

2009 CORPORATE GOVERNANCE REPORT

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PRESENTATION

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

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

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

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

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

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

PRESENTATION

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

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

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

OWNERSHIP STRUCTURE OF THE COMPANY

2.1. SIGNIFICANT SHAREHOLDERS

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

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

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

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

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

2.2. SHAREHOLDER AGREEMENTS

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

2.3. LIMITATIONS ON SHAREHOLDER RIGHTS

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

GOVERNANCE AND ADMINISTRATION OF THE COMPANY

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

3.1. ANNUAL SHAREHOLDER MEETINGS

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

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

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

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

3.2. BOARD OF DIRECTORS

3.2.1. Regulation and Scope of Authority

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

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

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

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

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

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

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

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

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

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

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

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

3.2.2. Composition

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

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

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

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

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

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

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

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

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

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

⁽²⁾ Representing Administradora Valtenas, S.L.

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

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

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

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

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

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

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

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

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

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

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

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

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

3.2.3. Annual Review of Director Status.

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

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

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

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

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

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

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

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

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

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

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

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

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

3.2.5. Gender Diversity Policy

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

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

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

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

3.2.6. Committees of the Board of Directors

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

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

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

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

3.2.7. Activity during the Year and Evaluation of its Operation

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

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

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

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

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

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

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

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

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

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

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

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

3.3. EXECUTIVE COMMITTEE

3.3.1. Regulation and Authority

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

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

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

3.3.2. Composition

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

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

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

3.3.3. Activity during the Fiscal Year

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

3.4. AUDIT COMMITTEE

3.4.1. Regulation and Authority

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

Its main functions are to:

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

3.4.2. Composition

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

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

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

3.4.3. Activity During the Fiscal Year

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

3.5. NOMINATION, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

3.5.1. Regulation and Duties

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

Its main functions are to:

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

3.5.2. Composition

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

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

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

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

3.5.3 Activity during the Fiscal Year

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

3.6. SENIOR MANAGEMENT

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

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

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

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

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

COMPENSATION OF DIRECTORS AND SENIOR MANAGERS

4.1. DIRECTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Director's Compensation (€) 2009

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

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

4.2. SENIOR MANAGERS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.3. OTHER BENEFITS OR COMPENSATION

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

4.4. SEVERANCE CLAUSES AND NON-COMPETITION AGREEMENTS

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

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

4.5. OTHER PUBLIC INFORMATION REGARDING COMPENSATION

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

TRANSACTIONS WITH SIGNIFICANT SHAREHOLDERS AND WITH DIRECTORS

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

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

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

The breakdown of these transactions by type follows:

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

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

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

TREASURY STOCK

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

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

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

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

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

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

MARKET DISCLOSURE AND SHAREHOLDER COMMUNICATION POLICY

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

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

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

RELATIONS WITH THE EXTERNAL AUDITOR

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

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

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

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