

Annual Corporate
Governance Report 2009

Tecnocom

The logo graphic for Tecnocom features a stylized orange and red swoosh that curves under the word 'Tecnocom'. To the right of the text is a circular graphic element consisting of concentric rings and a central dot, resembling a target or a lens.

OWNERSHIP STRUCTURE

FUNCTIONAL STRUCTURE

RELATED-PARTY TRANSACTIONS

RISK CONTROL SYSTEMS

GENERAL SHAREHOLDERS' MEETING

DEGREE TO WHICH CORPORATE
GOVERNANCE RECOMENDATIONS
ARE FOLLOWED

OTHER INFORMATION OF INTEREST

Tecnocom

The logo for Tecnocom features the word "Tecnocom" in a bold, dark blue, sans-serif font. Below the text is a red, curved underline that starts under the 'T', arches over the 'e', 'c', 'n', and 'o', and ends under the 'm'.

Annual Corporate Governance Report 2009



LISTED PUBLIC COMPANIES



ISSUER IDENTIFICATION DATA

MODEL ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LISTED COMPANIES

In order to better understand the model and subsequently draft the report, it is necessary to read the instructions included at the end of the report.

A - OWNERSHIP STRUCTURE

A.1 Complete the following table on the company's share capital:

| Date of last change | Share capital (€) | No. of shares | No. voting rights |
|---------------------|-------------------|---------------|-------------------|
| 07-23-2009 | 37,512,620.50 | 75,025,241 | 75,025,241 |

Indicate if share classes with different rights exist:



A.2 Detail the direct and indirect owners of significant shareholdings in your company at the year-end date, excluding directors:

Indicate the most significant movements in the ownership structure that have occurred during the year:

A.3 Complete the following tables about the members of the company's Board of Directors who have voting rights of shares in the company

| Name or denomination of the director | Number of direct voting rights | Number of indirect voting rights (*) | % of the total voting rights |
|--------------------------------------|--------------------------------|--------------------------------------|------------------------------|
| Ladislao De Arriba Azcona | 3,195 | 9,921,883 | 13.229 |
| Leonardo Sanchez-Heredero Alvarez | 0 | 3,775,216 | 5.032 |
| CXG Corporación Caixa Galicia, S.A. | 13,843,936 | 0 | 18.452 |
| Javier Martín García | 294,533 | 70,991 | 0.487 |
| AURANTIA 2003, S.L. | 5,880,483 | 0 | 7.838 |
| GETRONICS INTERNATIONAL BV | 8,261,097 | 0 | 11.011 |
| Jaime Terceiro Lomba | 877 | 0 | 0.001 |
| Miguel Angel Aguado Gavilan | 341,213 | 0 | 0.455 |
| Monica Ridruejo Ostrowska | 0 | 4,396 | 0.006 |
| REVERTER 17, S.L. | 4,256,580 | 97,438 | 5.803 |

| Name or denomination of the indirect owner | Via: Name or denomination of the direct owner | Number of direct voting rights | % of the total voting rights |
|--|---|--------------------------------|------------------------------|
| Ladislao De Arriba Azcona | INVERFAM 2005, S.A. | 5,352,038 | 7.134 |
| Ladislao De Arriba Azcona | DOBLE A PROMOCIONES, S.A. | 4,569,845 | 6.091 |
| Leonardo Sanchez-Heredero Alvarez | PROMOCIONES KEOPS,S.A. | 3,775,216 | 5.032 |
| Javier Martín García | BARLOVENTO DE INVERSIONES MOBILIARIAS, SICAV S.A. | 58,214 | 0.078 |
| Javier Martín García | JJ ESLAVA,S.L. | 12,777 | 0.017 |
| REVERTER 17, S.L. | INVERSIONES SOLBUS, S.A. SICAV | 97,438 | 0.130 |
| Monica Ridruejo Ostrowska | DRAGONARIA, S.L. | 4,396 | 0.006 |
| Total % voting rights in the hands of the Board of Directors | | | 62.315 |

Complete the following tables about the members of the company's Board of Directors who have voting rights of shares in the company stock:

A.4 Indicate, where appropriate, any relations of a family, commercial, contractual or corporate nature existing between significant shareholders, to the extent that such relations are known to the company, unless they are of little consequence or stem from the normal business flows:

A.5 Indicate, where appropriate, any relations of a family, commercial, contractual or corporate nature existing between significant shareholders and the company and/or its group, unless they are of little consequence or stem from the normal business flows:

A.6 Indicate if the company has been advised of any shareholders' agreements affecting it as established by Article 112 of the Securities Market Law (CNMV in its Spanish acronym). If any exist, describe them briefly and list the shareholders bound by any such agreement:

No

Indicate if the company has any knowledge of the existence of concerted action by its shareholders. If any exist, describe them briefly:

No

If any change in or breach of any such agreements or concerted action have occurred during the year, please indicate it expressly:

A.7 Indicate whether there is a legal or natural person exercising or that may exercise control over the company pursuant to Article 4 of the Securities Market Law. If any exist, identify them:

No

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

At year-end:

| Number of direct shares | Number of indirect shares (*) | Total % of share capital |
|-------------------------|-------------------------------|--------------------------|
| 1,217,614 | 0 | 1.623 |

(*) Through:

| | |
|--------------|----------|
| Total | 0 |
|--------------|----------|

Detail any significant variations pursuant to Royal Decree 1362/2007 during the year:

| | |
|--|---|
| Capital gain/(Capital reduction) of treasury stock disposed during the period (thousands of euros) | 0 |
|--|---|

A.9 Detail the conditions and term of the mandate in effect by the General Shareholders' Meeting to the Board of Directors to carry out acquisitions or disposals involving treasury stock.

Authorization by the General Shareholders' Meeting held on June 25, 2009: "Authorize the Board of Directors to acquire treasury stock, for itself or on behalf of Group companies, up to the limit of 10 percent of the share capital, for a minimum price of 10% below the latest listing and a maximum price of 10% above the latest listing, the term of this authorization lasting eighteen months, all pursuant to the provisions of Article 75 and second additional provision of the Public Limited Companies Law, superseding the authorization agreed to in the last General Shareholders' Meeting."

The Board of Directors, at its meeting of July 17, 2009, agreed the following: "in compliance with the agreement adopted at the General Shareholders' Meeting held on June 25, 2009, and making use of the authorization conferred to it at that meeting, the Board of Directors unanimously agrees to carry out a treasury share buyback program whose goal is to possibly reduce capital, in the terms that the General Shareholders' Meeting decides in the future, and also to possibly undertake corporate transactions, all within the terms, conditions and deadlines approved by the General Shareholders' Meeting."

The maximum number of shares to be bought back under the program will be 7,502,524, equal to 10% of the share capital. This authorization will extend through July 21, 2014, pursuant to Article 75 of the Public Limited Companies Law. The acquisition prices will be set in accordance with applicable regulations, always taking into consideration the share price and market conditions. It is hereby noted that the aim of the program is to possibly reduce the Company's share

capital, after appropriate study and following approval by the Company's General Shareholders' Meeting, in the terms decided by the latter. Bought shares may also be used in future corporate transactions as partial payment, as per standard Company practice to date.

Finally, it is further noted on November 18, 2009 that the Company shall proceed to accelerate its treasury share buyback program. This plan was approved by the Board of Directors on July 17, 2009, making use of the authorization conferred to it by the General Shareholders' Meeting held on June 25, 2009. The maximum number of shares to be bought back under the program will be 7,502,524, equal to 10% of the share capital, and this authorization shall remain in effect for five years, until July 21, 2014, all pursuant to the provisions of Article 75 of the Public Limited Companies Law. Bought shares can be used in future corporate transactions as partial payment, as per standard Company practice to date.

A.10 Indicate, where appropriate, the legal and statutory restrictions applying to the exercise of the vote, as well as any legal restrictions applying to the acquisition or disposal of shares in company stock. Indicate if there are any legal restrictions to the exercising of voting rights:

No

Maximum percentage of voting rights
a shareholder may exercise due to legal restrictions 0

Indicate if there are any statutory restrictions to the exercising of voting rights:

No

Maximum percentage of voting rights
a shareholder may exercise due
to statutory restrictions

0

Indicate if there are any legal restrictions applying to the acquisition or disposal of shares in company stock:



A.11 Indicate if the General Shareholders' Meeting has agreed to adopt neutralization measures against a takeover bid by virtue of the provisions of Law 6/2007.



Explain the approved measures, if any, and the terms in which the non-enforceability of any restrictions may apply:

B - FUNCTIONAL STRUCTURE

B.1 Board of Directors

B.1.1 Detail the maximum and minimum number of directors determined by the bylaws:

| | |
|-----------------------------|----|
| Maximum number of directors | 14 |
| Minimum number of directors | 5 |

B.1.2 Complete the following table indicating the appropriate Board member information:

| Name or denomination of the director | Representative | Office held | Date of first appointment | Date of last appointment | Election procedure |
|--------------------------------------|------------------------------|----------------------|---------------------------|--------------------------|---|
| Ladislao De Arriba Azcona | - | Chairman | 27/06/2006 | 27/06/2006 | Voting in general shareholders' meeting |
| Leonardo Sanchez-Heredero Alvarez | - | Senior Vice-Chairman | 16/06/1990 | 28/06/2005 | Voting in general shareholders' meeting |
| CXG Corporación Caixa Galicia, S.A. | José Luis Méndez López | Vice-Chairman | 04/12/2006 | 04/12/2006 | Voting in general shareholders' meeting |
| Javier Martín García | - | CEO | 10/05/2005 | 28/06/2005 | Voting in general shareholders' meeting |
| AURANTIA 2003, S.L. | Rafael Naranjo Anegón | Director | 26/06/2004 | 25/06/2009 | Voting in general shareholders' meeting |
| GETRONICS INTERNATIONAL BV | Josef Alfons Schoemaker | Director | 26/06/2008 | 26/06/2008 | Voting in general shareholders' meeting |
| Jaime Terceiro Lomba | - | Director | 23/10/2000 | 27/06/2006 | Voting in general shareholders' meeting |
| Miguel Angel Aguado Gavilan | - | Director | 28/06/1995 | 28/06/2005 | Voting in general shareholders' meeting |
| Monica Ridruejo Ostrowska | - | Director | 23/10/2000 | 27/06/2006 | Voting in general shareholders' meeting |
| REVERTER 17, S.L. | Antonio Solera Sanz-Bustillo | Director | 30/06/2009 | 30/06/2009 | Voting in general shareholders' meeting |

Total number of directors

10

Indicate the resignations and/or removals from the Board of Directors during the period:

| Name or denomination of the director | Director's status at time of removal | Termination date |
|--------------------------------------|--------------------------------------|------------------|
| Ricardo Aragon Fernandez-Barredo | INDEPENDENT | 25/06/2009 |
| Felix Ester Butragueño | INDEPENDENT | 25/06/2009 |
| TRASLADAMA, S.L. | PROPIETARY | 25/06/2009 |

