

CORPORATE GOVERNANCE

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09

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INTRODUCTION

The present volume contains important information for understanding the system of corporate governance at Indra and the rules under which it operates. Since 1999, the Company has followed a policy of paying particular attention to such matters; with the goal that corporate governance at Indra at all times conform with best practices and to national and international recommendations in the area.

Since publication of the Código Unificado de Buen Gobierno ("Unified Code of Good Governance" or "Unified Code") by the Comisión Nacional del Mercado de Valores ("Spanish National Securities Market Commission" or "CNMV") in 2007, Indra has carried through a process of review of its corporate governance norms with the goal of harmonizing them with the recommendations of the Unified Code.

Within the framework of this annual review process of internal operating procedures regarding corporate governance, in 2009, upon proposal by the Nomination, Compensation and Corporate Governance Committee (sometimes, the "Committee") a complete and thorough examination of the Internal Rules of Conduct regarding the Stock Market was completed with the purpose of ensuring that it was in conformance with the most recent regulations regarding material information (Orden EHA/1421/2009 and Circular 4/2009), as well as the recommendations and interpretive guidelines regarding transmission of insider information to third parties and management of news and rumours regarding quoted prices published by the CNMV. The result of this process was the approval by the Board of Directors at its meeting held 17th December 2009 of a new version of the abovementioned internal operating procedures in force since 1st January 2010 and made public by means of compliance with CNMV reporting requirements and made available to Shareholders and the general public since that time on the Company's website (www.indra.es).

Just as it does every year, in 2009 the Nomination, Compensation and Corporate Governance Committee issued a report to the Board of Directors regarding the degree of compliance within the Company with corporate governance rules and procedures before the Board issued its final evaluation. Within the framework of this review, the Committee proposed that the Board modify Article 34 of the Regulations for the Board of Directors and its Committees in order to establish rules regarding the number of boards upon which Directors may sit in accordance with Recommendation 26 of the Unified Code.

A report is to be submitted to the next Annual Shareholders Meeting, scheduled for 23rd and 24th June 2010 in first and second call respectively, regarding the change to the Regulations for the Board of Directors and its Committees approved by the Board of Directors this past April and which change was communicated to the CNMV on the same day in accordance with Article 115 of the Ley del Mercado de Valores ("Spanish Securities Law" or "LMV").

Additionally, during this Annual Shareholders Meeting, as it has done since 2005, the Company has placed at the disposal of Shareholders electronic and remote means by which they may exercise and/or delegate their votes or issue proxies, in accordance with authority conferred upon it by Article 14 bis of the Bylaws and by Article 6 of the General Shareholders Meeting Regulation.

Finally, it should be pointed out that all of the norms by which the Company is governed are gathered in this volume -- Bylaws, Meeting Rules, Board Rules, and Internal Rules of Conduct Regarding Stock Market Matters -- together with the Indra Annual Report on Corporate Governance for fiscal 2009 and the Annual Report on the Proceedings of the Audit Committee for fiscal 2009, which provide a complete picture and an accurate assessment of the corporate governance system at Indra which, since 1999, has complied with best practices and recommendations on the subject, having received consistent public recognition on the part of analysts and investors.

2009 CORPORATE GOVERNANCE REPORT

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PRESENTATION

This Report has been prepared on a voluntary basis by the Board of Directors (the “Board”) of the Company upon recommendation by the Nomination, Compensation and Corporate Governance Committee, with a view toward making available to the shareholders of the Company (“Shareholders”) and to markets generally the most important information on corporate governance at Indra, and is organized systematically so as to allow comparative analysis with information provided in previous years, as has been the Company’s practice since 2003.

Without limiting the foregoing, the Company has also published an Annual Report on Corporate Governance, as required by the Securities Market Law, in the format established by the Comisión Nacional del Mercado de Valores (National Securities Market Commission) (“CNMV”), which pursuant to Article 202.5 of the Ley de Sociedades Anónimas (Spanish Corporations Act), forms part of the Company’s Management Report for the 2009 financial year.

Since 1999 the corporate governance policy of Indra consists on a set of rules and practices with the goal not only of complying at all times with applicable regulations but also of promptly adopting the latest recommendations and best practices in this area.

Applying this policy, and in accordance with the provisions of its own regulations (“Board Rules”), each year the Board reviews the efficacy of the Company’s corporate governance standards and its level of compliance with them. This has resulted in numerous amendments and adaptations of these norms since they were first approved in 1999, keeping them in line with legislative changes and recommendations on corporate governance. Full disclosure of all these changes has been provided to the Annual Shareholders Meetings (the “Meetings”).

Following publication in 2006 by the CNMV of the Código Unificado de Buen Gobierno (Unified Code of Good Governance) a complete review of the Company’s corporate governance rules was carried out with the aim of adapting them to said code. The results of this review were the modification of Indra’s bylaws (the “Bylaws”), the Regulations of Annual Shareholders Meetings (“Meeting Regulations”), and of the Board Rules.

In 2009, a complete and in depth review of the Code of Internal Conduct for issues relating to the CNMV (“CIC”) was conducted with the goal of ensuring that it met the most recent regulatory standards regarding relevant information (Order EHA/1421/2009 and Circular 4/2009) as well as the recommendations and interpretive standards regarding the dissemination of inside information to third parties or management of news and rumors regarding listed values published by the CNMV. The result of this process was that the Board, upon recommendation of the Nomination, Compensation and Corporate Governance Committee, approved a new text for the CIC during its December 2009 meeting, which was submitted it to the CNMV and took effect January 1, 2010.

PRESENTATION

Additionally, the Board approved in 2009 a new Ethics and Professional Conduct Code ("Ethics Code") which, consistent with best practices in this area, establishes a dedicated channel of communication called Direct Line, which permits employees to communicate any circumstance related to application of the Ethics Code. Establishment and management of Direct Line, in accordance with Board Rules and the Unified Code of Good Governance, is the responsibility of the Audit Committee.

The corporate governance system and norms that Indra has in place have consistently followed, broadly and in depth, the recommendations of codes of good governance specifically applicable to the Spanish market. Section F of the above-mentioned Annual Report on Corporate Governance sets out, in the format required by the CNMV, the degree of compliance with each of the recommendations contained in the aforementioned Unified Code of Good Governance.

Without prejudice to the other information that the Company makes public on some of the issues set out below, this Report contains detailed information on: the shareholding structure of the Company; the composition, regulation and authority of its governing bodies; a thorough discussion of compensation of members of the Board of Directors and Senior Management; transactions with significant Shareholders and Directors; policy and procedure regarding transactions with treasury stock; shareholder and market disclosure policy and activities; and the Company's relationship with its auditors.

OWNERSHIP STRUCTURE OF THE COMPANY

2.1. SIGNIFICANT SHAREHOLDERS

The Company does not have at its disposal a register showing the names of Shareholders, so data regarding Shareholder composition comes from information provided directly by Shareholders to the Company, made public in compliance with regulations in force regarding significant Shareholders, and from information provided by Iberclear, which the Company obtains in preparation for Annual Meetings.

Information sent to the CNMV public registries or to the Company by Shareholders themselves reveals that as of December 31, 2009 the following Shareholders each directly held 3% or more of the equity of Indra: Caja Madrid (20.00%); Corporación Financiera Alba (10,20%); Casa Grande de Cartagena (5.69%); Cajastur (5.00%); and Gas Natural (5.00%).

On April 14, 2010, Gas Natural sold to the market its 5% equity position in Indra, and at this moment is not shareholder of the Company.

As of December 31, 2009 members of the Board of Directors held personally, directly or indirectly, a total of 471,588 Company shares, equivalent to 0.29% of registered capital. Based upon the closing price for Indra shares at the end of fiscal 2009 this equity position equalled 3.71 times the amount of the total gross annual compensation of the Board of Directors.

As of the date of this Report the number of shares held personally by the members of the Board of Directors is the same as of December 31, 2009.

2.2. SHAREHOLDER AGREEMENTS

The Company is unaware of any existing pacts or agreements among Shareholders of the Company aimed at consolidating equity interest in the Company or coordinated exercise of voting rights or in any other way affecting their interests as Shareholders of the Company.

2.3. LIMITATIONS ON SHAREHOLDER RIGHTS

There is no stipulation in the Bylaws, the Board Rules, Meeting Regulations, or any other rules established by the Company limiting neither acquisition of a significant share in the equity of the Company nor the exercise of the corresponding voting rights, nor appointment or removal from office of Directors by Shareholders at Meetings, except for the requirement contained in the Bylaws stipulating that one must hold at least one hundred shares in order to be entitled to attend the General Shareholders Meeting.

GOVERNANCE AND ADMINISTRATION OF THE COMPANY

Governance and administration of the Company is carried out at Meetings and by the Board of Directors and its committees, and the Senior Management of the Company (“Senior Managers”).

3.1. ANNUAL SHAREHOLDER MEETINGS

The scope and rules of order for Annual Shareholder Meetings are contained in the Ley de Sociedades Anónimas (“Spanish Corporations Act”), the Bylaws and the Meeting Regulations.

The Bylaws are a faithful reflection of the law regarding shareholder meetings contained in the Spanish Corporations Act, and contain no supermajority or quorum requirements other than those stipulated in the Act.

The Meeting Regulations contain, in one document, applicable legal and statutory requirements for Meetings together with a number of principles and procedures established by the Company to facilitate informed and active participation by Shareholders at the Meetings and which go beyond those required by law. It is through these Meeting Regulations that the Company aims to provide Shareholders with an effective instrument for enabling them to become acquainted with all their rights and the way their exercise is regulated.

In accordance with the provisions of the Bylaws and of the Meeting Regulations the Company will make adequate arrangements at the 2010 Meeting for Shareholders to be able to exercise their voting and attendance rights by electronic means and remote communication, as it has done since 2005.

3.2. BOARD OF DIRECTORS

3.2.1. Regulation and Scope of Authority

The composition, powers, and function of the Board of Directors are regulated by law, by the Bylaws, and specifically by the Board Rules.

The rules regarding the Board of Directors contained in the Bylaws and in the Board Rules faithfully reflect those required by law, there being no supermajority or quorum requirements for passing resolutions other than those stipulated by law.

The Board Rules, which were completely revised and updated at the end of 2007, regulate the composition, scope of action and operating rules of the Board, including a comprehensive list of Directors’ rights and duties, aimed at enabling the Board to perform its functions efficiently.

Board Rules establish as a policy of the Board the delegation of the day to day running of the Company to executive bodies, concentrating its activity on general supervision and control. To that end, the Board Rules specifically state that the following responsibilities must be directly exercised by the Board, and thus may not be delegated:

- a) General strategy of the Company and any specific strategic plans, as well as annual objectives and budgets.
- b) General risk management policy and defining control and information systems appropriate to such policy.
- c) Policies regarding finance, capital stock and payment of dividends.

- d)** The organizational structure with which the Company will pursue its various activities.
- e)** Activities involving the acquisition and disposal of Company assets and/or business transactions which exceed the amount of 30 million euros.
- f)** Related party transactions, in accordance with the provisions of law and of the Board Rules.
- g)** The establishment or equity acquisition of special purpose vehicles or entities resident in countries or territories considered as tax havens, as well as any other analogous transactions which could affect or impinge on the transparency of the group.
- h)** Activities which amount to liquidation of the Company.
- i)** The transformation of the Company into a mere holding company by shifting its businesses and activities to subsidiaries.
- j)** Policy regarding disclosure and communication with Shareholders, the markets, and public opinion in general, and specifically:
 - Preparation and approval of the information made public each year by the Company together with the financial reports submitted for approval at Meetings; and
 - Approval of financial information that the Company is required to make public periodically in accordance with applicable law.
- k)** Proposals for Directors' compensation and establishment of the resulting amounts in accordance with the Bylaws and relevant resolutions passed at Meetings.
- l)** Appointment, terms of employment, including in particular severance clauses – compensation, dismissal, and supervision of Senior Managers.
- m)** General Corporate Responsibility policies.
- n)** Policies regarding corporate governance and the internal operating rules of the Board and its Committees, as well as the evaluation of the quality and efficiency of Board operation and actions.
- o)** All other responsibilities specifically contained in the Board Rules.

Without limiting the application of the foregoing, the Board will in any case report to the Annual Shareholders Meeting any decisions within the scope of its aforementioned duties that might have a significant impact on the Company's business, and will submit decisions for approval or ratification at Meetings if and when it considers this appropriate.

Also, in accordance with the rules set out in the Board Rules, the Board, based on reports by the Nomination, Compensation, and Corporate Governance Committee, analyzes with particular care any situations involving a possible conflict of interest.

In the same way, the Board Rules regulate in detail the treatment of non-arm's length transactions, which require authorization by the Board of Directors and a report from the Nomination, Compensation and Corporate Governance Committee, except where:

- (i) they are recurring transactions carried out in the ordinary course of business of the Company and executed on market terms, in which case the Board issues a general authorization for the type of activity involved;

- (ii) the non-arm's length transaction simultaneously meets the following three conditions:
- the transaction is done in the ordinary course of business of the Company;
 - it is executed on market terms; and
 - the value of the transaction does not exceed 1% of the consolidated annual revenues of the Company, in the case of transactions with Shareholders, or 30% of average annual Compensation per Director in all other cases.

Section 5 includes detailed information on non-arm's length transactions carried out by the Company during the 2009 fiscal year.

3.2.2. Composition

In 2009, pursuant to a report from the Nomination, Compensation and Corporate Governance Committee, the Board adopted the following measures:

- In March and in May the Board, using its co-optation procedures, named two new proprietary directors, Messrs. Gabarró Serra and Villaseca Marco, to represent the equity interest of Unión Fenosa and replace Messrs. López Jiménez and López Isla, respectively. Both nominations were proposed by shareholder Unión Fenosa upon purchase by Gas Natural of ACS's holdings in Unión Fenosa. Mr. Gabarró also assumed Mr. López Jiménez' duties as Vice Chairman and member of the Nomination, Compensation and Corporate Governance Committee.
- In June, the following Board proposals were approved at the General Shareholders' Meeting:
 - Ratification of the appointment of the aforementioned proprietary directors representing the equity interest of Unión Fenosa, having already been named through the Board's co-optation procedure.
 - The dismissal, with his express consent, of Independent Director Mr. Pedro Ramón y Cajal.
 - The nomination of D. Daniel García-Pita as an Independent Director in place of Mr. Ramón y Cajal, using procedures for rotation of Independent Directors approved by the Board.
- After the partial divestment of Indra capital stock by Union Fenosa, Mr. Rafael Villaseca resigned as Proprietary Director. In order to fill the vacancy left by Mr. Villaseca, in July, the Board using its co-optation procedures, appointed Mr Juan March as new Proprietary Director representing the equity interest of Corporación Financiera Alba, a new significant shareholder having acquired a 10% equity interest in Indra.
- In this same month of July, Mr. Gabarró offered to resign his post as Vice Chair as a consequence of the reduced equity position of Unión Fenosa in the Company. The Board accepted his resignation without immediately filling the post.
- Also in July Mr. Matías Amat was nominated to replace Mr. Mariano Pérez Claver as the new representative of Board Member Mediación y Diagnósticos, S.A., Proprietary Director representing the equity interest of Caja Madrid and proposed by that shareholder.

On the other hand, after leaving his post as Director in June, Mr. Ramón y Cajal was nominated Secretary of the Board of

Directors and Special Advisor in place of Mr. García-Pita.

Following these appointments and resignations, as of December 31, 2009 the Board consisted of 15 Directors, 13 of whom were outside Directors and two of whom were Executive Directors (the Chairman and the CEO).

Of the 13 outside Directors, six are Proprietary Directors, two of them representing shareholder Caja Madrid; one representing Corporación Financiera Alba; one representing shareholder Casa Grande de Cartagena, one representing shareholder Caja Asturias, and another one representing shareholder Gas Natural. The remaining seven Directors are Independent Directors, one of them being a Vice-chairman, in accordance with the Board Rules.

Total Directors	15
External Directors	13
Independent	7
Proprietary	6
Executive Directors	2

Since the Chairman of the Board is also the Chief Executive of the Company, the Vice-chairman of the Board, elected

Name	Office	Type
Mr. Javier Monzón	Chairman	Executive
Mr. Matías Amat ⁽¹⁾	Vice-chairman	Proprietary (Caja Madrid)
Mr. Manuel Soto	Vice-chairman	Independent
Mr. Regino Moranchel	CEO	Executive
Ms. Isabel Aguilera	Director	Independent
Mr. Salvador Gabarró	Director	Proprietary (Gas Natural)
Mr. Daniel García-Pita	Director	Independent
Mr. Felipe Fernández ⁽²⁾	Director	Proprietary (Cajastur)
Mr. Luís Lada	Director	Independent
Mr. Juan March	Director	Proprietary (Corporación Financiera Alba)
Mr. Joaquín Moya-Angeler	Director	Independent
Ms. Mónica de Oriol	Director	Independent
Mr. Estanislao Rodríguez-Ponga ⁽³⁾	Director	Proprietary (Caja Madrid)
Ms. Rosa Sagrañes	Director	Independent
Mr. Eusebio Vidal-Ribas ⁽⁴⁾	Director	Proprietary (Casa Grande C.)

⁽¹⁾ Representing Mediación y Diagnósticos, S.A.

⁽²⁾ Representing Administradora Valtenas, S.L.

⁽³⁾ Representing Participaciones y Cartera de Inversión, S.L.

⁽⁴⁾ Representing Casa Grande de Cartagena, S.L.

from among the Independent Directors, has power to exercise these rights, to call Board meetings and to place items on meeting agendas, as well as to send information to the Directors. He also chairs the Board when it deals with the annual evaluation of the Chairman.

As of December 31, 2009, the six Proprietary Directors held important positions in their respective organizations:

- Mr. Matías Amat, born in 1953, has a degree in Economics from the Universidad Central de Barcelona. He has spent his entire career in finance. He worked for twelve years at Citibank in Spain as well as in Latin America, where he was General Director of the Mexican unit. For three years, he was CEO of S.G. Warburg in Spain and spent a decade as CFO of Caja Madrid. Currently, he is COO of Caja Madrid and CEO of Corporación Financiera de Caja Madrid. He has been a board member of NH Hoteles, Mapfre-Caja Madrid Holding de Entidades Aseguradoras S.A. and Attijariwafa Bank of Morocco.
- Mr. Salvador Gabarró, born in 1935, has a Doctorate in Industrial Engineering from the Universidad Politécnica de

Cataluña and a degree from IESE. He has spent a great portion of his professional life at Roca Radiadores where, after rising through the ranks, was named Head of Production in 1969 and President in 1974. He retired in 2000 upon reaching the age of 65. He has been a member of the board of Gas Natural since 2003 and Chairman since October, 2004. In addition, he is First Vice Chairman of La Caixa and a member of Enagás' board. From March, 2009 until the merger of Gas Natural with Unión Fenosa he was CEO of the latter. Additionally, he has been a board member of Caixabank Francia, advisor to the Chairman of Corporación Roca, member of the board of the Chamber of Commerce of Barcelona and a member of the Economic Roundtable of Barcelona.

- Mr. Felipe Fernández, born in 1952, has a degree in Economics and Business Administration from the University of Bilbao. He began his career as a professor at the University of Oviedo, later occupying various positions of responsibility in the Government of the Principality of Asturias. He also held a number of different management positions in Hidrocantábrico, and was Chairman of Gas de Asturias. Since January 2004 he has been General Manager of Caja de Ahorros de Asturias and a Director of Infocaja, Ahorro Corporación and Hidrocantábrico Energía.
- Mr. Juan March, born in 1973, has a degree in Business Administration. He began his career at J.P. Morgan in Madrid, London, and New York. He was head of Investment and Pension Funds with Banca March and C.F. Alba from 2000 until 2004. He is a member of the board and member of the executive and business committees of Banca March; Special Advisor to the President of Corporación Financiera Alba and on the boards of ACS, Acerinox and Artá Capital SGEGR.
- Mr. Estanislao Rodríguez-Ponga, born in 1956, is an economist, and was a national tax inspector from 1982 until 1989. He has held various executive positions in companies, financial institutions and public entities, his long and varied experience in government having included the positions of Secretary of the Treasury for the Spanish Government and Chairman of the Spanish Government Lottery and Gaming Commission and of the National Tax Agency (AEAT). He is currently on the board of Caja Madrid and other companies. He is also a member of the Spanish General Council of Colleges of Economists.
- Mr. Eusebio Vidal-Ribas, born in 1954, has a degree in Economics from the University of Barcelona, and several professional qualifications from U.S. trading brokerage organizations. He began his career with Merrill Lynch, later occupying various management positions in companies in the financial sector such as Benito y Monjardín, Banco Urquijo and Metlife. He is currently Chairman and CEO of Casa Grande de Cartagena,, which he joined in 2003 as Director of Investments.

As indicated in section 2.1 above, just before the issuance of this Report, Gas Natural sold its equity position in the Company and as a result Mr. Salvador Gabarró offered his resignation as member of the Board in accordance with Article 24.2 f) of the Board Rules, which was accepted by the Board.

The 7 Independent Directors are well respected professionals with wide business experience, with no ties to significant Shareholders or to the Company's management team. Their professional profiles are as follows:

- Ms. Isabel Aguilera, born in 1960, is an architect and town planner, with an MBA from the Instituto de Empresa and a

Business Administration degree (Programa de Dirección General) from the IESE Business School. She has pursued her career in various information technology companies such as Olivetti, Compaq, Hewlett Packard, Airtel (Vodafone) and Dell (where she was Chairman and Chief Executive for Spain, Portugal and Italy), NH Hoteles, where she was COO, and Google Inc., where she was General Manager for Spain and Portugal until January, 2008; General Electric, where she was Chairman for Spain and Portugal until May 2009.

- Mr. Daniel García-Pita, born in 1947, took his degree in Law, his professional career was spent at the law firm of J&A Garrigues, which he joined in 1969 and where he was a Managing Partner. He has been a professor of Business Law at the Universidad Central de Madrid and a member of the Governing Board of the Madrid Bar Association. He is legal advisor to numerous companies and Secretary of the Board of major listed companies, Indra among them where he has been a non-Member Secretary.
- Mr. Luis Lada, born in 1949, is a telecommunications engineer. He has pursued a long career in the Telefónica Group, where he has been Chairman of Telefónica Móviles and Telefónica de España. He has also been a Director and leading member of numerous companies and forums relating to the IT sector. He is an advisor to the Chairman and executive committee of Telefónica, S.A. and a director of Telefónica I+D, Telefónica O2 Czech Republic, Telcel (Telefónica Venezuela), Gamesa Corporación Tecnológica, S.A., and other companies.
- Mr. Joaquín Moya-Angeler, born in 1949, who has a degree in Mathematics and an MBA from Massachusetts Institute of Technology (MIT), spent a large part of his professional career with IBM, which he joined in 1977, taking charge of various activities, both operational and administrative, in Spain, Europe and Saudi Arabia, serving as Chairman of IBM Spain from 1991 to 1994. From 1994 to 1997 he was Chairman of the Leche Pascual Group, and from 1999 to 2002 Chairman of Meta4. Currently, he is chairman of Corporación Tecnológica de Andalucía and director of and investor in various European and American companies.
- Ms. Mónica de Oriol, born in 1961, has a doctorate in Economics and Business administration from the Universidad Complutense de Madrid, and a degree from the London School of Economics. For many years she has successfully combined her business career with her teaching activities as a professor at the Universidad Complutense de Madrid, in the University Studies Centre, and at Saint Louis University. She is the founder (1989), Chairman and principal shareholder of Grupo Seguriber and its affiliated companies.
- Mr. Manuel Soto, born in 1961, who has a degree in Economics and Business Administration, was Chairman of the Worldwide Board of Arthur Andersen an one of its international managing partners. He is Vice-chairman of Banco de Santander and Director of Corporación Financiera Alba.
- Ms. Rosa Sugrañes, US Citizen, born in 1957, has a degree in Business Administration and is founding partner and Chairman of the Board of Directors of Iberia Tiles. She was a member of the Board of Directors of Florida East Coast Industries from 2006 until the company was sold. She is a Director of Transatlantic Bank of Miami (Grupo Banco Sabadell) and of Grupo Rosa Gres of Barcelona.

In order to ensure that the Secretary and Committees of the Board of Directors perform independently and properly, it has been the Company's policy to appoint as Secretary a reputable lawyer who is not employed by the Company and with no connections to it other than with the Board of Directors itself. As mentioned above, in June, 2009 the Board appointed Mr. Pedro Ramón y Cajal, to hold the office of Secretary to the Board.

