







Telvent is a global technological solutions and business information services company that helps to enhance the efficiency and security of leading companies worldwide. Telvent targets markets tagged as critical to the sustainability of the planet, including the energy, transportation, agriculture and environmental sectors.

[www.telvent.com](http://www.telvent.com)

## International Presence



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Key Figures	2010	2009	Var. '10-'09 (%)
Revenue (€M)	742	759	-2.3
EBITDA (€M)	129	173	-25.1
New intake	787	881	-10.7
Rail, subway and bus network passenger travel management (M passengers annually)	2,500	2,500	+0.0
Average number of employees	5,717	5,787	-1.2
Hours of training (h)	203,070	216,379	-6.2

## Our Business

In 2010, Telvent continued to achieve powerful growth despite financial turmoil, worldwide budgetary austerity, and the energy crisis and its fallout — particularly in the environmental arena. The company significantly improved its operating earnings, profitability and efficiency, and even consolidated strategic targets in markets with a direct impact on the planet's economy and sustainability, such as energy, transportation, the environment and agriculture.

Playing a central role in a host of external and internal initiatives and events, Telvent reinforced its position in all fields. Over the year, the company became more solidly focused on sustained growth.

Telvent renewed its efforts to remain a cutting-edge supplier of advanced solutions, implementing best practices in all of its fields of action. Its overarching goal of excellent performance guides its day-to-day work and relationships with all of its stakeholders: shareholders, potential investors, analysts, customers, suppliers, its people — who make each project possible — and the communities in which it operates. All of these fall within the company's strategic framework, shaped by its mission, vision and values.

Its mission is to provide efficient and secure management services, based on its innovative technology and proven expertise — helping to manage operational and business processes for leading companies worldwide.

A global company, Telvent employs the most talented professionals in the countries in which it operates. Through the use of state-of-the-art information technologies, these individuals help it to overcome the formidable challenge of creating a sustainable and secure world for future generations.

Telvent is fully committed to integrity and ethical conduct, and will attain its mission on the basis of the following core values:

- Showing honesty and respect in dealings with customers, shareholders, collaborators, technological partners and suppliers.
- Demonstrating flexibility and the capacity to assume risks, enabling it not only to maintain, but also to strengthen its leadership position in the industrial sectors in which it operates.
- Supporting innovation, hard work, and collaboration among its highly-qualified professionals.
- Predicting and utilizing future industrial and technological trends for long-term business success.

It is the only Spanish company listed on the United States technology stock exchange, NASDAQ (ticker symbol TLVT). In 2008, Telvent was selected to be a part of the NASDAQ Global Select Market, an index of international companies that meet stringent financial, corporate governance and Cleantech™ (CTIUS) requirements. This is the first and only index reflecting the present demand for technology goods and services that support the sustainability of the planet.

Telvent has offices and facilities in more than 20 countries around the world. Its nearly 6,000 high-caliber professionals undertake projects and initiatives specific to each business area. In addition to its headquarters in Madrid (Spain) and Rockville, Maryland (United States), Telvent has offices in the following locations:

- Europe: Spain, Portugal, Netherlands and Sweden.
- North America: United States and Canada.
- Latin America: Mexico, Brazil, Venezuela, Peru, Chile, Uruguay, Panama and Argentina.
- Asia-Pacific: China, Thailand and Australia.
- Middle East-Africa: United Arab Emirates, Turkey and Saudi Arabia.

The company's growth is rooted in its strategy, which is based on: business and territory diversification; an unwavering commitment to continuous innovation in support of proprietary technology; and in-depth knowledge of the market, with an extensive, loyal customer base that provides a solid foundation.

Telvent's approach is to build stable, long-term relationships with those it provides services and products. Every year, more than 85% of its sales come from existing customers, and 30 % from recurring agreements. These figures can largely be attributed to its quality policy around one key principle: customer satisfaction.

Through a close and constant watch on all its ongoing projects, Telvent is focused on gradually improving its technologies and services to meet the evolving expectations its customers. The company's transparency and communications efforts enable it to nurture enduring confidence among investors, suppliers and customers year to year. An example of its business philosophy is its policy of holding "open door" days for shareholders and analysts. More than twenty such events were hosted in 2010. Moreover, its annual customer satisfaction survey is a direct review of the company's perceived performance in various endeavors.

Throughout 2010, Telvent voluntarily offered all stakeholders clear, regular and accurate information on all its activities, policies and results. Anyone, from a qualified investor to a member of the public anywhere in the world, can find detailed information on the company, make inquiries, or communicate with Telvent via its web.

Telvent's success can be attributed to two factors: first, its key competitive edge from its proprietary technology; second, the hard work and dedication of its team of nearly 6,000 employees. In 2010, the company implemented its Technological Talent Program, designed to expand and reinforce in-house technological know-how. The program is set to play a key role in talent and leadership development within the organization.

The company recruits the highest-caliber engineers and technical specialists, offering them a work setting designed to foster productivity, draw out creative insight, encourage high performance, and provide systematic ongoing training via progressive development of new skills and competencies. The company's Equality Master Plan is designed to offer all of its employees equal opportunities for career development and compensation. In 2010, hours spent in training exceeded 203,000 — encompassing a wide range of different subjects, including new techniques, professional refresher courses, management models, administration and finance, the environment, quality, operations and logistics, office systems, languages, and risk prevention, among others.

