



Letter from the Chairman of the Board

The year 2016 will undoubtedly remain in Metro's history as a year marked by significant progress and achievements in our administration.

Operationally, the company implemented several new technologies such as CBTC, a modern and automated communications-based train control system, which made it possible to increase our transit services by 12% on the most heavily used line during peak hour. This increase is equal to 5,000 passengers per hour (during peak hour) approximately.

We also made some significant progress in expanding our bip! Card charging network. As a result of several agreements with private sector partners, in 2016 Metro de Santiago added a total of 520 new points to the network.

The company reached yet another key milestone in this area when Congress passed a new law allowing Metro to issue and operate cards with cash provision. Even though this constitutes a major challenge for us, we decided to support this initiative because we want to provide the market with an inclusive payment alternative. The model's transaction costs are lower and therefore represent a contribution and a concrete benefit to customers, especially those individuals who do not participate in the traditional banking system.

As a non-polluting, environmentally committed means of transportation, in 2016 we launched several planet-friendly initiatives, such as entering into a wind and solar power contract in order to add non-conventional renewable energy sources to our power grid. The latter will allow us to reduce national emissions by roughly 130,000 tons of CO2 annually starting in 2018, equal to planting 7.8 million trees. As a result of this initiative, 60% of Metro's energy needs for operations will be provided by Non-Conventional Renewable Energy (NCRE).

Financially, our 2016 operational results were positive, making it possible for us to remain in the privileged position we have held as a member of an elite group of subsidy-free, self-financing underground train operators. We also hit a significant milestone in our 2016 financial management when we issued a local bond in the amount UF 3.8 million at a record, guarantee-free rate, thereby reflecting our company's financial soundness and operational efficiency. Moreover, in early

2017 we issued another bond on the international market in the amount of USD 500 million (with 30 years' bullet maturity), which demonstrates the degree of confidence foreign investors have in Chile, particularly in a company such as Metro.

Regarding expansion projects, we continue to make progress on one of the most challenging projects ever undertaken in the history of Metro, to wit: simultaneous construction of lines 3 and 6. Together, these lines will boost the network's current capacity by 40%, allowing us to take a grand leap forward in innovation by installing state-of-the-art technology that will place us at the vanguard and among the world's most modern and efficient Metros. In 2016, the project moved forward according to schedule with 74% completed in December.

We added more kilometers to our network as well, but not just at random. Our commitment and ties with the community have been essential to executing this expansion project, and we have taken great care to develop it in conjunction with the community, with respect for local surroundings, according to discussions with our neighbors and with consideration of their concerns and proposals, thereby involving them in this project. Accordingly, in 2016 we escorted more than 1,000 individuals on tunnel visits; held more than 80 roundtable working and coordination meetings; and held various community activities in the area.

Making culture more available to our passengers has been part of our longstanding tradition, and in keeping with it in 2016 we took steps to expand our MetroArte collection at our new stations; also, BiblioMetro continues to increase its readership and is now the second largest public library in Chile with more than 350,000 annual loans.

In 2016, in the context of our 41st anniversary, we launched a book entitled "El gran libro del Metro de Stgo," which includes quotes and stories by citizens who have given life to Metro over that last forty years of service. It also contains a series of historic documents such as photographs, maps, pamphlets, posters and graphic memorabilia, making it a veritable collector's item for aficionados and users.

All of the company's abovementioned progress and milestones in 2016 made quite a difference in our passengers' riding experience, because their satisfaction amounted to an average of 58%, which underwent a particular upswing in the last few months of the year, especially December when it reached a four-year high at 73% net satisfaction.

We are extremely proud of these results and they encourage us to continue working hard and with dedication when facing the challenge of providing the community a safe and reliable means of transportation that also contributes to making the city of Santiago a better place to live.

Rodrigo Azócar Hidalgo
President Metro Santiago





Letter from the CEO

The year 2016 was a good year for Metro in many ways: we made progress on several fronts as a result of efficient administration, and the sustained efforts and commitment of all of our workers.