3.2.3. Annual Review of Director Status.

In accordance with the provisions of the Board Rules and after verification from the Nomination, Compensation and Corporate Governance Committee, the Board carries out an annual review of the current status of each of the Directors, - in particular those designated as Independent. During fiscal 2009, the Nomination, Compensation and Corporate Governance Committee performed its verification and delivered a report to the Board, concluding with the opinion that all of the Members had met the criteria established by the Board of Directors for their status as Proprietary, Independent, or Executive, as the case may be.

3.2.4. Directors' Years of Service and Criteria for Renewal of the Board.

As of the date of this Report, Directors' years of service are as shown in the following table:

	Term of Service (years)	Year. Last Appointed
Independent Directors ⁽¹⁾:		
Mrs. Isabel Aguilera	5	2008
Mr. Daniel García Pita	1	2009
Mr. Luís Lada	3	2007
Mr. Joaquín Moya-Angeler	11	2008
Mrs. Mónica de Oriol	3	2007
Mr. Manuel Soto	11	2008
Mrs. Rosa Sugrañes	2	2008
Proprietary Directors:		
Mr. Matías Amat ⁽²⁾	1	2009
Mr. Estanislao Rodríguez-Ponga ⁽³⁾	3,5	2006
Mr. Juan March de la Lastra ⁽⁴⁾	1	2009
Mr. Eusebio Vidal-Ribas ⁽⁵⁾	3	2007
Mr. Felipe Fernández ⁽⁶⁾	3	2007
Executive Directors ⁽⁷⁾:		
Mr. Javier Monzón	17	2008
Mr. Regino Moranchel	9	2008

⁽¹⁾ The Articles of Association set the term of tenure for Directors at three years. The Directors with more length in office have been re-elected at the 2002, 2005 and 2008 Meetings, in accordance with proposals by the Board based on favorable reports of the Nomination, Compensation and Corporate Governance Committee.

⁽²⁾⁽³⁾ Natural person representatives of Mediación y Diagnósticos, S.A. and Participaciones y Cartera de Inversión, S.L. respectively, both of which are subsidiaries of Caja Madrid, which has had two appointees on the Board since 1999. Years of service shown correspond to each individual representative.

⁽⁴⁾ On behalf of Corporación Financiera Alba, S.A.

⁽⁵⁾ Natural person representing shareholder Casa Grande de Cartagena, S.L.

⁽⁶⁾ Natural person representing shareholder Administradora Valtenas, S.L.

⁽⁷⁾ Their re-election in 2002, 2005 and 2008 was approved at Annual Shareholder Meetings, as proposed by the Board based upon a favorable report by the Nomination, Compensation and Corporate Governance Committee.

Since 2005, the appointment and re-election of Directors has been accomplished by individual voting. All candidates were re-elected and nominations ratified at the 2009 Meeting, each receiving more than 98% of the votes.

In accordance with Article 22 of the Board Rules regarding periodic changes in the Board's makeup, the Board of Directors agreed at the start of the 2005 fiscal year to apply the following criteria for accomplishing this goal, based upon recommendations presented by the Nomination, Compensation and Corporate Governance Committee: that terms of service on the Board of Independent Directors, with the exception of extraordinary cases, will not exceed 4 statutory terms (each of which is fixed at 3 years); and that the said replacement process be carried out gradually and progressively.

The application of the aforesaid criteria began with the 2005 Annual Shareholders Meeting, which approved of the appointment of Ms. Isabel Aguilera to take the place of the then Independent Director Mr. Moya Francés; These criteria were followed again in 2007, when Independent Directors Ms. Mónica de Oriol and Mr. Luis Lada were appointed to replace Mr. Manuel Azpilicueta and Mr. Juan Carlos Ureta, and in 2008, when Ms. Rosa Sugrañes was appointed as an Independent Director to replace Mr. Francisco Constans and in 2009 with the nomination of Mr. García-Pita to replace Mr. Pedro Ramón y Cajal.

3.2.5. Gender Diversity Policy

Since 2005, when nominating new Directors, particularly Independent Directors, the Board has paid special attention to bringing about greater gender diversity in the Company's governing bodies. In this regard, Articles 9.4 and 20.4 of the Board Rules establish that the Board and the Nomination, Compensation and Corporate Governance Committee shall take special care to see that in selecting people to serve in the role of Director, principles and policies be applied which are geared towards ensuring appropriate gender diversity among Board members.

The application of said criteria began in 2005 with the naming of Isabel Aguilera as an Independent Director; continued in 2007 with the naming of Ms. Mónica de Oriol as Independent Director and in 2008 with that of Ms. Rosa Sugrañes as Independent Director.

The three female Directors that form a part of the Board represent 20% of its members and 43% of the Independent Directors, which is the category in which the Board has the most ability to make an impact applying gender diversity policies.

It should be borne in mind that, in the case of the Executive Directors, the Chairman and CEO have remained unchanged throughout this period, and that both are men. As far as Shareholder Directors are concerned, the Board and the Nomination, Compensation and Corporate Governance Committee can only recommend to Shareholders that they consider designating women for the post of Director of Indra to represent their interests, and even this depends on there being women at the top level of their respective organizations, since it is in the Company's interest that Proprietary Directors be at that level. It is in the area of Independent Directors that the Board and the Nomination, Compensation and Corporate Governance Committee are better able to act, since they can consider a far wider selection of potential female candidates to fulfil the role of Director.

3.2.6. Committees of the Board of Directors

In accordance with the provisions of the Board Rules, the Board has established, with a view to its working more effectively, an Executive Committee, an Audit Committee, and a Nomination, Compensation and Corporate Governance Committee, whose regulations and responsibilities, composition and activities are detailed in the following sections.

In each meeting of the Board of Directors, the Committee Chairmen inform the Board of the issues that have been dealt with and the decisions taken by their respective Committees.

In accordance with Article 17.2 of the Board Rules, since 1999 the Board has endeavoured to achieve an appropriate rotation of Independent Directors on its various committees.

Of the 7 Independent Directors, 2 have belonged to one Committee, 5 to two Committees and 1 has belonged to all three Committees.

3.2.7. Activity during the Year and Evaluation of its Operation

In order to perform functions which cannot be delegated, and to monitor the work of the committees, the Board held twelve meetings during fiscal 2009.

In each of its regular meetings, the Board examines the Company's business and financial development, transfers of treasury stock, and matters dealt with by Board committees and their actions. In 2009, following conclusions drawn from the Board's evaluation process and with the goal of strengthening its strategic analysis of its businesses, the Board held a special, extended meeting which dealt with the general economic environment and of the sector in which the Company operates the competitive position of its businesses and additional growth options and strategies. The meeting was attended by members of the Executive Committee and the Advisory Board.

In order that the Board be informed about the issues with which it must consider, ample information is made available to Directors sufficiently in advance of each meeting. Total time devoted by Directors was in the order of 1,250 hours for the year, rising to about 1,750 hours if time spent on committees is included.

Attendance rates for board and committee meetings overall exceed 85%, (being 94.79% in the case of Independent Directors), with the following breakdown of attendance at meetings of each body: Board 91.52% (98.81% of Independent Directors); Executive Committee 87.36% (91.11% of Independent Directors); Audit Committee 88.64% (92.59% of Independent Directors); and Nomination, Compensation and Corporate Governance Committee 73.33% (83.32% of Independent Directors). In all cases where a Director has not been able to attend personally, that Director has delegated his or her representation to another Director having the same status, indicating how to vote on agenda items.

In general, Directors keep the Nomination, Compensation and Corporate Governance Committee regularly informed of their other professional obligations, so that the Committee can assess whether such obligations are compatible with the dedication required of Directors.

In accordance with the provisions of the Board Rules, the Board of Directors carries out an annual assessment of its own operations, the quality of its work and that of its committees. For this reason each committee carries out a self-assessment and produces a report on its activities during the fiscal year, which is submitted to the Board.

To carry out the assessment for 2009, the Board of Directors does not considered it necessary to rely once more on external advice, as it did in 2005 and 2008, believing that the advice of external consultants in this process is effective for a company with the experience and history of Indra in this area, if carried out periodically (every two or three years or whenever changes in circumstances render it advisable). The evaluation was carried out using a formal process of multiple criteria assessment relating to the composition and operations of the Board and its committees, as well as the efficiency of its performance and the contribution of its members, under the coordination and supervision of the Chairman of the Board and of the chairs of the Audit Committee and the Nomination, Compensation and Corporate Governance Committee.

The completed evaluation considered 81 variables divided amongst six substantive areas: Structure and Composition of the Board; Board Committees; Board Function; Executive Committee; Audit Committee; and Nomination, Compensation and Corporate Governance Committee. These were evaluated individually by each Director. The opinions of each Director were kept confidential, and from them a report was crafted from the individual evaluations made by the Directors. Only five variables of the 81 considered obtained a valuation below 4.5 being 5 the maximum rate.

The Board of Directors thoroughly analyzed the report's conclusions, taking from it a satisfactory evaluation of the performance and quality of its work and the work of its Committees during fiscal 2009, as well as a recommendation that the Board and the Executive Committee perform a specific analysis of the items which received lower scores during the evaluation process.

Also in accordance with its Rules, the Board carries out an annual performance evaluation of its Chairman, one that is performed separately and independently from his evaluation as Chief Executive. The Chairman is not present, the Board meetings being presided over by the Vice-Chairman designated from amongst the Independent Directors.

Upon proposal of the Nomination, Compensation and Corporate Governance Committee, the evaluation of the Chairman for fiscal 2009 of the Board took into consideration principally: his ability to fill the chairmanship of the Board in a manner sufficiently distinct from that of the Chief Executive, his performance in making sure that the Board performs its duties in an effective manner, seeing to it that matters contained in the Regulations and other issues important to the Company be submitted for consideration, along with adequate information; the promotion of active participation of the Directors with enough analysis and debate to reach a sufficient understanding of the topics under consideration and adopt sound decisions; and the promotion of good relations with Shareholders and investors; and information and transparency policies, the evaluation considered as well the variables of the Chairman functions included in the analysis performed within the referred Board evaluation process.

Report in hand, the Board voted unanimously to give a very satisfactory performance evaluation to the Chairman of the Board of Directors for fiscal 2009 in all indicated areas.

3.3. EXECUTIVE COMMITTEE

3.3.1. Regulation and Authority

The composition, authority, and operation of the Executive Committee have been regulated, since its establishment in 1999, by the Board Rules, according to which all authority of the Board that is capable of being delegated have been delegated to this committee, excepting those indicated in the foregoing section 3.2.1 of this Report.

Its main function is to ensure the continuous monitoring of the Company's business and operations, specially of its commercial activity, for which purpose it generally holds its ordinary meetings once a month.

One of the conclusions drawn from the evaluation of the Board and of its Committees during fiscal 2008 was that the Executive Committee needed to expand the scope of matters it considers and, as a result, at its July 2009 meeting the Executive Committee agreed to make in all of its regular meetings a detailed analysis of the evolution and situation of the contracting and sales for the last available monthly closing, as well as the forecast of both in the coming months.

3.3.2. Composition

In accordance with Board Rules, the composition of the Executive Committee should reasonably reflect that of the Board. During 2009 it was composed of eight members, six of them outside Directors (four of whom were Independent Directors) and two Executive Directors.

The list of names of the members of the Committee as of December 31, 2009 is as follows:

Name	Position	Type
Mr. Javier Monzón	Chairman	Executive
Ms. Isabel Aguilera	Director	Independent
Mr. Matías Amat	Director	Proprietary (Unión Fenosa)
Mr. Luis Lada	Director	Independent
Mr. Juan March	Director	Proprietary (C. Financiera Alba)
Mr. Regino Moranchel	Director	Executive
Mr. Joaquín Moya-Angeler	Director	Independent
Ms. Rosa Sugrañes	Director	Independent

3.3.3. Activity during the Fiscal Year

In performing its functions, the Executive Committee met eleven times in the course of 2009. All documentation prepared for each meeting, together with the corresponding minutes, is placed at the Directors' disposal before each meeting. In the course of 2009 the Executive Committee dealt with 307 operational matters, with an aggregate value of 1,642 M€.

3.4. AUDIT COMMITTEE

3.4.1. Regulation and Authority

The composition, authority, and operation of the Audit Committee, which was created in 1999, are regulated by the Bylaws and by the Board Rules, and comply with the express requirements of the law.

Its main functions are to:

- a) supervise the preparation and assure the accuracy of financial information relating to the Company and, where applicable, the group, reviewing compliance with regulatory requirements, the appropriate application of consolidation standards and the correct application of accounting principles.
- b) periodically review internal control and risk management systems so as to ensure that significant risks are properly identified, managed and reported.
- c) remain vigilant regarding the independence and effectiveness of internal auditing; propose the selection, appointment, re-election, and dismissal of the person in charge of internal auditing; propose the budget for this service; receive periodic information on its activities; and verify that Senior Managers take into account the conclusions and recommendations of its reports.
- d) establish and supervise a system which allows employees confidentially, and if necessary anonymously, to report any potentially significant irregularities in the Company, particularly financial and accounting ones, that come to their notice.
- e) submit to the Board proposals for the selection, appointment, re-election or replacement of the external auditor, as well as terms of engagement.
- f) receive regular information from the external auditor on the audit plan and its results, and ensure that Senior Managers take the external auditor's recommendations into account.
- g) ensure the independence of the external auditor.
- h) as regards groups, to encourage the group auditor take responsibility for the audits of the companies which make up the group.
- i) issue reports to the Annual Shareholders Meetings about matters within its competence.

3.4.2. Composition

In accordance with the Bylaws and the Board Rules, the Audit Committee must be comprised exclusively of Outside Directors. It currently has five members, three of whom are Independent Directors. As required by the Board Rules, its chairman is one of the Independent Directors, with a maximum term of office of four years, although the chairman may be re-elected after one year has elapsed since the end of the previous term.

The list of names of members of the Audit Committee as December 31, 2009 is as follows:

Name	Position	Type
Mr. Manuel Soto	Chairman	Independent
Ms. Isabel Aguilera	Director	Independent
Ms. Mónica de Oriol	Director	Independent
Mr. Estanislao Rodríguez-Ponga	Director	Proprietary (Caja Madrid)
Mr. Eusebio Vidal-Ribas	Director	Proprietary (Casa Grande de Cartagena)

3.4.3. Activity During the Fiscal Year

The committee met nine times in the course of 2009, preparing a Work Plan for the year, as well as an Annual Report of its activities, which it submitted to the Board of Directors. The Annual Report of its activities for 2009 will, as in previous years, be made available to Shareholders, investors, and the general public through the Company's website and its Shareholders' Office. All documentation prepared for its meetings, together with the corresponding minutes, are placed at the disposal of all Directors before each Board meeting.

3.5. NOMINATION, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

3.5.1. Regulation and Duties

The composition, authority, and operation of the Nomination, Compensation and Corporate Governance Committee have been regulated, since its establishment in 1999, by Board Rules.

Its main functions are to:

- a) report on the composition of the Board of Directors, the professional profiles required and criteria used for selecting its members, taking care to see that the selection procedures incorporate criteria that favour gender diversity in the composition of the Board.
- b) evaluate whether the knowledge, abilities, and experience of individuals proposed as members of the Board and of the various committees meet the required profiles, and whether requirements for the specific type of Director in question are met.
- c) submit to the Board reports on succession plans for the posts of Chairman and Chief Executive Officer, and supervise succession plans for Senior Managers.
- d) advise the Board on proposals for appointment and dismissal of Senior Managers and, prior to approval by the Board, inform the Board on their compensation packages and terms and conditions of their employment with the Company, including severance clauses in the event of termination of employment.
- e) submit to the Board, prior to re-election of Directors, a report on the performance to date of the Directors involved.
- f) verify each year that the status of each Director remains unchanged since the date of appointment, and to include this in the Annual Report on Corporate Governance.
- g) present proposals to the Board, within limits established by the Bylaws and by resolutions of the General Shareholders Meeting, regarding the scheme, components, and amounts of Directors' compensation.
- h) present to the Board a report on the annual assessment of the Chairman of the Board and the performance of Senior Managers.
- i) propose, for approval by the Board, the annual report on compensation policy for submission by the Board to the Annual Meetings, in accordance with the stipulations of Article 29 of the Board Rules, as well as information on compensation made public by the Company.
- j) advise the Board in advance of all non-arm's length transactions with Directors, Significant Shareholders, Shareholders represented on the Board, Senior Managers, or persons related to any of the foregoing which are submitted for the Board's approval.
- k) evaluate annually the effectiveness of, and the degree of compliance with the Company's rules and procedures on corporate governance, proposing such amendments thereto as it may deem appropriate.

3.5.2. Composition

In accordance with Board Rules, the Nomination, Compensation and Corporate Governance Committee, as of December 31, 2009, consisted exclusively of five Outside Directors, a majority of whom are Independent Directors. Its chairman is also an Independent Director.

The list of names of members of the Committee as of December 31, 2009 is as follows:

Name	Position	Type
Mr. Joaquín Moya-Angeler	Chairman	Independent
Mr. Matias Amat	Director	Proprietary (Caja Madrid)
Ms. Mónica de Oriol	Director	Independent
Mr. Salvador Gabarró	Director	Proprietary (Gas Natural)
Mr. Daniel García-Pita	Director	Independent

As indicated under paragraph 3.2.2. Mr. Gabarró presented his resignation as a Director of Indra in April, 2010.

3.5.3 Activity during the Fiscal Year

In order to carry out its functions, the Nomination, Compensation and Corporate Governance Committee met seven times in the course of 2009, preparing an action plan for the year, as well as an annual report on its activities, which it presented to the Board of Directors. All documentation prepared for each meeting, together with the corresponding minutes, is placed at Directors' disposal before each Board meeting.

3.6. SENIOR MANAGEMENT

The Company's Senior Management holds the highest responsibility regarding the day-to-day management of the Company and of its group of companies. All management units, whether operational or support, depend on and report to Senior Management.

During fiscal 2009 General Manager Mr. Javier Piera passed away and Mr. Ángel Lucio ended his labour relationship with the Company.

Following their departure, at the close of the 2009 financial year there were nine Senior Managers. The Senior Management team is as follows:

Name	Position
Mr. Javier Monzón	Chairman
Mr. Regino Moranchel	CEO
Mr. Javier de Andrés	General Manager - Corporate Control, Procurement and Logistics Services
Mr. Juan Carlos Baena	General Manager - Finance and Corporate Development
Ms. Emma Fernández	General Manager - Talent, Innovation and Strategy
Mr. Rafael Gallego	General Manager - Operations
Mr. Cristóbal Morales	General Manager - International
Mr. Santiago Roura	General Manager - Operations
Mr. Joaquín Uguet	General Manager - Operations

On the date this report is drafted, Mr. Cristobal Morales has been replaced in his office by Mr. Emilio Díaz.

COMPENSATION OF DIRECTORS AND SENIOR MANAGERS

4.1. DIRECTORS

In accordance with the provisions of Article 27 of the Bylaws, each Director's compensation package consists of a fixed component, the maximum amount of which is determined at the Annual Shareholders Meeting (the "Meeting"), and profit sharing of the Company. It may also consist of the allocation of shares or stock options, subject to prior agreement at the Meeting.

At the 2008 Meeting the Board's compensation for a new period of years (2008, 2009 and 2010) was approved. For a Board of Directors composed of 15 members, the maximum amount of the annual fixed component was fixed at 875,000€ and the limit for profit sharing at 1.4 times this amount, i.e. 1,225,000€.

The Board distributed amongst the Directors the above amounts as follows:

- (i) Fixed component of 32,000€ for membership on the Board of Directors, 18,000€ for belonging to the Executive Committee, 24,000€ for being a member of the Audit Committee and 18,000€ for being on the Nomination, Compensation and Corporate Governance Committee. The chairman of each committee – except in the case of the Executive Committee – receives an amount equal to 1.5 times the amounts indicated above.
- (ii) Profit sharing continues to be distributed equally among board members, in proportion to effective time in office during the fiscal year. The Board is empowered to adjust profit share distribution if warranted under the circumstances.

The Board has decided each year that, in the event of non-achievement of the growth and profitability objectives announced publicly in each fiscal year, it would reconsider the amount of profit sharing distributed to Directors, and bring any resulting proposals before the Annual Shareholders Meeting. This rule has not been applied in any of the fiscal years since profit sharing was set in 1999, since the Company has fulfilled or exceeded its publicly announced objectives every year.

At the 2008 Meeting it was also decided that 50% of the gross amount of profit sharing is to be paid in Company shares at the market price at the time of payment. This means that for a Director who is a natural person only 23% of profit sharing is received in cash and only 55% of total average compensation. The Board has asked the Directors to commit to retaining ownership of the shares during the time that they remain in office, and all of them have committed themselves to do so.

These figures mean total maximum annual average compensation per director of 140,000€ compared to 120,000€ for the previous three year period, meaning that in 2010 the average compensation per director will have increased at an average annual rate since 2005 of 3.1%. Likewise, almost 60% of the maximum average compensation for a Director is linked to Company performance and is not guaranteed.

The Board considers the compensation scheme, in its gross amount as well as the average per director, to be reasonable considering the analysis carried out by the Nomination, Compensation and Corporate Governance Committee of

practices engaged in by similar Ibx 35 companies as well as other comparable international companies, and conforms to the character of the Company, the professional profiles it demands from its Directors, and the commitment and dedication demanded for the diligent performance of the position.

The Nomination, Compensation and Corporate Governance Committee and the Board believe that the compensation plan currently in place accomplishes the goals envisioned by Board Regulations in that the compensation of External Directors is adequate and properly reflects their dedication, qualifications and responsibility, but does not constitute, in the case of the Independent Directors, an impediment to their independence, as well as meeting the criteria that fixed compensation components be a moderate portion of overall compensation, its distribution taking into account to the varying degrees of dedication required by each Board Committee.

The Board, through the Nomination, Compensation and Corporate Governance Committee, has asked the independent firm Egon Zehnder International, with well known experience and reputation in this field, to render an opinion on the compensation policy for Directors of the Company. In response, Egon Zehnder stated that it considers Board compensation to be **“adequate, prudent and at a level appropriate to the characteristics and history of the Company,”** considering likewise **“that setting compensation for three year periods is appropriate.”**

Total compensation paid each member of the Board of Directors during fiscal 2009, in their capacity as Directors of the Company, is indicated in the following chart:

The referred total director compensation received in 2009 represented 0.73% of Net Consolidated Operating Profit and 0.80% of Consolidated Earnings before Taxes according to the annual accounts prepared by the Board.

During fiscal 2009 no Company stock options were granted to or exercised by any Directors by virtue of their status as members of the Board. At the close of the 2009 fiscal year no member of the Board of Directors, qua director, held any stock options.

No Director received during 2009 or 2008 any profit or income by virtue of his or her position as Director other than that described above; neither has the Company nor any company within its consolidated group undertaken any pension obligations or given any loans or advance payments to any Director.

Directors who are at the same time members of Senior Management of the Company (“Executive Directors”) received additionally their corresponding salaries by virtue of their labor relationship with the Company which, according to the Bylaws, is independent of the compensation they received as Directors. Their salaries are referenced in the following section.

