Annual Report 2007 | **Telvent** | Information Technologies

TELVENT

TELVENT

IT for a Sustainable and Secure World

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Letter
from the Chairman

Letter from the Chairman

At Telvent, we believe that **the world is up against two major problems**, perhaps **two of the most significant to ever face our civilization: sustainability** and **security**.

There is a growing consensus regarding the fact that the world is undergoing climate change resulting from global warming of our planet, a consequence of greenhouse gas emissions associated with human activity. There is also an ever increasing consensus as to the magnitude of this problem, which goes beyond the strictly environmental realm. It is a problem with a social, political and economic dimension. At Telvent, we form a part of each consensus.

On the other hand, one of the greatest threats facing our model of society is security, or rather, the lack of security, which limits the freedom of people and nations.

The world is gradually becoming more aware of the effective tools offered by information technologies in resolving both problems. Bearing in mind the evolution of our model of society up to the present, as well as the inevitable evolvement it will experience in the coming years as a product of the introduction into the business world of the first generations born and raised in the post-Internet era, it would not be adventurous to state that **the solution to both problems is impossible without the use of information technologies**. Without them, it would be difficult to imagine the operation of a business or government; that is to say, the functioning of our model of society.

For many years, at Telvent we have upheld a deep commitment to the development of information technologies based on innovation. We have been, and will continue to be, actors in the history of these technologies, from their birth, and for that reason we are excited about today. We are pleased to witness an increased understanding of the reality that **information technologies, now and in the future, represent one of the sectors of activity with the greatest impact in this century**. This is because information technologies are changing the way in which we interact, work and manage the processes involved in our industrial and economic activities. In short, information technology is changing our way of life.

Through information technologies, at Telvent we wish to contribute to creating a more sustainable and secure world. And to do so, we seek talent as the basis for developing solutions and services that help to manage energy sources more efficiently; reduce CO_2 emissions in transportation by reducing traffic congestion; optimize the complete water cycle; monitor and oversee critical infrastructures; protect information that is transferred via public and private networks; and digitalize processes between citizens and their governments.

Consequently, **at Telvent, we believe that we are at the threshold of the true "digital era" and this**, considering the intensity of the trajectory up until now, **can only instill us with a profound feeling of anticipation and responsibility with respect to the future that lies ahead of us, a future full of opportunities**.

There is no other way to conclude this letter than by saying thanks. Thanks to each and every one of the 5,000 people that make up the Telvent team, for the tremendous effort that you have made each day of the year, for the hopes you have brought to each project undertaken, for giving the very best of yourselves to go above and beyond the expectations of our clients, who have once again put their trust in us this year. Thanks for believing in the Telvent project, because in that faith lies the very strength of the project, the strength which has led us to achieve the goals we had established, and for this reason, yet another year, **we can proudly say that at Telvent we fulfill the objectives we set for ourselves.**

At Telvent, we are committed to continue working with the same energy, convinced that the best is yet to come.

Manuel Sánchez
Chairman

Our sustainable growth and the fulfilment of our objectives are reflected in Telvent's market value, which has practically doubled in 2007.

The Year in Review

The Year in Review

"Our customers continue to put their trust in Telvent. In 2007, new order bookings totaled 685 million euros, representing a 23.8 percent increase over last year's figure of 553 million euros".

The Year in Review

2007. Highlights

In 2007, we experienced a 23.9 percent increase in revenues with respect to the previous year. We ended the year with revenues totaling 624 million euros, almost a billion dollars if we apply the year's average exchange rate. Of this amount, approximately 30 million euros correspond to revenues shared with our partners in joint ventures. If we exclude this impact, our revenues for the year totaled 595 million euros, up 28.5 percent from 2006.

We must emphasize that **this growth was fundamentally organic, 19.3 percent, with the remaining 9.2 percent attributed to the contribution to our revenues from the acquisitions consolidated over the course of the year**. Our organic growth is a perfect combination of sales to a stable client base with a long history, clients to whom we deliver new solutions and services, representing approximately 85.0 percent of our revenues, as well as the addition of new clients to our portfolio, thus expanding our capabilities both geographically and by sector. In 2003 the 18 companies comprising Telvent showed consolidated revenues totaling 211 million euros; those same companies, at the end of fiscal year 2007, achieved 451 million euros in revenues, representing a compound annual growth rate of approximately 21.0 percent that is strictly organic in nature.

In addition, **we must also point out the contribution of companies that were incorporated into the group**

Global Figures	2007	2006	2005	CAGR
Revenues (1)	594.8	462.9	370.7	26.7%
Gross profit (1)	138.6	110.4	82.5	29.6%
Income from operations (1)	41.3	30.8	21.0	40.2%
Net income	24.9	21.8	14.4	31.4%
Net income (2)	29.8	23.6	18.0	28.7%

(1) Exluding the effect of revenues from other venture partners (2) Pro forma

and which allow us to continue expanding our range of solutions and services. In 2007, for the first time, we consolidated 100 percent of the activities of our U.S. subsidiary, Telvent Farradyne, Inc., acquired in July of 2006, as well as Maexbic, S.A., acquired in November of the previous year. Furthermore, during the course of the year we acquired two new companies which have had an impact on our revenues: Caseta Technologies, an American company acquired in April, and Matchmind, the consulting firm in which we recently gained majority shareholding. All of them have globally reinforced our supply of solutions and services, with a positive impact on Telvent's profits.

Our customers continue to put their trust in Telvent. In 2007, new order bookings totaled 685 million euros, representing a 23.8 percent increase over last year's figure of 553 million euros. Our backlog as of December 31, 2007 –work contracted, pending execution– totaled 700 million euros, up 57.2 percent from year-end 2006. This gives us an idea of our degree of visibility for the new year.

Our yield in 2007, measured in terms of earnings per share, was 1.02 euros per share, which represents a 26.2 percent increase over the 0.81 euros per share for fiscal year 2006. Our pro forma* net income rose to 29.8 million euros, compared to 23.6 million euros in 2006.

Our sustained growth and the fulfillment of our objectives are reflected in Telvent's market value, which has practically doubled in 2007. We ended the year with a closing price of 28.41 USD per share, compared to 14.25 USD per share at the end of 2006; this represents a 99.0 percent increase for the year. Our

* All pro forma data exclude the effects of those elements unrelated to our business income: goodwill allocated to intangible assets from acquisitions, stock-plan expenses, and mark-to-market exchange rate hedging.

Revenue by Geography

Europe	60.0%
Middle East and Africa	4.5%
Asia-Pacific	4.2%
North America	18.6%
Latin America	12.7%

Revenue by Area

Energy	37.9%
Transportation	37.2%
Environment	6.3%
Public Admin.	8.4%
Global Services	10.2%

acknowledgement by clients, partners, competitors and suppliers has been reinforced since we listed on the Nasdaq, and we now enjoy greater visibility as a solid, committed and innovative technological company, able to take on challenges, and with a clearly international flair.

2007. Business Areas and Geographical Locations

In 2007 we consolidated our new structure into five business areas: Energy, Transportation, Environment, Public Administration and Global Services. We continue to grow in each area, investing in new solutions, expanding our presence in key geographical areas and setting the foundations for creating new business opportunities.

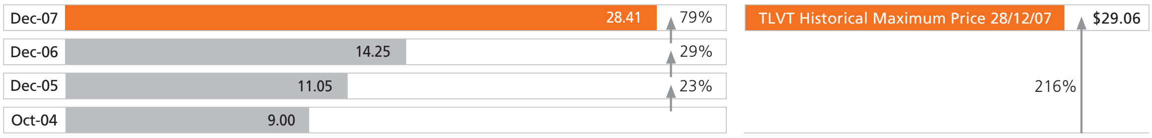
The Energy segment accounted for 37.9 percent of our total business in 2007, with revenues of 225 million euros, showing an increase of 11.8 percent over 2006. Over the course of the year, we must emphasize the spectacular growth in our business in the European Electric sector, followed by other regions such as North and Latin America. We positioned ourselves as leaders in the Smart Metering Solutions segment, with a top reference through the project we are carrying out for Vattenfall, in Sweden, which has contributed significantly to sales in this area. In 2007, we continued to invest in the development of our Smart Grid Solution which, together with our excellent references, represents an opportunity for growth in this sector in different geographical areas: primarily Europe and North America, where we already have pilot projects underway.

In Oil and Gas, revenues increased 33.6 percent in North America, where our customers demonstrated, once gain, their high level of confidence in Telvent when proceeding with their investment plans. In 2007, our OASyS DNA 7.5 product was endorsed by the Idaho National Laboratory and the U.S. Department of Energy, thus proving our deep commitment to security in critical infrastructure control systems. We continued to develop key projects for clients who are already part of our stable base, such as Red Eléctrica Española, Endesa, Iberdrola, Petrobras Transporte, Abu Dabhi Marine Operating Company or PetroChina.

Over the course of the year, nevertheless, there was a decrease in Latin American Oil and Gas operations, mainly due to the slowdown in our business with the PEMEX oil company in Mexico.

The Transportation segment is another of our most representative areas, accounting for approximately 37.2 percent of the year's business activity. Revenues increased 34.6 percent, for a total of 221 million euros. We are most satisfied with the position of leadership that we are achieving in Latin America, Asia, Spain, and, especially, North America, where last year we finalized the acquisition of Caseta Technologies, a company specializing in development, integration and maintenance of the complete cycle of toll management and payment systems, thus rounding out our capabilities and solutions in the region, through our Telvent Farradyne subsidiary. We continued to strengthen our international prominence, increasing our presence in specific strategic markets through a comprehensive array of products and services. We are thus especially proud to have been selected to carry out some of the most significant projects in this segment: in Spain, through the relevant authorities, we were chosen by the National Department of Traffic to create the Automated Violation Processing Center; in the U.S., where we were selected by the Department of Transportation of the state of New York to develop, implement, operate and maintain the 511 Traveler Information System; or in Saudi Arabia, where we began execution of the contract to implement global traffic management solutions in three of the most important cities in the region. We also wish to highlight the signing of our first concession contract in the Transportation area for implementing and managing the systems that will control traffic infrastructures in Panama City, thereby improving mobility and traffic flow.

Evolution of Telvent's Share Price



The Environment segment ended the year with revenues totaling 37 million euros, compared to 41 million euros in the previous year. We successfully consolidated our weather information system for airports outside of Spain, by obtaining contracts for its implementation in airports in Taiwan and India. We also wish to emphasize the achievements reached in the application of management optimization systems in water distribution networks, including leak detection, lower consumption and guaranteed supply. An example of this is the contract we signed in Qatar, which will allow us to strengthen our position in the market.

The Public Administration segment practically doubled its revenues, totaling 50 million euros. We continue to work in this area to provide assistance to governmental bodies and Public Administrations, with whom we work in the process of electronic automation, thereby enhancing security, efficiency and the quality of services delivered to citizens.

Global Services achieved revenues of 61 million euros, which represents a significant increase of 84.5 percent over the previous year. This is due partly to the structural changes undertaken in the division in order to meet our clients' technological needs more efficiently.

Also in the Global Services segment, we must point out the acquisition in October, 2007 of 58 percent of Matchmind, in which we will keep increasing our shareholding to reach 100 percent by the end of 2011. Matchmind is a firm with an international presence in the areas of technological consulting, systems integration and outsourcing. It reinforces our position in the technological services area, representing our presence, therefore, in practically all activity sectors. In addition, we obtained a significant ownership interest in S21sec, a company specializing in computer security, and we thereby hope to achieve a leading position in the area of digital security, a key factor in the information technologies of today and tomorrow.

We continued to invest heavily in the development of our activity in 2007, in both key geographical locations as well as in new places, and we will continue to seek to increase our penetration in new countries, which implies a tremendous marketing effort. At the end of 2007, 60.0 percent of revenues corresponded to Europe, where Spain represents our core business and primarily Sweden accounting for the rest. North America represents almost a 18.6 percent of our total revenues, making it the second most important region in terms of volume. Latin America represents a 12.7 percent, and the rest is represented by the Asia-Pacific and the Middle East regions.

2007. Looking Beyond Financial Results

We understand that our responsibility transcends short-term financial results, and part of our goal is to ensure that, with each passing day, Telvent's future continues to grow and expand. To this end, in 2007 we once again upheld our commitment to technological innovation, the development of talent, specialized training, increased productivity, improved management systems, strengthening of our trademark and optimization in organization.

In 2007 innovation continued to be one of the foundations of our strategy. Specifically, investment in the Research and Development (R&D) area totaled 19 million euros, 3.2 percent of our total revenues. Over 50 projects were launched and we considerably increased collaboration with research centers and cutting-edge technological companies. And in addition to investment in innovating our existing products and solutions, in 2007 projects resulting from our "Smart Grid Solutions Suite" initiative, which aims to deliver innovative solutions to electric distribution management; Homeland Security developments, including integrated solutions for border management and research on biometrics; and the advances in traffic violation detection and management.

As far as **Corporate Social Responsibility** is concerned, and with the aim of consolidating and strengthening our commitment to our professionals, our clients and the rest of society, **at Telvent, for yet another year, we continued to interact with our stakeholders in a transparent manner, communicating and sharing with each and every one them our commitment and ultimate aim of our activity: the sustainability and security of our planet**.

Within this context, at Telvent we are working to create a company in which our employees carry out meaningful work in a pleasant atmosphere, upholding our fundamental values, as well as those of the United Nations Global Compact, which Telvent endorsed in 2002. Work through which each employee and his or her family may have access to personal and professional development is the first of our social commitments. And in this same vein, in 2007 we joined the "Caring for Climate: the Business Leadership Platform" initiative, promoted by the Global Compact platform. Through our support, at Telvent we assume our responsibility as a technological company facing the challenges posed by climate change, working day-to-day with a business model that is totally geared toward the principles set forth in this action platform. Therefore, in 2007, like every year, we tried to provide direct assistance to communities in need. We therefore contributed to the reforestation of the "Las Mesas" Natural Park in Villa Alpina, in the municipality of Naucalpan in Juarez (Mexico); and to the New Horizon Association, dedicated to the whole care of people with autism and their families, through activities involving assistance, education, recreation, culture and sports.

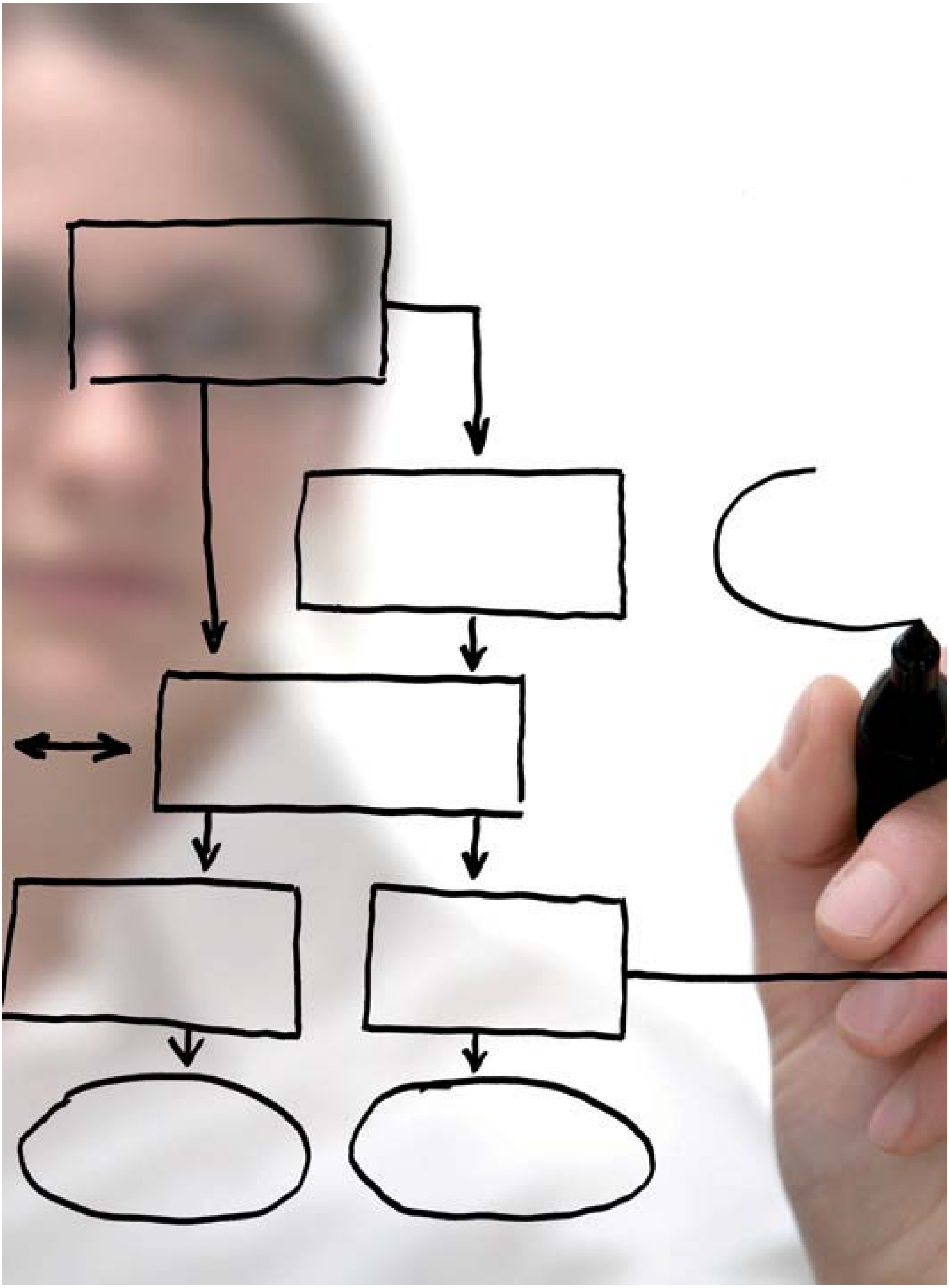
Our vision is to be a global company made up of the best professionals from each country, professionals who, through the use of the most advanced information technologies, help, together with our clients, to make the formidable challenge of creating a sustainable and secure world for future generations possible.

We are committed to keep striving for a more sustainable and secure world, through technological innovation and the development of specialized solutions for each of our business areas: more reliable and less contaminating management of energy, traffic management to increase security and reduce traffic congestion, more integrated management of public transportation, more efficient water distribution management for increasing availability, and quality citizen service in real time from Public Administrations.

Consolidated Statements of Operations

(In thousands of Euros, except share and per share amounts)

	Year Ended December 31		
	2007	2006	2005
Revenues	€ 624,317	€ 503,844	€ 402,369
Cost of revenues	485,612	393,219	319,712
Gross profit	**€ 138,705**	**€ 110,625**	**€ 82,657**
General and administrative	53,900	39,850	25,286
Sales and marketing	13,668	13,730	13,023
Research and development	19,106	16,465	14,980
Depreciation and amortization	10,623	9,562	8,225
Total operating expenses	**€ 97,297**	**€ 79,607**	**€ 61,514**
Income from operations	**€ 41,408**	**€ 31,018**	**€ 21,143**
Financial income (expense), net	(9,882)	(6,643)	(3,432)
Income from companies under equity method	324	—	—
Other income, net	(2,025)	(387)	—
Total other income (expense)	**€ (11,583)**	**€ (7,030)**	**€ (3,432)**
Income before income taxes	**€ 29,825**	**€ 23,988**	**€ 17,711**
Income tax expense (benefit)	4,680	2,080	2,972
Net income before minority interest	**€ 25,145**	**€ 21,908**	**€ 14,739**
Loss/(profit) attributable to minority interests	(268)	(70)	(373)
Net income	**€ 24,877**	**€ 21,838**	**€ 14,366**
Earnings per share			
Basic and diluted net income per share	€ 0.85	€ 0.75	€ 0.49
Weighted average number of shares outstanding			
Basic and diluted	29,247,100	29,247,100	29,247,100



In 2007, we consolidated our new structure into five business areas: Energy, Transportation, Environment, Public Administration and Global Services. We continue to grow in each area, investing in new solutions, expanding our presence in key geographical areas and setting the foundations for creating new business opportunities.

Business Areas

Our Solutions

Our solutions:

- Manage more than 60 percent of the total hydrocarbon movements in North American and Latin American pipelines.
- Transport and distribute more than 140,000 GWh, providing electricity to over 80 million people.
- Control vehicle traffic at more than 7,000 intersections, handling more than 195 million drivers per day.
- Manage the transportation of more than 2.5 billion passengers per year on rail and metro networks.
- Supply real-time traffic, road condition and route time information in response to 410,000 phone requests and 5,000,000 on-line queries monthly.
- Ensure the safe and efficient departure and arrival of more than 1 billion passengers per year in over 190 airports.
- Manage the distribution of water to over 45 million people in Europe, North America, Latin America, Asia and the Middle East.
- Provide safety alerts and general information about the air quality affecting more than 20 million people in Europe and Latin America.
- Assist more than 30 million Europeans to carry out electronic transactions with their government agencies, as well as other organizations.
- Reduce by more than 15 percent the average patient waiting time in more than 250 healthcare centres managed by 40,000 medical professionals.
- Verify the authenticity of more than 18 million passenger passports every year.
- Enable the electronic exchange of information between 13 million users at over 4,000 universities and research centers throughout Europe.
- Provide the technology infrastructure for distributing news, 24 hours per day, to more than 400 million Spanish-speaking people throughout the world.
- Ensure measurement and reporting accuracy in distributing more than one billon litters of gasoline per month, which is sufficient to fill the fuel tanks of more than 22 million motor vehicles.
- Interconnect more than 24,000 telecommunication circuits of international networks in southern Europe with 2.4 trillion bytes per second bandwidth at the "meet me rooms" of Telvent data centres.
- Provide housing and manage more than 2 million GB of information of more than 20,000 data servers of the customers that are located in Telvent data centres with more than 50,000 m^2.
- Gives support and information access and even online training to more than 170,000 university students from 14 different countries.
- Manage information systems that provide services in order to get the internationalization of more than 48,000 Spanish organizations and that allow business development and also oportunities for Spanish enterprises abroad.
- Give support to ticketing systems in order to sell more than 60 million of online show tickets per year.
- Provide housing of one of the seven SOC (Security Operation Centers) of computing security from Verisign world network. From this SOC, more than 2,500 fraud cases are checked online per year for more than 100 financial organizations and also hundreds of thousands of daily events of perimeter security devices from external customers are analyzed.
- Provides integrated road and weather condition monitoring and weather forecasting for over 30,000 km of provincial highways in North America and Europe, to road maintenance contractors, the government and the public through web sites.

Energy

"Our dedication to improving energy efficiency and supporting the reduction of CO_2 emissions is matched only by our commitment to providing solutions that protect and ensure the quality of critical infrastructure data and information management".

Telvent's Energy business area is comprised of three main business focuses:

- Oil and Gas.
- Electric.
- Enterprise GIS (Geographical Information Systems).

In the Oil and Gas divisions we provide field-proven products and solutions which include a secure, real-time Information Technology (IT) infrastructure and data acquisition subsystem, OASyS, a solutions suite for liquid hydrocarbons, a gas solutions suite and professional and IT services, which include consulting, outsourcing and contract assistance. All are delivered by experienced professionals.

Centered on the skill and know-how of our professionals, in the Electric division we deliver a trio of product offerings (Smart Operations, Smart Metering and Smart Substation) that together form our Smart Grid Solution Suite.

Well-established and well-known, Telvent Miner & Miner provides Enterprise GIS services and solutions. In this business unit we also develop and implement the ArcFM™ Solution for utilities, which allows management of spatial information, increased productivity, lowering of costs, improved energy efficiency, and excellent customer service.

Our dedication to improving energy efficiency and supporting the reduction of CO_2 emissions is matched only by our commitment to providing solutions that protect and ensure the quality of critical infrastructure data and information management.

Contribution to Sustainability and Security

All of Telvent's applications deliver significant business values: increased safety of operations, improved operational efficiency, and secure information leading to sustainable solutions for environmental monitoring. These benefits are provided by a strong integration between the underlying infrastructure framework and the industry-specific applications.

The OASyS DNA infrastructure is the secure basis that provides the foundation for the development of our

advanced applications. These advanced applications are used by each of our industry segments to provide solutions that optimize the use of the planet's precious natural resources, and help ensure a healthy planet for future generations.

The Telvent Smart Grid Solution Suite provides an improvement of the electric infrastructure management by quantifying their energy costs and optimizing the Utility's operating parameters in real time. This insight allows our customers to improve operating processes for equipment, procedures and business decisions, allowing a Utility to increase its competitiveness and efficiency. Moreover, it also increases the security of the processes involved and provides a more secure operation. Power utilities are investigating ways to improve sustainability through improved management of resources during peak time periods and encouraging efficient energy usage. Our new Energy Management Solution enables utilities to achieve that end.

The Telvent Metering Suite provides a real-time control for both the final user and the utility of the electric consumption, allowing a better management and energy efficiency. Customers can adapt their habits based on consumption and usage. The metering system also handles billing and accounting in real time.

Strategic Developments in 2007

In 2007, Telvent's Energy business area remained true to our strategic path, focusing on a three-pronged approach of continued investment in R&D, a strengthening of our strategic partnerships and, where they provided strategic advantage, acquisitions to augment our current supply.

In R&D, the Energy business area focused on three main activities: maintaining, improving and developing migration paths for existing customers with existing products, developing new products and solutions and researching promising technologies and strategies that may lead into future products or services. Specifically, we have made additions and improvements to our real-time critical infrastructure and data acquisition subsystem, augmentation of our enterprise GIS solution suite, ArcFM, and upgrade of our Remote Terminal Unit subsystems.

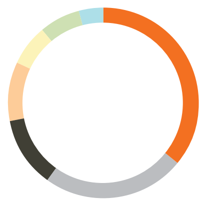
New products and solutions included the introduction of the Smart Grid Solution Suite, an innovative, highly integrated solution targeted at improving the efficiencies in the transmission and distribution of electrical energy and SimSuite Pipeline Power Optimization, a product which leverages our hydraulic model aimed at the most efficient use of energy in hydrocarbon transportation. Investigation and planning has gone into developments in software and hardware to keep pace with the quickly changing world of technology.

In the area of strategic partnerships, among others, five relationships stand out as important and influential to the Energy business area.

Our continuing relationship with ESRI of Redlands, California strengthened in 2007. Their tutelage and

Energy 2007 R&D Program

Advanced Applications	36%
GIS	24%
Research & Tech Dev	12%
Product Maintenance	10%
OASyS IT	7%
Integrated Solutions	7%
DAS	4%



13,233 K USD

V1	Product Infrastructure Investment	33%
V2	Advanced Industry Specific Solutions	50%
V3	Research & Technology Development	17%

support have allowed us to continue our role as a global leader in GIS infrastructure. As a business partner of ESRI, we have advanced our position as a reseller/developer leveraging the success of our ArcFM Enterprise GIS platform. Our GIS presence as well expanded into Oil, Gas, Water and Electrical application.

Telvent's partnership with OSIsoft of San Leandro, California continued to pay dividends for both companies. Started as an independent software vendor agreement, the relationship has blossomed through the technology development of OSIsoft's PI and Telvent's OASyS infrastructure product into an enterprise vendor agreement, which includes embedded OSIsoft solutions in our Energy products, as well as IT and professional services delivering turn-key projects based on OSIsoft PI products.

We have continued to leverage the use of Echelon's Intelligent Meter. The Echelon application NES – Smart Meter Infrastructure, is viewed as embedded technology for Telvent's Smart Meter Solution Suite.

The past year has seen Telvent go through significant and rigorous testing with Idaho National Laboratories, the host of the United States Department of Energy's National SCADA test bed. This involved joint cyber security testing of Telvent's OASyS infrastructure, and both Telvent and INL have continued to develop and document best practices in critical infrastructure security technologies.

In a similar vein, we have participated with Sandia National Laboratories in completing the LOGIIC2 (Linking the Oil and Gas Industry to Improve Cyber Security) initiative. Identified by Sandia as a project partner, Telvent helped to identify and adapt new types of security strategies for process control.

Regarding acquisitions, we have, through our successful acquisition and integration of several companies, moved forward to the realization of our strategic plans, by broadening our depth of expertise in our chosen markets and improving our global reach. Telvent continues to search for and acquire the "best of breed:" products, solutions, services and expertise that will improve its position regarding sustainability in Europe and China.

Most Relevant Projects in 2007

North America

- Contract with Shell Pipeline to provide the control system for the entire USA-based pipeline network. The control center facility will continue to be located in Houston, (Texas) and will ultimately consist of Telvent's OASyS DNA system and Telvent's advanced pipeline applications.
- Contract with Husky to provide an OASyS DNA system, and the Liquid Management Suite (LMS) which includes metering and tanking, plus some additional customized features.
- Benton PUD became the 300th user to select the ArcFM Solution. The software and implementation includes ArcFM, Designer, ArcFM Viewer with Redliner, Fiber Manager, and Responder OMS. The project

"In all, through 2007 we have proven ourselves as a dependable, innovative, growing and environmentally-aware player in the segment of IT for a sustainable and secure world".

"The key objectives for the Oil & Gas Division in 2007 were to strengthen our presence in established geographies, while investing in a measured and focused approach to penetration of the new markets".

will also involve mobile design, fiber management, integration to Enterprise Resource Planning (ERP) and network analysis, and outage management, which will also serve as a platform for leveraging future AMI technology.

