

The Metro logo is centered within a large red diamond shape. The diamond is composed of two overlapping triangles, one pointing up and one pointing down. The word "Metro" is written in white, bold, sans-serif font inside a blue rectangular box that is centered within the diamond.

**Metro**

Four horizontal lines of different colors (purple, green, yellow, and pink) extend from the left edge of the page towards the right. Each line ends with a small circle of the same color.

**2014**

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**Directors' Report and  
Corporate Social Responsibility  
(CSR) Report**





**Metro de Madrid**



# Most relevant data

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## Supply and Demand

Kilometres of network	292.41
Number of stations	300
Fleet in operation (cars)	2,347
Cars x Km (million / year)	170.18
Total trips (million / year)	560.85

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## Economic Data (million €)

Total revenues	928.14
Total expenditure	957.90
Investments	56.94







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01

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# Introduction





# Message from Regional Secretary of Transport

**Pablo Caveró Martínez de Campos**  
**Chairman of the Board of Directors**

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Metro de Madrid celebrated its 95th anniversary in 2014. Looking back on the past and forward into the future, it is impossible to contemplate the growth of the Madrid region without considering Metro and everything it represents: a spectacular parallel transformation above and below ground and a nearly century-long tradition of regular metro use by both Madrid residents and visitors alike.

In order for a company like Metro de Madrid to remain economically, socially and environmentally sustainable, it must constantly face challenges. For us, challenge means efficient management and holding ourselves to the highest standard of service to our users, all of which has made us a domestic and international reference for other companies.

One of the best examples of the efforts to manage the company as efficiently as possible is the Energy Saving Plan, which has yielded the positive results that we are proud to present here today thanks to the implementation of money-saving and energy-optimising technical measures.

Generally speaking, since 2012 the Company has managed to reduce high voltage power usage by 22%, from 713 MkWh in 2012 to 582 MkWh in 2014. The energy we saved is equivalent to the amount of energy that all of the households in a city like Guadalajara would use in one year.

Sustainable mobility is another area where the Company's efforts have been focused. In 2014, we entered the pilot phase of the Train2Car Project with the presentation of the first Metrolinera in Spain. This R+D+i led by Metro de Madrid enables electric cars to recharge using the energy created by the trains' braking systems. Once the usefulness of this project has been demonstrated,

it will undergo further studies and testing before it is expanded to other areas in the future.

As for the generation of revenue, successful business development initiatives were combined with the commencement of the Strategic Real Estate Plan in 2014, the main objective of which is to allocate more than 95,000 square metres of property in disuse owned by Metro and the Community of Madrid to residential and tertiary use and green space by filling gaps and burying depots in Madrid. These efforts are expected to bring in revenues of nearly 120 million euros.

In 2014, two of the four planned transactions were completed, which consisted of a plot of land at calle Granada-Cavanilles and the Cuatro Caminos depot. Thanks to these operations, Metro will be moving its headquarters to Canillejas. The construction of a new building that is scheduled to be ready by for 2018 will allow us to integrate staff, take advantage of synergies, decrease productions costs and save on rental costs.

One of the signs of recovery in the Community of Madrid is the uptick in passenger demand that was seen in 2014 for the first time since 2008. As a consequence, 21 secondary lobbies that had been closed since the summer of 2012 as a cost-saving measure to offset the decline in passenger demand and reduce fraud were reopened in 2014.

In conclusion, it is important to note that as a result of the improvements made to the way in which the company is managed during these years which have been difficult for Metro de Madrid, transit fares did not increase in 2014, which is a first in the history of our Community. ♦





# Message from the CEO

**Ignacio González Velayos**  
CEO

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Our Company celebrates its 95th anniversary this year. Today, we can proudly affirm that the three underlying objectives for which Metro de Madrid was created, that is to provide a "fast, comfortable and safe" transit system, remain intact.

Over the last 95 years, Metro de Madrid has transformed the mobility of the entire region. Today, Metro de Madrid is a regional transit system that is present in 12 municipalities of the Community of Madrid.

Once again this year, we have combined our Corporate Social Responsibility Report and Annual Report into a single document.

This, the second integrated report that combines legal, economic and financial data with social and environmental, is yet another example of Metro de Madrid's commitment to transparency and to reinforcing the company's image as an organisation that is committed to its customers and has assumed the obligation to develop corporate responsibility policies and practices. As such, we have assumed the obligation to share the Company's progress each year made in a sustainability report, as established in the United National World Compact which Metro de Madrid has signed.

2014 was characterised by the economic recovery. Following years of steady decline in demand, metro trips were up by more than 3 million in 2014, which resulted in a series of improvements to our services: all lobbies were reopened in December 2014, more trains were added to the schedule and the Metro Quality Plan was set in motion.

I encourage you to learn, through this integrated report, about the projects, initiatives and actions we are taking to meet the challenges our Company faces, as well as our commitment to social and economic development and the protection of our environment. ♦



A photograph of a modern architectural interior, possibly a library or a corporate building, featuring a curved glass wall and a curved ceiling. The image is overlaid with a semi-transparent red filter. A white diagonal line runs from the top left corner towards the center. The text '02' is prominently displayed in white on the left side.

02

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## Board of Directors







# Board of Directors

(at 31 December 2014)

## CHAIRMAN

Pablo CAVERO MARTÍNEZ DE CAMPOS

## DIRECTORS

Ignacio GONZÁLEZ VELAYOS

Francisco de Borja CARABANTE MUNTADA

Jesús Adriano VALVERDE BOCANEGRA

Raimundo HERRAIZ ROMERO

Matilde GARCÍA DUARTE

David PÉREZ GARCÍA

Diego SANJUANBENITO BONAL

José Luis MORENO CASAS

## SECRETARY (NON-MEMBER)

Miguel NIETO MENOR





# Executive Committee

(at 31 December 2014)

## **CEO**

Ignacio GONZÁLEZ VELAYOS

## **GENERAL SECRETARY**

Miguel NIETO MENOR

## **DIRECTOR GENERAL OF HUMAN RESOURCES AND ORGANISATION**

Luis Fernando ARCE ARGOS

## **DIRECTOR GENERAL OF RAIL OPERATION**

Carlos CUADRADO PAVÓN

## **DIRECTOR GENERAL OF FINANCE**

Francisco MARTÍNEZ DAVIS

## **DIRECTOR GENERAL OF SECURITY**

Bruno Fernández Díez

## **DIRECTOR GENERAL OF ENGINEERING AND MAINTENANCE**

Carlos Esquíroz Sors

## **DIRECTOR GENERAL OF OPERATIONS**

Fernando Rodríguez Méndez

## **DEPUTY DIRECTOR OF INSTITUTIONAL AFFAIRS**

Javier Otamendi Pineda

# Map of the network operated by Metro de Madrid S.A

(at 31 December 2014)



Tu sistema de transportes  
[www.crtm.es](http://www.crtm.es)



CONSEJERÍA DE TRANSPORTES,  
INFRAESTRUCTURAS Y VIVIENDA  
**Comunidad de Madrid**  
[www.madrid.org](http://www.madrid.org)

<b>1</b>	<b>Pinar de Chamartín Valdecarros</b>
<b>2</b>	<b>Las Rosas Cuatro Caminos</b>
<b>3</b>	<b>Villaverde Alto Moncloa</b>
<b>4</b>	<b>Argüelles Pinar de Chamartín</b>
<b>5</b>	<b>Alameda de Osuna Casa de Campo</b>
<b>6</b>	<b>Circular</b>
<b>7</b>	<b>Hospital del Henares Pitis</b>
<b>8</b>	<b>Nuevos Ministerios Aeropuerto</b>
<b>9</b>	<b>Mirasierra Arganda del Rey</b>
<b>10</b>	<b>Hospital Infanta Sofía Puerta del Sur</b>
<b>11</b>	<b>Plaza Elíptica La Fortuna</b>
<b>12</b>	<b>MetroSur</b>
<b>R</b>	<b>Ópera Príncipe Pío</b>
<b>1</b>	<b>Pinar de Chamartín Las Tablas</b>
<b>2</b>	<b>Colonia Jardín Estación de Aravaca</b>
<b>3</b>	<b>Colonia Jardín Puerta de Boadilla</b>

## SIMBOLOGÍA - Key

**Transbordo corto**  
Metro interchange

**Transbordo largo**  
Metro interchange  
with long walking distance

**Cambio de tren**  
Change of trains

**Horario restringido**  
Restricted opening times

**Metro Ligero**  
Light Rail

**Cercanías Renfe**  
Suburban railway

**Grandes Intercambiadores**  
Transfer Terminal

**Autobuses interurbanos**  
Suburban buses

**Autobuses largo recorrido**  
Interegional bus station

**Autobuses nocturnos**  
Night bus line

**Estación de tren**  
Railway station

**Aeropuerto / Airport**  
Adolfo Suárez Madrid-Barajas

**Zonas tarifarias**  
Fare zones

**Estación accesible /  
ascensor**  
Step-free access / lift

**Suplemento Aeropuerto**  
Airport extra charge

**Oficina de gestión  
tarjeta transporte público**  
Public Transport Card Office

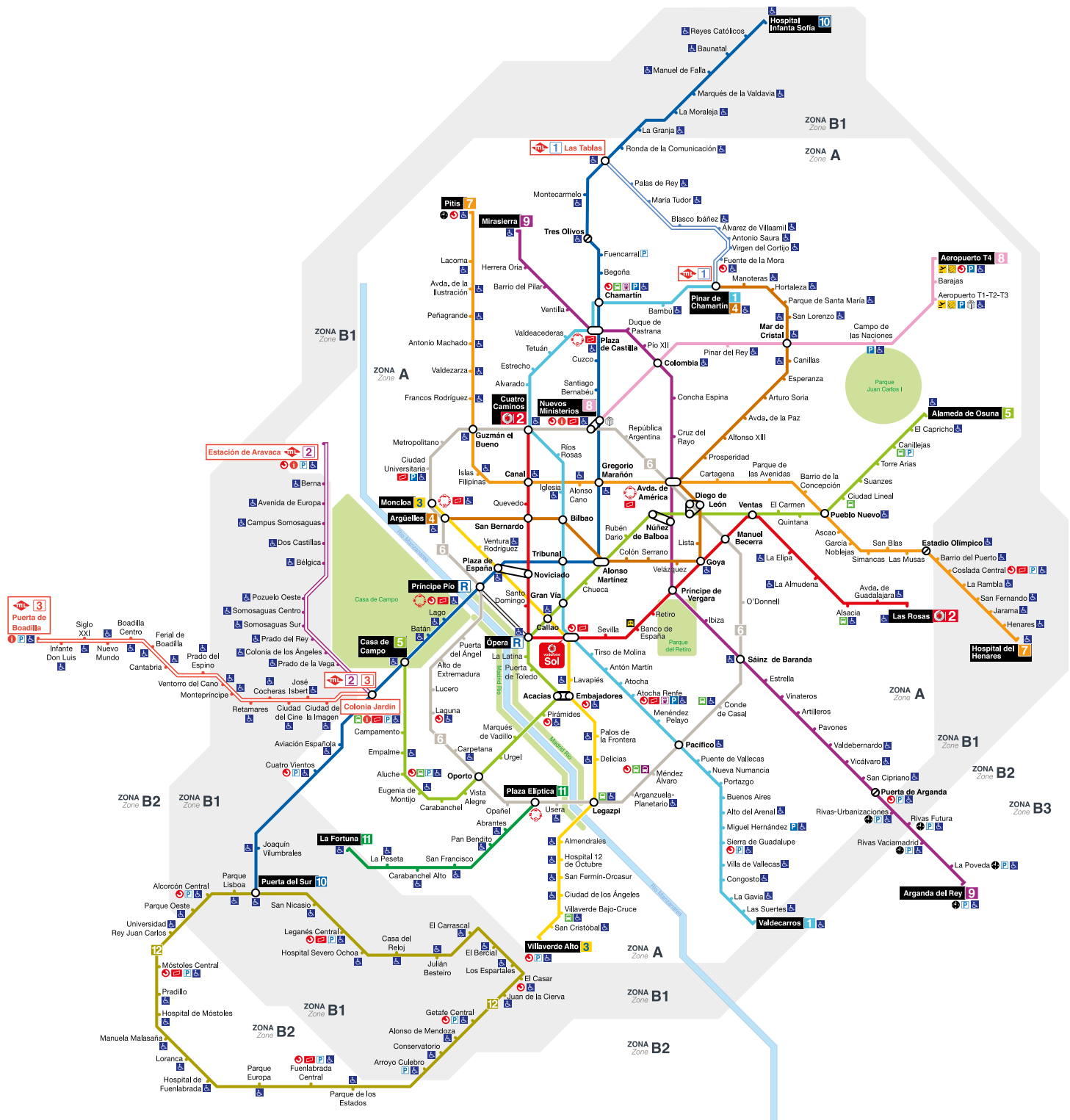
**Centro de Información**  
Travel Information Centre

**Aparcamiento disuasorio  
gratuito**  
Free Park and Ride

**Aparcamiento disuasorio  
de pago**  
Paid Park and Ride

**Productos Oficiales  
de Metro**  
Official Metro  
Merchandising







03

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# Directors' Report





## Introduction

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Metro de Madrid operates a network of 292.4 kilometres with 300 stations, and its installations were used for 561 million trips in 2014 at an average speed close to 29.77 kilometres/hour.

The underground network has modern, automated operating, signalling, safety and accessibility systems, all of which are part of the Company's knowhow and have attracted the interest of subway operators and companies operating in the rail sector from all over the world.

With 95 years of experience and an increase in demand for the first time since 2008, at Metro de Madrid we are fully committed to our travellers and to offering them the highest quality service as the region's leading mode of public transport.

According to the latest survey of Metro's image among the citizens of the Community of Madrid, our overall image rating improved by 0.12 last year (7.21 out of 10). Our score on the survey of perceived quality of service administered in the last quarter of 2014 also improved by 0.12 (7.35 out of 10) compared to the same period in 2013.

Finally, in 2014 one member of the Board of Directors along with a member of the Executive Committee stepped down. ♦

7.21

Score out of 10



**Quality & Service of  
Metro de Madrid**





04

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# Metro de Madrid Strategy







# Metro de Madrid Strategy

Following several years that were characterised by the impact of the economic crisis on Metro de Madrid's operations and results, clearly reflected in a decline in the number of trips and the necessary adjustments to budgets and resources, 2014 marked a turning point characterised by a slight but positive change in the trend that saw an uptick in demand starting in the second half of the year.

Notwithstanding the need for efficient administration of public resources and the company's firm commitment to minimise our dependence on public funding from the Community of Madrid, 2014 was, to a certain extent, a transitional year as far as strategies go. While in previous years the strategy was clearly focused on efficiency and adapting resources and service levels to the falling demand brought on by the economic crisis, with the stabilisation of the economic and financial results due to more streamlined management and the uptick in demand experienced in 2014, we can look to the future with optimism, confident in our ability to maintain the quality of service and keep the focus on our travellers as the keys to achieving our goals.

With this in mind, the main strategic objectives approved for the 2014 fiscal year were as follows:

1. Optimise demand and revenues from fares.
2. Improve internal efficiency.
3. Reinforce service quality.

The strategic initiatives in place in 2014 designed to enable Metro de Madrid to achieve these objectives were as follows:

**The Metro de Madrid 2012-2015 Optimisation Plan,** led by the Executive Committee and coordinated by the Strategic Planning Service, is designed to enhance the Company's financial situation, reducing its dependence on subsidies from the Madrid Regional Government and other administrations. This Plan seeks to augment efficiency in public expenditure with a package of measures designed to cut costs in all possible areas with minimum repercussions for passengers, while actively searching for

new channels of revenues and maintaining the highest levels of safety.

In 2014 the Optimisation Plan generated more than €275million in savings (52%) and revenues. Notable under the heading of revenues was the sum of €118.5 million corresponding to the 2014 Equity Plan. This deficit reduction made it possible to freeze prices, a historical first in the Community of Madrid.

**Corporate Risk Management Model.** Corporate risk management is a basic management tool for Directors which affords greater security in attaining objectives and obtaining results. In 2014, the different risk management groups met on a monthly basis to monitor overall risk levels and to take the actions needed to mitigate and control them. The Risk Management Committee, an executive and consultative body of the Executive Committee with representatives from each one of the main corporate areas, also met on a monthly basis to maintain and enhance the level of operational security through prevention.

**Quality Plan.** A quality Plan was designed and implemented in late 2014 which focuses on the most relevant aspects of quality service and strives to improve not only the quality of service offered but also the perception of that quality by our customers. The results of the service quality surveys administered twice a year show that our services are highly regarded by users and we receive the highest rating of all Madrid public services from tourists. ♦

## Benchmarking

Metro de Madrid is a member of the CoMET Group (Community of Metros), which is made up of the world's main subway networks, as well as the NOVA Group (whose members are medium sized subway networks). Between the two, they account for practically all of the world's most relevant underground networks.

These groups seek to understand and disseminate best practices for the sector at the international level. As a member of these groups, we are able to consult the solutions to real problems that have been adopted by metro operations similar to ours. In addition, the ability to compare ourselves with other metro operations is a magnificent tool for identifying areas for improvement.

Metro de Madrid was the Vice President of the Group in 2014 and will assume the Presidency in 2015.

The CoMET and NOVA groups receive methodological support from RTSC, an organisation associated with the prestigious Imperial College of London that works with the international community of metro operators on research and maintains an exhaustive database that includes a complete battery of key benchmarking indicators.

As a member of this community, all Metro de Madrid employees have access to this international forum of experts and the ability to learn how other metro operators around the world have solved some of the problems that we face on a daily basis. The queries, studies and other activities involving the CoMET community are coordinated by the Internal Audit and Studies Area, which also provides support to the departments that require assistance in this area. ♦



# Corporate Social Responsibility Strategy

Metro de Madrid is aware that all business activities have an impact on people, on the economy and on the environment. We see Corporate Social Responsibility (CSR) as a business tool for contributing to global sustainability, i.e., for contributing to the balance that must exist between economic, social and environmental aspects in order for a business to ensure and be sustainable over time.

As a company that has signed onto the United National Global Compact, Metro has made a commitment to respect the ten universal principles of conduct and action in the areas of human rights, workers' rights, the environment and the fight against corruption through both its strategies and daily operations, which are intended to respond to society's need for mobility by providing sustainable mobility.

As part of our CSR strategy, Metro de Madrid has identified five stakeholder groups: employees, clients, suppliers, society and public administrations. The Company has made certain commitments to respond to its stakeholders' expectation, which are set out in the Corporate Responsibility policy. We have specific channels of communication

with our stakeholder groups to help us maintain a close relationship with each one.

Metro de Madrid seeks to make our economic activities and the demographic development of the Community of Madrid compatible activities by being respectful of the environment and helping to improve the quality of life of our citizens, using economic resources efficiently and combining innovation and the rational use of energy.

Just as it offers a response to society's mobility needs, the Company is committed to sustainable mobility as a way of contributing to the fight against climate change. Sustainable mobility, understood as a mobility model that allows people to move about with minimal environmental impact using modes of transport that consume less energy and produce the fewest emissions per kilometre travelled, is the current trend in the Community of Madrid, where the metro is the most commonly used mode of public transport (according to the latest data released by the Madrid Regional Transport Consortium, 41% of public transport users use the Metro de Madrid network).

Because of the trust placed in the Company by citizens, we feel the obligation to continue advancing in the pursuit of sustainable management, without overlooking the current crisis situation which is reflected in the drop-off in demand for our services as a consequence of the downturn in economic activities and the unemployment





rate, all of which affects not only work-related travel but also shopping and entertainment outings.

From an **economic** point of view, Metro de Madrid is doing its best to guarantee economic viability by implementing plans to increase efficiency and reduce costs.

The Company's commitment to the **environment** is reflected in numerous actions such as the implementation of energy-efficiency measures – the company's highest consumption item – the sustainable use of water through the 2010-2013 Sustainable Water Management Plan, efficient waste management and efforts to reduce noise and vibrations.

Along these lines, Metro de Madrid is calculating its corporate carbon footprint to measure the quantity of greenhouse gas emissions (GGE) measures in equivalent CO<sup>2</sup> emissions, directly or indirectly generated by the Company's operations.

From a **social standpoint**, Metro reduces the time citizens must spend getting from one place to another and also acts as an element of social cohesion, bringing people and territories together and breaking down physical barriers. Metro contributes notably to improving citizens' quality of life by reducing the number of accidents and health problems associated with pollution and noise.

In addition, aware of the fact that companies do not conduct their business in a vacuum, without taking the surrounding social environment into account and impacted by the unfavourable economic scenario, Metro de Madrid is focusing on assisting people who are at risk of social exclusion in the Community of Madrid, to the extent possible. In collaboration with organisations, entities and associations working in this area, Metro is designing and implementing projects intended to improve the situation in the markets where we do business.

These projects are all part of the Metro de Madrid Social Line. As attested to in this report, an evaluation of these efforts over the last year shows, with specific data, that the company has managed to renew itself in this area, with new internal procedures that have enabled it to manage the Social Line in a sustainable way in an effort to reduce the inequalities between the most disadvantaged groups, supporting projects in solidarity with other entities but also designing campaigns sponsored by the company with the participation of employees, with special emphasis on the most disadvantaged groups in the Madrid region.



