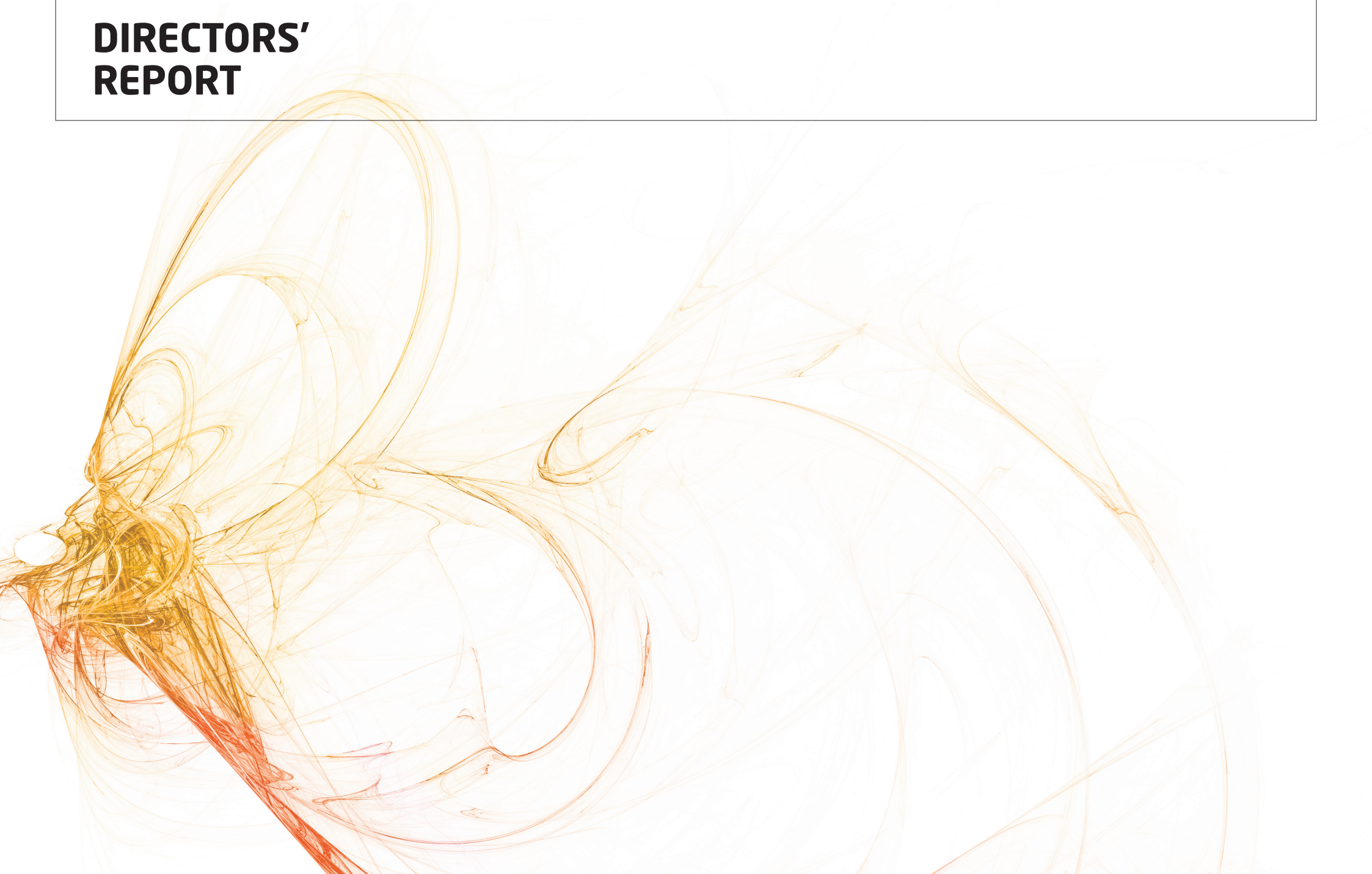


DIRECTORS' REPORT



1) Summary of 2008

2008 was a very positive year for Indra, despite the poorer-than-expected performance of the general and sector-specific economies at the start of the year. The Company reached its targets for 2008, which were increased on two occasions throughout the year:

- Revenues totalled Euros 2,379.6 million, representing 10% growth vs. previous year, at the upper end of the target growth range of 9%-10%.
- Order intake increased by 11% to Euros 2,579.4 million, beating the target of 9%-10% growth.
- Operating profitability improved once again, with an EBIT margin of 11.4% compared with 11.1% in 2007 (excluding extraordinary expenses incurred with the integration of Azertia and Soluziona). This is in line with the target range of 11.3% and 11.5%.
- Net profit amounted to Euros 182.4 million, up 23%. This is fully in line with the target of growing by more than 22%, which was revised upwards at the end of the first half from a range of 18%-22%.

At year end, the main figures compared to 2007 are as follows:

- Order intake increased by 11% to Euros 2,579.4 million (8% higher than revenues), with healthy growth in both the Solutions (+10%) and Services (+11%) business lines.
- Revenues rose 10% yoy to Euros 2,379.6 million. Highlights include:
 - Both the Solutions and Services business grew at 10%.
 - The sound performance of the international market, with a 16% growth. The Spanish market posted a healthy 7% growth.
 - All vertical markets performed well, especially Telecommunications & Media, Financial Services, Public Administrations and Transport & Traffic, with double-digit growth in the international market, and there was a notable improvement in Indra's penetration in large clients.
- Order backlog rose 8% to Euros 2,428.3 million.

This gives us confidence that the revenues target for 2009 will be met.

- Operating income (EBIT) jumped 21% to Euros 270 million
- Operating margin reached 11.4%, well above the level recorded in FY07 (10.3%), also ahead of the FY07 margin adjusted for the integration costs incurred last year in connection with the Azertia and Soluziona acquisitions (11.1%). Attributable profit rose by 23% to Euros 182 million.
- Net profit jumped 23% to Euros 182 million.
- Operating cash flow increased by 23%.

- Net working capital (equivalent to 76 days' revenues) was slightly higher than the figure reported a year ago (73 days'), in line with expectations.

2) Objectives for 2009

Indra will maintain its growth and profitability objectives for 2009, although the general and sector-specific economic climates are expected to be worse than in 2008.

In 2009, international markets will again be the company's chief main driver. Taking into account the international order backlog and the significant commercial opportunities that have arisen over the last two years, Indra expects to continue delivering double-digit growth in both order intake and revenues in its international markets.

With the aim of maintaining profitability levels, the company applied strict cost control and management policies in 2008, reviewing its operating processes to ensure that they are always fully effective. These policies will remain in force in 2009.

Against this backdrop, Indra reiterates its guidance, as reported to the market on January 20th 2009:

- Achieving revenue growth of between 5% and 7%, with higher growth in the international markets.
- Order intake that once again outstrips annual revenues, permitting an increase in the order backlog.
- Maintaining the EBIT margin between 11.3% and 11.5%.

Indra fully expects to meet these objectives whilst maintaining a robust financial position and balance sheet.

Indra will continue to act to strengthen its competitive position, both globally and in the various markets in which it operates.

3) Main Figures

The key figures for the period are as follows:

INDRA	2008 (€ million)	2007 (€ million)	Variation (%)
Order Intake	2,579.4	2,334.2	11
Revenues	2,379.6	2,167.6	10
Backlog	2,428.3	2,241.8	8
Net Operating Profit (EBIT)	270.5	223.8	21
EBIT Margin	11.4%	10.3%*	1.1 p.p.
Attributable profit	182.4	147.8	23
Net cash / (debt) Position	(148.7)	(150.3)	(1.7)

(*) Before integration expenses incurred in 2007 in connection with the Azertia and Soluziona acquisitions, EBIT for that year was Euros 240 million and the EBIT margin was 11.1%, posting a yoy variation of 0.3 p.p.

Earnings per share (according to IFRS)

	2008 (€ million)	2007 (€ million)	Variation (%)
Basic EPS	1.139	0.916	24
Diluted EPS	1.139	0.916	24

Basic EPS is calculated by dividing net profit for the period by the total number of outstanding shares less the weighted treasury shares at the end of the period. Treasury shares and total shares are weighted in accordance with the number of days they have been on the company's balance sheet during the year.

	2008 (€ million)	2007 (€ million)
Total number of shares	164,132,539	164,132,539
Weighted treasury stock	4,031,071	2,695,342
Total shares considered	160,101,468	161,437,197

At December 31st, 2008, the company held 1,770,071 weighted treasury shares. In addition, it indirectly held another 2,261,000 shares as part of its 2005 share option plan, which it has hedged with an equity swap signed with a financial institution, the latter being the direct owner of the shares.

Diluted EPS is the same as basic EPS since the company has not issued convertible shares or any other instrument of this kind.

4) Commercial activity and revenues by segmentss

The following is a breakdown of total 2008 revenues:



a) Solutions

In the Solutions division, the key figures for 2008 and yoy comparisons are as follows:

	2008 (€ million)	2007 (€ million)	Variation (€ million)	Variation %
Order Intake	1,922.0	1,740.0	182.0	10
Revenues	1,750.5	1,595.4	155.1	10
Backlog	2,057.8	1,915.9	142.0	7

Highlights include:

Strong performance by international air traffic management systems, where Indra continues to expand its business. Accordingly, in addition to the contracts with NATS in the UK, and other ventures in Colombia, the Ukraine and Mongolia, various projects in North Africa (most notably the project in Morocco) and Eastern Europe (where it has projects in Lithuania and Bosnia and Herzegovina).

Road traffic system contract wins, with a good performance in intelligent traffic control systems, both in the domestic market and abroad (projects in Ireland, Israel, Colombia, Brazil and Portugal); and railway traffic control and ticketing systems contracts, in areas with strong growth potential such as India, where Indra has won contracts for a number of systems for the Mumbai underground railway.

Border control and Surveillance systems contract wins, with projects in both the domestic and international markets (e.g. integrated border surveillance system for Romania's Black Sea coastal border). Growth in both order intake and revenues remains high in this business area.

Positive performance of proprietary solutions for the Financial Services market (IT systems for the banking industry, both in Spain and Latin America; and core systems for the insurance business; primarily in Spain) and for the Telecommunications market both international (Latin America and Eastern Europe) and domestic.

b) Services

In 2008 commercial activity in the Services segment compared to 2007 was as follows:

	2008 (€ million)	2007 (€ million)	Variation € million	Variation %
Order Intake	657.4	594.2	63.2	11
Revenues	629.1	572.2	56.9	10
Backlog	370.4	326.0	44.5	14

Order intake remained positive, with an increase of 11% yoy, even though 2007 featured the renewal of several multi-year contracts in the Transport and Traffic, Telecommunications, and Defence markets. Growth in the Transport and Traffic and Public Administrations and Healthcare markets was notable.

Revenue growth (10%), driven by demand for application management and maintenance, was also significant. Our customers' interest in cost-cutting projects is driving Indra's services business, especially in the Financial Services segment, and, increasingly, Public Administrations, where there is increasing demand for the outsourcing and service management.

This performance was boosted by the availability of resources at the company's international development centres, mainly in Latin America, which has enhanced Indra's competitive position as a supplier with capacity and presence in this geographical region, ready to offer solutions for multinational projects.

5) Revenues by geographical market: Secondary Segments

The breakdown of revenues by geographical market is as follows:

Revenues	2008 (€ million)		2007 (€ million)		Variation (%)	
	€ million	%	€ million	%	€ million	%
Total revenues	2,379.6	100	2,167.6	100	212.0	10
Domestic	1,567.3	66	1,469.86	68	97.4	7
International	812.3	34	697.75	32	114.5	16
Europe	386.5	16	357.25	16	29.3	8
North America	53.4	2	57.00	3	(3.6)	(6)
Latam	229.3	10	197.29	9	32.0	16
Other	143.1	6	86.21	4	56.8	66

During 2008, the Spanish market posted 7% growth, in line with projections of between 7% and 8%. The international market grew by 16%, beating expectations (+13%-15%).

In Spain, the best-performing areas were Energy and Industry, Public Administrations, Telecommunications and Financial Services, all of which registered double-digit growth. This growth was driven by rising demand for services, supplier concentration processes and, in the Financial Services area, investment in new solutions and services made by leading financial institutions and insurance companies.

Highlights in the international market include:

The performance in Latin America, where Indra has seen revenues jump 16%. This is one of the fast-growing markets in terms of demand for IT services worldwide and Indra is shoring up its position in the region, especially in Mexico, Argentina, Colombia and Chile. The company's ongoing and fruitful efforts to increase its activity in Brazil and Colombia (road traffic control), Costa Rica and Venezuela (energy and industry projects).

Strong growth in other countries, came on the back of its international expansion in Transport and Traffic systems (with air traffic contracts secured recently in Morocco and Kenya), in the Defence and Security business in new regions (e.g. India and Kazakhstan) and in management systems for utilities, with landmark projects in the Middle East and Africa.

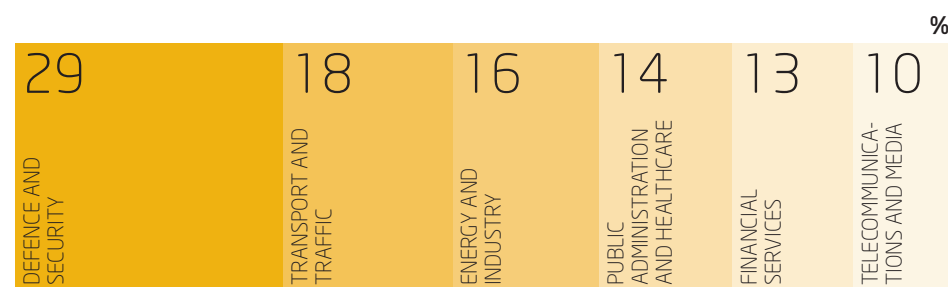
The European markets, where, growth rates have been rising mainly driven by the air traffic management (UK) and Defence and Security businesses (projects in a number of Eastern European countries).

Finally, in the US and Canada, the simulation business for the US Navy and the Transport and Traffic business are still the main areas of activity. While prospects for this market remain upbeat, growth was lower than expected for the full year, due to delays in the awarding of some defence contracts.



6) Commercial activity and sales by sectors

The following is a breakdown of total 2008 revenues::



Order Intake

	2008 (€ million)	2007 (€ million)	Variation € million	Variation %
Order Intake	2,579.4	2,334.2	245.2	11

Order intake in 2008 performed in line with expectations, outstripping revenues by 8%, and increasing by 11% yoy. In other words, it exceeded the company's target of growing between 9% and 10%. Both the Spanish and international markets are performing positively, although the latter is still the main growth driver.

It is worth noting the performance of the following markets:

- Transport and Traffic, especially road traffic control (mainly in Spain and Latin America, as Indra won several contracts in Brazil) and air traffic management (ATM) systems. In the ATM segment, the company fared well abroad (contract wins in the UK, Colombia, the Ukraine, Mongolia, Pakistan, Lithuania and Morocco) and, in the domestic market, with the upgrade of a range of systems for the Spanish airports authority, AENA.
- Energy and Industry, driven mainly by Energy in the domestic market, (where order intake growth was double-digit) and Industry in the international marketplace (again, with double-digit growth in order intake), especially in Latin America and, above all, Mexico.
- Telecommunications and Media, with Latin America contributing substantially to the increase of order intake, although the domestic market is expected to account for an increasing share in 2009.
- Finally, Public Administrations and Healthcare, where growth came primarily in the domestic business, thanks to major projects with the central government to upgrade the Ministry of Justice's systems (e.g. digitalisation of civil registries). In balloting projects, order intake amounted to Euros 31.5 million, similar to the figure obtained the previous year, and higher than projections made early in the year, due mainly to order intake abroad.

Revenues

2008 revenues increased by 10% yoy, at the top end of the growth range estimated early in the year. The breakdown by market is as follows:

Revenues	2008 (€ million)	2007 (€ million)	Variation (€ million)	Variation %
Transport and Traffic	433.5	394.2	39.3	10
Telecom and Media	244.3	214.7	29.6	14
Public Admin. and Healthcare	331.7	296.1	35.5	12
Financial Services	312.4	275.7	36.7	13
Energy and Industry	374.0	353.9	20.2	6
Defence and Security	683.7	633.0	50.7	8
Total	2,379.6	2,167.6	212.0	10

(*) Public Administrations and Healthcare, excluding balloting projects, grew by 13%.

Defence and Security and Transport and Traffic maintained their positive tone throughout the year, posting respectively 8% and 10% total growth, and close to 20% each in the international market, which now accounts for more than 50% of total revenues in Defence and Security and 30% of revenues in Transport and Traffic.

Revenues from the Telecommunications and Media market continued to perform well (double-digit growth), but once again the international market (Latin America and the EU) was the main growth driver in the period.

Financial Services is still one of the company's fastest-growing markets and is expected to continue to do so in 2009, together with the Telecommunications and Media segments. This division posted double-digit growth in 2008, both in the domestic arena (financial and insurance markets) and abroad. This is a result of the sizable investments being made by large Spanish financial institutions, where Indra's penetration is high.

Growth in the Public Administrations and Healthcare market in FY08 was driven by the sound performance in Spain (central government, mainly the Justice and Tax ministries) while the local administrations market saw a significant setback, although this had no material impact on the total Public Administrations division due to the small weighting of this segment.

The balloting business generated revenue of Euros 32.1 million, with a nearly 50/50 split between the domestic and international markets, compared with Euros 30.3 million in 2007.

Lastly, in Energy and Industry, domestic Energy and Latin American Industry were the star performers.

Order backlog

Order intake in FY08 outstripped revenues by 8%, driving an 8% yoy increase in the order book.

	2008 (€ million)	2007 (€ million)	Variation (€ million)	Variation %
Backlog	2,428.3	2,241.8	186.5	8

7) Analysis of the consolidated financial statements

The following should be noted regarding comparison of the 2008 income statement with the preceding year:

- EBIT totalled Euros 270.5 million, up 21%. The operating margin (EBIT/revenues) was 11.4%, vs. 10.3% in FY07 (11.1% if we exclude the Euros 6.5 million one-off expenses incurred last year in connection with the Azertia and Soluziona acquisitions). Indra thereby met its year-end target of achieving an operating margin in the range of 11.3% and 11.5%.
- Net profit rose 23% to Euros 182.4 million. In relation to net profit:
 - Net financial expenses stood at Euros 22.9 million, higher than a year earlier due to a higher average net debt position in 2008 and a higher interest rates.
 - The tax rate was 25.9%, i.e. lower than in 2007 (27.1%), mainly due to the reduction of Spanish corporate income tax from 32.5% to 30% in the year.

With regard to the balance sheet at 31 December 2008, it is important to note the reduction in other financial liabilities due to the transfer of the amount for hedging of the 2005 Option Plan (2,261,000 options at an exercise price of Euros 16.83) to other current liabilities. This plan was hedged for the aforementioned number of shares by means of an Equity-Swap with a financial entity.

Net working capital totalled Euros 498 million, equivalent to 76 days' revenues, i.e. slightly higher than the 73 days' revenues reported at the end of 2007.

Highlights of the 2008 Cash Flow Statement include:

- Operating cash flow of Euros 308.8 million, a Euros 58.6 million yoy increase.
- Investment in working capital of Euros 65.3 million, in line with targets.
- The payment of ordinary dividend for this financial year of Euros 80 million at the beginning of the third quarter.
- Investment in treasury stock amounting to Euros 21.5 million, following the disposal of around Euros 3 million in the fourth quarter, ending the period with treasury stock representing 1.08% of share capital.

Indra's net debt as of December 31st, 2008 totalled Euros 148.7 million, in line with 2007 figure.

8) Human resources

The company had a total workforce at the end of 2008 of 24,806 employees. The increase from 2007 breaks down as follows:

Employees	Variation in Consolidation Perimeter	Ordinary variation	Total variation	Variation (%)
From 31/12/2007	14	1,310	1,324	5.6%

The strongest increase in the workforce took place in Latin America, where the growth rate was 10%, while in Spain the workforce grew by less than 5%, and overall workforce growth in other geographical areas was 7%.

At the end of 2008, 23% of the company's total workforce was employed in the international markets, mainly Latin America (16% of the total).

The average workforce was 24,415 employees, 10.7% more than at the end of 2007. The breakdown is as follows:

Employees	Variation in Consolidation Perimeter	Ordinary variation	Total variation	Variation (%)
From 31/12/2007	316	2,044	2,360	10.7%

9) Research and development activities

Indra has continued to dedicate considerable human and financial resources to developing services and solutions to position it as technological leader in the different sectors and markets in which it operates. The amount earmarked for research, development and innovation activities represents approximately 6.4% of turnover for the year.

10) Main activity-related risks

Indra is exposed to the following main risks:

- Strategic and economic environment risks
- Technological risks
- Risks from management of human capital
- Financial and administrative risks
- IT management risks
- Project management risks
- Equity risks

Indra has prepared a risks map through which risks are managed. Risks are detected and the necessary guidelines and monitoring and control systems are established to prevent risks and minimise their impact. Risk management is described in more detail in the Corporate Governance report.1.

11) Share capital structure (information required by article 116 bis of Spanish securities market law)

a) Share capital structure

At 31 December 2008 the subscribed and fully paid share capital of the Company totals Euros 32,826,507.80, divided into 164,132,539 ordinary shares of Euros 0.20 par value each. Share capital wholly comprises ordinary shares of the same series which consequently confer the same rights and obligations.

b) Any restriction on the transfer of shares

Neither the articles of association or any other internal regulation approved by the Company restrict the transferability of its shares in any way.

c) Significant shareholdings

From the information available to the Company at 31 December 2008, the shareholders with over 3% of capital, excluding holdings on behalf of third parties, are: Caja Madrid (19.78%); Unión Fenosa (18.01%); Casa Grande de Cartagena (5.68%) and Cajastur (5%).

d) Restrictions on voting rights

Voting rights are not subject to any statutory restrictions, although a minimum of 100 shares are required for attendance at the general meeting.

e) Shareholder agreements

No shareholder agreements are known to the Company or have been reported to the Spanish Securities Market Commission.

