Alcobendas, 8 October 2013

SPANISH SECURITIES MARKET COMMISSION
(*COMISIÓN NACIONAL DEL MERCADO DE VALORES*)

Pursuant to the provisions of Article 82 of Spanish Securities Market Law ("*Ley del Mercado de Valores*") and its implementing regulations, Indra hereby notifies and announces the following

RELEVANT EVENT

Using the powers conferred by the General Shareholders' Meeting of Indra Sistemas S.A ("**Indra**") held on 21 June 2012, the Board of Directors of Indra has resolved to carry out an issue of bonds convertible into and/or exchangeable for ordinary shares in Indra (the "**Bonds**"), excluding the preferred subscription right held by the shareholders (the "**Issue**").

Indra's Board of Directors has established the main characteristics of the Issue. However, some of the terms and conditions of the Bonds are pending, and will be determined once the bookbuilding process has been completed by the financial entities contracted for this purpose.

Indra has employed the services of Citigroup Global Markets Limited and J.P. Morgan Securities Plc as *Joint Bookrunners*, Banco Santander, S.A. as *Co-Bookrunner* and Natixis as *Co-Lead Manager* (together, the "**Placement Entities**") to carry out an accelerated bookbuilding process, in order to obtain commitments from international qualified investors for the subscription of the Bonds.

The accelerated bookbuilding process in relation to the Issue will begin immediately after the publication of this announcement.

Indra intends to use the funds obtained in the Issue to strengthen its balance sheet and extend its debt maturity profile, as well as to diversity its funding sources.

The main terms and conditions of the Issue are as follows:

a. The maximum nominal amount of the Issue will be TWO HUNDRED AND FIFTY MILLION EUROS (250,000,000€);

b. The Bonds will mature on the fifth anniversary of the Issue Date, as this term is defined below ("**Final Maturity Date**"). On the Final Maturity Date, those Bonds which have not been previously converted or exchanged, redeemed or cancelled, will be redeemed for an amount equal to their nominal value;

c. The Issue will be targeted at international qualified investors;

d. The Bonds will have a nominal value amount of one hundred thousand euros (€100,000) and will be issued at 100% of their nominal value. The Bonds will constitute a single series and will be in registered form, represented by bond certificates initially in the form of a single global certificate. A register of the names and addresses of the bondholders will be kept by a financial entity appointed for this purpose;

e. The Bonds will accrue fixed interest, payable every six (6) months in arrears. The nominal annual interest rate, which will be set once the bookbuilding process has concluded, is expected to be between 1.75% and 2.50%;

f. The Bonds will be voluntarily convertible into newly-issued shares or shares which may be exchanged for existing shares in Indra (as Indra may decide), when the bondholders exercise their conversion or exchange rights, at a conversion or exchange price which will, initially, be the result of adding together:

   a) The trading price of the shares in Indra, determined by the average weighted price of the trading volume of said shares on the Spanish Stock Exchanges during the period between the launch and the pricing today; and

   b) conversion premium to be established as a result of the accelerated bookbuilding process to be carried out by the Placement Entities. The conversion premium is expected to be between 25% and 30% of the trading price of the shares referred to in paragraph (a) above.

   The bondholders will receive, as a result of exercising their conversion or exchange right, a number of ordinary shares in Indra, which will be determined by dividing the face value amount of the Bonds to be converted or exchanged, by the conversion price in force.

g. In any event, on the date that falls 3 years and 21 days from the Issue Date (as this term is defined below), Indra may redeem in advance all (but not part) of the Bonds for their face value plus the interest accrued, if: (a) the market value of the underlying shares per Bond for a specified period of time exceeds 130,000 euros; or (b) 10% or less of the principal amount of the Bonds initially issued remains outstanding.

h. The Issue is guaranteed by Indra's assets and is not guaranteed by third parties.

i. The legal nature of the Issue, the capacity of Indra as well as its corresponding corporate resolutions, the ranking of the Bonds, the appointment of the Commissioner and the creation of the syndicate of bondholders of the Issue will be governed and interpreted in accordance with Spanish law. Except as indicated above, the terms and conditions of the Bonds, including the non-contractual obligations, will be governed and interpreted in accordance with English law.

j. Indra will assume a 90-day lock-up undertaking, as from the date of the Subscription Agreement (as this term is defined below), by virtue of which it will undertake to not carry out the issue, offer or sale of shares and other securities convertible into and/or exchangeable for shares in the Company, subject to certain exceptions; and

k. The Bonds are expected to be listed on the non-regulated market (multilateral trading platform) known as the "*Freiverkehr" of the* Frankfurt Stock Exchange.

Once the definitive terms and conditions of the Issue have been established by Indra and the Placement Entities at the conclusion of the bookbuilding process, Indra is expected to sign a subscription agreement for the Bonds with the Placement Entities (the "**Subscription Agreement**"), subject to English law.

The subscription and disbursement of the Bonds is expected to take place on 17 October 2013 (the "**Issue Date**"), provided that the applicable conditions established in the Subscription Agreement are fulfilled.

Juan Carlos Baena