

PROSPECTUS
OF THE PUBLIC TENDER OFFER FOR ACQUISITION OF SHARES
TECNOCOM, TELECOMUNICACIONES Y ENERGÍA, S.A.

issued by

INDRA SISTEMAS, S.A.

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In accordance with the consolidated text of the *Ley de Mercados de Valores*, (“LMV”) approved by *Real Decreto Legislativo 4/2015, of 23 of October*, and *Real Decreto 1066/2007, de 27 de julio*, regarding standards for public offers for acquisition of securities, and other applicable law.

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INTRODUCTION

The present prospectus (the “**Prospectus**”) contains the terms and conditions of the public tender offer for acquisition by Indra Sistemas, S.A. (“**Indra**” or “**Offeror**”) of all of the shares representing the capital stock of Tecnocom, Telecomunicaciones y Energía, S.A. (“**Tecnocom**” or “**Target Company**”) and in which the Offeror offers a consideration of 2.55 euros in cash and 0.1727 of newly issued Indra shares for each share of Tecnocom (the “**Offer**”).

In accordance with the provisions of Article 18.6 of the *Real Decreto 1066/2007, de 27 de julio* regarding public tender offers (the “**Real Decreto 1066/2007**”) Indra has decided to include in this Prospectus the same information regarding the shares to be swapped as required in the *Real Decreto 1310/2005, de 4 de noviembre*, implementing in part the requirements of *Ley 24/1988, de 28 de julio* on securities markets as regards listing of securities on official secondary markets, public tender offers of sale or subscription, and the prospectuses required for them, in the event that a public tender offer of sale or subscription of securities is made. Additionally, the Indra registration document filed in the official registry of the *Comisión Nacional del Mercado de Valores* (“**Spanish Securities Exchange Commission**” or “**CNMV**”) on 16 February 2017 (the “**Registry Document**”) has been incorporated in this Prospectus by reference and may be found at the following link: http://www.indracompany.com/sites/default/files/d7/Accionistas/Documento-Registro/documento_de_registro_-_indra_sistemas_s.a.version_web.pdf.

Updated information regarding the Registry Document may be found in this Prospectus. This Prospectus also contains the same information as found in the note regarding the shares required by Annex III of Commission Regulation (EC) No. 809/2004 of 29 April 2004 regarding implementation of Directive 2003/71/EC of the European Parliament and of the Council. Once the annual audited financial statements for the Offeror are published, and after any other event giving rise to similar duties under applicable law, the Offeror will publish a supplement to this Prospectus within which the annual audited financial statements will be incorporated by reference.

The Offer is the result of an agreement reached on 28 November 2016 between Indra and certain Tecnocom shareholders (the “**Selling Shareholders**”), in which said shareholders promised to accept the Offer for 39,540,251 shares of which they are owners, representing 52.70% of the capital stock of Tecnocom (the “**Binding Agreement**”).

On 29 November 2016 Indra presented the pre-commencement announcement of the Offer to the CNMV, accompanied by an announcement of a Relevant Event published 7 December 2016. On 23 December 2016 the corresponding request for approval of the Offer was presented to the CNMV and on 29 December 2016 the CNMV accepted the filing of request for approval of the Offer.

The Offer was made voluntarily and the consideration was freely determined by the Offeror in accordance with the provisions of Article 13.5 of the *Real Decreto 1066/2007*. The Offer is as agreed upon by the parties to the Binding Agreement, that is, 2.55 euros in cash and 0.1727 shares of newly issued Indra stock for each share of Tecnocom.

In spite of the voluntary nature of the Offer, the Offeror believes that the consideration represents an equitable price as that term is described in Article 9 of the *Real Decreto 1066/2007*, in that it was agreed upon by Indra and the Selling Shareholders in the Binding Agreement and it meets the requirements described in the above mentioned Article 9.

Effectiveness of the Offer is subject to its being accepted by Tecnocom shareholders who represent no less than 50.01% of its capital stock, excluding from the calculation the 39,540,251 shares owned by the Selling Shareholders (the “**Minimum Conditions for Acceptance II**”).

The Minimum Conditions for Acceptance II will be met upon acceptance of the Offer by shareholders other than the Selling Shareholders who own at least 17,746,044 shares, equivalent to 23.65% of the capital stock of Tecnocom. Taking into account that Selling Shareholders have made a binding promise to accept the Offer for 39,540,251 shares of Tecnocom, meeting the Minimum Conditions for Acceptance II will mean acceptance of the Offer by a minimum of 76.36% of the capital stock of Tecnocom, that is, 57,286,295 shares. Nonetheless, this condition will automatically have no effect in the event that the CNMV confirms the consideration for the Offer as an “equitable price” as described in Article 9 of the *Real Decreto 1066/2007*.

The Offer will be void in the event that:

- (i) The Minimum Conditions for Acceptance II have not been rendered without effect in accordance with their terms and the final tally of acceptance is below the percentage referred to in said condition; and
- (ii) Indra does not waive compliance with said condition.

The Offer as announced was conditioned on the following conditions, which have already been met:

- (i) Indra’s obtaining the necessary approvals from antitrust authorities, noting this condition was met on 12 January 2017 when the *Comisión Nacional de los Mercados y la Competencia* decided, applying Article 57.2.a of the *Ley 15/2007, de 3 de julio de Defensa de la Competencia*, to authorize the level of market share consolidation represented by the transaction whereby Indra would take control of Tecnocom by means of the Offer;
- (ii) That the Offer be accepted by Tecnocom shareholders representing no less than 70.01% of its capital stock (the “**Minimum Conditions for Acceptance I**”). This condition is now without effect since, prior to expiration of the acceptance period for the Offer, a resolution was adopted at a general shareholders meeting of Tecnocom held 22 February 2017 (i) annulling Article 16 of the bylaws so that the limit on shareholders transferring more than 20% of voting stock was eliminated; as well as (ii) modifying Article 15 of the bylaws so that quorums for approval of resolutions at shareholders meetings be in line with those set by law (eliminating requirements for certain matters which currently require two-thirds and 60% of capital at first and second call, respectively); and

(iii) Approval at a general shareholders meeting of Indra of an increase in capital sufficient to deliver the portion of the consideration consisting of newly issued shares. This condition has already been met, since this resolution was passed at the extraordinary general shareholders meeting held on 20 February 2017.

As a result, effectiveness of the Offer is conditioned solely on completion of the Minimum Conditions for Acceptance II. Additionally, should the CNMV authorize the Offer and agree that the Offer consideration maintains its character as an equitable price—as provided for in Article 9 of the *Real Decreto 1066/2007*—, said condition will be without effect and the Offer will become effective regardless of the degree of acceptance obtained. In addition, it is noted that in the event that this occurs and there be an agreement as described in Article 8 of the *Real Decreto 1066/2007*, Indra will not be obliged to make a public tender offer for the acquisition of the shares of TecnoCom upon completion of the present takeover bid.

The present Offer has no delisting provisions. Without prejudice to this, in the event that conditions arise triggering Offeror's right to force the sale of all of the shareholders' shares, as provided for in Article 136 of the LMV, which text was approved by *Real Decreto Legislativo 4/2015, de 23 de octubre* and in Article 47 of the *Real Decreto 1066/2007*, the Offeror will exercise its squeeze out rights, which would mean delisting all of the TecnoCom shares.

Even in the event that conditions for exercise of squeeze out rights are not met, Indra may consider a merger resolution resulting in absorption of TecnoCom; if such were approved by the shareholders of both companies, it would mean that TecnoCom would cease to exist and its shares would be delisted. Should it be decided not to merge the two companies, Indra will not consider itself obliged to take measures to either maintain TecnoCom shares listed or to delist them, and currently has no intention of encouraging the delisting of the shares of TecnoCom nor of launching a tender offer aimed at delisting them.

CHAPTER I

1.1 Person Responsible for the Prospectus

Mr. Javier Lázaro Rodríguez, a Spanish national of legal age, N.I.F. 12756810-K, on behalf of Indra and acting pursuant to the power of attorney conferred upon him by the Indra Board of Directors on 28 November 2016, assumes responsibility for the information contained in this Prospectus, which has been drafted in conformance with the provisions of Article 18 and Appendix 1 of the *Real Decreto 1066/2007*.

Mr. Javier Lázaro Rodríguez, as agent, after conducting reasonable due diligence ensuring the truth of the matters herein, declares that the data and information contained in the present Prospectus are true, and that it does not contain data or information which are misleading and that there are no omissions which, if included, would affect its contents.

According to the provisions of Article 238 of the LMV, it is noted that the filings with the registries of the CNMV of the present Prospectus and of the documentation which accompany it show only recognition that these documents contain all of the information required by the rules which govern their content, and in under no circumstances fix any responsibility on the part of the CNMV because of a lack of accuracy of the information which they may contain.

1.2 Agreements, Scope and Applicable law

(A) Agreements of the Offeror for formulation of the Offer

The Board of Directors of the Offeror unanimously agreed to the formulation of the Offer on 28 November 2016, establishing at that time its principal terms and publishing them by means of the pre-commencement announcement of the Offer as provided for in Article 16 of the *Real Decreto 1066/2007* which was published 29 November 2016 and supplemented by notice of Relevant Event published 7 December 2016.

The Offeror also approved, by issuing the above cited agreement, delivery of a power of attorney to, among others, the person responsible for this Prospectus, so that he may, among other things, request the corresponding authorization for the Offer and draft, underwrite and submit the present Prospectus and any other documents which might modify them, as well as other documentation necessary or convenient in accordance with the provisions of the *Real Decreto 1066/2007*, including any other act, or relevant management duty before the CNMV as well as before any other competent body, with the goal of bringing the Offer to fruition.

At the same meeting of the Board, in conformance with the provisions of Article 14.5 of the *Real Decreto 1066/2007*, the call and agenda for the extraordinary general shareholders meeting was unanimously approved, delegating determination of the date and hour to be held. After publication of the corresponding call to order, the shareholders meeting was held 20 February 2017, approving an increase in capital of up to a maximum of 2,591,371.80 euros by means of the issuance and placement in circulation of a maximum of 12,956,859

shares of common stock of the same class and series as those currently in circulation, each with a par value of 0.20 euros and underwritten with delivery of Tecnocom stock. Resolutions also passed approving the corresponding amendment of the bylaws, as well as the delegation of powers to the Board of Directors, with the express power of delegation, to develop and execute the resolutions.

The shareholders approved the resolution that each share be issued at a price of 9.8461 euros (0.20 euros par value and 9.6461 issue premium). Therefore, given that the maximum number of shares to be issued as approved at the shareholders meeting was 12,956,859 shares, the maximum share premium corresponding to that amount would be 124,983,157.60 euros.

At the above referenced shareholders meeting, there were 906 shareholder attendees, either in person or by proxy, owners of 115,692,273 shares and representing 70.49% of the capital stock of the Offeror, broken down as follows: (i) 158 shareholders physically present, owners of 35,681,350 shares and representing 21.74 % of capital stock and (ii) 748 shareholders present by proxy, owners of 80,010,923 shares, representing 48.75% of capital stock. The resolution was approved with 115,072,811 votes in favour, representing 99.46% of the number of votes submitted (and 70.11% of capital stock), with 462,662 votes against, representing 0.40% of the number of votes submitted (and 0.28% of capital stock), and 156,800 abstentions, representing 0.14% of the votes submitted (and 0.10% of capital stock).

The Board of Directors is empowered to determine, as a function of the number of acceptances of the Offer, as well as, when applicable, of the exercise of the squeeze out rights, the total amount of the capital increase and the total number of shares to be issued, as well as the total amount of the issue premium.

The capital increase will be destined only for those Tecnocom shareholders who accept the Offer.

Additionally, at the above referenced extraordinary general shareholders meeting, shareholders of Indra approved the request by the Company that the newly issued shares be listed on the stock exchanges in Madrid, Barcelona, Bilbao and Valencia, clearly expressing as well that Indra comply with the rules in existence or which may be issued regarding the exchanges, in particular as regards to trading, maintenance and suspension from official listing.

Appendix 1 contains the supporting documentation regarding resolutions passed by the Board of the Offeror 28 November 2016. Additionally, **Appendix 2** contains the supporting documentation regarding the resolution passed at the above referenced extraordinary general shareholders meeting held 20 February 2017 regarding the capital increase.

Finally, Indra affirms that in the report created by the Board of Directors of Indra regarding the proposed increase in capital by means of non cash deliveries for the purpose of completing the share swap with the shareholders of Tecnocom included in Appendix I, it is noted that, upon request made by Indra, on 29 November 2017 J.P. Morgan Ltd. issued a letter addressed to the Board of Directors of Indra in which it concludes that the

consideration offered by Indra for the acquisition of up to 100% of the shares of TecnoCom was considered reasonable for Indra from a financial point of view on 28 November 2017, the date that the Board approved the terms of the Offer for TecnoCom, and under market conditions on said date.

In addition, upon Indra's request, Rothschild, S.A. issued a letter on 28 November 2017 addressed to the Board of Directors of Indra in which it concludes that, as of the date of the Board's approval of the terms of the Offer for TecnoCom, the price offered by Indra for the acquisition of 100% of the capital stock of TecnoCom was considered reasonable for Indra from a financial point of view and under market conditions at that moment.

J.P. Morgan Ltd. and Rothschild, S.A. have authorized Indra to publish the conclusions contained in their respective letters in the terms expressed in the paragraph above. It is Indra's opinion that reading the entire texts is unnecessary for the proper understanding of their conclusions.

(B) Scope of the Offer, applicable law, venue and jurisdiction

The Offer is voluntary and made for all of the shares of TecnoCom, consistent with the information contained in the present Prospectus and its supplementary material, and set forth in accordance with the LMV, the *Real Decreto 1066/2007* and all other applicable law.

The Offer is irrevocable and its modification, ineffectiveness or invalidity may only occur in the events and in the manner provided for under the *Real Decreto 1066/2007*.

All of the shares of TecnoCom are currently listed on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia by means of the *Sistema de Interconexion Bursatil* ("**Mercado Continuo**"). Shares of TecnoCom are not listed in any other regulated, unregulated, official or unofficial market within any Member State of the European Union or of any non community country.

As a result, and given that TecnoCom is a company registered in Spain and its shares are listed on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia, in accordance with the provisions of Article 1 of the *Real Decreto 1066/2007*, the competent authority for evaluating the Prospectus and authorizing the Offer is the CNMV, and the terms and conditions of the Offer are those established in the present Prospectus and in the supplementary material of the same.

(C) Markets to which the Offer is directed

The Offer is made in the Spanish market and is directed to all of the TecnoCom shareholders independent of their nationality or place of residence. As regards the TecnoCom shareholders resident in the United States of America, see the information contained in Section 5.2 of this Prospectus.

(D) Legislation regulating contracts arising from the Offer and entered into between Indra and the TecnoCom shareholders and competent decision making bodies

The contractual relation between Indra and the TecnoCom shareholders who accept the Offer and the circumstances arising from said relation will be governed by Spanish law. In

addition, the competent decision making bodies for deciding any other question relating to them will be the courts and tribunals of Spain in accordance with Spanish law.

In accordance with the provisions of Article 1446 of the *Código Civil*, contracts entered into between Indra and TecnoCom shareholders and arising from the Offer will be considered sales/purchase, given that the cash portion of the consideration is greater than the value of the Indra shares component.

1.3 Information Regarding TecnoCom

(A) Name and registered address

The Target Company is TecnoCom, Telecomunicaciones y Energía, S.A., a Spanish company, with its registered address in Madrid at calle Miguel Yuste nº 45, registered in the *Registro Mercantil de Madrid* at volume 417, folio 67, page M-8067 and with a Tax Identification Number of A28191179. It does business under the name TecnoCom.

The Target Company was formed in perpetuity under the name of I.B.-MEI ESPAÑOLA, S.A., by means of a public deed created before the *Notario de Madrid* Mr. José Luis Díez Pastor on 11 April 1967 and changed its company name to its current one by means of a public deed created 7 April 2000 before the *Notario de Madrid*, Mr. Antonio Fernández-Golfín Aparicio.

The corporate purpose of the Target Company, according to Article 2 of its bylaws, is the following:

“The Corporate Purpose shall consist of:

- 1. technology consulting and engineering in telecommunications, information technology and information systems, as well as advice, marketing, implementation and maintenance of projects in those areas.*
- 2. the delivery, contracting, subcontracting, design, development, control and execution of all types of computing, telecommunications and consulting services and integration of information and communication technologies and the creation, editing, production, publication and marketing of audiovisual products.*
- 3. the evaluation, marketing, installation, development and maintenance of services which integrate system design and implementation for Broadband and Networking applications, as well as network integration, transaction and maintenance services for telecommunications operators, electric companies, and all types of businesses.*
- 4. the evaluation, marketing, installation, development and maintenance of solutions for telecommunications networks in different technologies.*
- 5. the exportation, importation, evaluation, marketing, installation, support and maintenance (help desk) of any other class of telecommunications or IT equipment, hardware, software and installed applications in such equipment. Analysis, programming, preparation and application of information technology systems for all classes of activities, their delivery, implantation and integration, as well as the training and evaluation of people and businesses.*

6. *integrated solutions for telephone networks, construction and installation of telecommunications infrastructure, engineering and creation of solutions for the reduction of visual impact, as well as the development of mobile and fixed telephone networks.*

7. *the delivery of outsourcing services for systems operations, communications, and IT related technologies. Strategic, technological, organizational, training and process consulting for various public as well as mixed, private, and individual entities.*

8. *the realization of integrated project management services, management of transactional and delivery techniques, evaluation and consulting activities for architectural and museological projects, as well as technical consulting services in architecture, engineering, and related fields.*

9. *organizational, administrative, strategic planning, process engineering and market studies in all of the above cited areas.*

10. *promotion, creation and equity interest in industrial, commercial and real estate businesses and companies, and services of any other type.*

The Company will pursue the realization of its corporate purpose as an independent company with a high level of social consciousness.

The activities which make up the corporate purpose will be carried out by the Company, in whole or in part, directly or indirectly, in any manner permitted by law and, in particular, by means of ownership of shares or through involvement in companies with the same or analogous business purposes.

Specifically excluded from the company purpose are all those activities for which the law requires special requirements which the Company does not meet.”

The bylaws of Tecnocom are available to shareholders at its company webpage (www.tecnocom.es).

(B) Equity

(i) Capital stock

The share capital of Tecnocom is 37,512,620.50 euros, represented by 75,025,241 shares of common stock, with a par value of 0.50 euros each, belonging to the same and only class and series, with identical voting and economic rights, fully subscribed and issued and represented by means of ledger entries whose recording is the responsibility of *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear)*, with its registered address in Madrid, Plaza de la Lealtad number 1, and its authorized participating entities (the “**Participating Entities**”). Tecnocom shares are listed on the stock exchanges in Madrid, Barcelona, Bilbao, and Valencia through the Mercado Directo.

Each share of Tecnocom has the right to one vote. At the extraordinary general shareholders meeting held on 22 February 2017, the Tecnocom shareholders adopted a resolution (i) repealing Article 16 of its bylaws by eliminating the prohibition of any shareholder from transferring in excess of 20% of the capital stock with voting rights; as well

as (ii) modifying Article 15 of the bylaws so that quorums for approval of resolutions at shareholders meetings be in line with those set by law (eliminating requirements for certain matters which currently require two-thirds and 60% of capital at first and second call, respectively).

Tecnocom has not issued non-voting shares or shares of any special class. Neither do there exist any preemptive rights, debentures convertible or swappable for shares, warrants, or any other securities or instruments which might convey a direct or indirect right of subscription to or acquisition of its shares.

(ii) Share Plans

Tecnocom has confirmed to Indra that the Board of Directors of Tecnocom, after a report from the Nomination and Compensation Committee, agreed on 11 May 2016 to establish (i) an employee stock ownership plan by which a portion of the annual compensation of Tecnocom employees or those employees of its group of companies could be paid, at the election of the employee, in company shares during fiscal 2016, 2017 and 2018 (the “**Tecnocom Employees Stock Ownership Plan**”); and (ii) two incentive plans by means of delivery of shares, one for the CEO of the Target Company and another for certain senior managers of its group, under which they would have the right to receive, after a predetermined vesting period—or in certain events such as a change of control or analogous circumstances—, an incentive deliverable in shares of Tecnocom, so long as certain public objectives were met (the “**Tecnocom Senior Management Incentive Plans**”), which was communicated as a Relevant Event on 14 April 2016. The Target Company has stated that any future deliveries of shares arising under the aforementioned plans will be made using treasury stock of the Target Company, so that no increase in capital will be needed.

The Tecnocom Employees Stock Ownership Plan

In accordance with the Tecnocom Employees Stock Ownership Plan, and as confirmed by Tecnocom, all workers at Tecnocom or members of its consolidated group will be beneficiaries, except for directors of Tecnocom. Additionally, in order to benefit from the plan, recipients must reside in Spain for tax purposes. Receipt of the annual compensation in shares will be voluntary and apply exclusively to fixed compensation. The maximum annual number of shares received by each beneficiary is the result of dividing 12,000 euros by the list price of the shares on the date of delivery. Tecnocom will not be obliged to deliver more than 400,000 shares per year. In the event that employee requests exceed the maximum annual number of shares contemplated by the Plan, shares delivered to each beneficiary will be determined by applying a pro rata formula. The price of the shares will be the list price of the shares on the date of delivery. As confirmed by Tecnocom, no shares will be delivered under the Tecnocom Employees Stock Ownership Plan before expiry of the Offer, or if applicable, of the squeeze out rights. This stock ownership plan contains no provision regarding change of control of Tecnocom, nor does it contain any provision regarding the plan in the event that Tecnocom shares are delisted. In the event that the shares are delisted, Indra will make a decision regarding this matter once it has taken control

of TecnoCom and has been able to perform a detailed analysis of the employment terms and conditions applicable to employees.

