

ANNUAL REPORT ON COMPENSATION OF DIRECTORS FOR LISTED COMPANIES

THE CONTENTS OF THIS REPORT ARE THE SAME AS THAT CONTAINED IN THE ANNUAL REPORT ON DIRECTOR COMPENSATION FILED WITH THE *COMISIÓN NACIONAL DE MERCADOS DE VALORES* (“SPANISH STOCK MARKET COMMISSION” OR “CNMV”) IN ACCORDANCE WITH THE FORMAT ESTABLISHED FOR IT; ALTHOUGH SECTION A.4 IS BROAD ENOUGH TO CONTAIN ALL OF THE INFORMATION REQUIRED BY THE CNMV, A SUMMARY IS INCLUDED IN SECTION E IN ORDER TO FACILITATE UNDERSTANDING OF ITS CONTENTS.

A COMPANY COMPENSATION POLICY FOR THE CURRENT FISCAL YEAR

A.1. Explain the company’s compensation policy. Include in this section information regarding:

- **General principles and foundations of the compensation policy.**
- **Most significant changes made in the compensation policy applied during the prior fiscal year, as well as changes made during the fiscal year to the terms for exercising vested options.**
- **Standards used to establish the company’s compensation policy.**
- **Relative size of the variable items of compensation compared with fixed items, along with the standards used to determine each component of director compensation packages (compensatory mix).**

Explain the compensation policy

The current Compensation Policy was approved at the Annual Shareholders’ Meeting held this past 25 June, 2015 and applies to fiscal years 2015, 2016 and 2017.

Compensation for members of the Board of Directors (hereafter the “Board”) is determined in accordance with provisions contained in the Bylaws, the Compensation Policy, and the Board Rules as well as resolutions adopted at Annual Shareholders’ Meetings (individually, “Meeting”).

In accordance with the provisions of Article 217 of the *Ley de Sociedades de Capital* (“Spanish Corporations Act” hereafter “LSC”), this compensation is reviewed periodically in order to ensure that it is reasonable in light of the size of the Company, its economic status and market practices for similarly situated companies. Also, regarding

the design of and proposed changes to the compensation system, the Board continually ensures that it is designed to promote long term profitability and sustainability of the Company, and that it incorporates necessary safeguards for avoiding both excessive assumption of risk and reward for unfavourable results.

a) Membership in Administrative Bodies

The current compensation system consists of the following principles and concepts, contained in the Compensation Policy:

- That compensation of External Directors should provide sufficient incentive for their dedication, qualifications and responsibility, but not so much that it undermines the independence of Independent Directors.
- That compensation plans qua Director shall not incorporate components tied to profits or stock price, with the goal of divorcing them from short term variables and objectives; payment of that compensation is to be entirely in cash.
- Taking into account the high attendance rate of Directors at Board and committee meetings and the fact that such posts demand dedication and availability of the highest order, compensation is to be based exclusively on fixed amounts determined by the responsibilities taken on by each Director.
- In the event that objectives made public by the Company are not met in any given fiscal year, compensation amounts shall be revisited and the Annual Shareholders Meeting shall be informed.

Section A.3 shows the compensation amounts to be currently applied for membership on the various committees.

The Company applied the same principles and criteria the prior fiscal year.

b) Executive Functions Delegated by the Board.

Executive Directors receive additional compensation by virtue of their contractual relationships with the Company for carrying out the executive duties which they have been assigned.

This compensation is determined individually for each Executive Director by the Board upon proposal by the Nomination, Compensation and Corporate Governance Committee.

Since 2002, it has been Company practice to establish a medium term compensatory framework for Executive Directors, normally a period of three years.

The current compensation policy contains the following criteria and principles:

- That it be effective in attracting and retaining the best professionals, keeping their compensation in line with best practices and market conditions.
- That it promote retention of Directors and direct their management attention strictly and with special focus on the medium term, with a reasonable connection to changes in stock value exclusively during the medium term.
- That overall it take into account current conditions, outlooks, and sustainable growth objectives of the Company.
- That it include components which are fixed and variable; annual and multiannual; in cash, in kind, and linked to market value; and are determined according to the following criteria:
 - i. That fixed compensation remain constant for the three year period except in specific instances which warrant a review
 - ii. That variable compensation represent a very substantial portion of total compensation and that the majority of it be paid in stock
 - iii. That the medium term compensation be the majority
 - iv. That it incorporate: deferment in the receipt of a significant portion of variable compensation; that it contain a clawback provision

The current compensation scheme does not include stock options.

