





Annual Report on Corporate Governance

A. Share Capital Structure

A.1. SHARE CAPITAL

LAST MODIFICATION DATE	SHARE CAPITAL (€)	NUMBER OF SHARES
26-05-2004	142,199,861.04	197,499,807

All shares belong to a single class and series and confer the same voting and dividend rights.

The shares are represented by book entries and are filed in the appropriate accounting registers at IBERCLEAR.

All the shares making up the share capital of Uralita are admitted to trading on the Madrid, Barcelona and Valencia stock exchanges and are traded through SIBE.

A.2. LIST THE DIRECT AND INDIRECT OWNERS OF SIGNIFICANT SHAREHOLDINGS IN THE COMPANY AT YEAR-END, EXCLUDING DIRECTORS.

NAME OR CORPORATE NAME OF SHAREHOLDER	NUMBER OF DIRECT SHARES	NUMBER OF INDIRECT SHARES (*)	TOTAL % OF SHARE CAPITAL
CYCLADIC CATALYST MASTER FUND	2,050,868	0	1.038
GRUPO CORPORATIVO EMPRESARIAL DE LA CAJA DE AHORROS Y MONTE DE PIEDAD DE NAVARRA	9,874,991	0	5.000
CAJA DE AHORROS Y MONTE DE PIEDAD DE NAVARRA (*)	0	9,874,991	5.000

(*) Through:

NAME OR CORPORATE NAME OF SHAREHOLDER	NUMBER OF DIRECT SHARES	% OF SHARE CAPITAL
GRUPO CORPORATIVO EMPRESARIAL DE LA CAJA DE AHORROS Y MONTE DE PIEDAD DE NAVARRA	9,874,991	5.000
TOTAL	9,874,991	



Detail the most significant variations in shareholder structure during the year.

NAME OR CORPORATE NAME OF SHAREHOLDER	DATE OF TRANSACTION	DESCRIPTION OF TRANSACTION
DEUTSCHE BANK AG	04-05-2006	Holding as surpassed 5% of share capital
DEUTSCHE BANK AG	08-05-2006	Holding as fallen below 5% of share capital

A.3. AT THE TIME OF PREPARATION OF THIS REPORT, THE MEMBERS OF THE BOARD OF DIRECTORS OF URALITA HAVE THE FOLLOWING SHAREHOLDINGS IN THE COMPANY.

NAME OR CORPORATE NAME OF DIRECTOR	DATE OF FIRST APPOINTMENT	DATE OF LAST APPOINTMENT	NUMBER OF DIRECT SHARES	NUMBER OF INDIRECT SHARES (*)	TOTAL % OF SHARE CAPITAL
NEFINSA, S.A.	10-12-2002	10-12-2002	85,649,040	0	43.367
CAJA DE AHORROS DE SALAMANCA Y SORIA	14-06-2002	14-06-2002	10,355,751	0	5.243
ATALAYA INVERSIONES, S.R.L.	19-06-2001	18-05-2006	13,025,758	0	6.595
JAVIER ECHENIQUE LANDIRIBAR	08-01-2003	08-01-2003	75,000	0	0.038
JORGE ALARCÓN ALEJANDRE	22-06-2006	22-06-2006	9,000	0	0.005

TOTAL % OF SHARE CAPITAL HELD BY BOARD OF DIRECTORS: 55.248

Members of the Board of Directors with share options.

No Director has any options on shares in the Company.

A.4. FAMILY, COMMERCIAL, CONTRACTUAL OR CORPORATE RELATIONSHIPS BETWEEN OWNERS OF SIGNIFICANT HOLDINGS.

NAME OR CORPORATE NAME OF RELATED PERSONS	TYPE OF RELATIONSHIP	BRIEF DESCRIPTION
CAJA DE AHORROS DE SALAMANCA Y SORIA	Corporate	PARTNER OF NEFINSA, S.A. IN AIR NOSTRUM, S.A.
NEFINSA, S.A.	Corporate	PARTNER OF CAJA DE AHORROS DE SALAMANCA Y SORIA IN AIR NOSTRUM, S.A.

A.5. RELATIONSHIPS OF A COMMERCIAL, CONTRACTUAL OR CORPORATE NATURE BETWEEN OWNERS OF SIGNIFICANT SHAREHOLDINGS, UNLESS THEY HAVE SCANT RELEVANCE OR ARISE FROM THE ORDINARY COURSE OF BUSINESS.

There are no relationships of a commercial, contractual or corporate nature between owners of significant shareholdings and the Company, with the exception of those mentioned in section C.1 of this report in relation to related party transactions.

A.6. AGREEMENTS BETWEEN SHAREHOLDERS THAT HAVE BEEN DISCLOSED TO THE COMPANY.

PARTIES TO THE AGREEMENT	% OF SHARE CAPITAL AFFECTED	BRIEF DESCRIPTION OF AGREEMENT
NEFINSA, S.A.	43.367	AGREEMENT BETWEEN SHAREHOLDERS OF NEFINSA, S.A. REGARDING THE TRANSFER OF SHARES OF NEFINSA, S.A. OR ITS INVESTEES

Concerted actions between shareholders:

The Company is unaware of the existence of any concerted actions between its shareholders.

A.7. INDIVIDUALS OR LEGAL ENTITIES THAT EXERCISE, OR CAN EXERCISE, CONTROL OVER THE COMPANY IN ACCORDANCE WITH ARTICLE 4 OF THE SECURITIES MARKET LAW.

There are no agreements of any kind among Uralita's shareholders, nor between the Directors of the Company, that would allow any of these to exert a control greater than that corresponding to their share in the Company's capital. As a consequence, no person controls Uralita in the sense defined by article 4 of the Securities Market Law.

A.8. COMPANY TREASURY SHARES

The Parent Company did not carry out any transactions involving treasury shares in 2006.

A.9. GIVE DETAILS OF THE CONDITIONS AND TIME PERIOD(S) OF ANY AUTHORISATION(S) AT THE GENERAL MEETING FOR THE BOARD OF DIRECTORS TO ACQUIRE OR SELL TREASURY SHARES.

The General Meeting of Shareholders held on 22 June 2006 passed, among others, the following resolution:

"Eighth: To authorise, for the purposes of Section 75 of the Spanish Public Companies Law (Ley de Sociedades Anónimas), the derivative acquisition by purchase, subject to the requirements of the applicable provisions, of shares of Uralita, S.A. up to the legally permitted limit. The authorisation applies, with the increased limit, to acquisitions made by subsidiaries of Uralita, S.A."

A.10. LEGAL OR BYLAW RESTRICTIONS ON THE EXERCISE OF VOTING RIGHTS AND THE LEGAL RESTRICTIONS ON THE PURCHASE OR SALE OF OWNERSHIP INTERESTS IN SHARE CAPITAL:

Article 17 of the Articles of Association states Shareholders who own fifteen shares or more that are entered in the appropriate register at least five days before the date of the Meeting shall have the right of attendance at General Shareholders Meetings. Shareholders are entitled to one vote for every fifteen shares.

There are no restrictions on the acquisition and transfer of shares.

B. Management structure of the Company

B.1. BOARD OF DIRECTORS

B.1.1. Maximum and minimum number of Directors as set out in the Articles of Association.

Maximum number of Directors	20
Minimum number of Directors	3

B.1.2. Members of the Board of Directors

NAME OR CORPORATE NAME OF DIRECTOR	REPRESENTATIVE	BOARD OFFICES	DATE OF FIRST APPOINTMENT	DATE OF LAST APPOINTMENT	APPOINTMENT PROCEDURE
JAVIER SERRATOSA LUJÁN		CHAIRMAN	10-12-2002	10-12-2002	CO-OPTION AND RATIFICATION BY THE GENERAL MEETING OF SHAREHOLDERS
NEFINSA, S.A.	PABLO SERRATOSA LUJÁN	DIRECTOR	10-12-2002	10-12-2002	CO-OPTION AND RATIFICATION BY THE GENERAL MEETING OF SHAREHOLDER
CAJA DE AHORROS DE SALAMANCA Y SORIA	JULIO FERMOSE GARCÍA	DIRECTOR	14-06-2002	14-06-2002	GENERAL SHAREHOLDERS MEETING
ATALAYA INVERSIONES, S.R.L.	JOSÉ MANUEL SÁNCHEZ ROJAS	DIRECTOR	19-06-2001	18-05-2006	GENERAL SHAREHOLDERS MEETING
JAVIER ECHENIQUE LANDIRÍBAR		DIRECTOR	08-01-2003	08-01-2003	GENERAL SHAREHOLDERS MEETING
JOSÉ MANUEL SERRA PERIS		DIRECTOR	08-01-2003	08-01-2003	GENERAL SHAREHOLDERS MEETING
JESÚS QUINTANAL SAN EMETERIO		DIRECTOR	08-01-2003	08-01-2003	GENERAL SHAREHOLDERS MEETING
JOSÉ ANTONIO CARRASCOSA RUIZ		DIRECTOR	10-12-2002	10-12-2002	CO-OPTION AND GENERAL SHAREHOLDERS MEETING
JAVIER GONZÁLEZ OCHOA		DIRECTOR	10-12-2002	10-12-2002	CO-OPTION AND GENERAL SHAREHOLDERS MEETING
JOSÉ IGNACIO OLLEROS PIÑERO		DIRECTOR	08-01-2003	08-01-2003	GENERAL SHAREHOLDERS MEETING

NAME OR CORPORATE NAME OF DIRECTOR	REPRESENTATIVE	BOARD OFFICES	DATE OF FIRST APPOINTMENT	DATE OF LAST APPOINTMENT	APPOINTMENT PROCEDURE
ÁLVARO RODRÍGUEZ-SOLANO ROMERO		BOARD SECRETARY	26-05-2004	26-05-2004	GENERAL SHAREHOLDERS MEETING
JORGE ALARCÓN ALEJANDRE		DIRECTOR	22-06-2006	22-06-2006	GENERAL SHAREHOLDERS MEETING

Maximum number of Directors: 12

No Board members vacated their office during the year.