The TecnoCom Senior Management Incentive Plans

For its part, and as has been confirmed by TecnoCom to Indra, the number of shares which, when applicable, to be delivered to the cohort of the beneficiaries of the TecnoCom Senior Management Incentive Plans is 1,216,670 shares, of which 266,667 shares correspond to the CEO. The right of the beneficiaries to receive said shares will be conditioned on the achievement of, at a minimum, one of the following two objectives (A or B):

- Objective A: That the net amount of total consolidated business for fiscal 2018 equal or exceed 520 million euros; and additionally, that there be a consolidated EBITDA for fiscal 2018 of 41.6 million euros or more.
- Objective B: That the sum of the consolidated EBITDAs for fiscal 2016, 2017 and 2018 be equal to or more than 93.5 million euros.

The TecnoCom Senior Management Incentive Plans are subject to accelerated payment and the above mentioned objectives will be modified appropriately in such events as a takeover or change in control of TecnoCom or a corporate transaction which, in the opinion of the Board of Directors, makes early settlement reasonable.

Considering that the Offer contemplates a change in control of TecnoCom and constitutes a circumstance or enterprise transaction which, in the opinion of the Board of Directors of TecnoCom, makes early distribution of these plans reasonable, at its meeting held 26 January 2017, the Board of Directors of TecnoCom resolved to effect early settlement of the TecnoCom Senior Management Incentive Plans independently of the objectives contained in them, by delivery of the maximum available number of shares, 1,216,670. The early settlement of these plans will be effective when Minimum Conditions for Acceptance II are met or are waived under the terms described in Section 2.3 of the Prospectus.

As has been confirmed by TecnoCom to Indra, since delivery of the 1,216,670 shares requires withholding of a portion for personal income tax purposes -- withholding which TecnoCom will pay in cash instead of delivery of shares -- the final number of shares to be delivered to the beneficiaries of these plans will be reduced by a number of shares which will depend upon the list price of TecnoCom shares at the time the Plan is settled (closing price on the day before delivery of shares). In any event, the number of shares to be delivered to beneficiaries will be (i) a maximum of 714,201 shares (156,533 to the CEO) and (ii) a minimum of 669,168 shares (146,667 to the CEO).

The beneficiaries will be obliged to refrain from alienating the shares and will not be permitted to pledge or deliver rights to them to third parties for (i) the six months following the date of settlement, as regards 50 percent of the shares received, and (ii) the twelve months following said date of settlement, as regards the other 50 percent. Nonetheless, the Board of the Target Company has resolved to expressly authorize that the beneficiaries be allowed to transfer the shares received under to Indra pursuant to the Offer. Any other disposition will be subject to the alienation limits provided for in the above referenced plans.

(C) Structure of the administrative bodies, management and control

In accordance with the bylaws of the Target Company, the Board of Directors is the body charged with its representation, management and administration. Said bylaws provide that the Board of Directors of TecnoCom will consist of a minimum of five and a maximum of fourteen directors freely appointed at the shareholders meeting.

The Board of Directors of TecnoCom is composed of eleven members. In conformance with its bylaws, the directors perform their duties for terms of four years, and may be reelected one or more times for periods of equal duration.

The members of the Board of Directors of TecnoCom occupy the posts indicated in the following table and are owners, directly or indirectly, of shares representing the capital stock of TecnoCom according to the details also included below:

Name	Post	Category	Shareholder represented	Number of shares	% of capital stock
Mr. Ladislao de Arriba Azcona	Chairman	Proprietary	Mr. Ladislao de Arriba Azcona	14,088,504 ⁽⁴⁾	18.78
Mr. Carlos Vidal Amador de los Ríos	Member	Independent	-	1,000	0.00
Ms. Silvia Iranzo Gutiérrez	Member	Independent	-	0	0.00
Mr. Javier Martín García	CEO	Executive	-	558,210 ⁽⁵⁾	0.74
Mr. Leonardo Sánchez-Heredero Álvarez	First Vice chairman	Proprietary	Promotions Keops, S.A.	3,955,216 ⁽⁶⁾	5.27
Abanca Corporación Industrial y Empresarial S.L. ⁽¹⁾	Second Vice chairman	Proprietary	Abanca Corporación Industrial y Empresarial S.L.	15,043,936	20.05
Getronics Internacional BV (KPN) ⁽²⁾	Member	Proprietary	Getronics Internacional BV (KPN)	8,261,097	11.01
Mr. Luis Solera Gutiérrez	Member	Proprietary	Mr. Luis Solera Gutiérrez	4,594,576 ⁽⁷⁾	6.12
Mr. Jaime Terceiro Lomba	Member	Independent	-	15,020	0.02

Name	Post	Category	Shareholder represented	Number of shares	% of capital stock
Mr. Miguel Ángel Aguado Gavilán	Member	Other outside ⁽³⁾	Mr. Miguel Ángel Aguado Gavilán, Ms. Almudena Aguado Gavilán, Ms. Esther Beatriz Aguado Gavilán, Mr. Jorge Ignacio Aguado Gavilán and Banlor, S.A.	441,213	0.59
Mr. Eduardo Montes Pérez del Real	Member	Independent	-	22,500	0.03
TOTAL	-	-	-	46,981,272	62.62%

(1) Its natural person representative is Javier Carral Martínez.

(2) Its natural person representative is Ronaldus van Wissen.

(3) According to information published by Tecnocom, Mr. Miguel Ángel Aguado Gavilán is in the category of “other outside” due to the fact that, although he joined the Board as a proprietary director as representative of a family group with a significant equity interest, as of the current date, said equity interest is no longer significant.

(4) Mr. Ladislao de Arriba Azcona is direct owner of 945,249 shares. Additionally he is the indirect owner of 3,972,630 shares through the company Doble A Promotions, S.A. and of 9,170,625 shares through the company Inverfam 2005, S.A.

(5) It should be taken into account that under the terms of the Tecnocom Senior Management Incentive Plans, Mr. Javier Martín García, CEO of Tecnocom, will receive a maximum of 156,533 and a minimum of 146,667 shares. Early termination of these plans will be effective once the Minimum Conditions for Acceptance II are met or when they are waived as described in Section 2.3 of the Prospectus.

(6) Mr. Leonardo Sánchez-Heredero Álvarez is indirect owner of 180,000 shares through the company Parcesa Parques de la Paz, S.A.U. and of 3,775,216 shares through the company Promotions KEOPS, S.A.U.

(7) Mr. Luis Solera Gutiérrez is direct owner of 337,996 shares. Additionally he is indirect owner of 4,256,580 shares through the company Reverter 17, S.L.

Mr. Jesús Almoquera García occupies the post of non-director secretary.

In accordance with Article 23 of the bylaws of Tecnocom, for the Board of Directors to be validly constituted, at least half plus one of its members must be present or represented at the meeting. Resolutions are adopted by a simple majority of the directors in attendance except for those instances in which applicable law, the bylaws or the Regulations of the Board of Directors require a supermajority.

From the Board of Directors, an Executive Committee, a Nomination and Compensation Committee, and an Audit Committee have been formed.

The composition of the Executive Committee is the following:

Members	Post
Mr. Ladislao de Arriba Azcona	Chairman
Mr. Leonardo Sánchez-Heredero Álvarez	Member
Mr. Javier Martín García	Member
Abanca Corporación Industrial y Empresarial, S.L. ⁽¹⁾	Member
Mr. Jaime Terceiro Lomba	Member
Mr. Luis Solera Gutiérrez	Member

⁽¹⁾ Its natural person representative is Javier Carral Martínez.

The composition of the Nomination and Compensation Committee is the following:

Members	Post
Mr. Carlos Vidal Amador de los Ríos	Chairman
Getronics International BV ⁽¹⁾	Member
Abanca Corporación Industrial y Empresarial, S.L. ⁽²⁾	Member
Mr. Leonardo Sánchez-Heredero Álvarez	Member
Dña. Silvia Iranzo Gutiérrez	Member

⁽¹⁾ Its natural person representative is Ronaldus van Wissen.

⁽²⁾ Its natural person representative is Javier Carral Martínez.

The composition of the Audit Committee is the following:

Members	Post
Mr. Eduardo Montes Pérez de la Real	Chairman
Mr. Luis Solera Gutiérrez	Member
Mr. Carlos Vidal Amador de los Ríos	Member
Mr. Jaime Terceiro Lomba	Member

The Secretary of the Board also acts as secretary of the committees.

(D) Shareholder Structure and Shareholder Agreements

Shareholder Structure

The shareholder structure of TecnoCom is the following:

Name	Number of shares owned directly	Number of shares owned indirectly	Total	
			Number of shares	% of the capital stock
Abanca Corporación Industrial y Empresarial, S.L.	15,043,936	-	15,043,936	20.05
Mr. Ladislao de Arriba Azcona	945,249	13,143,255 ⁽¹⁾	14,088,504	18.78
Mr. Luis Solera Gutierrez	337,996	4,256,580 ⁽²⁾	4,594,576	6.12
Leonardo Sánchez-Heredero Álvarez	-	3,955,216 ⁽³⁾	3,955,216	5.27
Mr. Miguel Ángel Aguado Gavilán	441,213	-	441,213	0.59
Ms. Almudena Aguado Gavilán	516,252	-	516,252	0.69
Ms. Esther Beatriz Aguado Gavilán	516,252	-	516,252	0.69
Mr. Jorge Ignacio Aguado Gavilán	378,252	-	378,252	0.50
Banlor, S.A.	6,050	-	6,050	0.01
Subtotal Selling Shareholders	18,185,200	21,355,051	39,540,251	52.70
Getronics International BV (KPN)	8,261,097	-	8,261,097	11.01
Syquant Capital ⁽⁴⁾	2,490,943	-	2,490,943	3.32
Capital Stock	3,194,636	-	3,194,636	4.26
Remaining shareholders ⁽⁵⁾	21,538,314	-	21,538,314	28.71
Subtotal shareholders who have not signed the Binding Agreement	35,484,990	-	35,484,990	47.30
TOTAL	53,670,190	21,355,051	75,025,241	100.00

(1) Through Doble A Promotions, S.A. and Inverfam 2005, S.A.

(2) Through Reverter 17, S.L.

(3) Through Parcesa Parques de la Paz, S.A.U. and Promotions KEOPS, S.A.U.

(4) Syquant Capital has 1.68% of voting rights through financial instruments (CFDs).

- (5) Includes 1.68% of voting rights notified by The Goldman Sachs Group through financial instrument (securities loan).

As indicated above, settlement of the TecnoCom Senior Management Incentive Plans will mean the delivery of a maximum of 714,201 shares expected before the Offer expires. As a result, once delivery of shares takes place, TecnoCom will have a minimum of 2,480,435 treasury shares, representing 3.31% of its capital stock.

Control structure

As defined by Article 5 of the LMV, TecnoCom is not controlled by any person or entity. Indra is unaware of the existence of any controlling equity interest in TecnoCom as such is defined in the *Real Decreto 1066/2007*.

After settlement, given that the Selling Shareholders have made a binding commitment to accept the Offer by delivering shares of TecnoCom which represent 52.70% of its capital stock, the Target Company will then be controlled, for the purposes of Article 5 of the LMV and Article 4 of the *Real Decreto 1066/2007*, by Indra, and its assets, liabilities and financial results will be consolidated with those of Indra.

Shareholder agreements

Indra has no knowledge of the existence of any shareholder agreement of those described in Article 530 of the *Ley de Sociedades de Capital*, the recompiled text of which was approved by the *Real Decreto Legislativo 1/2010 de 2 de julio* (the “LSC”).

(E) Limitations on voting rights and restrictions of access to the administrative bodies

As already indicated, after amendment of the bylaws approved at the TecnoCom extraordinary shareholders meeting held 22 February 2017, the bylaws of TecnoCom do not contain any limitations on shareholders’ rights to vote.

Except for legal restrictions imposed on administrators, the bylaws of TecnoCom contain no restrictions of access to the board of directors or to its chairman, vice chairman, secretary or vice secretary other than those established by law.

Article 15 of the TecnoCom bylaws provides that an ordinary or extraordinary shareholders meeting is properly convened on first or second call in accordance with applicable law. Each share has the right to one vote.

(F) Anti-takeover measures in place at the Target Company

TecnoCom has adopted no resolutions applying the provisions of Article 135 of the LMV and Article 29 of the *Real Decreto 1066/2007* regarding discretionary anti-takeover measures.

1.4 Information Regarding the Offeror

(A) Name, Registered Address, Date of Incorporation, Fiscal Year and Corporate Purpose

The Offeror is Indra Sistemas, a corporation registered in Spain, Tax Identification Number N.I.F. A-28599033, registered at Alcobendas (Madrid), Avenida de Bruselas 35, and

registered with the *Registro Mercantil de Madrid* at volume 865, folio 28, page M-11339. It does business as “Indra.”

The Company was incorporated with perpetual existence under the name of Cecsca Sistemas Electrónicos, S.A. by means of a public deed executed before the Notario Mr. Alberto Ballarín Marcial on 6 November 1979, with *orden de protocolo* number 8370.

In accordance with Article 4 of its bylaws, Indra has perpetual existence and began operations the day of its incorporation.

Its fiscal year begins 1 January and ends on 31 December of each year.

The corporate purpose of Indra, according to Article 2 of its bylaws, is the following:

“1. The Corporate purpose is:

a) The design, development, production, integration, transaction, maintenance, repair and marketing of systems, solutions and products –including motor vehicles, watercraft, spacecraft and aerospace devices or vehicles- which make use of information technologies (computing, electronic and communications), as well as any part or component thereof and any kind of services relating to any and all of the foregoing, including the necessary works to be installed, in any field or sector.

b) The provision of services in the fields of business and management consultancy, technology consultancy and training in any sector or field, including fields such as spatial planning and the environment; the planning and execution of any kind of studies and projects as well as management, technical assistance, technology transfer, marketing and administration of such studies, projects and activities.

c) The provision of outsourcing services related to activities or processes pertaining to any field or sector.

2. The activities included in the company’s corporate purpose may be pursued in Spain and abroad, even indirectly, by any means allowed by law and, in particular, through the ownership of stock or interest in other companies or artificial persons with a corporate purpose identical, analogous, accessory or complementary to the foregoing activities.”

The current bylaws of Indra may be found in the official registries of the CNMV and at the website of the Offeror (www.indracompany.com).

(B) Capital stock

(i) Capital stock

The capital stock of Indra consists of 32,826,507.80 euros, represented by 164,132,539 shares of common stock with a par value of 0.20 euros each. Indra shares are represented by ledger entries kept by Iberclear. Indra shares are listed on the stock exchanges in Madrid, Barcelona, Bilbao and Valencia by means of the Mercado Continuo.

Indra shares are fully subscribed and paid in, belong to same class and series, and have identical voting and financial rights.

There are no shares without the right to vote nor are there special classes of shares. There are no restrictions on attendance at ordinary shareholders meetings of Indra. In accordance with Article 15.3 of the bylaws, each share of Indra has the right to one vote. That is, the total number of votes is 164,132,539. The bylaws contain no limitations regarding the maximum number of votes that a shareholder may exercise.

Please note that the capital stock of Indra will vary as a function of the level of acceptance of the Offer, and may reach a maximum of 176,661,026 shares in the event of acceptance by all of the TecnoCom shares (without including a minimum of 2,480,345 treasury shares after early settlement of the TecnoCom Senior Management Incentive Plans, which shares may not accept the Offer as described in Section 2.1).

(ii) Convertible Bonds

Indra has carried out two issuances of convertible bonds called (i) "Ordinary Unsecured Convertible Bonds at 1.750% with maturity in 2018" ("Series 2013 Convertible Bonds") issued in 2013; and (ii) "Ordinary Unsecured Convertible Bonds at 1.250% with maturity in 2023" ("Series 2016 Convertible Bonds"). Both bond issues are listed on the multilateral trading system called Freiverkehr at the Frankfurt stock exchange. The law applicable to both bond issues is English law, except as regards their priority and subordination, which is governed by Spanish law. Indra will not repurchase any of the bonds pertaining to the prior issues before expiry of the Offer or, if applicable, of its squeeze out rights.

Series 2013 Convertible Bonds

The Series 2013 Convertible Bonds mature 17 October 2018 (5 years) and were marketed to qualified international investors.

The redemption period runs from the close of the issuance, 17 October 2013, until the seventh working day before their maturity.

These bonds are convertible or exchangeable for shares of Indra, are not guaranteed, and are denominated in euros. The amount of the issuance is 250 million euros and the par value of each bond is 100,000 euros. The price of the issuance as well as the price of amortization is 100% of par. The 1.75% annual interest is represented by a coupon payable upon maturity semiannually, on 17 April and 17 October of each year.

Indra has repurchased and canceled 950 of the Series 2013 Convertible Bonds for 100 million euros (par value 95 million euros) from this issuance, paying a portion of the repurchase with money raised from the 2016 Convertible Bond issue. As a result, there are 1,550 of the Series 2013 Convertible Bonds in circulation with an outstanding balance of 155 million euros.

The current conversion price for the Series 2013 Convertible Bonds is 14.290 euros, the same as at issuance. Nonetheless, in accordance with the terms and conditions of this issue, in the event that the maximum anticipated dilution occurs as a result of issuing the maximum possible number of shares needed to deliver the Offer consideration (taking into account that TecnoCom may not use any treasury stock to accept the Offer), that is, 12,529,487 shares, it will be necessary to adjust the conversion price down to a minimum of

13.772 euros, which would mean a 3.62% discount off the original conversion price. This price adjustment would take place upon issuance of the maximum of 407,974 shares more than originally anticipated, representing a maximum dilution of up to 0.20% of the capital stock of Indra after integration of TecnoCom and conversion of the Series 2013 Convertible Bonds.

In this scenario, with maximum dilution as a result of the maximum number of shares called for in order to meet the requirements of the Offer and an adjusted conversion price of 13.722, the maximum number of shares necessary to redeem the Series 2013 Convertible Bonds would reach 11,254,720 shares, which would represent 5.99% of the capital stock after the increase made necessary in order to attend to said conversion, assuming the maximum of 12,528,487 shares are issued in order to complete the share swap in the Offer. Additionally, this number of shares (11,254,720) represents 6.37% of the capital stock of Indra after issuance of the above referenced maximum of 12,528,487 shares necessary to complete the swap in the Offer but before conversion of the bonds.

The bonds referred to above may be redeemed early in their entirety (but not in part) at the option of Indra at par plus accrued interest due at the time of redemption (i) at any time beginning 7 November 2016 should the market value of the bonds during a predetermined period of time exceed 130% of par; or (ii) at any other time, if more than 90% of the value of the issuance has been converted, redeemed or repurchased (and cancelled) by the issuer. Indra is empowered as well to repurchase the Bonds by any other means in the secondary market, in which case Indra would be obliged to redeem them.

The bonds referred to above may be redeemed at the option of the bondholders (i) in the event that there is a change of control of Indra, at par plus unpaid accrued interest due at the moment the change of control occurs; or (ii) in the event that there is a public offering for acquisition of Indra shares for (a) the greater of either (i) their par value or (ii) the product of the adjusted conversion ratio and the public offering consideration calculated in accordance with the terms and conditions of the bonds; plus (b) unpaid accrued interest due at the moment of the public offering.

Series 2016 Convertible Bonds

The Series 2016 Convertible Bonds mature on 7 October 2023 (7 years) and were marketed to qualified international investors.

The redemption period runs from the close of the issuance, 17 October 2013, until the seventh working day before their maturity.

The number of Series 2016 Convertible Bonds in circulation is 2,500 with an outstanding balance of 250 million euros.

The current conversion price for the Series 2016 Convertible Bonds is 14.629 euros, the same as at issuance. Nonetheless, in accordance with the terms and conditions of this issue, in the event that the maximum anticipated dilution occurs as a result of issuing the maximum possible number of shares needed to delivery the Offer consideration (taking into account that TecnoCom may not use any treasury stock to accept the Offer), that is,

12,529,487 shares, it will be necessary to adjust the conversion price down to a minimum of 14.099 euros, which would mean a 3.62% discount off the original conversion price. This price adjustment would take place upon issuance of the maximum of 642,411 shares more than originally anticipated, representing a maximum dilution of up to 0.27% of the capital stock of Indra after integration of Tecnom and conversion of the Series 2013 Convertible Bonds and the Series 2016 Convertible Bonds

In this scenario, with maximum dilution as a result of the maximum number of shares called for in order to meet the requirements of the Offer and an adjusted conversion price of 14.099, the maximum number of shares necessary to redeem the Series 2016 Convertible Bonds would reach 17,731,754 shares, representing 8.62% after the capital stock increase made necessary in order to attend to said conversion, assuming the maximum of 12,528,487 shares are issued in order to complete the share swap in the Offer and the maximum anticipated number of shares were issued in order to redeem the Series 2013 Convertible Bonds, that is, 11,254,720. Additionally, this number of shares (17,731,754) represents 10.04% of the capital stock of Indra after issuance of the above referenced maximum of 12,528,487 shares necessary to complete the swap in the Offer but before conversion of the Series 2013 Convertible Bonds and the Series 2016 Convertible Bonds.

The bonds referred to above may be redeemed early in their entirety (but not in part) at the option of Indra at par plus accrued interest due at the time of redemption (i) at any time beginning 7 November 2016 should the market value of the bonds during a predetermined period of time exceed 130% of par; or (ii) at any other time, if more than 90% of the value of the issuance has been converted, redeemed or repurchased (and cancelled) by the issuer. Indra is empowered as well to repurchase the Bonds by any other means in the secondary market, in which case Indra would be obliged to redeem them.

The bonds referred to above may be redeemed at the option of the bondholders (i) in the event that there is a change of control of Indra, at par plus unpaid accrued interest due at the moment the change of control occurs; or (ii) in the event that there is a public offering for acquisition of Indra shares for (a) the greater of either (i) their par value or (ii) the product of the adjusted conversion ratio and the public offering consideration calculated in accordance with terms and conditions of the bonds; plus (b) unpaid accrued interest due at the moment of the public offering.

Any applicable adjustment in the conversion price of the Series 2013 Convertible Bonds and the Series 2016 Convertible Bonds should take into account the definitive number of new Indra shares to be issued in order to meet the obligations of the Offer consideration, which will in turn depend upon the acceptance level. As provided for in the terms and conditions of the above referenced bond issues, Indra will seek a report from an independent financial advisor at the time of determining whether to make such an adjustment.