Director's Compensation (€) 2009

Director	Board	Executive Committee	Audit And Compliance Committee	Nomination, Compensation And Corporate Governance Committee	Total Fixed Allowance	Profit Sharing	Total
Adm. Valtenas ⁽¹⁾	32,000	--	--	--	32,000	81,666	113,666
I. Aguilera	32,000	8,000	24,000	--	74,000	81,666	155,666
Casa Grande De Cartagena	32,000	--	10,000	--	42,000	81,666	123,666
D. García-Pita ⁽²⁾	16,000	--	--	9,000	25,000	40,833	65,833
S. Gabarró ⁽³⁾	24,000	--	--	13,500	37,500	61,250	98,750
Mediacion Y Diagnosticos ⁽⁴⁾	32,000	18,000	--	18,000	68,000	81,666	149,666
L. Lada	32,000	9,000	--	9,000	50,000	81,666	131,666
H. Lopez Isla ⁽⁵⁾	12,000	6,750	9,000	--	27,750	30,625	58,375
P. Lopez Jimenez ⁽⁶⁾	8,000	--	--	4,500	12,500	20,417	32,917
J. March ⁽⁷⁾	13,333	7,500	--	--	20,833	34,028	54,861
J. Monzon	48,000	18,000	--	--	66,000	81,666	147,666
R. Moranchel	32,000	18,000	--	--	50,000	81,666	131,666
J. Moya-Angeler	32,000	18,000	--	27,000	77,000	81,666	158,666
M. Oriol	32,000	--	24,000	18,000	74,000	81,666	155,666
Part. Y Cartera De Inversion ⁽⁸⁾	32,000	--	24,000	--	56,000	81,666	137,666
P. Ramon Y Cajal ⁽⁹⁾	16,000	9,000	--	--	25,000	40,833	65,833
M. Soto	32,000	--	36,000	--	68,000	81,666	149,666
R. Sugrañes	32,000	18,000	--	--	50,000	81,666	131,666
R. Villaseca ⁽¹⁰⁾	6,667	1,500	2,000	--	10,167	17,014	27,181
Total	496,000	141,750	129,000	99,000	865,750	1,225,000	2,090,750
Average Compensation per Director (15 Directors)					57,717	81,666	139,383

⁽¹⁾ Representing Caja Asturias⁽²⁾ Since July, 2009⁽³⁾ Since April, 2009⁽⁴⁾ Representing Caja Madrid⁽⁵⁾ Until May, 2009⁽⁶⁾ Until March, 2009⁽⁷⁾ Since August, 2009⁽⁸⁾ Representing Caja Madrid⁽⁹⁾ Until June, 2009⁽¹⁰⁾ From May until July, 2009.

4.2. SENIOR MANAGERS

Compensation of Senior Managers of the Company is determined individually by the Board of Directors based on recommendations made by the Nomination, Compensation and Corporate Governance Committee.

In fiscal 2008, based upon a recommendation by the Nomination, Compensation and Corporate Governance Committee, the Board agreed to review the compensation packages of Senior Managers for a new three-year period, fiscal 2008, 2009 and 2010. In crafting its proposal the Nomination, Compensation and Corporate Governance Committee relied in part upon outside advice from the independent firm of experts Mercer, just as it did with Egon Zehnder in 2007 regarding compensation packages. The aim of this review was to assure that the criteria and compensation amounts, as well as other elements that make up a Senior Manager's employment conditions, are in line at all times with market practices and designed to motivate long term employment and guidance of the Company in a proper and competitive fashion considering the current situation, our corporate culture, and the goals of the Company.

The compensation packages approved by the Board are structured similarly to those of the previous three-year period, with some components of an annual and others of a multiannual nature.

Annual compensation is composed of: a fixed cash component; a variable cash component, which varies depending upon the Senior Manager's success in meeting annual objectives and a performance assessment carried out on each Senior Manager; and non-cash compensation. The Board requires that fixed compensation remain unchanged for the three year period indicated, unless specific circumstances warrant review. Annual variable compensation is determined at the close of each fiscal year based on the percentage of fixed annual compensation to be received by the Senior Manager for a satisfactory evaluation on the part of the Board in making budget and meeting objectives, as well as their individual management, putting the target value of said percentage between 40% and 2/3rds of the fixed annual compensation referred to.

All medium term compensation is variable, is conditioned upon the recipient's remaining on the Senior Manager team of the Company during a defined period, and consists of a cash amount determined by Company performance, the meeting of objectives and a performance evaluation of each Senior Manager, as well as the delivery of shares and stock options.

The following criteria are used in order to determine the terms and amounts of variable compensation: that the variable compensation represent a substantial part of the total compensation; that medium term compensation be an important component; and that its connection to Company stock value be significant, but not excessively so.

The President and the Chief Executive Officer are also members of the Board of Directors ("Executive Directors"). Compensation they receive in their capacities as Senior Managers is independent, in accordance with the Bylaws, of the compensation received as Directors.

In fiscal 2009 total compensation received by the eleven Senior Managers and a breakdown by compensation type follows:

Fixed Compensation in cash	4.990 m€
Variable Compensation	3.510 m€
Non-cash Compensation	273 m€
Total Annual Compensation	8.773 m€

Of the above amounts, total compensation received in 2009 by Executive Directors was 1,710m€ each in variable and fixed compensation and total compensation was 3,496m€. This annual compensation represents 1.22% of consolidated Net Operating Profit (EBITDA) and 1.34% of consolidated Earnings before Tax (EBIT) in fiscal 2009.

As stated earlier, medium term compensation in force during 2008-2010 was established in 2008 and will apply for three years. It consists of a cash incentive, delivery of shares, and granting of stock options.

Medium term cash compensation vests and will be paid in each case once the 2010 fiscal year is closed and a median value fixed for the whole of Senior Management, of twice the annual fixed compensation for a satisfactory evaluation on the part of the Board of the progress of the Company and the performance of each Senior Manager for the period 2008 to 2010, considering the accomplishment of annual objectives and in particular progress toward and achievement of strategic objectives, and taking equally into consideration the relative progress of the Company with respect to the markets in which it operates and of the most important players in the sector. The Company has reserved 3,640€ for this purpose in 2009, of which 1,710€ is destined for Executive Directors.

Medium term compensation is effected through the delivery of stock and concession of options and is limited to a total net value equal to between 10% and 20% of the total gross compensation of each Senior Manager during the period. At the 2008 Meeting the terms and conditions of stock and option delivery were approved with the following conditions: (i) that delivery of shares be carried out in each one of the years 2008, 2009 y 2010, at market value at the time of delivery, the recipient required to maintain ownership of the shares for a 3 year period; and (ii) that options be granted in the first of the three years of the compensation period -- that is, in 2008 -- with the exercise price equal to market value at the time of the concession and the option contract having a term of 3 years and 6 months, the exercise period being 12 months after an exclusion period of 2 years and 3 months from the date of the granting of the options.

Pursuant to the above described authorization from the 2008 Meeting, the Board of Directors, acting upon a proposal made by the Nomination, Compensation and Corporate Governance Committee, agreed to make delivery to Senior Managers a total of 47,052 shares (22,405 shares going to Executive Directors) with a value of 15.06€ per share, the market price at the moment of delivery, April 30, 2009 (this delivery of stock forms part of that made to a group of 150 managers and professionals for a total of 158,659 shares under the guidelines of the Plan de Acciones 2008-2010 (Stock Plan 2008-2010):

The Nomination, Compensation and Corporate Governance Committee has been recommending to the Senior Managers that they acquire Company stock by their own means until they reach and maintain a stable equity position equivalent to at least the Senior Manager's annual fixed compensation. At the end of fiscal 2009, Senior Managers owned 396,692 shares, with a market value on that date equivalent to 1.4 times their combined annual fixed compensation.

The Board, through the Nomination, Compensation and Corporate Governance Committee, has requested an opinion from the independent and highly experienced management appraisal firm Egon Zehnder International regarding the compensation of Senior Management. They declared it “**appropriate, with moderate fixed compensation and significant variable compensation as well as a relevant medium term compensation, linked principally to the progress of the business**”, considering likewise “**that setting criteria and compensation guidelines for three years periods is appropriate.**”

4.3. OTHER BENEFITS OR COMPENSATION

Neither members of the Board of Directors nor Senior Managers received during 2009 any benefits or compensation other than those described above, nor does the parent Company or any of the companies in the Group have any contractual obligation to them regarding pensions, loans or advances granted to them.

4.4. SEVERANCE CLAUSES AND NON-COMPETITION AGREEMENTS

Each Senior Manager has signed a contract with the Company, which governs terms of employment. Each contract has been authorized by the Board of Directors based on a favorable report and proposal by the Nomination, Compensation and Corporate Governance Committee, and were submitted to the 2007 Meeting. Pursuant to these contracts, in the event of termination of employment with the Company Senior Managers have the right, except in the case of voluntary resignation or termination for cause, to compensation equivalent to that established in Article 56 of the Estatuto de los Trabajadores (the Spanish law covering labour matters); that is, 45 days' worth of their annual compensation for each year of employment with the Company, with a limit of 3.5 times annual compensation; in the case of the Chairman and the Chief Executive Officer, minimum compensation is set at three times annual compensation. Additionally, Executive Directors and General Managers of Operations have signed non-competition agreements, with terms of two years from the end of their working relationship with the Company and with a compensatory amount of between 0.5 and 0.75 times their annual compensation for each year of non-competition.

As previously noted, general managers Mr. Javier Piera and Mr. Ángel Lucio left the employ of the company, the former having passed away and the latter having terminated his labour relationship. The applicable provisions of their contracts with the Company, which had been approved by the Board of Directors pursuant to a report from the Nomination, Compensation and Corporate Governance Committee, were applied.

4.5. OTHER PUBLIC INFORMATION REGARDING COMPENSATION

The Company also makes Board and Senior Manager compensation public in the Annual Financial Statements corresponding to 2009, by means of the Annual Corporate Governance Report produced in the format required by the CNMV, as well as in the Annual Report on the Compensation of the Directors and Senior Managers produced by the Board of Directors which, in accordance with Board Rules and the recommendations of the Unified Code of Good Governance (Código Unificado de Buen Gobierno), will be submitted to a consultative vote at the 2010 Meeting as a separate point of order on the agenda.

TRANSACTIONS WITH SIGNIFICANT SHAREHOLDERS AND WITH DIRECTORS

The Board Rules establish that transactions with related parties require authorization by the Board of Directors, based on a report by the Nomination, Compensation and Corporate Governance Committee assessing their compliance with the principle of equitable treatment and that they are conducted on market terms in accordance with criteria set out in the Board Rules and listed in section 3.2.1 above.

In the course of fiscal 2009, the Company carried out commercial and financial transactions and transactions involving the provision and receipt of professional services with Shareholders Caja Madrid, Corporación Financiera Alba, Caja Asturias and Unión Fenosa (absorbed by Gas Natural in September, 2009) as well as with companies associated with Directors Ramón y Cajal (Director during the first six months of the fiscal year), Moya-Angeler and de Oriol.

All these transactions were authorized in accordance with the criteria set out in the Board Rules and were carried out in the ordinary course of business of Indra and on market terms, not representing, either collectively or individually, a significant amount in relation to Indra's revenues or balance sheet totals.

The breakdown of these transactions by type follows:

Nature of Transaction	With Shareholders	With Directors	Others ^(*)	Total
Sales of Goods and Services	106,828	-	3,793	110,621
Purchases of Goods and Services	6,976	1,319	72	8,367
Financing Income	19	-	-	19
Expenses for Financial Services	532	-	-	532
Expenses for Professional Services	-	15	-	15
	114,355	1,334	3,865	119,554

^(*) Includes transactions with Banco Inversis, in which Significant Shareholder Caja Madrid has a 38.48% stake and Indra has a 12.77% stake.

The Company also publishes detailed information on this topic in biannual reports to the CNMV as required by law, in the Annual Financial Statements, and in the Annual Corporate Governance Report in the format required by the CNMV.

TREASURY STOCK

In accordance with the provisions of the Reglamento Interno de Conducta en materias relativas a los Mercados de Valores (Internal Rules of Conduct Regarding Matters Relating to Stock Markets), Company policy regarding treasury stock pays special attention to ensuring that treasury stock transactions not interfere with share price adjustment through market forces or favour any particular Shareholder.

Note 17 of the Consolidated Financial Statements contains a detailed explanation of the balances at the beginning and end of fiscal 2009, as well as treasury stock transactions during the year.

Ordinary transactions, carried out with the purpose of providing share liquidity and minimizing the excessive volatility of the market price, were carried out during 2009 with the following volumes and prices: purchase of 10,031,108 shares at an average price of 15.65€ and sale of 10,860,392 shares at an average price of 15.71€. Total purchases and sales carried out represent 4.98% and 5.39%, respectively, of the total volume traded during the year.

During fiscal 2009 the contract covering the Plan de Opciones 2005, which the Company had signed with a financial institution, matured in accordance with its terms. The 2,261,000 shares (1.38% of equity) which were the subject of the equity swap and, up until that time, had been considered indirect treasury stock, came to be reclassified as treasury stock.

Regarding extraordinary transactions in 2009, 2,698,769 shares were transferred by ordinary transaction from treasury stock. Of these shares, 15,659 were delivered to the beneficiaries of the Plan de acciones 2008-2010. 2,500,000 shares were sold under the terms of the agreement for share distribution made by Indra with Unión Fenosa in July, and 40,110 shares were delivered to Directors in payment of 50% of 2008 Board profit sharing.

The total treasury stock balance at the end of fiscal 2009 amounted to 866,640 shares (equivalent to 0.53% of the outstanding shares), which corresponded entirely to the balance deriving on that date from ordinary transactions.

MARKET DISCLOSURE AND SHAREHOLDER COMMUNICATION POLICY

The policy of the Company is to regularly provide comprehensive information to its Shareholders, investors, and the market in general, applying at all times the principles of transparency and equal treatment.

The Company has maintained numerous contacts with Shareholders and interested investors, both through the Oficina del Accionista (Shareholder Office) and through individual and collective meetings with analysts and institutional investors. During fiscal 2009, 29 firms issued financial analysis reports on the Company and it has held meetings with 380 institutional investors.

The Company includes on its website (www.Indra.es) a specific section for investors through which it is possible to access directly all the financial information and information on Corporate Governance provided by the Company, the contents of which exceed those required by law and enables direct communication with the Company.

RELATIONS WITH THE EXTERNAL AUDITOR

The Company's external auditor is KPMG Auditores, appointed for a 1 year period by the Annual Shareholders Meeting upon motion by the Board following a report from the Audit Committee.

In accordance with the provisions of Articles 19 and 42 of the Board Rules, the Company's relations with its external auditors are managed through the Audit Committee, which supervises their work and ensures their independence, applying criteria set out in the Board Rules regarding the significance of the fees for the auditor firm and rotation of the team in charge of audit work. This committee is also responsible for authorizing, should it be necessary, the Company's contracting of other services with the auditor firm.

During fiscal 2009 total fees paid to the auditors amounted to 926 thousand euros of which 802 thousand euros related to audit services regarding the Financial Statements of Indra and 124 thousand euros was for other services, the contracting of which was authorized on the basis of a prior favorable report from the Audit Committee.

**The Board of Directors,
23rd April 2009**

AUDIT AND COMPLIANCE COMMISSION 2009 ACTIVITIES REPORT

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LETTER FROM THE CHAIRMAN OF THE AUDIT AND COMPLIANCE COMMITTEE

To the Shareholders:

Another year has passed, and just as Indra has done every year since 2003, it is my pleasure to place in your hands, upon the call to order of the Annual Shareholders Meeting for 2010, the Activities Annual Report 2009 of the Audit and Compliance Committee. Indra publishes this Report as a result of its commitment to transparency and good corporate governance, convinced that a better knowledge of company management permits the Shareholder to make more informed investment decisions.

This document allows in depth understanding of the accomplishments of the Committee and assessment of the important work that it does in protecting the interests of Shareholders by imposing stricter standards for management processes, in analysis and management of company risk, in production of financial statements, and compliance with legal obligations and the highest standards of corporate governance.

In fiscal 2009 the Company approved a new Risk Map with the goal of improving management and control of risks arising from Company activities, implementing a process that allows continuous assessment, updating, and permanent improvement in management of risk.

Additionally, it should be noted that the Company has approved a new Code of Ethics and Professional Conduct which follows best international practices in the area and a Canal Directo ("Direct Line") which allows confidential communication by employees who have questions which relate to application of the Code. The Audit and Compliance Committee supervised the implementation of the Direct Line following a recommendation contained in the Código Unificado de Buen Gobierno.

The Activities Annual Report 2009 of the Audit and Compliance Committee was drafted by the Committee at its session of 23rd February 2010, and submitted to the Board of Directors for its consideration at its meeting held 22nd April 2010.

This Report, which also is made public through the Company website (www.indra.es), is made available to Shareholders simultaneous with the Annual Shareholders Meeting of 2010 call.

Manuel Soto Serrano

Audit and Compliance Committee Chairman

INTRODUCTION

INDRA HAS HAD AN AUDIT COMMITTEE FOR OVER 10 YEARS

Ever since its shares began trading on the continuous market over ten years ago, INDRA has had a corporate governance system in line with the legislation in effect at any given time and with the best national and international practices.

Within the framework of this corporate governance system, since 1999 INDRA has had an Audit and Compliance Committee. The functions, composition and rules of procedure of this Committee have been regulated ever since in the Rules of Procedure of the Board of Directors, which have met and even surpassed the requirements of the legislation in force. Since that date, this Committee has been engaging in intense activity in the areas of its competence, as evidenced by the annual public information regarding Corporate Governance of the Company.

In the wake of the publication of Spanish Act 44/2002, of 22 November, on Financial System Reform Measures ("Financial Act"), which made it compulsory for all listed companies to set up audit committees and regulate them in their corporate bylaws, the Company took the necessary measures in order to bring its already existing Audit and Compliance Committee in line with the new legal framework.

As a result of this process, at the Ordinary General Meeting of Shareholders of INDRA held on 28 June 2003 the Committee became regulated in the corporate bylaws.

Likewise, in application of the best principles of transparency in corporate governance, since 2003 the Audit and Compliance Committee Activities Annual Report has been put at the disposal of the shareholders at the time that the Ordinary General Meeting of Shareholders is called, and may be consulted by logging on to the corporate web page or by requesting a free copy from the Shareholders' Office.

The present Audit and Compliance Committee Activities Annual Report corresponding to the year 2009 was approved at a meeting of said Committee on 23 February 2010, presented to the Board of Directors at its meeting held on 25 February 2010, and will be made available to the shareholders of the Company at the time the General Shareholders' Meeting is called, scheduled to be held on 23 June 2010 at first call or on 24 June at second call

COMPOSITION

5 members

- > 3 independent directors
- > 2 female directors
- > Independent Chairman

COMPOSITION:

CHAIRMAN

Mr. Manuel Soto

Independent Director Deputy Chairman of the Board of Directors.

BOARD MEMBERS

Ms. Isabel Aguilera

Independent Director

Mr. Estanislao Rodríguez-Ponga ⁽¹⁾

Proprietary Director proposed by Caja Madrid

Ms. Mónica de Oriol

Independent Director

Mr. Eusebio Vidal-Ribas ⁽²⁾

Proprietary Director

The Chairman of the Committee must be an independent director. The Secretary of the Committee is the Secretary of the Board of Directors, or in lieu thereof, the Deputy Secretary of the Board.

As can be seen from its composition, three of the five external directors who are members of the Committee are independent directors, two of whom are women.

During 2009, the only changes which took place in the composition of the Committee were the substitution of Mr. Honorato López Isla by Mr. Rafael Villaseca in the month of June at the proposal of the shareholder Unión Fenosa. Subsequently, Mr. Villaseca presented his resignation as Director of the company leaving also his post in the Committee. In its session of July, the Board of Directors decided to cover this vacancy with the appointment of the proprietary director Mr. Eusebio Vidal Ribas.

⁽¹⁾

Individual representing the proprietary director PARTICIPACIONES Y CARTERA DE INVER

RESPONSIBILITIES AND FUNCTIONS

Wide-ranging competencies and responsibilities

The responsibilities and functions of the Audit and Compliance Committee are listed in article 30 of the Corporate Bylaws:

- a)** Report to the General Shareholders' Meeting on those matters posed by shareholders at said Meeting which are within the competence of the Committee.
- b)** Present to the Board of Directors the proposal for appointment of external auditors, as well as the terms of their contract, the scope of their professional mandate and, if applicable, the renewal or non-renewal thereof.
- c)** Maintain direct relations with the external auditors, evaluate the development and results of their work, paying particular attention to those matters which might jeopardize the independence of the auditors and any other matters related to the account audit process, as well as all other communications required by account audit legislation and auditing technical standards.
- d)** Supervise the functioning of the internal auditing of the Company.
- e)** Be informed of and verify the suitability and integrity of the financial information process and the internal control systems.

In addition to the functions assigned to it by the Corporate Bylaws, article 19 of the Rules of Procedure of the Board of Directors assigns it the following functions:

- a)** Supervise the process for the drafting and integrity of the financial information regarding the Company, and, if applicable, regarding the consolidated group, reviewing compliance with regulatory requisites, the proper delimitation of the consolidation perimeter and the correct application of accounting criteria.
- b)** Serve as a channel of communication between the Board and the external auditors, from whom it will regularly receive information regarding the audit plan and the results of its execution. It shall likewise evaluate the response of the management team to the recommendations made by the external auditors and shall mediate in cases of discrepancy between said team and the auditors in relation to the principles and criteria to be applied in preparing the financial statements. The Committee shall favor having the auditors of the head company of the group take responsibility for auditing all of the companies in said group.
- c)** Report to the Board, prior to the Board's taking the corresponding decisions, on the creation or acquisition of instrumental companies or companies domiciled in tax havens, as well as on any other transaction or operation which might impair Company transparency.
- d)** Review securities trading prospectuses.
- e)** Report to the Board, prior to the Board's taking the corresponding decisions, on the financial information which the Company, as a listed company, is required to make public periodically. The Committee shall verify

that the quarterly and semi-annual financial statements are drafted using the same accounting criteria as that used in the annual accounts.

- f)** Establish measures to preserve the independence of the external auditors, and, in said regard:
 - i) propose to the Board the communication of the change of auditor as a relevant fact, accompanying this with a declaration on the existence of disagreements with the outgoing auditor and, if applicable, on the content thereof;
 - ii) ensure that the Company and auditors respect the regulations in effect regarding the provision of services other than auditing services, pursuant to the stipulations of article 42 of the Rules of Procedure of the Board of Directors, and;
 - iii) in the case of resignation of the external auditors, examine the circumstances giving rise thereto.
- g)** Supervise compliance with the audit contract, seeing to it that the opinion on the annual accounts and the principal contents of the audit report are drafted clearly and accurately.
- h)** Periodically review the internal control and risk management systems of the Company.
- i)** See to it that the internal audit system functions independently and effectively; propose the selection, appointment, reelection, and dismissal of the head of the internal audit service; propose the budget for said service; receive periodical information on its activities; and verify that Senior Management take into account the conclusions and recommendations of its reports.
- j)** Set up and supervise the operation of a procedure which will allow employees to inform the Committee confidentially of any potentially significant irregularities which they may detect in the running of the Company, especially in the areas of finance and accounting.
- k)** Consider any suggestions which may be made to it in matters of its competence by the shareholders, directors and Senior Management of the Company.

As indicated in the chapter on the activities carried out by the Committee during 2009, each and every one of the responsibilities and functions entrusted to it by the Corporate Bylaws and the Rules of Procedure of the Board of Directors have been carried out; moreover, additional matters deemed advisable for the exercise of its functions and for the general interest of the Company have likewise been dealt with.

ACTIVITIES CARRIED OUT IN 2009

9
meetings

220
hours

The chairman gave
presentations at 9
Board meetings

2009
Committee
activities

OVERVIEW

During 2009, the Committee, surpassing the minimum number of four meetings called for in the Corporate Bylaws, held nine meetings. This means that, in terms of the time required to prepare the meetings and the average duration thereof, in 2009 the Committee members as a whole devoted nearly 220 hours (4.8 hrs. per director/meeting) to reviewing the matters within their sphere of competence.

Committee meetings are called one week in advance, and, together with the notice of the meeting, documentation and information are sent in relation to the matters to be dealt with at said meeting, in order to allow the Committee members sufficient time to analyze the contents thereof.

In addition to presenting proposals on matters of its competence to the Board of Directors, the Committee also reports at all Board meetings on the matters dealt with at each of the Committee meetings held in the period between each Board meeting. In 2009, the Committee Chairman has taken part in 9 of the 12 meetings held by the Board of Directors to report on the activities carried out by the Committee throughout the year.

Moreover, as it does every year, the Committee drafted its Activities Annual Report for 2008, which was approved by the Committee itself at its meeting held on 24 February 2009. This Annual Report was published on the Company web page on the occasion of the Ordinary General Shareholders' Meeting held on 25 June 2009. Said meeting was attended by the Committee Chairman, who was at the disposal of the shareholders to resolve any matters posed by them within the competence of the Committee.

In order to suitably plan and organize its work, at the outset of 2009 the Committee drafted, as it does every year, an Action Plan which established the number of ordinary meetings to be held during the year (eight) as well as the contents of each meeting. The Committee held the eight scheduled meetings, and likewise held an extraordinary meeting in the month of October, in order to revise the text of the new Company Code of Ethics and Professional Conduct.

In accordance with said Action Plan for 2009, the Committee has dealt with the following items and matters:

Supervision of the preparation of the 2008 financial statements and the periodic public information in 2009.

