

INTERNAL CODE OF CONDUCT OF

NH HOTELES, S.A.

AND ITS GROUP OF COMPANIES

RELATING TO SECURITIES MARKETS

Approved by the Board of Directors of NH Hoteles, S.A. on 26th June 2003

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1. INTRODUCTION

The Board of Directors of NH Hoteles, S.A., in fulfilment of the provisions of Sections 78 and following of Spain's Securities Market Law 24/1998, of 28th July 1998, after its amendment by Law 44/2002, of 22nd November 2002, of Financial System Reform Measures, and Royal Decree 629/1993, of 3rd May 1993, on Rules of Action in Securities Markets and Obligatory Registers, has drawn up the following consolidated text of the "Internal Code of Conduct of NH Hoteles, S.A. and its Group of Companies relating to the Securities Markets", compliance with which is obligatory for the addressees thereof.

2. SUBJECTIVE SCOPE OF APPLICATION

2.1. This Internal Code of Conduct will apply to the following persons:

- a) The members of the Board of Directors of NH Hoteles, S.A. and the most important companies in the Group.
- b) The General Managers or similar and the members of the Management Committee of NH Hoteles, S.A. and the most important companies in the Group.
- c) External Advisers, understanding by such the individuals or bodies corporate which, not having the consideration of Directors or Managers of NH Hoteles, S.A. or its Group Companies, render financial, legal, consultancy or any other type of service to the Company or any of its Group Companies and which, as a result thereof, have access to Inside Information.
- d) Any other person who, at the decision of the Board of Directors of NH Hoteles, S.A. or the Chairman or Financial Director thereof, must be included within the scope of application of this Code in the light of the circumstances that exist in each case.

2.2. With the assistance of the Legal Services, the Financial Management will keep an updated list of the persons who are subject to this Internal Code of Conduct.

3. OBJECTIVE SCOPE OF APPLICATION

The “Affected Securities or Instruments” (affected) by this Internal Code of Conduct will be deemed to be the following:

- a) Variable income securities issued by NH Hoteles, S.A. or any of its subsidiaries, which are traded in an organized market or trading system.
- b) Financial instruments and contracts of all types which confer the right to acquire the foregoing securities, including those not traded on a secondary market.
- c) Financial instruments and contracts, including those not traded on a secondary market, the underlying assets of which are securities or instruments issued by NH Hoteles, S.A. or any of its subsidiaries.

4. CODE OF CONDUCT RELATING TO SECURITIES

4.1 Communication of Transactions

The persons being subject to this Code who, for their own account, have carried out a subscription, purchase or sale transaction involving the Affected Securities or Instruments or purchase or sale options on such securities or instruments must communicate the transaction to the Company’s Financial Management within the fifteen working days following that on which the transaction was carried out, indicating the date, quantity and price per share or debenture and the resulting balance after such transaction.

Transactions for their own account will include those carried out by:

- The spouse, except in the case of transactions relating to their private estate
- The children who are minors and subject to parental authority and those who are of full legal age but who live with the parent and are economically dependent on it
- The entities it effectively controls
- Any other individual or body corporate acting on behalf of or in the interests of such person

The granting of options on Affected Securities or Instruments and the operations resulting from the exercise of such options will be not subject to the obligation established in this section when such options have been granted as a result of the introduction in the Group of remuneration systems indexed to the share quotation price and approved by the competent Administrative Bodies.

The obligation of carrying out the communications referred to above is deemed to be without prejudice to the necessity to comply with any other obligations established in the prevailing regulations and, in particular, those resulting from the regulatory application of Section 83 bis of Securities Market Law.

The Financial Management, with the assistance, as and when applicable, of the legal services of NH Hoteles, S.A., will have the obligation of duly filing, in conditions of strict confidentiality, all communications, notifications and all other actions relating to the obligations contained in this Internal Code of Conduct.

