
**PROPOSALS FOR RESOLUTIONS AND INFORMATION FOR
SHAREHOLDERS FOR THE 2018 ANNUAL
SHAREHOLDERS MEETING**

May, 2018

Information for Shareholders for the 2018 Annual Shareholders' Meeting of Indra

This document was prepared by the Board of Directors of Indra Sistemas, S.A. (the "Company" or "Indra") in order to present to its Shareholders, fully and in detail, the Agenda and the reasons for each Agenda Item for the next Annual Shareholders Meeting (the "Meeting"), as well as the proposed resolutions that the Board of Directors (the "Board") has decided to submit to the Meeting for each Item of the Agenda.

Just as in previous years, pursuant to its policy of following best practices in corporate governance and transparency of information, and in accordance with the *Ley de Sociedades de Capital* ("Corporations Act" or "LSC"), from the date of notice of the Meeting the Board of Directors makes information available to Shareholders explaining the contents of each one of the proposals that the Board will submit, with the goal of facilitating Shareholder understanding of said proposals and allowing Shareholders' exercise of their votes with a deeper understanding of the issues.

In Item 1 of the Agenda, approval of the Financial Statements and of the Management Report of Indra Sistemas, S.A. and its consolidated group are proposed (in accordance with Articles 538 and 262.5 of the LSC, the 2017 Annual Corporate Governance Report and the 2017 Annual Report on Corporate Responsibility are integral parts of the Management Report).

Item 2 of the Agenda is a proposal for allocation of profits realized during the fiscal year ended 31 December 2017.

In Item 3 of the Agenda, approval of the Board's management for the fiscal year ended 31 December 2017 is proposed.

Regarding the three Agenda items above, on 21 March 2018 the audited individual and consolidated fiscal 2017 Annual Financial Statements and Management Report, Annual Corporate Governance Report, and the 2017 Annual Corporate Social Responsibility Report were uploaded to the Company website and filed with the *Comisión Nacional de Mercados de Valores* ("Spanish Securities Exchange Commission" or "CNMV"). In order to make them easier to find, these documents are also accessible from the portion of the company website dedicated to the Annual Shareholders' Meeting upon call of the Meeting.

Supplementary to the issuance of the Annual Corporate Governance Report and in accordance with the text of Recommendation 3 of the Code of Good Governance for Listed Companies, during the Meeting the Chairman of the Board of Directors will report on changes in Corporate Governance of the Company since the last Meeting.



Item 4 of the Agenda contains a proposal for appointment of three Directors, two of them already appointed by the Board of Directors through co-optation in December 2017 and January 2018, and one new member. Also, the re-election of two other Directors whose terms end this year is proposed.

The professional profiles of the Directors whose appointment or re-election is proposed as well as extensive supporting information contained in the reports of the Board of Directors and the Nomination, Compensation and Corporate Governance Committee are provided, pursuant to the requirements of Article 529.10 of the LSC, and according to the category of Director in question.

Item 5 of the Agenda contains a proposal, pursuant to Articles 160 f) and 511 bis.a) of the LSC for approval of Company reorganization under the 2018-2020 Strategic Plan, consisting of creation of an independent subsidiary, 100% owned by Indra, containing all of Indra's Information Technology business.

Item 6 of the Agenda includes a proposal for approval of a split-off involving Indra Sistemas, S.A. (as Transferor) and Indra Soluciones Tecnologías de la Información, S.L.U. (as Beneficiary) in accordance with the Common Draft Terms of Structural Modifications approved by the respective governing bodies.

In Item 7 of the Agenda, amendment of the 2018-2020 Compensation Policy is submitted for approval in order to adapt it to the new Company management structure following removal of the post of COO and appointment of two Vice President Directors as well as for adapting and specifying the objectives of variable compensation and the term of the non-compete clause of Executive Directors. The required report from the Nomination, Compensation and Corporate Governance Committee is also included.

In item 8 of the Agenda, in accordance with the provisions of Article 541 of the LSC, the Board submits, on a consultative basis, the Annual Report on Director Compensation for fiscal 2017.

In Item 9 of the Agenda, the resolutions required for delivery of Company shares to Executive Directors and Senior Managers under the Bylaws and in accordance with the Compensation Policy described in Item 7 of the Agenda are submitted.

In addition to the documentation referred to above, Shareholders may review the following documents on the Company website, -which documents the Company makes public in accordance with best practices regarding corporate governance-: 2017 Activities Reports of the Audit and Compliance Committee and of the Nomination, Compensation and Corporate Governance Committee; the Report Regarding Related Party Transactions issued by the Nomination, Compensation and Corporate Governance Committee; and the Report on the Independence of the Auditor.



All of the aforementioned information as well as the documents mentioned in the call announcement and the call notice itself will remain accessible without interruption on the Indra website (www.indracompany.com) from publication of the call.

The Board of Directors,

24 May 2018

- a. **Announcement of call of the Meeting**
- b. **Items 1, 2 and 3 of the Agenda.** - Approval of the Annual Financial Statements and Management Report of Indra Sistemas, S.A. and its Consolidated Group for the year ended 31 December 2017. Approval of the proposed allocation of profits for 2017. Approval of Board management for fiscal 2017.
- c. **Item 4 of the Agenda.** - Appointment and re-election of Directors.
- d. **Item 5 of the Agenda.** -Approval of the corporate reorganization of the information technology business of Indra Sistemas and other Indra Group companies in accordance with Articles 160 f) and 511 bis 1.a) of the Spanish Companies Act
- e. **Item 6 of the Agenda.** - Approval of a split-off involving Indra Sistemas, S.A. (as Transferor) and Indra Soluciones Tecnologías de la Información S.L.U. (as Beneficiary) in accordance with the Common Draft Terms of Structural Modifications approved by the respective governing bodies.
- f. **Item 7 of the Agenda.** - Approval of the amendment of the Compensation Policy for Directors for years 2018, 2019 and 2020.
- g. **Item 8 of the Agenda.** - Consultative vote on the Annual Compensation Report for 2017.
- h. **Item 9 of the Agenda.** - Authorization for delivery of shares to Executive Directors and Senior Managers.
- i. **Item 10 of the Agenda.** - Approval and delegation of authority to formalize, enter and carry out the resolutions adopted at the Meeting.

a. Announcement of call of the Meeting

ANNUAL SHAREHOLDERS' MEETING

By resolution of the Board of Directors, Shareholders are called to attend the Annual Shareholders' Meeting of Indra Sistemas, S.A., to be held at its registered office located at Avenida de Bruselas 35, Alcobendas (Madrid), to convene on 27 June 2018, at 12:30 p.m. on first call or, if no quorum is present, the next day 28 June 2018, at the same time and in the same place on second call, in order to discuss and decide the following matters contained on the:

AGENDA

First.- Approval of the Annual Financial Statements and Management Report of Indra Sistemas, S.A. and its Consolidated Group for the year ended 31 December 2017.

Second.- Approval of the proposed allocation of profits for fiscal 2017.

Third.- Approval of Board management for fiscal 2017.

Fourth.- Re-election and appointment of Directors.

4.1. Appointment of Mr. Ignacio Martín San Vicente as Independent Director, upon proposal by the Nomination, Compensation and Corporate Governance Committee.

4.2. Re-election of Mr. Enrique De Leyva Pérez as Independent Director, upon proposal by the Nomination, Compensation and Corporate Governance Committee.

4.3. Re-election of Mr. Fernando Abril-Martorell Hernández as Executive Director upon proposal by the Board of Directors.

4.4. Appointment of Ms. Cristina Ruiz Ortega as Executive Director upon proposal by the Board of Directors.

4.5. Appointment of Mr. Ignacio Mataix Entero as Executive Director upon proposal by the Board of Directors.

Fifth.- Approval of the corporate reorganization of the information technology business of Indra Sistemas and other Indra Group companies in accordance with Articles 160 f) and 511 bis 1.a) of the Spanish Companies Act.

Sixth.- Approval of a split-off involving Indra Sistemas, S.A. (as Transferor) and Indra Soluciones Tecnologías de la Información, S.L.U. (as Beneficiary) in accordance with the Common Draft Terms of Structural Modifications approved by the respective governing bodies.

Seventh.- Approval of the amendment of the Compensation Policy for Directors applicable for fiscal years 2018, 2019 and 2020.

Eighth.- Consultative vote on the Annual Compensation Report 2017.

Ninth.- Authorization for the delivery of shares to Executive Directors and Senior Managers.

Tenth.- Approval and delegation of authority to formalize, enter and carry out the resolutions adopted at the Meeting.

SUPPLEMENT OF THE CALL AND PRESENTATION OF NEW PROPOSALS

Shareholders representing at least three percent of equity may request that a supplement to this call including one or more Agenda Items be published, provided that the new items are accompanied by supporting reasons for inclusion or a justified proposed resolution. Such request must be made by certified notice stating the identity of the Shareholders exercising the right and the number of shares they hold, and must be received at the registered office within five days of publication of this announcement.

Any supplement must be published at least fifteen days in advance of 27 June 2018, the date set for first call of the Meeting.

Shareholders representing at least three percent of equity may also submit, within the same period described above, proposed resolutions based on Items already included or to be included on the Agenda. The Company shall ensure the dissemination of these proposed resolutions and any documentation that may be attached thereto.