The principle changes made to the Compensation Policy approved in 2015 regarding the prior compensation scheme for Executive Directors are the following:

- Deferment in receipt of a significant portion of the deferred bonus part of variable compensation and make the deferred portion payable in shares

- Integrate a clawback clause in the contracts for Senior Managers, which permits the Company to claim reimbursement for variable compensation
- Increase the amount of compensation represented by shares to more than 50% of the total
- Eliminate the delivery of shares as a separate form of compensation
- Establish a mandatory policy requiring non-alienation of shares during the term of contractual relationship with the Company

The Compensation Policy approved in 2015 incorporates modern international standards and recommendations contained in the Code of Good Governance for Listed Companies. For its design and purpose, the voting results regarding delivery of shares to senior managers of the Company realized during the 2014 Meeting were especially taken into consideration, as well as comments received from Shareholders and proxy advisors regarding compensation elements during the annual Corporate Governance Road Shows.

So far as compensation for Executive Directors in recognition of duties delegated to them is concerned, the relative weight of the various annual compensation components is as follows:

- Fixed Compensation: 25% of total compensation
- Annual Variable Compensation: 35% of total compensation for 100% achievement of objectives.
- Medium Term Compensation: 40% of total compensation for 100% achievement of objectives.

A.2 Information regarding preparatory work and the decision-making process used to determine the compensation policy and the role, if any, played by the compensation committee and other supervisory bodies in crafting the compensation policy. This information shall include any mandate given to the compensation committee, its composition, and the identity of external advisors whose services have been used to define the compensation policy. Describe the category of directors, if any, who participated in determining the compensation policy.

Explain the process for determining the compensation policy

In accordance with the Board Rules, proposals regarding compensation policy for Directors as well as specific schemes to be implemented and their components and amounts, are drafted by the Nomination, Compensation and Corporate Governance Committee and brought before the Board of Directors for a decision within the framework and limits established by the Bylaws, resolutions of Shareholders and Board Rules or, when warranted, submitted to the Shareholders at Annual Meetings.

As mentioned earlier, in order to draft their proposals, the Nomination, Compensation and Corporate Governance Committee periodically analyzes trends and best practices in compensation policies for directors and senior managers; the opinions of shareholders and proxy advisers; as well as the results of votes at Meetings regarding proposals regarding compensation matters.

The Nomination, Compensation and Corporate Governance Committee has regularly availed itself of the advice of independent and well respected experts in this field. For the review and proposals drafted and approved for fiscal 2015, the advisors Towers Watson were used.

The members of the Nomination, Compensation and Corporate Governance Committee are exclusively outside Directors, the majority Independent, and the Chairman is always Independent. At the time of issuance of the present Report, it is composed of five members, three of them Independent and the other two Proprietary Directors representing the two largest Shareholders of the Company.

During meetings of the Board in which proposals related to compensation specific to Executive Directors are considered, those Directors are not present, and they do not participate in any manner in deliberations nor in making related decisions.

A.3 State the amount and nature of fixed compensation components, with a breakdown, if applicable, of amounts given to executive directors for the performance of their management duties; of additional compensation as chair or member of a committee of the board; of fees for attending meetings of the board and its committees; or other fixed compensation paid for being a director, as well as an estimate of the resulting fixed annual compensation. Identify any non-cash compensation and the criteria for awarding it.

Explain the nature of the fixed compensation components

a) Membership on Administrative Bodies.

Compensation for Directors for performance of their duties as Directors is determined as a function of their membership on the various administrative bodies. It consists exclusively of a fixed amount received by each Director considering the responsibility and dedication required, and determined in accordance with the following: 80 m€ for membership on the Board; 40 m€ for membership on the Audit and Compliance Committee; 24 m€ for membership on the Nomination, Compensation and Corporate Governance Committee; and 24 m€ for membership on the Strategy Committee, the chairmen receiving 1.5 times the indicated amounts.

These amounts are the same as for fiscal 2015 which, as a result of the application of provisions of the Compensation Policy, were reduced by 20% from those in place for 2014. In section D which follows individual compensation amounts for each Director in 2015 are given as a function of membership and duties on the various committees of the Board.

Without affecting the fact that the fixed amount be paid entirely in cash, all of the Directors have informed the Company of their decisions to dedicate a significant portion of their compensation, (approximately 50% of net compensation) towards the purchase of Indra shares, promising as well to keep those shares so long as they remain at their posts.

b) Executive Functions Delegated by the Board.

Annual fixed compensation received by Executive Directors is paid entirely in cash. The amounts applicable in fiscal 2015 are the following: 775 m€ for the Chairman and 550 m€ for the CEO.