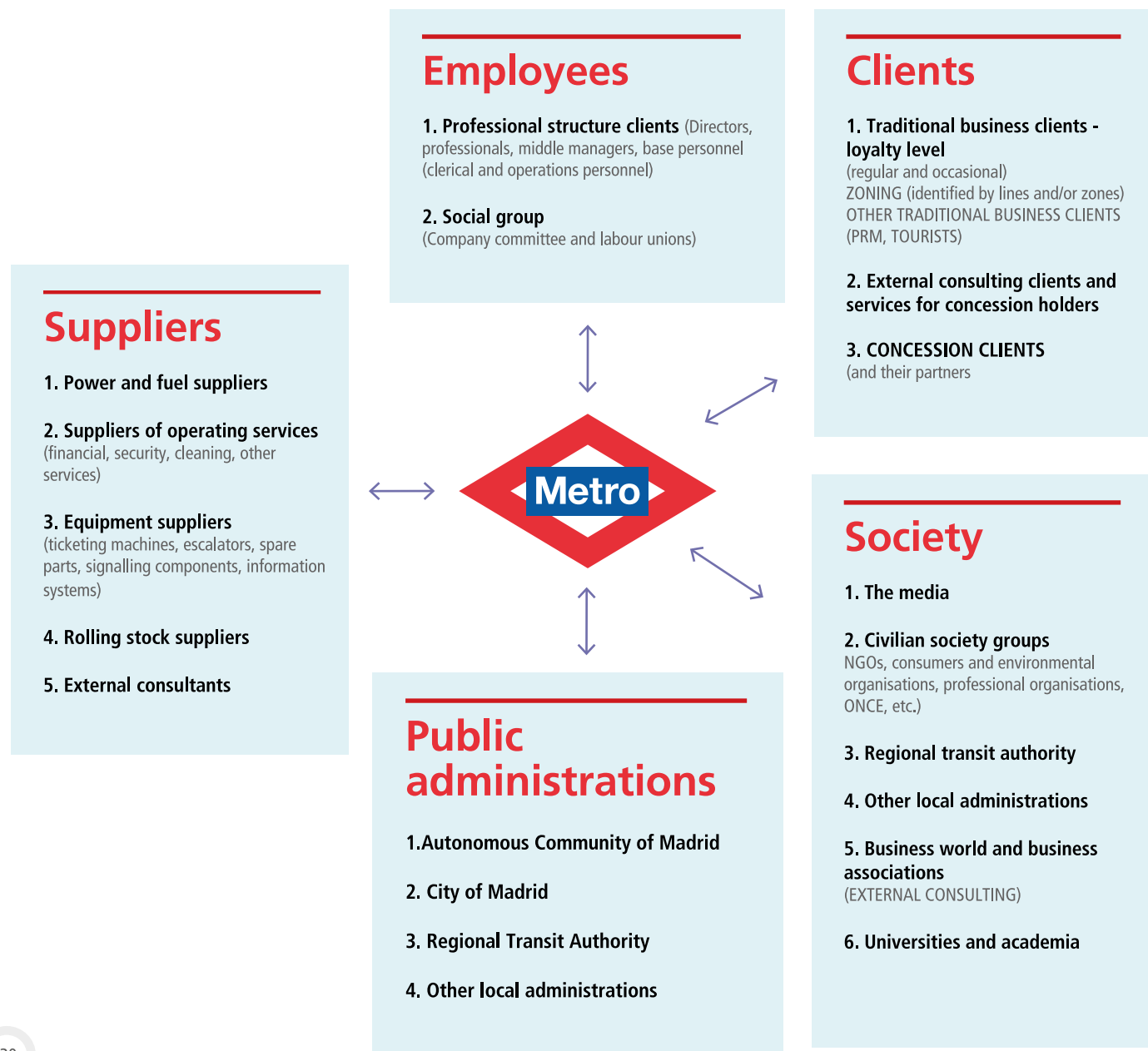
## CSR Policy and Stakeholders

The Communication and CSR Area, which reports directly to the Company's CEO, oversees compliance with Metro's CSR policies focused on the commitments defined by stakeholders and other groups or entities that are or could be affected by the Company's services and operations and whose opinions and decisions can influence the Company's economic results or reputation.

One of this department's main objectives is to integrate CSR into the Company's strategy and all areas of the organisation by creating a culture of sustainability within the Company and by building relationships and encouraging dialogue with stakeholders, as illustrated below:

Metro de Madrid considers the needs of all stakeholders, in the belief that their opinions are important to the subsequent development of the Company's strategies.

Metro de Madrid establishes transparent, clear and close relationships in an effort to instil trust and discover people's needs and desires, thus enabling it to anticipate the risk and opportunities that may arise, build confidence, ascertain needs and encourage participation.



## With our employees

Metro de Madrid continued to share company information with the entire staff in an open and plural way and to encourage two-way communications by and between all company personnel.

## With clients and society

Through studies of the public's image and perception of the service provided by Metro de Madrid, we were able to gather the opinions of stakeholders and society at large on multiple aspects of the service and the company itself. To do so, surveys are conducted and analysed annually on an ad hoc basis, using questionnaires and observations that help us not only to guarantee the best service on a daily basis but also, and perhaps more importantly, to identify trends far enough in advance to be able to adapt the service accordingly while maintaining the same quality and safety levels. Other lines of communication used by Metro de Madrid to communicate with these groups include the corporate website, Facebook, Twitter and the Metro de Madrid YouTube channel, the Internet, informative campaigns, Metro Madrid channel, customer services centres (including the Interactive Customer Service Centre or CIAC) and direct contacts between staff and customers.

## With our shareholders

As Metro de Madrid's sole shareholder, the Community of Madrid is permanently represented on the Company's highest governing body, the Board of Directors, which meets on a monthly basis. As members of the Regional Transport Consortium, various municipalities in the Community of Madrid are also represented on the Board, which coordinates the operations of the Madrid region's different public transport operators. All major issues concerning the management of Metro de Madrid are discussed at the Board of Directors meetings. In response, the appropriate measures are taken, which may be operational, strategic or administrative in nature.

Of the many examples that can be cited, the current economic situation in Spain and the Community of Madrid led to the taking of strategic decisions intended to cut costs, contain spending, etc. The survey of perceived quality gave the Board insight into how customers view the service offered by Metro de Madrid and enabled it to take decisions, allowing the Board to then take actions designed to reinforce or improve some of the aspects noted by customers in one direction or another.

## With our suppliers

The approaches that are traditionally taken to satisfy the expectations of the supplier stakeholder group are as follows:

### Contractor Profile:

Web Space enabled on the corporate website to establish a channel of fluid, dynamic and effective communication for sharing values, ideas and mutual benefits. Regular updates are posted with content that is both relevant and useful for businesses. These updates include such things as the adaptation of commonly used nomenclature and references to current legislation or the inclusion of different search criteria for published tenders. ♦

# The Environmental Strategy

Respect for the environment is part of the Company's Corporate Strategy, with "Energy Saving" constituting a course of action within the strategic line of "Improving Internal Efficiency".

Metro de Madrid, as a company committed to the environment, has an Environmental Management System based on the UNE-EN ISO 14001 standard, through which it studies and seeks effective solutions to prevent, control and minimise the environmental impacts of its operations thereby contributing to the protection of the environment.

Some of the most noteworthy environmental actions undertaken by Metro de Madrid include:

- ◉ Developing and implementing comprehensible, effective and efficient processes that facilitate the continuous improvement of the environment management system and the company's overall environmental performance.
- ◉ Favouring an environment of collaboration, commitment and participation among employees and offering assistance and advice to the different areas as needed in order to incorporate environmental management into their daily activities.
- ◉ Ensuring that all company activities that could have an impact on the environment include management guidelines designed to minimise those impacts.
- ◉ Optimising the use of resources and raw materials to prevent pollution.
- ◉ Complying with the environmental legislation and other requirements, going beyond the minimum requirements where possible and promoting the adaptation to future rules as effectively, efficiently and safely as possible.
- ◉ Fostering environmental values in relation to the chain of supply of goods and services.
- ◉ Promoting a high level of awareness among personnel in relation to environmental protection as part of their professional development, designing awareness-raising and training programmes and establishing the most effective lines of communication.
- ◉ Reinforcing the reputation and image of an environmentally responsible company, taking the expectations of all stakeholder groups into account.
- ◉ Distributing the environmental policy among employees, suppliers and other stakeholders.





# The Social Action Strategy

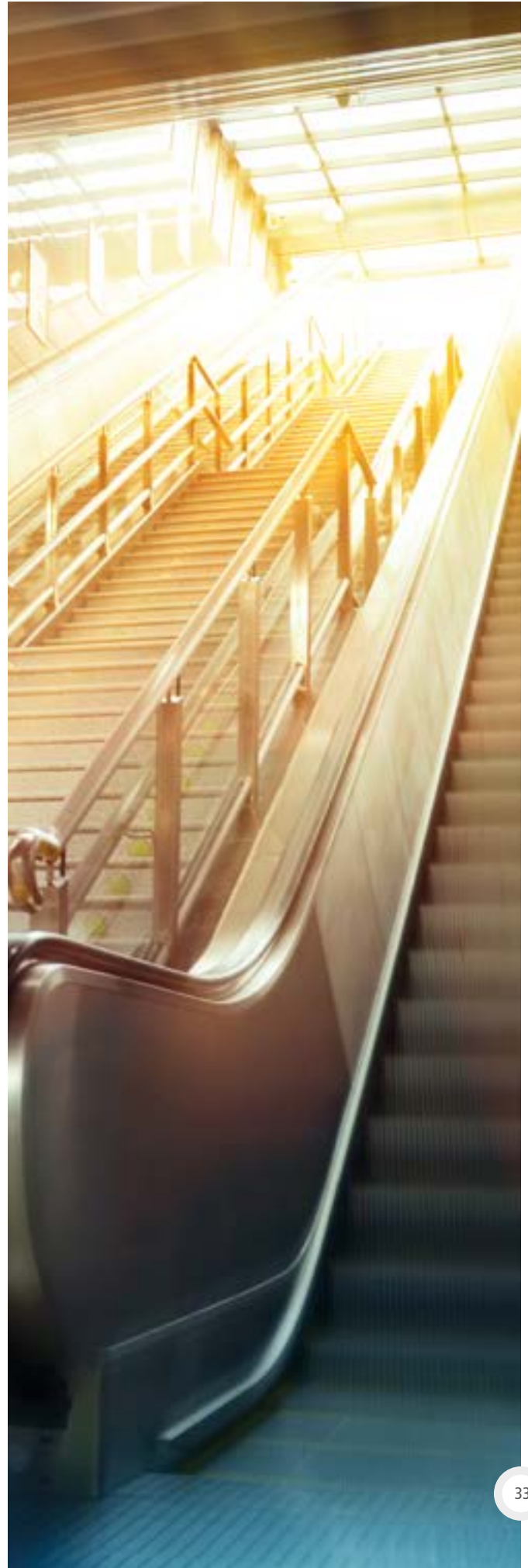
The commitment to society is part of Metro de Madrid's *raison d'être*. As the transportation backbone of the Community of Madrid, so to speak, we are well aware that it is impossible to run our business isolated from the social environment. That is why we work with specialised organisations, entities and associations to design and implement projects intended to improve the society in which we live, especially for the most vulnerable segments of the population. These projects are all part of Metro de Madrid's social line, whose ultimate goal is to improve the social environment (responding to the concerns and needs of the society in which we operate) and to project the image of a socially responsible company.

What the **Social Line** aims to do is:

- ⊙ Improve the social environment, in particular, to promote the social cohesion of all citizens of the Community of Madrid.
- ⊙ Broaden the channels of communication with the various stakeholders.
- ⊙ Set the framework for collaboration with other institutions in terms of partnerships.
- ⊙ Optimize the effectiveness of the activities that Metro de Madrid has been carrying out in this field for some time now.
- ⊙ Improve the Company's reputation and image with respect to social commitment.

The strategic objectives of **Metro de Madrid's social line** include:

**1. Improving the customer's experience** by paying special attention to the concerns and needs of the society in which Metro de Madrid operates. This includes actions of an operational nature – which may require the involvement of company employees - intended to improve the service we offer, particularly to special needs groups.



**2. Tackling social exclusion in our society.** This includes solidarity actions to impact the needs of groups in the Community of Madrid at risk of social exclusion such as:

- ⊙ People with disabilities
- ⊙ The elderly
- ⊙ Women
- ⊙ Minors
- ⊙ Immigrants

**3. Improving health in our community.** This includes actions related to general health issues - awareness and prevention - which affect our immediate environment.

**4. Developmental cooperation.** In this area the actions are aimed at promoting the economic and social advancement of underdeveloped countries for a more balanced and sustainable global environment.

All of this can be summarised as follows:





The background of the slide is a photograph of a modern subway station. The station features a wide staircase with metal railings and a ceiling with exposed metal beams and fluorescent lighting. A large, solid red diagonal overlay covers the left and bottom portions of the image, creating a bold, graphic effect.

05

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## Metro de Madrid in 2014





# Network in operation

The network operated by Metro de Madrid on 31 December 2014 was **292.41 kilometres long with 300 stations**, distributed by lines as shown on the following table:

Network operated by Metro de Madrid, S.A. 2014

	Línea	Length (km) **	Stations	Lobbies
1	Pinar de Chamartín - Valdecarros	23.320	33	60
2	Las Rosas - Cuatro Caminos	14.105	20	25
3	Villaverde Alto – Moncloa	14.798	18	27
4	Pinar de Chamartín – Argüelles	14.626	23	26
5	Alameda de Osuna - Casa de Campo	23.207	32	39
6	Circular	23.472	28	33
7	Estadio Olímpico – Pitis	19.676	23	23
Metro Este	Hospital del Henares - Estadio Olímpico	9.341	8	8
8	Nuevos Ministerios - Aeropuerto T4	16.459	8	6*
9	Mirasierra - Puerta de Arganda	19.257	23	26
TFM	Puerta de Arganda - Arganda del Rey	19.037	6	6
10	Tres Olivos - Puerta del Sur	24.216	21	19*
MetroNorte	Hospital Infanta Sofía - Tres Olivos	15.568	11	12
11	Plaza Elíptica -La Fortuna	8.237	7	6*
12	Circular Municipios del Sur (MetroSur)	40.596	28	27*
Ramal	Ópera - Príncipe Pío	1.092	2	0*
ML1	Pinar de Chamartín - Las Tablas	5.401	9	8*
<b>TOTAL</b>		<b>292.41</b>	<b>300</b>	<b>351</b>

(\*) For lines where the number of lobbies is lower than the number of stations, it is due to the fact that the lobbies are assigned to other lines that share the same station.

(\*\*) The length includes the dead end of the line.

Since its origins in 1919 and particularly in recent years, Metro de Madrid has enlarged the network several times, to the point where it now reaches most of the capital's districts and several of the most important municipalities in the Greater Madrid metropolitan area.

This growth was implemented by incorporating new categories of infrastructure management into urban transport networks, whether by the creation of "Infrastructure Managers" or by means of the so-called concession systems, or public-private participation.

Hence the evolution from the traditional model with the Public Administrations themselves building the new infrastructures then licensing their operation to Metro de Madrid, to the model launched in 1999 with the creation of MINTRA (now the DGI, Directorate-General of Infrastructures), changing the scenario gradually until reaching the present situation in which Metro operates not just its own network but also the following sectors:

On 2 July 2012, the Company signed an agreement with the Directorate-General of Infrastructures to operate the infrastructures in a system of free-use assignment **of the following:**

- ⊙ Line 12, the Southern Municipalities Circle line, which came into service in 2003 and links the municipalities of southwest Madrid together and, via the connection with Line 10, with the capital.
- ⊙ The prolongation of Line 10, also in 2003, from Casa de Campo to Puerta del Sur.
- ⊙ Extensions to lines 1-5, 7, 8, 9, 10 and 11 and, between 2004 and 2007, the construction of three new intermediate stations on lines 6, 8 and 10.

### As concessions:

#### Line 9 between Puerta de Arganda and Arganda del Rey

Since 1999, Metro de Madrid has operated this line pursuant to an operating contract with the company holding the concession for it, Transportes Ferroviarios de Madrid S. A. (T.F.M). Under this contract, Metro de Madrid undertakes the complete operation (running and maintenance) of the entire line.

#### Line 8 from Airport T1,T2,T3 to Airport T4

This 2.6 km long sector came on stream in 2007, part of the Concession awarded to the Consortium formed by the Caja de Madrid and FCC groups, currently comprising Globalvia.

Metro de Madrid runs the operation, with Line 8 trains reaching Terminal 4 at Barajas Airport, and does some maintenance of the installations.

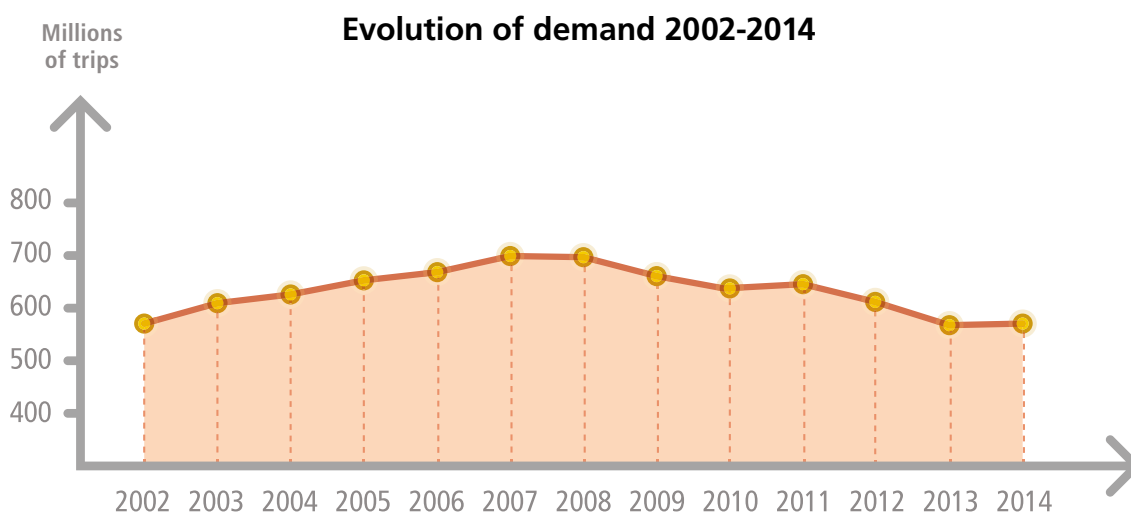
#### Light Metro Line 1 of the Sanchinarro and Las Tablas PAUs.

2007 saw the start-up of the Light Metro line in the new urban developments of Sanchinarro and Las Tablas in northern Madrid, 5.4 km long and with 9 stations. Metro de Madrid runs the whole line (operation and maintenance). ♦

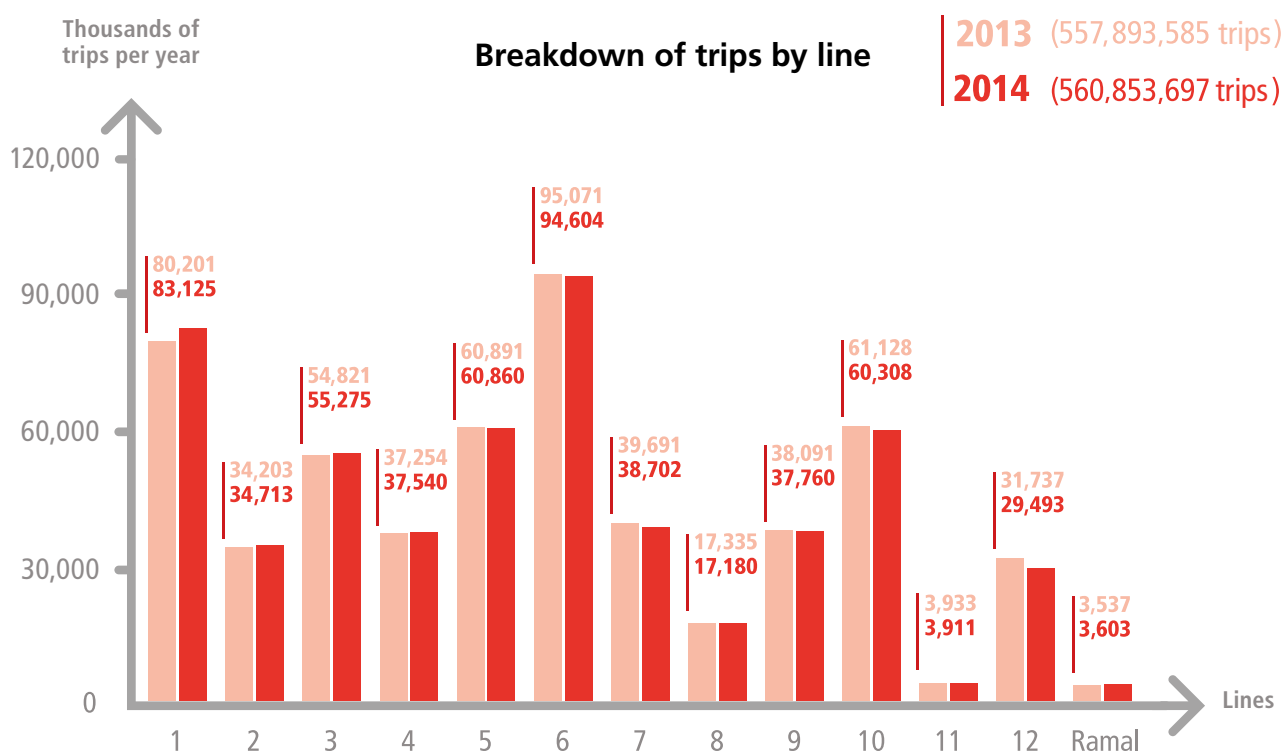


# Demand

In 2014, passengers took 560.85 **million trips** using Metro de Madrid, which represents a 0.53% increase over the year before. The following chart shows its evolution of demand in recent years:

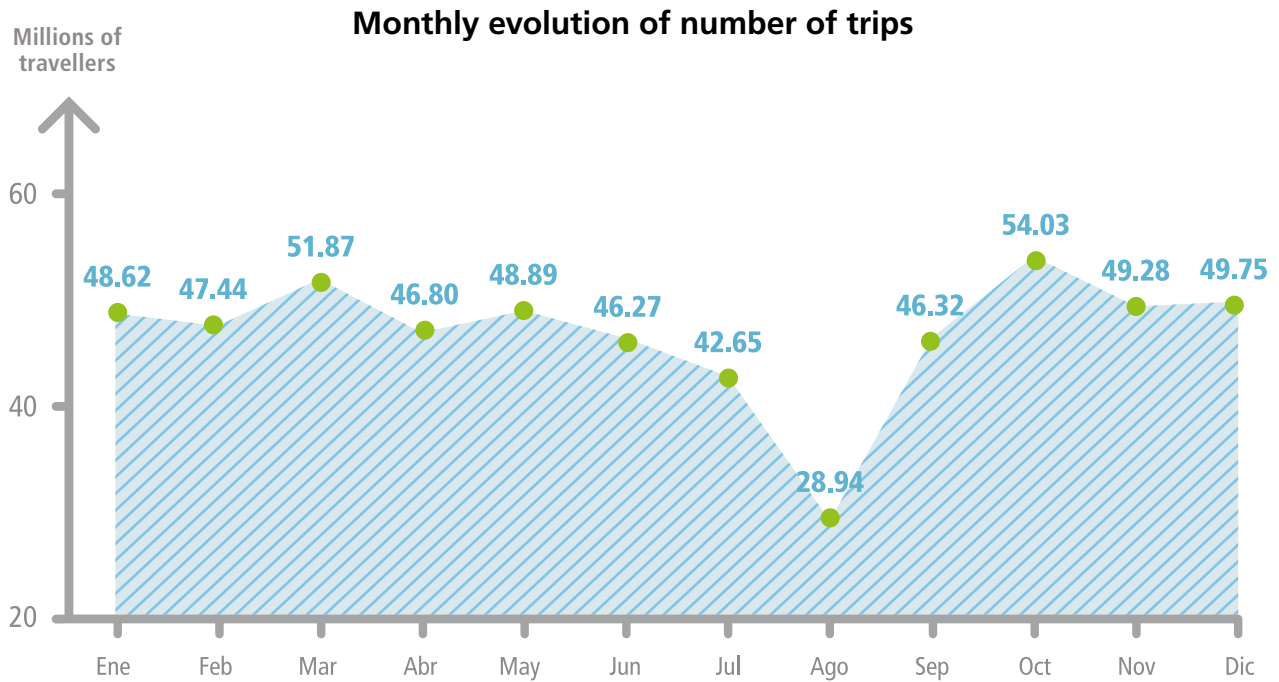


The chart below shows a comparison by lines over the last two years:





There were **828 millions of trips in 2014**. Metro de Madrid's average monthly demand was 46.7 million trips, April and October standing out as the months of greatest demand and August when demand was at its lowest:



The 12th of December was the day of maximum demand with a total of 2,163,329 trips, and the 25th of December was the day of lowest demand, with a total of 470,719 trips.