- Contract with TXU to provide the substation integration services needs through selecting the Telvent SAGE product as a company standard for their intelligent data gathering. Oncor operates the largest distribution and transmission system in Texas, providing power to three million electric delivery points over more than 101,000 miles of distribution and 14,000 miles of transmission lines.
- Contract with Shell Exploration and Production Company to build a system to achieve efficiency and manage three basic types of testing that generate large volumes of data and to develop a system to handle the large volume of data being generated in a manner that can be searched and accessed in a flexible and timely manner.
- Telvent successfully completed and received acceptance of the project to upgrade the distribution control system at Toronto Hydro. Toronto Hydro-Electric System Limited is the second largest municipal distribution utility in North America, having merged the distribution utilities of the six cities that formed the Toronto Mega City.
- Green Mountain Power (GMP) selected the entire ArcFM Solution including Responder OMS for design, asset and outage management of the electric network and to significantly improve functionality and workflows over the old GMP systems. GMP will also use the solution in the field to support mobile viewing.
- Colonial Pipeline selected Telvent as the preferred vendor to work with Colonial engineering and management staff to design and engineer their replacement SCADA system. Colonial is the largest refined products pipeline company in North America.
- Contract with TransCanada Pieplines – Keystone Pipeline to provide the control system for the new Keystone Pipeline project. At its peak capacity the Keystone pipeline will be transporting over 500,000 barrels per day of crude oil to the U.S.A. from Canada.
- The New York City Transit Authority awarded Telvent a contract to support the traction power system that feeds power to the New York subway system. Substations receive as much as 27,000 volts from power plants and convert it for use in the subway to move more than four billion riders per year.
- Contract with Shell MetOcean to build a new Acoustic Doppler Current Profiler (ADCP) and Data Acquisition Manager (ADAM). The new platform will facilitate the collection, decoding, loading, management, visualization, and reporting of ADCP data for Shell. Leveraging ArcGIS

Server, Telvent enables a real-time map-based operational view into the current conditions offshore as well as a platform to integrate historical data along with predictive modeling results. Shell leverages this system to support offshore operations as well as regulatory reporting to NOAA's National Data Buoy Center.

- Jackson Energy Authority (JEA) selected the ArcFM™ solution as a core piece of its enterprise architecture redesign initiative. Servicing one utility in integrated enterprise architecture is difficult, but JEA will utilize ArcFM Solution as the first step in integrating gas, electric, water, fiber, and waste water utilities into one integrated GIS architecture.

Europe

- Contract with Vattenfall AG, in Sweden, to supply, install, operate, support and maintain 300,000 domestic meters. This contract represents an extension of the original contract, under the generic designation of Amrelva3.
- Contract with Abener to supply control boxes for the heliostats at the PS20 solar plant, part of the Solúcar complex. The contract has a turnkey scope, including engineering, construction and integration of instrumentation with specific electronics designed by Telvent.
- Contract with Abener to supply the Distributed Control System for the Biodiesel production plant that this company is currently building in San Roque, Cádiz (Spain). Besides equipment supply, Telvent will be in charge of all control engineering.
- Snam Rete Gas, in Italy, signed a contract to upgrade their existing SCADA system to OASyS DNA. The project will be completed in a consortium with HP Italy. Snam Rete Gas manages the transport of approximately 96 percent of all natural gas in Italy via a nationwide transmission pipeline network that extends more than 30,000 kilometers.
- Contract with Saesa, a Chilean company, to supply a Distribution Management System. Scope includes AMS/OMS applications through products such as ArcFM and Responder. It also includes the interface implementation with a SCADA OASyS.
- Contract with Critical Software to collaborate in the implementation of an assets management system for the Portuguese electric company EDP. The product on which the system is based is OSIsoft's PI, in which Telvent has broad experience in the industrial sector.
- Contract with Spanish Electric Network (Red Eléctrica Española - REE) to supply integrated equipment and control systems for different substations of the electric power distribution network operated by REE throughout Spain.

- Contract with the IFP UTE to supply the telecontrol system for electric power supply facilities for the Figueras-Perpignan high-speed connection. Scope covers equipment supply and engineering services, configuration and start-up.

Latin America

- Petrobras Transporte – Transpetro. One of the largest and more complex OASyS installations ever has been upgraded to benefit from the new DNA architecture.
- The Colombian customer, Ecopetrol, has enhanced its operations by adding a backup site facility which in turn will be part of the new master control center.
- Contract with Emcali, a Colombian company, to supply a Distribution Management System. Scope covers SCADA, DMS and AMS/OMS applications.
- Contract with Electra Noroeste, in Panama, for supply, installation, operation, support and testing of a Distribution Management System made up of SCADA/DMS/OMS modules of 100,000 domestic meters. This contract represents an extension of the original contract, under the generic designation of Amrelva3.
- Gasoducto del Pacífico. After having completed the TGN project in Argentina, Telvent secured a strong position of preference with this customer. The project is combining Telvent's Unix SCADA solution with some novelties.

Asia - Pacific

- Contract with PetroChina to provide hardware, engineering, FAT, installation and commissioning, training and warranty for the Beijing Main Control Center and Langfang Backup Control Center. PetroChina will set up a state level control center to monitor and control its whole Oil & Gas pipeline, in order to improve the economic benefits and ensure the stability, security, and reliability of the operation of the long distant pipelines. Three SCADA systems will be utilized in the control center.
- PetroChina has also entered into an agreement with Telvent to upgrade the Ku-Shan Crude Oil Pipeline.

The original SCADA system was provided by Telvent in 1995. This project will integrate the Lun-Kun Pipeline SCADA system with the Ku-Shan SCADA system, in order to monitor the main production facilities from Kuerle Control Center. Furthermore, it will realize the monitoring in Langfang Control Center as its Backup Control Center.

Middle East - Africa

- ADMA-OPCO (Abu Dhabi Marine Operating Company) is a well known company located in Abu Dhabi (United Arab Emirates). ADMA-OPCO operates two of the largest offshore oilfields in the world, Zakum and Umm Shaif. ADMA had put out the tender, SCADA/RTU replacement at US & ZK Fields. They were looking for a solution that would enable them to achieve world-class health, safety and environmental performance, while also maximizing reservoir recovery and sustainable production. Telvent was able to meet these requirements and, in conjunction with a local engineering firm, we were selected to install our world-leading SCADA system at both complexes.
- Contract with Larson & Toubro (L&T) to supply remote terminal units for the telecontrol system of the electrical facilities of the JERP refinery owned by India Reliance, an Indian company.
- Sui Southern Gas Company Limited (SSGC) became the first company in Pakistan to implement the ArcFM Solution for their Karachi, Sindh, and Balochistan region operations. The company chose ArcFM, ArcFM Server, ArcFM Viewer, Inspector, and Designer products to add new functionalities in their existing GIS system and to help manage their distribution system more efficiently.

Transportation

"One of the major problems facing our society today is the current level of pollution due largely to gas emissions into the atmosphere, a significant portion of which come from existing excessive traffic. In view of this reality and with the aim of collaborating to create a more sustainable world, Telvent's Transportation business area has, since the very beginning of our activities, been developing solutions and services to help reduce pollution".

Within the Transportion business area, at Telvent we develop solutions and services for:

- Traffic, including urban mobility, intercity traffic management, local and regional information systems, violations capture and management, tolls and parking facilitities.
- Transit, covering rail, ground and maritime transport, including railway, subway and bus payment systems (fare integration), railway control systems, ports and maritime traffic, as well as naval and military simulation.

Our activities in the Traffic sector are targeted at minimizing urban traffic congestion and maximizing the capacity of intercity thoroughfares. Our products and solutions cover global ITS systems for traffic management, incident detection, traveler information systems, intersection control, automatic toll systems, highway and city-access management, as well as violations management.

Our solutions for Transit focus on optimizing management and control of public transportation networks. These solutions encompass systems for ticketing management and control, railway transit regulation and control, stationary-facility integrated telecontrol centers, station control, traveler information, as well as parking facility control and management. The set of solutions is complemented by maritime systems for port traffic management, automatic ship identification and training simulators for civil (machines, communications, etc.) and military (naval tactics) purposes.

Contribution to Sustainability and Security

In the Transportation segment, our solutions for managing traffic in urban environment through constant adaptations of traffic light schemes have shown, since the 1990s, the capacity to defer the point of congestion, improve travel times and reduce

“In 2007, we consolidated the integration of 2006 acquisitions for the Transportation business. We also finalized acquisition in the month of May of Caseta Technologies, headquartered in Austin, Texas (U.S.) and with proven experience in advanced toll systems”.

consumption, together with the now intensive use of low-consumption traffic signal elements. In addition, the implementation of information systems for drivers, via Internet or telephone communications, offers alternatives for choosing travel times and routes. Information on occupancy and signposting of public parking facilities also reduces recurrent city traffic flow of drivers looking for a parking space. Furthermore, the experience acquired by Telvent in public transportation solutions merits emphasis, especially fare integration, incorporating payment methods for parking facilities as well as diverse public transportation systems, thereby encouraging alternative means of transportation, with a direct impact on emissions reductions.

The Transportation area also offers solutions pertaining to security, in many ways, for road safety through systems for detection of and response to incidents, monitoring and control of infrastructures (tunnels, bridges, highways, etc.), dynamic signal systems and weather information systems, as well as for police forces, with special attention to central systems, docked or mobile, and data management of different types. Video surveillance also constitutes a key element in practically all management centers, of both traffic and transportation, with the possibility of complementing them with advanced imaging equipment, according to the specific needs of each project.

General Summary of 2007

In 2007, we consolidated the integration of 2006 acquisitions for the Transportation business, expanding our presence in the strategic markets of China and the United States (Telvent BBS and Telvent Farradyine, respectively), as well as the bus segment (Maexbic, in Spain). We also finalized acquisition in the month of May of Caseta Technologies, headquartered in Austin, Texas (U.S.) and with proven experience in advanced toll systems.

We also strengthened the business line related to capture and management of traffic violations through completion of the PRIDE project for computerizing Civil Guard Traffic Unit agents in Spain, as well as the expansion

and operation of the cinemometer network that has led to our participation in the management and operation of the National Center of Traffic Violations Management, awarded in August, 2007 and linked to the General Department of Traffic.

In the international area, the year 2007 was characterized by contracting and execution of a large number of projects that strengthened our position in Europe and North America, as well as the upgrading/expansion of systems installed in previous years in Latin America, China and Southeast Asia. The position we achieved in the Middle East is also noteworthy, with the award of a 90-million-euro project for traffic safety and security in the cities of Jeddah, Mecca and Medina in Saudi Arabia. The awards obtained in new installations and maintenance lends support to our activities in Traffic and Public and Maritime Transportation in the geographical areas where we conduct our activities.

The Spanish market maintained its consolidation in recurring projects in operational and maintenance services and increased activity with significant projects for new road infrastructures under construction and activities involving traffic violation management.

Main Projects in 2007

Europe

- Start-up and maintenance of the new SCADA system for Oresund-Konsortiet, in Sweden/Denmark.
- Contract with the General Traffic Department (Dirección General de Tráfico - DGT), in Spain, to develop a variety of projects: maintaining the Northwest Management Center (La Coruña), the Southwest Management Center (Seville) and Madrid access points, as well as the maintenance and exploitation of its cinemometer network and its expansion in four of the seven designated areas, as well as the supply of diverse solutions and services for the National Traffic Violations Processing Center in Spain.
- Start-up of the new interface for mobility management and video surveillance at the Mobility Management Center of the City of Madrid (Spain).
- Telvent developed and assigned the decision-making support system for treatment of incidents in the urban environment of Madrid for the Mobility Management Center of the City of Madrid (Spain).
- Start-up and inauguration of the Urban Mobility Control Center in Bilbao for the City of Bilbao (Spain).
- Work start-up for the Tabasa-Cadi concession, on the new SCADA system in the CADI Tunnel (Spain).
- Conservation, maintenance and exploitation of the A6 stretch, including management of the Piedrafita Tunnels (Spain).
- Execution and inauguration of the global telecontrol system for stationary facilities and traveler information for the Alicante tramline (Spain).
- Upgrade of CTC systems for ADIF at the railway traffic management center in Barcelona (Spain).
- Ticketing equipment for the Madrid Metro and Madrid Metro Light Rail (Spain).

"With the incorporation of Caseta Technologies, we significantly reinforced Telvent's capacity for leadership in products and geographies, with a firm commitment to freeflow toll systems, thus becoming an international reference of the first order".

- Intelligent Traffic System (ITS) and toll start-up for Cartagena-Vera (Spain).
- Red-photo violation detection and management in Valladolid (Spain).
- Control system for the Rovira Tunnel contracted with Barcelona Municipal Infrastructures (BIMSA) (Spain).

North America

- Design, implementation, operation and maintenance of the 511 Traveler Information System in San Diego (U.S.A.).
- Operation and expansion of the San Francisco Bay 511 Traveler Information System (U.S.A.).
- Expansion and maintenance of the TRIPS123 Traveler Information System, contracted by TRANSCOM (New York, New Jersey).
- Operation of the Traffic Management Center of Fort Myers through the Florida Department of Transportation (DoT) (U.S.A.)
- Consulting and support for management, operation and maintenance of the ITS communications network in the state of Florida, contracted by Florida DoT.
- Operation and maintenance of the Traffic Management System of Palm Beach County, equipped with the MIST system installed in a previous project.
- Extension of the contract with Tennessee DoT for implementing the MIST system as the statewide traffic management system.
- Exploitation of the traffic management centers of Hudson Valley NY, Northern Virginia and St. Louis, Missouri.
- Maintenance contract with the New York Transportation Authority for toll systems installed in tunnels and bridges accessing Manhattan.

- Execution of the freeflow toll project on the 183A highway for the Central Texas Regional Mobility Authority (CTRMA) in Texas.
- Contract with New York State DoT to design and implement a new 511 Traveler Information System.

Latin America

- Execution, for Metro de Valencia, of subway station control. Contract for the ticketing system, communications and remote control and auxiliary equipment maintenance for Line 1 of Metro de Valencia in Venezuela.
- Maintenance of maritime traffic management systems (VTS) at 5 ports (Lázaro Cárdenas, Manzanillo, Mazatlán, Progreso and Tampico), in Mexico, with systems previously installed by Telvent, with the Communications and Transportation Secretariat of Mexico.
- Installation and maintenance of maritime traffic management systems (VTS) at three new Mexican ports in Ensenada, Vallarta and Guaymas.
- Contracting of the new UTC system in Panama City (Panama).
- Contract-free ticketing system for expansion of Line 2 of Metrorrey and upgrade of Lines 1 and 2 in Monterrey (Mexico) to this technology.
- Maintenance of the traffic control system of Belo Horizonte, with BHTRANS, in Brazil.
- Execution of exploitation service of red light crossing violations for the city of Rosario, Argentina.
- Execution, for the cities of Rosario, Cordoba and Buenos Aires, in Argentina, of urban traffic management equipment maintenance.
- ITS system equipment expansion of the Ecovias, Centrovías and Colinas concessionaires in Sao Paolo, Brazil.

Asia - Pacific

- Work execution for UTC systems in Urumqi, XinXian, JinCheng and Erdos, in China.
- UTC contract-signing and work start-up in Mumbai, in India.
- Contract in Bangkok, Thailand, to implement a red light violation detection and processing system.
- Completion and maintenance of the Beijing Supercenter ITS system, in China.
- Expansion of the monitored intersections in the UTC ITACA system in Putrajaya (Malaysia).
- Completion of the UTC system in Haiphong (Vietnam).

Middle East and Africa

- Reactivation of the UTC project in Beirut (Lebanon) following the shutdown due to armed conflict in the area.
- Start-up of the maritime traffic management system (VTS) in Ras-Laffan, Qatar.
- Contract signing and work start-up for the ATVM project in Saudi Arabia to install urban and inner-city traffic management systems and vehicle monitoring, as well as security and traffic violations detection and management systems in Jeddah, Mecca and Medina.

Environment

"We are convinced that our commitment to value does not go unnoticed in the market, nor does it leave anyone indifferent, as proven by the recurrence of determined clients who prize and value, among other things, the strong commitment of the Telvent team, its flexibility and ability to adapt to both new and repeated contracts. Ultimately, the confidence of our clients, partners and suppliers is the best proof that we are indeed a successful company".

In Telvent's Environmental business area, we offer real-time information technology solutions and services, applying them to environmental observation and water utilities. In this way, we contribute to enhancing security in our clients' information systems and mitigating the effects of climate change.

Within the area of Environmental Observation, we devote ourselves to climate observation, weather prediction, monitoring and prevention of adverse meteorological and hydrological phenomena, in addition to monitoring atmospheric contamination, by means of real-time technology and value-added services.

We also help numerous businesses and public entities in charge of water management to live with social, environmental and financial restrictions when balancing user supply and demand, ensuring quality in the supply of potable water and in handling and reutilizing wastewater, encouraging optimal use of emerging technology and services for responsible management of such a precious resource.

Contribution to Sustainability and Security

Our solutions and products increase security under adverse weather conditions in highway, rail and air transportation.

- They optimize energy consumption in water utilities, applying technology, simulation and control, while reducing CO_2 emissions.
- They provide early warning, prevention and mitigation of the effects of adverse meteorological phenomena that cause natural disasters.
- They continuously monitor air quality in cities and industrial areas in order to prevent the possible negative impact on health.
- They provide more secure infrastructures against terrorist attacks and intrusion.

"A constant at Telvent, our commitment to sustainability and improvement in our clients' security is accordingly reflected in our R&D&i plans and programs, so that there is constant innovation and adapation to the times in which we live and to situations and structural changes that face us year after year".

"In 2007 we carried out internal restructuring of our activities, combining resources into a worldwide operation that does business in five geographical locations: North America, Latin America, Europe / Middle East / Africa, Asia and Australia. By doing so, we are able to stay closer to our clients and deliver them the quality service that increases in demand and complexity each day".

General Summary of 2007

In the Environmental segment, the year 2007 meant consolidating business in significant geographical areas, such as Asia-Pacific and the Middle East, gaining entry into countries like the United Kingdom and Germany, and achieving a position of leadership in Spain with our activities in aeronautical meteorology.

The success of the work we conducted over the year 2007 was reflected in obtaining projects as significant as the supply and installation of a weather aid system (AWOS) for the Mengen-Hohentengen airport in Germany, an award which represents gaining entry into another European country, the second contract with Kahramaa, as well as the significant contracts outlined below:

- Contract awarded to supply integrated aviation weather systems to eight airports in India, including the international airports of Mumbai and Delhi: supply of the automatic weather observation system (AWOS), for the network of the Air Force of the Republic of China (ROCAF), which implies the installation of our system at 14 airbases in Taiwan; or the installation of our own new-generation optic sensors at the international airports of Sydney and Melbourne (Australia).
- Award of the contract with the water and electric company of Qatar, Kahramaa, to administer consulting services for its potable water transportation and distribution network over a period of four years. This represents a very important strategical project, both because of the geographical area in which we thereby succeed in strengthening our presence, the Middle East, as well as the characteristics of the project themselves; optimization of the existing distribution network through the supply of equipment for detecting leaks and modelling the network. In short, more efficient management of natural resources for a sustainable world.

As a project of great scope and magnitude, we must highlight the modernization of the automated weather stations network for the Austalian Bureau of Meteorology, a project involving the replacement of the existing 600 automated weather stations that make up the Australian national weather watch network, incorporating sea level observation stations in the new network, in order to monitor tides and possible changes in sea level, thus aiding in the early detection of tsunamis.

Furthermore, and also within the Meteorological area, it is worth highlighting the fact that the National Institute of Meteorology continues to put its trust in Telvent's aviation-weather equipment, through its contract with us to supply and install the same equipment at the airports of Seville, Melilla, Murcia, Huesca, Burgos, Valladolid and León.

In the area of Environmental Protection, the contract with the Council for the Environment and Sustainable Development of the Galician Government, in Spain, merits emphasis. Contract scope covers the supply of foul weather booths and automated air quality analyzers, for

their integration in the Galician Air Quality Control Network.

Main Projects in 2007

Europe

- Contract with Lucebit GmbH to supply and install an AWOS weather assistance system for the Mengen-Hohentengen airport (Germany). The new system, including the Telmet320 weather station and acquistion, treatment, presentation and MetConsole information broadcasting software, incorporates the latest technological advances, complying with all World Meterological Organization (WMO) and International Civil Aviation Organization (ICAO) recommendations, to provide crucial information to pilots for ensuring safe plane takeoff and landing maneuvers.
- Contract with the Council for the Environment and Sustainable Development of the Galician Government, in Spain, to supply foul weather booths and automated air quality analyzers for the Galician Air Quality Control Network. The new equipment to be supplied entails ugrading previous systems and the inclusing of high-quality, high-tech analyzers and measuring equipment, providing a booth that will be totally equipped with our own Ambitel data acquisition system as well.
- Contract with the National Institute of Meteorology (Instituto Nacional de Meteorología - INM), in Spain, for maintenance of its weather radar network. At Telvent, we have been providing this service continuously since 1997; it covers maintenance of the fifteen radar units that make up the current INM network, as well as the information systems of the Territorial Meteorological Centers and the National Center in Madrid.
- Contract with the INM, in Spain, to supply and install weather equipment to the airports of Seville, Melilla, Murcia, Huesca, Burgos, Valladolid and León. Through these new projects the INM aims to provide state-of-the-art technology in aeronautical-meteorological equipment for these airports and air bases, from runway acquisition equipment to treatment, presentation and weather information broadcasting systems which will be installed at the weather office, the control tower and in other airport facilities. In addition, the aim is to integrate Telvent's latest technological advances, in compliance with all WMO and ICAO recommendations, to provide accurate, quality information for ensuring airplane takeoff and landing maneuvers.
- Contract with CR Airports, in Spain, to supply and install aeronautical meteorological equipment for the Don Quixote airport, in Ciudad Real (Spain). This airport, which will operate as a Category II/III is the first commercial airport executed entirely with private capital. The new airport will be equipped with the latest in aeronautical-meteorological technology, from runway acquisition equipment to treatment, presentation and weather information broadcasting systems to be installed at the Weather Office, the Control Tower and in other airport facilities. In addition, it incorporates Telvent's latest technological advances, in compliance with all WMO (World

Meteorological Organization) and ICAO (International Civil Aviation Organization) recommendations.

- Contract with CEDEX (Center for Study and Experimentation in Public Works), in Spain, for updating and documentation work on hydrological forecast models and dam operation for the Center of Hydrological Studies of CEDEX. The contract entails updating the hydrological models that are distributed to all Hydrographical Confederations.
- Contract with the National Institute of Meteorology (INM), in Spain, to supply replacement parts for the National Weather Radar Network. With this project, not only is greater continuity in the functioning of the network assured, but it also permits updating of transmitters and key auxiliary elements of a large number of radars located throughout Spain. From the supply of equipment, through the different stages of modernizing the Spanish radar network, to maintenance, Telvent is still the only company that provides these systems to the National Institute of Meteorology, which has one of the most extensive, modern networks in Europe.
- Contract with Meteoswiss, the Swiss Meteorological Institute, in Switzerland, to supply 25 automated weather stations that are part of Phase 2 of the SwissMetNet contract. This contract includes complete renovation of the Swiss weather assessment network, in which Telvent automated weather stations are installed throughout the country, and supply of a central data acquisition and processing system.
- Contract with the same entity mentioned above to upgrade the SwissMetNet software platform servers.
- Contract with Systems Interface, in the United Kingdom, to supply Revolver transmitters for the Liverpool (John Lennon) and Doncaster (Robin Hood) airports. Strategically, this represents a very important contract for Telvent, as it is the first contract awarded in the United Kingdom. Furthermore, this will be the first Revolver (RVR) facility in Western Europe.
- Contrato with Systems Interface UK, in the United Kingdom, to supply an AWOS (Automated Weather Observation System) at the Oxford Airport. This is a significant contract given that it implies approval by the British Aviation Authority of Telvent's AWOS systems.
- Contract with Eurocontrol, in Belgium, to update the VSAT satellite receiving system and SADIS software in order to comply with the new data format and protocols associated with the second generation of SADIS service with the British Meteorological Office.
- Contract with the Belgian Air Force, in Belgium, to supply software licenses to update its weather forecasting workstations.

North America

- Contract with Alberta Infrastructure and Transportation (AIT), headquartered in Canada, to carry out summer maintenance of the highway weather observation systems (RWIS). The new contract obtained by Telvent for summer services expands the current contract for maintenance and data quality control during the summer season, which was previously excluded. AIT is a key client for Telvent's environmental strategy in the United States. Telvent has acquired invaluable operational and technical experience through the relationship with this client, and will continue to do so. AIT, in turn, will become a postitive reference for Telvent in our RWIS sales efforts and in the environmental sector of the U.S. at large.

Latin America

- Contract with the Ministry of the Environment and Natural Resources of the Bolivarian Republic of Venezuela, within the Program for Modernizing the National Hydrometeorological Forecasting System (Venehmet Project), in Venezuela, to supply weather observation systems to eleven of the most important airports in Venezuela. Over the year, FAT (Factoring Acceptance Test) testing was conducted, to the client's complete satisfaction, and various agreements were reached for further testing, at least in two airports, of runway visual reach (RVR) system instrumentation and Telvent's cloud height measuring devices.
- Contract with the ICAO (International Civil Aviation Organization), in Argentina, to supply aviation weather assistance systems (AWOS), with visibility measurement and RVR runway visual reach, for the Aeronautics Administration of Argentina.
- Contract with the State Water Commission (CEA) of Querétaro, in Mexico, for bi-yearly maintenance of the weather radar system Telvent installed in 2005. The contract includes a two-week quarterly visit for conducting maintenance tasks on the radar system.

Asia- Pacific

- Contract with the Australian Bureau of Meteorology (BOM), in Australia, for the "New Generation of Automated Weather Station Network" project. The purpose of this project is to replace the 650 automated weather stations that make up the Australian national weather observation network, including 50 sea level monitoring stations for the Australian Tsunami Alert System. Data generated by the new national synoptic and climatological observation network will allow BoM to improve the country's weather forecasts, as well as measure and control the effects of climate change in Australia. This contract has considerable strategic importance, as, apart from being a contract of several years in duration with a very prestigious client, a technological reference throughout Asia, through the contract we contribute to measuring and controlling the effects of climate change.
- Contract with the Meteorological Institute of India to supply integrated aviation weather systems to eight airports in India, including the international airports of Mumbai and Delhi. The systems to be delivered are composed of the following components integrated into a sole solution: an automated weather observation system (AWOS), automated terminal information service (ATIS) and the runway vision-reach system (RVR), with dual-base linear Revolver transmisometers. These systems constitute part of the broad modernization of all aviation weather systems in India in response to the increasing demand for air travel.

- Contract with Comtrol Corporation, in Taiwan, to supply the automated weather observation system (AWOS) for the network of the Republic of China Air Force (ROCAF). The project aims to install this system in 14 air bases in Taiwan, as well as a central system for compiling, processing, displaying and storing data from all air bases and other sources, such as satellites, radar, upper-air soundings, weather forecasts, etc. Seventeen portable automated weather observation systems will be supplied as well.
- Contract with the Melbourne International Airport, in Australia, to supply runway visual-reach systems (RVR). The Melbourne International Airport decided to modernize the airport's weather instrumentation in accordance with ICAO CAT III operational recommendations and will utilize Telvent's Revolver transmisometers (visibility sensors).
- Contract with the Australian Bureau of Meteorology, in Australia, to supply ten automated weather stations via satellite for use in remote areas. The system to be developed consists of the following components integrated into a sole solution: automated weather stations (AWS), satellite transmisometers, and satellite phones.
- Contract with Sydney Airport Corporation Limited, in Australia, to supply RVR runway visual-reach systems. This is a turnkey project covering the supply of nine Revolver transmisometers and civil works.

Middle East and Africa

- Contract with Kahramaa, the water and electric company of Qatar, in India, to carry out consulting service for its network of transportation and distribution of potable water over a period of four years. Specifically, Telvent seeks to optimize management of the existing distribution network. To do so, it will be responsible for the sectorization and analysis of Qatar's existing water network, supply of necessary equipment for detecting leaks, network modernization, as well as designation, creation and set-up of the leak detection service over the four-year duration of the contract. In addition, this project contributes toward more efficient management of natural resources for a sustainable world.

Public Administration

"The achievements of 2007 allowed us to consolidate a business model for global and sustainable service which offers top-level possibilities for the Public Administration sector".

In the area of Public Administration, we are focused on developing, implementing and maintaining global technological solutions that provide service to citizens, public servants, businesses and institutions through their administrations.

Through a comprehensive and wide range of products and services, in Telvent we aid Public Administrations in the gradual transition of its traditional procedures toward a model of global digital management. At Telvent, we have turned this model into complete suites of global solutions that respond to the specific needs of local administration and government, as well as the Healthcare, Security and Defense Sectors.

Contribution to Sustainability and Security

The advent of the electronic national ID card represents a signicant increase in documentation security through the inclusion in the chip of the certificate that validates the ID card as unique, thus preventing its duplication. The legal security awarded to the document's bearer permits the telematic execution of a significant number of procedures which until now required the physical presence of the individual.

Implementation of border control systems contribute towards palliating one of the main threats of the modern world. The importance of confronting terrorist threats and the need to control migratory flow make the products and solutions developed by Telvent take on critical significance in the field of Public Administrations.

Electronic processing, the basis for the development of projects related to the new Law on Electronic Access of Citizens to Public Services, focuses on the dual axis of security and sustainability. On the one hand, a system is developed for continuity, support and safe-keeping of data, which is crucial in providing legal security in the telematic processes included in electronic administration developed by Telvent. On the other, each telematic procedure eliminates the need for use of a vehicle, thus eliminating average emissions of CO_2 by 2.65 Kg, as well as the printing of the corresponding copies on paper, the equivalent of 3 tons of CO_2 for each ton of blank paper.

This dual focus on security and sustainability is also put into practice in the Healthcare sector. The implementation and development of RIS PACS enhances security in the storage of patients' data, as well as the identification of their digital images, substitutes for the physical support of x-rays, CAT scans, ultrasounds, etc. This represents an area in which sustainablity is clearly reflected, by reducing consumption of materials such as plastic, silver salts or other fluids used for developing, which are highly toxic and contaminating. The elimination of referral notes or prescriptions by means of electonic processing contributes in an effective way to better use of paper. The 200,000 conventional radiological studies conducted in the average Spanish hospital serve as an example. Elimination of the development of the approximately 600,000 x-rays generated by these studies would represent a considerable contribution to the sustainability of our environment.

"Last year we became a reference in the border management sector, for both the development of documentation verification systems in Spain and the significant leadership displayed in the project to design the future Integrated Border Management System of the European Union".