Just as the Company made public as a Material Event, on 29 January 2015 Mr. Fernando Abril-Martorell was nominated as the new Chairman, replacing Mr. Javier Monzón de Cáceres. Afterwards, Mr. Abril-Martorell proposed to the Nomination, Compensation and Corporate Governance Committee that his gross compensation as executive be reduced by 22.5% relative to the amount paid to the immediate past Chairman. Said Committee brought this same proposal to the full Board and it was approved.

Section D which follows includes fixed compensation paid to current Executive Directors (for the Chairman it corresponds to eleven months at his post) and the fixed compensation paid to the prior Chairman, Mr. Monzón, corresponding to the month of January, 2015.

A.4 Explain the amount, nature and primary characteristics of the variable components of the compensation systems.

In particular:

- **Identify each of the compensation plans of which the directors are beneficiaries, their scope, their approval dates, their beginning dates, the length of time they are in effect, and their main features. In the case of stock option plans and other financial instruments, the general features of the plan shall include information on the terms for exercising such options or financial instruments for each plan.**
- **Indicate any compensation under profit-sharing or bonus plans, and the reason they are given.**
- **Explain the fundamental parameters and rationale for any annual bonus plan.**
- **The categories of directors (executive directors, proprietary external directors, independent external directors or other external directors) who are beneficiaries of compensation systems or plans which include variable compensation.**
- **The rationale for such variable compensation systems or plans, the criteria for evaluating performance, and the components and evaluation methods for determining whether such evaluation criteria have been met, and an estimate of the monetary value of variable compensation to which the current compensation plan would give rise, based on the assumptions or goals used for its determination.**
- **If applicable, explain any established deferred payment periods and/or periods for retaining shares or other financial instruments, if they exist.**

Explain the variable components of the compensation systems

The only variable components of compensation for the Board are those for Executive Directors as part of additional compensation for performance of duties delegated by the Board.

Compensation for Executive Directors incorporates two variable components, Annual Variable Compensation, and Medium Term Annual Compensation, defined in the Compensation Policy approved at the 2015 Meeting and which will remain in force until fiscal 2017.

a) Annual Variable Compensation

The purpose of this compensation component is to reward the creation of value through achievement of fixed objectives contained in strategic plans, as well as individual management performance.

To this end the Board, upon a prior report from the Nomination, Compensation and Corporate Governance Committee, set annual objectives for each Executive Director, said objectives being both quantitative and qualitative.

Quantitative objectives have a minimum weight of 50% in calculating Annual Variable Compensation. They are composed of metrics which ensure an adequate balance between financial and operations aspects in management of the Company.

Qualitative objectives have a minimum weight of 30% in calculating this incentive. They are primarily tied to the individual performance evaluation for Executive Directors.

Quantitative objectives for the current fiscal year for the Chairman as well as the CEO are the following: cash flow, EBIT and business development, which have a total weight of 70% of Annual Variable Compensation.

In order to determine the degree of achievement of each objective, a central value is established – equivalent to reaching 100% of the objective – which corresponds to achieving the annual forecast for the Company in each of these parameters as well as for outstanding achievement:

	Achievement Level	%RVA Target	Achievement Level	%RVA Target	Achievement of Objectives	%RVA Target	Weight
Cash flow	85%	25%	Target	100%	110%	120%	17.5%
EBIT	85%	25%	Target	100%	110%	120%	17.5%
Business Development	90%	0%	Target	100%	110%	120%	35%

With the goal of ensuring that the Annual Variable Compensation is fairly associated with performance of the recipients, at the time which achievement level is determined for quantitative objectives, any extraordinary events which would distort those results are disregarded in the judging evaluation criteria.

The remaining 30% of Annual Variable Compensation is tied to achievement of the following strategic objectives and to management performance, which evaluation by the Board is Qualitative. For this measure, a sliding scale is established depending upon the degree of achievement of objectives.

For the Chairman, qualitative objectives are linked to the following aspects: Implementation of actions defined in the Strategic Plan; Evaluation of management response to stakeholders; and Leadership

For the CEO, qualitative objectives are related to the following aspects: Start-up and results of the Performance & Oversight Committee; Positive operating results in Brazil; Implementation of new templates for the planning system; and Leadership.

The choice of specific objectives came about taking into consideration their importance and relevance for meeting Company global objectives as well as specific needs identified where more management attention was desired.

The Compensation Policy establishes a Target amount for 100% achievement of objectives equivalent to 140% of Fixed Compensation. It establishes as well a maximum Annual Variable Compensation in the event that goals are exceeded, being 120% of the Target, which will result in 168% of Fixed Compensation.

It is up to the Board, after a report from the Nomination, Compensation and Corporate Governance Committee to approve the objectives at the beginning of each fiscal year and to evaluate their achievement at year's end.

b) Medium Term Variable Compensation

The purpose of this compensation is to reward the creation of long term sustainable value for the shareholder by means of reaching of combination of economic, financial and operational objectives contained in the Strategic Plan.