**Sol** continues to be the busiest station of all, being the city's nerve centre and the confluence of three metro lines and connection with two RENFE commuter rail lines. On the 1st of June the station's name was changed to **Vodafone Sol**. The following table shows entries and use (total entries, exits and transfer between lines) at the **21 busiest stations** in the Network:



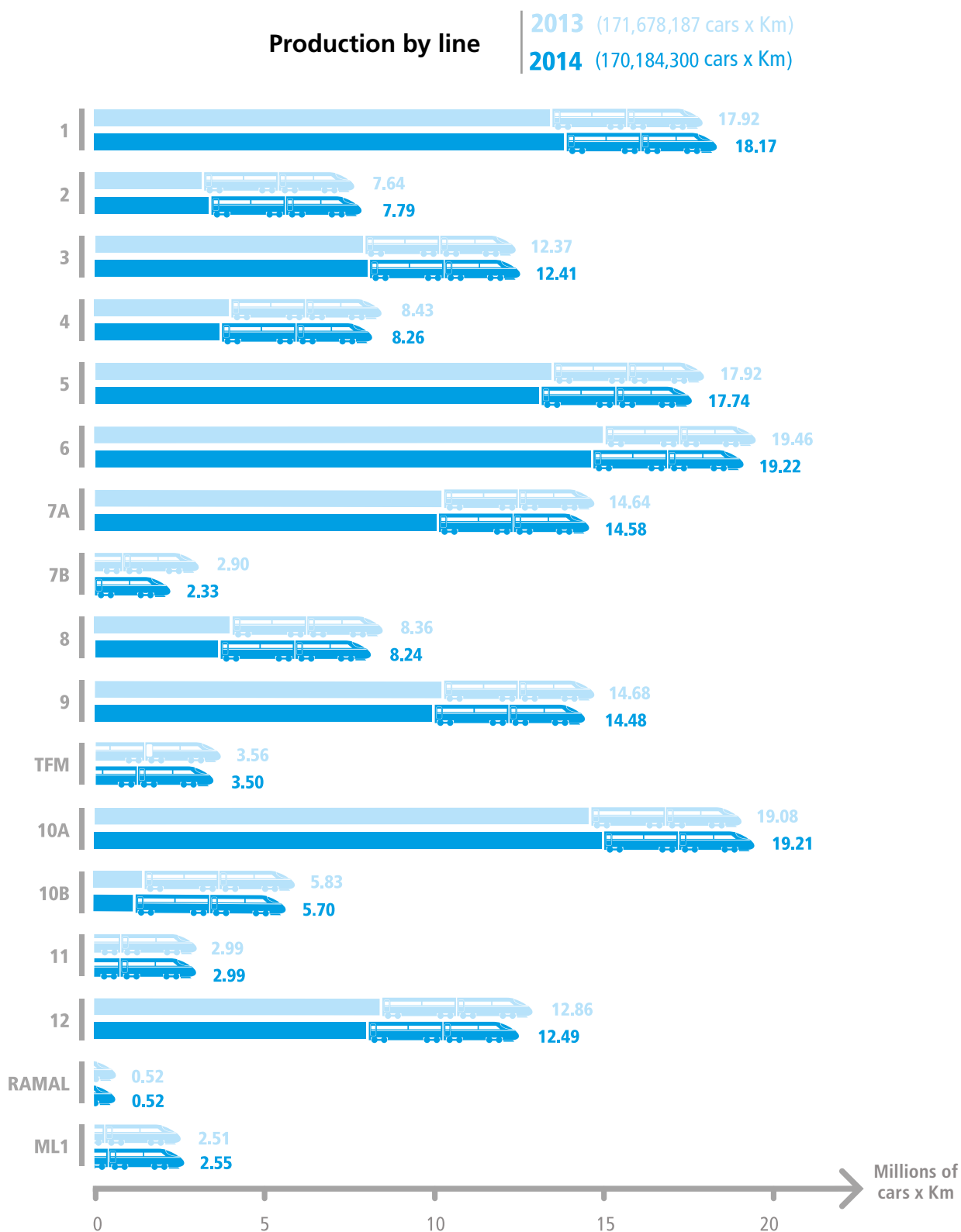
STATION NAME	ENTRIES	USES
Sol	20,080,594	55,673,031
Avenida de América	11,472,431	49,502,293
Nuevos Ministerios	14,536,234	41,808,061
Moncloa	17,582,359	37,552,835
Príncipe Pío	14,649,215	34,887,006
Plaza de Castilla	11,666,395	33,030,381
Alonso Martínez	5,003,437	24,223,081
Cuatro Caminos	6,006,216	22,185,288
Argüelles	7,467,281	21,587,589
Legazpi	5,763,783	20,882,212
Gregorio Marañón	3,956,263	20,311,984
Plaza de España	7,037,490	20,185,905
Ópera	5,083,683	19,610,591
Pacífico	4,028,973	18,660,187
Diego de León	5,453,767	18,451,454
Callao	6,100,675	18,038,525
Gran Vía	5,084,771	18,028,763
Atocha-Renfe	7,592,209	16,405,856
Plaza Elíptica	5,460,220	16,255,227
Oporto	5,075,485	16,098,085
Goya	5,845,082	15,534,028



# Supply

Implementation continued during the year of the programming proposed by the Madrid Regional Transport Consortium relative to supply, composition, frequency and quality of the train service on each line and during the different seasons.

Service **supply** was off by 0.87% from the previous year, with a total of 170.18 **million cars x kilometre** and the detail by line shown in the following graph:





Average commercial speed stood at **29.77 Km/h** overall on the lines making up the Network, which was down nearly 2.1% compared with the previous year's figure of 30.41 Km/h.

In an analysis by lines, the highest speed was once more that on line 9 between Puerta de Arganda and Arganda del Rey (TFM section), with an operating speed of 49.40 Km/h at peak time on a working day.

The following table sets out the most important parameters of supply, by line, during that period:

#### Supply by line during workday rush hour (7:30 – 9:30)

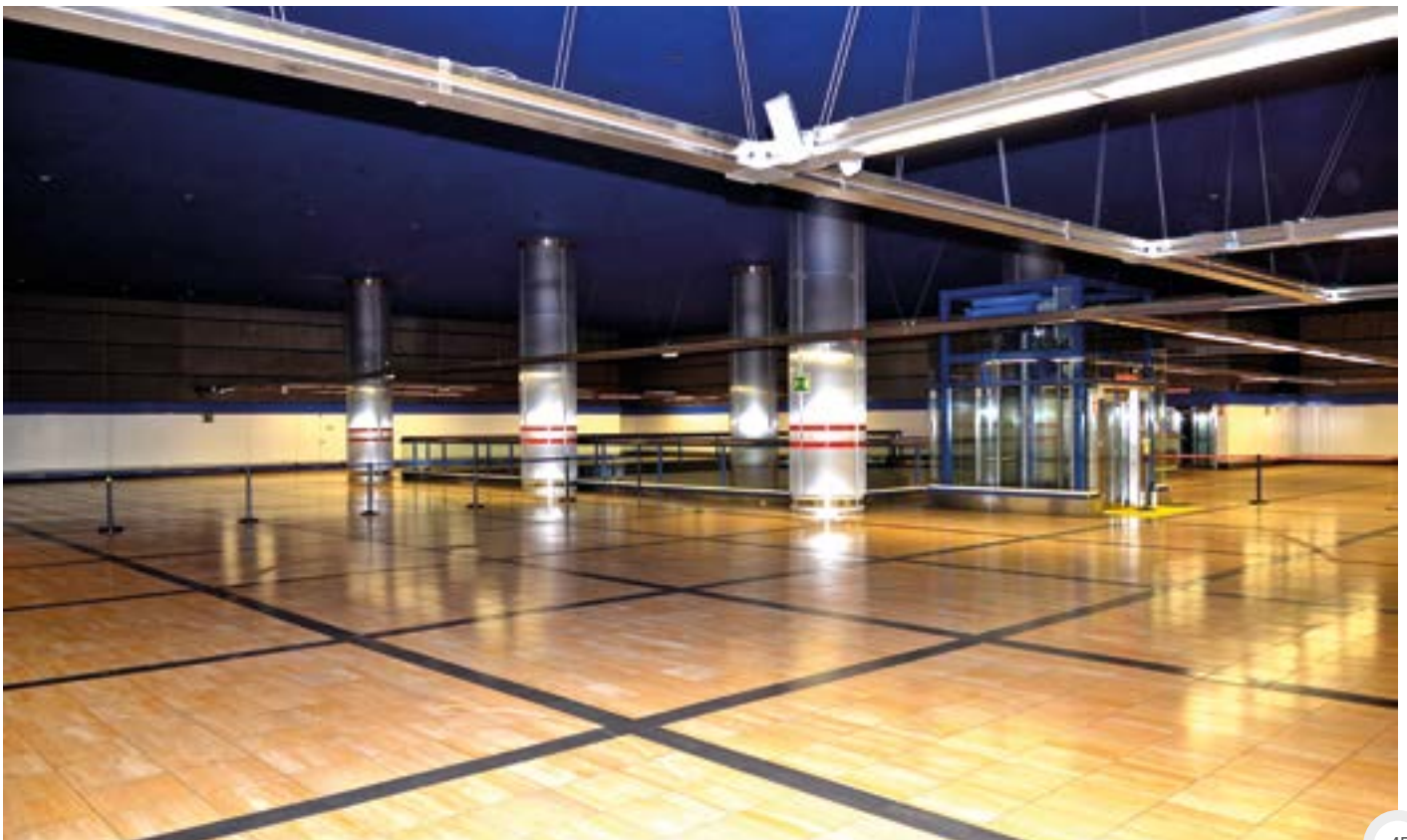
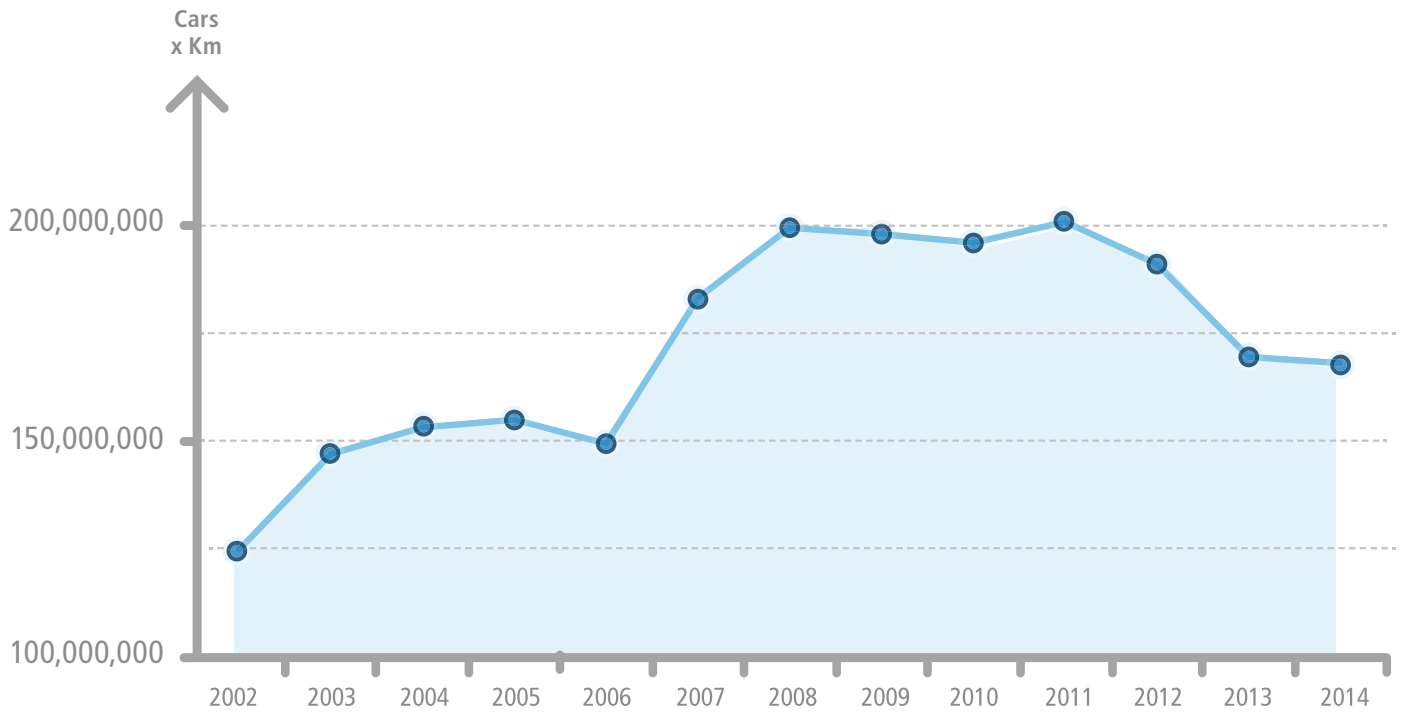
LINE	TRAINS	CARS/TRAIN	OPERATING SPEED (km/h)	RUN TIME (h:mm:ss)	FREQUENCY (mm:ss)	PAX CAPACITY (pax,/h)
1	34	6	20.97	2:06:51	0:03:44	13,027
2	19	4	22.93	1:09:54	0:03:41	8,578
3	26	6	24.19	1:07:52	0:02:37	18,574
4	25	4	21.95	1:18:26	0:03:08	10,059
5	29	6	22.72	1:59:31	0:04:07	12,665
6,1	20	6	22.20	1:03:46	0:03:11	25,125
6,2	13	6	24.16	0:58:29	0:04:30	17,803
7A	18	6	26.46	1:26:22	0:04:48	15,907
7B	6	3	30.68	0:34:10	0:05:42	6,511
8	11	4	41.75	0:45:16	0:04:07	12,075
9A	20	6	25.21	1:29:44	0:04:29	15,487
9B	7	2/3	49.40	0:46:20	0:06:37	4,155
10A	32	6	26.02	1:50:21	0:03:27	22,131
10B	11	3	35.52	0:51:28	0:04:41	7,925
11	5	4	27.54	0:29:38	0:05:56	8,380
12,1	10	3	35.32	1:08:45	0:06:15	5,827
12,2	10	3	35.95	1:07:48	0:06:10	5,909
R	2	4	11.65	0:10:00	0:05:00	6,315
ML1	7	5	18.54	0:34:15	0:04:54	3,433

Operating speeds and run times from November 2013

Number of trains refers to the maximum transport capacity at rush hour on a weekday

The following graph shows the evolution in supply in recent years:

**Evolution of supply 2002-2014**




# Fares

The 2014 fares are summarised on the following tables which show the tickets issued by the Madrid Regional Transport Consortium valid for travel on the metro

network. MetroMadrid is understood as the zone included in the municipality of Madrid (fare zone A).



## From 1 January to 31 December 2014

TICKETS		AREA OF VALIDITY On sale at all stations in the METRO Network	PRICE (€)
Single 1 trip	Metro Zone A	Metro Network stations belonging to fare zone A (including ML1)	1.50 - 2.00 (*)
	MetroNorte	Line 10 stations, section: La Granja - Hospital Infanta Sofía (Zone B1)	1.50
	MetroEste	Line 7 stations, section: Barrio del Puerto - Hospital del Henares (Zone B1)	
	MetroSur	Line 12 stations and Joaquín Vilumbrales and Puerta del Sur on Line 10 (Zone B1 and B2)	
	T.F.M.	TFM Network stations on Line 9, section: Puerta de Arganda - Arganda del Rey (Zone B1, B2 and B3)	2.00
Combined Single		Stations in the Metro Network and MetroLigero: ML1, ML2 and ML3	3.00
10 trips	METROBUS	Metro Network stations belonging to fare zone A (including ML1) and EMT	12.20
	T.F.M.	TFM Network stations on Line 9, section: Puerta de Arganda - Arganda del Rey (Zone B1, B2 and B3)	
	MetroNorte	Line 10 stations, section: La Granja - Hospital Infanta Sofía (Zone B1)	11.20
	MetroEste	Line 7 stations, section: Barrio del Puerto - Hospital del Henares (Zone B1)	
	MetroSur	Line 12 stations and Joaquín Vilumbrales and Puerta del Sur on Line 10 (Zones B1 and B2)	
Combined 10 trips		Stations in the Metro Network and MetroLigero: ML1, ML2 and ML3	18.30
Airport 	Metro Zone A Single + AIRPORT Supplement	Stations in the Metro Network belonging to fare zone A (including ML1) and entry and exit at Aeropuerto T1-T2-T3 and Aeropuerto T4 stations	4.50 - 5.00 (**)
	Combined Single + AIRPORT Supplement	Stations in the Metro Network and MetroLigero: ML1, ML2 and ML3 and for entry and exit at Aeropuerto T1-T2-T3 and Aeropuerto T4 stations	6.00
	AIRPORT Supplement	For entry and exit at Aeropuerto T1-T2-T3 and Aeropuerto T4 stations together with a Combined (Single or 10 journeys) or METROBUS Ticket	3.00

(\*) Minimum price of €1.50 up to 5 stations; €0.10 per each additional station, up to a maximum of €2.00 for journeys of more than 9 stations.

(\*\*) A supplement of €3 will be added to the price of the Metro Zone A Ticket applicable to the journey made.

CHILDREN UNDER 4 YEARS OLD DO NOT REQUIRE A TICKET.

MONTHLY TRANSPORT SEASON (€) On sale in the METRO Network									
COUPONS	A	B1	B2	B3	C1	C2	B1-B2 / B2-B3 / B3-C1 (*)	E1	E2
MONTHLY STANDARD	54.60	63.70	72.00	82.00	89.50	99.30	47.90	110.60	131.80
MONTHLY YOUNG PERSON'S	35.00	39.60	45.00	51.60	56.20	61.80	30.30	78.30	97.40
MONTHLY SENIOR CITIZEN	12.30							-	-
SPECIAL DISCOUNTS (**)	20% Large Families general category and persons with a degree of disability above 65% 50% Large Families special category 40% Large Families general category + persons with a degree of disability above 65% 70% Large Families special category + persons with a degree of disability above 65%								

(\*) On sale in all stations in the areas where valid.

(\*\*) Sales with application of these discounts will only be made for Public Transport Cards with contactless technology and solely at adapted ticket machines in Metro stations belonging to Zone A.

TOURIST TICKET (€) On sale at all stations in the METRO Network, at certain tobacconists, newspaper kiosks and places of tourist interest										
	ZONE A					ZONE T				
	1 Day	2 Days	3 Days	5 Days	7 Days	1 Day	2 Days	3 Days	5 Days	7 Days
STANDARD (*)	8.40	14.20	18.40	26.80	35.40	17.00	28.40	35.40	50.80	70.80

(\*) CHILDREN'S TICKET: 50% discount for children under 11 years old only



The trends in the level of use of each ticket type in recent years are shown on the following table:

#### Distribution of demand by ticket type (%)

Ticket Type	2011	2012	2013	2014
SINGLE	12.35	7.28	6.97	7.04
METROBÚS 10 TRIPS	23.77	24.74	23.87	24.04
METROSUR 10 TRIPS	0.85	0.84	0.77	0.72
METRONORTE 10 TRIPS	0.10	0.10	0.10	0.10
METROESTE 10 TRIPS	0.05	0.06	0.05	0.04
TFM 10 TRIPS	0.02	0.01	0.01	0.01
MONTHLY TRANSIT PASS	59.07	63.60	64.91	64.62
ANNUAL TRANSIT PASS	2.54	2.66	2.75	2.80
TOURIST PASSES	1.24	0.70	0.58	0.61



## Rolling stock

There was a fleet of 2,347 cars in service on 31 December 2014.

There is a total of 8 Citadis light metro units running in the network operated by Metro de Madrid.

Series	No. of cars (at 31 Dec. 2013)	No. of cars (at 31 Dec. 2014)
2000	724	724
3000	500	500
5000	202	202
6000	99	52
7000	222	222
8000	389	389
9000	258	258
<b>TOTAL</b>	<b>2,394</b>	<b>2,347</b>

The average age of the fleet in service is **14.05 years**, with the following detail according to rolling stock type:

Series	Average age 2014	OVERALL Average Age
2000	22.30	14.05
3000	7.05	
5000	27.96	
6000	12.70	
7000	11.63	
8000	6.41	
9000	7.47	

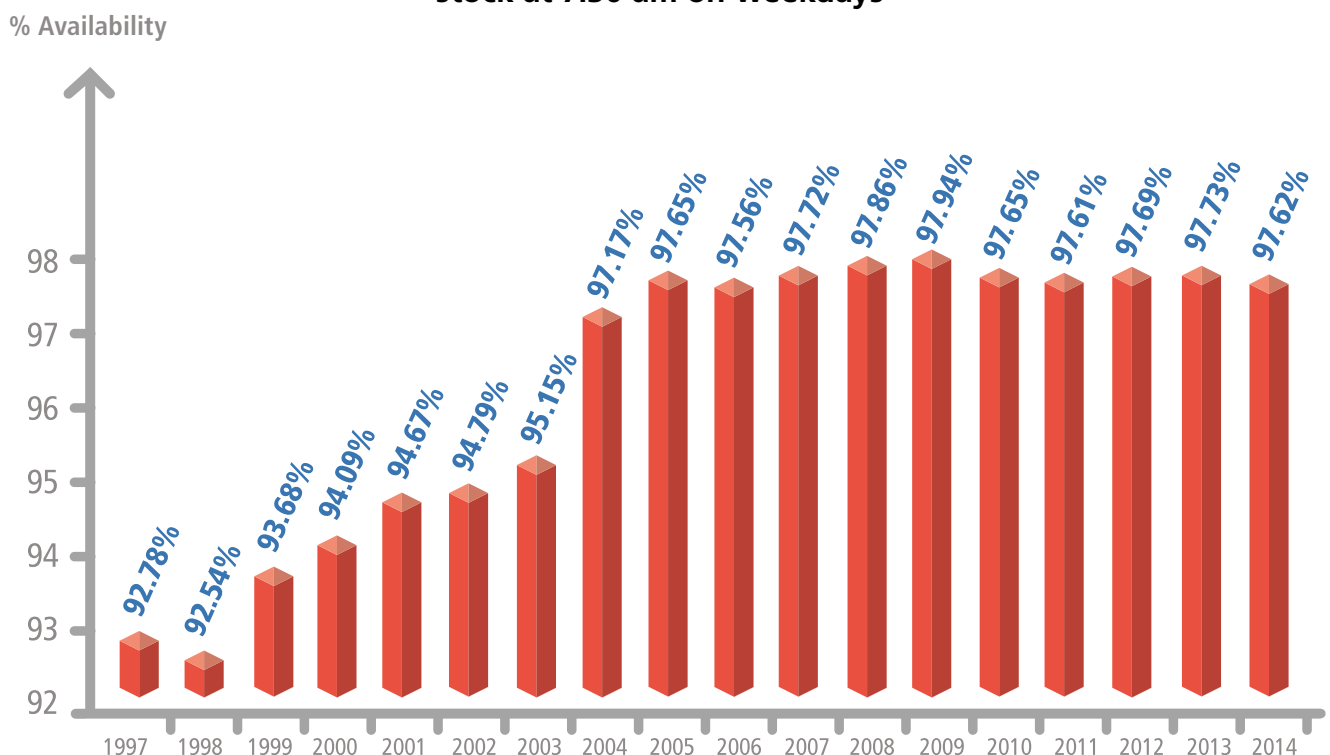
There were 193 long-cycle overhauls in 2014 and 8,552 overhauls for short-cycle preventive maintenance. This preventive maintenance is designed to locate and correct incidents in the shortest possible time, reducing the negative repercussions on the services provided to our customers.