B.1.3 Complete the following tables regarding the Board members and their status:

EXECUTIVE DIRECTORS

| Name or denomination of the director | Committee proposing appointment | Position in the company's organization chart |
|--|---------------------------------------|--|
| Ladislao De Arriba Azcona | Nomination and remuneration Committee | Chairman |
| Javier Martín García | Executive Committee | CEO |
| Total number of executive directors | | 2 |
| Total % of Board | | 20% |

PROPRIETARY EXTERNAL DIRECTORS

| Name or denomination of the director | Committee proposing appointment | Name or denomination of the shareholder proposing appointment |
|--|---------------------------------------|---|
| Leonardo Sanchez-Heredero Alvarez | Nomination and Remuneration Committee | PROMOCIONES KEOPS, S.A. |
| CXG CORPORACIÓN CAIXAGALICIA, S.A. | Nomination and Remuneration Committee | CXG CORPORACIÓN CAIXAGALICIA, S.A. |
| AURANTIA 2003, S.L. | Nomination and Remuneration Committee | AURANTIA 2003, S.L |
| GETRONICS INTERNATIONAL B.V. | Nomination and Remuneration Committee | GETRONICS INTERNATIONAL B.V. |
| REVERTER 17, S.L. | Nomination and Remuneration Committee | REVERTER 17, S.L. |
| Total number of directors representing major shareholders | | 5 |
| Total % of Board | | 50% |

CONSEJEROS EXTERNOS INDEPENDIENTES

Name or denomination of the director

Jaime Terceiro Lomba

Profile

Aeroneutical Engineer and Economist

Name or denomination of the director

Miguel Ángel Aguado Gavilán

Profile

Economist and Harvard MBA

Name or denomination of the director

Mónica Ridruejo Ostrowska

Profile

Economist

| | |
|--|------------|
| Total number of independent directors | 3 |
| Total % of Board | 30% |

OTHER EXTERNAL DIRECTORS

Detail the reasons for which they cannot be considered proprietary or independent directors and their ties, either with the company or its officers, or with its shareholders.

Indicate the variations, if any, in the type of each director during the period:

B.1.4 Explain the reasons, if any, for which proprietary directors have been appointed at the behest of shareholders whose holdings are less than 5% of the share capital:

Indicate if any formal requests have been denied for presence on the Board by shareholders whose holdings are equal to or greater than that of others at whose behest proprietary directors were appointed. Explain the reasons, if any, for any such denial:



B.1.5 Indicate if any director has resigned before completion of his or her mandate, if he or she has explained the reasons for resigning and in what fashion, to the Board, and if he or she has done so in writing to the entire Board, explain at least the reasons given:



Name of director

Felix Ester Butragueño

Félix Ester Butragueño submitted his resignation as a director at the meeting of the Board of Directors held on June 25, 2009, within the restructuring of the Board, agreed to in order to better comply with corporate governance rules. Mr. Ester continues to hold the position of Secretary of the Board of Directors and that of Board Legal Advisor.

Name of director

Ricardo Aragon Fernandez-Barredo

Reason for resignation

Ricardo Aragón Fernández-Barredo submitted his resignation as a director at the meeting of the Board of Directors held on June 25, 2009, within the restructuring of the Board, agreed to in order to better comply with corporate governance rules.

Name of director

TRASLADAMA, S.L.

Reason for resignation

TRASLADAMA, S.L. submitted its resignation as a director at the meeting of the Board of Directors held on June 25, 2009, within the restructuring of the Board, agreed to in order to better comply with corporate governance rules.

B.1.6 Indicate the powers, if any, delegated to the executive director(s):

Name or denomination of the director

Javier Martin García

Brief description

All those inherent to the Board of Directors, except those that cannot be delegated pursuant to the company bylaws and the Board regulations.

Name or denomination of the director

Ladislao De Arriba Azcona

Brief description

All those inherent to the Board of Directors, except those that cannot be delegated pursuant to the company bylaws and the Board regulations.

B.1.7 Identify the Board members, if any, who hold positions as directors or officers of other companies that form part of the listed company:

| Name or denomination of the director | Group company name | Position |
|--------------------------------------|--------------------------------------|----------------------------|
| Ladislao De Arriba Azcona | GESTIÓN SEXTA AVENIDA, S.A. | Director |
| Ladislao De Arriba Azcona | INERTELCO, S.A. | Chairman |
| Ladislao De Arriba Azcona | TECNOCOM ESPAÑA SOLUTIONS, S.L. | Chairman |
| Leonardo Sánchez Heredero | GESTIÓN SEXTA AVENIDA, S.A. | Director |
| Javier Martín García | METROCALL, S.A. | CEO |
| Javier Martín García | TECNOCOM ESPAÑA SOLUTIONS, S.L. | CEO |
| Javier Martín García | TECNOCOM GESTIÓN Y SERVICIOS, A.I.E. | Joint and Several Director |
| Javier Martín García | TECNOCOM, TELEFONÍA Y REDES, S.L. | Chairman and CEO |

B.1.8 Detail the directors of the company, if any, who are members of the Board of Directors of other companies listed in official stock markets in Spain other than group companies, that have been notified to the company:

| Name or denomination of the director | Listed company name | Position |
|--------------------------------------|------------------------------------|----------|
| Ladislao De Arriba Azcona | INYPISA INFORMES Y PROYECTOS, S.A. | Director |
| Leonardo Sánchez Heredero Álvarez | INYPISA INFORMES Y PROYECTOS, S.A. | Director |
| CXG CORPORACIÓN CAIXA GALICIA, S.A. | SACYR VALLEHERMOSO, S.A. | Director |
| CXG CORPORACIÓN CAIXA GALICIA, S.A. | AFIRMA GRUPO INMOBILIARIO, S.A. | Director |
| CXG CORPORACIÓN CAIXA GALICIA, S.A. | PESCANOVA, S.A. | Director |
| Jaime Terceiro Lomba | BANKINTER.S.A. | Director |
| REVERTER 17, S.L. | INYPISA INFORMES Y PROYECTOS, S.A. | Director |

B.1.9 Indicate and, where appropriate, explain if the company has established rules on the number of boards to which its directors may belong:



B.1.10 In relation to recommendation number 8 of the Unified Code, indicate the company's general policies and strategies that the Board in full has reserved for itself to approve:

| | |
|---|-----|
| Investment and financing policy | Yes |
| Design of the structure of the corporate group | Yes |
| Corporate governance policy | Yes |
| Corporate social responsibility policy | Yes |
| The strategic or business plan, management targets and annual budgets | Yes |
| Remuneration and evaluation of senior officers | Yes |
| Risk control and management policy, and the periodic monitoring of internal information and control systems | Yes |
| Dividend policies, as well as the policies and limits applying to treasury stock | Yes |

B.1.11 Complete the following tables concerning the additional compensation of directors accrued during the year:

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

| Remuneration item | Thousands of euros |
|--|--------------------|
| Fixed remuneration | 200 |
| Variable remuneration | 125 |
| Attendance fee | 605 |
| Statutory consideration | 0 |
| Share options and/or options relating to other financial instruments | 0 |
| Other | 55 |
| Total | 985 |

| Other benefits | Thousands of euros |
|---|--------------------|
| Advances | 0 |
| Loans granted | 0 |
| Pension/retirement funds and plans: Contributions | 0 |
| Pension/retirement funds and plans: Obligations undertaken | 0 |
| Life insurance premiums | 0 |
| Guarantees constituted by the company in favor of board members | 0 |

b) For membership by directors of the company to other boards of directors and/or senior management of group companies:

| Remuneration item | Thousands of euros |
|--|--------------------|
| Fixed remuneration | 0 |
| Variable remuneration | 0 |
| Attendance fee | 0 |
| Statutory consideration | 0 |
| Share options and/or options relating to other financial instruments | 0 |
| Others | 0 |
| Total | 0 |

| Other benefits | Thousands of euros |
|---|--------------------|
| Advances | 0 |
| Loans granted | 0 |
| Pension/retirement funds and plans: Contributions | 0 |
| Pension/retirement funds and plans: Obligations undertaken | 0 |
| Life insurance premiums | 0 |
| Guarantees constituted by the company in favor of directors | 0 |

c) Total remuneration by director type:

| Director type | By company | By group |
|----------------------|------------|----------|
| Executive | 493 | 0 |
| Proprietary external | 292 | 0 |
| Independent external | 200 | 0 |
| Other external | 0 | 0 |
| Total | 985 | 0 |

d) With regard to the profit attributed to the parent company:

| | |
|--|------|
| Total remuneration of directors (thousands of euros) | 985 |
| Total remuneration of directors/profit attributed to the parent company (expressed in %) | 11.0 |

B.1.12 Identify senior management members who are not executive directors, and indicate the total remuneration accrued in their favor during the year:

| Name or denomination | Position |
|--|---|
| Jesús Enrique Fernández Nuñez | Manager of Public Administrations and Manager of Industry |
| Antonio Girón Ares | Manager Telco and Media |
| Vicente Díaz Sagredo | General Manager of Operations |
| Ignacio Antonio Mut Pasos | General Manager of Persons |
| Juan Carlos Rosique Villalba | General Manager Administration and Finance |
| Francisco Javier Rey Aylón | Banking and Insurance Manager |
| Total remuneration of senior management (thousands of euros) | |
| | 1,201 |

B.1.13 Identify, in aggregate fashion, if protection or golden handshake clauses exist for cases of layoffs or changes in control in favor of members of the senior management, including the executive directors, of the company or its group. Indicate if these contracts must be disclosed to and/or approved by the governing bodies of the company or its group:

| | |
|-------------------------|---|
| Number of beneficiaries | 0 |
|-------------------------|---|

Board of Directors

General Shareholders' Meeting

| | | |
|--|-----|----|
| Governing body authorizing the clauses | Yes | No |
|--|-----|----|

Are the clauses disclosed to the General Shareholders' Meeting?



B.1.14 Indicate the process for determining the remuneration of members of the Board of Directors and the relevant statutory clauses regarding them:

**Process for determining the remuneration of members
of the Board of Directors and statutory clauses**

Article 21 of the bylaws indicates that the position of Director will be remunerated. Article 22 determines that the annual remuneration of the Board of Directors will be set by the General Shareholders' Meeting. Article 21 of the General Shareholders' Meeting Regulations determines that the Board of Directors shall have the competence to make proposals to the General Shareholders' Meeting with regard to the remuneration of directors. In the case of executive directors, the Board of Directors will propose any additional remuneration for their executive functions and other conditions included in their contracts.

For its part, the Nomination and Remuneration Committee must issue a report to the Board of Directors indicating the criteria it may deem appropriate.

Indicate if the Board, in full, has reserved for itself the approval of the following decisions:

On the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses.



Directors' remuneration, and in the case of executive directors, the additional consideration for their management duties and other contract conditions.