To accomplish this, Medium Term Variable Compensation is structured around a single three year cycle (2015-2017). The Board assigned an initial number of shares (as a function of the Medium Term Variable Compensation target and the share price in sessions immediately before the Meeting for 2015) which are to be delivered at the end of the period in an amount ranging from 0% to 133% depending upon the degree to which the objectives tied to Medium Term Variable Compensation are met.

The financial, strategic and operational metrics for Medium Term Variable Compensation have a maximum weight of 80% and those derived from increases in share price are 30%.

The common objectives for the Chairman and CEO, as well as their relative weight, are the following:

Objective	Weight
Total Shareholder Return relative to the Ibex 35	20%
Aggregate cash flow for the period 2015-2017	30 %
Execution of the Strategic Plan 2015-2017	50 %

In order to determine the degree of achievement of each objective, a central value is established – equivalent to reaching 100% of the objective – which corresponds to achieving the annual forecast for the Company in each of these parameters. Achievement of 60% of target was set as the minimal level while a maximum of 150% was established for outstanding achievement. For achievement levels below the minimum threshold, the incentive received is zero. In any event, the maximum total amount obtainable for meeting objectives is set at 133%.

As regards total shareholder return, it is expected that the number of shares to be delivered will be zero if total shareholder return is below number 18 in ranking (mean ranking for the Ibex 35); 60% of the number of shares initially allocated in the event that total shareholder return is higher than 12th place (68th percentile); and 150% in the event that total shareholder return is situated at 5th place or above in the Ibex 35, calculating the percentage using linear interpolation for values in between.

In evaluating the completion of objectives, circumstances outside the ordinary course of business (such as acquisitions, restructuring, or similar company transactions) will be taken into account, when they have altered the math either positively or negatively and were not the direct result of the Executive Director's management. Additionally, in evaluating the achievement of objectives, the Board may take into account other circumstances such as the general economic environment or the performance of Indra within the market or sector in which it operates, or the performance of comparable companies.

The Compensation Policy establishes a numerical target for 100% achievement of objectives equivalent to 160% of Fixed Compensation. It establishes as well a maximum Medium Term Variable Compensation amount in the event that goals are exceeded, being 133% of the numerical target, which will result in 213% of Fixed Compensation.

It is up to the Board, after a report from the Nomination, Compensation and Corporate Governance Committee to determine the number of shares to be delivered to each Executive Director at the end of the period (fiscal 2017) as a function of achievement of objectives tied to the Medium Term Variable Compensation described above.

Given that the Medium Term Variable Compensation is not paid until the end of the period for which it is established and that its receipt is conditioned upon the Executive Director remaining with the Company during said period, no amount for this payment is given in Section D of this Report.

As regards an estimate of the annual absolute value of variable compensation which the current Compensation Policy provides for levels of achievement of these objectives, the following table is instructive:

	Target m€		Maximum m€	
	100% Achievement		133% Achievement	
	Chairman	CEO	Chairman	CEO
Annual Variable Compensation	1,085	770	1,302	924
Medium Term Variable Compensation	1,240	880	1,649	1,170
TOTAL	2,325	1,650	2,951	2,094

So far as the number of shares arising from Medium Term Variable Compensation in the aggregate for the 3 years (2015-2017):

	Number of shares Target		Maximum number of shares	
	100%		133%	
	Chairman	CEO	Chairman	CEO
Med. Term Var. Comp.	372,372	264,264	495,254	351,471

No other element of variable compensation is provided for in the Compensation Policy.

As for deferment periods, 30% of Annual Variable Compensation is paid out in three equal instalments over a three year period, entirely in Company stock, the amount of which is fixed on the date of award as a function of the average quoted price for the thirty prior sessions of the *Bolsa*. As a result, the first delivery of shares will occur in 2017.

Medium Term Variable Compensation, as already indicated, is paid in full at the end of the three year period (fiscal 2017), when the Board will determine the number of shares to be delivered to each Executive Director.

Additionally, Executive Directors agree to abide by the following retention policy regarding shares while they are at their posts: to retain ownership of a number of Company shares which would result from having invested the equivalent of two times gross fixed compensation. They are given a maximum of six years in order to obtain such an investment level, which they must maintain while they are at their posts.

A.5. Explain the main features of any long term savings plans, including retirement and any other survival benefit, either wholly or partially financed by the company, and whether funded internally or externally, and provide an estimate of their cost or equivalent annual amount, stating the type of plan, whether it is a defined contribution or defined benefit plan, the conditions under which payment rights are vested in favour of directors, and their compatibility with any kind of severance payment for early retirement or termination of the labour relationship between the company and the director.