12) Other information required by article 116 bis of the Spanish Securities market law

a) Rules applicable to the appointment and replacement of members of the board of directors and modification of the Company's articles of association

As established by the Spanish Companies Act and articles of association, board members are designated or re-elected by the shareholders at the general meeting or, as appropriate, by the board of directors in its co-opting capacity as foreseen by article 138 of the Spanish Companies Act, in accordance with the criteria and procedures set out by the board of directors.

Article 22 of the articles of association establishes that board members are appointed for a period of three years.

The Spanish Companies Act and the Company's articles of association stipulate that any amendments to the latter must be made by the shareholders at their annual general meeting, based on the quorum and majority foreseen by the Companies Act.

b) Powers of the members of the board of directors and, in particular, those for issuing or repurchasing shares:

Board members do not hold the powers foreseen in the Civil Code but, in the case of executive directors, are delegated faculties in accordance with article 141 of the Spanish Companies Act. The board has therefore delegated all the powers corresponding to the board of directors collectively to the delegate committee, chairman of the board and managing director, except for those which are non-delegable by law or considered as such by article 5 of the board of directors regulations.

The shareholders at their ordinary general meeting issue authorisations each year for the board of directors to make acquisitions directly or through subsidiaries of the Company's own shares, within 18 months and up to a limit of 5% of share capital, for a set maximum price. This faculty can be exercised by means of the delegated powers mentioned above..

c) Significant agreements entered into by the Company and which are in force, modified or terminated in the event of a change of control over the Company following a public share offering, and their effects, except where disclosure is extremely detrimental to the Company. This exception is not applicable when the Company is legally required to publish this information:

The Company has not entered into any significant agreements which are in force, modified or terminated in the event of a change in control over the Company following a public share offering.

d) Agreements between the Company and its administrators and management or employees for indemnification when these resign or are dismissed unfairly or if working relations are terminated as the result of a public share offering

Senior management labour relations are governed by contracts with the Company. These contracts have been authorised by the board of directors, subject to a favourable report and proposal from the Appointments, Remuneration and Corporate Governance Committee, and by the shareholders at their annual general meeting in 2007. The nature of these contracts is disclosed in the Company's public information. By virtue of these contracts, senior management are entitled to an indemnity equivalent to that established by article 56 of the Workers' Statute, that is, 45 days of their annual salary for every year of service to the Company, up to a limit of 3.5 annual payments, in the event that labour relations with the Company are terminated, except in cases of voluntary redundancy or fair dismissal. A minimum amount of three annual payments is established for the chairman and managing director. The Executive Directors and General Managers of Operations (including the International General Manager) have also signed non-competition agreements, as disclosed at the general meeting of shareholders and publicly. These agreements are effective for two years as of the termination of professional relations with the Company, with compensation of between 0.5 and 0.75 times their annual remuneration for each year of non-competition.

13) Shareholder remuneration

On 8 July 2008 the ordinary dividend of Euros 0.50 gross per share approved by the shareholders at their annual general meeting was paid, totalling Euros 79,772 thousand.

The board will propose to the shareholders at their next general meeting the distribution of a gross ordinary dividend of Euros 0.61 per share, with charge to 2008 profit. This would represent a 22% increase on the ordinary dividend distributed with charge to 2007 profit and a payout of 55%.

14) Annual corporate governance report

Attached to this report, and forming an integral part thereof, is the Annual Corporate Governance Report, pursuant to article 202 of the Companies Act.

15) Own shares

As authorised by the shareholders at their annual general meeting, at 31 December 2008 the Company holds 1,695,924 treasury shares amounting to Euros 26,513 thousand.

At 31 December 2008 the Parent Company indirectly holds 2,261,000 shares amounting to Euros 38,053 thousand in connection with the equity swap contracted with a financial entity to hedge the 2005 Options Plan.

In 2008 the Company acquired 10,469,613 treasury shares on the stock market (3.96% of official volume for the period) and sold 9,017,302 treasury shares (3.33% of official volume for the period)

16) Subsequent events

No significant events have occurred within the Company subsequent to year end.

PUBLIC LIMITED COMPANIES LISTED ON THE STOCK EXCHANGE

Issuer's identification data **Indra**

Closing date of financial year **31/12/2008**

C.I.F. (Fiscal ID. No.) **A- 28599033**

Company name: **Indra Sistemas, S.A.**

ANNUAL CORPORATE GOVERNANCE REPORT FORM FOR PUBLIC LIMITED COMPANIES LISTED ON THE STOCK EXCHANGE

It is necessary to read the guidelines for completion of this form as contained at the end of this report, so as to understand the model better and for subsequent preparation thereof.

A - CAPITAL STRUCTURE

A.1 Please complete the table below about the share capital of the company:

Date of last change	Share Capital (Euros)	Number of Shares	Number of voting rights
14-09-2007	32,826,507.80	164,132,539	164,132,539

Please specify if there are different classes of shares with different rights associated thereto:

Yes ☐ No ☒

A.2 Please detail your company's direct and indirect holders of significant ownership interests at the closing date for the financial year, excluding any board members:

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% over total voting rights
Caja de Ahorros y Monte de Piedad de Madrid	0	32,462,725	19.778
Unión Fenosa, S.A.	29,566,098	0	18.014
Lolland, S.A.	0	9,328,735	5.684
Caja de Ahorros de Asturias	0	8,213,864	5.004

Name or company name of indirect holder of ownership interest	Through: Name or company name of direct holder of ownership interest	Number of direct voting rights (*)	% over total voting rights
Caja de Ahorros y Monte de Piedad de Madrid	Corporación Financiera Caja de Madrid, S.A.	32,450,039	19.771
Caja de Ahorros y Monte de Piedad de Madrid	Medicación y Diagnósticos, S.A.	6,343	0.004
Caja de Ahorros y Monte de Piedad de Madrid	Participacione y Cartera de Inversión, S.L.	6,343	0.004
Lollland S.A.	Casa Grande de Cartagena, S.L.	9,328,735	5.684
Caja de Ahorros de Asturias	Administradora Valtenas, S.L.	1,059	0.001
Caja de Ahorros de Asturias	Cantábrica de Inversiones, S.L.	8,212,805	5.004

Please specify main movements in shareholding structure as occurred in the year:

Name or company name of shareholder	Operation date	Description of operation
Caja de Ahorros y Monte de Piedad de Madrid	17/11/2008	15% of share capital was exceeded

A.3 Please complete the following tables about the members of the Board of Directors of the company who hold voting rights over the shares of the company:

Name or company name of member of the Board	Number of direct voting rights	Number of indirect voting rights (*)	% over total voting rights
Mr. Javier Monzón de Cáceres	129,325	7,872	0.084
Mr. Manuel Soto Serrano	6,343	170,000	0.107
Mediación y Diagnósticos, S.A.	6,343	0	0.004
Mr. Pedro López Jiménez	2,118	0	0.001
Mr. Regino Moranchel Fernández	74,379	0	0.045
Administradora Valtenas, S.L.	1,059	0	0.001
Casa Grande de Cartagena, S.L.	9,329,794	0	5.864
Mr. Honorato López Isla	2,118	0	0.001
Ms. Isabel Aguilera Navarro	5,176	0	0.003
Mr. Joaquín Moya-Angeler Cabrera	7,371	0	0.004
Mr. Luis Lada Díaz	1,059	0	0.001
Ms. Mónica de Oriol Icaza	1,059	0	0.001
Participacione y Cartera de Inversión, S.L.	6,343	0	0.004
Mr. Pedro Ramón y Cajal Agüeras	7,371	0	0.004

Name or company name of indirect holder of ownership interest	Through: Name or company name of direct holder of ownership interest	Number of direct voting rights	% over total number of voting rights
Mr. Javier Monzón de Cáceres	Eva Serrano Pubull	7,872	0.005
Mr. Manuel Soto Serrano	Ace Global, SICAV, S.A.	170,000	0.104

% of voting rights in the possession of the Board of Directors 5.945

Please complete the following tables about the members of the Board of Directors of the company who hold rights over the shares of the company:

Name or company name of member of the Board	Number of direct option rights	Number of indirect option rights	No. of equivalent shares	% over total voting rights
Javier Monzón de Cáceres	534,553	0	534,553	0.325
Regino Moranchel Fernández	348,862	0	348,862	0.213

A.4 If applicable, please specify relationships of a family, commercial, contractual or societary nature as may exist among the holders of significant interests, to the extent that they are known by the company, except if there are of little relevance or they arise from ordinary trade or commercial traffic.

A.5 If applicable, please specify relationships of a commercial, contractual or societary nature as may exist between the holders of significant ownership interests and the company and/or its group, except if there are of little relevance or they arise from ordinary trade or commercial traffic.

A.6 Please specify if the company has been notified of agreements outside the company that may affect the company according to what is set forth in section 112 of the Act on the Securities Market. If so, please describe the aforesaid agreements briefly and list the shareholders bound by the agreement:

Yes ☐ No ☒

Please specify if the company is aware of any existing actions agreed by and among the shareholders thereof. If so, please describe them briefly:

Yes ☐ No ☒

If any amendment to or termination of the aforesaid agreements or agreed actions occurred during the financial year, please specify expressly.

A.7 Please specify if there is any natural person or body corporate that exercises or may exercise control over the company according to section 4 of the Act on the Securities Market. If so, please specify:

Yes ☐ No ☒

A.8 Please complete the following tables about the company's own securities portfolio.

At the year's closing date.

Number of directly held shares	Number of indirectly held shares (*)	Total % over share capital
1,695,924	2,261,000	2.410

(*) Through

Name or company name of direct holder of ownership interest	Number of directly held shares
Equity Swap – Banco Bilbao Vizcaya Argentaria, S.A.	2,261,000
Total	2,261,000

Please detail significant variations, according to Royal Decree 1362/2007, as occurred in the year.

Date of communication	Total direct shares acquired	Total indirect shares acquired	Total % over share capital
29/01/2008	1,650,949	0	1.003
06/05/2008	1,644,958	0	1.004
01/07/2008	1,649,856	0	1.004
15/09/2008	1,667,521	0	1.016
20/10/2008	1,687,240	0	1.027
19/11/2008	1,731,376	0	1.054

Gains/(Loss) on own shares disposed of in the period (thousands of euros)	4,515
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A.9 Please describe in detail conditions and term of current mandate as given by the Assembly to the Board of Directors in order to carry out acquisition or transfer of own shares.

The Ordinary General Meeting of Shareholders, at session held on 26 June 2008, resolved, under item 8 on the agenda and with the favourable vote of 99.74% of the capital present at the aforesaid Assembly:

"To authorize the Board of Directors to carry out derivative acquisitions of the Company's own shares by acquiring them on the Stock exchange, either directly or through subsidiary companies, up to a maximum of shares representing 5% of the share capital, at a maximum price of Euro 30 per share and with no minimum price limit being established. This authority shall be valid for 18 months as from the day of approval thereof and supersedes the previous one as resolved by the General Meeting at session held on 21 June 2007.

The authority includes the power to carry out any transaction concerning futures, options or any other concerning the shares of the Company, provided that commitments undertaken by the Company do not exceed the established limits.

For the purposes of what is established in section 75.1 of the *Ley de Sociedades Anónimas* (Spanish Companies Act), it is specifically stated that the acquired shares may be used to be delivered subsequently to board members, officers and employees of the company, directly or as a result of the exercise of option rights over the shares, as may be held by said board members, officers and employees."

A.10 If applicable, please specify legal and statutory limitations to the exercise of voting rights, as well as any legal limitations to acquisition or transfer of ownership interests in the share capital. Please specify if there are any legal limitations to the exercise of voting rights:

Yes ☐ No ☒

Maximum percentage of voting rights as may be exercised by a shareholder under legal limitations 0

Please specify if there are any statutory limitations to the exercise of voting rights:

Yes ☐ No ☒

Maximum percentage of voting rights as may be exercised by a shareholder under statutory limitations 0

Please specify if there are any legal limitations to acquisition or transfer of ownership interests in the share capital:

Yes ☐ No ☒

A.11 Please specify if the General Meeting has resolved to take measures to counteract any take-over bid for acquisition according to what is established in Act 6/2007:

Yes ☐ No ☒

If so, please explain the approved measures and the terms in which limitations shall become inefficient.

B - COMPANY ADMINISTRATION STRUCTURE

B.1 Board of Directors

B.1.1 Please write down in detail the maximum and minimum number of board members established in the Articles of Association.

Maximum number of board members	16
Minimum number of board members	8

B.1.2 Please complete the following table with details of the board members:

Name or company name of the member	Representative	Position on the Board	Date of 1st appointment	Date of last appointment	Election procedure
Mr. Javier Monzón de Cáceres	-	Chairman	17/12/1992	26/06/2008	Vote at meeting of shareholders
Mr. Manuel Soto Serrano	-	Vice-chairman	22/01/2007	22/01/2007	Vote at meeting of shareholders
Mediación y Diagnósticos, S.A.	Mariano Pérez Claver	Vice-chairman	02/11/2000	26/06/2008	Vote at meeting of shareholders
Mr. Pedro López Jiménez	-	Vice-chairman	05/03/1999	26/06/2008	Vote at meeting of shareholders v
Mr. Regino Moranchel Fernández	-	Chief Executive Officer	04/06/2001	26/06/2008	Vote at meeting of shareholders
Administradora Valtenas, S.L.	Felipe Fernández Fernández	Member	21/06/2007	21/06/2007	Vote at meeting of shareholders
Casa Grande de Cartagena, S.L.	Eusebio Vidal-Ribas Martí	Member	27/06/2005	26/06/2008	Vote at meeting of shareholders
Mr. Honorato López Isla	-	Member	21/06/2007	21/06/2007	Vote at meeting of shareholders
Ms. Isabel Aguilera Navarro	-	Member	21/06/2007	21/06/2007	Vote at meeting of shareholders
Mr. Joaquín Moya-Angeler Cabrera	-	Member	22/01/2007	22/01/2007	Vote at meeting of shareholders
Mr. Luis Lada Díaz	-	Member	05/03/1999	26/06/2008	Vote at meeting of shareholders
Ms. Mónica de Oriol Icaza	-	Member	21/06/2007	21/06/2007	Vote at meeting of shareholders
Participaciones y Cartera de Inversión, S.L.	Estanislao Rodríguez-Ponga y Salamanca	Member	02/11/2000	26/06/2008	Vote at meeting of shareholders
Mr. Pedro Ramon y Cajal Agüeras	-	Member	05/03/1999	26/06/2008	Vote at meeting of shareholders
Ms. Rosa Sugrañes Arimany	-	Member	26/06/2008	26/06/2008	Vote at meeting of shareholders
Total number of board members		15			

Please specify any resignations from the Board of Directors as occurred during the period.

Name or company name of the member	Capacity of member at the time of resignation	Date of leave
Francisco Constans Ros	Independent	26/06/2008

B.1.3 Please complete the following tables about the board members and their different capacities.

EXECUTIVE BOARD MEMBERS

Name or company name of the member	Committee that proposed appointment	Position on the organization chart of the company
Javier Monzón de Cáceres	Appointment, Remuneration and Corporate Governance Committee	Chairman
Regino Moranchel Fernández	Appointment, Remuneration and Corporate Governance Committee	Chief Executive Officer
Total number of executive board members		2
Total % of board		13.333

FULL EXTERNAL MEMBERS

Name or company name of the member	Committee that proposed appointment	Name or company name of significant shareholder represented by the member, or that proposed appointment
Mediación y Diagnósticos, S.A.	Appointment, Remuneration and Corporate Governance Committee	Caja de Ahorros y Monte de Piedad de Madrid
Mr. Pedro López Jiménez	Appointment, Remuneration and Corporate Governance Committee	Unión Fenosa, S.A.
Administradora Valtenas, S.L.	Appointment, Remuneration and Corporate Governance Committee	Caja de Ahorros de Asturias
Casa Grande de Cartagena, S.L.	Appointment, Remuneration and Corporate Governance Committee	Casa Grande de Cartagena, S.L.
Mr. Honorato López Isla	Appointment, Remuneration and Corporate Governance Committee	Unión Fenosa, S.A.
Participaciones y Cartera de Inversión, S.L.	Appointment, Remuneration and Corporate Governance Committee	Caja de Ahorros y Monte de Piedad de Madrid
Total number of full external board members	6	
Total % of board	40.000	

INDEPENDENT EXTERNAL MEMBERS

Name or company name of the member	Profile
Mr. Manuel Soto Serrano	Aged 68 and holder of a University Degree in Business Administration, he was the Chairman of the World Board of Members of Arthur Andersen and one of their international partner-managers. He is Vice-Chairman of Banco de Santander and member of the Board of Corporación Financiera Alba.
Ms. Isabel Aguilera Navarro	Aged 48 and an architect and town planner, holder of a MBA by Instituto de Empresa and PDG by IESE, she has developed her professional trajectory in different information technology companies, such as Olivetti, Compaq, Hewlett Packard, Airtel (Vodafone), Dell (where she was the Chair and first executive office for Spain, Portugal and Italy), NH Hoteles (where she was the Managing Director); and Google Inc., (where she was also the Managing Director of operations for Spain and Portugal up to January 2008). She currently chairs general Electric for Spain and Portugal.
Mr. Joaquín Moya-Angeler Cabrera	Aged 59 and holder of a University Degree in Mathematics and a MBA by the Massachusetts Institute of Technology (MIT), he developed a significant part of his career in IBM, which he joined in 1977; and he held various types of responsible functions concerning operations and control and management in Spain, Europe and Saudi Arabia. He chaired IBM Spain from 1991 to 1994. From 1994 to 1997, he chaired Grupo Leche Pascual, and from 1999 to 2002, Meta4. He currently chairs Corporación Tecnológica de Andalucía and is a member of the board and investor in different European and American companies.
Mr. Luis Lada Díaz	Aged 59 and a Telecommunications Engineer with a long professional trajectory in the Grupo Telefónica, where he has been President of Telefónica Móviles and Telefónica de España. Furthermore, he has been a member of the board and important member of numerous companies and forums related to the Information Technologies industry. He is a consultant for the company TELDAT, S.A., member of the Board of Telefónica ID, S.A.U. and of other companies.
Ms. Mónica de Oriol Icaza	Aged 47 and holder of a PhD in Economic and Business science by the Complutense University of Madrid, and a diploma by the London School of Economics, she has combined her business trajectory with teaching at the Complutense University of Madrid, at the Centro de Estudios Universitarios (CEU) and at Saint Louis University. Since 1989 she has been the main shareholder and founding member of the Grupo Seguriber and she is currently the Single Director of the companies that form the aforesaid Group.
Mr. Pedro Ramón y Cajal Agüeras	Aged 55 and holder of a University Degree in Law and Treasury Counsel on leave of absence, he is highly experience in the exercise of administrative and mercantile law. He was General Assistant Director for Resources at the Ministry of Economy and Public Finances. Since 1994 he is a partner of the firm Ramon y Cajal Abogados. He is also a member .
Ms. Rosa Sugrañes Arimany	Aged 51, holder of a university degree in business administration, founding member and chair 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 member of the board of Transatlantic Bank of Miami (Banco Sabadell Group) and of Grupo Rosa Gres from Barcelona.
Total number of independent board members	7
Total % of board	46,667

OTHER EXTERNAL MEMBERS

Please explain the reasons why they cannot be considered full or independent and their connections with the company or its officers, or with the company shareholders.

Please specify any variations, if applicable, as may have occurred during the period as to each type of member.

B.1.4 If applicable, please explain the reasons why full board members have been appointed at the request of shareholders whose share percentage in the capital is lower than 5%.

Please specify if formal requests have not been met to appoint members to the Board as made by shareholders whose share percentage is equivalent to or higher than that of others at whose request full members have been designated. If this is the case, please explain why said requests were not met:

Yes ☐ No ☒

B.1.5 Please specify if any member of the Board has resigned from the Board before their mandate was completed; if said member explained to the Board the reasons for resignation and how, and if it was in writing and addressed to the whole Board, please explained the reasons given:

Yes ☐ No ☒

B.1.6 Please specify, if any, the powers delegated to the chief executive officer/s.

Name or company name of the member	Brief description
Mr. Javier Monzón de Cáceres	All the powers of the Board, except those that may not be delegated under the Act and those established in Art. 5.3 of the Rules of the Board.
Mr. Regino Moranchel Fernández	All the powers of the Board, except those that may not be delegated under the Act and those established in Art. 5.3 of the Rules of the Board.

B.1.7 Please identify, if applicable, the board members who assume positions as directors or officers in other companies that form part of the listed company.

B.1.8 Please detail, if applicable, the board members of your company who are members of the Board of Directors of other companies listed on official securities markets in Spain - other than your Group companies - and about which the company has been notified.