Its human resource policies are focused on creating the right conditions for talent to thrive, and for each employee to achieve excellence in his or her specific role. This team brings together the finest professionals from around the world, who are guided and characterized by the company's values of hard work, high motivation, independence, and commitment to the organization.

Looking ahead to 2011, Telvent continues to focus on the core principles of excellence and innovation as the cornerstones of its business, always in the interest of a more secure, sustainable world. It will remain committed to the following objectives:

- Providing solutions and services that help curb CO<sub>2</sub> emissions.
- Improving the mobility of people in relation to their daily travel needs.
- Developing technological solutions to ensure the efficient management of electrical energy, oil and gas.
- Offering a high value-added technological response geared towards protecting the environment worldwide.
- Providing a global technology outsourcing model that covers the complete life cycle of customers' information and communication technologies — thereby guaranteeing user security.
- Streamlining the exchange of proprietary information in real time, which is of high added value to farmers and other critical sectors of the current social and economic model.



This year, Telvent will continue to strive towards maximizing the efficiency information technologies can bring to critical industries, and therefore, leave a better environmental legacy to future generations.



Telvent firmly believes in the value of information technologies to make the world a better legacy for future generations

## 2010 in Review

In 2010, leading international companies felt pressure from worldwide market turmoil. Despite tough international economic conditions, Telvent further cemented its position as a leading player in its chosen fields, and opened up new business opportunities around the world.

The year saw a number of unexpected events that have altered the dynamics of the energy sector. Telvent has grasped opportunities created in this new scenario to expand its products and services with the aim of helping customers achieve performance excellence. The Oil and Gas division's revenue exceeded expectations. Moreover, in the electric industry, Telvent considerably increased its market share and boosted brand recognition in Smart Grid-related projects.

In the field of transportation, the company's strong progress in the United States and the increase of business expectations in the Middle East and North Africa regions was highlighted. Even in the face of the present financial turbulence, Telvent underscored its strength in the Asia-Pacific region, and put in an excellent performance in Latin America, while retaining its lead in Spain. Deploying a strategy that combines ongoing evolution with project globalization, the Traffic and Transportation segment secured further contracts on the back of existing projects and won new tenders, mainly in urban mobility, passenger information services and toll management.

The Environment division rose to the year's challenges by firmly establishing its water business in North America, and rolling out its new Telvent DTN weather information and forecasting solution. Throughout the year, Telvent achieved growth in the strategic North American market thanks to its intelligent water management and weather forecasting solutions — the United States now accounts for 40 % of the segment's entire business. The company retained its strong foothold in Europe and won new ground by entering markets such as Libya, Jordan and Qatar.

The Agricultural sector's inherent volatility, which at first sight might seem a hazard, has in fact helped it expand its business yet again in 2010. Seed and fertilizer price fluctuations further consolidated Telvent DTN's position as the leading supplier of critical business information to support the production, marketing and distribution of grain and livestock, predominantly in the hugely influential North American market. Subscription services maintained their traditionally high retention rate — nearly 90 % — and new producers and agricultural businesses joined the customer base.

In 2010, the Global Services division laid foundations for growth in the coming years. The consolidation of Telvent Housing, Telvent Interactive and Matchmind was completed. The division strengthened its in-house capabilities in the consultancy and data center areas, and continued to build on its relationships with hardware manufacturers and software developers. Global Services achieved the feat of keeping up a local company's standard of customized care while offering the reliability and robustness of a multinational corporation, rolling out resources in Latin America and the United States to boost its business by 250 %.

## Major Milestones of 2010

The Energy business area continued to invest in Advanced Distribution Management System (ADMS) technology and in the marketing of its proprietary Smart Grid solutions. Fending off powerful industry rivals, Telvent won large Smart Grid contracts in Canada, the United States, China and Europe, and in the process attracted a number of major awards. Telvent's achievements in this area were recognized by a prestigious Innovación Digital prize awarded by the Barcelona Digital Technology Center. The company was selected for its DMS technology, a suite of robust and versatile Smart Grid tools focused on energy efficiency and sustainability. The suite was also lauded as Product of the Year 2010 by the Technology Marketing Corporation (TMC). Telvent was selected as a contestant in the "Sustainable City" in recognition of the first-ever green residential buildings built in Madrid, Spain. The company deployed the technology to make government-protected apartment rentals for young people in Spain's capital city more energy-efficient.

One of the Traffic and Transportation division's highlights included the agreement signed with IBM in North America to create Intelligent Transport Solutions (ITS) for mobility management over small transport networks in small and mid-sized cities, university campuses, government complexes and theme parks. This year Telvent SmartMobility™ Tolling — Telvent's turnkey solution for electronic toll collections — took the market lead in advanced pay-per-use management systems for transport infrastructure. As a result, Telvent secured top-level contracts in the United States, Spain and Latin America to install its vehicle control systems, and has successfully closed initiatives such as advanced systems of toll free-flow of New Hampshire Hamppon Plaza and Pocahontas (United States), allowing process nearly five times more vehicles than a conventional toll road.

In 2010, the Environment division took steps offer its wide range of Telvent DTN information services internationally. The company made further progress by developing synergies and integrating with Telvent DTN. Acquired in 2008, this North American firm is largest private sector supplier of information services for the aviation, energy and transportation sectors in the United States. A special highlight is Telvent DTN's patented rainfall forecasts, which for the fourth consecutive year outperformed other companies in the industry in an independent, third-party study.