B.1.15 Indicate if the Board of Directors approves a detailed remuneration policy and specify any matters on which it decides:



Amount of fixed components, itemised where necessary, of board or board committee attendance fee with an estimate of the fixed annual payment they give rise to

Yes

Variable remuneration components

Yes

Main characteristics of pension systems, with an estimate of their amount or annual equivalent cost

Yes

Conditions to apply to the contracts of executive directors exercising senior management functions

Yes

B.1.16 Indicate if the Board submits a report on the director's remuneration policy to the advisory vote of the General Shareholders' Meeting, as a separate point of the agenda. If applicable, explain the aspects of the report with respect to the remuneration policy approved by the Board for future years, the most significant changes in such policies compared to that applied during the year, with a global summary of how the remuneration policy was applied during the year. Detail the role played by the Remuneration Committee along with the identity of any external advisors engaged:



Matters addressed in the report on remuneration policy

The decision concerning the remuneration of members of the Board is adopted by the General Shareholders' Meeting at the proposal of the Board. In FY 2009 the amount for attendance fee was proposed, with no changes in the distribution system being established with regard to the previous financial year.

Role played by the Remuneration Committee

The Nomination and Remuneration Committee proposes the remuneration amounts for Directors to the Board. It formulates the proposal to the Board, which decides on the amount of the remuneration and submits it to the approval of the General Shareholders' Meeting.

Had external advisors been used?

Identity of external advisors

B.1.17 Indicate the identity of Board members, if any, who are in turn members of the Board of Directors, senior officers or employees of companies that hold significant stakes in the listed company and/or companies pertaining to its group:

| Name or denomination of the director | Denomination of the significant shareholder | Position |
|--------------------------------------|---|---------------|
| Ladislao De Arriba Azcona | Doble A Promociones, S.A. | Sole Director |
| Ladislao De Arriba Azcona | Inverfam 2005, S.A. | Sole Director |
| Leonardo Sánchez-Heredero Álvarez | Promociones Keops, S.A. | Chairman |

Detail any significant relations other than those indicated in the previous section of members of the Board of Directors that bind them to significant shareholders and/or companies pertaining to its group:

B.1.18 Indicate if there have been any changes in the Board's regulations during the year:



B.1.19 Indicate the appointment, renewal, evaluation and removal procedures for Directors. Detail the competent bodies, the procedures to be followed and the criteria to be used in each of the procedures.

The General Shareholders' Meeting or, as the case may be, the Board of Directors, will be competent to appoint the members of the Board of Directors, pursuant at all times to the provisions of the Public Limited Companies Law and the Company bylaws.

Only those persons who, in addition to fulfilling the legal and statutory requirements of the position, enjoy recognized standing and possess the adequate professional knowledge and experience to perform their functions, may be appointed. The Nomination and Remuneration Committee will report on such particulars in the terms provided for under Article 30 of the Regulations. In the event of the resignation of a Board member, the Board of Directors may appoint the persons who must fill the vacancies from among the shareholders up to the holding of the next first General Shareholders' Meeting.

The following may not be proposed or appointed as independent external directors:

- Those who have, or who have had in the last two years, any direct or indirect employment, commercial or contractual relationship of a significant nature with the Company, its officers, the proprietary directors or Group companies whose interests are represented by them, and/or with credit institutions having a significant position in the Company's finances.
- Those who are directors of another listed company having proprietary directors in the Company.
- Those who have a close degree of kinship, by consanguinity or affinity, with the executive or proprietary directors, or the members of the senior management of the Company.

Mandate:

The directors will hold their position during a maximum term of five years, and may be re-elected one or more times for equal maximum-duration periods.

Directors appointed by co-opting will hold their position up to the date of the next first General Shareholders' Meeting.

The Nomination and Remuneration Committee, which is in charge of evaluating the quality of the work and dedication to the position of the directors proposed during the preceding mandate, will submit a mandatory report on the proposed renewal of directors that the Board of Directors may decide to submit to the General Shareholders' Meeting, all within the terms provided for under Article 30 of the Regulations.

B.1.20 Indicate the cases where the directors are required to resign.

The directors will cease to hold their position when the period for which they were appointed expires, and in all other cases as provided for by law, the Company bylaws and the Regulations.

The directors must place their office at the disposal of the Board of Directors and formalize, if the latter deems it convenient, the corresponding resignation in the following cases:

- a) When internal directors cease to hold executive positions not related to the Board to which their appointment as directors was associated.
- b) When they incur in any of the incompatibility or prohibition causes provided for by law.
- c) When they have been seriously admonished by the Audit Committee for having breached their obligations as directors.

Once this period ends or the director resigns for any other reason, he or she may not provide services to any competing company for a term of two years, unless the Board of Directors releases him or her from this obligation.

B.1.21 Explain if the function of chief executive of the company falls to the Chairman of the Board. If applicable, indicate the measures taken to limit the risks of accumulating powers in a single person:



Indicate and, where appropriate, explain if rules have been established that empower one of the independent directors to request the calling of board meetings or the inclusion of new business on the agenda, to coordinate and give voice to the concerns of the external directors and to lead the board's evaluation.



Explanation of the rules

According to Article 16.2.e) of the Board Regulations, all the directors, including independents, may call an extraordinary meeting of the Board or request the inclusion of any matters they may see fit to address in the agenda of the next first meeting of the Board to be held.

B.1.22 Are supermajorities other than those legally allowed required for any type of decision?



Indicate how the agreements of the Board of Directors are adopted, indicating at least the minimum attendance quorum and types of majorities required to adopt agreements:

Description of the agreement:

Any type of agreement

Quorum %

Majority of votes of directors in attendance and represented.
Voting in writing and without holding a session will be allowed when no director opposes such procedure and the requirements established in the Mercantile Registry Regulations (Article 10 Board Regulations) are fulfilled.

| Type of majority | % |
|------------------|----|
| Simple majority | 55 |

B.1.23 Explain if there are specific requirements, other than those relating to the directors, to be appointed as Chairman.

No

B.1.24 Indicate if the Chairman of the Board has a casting vote:

No

B.1.25 Indicate if the bylaws or the Board regulations establish an age limit for directors:

No

| Age limit for Chairman | Age limit for CEO | Age limit for director |
|------------------------|-------------------|------------------------|
| 0 | 0 | 0 |

B.1.26 Indicate if the bylaws or the Board regulations establish a limited mandate for independent directors::

No

| | |
|------------------------------------|---|
| Maximum number of years of mandate | 0 |
|------------------------------------|---|

B.1.27 If there are few or no women directors, explain the reasons and initiatives adopted to correct such a situation.

Explanation of motives and initiatives

There is no special reason and no initiative has been adopted to correct this situation.

In particular, indicate if the Nomination and Remuneration Committee has established procedures for selection processes not to have implicit biases that hinder the selection of women directors and deliberately seek female candidates that meet the required profile:



B.1.28 Indicate if there are formal processes for the delegation of votes on the Board of Directors. If any exist, describe them briefly:

Each director may confer his or her representation to another director, without there being any limit on the number of representations each director may have to attend a Board meeting. The representation of absent directors may be conferred by any written means. Valid forms include by telegram, telex, fax or email addressed to the Chairmanship.

B.1.29 Indicate the number of meetings held by the Board of Directors during the financial year. In addition, indicate the times, if any, that the Board has met without its Chairman in attendance:

| | |
|--------------------------|----|
| Number of Board meetings | 11 |
|--------------------------|----|

| | |
|--|---|
| Number of Board meetings without the Chairman's attendance | 0 |
|--|---|

Indicate the number of meetings held by the Board's various committees during the year:

| | |
|---|----|
| Number of meetings of the Executive Committee | 11 |
|---|----|

| | |
|---|---|
| Number of meetings of the Audit Committee | 5 |
|---|---|

| | |
|---|---|
| Number of meetings of the Nomination and Remuneration Committee | 4 |
|---|---|

| | |
|--|---|
| Number of meetings of the Nomination Committee | 0 |
|--|---|

| | |
|--|---|
| Number of meetings of the Remuneration Committee | 0 |
|--|---|

B.1.30 Indicate the number of meetings held by the Board of Directors during the financial year without all its members being in attendance. Representations without specific instructions are counted as absences:

| | |
|---|---|
| Number of director absences during the financial year | 8 |
|---|---|

| | |
|--|-------|
| % of absences out of the total votes during the financial year | 6.110 |
|--|-------|

B.1.31 Indicate if the individual and consolidated annual accounts presented for approval by the Board are previously certified:



Identify the person(s), if any, who has/have certified the individual and consolidated annual accounts of the company for their formulation by the Board:

B.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated accounts formulated by it to be presented to the General Shareholders' Meeting with qualifications in the audit report.

The individual and consolidated accounts are examined in detail by the Audit Committee with the advice of the External Audit before submission to the Board.

B.1.33 Does the Board secretary have the status of a director?



B.1.34 Explain the appointment and removal procedures for the Secretary of the Board, indicating if the appointment and removal have been disclosed by the Nomination Committee and approved by the Board in full.

Appointment and removal procedure

The Secretary of the Board will be appointed by the Board of Directors (Art. 5 of the Board of Directors Regulations).

Does the Nomination Committee inform of the appointment? **Yes**

Does the Nomination Committee inform of the removal? **Yes**

Does the Board approve the appointment in full? **Yes**

Does the Board approve the removal in full? **Yes**

¿Is the Secretary of the Board tasked with the function of overseeing, in particular, the recommendations of good governance? **Yes**

Observations

Article 25 of the Board Regulations stipulates that the Secretary has the duty to ensure the observance of the Company's Corporate Governance principles and of the provisions of the Regulations.

B.1.35 Indicate the mechanisms, if any, established by the company to preserve the independence of the auditor, the financial analysts, the investment banks and the rating agencies.

It is the responsibility of the Audit Committee to adopt any required measures to avoid risking the independence of the auditors and any other function related to the development of the Audit process.

Article 6, section 4 of the Board Regulations indicates that the Board of Directors will maintain a direct relationship with the company's senior officers and with its auditors.

B.1.36 Indicate if the company has replaced its external auditor in the year. If so, identify the outgoing and incoming auditors:

No

| | |
|------------------|------------------|
| Outgoing auditor | Incoming auditor |
| Outgoing auditor | Incoming auditor |

If any disagreements existed with the outgoing auditor, explain the contents of any such disagreements:

No

B.1.37 Indicate if the auditing firm performs works for the company and/or its group other than those of auditing, and if so, state the amount of the fees received for such work and the percentage with respect to the total fees billed to the company and/or its group:

Yes

| | Company | Group | Total |
|---|---------|-------|-------|
| Amount of work other than auditing (thousands of euros) | 256 | 0 | 256 |
| Amount of work other than auditing/Total amount billed by the auditing firm (%) | 44,99 | 0,000 | 44,99 |

B.1.38 Indicate if the audit report of the annual accounts for the previous year presents reservations or qualifications. If so, indicate the reasons given by the Chairman of the Audit Committee to explain the contents and extent of any such reservations or qualifications.



