

NATIONAL SECURITIES MARKET COMMISSION

In accordance with Article 228 of the consolidated text of the Securities Market Act and its developing regulations, Indra makes public the attached announcement.

RELEVANT EVENT

In accordance with the provisions of Article 16 of the Royal Decree 1066/2007, of 27 July, on the rules for public tender offers for securities, the text of the prior announcement is hereby attached in connection with the public tender offer to acquire shares of TecnoCom, Telecomunicaciones y Energías, S.A., to be carried out by Indra Sistemas, S.A., and which must be presented by this entity to the National Securities Market Commission. This prior announcement includes the main characteristics of the offer, subject to the mandatory authorisation by the National Securities Market Commission.

Madrid, 29 November 2016

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CFO



PRIOR ANNOUNCEMENT OF THE VOLUNTARY TENDER OFFER LAUNCHED BY INDRA SISTEMAS, S.A., FOR THE ACQUISITION OF SHARES OF TECNOCOM, TELECOMUNICACIONES Y ENERGÍA, S.A.

This prior announcement is released in compliance with Royal Decree 1066/2007, 27 July, on the rules for public tender offers for securities (the "**Royal Decree 1066/2007**") and includes the main terms of the tender offer that Indra Sistemas, S.A. ("**Indra**" or the "**Offering Company**") will launch for 100 % of the shares representing the share capital of Tecnocom, Telecomunicaciones y Energía, S.A. ("**Tecnocom**" or the "**Target Company**"), which is subject to the mandatory authorization of the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the "**Offer**"). The price of the Offer will consist of a total of 4.25 euro per share divided in 2.55 euro in cash and 0.1727 shares of Indra for each share of Tecnocom ("**Offer Price**").

The terms and conditions of the Offer described below will be included in the prospectus that will be published once the referred authorisation is obtained.

1. Offering Company details

The Offering Company is Indra Sistemas, S.A., a Spanish corporation (*sociedad anónima*) with its registered offices in Alcobendas (Madrid), Avenida de Bruselas 35, with Tax Identification Number (NIF) A-28599033 and registered in the Commercial Registry of Madrid in volume 865, sheet 28, and page M-11339.

As of the date of this announcement, the share capital of the Offering Company is 32,826,507.80 euro, represented by 164,132,539 book-entry ordinary shares of 0.20 euro nominal value each and fully paid. Sociedad de Gestión de los Sistemas de Resgistro, Compensación y Liquidación de Valores, S.A. ("Iberclear") is in charge of the book-entry share registry of the shares of Indra. The shares of Indra are listed in the Madrid, Barcelona, Bilbao and Valencia Stock Exchange.

The Offering Company is not controlled by any individual or legal entity, for the purposes of Article 5 of the consolidated text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October ("**Securities Market Act**").

2. Decision to launch the tender offer

The decision to carry out the Offer was adopted by the Offering Company through the resolution approved by the Board of Directors on 28 November 2016. In addition, the Board of Directors adopted a resolution for the call of an extraordinary Shareholders General meeting, in accordance with the provisions of Article 14 of Royal Decree 1066/2007, which will take place on the date and time stated in the call, in order to submit for approval, among others, the issue of the securities offered in exchange for the Offer.

3. Filing of the Offer

The Offering Company expects to file with the National Securities Market Commission the application for the authorisation of the Offer, together with the prospectus and the rest of documents that must be provided in accordance with Article 17 of Royal Decree 1066/2007, this is, within one month following the publication of this prior announcement, this is, on 29 December 2016, at the latest.

4. Type of the Offer

The Offer is considered a voluntary offer, in accordance with Article 137 of the Securities Market Act and Article 13 of Royal Decree 1066/2007.

5. Interest held by the Offering Company in the Target Company

As of the day of this announcement, the Offering Company does not hold, directly or indirectly any share of Tecnocom. Pursuant to the provisions of Article 5 of Royal Decree 1066/2007, the Offering Company is not entitled to any voting right in Tecnocom.

The Offering Company has not acquired any shares of Tecnocom during the past 12 months.

However, it is hereby stated that on 28 November 2016, the Offering Company agreed to acquire 39,540,186 shares of Tecnocom, representing 52.702% of the capital share as of the date of this announcement, at a price of 4.25 euro divided in 2.55 euro in cash and 0.1727 shares of Indra for each share of Tecnocom, in accordance with the terms provided under the following section 11.

The Offering Company has not appointed any Director or senior management of TecnoCom.

Regarding the Offer and the Target Company, it is hereby stated that the Offering Company is not acting in concert with any other individual or entity and that the agreement regarding the Offer included in section 11 does not constitute a case of concerted action under Article 5 of Royal Decree 1066/2007.

