



Annual Corporate
Governance Report

2010
Tecnocom

OWNERSHIP STRUCTURE

FUNCTIONAL STRUCTURE

RELATED-PARTY TRANSACTIONS

RISK CONTROL SYSTEMS

GENERAL SHAREHOLDERS' MEETING

DEGREE TO WHICH CORPORATE
GOVERNANCE RECOMMENDATIONS
ARE FOLLOWED

OTHER INFORMATION OF INTEREST

Tecnocom

The logo for Tecnocom features the company name in a bold, blue, sans-serif font. A red, curved underline is positioned beneath the text, starting from the left side of the 'T' and ending under the 'm'.

The background of the entire page is a complex network diagram. It consists of numerous small, dark blue diamond-shaped nodes connected by thin, light blue lines. The nodes are arranged in a somewhat regular grid pattern, but the lines connecting them are not perfectly straight, creating a sense of dynamic connectivity. The overall color palette is a range of blues, from light to dark, giving it a professional and technological appearance.

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Tecnocom

A thick, white, curved line or arc that spans across the width of the page, positioned directly below the company name 'Tecnocom'. It has a slight 3D effect, appearing to rise slightly in the center.

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:

Name or denomination of the shareholders	Number of direct voting rights	Number of indirect voting rights	% of the total voting rights
AURANTIA 2003, S.L.	4,931,282	0	6.573
LUIS SOLERA GUTIERREZ	35,951	4,354,018	5.851

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 Sánchez-Heredero Álvarez	0	3,775,216	5.032
CXG Corporación Caixa Galicia, S.A.	15,043,936	0	20.052
Javier Martín García	294,533	70,991	0.487
Eduardo Montes Pérez Del Real	7,500	0	0.010
GETRONICS INTERNATIONAL BV	8,261,097	0	11.011
Jaime Terceiro Lomba	877	0	0.001
Miguel Ángel Aguado Gavilán	341,213	1,414,024	2.340
Mónica Ridruejo Ostrowska	0	4,396	0.006
REVERTER 17, S.L.	4,256,580	0	5.674

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 Sánchez-Heredero Álvarez	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
Miguel Ángel Aguado Gavilán	Almudena Aguado Gavilán	469,320	0.626
Miguel Ángel Aguado Gavilán	Esther Aguado Gavilán	469,320	0.626
Miguel Ángel Aguado Gavilán	Jorge Aguado Gavilán	469,334	0.626
Miguel Ángel Aguado Gavilán	BANLOR, S.A.	6,050	0.008
Mónica Ridruejo Ostrowska	DRAGONARIA, S.L.	4,396	0.006

Total % voting rights in the hands of the Board of Directors 57.841

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:



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



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:



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
2,985,175	0	3.980

(*) Through:

Total	0
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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
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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.

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.

It is further noted on November 18, 2009 that the Company shall proceed to accelerate its treasury share buyback program.

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 statutory restrictions to the exercising of voting rights:

No

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:

No

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	06/27/2006	06/27/2006	Voting in general shareholders' meeting
Leonardo Sánchez-Heredero Álvarez	-	Senior Vice-Chairman	06/16/1990	06/23/2010	Voting in general shareholders' meeting
CXG Corporación Caixa Galicia, S.A.	José Luís Méndez López	Vice-Chairman	12/04/2006	12/04/2006	Voting in general shareholders' meeting
Javier Martín García	-	CEO	05/10/2005	06/23/2010	Voting in general shareholders' meeting
Eduardo Montes Pérez Del Real	-	Director	09/27/2010	09/27/2010	Cooptation
GETRONICS INTERNATIONAL BV	Andreas Martín Ziege	Director	06/26/2008	06/26/2008	Voting in general shareholders' meeting
Jaime Terceiro Lomba	-	Director	10/23/2000	06/27/2006	Voting in general shareholders' meeting
Miguel Ángel Aguado Gavilán	-	Director	06/28/1995	06/23/2010	Voting in general shareholders' meeting
Mónica Ridruejo Ostrowska	-	Director	10/23/2000	06/27/2006	Voting in general shareholders' meeting
REVERTER 17, S.L.	Antonio Solera Sanz-Bustillo	Director	06/25/2009	06/23/2010	Voting in general shareholders' meeting

Total number of directors	10
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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
AURANTIA 2003, S.L.	Proprietary	04/26/2010