B.1.39 Indicate the number of uninterrupted years that the current auditing firm has been performing the audit of the annual accounts of the company and/or its group. In addition, indicate the percentage that the number of years audited by the current auditing firm represents out of the total number of years in which the annual accounts have been audited:

| | Company | Group |
|--|---------|-------|
| Number of uninterrupted years | 20 | 20 |
| Number of years audited by the current auditing firm/Number of years that the company has been audited (%) | 100 | 100 |

B.1.40 Indicate the stakes held by members of the company's Board of Directors in the stock of companies that have the same, analogous or complementary business as that of the corporate purpose both of the company and of its group, which have been reported to the company. In addition, indicate the positions and/or functions held and/or performed in these companies:

| Name or denomination of the director | Name of the company in question | % stake | Position or functions |
|--------------------------------------|---------------------------------|---------|-----------------------|
| GETRONICS INTERNATIONAL B.V | GETRONICS INTERNATIONAL B.V. | 100 | The same |

B.1.41 Indicate and, where appropriate, detail if there is a procedure for the directors to have external assistance:



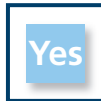
B.1.42 Indicate and, where appropriate, detail if there is a procedure for the directors to have the necessary information to prepare for the meetings of management bodies with enough time in advance:



Detail the procedure

Pursuant to Article 21 of the Regulations, the directors will have access to all the company's services and may gather and garner, with the broadest possible powers, any information and advice they may require with regard to any aspect of the company, provided that the performance of their functions so requires it. The right to information extends to national or foreign subsidiary companies, and is channeled through the Chairman or the Secretary of the Board of Directors, who will arbitrate any measures that may be required without limitation to address the requests of the directors.

B.1.43 Indicate and, where appropriate, detail if the company has established rules that oblige the directors to disclose and, as the case may be, resign in any cases that may jeopardize the company's credit and reputation:



Explain the rules

The director must disclose to the Company any form of legal, administrative or any other claim in which he or she may be involved, and which, given its importance, may have a serious impact on the Company's reputation (Article 16.6 of the Board Regulations).

B.1.44 Indicate if any member of the Board of Directors has disclosed to the company that he or she is subject to prosecution or has been committed for trial for any of the crimes detailed in Article 124 of the Public Limited Companies Law:



Indicate if the Board of Directors has analyzed the case. If so, explain the decision made, providing reasons, on whether it is appropriate or not for the director to continue performing his or her functions as such.



Decision made

Reasoned explanation

B.2 Board of Directors committees

B.2.1 Detail all of the Board of Directors' committees and their members:

EXECUTIVE COMMITTEE

| Name | Position | Type |
|-------------------------------------|-------------------------------|-------------|
| Ladislao De Arriba Azcona | Chairman | Executive |
| AURANTIA 2003 S.L. | Committee Member | Proprietary |
| CXG CORPORACIÓN CAIXA GALICIA, S.A. | Committee Member | Proprietary |
| Jaime Terceiro Lomba | Committee Member | Independent |
| Javier Martin García | Committee Member | Executive |
| Leonardo Sanchez Heredero Álvarez | Committee Member | Proprietary |
| Félix Ester Butragueño | Secretary-Committee Member | |

AUDIT COMMITTEE

| Name | Position | Type |
|-----------------------------|------------------|-------------|
| Miguel Angel Aguado Gavilán | Chairman | Independent |
| AURANTIA 2003, S.L. | Committee Member | Proprietary |
| Jaime Terceiro Lomba | Committee Member | Independent |

| Name | Position | Type |
|----------------------------------|-------------------------------|-------------|
| REVERTER 17, S.L. | Vocal | Proprietary |
| Ricardo Aragón Fernandez-Barredo | Secretary-Committee Member | |

NOMINATION AND REMUNERATION COMMITTEE

| Name | Position | Type |
|-------------------------------------|----------------------------|-------------|
| Leonardo Sánchez Heredero Álvarez | Chairman | Proprietary |
| CXG CORPORACIÓN CAIXA GALICIA, S.A. | Committee Member | Proprietary |
| GETRONICS INTERNATIONAL B.V. | Committee Member | Proprietary |
| Mónica Ridruejo Ostrowska | Committee Member | Independent |
| Ricardo Aragon Fernández-Barredo | Secretary-Committee Member | |

B.2.2 Indicate if the Audit Committee has the following functions:

Monitor the preparation and integrity of the financial information prepared on the company, and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles



Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed



Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports



Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities, they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.

No

Make recommendations to the board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of his engagement

Yes

Receive regular information from the external auditor on the progress and findings of the audit programme, and check that senior management are acting on its recommendations

Yes

Monitor the independence of the external auditor

Yes

In case of groups, the Committee should urge the group auditor to take on the auditing of all component companies

Yes

B.2.3 Provide a description of the rules of organization and operation, as well as the responsibilities attributed to each Board committee.

Committee name

NOMINATION AND REMUNERATION COMMITTEE

Brief description

The Nomination and Remuneration Committee's Regulations were approved by the Board on March 28, 2003.

The Nomination and Remuneration Committee will be made up of at least three and at most five directors appointed by the Board of Directors. Appointed directors will resign from their positions on the Committee when they do so as directors, or when so agreed to by the Board.

The functions of the Nomination and Remuneration Committee include proposing and reporting on appointments and remuneration to the Board of Directors, in particular relative to the members of the Board of Directors, to the executive directors, to the members of the various Committees and to the senior officers of the Company, and in general, relative to any other matters in relation to the foregoing as may be contemplated in the Company bylaws or regulations, or as requested by the Chairman or by the Board of Directors.

Committee name

EXECUTIVE COMMITTEE

Brief description

The Executive Committee comprises a maximum of six members: the Chairman of the Board of Directors, the Chief Executive Officer and four directors belonging to the three groups established in Article 3 of the Regulations. The appointment of the members of the Executive Committee shall require the favorable vote of at least two thirds of the directors currently holding office.

The Chairman of the Board of Directors shall act as Chairman of the Executive Committee.

The Executive Committee shall be deemed to be validly constituted when one-half plus one of its members are in attendance at its meeting, either present or represented.

The members of the Executive Committee will cease to hold their positions on the Committee when they do so as directors, or when so agreed to by the Board. The vacant positions left in such cases will be filled as quickly as possible by the Board of Directors.

The permanent delegation of powers by the Board of Directors in favor of the Executive Committee may include all the powers of the Board, except when such powers cannot be delegated pursuant to law, the bylaws and Article 4.3 of the Regulations.

The Executive Committee shall hold ordinary sessions on a monthly basis, and its decisions shall be notified to the next first plenary session of the Board of Directors.

In those cases where, in the Chairman's opinion or that of the majority of the members of the Executive Committee, the importance of the matter so advises, the agreements adopted by the Executive Committee will be submitted for ratification by the plenary session of the Board of Directors. The same shall apply in relation to any matters the Board may have passed on to the Executive Committee for study, with the Board reserving for itself the ultimate decision regarding such matters. In all other cases, the agreements adopted by the Executive Committee shall be valid and binding without requiring subsequent ratification by the plenary session of the Board of Directors.

To the extent that they may be applicable, the provisions of the Regulations relating to the functioning of the Board of Directors shall apply to the Executive Committee.

Committee name

AUDIT COMMITTEE

Brief description

The Audit Committee's Regulations were approved by the Board on February 24, 2003.

The Audit Committee will be made up of at least three and at most five directors appointed by the Board of Directors. Appointed directors will cease to hold their positions on the Committee when they do so as directors, or when so agreed to by the Board following a report issued by the Nomination and Remuneration Committee. Independent external directors will form a majority on this Committee, which may not include any executive directors.

Its members shall have the necessary dedication, capacity and experience to perform their functions. Moreover, its Chairman shall have business management experience and knowledge of accounting procedures, and in any case, at least one of its members shall have the financial experience that may be required by the sector's regulatory bodies.

The main function of the Audit Committee is to support the Board of Directors in its oversight task through the regular revision of the process of drafting economic and financial information, its executive controls and the independence of the external auditor, as well as the revision of compliance with all legal provisions and internal regulations applicable to the company.

Of note:

- a) Formulation of the annual accounts of the Company and its Group.
- b) Appointment, hiring conditions, extension and removal of the external auditor.

- c) Review of the information provided regularly by the Board to the markets and its regulating bodies, as well as any prospectus issued.
- d) Reporting to the General Shareholders' Meeting with regard to any matters brought forth by the shareholders with regard to their competency.
- e) Analysis of the reports issued by the Internal Audit Manager, and possibly the proposal of corrective recommendations according to such reports.
- f) Examination of compliance with the Internal Rules of Conduct in stock market, the Board's Internal Regulations, and in general the rules of governance of the company, making any proposals as may be required to improve them.
- g) Perform any other competencies assigned to the Committee under the Internal Regulations of the Board.

B.2.4 Indicate the advisory and consulting powers, and if any, the delegations of each of the Committees:

Committee name

NOMINATION AND REMUNERATION COMMITTEE

Brief description

Its functions include proposing and reporting on appointments and remuneration to the Board of Directors, in particular relative to the members of the Board of Directors, to the executive directors, to the members of the various committees and to the senior officers of the Company, and in general, relative to any other matters in relation to the foregoing as may be contemplated in the Company bylaws or regulations, or as requested by the chairman or by the Board of Directors. To propose the remuneration system for the Board, the Committee will evaluate the responsibility, dedication and incompatibilities required of the directors, determining the extent and amount of remuneration, rights and compensation of an economic nature for the Company's chairman and, as the case may be, for the executive directors and CEO. Moreover, this Committee will analyze proposed incentive plans of a multi-annual nature affecting the Group's senior management and, in particular, those that may be established based on share value, and will determine the basic aspects relating to the Company's general salary policy. This Committee is also tasked with informing the Board of any matters falling within its competency that affect compliance with the corporate governance principles or obligations under law, the bylaws or the Regulations in effect from time to time.

Committee name

EXECUTIVE COMMITTEE

Brief description

All those that correspond to the Board and can be delegated.

Committee name

AUDIT COMMITTEE

Brief description

- a) Formulation of the annual accounts of the Company and its Group.
- b) Appointment, hiring conditions, extension and removal of the external auditor.
- c) Review of the information provided regularly by the Board to the markets and its regulating bodies, as well as any prospectus issued.
- d) Reporting to the General Shareholders' Meeting with regard to any matters brought forth by the shareholders with regard to their competency.
- e) Examination of compliance with the Internal Rules of Conduct in stock market, the Board's Internal Regulations, and in general the rules of governance of the company, making any proposals as may be required to improve them.
- f) Performing of any other competencies assigned to the Committee under the Internal Regulations of the Board.

