



annual report  
metro s.a.

'07



«2007 was far from resembling  
a peaceful stroll through the  
park at dusk».



«We faced a tempest that placed enormous challenges before us».









«But we did not let the bad weather paralyze us. We were always ready to respond to the challenges».



«We traveled great distances,  
we made enormous efforts.  
We moved forward and we  
excelled ourselves».







«We can be pleased for our achievements. However, other challenges wait in the future: our commitment is to keep improving».



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## :\_letter from the chairman

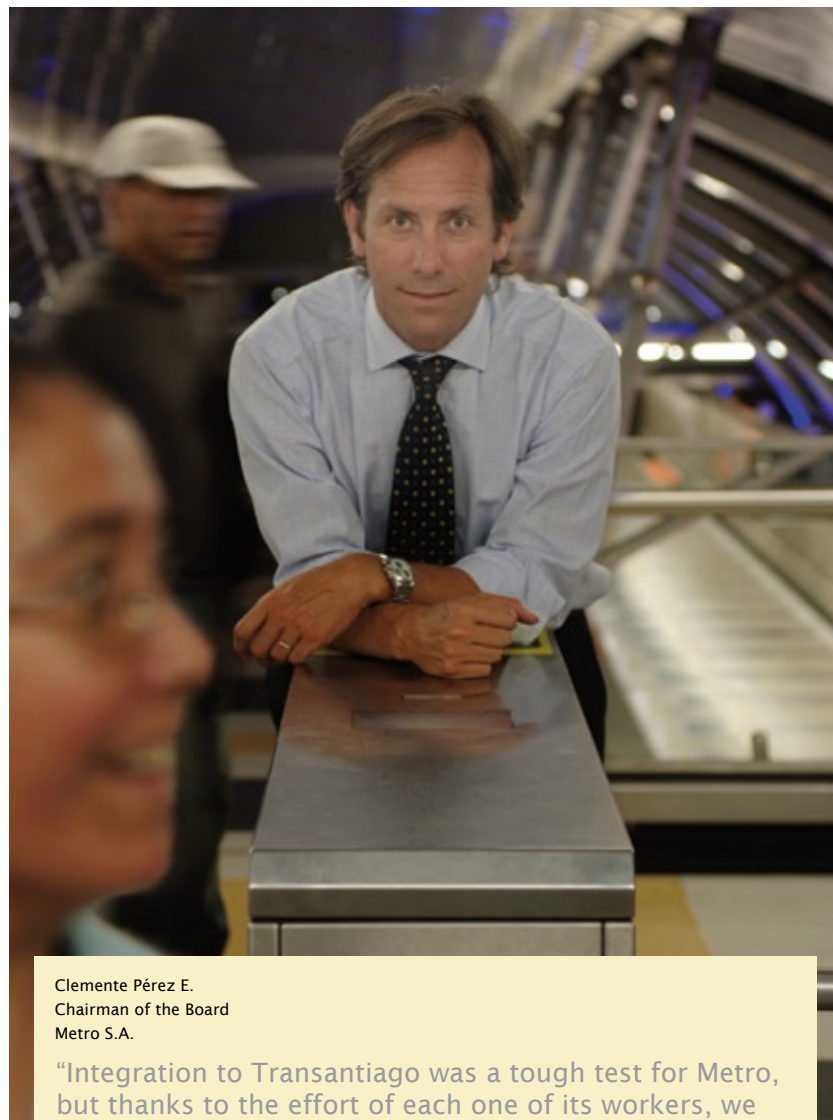
Along with the start-up of Transantiago in February 2007, the greatest challenge in the history of our company begun.

The new Urban Transport Plan was created in order to provide our capital with a more efficient, economic and environmentally sustainable transport system. In this context, Metro plays the role of the structural hub of this system, when it comes to both the route structure and technological integration, considering its efficiency to transport large passenger flows.

To travel in Metro also provides benefits, such as shorter travel time, less street congestion, lower contamination and safer trips. These benefits serve the community as a whole. Additionally, Metro's social profitability is strengthened if we consider that more people are benefiting from this investment today.

Many users favored Metro in this new scenario. Moreover, the new integrated fare system has allowed more people to have access to our services. These are new customers, most of whom come from areas of lower income, and had to adapt to the conduct and use regulations of the service. The socioeconomic distribution of our passengers has become similar to that of the capital. Metro has come to be, more than ever, a means of transport for all the inhabitants of Santiago.

However, the implementation of Transantiago had numerous difficulties, causing Metro to take on the enormous challenge of transporting, overnight, twice the number of Santiago residents. In fact, Metro went, practically with no transition, from transporting 1.2 to 2.3 million people per day.



Clemente Pérez E.  
Chairman of the Board  
Metro S.A.

“Integration to Transantiago was a tough test for Metro, but thanks to the effort of each one of its workers, we accomplished our goal of transporting our users safely and timely. Our aim is to become one of the best service companies in the country”.

In order to respond to our users' expectations, each one of the company's workers - to whom I am particularly grateful - did their best to recover the quality of service and ensure efficient transport. Metro's goal is to transport Santiago's inhabitants punctually and safely, and we excelled in this goal during 2007.

In order to accomplish this, a series of measures was put into practice, amongst which we can highlight the increase on the offer, the purchase of rolling stock, the redistribution of the fleet, the development of infrastructure and the launch of information campaigns to promote the good use of the service.

The ingenious Metro Expreso system was applied in Line 4, which permitted an improvement on the trains' speed and an increase on the transport offer in this demanded line. This system, consisting on two travel routes on peak hours - Red and Green, each one of them with alternate detention stations -, obtained a recognition in the XIII Chilean Congress of Transport Engineering.

New staff was also hired to control passengers when going in and out of trains during peak hours in the highest flow stations of Line 1.

Time has shown the effectiveness of the adopted plan: the programmed station closings stopped as from October and the use of emergency brakes decreased notoriously. We also managed to decrease the passenger density per m<sup>2</sup>, even though the user flow kept growing after the start-up of Transantiago.

In another field, we are glad to say that Metro could show in the 2007 period - just as in the previous 12 years - a positive operational result. This locates us in an outstanding place at international level, since it turns us into one of the three metros in the world that self-finance their operation. On top of this, more than 30% of the investment on the extension of new Metro lines is financed with its own resources.

Therefore, a promising future for the company is foreseen. In fact, for the 2008-2010 period, an investment of US\$1,250 million is considered. This covers the extensions of Line 1 to Los Dominicos and Line 5 to Maipu - currently under construction-, several improvements in the infrastructure and the purchase of new trains.

