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**INFORMATION FOR SHAREHOLDERS FOR  
THE 2013 ANNUAL SHAREHOLDERS MEETING**

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**may 2013**

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## **Information for Shareholders for the 2013 Annual Shareholders Meeting of Indra Sistemas, S.A.**

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This document was prepared by the Board of Directors of INDRA SISTEMAS, S.A. (the "Company" or "INDRA") in order to present to its Shareholders, fully and in detail, the Agenda and the reasons for each Agenda Item of the next Annual Shareholders Meeting (the "Meeting"), as well as the proposed resolutions that the Board of Directors (the "Board") has decided to submit to the Meeting for each Item of the Agenda.

Just as in previous years, pursuant to its policy of following best practices in corporate governance and transparency of information, and in accordance with the Ley de Sociedades de Capital (Spanish Stock Company Act or "LSC") the Board of Directors makes available to Shareholders, from the very start of the Meeting, information explaining the contents of each one of the proposals that the Board will submit. The Board believes that this policy will facilitate Shareholder understanding of said proposals, encourage more active and informed participation, and allow Shareholders to submit their votes with a deeper understanding of the issues.

In Item 1 of the Agenda, approval of the Financial Statements and of the Management Report of Indra Sistemas, S.A. and its consolidated group are proposed, (and which are found incorporated into the Annual Corporate Governance Report for fiscal 2012 in accordance with 538 of the LSC) together with a proposal for distribution of earnings realized during the fiscal year ended 31 December, 2012.

In Item 2 of the Agenda approval of the Board's management for the fiscal year ended 31 December, 2012 is proposed.

Regarding the two Agenda items above, the audited individual and consolidated Annual Financial Statements and Management Report and the Annual Sustainability Report for fiscal 2012 are made available to shareholders on the company website upon call of the Meeting.

Item 3 of the Agenda contains a proposal which appears each fiscal year: appointment of external auditors for the review of the individual and consolidated financial statements for the current fiscal year.

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In Item 4 of the Agenda it is proposed on one hand that the maximum number of Directors who may be members of the Board be fixed at 14 and, on the other hand, five Directors whose terms are ending be re-elected and a new Director be appointed.

In Item 5 of the Agenda and in accordance with the provisions of Article 61 *ter* of the *Ley de Mercado de Valores* ("Securities Exchange Act" or "LMV"), the Board submits, on a consultative basis, the 2012 Annual Report on Remuneration for Directors and Senior Management.

Item 6 of the Agenda proposes to modify Article 27 of the Bylaws regarding Board Remuneration. The Board of Directors, as authors of the proposal, has drafted a report supporting the proposal, made available to Shareholders on corporate website at the moment of call.

Item 7 of the Agenda proposes approval at the Meeting of the maximum annual remuneration available to the Board of Directors.

Item 8 contains a report to the Meeting regarding changes made to the Board Rules to make them consistent with the changes to the Bylaws proposed above.

In addition to the documentation referred to in this report, Shareholders may review the 2012 Annual Report on the Proceedings of the Audit and Compliance Committee on the Company website which, in accordance with best practices regarding corporate governance, the Company makes public.

The aforementioned information and the call notice will remain accessible without interruption on the Indra website ([www.indra.es](http://www.indra.es)) from publication of the call at least until the Meeting begins.

*The Board of Directors,  
9<sup>th</sup> May 2013*

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- a. **Call to Order**
  - b. **Items 1 and 2 of the Agenda.** - Approval of the Individual and Consolidated Financial Statements and the Management Report for the 2012 fiscal year as well as proposed allocation of earnings. Approval of the Board of Director's management of the Company.
  - c. **Item 3 of the Agenda.** - Appointment of auditors of the individual and consolidated Financial Statements and Management Report for fiscal 2013.
  - d. **Item 4 of the Agenda.** - Determination of the number of Directors in accordance with the limits contained in Article 21 of the Bylaws. Re-election and Appointment of Directors.
  - e. **Item 5 of the Agenda.** - 2012 Annual Report on Remuneration for Directors and Senior Management.
  - f. **Item 6 of the Agenda.** - Amendment of Article 27 of the Bylaws regarding Board remuneration.
  - g. **Item 7 of the Agenda.** - Remuneration of the Board of Directors.
  - h. **Item 8 of the Agenda.** - Information submitted to the Meeting regarding changes made to the Board Rules.
  - i. **Item 9 of the Agenda.** - Approval and delegation of authority to formalize, enter and carry out the resolutions adopted at the Meeting.

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**a. Announcement of call of the Meeting****ANNUAL SHAREHOLDERS MEETING**

By resolution of the Board of Directors, Shareholders are called to the Annual Shareholders Meeting of Indra Sistemas, S.A. to be held at the corporate offices located at Alcobendas (Madrid), Avenida de Bruselas 35, this upcoming 26 June, 2013 at first call at 12:30 p.m. or, in the event a quorum is not present the next day, 27 June, 2013 at the same time and place on second call in order to consider and decide the following matters:

**AGENDA**

**First.-** Approval of the Individual and Consolidated Financial Statements and the Management Report for the 2012 fiscal year as well as proposed allocation of earnings.

**Second.-** Approval of Management by the Board of Directors during the fiscal year ended 31 December, 2012.

**Third.-** Appointment of auditors for the individual and consolidated Financial Statements and Management Report for fiscal 2012.

**Fourth.-** Determination of the number of Directors. Re-election and Nomination of Directors

**4.1.** Determination of the number of members of the Board of Directors.

**4.2.** Re-election of Mr. Luís Lada Díaz as independent director.

**4.3.** Re-election of Mrs. Mónica de Oriol e Icaza as independent director.

**4.4.** Re-election of Mr. Alberto Terol Esteban as independent director.

**4.5.** Re-election of Casa Grande de Cartagena, S.L.U. as proprietary director.

**4.6.** Re-election of Mr. Juan March de la Lastra as proprietary director.

**4.7.** Appointment of Mr. Santos Martínez-Conde y Gutiérrez-Barquín as proprietary director.

The various proposed resolutions contained in this item of the Agenda will be subject to separate and individual voting.