4.2. Prohibition to sell Affected Values and Instruments on the same day

Under no circumstances can the acquired Affected Securities and Instruments be sold on the same day as they were purchased. This restriction will not apply to the shares acquired in the execution of option plans on the Company's shares approved by the Board of Directors.

4.3. Portfolio Management Contracts

The persons who are subject to this Code who execute a portfolio management contract will have the obligation of:

- Communicating the existence thereof and the identity of the portfolio management company to the Financial Management
- Instructing the portfolio management company to inform the Financial Management, at the latter's request, of any transaction carried out with the securities of NH Hoteles, S.A. by virtue of the portfolio management contract

In the case of transactions ordered by such portfolio management company, without the intervention of the persons subject to this Internal Code, it will not be necessary for such transactions to be communicated.

5. CONFLICTS OF INTEREST

The persons who are subject to this Internal Code of Conduct have the obligation of informing the Financial Management, sufficiently in advance, of any possible conflicts of interest in which they may be involved as a result of their family, patrimonial, mercantile or any other type of tie with another company forming part of the NH Hoteles, S.A. Group. Any doubts as to the possible existence of a conflict of interests must be analysed by the Financial Management and the Secretary of the Board of Directors of NH Hoteles, S.A. before a decision which may be affected by such conflict of interests is adopted.

In this connection, and without prejudice to the obligation of loyal behaviour deriving from corporate and labour regulations, conflict of interests will be deemed to be the implementation of transactions of any type relating to securities, whether listed or otherwise, of entities whose corporate purpose is the same type of business as NH Hoteles, S.A. or its Group Companies. Conflict of interests will not be deemed to exist by reason of a participation in a listed company when the investment is less than 1% of that company's

capital or when the investment decision or that of its ulterior liquidation corresponds to a third-party professional with discretionary powers to administer the portfolio or in relation to unlisted companies when the investment is less than 5% of its capital and it does not conduct operations with the NH Hoteles Group.

A conflict of interests will not be deemed to exist in the case of family ties when the relationship exceeds the third degree of kinship due to consanguinity or second degree of kinship due to affinity.

A conflict of interests will be deemed to exist resulting from personal estate when such conflict arises in connection with a company controlled by persons subject to this Internal Code of Conduct. For the purpose of establishing the existence of such control, the criteria established in Article 42.1 of the Commercial Code will be applied.

6. CODE OF CONDUCT RELATING TO INSIDE INFORMATION

6.1. Fulfilment of the Securities Market Regulations

In accordance with the provisions of Section 81 of Securities Market Law, all information of a specific nature directly or indirectly relating to securities or financial instruments of those included within the scope of application of this Code, which has not been made known to the general public or which, being or having been made known to the general public, could have or has had an important influence on their quotation in the market will be deemed to be Inside Information.

6.2. Prohibited Activities

The persons who are subject to this Internal Code of Conduct and who are in possession of whatsoever type of Inside Information must abstain from conducting, whether for their own or another's account, and whether directly or indirectly, any of the following activities:

- a) Prepare or carry out any type of transaction with any of the Affected Securities or Instruments to which the Inside Information refers. This excludes the preparation or implementation of transactions the existence of which constitutes,

of itself, Inside Information and those transactions carried out in fulfilment of an obligation, already matured, to acquire or assign Affected Securities or Instruments, when such obligation is contemplated in an agreement which was executed before any of the persons subject to this Code had knowledge of the Inside Information or other operations carried out in compliance with the applicable regulations.

- b) Communicate such information to third parties, except in the normal performance of their work, profession, office or functions, with the requirements provided for in this Internal Code of Conduct and without prejudice to their duty of communication and collaboration with the judicial and administrative authorities, in the terms and conditions established in the prevailing legal provisions and, in particular, Securities Market Law 24/1988, of 28th July 1988.
- c) Recommend to third parties the acquisition, sale or assignment of the Affected Securities and Instruments or make another person acquire, sell or assign them based on Inside Information.