ELABORACIÓN Y RENDICIÓN DE CUENTAS

1. Review of Company Annual Accounts

At its March meeting, the Committee reviewed the Management Report as well as the Individual and Consolidated Annual Accounts for 2008, prior to the presentation thereof by the Board of Directors, expressing a favorable opinion of said report and accounts.

With regard to the company Annual Accounts for 2008, the Committee was informed of the new format for presentation of the individual annual accounts resulting from the approval of the new Spanish General Chart of Accounts. The Committee was likewise informed of the incorporation of the Annual Report on Corporate Governance as part of the Management Report, which is to be presented at the same time as said Report.

2. Review of Periodical Information to be Provided to Markets and their Supervisory Bodies

The Committee reviewed the quarterly and half-yearly financial information for 2009 to be communicated to the CNMV prior to the approval thereof by the Board of Directors, verifying that said information was drafted in accordance with the same criteria as that used in the annual financial statements.

Moreover, in compliance with the task entrusted to it of supervising the process for the drafting and integrity of the financial information regarding the Company and the consolidated group, and of reviewing compliance with regulatory requisites, the proper delimitation of the consolidation perimeter and the correct application of accounting principles, on the occasion of the presentation by the Company Finance and Corporate Development General Manager of the quarterly and half-yearly report proposals to be sent to the Spanish Securities Market Commission (CNMV) as stated in the following point, the Committee has been reviewing the criteria for the application of accounting principles and the presentation of financial information, making recommendations regarding the manner of reflecting, recording or presenting various concepts.

In order to comply in due time and form with the Company obligation to provide the CNMV with quarterly and half-yearly financial information, the Committee summoned the Finance and Corporate Development General Manager to its meetings held in the months of February, May, July and November.

Proposal to re-appoint KPMG as auditor for 2009 financial statements.

Communication channel with the external auditor, evaluation of its work, and safeguarding of its independence.

EXTERNAL AUDIT

1. Proposal for Appointment of Auditors

In exercise of the responsibility conferred upon it by the Corporate Bylaws to present the Board of Directors with the proposal for the appointment of auditors, as well as the terms of their contract, the scope of their professional mandate and, if applicable, the renewal or non-renewal of said mandate, the Committee debated among its members the appointment of Company auditors for the year 2009.

After an in-depth analysis of the qualitative and financial aspects of the external audit services, the Committee members deliberated on possible alternatives, resolving to propose to the Board of Directors the reelection of KPMG as external auditor of the Company to review the annual accounts for 2009 given that said firm had presented the proposal which best suited the needs of the Company.

This proposal was, in turn, presented by the Board of Directors to the General Shareholders' Meeting, being approved thereat.

2. Auditor Fees

Likewise, and in compliance with its obligation to evaluate any matters which could jeopardize the independence of the auditors, the Committee supervised the amounts paid as fees to the external auditors during 2009 for services other than auditing services..

Annual Accounts Audit : 802 Other services: 124 TOTAL: 926
(Thousands of Euros)

3. Annual Accounts Audit Process Follow-up

In carrying out its function of ensuring compliance with the audit contract, seeing to it that the opinion on the annual accounts and the principal contents of the audit report are drafted clearly and accurately, the Committee supervised the 2008 annual accounts audit process from the planning and development stages to the conclusion thereof. The Committee evaluated the development and results of the audit process and of its work, analyzing in depth the reports drafted by the external auditors in relation with the following:

Auditor confirms that the effectiveness of the company's information and control systems is satisfactory.

- o The final conclusions regarding the audit work for the 2008 annual accounts.
- o The final consolidated annual accounts audit report for 2008, with the auditor issuing an opinion without reservations.
- o The report on recommendations for improving the information and control organization, processes and systems, resulting from the audit of the 2008 annual accounts.
- o The planning and preliminary work for the 2009 annual accounts audit.
- o The 2009 annual accounts audit preliminary report.

In order to suitably evaluate the above aspects, the KPMG partner in charge of the audit appeared before the Committee on five occasions, at the meetings held in February, March, May, September and December.

4. Evaluation of Follow-up on Accounts Audit Recommendations

The general opinion of the auditor is that all levels of Company information and control are effective, issuing a satisfactory conclusion in its report on recommendations for improving the information and control organization, processes and systems. Notwithstanding the above, in the 2008 report on recommendations the external auditor detected a slight number of matters which could be improved.

The Committee coordinated the communication of said recommendations to those in charge of the various areas affected, and monitored the process for the adoption of these recommendations.

Likewise, during 2009, in compliance with its responsibility to evaluate the management team response to the recommendations made by the auditor, the Committee verified that practically all of the recommendations made in the wake of the 2008 annual accounts audit had been satisfactorily resolved or were in the process of being resolved.

Supervision of the internal audit function.

2008 Annual Report and 2009 Annual Plan and Internal Audit.

INTERNAL AUDIT

The Committee is responsible for supervising the functioning of the Internal Audit process of the Company, and for reviewing the appointment and replacement of those in charge of said Audit.

Within the context of this function, the Committee has supervised the actions of the Internal Audit Management during this year, which is the second year of the current audit cycle (Integral Audit Plan 2008-2012.) Among these actions are the reviews conducted by the Internal Audit Department in the main international subsidiaries.

As part of this supervisory work, during 2009 the Committee reviewed the Internal Audit Annual Report for 2008 and evaluated on a quarterly basis the actions carried out and reports issued by the Internal Audit Department in reviewing the various areas of organization and the management and control processes of the Company, for which purpose the Internal Audit Director appeared before the Committee on four occasions during the year.

The Internal Audit Department likewise informed the Committee of the extent of implementation of the recommendations made in the wake of the reviews conducted in the preceding year of 2008, which were still pending adoption at the expiry of the time periods established for their implementation. Those in charge of the areas affected by these recommendations appeared before the Committee to explain the actions taken for compliance with the recommendations.

The Committee likewise approved the Annual Internal Audit Plan for 2009, proposed by the person in charge of this function.

Supervision of the adaptation and integration of the economic information process and the sound functioning of risk control and management.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

Likewise among the Committee responsibilities is that of being informed of and verifying the suitability and integrity of the financial information process and the proper functioning of the internal control and risk management systems of the Company.

Within the context of these tasks, the Committee has met with those in charge of the various corporate areas of the Company in an aim to be informed of the situation and running of these areas, and likewise to supervise the functioning of the information and control processes. At these meetings, in addition to being informed of the above matters, the Committee engaged in active supervision, making recommendations to improve the internal control and risk management processes and systems developed by these areas. The area heads called to the Committee meetings in 2009 were the following:

2009: training of 1,200 project managers and certification of 145 Project Management Professionals (PMPs).

New Risk Map.

Action plan for mitigating and controlling risks.

1. Project Management

The Committee met with the Corporate Control and Purchase General Manager and with the Director of the Project Management Office in charge of the INDRA project management method (IPMM) who reported on the new developments and advances made in the development and application of this methodology which allows for project management by systemizing project planning and follow-up.

The Committee was informed of the improvements introduced in the project management tools, the following being highlighted: the definition of the new version of the commercial activity management tool to be introduced in 2010; the publication of a new version of the methodology (IPMM 2.0) and the publication of guides for the drafting of the WDS (Project Work Detailed Structuring).

During 2009 important results were obtained in measuring the advance in project risk management. Furthermore, work has continued in the training of personnel in charge of project management. Some 1,200 project managers were trained and 145 Project Management Professionals (PMPs) were certified, with another 120 undergoing training. Moreover, great strides have been made in training project managers in geographical areas outside of Spain, beginning with Latin America, with project management offices having been created in the principal subsidiaries of the zone.

2. Risk Map

The Corporate Control and Purchase General Manager and the Internal Audit Director presented the new Company Risk Map to the Committee, explaining in detail the entire process of drafting the map, which calls for the start-up of a methodology for risk identification and evaluation, the principal aim of which is to improve risk management, introducing a recurrent process which redounds in its permanent updating and ongoing improvement.

The Committee was informed that the methodology for drafting the Risk Map was designed with the support of an outside consultant and with the active participation of the entire management team. As part of this methodology an action plan has been drawn up to mitigate and control each one of the risks identified. The procedures and controls established to mitigate these risks will be revised periodically by the Internal Audit Department.

2009 General Insurance Plan.

3. Risk and Insurance Management

The Committee met with the Corporate Control and Purchase General Manager and with the Risk and Insurance Director who reported, as they do every year, on risk management and Company policy regarding insurance in 2009.

The Committee was informed of the General Insurance Plan for 2009 which takes into account in detail the various typologies of insurance policies taken out (equity/operational, civil liability, transport and goods) the coverage provided, premiums charged and capital covered, and the applicable preventive measures as well as the loss indices for each modality.

The Committee was also informed of the start-up of a new corporate insurance application which enables project heads to obtain direct information on existing insurance policies, and to communicate and follow up on any losses incurred.

4. Administration and Taxation

The Administration Director reported to the Committee on the most significant actions carried out in 2009 in the areas of which he is in charge.

In relation to the Administrative Services Center, the Committee was informed of the number of persons who currently comprise said Center, the subsidiaries to which services are provided and the important increase in the total number of transactions processed by this Center.

The Administration Area has likewise coordinated the annual review of the Accounting Manual by the external auditor in the context of the audit work carried out, with there being no incidents worthy of mention in regard to the quality and compliance with said Manual. In the area of Consolidation, note is to be made of the change in the model of balance settlement between subsidiaries and the support given to the foreign subsidiaries in this process.

The Committee, in conjunction with the Administration Director, likewise reviewed the monthly closing and consolidation process during 2009

Revision of the application of the accounting manual and the closing and consolidation process.

Verification of the participation of the tax division in international projects.

Confirmation of the application of measures to ensure the independence of purchasers.

In the Taxation Area the Committee was informed of the active participation of people responsables of this area in the preventive analysis of international commercial proposals as well as the role played in the tax audits.

5. Purchases

At two of its meetings (February and June) the Committee met with the Corporate Control and Purchase General Manager and with the Purchase Director, who informed the Committee of the principal actions carried out in the Purchase Area during 2009 in the spheres of organization, codification, suppliers, production, warehouses, foreign trade and corporate systems of purchase management.

Among the actions for improvement carried out during the year, the following are worthy of note: buyers' specialization by operation area and the application of a plan of periodical rotation that try to ensure their independence, as well as their increased integration in production areas in order to optimize processes; the implementation of component engineering and discrimination between massive usage components for proper inventory management and to reduce codification requests; the establishment of framework agreements with strategic suppliers; the establishment of metrics for the evaluation and follow up of subcontractors; planning procurement needs in the medium and long term; the establishment of warehouse management procedures; the publication of a practical guide for export operations and the introduction of a control application for temporary exports; and, lastly, the introduction of purchase management corporate systems in the principal subsidiaries of Latin America.

The Committee was likewise informed of the overall results for 2008 and 2009 in the principal purchase management magnitudes. This information highlighted the highly significant growth in Purchases owing to the acquisition of the companies Azertia and Soluzionia in the second half of 2007.

Verification that the crisis will not negatively affect cash management.

6. Company Treasury

The Committee met with the Company Treasury Director to review in detail the actions which took place in 2009 in the area of which he is in charge.

The Committee was informed that, in the current context of financial crisis, Indra has not been affected by the increased difficulty which many companies are experiencing in having access to credit and the worsening of credit contracting conditions.

Moreover, the Committee was informed of the work carried out by the Treasury Area in order to ensure a readily available financing base which will make it possible to finance operations at a reasonable cost and guarantee liquidity in a context of financial crisis.

7. Human Resources

The General Manager of Talent, Innovation and Strategy and the Human Resources Director of the Company met with the Committee to report on the principal actions carried out during 2009 in the area of Human Resources.

The main achievement of the year has been the culmination of the work for the transformation of the Human Resources management model, underway since 2008, entailing the transition from a direct management model to a global model adapted to the current dimension, diversity and internationalization of the Company, which since 2006 has tripled its resources and substantially increased its diversity, both with respect to profiles and geographical presence.

The Committee was informed of the guidelines on which the new model is based: an overall view made with foresight, responsibility of the business units for resources, integral management based on talent management, differentiation and segmentation policies and models, and the redesign of processes and information systems.

Monitoring of the transformation of the human resources model into a global model adapted to the current size, diversity and internationalisation of the company .

Rollout of the new Code of Ethics and Professional Conduct and a confidential communications channel.

Migration towards the new ERP.

8. Code of Ethics and Professional Conduct

Within the sphere of its competence, the Committee reviewed the new Code of Ethics and Professional Conduct, which has replaced the Code approved in 2000. This new Code has been adapted to the new corporate identity values of Indra and to the best national and international Corporate Responsibility practices.

Likewise, and as part of the new Code, in accordance with the Rules of Procedure of the Board of Directors in compliance with the recommendation set out in the Unified Code of Good Governance for Listed Companies, the Committee supervised the implementation of a confidential channel of communication, called the 'Direct Channel', which enables employees to communicate any irregularities and other matters related to the application of the Code.

9. Internal Systems

The Committee met with the Internal Systems Director of the Company who reported on the principal actions carried out during the year, among which the following can be noted: the introduction of computer tools in support of the new Human Resources management model, the new electronic invoicing system, the new foreign trade and customs invoicing functionalities, digitization and identification of supplier invoicing through OCR technology, the production demand management tool of the Technology and Product Management Directorate, the adaptation of the external web page and internal portals to the new corporate identity, the updating and increase in security levels of the operation platforms and establishment of an IT risk map, the installation of the internal systems in new buildings (Barcelona, Gijón or Salamanca), the centralized telephony management model throughout the group, and the automation of systems to detect technical weaknesses.

The Committee was likewise informed of the principal objective of the Internal Systems Area for 2010, namely the change in the systems architecture and integration and migration of the remaining systems into the new ERP (Enterprise Resource Planning), with respect to which this area, throughout the year of 2009, in coordination with other areas of the Company, has participated intensely in the design and parameterizing of the requirements of said ERP.

Continuous improvement of project management systems.

10. Management Control

The Committee, together with the Corporate Control and Purchase General Manager, reviewed the principal actions carried out in this area during 2009, highlighting the following:

- Improved project control applications, in the framework of the new ERP, improving the identification and management of risks and the detection of intellectual and industrial property rights in order to manage the protection of said rights. These improvements have provided the project control systems with new capacities, converting them into multi-currency, multi-lingual, multi-project tools, having improved fiscal management, foreign trade and treasury functionalities.
- The implementation of a warehouse management and production control model.
- The drafting of a Procedures Manual for subsidiaries which includes the regulations on the use of powers, project management, purchases and investments, travel expenses and general expenses, treasury and human resources.
- The implementation of the drafting of specific manuals for General Services and Asset Management under the supervision of the Quality Area.

Globalisation of internal legal advisory services.

11. General Secretariat

Together with the General Secretary, the Committee reviewed the principal actions carried out in the General Secretariat during the year, with the following being highlighted:

- The creation of a specific area of responsibility entrusted with accompanying the Company in its process of internationalization and with providing coverage for the increased legal risks owing to operations in a growing number of jurisdictions. This aims to acquire a better knowledge of the idiosyncrasy of each subsidiary and the adaptation to this; to increase control, from the parent company, over the quality of consultancy in the subsidiaries; and to unify legal consultancy values and standards in all of the companies of the Indra group.
- The implementation of an internal legal training plan, both for the legal team of the Company as well as for providing legal training for other areas of the Company.

Intense activity to protect intellectual and industrial property rights .

The Committee was informed of the principal objective of the General Secretariat for 2010, consisting of the introduction of a computer tool to create an environment of collaboration in which all attorneys, regardless of their location, can work online, protecting confidentiality, the loss of data and unauthorized access or downloading, and which, at the same time, allows for the proper management of the data generated in the General Secretariat.

Likewise, the Committee was updated on the information regarding the internal organization of the General Secretariat, whose configuration by areas and departments is adapted to the organization of the Company and that of the internal customers for which it serves as a support. Updated information on the number and profiles of the persons forming the General Secretariat team was provided.

12. Intellectual and Industrial Property Rights Management

The Business Legal Consultancy Director together with the Committee reviewed the aspects which were the focus of the intellectual and industrial property rights (IPRs) management of the Company during 2009.

In said year, the Company engaged in intense activity in an aim to renew and protect the corporate image, through trademark registration and other corporate identity elements in those countries in which the Company is carrying out activities. In this process, certain cases have arisen in which other companies had the same or similar trademarks, having signed coexistence agreements with non-competitor companies.

Moreover, in coordination with those in charge of the operations areas a follow-up has been conducted of existing patents, and intense work has been carried out to detect new patents.

With regard to the protection of software intellectual property rights, the policy of notarial deposits has been maintained.

Overseeing the internationalisation process.

LINES OF ACTION FORESEEN FOR 2010

In accordance with the Audit and Compliance Committee 2010 Action Plan, approved by said Committee at the outset of the current year, the Committee plans to hold 8 ordinary meetings, in which, in addition to the matters which are reviewed recurrently each year, special emphasis is sought to be placed on the process of Company internationalization, in order to ensure that in said process the high levels of suitability and integrity of the financial information drafting process and the proper functioning of the control systems are maintained, as has been customary in the Company.

Likewise, in accordance with the provisions of the Rules of Procedure of the Board of Directors, the Committee plans to supervise the process for introducing the Code of Ethics and Professional Conduct and the proper functioning of the Direct Channel, which became operative in December of 2009.

COMPANY BYLAWS



Article 1.- The Company shall operate under the name of "Indra Systems, S.A." and it shall be governed by these Company Bylaws and, in all matters upon which the said Bylaws are silent, by the Spanish Corporations Act and such other legal provisions as may apply to it.

Article 2.-

1. The Company has as corporate purpose:
 - a) The design, development, production, integration, operation, maintenance, marketing and repair of systems, solutions and products -including automotive vehicles, ships and aircraft- that make use of information technologies (computer, electronics 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, being applicable to any field or sector
 - b) The provision of professional services in the fields of strategic and management consultancy, technology consultancy and training addressed to any sector or field, including the drafting, preparation and execution of any kind of studies and projects and the management, technical assistance, technology transfer, commercialisation and administration of such studies, projects and activities.
 - c) The provision of outsourcing services related to any kind of activities or processes in connexion with any field or sector.
2. The activities included in the company's corporate purpose may be developed in Spain and abroad, even indirectly, by any of the forms admitted legally and, in particular, through the ownership of stocks or participations in other companies or legal entities with a corporate purpose identical, analogous, accessory or complementary to the foregoing activities.

Article 3.- The Company shall have its registered office in Alcobendas (Madrid), at Avenida de Bruselas 35, and it is authorized to establish branches, agencies, delegations and representative offices wherever it may be deemed necessary, in any part of Spain and abroad, on a resolution of the Management Body of the Company.

The Management Body may also resolve to move the Company's registered office within the same city limits.

Article 4.- The Company shall have perpetual succession, and shall commence its operations on the date of execution of its public deed of incorporation, without prejudice to the provisions in Article 15 of the Spanish Corporations Act.

Article 5.- The Company's capital amounts to € 32,826,507.80 (thirty two million eight hundred and twenty six thousand five hundred and seven euros and eighty cents), represented by 164,132,539 ordinary class shares, of par value € 0.20 (twenty cents) each,

numbered consecutively from 1 to 164,132,539, both inclusive, and represented by means of book entries.

The share capital is entirely subscribed and paid up.

The book entries will depict the characteristics that shares must fulfill according to the law and that would be applicable to this way of representing the shares.

Article 6.- A share confers on its rightful holder the status of shareholder and shall entitle the shareholder to a right to share in the Company's profits, rights of pre-emption and a right to vote at General Meetings, as provided for in Article 48 of the Spanish Corporations Act, as well as any other rights therein acknowledged. The aforementioned rights shall be exercised in accordance with Articles 25 and 41 of Royal Decree 116/92 of 14 February, or by such provisions which may replace them.

With the exception of that provided for in the Act, in the event of a non-monetary contribution to capital in a new issue of shares, wherein the new shares are only paid up to part of their par value, the Board of Directors is authorized to fix the date or dates and any other conditions for the paying-in of the unpaid portions of the par value of the shares.

Whilst the shares are quoted on the Stock Exchange, the keeping of the book register of said shares shall pertain to **Servicio de Compensación y Liquidación de Valores** [Spanish Securities Clearing and Settlement Service], which shall keep the Central Registry, and its member entities, in accordance with the terms of the applicable legal provisions.

Shares may be transferred by any of the methods recognized by law, according to the type of share, and pursuant to the regulations governing the transfer of shares represented by means of book entries.

Article 7.- The shares are indivisible. Co-owners are obliged to designate one sole person to exercise the rights of a shareholder, and are jointly and severally liable to the Company for such obligations, pursuant to Article 66 of the Spanish Corporations Act.

In addition, shares held in co-ownership shall be registered in the appropriate book register against the names of all the co-owners.

Article 8.- In the event of an usufruct over shares or a pledge of shares, the provisions contained in Articles 67 to 71 and Article 72 of the Spanish Corporations Act shall apply, respectively, as well as the provisions contained in Articles 13 and 39 of Royal Decree 116/92 of 14 February, or such provisions which may replace them.

Article 9.- The Company, on a resolution of the Shareholders' Meeting, adopted in accordance with the requirements of Article 103 of the Spanish Corporations Act, may issue common and mortgage-backed or other types of debt securities, within those limits as established in the aforementioned Act.

The debt securities issued by the Company shall be represented by means of book entries in accordance with Article 29 of Royal Decree 116/92 of 14 February, or such provisions which may replace them, whenever it requests admission to listing on the Stock Exchange.

Article 10.- The governance, management and representation of the Company shall pertain, with full and sovereign powers to resolve all business of the Company, to the shareholders in General Meeting, and by permanent delegation thereof, in the manner provided in these Bylaws, to the Board of Directors.

Article 11.- The Shareholders Meeting, duly called in accordance with provisions of these Bylaws and the current applicable law, shall represent all the shareholders and have all the powers of the Company, and its resolutions are, of course, mandatory and binding on all shareholders, including dissidents and those who have not participated at the meeting, once the corresponding minutes have been approved in accordance with these Bylaws.

Article 12.- The Annual Shareholders Meeting shall be held, within the first six months of each financial year, to review the management of the company by the Board of Directors, approve the annual financial statements of the preceding financial year, and decide on the proposed application of company earnings and any other matter included on the Agenda. All other Shareholders Meetings shall be considered Extraordinary Shareholders Meetings and shall be held on a resolution of the Board of Directors or when requested to do so by shareholders who represent, at least, five per cent of the capital stock.

Those shareholders who request an Extraordinary Shareholders Meeting to be called, must address the appropriate request to the Management Body of the Company, duly verifying they hold a number of shares which represent at least five per cent of the Company's capital stock, and they must also state precisely which are the matters to be dealt with at said Meeting. Where this is the case, the Shareholders Meeting shall be called to be held within thirty days following the date on which the request by means of official record was received from the shareholders who requested the same, and the agenda must include those matters which form the subject of the request, and any others which the Management Body may approve.

Article 13.- Both Annual and Special Shareholders Meetings shall be called on a resolution of the Body entrusted with the management of the Company, by way of a notice published in the Official Gazette of the Commercial Registry and in one of the daily newspapers of greatest

circulation in the province where the Company's registered office is located, at least one month prior to the date scheduled for the meeting.

The notices must set forth the place, date and time scheduled to hold the meeting on first call and a statement regarding the matters to be discussed at the meeting. In addition, the notice may include the date and time, if appropriate, on which the Meeting shall be held on second call. There shall be a period of time of, at least, twenty-four hours, between the first notification and the second notification.

Those shareholders representing at least 5% of the capital stock can request that a complement to the notice to call any General Shareholders Meeting shall be published, in order to include one or more points in the agenda. This right shall be exercised by sending a certified notification that shall 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 complement to the notice shall be also published at least 15 days in advance to the date scheduled for the General Shareholders Meeting. The lack of publication of the complement in such timeframe shall determine the nullity of the General Shareholders Meeting.

Article 14.- Those shareholders who can show that they own, at least, a hundred shares may attend the General Shareholders Meeting –or if said number of shares represents more than a one-thousandth part of capital stock, such lesser number of shares which may represent a one-thousandth part of the capital stock – five days prior to the date on which the General Shareholders Meeting is to be held. Those shareholders who own a lesser number of shares may grant their proxies for their shares to another shareholder who has the right of attendance, or pool their shares with those of other shareholders in order to make up the required minimum. Such a pooling arrangement shall be especially formed for each particular General Shareholders Meeting and be in writing. Shareholders who form a pool shall grant their proxies to one member of their pool.