The following table shows rolling stock availability levels according to car type in 2013 and 2014:

Serie	Availability 2013	Availability 2014
2000	97.80%	98.29%
3000	98.08%	98.77%
5000	97.53%	97.41%
6000	96.59%	96.83%
7000	97.60%	97.63%
8000	98.96%	96.11%
9000	97.06%	98.27%
<b>TOTAL</b>	<b>97.73%</b>	<b>97.62%</b>

The evolution of rolling stock availability in recent years is as follows:

### Evolution of availability of rolling stock at 7:30 am on weekdays





The following equipment was installed on-board the rolling stock at the 2014 year end:

Equipment	Number of cars	% of total
Air conditioning	2,347	100.00%
Video surveillance	1,562	66.55%
Passage for movement between wagons	1,366	58.20%
PA system for station announcement	2,154	91.77%
Fire detection and extinguishing	1,334	56.83%



# Installations

The most significant equipment installed and its evolution in the last two years is detailed on the following table:

Installations		
	2013	2014
CCTV displays - TFT screens	822	830
Interphones	5,274	5,257
Tele-indicators (panels)	2,324	2,225
Power plants (CAT and CAE)	516	518
Automatic ticket vending machines	1,527	1,442
Turnstiles	2,701	2,715
Escalators, walkways and ramps	1,694	1,694
Elevators	522	523
Ventilation shafts	637	636
Anti-intrusion systems in stations, substations (IFAINT) and premises (IFVDEP)	495	538 *
Transformer-rectifier substations	120	120
Medium-voltage transformer facilities	367	367
Transformers	1,114	1,117
General Twin-track Electrification (km)	294.2	294.2

\* The way in which this type of equipment is accounted for has changed. The value shown is therefore higher in 2014 even though there was no actual change in the volume of the equipment

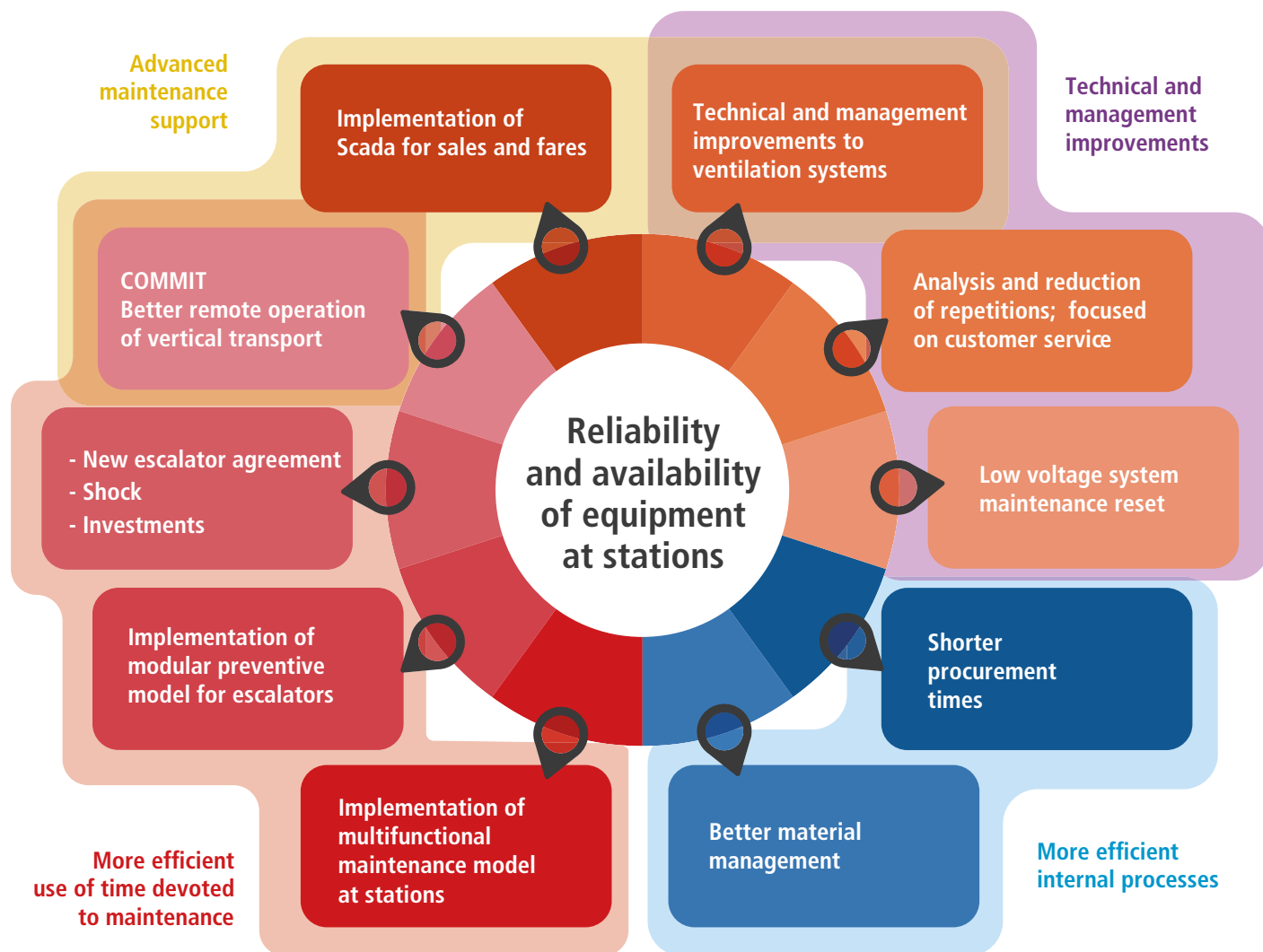
The following maintenance work performed on installations in 2014 is worthy of note:

⊙ Metro de Madrid Optimisation Plan:

- Efforts to save on external costs initiated in 2013 continued last year, with the internalisation of 23 facility maintenance contracts that resulted in savings of €3 million in 2014.

- The efforts made to handle the maintenance of Metro's security systems internally once the Coordinate Security system Service contract expired resulted in savings of €17.7 million for the 2014-2015 period. To do so, the Company invested €6.7 million in security equipment (video, access control, intrusion, etc.).

In June 2014, an Action Plan was implemented to improve the real and perceived quality of Metro's facilities. Figure 1 shows a general outline of the Plan:





Some of the investments undertaken in 2014 as part of this plan include:

- Investments in accessibility (€6 million):
  - A campaign to replace chains on steps and updated escalators (€5.2 million).
  - Improvements and updates to lifts (€0.3 million).
  - Improvements to ticket vending machines and turnstiles (€0.4 million).

- Acquisition of spare parts for maintenance services (€1.2 million).

Many of the measures initiated in 2014 will continue into future fiscal years and have therefore been included in the Metro de Madrid 2015-2017 Quality Plan.

The information on the technical availability of facilities in 2014 is shown on the following table:

TECHNICAL AVAILABILITY (%)	AÑO 2013	AÑO 2014
LOW VOLTAGE		
Pumps	99.91%	99.97%
Ventilation	99.86%	99.89%
SALES AND FARE SYSTEMS		
METTAs	96.37%	96.52%
MBT	98.90%	98.93%
Turnstiles	96.69%	96.35%
HVAC		
Cooling	99.93%	99.89%
Heat pumps	99.87%	99.78%
ACCESSIBILITY		
Escalators	97.38%	97.79%
Lifts	98.80%	97.50%
POWER		
Power systems	99.98%	99.98%
SIGNALING		
Signaling equipment	99.98%	99.98%

## Research, Development and Innovation

In 2014, special emphasis was placed on promoting R+D+i in all areas of Metro de Madrid. To this end, a series of brainstorming sessions was held with the different services to come up with new ideas, since R+D+i is a key element to a company's competitiveness and a critical factor in determining economic growth.

At the same time, work continued in 2014 on the two projects approved in the programme of aid to R+D INNpacto 2011 funded by the Ministry of the Economy and Competition (MINECO), namely TECRAIL and TRAIN2CAR, the latter of which concluded with resounding success. Work began on the European RAMPART initiative, part of the European Union's CIPS aid programme (The Prevention, Preparedness and Consequence Management of Terrorism and other Security-related Risks programme).

### TECRAIL Project

This is an R+D+i project in collaboration with universities, rail operators and industry financed by the INNpacto programme to study the application of a new LTE (Long Term Evolution) mobile telecommunications standard for rail which will allow for enormous growth in bandwidth and can be used in rail signalling, automatic driving and on-board communications. This project includes: studying requirements; analysing, measuring and adapting the different layers of the LTE network (radio interface, transport network and network core); creation of prototypes and final integration in real rail environment. Engineering and Maintenance are involved in all phases of the project, particularly the specification of service requisites, the design of trials and field testing, the drafting of the project documentation and the distribution of results, etc. In 2014, the project deliverables included the completion of the development of the models and prototypes and bandwidth measurements taken in the tunnels on line 2 in high speed environments.

This project is scheduled to end on 28 February 2015.

### TRAIN2CAR Project

This R+D project is being carried out in collaboration with SICA (Sistemas de Computación y Automática General S.A.), ICAI (Universidad Pontificia Comillas) and CIEMAT (Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas), with financing through the INNpacto programme, the main aim of which is to make use of the green energy from regenerative subway train braking to feed the electrical car batteries, thus contributing directly to the introduction and use of the electrical vehicle, argued in strategic terms by various national and Community institutional bodies. Engineering Area Services participation is integrated into all phases of the project.

Work continued in the first quarter of 2014 on defining, evaluating and performing the work needed to prepare a room adjacent to the power accumulator at Sainz de Baranda station and installing the equipment and cells to support and service the TRAIN2CAR research and development project.

The recharging station (Metrolinera) was officially inaugurated on 14 March 2014 at CITROËN's facilities located at calle Doctor Esquerdo 66. During the validation testing phase, electric cars can use the charging station for free which will make it possible to collect valuable data for the project conclusion. Since its inauguration, it has been well received and used by a number of electric car owners (an average of 3 charges per day).



Images of Train2Car project recharging station

The project concluded successfully on 30 June 2014. Metrolinera has become a reference for environmental issues in the Community of Madrid and a precursor to the introduction of the first 100% electric taxi.

### Analysis of results:

The system is still in the testing stage and charging is still free for electric car users. A system has been developed to analyse incidents (SCADA), which includes comments from real users that are taken into account for making improvements to the design. The local SCADA installed in the prototype at Sainz de Baranda can be accessed remotely by computer.

This system, known as OCRE (Electric Vehicle Recharge Computer) is used to access all of the information related to the operation of the prototype.

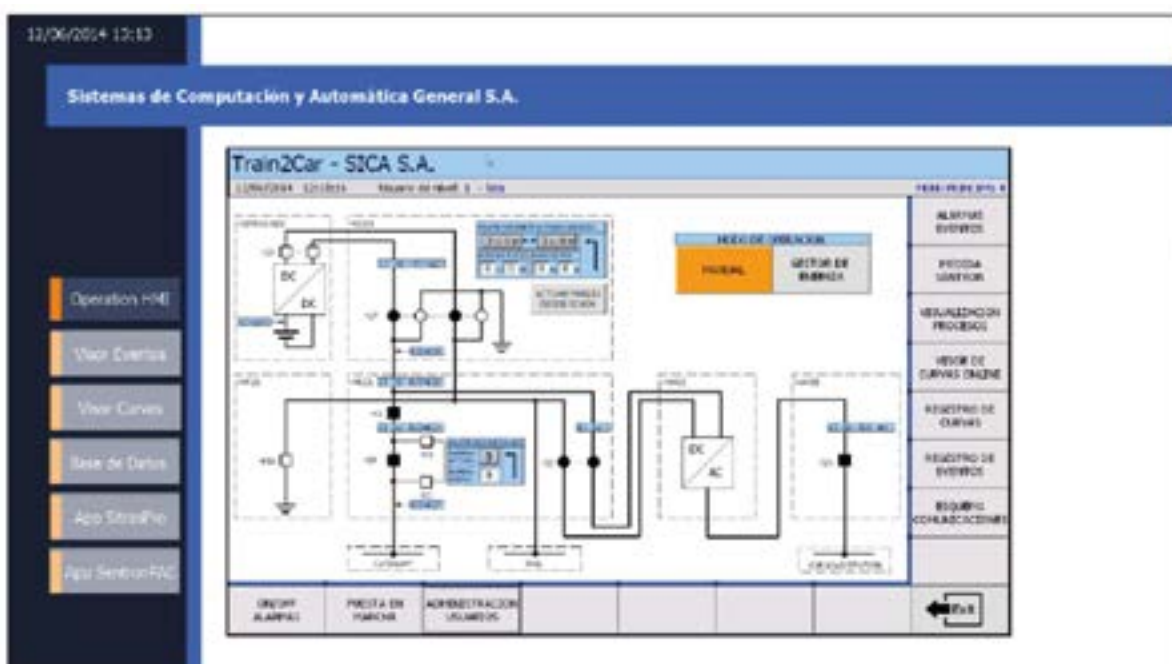
### RAMPART Project

This is a European R+D project in collaboration with the University of Newcastle and the Italian company STAM, cofinanced by the European Commission's CIPS funding programme (The Prevention, Preparedness and Consequence Management of Terrorism and other Security-related Risks programme). The object is to develop a risk management tool to prevent terrorist attack on Metro's

critical infrastructure by defining a risk management methodology, studying the cost of implementing the measures and developing a training tool for Critical Infrastructure and Transit Operators. The Training Services Area and the Rolling Stock Engineering Area are involved in every step of the process.

### Other projects

Finally, Metro has three new projects competing for different packages of European aid as part of the HORIZON2020 programme, the first related to rolling stock, the second to intelligent ticketing and the third to infrastructure maintenance. Each one of them has passed the first phase of the selection process and a final decision will be made sometime in 2015. ♦



Scada Diagram



# Power Saving Plan

## Optimisation of the rolling stock propulsion model

Rolling stock traction curves (characteristic curves) are designed to define its kinetic regime (space, speed and acceleration as a function of time). The power consumption associated with each characteristic curve can be corrected by modifying that kinetic regime by defining new traction/brake force curves. Studies have been made of characteristic rolling stock curves to optimise the associated power consumption. The following are the parameters to be modified: Optimisation of the constant power time, modification of deceleration, improved performance.

Throughout 2014 has been followed up changes made over 2013 on lines 2, 3, 4, 8, 9, TFM, 10, 10B, 11 and 12.

## Introduction of economical gears in automatic driving (ATO)

The installation of new economic gears on lines 1 and 6 was studied in 2014 with a view toward maximising energy savings by implementing orders to reroute, remotor speed and reduce brake parabolas.

The automatic rolling stock driving system (ATO) defines the speed profile developed by a train unit between two stations based on parameters of train time, speed, distance, profile and services. A model has been designed of economical gears for efficient line operation at off-peak times, maximising energy saving.

## Disconnection of traction centres

The underlying principle of this measure consists of optimising the recovery of the energy generated by the trains since Metro de Madrid's rolling stock is equipped with regenerative brakes. To favour regeneration, the line voltage must be as low as possible and this can be achieved by disconnecting some CTR from the network while keeping the sections associated with the collateral CTRs powered.

Work continued on this initiative in 2013 and 2014 with studies of line voltage and selection of the traction centres to be disconnected in order to optimise regeneration.

## Reduction of output voltage in traction centres

Another way to reduce line voltage is to modify the intake regulators on the transformers in the CTR, which lowers the output voltage.

The work that began in 2013 continued in 2014, with energy studies and analyses to adjust the transformer intakes in order to identify possible imbalances and optimise the distribution of loads over the network so as to significantly reduce the line voltage

## Elimination of track magnets

The overhead line is divided into traction sectors separated from those adjoining them using components called section insulators, of which there are two types: section insulators with and without a neutral zone. To enhance energy capture, when a train runs through a section insulator without a neutral zone, there are elements on the track called track magnets which inhibit the rolling stock's regenerative traction/braking. The magnets are usually located at the entrance to the station, when braking occurs, so preventing proper exploitation of all the rolling stock regenerative braking energy. Studies and validation registers have been carried out to extend the time window during which a train is able to regenerate power when braking, with the removal of the associated magnets now that the new overhead line configuration means that there is no technical need for them.

In 2014, magnets were eliminated on lines 2, 3, 4, 7, 7B, 8, 9, TFM, 10, 10B, 11 and 12. The only magnets left to be removed are those on line 6, which is expected to be done once the electrical sectioning of this line is complete.

## Reversible substations

Continuing the work that began in 2012 to use reversible cells in traction centres, in 2014 a number of viability studies was conducted to determine the feasibility of installing reversible converters in the Metro de Madrid network, thereby making part of the current traction centres reversible.

In addition to the collaboration agreement signed with the company Ingeteam for the installation of a reversible cell prototype at the Campo de las Naciones traction centre, similar agreements were signed with the companies ABB and CITRACC for the installation of cell prototypes at the Arganzuela Planetario and Puerta del Ángel locations, respectively.

The first prototype was delivered and installed at the Campo de las Naciones traction centre in 2014 and was allowed to run for short periods of time for verification purposes.

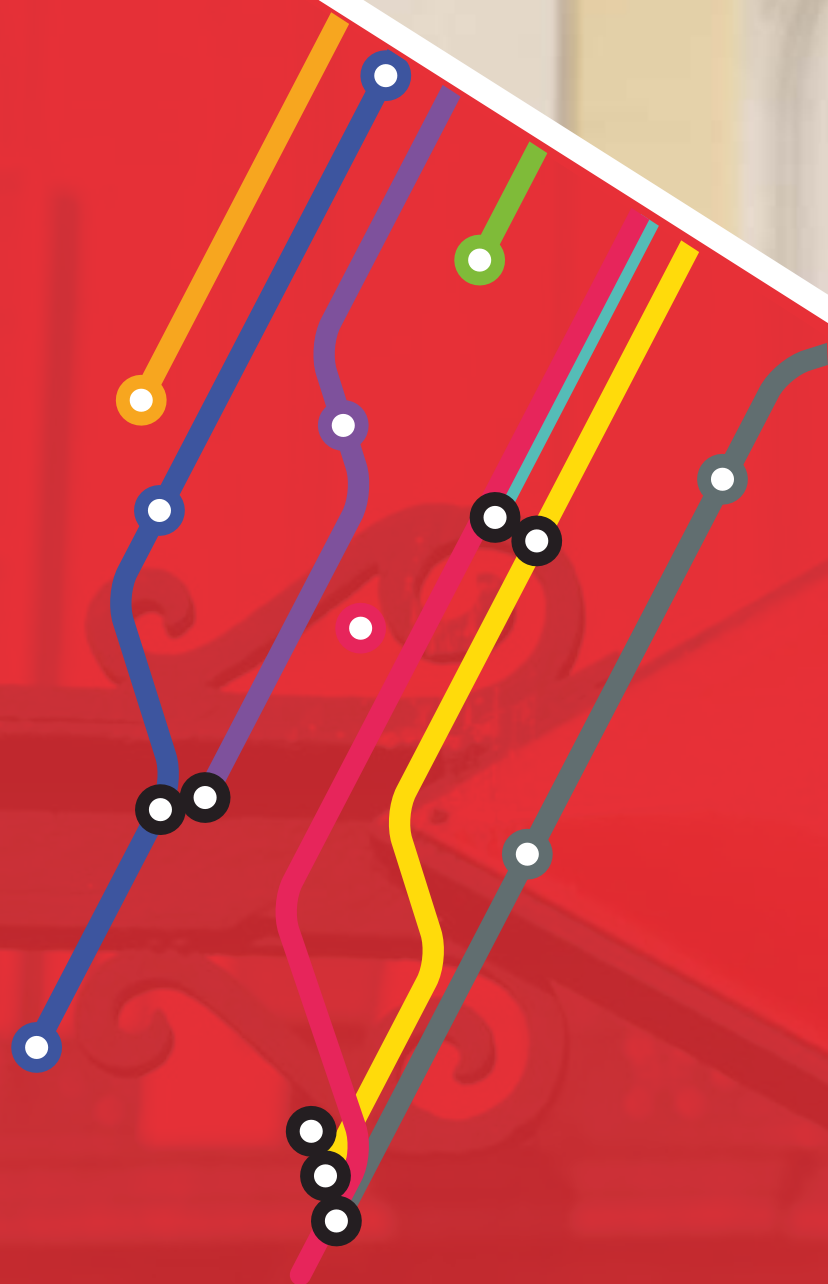
### **Installation of led lighting over the entire Metro de Madrid network**

In 2014, studies continued for the implementation of LED lighting technology across the Metro de Madrid network.

A tender was issued for phase I of the project to install efficient lighting in the Metro de Madrid network. The tender calls for updating the existing lighting at 60 stations and 1 depot using LED technology. The work began in December 2014.

Studies have also been conducted and plans are being made to install efficient lighting at the rest of network's stations and all depots. ♦





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Investments  
in 2014



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## Investments in 2014

Metro Madrid's total investments in 2014 amounted to **56.94 million euros**, set out as major items on the following distribution table:

INVESTMENT ACTION	AMOUNT	%
Rolling stock	4,272,964	7.50%
Track and tunnel renewal	11,352,851	19.93%
Stations	4,886,584	8.58%
Premises	921,008	1.62%
Energy and substations	3,420,196	6.01%
Signalling and communications	5,617,800	9.87%
Escalators and walkways	5,241,625	9.21%
Safety installations	7,075,771	12.43%
Workshops and miscellaneous machinery	3,244,643	5.70%
Other investments	10,904,163	19.15%
<b>TOTAL</b>	<b>56,937,605</b>	<b>100.00%</b>

The main investments during the year under each one of the headings were as follows:

### Rolling stock

This work combined jobs related to the optimisation of maintenance programmes and availability, and those specific to upgrading and improvement of the rolling stock. The Company acquired 2.75 million euros of spare parts for its rolling stock to avoid unnecessary down time in maintenance procedures caused by long delivery times. Improvements were also made to the air conditioning systems of 2000 series rolling stock (EUR 1.11 million) and 65 new batteries were supplied by 2000 series cars (EUR 0.25 million).