6.3 Confidentiality of Inside Information

All persons subject to this Internal Code of Conduct must ensure that the Inside Information to which, by virtue of their office or functions, they may have had access is duly safeguarded at all times. In this connection, during the study or negotiation phases of whatsoever transaction which, due to its characteristics, may have an appreciable influence on the quotation of the Affected Securities and Instruments, the Financial Management of NH Hoteles, S.A. must:

- a) Keep a documentary register for each transaction, in which it will place on record the identity of the persons who are in possession of the Inside Information and the date on which each one of them had access thereto.
- b) Adopt the necessary measures in order to:

- Strictly limit the number of persons who have access to the Inside Information; and
 - Expressly warn the recipients thereof that the information is confidential and that its use is prohibited and advise them of their inclusion in the documentary register managed by the Financial Management of NH Hoteles, S.A., as referred to in point (a) above.
- c) Establish security measures for the custody, filing, access, reproduction and distribution of the Inside Information.

In the case of External Advisers, their access to Confidential Documents will require them to sign beforehand a confidentiality undertaking.

6.4. Monitoring of Listings

The Financial Management of NH Hoteles, S.A. will pay special attention to the surveillance of the Affected Securities and Instruments' quotation during the study or negotiation phase of whatsoever type of legal or financial operation which could constitute Inside Information.

Should an abnormal fluctuation in the quotation or traded volume of the Affected Securities and Instruments occur, it must immediately inform the Chairman of the Board of Directors who, if necessary and if rational signs exist of such evolution being caused as a consequence of the operation's premature, partial or distorted disclosure, must adopt the appropriate measures, immediately circulating a communication with relevant information clearly and precisely clarifying the status of the operation in progress or containing advance notice of the information to be supplied.

7. CIRCULATION OF RELEVANT INFORMATION OF NH HOTELES, S.A.

7.1. Concept of Relevant Information

As established in Section 82 of Securities Market Law 24/1988, of 28th July 1988, Relevant Information will be deemed to be all information in respect of which knowledge could reasonably influence an investor to acquire or transfer Affected Securities or Instruments and, consequently, could have a noticeable influence on their quotation in the market.

7.2. Duty of Disclosure

In general, all Relevant Information must be immediately disclosed to the market by means of its communication to the *Comisión Nacional del Mercado de Valores* [CNMV - Spanish Securities and Exchange Commission] by the Financial Director or Secretary of the Board of Directors of NH Hoteles, S.A. as soon as the fact is known, the decision has been taken or the agreement or contract has been signed, as applicable.

In all cases, the communication's content must be true, clear, quantified and complete, avoiding subjective valuations that lead or could lead to confusion or fraud.

All communications of Relevant Information must be accessible via the web page of NH Hoteles, S.A., in the section relating to corporate governance and information, after having been communicated to the CNMV.

8. TRANSACTIONS INVOLVING SECURITIES

8.1. Policy relating to Treasury Stock

In general, transactions involving the Company's Securities will be carried out within the scope of the authorization granted by the General Meeting of Shareholders and will not respond to such purposes as intervention in the free process of price formation in the market or to favour certain shareholders or investors of NH Hoteles.

Transactions involving Securities can be for the following reasons:

- a) Execution of acquisition or disposal plans relating to treasury stock or the holding company's Securities, as per the resolutions adopted for the purpose by the Board of Directors of each one of the NH Hoteles Companies. These

plans must be communicated to the CNMV with the consideration of Relevant Fact, in addition to the specific transactions in which the volume of Securities is important.

- b) Ordinary transactions with treasury stock, for the purpose of facilitating liquidity to the Security.

The Financial Director will be responsible for executing the specific plans referred to in point (a) above, supervising the ordinary transactions relating to Securities as referred to in point (b) and implementing the official notifications of the transactions carried out with Securities, as required by the prevailing regulations.