B.2.5 Indicate the existence of any regulations of Board committees, the place where such regulations are available for consultation, and any changes made in such regulations during the financial year. In addition, indicate if an annual report has been drafted voluntarily concerning the activities of each committee.

Committee name

NOMINATION AND REMUNERATION COMMITTEE

Brief description

The Board committee regulations can be consulted at the website www.tecnocom.es, selecting “shareholders and investors” and then accessing the governing bodies. No changes have been made during the financial year.

Committee name

EXECUTIVE COMMITTEE

Brief description

The Board committee regulations can be consulted at the website www.tecnocom.es, selecting “shareholders and investors” and then accessing the governing bodies. No changes have been made during the financial year.

Committee name

AUDIT COMMITTEE

Brief description

Brief description The Board committee regulations can be consulted at the website www.tecnocom.es, selecting “shareholders and investors” and then accessing the governing bodies. No changes have been made during the financial year.

B.2.6 Indicate if the makeup of the Executive Committee reflects the participation in the Board of the different directors according to their status:



C - RELATED-PARTY TRANSACTIONS

C.1 Indicate if the Board, in full, has reserved for itself the right to approve, following the favorable report by the Audit Committee or any other to whom such function has been entrusted, the transactions that the company conducts with directors, significant shareholders, shareholders with board representation, or other persons related there to (related-party transactions):



C.2 Detail any significant transactions involving a transfer of resources or obligations between the company and/or its group companies and the company's significant shareholders:

C.3 Detail any significant transactions involving a transfer of resources or obligations between the company and/or its group companies and the company's directors or officers:

| Name or denomination of the directors or officers | Name or denomination of the company or group company | Nature of the transaction | Type of transaction | Amount (thousands of euros) |
|---|--|---|-----------------------|-----------------------------|
| CXG CORPORACIÓN CAIXA GALICIA, S.A. | SOFTGAL GESTIÓN, S.A. | Provision of Services | Provision of Services | 233 |
| CXG CORPORACIÓN CAIXA GALICIA, S.A. | TECNOCOM, TELECOMUNICACIONES Y ENERGÍA, S.A. | Provision of Services | Provision of Services | 198 |
| Javier Martin Garcia | TECNOCOM, | Provision of Services through JJ ESLAVA, S.L., of which he is Sole Director | Provision of Services | 50 |
| TRASLADAMA, S.L. | TECNOCOM, TELECOMUNICACIONES Y ENERGÍA, S.A. | Provision of Services | Provision of Services | 5 |

C.4 Detail any significant transactions performed by the company with any other companies belonging to the same group, provided that these are not eliminated during the process of drafting the consolidated financial statements and are not part of the regular business of the company in terms of its purpose and conditions:

C.5 Indicate if the members of the Board of Directors have incurred in any conflict of interest situation pursuant to Article 127 ter of the Public Limited Companies Law during the course of the year.



C.6 Detail the mechanisms established to detect, determine and resolve possible conflicts of interest between the company and/or its group and its directors, officers or significant shareholders.

The Board Regulations provide that directors shall avoid conflicts of interest between themselves and their most direct relatives and the company, and if unavoidable, they must notify the existence of any such conflicts of interest in any case to the Board of Directors.

The Board will not authorize and, as the case may be, will disclose transactions not subject to the conditions and controls contemplated by the Board Regulations performed by their relatives or by companies where they hold a senior management position or in which they hold a significant stake.

C.7 Is more than one Group company listed in Spain?



Identify any listed subsidiary companies:

D - RISK CONTROL SYSTEMS

D.1 General description of the company's and/or its group's risk policy, detailing and evaluating the risks covered by the system, together with a justification of the suitability of such systems to the profile of each type of risk.

In order to neutralize the possible risks involved in carrying out the company's business and policy, TECNOCOM has a Business Continuity Plan that covers all the critical processes and equipment for ensuring that operations are maintained in certain situations that could potentially imply the stoppage of business during a prolonged period of time. This plan includes the loss and recovery of stored business-crucial information as well as the loss of material resources in information systems (equipment and workspace), and the loss of communications capability and access to analytical information.

Carrying out the Continuity Plan involves the following:

Completion of implementation of the internal SAP management system as the IT and corporate management system. The implementation of this tool allows the company to improve its internal control and management systems, minimizing risks.

Customer care incident resolution is completed with the REMEDY system, purchased in 2004, which was adapted to Tecnocom's incident control needs, which are handled via the TAC (Technical Assistance Center). This system, which is transparent for our customers, enables the control of fault resolution times and, at the same time, constitutes a database for storing incidents and tools for solving them. As a result, when repeated incidents occur, the program provides the information and tools to solve them.

The Company has the necessary human and material resources to ensure the proper monitoring of projects and investments, both national and international, and enabling it to adopt the necessary corrective measures.

In June of 2007, TECNOCOM's UNE-EN ISO 9001:2000 Quality Management system passed the renewal audit conducted by AENOR, confirming its adherence to high standards of quality.

It also passed the follow-up audit conducted by AENOR on its Environmental Management System, which was implemented per UNE-EN ISO 14001:2004. This highlights TECNOCOM's commitment to the environment beyond strict adherence to the law, setting energy savings goals, establishing processes and instructions to effectively achieve raw materials savings, and using new communication technologies as resources, being one of the top organizations supplying such services. Moreover, it addresses the recycling of the electronic equipment it puts out on the market by adhering to the SIG, owned and run by ASIMELEC.

As for Research & Development in FY 2009, Tecnocom has maintained its product and system R&D activity. Significantly, all the resources used have been booked as current expenditures for the financial year; consequently, no cost has been activated for this item.

As for Quality and the Environment, in January of 2007 Tecnocom had already achieved level 3 of maturity according to the CMMI (Capability Maturity Model Integration) model, per version 1.2 of this model, after completing a SCAMPI Class A (official method of evaluation of the CMMI model). Tecnocom has thus become one of the leading national companies in achieving this level of maturity. This model was defined by the Software Engineering Institute (SEI), an institute linked to the Carnegie Mellon University. It provides a benchmark for improving processes and the quality of projects executed by organizations. It can be considered as the "de facto" standard and worldwide benchmark for ICT companies involved in intensive software development and production.

Tecnocom is carrying out a project for implementing an Information Security Management System, using the ISO 27001 standard as its benchmark. This system includes the organization structure, procedures, processes and resources for implementing information security management at Tecnocom. It is the tool that will be available to Tecnocom's management to carry out its security policies and objectives (integrity, confidentiality and availability, assignment of responsibility,

authentication, etc.), and in addition it provides the necessary mechanisms to safeguard information assets and the systems that process them in line with the organization's security policies and strategic plans.

It is also continuing with a project implementing an IT System Quality Management System based on the international ISO 20000 standard and aligned with the industry-benchmark ITIL standard. This system includes the organization structure, initial resources and roles, the necessary processes and procedures, including their alignment with the features of the new SIEBEL information system, which will provide support for the ITIL managed service processes. This system is the tool that will be available to TecnoCom's management to carry out its IT service quality management policy as approved by our CEO.

With the implementation of the Information Security Management System and the IT Service Quality Management System, TecnoCom seeks to join the select group of Spanish industry companies that have obtained these certifications to date.

The ISO 9001-compliant Quality Management System certificates, which have been in place for over 14 years and cover all the services provided by TecnoCom, have been renewed. This system has been enriched over time, and covers planning, development and implementation, oversight and control, and continuous improvement of all TecnoCom's business and support processes. All the processes and procedures implemented at TecnoCom are aligned with this system, and other systems have been built upon it, like those based on the CMMI Model, etc.

The Company's ISO 14001 Environmental Management System certificates are also up-to-date. This highlights TecnoCom's commitment to the environment and to contributing to its sustainable development, minimizing consumption and the environmental impact of the waste generated, following the philosophy of reducing, reusing and recycling.

The application of the main industry benchmarks highlights TecnoCom's strong commitment to continue improving the efficacy and efficiency of its operations, enabling it to consolidate its high customer satisfaction level.

Tecnocom is a company that is committed to Corporate Social Responsibility (CSR), its mission being to provide excellent service while respecting ethical values, people and the environment.

Proof of this commitment is that Tecnocom has adhered to the United Nations Global Compact. Tecnocom adheres to this voluntary commitment through the implementation of ten principles based on human rights, labor rights, environmental rights and the fight against corruption.

Tecnocom understands CSR from a global perspective, that is, it affects all the company's business areas and all the geographic areas where it carries out its activities. Therefore, it affects the entire value chain that is needed for the development of the service provision.

Tecnocom is thus committed to a business management model based on a strong commitment to the development of its employees, society and the environment, through a strategy that fosters sustainability, culture and ethics, pervading all levels of the company.

Examples of actions carried out by Tecnocom in these areas include:

- Inclusion of the Green IT concept in our ICT solutions portfolio and creation of a logo that reinforces our vision in this aspect and facilitates its dissemination among our customers and employees. The key elements on which we can act from where we stand include saving paper and energy, and recycling materials.
- Labor Law Policy that promotes stable employment and eliminates discrimination with regard to employment and occupation. Developing careers is another of our priorities, as well as training and compensation programs and reconciling work and family life.

An example is the new e-learning training platform, called Comunidad Tecnocom (Tecnocom Community), which is open to everyone and promotes a conciliatory spirit that is sensitive to the needs of all groups, enabling access to the greatest possible number of employees.

- Social and cultural commitment policy. An example of this is TecnoCom's support of the sports world by signing an agreement with the Higher Council of Sport for the social and employment integration of top-flight athletes.

TecnoCom channels its CSR actions and projects through a CSR Committee that includes representatives from different corporate and operational areas affected by these issues. Its main goal is to bring together all the practices that it has been carrying out for quite some time, in addition to creating and promoting new projects in 'responsible' actions of a social, environmental or economic nature, along with exchanging experiences and information between the areas.

Through regular meetings, the Committee studies projects set up by each activity area and proposes new initiatives and investments to the Executive Committee.

TecnoCom's goal is to submit, for the first time in 2011, an Annual Corporate Responsibility Report disclosing the strategies, actions and commitments made by TecnoCom in the economic, social and environmental spheres to all its interest groups. For the information to be conveyed as homogeneously and transparently as possible, it will be prepared following the guidelines of the Global Reporting Initiative (GRI). This commitment will be repeated on a yearly basis.

TecnoCom, as a signatory of the United Nations Global Compact, has a published policy integrating quality, the environment, safety and health, along with the Principles of the United Nations Global Compact. This policy is revised annually by the management to confirm that it is being applied throughout all levels of the organization and in the activities carried out by TecnoCom.

TECNOCOM has an up-to-date policy integrating quality, the environment and occupational risk prevention under the aegis of the Principles of the United Nations Global Compact. This policy was analyzed in the latest Management Review in order to evaluate its suitability.

A new company based in Almería joined the TecnoCom Group in 2009. A service company is created: TecnoCom Gestión y Servicios. The "Joint Prevention Service" is set up to provide services to all TecnoCom Group companies.