### Renewal and upkeep of tracks and tunnels

To enhance the levels of quality and safety in its service, Metro de Madrid has created a Track Renewal Plan involving the replacement of the track infrastructure with track types using cutting-edge technology, yielding higher indices of safety, availability, comfort, vibration reduction and track maintenance efficiency. The following are among the most significant actions of this kind:

- Renovation of track on Line 10 between the Cuatro Vientos and Joaquín Vilumbrales stations on the one hand and between Colonia Jardín and Aviación Española stations on the other, in order to repair the deteriorated track infrastructure on this line due to the wear and fatigue of the supporting element, including electrification and signalling equipment (EUR 5.31 million).

- Renovation of track infrastructure at different points along the Metro network which included the installation of new supports, rail protection devices and enhanced track infrastructure geometrics in response to the defects detected by visual inspection and by the Inspection Train (VAI) as well as dynamic measurements of rolling stock parameters (EUR 0.40 million).
  - Renovation of components aimed at eliminating defects and wear generated in the tread and the active edge of the lane detected by visual inspection, by ultrasound and by the Inspection Car (VAI) as a result of the deterioration of these components by the end of their useful lives (EUR 0.19 million).
  - Renovation of diagonals and existing catchment areas between Alonso M.-Colón stations on L.4, diagonal and detour at Canillejas, P.Nuevo-Quintana stations on L5, Pacífico-P.Vallecas and other intersections, changes and semi-changes (EUR 1.35 million).
  - Renovation of curved track infrastructure on concrete platform, 45 kg/ml lane dn UIC33 guardrail between Metropolitano and Ciudad Universitaria stations (EUR 0.54 million).
  - Line upkeep. Line 1: Ríos Rosas and Menéndez Pelayo stations, Antón Martín-Atocha, Iglesia-Bilbao interstations. Line 4: Track renovation between Avenida de América and Diego de León stations, Prosperidad and Avenida América stations and Avda de la Paz and Alfonso XIII stations. Line 5: Gran Vía-Callao interstation Phase II (EUR 1.74 million).
  - There was a notable increase in the acquisition of track equipment in order to have a stocks of spare parts on hand for future renovation and upkeep in the amount of EUR 0.61 million.
- In order to improve the maintenance conditions and availability of the pump shafts, the connectivity and integration equipment was renovated in 5 rainwater pump shafts: Príncipe Pío-Lago (2), Puerta del Ángel-Príncipe Pío, Begoña-Fuencarral and Begoña - Chamartín. 20 utility shafts were ables along the central midway with connections to pump shafts on lines 7 through 11 in order to prevent possible operating problems.
- Reinforcement and sealing of the tunnel on Line 1 - Atocha Renfe-Portazgo, by repairing the mortar on the tunnel walls that had been structurally degraded due to heavy leaking (EUR 0.31 million).



Renovation and adaptation of ventilation shafts: Renovation of ventilation systems and addition of a number of new ventilation shafts along the network at: Sol-Tirso de Molina, Sol-Ópera, Plaza de Castilla, O'Donnell, shafts on Line 8, shafts on Line 9, etc. The ventilation shaft on Line 9 at the intersection of the Ibiza – Sainz de Baranda stations is undergoing structure reforms (EUR 0.75 million).

## Stations

**Station renovations and betterments** in the amount of EUR 2.51 million. The Company carried out the work that was most pressing on the stations where the level of deterioration was such that the work was required: repairs of platform vaults, renovation work on bathrooms and locker rooms, waterproofing and repairs of leaks; doors, ventilation grates, entrances, etc. Some of the most notable actions in this regard included:

- ⊙ Replacement of and sealing of surface finish on accesses to the Sainz Baranda on Line 6; renovation of the bathrooms at one of the accesses to be sealed.
- ⊙ Repairs and sealing of vaults and leaks on the platforms at the Bilbao station on Line 4 and repairs of the problems caused by the leaks to structural items and finish work.
- ⊙ Replacement of dropped ceiling at the Méndez Álvaro station on Line 6 and miscellaneous repairs to the bathrooms at one of the entrances.
  - Repairs and sealing of vaults and leaks on the platforms at the Buenos Aires station and repairs of the problems caused by the leaks to structural items and finish work.
- ⊙ Sealing, drainage, channeling, sanitation and renovation of existing facing work in the corridor connecting the Embajadores and Acacias stations, Lines 3 and 5.
- ⊙ New offices for contactless card management and customer service at the Atocha Renfe, Coslada, Fuenlabrada, Leganés and Móstoles Central stations and renovation of offices at Vodafone Sol station.

- ⊙ Other work: Sealing of the Leganitos corridor at the Plaza España station, access hall to the Sainz de Baranda station, corridors at the Diego de León station and O'Donnell station lobby.

**Emergency exits.** The construction and rehabilitation of station emergency exits seeks to ensure the safety of passengers and employees in possible regulatory evacuations from Metro de Madrid installations:

- ⊙ Renovation emergency exits between Colombia and Pinar de Chamartín stations on Line 8.
- ⊙ Overhaul of emergency exit between Valdebernardo – Pavones stations on Line 9.

**Actions to improve accessibility:** As part of investment in stations, improved general user accessibility and for the disabled, particularly to vestibules and platforms, has continued to be a priority for the Company, with the upgrading of spaces and installations for persons with physical handicaps, chiefly improved accessibility. The most notable actions to improve accessibility during the year were as follows:

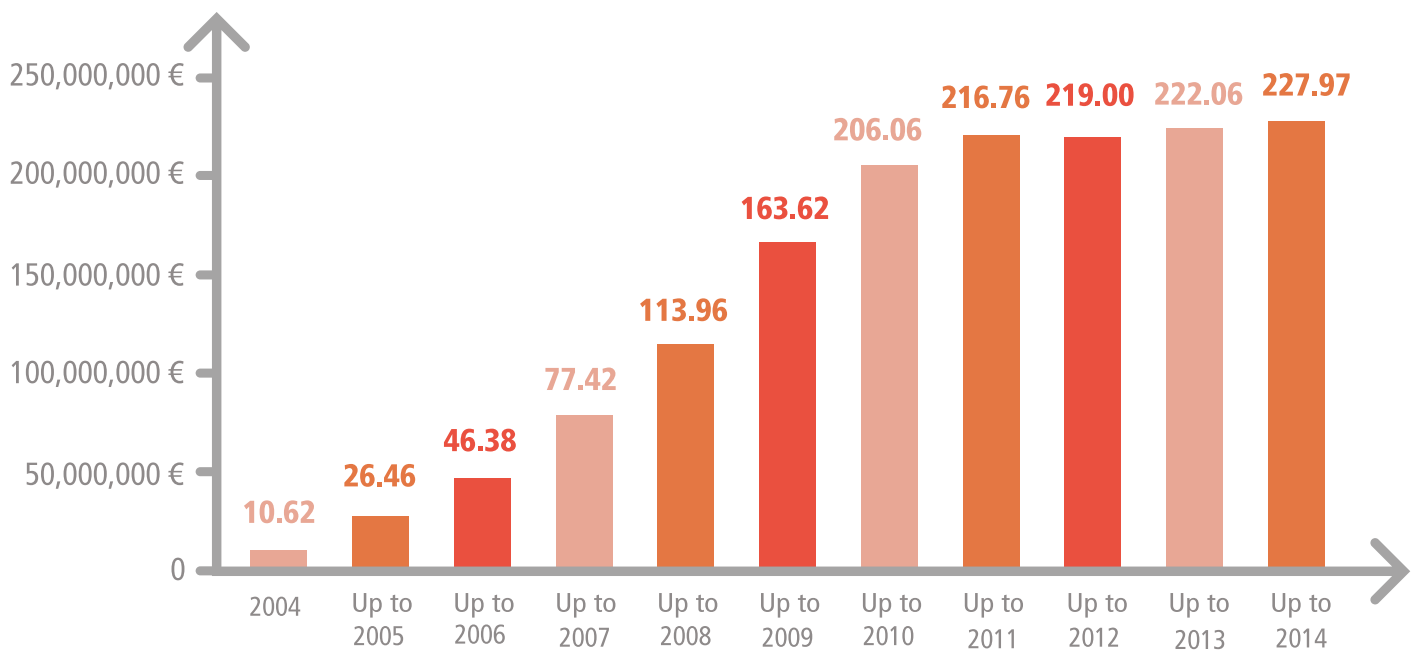
- ⊙ Installation of sign placards outside lifts in raised relief and Braille as an important element for suppressing signalling barriers.
- ⊙ Installation of aluminium direction signs for handrails on staircases inside the Metro network.
- ⊙ Supply and installation of tactile safety flooring on platforms and staircases at different Metro stations.
- ⊙ Inclusion of height-adjustable folding desks in PAVs at stations on Line 3.
- ⊙ Replacement of tactile flooring to identify ticketing machines at Metro de Madrid stations.
- ⊙ Supply and installation of supplemental platform edges at Metro stations to facilitate retractable ramps on rolling stock, L-4. L-6 and L-11.
- ⊙ Notable investment efforts were made to replace the chains on escalator stairs and the escalator safety devices. These investments are reflected in

the budget under the heading of “escalators and walkways”.

- Improvements to network lifts, including reconditioning, sealing and improvements to different lifts in metro stations: 5 lifts at Goya station; 3 lifts at Moncloa and Argüelles stations; 3 at Parque de Santa María and Canillas; 2 at Guzmán el Bueno station and 2 at Cuatro Caminos station. Automatic rescue devices were installed in 23 lifts and 19 traction cables were replaced.

By way of summary, the following table shows the trends in overall investment in accessibility in the last eleven years:

**Investment in accessibility since 2004 (million €)**





## Ticketing machine and fare equipment

- The Smart Transportation Ticketing (BIT as abbreviated in Spanish) project continues with the implementation of the Public Transportation Card (PTC) through the installation and integration of Public Transportation Card vending machines that have been adapted to the BIT project. The ticket control system in the Puerta de Arganda station has been adapted to the contactless card validation processes, modifying the sales and validation machine software, improving readers and stalls, etc.
- The current equipment, which had a very limited processing and operating capacity and no support with the Operating System, has been replaced by 120 PCs. These have been installed to replace METTA sales machines and 40 MS Type Traffic Control Desks.
- Other activities included the implementation of the “prototype phase” of a final project that would include the withdrawal of the magnetic system for all METRO network equipment as we are in an advanced phase in the marketing of the Contactless Card, incorporation of new bills in the machines, etc.

**Renovation and equipping of the Central Control:** In order to assure the availability of the operating systems, the Central Control, Replica Command and COMMIT storage and backup systems have been renovated, giving a virtual redundancy solution in the Alto del Arenal and Puerta el Sure CPD which allows a contingency between the Operating Systems Virtual System in the CPD rooms. The equipment that communicates the CTC with railway signaling locks was likewise renewed.

## Actions at facilities

Workshop installations were renovated and amplified, with corrective and maintenance work performed on rolling stock in order to optimize the productive processes and to decentralize part of the activities. The work included the installation and start up in service of a car washing tunnel in the Laguna deposit installations to replace the existing facilities due to their obsolescence, having reached the end of their useful life; and two bogie lifting platforms were renovated in the Canillejas and Fuencarral installations. Other activities included construction of a nitrogen and oxygen tank storage area for the PIC system in all the network rooms in the Canillejas installation, renovation of the climate control and ACS equipment



in the Madrid Metro warehouses, reconditioning of the underground wheel lathes in Sacral, brake cylinder test bank, replacement of the Central Workshop purge reactor, waterproofing the Auditorium floor and roof and eliminating leaks from the Canillejas warehouse Training School and clinic, etc.

## Energy and substations

The most notable project was the contract for the first phase of the global project to replace the current lighting system with LED tubes and/or lights in the lighting systems of 670 stations and the Fuencarral warehouse of the Madrid Metro network.

Still pending is the implementation of rail-land protections in accordance with UNE EN-50122-1 in 36 Madrid Metro Traction Centers (CTR) that do not have this protection, as well as its inclusion in the local control system and in the Alto del Arenal Command Center and Replica Post (TICS).

Oil transformer renovations: Work remains pending in the Arturo Soria, Quintana and Rubén Darío traction centers to replace current dry-type oil transformers and modify and adapt the ventilation and fire protection systems.

Activities in the Puerta del Ángel traction center and in 5 TFM Traction Centers to replace control and protection equipment due to obsolete technology.

Work continues on optimizing the offset of 70 block sections of rigid catenary, running pilot replacement tests on section isolators and replace the overhead lines on line 6, by sections.

Low voltage installations were reconditioned in the stations to guarantee the correct functioning of the distribution systems that form part of the low voltage systems: Switching, wiring, lights out system, switchboard circuit dimensioning and protection, emergency lighting, grounding and no-break feed systems (SAI); work continues to adapt the low voltage electrical installations to standards in the stations.

Work continues on the train system and overhead lines to improve reliability, availability and safety in the installations, including renovation of 20.27 kilometres of inter-station overhead lines on Line 4 and Line 5 due to the accumulation of coupling flanges, renovation of 16.54 km. of overhead line and modification of the conventional aerial catenary on Line 9.





Registry and Control Units (URC) were also renewed to allow metering energy in nine Traction Centers.

Finally, electrical activities were considered as part of the waterproofing of all the platforms, accesses, interconnection tunnels and waiting rooms in the stations waterproofed (Diego de León, Sainz de Baranda, Méndez Álvaro, Bilbao, O'Donnell, etc.) and the diagonal renovations were electrified.

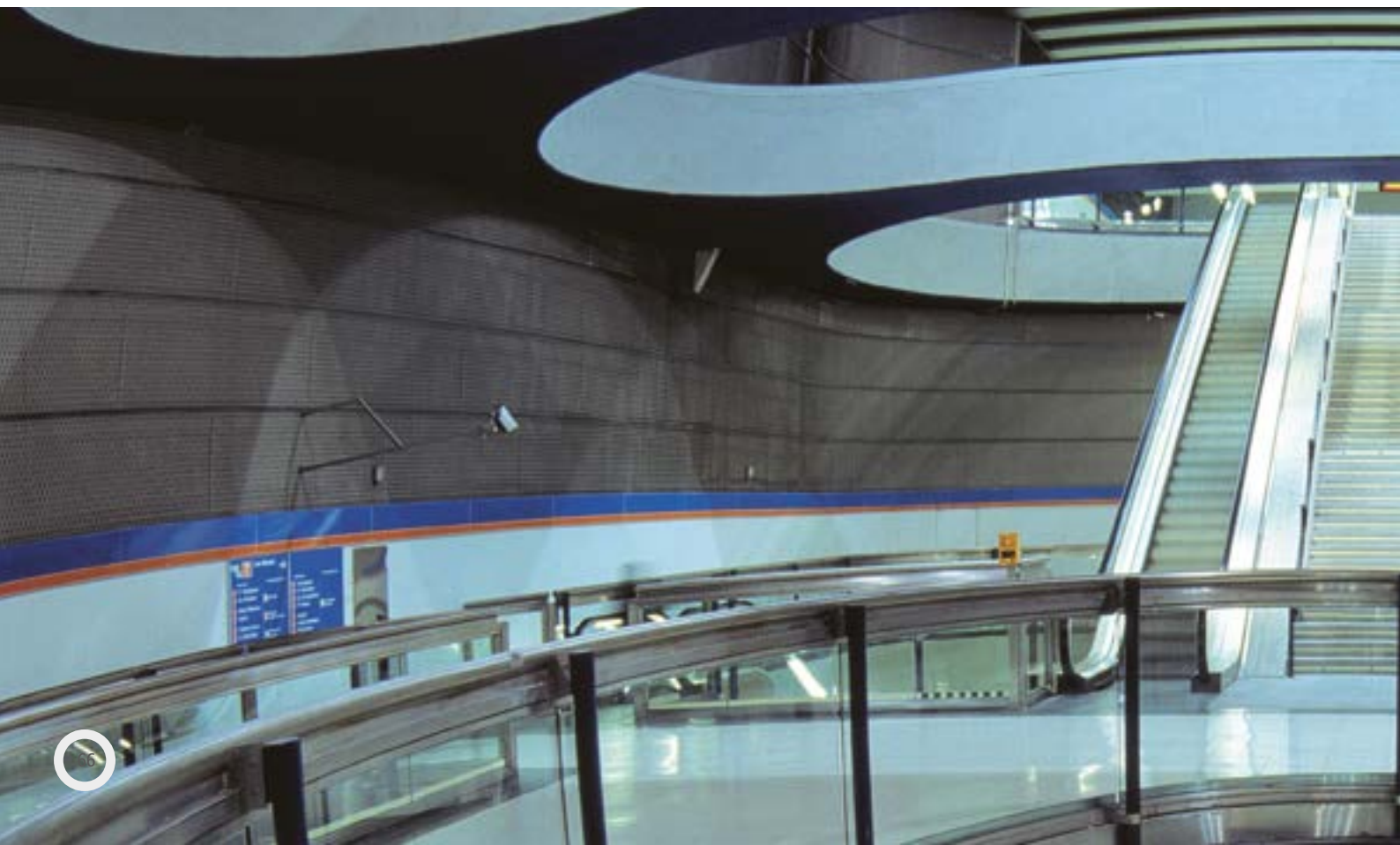
## Signaling and communications

This section discusses the incorporation of the ATP/ATO security and automatic driving system and CBTC technology (Communicatin Based Train Control) on lines 1 and 6, based on bi-directional communications between trains via radio and radio-electric coverage. This system aims to improve the interval time between trains, decrease total travel time and increase performance through the regularization and automation of the Line. It includes the incorporation of a new signalling pathway based on CBTC technology for Lines 1 and 6 together with the equipment included, for the amount of 3.73 million €. Other activities include:

- Replacement of the TETRA radio-telephone bases in various stations on Lines 8, 10 and 11 of the Madrid Metro due to technical obsolescence. Production of these models ended in 2006, and currently there is no support or guaranteed supply of parts. Consequently and given their critical nature to train-ground communications, safety communications etc., they are being renovated.
- Other activities refer to the provision of signaling equipment in the renovation of diagonals and deviations made this year on Lines 4, 5 and 6; modification of the control, communications and fire protection installations as complementary work to the waterproofing of station waiting areas, platforms and accesses, renovation of the Energy Plant batteries and adaptation of the communications in the Public Transport Card (TTP) service offices.

## Escalators

One of the priorities at Madrid Metro has always been to improve the reliability, safety and comfort level of passengers on the escalators, as well as to increase their transport capacity. To that end this year we have invested 5.24 million € in the following works:



- ⊙ Replace chains, 79 escalator stair chains in Metro network stations as well as chains in people-mover number 7 in Pueblo Nuevo.
- ⊙ Recondition 80 KONE escalators (2014-2016), which Madrid Metro maintains with its own resources and which are located in high transit stations and/or that show an appreciative amount of wear to the principle electromechanical elements (chains, rollers, etc.)
- ⊙ Introduction of handrail speed controls for 103 Thyssen escalators to maintain escalator mechanical and energy efficiency and reduce interventions.
- ⊙ Finally, control devices have been renovated and improvements made to safety measures for these vertical transport elements.

## Security and Civil Defence

The internal security of the Madrid Metro was consolidated with the acquisition of integral security system equipment, both fixed and on trains, as well as software use licenses from the Coordinated Security Systems Service (SCSS), according to the transfer agreement

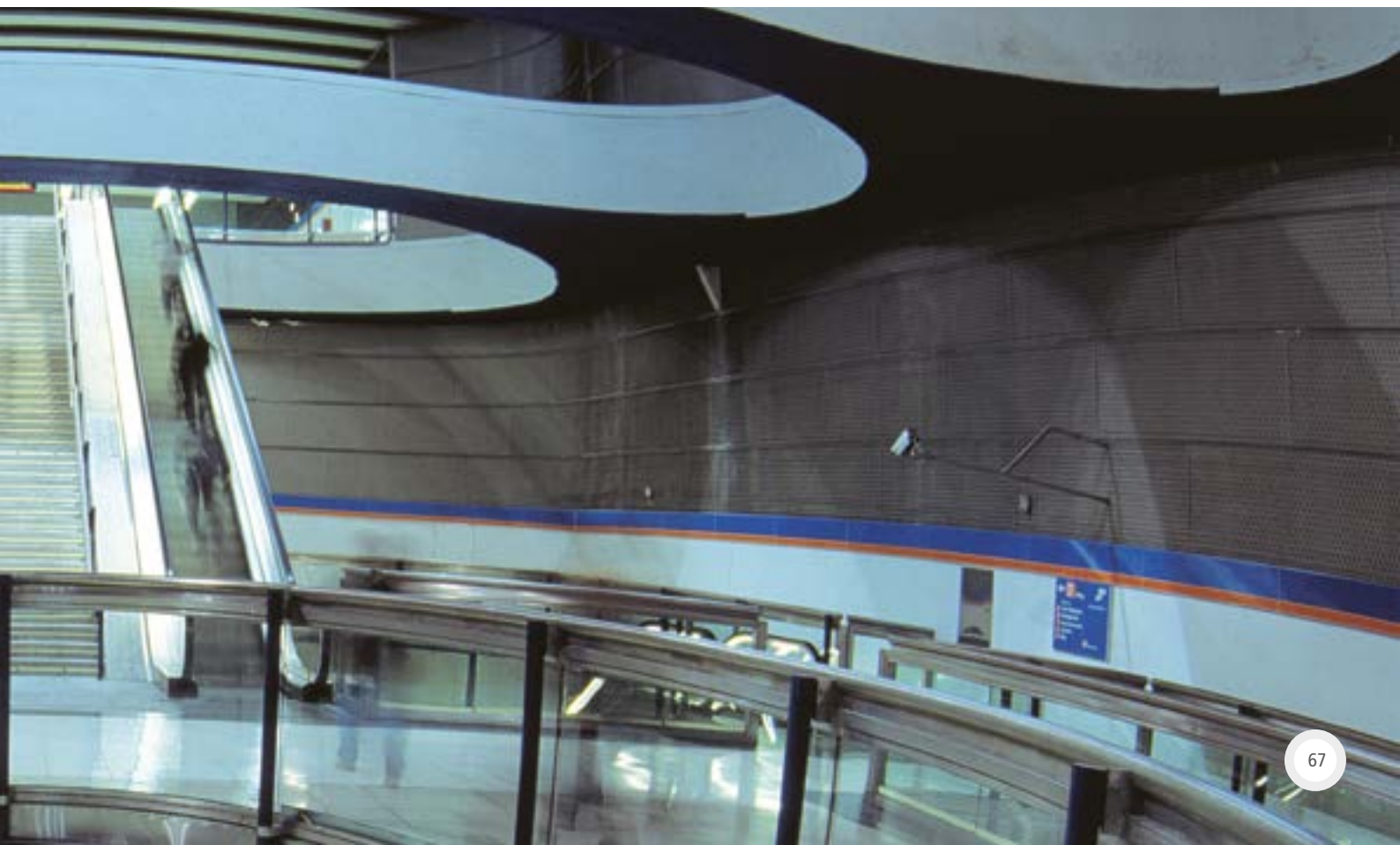
signed by Seguridad Integral Metropolitana SA (SIMETSA) and the Madrid Metro using the option to buy at the termination of the current service agreement which has been in effect since 2004 (6.7 million €).