Name or company name of member of the Board	Name of the listed company	Position
Mr. Javier Monzón de Cáceres	ACS Actividades de Construcción y Servicios, S.A.	Board member
Mr. Manuel Soto Serrano	Cartera Industrial Rea, S.A.	Board member
Mr. Manuel Soto Serrano	Corporación Financiera Alba, S.A.	Board member
Mr. Manuel Soto Serrano	Banco Santander, S.A.	Vice-chairman
Mr. Pedro López Jiménez	ACS Actividades de Construcción y Servicios, S.A.	Board member
Mr. Pedro López Jiménez	Compañía Española de Petróleos, S.A.	Board member
Mr. Pedro López Jiménez	Unión Fenosa, S.A.	Chairman
Mr. Honorato López Isla	Unión Fenosa, S.A.	Vice-chairman Chief Executive Officer
Mr. Pedro Ramon y Cajal Agüeras	Antena 3 de Televisión, S.A.	Board member

B.1.9 Please specify and, if applicable, explain if the company has established rules concerning the number of boards of which the company's board members can form part:

Yes ☐ No ☒

B.1.10 In relation to recommendation number 8 of the Unified Code, please mark the general policies and strategies of the company which the whole Board has reserved to approve:

	Yes
Investment and financing policy	X
Definition of company group structure	X
Corporate governance policy	X
Corporate social responsibility policy	X
Strategic or Business Plan, as well as annual management goals and budget	X
Policy concerning senior officers' remuneration and performance assessment	X
Risk control and management policy, as well as periodic monitoring of internal information and control systems	X
Policy concerning dividends, as well as own securities portfolio policy and, particularly, their limits	X

B.1.11 Please complete the following tables in respect of aggregate remuneration of the board members as accrued during the year.

a) In the company subject-matter of this report.

Remuneration Items	Data in thousands of euros
Fixed remuneration	1,710
Variable remuneration	1,710
Allowances	0
Statutory benefits	2,096
Stock options and/or other financial instruments	0
Other	2,347
Total	7,863

Other benefits	Data in thousands of euros
Advances	0
Granted loans	0
Pension Funds and Plans: contributions	0
Pension Funds and Plan: undertaken obligations	0
Life insurance premiums	0
Guarantees constituted by the company in favour of the board members	0

b) Due to the board members of the company belonging to other board of directors and/or top management of companies within the group.

Remuneration Items	Data in thousands of euros
Fixed remuneration	0
Variable remuneration	0
Allowances	0
Statutory benefits	0
Stock options and/or other financial instruments	0
Other	0
Total	0

Other benefits	Data in thousands of euros
Advances	0
Granted loans	0
Pension Funds and Plans: contributions	0
Pension Funds and Plan: undertaken obligations	0
Life insurance premiums	0
Guarantees constituted by the company in favour of the board members	0

c) Total remuneration by type of member.

Type of member	By company	By group
Executive members	6,046	0
Full external members	802	0
Independent external members	1,015	0
Other external members	0	0
Total	7,863	0

d) In respect of profit attributed to parent company:

Total remuneration of Board members (in thousands of euros)	7,863
Total remuneration of Board members/profit attributed to parent company (in %)	4.3

B.1.12 Please identify top management members who, in turn, are not executive board members, and total remuneration accrued thereto during the year:

Name or company name	Position
Mr. José María Otero González	General manager Assistant to Chief Executive Officer
Mr. Rafael Gallego Carbonell	General manager - Operations
Mr. Joaquín Uguet Carrasquer	General manager - Operations
Mr. Javier de Andrés González	General manager – Corporate Control, Procurement and Logistic Services
Ms. Emma Fernández Alonso	General manager – Talent, Innovation and Strategy
Mr. Javier Plera Serra	General manager - Operations
Mr. Josep María Vila Solanes	General manager Assistant to Chief Executive Officer
Mr. Cristobal Morales Buitrago	General manager - International
Mr. Santiago Roura Lama	General manager - Operations
Mr. Juan Carlos Baena Marín	General manager – Finances and Corporate Development
Mr. Angel Lucio Martín	General manager - Operations
Top Management total remuneration (in thousands of euros)	8,775

B.1.13 Please identify in aggregate form if there are any guarantee or watertight clauses, for dismissal or control change situations, in favour of top management members of the company or its group, including executive board members. Please specify if these agreements must be notified to and/or approved by the bodies of the company or its group.

Number of beneficiaries	13	
	Board of Directors	General Meeting
Company Body that authorizes clauses	No	Yes
Is the General Meeting notified about the clauses?	Yes	

B.1.14 Please explain process to determine remuneration of the members of the Board of Directors and the relevant statutory clauses.

Process to determine remuneration of the members of the Board of Directors and relevant statutory clauses

Pursuant to what is established in article 127 of the Articles of Association, the remuneration of the Board is a fixed amount, the maximum limit of which is determined by the General Meeting of Shareholders, and a share in the company's profit. Furthermore, remuneration may consist of delivery of shares or stock options, upon resolution by the General Meeting in this respect.

The Board of Directors is statutorily authorized to distribute amongst its members global consideration as fixed by the Assembly.

In 2008 the Board thought it was fit to review its remuneration plan, and it passed the relevant proposal on to the Appointment, Remuneration and Corporate Governance Committee; for these purposes, said Committee analyzed market practices, both in Ibex 35 companies comparable to Indra and on other similar international markets. The proposal by the Committee, which the Board assumed as its own and the General Meeting of Shareholders approved at session held in June 2008, was as follows:

- Establishing the remuneration of the Board for a valid three-year term (years 2008, 2009 and 2010), during which period remuneration shall not change, except if specific circumstances make it advisable to change it, which, if applicable, would be submitted to the General Meeting for approval.
- Establishing the fixed amount at a maximum of euro 875,000 per year.
- As for the share in profit, apart from the statutorily established limitations, it was resolved to keep the following additional limitations: (i) its maximum annual amount may not exceed 1.4 times the maximum fixed amount, i.e., Euro 1,225,000; and (ii) 50% of its gross amount shall be received through delivery of shares of the Company.

Pursuant to what was resolved by the Board of Directors, which is statutorily authorized to distribute amongst its members the global consideration determined by the General Meeting, this global consideration is distributed amongst the board members in the following way:

- (i) The fixed amount, at the rate of Euro 32,000 for Board membership; Euro 18,000 for Delegate Committee membership; euro 24,000, for Audit and Compliance Committee membership; and euro 18,000 for Appointment, Remuneration and Corporate Governance membership. The members chairing the aforesaid Committees, except the Delegate Committee, receive an amount equivalent to 1.5 times the amounts mentioned.

- (ii) The share in profit is distributed on an equal basis amongst all the board members, in proportion to the actual time they have held their positions during the year.

The board members have undertaken to keep the ownership of the shares received as remuneration during the time they hold their positions.

The board members have undertaken to keep the ownership of the shares received as remuneration during the time they hold their positions.

The Board has agreed from year to year that, in the event that the growth and profitability objectives for each year, as publicly communicated, are not achieved, it would reconsider the amount of profit share, submitting, if applicable, the relevant proposal to the General Meeting. This has not applied in any of the years following the time when this statutory remuneration was fixed in 1999, since the Company has achieved or exceeded the published objectives each and every year.

The statutory remuneration of the Board as described above is compatible with and independent from the salary received by the executive board members due to their working relationship with the Company.

Please specify if the Board in full has reserved approval of the following decisions.

	Yes
Upon the proposal by the first executive of the company, the appointment and possible removal of top managers, as well as compensation clauses.	X
Remuneration of the board members, as well as, in the case of executive members, additional remuneration for their executive functions, and any other conditions to be observed under their contracts.	X

B.1.15 Please specify if the Board of Directors approves a detailed remuneration policy and the issues on which the Board gives an opinion:

Yes ☒ No ☐

	Yes
Amount of fixed elements, with breakdown, if applicable, of allowances for participating in the Board and Committees thereof and estimate of annual fixed remuneration as applicable.	X
Variable remuneration elements.	X
Main characteristics of welfare system, with estimate of amount thereof or equivalent annual cost.	X
Conditions to be observed under the contracts of the members that hold top management functions as executive members.	X

B.1.16 Please explain if the Board puts to the vote by the General Meeting, as a separate item on the agenda, and for consultation purposes, a report on the policy concerning remuneration of the board members. If so, please explain the aspects of the report related to the remuneration policy approved by the Board for future years, the most significant changes in said policies if compared to the policy applied during the year and a global summary on how the remuneration policy was applied during the year. Please detail the role played by the Remuneration Committee and whether external advice was used and the identity of the external consultants who gave said advice:

Yes ☐ No ☒

Questions considered in the remuneration policy

The Report on the Policy concerning Remuneration of the board members and the top management positions in Indra is prepared by the Board of Directors following a proposal by the Appointment, Remuneration and Corporate Governance Committee, pursuant to what is established in article 29 of the Rules of the Board. Said report on the Remuneration Policy is submitted to the Shareholders' Meeting, with the contents established in recommendation 40 of section F of this report. In 2008, it was thus submitted within the agenda item concerning proposal on remuneration of the Board as detailed in B.1.14 above.

The Report on the Policy concerning Remuneration of the Board members and the Top Management positions in Indra, as submitted to the General Meeting of Shareholders in 2008, considered the following points:

1. Remuneration policy, structure and amounts of remuneration of the board members due to their being members of the Board of Directors.

Detailed description of the elements making up said remuneration, criteria for accrual, and way of payment, with itemized information being provided as to the amount received by each member of the Board and explanation of related remuneration element, with comparison between 2007 and 2008, together with indicators showing what the remuneration of the board members represents in relation to the results of the Company.

For the 2008-2010 period, the Ordinary General Meeting approved new remuneration for the Board, which implied annual average remuneration of approximately Euro 140,000 per member, of which 58,333 relate to the fixed amount, and 81,667 (1.4 times the fixed amount) to the share in profit (50% of the gross amount of this profit share shall continue to be paid in shares of the Company).

Increase as approved means that average remuneration per member in 2010 will have increased at 3.1% annual average rate since 2005.

The Board understands that total average remuneration as approved for the 2008-2010 period is reasonable, if the comparative analysis made is borne in mind, and it is appropriate to the characteristics of the Company, the professional profiles that the Company requires for its board members, and the availability and dedication required for the good performance of the position involved.

Similarly, the new fixed amount meets what is established in the Rules of the Board as to the remuneration of external members being appropriate to their dedication, qualifications and responsibility, but not becoming, in the case of independent members, an obstacle to their independence. It also fulfils the principle that the fixed amount in relation to total remuneration of the board members should be kept moderate, it being taken into account, for distribution thereof, the different types of dedication required by the various Board Committees.

2. Remuneration policy, structure and amounts of remuneration of top managers.

Detailed description of the elements making up said remuneration, criteria for accrual, and way of payment, as well as information as to the global amounts received by top managers as a whole for each related remuneration element, with comparison between 2007 and 2008, with separate breakdown for the top managers who are also members of the Board of Directors. Similarly, indicators will be included, showing what the remuneration of the top managers represents in relation to the results of the Company.

The remuneration policy of the Company in respect of top managers is based on the fundamental criteria of attracting, retaining and motivating these professionals under

the commitment that Indra can achieve its strategic objectives for the year and in the middle term within the more and more competitive and international environment where Indra develops its business.

In 2008, the Board reviewed the remuneration framework for top managers, and for this independent experts were consulted with. To determine the terms and amounts of each element in the new remuneration framework for top managers the following principles were kept: variable remuneration should represent a substantial portion of total remuneration; middle-term remuneration should have a relevant weight; and remuneration referenced to the stock exchange value should be significant, but not excessive.

The resolution by the Board of Directors established a remuneration framework valid for 2008, 2009 and 2010.

Remuneration keeps elements similar to those in place for the previous period: some on an annual basis and some on a multi-annual basis.

The new fixed amounts as resolved imply that fixed remuneration will have increased at 3.6% annual average rate in the 2005-2010 period for the average number of top managers. Similarly, if it is determined that the established objectives have been satisfactorily achieved, 60 of total remuneration for the top managers as a whole would be variable and 40% of said total would be middle-term remuneration.

Both the Appointment, Remuneration and Corporate Governance Committee and the Board of Directors understand that the remuneration framework established for the three-year 2008-2010 period, as well as the remuneration amounts and the variation which they represent in relation to those applied in the 2005-2007 period, are adequate and reasonable, if market practices, the characteristics of the Company and the profiles and circumstances surrounding each top manager are taken into account. Note 37 of the financial statements of the Company for 2008, which are published together with this report, includes detailed and broken down information about the remuneration of the Board of Directors and Top Management.

3. Contractual framework of the working relationship of Top Managers.

Detailed description of conditions as applicable to cases of termination of working relationship on grounds not attributable to top managers, as well as content of non-competition commitments signed between the Company and some of them.

Role played by the Remuneration Committee

Under what is established in article 29 of the Rules of the Board, the remuneration policy report is prepared by the Board of Directors every year, on the basis of proposal submitted by the Appointment, Remuneration and Corporate Governance Committee.

Has external advice been used? Yes

Identification of External Consultants

Corporate Governance Consultants: Mercer, Garrigues Human capital

B.1.17 Please identify, if applicable, the board members who are also members of the Board of Directors, managers or employees of companies holding significant ownership interests in the listed company and/or in companies of its Group:

Name or company name of the member	Company name of significant shareholder	Position
Mr. Pedro López Jiménez	Unión Fenosa, S.A.	Chairman
Mr. Honorato López Isla	Unión Fenosa, S.A.	1st. Vice-chairman and Chief Executive Officer

Please detail, if applicable, relevant relationships other than those in B.1.17 which relate the members of the Board of Directors to significant shareholders and/or companies in the group.

B.1.18 Please specify if the rules of the board were amended during the year:

Yes ☐ No ☒

B.1.19 Please specify the procedures for appointment, re-election, assessment and removal of the board members; the competent bodies, steps to follow and criteria to apply in each procedure.

APPOINTMENT:

As established in Article 21 of the Rules of the Board, the members are designated or ratified by the General Shareholders' Meeting or by the Board pursuant to the provisions contained in the *Ley de Sociedades Anónimas* [Spanish Companies Act] and in the Articles of Association.

Proposal for appointment of the members as submitted by the Board to the General Shareholders' Meeting for consideration, and decisions on interim appointment as taken by said body pursuant to its legally attributed co-opting powers, shall be based on related

proposal by the Appointment, Remuneration and Corporate Governance Committee, in the case of independent board members; and on a report by said Committee in any other cases.

Where the Board does not follow the recommendations expressed by the Appointment, Remuneration and Corporate Governance Committee, the Board shall explain the reasons and state them for the record in the minutes.

Any proposal for appointment shall relate to people of recognized personal and professional reputation, with sufficient capacity to work with dedication and without any interests incompatible with the position involved.

If the member of the board is a body corporate, the suitability criteria applicable to the members shall apply to the natural person representing said body corporate. This natural person shall be personally subject to the duties of confidentiality, loyalty and diligence as established for board members in the Act, the Articles of Association and the Rules of the Board.

The Board and the Appointment, Remuneration and Corporate Governance Committee, within the scope of their respective competences, shall be extremely rigorous in relation to the people proposed for positions as external members.

As established in article 21 of the Rules of the Board, the Board shall propose to the General Meeting that the proposals for appointment of board members be put the vote separately for each member.

This separate voting procedure for each appointment and re-election of board members has been applied at all General Shareholders' Meetings since 2005, where appointment or re-election of board members has taken place.

RE-ELECTION:

As established in Article 21 of the Rules of the Board, the members are re-elected by the General Shareholders' Meeting or by the Board pursuant to the provisions contained in the *Ley de Sociedades Anónimas* [Spanish Companies Act] and in the Articles of Association.

Proposal for re-election of members as submitted by the Board to the General Shareholders' Meeting for consideration, shall be based on related proposal by the Appointment, Remuneration and Corporate Governance Committee, in the case of independent board members; and on a report by said Committee in any other cases.

Where the Board does not follow the recommendations expressed by the Appointment, Remuneration and Corporate Governance Committee, the Board shall explain the reasons and state them for the record in the minutes.

Any proposal for re-election shall relate to people of recognized personal and professional reputation, with sufficient capacity to work with dedication and without any interests incompatible with the position involved.

If the member of the board is a body corporate, the suitability criteria applicable to the members shall apply to the natural person representing said body corporate. This natural person shall be personally subject to the duties of confidentiality, loyalty and diligence as established for board members in the Act, the Articles of Association and the Rules of the Board.

The Board and the Appointment, Remuneration and Corporate Governance Committee, within the scope of their respective competences, shall be extremely rigorous in relation to the people proposed for positions as external members.

As established in article 21 of the Rules of the Board, the Board shall propose to the General Meeting that the proposals for re-election of board members be put the vote separately for each member.

This separate voting procedure for each appointment and re-election of board members has been applied at all General Shareholders' Meetings since 2005, where appointment or re-election of board members has taken place.

ASSESSMENT:

Pursuant to what is established in article 14 of the Rules of the Board, the Board of Directors makes, on an annual basis, an assessment on its proceedings and the quality of its work, as well as in relation to its committees. For these purposes, each of these bodies implements its own assessment and prepares a report on its activities and actions during the year, which is then submitted to the Board.

To carry out the assessment for financial year 2007, the Board did not think it necessary to have external advice again, as it did for 2005, because the Board understands that the participation of external consultants in this process is efficient, in a company with the experience and trajectory of Indra in this matter, if it is implemented from time to time (every two or three years or if new circumstances so advise). So the Board resolved to have the participation of external consultants for the assessment related to 2008 – a process which is taking place while this report is prepared.

Assessment for 2007 was implemented through a formal process to assess multiple aspects related to composition and proceedings of the Board and its Committees, as well as to the efficiency of their actions and the contributions of their members, under the coordination and supervision of the Chair of the Board and that for the Appointment, Remuneration and Corporate Governance Committee, with 72 variables as structured into six separate sections being considered: Structure and Composition of the Board; Board Committees; Proceedings of the Board; Delegate Committee; Audit and Compliance Committee and Appointment, Remuneration and Corporate Governance Committee. These sections were all assessed separately by each member of the board. The views expressed by each member were considered confidential and so was the report prepared on the result of the different assessments and comments from the board members. Said report and its conclusions were submitted by the Chair of the Appointment, Remuneration and Corporate Governance Committee to the Board of Directors at session held on 13 March 2008.

The Board of Directors examined carefully the conclusions contained in said report and issued a positive opinion on the dedication, attendance and availability of the members, the proceedings of the Board and its Committees, and the quality of the work carried out in 2007, while at the same time specific actions were identified within the identified scopes for improvement.

Similarly, article 17 of the Rules of the Board establishes that the Board Committees shall report to the Board of Directors, on an annual basis, in respect of actions carried out in the year, for which the relevant Activity Reports are approved. Following recommendation by the CNMV (Spanish Securities and Exchange Commission) in this respect and as it has been done since 2003, this year the Audit and Compliance Committee Activity Report for 2008 will be published, together with any other information made available to the shareholders on the occasion of notice of meeting of Ordinary General Shareholders' Meeting.

On the other hand, as established in article 11 of the Rules of the Board, the Board must issue annual assessment on the work developed by the Chair of the Board in said capacity and, separately, in the Chair's capacity as first executive, if applicable. If the Chair does not do this, the Vice-Chair as designated from among the independent members shall do it. The Chair shall be absent when said assessment is discussed, and the aforesaid Vice-Chair shall preside the meeting.

In this respect, article 20.4 k) of the Rules of the Board establishes that the Appointment, Remuneration and Corporate Governance Committee shall submit report to the Board of Directors for the purpose of annual assessment on the Chair of the Board in said capacity.

For assessment on the Chairman of the Board in 2008, the duties pertaining to the position were considered and, particularly, the following:

- (i) exercise of the chair of the Board in a form sufficiently differentiated from the exercise of the position of first executive;
- (ii) leadership for the Board to exercise its functions and competences efficiently, ensuring that, on the basis of the right information, the issues established in the Rules and any other relevant questions in the interest of the Company are submitted to the Board for consideration;
- (iii) promoting active participation by the board members, analysis and discussion, to achieve sufficient understanding of the issues discussed and take decisions based on justified criteria;
- (iv) boosting relations with shareholders and investors, as well as information and transparency policies.

On the basis of the assessment implemented in March 2008, the Board issued a remarkably positive unanimous opinion on the Chairman of the Board, as it considered that the Chairman complied at all times with the Rules of the Board and the functions described above.

REMOVAL:

As established in article 24 of the Rules of the Board, the members shall be relieved of their duties where they are removed by the General Meeting, where they submit their resignation to the Company and where the term of their mandate is completed, in accordance with article 145 of the Rules of the Trade Register.

If the Board proposes exceptionally that an independent member be removed before the term of said member's mandate is completed, said proposal shall be accompanied with reasoned justification and the prior report from the Appointment, Remuneration and Corporate Governance Committee. If the member in question does not take any notice of the request made by the Board, the Board shall submit the relevant proposal for removal to the General Meeting.

Article 24 of the Rules of the Board establishes that the Company shall explain in the Annual Corporate Governance Report the reasons for removal of members before the term of their mandates is over.

B.1.20 Please specify the situation in which the board members must resign.

As established in article 24 of the Rules of the Board, the members, independently from the capacity in which they have been appointed, shall hand in their resignation and take formal steps for the purpose where the Board so requests, in the following situations:

- a) Where they are involved in any legally established incompatibility or prohibition situation or situation leading to resignation or removal.
- b) Where they incur in serious breach of their obligations as members or where they have done acts or incurred in omission contrary to the diligence and responsibility they must show in the performance of their duties.
- c) Where if they continue to hold their positions they may place at risk the interests of the Company or affect adversely the credibility or reputation thereof or the way in which the Board proceeds.
- d) Where the reasons why they were appointed disappear.
- e) Where the member in question cannot keep up the necessary dedication to perform its duties efficiently.
- f) Where the shareholder represented by full members sells its whole shareholding percentage or where said shareholder reduces this percentage to a level that requires a drop in the number of full members designated to represent said shareholding interest.
- g) Where procedural, penal or administrative action is taken and it might involve disciplinary proceedings, for serious or severe negligence or misconduct, by the Securities Market supervisory authorities, when said event might seriously affect the credibility and reputation of the Company.
- h) In the case of independent members, where a change occurs in the conditions or circumstances concerning the member in question, which may affect the member's independent status.
- i) In the case of executive members, where they leave, on any grounds, the executive positions to which their appointments as members are related.