RIGHT TO INFORMATION

Up to the fifth day prior to the scheduled date of the Meeting, Shareholders may ask the Board of Directors for any information or clarification they deem necessary, or pose written questions they deem relevant regarding Items on the Agenda. They also may request information or clarification or ask written questions during said term, or verbally during the Meeting, about public information which has been provided by the Company to the *Comisión Nacional del Mercado de Valores* from 29 June 2017, the date of the last Meeting, and regarding the Auditors' Report. For this purpose, Shareholders may contact the Shareholders' Office (Tel 91 480 9800; accionistas@indracompany.com) or use the forms

provided on the Company website (www.indracompany.com). Shareholders must identify themselves by providing official proper identification and reveal which shares they hold.

From the time of publication of the call and until the Meeting convenes, any Shareholder who wishes may request free delivery of the following information or examine it at the registered office or on the Company website (www.indracompany.com):

- (i) Call notice.
- (ii) The total number of shares and voting rights of the Company on the date of the call.
- (iii) Documents referred to in Article 272 of the *Ley de Sociedades de Capital* ("Spanish Corporations Act" or "LSC") (Financial Statements and Management Reports of Indra Sistemas, SA and its consolidated Group for fiscal 2017 and the Auditors' Reports), to be submitted for Shareholder approval under the First Item of the Agenda.
- (iv) Also regarding the First Item of the Agenda, the 2017 Annual Corporate Governance Report and the 2017 Annual Corporate Social Responsibility Report.
- (v) Report on the Independence of the Auditor for 2017 prepared by the Audit and Compliance Committee.
- (vi) The full text of the proposed resolutionsa appearing on the Agenda and legally required supporting documentation and other information deemed appropriate.
- (vii) Identity, CV and category for each Director whose appointment or re-election is proposed in the Fourth Agenda Item, as well as reports by the Board and the Nomination, Compensation and Corporate Governance Committee as contemplated under Article 529.10 of the LSC.
- (viii) Regarding the Sixth Agenda Item, in accordance with the provisions of *the Ley de Modificaciones Estructurales*, the following documents have been uploaded to the Company website (www.indracompany.com) and may be downloaded and printed:
 - a. The Common Draft Terms of Structural Modifications which includes, among others, the Split-off;
 - b. The independent expert's report requested voluntarily by the companies involved regarding the Common Draft Terms of Structural Modifications;
 - c. The annual financial statements and management reports and Auditors' Reports for the last three years for Indra Sistemas, S.A.;
 - d. Split-off balances sheets of the companies involved in the split-off, along with the required audit report for Indra Sistemas, S.A.;

- e. The current bylaws of the involved companies in the split-off in public deed;
- f. The identity of the directors of the companies involved in the split-off and the date from which they have held their posts.

It is noted that the Common Draft Terms of Structural Modifications and the independent expert's report were uploaded to the Company website (www.indracompany.com) on 26 April 2018, and are available for download and printing along with the rest of the documents listed in this section (viii) which were uploaded to the Company website on 23 May 2018.

- (ix) Regarding Item Seventh of the Agenda, a reasoned proposal from Board and a special report from the Nomination, Compensation, and Corporate Governance Committee, as well as the Compensation Policy.
- (x) The 2017 Annual Compensation Report prepared by the Board of Directors and referred to in the Eighth Agenda Item.
- (xi) The procedures established by the Company to appoint proxies and vote remotely as well as cards made available to the Shareholders for this purpose. Said information is also contained in this call notice.
- (xii) In accordance with the provisions of Recommendation 6th of the Code of Good Governance for Listed Companies, the 2017 activities reports of the Audit and Compliance Committee and of the Nomination, Compensation and Corporate Governance Committee, as well as the Report of the Nomination, Compensation, and Corporate Governance Committee on related party transactions.

For the purposes of Article 40.2 of the *Ley de Modificaciones Estructurales de las Sociedades Mercantiles* ("LME") the minimum required disclosures regarding the Common Draft Terms of Structural Modifications referred to in the Sixth Agenda Item are reproduced below:

1. Participating companies: Indra Sistemas, S.A., a Spanish company domiciled in Alcobendas (Madrid), Avenida de Bruselas 35, registered in the *Registro Mercantil of Madrid*, Volume 865, Folio 28, Page M-11339, as Transferor and Indra Soluciones Tecnologías de la Información, S.L.U., a Spanish company based in Alcobendas (Madrid), Avenida de Bruselas 35, registered in the *Registro Mercantil of Madrid*, Volume 37172, Folio 35, Sheet M-663401 as Beneficiary.
2. The assets of Transferor to be transferred to Beneficiary, as an economic unit, are those which affect, directly or indirectly, the IT business, composed of the following activities:

- a. Marketing and delivery of proprietary solutions (meaning those technologies and solutions developed internally by Indra Sistemas that are subsequently sold to third parties) and third party solutions (meaning those technologies and solutions developed by third parties that Indra Sistemas is capable of implementing and managing), including the consulting division of Indra Sistemas known as Minsait, specializing in digital solutions to help favourably position customers within the digital transformation.
- b. The activities known as Centro Desarrollo Global - Information Technology Outsourcing ("CDG ITO"), which encompasses all matters related to IT service outsourcing.
- c. The activities known as Centros de Desarrollo Global ("CDG's"), which are centers devoted to the development of software that performs this activity as a definable, repeatable and measurable business process in a highly productive environment.

These assets are listed in Annex A to the Common Draft Terms of Structural Modifications available on the Company website.

3. There will be no exchange or distribution of Beneficiary shares to Shareholders of Transferor since, in accordance with Article 74.2º of the LME, Shareholders are not entitled to them.

As a result of the Split-off, there will be change in the capital structure of Indra Sistemas which will cause no reduction in capital since, under Article 71 of the LME, the Company will receive shares in Beneficiary in exchange for the business unit to be transferred.

To this end, in consideration of the actual (or reasonable) economic value of the business unit to be transferred, Beneficiary will increase its share capital, currently set at THREE THOUSAND EUROS (3,000.-€) to NINE MILLION, THREE THOUSAND EUROS (9,003,000.-€), that is, an increase in the amount of NINE MILLION EUROS (9.000.000.- €), causing the issuance of NINE MILLION (9,000,000) indivisible and cumulative shares with a par value of one euro (1.-€) each, fully subscribed and paid, and which will be numbered consecutively starting with the last existing share, resulting in numbers 3001 to 9,003,000 inclusive.

The share premium will amount to a total of THREE HUNDRED SEVENTEEN MILLION, NINE HUNDRED TWELVE THOUSAND, THREE HUNDRED NINETY-FOUR EUROS AND FORTY-NINE CENTS (317,912,394.49.-€). Consequently the total of share capital and share premium amounts to THREE HUNDRED TWENTY-SIX MILLION, NINE

HUNDRED TWELVE THOUSAND, THREE HUNDRED NINETY-FOUR EUROS AND FORTY-NINE CENTS (326,912,394.49.-€). The premium for each newly created share will be the result of dividing the total premium by the total number of new shares.

Transferor will not receive any cash to account for rounding or any proceeds for the exchange of shares.

The new shares will be 100% owned by Transferor Indra Sistemas, and will confer the right to profits of Beneficiary from the date of registry at the *Registro Mercantil of Madrid*.

4. There are no ancillary benefits or in kind contributions to or from the Split-off Participants and the Split-off will not affect operations, nor will it give rise to any extra compensation.
5. There are no special rights or holders of assets other than equity interests in either Split-off Participant, and no other type of rights or options will be delivered pursuant to the Split-off.
6. No benefits of any kind will be delivered by the Beneficiary to any director of any Split-off participant or to the independent expert.
7. The Split-off date for accounting purposes will be 1 January 2018.
8. The bylaws of Beneficiary are those currently registered in the *Registro Mercantil of Madrid*, notwithstanding the capital increase that will occur as a result of the Split-off.
9. Pursuant to Article 44 of the Labour Relations Act, the Beneficiary will assume all of Transferor's rights and responsibilities the entire cohort of workers assigned to the affected business unit. The Split-off will not impact gender in the administrative bodies, or impact the social responsibility of the company.
10. The Split-off meets the requirements set out in Chapter VII of Title VII of Ley 27/2014 of 27 November regarding corporate income tax on mergers, spin-offs, asset transfers, equity swaps and changes of registered offices.

It is also pointed out that, in addition to the Split-off described above, the Common Draft Terms of Structural Modifications contains a merger and subsequent total split-off in which Indra Sistemas, S.A. has an indirect equity interest.