Management of the control system was improved at system accesses as well as in the offices to prevent vandalism or criminal acts, completing the Integral Control Post Protection System and replacing and repairing the fence on Line 9 TFM.

Renovation of the videorecorders and Security Control Post monitors in the Fuencarral, Sacral, Puerta de Arganda and Hortaleza L4 stations.

Anti-intrusion cable processors have been renovated, LED security lights acquired and installed as well as fiber optic in Canillejas, and presence control markers have been renovated in the stations, etc.

Installation of the Fire Protection Systems (PCI) has begun in the Canillejas Phase-1 Central Workshops, "North Zone" of the Canillejas Station Protection Plan due to the technical obsolescence and the reform of the ring of hydrants in the Hortaleza warehouse.





## Workshops and other machinery

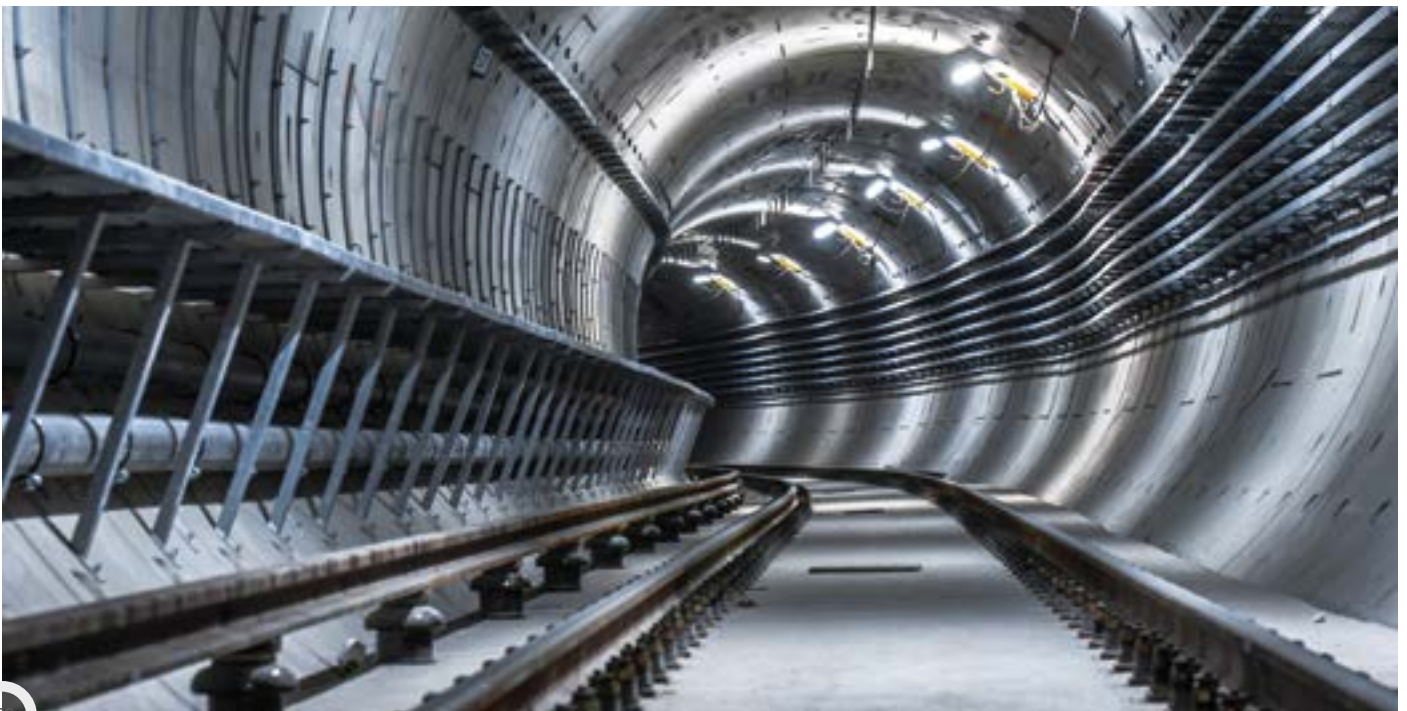
- Projects continue in the current year to replace 50 auxiliary and track vehicles, contributing to the maintenance of the system's facilities and infrastructure. Thirty six more modern vehicles have been installed that can capture existing malfunctions in the overhead and ground installations both in tunnels and inside facilities using their information and record keeping equipment. These vehicles are certified and consistent with new labour and Health Regulations and are EU approved. During fiscal 2014 1.97 million € were allocated to the provisional receipt (start up in operation with beginning of guarantee) of one cleaning car.
- Investments were made to expand the production capacity and life expectancy of the E501 grinder since, given its high technology and complexity as it is different from the other support vehicles, it requires special attention (0.18 million €).
- Furthermore projections call for the acquisition of different production methods designed to optimize project performance and to improve safety conditions where different maintenance tasks on facilities and rolling stock are required. This equipment will eventually replace technically obsolete equipment or equipment whose useful life has ended. Notable this year is the initial investment (0.14 million €) made in the supply, installation and start up in service of a

wheel press unit for the Canillejas Central Workshop in order to guarantee compliance with production plans and the availability of replacement wheels when these reach the end of their useful life, as well as automation and registry of the bogie wheel press that allows a correct revision of the load on each carriage wheel.

- Finally, pantographs have been installed on auxiliary vehicles, equipment has been acquired for the (VAI), two rail auscultation ultrasounds have been supplied as well as an electrical parameter measurement analyser, shelving, accessories and forklifts for the warehouse, predictive maintenance machinery, parts for auxiliary and track vehicles, etc.

## Other investments

Other notable investments include those made in computer systems in the amount of 4.78 million €, including the operating resources allocation system (SIAR), acquisition of hardware and software equipment and tools for the Windows platform, Document Management System (Documentum), amplification of the CTC and SAPRH storage system, CTI and CCS hardware to balance obsolescence, tools for the Windows platform, renovation of the Interactive Customer Care technology, Implementation of the CESTRACK claims management system, modification of CTC functions, modification of the "Gesreve" and "Peaje" systems, etc.



Other relevant activities included the acquisition of replacement parts for railway assets with the production, supply, documentation and training to install DFF/ADH adhesive plates with a SKL-3 clip for bottom-up assembly and Vanguard plates for renovation work at support points in bad condition, basically on Line 10, for 3.62 million €. Replacement parts for fixed installations, escalators, communications, sales and toll equipment, etc., in the amount of 1.28 million €.

Preventive projects in the area of labor such as technical assistance with health and safety and maintenance work on rolling stock and Metro installations, in accordance with the provisions on safety in Royal Decree 1627/97 of 24 October which requires the inclusion of this concept during the project drafting process and during performance of the work (0.62 million euros).

Finally we note the study on the evolution of Railway Network modelling tool: the concept, design and dimensioning of installations and trains in operation (0.30 million €).

### **TFM contribution to capital (0.62 million €)**

Amount of funds provided to the licensee company Transportes Ferroviarios de Madrid, in which the Madrid Metro has a 42.5% share.

## **Activities per Line**

### **Line 1**

The most important activities were:

Since August 20, 2014 conductors have been provided with a portable VHF radiotelephone to guarantee communications with the Train Command Post if necessary.

### **Renovation of railway infrastructure**

Specific points of Line 1 lane, rails and cars were renovated in fiscal 2014, wherever necessary, in areas where deficiencies were noted in the infrastructure guidance and support system. Renovations were made on interstation sections between Iglesia – Bilbao, Pacífico – Puente de Vallecas, Antón Martín – Atocha and the platform and rails of the Ríos Rosas and Menéndez Pelayo stations.

### **Correction of tunnel vault**

Renovation work was performed in fiscal 2014 on the tunnel on the Atocha Renfe – Menéndez Pelayo section of Line 1, specifically in the tunnel stonework where there was a loss of mortar and leaks, in order to improve stability and prevent materials from dropping on the tracks and affecting circulation.

### **New Atocha-Renfe Office for TTP Card Management**

The TTP card management office was created in the Atocha-Renfe station to deal with questions by users.

### **Station improvement projects**

Waterproofing was applied to the vault of the Buenos Aires station, a leakage catchment system was placed and drainage improved, and the two existing coatings were corrected and renovated including the station equipment and electricity and communications conduits which were replaced as well as the different furnishings affected by the work.

### **Reform to ventilation shafts**

Changes were made in 2014 to the ventilation shafts between the Sol – Tirso de Molina and Plaza de Castilla – Valdeacederas stations, as well as platform shafts in the Atocha-Renfe and Menéndez Pelayo stations, to incorporate them into the station control system.

### **Correction of cesspools**

Tank equipment was renovated in the Alto del Arenal station, affecting the replacement of the cesspool by a watertight reservoir with accessory elements renovated to comply with standards and to improve conservation work.

### **Renovation of escalator components**

The stair chains were renovated in escalator No. 6 in the Sierra de Guadalupe station and No. 6 in Villa de Vallecas.

New sills and plastic covers were placed on 4 escalators in the Alto del Arenal and 3 in the Miguel Hernández stations.

The purpose of both renovations is to prevent breakdowns that could affect the escalator availability for prolonged periods and improve user safety.

## **Line 2 and Ramal**

### **Refurbishment of ventilation shafts**

During 2014 refurbishments were carried out on the Sol - Opera interstation shaft and the shaft for Sol platform 2 to integrate them into the station control system.

### **Substation equipment for the increase in transport capacity**

During 2014, improvements were made to complete the work on the new substation facilities to provide power of 1500 Vdc, sufficient to meet the increased energy demand due to the increased transport capacity on the line for operation with dual voltage trains. The work was carried out in the substations of Argüelles, Centro, Escuelas Aguirre and on the Nuevos Ministerios - Gregorio Marañón 15 kV interconnection.

### **New Office for the Management of Contactless Cards Vodafone - Sol**

To meet the demands for the management of users, an office for the management of contactless cards has been set up in the Vodafone-Sol station.

## **Line 3**

### **Work in the Plaza de España station.**

Work was performed during 2014 to renovate the waterproofing, drainage system, linings and false ceiling in the corridors and street accesses for the Leganitos main hall in the Plaza de España station on Line 3. The work also involved renewal of control and communications systems, ducting of data and communications systems and new lighting.

### **Renewal of escalator components**

The step chains on escalator No. 5 in Lavapiés station were renewed. This was done to avoid prolonged breakdown impacting availability of the escalator.

## **Line 4**

### **Renewal of track infrastructure**

In 2014 the timely renewal of track, rail and track equipment was carried out for areas with deficiencies in the circulation of line 4 in terms of the support and guidance system for the track infrastructure, renewing the interstation sections of Prosperidad - Avenida de América-Diego de León, Avenida de la Paz - Alfonso XIII and the renewal of the Alonso Martínez - Colón crossover.

### **Renewal of signalling equipment in switches and crossings**

2014 saw the completion of the renovation of crossover signalling equipment, including cabin, ATP system, ATO beacons, track circuits, tunnel and electrification cabinets, etc. required due to the renewal work in the Colón - Alonso Martínez crossover.

### **Station improvements**

Lighting and power systems have been renovated on the platforms in Bilbao station, with new wiring, change of lighting and modification of the low and high voltage switchboards.

The reform is the result of vault and platform waterproofing conducted to eliminate leakage and to improve the functional aspect of the station.

### **Renewal of contact wire**

In 2014 the renewal of the tunnel contact wire was started on all sections of the Alonso Martínez - Avenida de la Paz branch in order to eliminate redundancy in the coupling flanges, and to improve the speed of circulation and reliability of the facility supplying power to the trains.

### **Complete renovation of the connecting corridor between Diego de León 4 and 5**

In 2014 the wall drainage system and waterproofing of the vault was renovated in the corridor connecting Diego de León 4 with line 5. The flooring, illumination, painting and photoluminescent signage for emergency evacuation guidance were also changed.



### Renewal of escalator components

The step chains on escalators No. 2 and 4 in Alfonso XIII, No.4 and 8 in Mar de Cristal and No. 1 and 3 in Parque de Santa María have been renewed .

The step treads and boarding plates were renewed on 2 escalators in Alfonso XIII and the step treads on 2 in Avenida de la Paz. The reason for both renovations is to avoid breakdowns that adversely affect the availability of the escalator and to improve user safety.

### Renewal of transformers in substations and traction centres

In 2014 the substitution of the more contaminating oil transformers for dry ones was begun in the Arturo Soria traction centre to comply with environmental regulations. The ventilation system, PCI and necessary civil works were also reformed.

### Adaptation of septic pits

In Canillas and Parque de Santa María stations the pit equipment and facilities have been renovated, replacing the open pit with a sealed tank and renewing accessories to comply with standards and to improve conservation work.

### New Office for the Management of Public Transit Passes (TTP)

To meet the demands for the management of users, the office for the management of Public Transit Passes - TTP in the Avenida de América station has been remodelled. The work has involved the reorganisation and renewal of the PCI systems, air conditioning, communications control, electrical facilities, lighting, etc.

### Line 5

Since October 6, 2014 drivers on the line have been equipped with portable VHF radiotelephone in order to ensure communication with the Train Command Post if necessary.

### Renewal of signalling equipment in switches and crossings

2014 saw the completion of the renovation of crossover signalling equipment, including cabin, ATP system, ATO beacons, track circuits, tunnel and electrification cabinets, etc. required due to the renovation work in the Pueblo Nuevo- Quintana, El Capricho – Canillejas and Carabanchel – Eugenia de Montijo crossovers.





### **Refurbishment of ventilation shafts**

During 2014 refurbishments were carried out on the La Latina ventilation shaft to make it fully operational.

### **Renewal of contact wire**

In 2014 the renewal of the tunnel contact wire was started on all sections of the Canillejas - Eugenia de Montijo branch in order to eliminate redundancy in the coupling flanges, and to improve the speed of circulation and reliability of the facility supplying power to the trains.

### **Renovation of access and entrance hall of Rubén Darío station**

The renovation of the Almagro access in Rubén Darío station, partially destroyed due to an automobile accident, was carried out during 2014, including the detailed masonry work and installation of new guardrails and corporate entrance.

### **Renovation of toilets in Suanzes and Vista Alegre stations**

The renovation of the toilets in Suanzes and Vista Alegre stations was carried out in 2014 in order to address the poor state of both areas with respect to sanitary facilities, drainage pipes, sections of masonry, and electrical and carpentry facilities.

The Health and Safety at Work Service filed process No.27147 dated July 2, 2014, demanding the rectification of the poor overall state of the toilets in the Vista Alegre station.

### **Adaptation of steps in accesses to Suanzes and Torre Arias stations**

Structural reconditioning and renovation of treads was performed on external stairway accesses to Suanzes and Torre Arias stations to improve user safety and prevent falls due to them being slippery.

### **Waterproofing and renovation of coatings in the connecting passage between the stations Acacias (line 5) and Embajadores (line 3).**

In 2014 the waterproofing, drainage and coatings were renewed in the 240m long Acacias - Embajadores connecting passage in order to channel existing leaks and eliminate the existing unsightly condition presented by the passage. The work also involved the renewal of control and communications systems, lighting and photoluminescent signs.

### **Renewal of escalator components**

The step chains on escalators No. 1 and 2 in Chueca, No. 5 and 15 in Gran Vía, No. 4 and 5 in Callao, No. 1 in Canillejas, No. 2 in Suanzes and No. 6 and 7 in Pirámides were renewed.

The step treads and boarding plates were also renewed on escalators No. 7, 9 and 10 of Gran Vía and the step treads on No. 1 of Callao.

The reason for both renovations is to avoid breakdowns that adversely affect the availability of the escalator and to improve user safety.

### **Renewal of transformers in substations and traction centres**

In 2014 the substitution of oil transformers for less contaminating dry ones was begun in the Quintana traction centre to comply with environmental regulations. The ventilation system, PCI and necessary civil works were also reformed.

## **Line 6**

Since November 24, 2014 the drivers on the line have been equipped with portable TETRA radiotelephone in order to ensure communication with the Train Command Post if necessary.

### **Renewal of track infrastructure**

In 2014 the timely renewal of track, rail and track equipment was carried out due to deficiencies in the support and guidance system of the track infrastructure in the area.

### **Renewal of signalling equipment in switches and crossings**

2014 saw the completion of the renovation of crossover signalling equipment, including cabin, ATP system, ATO beacons, track circuits, tunnel and electrification cabinets, etc, required due to the renewal work on the Metropolitano - Ciudad Universitaria branch.

### **Refurbishment of ventilation shafts**

Refurbishments have been carried out on the ventilation shafts in the Sainz de Baranda, Méndez Álvaro, Usera, Legazpi and Avenida de América stations to make them fully operational, installing a remote control in the Moncloa - Ciudad Universitaria interstation shaft.

### **Replacement of false ceiling in the vault of the Méndez Álvaro station.**

The false ceiling and waterproofing of the vault in the Méndez Álvaro station were replaced in 2014, substituting the existing fibre cement siding for fibre sheet which is less polluting and provides more effective waterproofing.

The work has required partial renovation of the lighting system, communications, control, cable piping and supports, etc, affected by the construction and renovation of the advertising space.

### **Station improvements**

The objective of this has been to carry out waterproofing, improve drainage, sanitation and to renew existing coatings including the extension of power and communications cable ducts in the main hall and the adjacent passage towards the exit from the O'Donnell station. There has also been renovation and relocation of main hall equipment and systems for communication, PCI, control, leaving it ready for operation.

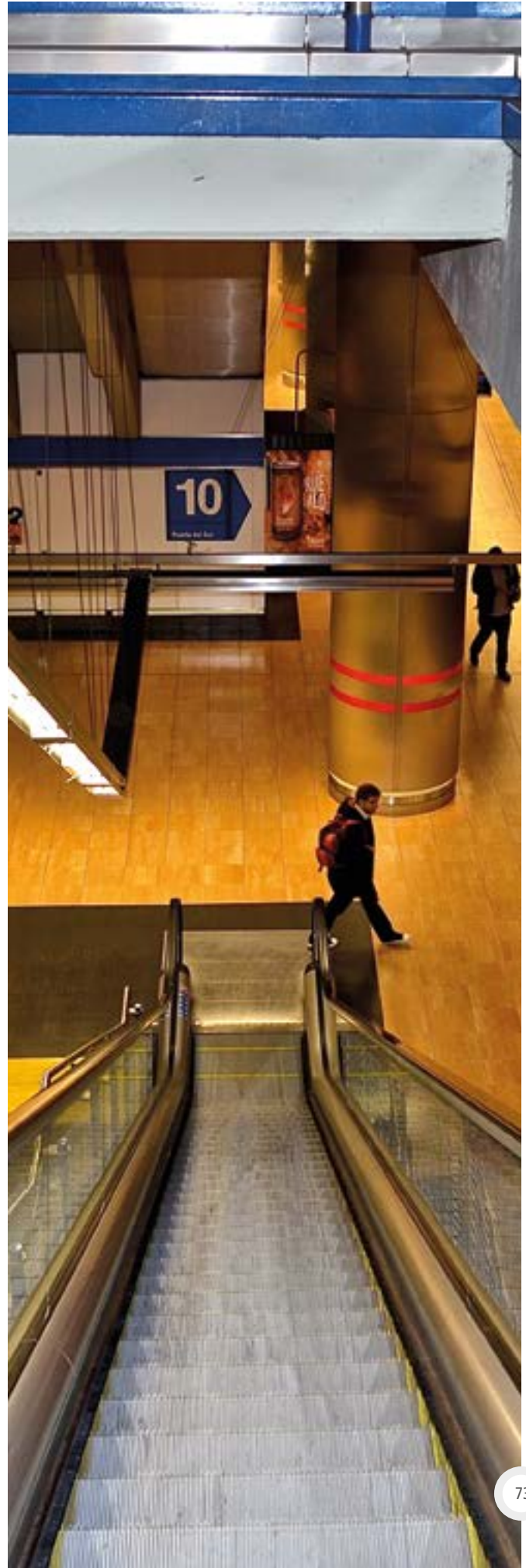
Similar action has been carried out in the Sainz de Baranda station in the access corridors and the main hall, also renewing the vertical coatings with a drainage chamber due to instability and canalisation of leaks and adequacy of main hall facilities.

### **Renewal of escalator components**

The step chains were replaced on escalator No. 8 in Legazpi, No. 1, 2, 3, 8 and 9 in Diego de León, No. 2, 5 and 6 in Puerta del Ángel, No. 6 in Moncloa, No. 5 in Méndez Álvaro, No. 3, 5, 8, 9 and 13 in Plaza Elíptica, No. 6 and 9 in República Argentina, No. 1 and 2 in Pacífico, No. 2, 3 and 1 in Nuevos Ministerios, No. 9, 10 and 11 in Ciudad Universitaria, No. 6, 7, 8, 9 and 10 in Avenida América and No. 6, 8, 9, 11 and 14 in Argüelles.

The step treads and boarding plates were also renewed on 25 station escalators and on 7 others just the step treads.

The reason for these renovations is to avoid breakdowns that adversely affect the availability of the escalator and to improve user safety.



## Line 7

### Refurbishment of ventilation shafts

During 2014 refurbishments were carried out on the ventilation shafts in the Alonso Cano and Pueblo Nuevo stations to make them fully operational.

### New Office for the Management of Contactless Cards in Coslada Central

To meet the demands for the management of users a contactless card office has been set up in the Coslada Central station.

### Renewal of escalator components

The step chains were replaced on escalators No. 3 and 7 in Simancas, No. 2 in Ascao, No. 3 and 8 in García Noblejas, No. 1, 3 and 5 in Pueblo Nuevo, No. 1 in Cartagena, No. 4, 8, 10 and 14 in Gregorio Marañón, No. 3, 4, 5 and 6 in Alonso Cano, No. 7 and 8 in Francos Rodríguez, No. 2 in Peñagrande, No. 1, 2, 3 and 6 in Lacoma, No. 1 and 2 in Pitis as well as the moving walkway chain blades on No. 7 in Pueblo Nuevo.