In order to exercise the right of attendance, the shareholders may, at any time as from the date of publication of the notice of the meeting to the date on which the General Shareholders Meeting is to be held, request the corresponding eligibility certificate or similar document from the member entities of SCLV, so that their shares may be registered against their names on the corresponding register book entries, in order to obtain, where appropriate, the corresponding admission card from the Company.

Any shareholder entitled to attend may be represented at the General Shareholders' Meetings through another person who need not be a shareholder. Such representation, which will be

conferred specially for each Meeting, may be given by any of the procedures foreseen in Law or in the present Bylaws.

Article 14 (bis).- The right to attend General Shareholders Meetings, as well as the rights to vote and be represented by a proxy, may be exercised by means of such forms of remote communication devices as may be stipulated in the Regulations for Shareholders Meetings or approved from time to time by the Board of Directors, in view of their complying with the security aspects required in accordance with legislation to ensure the identity of the shareholders in question and the effective exercise of their rights. The notices announcing the General Shareholders Meetings will detail the procedure and requirements whereby the right in question may be exercised by means of the telecommunications devices that may be used in each case, in accordance with the provisions of the present article.

Article 15.- The Members of the Board of Directors must attend the Shareholders Meetings. The managers and experts of the Company may be expressly summoned by the Board of Directors to attend the Shareholders Meeting. In any case, even though they are not shareholders, those attending may take part in the discussions in order to report to the Assembly, but they shall not have a right to vote.

Article 16.- The Shareholders Meeting shall be held in the municipality where the Company's registered office is located and the Chairman of the Board of Directors shall preside over the Meeting, or in his/her absence, one of the Vice-Chairmen, and if they are absent, by such director which the Board may appoint, or else such shareholder which the Shareholders Meeting may appoint.

The Secretary of the Shareholders Meeting shall be the Secretary to the Board of Directors, and in his/her absence, the Vice-Secretary to the Board of Directors, and if both are absent, such shareholder in attendance at the meeting who may be appointed by the Shareholders Meeting for this purpose.

The Chairman of the Shareholders Meeting shall have the authority to acknowledge the validity of the document authorizing the proxy, and that the requirements to attend the Shareholders Meeting have been complied with.

Article 17.- In order for the Shareholders Meeting to constitute a quorum, at least twenty- five per cent of the voting capital stock shall be required to be in attendance, either in person or by proxy, on first call. On second call, the Shareholders Meeting shall be set up whatever the voting capital stock in attendance. Notwithstanding, in order for the Shareholders Meeting to adopt resolutions regarding a new issue of shares, an increase or reduction of capital, a reorganization of the Company, a merger, a de-merger, the dissolution of the company and, in general, any

amendment to the Company Bylaws, at least fifty per cent of the subscribed voting capital stock shall be required to be in attendance on first call, and twenty-five per cent of said capital stock shall be required to be in attendance on second call.

Article 18.- Notwithstanding the provisions of the foregoing Articles, the Shareholders Meeting shall be deemed to constitute quorum in order to discuss any matter and fully authorized to adopt all kinds of resolutions, with no need for any other requirements, so long as all the paid-up capital stock is present or represented and those in attendance unanimously agree to hold the Shareholders Meeting.

Article 19.- Each share gives the right to cast one vote and the resolutions of the Shareholders Meeting, both Annual and Special, shall be made by a majority of validly cast votes, the only exception to this rule being those cases in which the Act or these Bylaws require the favourable vote of other types of majorities.

Article 20.- The Minutes of the sessions of the Shareholders Meetings shall be compiled by the Secretary, and a list of those in attendance shall appear in the heading, pursuant to Article 111 of the Act, and shall contain a summary of the discussions, the literal text of the resolutions adopted and the results of the votes taken. The Minutes shall be transcribed in the corresponding Minutes Book especially reserved for Shareholders Meetings and must be approved by those in attendance at the end of the session, or within the period of the fifteen days following, by the Chairman and two shareholders who shall act as scrutineers, one representing the majority and the other the minority, and they shall be signed by the Chairman and Secretary of the Shareholders Meeting, as well as the two shareholders who acted as scrutineers, where appropriate.

The Minutes which have been approved in either of these two ways shall be enforceable as from the date of their approval.

Article 21.- The Company Management is entrusted to the Board of Directors which shall act as a collegiate body.

To be appointed a Manager or a Director, it is not necessary to be a shareholder.

The Board of Directors shall be composed of a minimum of eight members and a maximum of sixteen, and the Shareholders Meeting shall decide the exact number.

Article 22.- The Directors shall serve in their posts for a term of office of three years.

Any vacancies that arise on the Board, which do not occur as a result of the expiry of a term of office, shall be filled on an interim basis, by a person appointed by the Board itself, from among the shareholders of the Company, until the first General Shareholders Meeting meets.

Directors must resign from their posts in those circumstances provided for in those regulations which have been approved by the Board, pursuant to the power conferred on the Board by Article 141.1 of the Spanish Corporations Act.

Article 23.- The Board of Directors shall meet in accordance with the regulations that the Board itself approves, pursuant to the power conferred on it by Article 141.1 of the Spanish Corporations Act, which is, at least, once a year. With the exception of those cases in which, pursuant to said power, an alternative is established, the calls shall be made by the Chairman at least two days prior to the date on which the meeting shall be held. Providing that a meeting has been requested by one third of the members of the Board, the Chairman shall not delay the call for more than thirty days as from the date on which the request was made in writing.

Article 24.- Any director may be represented at the meetings of the Board by granting the corresponding proxy in writing to another member of said corporate body who shall attend that specific meeting.

With the exception of those cases wherein specific attendance requirements have been laid down in relation to quorums, the Board of Directors shall be deemed quorate when one-half plus one of the directors are in attendance, whether in person or by proxy.

Resolutions shall be adopted by a majority of votes of those directors in attendance, whether in person or by proxy; in the case of a tie, the Chairman of the Board of Directors shall have a second or casting vote. However, when such resolutions refer to the appointment of Managing Directors or permanent delegation of authority of the Board, these resolutions shall require the favourable vote of two-thirds of the members of the Board of Directors.

Article 25.- The Minutes of the meetings of the Board of Directors shall be approved in one of the following ways, depending on the decision taken by the Board at the same meeting:

- by favourable vote of the majority of the members of the Board of Directors, present or represented, at the end of the session;
- by two directors, in attendance at the meeting, within the period of fifteen working days following the date the meeting was held;
- by favourable vote of the majority of the members of the Board of Directors, at the next meeting of the Board of Directors.

Article 26.- The Board of Directors is the management body of the Company and represents the Company, in litigation and otherwise, in all matters pertaining to its business activities, its trading activities, and its objects, and it is, therefore, entrusted with all the powers and authority which it may require in order to fulfil the objectives of the Company, to exercise the

management of the Company at the highest level with the broadest powers possible, without prejudice to sovereignty reserved, by law and these Bylaws, for the Shareholders Meeting, whose resolutions the Board must comply with.

By way of illustration and not limitation, and not requiring any further resolutions of the Shareholders Meeting, the Board of Directors has the power:

- a) To call General, Ordinary and Extraordinary Shareholders Meetings and perform all the resolutions approved by the same.
- b) To manage and organize the Company and such business activities and property which comprise its assets, and to attend to the management of the same at all times.
- c) To appoint and dismiss all the Company personnel, setting their salaries and any other pertinent benefits.
- d) To submit those projects to the Shareholders Meeting, which it considers as useful to the Company.
- e) To introduce and expand the Company's business activities in relation to all or any of the objects stated in the second article of these Bylaws.
- f) To accept credit and loans from banking and other institutions, including providing mortgage or pledge security and to act as guarantor or surety for third-party liabilities.
- g) To produce the annual Balance Sheet which is to be presented to the Shareholders Meeting, on the relevant report from shareholder-auditors, where appropriate, and to propose such part of the earnings as it may deem appropriate to be applied to discharge accounts and amortizations, pending obligations and all kinds of reserves.
- h) To make a proposal to the Shareholders Meeting regarding the dividends to be paid to the shareholders, according to the balance in said Balance Sheet.
- i) To distribute interim dividends from the earnings of the current financial year, after complying with the provisions in Articles 213 and 216 of the Spanish Corporations Act.
- j) To buy, sell, exchange, lease and in any other way enter into contracts in relation to all types of real and personal property, real rights and special properties, as well as over any service or installation work which may be necessary to the objectives of the company, to create, restructure and cancel mortgages and all types of real rights.
- k) To present offers and proposals at public tenders and auctions called by any Ministry or official bodies of the State, Province, Municipal Council, Regional Government Authorities and the Department of Social Security, as well as any other public or private bodies, both in Spain and abroad.
- l) To create deposits, sureties and all kinds of security with the State, Tax Authority and the General Depository Office and any other public or private bodies, as well as to cancel them, receive any amounts and to make all kinds of payments.
- m) To fully represent the Company in litigation and otherwise, before the State, the Province and Local Councils, Authorities, Courts, Civil Servants, Trade Unions, Official Departments

and Bodies, at any level and in any jurisdiction and before all kinds of natural and legal persons; to grant and revoke powers of attorney of all kinds; and to execute and legalize all types of public and private legal instruments which are relevant to the proper performance of its duties, to bring all types of actions, to exercise all types of rights, to make all types of appeals, both ordinary and extraordinary, including cassation and further appeals.

- n) To sign and act on behalf of the Company in all kinds of banking and financial operations with Banks and Savings Banks, to open and close credit and current accounts, and to use them in broadest sense possible, requesting balances, setoffs, liquidations, making transfers of funds, yields, credits and securities, using any trading or money transfer procedure, to create, accept and cancel deposits and security interests, all of which may be performed together with the Bank of Spain and other official banks as well as with private banking institutions, both in Spain and abroad, and savings banks; to sign letters of credit and any other documents in relation to commercial business and trading, in its capacity as drawer, acceptor, guarantor, endorser, or holder of the same.

It shall be understood that the aforementioned list of powers is only by way of illustration and not limitation, and that the Board of Directors has been granted all the pertinent powers which are necessary in order to manage and trade as a business, except for those which are expressly reserved for the Shareholders Meeting.

Article 27.- The remuneration of the Board of directors shall be fixed by the Shareholders Meeting annually or for such longer period of time as the Board itself may decide, and shall consist of a fixed amount and a share in the net profits of the Company. The share in the net profits shall amount to 1% of the consolidated earnings for the financial year attributable to the Company, and may only be charged to the net profits of the Company, providing that all the other requirements provided for in Article 130 of the Spanish Corporations Act have been complied with.

The payment of the remuneration may be made in the form of Company shares, stock options or be directly linked to the company share price value, if so resolved by the Shareholders Meeting, which shall, at least, express the allegations established in Article 130 of the Spanish Corporations Act.

The Board of Directors is empowered to distribute an overall compensation fixed by the shareholders Meeting among its members.

The remuneration provided for in this article is compatible with and independent of any salaries, emoluments, indemnities, pensions or compensation of any kind, established in general or in particular for those members of the Board of Directors who have an employment relationship with the Company –either normal or special for top management- or one for the rendering

of services, which relationship is compatible with their status as members of the Board of Directors, notwithstanding that such remuneration concepts shall have to be stated in the Annual Report in the terms provided in Article 200.12 of the Spanish Corporations Act and any other applicable legal provision.

Article 28.- The Board of Directors shall elect one of its members to the post of Chairman, who shall also act as the Chairman of the Shareholders Meeting and the Company, and it may also, if it be deemed necessary, elect one or more Vice- Chairmen to substitute for the Chairman in a case of absence or necessity. In those cases, where no Vice-Chairmen have been elected, the substitute of the Chairman of the Board shall be a Director appointed by the Board itself.

The duties of the Chairman or his substitute shall be the following:

To call the meetings of the Board of Directors; to ensure that the formalities laid down in these Bylaws and the regulations contained in the Act are observed, in the way the meetings of the Board of Directors and the Shareholders Meetings are notified and held; to preside as chairman of the meetings of the Board of Directors and the Shareholders Meetings, to direct the discussions which are the subject of the agenda and to resolve any regulatory doubts which may arise, to authorize by signing the minutes of the meetings of the Board of Directors and the Shareholders Meetings and countersign the certifications and extracts of said minutes, which have been issued and witnessed by the Secretary.

Article 29.- The Board of Directors shall also appoint a Secretary, who shall also be the Chairman of the Shareholders Meeting and the Company; a director may be appointed to the post, and shall be called Director-Secretary, or a person who is not a member of the Board, but in this case the person appointed shall not have the right to vote. In addition, the Board may appoint a Vice-Secretary, who does not have to be a Director or a shareholder, in a case of necessity or when the Secretary is absent.

The duties of the Secretary or, where appropriate, the Vice-Secretary shall be the following: to assist the Chairman and to participate in the meetings of the Board of Directors and the Shareholders Meetings, to draw up the lists of those in attendance and the minutes, which he/she shall authorize by signing the same, witnessing the contents thereof, by means of certifications which are to be issued with the countersignature of the Chairman.

Article 30.-

1. The Board of Directors of the Company may delegate, totally or partially, those powers which have been granted in relation to the management and administration of the property of the Company, management of its business activities, powers of representation of the same, with the authority to sign on behalf of the Company and to manage and invest its funds, to one or more persons,

who are members of the Board who shall be appointed as Managing Directors, or to non-members who shall be attorneys-in-fact and known as Managing Directors, Managers, Executives and others which have a similar meaning, by means of granting the necessary powers of attorney. The Board of Directors of the Company may also delegate certain powers, temporarily or permanently, to other attorneys-in-fact.

2. The Board may thereby appoint from its directors a Delegate Committee with management and general representation powers, as well as other committees entrusted with competences in specific matters or issues.

In no case, it will be delegated the powers that cannot be delegated in accordance with the Law, and those established in the rules that the Board approves in light of its powers arising from article 141.1 of the Spanish Corporations Act.

3. In any case, The Board of Directors will appoint an Audit and Compliance Committee. The number of members of the Committee may not be inferior to three or higher than five and will be established by the Board of Directors. All the members of the Audit and Compliance Committee must be non-executive Directors of the Company.

The Audit and Compliance Committee will appoint a president among its members. The duration of its term in office will be of four years maximum, and may be re-elected once a period of one year after its cessation has elapsed. It will also designate a secretary that will not necessarily be a member of the Committee.

Without prejudice of other tasks that the Law assigns, the General Meeting or the Board of Directors may assign it, the Audit and Compliance Committee will have the following basic functions:

- a) Inform the General Shareholders Meeting about the issues that the shareholders raise in matters falling within the scope of the Committee's competencies.
- b) Submit to the Board the proposals for the appointment of the external auditor and related contractual terms, the scope of the mandate and, if necessary, the revocation or non-renovation.
- c) Liaise directly with the external auditors, evaluate the development and results of their work paying special attention to those issues that may risk the auditors' independence and any other issues related with the development process of the financial audit, as well as any other communications set forth in the legislation of the financial audit and in the technical audit rules.
- d) Supervise the performance of the Company's internal audit.
- e) Acknowledge and check the adaptation and integration of the financial information process and of the internal control systems.

The Audit and Compliance Committee will meet periodically depending on the needs and, at least, four times a year. Annually, it will elaborate a work plan of whose contents will inform the Board. A report will be written about the matters discussed in each session, of which the Board will be informed. The sessions will be called by the President of the Committee.

It will be obliged to attend all the sessions of the Audit and Compliance Committee and to cooperate and give access to the information that any member of the management team or the staff of the Company may have. The Committee may also request the attendance to its sessions of the external auditors.

The Board of Directors may confer other competencies to the Committee depending the Company's needs in each moment.

Article 31.- The financial year of the Company will coincide with the natural year.

Article 32.- Within the first three months of each financial year, the Managers shall prepare the annual financial statements and the management report for the previous financial year. The financial statements shall be comprised of the Balance Sheet, the Profit and Loss Account and the Annual Report.

The annual financial statements shall comply with the applicable legal provisions and whenever it is so required, they shall be audited by the auditors appointed by the Shareholders Meeting.

As from the date of notification of the General Meeting, whereat the annual financial statements and the management report shall be submitted for approval, the members may obtain from the Company, free of charge and at once, a copy of said documents and the Auditors' Report, if this document is obligatory.

Article 33.- The profit from each financial year shall be the balance as shown in the Profit and Loss Account for the same period, and shall be distributed in the following way:

- a) A sufficient amount shall be set aside for the Company's tax liabilities.
- b) An amount shall be allocated to the reserve funds as required by Law, the amount of which shall be in accordance with applicable provisions of the Law.
- c) The remainder shall be placed at the disposal of the Shareholders Meeting, to be distributed as dividends to the shares or applied to such purpose as it deems fit, and the Board of Directors shall make the appropriate proposal in relation to this purpose.

Article 34.- On a resolution of the Shareholders Meeting, adopted in accordance with the current applicable law and these Bylaws, the Company may merge with or take over any other company, and reorganize itself as a general partnership [**sociedad colectiva**], general and limited partnership [*sociedad comanditaria*] or as a limited liability company.

Article 35.- The Company shall be dissolved for those causes as provided in Article 260 of the Spanish Corporations Act, whenever it cannot comply with its particular objects, and at any time on a resolution of the Shareholders Meeting which has been expressly and specifically called for this purpose.

Article 36.- Once the dissolution of the Company has been duly resolved, the words "In Liquidation" shall be added to the company name, and the directors shall cease to hold office. Thereafter, the Shareholders Meeting shall appoint an uneven number of liquidators, who shall discharge the functions as provided in Article 272 of the Spanish Corporations Act.

Article 37.- Once the liquidators have wound-up the current business activities, realized the Assets, fulfilled the Company's duties, paid or provided security for its Liabilities, and prepared the liquidation financial statements, they shall submit said statements to be considered by the Shareholders Meeting for approval, and once approved, the net amount resulting therefrom shall be distributed among the shares in accordance with the provisions in Article 277.2 of the Spanish Corporations Act, thereby liquidating and terminating the legal existence of the Company and cancelling its registration in the Commercial Register.

REGULATIONS FOR GENERAL SHAREHOLDERS' MEETINGS

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CHAPTER I. PRELIMINARY

Article 1. The relationship of the Company with its shareholders.

The relationship of the Company with its shareholders is governed by the principles of equal treatment of shareholders, transparency, and the supply of extensive and continuous information, so that all shareholders may have sufficient knowledge of the situation of the Company and may exercise their rights in full.

The two basic channels through which this information is available are the Company's website (www.Indracompany.com), especially the Investor Relations section, and the Shareholders Office (Avenida de Bruselas, 35, Alcobendas, telephone: 91 480 98 00, fax: 91 480 98 47, email: accionistas@Indra.es).

These Regulations are proposed in order to ensure that shareholders can participate more fully and effectively in General Shareholders Meetings, and they contain the various applicable requirements established in the law and the Company Bylaws, as well as such other rules and procedures which the Company has decided to abide by, so that all shareholders may have access to the regulations in one single text set out systematically.

The General Shareholders Meeting, called in accordance with the Company Bylaws and applicable law, shall represent all shareholders and shall exercise the full powers of the Company, and its decisions shall be binding on and mandatory for all shareholders, including those who voted against said decisions and those who were not present at the meeting.

CHAPTER II. CALLING OF THE MEETING

Article 2. Types of General Shareholders' Meetings

The General Shareholders' Meeting shall ordinarily meet every year within six months of the close of the financial year for the purposes of examining the management of the Board of Directors, approving the financial statements of the preceding financial year and approving a resolution regarding the allocation of the earnings thereof and any other matter included on the Agenda. The General Shareholders Meeting shall meet in an extraordinary session in all other circumstances where a meeting is called: following a decision by the Board of Directors or at the request of shareholders holding at least five percent of the Company's capital stock.

Shareholders requesting the calling of an Extraordinary Shareholders' Meeting shall address the corresponding request to the Board of Directors of the Company, duly proving ownership of the shares they hold, which shall represent at least five percent of the capital stock, and specifically stating those matters which are to be addressed at the said Meeting.

Article 3. Procedure and notice period

General Shareholders Meetings, whether annual or extraordinary, shall be called following a resolution of the Board of Directors of the Company, by way of a notice published in the Official Gazette of the Mercantile Register and in one of the daily newspapers with the greatest circulation in the province where the registered office is located, at least one month prior to the date scheduled for the meeting.

The notice calling the meeting shall state the place, date and time for the meeting on first call and the points of the Agenda and shall also indicate the date and time for the meeting to be held on second call, if necessary. At least twenty-four hours shall elapse between the first and second calls.

Those shareholders representing at least 5% of the capital stock can request that a complement to the notice to call any General Shareholders' Meeting shall be published, in order to include one or more points in the Agenda. This right shall be exercised by sending a certified notification that shall 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 complement to the notice shall be also published at least 15 days in advance to the date scheduled for the General Shareholders Meeting. The lack of publication of the complement in such timeframe shall determine the nullity of the General Shareholders Meeting.

When the Meeting is called at the request of shareholders holding at least five percent of the capital stock, the Meeting shall be called to take place within thirty days of the reception of the certified notice from the interested shareholders, and those points comprising the subject of the request shall be included on the Agenda, as well as any others which may be resolved by the Board of Directors.

Notwithstanding the foregoing, in general, as soon as the Board of Directors has specific knowledge of the probable date on which the next General Shareholders' Meeting is to be called and held, it shall announce this by way of a public announcement and via the Company's web page, so that shareholders may propose points to be addressed or included in the Agenda for the Meeting.

Article 4. Agenda

The Agenda included in the call for the Meeting shall be drawn up by the Board of Directors, taking into account any suggestions and proposals received from the shareholders. The wording shall be clear and precise so that the items to be addressed and put to vote at the Meeting are easily understood.

Shareholders will be given the opportunity to make suggestions and proposals regarding the points included on the Agenda through the Company's web page and the Shareholders Office, and the Board of Directors shall decide on their appropriateness and the best manner for these to be presented at the Meeting and, where appropriate, put to vote.

Article 5. The shareholders' right to information

Shareholders have the right to receive extensive and accurate information regarding the points that are to be discussed and resolved by the General Shareholders' Meeting.

The Board of Directors shall promote the informed participation of shareholders at General Shareholders' Meetings and shall ensure that the General Shareholders' Meeting exercises its powers effectively in accordance with the Law and Company Bylaws.

Through its web page and the Shareholders' Office, the Company shall provide detailed information regarding the call, the content of the various points on the Agenda and the resolutions proposed under each one, and shall enable shareholders to seek clarification or additional information with regard to the said items through these channels.

For the foregoing purposes, the Board of Directors will complete, insofar as it deems necessary, any information required in accordance with the Law and Company Bylaws.

The Board of Directors may limit the information made available to the shareholders if required by the interest of the Company. The information required by law shall not be restricted under no circumstances.

Shareholders shall likewise be entitled to examine, at the registered office, the documentation placed at their disposal and referred to in the preceding paragraphs, and they may also request that the said documents be sent to their domicile free of charge, in the terms set forth by Law.

CHAPTER III. ATTENDANCE AT THE MEETING

Article 6. Right to attend

All shareholders who can accredit ownership of at least 100 shares at least five days in advance of the date scheduled for the meeting may attend the General Shareholders' Meeting or, should said number of shares be in excess of 1/1000 of the Company's capital stock, such lesser number of shares that represents said 1/1000. Shareholders who hold a lesser number of shares may delegate the representation of said shares to a shareholder that is entitled to attend, or may pool their shares together with those of other shareholders in order to reach the required minimum. This pooling arrangement shall be undertaken specifically for each Meeting and shall be made in writing. Shareholders that pool their shares in this manner shall confer their representation on one of them.

In compliance with the contents of article 14(bis) of the Company Bylaws, for each Meeting the Board of Directors will provide the procedures for attendance by any remote communication means that fulfill the requirements for security and efficiency set forth in such article and are at all times compatible with the state of the art.

Article 7. Accreditation as a shareholder

In order to be able to attend the Meeting, shareholders shall prove their condition as such by depositing at the Company their certificate of share ownership or any other certificate document that evidence their ownership of the shares issued for these purposes by the depositary entities of the shares subsequent to the publication of the call.

Article 8. Proxy

Shareholders may attend General Shareholders' Meeting by proxy, which they may confer on any person, whether or not the said person is a shareholder. Said proxy shall be conferred in writing and specifically for each Meeting.