The minimum required disclosures regarding the Merger under the Common Draft Terms of Structural Modifications are the following:

1. Participating companies: Indra Soluciones Tecnologías de la Información, S.L.U., a Spanish company based in Alcobendas (Madrid), Avenida de Bruselas 35, registered in the *Registro Mercantil of Madrid*, Volume 37172, Folio 35, Page M-663401 as Absorbing Company and TecnoCom Telecomunicaciones y Energía, S.A.U., a Spanish company based in Madrid, Calle Miguel Yuste 45, registered in the *Registro Mercantil of Madrid*, Volume 417, Folio 58, Page M-8067, TecnoCom España Soluciones, S.L.U., a Spanish company based in Madrid, Calle Miguel Yuste 45, registered in the *Registro Mercantil of Madrid*, Volume 934, Folio 69, Page M-16088, TecnoCom Telefonía y Redes, S.L.U., a Spanish company based in Madrid, Calle Miguel Yuste 45, registered in the *Registro Mercantil of Madrid*, Volume 14924, Folio 45, Page M-248481 and Gestión Sexta Avenida, S.A.U., a Spanish company based in Madrid, Calle Miguel Yuste 45, registered in the *Registro Mercantil of Madrid*, Volume 9799, Folio 40, Page M-157379, as Absorbed Companies.
2. A change in the capital structure of the only owner of the Absorbed Companies (i.e. Indra Sistemas) will result from the Merger, which will not cause a reduction in capital because, under Article 52 of the LME there will be an exchange of new shares in the Absorbing Company for assets of the Absorbed Companies. Annex D to Common Draft Terms of Structural Modifications lists the assets and liabilities to be delivered in the Merger.

To this end, in consideration of the actual (or fair) value of the Absorbed Companies, the Absorbing Company will increase its share capital currently fixed in the amount of NINE MILLION THREE THOUSAND EUROS (9,003,000.-€) to the amount of NINETEEN MILLION THREE THOUSAND EUROS (19,003,000.-€), that is, an increase in the amount of TEN MILLION EUROS (10,000,000.-€), causing the issuance of TEN MILLION (10,000,000) indivisible and cumulative shares with a par value of one euro (1.-€) each, fully subscribed and paid, and which will be numbered consecutively starting with the last existing share, resulting in numbers 9,003,001 to 19,003,000, inclusive.

The share premium amounts to a total of THREE HUNDRED TWENTY-THREE MILLION, SEVENTY-FIVE THOUSAND FIVE HUNDRED SIX EUROS AND NINETY-TWO CENTS (323,075,506.92.-€). Consequently, the total amount of share capital and share premium amounts to THREE HUNDRED THIRTY-THREE MILLION SEVENTY-FIVE THOUSAND FIVE HUNDRED SIX EUROS AND NINETY-TWO CENTS (333,075,506.92.-€). The premium for each newly created share will be the result of dividing the total premium by the total number of new shares.

The sole owner of the Absorbed Companies (that is, Indra Sistemas) will not receive any cash to account for rounding or any proceeds for the exchange of shares.

The new shares will be 100% owned by the sole owner of the Absorbed Companies, Indra Sistemas, and will confer the right to profits of the Absorbed Company from the date of registry of the Merger documents at the *Registro Mercantil de Madrid*.

3. There are no ancillary benefits or in kind contributions to or from the Merger Participants and the Merger will not affect operations, nor will it give rise to any extra compensation.
4. There are no special rights or holders of assets other than equity interests in the Merger Participants, and no other type of rights or options will be delivered pursuant to the Merger.
5. No benefits of any kind will be delivered by the Absorbing Company to any director of any Merger Participant or to the independent expert.
6. The Merger date for accounting purposes will be 1 January 2018.
7. The bylaws of the Absorbing Company are those currently registered in the *Registro Mercantil of Madrid*, notwithstanding the capital increase that will occur as a result of the Merger.
8. Pursuant to Article 44 of the Labour Relations Act, the Absorbing Company will assume all of the rights and responsibilities the entire cohort of workers from the Absorbed Companies. The Merger will not impact gender in the administrative bodies, or impact the social responsibility of the company.
9. The Merger meets the requirements set out in Chapter VII of Title VII of Ley 27/2014 of 27 November regarding corporate income tax on mergers, spin-offs, asset transfers, equity swaps and changes of registered offices.

The minimum required disclosures regarding the Spin-off portion of the Common Draft Terms of Structural Modifications are the following:

1. Participating companies: Indra Software Labs, S.L.U., a Spanish company based in Alcobendas (Madrid), Avenida de Bruselas 35, registered in the *Registro Mercantil de Madrid*, Volume 20221, at Folio 139, Page M-357261 as the Company Being Divided and Indra Producción Software, S.L.U., a Spanish company based in Alcobendas (Madrid), Avenida de Bruselas 35, registered in the *Registro Mercantil de Madrid*, Volume 37204, Folio 50, Page M-663828 and Indra Soluciones Tecnologías de la Información, S.L.U., a Spanish company based in Alcobendas (Madrid), Avenida de

Bruselas 35, registered in the *Registro Mercantil de Madrid*, Volume 37172, Folio 35, Page M-663401 as Beneficiary Companies.

2. The assets of the Company Being Divided being transferred to Indra Producción Software, S.L.U. is the whole of that business pertaining to the activities of the software factory whose main purpose is to develop software for projects of Indra Sistemas.

The assets of the Company Being Divided being transferred to Soluciones Tecnologías de la Información, S.L.U., are those pertaining to "Integrated Technology Services", which consist of customer service call centres, microcomputers, monitoring and control systems, support in the implementation of applications, and maintenance and technical support for hardware and software systems and infrastructure.

For the purposes of Article 74.1º LME, the designation and valuation of assets and liabilities is included in Appendix E to the Common Draft Terms of Structural Modifications, available on the Company website.

3. For the purposes of Article 74.2º LME, as Indra Sistemas is the sole shareholder of the Company Being Divided, all the new shares of each of the Beneficiary Companies will be owned by Indra Sistemas.

The spin-off will cause a change in the capital structure of the sole Shareholder of the Company Being Divided (i.e. Indra Sistemas), which will not cause a reduction in capital since, under Article 69 LME it will receive shares of Indra Production Software, S.L.U. in exchange for the transferred business unit.

To this end, in consideration of the actual (or reasonable) value of the transferred business units, Indra Production Software, S.L.U. will increase its share capital, currently set at the amount of THREE THOUSAND EUROS (3,000.-€) TO ONE MILLION THREE THOUSAND EUROS (1,003,000.-€), that is, an increase in the amount of ONE MILLION EUROS (1,000,000.-€), which will cause creation of ONE MILLION (1,000,000) indivisible and cumulative shares with a par value of one euro (1.-€) each, fully subscribed and paid, and which will be numbered consecutively starting with the last existing share, resulting in numbers 3001 to 1,003,000 inclusive.

The share premium amounts to a total of FIFTEEN MILLION, EIGHT HUNDRED SIXTY-SIX THOUSAND, SEVENTY-EIGHT EUROS AND THIRTY CENTS (15,866,078.30.- €). Consequently the total amount of share capital and share premium amounts to

SIXTEEN MILLION, EIGHT HUNDRED SIXTY-SIX THOUSAND, SEVENTY-EIGHT EUROS AND THIRTY CENTS (16,866,078.30.- €). The premium for each newly created share will be the result of dividing the total premium by the total number of new shares.

The sole owner of the Beneficiary Companies (that is, Indra Sistemas) will not receive any cash to account for rounding or any proceeds for the exchange of shares.

The new shares will be 100% owned by the sole owner of the Company Being Divided, Indra Sistemas, and will confer the right to profits of Indra Producción Software, S.L.U. from the date of registry of the Merger documents at the *Registro Mercantil of Madrid*.

The spin-off will cause a change in the capital structure of the sole Shareholder of the Company Being Divided (i.e. Indra Sistemas), which will not cause a reduction in capital since, under Article 69 LME it will receive shares of Indra Soluciones Tecnologías de la Información, S.L.U. in exchange for the transferred business unit.

To this end, in consideration of the actual (or reasonable) value of the spun-off business units, Indra Soluciones Tecnologías de la Información, S.L.U. will increase its share capital, set at NINETEEN MILLION THREE THOUSAND EUROS (19,003,000.-€) to TWENTY MILLION THREE THOUSAND EUROS (20,003,000.-€) after the Transfer and Merger, that is an increase in the amount of ONE MILLION EUROS (1,000,000.-€), causing the issuance of ONE MILLION (1,000,000) indivisible and cumulative shares with a par value of one euro (1.-€) each, fully subscribed and paid, and which will be numbered consecutively starting with the last existing share, resulting in numbers 19,003,001 to 20,003,000, inclusive.

The share premium amounts to a total of TWENTY-TWO MILLION FOUR HUNDRED FORTY-SIX THOUSAND, SEVEN HUNDRED SIXTY-SIX EUROS AND SEVENTEEN CENTS (22,446,766.17.-€). Consequently the total amount of share capital and share premium amounts to TWENTY-THREE MILLION FOUR HUNDRED FORTY-SIX THOUSAND SEVEN HUNDRED SIXTY-SIX EUROS AND SEVENTEEN CENTS (23,446,766.17.-€). The premium for each newly created share will be the result of dividing the total premium by the total number of new shares.

The sole owner of the Beneficiary Companies (that is, Indra Sistemas) will not receive any cash to account for rounding or any proceeds for the exchange of shares.

The new shares will be 100% owned by the sole owner of the Company Being Divided, Indra Sistemas, and will confer the right to profits of Indra Soluciones Tecnologías de la Información, S.L.U. from the date of registry of the Merger documents at the *Registro Mercantil of Madrid*.