The latter will be possible after the rolling stock bidding successfully culminated in October. Thanks to the competitive process that was generated, it was possible to increase the number of trains to be bought, but, above all, we must stress that the selection of an analog model to NS 93 will allow us to homogenize all trains in Line 1. Along with the new automation systems, this will enable the increase of this line's frequencies and significantly raise the offer in this structural hub of the capital and our most demanded line.



By the Bicentennial, Metro will have a 103- kilometer network, 107 stations, and close to one thousand coaches, which makes it one of the most important networks in Latin-America.

**«The new integrated fare system has allowed more people to have access to our services. Metro has come to be, more than ever, a means of transport for all the inhabitants of Santiago».**

Our social responsibility indicators are also a cause of pride for us. More than 4 million people participated in cultural activities organized by Metro. The number of contestants in the seventh version of the "Santiago in 100 Words" contest grew to a historical number: 50 thousand stories participated in this literary competition. Additionally, the Bibliometro

network lent more than 150 thousand books, becoming the main Library in Chile.

The strengthening of the Corporate Government was prompted in 2007 with Metro's welcome to its new General Manager, after a professional and competitive selection process. I would like to take this opportunity to give recognition to Hernán Vega, who served as interim general manager during most of last year, performing an outstanding job.

To sum up, Metro lived a series of changes during 2007, keeping the quality of service in terms of punctuality, safety and cleanliness. Moreover, we highly improved the social profitability of our investment and the coverage of our network, compared to a year ago. And the price that our users pay became more accessible. All this, keeping the operational balance, which locates us in a privileged place amongst the world metros, as reflected in this report.

Having overcome the challenge of integrating to Transantiago, and after moving forward in the recovery of different properties which have traditionally characterized the company's service, Metro is preparing for the future. For this reason, we work to keep improving and complying with the strategic goal defined by Metro's Board: to become one of the best service companies in the country, and to serve millions of people each day with efficiency, quality and care.

A handwritten signature in blue ink, appearing to read 'C. Pérez E.' with a stylized flourish at the end.

Clemente Pérez E.

Chairman of the Board  
Metro S.A.

:\_board of  
directors

:\_01 Clemente Pérez Errázuriz  
**Chairman**

:\_02 Marcelo Morales Villarroel  
**Vice Chairman**

:\_05 Sonia Tschorne Berestesky  
**Director**

:\_06 Iván Valenzuela Rabí  
**Director**



:\_03 Matías Bernier Bórquez  
**Director**

:\_04 Vicente Pardo Díaz  
**Director**

:\_07 Patricio Vilaplana Barberis  
**Director**

Patricio Véliz Möller  
**Secretary**





## :\_letter from the general manager

I joined Metro in December 2007, month of balances for a year of great challenges and not free from difficulties. I found a team that was satisfied for the work done, but aware that they had to keep working hard in two fronts: firstly, improving the service to our passengers and secondly, to keep moving forward in the projects of expansion of Line 1 to Los Dominicos and Line 5 to Plaza Maipú. This is what we are doing, building this new Metro of the future.

Metro changed on February 10. Due to the fare integration with the bus system, Metro doubled its demand overnight and became an articulating hub for the transport system. Metro is today a company which represents more than a third of Transantiago's trips. With its 85-kilometer line and 92 stations in 23 districts of Santiago, it makes more than 2.3 million trips a day. The model changed, and that is very positive, since it helps us increase the profitability of our assets and gives us the chance to make new line extensions, thus increasing our coverage to more districts of Great Santiago.

We accept that the beginning was difficult. Despite the previous preparation, it was not enough. The passenger increase caused a deterioration of the quality of service that we have reverted through various measures. These initiatives range from improving the infrastructure, incorporating new trains, making changes in the operation and increasing safety, to communicational campaigns to teach our passengers how to travel in this new Metro.

The implementation of a ventilation system with nebulization in order to reduce temperature in 15 of the main stations in the network, the increase of sales and charge points, strategic alliances with department stores and retail companies to integrate new payment methods, and the installation of paid zones in inter-modal stations are examples of the efforts made to improve our users' travel experience.

Moreover, Line 1 train fleet was reconfigured, incorporating, on one hand, new trains, and on the other, longer trains, thus expanding all trains to seven and eight coaches (they used to have six coaches).

Along with these measures, 117 security guards were hired. Positioned on the platforms with reflecting elements as a support to their task, they helped improving the service swiftness, thus specially reducing the trains' detention times at stations of higher demand in Line 1.

For 2008, new measures are considered in infrastructure, as well as operating innovations and user information campaigns, aiming at continuing the improvement of our service to thousands of passengers.



In these advancements it is important to recognize the 2,700 Metro workers for their commitment and professionalism, which made it possible to overcome difficulties with creativity and optimism. I would like to point out, as well, the good terms in which two processes of collective negotiations were carried out. This has been possible thanks to a relationship based on trust and to the common aim that unites us: to seek the best for the company.

I must also give special thanks to our users for their patience and will to adapt to the new demands, in order to ensure a more pleasant and safe trip for everyone.

Continuing with the challenge of integrating the residents of the capital and improving their life quality, the extension works of Line 5 started up on January 2007, from Quinta Normal station to Maipú, and we advanced on the construction of 16 shafts and detail engineering. This project, with an investment of US\$670 million, will have positive impact on the residents of Quinta Normal, Pudahuel, Lo Prado and Maipú. Through this new 14 kilometer section of 11 stations, 310 thousand trips will be made everyday. Users of this project will benefit from a safe and reliable means of transport, which guarantees shorter travel times, permitting, for example, to go from Plaza de Maipu

to Plaza de Armas in only 23 minutes. Moreover, the project will allow the decongestion of Line 1 and the decontamination of the surface.

Line 1 extension works to Los Dominicos from the current Escuela Militar station also continued. The excavation of eight work fronts was completed, reaching a physical progress of 19%. The start of operations of this section is foreseen on December 2009 and will have a demand of 58 thousand passengers per working day.

In 2007, the construction of San Jose de la Estrella station on Line 4, between the existing Trinidad and Los Quillayes stations was also defined, and it will represent an investment of over US\$ 22 million and it will help fulfilling the dream of the residents of this area of La Florida: to have a Metro station.

In 2007, as well, the La Cisterna inter-modal station added up to the ones in Pajaritos, Ovalle and Bellavista de La Florida and progress was made on the construction of Vespucio Norte inter-modal station. This makes it possible to provide Metro users with an expedite connection with urban, interurban and rural buses.

In 2007 we were able to close the operational balance again, thus complying with Metro's management goal. The positive operating result, which amounts to Ch\$ 8 thousand million, was achieved, even though the average revenue per passenger was 27% lower than last year.