General Summary of 2007

The year 2007 was intense for our activities in the Public Administration business area due to strong growth in terms of contracts obtained, up to 61 million euros, a 110 percent increase over the previous year, as well as the necessary increase in personnel, which brought about 25 percent growth in staff. This allows us to state that the last fiscal year represented a stage of adaptation to a new reality, through an increasingly larger volume of projects, such as the case of the electronic ID card, and due to the incipient internationalization of various activities, a case in point being the Healthcare contract in the Dominican Republic.

The growth experienced, both quantitatively and qualitatively, was reinforced by the benefits produced for the people and the environment involved. Examples such as the reduction in the consumption of materials like paper or plastic through the digitalization of documents and x-rays, the reduction in the number of car trips through the use of telematic procedures or maintaining secure borders, both interior and exterior, reinforce the commitment of information technologies as well as our own in the effort to create a more secure and sustainable world.

The year 2007 was also a time for restructuring our activities. Specifically, we unified the Electronic Government business, consolidating previous lines of activity in Local Administration and Central Administration into a sole division. In this way, the Public Administration business area is organized into three divisions: Government, Heath and Security. All of these lines of activity have experienced growth in sales, which represents a 77 percent sales increase.

In the Government division, in 2007, we consolidated our platform of electronic administration services, to become a reference in responding to the new Law of Electronic Access of Citizens to Public Services (LAECSP). Thus, the Electronic Signature product developed by Telvent was the tool selected for certifying validity and authenticity of citizens' documents for Administration purposes. In the area of Territorial Information Systems, we materialized innovative product and service proposals in the form of an open software platform, delivering specific solutions for environmental management as well as urban development. The achievements have allowed us to consolidate a sustainable global service model for offering top-level proposals to Public Administration.

Our technology in the area of Healthcare service was developed on behalf of the consolidation of new products, which has allowed us to offer our clients new functionality, in clinical, administrative and financial areas. In this context, our position in the segment of image-assisted diagnostics stands out, as well as our projection into the market as suppliers of global solutions with a regional or even national scope.

Finally, the growth in the Security division stands out, thanks to projects for the Ministry of the Interior. This has allowed us to become a national reference in this sector. Both the supply of electronic Spanish ID personalization systems and our Border Management Systems have become critical aspects of migration and security control policies internationally. In addition, the "Globe" project merits mention, in which we lead a consortium made up of European companies from the sector and involves designing the plan for the future Integrated System of Border Management of the European Union.

With respect to R&D, the positive impact of the "Cenit" initiative drove our activity forward. This investment has allowed us to provide highly competitive, differentiated and innovative products and solutions to our different divisions.

Main Projects in 2007

Europe

- Contract with the Ministry of the Interior – General Police Department, in Spain, to develop a system of travel and ID documentation verification at 332 border control points located throughout Spain. This contract covers automated, real-time analysis of the credibility of the identification offered by people who access Spanish territory through any of the 332 regulated border crossings, including airports, ports and overland passes.
- Contract with the National Department of Heritage, in Spain, to supply electronic ID personalization systems; that is, equipment and software for laser engraving of citizens' personal data on national ID cards. It includes technical support for the installation of issuing centers and six years of maintenance.
- Contract with Red.es, in Spain, to supply electronic ID personalization systems; specifically, equipment and software for laser engraving of citizens' data on the national ID card. It includes technical support in the installation of issuing centers and six years of maintenance.
- Contract with the Hydrographical Confederation of the Guadalquivir, in Spain, to expand services provided to citizens through the File Tracking System, thus achieving improved management of files with the aim of shortening information access time, facilitating internal management and citizen response processes. The project also includes expansion of the services delivered through the Internet and Intranet portals in order to provide citizens with new vias of communication with the institution.
- Contract with the Hydrographical Confederation of the Guadalquivir, in Spain, to carry out corrective, adaptational and enhancement maintenance work on a set of information systems. The maintenance work is aimed at resolving incidents that normally occur in these kinds of systems, as well as addressing the demand for improvement and adaptation by the different departments that use them.

- Contract with the Hydrographical Confederation of the Guadalquivir (CHG), in Spain, to carry out maintenance on specific information systems at the CHG (Batch 1). It involves corrective, adaptational and enhancing maintenance tasks on a set of information systems of the Hydrographical Confederation of the Guadalquivir.
- Development of the "Online Urban Planning Program Initiative", in conjunction with the Ministry of Industry, Tourism and Commerce (MITyC), in Spain, aimed to facilitate access to different urban planning schemes for city technicians, as well as permit residents to access urban development plans in their towns and cities via Internet. Transparency in public management of the urban planning sector will be promoted through this program, helping to resolve and manage this planning. The project for the municipalities of Seville, Cuenca and Puerto Lumbreras currently being executed under the direction of the Red.es business entity is a pilot project previous to implementation throughout Spain of a system that will have the capacity to manage all of the information pertaining to the different urban planning schemes of each municipality.
- Development of the Identica project, for the MITyC, in Spain, consisting of advanced identity verification by means of biometrics and personal documentation in secure environments, thus facilitating the conventional identification process and incorporating all technological advances and new models for storing identification data. To this end, a simple, light and flexible platform will be designed, which can, in real environments, respond to the different possibilities for identification and authentication: verification of document authenticity and collection of biometric features and their validation by comparing data stored in the bearer's document or at a remote database.
- Development of the Padrón Avanza project, for the MITyC, in Spain, a part of the AVANZA Plan, aimed to provide a sole, integrated system that takes the whole array of management functions of a town's population into account. With its main focus on citizen and

municipality service, it will allow the creation of a system of resident information exchange among the different agencies involved (local entities, Statistics National Institute, consulates), and assure the presence on the Internet of the local entities, thus facilitating the availability of on-line services, and making the exchange of information between local entitities and the rest of Administration much easier.

- Contract with the Council for Innovation, Science and Commerce of the Andalusian Government to outsource the backup center services of its most critical applications. There has also been an extension of the NISA project, which ensures Internet access security for the more than 80,000 civil servants in Andalusian administration.
- Development of the plan for modernizing the local entities of the autonomous community of Murcia for the Council of Directorship. This project is aimed at designing the strategy and solution implementation plan, in the area of eAdministration, to be carried out over the next 5 years in all Town Halls in the region. This contract consolidates Telvent as a reference provider for solutions for complying with the Law of Electronic Access of Citizens to Public Services (LAECSP). In Murcia, the Regional Government as well as the city and town halls of the region will use the TiWorks Suite as the official tool for responding to the challenges presented by the new legislation.
- Contract with the Town of Serón, in Spain, to supply and implement e-Administration. Telvent will modernize municipal management through solutions such as: electronic processing, municipal register, citizens' services and GIS.
- Contract with the Council for Education of the Andalusian Government, in Spain, to supply and install network points for 151 schools. Within the framework of the second modernization and the decree regarding measures for encouraging a society of knowledge in Andalusia, the Education Council has developed the AND@RED educational plan to enhance the quality of life for citizens, increase social and territorial equilibrium and facilitate growth and competitivity in the Andalusian productive fiber, creating networks among schools and bringing Communications and Information Technology (CIT) closer to the educational community.
- Diverse contracts in the Area of Digital Medical Imaging (TiCares): with the Cantabrian Health Service, in Spain, to develop and implement the company's Radiological Information System (RIS) in all centers; with the Virgen Macarena Hospital, in Spain, to develop its system of imaging management (PACS); with the San Juan de Dios de Córdoba Hospital (Spain), to implement the information system for its radiodiagnostic unit. This contract involves the implementation of the RIS, as well as the PACS, generated through the service. Contract

with the Virgen de la Victoria Hospital, in Málaga (Spain), to implement the RIS system , covering the set of operations dedicated to strictly administrative, functional and knowledge-related environments of primarily radiological medical imaging.

- TiCares Hospital Management Systems (HIS): contract with the Andalusian Public Health Services (APHS), in Spain, for corrective, adaptational and evolutionary maintenance of its HIS system installed at eight hospitals. This need arose due to the fact that the HIS in these hospitals is Telvent's own product that will be in use and evolving until the implementation of the Corporate HIS. We were awarded this technical assistance as an addition to our existing contract, until April 30, 2008, due to the fact that it is a service that we had been successfully providing. Contract with the Health Council of the Andalusian Government, in Spain, to update the computer department and adapt the new Data Processing Center (DPC).
- Contract with the Health Council of the Andalusian Government, in Spain, to implement a Healthcare Monitoring Information System. This system will provide different units of the APHS involved in this monitoring with information related to determining indexes of the area's population, thus facilitating strategic and operational decision-making.
- Contract with Aena, in Spain, to develop the application for monitoring medical procedures in the Airport Services Division. This tool must facilitate data collection on the different patient care procedures carried out at airport facilities, as well as permit generation of statistical reports in order to facilitate follow-up on the service provided.
- Contract with the Virgen de Valme Hospital, in Seville (Spain), to update communications equipment and install new fiber optic trunk lines. Among the different activities are vertical upgrade of fiber optic communications (connection between the DCP and the communications cabinets on different floors), substitution of network electronics (communications core and access electronics), and the upgrade of the DPC electrical system that ensures continuous supply.

Latin America

- Contract with SESPAS, in the Dominican Republic, to implement the digital healthcare strategy, a unique information and affiliation system in the healthcare segment. The scope of the present contract covers only the implementation of so-called Stage 1, that is, establishing health management systems, establishing the Electronic Clinical Record and the implementing the Electronic Prescription in primary care healthcare centers and in the hospitals of basic specializations in the healthcare region of Santo Domingo (level 1 and 2 health care).

Global Services

"The year 2007 was historical for Telvent's Global Services division. We reached three important milestones: first, the consolidation of Outsourcing and CIT Infrastructure Management business, which was being developed through various companies; secondly, the acquisition of 58 percent of Matchmind, a leading company in process and technological consulting, thereby completing our portfolio of solutions for the market; thirdly, the increase in our shareholding of S21sec, a leading company specialized in computer security solutions, an essential pillar of Telvent's strategy today. Furthermore, the client base and business model we provide the market grew significantly".

Through the division of Global Services, we offer global information technology and communications services with the capacity to span the entire life cycle of the technology applied to businesses. From consulting and integration, to operation, outsourcing and evolutionary maintenance of our clients' information systems. Moreover, through the incorporation of Matchmind, we deliver solutions and software development through a network of Spanish CMMI3 (Capability Maturity Model Integration Level 3) certified factories.

The foundations that support our activities encompass technological services:

- Process and technological consulting.
- Application implementation and development.
- Software factories.
- Outsourcing.
- Technological infrastructure management.

Therefore, at Global Services, we deliver global, collaborative and complete service to our clients through solutions providing current and future security and viability for their businesses, allowing them to adapt to today's rapid technological growth and allocate resources to their particular business orientation.

Contribution to Sustainability and Security

At Telvent, through the outsourcing and management of critical technological infrastructures, we dedicate ourselves to the security of the information systems of over 400 clients, in compliance with Spanish and international legislation, and help clients to keep their computer security optimized and up-to-date.

Through the solutions for centralized monitoring of systems and networks carried out in our Security Operation Centers (SOC), we contribute to enhanced computer security in their clients' national and international telecommunications systems and networks.

As far as sustainability is concerned, we achieve reductions of almost eleven thousand tons of CO_2 each year, thanks to the systems concentration and optimization conducted

in our network of Green Data Centers in Spain and Portugal.

General Summary of 2007

We experienced one of our greatest transformations in the year 2007. We went from complete reunification of all of our businesses in consulting, infrastructures, communications, systems integration and applications and outsourcing to a single new business unit called Global Services.

We also proceeded in 2007 with the acquisition of 58 percent of Matchmind, a technological consulting firm, in order to round out all of our capabilities in this area, beginning the processes necessary for its integration with Telvent. We also signed a gradual acquisition agreement for the remaining 42 percent over fiscal years 2008, 2009 and 2010.

Within this strategy of growth in security services for our clients, we increased our shareholding in S21sec, a Spanish company specializing in computer security solutions. We thereby consolidated our commitment to one of the most strategic lines of technological services.

All the changes made over the year allowed Global Services to consitute a new, flexible business area, able to span the technological life cycle for the client. Supporting and helping our clients from the initial stages of consulting and design for its business needs, staying close and carrying out the start-up of those projects, and with the capacity to later manage them through outsourcing, we facilitate the technological evolution of our clients' businesses, allowing them to concentrate on business, rather than technological, evolution.

International expansion was another of the critical points in which Global Services began to develop its strategy in 2007. Apart from our presence historically in Portugal, where Global Services is a reference in IT infrastructure management services, we began construction in the U.S.A. of our sixth Data Center. This Data Center is positioned in order to offer technological infrastructure and security (disaster recovery) management services to Telvent's large client base in segments as consolidated as Energy and Transportation. We also took the first steps toward positioning ourselves in other geographical locations, such as Latin America, where Telvent has had a historical presence.

The work of the professionals at Telvent was instrumental in the development and achievement of all of these milestones.

The team of professionals working in the business area of Global Services grew by over 35 percent during the year, based on the development of our capacity to tackle an increasing number of technological projects for our clients and on the administrative capabilities of different kinds of technologies.

"As far as sustainability is concerned, we achieve reductions of almost eleven thousand tons of CO_2 each year, thanks to the systems concentration and optimization conducted in our network of Green Data Centers in Spain and Portugal".

With respect to key projects, 2007 was unique in the incorporation of highly-valued new clients, for whom we are developing very complete solutions in technological services.

Thanks to projects such as those for the Institute of Foreign Trade (ICEX), Hispalnet, Spanish Radio and Television (RTVE), Real Madrid, L'Oreal or the Spanish State University of Correspondence Education (UNED), over the course of the year 2007 we evolved in our ability to provide complete solutions for an increasingly demanding market, which is at the same time concerned with resolving its information technology needs through outsourcing models.

Main Projects in 2007

- Contract with the Spanish Institute of Foreign Trade (ICEX), in Spain, to manage its infrastructures. This project represents the opportunity to collaborate in the promotion of Spanish presence in international markets.
- Contract with Jazztel, in Spain, to upgrade its technological platform, which is currently located at Telvent's Data Centers.
- Contract with the Metropolitan Telecommunications Network of Seville (Hispalnet), in Spain, for secure access to IP services of the Metropolitan Telecommunications Network of Seville. This project involves implementing flexible, reliable and highly-available technological solutions for management of the high-value-added services required by Hispalnet.
- Contract with the Spanish Radio and Television Corporation (RTVE), in Spain, to create and manage a multimedia web portal. Telvent's technological capability is manifested in this project for designing and managing one of the most innovative multimedia web portals, with a volume of 300,000 registered users.
- Contract with Bristish Telecom (BT) Spain General Systems Integration, in Spain, to expand Telvent resources. BT will thus be able to provide higher availability for its clients through the Telvent data centers.
- Contract with the Real Madrid Soccer Club, in Spain, for outsourcing the services of its web portal. With this project, Telvent gains by having one of the world's main sports teams among its clients and being able to provide technological solutions that ensure better service to its millions of website users.
- Contract with the Regional Consortium of Transportation of Madrid, in Spain, for implementation of the backup center of its technological platform.
- Contract with L'Oreal, in Spain, to house the information systems of its Spanish subsidiary. With this project, Telvent contributes to the development of economies of scale that optimize management and centralization of their information and communications systems and lower operating costs.
- Contract with Telefónica, in Spain, for housing its communications nodes. This contract assures the confidence one of the leading companies in the telecommunications sector has in Telvent by entrusting the housing of its communications systems.
- Contract with the Spanish State University of Correspondence Education (UNED), in Spain, to outsource, manage and monitor its web portal. With this contract, Telvent becomes a reference in the Spanish university sector, as the UNED is the first state university to outsource these kinds of services.

At Telvent, year after year, we are constantly committed to research, development and innovation as the driving force of the evolution of information technologies.

Research, Development and Innovation

Research, Development and Innovation (R&D&i)

"At Telvent, over 350 people devote themselves to Research, Development and Innovation (R&D&i), distributed among the nine Product and Competency Centers we have around the world. In 2007, we invested 19.1 in this area, which represents a 16.0 percent increase over last year's figure".

Product and Competency Centers

Telvent's Product Centers provide the infrastructure technologies that are the basis for the different solutions we offer. These technologies, sometimes commercialized in an isolated way, are utilized by our Competency Centers to develop high-value-added system architectures and advanced applications, specially designed for each sector. Together with our experience in business processes and our services, Telvent's products and solutions give our clients the ability to make business decisions in real time.

SCADA and Information Management

Based in Calgary (Canada), this center develops and maintains our main infrastructure product: OASyS DNA (Dynamic Network of Applications). OASyS DNA is a clear example of an infrastructure product that utilizes as its technological base a large number of solutions for the Energy, Transportation and Environment sectors. In 2007, this product center continued with the innovation, updating and enhancement of the OASyS technological infrastructure.

- INL Phase 1. The year 2007 marked the beginning of a multi-annual research project in critical infrastructure security. The project has already begun to bear fruits with the first report from the Idaho National Laboratory (INL) on the evaluation of the security of our SCADA OASyS DNA 7.5. Given the results, at Telvent we are in a position to assure clients that our flagship product is the most secure in our history.
- Smart Client. The Smart Client project began in 2005 with the objective of modernizing the OASyS user interface. Following the successful launch of the new interface, ezXOS, the developments over 2007 were focused on bringing out new versions of ezXOS that are compatible with our clients' old versions of OASyS which are still installed at their facilities. In this way, at Telvent, we let our clients update their technology in a controlled and gradual manner, reducing their maintenance costs as well as the risk normally involved in a technological upgrade.
- Improvements in quality assurance. At Telvent, we have always worked to generate high-quality products for our clients. Last year, we made significant adjustments and established the bases for meeting our clients' future demands.

"Given the results of the first phase of research in the project with the Idaho National Laboratory, we, at Telvent, are in a position to assure clients that our flagship SCADA OASyS DNA 7.5 is the most secure in our history".

Data Acquisition Subsystems

The Center for Data Acquisition Subsystem Products has headquarters in Seville (Spain) and in Houston (U.S.) Its main activity is focused on the Remote Terminal Units (RTU) line of products, among which stands out Saitel 2000DP and its two derived products: gasCAT, gas flow computator, and subCAT, electrical substation controllers. The range of remotes is completed with the RTU SAGE, with a wide installed base and notable acceptance, developed in and for the North American market. The main activities in innovation in 2007 were focused on the following:

- CD-Platform. The project was started up in 2006 and continued into 2007. CD-Platform will represent Telvent's next generation of control devices. It has the advantage of the experienced accumulated in the Energy, Transportation and Environment sectors and, by applying state-of-the-art electronics and software, it is developing a hardware and software platform for real-time acquisition systems that unite current and future tendencies, applying them to all Telvent lines. The project is subsidized by the Ministry of Industry, Tourism and Commerce of Spain.
- Saitel Family. In 2007 we continued to invest in the evolution and maintenance of the Saitel family of telecontrol equipment options. The year saw the advent of a new compact device with high communications capacity and integrated E/S, Saicom_IO specially intended for Oil and Gas, Environment or the Electric sector. In the same way, a new module was developed, ST_SOL, for controlling heliostats in solar plants. New versions of the Saitel base software were released and improvements were made to the configuration tools.

GIS Enterprise

Headquartered in Fort Collins, Colorado (U.S.), Telvent, through Telvent Miner&Miner (TM&M), brings its position of leadership in the development and commercialization of its ArcFM solution, a collection of GIS functions for utilities. ArcFM and its extended services help electric, gas and water companies to handle their assets, jobs and operations, increasing client services and reducing costs. Since 1987, TM&M has maintained a fruitful agreement of technological cooperation with ESRI, the GIS software leader. Main developments in 2007 were the following:

- ArcFM Server. This is our first version of a Telvent GIS solution based on a web server. It is intended especially for organizations that need centralized architectures with web services that are browser-, desktop- or mobile client-accessible. It represents a solid base for creating a service-oriented architecture (SOA).
- Inspector. Inspector is a new software function developed for ArcFM Viewer (ArcGIS Engine). It allows collection of information related to geo-referenced assets and permits a wide variety of mobility applications for utilities, including damage assessment, equipment inspection and inventory of third-party infrastructure usage.

- Subterranean facility diagrams. Conduit Manager can now generate diagrams of manhole or box-type register connections. These diagrams allow the company operator to consult and modify register content, including tubes, tube banks and conduits.
- ArcFM Solution. The ArcFM Solution suite continued to evolve over 2007, with the release of a new version 9.2 in April, as well as two service packs in June and October.
- Replication of the geospace database. The mobility components of the ArcFM solution gained in functionality with the 9.2 version. The new replication now allows incremental upgrades of mobile field devices from a central company server. This permits work crews out in the field to access updated versions from the company database in a very efficient way.
- Optimal designs. Our Designer product was improved in 2007 with the addition of new tools for optimizing network design. These tools allow electric companies to make lower-cost designs for the development of underground residential networks. The tools enhance dimensioning of the equipment (transformers and conductors), adapt themselves better to company engineering and cartography standards, and improve design efficiency through automated generation of optimal electric designs.
- Responder. Responder is Telvent's OMS (Outage Management System) product for managing incidents and service interruptions for electric companies. In 2007, numerous product innovations came to light:
  - The Responder web interface was completely redesigned in order to achieve a new easy-to-use interface, with reinforced web security and ESRI ArcGIS Server 9.2 connection. In addition, the most commonly used statistical information in a new control panel, as well as forecast information by region is now available.
  - The functionality associated with Responder's management by region was also expanded and improved. It now permits up to three levels of geographical regions, as well as outage forecasts by region. Network status can be displayed by city or provinces as well as by region in operation.
  - Responder Explorer now provides improved management of likely incidents, crew assignment, risks and incident confirmation, and improves the interface for adding crew members and trucks to the system.
  - Responder's report generation now includes the capacity to generate various types of reports on user-defined incidents.

Transportation Payment Systems

The Product Center in Bilbao (Spain) and the one in Austin (Texas, U.S.) develop products and solutions for the Toll, Ticketing and Parking Control Systems. In 2007, the most relevant investments were the following:

- Free Flow Toll. Throughout 2007 we continued to perfect detection and classification equipment, and work was conducted on new systems by means of optical stands and piezoelectrics for counting and detecting axles and double wheels, and on a new state-of-the-art telepay tag in conjunction with Delta and Fela. The solution is complemented by the development of the Back Office, divided into two projects: development of the CSC (Customer Service Center) and VPS (Violation Processing Center). In 2007, the detailed analysis of different operational models of these types of systems was completed in different countries, and requisite and functional specification of the system was carried out. Advances were also made in definition and design of the architecture, and tests were conducted in order to select and validate the functioning of different tools for use in its development slated for 2008.
- MobiFast. New equipment and devices for completing the range of ticketing products. This project focused on the design of a new compact coin device for vending machines of a smaller size and in the development of a new hybrid vending module of C-tickets (contact-free tickets) and magnetic tickets. For the development of the new vending module, the mechanics, electronics and firmware had to be adapted for treating C-tickets from existing magnetic ticket vending modules.

- Valtick. A project planned over two years, 2007-2008, for the development of the new solution for bus ticketing management, integrating Maexbic expertise and products with our own. In 2007 work was conducted on the development of different subsystems, including Maexbic's Edmonson validating module, to which we have added our electronics and firmware, the design and development of a new, better-equipped driver's console, and the garage management system.
- SmartTouch. An international consortium of European companies and universities that aims to integrate the functions provided by contact-free intelligent card-reading, which is in wide use in ticketing systems for cellular phones. In 2007, once familiar with the technology, we concentrated on defining scenarios and developing the first models, including the integration of a pre-pay transportation title in the cell phone, recharging via GPRS and its validation and consumption in access equipment. In this way, a user with an adapted phone could enter the transportation system (subway, bus) by only having to bring his or her cell phone near the gate.
- Reconoce. This project, approached as an evolution of the Genius and Access4All projects for giving self-sale machines an oral interface in fluent language, is based on the mechanisms for noise filtering and treatment. Over 2007 we worked on the preparation of a model for conducting tests under real conditions, refining the solution by taking advantage of the latest advances in sound capture and treatment.
- e-Trans. The e-trans platform is the basis of our payment system solutions for tollways, ticketing and parking facility management. In 2007 we worked on its evolution, redefining the architecture, fully anticipating clear benefits for our clients, among which the following stand out: solutions with high availability and scalability, multi-platform client support, a more flexible and enhanced user interface, and support of completely centralized systems.

Traffic and Transportation

With headquarters in Madrid and Barcelona (Spain) and in Rockville (Maryland, U.S.), in the Traffic and Transportation Competency Center, solutions are developed for City and Intercity Traffic and for the Railway Traffic sector. Among them, the following are noteworthy: traffic control systems that are adapted to the different markets in which Telvent operates (MIST, Optimus), with their corresponding extensions for centralized and distributed adaptative control (Itaca, OPAC); traffic regulators (RMY, RMB, RBY); Centralized Traffic Control railway systems (CTC based on OASyS); or Traffic Information Systems (SmartNET). The most significant projects in traffic control systems developed in 2007 were the following:

- SAREF. This project, begun two years ago, seeks to develop a railway regulation system in collaboration with the Citef. In 2007 a large portion of the modules and tools was completed. The system will substantially improve punctuality and service quality, as well as achieve cost reductions and the integration of the different regulation systems into just one.

- InTraSy. The aim of the project is to develop the new generation of solutions for urban traffic control, both with respect to field equipment, zone regulators and exchanges, as well as the Center's system. In 2007 technical specification of the new RMZ regulator was carried out, including mechanical and electronic design. The project offers significant changes in information structure, connectivity, modularity, and in the control capacity of peripherals, which allows a high degree of flexibility for adapting to our clients' present and future needs, thus reducing the necessary investment level during the useful life of the system.
- Itaca. In 2007 work was conducted on the specification of a variation of our adaptative, real-time traffic control system, Itaca, which reduces installation costs by using only data from the detectors in the stop line. Once completed, this development will allow us to offer our clients a new range of adaptative traffic solutions with very competitive prices.
- Shadow Toll. By means of this project planned over two years, 2007-2008, we are developing a Shadow Toll Smart System at Telvent. Different types of sensors for detecting and classifying vehicles were analyzed and selected in 2007, and system specification was completed. Integration of one of these sensors in the remote for data collection was conducted, and the basic software infrastructure that will complete the solution was developed as well.
- m:VIA. This project involves the development of a cellular platform permitting vehicle-infrastructure interaction and allowing drivers to receive available information during their trip. The objective of the project, which is backed by the Ministry of Industry, Tourism and Commerce, is research and development of basic systems for content management, both for docked elements as well as infrastructure, for traffic and transportation sector applications. It represents a research project that will bring about significant knowledge acquisition in cellular communications that may later be applied for creating added-value services in different areas of the traffic and transportation sectors.

Oil and Gas

The Oil and Gas Competency Center located in Calgary (Canada) and Baltimore (U.S.) develops advanced solutions for operating, measuring and business in the segments of production, transportation and distribution of hydrocarbons, in order to meet the needs of the world's leading companies in the energy sector. Products are developed upon the OASyS DNA infrastructure and provide companies in this energy sector with a centralized, highly-automated operational environment, with a high level of integration in the company business applications and in the most secure environment available in the market. The investment program continued in 2007, and the most significant advances were as follows:

- Gas Suite. We improved the Gas Suite infrastructure in 2007 to allow better control of access to measurement data having financial materiality. GMAS, in particular, is used as an auditing tool to ensure compliance with regulations on corporate governance, such as the Sarbanes-Oxley Act. We added other innovations to the product, such as enhancement of data treatment, so that information arrives first to those involved in decision-making, or the restructuring of the product that lowers its cost since it allows for modular installations and facilitates version upgrades.
- Gas Suite Interface. In 2007 we launched a research project in interface technology and the most efficient way to present information with the aim of reducing fatigue and the consequent errors. The large volume of data handled in a natural gas operational system is now presented in a more efficient and organized

"Especially significant was the launch of our Smart Grid Solutions Suite initiative in order to respond to the considerable challenges facing us from the industry in the electric sector; and our advances in the Free-Flow Toll Systems global solution; or the projects associated with border security".

manner, thereby making business decision-making more secure and faster.

- SimSuite Integration. SimSuite Pipeline is a key component of the LMS (Liquids Solutions Suite) solution. Over 2007, the SimSuite development program focused on the integration of certain parts of the OASyS DNA 7.5 infrastructure, such as the man-machine interface (ezXOS) or the data access layer (DAL). The objective of this project is to offer our clients an integrated solution which at the same time lowers their costs in the long run. Configuration tools and common interfaces assure that the end user need not have to change contexts in moving from one application to another.
- Next Generation Liquids Suite (NGLS). We continued with the project launched in 2006 with the aim of creating a superproduct based on the solid nature of existing products. Throughout 2007, we continued to work on the integration of applications in the OASyS DNA infrastructure: elimination of function duplication, reduction to a minimum of migration effort over the previous one and the division of the applications' components. This effort in technological enhancement of our Liquids Suite applications lets us offer our clients systems for operating and monitoring their pipelines, with the confidence of being based on our solutions that are highly proven by the industry and on which we continue to work in order to improve functioning and flexibility and therefore stay in line with the rapid changes in the oil industry.
- Pipeline Power Optimization. This application is based on the Liquids Suite SimSuite module and determines energy consumption and operating cost of a pipeline at a given moment. This information is used to determine optimal pump configuration in order to minimize costs. The Pipeline Power Optimization solution offers those in charge of the operation and energy management of the line a tool for determining energy consumption, to improve operation and aid in decision-making, which lead to savings in the energy cost.

Electric Sector

The Electric Competency Center has headquarters in Seville (Spain), Fort Collins (Colorado, U.S.) and Houston (Texas, U.S.), and develops and integrates advanced applications for meeting the global needs of electric companies in the Transmission, Distribution, Substation Automation and Network Operation markets.

