

Alcobendas, 5 March 2017

SPANISH STOCK EXCHANGE COMMISSION

According to article 228 of the consolidated text of the Securities Market Act and its related legislation and in the context of the takeover bid for TecnoCom, which was subject of prior announcement on 29 November, Indra makes public the following:

RELEVANT EVENT

Indra Brasil Soluções e Serviços Tecnológicos (Indra Brazil), a subsidiary of Indra Group, has been imposed an administrative sanction that prevents it from entering into new contracts with the Brazilian Public administration (Declaration of Inability) for an undetermined period.

This decision is based on an administrative process dating back to 2011 initiated by the Controladoria Geral do Distrito Federal against Politec Participações Ltda. (Polipar) on the back of a potential breach on a rental contract between the Aguas Claras Regional Administration and Polipar in 2005.

Polipar was the parent Company of Politec Ltda, the IT services Company acquired by Indra in September 2011, today known as Indra Brazil Soluções. It is worth mentioning that Politec Participações Ltda and Politec Ltda are two completely different companies and with totally different businesses scopes.

During the proceedings there was no communication nor any notification to Indra Brazil, which was not a party to this legal process. In November 2016, Indra Brazil for the very first time received a notification regarding this procedure. We understand that this notification is based on a misinterpretation of the concept of business group and that this ruling against Indra Brazil will be overuled due to the lack of any legal grounds.

Indra has appealed this decision in front of the relevant jurisdictions, and expects to obtain a favorable ruling in due course.

The effects of this sanction are limited exclusively to the ability of this specific subsidiary to contract with Public Administrations, and does not affect any existing contract awarded to this subsidiary, nor does it affect the ability of Indra's other Brazilian subsidiaries to bid for contracts with any Public Administrations in Brazil. Indra considers that this situation will not have a significant impact at the consolidated group level.

All of which is announced to all appropriate effects.

Yours faithfully,

Carlos González
Vice-Secretary of the Board of Directors