B.1.3. Members of the Board of Directors and their status:

EXECUTIVE DIRECTORS

NAME OR CORPORATE NAME OF DIRECTOR	COMMITTEE PROPOSING APPOINTMENT	OFFICE PER COMPANY ORGANISATIONAL CHART
JAVIER SERRATOSA LUJÁN	BOARD OF DIRECTORS MEETING. OF 10-12-2002	CHAIRMAN AND CEO
ÁLVARO RODRÍGUEZ-SOLANO ROMERO	REMUNERATION AND APPOINTMENTS. MEETING OF 10-05-2004	CORPORATE DIRECTOR AND LEGAL ADVISOR
JORGE ALARCÓN ALEJANDRE	REMUNERATION AND APPOINTMENTS. MEETING OF 27-03-2006	HEAD OF CORPORATE PLANNING AND DEVELOPMENT
JOSÉ IGNACIO OLLEROS PIÑERO	BOARD OF DIRECTORS. MEETING OF 8-01-2003	CHIEF FINANCIAL OFFICER

EXTERNAL NON-INDEPENDENT DIRECTORS

NAME OR CORPORATE NAME OF DIRECTOR	COMMITTEE PROPOSING APPOINTMENT	NAME OR CORPORATE NAME OF SIGNIFICANT SHAREHOLDER REPRESENTED OR PROPOSING APPOINTMEN
NEFINSA, S.A.	BOARD OF DIRECTORS. MEETING OF 10-12-2002	NEFINSA, S.A.
CAJA DE AHORROS DE SALAMANCA Y SORIA	REMUNERATION AND APPOINTMENTS. MEETING OF 31-05-2002	CAJA DE AHORROS DE SALAMANCA Y SORIA
ATALAYA INVERSIONES, S.R.L.	REMUNERATION AND APPOINTMENTS. MEETING OF 18-06-2001	ATALAYA INVERSIONES, S.R.L.
JOSE ANTONIO CARRASCOSA RUIZ	BOARD OF DIRECTORS. MEETING OF 10-12-2002	NEFINSA, S.A.
JAVIER GONZÁLEZ OCHOA	BOARD OF DIRECTORS. MEETING OF 10-12-2002	NEFINSA, S.A.

EXTERNAL INDEPENDENT DIRECTORS

NAME OR CORPORATE NAME OF DIRECTOR	COMMITTEE PROPOSING APPOINTMENT	PROFILE
JAVIER ECHENIQUE LANDIRÍBAR	BOARD OF DIRECTORS. MEETING OF 8-01-2003	MEMBER OF THE BOARD OF URALITA S.A. SINCE 2003. DEGREE IN ECONOMICS. PREVIOUSLY DIRECTOR AND GENERAL MANAGER OF ALLIANZ-ERCOS AND EUROVIDA, GENERAL MANAGER OF BBV AND GENERAL MANAGER OF BBVA IN 2001, IN CHARGE OF WHOLESALE BANKING, WHICH INCLUDED, AMONG OTHERS, INVESTMENT BANKING AND THE INDUSTRIAL GROUP. CURRENTLY DIRECTOR OF REPSOL YPF, S.A., GRUPO EMPRESARIAL ENCE, S.A. AND ACS, ACTIVIDADES CONSTRUCCIONES Y SERVICIOS, S.A.
JOSÉ MANUEL SERRA PERIS	BOARD OF DIRECTORS. MEETING OF 8-01-2003	MEMBER OF THE BOARD OF URALITA S.A. SINCE 2003. LAW GRADUATE AND PUBLIC ATTORNEY. PREVIOUSLY SECRETARY OF STATE FOR THE MINISTRY OF INDUSTRY AND ENERGY. HE HAS SERVED AS CHAIRMAN OF THE SPANISH PATENTS AND TRADEMARKS OFFICE. CHAIRMAN OF THE SPANISH CENTRE FOR INDUSTRIAL TECHNOLOGICAL DEVELOPMENT (CDTI) AND A DIRECTOR OF THE SPANISH STATE HOLDING COMPANY, SEPI, IBERIA AND ENDESA. HIS OTHER POSITIONS INCLUDE DIRECTORSHIPS OF GRUPO ENCE, RED ELÉCTRICA DE ESPAÑA, S.A. AND OF NATRACEUTICAL, S.A.
JESÚS QUINTANAL SAN EMETERIO	BOARD OF DIRECTORS. MEETING OF 8-01-2003	MEMBER OF THE BOARD OF URALITA S.A. SINCE 2003. DEGREE IN ECONOMICS. HE WAS PREVIOUSLY GENERAL MANAGER AT BANCO DE GRANADA AND CEO OF ASEGURADORA GALICIA, S.A. CURRENTLY CEO OF AEGON AND A MEMBER OF THE INTERNATIONAL BOARD OF AEGON, NV. IS ALSO A DIRECTOR OF THE SPANISH INSURANCE SECTOR RESEARCH BODY (ICEA), MEMBER OF THE MANAGEMENT BOARD OF THE SPANISH UNION OF INSURANCE AND REINSURANCE COMPANIES (UNESPA) AND OF THE NATIONAL REINSURANCE BOARD. IS ALSO A DIRECTOR OF NAVIERA ELCANO, S.A.

Other External Directors

There are no other External Directors.

Changes in the status of Directors in 2006.

There were no changes in the status of Directors in 2006.

B.1.4. The classification of Uralita's Directors is in accordance with the Board of Directors Regulations:

The Board of Directors, exercising its powers to make proposals to the General Meeting of Shareholders and to co-opt to cover vacancies, in accordance with article 6.1 of the Board of Directors Regulations, comprises eight Non-Executive External Directors, which forms a majority over the four Executive Directors.

B.1.5. Powers of the Chief Executive, if appropriate.

Not applicable.

B.1.6. Board members who also hold office as Directors or executives at other companies forming part of the Uralita Group:

NAME OR CORPORATE NAME OF DIRECTOR	CORPORATE NAME OF GROUP COMPANY	OFFICE
JAVIER SERRATOSA LUJÁN	URSA IBÉRICA AISLANTES, S.A.	CHAIRMAN
JOSÉ IGNACIO OLLEROS PIÑERO	URALITA HOLDING, BV	EXECUTIVE
JOSÉ IGNACIO OLLEROS PIÑERO	URALITA, BV	EXECUTIVE
ÁLVARO RODRÍGUEZ-SOLANO ROMERO	URALITA HOLDING, BV	EXECUTIVE
ÁLVARO RODRÍGUEZ-SOLANO ROMERO	URALITA, BV	EXECUTIVE
JOSÉ IGNACIO OLLEROS PIÑERO	CHAMBERÍ REINSURANCE, S.A.	CHAIRMEN OF THE BOARD OF DIRECTORS
ÁLVARO RODRÍGUEZ-SOLANO ROMERO	CHAMBERÍ REINSURANCE, S.A.	EXECUTIVE
JAVIER SERRATOSA LUJÁN	URSA INTERNATIONAL, GmbH	EXECUTIVE

B.1.7. Uralita Directors who are members of the Boards of Directors of other non-group companies that are listed on official securities markets in Spain, as disclosed to the Company.

NAME OR CORPORATE NAME OF DIRECTO	LISTED COMPANY	OFFICE
CAJA DE AHORROS DE SALAMANCA Y SORIA	EBRO PULEVA, S.A.	DIRECTOR
JOSÉ MANUEL SERRA PERIS	RED ELECTRICA DE ESPAÑA, S.A.	DIRECTOR
JOSÉ MANUEL SERRA PERIS	GRUPO EMPRESARIAL ENCE, S.A.	DIRECTOR
JOSÉ MANUEL SERRA PERIS	NATRACEUTICAL, S.A.	DIRECTOR
JAVIER ECHENIQUE LANDIRÍBAR	REPSOL YPF, S.A.	DIRECTOR
JAVIER ECHENIQUE LANDIRÍBAR	GRUPO EMPRESARIAL ENCE, S.A.	DIRECTOR
JAVIER ECHENIQUE LANDIRÍBAR	ACS, ACTIVIDADES CONSTRUCCIONES Y SERVICIOS, S.A.	DIRECTOR

B.1.8 Aggregate compensation of Directors paid during the year:

a) At the reporting company:

ITEM	FIGURES IN THOUSANDS OF EUROS
Fixed compensation	1,243
Variable compensation	198
Attendance fees	0
Bylaw-stipulated compensation	684
Share options and/or other financial instruments	0
Other	0
TOTAL	2,125

OTHER BENEFITS	FIGURES IN THOUSANDS OF EUROS
Advances	0
Loans granted	0
Pension funds and plans: Contributions	0
Pension funds and plans: Obligation	0
Life insurance premiums	0
Guarantees provided by the company for Directors	0

b) Due to membership of the company's Directors of other boards of Directors and/or of the senior management of group companies:

ITEM	FIGURES IN THOUSANDS OF EUROS
Fixed compensation	0
Variable compensation	0
Attendance fees	0
Bylaw-stipulated compensation	0
Share options and/or other financial instruments	0
Other	0
TOTAL	0

OTHER BENEFITS	FIGURES IN THOUSANDS OF EUROS
Advances	0
Loans granted	0
Pension funds and plans: Contributions	0
Pension funds and plans: Obligations	0
Life insurance premiums	0
Guarantees provided by the company for Directors	0

c) Total compensation by type of Director:

TYPE OF DIRECTOR	BY COMPANY	BY GROUP
Executive	1,669	0
External non-independent	276	0
External independent	180	0
Other external	0	0
TOTAL	2,125	0

d) With respect to income attributable to the parent company:

Total Directors' compensation (in thousands of euros)	2,125
Total Directors' compensation as % of income attributable to the parent company	4.490

B.1.9. List the members of senior management who are not executive Directors and indicate the total compensation paid to them during the year:

NAME OR CORPORATE NAME	OFFICE
DANIEL LLINÁS SALA	GENERAL MANAGER OF URSA INSULATION, S.A.
JOSÉ LUIS POZO PALOMARES	GENERAL MANAGER OF URALITA IBERIA, S.L.
JUAN SÁNCHEZ ESPINOSA DE LOS MONTEROS	CORPORATE HEAD OF IT SYSTEMS
LUIS MESEGUER MUÑOZ	CORPORATE HEAD OF HUMAN RESOURCES

Total senior management compensation (€ thousand)	973
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B.1.10. Safeguard or protective clauses for members of senior management, including executive Directors, in the event of dismissal or changes in control.

Not applicable.

Have such clauses been disclosed to the General Shareholders' Meeting?

No.

B.1.11. Describe the process for setting Board members' compensation and the relevant provisions in the Articles of Association.

Uralita's Article 27 of the Articles of Association relating to the remuneration of the Board of Directors establishes the procedure and form for Board member remuneration.

This article set the total remuneration for Directors at a fixed sum, the maximum amount of which will be approved each business year at the General Shareholders Meeting. Should the General Shareholders Meeting not set this maximum amount for any year, it shall be deemed to be the same as that applicable the year before.

In this respect, the Board of Directors decides on the annual amount within the limits set at the General Shareholders Meeting and determines the distribution, which may not be equal among the Company's Directors.

The Articles of Association also provide for the possibility that Directors may be remunerated through the granting of shares, share options or a similar system linked to the share price. The implementation of such systems of remuneration shall require the adoption of a resolution at the General Shareholders Meeting, in conformity with Section 130 of the Spanish Public Companies Law.