**Fifth.-** 2012 Annual Report on Remuneration for Directors and Senior Management.

**Sixth.-** Amendment of Article 27 of the Bylaws regarding Board remuneration.

**Seventh.-** Remuneration of the Board of Directors

**Eighth.-** Information submitted to the Meeting regarding changes made to the Board Rules.

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

#### SUPPLEMENT TO THE CALL AND PRESENTATION OF NEW PROPOSALS FOR RESOLUTION

Those shareholders representing at least five percent of the capital stock may request that an annex to the notice of call of any General Shareholders' Meeting be published in order to include one or more items on the Agenda. This right shall be exercised by sending a certified notification that must be received at the Company's registered office within the five days following the date when the notice of the General Shareholders' Meeting was published.

The annex to call, if any, will be published no less than fifteen days prior to 26 June 2013, the date set for the Shareholders Meeting at first call.

During the same period of time described above, Shareholders representing at least five percent of company equity may also present proposals based on matters already included or which ought to be included in the Agenda.

#### VOTING AND ATTENDANCE RIGHTS

Shareholders whose shares are registered in the books of account five days before the date of the Meeting may attend. In order to verify ownership and consistent with the Bylaws, Shareholders should request that any depositories of share registry produce a certificate of ownership or an attendance ticket for the Meeting. Each share shall be entitled to one vote at the Meeting.

#### RIGHT TO INFORMATION

Until the seventh day before the scheduled Meeting, Shareholders may request information which they deem appropriate or clarification from the Board of Directors or they may submit written questions which they deem relevant regarding items appearing in the Agenda. Additionally, they may request information or clarification or submit written questions regarding the auditor's report or regarding any public information which the Company has submitted to the CNMV since 21 June, 2012, the date of the last Annual Shareholders Meeting. For these matters, Shareholders may apply to the Shareholder Office by telephone at 91-4809800; or by email at [accionistas@indracompany.com](mailto:accionistas@indracompany.com)) or use forms placed on the Company website for that purpose ([www.indra.es](http://www.indra.es)).

From publication of the call and until the holding of the Meeting, every Shareholder who wishes to do so may review the following information at the corporate offices or the Company website ([www.indra.es](http://www.indra.es)) and request that it be delivered immediately and free of charge:

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- (i) Call notice
  - (ii) The total number of Company shares and voting rights.
  - (iii) Documents referred to in Article 272 of the LSC which will be submitted to the Annual Shareholders Meeting for approval as Item One of the Agenda.
  - (iv) Concerning Item One of the Agenda is the Annual Report on Corporate Governance, which forms an integral part of the Management Report.
  - (v) Item Two of the Agenda covers the Annual Sustainability Report for 2012
  - (vi) The entire text of the proposals and resolutions or reports included in each item of the Agenda and supporting information regarding their contents, which the Board of Directors of the Company has compiled with the goal of encouraging informed participation by Shareholders at the Annual Meeting. This document includes as well a report drafted in accordance with the provisions of legislation in force regarding the proposal for amendment of the Bylaws submitted in item Sixth of the Agenda.
  - (vii) The professional profiles of each of the Director whose nomination or re-election is proposed appear in the item Fourth of the Agenda.
  - (viii) The 2012 Annual Report on Remuneration drafted by the Board of Directors and referred to in item Fifth of the Agenda.
  - (ix) Procedures established by the Company in order to make distance voting possible and the forms made available to Shareholders to do so.
  - (x) The Annual Report of the Audit and Compliance Committee for fiscal 2012.

According to Company's practice in this field and to article 21.5 of Board's Regulations, the various proposed resolutions contained in Item Fourth will be subject to separate and individual voting for votes physically cast at the Meeting as well as voting by electronic means put into place by the Company. For the exercise of proxy or voting rights by long distance, if the attendance card provided by the share registry custodian does not provide for individualized voting, the Shareholder may nonetheless vote separately and individually for each proposal on the attendance card provided by the custodian or use the card made available by the Company for such purposes through the corporate website ([www.indra.es](http://www.indra.es)). Otherwise, votes will be construed to apply to all of the proposed resolutions contained in each of the above-mentioned items of the Agenda. This card should be addressed to the Company dully signed.

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## SPECIAL INFORMATIONAL TOOLS

In accordance with that established in Article 539 of the LSC, the Company has a corporate website [www.indra.es](http://www.indra.es), in order to make it easier for Shareholders to exercise their right to information and in order to distribute information required by applicable law.

From the publication of this call and up until the moment that the Meeting begins, the Company website ([www.indra.es](http://www.indra.es)) will contain an Electronic Shareholders Forum accessible to all Shareholders as well as to Voluntary Shareholder Associations which are registered in the special Registry created for that purpose at the *Comisión Nacional del Mercado de Valores* ("CNMV").

Rules governing access and use of the Electronic Shareholders Forum are available for review on the Company website ([www.indra.es](http://www.indra.es)) in the section dedicated to the Annual Shareholders Meeting.

## PROXY PROCEDURE AND PROCEDURE FOR LONG DISTANCE VOTING

The Board of Directors, under the power granted by Article 14 of the Bylaws and Articles 7 and 12 of the Board rules, has authorized the following procedures and requirements for the exercise of proxy rights and long distance voting at this Annual Shareholders Meeting:

### **1. Representation by long distance communication means**

Shareholders not attending the Meeting may delegate their votes by any means indicated below to another person, who need not be a Shareholder.

The designated representative who attends the Meeting must prove his or her identity in the same fashion as Shareholders attending. The representative may exercise his or her proxy and vote only by being physically present at the Meeting.