The member involved in any of the situations above shall notify the Company as soon as said member is aware.

B.1.12 Please specify if the first executive function in the company is taken by the member holding the chair of the Board of Directors. If so, please explain the measures taken to limit the risk of powers being held by one single person:

Yes ☒ No ☐

Measures to limit risks

Articles 11.6 and 12 of the Rules of the Board establish that a Vice-Chair shall be designated from among the independent members, and said Vice-chair shall be empowered to:

- (i) call meetings of the Board or include new items in the agenda; agenda.
- (ii) call the Board once a year, or include an item in the agenda for a session, in order to assess the work developed by the Chair in this capacity and as first executive of the

Company. The Chair shall leave the meeting while said assessment is discussed, and the meeting shall be chaired by the Vice-Chair;

- (iii) coordinate and process as applicable the concerns as expressed by external members and, particularly, by independent members.

The Chair must call the Board, in accordance with article 14 of the Rules of the Board, if so formally requested by a Vice-Chair or one third of the members in the exercise of their duties. If the Chair is absent, or if the Chair does not answer the aforesaid request, any Vice-Chair may call a meeting of the Board.

Any member of the board may propose issues for discussion by the Board, and request the inclusion of items in the agenda for any meeting as called, in accordance with article 14 of the Rules of the Board.

The Board of Directors designated a Chief Executive Officer, who was vested with the same powers as the Chair of the Board.

The monitoring functions attributed to the Board Committees, as well as the fact that these Committees, except the Delegate Committee, are made up of external members only, the majority of their members, as well as their chairs, being independent (articles 19 and 20 of the Rules of the Board).

Please specify and, if applicable, explain if rules have been established to authorize any independent member of the board to request that a meeting of the Board be called, or that new items be included in the agenda, in order to coordinate and reflect the concerns of external members and to head assessment by the Board of Directors:

Yes ☒ No ☐

Explanation of rules

As explained in the section above, pursuant to the Rules of the Board, any member may propose issues for discussion by the Board, and request the inclusion of items in the agenda for any meeting as called. Furthermore, any Vice-Chair, including the Vice-Chair designated from among the independent members, may request formally that a meeting of the Board is called and, if the Chair is absent, or if the Chair does not answer said request, any Vice-Chair may call a meeting of the Board.

As established in the Rules of the Board, the Vice-Chair of the Board as designated from among the independent members coordinates and voices the concerns of external members and, particularly, of independent members, and is empowered to call a meeting of the Board

once a year or include an item in the agenda for a session, in order to assess the work developed by the Chair in this capacity and as first executive of the Company.

B.1.22 Are there any reinforced majorities, other than the legally established ones, required for any specific decision?

Yes ☐ No ☒

Please explain how resolutions are passed by the Board of Directors, and specify at least minimum quorum of members present and the majorities required for resolutions to be passed:

B.1.23 Please explain if there are any specific requirements, other than those relating to board members, to be appointed chair of the board.

Yes ☐ No ☒

B.1.24 Please specify if the chair has a casting vote:

Yes ☒ No ☐

Matters for which there is a casting vote

All, except for sessions which, according to the Rules of the Board, the Chair must not attend or in which the Chair must abstain.

B.1.25 Please specify if the articles of association or the rules of the board establish any limit as to the age of board members:

Yes ☐ No ☒

Limit to chair's age	Limit to CEO's age	Limit to member's age
0	0	0

B.1.26 Please specify if the articles of association or the rules of the board establish any limit to the mandate given to independent members:

Yes ☐ No ☒

Maximum number of years for mandate	12
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B.1.27 If the number of female members is low or nil, please explain the reasons and the initiatives taken to change this situation.

Please explain, specifically, if the Appointment and Remuneration Committee has established procedures so that selection processes are not implicitly biased in such a way that the selection of female members is hindered, and so that candidates fulfilling the required profile are deliberately sought:

Yes ☒ No ☐

Please specify main procedures

Article 21.3 of the Rules of the Board establishes that any proposal for appointment shall relate to people of recognized personal and professional reputation, with sufficient capacity to work with dedication and without any interests incompatible with the position involved.

Furthermore, article 9 of said Rules says that the Board of Directors and the Appointment, Remuneration and Corporate Governance Committee shall take special care that, when selecting the people that must perform the duties of a member of the board, criteria and policies intended to have both genders on the Board are applied.

To further complete the above, Article 20.4 of the Rules of the Board establishes that the Appointment, Remuneration and Corporate Governance Committee is responsible, inter alia, for ensuring that selection procedures include criteria conducive to both genders sitting on the Board.

Since before 2005 the Board has been particularly careful so that, when new members are to join, particularly independent ones, the Company has a diversity of gender in its governing bodies.

The aforesaid criteria included in the Rules of the Board started to be applied in 2005 when Ms. Isabel Aguilera was appointed independent member. It continued in 2007, with the appointment of Ms. Mónica de Oriol as independent member, and in 2008, with the appointment of Ms. Rosa Sugrañes as independent member in replacement of Mr. Francisco Constans.

The three female board members account for 20% of the total number of members, 23% of the external members (independent plus full), and 43% of independent members, which is the category in respect of which the Board has more capacity to exercise its influence in order to apply policies concerning gender diversity.

In effect, it must be borne in mind that, in the case of executive members, the Chair and the CEO – both men – have been the same throughout this period. As for full members, the Board and the Appointment, Remuneration and Corporate Governance Committee can only recommend shareholders to consider designating women to positions as board members in Indra in representation of their shareholding interest, although this is conditioned to their being women at the first level of their respective organizations, as it is in the interest of the Company that full members belong to said level. It is within the scope of independent members that the Board and the Appointment, Remuneration and Corporate Governance Committee has more capacity to manoeuvre as it can take into consideration a much higher number of potential candidates to the position of member of the board.

B.1.28 Please specify if there are any formal processes to delegate votes to the Board of Directors. If so, please explain briefly.

Apart from those as legally established, article 15.2 of the Rules of the Board establishes that if a member cannot attend a meeting, the member shall try and give its proxy, preferably with voting instructions, unless, in the member's opinion, it is not applicable. Said proxy may be given through e-mail, letter, fax, telegram or any other valid means the forwarding of which can be recorded. Independent members shall try and grant their proxy to another member with the same status.

B.1.29 Please specify the number of meetings held by the Board of Directors during the year, and if any, the number of times that the Board met without the Chair being present.

Number of meetings of the Board	11
Number of meetings of the Board without the Chair being present	2

Please specify the number of meetings held by the different Board committees in the year:

Number of meetings of the executive or delegate committee	11
Number of meetings of the audit committee	8
Number of meetings of the appointment and remuneration committee	10
Number of meetings of the appointment committee	0
Number of meetings of the remuneration committee	0

B.1.30 Please specify the number of meetings held by the Board of Directors during the year when some of its members were present. For the calculation, proxies given without any specific instructions shall be considered non-attendance:

Number of non-attendances of members in the year	0
% of non-attendance over total votes in the year	0.0

B.1.31 Please specify if separate and consolidated financial statements as submitted to the Board for approval are previously certified:

Yes ☒ No ☐

Please specify, if applicable, the person/s who has/have certified the separate and consolidated financial statements of the company, for preparation by the board:

Name	Position
Mr. Regino Moranchel Fernández	Chief Executive Officer
Mr. Juan Carlos Baena Martín	Finances and Corporate Development General Manager

B.1.32 Please explain the mechanisms, if any, as established by the Board of Directors to prevent separate and consolidated financial statements, as prepared by the Board, from being submitted to the General Meeting with a qualified opinion contained in the audit report.

Article 42.2 of the Rules of the Board establishes that the Board of Directors must prepare the financial statements in such a way that there is no cause for qualified opinions by the auditor, and the obligation of explaining the content and extent of any differences to the shareholders if there is an unqualified opinion.

On the other hand, the Audit and Compliance Committee carries out comprehensive and detailed monitoring of the preparation of financial statements and of the audit process right from initial planning, holding for the purpose the necessary meetings and conversations with the audit firm and obtaining, if applicable, specific reports from the audit firm in relation to main aspects and the development and degree of advance of the audit process. It also evaluates the responses from the management team to recommendations by external auditors and intermediaries in the case of differences between the former and the latter in respect of the principles and criteria applicable to the preparation of the financial statements.

Before the financial statements are prepared by the Board, the Audit and Compliance Committee issues a report or recommendation to the Board in this respect, where one of the

main factors taken into account is to express overtly the aspects that might lead, as the case might be, to qualified opinions in Indra's audit report, making any relevant recommendations so that there is no qualified opinion.

B.1.33 Is the secretary of the board a director?

Yes ☐ No ☒

B.1.34 Please explain procedures for appointment and removal of the Secretary of the Board, specifying if said appointment and removal are based on report by the Appointment Committee and approved by the Board in full.

Appointment and removal procedure

Article 13 of the Rules of the Board establishes that appointment, remuneration and removal of the Secretary shall be approved by the Board, upon report by the Appointment, Remuneration and Corporate Governance Committee. Furthermore, as established in article 20 of said Rules, one of the duties of the Appointment, Remuneration and Corporate Governance Committee is to issue report on proposals for appointment or removal of the Secretary and the Vice-Secretary of the Board.

The duties of Secretary and lawyer-advisor to the Board shall be exercised by the person designated by the Board. To be the Secretary of the Board it is not necessary to be a director. When the Secretary is also the lawyer-advisor, a law professional of proven prestige and experience shall be designated.

	Yes
Does the Appointment Committee issue report on appointment?	X
Does the Appointment Committee issue report on removal?	X
Is the appointment approved by the Board in full?	X
Is the removal approved by the Board in full?	X

Is it the duty of the Secretary of the Board to take care specially of the recommendation on good governance?

Yes ☒ No ☐

Observations

Pursuant to article 13.3 of the Rules of the Board, the Secretary of the Board shall take care that actions and resolutions by the Board and its Committees are materially and formally legal, as well as that governance rules and procedures thereof are observed.

B.1.35 Please specify the mechanisms, if any, as established by the company to ensure the independence of the auditor, the financial analysts, the investment banks and the rating agencies.

Article 19.4 (f) of the Rules of the Board establishes that one of the duties of the Audit and Compliance Committee is to establish measures to safeguard the independence of the external auditor and, for the purpose:

- (i) to propose to the Board communication as a relevant fact on change of auditor, together with statement about existing differences with the outgoing auditor and, if applicable, the contents thereof;
- (ii) to ensure that the Company and the auditor observe the regulations in force concerning provision of services other than audit services;
- (iii) if the external auditor resigns, to examine the circumstances leading to said resignation.

Furthermore, article 42 of the Rules of the Board establishes measures to ensure the auditor's independence, mentioning expressly that:

- The Board shall refrain from commissioning the audit of financial statements from firms in respect of which the fees that the Board plans to pay for all items account for over 10% of total income thereof in the last financial year.
- The Board shall publish, with the frequency and the content as established each time by the applicable regulations, the fees that the Company has paid the audit firm for services other than audit services.
- The professional responsible for the audit and the external audit team members shall rotate from time to time, as legally established and in accordance with the criteria that, as the case may be, the Board may determine following proposal by the Audit and Compliance Committee.

B.1.36 Please specify if the Company changed the external auditor in the year. If so, please identify the incoming and the outgoing auditors:

Yes ☐ No ☒

Outgoing auditor

Incoming auditor

If there were any differences with the outgoing auditor, please explain content thereof:

Yes ☐ No ☒

B.1.37 Please specify if the audit firm does any other jobs for the company and/or its group other than audit services and, if so, the fees paid for said jobs and the percentage over the fees billed to the company and/or its group:

Yes ☒ No ☐

	Company	Group	Total
Amount for services other than audit services (thousands of euros)	89	0	89
Amount for services other than audit services/ total amount billed by the audit firm (%)	9.0	0.0	9.0

B.1.38 Please specify if the audit report for the financial statements of the preceding year contains a qualified opinion or reservations. If so, please explain reasons given by the Chair of the Audit Committee to explain the content and extent of said qualified opinion or reservations.

Yes ☐ No ☒

B.1.39 Please write down the number of years that the current audit firm has been auditing the financial statements of the company and/or its group. Furthermore, please specify the percentage represented by the number of years audited by the current audit firm over the total number of years that the financial statements have been audited:

	Company	Group
Number of uninterrupted years	17	17

	Company	Group
Number of years audited by the current audit firm/number of years that the company has been audited (%)	94.0	94.0

B.1.40 Please write down shareholding percentage held by the members of the Board of Directors of the company in the capital of companies with the same, similar or additional type of activity as the authorized activity of the company and its group, and which the company has been notified of. Furthermore, please write down the positions or duties held by the members in question in said companies:

Name or company name of board member	Name of the target company	Shareholding %	Position or duties
Mr. Javier Monzón de Cáceres	ACS Servicios y Concesiones, S.L.	0.000	Board member
	Lagardere SCA (Francia)	0.000	Supervisory board member
	Banco Inversis, S.A.	0.000	Representative natural person of the board Indra Sistemas, s.A.
	YPF, S.A.	0.000	Permanent director
	ACS, Actividades de Construcción y Servicios, S.A.	0.001	Board member
Mr. Manuel Soto Serrano	Cartera Industrial Rea, S.A.	3.272	Board member
	Inversiones Inmobiliarias Lar, S.A.	0.200	Board member
	Mercapital, S.A.	0.000	Chairman of advisory board
	Banco Santander, S.A.	0.000	4th Vice-chairmanpresidente of the board of directors
	Corporación Financiera Alba, S.A.	0.064	Board member
Mr. Pedro López Jiménez	ACS Servicios y Concesiones, S.L.	0.000	Board member
	Grupo Terratest	45.000	Chairman (Through Fapindus, s.L.)
	Dragados, S.A.	0.000	Vice-chairman
	Compañía Española de Petróleos, S.A.	0.000	Board member
	ACS Actividades de Construcción y Servicios, S.A.	0.615	Board member
	Unión Fenosa, S.A.	0.098	Chairman of the board of directors

Name or company name of board member	Name of the target company	Shareholding %	Position or duties
Mr. Honorato López Isla	R Cable Y Telecomunicaciones Galicia, S.A.	0.000	Chairman of the board of directors in representation of shareholder unión fenosa, s.A.
	Fundación Centro Tecnológico de Eficiencia y Sostenibilidad Energética	0.000	Employer
Mr. Joaquín Moya-Angeler Cabrera	Redsa, Sa.	50.000	Chairman of the board of directors
	Scitum	3.900	Board member
	Pulsar Technologies	32.000	Chairman of the board of directors
	Bety Byte, S.L.	22.000	Vice-chairman of the board of directors
	Hildebrando (México)	2.920	Chairman of the board of directors
	Prezenzia.Net	85.000	Chairman of the board of directors
Mr. Luis Lada Díaz	Ribafuerte, S.L.	0.000	Administrator / general manager (activity for own account)
	Ydilo, Avs, S.A.	0.000	Board member
	Telefónica Id, S.A.U.	0.000	Board member
	Teldat, S.A.	0.000	Advisor
Ms. Mónica de Oriol Icaza	Alartec Entidad de Televisión, S.L.U.	41.850	Single director
	Seguriber, S.L.U.	41.850	Single director
Participaciones y Cartera de Inversión, S.L.	Eurobits Technologies, S.L.	0.000	Board member
Mr. Pedro Ramon y Cajal Agüeras	Antena 3 de Televisión, S.A.	0.000	Board member and vice-chairman of the audit & control committee

B.1.41 Please specify and, if the answer is positive, explain if there is a procedure for board members to have external advice:

Yes ☐ No ☐

Explanation of procedure

Article 27 of the Rules of the Board establishes that, in order to have appropriate information and advice in the exercise of their duties, the board members may ask the Company to engage legal, accounting or financial advisors, or any other experts.

Said engagement shall focus necessarily on specific, relevant and complex problems as may arise in the performance of the duties of a board member.

The Chair shall be notified of the decision to engage external advice and the Board may veto said decision if the following is proved:

- (i) that the Board does not require any external advice for the performance of the duties placed with external members;
- (ii) that the related cost is not reasonable in view of the amount thereof or the importance of the problem; or
- (iii) that the assistance or advice required can be appropriately given by the Company's experts and technical personnel.

Furthermore, article 28 of the Rules of the Board establishes that the Board may designate permanent advisors, on an individual basis or as member of an Advisory Board.

Where so required by the nature of a specific matter, the Chair, at its own discretion or upon the request made by a Vice-Chair or one third of the board members, shall require the presence of the Advisory Board at the relevant meetings of the Board of Directors or its Committees. In the latter case, also at the discretion or upon the request of the person chairing the Committee in question.

B.1.42 Please specify and, if the answer is positive, explain if there is a procedure for the board members to have the information needed to prepare the meetings of the administration bodies sufficiently in advance:

Yes ☒ No ☐

Explanation of procedure

Article 14 of the Rules of the Board establishes that the Board shall prepare an annual schedule of ordinary meetings and shall approve a formal list of the issues to discuss thereat, and that the notice of meeting shall always include the agenda for the meeting and shall be accompanied by any relevant information on the issues to discuss, and the notice of meeting shall be sent, except in an urgent situation, no later than the third day prior to the date of the meeting. In accordance with article 11 of the Rules of the Board, the Chair of the Board takes

care that the board members receive sufficiently in advance of any meeting of the Board appropriate information on the issues to discuss thereat.

On the other hand, article 26 of the Rules of the Board establishes that any board member has the widest authority to get information on any aspect related to the Company, to examine the books, records, documents and any other background details concerning the operations of the company, and to inspect all the Company's facilities.

Additionally, article 30 of the Rules of the Board establishes that any board member must obtain diligently information about the position and evolution of the Company, and prepare the meetings of the Board and of the Committees to which they belong.

B.1.43 Please specify and, if the answer is positive, explain if the company has established rules whereby the board members must provide information and, if applicable, resign in situations that may damage the credibility and reputation of the company:

Yes ☒ No ☐

Explanation of rules

Article 24 of the Rules of the Board establishes that any board member that incurs in any of the situations established in said article must inform the Company as soon as he is aware. Some situations, inter alia, are the following: (i) where the member's continuance in its position may place the Company's interests at risk or affect adversely the credibility or reputation of the Company, or the proceedings of the Board; or (ii) where procedural, penal or administrative action is taken and it might involve disciplinary proceedings, for serious or severe negligence or misconduct, by the Securities Market supervisory authorities, when said event might seriously affect the credibility and reputation of the Company.

B.1.44 Please specify if any member of the Board of Directors has notified the Company that they have been tried or that order to initiate trial with witnesses has been ruled against them, on the grounds of any offences established in section 124 of the *Ley de Sociedades Anónimas* [Spanish Companies Act]:

Yes ☐ No ☒

Please explain if the Board of Directors has examined the case. If the answer is positive, please explain and give reasons about the decision taken on whether it is convenient that the board member in question continues in its position or not:

Yes ☐ No ☒

Decision taken	Reasoned explanation
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B.2 Board of Directors' Committees

B.2.1 Please provide details of all committees of the Board of Directors and their membership:

EXECUTIVE OR DELEGATE COMMITTEE

Name	Position held	Category
Javier Monzón de Cáceres	Chairman	Executive
Honorato López Isla	Member	Domanial
Isabel Aguilera Navarro	Member	Independent
Joaquín Moya-Angeler Cabrera	Member	Independent
Mediación y Diagnósticos, S.A.	Member	Domanial
Pedro Ramón y Cajal Agüeras	Member	Independent
Regino Moranchel Fernández	Member	Executive
Rosa Sugrañes Arimany	Member	Independent

AUDIT COMMITTEE

Name	Position held	Category
Manuel Soto Serrano	Chairman	Independent
Honorato López Isla	Member	Domanial
Isabel Aguilera Navarro	Member	Independent
Mónica de Oriol Icaza	Member	Independent
Participaciones y Cartera de Inversiones, S.L.	Member	Domanial

APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE

Name	Position held	Category
Joaquín Moya-Angeler Cabrera	Chairman	Independent
Luis Lada Díaz	Member	Independent
Mediación y Diagnósticos, S.A.	Member	Domanial
Mónica de Oriol Icaza	Member	Independent
Pedro López Jiménez	Member	Domanial

B.2.2 Please indicate whether the Audit Committee assumes the following functions:

	Yes
Supervise the process of preparation and the integrity of the financial information relating to the Company and, where appropriate, to the Group, reviewing compliance with regulatory requirements, the proper delimitation of the consolidation scope, and the correct application of accounting principles.	X
Periodically review the internal control and risk management systems, to ensure that the main risks are properly identified, managed and made known.	X
Ensure that the internal audit service is both independent and efficient; propose the selection, appointment, re-election and dismissal of the head of the internal audit service; propose the budget for such service; receive periodic information regarding its activities; and check that senior management takes into consideration the conclusions and recommendations contained in its reports.	X
Establish and supervise a mechanism whereby the employees can communicate confidentially, and anonymously when appropriate, potentially significant irregularities which they detect within the Company, especially those of a financial or accounting nature.	X
Submit to the Board proposals for the selection, appointment, re-election and replacement of the external auditor, as well as the contractual terms under which this auditor should be hired.	X
Regularly receive from the external auditor information regarding the audit plan and the results of its implementation, and check that senior management takes its recommendations into account.	X
Ensure that the external auditor is independent.	X
In the case of corporate groups, favour the assuming by the group auditor of responsibility for the audits of the group companies.	X

B.2.3. Please describe the organisational and operational rules and areas of responsibility assigned to each Board committee.

Committee name

Appointments, Remuneration and Corporate Governance Committee.