(iii) Others

Indra has issued no subscription rights, obligations convertible or exchangeable in shares, warrants, or any other securities or instruments which may give a direct or indirect right of subscription or acquisition of its shares other than those described in section (ii) above.

(C) Structure of the administrative bodies, direction and control

In accordance with the bylaws of Indra, the Board of Directors is the body charged with its representation, management and administration. Said bylaws provide that the Board of Directors of Indra be formed by a minimum of eight and a maximum of fifteen directors freely appointed by shareholders.

The Board of Directors of Indra is composed of thirteen members. In conformance with its bylaws, the directors perform the duties of their posts for a period of three years, and may be reelected one or more times for periods of equal duration.

The members of the Board of Directors of Indra occupy the posts indicated in the following table and are owners, directly or indirectly, of shares representing the amounts of capital stock of Indra as included below:

Name	Post	Category	Shareholder represented	Number of shares	% of capital stock
Mr. Fernando Abril-Martorell Hernández	Chairman	Executive	-	63,322	0.04
Mr. Javier de Andrés González	CEO	Executive	-	154,365	0.09
Mr. Daniel García-Pita Pemán	Vice chairman and Coordinating Director	Independent	-	79,361	0.06
Ms. Isabel Aguilera Navarro	Member	Independent	-	41,936	0.03
Mr. Juan Carlos Aparicio Pérez	Member	Proprietary	Sociedad Estatal de Participaciones Industriales (SEPI)	13,218	0.01
Mr. Luis Lada Díaz	Member	Independent	-	37,356	0.02
Mr. Juan March de la Lastra	Member	Proprietary	Corporación Financiera Alba, S.A.	31,932	0.02
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Member	Proprietary	Corporación Financiera Alba, S.A.	21,671	0.01
Mr. Adolfo Menéndez Menéndez	Member	Proprietary	Sociedad Estatal de Participaciones Industriales (SEPI)	14,556	0.01
Mr. Enrique de Leyva Pérez	Member	Independent	-	8,143	0.00
Mr. Ignacio Santillana del Barrio	Member	Independent	-	28,132	0.02
Ms. Rosa Sugrañes Arimany	Member	Independent	-	35,534	0.02
Mr. Alberto Terol Esteban	Member	Independent	-	34,171	0.02

Name	Post	Category	Shareholder represented	Number of shares	% of capital stock
TOTAL	-	-	-	563,697	0.34

Mr. José Antonio Escalona de Molina occupies the post of non-director secretary. Mr. Carlos González Soria occupies the post of non-director vice secretary.

Consistent with Article 24 of the bylaws of Indra, a meeting of the Board of Directors is validly constituted when a majority of its members are in attendance, whether physically present or by proxy. Resolutions are adopted by a simple majority of the directors in attendance. In the event of a tie, the vote of the Chairman of the Board is determinative. For the appointment of the CEO, for permanent delegations of Board authority, as well as approval of contracts for executive directors, said resolutions must be passed by a supermajority under applicable law.

From the Board of Directors, an Executive Committee, a Nomination, Compensation and Corporate Governance Committee, and an Audit and Compliance Committee have been formed. Additionally, Indra has a Management Committee.

The composition of the Executive Committee is as follows:

Members	Post
Mr. Fernando Abril-Martorell Hernández	Chairman
Mr. Adolfo Menéndez Menéndez	Member
Mr. Alberto Terol Esteban	Member
Mr. Daniel García-Pita Pemán	Member
Mr. Enrique of Leyva Pérez	Member
Mr. Ignacio Santillana del Barrio	Member
Mr. Javier de Andrés González	Member
Mr. Juan March se la Lastra	Member

The composition of the Nomination, Compensation and Corporate Governance Committee is as follows:

Members	Post
Mr. Daniel García-Pita Pemán	Chairman
Mr. Adolfo Menéndez Menéndez	Member
Ms. Isabel Aguilera Navarro	Member
Ms. Rosa Sugrañes Arimany	Member
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Member

The composition of the Audit and Compliance Committee is as follows:

Members	Post
Mr. Ignacio Santillana del Barrio	Chairman
Mr. Alberto Terol Esteban	Member
Mr. Enrique of Leyva Pérez	Member
Mr. Juan Carlos Aparicio Pérez	Member
Mr. Luis Lada Díaz	Member
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Member

The secretary of the Board acts as secretary of each of the committees and, in the secretary's absence, the Vice secretary.

No options for Company shares have been granted to any members of the Board of Directors or to any members of the Management Committee.

To the best of the knowledge and understanding of Indra, and after performing appropriate investigation, no members of the Board of Directors or members of the Management Committee are owners of shares or of instruments which would give rise to the direct or indirect right to obtain shares of Indra other than those noted in the tables above.

(D) Principal shareholders of Indra

The current shareholder structure of Indra is as follows:

Name	Number of shares of owned directly	Number of shares of owned indirectly	Total	
			Number of shares	% of the capital stock
Sociedad Estatal de Participaciones Industriales (S.E.P.I.)	33,057,734	-	33,057,734	20.14
Corporación Financiera Alba, S.A.	-	18,587,200 ⁽¹⁾	18,587,200	11.32
FMRLLC	-	12,361,788 ⁽²⁾	12,361,788	7.53
Schroders Plc	-	5,655,181 ⁽³⁾	5,655,181	3.45
T. Rowe Price Associates, Inc.	-	5,294,295	5,294,295	3.23
Treasury Shares	279,509	-	279,509	0.17
Other Shareholders	88,896,832	-	88,896,832	54.16
Total	122,234,075	41,898,464	164,132,539	100.00

(1) Through Alba Participations, S.A.

(2) Through Fid Low Priced Stock Fund and others. Also has 2.61% of voting rights through financial instruments.

(3) Through Schroders Investment Management Limited and others.

As of 6 March 2017, Indra is owner of 279,509 of its own shares, representing 0.17% of its capital stock. Indra has not engaged directly in any discretionary treasury stock transactions in the past 12 months. Nonetheless, Indra has entered into a liquidity contract with GVC Gaesco Valores Beka, S.V. S.A. under the authority of *Circular 3/2007, de 19 de diciembre*, of the CNMV, regarding liquidity contracts. Since announcement of the Offer, Indra is communicating by means of an announcement of a Relevant Event on the first and fifteenth the day of each month any transactions carried out under the authority of the liquidity contract and intends to suspend said contract during the Offer acceptance period.

On the other hand, pursuant to the authority granted by resolutions adopted at the Annual Shareholders Meeting on 25 June 2015, the Board of Directors of Indra agreed to implement a temporary treasury share repurchase program in conformance with the provisions contained in Regulation (EC) 2273/2003, 22 December 2003, applying Directive 2003/6/EC of the European Parliament and a Board resolution referring to exemptions for repurchase programs and stabilization of financial instruments. Management of the temporary program has been placed with Beka Finance, S.V. S.A., which accomplishes the purchase of shares on behalf of the Offeror independent of any influence of the principle. On 21 December 2016, the Offeror communicated by means of a Relevant Event the temporary suspension of the above referenced treasury share repurchase program.

Indra is not controlled individually or in concert by any natural or artificial person as described in Article 5 of the LMV and Article 4 of the *Real Decreto 1066/2007*.

Once the Offer is finalized, in the event that it be accepted by all of the Tecnomcom shareholders and the maximum number of shares anticipated to meet the requirements of the part of the consideration in shares is issued (taking into account that Tecnomcom may not use treasury stock to accept the Offer) that is, 12,528,487, and assuming that the current equity interest of Indra shareholders does not change, the shareholder structure of Indra will be as follows:

Name	Number of directly owned shares	Number of indirectly owned shares	Total	
			Number of shares	% of the capital stock
Sociedad Estatal de Participaciones Industriales (S.E.P.I.)	33,057,734	-	33,057,734	18.71
Corporación Financiera Alba, S.A.	-	18,587,200 ⁽¹⁾	18,587,200	10.52
FMR LLC ⁽²⁾	-	12,361,788	12,361,788	7.00
Schroders Plc	-	5,655,181 ⁽³⁾	5,655,181	3.20
T. Rowe Price Associates, Inc.	-	5,294,295	5,294,295	3.00
Treasury shares	279,509	-	279,509	0.16
All other prior Indra shareholders	88,896,832	-	88,896,832	50.32
Total current Indra shareholders	122,234,075	41,898,464	164,132,539	92.91

Name	Number of directly owned shares	Number of indirectly owned shares	Total	
			Number of shares	% of the capital stock
Selling Shareholders	6,828,601	-	6,828,601	3.87
Other prior shareholders of TecnoCom	5,699,886	-	5,699,886	3.23
Total prior shareholders of TecnoCom	12,528,487	-	12,528,487	7.09
Total	134,762,562	41,898,464	176,661,026	100.00

- (1) Through Alba Participations, S.A.
- (2) Through Fid Low Priced Stock Fund and others. Also has 2.61% of voting rights through financial instruments.
- (3) Through Schroders Investment Management Limited and others.

(E) Control structure

As defined by Article 5 of the LMV, Indra is not controlled by any person or entity, nor will it be as a result of the Offer. Indra is unaware of the existence of any controlling equity interest in Indra as such is defined in the *Real Decreto 1066/2007*.

(F) Limitations on Voting Rights and Restrictions of Access to Administrative Bodies

The bylaws of Indra contain neither limitations on voting rights nor restrictions of access to administrative bodies.

(G) Anti-takeover measures or equivalents

Indra has not adopted any resolutions applying the provisions Article 135 of the LMV or Article 29 of the *Real Decreto 1066/2007*, regarding application of discretionary anti-takeover measures, in the sense that it has established no anti-takeover defenses against public tender offers referred to in those Articles.

(H) Entities which belong to the same Group as Indra

Indra is the parent company of the group of companies whose composition is detailed in Section 7 of the Registration Document.

1.5 Agreements Regarding the Offer and the Target Company

(A) Agreements between the offeror and the shareholders and members of the administrative bodies of the Target Company and benefits reserved by the Offeror for said members

In September 2016, after expressions of interest were received from various interested companies, including Indra, TecnoCom hired Bank of America Merrill Lynch in order to assess possible strategic alternatives for the company as well as to analyze said expressions of interest. It was within this context that Bank of America Merrill Lynch made contact with the

financial advisors of Indra, J.P. Morgan and Rothschild, S.A. and, after signing the confidentiality agreement described below, Indra hired KPMG Asesores, S.L to carry out the financial, legal and accounting due diligence process, which the Board of Directors of Indra took into account when it ultimately resolved unanimously on 28 November 2016 to make the Offer.

Indra has bound itself to the following agreements:

Confidentiality Agreements

Within the framework of said expressions of interest, and in order to evaluate the possibility of an agreement that would permit acceptance of the present Offer, Indra and Tecnomcom executed two confidentiality agreements on 4 October and 17 November 2016 (the “**Non Disclosure Agreements**” or “**NDAs**”), under which the parties are subject to the following terms and conditions:

- (i) The parties are obliged not to disclose any confidential information and to ensure that their representatives maintain the confidentiality of said information, as well as not to utilize the confidential information for any purpose other than that of consideration and evaluation of the proposed transaction.
- (ii) The parties to the NDAs, as well as the entities of their groups, except upon previous consent given in writing by the other party and for a period of two years, are not to solicit or make any offer of employment to any other person who may be, during the negotiation phase of the Offer or within a period of six months afterwards, a director or high level employee of the other party or of any entity of its group, or to any employee or collaborator with whom they may have interacted in the context of the Offer, except in the event that said director, employee or collaborator responds spontaneously to a general offer of employment in the course of a good faith employment search initiated by one of the other parties and not aimed directly at said person.
- (iii) Taking into account that Indra and Tecnomcom offer similar products and services in the same geographical segments and to similar client profiles, including some shared clients and vendors, the parties to the NDAs, as well as the entities in their groups, may not solicit or make contact with current clients or vendors of the other party or of entities of their groups for a period of 18 months, other than those which arise in the ordinary course of business and except for those contacts which would have occurred even if said party had not had access to the confidential information.

Binding Agreement

On 28 November 2016, the Board of Directors of Indra approved entry into the Binding Agreement and empowered certain persons to execute it. This contract, which was signed that same day by Indra and the Selling Shareholders, contains the terms for acquisition and sale of the equity interests of said shareholders in Tecnomcom as contained in the Offer. In total, these shareholders are owners of 39,540,251 shares, representing 52.70% of the capital stock of Tecnomcom. A copy of the Binding Agreement—from which has been

redacted only data of a personal nature—is attached as **Appendix 3** to the present Prospectus. The complete list of the Selling Shareholders, that is, those who have directly committed to accept the Offer, is as follows:

Shareholder	Representative on the Board ⁽¹⁾	Number of shares of Tecnocom	% of the capital of Tecnocom
Abanca Corporación Industrial y Empresarial, S.L.	Abanca Corporación Industrial y Empresarial, S.L.	15,043,936	20.05
Mr. Ladislao de Arriba Azcona	Mr. Ladislao de Arriba Azcona	945,249	1.26
Doble A Promocionas, S.A.		3,972,630	5.30
Inverfam 2005, S.A.		9,170,625	12.22
Mr. Luis Solera Gutiérrez	Mr. Luis Solera Gutiérrez	337,996	0.45
Reverter 17, S.L.		4,256,580	5.67
Parcesa Parques de la Paz, S.A.U.	Mr. Leonardo Sánchez-Heredero Álvarez	180,000	0.24
Promociones KEOPS, S.A.U.		3,775,216	5.03
Mr. Miguel Ángel Aguado Gavilán	Mr. Miguel Ángel Aguado Gavilán	441,213 ⁽²⁾	0.59
Ms. Almudena Aguado Gavilán		516,252	0.69
Ms. Esther Beatriz Aguado Gavilán		516,252	0.69
Mr. Jorge Ignacio Aguado Gavilán		378,252	0.50
Banlor, S.A.		6,050	0.01
Total		-	39,540,251

- (1) This column indicates which director represents each which of the Selling Shareholders on the Board.
- (2) According to information received by Indra, the equity interest of Mr. Miguel Ángel Aguado Gavilán in Tecnocom amounts to 441,213 shares, representing 0.588% of the capital stock, instead of the 441,148 contained in the Binding Agreement, and his acceptance of the Offer therefore consists of 441,213 shares.

The principal terms and conditions of the Binding Agreement are the following:

- (i) Indra committed to formulate the Offer in the terms contained in the present Prospectus.
- (ii) The Selling Shareholders have made a binding promise to accept the Offer for the entirety of their equity interests in Tecnocom within the first five trading days of the acceptance period. Said promise will remain effective even in the event that competitive offers are made.
- (iii) The Selling Shareholders will exercise the voting rights corresponding to their shares with the goal of permitting and helping to implement the Offer and against those resolutions which, if approved, would result in the establishment of some condition which would prevent the Offer from being accepted or which might impede or frustrate the Offer in any other manner.

- (iv) The Selling Shareholders have committed to not carry out any transactions with shares of Tecnocom and, in particular, to not sell, transfer, pledge, underwrite swaps or realize any other act alienating any of the shares of Tecnocom, as well as to not pledge or allow any other charges or liens against them, and to not deliver options or any other rights against the shares of Tecnocom of which they may be owners except in conformance with the Offer.
- (v) The Selling Shareholders will make their best efforts so that those members of the board of directors of Tecnocom designated by them (or who represent them on the board) present their resignation as directors within three trading days following the settlement date of the Offer.
- (vi) As regards the report of the Board of the Target Company referred to in Article 24 of the *Real Decreto 1066/2007*, the Selling Shareholders who are members of the Board of Directors of Tecnocom have promised to vote, consistent with applicable law, in a way to facilitate issuance of a report in favor of the Offer.
- (vii) The Binding Agreement contains an obligation on the part of Indra to compensate Tecnocom (the “**Break-up Fee**”) in the amounts indicated in clause 8 of the Binding Agreement in the event that the Offer fails or does not close because of (i) the resolution for capital increase failing to win approval during the extraordinary general shareholders meeting of Indra or the meeting’s having not been held; or (ii) failure to achieve the condition that acceptance exceed 50.01% as agreed to by the parties to the Binding Agreement (except in the case where Indra has waived achievement or the same has been rendered automatically without effect).

In no event shall the Break-up Fee be due should the Offer fail to close as a result of a competitive offer, or in any event where the conditions mentioned in Article 42.4 of the *Real Decreto 1066/2007* exist.
- (viii) Indra will provide the Selling Shareholders a draft of the Prospectus with sufficient lead time before presentation of the request for authorization of the Offer and will reasonably consider any comments that they may propose. The same provision will apply to successive drafts or material modifications of the Prospectus which may be presented.

To be clear, in the event that the Minimum Conditions for Acceptance II are not met or should they not be automatically rendered ineffective, and Indra does not waive them, there shall be no delivery of shares of Tecnocom in accordance with the Binding Agreement.

According to the best information and belief of Indra, the Selling Shareholders have not altered their equity interest in Tecnocom nor do they plan to do so. Additionally, the Selling Shareholders are not beneficiaries of the Tecnocom Employees Stock Ownership Plan nor of the Tecnocom Senior Management Incentive Plans nor will they be entitled to acquire shares of Indra for reasons described in point (vii) prior of this Section or by any other reason, as they will be privy to insider information as defined in insider trading rules. Taking into

account all of the above, said shareholders agree to make available for acceptance of the Offer the 39,540,251 shares of Tecnomcom of which they are owners.

The Selling Shareholders have made no promise to not dispose of the Indra shares which they may receive as consideration for the Offer.

According to information provided to Indra by the Selling Shareholders, they are not owners, either directly or indirectly, or in any form in concert with third parties, of equity interests and/or shares of Indra or of any other companies in the Indra Group, nor of other securities which might deliver acquisition or subscription rights to them, nor do they have an interest of any sort in Indra and/or the companies in its group.

The only agreements or pacts of any other kind, written or verbal, between Indra on one hand and Tecnomcom, its shareholders, the members of its administrative bodies, direction or control of Tecnomcom or the companies of its group on the other, are those indicated in this Section.

None of the said agreements imply coordinated action between the signatories and Indra as that term is understood in Article 5 of the *Real Decreto 1066/2007*, nor do they give rise to any of the circumstances described in said article by which Indra would be entitled to any of the voting rights belonging to the Selling Shareholders or any other Tecnomcom shareholders.

There are no agreements of any kind for appointment of Selling Shareholders as directors or senior managers in Grupo Indra.

There are no benefits reserved for the members of the administrative bodies, direction or control of Tecnomcom.

(B) Members belonging to the administrative bodies, direction and control of the Target Company and of the Offeror simultaneously

No member of the Board of Directors or of the bodies of direction and control of the Target Company (or of any other company of the Tecnomcom Group) are members simultaneously of the Board of Directors or of the bodies of direction and control of Indra (or of any other company of the Indra Group).

(C) Shares of the Offeror or securities which may give rise to acquisition or subscription rights pertaining to the Target Company

Consistent with information obtained by the Offeror after performing appropriate investigation, neither Tecnomcom nor the Selling Shareholders nor the members of its administrative bodies, direction or control are owners, either directly or indirectly, or in concert with third parties, of equity interests and/or shares of Indra or of any other of the companies of the Indra Group, nor of other securities which might give rise to acquisition or subscription rights (in particular, of the convertible bonds issued by Indra to which reference is made in Section **¡Error! No se encuentra el origen de la referencia.**).

1.6 Securities of Tecnomcom pertaining to Indra and Tecnomcom Treasury Stock

Neither Indra nor the entities belonging to the Indra Group nor any of their senior managers (in accordance with information provided to the Offeror), directly or indirectly, individually or in concert with others, own shares of Tecnomcom or any securities which may give rise to subscription or acquisition rights in the same.

Hence, for the purposes of Article 5 of the *Real Decreto 1066/2007*, neither Indra nor any of the companies of its group possess any shares of Tecnomcom representing voting rights of Tecnomcom.

According to information provided by Tecnomcom, the Target Company is owner of 3,194,636 of its own shares, which represent 4.26% of its capital stock. Nonetheless, as has already been indicated, funding of the Tecnomcom Senior Management Incentive Plans will involve the delivery of a maximum of 714,201 and a minimum of 669,168 shares of treasury stock before settlement of the Offer. As a result, once the above referenced delivery of shares is completed, Tecnomcom will have between a maximum of 2,525,468 and a minimum of 2,480,435 shares in treasury stock, representing 3.37% and 3.31% of its capital stock, respectively.

1.7 Transactions with Securities of the Target Company

Neither Indra, nor the companies within its group and, according to information possessed by Indra after appropriate investigation, neither its administrators nor the administrators of the affiliates designated by Indra, have carried out any transactions with securities of Tecnomcom during the twelve month period prior to the pre-commencement announcement of the Offer, that is, between 29 November 2015 and 29 November 2016, nor from this last date up to the date of the present Prospectus.

Indra has not acted in a concerted manner with any person or company.

In addition, according to information provided to Indra, the Selling Shareholders have only carried out the following transactions with shares or other securities which may give rise to subscription or acquisition rights in shares of Tecnomcom during the twelve months prior to the pre-commencement announcement of the Offer, and from said date to the date of the present Prospectus:

Shareholder	Type of transaction	Date	Price (euros)	Number of shares	Unit price (euros)
Mr. Ladislao de Arriba Azcona	Purchase of shares	8/24/2016	200,100	58,000	3.45
Mr. Luis Solera Gutiérrez	Purchase of shares	3/02/2016	55,360.89	47,317	1.17
Mr. Luis Solera Gutiérrez	Purchase of shares	3/08/2016	4,888.52	4,108	1.19
Mr. Luis Solera Gutiérrez	Purchase of shares	3/10/2016	10,451.31	8,497	1.23
Mr. Luis Solera Gutiérrez	Purchase of shares	3/03/2016	14,896.42	12,518	1.19
Mr. Luis Solera Gutiérrez	Purchase of shares	3/04/2016	6,347.46	5,334	1.19

Mr. Luis Solera Gutiérrez	Purchase of shares	3/07/2016	6,777.05	5,695	1.19
Mr. Luis Solera Gutiérrez	Purchase of shares	5/19/2016	20,762.50	13,750	1.51
Mr. Luis Solera Gutiérrez	Purchase of shares	5/24/2016	26,388.75	17,025	1.55
Mr. Luis Solera Gutiérrez	Purchase of shares	5/11/2016	97,500	65,000	1.50

According to the information provided to Indra, TecnoCom has carried out the treasury stock transactions described in **Appendix 4** attached to the present Prospectus during the twelve month period prior to the pre-commencement announcement of the Offer and from the date of said announcement up to the date of the present Prospectus. These transactions consist of (i) purchases with a total aggregate volume of 629,500 shares, at a maximum price of 3.504 euros, a minimum price of 0.973 euros, and a weighted average of 2.290 euros; and (ii) a total aggregate volume of sales of 207,719 shares, at a maximum price of 1.665 euros, a minimum price of 1.010 euros and with a weighted average of 1.438 euros.