Any delegation or representation made generally to the Board of Directors and not any Director in particular will be conferred upon the Secretary of the Board or, in his absence, whomever acts as Secretary of the Meeting.

For all proxies given to the Board of Directors or to a member of the Board where the attendance card does not contain express instructions to vote against or to abstain, it is understood that in all instances the represented Shareholder has given specific instructions to vote in favour of each of the proposals drafted by the Board of Directors included in the Agenda. Unless otherwise indicated by the represented Shareholder, the proxy applies to all resolutions not drafted by the Board or to any matters permitted by law not included in the Agenda which



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may be submitted to the Meeting. In the event that a proxy delegated to the Board or an individual Director be applied in the matter described in the immediately preceding paragraph, and should such proxy contain no express instructions to vote in favour, then such votes shall be cast in opposition to any such proposal.

### **1.1. Delivery or correspondence by mail**

Proxy rights are conferred by filling in the section included for that purpose found on the attendance card provided by the share registry depository or that which the Company makes available to Shareholders by means of its website ([www.indra.es](http://www.indra.es)) in section dedicated to "General Shareholders Meeting". The Shareholder may obtain a Company proxy card by downloading one from the website and printing it; retrieving one from the corporate offices; or requesting that a copy be sent free of charge from the shareholder office.

The properly filled out and signed card should be sent by mail or hand delivered to the corporate office (Oficina del Accionista, Av. de Bruselas 35, Alcobendas 28108, Madrid) accompanied by a photocopy of an official government issued identification document.

No one may have more than one representative at the Meeting.

The Shareholder conferring his or her representation should communicate proxy and voting instructions, if any, to the designated representative. When a proxy is given to a member of the Board of Directors, the communication is complete upon receipt of the documentation constituting same at the corporate office.

### **1.2. Electronic Means**

The delivery of proxies and notice to the Company may be made electronically through the Company website ([www.indra.es](http://www.indra.es)). The procedure that a Shareholder is to follow for exercising his right to vote is explained there in detail. The Shareholder must prove his or her identity by means of an unexpired electronic DNI or a recognized irrevocable electronic certificate issued by the *Fábrica Nacional de la Moneda y Timbre* (FNMT).

## **2. Long Distance Voting**

Shareholders may exercise their right to vote without the need for attending the Meeting using means indicated below. Shareholders who vote in this way will be considered present for the purposes of quorum.

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## **2.1. Hand or mail delivery**

The exercise of the right to vote by this procedure is accomplished by filling out the appropriate section of the attendance card provided by the share depository or by completing the one made available by the Company to Shareholders on its website ([www.indra.es](http://www.indra.es)) in section dedicated to "General Shareholders Meeting". The Shareholder may obtain a Company voting card by downloading and printing from the website, by retrieving one from the corporate office or requesting one be sent free of charge from the Shareholder Office.

A properly filled out card with original signature should be sent to the company office by post or it may be hand delivered to the corporate office (Oficina del Accionista, Av. de Bruselas 35, Alcobendas 28108, Madrid) accompanied by a photocopy of a government issued identification document.

In the event that the card does not indicate the way to be voted, it will be assumed in all cases that the Shareholder votes in favour of each of the proposed resolutions formulated by the Board of Directors which appear in the Agenda published at call.

## **2.2. Electronic means**

Votes may be cast electronically by means of the system designed for such on the Company website ([www.indra.es](http://www.indra.es)). There, the Shareholder will find detailed explanation of the procedure to follow in order to exercise voting rights. The Shareholder who wishes to use this voting procedure must prove his identity using an unexpired electronic DNI or using a recognized irrevocable electronic certificate issued by the *Fábrica Nacional de la Moneda y Timbre* (FNMT).

## **3. Rules Common to the exercise of Proxy and Voting Rights by Remote Communication**

### **3.1. Identity Verification**

The Company reserves the right to verify information given by each shareholder with that provided by Iberclear, an entity in charge of the book entries for Company shares. In the event of a discrepancy between the number of shares communicated by the Shareholder on the proxy card, by electronic voting, or by forms made available on the corporate website ([www.indra.es](http://www.indra.es)) and the number in the book entries as communicated by Iberclear, the number of shares registered by Iberclear shall be considered valid for quorum and voting purposes.

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### **3.2. Legal entities**

In the case of legal entities Shareholders, the Company reserves the right to require evidence of the sufficiency and currency of the power of attorney presented by the natural person acting in the Shareholder's place.

### **3.3. Voting period**

In order for proxies and distance votes to be valid they must be received by the Company before 9:00 a.m. on 26 June, 2013, the date planned for first call.

### **3.4. Revocation and priority**

- (i) Proxies and exercise of the right to vote by long distance communication are always revocable and should be revoked expressly and by the same means used for voting within the period established for said voting.
- (ii) Physical attendance of the Shareholder at the Meeting, as well as attendance by means of a vote delivered by long distance revokes any proxy regardless of its date or form.
- (iii) Physical attendance of the Shareholder at the Meeting revokes any vote sent by long distance communication.
- (iv) Any vote or proxy submitted by electronic means will always prevail over a vote made by hand delivery or post.

### **3.5. Responsibility for custody of the electronic certificate and the devices for creating the electronic signature**

- (i) The Shareholder is exclusively responsible for the diligent use of his or her electronic ID and the data for creating electronic signatures and for custody of the electronic certificate for exercising proxy rights or distance voting through electronic means.
- (ii) The Shareholder using an electronic signature is responsible for proving that the electronic certificate used has not been neither revoked, suspended or expired or otherwise invalid at the moment the electronic signature is generated.

### **3.6. Availability of service**

The Company reserves the right to modify, suspend, cancel or restrict voting mechanisms and electronic proxies when technical or security reasons so require.