Brief description

In accordance with Article 20 of the Board Regulations, this Committee is made up of 5 directors, all external, the majority (3) of which are independent.

This Committee is required to be chaired by an independent director. When the Chairman is absent, meetings are to be chaired by the independent director named by the Committee for this purpose. In any event, the Chairman of the Board – if executive – or the Managing Director are to be consulted and called to meetings of the Committee which are to deliberate upon issues relating to Senior Management personnel other than themselves.

Without prejudice to such other tasks as may be assigned to it by the Board or its Regulations, the powers of the Appointments, Remuneration and Corporate Governance Committee are as follows:

- a) To report on the composition of the Board of Directors, subsequent board membership profiles required, and the criteria to be applied in the selection of members. The Committee is responsible for verifying that the selection procedures applied include criteria favourable to gender diversity in the composition of the Board.
- b) Assess the extent to which the knowledge, skills and experience of proposed candidates for membership of the Board and of its various Committees conform to the required profiles, and verify compliance with applicable requirements considering the category of board membership position in question.
The Committee is required to consider possible candidacies for vacancies on the Board suggested by other Board members.
- c) Present to the Board, prior to the re-election of directors, a report on the performance of their directorship duties to date.
- d) Check annually that the category of board membership position to which each director is appointed remains correct; this information is required to be included in the Annual Corporate Governance Report.
- e) Report to the Board on the process of succession to the Chairmanship and to the position of chief executive officer, and supervise plans for successions to Senior Management positions.
- f) Report on proposals for the appointment or dismissal of the Secretary and Vice-secretary of the Board.

g) Present to the Board proposals regarding the system for the remuneration of board members, the composition of such remuneration and amounts, within the limits established in the Articles of Association and by resolutions of the General Meeting. The Committee is also required to report on the remuneration of the Secretary if this is a non-voting position.

h) Report to the Board on proposals for appointments and dismissals of Company Senior Management personnel, and report – prior to approval by the Board – on the remunerative conditions of such personnel and the terms and conditions of their employment contracts with the Company, including clauses envisaging compensation for termination of the employment relationship.

i) Present to the Board an annual assessment evaluating the performance by Senior Management personnel of their duties, including the Chairman if the chairmanship is an executive position.

j) Propose the annual report on remuneration policy to be presented by the Board to the General Meeting – prior to its issue by the Board – in accordance with Article 30 of the Regulations, as well as the information with respect to remuneration which is made public by the Company.

k) Present a report to the Board of Directors for the purposes of the annual assessment of the Chairman of the Board.

l) Report to the Board of Directors – prior to approval by the Board – on related-party transactions with directors, with significant shareholders or parties represented on the Board, with Senior Management personnel or with persons related to any of the above.

m) Make period evaluations of the extent to which the Company's rules, procedures and practices with respect to Corporate Governance conform to national and international rules, recommendations and best practice in this area.

n) Evaluate annually the efficacy of, and compliance with, the Company's Corporate Governance rules and procedures, and review periodically the information in this connection which the Board of Directors is required to approve and include in its annual public report.

o) Propose to the Board amendments to the Company's Corporate Governance rules, explaining why it considers such amendments to be advisable.

p) Report to the Board of Directors – prior to approval by the Board – on the information which the Company discloses publicly in relation to those matters falling within its area of competence.

q) Consider suggestions on issues falling within its area of competence made to it by shareholders, directors or Senior Management personnel of the Company.

Committee name

Executive Or Delegate Committee

Brief description

The Delegate Committee has 8 members (Article 18 of the Board Regulations states that the number of directors is to be established in each case by the Board, the minimum number being 4 and the maximum being 9), and is required to be chaired by the Chairman of the Board or, if the Board Chairman is not a Committee member, by the Managing Director.

The composition of the Delegate Committee in qualitative terms is required to reflect to a reasonable extent the composition of the Board and the proportions established within the Board between directors of the different categories.

The appointment of members of the Delegate Committee and the permanent delegation of powers to such Committee by the Board requires the vote in favour of at least two thirds of Board Members. Such delegated powers may include all the powers of the Board except for those which cannot, by Law or by virtue of the Articles of Association and Article 5 of the Board Regulations, be delegated.

Article 5 of the Board Regulations stipulates that the Board cannot delegate those powers which are required by law or by the Articles of Association to be exercised directly by the Board itself. Neither can the Board delegate those powers necessary for the responsible exercising of its general supervisory function, such as the approval of:

- a) The Company's general strategies and, where appropriate, specific strategic plans, and annual targets and budgets.
- b) The general policy with respect to risk management and the definition of suitable control and reporting systems.
- c) The policy with respect to financing, treasury stock and shareholder returns.
- d) The corporate structure, including all the various activities in which the Company engages.
- e) Operations involving the acquisition and disposal of Company assets and corporate transactions of amounts in excess of EUR 30 million.
- f) Related-party transactions, in accordance with pertinent legal provisions and the stipulations of these Regulations.
- g) The creation or acquisition of stakeholdings in special purposes entities or entities domiciled in countries or territories classed as tax havens, and any other similar transactions which could prove detrimental to the Group's transparency.
- h) Operations which have an effect equivalent to the winding up of the Company.

i) The conversion of the Company into a mere holding company, through the subsidiarisation of its businesses and activities.

j) The policy for reporting to and communications with shareholders, markets, and public opinion in general, and in particular:

- i) the preparation and approval of the information which the Company issues publicly on an annual basis together with the Financial Statements which are submitted to the General Meeting for approval; and
- ii) the approval of the financial information which the Company is required to make public periodically in accordance with current legislation.

k) Proposals regarding directors' remuneration and the determination of the resulting amounts, in accordance with the pertinent provisions of the Articles of Association and resolutions of the General Meeting.

l) The appointment, terms of contract – including indemnification clauses in particular – remuneration, dismissal, and control of the management performance of Senior Management personnel.

m) General Corporate Responsibility policies.

n) Corporate Governance policies and the rules governing the internal functioning of the Board and its Committees, and the evaluation of the quality and efficacy of such functioning and the work of the Board and its Committees.

o) And all other matters specifically envisaged in the Board Regulations.

The resolutions passed by the Committee in the performance of its functions are to be submitted to the Board in plenary session for ratification whenever the chairman or a third of members of the Delegate Committee consider such measure to be advisable in view of the importance of the issue in question. The same rule shall apply in relation to matters which the Board has referred to the Delegate Committee to be studied yet reserving for itself final decision-making authority.

In all other cases, the resolutions passed by the Delegate Committee shall be valid and binding without any need for subsequent ratification by the Board in plenary session.

Committee name

Audit Committee

Brief description

The Audit Committee in 2008, in accordance with the Articles of Association and Board Regulations, has been made up of 5 directors, all of whom are external, 3 of these being independent directors.

The Chairman of the Committee is required to be an independent director who must be replaced at least once every four years, with the possibility of re-election once one year has elapsed from the date of his/her/its dismissal. Special consideration is to be given in the appointment of Chairman to the candidate's knowledge, skills and experience in the areas involved in the functions of this Committee.

If the Chairman is absent, the meeting is to be chaired by such independent director as may be named for this purpose by the Committee, or otherwise by a director named by the Committee.

The responsibilities of the Committee are regulated by Article 30 of the Articles of Association and Article 19 of the Board Regulations and are as follows:

- a) Report to the General Shareholders' Meeting on points raised by the shareholders regarding matters which fall within the Committee's area of competence.
- b) Submit to the Board of Directors the proposal for the appointment of the external auditor and related contractual terms, the scope of the mandate and, where appropriate, revocation or non-renewal of appointment.
- c) Liaise directly with the external auditor, and evaluate the development and results of its work, paying special attention to any issues which might pose a threat to its independence and any other issues related to the execution of the financial audit process, and maintain all other communications required by audit legislation and technical audit rules.
- d) Supervise the functioning of the Company's internal audit area.
- e) Know the workings of the financial reporting process and internal control systems and verify their adequacy and integrity.
- f) Supervise the process of preparation and the integrity of the financial information relating to the Company and, where appropriate, to the consolidated Group, reviewing compliance with regulatory requirements, the proper delimitation of the consolidation scope, and the correct application of accounting principles.
- g) Serve as a channel of communication between the Board and the external auditor, from whom it is to receive regular information on the audit plan and the results of its implementation. It is also to evaluate the management team's responses to the external auditor's recommendations and arbitrate in the event of any discrepancies between the external auditor and the management team in relation to the principles and standards applicable in the preparation of financial statements. The Committee must favour the assuming by the auditor of the group's controlling company of responsibility for the audits of all the group companies.
- h) Report to the Board - prior to adoption by it of the corresponding decisions – on the creation or acquisition of conduit companies or companies domiciled in tax havens, and on any other transaction or operation that could jeopardise the Company's transparency.
- i) Review issue brochures.
- j) Report to the Board - prior to adoption by it of the corresponding decisions – , regarding the financial information which the Company, as a listed entity, is required to publish periodically. The Committee must ensure that the quarterly and six-monthly accounting statements are drawn up using the same accounting standards as in the annual statements.
- k) Establish measures to safeguard the independence of the external auditor and, to that effect:
 - i) propose to Board the communication as a significant event of the change of auditor, accompanying such communication with a declaration of the existence of disputes with the outgoing auditor, the content of which is to be described where appropriate;
 - ii) ensure that both the Company and auditor respect the current rules regarding the provision of services other than audit services, in accordance with the provisions of article 43 of these Regulations, and;
 - iii) in the event of resignation of the external auditor, examine the circumstances that led to such resignation.
- l) Oversee the performance of the audit contract, endeavouring to ensure that the opinion on the financial statements and main content of the audit report are written up in clear and precise terms.
- m) Periodically review the Company's internal control and risk management systems.
- n) Ensure that the internal audit service is both independent and efficient; propose the selection, appointment, re-election and dismissal of the head of the internal audit service; propose the budget for such service; receive periodic information regarding its activities; and check that senior management takes into consideration the conclusions and recommendations contained in its reports.
- o) Establish and supervise a mechanism whereby employees can communicate confidentially any potentially significant irregularities which they detect in the functioning of the Company, especially those of a financial or accounting nature.
- p) Consider suggestions put to it by shareholders, directors and Senior Management personnel of the Company on matters falling within its area of competence.
- q) Exercise all other functions attributed to it by the Board Regulations or by the Board of Directors.

B.2.4. Please indicate the advisory and consulting functions and any delegated powers corresponding to each of the committees.

Committee name	Brief description
Appointments, Remuneration and Corporate Governance Committee	The function of this committee is primarily to advise and make proposals to the Board of Directors, and to the General Shareholders' Meeting where appropriate, in respect of the issues falling within its area of responsibility, as listed in section B.2.3. above.
Executive or Delegate Committee	All powers of the Board of Directors are permanently delegated to this Committee, except for those which are reserved by law or by the Articles of Association for the Board and those envisaged in Article 5 of the Board Regulations, the Committee being able to adopt executive resolutions in the exercising of such delegated powers. These powers are listed in detail in section B.2.3. above.
Audit Committee	The function of this committee is primarily to advise and make proposals to the Board of Directors, and to the General Shareholders' Meeting where appropriate, in respect of issues falling within its area of responsibility, as listed in section B.2.3. above.

B.2.5. Please indicate, where applicable, the existence of regulations of the Board committees, the place where such regulations may be consulted, and any amendments made to them during the year. Please also state whether any annual report on the activities performed by each committee has been voluntarily prepared.

Committee name	Brief description
Appointments, Remuneration and Corporate Governance Committee	<p>The composition, organisation and areas of competence of the Appointments, Remuneration and Corporate Governance Committee are regulated by the Articles of Association and by the Board Regulations, which are permanently available for consultation on the Company's web site (www.indra.es) and on the web site of the National Securities Market Commission.</p> <p>No amendments have been made to the regulations governing this committee during 2008.</p> <p>This Committee, like the other committees, prepares each year a report detailing its activities and action taken during the year, as envisaged in the Board Regulations. This report is submitted to the Board for the purposes of its annual evaluation of its own operation and the quality of its work and the operation and quality of work of its committees.</p>
Executive or Delegate Committee	<p>The composition, organisation and areas of competence of the Delegate Committee are regulated by the Articles of Association and by the Board Regulations, which are permanently available for consultation on the Company's web site (www.indra.es) and on the web site of the National Securities Market Commission.</p> <p>No amendments have been made to the regulations governing this committee during 2008.</p> <p>This Committee, like the other committees and the Board itself, prepares each year a report detailing its activities and action taken during the year, as envisaged in the Board Regulations. This report is submitted to the Board for the purposes of its annual evaluation of its own operation and the quality of its work and the operation and quality of work of its committees.</p>
Audit Committee	<p>The composition, organisation and areas of competence of the Audit and Compliance Committee are regulated by the Articles of Association and by the Board Regulations, which are permanently available for consultation on the Company's web site (www.indra.es) and on the web site of the National Securities Market Commission.</p> <p>No amendments have been made to the regulations governing this committee during 2008.</p> <p>This Committee, like the other committees and the Board itself, prepares each year a report detailing its activities and action taken during the year, as envisaged in the Board Regulations. This report is submitted to the Board for the purposes of its annual evaluation of its own operation and the quality of its work and the operation and quality of work of its committees.</p> <p>In accordance with the recommendation made by the National Securities Market Commission, and as has been the practice since 2003, the Report on Activities of the Audit and Compliance Committee was published at the time of calling the Ordinary General Meeting of Shareholders for 2008 along with the rest of the information placed at the disposal of the shareholders.</p>

B.2.6. Please indicate whether the composition of the Executive Committee reflects the participation of the different directors in the Board of Directors in terms of category:

Yes ☒ No ☐

C RELATED-PARTY TRANSACTIONS

C.1. Please state whether the approval - following a favourable report by the Audit Committee or other committee entrusted with such task - of transactions performed by the company with directors, with significant shareholders or shareholders represented on the Board, or with persons related to any of the above, is reserved for the Board in plenary session:

Yes ☒ No ☐

C.2. Please describe relevant transactions involving a transfer of resources or obligations between the company or entities within its group and the company's significant shareholders.

Caja de Ahorros y Monte de Piedad de Madrid

Name or company name of significant shareholder	Name or company name of company or group entity	Nature of relationship	Type of operation	Amount (in thousand euros)
Caja de Ahorros y Monte de Piedad de Madrid	Banco Inversis Net, S.A.	Commercial	Leases	72
Caja de Ahorros y Monte de Piedad de Madrid	Various Group Companies	Commercial	Receipt of services	16
Caja de Ahorros y Monte de Piedad de Madrid	Various Group Companies	Contractual	Other expenses	187
Caja de Ahorros y Monte de Piedad de Madrid	Various Group Companies	Contractual	Commitments assumed	82,881
Caja de Ahorros y Monte de Piedad de Madrid	Various Group Companies	Contractual	Financing agreements, loans and contributions of capital (borrower)	87,620
Caja de Ahorros y Monte de Piedad de Madrid	Various Group Companies	Contractual	Financial income	8
Caja de Ahorros y Monte de Piedad de Madrid	Various Group Companies	Corporate	Dividends and other distributions of profits	12,170
Caja de Ahorros y Monte de Piedad de Madrid	Various Group Companies	Contractual	Finance lease contracts (lessee)	167

Name or company name of significant shareholder	Name or company name of company or group entity	Nature of relationship	Type of operation	Amount (in thousand euros)
Caja de Ahorros y Monte de Piedad de Madrid	Various Group Companies	Contractual	Financing agreements, loans and contributions of capital (borrower)	73,925
Caja de Ahorros y Monte de Piedad de Madrid	Various Group Companies	Contractual	Financial expenses	1,571
Caja de Ahorros y Monte de Piedad de Madrid	Various Group Companies	Commercial	Provision of services	11,997
Caja de Ahorros y Monte de Piedad de Madrid	Various Group Companies	Contractual	Repayment or cancellation of loans and lease contracts (lessee)	129
Caja de Ahorros y Monte de Piedad de Madrid	Various Group Companies	Commercial	Leases	251
Union Fenosa, S.A.	Various Group Companies	Commercial	Leases	1,484
Unión Fenosa, S.A.	Various Group Companies	Commercial	Receipt of services	3,157
Unión Fenosa, S.A.	Various Group Companies	Commercial	Provision of services	72,784
Unión Fenosa, S.A.	Various Group Companies	Corporate	Dividends and other distributions of profits	12,319
Lolland, S.A.	Casa Grande De Cartagena, S.L.	Corporate	Dividends and other distributions of profits	4,664
Caja de Ahorros de Asturias	Various Group Companies	Commercial	Provision of services	281
Caja de Ahorros de Asturias	Various Group Companies	Corporate	Dividends and other distributions of profits	4,106

C.3. Please describe relevant transactions which involve a transfer of resources or obligations between the company or entities within its group and the directors or management personnel of the company:

Name or company name of directors or management personnel	Name or company name of company or group entity	Nature of operation	Type of operation	Amount (in thousand Euros)
Joaquín Moya-Angeler Cabrera	Various Group Companies	Commercial	Leases	249
Mónica de Oriol Icaza	Indra Sistemas, S.A.	Commercial	Receipt of services	787
Pedro Ramón y Cajal Agüeras	Indra Sistemas, S.A.	Commercial	Leases	368

C.4. Please describe relevant transactions performed by the company with other companies belonging to the same group, provided that these are not eliminated in the preparation of the consolidated financial statements and do not - considered in terms of their purpose and conditions - form part of the company's ordinary business activities.

C.5. Please state whether the members of the Board of Directors have been in any situation during the year which is regarded as a conflict of interests pursuant to the provisions of Article 127 ter of the Spanish Companies Act:

Yes ☐ No ☒

C.6. Please describe the mechanisms in place to detect, determine and resolve potential conflicts of interests between the company and/or its Group, and its directors, management personnel or significant shareholders.

1. Directors are required by Article 33 of the Board Regulations to inform the Board of any situation of direct or indirect conflict with the interests of the Company which may arise. They are required to report, in particular, any stakes held in capital or office held or provision of services in/to other companies or entities which are, or may foreseeably become, competitors of the Company, or which are, or could foreseeably come to be, in a situation of conflict of interests with respect to the Company.

In the cases specified in the preceding paragraph, the Board, following a report from the Appointments, Remuneration and Corporate Governance Committee, is required to order the adoption of such measures as it considers necessary to safeguard the interests of the Company. If the director in question fails to act in accordance with such order, the Board is

required to present the corresponding proposal to the General Meeting of Shareholders for his/her/its dismissal.

Directors must refrain from attending and taking part in any deliberations, decisions and resolutions involving matters in relation to which they are in a situation of conflict of interests.

The Company is required to make public any situations of conflict of interests in which directors may find themselves, in the terms envisaged in applicable legislation.

On the other hand, Article 32 of the Board Regulations stipulates that:

- a) Directors may not make use of Company assets nor take advantage of their position in the company for personal gain without providing adequate compensation.
In exceptional cases, directors may be released from the obligation to provide such compensation, although in this case the resulting gain is to be regarded as indirect remuneration requiring authorisation by the Board, following a report from the Appointments, Remuneration and Corporate Governance Committee.
- b) Directors may not use any non-public Company information for private purposes without prior authorisation from the Board, which must first request a report from the Appointments, Remuneration and Corporate Governance Committee.
These provisions are understood to be without prejudice to the applicable rules of the Company's Internal Code of Conduct in Matters Relating to Securities Markets.
- c) The directors may not perform, for their own benefit, investment or any other operations linked to the Company's assets which have come to their knowledge through the performance of their duties, when the investment or operation in question has been offered to the Company or when the Company has an interest in it, unless the Company has decided not to make the investment or perform the operation, without the director in question having influenced such decision.
- d) Directors are required to inform the Company of any event or situation that may prove harmful to its reputation and, in particular, of any criminal procedures in which they may be involved, the initiation of administrative procedures which may result in a disciplinary penalty for serious or very serious offences imposed by the Securities Market supervisory authorities, and subsequent procedural events related to the above.
- e) A director may not use the name of the Company nor use his/her/its status as administrator thereof to carry out operations on his/her/its own behalf.

Similarly, it is stipulated in Article 34 of the Board Regulations that the Directors must dedicate the necessary time and effort to perform their functions correctly. To this end, they

are required to inform the Board of any other activities which may significantly affect their commitment as a director of the Company.

C.7. Is there more than one Group company listed in Spain?

Yes ☐ No ☒

Please name the listed subsidiaries:

D - RISKS CONTROL SYSTEMS

D.1 General description of the company's and/or group's risk policy by detailing and assessing risks covered by the system together with justification of appropriation of these systems to the profile of each type of risk.

The group's risk policy is based on maintenance of a full risk map where different potential risks are classified and assessed based on their probability of occurrence and intensity of financial impact. Once prioritised, these risks are managed internally or transferred to a third party as described below.

The principal risks are grouped into the following categories:

- (i) Technical and operational risks.
- (ii) Financial risks.
- (iii) Technological risks.
- (iv) Human capital risks.
- (v) Knowledge protection risks.
- (vi) Risks on regulatory compliance.

(i) Technical and operating risks

This section identifies risks related to the generation and preparation of the supply in addition to subsequent implementation of projects in addition to those of internal control, patrimony-related projects, and those arising from responsibility assumed before third parties because of Indra's own activity.

Indra has the following means to minimise risks of this type:

An organisation aimed as a whole at prevention of risks ranging from initial supply phase to final delivery of projects, understood as the basic unit of management, permanently

assessing risks. Noteworthy within the scope of prevention, is the supply committee, comprised of the areas of operations and management control and responsible for approval of supplies before delivery to the end customer.