4. There are no ancillary benefits or in kind contributions to or from the spin-off participants and the spin-off will not affect operations, nor will it give rise to any extra compensation.
5. There are no special rights or holders of assets other than equity interests in the spin-off participants, and no other type of rights or options will be delivered pursuant to the spin-off.
6. No benefits of any kind will be delivered by the Beneficiary Companies to any administrator of any spin-off participant or to the independent expert.
7. The Spin-off date for accounting purposes will be 1 January 2018.
8. The bylaws of the Beneficiary Companies are those currently registered in the *Registro Mercantil de Madrid*, notwithstanding the capital increases that will occur as a result of the Merger.
9. Pursuant to Article 44 of the Labour Relations Act, the Beneficiary Companies will assume all of the rights and responsibilities the entire cohort of workers from the spun off companies. The spin-off will not impact gender in the administrative bodies, or impact the social responsibility of the company.
10. The Spin-off meets the requirements set out in Chapter VII of Title VII of Ley 27/2014 of 27 November regarding corporate income tax on mergers, spin-offs, asset transfers, equity swaps and changes of registered offices.

SPECIAL SOURCES OF INFORMATION

In accordance with article 539 of the LSC, the Company has a corporate website www.indracompany.com, in order to make it easier for Shareholders to exercise their right to information and in order to distribute information required by applicable law.

From the time of publication of this call and up until the moment that the Meeting begins, the above mentioned Company website will contain an Electronic Shareholders Forum accessible to all Shareholders as well as to voluntary shareholder associations which are registered in the special Registry created for that purpose at the *Comisión Nacional del Mercado de Valores* ("CNMV").



Rules governing access and use of the Electronic Shareholders Forum are available for review on the same Company website in the section dedicated to the Annual Shareholders Meeting.

ATTENDANCE AND VOTING RIGHTS

Shareholders whose shares are registered in the books of account five days before the date of the Meeting are allowed to attend. Each share shall be entitled to one vote at the Meeting.

In accordance with Article 197 bis of the LSC, the proposals contained in Item Four of the Agenda are subject to individual and separate voting for each one of them, whether voting is done in person or by electronic means made available by the Company for such purpose. In the event that attendance cards provided by the share registry custodian do not provide for individualized voting for each of the proposals, Shareholders may nonetheless vote separately and individually for each proposal on the attendance card or on the card made available to Shareholders by the Company from the moment of call on the Company website (www.indracompany.com). Otherwise, votes will be construed to apply to all of the proposed resolutions contained in each of the above-mentioned item of the Agenda.

This card should be addressed to the Company duly signed, and it is essential that in the event that the card placed at the disposal of Shareholders by the Company is used, that it be sent with a photocopy of the owner's DNI, NIE, or passport.

PROXY PROCEDURE AND PROCEDURE FOR LONG DISTANCE VOTING

The Board of Directors, under the authority conferred to it by Article 14 of the Bylaws and Articles 7 and 12 of the General Shareholders' Meeting Rules, has authorized the following procedure and requirements for the exercise of proxy rights and long distance voting at the Annual Shareholders' Meeting:

1. Representation by long distance communication

Shareholders not attending the Meeting may delegate their votes by any means indicated below to another person, who need not be a Shareholder.

The designated representative who attends the Meeting must prove his or her identity in the same fashion as attending Shareholders. The representative may exercise his or her proxy and vote only by being physically present at the Meeting.

Any proxy or representation which does not expressly indicate the person to whom the proxy is made or which is made generally to the Board of Directors will be conferred upon the Secretary of the Meeting.

Unless otherwise indicated by the represented Shareholder, the proxy applies to resolutions other than those drafted by the Board or to any matters permitted by law not included in the Agenda which may be submitted to the Meeting.

In accordance with the provisions of Articles 523 and 526 of the LSC, it is to be noted that if the representative is a Company Director, said representative may find himself in a situation of conflict of interest regarding Items 4.2, 4.3, 4.4, 4.5, 7, 8 and 9 of the Agenda, as well as other proposals for resolutions not necessarily brought by the Board and regarding matters which are not included in the Agenda which may nonetheless be submitted to vote at the Meeting, when such is permitted by law.

For all proxies given to the Secretary of the Meeting or to a member of the Board of Directors where the proxy card does not contain express instructions to vote against or to abstain, it is understood that in all instances the represented Shareholder has given specific instructions to vote in favour of all of the proposals drafted by the Board of Directors included in the Agenda.

In the event that a proxy be applied to resolutions other than those drafted by the Board or not included in the Agenda in the manner indicated above, should the proxy empower the Secretary of the Meeting or a member of the Board of Directors, and the proxy card contain no express instructions to vote in favour or to abstain, it will be understood that the shareholder has conferred instructions to vote against said proposals.

1.1. Delivery or Correspondence by mail

Proxy rights are conferred by filling in the section included for that purpose on the attendance card provided by the share registry depository or that which the Company makes available to Shareholders by means of its website (www.indracompany.com) in the section dedicated to the General Shareholders' Meeting. The Shareholder may obtain a Company proxy card by downloading one from the website and printing it; retrieving one from the corporate offices; or requesting that a copy be sent free of charge from the shareholder office.

The properly filled out and signed card should be sent by mail or hand delivered to the corporate office (Oficina del Accionista, Av. de Bruselas 35, Alcobendas 28108, Madrid) accompanied by a photocopy of an official government issued identification document.

No one may have more than one representative at the Meeting, to whom his or her appointment should be communicated and, if so, the voting instructions. When a proxy is given to a member of the Board of Directors, the communication is complete upon receipt of the documentation constituting same at the corporate office.

1.2. Electronic Means

The delivery of proxies and notice to the Company may be made electronically through the Company website (www.indracompany.com.) The procedure that a Shareholder must follow for exercising his right to vote is explained there in detail. The Shareholder must prove his or her identity by means of an unexpired electronic DNI or a recognized irrevocable electronic certificate issued by the Fábrica Nacional de la Moneda y Timbre (FNMT).

2. Long Distance Voting

Shareholders may exercise their right to vote without the need of attending the Meeting using means indicated below. Shareholders who vote in this way will be considered present for the purposes of quorum.

2.1. Hand or Mail Delivery

The exercise of the right to vote by this procedure is accomplished by filling out the appropriate section of the attendance card provided by the share depository or by completing the one made available by the Company to Shareholders on its website (www.indracompany.com) in the section dedicated to the General Shareholders' Meeting. The Shareholder may obtain a Company voting card by downloading and printing from the website, by retrieving one from the corporate office or requesting one be sent free of charge from the Shareholder Office.

A properly filled out card with original signature should be sent to the company office by post or it may be hand delivered to the corporate office (Oficina del Accionista, Av. de Bruselas 35, Alcobendas 28108, Madrid) accompanied by a photocopy of a government issued identification document.

In the event that the card does not indicate the way to be voted, it will be assumed in all cases that the Shareholder votes in favour of each of the proposed resolutions formulated by the Board of Directors which appear in the Agenda published at call.

2.2. Electronic Means

Votes may be cast electronically by means of the system designed for such on the Company website (www.indracompany.com). There, the Shareholder will find detailed explanation of the procedure to follow in order to exercise voting rights. The Shareholder who wishes to use this voting procedure must prove his identity using an unexpired electronic DNI or using a recognized irrevocable electronic certificate issued by the FNMT.

3. Rules common to the exercise of proxy rights and long distance voting

3.1. Identity Verification

The Company reserves the right to verify information given by each Shareholder by matching it with that provided by Iberclear, the entity in charge of the book entries for Company shares. In the event of a discrepancy between the number of shares communicated by the Shareholder on the proxy card, by electronic voting, or by forms made available on the corporate website (www.indracompany.com) and the number in the book entries as communicated by Iberclear, the number of shares registered by Iberclear shall be considered valid for quorum and voting purposes.

3.2. Artificial Persons

In the case of artificial person Shareholders, the Company reserves the right to require evidence of the sufficiency and currency of the power of attorney presented by the natural person acting in the Shareholder's place.

3.3. Time Limit for Receipt by the Company

In order for proxies and distance votes to be valid they must be received by the Company before **9:00 a.m. on 27 June 2018**, the date planned for first call of the Meeting.

3.4. Revocation and Priority

- (i) Proxies and exercise of the right to vote by long distance communication are always revocable and should be revoked expressly and by the same means used for their delivery within the period established for said voting.
- (ii) Physical attendance of the Shareholder at the Meeting, as well as attendance by means of a vote delivered by long distance revokes any proxy regardless of its date or form.
- (iii) Physical attendance of the Shareholder at the Meeting revokes any vote sent by long distance communication.
- (iv) Any vote or proxy submitted by electronic means will always prevail over a vote made by hand delivery or post.

3.5. Responsibility for Custody of the Electronic Certificate and the Devices for Creating the Electronic Signature

- (i) The Shareholder is exclusively responsible for the diligent use of his or her electronic DNI and the data for creating electronic signatures and for custody of the

electronic certificate for exercising proxy rights or distance voting through electronic means.

- (ii) The Shareholder using an electronic signature is responsible for proving that the electronic certificate used has not expired or been revoked, suspended, or otherwise made invalid at the moment the electronic signature is generated.

3.6. Availability of Service

- (i) The Company reserves the right to modify, suspend, cancel or restrict voting mechanisms and electronic proxies when technical or security reasons so require.
- (ii) The Company will not be responsible for any damages which might be suffered by the Shareholder as a result of outages, overloads, fallen communication lines, connection failures, postal service malfunction or any other eventuality of an equal or similar nature outside the control of the Company which might hamper or impede the Shareholder from exercising voting rights or proxy rights by long distance communication.