On the other hand, the non-operational result amounted to Ch\$8,512 million. This was mainly due to the exchange rate profits. Therefore, the company registered in 2007 a net profit which amounted to Ch\$ 16,503 million.

Regarding liability restructuring, in 2007 Metro subscribed a financial loan for US\$ 90 million with BNP Paribas. Moreover, in this period the first bond with no state guarantee, for US\$140 million, was registered. Notes will be offered in 2008 to institutional investors in the local market, transforming Metro into the first public service company to make this operation without state guarantee. This access to the financial market is a clear and powerful sign of our company's merit and prestige as a serious, self-financed and sustainable company.

The progress made by this great company and the tremendous future projects we have embarked on, respond to Metro's key role in the city's development and the improvement of the people's life quality. We will continue working for that.



Camila Merino C.

General Manager  
Metro S.A.

«I must give special thanks to our users for their patience and will to adapt to the new demands, in order to ensure a more pleasant and safe trip for everyone».



:\_executive  
committee





:\_01 Camila Merino Catalán  
**General Manager**

:\_02 Pedro Sabatini Downey  
**Integration to Transantiago  
Manager**

:\_03 Hernán Vega Molina  
**Administration and Finance  
Manager**

:\_04 Álvaro Caballero Rey  
**Commercial and Customer  
Service Manager**

:\_05 Víctor Morales Vega  
**Project Development  
Manager**

:\_06 Gonzalo Morales Moreno  
**Controller**

:\_07 Jaime Adasme Araya  
**Operations Manager**

Rolando Durán Mayorga  
**Human Resources Manager**

Sergio García García  
**Maintenance Manager**

*As from March 2008, two new management positions are added: Planning and Management Control, and Safety, Health and Environment, whilst the Integration to Transantiago Management will become Integration and Information Technologies Management.*

Susana Tello I.  
Passenger

"I travel to work by Metro everyday. I use it because it gives me security and trust, and faster trips allow me more time with my family".



Metro transports in a fast and safe way millions of people everyday. Its 85-kilometer network, 92 stations and 751 coaches provide connectivity for the inhabitants of great part of the capital's districts.

Once Transantiago was implemented, Metro became part of a modal and fare system in the capital's transport plan. This means that passengers can travel to their destinations using, in a certain time frame, more than one mode of transport by paying a certain price, lower than the sum of the tickets for the used modes. This results in an economically more accessible Metro that today has turned it into a massive and diverse means of transport.

:\_metro, more than  
a means of transport



The social profitability of the service is reflected in the contribution it makes to public transport in Santiago. Not only because it is impossible to imagine Alameda, Providencia or Vicuña Mackenna without the metropolitan train, but because of its comparative advantages in relation to surface transport.

Those who use Metro benefit from shorter, safer trips with controlled times. Travelling from Puente Alto to downtown Santiago in the metropolitan train, for example, means a time saving of one hour and twelve minutes. However, Metro's benefits go even further, reaching the city as a whole, including those who choose other means of transport: ways are cleared, the expedite flow of a smaller number of vehicles decrease travel times and accidents, thus contributing to acoustic and particle decontamination, improving the quality of life of all the capital's residents.

Metro is today, thanks to its transport capacity, also the most efficient solution when it comes to mobilizing large passenger flows. Its operations efficiency has been praised in international studies and has lead Metro de Santiago to occupy a relevant place amongst the world's subway trains.

But Metro is much more than that. Stations, their accesses and surroundings are meeting points for all the city's inhabitants and spaces for the expression of various artistic disciplines. Metro takes development and integration to places that

used to be marginalized, generating true urban centers in different points of the capital.

«Metro's benefits reach the city as a whole: ways are cleared, decreasing travel times and accidents, thus contributing to decontamination ».

The choice of vanguard architecture in the new stations and their surroundings, and the renovation of the old ones, turns Metro into the visible face of a modern country, with first level infrastructure. These are edifications incorporated to the urban environment which have become an important part of the capital's public spaces.

Modernity and state-of-the-art technology are also present in other aspects. Train programming engineering, for example, is performed with the HASTUS system, a world-class software that allows the programming of trains and drivers, using optimization algorithms. This software also makes it possible to make a projection of the main service performance indicators, such as intervals, frequencies, coach-kilometers, among others.

Besides passenger transport, the company manages its infrastructure in order to integrate to the so-called inter-modal stations different types of transport: rural, urban and interurban. Additionally, Metro rents commercial premises and spaces in the different network stations, which allow passengers to have access to various services while they are in the stations. Spaces in stations and trains are also offered for advertising and promotional activities.





Metro also means quality service for its users. This is not only limited to the fast and efficient passenger transport, but it also covers other variables which make a subway train trip more than a simple transport, it becomes a whole experience. Among them is the access to art in public spaces, Bibliometro's complete book catalogue and citizen information through Metroinforma and MetroTV.

Metro's relation also extends to the whole community and, specially, to the community around developing stations and construction sites. A constant on-site work is carried out with them, which includes widely informing about the projects in process and the compliance with environmental standards, information about construction progress, adopted mitigation measures and intermediation to conceal Metro's interests and those of the community.

**«Stations, their accesses and surroundings are meeting points for all residents».**





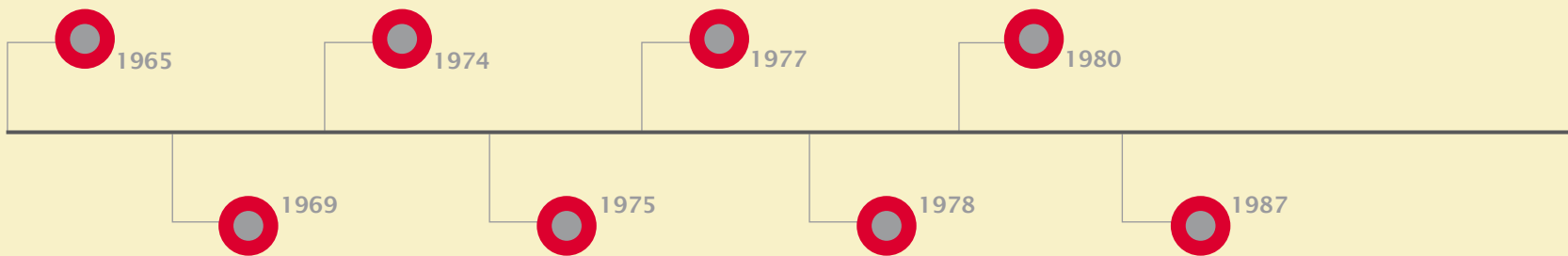
## historical account

President Eduardo Frei Montalva, gave instructions to begin the studies that would lead to the construction of a Metro network for Santiago.