Also noteworthy in this field is the presence of a specific directorate-general for management control, responsible for performing follow-up of all phases of projects starting with supply, and providing information to management and business units in time and form and anticipating assessing all risks. In addition, within this area there is a specialised risk management service for management of patrimonial risks and responsibility whose mission is to define the coverage policy of these by means of internal prevention measures in addition to their transfer to third parties (insurance companies).

This management prepares a full risk map by separating risks subject to insurance for quantification of their impact and subsequent transfer to insurance companies and those not subject to insurance for prevention by means of coverage with the preparation of specific regulations. Coverage is carried out for all accidental risks and all kinds of responsibility (products, operation, professional, management, etc). The proper definition of these risks related to Indra's activity provided by the map ensures correct coverage and/or prevention of these.

Full regulations for the entire group together with a methodology for management of projects divided into two phases: pre-contractual and implementation. This methodology includes the definition of a risks plan and its subsequent follow-up to assess and manage them from their supply phase and subsequently during the implementation phase.

Some tools based on internal information systems, aimed at follow up of risks, informing and controlling all pre-planned key parameters, the risk plan and its follow-up, implementation deadlines and compliance with established milestones, technical and financial progress, follow-up of projected expenses, invoicing, payment, etc. These systems include a series of indices and alarm mechanisms with the aim of anticipating any problem that may affect the correct development of projects.

An internal audit area responsible for verifying compliance with regulations in addition to its assessment, for continuous improvement of internal control processes in all the group's areas and companies. Annual planning of internal auditing activities is based on prior definition of the risks map, prioritising its actions based on the latter.

During this year, an intense programme of communication, training and implementation of the regulations, methodology and computerised tools that support them has continued

to be carried out. This effort has been essential to ensure appropriate internal control and prevention of risks in all the group's companies.

Indra has also continued to strengthen knowledge of its professionals in project management methodology who it continues to certify as PMP (project management professionals). To date, more than 90 professionals have been certified from the start of this initiative, a figure that positions Indra as the Spanish company with the highest number of PMPs. In this context, the recognition of Indra in previous years as one of the best organisations globally with regard to project management, is noteworthy.

The audit and compliance commission periodically reviews the internal control systems described each year by means of meetings with their managers and the information transmitted by the internal audit area.

(ii) Financial risks

The main aims of the Indra group's risk management are: to ensure availability of necessary funds to meet financial undertakings and protect the value in Euros of financial flows expressed in foreign currencies with which Indra operates.

The volatility of foreign exchange markets and increasing globalisation of the group means that the risk of foreign exchange transactions is more relevant for Indra. The management of foreign exchange currencies is performed in a centralised way from the cash flow area and is subject to strict internal regulations that require all products underway to have their net flows in foreign currencies hedged right from the outset in order to guarantee expected profitability and avoid this being compromised by performance of exchange rates.

Liquidity to tackle financial undertakings arising from transactions and work capital needs is assured by committed and flexible loan policies contracted with various financial entities. Indra negotiates centrally from the cash flow area obtaining these short-term loans at the best market prices.

The variation in interest rates may affect the effective cost of loan policies disposed making the cost of the debt more expensive. To manage risks arising from fluctuation in interest rates, the company considers the possibility of using existing hedging instruments on the market.

Any exception to the regulations both to perform hedges for exchange rate risk and for fluctuations in interest rates must go through some special authorisation mechanisms.

The internal auditing area is responsible, among other things, for monitoring the correct application of regulations in force to inform the audit and compliance commission, in addition to reviewing this periodically.

(iii) Technological risks

It would be difficult to find a business that does not depend on information technologies and the information they process. Information systems are essential today both in society and organisations. Dependence between systems and the information that these manage is increasingly becoming absolute.

Inside Indra, protection of information and technological assets that process and/or manage information is vitally important and we understand that the information and the knowledge that supports it are the foundations of the business.

Therefore, management of information security and associated technological assets is based on internationally recognised standards, specifically on international regulation UNE-ISO/IEC 27001 in which Indra was recently certified by AENOR with an advanced degree of progress.

The identification of risks inherent to the different assets is basic in this management model:

- Information. Structured data that represent knowledge.
- Software. Applications that manage, analyse and transform the data.
- Hardware. Technological platforms that support applications and data.
- Infrastructures.
- Storage means.
- Communications elements.
- People.

Once risks are identified, a plan of action is set out which identifies necessary measures and controls to minimise these risks. These measures are grouped into the following sections.

- Security policy and regulations.
- Security technology.
- Monitoring and auditing.
- Training and dissemination on security.
- Compliance with the organic law on data protection.

As for technological measures that guarantee risk management of the company's assets, Indra has implemented a security model by layers:

- Protection of Internet: firewalls, Internet antivirus, content filter by categories and intrusion detection waves.
- Perimeter protection: firewalls and intruder detection waves.
- Internal network: consoles for detection of alerts in network traffic and continuous monitoring.
- Systems and platforms: their security is managed by means of antivirus consoles, critical security updates and management consoles for critical security events.
- Access: managed by means of an access control system based on roles and a public key infrastructure (PKI) by means of our single employee card which guarantees authentication of users and confidentiality of information by means of signed and encrypted certificates.
- Applications: developed considering security requirements recommended by the industry.
- Communications: all elements are monitored (switches, routers, backbones, etc) and platforms that facilitate mobility (Citrix, vpn's, wireless) have the same security measures implanted as the remainder of the platforms.

All applications and critical business services are subject to a backup policy audited annually by AENOR and supported by a disaster recovery plan with a personal backup centre.

It is also important to point out that to guarantee compliance with all security measures, Indra has an auditing system implemented which verifies the state of security of all its systems and appropriation to the organic law as to the confidentiality of personal data.

(iv) Human capital risks

Our biggest asset is the nearly 25,000 Indra professionals all over the world. Having excellent talent management processes is one of the keys to Indra's strategy and an essential tool to retain our professionals.

In this context, Indra has continued to revise and approve people management tools and processes ranging from performance assessment and estimate of potential to our general training development plan followed by remuneration and staff planning processes in order to give us the best means to appropriately manage the our employees' career.

In this way, we will manage to attract, retain, and motivate the best professionals at each moment and avoid loss of talent that could limit our capacity for response to successfully tackle important challenges awaiting us in the future.

(v) Risks related to protection of knowledge

The group's knowledge in certain areas, services and solutions is one of Indra's most valuable intangible assets. Protection of this knowledge is assigned to all its professionals, in particular the legal services.

In accordance with point 6 of the Code of Professional Conduct, all employees are obliged to protect the result of the work and information generated in the company whether this is software, hardware or computer or technological applications in the broadest sense, including *know-how*. Specifically, legal services deal with the safeguarding the group's intellectual and industrial property and its *know-how* by means of:

- Appropriate contractual protection in relationships held with customers and suppliers including signing appropriate confidentiality, licence, and marketing agreements etc.
- Active management of industrial property rights by means of registry and follow-up of patents and trademarks and defence of these against illegitimate interference by third parties.
- Active management of their copyright by means of implementation of protection measures considered most appropriate at each time based on the asset under protection, in addition to scope of protection.

(vi) Regulatory compliance risks

The code of professional conduct to which all our professionals are subject obliges compliance with the different laws, regulations and rules to which our company is subject.

There are two main areas of risk to note in our activities within this section; risks at work and environmental risks:

- Risks at work

Indra undertakes to comply with that established in applicable legislation on prevention of risks at work not only regarding ordering of obligations and responsibilities on health and safety of the hierarchical structure but also aiming to encourage a culture of prevention in all activities carried out by the company and all from a viewpoint of continuous improvement.

Indra's specialised resources are first the Department of Own Joint Prevention comprised by specialised professionals and secondly external departments specialised in prevention of risks at work, and occupational medicine which support and advise and are integrated into the preventive management of Indra.

The Department of Own Joint Prevention depends on management attached to the human resources area specialised in the management of this kind of risk, responsible for activities on prevention of risks at work and also coordinating external speciality actions.

With the aim of verifying the efficacy of the preventive management system, external audits are performed periodically by entities accredited by the Ministry of Work which have enabled us to establish plans of action and appropriation policies aimed at continuous improvement on prevention of risks at work.

Obtaining the rating of conformity in the regulatory audit represents for Indra, in addition to the legally established compliance a guarantee of efficacy and improvement of our management system on prevention of risks at work and guaranteed compliance of coordination of corporate activities with our customers and suppliers.

- Environmental risks

Indra continues to apply and improve its environmental policy in its different work centres. Indra's activities are centred on intensive solutions and services in the use of communications and information technology for which reason these do not include contaminant processes. However, given that this is a multinational company present in nearly 30 countries and a staff which at year end 2007 was almost 27,000 employees, it is inevitable to consider that its activity produces a certain impact on the environment. Indra is aware of this and therefore has assumed the undertaking of limiting the negative effects that this impact might produce as much as possible.

This undertaking is framed within the concept of Corporate Social Responsibility and is translated into implementation of an environmental management system based on rule UNE-EN ISO 14001 in its most important work centres.

Specifically, during 2008 certification was obtained for two new work centres: Ciudad Real and Anabel Segura (Alcobendas). The aim of the company is to certify two new centres during 2009.

Indra's quality and environment directorate responsible for implementation of the environmental management system ensures by means of compliance with the requirements of its general manuals and procedures uniformity of criteria and application of its environmental policy. This system, based as indicated on rule UNE-EN 14001 and out of scrupulous respect for legislation in force, minimises as much as possible the risks produced in any Indra work centre caused by significant impacts on the environment and consequently any legal problem associated with them.

D.2 Please specify whether some of the different kinds of risk (operational, technological, financial, legal, reputational or, tax-related) that affect the company and/or its group have occurred during the year:

Yes ☒ No ☐

If yes, please specify the circumstances that caused these and whether established control systems worked.

Risks materialised over the year	Circumstances that caused this	Operation of control systems
Cost delays and deviations during implementation of some projects.	Unforeseen changes in scope.	The continuous follow-up of risk plans of projects in accordance with Indra methodology and alarm systems that arise from financial follow-up have minimised their potential impact on cost and timeline.

D.3 Please specify whether there is any commission or other governing body responsible for establishing and supervising these control devices:

Yes ☒ No ☐

If yes, detail its functions.

Name of the commission or body	Description of functions
Audit and compliance commission.	In accordance with article 5 of its regulations the Board of Directors reserves as a subject that cannot be delegated the general policy for management of risk and definition of control and information systems appropriated to this. This function of the Board of Directors is completed with the function attributed to the audit and compliance commission to periodically review internal control systems and the company's risk management. In practice, the audit and compliance commission meets twice a year with managers of these control systems and in each one of their sessions meets with managers of some of the areas affected with the aim of ascertaining and assessing the appropriation of their organisation, functions and activity and, as appropriate, issuing recommendations in this regard. Of all that dealt with in their sessions in this regard their analysis and assessment and, as appropriate, specific proposals for action are considered in a timely manner by the Board of Directors. After these meetings, the audit and compliance commission gives express instructions to the department of internal audit to carry out appropriate verification processes for compliance with these recommendations.

D.4 Identification and description of processes for compliance with different regulations that affect your company and/or your group.

The secretariat-general of the company guarantees by means of a preventive function that legal obligations and implications which for Indra arise from all its procedures are complied with and appropriately applied. This is performed by means of control of compliance with applicable regulatory provisions (both mercantile and administrative and relating to stock markets) and timely compliance with legal obligations that affect different governing bodies of the company and also by means of definition and control of legal conditions in which commercial relations are carried out and correct implementation of agreements adopted by governing bodies.

Exercise of this function is supervised annually by the audit and compliance commission.

E - GENERAL MEETING

E.1 Please specify and, as appropriate, detail whether there are differences with the system of minima foreseen in the law of public trading companies with regard to the quorum for constitution of the general meeting.

	% quorum different to that established in art. 102 of the law on public trading companies for general cases	% quorum different to that established in art. 103 of the law on public trading companies for special cases of art. 103
Quorum required in 1st call	0	0
Quorum required in 2nd call	0	0

E.2 Please specify and as appropriate detail whether there are differences with the systems set out in the law of public trading companies for the system to adopt corporate agreements:

Yes ☐ No ☒

Please describe the differences with the system set out in the law on public trading companies.

E.3. Please list the rights of shareholders in relation to the general meetings which are different to those established in the law on public trading companies.

The company has recognised in favour of its shareholders broader rights than the minimum content required by law. These rights are regulated in the regulation of the board which establishes the following:

Right of information

According to that set out in article 5 of the regulation of the board, shareholders have the right to have broader and specific information on matters that should be the object of debate and decision in the general meeting.

The board, as soon as it knows the probable date of call and holding of the next general meeting, will make this public via a communiqué and by means of the company's web page to enable the shareholders to propose matters to deal with or include in the agenda of this board which could be carried out both by means of the shareholders office and by means of the company's web page.

The Board of Directors should encourage informed participation of shareholders in the general meetings and facilitate the general shareholders meeting effectively exercising functions in accordance with the law and corporate articles of association. Therefore, the company will provide by means of its web page and the shareholder office detailed information on the call, content of different points of the agenda and proposals in accordance with these by enabling –via these same means– shareholders to request verifications or additional information on these matters.

For the purposes of the above, the Board of Directors will complete, to the extent considered necessary, information required in accordance with the law and corporate articles of association. When corporate interest so advises, the board may limit information made available to shareholders. Under no circumstances may information required by the law be limited.

In this context, since 2003 the Board of Directors has prepared a report that makes available to shareholders as of announcement of the call by the board, whose purpose is to inform shareholders in as much detail as possible of the content of the different points that comprise the agenda of this general meeting as well as proposals that the Board of Directors plans to submit in relation to each one of them. Explanatory information of each one of the proposals that the board of directors submits to the general meeting is included; in spite of not being mandatory, the board understands that this provides shareholders with an understanding of these proposals, their most active and informed participation on the general meeting, and that they may issue their vote with a more well founded knowledge of cause. Except those points in which the law so requires, this information deals more with criteria of clarity than legal formality.

Shareholders may also examine in the corporate headquarters the documentation made available to them referred to in the previous paragraphs and they may also request sending of this documentation to their home free of charge.

Similarly, once the call of the general meeting has been published, a channel is enabled so that, by means of the company web page or shareholder office, shareholders can make suggestions or proposals on subjects contained in the agenda in addition to the possibility of requesting clarifications or additional information on these matters.

Right of attendance

In accordance with article 6 of the regulation of the board, all those shareholders may attend the general meeting who can certify ownership of at least 100 shares, or if this number of shares were greater than one per thousand of shareholder capital, the lower number shows that represents this one per thousand at least five days in advance of the date set for holding of the meeting. Shareholders holding less shares may delegate representation of these to a shareholder with right of attendance or group together with others to attain the minimum required. The group should be carried out especially for each meeting and in writing. Grouped shareholders should give their representation to one of them.

In compliance with that set out in article 14 (bis) of the corporate articles of association, the Board of Directors will make a decision during each meeting on the procedures for attendance by remote means of communication which –complying with safety and effectiveness requirements set out in this article– are compatible at each moment with the state of the art.

Right of representation

Requests for delegation carried out by the board will offer the alternative of delegating to their Chairperson or Deputy Chairperson designated from among the independent board members.

Right of intervention in the meeting

Shareholders who are present in the meeting will have the right to take the floor during the meeting as established in article 11 of the regulations of the meeting.

The chairperson will order shareholder interventions so that the session takes place in an ordered way and so that shareholders who wish to intervene can do so in a balanced way in addition to being able to express their opinion on each one of the topics of the agenda.

Any shareholder who intervenes may request that the full contents of their intervention be recorded in minutes as well as have a transcription of these provided to them.

Exercise of rights of representation and vote on the general meeting by remote means of communication.

Article 14 bis of the corporate articles of association and article 6 and 8 of the regulation of the general meeting establish that the exercise of rights of vote and representation on the general meeting may be carried out by means of those remote means of communication which, meeting the security requirements required in accordance with the law to guarantee the identity of the shareholder and effective exercise of their right, are regulated in the regulations of the general meeting or approved in each case by the Board of Directors. Similarly, in the call by the general shareholders meeting, the procedure and requirements for exercising the right involved by remote means of communication that may be used on each occasion, will be detailed.

In this context, since 2005 the company has been enabling the mechanisms by means of the company web page and ordinary mail to allow shareholders to exercise these rights. The procedure for use of these media is included in the announcement of the call of the corresponding general meeting.

E.4. Please specify, as appropriate, measures adopted to encourage the participation of shareholders in general meetings.

These measures are detailed in section E.3 above.

E.5 Please specify whether the position of chairperson of the general meeting coincides with the position of chairperson of the Board of Directors. Please detail, as appropriate, which measures are adopted to guarantee independence and correct operation of the general meeting:

Yes ☒ No ☐

Details of measures

In order to guarantee the correct operation and execution of meetings in addition to regulation of the proper and correct exercise by shareholders of their rights, the regulation of the meeting establishes practices that the chairperson should follow at all times. The function of the chairperson is to moderate interventions and ensure correct development of these. All matters that make up the agenda and proposals in agreement with what is subject to the board are analysed and approved by the board plenary which decides upon its content and scope.

The chairperson of the audit and compliance commission also attends the board which, as foreseen by corporate articles of association and the regulation of the meeting, should inform in the meeting on matters relating to the competencies of this commission.

E.6 Please specify, as appropriate, modifications introduced during the year in the regulation of the general meeting.

E.7 Please specify the attendance data on general meetings held in the year referred to in this report:

Date of General Meeting	Attendance data				
	% physical presence	% in representation	% distance vote		Total
			Electronic vote	Others	
26/06/2008	42.420	20.170	0.012	0.054	62.656

E.8 Please briefly specify the agreements adopted in the general meetings held in the year referred to in this report and percentage of votes with which each agreement was adopted.

One.- Examination and approval, as appropriate, of the balance sheet, profit and loss account, management report (including information set out in article 116 of the law of the stock market) of Indra Sistemas, S.A. and its consolidated group corresponding to year ending 31 December 2007 in addition to the proposal to apply the result:

Votes in favour: 99.99%

Two.- Approval, as appropriate, of the management of the Board of Directors

Votes in favour: 99.77%

Three.- Approval as appropriate, as a merger balance, of the balance approved in point one of the agenda. Approval as appropriate, of the merger by absorption of "Dimensión Informática, S.A. (sole partnership)" and "Radiología Digital y Comunicaciones, S.L. (sole partnership)" as absorbed companies and "Indra Sistemas, S.A." as absorbing company in accordance with the merger project approved by the respective governing bodies. Approval of subjecting the merger to the system of tax neutrality so that legislative royal decree 4/2004 of 5 March, by which the revised text of the law on corporate taxes, is approved.

Votes in favour: 99.99%

Four.- Appointments and reelection of board members.

- Appoint board member for the statutory period of three years as independent board member Rosa Sugrañes in replacement of independent board member Francisco Constans.

Votes in favour: 99.98%

- Re-elect board member for the statutory period of three years as proprietary board member the entity Mediación y Diagnósticos, S.A. in representation of the shareholder interest of Caja Madrid.

Votes in favour: 99.72%

- Re-elect board member for the statutory period of three years as proprietary board member the entity Participaciones y Cartera de Inversión, S.L. in representation of the shareholder interest of Caja Madrid.

Votes in favour: 99.72%

- Re-elect board member for the statutory period of three years as independent board member, Isabel Aguilera.

Votes in favour: 99.89%

- Re-elect board member for the statutory period of three years as independent board member, Joaquín Moya-Angelar Cabrera.

Votes in favour: 99.89%

- Re-elect board member for the statutory period of three years as independent board member, Pedro Ramón y Cajal Augeras.

Votes in favour: 99.89%

- Re-elect board member for the statutory period of three years as independent board member, Manuel Soto Serrano.

Votes in favour: 99.89%

- Re-elect board member for the statutory period of three years as executive board member, Javier Monzón de Cáceres.

Votes in favour: 99.96%

- Re-elect board member for the statutory period of three years as executive board member, Regino Moranchel Fernández.

Votes in favour: 99.96%

Five.- Remuneration of the Board of Directors.

Votes in favour: 99.50%

- Six.-** Medium-term remuneration systems by means of handing out shares and concession of options.

Votes in favour: 99.30%

- Seven.-** Inform shareholders on modifications introduced in the regulation of the board in accordance with that set out in article 115 of the law of the stock market.

- Eight.-** Authorise the Board of Directors to make acquisitions arising from own company shares directly or by means of subsidiary companies subject to the limits and requirements established in article 75, first additional provision, and in accordance with the law on public trading companies.

Votes in favour: 99.74%

- Nine.-** Appoint auditors for the individual and consolidated annual accounts corresponding to 2008.

Votes in favour: 99.99%

- Ten.-** Modify the writing of article 2 of the corporate articles of association with the purpose of clarifying the scope of the corporate purpose.

Votes in favour: 99.99%

- Eleven.-** Authorisations to make public.

Votes in favour: 99.99%

E.9 Please specify whether there is any statutory restriction which establishes a minimum number of shares necessary to attend the general meeting.

Yes ☒ No ☐

Number of shares necessary to attend the general meeting 100

E.10 Please specify and justify the policies followed by the company referring to delegations of votes in the general meeting.

Shareholders may give their representation for attendance at the general meeting to any person whether or not they are a shareholder. Representation should be in writing and specific for each meeting.

In requests for delegation of vote made by the Board or by its members shareholders are recommended to give voting instructions on different points of the agenda detailing, as appropriate, how the representative should vote if the shareholder does not give specific instructions.

Requests for delegation made by the Board will offer the alternative of delegating to its Chairperson or Deputy Chairperson appointed from the independent board members.

In compliance with that set out in article 14 (bis) of the corporate articles of association, the Board of Directors will take a decision at each meeting on procedures to give their representation by remote means of communication which, in compliance with security and efficacy requirements in this article, are compatible at each time with the state of the art.