Indicate also any contributions to defined contribution pension plans on the director's behalf; or any increase in the director's vested rights in the case of contributions to defined-benefit plans.

Explain any long term savings plans

No Director is a beneficiary of any long term savings plan, pension or retirement plan, or any similar benefit as a result of their status as a member of the governing bodies or their status qua Director.

In exchange for the performance of their duties delegated by the Board, Executive Directors are beneficiaries of an Early Retirement and Long-Term Savings Plan provided through a defined contribution fund outsourced by means of an insurance policy. The Company makes annual contributions to it for each Executive Director, determined as a percentage of total annual compensation, 15 % for the Chairman and 17% for the CEO. The Company will make these payments while the Executive Director remains at his post and until the date that he reaches age 62.

The Executive Director will have the right to receive the amount accumulated in the Early Retirement and Long-Term Savings Plan the moment he reaches age 62 or earlier in the event that he leaves his post for reasons other than cause, including because of change of control of the Company.

In the event that he does not meet his contractual obligations or dies before the age of 62, the Executive Director will not receive the Early Retirement and Long-Term Savings Plan money.

The amounts budgeted in 2016 by the Company for the Early Retirement and Long-Term Savings Plan are 465m€ for the Chairman and 374 m€ for the CEO.

Executive Directors are not beneficiaries of any pension plans or any other retirement, savings or deferred compensation plan other than the Early Retirement and Long-Term Savings Plan.

Sections C and D below detail payments made under the Early Retirement and Long-Term Savings Plan during fiscal 2015.

A.6 Indicate any severance benefits agreed to or paid in case of termination of duties as a director.

Explain the severance benefits

Directors of the Company as such do not have any rights to compensation or severance of any kind in the event of termination of their mandates.

A.7. State the terms and conditions that must be included in the contracts of executive directors performing senior management duties. Include information regarding, among other things, the term, limits on severance benefit amounts, clauses regarding duration on the board, prior notice periods, as well as payments in lieu of prior notice, and any other clauses relating to hiring bonuses, as well as benefits or golden parachutes due to early retirement or termination of the contractual relationship between the company and the executive director. Include, among other things, any covenants or agreements on moonlighting, exclusivity, permanence, or loyalty and any post-contractual non-compete clauses.

Explain the clauses in executive director contracts

Executive Directors maintain a business relationship with the Company described in two contracts to provide services, which regulate the conditions applicable to their professional relationship with the Company.

Both contracts are of indefinite duration, and in the case of the CEO there are no golden parachute or severance clauses for its termination.

In the event of separation without cause imputable to the Executive Chairman, Mr. Abril-Martorell has a temporary severance right equivalent to the positive difference between the amount accumulated on his behalf in the Early Retirement and Long-Term Savings Plan and an amount equivalent to one year of total compensation.

The contracts for the two Executive Directors contain as well a requirement that the Company give three months' notice of termination of the professional relationship and compensation, in the event of noncompliance, equivalent to annualized compensation for lack of notice.

The contracts for the two Executive Directors contain a non-compete agreement for two years after the end of the relationship with the Company paid annually at an amount equivalent to 0.75 times annualized compensation.

The contracts for the two Executive Directors contain clawback clauses which recognize the Company's right to recover variable compensation payments improperly delivered in the event that it becomes apparent determination of such amounts was the result of an error in data.

A.8 Explain any supplemental compensation accrued by directors in consideration of services provided other than those inherent in their position.

Explain the supplemental compensation

There is no supplementary compensation for Company Directors.

A.9. Indicate any compensation in the form of advances, credits and guarantees given, stating the interest rate, main features, and amounts eventually repaid, as well as the obligations assumed on their behalf as a guarantor.

Explain advances, credits and guarantees given

The Company (including all of the companies in its group) has not given any type of credit, advance, or loan guarantee to Directors.

A.10 Explain the main characteristics of compensation in kind.

Explain compensation in kind

Directors do not receive any payment in kind for membership on the governing bodies.

Pursuant to the terms of their employment contracts, Executive Directors receive payment in kind, which consists of a life and disability policy.

They are also beneficiaries of a health policy under the conditions of a group policy taken out by the Company for senior managers.

A.11 State the compensation received by the director by virtue of payments made by the listed company to a third party to which the director provides services, if such payments are intended to provide compensation for services rendered to the company.

Explain the compensation received by the director by virtue of payments made by the listed company to a third party to which the director provides services

None.

A.12 Any form of compensation other than those listed above, of whatever nature and from any member of the group, especially when it is deemed to be a related party transaction or when its payment obscures an accurate view of the total compensation accrued by the director.