The Agriculture division has continued to grow and entrench its position as the undisputed market leader in the United States. It supplies critical data in real time and SAAS (Software as a Service) solutions to all players throughout the supply chain, from producers to brokers and intermediaries. In the field of publishing, Telvent DTN achieved fresh successes by securing 20 editorial awards given out by the North American Agricultural Journalists (NAAJ). Telvent DTN was also a big winner at the American Agricultural Editors' Association (AAEA) award ceremony, where it carried off a total of 27 accolades in the editorial, design and photography departments, and a special prize for marketing communications. 2010 was the fourth year running in which Telvent DTN won the most AAEA awards. The company also received two awards from the American Society of Business Publication Editors (ASBPE) and the Star Prize for Broadcasting Award from the International Federation of Agricultural Journalists (IFAJ).

In the Global Services arena, the integration of three companies — Telvent Housing, Telvent Interactive and Matchmind — into a single corporation, Telvent Global Services (TGS), was finalized. The merger involves all corporate levels and departments (legal, head offices, organizational charts, product range, information systems and human resources), so all parties have fully committed to a common goal: The creation of a single company that combines the strategic vision of the consultancy profession with the accuracy and reliability of engineering, thus enriching Telvent's broad array of services.

In healthcare, the Global Services division reaped the rewards of its determined bid to create innovative technology when it was awarded the Andalusia Information Society Prize for the best ICT project to improve the quality of life of the general public. The regional government of Andalusia awarded Global Services the prize specifically in response to the installation and configuration of the region's health network PACS infrastructure. Health professionals can now access a patient's medical checkup history across all hospital locations and dates. This saves public funds and avoids inconvenience to patients.

Success stories like this are the outcome of Telvent's consistent year-to-year dedication of technology and human resources to the research and development of new solutions. Telvent seeks innovation in everything it does. From 2008 to 2010, an anomalous period strongly influenced by the economic downturn, close to €70 M were channeled into R&D initiatives. More than 2,500 software engineers and engineering Ph.D.s worked on a daily basis across an international network of technology centers, ranging from Canada, Colorado and Minnesota to Spain and Serbia. The company's geographical diversification is the key strength underpinning the meteoric rise in its technological capabilities. By encouraging a global exchange of creativity, the latest developments achieved at an Asian laboratory can be put within the reach of Americans, and vice versa.





Telvent conducts its research and innovation programs within the international network of technology centers

## Our Activities

Telvent offers high value-added information services and technological solutions in sectors critical to the economy and sustainability of the planet: energy, transportation, environment and agriculture.

The company's Energy business develops real-time automation solutions for the power industry. The Smart Grid solutions suite, for instance, optimizes power supply for both distributors and users. Telvent's systems are present in widely diverse operational settings, from the power supply to the New York subway to the electricity distribution networks of cities as distant from each other as Madrid, Bangkok and Rio de Janeiro. Telvent also offers a broad range of solutions for the integrated operation of oil and gas pipelines.

The Traffic and Transportation business helps improve urban and inter-urban mobility, and makes rail and maritime infrastructure safer and more efficient. Its solutions and services support the operation of public transport, and this in turn encourages people to make use of it. Telvent products help control city traffic and support effective management of highways, toll facilities, tunnels and inter-urban means of transport. These systems form the basis of traffic control in major cities all around the world, including Beijing, Buenos Aires, Sao Paulo, Mumbai, New York and Madrid.

The purpose of Telvent's Environment division is to provide technological solutions and services that protect biodiversity and help mitigate the effects of climate change. Today, Telvent controls key environmental disaster prevention infrastructure all over the world, and manages water distribution to more than 45 M people in Europe, North America, Latin America, Asia and the Middle East. The company supplies weather information management technology to airport operators, air forces, and the weather and hydrology authorities of several European countries, including Spain's State Meteorology Agency (Agencia Estatal de Meteorología), inter alia. It has supplied real-time critical information for business decision making in the agricultural sector for more than 30 years. These services cater to the entire supply chain of the complex North American grain and livestock market — from producers seeking to avoid the effects of market volatility, to commodities operators and brokers trading on the big international markets. Telvent's agriculture solutions facilitate spot price formation for grain and create higher transparency across the sector via real-time data and online trading, primarily in the grain market.

## Energy

Telvent's Energy business area provides real-time IT solutions and services to the oil, gas and power industries.

The division's business model combines several key elements. First, Telvent's in-depth knowledge of the vertical market, based on robust relationships of trust built with its customers over many years of recurring business. Second, the great value it offers in the form of sophisticated, highly scalable technology platforms supported by ongoing investments in research, development and innovation. Third, its delivery model that provides systems, services and critical business data in real time.

Telvent has been providing support services to the electricity industry since the 1980s



This model is successful thanks to the effort of the Energy team's 1,400-plus professionals, and the consistent excellent performance of its executives. In 2010, the company's efforts were focused on attracting and retaining the industry's finest talent, and perfecting the technologies and applications in Telvent's product range. It operates five product centers, three competency centers, and business units located in Europe, the Americas and Asia.

Today, Telvent serves approximately 500 utilities and more than 400 customers from the oil and gas sector worldwide. World-class energy companies rely on its technology and services to meet the requirements of their customers, shareholders and industry regulators, at all times ensuring the highest standards of infrastructure security and public and environmental safety in all operations.

A broad customer base coupled with wide geographic diversification has enabled Telvent to continue to grow, offering solutions and services to customers around the world. In 2010, the company's growth performance translated into revenue of €253 M, 5.1 % up from 2009, and accounting for 33.7 % of Telvent's total business.