E.11 Please specify whether the company is aware of the institutional investors' policy to participate or not participate in company decisions:

Yes ☒ No ☐

Please describe the policy

Partially. Upon holding each general shareholders meeting, the company contacts institutional investors with the aim of requesting them to participate in the meeting or, failing this, to delegate their representation in addition to knowing their position and criteria on the different topics included in the agenda.

The company, by means of the periodic contacts with the world of institutional investors, also transmits its interest in playing an active role in the general meeting and maintaining active communication with the company.

E.12 Please specify the address and mode of access to corporate government content on the web page.

www.Indra.es

There is a chapter on corporate governance in the shareholders and investors section.

F - DEGREE OF FOLLOW-UP OF CORPORATE GOVERNANCE RECOMMENDATIONS

Please specify the degree of follow-up of the company with regard to recommendations from the unified code on correct governance. In case of not complying with any of them, explain the recommendations, rules, practices or criteria that the company applies.

1. That the articles of association of quoted companies do not limit the maximum number of votes by the shareholder or contain other restrictions that hinder taking control by the company by means of acquisition of shares on the market.

See sections: A.9, B.1.22, B.1.23 and E.1, E.2

Complies ☒ Explain ☐

2. That when the parent company and a dependent company quote on the stock exchange both publicly and specifically define:
- a) The respective areas of activity and possible business relationships between them, in addition to those of the quoted dependent company with other group companies.
- b) The mechanisms set out to resolve possible conflicts of interest that may arise.
- See sections: C.4 and C.7

Complies ☐ Partially complies ☐ Explain ☐ Not applicable ☒

3. That although not expressly required by mercantile laws, transactions that entail a structural modification of the company, and in particular the following, be subject to approval of the general shareholders meeting:

- a) Transformation of quoted companies into holding companies by means of "subsidiarisation" or incorporation into entities dependent on essential activities carried out to date by the company itself in spite of the company maintaining full control over them.
- b) The acquisition or disposal of essential operational assets when this entails an effective modification of the corporate purpose.
- c) The transactions whose effect is equivalent to liquidation of the company.

Complies ☒ Partially complies ☐ Explain ☐

4. That the detailed proposals of agreements to adopt in the general meeting including the information referred to in recommendation 28 be made public upon publication of the announcement of the call of the meeting.

Complies ☒ Explain ☐

5. That those topics which are substantially independent be voted upon separately in the general meeting so that shareholders can exercise their voting preferences separately. In addition, that this rule apply in particular:

- a) To the appointment or ratification of board members who should vote individually.
- b) In case of modifications in the articles of association, for each article or group of articles which are substantially independent.

See section: E.8

Complies ☒ Partially complies ☐ Explain ☐

6. That companies enable fractioning the vote so that financial intermediaries which are legitimised as shareholders can act on behalf of different customers and can issue votes in accordance with their instructions.

See section: E.4

Complies ☒ Explain ☐

7. That the Board execute its functions with one single purpose and independent criteria, treat all shareholders the same and be guided by the corporate interest. It is understood that it will maximise the financial value of the company in a sustained way.

The Board will also ensure that in its relationships with interest groups (stakeholders) that the company respects laws and regulations; that it complies in good faith with its obligations and contracts; that it respects the uses and correct practices of the sectors and territories where it exercises its activities; and that it observes those additional principles of corporate responsibility that it voluntarily accepted.

Complies ☒ Partially complies ☐ Explain ☐

8. That the board assumes –as its central mission– approval of the corporate strategy and specific organisation for its implementation, in addition to supervising and ensuring that the management complies with the aims set out and respects the corporate purpose and interest of the company; and for this purpose, the entire board reserves the competency to approve:

- a) The general corporate policies and strategies in particular:

- (i) The strategic or business plan in addition to management aims and annual budget.
- (ii) The investment financing policy.
- (iii) Definition of the structure of the group of companies.
- (iv) The corporate governance policy.
- (v) The corporate social responsibility policy.
- (vi) The policy for remuneration and performance assessment of senior managers.
- (vii) The policy for control and management of risks in addition to periodic follow-up of internal information control systems.
- (viii) The dividends and treasury shares policy and especially its limits.

See sections: B.1.10, B.1.13, B.1.14 and D.3

- b) The following decisions:

- i) At the proposal of the most senior company executive, the appointment and possible termination of senior managers in addition to their indemnity clauses.

See section: B.1.14

- ii) Remuneration of board members as well as, in the case of executives, additional remuneration for their executive actions and other conditions that should be respected in their contracts.

See section: B.1.14

- iii) Financial information which, because the company quotes on the stock exchange, the company should periodically make public.

- iv) All kinds of investment or transactions which, because of their high amount or special characteristics, are strategic, except when their approval corresponds to the general meeting.

- v) The creation or acquisition of participations in special purpose entities or those domiciled in countries or territories considered tax havens as well as any other transactions or similar operations which –because of their complexity– could undermine the group's transparency.

- c) The transactions the company carries out with board members, significant shareholders or those represented on the board or with people bound to them (binding transactions).

This authorisation of the board will not be understood, however, as specific to those binding transactions that simultaneously comply with the three following conditions:

- 1. That they are carried out by virtue of contracts whose conditions are standardised and apply in mass to a large number of customers.
- 2. That they be carried out at prices or tariffs established generally by the person who acts as a supplier of the good or service involved.
- 3. That their amount not exceed 1% of annual company revenue.

It is recommended that the board approves binding transactions prior a favourable report from the auditing committee or, as appropriate, from the body to whom this function was entrusted; and that the board members affected, in addition to not exercising or delegating their right to vote, be absent from the meeting room while the board deliberates and votes on this.

It is recommended that the competencies attributed here to the Board not be subject to delegation except those mentioned in letters b) and c), which may be adopted for reasons of urgency by the delegated committee with subsequent ratification by the board in plenary session.

See sections: C.1 and C.6

Complies ☒ Partially complies ☐ Explain ☐

9. That the Board have the specific dimension to operate in an effective and participatory manner which means that it is advisable that its size be no less than 5 and no more than 15 members.

See section: B.1.1

Complies ☒ Explain ☐

10. That dominical and independent external board members constitute a broad majority of the board and that the number of executive board members be the minimum necessary considering the complexity of the corporate group and percentage participation of executive board members in company capital.

See sections: A.2, A.3, B.1.3 and B.1.14

Complies ☒ Partially complies ☐ Explain ☐

11. That if there were to be any external board member who may not be considered dominical or independent, the company explain this circumstance and their relationships, whether with the company or its managers or shareholders.

See section: B.1.3

Complies ☐ Explain ☐ Not applicable ☒

12. Within the external directors, the relation between the number of directors representing substantial shareholders and the independent ones should show the existing proportion between the share capital represented by the directors representing substantial shareholders and the rest of the capital.

This strict proportionality may be reduced in such a way that the importance of the directors representing substantial shareholders will be greater than the total percentage of the capital they represent:

1° Associations with a high capital in which the shareholding legally considered significant are scarce or invalid, but there are shareholders whose shareholding stake has a high absolute value.

2° When it is related to associations with a plurality of shareholders represented in the Board, and without any kind of link among them.

See sections: B.1.3, A.2 and A.3

In compliance with ☒ Explain ☐

13. The number of independent directors represents at least a third of the total amount of directors.

See section: B.1.3

In compliance with ☒ Explain ☐

14. The title of each director is explained by the Board of Directors to the General Board of Shareholders in charge of carrying out or certifying its appointment and it is confirmed, or where appropriate, the Annual Report of Corporate Governance is revised yearly with a prior verification by the Appointments Commission. Such report must also explain the reasons why the directors representing substantial shareholders have been appointed at the request of shareholders whose shares are less than 5% of the capital; likewise, it must explain the reasons why, where appropriate, formal requests of attendance at the Board, by shareholders whose shares are the same or higher than others at whose request directors representing substantial shareholders have been appointed, had not been submitted.

See sections: B.1.3 and B.1.4

In compliance with ☒ Partially in compliance with ☐ Explain ☐

15. When the number of female directors is scarce or invalid, the Board must explain the reasons and the initiative adopted to correct such situation; and, particularly, the Appointments Commission watches over the fact that, in the case of appearing new vacancies:

a) The selection procedures do not lack implicit slants which hinder the choosing of female directors;

b) The association looks deliberately for, and includes among the potential candidates, women who have the necessary professional requirements.

See sections: B.1.2, B.1.27 and B.2.3.

In compliance with ☒ Partially in compliance with ☐ Explain ☐ Not applicable ☐

16. The President, as person in charge of the efficient performance of the Board, makes sure that the directors receive beforehand enough information; as well as encouraging debates and the active participation of the directors at Board assemblies, while maintaining their free opinion; besides, the President must organise and coordinate together with the Presidents of the relevant Commissions the periodical evaluation of the Board and, where appropriate, of the Managing Director or First Executive Director.

See section: B.1.42

In compliance with ☒ Partially in compliance with ☐ Explain ☐

17. When the President of the Board is also the First Executive Director of the association, one of the independent directors must be authorised to ask for a gathering of the Board or the introduction of new subjects in the agenda; likewise, so as to coordinate and be aware of the external directors' concerns, as well as to direct the evaluation of the President by the Board.

See section: B.1.21

In compliance with ☒ Partially in compliance with ☐ Explain ☐ Not applicable ☐

18. The Secretary of the Board of Directors must pay special attention for the operations of the Board:

- a) To adjust themselves to the philosophy of the Laws and requirements, including those approved by the ruling organizations;
- b) To agree with the articles of the association and with the Requirements of the Board the association has;
- c) To take into account all the recommendations about how to rule properly which are included in this unified code the association has already approved.

And, in order to keep the independence, impartiality and professionalism of the Secretary of the Board, its appointment and ending of functions must be reported to the Appointments commission and approved by the plenary of the Board of Directors; and such appointment and ending of functions procedure must be included in the regulations of the Board.

See section: B.1.34

In compliance with ☒ Partially in compliance with ☐ Explain ☐

19. The Board meets as regularly as necessary to perform efficiently its functions, following the dates and subjects already scheduled at the beginning of the year, each director being able to propose any other subjects in the agenda which may not have been included beforehand.

See section: B.1.29

In compliance with ☒ Partially in compliance with ☐ Explain ☐

20. The Directors' unattendance must be exceptional and written down in the Annual Report of the Corporate Governance. If the representation is essential, some instructions will be given.

See sections: B.1.28 and B.1.30

In compliance with ☒ Partially in compliance with ☐ Explain ☐

21. When the Directors or the Secretary report any concern about any proposal or, in the case of the Directors, about the course of events of the association, and such worries are not solved by the Board, there must be a written record on behalf of the person who proposed them.

In compliance with ☒ Partially in compliance with ☐ Explain ☐ Not applicable ☐

22. The plenary of the Board must evaluate once a year:

- a) The quality and efficiency of the Board's operations.
- b) Taking into account the report by the Appointments Commission, the fulfilment of its operations by the President of the Board and the First Executive Director of the association.
- c) The fulfilment of its Commissions, taking into account their reports.

See section: B.1.19

In compliance with ☒ Partially in compliance with ☐ Explain ☐

23. All the Directors can exercise their rights to obtain the additional information considered as necessary about the Board's competence. Unless the articles of the association or the Board's Regulations say otherwise, they must report such requirements to the President or the Secretary of the Board.

See section: B.1.42

In compliance with ☒ Explain ☐

24. All the Directors must have the right to be advised by the association to be able to carry out their functions properly. The association must arbitrate the adequate proceeding for this right to be exercised, which under special conditions will include the external counselling charged against the association.

See section: B.1.41

In compliance with ☒ Explain ☐

25. That the associations establish an orientation programme to provide new Directors with immediate and sufficient knowledge of the company and of the regulations relating to corporate governance. Directors should also be offered programmes to refresh their knowledge when circumstances so warrant.

In compliance with ☒ Explain ☐

26. The associations ask the Directors to devote the necessary time and effort so as to perform their tasks efficiently and, consequently:

- a) The Directors must report the rest of their professional obligations to the Appointments Commission, in case such obligations might interfere in the required demand.
b) The associations must establish the regulations about the number of entities the Directors may be part of.

See sections: B.1.8, B.1.9 and B.1.17

In compliance with ☐ Partially in compliance with ☒ Explain ☐

The article number 34 of the Regulations of the Administration Board of the Association establishes that the Director will devote the necessary time and effort to the fulfilment of its functions for an adequate performance. In order to do so, the Director will have to inform the Administration Board about the other activities which may interfere relevantly in the performance as a Director of the association.

Taking into account these activities, the Appointments, Remuneration and Corporate Governance Committee together with the Board will evaluate whether such Director's devotion is right for the post; otherwise, the Director will have to place its position at the Board's disposal, according to the article 24 of the Regulations.

Likewise, the criteria to be followed by the Association are based upon the Director's availability and devotion to fulfil its task, taking into account not only the number of committees the Director belongs to (this is not the most relevant aspect) but also other circumstances. A director may be part of a reduced number of committees and not have the appropriate availability and, on the other hand, another Director may be part of a great number of committees and be available at the same time. Establishing a maximum number of committees a Director can be part of may imply an inconvenient strictness or may include such a high number that it would not be in compliance with the purpose of the recommendation.

27. The proposal of appointment or re-election of Directors chosen by the Board to be part of the General Shareholders Committee, as well as their temporary appointment due to cooptation, must be approved by the Board:

- a) At the proposal of the Appointments Commission, in the case of independent directors.
b) With a previous report by the Appointments Commission, in the case of the other directors.

See section: B.1.2

In compliance with ☒ Partially in compliance with ☐ Explain ☐

28. The associations will publish and update in their website the following information about their directors:

- a) Professional and biographical profile.
b) Other Administration Boards the directors may belong to, without taking into account whether they are quoted or they are not.
c) The Director category, pointing out, where appropriate, in the case of directors representing substantial shareholders, the shareholder they represent or they are related to.
d) Date of their first appointment as directors of the association, as well as the next appointments, and
e) Shares and options they own.

In compliance with ☒ Partially in compliance with ☐ Explain ☐

29. The independent directors will not remain as such for more than 12 years.

See section: B.1.2

In compliance with ☒ Explain ☐

30. The directors representing substantial shareholders will turn in their resignation when the shareholder they represent sells its whole shares, as well as when the shareholder they represent reduces its shares up to the point that the number of its representing directors must be reduced, too.

See sections: A.2, A.3 and B.1.2

In compliance with ☒ Partially in compliance with ☐ Explain ☐

31. The Administration Board will not propose the cessation of any independent director before reaching the statutory period of time such director was appointed for, unless a just cause is declared to the Board with a previous report to the Appointments Commission. Particularly, a just cause is considered to exist when the director has not fulfilled its inherent tasks or has committed the circumstance described in section 5 of chapter III about definitions in the current Code.

The cessation of independent directors may be proposed as a result of public share offering, joint ventures or similar associating operations implying a change in the share structure of the association when such changes in the structure of the Board come as a consequence of the proportionality criterion the Recommendation 12 deals with.

See sections: B.1.2, B.1.5 and B.1.26

In compliance with ☒ Explain ☐

32. The associations will set certain rules so as to force the directors to inform, and where appropriate, resign in the case of prejudice of the reliability and reputation of the association and, more precisely, so as to force them to report the criminal actions they are charged with to the Board, as well as the implicit procedural actions.

If a director is charged with any oral legal proceeding due to any of the crimes explained in the article 124 of the Corporation Act, the Board will investigate the case as soon as possible and, based on the precise situation, decide for the director to continue with its position. The Board must give a written record of all this, in a reasonable way, in the Annual Report of Corporate Governance.

See sections: B.1.43, B.1.44

In compliance with ☒ Partially in compliance with ☐ Explain ☐

33. All directors must express clearly their opposition when they consider any proposal as opposed to the association's interest. The same must be applied in the case of independent and the rest of directors who may not be affected by the conflict, when making decisions which can be detrimental to the shareholders without any representation in the Board.

And when the Board makes significant or reiterative decisions about which the director has serious reservations, such director will be able to make the appropriate conclusions and, in case of resigning, it will have to explain the reasons why in a letter referred to in the following recommendation.

This recommendation also applies in the case of the Secretary of the Board, although it is not appointed as a proper director.

In compliance with ☒ Partially in compliance with ☐ Explain ☐ Not applicable ☐

34. Whenever, either because of resignation or due to any other reason, a director leaves its position before the completion of its tasks, such director will have to explain the reasons why in a letter addressed to all the members of the Board. And, without the need of informing the resignation as a relevant event, it must be reported in the Annual Report of Corporate Governance.

See section: B.1.5

In compliance with ☒ Partially in compliance with ☐ Explain ☐ Not applicable ☐

35. The retributions policy approved by the Board must establish, at least, the following questions:

- a) The price of the fixed components, with a breakdown, where appropriate, of the expenses due to the participation at the Board and Commissions and an estimation of the yearly fixed retribution which has been originated.
- b) Variable retributive concepts, including, particularly:
 - i) Types of directors to whom they apply, as well as explanations about the relative importance of the variable retributive concepts as regards the fixed ones.
 - ii) Result assessment criteria upon which any right to receive remuneration in the shape of shares, options or any variable component is based.
 - iii) Fundamental parameters and basis of any system of annual bonuses or other benefits not paid in cash, and
 - iv) An estimation of the absolute amount of money from the variable retributions which will be given rise by the proposed retributive plan, according to the degree of fulfilment of hypotheses or targets taken as a referential point.
- c) Main characteristics of the prediction systems (for instance, complementary pensions, life insurance and the like), with an estimation of their equivalent annual cost.

d) Conditions which must be respected by the contracts of those who hold a senior managing post such as executive directors, including:

- i) Duration.
- ii) Termination notice, and
- iii) Any other clauses related to contracting bonus, as well as compensations or bailout due to early resolution or ending of the contract between the association and the executive director.

See section: B.1.15

In compliance with ☒ Partially in compliance with ☐ Explain ☐

36. The executive directors must be confined to the remunerations by means of share delivery from the association or the group associations, options or instruments related to the value of the share, variable retributions linked to the association's performance or prediction systems.

This recommendation will not reach the delivery of shares in the case directors keep them until they leave their position.

See sections: A.3 and B.1.3

In compliance with ☒ Explain ☐

37. The external directors' remuneration is high enough to reward the dedication, qualification and responsibility the post implies, but not so high to compromise their independence.

In compliance with ☒ Explain ☐

38. The remunerations related to the results of the association must take into account the temporal exceptions which are written down in the external auditor's report and which reduce such results.

In compliance with ☒ Explain ☐ Not applicable ☐

39. In the case of variable retributions, the retributive policies must incorporate the necessary technical precautions so as to make sure such retributions are related to the professional performance of the beneficiaries and do not derive simply from the general evolution of the market or of the activity sector of the association or other similar circumstances.

In compliance with ☒ Explain ☐ Not applicable ☐

40. The Board must put to the vote by the General Shareholders Committee, as a separate point in the agenda, and with the consultative nature a report about the remuneration policy of the Directors. And such report must be placed at the shareholders' disposal, either separately or in any other way the association considers as convenient.

Such report will be especially focused on the retributions policy approved by the Board for the current year as well as, where appropriate, the prediction for the years to come. It will deal with all the questions referred in the Recommendation 35, except the extreme ones which may result in the revealing of sensitive trade information. It will highlight the most significant changes of such policies about that applied during the last exercise referred by the General Committee. It will also include a global summary about the way in which the retributions policy was applied during last exercise.

The Board must inform, likewise, about the role played by the Retributions Commission when elaborating the retributions policy and, in case of having used external counselling, about the identity of the external directors.

See section: B.1.16

In compliance with ☐ Partially in compliance with ☒ Explain ☐

The report was presented to the Ordinary General Shareholders Committee in 2008 with the content included in this recommendation, but not as a separate point in the agenda, because, due to the fact that there is a specific point related to the Board's retribution, it was widely understood that it was more adequate to include it in the report.

41. The report must give details about the individual retributions of the directors during the exercise and include:
- a) The individual breakdown of each director's retribution, including, where appropriate:
 - i) Attendance allowance or other fixed retributions as a director.
 - ii) The additional remuneration as a president or as a member of any commission of the Board.
 - iii) Any remuneration related to the participation in benefits or premium, and the reason why it was provide.
 - iv) The contributions in favour of the director to defined-contribution pension plans; or the increase in the consolidated right coming from being a director, when such contributions are related to defined-benefit plans.
 - v) Any agreed compensation or any paid compensation in case of cessation of functions.
 - vi) The received remuneration as a director from other associations of the group.
 - vii) The retributions from the fulfilment of the senior managing tasks by the executive directors.
 - viii) Any other retributive concept different from the above mentioned, whatever type or group they belong to, especially when they are considered as linked operation or their omission distorts the image of the total remunerations received by the director.
 - b) The individual breakdown of the eventual deliveries to directors of shares, options or any other instrument related to the value of the share, including:
 - i) Number of shares or options given in the current year, and the conditions for their exercise.
 - ii) Number of options exercised in the year, indicating the number of affected shares and the price of the exercise.
 - iii) The number of options which are to be exercised at the end of the year, indicating their price, date and other requirements.
 - iv) Any modification along the year of the conditions for the exercise of the options which have already been given.
 - c) Information about the relation, in the last exercise, between the retribution obtained by the executive directors and the results or other rendering measures of the association.