6. Information regarding the Target Company

The Target Company is TecnoCom, a Spanish corporation (*sociedad anónima*), with registered offices at Madrid, calle Miguel Yuste, nº 45, registered with the Commercial Registry of the Madrid in volume 417, sheet 67, page M-8067.

Currently, in accordance with the publicly available information of the Target Company, TecnoCom has a share capital of 37,512,620.50 euro, divided in 75,025,241 ordinary shares of 0.50 euro nominal value each, all of a single class and series, fully subscribed and paid, and represented in book-entry form, which registry is carried out by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. ("Iberclear"), and its participating entities.

The shares of TecnoCom are listed in the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and traded through the Automated Quotation System (*Mercado Continuo*).

According to publicly available information, TecnoCom has not issued any subscription rights, non-voting shares, convertible bonds into shares, securities exchangeable for shares, warrants or any similar instruments that might entitle the holder to directly or indirectly subscribe or acquire shares of TecnoCom.

7. Securities and exchange markets targeted by the Offer

This Offer targets all the issued shares in which the share capital is divided, this is 75,025,241 ordinary shares of 0.50 euro nominal value each, represented through book-entry form, reason why it is offered towards all the shareholders of TecnoCom.

The terms of the Offer are equal for all of the shares of TecnoCom to which it is extended, including the Offer Price of 2.55 euro in cash and 0.1727 shares of Indra in exchange for each share of TecnoCom.

The number of shares previously stated includes 39,540,186 shares of TecnoCom, representing 52.702% of the share capital of TecnoCom, directly or indirectly held by the shareholders of TecnoCom that have irrevocably accepted the Offer, as described under section 11.

The Offer will be exclusively carried out in Spain and it will be directed to all the shareholders of TecnoCom, regardless of the nationality or residency, even though this announcement and its content does not constitute the presentation or distribution of the Offer in any jurisdiction where its presentation or distribution could be unlawful. Consequently, this announcement and the prospectus must not be published, distributed or delivered to any jurisdiction or territory in which its publication may be legally restricted or forbidden or where previous registry or deposit of additional documents is required, and persons receiving this announcement or the prospectus may not publish, distribute or deliver them to this jurisdictions or territories.

Specifically, this Offer will not be carried out, directly or indirectly, in the United States of America, or through the use of post mail or any other interstate or international commerce means or instruments (including, without limitation, facsimile, telephone or internet), or through stock exchanges in the United States. Therefore, neither this announcement nor the prospectus and its annexes will be published in the United States of America, and the persons receiving these documents may not publish, distribute or deliver them to the United States of America. Neither the announcement nor the prospectus and its annexes are bid documents and do not constitute an offer to purchase or a bid or offer to sell or tender shares in the United States of America.

8. Offer price

The consideration offered by the Offering Company is 4.25 euro per share divided in 2.55 euro in cash and 0.1727 shares of Indra in exchange for each share of TecnoCom. The inverse

of the ratio 0.1727 rounded to the fourth decimal equals one share of Indra in exchange for 5.7904 shares of Tecnom.

Therefore, the Offer is drawn up as an offer to sell and exchange shares.

The ratio of shares of Indra offered in exchange is based on the average closing prices of the five trading days prior to November 28th.

Without prejudice of the foregoing, in accordance with the provisions of Article 14 of Royal Decree 1066/2007, the effective equivalent price for this consideration is 4.47 euro per share of Tecnom, resulting from the application of the volume weighted average price of the shares of Indra corresponding to the quarter prior to the prior announcement of the Offer to the exchange rate equation¹.

Taking into account the nature of the exchange rate equation established to carry out the consideration offered by Indra, it is possible that shareholders of Tecnom that do not hold the minimum of 5.7904 shares of Tecnom –or a multiple of 5.7904– necessary for carrying out the exchange in accordance with the provided exchange rate equation tender their shares. It is specifically provided that, in this case, these shareholders will have the right to an economic compensation in cash. This economic compensation will be described in the prospectus of the Offer and will be calculated in accordance with the provisions of Royal Decree 1066/2007.

In any case, Indra expressly undertakes to apply for admission to trading of the new shares in the Madrid, Barcelona, Bilbao and Valencia stock exchange within a maximum period of 3 months after de publication of the outcome of the Offer, in accordance with Article 14.2.c) of Royal Decree 1066/2007.