Telvent's Energy area works in the following segments:

## Electric Utilities

Since the early 1980s, Telvent has supplied specific applications and support services to the utility sector. Thanks to its long track record, it is able to respond to power utilities' needs by providing technology to operate critical infrastructure and information required for agile decision making.

The Smart Grid Solution (SGS) suite encompasses Telvent's broad array of solutions for meeting the industry's needs, and constitutes one of the company's key bids for innovation and sustainability. SGS helps power utilities to transform their grids to distribute electricity in a safer, cheaper and more efficient way.

The company's Advanced Distribution Management System (ADMS) raises energy efficiency by supporting real-time control of the power distribution network. The suite also aids more rational and efficient use of human resources and infrastructure, for a stronger bottom line.

Telvent's geographic information systems (GIS) solutions within the SGS suite provide water and gas utilities with tangible benefits for cutting costs, increasing productivity and offering better customer service. The ArcFM™ solution is a single platform that captures all spatial data for a utility's assets and manages it in real time.

## Oil and Gas

Telvent's technology, services and information suite for the oil and gas sector provides applications to manage and supervise pipeline transportation from refining sites to end-users in an integrated way. Its proprietary technology, developed and perfected over the course of more than 30 years, is installed at more than 60% of oil and gas transportation networks across the Americas. The company's price data, business risk management, back-office solutions, and product sales platforms connect producers to end consumers throughout the whole supply chain, aiding operations and decision making in a complex business through times of high volatility.

The Energy division has retained its status as an industry leader. 2010 highlights include:

- An extension to the operating contract with Swedish power utility Vattenfall, that extends the relationship out to 2014, with new options that increase the value of offered services. After successfully installing 600,000 metering devices and AMR facilities for Vattenfall, from 2011 onward, Telvent will operate under the new metering and infrastructure management services contract.



- Two key milestones in Europe: Telvent won its first tender in Germany, with SCADA OASyS technology and advanced applications for the Bunde-Etzel pipeline; and it started work with Gas de France to update its SCADA system and related advanced applications underlying the company's pipeline management.
- Four major contracts to install renewable energy control systems for solar power plants in Spain, and completion of its first international projects in the solar power business in Algeria and Morocco.
- Successful fulfillment of the first phase of a pilot DMS project for Guizhou Power in China. This customer chose Telvent to implement its power distribution management system (DMS). The initiative is intended to upgrade the management of a facility that supplies power to more than 40 M people in Guizhou in southern China. Telvent's solution will provide one of the main components of its Smart Grid strategy, thus raising grid safety and making power outages shorter and less frequent.
- PetroChina Company Limited continues to use Telvent as a supplier of control and monitoring systems for critical hydrocarbon distribution infrastructure in China. In 2010, Telvent's Oil and Gas division billed more than €13 M for rural development projects implemented for PetroChina and Sinopec.

## Traffic and Transportation

The transportation networks that criss-cross Earth support more than 23,000 M.km of passenger travel a year — and this figure is expected to increase to 105,000 Mkm by 2050. These networks also transport goods worldwide, which will be 60 % higher by 2020. To support this critical industry, the company offers Telvent SmartMobility™, an integrated solutions suite that completely rethinks the intelligent management of existing transport facilities.



Telvent's advanced tolling systems are capable of processing five times more vehicles than a conventional tolling station.

In 2010, Telvent's Traffic and Transportation division further broadened its product range and won major tenders in several different geographic regions.

In Spain, Telvent maintained the volume of recurring operation and maintenance service agreements (Seville, Barcelona, Vitoria and Bilbao) and has also secured major contracts for the construction of new road infrastructure. The company is set to achieve a strategic foothold in new, high-growth niches in the rail sector through projects like the development and implementation of an integrated management system for the new metropolitan light rail transit system in the Bay of Cadiz.

On the international stage, the company's customer base now includes the Department of Infrastructure and Transportation of Brazil; Saudi Oger Ltd, in Saudi Arabia; Ferrocarriles de la Junta de Andalucía, in Spain, and Enterprise Metro d'Alger, in Algeria, demonstrating Telvent's firmly established strength throughout the world.

Strong performance in Latin America, where revenue grew 20 %, was driven largely by consistently good news out of Brazil, where Telvent is a leader in mobility management and toll networks. The start up of a traffic management system in the city of Panama and fresh contract awards in Mexico and Chile open up promising business prospects.

New contracts with recurring customers, as well as increased business expectations with key customers such as departments of transportation in Florida, New York, Texas and Washington reveal leadership in the US. market. One relevant milestone includes the introduction of a new traveller information system to the Maryland Department of Transportation — which showcases "a before and an after" in traffic systems management.

Finally, Telvent bolstered its client list in Saudi Arabia, where it closed a deal to implement the traffic management system for King Abdullah Road in Riyadh. Moreover, new contracts to prioritize light rail transit systems in Algeria and Morocco widen the company's business vistas in North Africa and the Middle East.

2010 sales in the Traffic and Transportation division totaled €209 M, a 3.9 % increase year-over-year; the segment now accounts for 27.7 % of Telvent's total revenue.

Telvent's Traffic and Transportation area works in the following segments:

## Urban and Inter-Urban Mobility

Cities and roads are plagued with daily traffic and pollution problems due to society's excessive dependence on private modes of transport. Telvent is aware that new challenges call for new solutions, and it has accordingly developed an integrated suite of intelligent transport systems — Telvent SmartMobility Road suite, which combines critical data in real time with advanced mobility management services to raise road safety while lowering pollutant emissions.