TecnoCom, as a signatory of the Principles of the United Nations Global Compact, has made a progress report for 2009, which was accompanied by a letter from the CEO ratifying the company's commitment to continue implementing the Principles of the United Nations Global Compact throughout all levels of organization of the TecnoCom Group.

The year 2009 was characterized by the continued reorganization and integration of TecnoCom companies, seeking synergies that make for more effective provision of services to its customers and reinforce the TecnoCom Group's leadership in its field.

With the start of monthly bulletins by the Global Compact, a folder called "Boletines PMNU" (UNGC Bulletins) was created in the Intranet, making all the bulletins published by the Global Compact available to all TecnoCom's workers.

A Joint Prevention Service has been created at TECNOCOM. The Joint Prevention Service has taken on three technical specialties, Safety, Ergonomics and Applied Psychology, and Occupational Hygiene, providing services to all TecnoCom companies.

Tecnocom has outsourced the Occupational Medicine specialty to the following outside prevention services: MGO and SPIBERMUTUAMUR.

The company has taken out policies that adequately cover civil liability relating to its products and services.

D.2 Indicate if any of the different types of risks (operational, technological, financial, legal, reputation, tax, etc.) affecting the company and/or its group have materialized in the year:



If so, indicate the circumstances that have caused them and if the established control systems have worked.

D.3 Indicate if there is a committee or other governing body in charge of establishing and supervising these control mechanisms:



If so, detail their functions.

Name of the committee or body

Board Committees

Description of functions

Those described in section B.2.4.

D.4 Identify and describe the compliance processes involving the different regulations that affect the company and/or its group:

The Company does not conduct business in regulated markets.

E - GENERAL SHAREHOLDERS' MEETING

E.1 Indicate and detail, where applicable, if any differences exist with the minimum regime contemplated in the Public Limited Companies Law (LSA in its Spanish acronym) with regard to a quorum in the constitution of the General Shareholders' Meeting:



| | % of quorum other than that established by Article 102 of the LSA for general situations | % of quorum other than that established by Article 103 of the LSA for the special situations under Article 103 |
|--------------------------------|--|--|
| Quorum required on first call | 0 | 0 |
| Quorum required on second call | 0 | 0 |

E.2 Indicate and detail, where applicable, if any differences exist with the regime contemplated in the Public Limited Companies Law (LSA) with regard to the adoption of company agreements:



Describe in what aspects it differs from the regime stipulated in the LSA.

E.3 List the rights of shareholders in relation to the General Shareholders' Meetings other than those established in the LSA:

There are no rights other than those indicated in the Public Limited Companies Law.

E.4 Indicate, where appropriate, any measures adopted to encourage the participation of shareholders in the General Shareholders' Meetings.

Pursuant to Article 14 of the General Shareholders' Meeting Regulations, the Board of Directors will promote the informed participation of shareholders in

the General Shareholders' Meetings and will adopt any measures it may see fit to enable the General Shareholders' Meetings to effectively perform the functions that are inherent to it, pursuant to the law and the company bylaws.

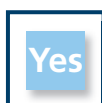
Up to the seventh day before the scheduled General Shareholders' Meeting, shareholders may request any information or clarifications they may require with regard to the issues included in the agenda, or formulate any questions they may see fit in writing with regard to the same issues, to the company's directors. The shareholders may also request information or clarifications or formulate questions in writing with regard to the information accessible to the public that the company has disclosed to the Comisión Nacional del Mercado de Valores (the Spanish equivalent of the SEC) as of the time the last General Shareholders' Meeting has been held.

The directors are required to provide the information in writing up to the day of the General Shareholders' Meeting.

During the General Shareholders' Meeting, shareholders may verbally request any information or clarification as they may see fit with regard to the issues included in the agenda. If it is not possible to satisfy the shareholder's right at that time, the directors are obliged to provide any such information in writing within seven days after the General Shareholders' Meeting is adjourned.

The directors are required to provide the requested information under the two foregoing sections, except in cases where, in the Chairman's opinion, making the requested information public jeopardizes company interests. Any such information may not be denied when the request is supported by shareholders representing at least one fourth of the share capital.

E.5 Indicate if the position of chairman of the General Shareholders' Meeting coincides with that of the chairman of the Board of Directors. Detail, wherever applicable, what measures are adopted to guarantee the independence and proper operation of the General Shareholders' Meeting:



Detail the measures

The Chairman directs the debates, giving the floor to all the shareholders who request it on a first-come basis, and then to those who request it verbally. Agreements shall be adopted by the vote of a majority of those in attendance or represented, with one vote per share.

However, if shareholders representing less than fifty percent of the subscribed capital with voting rights are in attendance, agreements by the General Shareholders' Meeting called to adopt agreements on the issue of bonds, capital increase or reduction, transformation, merger or spinoff of the company, and in general any change to the company bylaws, may only be validly adopted with the favorable vote of two thirds of the capital in attendance or represented at the General Shareholders' Meeting.

The Chairman shall assure that the issues proposed by the General Shareholders' Meeting are voted in orderly and separate fashion, giving the shareholders a chance to intervene in order to express their opinion regarding each of the issues submitted to vote.

The Chairman shall decide if the vote takes place after discussing each issue or once all of them have been discussed. However, in the latter case, a separate vote must be held for each proposal made to the General Shareholders' Meeting.

The Chairman shall decide the order in which the various proposals that may exist in relation to a specific point of the agenda are voted. Once a proposal is approved, any proposals that are incompatible with it are excluded.

Voting on the proposals with regard to points on the agenda of any type of General Shareholders' Meeting may be delegated or exercised by the shareholder by regular mail, email or any other remote means of communication, provided that the identity of the shareholder exercising his or her vote is duly guaranteed.

E.6 Indicate any changes made during the year involving the General Shareholders' Meeting Regulations:

None

E.7 Indicate the attendance figures for General Shareholders' Meetings held during the financial year to which this report refers:

| General Shareholders' Meeting date | Attendance figures | | | | Total |
|---------------------------------------|----------------------|---------------|---------------|-------|--------|
| | % physically present | % represented | % remote vote | | |
| | | | Vote by email | Other | |
| 06/25/2009 | 65.460 | 14.310 | 0.070 | 0.000 | 79.840 |

E.8 Briefly indicate the agreements adopted at the General Shareholders' Meetings held during the year to which this report refers, and the percentage of votes with which each agreement has been adopted:

Adopted agreements:

The General Shareholders' Meeting of TECNOCOM Telecomunicaciones y Energía, S.A. held on June 25, 2009 adopted the following agreements:

1° To approve (in reference to the financial year ending December 31, 2008) the management of the Board of Directors, the management report, the annual accounts, accounts that comprise the balance sheet, profit & loss account, presenting a profit of €9,959,652.28, and the annual report and the proposed application of the result consisting of allocating €2,125,724.23 to "unavailable goodwill reserves" and €7,833,928.05 to "offsetting of losses from previous FYs", and also to approve the consolidated management report and consolidated annual accounts, accounts that present an imputed profit of €14,238,431.27.

2° To extend to financial year 2009 the appointment of DELOITTE, S.L. as the auditor of the company's accounts.

3° To set at €800,000.00 the maximum annual remuneration for all the directors in the form of attendance fee in compensation for attending the meetings of the Board and its Committees.

4° To increase the share capital by €3,410,238, that is, in the proportion of one new share for every ten old shares, by means of the issuance and circulation of 6,820,476 paid-up shares charged to the Company's available reserves, each with a par value of €0.50, with preferential subscription rights for the Company's shareholders, expressly empowering the Board of Directors, to the greatest extent required by law, and in turn with the power to replace, to set the date of such increase, which in any case must be carried out within six months as of the date of the agreement by the General Shareholders' Meeting, with the term for preferential subscription rights and other applicable conditions, all based on the balance sheet closing at December 31, 2008.

5° To delegate to the Board of Directors the power to increase share capital, with or without preferential subscription rights, subject to the provisions of Articles 153.1.b) and 159.2 of the Public Limited Companies Law, voiding the authorization agreed to in the last General Shareholders' Meeting.

6° To delegate to the Board of Directors the power to issue bonds, debentures or other analogous securities, simple, with or without guarantees, subject to the provisions of Articles 153.1.b), 159.2 and 282 of the Public Limited Companies Law, voiding the authorization agreed to in the last General Shareholders' Meeting.

7° To authorize the Board of Directors to acquire treasury stock, for itself or on behalf of Group companies, up to the limit of 10 percent of the share capital, for a minimum price of 10% below the latest listing and a maximum price of 10% above the latest listing, the term of this authorization lasting five years, pursuant to the provisions of Article 75 of the Public Limited Companies Law, voiding the authorization agreed to in the last General Shareholders' Meeting.

8° To authorize the Board of Directors to interpret, correct, complete, develop, execute and formalize the agreements adopted by the General Shareholders' Meeting, with replacement powers conferred indistinctly to the Chairman, Mr. Azcona, the CEO, Mr. Martín, and the Secretary, Mr. Ester.

E.9 Indicate if there are any restrictions in the company bylaws that establish a minimum number of shares needed to attend the General Shareholders' Meeting.



Number of shares required to attend
the General Shareholders' Meeting

100

E.10 Indicate and justify the policies followed by the company with regard to delegating votes in the General Shareholders' Meeting.

Pursuant to the provisions of Article 106.1 of the Public Limited Companies Law and Article 10 of the General Shareholders' Meeting Regulations, shareholders may confer their representation to attend the General Shareholders' Meeting to any person, whether or not that person is a shareholder.

Public requests for vote delegation made by the Board of Directors or by any of its members must justify in detail the direction in which the representative will vote in case the shareholder does not give instructions, and where applicable, reveal the existence of a conflict of interest.

E.11 Indicate if the company is aware of the institutional investors' policy of participating or not in the company's decisions:



E.12 Indicate the address and means of accessing the corporate governance contents of your website:

The company website is at www.tecnocom.es. This report is permanently available to the public in the shareholders and investors section.

F - DEGREE TO WHICH CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED

Indicate the degree to which the company follows the recommendations of the Unified Good Governance Code.

If it does not comply with one or more of them, explain the recommendations, rules, practices or criteria applied by the company.

1) The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

See sections: A.9, B.1.22 , B.1.23 and E.1, E.2.

Complies

2) When a dominant and a subsidiary company are stock market listed the two should provide detailed disclosure on:

a) The type of activity they engage in, and any business dealings between them, we well as between the subsidiary and other group companies.

b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7

Not applicable

3) Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Shareholders' Meeting for approval or ratification. In particular:

a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating core activities to subsidiaries that were previously carried out by the originating firm, even though the latter retains full control of the former;

b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;

c) Operations that effectively add up to the company's liquidation.

Complies

4) Detailed proposals of the resolutions to be adopted at the General Meeting, including the information stated in Recommendation 28, should be made available at the same time as the publication of the Meeting notice.