Construction on our new lines continued to progress at a steady pace. A total of 90% of Line 6 was completed in December 2016 and as such it will be opened during the second half of 2017, while Line 3 is 63% complete.

Simultaneous construction of these two new lines amounts to 37 additional kilometers of network, 28 new stations, 115 million more rides per year, and 11 countys that will reap the benefits. Five among them (Cerrillos, Pedro Aguirre Cerda, Quilicura, Conchalí and Independencia) were not previously serviced by Metro.

We are not merely adding kilometers to our network; rather, we are providing the residents of Santiago with more advance technology that will place our Metro among the most modern underground train operators in the world. Some of these technological advances include: completely automated trains and stations to reduce travel time; air conditioned trains; safer platform doors; security cameras on trains, platforms and at stations; modern devices for communicating with passengers such as informative screens and interphones; and universal access to make it easier for mobility-impaired individuals to get around.

And we continue to grow; in addition to the two new lines, we are working on Line 2 and future Line 3 expansion projects. Conceptual and basic engineering studies began in 2016. This project will allow the company to add another 8.9 kilometers to its tracks, and expand benefits to 700,000 individuals.

In 2016, 670 million passengers rode on our tracks with an average of 2.3 million passengers on workdays. The latter constitutes a tremendous responsibility that Metro fully embraces. As a result of our operational and maintenance management, there were 56% fewer breakdowns in 2016 than in 2015.

Likewise, we implemented measures aimed at improving our users' riding experience, for example, the debut of our CBTC system in 2016. CBTC is a communications-based train control system that made it possible for us to increase our train services

by 12% on Line 1's most popular section during peak hour. This is equal to moving approximately 5,000 more passengers per hour.

At Metro we have taken on the mission of guaranteeing excellent quality service, and a safe and reliable riding experience, thereby contributing to making Santiago a better city. We drew up a strategic design and rearranged our organizational structure in order to make progress in this area. In addition to catering to the business of passenger mass transit, our organizational structure has been revamped to make room for new business opportunities in markets such as real estate and payment methods.

Despite the latter, our passengers continue to be our primary interest and concern. Accordingly, in 2016 we expanded our benefits for senior citizens to include reduced rates all day long, even during peak hours. In addition, we launched a new rider registration platform that makes it possible to add 157,000 new senior users, amounting to a 30% increase in senior ridership when compared to 2015.

We have also been working on streamlining our bip! Card services so that commuting is easier. We expanded our street level card-recharging network by 24% in 2016.

Moreover, we implemented the Safe Customer Program, which consists of accident prevention initiatives, and studying other metros' good practices in the aim of replicating lessons learned.

In order to provide clear, timely and useful information, we have implemented a multichannel passenger communication strategy aimed at stepping up our direct passenger communication. The multichannel system involves the various moments in a Metro commute. Along these same lines, we have also fostered greater involvement by the communities surrounding our current and future stations, in addition to partnerships with various local stakeholders. As a result of the latter, we were able to build community-based murals and mosaics; conduct urban interventions, cultural exhibits and shows, and health-care related events; hold concerts, and lead tours of Metro facilities for neighbors and stakeholders; among other activities.

Regarding our most important internal achievements, we began an overhaul of our maintenance and people management processes by implementing the Metro Excellence program. This program involves a process management methodology which focuses on aspects that add value for our customers.

We know that our workers are one of the key links on this chain of achievements. That is why we encourage them to develop their talents to the fullest through academic training made possible under our program of scholarships, training, and other activities which all aim at improving their quality of life.

The events taken place in 2016 reaffirm our belief that Metro must be yet another citizen, and, above all, sustainable, and that through innovative administration based on providing quality services and an increasingly better riding experience, we can foster culture, and make room for more integration and citizen involvement.

Rubén Alvarado Vigar

CEO Metro Santiago