Even though the Offer is a voluntary offer, the Offering Company considers that the offered consideration qualifies as an equitable price for the purposes of the provisions of Article 9 of Royal Decree 1066/2007, to the extent that it is equal to the consideration agreed on by Indra and the Selling Shareholders in the subscribed irrevocable undertakings to accept the Offer described under section 11, and that this is the highest price paid for or agreed on by

¹ Average pondered price time the volume since 29 August 2016 until 28 November 2016, both inclusive (source: [Bloomberg]).

Indra or any persons acting in concert with Indra for these securities during the twelve months prior to this date. Nevertheless, it is hereby stated that the final rating of the consideration as an “equitable price” is subject to the criteria of the CNMV. Consequently, in case that the Offer has a positive outcome, a mandatory tender offer would not be necessary in accordance with the provisions of letter f) of Article 8 of Royal Decree 1066/2007, if any of the following takes place: (a) the Offer is accepted by the owners of the shares representing at least 50% of the voting rights of targeted shareholders, excluding those corresponding to the shares owned by Indra (as of this date, as described under section 5, Indra does not hold any shares or other securities of TecnoCom), or (b) the Offer Price is considered as an “equitable price” according to the CNMV.

The Offering Company has the necessary funds to pay the cash portion of the consideration of the Offer and the Offer is not subject to the Offering Company obtaining financing.

As provided under section 2, the Board of Directors of Indra adopted a resolution for the call of an extraordinary Shareholders General meeting, in accordance with the provisions of Article 14 of Royal Decree 1066/2007, which shall take place at the date and time included in the call, in order to submit for approval, among others, the issue of the securities offered in exchange for the Offer.

The Offer Price has been determined on the grounds that TecnoCom does not carry out a distribution of dividends or any other distributions in favour of its shareholders prior to the completion of the Offer (the “**Shareholder Compensation**”). Consequently, if TecnoCom were to carry a Shareholder Compensation before the completion of the Offer, then the Offer Price should be reduced by an amount equal to the gross amount corresponding to the Shareholder Compensation, in accordance with the provisions of Article 33 of Royal Decree 1066/2007 and with the previous consent of the CNMV.

9. Conditions to which the Offer is subject

In accordance with the provisions of Article 13 of Royal Decree 1066/2007, the Offer is subject to the following conditions:

- (i) Approval by the corresponding competition authorities;

- (ii) (a) The irrevocable acceptance of the Offer by shareholders of Tecnomcom that together own, at least, 70.01% of the share capital to which the Offer is targeted (including treasury shares). This condition will automatically expire if, before the end of the acceptance period of the Offer, the Shareholders General meeting of Tecnomcom resolves to amend (i) Article 16 of its Bylaws in order to eliminate the current limitation that restricts any shareholder from issuing a number of votes that exceeds 20% of the share capital with voting rights; as well as (ii) Article 15 of its Bylaws in order for the quorums required for the Shareholder General meeting to approve its resolutions are the same as the ones required by law; and

(b) The irrevocable acceptance of the Offer by shareholders of Tecnomcom that together represent, at least, 50.01% of the share capital targeted by the Offer (included treasury shares), excluding from the calculation the 39,540,186 shares owned by the Selling Shareholders (as defined under section 11). This condition will automatically expire if the National Securities Market Commission confirms that the Offer Price constitutes an "equitable price". For these purposes, the approval of the Offer Price as an "equitable price" will be requested to the CNMV and all the necessary information required for such approval will be provided in a timely manner.

Therefore, the Offer will have no effect if the final acceptance is lower than the aforementioned percentages and the conditions (a) and (b) expired in accordance with the provisions of this section (unless Indra waives their application).
- (iii) The approval by the Shareholders General meeting of Indra of a capital increase for the amount needed to fulfil the payment of the portion of the Offer Price consisting in newly issued shares of Indra.

10. Antitrust filings and authorizations required by other supervisor organisms

After the corresponding analysis, the Offering Company considers that the Offer is not subject to filing with the European Commission in accordance with Council Regulation (EC) 139/2004, of 20 January 2004, on the control of concentrations between undertakings.

Nevertheless, and without prejudice of the applicable rules in other jurisdictions, the Offering Company considers that, in accordance with the provisions of Spanish Competition Law 15/2007, of July 3, the Offer is subject to the previous granting of authorisation by the National Markets and Competition Commission (“**CNMC**”), and the application for the authorisation will be submitted to the CNMC within a maximum period of 30 days after the publication of this announcement.

In accordance with Article 26.1 of Royal Decree 1066/2007, the Offering Company is entitled to withdraw the Offer if, prior to the completion of the acceptance period, (i) the authorisation has not been granted, or (ii) the authorisation is granted with conditions.

Taking into account the available public information on Tecnom, the Offering Company considers that there are no further obligations to obtain any other relevant authorization.