Article 27 of the Board Regulations also states that Directors are entitled to obtain the remuneration in accordance with the provisions laid down in the Articles of Association, and the decisions on the matter adopted at the General Shareholders Meeting, and in conformity with the instructions of the Remuneration and Appointments Committee.

B.1.12. Board members who are members of the Boards of Directors or executives of companies that own significant holdings in the listed company and/or group companies.

NAME OR CORPORATE NAME OF DIRECTOR	NAME OR COMPANY NAME OF SIGNIFICANT SHAREHOLDER	OFFICE
JAVIER SERRATOSA LUJÁN	NEFINSA, S.A.	CHIEF EXECUTIVE OFFICER
JOSÉ ANTONIO CARRASCOSA RUIZ	NEFINSA, S.A.	CHIEF FINANCIAL OFFICER
JAVIER GONZÁLEZ OCHOA	NEFINSA, S.A.	NON-MEMBER SECRETARY TO THE BOARD. HEAD OF LEGAL SERVICES AND HUMAN RESOURCES

State any material relationships, other than those envisaged under the preceding heading, of the members of the Board of Directors with significant shareholders and/or at group companies.

There are no material relationships between members of the Board of Directors and significant shareholders or group companies.

B.1.13. Indicate the amendments, if any, during the year to the Board Regulations.

During 2006, Article 8 of the Board of Directors Regulations was amended, extending the term of office to six years. This article now reads as follows:

Article 8. Removal of Directors

1. The term of office of Directors shall be six years. Directors' appointments shall expire at the end of this term when the next General Shareholders Meeting thereafter has been held, or the statutory deadline for holding the Meeting to rule on approving the accounts for the previous financial year has passed. Directors elected by co-option shall discharge their office until the date of the next General Shareholders Meeting.

Directors may be re-elected on one or more occasions.

2. Directors must offer to resign and must formally tender their resignation to the Board of Directors in the following cases:

a) On reaching seventy years of age.

b)When they are affected by any of the legally specified incompatibilities or disqualifications.

c)When they have received a serious warning from the Remuneration and Appointments Committee for having breached their obligations as Directors.

B.1.14. Indicate the procedures for the appointment, reappointment, evaluation and removal of Directors. Give details of the competent bodies, the steps to follow and the criteria to be applied in each of the procedures.

The Directors are appointed at the General Shareholders Meeting or by the Board of Directors exercising its co-option right in accordance with the provisions of the Spanish Public Companies Law.

The proposals for the appointment or re-election of Directors that the Board of Directors submits to the General Shareholders Meeting, and any appointment resolutions adopted by the Board itself, must be preceded by the appropriate proposal from the Remuneration and Appointments Committee. The Remuneration and Appointments Committee shall assess the aptitude of the candidates, their academic and professional background, potential legal incompatibilities, conflicts of interest and infringement of any law or provisions in the Articles of Association.

The Board of Directors and the Remuneration and Appointments Committee shall take care to ensure that Directorships go to individuals who, in addition to fulfilling the requirements laid down by law and in the Articles of Association, have the appropriate skills, experience and professional prestige for the performance of their functions.

The removal of Directors is also part of the remit of the General Shareholders Meeting. However, as with the procedures for the appointment or reappointment of Directors, the Remuneration and Appointments Committee may propose to the Board of Directors the removal of a Director on the grounds that he/she has failed to fulfil his/her duties, in which case the Board, if it approves the proposal to dismiss the Director, submits it to the Shareholders' Meeting for approval.

B.1.15. Cases in which the Directors must resign.

Under Article 8.2 of the Board Regulations, Directors must offer to resign and must formally tender their resignation to the Board of Directors in the following cases:

a)On reaching seventy years of age.

b)When they are affected by any of the legally specified incompatibilities or disqualifications.

c)When they have received a serious warning from the Remuneration and Appointments Committee for having breached their obligations as Directors.

B.1.16. State whether the Company's chief executive is also the chairman of the Board of Directors.

YES

The Chairman of the Board also acts as the Company's Chief Executive. The Board of Directors of URALITA is the Company's most senior decision-making body, notwithstanding its delegation of day-to-day management of the Company to the executive bodies and the management team. Its Board shall in any event be responsible for performing the general function of supervision and control of the activities of the executive committees.

The Board Regulations remit to the Board all decisions on significant investments and disposals, as well as decisions regarding the initiation of new business lines or the termination of existing lines of business. The URALITA Group's strategic plans and annual budgets must be approved by the Board of Directors. Accordingly, the Chief Executive of the company follows the business guidelines approved by the Board. Individual investments in or disposals of assets amounting to over €20 million also require the Board's approval.

The Board also has two sub-committees: the Audit Committee and the Remuneration and Appointments Committee, both of which exercise specific and exclusive responsibilities governed by the Board Regulations, as detailed below. These committees in themselves represent a safeguard against the concentration of power and against possible risks. For instance, one of the functions of the Remuneration and Appointments Committee is to approve the annual remuneration of the management team, comprising the Chairman and other members of the URALITA Group Management Committee.

B.1.17. Are qualified majorities, other than legal majorities, required for any type of decision?:

YES

Adoption of resolutions

DESCRIPTION OF RESOLUTION	QUORUM	TYPE OF MAJORITY
The removal of a member of the Audit Committee who continues to serve as a Director shall require the vote in favour of two thirds of the members of the Board of Directors in order to be valid.	Half plus one in first call. No quorum required in second call	Absolute majority of Directors present.

B.1.18. State whether there are any specific requirements, apart from those relating to the Directors, to be appointed Chairman.

NO

B.1.19. State whether the Chairman has a casting vote.

YES

There is a casting vote on all matters.

B.1.20. State whether the bylaws or the Board regulations set any age limit for Directors:

YES

Age limit for Chairman	70
Age limit for Chief Executive Officer	70
Age limit for Director	70

B.1.21. Do the Board Regulations set a limited term of office for Independent Directors?

NO

B.1.22. State whether there are any formal procedures for granting proxies to vote at Board meetings.

Under article 24 of the Articles of Association any Director may appoint in writing another Director to represent him/her and vote on his/her behalf. In practice, Directors only delegate their votes in writing for each Board Meeting on a case-by-case basis.

B.1.23. State the number of Board meetings held during the year and how many times the Board has met without the Chairman's attendance.

Number of Board meetings	7
Number of Board meetings without Chairman's attendanc	0

Number of meetings of the various Board Committees held during the year:

Number of Executive or Delegate Committee meetings	0
Number of Audit Committee meetings	7
Number of Remuneration and Appointments Committee meetings	4
Number of Strategy and Investment Committee meetings	0
Number of Management Committee meetings	0

B.1.24.-State whether the individual and consolidated financial statements submitted for approval by the Board are certified previously.

NO

The annual accounts submitted to the Board for preparation are not certified previously by the Chairman and Chief Financial Officer. However, these are approved previously by the Audit Committee.

B.1.25.- Mechanisms established by the Board of Directors to prevent the individual and consolidated financial statements prepared by it from being submitted at the general meeting with a qualified auditors' report.

The mechanisms established by Uralita to prevent qualifications in auditors' reports are based mainly on prior meetings between the external auditors and the Audit Committee and with the Company's Internal Audit Department, with all the necessary information provided by the Chief Financial Officer and other Director required to provide such information. The aim of these meetings is to prepare definitive accounts that leave no room for qualifications by the Auditor.

B.1.26. Describe the measures adopted so that the information disclosed to the securities markets is conveyed fairly and symmetrically.

In accordance with article 30.1 of the Board of Directors Regulations, the Board of Directors shall immediately publicly disclose:

- a) Any material facts that may have an appreciable influence on the formation of stock market prices.
- b) Any changes in the Company's ownership structure, such as variations in the significant shareholdings, syndication agreements and other forms of coalition, of which it is aware.
- c) Any substantial amendments to the Company's rules of governance.

Section 2 of Article 30 establishes that the Board of Directors shall adopt the necessary measures to ensure that the half-yearly, quarterly and any other financial reporting that prudence may require be made available to the markets is prepared in accordance with the same principles, policies and professional practices as those applied in preparing the annual accounts and that it is as reliable as the latter.

The information disclosed to the securities markets is submitted previously to the Comisión Nacional del Mercado de Valores after approval by the Audit Committee and publication on the Company's website.

B.1.27. Is the Board Secretary a Director?:

YES

B.1.28. Describe the mechanisms, if any, established by the Company to preserve the independence of the auditors, of financial analysts, of investment banks, and of rating agencies.

The Audit Committee's remit includes liaising with the external auditors in order to receive information on any issues that might jeopardise the latter's independence.

Uralita ensures the transparency and independence of the opinions and recommendations of these professionals. The Company's external auditor is DELOITTE, S.L, a company with far-reaching presence in Spain and internationally, for whom the fees paid by Uralita represent only a small percentage of overall revenues.

In addition, the audit firm partner in charge of the audit team has to be changed every seven years.

Regarding financial analysts, Uralita has regular contact with the professional analysts that cover its stock. They are all invited to the same meeting and the printed information that they are given is submitted to the CNMV the same day and is also made available on Uralita's website.

With regard to rating agencies, Uralita has not issued any securities which have been rated by any such agency.

B.1.29. Indicate whether the audit firm performs other non-audit work for the Company and/or its Group.

YES

	COMPANY	GROUP	TOTAL
Amount of other non-audit work (thousands of euros)	94,000	306,000	400,000
Amount of other non-audit work as a % of total / Amount billed by the audit firm	49.470	33.220	35.999

B.1.30. Indicate the number of years which the current audit firm has been uninterruptedly auditing the financial statements of the company and/or the group. Also indicate the number of years audited by the current audit firm as a percentage of the total number of years during which the financial statements have been audited:

	COMPANY	GROUP
Number of uninterrupted years	16	16

	COMPANY	GROUP
Number of years audited by current firm as / % of the number of years the company has been audited	100.00	100.00

B.1.31. Indicate any holdings, disclosed to the company, owned by the members of the Company's Board of Directors in the capital of entities engaging in activities identical, similar or complementary to those comprising the corporate purpose of the company or of its group. Also indicate the offices they hold or the functions they perform at these companies:

The Company has not been notified by any owners of significant shareholdings in any companies engaged in identical, similar or complementary activities to those comprising the corporate purpose of either Uralita S.A. or its Group.

B.1.32. Indicate whether there is a procedure for Directors to be able to receive outside advisory services, and if so, give details:

YES

Details of procedure

Article 26 of the Board of Directors Regulations establishes that in order to be assisted in the performance of their functions, external Directors may request the engagement at the Company's expense of legal, accounting, financial or other expert advisers.

B.1.33. Indicate whether there is a procedure for the Directors to be able to receive the necessary information to prepare for meetings of the managing bodies sufficiently in advance, and if so, give details.