8.2. Volume of Transactions with Securities

In the case of the execution of specific plans referred to in section 8.1 (a) above, the volume of the transactions involving Securities will be that established in such plans. Any modification thereof must be authorized by the Chairman of the Board of Directors and notified immediately to the CNMV.

In the case of ordinary transactions not included in the foregoing paragraph, the following rules relating to the transactions' volume will apply:

- The maximum daily purchase volume will not exceed 25% of the average of the total volume traded in the last twenty sessions. For the purpose of calculating the average number of shares negotiated, those operations which, due to the exceptional quantity of shares involved, are not representative of the normal volume of business of the security in question will not be taken into account.
- The foregoing limitation will not apply to sale transactions, always provided that the sale is carried out to cover purchase requests already formulated.

8.3. Price

- a) Purchase proposals can be formulated at any price, always provided that such

price does not exceed the higher of the following two prices:

- The price at which the last transaction made by independent third parties was closed; or
- The price associated with the best independent purchase proposal already formulated.

b) Sales proposals will be formulated at any price, always provided that such price is not below the lower of the following two prices:

- The price at which the last transaction made by independent third parties was closed; or
- The price associated with the best independent sale proposal already formulated.

8.4. Process of Transactions

a) The companies included in the NH Hoteles Group will endeavour to limit to three the number of market members used to carry out transactions involving Securities.

b) In general, every effort must be made to stagger transactions involving Securities throughout each session and, to this end, except for circumstances deemed to be exceptional by the Financial Director of NH Hoteles, after consulting with the Chairman of the Board of Directors, the following rules must be complied with:

- During the adjustment period, no purchase or sale proposals can be introduced. If, once the adjustment period has ended, the Security has not opened trading, it will be possible, for the purpose of setting a first price and

always provided that the difference between the prices associated with the best purchase and sale proposals existing at that moment is less than 10%, to introduce a proposal which allows trading to be opened. This proposal must necessarily be formulated from amongst the prices associated with the best existing purchase and sale proposals, or at that which is closest to the previous day's closing price. At any event, the volume limitations established in the previous sections must be complied with.

- During the last five minutes prior to the closing of the session, no purchase or sale proposals can be introduced. The foregoing notwithstanding, immediately prior to the commencement of such period it will be possible to alter the volume of the last proposal formulated, although always within the volume limitations established in the previous sections.

8.5. Special Transactions

- a) Every effort must be made to ensure that transactions involving Securities are carried out in the main market and within normal trading hours. Special transactions carried out by virtue of Royal Decree 1416/91 and any supplementary provisions which may replace it in the future must always be authorized by the Chairman of the Board of Directors.
- b) During Securities-related public offerings or take-over bids, merger processes or other similar corporate operations, transactions involving the Securities may not be carried out unless the opposite is expressly provided for in the prospectus of the transaction in question.
- c) During the one-week term prior to registration in the CNMV of the regular financial information or whenever it can be reasonably envisaged that within such term a Relevant Fact is going to be made public, every effort must be made to limit transactions involving the Securities.

8.6. Amendment of the Foregoing Rules

In the event of the urgent need to duly protect the Group Companies' interests, the Chairman of the Board of Directors will be able to temporarily agree to an amendment or suspension of the application of the foregoing rules, informing the CNMV and the Board of Directors of this as quickly as possible.

9. VALIDITY AND NON-FULFILMENT

9.1. This Internal Code of Conduct will enter into force on 1st September 2003. The Financial Director of NH Hoteles, S.A. will inform the affected persons accordingly and will communicate the existence thereof to all the other NH Hoteles Group Companies for its approval by their respective Boards of Directors and circulation amongst the affected persons in such companies.

9.2. Non-fulfilment of the provisions of this Internal Code of Conduct will be treated as professional misconduct, the seriousness of which will be established in the proceeding followed pursuant to the prevailing regulations.

The foregoing will be understood without prejudice to the civil or criminal liability which may be incurred by the defaulting party in each case.