On 30 November 2016, TecnoCom suspended discretionary treasury stock transactions, resulting in the suspension of transactions with treasury stock under the authority of the discretionary management contract for treasury shares which the Target Company executed with the entity Link Securities S.V., S.A. on 28 May 2016.

Additionally, on 22 December 2016, the Board of Directors of TecnoCom agreed to terminate (i) the liquidity contract entered into with Link Securities S.V., S.A., which contract was communicated to the CNMV as a Relevant Event on 28 June 2012. Said contract had been held in suspension since 28 May 2016, all transactions carried out up to its suspension having been communicated; and (ii) the discretionary treasury stock management contract entered into with Link Securities S.V., S.A.

TecnoCom has communicated to Indra that it will not trade any of its own shares until settlement of the Offer or, of the squeeze out rights. Nonetheless, TecnoCom will deliver a maximum of 714,201 and a minimum of 669,168 shares from treasury to the beneficiaries of the TecnoCom Senior Management Incentive Plans. No shares under the TecnoCom Employees Stock Ownership Plan will be delivered before settlement of the Offer, and delivery afterwards will depend on whether TecnoCom continues to be listed.

Indra declares that neither it nor any company of the Indra Group has any intention to acquire, directly or indirectly, on its own behalf or by any intermediary, nor in any coordinated manner, shares of TecnoCom outside of the scope of the Offer and up to the date of publication of its result. In the event that it decides to carry out any acquisition of shares of TecnoCom during the referenced period, the provisions of Article 32 of the *Real Decreto 1066/2007* will apply, which mandates elimination of the Offer conditions and offering to all potential beneficiaries of the Offer, as alternative consideration to the one initially fixed, consideration in cash which in no case may be less than the highest price paid for the securities thus acquired.

1.8 Activity and Financial Condition of the Offeror

Indra is a global consulting and technology company, which markets its own advanced and high value added solutions and services in technology, which allows its clients to solve their most critical matters and improve their processes, efficiency, profitability and market differentiation.

Found below is: (i) individual financial information of Indra as of 31 December 2016 and 2015, prepared in accordance with the rules of the *Plan General de Contabilidad*; and (ii) the consolidated financial information for the Indra Group as of 31 December 2016 and 2015, prepared in accordance with international guidelines.

Individual Financial Information of the Offeror as of 31 December 2016 and 2015

(In 1000's of euros)	12/31/2016 (not audited)	12/31/2015 (audited)
Net Assets	535,524	450,654
Net Revenue	1,833,661	1,884,715
Total Assets	3,279,672	2,947,297
Net Debt ⁽¹⁾	781,648 ⁽²⁾	763,129
Net Results of the Fiscal Year	82,582	-466,182

- (1) Net Debt is the sum of debts with credit entities and of obligations or other current and long term negotiable securities, less cash and other equivalent liquid assets (for greater detail, see the debt table in Section 5.3(B)(ii)).
- (2) In accordance with the *Plan General de Contabilidad* (Generally Accepted Accounting Principles in Spain) net individual financial debt of the Offeror does not take into account as cash and other equivalent liquid assets the restricted cash deposit in the amount of 191,414,364.55 made by Indra in order to guarantee the entire cash amount needed to settle the Offer.

Consolidated Financial Information of the Offeror as of 31 December 2016 and 2015

(In 1000's of euros)	12/31/2016 (not audited)	12/31/2015 (audited)
Net Assets	377,962	307,646
Net Revenue	2,709,306	2,850,404
Total Assets	3,332,024	3,064,299
Net Debt ⁽¹⁾	522,806 ⁽²⁾	699,738
Net Results of the Fiscal Year	69,931	-641,189

- (1) Net Debt is the sum of debts with credit entities and of obligations or other current and long term negotiable securities, less cash and other equivalent liquid assets (for greater detail, see the debt table in Section 5.3(B)(ii)).
- (2) In accordance with international accounting standards, net consolidated financial debt of the Offeror does takes into account as cash and other equivalent liquid assets the restricted cash deposit in the

amount of 191,414,364.55 made by Indra in order to guarantee the entire cash amount needed to settle the Offer.

The individual and consolidated financial statements corresponding to the fiscal years ending 31 December 2013, 31 December 2014 and 31 December 2015 have been audited by the external auditing firm KPMG Auditores, S.L. and the audit reports were favourable, with no reservations whatsoever.

The individual and consolidated financial statements of Indra ending 31 December 2015 and 2014, as well as the quarterly financial reports of the group for the periods ending 30 September 2016 and 2015, are available in the registries of the CNMV and on its web page (www.cnmv.es).

The annual shareholders meeting held 30 June 2016 resolved to appoint Deloitte, S.L. as auditor for the individual and consolidated annual financial statements and management reports of Indra corresponding to the fiscal 2016, 2017 and 2018.

CHAPTER II

2.1. Securities which are the Subject of the Offer

The Offer encompasses all of the capital stock of Tecnomcom, represented by 75,025,241 shares, pertaining to a single class and series, and totally paid in and issued.

Taking into account that the consideration of the Offer includes shares of Indra as a component, Tecnomcom may not subscribe to any shares of Indra, as that would be a violation of the provisions of Article 134 of the LSC. As a result, between a maximum of 2,525,468 and minimum of 2,480,435 shares to be delivered from Tecnomcom treasury shares after settlement of the Tecnomcom Senior Management Incentive Plans mentioned in Section 1.3 above may not accept the Offer.

Considering the above, the maximum number of Tecnomcom shares to be acquired in the Offer is 72,544,806 and the minimum is 72,499,733, representing 96.69% and 96.63% of its capital stock, respectively.

2.2. Consideration Offered

(A) Consideration offered

The Offeror offers as consideration a combination of 2.55 euros in cash and 0.1727 shares of newly issued Indra stock for each share of Tecnomcom.

The Offer will be made effective by payment in cash and delivery of newly issued Indra shares in the amounts described.

Given the swap ratio, at least six Tecnomcom shares (5.7904) will be necessary to receive one share of Indra. Section 3.1.2 explains the terms and operation of Odd Lots.

Recognizing that the cash equivalent in the swap formula varies according to the list price at any time of Indra shares, in accordance with Article 14 of the *Real Decreto 1066/2007*, it is noted that said cash equivalent price is 4.51 euros per share of Tecnomcom. Said equivalent price results from application of the swap ratio to the average list price (simple average of changes in daily volume weighted average prices) of shares of Indra corresponding to the quarter prior to the pre-commencement announcement of the Offer, that is 11.3293 euros per share of Indra, according to the certificate issued by the *Bolsa de Madrid* on 24 January 2017, attached to the present Prospectus as **Appendix 5**.

The consideration will be paid according to the terms contained in the Chapter III below of the present Prospectus.

(B) Justification for the consideration

The Offer consideration fixed by Indra is equal to that agreed to by the Selling Shareholders, owners of 52.70% of the capital stock, in the Binding Agreement executed 28 November 2016 referred to in Section 1.5 of this Prospectus.

The proportion between cash (2.55 euros) and shares (0.1727 Indra shares) in the agreed upon swap formula represents 60% in cash and 40% in shares, taking as a reference a value

of 9.8461 euros per share for Indra stock. This amount is the result of the arithmetic mean of the following two prices (using data from the *Bolsa de Madrid*): (i) the volume weighted average for the last five market sessions prior to 29 November 2017, (the date of the pre-commencement announcement of the Offer) and (ii) the average closing prices of said five sessions.

From the above, one obtains an equivalent price of 4.51 euros per share of TecnoCom, which represents a premium of 11.55% over the closing price of TecnoCom shares (which was 3.81 euros) on 28 November 2016, the day before the date in which the Offer was made public.

In any event, it should be noted that the cash equivalent of the swap formula will vary according to the listed price at each moment for Indra shares.

Despite the fact that the Offer is voluntary, the Offeror believes that the consideration offered meets the standards of an equitable price based upon the rules contained in Article 9 of the *Real Decreto 1066/2007*, in the sense that (i) Indra has not acquired TecnoCom stock during the twelve months prior to the pre-commencement announcement of the Offer nor from that time up to the date of this Prospectus, although during that time it has agreed to the consideration offered by the Selling Shareholders, owners of 52.70% of the capital stock of TecnoCom, (ii) there is no additional consideration contained in the Offer, nor deferred payment for the benefit of the Selling Shareholders or any other shareholder, and (iii) in the opinion of Indra, none of the circumstances described in Article 9 of the *Real Decreto 1066/2007* have occurred which could trigger modification of the price or the requirement of an appraisal report referred to in said Article.

(C) Information regarding the Indra shares

The Indra shares to be delivered are newly issued shares, will be denominated in euros (€), will have a par value of 0.20 euros each, will be represented by ledger entries, will be registered in the corresponding accounting registries by Iberclear and its participating entities, and will have the same voting and financial rights as shares already issued and in circulation.

The ISIN Code or international identification number of the current shares of Indra is ES0118594417. The newly issued shares will have a provisional ISIN code different from the one for current shares.

The law applicable to the newly issued Indra shares will be Spanish, in particular the LSC and the LMV, as well as their implementing regulations.

There are no restrictions on the free alienability of the shares, and they shall be freely transferable in conformance with the provisions of the LSC, the LMV and all other applicable law.

Number and price of the shares to be issued as consideration for the Offer

In order to provide the Offer consideration and considering that TecnoCom may not accept using its own shares, Indra will need to issue a maximum of 12,528,487 shares, representing

7.09% of capital stock at the most after the Offer (and 7.63% of the capital stock before settlement of the Offer).

This issue will be made at a price of 9.8461 euros per share (maximum cash amount of 123,356,735.85 euros) being 0.20 euros of par value per share (2,505,697.40 euros total) and 9.6461 euros issue premium per share (120,851,038.45 euros in total).

Description of rights accompanying the shares

Inasmuch as the newly issued shares will be common stock and there is no other type or class of shares in Indra, the owners of the shares will have the rights and obligations inherent in their condition as shareholders of the Offeror and as described in the LSC and in the bylaws of Indra. The recipients of the shares will have the condition of shareholders of Indra when said shares are registered in their names in the accounting registries of Iberclear and the participating entities.

(i) Right to dividends

The newly issued shares will convey to their owners the same financial rights as Indra common stock currently in circulation.

(a) Date or dates in which rights attach

The shares to be issued will confer to their owners the right to participate in company profits and in its assets upon winding down and, since all of them are common, do not carry with them any preferred or minimum dividend rights. The shares to be issued will carry with them the right to receive dividends, on account or in cash, beginning on the date upon which the names of their owners are entered in the corresponding official registries in accordance with legislation in force. Distribution of dividends is subject to passage of specific resolutions declaring dividends on the part of the Offeror.

(b) Time after which rights to dividends expire and an indication of the person favoured by said expiry

Income produced by the shares to be issued may be made effective in the manner announced for each event, the time limit for exercising the right of receipt being five years counting from the first day indicated for payment, in accordance with the provisions of Article 947 of the *Código de Comercio*. The beneficiary in the event of said expiry shall be the Offeror.

(c) Restrictions and proceeds of dividends for nonresident holders

The Offeror is unaware of the existence of any restriction whatsoever on the receipt of dividends by nonresident holders, without prejudice to withholding for taxes for nonresidents which may apply (see Section 5.3(C)(iii) below).

(d) Amount of dividends or methods for its calculation, frequency and cumulative or non-cumulative nature of payments

Since the shares to be issued are common stock, they carry with them no right to receive any minimum dividend. The right to a dividend, on account or in cash, attached to the shares of

the Offeror will arise only at the moment that there is a resolution for such distribution. As of the date of the present Prospectus, there are no pending dividends resolved to be distributed belonging to those who have the right of ownership of the shares to be issued.

(ii) Attendance and voting rights

The shares to be issued confer on their owners the right to attend and vote at the general shareholders meetings and to propose company resolutions in accordance with the general framework established in the LSC and subject to the stipulations contained in the bylaws of Indra and in the shareholders meeting regulations of Indra.

According to the bylaws, all Indra shareholders are entitled to attend the annual shareholders meeting. In order to attend, the shareholder must have his equity interest registered in the corresponding ledger at least five days in advance of the meeting he wishes to attend and present an attendance card certifying his status or some other document as provided for under law.

Each share conveys a right to one vote, with no limit on the maximum number of votes that may be cast by a shareholder or by companies belonging to the same group, in the case of artificial persons.

(iii) Preemptive rights in subscription offers for securities of the same class

All Indra shares confer on their owners, under the terms established in the LSC and in the bylaws, preemptive rights in the event of capital increases by means of the issuance of new shares (common, preferred or of other type) and upon issuance of obligations convertible to shares, except for exclusion of preemptive rights in accordance with Articles 308 (generally), 504 to 506 (listed companies) and 417 and 511 (convertible obligations) of the LSC.

In addition, all Indra shares confer on their owners the right of free assignment as provided for in the LSC in the case of increases in capital from unrestricted reserves.

(iv) Rights to profits of the issuer

The shares to be issued will confer on their owners the right to receive profit distributions of Indra under the same conditions as the other shares of Indra. See the discussion regarding rights to dividends in Section 2.2(A) (*Right to dividends*) of this Prospectus.

(v) Rights to remaining assets in the event of dissolution

Indra shares confer on their owners the right, in the event of dissolution of the Company, to a portion of the remaining assets of the company once Indra's debts are resolved.

(vi) Right to information

The shares of the Offeror confer on their owners the right to information recognized in Articles 93.d), 197, 518 and 520 of the LSC, as well as those rights which, as special manifestations of the right to information, are described in detail in the text of said law and in the *Ley 3/2009, de 3 de abril de Modificaciones Estructurales* dealing with amendments to bylaws, increases and reduction of capital stock, approval of the annual financial statements, issuance of bonds whether convertible or not in shares, transformation, merger and spinoff,

dissolution and winding down of the Company, complete distributions of assets and liabilities, transfer abroad of the corporate offices, and other company acts or transactions.

The shares to be issued will convey to their owners the rights described in the present Section from the date of inscription of the same in the registries of Iberclear in accordance with applicable law.

(vii) *Instalment payment clauses*

N/A

2.3. Conditions to which the Offer is Subject

Effectiveness of the Offer is subject to the Minimum Conditions for Acceptance II, consisting in the Offer being accepted by a minimum of 50.01% of the capital stock, excluding the 39,540,251 shares of said Selling Shareholders.

The Minimum Conditions for Acceptance II will be met by acceptance of the Offer on behalf of owners of no less than 17,746,044 shares other than those belonging to the Selling Shareholders, wual to 23.65% of the capital stock of TecnoCom. Taking into account the fact that the Selling Shareholders have irrevocably bound themselves to accept the Offer with 39,540,251 shares of TecnoCom, compñiance with the Minimum Conditions for Acceptance II means acceptance of the Offer by a minimum of 76.36% of the capital stock of TecnoCom, that is, 57,286,295 shares. Nonetheless, said condition will have no effect in the event that, before expiration of the acceptance period for the offer, the CNMV confirms that the Offer price is an “equitable price.”

Therefore, the Offer will be void in the event that:

- (i) the Minimum Conditions for Acceptance II are not obviated in conformance with the terms contained herein and the final acceptance tally is less than the percentage referenced in said conditions; and
- (ii) Indra does not waive completion of said conditions.

Indra has no intention of waiving compliance with the Minimum Conditions for Acceptance II.

The Offer was announced and presented subject to, additionally, the following conditions, which have already been met:

- (i) Indra’s obtaining the necessary approvals from antitrust authorities. This condition was met on 12 January 2017 when the *Comisión Nacional de los Mercados y la Competencia* decided, applying Article 57.2.a of the *Ley 15/2007, de 3 de julio de Defensa de la Competencia*, to authorize the level of market share consolidation represented by the transaction whereby Indra would take control of TecnoCom by means of the Offer;
- (ii) Minimum Conditions for Acceptance I, consisting in acceptance of the Offer by TecnoCom shareholders representing no less than 70.01% of its capital stock. This condition is now without effect since, prior to expiration of the acceptance period for

the Offer, a resolution was adopted at a general shareholders meeting of TecnoCom held 22 February 2017 (i) annulling Article 16 of the bylaws so that the limit on shareholders transferring more than 20% of voting stock was eliminated; as well as (ii) modifying Article 15 of the bylaws so that quorums for approval of resolutions at shareholders meetings be in line with those set by law (eliminating requirements for certain matters which currently require two-thirds and 60% of capital at first and second call, respectively); and

- (iii) Approval at a general shareholders meeting of Indra of an increase in capital sufficient to deliver the portion of the consideration consisting of newly issued shares. This condition has already been met, since this resolution was passed at the extraordinary general shareholders meeting held on 20 February 2017.

As a result, the Offer relies solely on compliance with Minimum Conditions for Acceptance II.

Additionally, should the CNMV authorize the Offer expressing the opinion that the consideration for the Offer is an equitable price—as provided for in Article 9 of the *Real Decreto 1066/2007*—, said condition will be without effect and the Offer will become effective regardless of the degree of acceptance obtained. In addition, it is noted that in the event that this occurs and there be an agreement as described in Article 8 of the *Real Decreto 1066/2007*, Indra will not be obliged to make a public tender offer for the acquisition of the shares of TecnoCom upon completion of the present takeover bid.

Consistent with Article 39 of the *Real Decreto 1066/2007*, in the event that the Offer is voided by reason of failure to meet the Minimum Conditions for Acceptance II and said completion has not been waived by the Offeror, neither the Offeror, the companies of the Indra Group, members of its administrative bodies, nor senior managers and others who promoted the Offer in their own name or in concert with Indra or others or on behalf of the Offeror, may propose another public offer for acquisition of TecnoCom shares until six months have passed, counting from the date of publication of the results in which the Offer is no longer valid, nor may they acquire securities or engage in any act which would trigger the obligation to submit a public offer according to the above referenced law.

2.4. Guarantees and Financing of the Offer

(D) Guarantees constituted by the Offeror

Pursuant to the provisions of Article 15.4 of the *Real Decreto 1066/2007*, the administrators of Indra have acted and will continue to act in a manner consistent with the decision to complete the Offer. Particularly:

- (i) All of the necessary administrative authorizations and verifications for the Offer have been delivered and obtained.
- (ii) The Board of Directors of the Offeror approved the call and agenda for the extraordinary general shareholders meeting which was held 20 February 2017, as described in Section 1.2(A).

- (iii) Certifying documentation verifying a restricted cash deposit in the amount of 191,414,364.55 euros has been presented to the CNMV for the purpose of guaranteeing the entire cash component necessary to complete the Offer. Said amount covers the maximum amount of the part of the Offer consideration to be delivered in cash (including the payment of cash arising, if necessary, from squeeze out rights), that is, 191,314,364.55 euros, as well as 100,000 euros in order to cover payment for fractional shares (“**Odd Lots**”) resulting from acceptance of the Offer (those arising from the Offer as well as the referred to squeeze out rights) that the Offeror, by way of illustration only, has estimated to be 56,992.82 euros, according to the estimate referred to in Section 3.1(C) of this Prospectus. As a result, the guaranteed amount covers the cash payment obligations of the Offeror related to the Offer. The certifying documentation regarding the deposit of cash is attached as **Appendix 7** to the present Prospectus.

(E) Financing sources for the Offer

Indra has at its disposal the funds necessary in order to pay the cash portion of the consideration for the Offer and the Odd Lots, as shown by the restricted cash deposit made as guarantee for the Offer.

Indra will have no need for outside financing in order to refinance the amount of said deposit of 191,414,364.55 euros and has no plans to increase its gross financial debt burden, nor issue any securities of any sort in order to finance the portion of the consideration paid in cash under the Offer or for the Odd Lots.

(F) Effects of financing on the Target Company

Financing of the Offer will have no effect on TecnoCom, given that the payment of the cash portion of the consideration for the Offer will be made using funds coming from the Offeror’s treasury.

CHAPTER III

3.1. Procedure for Acceptance and Closing of the Offer

3.1.1. Time for acceptance of the Offer

The time for acceptance of the Offer is 25 calendar days counting from the first trading day following the date of publication of the first of the announcements referred to in Article 22 of the *Real Decreto 1066/2007*. The acceptance period will expire in any event at midnight on the last day of the acceptance period.

The trading day referred to in the *Boletines de Cotización* in which the announcements appear shall be considered as the date of publication.

For the purposes of computing the above referenced time, the first and last days shall be included. In the event that the first day is not a working day for the Mercado Continuo, the time for acceptance will begin on the following trading day and, in the event that the last day is not a working day for the Mercado Continuo, then the time shall be extended to include the next trading day.

The model of the announcement to be published in the *Boletín de Cotización* of the stock exchanges of Madrid, Barcelona, Bilbao and Valencia and in a newspaper of national circulation is attached as **Appendix 8**

Also attached as **Appendix 9** is the letter delivered by the Offeror to the CNMV regarding publishing of the Offer.

3.1.2. Formalities which the offerees must comply with in order to indicate acceptance, as well as the form and time in which the consideration will be received

(A) Declarations of acceptance

Declarations of acceptance of the Offer by the TecnoCom shareholders may be received from the first day of the acceptance period up to the last, will be revocable at any time before the last day of the acceptance period, and will be void unless unconditional, in accordance with the provisions of Article 34 of the *Real Decreto 1066/2007*.