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The Company will not be responsible for any damages which might be suffered by the Shareholder as a result of outages, overloads, fallen communication lines, connection failures, postal service malfunction or any other eventuality of an equal or similar nature outside the control of the Company which might hamper or impede the Shareholder from exercising voting rights or proxy rights by long distance communication.

#### DATA PROTECTION

Personal data that Shareholders or their representatives send to the Company in order to exercise their rights to information, attendance rights, proxy or voting rights at the Shareholders Meeting, or which may be sent by banks and Securities Brokers where Shareholders have their shares deposited through Iberclear will be used for the purposes of managing the development,

compliance and control of shareholder relationships and shareholder representative relationships, where applicable. Additionally, Shareholders and their representatives are put on notice that their data is collected in an automatic file belonging to the Company. By written communication directed to the Company (Oficina del Accionista, Av. de Bruselas 35, Alcobendas 28108, Madrid), Shareholders may exercise their right to access, rectification, cancellation and opposition in accordance with that contained in the *Ley Orgánica de Protección de Datos de Carácter Personal 15/1999*.

#### NOTARIAL PARTICIPATION AT THE MEETING

The Board of Directors has agreed to require the presence of a Notary to record the minutes of the Shareholders Meeting in accordance with that contained in Article 203.1 of the LSC.

**Shareholders are informed that the Meeting may be held at second call; that is, 27 June, 2013 at 12:30 p.m.**

Shareholders entitled to attend the meeting are informed that the usual token evidencing the right to attend may be picked up at the Indra offices located at calle Julián Camarillo 16-20 in Madrid on the following dates and times: 20, 21, 22, 24, and 25 June between 10:00 a.m. and 2:00 p.m and between 4:00 p.m. and 6:00 p.m.

**Pedro Ramón y Cajal Agüeras**  
**Secretary of the Board of Directors**

**b. Items 1 and 2 of the Agenda**

**First. - Approval of the individual and consolidated Financial Statements and the Management Report for fiscal 2011 as well as the proposal for distribution of earnings.**

**PROPOSED RESOLUTIONS**

*"1. Approve the Annual Financial Statements and the Management Report for Indra Sistemas, S.A. for the fiscal year ended 31 December 2012 and drafted by the Board of Directors at its meeting held 21 March 2013.*

*In accordance with procedures followed by the Company regarding corporate governance attention is expressly directed to Note 38 of the individual Annual Report and to section B.1.13 of the Annual Report on Corporate Governance which is incorporated into the Management Report, where obligations assumed by the Company in the event of termination of the employment relationship of senior management are described.*

*The annual financial statements reflect after tax revenues of 138,175,865.60 €.*

*Company profits for fiscal 2012 will be applied in the following manner:*

<i>68,102,624.25 €</i>	<i>Voluntary Reserves</i>
<i>14,268,178.09 €</i>	<i>Goodwill</i>
<i>55,805,063.26 €</i>	<i>Dividends</i>

*2. Approve a regular dividend effective 9 July 2013. The dividend will be paid as follows for each share:*

<i>Gross Amount:</i>	<i>0.3400 €</i>
<i>21% Withholding:</i>	<i>0.0714 €</i>
<i>Net Amount:</i>	<i>0.2686 €</i>

*The total amount of the dividend approved will be increased or decreased to the degree necessary so that the amount paid for each issued share - excluding treasury shares- will amount to 0.34 € in accordance with Article 148 a) of the LSC.*

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*3. Approve the consolidated Annual Financial Statements and the Management Report of the group of companies headed by Indra Sistemas, S.A. corresponding to the fiscal year ended 31 December, 2012 and drafted by the Board of Directors on 21 March, 2013.*

*The consolidated Financial Statements show an after tax profit of 127.566 million euros, of which 132.658 million euros are attributable to the parent company."*

## **Second.- Approval of Management by the Board of Directors.**

### **PROPOSED RESOLUTION**

*"Approve management of the Board of Administration during the fiscal year ended 31 December 2012 based upon information contained in the Annual Financial Statements and the 2012 Annual Report on Sustainability, which includes detailed information regarding Company business and its public goals."*

### **REASONS FOR THE PROPOSAL**

- The Financial Statements and the Management Report for the 2012 fiscal year are available to the Shareholders and were communicated in accordance with law to the Comisión Nacional del Mercado de Valores ("Spanish Securities Market Commission" or "CNMV") on 25 April, 2013.

The Financial Statements include the balance sheet, the income statement, a statement of recognised income and expense, statement of owners' equity, a statement of cash flows and the Annual Report.

The Management Report includes, among other things, the Annual Report on Corporate Governance.

The Financial Statements and Management Report have been certified by the Managing Director and the Chief Financial Officer of the Company, verified by the Audit and Compliance Committee prior to its preparation by the Board, and audited by the independent firm KPMG without any exceptions or reservations.

In accordance with the LMV, the Directors of the Company have signed a declaration of responsibility relating to the contents of the Financial Statements and the Management Report for the 2012 fiscal year.

With regards to the distribution of earnings, the Board of Directors analyzed the financial position of the Company during its meeting of 21 March, 2013 as well as forecast business development, taking into consideration the data available on the dividend policies of the sector's European companies and of the Ibex-35. As a result of said analysis, the Board decided to propose a dividend of 0.34€ per share, equivalent to a pay-out of 42%. This represents a dividend return of 3.39% based on INDRA's share price at the close of fiscal 2012 (10.027€) and 3.20% of the listed price on 9th May 2010, the date of preparation of this Report.