- Smart Grid Solutions Suite. In 2007 we started up a strategic initiative called the Smart Grid Solutions Suite (SGS) in response to the new challenges facing the industry in terms of efficient and secure network management. Within this range of solutions, our SCADA OASyS, ArcFM Enterprise GIS, Responder Outage Management, DMS Distribution Management, and Titanium Smart Metering Solution are included, as well as new products for automating substations. SGS concentrates its efforts on innovation of both technology and processes that give value to our clients, based on the cohesive integration of our advanced applications and on our base products, thereby creating a highly secure structure that is especially suitable for managing critical infrastructures. SGS will provide, among other advantage, network energy efficiency, improvements in consumer service, reduction in the frequency and duration of service interruptions and possibilities for intelligent management of demand which were unheard-of until now.

- Denise. This represents a 4-year (2007-2011) research project, which obtained public funding from the Cenit program of the 2010 Ingenuity Plan. Telvent is part of a consortium comprised of representative companies from the electricity sector and Spanish research centers. The aim is to apply the latest generation of technologies to create a new generation of networks for electrical distribution with the capacity to improve the quality of the energy supply, optimize supply and demand management, increase energy efficiency and supply security and support a new generation of energy services. This project fits perfectly within the objectives of our Smart Grid.
- Cariel. Within the Smart Grid concept, the Cariel project involves research on the control use in high-speed communications network substations and large-capacity information treatment equipment. The new IEC 61850 standard offers interesting novelties in this sense, representing a new concept in information organization at substation level. It will allow handling the information necessary for power network operation in real time more efficiently.

Environment

The Environmental Competency Center has headquarters in Seville (Spain) and in Perth (Australia). In 2007, its development activities focused primarily on the following:

- Cirrus 100 Ceilometer. Cirrus 100 is Telvent's cloud height sensor (ceilometer) that includes mechanics based on a double lens system in its development. With this system, the focal distance will be reduced while improving thermal stability, data acquisition with a resolution of 9.8 meters and Ethernet connectivity. This high added-value product will form part of the Telvent product catalogue for aviation meteorology, a key component in airport security, increasing confidence in security during takeoff and landing maneuvers.
- Telmet 320. Telmet 320 is a new generation of /PRD data acquisition units. Its main characteristic is its flexibility and scalability, which make it suitable for all applications for meteorological observation systems, such as Atmospheric Weather Stations (AWS), Aviation Weather Observation Systems (AWOS), Road Weather Information Systems (RWIS) and Marine Meteorological Sensors. It handles the processing, storage and report generation from the information gathered in the meteorological sensors. Telmet 320 optimizes the energy cost, thereby reducing CO_2 emissions.
- Beftel (optimized control system for desalination plants). The aim of the project is to design and develop an advanced control system that will permit optimization in the operation of a desalination plant. The system integrates the most advanced control and simulation technologies while combining new pre-treatments and energy recovery systems for application in desalination plants, providing the necessary efficiency by means of supplying technology geared towards lowering energy consumption and therefore reducing GHG emissions. This project began in 2006 and is being developed in conjunction with Befesa CTA. It is subsidized by the Andalusian Technological Corporation, the Ministry of Industry, Tourism and Commerce and the Andalusian Government.
- THMDT (Telvent Hydrometeorology Decision Tool). The project aims to design and develop a monitoring and control platform for watersheds, permitting integration

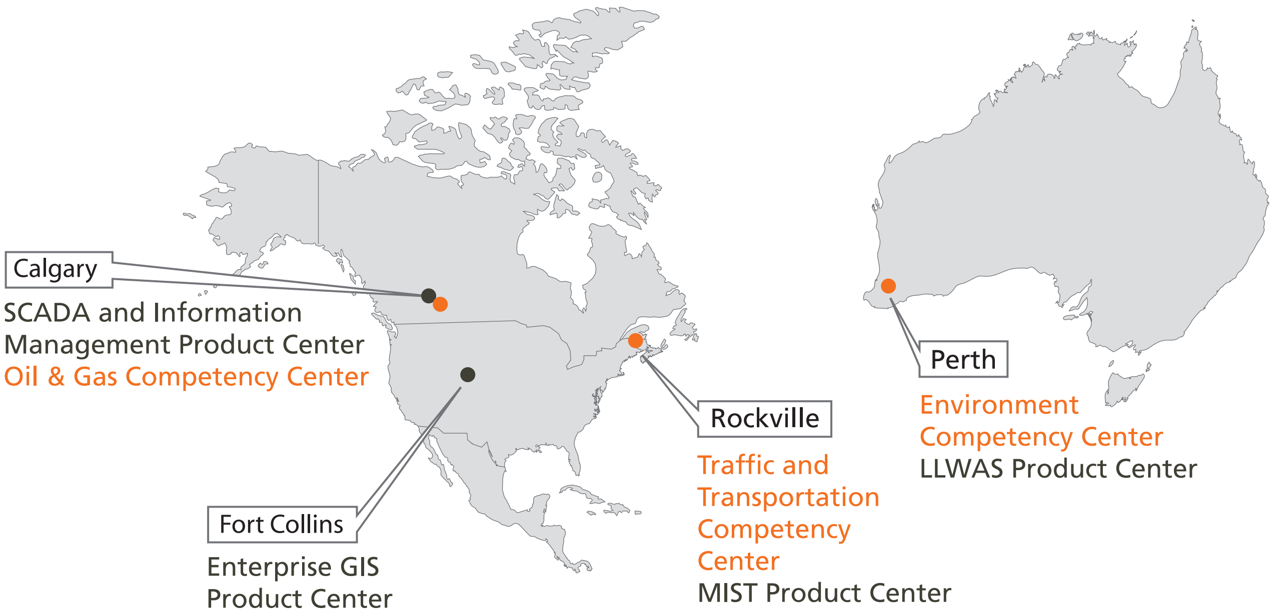
of new field technologies for measuring precipitation and hydrological modeling. Real-time information from hydrological sensors and precipitation data are integrated, for use in a distributed hydrological model, in order to obtain short-term forecasts on river and dam discharges. THMDT therefore represents the development of new technologies linked to sustainable management of water resources. In the development of the project, we are backed by the Hydrometeorological Research Group at the University of Catalonia and aided by the Ministry of Industry, Tourism and Commerce and the CICE of the Andalusian Government.

- Terwis 2. The aim of the project is to advance in the development associated with the road weather information systems, improving functionality and interpolating results of the Terwis 1 models, extending the local forecast in the weather station to the area between them. The project will develop a tool for assisting decision-making (MDSS), including information related to traffic, location and availability of maintenance crews, to determine efficient use of resources, improving security in highway transportation at the same time. This project is subsidized by the Ministry of Industry, Tourism and Commerce.
- Tesemat. This project entails the design and development of a solar energy management tool for optimizing solar energy generation by means of the proper use of an accurate weather forecast adapted to the needs of the operator. With this forecast, solar plants will have a tool for maximizing power level and energy production quality, and improve management of operations and maintenance. Tesemat will allow efficient and sustainable handling of solar plants. The project is developed in conjunction with Solúcar R+D. Subsidies were granted for 2007 and 2008 by the Ministry of Industry, Tourism and Commerce.

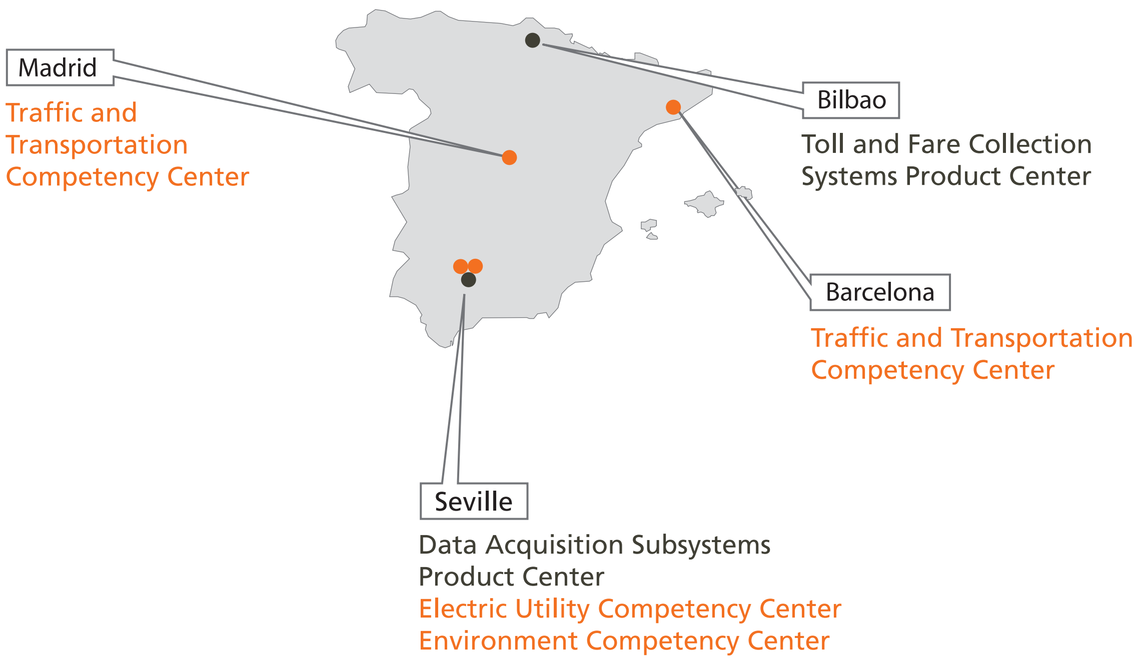
Healthcare and Public Administration

The Healthcare and Public Administration Competency Center is headquarted in Seville (Spain). Its main developmental activities over 2007 were focused on the following:

- PMAI (Image-Assisted Medical Processes). The PMAI project, which began in 2006, part of the strategy of developing solutions for the Healthcare sector and, more specifically, in Medical Imaging. In 2007, we succeeded in developing the Medical Image integrated visualizer in 2-D and 3-D for its flexible application within the TiCares suite for planning and carrying out medical intervention processes (radiation, surgery). Through this project, we aim to increase efficiency of current surgical procedures in order to achieve more precise and minimally invasive surgery at a lower cost.
- eQECM (eQuirófano: Entorno Colaborativo Multimedia – eSurgicalSuite: Collaborative Multimedia Environment). eQECM is a project that began in 2006 in which the development of functionalities related with the e-surgicalsuite, or intelligent operating room, which is understood as the strategic control center in clinical activities associated with invasive processes. The system provides availability of hospital training and information services (RIS, PACS, HIS) at any time, anywhere, by just having a compatible device or terminal and the necessary IP connection. With this project, we are improving the capabilities of the TiCares global management suite in the aspects of mobility and availability of the information needed by medical professionals.
- PPC-RFID (Pacientes Procesos Críticos – Radio Frecuencia Identificación – Critical Process Patients – Radio Frequency Identification). The PPC-RFID project involves the development of a computer application built in an open environment for the automated and continuous identification of agents in care processes, patients and the professionals who care for them, as well as all of the material components involved in these processes, using to do so the capabilities of RFID technology. In its first year, we developed new modules that now allow us to provide automated and continuous information related to the location of people and material components. Through this initiative, we will be able to offer solutions in the Healthcare segment that help to minimize the latent risks in medial practice.
- SIMFO. (Forensic Multimedia Information System) is a research project in which we are considering a universal set of solutions for optimizing the stages and scenarios of the forensic medical examiner's activity with the presence of the human body (field work, lab work, maintenance of a central information service and public display of the forensic medical examiner's findings). Through this project, at Telvent we will have solutions in the field of legal medicine at our disposal.
- AmIvital. The objective of this project is to develop a new generation of CIT technologies and tools for modeling, designing, implementing and operating Environment Intelligence (AmI) systems, the aim of which is to provide personal services and support for independent living, health and well-being.
- Identica. The Identica project arose in 2007 with the objective of constructing an advanced identity



Calgary
SCADA and Information
Management Product Center
Oil & Gas Competency Center
Fort Collins
Enterprise GIS
Product Center
Rockville
Traffic and
Transportation
Competency
Center
MIST Product Center
Perth
Environment
Competency Center
LLWAS Product Center



Madrid
Traffic and
Transportation
Competency Center
Bilbao
Toll and Fare Collection
Systems Product Center
Barcelona
Traffic and Transportation
Competency Center
Seville
Data Acquisition Subsystems
Product Center
Electric Utility Competency Center
Environment Competency Center

verification system through biometrics and personal documentation in secure environments to respond to the current need for certain proof of a person's identity, while verifying physical presence at the same time. With this project, we will develop a simple, light and flexible platform which can, in real environments, respond to the different possibilities for identification and authentication: verification of document authenticity and collection of biometric features and their validation by comparing data stored in the bearer's document or at a remote database.

- Sigmus. This initiative, constructed in collaboration with the AIE of Municipal Companies of Seville, seeks to improve the processes involved in manual and/or automated tasks in the context of municipal management. This allows internal and/or external administrative tasks to be carried out in a fluid manner, accessing information or procedures of municipal companies by means of master tools and other information systems, property registry and urban planning information. Through this project, we hope to obtain both the process architecture based on a neutral data model, as well as the specific master set of tools needed for each line of activity.

Other R&D&i Programs

Telvent complements its R&D&i activities through active participation in international, mixed-financing, collaborative projects. Telvent seeks through these projects new base technologies, for future application in its solutions in order to achieve a competitive advantage. Among the projects that stand out, not mentioned previously in the activities of the different development centers, are the following:

- Opera 2 Open Powerline European Research Alliance – Phase 2. Opera is a European alliance for developing a new generation of integrated communications networks through the power line (PLC). This technology permits the use of existing power networks for the transmission of information and provides the user with Internet, telephone and television services, thus eliminating the creation of new costly and contaminating infrastructures. The project is funded by the European Commission.
- Cosi. This European collaboration project, within the Eureka-ITEA program framework, arose in 2005 with a focus on Open Source from the standpoint of the interests of an industrial organization. Within this context, it involves matters related to business, organization development processes, requisite models, architecture and methods for assuring quality, as well as aspects associated with software testing and evaluation. Activity in 2007 was focused on the analysis and evolution of software development process maps in order to optimize the product development chain of this company, in which the relevance in the communities of Open Source development is increasingly more evident.

- Osiris. A European collaborative project, within the Eureka-ITEA program framework, that arose in 2005, geared toward the development of Open Source service platforms in distributed environments, covering the identification of aspects related to component life cycle, definition of a communications bus between services, security aspects in distributed environments, development of tools for the management and configuration of services and demonstrators of the implemented technologies. The achievements of 2007 have allowed us to define a complete architecture of services upon which we were able to develop new families of software components with the capacity to exchange information in a secure, cohesive and simple way, which will allow us to make increasingly more interoperable products.
- Nuadu. A European collaborative project within the Eureka-ITEA program framework that approaches the technical risks in delivering a residential surroundings intelligent environment and mobility for services for health and well-being, with the aim of improving the quality of life of its users through effective and efficient solutions for service suppliers. Last year, activities developed on the project allowed us to develop architectures of network components for unassisted and ubiquitous monitoring of populations with assistance needs based on sensors with market technologies (RFID, ZegBee, Bluetooth, etc.), as well as new emerging technologies.
- Atenea. Atenea is a project within the Prometeo technological platform that groups a relevant subset of participants with great synergy into real-time systems. The main objective is to approach strategical areas identified in Prometeo's strategical agenda; reference architectures, middleware, methods and tools.
- Globe (European GLObal Border Environment). The Globe project is categorized under the strategic thematic line of e-immigration established by the European Commission, defining a series of institutional objectives, thus obtaining an executive control panel for making strategic (policies and procedures) and operative (tactics) decisions, information systems, normalization and integration (identification of users, identification and analysis of information sources and systems, identification of needs and design of the integrated solution) and technological, with the development of innovative, scalable and reliable solutions.
- MoSIS. Initiated in 2006 as a continuation of lines of research on the development of families of systems such as Café or Families, in order to analyze obtaining high-quality, more flexible and adaptable products, while optimizing their production costs at the same time, in a world in which industry demands increasingly more complex products and services. Participation in this initiative will allow us to provide new tools and processes that assure a range of high quality products for our clients.

With the aim of consolidating and strengthening our commitment to our professionals, our clients and the rest of society, at Telvent, for yet another year, we continued to interact with our stakeholders in a transparent manner, communicating and sharing with each and every one them our commitment and ultimate aim of our activity: the sustainability and security of our planet.

Corporate Social Responsibility

Corporate Social Responsibility

"This year we obtained the Cero Emission certification* for the headquarter in Madrid, proof of our neutrality with respect to climate change. This certification attests to our commitment to the environment and to the sustainability of the planet in carrying out our activities".

Telvent's Role in Society

Telvent has indentified the different parties with which it interacts and communicates, with a view to continuous improvement for all concerned. In order to enhance these relationships, Telvent has established five groups or "capital values". Through these, Telvent undertakes its mission of corporate social responsibility. They are, specifically, the following:

- Business Capital. This area comprises those interested parties directly involved in the daily management of operation and business processes: clients, suppliers and strategic partners.
- Technological Capital. This involves the projects developed by Telvent with the aim of progressing in the area of innovation. These projects are directly related to the following interested parties: Telvent employees, clients, suppliers, competitors and society in general.
- Human Capital. It encompasses all actions focusing on the management of abilities, skills and attitudes of current and potential Telvent professionals, as well as the relationship with institutions and organizations with whom the company collaborates directly. In short, the interaction between Telvent employees, students, universities, associations and society in general.
- Social Capital. This group refers to Telvent's relationship with the environment, linked to sustainability and our responsibility to society and the environment.
- Trade Capital. This area includes all manifestations and elements that define Telvent's corporate image, in addition to the company's means of communicating with stakeholders, both internal and external, that have an influence on the company: investors, regulatory bodies, analysts, media, opinion leaders, Telvent employees and other professionals from the technological sector.

* This certificate proofs that Telvent has offset or balance its CO_2 emissions resulting from the Company's activity developed in the Valgrande headquarter (Madrid, Spain).

Business Capital

Clients | Suppliers | Strategic Partners

Our mission is to help ensure efficient and secure global management in the operating and business processes of the world's leading companies. To achieve this, we have made a solid and proven commitment to the principles of excellence described below.

Commitment to Excellence

The EFQM (European Foundation for Quality Management) Excellence Model is a non-prescriptive framework focused on achieving sustained organizational excellence, based on the following principles:

- Focus on results.
- Focus on the customer.
- Leadership and consistency in the pursuit of goals.
- Management through processes and facts.
- People's development and involvement.
- Learning, innovation and continuous improvement.
- Develoment of partnerships.
- Social responsibility.

The EFQM Excellence Model includes a framework of criteria and sub-criteria that encompass the best practices of leading organizations, together with a powerful system for assessment, scoring, continuous improvement and acknowledgement.

The EFQM model is, moreover, a complete model that takes all aspects of management of an organization into account, enabling the integration of other specific management systems geared toward quality, the environment, innovation, etc.

Over the course of 2007 we continued to carry out self-assessment, based on the EFQM model, in all of our companies in Spain, Brazil, Mexico and the rest of North America, using the simplified Profile tool licensed by the Excellence in Management Club, or the advanced REDER tool for the areas of Energy, Environment and Transportation.

In 2000 we initiated the external evaluation processes with respect to the EFQM model, as well as the presentation of nominees for the Awards for Recognized Prestige, the basis of which is the EFQM model and in the evaluation process of which a Return Report is generated that includes the candidate's strong points and areas for improvement.

In 2004 we began to present candidates for the recently established EFQM Seals of Excellence, with the aim of applying the Return Reports to discover areas for improvement in line with best practices.

As a result of the nominees presented in 2006, the following awards in Management Excellence were achieved in 2007:

- 1st Prize in Madrid's Excellence in Customer Confidence, in the Energy and Environment sectors.
- Honorable Mention in the 2nd Castilla and León Awards for Excellence in Management in the Social Responsiblity category for the Transportation sector
- 2nd Prize, Castilla and León Excellence in Management in the Big Businesses category in the Transportation sector.
- Renewal of the EFQM Seal of European Excellence (4 stars), in the Energy and Environment sectors.
- EFQM Seal of European Excellence (4 stars), in the Transportation sector.
- Recognition by the Excellence in Management Club of Telvent's leadership for conducting the first self-assessments of innovation management, based on the reference framework, and its compromise to the development of a culture of innovation in Spain.
- Prizewinner for the best project in R&D in the Healthcare sector, in the 2nd Andalusian Information Society Awards, in the Public Administration sector.

In 2007 we submitted candidates for the following awards in excellence:

- 12th Prince Philip Award for Business Excellence, in the Industrial Quality category.
- 12th Prince Philip Award for Business Excellence, in the category of Internationalization.
- 12th Prince Philip Award for Business Excellence, in the category of Information Society and Information and Telecommunications Technologies.
- 8th Andalusian Award for Excellence.

Alejandra Polazzi

Director of Madrid Excelente.

Madrid's Award for Excellence in Customer Confidence in the Big Business Category.

"I would like to congratulate Telvent on the work conducted by its organization in the continuous pursuit of excellence, commitment and zeal for betterment".

Continuous Improvement

Continuous improvement is the underlying rationale for our commitment to excellence. We have therefore developed two specific computer applications: one for problem-solving (PS) management, and the other for managing actions for improvement (IA).

Problems that arise during the normal course of process management, inspections, audits, and customer complaints, are analyzed through the PS application by the work team involved.

The PS application encourages proposals for improvement actions of a corrective nature, geared toward preventing reoccurrence of the problem or the occurrence of similar problems. It also permits evaluation of resolution times and the costs associated with unsatisfactory quality.

The global statistic treatment of these parameters helps assess the progress in continuous improvement through the relative indicies of a reduction in costs associated with unsatisfactory quality.

The IA application enables management of two types of improvement actions: preventive actions deployed on the basis of proposals from PS application, and corrective actions, which are initiated through proposals from self-assessments, external evaluations and individual suggestions.

The IA appliction is designed for team work and enables the assessment of resources invested as well as the evaluation of the efficiency and effectiveness of improvement actions.

Policy of Quality

The commitment to quality is essential in fulfilling our mission and vision, and is carried out through our Policy of Quality.

Telvent's quality policy focuses on achieving optimal and balanced results based on the following general objectives:

- Compliance with existing legislation.
- Achieving a quality level appropriate to the level of responsibility and risk associated with the products and services provided.
- Customer satisfaction.
- Competitiveness in national and international markets.

The general guidelines needed to achieve and maintain the established objectives are the following:

- Application of national and international norms and regulations.
- Implementation of a Quality Management System that, in a cost-effective and efficient manner, helps

to achieve defined and uniform levels of quality in accordance with applicable regulations and customer requirements.
- Active and responsible participation of all personnel engaged in functions that directly or indirectly affect quality during the process of continuously improving the Quality Management System.
- Objective demonstration of levels of quality achieved through the orderly and systematic documentation of the activities conducted.

Quality Management System

The international ISO 9001 standard is based on the same eight principles of excellence and is geared especially to process management and customer satisfaction. Therefore, the quality management systems of all Telvent companies are developed based on this standard.

In 2007 all previously obtained ISO 9001 certifications were renewed and, in addition, we achieved the certification for the newly created Telvent Environment.

Six Sigma

Execution of Six Sigma projects leads to improving the effectiveness and efficiency of our products due to the impact described below:

- Reduction in the identified costs of unsatisfactory quality.
- Identification of the investments needed to implement proposals for improvement that have a positive impact on the the company's economic performance.

During 2007 we continued to carry out the following projects:

- Optimizing Telvent's software maintenance.
- Reducing the number of supplier complaints.

Technological Capital

Telvent's Professionals | Clients | Suppliers | Company

With respect to Telvent's collaboration in initiatives of the Excellence in Management Club (CEG), noteworthy in 2006 was the participation in the pilot project for updating the Innovation Self-Assessment tool.

This tool is structured around a reference framework developed by the CEG that defines a model of Innovation Management with a broad scope, which is not limited to technologial areas.

Our participation received recognition by the CEG in the 15th Forum on Entrepreneurial Talent for Innovation and Competitiveness, which took place in March of 2007.

Joaquín Candañedo

Student and on-the-job trainee.

"Thanks to this on-the-job training practice, I have experienced what it is really like to work for a multinational company like Telvent. I have been able to understand many of the things that have been explained to me over the years at the university, things that are essential in the life of a computer engineer. I have also discovered that other things have become obsolete. I was allowed the chance to become a part of the development group (work colleagues), and these people have helped me at every step of the way with the difficulties that have arisen during these months. For this, and for always treating me as an equal, even though I was really a student, I wish to express my deepest gratitude to all of my colleagues".

Human Capital

Telvent Professionals | Students | Universities | Associations | Company

Education/Training

The professional development of employees from their inception into the company is essential for Telvent. In order to achieve this commitment, individual training plans must be devised, taking the person's characteristics, abilities and the requirements of his or her position into consideration.

The training implemented at Telvent is structured into seven categories:

- Corporate training. Training aimed at imparting knowledge of the culture, identity, corporate policy, internal rules, strategy and economic models.
- General training. Geared toward expanding to the professional level the employee's training by means of innovative training techniques and updating techniques and professional contents.
- Occupational Risk Prevention Training. Training activities included in this category are focused on reducing work-related accidents and improving safety conditions in the workplace.
- Non-catalogued training.
- Foreign language training. Allowing Telvent professionals to improve and/or perfect their knowledge of other languages.
- Master's degree programs.

- Professional itineraries. Plans of long/medium duration that enable professional progress of the candidates chosen. Among them, the following are worthy of mention:
  - Abengoa Project Manager. The aim is to create a team of project managers with homogeneous training, in line with the Abengoa culture and the best international practices in project management.
  - Telvent Project Managers. Having the same objective, including the mastery of the management tools provided by Telvent.

Types of Teaching/Training

In order to achieve a wider scope and greater effectiveness in training, on-line training via the C@mpus Abengoa was started up. In this way foreign language training is offered to employees, as well as other kinds (PRL) of on-line training. We hope to be able to add more contents and professional itineraries as a result of the evolution and success of C@mpus Abengoa.

Internal Social Action

Internal social action developed the following concepts in 2007:

Quality of Life

- Means for balancing work and personal life.
- Actions carried out toward parity in positions held by women and balancing work and family life:
  - Nursing leave.
  - Flexible work schedules.
  - Flexibility in reduced work schedules.
  - Discounts on appointed daycare centers.
- Promotion of cultural and sports activities.
- Support in the education of employees' children through scholarships.
- Occupation health.
- Individual employee attention.
- Commitment to the working atmosphere, based on commitment to the environment: smoke-free buildings.

Culture

- Activities at the Hospital de los Venerables.
- Concerts and recitals.

Health and Safety

- Medical service for the mandatory annual checkup, as well as daily consultation.
- A prevention and safety area, where the risks associated with each type of task are evaluated, as well as the execution of preventive training, evacuation drills, etc.

Social Capital

Telvent and its Environment

In accordance with what was outlined previously, for the development of our mission, we have established our commitment to the Principles of Excellence.

Therefore, in applying the principle of Social Responsiblity, we have put an environmental policy into practice. It is aimed at ensuring that the activities required in order to achieve our mission be conducted in surroundings which respect the Environment, in order to help contribute to Telvent's sustainable development.

Environmental Policies and Environmental Management at Telvent

Environmental Policy

Telvent's environment policy is aimed at achieving the objectives listed below in an optimal and balanced manner:

“It is a fact that there are great changes in climate due to excessive CO_2 emissions, but it is also comforting to know that Telvent supports environmental campaigns. It is a privilege and a pleasure to be able to contribute by planting trees, so that our planet will be healthy for our children. And the best thing of all is the tremendous satisfaction that comes from doing something good for our planet”.

Yenni Margaret Velásquez

Telvent professional.

- Comply with exisitng legislation at all times, as well as other regulations of a voluntary nature when appropriate.
- Meet the demands associated with the environment of our clients and other interested parties.
- Make a commitment to continuous improvement through achievement and periodic checks on the environmental goals and objectives set, contributing to the sustainable development of the environment.
- Prevent harmful or negative impact on the environment, minimizing the use of energy sources or raw materials, by doing everything possible to use materials that are renewable or regeneratable.

The general guidelines for maintaining and achieving these goals are the following:

- Implementation of an Environmental Management System that is suitable for the nature, magnitute and environmental impact of Telvent’s activities and services, in compliance with the requirements of the ISO-14001 international standard.
- Training and awareness of everyone in the company on compliance of the aforementioned Environmental Management Service.
- Periodic revision of the implemented system, on established goals and objectives and the corrective or preventive measures adopted.
- Appropriate management of waste generated in different productive services, systems and processes.

Environmental Management System

In 2007, we renewed all ISO 14001 certifications of the Environmental Management Systems of the companies integrated into Telvent and, in addition, obtained new certification for Telvent Environment and Telvent China. We also obtained EMAS certification for Telvent Environment.

In 2007 we started up an initiative aimed at inventory and management of greenhouse gases associated with all of Telvent’s activities.

This year we also obtained the Cero Emission seal for the headquarter in Valgrande (Madrid, Spain), proof of our neutrality with respect to climate change. This seal, the first step toward Telvent’s complete certification, attests to our commitment to the environment and to the sustainability of the planet in carrying out our activities.

Trade Capital

Investors | Regulatory Bodies | Analysts | Media | Opinion Leaders | Professionals | Society

Telvent's "Trade Capital" refers not only to the company's corporate image, how Telvent projects itself to the outside, but also to a set of values that make up company character and culture, which, ultimately, are truly reflected in Telvent's presence in society and the place it holds for its interested parties.

At Telvent, we have a series of internal and external channels of communication – specific tools, identified projects and planned actions – aimed at branding Telvent as a global company consisting of each country's best professionals, who, through the use of the most advanced information technologies, contribute, together with our clients, to taking on the formidable challenge of creating a sustainable world for future generations possible.