In proxy applications made by the Board of Directors or by members thereof, a recommendation will be made to shareholders to issue voting instructions regarding the various points on the Agenda, in all cases stating how the proxy holder will vote if the shareholder has not issued clear instructions.

Proxy applications made by the Board of Directors shall offer the alternative choice of representation by the Chairman of the Board of Directors or the Vice-Chairman appointed from among the independent Board members.

In compliance with the contents of article 14(bis) of the Company Bylaws, the Board of Directors will provide for each General Shareholders' Meeting the procedures for attendance by any remote communication means that fulfill the requirements for security and efficiency set forth in such article and are at all times compatible with the state of the technology art.

CHAPTER IV. HOLDING AND CONDUCT OF THE MEETING

Article 9. Place and quorum of attendance

General Shareholders' Meetings shall be held at the place where the registered office is located.

General Shareholders' Meetings shall be validly constituted on first call when those shareholders in attendance, whether in person or by proxy, hold at least twenty-five percent of the voting capital stock. On second call the Meeting shall be constituted regardless of the capital stock in attendance.

However, in order for the Meeting to be able to validly approve the issue of debt securities, capital increases or decreases, reorganization, merger, spin-off or dissolution of the Company and, in general, any amendment to the Company Bylaws, shareholders holding at least fifty percent of the voting shares must be in attendance at first call, whether in person or by proxy. Upon second call, the attendance of twenty-five percent of such capital stock shall suffice.

Notwithstanding the foregoing, the General Shareholders' Meeting shall be deemed to have been called and validly constituted to address any item and with full powers to pass any kind of resolution, with no other requirements, if all capital stock is in attendance and the shareholders unanimously resolve to hold it.

Article 10. Chairman and Secretary of the Meeting. Attendance of the Audit and Compliance Committee.

The Shareholders Meeting shall be chaired by the Chairman of the Board of Directors, and in his absence by any one of the Vice-Chairmen, and as a last recourse, by the Director appointed by the Board itself or by the shareholder chosen by the Meeting itself.

The Secretary shall be the Secretary of the Board of Directors, and in his absence the Vice-Secretary, and in the absence of both, the shareholder in attendance at the meeting appointed by the Meeting.

The Chairman of the Meeting shall be deemed to have power to determine the validity of the proxies which have been conferred and compliance with the requirements for attendance at the Meeting.

The Chairman of the Audit and Compliance Committee, or in his absence, any other member thereof, shall report on the questions that the shareholders may raise at the General Shareholders' Meeting with regard to the matters within the competence of said Committee.

Article 11. Participation of the shareholders at the Meeting

The Chairman shall regulate the statements made by the shareholders in order to ensure that the Meeting proceeds in an orderly fashion and that those shareholders wishing to intervene may do so equally, and also so that they may express their opinions regarding each one of the points on the Agenda.

Throughout the Meeting the shareholders will have access to an easily-identifiable location where they may seek their turn in taking the floor. They may likewise request their turn in writing prior to the meeting.

The Board of Directors will furnish any information requested by shareholders in accordance with the provisions of the Law, the Company Bylaws and these Regulations.

Any intervening shareholder may request that the content of his statement be stated for the record in the minutes, and may also request a transcript of his statement.

Article 12. Voting of the resolutions

Each share is entitled to one vote, and resolutions at General Shareholders Meetings, whether Ordinary or Extraordinary, shall be approved by a majority of votes cast, without any further exception to this rule other than where the Law requires the affirmative vote of some special qualified majority.

The Board of Directors shall report at the beginning of the Meeting on the number of shares represented by members of the Board of Directors and on the percentage of the votes that they represent as a proportion of all votes in attendance at the Meeting.

The Chairman shall ensure that the various proposals put forward to the Meeting be voted on separately and in an orderly manner, irrespective of whether the statements regarding the various points have been made together or separately.

The Chairman shall decide on the order in which the various proposals made on one single point on the Agenda will be put to vote. Once a proposal has been approved, all those that are incompatible with it shall be excluded.

In general, voting shall be conducted by a show of hands, and the most appropriate method for recording the results of each vote in the minutes shall be decided upon freely. The Chairman, at his sole discretion or following a request made by a shareholder, may establish other voting procedures in order to ensure the reliability of the voting results.

In compliance with the contents of article 14(bis) of the Company Bylaws, for each Shareholders' Meeting the Board of Directors will provide the procedures for voting by any remote communication means that, fulfill the requirements for security and efficiency set forth in such article and that are at all times compatible with the state of the art.

Any shareholder may request his vote to be recorded in the minutes, for which purpose he must make an express request and identify himself properly.

Those who represent within the Shareholders Meeting more than one shareholder may fragmentise the sense of their vote, in accordance with the instructions they may have received from the shareholders they represent.

Article 13. Conflicts of interest with shareholders

Where a conflict of interest may exist with a particular shareholder on a matter subject to decision by the General Shareholders Meeting, and when the Board has knowledge of this, it shall announce this publicly and recommend that the shareholder or shareholders involved abstain in the corresponding vote.

CHAPTER V. MINUTES OF THE MEETING

Article 14. Minutes of the Meeting

The Secretary shall compile the minutes for all General Shareholders Meetings, which shall include a list of those in attendance pursuant to section 111 of the Spanish Corporations Act, as well as a summary of the deliberations and a literal transcription of each one of the resolutions approved and the result of the votes for each.

The minutes shall be approved at the close of the meeting by those in attendance, or within fifteen days of the date of the meeting by the Chairman and two shareholders acting as scrutineers, one appointed by the majority and one by the minority, and this shall be formalized with the signatures of the Chairman and Secretary, in addition to the signatures of the two scrutineers, where appropriate.

The minutes approved in either of these two manners shall have executive force as of the date on which they are approved.

These minutes shall be recorded in the special Minutes Book for General Shareholders Meetings.

Shareholders may request copies of the minutes or certifications of the resolutions that have been approved, which shall be authorized by the Chairman and the Secretary.

REGULATIONS FOR THE BOARD OF DIRECTORS AND ITS COMMITTEES

- SECTION I. GENERAL ASPECTS OF THE REGULATIONS
- SECTION II. MISSION OF THE BOARD
- SECTION III. COMPOSITION OF THE BOARD
- SECTION IV. BOARD POSITIONS
- SECTION V. FUNCTIONING OF THE BOARD
- SECTION VI. COMMITTEES OF THE BOARD
- SECTION VII. APPOINTMENT AND REMOVAL OF DIRECTORS
- SECTION VIII. DIRECTOR INFORMATION
- SECTION IX. REMUNERATION OF DIRECTORS
- SECTION X. DUTIES OF DIRECTORS
- SECTION XI. TRANSACTIONS WITH DIRECTORS AND SHAREHOLDERS
- SECTION XII. BOARD RELATIONS

SECTION I. GENERAL ASPECTS OF REGULATIONS

Article 1. Purpose.

1. The purpose of these Regulations is to regulate the business principles and operating standards of the Board of Directors of Indra Sistemas, S.A. (Indra) and its Committees, in accordance with the applicable legal provisions and its Bylaws, as well as by observing the best national and international practices of corporate governance.
2. The standards of conduct set forth in these Regulations for directors will also apply, to the applicable extent, to the Secretary and Vice Secretary of the Board, as well as to the company's Senior Management.
3. The company considers "Senior Management" as its executive directors and managing directors. The Board may assimilate this status to other directors outside such categories by virtue of the obligations set forth in these Regulations or in accordance with Corporate Governance recommendations.

Article 2. Interpretation.

1. These Regulations are to be construed in conformity with the applicable legal and statutory regulations and the principles and recommendations of Corporate Governance in force in the markets in which the company operates.
2. The Board is responsible for clarifying any content and resolving any queries that may arise as a result of the interpretation and application of these Regulations.

Article 3. Validity and modification.

1. These Regulations will enter into force on the date established by the approval agreement or by any subsequent modifications made by the Board.
2. These Regulations may be modified at the request of the Chairman of the Board, the Appointments, Remunerations and Corporate Governance Committee, or one third of the directors. In any case, proposed modifications must be accompanied by a justification thereof.
3. Any proposed modifications must be reported in advance by the Appointments, Remunerations and Corporate Governance Committee.
4. The text of the proposal, along with the aforementioned Committee report, must be attached to the invitation to the Board meeting to decide on the modification of these Regulations.

Article 4. Distribution.

1. All directors, senior management and any other persons subject to these Regulations are obligated to be familiar with, assume, fulfil and ensure the fulfilment hereof. To this effect, the Secretary of the Board must provide all such persons with a copy of these Regulations.
2. The Board will adopt all the necessary measures to ensure shareholders, markets and general investors are aware of these Regulations. To this end, these Regulations will be communicated to the Shareholder's Meeting, published on the Company website, advertised through legal publicity channels and sent to the relevant registers and competent supervising authorities.

SECTION II. MISSION OF THE BOARD

Article 5. Functions of the Board.

1. Besides the powers of the Shareholder's Meeting, the Board is the company's highest ranking administrative body.
2. The Board focuses its activities on the general function of supervision, monitoring that the executive bodies and the management team, responsible for the ordinary running of the company, act according to the approved strategies and following the set targets.
3. The Board may not delegate any powers of which it is not legally or statutorily authorised to have direct knowledge. Similarly, the Board may not delegate other powers necessary for the proper performance of its general supervision, such as the approval of:
 - a) General Company strategies and, where appropriate, specific strategic plans, including annual budgets and targets.
 - b) General risk management policy and the creation of control and information systems adapted thereto.
 - c) Financing, treasury shares and shareholder remuneration policy.
 - d) The corporate structure of activities integrated into the Company.
 - e) Operations involving the purchase and availability of Company assets and corporate transactions over 30 million Euros.
 - f) Related transactions, in conformity with the law and with the provisions set forth in these Regulations.
 - g) The creation or acquisition of shares in special purpose entities or entities based in countries or regions considered as tax havens, including any other similar transactions that may reduce the transparency of the group.
 - h) Operations tantamount to the liquidation of the Company.
 - i) Transformation of the Company into a shareholder entity through the subsidiarisation of its business and activities.

- j) Company policy on information and communication with shareholders, markets and general public opinion, in particular:
- i) the formulation and approval of information published annually by the Company, along with the annual accounts subject to approval by the Shareholder's Meeting
- ii) the approval of financial information the Company has to publish periodically in accordance with the current legislation
- k) Directors' remuneration proposals and the determination of the resulting amounts in accordance with the Company's Bylaws and the relative Shareholder's Meeting resolutions.
- l) The appointment, terms and conditions of contract -particularly including indemnity clauses- remuneration, dismissal and control of Senior Management.
- m) General Corporate Responsibility policies.
- n) Policies regarding corporate responsibility and the rules governing the internal operations of the Board and its Committees, including any evaluation of the quality and efficiency of its functions and activities.
- o) Any others specifically set forth in these Regulations.

Without prejudice to the aforementioned, the Board will always consult the Shareholders' Meeting with regard to decisions concerning any such competences that may be particularly influential on the direction of the Company, and will subject such decisions to the approval or ratification of the Meeting if and when appropriate.

4. The Board will adopt suitable measures to ensure that:

- a) no person or group of persons holds any powers of decision not subject to checks and balances.
- b) no shareholder receives preferential treatment over the others.

Article 6. Creation of value for shareholders.

- 1.** The criteria that must prevail at all times in the conduct of the Board of Directors are the development and growth of the company, as well as the creation of value for company shareholders following criteria of sustainability and long-term outlook.
- 2.** The Board must encourage company management to pursue company development and growth following the indications in the previous paragraph, and that it is given the proper incentives to do so.

Article 7. Other interests.

- 1.** The creation of value in the interest of shareholders would need to be developed by the Board in respect of the requirements imposed by Law, satisfying all contracts and commitments with

customers, employees, suppliers, financial backers and other groups of interest to the Company in good faith, while ensuring business in general is conducted responsibly.

- 2.** The Board must also ensure that the Company applies the adopted principles of Corporate Responsibility.

SECTION III. COMPOSITION OF THE BOARD

Article 8. Types of directors.

- 1.** Directors may be executive or external.
- 2.** Executive directors are considered to be Managing Directors and other directors who, under any title, carry out management roles within Indra or in companies under the control thereof.
- 3.** Considered as external directors are all directors not in the executive category. Similarly, external directors may hold the roles of (i) controlling directors, (ii) independent directors or (iii) other external directors.

3.1. Controlling directors are those who hold or who represent a share holding equal to or greater than the amount considered legally significant, or who have been appointed due to their status as shareholders, either directly or through a representative, although their share holding was insignificant.

3.2. Independent directors are those who have been appointed based on their personal or professional status and who may perform certain functions without their independent status being affected by relations with the Company, its major shareholders or its executives.

To evaluate the aforementioned status of independence, the Board will follow the current recommendations and practices in regard to Corporate Governance, as well as any other relevant criteria.

3.3. Other external directors are non-executive directors who, in conformity with the provisions of this article, cannot be considered as either significant shareholder or independent directors.

- 4.** The nature of each director is explained by the Board before the Shareholders' Meeting, which must either finalise or ratify the appointment thereof. Similarly, on an annual basis and upon verification by the Appointments, Remunerations and Corporate Governance Committee, the Board will confirm or, if applicable, review the nature of each position, providing a record thereof in the Annual Report on Corporate Governance.

- 5.** Similarly, the Annual Report on Corporate Governance should identify the reasons for which:

- i) controlling directors were appointed to represent shareholders with a holding less than that considered legally significant
- ii) no responses were given to formal requests put to the Board from shareholders with a holding equal to or greater than others who were appointed as controlling directors.

Article 9. Qualitative composition.

1. The Board, in exercising its rights of proposal to the Shareholder's Meeting and of co-option for the provisional cover of vacancies, will act under the principle that external directors represent a wide majority over executive directors.
2. Similarly, within the group of external directors, the Board should seek to appoint the representatives of shareholders with a significant stake in the company as controlling directors.
3. In order to establish a reasonable balance between controlling directors and independent directors, the Board must focus on the company shareholder structure, considering, in absolute and comparative terms, the importance of share holdings, as well as the degree of permanence and strategic company connections of the holders thereof.
4. The Board, along with the Appointments, Remunerations and Corporate Governance Committee, must especially seek to ensure that the criteria and policies used in the selection of persons to be appointed as director focus on the existence of a natural diversity among Board members.

Article 10. Quantitative composition.

1. The Board of Directors will be made up of a number of directors determined by the Shareholder's Meeting, within the maximum and minimum limits set by the company Bylaws.
2. The Board should propose to the Shareholder's Meeting the number of directors, according to the different company circumstances, considered most suitable to ensure shareholders receive due representation and the body is run effectively.

SECTION IV. BOARD POSITIONS

Article 11. Chairman of the Board.

1. The Chairman of the Board will be elected among board members. If the Chairman should be given the status of Company Executive, the Board will delegate the necessary powers to ensure the role is effectively fulfilled.
2. The Chairman of the Board will manage the chairmanship and representation of the company's governing and administrative bodies in accordance with the provisions of the current legislation,

the Bylaws and the present Regulations. Similarly, he may delegate all or part of his powers within the applicable legal and statutory limits.

3. The Chairman has the power to call forth the Board of Directors, draw up the agenda and direct discussions.
4. The Chairman must ensure that all directors receive adequate information on the matters to be discussed well in advance of Board meetings; he must encourage the active participation of the directors and direct Board meeting discussions, standing by his position and expression of opinion and keeping the Board running effectively at all times.
5. If voting should be tied, the Chairman will have the casting vote.
6. The Board will be called once a year to appraise the work of the Chairman of the Board in his position as Chairman and, separately, should he hold such position, as Chief Executive. If the Chairman should fail to call the annual meeting, it will be called by the Vice Chairman, appointed from among the independent directors. In such case, the discussions at the aforementioned appraisal, the Board will not be chaired by the Chairman, but by the Vice Chairman.

Article 12. Vice Chairman of the Board.

1. The Board must appoint a Vice Chairman from among the independent directors, and may also appoint other Vice Chairmen.
2. Unless clearly expressed otherwise, in the absence of the Chairman, the role will be filled by the Vice Chairman to be named in each instance by the Board and, if an agreement cannot be reached, by the oldest director.
3. The Vice Chairman appointed from among the independent directors will be in charge of:
 - i) calling the Board or including new points on the agenda, in accordance with the provisions of articles 11.6 and 14.2 of these Regulations
 - ii) chairing the Board meeting described in article 11.6
 - iii) coordinating and bringing forward any concerns of the external directors and, in particular, of the independent directors.

Article 13. Secretary of the Board.

1. The functions of Secretary and lawyer/adviser of the Board must be performed by a person appointed by the Board. The role of Secretary of the Board must not necessarily be filled by a director. If such role should include counsellor/adviser, it must be appointed to a legal professional with proven status and experience. The appointment, remuneration and removal

of the Secretary must be approved by the Board, based on a report from the Appointments, Remunerations and Corporate Governance Committee.

2. The Secretary will assist the Chairman in his duties to ensure the proper functioning of the Board, particularly focusing on providing legal advice to Board members, keeping minute books and any supplementary documentation thereto on file, and recording in said minute books the proceedings of the meetings and the resolutions adopted by each company body.
3. The Secretary of the Board must ensure the material and formal legality of all actions and resolutions of the Board and its Committees and guarantee that its procedures and rules of governance are respected.
4. He will exercise all the functions attributed to him by Commercial legislation and the company Bylaws in relation to the call, constitution, adoption, certification, formalisation and implementation of the Board and its Committees' resolutions.
5. The Secretary of the Board must ensure that the biannual financial report is signed by all directors and duly submitted to the Spanish National Securities Market Commission.
6. The Board may appoint a Vice Secretary to assist the Secretary of the Board in his duties or to replace him in the event of vacancy or absence. The appointment and removal of the Vice Secretary must be approved by the Board, based on a report from the Appointments, Remunerations and Corporate Governance Committee .
7. In the absence of the Vice Secretary, the duties of the Secretary of the Board will be carried out by a director with legal training; if there should be more than one, the duties will be carried out by the youngest.
8. Unless the Board should decide otherwise, the Vice Secretary will attend all Board meetings.

SECTION V. FUNCTIONING OF THE BOARD

Article 14. Meetings of the Board.

1. The Board will draw up an annual calendar of ordinary meetings and will issue a formal list of the matters to be discussed at each one.
2. Without prejudice to the previous paragraph, the Board will be called at the request of the Chairman as often as he should consider necessary for the proper functioning of the Company. The Chairman must call a Board meeting if formally requested to do so by a Vice Chairman or by one third of the directors. If the Chairman should be absent or fail to satisfy such request, the Board meeting may be called by any Vice Chairman.

3. Any director may propose matters to be discussed by the Board and urge their inclusion on the agenda at each meeting.

4. Ordinary meetings may be called by e-mail, post, fax, telegram or any other valid recordable means and must be authorised by the signatures of the Chairman, Secretary or Vice Secretary, the latter two cases by order of the Chairman. Except in the event of emergency or necessity, the meeting must be called at least three days before the date of the meeting.

The call must always be accompanied by the agenda and any other information relevant to the matters to be discussed. If it should be deemed inadvisable by the Chairman for reasons of confidentiality, such information will not be included and the directors must be given the chance to examine it on the company premises. Similarly, the directors may request that the Chairman, Secretary and Vice Secretary of the Board provide any additional information they consider necessary to carry out an adequate assessment of the matters to be discussed at the meeting.

5. Extraordinary Board meetings may be called by the Chairman or anyone replacing him, by any means, including by telephone. The notice period and other requirements specified in the previous paragraph will not apply, circumstances permitting.
6. Board meetings may be held without the physical presence of Board members by means of videoconference or other remote communication method, keeping a record of all procedures and voting in writing or other valid electronic means.
7. The Board will be called every year to appraise its functioning, the quality of its work and the performance of its members and each of its Committees, which, to that effect, will issue the Board with a report on their functioning during the year.

The appraisal will be organised and coordinated by the Chairman of the Board, together with the Chairmen of the Audit and Compliance Committee and the Appointments, Remunerations and Corporate Governance Committee .

Article 15. Meeting proceedings.

1. Except for cases in which a legal and statutory quorum has been set, the constitution of the Board will be valid with at least half plus one of its members present either in person or in representation. If the Board is made up of an odd number of directors, the quorum will be sufficient if attended by the number of directors immediately above half.
2. If a director is unable to attend a meeting, he must seek a representative, who should be empowered to vote unless this is deemed unnecessary by the director. Said representation

may be conferred via email, letter, fax, telegram or any other valid and recordable method. Independent directors should seek representation from another director of the same status.

In any case, directors should only fail to attend when it is absolutely necessary. Information is given on attending meetings of the Board and its Committees in the Annual Report on Corporate Governance.

3. Except for cases of a legal and statutory voting quorum, resolutions must be adopted by absolute majority vote.

Article 16. Minutes and deliberations.

1. The matters discussed at meetings of the Board and its Committees must be duly recorded in a minute book which, once approved, must be signed by the Secretary of the meeting and approved by the Chairman or person acting as Chairman.
2. If the directors or Secretary should show reservation or doubt regarding any proposal or the running of the Company which is not resolved at the meeting of the Board, this should be recorded in the minutes, at the request of that person.

SECTION VI. COMMITTEES OF THE BOARD

Article 17. Committees of the Board.

1. Without prejudice to individual delegations of power, the Board will make up the following Committees:

- a) Delegated Committee.
- b) Audit and Compliance Committee.
- c) Appointments, Remunerations and Corporate Governance Committee.

The latter two will have powers of information, consultancy and proposal of the Board in matters specified for each one in the following articles.

2. Following a report from the Appointments, Remunerations and Corporate Governance Committee, the Board will appoint Committee members based on the knowledge, aptitude and experience of each director in matters relating to the functions to be carried out by each Committee.

Without prejudice to the aforementioned, the Board will seek to rotate directors between the different Committees.

3. For anything not set forth in these Regulations, the committees will regulate their functioning and will appoint a Chairman from among their members. Committee secretary roles will be filled by the Secretary or Vice Secretary of the Board.

4. The committees will be called to meet by their Chairman, at the request of the Chairman of the Board, the Vice Chairman of the Board or half plus one of the Committee members.

The Secretary is responsible for sending out invitations to meetings and any information relating to the issues to be discussed, in conformity with the provisions of article 14.4 regarding the Board.

5. The constitution of each committee will be considered valid with the majority of its members present either in person or in representation. Resolutions must be adopted by majority vote; if voting should be tied, the chairman will have the casting vote.
6. The committees must keep the Board informed of the matters discussed and the resolutions adopted at the meetings. To this end, the chairman of each committee must report on the proceedings of the first meeting of the Board after the corresponding committee meeting. With the exception of the Delegated Committee, all decisions made by the committees must take into consideration any proposed resolutions or reports for the Board.
7. The committees must draw up an annual action plan and an ordinary meeting schedule, taking into account that other meetings of an extraordinary nature may be held. They must also draw up an activity report. The Board must be informed of all such documents.
8. The committee meetings must be attended, and collaboration and any information in his possession provided by, any member of the Company management team or staff whose presence is requested by the chairman of the corresponding committee or any member thereof, who may also request that said person attend without the presence of any other executive. Committees may also request the attendance at their meetings of external auditors responsible for the Company accounts.
9. In order to carry out their functions correctly, the committees may request consultancy from external professionals, to which the provisions of article 27 of these Regulations will apply.
10. The functioning of the committees of the Board will be governed by the provisions of articles 14 to 16 and all other stipulations in these Regulations related to the functioning of the Board, provided that they are compatible with the nature and function of the committees and are of benefit to their proper functioning.

11. The Secretary of the Board must send a copy of the minutes from committee meetings to all members of the Board.

Article 18. Delegated Committee.

1. The Delegated Committee will be composed of a number of directors determined in each case by the Board, with a minimum of four and a maximum of nine. The chairman of the Delegated Committee will be the Chairman of the Board or, if he should not be member, the Managing Director.

The qualitative composition of the Delegated Committee must reasonably reflect the composition of the Board with an established appointment of roles between the different categories of directors, meeting the criteria indicated in article 9 of these Regulations.

2. The appointment of members of the Delegated Committee and the permanent delegation of powers therein by the Board must receive the vote of at least two thirds of the Board members.
3. Said powers may include all powers of the Board except for those that are non-delegable according to the law, the Bylaws and these Regulations.
4. If made necessary by the importance of the case, at the judgement of the chairman or one third of the members of the Delegated Committee, resolutions adopted by the Committee in exercising its delegated powers will be subject to the ratification of the entire Board.