The suite supports daily traffic management, tunnel and parking lot operation, passenger information systems, highway tolls and offense management. Telvent also offers consultancy and project planning services, highway payments management and intelligent traffic systems (ITS).

## Rail

The company offers Telvent SmartMobility™ Rail Suite, an integrated railway network management solution to enhance safety in rail traffic and infrastructure control, support user access to public transport and foster transport intermodality.

This suite encompasses solutions for comprehensive rail management: rail traffic control and regulation, railway ticketing, station management and user information systems to remote energy control systems, communication networks and park-and-ride car park management.

## Maritime

Maritime authorities and operators are provided integral port management solutions coupled with a wide range of maritime and fishing simulators to operate and manage maritime transport to the highest standards of safety.

Telvent's SmartMobility™ Maritime is an integrated management suite designed to offer the maximum flexibility and address all of the different aspects of maritime port management: maritime traffic, port facilities control, fleet management, real-time information systems, port security, port communications and advanced business applications.

The Traffic and Transportation division's 2010 milestones and achievements include:

- A contract with the railway management unit of the Andalusian regional government in Spain to develop and implement an integrated management system for the new metropolitan light rail transit system in the Bay of Cadiz. The project will centralize signaling, communications, security and passenger information systems.
- A contract secured with Fomento de Construcciones and Contratas (FCC) in Spain to develop and implement the management system for the Despeñaperros, La Cantera and El Corzo tunnels on the section of the Autovía del Sur (A-4) highway connecting Venta de Cardenas to Santa Elena.
- A contract signed with the Washington State Department of Transportation (WSDOT) to implement an Open Road Tolling system on Seattle's SR 520 bridge. The project aims to improve traffic conditions and enhance driver safety, while ensuring that toll collection operations remain efficient and reliable.
- A contract with the Maryland State Highway Administration (MD SHA) to implement, operate, host and maintain a statewide passenger information system.
- A one-year extension with the New York Department of Transportation to provide specialized staff for support roles in operating the Joint Transportation Management Center (JTMC) of New York.
- A signed contract with the Brazilian infrastructure and transport directorate (DNIT) to supply and install the control system for the Morro Alto tunnels. This project will centralize tunnel-mounted devices to manage tunnel traffic.
- A contract with DERSA in Brazil to supply, install and maintain the traffic control system for the Sao Paulo ring roads (Marginais Tietê and Pinheiros).
- A contract with Integrated Port Authorities (API) for Ensenada, Puerto Vallarta and Guaymas, in Mexico, for the preventive, corrective and evolving maintenance of marine traffic control centers for a 24-month period.
- A contract with Concesionaria Valles del Desierto (Sacyr Concesiones) in Chile to supply and install a toll system on the Ruta 5 Vallenar-Caldera highway. The project will ensure efficient, reliable collections while shortening user waiting time.
- A contract with Fushun City Urban Traffic Management Project Office in China to renovate and extend the traffic management center in Fushun. The project consists of developing the mobility management platform combining traffic control and guidance systems, enforcement, security and the communications network.



- A contract with Dazhong Panjin Co. Ltd. in China to supply and install an enforcement system for the city of Panjin. The project involves developing and installing photo red light and speed offense detection systems supported by a registration plate identification device to trace offenders.
- A contract with Saudi Oger Limited in Saudi Arabia for traffic management on King Abdullah Road in Riyadh, Saudi Arabia. This contract, for which the end customer is the High Commissioner for the Development of Riyadh, involves implementing the Telvent SmartMobility™ Road system to manage 6 km of highway equipped with four tunnels.
- A project in progress to install traffic regulation systems in the cities of Jeddah, Mecca and Medina, Saudi Arabia.

### Environment

In the interest of a sustainable future, Telvent helps different companies and public bodies overcome the social, environmental and economic restrictions affecting the supply of water to users. The company strives to ensure the quality of the drinking water supply, and fosters good use of emerging technology and services as an integral part of responsible water management.



Telvent manages the supply of water to over 45 M people worldwide

In 2010, Telvent's Environment business area continued to update and improve its technology-based solutions. In the fields of both product and business development, the company has engaged in a policy of selective strategic alliances to bolster the value it offers and entrench its privileged vantage-point in markets where it has achieved leadership.

In geographical terms, Telvent consolidated its environment activities in its strategic regions. North America now accounts for more than 40 % of the segment's entire business. In Western Europe, it has become a benchmark in aeronautical meteorological observation systems. And over the course of the year, it managed to create a solid base of recurring business in countries such as Libya, Jordan and Qatar, thus confirming the powerful attraction exerted by its transport and water distribution management technologies

As to business diversification, the focus on water utilities moved towards new business proposals and a wider, more dynamic offering of value-added services. The Environment division made good progress in developing high-quality, robust solutions that add value via efficient water demand management, energy use optimization, leakage control and resource quality. This set of modular, scalable applications make up Telvent's Water Management Suite, WMS, the cornerstone of what Telvent calls Smart Network Management (GIS).

The company's strong bid for innovation and excellence is reflected by the Environment division's sales figures, which in 2010 rose 7.3 % year-over-year to €63 M, accounting for 8.4% of Telvent's total revenue.

The Environment business area includes the following fields of activity:

### Aeronautical Meteorology

Telvent offers aeronautical meteorological observation solutions that meet all International Civil Aviation Organization (ICAO) and World Meteorological Organization (WMO) recommendations. It also supplies rainfall and temperature forecasting to the main airports in the United States and for several international airlines.