External Communication Channels

- Telvent website. Telvent posted its first website on the Internet in 1995, and since then it has constantly been updated, evolving with the needs of Telvent's business areas. It offers precise information on the most relevant facts, events and milestones relating to the company's activities, and reflects the latest techniques and trends in web design and browsing. Telvent's website – www.telvent.com – contains comprehensive and transparent information for all of parties interested in Telvent, and is organized into seven main sections: About Us, Business Areas, Services, Solutions and Products, Clients, Investor Relations and Press.
- Telvent's Annual Report. Each year Telvent publishes its annual report, which provides relevant information on the previous year's business activities, principal achievements, R+D-related activity, corporate governance, governing Commissions, as well as the auditors' report, consolidated financial statements and the consolidated management report.
- Annual 20F Report. Each year Telvent publishes its auditing report, consolidated financial statements and the consolidated management report separately. The Annual Report also contains this information.
- Investor Relations Area. Telvent has a department of Investor Relations and Stock Analysts, who handle the design and implementation of the communication program with national and international financial markets. Its goal is to publicize and promote the company's main activities and developments.
- Upholding the Global Compact. The Global Compact is a United Nations initiative intended to achieve voluntary commitment from businesses in matters of social responsibility through the implementation of ten principles based on human rights, labor standards, the environment and anti-corruption. Telvent undertook this initiative in 2002, signing the agreement, and since then has supported and promoted the principles and initiatives described and recommended in the Global Compact.
- Iniciative "Caring for Climate: the Business Leadership Platform. Telvent undertook this iniciative, promoted by the Global Compact platform, in 2007. With our adherence to this initiative, we are assuming our responsibility as a technology company to facing the challenges that arise as a consequence of climate change. Our day-to-day operations are based on a business model fully focused on the aforementioned the principles to which we subscribe.
- Telvent News. Telvent upholds a policy of constant and transparent information with its clients, partners and other interested parties in the technology sector. In order to meet this objective, Telvent informs its contacts of milestones achieved, advances, projects and other matters of interest that arise in the daily operation of the company.
- Relationship with the Media. Telvent maintains a fluid and constant relationship with the media and vertical sector publications, in order to relate the highlights of the company's developments and relevant facts concerning the company as they happen.

"With our adherence to the United Nations initiative - Caring for Climate: the Business Leadership Platform-, we are assuming our responsibility as a technology company to facing the challenges that arise as a consequence of climate change. Our day-to-day operations are based on a business model fully focused on the principles to which we subscribe".

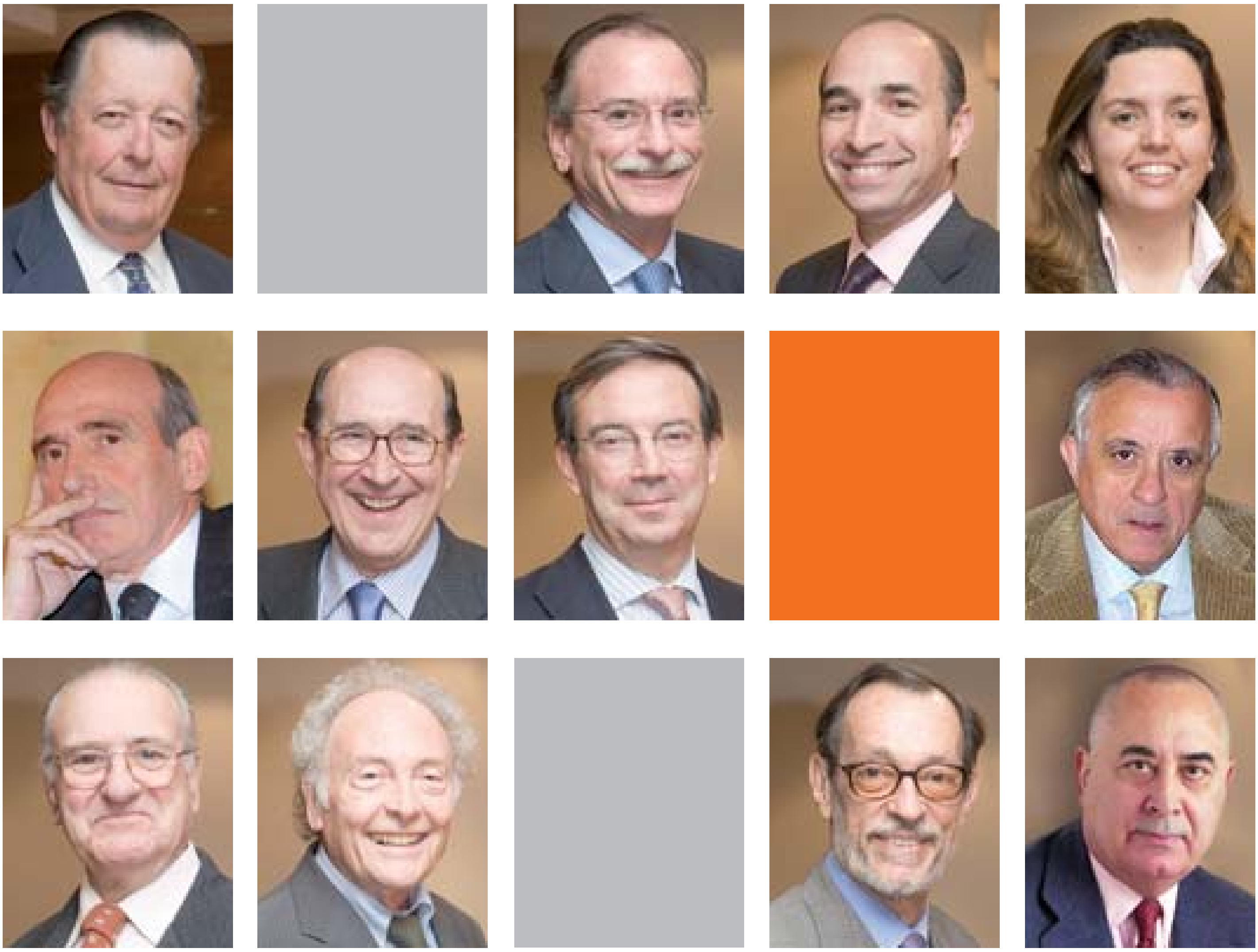
- Active participation in vertical sector events and forums, through each of its business areas worldwide.
- Holiday Campaign. Telvent conducts its yearly holiday campaign, which targets a specific social group and involves clients and employees. Specifically, Telvent continued to donate money in 2007 to the New Horizon Association, which is dedicated to the complete care for people with autism and their families. The opportunity to contribute to this initiative was extended to Telvent clients, who, through their donations, also added value to the social environment in which we collectively conduct our daily activities.
- Membership in main employers associations. Today, Telvent is a member of over 30 employer associations in each of the vertical sectors in which it conducts our activities worldwide. Telvent's role in these associations is very active, holding executive positions. Telvent's objective as a member of these association is to have direct involvement in the issues relevant to each sector, allowing progressive development in each sectors' activities.

Internal Communication Channels

- Employee Portal. Telvent's Intranet system, or Employee Portal, is the method by which internal information on key activities within the company is disseminated quickly. The portal provides access to all the management systems necessary for developing and measuring professional performance, as well as the repository for a wide variety of employee services and human resource programs and procedures.
- Orientation Guide. Telvent furnishes orientation manuals for welcoming new employees to its different work centers. They are intended to facilitate adaptation and integration, providing a global vision of the Telvent environment. These manuals offer valuable and useful information to new employees of the company, its activities, structure and internal regulations and procedures in a simple and concise manner.
- Employee Self-Service. The features and services of this application have been expanded considerably since its inception. At the end of 2007, services available to employees were:
  - Checking and modifying personal data.
  - Modifying information related to employee academic transcripts and résumés.
  - Consulting position files, development plans and current job openings within the company.
  - Apply for training courses and look up employee evaluation processes.
- Employee Services. This is yet another application provided through the Employee Portal, which lets Telvent professionals handle matters associated with the following:
  - Personal information: check payslips, request an advance, modify tax information, request tax forms, display work schedule, request vacations and leaves-of-absence.
  - Consultation regarding work relationships.
  - Information on occupational risk prevention.
  - Social and educational assistance.
  - Professional training and career orientation and planning.
  - Information on job openings within the company.
- Promotion of sports and leisure activities for Telvent employees and their families.

Telvent, as a foreign company listed on the Nasdaq exchange, strives to project a real and transparent image to the market, adapting itself and incorporating into its own structure the initiatives and regulations related to practices of Corporate Governance.

Corporate Governance



Board of Directors

"Believing in the heroic produces heroes".
Benjamin Disraeli.

Board of Directors

Honorary Chairman
Pedro Bernad

Chairman and Chief Executive Officer
Manuel Sánchez

Directors
S.A.R. Carlos de Borbón Dos Sicilias
Emilio Cassinello
Miguel Cuenca
Eduardo Punset
Javier Salas
José B. Terceiro
Cándido Velázquez-Gaztelu
Bernardo Villazán
José Manuel Fernández

Secretary
Lidia García

Undersecretary
Laura Nemeth

Auditing Commission

Chairman
Javier Salas

Members
Eduardo Punset
Emilio Cassinello

Secretary
Lidia García

Nominating and Compensation Commission

Chairman
Cándido Velázquez-Gaztelu

Members
Miguel Cuenca
Bernardo Villazán

Secretary
Aránzazu Amaya Caja

Corporate Governance

The commencement of trading of Telvent shares on the NASDAQ market and the subsequent applicaton of the Corporate Governance regulations of the U.S. Securities and Exchange Commission (SEC) and the Sarbanes-Oxley Act, together with the enactment in Spain of the Financial System Reform Act, the publication of the Aldama Commission's report on security and transparency in the markets, the Transparency Act and, finally, the Unified Code of Good Corporate Governance for Listed Companies, have amended and improved, through a set of rules and regulations, some of which are clearly innovative in nature, the system of corporate governance practices that were previously in place in Spain.

As a result of the above, listed companies cannot take a merely passive or explanatory stance. Some of the Aldama Report recommendations have already been incorporated into current Spanish law and are mandatory. As a foreign company listed on the NASDAQ exchange, Telvent is subject to the laws governing this market. Current measures, rules and recommendations are intended to offer a real and transparent view of each listed company as an additional element for the investor to take into account.

Corporate governance, understood as the set of practices – both required by law and voluntarily undertaken – implemented by each company in relation to the structure, organization, operation, powers and supervision of its governing bodies, stems from one fundamental principle, the same principle on which all capital markets are based, namely, the general principle of information, transparent, real, balanced, true and thorough information. Adherence to this principle is the only way to guarantee equal treatment and opportunities for shareholders and potential investors.

Telvent has made a considerable effort to adapt itself to and incorporate the initiatives required under the aforementioned legislation within its own corporate structure and cultural identity. Below is an outline of some of these aspects and innovations that the company has implemented.

Accounting and Financial Information

In 2007, obligations of periodic reporting (three quarters and annual) were materialized based on the SEC reporting model.

Relevant Facts

The policy on the use of relevant information does not include a legal definition of what information is to be considered "relevant," and it is not possible to define all categories of relevant information. Nevertheless, information should be considered relevant when there exist reasonable grounds for believing that it would be considered relevant by an investor making a decision about whether to buy, hold or sell a company's stock. This likewise includes any information that might reasonably be expected to affect the price of a company's stock.

Two criteria are used in addition to determine the exact content of this concept:

- The practice followed by the SEC on previous occasions.
- The practice followed by the company itself in similar cases.

Here we can see the basis of good corporate governance: consistency; it is not so much the existence of exhaustive internal and casuistic regulations that matter, but rather the consistency between these regulations and the actual conduct of a company, its directors and its senior management.

Insider Transactions

Insider transactions are those that are carried out between a company and its shareholders, directors or executives, entailing the transfer of funds, securities or business opportunities.

Insider transactions can potentially give rise to so-called conflicts of interest. Good governance practices recommend measures to be taken in order to resolve such conflicts.

Telvent, aware of the different obligations arising from its specific characteristics, the product of its unique history and composition, has adopted these guidelines of tranparency and resolution of the aforementioned potential conflicts. To this end, on September 1, 2004, the Board of Directors approved the Rules of the Board of Directors, setting forth the following:

- In the event of doubt regarding a potential conflict of interest, the monitoring body of the Code of Conduct shall be notified.
- All parties affected by the conflict of interest shall abstain from voting on the corresponding resolution.
- Board members shall not hold offices in companies that are competitors of Telvent.

Annual Report on Corporate Governance

Just as the regular financial report offers a summary of the Company's main financial aggregates for a given period as stated in its balance sheet and profit and loss account, the Annual Report on Corporate Governance provides an explanation of the main features of the company's specific governance structure (who is responsible for making decisions, how and on what basis).

Commissions of the Board of Directors

Audit Commission

Composition

Telvent's Audit Commission was set up in January of 2003 on a voluntary basis under the terms of the Financial System Reform Act (Act 44/2002). The terms of said law are mandatory for listed companies whose stocks or bonds are traded on official secondary securities markets. Consequently, under the terms of the act, Telvent's Audit Commission is voluntary and not required by law. Nevertheless, its composition, operation and competencies meet all principles established under Act 44/2002.

To this end, the Audit Commission is a body reporting to the Board of Directors that was set up for information and consultation purposes and is empowered to report on, supervise and propose specific actions in relation to matters falling within the scope of its responsbilities.

Its Rules were approved by Telvent's Board of Directors on November 13, 2003, and the latest revision was approved by the Board of Directors on September 20, 2007.

Telvent's Audit Commission is currently comprised of three directors nominated by the Board of Directors for proposal to the Nominating and Compensation Commission: Mr. Javier Salas Collantes, appointed by the Board of Directors at its meeting on January 23, 2003, Mr. Eduardo Punset Casals, appointed by the Board of Directors at its meeting on April 15, 2004, and Mr. Emilio Cassinelllo Aubán, appointed by the Board of Directors at its meeting on September 29, 2005. All three members are non-executive directors, thus maintaining the non-executive majority provided for under Act 44/2002.

- Chairman. Mr. Javier Salas Collantes.
- Member. Mr. Eduardo Punset Casals.
- Member. Mr. Emilio Cassinello Aubán.
- Secretary. Ms. Lidia García Páez.

Duties and Powers

The Audit Commission has the following duties and powers:

- To report on the Annual Financial Statements, as well as the quarterly and half-yearly statements, to be submitted to the market regulatory or supervisory bodies, making express mention of the company's internal monitoring systems, the internal auditing processes used to ensure monitoring and compliance with said systems and, where applicable, the accounting criteria applied.
- To report to the Board any changes to the accounting criteria, as well as any risks, whether on or off the balance sheet.
- To report to the General Meeting of Shareholders on any questions raised by shareholders concering issues falling with the scope of its responsibilities.
- To propose the appointment of external auditors to the Board of Directors, so that the latter may submit said proposal to the General Meeting of Shareholders.
- To oversee the internal audit services. The Commission shall have full access to the internal audit service and shall provide reports throughout the process to select, appoint, renew or remove directors, as well as during the negotiations to determine their compensation. It shall moreover report on the department's budget.
- To be apprised of the Company's financial reporting procedure and its internal control systems.
- To maintain relations with the Company's external auditors in order to stay apprised of any matters that might place the independence of said auditors at risk

- and of any other matters relating to the process of auditing the Company's accounts.
- To summon those Directors it considers necessary to Audit Commission meetings and to receive reports from them on any information the Commission deems relevant.
- To draft an annual report on the Audit Commission's activities for inclusion in the management report.

Structure and Operation

The Audit Commission meets as often as needed to perform its duties and, at least, once per quarter.

Over the 2007 fiscal year, the Audit Commission met a total of ten times.

The Audit Commission is deemed quorate when a majority of its members are present. Only non-executive directors may act as proxies for other members.

Nominating and Compensation Commission

Composition

The Nominating and Compensation Commission was set up on June 30, 2005 by the Board of Directors, and its Rules of Operation were approved on the same date.

The Nominating and Compensation Commission is comprised of three Officers appointed by the Board of Directors. Two of its members are independent directors, thereby ensuring an independent majority. Commission members are appointed for four-year terms and may be reelected for equal terms.

The Nominating and Compensation Commission elects a Chairman from among its members. The Director of Human Resources acts as the Company's Nominating and Compensation Commission Secretary.

The Nominating and Compensation Commission is currently composed of the following members:

- Chairman. Mr. Cándido Velázquez-Gaztelu.
- Member. Mr. Miguel Cuenca Valdivia.
- Member. Mr. Bernardo José Villazán Gil.
- Secretary. Ms. Aránzazu Amaya Caja Chocarro.

Duties and Powers

The Nominating and Compensation Commission has the following duties and powers:

- To report to the Board of Directors on the appointment, reelection, removal and compensation of board members, as well as on the compensation and incentive policy for board members and senior management in general.
- To report in advance on all proposals the Board of Directors intends to submit to the General Shareholders Meeting regarding the appointment or removal of Directors, including cases of co-optations by the Board of Directors.

- To prepare an annual report on the Nominating and Compensation Commission's activities for inclusion in the annual management report.

Structure and Operation

The Nominating and Compensation Commission meets as often as needed to perform the duties set out above and, at least, once every six months. As a general rule, the meetings are to be held at the Company's registered office. However, the Commission's members may choose to hold any given meeting at a different venue. The Nominating and Compensation Commission also meets whenever convened by the Chairman at his or her own initiative or by request of any Commission member. Members may likewise indicate to the Chairman, at any time, the advisability of including a particular item on the next meeting's agenda. Meetings and their agendas must be announced in writing, well enough in advance and never with less than three days' notice. Nevertheless, the Nominating and Compensation Commission may also hold a meeting when all of its members are present and agree to do so.

The Nominating and Compensation Commission is considered quorate when a majority of its members is present. Only independent directors may serve as proxies for members.

The Commission's resolutions will be validly passed whenever so voted by a majority of the Commission members in attendance. In the event of a tie, the Chairman shall cast the deciding vote.

The Nominating and Compensation Commission met eight times during the year 2007.

Risk Management Systems

The structure of Risk Management at Telvent is based on three core components: common management systems, mandatory procedures and internal audit services. A definition of each component is provided below, along with an explanation of its objectives, features and functions.

Common Management Systems

Definition

Telvent's common management systems implement the company's internal rules and methodology for assessing and managing risk. They represent a common culture for the management of Telvent's businesses and allow for accumulated knowledge to be shared and for consistent operating criteria and standards to be established.

Objectives

- To identify possible risks, which, although inherent to any business venture, must be minimized and taken into consideration.
- To optimize day-to-day management, implementing procedures intended to enhance financial efficiency, reduce expenses and standardize and ensure the compatibility of the company's information and management systems.
- To promote synergies between and create value for Telvent's different business groups, fostering a collaborative working environment.
- To reinforce corporate identify, ensuring that all Telvent companies respect their shared values.

- To achieve growth through strategic development that seeks innovation and new medium- and long-term opportunities.

The systems apply to the entire organization on three different levels:

- All business groups and business areas.
- All management levels.
- All types of operations.

In a corporation such as Telvent, with over 30 companies and presence in more than 40 countries, and a workforce of over 5,000 employees, defining a common management system is crucial in order to work efficiently, harmoniously and consistently.

Mandatory Procedures

Definition

Given that its shares are traded on the NASDAQ exchange, Telvent drew up plans to bring its Risk Management model in line with the conceptual framework established in the Sarbanes-Oxley (SOX) Act. To this end, a series of Mandatory Procedures were created, intended to manage risks relating to financial reporting. Together with the Common Management Systems, these procedures make up Telvent's Internal Control System.

Objectives

- To provide Telvent with a suitable internal control system able to ensure that all relevant financial information is reliable and known to management.
- To enhance Corporate Governance and promote ethical business practices.
- To serve as a comprehensive and user-friendly guide to the Company's internal operations (IT systems, departments, documentation, etc.).
- To encourage efficiency in activities, transactions and coordination among different departments.

General Shareholders Meetings

Rules of Procedure

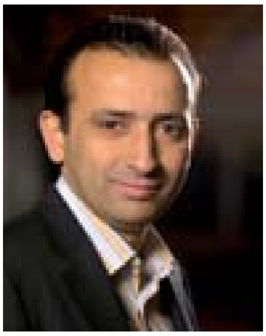
In keeping with the recommendation of the Special Commission to Foster Transparency and Security in the Markets and Listed Companies, on September 1, 2004, Telvent's Board of Directors approved systematic and structured rules of procedure for the General Shareholders Meeting. These rules were unanimously approved at the General Shareholders Meeting held on October 8, 2004. The most recent changes to the Rules were approved by the General Shareholders Meeting held on May 24, 2006. In addition to the provisions laid down in the Companies Act, the Rules establish a set of basic guidelines for holding the General Shareholders Meeting that guarantee shareholders' rights to be informed, attend, vote and be represented by proxy at the meetings. The entire text of the Rules of Procedure for the General Shareholders Meeting is available on the Telvent website at **www.telvent.com**.

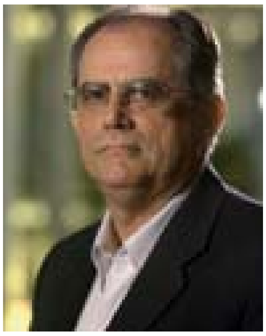
At Telvent, we work to meet the objectives we commit to.
Our commitment is to keep working with the same energy,
convinced that the best is yet to come.

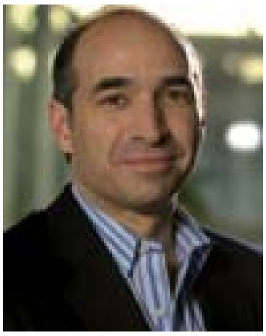
Management Team and Telvent Headquarters

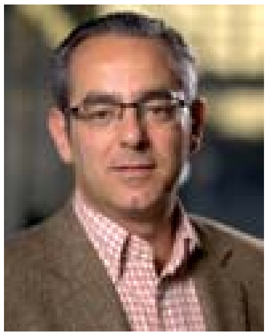
Management Team

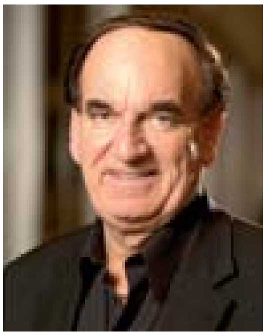


Management Team

Telvent

Chairman and Chief Executive Officer
Manuel Sánchez

Chief Financial Officer and Head of Investor Relations
Ana Plaza

Director of Administration
Raul Agüera

Chief Reporting Officer
Bárbara Zubiría

Legal Counsel
Lidia García

Director of Marketing and Communication
Gema Montoya

Director of Human Resources
Aránzazu Amaya Caja

Chief Operation, Quality Assurance and Innovation Officer
Rafael Ángel Bago

Chief Technology Officer
Francisco Cáceres

Director of Business Development
Javier Garoz

Director of Internal Auditing
Carmen Rodríguez

Energy

President
Larry Stack

Executive Vice President
Ignacio González-Domínguez

Environment

Executive Vice President
Javier Garoz

Transportation

President
José Montoya

Executive Vice President
José María Flores

Public Administration

Executive Vice President
Adolfo Borrero

Global Services

Executive Vice President
José Ignacio del Barrio

North America

Chairman
Dave Jardine

Mexico

Chairman
Luis Rancé

Managing Director
José Ramón Salgado

Brazil

Chairman
Marcio Leonardo

Venezuela

Managing Director
George Galaz

Argentina

Managing Director
Ignacio Llorente

China

Chairman
Dai Yue

Managing Director
Gustavo Costa

Australia

Managing Director
José Antonio Álvarez

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F.+618 92 44 2379

Australia - Melbourne
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Koza Sokak 74/10, Gaziosmantasa,
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Telvent Headquarters


WORLD STO
Techs depressed by

In 2007, we experienced an increase in revenues with respect to the previous year. We ended the year with revenues totaling 624 million euros.

Economic and Financial Information

Deloitte.

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Torre Picasso
28020 Madrid
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www.deloitte.es

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Telvent GIT, S.A.:

We have audited the accompanying consolidated balance sheets of Telvent GIT, S.A. and subsidiaries (the "Company") as of December 31, 2007 and 2006, and the related consolidated statements of operations, cash flows, and shareholders' equity for each of the two years in the period ended December 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The consolidated financial statements of the Company for the year ended December 31, 2005, were audited by other auditors whose report, dated April 3, 2006, expressed an unqualified opinion on those statements.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Telvent GIT, S.A. and subsidiaries as of December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2007, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2008 expressed an unqualified opinion on the Company's internal control over financial reporting.

Deloitte, SL

Madrid, Spain
February 22, 2008

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, Tomo 13.650, folio 188, sección 8, hoja M-54414, inscripción 96, C.I.F.: B-79104469. Domicilio Social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso - 28020 Madrid

PRICEWATERHOUSECOOPERS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the board of directors and shareholders of Telvent GIT, S.A:

We have audited the accompanying consolidated balance sheets of Telvent GIT, S.A. and its subsidiaries as of December 31, 2005 and December 31, 2004, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Telvent GIT, S.A. and its subsidiaries at December 31, 2005 and December 31, 2004 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers

April 3, 2006
Madrid, Spain

PricewaterhouseCoopers Auditores, S.L. - R.M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número SO242 – CIF: B-79031290

TELVENT

Management's Annual Report on Internal Control over Financial Reporting

Telvent's management, under the supervision of its Chief Executive Officer, Chief Reporting Officer, and Chief Accounting Officer, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision of our Chief Executive Officer, Chief Reporting Officer, and Chief Accounting Officer, our management assessed the design and effectiveness of the Company's internal control over financial reporting as of December 31, 2007.

Management excluded from the scope of its assessment the internal control over financial reporting at Caseta Technologies, Inc. which was acquired on April 27, 2007, and Matchmind Holding, S.L. and its subsidiaries Matchmind S.L. and Matchmind Ingenieria de Software, S.L., which were acquired in October 2007. The effect of the consolidation of these newly acquired businesses on our consolidated financial statements represent 0.18% of net assets, 3.80% of total assets, 3.21% of revenues, and 2.70% of net income as of and for the year ended December 31, 2007. In making its assessment, management used the criteria set forth in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, our management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2007.

TELVENT

The Company's independent registered public accounting firm, Deloitte, S.L., has also audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2007. Deloitte, S.L.'s report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2007 is furnished in this Annual Report.

February 22, 2008

Manuel Sánchez
Chief Executive Officer

Bárbara Zubiria
Chief Reporting Officer

Raúl Agüera
Chief Accounting Officer

Deloitte.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Telvent GIT, S.A.:

We have audited the internal control over financial reporting of Telvent GIT, S.A. and subsidiaries (the "Company") as of December 31, 2007, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in *Management's Annual Report on Internal Control over Financial Reporting*, management excluded from its assessment the internal control over financial reporting at Caseta Technologies, Inc., which was acquired on April, 2007, and Matchmind Holding, S.L. and its subsidiaries Matchmind, S.L. and Matchmind Ingeniería de Software, S.L., which were acquired in October 2007, and whose aggregate financial statements constitute 0.18% of net assets, 3.80% of total assets, 3.21% of revenues, and 2.70% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2007. Accordingly, our audit did not include the internal control over financial reporting at the mentioned companies. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2007 of the Company and our report dated February 22, 2008 expressed an unqualified opinion on those financial statements.

Deloitte, S.L.