- Just as the Company announced publically as a relevant fact, the Board brings this proposal consistent with the 28 February report announcing 2012 results where it made it a priority not to increase the Company's debt ratio while at the same time maintaining adequate payments to Shareholders. In the announce it was also indicated that current prospects for business development and improved cash flow for the upcoming years make it likely that the dividend issued in 2014, based on 2013 results, will be equal to or greater than this year's.
- In accordance with Board Rules, the Board has continued to evaluate its performance during 2012, as it has done every year, and considered it appropriate to avail itself of external advice as it did for the evaluations for fiscal 2005 and 2008; it chose the firm of Egon Zehnder Internacional, and independent consulting and professional services firm of renown and experience in these matters.
- The process consisted of, on one hand, a formal evaluation by means of completion of a questionnaire covering multiple factors relating to the composition and operation of the Board and its Committees as well as the effectiveness of their actions and the contributions of their members. This evaluation was made individually for each of the Directors. The other part consisted of an individual interview with an outside consultant. The consultant reported his conclusions, which resulted in a broadly favourable assessment regarding the dedication, professionalism, performance and contribution of the Board of Directors and, after review, the Board concluded that operations and performance were satisfactory during fiscal 2012.
- Since 2008, Indra has published an Annual Report on Sustainability which gives an integrated picture of Indra's performance economically, socially and environmentally and offers a global and holistic description of its impact on all its stakeholders. The financial statements were produced pursuant to the Global Reporting Initiative Guideline G3.1 issued March, 2011 with an A+ Application Level as well as AA1000 Stakeholder AccountAbility Standard (Accountability Principles Standard 2008), and including our performance relative to the principles of the Global Compact, to which we are committed. All of this shows a balanced and rational view of our economic, environmental and social performance.

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- The Annual Report on Sustainability for 2012 was edited by the Nomination, Remuneration and Corporate Governance Committee and approved by the Board of Directors in its 18 April, 2013 meeting. The information it contains has also been verified by KPMG Asesores.
  - Based on the above, the Board proposes that the Shareholders approve the Financial Statements and the Management Report of INDRA and its Consolidated Group, the distribution of profits included in same, the payment of the dividend described above, as well as the management and actions of the Board during the 2012 fiscal year.

***Additional documents:*** *Financial Statements and Management Report of Indra Sistemas, S.A. and its Consolidated Group for the fiscal year ended December 31, 2012 and its respective audit reports, the Annual Report on Corporate Governance, which is an integral part of the Management Report, as well as the Annual Report on Sustainability are made available to the Shareholders on the company website at the moment the Meeting is called.*



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**c. Item 3 of the Agenda. Appointment of auditors of the individual and consolidated Financial Statements and Management Report for fiscal 2012**

**PROPOSED RESOLUTIONS**

*"In accordance with Article 264.1 of the LSC and with the proposal of the Audit and Compliance Committee, re-elect the firm KPMG Auditores, S.L. as auditor of the individual and consolidated Financial Statements and Management Report of the Company for fiscal 2013."*

**REASON FOR THE PROPOSAL**

The Audit and Compliance Committee, in carrying out its duties under the Bylaws and the Board Rules, has made an analysis and a qualitative and quantitative evaluation of the relevant aspects in this regard, considering various options. After said analysis the Committee proposed the reelection of KPMG Auditores, S. L. as auditor of the individual and consolidated Financial Statements pertaining to fiscal 2013 for Indra as being the proposal that best meets their criteria, a proposal which the Board adopted and submits to this Meeting.

After considering the number of consecutive years that KPMG has acted as auditor for Company financial statements, the policy of regular rotation of the partner responsible and of the teams used for the audit, as well as the relatively small amount (21%) of billings to the Company for other accounting services, the Committee and the Board consider the auditor independent, which independence has been the subject of a specific evaluation by the Audit and Compliance Committee and a report drafted to that effect in accordance with the Bylaws and applicable law.

**d. Item 4 of the Agenda. - Determination of the number of Directors in accordance with the limits contained in Article 21 of the Bylaws. Re-election and Appointment of Directors.**

**PROPOSED RESOLUTIONS**

*"In accordance with proposals and reports from the Nomination, Remuneration and Corporate Governance Committee:*

- 4.1. Fix at 14 the number of members of the Board of Directors of the Company, within the minimum and maximum provided for in Article 21 of the Bylaws.*
- 4.2. Re-elect Mr. Luis Lada Díaz as an Independent Director for a three year term under the Bylaws. Identifying information regarding the proposed Director as will be entered into the Registro Mercantil.*
- 4.3. Re-elect Ms. Mónica de Oriol e Icaza as an Independent Director for a three year term under the Bylaws. Identifying information regarding the proposed Director as will be entered into the Registro Mercantil.*
- 4.4. Re-elect Mr. Alberto Terol Esteban as an Independent Director for a three year term under the Bylaws. Identifying information regarding the proposed Director as will be entered into the Registro Mercantil.*
- 4.5. Re-elect Casa Grande Cartagena, S.L.U. as a Proprietary Director representing the shareholder interests of Lolland, S.A. for a three year term under the Bylaws. Identifying information regarding the proposed Director as well as the natural person designated as its representative will be entered into the Registro Mercantil.*
- 4.6. Re-elect Mr. Juan March de la Lastra as a Proprietary Director representing the shareholder interests of Corporación Financiera Alba, S.A. for a three year term under the Bylaws. Identifying information regarding the proposed Director as will be entered into the Registro Mercantil.*

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*4.7. Elect Mr. Santos Martínez-Conde y Gutiérrez-Barquín as a Proprietary Director representing the shareholder interests of Corporación Financiera Alba, S.A. for a three year term under the Bylaws. Identifying information regarding the proposed Director as will be entered into the Registro Mercantil.”*

Following Company practice in these matters and consistent with that contained in Article 21.5 of the Board Rules, proposals for appointment and re-election of Directors are to be voted upon individually and separately whether votes are cast in person or electronically by means created by the Company for such purpose. In the event that attendance cards issued by share depositories are not designed for voting for each individual nominee, Shareholders may nonetheless indicate their votes for each of them separately and individually in the same attendance card or on the form which the Company makes available to Shareholders on its website ([www.indra.es](http://www.indra.es)) upon call of the Meeting. The card used by the Shareholder should be properly signed.