Creation of the Metro General Direction as a public service, dependant on the Ministry of Public Works and Transportation of that time, by Law Decree N°257. The construction and exploitation of urban and suburban metros were defined as their mains goals.

The first extension works in the network were finished: the continuation of Line 1 to Salvador station.

Line 1 was extended to Escuela Militar, thus completing almost **16 kilometers**.



On May 29th, the first shovelful was thrown for the construction of the San Pablo - La Moneda section.

Inauguration of the first section of Line 1, which comprises more than **8 kilometers** between San Pablo and La Moneda stations.

Inauguration of the first section of Line 2, which comprised almost **5 kilometers** between Los Héroes and Franklin stations. The section was extended in December to Lo Ovalle.

Extension of Line 2 to Puente Cal y Canto, thus completing **11 kilometers** in this Line.



Lo Ovalle Station in the late 70s.



Construction of the first section of Line 2.

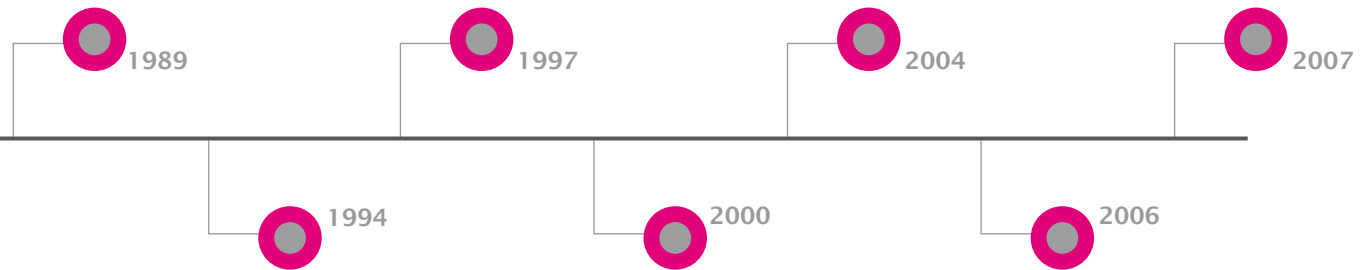


Publication of Law 18.772 in the Official Gazette, which transformed the Metro General Direction in the current public limited company "Empresa de Transporte de Pasajeros Metro S.A.".

The first section of Line 5 is inaugurated. It links Bellavista de La Florida and Baquedano stations, with more than **10 kilometers**.

The extension of Line 5 to Quinta Normal is inaugurated.

Launch of Transantiago, with Metro as its structural hub.



Start-up of the works in Line 5 to La Florida. With this project, the construction of inter-stations and stations through tunnels began, that is, without opening the surface, minimizing disturbances to the community.

Line 5 was extended to Plaza de Armas. Metro is in condition to transport close to one million passengers per day, through its more than **40 kilometers** network and 52 stations.

Line 2 completed 22 stations between La Cisterna and Vespucio Norte. Line 4 between Tobalaba and Puente Alto started its full operation, as well as Line 4, which connect Lines 4 and 2.



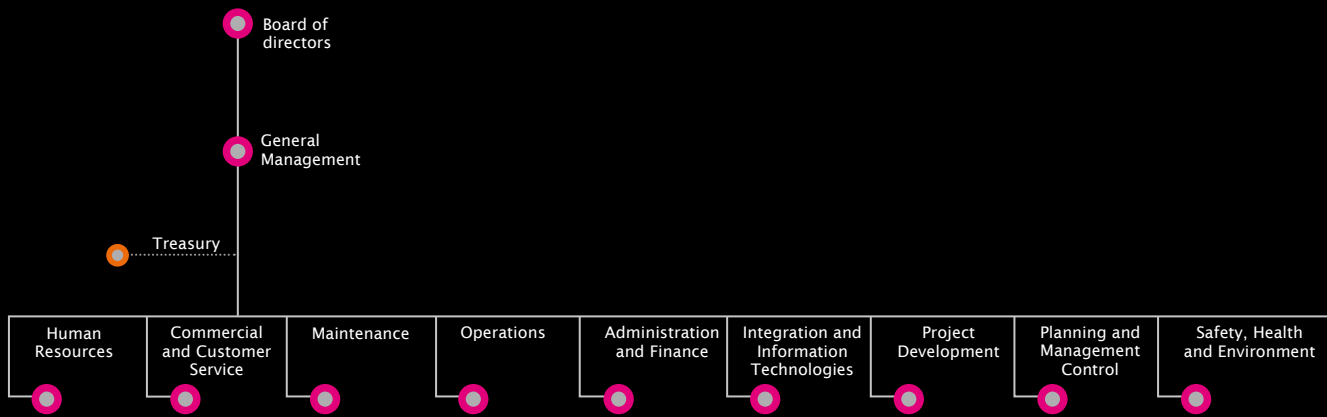


:\_metro network





:\_organization  
chart



\*Organization chart in force as of march 2008



Camila Matta A.  
High School Student

"When I was a child, the Metro did not reach my house. Now I use it to go to school, meet with my friends or go shopping to Patronato. It changed my life!"



2007 was a year of great challenges for Metro. The distinctive milestone of this period was the integration to Transantiago. Incorporating to the new Transport Integrated System meant a substantial increase on the demand for the company. The initial difficulties were progressively overcome and the technical and human responses were adapted to the new scenario ahead. Therefore, the service features that have Metro has always been known for have been slowly recovered: service excellence, punctuality and safety.

#### **Planning for the new challenge**

This new system was implemented on February 10, 2007. Its aim is to provide the city of Santiago with an integrated transport network. In it, users may combine, according to their convenience, buses and Metro, using the modern single -charge technology.

In face of this challenge, Metro prepared a 60-Measure Plan that was implemented before the start-up of Transantiago. These measures complied different areas: infrastructure, staff, operations and maintenance adjustments. Amongst its aims were to improve passenger transport capacity, to optimize the traffic of passengers within the stations and to improve the response times in case of failures.

## **:\_2007 operation and integration to transantiago**



## The increase on the demand

Transantiago system had a complex start-up. The uncertainty about the frequency and routes of buses lead many users that normally used the surface transport, to choose the Metro to travel between the different points in the capital.



As a consequence of this, the number of daily users of Metro doubled, going from 1.2 to 2.3 million almost instantly. The preference for this transport system implied that, eventually, more than one third of Santiago's public transport trips was assumed by Metro. Also, Metro stations absorbed more than 75% of sales and charges of the new integrated payment system.