11. Agreements related to the Offer

As previously stated, on 28 November 2016, Indra and certain shareholders of Tecnom entered into an irrevocable undertaking regarding the sale and purchase of the direct interest of these shareholders in Tecnom, having agreed to sell their direct interests in the Offer. The complete list of the shareholders who undertook the commitment to sell their direct share in the Offer is the following (the “**Selling Shareholders**”):

Accionista	Número de acciones de Tecnom	% del capital de Tecnom
Abanca Corporación Industrial y Empresarial, S.L. (Director)	15,043,936	20.052%
D. Ladislao de Arriba Azcona (Director)	945,249	1.260%
Doble A Promociones, S.A.	3,972,630	5.295%

Accionista	Número de acciones de Tecnom	% del capital de Tecnom
Inverfam 2005, S.A.	9,170,625	12.223%
D. Luis Solera Gutiérrez (Director)	337,996	0.451%
Reverter 17, S.L.	4,256,580	5.674%
Parcesa Parques de la Paz, S.A.U.	180,000	0.24%
Promociones KEOPS, S.A.U.	3,775,216	5.032%
D. Miguel Ángel Aguado Gavilán (Director)	441,148	0.588%
D.ª Almudena Aguado Gavilán	516,252	0.688%
D.ª Esther Beatriz Aguado Gavilán	516,252	0.688%
D. Jorge Ignacio Aguado Gavilán	378,252	0.504%
Banlor, S.A.	6,050	0.008%
Total	39,540,186	52.702%

This table also reflects those Selling Shareholders that are also members of the Board of Directors of Tecnom.

The essential terms and conditions of these undertakings to tender the shares are the following:

- (i) Indra undertook the commitment to formulate the Offer in accordance with the terms included in this announcement.
- (ii) Selling Shareholders undertook the irrevocable commitment to accept the Offer in connection with all of their direct and indirect interest in Tecnom. This commitment will stand even if competitive bids are formulated.
- (iii) Selling Shareholders will exercise their voting rights corresponding to the Committed Shares with objective of promoting and allowing the implementation of the Offer and against those resolutions that, if approved, could result in the establishment of a condition that could prevent or suppress the Offer in any way or that could entail the non-completion of the Offer.
- (iv) Selling Shareholders have undertaken the commitment to refrain from carrying out any transaction in connection with the shares of Tecnom, specifically, not to sell, transfer, subscribe swaps or execute any other disposition act over the shares of Tecnom, as well as not to set up pledges or any other charges or encumbrances and not granting options or any other rights over the shares of Tecnom owned by them, except for as provided in the Offer.

12. Measures regarding listing

Indra intends that the shares of Tecnom continue to be listed on the stock exchanges in which they are currently listed. Accordingly, it is hereby stated that the purpose of the Offer is not the delisting of the shares of Tecnom.

The Offering Company intends to exercise the squeeze-out right in the event that the requirements provided under Article 136 of the Securities Market Act and Article 47 of Royal Decree 1066/2007 are fulfilled, even though no resolution on this regard has been taken.

If, upon completion of the acceptance period of the Offer, acceptances received are insufficient to satisfy the mandatory requirements stated under Article 136 of the Securities

Market Act and Article 47 of Royal Decree 1066/2007, the Offering Company has not considered as of this date the possibility of delisting the shares of Tecnocom.

13. Other information

Indra considers that there is no other information, as of the date of this announcement, which could be necessary for a proper understanding of the announced Offer.

In accordance with Section 30.6 of Royal Decree 1362/2007 of October 19, from the date of this announcement, those shareholders of Tecnocom that acquire securities carrying voting rights must notify that acquisition to the National Securities Market Commission if the percentage of voting rights held by them reach or exceed 1%. Likewise, shareholders already holding 3% of the voting rights will be required to notify any transaction that involves a change in its holding.

It is hereby stated that the Target Company has not entered into a market making agreement, so the statement referred to the potential suspension, in accordance with paragraph 2.b) of the fifth rule of Circular 3/2007 of December 19 of the National Securities Market Commission, does not apply.

Madrid, 29 November 2016

Indra Sistemas, S.A.

Mr. Javier Lázaro Rodríguez

CFO

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This announcement will be published for the purposes of Article 16 of Royal Decree 1066/2007, of 27 July, on the rules for public tender offers for securities. The effectiveness



of the offer described in this document is subject to the corresponding authorisation by the National Securities Market Commission. The detailed terms and characteristics of the offer will be included in the prospectus that will be published in accordance with the terms provided in the applicable rules after obtaining the authorisation and will include or incorporate by reference the registration document and securities note corresponding to the shares of Indra Sistemas, S.A.