

**RESOLUTIONS APPROVED**  
**BY THE GENERAL SHAREHOLDERS 2017 MEETING**

**First. - Review and approval of the Financial Statements and the Management Report of Indra Sistemas, S.A. and its Consolidated Group for the fiscal year ended 31 December 2016.**

1. Approve the Annual Financial Statements and the Management Report for Indra Sistemas, S.A. for the fiscal year ended 31 December 2016 and drafted by the Board of Directors at its meeting held 23 March 2017.

In accordance with procedures followed by the Company regarding corporate governance, attention is expressly directed to Note 38 of the individual Annual Report and to section C.1.45 of the Annual Report on Corporate Governance which is incorporated into the Management Report, where obligations assumed by the Company in the event of termination of the contractual relationship of senior management -- including Executive Directors -- are described.

The annual financial statements reflect a profit of 82,582,399.82 € after taxes.

2. Approve the consolidated Annual Financial Statements and the Management Report of the group of companies headed by Indra Sistemas, S.A. corresponding to the fiscal year ended 31 December, 2016 and drafted by the Board of Directors on 23 March, 2017.

The consolidated Financial Statements show after tax profit of 69,931 thousand euros attributable to the parent company.

**Second.- Approval of the proposed allocation of results for fiscal 2016.**

The annual financial statements for the fiscal year ended 31 December, 2016 drafted by the Board of Directors at its meeting held 23 March 2015 reflect a profit of 82,582,399.82 € after taxes.

It is proposed that said result be applied as follows:

Profit from Operations	82,582,399.82 €
Amount applied to losses from prior fiscal years	82,582,399.82 €

**Third.- Approval of management by the Board of Directors during the fiscal year ended on 31 December 2016.**

Approve management of the Board of Directors during the fiscal year ended 31 December 2016.

**Fourth.- Appointment and re-election of Directors.**

- 6.1 Appoint Ms. Silvia Iranzo Gutiérrez as Independent Director for the statutory period of 3 years upon proposal by the Nomination, Compensation and Corporate Governance Committee. Identifying information regarding the proposed Director will be entered into the Registro Mercantil.
- 6.2 Appoint María Rotondo Urcola as Independent Director for the statutory period of 3 years upon proposal by the Nomination, Compensation and Corporate Governance Committee. Identifying information regarding the proposed Director will be entered into the Registro Mercantil.
- 6.3 Re-elect Mr. Ignacio Santillana del Barrio as Independent Director for the statutory period of 3 years upon proposal by the Nomination, Compensation and Corporate Governance Committee. Identifying information regarding the proposed Director will be entered into the Registro Mercantil.
- 6.4 Re-elect Mr. Juan Carlos Aparicio Pérez as Proprietary Director representing the equity interest of Sociedad Estatal de Participaciones Industriales for the statutory period of 3 years upon proposal by the Board of Directors. Identifying information regarding the proposed Director will be entered into the Registro Mercantil.
- 6.5 Re-elect Mr. Adolfo Menéndez Menéndez as Proprietary Director representing the equity interest of Sociedad Estatal de Participaciones Industriales for the statutory period of 3 years upon proposal by the Board of Directors. Identifying information regarding the proposed Director will be entered into the Registro Mercantil.
- 6.6 Re-elect Mr. Javier de Andrés González as Executive Director for the statutory period of 3 years upon proposal by the Board of Directors. Identifying information regarding the proposed Director will be entered into the Registro Mercantil.

**Fifth.- Delegation to the Board of Directors, with express power to sub-delegate, the authority to increase the capital stock of the Company consistent with the conditions contained in Article 297.1 b) of the LSC, including by means of the issuance of redeemable shares, and the authority to exclude pre-emptive rights, in which case any increase of capital pursuant to this delegation may not exceed 20% of the capital stock of the Company at the time of authorization at the Annual Shareholders' Meeting, it being understood that said limitation includes the amount of any increase in capital which may arise from the approval and execution of the proposal contained in Item Sixth of the Agenda.**

In accordance with the report drafted by the Board of Directors under the provisions of Article 286 of the LSC, delegate to the Board the power to increase, in one or more tranches, the capital stock of the Company at any time and under terms and limits contained in Article 297.1 b) of the LSC, that is, within five years from the date of adoption of the resolution and in an amount not to exceed one half of the current capital of the company.