DATA PROTECTION

Pursuant to the provisions of the Data Protection Legislation, the shareholder expressly consents that his/her personal data as shareholder or shareholder representative sent to the Company for the exercise of the rights to information, attendance rights, proxy or voting rights at the Shareholders' Meeting, or which may be sent by banks and Securities Brokers where Shareholders have their shares deposited through Iberclear, will be used for the purposes of facilitating the development, compliance and management of Shareholder relationships and, where applicable, Shareholder representative relationships.

Additionally, notice is given that an audiovisual recording of the entire Meeting may be made in order to facilitate its progress and to adequately distribute it. Therefore the shareholder also consents, to the extent he or she attends and participates in it, that his/her image may be processed and published by means made available by the Company, which for this purpose will be streaming through the Company website (www.indracompany.com).

Consequently, it is hereby informed that the data provided by shareholders will be collected in a file belonging to the Company on which they will have the right to exercise their rights to access, rectification, erasure, cancellation, opposition, restriction of processing and data portability in the terms specified in the Data Protection Legislation by sending an e-mail to dpo@indra.es.

NOTARIAL PARTICIPATION AT THE MEETING

The Board of Directors has agreed to require the presence of a Notary to record the minutes of the Shareholders' Meeting in accordance with that contained in Article 203.1 of the LSC.

Shareholders are informed that the Meeting may be held at second call, that is, on 28 June 2018 at 12:30 p.m.

Beginning one hour prior to the beginning of the Meeting and in the place where it is being held, Shareholders and their properly appointed representatives may present their attendance cards and proxies and, where applicable, documents confirming their legal representation, to personnel charged with registration of Shareholders.

José Antonio Escalona de Molina
Secretary of the Board of Directors

b. Items 1, 2 and 3 of the Agenda

First. - Approval of the Annual Financial Statements and Management Report of Indra Sistemas, S.A. and its Consolidated Group for the year ended 31 December 2017.

PROPOSED RESOLUTION

- 1. Approve the Annual Financial Statements and the Management Report for Indra Sistemas, S.A. for the fiscal year ended 31 December 2017 and drafted by the Board of Directors at its meeting held 19 March 2018.*

In accordance with procedures followed by the Company regarding corporate governance, attention is expressly directed to Note 38 of the individual Annual Report and to section C.1.45 of the Annual Report on Corporate Governance which is incorporated into the Management Report, where obligations assumed by the Company in the event of termination of the contractual relationship of senior management -- including Executive Directors -- are described.

The annual financial statements reflect a profit of 91,533,755.38 € after taxes.

- 2. Approve the consolidated Annual Financial Statements and the Management Report of the group of companies headed by Indra Sistemas, S.A. corresponding to the fiscal year ended 31 December 2017 and drafted by the Board of Directors on 19 March 2018.*

The consolidated Financial Statements show after tax profit of 126,905 thousand euros attributable to the parent company.

Second. - Approval of the proposed allocation of profits for fiscal 2017.**PROPOSED RESOLUTION**

The Annual Financial Statements for the fiscal year ended 31 December 2017 drafted by the Board of Directors at its meeting held 19 March 2018 reflect a profit of 91,533,755.38 € after taxes.

It is proposed that said result be applied as follows:

<i>Profit from Operations</i>	<i>91,533,755.38 €</i>
<i>Reserve</i>	<i>111,411.12 €</i>
<i>Amount applied to losses from prior fiscal years</i>	<i>91,422,344.26 €</i>

Third. - Approval of Board management for fiscal 2017.

PROPOSED RESOLUTION

Approve management of the Board of Directors during the fiscal year ended 31 December 2017.

REASONS FOR THE PROPOSALS

- The Financial Statements and the Management Report for the 2017 fiscal year are made available to the Shareholders and were communicated in accordance with law to the CNMV on 21 March 2018.

The Financial Statements include the balance sheet, the income statement, a statement of recognised income and expense, statement of owners' equity, a statement of cash flows and the Annual Report.

The Management Report includes, among other things, the Annual Report on Corporate Governance and the Annual Report on Corporate Social Responsibility as integral parts.

The Financial Statements and Management Report have been certified by the Chief Financial Officer and the General Director for Control, Organization and Process of the Company, verified by the Audit and Compliance Committee prior to its preparation by the Board, and audited by the independent firm Deloitte, S.L. without any exceptions or reservations.

In accordance with the legislation in force, the Directors of the Company have signed a declaration of responsibility relating to the contents of the Financial Statements and the Management Report for the 2017 fiscal year.

- The Annual Corporate Governance Report details the activity and workings of the Board and its committees during the fiscal year as well as the level of achievement by the Company of the recommendations contained in the Code of Good Corporate Governance for Listed Companies.
- The Annual Report on Corporate Social Responsibility contains non-financial information pursuant to Article 262 of the LSC and Article 49 of the Code of Commerce and gives a complete and detailed picture of Indra's social and environmental performance, and offers a global and holistic description of its impact on all its stakeholders. Additionally, the report contains information essential for understanding of the development, results and position of the Group and the impact of its activities in the areas of environmental and social responsibility as well as

personnel, human rights and the fight against corruption and bribery. Said Report was edited by the Audit and Compliance Committee and approved by the Board of Directors at its meeting held 19 March 2018. Its content has also been verified by Deloitte, S.L.

- Based on the above, the Board proposes that the Shareholders approve the Financial Statements and the Management Report of Indra and its Consolidated Group, the allocation of profits included in same, as well as the management and actions of the Board during the 2017 fiscal year.

Additional Documents: *The Financial Statements and Management Report of Indra Sistemas, S.A. and its Consolidated Group for the fiscal year 2017 and their respective audit reports, the Annual Report on Corporate Governance, and the Annual Report on Corporate Social Responsibility, which are integral parts of the Management Report, are made available together with this document to the Shareholders on the Company website at the moment the Meeting is called. Shareholders will also find the information made public 27 February 2018 concurrent with publication of the Activity Report and Results for 2017 as well as information the Company makes regularly available to Shareholders and interested investors at the Company web site (www.indracompany.com). (Presentation to Investors and Corporate Presentation).*

c. Item 4 of the Agenda. Appointment and re-election of Directors.

PROPOSED RESOLUTIONS

In accordance with proposals and reports from the Nomination, Compensation and Corporate Governance Committee:

- 4.1 Appoint Mr Ignacio Martín San Vicente as Independent Director for a 3 year term as provided for under the Bylaws and upon proposal by the Nomination, Compensation and Corporate Governance Committee. Identifying information regarding the proposed Director will be entered into the Mercantile Registry.*
- 4.2 Re-elect Mr Enrique de Leyva as Independent Director for a 3 year term as provided for under the Bylaws and upon proposal by the Nomination, Compensation and Corporate Governance Committee. Identifying information regarding the proposed Director will be entered into the Mercantile Registry.*
- 4.3 Re-elect Mr Fernando Abril-Martorell Hernández as Executive Director for a 3 year term as provided for under the Bylaws and upon proposal by the Board of Directors. Identifying information regarding the proposed Director will be entered into the Mercantile Registry.*
- 4.4 Appoint Ms Cristina Ruiz Ortega as Executive Director for a 3 year term as provided for under the Bylaws and upon proposal by the Board of Directors. Identifying information regarding the proposed Director will be entered into the Mercantile Registry.*
- 4.5 Appoint Mr Ignacio Mataix Entero as Executive Director for a 3 year term as provided for under the Bylaws and upon proposal by the Board of Directors. Identifying information regarding the proposed Director will be entered into the Mercantile Registry.*

REASONS FOR THE PROPOSALS

Reports from Nomination, Compensation and Corporate Governance Committee as well as the Board of Directors in accordance with the LSC and which justify the proposals contained in this Item of the Agenda will be made available to Shareholders on the Company website upon the call of this meeting.

Additional Documents: *Current professional profiles of the Directors whose appointment and re-election is proposed (said profiles contain identifying information, C.V. and category of Director) are available to Shareholders on the Company website upon the call of this meeting.*

d. Item 5 of the Agenda.- Approval of the corporate reorganization of the information technology business of Indra Sistemas and other Indra Group companies in accordance with Articles 160 f) and 511 bis 1.a) of the Spanish Companies Act,

PROPOSED RESOLUTION

"Pursuant to the provisions of Articles 160 f) and 511 bis 1.a) of the LSC, approve the process of corporate reorganization of the information technology business ("IT") in which Indra Sistemas itself and other companies in the Group are currently engaged by means of structural modifications and other transactions described below:

- (i) Split-off of the IT business currently owned by Indra Sistemas to its wholly owned subsidiary Indra Soluciones Tecnologías de la Información, S.L.U. ("Indra IT Solutions") (the "Split-off");*
- (ii) Merger by absorption by Indra IT Solutions (as the absorbing company) of the following companies, all directly or indirectly wholly owned subsidiaries of Indra Sistemas: (a) TecnoCom Telecomunicaciones y Energía, S.A.U. ("TecnoCom"), 100% owned by Indra Sistemas; (b) TecnoCom España Solutions, S.L.U. ("TES"), 100% owned by TecnoCom; (c) TecnoCom Telefonía y Redes, S.L.U. ("TTR"), 100% owned by TecnoCom; and (d) Gestión Sexta Avenida, S.A.U. ("Gestión Sexta Avenida"), 100% owned by TecnoCom (the "Merger");*
- (iii) Spin-off of all of Indra Software Labs, S.L.U. ("Indra Software Labs"), wholly owned by Indra Sistemas, the subsequent dissolution of Indra Software Labs, and distribution of its assets into two parts - software development and "Integrated Technology Services" - each of them forming a business unit that will be transferred as a single entity with full assignment of all assets, rights and liabilities to Indra Producción Software, S.L.U. ("Indra Producción Software") and Indra IT Solutions, both 100% owned by Indra Sistemas (the "Spinoff" and, together with the Split-Off and the Merger, the "Structural Modifications"); and*
- (iv) After execution of the Structural Modifications, delivery by Indra Sistemas to Indra Holding Tecnologías de la Información, S.L.U. ("Indra IT Holding"), a company 100% owned by Indra Sistemas, of its equity interest in various companies within the Indra Group that are engaged in the IT business, such that Indra IT Holding will be the holding company for all companies within the Indra Group which engage in IT business (the "IT Business Subsidiarisation"). The transactions necessary for the IT Business*

Subsidiarisation include the following non-cash contributions and, where appropriate, delivery of shares held by any other legal entity ("Contributions"), as well as any other transfers which may be necessary in order to complete the IT Business Subsidiarisation:

- a. Delivery of 100% of the equity of Indra Producción Software by Indra Sistemas to Indra IT Solutions once the share capital of Indra Producción Software is increased following the Spinoff;*
- b. Delivery by Indra Sistemas (and, where appropriate, delivery under any other legal title) of 100% of the equity interest of all foreign companies within Indra Group which engage in international IT business to Indra IT Solutions, Indra Business Consulting, S.L.U. ("Indra Business Consulting"), Indra BPO, S.L.U. ("Indra BPO") and, where appropriate, Indra BPO Services, S.L.U. ("Indra BPO services")*
- c. Delivery by Indra Sistemas (and, where appropriate, delivery under any other legal title) of any equity interest that Indra Sistemas might acquire in Indra BPO Services arising from the transactions described in paragraph (b) above to Indra BPO;*
- d. Delivery by Indra Sistemas of 100% of the capital stock of Indra IT Solutions (once the share capital of Indra IT Solutions is increased after execution of the transactions described in paragraphs (a) and (b) above), Indra Business Consulting, Indra BPO and Paradigma Digital, S.L.U to Indra IT Holding; and*
- e. Delivery by Indra Sistemas or any other company within the Indra Group and, where appropriate, delivery under any other legal title, all direct or indirect equity which Indra Sistemas may have in any other IT company to Indra IT Holding or a company in which Indra IT Holding has a direct or indirect equity interest."*

REASONS FOR THE PROPOSALS

The restructuring of the IT businesses, as well as in kind contributions which might be delivered afterward, will be submitted for Shareholder approval at the Meeting in accordance with Articles 160 f) and 511 bis 1.a) of the LSC, which regulate Shareholders authority to alienate or distribute core business activities or assets.

The restructuring activities and other changes described below are intended to result in a reorganization of the Company's various business units that make up the IT business at Indra Group, with the goal of better managing the business and financial risks specific to that sector of the business.

In Item Six of the Agenda, the procedure consisting of split-off of the IT business currently owned by Indra Sistemas to its wholly owned subsidiary Indra Soluciones Tecnologías de la Información, as described in section (i), is submitted for Shareholder approval.

- e. Item 6 of the Agenda. - Approval of the split-off involving Indra Sistemas, S.A. ("Transferor") and Indra Soluciones Tecnologías de la Información SLU (as Beneficiary) in accordance with Common Draft Terms of Structural Modifications approved by the respective governing bodies**

PROPOSED RESOLUTION

Approve the split-off of the business unit of Indra Sistemas, S.A. ("Transferor" or "Indra Sistemas") made up of that portion of its assets which comprises the IT business and which currently is owned by Indra Sistemas to its wholly owned subsidiary Indra IT Solutions ("Beneficiary").

(a) Approval of the Split-off Balance Sheet

*In accordance with the provisions of the first paragraph of Article 36.1 of the Ley de Modificaciones Estructurales ("Structural Modifications Act" or "LME"), approve entirely and without reservation the balance sheet making up part of the financial statements approved as Agenda Item 1 at the Annual Shareholders Meeting for the fiscal year ended 31 December 2017, as the split-off balance sheet for Indra Sistemas, S.A. (the "**Split-off Balance Sheet**").*

Also, in accordance with the provisions of Article 37 of the LME, it is noted that the Split-off Balance Sheet was verified by the Company's external auditor. The Split-off Balance Sheet contains no changes in values.

(b) Approval of the Split-off Transaction

In accordance with the provisions of Article 40.1 of the LME, approve the Split-off transaction, which entails: (i) the full assignment of the Transferor's equity interest in a business unit to Beneficiary, which business unit will continue to operate; and (ii) an increase in Beneficiary's share capital in an amount sufficient so that Transferor may receive shares created by Beneficiary.

Beneficiary Indra IT Solutions is a subsidiary wholly owned directly by Transferor. Therefore the transaction falls within a class of special split-offs which, by virtue of the language contained in Articles 52 and 73.1 of the LME, falls under the provisions of Article 49 of the LME, and as such does not require any report from administrators or experts. Nonetheless, Transferor requested that the Registro Mercantil of Madrid name an independent expert to issue a report on the Common Draft Terms of Structural Modifications in accordance with the provisions of Article 34 of the LME. PricewaterhouseCoopers Auditores, S.L. was appointed as an independent expert by the Registro Mercantil and issued its report on the Common

*Draft Terms of Structural Modifications on 26 April 2018, consistent with the provisions of Article 34 of the LME, and concluded that the value assigned to the equity interest involved in the Split-off (as well as in the Merger and the Spinoff as defined in Item Five above and which are also subjects of the independent expert report) is at least equal to the amount of the share capital increase plus the share premium attributed to each of the beneficiaries in the above referenced transactions (the “**Expert Report**”). The Expert Report has been uploaded to the Indra Sistemas website (www.indracompany.com).*

*To this end, both the Common Draft Terms of Structural Modifications (the “**Common Draft Terms**”) approved on 26 April 2018 by all members of the administrative bodies of the companies involved as well as the split-off transaction are approved in accordance with the provisions of the Common Draft Terms. The Common Draft Terms is partially described below for the purposes of compliance with Article 228.1 of the Reglamento del Registro Mercantil (“Corporate Registry Regulations” or “**RRM**”) and describes the circumstances as required by the Article other than some material contained in the annexes due to their volume, and which are reproduced as necessary:*

1. Identity of the companies involved in the Split-off

1.1 Details regarding Transferor:

- (i) Name: Indra Sistemas, S.A. (also called Indra Sistemas or “**Transferor**”).
- (ii) Type of Entity: Limited company (sociedad anónima).
- (iii) Registered Office: Avenida de Bruselas 35, Alcobendas (Madrid).
- (iv) Registry Details at the Registro Mercantil: Entered in the Registro Mercantil of Madrid, Volume 865, Folio 28, Page M-11339.

1.2 Details regarding Beneficiary:

- (i) Name: Indra Soluciones Tecnologías de la Información, S.L.U. (also known as Indra IT Solutions or “**Beneficiary**”).
- (ii) Type of Entity: Limited company (sociedad limitada).
- (iii) Registered Office: Avenida de Bruselas 35, Alcobendas (Madrid).
- (i) Registry Details at the Registro Mercantil: Entered in the Registro Mercantil de Madrid, Volume 37172, Folio 35, Page M-663401.

1.3 The Transferor and the Beneficiary will be jointly referred to as “Split-off Participants.”

2. Split-off Balance Sheets

2.1 For the purposes of Article 36 of the LME, split-off balance sheets are as follows:

(i) Transferor: the closing balance sheet for 31 December 2017, which is part of the annual financial statements submitted for approval at the 2018 Annual Shareholders’ Meeting.

(ii) Beneficiary: the closing balance sheet for 31 March 2018.

2.2 In accordance with the provisions of Article 37 of the LME, it is noted that Indra Sistemas has the obligation to audit their annual accounts. Indra IT Solutions has no obligation to audit its annual accounts.

3. Split-off Date for Accounting Purposes

3.1 The split-off date for accounting purposes will be 1 January 2018, in accordance with the Plan General de Contabilidad (“Spanish Corporate Accounting Act”).

4. Ancillary benefits, special rights, and title to property other than equity interest

4.1 As regards Items 3 and 4 of Article 31, and pursuant to the requirements of Article 74 of the LME, it is noted that:

(i) There are no ancillary benefits or in kind contributions to or from the Split-off Participants and the Split-off will not affect operations, nor will it give rise to any extra compensation.

(ii) There are no special rights or holders of assets other than equity interests in the Split-Off Participants, and no other type of rights or options will be delivered pursuant to the Split-off.

5. Benefits Flowing to Administrators and Independent Experts

5.1 Given that the Beneficiary is a company which enjoys limited liability and is also a wholly owned subsidiary of Transferor, pursuant to Articles 52.1, 77 and 78 of the LME, the Split-off does not require an independent expert’s report.