This will also apply for any matters the Board should send to the Delegated Committee for examination, who will hold the final decision in regard thereto.

In any case, the resolutions adopted by the Delegated Committee will be valid and binding without the need for further ratification by the entire Board.

Article 19. Audit and Compliance Committee.

1. The Audit and Compliance Committee must function according to that established by article 30 of the Company's Bylaws.
2. The Audit and Compliance Committee will be composed exclusively of external directors, the number of which is to be determined by the Board in accordance with the limits set forth in the Bylaws. The Chairman of the Committee must be an independent director, who must be replaced at least every four years and may be re-elected after a period of one year following the moment he left office.

The chairman must be appointed taking special account of his knowledge, aptitude and experience in the matters relating to the functions of the Committee.

3. In the absence of the chairman, meetings will be chaired by an independent director named by the Committee and, in his default, by any director named by the Committee.
4. In addition to the functions it is assigned under article 30 of the Bylaws, the Audit and Compliance Committee must:
 - a) Supervise the drafting and integrity of all financial information relating to the Company and, if applicable, to the consolidated group, looking for compliance with regulatory requirements, adequate demarcation of the consolidation perimeter and the correct application of accounting criteria.
 - b) Serve as a channel of communication between the Board and external auditors, from whom it will receive regular information on the audit plan and the results from the implementation thereof. It must also evaluate the management team's responses to external auditor findings and will arbitrate in the event of any discrepancies in relation to the principles and criteria applicable to the preparation of financial accounts. The Committee should encourage the auditors of the head company of the group to assume the responsibility of the auditors from all the companies therein.
 - c) Inform the Board, prior to its adoption of the corresponding decisions, of the creation or acquisition of holding companies or companies based in tax havens, and of any other transaction or operation that may reduce the transparency of the Company.
 - d) Check news circulars for entering stocks onto markets.
 - e) Inform the Board, prior to its adoption of the corresponding decisions, of any financial information that, due to its listed status, must be published by the Company periodically. The Committee must ensure all quarterly and six-monthly accounts are drawn up following the same accounting criteria as the annual accounts.
 - f) Establish measures for preserving the independence of external auditors and, to that effect:
 - I) notify the Board of any change of auditor as a significant event, accompanied by a declaration of the existence of disputes with the departing auditor and, where appropriate, describing their content;
 - II) ensure that both the Company and auditors respect the current legislation regarding the provision of services other than auditing, in accordance with the provisions of article 42 of these Regulations;
 - III) in the event of resignation of external auditors, examine the circumstances that may have caused it.
 - g) Monitor the fulfilment of the audit contract, ensuring that the forecast for the annual accounts and the main content of the audit report are drawn up clearly and precisely.
 - h) Periodically review the Company's internal testing and risk management systems.

- i) Maintain the independence and efficacy of the internal auditing function; propose the selection, appointment, re-election and removal of the internal auditing manager; propose a budget for the service; receive periodic information on its activities; and check that Senior Management takes into account the conclusions and findings of its reports.
- j) Set up and monitor the operation of a procedure that allows employees to notify the Board confidentially of any potential irregularities, particularly of a financial and accounting nature, that may appear within the running of the Company.
- k) Take into consideration any suggestions on Committee-related matters brought forward by Company shareholders, directors and Senior Management.
- l) Exercise all other functions attributed to it by these Regulations or by the Board of Directors.

Article 20. Appointments, Remunerations and Corporate Governance Committee.

1. Appointments, Remunerations and Corporate Governance Committee must be made up exclusively of external directors, with a minimum of three. The majority of its members, as well as the Committee chairman, must be independent directors.
2. In the absence of the chairman, meetings will be chaired by an independent director appointed by the Committee.
3. In any case, the Chairman of the Board, if executive, or the Chief Executive Director must be consulted and called to meetings of the Committee concerning matters relating to Senior Management other than themselves.
4. Without prejudice to any other duties assigned by the Board or the present Regulations, the Committee for Appointments, Remunerations and Corporate Governance must perform the following:
 - a) Report on the composition of the Board of Directors, the professional profiles necessary for the Board and its member selection criteria. The Committee must ensure its selection criteria follow criteria that favour general diversity in the composition of the Board.
 - b) Evaluate the suitability of the knowledge, aptitudes and experience of the persons put forward to form part of the Board and the different Committees in relation to the profiles required, as well as the satisfaction of requirements depending on the nature of the director involved.

The Committee must consider any suggestions for candidates to cover Board vacancies put forward by the other members of the Board.

- c) Submit to the Board, prior to the re-election of directors, a report on their previous performance in the role.

- d) Check, on an annual basis, that the character with which each director was appointed is retained, which should be mentioned in the Annual Report on Corporate Governance.
- e) Submit to the Board reports on the process of succession of the Chairman and chief executive, and monitor plans of succession of Senior Management.
- f) Report proposals for appointments or removals of the Secretary and Vice Secretary of the Board.
- g) Put forward proposals to the Board, within the deadlines specified in the Bylaws and by agreements with the Shareholders Meeting, on the system, components and quantity of the directors' remuneration. It must also report on the remuneration of the Secretary, if such a role should not be filled by a director.
- h) Inform the Board of proposals for appointments and removals of Senior Management and report, prior to approval by the Board, their terms of payment and the terms and conditions of their work contracts with the Company, including indemnity clauses for eventual severance.
- i) Submit to the Board a report on the annual evaluation of the performance of Senior Management, including the Chairman, if executive.
- j) Present, before it can be drafted by the Board, an annual report on remuneration policy to be submitted to the Shareholder's Meeting, in accordance with the provisions of article 29 of these Regulations, as well as any information made public by the Company relating to remuneration.
- k) Submit to the Board a report on the annual evaluation of the Chairman of the Board.
- l) Notify the Board in advance of any transactions connected to directors, significant shareholders or shareholders with representation on the Board, Senior Management, or any person associated with them, which must be subject to the approval of the Board.
- m) Perform a periodic analysis of the degree of adaptation of Company rules, procedures and practices in Corporate Governance to national and international standards, recommendations and best practices in this area.
- n) Annually evaluate the efficiency of and compliance with the Company's rules and procedures of Corporate Governance and revise all information related thereto in advance, which the Board must then approve and include in its annual public report.
- o) Submit to the Board any changes it considers necessary to Company rules on Corporate Governance, indicating the reasons for such changes.
- p) Submit to the Board, prior to its approval, any information made public by the Company in relation to matters concerning the Committee.
- q) Take into consideration any suggestions on Committee-related matters brought forward by Company shareholders, directors and Senior Management.

SECTION VII. APPOINTMENT AND REMOVAL OF DIRECTORS

Article 21. Appointment and designation of directors.

1. Directors must be designated, re-elected or ratified by the Shareholder's Meeting or the Board, in conformity with the provisions of the Spanish Public Limited Companies Act [**Ley de Sociedades Anónimas**] and the Bylaws.
2. Proposals for the appointment, re-election and removal of directors subjected by the Board for the consideration of the Shareholder's Meeting, and decisions on provisional appointments adopted thereby by virtue of the powers of co-option bestowed upon it by law, must be preceded by the corresponding report from the Committee for Appointments, Remunerations and Corporate Governance in the case of independent directors and by a report from said Committee in all other cases. In the case of independent directors, the provisions of section 3.2, article 8 of these Regulations must be taken into special consideration.

If the Board should overlook the recommendations of the Committee for Appointments, Remunerations and Corporate Governance, it must provide reasons for its actions which must be recorded in the minutes.

3. Proposed appointments must be persons of recognised personal and professional solvency, with sufficient capacity for dedication to the role and with no other interests that may be incompatible with it.

If the director should be a legal person, the director suitability criteria specified in these Regulations will apply to the physical person whom he represents, who will be personally subjected to obligations of confidentiality, loyalty and diligence established for directors under Spanish law, in the Bylaws and in these Regulations.

4. The Board and the Appointments, Remunerations and Corporate Governance Committee, within the scope of their respective competencies, should exercise strictness in relation to any persons called forward to cover independent director positions.
5. The Board must propose to the Shareholders Meeting that each of the proposals for the appointment or re-election of directors be put to vote.

Article 22. Duration of the term of office.

Directors must perform their role for the period set forth in the Bylaws and may be re-elected. In any case, the Board must apply suitable criteria for the periodic renewal of independent directors.

Article 23. Re-election of directors.

All proposals for the re-election of directors which the Board decides to submit to the Shareholders Meeting must be subject to a formal process equal to that used in the appointment of new directors, in accordance with the provisions set forth in these Regulations.

Article 24. Removal of directors.

1. Directors must leave their position when dismissed by the Shareholder's Meeting, when they submit their resignation to the Company or once their designated term in office has expired, with the application of the provisions pursuant to article 145 of the Spanish Companies House [**Registro Mercantil**] Regulations.

In the exceptional event that the Board should propose the removal of an independent director before the end of his designated term of office, said proposal must be accompanied by a relative justification and a report from the Appointments, Remunerations and Corporate Governance Committee.

2. Directors found in any of the circumstances indicated below must notify the Company of such as soon as possible:
 - a) Those involved in any of the cases of incompatibility, prohibition or cause for removal or resignation specified under Spanish law.
 - b) Those having seriously violated their duties as director or carried out actions or fallen into omissions that go against the diligence and responsibility with which they should perform the role.
 - c) Those whose permanence in the role may jeopardise the interests of the Company or have a negative effect on the credit or reputation thereof or on the functioning of the Board.
 - d) When the reasons for which they were appointed should disappear.
 - e) Those who cannot maintain the necessary dedication to effectively perform the role.
 - f) When a shareholder represented by controlling directors should sell his entire holding or reduce it to a level that requires a reduction in the number of controlling directors assigned in representation of the interests thereof.
 - g) Those involved in or entering into criminal or administrative proceedings that may carry a disciplinary sanction for serious or very serious misconduct issued by Stock Market administrative authorities, which could seriously jeopardise the credit and the reputation of the Company.
 - h) In the case of independent directors, those whose conditions or circumstances should change, thus nullifying their independent nature.
 - i) In the case of executive directors, those removed, for any reason, from executive positions with which their appointment as director was associated.

3. Directors, regardless of the nature with which they were appointed, must make their position available to the Board under the conditions specified in the previous section and, at the request of the Board, submit their resignation.

If any director should fail to satisfy a Board requirement, the Board may forward a proposal for the dismissal thereof to the Shareholder's Meeting.

4. If any director should resign from his position before the end of his agreed term of office, he must explain his reasons for resignation in a letter sent to the other members of the Board.

The Company must describe the reasons for the removal of any directors before the end of their agreed term of office in its Annual Report on Corporate Governance.

Article 25. Objectivity and confidentiality of voting.

1. Any directors personally affected by proposals of appointment, re-election or dismissal must not participate in deliberations and voting in relation thereto.
2. If it should be deemed necessary by the Chairman or requested by the majority of attendees, voting procedures relating to the appointment, re-election or dismissal of directors may be held confidentially.

SECTION VIII. DIRECTOR INFORMATION

Article 26. Powers of information,

1. The director will hold powers of information in regard to any aspect of the Company, is authorised to examine its books, registers, documents and any other records of company operations and may inspect all of its facilities. This right of information extends to subsidiary companies on both a domestic and foreign level.
2. In order not to disrupt the ordinary management of the Company, the exercise of powers of information must be channelled through the Chairman of the Board, who shall attend to director requests by directly facilitating information, and providing the appropriate mediators from within the organisation or arbitrating in measures to grant access to the desired information.
3. In exceptional cases, as a temporary measure, the Chairman may restrict access to specific information, in which case he must notify the Board of his/her decision.
4. Any director may attend, but without voting rights, meetings of Board Committees of which he is not a member, at the invitation of the Chairman of the Board or the chairman of the respective Committee.

5. The Board must facilitate director access to continuously updated information on the Company, as well as its rules of Corporate Governance.

Article 27. External consultancy.

1. In order to receive the best possible information and consultancy in exercising its functions, directors may request the assistance, through the Company, of legal or financial advisors, accountants or other professional experts.

Such appointments should only be made in regard to specific director issues that arise in performing the role.

2. The decision to appoint such experts must be communicated to the Chairman and may be vetoed by the Board if it should be proven:

- I) that it is not necessary for the functions assigned to directors to be carried out thoroughly;
- II) that the cost required is not rational given the significance or the extent of the problem;
- III) that the assistance or advice requested may be adequately provided by experts and professionals within the Company.

Article 28. Board Advisors.

The Board of Directors may appoint permanent consultants, either individually or as members of a Board of Advisors. If necessary, given the nature of a specific issue, the Chairman, through his own initiative or at the request of a Vice Chairman or one third of the Board members, may request the attendance of such advisors at meetings of the Board or its Committees; in the latter case, the chairman of the Committee may also be called to attend.

SECTION IX. REMUNERATION OF DIRECTORS

Article 29. Remuneration of directors.

1. The remuneration of members of the Board is to be determined by the Shareholders Meeting in conformity with the provisions of the Bylaws. The Board, in conformity with said provisions and based on a report from the Appointments, Remunerations and Corporate Governance Committee, must put forward the corresponding proposals to the Shareholder's Meeting and issue to its members, following set criteria, the specified payment amounts.
2. Director remuneration must be congruous and separate from salaries, remunerations, indemnities, pensions or payments of any type established for executive directors, either individually or on a general level, based on their role or other nature within the Company.
3. The Board, with advice from the Appointments, Remunerations and Corporate Governance Committee, must ensure that the remuneration of external directors is sufficient to compensate

for the dedication, qualification and responsibility that the position holds, but at the same time does not constitute, in the case of independent directors, an obstruction to their independence.

If the proposed director remuneration should include the allocation of shares, the conditions must specify that the directors retain the ownership of such shares until their term of office ends.

4. The Board must draw up, after the date of the proposal put forward by the Committee for Appointments, Remunerations and Corporate Governance, an annual report on its director remuneration policy, specifying the criteria and foundations on which to determine such remunerations and the corresponding amounts for both the period in which the report is drawn up and, if applicable, for the subsequent periods, taking into account any relevant recommendations and the application of best practices.
5. The report drawn up by the Board, described in point 4 above, must be made available to shareholders and submitted annually to the Shareholder's Meeting.
6. Without prejudice to the provisions of the law, the Board, based on a report from the Committee for Appointments, Remunerations and Corporate Governance, must give its annual approval of information on director and Senior Management remunerations made public by the Company in the Annual Accounts Summary and Annual Report on Corporate Governance, with a breakdown of each item and the degree of individualisation in each case.

SECTION X. DUTIES OF THE DIRECTOR

Article 30. Duty of loyalty and diligent management.

1. In accordance with the provisions of Section II of these Regulations, the function of the director must be aimed at optimising and maximising the long-term, sustainable value of the Company.
2. The director must perform his role with the diligence of an organised business person and a loyal representative, and must:
 - a) Gain an in-depth knowledge of the situation and development of the Company, taking care to prepare meetings of the Board and Committees to which he belongs.
 - b) Attend meetings of the bodies of which he forms part and participate in the decision-making process.
 - c) Urge the issue of calls to extraordinary Board meetings or the inclusion of matters into the agenda of the first meeting to be held, whenever necessary in the interests of the Company.
 - d) Clearly express his objection to any proposals submitted to the Board that he believes go against the interests of the company or which may prejudice Company shareholders.

- e) Learn the obligations and limitations by which he is affected and fulfil his duties of communication and information to the Spanish National Securities Market Commission and any other monitoring and controlling bodies, in accordance with the applicable legislation.
- f) Carry out any specific assignment at the request of the Board or its Committees.

Article 31. Duty of secrecy and confidentiality.

1. All directors, including after leaving their roles, must keep secret all information, data, documentation or records of a confidential nature of which they may be aware as a result of performing their role, ensuring they are not divulged or communicated to third parties.
2. Directors will be exempt from the duty of secrecy described in point 1 above in the following cases:
 - a) When permitted by the law in force, provided that in doing so they are not harming the interests of the Company.
 - b) When requested by the competent authorities or under legal obligation to issue information which they are supposed to keep secret in conformity with the provisions of this article. In such cases, the information must be disclosed according to the provisions of the applicable legislation.
3. If the director should be a legal person, the duty of secrecy will apply to the representative thereof, without prejudice to his obligation to inform the client.

Article 32. Duty of loyalty.

1. All directors must fulfil the duties of loyalty stipulated under Spanish law and in the Bylaws and, moreover, will have the following obligations:
 - a) Directors may not make use of Company assets unless they are repaid in full; similarly, Company assets may not be used for personal financial gain.

In exceptional cases, directors may be exempt from the obligation to make such repayment, however, the resulting financial gain will be considered as an indirect remuneration and must be authorised by the Board, following a report from the Appointments, Remunerations and Corporate Governance Committee.
 - b) Directors may not use any non-public Company information for private purposes without prior authorisation from the Board, who must first request a report from the Appointments, Remunerations and Corporate Governance Committee.

The aforementioned must be understood without prejudice to the applicable regulations in each case from the Internal Code of Conduct in Matters Relating to the Company Stock Markets.

- c) Directors may not take personal gain from investments or any other operations connected to Company assets of which they may have knowledge as a result of the performance of their role if the investment or operation should have been offered to the Company or if the Company itself should be interested in carrying it out, unless such investment or operation should have been rejected by the Company without any mediation from the director.
- d) Directors must inform the Company of any event or situation that may harm the Company reputation and, in particular, any criminal matters in which they may be involved, including the opening of administrative procedures which may carry a disciplinary sanction due to serious or very serious misconduct issued by Stock Market administrative authorities, as well as any subsequent trial proceedings.
- e) Directors may not use the name of the Company or invoke their status as manager thereof to carry out personal operations.

Article 33. Conflicts of interest.

1. Directors must inform the Board of any situation of direct or indirect conflict that may arise in the interests of the Company, particularly including any shares in Company stock or, the performance of any role for or the provision of any service to other companies or entities which are or may become competitors of the Company or which may become involved in a conflict of interest with the Company.
2. In the cases specified in point 1 above, the Board, following a report from the Appointments, Remunerations and Corporate Governance Committee, may request that directors adopt any measures it considers necessary to preserve the interests of the Company. If the director should fail to satisfy this request, the Board may issue a proposal to the Shareholder's Meeting for his dismissal.
3. Directors must refrain from hearing and intervening in any deliberations, decisions and resolutions involving matters in which they have a conflict of interest.
4. The Company must make public any conflicts of interest in which directors may be involved under the terms pursuant to the applicable legislation.

Article 34. Dedication.

Directors must dedicate the necessary time and effort to carry out their functions correctly. To this end, they must inform the Board of any other activities that may significantly affect their dedication as a director of the Company.

Article 35. Indirect operations.

The regulations set forth in the present Section X apply to all companies and persons associated with the director under the terms pursuant to the legislation in force.

Article 36. Duties of the Secretary and Vice Secretary of the Board.

The regulations set forth in the present Section X also apply to the Secretary and Vice Secretary of the Board, on the supposition that they are not directors, to the extent considered reasonable to perform their functions.

SECTION XI. TRANSACTIONS WITH DIRECTORS AND SHAREHOLDERS

Article 37. Related transactions.

1. The Board, based on a report from the Appointments, Remunerations and Corporate Governance Committee and prior to its execution, must be aware of and give authorisation for any transaction carried out by the Company either directly or indirectly with its directors, significant shareholders or representatives of the Board, Senior Management, the Secretary or Vice Secretary of the Board or any persons connected –in conformity with their legal definition– thereto.

Such transactions will be evaluated according to equality of treatment and market conditions.

2. For recurrent operations carried out during the Company's ordinary course of business and under market conditions, the Board must give authorisation in terms of generic operations in each case.
3. The authorisation described in the previous paragraphs will not be necessary, however, under each of the three following conditions:
 - a) That the transaction is made during the Company's ordinary course of business.
 - b) That the transaction is carried out under market conditions.
 - c) That the amount of the transaction does not exceed 1% of the Company's annual consolidated income for shareholder transactions, or 30% of the average annual remuneration per director in all other cases.
4. In exceptional cases, for reasons of urgency, related transactions may be authorised by the Delegated Committee and must receive ratification from the Board at the next meeting.
5. In order for the Company to identify any related transactions in advance, directors must keep the Board informed of any direct or indirect interests or significant influences they may have in companies or entities that have or are likely to enter into commercial or business relations with the Company.

- Any directors affected by related transactions, as well as refraining from exercising or delegating their vote, must not attend any meeting while the Board or the Committee involved discuss and vote on matters in relation thereto.

For transactions with shareholders subject to the decision of the Shareholders Meeting, the Board must evaluate whether to recommend that the shareholders involved abstain from voting.

Article 38. Public information.

The Board must issue public reports on related transactions carried out by the Company, satisfying the provisions of the legislation in force at all times. To this end, the Board will have a report from the Appointments, Remunerations and Corporate Governance Committee.

SECTION XII. BOARD RELATIONS

Article 39. Relations with shareholders.

- The Board must stimulate and maximise Company communication with its shareholders and will arbitrate the suitable channels for putting forward any proposals they may draw up in relation to Company management.
- Any public requests for the delegation of votes made by the Board or any of its members must clearly indicate how the representative will vote in case the shareholder should fail to give instructions subject to, in each case, to the provisions of Spanish law.

Directors may not exercise their right to vote in relation to represented shares if it should be prohibited by the applicable legislation.

- The Board must encourage the informed participation of shareholders in Shareholder's Meetings and must adopt all the necessary measures so that the Shareholder's Meeting may effectively perform its functions in conformity with the law, the Bylaws and the Regulations for Shareholder's Meeting.

Article 40. Relations with institutional investors.

- The Board must stimulate the exchange of regular information with institutional investors who form part of the Company shareholder base or are interested in doing so.
- Under no circumstances may relations with institutional investors involve the disclosure of any non-public information, or put them in a privileged or advantageous situation over the other investors or shareholders.

Article 41. Relations with the markets.

- The Board must ensure that the Company's public website (www.Indracompany.com) is kept up to date; any updated Company information that may be required by law, including any that the Board may consider to be significant in relation to the financial and stock markets.
- The Board must guarantee the prompt satisfaction of the legislation in force regarding important information, conforming, therefore, with the provisions of the Internal Code of Conduct in Matters Relating to the Company Stock Markets.
- The Board must approve and make public any information on its rules and practices relating to Corporate Governance, complying in all cases with the provisions of the legislation in force and responding to recommendations and best practices in regard to Corporate Governance.

Article 42. Relations with auditors.


- Board relations with the Company's external auditors must be channelled through the Audit and Compliance Committee, as set forth in the present Regulations.

Notwithstanding the aforementioned, account auditors must attend a Board meeting at least once a year, in which they must present an audit report for the corresponding annual accounts, in order to give directors direct access thereto at the moment the content and conclusions thereof are presented.

Moreover, the Chairman of the Board may request the intervention of external auditors on the Board if considered convenient or when requested by a Vice-Chairman or one third of the directors.

- The Board must make every effort to submit to the Shareholders Meeting the Company's annual accounts in an audit report with no reserves or reservations whatsoever; in contrasting circumstances, the Board will request that any used external auditors communicate any relative details at the Ordinary General Meeting.
- The Board will not entrust the annual accounts audit to firms whose estimated fees for carrying out all such services amount to more than ten per cent of the total income from the accounts during the last period.
- The Board must publicly communicate, on a regular basis and in conformity with the applicable legislation at all times, the fees paid out by the Company to the audit firm for services other than auditing.
- The auditor responsible for the work and the members of the external audit team must be rotated on a regular basis in accordance with the provisions of Spanish law and with criteria, if applicable, set by the Board at the request of the Audit and Compliance Committee.

INTERNAL CODE OF CONDUCT ON MATTERS RELATING TO THE SECURITIES MARKET

- I. INTRODUCTION
 - II. DEFINITIONS
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I. INTRODUCTION.

The Internal Code of Conduct on Matters Relating to the Securities Markets (the "Code") of Indra Sistemas, S.A. and its group of companies ("Indra" or the "Company"), approved in 1999, was revised and modified 2003 to adapt it to the novelties introduced by the Act 44/2002, of the Financial System Reform Measures, and also in 2006 to adapt it to the contents of the Royal Decree 1333/2005, for which the Securities Market Act was modified in regards to market abuse.