Madrid, Spain
February 22, 2008

Consolidated Balance Sheets
(In thousands of Euros, except share amounts)

	As of December 31, 2007	As of December 31, 2006
Assets:		
Current assets:		
Cash and cash equivalents	€ 73,755	€ 69,232
Restricted cash	8,590	8,045
Other short-term investments	461	386
Derivative contracts	3,544	2,814
Accounts receivable (net of allowances of € 639 in 2007 and € 2,719 in 2006)	143,261	144,763
Unbilled revenues	196,307	101,317
Due from related parties	38,773	47,958
Inventory	21,194	19,274
Other taxes receivable	9,309	13,258
Deferred tax assets	2,399	3,692
Other current assets	3,476	7,016
Total current assets	**€ 501,069**	**€ 417,755**
Deposits and other investments	7,103	1,795
Investments carried under the equity method	219	—
Property, plant and equipment, net	52,975	51,215
Long-term receivables and other assets	8,605	11,236
Deferred tax assets	16,529	14,954
Other intangible assets, net	22,381	21,260
Goodwill	64,638	37,416
Total assets	**€ 673,519**	**€ 555,631**
Liabilities and shareholders' equity:		
Accounts payable	€ 252,624	€ 216,614
Billings in excess of costs and estimated earnings	35,501	26,568
Accrued and other liabilities	13,668	10,389
Income and other taxes payable	21,452	26,901
Deferred tax liabilities	2,546	5,347
Due to related parties	25,315	23,512
Current portion of long-term debt	3,488	1,514
Short-term debt	63,998	32,295
Short-term leasing obligations	7,075	2,562
Derivative contracts	3,686	3,269
Total current liabilities	**€ 429,353**	**€ 348,971**
Long-term debt less current portion	12,230	15,188
Long-term leasing obligations	22,959	1,834
Other long term liabilities	8,198	5,716
Deferred tax liabilities	6,361	6,276
Unearned income	409	131
Total liabilities	**€ 479,510**	**€ 378,116**
Minority interest	**3,889**	**794**
Commitments and contingencies (Note 19)		
Shareholders' equity:		
Common stock, € 3.005 par value, 29,247,100 shares authorized, issued and outstanding, same class and series	87,889	87,889
Additional paid-in capital	42,072	40,338
Accumulated other comprehensive income (loss)	(5,294)	(2,142)
Retained earnings	65,453	50,636
Total shareholders' equity	**€ 190,120**	**€ 176,721**
Total liabilities and shareholders' equity	**€ 673,519**	**€ 555,631**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Operations
(In thousands of Euros, except share and per share amounts)

	Year Ended December 31,		
	2007	2006	2005
Revenues	€ 624,317	€ 503,844	€ 402,369
Cost of revenues	485,612	393,219	319,712
Gross profit	€ 138,705	€ 110,625	€ 82,657
General and administrative	53,900	39,850	25,286
Sales and marketing	13,668	13,730	13,023
Research and development	19,106	16,465	14,980
Depreciation and amortization	10,623	9,562	8,225
Total operating expenses	€ 97,297	€ 79,607	€ 61,514
Income from operations	€ 41,408	€ 31,018	€ 21,143
Financial income	10,181	3,471	3,355
Financial expense	(20,063)	(10,114)	(6,787)
Income from companies under equity method	324	—	—
Other income (expense), net	(2,025)	(387)	—
Total other income (expense)	€ (11,583)	€ (7,030)	€ (3,432)
Income before income taxes	€ 29,825	€ 23,988	€ 17,711
Income tax expense (benefit)	4,680	2,080	2,972
Net income before minority interest	€ 25,145	€ 21,908	€ 14,739
Loss/(profit) attributable to minority interests	(268)	(70)	(373)
Net income	€ 24,877	€ 21,838	€ 14,366
Earnings per share			
Basic and diluted net income per share	€ 0.85	€ 0.75	€ 0.49
Weighted average number of shares outstanding			
Basic and diluted	29,247,100	29,247,100	29,247,100

The consolidated statements of operations include the following income and (expense) items from transactions with related parties. See Note 23 to the consolidated financial statements:

	Year Ended December 31,		
	2007	2006	2005
Revenues	€ 28,461	€ 29,226	€ 22,635
Cost of revenues	(14,335)	(10,636)	(10,236)
General and administrative	(6,811)	(5,646)	(4,254)
Financial (expense), net	(2,415)	(1,409)	(321)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows
(In thousands of Euros)

	Year Ended December 31, 2007	2006	2005
Cash flows from operating activities:			
Net income	€ 24,877	€ 21,838	€ 14,366
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	10,902	9,986	10,625
Net foreign exchange (gains) losses	1,324	(903)	849
Allowance for doubtful accounts	(411)	278	485
Deferred income taxes	(4,848)	(2,769)	1,602
Minority interests	268	70	373
Compensation related to stock compensation plans	1,735	1,910	1,413
Loss (gains) on sale of investments	—	387	—
Change in operating assets and liabilities, net of amounts acquired:			
Accounts and other long-term receivable	693	(44,333)	(16,019)
Inventory	(3,102)	(8,149)	(1,136)
Unbilled revenues	(89,534)	(26,743)	(36,917)
Related parties trade receivables and other assets	18,642	(8,484)	(5,614)
Billings in excess of costs and estimated earnings	9,626	8,248	3,951
Accounts payable, accrued and other liabilities, related parties trade payable	46,556	87,443	43,736
Due to temporary joint ventures	(2,817)	(2,060)	(11,515)
Net cash provided by (used in) operating activities	**€ 13,911**	**€ 36,719**	**€ 6,199**
Cash flows from investing activities:			
Restricted cash — guaranteed deposit of long term investments and commercial transactions	(545)	(4,862)	4,845
Due from related parties	(11,632)	4,552	(5,018)
Purchase of property, plant & equipment	(2,948)	(2,313)	(3,894)
Acquisition of subsidiaries, net of cash acquired	(32,414)	(43,208)	(4,957)
Disposal / (Acquisition) of investments	(5,281)	941	789
Net cash provided by (used in) investing activities	**€ (52,820)**	**€ (44,890)**	**€ (8,235)**
Cash flows from financing activities:			
Proceeds from long-term debt	371	1,084	9,196
Proceeds from sale and lease-back transaction	25,315	—	—
Repayment of long-term debt	(4,284)	(11,576)	(15,128)
Proceeds of short-term debt	40,134	16,095	7,157
Repayment of short-term debt	(15,737)	(5,758)	(1,947)
Dividends paid	(8,774)	—	—
Proceeds (repayments) of government loans	(844)	(1,094)	(1,735)
Due to related parties	7,770	(218)	3,099
Net cash provided by (used in) financing activities	**€ 43,951**	**€ (1,467)**	**€ 642**
Net (decrease) increase in cash and cash equivalents	€ 5,042	€ (9,638)	€ (1,394)
Net effect of foreign exchange in cash and cash equivalents	(519)	(1,140)	889
Cash and cash equivalents at the beginning of period	60,997	67,796	69,582
Joint venture cash and cash equivalents at the beginning of period	8,235	12,214	10,933
Cash and cash equivalents at the end of period	€ 73,755	€ 69,232	€ 80,010
Supplemental disclosure of cash information:			
Cash paid for the period:			
Income taxes	€ 5,853	€ 2,507	€ 1,153
Interest	€ 12,068	€ 8,275	€ 5,802
Non-cash transactions:			
Capital leases (Note 19)	€ 2,780	€ 1,796	€ 2,622

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Shareholders' Equity
(In thousands of Euros, except share amounts)

	Ordinary Shares		Additional Paid-in capital	Retained Earnings	Deferred Stock Compensation	Accumulated Other Comprehensive Income / (Loss)	Total Shareholders' Equity
	Shares	Amount					
Balance, December 31, 2004	29,247,100	€ 87,889	€ 40,319	€ 14,432	€ (3,305)	€ (3,364)	€ 135,971
Comprehensive income:							
Net Income	—	—	—	14,366	—	—	14,366
Foreign currency translation adjustment	—	—	—	—	—	6,247	6,247
Total comprehensive income:							20,613
Reclass of stock compensation, net to shareholders' equity	—	—	152	—	—	—	152
Amortization of stock compensation	—	—	—	—	1,261	—	1,261
Balance, December 31, 2005	**29,247,100**	**€ 87,889**	**€ 40,471**	**€ 28,798**	**€ (2,044)**	**€ 2,883**	**€ 157,997**
Comprehensive income:							
Net Income	—	—	—	21,838	—	—	21,838
Foreign currency translation adjustment	—	—	—	—	—	(5,025)	(5,025)
Total comprehensive income							16,813
Elimination of deferred compensation balance	—	—	(2,044)	—	2,044	—	—
Amortization of formula based stock compensation plan	—	—	1,640	—	—	—	1,640
Parent Company stock purchase plan expense	—	—	271	—	—	—	271
Balance, December 31, 2006	29,247,100	€ 87,889	€ 40,338	€ 50,636	€ —	€ (2,142)	€ 176,721
Cumulative effect adjustment FIN-48				(1,286)			(1,286)
Comprehensive income:							
Net Income	—	—	—	24,877	—	—	24,877
Foreign currency translation adjustment	—	—	—	—	—	(3,439)	(3,439)
Derivatives qualifying hedges						287	287
Total comprehensive income:							21,725
Amortization of formula based stock compensation plan	—	—	1,506	—	—	—	1,506
Parent Company stock purchase plan expense	—	—	228	—	—	—	228
Dividends	—	—	—	(8,774)	—	—	(8,774)
Balance, December 31, 2007	29,247,100	€ 87,889	€ 42,072	€ 65,453	€ —	€ (5,294)	€ 190,120

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements
(In thousands of Euros, except share and per share amounts)

1. Description of Business

Telvent Sistemas y Redes, S.A. was incorporated on April 4, 2000 and is registered in the Madrid Registry of Companies, Volume 15,370, Folio 164, Sheet No. M-257879, 1st entry, C.I.F. No. A-82631623. Its corporate headquarters are located in Madrid, Spain. At the general shareholders' meeting held on January 23, 2003, Telvent Sistemas y Redes, S.A. changed its name to Telvent GIT, S.A. ("Telvent" or "the Company"). Telvent is a majority owned subsidiary of Abengoa, S.A. ("Abengoa Group").

Telvent is an information technology company engaged in securing a sustainable and secure world and specialized in providing high value-added products, services and integrated solutions to customers in targeted industrial sectors (Energy, Transportation, Environment and Public Administration), as well as Global IT Services, primarily in Europe, North America, Latin America (including Mexico), the Asia-Pacific region, the Middle-East and Africa. These products and services solutions include systems integration, consulting services, design and engineering services, maintenance services and software that enable our customers to more efficiently manage their operations, business processes and customer services.

Within these financial statements, "Abengoa" refers to Abengoa, S.A. and its subsidiaries, but excluding Telvent and its subsidiaries. The "Abengoa Group" refers to Abengoa, S.A. and its subsidiaries, including Telvent and its subsidiaries.

2. Significant Accounting Policies

Principles of Consolidation

The Consolidated Financial Statements of Telvent, together with its subsidiaries, include the accounts of all majority-owned domestic and foreign subsidiaries and variable interest entities that are required to be consolidated. All intercompany profits, transactions and balances have been eliminated upon consolidation. Investments in joint ventures and other entities over which the Company does not have control, but does have the ability to exercise significant influence over the operating and financial policies, are carried under the equity method. There were no such investments at December 31, 2006. Non-marketable equity investments in which the Company does not exercise control or have significant influence over the operating and financial policies are accounted for using the cost methods subject to other-than-temporary impairment.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments, including deposits, money market funds, and commercial paper with maturities of three months or less when purchased, to be cash equivalents.

At December 31, 2006, there were deposits amounting to € 8,045, which constituted a counter-guarantee of certain obligations assumed by the Company during the normal course of business. These deposits were restricted for use until the cash was received by the third party, which will release the Company's obligation. The cash was received from third parties during the first quarter of 2007, and we have thus been released from the restriction.

At December 31, 2007, there were deposits amounting to € 8,590, which also constituted a counter-guarantee of certain obligations assumed by the Company during the normal course of business. These deposits are restricted for use until the cash is received by the third party, which will release the Company's obligation.

(In thousands of Euros, except share and per share amounts)

As of December 31, 2007, the Company had the following cash equivalents:

Financial fund	Name	Currency	Maturity Date	Amount
ABN Funds	Interest Growth Fund	Euro	Daily	6,000
	Global Liquidity Fund	Euro	Daily	672
	Euro Plus Fund	Euro	Daily	4,270
Deutsche Bank Funds	DWS Institutional Money Plus	Euro	Daily	9,806
			Total	€20,748

Allowance for Doubtful Accounts

The allowance for doubtful accounts is used to provide for impairment of receivables on the balance sheet. The balance represents an estimate of probable but unconfirmed losses in the collection of accounts receivable balances. A specific receivable is reviewed for impairment when, based on current information and events, it is deemed probable that contractual amounts will not be fully collected. Factors considered in assessing recoverability include a customer's extended delinquency and filing for bankruptcy. An impairment allowance is recorded based on the difference between the carrying value of the receivable and the expected amount of collection.

Financial Instruments

Derivatives

All derivative instruments are recognized in the financial statements and are measured at fair value regardless of the purpose or intent for holding them. The Company, as part of its foreign currency risk management program, has entered into numerous forward exchange contracts to protect against fluctuations in foreign currency exchange rates on long-term projects and anticipated future transactions. We generally hedge our currency risk on a project-specific basis only when our revenues and/or costs are denominated in currencies that differ from the functional currency of our contracting entity. We currently do not engage in currency translation hedging with respect to the Euro. In addition, the Company has entered into interest rate caps in order to manage interest rate risk on certain long-term variable rate financing arrangements.

Although all forward exchange contracts and interest rate caps are used solely as economic hedges, the Company has begun applying hedge accounting under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, starting January 1, 2007, on contracts entered into on or after such date. As a result, these transactions have been designated as cash flow hedges and are recorded at fair value within the balance sheet, with the effective portion of changes in fair value recorded temporarily in equity (other comprehensive income). Such unrealized gains and losses are recognized in earnings, along with the related effects of the hedged item, once the forecasted transaction occurs. Any ineffective portion of the hedged transaction is recorded in earnings as it occurs. Derivative transactions entered into prior to January 1, 2007 are recorded at fair value with changes in fair value, recorded directly against earnings.

Additionally, the Company enters into certain long-term binding contracts that are denominated in a currency that is neither the functional nor local currency of either party. This feature of the contracts is analogous to an embedded derivative that is bifurcated from the underlying host contract at inception of the contract and, similar to freestanding derivatives, is recorded at fair value within the balance sheet, with related gains and losses recorded in earnings.

(In thousands of Euros, except share and per share amounts)

Factoring of Trade Receivables

The Company has entered into several accounts receivable factoring arrangements that provide for the accelerated receipt of approximately € 234,400 of cash for the year ended December 31, 2007 and € 164,488 for the year ended December 31, 2006 on available trade accounts receivable. Under the factoring agreements, the Company sells, on a revolving and non-recourse basis, certain of its trade accounts receivable ("Pooled Receivables") to various financial institutions. These transactions are accounted for as sales because the Company has relinquished control of the Pooled Receivables and the Company does not maintain any continuing involvement with the sold assets. Accordingly, Pooled Receivables sold under these facilities are excluded from receivables in the accompanying consolidated balance sheet. The Company incurs commissions of approximately 0.15% to 0.30% of the Pooled Receivable balance. The commission and interest expense are recorded as a charge to earnings in the period in which they are incurred, as the commission and interest expense is in effect a loss on the sale of the asset. The total amount of commission expense included in financial expense for the years ended December 31, 2007, 2006 and 2005 was € 2,288, € 2,338 and € 1,446, respectively.

In addition, the Company has entered into some accounts receivable factoring arrangements where it is not relinquishing control of the pooled receivables and therefore these transactions are not accounted for as sales. The cash received is classified within short-term debt in the accompanying consolidated balance sheet.

Inventory

Inventory is valued at the lower of cost or net realizable value and is determined using the average cost method. Inventory consists of raw materials and work-in-progress, which includes the cost of direct labor, materials and overhead costs related to projects.

Property, Plant and Equipment

Property, plant and equipment are recorded at historical cost and depreciated using the straight-line method over the following estimated useful lives:

Buildings and surface rights	20 years
Integral equipment	3 - 20 years
Furniture and fixtures	7 - 10 years
Computer equipment	3 - 4 years
Vehicles	5 - 12 years
Other	3 - 7 years

Repairs and maintenance are expensed as incurred, while improvements that increase the economic life of the asset are capitalized and amortized accordingly. Gains or losses upon sale or retirement of property, plant and equipment are included in the consolidated statement of operations and the related cost and accumulated depreciation are removed from the consolidated balance sheet.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price of identifiable tangible and intangible net assets over the fair value of these net assets as of the date of acquisition. Other intangible assets represent the fair value of intangible assets identified on acquisition. The Company applies the provisions of SFAS 142, Goodwill and Other Intangible Assets, which require that goodwill, and certain other intangible assets deemed to have an indefinite useful life, not be amortized, but instead be assessed annually for impairment using fair value measurement techniques.

Other intangible assets represent identifiable intangibles with a finite life and are recorded at fair value at the date of acquisition and are amortized using the straight-line method over the following estimated useful lives:

Software development and licenses	4 years
Purchased software technology	5 - 10 years
Customer contracts backlog	1 - 5 years
Customer relationships	2 -10 years
Trade names	5 years
In process research and development	Immediately

Other intangible assets also include brand name, arising from the purchase of Miner & Miner and Telvent Farradyne, which are not amortized, as they are deemed to have an indefinite useful life.

The Company has recorded intangibles for acquired customer relationships due to the fact that the Company has historically experienced a high incidence of repeat business for system sales and ongoing service support. The Company has identified both contractual and non-contractual customer relationships (as distinct from contractual backlog) in its oil and gas, water, electric utilities, remote terminal units ("RTU") parts, repair businesses and traffic and transport. The customer contract backlog intangible is being amortized over the period of the related contracts, ranging normally from one to ten years. The customer relationship intangible is being amortized generally over a period from two to ten years depending on the related acquisition, as the cash flows show strong and consistent net inflows over a ten-year period. The Company uses strait-line amortization for customer relationships because of relatively consistent expected cash flows over the ten-year useful life. In-process research and development acquired in a business combination is fully amortized immediately after acquisition.

Maintenance costs related to software technology are expensed in the period in which they are incurred.

Valuation of Long-Lived Assets

The Company reviews the carrying value of its long-lived assets, including property, plant and equipment, and finite life intangibles whenever events or changes in circumstances indicate that the carrying value may not be recoverable. To the extent the estimated undiscounted future cash inflows attributable to the asset, less estimated undiscounted future cash outflows, are less than the carrying amount, an impairment loss is recognized in an amount equal to the difference between the carrying value of such assets and fair value. Assets for which there is a committed disposition plan, whether through sale or abandonment, are reported at the lower of carrying value or fair value less costs to sell.

Revenues

Revenues consist primarily of two types of revenues streams: products and services solutions and managed services.

- Products and Services Solutions (Projects)

The Company provides products and services solutions generally under short and long-term fixed-price contracts. The contracts periods range from three months to approximately three years in length. Income for these contracts is recognized following the percentage-of-completion method, measured by the cost-to-cost method in accordance with the SOP 81-1, Accounting for Performance of Construction-Type and Certain Production-Type Contracts. The revenue earned in a period is based on total actual costs incurred plus estimated costs to completion.

Billings in excess of recognized revenues are recorded in "Billings in excess of costs and estimated earnings". When billings are less than recognized revenues, the differences are recorded in "Unbilled revenues".

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs, and depreciation costs. Selling costs directly attributable to a specific project are capitalized if it is expected that such costs will be recovered. General and administrative costs are charged to expense as incurred. In the event that a loss is anticipated on a contract, it is immediately recognized in income. Changes in job performance, job conditions, and estimated profitability, and changes to the job scope may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

Additionally, since the acquisition of Miner & Miner, part of our products and services solutions revenue is derived from the sale of software, support contracts and services. Such revenue is recognized in accordance with SOP No. 97-2, "Software Revenue Recognition" and SOP 81-1. For software sales with no significant post-shipment obligations and no uncertainty about customer acceptance, revenue is recognized on delivery of software to the customer. Revenues on software sales with significant post-shipment obligations, including the production, modification, or customization of software, are recognized by the percentage-of-completion method, with progress to completion measured on the basis of completion of milestones, labor costs incurred currently versus the total estimated labor cost of performing the contract over its term, or other factors appropriate to the individual contract of sale.

- Managed Services

Managed services contracts include leasing arrangements, maintenance, monthly fixed-rate, and fixed-rate hourly contracts. The Company recognizes revenue earned on the leasing, maintenance, and monthly fixed-rate contracts on a straight-line basis over the term of the contract. For contract arrangements where there is a fixed-rate per hour charge, the income is recorded based on time incurred to date.

The Company receives funds under capital grants from government agencies and other third parties, primarily for the purposes of research and development projects. Amounts received from such parties have been included in unearned income in the balance sheet and are amortized into income during the period in which the services are performed and the cost is incurred.

Cost of Revenues

Cost of revenues includes distribution costs, direct labor, materials and the applicable share of overhead expense directly related to the execution of services and delivery of projects.

General and Administrative

General and administrative expenses include compensation, employee benefits, office expenses, travel and other expenses for executive, finance, internal audit, legal, operations, business development and other corporate and support-functions personnel. General and administrative expenses also include fees for professional services, occupancy costs and recruiting of personnel.

Advertising

Advertising costs are expensed as incurred. Advertising expense amounted to approximately € 3,431, € 2,274, and € 1,797 in 2007, 2006 and 2005, respectively.

Research and Development

Expenditures on research and development are expensed as incurred. The types of cost included in research and development expense include salaries, software, contractor fees, supplies and administrative expenses related to research and development activities. Grants received for investments in research and development are netted against the related expense.

Earnings Per Share

A basic earnings per share measure is computed using the weighted average number of common shares outstanding during the period. There were no instruments outstanding during the years ended December 31, 2007, 2006 and 2005 that would have a dilutive impact on the earnings per share calculation and accordingly, a separate fully diluted earnings per share measure is not presented.

The weighted average number of shares outstanding is calculated using the average number of days for each year.

Foreign Currency Translation

The functional currency of the Company's wholly owned subsidiaries is the local currency in which they operate; accordingly, their financial statements are translated into the Euro using the exchange rate at each balance sheet date for assets and liabilities and a weighted average exchange rate for revenues, expenses, gains and losses within the statement of operations. Shareholders' equity accounts are translated at historical exchange rates. Translation adjustments related to the balance sheet are included in accumulated other comprehensive income as a separate component of shareholders' equity.

Foreign currency transactions undertaken by the Company and its domestic subsidiaries are accounted for at the exchange rates prevailing on the applicable transaction dates. Assets and liabilities denominated in foreign currencies are translated to Euros using period-end exchange rates, and income and expense items are translated using a weighted average rate for the relevant period. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of operations.

Other Comprehensive Income (Loss)

Other comprehensive income (loss), which is reported in the accompanying statement of shareholders' equity, consists of net income (loss) and other gains and losses affecting equity that are excluded from net income. For the years ended December 31, 2006 and 2005, the Company's other comprehensive income consisted of the cumulative currency translation adjustment. For the year ended December 31, 2007, other comprehensive income also includes unrealized gains and losses on the effective portion of cash flow hedges, net of tax.

Segments

Segments are identified by reference to the Company's internal organization structure and the factors that management uses to make operating decisions and assess performance. The Company changed, effective January 1, 2007, its internal reporting structure and, from such date, has five reportable segments consisting of the following: Energy, Transportation, Environment, Public Administration, and Global Services. Prior period segment information has been restated to conform to the current year presentation.

Start-Up Activities

The Company expenses the costs of start-up activities, including organization costs, as incurred.

Stock Compensation Plan

Until December 31, 2005, the Company applied Accounting Principles Opinion No. 25, Accounting for Stock Issued to Employees ("APB 25"), and related interpretations in accounting for its formula based stock purchase plan. Compensation expense was recognized in earnings at the balance sheet date based on a formula, with the exception of shares granted after January 1, 2003, where compensation expense was recognized based on the excess, if any, of the fair-value of the Company's stock on the grant date of the award over the amount an employee is required to pay to acquire the stock. For ordinary shares sold to employees after January 1, 2003, the Company estimated the fair value of its stock at the date of sale on the basis of the midpoint of the expected price range for a public share offering less a 15% discount. The allocation of a discount was due to the non-marketability of the shares as a result of the absence of a public market in 2003.

As a result of the adoption of SFAS No. 123R, Share-Based Payment ("SFAS 123R"), on January 1, 2006, the Company designated its formula-based stock purchase plan as an equity award plan and started to record as an expense the fair value of the shares purchased by the Company's employees under the plan. As the shares sold under the incentive plan consist of unvested stock, the fair value applied was the estimated market value on the grant date, as previously calculated for the pro-forma disclosures required by SFAS 123. The Company chose the modified prospective application transition method allowed by SFAS 123R. Amounts previously classified under the "deferred stock compensation" caption of the consolidated statement of shareholders' equity were reclassified to "additional paid-in capital".

(In thousands of Euros, except share and per share amounts)

In addition, the Company has applied SFAS 123R to account for the share acquisition plan established by Abengoa in 2006 on Abengoa's shares. The plan is for members of the senior management of Abengoa and its subsidiaries, including senior management of Telvent and its subsidiaries. This plan has been accounted for as an equity award plan under SFAS 123R, and is being treated similar to a stock option plan. A valuation of the plan was been performed at the grant date, (January 23, 2006), and the corresponding compensation cost is being recognized over the requisite service period of five years and six months (cliff vesting).

The applicable disclosure requirements of SFAS 123R have been provided below for the period ended December 31, 2007, 2006 and 2005:

	Year Ended December 31,		
	2007	2006	2005
Net income as reported	€ 24,877	€ 21,838	€ 14,366
Add share-based compensation cost included in net income as reported	€ 1,734	€ 1,910	€ 1,413
Less share-based employee compensation cost that would have been included in the determination of net income if the fair value based method had been applied to all awards	€ (1,734)	€ (1,910)	€ (2,523)
Pro forma net income if the fair value based method had been applied to all awards	€ 24,877	€ 21,838	€ 13,256
Basic and diluted earnings per share as reported in Euros	€ 0.85	€ 0.75	€ 0.49
Pro forma basic and diluted earnings per share in Euros	€ 0.85	€ 0.75	€ 0.45

As the shares sold under the incentive plan consist of unvested stock, the fair value applied to arrive at the pro forma earnings and per share data was the estimated market value on the grant date.

Income Taxes

Since January 1, 2005, the Company filed its income tax as part of a consolidated tax group with some of its subsidiaries. Following the rules for tax consolidation in Spain, subsidiaries in which more than a 75% interest is owned can be consolidated for tax purposes. The remaining companies file taxes on a stand-alone basis.

Income taxes are accounted for using the asset/liability method. At each balance sheet date, a current tax asset or liability is recorded, representing income taxes currently refundable or payable. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statement and income tax purposes, as determined under enacted tax laws and rates. The income tax provision is the result of the change in these current and deferred tax accounts from period to period, plus or minus tax payments made or refunds received during the year.

Deferred tax assets and liabilities are measured in each jurisdiction at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted by the balance sheet date. The effect is included in income from continuing operations in the period of enactment. The Company adjusts its deferred tax assets and liabilities to reflect changes in tax laws or rates. As described in Note 21, during the fourth quarter of 2006, a tax reform was carried out in Spain by virtue of laws 35/2006 (introducing a new Personal Income Tax) and 36/2006 (introducing measures in order to avoid tax fraud). With respect to corporate income tax rates, Law 35/2006 reduced the 35% general corporate income tax rate available until December 31, 2006, to 32.5% for the year 2007, and 30% for year 2008 onwards. Therefore, the effect of this change has been reflected in the consolidated statement of operations for the year ended December 31, 2006.

The Company records tax loss carry-forwards as deferred tax assets to the extent that the company determines they are more likely than not to be recovered in future periods. The Company's temporary differences include allowances for research and development activities, employee training and export activities.

During the year ended December 31, 2007, the Company adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109 ("FIN 48"), which clarifies the accounting for and disclosure of uncertainty in tax positions. Additionally, FIN 48 provides guidance on the recognition, measurement, de-recognition, classification and disclosure of tax positions and on the accounting for related interest and penalties. FIN 48 supersedes SFAS No. 5, "Accounting for Contingencies," as it relates to income tax liabilities and changes the standard of recognition that a tax contingency is required to meet before being recognized in the financial statements. The determination of our provision for income taxes requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items. We establish reserves when, despite our belief that our tax return positions are fully supportable, we believe that certain positions may be challenged and that we may not succeed. Upon adoption of FIN 48, we have recorded, as a cumulative effect on retained earnings, reserves for uncertain tax positions and related accrued interest and penalties, if any. We adjust these reserves in light of changing facts and circumstances. Our provision for income taxes includes the impact of these reserve changes. We do not anticipate a significant change to the total amount of these reserves within the next 12 months.

Reclassifications

Certain prior period amounts have been reclassified to conform with the current period presentation.

3. Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, that defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles ("GAAP"), and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company does not expect the adoption of this statement to have any material effect on its financial position, results of operations or cash flows.

In September 2006, the FASB issued SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106, and 132(R). This statement requires an employer to recognize the over-funded or under-funded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. It also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. An employer with publicly traded equity securities, such as the Company, is required initially to recognize the funded status of a defined benefit post-retirement plan and to provide the required disclosures as of the end of the fiscal year ending after December 15, 2006; such requirement did not affect the Company's reported disclosures. Guidance related to the measurement date of the plans is effective for years ending after December 31, 2008. The Company does not expect the adoption of this guidance to have any material effect on its financial position, results of operations or cash flows.

On February 15, 2007, the FASB issued Statement 159, The Fair Value Option for Financial Assets and Financial Liabilities — including an amendment of FASB Statement No. 115, which permits an entity to measure certain financial assets and financial liabilities at fair value. Statement 159 offers an irrevocable option to carry the vast majority of financial assets and liabilities at fair value, with changes in fair value recorded in earnings (the "fair value option", or "FVO"). Under Statement 159, entities that elect the FVO will report unrealized gains and losses in earnings. Statement 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted. The Company does not expect the adoption of this Statement to have any material effect on its financial position, results of operations or cash flows.

(In thousands of Euros, except share and per share amounts)

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements - An Amendment of ARB No. 51. This Statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This statement also changes the way the consolidated income statement is presented, requiring consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. It also requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. This statement establishes a single method of accounting for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation, clarifiying that all of those types of transactions are equity transactions if the parent retains its controlling financial interest in the subsidiary, and eliminates the requirement to apply purchase accounting to a parent's acquisition of noncontrolling ownership interests in a subsidiary. Finally, this statement requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The Company expects that adoption of this statement will have a material effect on the presentation of its shareholders' equity, as it will include minority interest, but not on its financial position, results of operations or cash flows.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), Business Combinations. This Statement replaces SFAS No. 141, Business Combinations, but retains its fundamental requirements that the acquisition method of accounting be used for all business combinations and for an acquirer to be identified for each business combination. This statement requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date; it requires acquisition-related and expected restructuring costs to be recognized separately from the acquisition. It also requires the acquirer in a step acquisition to recognize the identifiable assets and liabilities, as well as the noncontrolling interest in the acquiree, at the full amounts of their fair values. This statement requires an acquirer to recognize assets acquired and liabilities assumed arising from contractual and noncontractual contingencies as of the acquisition date, measured at their acquisition-date fair values (the latter only if it is more likely than not that they meet the definition of an asset or a liability). It requires the acquirer to recognize contingent consideration at the acquisition date, measured at its fair value at that date; and it requires the acquirer to recognize any negative goodwill as a gain attributable to the acquirer. Finally, this statement makes significant amendments to other statements and other authoritative guidance, related to the accounting for acquired in-process research and development and changes in an acquirer's valuation allowance on its previously existing deferred tax assets. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. The Company expects that adoption of this statement will significantly affect the way its future business combinations will be accounted for.

4. Accounts Receivable

Accounts receivable consist of:

	As of December 31,	
	2007	2006
Trade accounts receivable	€ 141,654	€ 145,798
Payroll advances	2,246	1,684
Allowances for doubtful accounts	(639)	(2,719)
	€ 143,261	€ 144,763

(In thousands of Euros, except share and per share amounts)

The following analysis details the changes in the Company's allowances for doubtful accounts during the years ended December 31, 2007, 2006 and 2005:

	Year Ended December 31,		
	2007	2006	2005
Balance at beginning of the year	€ 2,719	€ 2,650	€ 2,165
Net increase (decrease) in allowances during the year	(411)	278	485
Write-offs during the year	(1,669)	(209)	—
Balance at the end of the year	€ 639	€ 2,719	€ 2,650

During the year ended December 31, 2007, the Company reversed part of its provision for doubtful accounts, in the amount of € 486, in relation to various contracts in Brazil, as it considers that changes in circumstances indicate that such amounts will be recovered.