5.2 *Without prejudice to the foregoing, and as pointed out in paragraphs 4.2 (ii), 4.6 (ii) and 4.10 (ii) of section I above, all of the companies participating in the Common Draft Terms and, in particular the Split-off Participants, decided to request appointment of an independent expert by the Registro Mercantil for the purposes of issuing a report.*

5.3 *No benefits of any kind will be delivered by the Beneficiary to any administrator of any Split-off participant or to the independent expert.*

6. Amendment of Bylaws

6.1 *The Split-off will not require amendment of the Beneficiary's bylaws apart from amendment of the article regarding share capital, which will be amended to reflect the increase in capital referred to in paragraph 8 below.*

6.2 *The bylaws of Beneficiary are attached as **Annex C** for the purposes of complying with the requirements of Article 31, Item 8 of the LME. **Annex C** contains the bylaws of Indra IT Solutions as amended after the execution of all structural modifications. That is, it contains the increases in share capital referred to in: (i) paragraph 8 below regarding the Split-off; (ii) paragraph 7 of Section III below regarding the Merger; and (iii) paragraph 9 of section IV below regarding the Spinoff.*

7. Identification of Assets and Liabilities transferred to Indra IT Solutions upon Split-off

7.1 *Assets will be delivered by Transferor to Beneficiary as a unit and consist of all aspects of the IT business, whether direct or indirect, comprising the following activities:*

(i) *Marketing and delivery of proprietary solutions (meaning those technologies and solutions developed internally by Indra Sistemas that are subsequently sold to third parties) and third party solutions (meaning those technologies and solutions developed by third parties that Indra Sistemas is capable of implementing and managing), including the consulting division of Indra Sistemas known as Minsait, specializing in digital solutions to help favourably position customers within the digital transformation.*

(ii) *The activities known as Centro Desarrollo Global - Information Technology Outsourcing ("**CDG ITO**"), which encompasses all matters related to IT service outsourcing.*

(iii) *The activities known as Centros de Desarrollo Global ("CDG's"), which are centers devoted to the development of software that performs this activity as a definable, repeatable and measurable business process in a highly productive environment.*

7.2 *In accordance with the first section of Article 74 of the LME, the identification and delivery of these assets and their associated assets and liabilities is included in **Annex A**.*

7.3 *As a result, Indra IT Solutions will assume the contractual position of Indra Sistemas for contracts which are related to the business unit subject to Split-off as described in paragraph 7.1 above.*

8. Capital Increase of Indra IT solutions

8.1 *The Split-off will result in a change in the capital structure of Transferor but will not reduce its share capital, since in accordance with article 71 of the LME on account of its receiving shares in Beneficiary in exchange for the transferred business unit.*

8.2 *As a result, considering the current fair market value of the business unit to be transferred, Beneficiary will increase its share capital, currently set at THREE THOUSAND EUROS (3,000.-€), to NINE MILLION, THREE THOUSAND EUROS (9,003,000.-€); that is, an increase of NINE MILLION EUROS (9,000,000.-€), and NINE MILLION (9,000,000) fully paid up and subscribed indivisible and accumulative shares with a par value of one EURO (1.-€) each will be issued as a result, which shares will be consecutively numbered from 3001 to 9,003,000, both inclusive.*

8.3 *The share premium amounts to a total aggregate sum of THREE HUNDRED SEVENTEEN MILLION, NINE HUNDRED TWELVE THOUSAND, THREE HUNDRED NINETY-FOUR EUROS AND FORTY-NINE CENTS (317,912,394.49 €). Accordingly, the total amount of share capital plus share premium amounts to THREE HUNDRED TWENTY-SIX MILLION, NINE HUNDRED TWELVE THOUSAND, THREE HUNDRED NINETY-FOUR EUROS AND FORTY-NINE CENTS (326.912.394,49 €). The share premium for each share will be the quotient resulting from dividing the total share premium by the total number of new shares.*

8.4 *No cash will be delivered to Transferor for the purposes of rounding or for managing the exchange of securities.*

8.5 *The new shares will be the sole property of Transferor, that is, Indra Sistemas, which shall be entitled to participate in the profits of Beneficiary as of the date the Split-off is registered with the Registro Mercantil of Madrid.*

9. *Impact of the Split-off on employment, gender diversity within the administrative bodies, and social responsibility of the company*

9.1 *Pursuant to the provisions of Article 31.11 of the LME, the considerations taken into account by the governing bodies of the Split-off Participants in order to ensure that the Split-off does not give rise to any consequences regarding employment, gender diversity within administrative bodies, and social responsibility of the Split-off Participants are described below.*

A. Possible impact of the Split-off on employment

9.2 *Pursuant to Article 44 of the Real Decreto Legislativo 1/1995 of 24 March approving recompilation of the Ley del Estatuto de los Trabajadores ("Labour Relations Act"), the Split-off qualifies as a "transfer of undertakings." As a result, after the Split-off the Beneficiary will assume all of Transferor's rights and responsibilities regarding labour and Social Security without interruption for the entire cohort of workers affected within the business unit subject to the Split-off.*

9.3 *Such assumption means that affected workers will be identified and their current employment conditions, job titles, salary, seniority and other rights will remain unchanged. Additionally, their work conditions will not change as a result of the Split-off*

B. Possible gender diversity impact on administrative bodies

9.4 *No change in the structure of administrative bodies of the Split-off Participants from a gender diversity perspective is expected to arise from the Split-off. Similarly, the Split-off will cause no change in policy governing this matter for Split-off Participants.*

C. Impact of the Split-off on corporate social responsibility

9.5 *No change of any kind is expected in the current social responsibility policy of the Split-off Participants as a result of the Split-off.*

10. Applicable Tax Regime

10.1 *Given that the Split-off meets the requirements set out in Chapter VII of Title VII of Ley 27/2014 of 27 November regarding corporate income tax on mergers, spin-offs, asset transfers, equity swaps and changes of registered offices, the Split-off is subject to said special tax treatment.*

10.2 *As a result, pursuant to the provisions of the corporate tax laws, Beneficiary will communicate completion of the Split-off to the appropriate tax administrative bodies once the Split-off has been registered with the Registro Mercantil."*

It is noted that the Common Draft Terms also includes Merger and Spin-off as described in Item Five of the Agenda above, relating to companies in which Indra Sistemas has direct and indirect equity interests. Without prejudice to approval of the merger and spin-off transactions by internal stakeholders and shareholders (as the case may be) of the companies involved, approval is given for appropriate measures to be taken to carry out the Merger and Spin-off transactions.

It is noted that (i) the management of Beneficiary, that is, Indra IT Solutions, will continue to be entrusted to the two joint and several directors (Administradores Solidarios) in place currently; and (ii) Beneficiary is under no obligation to audit its financial statements.

(c) Tax Regime

As indicated in the Common Draft Terms, given that the Split-off meets the requirements set out in Chapter VII of Title VII of Ley 27/2014 of 27 November regarding corporate income tax on mergers, spin-offs, asset transfers, equity swaps and changes of registered offices, the Split-off is subject to said special tax treatment. As a result, pursuant to the provisions of the corporate tax laws, Beneficiary will communicate completion of the Split-off to the appropriate tax administrative bodies once the Transfer has been registered with the Registro Mercantil."

(d) Delegation of Powers Regarding the Split-off

The CEO, the Secretary, and the Vice Secretary of the Board of Directors will be empowered so that any of them without distinction, acting in the name of and on

behalf of the company (individually or in concert, according to their judgment, with the other Split-off Participant), may:

- (i) inform Company workers regarding the Split-off and, in general, comply with the Disposición Adicional Primera of the LME and with Articles 44 and 64 of the Labour Relations Act;*
- (ii) carry out any acts before any persons, natural or artificial, public or private, of any nationality (such as the Registro Mercantil, Registro de la Propiedad, or any other registry) deemed appropriate, such as, for example:*
 - publish the Split-off resolution in accordance with the provisions of Article 43.1 of the LME, once in the Boletín Oficial del Registro Mercantil and in one of the newspapers of general circulation in the province in which the Transferor and the Beneficiary are domiciled; and*
 - provide guarantees to the satisfaction of creditors who exercise their right of opposition or arrange a guarantee from a credit institution as provided for in Article 44 of the LME.*
- (iii) make any agreements and negotiate and sign any necessary or suitable public or private documents which may be required under applicable law in order to register and, in general, execute the resolutions adopted at the Company Annual Shareholders' Meeting, and perform any acts arising from said resolutions. The foregoing includes, by way of illustration, appearing before the Notary of their choice for issuance of the appropriate deeds containing appropriate covenants and declarations, which may include:*
 - clarification or correction of any language included in the deed or deeds evidencing public resolutions;*
 - issue deeds involving corrections, supplements or explanations necessary in order to register the Split-off in the Registro Mercantil; or*
 - request from the Registrar partial registry of relevant resolutions in the event that complete registry cannot be made.*

REASONS FOR THE PROPOSAL

The proposed transactions fall within the scope of the corporate reorganization envisaged under the 2018-2020 Strategic Plan consisting of the splitting off of all of the Information Technology business into an independent wholly owned subsidiary of Indra and submitted for approval in the Fifth Item of the Agenda and pursuant to the provisions of Articles 160 f) and 511bis 1.a) of the LSC.