(B) Procedures for Accepting the Offer

The TecnoCom shareholders who wish to accept the Offer must direct their attention to the entity in which their shares are deposited and indicate in writing to the same their declaration of acceptance.

The shares delivered in acceptance of the Offer must possess all voting and economic rights and all other rights of whatever nature which correspond to them. Said shares must be delivered free of liens, pledges and any other rights in favour of third parties which might limit their voting or economic rights or their free transferability, and by a person authorized to transfer them according to the entries in the corresponding accounting registry, in such a

manner that Indra may acquire unconditional title to them in accordance with the provisions of Article 11 of the LMV.

The declarations of acceptance of the Offer will be provided to the Governing Bodies of the stock exchanges of Madrid, Barcelona, Bilbao and Valencia through the Iberclear participating depository entities where the corresponding shares are located, which entities will be tasked with collecting said acceptances in writing and will certify, in accordance with the details in their registries, title ownership of the shares subject to said acceptances, as well as of the nonexistence of charges and liens or rights of third parties which may limit the voting or economic rights of said shares or their free transferability.

The declarations of acceptance of the owners of shares of TecnoCom will be accompanied by sufficient documentation so that said shares may be delivered and must include all identifying data required by applicable law for this type of transaction including, without limitation, the owner's full name or corporate identity, registered address and tax identification number or, for shareholders who are not Spanish residents and do not have a Spanish tax identification number, the owner's passport number or identification number, nationality, and address.

During the Offer acceptance period, entities which participate in Iberclear and which receive declarations of acceptance will make daily reports to the Offeror through a representative designated for this purpose, and to the Governing Bodies of the stock exchanges of Madrid, Barcelona, Bilbao and Valencia, on data related to the number of shares included in the declarations of acceptance presented by the shareholders of TecnoCom.

The representative of the Offeror for the purposes of said communications is the following entity:

Banco Santander, S.A. (BIC BSSSES31XXX)
Address: Gran Vía de Hortaleza, 3
28033 Madrid
To the attention of: Ignacio Algora

The Offeror and the Governing Bodies of the stock exchanges, upon request made by the CNMV, will deliver this information regarding the number of acceptances presented and not rescinded of which they are aware.

Under no circumstances will the Offeror accept shares acquired after the last day of the acceptance period for the Offer. That is, those shares offered for sale must have been acquired by the accepting parties no later than the last day of the acceptance period for the Offer.

TecnoCom shareholders may accept the Offer with all or part of the shares of TecnoCom which they possess. All declarations of acceptance must include at least one share of TecnoCom.

(C) Framework and procedure for Odd Lots

Without prejudice to access that TecnoCom shareholders may have to the market in order to alter the number of shares of which they are owners in order to participate in the share swap, and with the goal of facilitating acceptance of the Offer in the event that, in applying the share swap formula, the number of shares of TecnoCom that the shareholder delivers pursuant to the Offer not result in a whole number of shares of Indra, Indra has established a mechanism for ensuring that TecnoCom shareholders who find themselves in this situation may: (i) receive the next lower whole number of shares of common stock resulting from the swap ratio and; (ii) receive the Odd Lot amount in cash.

All TecnoCom shareholders who deliver declarations of acceptance in accordance with Section (B) above may take advantage of the Odd Lots procedure described in the present Section. It is understood that each shareholder of TecnoCom who accepts the Offer will avail himself of the procedure for payment of the Odd Lots described here, so that it will be unnecessary to transmit instructions to the participating depository entity in Iberclear for the securities delivered pursuant to the Offer.

The conditions of execution of the promise assumed by Indra relative to the Odd Lots are the following:

- (i) Indra will acquire from the accepting shareholders all of the shares which correspond to those declarations of acceptance presented by the various depository entities and in accordance with the timetable described in letter (F) below.
- (ii) Indra will pay to the accepting shareholders, in addition to the cash portion of the consideration for the Offer, each fractional amount of Indra shares which correspond to the Odd Lots. The price in euros of the Odd Lots will be the simple average of the average daily weighted prices of Indra shares for the fifteen trading days prior to the final date of the acceptance period for the Offer.
- (iii) Cash payment for the Odd Lots will be made on the same date in which the delivered securities are registered in Iberclear.

It should be taken into account that those TecnoCom shareholders who accept the Offer with 5 shares or fewer will not receive shares of Indra in consideration, rather the Odd Lot amount (in addition to the cash portion of the consideration) and that those TecnoCom shareholders who accept the Offer with 10,000 shares or with a number of shares which is a multiple of 10,000 will not receive any Odd Lot payment in cash.

In order to better understand the Odd Lot payment procedure, and without prejudice to the possibility that any of the TecnoCom shareholders may sell or acquire securities in the market, or fail to accept the Offer or accept it partially, three practical scenarios are described below which assume, hypothetically, that the simple average of the average daily weighted prices of Indra shares for the fifteen trading sessions prior to the end date of the Offer acceptance period, which would serve as a reference for calculation of the price of the Odd Lots, is 11.3293 euros per share of Indra, an amount which corresponds to the simple

average of the average daily weighted prices of Indra shares during the quarter prior to the pre-commencement announcement of the Offer.

- Acceptance of the Offer by a single share of TecnoCom: In this scenario, the declaration of acceptance would carry with it the right to receive 2.55 euros in cash and no shares of Indra. Nonetheless, it would produce an Odd Lot of 0.1727 shares of Indra. This would entitle the holder to cash consideration by virtue of transfer of an Odd Lot in an amount of 1.957 euros (equivalent to multiplying 0.1727 shares by 11.3293 euros).
- Acceptance of the Offer with any other number of shares of TecnoCom which, as a result of the application of the share swap formula, does not result in a whole number of Indra shares, for example, 500 shares of TecnoCom: Under this scenario, the TecnoCom shareholder would receive 1,275 euros in cash and 86 Indra shares. Additionally, there would be produced an Odd Lot of 0.35 Indra shares, which would carry with it a cash consideration by virtue of the delivery of the Odd Lot in the amount of 3.965 euros (equivalent to multiplying 0.35 shares by 11.3293 euros).

In either of these above described cases, should the shareholder of TecnoCom not desire to have the cash payment procedure for Odd Lots applied, he may acquire or sell, before the end of the acceptance period for the Offer, a number of shares of TecnoCom such that the shareholder's resulting equity position corresponds to a number of shares which does not produce an Odd Lot. In order to do this, the shareholder of TecnoCom would have to be an owner of 10,000 shares or of a number of shares which is a multiple of 10,000. Additionally, those shareholders who may be owners of a number of shares resulting in an Odd Lot of less than 0.005 euros will not receive any cash payment for the Odd Lot.

- Acceptance of the Offer by a number of shares of TecnoCom which, as a consequence of the application of the share swap formula, results in a whole number of Indra shares, for example, 10,000 shares of TecnoCom: Under this scenario, there would be no Odd Lot and the accepting shareholder would receive 25,500 euros in cash and 1,727 Indra shares.

The examples are given by way of illustration and are understood to be without prejudice to any other taxes, charges, commissions or any other expenses which might be applicable in each case.

The reference price for calculating the Odd Lots will be that contained on the certificate issued by the Bolsa de Madrid, upon request by Indra, regarding the simple average of the average daily weighted prices for Indra shares during the fifteen trading days before the end of the acceptance period for the Offer. Indra will request issuance of this certificate no later than the third trading day afterward. The reference price will be made public by means of an announcement of Relevant Event no later than one trading day after issuance of the above referenced certificate by the Bolsa de Madrid.

Consistent with information available to Indra and based upon the existence of approximately 5,039 TecnoCom shareholders (according to data arrived from a file obtained

by the Offeror on 19 December 2016) and also taking into account that (i) the known Odd Lots deriving from the shares owned by the Selling Shareholders as well as the directors of the Target Company (in accordance with information included in Section 1.3 above); (ii) at most there is a theoretical limit of 0.9999 Indra shares for each shareholder who accepts the offer; and (iii) if the simple average of the average daily weighted prices for Indra shares during the fifteen trading days before the end of the acceptance period for the Offer were 11.3293 euros per share, the estimated Odd Lot amounts would represent a preliminary obligation of 56,992.82 euros.

(D) Publication of the results of the Offer

Pursuant to Article 36 of the *Real Decreto 1066/2007*, once the acceptance period described in the present Prospectus or, when applicable, its extension or modification has expired, and in a period of time not to exceed seven trading days from said date, the Governing Bodies of the stock exchanges will publish the results of the Offer in the *Boletines de Cotización* in the terms and in the format expressly indicated by the CNMV. Date of publication of the results of the Offer is understood to mean the trading date referred to in the above mentioned *Boletines de Cotización*.

(E) Brokerage and settlement as to that part of the Offer consideration consisting of newly issued Indra shares

In accordance with the provisions of Article 37.2 of the *Real Decreto 1066/2007*, since part of the consideration offered involves the swap of securities, its settlement will be realized in the manner described in the present Prospectus and as indicated in this Section.

(i) Entities charged with brokerage, settlement of the Offer

Acquisition of the shares which are the subject of the Offer will be brokered by Santander Investment Bolsa, Sociedad de Valores, S.A. Unipersonal, in its capacity as a securities broker of the transaction on behalf of the Offeror, and settlement will be done by Banco Santander, S.A. (BIC BSSSES31XXX), in its capacity as a participating entity of Iberclear charged with settlement on behalf of the Offeror. Banco Santander, S.A. will make the Tecnomcom shares subject to acceptance of the present Offer available through Iberclear.

In addition, Banco Santander, S.A. (BIC BSSSES31XXX), pursuant to an agency contract executed with Indra on 16 December 2016 will act as closing agent for the Offer with the duty, among other things, to calculate the new actions which will of needs be issued according to the swap ratio, as well as the Odd Lots resulting from each swap ratio calculation.

(ii) Execution of the capital increase at Indra

No later than the next trading day after publication of the results of the Offer in the *Boletines de Cotización*, Banco Santander, S.A. will issue a certificate in which the number of shares to be issued by the Offeror is stated, taking into account the number of shares which each shareholder submitted in response to the Offer and the Odd Lots generated. Once in possession of the certificate and no more than three trading days after, it is expected that the Board of Directors of Indra, exercising the authority delegated at the extraordinary

general shareholders meeting held 20 February 2016, or the body to which said authority has been delegated, will approve execution of the increase in capital and agree to assignment of the shares of common stock of Indra required to meet the acceptances of the Offer, considering the swap ratio and the number of shares delivered by those who have accepted the Offer. In such a case, Indra will communicate on the same day, by means of an announcement of a Relevant Event, the agreement to execute the increase in capital, which will be made public and presented for registry in the *Registro Mercantil de Madrid* no later than one trading day following the date of execution of the increase in capital.

(iii) Registry of the new shares in Iberclear and its participating entities

Once the deed formalizing the corresponding increase in capital is registered in the *Registro Mercantil*, a notarized public deed confirming the capital increase of Indra will be presented to Iberclear, to the Governing Bodies of the stock exchanges and to the CNMV, so that the new shares may be included in the registries of Iberclear and its participating entities under the names of the respective parties accepting the Offer.

Iberclear and the participating entities will make the corresponding ledger entry registrations of the shares to the accounts of those who accepted the Offer, such registry to be made as quickly as possible, it being estimated that it will take place between the following trading day and a maximum of three trading days from receipt of the notarized public deed of the capital increase.

On the same day of their registry as ledger entries in the registries of Iberclear, the new securities will be deposited in the participating entities in Iberclear in which the accepting shareholders had previously deposited the shares of Tecnocom they used to accept the Offer. Until the new shares are registered under the ownership of the accepting shareholders, Indra will make available upon written request and after settlement of the Offer, a certificate of ownership, although said certificate will not constitute a negotiable instrument.

The change of ownership to Indra of the Tecnocom shares will occur simultaneously with registry with Iberclear and its participating entities of the new Indra shares in the names of those accepting the Offer.

The date of settlement of the Offer shall be the date upon which ownership of the new Indra shares in the names of those Tecnocom shareholders who accepted the Offer appears in the accounting registries of Iberclear and its participating entities. This date shall be considered as the swap date of the Tecnocom and newly issued Indra shares.

Indra will communicate settlement of the Offer to the CNMV as a Relevant Event.

(iv) Listing

It is expected that the new shares will be listed to trade on the stock exchanges in Spain no later than five trading days from registry of the new securities as ledger entries in Iberclear, except for unforeseen circumstances; that is, no more than 15 trading days from the date of publication of the results of the Offer.

Indra has promised to use its best efforts to ensure that execution of capital increase, settlement of the Offer and subsequent listing of the shares issued as a result of the above referenced capital increase be done as quickly as possible and in no more than 27 trading days after the end of the acceptance period and 20 trading days from the date of publication of the results of the Offer. In the event that the above referenced time frame is not met, Indra will announce a Relevant Event indicating the reasons for the delay.

(F) Settlement of the Offer as regards the cash portion of the consideration and Odd Lots

Settlement of the cash portion will be realized following the procedure established for such by Iberclear, with the contract date being defined as the trading day of the date of publication of the Offer results in the *Boletines de Cotización* of the stock exchanges. As for the Odd Lots, settlement will occur simultaneously with settlement of the securities portion of the Offer consideration.

Regarding the total number of Odd Lots, it is noted that these will not be combined; rather Banco Santander, S.A. will determine, pursuant to its duties as closing agent, and as a function of the number of shares used by each Tecnomcom shareholder to accept the Offer: (A) the cash amount, including Odd Lots, which correspond to each shareholder and which will be paid by Indra through the closing agent; and (B) what number of shares corresponds to each shareholder, fixing therefore the number of shares to be issued by Indra in order to fulfil the stock portion of the consideration for the Offer.

(G) Estimated calendar of deadlines

Trading Days	Event
D	End of acceptance period
No later than D+7	Publication of the Offer results in the <i>Boletines de Cotización de las Bolsas de Valores</i> . Transaction date
D+9	Settlement date for the cash portion of the Offer consideration
No later than D+11	Board resolution executing the capital increase and publication as a Relevant Event
No later than D+12	Delivery of the deed and filing at the registro mercantil
No later than D+19 (subject to registry requirements)	Registry of the deed increasing capital, delivery of affidavits and presentation to Iberclear, stock exchanges, and CNMV
No later than D+22	Settlement date of the Offer, acceptance of the new shares in Iberclear, payment of Odd Lots and publication of a Relevant Event
No later than D+27	Listing of new shares

3.1.3. Expenses Arising from Acceptance and Settlement of the Offer

All expenses arising from the capital increase of Indra will be borne by Indra.

The owners of the shares of Tecnocom who accept brokerage of the Offer through Santander Investment Bolsa, Sociedad de Valores, S.A. Unipersonal will pay neither brokerage fees associated with the services of an exchange member, nor any settlement charges to Iberclear or listing fees to the stock exchanges, all of which will be paid by Offeror.

In the event that the accepting shareholder hires the services of an exchange member other than Santander Investment Bolsa, Sociedad de Valores, S.A. Unipersonal, then brokerage, listing and all other fees will be paid by the seller, including but not limited to brokerage fees arising from services provided by an exchange member in executing the transaction, listing fees payable to the stock exchanges and settlement charges due to *Servicio de Compensación de las Bolsas de Valores*.

Indra will pay all charges incurred by it as purchaser. Indra will also pay all expenses arising from payment of the Odd Lots. In no case will Indra be responsible for any commissions and expenses charged by depository entities and share managers to their clients which arise from carrying out orders related to acceptance of the Offer and the maintenance of their accounts.

Pursuant to the provisions of Article 33.5 of the *Real Decreto 1066/2007*, in the event that the Offer has a negative result, once the results are published, any acceptances which may have been presented shall become null and void, with expenses associated with acceptances to be the responsibility of the Offeror. In addition, in accordance with Article 39.1 of the *Real Decreto 1066/2007*, in the event of a negative result of the Offer, the entities or persons who received acceptances from the Offeror will be obliged to return any certificates of ownership they may have received regarding the securities. All of the expenses of returning them will be borne by the Offeror.

Any other expenses not mentioned above will be assumed by whoever incurred them.

The above provisions regarding expenses arising from acceptance and settlement of the Offer will apply equally to all Tecnocom shareholders accepting the Offer, including the Selling Shareholders.

3.1.4. Time for waiver of the conditions to which Offer is subject

Indra has no intention of waiving compliance with Minimum Conditions for Acceptance II described in Section 2.3 above. In any event, should said condition not be met, Indra commits to communicate its decision whether to waive them no later than the end of the last trading day following the one in which the CNMV communicates the number of shares included in the declarations of acceptance presented pursuant to the Offer. In the absence of said communication, it is understood that Indra will not have waived said condition and will publish the negative result of the Offer, which will no longer be valid.

3.1.5. Financial service providers acting on behalf of the Offeror in acceptance and settlement procedures

The Offeror has designated Santander Investment Bolsa, Sociedad de Valores, S.A. Unipersonal, with a registered address at Av. Cantabria s/n Boadilla de la Monte, 28660

Madrid, C.I.F. A-79204319, registered in the *Registro Mercantil de Madrid*, at volume 14471, folio 43, section 8, page M-84.468, to act on its behalf as the entity charged with brokering the transactions of acquisition of the shares of Tecnocom to which the Offer is directed and, when applicable, those corresponding to forced sale under Indra's squeeze out rights in accordance with the provisions of this Prospectus.

The Offeror has designated Banco Santander, S.A., (BIC BSSSES31XXX) with a registered address at Gran Vía de Hortaleza, 3, 28033 Madrid, C.I.F. A-39000013, in the *Registro Mercantil de Santander*, Page 286, Folio 64, Book 5 of Companies, First Registry, to act as the settlement agent regarding the acquisition by Offeror of the shares of Tecnocom to which the Offer is directed and, when applicable, those corresponding to forced sale in accordance with the provisions of this Prospectus.

Copies of the letters of acceptance of Santander Investment Bolsa, Sociedad de Valores, S.A. Unipersonal and Banco Santander, S.A. as broker and settlement agent, respectively, are attached as **Appendix 10**.

3.2. Procedure for Acceptance and Settlement of the Squeeze-out Rights

3.2.1. Conditions for the squeeze out rights

In the event that, in conformance with the provisions of Article 136 of the LMV and Article 47 of the *Real Decreto 1066/2007*, as a result of the Offer (i) Indra possesses shares which represent at least 90% of the Tecnocom capital stock with voting rights as calculated in accordance with the provisions of Article 5 of the *Real Decreto 1066/2007*; and (ii) the Offer was accepted by owners of securities which represent at least 90% of the voting rights of Tecnocom, Indra will be entitled to exercise its squeeze out rights against the owners of shares of Tecnocom who did not accept the Offer by paying consideration equal to that contained in the Offer. Indra declares that it has the intention of exercising its squeeze out rights in the event that conditions for their exercise exist. In this event, it is expected as well that the Board of Directors of Indra, or the body in which this authority has been delegated, will agree to the issuance of the shares of common stock necessary in order to complete the squeeze out procedure regarding those securities not presented under the Offer. In such case, Indra will publish, by means of a Relevant Event, the exact amount of the issuance.

Assuming that the shares delivered under the Senior Management Incentive Plans of Tecnocom is the largest foreseeable amount, so that treasury shares after delivery amount to 2,480,435, the circumstances described will have been met once (i) the declarations of acceptance of the Offer reach at least 65,290,326 shares, representing 90% of the shares to which the Offer is directed (deducting the 2,480,435 treasury shares which cannot accept the Offer) or the equivalent of 87.02% of capital stock and (ii) Tecnocom maintains 2,480,435 shares (3.31% of capital) which, after the takeover will pass over to indirect equity interest for Indra, so that its total equity interest in Tecnocom would rise to 90.33% of capital with the right to vote.

In the case those requisites were met, the Offeror would demand that the other Tecnocom shareholders--other than Tecnocom itself regarding its own shares which it maintains as

treasury stock, as such would be a violation of Article 134 of the LSC--deliver their shares for consideration identical to that of the Offer.

Pursuant to the above and taking into account the formalities regarding forced purchase described in this Section, the owners of shares of Tecnocom who have not accepted the Offer for all of the securities of which they may be owners should take into account the following considerations before demanding forced purchase of their securities:

- (i) The conditions which give rise to Indra's rights to forced sale of the shares which are not submitted pursuant to the Offer are the same as those contained under applicable law which allow those shareholders who do not accept the Offer to demand forced purchase.
- (ii) The consideration received by shareholders who do not accept the Offer will be the same as the consideration contained in the Offer.
- (iii) All of the transaction and settlement costs arising from the forced sale process will be paid by Indra, while in the event of forced purchase, said expenses will be the responsibility of the shareholders exercising said right.
- (iv) Should, because of the date which such a request was received, the settlement date for any request of forced purchase be after the settlement of the exercise of forced sale by exercise of squeeze out rights, such request will be null and void and the shares subject to the forced sale transaction. It is expected that settlement of the forced sale will transpire before settlement of any forced purchase requests made by owners of the shares of the Tecnocom.

Indra will communicate to the CNMV and to the market by means of a Relevant Event, before the date of settlement of the Offer, should the conditions described above obtain.

3.2.2. Procedure for the squeeze out rights

As soon as possible and no later than three trading days following the date of publication of the results of the Offer, the Offeror will communicate to the CNMV and to the market by means of a Relevant Event if the conditions described above for exercise of squeeze out rights exist.

In such an event, in the shortest period of time possible and after no more than 15 trading days, Indra will communicate to the CNMV its decision to demand the forced sale of the shares at the Offer price by means of the procedure established in the *Real Decreto 1066/2007*, fixing the date of the transaction between the 15 and 20 trading days following communication of its decision to the CNMV, which will be made public. The decision of the Offeror will be irrevocable. As soon as possible and in any event within five trading days following publication, Indra will make public the terms of the forced sale using similar media as used for the present Offer and as provided for in Article 22 of the *Real Decreto 1066/2007*.