YES

Details of procedure

Article 25 of the Board of Directors Regulations of Uralita states that Directors are vested with the broadest powers to obtain information about any aspect of the Company, to examine its books, registers, documents and other records of corporate transactions and to inspect all its installations. The right to information encompasses the Company's subsidiaries, both domestic and foreign. The exercise of the powers of information shall be channelled through the Chairman, the Managing Director, or the Secretary of the Board of Directors, who shall respond to Directors' requests either by providing them with the information directly, by putting them in touch with the appropriate interlocutors within the organisation or by taking steps to enable them to conduct the desired tasks of examination and inspection in situ.

B.1.34. Is there a liability insurance policy for the company's Directors?

YES

B.2. COMMITTEES OF THE BOARD OF DIRECTORS

B.2.1. Governing bodies:

NAME OF BODY	NO. OF MEMBERS	FUNCTIONS
AUDIT COMMITTEE	3	SEE SECTION B.2.3
REMUNERATION AND APPOINTMENTS COMMITTEE	3	SEE SECTION B.2.3

B.2.2. Committees of the Board of Directors and their members:

AUDIT COMMITTEE	
NAME	OFFICE
JOSÉ MANUEL SERRA PERIS	CHAIRMAN
NEFINSA, S.A.	MEMBER
ATALAYA INVERSIONES, S.R.L.	MEMBER

REMUNERATION AND APPOINTMENTS COMMITTEE

NAME	OFFICE
JAVIER ECHENIQUE LANDIRÍBAR	CHAIRMAN
CAJA DE AHORROS DE SALAMANCA Y SORIA	MEMBER
NEFINSA, S.A.	MEMBER

B.2.3. Describe the rules of organisation and functioning, and the responsibilities attributed to each of the Board committees.

Audit Committee

The Audit Committee comprises three Directors, appointed via a resolution from the Board of Directors adopted unanimously by its members. None of its members is an Executive Director.

The term of office of Audit Committee members is four years, unless they leave their Directorship before the end of this period. They may be re-elected an indefinite number of times. The removal of a member of the Audit Committee who continues to serve as a Director shall require the vote in favour of two thirds of the members of the Board of Directors in order to be valid.

The Audit Committee shall appoint a Chairman from among its members, who must be an Independent Director and must be replaced every four years; he may be re-elected once one year has elapsed since the end of his term of office. The Secretary to the Board may be appointed as Secretary to the Committee.

Audit Committee meetings shall be called by the Committee Chairman; a meeting must be called within no more than fifteen days when two Committee members request one in writing.

In 2006 the Committee met seven times and considered the matters falling within its remit, notably: the review of regular information submitted to the CNMV, the review of the Annual Accounts prior to their preparation by the Board of Directors, the review of the risk control systems and the definition and approval of the Internal Audit Plan.

Remuneration and Appointments Committee

The Remuneration and Appointments Committee comprises three Directors appointed in accordance with the Board Regulations, all of whom are external Directors.

The Remuneration and Appointments Committee shall appoint a Chairman from among its members, who must be an Independent Director. The Secretary of the Board of Directors may be appointed as Secretary of the Remuneration and Appointments Committee.

In 2006, the Remuneration and Appointments Committee met four times, during which it addressed matters falling within its remit, notably: the revision of the remuneration of the Chairman and members of the Management Committee, approving the variable remuneration for 2006 and establishing the objectives for the variable remuneration for 2007. Lastly, the Remuneration and Appointments Committee issued the official reports prior to the appointment of a new Company Director and the reappointment of another member of the Board of Directors.

B.2.4. Faculties of advice, consultation and delegation, if any, of each of the committees:

COMMITTEE	BRIEF DESCRIPTION
AUDIT COMMITTEE	<p>THE AUDIT COMMITTEE IS MAINLY CHARGED WITH OVERSEEING THE FUNCTION OF CONTROL WITHIN THE COMPANY AND ITS GROUP OF COMPANIES. IT IS PARTICULARLY INCUMBENT UPON THE AUDIT COMMITTEE TO:</p> <ul style="list-style-type: none"> • INFORM THE GENERAL SHAREHOLDERS MEETING ABOUT ISSUES RAISED BY SHAREHOLDERS THEREAT REGARDING MATTERS WITHIN THE COMMITTEE'S SPHERE OF COMPETENCE. • PROPOSE TO THE BOARD OF DIRECTORS, FOR SUBMISSION TO THE GENERAL SHAREHOLDERS MEETING, THE APPOINTMENT OF THE EXTERNAL AUDITORS. • SUPERVISE THE INTERNAL AUDIT SERVICES. • BE COGNISANT WITH THE COMPANY'S FINANCIAL INFORMATION PROCEDURES AND INTERNAL CONTROL SYSTEMS. • LIAISE WITH THE EXTERNAL AUDITORS IN ORDER TO RECEIVE INFORMATION ON ANY ISSUES THAT MIGHT JEOPARDISE THE LATTER'S INDEPENDENCE, AND ANY OTHERS CONNECTED WITH THE AUDITING PROCEDURE, AND TO MAINTAIN WITH THE AUDITORS THE COMMUNICATIONS ENVISAGED IN AUDIT LEGISLATION AND IN THE TECHNICAL AUDITING REGULATIONS. • SUPERVISE THE FINANCIAL INFORMATION TO BE SENT PERIODICALLY TO THE SPANISH SECURITIES & EXCHANGE COMMISSION (CNMV). • REPORT TO THE BOARD ON TRANSACTIONS CARRIED OUT BY THE COMPANY OR COMPANIES OF THE GROUP WITH SIGNIFICANT SHAREHOLDERS. • BE COGNISANT WITH THE AUDITS. • PROPOSE TO THE BOARD OF DIRECTORS SUCH ISSUES AS IT CONSIDERS APPROPRIATE IN MATTERS WITHIN ITS SPHERE OF COMPETENCE.
REMUNERATION AND APPOINTMENTS COMMITTEE	<p>THE REMUNERATION AND APPOINTMENTS COMMITTEE IS RESPONSIBLE FOR:</p> <ul style="list-style-type: none"> • SUBMITTING TO THE BOARD OF DIRECTORS THE APPROPRIATE PROPOSALS FOR THE APPOINTMENT AND RE-ELECTION OF DIRECTORS AND, IF APPLICABLE, FOR THEIR REMOVAL. • PROPOSING TO THE BOARD WHICH MEMBERS SHOULD FORM PART OF EACH OF THE COMMITTEES. • PROPOSING TO THE BOARD THE SYSTEM FOR AND THE AMOUNT OF THE DIRECTORS' ANNUAL REMUNERATION. • APPROVING THE ANNUAL REMUNERATION UNDER ALL HEADINGS, BOTH DIRECT AND INDIRECT, TO BE RECEIVED BY THE MEMBERS OF THE MANAGEMENT TEAM, CONSISTING OF THE CHAIRMAN, THE CHIEF EXECUTIVE OFFICER, IF THERE IS ONE, AND THE OTHER MEMBERS OF THE GROUP'S MANAGEMENT COMMITTEE.

B.2.5. Indicate, as appropriate, whether there are any regulations for the Board committees; if so, indicate where they can be consulted, and whether any amendments have been made during the year.

At 31 December 2006, the Committees had no internal regulations. Their organisation and operating procedures are regulated by the Articles of Association and Board Regulations. The Board of Directors Regulations is available on the company's website: www.uralita.com

B.2.6. If there is an executive committee, explain how far authority has been delegated and how much independence it has in performing its functions, in order to adopt resolutions on the Company's management and administration.

The Board of Directors of Uralita has no Executive Committee.

B.2.7. Indicate whether the composition of the executive committee reflects the participation of the various Directors on the Board according to their status:

NO

Composition of the Executive Committee

Not applicable

B.2.8. If there is an appointments committee, indicate whether all of its members are non-executive Directors:

YES

C. Related party transactions

C.1. MATERIAL TRANSACTIONS ENTAILING A TRANSFER OF FUNDS OR OBLIGATIONS BETWEEN THE COMPANY OR ENTITIES OF ITS GROUP AND THE COMPANY'S SIGNIFICANT SHAREHOLDERS:

NAME OR CORPORATE NAME OF SIGNIFICANT SHAREHOLDER	NAME OR CORPORATE NAME OF COMPANY OR GROUP COMPANY	NATURE OF THE RELATIONSHIP	TYPE OF TRANSACTION	AMOUNT (THOUSANDS OF EUROS)
CAJA DE AHORROS DE SALAMANCA Y SORIA	URALITA, S.A	Contractual	Interest accrued but not paid	1
CAJA DE AHORROS DE SALAMANCA Y SORIA	URALITA, S.A	Contractual	Guarantees and deposits	2,964

C.2. MATERIAL TRANSACTIONS ENTAILING A TRANSFER OF FUNDS OR OBLIGATIONS BETWEEN THE COMPANY OR ENTITIES OF ITS GROUP AND THE COMPANY'S DIRECTORS OR EXECUTIVES:

No material transactions involving a transfer of fund or obligations between the Company or entities of its Group and the Company's Directors or Executives took place in 2006.

C.3. MATERIAL TRANSACTIONS BY THE COMPANY WITH OTHER COMPANIES OF THE SAME GROUP, WHERE SUCH TRANSACTIONS ARE NOT ELIMINATED IN THE PROCESS OF PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS AND DO NOT FALL WITHIN THE COURSE OF THE COMPANY'S ORDINARY BUSINESS, AS REGARDS THEIR SUBJECT-MATTER OR TERMS AND CONDITIONS.

No material transactions were carried out by the Company with other companies of the same group were not eliminated in the process of preparing the consolidated financial statements and that did not fall within the course of the Company's ordinary business, as regards their subject matter or terms and conditions.

C.4. STATUS OF CONFLICTS OF INTEREST OF THE COMPANY'S DIRECTORS AS PROVIDED FOR IN ARTICLE 127 OF THE SPANISH PUBLIC COMPANIES LAW.

None of the Company Directors has any conflict of interest provided for in Article 127 of the Spanish Public Companies Law.

C.5. MECHANISMS ESTABLISHED TO DETECT, IDENTIFY AND RESOLVE POTENTIAL CONFLICTS OF INTEREST BETWEEN THE COMPANY AND/OR ITS GROUP AND ITS DIRECTORS, EXECUTIVES OR SIGNIFICANT SHAREHOLDERS.

The Board of Directors is the body charged with regulating, resolving and taking measures to prevent conflicts of interest.

Both the Board Regulations and the Internal Regulations of Conduct in matters relating to the Securities Market contain procedures regulating action to take when such conflicts arise. In this respect, Directors must refrain from attending and intervening in deliberations affecting matters in which they have a personal interest. Also, anyone who for any reason finds themselves involved in a conflict of interest must inform the Secretary of the Board of Directors sufficiently in advance for the appropriate measures to be taken. The Secretary shall bring the situation of conflict of interest to the attention of the Chairman who, if he considers it necessary, shall ask for any reports he may consider pertinent and shall adopt the measures that he considers necessary.