In compliance with ☐ Partially in compliance with ☒ Explain ☐

All the recommendation is complied except the one which is related to the individualization of the retributions due to the fulfilment of the senior managing functions of the executive directors (section 41 a) vii) whose information is given as a whole, but with a full breakdown

and detail per retributive concept and of the agreed compensations in the case of an ending of working relation by the senior managers (section 41 a) v). The Association understands that, in the case of senior managers, the individualization of the amounts does not add relevant information to assess the retribution of the managing team, taking into account the breakdown and information provided by every retributive concept and which could lead to unfavourable consequences for the Association's goals because of its professional activity and markets it works in. The Association will publish and will give any demanded information in detail about every retributive concept as regards the individual breakdown per director of the received retribution thanks to the condition of member of the Board. It must be pointed out that there are only two executive directors in the Association since mid 2007.

42. When there is a delegate or executive commission (from now onwards, "Delegate Commission"), the structure of participation of the different director categories must be similar to the own Board and its secretary must be the Board's secretary.

See sections: B.2.1 and B.2.6

In compliance with ☒ Partially in compliance with ☐ Explain ☐ Not applicable ☐

43. The Board must always know the subjects to deal with and the decisions made by the Delegate Commission and that all the members of the Board receive a copy of the minutes corresponding to the assemblies of the Delegate Commission.

In compliance with ☒ Explain ☐ Not applicable ☐

44. The Administration Board must establish, apart from the Audit Committee obliged by the Law of the Equity Market, a commission, or two separate commissions; Appointments and Retributions.

The rules of composition and functioning of the Audit Committee and of the Appointments and Retributions commission or commissions must be included within the regulations of the Board, including:

- a) The Board must appoint the members of such commissions, taking into account the directors' knowledge, skills and experience and the tasks to be fulfilled by each commission; it must discuss about proposals and reports; and it must be reported, at the first gathering of the Board after its assemblies, about its activity and it will have to answer all the questions about the tasks fulfilled.
- b) Such Commissions must be absolutely formed by external directors, with a minimum of three. This is understood without prejudice to the attendance of executive directors or senior managers, when demanded by the members of the Commission.
- c) Their presidents must be independent directors.

d) They will be able to ask for external counselling, if necessary for the fulfilment of their functions.

e) After the meeting, the minutes must be taken, out of which a copy will be made and sent to all members of the Board.

See sections: B.2.1 and B.2.3

In compliance with ☒ Partially in compliance with ☐ Explain ☐ Not applicable ☐

45. The supervision of the compliance of the internal code of behaviour and the regulations of the corporate governance must be attributed to the Audit Commission, to the Appointments Commission or to the fulfilment or corporate governance in case they exist.

In compliance with ☒ Explain ☐

46. The members of the Audit committee, and especially its president, must be appointed taking into account their knowledge and experience as regards accountancy, auditing and risk management.

In compliance with ☒ Explain ☐

47. The quoted associations must have a function of internal audit which, being supervised by the Audit Committee, watches over the good functioning of the information and internal control systems.

In compliance with ☒ Explain ☐

48. The person in charge of the function of internal audit must present to the Audit Committee its yearly work plan; it must also inform about the incidents which may happen during the fulfilment and send at the end of the exercise an activity report.

In compliance with ☒ Partially in compliance with ☐ Explain ☐

49. The control and risk management policy must identify at least:

a) The different types of risk (operative, technological, financial, legal, reputational...) the association must confront, including within the financial and economic risks, the contingent liabilities and other risks out of balance.

b) The fixation of a risk level the association deems acceptable.

c) The measures planned in order to mitigate the impact of the identified risks, in case they materialize.

d) The internal control and information systems which will be used to control and manage the mentioned risks, including the contingent liabilities and risks out of balance.

See section: D

In compliance with ☒ Partially in compliance with ☐ Explain ☐

50. The Audit Committee must be in charge of:

1st With regard to the information systems and internal control:

a) Supervise the drawing up and the integrity of the financial information related to the association and, if applicable, the group, supervising the fulfilment of the normative requirements, the adequate definition of the scope of consolidation and the correct application of the accounting criteria.

b) Revise periodically the internal control systems and risk management, in order to identify, manage and recognize the main risks.

c) Ensure the independence and effectiveness of the internal audit function; suggest the selection, appointment, re-election and dismissal of the person in charge of the internal audit service; suggest the budget of this service; receive information periodically about its activities; and verify that the high management takes into account the conclusions and recommendations of the reports.

d) Establish and supervise a mechanism which allows the employees to communicate, confidentially and, if they deem it appropriate, anonymously the irregularities with potential consequences, especially the financial and accounting irregularities, they observe within the company.

2nd With regard to the external auditor:

a) Submit to the Board the proposals related to the selection, appointment, re-election or substitution of the external auditor, as well as the terms of the contract.

b) Receive on regular basis information from the external auditor about the audit plan and the execution results and verify that the high management has into account the recommendations.

c) Ensure the independence of the external auditor and, for that purpose:

i) Ensure that the association communicates as a relevant fact to the CNMV the change of auditor and submits a statement regarding the possible disagreements with the outgoing auditor and, in that case, of the nature of such disagreements.

ii) Ensure that both the association and the auditor respect the regulations in force as regards the rendering of services different from auditing, the limits of the auditor's business concentration and, in general, the regulation established in order to guarantee the independence of the auditors.

iii) Ensure that in case of a resignation by the external auditor, the circumstances which caused such situation will be examined.

See sections: B.1.35, B.2.2, B.2.3 and D.3

In compliance with ☒ Partially in compliance with ☐ Explain ☐

51. The Auditing Committee must be able to call any employee or manager of the association and even order them to appear without being any other manager present.

In compliance with ☒ Explain ☐

52. The Auditing Committee must inform the Board, before it had adopted the corresponding decisions, about the following issues indicated in Recommendation 8:

a) The financial information which, since it is quoted, must be made public periodically. The Committee must ensure that the intermediate accounts are made according to the same accounting criteria than those applied in the annual accounts and, for such purpose; the Committee must consider the properness of a limited revision by the external auditor.

b) The creation or acquisition of shares in entities of special purpose or domiciled in countries or territories considered as tax haven, as well as any other transaction or operation of a similar nature which, because of its complexity, could discredit the transparency of the group.

c) The binding operations, except when that function of preliminary report has been assigned to a Commission different from the supervision and control ones.

See sections: B.2.2 and B.2.3

In compliance with ☒ Partially in compliance with ☐ Explain ☐

53. The Administrative Board must try to submit the accounts to the General Meeting without exceptions or reservations in the audit report and, in the exceptional cases in which there are any, the President of the Audit Committee and the auditors must explain clearly the content and scope of such reservation or exceptions to the shareholders.

See section: B.1.38

In compliance with ☒ Partially in compliance with ☐ Explain ☐

54. The majority of the members of the Appointments Commission- or Appointments and Remunerations, in case it is only one- must be independent directors.

See section: B.2.1

In compliance with ☒ Explain ☐ No applicable ☐

55. Apart from functions indicated in the preceding Recommendations, the following functions must also correspond to the Appointments Commission:

a) Evaluate the competences, knowledge and experience necessary in the Board and define, consequently, the functions and aptitudes necessary in the candidates who should fill the vacancies and evaluate the time and dedication needed to perform their duties.

b) Examine or organize, in the most appropriate way, the succession of the President and the first executive and, when appropriate, make proposals to The Board, in order to have a well planned and ordered succession.

c) Inform about the appointments and dismissals of senior managers proposed by the first executive to the Board.

d) Inform the Board about questions related to gender diversity included in Recommendation 14 of this Code.

See section: B.2.3

In compliance with ☒ Partially in compliance with ☐ Explain ☐ Not applicable ☐

56. The Appointments Committee must discuss with the President and the first executive of the association, especially as regards the executive directors.

Any director can ask the Appointments Committee to consider, in case it regards them as appropriate, potential candidates to fill in a director vacancy.

In compliance with ☒ Partially in compliance with ☐ Explain ☐ Not applicable ☐

57. Not only the functions indicated in the previous Recommendations correspond to the Remuneration Committee but also the following functions correspond to it:

a) Suggest to the Administrative Board:

i) The remuneration policy of directors and senior managers.

ii) The individual remuneration of the executive directors and the conditions and terms of their contracts.

iii) The basic conditions of the contracts of the senior managers.

b) Ensure the compliance of the remuneration policy established by the association.

See sections: B.1.14 and B.2.3

In compliance with ☒ Partially in compliance with ☐ Explain ☐ Not applicable ☐

58. The Remuneration Committee must discuss with the president and the first executive of the association, especially as regards subjects concerning the executive directors and senior managers.

In compliance with ☒ Explain ☐ Not applicable ☐

G. FURTHER INTERESTING INFORMATION

If you consider that there is any relevant aspect or term related to the corporate governance proceeding applied by your association which has not been dealt with in the current report, indicate and explain its content below.

With regard to point B.1.8. related to the directors of the association who are members of the Administrative Board of other entities quoted in official equity markets in Spain, Mr. Estanislao Rodríguez-Ponga, natural person representative of the director of Participaciones y Cartera de Inversión S.L., has informed the association about his post as Director of Testa Inmuebles S.A.

With regard to point B.1.9 dealing with the fact that the Association may have established regulations about the number of boards its directors can participate in, it is made clear that the article 34 of the Regulations of the Administrative Board of the Association established that the advisor devote to the exercise of his duties the time and effort necessary for an adequate carrying out of his functions. So that, he must inform the Administration Board of the activities which may affect in a relevant way to his dedication as director of the Association. In this sense the criteria followed by Indra included in the Board Regulations is to comply with the availability and dedication capacity of the director for the post. That is the reason why not only the number of Boards in which he participates is taken into account but also the rest of circumstances. This is important since there are some administrative

boards which, together with the commission, may demand an important dedication, whereas others may demand less dedication.

With regard to point B.1.1 c) and d) about the remuneration of directors, it must be indicated that in Note 37 of the annual accounts of the association corresponding to 2008, which are made public together with the current report, detailed and individualized information is also included.

With regard to point B.1.12 about the remuneration of the members of the senior management who are not executive directors, it must be indicated that in Note 37 of the annual accounts of the association corresponding to 2008, which are made public together with the current report, detailed and individualized information is also included with its corresponding breakdown.

With regard to point B.1.13 about the existence of pledge clauses or bailout clauses, in the event of dismissals or change of control, in favor of the member of the senior management, including the executive directors, it must be indicated that each senior manager has signed with the association a contract which regulates the conditions applicable to his labor relation. Such contracts have been authorized by the Administrative Board, after the favorable report and proposal of the Appointments, Remuneration and Corporate Governance Committee and were submitted to the Ordinary General Meeting of Shareholders in 2007. By virtue of what has been established in such contracts, the senior managers are entitled, in the event of the completion of the labour relation with the association, except if it is due to a voluntary redundancy or a fair dismissal, to receive a compensation equivalent to the specified one in the article 56 of the National Labour Relations Act, that is, 45 days of their annual remuneration per year of permanence in the Association, with a limit of 3.45 annuities and a minimum of three annuities in the case of the President and the Managing Director. Additionally, the Executive Directors and the Chief Operating Officers (including the General International Director) have signed a non-competence agreement, which is applicable up to two years after the completion of their labour relation with the dominant Association and a compensatory amount ranging from 0.5 and 0.75 of their annual remuneration per year of non-competence.

At the end of the 2008 exercise the general directors Mr. Otero and Vilá finished their labour relation with the Company, and the terms established for each case were applied.

In addition to the current report, the Association informs publicly of the existence of the mentioned compensation clauses in the Annual Accounts which are submitted to the endorsement by the General Meeting of Shareholders and in the Report about the Remuneration Policy.

With regard to section B.1.16 as regards the question of putting to the vote of the General Meeting, as a separate point in the agenda, and with a consultative nature a report about the remuneration policy of the directors, it must be pointed out that the report about the Remuneration Policy of Directors and Senior Managers of Indra is written by the Administrative Board at the proposal of the Appointments, Remuneration and Corporate Governance Committee, according to the article 26 of the Board Regulations. Such report about the Remuneration Policy is submitted to the Board with the contents planned in the 40 recommendation of section F of the current report. In 2008 it was carried out as a point in the agenda related to the proposal of remuneration of the Board detailed in section B.1.14 above.

The report about the Remuneration Policy of the Directors of Indra submitted to the General Meeting of Shareholders in 2008 includes the following aspects:

1. Remuneration policy, structure and amounts of the remunerations to Directors based on their membership of the Administration Board
Detailed description of the components of their allowances, the criteria for their accrual and remuneration type and information of the total amounts received by the senior managers for every payable concept, in a comparative way in the exercises 2007 and 2008 together with indicators representing the senior managers' allowances compared to the result of the Association.

For the period 2008-2010, the Ordinary General Meeting 2008 approved a new remuneration of the Board which implies a net annual remuneration, per director, of approximately 140,000 Euros, 58,000 € corresponding to the fixed allowance and 81,667 (1.4 times the fixed allowance) corresponding to their participation in benefits whose gross amount will be perceived, in a 50%, in shares of the association.

The approved increase means that the average remuneration per director in 2010 will have increased to an average annual rate of 3.1% since 2005.

The Board understands that the total average allowance per director for the period 2008-2010 is reasonable according to the comparative analysis carried out and it is adequate as regards the characteristics of society, the professional profiles it demands and the availability and dedication it demands for a diligent carrying out of the post.

The new amount fixed comply with the Board regulations as regards the condition that the allowance to external directors must be adequate in terms of their dedication, qualification and responsibility, provided that it does not constitute, in the case of independent directors, an obstacle for their independence, and it also complies with the criteria which states that

the fixed allowance as compared with the total remuneration of the Directors to remain at a moderate level considering in order to distribute it, the different dedication that the different Commissions of the Board demand.

2. Remuneration policy, structure and senior managers' remunerations
Detailed description of the components of their allowances, the criteria for their accrual and remuneration type and information of the total amounts received by the senior managers for every payable concept, in a comparative way in the exercises 2007 and 2008 together with a breakdown account in case the senior managers are also members of the Administration Board. Likewise, indicators representing the senior managers' allowances compared to the result of the Association will be included.

The remuneration policies of the Association as regards the senior managers is based on attracting, keep and motivate such professionals in the commitment of reaching Indra's annual strategic objectives and in the half-term in the more and more competitive international environment where it carries out its business.

In 2008 exercise, the Board revised the remuneration framework of the senior managers with the advice of independent experts. In order to determine the terms and amounts for every different components of the new remuneration framework for the senior managers the following principles have been maintained: the variable remuneration represents a substantial part of the total remuneration; the half-term remuneration has a relevant weight; and the reference to market value is significant but not excessive.

The agreement of the Administrative Board established a remuneration framework valid for 2008, 2009 and 2010. The remunerations keep components, annual and long-term, similar to those existing in the previous period.

The new amounts agreed as fixed remuneration imply its increase to an average annual rate of 3.6% in 2005-2010 for the average senior managers. Likewise, if the valuation of the established objectives is positive, that would mean that for all senior managers that a 60% of their total remuneration would be of a variable character and a 40% would be half-term remunerations.

The Appointments, Remuneration and Corporate Governance Committee and the administrative Board understand that the remuneration framework established for the period 2008-2010 as well as the remuneration amounts and the variations they represent as compared to those applied in the period between 2005 and 2007, are adequate and reasonable as regards the market, the characteristics of the association and the profiles and circumstances of each senior manager.

3. Contractual Framework

Detailed description of the applicable conditions in the cases of extinction of the labor relations for reasons which cannot be attributed to the senior managers, as well as the content of the non-competence underwritten by the Association with some of them.

With regard to the point B. 1.17 related to the identity of the members of the Board who are, at the same time, members of the administrative board, managers of employees of societies which held significant shares in the listed association and/or entities belonging to the group, it is informed that in 2008:

- Mr. Mariano Pérez Claver (natural person representative of Mediación y Diagnósticos S.A.) is the general manager of Caja Madrid.
- Mr. Estanislao Rodríguez-Ponga (natural person representative of Participaciones y Cartera de Inversión S.L.) is the deputy chairman of the Board of Caja Madrid.
- Mr. Felipe Fernández Fernández (natural person representative of Administradora Valtenas, S.L.) is the general manager of Caja de Ahorros de Asturias.
- Mr. Eusebio Vidal-Ribas (natural person representative of the Casa Grande de Cartagena, S.L.) is the director-general manager of Casa Grande de Cartagena, S.L.
- Mr. Pedro López Jiménez is the president of Unión Fenosa.
- Mr. Honorato López Isla is the deputy chairman and the managing director of Unión Fenosa.

With regard to the point B 1.26 related to the question of the establishment of a limited term of office for the independent directors, it is informed that the Association has specifically established criteria about the maximum duration of the term of office of the independent directors as well as their renewal; although it is understood that this is a matter which cannot be strictly regulated in the Board of Directors Regulations or in the articles of the association.

Specifically, in accordance with the principle established in the article 22 of the Board of Directors Regulations about the periodic renewal of its composition, the Administration Board agreed at the beginning of 2005 to apply the following criteria, according to the instructions submitted by the Appointments, Remuneration and Corporate Governance Committee: the continuous presence of the independent directors in the Board must not be longer, except for some justified cases, four terms term of office as stipulated in the bylaws (whose duration is established for 3 years); and the process of renewal must be carried out in a gradual and progressive way.

The implementation of such criteria began on the occasion of the ordinary general meeting of shareholders in 2005, in which the appointment of Mrs. Isabel Aguilera independent

director replacing Mr. Moya Francés was agreed; it continued in 2007 with the appointment of Mrs. Mónica de Oriol and Mr. Luís Lada replacing Mr. Manuel Azpilicueta and Mr. Juan Carlos Ureta and in 2008 with the appointment of Mrs. Rosa Sugrañes replacing Mr. Francisco Constant.

In section B.1.29 regarding the participation of the members of the Administrative Board of the association in the capital of entities which have the same, similar or complementary professional activity to the corporate purpose not only of the association but also of its group: (i) Mr. Estanislao Rodríguez-Ponga natural person representative of the Board of Participaciones y Cartera de Inversión S.L. has informed the association of the fact that he is the vice-chairman of the Administrative Board of Caja de Ahorros y Monte de Piedad de Madrid, he is the director and holds 21 shares of radio Popular, he is also the director of Testa Inmuebles en Renta S.A., UTISA Tableros del Mediterráneo S.L., Asón Inmobiliaria de Arriendos S.L. and management assistant of Corte Inglés S.A. and (ii) Mr. Felipe Fernández Fernández natural person representative of the director of Administradora Valtenas S.L. has informed of his post as President of the Administrative Board and President of the Executive Committee of Infocaja S.L.

With regard to point C.2 in which there is a detailed account of the relevant operations which mean a transfer of resources or obligations between the association or entities within its group, and the significant shareholders of the association, it is made clear that all transactions with significant shareholders have been authorized according to the Board Regulations and have been carried out in the ordinary course of the operations of the Group and according to the market conditions, not representing, either as a whole or individually, a significant amount in relation to the assets, financial situation and turnover of the Group.

- The concept of financial expenses refers to expenses and interests due to financial intermediation services and layout of credit lines.
- Inversis figures as a society of Caja Madrid group being under the joint control of Indra with Caja Madrid.
- The reception of services refers to services rendered by Indra to the specified shareholders in the context of the ordinary activities.
- The amounts classified as other expenses refer to expenses due to guarantees management (187 m Euros).
- The financial income refers to the interests received by Indra due to financial short-term deposits.
- Within the category of financing agreements several concepts are included. 73,925 m Euros correspond to the maximum limit of annual term credit lines (11,000 m Euros); financing of commercial operations (70,620 m Euros) and collars of lending rates (6,000 m Euros). The three last concepts are included in the half-yearly income tax return under the category of other operations, not available in this form.

- The acquired compromises correspond to the maximum limit of annual term credit lines.

With regard to point C.3 which details the operations which mean a relevant transfer of resources or obligations between the Association or entities of its group and the administrators or managers of the Association, it is stated that all transactions with significant shareholders have been authorized according to the Board Regulations and the market conditions, not representing, either as a whole or individually, a significant amount in relation to the assets, financial situation and turnover of the Group.

The renting with the director Mr. Joaquín Moya-Angeler refers to the amount paid due to the renting of a building located in Torrejón de Ardoz, with 4,226m² to Inmoan society, in which Mr. Moya-Angeler has 100% participation. The renting contract was signed in 1999 for 8 years, being extended in December 2007 under the terms and conditions of this contract. The terms of this renting were negotiated with Mr. Moya-Angeler before his appointment as director of Indra, after which, and at the request of Mr. Moya-Angeler, the Board clearly authorized this transaction, with a favorable report by the Appointments, Remuneration and Corporate Governance Committee.

The renting with the director Mr. Pedro Ramón y Cajal refers to the renting of a building located in Alcobendas, with 4,084.12 m² to Edificios Alcobendas S.A. society in which Mr. Ramón y Cajal holds 10% participation. The renting contract was signed at the end of 2005 until May 2011 which can be extended until 2015.

The reception of services by the director Mr. Mónica de Oriol refers to the security services rendered by Seguriber society, in which Mrs. Oriol hold and indirect participation of 41.85% and she is its only administrator. Seguriber had commercial relations with Indra before the appointment of Mrs. Oriol as director.

Under this section any other information, explanation or clarifications related to the previous sections of the report can be included, if they are relevant and not reiterative.

Specifically, indicate if the association goes under legislation different from the Spanish one as regard corporate governance and, in that case, include all the information, different than the information asked in the present report, you are obliged to submit.

Binding definition of independent director

Indicate if any of the independent directors has or has had any relation with the association, its significant shareholders or its managers, and in case this relation was significant or important, it determined the impossibility for the director to be considered independent according to the definition given in section 5 of the Unified good governance Code.

Yes ☐ No ☒

Signature and date

This Corporate Governance Annual report has been approved by the Administration Board of the association in the session dated

26/03/2009

Indicate if any directors have voted against or refrained from voting the current report.

Yes ☐ No ☒