Prior to the above referenced transaction date, the Board of Directors of Indra, exercising the powers delegated to it at the extraordinary general shareholders meeting held 20

February 2016, or the body to which such power has been delegated, will approve execution of the capital increase necessary to meet the consideration requirements for the forced sale, in accordance with the number of shares of common stock of Indra due the owners of the shares subject to the forced sale, applying the swap ratio to the number of shares of which they are owners. Indra will then communicate on the same day, by means of announcement of a Relevant Event, the agreement to execute the capital increase, which will be made public and presented for registry in the *Registro Mercantil de Madrid* within one trading day following the date of execution of the capital increase.

Once the corresponding public deed regarding the capital increase is registered in the *Registro Mercantil*, the new shares will be added to the registries of Iberclear and of its participating entities in the name of the respective owners accepting the Offer.

The rest of the shares will be transferred to Indra on the transaction date, and consideration will be paid on the settlement date, depositing said amount with the depository participating entities in Iberclear for the shares of Tecnocom.

The forced sale will mean an automatic delisting of Tecnocom, and will be effective from the date which the forced sale is settled.

In the event that the squeeze out rights are exercised, all of the expenses arising from the transaction and settlement of the securities will be to Indra's account.

Indra will use its best efforts to ensure that the capital increase, settlement of the forced sale and later listing of the shares issued by virtue of the capital increase occur as quickly as possible and within 15 trading days from the date of the transaction. In the event that the referenced time limit is not met, Indra will publish an announcement of Relevant Event indicating the reasons for said delay.

3.2.3. Procedures to be followed by Tecnocom shareholders to request forced purchase of the shares subject to the Offer

Once Indra has published the communication by which it announces that the circumstances for exercise of its squeeze out rights have been met, and not before settlement of the Offer, the Tecnocom shareholders who wish to demand forced purchase of their securities should make contact with the member entity of Iberclear where said securities are deposited.

All shareholders who request forced purchase must include in their requests the total number of the shares of Tecnocom that they own.

The acquisition of shares subject to forced purchase by Offeror will be brokered by Santander Investment Bolsa, Sociedad de Valores, S.A. Unipersonal and settled by Banco Santander, S.A., acting as a stock exchange member broker for the transaction and as participating entity in Iberclear in charge of carrying out said settlement on behalf of the Offeror, respectively.

The owners of the referenced securities may learn of the settlement date of the Offer by means of the Relevant Event announcement that Indra will submit for the purposes of informing the market.

Requests for the forced purchase will be submitted in writing to Indra by said entities. The participating entities will be in charge of gathering the requests for forced purchase submitted in writing and will respond in accordance with its registries containing ownership details and possession of securities referenced in the declarations.

The requests for forced purchase will be accompanied by sufficient documentation so that the transfer of securities may be accomplished and shall include all of the identifying data required by applicable law for this type of transaction.

Without prejudice to the provisions of the following paragraph, the shares of TecnoCom of which forced purchase is requested must carry with them all of the voting and economic rights inherent to them, as well as all others which would naturally belong to them. The referenced securities are to be transferred by the person authorized to do so according to the accounting ledger entries and in such a manner that Indra acquires clean title to them in accordance with Article 11 of the LMV. In addition, in conformance with the provisions of Article 136 of the LMV, if the shares of TecnoCom subject to the forced purchase are encumbered as a result of administrative or judicial acts, or they are subject to any type of lien, pledge, limitation of rights or guarantees in favour of third parties, the referenced securities are to be delivered free of said charges, as securities delivered by Indra as payment of the consideration will meet the same conditions. The depository of the securities will be obliged to maintain the delivered securities on deposit and/or, when applicable, the consideration in cash corresponding to the Odd Lots of shares, informing the judicial or administrative authority which has ordered the encumbrance or the owner of any other lien or rights of the applicability of the present procedure. If, after application of the provisions of this paragraph, there is a part of the consideration which becomes unnecessary in order to satisfy the obligations guaranteed by the encumbrance or encumbrances in place or existing charges against the securities, it will be placed immediately at the disposal of their owner.

In no cases will the Offeror accept requests for forced purchase the day after the completion of three months from the end of the acceptance period of the Offer or for shares acquired after that day. That is, those shares for which forced purchase is requested must have been acquired no later than the day on which three months has passed after the end of the acceptance period of the Offer, and the request must be made during said three months.

It is understood that a request for forced purchase automatically carries with it the consent of the petitioner that all of his shares (including those to which the Odd Lots rules apply) be offered to Indra by the participating entity where they are registered, for the purpose of managing the change of ownership of the securities which are the subject of forced purchase.

The participating depository entities in Iberclear which receive the requests for forced purchase will submit to Indra on a daily basis the data regarding the number of securities contained in the requests for forced purchase presented, when applicable, by their owners.

The settlement and payment of the consideration will follow the procedure established especially for it by Iberclear. The procedure for brokerage and settlement of the forced

purchase related to the part of the consideration consisting of newly issued Indra shares will be done all at once for all of the requests for forced purchase received within the period of three months from the date of the end of the acceptance period of the Offer.

The entities charged with settlement will be obliged to realize the transfer of securities and, when applicable, of the cash corresponding to the Odd Lots which may arise, as necessary in order to complete the forced purchase transactions within the allotted time.

As noted earlier, all of the expenses arising from the forced purchase and their settlement will be charged to the owners of the securities. It is recommended, therefore, that these persons inform themselves appropriately regarding the expenses associated with the execution of said forced purchase transactions.

If, given the date of receipt of any request for forced purchase, its settlement as contemplated in this Section would occur after the forced sale settlement, the request will have no effect as those shares will be subject to the forced sale transaction.

CHAPTER IV

4.1. Purpose of the Acquisition

Indra's purpose for making the Offer consists of the acquisition of a controlling equity interest in TecnoCom and its integration in the group of companies headed by Indra.

Indra believes that the businesses of TecnoCom and Indra are highly complementary. Their combination would, on one hand, promote growth in both companies from a business point of view and, on the other, create income as well as cost synergies:

1. Business Sense:

- (i) Improve market positioning in Spanish Information and Communication Technologies (ICT) by means of a significant increase in sales, which will permit Indra to strengthen its position, improve economies of scale in its operations, increase productivity in its business, and increase Indra's presence in the private sector.
- (ii) Increase Indra's own solutions offerings and within the digital environment by means of incorporation of payment solutions from the TecnoCom group. Indra believes that the payment systems market is a business niche with high growth and penetration potential in the countries where Indra is present.
- (iii) Complementary client base. The integration of TecnoCom into Indra will permit cross selling to clients of both companies, based on high value integrated and complementary solutions.
- (iv) Increased production efficiencies in both companies because of the opportunity to internationalize and increase their nearshoring and offshoring footprints; that is, the exportation of services by removing their production to areas that are less costly as a function of their proximity and capacity needs.

2. Synergies:

Integration will permit the achievement of revenue as well as cost synergies. Without prejudice to the exhaustive analysis to be carried out during the process of integration, Indra has preliminarily estimated the following synergies (in the scenario where Indra acquires 100% of the voting rights of TecnoCom or there is a merger by absorption of TecnoCom by Indra):

- (i) **Revenue Synergies:** 10.5 million euros annually before taxes through improvement in competitive positioning based on the geographic overlap of the two businesses, their complementary client bases, and the possibility to engage in cross selling of products and services.

Calculation of these synergies have been premised upon an analysis of markets and/or clients in which cross selling opportunities exist in areas of payment systems solutions and the portfolio of Indra proprietary solutions.

- (ii) **Cost Synergies:** 30.5 million euros annually before taxes. Synergies obtainable through the optimization of current commercial and structural costs. Additionally, the integrated group will be able to launch cost savings and production efficiency initiatives such as optimization of real estate resources, production processes and supplier management.

In order to calculate these synergies, an analysis was done of possible structural redundancy and an optimization percentage was assigned on the basis of the nature of each cost and/or its function (including personnel).

Indra believes that implementation costs of all of the synergies could reach 61 million euros (twice the cost synergies estimate), and are not recurrent costs; that is they will be incurred at once.

Additionally, Indra believes that the estimated annual synergies can be realized in their entirety within 24 months of the integration of the two companies. Said synergies do not take into consideration potential implementation costs involved.

Indra intends to carry out operational integration in business generation activities of both companies with the purpose of combining and strengthening product and solutions offerings of both companies to their clients, as well as simplifying joint transactions and pursuing more efficient use of resources in order to create value. It is possible that said integration will generate some change in the business plan of the integrated group to be developed by Indra after the settlement of the Offer, in which the acquisition of TecnoCom will be reflected.

Indra intends to achieve said operational integration as soon as reasonably possible after settlement of the Offer.

Indra anticipates that integration of the two companies will cause a net increase in earnings per share equal to or above 10% of pre-integration net earnings per share (considered individually) beginning the first year after settlement of the Offer. This estimate does not include synergy implementation costs--estimated, as has been indicated, at 61 million euros--and since they are nonrecurring, will only have an impact on net income for fiscal 2017 and 2018. Therefore, taking into consideration these integration costs, it is not expected that there will be an increase in net earnings per share for 2017.

4.2. Strategic Plans and Intentions Regarding Future Activities and Location of the Business Centres of the Target Company and its Group

Indra has no concrete strategic plans regarding future activities or the future of current offices and branches of TecnoCom or the form in which they will be integrated into the ones Indra currently has.

Future offerings of products and services to clients of both companies will be coordinated in order to ensure a proposal that is consistent, more varied, adapted to client needs, and based upon a more efficient use of resources.

Tecnocom does business in geographical areas where the Indra Group has significant presence, with 80% of its employees located in Spain and the rest in certain Latin American countries. In many cases, employees of both companies operate from corporate centers located in the same cities or relatively nearby, making it possible to create future hubs of business activity with the goal of providing better services to clients and make more efficient use of resources.

4.3. Strategic Plans and Intentions Regarding Employee and Management Continuity in the Target Company and its Group

Indra intends to conduct a detailed review of activities, methods and conditions--including workforce--of the management team and personnel of the group to be absorbed. This review will encompass sales, production and corporative areas, and will be geared toward optimizing existing resources, avoiding duplication, and maximizing efficiency in specific processes and geographical areas.

As a result of this review, Indra will analyze which changes will be necessary in order to assure maximization of the synergies indicated and will make appropriate decisions regarding the combined group.

At the end of the integration period, it is expected that there will be a unitary management team as well as integrated business development teams (pre-sales, marketing, sales, customer service), production teams (product development and production) and administrative teams (back office).

There are no agreements or promises, either from the Offeror or any other company in the Indra Group, with the administrators, the management team, current workers at Tecnocom or their representatives, regarding their appointment as managers or directors or their continued employment with the Target Company.

4.4. Plans Regarding Use or Disposition of Assets of the Target Company; Anticipated Changes in its Debt Financing

The Offeror has the intention not to use or dispose of the assets of Tecnocom outside the ordinary course of business.

The business activities of Tecnocom are to a great degree complementary to those of Indra and, while at this moment no divestment of assets or businesses of Tecnocom by Indra Group is anticipated, it is possible that integration will trigger the adoption of these measures regarding certain assets of Tecnocom.

Tecnocom has other bank financing sources available in the approximate amount of 38.2 million euros which are subject to call in the event of a change of control. Of those credit facilities, Tecnocom has availed itself of 28.2 million euros as of 31 December 2016. While Indra is confident that it will be able to maintain these sources of funding, in the event that the credit lines are called due, the net financial debt of Tecnocom will not change. Additionally, Tecnocom announced as a Relevant Event that on 8 April 2017 it will make early call of a bond issue with a 35 million euro face value and a redemption rate of 103.25%

of par, that is, 36,137,500 euros, which will mean an increase in net financial debt for Tecnocom of 1,137,500 euros.

On 31 December 2016, Tecnocom treasury had 58 million euros. In the event that the Tecnocom treasury were not sufficient to cover early call of the above referenced bonds or the early call of bank financing, Indra would supply the financial support necessary to Tecnocom in a manner deemed appropriate.

Indra has no plans to change the net financial debt of Tecnocom, without prejudice to the above regarding early call of bonds announced by Tecnocom.

4.5. Plan Regarding the Issuance of Securities of any other Class by the Target Company and its Group

Indra has no plan regarding the issuance of securities of any other class by Tecnocom or any of its affiliates, nor does it have any plan regarding the issuance of debt of any type by Tecnocom or any of its affiliates.

4.6. Anticipated Corporate Restructuring

Indra intends to consider submitting a resolution to the shareholders of the respective companies for merger by absorption of Tecnocom.

Indra has no intention to engage in any corporate restructuring that may affect Tecnocom, Indra, or their respective groups, beyond transactions arising from the business of the companies of which they are composed and without prejudice to Indra's continued and continuous analysis of different possibilities for simplification and optimization of its corporate and business structure.

4.7. Dividend Policy and Payments to Shareholders

Tecnocom has been paying its shareholders through distribution of share premium, and has made share premium distributions in fiscal 2010, 2011, 2012 in the amount of 0.05 euros per share each year, and in July 2016 in the amount of 0.025 euros per share. According to the document describing the distribution policy for shareholders approved by the Board of Directors of Tecnocom on 29 April 2015, the goal of the shareholder distribution policy is to provide the highest returns possible for shareholders, taking into account at all times that the primary objective is maintenance of a profitable and sustainable company in the long term.

This past 28 February 2016 Tecnocom published its call to meeting for the annual shareholders meeting in which there appears no proposal for a declaration of dividend.

For its part, in the last five years Indra has paid dividends in the gross amount of 0.34 euros per share each year for fiscal 2012 and fiscal 2013.

Indra does not have an established dividend policy such that the distribution of dividends. As for future distributions to shareholders, Indra intends to maintain its annual review as it has been doing, taking into consideration the profits of the Group, cash flow, liquidity, and the existence of investment projects which generate value, as well as the expectations

of shareholders and other investors as regards dividend distributions, factors which animate decisions whether to propose declaration of a dividend.

Indra intends to integrate TecnoCom in the annual review regarding dividend distributions, modifying its shareholder distribution policy. This modification will be carried out before a decision is made regarding declaration of a dividend to be charged against fiscal 2017.

4.8. Plans Regarding Administrative Bodies, Management and Control of the Target Company and its Group

Indra intends to translate its majority equity interest obtained by means of the Offer to the administration, management and control bodies of TecnoCom.

In accordance with the provisions of the Binding Agreement, the Selling Shareholders will make their best efforts to ensure that those members of the Board of Directors of TecnoCom designated by them (or those who represent them on the board), and who are 5 of the 11 members who currently sit on it, present their resignations as directors within three trading days following the settlement date of the Offer.

In the event that the conditions for exercise of its squeeze out rights are met and, thus, Indra were to reach 100% of the voting rights of TecnoCom, it will pass the resolutions necessary to simplify the administrative body structure.

In the event that TecnoCom remains as a listed company with a majority equity interest held by Indra after settlement of the Offer, Indra will propose appointment of a majority of the members of the Board of Directors of TecnoCom. The intention of Indra is to attempt a reduction in the number of directors, within the limits imposed by the bylaws, guaranteeing representation by shareholders who have the right to be represented on the Board of Directors and maintaining the number of independent directors necessary to comply with applicable law at all times, taking into account the recommendations of good corporate governance.

Indra also has the intention of restructuring of the committees of the Board of Directors of TecnoCom, adapting them to the new structure of the Board of Directors, as appropriate.

4.9. Plans Regarding the Bylaws of the Target Company or of the Entities within its Group

In the event that a merger of Indra and TecnoCom, the latter will be absorbed and its existence will cease.

In the event that the threshold for exercise of squeeze out rights are met and, therefore, TecnoCom becomes delisted and no merger occurs, the intention of Indra is to bring about the amendments necessary or desirable to the bylaws of TecnoCom, Regulations of the Board of Directors (and committees to which it has delegated authority) and of the shareholders meetings, and the rest of company documents that may be required, in order to harmonize them with the new reality of its condition as a nonlisted company.

In the event that TecnoCom continues as a listed company after the Offer with a majority equity interest held by Indra, and no merger occurs, Indra has no intention of submitting any relevant amendments to the TecnoCom bylaws at the annual shareholders meeting.

4.10. Intentions Regarding Listing of the Shares of the Target Company

In the event conditions arise for the exercise of squeeze out rights, as provided for in Articles 47 and 48 of the *Real Decreto 1066/2007*, Indra will exercise its squeeze out rights and proceed with the delisting of all of the shares of TecnoCom.

In the event that conditions for exercise of squeeze out rights are not met, Indra will not consider itself obligated to promote any measures to keep TecnoCom listed nor to delist it, and for that reason has not considered encouraging the delisting of TecnoCom shares or of launching the issuance of a delisting tender offer. Without prejudice to the above, the eventual merger referenced above would mean its disappearance and therefore its delisting.

4.11. Intentions Regarding Squeeze out Rights

Article 136 of the LMV provides that, when as a result of a tender offer for acquisition of all of the securities of a company (i) the offeror possesses securities representing at least 90% of the voting stock and (ii) the offer has been accepted by owners of securities which represent at least the 90% of the voting rights, apart from those which were already under the control of the offeror, the offeror may demand that the rest of the owners of securities sell said securities at an equitable price. The consideration of the Offer is considered an equitable price for these purposes in accordance with Article 47.2 of the *Real Decreto 1066/2007*.

Assuming that the shares delivered under the Senior Management Incentive Plans of TecnoCom is the maximum anticipated, and as a result treasury stock after delivery consists of 2,480,435 shares the circumstances described will have been met so long as (i) the declarations of acceptance of the Offer reach at least 65,290,326 shares, representing 90% of the shares to which the Offer is directed (deducting the 2,480,435 treasury shares which cannot accept the Offer) or the equivalent of 87.02% of capital stock and (ii) TecnoCom maintains 2,480,435 shares (3.31% of capital) which, after the takeover will pass over to indirect equity interest for Indra, so that its total equity interest in TecnoCom would rise to 90.33% of capital with the right to vote.

In the event that these requirements are met, the Offeror will demand that the remaining owners of shares of TecnoCom,—other than TecnoCom itself regarding its treasury shares, since such would be prohibited by Article 134 of the LSC—deliver said shares for consideration identical to that contained in the Offer.

The execution of the forced sale transaction will mean the delisting of all of the shares of TecnoCom, in conformance with Section 4.10 above. Said delisting will be effective upon settlement of said transaction.

4.12. Intentions Relative to the Transfer of Securities of the Target Company

Indra has no plans to transfer either a portion or all of the equity interest acquired in Tecnocom or in companies of the Tecnocom group, and there are no agreements with any third party regarding transfer of Tecnocom shares which Indra may own after the Offer.

4.13. Information Contained in the Present Chapter Regarding the Offeror and its Group

Indra believes there will be no significant effect on it arising from the Offer and its implementation. The impact of the Offer on Indra's financial condition is detailed in Section 4.14 of this Prospectus.

Indra does not expect that the acquisition of Tecnocom will require relevant changes in: (i) its organization, activities or strategy, (ii) its employment policies, management team, or business centers, (iii) its plans for use or disposal of assets, (iv) its shareholder dividend and compensation policies, (v) the structure, composition and functionality of its administrative bodies, management and control or of its group, (vi) the bylaws of Indra and the companies of its group, or (vii) Indra's status as a listed company.

4.14. Impact of the Offer and its Financing on its Key Financial Indicators

The impact that the Offer will have on Indra's key financial indicators will be contained in the individual and consolidated annual financial statements of Indra for fiscal 2017. Tecnocom will be integrated by being fully consolidated in Indra's consolidated financial statements.

No pro forma financial information was created due to the limited size of Tecnocom relative to Indra (representing on the average less than 25% of the key business volume indicators of Indra and does not represent a significant overall change in Indra's financial position). In particular, total assets, net revenue and net income for fiscal 2016 for Tecnocom represent 10.17%, 15.18% and 0.52% of those values for Indra, respectively.

Once the Offer is settled, Indra estimates that operational impact (excluding potential synergies to be obtained as described in Section 4.1 of the Prospectus) on the key metrics found in the consolidated financial statements for Grupo Indra, and assuming that the Offer is accepted by 72,544,806 shares constituting 100% of the capital stock of Tecnocom, excluding treasury shares--after payouts under the Senior Management Incentive Plans--and as a result 12,528,487 new shares are issued, to be the following:

Balance Sheet:

(In 1000's of euros)	Indra 12/31/2016 (not audited)	Tecnocom 12/31/2016 (not audited)	Adjustments arising from the Offer	Indra + Tecnocom + adjustments after settlement of the Offer (not audited) ⁽¹⁾
Net Equity	377,962	161,996	123,357 ⁽²⁾	663,315
Total Assets	3,332,024	339,025	-	3,671,049

(In 1000's of euros)	Indra 12/31/2016 (not audited)	Tecnocom 12/31/2016 (not audited)	Adjustments arising from the Offer	Indra + Tecnocom + adjustments after settlement of the Offer (not audited) ⁽¹⁾
Net financial debt ⁽³⁾	522,806	6,286 ⁽⁴⁾	184,989 ⁽⁵⁾	714,081

(1) This column is the sum of the three previous ones.

(2) This adjustment corresponds to the maximum capital increase necessary in order to meet the requirements for payment of the stock portion of the Offer consideration, which amounts to--deducting a minimum of 2,480,435 shares which cannot accept--123,356,735.85 euros.

(3) Net financial debt is the sum of debt from credit entities and obligations and other current and long term negotiable securities, less cash and other equivalent liquid assets (for more details see the debt table in Section 5.3(B)(ii)).

(4) Does not take into account that Tecnocom announced by means of a Relevant Event that on 8 April 2017 it will make early call of a bond issue with a 35 million euro face value and a redemption rate of 103.25% of par, that is, 36,137,500 euros, which will mean an increase in net financial debt for Tecnocom of 1,137,500 euros.

(5) This adjustment corresponds to the maximum amount of cash on hand necessary to pay the cash portion of the Offer consideration, which is-- deducting a minimum of 2,480,435 shares which cannot accept--184,989,255.30 euros.