In addition, under the Board Regulations, Directors may not perform professional or commercial transactions directly or indirectly with the Company, unless they disclose the situation of conflict of interest beforehand and the Board of Directors, subject to a report from the Remuneration and Appointments Committee, approves the transaction.

There were no conflicts of interest in 2006 involving Directors as defined in the Board Regulations.

D. Risk control systems

D.1. GENERAL DESCRIPTION OF THE RISK POLICY OF THE COMPANY AND/OR ITS GROUP, THE RISKS COVERED BY THE SYSTEM AND EVIDENCE THAT THE SYSTEM IS APPROPRIATE FOR THE PROFILE OF EACH TYPE OF RISK.

The Uralita Group has introduced a Risk Management System, with which the Audit Committee is acquainted, to systematically monitor and manage the critical risks in each of the key business processes, as detailed below.

D.2. CONTROL SYSTEMS IN PLACE FOR EVALUATING, MITIGATING OR REDUCING THE MAIN RISKS OF THE COMPANY AND ITS GROUP.

Risks of both investees and the Uralita Group as a whole are assessed and quantified, resulting in a risk portfolio that is updated annually. The Risk System is devised by company and business, with a Risk Coordinator in each Division.

The effectiveness of the system is based on creating an appropriate framework for risk prevention, encouraging active participation in the detection and prevention of risks in advance, notifying risks at the appropriate decision-making level, and controlling risks through suitable procedures.

The Uralita Group has manuals and internal regulations, both in the corporate area and business processes, to ensure the appropriate use of resources by employees in performing their business activities and to guarantee the accuracy of the financial and accounting information disclosed to investors and shareholders.

The main objectives of the Risk Management System are: To make employees aware of potential risks and their consequences.

To detect risks and their causes in advance, and assess the likelihood that they will occur and their impact on the various areas of the organisation.

To analyse the controls established to mitigate risks or, in their absence, to develop and introduce controls.

To inform the organisation's risk managers and mitigate risks by taking appropriate preventative measures.

To obtain the Risk Portfolio so as to determine in terms of impact and probability what the effect would be on the organisation of each of the business risks identified.

D.3. IF ANY OF THE RISKS AFFECTING THE COMPANY AND/OR ITS GROUP HAVE MATERIALISED, INDICATE THE CIRCUMSTANCES THAT CAUSED THEM AND WHETHER THE CONTROL SYSTEMS IN PLACE WORKED.

None of the risks that affect the Company or its Group materialised in 2006.

D.4. COMMITTEE OR GOVERNING BODIES RESPONSIBLE FOR ESTABLISHING AND OVERSEEING THE CONTROL SYSTEMS AND ITS FUNCTIONS.

The Group's Internal Audit Department, as Risk Manager, is responsible for monitoring the risk control mechanisms. Its main functions in this respect are: to centralise and notify all information received, monitor the system ensuring that targets are met and to establish basic support tools.

The main functions of the Risk Committee, comprising the Management of each Division, with respect to risk management are: to support the introduction of the risk management system in the organisation, to analyse and oversee the information obtained from the coordinator and the System, and to determine and introduce risk mitigation measures.

Above this level is the Global Risk Coordinator, a role performed by the Chief Financial Officer. His/her main functions are: to make the Company aware of the importance of Risk Management, to coordinate the different areas and those responsible for risk identification processes, to introduce the necessary measures to mitigate risks and centralise and homogenise the information from each area or process manager.

The final level comprises the Audit Committee of the Board of Directors, which bears ultimate responsibility for the Risk Management process.

D.5. IDENTIFICATION AND DESCRIPTION OF PROCESSES FOR COMPLIANCE WITH THE VARIOUS REGULATIONS AFFECTING THE COMPANY AND/OR ITS GROUP.

The basic mechanisms for ensuring compliance with the various regulations affecting the Group's companies are based on the controls carried out by the following corporate areas:

Legal Services, which aims to ensure overall compliance with the legal requirements affecting the group by establishing legal guidelines so as to ensure that the organisational structure complies with prevailing legislation at all times.

The Internal Audit Department monitors compliance with internal procedures and their adaptation to comply with legal requirements, adapting the Risk Management System to the needs arising from the various legal requirements and their development.

E. General Shareholders Meeting

E.1. QUORUM FOR CONVENING GENERAL MEETINGS ESTABLISHED IN THE ARTICLES OF ASSOCIATION. DIFFERENCES FROM THE SYSTEM OF MINIMUM QUORUMS ESTABLISHED IN THE SPANISH PUBLIC COMPANIES LAW.

The General Meeting of Shareholders is deemed to be duly constituted if attended by shareholders or proxies representing at least 25% of the subscribed share capital at first call and attendance representing any amount at second call.

However, in order to validly adopt resolutions for the issuance of debentures, the increase or reduction of share capital, the change in the status, merger, spin-off or winding-up of the Company and in general any amendment of the Articles of Association, at least 50% of the subscribed share capital must be present at first call. At second call, votes representing at least 25 per cent of the capital are sufficient.

Notwithstanding the above, an Ordinary or Extraordinary General Shareholders Meetings are deemed to be validly called and convened to transact any business provided all the share capital is present and those attending unanimously agreed to hold a Meeting.

The quorums set in Uralita's Articles of Association are in accordance with those prescribed by sections 102 and 103 of the Spanish Public Companies Law (consolidated text).

E.2. RULES FOR ADOPTING CORPORATE RESOLUTIONS. DIFFERENCES FROM THE RULES ESTABLISHED IN THE SPANISH PUBLIC COMPANIES LAW.

Article 19 of the Articles of Association establishes the majority required for the adoption of resolutions. This is in accordance with sections 93 and 103 of the Spanish Public Companies Law (consolidated text).

Each of the items on the Agenda is put to a separate vote. Resolutions are adopted by majority of the shares presented or represented at the Meeting.

However, in the special cases referred to in section 103.2 of the Spanish Public Companies Law (consolidated text), if the Meeting is held at second call with less than half the share capital in attendance, the relevant resolutions may only be validly adopted if two thirds of the capital present or represented at the Meeting vote in favour of them.

E.3. LIST ANY RIGHTS OF THE SHAREHOLDERS IN CONNECTION WITH GENERAL MEETINGS THAT DIFFER FROM THOSE ESTABLISHED IN THE SPANISH PUBLIC COMPANIES LAW.

The Company has not granted shareholder rights in respect of General Meetings other than those established in the Spanish Public Companies Law.

E.4. MEASURES ADOPTED, IF ANY, TO ENCOURAGE PARTICIPATION BY SHAREHOLDERS AT GENERAL MEETINGS.

A) Article 28 of the Board Regulations establishes that the Board of Directors shall establish the appropriate channels for being cognisant with any proposals that may be made by the shareholders in relation to the way the Company is run.

The Board of Directors shall promote the informed participation of the shareholders at General Shareholders Meetings and shall adopt such measures as may be appropriate to enable the General Shareholders Meeting to effectively perform its functions in accordance with the law and the Articles of Association.

In particular, the Board of Directors shall adopt the following measures:

- a) It shall endeavour to make available to the shareholders before the Meeting all the information that is required by law, and any other information that although not legally required may be of interest and may reasonably be supplied.
- b) It shall respond with the utmost diligence to requests for information made by the shareholders before the Meeting.
- c) It shall respond with equal diligence to questions formulated by shareholders at the General Shareholders Meeting.

B) For its part, the Investor Relations Department: responds to individual and institutional investors who request information about the Company. The home page of the URALITA website has a section called "Investor Relations", with a link to a personal contact (with telephone number, fax number and email address), the quarterly and half-yearly reports and other financial and market information of interest.

C) At the General Shareholders Meeting of 22 June 2006, the system for exercising the right to remote voting by electronic means was fully established and made available to shareholders. This marked the first time that any shareholders made use of this system to vote at the General meeting. Although it was not used by a significant number of shareholders, the Company will continue to promote the use of new technologies to encourage participation by shareholders at the General Meeting.

E.5. INDICATE WHETHER THE CHAIRMAN OF THE BOARD OF DIRECTORS CHAIRS GENERAL MEETINGS. GIVE DETAILS OF WHAT MEASURES, IF ANY, ARE ADOPTED TO ENSURE THE INDEPENDENCE AND CORRECT FUNCTIONING OF THE GENERAL MEETING:

YES

Details of measures

100% of the shares present at the General Shareholders Meeting held on 26 May 2004 approved the Board of Director's proposal for the Regulations of the General Shareholders Meeting.

The Regulations provide shareholders a framework that guarantees and facilitates the exercising of their rights and is a reference tool for their informed participation at Shareholders' Meetings.

Following its approval, the definitive text of the Regulations was made public in a filing with the CNMV and in the Madrid Companies Register. The Regulations are also available on the Company website.

E.6. INDICATE, AS APPROPRIATE, ANY AMENDMENTS INTRODUCED IN THE REGULATIONS OF THE GENERAL SHAREHOLDERS MEETING DURING THE YEAR.

The Regulations of the General Shareholders Meeting was amended at the General Meeting of 22 June 2006 to adapt it to Law 19/2005. Articles 6, 7, 10 and 11 were amended and now read as follows:

Article 6.-Calling General Shareholders Meetings

Without prejudice to the provisions of the applicable legislation, the Board of Directors is responsible for calling Shareholders Meetings and it shall do so:

1. In the case of Ordinary General Shareholders Meetings, on a date within the first six months of the financial year.
2. Whenever the Board of Directors deems it to be in the Company's interest, in the case of Extraordinary General Shareholders Meetings.
3. In any event, when requested to do so by shareholders holding at least 5% of the share capital in a notary public summons, giving details of the business to be transacted at the meeting. In this case, the Meeting must be held within thirty days of the date of service on the Board of Directors of the public notary summons for a meeting to be called.
4. Notwithstanding the provisions of the previous paragraphs, a General Shareholders Meeting shall be deemed to be validly called and convened to transact any business whenever all the share capital is present and those attending unanimously agree to hold a Meeting.

In any event, the Board of Directors shall draw up the Agenda, necessarily including any business which it has been requested should be included, and shall add to it such other items as may be

requested by shareholders representing at least 5% of the share capital once the notice of the Meeting has been published, in accordance with Article 7 below.