Increases in capital stock carried out under this authority will be done by means of issuance and placement into circulation of new shares, with or without a share premium, and paid for in cash.

For each increase, it will be up to the Board to decide if the new shares should be common, preferred, redeemable, non-voting or any other type permitted by law.

It is further agreed to empower the Board to set the terms and conditions of any increases in capital stock and the types of shares when such are not made explicit in this resolution, as well as freely offering new unsubscribed shares during the period or periods for exercising pre-emptive rights. The Board may also decide that, in the event that the capital increase is not fully subscribed, that such increase shall only be in the amount actually subscribed and that the corresponding article in the Bylaws will be amended regarding capital stock and number of shares.

For any of the increases in capital stock realized under the aegis of the present authority, the Board shall have the power to waive, partially or entirely, any pre-emptive rights under the terms of Article 506 of the LSC, so long as this authority is limited to increases in capital stock brought about under this resolution, so long as its purpose is consistent with Item 6 of the Agenda, and so long as the maximum amount authorized, in the aggregate, is no more than 20% of the current capital stock of the Company.

The Company may apply, when appropriate, for permission to trade the shares issued by the Company pursuant to this authority on secondary markets whether regulated or not, over the counter or on an exchange, domestic or foreign, and the Board is

empowered to carry out procedures necessary for listing with competent bodies of the various national or foreign securities markets.

The Board of Directors is expressly authorized to delegate, under the provisions of Article 249 bis section L) of the LSC, the power to develop, complete, implement, interpret and correct capital stock increases referred to this agreement.

The current delegation of authority will render null and void any unused portion of that authority granted at the Meeting held 30 June 2016.

**Sixth.- Delegation to the Board of Directors, with express power to sub-delegate, the authority to issue in one or more offerings, bonds or debentures, simple, convertible, exchangeable into or for shares of the Company, as well as other fixed income instruments, warrants, and any other instruments conceding the right to acquire new share issuances, outstanding shares of the Company or of other companies, with a limit of 1,500 M€. This authorization includes the delegation of powers necessary, when appropriate, to: (i) determine the bases and means of conversion, exchange or exercise; (ii) increase capital stock in the amount necessary to carry out conversion requests; and (iii) exclude pre-emptive rights for said issuances, limited to a maximum of 20% of the nominal value of capital stock.**

In accordance with the report drafted by the Board of Directors under the provisions of Article 286 of the LSC:

Delegate to the Board, in accordance with the general provisions regarding the issuance of securities and in accordance Articles 297.1 b), 417, and 511 of the LSC, and Article 319 of the *Reglamento del Registro Mercantil* ("Rules of the Commercial Registry"), the power to issue tradable securities in accordance under the following conditions:

**1. Instruments subject to the Issue.**

The negotiable securities referred to in the present delegation of authority may consist of bonds or obligations, or simple or convertible in newly issued shares or redeemable for already issued Company shares, as well as other fixed income instruments, warrants, or any other instrument with pre-emptive rights or rights to acquire currently issued shares of the Company and any other securities or financial instruments tied to Company earnings.

**2. Maximum amount of the delegation.**

It is to be noted that, pursuant to the provisions of the LSC, the Company is not subject to a legal limit on the issuance of these obligations. Nonetheless, the maximum total amount for any issue or issues of securities as described above which may be made

under the authority of the present delegation to the Board is to be voluntarily fixed at 1,500 million euros or its equivalent in another currency at the time of its issue.

For the purposes of calculating the above referenced limit, in the event that the warrants include premiums or fees for their exercise, such amounts will be included.

### **3. Time.**

Issuance of the securities which are the subject of this authorization will take place in one or more tranches during a period of no longer than five years beginning on the date of adoption of this resolution.