Complies

5) Separate votes should be taken at the General Shareholders' Meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:

a) The appointment or ratification of directors, with separate voting on each candidate;

b) Changes to the bylaws, with votes taken on all articles or groups of articles that are materially different.

See section: E.8

Complies

6) Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

See section: E.4

Complies

7) The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximise its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Complies

8) The board should see the core components of its mission as to approve the company's strategy and authorise the organisational resources to carry it forward, and to ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the board in full should reserve the right to approve:

- a) The company's general policies and strategies, and in particular:
 - i) The strategic or business plan, management targets and annual budgets.
 - ii) Investment and financing policy.
 - iii) Design of structure of the corporate group.
 - iv) Corporate governance policy.

- v) Corporate social responsibility policy.
- vi) Remuneration and evaluation of senior officers;
- vii) Risk control and management, and the periodic monitoring of internal information and control systems;
- viii) Dividend policy, as well as the policies and limits applying to treasury stock.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

- i) On the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses. **See section: B.1.14.**
- ii) Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions. **See section: B.1.14.**
- iii) The financial information listed companies must periodically disclose.
- iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting.
- v) The creation or 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 whose complexity might impair the transparency of the group.

c) Transactions which the company conducts with directors, significant shareholders, shareholders with board representation or other persons related thereto ("related—party transactions").

However, board authorisation need not be required for related—party transactions that simultaneously meet the following three conditions:

1^a. They are governed by standard form agreements applied on an across the board basis to a large number of clients.

2^a. They go through at market rates, generally set by the person supplying the goods or services.

3^a. Their amount is no more than 1% of the company's annual revenues.

It is advisable that related-party transactions should only be approved on the basis of a favourable report from the Audit Committee or some other committee handling the same function; and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the board deliberates and votes.

Ideally the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the full board.

See sections: C.1 and C.6

Complies

9) In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See section: B.1.1

Complies

10) External directors, proprietary and independent, should occupy an ample majority of board places, while the number of executive directors

should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

See sections: A.2, A.3, B.1.3 and B.1.14.

Complies

11) In the event that some external director can be deemed neither proprietary nor independent, the company should disclose this circumstance and the links that person maintains with the company or its senior officers, or its shareholders.

See section: B.1.3

Not applicable

12) That among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the board by proprietary directors and the remainder of the company's capital.

This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

1° In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.

2° In 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

13) The number of independent directors should represent at least one third of all board members.

See section: B.1.3

Complies

14) The nature of each director should be explained to the General Meeting of Shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination Committee. The said Report should also disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

See sections: B.1.3 and B.1.4

Partially complies

The aforementioned report does not disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 5% of capital because no requests by such shareholders have been received, nor have any formal requests been received for a board place by shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

15) When women directors are few or non-existent, the board should state the reasons for this situation and the measures taken to correct it; in particular, the Nomination Committee should take steps to ensure that:

a) The process of filling board vacancies has no implicit bias against women candidates;

b) The company makes a conscious effort to include women with the target profile among the candidates for board places.

See sections: B.1.2, B.1.27 and B.2.3.

Complies

16) The Chairman, as the person responsible for the proper operation of the Board of Directors should ensure that directors are supplied with sufficient information in advance of board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their right to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive, along with the chairmen of the relevant committees.

See section: B.1 42

Complies

17) When a company's Chairman is also its chief executive, an independent director should be empowered to request the calling of board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the board's evaluation of the Chairman.

See section: B.1.21

Complies

18) The Secretary should take care to ensure that the board's actions:

- a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies.
- b) Comply with the company bylaws and the regulations of the General Shareholders' Meeting, the Board of Directors and others.
- c) Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Nomination Committee and approved by a full board meeting; the relevant appointment and removal procedures being spelled out in the board's regulations.

See section: B.1.34

Partially complies

The appointment and removal of the Secretary must be approved by the Board in full. It is included in the bylaws, but not in the Board Regulations.

19) The board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

See section: B.1.29

Complies

20) Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

See sections: B.1.28 and B.1.30

Complies

21) When directors or the Secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the member expressing them can request that they be recorded in the minute book.

Complies

22) The board in full should evaluate the following points on a yearly basis:

- a) The quality and efficiency of the board's operation.
- b) Starting from a report submitted by the Nomination Committee, how well the Chairman and chief executive have carried out their duties.
- c) The performance of its committees on the basis of the reports furnished by the same.

See section: B.1.19

Partially complies

Section b) not contemplated.

23) All directors should be able to exercise their rights to receive any additional information they require on matters within the board's competence. Unless the bylaws or board regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See section: B.1.42

Complies

24) All directors should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

See section: B.1.41

Explain

It is planned, but the Board Regulations do not include a procedure indicating when and how external assistance can be received.

25) Companies should organise induction courses for new directors to supply them rapidly with the information they need on the company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Partially complies

It is planned, although it has not been implemented because it was not necessary.

26) Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

a) Directors should apprise the Nomination Committee of any other professional obligations, in case they might detract from the necessary dedication.

b) Companies should lay down rules about the number of directorships their board members can hold.

See sections: B.1.8, B.1.9 and B.1.17

Partially complies

No rules on the number of directorships its board members can hold are planned.

27) The proposal for the appointment or renewal of directors which the board submits to the General Shareholders' Meeting, as well as provisional appointments by the method of co—option, should be approved by the board:

On the proposal of the Nomination Committee, in the case of independent directors.

Subject to a report from the Nomination Committee in all other cases.

See section: B.1.2

Complies

28) Subject to a report from the Nomination Committee in all other cases.

- a) Professional experience and background.
- b) Directorships held in other companies, listed or otherwise.
- c) An indication of the director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with.
- d) The date of their first and subsequent appointments as a company director, and.
- e) Director Shares held in the company and any options on the same.

Complies

29) Independent directors should not stay on as such for a continuous period of more than 12 years.

See section: B.1.2

Explain

One of these directors has held the position for more than twelve years.

30) Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

See sections: A.2, A.3 and B.1.2

Complies

31) The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the board, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 (definitions) of this Code.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the capital structure of the company, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

Complies

32) Companies should establish rules obliging directors to inform the board of any circumstances that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the crimes stated in article 124 of the Public Limited Companies Law, the board should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43, B.1.44



33) All directors should express clear opposition when they feel a proposal submitted for the board's approval might harm the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

The term of this Recommendation should also apply to the Secretary of the board; director or otherwise.



34) Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Irrespective of whether such resignation is filed as a significant event, the reasons for the same must be explained in the Annual Corporate Governance Report.

See section: B.1.5



35) The company's remuneration policy, as approved by its Board of Directors, should specify at least the following points:

a) The amount of the fixed components, itemised where necessary, of board and board committee attendance fees, with an estimate of the fixed annual payment they give rise to.

b) Variable components, in particular:

i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items.

ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance—related remuneration.

iii) The main parameters and grounds for any system of annual bonuses or other, non cash benefits.

iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre—set targets or benchmarks.

c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost.

d) The conditions to apply to the contracts of executive directors exercising senior management functions. Among them:

i) Duration.

ii) Notice periods.

iii) Any other clauses covering hiring bonuses, as well as indemnities or 'golden parachutes' in the event of early termination of the contractual relation between company and executive director.

See section: B.1.15

Complies

36) Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share—based instruments, payments linked to the company's performance or membership of pension schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their tenure.

See sections: A.3 and B.1.3

Complies

37) External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Complies

38) In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Complies

39) In the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

Complies

40) The board should submit a report on the directors' remuneration policy to the advisory vote of the General Shareholders' Meeting, as a separate point on the agenda. This report can be supplied to shareholders separately or in the manner each company sees fit.

The report will focus on the remuneration policy the board has approved for the current year with reference, as the case may be, to the policy planned 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 also identify and explain the most significant changes in remuneration policy with respect to the previous year, with a global summary of how the policy was applied over the period in question.

The role of the Remuneration Committee in designing the policy should be reported to the Meeting, along with the identity of any external advisors engaged.

See section: B.1.16

Partially complies

The Board submits only to the General Shareholders' Meeting, without issuing a preliminary report, the amount of remuneration for directors, and this at the proposal, in turn, of the Nomination and Remuneration Committee.

41) The notes to the annual accounts should list individual directors' remuneration in the year, including:

a) A breakdown of the compensation obtained by each company director, to include where appropriate:

i) Participation and attendance fees and other fixed director payments.

ii) Additional compensation for acting as chairman or member of a board committee.

iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual.

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 schemes.

v) Any severance packages agreed or paid.

vi) Any compensation they receive as directors of other companies in the group.

vii) The remuneration executive directors receive in respect of their senior management posts.

viii) Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.

b) An individual breakdown of deliveries to directors of shares, share options or other share-based instruments, itemised by:

- i) Number of shares or options awarded in the year, and the terms set for their execution.
 - ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price.
 - iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions.
 - iv) Any change in the year in the exercise terms of previously awarded options.
- c) Information on the relation in the year between the remuneration obtained by executive directors and the company's profits, or some other measure of enterprise results.

Complies

42) When the company has an Executive Committee, the breakdown of its members by director category should be similar to that of the board itself. The Secretary of the board should also act as secretary to the Executive Committee.

See sections: B.2.1 and B.2.6

Partially complies

Its structure is not entirely similar to that of the Board. Its Secretary is the Board Secretary as well.

43) The board should be kept fully informed of the business transacted and decisions made by the Executive Committee. To this end, all board members should receive a copy of the Committee's minutes.

Complies

44) In addition to the Audit Committee mandatory under the Securities Market Law, the Board of Directors should form a committee, or two separate committees, of Nomination and Remuneration. The rules governing the make-up and operation of the Audit Committee and the committee or committees of Nomination and Remuneration should be set forth in the board regulations, and include the following:

a) The Board of Directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first board plenary following each meeting.

b) These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the Committees' invitation.

c) Committees should be chaired by an independent director.

d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.

e) Meeting proceedings should be minuted and a copy sent to all board members.

See sections: B.2.1 and B.2.3

Partially complies

Complies with sections a), d) and e)

Partially complies with section c)

Does not comply with section b)

45) The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Nomination Committee or, as the case may be, separate Compliance or Corporate Governance committees.

Complies

46) All members of the Audit Committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

Complies

47) Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

Complies

48) The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Complies

49) Control and risk management policy should specify at least:

a) The different types of risk (operational, technological, financial, legal, reputational...) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.

b) The determination of the risk level the company sees as acceptable.

c) Measures in place to mitigate the impact of risk events should they occur.

d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See section: D



50) The Audit Committee's role should be:

1° With respect to internal control and reporting systems:

a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

b) Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.

c) Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular report—backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

d) Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.