If a General Shareholders Meeting has not been called within the legal time limit it may be called at the shareholders' request, with a hearing being given to the Directors, by the Court of the First Instance of the locality where the Company has its registered office, which may also appoint the person who is to chair the Meeting. This same procedure shall be followed for Extraordinary General Shareholders Meetings if shareholders owning 5% of the share capital have asked for one to be held and it has not been called.>>

Article 7.-Publication of notice of Meetings

Notice of the General Shareholders Meeting must be published in the Official Gazette of the Companies Register, in one of the daily newspapers with the highest readership of the province in which the Company has its registered office and, for the purposes of information and publicity, it shall also be published on the Company's website equally in advance of the Meeting as the other means of announcement and in any event at least one month before the date set for the meeting, calculated from date to date and taking as the initial day that of the date of publication of the notice of the Meeting, not including the date on which the Meeting is to be held, which shall be deemed to be that of the first call. The notice shall be sent to the Spanish Securities & Exchange Commission (CNMV) on the day of publication or the next working day.

Shareholders representing at least 5% of the share capital may request publication of a supplementary Meeting notice adding one or more items to the agenda. This right must be exercised by submitting due notice thereof to the Company's registered office within five days of publication of the notice of the meeting.

The supplementary Meeting notice must be published at least fifteen days before the date set for the meeting.

For the foregoing purposes, and regardless of the means of publication, notices of General Shareholders Meetings must include at least the following:

- a) The place, date and time of the meeting at first and, if applicable, second call, with an interval of at least twenty-four hours between the two.
- b) Precise, clear and full enumeration of all the business to be transacted at the meeting, comprising the Agenda.
- c) The availability of the full text of the draft resolutions regarding the items included on the Agenda that will be submitted to the Shareholders Meeting for approval.

- d) In the case of proposals requiring the amendment of the Articles of Association, the availability of the full text of the report supporting such proposals prepared by the Board of Directors or by the shareholders making them, drafted clearly and precisely.
- e) The availability of the full text of the annual accounts, the Directors' report and the Auditors' report to be submitted for approval at the General Shareholders Meeting, as well as these same documents relating to the consolidated accounts.
- f) The availability of the full text of the Annual Report on Corporate Governance made available to the General Shareholders Meeting as approved by the Board of Directors.
- g) The availability of the full text of the reports or certificates issued by the auditors or independent experts with regard to the resolutions to be adopted, if applicable.
- h) The details of the venue where the Meeting is to be held.
- i) The means and procedures for remote voting which shareholders may use under applicable legislation, the Articles of Association and these Regulations, to exercise their rights of representation, pooling of shares, voting and, if applicable, attendance, as well as the requirements, time limits and procedures to which they are subject.
- j) The means and procedures for appointing another shareholder with the right of attendance to act as a proxy at the General Shareholders Meeting, and the requirements and procedures for exercising this right.
- k) The shareholders' right to information and how to exercise it.
- l) Likewise, regardless of how the notice of the meeting is published, it must in any event include a section for questions and answers in order to facilitate shareholder participation.
- m) Any other particulars that are obligatory under applicable legislation or the Articles of Association.

The provisions laid down in this Article are understood to be without prejudice to the inclusion in the notice of additional content, or the calling of a meeting at shorter or longer notice in the special circumstances where this is required by applicable legislation.>>

Article 10.-Shareholders' right to information before a Meeting takes place

10.1. The right to information may be exercised either before or during the Meeting. In the case of a universal Shareholders Meeting, the lack of formal notice means that information may only be requested during the Meeting itself.

10.2. Up until the seventh day before the date set for the Meeting shareholders may request information or clarification from the Board of Directors regarding items included on the Agenda, or formulate any questions they consider necessary. Shareholders may also request any publicly available information that the Company has filed with the Spanish Securities & Exchange Commission (CNMV) and the information contained in the Auditors' report.

10.3. Requests for information may be handed in at the Company's registered office or sent there by post or other means of electronic or remote communication. Electronic requests for information shall be accepted provided they include the recognised electronic signature of the person requesting the information, or such other kind of electronic signature that the Board of Directors has specifically agreed beforehand gives sufficient guarantees of authenticity and identification of the shareholder who is exercising the right to information.

10.4. Response to requests for information, once the identity and shareholder status of the person making the request has been confirmed, will be made via the same means as that used to make the request. Answers to shareholders attending the General Shareholders Meeting by remote means who exercise their right to information during the Meeting will be given in writing within seven days after the Meeting.

10.5. The Chairman of the General Shareholders Meeting, either in person or through another Director, or the Company's General Manager, may refuse to furnish the information requested when: i) disclosure of the data is prejudicial to the Company's interests, unless the request is supported by shareholders representing at least a quarter of the share capital, in which case in principle they cannot refuse unless they explain their grounds for doing so in a written report which they must deliver to the person or persons requesting the information at the Meeting before proceeding to examine and vote on the Agenda; ii) when the information or clarification requested or the question formulated does not refer to items included on the Agenda nor to the publicly available information that the Company has filed with the Spanish Securities & Exchange Commission (CNMV) since the last General Shareholders Meeting; iii) when the information or the clarification requested or the answer to the question formulated is not necessary to form an opinion on the issues included on the Agenda of the Meeting or is considered for any reason to be abusive; iv) when such a refusal is in compliance with any applicable legal or regulatory provisions.

10.6. The Board of Directors may authorise any of its members, or its Secretary or Deputy Secretaries, if applicable, or the Shareholder Relations Department or any other person expressly authorised by the Board for the purpose, to respond on behalf of the Board of Directors to the requests for information formulated by shareholders.

10.7. The provisions laid down in this Article are understood to be without prejudice to the right of shareholders to obtain printed copies of documents and to request that they be sent to them free of charge when this is envisaged in the applicable legislation.>>

Article 11.-Shareholder participation at General Shareholders Meetings

11.1. It is in the Company's interests to encourage shareholder participation at General Shareholders Meetings. To this end, the Board of Directors shall adopt such measures as it considers appropriate in each case to facilitate and encourage the personal attendance of shareholders at the General Shareholders Meeting, without prejudice to the other provisions of these Regulations.

11.2. As laid down in the Articles of Association, shareholders may attend General Shareholders Meetings in person or through a duly appointed proxy provided that they own at least fifteen shares. The shares must be recorded in the appropriate register five days before the date on which the General Shareholders Meeting is to be held and a certificate provided of their registration.

11.3. In order to facilitate the exercise by shareholders of the rights of attendance, voting, representation and pooling of shares at the Company's General Meetings, any shareholder who so requests and provides proof of their status may obtain a personal attendance card made out in their name from the Company's registered office, from the date on which the notice of the Meeting is published, which will permit them to exercise all their rights as a Company shareholder. This card will also be available in electronic format, as applicable and if it is legally and technically viable, so that it may be forwarded or completed by shareholders who, in compliance with the Articles of Association and these Regulations, wish to exercise their rights of voting and representation by means of remote communication.

11.4. Any statements and draft resolutions in compliance with this Law that shareholders attending by remote communication means intend to formulate, must be received by the Company at least forty-eight hours before the Meeting convenes. >>

E.7. INDICATE THE DATA ON ATTENDANCE AT THE GENERAL SHAREHOLDERS MEETINGS HELD DURING THE REPORTING YEAR:

ATTENDANCE DATA

DATE OF GENERAL MEETING	% ATTENDANCE IN PERSON	% ATTENDANCE BY PROXY	%BY REMOTE VOTING	TOTAL %
22-06-2006	53.865	11.129	0.150	65.144

E.8. BRIEFLY INDICATE THE RESOLUTIONS ADOPTED BY THE SHAREHOLDERS AT THE GENERAL MEETINGS HELD DURING THE REPORTING YEAR AND THE PERCENTAGE OF VOTES WITH WHICH EACH RESOLUTION WAS ADOPTED.

The General Meeting of Shareholders held on 22 June 2006 passed, with the percentage of voters indicated, the following resolutions:

- 1.- To approve the Annual Accounts of URALITA, S.A. and its Consolidated Group and the proposed distribution of earnings and the corporate management for the year ended 31 December 2005.
- 2.- To approve the distribution of a dividend amounting to €21,724,978.77, by paying the sum of 11 euro cents per share as from 3 July 2006.
- 3.- To approve the amendment of Articles 16º (Notice of the General Meeting) and 22º (Term of office of Directors) of the Articles of Association.
- 4.- To approve the amendment of Articles 6º, 7º, 10º and 11º of the Regulations of the General Shareholders Meetings regarding calling general shareholders meetings, the publication of notice of meetings, shareholders' right to information before and participation at meetings.
- 5.- To re-elect Atalaya Inversiones, SRL, as a Director of the company for the term of six years envisaged in the Articles of Association.
- 6.- To appoint Jorge Alarcón Alejandre as a Director of the Company for the term of six years envisaged in the Articles of Association.
- 7.- To appoint DELOITTE & TOUCHE ESPAÑA, S.L. as Auditor of the Company for a period of one year, starting from the appointment and ending with verification of Uralita's annual accounts for 2006.
- 8.- To authorise the derivative acquisition of shares of Uralita S.A. in accordance with Article 75 of the Spanish Public Companies Law.
- 9.- To empower the Chairman, and Director and Board Secretary, in the broadest terms to execute a deed for the resolutions adopted.

E.9. INDICATE THE NUMBER OF SHARES REQUIRED TO ATTEND GENERAL MEETINGS AND WHETHER THERE IS ANY RESTRICTION IN THE ARTICLES OF ASSOCIATION IN THIS RESPECT.

In accordance with Article 17 of the Articles of Association: Shareholders who own fifteen shares or more that are entered in the appropriate register at least five days before the date of the Meeting shall have the right of attendance at General Shareholders Meetings.

E.10. INDICATE AND PROVIDE SUPPORT FOR THE POLICIES FOLLOWED BY THE COMPANY WITH RESPECT TO PROXY VOTING AT GENERAL MEETINGS.

In 2006, the Company allowed proxy voting in writing in accordance with the provisions of Article 106.1 of the Spanish Public Companies. Article 19 of the Regulations of General Shareholders Meetings regulates the procedures to proxy voting by shareholders, including by remote voting.

E.11. INDICATE WHETHER THE COMPANY IS AWARE OF THE POLICY OF INSTITUTIONAL INVESTORS ON PARTICIPATING OR NOT PARTICIPATING IN THE COMPANY'S DECISIONS:

NO

The Company is not aware of the policy of institutional investors.

E.12. INDICATE THE URL AND MEANS OF ACCESSING CORPORATE GOVERNANCE CONTENT ON YOUR WEBSITE.

The Company website (www.uralita.com) provides extensive and detailed information on financial and equity market performance, General Shareholders Meetings and Corporate Governance.

On corporate governance, the site's home page has a clear, direct link to all the required sections so that shareholders can exercise their information rights and the Company complies with its obligations to disseminate relevant information pursuant to Ministerial Order ECO/3722/2003. Specifically, this section of the website includes the Articles of Association, the Board of Directors Regulations, the Internal Rules of Conduct relating to Securities Markets, information on General Meetings held over the course of the year, the Department for Investor and Shareholder Relations, significant events notified to the CNMV, and this Annual Report on Corporate Governance.