### **4. Scope.**

For illustrative purposes only, the Board will receive the following authority which, in the event of issuance of convertible and/or redeemable obligations, will be exercised in accordance with standards later approved following the provisions of Article 414 of the LSC:

- a) To agree to the issuance of obligations in one or more tranches and to determine the price of each issue setting: the date or dates of issue; the number of securities and their par value which, in the event of convertible securities will not be less than the par value of shares at the time of issue; the rate of interest, dates and payment procedures for coupons; the time and conditions for redemption and their expiry date; subordination terms, if any; redemption rates, premiums and lot sizes; guarantees; the manner to be recorded using titles or book entries; anti-dilution clauses; the maximum amount per subscriber; the place and time for subscription; pre-emptive rights; and, generally, any other condition of issuance as well as procedures for surrender or redemption of the securities.
- b) To decide not to make any issue by not exercising its authority. Upon expiration of the time established for the issuance of securities, whether fixed income, convertible, redeemable or not, should the Board not make use of its authority, such shall be considered expired and have no effect whatsoever.
- c) In the case of convertible and/redeemable securities, determine if they will be voluntary or forced, and in the event that they be voluntary whether at the option of the title holder or the issuer, to determine in either event the timing and conversion period for the issuance, which may not exceed the expiry date for each of the debentures, as well as determine whether the conversion and/or redemption is to be done by delivery of shares or synthetic instruments or derivatives, with the attendant right to underwrite derivatives when appropriate.

- d) In the case of warrants and analogous securities which give rise to subscription or acquisition rights in shares, fix the issuance price and/or premium, the strike price -- which may be fixed, determinable or variable -- and the procedure, conversion period and other applicable terms for exercise of the acquisition or subscription rights of the underlying securities.
- e) Determine subscription terms, priority of securities and any subordination clauses and the law to be applied to the issuance.
- f) Request, when appropriate, permission to trade any issued securities in foreign or domestic secondary markets under the terms and conditions of applicable rules and, in general, any other condition for their issuance.
- g) Make early redemption of any convertible or redeemable issue or issues.
- h) Extend the registration period open to third parties before said period expires or reduce the volume of the issue to the amount subscribed upon close of said period.
- i) Authorize, when appropriate, the creation of a defence association or bondholder syndicate and appointment of a trustee in accordance with the provisions of Article 403 et seq. of the LSC and with applicable law.
- j) Set the foundational rules to apply to the legal relationship between the Company and the bondholder syndicate or syndicates created in accordance with the provisions of the LSC and applicable law.
- k) Modify the terms and conditions of the issues when considered appropriate and subject to obtaining any necessary permission and agreement of the corresponding bondholder syndicates or at their meetings, as the case may be.
- l) Correct, clarify, interpret, specify or supplement any resolutions adopted at the Annual Shareholders' Meeting or those contained in any filings or documents produced as a result and, in particular, any defects, errors or omissions, whether of style or of substance, which might impair giving full effect to those resolutions at the *Registro Mercantil*, *Registros Oficiales de la Comisión Nacional del Mercado de Valores* or any other place.
- m) Edit and publish any prospectus that it deems necessary.

## **5. Conditions and ratios for conversion and/or redemption.**

As regards determining the conditions and ratios for conversion and/or redemption, the resolution establishes the following criteria:

**(i)** The securities issued under the authority of this resolution may be convertible and/or redeemable for Company stock at a fixed or variable conversion or redemption rate, at a fixed or determinable strike price, it being up to the discretion of the Board to determine if they are convertible or redeemable, as well as to determine whether conversion or redemption be forced or voluntary, at the discretion of the issuer, subject to general conditions or those of specific application and, in the event that they be voluntary at the option of the bondholder or of Indra Sistemas, S.A., or in the occurrence of some event or condition, the frequency and period established upon issuance, which may not exceed fifteen (15) years from the date of issue.

**(ii)** The Board may also establish, in the event that the issue be convertible or redeemable, that the issuer reserve the right to choose between conversion to new shares or exchange for outstanding shares of Indra Sistemas, S.A., fixing the type of shares to be delivered at the time that said conversion or redemption takes place, including also the right to choose to deliver a mix of new and outstanding shares of Indra Sistemas, S.A., settlement through payment of the difference in value in cash, and including making the redemption through derivatives or synthetic instruments, in which case the Board may underwrite derivatives which may be necessary or convenient in order to hedge any risks arising out of the transaction. In any event, the issuer is to treat equally all convertible and/or redeemable fixed income securities holders on any given date.