This reorganization involves various corporate transactions, including the split-off of the portion of the assets of Indra Sistemas, S.A. which make up the Information Technology of the business to its wholly owned subsidiary Indra Solutions Technology information, S.L.U., which is subject to approval at the Meeting under Item Six of the Agenda.

For this purpose, the Common Draft Terms of Structural Modifications signed on 26 April 2018 by all members of the governing bodies of the participating entities as well as the as Transfer transaction are approved, in accordance with the provisions of the Common Draft Terms.

As explained in the Common Draft Terms of Structural Modifications, one of the fundamental objectives of Indra Group is the efficient and rational management of its business in providing services. Therefore, the aim of the transactions contained within the Common Draft Terms of Structural Modifications is to streamline the corporate structure for the Information Technology business at Indra in particular and at Indra Group in general.

This proposed corporate reorganization will allow management of business and financial risks specific to the IT business and will yield numerous benefits, the most notable being increased management focus and accountability, more agile and efficient customer service, greater strategic flexibility and operational synergies.

In addition, it is proposed that the split-off be carried out as a tax neutral transaction under the rules contained in *Ley 27/2014* of 27 November regarding Corporate income tax.

Additional Documents: *the Common Draft Terms of Structural Modifications; the Independent Expert Report on the Common Draft Terms of Structural Modifications voluntarily requested by the involved companies; the annual Financial Statements and Management Reports of the last three years for Indra Sistemas, S.A. only, accompanied by the auditors' report (as the company is legally required), given that Indra Soluciones Tecnologías de la Información, S.L.U. was incorporated on 23 January 2018; the split-off balance sheet for the split-off participants together with the auditors' report as required from Indra Sistemas, S.A.; the current bylaws of Indra Sistemas, S.A. and I Indra Soluciones*

Tecnologías de la Información, S.L.U.; and the identity of their directors, indicating their details and the date they began to occupy their posts.

f. Item 7 of the Agenda. - Approval of the amendment of the Compensation Policy for Directors for years 2018, 2019 and 2020
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PROPOSED RESOLUTION

Approve, in accordance with the provisions of Article 529.19 of the LSC, and consistent with the resulting proposal approved by the Board of directors and accompanied by the obligatory report of the Nomination, Compensation and Corporate Governance Committee, the amendment of the 2018-2020 Compensation Policy for Company Directors in the terms contained within the document made available to the Shareholders upon first call of this Meeting.

REASONS FOR THE PROPOSAL

The Compensation Policy that is submitted for approval at the Meeting maintains the same structure, design and compensation criteria as before, and does not introduce any change in compensation for Directors in their capacity as such, that is, for membership on the Board and its committees.

As for compensation for executive duties, the proposed amendments address primarily the need to adapt the Compensation Policy to the new management structure of the Company, which consists in eliminating the post of COO and appointment of two new Executive Director Vice Presidents of the IT business and the T&D business, which are submitted for Shareholder approval in the 4.4 and 4.5 Items of the Agenda.

The new policy is also adapted to new objectives for variable compensation for Executive Directors and a reduction in the term of the post-contractual non-compete clause with the CEO to one year, as the Company made public in its Annual Report on Director Compensation.

The report supporting these changes, attached, explains the modifications in greater detail.

This policy replaces and leaves without effect the Compensation Policy for Directors approved at the past Meeting held 29 June 2017 and shall apply during the years 2018, 2019 and 2020.

Documentation: *The text of the Compensation Policy to be submitted for approval at under this Item of the Agenda is available to Shareholders as well as the report from the Nomination, Compensation and Corporate Governance Committee drafted specifically for this purpose.*

g. <u>Item 8 of the Agenda. - Consultative voting on the Annual Compensation Report 2017.</u>
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PROPOSED RESOLUTION

Consistent with that contained in Article 27.6 of the Board Rules of the Company and in Article 541 of the LSC, approve the 2017 Annual Report on Director Compensation which was drafted by the Board of Directors upon proposal by the Nomination, Compensation and Corporate Governance Committee in its meeting held 19 March 2018.

Said Report is submitted to the Meeting for voting on a consultative basis.

REASONS FOR THE PROPOSAL

This resolution is to be submitted to a non-binding vote at the Meeting in accordance with applicable law.

The 2017 Annual Report on Director Compensation faithfully follows the content and format prescribed by CNMV Circular 7/2015, and was made public as a relevant event on 21 March 2018.

Additional Document: *The Annual Compensation Report for 2017 in addition to a breakdown of the objectives for 2018 Annual Variable Compensation for specific Executive Directors and their weighting. The Compensation Policy provides that such information is to be contained in the Annual Director Compensation Report, but it was impossible this year for lack of data at the time of its publication.*

h. Item 9 of the Agenda. - Authorization for Delivery of Shares to Executive Directors and Senior Managers.
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PROPOSED RESOLUTION

In accordance with the provisions of Article 219 the LSC, approve the delivery of Company shares to Executive Directors and Senior Managers as Medium-Term compensation and Annual Variable Compensation under the Compensation Policy submitted for approval in Item 7th of the Agenda as well as under the Compensation Policy approved for 2015-2017 in what refers to the pending delivery of shares derived from it.

The conditions for delivery of shares are as follows:

- Beneficiaries:

Executive directors and members of Company Senior Management.

- Maximum number of shares:

The amount for Medium-Term Compensation shall be the result of dividing the amount of 22,448 m € by the average share price on the 60 stock exchange sessions prior to 28 June 2018, the concluding date of this Meeting.

The amount of the Annual Variable Compensation will for each year be the result of dividing 7,262 m € by the average share price on the 30 stock exchange sessions prior to the date of vesting, performed by the Board of Directors during the first quarter of each calendar year.

- Term:

As for Medium-Term Compensation, the shares vesting in July 2018 will be delivered during the first quarter of 2021, once the Board and the Nomination, Compensation, and Corporate Governance Committee have carried out their assessments of achievement of goals linked to Medium-Term Compensation.

As for Annual Variable Compensation, shares vest annually in the first quarter of each year, once the Board and the Nomination Compensation and Corporate Governance Committee have carried out their assessments of achievement of goals linked to Annual Variable Compensation. The vested shares will be delivered in thirds during the next three years following vesting.

- Reference Value of the shares: *The stock market price.*

For Medium-Term Compensation, share price shall be the average share price for the 60 stock exchange sessions prior to 28 June 2018, date of the Annual Shareholders' Meeting.

For Annual Variable Compensation, share price shall be in each year the average share price for the 30 stock exchange sessions prior to each vesting date. .

- ***Validity:** This authorization will be valid until the 2021 Annual Shareholders' Meeting and supersedes and nullifies the resolution adopted at the Meeting held 25 June 2015 under the 11th Item of the Agenda.*

It is hereby stated that, for informational purposes only, that prior to a vote on this proposal and once the average share price has been determined according to the first paragraph of the section "Maximum number of shares", the Shareholders will be informed of the maximum number of shares that may be delivered for Medium Term Compensation, breaking down the maximum number corresponding to each Executive Director and to the other beneficiaries.

It should be noted that said maximum number of shares corresponds to the maximum possible for achievement beyond objectives (133%) under Medium Term Compensation as determined under the Compensation Policy.

It is also pointed out for informational purposes only, that Shareholders approved at the 2015 Meeting delivery of a maximum of 2,212,212 shares to Executive Directors and Senior Managers (for maximum Medium Term Compensation of 22,100 m €) in applying the Medium Term Compensation rules for 2015-2017. From this authorized maximum number, 1,191,818 shares were finally delivered.

This information will be included in the minutes of the Meeting and in the corresponding Notice of Relevant Event to be published.

REASONS FOR THE PROPOSAL

The Current Compensation Policy for which amendment is proposed for Shareholder approval as the Seventh Item of the Agenda provides that:

Medium Term Compensation (2018-2020) is received entirely in Company shares, the number of which is calculated at the time of vesting, based on the average trading price in the 60 stock exchange sessions prior to 28 June 2018, the date for the Annual Shareholders' Meeting. The final number of shares to be delivered is determined at the end of the 3 year period based on the assessment of the degree of achievement of goals under the terms of the Medium Term Compensation as performed by the Board and the

Nomination Compensation, and Corporate Governance Committee ("Performance Share Plan"). These goals and metrics are reflected in the Compensation Policy.

Payment of 30% of Annual Variable Compensation arises from an evaluation of achievement of goals under its terms and performed each year by the Board and the Nomination Compensation, and Corporate Governance Committee, and is paid out over three years by thirds and is received solely in Company shares, the number of which depends on the average trading price for the thirty sessions prior to the vesting date of the Annual Variable Compensation.

Therefore, the potential delivery of shares resulting from application and implementation of the compensation system contained in the Compensation Policy is submitted for Shareholder approval.

i. <u>Item 10 of the Agenda</u>.- Approval and delegation of authority to formalize, enter and carry out the resolutions adopted at the Meeting
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PROPOSED RESOLUTION

Delegate to the Chairman of the Board of Directors, the Secretary of the Board, and the Vice Secretary so that any of them, indistinctively, may proceed to certify and publish resolutions adopted at the present Meeting and in particular to the interpretation, correction, execution and completion of them. The power to correct entails making any amendments and additions which may be necessary or appropriate as a consequence of comments or demands of securities market regulatory bodies, stock markets, the Mercantile Registry, and any other public authority with competencies related to the adopted resolutions.