The current content of the website complies with the requirements of the above-mentioned Order and its directives. The information is accessed via the "Corporate Governance" link.

Investor Relations Department: This department responds to individual and institutional investors who request information about the Company. The Uralita website's home page has a section called "Contact us", which provides investors with the telephone number, fax number and email address of the Investor Relations Department. In addition, the section "Economic and Financial Information" offers access to quarterly and half-yearly financial reports, as well as other financial documents and presentations on the Company given to investors and analysts.

F. Degree of compliance with Corporate Governance recommendations

INDICATE THE DEGREE OF THE COMPANY'S COMPLIANCE WITH CURRENT CORPORATE GOVERNANCE RECOMMENDATIONS OR, IF APPROPRIATE, THOSE THAT HAVE NOT BEEN FOLLOWED.

Traditionally Uralita has met all the legal requirements and recommendations established by the Codes of Good Governance. To do so, Uralita has introduced corporate governance mechanisms aimed at complying with each and every one of the regulations and recommendations contained in applicable corporate governance legislation.

The following are the Corporate Governance recommendations included in the Olivencia Code, which have been updated by the Aldama Report and relate how URALITA has sought to comply with these recommendations.

Recommendation 1 FUNCTIONS OF THE BOARD OF DIRECTORS

"The Board of Directors should expressly assume the general supervisory function as its core mission, exercise the corresponding responsibilities exclusively and indelegably and establish a catalogue of the matters which are its exclusive competence".

Article 3 of the Board of Directors Regulations, by defining the Board's general functions, establishes the assumption that it has non-delegable responsibility for the general supervision and control over the management carried out by the committees and the management of the Company and of companies of the Group.

Article 4 of the Board Regulations lists the powers reserved to the Board. These consist principally of taking decisions on significant investments and disposals and the general plans and strategy of the URALITA Group.

Recommendation 2 INDEPENDENT DIRECTORS

"The Board should include a reasonable number of Independent Directors who are prestigious professionals with no links to the management team or the significant shareholders".

At the date of preparation of this report, three of the 12 members of URALITA's Board of Directors are independent Directors. These were appointed at the General Shareholders Meeting at the

Board's proposal after due consideration was given to their skills and suitability by the Remuneration and Appointments Committee. The prior evaluation by the Committee was mainly aimed at establishing that the candidates had the experience and reputation required of all Directors to discharge their duties. This allows the Board to draw on the ideas, experience and opinions of professionals with a long professional track record in the business world who are capable of defending the interests of minority shareholders.

Recommendation 3 COMPOSITION OF THE BOARD

"In the composition of the Board of Directors, the non-executive Directors (non-independent and independent) should have an ample majority over executive Directors, and the proportion between non-independent and independent Directors should take account of the ratio between the significant shareholdings in capital and the other shareholders."

This recommendation was updated by the Aldama Report which states that there should be an ample majority of external Directors on the Board and, among them, a very significant number of independent Directors, considering the company's ownership structure and the capital represented on the Board.

At date of preparation of this report, of the 12 members of the Board of Directors, four are Executive Directors and eight are External, of which five are non-independent and three are independent.

The Board therefore has a majority of external Directors and, among them, a significant proportion of Independent Directors relative to the share capital structure and, specifically, relative to the proportion of the capital in the hands of minority shareholders.

Recommendation 4 SIZE OF THE BOARD

"The Board of Directors should adjust its size to achieve more efficiency and participation. In principle, the size should range from five to fifteen members".

The Aldama report abandoned the recommendation on maximum and minimum numbers of Directors, and merely stated that the Board should have a reasonable number of members to ensure its viability and the work of each Director.

Article 20° of the Articles of Association states that the number of Directors shall consist of no fewer than three Directors and no more than twenty. It is the responsibility of the General Shareholders Meeting to determine the number of Directors.

Recommendation 5 CHAIRMANSHIP OF THE BOARD

“If the Board chooses to combine the offices of Chairman and CEO in the same person, it should adopt the necessary safeguards to mitigate the risks of concentrating power in a single person”.

The Chairman of the Board also acts as the Chief Executive of Uralita. Accordingly, the Board has adopted appropriate measures to limit the risks of this concentration of powers and strengthen the Board's ability to exercise its supervisory duties. (See section B.1.16)

The delegation of exclusive powers to the Committees acts as an explicit limit to the concentration of powers, as does the provision in the Board Regulations for the position of Chief Executive Officer, although none has been appointed.

Recommendation 6 SECRETARY TO THE BOARD

“The figure of Secretary of the Board should be made more important and given more independence and stability, and his function of ensuring the formal and material legality of the Board's actions should be highlighted”.

Under Article 14^o of the Board Regulations, the Secretary to the Board shall assist the Chairman in his functions, keep the corporate documents, draw up the minutes of the meetings and certify the Board resolutions. In general, the Secretary's principal function and importance is to take care of the formal and material legality of the actions taken by the Board, ensuring that they are in compliance with Board procedures and the rules of governance. Appropriately, the position is filled by a professional lawyer.

The current Board Secretary is not limited to acting as secretary as he is also a Member of the Board and therefore is included in the scope of responsibility of the Directors. He also acts as secretary to the Audit and Remuneration and Appointments Committees, which helps ensure both the formal legality of their actions and the provision of the information and documents necessary for the exercise of their powers.

The Secretary to the Board has the Board's full support in carrying out his role with independence and stability.

Recommendation 7 COMPOSITION OF THE EXECUTIVE COMMITTEE

“The composition of the Executive Committee, if there is one, should reflect the same balance as in the Board between the various classes of Director, and the relations between the two bodies should

be inspired by the principle of transparency so that the Board of Directors has full knowledge of the matters discussed and the decisions made in the Executive Committee”.

The Audit and Remuneration and Appointments Committees are the only Committees appointed by the Board of Directors of URALITA to date.

Recommendation 8 DELEGATED CONTROL COMMITTEES

“The Board of Directors should create sub-Committees for control purposes, composed exclusively of non-executive Directors, to deal with matters of accounting information and control (Audit Committee), the selection of Directors and senior executives (Appointments Committee), the determination and review of remuneration policies (Remuneration Committee) and the evaluation of the governance system (Compliance Committee)”.

For the URALITA Board of Directors to perform better and more efficiently, it has an Audit Committee and a Remuneration and Appointments Committee. The Board Regulations set out the responsibilities of each Committee and its composition and procedures. (See section B.2.3)

Recommendation 9 INFORMATION FOR DIRECTORS

“The necessary measures should be adopted to ensure that Directors have sufficient specifically-prepared and oriented information sufficiently in advance to prepare for Board meetings, and the importance or confidentiality of the information may not justify breaches of this recommendation except in exceptional circumstances”.

The Regulations state that the notices of Board Meetings shall be given at least three days in advance. However, normal practice is that the notice of the Meeting and the corresponding information is sent five or six days in advance. Directors are provided with all necessary documentation and any clarifications that they may request relating to items on the agenda. An annual schedule for Board Meetings is drawn up to facilitate the work of the Directors.

Recommendation 10 FUNCTIONING OF THE BOARD OF DIRECTORS

“To ensure the good working of the Board, it should meet as often as necessary to fulfil its mission; the Chairman should encourage all Directors to participate and take positions; particular care should be taken in drafting the minutes; and the quality and efficiency of the Board’s work should be evaluated at least once per year”.

A total of seven Board Meetings were held in 2006, and minutes were duly taken for each Meeting.

The agenda for each of the Company's Ordinary Meetings of Shareholders includes a vote on whether to approve the Directors' management, thus providing for annual scrutiny of the performance of their duties.

Recommendation 11 POLICY FOR APPOINTING DIRECTORS

"The Board's participation in the selection and re-election of its members should conform to a formal, transparent procedure based on reasoned proposals from the Nomination Committee".

The Remuneration and Appointments Committee, as stated in section B.2.4 of this report, compiles a report giving reasons for their choice and justifying the suitability of the proposed Director, before the proposal is submitted by the Board at the General Shareholders Meeting.

Recommendation 12 PROTECTION OF EXTERNAL DIRECTORS FROM REMOVAL AND TERM OF OFFICE

"Once the Shareholders' Meeting has appointed the non-independent and independent external Directors, the Board should not propose their removal before they comply with the period of office as provided in the Bylaws, except for exceptional and justified causes approved by the Board of Directors, based on a report by the Remuneration and Appointments Committee".

The term of office of Directors is six years. However, Directors may be removed by the General Meeting before this term has expired. Except in exceptional circumstances or in the event of conflicts of interest or where there are grounds for removal under the law or Articles of Association, the Board does not propose the removal of an external Director before their term of office has expired.

Recommendation 13 RESIGNATION OF DIRECTORS

"Companies should establish in their regulations the obligation for Directors to resign where they may have a detrimental impact on the working of the Board of Directors or on the company's prestige and reputation".

The Board Regulations state that Directors should tender their resignation to the Board of Directors if they have received a serious warning from the Remuneration and Appointments Committee for having breached their obligations as Directors.

Recommendation 14 AGE OF DIRECTORS

"An age limit should be established for the position of Director, which could be sixty-five to seventy for executive Directors and the Chairman and somewhat more flexible for other members".

The Aldama Report revised the Olivencia Report in this respect and sets no age limit, preferring merely to state that the company that adopts a policy on this matter must state it clearly in its internal regulations.

The Board Regulations expressly state that persons aged seventy or over may not be appointed or re-elected as Directors, nor may they serve as the representatives of corporate entities. It also states that Directors must offer to resign and must formally tender their resignation to the Board of Directors on reaching seventy years of age.

Recommendation 15 DISCLOSURE OF INFORMATION TO DIRECTORS

“The right of every Director to request and obtain the necessary information and advice to enable him to fulfil his supervisory functions should be formally recognised, and the appropriate channels for exercising this right should be established, including the possibility of engaging external experts in special circumstances”.

According to Article 25^o of the Board of Directors Regulations, Directors are vested with the broadest powers to obtain information about any aspect of the Company, to examine its books, registers, documents and other records of corporate transactions and to inspect all its installations. The right to information encompasses the Company's subsidiaries, both domestic and foreign.

The exercise of the powers of information shall be channelled through the Chairman or the Secretary of the Board, who shall respond to Directors' requests either by providing them with the information directly, by putting them in touch with the appropriate interlocutors within the organisation or by taking steps to enable them to conduct the desired tasks of examination and inspection in situ. This right has mainly been exercised by the Chairmen of the Audit and Remuneration and Appointments Committees, who are given all the information they need to keep themselves informed on the matters falling within their remit.

Recommendation 16 DIRECTORS' REMUNERATION

“The Director remuneration policy, whose proposal, evaluation and review should be assigned to the Remuneration Committee, should conform to criteria of moderation, be commensurate with the company's performance and be disclosed in detail on an individual basis”.