**(iii)** For the purposes of conversion and/or redemption, the securities will be valued at par and Company shares will have a fixed or determinable price set at the time of issue as a function of the listed value of Indra Sistemas, S.A. shares on the Bolsa on the date(s) and during the period(s) set in the issue documents, with or without a discount or premium, it being up to the discretion of the Board to decide the conversion and/or redemption criteria which it deems appropriate.

The Board may also decide to issue convertible and/or redeemable fixed income securities with a variable conversion and/or redemption rate. In these cases, the share price of Indra Sistemas, S.A. for the purposes of conversion and/or redemption will be determined by the Board, which may include a premium or a discount in the share price resulting from the established criteria. The premium or discount may be different for each conversion and/or redemption date for each issue and, when applicable, for each tranche.

**(iv)** Upon conversion or redemption, fractional shares due to a bondholder will be rounded down to the nearest whole number by default, and each bondholder will receive the difference in cash between the value of the number of shares to be received in accordance with the issue and the actual number received.

**(v)** Under no circumstances shall the price of shares upon conversion be less than par. Also, in accordance with the provisions of Article 415 of the LSC, no bonds may be convertible into shares when their par value is below the share par value.

At the time of approval of an issue of convertible bonds pursuant to the authority contained in this resolution, the Board will issue an administrators' report describing in detail and in accordance with the above described criteria, the conditions and ratios for conversion specifically applicable to the subject issue. An independent expert who is not the accounts auditor for Indra Sistemas, S.A., will also issue a report in accordance with the provisions of Article 414 of the LSC, and both documents will be published on the Company website as soon as the issuance has been approved.

#### **6. Conditions and ratios for exercising warrants and other analogous securities.**

In the event that warrants and other analogous securities which give rise to subscription or acquisition rights to Company shares are issued, because of their atypical nature, the provisions of the LSC as they relate to convertible bonds will be applied by analogy. As regards the conditions and ratios for their exercise, the Board will be empowered to determine, in the broadest possible terms, the criteria applicable for acquisition or subscription right conferred by securities of this type issued under the authority of the power so delegated and applying to them the criteria established in section 5 above, making any changes necessary in order to make them compatible with the specific characteristics of this type of security.

#### **7. Exclusion of pre-emption rights and increase in capital.**

This delegation to the Board also includes, by illustration, but is not limited to delegation of the following:

**(i)** Authority of the Board, pursuant to the provisions of Article 511 of the LSC as it relates to Article 417 of the same statute to waive, totally or partially, pre-emptive rights of Shareholders. In any case, should the Board decide to suspend pre-emptive rights for Shareholders regarding specific issuances of convertible bonds or securities, warrants and other similar instruments which it may decide to issue under the power vested in it by this resolution, at the time that said issuance is approved and in accordance with applicable law, it shall draft a report detailing the specific corporate best interests which justify said suspension, which shall also be the subject of a concurrent report from an independent expert who is not the auditor of the Company financial statements, named by the *Registro Mercantil* and referenced in Articles 414, 417 and 511 of the LSC. Said reports shall appear on the Company website as soon as the terms of issuance have been decided.



This authority shall in all instances be limited to those capital increases brought about under the terms of this authorization and which meet the objectives of Item Five of the Agenda for the Annual Shareholders' Meeting and up to an aggregate limit of 20% of the capital stock of the Company at the time the resolution is adopted.

**(ii)** The power to increase capital in the amount necessary to meet demand for conversion and/or the exercise of pre-emptive rights in shares.