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	Name or denomination of the shareholder proposing appointment
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 Sánchez-Heredero Álvarez	Nomination and Remuneration Committee	PROMOCIONES KEOPS, S.A.
CXG CORPORACIÓN CAIXAGALICIA, S.A.	Nomination and Remuneration Committee	CXG CORPORACIÓN CAIXAGALICIA, S.A.
GETRONICS INTERNATIONAL B.V.	Nomination and Remuneration Committee	GETRONICS INTERNATIONAL B.V.
Miguel Ángel Aguado Gavilán	Nomination and Remuneration Committee	Ladislado De Arriba Azcona
REVERTER 17, S.L.	Nomination and Remuneration Committee	REVERTER 17, S.L.
Total number of directors representing major shareholders		5
Total % of Board		50%

INDEPENDENT EXTERNAL DIRECTORS

Name or denomination of the director

Eduardo Montes Pérez Del Real

Profile

Industrial engineer. He was chairman, vice-chairman and chief executive officer of Siemens, S.A., president of the company's southwest region in Europe, and president of the Group in Spain. After joining the Managing Board of Siemens AG as vice-chairman, in 2006 he was appointed executive president of the Communications Division, the Group's largest. He was general manager and member of the Management Committee at Alcatel, and chairman and chief executive officer of GEC Alsthom Transporte. He held the position of chief executive officer of FerroÁtlántica, a company belonging to the Villar Mir Group, until last August. He is currently a member of the Bertelsmann Foundation Board, chairman of the Club de Excelencia en Sostenibilidad (Excellence in Sustainability Club), and member of the Advisory Committees of Mercapital and Ibereólica, in addition to being a board member of Mecalux S.A. He is the president of UNESA.

Name or denomination of the director

Jamie Terceiro Lomba

Profile

Engineer and Doctor in Aeronautical Engineering with an extraordinary award from the UPM (Technical University of Madrid), he also holds a graduate degree in Economics from the Autonomous University of Madrid. He holds the Foundations of Economic Analysis chair at the Universidad Complutense de Madrid. He has been CEO of Caja Madrid and of its Corporación Financiera, and General Manager of Banco Hipotecario de España. He has written several publications and is a member of various associations, including the Institute of Electrical and Electronic Engineers. He is currently a Director at Bankinter.

Name or denomination of the director

Mónica Ridruejo Ostrowska

Profile

Economist. Independent Board member of Cadmos Energías Renovables, S.L. She was a General Manager at Radio Televisión Española (RTVE). An MP at the European Parliament, as an independent, in the PPE Group. Founding Member and Board member of European Internet Foundation and member of the Transatlantic Policy Network. She has been a Board member of Vodafone España, S.A., Fundación Vodafone España, Bocaboca Producciones, S.A., Sogepaq, Cinepaq, and member of the Board of Trustees of the Museo Nacional Centro de Arte Reina Sofía. She has worked, among others, with Corppenta, S.L., The First National Bank of Chicago, Citibank and Chase Manhattan Bank. She is currently a member of the Instituto de Empresa's International Advisory Board of the Instituto de Empresa, and a member of the Cercle d'Economía de Mallorca. She has also been the founder and director of Productora Audiovisual Media Tekton, S.L.

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:

Name or denomination of the director	Termination date	Former Status	Current Status
Miguel Ángel Aguado Gavilán	06/23/2010	INDEPENDENT	Proprietary

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

AURANTIA 2003, S.L.

Reason for resignation

At the meeting of the Board of Directors held on April 26, 2010, AURANTIA 2003, S.L. submitted its resignation as a director at its own request.

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

Name or denomination of the director

Javier Martín 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	GESTION 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	GESTION 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 GESTION Y SERVICIOS, A.I.E.	Joint and Several Director
Javier Martín García	TECNOCOM, TELEFONIA 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.	PESCANOVA, S.A.	Director
CXG CORPORACIÓN CAIXA GALICIA, S.A.	QUABIT INMOBILIARIA, 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	250
Variable remuneration	125
Attendace fee	564
Statutory consideration	0
Share options and/or options relating to other financial instruments	0
Other	0
Total	939

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
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 board members	0

c) Total remuneration by director type:

Director type	By company	By group
Executive	511	0
Proprietary external	282	0
Independent external	146	0
Other external	0	0
Total	939	0

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

Total remuneration of directors (thousands of euros)	939
Total remuneration of directors/profit attributed to the parent company (expressed in %)	26.45

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

Senior Officer Name	Position
Vicente Díaz Sagredo	Horizontal Solutions Manager and 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 General Manager
Enric Calderó Sánchez	Industry General Manager
Luis Miguel N. Molina	Telco & Media General Manager
Juan Carlos Rodríguez Manzaneque	Public Administrations General Manager
Total remuneration of senior management (thousands of euros)	1,079

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.