Explain other forms of compensation

None.

A.13 Explain the actions taken by the company regarding the compensation system in order to reduce exposure to excessive risk and align it with the long-term goals, values, and interests of the company, including any reference to: measures intended to ensure that the compensation policy takes into account the long-term results of the company, measures which establish an appropriate balance between fixed and variable components of compensation, measures adopted with respect to those categories of personnel whose professional activities have a significant impact on the entity's risk profile, repayment formulae or clauses allowing demand of the return of variable compensation components based on results if such components have been paid based on data that is later shown to be clearly inaccurate, and measures provided to avoid any conflicts of interest.

Explain actions taken to reduce risk

As explained in section A.1 above, the director compensation system for longevity on administrative bodies is designed with the specific goal of divorcing this compensation from short term goals and variables.

Also, as regards specifically compensation for Executive Directors for performance of duties delegated by the Board, the current compensation scheme places a significant amount of weight (more than 50%, including the deferred portion of Annual Variable Compensation) on medium term components and an appropriate balance between fixed (25%) and variable (75%) components, as explained throughout this Report.

The procedures for determining goals and for assessing their achievement place special attention on the most important variables related to development of sustainable value in the medium and long term.

The Corporate Governance system, internal operating rules, control systems, and compliance programs in place at the Company establish specific oversight mechanisms and checks and balances in order to avoid the concentration of decision making power in areas which might lead to a higher assumption of risk by the Company as well as avoiding, or if applicable, adequately managing, conflicts of interest which may arise.

As indicated in Section A.7, the Board of Directors contracts of Executive Directors contain clawback clauses which permit claims for reimbursement for improperly awarded payments under terms that are described in said Section.

B REPEALED

C OVERALL SUMMARY OF THE APPLICATION OF THE COMPENSATION POLICY DURING THE FISCAL YEAR JUST ENDED

C.1 Summarise the principal characteristics of the structure and compensation items of the compensation policy applied during the fiscal year just ended leading to the breakdown of individual compensation received by each director as reflected in section D of this report, as well as a summary of the decisions made by the board in applying those items. Evaluation data.

Explain the structure and compensation items of the compensation policy applied during the fiscal year

a) Membership on Administrative Bodies.

Compensation consists exclusively in fixed amounts paid entirely in cash. The fixed amounts for fiscal 2015 are the following: 80m€ for membership on the Board; 40m€ for membership on Audit and Compliance Committee; 24m€ for membership on the Nomination, Compensation and Corporate Governance Committee; and 24€ for membership on the Strategy Committee, with the chairmen of each body receiving 1.5 times the amount indicated.

Application of these amounts for membership on each of the administrative bodies gives rise to the individual amounts shown in Section D below.

b) Executive Functions Delegated by the Board.

During fiscal 2015, specific compensation for Executive Directors was determined in accordance with the criteria and features described in Section A above.

Fixed compensation, in accordance with the provisions of the current Compensation Policy amounted to 710 m€ for the Chairman (corresponding to 11 months for fiscal 2015) and 550 m€ for the CEO. Mr. Monzón, the prior Executive Chairman, received 83 m€ (corresponding to the month of January, 2015).

As for Annual Variable Compensation, upon closing of fiscal 2015 the Nomination, Compensation and Corporate Governance Committee and the Board completed the relevant evaluation process in accordance with the criteria laid out in Section A.4 in order to determine the achievement levels of objectives reached and the corresponding amounts to be received by Executive Directors, with the following results:

For quantitative objectives which are the same for the Chairman and the CEO (Cash Flow, EBIT and Business Development) and which have a weight of 70% for Annual Variable Compensation, none of the minimums were achieved, for which the Annual Variable Compensation amounts for these objectives was zero euros.

As for qualitative objectives, which for the Chairman and the CEO both have a weight of 30% for Annual Variable Compensation, the achievement levels for them were the following:

In the case of the Chairman, whose objectives were: Effective implementation of the Strategic Plan; Effective implementation of a new Organization; Performance of the relational model between geographic and vertical markets; and Leadership the total level of achievement was 32%.

In the case of the CEO, whose objectives were: Effective implementation of the Strategic Plan; Improved operating results in Brazil; Effective implementation of an efficiency and cost reduction plan; Performance of the relational model between geographic and vertical markets; and Leadership the total level of achievement was 25%.

The Nomination, Compensation and Corporate Governance Committee and the Board resolved in their meetings held 22 and 25 February, 2016 to award an additional 13% to the Executive Chairman above and beyond the amounts indicated above in recognition of the especially complex management tasks accomplished during his first fiscal year, and that the evaluation of the Chairman should not be constrained by the concrete fixed objectives which were clearly inadequate in measuring his degree of dedication and success in confronting the problems he faced and the increased credibility which he has achieved for the Company both internally and with clients and the markets.