The Board Regulations state that Directors are entitled to obtain the remuneration set by the Board of Directors in accordance with the provisions laid down in the Articles of Association and in conformity with the instructions of the Remuneration and Appointments Committee. It expressly states that the Board shall endeavour to ensure that the Directors' remuneration is moderate having regard to the demands of the market and must be set in such a way as to offer an incentive to their commitment, without constituting an obstacle to their independence. All these guidelines are followed by the Board in deciding the remuneration of its members in accordance with the Articles of Association and resolutions adopted at the General Shareholders Meeting.

The Board, on the express recommendation of the Remuneration and Appointments Committee, has assumed this criterion of moderation in remuneration.

Recommendation 17 GENERAL DUTIES OF DIRECTORS

“The company's internal regulations should detail the obligations arising from the Directors' general duties of diligence and loyalty, with particular attention being given to conflicts of interest, the duty of confidentiality, and the use of the company's business opportunities and assets”.

Chapter V of the Board Regulations regarding Directors' duties establishes, inter alia, the following duties:

- Duty to maintain confidentiality: Directors must keep secret the deliberations of the Board of Directors and of the committees on which they serve and they must refrain from disclosing any confidential information to which they have access in the performance of their duties. The duty of confidentiality shall subsist even when they no longer hold office.
- Diligence of a responsible businessman: Directors must act with the diligence of responsible businessmen and loyal representatives.
- Conflict of interests: Directors have a duty to disclose any conflict of interest that arises and to refrain from attending and intervening in deliberations affecting matters in which they have a personal interest. A personal interest shall also be deemed to exist when a matter affects a member of a Director's family or a company in which he holds an executive position or owns a significant shareholding.
- Use of corporate assets: Directors must not make use of Company assets nor take advantage of their position in the Company in order to obtain capital benefits unless it is in return for adequate valuable consideration.
- Business opportunities: Directors may not take advantage of a Company business opportunity for their own benefit or for that of someone close to them, unless they offer the Company first refusal and the Company chooses not to exploit the opportunity and the Director is authorised to exploit it by the Board of Directors.

Directors are also subject to Uralita's Internal Regulations of Conduct in matters relating to the Securities Markets, which sets out procedures for handling relevant, commercially sensitive and privileged information.

Recommendation 18 TRANSACTIONS WITH SIGNIFICANT SHAREHOLDERS

“The Board of Directors should foster the adoption of appropriate measures to extend the duties of loyalty to the significant shareholders and, in particular, establish safeguards covering transactions between significant shareholders and the company”.

The Board Regulations states that the Board of Directors formally reserves for its own cognisance any transaction between the Company and a significant shareholder.

All transactions between URALITA and significant shareholders have been approved by the Board based on a report submitted by the Audit Committee. Transactions carried out were approved bearing in mind the Company's interests and were conducted on an arm's length basis.

Recommendation 19 GENERAL SHAREHOLDERS MEETING

“On the occasion of Shareholders' Meetings, and from the time they are convened, the company must disclose the full content of all the motions to be submitted to the Meeting on its own web site, regardless of other procedures for this purpose established by law or implemented voluntarily by the company”.

Uralita's Board of Directors seeks to promote the informed participation of shareholders at General Shareholders Meetings. In particular, it endeavours to make available to the shareholders before the Meeting all the information that is required by law, and any other information that although not legally required may be of interest. This information is published on the Company website.

It also responds with the utmost diligence to requests for information made by the shareholders before the Meeting and questions formulated by shareholders at the General Shareholders Meeting.

Recommendation 20 REGULATIONS OF THE GENERAL SHAREHOLDERS MEETING AND THE BOARD

“All companies should adopt a set of rules and principles of Corporate Governance including, at least, Regulations of the General Meeting and Board”.

The company furnishes annual public information annually on its Rules of Corporate Governance, comprising the Board of Directors Regulations, the Regulations of the General Shareholders Meeting and the Internal Regulations of Conduct.

On 3 February 2003 the Board of Directors of the Company approved the Internal Board of Directors Regulations. These regulations, which supersede the regulations approved in October 1999, set principles for its organisation and functioning and set out Rules of Conduct for its employees. Issues covered in these Regulations include the composition of the Board, its structure, remuneration and the rights and duties of Directors. In all cases these comply with current regulations and recommendations for good Corporate Governance. The latest amendment to the Board of Directors Regulations was made on 27 March 2006 to adapt it to Law 19/2005.

These Internal Regulations of Conduct of Uralita, S.A., approved by the Board of Directors on 27 June 2004, lays down specific measures to ensure compliance with the rules of conduct

established in the Securities Market Law, basically with respect to the disclosure of material information, the handling of material and inside information, the disclosure of any possible conflicts of interest and transactions carried out involving securities of the Company.

Similarly, on 26 May 2004, approval was given at the Ordinary Shareholders Meeting of the Regulations of the General Shareholders Meeting, the main objectives of which are, on the one hand, to increase and support the transparency of the corporate body that is the General Shareholders Meeting; on the other, to specify the procedures for shareholders to exercise their fundamental voting and other non-financial rights, facilitating their orderly participation at General Shareholders Meetings, on the basis of their right to information and to shape the Company's will and interests in union with the other shareholders.

At the General Shareholders Meeting of 22 June 2006, approval was given to amend the Regulations of the General Shareholders Meeting in order to adapt it to Law 19/2005 with respect to the notice of the General Meeting and the term of office of Directors.

Recommendation 21 COMMUNICATION WITH SHAREHOLDERS

"Measures should be taken to provide greater transparency in the mechanism of proxies and to promote communication between the company and its shareholders, particularly institutional investors".

The Board Regulations regulate the procedures for the public solicitation of appointing proxies by the Board. Similarly, the Board has created the necessary channels of communication for proposals put forward by shareholders and procedures for the regular exchange of information with institutional shareholders.

Recommendation 22 TRANSPARENCY WITH THE MARKETS

"The Board of Directors should go beyond the reporting requirements of the current legislation and undertake to provide the markets with fast, accurate and reliable information, particularly with regard to the shareholder structure, substantial modifications in the rules of governance, related-party transactions of particular importance and transactions with own shares".

The Board of Directors publicly discloses, as required by the Board Regulations, any material facts that may have an appreciable influence on the formation of stock market prices, any changes in the Company's ownership structure, such as variations in the significant shareholdings and syndication agreements, and any substantial amendments to the Company's rules of governance. It also publicly discloses financial information, including its accounts, and releases quarterly and half-yearly reports to the market through its website.

Lastly, the information provided to financial analysts is simultaneously submitted to the CNMV and made available on the website.

Recommendation 23 DISCLOSURE OF CORPORATE GOVERNANCE

“The establishment of duties that go beyond the obligation to disclose the company’s governance structure and practices and to ensure the quality of information, combining them into a single text to be published for the general knowledge of shareholders and investors”.

As well as the financial and economic information made available to shareholders, investors and other interested parties, the Board of Directors approves annually this Report on Corporate Governance, based on approval by the Audit Committee. This report is presented to the General Shareholders Meeting and notified as a significant event to the CNMV. It is also made available to shareholders via the website.

Recommendation 24 FINANCIAL INFORMATION

“All the periodical financial information, in addition to the annual report, which is released to the markets should be drafted under the same professional principles and practices as the annual accounts and should be verified by the Audit Committee before release”.

As required by Article 30.2 of the Board Regulations, the half-yearly, quarterly and any other financial reporting that prudence may require be made available to the markets, must be prepared in accordance with the same principles, policies and professional practices as those applied in preparing the annual accounts and that it is as reliable as the latter.

For these purposes, all such information is reconciled with the external auditor to eliminate contradictions and guarantee that the criteria applied are consistent with those used for the annual accounts submitted to external audit.

Recommendation 25 INFORMATION VIA THE INTERNET

“Every listed company should have a website through which it informs its shareholders, investors and the market in general about economic events and any other significant events that take place in connection with the company, as well as enabling shareholders to exercise their right to information and any other shareholder rights”.

In application of the policies of transparency, the company’s website (www.uralita.com) provides ample and detailed information on all financial and securities market matters, Shareholders’ Meetings, the policies and rules of corporate governance as required to allow shareholders to exercise their rights and satisfy the interests of potential investors or any other interested party.

The website also contains all the necessary elements to satisfy shareholders’ right to information and to disseminate material information, in compliance with Article 82.5 of the Securities Market Law and Order ECO/3722/2003. Namely, the Articles of Association, the Board of Directors

Regulations, the Internal Regulations of Conduct in matters relating to the Securities Markets, information on General Shareholders Meetings held in the course of the year, an Investor Relations Department, significant events filed with the CNMV and this Annual Report on Corporate Governance.

Recommendation 26 EXTERNAL AUDITORS

“The Board of Directors and the Audit Committee should monitor situations which might jeopardise the independence of the company's external auditors and, specifically, they should verify the percentage of the audit firm's total revenues represented by the fees paid to it under all headings, and professional services other than auditing should be publicly disclosed”.

The respect for the independence of the external auditors is laid down under the Board Regulations, which states that relations with the auditor of the accounts shall be conducted through the Audit Committee, which analyses all issues that might jeopardise the latter's independence.

The fees paid to the auditors are set according to market criteria and at no time does their amount represent a threat to the auditors' independence.

Recommendation 27 QUALITY OF ACCOUNTS

“The Board of Directors should endeavour to ensure that the accounts drafted by it and submitted to the Shareholders' Meeting should be free of audit qualifications and, where this is not possible, both the Board and the auditors should explain clearly the content and scope of the discrepancies to the shareholders and the markets”.

The Board, as part of its role in drafting the accounts, seeks, through the Audit Committee, to ensure that the accounts are presented free of audit qualifications. This includes holding meetings with the external auditors, careful analysis of documentation and the accounts themselves, etc. In recent years, the audit reports on the Company's individual and consolidated annual accounts have contained no qualifications and are on file at the Madrid Companies Register and the CNMV.

Recommendation 28 CONSISTENCY

“The Board of Directors should include information about its rules of governance in the annual report, and justify any departures from the recommendations of this Code”.

URALITA's Board of Directors is required to prepare this Annual Report, which details the degree of compliance with the Rules for Good Corporate Governance required by law and under current codes of best practice.

G. Other information of interest

IF YOU CONSIDER THAT THERE IS ANY MATERIAL ASPECT OR PRINCIPLE RELATING TO THE CORPORATE GOVERNANCE PRACTICES FOLLOWED BY YOUR COMPANY THAT HAS NOT BEEN ADDRESSED IN THIS REPORT, INDICATE AND EXPLAIN BELOW.

Not applicable

This Annual Report on Corporate Governance has been approved by the Company's Board of Directors at its Meeting on 29 March 2007.