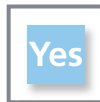
For its part, the Nomination and Remuneration Committee must issue a report to the Board of Directors indicating the criteria it may deem appropriate.

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.	55
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:



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



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



Age limit for Chairman	Age limit for CEO	Age limit for directors
0	0	0

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



Maximum number of years of mandate	0
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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

No special reason. The Board of Directors asked the Nomination and Remuneration Committee to study potential candidates to TecnoCom's Board.

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	12
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Number of Board meetings without the Chairman's attendance	0
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Indicate the number of meetings held by the Board's various committees during the year:

Number of meetings of the Executive Committee	12
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Number of meetings of the Audit Committee	5
---	---

Number of meetings of the Nomination and Remuneration Committee	3
---	---

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	10
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% of absences out of the total votes during the financial year	8.930
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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 Auditors before submission to the Board to avoid any qualifications.

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:



Outgoing auditor

Incoming auditor

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



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:



	Company	Group	Total
Amount of work other than auditing (thousands of euros)	148	0	148
Amount of work other than auditing/Total amount billed by the auditing firm (%)	28%	0%	28%

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	21	21
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:



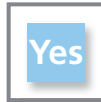
B.1.42 Indicate and, where appropriate, detail if there is a procedure for the directors to have the necessary information to prepare for the meetings of management bodies with enough time in advance:



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
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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
CXG CORPORACIÓN CAIXA GALICIA, S.A.	Committee Member	Proprietary
Jaime Terceiro Lomba	Committee Member	Independent
Javier Martín García	Committee Member	Executive
Leonardo Sánchez-Heredero Álvarez	Committee Member	Proprietary
REVERTER 17, S.L.	Committee Member	Proprietary

AUDIT COMMITTEE

Name	Position	Type
Jaime Terceiro Lomba	Chairman	Independent
Miguel Ángel Aguado Gavilán	Committee Member	Proprietary
REVERTER 17, S.L.	Committee Member	Proprietary

NOMINATION AND REMUNERATION COMMITTEE

Name	Position	Type
Leonardo Sánchez Heredero Álvarez	Chairman	Proprietary
Eduardo Montes Pérez Del Real	Committee Member	Independent
GETRONICS INTERNATIONAL B.V.	Committee Member	Proprietary
CXG CORPORACIÓN CAIXA GALICIA, S.A.	Committee Member	Proprietary
Mónica Ridruejo Ostrowska	Committee Member	Independent

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:



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



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:



Monitor the independence of the external auditor:



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



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

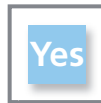
The Board committee regulations can be consulted at the website www.tecnocom.es, selecting "shareholders and investors" and then accessing the governing bodies. No changes have been made during the financial year.

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:

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)
Luis Solera Gutiérrez	TECNOCOM TELECOMUNICACIONES Y ENERGÍA, S.A.	Contractual	Provision of services	136

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.	Contractual	Financing agreements: loans and capital contributions (lender)	1,650
CXG CORPORACIÓN CAIXA GALICIA, S.A.	TECNOCOM, TELECOMUNICACIONES Y ENERGÍA, S.A.	Contractual	Financing agreements: loans and capital contributions (lender)	5,000
CXG CORPORACIÓN CAIXA GALICIA, S.A.	TECNOCOM, TELECOMUNICACIONES Y ENERGÍA, S.A.	Contractual	Guarantees and bonds given	2,000
CXG CORPORACIÓN CAIXA GALICIA, S.A.	TECNOCOM, TELECOMUNICACIONES Y ENERGÍA, S.A.	Contractual	Leases	264
GETRONICS INTERNATIONAL BV	TECNOCOM, TELECOMUNICACIONES Y ENERGÍA, S.A.	Contractual	Provision of Services	1,976

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.

Tecnocom permanently monitors the most significant risks that may affect the Group.

The company has developed an Enterprise Risk Management Model based on COSO, which uses a risk map as a tool for depicting the Group's risk. This map is used to identify and assess risks according to their impact and likelihood.