This immediate increase on demand generated some service difficulties, despite the measures that were taken in advance. At certain times, it even reached a density of 6.4 passengers per m<sup>2</sup> (the average on peak hours before Transantiago was 5.1).

This impact was faced with effort and imagination by each of the 2.700 people who work for Metro.

## Metro's responses

In this new scenario, Metro began designing its responses with a fundamental principal: recovering service quality. Transport of double the passengers was carried out without having any serious accident associated to the operation, and nowadays, Metro shows the same predictability and speed as always. This was possible thanks to a series of measures, applied swiftly and timely.

**a) Hour extension:** This was one of the first measures. As from March, the commercial operation hours were extended by one hour, starting half an hour earlier - 6.00 AM- and closing half an hour later- 11.00 PM. All these meant a great effort, since it implied moving train and track maintenance to night time.

**b) Maximum capacity operation:** An operation with 100% of the available trains was programmed. Additionally, an increase of 500 passengers per hour to the capacity inside the trains was made, by taking out seats and installing handrails.

**c) New trains and fleet redistribution:** the incorporation of 85 coaches - or eleven new trains - was another measure to improve the offer to passengers. The greater availability permitted to redistribute the fleet according to demand. Line 1, therefore, remained only with longer 7 or 8-coach trains, injecting trains to the network in high demand times and empty coaches were reserved with the same purpose.

**d) Safety measures:** In order to optimize the networks' resources, some operational strategies were designed. The first one was the programmed closing of stations in the hours of higher demand. This measure, taken as the first resort to guarantee the safety of Metro passengers' trips, and secondly, to ensure the service continuity, has not been applied since October 2007.

Changes in the train's detention times at stations, hiring support staff for the closing of doors and passenger contention on the platforms, are other measures which have helped the Metro network keep its operability. As a complementary offer, the implementation of the so-called Clone Buses was instructed. They make the same trip as the Metro on the surface during peak hours, in order to contribute to the system's decongestion.

**e) Line 4 Express:** One of the most innovative measures was the implementation of an express system during peak hours on Line 4, one of the busiest lines. In the Plaza Puente Alto - Tobalaba section, in the morning time and in the same stretch but in the opposite direction in the evening, trains have two routes. In each of them, trains stop at the stations in an alternate way, which determines a decrease of almost 5 minutes in the travel time and an increase of the offer in that line.



Passengers, who quickly understood the use of this modality, have positively valued this system, which last October received an award from the Chilean Society of Transport Engineering as the Best Intervention in the Transport System, during the XIII Chilean Congress of Transport Engineering.

**f) Communication Campaign:** In order to contribute to the good use of the service and improve the understanding of Transantiago, Metro launched an important communications offensive. 15 million pieces of information were distributed, out of which, nine million were maps of either the station surroundings or bus combinations. Additionally, public administration indicators were placed in Metro's website- with data like inflow, density, among others - and the system of signals in all stations was improved.

«One of the most innovative measures was the implementation of an express system in Line 4. Passengers have valued it in a positive way and it received an award from the Chilean Transport Engineering Society as the Best Transport System Intervention».

**g) Infrastructure Development:** Structural improvements in the highest demand stations were implemented, such as the installation of a new staircase meant to improve the combination between Lines 4 and 1 in Tobalaba station. In Vicuña Mackenna station, a new transfer tunnel is being built between Lines 4 and 4A, a new combination staircase and the enlargement of the West platform of Line 4A. To this, we must add the enlargement works of the East and West platforms in Los Héroes station, aimed to improving safety and allowing an expedite traffic.

**h) New maintenance formulas:** The increase on the demand also meant a change in the train maintenance times and the need to increase the response capability when facing technical difficulties. Therefore, night shifts were set for repair shop work, five new network repair areas were created, technical assistance systems were developed, in order to speed up the response and the so-called predictive maintenance was strengthened, that is, to foresee failures in the network and trains.

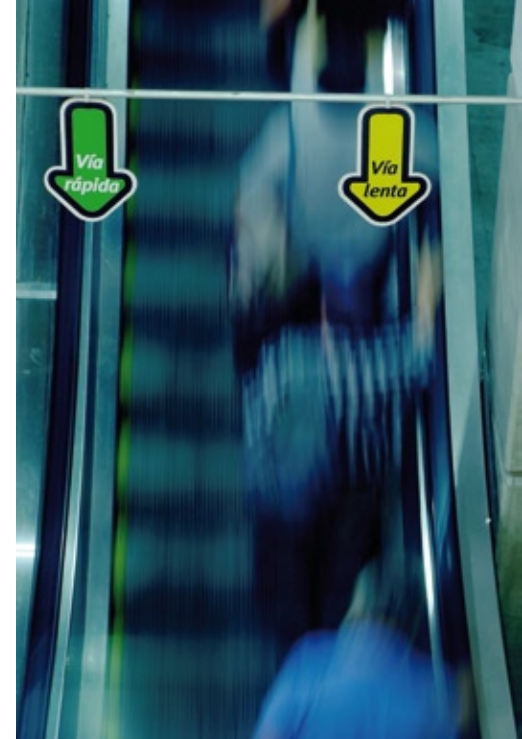
Results were positive: as in 2006, 77 million failures per one million travelled kilometers occurred, the figure went down to 74 in 2007, thus getting the ISO 9001.2000 recertification in maintenance processes.

**i) Payment Methods:** Foreseeing the increase on the card sale and charge demand in Metro's sales channel and aiming to offer our passengers a better service quality, sales points were increased from 450 to 580, adding mobile and self-service sales points. Strategic alliances were also established with department stores and retail companies, which allow our customers to charge their Bip! cards by paying with their credit cards from those stores.

**j) Technological integration:** A fundamental aspect of Metro's operation in Transantiago was the correct operation of its integrated systems to those of Transantiago's Financial Administration Unit (AFT), which was specially important when considering that over one third of Transantiago's trips were made by Metro and that Metro's sales channel raised in 2007 more that 75% of the system's total revenues.

**k) New multiple services:** As a way of preparing the network for the intense passenger demand, Metro implemented new periodical sanitization systems for the trains, consisting of deep cleaning and disinfection inside the coaches to ensure passenger comfort and safety.

A ventilation system with nebulization was also implemented in the 15 stations with the highest flow in the network. These are ventilation equipments, made of stainless steel, which inject tiny water drops (smaller that 10 microns) in the blown air flow, and evaporate due to the environment heat. This cloud refreshes and oxygenates the air, generating a pleasant wind-chill.





Ten first-aid rooms with paramedics were also implemented in different points throughout the network, in order to take care of the new requirements originated by the integration to Transantiago. In dates such as independence day or All-Saints Day, special hours were implemented to ensure passenger transport. The hour extension has become vital on such days.