5. Other Short-Term Investments

The following is a summary of the Company's other short-term investments as of December 31, 2007 and 2006:

	As of December 31,	
	2007	2006
Investment funds and other investments	€ 14	€ 11
Short-term guarantee deposits	447	375
	€ 461	€ 386

6. Deposits and Other Investments

Deposits and other investments consist of the following:

	As of December 31,	
	2007	2006
Deposits for rentals and customers	€ 1,521	€ 1,795
Other Investments	5,582	—
	€ 7,103	€ 1,795

On November 23, 2007, the Company´s subsidiary, Telvent Outsourcing, S.A. ("Telvent Outsourcing"), acquired 10% of the shares of Group S21 Sec Gestion, S.A. ("S21sec"), a non-public company based in Spain specializing in computer security services. The Company will also acquire an additional 10% of the shares of S21sec on or before October 31, 2010. Prior to this acquisition, the Company owned 5% of the shares of S21sec, which were purchased from a related party in October 2007. As of December 31, 2007 the total carrying amount of this investment was € 5,582.

7. Joint Ventures

The Company participates in joint venture arrangements or Union Temporal de Empresas ("UTEs") in connection with its share of certain long-term service contracts.

These joint ventures are considered to be variable interest entities as they have no equity, and are operated through a management committee comprised of equal representation from each of the ventures, which makes decisions about the joint venture's activities that have a significant effect on its success. Transfer restrictions in the agreements establish a de facto agency relationship between all ventures. In accordance with FASB Interpretation 46-R, the Company consolidates those joint ventures where it is the partner most closely associated with the joint venture. Investments in joint ventures and other entities in which the Company is not the partner most closely associated with the joint venture, but does have the ability to exercise significant influence over its operating and financial policies, are carried under the equity method. There were no such investments at December 31, 2006. At December 31, 2007, the carrying value of these investments was € 219.

(In thousands of Euros, except share and per share amounts)

As of December 31, 2007, total assets coming from these consolidated entities amounted to € 36,252 and € 54,073 as of December 31, 2007 and 2006, respectively. Total revenue recognized with respect to these consolidated joint ventures was € 42,526, € 48,577 and € 42,403, including € 29,515, € 40,947 and € 31,684 of revenues of other venture partners in these arrangements, during the twelve months ended December 31, 2007, 2006 and 2005, respectively. Total cost of revenues recognized with respect to these consolidated joint ventures was € 42,154, € 47,919 and € 42,119, including € 29,372, € 40,761 and € 31,528 of cost of other venture partners in these arrangements, during the twelve months ended December 31, 2007, 2006 and 2005, respectively. These revenues and equivalent cost of revenues were recognized based on the billings of the other venturers to the UTE. There are no consolidated assets that are collateral for the UTEs' obligations. The effect in operating cash flow was a decrease of € 2,787, € 2,279 and € 10,560 (including € 2,817, € 2,060 and € 11,515 of changes in operating assets and liabilities) for the years ended December 31, 2007, 2006 and 2005, respectively. The enterprise's maximum exposure to loss related to performance guarantees given by the Company as a result of its involvement with the UTEs that are not consolidated is € 2,024.

8. Long-term Receivables and Other Assets

Long-term receivables and other assets consist of the following:

	As of December 31, 2007	As of December 31, 2006
Long-term receivables	€ 8,512	€ 10,862
Other assets	93	374
	€ 8,605	€ 11,236

As of December 31, 2007 and 2006 long-term receivables consisted mainly of a trade note receivable to be collected monthly over a period of twenty years in relation to the execution of our El Toyo digital city project. In connection with this receivable, on November 10, 2005, we also signed a Credit Agreement with Unicaja (Note 16), that will be established on a non-recourse basis when the customer accepts delivery of the above mentioned project in its turn-key phase.

9. Inventory

Inventory consists of the following:

	As of December 31, 2007	As of December 31, 2006
Raw Materials	€ 4,609	€ 3,221
Work-in-progress	16,585	16,053
	€ 21,194	€ 19,274

10. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	2007 Cost	2007 Accumulated Depreciation	2007 Net Value	2006 Cost	2006 Accumulated Depreciation	2006 Net Value
Land and buildings	€ 6,046	€ (4,052)	€ 1,994	€ 6,128	€ (3,740)	€ 2,388
Integral equipment	53,683	(10,187)	43,496	57,677	(15,445)	42,232
Furniture and fixtures	8,598	(7,101)	1,497	7,826	(6,507)	1,319
Computer equipment	28,756	(23,575)	5,181	25,224	(20,312)	4,912
Vehicles	982	(533)	449	702	(465)	237
Other	825	(467)	358	364	(237)	127
	€ 98,890	€ (45,915)	€ 52,975	€ 97,921	€ (46,706)	€ 51,215

Total depreciation expense for property, plant and equipment other than leases for the years ended December 31, 2007, 2006 and 2005 was € 5,670, € 3,264, and € 3,220, respectively. Additionally, there are € 279, € 295 and € 665 of depreciation included in "Cost of revenues" for the years ended December 31, 2007, 2006 and 2005, respectively.

(In thousands of Euros, except share and per share amounts)

Total depreciation expense for capitalized leases for the years ended December 31, 2007, 2006 and 2005 was € 2,647, € 2,081 and € 917, respectively. Additionally there are € 701, € 1,001 and € 1,735 of depreciation included in "General and Administrative" for the years ended December 31, 2007, 2006 and 2005 respectively.

11. Other Intangible Assets

Intangible assets consist of the following:

	As of December 31,					
	2007			2006		
	Cost	Accumulated Amortization	Net Value	Cost	Accumulated Amortization	Net Value
Intangible assets, subject to amortization:						
Software licenses	€ 3,135	€ (1,615)	€ 1,520	€ 3,221	€ (2,243)	€ 978
Customer contracts and relationships	20,127	(7,132)	12,995	17,331	(6,732)	10,599
Purchased software technology	12,816	(7,042)	5,774	14,507	(5,367)	9,140
In-process research and development	566	(566)	—	566	(566)	—
Trade names	129	(17)	112	—	—	—
Total intangible assets subject to amortization	36,773	(16,372)	20,401	35,625	(14,908)	20,717
Intangible assets, not subject to amortization:						
Brand names	1,980	—	1,980	543	—	543
Total	€ 38,753	€ (16,372)	€ 22,381	€ 36,168	€ (14,908)	€ 21,260

Total amortization expense for other intangible assets for the years ended December 31, 2007, 2006 and 2005 was € 4,953, € 4,217 and € 4,088, respectively. Based on the amount of intangible assets subject to amortization at the end of 2006, the expected amortization for each of the next five years and thereafter is as follows:

	(Unaudited) Year ended December 31,
2008	€ 4,212
2009	3,778
2010	3,202
2011	2,423
2012	1,878
Thereafter	6,888
	€ 22,381

12. Acquisitions

Acquisition of Caseta Technologies

On April 27, 2007, the Company's subsidiary, Telvent Traffic North America Inc. (Telvent Traffic) , completed a stock purchase agreement pursuant to which Telvent Traffic acquired 100% of the shares of Caseta Technologies, Inc. ("Caseta"), an Austin, Texas-based company engaged in the development, supply, integration and maintenance of electronic toll collection systems from the traffic lane to the back office. The total purchase price for the acquisition of Caseta includes: (a) U.S. $ 9,000 (€ 6,918) paid on the closing; (b) contingent and variable earn-out payments which may become due to the sellers in each of the years 2008 and 2009, subject to Caseta meeting certain annual or accumulated income targets over the periods ending December 31, 2007 and 2008, and subject to a maximum aggregate amount of U.S. $ 4,375; (c) secondary earn-out payments subject to Caseta meeting certain bookings targets over the periods ended December 31, 2007, 2008, 2009 and 2010; and (d) post-closing working capital adjustment payments of up to a maximum payment of U.S. $ 900. On September 14, 2007, Telvent Traffic made a post-closing adjustment payment in the amount of U.S. $ 604.4. The calculation of the post-closing working capital adjustment payments are based in part on the amount of the closing date accounts receivable that are collected after the closing. If additional closing date accounts receivable are collected, additional adjustment payments will be made up the maximum aggregate amount for all adjustment payments of U.S. $ 900. There is an overall limit of U.S. $ 20,728 on the aggregate purchase price. Telvent is not required to make any future payments which would cause the aggregate purchase price to exceed that limit.

With respect to the secondary earn-out payments, the stock purchase agreement provides for preliminary payments to be made once Caseta reaches a certain preliminary bookings target. Under the agreement, any such preliminary payments are to be paid into an escrow and are not to be released to the sellers until the overall bookings target is reached. If Caseta does not achieve the overall bookings target, the preliminary payments paid into escrow will be returned to Telvent. A portion of the purchase price has been paid into escrow and will serve as security for the sellers' indemnity obligations to Telvent under the purchase agreement.

The Company has performed the purchase price allocation with respect to the tangible assets and identifiable intangible assets acquired and liabilities assumed (the "net assets"). The excess of the purchase price over the fair value of the net assets acquired has been allocated to goodwill. The following is a summary of the purchase price allocation at the date of acquisition (in thousands of Euros):

	As of April 27, 2007
Cash and cash equivalents	€ 13
Other currents assets	1,384
Tangible assets	108
Liabilities assumed	(634)
Intangible assets:	
Customer contracts and relationships	1,521
Software technology	2,249
Trade names	140
Goodwill	4,190
Deferred tax liability	(1,173)
Total purchase price	€ 7.798

The results of operations of Caseta have been included in the Company's Transportation segment from the date of its acquisition.

Pro forma revenues, income from operations, net income and EPS would have been as follows if this acquisition had occurred as of the beginning of the years ended December 31, 2007 and 2006, respectively:

	Year ended December 31,	
	2007	2006
	(Unaudited)	
Revenues	€ 629,274	€ 508,990
Income from operations	€ 41,923	€ 31,212
Net income	25,305	21,676
EPS	0.87	0.74

Acquisition of Matchmind

Effective October 1, 2007, the Company's subsidiary, Telvent Outsourcing, completed the acquisition of 58% of Matchmind Holding, S.L. and its subsidiaries Matchmind S.L. and Matchmind Ingenieria de Software, S.L. (collectively, "Matchmind"), a company that specializes in system integration, consulting services and information technology outsourcing, for € 23,000, plus direct acquisition expenses. The remaining shares will be held by part of Matchmind's management team, with 2% being held by its founder and former President. The agreement provides that Telvent will acquire the remaining 42% of Matchmind in three different phases, acquiring 12%, 10% and 20% in 2009, 2010, and 2011, respectively. The purchase price for each additional share purchase will be based on achieving certain financial objectives in the preceding fiscal year, with an estimated total amount of approximately € 45,000.

The Company has not yet performed the purchase price allocation to the fair value of the tangible assets and identifiable intangible assets acquired and liabilities assumed (the "net assets"). Therefore, as of December 31, 2007, the excess of the purchase price over the net book value of the net assets acquired has been allocated entirely to goodwill. The Company expects to perform this allocation by the first semester of 2008.

The results of operations of Matchmind have been included in the Company's Global Services segment from the date of its acquisition.

(In thousands of Euros, except share and per share amounts)

Pro forma revenues, income from operations, net income and EPS would have been as follows if this acquisition had occurred as of the beginning of the years ended December 31, 2007 and 2006, respectively:

	Year ended December 31, 2007	2006
	(Unaudited)	
Revenues	€ 695,979	€ 559,967
Income from operations	€ 46,635	€ 40,155
Net income	26,354	23,244
EPS	0.90	0.79

13. Goodwill

As discussed in Note 2, the Company applies SFAS 142, which requires that goodwill and certain intangible assets with an indefinite useful life not to be amortized, and should instead be reviewed for impairment annually.

During the fourth quarter of every year, the Company performs its annual impairment review for goodwill and other indefinite-life intangible assets. Based on the results of the impairment review, no charge for impairment has been required.

The following analysis details the changes in the Company's goodwill during 2007 and 2006 by segment:

	Energy	Transportation	Global Services	Total
Balance, December 31, 2005	€ 16,862	€ —	€ —	€ 16,862
Acquisitions and purchase price allocation adjustments	8,323	14,644	—	22,967
Currency translation adjustment	(1,957)	(456)	—	(2,413)
Balance, December 31, 2006	23,228	14,188	—	37,416
Acquisitions and purchase price allocation adjustments	—	9,048	20,316	29,364
Currency translation adjustment	(4)	(2,138)	—	(2,142)
Balance, December 31, 2007	€ 23,224	€ 21,098	€ 20,316	€ 64,638

14. Accrued and Other Liabilities

Accrued and other liabilities consist of the following:

	As of December 31, 2007	2006
Payroll, accrued vacation and other employee benefits	€ 6,430	€ 4,357
Notes Payable	—	652
Current portion of government loans	3,895	1,471
Other short-term liabilities	3,343	3,909
	€13,668	€10,389

As of December 31, 2006, notes payable included the deferred payment on the Beijing Blue Shield acquisition in the amount of € 652, which was paid on November 23, 2007.

(In thousands of Euros, except share and per share amounts)

15. Short-Term Debt

Short-term debt at December 31, 2007 and 2006 consists of the following:

	As of December 31,	
Credit facilities:	2007	2006
Bank of Boston	€ —	€ 814
LaSalle Bank	16,983	15,336
Caja de Ahorros y Monte de Piedad de Madrid	1,390	—
Banco Santander	2,163	—
Banco Español de Crédito (Banesto)	856	—
BNP Paribas	3,167	—
Caja de Ahorros y Pensiones (La Caixa)	758	—
Banco Bilbao Vizcaya Argentaria	704	—
Others facilities	3,169	—
Due under short term credit facilities	29,190	16,150
Advance payments	26,599	12,431
Recourse factoring agreements	3,164	—
Other short-term debt	5,045	3,714
Total short-term debt	€ 63,998	€ 32,295

In 2005, in order to finance the working capital requirements of our operations in Brazil, Telvent Brasil obtained credit facilities with several banks (Safia Bank, Citibank, Bank of Boston, Banco Santander, Central Hispano and Banco Fibra). As of December 31, 2006, € 814 was outstanding under the Bank of Boston credit facility, which was paid and cancelled on January 15, 2007.

On April 24, 2007, the Company's subsidiary, Telvent Traffic North America Inc., entered into an agreement to amend its credit agreement with LaSalle Bank National Association dated May 31, 2006. The credit agreement was amended to increase the amount available to a maximum of U.S. $ 25,000. The obligations of Telvent Traffic North America under the credit agreement are guaranteed by the Company. The credit facility was available for partial financing of acquisitions permitted under the agreement. The credit facility matures on April 30, 2008. Loans under the credit agreement bear interest on the outstanding principal amount at a rate per annum equal to either (depending on the election made by Telvent Traffic North America): (i) the prime rate in effect as publicly announced by LaSalle Bank National Association or (ii) the London Interbank Offering Rate for United States dollar deposits in the London Interbank Eurodollar market ("LIBOR"), plus an applicable margin which is based on the leverage ratio of the Company. The total amount outstanding under this facility as of December 31, 2007 was U.S. $25 million (€ 16,983).

During 2007, the Company increased its amounts available under credit facilities as a result of amounts coming from Matchmind, which the Company acquired in October 2007. The total amount outstanding under the credit facilities held by Matchmind as of December 31, 2007 was € 7,288, with € 2,762 remaining available as of that date.

In addition, the Company had, at December 31, 2007, € 1,752 of other balances outstanding with various financial institutions.

As of December 31, 2007 and 2006, respectively, advance payments consisted primarily of inter-company balances in connection with commercial transactions in the normal course of business, where the group has received advanced payments from the financial institutions.

As of December 31 2007, the Company had € 3,164 from an accounts receivable recourse factoring arrangement of its subsidiary, Telvent Farradyne.

Furthermore, as of December 2007 and 2006 "Other short-term debt" consisted primarily of amounts outstanding under corporate Diners and American Express cards.

(In thousands of Euros, except share and per share amounts)

16. Long-Term Debt

Long-term debt consists of the following:

	As of December 31, 2007	As of December 31, 2006
Total long-term debt	€ 15,718	€ 16,702
Current portion of long-term debt	(3,488)	(1,514)
Long-term debt less current portion of long-term debt	€ 12,230	€ 15,188

The Company has entered into borrowing arrangements, outstanding as of December 31, 2007, for working capital requirements, general corporate purposes and for financing certain hosting activities in Spain.

The total principal amount outstanding with each counterparty, less the corresponding current portion at December 31, 2007 and 2006 is as follows:

	As of December 31, 2007		
	Total Long-Term Debt	Current Portion of Long-Term Debt	Long-Term Debt Less Current Portion
LaSalle Bank	€ 1,997	€ 1,997	€ —
Caja de Ahorros y Monte de Piedad de Madrid	581	581	—
ING and Liscat	2,523	809	1,714
Bank of Communications	765	68	697
Unicaja	9,382	—	9,382
Caixa Cataluya	378	8	370
Others	92	25	67
	€ 15,718	€ 3,488	€ 12,230

	As of December 31, 2006		
	Total Long-Term Debt	Current Portion of Long-Term Debt	Long-Term Debt Less Current Portion
LaSalle Bank	€ 1,660	€ —	€ 1,660
Caja de Ahorros y Monte de Piedad de Madrid	1,134	560	574
ING and Liscat	3,304	781	2,523
Bank of Communications	1,201	173	1,028
Unicaja	9,403	—	9,403
Caixa Cataluya	—	—	—
Others	—	—	—
	€ 16,702	€ 1,514	€ 15,188

ABN AMRO Bank N.V. (formerly known as LaSalle Commercial Lending) Credit Facilities

Telvent Canada Ltd. (“Telvent Canada”) had three separate credit facilities with ABN AMRO Bank N.V. under a credit agreement dated May 2, 2003. The first facility (“Facility A”) was a secured revolving credit line for working capital purposes up to U.S. $8,000 (€ 5,874). Availability of funds under Facility A is based on a monthly borrowings base formula determined as a percentage of eligible accounts receivable and inventory of Telvent Canada. Amounts withdrawn under Facility A cannot exceed U.S. $8,000 (€ 5,434). By an amending agreement dated April 13, 2006, the credit agreement was amended to reduce the amount of the credit available under Facility A from U.S. $8,000 to U.S $6,000 (€ 4,556), and to add an additional secured revolving credit facility (“Facility C”) in a maximum aggregate principal amount of U.S. $12,000 (€ 8,152) solely for the purposes of issuing standby letters of credit in connection with projects in which Telvent Canada. or Telvent USA Inc. are required to provide bid, advance payment or performance securities. On April 2007, the Facility A agreement was further amended to reduce the amount available to U.S. $3,000 (€ 2,038). On October 18, 2007, this credit agreement was amended to temporarily increase the amount available under Facility A to U.S. $5,000 (€ 3,397) for a period of 30 days from October 18, 2007. As of December 31, 2007 the amount available under Facility A remains as U.S. $3,000 (€ 2,038). Facility A bears interest at a rate of LIBOR or a base rate index plus an applicable margin. Under Facility C, the fees for letters of credit are calculated on the basis of a rate per annum equal to 0.75% of the face amount of each letter of credit at the time of issuance by the bank.

The other facility ("Facility B") was a delayed draw, non-revolving, term loan facility in the amount up to U.S. $5,500 (€ 4,176), which was created to finance the acquisition of the NMS division of Metso. Facility B was repaid in April 2006, and no further amounts may be borrowed under this facility. On April 2007, the credit facility was amended to confirm that Facility B had been repaid and that no further amounts may be borrowed under that facility.

All outstanding facilities with ABN AMRO Bank N.V. Bank mature in March 2008. ABN AMRO Bank N.V. has a first security interest in all assets and equity of Telvent Canada. and Telvent USA Inc. As part of the credit facilities agreement, Telvent Canada. is restricted from paying dividends to the Company without prior written consent of the bank. As of December 31, 2007, the Company was in compliance with all covenant requirements.

Caja de Ahorros y Monte de Piedad de Madrid

Telvent Energia, S.A ("Telvent Energia") borrowed € 3,642 from Caja de Ahorros y Monte de Piedad de Madrid in October 2001. The loan bears interest at a rate of three-month EURIBOR plus 0.60% and matures in October 2008. Any future issuances of debt from Telvent Energia will be subordinated debt to that agreement until its repayment.

ING and Liscat

Telvent Housing S.A. ("Telvent Housing") has entered into three financing arrangements, one with ING and two with Liscat. The first financing arrangement with Liscat of € 6,702 was established in December 2002 and originally matured in May 2006. In 2005, the Company renewed the maturity of this loan from May 2006 to April 2010. Interest is payable monthly at a rate of twelve-month EURIBOR plus 1.10%. Abengoa guarantees this facility. The second financing arrangement with Liscat of € 3,296 was established in November 2003 and originally matured in April 2007. In 2005 the Company renewed the maturity of this loan, from April 2007 to April 2010. Interest is payable on a monthly basis at twelve-month EURIBOR plus 1.10%. Abengoa guarantees this facility.

Bank of Communications

On March 17, 2005, the Company signed a purchase contract with Beijing Development Area Co., Ltd. to purchase a new office in Beijing to establish the China headquarters for Telvent. 40% of the total purchase price of Rmb 9,384 (€ 913) was paid on closing and the balance was financed by an eight-year mortgage, which the Company entered into on May 25, 2005 with the Bank of Communications. Additionally, on May 23, 2006, the Company signed a purchase contract with Beijing Development Area Co., Ltd. to purchase a new office in Beijing adjacent to Telvent China's current headquarters. The new office will be used by Telvent Blue Shield, the company acquired by Telvent China in April 2006. 40% of the total purchase price of Rmb 9,209 (€ 896) was paid on closing and the balance was financed by an eight-year mortgage, which the Company entered into on July 14, 2006 with the Bank of Communications.

Unicaja

On November 10, 2005, the Company signed a Credit Agreement with Caja de Ahorros de Ronda, Cádiz, Almería, Málaga y Antequera (Unicaja). The total amount available under this facility is € 12,600. The term of this credit agreement is 22 years, and the interest rate is EURIBOR + 1%, on a monthly basis. The amount outstanding under this agreement at December 31, 2007 was € 9,382. This Credit Agreement has been obtained in connection with El Toyo Digital City Project, and became non-recourse when the client accepts delivery of the project. As of December 2007, delivery of the project has not been completely accepted by the customer due to certain litigation currently in progress (as desribed in Note 19) and thus, the credit facility has not yet been converted into a non-recourse facility. Nonetheless, the Company has begun to make installment payments on this agreement, as required.

Caixa Cataluña

The Caixa Catalunya debt has been assumed by the Company as a result of the acquisition of Matchmind. The total amount outstanding for these and other minor Matchmind borrowings as of December 31, 2007 is € 446.

(In thousands of Euros, except share and per share amounts)

17. Other Long-Term Liabilities

Other long-term liabilities consist of the following:

	As of December 31, 2007	As of December 31, 2006
Government loans excluding current portion	€ 1,903	€ 2,746
Long-term customer deposits	1,887	2,388
Other long-term obligations	4,408	582
	€ 8,198	€ 5,716

The Company receives interest-free, five-year loans from the Spanish Science and Technology Ministry for research and development purposes. These loans also provide a two-year grace period before repayments of principal must begin. The current portion of government loans of € 3,895 and € 1,471 as of December 31, 2007 and 2006, respectively, is included within "Accrued and other liabilities" (Note 14).

Other long-term obligations include the provision for the extraordinary variable compensation plan of € 1,048 (described in Note 22), the provision for uncertain tax positions of € 1,450 (described in Note 20), as well as the tax contingencies recognized in the purchase of Matchmind.

Long-term customer deposits represent security deposits from customers primarily in relation to long-term hosting contracts.

Maturity of Debt and Similar Obligations

The aggregate principal repayment of short-term debt, long-term debt and government loans, including amounts shown under current liabilities, required in each of the next five fiscal years and thereafter are as follows:

	Year Ending December 31,				
	Current Portion of Long-Term Debt	Short-Term Debt	Long-Term Debt Less Current Portion	Government Loans	Total
2007	€ 3,488	€ 63,998	€ —	€ 3,895	€ 71,381
2008	—	—	2,600	798	3,398
2009	—	—	494	520	1,014
2010	—	—	520	299	819
2011	—	—	547	177	724
Thereafter	—	—	8,069	109	8,178
	€ 3,488	€ 63,998	€ 12,230	€ 5,798	€ 85,514

18. Financial Instruments

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash, accounts receivable (including unbilled revenue) and long-term receivables. The Company generally does not require collateral from its customers. During the year ended December 31, 2007, the Company´s customer, Vatenfall Edilstribution AB, comprised 11.2% of the Company's revenues. During the years ended December 31, 2007 and 2006, no customer comprised greater than 10% of the accounts receivable balance.

(In thousands of Euros, except share and per share amounts)

Derivatives

The majority of the Company's assets, liabilities, sales and costs are denominated in Euros. The Company enters into contracts where revenues and costs are denominated in other currencies, principally the U.S. dollar. The Company's foreign subsidiaries also enter into contracts principally denominated in local currencies, the U.S. dollar or the Euro that are managed against the relevant functional currency or the Euro. The Company manages foreign exchange exposures in accordance with internal policies and guidelines. This is performed on an individual contract basis using foreign exchange contracts that generally have maturities of three months to twelve months and which mature when the forecasted revenues or expenses are anticipated to occur. The counterparties to these contracts are highly rated financial institutions.

Although the forward exchange contracts are used solely as economic hedges, the Company began applying hedge accounting under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, starting January 1, 2007, on contracts entered into beginning on such date. As a result, these transactions have been designated as cash flow hedges and are recorded at fair value within the balance sheet, with the effective portion of changes in fair value recorded temporarily in equity (other comprehensive income). Such unrealized gains and losses are recognized in earnings, along with the related effects of the hedged item, once the forecasted transaction occurs. Any ineffective portion of the hedged transaction is recorded in earnings as it occurs. Derivative transactions entered into prior to January 1, 2007, are recorded at fair value with changes in fair value recorded directly against earnings.

The following table provides quantitative information about the Company's outstanding foreign exchange contracts by principal currency.

	As of December 31, 2007			
	Positive Fair Value	Notional Amount	Negative Fair Value	Notional Amount
Forward exchange contracts:				
U.S. Dollars	€ 2,207	€ 68,134	€ 2,077	€ 63,222
Brazilian Reals	-	-	-	-
Canadian Dollars	8	394	42	1,199
Morocco Dirhams	-	-	1	29
Jordan Dinars	12	609	6	327
Qatari Riyals	123	4,589	22	1,422
Japanese Yen	8	486	-	-
Thai Bahts	126	1,435	247	2,812
Swedish Kronor	-	-	1,215	18,354
Australian Dollars	-	-	-	-
Yuan	12	1,404	-	144
Euro	363	28,913	76	7,835
	€ 2,859	€ 105,964	€ 3,686	€ 95,344
Interest rate contracts:				
Interest rate caps	685	19,032	-	-
Total	€ 3,544	€ 124,996	€ 3,686	€ 95,344

(In thousands of Euros, except share and per share amounts)

	As of December 31, 2006							
		Positive Fair Value		Notional Amount		Negative Fair Value		Notional Amount
Forward exchange contracts:								
U.S. Dollars	€	165	€	8,505	€	221	€	11,143
Brazilian Reals		79		6,941		107		8,833
Canadian Dollars		767		28,372		499		18,554
Morocco Dirhams		-		-		1		30
Jordan Dinars		-		-		9		764
Qatari Riyals		51		1,768		2		1,072
Japanese Yen		180		2,359		-		-
Thai Bahts		102		2,879		81		2,862
Swedish Kronor		1,062		8,691		2,349		18,827
	€	2,406	€	59,515	€	3,269	€	62,085
Interest rate contracts:								
Interest rate caps		408		19,032		-		-
Total	€	2,814	€	78,547	€	3,269	€	62,085

The above table includes embedded derivatives that the Company bifurcates from certain long-term binding contracts denominated in a different currency to the functional or reporting currency of either party. Similar to freestanding derivatives, these are recorded at fair value within the balance sheet, with related gains and losses recorded in earnings.

The Company also is exposed to interest rate risk from its interest-bearing debt obligations. The interest rate on these instruments is based on a rate of three-month or one-year EURIBOR, plus the applicable margins. The Company manages certain specific exposures using interest rate caps to limit the impact of interest rate increases. These contracts mature between 2008 and 2022. The exposure of the Company is limited to the premiums paid to purchase the caps. Total premiums paid to purchase the caps were € 397 during the year ended December 31, 2006. No premiums have been paid to purchase caps during the year ended December 31, 2007.

The ineffective portion of changes in fair value of hedged positions, reported in earnings for the twelve-month period ended December 31, 2007, amounted to € (169), and has been recorded within "financial expense."

The effective portion of cash flow hedges recorded in other comprehensive income, amounting to € 287, net of tax, will be reclassified to earnings over the next twelve months.

Fair Values of Financial Instruments

Fair value is defined as the amount that a financial instrument could be bought or sold in an arm's length transaction, other than in a forced or liquidation sale. The Company uses the following methods and assumptions in order to estimate the fair values of its financial instruments.

These determinations were based on available market information and appropriate valuation methodologies. Considerable judgment is required to interpret market data to develop the estimates and therefore, they may not necessarily be indicative of the amount the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash, Short-Term Investments, Accounts Receivable and Accounts Payable

The carrying amounts for cash and cash equivalents, short-term investments, accounts receivable, unbilled revenues and accounts payable approximate fair values due to the short maturity of these instruments, unless otherwise indicated.

(In thousands of Euros, except share and per share amounts)

Short-Term and Long-Term Debt

Debt is primarily based on variable rates with fair value approximating carrying value.

Other long-term liabilities

The fair value of interest free loans received from the Spanish Science and Technology Ministry is estimated based on quoted market prices or current rates offered to the Company for debt of similar maturities. Other long-term liabilities include payments due to suppliers. Interest is payable based on variable rates, therefore, fair value approximates carrying value.

Derivatives

The fair value derived from market information and appropriate valuation methodologies reflects the estimated amounts the Company would receive or pay to terminate the transaction at the reporting date.