This power may be exercised only so long as the Board, does not exceed the limit of one half of the company capital stock as provided for in Article 297.1 b) of the LSC, when adding together the capital increase made necessary to bring about the issuance of convertible securities or those which give rise to share subscription rights, and all other increases in capital agreed upon in accordance with the power vested to it at this Annual Shareholders' Meeting. This authorization for increase in capital includes that of issuing and placing into circulation, in one or more tranches, the number of shares necessary in order to bring about such conversion and/or exercise of subscription rights in shares, as well as the power to amend the article of the Bylaws related to the amount of capital stock and, if necessary, rescind the part of any said capital increase made unnecessary for conversion and/or exercise of subscription rights.

**(iii)** The power to create and establish the conditions and ratios for conversion, redemption and/or exercise of subscription rights and/or the acquisition of shares arising from the issued securities, taking into account the criteria established in the sections above.

**(iv)** The delegation to the Board includes the broadest possible powers under law which may be necessary for the interpretation, application, execution and promotion of the issuances of securities convertible or redeemable for shares in Indra Sistemas, S.A., in one or more tranches, and the corresponding increase in capital, if any, vesting as well powers to correct and supplement the same in all manners that may be appropriate, as well as becoming compliant with those legal requirements necessary to bring them about, and including the power to correct omissions or mistakes in said agreements which may be pointed out by any domestic or foreign authority, civil servant or body, vesting as well the power to adopt any and all agreements and deliver whatever public and private documents it considers necessary or convenient in order to carry out prior issuances of convertible or redeemable securities and the corresponding increase in capital under written or oral instructions from the *Registro Mercantil* or, generally, any other competent foreign or domestic authority, civil servant, or institution.

## **8. Permission to trade.**

Indra Sistemas, S.A. may apply, when appropriate, for permission to trade shares issued by Indra Sistemas, S.A. pursuant to this authority on domestic or foreign secondary markets granting the Board to the maximum extent permitted by law to fulfill such requirements and perform such acts necessary for listing before the competent bodies of the various domestic and foreign exchanges.

It is expressly noted that in the event that a request to delist is made at a later date, that it will be done following the same formalities as the request for listing, to the extent that such are applicable and, in such an event, the interests of Shareholders and bondholders who abstain or vote against such measure will be guaranteed in accordance with applicable law. Also, it is expressly stated that Indra Sistemas, S.A. submits itself to existing and future rules regarding the Bolsa, especially those related to trading, listing and delisting.

## **9. Power to sub-delegate.**

The Board of Directors is expressly authorized by these presents to delegate, under the provisions of Article 249 bis section L) of the LSC, the power to develop, complete, implement, interpret and correct capital stock increases referred to this agreement.

The current delegation of authority will render null and void any unused portion of that authority granted at the Meeting held 30 June 2016.

## **Seventh.- Consultative voting on the Annual Compensation Report 2016.**

Consistent with that contained in Article 27.6 of the Board Rules of the Company and in Article 541 of the LSC, approve the 2016 Annual Report on Director Compensation which was drafted by the Board of Directors upon proposal by the Nomination, Compensation and Corporate Governance Committee in its meeting held 23 March, 2017.

Said Report is submitted to the Meeting for voting on a consultative basis.

## **Eighth.- Approval of the Compensation Policy for Directors for period 2018-2020.**

Consistent the report drafted for such purpose by the Nomination, Compensation and Corporate Governance Committee and pursuant to the requirements of Article 529.19 of the LSC, approve the Compensation Policy for Indra Directors for fiscal 2018, 2019 and 2020, which, in compliance with the provisions of said article, follows the compensation system described in the Bylaws.

Said Compensation Policy establishes the maximum amount of annual compensation to be paid to the entire Board membership in their capacity as members, in accordance with the provisions of Article 529.17 of the LSC.

**Ninth.- Approval and delegation of authority to formalize, enter and carry out the resolutions adopted at the Meeting.**

Delegate to the Chairman of the Board of Directors, the Vice Chair, the Secretary of the Board, and the Vice Secretary or any of them the power to certify and publish resolutions adopted at the present Meeting and in particular the power of interpretation, correction, execution and completion of them. The power to correct entails making any amendments and additions which may be necessary or appropriate as a consequence of comments or demands of securities market regulatory bodies, stock markets, the Registro Mercantil, and any other public authority with competencies related to the adopted resolutions.