### Hydrometeorology

The company develops solutions that include surface meteorology, seismic detection systems, remote detection, meteorological radar networks, surface water flow and quality monitoring and control systems, and hydrologic detection and alert systems. In all these areas, accurate forecasting is vital.

### Meteorological Information

Telvent observes climatic conditions, forecasts weather, tracks and alerts to adverse meteorological and water-related events, and monitors contamination by supplying real-time technology and high value-added services.

In order to provide weather forecasting customers with added value when managing processes and assets, the company has prepared a horizontal platform of decision making support applications that serve the energy, transportation, aviation and other sectors at international level.

### Air Quality

Telvent supplies equipment and installs, maintains and operates air quality control networks and pollutant emission measurement systems in cities and industrial zones. Its concern for the quality of the air we breathe also extends to developing and implementing environmental emergency management systems.

### Water Utilities

Telvent provides technological solutions and services to ensure the integral management of water and purification companies. These solutions embrace applications that operate, maintain and plan comprehensive supply and sanitation systems (networks and treatment plants) and technological platforms capable of processing data in support of business decision making.

In order to combine the operational and corporate activities of water utilities, the company developed its Water Management Suite (WMS), a modular system that allows users to optimize

operational processes and assure service quality by cutting energy costs, reducing network loss, managing demand and controlling the quality of treated water

The main 2010 projects and milestones achieved by the Environment business area include:

- The Andalusian Water Agency, a division of the regional government of Andalusia in Spain, commissioned Telvent to maintain the automated hydrological information system (SAIH) for the Guadalquivir basin.
- Telvent maintains Spain's airport meteorology systems under a contract with AEMET, the State Meteorology Agency. After more than a decade of service, this relationship showcases the institution's continued confidence in Telvent's solutions.
- The German Weather Service (Deutscher Wetterdienst) awarded Telvent the tender for the supply, installation and maintenance of an automatic weather observation system (AWOS). The AWOS solution will be implemented at Germany's 16 international airports over 2011 and 2012, including the Berlin, Frankfurt and Munich airports.
- The Central Arizona Water Conservation District (CAWCD) chose Telvent to supply an updated SCADA OASyS solution for the Arizona Central project. This venture is designed to distribute approximately 1,850 M m<sup>3</sup> per year of water from the Colorado River to Pima, Pinal and Maricopa counties. The project Telvent has undertaken includes setting up multiple control centers and advanced alert features, among other services.
- Under an agreement with United Airlines, Telvent DTN will support up to 122 airport sites around the world with access to MxVision AviationSentry Online® Airport Operations Edition. This proprietary patented system will provide specific forecasting over the Internet or cell phone network, supplying real-time data on lightning risks and various alerts. Users will also have 24-hour access to Telvent DTN's team of meteorologists via an online forum.
- Florida Power & Light (FP&L)/NextEra Energy, in the United States, has engaged Telvent to implement MxVision WeatherSentry Online®. FP&L will equip its 75 wind farms with the company's technology to receive weather data, real-time lightning alerts and other key warnings.
- Telvent will deliver a SCADA OASyS DNA 7.5 system to the city of Columbus, in the United States, for the Parsons Avenue water treatment plant. The system will build on existing control infrastructure and update the OASyS technology supplied by Telvent in years previous.
- Telvent has signed a deal with Prime Controls in the United States to modernize the SCADA system now operated by City of Dallas Water Utilities (DWU). The company's technology will give the system more robust security and reliability while reinforcing its data distribution features.
- The Eastern Municipal Water District of Perris, California, has awarded Telvent the tender for upgrading the OASyS SCADA system currently in operation in the area. Perris Eastern Municipal Water District supplies water for domestic and agricultural use and collects and purifies wastewater for an area with a population of 699,000.
- In Cali, Colombia, Telvent will implement a SCADA system for the city's aqueduct and sanitation network. The project involves management of the primary network, comprised of nine pump stations, four water treatment plants and a wastewater treatment plant, as well as the secondary network, including an additional 16 pump stations and the sewerage system. The company's solution will integrate all data at the control center running SCADA, GIS and specific network operation applications.
- Rio de Janeiro, Brazil, plans to introduce a Telvent SCADA system to oversee and control part of its water distribution network. The project carries strategic significance for the company in that it firmly establishes it as the leading supplier of water network supervision and control technology in Brazil.
- Water Authority of Jordan (WAJ) commissioned Telvent to implement a Telvent SCADA system in the northern part of the country. This project calls for the control of more than 130 wells and 30 pump stations. Jordan currently faces severe water resources difficulties, because its strategic location is attracting increasing immigration, which in turn puts greater demand on the water supply.



## Agriculture

Telvent DTN's agricultural information services give an edge to customers in the production, marketing and distribution of grain and livestock in the large, complex Canadian and US. markets. These services facilitate the daily business and operational decision making processes of 550,000 subscribers throughout North America. The company supplies vital information to producers, brokers and commodity traders that can help them minimize business risks.

Telvent offers critical information in real-time to improve decision-making along the entire agricultural supply chain



The company's solutions provide exclusive, award-winning editorial content, accurate, location-based weather information, consultancy services, and an online marketing portal that brings together buyers and sellers. These features make it the industry's most advanced information service.