Income Statement:

(1000's of euros)	Indra 12/31/2016 (not audited)	Tecnocom 12/31/2016 (not audited)	Indra + Tecnocom after settlement of the Offer (not audited) ⁽¹⁾
Net revenue	2,709,306	411,346	3,120,652
Recurring EBITDA	229,375	30,385	259,760
% margin	8.47%	7.39%	8.32%
Recurring EBIT	161,539	17,993	179,532
% margin	5.96%	4.37%	5.75%
Net results attributable to the fiscal year	69,931	365	70,296
Income per share	0.427	0.005	0.398 ⁽²⁾

(1) This column is the sum of the two previous ones except for references to (i) recurring EBITDA and EBIT; and (ii) net income per share, which is the result of dividing net income for the fiscal year by the maximum number of Indra shares resulting from the capital increase necessary to pay the stock portion of the Offer consideration, that is, 176,661,026 shares.

(2) Net income per share takes into account the maximum Indra capital increase required to pay the stock portion of the Offer consideration. As indicated, this calculation does not include synergies expected referred to in Section 4.1 above, nor their costs of implementation.

CHAPTER V

5.1. Antitrust Authorizations and other Information or Documents

The transaction meets the threshold requirements of Article 8.1.b of *Ley 15/2007, de 3 de julio, de Defensa de la Competencia*, under which, as mandated by Article 9.1 of the same, the CNMC must be given advance notice of the transaction. This transaction does not fall within the scope of application of Council Regulation (EC) number 139/2004 of 20 January 2004 regarding regulation of monopolistic transactions between firms given that it does not meet the thresholds listed in its Article 1.

For this reason, on 7 December 2016, a draft of the summary notification form was sent to the CNMC in order to initiate pre-notification of the transaction in accordance with the provisions of Article 56.2 of the *Reglamento de Defensa de la Competencia*. Formal notification of the transaction to the CNMC took place on 23 December 2016.

On 12 January 2017, the CNMC decided, under Article 57.2.a) of the *Ley 15/2007, de 3 de julio, de Defensa de la Competencia*, to authorize the increase in market concentration represented by the acquisition of control of TecnoCom by Indra by means of the Offer. The referenced resolution is attached as **Appendix 6**. As a result, the condition to which the Offer was subject at the time of its presentation requiring approval of antitrust authorities was met.

Finally, it is pointed out that the transaction was noticed in Colombia on 30 December 2016. In that regard, the participants in the increase of market share did not consider it to reach a combined or individual share above 20% in any one market for goods or services nationally or in a defined domestic market, nor did it reach a combined or individual share of 20% in a vertically integrated market. All this was in accordance with the provisions of Article 9 of *Ley 1340 de 2013*, containing the antitrust rules, and of the provisions contained in Numeral 3 of the *Resolución 10930 de 2015*. As a result, this transaction is understood to be automatically authorized, as prior notice to the antitrust authority of Colombia, the Superintendencia de Industria y Comercio, is the only requirement. On 10 January 2017 the Superintendencia de Industria y Comercio, acknowledged receipt of the prior communication.

The transaction is not subject to the antitrust rules of any country other than those indicated and, for that reason, there has been no other notice given to any other antitrust authority.

5.2. Other Authorizations

The Offeror believes that it is under no obligation to notify any Spanish or foreign authority, nor obtain authorization from any other Spanish or foreign administrative authority other than the CNMV in order to carry out the present Offer.

5.3. Additional Information Regarding the Securities to be Delivered as Consideration

Pursuant to the provisions of Article 18.6 of the *Real Decreto 1066/2007*, since part of the consideration offered in this Offer consists of newly issued shares of Indra common stock to be delivered to the TecnoCom shareholders who accept the Offer, the information which follows regarding said securities is equivalent to the information which would be required in

the event of a public offer for sale or subscription of securities, in accordance with the provisions of the *Real Decreto 1310/2005, de 4 de noviembre*, under which a portion of the LMV appears regarding listing securities in official secondary markets, public offerings for sale or subscription, and the prospectus required.

This Section contains the information which, while not found in the other Chapters of this Prospectus, is required in accordance with Appendix III of Commission Regulation (EC) No. 809/2004 of 29 April 2004 regarding implementation of Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

The information in this Section is complementary to the Registration Document, incorporated by reference, and which may be found at the following link: <http://www.indracompany.com/sites/default/files/d7/Accionistas/Documento-Registro/documento de registro - indra sistemas s.a.version web.pdf>

(H) Risk factors

(i) Risk factors linked to the shares

Volatility in the list price of the shares

The market value of the Indra shares which the Tecnocom shareholders will receive at the time of the swap as part of the consideration of the Offer could be lower than their market value at any other time, and, in particular, on the following dates: the date in which the share swap formula is fixed, the date in which the shareholders of Tecnocom, when applicable, accept the Offer, or the settlement date of the Offer.

The Offeror cannot guarantee that the shares issued as a consequence of the capital increase will be listed at a price equal or similar to the price at which the issuance is made. The list price of shares of the Offeror is volatile. Factors such as, among others, changes in the results of the Offeror and possible variances from the expectations of the securities markets, negative publicity, global financial market conditions for securities or in the sectors in which the Offeror operates, new issues or future sales of treasury shares or other securities exchangeable for, or convertible to, Indra shares in the future — or the perception by the market that such could occur —, political conditions, legislative changes in the sector and other events and factors which are outside Indra's control could have a negative effect on the list price of the shares of the Offeror.

Capital markets have also experienced extreme volatility from time to time in prices and volumes which, when added to general economic, political and other conditions, could adversely affect the market price of the shares.

During the last 24 months, the closing price of Indra shares have suffered variations, both positive and negative between two consecutive trading sessions, equal to or greater than 5% on 16 occasions. Finally, the capital increase may cause share price of Indra to vary.

There is no guarantee that the Company will be able to pay dividends in the future

The ability of the Offeror to pay dividends may be adversely affected by the risks described in Section I of the Registration Document and may be restricted should certain requirements imposed by the LSC not be met.

The dividends depend on the profits and the financial situation of the Company, of its obligations to service debt, obligations arising from commitments contained in financing contracts, cash requirements (including investments and investment plans), regulatory requirements, execution of the Company's business plan, and other factors which Indra considers important from time to time. Therefore, there is no guarantee that the Company will be able to pay dividends in the future. If future dividends are not paid, appreciation of the shares would be, when applicable, the only source of revenue for investors.

It is noted that Indra did not pay dividends in fiscal 2015 or in fiscal 2016, pursuant to the results of the fiscal years ending 31 December 2014 and 2015, respectively.

Dilution for shareholders in the event of an issue of new shares or convertible securities

The issue of shares as a result of an increase in capital and the issue of convertible debt with partial or total exclusion of preemptive rights may cause dilution of voting or economic rights. Dilution may also occur in the event that existing shareholders decide not to exercise subscription rights in increases in capital or issues of convertible debt where this right is recognized.

Currently, Indra has in circulation the Series 2013 Convertible Bonds and the Series 2013 Convertible Bonds, the terms and conditions of which are summarized in Section 1.4 of this Prospectus.

Listing of the shares

The shares of newly issued Indra common stock will be listed on the stock exchanges of Madrid, Barcelona, Bilbao, and Valencia and will be traded through the Mercado Continuo once the necessary procedures and filings have been completed. Any delay occurring during this process could cause a delay in the listing of the shares, making it difficult for investors to sell them.

Impact of the sale of shares on list price

The sale of a substantial number of Indra shares on the market after the capital increase, whether by some of the TecnoCom shareholders who accepted the Offer or by current Indra shareholders, or the perception that such sales are about to happen, could negatively affect the list price of Indra shares or the opportunity for Indra to raise additional capital by means of new public offerings of subscription for shares in the future. Selling Shareholders have made no promise to not alienate the Indra shares they receive as Offer consideration.

Exchange rate risk

The shares will be listed in euros and any future payment of dividends to shareholders will be in euros. As a result, all investments in shares of the Offeror by shareholders whose

primary currency is not the euro expose the shareholder to exchange rate risk, so that any depreciation of the euro in relation to the shareholder's currency will reduce the value of the investment in shares of the Offeror and of any dividends received by said investor.

Exercise of preemptive rights to acquire more shares by shareholders located in certain jurisdictions outside of Spain

It is possible that owners of Indra shares who reside in jurisdictions outside of the EU, because of regulations applicable in said jurisdictions, will not be able to exercise their preemptive rights unless they meet the requirements of local legislation or some type of exemption applies.

The ability of shareholders who reside outside of Spain to sue the Offeror or enforce foreign judgments against the Offeror may be limited

Indra is a corporation organized and regulated according to Spanish law. Shareholder rights will be governed by Spanish law and the bylaws of Indra are subject to Spanish law and may be different than shareholder rights of a foreign company. Therefore, it may not be possible for shareholders to enforce foreign judgments against the Company.

The shares offered may not be freely transferable in the United States

All shares swapped to investors living in the United States may be considered "Restricted Securities" (as defined in Securities Act Rule 144), and it may be that said shares may not be offered, resold, pledged or transferred by any other means except: (i) outside of the United States in accordance with Rule 903 or Rule 904 of Regulation S; (ii) to a qualified institutional investor in a transaction exempt from registration in conformance with the Securities Act and complying with the requirements of Rule 144a; (iii) after filing a valid registration statement in conformance with the Securities Act; (iv) in conformance with Rule 144 of the Securities Act; or (v) in another transaction which does not require registration under the Securities Act; and, in any case, complying with all applicable state and federal securities laws of the United States or another jurisdiction.

(I) Essential information

(i) Declaration regarding working capital

As of 31 December 2016, Indra had 674 million euros of cash on hand and net working capital of 33 million euros. Taking into account the maximum amount of cash that Indra will have to deliver as consideration for the Offer--deduction the minimum of 2,480,435 shares of treasury stock that may not accept it--is 185 million euros, Indra believes that these financial resources combined with those generated up to the date of this Prospectus and which it expects to generate in the next twelve months are sufficient to meet the operating requirements of the business during said period of time.

(ii) Capitalization and indebtedness

Available Resources on 31 December 2016 and 2015

(in 1000's of euros)	31 December 2016 (not audited)	31 December 2015 (audited)
Capital stock	32,826	32,826
Additional Paid-in Capital	375,955	375,955
Reserves	(1024)	(1,464)
Other Owned Equity Instruments	23,882	17,259
Cash flow Hedge	(26,773)	(30,409)
Treasury Shares	(3,422)	(3,081)
Translation Differences	(38,845)	(42,224)
Retained Earnings / (Losses)	2,319	(54,823)
Net Equity Attributable to the Owners of the Parent Company	364,918	294,039
Non-controlling Interests	13,044	13,607
Total Net Equity	377,962	307,646

Indebtedness as of 31 December 2016 and 2015

(in 1000's of euros)	31 December 2016 (not audited)	31 December 2015 (audited)
Structure of Financial Debt		
Issue of Convertible Bonds 2013	973	729
Issue of Convertible Bonds 2016	0	0
(A.1) Financial Liabilities through Issuance of Debt and other Negotiable Securities	973	729
Credits	36,868	61,580
Debt Interest	1,576	3,150
Capital Lease	1,682	1,889
Debts from Public/Private Research Projects	19,616	12,029
(A.2) Current Debt from Credit Institutions	59,742	78,648
(A) Total Financial Resources with Short	60,715	79,377

Term Costs (A.1) + (A.2)		
Issue of Convertible Bonds 2013	146,656	237,543
Issue of Convertible Bonds 2016	242,578	0
Issue of non-convertible Bonds 2016	25,016	0
(B.1) Financial Liabilities through Issuance of Debt and other Negotiable Securities	414,250	237,543
Debt from Capital Leases	1,046	2,605
Credit Institutions	615,032	607,211
R & D Loans	105,664	114,556
(B.2) Debts with Credit Institutions	721,742	724,372
(B) Total Financial Resources with Long Term Costs (B.1 + B.2)	1,135,992	961,915
(C) Gross Financial Endebtedness (A) + (B)	1,196,707	1,041,292
(-) Treasury and Equivalent Liquid Assets	673,901	341,554
(=) Net Debt	522,806	699,738

All of Indra's debt is backed by owner's equity and is neither guaranteed nor collateralized.

(iii) Interests of natural and artificial person participants in the Offer

The Offeror is unaware of the existence of any relationship or significant financial interest between the Indra Group and the participating entities in the Offer, other than those which are the subject of the present Offer.

(J) Information regarding the securities

(i) Indication of the existence of any other binding takeover offer and/or binding sell-out and repurchase rules regarding the securities

There are no special rules regulating binding takeover offers of the Indra shares, other than those arising from the rules regarding public tender offers contained in the LMV with the modifications introduced by *Ley 6/2007, de 12 de abril*, regarding amendment of the scheme for public tender offers and transparency rules for issuers, resulting in the incorporation into Spanish jurisprudence the European Parliament and Council Directive 2004/25/EC of 21 April

2004 on takeover bids, and in the *Real Decreto 1066/2007, 27 de July*, regarding the scheme for public tender offers, both in force since 13 August 2007.

This rule will affect Indra shares to be issued from the moment in which the shares are listed on the stock exchanges of Barcelona, Bilbao, Madrid and Valencia and through the Mercado Continuo.

No public tender offer has been made for Indra shares.

(ii) Indication of public tender offers made by third parties for the capital of the issuer during the previous and current fiscal year. State the price or the swap terms of these offers and their results

There have been no public tender offers for Indra shares during the previous or current fiscal year.

(iii) Taxation of the shares

What follows is a general description under applicable Spanish law (including current implementation rules), of the tax regime which applies to the acquisition, ownership and, when applicable, later transfer of shares.

It should taken into account that the present analysis does not explain every possible tax implication of the above mentioned transactions, nor the regime applicable to all categories of investors, some of which (by way of example, financial entities, collective investment funds, unincorporated cooperatives or other pass through tax entities) may be subject to special rules. In addition, the present description does not take into account Spanish regional tax regimes in force in the Basque Country and Navarra, nor rules in place in the *Comunidades Autónomas* in Spain, where certain local taxes may apply to investors.

Particularly, the applicable rules are found in *Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas* and in the partial amendment of *Leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio* ("Tax Legislation Covering Companies, Income of Nonresidents, and Assets" or "**LIRPF**") and its implementing regulations, approved by the *Real Decreto 439/2007, de 30 de marzo*; the *Texto Refundido de la Ley del Impuesto sobre la Renta de no Residentes* ("Recompiled Text of Tax Legislation Covering Income of Nonresidents" or "**TRLIRnR**"), approved by the *Real Decreto 1776/2004, de 30 de julio*; the *Ley 27/2014, de 27 de noviembre, del Impuesto sobre Sociedades* ("Taxes on Companies" or "**LIS**"), and the *Real Decreto 634/2015, de 10 de julio*, approving regulations regarding the LIS. All of the above is understood to be without prejudice to changes which may be made in the future to the applicable law.

Shareholders are advised to consult with their lawyers or tax advisors in order to determine tax implications in their particular circumstances. In a similar vein, shareholders should take into account future legislative changes as well as interpretations which may be made by Spanish taxing authorities, which may differ from the interpretations contained below.

(1) Indirect taxation on the acquisition and transfer of shares

The acquisition and, when applicable, later transfer of shares is exempt from the *Impuesto*

sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados and the Impuesto sobre el Valor Añadido.

(2) Direct taxation arising from ownership and later transfer of shares

(i) Shareholders resident in Spanish territory

The present Section analyzes the tax treatment applicable to investors who are considered Spanish residents for tax purposes. Generally speaking, investors who live in Spain, entities domiciled in Spanish territory in accordance with Article 8 of the LIS, and natural persons whose primary residence is in Spain as such is defined in Article 9.1 of the LIRPF, as well as residents abroad who are members of Spanish diplomatic missions, Spanish consular offices and other official posts as defined in Article 10 of the LIRPF will be considered residents for tax purposes. Also included as Spanish residents for tax purposes are those Spanish artificial persons which close their Spanish registered offices and move to a tax haven during the tax year when the change of residence occurs as well as the four years following. The conventions for the prevention of double taxation (“CDI”) ratified by Spain incorporate rules applicable in cases of dual residency.

Natural persons who become resident in Spain as a result of a contract of employment — with the exception of professional athletes— or as administrator of a company in which the taxpayer has less than a 25% equity interest, may opt between the IRPF and the TRLIRnR for the tax period in which the change of residence occurs and for the five years following so long as they comply with the requirements contained in Article 93 of the LIRPF.

(a) Natural Persons

(a.1) Income taxes for natural persons

(a.1.1) Returns on chattel assets

Pursuant to Article 25 of the LIRPF, returns on chattel assets are defined as, among other things, dividends, the attendance fees for shareholders meetings, income derived from creation or termination of rights, use, or enjoyment of the shares and, in general, equity interests in the profits of the Offeror as well as any other use arising from said entity in the person’s condition as shareholder.

The income from returns on chattel assets obtained by the shareholders as a consequence of share ownership is net. This results from the deduction, when applicable, of administrative and depository expenses from the gross amount, while discretionary and individualized management expenses are not deductible. The net income is included in the taxable income for the fiscal year in which it is received, and taxed at a fixed rate of 19% (for the first 6,000 euros), then 21% (for income between 6,000.01 euros and 50,000 euros) and then 23% (for income above 50,000 euros), with no deduction in order to avoid double taxation. These rates may vary depending upon the Comunidad Autónoma in which the natural person shareholder lives.

For additional paid in capital distributions (just as shares listed on some of the regulated securities markets as defined in Directive 2004/39/EC of the European Parliament and of the

Council of 21 April 1999), the amounts received in these distributions will reduce the acquisition value of the affected securities until their cancellation, and only the resulting excess will be taxable income from chattel assets, as described in the section above.

In addition, the shareholders will be generally subject to income tax withholding in the amount of 19% for the entire amount of distributed dividends. This withholding is deductible from income tax liability and, if withholding exceeds such liability, a refund will be due under the terms of Article 103 of the LIRPF. Exceptionally, paid in capital distributions are not subject to withholding.

(a.1.2) Equity gains and losses

Variations in the value of taxpayer equity as defined by the LIRPF will give rise to equity gains and losses. The transfer of title to shares for profit or loss will cause changes in net worth, equivalent to the negative or positive difference between the value of these securities at acquisition and their value upon transfer. The transfer value will be determined (i) by its list value on the date of transfer or (ii) by the price agreed upon when higher than the list price.

When there is more than one homogenous security available for determining the acquisition cost and capital gain or loss under the IRPF, the assigned cost basis will be that for the ones purchased on the earliest date.

The acquisition cost as well as the transfer price may increase or decrease depending upon the amount of the expenses and tax liability associated with said transactions, which must be paid by the purchaser or transferor.

Capital gains or losses arising from the transfer of shares are included in the taxable income for the period in which the transfer takes place. Such income is taxable at the rate of 19% for the first 6,000 euros, 21% income between 6,000.01 euros and 50,000 euros, and 23% amounts above 50,000 euros. These rates may vary depending upon the Comunidad Autónoma in which the natural person shareholder lives.

Capital gains arising from the transfer of shares are not subject to withholding.

Certain losses arising from the transfer of shares do not count as capital losses when homogenous securities were acquired within two months before or after the transfer date giving rise to the loss. In those cases, the capital losses are realized at the time of transfer of remaining securities held by the taxpayer.

(a.1.3) Subscription rights

As of 1 of January 2017, the amount obtained by the sale of subscription rights will be considered capital gains for the transferor during the tax cycle in which the transfer occurred. This amount will be subject to withholding to the IRPF account by the depository entity and, in its absence, the broker or attesting official who facilitated the transfer.

In either of these two cases capital gains will be included in net taxable income, and will be taxable at the rate of 19% for the first 6,000 euros, 21% income between 6,000.01 euros and 50,000 euros, and 23% amounts above 50,000 euros. These rates may vary depending upon the Comunidad Autónoma in which the natural person shareholder lives.

(a.2) Property taxes

Natural person shareholders whose residence for tax purposes is within Spanish territory are subject to the *Impuesto sobre el Patrimonio* (“IP”), applied to all net property owned as of 31 December of each year.

The tax is payable in accordance with the provisions of the *Ley 19/1991, de 6 de junio, del Impuesto sobre el Patrimonio* (“Ley del IP”). The Ley del IP exempts the first 700,000 euros and is bracketed from 0.2% to 2.5%. All of this is without prejudice to specific rules which may be applicable in different regions of Spain.

Those natural persons whose residence for tax purposes is in Spain who acquire shares and are required to submit an IP declaration must declare what shares they own as of 31 December of each year. The shares are assessed based upon their average value during the fourth quarter of the year. The *Ministerio de Hacienda y Administraciones Públicas* publishes annually this data for the purposes of the IP.

Article 4 of the *Real Decreto-ley 3/2016, de 2 de diciembre*, provides that the entire amount of this tax will be subsidized beginning 1 January 2018. There will be neither the obligation of making payments or submitting any return whatsoever after this date.

(a.3) Estate and gift taxes

Transfers of shares without consideration (by reason of death or donation) to natural persons resident in Spain are subject to the *Impuesto sobre Sucesiones y Donaciones* (the “ISD”) in the terms provided for in *Ley 29/1987, de 18 de diciembre*. This tax is paid by the person acquiring the securities. The applicable tax rate ranges from 7.65% to 34% of the tax basis; once the final amount is calculated, certain multipliers are applied as a function of the pre-transfer worth and consanguinity of the taxpayer to the deceased or donor, and will ultimately result in an effective tax rate of between 0% and 81.6% of the taxable basis. All of this without prejudice to specific rules approved, when applicable, by each Spanish region.

(b) Artificial personas

(b.1) Corporate taxes

(b.1.1) Dividends

Those liable to pay the *Impuesto sobre Sociedades* (“Companies Tax” or “IS”) or who are taxpayers subject to the *Impuesto sobre la Renta de no Residentes* (the “IRnR”), by acting in Spain by means of a permanent presence, will include the entire amount of dividends or equity interest in profits received arising from ownership of paid-in securities to their taxable basis, as well as expenses associated with the equity interest, in the form described in Article 10 et seq. of the LIS. The tax rate of the IS is generally 25%. In the event of distribution of a share premium, the amount received by the person liable to pay IS will reduce, up to its entire amount, the tax value of the affected securities and only the amount above this value will be included in taxable basis.