The step treads and boarding plates were also renewed on 13 escalators in various stations and the electric circuitry of escalators 1 to 6 in Alonso Cano, 1 to 6 in Lacoma and 1 to 6 in Pitis.

The reason for these renovations is to avoid breakdowns that adversely affect the availability of the escalator and the moving walkway, improving the comfort of customer movement.

## Line 8

Since December 1, 2014 the drivers on the line have been equipped with portable VHF radiotelephone in order to ensure communication with the Train Command Post if necessary.

### Renewal of escalator components

The step chains on escalator No. 3 of the station Aeropuerto have been replaced.

### Adequacy of emergency exits

The Colombia - Pinar del Rey emergency exit was reformed in 2014 with the renewal of metalwork, carpentry and locks and the elimination of leaks to improve accessibility.

### Signalling and communications equipment

The renewal of the EBTS style TETRA base stations commenced in 2014, with work being conducted in 7 stations including GPS changes and new system antennas to improve signal capture and provide a more efficient service to users.

## Line 9

Since October 1, 2014 drivers on lines 9a and 9b have been equipped with portable VHF radiotelephone in order to ensure communication with the Train Command Post if necessary.

### Refurbishment of ventilation shafts

Refurbishments have been carried out on the ventilation shafts in the Herrera Oria, Pavones, Valdebernardo and Puerta de Argandato stations to make them fully operational.

Structural reforms have been made to the Ibiza-Sainz de Baranda interstation shaft, improving its ventilation and silencer equipment.

### Renewal of escalator components

The step chains on escalators No. 5 of Plaza de Castilla, No. 21 of Núñez de Balboa, No. 3 of Estrella, No. 18 of Avenida de América, and No. 3 of Puerta de Arganda have been renewed.

### Renewal of control equipment in traction centres

2014 has seen the renovation of control equipment and systems in the Valdebernardo and Vicálvaro traction centres due to obsolescence and homogenisation, integrating both into the Alto Arenal Command Post control system.

### Adequacy of emergency exits

The Valdebernardo - Pavones emergency exit was renovated in 2014, replacing the metal staircase and eliminating leaks to improve accessibility.

## Line 10

Since November 17, 2014 drivers on lines 10a and 10b have been equipped with portable TETRA radiotelephone in order to ensure communication with the Train Command Post if necessary.

### Renewal of track infrastructure

In 2014 the timely renewal of track, rail and track equipment was carried out due to deficiencies in the circulation of line 10 in the support and guidance system of the track infrastructure, renovating the interstation sections of Cuatro Vientos - Joaquín Vilumbrales, Ciudad Jardín - Aviación Española and the Casa de Campo - Cuatro Vientos stretch.

### Signalling and communications equipment

The renewal of the EBTS style TETRA base stations commenced in 2014, with work being conducted in 12 stations including changes of GPS system and new antennas.

There have also been upgrades to the signalling systems and track electrification in the Casa de Campo - Cuatro Vientos - Puerta del Sur section as a result of the renovations of the platform and track structure.

### Renovation of the crossover in Puerta del Sur

The crossover has been renovated, including its electrification and signalling in the existing zone of influence of Puerta del Sur after a decline in the functionality of the services due to wear.

### Refurbishment of ventilation shafts

Refurbishments have been carried out on the ventilation shafts in the Fuencarral, Gregorio Marañón and Plaza de Castilla to stations to make them fully operational.

### Renewal of escalator components

The step chains on escalators No. 10 of Alonso Martínez and No. 4 of Gregorio Marañón have been replaced. Safety guards have also been placed in stairwells: 28 safety guards on 14 stairwells in G. Marañón and 38 safety guards on 19 stairwells in Plaza de Castilla.

## Line 11

### Signalling and communications equipment

The renewal of the EBTS style TETRA base stations commenced in 2014, with work being conducted in 2 stations including change of GPS system and new antennas.

## Line 12

### New Office for the Management of Contactless Cards in stations

To meet the demands for the management of users, offices for the management of contactless cards have been set up in Leganés, Móstoles and Fuenlabrada stations. ♦





## Work on the network

### Reform of the ticket control system in the Puerta de Arganda station

The scope of these actions was to modify the validation system in the Puerta de Arganda station to make the public transport card (TTP) validation platform available from that station, adapted to the new ticketing arising from this system. The Puerta de Arganda station is located on the boundary between the facilities owned by Metro de Madrid corresponding to zone A and the facilities belonging to Transportes Ferroviarios de Madrid (TFM), covering zones B1, B2 and B3.

### Activities to set up TTP offices and POS

In order to commission the offices for the sale of the Tarjetas de Transporte Público - TTP (Public Transit Passes) in various locations, as well as the new Centro Integral de Gestión del Transporte Público de Madrid - CITRAM (Madrid Integrated Public Transport Management Centre) in the Avenida de América station, identical to that which currently exists in the offices of the Consorcio Regional de Transportes - CRTM (Regional Transport Consortium) for real-time coordination and monitoring of all transportation means in the region, it was necessary to redesign the Metro de Madrid infrastructure, the most significant activities being the following:



- ⊙ Communications and Control Facilities:
  - Reconfiguration of fibre optic connections.
  - Data network.
  - Telephony System.
- ⊙ Fire protection installations:
  - Fire detection through aspiration.
  - Manual extinction.
  - Photoluminescent markings.
  - Replacement of existing mixed nozzle extinguishing system for water mist.
- ⊙ Installation of an air conditioning and extraction system for the renewal of air through a system of forced ventilation using a fan with extraction mode operation.



Exterior view of the Customer Service Centre (CAV) at Sol station

- ⊙ Commissioning of TTP Offices in the new CITRAM location in Avenida de América station.
- ⊙ Air conditioning in the Customer Service Centre – CAV and the new TTP Office in Vodafone Sol station.
- ⊙ Adaptation of the TTP Office in the Atocha-RENFE station.
- ⊙ Transfer of the TTP Office to the CAV in Nuevos Ministerios station.

## Optimisation of ventilation management system (PAE)

The ventilation systems, apart from covering fresh air needs, are fundamentally responsible for eliminating the thermal load accumulating in the system. The efficiency of dissipation of the heat generated within the infrastructure is much better when the temperature of the outside air entering the tunnel is lower. Similarly, the energy cost is not the same throughout the whole day, making it cheaper ventilate the premises during the subsidised period.

With this in mind, the operation of the ventilation system is based on establishing a strategy to adjust its operation, taking advantage of periods when the temperature differential between the inside and outside (temperature swing) is maximum, attempting to move its operation to periods when energy cost is lower. In fact, these two factors are usually compatible, because at night the energy cost is at a minimum and the temperature swing at a maximum.

The employment of this strategy saved more than 24.2 million kW during 2014.

## Depot operations

- ⦿ Installation of the TebaTREN system in the Fuencarral depot.

The TebaTREN system was implemented in depot 6 (Fuencarral) during 2014. The Train -Ground Communications System is an extension of the existing broadband communications infrastructure in the Metro de Madrid stations and depots, and allows on-board equipment to be integrated with and be accessible to ground services. It is a high-capacity system for multipurpose transmission, allowing the bidirectional sending of different types of information between the on-board systems and the fixed network, based on IP protocol.

- ⦿ Replacement of hydrant network of the fire protection system in depot 9 (Hortaleza). ♦



## Rolling Stock

Technical improvements were made during the year to reinforce the reliability of rolling stock and in doing make our services more efficient.

The most notable steps taken in this direction during the year were as follows:

- Rolling stock auscultation project. Preparation of technical reports on comfort and safety, in accordance with UNE-EN 14363 and DIN EN 12299. Measurements and vibration analysis. 63 technical studies and reports on the relationship between rolling stock and facilities.
- Safety and comfort studies ahead of the reopening of lines (5, 6, 7B, 10 and 12) following work performed over the summer. Verification of static and dynamic gauge.
- Study on the elimination of temporary speed limits imposed while work was being done, once the work was complete.
- Study of driving speed and vibrations in TFM (9B). Proposed amendments to the rate of speed depending on track conditions
- Measurement of accelerated braking in auxiliary vehicle on test tracks.
- DUM Project (installation, maintenance and operation of an LED-based dynamic advertising system in tunnels). Technical study for installation of the system in line 8 tunnel between Colombia and Nuevos Ministerios stations.
- Installation of a defect detection system in collaboration with the company NEM Solutions on Line 6 between Nuevos Ministerios and Cuatro Caminos (PK 16+630)
- Kinematic simulations for the prolongation of Line 9 to the new Paco de Lucía station and definition of maximum operating speeds.

- Kinematic simulations for modifying the departure from Aluche station (Line 5) on track II.
- Operating simulators. Studies to improve simulators of rolling stock operation in order to adapt to changes in operating regulations.
- APOGEO work group (VAI – Routing service - Rolling Stock) interrelations along with measurements and defectology.
- Study on the influence of vibration – internal car distances (ICD). Analysis and monitoring of Unit 7 Lot 2 with reduced ICD.
- Torque Bogies. Work continued on projects related to torque bogies for measuring forces at rail wheel contact and Y/Q coefficient.
- Preliminary market studies for the automation of gauge measurement and verifications tasks.
- Study and design of an analogue filter for recording accelerations of rolling stock on inspection runs.
- Acquisition of equipment and peripherals for measuring vibrations.
- Technical assistance provided to the DGI for work on Line 7B, 9 and 12.

### Collaboration on International Projects

- Technical Assistance for the construction of Line 2 - Av. Faucett – Av. Gambetta of the Lima and Callao metro in Lima (Peru).

In 2014, Metro de Madrid signed a Technical Assistance agreement with the company Metro de Lima Línea 2 S.A., as the holder of the concession for the construction of the project titled “Line 2 and Ramal Av. Faucett – Av. Gambetta of the Metro de Lima y Callao basic network”. This is a five-year contract that includes technical assistance services during the study, installation and commissioning phases.

Metro has provided technical advice in relation to the rolling stock and the design and outfitting of maintenance shops, analysing and reviewing the design documentation and data. Since the month of May, Metro has been providing



technical assistance on operations to the consortium that was awarded the concession to operate Line 2 and ramal-line 4 of the Lima metro. The technical assistance has consisted primarily of reviewing the offers and studying the final engineering plans presented by the rolling stock manufacturer.

Metro employees have travelled to Lima to provide this technical assistance, which is expected to continue throughout 2015.

◉ *CoMET and Nova Energy Saving Strategies Expert Workshop*

Participation in the workshop titled “CoMET and Nova Energy Saving Strategies Expert Workshop 4th-5th September 2014 in Barcelona” with a presentation titled “Energy Efficiency Program in Metro de Madrid” which discusses the R&D+I work done by the company in the area of energy efficiency.

◉ *Study of requirements for the sale of 6000 series trains to the SBASE in Buenos Aires (Argentina)*

In July 2013, SBASE acquired a new lot composed of seventy-three 6000 series cars. The final deadline for delivery is December 2014. Besides the sales contract for these units, a contract for the adjustment and adaptation of these cars to run on Line B on SUBTE was signed at the same time. In October 2014, 13 cars owned by Caixarenting were added to the order for the 6000 series cars. Delivery of 24 6000 series units to Buenos Aires. Delivery of three 6000 series cars to Buenos Aires. Start-up of technical assistance to be provided in 2015 for the MM and MRM assemblies.

This agreement required a viability study to identify the work that would be needed to replace the 6000 series trains that were running on line 9<sup>a</sup> with a different type of material. To do so, the available alternatives were studied in detail, calculating the cost and the lead times of the proposed solutions.

The replacement of these units with 5000 series trains continued in 2014, as did the work on the adjustment and adaptation of the materials involved.

Work continued under external maintenance agreements in 2014 which represent a significant volume of income for the Company. ♦







# Signalling and Communications Equipment

Work continued in 2014 on the implementation of the CBTC system in trains and tracks, and in Command Posts (A.T.S.) and regulation (A.T.R.) for Lines 1 and 6 of Madrid Metro. On Line 1, efforts focused on completing the work on the onboard signaling equipment and the installation of regulation and control systems. On Line 6, work has been focused on the pre-installation of route circuits and permanent installations as well as the commissioning of pending 8000 series units.

We continued to monitor the CBTC system installed in the 9000 series units on Line 7B in terms of the installations and the trains in which the system is installed. Our efforts on this project have focused on stabilisation and improving the performance of the line as well as detecting and solving problems.

Numerous reliability studies of trains and facilities are scheduled for the first quarter of 2015.

Development and implementation of an External Interface System (EIS), a tool that replicates the Command and Control database and subsequently the rest of the systems. When information is needed, the data is extracted from the EIS, allowing the Command and Control Centre to continue working without interruption. ♦



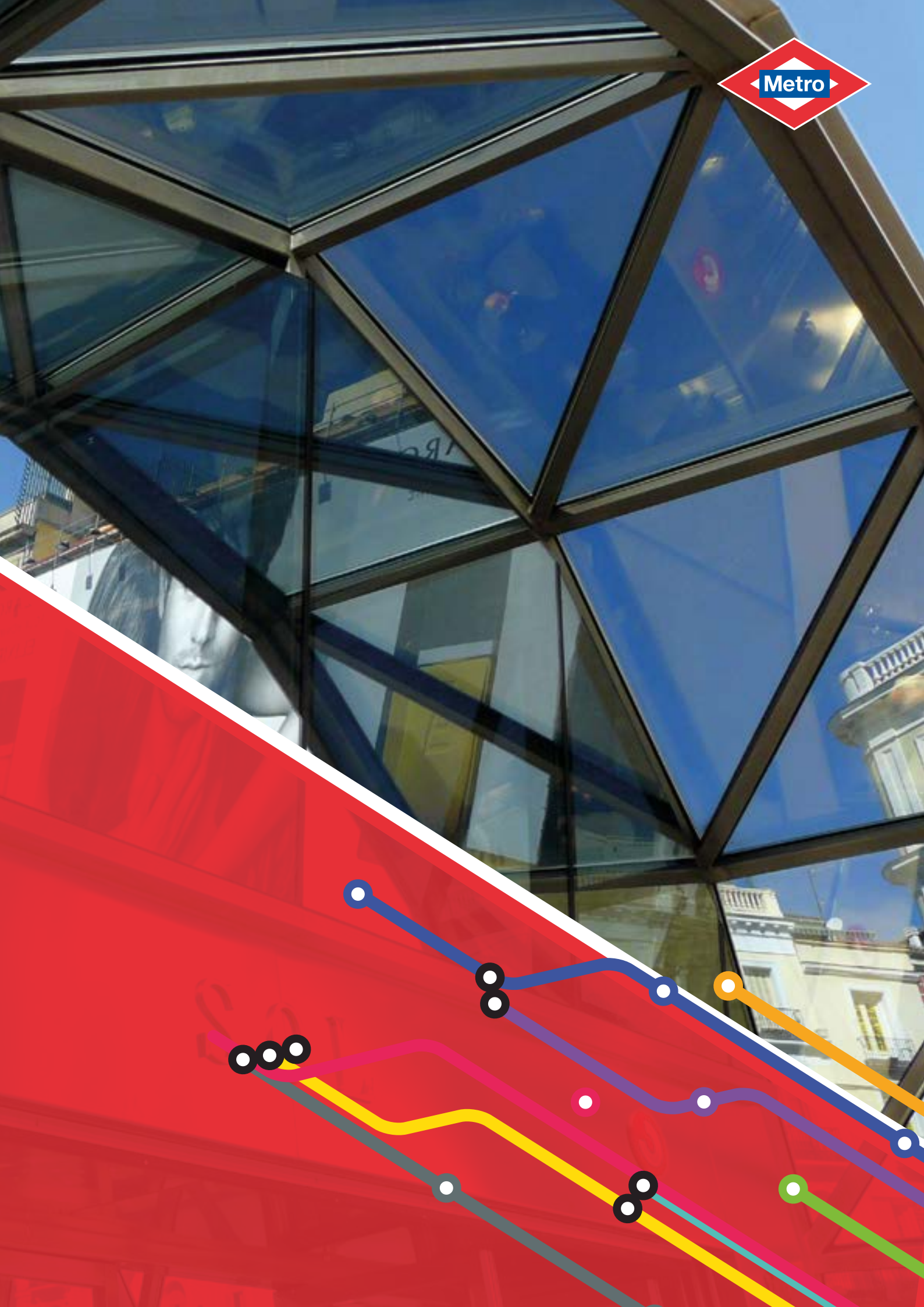


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## Human resources





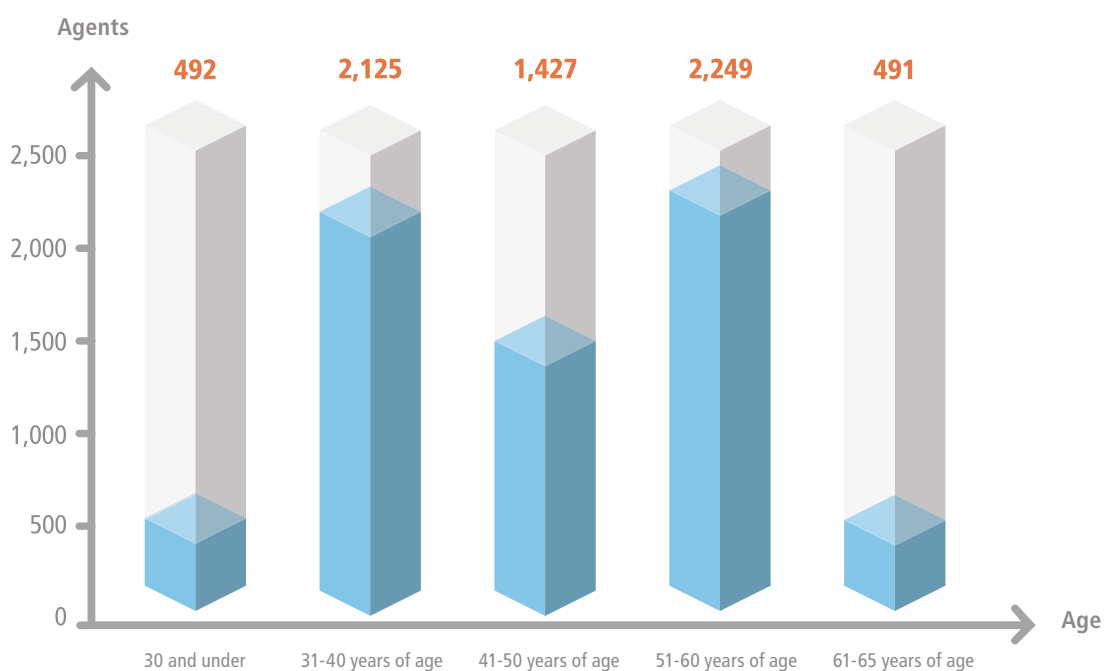


## Staff

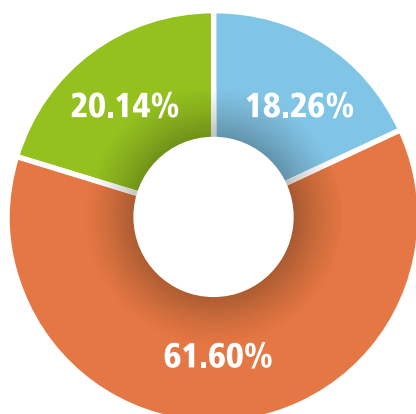
At 31 December 2014, **Metro de Madrid** had a total of **6,784 employees**. The **total equivalent staff** (number of full-time agents on the payroll at 31 December) stood at **6,254 agents** with an **equivalent average payroll** of **6,327 agents**.

The average **age** of Metro de Madrid's staff is **45.55**. 74.41% of employees are men and 25.59% are women, with average seniority in the company of **19.19** years.

**Breakdown of staff by age**  
(at 31 December 2014)



The following pie chart shows the breakdown of staff by functional area:



**Breakdown of staff by functional area:**

- Operations
- Maintenance
- All other personnel

## Labour Relations

Like other sectors of the economy, the social circumstances in our country have had an impact on Metro Madrid, whose primary mission is to render public transport services in the Community of Madrid.

At the end of 2013, as the collective bargaining agreement that would expire on 31 December 2014 was being negotiated, management began to consider the possibility of a layoff as a cost-saving measure.

The layoff process commenced at the end of 2013 and culminated with an agreement between management and labour representatives whereunder approximately 10% of the staff on the payroll in the first quarter of 2014 left the company.

As a result of this measure which had a heterogeneous impact across the different productive areas of the company, it was necessary to readjust and redistribute the resources available to render the transit services.

To do so, a package of measures was adopted through agreements with labour representatives and decisions taken unilaterally by company management that enabled the Company to continue rendering this public service under conditions that were practically identical to the ones in place in 2013.

Following a process of intense negotiations and labour relations throughout 2014 and thanks to the efforts on the part of all involved, the Company can safely say that it will be able to successfully face the challenges associated with rendering this important public service in 2015. ♦



## Diversity and Equal Opportunities

One of the minimum targets set by the Law on the Workplace Integration of People with Disabilities (LISMI) is that two out of every one hundred employees should be people with disabilities. Metro de Madrid exceeds the legal 2% minimum.

As for the composition of its governing bodies, the table below indicates the breakdown by age and gender for the Board of Directors, the Executive Committee and the staff of Metro de Madrid as a whole:

Year	Board of Directors		Executive Committee		Total Staff	
	Men	Woman	Men	Woman	Men	Woman
2010	80%	20%	80%	20%	76%	24%
2011	80%	20%	80%	20%	76%	24%
2012	82%	12%	100%	0%	76%	24%
2013	82%	18%	100%	0%	76%	24%
2014	82%	18%	100%	0%	74%	26%

The 2013-2015 collective bargaining agreement establishes the base salary according to professional categories without any distinction by gender. There is, therefore, no discrimination between women and men. However, there are differences in the total salaries by gender, the salaries earned by women being lower than men's due to the different salary items which includes such things as seniority, for example, but the gap is closing with each year that passes.

The table below shows the evolution of the "wage gap" which is understood as the difference between the mean compensation paid to men and women:

Year	Difference
	Men-Women
2008	4.91%
2009	4.68%
2010	3.30%
2011	2.77%
2012	2.74%
2013	2.36%
2014	1.88%



The vast majority of Metro de Madrid's employees are from Spain (at 31/12/2014, only 0.11% of employees are not Spanish citizens. At Metro de Madrid, the most relevant diversity can be seen in age or gender. ♦

NATIONALITY	TOTAL
Belgian	1
British	1
French	1
Greek	1
Polish	2
Portuguese	2
<b>TOTAL</b>	<b>8</b>
Spanish	6,776



# Work-Life Conciliation

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Work-life conciliation measures are key to achieving equal opportunities for men and women. Metro de Madrid offers a wide range of conciliation measures which comply with the provisions of common labour laws, within the framework of the collective bargaining agreement and other internal corporate regulations.