Throughout the year, high price volatility prompted increased sales of Telvent DTN services in this field. Real-time business management requires accurate information — even more so in the present economic uncertainty. The company's customers have shown a high degree of loyalty, and the value of its services has been enhanced. Customer retention rates are near 90 %.

Innovation is fundamental to Telvent DTN's corporate culture. The new, improved products launched this year were widely welcomed by customers. In addition, Telvent DTN's team of 100 analysts and experts is highly regarded as leaders in the industry.

The advertising area has faced tough challenges over the past year as a result of increasing financial pressure on advertisers at all levels. Telvent DTN's offline publication, *The Progressive Farmer*, which celebrated its 124th anniversary in 2010, continues to be regarded within the industry as a top quality traditional trade publication, and has strong relationships with major advertisers, including John Deere, Sygenta, Bayer, and Pioneer.

In 2010, the Agriculture division's sales grew 6.6 % year-over-year to reach €83 M, or 11 % of Telvent's total revenue.

The Agriculture business area includes the following lines of business:

### Producers

Telvent DTN is the leading supplier of agricultural information services to the North American corn, soybean and livestock industries. The company offers widely-adopted solutions for a range of different agricultural sub-sectors, such as DTN Grains®, DTN Marketspace™, DTN Livestock®, DTN Dairy®, DTN Canada®, DTN Mobile® and DTN Six Factors® Market Strategies..

### Brokers, Converters and Agricultural Businesses

Telvent DTN enjoys a dominant position among the leading intermediaries, converters and associated agribusinesses, including traders, ethanol plants, cooperatives and brokers. All of this is possible thanks to two key applications: DTN Portal™, which enables market players to manage their grain purchases online on a 24-hour basis and integrate sales directly with their management systems; and DTN AgHost®, a powerful management platform for other key industry suppliers.

### Risk Management

DTN ProphetX® is a risk management and commodities trading platform widely used by market professionals for trading and critical information needs. DTN ProphetX offers real-time prices, analysis tools, market news, expert commentary and order execution.

### Advertising

*The Progressive Farmer* is the leading trade publication in the United States agricultural sector. Released monthly, its highly specialized and educational content has made it a market opinion leader, as confirmed by the editorial awards it wins year after year.

In 2010, the Agriculture division undertook a range of different projects, including the following highlights:

- John Deere Agri Services and Telvent DTN entered into an agreement to link their platforms by integrating the company's information with John Deere's AGRIS™ Commodity Management system. This alliance will help agribusiness professionals using the AGRIS system to automate data entry of pricing information and contracts for completed offers, allow management of cash basis prices in one place, and simplify inventory valuation processes.
- Telvent DTN launched the first comprehensive agricultural app for the Apple® iPad®. Telvent DTN remains the leading supplier of services that keeps in step with the constantly-evolving needs of farmers and producers. Industry professionals can now access agricultural news, market data and specialized weather information in an iPad-optimized format.
- Pioneer Hi-Bred, the leading supplier of advanced plant genetics for farmers around the world, has replaced the conventional news and market data in its online product platform with Telvent DTN's Ag Host technology. This success bolsters Telvent DTN's lead in content aggregation, online data and infrastructure solutions for farmers and agricultural producers.
- Telvent DTN successfully released new order routing capabilities in its agriculture risk management platform, DTN ProphetX, to help customers anticipate market performance and execute transactions. Simultaneously, it also significantly enhanced its infrastructure for delivery of these services, resulting in great sales generation and even higher customer retention in 2010.
- As part of the enhancement of DTN ProphetX, Telvent DTN partnered with CQG, a leading international supplier of futures order routing services, to implement direct futures trading within the flagship trading platform. This project positions Telvent DTN as the leading, agricultural-focused, one-stop-shop for market news and information coupled with instant futures trading execution.
- Telvent DTN won a contract with Illinois-based Archer Daniels Midland Company to implement its weather content. ADM is one of the world's largest agriculture sourcing, transportation, storage and processing companies. The company will replace its current vendor with Telvent DTN's professional weather content for use in its eADM platform. ADM is a very prominent partner in the agriculture industry. Incorporating Telvent DTN weather content will help expand its market intelligence to other leading commodity participants.
- The existing relationship with Abengoa Bioenergy (ABG) was expanded with implementation of the new futures trading capability within DTN ProphetX. ABG is now able to route trades directly to the exchanges via its current Futures Clearing Merchants. Additionally, ABG's use of DTN ProphetX is expanding throughout North and South America, increasing total annual recurring revenue with this key customer.
- Telvent DTN partnered with a premium content provider, Lanworth, LLC to provide state-of-the-art analysis of crop condition, progress, yield and production estimates. This emerging technology uses a combination of satellite imagery, agronomic crop modeling and ground truthing, to provide earlier and more accurate crop forecasts than the USDA. This new service provides Telvent DTN customers with a "heads-up display" on critical issues affecting crop development.
- A contract with Iowa-based Agro National was won to implement Telvent DTN AgHost services. Agro National provides farmers with insurance products and marketing information necessary to make sound financial decisions to increase farm profitability. The company's objective was to provide value-added services (weather, news, market data) to customers via its Web site as well as provide its marketing team with capabilities to electronically communicate to customers and prospects.

The solutions of Telvent Global Services help corporations and public bodies alike to keep up with the dizzying technological changes we are currently witnessing



## Global Services

Telvent Global Services is Spain's only independent supplier of information technologies able to provide added value to customers over the entire life cycle of its business technology.