The Company recognizes all forward exchange contracts and interest rate caps as either assets or liabilities in the balance sheet and measures those instruments at fair value.

The carrying value and estimated fair value of financial instruments are presented below:

	As of December 31,			
	2007		2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Cash (including restricted cash)	€ 82,345	€ 82,345	€77,277	€77,277
Other short-term investments	461	461	386	386
Accounts receivable	143,261	143,261	144,763	144,763
Derivatives	3,544	3,544	2,814	2,814
Liabilities:				
Short-term debt	63,998	63,998	32,295	32,295
Long-term debt including current portion	15,718	15,718	16,702	16,702
Other long-term liabilities	10,066	9,850	5,716	5,495
Derivatives	3,686	3,686	3,269	3,269

19. Commitments and Contingencies

Commitments

As described in Note 6, on November 23, 2007, the Company´s subsidiary, Telvent Outsourcing, acquired 10% of the shares of S21sec. The Company has a commitmment to acquire an additional 10% of its shares on or before October 31, 2010, at a price to be determined based on its future earnings.

As described in Note 12, the stock purchase agreement with respect to the Caseta acquisition provides for a contingent and variable earn-out payments and post-closing adjustments. There is an overall limit of U.S. $ 20,728 on the aggregate purchase price. The Company is not required to make any future payments which would cause the aggregate purchase price to exceed that limit.

As also described in Note 12, the Company´s subsidiary, Telvent Outsourcing, completed the acquisition of 58% of Matchmind for € 23,000 plus direct acquisition expenses. The remaining shares are held by part of Matchmind's management team, with 2% being held by its founder and former President. The agreement provides that Telvent will acquire the remaining 42% of Matchmind in three different phases, acquiring 12%, 10% and 20% in 2009, 2010, and 2011, respectively. The purchase price for each additional share purchase will be based on achieving certain financial objectives in the preceding fiscal year, with an estimated total amount of approximately € 45,000.

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(In thousands of Euros, except share and per share amounts)

Leases

The Company leases corporate buildings that it classifies as operating leases. Computer equipment and machinery used in the normal course of business and that meet the relevant criteria are classified as capital leases. The capital leases generally require interest payments based on EURIBOR plus 1.1%.

Future minimum lease payments under non-cancellable operating and capital leases are as follows:

Year Ending December 31,	Operating	Capital
2008	€ 11,327	€ 9,563
2009	9,867	7,593
2010	8,121	6,485
2011	5,934	13,151
2012	5,408	—
Thereafter	44,067	—
	€ 84,724	36,792
Less: amounts representing interest		(6,758)
Present value of future lease payments		30,034
Less: current portion		(7,075)
		€ 22,959

During 2007, the Company entered into various new capital lease agreements for an aggregate amount of € 31,557. The majority of this increase is due to an agreement entered into by Telvent Housing S.A. on October 11, 2007, for the sale and leaseback of certain equipment located in four data centers in Spain with ING Lease E.F.C., S.A., Credit Agricole Leasing Sucursal En España and Bancantabria Inversiones, S.A., E.F.C. Under the terms of these agreements, Telvent Housing sold its equipment to such financial institutions for an aggregate purchase price of € 26,155 and simultaneously leased the equipment back from them. The equipment lease agreement will expire on October 11, 2011. Telvent Housing will be responsible for lease payments in the aggregate amount of € 30,117 and payment of all operational and maintenance expenses associated with the Equipment, and will have the option to repurchase the equipment for a residual value of € 0.001 upon expiration. Such equipment has been capitalized and no gain or loss has been recorded for the sale transaction, other than the financing charges.

The remainder of the increase is due to leases for computer equipment, and furniture and fixtures. Similar to previous lease agreements the new leases require interest payments based on EURIBOR plus 1.1%.

Total rent expense under operating leases for the years ended December 31, 2007, 2006 and 2005 was € 19,673, € 11,119 and € 10,115, respectively. Total payment under capital leases for the years ended December 31, 2007, 2006 and 2005 was € 3,507, € 3,549 and € 3,095, respectively. Total rent expense under related party leases was € 374, € 276 and € 97 for the years ended December 31, 2007, 2006 and 2005, respectively.

Contingencies

From time to time, the Company has been party to various litigation and administrative proceedings relating to claims arising from its operations in the normal course of business.

On June 13, 2006, a court in Spain issued a judgment stating that the award of the concession contract for the Advanced Digital Services Center for the City of Almería (the "El Toyo Project") to Telvent was void on the grounds that the procurement procedures followed by the government of the City of Almería in awarding the contract were inadequate. The City of Almeria filed an appeal against the judgment. On July 6, 2006, Telvent, as an interested party, also filed an appeal. The filing of the appeals renders the judgment ineffective until all of the appeals have been resolved. As of December 31, 2007, the development and installation work for the El Toyo Project is complete, although acceptance by the client has not yet been obtained.

On November 23, 2007, the final payment of Rmb 6.7 million (€ 651) was made to the sellers under the share purchase agreement with respect to Telvent BBS. Discussions with the sellers of Telvent BBS are continuing regarding the resolution of certain claims by Telvent related to the carrying value of net assets purchased.

(In thousands of Euros, except share and per share amounts)

In addition, the Company is in discussions with the sellers of Telvent Farradyne, that was acquired in 2006, regarding the resolution of certain claims by Telvent related to the carrying value of net assets purchased and resulting adjustments to the purchase price.

Based on the information presently available, including discussion with counsel, management believes that resolution of these matters will not have a material adverse effect on the Company's business, consolidated results of operations, financial condition, or cash flows.

Guarantees

Performance Guarantees

In the normal course of business the Company provides performance guarantees in the form of performance bonds to customers that obligate the Company to fulfill the terms of the underlying contract. These bonds are for a fixed monetary amount and match the duration of the underlying contract that is generally between eighteen and thirty-six months. The Company requests similar bonds from sub-contractors to mitigate this risk. The guarantees are generally not drawn upon as the Company will usually successfully complete the contract or renegotiate contract terms.

Financial Guarantees

As of December 31, 2007, the Company maintains the following guarantees:

	Maximum Potential Payments	Estimated Proceeds from Collateral/ Recourse	Carrying Amount of Liabilities
Performance guarantees	€ 177,903	€ 10,813	€ —
Financial guarantees	2,897	—	—
	€ 180,800	€ 10,813	€ —

The maximum potential payments represent a "worse-case scenario," and do not necessarily reflect expected results. Estimated proceeds from collateral and recourse represent the anticipated value of assets that could be liquidated or received from other parties to offset the Company's payments under guarantees.

Product Warranties

The Company provides warranties in connection with all of its sales contracts except for housing, hosting and maintenance contracts. Warranties typically range from one to two years depending on the contract and cover factors such as non-conformance to specifications and defects in materials and workmanship. Based on historical experience, the Company has not incurred any material unexpected costs associated with servicing its warranties.

20. Income Taxes

As explained in Note 2, during the year ended December 31, 2007, the Company adopted the provisions of FIN 48, which clarifies the accounting for and disclosure of uncertainty in tax positions. As a result of the adoption of FIN 48, the Company recognized an increase of approximately € 1,286 in its reserve for uncertain tax positions, which was reflected as a decrease to the January 1, 2007 balance of retained earnings. The Company adjusts these reserves in light of changing facts and circumstances. The Company's provision for income taxes includes the impact of these reserve changes. As of December 31, 2007, the Company had approximately € 1,450 of tax liabilities, including interest and penalties, related to uncertain tax positions. The increase in the balance of the reserve for uncertain tax positions is due to uncertain tax positions arising in 2007. The Company's policy, which has not changed as a result of adopting FIN 48, is to include interest and penalties related to unrecognized tax benefits in the provision for income taxes in the accompanying consolidated statements of operations.

(In thousands of Euros, except share and per share amounts)

Final determination of a significant portion of the Company's tax liabilities that will effectively be settled remains subject to ongoing examination by various taxing authorities. The Company files income tax returns in various jurisdictions in which it operates, including U.S. Federal, U.S. state and numerous foreign jurisdictions. The Company is currently not under a tax audit in any of its jurisdictions, but has the years ranging from 2000 to 2007 open to tax audit in most of its jurisdictions, including the United States.

The taxable results of the Company are included in the various domestic and foreign consolidated tax returns of Telvent or its subsidiaries. Also, in certain states, local and foreign jurisdictions, the Company files tax returns on a stand-alone basis.

The income tax expense/(benefit) consists of the following:

	Year Ended December 31,		
	2007	2006	2005
Domestic			
Current	€ (1,330)	€ (775)	€ (1,673)
Deferred	7,079	4,313	3,445
	5,749	3,538	1,772
Foreign			
Current	(1,730)	(2,589)	(551)
Deferred	661	1,131	1,751
	(1,069)	(1,458)	1,200
Total income tax expense (benefit)	€ 4,680	€ 2,080	€ 2,972

The following is a reconciliation of the effective tax rate:

	Year Ended December 31,		
	2007	2006	2005
Income before taxes	€ 29,825	€ 23,988	€ 17,711
Domestic federal statutory tax rate	32,5%	35%	35%
	9,693	8,396	6,198
Stock compensation plans	563	669	495
Changes in valuation allowances	—	—	(564)
R&D tax credits	(3,467)	(4,909)	(2,562)
Reduction of the domestic federal statutory tax rate	(280)	(657)	—
Tax deductions and effect on different tax rates on foreign subsidiaries	(1,951)	(1,451)	(595)
Other	122	32	—
Tax Expense/ (Benefit)	€ 4,680	€ 2,080	€ 2,972

During the fourth quarter of 2006, a tax reform was carried out in Spain by virtue of laws 35/2006 (introducing a new Personal Income Tax) and 36/2006 (introducing measures in order to avoid tax fraud). With respect to corporate income tax rates, Law 35/2006 has reduced the 35% general corporate income tax rate available until December 31, 2006, to 32.5% for the year 2007, and 30% for year 2008 onwards. The effect of this change has been reflected in the consolidated statement of operations for the years ended December 31, 2007 and 2006, as deferred tax assets and liabilities should be measured in each jurisdiction at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted by the balance sheet date.

Detail of income and other taxes payable as of December 31, 2007 and 2006 are as follows:

	As of December, 31	
	2007	2006
Income tax payable	€ 4,307	€ 2,665
Other taxes payable	17,145	24,236
	€ 21,452	€ 26,901

Other taxes payable include mainly value-added tax ("VAT"), payroll withholdings on account and social security. Additionally, "Other taxes receivable" include mainly VAT.

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(In thousands of Euros, except share and per share amounts)

Up to December 31, 2006, the domestic federal statutory tax rate was 35.0%. This rate has been reduced to 32.5% for the year 2007 and 30.0% for the year 2008 and thereafter. At December 31, 2007 and 2006, the Company adjusted its deferred taxes to the new rates.

Significant components of the Company's net deferred tax assets/(liabilities) are as follows:

	As of December 31,					
	2007			2006		
	Short-Term	Long-Term	Total	Short-Term	Long-Term	Total
Deferred tax assets:						
Capitalized research and development	€ 750	€ 13,917	€ 14,667	€ 2,770	€ 12,401	€ 15,171
Net operating tax loss carry-forwards	633	1,401	2,034	407	1,140	1,547
Derivative contracts and other assets	1,016	1,211	2,227	515	1,413	1,928
	€ 2,399	€ 16,529	€ 18,928	€ 3,692	€ 14,954	€ 18,646

	As of December 31,					
	2007			2006		
	Short Term	Long-Term	Total	Short-Term	Long-Term	Total
Deferred tax liabilities:						
Revenue recognition percentage of completion	€ —	€ —	€ —	€ 4,629	€ —	€ 4,629
Intangible assets	—	6,234	6,234	—	6,198	6,198
Unrealized foreign exchange gains	936	—	936	660	—	660
Tax Deduction of goodwill	1,196	—	1,196	—	—	—
Other liabilities	414	127	541	58	78	136
	€ 2,546	€ 6,361	€ 8,907	€ 5,347	€ 6,276	€ 11,623
Net deferred tax recognized	€ (147)	€ 10,168	€ 10,021	€ (1,655)	€ 8,678	€ 7,023

During the year ended December 31, 2007, the Company changed, in most of the jurisdictions where it was not doing so already, the revenue recognition method applied for tax purposes to the percentage of completion method. The effect of such change has been a reduction of the previously recognized deferred tax liability with a corresponding increase in income tax payable.

Gross Spanish and foreign tax attribute carry-forwards as of December 31, 2007 amount approximately to € 6,024. If the net operating losses are not utilized, carry-forwards will expire from 15 to 20 years after their effective generation date.

Expiry dates of future tax loss carry-forwards are as follows:

	Year Ending December 31,
2017	€ 1,766
2018	1,913
2019	—
2020	377
2021	—
2022	—
2023	—
2024	—
2025	—
2026	604
2027	1,364
	€ 6,024

(In thousands of Euros, except share and per share amounts)

21. Share Capital

The following table shows increases in share capital of the Company since incorporation. Share capital amounts are shown in actual amounts rather than thousands of Euros:

Event	Date	Number of shares	Cumulative Balance	Cumulative Share Capital
			(In actual amount)	
	December 31, 2003		100,000	€ 60,101,000.00
Split (200 for 1)	April 15, 2004	—	20,000,000	€ 60,101,000.00
Increase in capital	October 21, 2004	8,700,000	28,700,000	€ 86,244,935.00
Increase in capital	November 19, 2004	547,100	29,247,100	€ 87,888,997.86
	Balance as of December 31, 2005, 2006 and 2007		29,247,100	€ 87,888,997.86

In each transaction involving an increase in share capital, the new shares have the same rights and obligations as those previously in circulation.

Effective April 15, 2004, the shareholders approved a 200 for 1 split of ordinary shares, resulting in an increase in the number of shares from 100,000 to 20,000,000. The nominal value of the shares decreased accordingly from € 601.01 to € 3.005.

On October 21, 2004 the number of shares were increased by 8,700,000, with an offering price of U.S. $9, in relation to the Company's initial public offering. On November 19, 2004, there was an additional increase in the number of shares of 547,100, with the same offering price of U.S. $9, due to the underwriters' partial exercise of the over-allotment option.

The proceeds from the above described increases of capital amounted to € 60,518, net of related expenses.

22. Stock Compensation Plan

Formula-based stock compensation plan

Under a plan established by Abengoa, certain of the Company's employees, including members of its management team, entered into agreements with the Company's principal shareholders to buy ordinary shares in the Company. The shares purchased were already issued and outstanding on the date of sale. All shares were sold at a pre-split price of € 601.01 (€ 3.005 post-split price), which is also the weighted-average purchase price of the shares. This par value represented a discount to fair value. The shares sold under the stock purchase plan contained certain performance and vesting features. The vesting period is 15% of the shares after three years, or upon completion of an initial public offering whichever occurred first, and the remaining 85% after five years for certain employees. For other employees, a portion of the shares sold have a vesting period of 15% after three years, or upon completion of an initial public offering whichever occurred first, 35% after five years, and the remaining 50% after seven years. The performance feature within the arrangement contains a clause whereby the seller can call portions of the shares sold if the performance criteria are not met. The performance criteria are tied to the achievement of cumulative and individual annual budgets in the first three years of the plan. In the absence of a listing of Telvent, the plan participants could sell the shares back to the seller based on a formula value, which was based on the unconsolidated results of operations of Telvent. The formula was subsequently changed to a fixed amount plus an interest return. When Telvent listed, the above repurchase feature expired.

In March 2004, various employees, including managers of the Company, were granted additional shares under the stock compensation plan. All shares were sold at a post-split price of € 3.005 per share (€ 601.01 pre-split price). The estimated fair value on the date of grant was the midpoint of the estimated offering price range of € 12.37 (€ 2,475 pre-split). The midpoint of the estimated offering price range of € 12.37 was deemed to be the fair value of the shares at March 2004. The total number of shares acquired by these employees was 140,000, which increases the total share capital ownership of employees to 9.236%.

The employees and management team have financed the purchase of the shares with a bank loan. The shares are pledged as collateral on the loan. Abengoa must bid for the shares if the share collateral is enforced.

(In thousands of Euros, except share and per share amounts)

The total number of shares purchased during the year ended December 31, 2004 is below. No additional shares have been purchased during the years ended December 31, 2005, 2006 or 2007. The Company does not plan to sell any further shares under this plan. No shares were forfeited during any of the years.

	Before Share Split	After Share Split
	(number of shares)	
Shares outstanding at December 31, 2003	7,495	1,499,000
Purchased	700	140,000
Shares outstanding at December 31, 2004 and thereafter	8,195	1,639,000

The shares were accounted for as a formula value stock plan in accordance with paragraphs 97 and 98 of EITF 00-23, with compensation expense being calculated as the difference between the purchase value (which was par value) and the formula value. Compensation expense for shares that were purchased after January 1, 2003, was calculated based on the midpoint of the expected IPO price range less a discount of 15%.

As of October 2004, the Company successfully listed its shares on the NASDAQ, as such, the put feature within the stock plan expired. The variable nature of the plans reverted to a fixed plan, apart from where performance conditions still had to be met by the employees, for which these plans continued to be variable after the date of the IPO. For the plans which are fixed plans after the date of the IPO the remaining deferred compensation was expensed over the vesting period. For plans which continue to be variable, the deferred compensation cost and resulting compensation expense has been adjusted to the market value of the shares as of December 31, 2005 and 2004. As a result of the adoption of SFAS No. 123R, Share-Based Payment ("SFAS 123R"), on January 1, 2006, the Company designated its formula-based stock purchase plan as an equity award plan and has started to record as an expense the fair value of the shares purchased by employees under the plan. As the shares sold under the incentive plan consist of unvested stock, the fair value applied was the estimated market value on the grant date, as previously calculated for the pro-forma disclosures required by SFAS 123. The Company has chosen the modified prospective application transition method allowed by SFAS 123R.

Total compensation cost recorded under this plan was € 1,506, € 1,640, and € 1,413 for the years ended December 31, 2007, 2006 and 2005, respectively.

Parent Company Stock Purchase Plan

On February 2, 2006, Abengoa implemented a Share Acquisition Plan (the "Plan") on Abengoa S.A.'s shares for members of the senior management of Abengoa subsidiaries, including 15 members of Telvent and its subsidiaries. The implementation of the Plan was approved by the Board of Directors of Abengoa on January 23, 2006. The duration of the Plan is five complete financial years (2006 — 2010) plus six months (until June 30, 2011). The Plan is based on the annual accomplishment by the participant of annual management objectives set for the participant by the management of the company with which the participant is employed. If the annual objectives are not met by the participant, the bank may sell a percentage of the shares as follows:

2006 — 30%
2007 — 30%
2008 — 15%
2009 — 15%
2010 — 10%

Under the Plan, Abengoa has a repurchase option under which Abengoa can purchase the shares from the participant on the occurrence of certain events, such as death, disability or retirement of the participant or termination of the employment of the participant with the Abengoa Group Company.

The Company has applied SFAS 123R to account for this share acquisition plan. This plan has been accounted for as an equity award plan under SFAS 123R, and is being treated similar to a stock option plan. A valuation of the plan has been performed at the grant date, which was January 23, 2006, and the corresponding compensation cost is being recognized over the requisite service period of five years and six months (cliff vesting). The acquisition cost for all participants was the average acquisition price plus associated costs for all of the shares purchased under the Plan for all participants. The fair value of the 516,100 shares granted, amounting to € 1,621 (€ 2.87 per share), less estimated forfeitures of 12,600 shares, is measured at the grant date and remains fixed unless and until the award is modified. The assumptions used in the valuation of the shares granted, performed as a theoretical valuation of an European call option on Abengoa ordinary shares as of January 23, 2006, were as follows: Abengoa spot price — € 14.15; strike price — € 26.1; Maturity — July 1, 2011; Volatility — 40%. Compensation cost recorded on this plan for the years ended December 31, 2007 and 2006 amounted to € 228 and € 271, respectively.

Extraordinary Variable Compensation Plan

On March 22, 2007, as later amended on September 20, 2007, the Nomination and Compensation Committee of the Telvent Board of Directors and the Company´s Board of Directors approved a variable compensation plan (the “Plan”) for members of the senior management of Telvent and its subsidiaries. The participants in the Plan currently include 31 members of the senior management of Telvent and various subsidiaries, including business unit managers, senior project managers, technical and research and development managers and corporate services officers and managers (the “Participants”). The Plan is based on the accomplishment of objectives based on the Strategic Plan of Telvent in effect as of December 31, 2006. The duration of the Plan is five complete fiscal years (2007 — 2011) commencing January 1, 2007 and ending December 31, 2011. The calculation and the payment of the benefits under the Plan must occur no later than June 30, 2012, after the verification of the fulfillment of the objectives.

The Plan provides for extraordinary, variable compensation to the participants based on fulfillment of the annual objectives during the term of the Plan and is in addition to any other variable compensation and/or bonuses earned or which may be earned by each participant. The total amount available for distribution under this Plan is € 10,480. The compensation only vests and becomes payable after the end of the 5th year of the Plan, but includes the following gradual vesting period based on the accomplishment of the established objectives: 10% (2007), 15% (2008), 15% (2009), 30% (2010), and 30% (2011). The Company recognizes compensation cost on this plan based on the gradual vesting percentages. For the year ended December 31, 2007, the Company recorded € 1,048 of compensation expense related to this Plan.

23. Related-Party Transactions

During the normal course of business, the Company has conducted operations with related parties, through the execution of projects, loan contracts and advisory services. The transactions were completed at market rates.

Services Agreement

The Company and certain subsidiaries have entered into a contractual arrangement with Abengoa from which the Company receives certain administrative services. Such services include finance management, centralized asset management, legal advice, institutional support with international multilateral financing organizations, institutional commercial assistance, support in providing official global ratings, auditing and consolidation, tax advisory services, negotiation and optimization of global corporate insurance policies, provision of guarantees and endorsements, services including internal communication, corporate image and institutional relations, human resource services and other specific support services upon request. Total amounts paid to Abengoa under the services agreement were € 4,853, € 4,107, and € 3,358, for the years ended December 31, 2007, 2006 and 2005, respectively.

The allocation of such expenses is based on anticipated annual sales. The allocation method is considered reasonable and properly reflects Company´s cost of doing business, as corporate expenses incurred are allocated based upon Company´s projected sales as a proportion of Abengoa’s total projected sales.

(In thousands of Euros, except share and per share amounts)

Bilateral Credit Arrangement

On April 20, 2004, the Company established a bilateral credit arrangement with Abengoa which replaced any prior credit arrangements. Under this arrangement, the Company and Abengoa could borrow funds from or lend funds to each other, from time to time upon not less than twenty-four hours' notice, up to a maximum of € 45.0 million (or the equivalent amount in any other currency quoted in the Spanish currency market). On August 1, 2007, the Company amended the agreement to increase the maximun credit limit to € 60 million (or the equivalent amount in any other currency quoted in the Spanish currency market). Borrowings under this credit arrangement bear interest at EURIBOR, or LIBOR for borrowings other than in Euro, in either case plus 0.75% per year for a period not to exceed one year, with interest added to the outstanding balance. Each borrowing matures on the last date of the fiscal year in which such borrowing was made, without requiring any earlier payment of principal. This credit arrangement is optional and either the Company or Abengoa may elect not to make loans to the other. This arrangement had an initial term ending December 31, 2004, and renews for annual one-year terms until terminated by either party.

On December 1, 2002 Telvent Mexico also established a bilateral credit arrangement with Abengoa Mexico. Under this agreement Telvent Mexico and Abengoa Mexico may borrow funds or lend funds to each other up a maximun of U.S. $10.0 million. The agreement has been amended two times,the first time, on January 1, 2006, to increase the maximun of the credit limit to U.S. $ 25.0 million and the last time, on June 1, 2007 to increase the maximum credit limit to U.S. $ 30.0 million. Borrowings under this credit arrangements bear interest at three-months LIBOR plus variable margin of 0 to 6 points. This arrangement renews for annual one-year terms until terminated by either party.

Both of the credit arrangements result a total credit line for the Company of approximately € 80,400. As of December 31, 2007, the net credit line receivable was € 22,240, with € 80,400 remaining available to the Company or Telvent Mexicoas of this date. The Company incurs no costs and receives no payments under these arrangement unless and until it borrows or loans funds thereunder.

The average monthly balance of amounts (due to) or due from Abengoa affiliates was € (33,107) and € (19,497) in 2007 and 2006, respectively. At each year-end, the creditor has the right to demand, or to give notice of its intention to demand repayment.

Details of transactions with group companies and related parties for the years ended December 31, 2007, 2006 and 2005 is provided on the face of the consolidated statements of operations.

Details of balances with group companies and related parties as of December 31, 2007 and 2006 are as follows:

	As of December 31,	
Due from related parties	2007	2006
Trade receivables	€ 3,694	€ 24,511
Credit line receivable	35,079	23,447
	€ 38,773	€ 47,958

	As of December 31,	
Due to related parties	2007	2006
Trade payables	€ 12,476	€ 18,442
Credit line payable	12,839	5,070
	€ 25,315	€ 23,512

24. Segments and Geographic Information

The Company changed, effective January 1, 2007, its internal reporting structure, and from such date, has five reportable operating segments consisting of Energy, Transportation, Environment, Public Administration, and Global Services. The segments are grouped with reference to the types of services provided and the types of clients that use those services. The Company assesses each segment's performance based on net revenues and gross profit or contribution margin. Prior period segment information has been restated to conform to current year presentation.

- Energy focuses on real-time IT solutions to better manage energy delivery efficiency. It offers measurement and control systems and services that help manage critical infrastructures and data through highly available and secure solutions in three primary areas: electricity, oil and gas.

(In thousands of Euros, except share and per share amounts)

- **Transportation** provides solutions and services for traffic information and control systems, freeway information and management applications, and automatic fare collection solutions, which through enabling more efficient management of traffic, can reduce emissions of greenhouse gases.

- **Environment** focuses on the observation of the weather, the climate, the hydrology and the atmosphere and its impacts on different economic sectors together with the provision of technology oriented to enhance the use and management of water resources by water utilities.

- **Public Administration** works for the optimization of the governmental and regional management, giving a technological and integrated response to the social challenges of global security and sustainability, for all public sectors.

- **Global Services** offers an integral technology services model that spans the full life cycle of the client's Information and Communications Technologies ("ICT"). It is comprised of consulting, integration and outsourcing services to enable the evolution and control of our customers' current and future technology needs.

	Year Ended December 31, 2007					
	Energy	Transportation	Environment	Public Administration	Global Services	Total
Revenues	€ 228,093	€ 246,794	€ 38,320	€ 50,185	€ 60,925	€ 624,317
Cost of revenues	(179,026)	(197,926)	(28,018)	(42,048)	(38,594)	(485,612)
Gross profit	€ 49,067	€ 48,868	€ 10,302	€ 8,137	€ 22,331	€ 138,705
Operating expenses						(97,297)
Other expenses, net						(11,583)
Income before income taxes						€ 29,825

	Year Ended December 31, 2006					
	Energy	Transportation	Environment	Public Administration	Global Services	Total
Revenues	€ 203,556	€ 200,419	€ 43,473	€ 23,366	€ 33,030	€ 503,844
Cost of revenues	(157,424)	(163,193)	(34,040)	(18,402)	(20,160)	(393,219)
Gross profit	€ 46,132	€ 37,226	€ 9,433	€ 4,964	€ 12,870	€ 110,625
Operating expenses						(79,607)
Other expenses, net						(7,030)
Income before income taxes						€ 23,988

	Year Ended December 31, 2005					
	Energy	Transportation	Environment	Public Administration	Global Services	Total
Revenues	€ 165,496	€ 153,742	€ 36,021	€ 12,068	€ 35,042	€ 402,369
Cost of revenues	(130,863)	(127,405)	(27,616)	(9,321)	(24,507)	(319,712)
Gross profit	€ 34,633	€ 26,337	€ 8,405	€ 2,747	€ 10,535	€ 82,657
Operating Expenses						(61,514)
Other Expenses, net						(3,432)
Income before Income taxes						€ 17,711

The majority of the joint ventures' net revenues (83%) that the Company consolidates due to FIN 46-R are included in the Company's Transportation segment.

Assets by segment

The Company evaluates its assets by segment to generate information needed for internal control, resource allocation and performance assessment. This information also helps management to establish a basis for asset realization, determine insurance coverage, assess risk exposure, and meet requirements for external financial reporting.

(In thousands of Euros, except share and per share amounts)

Segment assets of the Company are as follows:

	As of December 31, 2007					
	Energy	Transportation	Environment	Public Admin.	Global Services	Total
Segment assets	€ 192,238	€ 238,429	€ 36,738	€ 31,805	€ 111,678	€ 610,888
Unallocated assets						62,631
Total assets						€ 673,519

	As of December 31, 2006					
	Energy	Transportation	Environment	Public Admin.	Global Services	Total
Segment assets	€ 188,843	€ 195,181	€ 42,533	€ 18,529	€ 52,407	€ 497,493
Unallocated assets						58,138
Total assets						€ 555,631

Unallocated assets include certain financial investments and other assets held for the benefit of the entire Company.

Geographic Information

For the years ended December 31, 2007, 2006 and 2005, sales outside of Spain comprised 52%, 52% and 52% of the Company's revenues, respectively. Revenues consisted of sales to customers in the following areas:

	As of December 31,		
	2007	2006	2005
Europe	€386,219	€294,229	€216,653
Latin America	75,392	89,757	68,583
North America	110,647	78,360	58,843
Asia-Pacific	25,083	19,065	31,905
Middle-East and Africa	26,976	22,433	26,385
	€624,317	€503,844	€402,369

The most significant investments included in property, plant and equipment, net of depreciation, outside of Spain, are located in:

	As of December 31,	
	2007	2006
Portugal	€ 4,578	€ 4,867
North America	1,139	1,009
Latin America	473	431
China	1,867	2,043
Other	193	171
	€ 8,250	€ 8,521

25. Subsequent Events

On February 15, 2008, the Company signed an amendment to its credit agreement with Unicaja to extend the grace period under the agreement to November 10, 2008, therefore extending the term of the credit agreement to 23 years.

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