## **REASONS FOR THE PROPOSALS**

- First, after a favourable report from the Nomination, Remuneration and Corporate Governance Committee, it is proposed that the number of Directors be set at 14, leaving vacant the position occupied by Executive Vice Chairman Regino Moranchel until November past.

Article 21 of the Bylaws provides that the Board of Directors be composed of a minimum of eight members and a maximum of sixteen, and that the Board is empowered to determine the number.

With this proposal the Board will be comprised of 14 members, reducing the number of Executive Directors from three to two and thus increasing the proportion of external Directors (12 out of 14).

- Second, at this Meeting six Directors' terms expire, three of them Independent and three of them Proprietary. As is explained below, re-election of the three Independent Directors and two of the Proprietary Directors is proposed, as well as appointment of a new Proprietary Director.

Of the twelve external Directors, the majority (seven) would be Independent, representing 50% of the Board, and the Proprietary Directors would maintain a proportion of membership consonant with the proportion of shares held by the interests they represent.

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The Nomination, Remuneration and Corporate Governance Committee as well as the Board of Directors believes that this composition of the Board adequately complies with that contained in the Board Rules as well as recommendations and best practices in the area of Corporate Governance as regards the size, qualitative composition and independence of the Board.

In crafting the proposal to re-election and appointment of Directors brought before the Meeting, the Board of Directors, after a favourable report from the Nomination, Remuneration and Corporate Governance Committee, considered the following factors:

- Sufficiency of the professional profiles in meeting the requirements of Board membership. As the Board has stated in the past, it understands that in order to adequately carry out its oversight and control functions, the group must include sufficient knowledge, experience and capabilities in the following areas: (i) knowledge of the sectors and/or related sectors in which the Company does business (ii) economic and financial matters (iii) a high level of competence in human resources (iv) the general economic context and geographic markets most relevant to the Company (v) management and entrepreneurship. With this proposal all of these criteria are covered by a sufficient number of Directors who have the required knowledge, experience and talent; five in the first of them, eleven in the second, eight in the third, seven in the fourth and twelve in the fifth and last of them. In the particular case of Independent Directors, each of them comes with extensive experience, knowledge and capability in at least three of the five areas.
- Capacity for dedication required in order to carry out their duties in the case of each of the Directors proposed for re-election or appointment. After conducting due diligence, the Board is convinced that each meets this condition.
- Past performance in their post for the Directors whose re-election is proposed, which the Board has evaluated positively for each one.
- Maintenance of independence for the three Independent Directors whose re-election is proposed: Ms. Mónica de Oriol, Mr. Luis Lada, and Mr. Alberto Terol. The Board has specifically examined any business engaged in by them with the Company and compliance with the newly revised definition for Independent Directors contained in

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Ministerial Order ECC 461/2013, and concluded that no professional or personal circumstances exist which would affect their independent status. In the case of Ms. Mónica de Oriol, the Board feels it appropriate to make the following special statement:

Mrs. de Oriol directly and indirectly controls 59% of the shares and is Chairwoman of Seguriber-Umano group, which provides security services to Indra. This group is the result of a merger between Seguriber and Umano at the beginning of 2012. Mrs. de Oriol was already a controlling shareholder and Chairwoman of Seguriber, as had already been made public. Indra has had separate commercial relationships with Umano since 2006 and Seguriber since 2000. Mrs. de Oriol has been an Independent Director since 2007.

Billing from Seguriber to Indra in 2011 amounted to 987 m€ and total billing from the new Seguriber-Umano group amounted to 2,881 m€ in 2012. Practically all of the increase in billing during fiscal 2012 (about 90%) is due to the consolidation of the two businesses, after which transactions between Umano and the Company became related party transactions. Business with Indra amounted to 1.31% of Seguriber's business in 2011 and 2.11% of the Seguriber-Umano group in fiscal 2012.

Contracts with Indra for these services are done on an annual basis and selection of a provider is done following strict criteria of commercial advantage for the Company and competitive price and quality, such that all services contracted with Seguriber-Umano are under market conditions and without preferential treatment. At the time of assessing continuance and eventual renewal of services rendered by this type of company, one must pay particular attention to the importance that such security services means to the activities and facilities of a company like Indra.

The Nomination, Remuneration and Corporate Governance Committee and the Board have considered these circumstances and believe that, taking into account the small proportion of the Seguriber-Umano group's business which Indra represents, the nature and characteristics of security services, as well as the professional profile and other qualities found in Mrs. de Oriol, that this business relationship should not affect her independence in the exercise of her duties as a Director at Indra.

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The Nomination, Remuneration and Corporate Governance Committee and the Board make this statement in order to apply best practices in the area of corporate governance and in accordance with that contained in section a) of Article 5.3 of the recently enacted Ministerial Order ECC 461/2013.

At the end of the terms of the Independent Directors proposed for re-election and whose professional profiles are made available to the Shareholders on the company website at the moment the Meeting is called, Ms. Mónica de Oriol and Mr. Luis Lada will have served for 9 years while Mr. Alberto Terol will have served for 6 years.

- As for Proprietary Directors, in accordance with Article 9 of the Board Rules regarding Shareholders' will to engage with the Company, re-election of Casa Grande de Cartagena, representing the interests of Shareholder Lolland, S.A. as well as Mr. Juan March and Mr. Santos Martínez-Conde both representing the interests of Corporación Financiera Alba is recommended. This recommendation also takes into account the degree of their respective equity interests and their status as long term shareholders. Lolland, S.A. became a shareholder since 2007 and has maintained more than a 5% equity interest since. Corporación Financiera Alba has been a shareholder since 2009, increasing its stake during the last four years and disposed to increase it in the future. Each proposed Proprietary Director's C.V. is made available to the Shareholders on the company website at the moment the Meeting is called.