2° With respect to the external auditor:

a) Make recommendations to the board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of his engagement.

b) Receive regular information from the external auditor on the progress and findings of the audit programme, and check that senior management are acting on its recommendations.

c) Monitor the independence of the external auditor, to which end:

i) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

ii) The Committee should ensure 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, other requirements designed to safeguard auditors' independence.

iii) The Committee should investigate the issues giving rise to the resignation of any external auditor.

d) In case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3

Partially complies

Only section 1 d) is not complied with.

51) The Audit Committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Explain

It can do this, although it is not contemplated in the Audit Committee's Regulations.

52) The Audit Committee should prepare information on the following points from Recommendation 8 for input to board decision-making:

a) The financial information that all listed companies must periodically disclose. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.

b) The creation or acquisition of shares in special purpose vehicles or entities resident 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, except where their scrutiny has been entrusted to some other supervision and control committee.

See sections: B.2.2 and B.2.3

Partially complies

Section b) is not contemplated.

53) The Board of Directors should seek to present the annual accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

See section: B.1.38

Complies

54) The majority of Nomination Committee members —or Nomination and Remuneration Committee members as the case may be— should be independent directors.

See section: B.2.1

Explain

Out of the four members of this committee, there is only one independent director.

55) The Nomination Committee should have the following functions in addition to those stated in earlier recommendations:

- a) Evaluate the balance of skills, knowledge and experience on the board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.
- b) Examine or organise, in appropriate form, the succession of the chairman and chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.
- c) Report on the senior officer appointments and removals which the chief executive proposes to the board.
- d) Report to the board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: B.2.3

Partially complies

Section d) is not contemplated.

56) The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive directors.

Any board member may suggest directorship candidates to the Nomination Committee for its consideration.

Complies

57) The Remuneration Committee should have the following functions in addition to those stated in earlier recommendations:

- a) Make proposals to the Board of Directors regarding:
 - i) The remuneration policy for directors and senior officers.
 - ii) The individual remuneration and other contractual conditions of executive directors.
 - iii) The standard conditions for senior officer employment contracts.
- b) Oversee compliance with the remuneration policy set by the company.

See sections: B.1.14, B.2.3

Partially complies

Section a) iii is not contemplated.

58) The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies

G - OTHER INFORMATION OF INTEREST

If you consider that there is an important principle or aspect with regard to corporate governance practices applied by your company that has not been addressed by this report, please explain below.

The company is not subject to legislation other than the laws of Spain regarding corporate governance.

Highlights of 2009

In FY 2009, the company has met the strategic objectives it set for itself the previous year, consolidating its position as one of the leading companies in the ICT sector through the total integration of its reference industrial partner (formerly Getronics España) in Tecnomcom's operations. The company has also completed the acquisition of another major sector company (formerly Open Norte), which allows it to be strategically well-placed in the market.

The highlights of the financial year are detailed below:

1º) On March 25, 2009, TECNOCOM signed a global alliance whose goal is to provide ICT support services to multinational organizations together with six IT sector companies (APX, Compucom, Getronics, Getronics Middle East, NTT DATA Getronics and ServiceOne Getronics). The alliance focuses primarily on outsourcing maintenance and integral support of customer IT infrastructures, ranging from networks to workstation management.

The alliance will cover the European, American and Asian markets where the seven founding companies have a presence. The alliance members will share processes, methodologies and tools, and offer a single point of contact with customers. This ensures the provision of quality service to all the geographic areas where the alliance is present. The benefits for multinational corporations are multiple: access to a globally standardized service with local assistance; effective, coordinated and global response to needs and requirements; simplified management of service contracts; access to competitive offers thanks to cost-efficiency through the alliance.

2º) TECNOCOM's Board of Directors, following a policy of maximum attention to aspects relating to corporate governance, has agreed to change the composition of its Executive, Nomination and Remuneration, and Audit Committees. Notice of this was given on May 29, 2009.

Mr. Jaime Terceiro Lomba, an independent director, joins the Executive Committee in replacement of BUSSOL, S.A., CORPORACION CAIXA GALICIA, S.A., and GETRONICS INTERNATIONAL BV join the Nomination and Remuneration Committee replacing the directors TRASLADAMA, S.L., and Mr. Ricardo Aragón Fernández-Barredo. Mr. Aragón will take over as secretary of the Audit Committee and the Nomination and Remuneration Committee, replacing Mr. Félix Ester Butragueño.

3º) Tecnom, Telecomunicaciones y Energía S.A. completed the acquisition of the 20 percent it still did not own of Tecnom Norte Telecomunicaciones y Energía, S.L. (formerly Open Norte, S.L.) on May 29, 2009. After this operation, Tecnom increases its stake in this company from 80% to 100%, thus facilitating the integration of its activities with the rest of the Tecnom Group's businesses, both locally and nationally.

The price of this stake amounts to €1.75 million. The payment will be 70% cash and the remaining 30% in shares of Tecnom stock, at a price of €3.74 per share, equal to the weighted average of the 30 sessions prior to formalizing the acquisition.

Tecnom acquired 51% of Open Norte as part of the acquisition of Open Solutions in April of 2006. It agreed to acquire an additional 29% in July of 2007. Open Norte started up business in November of 1999 as a subsidiary of Open Solutions seeking to provide the most appropriate technological solutions to improve its customers' management systems and grow their businesses, regardless of their size. The company relies on the commitment of its highly skilled professionals, specialized in the most commonly implemented IT platforms and committed to a continuous training process, constituting the best guarantee to provide its services. Tecnom Norte is specialized in systems, application development, systems techniques, project management and consulting operations. Its sphere of influence includes

the Basque Country, Asturias and La Rioja. Tecnocom Norte has a significant customer portfolio in sectors like banking, insurance, industry, services, distribution or public administration, offering its services and solutions to both small enterprises and large corporations (Iberdrola, Lantik and the Basque Government, among others).

4º) Tecnocom signed the contract to acquire Eurovía Mantenimiento S.L.U., a company pertaining to the Cajamar Group, in July of 2009. The price of this transaction is negligible.

The main points of this acquisition are:

- Acquisition of 100% of the stock of Eurovía Mantenimiento, S.L.U., which engages in the integral management of IT systems in the Cajamar branch office network.
- Inclusion of 60 new high-skilled professionals in Tecnocom's workforce.
- A 5-year service agreement was signed for approximately €3 million per annum.

Additionally, and after this acquisition, Tecnocom has become the preferential supplier of Cajamar, generating future growth opportunities as a result of its extending of services and making new projects possible. Cajamar is Spain's top rural savings bank, and ranks among the top 20 Spanish financial institutions. The bank is the result of the merger of the Almería and Málaga rural savings banks in 2000 and of Caja Rural del Duero in 2007, as well as the integration of the co-ops Campo de Cartagena and Grumeco. It provides financial services to more than 2 million customers with 917 branch offices, and has more than 900 ATMs and 4,000 employees. It is present in Andalusia, Aragon, the Balearic Islands, Cantabria, Castilla-La Mancha, Castilla y León, Catalonia, Madrid, the Autonomous Community of Valencia and the Region of Murcia, and in the autonomous cities of Ceuta and Melilla.

5º) The General Shareholders' Meeting of June 25, 2009 of TECNOCOM TELECOMUNICACIONES Y ENERGIA, S.A., agreed to undertake a capital increase in the form of a bonus or scrip issue, at the proportion of one new share for every ten old shares. The preferential subscription period began on July 2 and ended on July 16, 2009. Preferential subscription rights were listed in the Madrid, Barcelona, Bilbao and Valencia stock markets. The new shares were listed in the aforementioned stock markets within two months of the subscription period end date.

6º) Ricardo Aragón Fernández-Barredo and Félix Ester Butragueño submitted their resignation as directors of TRASLADAMA, S.L. at the meeting of the Board of Directors held on June 25, 2009, within the restructuring of the Board, agreed to in order to better comply with corporate governance rules. Mr. Ester continues to hold the position of Secretary of the Board of Directors and that of Board Legal Advisor.

7º) The Board of Directors, at its meeting of July 17, 2009, agreed the following: "in compliance with the agreement adopted at the General Shareholders' Meeting held on June 25, 2009, and making use of the authorization conferred to it at that meeting, the Board of Directors unanimously agrees to carry out a treasury share buyback program whose goal is to possibly reduce capital, in the terms that the General Shareholders' Meeting decides in the future, and also to possibly undertake corporate transactions, all within the terms, conditions and deadlines approved by the General Shareholders' Meeting."

The maximum number of shares to be bought back under the program will be 7,502,524, equal to 10% of the share capital. This authorization will extend through July 21, 2014, pursuant to Article 75 of the Public Limited Companies Law. The acquisition prices will be set in accordance with applicable regulations, always taking into consideration the share price and market conditions. It is hereby noted that the aim of the program is to possibly reduce the Company's share capital, after appropriate study and following approval by the Company's General Shareholders' Meeting, in the terms decided by the latter. Bought shares may also be used in future corporate transactions as partial payment, as per standard Company practice to date.

8º) In relation to point 7, it is further noted on November 18, 2009 that the Company shall proceed to accelerate its treasury share buyback program. This plan was approved by the Board of Directors on July 17, 2009, using the authorization conferred to it by the General Shareholders' Meeting held on June 25, 2009. The maximum number of shares to be bought back under the program will be 7,502,524, equal to 10% of the share capital. This authorization will extend through July 21, 2014, pursuant to Article 75 of the Public Limited Companies Law. Bought back shares can be used in future corporate transactions as partial payment, as per standard Company practice to date. Another possible aim is to reduce the Company's share capital, after appropriate study and following approval by the Company's General Shareholders' Meeting, and in the terms decided by the latter.

Tecnocom is one of the leading providers in Spain of information and communication technology (ITC) solutions and services. It has a network of offices in Spain, located in Madrid, Barcelona, Valencia, Bilbao, Seville, Málaga, Murcia, La Coruña, Santiago de Compostela, Vigo and Gijón, as well as offices in Portugal, Mexico, Peru, Colombia and Chile. This network allows it to provide coverage to its customers from various locations, and respond effectively to their needs. Tecnocom currently provides services to Spain's top banks and savings banks, and has more than 5,000 employees, most of them having high technical qualifications.

For these reasons, Tecnocom has consolidated its position after these operations with Spain's third-ranked company in the ICT sector TIC in Spain, Portugal and Latin America.

This section can include any other information or clarification related to the previous sections of the report, to the extent that they may be significant and not repetitive.

Specifically, indicate if the company is subject to legislation other than Spanish laws with regard to corporate governance, and if so, indicate the information it is required to provide other than that required in this form.

Binding definition of independent director:

Indicate if any of the independent directors has, or has had, any relationship with the company, its significant shareholders or its officers, which by being sufficiently significant or important, would have determined whether the director may be considered to be independent or not, pursuant to the definition included in section 5 of the Unified Good Governance Code:



Date and signature:

This annual corporate governance report was approved by the company's Board of Directors in its session of (date)

02/22/2010

Indicate if there are any directors who have voted against or have abstained in relation to the approval of this report.



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