After the entry into force of the Act 6/2007 about public acquisition offers, the transparency of issuers and the subsidiary legislation (Royal Decree 1362/2007, Order EHA/1421/2009 and Notice 4/2009 of the CNMV), a new revision of the Code has been carried out in order to adapt it to the novelties introduced by the regulation in question.

This draft of the Code has been approved by the Company's Board of Directors in its meeting held on December 17, 2009.

II. DEFINITIONS:

For the purpose of this Code, the following terms will be deemed to mean:

External Advisers.- Individuals or legal entities that are not Board Members or employees of the Company, that provide Indra with financial, legal, consultancy or any other type of service through a commercial relationship.

CNMV.- Comisión Nacional del Mercado de Valores (National Securities Market Commission).

Confidential Documents.- Any written, computerised, audiovisual or other type of material that contains Insider Information.

Indra/Company.- Indra Sistemas, S.A., the company registered in the Mercantile Registry of Madrid with CIF A-28599033, and all its subsidiaries and affiliates that are in the situation described in article 42 of the Code of Commerce.

Insider Information.- Any concrete information that:

- refers directly or indirectly to Indra or any Security or Instrument (including those which have an application to be admitted for negotiation);
- is not available to the public; and
- if made public or if it had been made public, could influence or could have influenced significantly its listed price in the market or organised commodity market.

The information is considered concrete if: (i) it refers to a series of events or circumstances produced or that could be reasonably produced; and (ii) it is specific enough to allow the conclusion of the possible effect of those events or circumstances on the listed price of the affected Securities or Instruments.

Also, it will be considered that a piece of information can noticeably influence the value when such information could be used by a reasonable investor as a basis for investment decisions.

Relevant Information/Event.- The Insider Information that the Company makes public in compliance with the applicable law in this matter.

Initiates.- Any Board Member or employee of Indra, as well as any External Adviser, who in a temporary or transient manner, has access to Insider Information.

Speaker.- Those individuals appointed by the Company to act as authorised speakers before the CNMV regarding Relevant Information.

Board Members.- The directors, Secretary and Vice Secretary of the Indra Sistemas S. A. Board of Directors.

Bound People.- Those who are obligated to comply with this Code according to what appears in its Chapter III.

Related People.- Regarding the People Bound by the contents of this Code, Related People are considered to be:

- (i) their spouses or people with a similar relationship of affection, according to the applicable law;
- (ii) their children or those of their spouse, both those under age subject to parental control and those of full age who are financially dependant on them, whether or not they live with the person bound by the code;
- (iii) relatives that live with them or depend on them at least for a year before the date of the operation execution;
- (iv) any legal entity or any legal trustee business effectively controlled directly or indirectly by the people bound by this Code; or created to the benefit of the people bound by this Code; or whose economic interests are equivalent to a large extent to those of the Bound Person, or
- (v) any person acting for and on behalf of the Person Bound by this code who makes transactions on the Securities or Instruments. Such a condition is considered for those fully or partially covered by the risks inherent in the transactions carried out.

Code.- This Internal Code of Conduct.

Person Responsible for Insider Information.- The person within the Indra organisation that is responsible for each Insider Information, according to what is stated in Chapter V of this Code.

Enforcement Manager.- The person responsible for the application, interpretation and monitoring of this Code, according to what is stated in Chapter VIII.

Securities and Instruments.- The following items are included within this concept:

- a) Securities issued by Indra that are negotiated in a market or organised commodity market.
- b) The financial instruments and contracts of any type that grant the right to acquire the securities mentioned in section a) above.
- c) The financial instruments and contracts whose underlyings are securities, financial instruments, or the previously stated contracts.
- d) The securities, instruments and contracts of entities other than Indra, when determined by the Enforcement Manager, addressing the utmost compliance with this Code.

III. APPLICATION SCOPE.

III.1 Bound People: Unless expressly stated otherwise, this Code will apply to:

- (i) The Board Members and their secretariat personnel.
- (ii) The Steering Committee members and their secretariat personnel.
- (iii) All staff members attached to the Chairman's Office, Managing Director, Council Secretariat and Business Development.
- (iv) Personnel of the Finance Department and of the Management Control Department that participate in preparing or have access to the Company's economic-financial information before it is made public.
- (v) Other individuals that at any time are considered Initiates.
- (vi) Any other person that the Enforcement Manager may decide, in light of the circumstances related to any given case.

III.2 Records of Subject Individuals: The Enforcement Manager will keep at all times an up-to-date list of the People Bound to this Code.

The Enforcement Manager will inform all the Bound People and the Initiates that they are included in this list, as well as of the other points related to Data Protection, addressing the regulatory standards of this matter that are in effect at all times.

The Enforcement Manager must make the data included in this list available to the CNMV when requested by it.

IV. RULES OF CONDUCT RELATING TO SECURITIES.

IV.1 Ban on the use of Insider Information: When in possession of Insider Information, the Bound People will abstain from carrying out on their own behalf or on another's behalf, directly or indirectly, the following acts:

- (i) Preparing or carrying out any type of transaction with the Securities or Instruments.

Exceptions to this instance are preparing and carrying out transactions whose existence constitutes, in itself, Insider Information, as well as transactions that are carried out in compliance with an expired obligation to acquire or transfer Securities or Instruments, when this obligation is included in an agreement signed before the Bound Person is in possession of Insider Information.

- (ii) To disseminate or communicate such Insider Information to third parties, except in the normal course of their work, profession, position or duties, and always complying with the requirements stated in this Code.
- (iii) To recommend or advise a third party of carrying out transactions with Securities or Instruments.
- (iv) To transfer acquired Securities or Instruments on the same day they were acquired.

Exceptions to this ban are the transfers of Securities and Instruments acquired while exercising call options or when executing other acquisition plans of Securities or Instruments, granted by Indra, unless something else has been expressly included in the title of the concession.

For the purposes set forth in this section, it will always be understood that a person is in possession of Insider Information when they have knowledge of the economic-financial information to be submitted to the CNMV each quarter, before that information is made public, as long as the contents differ from the objectives publicly communicated by the Company.

IV. 2 Market manipulation. Additional limitations.

The Bound People will abstain from preparing or carrying out practices that falsify the free establishment of the prices of Securities and Instruments. Those established by the applicable law at any time will be considered as such.

At the request of the Board of Directors or its Chairman, the Enforcement Manager may establish additional limitations on the transactions of Securities and Instruments when circumstances arise that justify it.

IV. 3 Communication obligations: In general, and without prejudice to what is established by the applicable law regarding the communication of significant shareholding to the CNMV, Bound People will communicate to the Enforcement Manager, within five (5) working days of the stock market after the transaction date, of having carried out on their own behalf or on the behalf of another, any transaction of subscription, acquisition or transfer of Securities or Instruments.

This notice will include at least: the date and type of transaction; the number of Securities or Instruments and their unit price; as well as the balance of Securities or Instruments that they remain as the titleholder.

When new Bound People are incorporated, they will make an initial communication indicating the Securities or Instruments that they are titleholders of on that date.

Transactions carried out by Related People on their own behalf are considered to be equivalent, and as a result, must be declared.

IV. 4 Portfolio Management Contracts: Bound People are obligated to: (i) inform the entities that they have entrusted to manage their securities portfolios of their Bound Person status; and (ii) fully guarantee that the transactions of Securities and Instruments carried out by that managing entity will only be done under the professional criteria generally applied by it, without intervention or instruction from the Bound Person.

Additionally, Bound People will notify the Enforcement Manager of the management contracts that they maintain for their securities portfolio, within a period of no more than 10 working days as of when they are signed, expressly stating that the conditions include the obligations covered in the previous paragraph.

In the case of contracts signed prior to when this Code enters into force, it will be necessary to adapt them, notifying the Enforcement Manager and without prejudice to what is stated in the first paragraph of this section.

IV. 5 Communications Records: The Enforcement Manager will be required to appropriately file the communications and notices received regarding the obligations contained in this chapter. The information of this file will be strictly confidential. In the list of Bound People that is referred to in the above section III.2, the Enforcement Manager will include information regarding the balance of Securities and Instruments that each one is a titleholder of at any time.

At least every six months, the Enforcement Manager will request the confirmation of balances of Securities and Instruments from the Bound People that appear on that list.

V. PROCEDURE REGARDING INSIDER INFORMATION

V.1 Person Responsible for Insider Information. For the purposes set forth in this Chapter V, it will consider as such those individuals within the Indra organisation that are responsible for matters related to Insider Information.

For each matter that constitutes Insider Information, the Person Responsible for it will maintain an updated document record (Initiated List) that will include:

- (i) the identification of the people with access to the Insider Information in question;
- (ii) the reason and the date that each Initiate is added to or removed from the List;
- (iii) the creation and closing dates of the Initiated List, as well as any other point instructed by the laws in effect.

The Person Responsible for Insider Information will expressly warn the individuals included in the Initiated List about the insider status of the information, their obligation of confidentiality, the infractions and sanctions derived from incorrect use, their inclusion in the Initiated List and the other points covered by the Organic Law 15/1999 of Personal Data Protection.

The Person Responsible for Insider Information should provide the Enforcement Manager with a copy of each Initiated List and their updates, within a maximum period of 5 working days from when it is created or updated.

V.2 Central Register of Insider Information. The Enforcement Manager will maintain and keep an updated central register of the Initiated List received from each Person Responsible for Insider Information, according to what is stated the previous section.

The Enforcement Manager shall keep the data included in the central register for at least five years from the date when it was last updated or recorded. Additionally, that person should make available the information that is contained in the records to the CNMV when requested.

V.3 Organisational measures.

In order to safeguard the confidentiality of Insider Information:

- (i) information barriers will be established between the various departments, and even within a department when necessary;
- (ii) informative measures directed towards understanding the rules and procedures that should be followed regarding Insider Information will be carried out among the people determined by the Enforcement Manager.

V.4 Treatment of Insider Information.

The following will be applied:

(i) Marking and Filing.

The People Responsible for Insider Information should assign a code name to the transaction, event or circumstance that the Insider Information refers to. This name will be used in all the communications related to it, in such a way that the parts involved or their characteristics may not be identified.

The Confidential Documents should be marked with the word "confidential" in a clearly visible manner.

Confidential Documents will be filed separately from other ordinary documents, in different places designated for this purpose, which will have special protection measures that will guarantee access only to authorised personnel.

(ii) Access

The Person Responsible for Insider Information will limit knowledge about the information strictly to those internal or external Company individuals that must be familiar with it in order to carry out their duties.

Access to Insider Information should be specifically authorised by the corresponding Person Responsible for Insider Information. In the event that the Bound People have access to Insider Information through a different channel, they should immediately inform the Enforcement Manager of this.

In order to restrict access to Insider Information exclusively to the Initiates, the following measures, among others, will be adopted:

- a) Computerised documents that contain Insider Information will be encrypted, whenever possible, with a password that is only known by the people included in the List of Initiates.
- b) When saved on a computer network, restricted access areas will be established in order to block access of non-authorised personnel to the Confidential Documents.
- c) The computer passwords of Initiates will not be shared with people not associated to the List of Initiates-
- d) It will be attempted to only use computers that have an adequate security system installed.
- e) Periodically, the robustness of the computer security measures and their adequacy towards new techniques or methods of information removal or identity replacement will be verified and optimised.
- f) When applicable, a closed room will be made available as the place of work.
- g) All Confidential Documents will be removed from meeting rooms and common areas, taking special care with notes and diagrams on boards and similar materials, as well as on computer screens or papers on desks.

(iii) Distribution, Reproduction and Communication

The distribution and sending of Confidential Information will always be done via a secure medium that guarantees to maintain its confidentiality.

For the purpose described in the previous paragraph, the following measures, among others, will be adopted:

- a) The reproduction of a Confidential Document should be authorised by the corresponding Person Responsible for Insider Information, who will maintain a record of the number of copies made and of the Initiates to whom they have been distributed.
- b) The recipients of the reproductions or copies of Confidential Documents will abstain from obtaining second copies or from any type of dissemination of the Confidential Document.

c) It will be avoided to discuss the Insider Information with other Initiates, even when using code names, or to handle materials that contain Insider Information (presentations and documents in paper or computerised format) in public places where they may be heard or seen by third parties. In particular, it will be avoided to maintain conversations, both in person as well as by telephone, in those areas where there is a risk of being heard, such as public places or on modes of transportation.

d) Precautions will be taken when communicating through mediums that may result to not be secure.

e) It will be attempted to keep activated the automatic block after a period of inactivity on mobile devices (laptops, PDAs, telephones with email).

f) Those mediums that are most adequate for ensuring the direct reception of Confidential Documents by the correct recipient will be used. In particular, it will be attempted to avoid sending information to terminals that are unattended at the time, or to those that may be accessed by individuals other than the Initiates.

(iv) Destruction

Destruction of Confidential Documents, as well as of their copies, will be carried out in any way that guarantees their complete elimination. The Person Responsible for Insider Information will prepare a list that will sufficiently identify the Confidential Documents that have been destroyed.

V.5 Procedure in the event of leaks or improper use of Insider Information.

In light of the existence of Insider Information, the Company will monitor with special attention the news that the press broadcasts about it. Additionally, it will monitor the evolution of the Securities or Instrument listings.

If an abnormal variation in the listing or in the contracted volume of Securities or Instruments is observed, and rational indications exist that such a variation is occurring as a result of a leak, or a partial or distorted dissemination of Insider Information, the Speaker will send the CNMV a Relevant Event/Information that clearly and precisely reports the circumstance, event, transaction or decision that the leaked Insider Information refers to, without prejudice to what is established in article 82.4 of the Securities Market Act, concerning exemption from publicity if this might affect the legitimate interests of the issuer.

V.6 Transmission of Insider Information to Third Parties External to the Company

The transmission of Insider Information to third parties external to the company should be restricted to the maximum and should occur as late as possible.

In any case, the transmission should be previously authorised by the Person Responsible for Insider Information.

When Insider Information is transmitted to external third parties, the following measures should be adopted, whose aim is to guarantee the confidentiality of the information:

- a) Before proceeding with the transmission of Insider Information, confirmation should be obtained from the potential receivers that they have measures for safeguarding the confidentiality of the information to be received.

Additionally, also before the transmission, the external receivers should sign a confidentiality agreement, according to the model established at all times by the Enforcement Manager, in which they state to the Company that they recognise the confidentiality of the information that will be transmitted to them, as well as the specific conditions with which to maintain its confidentiality.

- b) In no case may the external receivers transmit the Insider Information to other people unrelated to them or their organisation.
- c) In the event that Insider Information is transmitted to various third parties integrated in the same company or entity, the confidentiality commitment should be subscribed with the corresponding signature or entity.
- d) The external receiver of Insider Information will appoint, when applicable, a person or internal body responsible for advising and complying with the corresponding procedures and measures in order to maintain the confidentiality of the information in question.

That person or internal body will have their own "Initiated List," which will include the names of all the entity's internal individuals that have full or partial knowledge of that information. This list will include the date that each person has had knowledge of or access to the Insider Information.

- e) The external receiver's confidentiality obligation will be maintained until the Insider Information becomes public domain through the corresponding communication of relevant events.
- f) The following people and entities will also be required to maintain strict confidentiality:
 - (i) Those individuals external to the Company that are contacted during a preliminary phase and are presented with the general information of a transaction in order to request financing offers or consulting, but that in the end do not participate in the transaction. In this sense, the warning about the insider status of the information will be reiterated when the entity is communicated that it has not been awarded the financing or the consultancy.
 - (ii) External receivers of Insider Information that cease to provide their services to the transmitter before the transaction, event or circumstance in question is concluded, suspended or cancelled.

VI. COMMUNICATION OF RELEVANT INFORMATION

VI.1 Communication of the Relevant Event/Information:

The CNMV will be informed of Relevant Events/Information as soon as there is knowledge of the event, the decision has been made, or the agreement in question has been signed. The communication to the CNMV should occur simultaneously along with the public dissemination of information through any other medium.

Without prejudice to what is established by the applicable laws at any time, the content of the communication will be truthful, clear, complete, and when required by the nature of the information, quantified, in such a way so as not to induce confusion or deceit. The information will be stated in a neutral manner, without judging its value.

When an event or a decision takes place afterwards that involves a significant modification to the Relevant Information that has been communicated, the Company will proceed to immediately disseminate the new communication, clearly identifying that the original communication is modified and in which aspects, when applicable, without entailing under any circumstance the substitution of the original communication with the new one.

The contents of this section will be understood without prejudice to the possibility of requesting the exemption from publicity according to the article 82.4 of the Securities Market Act.

The acts of studying, preparing or negotiating prior to the adoption of a decision and that are considered relevant will be exempt from this communication duty as long as their confidentiality is protected. In particular, the following types of acts could be covered by this exclusion:

- (i) negotiations in course, or circumstances related to them when the result or normal development of those negotiations could be affected by the public dissemination of the information;
- (ii) decisions and contracts adopted by an Indra management body that are necessary for the approval of another body in the Company to be effective, as long as the public dissemination of that decision before it is final, specifying that it is subject to the final approval, could place at risk the market's correct evaluation of the information.

Despite the above, Indra shall immediately disseminate the information in the event that it reasonably understands that it cannot guarantee its confidentiality.

The Relevant Information will also be made public on Indra's web page in the same terms as it was notified to the CNMV. The information available on the web page will be easily accessible, comprehensible, free of charge and direct.

VI.2 Communications to analysts and investors: The Company will adopt the necessary measures in order to avoid providing any Insider Information to analysts, shareholders, investors or the press,

before it is made public to the market in general, through the communication of a Relevant Event/Information.

For this purpose, in the event of meetings with analysts, shareholders, investors or the press, in which Company Insider Information is going to be disseminated, the CNMV will be notified sufficiently in advance, by sending a copy of it to the CNMV. This Information will also be disseminated through Indra's web page, before those meetings commence.

VI.3 The Speaker: Relevant Events/Information will be notified to the CNMV by the Speaker, in accordance with the steps and procedures established at any time by the CNMV, after informing the Chairman of the Board of Directors and the Enforcement Manager. Additionally, the Speaker will be the person responsible for responding effectively and as quickly as possible to all the queries that the CNMV may make regarding the Relevant Events/Information.

VI.4 Records: The Enforcement Manager will keep a record of all the Relevant Events/Information communicated to the CNMV.

VI.5 Tracking news and rumours: The Company will continuously track the news that is published about it in the press, transferring this information to the Enforcement Manager on a daily basis.

In the event of having knowledge of the existence of any rumour in the press about the Company, or the securities and instruments, the department responsible for tracking the news will immediately inform the Enforcement Manager.

The Enforcement Manager will assess the reach and content of these news and rumours, in accordance with the laws in effect at all times and the contents of this Code.

VII. TRANSACTIONS WITH SECURITIES OR INSTRUMENTS.

VII.1 In general, transactions of the Company with treasury stock or Instruments will always be carried out in accordance with the authorisation granted by the General Shareholders' Meeting and not due to any purpose of intervention or falsification in the free process of forming market prices or favouring particular shareholders or investors.

VII.2 Transactions of the Company with treasury stock or Instruments may be for the following reasons:

- a) Ordinary transactions, in order to give liquidity to the Securities or Instruments, minimising temporary imbalances in the listed price.
- b) The execution of plans to buy or transfer ownership of the Securities or Instruments, as well as special transactions that do not respond to the purpose indicated in section a) above.

VII.3 Without prejudice to complying with the legislation regarding the communication of transactions with bought-back stock, the transactions indicated in the above section b) will be communicated to the CNMV as a Relevant Event/Information when they fall into that category due to their volume or uniqueness.

VII.4 The transactions of the Company treasury stock or Instruments will always follow criteria of transparency and neutrality, and will be subject to measures to prevent having their execution be affected by the knowledge of Insider Information.

The Company should entrust the execution of ordinary transactions to stockbroker agencies and securities companies or other members of the market.

VII.5 Indra's Chief Financial Officer will be responsible for:

- a) Executing the plans and unique transactions referred to in the above section VII.2.b).
- b) Supervising the ordinary transactions of Securities referred to in section VII.2.a), periodically informing the Enforcement Manager of this.
- c) Maintaining a daily record of the transactions carried out with bought-back stock, and ensuring that the Company completes in a timely and correct manner the CNMV communications regarding bought-back stock when required by the legislation in effect.
- d) Informing the Enforcement Manager of any incident that arises regarding what is stated in this chapter VII.
- e) Maintaining full confidentiality in regards to the strategy and transactions with bought-back stock.

VII.6 In general and except under special circumstances as observed by the Chief Financial Officer of Indra, after consulting with the Chairman or the Managing Director, or in their absence, with a Corporate General Director, the following criteria will be followed in order to guarantee neutrality in transactions carried out by the Company with bought-back stock:

- a) It will be attempted to stagger transactions of Securities during each session.
- b) The daily volume of transactions will not represent a significant percentage of the average daily Securities contracts that have been observed.
- c) Orders to buy and orders to sell will not be kept open at the same time.
- d) During the periods of bidding prior to the opening and after the closing of the session, care will be taken to avoid setting price trends.
- e) Transactions of bought-back stock will not be carried out with companies belonging to Indra, its directors, significant shareholders or people designated by any of them, unless expressly authorized by the Company's Board of Directors.

f) Trading in Securities should be done on the Computerised Trading System (SIBE) during normal business hours.

VII.7 The above criteria shall not apply to transactions performed by the Company described below, which should be authorised by the Chairman of Indra's Board of Directors, always respecting the criteria of transparency and of non-affectation of Insider Information:

- a) Those that are done on the SIBE using the special system of block contracting.
- b) Those that constitute special stock market transactions.
- c) Those that involve derivative hedging on stock market indexes contracted with Collective Investment Institutions.
- d) Those that result from arbitrage with futures and options on stock market indexes.

VII. 8 In the case of urgent necessity to protect the interests of Indra and its shareholders, the Chairman of the Company's Board of Directors may temporarily agree to apply other criteria that differ from what is included in this chapter VII, informing the CNMV and the Board of Directors to this effect as soon as possible.

VIII. ENFORCEMENT MANAGER FOR THE CODE OF CONDUCT

VIII.1 The Enforcement Manager is the person in charge of the application, interpretation and monitoring the compliance on behalf of the Bound People of the provisions laid down in this Code, and will be the General Secretary of Indra.

In particular, the Enforcement Manager will, fundamentally and without prejudice of the existence of other functions that are included throughout this Code, carry out the following duties:

- a) Promote the awareness and compliance of this Code, as well as interpret the correct application of its rules.
- b) Propose the measures deemed adequate regarding information flows, and promote the establishment and adoption of procedures and measures for this purpose.
- c) Determine who, in accordance with what is established in Chapter III, should be considered Bound People.
- d) Correctly communicate to those affected of their status as Bound Person, informing them of the circumstances and obligations that such a status entails.
- e) Receive communications and information described in this Code from Bound People, and file them in the manner described in this document.
- f) Respond and solve all the consultations made by the People Bound to this Code.

g) Prepare, manage and update the records as assigned by this Code, maintaining a digital copy of them for the eventual supervision by the competent authorities.

h) Verify that the transactions carried out in the market by People Bound and Subject to this Code are not affected by improper access to Insider Information.

i) Assess the possible non-compliances that result regarding the contents of this Code, transferring them to Indra's Chairman and the competent authorities when they constitute an administrative or criminal infraction.

j) Inform the Commission of Appointments, Remunerations and Corporate Management about all the relevant incidents that arise regarding the compliance of this Code. In any case, inform this Commission, at least once a year, about the overall compliance and application of the Code.

k) Perform any other duty assigned according to the provisions laid down by this Code, with the option of assigning other people to collaborate in carrying out the duties.

The Enforcement Manager and his collaborators are obliged to guarantee the strict confidentiality of all the transactions and circumstances they have knowledge of, according to the duties assigned to them by virtue of this Code.

VIII. 2 In order to comply with his duties, the Enforcement Manager may request from any Indra department all the documents, information and collaboration deemed necessary.

IX. ENFORCEMENT AND BREACH.

IX.1 Enforcement: This update to the Code of Conduct will enter into force on January 1, 2010.

Prior to that date, the Enforcement Manager will send it to the Bound People, who should confirm its receipt within a period of 10 days.

IX.2 Breach: For Indra's employees, non-compliance with the provisions of this Code of Conduct will be considered a professional misdemeanour, whose seriousness will be determined by the proceedings followed in accordance with the legislation in force.

The above is without prejudice that non-compliance constitutes an infraction of the Securities Market Act or of its subsidiary legislation, as well as the civil or criminal liability that may incur in any given case by a person who violates this Code of Conduct.