### **Commitment with security**

The increase of Metro users did not affect the security level. The rate of 0.4 offenses per one million transported passengers is the same as in 2006 and turns the Metro network into one of the city's safest places.

### **Service Quality indicators**

The enormous importance that Metro has for the city causes any incident which affects its service to gain such public connotation that, many times does not have relation with the real effect it had in the service's operation.

For this reason, Metro implemented in May a system of service indicators to allow users to know in real time what the situation of train frequency and flow is in each stations.

It was carried out by publishing four service quality indicators on Metro's website ([www.metrosantiago.cl](http://www.metrosantiago.cl)), MetroTV and on the electronic passenger information boards. These indicators are: Service Condition, Flow, Density and Stations Closings.





**Inter-modal connections and implementation of paid zones**

The implementation of inter-modal connections -platforms that integrate the Metro service with the urban, rural and interurban bus service- in the network's stations, represents one of the company's greatest services. A strong increase was recorded in urban trips that integrated with Metro in our infrastructure of inter-modal connection in Bellavista de La Florida, Pajaritos and Carlos Valdovinos, besides the additional flow from the later inauguration of La Cisterna inter-modal exchange station.

Likewise, paid zones were implemented in Bellavista de la Florida and Lo Ovalle inter-modal stations. These zones consist of spaces in stations for those passengers who have validated their trips. This separation allows those people who are in these zones to access their buses without the need of validating their cards again, thus facilitating the flow towards the buses. This way, access times are substantially diminished, as well as the evasion levels.

«The implementation of inter-modal connections -platforms that integrate the Metro system to the urban, rural and interurban bus system -represents one of the company's greatest services».

However, inter-modal connections in Pajaritos, Lo Ovalle and Bellavista de La Florida also show an important increase in passenger flows coming from interurban and rural trips, who integrate to Metro, thus keeping interurban and rural transport from entering the city's downtown, with all the decongestion and decontamination benefits that this means.



Patricio Castro  
Head of project of the Maipú  
extension works

"I have been working for almost six years in the extension of the Metro lines, trying to serve tenaciously those users that I will probably never meet and hoping that my humble contribution helps them improve their life quality, by making this city a friendlier place".



Between 2000 and 2006, Metro doubled its extension, being 2007 the first year of operations of this new 85-kilometer network. More than 220 people, coming from various districts, had access to our services, thus clearly improving their life quality.

Today, Metro de Santiago is not only the most massive, but the most diverse. Accessible, representative and democratic, Metro's growth projections remain in the same spirit. Two new extensions will incorporate more than 200 thousand passengers per day, once they start operating. This, along with the building and modernization of stations and the purchase of new trains, make it possible to foresee a total estimated investment of US\$1,250 million for the 2008-2010 period.

## :\_developing projects





#### Maipú - Quinta Normal works

On 25th January 2007, President Michelle Bachelet started up the Maipú-Pudahuel-Lo Prado-Quinta Normal line construction works. This section is an extension of Line 5, which aims to link Quinta Normal and Plaza de Maipú, with a 14,2 km. length and a total of 11 stations.

This section will go through four districts, benefiting one million people. Residents and authorities from these districts have been looking forward to this project for a long time, due to the many related benefits. Maipú residents, for example, will get to Plaza de Armas in just 23 minutes.

In 2007, 16 shafts were built for the works and the detail engineering was completed. This new stretch will mean 85 million trips per year, according to estimations.

All stations in the new line will have access for disabled passengers, along with an important number of escalators, particularly in the highest traffic stations.

A little over 10 kilometers of this line will run underground, while the rest will have a viaduct outline, foreseeing an estimated investment of US\$670 million.

The first stage of the works, that will reach Pudahuel, is foreseen to begin operations in December 2009. Meanwhile, the Pudahuel-Maipú section will be active on the last quarter of 2010.

The new line's stations, from Quinta Normal, will be the following:

Gruta de Lourdes, Blanqueado, Lo Prado, San Pablo (transfer to Line 1), Pudahuel, Barrancas, Laguna Sur, Las Parcelas, Monte Tabor, Santiago Bueras and Plaza Maipú.

**«With the extension of Line 5 towards Maipu, this district's residents will be able to get to Plaza de Armas in just 23 minutes».**

## Line 1 extension works to the East

Line 1 extension works, which will link Escuela Militar and Los Dominicos stations, imply an estimated investment of US\$245 million. Its financing is a mixed formula between Metro and Las Condes Municipality, which contributes with US\$50 million.

**«In 2007 the detail engineering was completed and the extension works of Line 1 began. It will link Escuela Militar and Los Dominicos».**

In 2007 the detail engineering was completed and construction works began. At the end of the year, they reached a physical progress of 19%, including the completion of the digging of eight shafts: Coronel Pereira, La Gloria, Manquehue, IV Centenario, Hernando de Magallanes, Santa Magdalena, Los Dominicos and General Blanche.

This new section will have an extension of 3.8 kilometers and three stations --Manquehue, Hernando de Magallanes y Los Dominicos-- and will be completely constructed underground in Apoquindo street. The project will benefit some 600 thousand people from Las Condes and neighboring districts. Once in operation, it will be possible, for example, to go from Plaza Los Dominicos to Tobalaba station in less than ten minutes.

This new space of Line 1 is expected to receive a daily flow of 58 thousand people on a work day. This means more than 15 million trips a year in this section. The start-up of its operations is foreseen on December 2009.

Table 1: Network, stations and districts

	2007	2010
Network (km)	85	103
Stations	92	107*
Districts	23	26

\*Includes San José de la Estrella station.





Clemente Pérez, Metro's Chairman of the Board and President Michelle Bachelet, in front of the scale model of future San José de la Estrella station

### Construction of San José de la Estrella station

A new station in Line 4 will be started up as from 2010: San José de la Estrella. Located between the existing Trinidad and Los Quillayes stations, in the Vicuña Mackenna and San José de la Estrella Avenues intersection, it will receive 13 thousand passengers per day, out of which, more than eight thousand will be new Metro users.

This station was projected in the original Line 4 outline; however, its siting was postponed waiting for the passenger demand to justify the investment for its construction. This took place in 2007, and the plans for its implementation were announced at the end of the year.

The station, located in La Florida district, will have a cost of US\$22 million and will contemplate the same equipment and services as the other stations

of that line, such as lifts, automatic teller machines and public phones, amongst others.

«A new station in Line 4 will start operations as from 2010: San José de la Estrella, which will receive 13 thousand passengers per day».