Additionally, the most significant risks, including those that could affect the achievement of business goals, economic profitability and compliance with the law, are permanently monitored.

The risks are grouped together into the following categories:

- Operational Risks.
- Business Risks.
- Financial Risks.
- Financial Information Risks.
- Compliance Risks.
- Information System Risks.
- Integrity Risks.

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 Capital 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	
06/23/2010	57.600	3.430	7.950	0.180	69.160

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:

The Ordinary and Extraordinary General Shareholders' Meeting of TECNOCOM TELECOMUNICACIONES Y ENERGÍA, S.A. held at second call on June 23, 2010, adopted the following agreements by a majority of the shareholders in attendance:

1°. To approve (in reference to the financial year ending December 31, 2009) 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 €2,884,634.92, and the annual report and the proposed application of the result consisting of allocating €288,463.49 to "legal reserves", €2,130,724.23 to "unavailable goodwill reserves" and €465,447.20 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 €8,878,675.02.

2°. To re-elect as directors, for a statutory five-year term, Leonardo Sánchez-Heredero Álvarez, Javier Martín García and Miguel Ángel Aguado Gavilán, and to appoint the company REVERTER 17, S.L. as a director, also for a statutory five-year term.

3°. To extend to financial year 2010 the appointment of DELOITTE, S.L. as the auditor of the company's accounts.

4°. To set at €800,000.00 the maximum annual remuneration for all the directors in the form of attendance fees in compensation for attending the meetings of the Board and its Committees.

5°. To approve the merger by absorption of TECNOCOM NORTE TELECOMUNICACIONES Y ENERGIA, S.L.U., a fully owned subsidiary of TECNOCOM TELECOMUNICACIONES Y ENERGIA, S.A., in the terms contained in the "Merger Project" deposited in the Mercantile Registry of Madrid, specifying, in compliance with the provisions of article 228.1 of the Mercantile Registry Regulations, the following circumstances:

1ª.- The companies participating in the merger are TECNOCOM TELECOMUNICACIONES Y ENERGIA, S.A. (as the absorbing company), with registered address at Calle Josefa Valcárcel nº 26, 28027 Madrid, holder of VAT no. A-28191179. Incorporated for an indefinite period of time under the corporate name "I.B.-MEI ESPAÑOLA, S.A.", by means of a deed authorized by the Notary Public of Madrid José Luis Díez Pastor, on 11 April 1967, it changed its name to "I.B.-MEI, S.A." and totally changed its bylaws, by means of a deed authorized by the Notary Public of Madrid Antonio Fernández-Golfín Aparicio, on 22 December 1986, under number 1580 of his protocol. It changed its name again to "CORPORACION I.B.-MEI, S.A." and partially amended its bylaws, by means of a deed authorized by the Notary Public of Madrid Antonio Fernández-Golfín Aparicio, on 14 September 1988, under number 2734 of his protocol. It adapted its bylaws to the Public Limited Companies Law in force at the time by means of a deed authorized by the Notary Public of Madrid, José Manuel Rodríguez Poyo-Guerrero, on 18 July 1990, under number 2328 of his protocol. It changed its name to its present denomination and partially amended its bylaws by means of a deed authorized by the Notary Public of Madrid, Antonio Fernández-Golfín Aparicio, on 7 April 2000, under number 1148 of his protocol. The changing of the bylaws to adapt to the Public Limited Companies Law in force is registered with the Mercantile Registry of Madrid in book 417, page 58, sheet M-8067, entry 95; and TECNOCOM NORTE TELECOMUNICACIONES Y ENERGIA, S.L.U. (as the absorbed company), with registered address at Avenida de Madariaga nº 1, 4º izda., 48014 Bilbao, holder of VAT no. B-95058566. Incorporated for an indefinite period of time under the corporate name "OPEN NORTE, S.L." by means of a deed authorized by the Notary Public of Bilbao, Fernando Unamunzaga Arriola, on 16 November 1999, under number 1772 of his protocol. Registered in the Mercantile Registry of Vizcaya in volume 3863 general,

book 0, section 8, page 49, sheet BI-26891, entry 1. It changed its corporate name to its present denomination by means of a deed authorized by the Notary Public of Madrid, Antonio Fernández-Golfín Aparicio, on 5 June 2008, under number 1825 of his protocol, deed which was registered with the Mercantile Registry of Bilbao under entry no. 12 of this company.