Given said evaluations, the total percentage of achievement of objectives for Annual Variable Compensation for 2015 was **45%** in the case of the Chairman and **25%** in the case of the CEO and the gross amounts paid for this component amounted to 447.5 m€ for the Chairman (corresponding to 11 months for fiscal 2015) and 192.5 m€ for the CEO.

Consistent with that contained in Section A4 above, 70% of these amounts were received in cash in March, 2016.

The remaining 30% was received in shares, the total number of which was determined as a function of the average quoted price during the 30 stock market sessions prior to approval by the Board of Annual Variable Compensation, which price was 8.42 €. The result of the above calculation was that the number of shares awarded was 15,946 for the Chairman and 6,858 for the CEO. This number of shares will be delivered to the Executive Directors in three equal parts during 2017, 2018, and 2019.

The above amounts and number of shares are gross and subject to any applicable government withholding at the time of delivery.

Additionally, during fiscal 2015 the contractual relationship of the Executive Chairman with the Company was terminated and he received 1,019 m€ as a result of the contractual notice period and proportional payment for bonuses and vacation time not taken.

Furthermore, the termination of Mr. Javier Monzón as Executive Chairman of the Company gave rise to his contractual right to receive from the plan administrator managing the funds accumulated in his Early Retirement and Long-Term Savings Plan at that time, subject always to the maximum provided for in his employment contract. The amount vested was 12,067m€.

Finally, said termination triggered the provisions of a non-compete clause entered into by the company with the prior Executive Chairman and contained in his employment contract. As a result, during 2015 Mr. Monzón received compensation of 2,750 m€, corresponding to 11 months.

D DETAIL INDIVIDUAL COMPENSATION PAID TO EACH DIRECTOR

D.1 Complete the following charts regarding individual compensation for each director (including compensation paid during the fiscal year for executive duties) paid during the fiscal year.

a) Compensation paid by the Company which is the subject of this report:

i) Cash compensation (in 1000's of €)

Name	Salary	Fixed Compensation	Per Diem	Short Term Variable Compensation	Long Term Variable Compensation	Compensation for Committee Membership	Indemnity	Other Items	Total Fiscal 2015	Total Fiscal 2014
F. Abril-Martorell	711	110		448	0	33		12	1,314	0
J. de Andrés	550	80		192.5	0	0	0	10	832.5	705
J. Monzón	83	12.5	0	0	0	3.75	0	3,769 ⁽¹⁾	3,868.25	1,165
D. García-Pita	0	80	0	0	0	36	0	0	116	145
J. C. Aparicio	0	80			0	40	--	--	120	150
A. Menéndez	0	80	0	0	0	48	0	0	128	160
J. March	0	80	0	0	0	36	0	0	116	160
S. Martínez-Conde	0	80	0	0	0	52	0	0	132	150
I. Aguilera	0	80	0	0	0	56	0	0	136	150
L. Lada	0	80	0	0	0	24	0	0	104	180
M. de Oriol	0	26.6	0	0	0	8	0	0	34.6	130
I. Santillana	0	80	0	0	0	74	0	0	154	160
R. Sugrañes	0	80	0	0	0	24	0	0	104	130
A. Terol	0	80	0	0	0	74	0	0	154	205
E. De Leyva	0	53.3	0	0	0	40	0	0	93.3	---

- (1) Includes the amount received upon termination of his contractual relationship with the Company (1,019 m€) for the following items: (i) contractual notice period; and (ii) proportional payment for bonuses and vacation time not taken. It includes as well compensation delivered during the fiscal year (2,750 m€) for the prior Executive Chairman in consideration for a non-compete clause entered into with the Company.
- (2) Furthermore, the termination of Mr. Javier Monzón as Executive Chairman of the Company gave rise to his contractual right to receive from the plan administrator managing the funds accumulated in his Early Retirement and Long-Term Savings Plan at that time, subject always to the maximum provided for in his employment contract. The amount vested was 12,067m€.

ii) Stock based compensation plans

Name/period of delivery fiscal 2015	Type of Plan and Effective Date	Ownership of Options at the Beginning of Fiscal 2015				Options Granted During Fiscal 2015					Shares Delivered During Fiscal 2015		
		Number of Options	Number of Affected Shares	Strike Price	Strike Period	Number of Options	Number of Affected Shares	Strike Price	Strike Period	Conditions for Exercise	Number of Shares	Price (€)	Amount (m €)

iii) Long term savings plans

Name	Contribution by the Company during the Fiscal Year (1000's €)		Accumulated Balance (1000's €)	
	Fiscal 2015	Fiscal 2014	Fiscal 2015	Fiscal 2014
F. Abril-Martorell	426	--	428	--
J. de Andrés	374	374	4,235	3,819
J. Monzón	50	600	0	12,227

iv) Other benefits (1000's €)