***Additional documents:*** professional profiles of the Directors whose re-election and appointment is proposed are made available to the Shareholders on the company website at the moment the Meeting is called.

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**e. Item 5 of the Agenda. - 2012 Annual Report on Remuneration for Directors and Senior Management.**

**PROPOSED RESOLUTION**

*“Consistent with that contained in Article 29.5 of the Board Rules of the Company and in Article 61 ter of the LMV, the Company has made public the 2012 Annual Report on Remuneration of Directors and Senior Management, which was approved by the Board of Directors upon proposal by the Nomination, Remuneration and Corporate Governance Committee in its meeting held 9 May, 2013.*

*Said Report submitted to the Meeting for an advisory vote.*

**REASON FOR THE PROPOSAL**

This resolution is put to an advisory vote at the Meeting in accordance with applicable law.

The Board understands that the 2012 Annual Report on Remuneration of Directors and Senior Management contains, in a broad and detailed fashion, contains complete, and understandable information regarding the remuneration policy of the Company for 2012 and that anticipated for upcoming years, as well as criteria used in its application during the past fiscal year and the resulting individual remuneration of for each Director.

The Board also believes that the 2012 Annual Report on Remuneration of Directors and Senior Management contains additional information and content regarding past years which conforms to best practices in these matters and meets the highest international standards of corporate governance through transparency regarding information regarding remuneration.

**Additional document:** *2012 Annual Report on Remuneration of Directors and Senior Management is made available to the Shareholders on the company website at the moment the Meeting is called.*

**f. Items 6 and 7 of the Agenda.**

**Sixth - Amendment of Article 27 of the Bylaws regarding Board Remuneration.**

**PROPOSED RESOLUTION**

*"In accordance with the report drafted by the Board of Directors in its meeting of 9 May, 2013, approve an amendment to Article 27 of the Bylaws regarding remuneration of the Board of Directors, to read as follows:*

*"Article 27*

- 1. The post of Director is to be compensated.*

*For the performance of their duties of general oversight and joint decision making inherent to their posts, Directors receive a fixed remuneration package plus per diems for attendance at meetings of the Board of Directors and its Committees, which remuneration is to be paid entirely in cash.*

*For the performance of their duties of administration and management which are delegated to them by the Board of Administration as well as by virtue of their contractual relationship with the Company, Executive Directors shall receive additional remuneration comprised of a fixed component, a variable component tied to performance criteria and progress of the Company, perquisites which include savings plans, seniority pay, benefits, pensions or insurance and a severance package in the event of separation or any other form of termination of the employment relationship with the Company except for termination of the Director for cause or because of voluntary resignation. This remuneration shall be in cash and in kind and will have annual as well as multiannual components. Independent of any of the preceding, the Board may require that Executive Directors execute a non-compete agreement for a period after the end of their relationship with the Company.*

*These items do not include delivery of shares, options for shares, or any other remuneration tied to the value of Company stock, which must be specifically authorized at an Annual Shareholders Meeting in accordance with Section 2 of this Article.*

*Additionally, the Company shall obtain liability insurance for its Directors.*



*The total remuneration for the Board of Directors that its members receive by virtue of that contained in this section shall not exceed the annual maximum decided at the Annual Shareholders Meeting. This limit shall remain in place unless modified at an Annual Shareholders Meeting. Multiannual components will be reserved each year in an amount that corresponds to that year's transfers, bonuses and contributions.*

*Subject to said maximum, the Board of Directors will determine the exact amounts to be paid to Directors, the criteria for their distribution, the frequency and dates of payment, methods for their calculation, and the remuneration structure for Executive Directors as described above, as well as transfers, bonuses and payments to be made each fiscal year.*

2. *Independent of the remuneration outlined above, Shareholders at an Annual Meeting may also agree, subject to applicable law, to deliver shares, option rights or any other type of remuneration tied to Company share value to the Board or specifically to Executive Directors.*

## **Seventh - Remuneration of the Board of Directors.**

### **PROPOSED RESOLUTION**

*"Subject to approval at the Annual Shareholders Meeting of the new version of Article 27 of the Bylaws, and in accordance with the proposal brought by the Nomination, Remuneration and Corporate Governance Committee, fix at ten million euros the maximum total remuneration for members of the Board of Directors paid under Section 1 of Article 27.*

*This limit shall remain in effect until modified at an Annual Shareholders Meeting.*

*The above referenced amount includes transfers, bonuses and payments that the Board may decide to effect or satisfy from internal or external sources in order to meet obligations for pensions, insurance, severance or reimbursements for the current fiscal year and other deferred obligations. The Board is also authorized to set aside transfers, bonuses and payments earned or accrued in prior fiscal years, which amounts are already determined and reserved and contained in the Annual Report on Remuneration for fiscal 2012, and may also transfer all or part of the reserve to an external entity after a report from the Nomination, Remuneration and Corporate Governance Committee."*

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## **REASON FOR THE PROPOSAL**

Items 6 and 7 of the Agenda refer to remuneration of Directors. They bring before the Meeting amendment of Article 27 of the Bylaws regarding Board remuneration and the current limit authorised by the Shareholders.

These proposals do not involve any change in the current remuneration plan and so leave unchanged the remuneration items and criteria for fiscal 2011, 2012, and 2013, which are explained in detail in the Annual Remuneration Report which is also brought before the Annual Shareholders Meeting as Item 5 of the Agenda.

The Company Board of Directors has paid close and continuous attention to the best practices and recommendations in the area of corporate governance, director and senior management remuneration, and transparency of information.

Pursuant to such review during this fiscal year the Board has concluded that it would be appropriate that Executive Director remuneration, which has been the subject of regular comprehensive and detailed public information regarding line items and recurring components such as severance in the event of termination of performance of duties pursuant to a contractual relationship with the Company, be integrated with and form part of the remuneration of the Board of Directors for all effects; this concept is reflected in the Bylaws and corresponding resolutions before the Annual Shareholders Meeting.