2^a.- No changes in the bylaws will be effected as a result of the merger.

3^a.- The absorbing company, TECNOCOM TELECOMUNICACIONES Y ENERGIA, S.A., owns 100% of the interest in the absorbed company, and pursuant to article 49 of Law 3/2009, dated 3 April, on structural changes in corporations, it is not necessary to include mentions 2, 6, 9 and 10 of article 31 of the aforementioned Law in the merger project.

4^a.- The operations of the absorbed company TECNOCOM NORTE TELECOMUNICACIONES Y ENERGIA, S.L.U., which is extinguished thereby, will be deemed to be performed for accounting purposes by the absorbing company, TECNOCOM TELECOMUNICACIONES Y ENERGIA, S.A., as of 1 March 2010.

5^a.- In the absorbing company there are no holders of special-class shares or privileged stakes in the absorbed company, or of special rights other than those granted by the status of partner of the absorbed company (which is extinguished as a result of the merger); consequently, no option of any kind is offered to them.

6^a.- There are no independent experts, as their report is not deemed necessary, nor are they given any advantage whatsoever, nor are any advantages whatsoever given to the directors of the companies that have taken part in the merger project.

6^o. To offset "accrued losses from previous FYs", which, after distributing the results from FY 2009 amounts to €42,623,284.40, with an equal sum in the "reserve for premium on issued shares"; after applying the foregoing, this reserve stands at €118,644,145.57.

7°. To distribute, charging to the “reserve for premium on issued shares”, a gross dividend of five euro cents (€0.05) per share.

8°. 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.

9°. 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.

10°. 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 to it.

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.

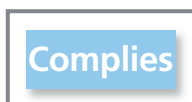
F - DEGREE TO WHICH CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED

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.



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.

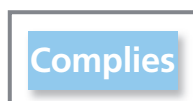
2^a. They go through at market rates, generally set by the person supplying the goods or services.

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



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



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.



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



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

Explain

There are three independent directors; taking into account that one third of the total number of directors is 3.33%, it is deemed to meet the requirement, being at the limit.

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;

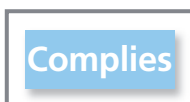
b) The company makes a conscious effort to include women with the target profile among the candidates for board places.

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



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



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

Not applicable

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.

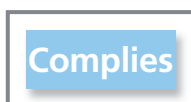
See section: B.1.34

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.

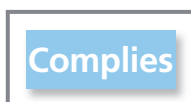
19) The board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

See section: B.1.29

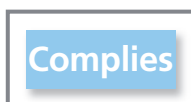


20) Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

See sections: B.1.28 and B.1.30



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.



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

Sections b) and c) 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:

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

b) 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

Complies

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.

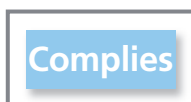
See sections: B.1.2, B.1.5 and B.1.26



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.

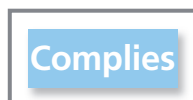
d) The conditions to apply to the contracts of executive directors exercising senior management functions. Among them:

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



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



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.

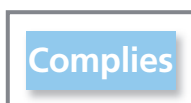
See sections: B.2.2 and B.2.3

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



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



Out of the four members of this Committee, two are independent directors.

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.

The highlights of financial year 2010 are detailed below:

1º) In October of 2010, TecnoCom entered into an agreement to buy 80% of the capital of ProceCard, S.A. (a Dominican company), owned by the financial institutions Centro BHD, S.A. and Banco Múltiple León, S.A. As a result, TecnoCom now holds an 80% interest, with Centro BHD controlling the remaining 20%.