Directors	Compensation in the form of Advances, Loans Granted

	Rate of Interest	Basic Terms	Amount to be Repaid
N/A			

Directors	Life Insurance Premiums		Guarantees Given by the Company to Directors	
	Fiscal 2015	Fiscal 2014	Fiscal 2015	Fiscal 2014
F. Abril-Martorell	18	0		0
J. de Andrés	27	25		
J. Monzón	22	110		
D. García-Pita				
J. Carlos Aparicio				
A. Menéndez				
J. March				
S. Martínez-Conde				
I. Aguilera				
L. Lada				
I. Santillana				
R. Sugrañes				
A. Terol				
E. De Leyva				
I. Santillana				
R. Sugrañes				
A. Terol				
E. De Leyva				

b) Compensation received by Directors for membership on the boards of other companies in the group. N/A

c) Compensation summary (1000's €)

	Compensation Paid by the Company				Compensation Paid by Companies in the Group				Totals		
	Total Cash Payments	Value of Shares Delivered	Gross Profit on Options Exercised	Total Fiscal 2015	Total Cash Payments	Value of Shares Delivered	Gross Profit on Options Exercised	Total Fiscal 2015 for the Group	Total Fiscal 2015	Total Fiscal 2014	Contributions to Savings Plans during the Fiscal Year
F. Abril Martorell	1,314			1,314	0	0	0	0	1,314	---	4
J. de Andrés	832.5			832.5					832,5	705	3
J. Monzón	3,868.25			3,868.25	0	0	0	0	3,868,25	1,165	
D. García-Pita	116			116	0	0	0	0	116	145	
J. Carlos Aparicio	120			120	0	0	0		120	150	
A. Menéndez	128			128	0	0	0		128	160	
J. March	116			116	0	0	0	0	116	160	
S. Martínez-Conde	132			132	0	0	0	0	132	150	
I. Aguilera	136			136	0	0	0	0	136	150	
L. Lada	104		0	104	0	0	0	0	104	180	
M. de Oriol	34.6		0	34.6	0	0	0	0	34.6	130	
I. Santillana	154		0	154	0	0	0	0	154	160	
R. Sugrañes	104		0	104	0	0	0	0	104	130	
A. Terol	154		0	154	0	0	0	0	154	205	
E. De Leyva	93.3			93,3					93.3	0	
Totals	7,406.65			7,406.65	0	0	0	0	7,406.65	3,590	8

D.2 Report the relationship between compensation received by directors and results or other measures of the entity’s performance, explaining, if applicable, how changes in the company’s performance may have affected changes in the compensation of the directors.

a) Membership on Administrative Bodies

As indicated in Section A.1 above, applying the principle made public by the Board of Directors that in the event that during a fiscal year publically stated goals of the Company are not met; and after a report from the Nomination, Compensation and Corporate Governance Committee; review of compensation for fiscal 2015 would be made. In light of the results of the Company for fiscal 2014, it was considered appropriate to make an across the board cut of 20% in compensation beginning in January, 2015.

b) Executive Functions Delegated by the Board.

As explained in Section C.1, the results of the Company for fiscal 2015 related to quantitative objectives were such that the part of Annual Variable Compensation for Executive Directors (cash flow, EBIT, and business development), which accounts for 70% of Variable Annual Compensation, amounted to zero for the Chairman as well as the CEO. As such, the results of the Company during the fiscal year had a direct impact on the amount of compensation paid to the Executive Directors.

D.3 Report the results of the non-binding vote of the shareholders on the annual compensation report for the preceding fiscal year, indicating the number of votes against, if any:

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	NUMBER	% OF TOTAL
VOTES CAST	112,509,572	100
VOTES IN FAVOR	78,292,477	69.59
VOTES AGAINST	999,734	0.89
ABSTAINING	33,217,361	29.52

E OTHER INFORMATION OF INTEREST

If there are any relevant issues relating to director compensation that could not be included in the other sections of this report, but which should be included in order to provide more complete and lucid information on the compensation structure and practices of the company regarding its directors, list them briefly.

- The annual financial statements contain detailed and comprehensive information regarding specific aspects relating to Director and senior management compensation as well as their contractual rights and obligations and in some cases expand upon and complement the information contained in the various sections of this compensation report.

This Annual Compensation Report was approved by the Board of Directors of the Company during its meeting held 17 March 2016.

Indicate if any directors abstained or voted against approval of this Report.

NO