This group provides services and solutions that foster security, sustainability and present and future business feasibility, enabling companies and government authorities to keep up with the dizzying changes in technology, manage change and support innovation through collaborative models.

The Global Services group aims to help its customers define and re-engineer their processes, technology strategies and systems planning. It provides support for framing and implementing technology solutions that meet the emerging needs of the business. The team works on simulating processes and exploiting and analyzing relevant data in support of successful decision making.

Telvent's competency centers and software factories (six in Spain and two in Latin America) develop tailored applications that provide customers with added value. In addition, the company's five data processing centers located across the Iberian Peninsula offer users more than 25,000 M facilities to meet rising demand for systems and service outsourcing.

In Spain, Telvent Global Services followed a territorial positioning strategy by seeking to grow and create jobs at a local level. The company's approach to customers combines the personalized care, prompt responsiveness and flexibility of a local supplier with the wide-ranging capabilities and robustness of a multinational corporation.

On the international stage, the division continues to diversify geographically. It made a determined effort to develop the company in Latin America by deploying its capabilities in Chile, Brazil, Uruguay and Mexico, while continuing to grow in the United States. As a result, the company created two software factories in Brazil and Uruguay, and more than 200 jobs, on the back of a 250 % leap in sales.

Telvent Global Services' growth in 2010 has made it an exceptionally strong player in terms of proprietary capabilities (consultancy, software factories, product and data processing centers) and third-party relationships (software developers and hardware manufacturers). It is able to offer its customers latest-generation service outsourcing — Software As A Service (SAAS) and Infrastructure As A Service (IAAS) — while generating new ideas (sustainability management solutions) and achieving a clean break with established models (zero-defect apps) to lay the foundations for growth in the coming years.

As a result of new services, geographical diversification and, most importantly, the strong performance of its more than 1,500 highly-qualified professionals, Telvent's Global Services division reached year-end having achieved sharp year-over-year growth in order intake on a like-by-like basis. Revenue for 2010 increased year-over-year by 14.4 % to €145 M, and accounted for 19 % of Telvent's entire business.

The Global Services business area includes the following lines of business:

### Consultancy

Telvent assists its customers in the day-to-day running of their multifaceted businesses, deploying technology and/or process consultancy expertise to provide industry-specific solutions, ranging from the initial stage of pinpointing needs to business transformation.

### Integration

The company consistently demonstrates its ability to integrate different technologies, set complex projects in motion and develop applications within the timeframes prescribed by the market, thereby ensuring their feasibility and ultimate success.

### Outsourcing

Telvent handles the daily running and maintenance of its customers' information systems at their own sites or on an outsourced basis using the company's data center network.



In addition to providing support to key Telvent divisions (Energy, Transportation, Environment and Agriculture), Global Services targets IT-intensive segments like industry, retail, banking and insurance, telecommunications, health care and government.

The Global Services division's milestones and achievements of 2010 were:

- EFE, Spain's state news agency, engaged Telvent to implement the SIEM (Sistema de Edición Multimedia) system to bring together all EFE-generated content onto a single management platform.
- Telvent widened the scope of its contract with Yoigo to embrace help desk services, admin, systems and database monitoring and data storage and backup. The company will continue to be Yoigo's strategic IT partner for the next three years, over which time the Spanish operator plans to gain a strong foothold in the Spanish cellular network market
- The telephone support center attached to the health department of the regional government of Valencia, Spain, chose Telvent to provide technical support in response to incidents affecting health care site employees in the Valencia region.
- Telvent signed a deal with Metrovacesa to provide support to this real estate company's micro IT management and user care area and to its technology department, including consultancy and SAP development services. The contract is intended to achieve comprehensive facility outsourcing in the form of outsourced integrated management of the customer's data processing center and systems administration tasks.
- Telvent entered into a contract with the state-controlled Red.es Corporation to upgrade and expand its services, ranging from hosting Red.es systems at Telvent's facilities to Internet access, backup, operation and maintenance services.
- A number of local authorities and government institutions in Spain opted to use Telvent products to implement their compliance with the recently enacted Law 11/2007, which gives citizens a statutory right to access public services online. Highlighted customers in this connection were the electronic services entity of the regional government of Aragon, Alicante City Hall, Albacete City Hall, Saragossa City Hall, Roquetas de Mar City Hall and the local authorities of El Ejido, Sagunto, Hellin and Cuevas del Almanzora.
- Telvent secured a deal with ADIF, Spain's state-controlled rail infrastructure operator, to develop a rail traffic control simulator. Telvent will re-create a fully functional rail control center at the customer's training facilities where trainees will be required to deal with life-like emergencies.
- Spain's Ministry of the Presidency chose Telvent to provide a validation and electronic signature platform. Telvent will develop electronic signature validation services to put the Spanish authorities in a position to exchange online documents in the European Union setting.
- The company closed a deal with Acciona to train its employees under the Training Itinerary Model (Modelo de Itinerarios Formativos). The project involves designing a new training plan focusing on three competency areas: customer orientation, communication, and flexibility and change management.
- IRB-RE, Instituto de Resseguros do Brasil, awarded a contract to Telvent to implement its new SAP management system, encompassing consultancy, implementation, maintenance and support.
- Isban Chile (a Santander Group company) selected Telvent to develop banking applications and technical support for banking projects in which the Santander Group is involved.
- The Dominican Republic's CEDIMAT, a healthcare entity, is using Telvent's TiCares solution to implement its new healthcare management model. The project will integrate health care management with financial management solutions.