The share capital was valued at USD 7.2 million, and payment will be made in part on signing the agreement (35%), with the remaining 65% being paid in two separate installments. The sale agreement includes the commitment of the selling shareholders, who are in their turn major customers of the processor, to keep similar business volumes to those of the present financial year over the next five years. ProceCard is the leading Dominican company in credit and debit card processing (Visa, MasterCard, etc.). It was created in 1999 by the BHD bank. It offers other services such as core banking management, account statement printing, report printing, international Visa and MasterCard brand consulting, and data migration support. ProceCard achieved a 30% net yield on business volume, with a net profit of USD 1.2 million and EBITDA of 51%. In FY 2009 1 million accounts were managed, and more than 10 million transactions were processed. With this operation, Tecnocom consolidates its leading position in the means of payment business in Latin America by taking control of card processor ProceCard, which currently provides service to thirteen financial institutions in the region. This is the first move as part of Tecnocom's strategy to consolidate its position as one of the main players in the American processing market. Tecnocom will renew ProceCard's technology with its means of payment products (SAT, Sistema de Administración de Tarjetas; SIA, Sistema Integrado de Autorizaciones; and SFC, Sistema de Fidelización de Clientes), empowering the processor with the market's most competitive solutions in terms of both its flexibility and its high added value and prestige. This operation is one more step in the internationalization process Tecnocom started two years ago. With this acquisition, the company increases its direct presence in Latin America, enabling the group to continue with its strategy of implementing its proprietary high added value solutions in the region.

ProceCard will become the platform through which Tecnocom will be able to address the great business opportunities that are present in the region. In addition, Tecnocom has a long track record of success in integration processes, something that will no doubt help the acquired company to more easily adapt to the company's operations.

2º) On December 29, 2010, Tecnocom signed an agreement to buy 100% of the capital of PRIMMA Software, S.L. The company was valued at €4,034,000, i.e. 5.5 times the company's EBIT (Earnings Before Interest and Tax) for FY 2009. Additionally a price premium of up to €1,100,000 is considered, pegged to the increase in EBIT for FY 2010 compared to the EBIT for FY 2009. The payment will be 50% in cash and 50% in shares of TECNOCOM stock valued at a price equal to the weighted average quote over the three months prior to the signing of the agreement, i.e. at a share price of €2.388.

TECNOCOM reinforces its position in insurance and has consolidated its position as one of the top consultants in the sector by taking over PRIMMA, a Spanish company specializing in insurance solutions that, in addition to having a first-rate core business (Aneto), provides high-value services to the country's top insurance companies. This move will allow TECNOCOM to maintain its leadership position in the Spanish market and favor the internationalization process with proprietary solutions. TECNOCOM will renew the technology of PRIMMA's products, migrating them to open systems and SOA architectures in order to convert them into a market standard. This renovation, which is already under way, is without doubt one more display of TECNOCOM's commitment to become the market leader in insurance solutions.

This operation is one more step in the process that TECNOCOM started two years ago to develop proprietary value-added solutions in its core banking, core means of payment and core insurance businesses, enabling the group to continue with its expansion strategy in international markets thanks to its higher value-added solutions.

3º) Tecnocom sold to CEC-COMUNICAÇÕES E COMPUTADORES, S.A. 40% of the share capital of this company, which was in the hands of TECNOCOM TELECOMUNICACIONES Y ENERGÍA, S.A. The transmission of shares was formalized on 30 July 2010 for a cash price of €1,650,000. Tecnocom's divestiture is part of its business and business management plans, whose strategic lines do not include holding minority stakes in companies where it

is not possible to directly and actively manage the business. TecnoCom continues to be firmly committed to the Portuguese market in the ICT sector. In Portugal, TecnoCom operates with its fully-owned subsidiary, TecnoCom: Tecnologías de la Información y Comunicación, based in Carnaxide, Portugal.

4º) At the Board meeting held on April 26, 2010, AURANTIA 2003, S.L. tendered its resignation as a director. At the General Shareholders' Meeting of June 23, 2010, the following were re-elected as directors: Miguel Ángel Aguado Gavilán, Leonardo Sánchez-Heredero Álvarez, and Javier Martín García, who in turn was re-elected Chief Executive Officer at the Board meeting held on the same date as the Meeting. Also appointed to the Board was the company Reverter 17, S.L., which accepted the post and designated Antonio Solera Sanz Bustillo as its representative to perform the functions that are relevant to the office.

Finally, at a meeting of the Board held on 28 September 2010, Eduardo Montes Pérez del Real was appointed by co-opting as a director of the company. It is further noted that Jaime Terceiro Lomba was appointed Chairman of the Audit Committee, replacing Miguel Ángel Aguado Gavilán, who continues to be a member of the Audit Committee.

5º) Between January 1 and December 31, 2010, executing the treasury share buyback program approved by the Board of Directors on July 17, 2009, and making use of the authorization given by the General Shareholders' Meeting, 1,767,561 treasury shares were purchased at an average cost per share of €2.748, with a total of €4,856,935 in cash being paid out.

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)

02/28/2011

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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