Notwithstanding the above, dividends or equity interests in profits of entities are generally exempt from the IS in accordance with the conditions stipulated in Article 21 of the LIS, so

long as the percentage of direct or indirect interest in the equity or in the entity's funds is at least 5%, or the acquisition cost of the corresponding equity interest is more than 20 million euros. For the exemption to be applicable, the equity interest must be held without interruption for one year prior to the day in which the distributed earnings may vest or, in other cases, held long enough after to complete said time.

In the event that the Offeror receives dividends, equity interest in profits, or income derived from the transfer of securities representing equity or the entity's funds amounting to more than 70% of its revenue, application of this exemption will be conditioned on compliance with more complex requirements, which essentially require that the shareholder have an indirect equity interest in those entities of at least 5% of the capital stock, unless said affiliate meets the criteria referred to in Article 42 of the *Código de Comercio* by being members of the same group of companies with the directly participating entity and issuing consolidated financial statements. Investors are advised to consult with their lawyers or tax advisors to determine whether they qualify for this exemption.

Taxpayers liable for the IS are subject to withholding in the amount of 19% on the entire amount of the profit distributed, except pursuant to a withholding exemption under applicable law. Distribution of share premiums is not subject to withholding for IS.

Withholding will be deducted from the IS tax and, if the withholding exceeds the amount of said tax, a refund will be made in accordance with Article 127 of the LIS.

Taxpayers liable for the IS are obliged to make periodic payments towards the final amount of this tax. For entities whose net revenues for the 12 months prior to the date in which the tax year begins were at least 10 million euros, the amount of the periodic payments must be no less than 23% of the positive result of the profit and loss statement for the first 3, 9 or 11 months of each fiscal year. The dividends received, although exempt, form part of the basis for calculation of the periodic payment. There are specific rules for calculating the periodic payment for entities with a fiscal year different than the calendar year.

(b.1.2) Income derived from the transfer of shares

The profit or the loss derived from the transfer of shares, or of any other related capital change, will be included in the taxable basis of the taxpayer liable to pay the IS or taxpayers liable for the IRnR who by means of a permanent office in Spain as described in Article 10 et seq. of the LIS, and will generally pay a rate of 25%.

Income arising from the transfer of shares not subject to withholding.

Generally speaking, positive income received upon transfer of equity interest in an entity may be exempt from the IS in accordance with the conditions stipulated in Article 21 of the LIS so long as the percentage of direct or indirect interest in the capital or in the funds owned by the entity are at least 5% or when the acquisition value the equity interest is more than 20 million euros. In order for this exemption to apply, said equity interest must be held without interruption for one year prior to the day of the transfer. Generally, the losses arising from the transfer of equity interests which meet the requirements for applying the exemption provided for in Article 21 of the LIS are not included in the taxable basis for the IS.

In the event that the Offeror receives dividends, a share of profits or income arising from the transfer of securities representing capital or entity owned funds amounting to more than 70% of revenue, application of this exemption will depend on meeting complex requirements, which essentially require that the shareholder have an indirect equity interest in those entities of at least 5% of the capital stock, unless said affiliates meet the criteria referred to in Article 42 of the *Código de Comercio* by being members of the same group of companies with directly participating entity and issuing consolidated financial statements. Investors are advised to consult with their lawyers or tax advisors to determine whether they qualify for this exemption.

(b.2) Capital gains tax

Taxpayers liable for the IS are not subject to capital gains tax.

(b.3) Estate and gift taxes

Taxpayers liable for the IS are not subject to the estate and gift taxes under the ISD and income they receive from transfers without consideration are taxed according to the rules of the IS.

(ii) Shareholders who are not residents in Spanish territory

This section analyzes the tax treatment applied to shareholders who are not residents of Spanish territory for tax purposes and are beneficial owners of the shares, excluding those who act in Spanish territory by means of a permanent establishment (“**Non-Resident Shareholders**”).

Non-Resident Shareholders are those natural persons who are not taxpayers under the IRPF and nonresident entities in Spanish territory according to the provisions of Article 6 of the TRLIRnR.

The regime described below is of a general character, and each taxpayer should take his particular situation into account and those under the applicable CDI.

(c.1) Income tax for nonresidents

(c.1.1) Capital gains

The dividends and other income derived from an equity interest in the entity’s own funds and received by a nonresident shareholder will generally be subject to taxation under the IRnR at a rate of 19% on the whole amount received. The amount obtained as additional paid in capital distributions (as well as shares listed on one of the regulated securities markets as defined in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 1999), will reduce the acquisition value of the affected securities until their cancellation, and only the resulting excess will be taxable under the IRnR as capital gains.

Nonetheless, profits distributed by companies resident in Spanish territory to parent companies located in other member States of the European Union (other than Spain) or to their own permanent establishments situated in other member States (other than Spain), are exempt when they meet the following requirements:

1. That both companies are subject to and not exempt from some taxation on profits imposed on artificial persons within the member States of the European Union mentioned in Article 2.c) of Directive 2011/96/EU of the Council of 30 June 2011, regarding the regimen applicable to parent companies and affiliates of different member States, and permanent establishments subject to and not exempt from taxation in the State where they are situated.
2. That the profit distribution not be the result of winding down the subsidiary.
3. That both companies have one of the forms described in the Annex of the Council Directive 2011/96/EU of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States, modified by Council Directive 2014/86/EU, of 8 July 2014.

A company will be considered a parent when that entity possesses at least a 5% interest directly or indirectly in the capital of the other company or when the cost of acquisition of the equity interest in said company would be more than 20 million euros. The other would be considered a subsidiary. The mentioned equity interest must have been held without interruption for one year prior to the day in which the profit to be distributed is due or, failing that, held for the period of time necessary in order to complete a year.

This exemption also applies when subsidiaries resident in Spanish territory distribute profits to parent companies resident in member States of the European Economic Area or to permanent establishments of those parent companies located in other member States of the European Economic Area, so long as they meet the requirements established in the LIRnR.

This exemption will not apply if the dividend arrives from a territory considered to be a tax haven. Neither will it apply when the majority of the voting rights of the parent company possess, directly or indirectly, by natural or artificial persons who do not reside in member States of the EU or in member states of the European Economic Area with which there is an effective exchange of tax information under the terms contained in Section 4 of the *disposición adicional primera de la Ley 36/2006, de 29 de noviembre*, on measures for preventing tax fraud, except when it is certified that the structure and operations of the company are for legitimate and substantive financial and business.

The Offeror will deliver, at the time of payment of the dividend, withholding of 19% to the account of the IRnR. Distribution of share premium is not subject to IRNR withholding.

Nonetheless, when by virtue of the residence of the recipient for tax purposes a CDI or domestic exemption applies, the reduced tax rate contained in the CDI or the exemption will apply to the income, after certification of the residence of the shareholder in the form established under rules in force. The *Orden del Ministerio de Economía y Hacienda de 13 de abril de 2000* governs the special procedure to be followed to make withholdings for non-resident shareholders as appropriate for each case, or to avoid withholding, when financial institutions registered, resident or represented in Spain which might be depositories or manage the payment of income from said securities are involved in the payment procedure.

In accordance with this rule, at the moment the dividend is to be distributed, the Offeror will

withhold 19% of the gross amount and transfer the net amount to depository entities. Depository entities which certify, in turn, and in the proper form, the right to have reduced tax rates applied or exemption from withholding on behalf of their clients (for which purpose clients must deliver to the depository entity, before the tenth day of the month following the one in which the dividend is distributed, a certificate of residence for tax purposes issued by the taxing authority in its country of residence and in which, as the case may be, it must be expressly stated that the investor is a resident as that term is defined in the applicable CDI; or, in those cases in which a cap on taxation is set by means of an Order in the CDI using a specific formula, then, this formula) will immediately receive for delivery the amount of excess retention. The certificate of residence is generally valid for one year from its date of issuance for these purposes.

If the withholding exceeds the rate applicable to the nonresident shareholder because of an inability to certify residence for tax purposes within the established time, or because the payment procedure did not involve any financial institutions registered, resident or represented in Spain which might be depositories or manage the payment of income from said securities, the nonresident shareholder may request a refund from Hacienda Pública for the excess withheld amount subject to the procedure and the model of affidavit found in the *Orden EHA/3316/2010, de 17 de diciembre de 2010*.

En any event, once withholding to the account of the IRnR or the exemption is recognized, the nonresident shareholders will not be obliged to submit a return in Spain under the IRnR.

Shareholders are advised to consult with their lawyers or tax advisors regarding the procedure to follow, in each case, in requesting any refund from Spanish Hacienda Pública.

(c.1.2) Capital gains and losses

In accordance with the TRLIRnR, the capital gains received by nonresident shareholders through share transfers, or any other capital gain related to these securities, are subject to taxation by the IRnR and are generally assessed in accordance with the rules found in the LIRPF. In particular, the capital gains derived from the transfer of shares are taxed by the IRnR at the rate of 19% except when exemptions under domestic law or a CDI to which Spain is a signatory apply, in which case the provisions of said CDI will apply.

The following are exempt under Spanish law:

- (i) Capital gains derived from the transfer of shares in official secondary markets for Spanish securities obtained without the use of brokers permanently established in Spain by natural persons or entities resident in a State which has executed a CDI with Spain with an information exchange clause, so long as they were not obtained through countries or territories classified by law as tax havens.
- (ii) Capital gains derived from the transfer of shares obtained without the use of brokers permanently established in Spain by natural persons or entities resident for tax purposes in other member States of the EU (other than Spain) or by permanent establishments of said residents located in another member State of the EU (other than Spain), so long as they were not obtained through countries or territories

classified by law as tax havens. The exemption does not apply to capital gains derived from the transfer of shares or rights of an entity when (i) the assets of said entity consist principally, directly or indirectly, of real property located in Spanish territory, or (ii) in the case of a nonresident natural person transferor, during the twelve months prior to the transfer, the transferor directly or indirectly owned at least 25% of the capital or equity of the company, or (iii) in the case of transferors who are nonresidents, the transfer does not meet the requirements for application of the exemption described in Article 21 of the LIS.

The capital gain or loss will be calculated and submitted to the taxing authorities separately for each transfer, it being impossible to combine gains and losses in the event of various transfers with distinct results. Amounts will be calculated applying the rules of Article 24 of the TRLIRnR, which contain special provisions for nonresident shareholders who may be residents of other EU member States.

Since 1 January 2017, the amount obtained by the sale of preemptive rights for shares will be considered capital gains to the transferor for the tax year in which the transfer occurs, making it subject to taxation—and withholding—in accordance with the criteria described above.

In accordance with the provisions of the TRLIRnR, the capital gains obtained by nonresidents without a permanently established broker will not be subject to withholding or delivery to an account of the IRnR, except for as indicated in the section above.

The nonresident shareholder will be obliged to submit a declaration, determining and submitting, when applicable, the tax due. He may also make the declaration and tax payment through his tax representative in Spain or the depository or share manager by following the procedure and model declaration appearing in the *Orden EHA/3316/2010 de 17 diciembre 2010*.

Should an exemption be applicable by virtue of Spanish law or a CDI, the nonresident shareholder shall give notice by means of a tax residency certificate issued by the tax authority corresponding to his country of residence (in which it should be expressly stated, if true, that the investor is resident in said country as defined in the applicable CDI) or on the form indicated in the Spanish *Orden* applicable to the relevant CDI. Generally, the residency certificate is valid for one year from the date of its issuance for these purposes.

(c.2) Capital gains tax

Nonresident shareholders who are natural persons and owners on 31 December of each year of assets located in Spanish territory or of rights which may be or have been exercised are subject to the IP. The taxpayer may take advantage of the fact that the first 700,000 euros is exempt. Tax rates for 2015 ranged generally from 0.2% to 2.5%.

The Spanish authorities consider the shares of a Spanish company to be located in Spain.

In the event of liability under the IP, shares owned by nonresident natural persons are assessed at their average list price for the quarter of each year. The Ministerio de Hacienda y Administraciones Públicas publishes this data annually.

Article 4 of the *Real Decreto-ley 3/2016, 2 de diciembre* provides that this tax is subsidized 100% beginning 1 January 2018. There is no obligation to make any remittances or file a declaration of IP.

Nonresident shareholders who are natural persons resident in a member State of the European Union or of the European Economic Area have the right to apply the local rules approved by the region where the largest value of the goods and rights of which they are owners may be found which imposes the tax because of their location in Spanish territory. Investors are advised to consult with their lawyers or tax advisors.

Finally, companies are not liable for this tax.

(c.3) Estate and gift taxes

Without prejudice to the provisions of any CDI of which Spain is a signatory, acquisition without consideration by natural persons who do not reside in Spain, regardless of the residence of the transferor, are subject to the ISD when they acquire assets located in Spanish territory or rights which may be exercised or have been exercised there. The Spanish authorities consider the shares of a Spanish company to be located in Spain.

In the event that assets and rights are acquired through inheritance, bequest, or any other type of succession, whenever the deceased was a resident of a member State of the European Union or of the European Economic Area other than Spain, the taxpayer will generally have the right to apply the rules approved by the Comunidad Autónoma where the greatest value of the assets and rights of the estate are located in Spain.

Likewise, upon intervivos receipt of chattels by donation or any other means which do not involve the exchange of consideration, nonresident shareholders who are residents of a member State of the European Union or of the European Economic Area have the right to apply the rules approved by the Comunidad Autónoma where the referenced chattels were located the largest number of days during the five year period immediately prior to the day before the tax accrues.

Companies are not subject to this tax: revenues received with no exchange of consideration are generally characterized as capital gains in accordance with the rules of the IRnR described above, without prejudice to the provisions of the CDI which may apply.

Nonresident shareholders should consult with their tax advisors regarding the applicability of the ISD in specific cases.

(K) Transaction costs

The shares to be issued by Indra will be subscribed exclusively through in kind contributions consisting of shares to be sold by their owners under the terms of the Offer.

The total amount of the issuance, therefore, will depend on the number of TecnoCom shareholders who decide to accept the Offer in accordance with the terms of the fixed swap ratio. Nonetheless, the maximum number of shares of common stock to be issued by Indra will be 12,956,859, making a maximum nominal amount, taking into account their par value of 0.20 euros, of 2,591,371.80 euros.

In the event that the issuance of shares is fully subscribed because the Offer was accepted in its entirety by the all of shareholders of TecnoCom, Indra estimates that the costs of the transaction will be as indicated below, for illustrative purposes only, given the difficulty of estimating its exact amount:

Issuance costs	Amount (1000's of euros)
Taxes to the CNMV (Offer and listing of the new shares)	110
Charges and fees to the Spanish stock exchange and Iberclear	25
Financing, legal and other costs (including advertising, printing, legal and financial services, audit, general shareholders meeting, notary, commercial registry, etc.)	3,000
Total	3,135

(L) Additional information

(i) Advisors for the issuance

Uría Menéndez Abogados, S.L.P. have provided legal services regarding the Offer.

J.P. Morgan Ltd. and Rothschild, S.A. have provided financial advising services related to the Offer.

(ii) Information which has been audited or reviewed by auditors

Apart from the audited annual financial statements for fiscal 2015, no other information in this Prospectus has been audited or reviewed by auditors.

(iii) Update of the information contained in the Registration Document of the Company approved by the CNMV on 16 February 2017

(a) *Financial information*

The financial information corresponding to the second half of the fiscal year closed 31 December 2016 is incorporated by reference and may be found registered at the CNMV and available on the Indra webpage following this link:

http://www.indracompany.com/sites/default/files/rdos2016_e.pdf

Financial information corresponding to the second half of the fiscal year closed 31 December 2016 updates the information contained in Sections 3.1, 6.1, 10.1, 10.2, 10.3 and 20.1 of the referenced Registration Document.

Once the individual and consolidated audited annual financial statements for Indra and its affiliates are published, Indra will update the information contained in the Registration Document by means of a supplement to be incorporated by reference in the referenced annual financial statements

(b) *Relevant events*

Since the date of the Registration Document, there have been no significant facts, other than those described in the present Prospectus and in the documents incorporated by reference, which might affect the financial and equity situation of Indra, or evaluation of the securities.

5.4. Places where the Prospectus and Accompanying Documents may be Found

Pursuant to the provisions of Article 22.3 of the *Real Decreto 1066/2007*, the present Prospectus, as well as the documentation which accompanies it, will be at the disposal of interested parties from no later than the day following publication of the first announcement described in Article 22.1 of the *Real Decreto 1066/2007* in printed form, which Indra will make available to the public free of charge in the following places:

Entity	Address
<i>A) Governing Bodies of the Securities Exchanges</i>	
- Sociedad Rectora de la Bolsa de Valores de Madrid	Plaza de la Lealtad 1, Madrid
- Sociedad Rectora de la Bolsa de Valores de Barcelona	Paseo de Gracia 19, Barcelona
- Sociedad Rectora de la Bolsa de Valores de Bilbao	Calle José María Olabarri 1, Bilbao
- Sociedad Rectora de la Bolsa de Valores de Valencia	Calle Libreros 2-4, Valencia
<i>B) Offeror and Target Company</i>	
- Indra	Avenida de Bruselas 35, Alcobendas (Madrid)
- TecnoCom	Calle Miguel Yuste nº 45, Madrid
<i>C) Comisión Nacional del Mercado de Valores</i>	
- CNMV Madrid	Calle Edison 4, Madrid
- CNMV Barcelona	Paseo de Gracia 19, Barcelona

In addition, the Prospectus alone, without its appendices, will be available at the respective web pages of the CNMV (www.cnmv.es), Indra (www.indracompany.com) and TecnoCom (www.tecnocom.es) no later than the time indicated above.

5.5. Territorial Restriction

The Offer is made only in Spain and is directed to all of the owners of shares of TecnoCom in accordance with the terms of the present Prospectus, and this Prospectus and its contents do not constitute extension of the Offer to any jurisdiction where the making of the Offer would require issuance or registry of any documentation additional to the Prospectus.

In particular, the Offer is not made, directly or indirectly, in the United States of America, whether by mail or any other interstate or foreign means or instrument (including, without limitation, facsimile, telephone or internet) or by means of the securities exchanges of the United States of America. For this reason, this Prospectus will not be distributed by any means in the United States of America.

Those Tecnocom shareholders who reside outside of Spain and decide to accept the Offer are informed that they may be subject to legal restrictions and regulations different from those appearing in Spanish law. Therefore, compliance with said rules will be the exclusive responsibility of those shareholders resident abroad who decide to accept the Offer as well as their proper verification, applicability and effect.

In Madrid, 7 March 2017, the present Prospectus of public tender offer for acquisition of shares of Tecnocom is signed.

On behalf of:

Indra Sistemas, S.A.

Mr. Javier Lázaro Rodríguez

APPENDICES

- Appendix 1. - Documentation certifying the company resolutions adopted by the Board of the Offeror on 28 November 2016**
- Appendix 2. - Certification regarding the resolution adopted at the extraordinary general shareholders meeting of the Offeror 20 of February 2017 regarding the capital increase**
- Appendix 3. - Copy of the Binding Agreement**
- Appendix 4. - List of treasury share transactions of TecnoCom, Telecomunicaciones y Energía, S.A.**
- Appendix 5.- Certificate issued by the *Bolsa de Madrid*, on 24 January 2017, regarding the simple average of the weighted daily average list prices of Indra for the three months prior to the pre-commencement announcement of the Offer**
- Appendix 6. - Resolution of the *Comisión Nacional de los Mercados y la Competencia* of 12 January 2017 authorizing the transaction on antitrust grounds**
- Appendix 7. - Certifying documentation of the contents of the restricted cash deposit held by Banco Santander, S.A.**
- Appendix 8. - Model of Offer announcement**
- Appendix 9. - Letter from the Offeror to the CNMV regarding publication of the Offer**
- Appendix 10. - Letters of acceptance from Santander Investment Bolsa, Sociedad de Valores, S.A. Unipersonal and Banco Santander, S.A. as market members brokering the Offer and settlement agent, respectively**

**APPENDIX 1 DOCUMENTATION CERTIFYING THE COMPANY RESOLUTIONS ADOPTED BY
THE BOARD OF THE OFFEROR ON 28 NOVEMBER 2016**

APPENDIX 2 CERTIFICATION REGARDING THE RESOLUTION ADOPTED AT THE EXTRAORDINARY GENERAL SHAREHOLDERS MEETING OF THE OFFEROR 20 OF FEBRUARY 2017 REGARDING THE CAPITAL INCREASE

APPENDIX 3 COPY OF THE BINDING AGREEMENT

**APPENDIX 4 LIST OF TREASURY SHARE TRANSACTIONS OF TECNOCOM,
TELECOMUNICACIONES Y ENERGÍA, S.A.**

**APPENDIX 5 CERTIFICATE ISSUED BY THE BOLSA DE MADRID, ON 24 JANUARY 2017,
REGARDING THE AVERAGE OF THE WEIGHTED DAILY AVERAGE LIST PRICES
OF INDRA FOR THE THREE MONTHS PRIOR TO THE PRE-COMMENCEMENT
ANNOUNCEMENT OF THE OFFER**

APPENDIX 6 RESOLUTION OF THE *COMISIÓN NACIONAL DE LOS MERCADOS Y LA COMPETENCIA* OF 12 JANUARY 2017 AUTHORIZING THE TRANSACTION ON ANTITRUST GROUNDS

APPENDIX 7 CERTIFYING DOCUMENTATION OF THE CONTENTS OF THE RESTRICTED CASH DEPOSIT HELD BY BANCO SANTANDER, S.A.

APPENDIX 8 MODEL OF OFFER ANNOUNCEMENT

ANEXO 9 LETTER FROM THE OFFEROR TO THE CNMV REGARDING PUBLICATION OF THE OFFER

**APPENDIX 10 LETTERS OF ACCEPTANCE FROM SANTANDER INVESTMENT BOLSA,
SOCIEDAD DE VALORES, S.A. UNIPERSONAL AND BANCO SANTANDER, S.A.
AS MARKET MEMBERS BROKERING THE OFFER AND SETTLEMENT AGENT,
RESPECTIVELY**