Article 27.3 of the current Bylaws provides that the specific remuneration paid to Executive Directors is considered separately from that of the rest of the Board, which is governed by Article 27.1. The proposal brought before the Meeting in Item 6 has as its aim, as indicated above, of making Board remuneration include that which corresponds to the general oversight function and joint decision making as well as the specific responsibilities of Executive Directors in their administrative and management roles delegated to them and contained in their contractual relationship with the Company. As a result, the concepts included in Sections 1 and 3 of Article 27 combined, with the required attendant revision, in the new Section 1. Section 2 is substantively the same, with the added statement that its provisions apply to Executive Directors.

Article 27 of the Bylaws is amended as follows:

### **"Article 27**

- 1. The post of Director is to be compensated.*

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*For the performance of their duties of general oversight and joint decision making inherent to their posts, Directors receive a fixed remuneration package plus per diems for attendance at meetings of the Board of Directors and its Committees, which remuneration is to be paid entirely in cash.*

*For the performance of their duties of administration and management which are delegated to them by the Board of Administration as well as by virtue of their contractual relationship with the Company, Executive Directors shall receive additional remuneration comprised of a fixed component, a variable component tied to performance criteria and progress of the Company, perquisites which include savings plans, seniority pay, benefits, pensions or insurance and a severance package in the event of separation or any other form of termination of the employment relationship with the Company except for termination of the Director for cause or because of voluntary resignation. This remuneration shall be in cash and in kind and will have annual as well as multiannual components. Independent of any of the preceding, the Board may require that Executive Directors execute a non-compete agreement for a period after the end of their relationship with the Company.*

*These items do not include delivery of shares, options for shares, or any other remuneration tied to the value of Company stock, which must be specifically authorized at an Annual Shareholders Meeting in accordance with Section 2 of this Article.*

*Additionally, the Company shall obtain liability insurance for its Directors.*

*The total remuneration for the Board of Directors that its members receive by virtue of that contained in this section shall not exceed the annual maximum decided at the Annual Shareholders Meeting. This limit shall remain in place unless modified at an Annual Shareholders Meeting. Multiannual components will be reserved each year in an amount that corresponds to that year's transfers, bonuses and contributions.*

*Subject to said maximum, the Board of Directors will determine the exact amounts to be paid to Directors, the criteria for their distribution, the frequency and dates of payment, methods for their calculation, and the remuneration structure for Executive Directors as described above, as well as transfers, bonuses and payments to be made each fiscal year.*

*2. Independent of the remuneration outlined above, Shareholders at an Annual Meeting may also agree, subject to applicable law, to deliver shares, option rights or any other type of remuneration tied to Company share value to the Board or specifically to Executive Directors.*

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As a result of this amendment, it is necessary to adjust the current maximum of two million four hundred thousand euros as Board remuneration established at the 2011 Meeting, which references only amounts received by Directors for their general oversight and joint decision making functions. Once Executive Director remuneration is included, then the limit must be raised as a result. The proposed new limit of ten million euros for Board remuneration for all purposes as described in the new version of Article 27.1 of the Bylaws is the result of combining the two million four hundred thousand euro limit with the average remuneration received by Executive Directors over the past three years for all of the items contained in new Article 27.1 of the Bylaws, including provisions to the allowance for coverage of severance contingencies in case of resignation of Executive Directors.

As was mentioned at the beginning, approval of these resolutions does not involve any change in current remuneration plans either for general oversight and joint decision making duties nor for specific administration and management duties discharged by Executive Directors as a result of powers delegated to them or arising from their contractual relationship with the Company; neither are any criteria used to determine remuneration amounts for each one affected. The line items and criteria applied for fiscal 2011 and 2012 are explained completely and in detail in the Annual Remuneration Report, which is also submitted to the Annual Shareholders Meeting and, as is noted in that Report, such items and criteria remain the same for fiscal 2013.

**The information referencing Item 6 of the Agenda contained in the previous paragraphs is drafted in accordance with the provision of Article 286 of the LSC.**

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**g. Item 8 of the Agenda. Information submitted to the Meeting regarding changes made to the Board Rules**

**PROPOSED RESOLUTION**

In accordance with that contained in Article 528 of the the LSC and the Board Rules, this Meeting is informed that, in its session held 9 May 2013, the Board of Directors unanimously agreed to amend Article 29 of the Board Rules in order to harmonize them with new version of Article 27 of the Bylaws proposed in Item 4 of the Agenda at this Meeting.

The Board of Directors conditioned implementation of this change to the Board Rules subject to approval at the Meeting of the changes in the Bylaws which brought it about.

By virtue of the above, information required under Article 528 of the LSC is presented.

**REASON FOR THE PROPOSAL**

Upon proposal by the Nomination, Remuneration and Corporate Governance Committee, the Board of Directors has approved changes to sections 1 and 2 of Article 29 of the Board Rules with the goal of harmonizing it with changes to Article 27 of the Bylaws and to reflect that remuneration to Executive Directors by virtue of their contractual relationship with the Company in exercising duties delegated to them by the Board of Directors counts as Board remuneration for all purposes.

Upon approval of the amendment to the Bylaws proposed to the Shareholders in Point 6 of the Agenda, the amendment to the Board Rules will be communicated to the CNMV and will be entered into the Registro Mercantil in accordance with Article 529 of the LSC.

***Additional document:*** *text of Article 29 of the Rules of the Board of Directors as approved by the Board is made available to the Shareholders on the company website at the moment the Meeting is called.*

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**h. Item 9 of the Agenda. Approval and delegation of authority to formalize, enter and carry out the resolutions adopted at the Meeting**

**PROPOSED RESOLUTION**

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