u>Full proposed text</u>
<p>Article 27.- Appointment and duration of the office of Director.</p> <p>1.- Directors shall be appointed by the General Meeting and shall hold their office for a maximum of five years. If the resolution regarding their appointment does not set a term of duration of the office, it shall be understood that they have been appointed for five years.</p> <p>2.- The Directors directors may be reappointed indefinitely by the General Meeting, who may likewise decide the removal of any of them at any time.</p> <p>3.- The Board of Directors itself may fill any vacancies internally that should arise in it, appointing from among the shareholders the persons who shall fill the vacancies until the first General Meeting.</p>	<p>Article 27.- Appointment and duration of the office of Director.</p> <p>1.- <u>Directors shall be appointed by the General Meeting and shall hold their office for a five year term.</u></p> <p>2.- unchanged</p> <p>3.- unchanged</p>

Arteixo (A Coruña), on 13 June 2006