### Rolling stock purchase

In August 2007, the train fleet added up 85 Alstom coaches. This new rolling stock was part of the 60-Measure Plan that Metro developed for its integration to Transantiago, amongst which, the expansion of transport capacity was considered.

In order to face the passenger growth and the extension of Line 5 and Line 1 sections, Metro contemplates the purchase of 180 new coaches, an estimated investment of US\$263 million.

This material reinforcement will allow, as well, an increase on the offer in the rest of the network. These trains are manufactured by Spanish company CAF, selected by the Metro Board after a thorough and detailed bidding process, which included the participation of three highly prestigious companies at international level. CAF supplies Barcelona, Madrid, Rome, Brussels and Mexico City's metros, amongst others, and the arrival of the first coaches is foreseen on the second quarter of 2009.





Augusto Quezada  
Head of station

"We did our best to ensure people had safe trips, despite the large passenger flow we suddenly had. I am satisfied with what we have accomplished as a company".



The challenges that marked year 2007 were overcome to a great extent thanks to the institutional commitment of Metro's staff. Competent, well prepared people, committed to their jobs, work day to day to provide Santiago and its inhabitants with a quality transport service.

### Metro workers face Transantiago

A series of preparation activities with the workers preceded the start-up of Transantiago. Contact staff faced the most complex situations, even struggling -in isolated cases - with physical aggressions, which affected the spirit of the Metro personnel.

:\_our  
people





« During 2007, the company worked intensely to increase its staff. For this, a selection and training of new members of the organization was carried out -with the standard Metro rigorousness».

Another work area that suffered changes in its dynamics was the maintenance area. Tasks that were previously developed during low flow hours on week days could carry on, due to the explosive demand. This fact and the higher number of trains in operation caused an increase on night work and many workers had to change to night shifts. Specialists were hired in order to help in the workers' adaptation to this change. Nowadays, nine to twelve trains are checked per night and there are people located in many places in the network to respond in the shortest time to eventual technical problems.

#### Training and risk prevention

During 2007, the company worked intensely to increase its staff, facing the Transantiago challenge. For this, a selection and training of new company members was carried out -with the standard Metro rigorousness- increasing its workforce in more than 45% compared to 2006.

Along with this, training for Metro staff had a privileged place, exerting its role of articulating the necessary competencies in order to ensure the standards that Metro operates and provides its service with.



This reality lead to the implementation of new support programs for the workers. Thus, ERIC (Team of immediate response to critical incidents), a program oriented to provide psychological support to those workers who are faced with a critical incident with consequences to their emotional health, was put into practice in March.

This program was the complement to "Metro te apoya" ["Metro supports you"], a plan aimed at contact staff from Commercial and Customer Service Management, where the customer service protocols were reaffirmed, possible situations were typified, and suggestions to face them were established.





In this context, the intensity of the training programs for the operations technical staff specially stood up, due to the demands Transantiago implied. Here is where the importance of counting with a solid team of internal instructors, vital to form those who join the company in the specific knowledge inherent to the Metro system, is revealed. They are, for example, responsible for the technical training of train drivers, whose number grew by 362 in 2007.

The quantitative expression of this task is reflected in the training indicator, which reached 7.1% in 2007, that is, for every 100 working hours, 7.1 were dedicated to training.

Along with the functional training, concern for the development of people is also a relevant axis in the work of Human Resources. In 2007, a Management Diploma, given by the Business Faculty of Universidad de Chile, stood up. This program started in November, aiming at heads of station.

Moreover, the participation of ten union delegates in a Business Administration Diploma given by Universidad Catolica, was encouraged through an agreement with Caja de Compensación Los Andes.

In another field, the usual rigorousness in the risk prevention area has once again made it possible to show satisfactory indicators, considering the context change with the integration to Transantiago. Therefore, our results in the accident rate, which measures the days lost due to accidents and professional illnesses in relation to the total of workers, only increase as a consequence of events of difficult control, such as, the regrettable aggressive behavior of some users, which result in injuries to our staff in service.

Regarding the health of Metro staff -issue that was addressed along with the workers' representatives in the Welfare Council - in 2007 we continued developing a conception of welfare which privileges preventive aspects and seeks a higher efficiency of the complementary coverage system.

**«The intensity of the training programs for operations technical staff stood up in the Metro workers' training. Indicators in this area reached 7.1%».**



«Just as communication campaigns were aimed at users, similar initiatives were carried out towards the company's staff. Firstly, to motivate them and secondly, to value team work in difficult moments».

#### **Internal information campaigns**

Just as strong communicational campaigns for Metro users were launched, similar initiatives were directed to the company's internal public. Firstly, to motivate the staff to face Transantiago, and secondly, to value team work in difficult moments. The external campaigns were also divulged internally, in order to ensure consistency between the information received by the users and the one provided by Metro workers.

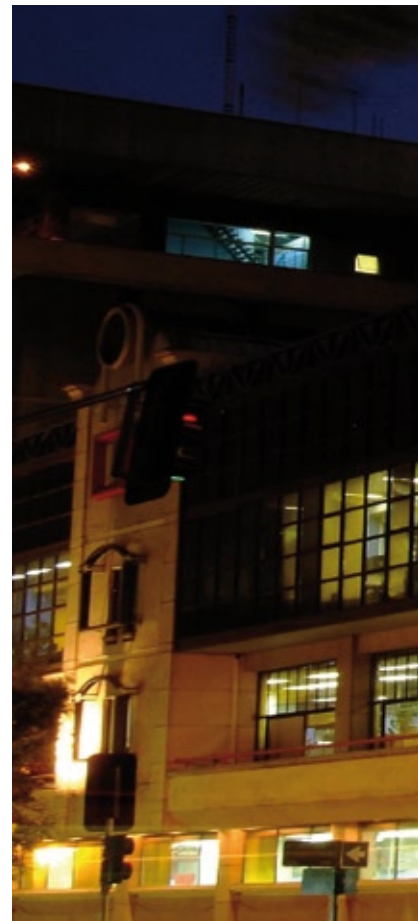
Recognition to workers constituted the final stage of the internal communication work. The pride the company feels for accomplishing its goals and having faced the challenges in 2007 was transmitted to the workers, who always behaved with professionalism and commitment. Our transport experts are an example of this. They proposed a creative solution to adapt the offer of Line 4 to the real demand. The result of this is the Express Service, whose successful implementation was praised by transport specialist.



Moreover, Metro workers held participative meetings during 2007 to express their ideas. In these occasions, they also recognized the company for the support they received during this difficult year.

#### **Good working environment and the unions' task**

Metro is a company that presents high levels of syndicalization. Its 85% rate largely exceeds the national average, which is less than 15%. Therefore, the importance of trade unions in Metro's business is crucial. We work jointly in campaigns against obesity, drug prevention programs and in an important number of initiatives related to the workers' well-being.



Our conviction that dialogue is a fundamental tool in a company's consolidation process is reflected in 2007, when two collective negotiation processes were successfully carried out: a regulated and an anticipated one. The first one was the negotiation of the part-time drivers' union, which groups workers who joined Metro during this year, and the second one, with the Metro workers' union, the most numerous and transversal. In both cases, a three-year agreement was reached, after a process that developed with mutual respect and harmony.

With a good working environment and with the cooperation between company and workers

strengthened after overcoming a difficult year, Metro plans to implement a software to manage its resources this year, awaiting the new challenges 2008 will bring.

**«In 2007, two collective negotiations were successfully completed. In both cases, an agreement was reached after a process that developed with mutual respect and harmony».**



Antonio Contreras  
University student

"I like using the Metro, it's modern and clean. New stations have this whole vanguard architectural style. I believe this is a great letter of introduction of Santiago to the world".



### Company's results

In 2007, Metro S.A. completed 13 consecutive years of positive operational results, this time, integrated to Transantiago. Operational results amounted to Ch\$ 7,991 million, thus remaining amongst the select group of metros in the world which are capable of financing their operation without subsidies of any kind.

Operational revenues for the year amounted to Ch\$ 176,866 million (45% higher over the same period in 2006), mainly due to the increase on passenger transport revenues for Ch\$ 43,618 million, generated by the higher number of passengers. This is explained by the increase on the number of trips by 270 million, that is, 81.5% over 2006, totaling 600 million trips in 2007.

The extension of commercial service hours from 06.00 AM to 11.00 PM, and the full-year effect of the start-up of the operations of 11 stations in Lines 4 and 4A, and three stations of the extension of Line 2 to the North on Recoleta, also contributed to the passenger flow increase.

Metro keeps an operational balance, although the average fare per transported passenger received during 2007- in the new Transport System framework - decreased from Ch\$ 340 to Ch\$ 249.

## :\_financial aspects





On the other hand, the demand for more activity due to the start-up of Metro's operation in Transantiago and the longer commercial hours had an impact on operating expenses in 2007. In fact, they amounted to Ch\$168,875 million, which implies an increase of 45.9% over year 2006. This was due to higher maintenance and contractor service expenses, related to the increased activity; the greater energy consumption, because of the greater transport offer and higher electrical fares; the increased staffing and higher depreciation expense of new facilities, systems and equipments, and rolling stock.

EBITDA amounted to Ch \$56,894 million, a 22% increase over the previous year, thus maintaining the growing trend of the last few years.

Non-operating results amounted to Ch\$ 8,512 million, mainly due to exchange-rate profits that amounted to Ch\$52,711 million. This is explained

**«Operational results amounted to Ch\$7,991 million, therefore, the company remained amongst the select group of metros in the world capable of financing their operation without subsidies of any kind».**

by the 6.7% decrease on the observed exchange rate, despite the financial expenditure level, which amounted to Ch\$ 49.705 million due to the higher contracted debt and the higher interest rate of the period.

As a result of the latter, Metro recorded over 2007 a net profit that amounted to Ch\$ 16,503 million.

The company's total assets amounted, by December 31, 2007, to Ch\$ 2,080,817 million, that is, an increase of 4.0% over 2006, which is explained by the investments related to the network's expansion projects.



In relation to financial indicators, the debt ratio, i.e. liabilities/assets ratio, at the end of the year, was 0.92:1, equal to December 2006. This was due to the compensation on the liabilities with the net profit recorded in 2007 and the capital increase of Ch\$ 21, 708 million made by the Treasury in September 2007. These resources were destined to the financing of investments related to Transantiago.

#### **Temporary Fundings for Transantiago**

In May 2007, the Treasury asked Metro S.A., as requested by the Ministry of Transport and Telecommunications, to destine resources to finance the Transantiago system, for a total amount of up to US\$ 80 million. Such transfer took place through an "Operational Contribution", which consisted of suspending the procurement of fare revenue funds during May and June 2007, and a "Complementary Contribution".





In July, the transitory funding for Transantiago, which amounted to Ch\$ 42,214 million and as regulated by Law No. 20,026 was totally reimbursed to Metro S.A. by Transantiago's Financial Administration Unit (AFT).

#### **Liability Restructuring**

Within the framework of the company's Financial Plan, during this year the following actions were carried out, towards the restructuring of its liabilities.

##### **a) Restructuring loans:**

Dated August 23, 2007, the company subscribed a financial loan with BNP Paribas (France) for US\$ 90 million, destined to the restructuring of the company's liabilities maturities for 2007 and 2008.

The mentioned loan consists of an "A" Tranche, for US\$ 60 million, with a total maturity of 10 years bullet from the date it was subscribed, and it counts with state guarantee. It also comprises of a "B" Tranche for US\$ 30 million, with a total maturity of 7 years bullet, as from the date it was subscribed and is not state-guaranteed.

Obtaining these funding confirms the trust placed on the company by the national and international financing system.

##### **b) Registration of the line of bonds:**

On November 9, Metro registered new line of bonds, which amounted to UF 3,850,000 before the Superintendency of Securities and Insurance (SVS) that will be destined to refinancing the company's debt.

It must be pointed out that this will be the first time the company issues and registers a bond without the State's guarantee in the local financial market.



## Revenues

Passenger transport revenues represented 88.2% of the total operating revenues, amounting to Ch\$ 156,015 million. This figure represents an increase of 38.8% compared to Ch\$ 112.396 million in 2006.

Non-fare revenues amounted to Ch\$9.844 million, an increase of 3.6% over the previous year (Ch\$ 9,505 million). This is mainly due to the higher occupation of commercial premises, mobile telephony revenues and the implementation of La Cisterna inter-modal station.

«This year, Metro registered new line of bonds. This will be the first time the company issues and registers a bond without the State's guarantee in the local financial market».

Non-fare revenues obtained in 2007 are distributed as follows:

- As a result of advertising, a total of Ch\$ 3,355 million, which represents a 10.1% decrease over the previous year.

- In the real estate business, incomes from property rentals amounted to Ch\$ 3,163 million, with a 12.9% increase over 2006.

- As a result of other businesses, such as space rental for automatic teller machines and mobile telephony, for example, revenues amounted to Ch\$ 3,326 million, an increase of 12.0% over year 2006.

Additionally, an income increase of Ch\$ 11,007 million was recorded, due to the coming into force of Metro's Sales Channel Contract, as from January , 2007.