Some of the most notable measures for conciliating work and family life are as follows:

- ◉ 6 paid personal days.
- ◉ Shorter workdays for people caring for minor children or disabled adults.
- ◉ Accumulation of nursing leave time
- ◉ Accumulation of seniority and preservation of position during leave of absence to care for children or minor foster children up to the age of 4.
- ◉ Married couples or employees in similar situations are guaranteed at least fifteen days of summer holiday leave at the same time as their spouses/partners.
- ◉ Possibility of voluntarily switching shifts, days off or holiday time with co-workers.
- ◉ Possibility of changes service hours, shifts, days off and holiday leave under special circumstances through the employee's supervisor.
- ◉ Attending training activities during working hours.
- ◉ Flexible office hours.



# Prevention and Occupational Medicine

## Occupational healthcare

The Prevention and Occupational Healthcare Service implements its preventive and occupational medicine activity in the general framework of Metro de Madrid's System for Managing Occupational Risk Prevention. Specifically, the health surveillance process sets out the system for the conduct of health check-ups following the criteria set out in the Occupational Risks Prevention Act and the Prevention Services Regulations.

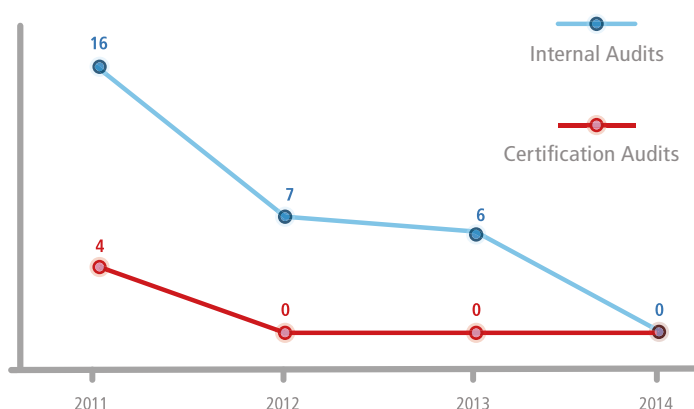
The main preventive, sanitary and specific health monitoring activities implemented during 2014 are shown on the following tables:

## Occupational prevention

A regulatory audit was also conducted in the month of November. Metro de Madrid is legally obligated to undergo these audits every four years in order to evaluate and document the effectiveness of its Prevention System objectively and systematically, as indicated in article 1, point 10 of RD 604/2006, which modified article 30, RD 39/1997 on the Regulation of Prevention Services.

In terms of the preventive activity itself, a series of graphs is attached summarising the results of the indicators associated with strategic areas of our activity:

### Evolution of deviations found during audits 2011-2014



### Occupational Healthcare

ACTIVITIES	2014
REGULAR CHECK-UPS	6,754
OTHER TYPES OF CHECK-UPS	25
EVALUATIONS, JOB FITNESS, JOB CHANGES	2,385
MEDICAL TESTING	293,415
FLU VACCINATIONS	298
GYNECOLOGICAL SCREENING	400
PROSTATE SCREENING	2,186
SPECIFIC HEALTH SURVEILLANCE PROTOCOLS	1,139

OTHER DATA OF INTEREST	2013
<b>ON-THE-JOB ACCIDENTS</b>	
ACCIDENTS WITH LEAVE TIME	305
ACCIDENTS "EN ROUTE"	100
<b>CONSULTATIONS</b>	
DOCTORS AND NURSES	15,101
<b>TRAINING OFFERED</b>	
FIRST AID TRAINING COURSES	11
<b>X-RAYS</b>	913

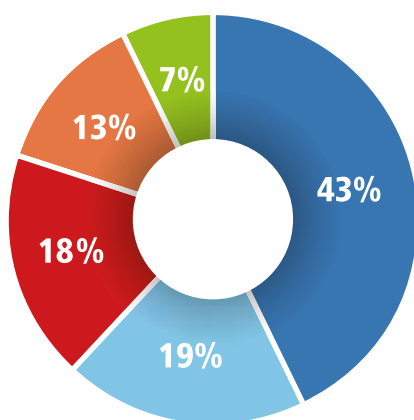


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In terms of the preventive activity itself, a series of graphs is attached summarising the results of the indicators associated with strategic areas of our activity:

### Prevention measures

	No.
Operations Management	35
Facility Maintenance	89
Rolling Stock Maintenance	97
Civil Works, Stations and Accessibility	216
Other	65
<b>TOTAL</b>	<b>502</b>

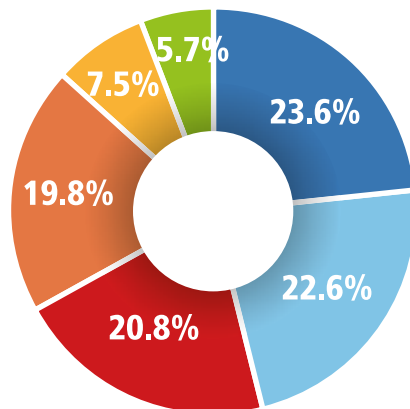


### Prevention activity Breakdown of prevention measures by areas

- 1 Civil Works, Stations and Accessibility
- 2 Rolling Stock Maintenance
- 3 Facility Maintenance
- 4 Operations
- 5 Other

## Safety inspections

By Areas	No.
Logistics	16
Operations	44
Facility Maintenance	50
Rolling Stock Maintenance	48
Civil Works, Stations and Accessibility	42
Other	12
<b>TOTAL</b>	<b>212</b>

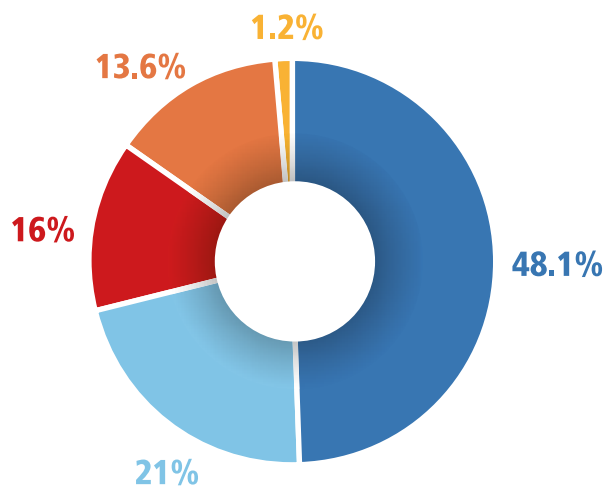


### Safety inspections By area

- 1 Facility Maintenance
- 2 Rolling Stock Maintenance
- 3 Operations
- 4 Civil Works, Stations and Accessibility
- 5 Logistics
- 6 Other

## Breakdown of health and safety assessments

BREAKDOWN OF HEALTH AND SAFETY ASSESSMENTS By area		No.
Operations		17
Engineering and R+D+i		1
Facility Maintenance		13
Rolling Stock Maintenance		11
Corporate Safety		39
TOTAL		81



### Breakdown of health and safety assessments By area

- 1 Corporate Safety
- 2 Operations
- 3 Facility Maintenance
- 4 Rolling Stock Maintenance
- 5 Engineering and R+D+i



## Health and safety committee

According to article 39.3 of the Metro de Madrid Collective Bargaining Agreement, "the members of the Health and Safety Committee (prevention specialists) will be freely chosen by the Works Committee by unanimous or majority decision. Any company employee may be a committee members, regardless of whether or not he/she is already a member of the Works Committee", which is the body that represents all of the Company's employees.

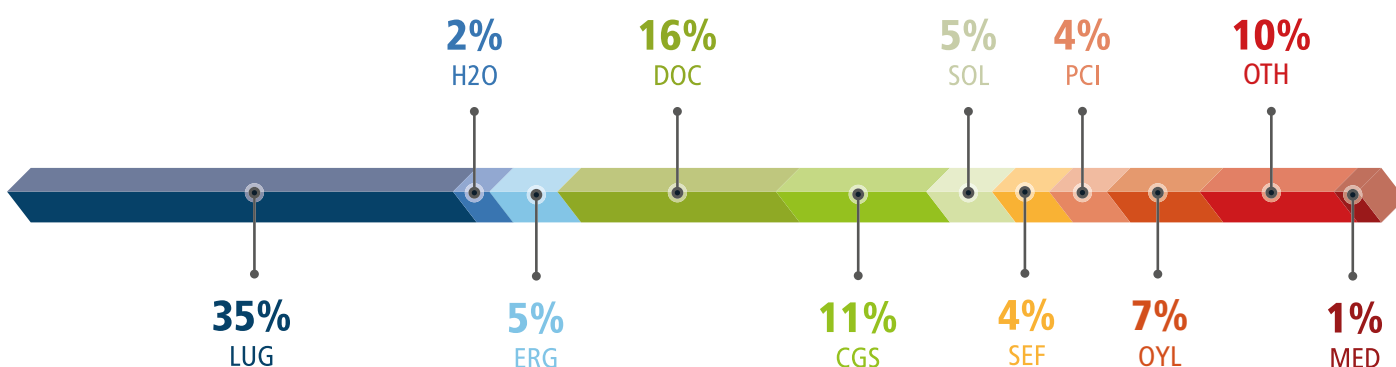
Therefore, in 2014 100% of employees were represented on the joint management-labour Health and Safety Committee which was created to oversee and advise on health and safety programmes in the workplace.

In 2014, a total of 167 matters came before the Health and Safety Committee for consideration, as reflected on the table below by type. Metro has also signed agreements with labour unions, some of which are included in the collective agreements that are signed by the Company periodically.

### Health and safety committee

MATTERS CONSIDERED BY THE HEALTH AND SAFETY COMMITTEE BROKEN DOWN BY TYPE		
General safety conditions	CGS	19
Documentation	DOC	26
Ergonomics	ERG	8
Drinking water	H2O	3
Workplace and work spaces	LUG	59
Medical	MED	2
Other	OTH	17
Housekeeping	OYL	12
Fire protection and emergencies	PCI	6
Rail safety	SEF	7
Room temperature	SOL	8
<b>TOTAL</b>		<b>167</b>

### Matters brought before the health and safety committee broken down by type (167)





## Mobility Plan

As part of the Metro de Madrid Mobility Plan, in 2014 traffic accidents occurring en route and/or on site were investigated by means of a simple questionnaire to be completed by the person involved in the accident, from which a risk map related to road traffic was then drawn up. A working group was also created to address the risk map.

Company representatives have attended different events related to work-related road safety and have answered the questions raised by the different departments and by the employees themselves. A module designed to raise awareness of the risks associated with job-related road travel was also included in the refresher training courses offered to employees.



## Collaboration with other organisations

Metro de Madrid chairs the Safety Committee of the Spanish Maintenance Association (AEM), an international group of renowned experts who combine their knowledge and experience to examine and provide solutions for aspects of safety in maintenance. Its role is to integrate safety in maintenance with the sound aim of providing a reference for institutions, bodies and technical and operational personnel associated with this question. ♦



# Training

The fundamental objective of the Company's Training Services in 2014 was to offer high quality educational solutions adapted to the company's needs, making the best use of available resources and funding. The activities in this area focused primarily on:

- ◉ **Management of the training activities** (internal and external) included in the 2014 Training Plan and others which, although not previously scheduled, were considered necessary.
- ◉ **Search for alternatives** to the different activities carried out by Training Services in order to reduce/eliminate external costs without affecting quality. Some examples include:
- ◉ Internalising certain **training activities** that had previously been outsourced to external companies, such as Skills training.
- ◉ Administering evaluation tests during selection and **internal promotion** processes.

- ◉ **Designing educational programmes**, documentation and measures in support of Training activities, both written and ICT-based. **Five** new electronic books were published on Occupational Risk Prevention and Environmental Awareness.
- ◉ Participation in the Community of Madrid's **DUAL** training programme.
- ◉ **Active participation on the different committees to improve the Company's performance.**
- ◉ **Collaboration on external projects.**
- ◉ Obtaining as much **aid and subsidies** for training as possible.

## Training Offered

The table below shows the number of training activities, studies and teaching hours totalised throughout the year. To provide greater detail, the data on Internal Training (offered by personnel on the Metro payroll) have been separated from those on External Training (instructed by persons not on the Metro payroll).

	INTERNAL TRAINING	EXTERNAL TRAINING	TOTAL
No. of courses	2,091	235	2,326
No. of students	14,811	1,519	16,330
No. of hours	104,820	38,475	143,295

	E-LEARNING TRAINING
No. of courses	163
No. of students	2,703
No. of hours	11,353

(\*)Does not includes the training offered to subcontractors.

## Training Ratios

The table below reflects the training ratios for 2014.

	2014 (*)
Students per course	7.02
Teaching hours per course	11.78
Hours per student	8.77
Total hours / equivalent average payroll	22.84
Students / participant	2.78
Equivalent average payroll	6,274.58

(\*) Does not includes the training offered to subcontractors.

## Relevant Events

The following are noteworthy among the activities carried out by corporate Training Services in 2014:

### Training

- **Training for internal promotion:** 16 agents were promoted to Line Technician; **8 agents** to Command Post Inspector; **6 agents** to Line Supervisor; **33 agents** to Conductor and **15 agents** to Area Supervisor.
- **Continuation** of training in the **Operations Management area** that included the following initiatives:
  - “**Rebases**”, in which **1,482 conductors** participated.
  - Informative sessions on **Safety Standards (NICMM-NISARC)** were also offered to **3,055 agents** from the Operations Area.

- The **Multi-year Occupational Risk Prevention Training Plan** continued in 2014, with a total of **1,938 agents** participating in at least one educational activity on this topic, which brings the grand total to **3,500 training** actions.

The following training events are also worthy of note:

- **287** maintenance workers received refresher training in prevention in keeping with prevention evaluation standards.
- 96 maintenance managers and technicians received basic occupational risk prevention training.
- Serious efforts were made to issue the corresponding updates of the Electric Risk accreditation as mandated in RD614/2001.

**Four new electronic books** were also published on the subject of occupational risk protection:



- PRL M3A3 Coordination of business activities, which was supplemented with specific sessions for each corporate area. In all, **650** hours of training were offered to **260** employees.

- PRL M3B2.2. Stations.
- PRL M3B1.2 Trains.
- PRL M3A4.2 Working at heights

- **Environmental Training:** Training and awareness-raising sessions targeting the Facilities Maintenance Area were offered to 214 employees to reinforce their involvement in and commitment to environmental protection. An electronic book on environmental awareness was also published.

- **Maintenance-related training:** **640** agents from the **Facilities Maintenance Area** received **18,563** hours of training. The most significant **training** topics included:

- "Update of ticketing and fare equipment", which was attended by 103 agents who received 772 hours of training resulting in better response times.
- "Software, Hardware and Siemens and Schneider equipment", for personnel from the Low Voltage Facilities area, which was attended by 100 agents who received 2,285 hours of training.
- 781 hours of training for the "Conclusion of the Communication Training Plan for Reclassified Conductors".
- 845 hours of training on the topic of "Handrail bridging and vulcanisation".
- "Rail signalling and CBTC signalling": 1,575 hours of training offered by Bombardier and attended by 86 agents.

**592 agents** from **Rolling Stock Maintenance Area** received **34,829 hours of training**. Some of the most important programmes in this area included:

- "*C/3000 and C/8000 Lot 1 and Lot 2 Maintenance*" offered by the manufacturers to teach Metro personnel how to maintain this equipment. 4,973 training hours were offered to 349 agents.

- 3,049 training hours were offered on the topic of "*RCL Bogies and Engine and Reductor Inspection*".

- 1,463 training hours on the topic of "*C/3000 corrective and preventive maintenance*" were offered to short cycle maintenance technicians.

- "*C/2000, C/5000, C/3000, C/6000 and C/9000 long cycle inspections*" for a smooth transition from long cycle to short cycle maintenance technicians. 6,285 hours of training were offered to 127 agents.

- "*New specialised rolling stock techniques*". 6 agents received a total of 2,497 hours of training in 2000 and 3000 series equipment.

- "*Basic training for handling cooling equipment that uses f-gas*". 6,344 training hours were offered to 61 employees as part of an effort by Metro de Madrid to internalise the maintenance of train air conditioning equipment that uses f-gas.

Informative sessions on **Safety Standards (NICMM-NISARC)** were offered to **724 agents** from the Maintenance and Civil Works, Stations and Accessibility areas.

**213 agents** from the **Maintenance and Civil Works, Stations and Accessibility areas** received a total of **7,792 hours** of training, the most important training topic being the Handling and Driving Auxiliary Vehicles.

- **DUAL Training:** **Six students** continued their internships as part of the DUAL occupational training programme leading to the title of Industrial Mechanics Senior Specialist, spending a total of fifteen months with Metro, from January 2013 through August 2014. During this time, the students have had the chance to rotate through different areas of the Facilities Maintenance and Rolling Stock divisions, combining theoretical and practical training.

- **Contractor Training:** A total of **8,652 training** hours were offered to **410** contractor employees, for which Metro de Madrid charged fees of **€20,905**. Especially noteworthy is the training that focuses on "New procedural requirements for agents in charge of verifying voltage cut-off and restoration".

- **Language Training Programme:** Improvements were made to the training model implemented in 2012 and 2013. In 2014 an e-learning teaching system was introduced with the methodological complement of class or telephone instruction, giving students greater flexibility and optimizing resources and **virtual classes** were introduced for all participants.
- **Voluntary training: New course titles** were added to the catalogue of voluntary training programmes in fields such as new technologies, microcomputing and technical training. 317 students received a total of 4,734 hours of training from internal instructors.
- **Skills Training:** The training programmes of recent years continued in 2014, with certain programmes being taught internally to reduce the cost. Some examples of the training topics covered internally include **Emotional Intelligence, Telephone Service and Communications, Customer Service, Instructor Training and Intervention Support Skills**. This year, 153 agents from the Operations Area received a total of **2,227 hours** of training.
- **Training Support Resources:** Simulation classrooms and computer-based simulation equipment (interlockings, UEAO) are efficient tools used for the courses targeting Conductors, Lobby Managers and other Operations Management personnel.

## External Projects

Throughout 2014, 26 different courses totalling **3,108 hours** were offered by Metro's Training services to the personnel of the **Buenos Aires Metro** at the **Metro de Sevilla**. Metro's Training Services also participated in the preparation of offers for **different international operations**.

## Bonuses and Subsidies

**Bonuses and Subsidies:** Once again in 2014, the Training Service participated in the call from the **Tripartita Foundation for Training in Employment** and received **696,132 euros**. ♦



# Internal Communications

The Communication and CSR Area, which is responsible for internal communication policy and reports directly to the CEO of Metro de Madrid, sponsors different initiatives to enhance corporate communications targeting all employees and to encourage employee participation, to promote the development of skills and corporate values of Metro de Madrid, to extend Metro's CSR values and its commitment to the environment, to foster a culture of economic, social and environmental efficiency and to enhance the company's reputation and internal credibility (which fosters employee motivation and involvement).

Among the internal communication actions and initiatives carried out in 2014 by Metro de Madrid to keep the lines of communication open between the company and its employees and to encourage employee involvement, the following are noteworthy:

**Internal Communication Committee:** this is a consultative body that studies the internal communication needs of the different areas of the Metro de Madrid organisation and helps to transmit relevant information to employees by:

- ◉ Determining and transmitting the communication needs of the different areas of the organisation.
- ◉ Collaborating in the dissemination of corporate information.
- ◉ Assisting with the implementation of internal communication actions/campaigns..
- ◉ Proposing actions to encourage employee participation.
- ◉ Sharing information of interest regarding its own area or other areas of the Company to foster transversal information-sharing.
- ◉ Uncovering news/information of general interest to the company.
- ◉ Identifying information gaps / rumours within its area.

- ◉ Highlighting the work of teams, peoples, projects in its area that merit special recognition.
- ◉ Assisting with internal communication campaigns...

## Internal Communication Survey

An internal communication survey is conducted each year to obtain the views of all staff, i.e. whether they feel sufficiently informed, whether they feel their contributions are taken into account, whether they feel they have enough information and whether they know who to contact to find the information they need. They are asked to select the most effective communication channels or the channels that provide them with the most important job-related information, the campaigns they have liked the most and, finally, the internal communication actions they would like to see reinforced.

The findings of the 2014 survey show that 2014 the overall rating by staff improved compared to last year. Metro employees still want more corporate information and they want to know more about the different corporate divisions and areas. They would like more communication with directors and managers and those in direct contact with the customers. There was a substantial increase in participation in 2014 compared to previous years.

**Vive otras áreas:** an initiative that gives Metro employees a transversal understanding of the organization through greater involvement in the daily activities of clients and internal suppliers which allows us to learn first-hand about the difficulties they confront in the pursuit of their activity.

'Vive otras áreas' is an ongoing project, conceived to give all a chance to participate and where everyone can benefit from the ideas, suggestions and good practices extracted from these exchanges. Employees from different areas of the Company have participated in the exchange of visits during this year.

The internal support areas which employees knew relatively little about and which they had expressed an interest in learning more about, such as the Communications and CSR areas and fundamentally the area responsible for social media management, acted as hosts during the year.



## Skills building and development of corporate values at Metro de Madrid

- ⊙ Internal communication actions related to CSR values and Metro's commitment to the environment.
- ⊙ Anden Central is Metro's most important internal communication channel, where news items are published daily. This channel of communication is open to all corporate areas.
- ⊙ Communication and CSR campaigns, solidarity campaigns intended to highlight the social awareness of the Company and its employees. In collaboration with the Red Cross, Metro organised blood drives at different Metro stations.
- ⊙ Metro employees taught a group of autistic youth how to move through the network independently and accompanied the Sinteno Association on their visit to the Pacífico Nave de Motores.
- ⊙ Repetition of the drive to collect school supplies: "Para que pinten un futuro de colores".
- ⊙ Metro brought together some of the country's most talented advertising professionals at the Vodafone Sol station in connection with the UNICEF campaign for Universal Children's Day.
- ⊙ Once again in 2014, Metro hosted the solidarity campaign titled "Contamos Contigo" which seeks to satisfy the basic nutritional and educational needs of children and youth living in Aldeas Infantiles centres in the Community of Madrid.
- ⊙ Metro de Madrid and the Red Cross came together to donate 5,000 meals to improve the quality of life of the social environment in which the company operates.
- ⊙ **Anden Central / Employee's Corner**, a section dedicated to social awareness actions, saw new fixed contents focused on solidarity information.
- ⊙ 2014 was a particularly active one in terms of volunteer campaigns including the one titled "**Online with those who need it most**" which was proposed and/or voted on by 1,100 employees. 31 volunteers worked on the actions with each one of the chosen NGOs.





- Internal communications actions aimed at fostering a culture of greater economic, social and environmental efficiency. The catalogue of responsible actions commended in 2013 and continued throughout 2014 with the fundamental aim of achieving greater economic efficiency and more sustainable development of the society in which we live.
- Internal communication actions designed to improve credibility and reputation internally (employee motivation and involvement).
- 2014 marked the first year in which Metro participated in the Company Olympics. The company also celebrated St. Michael's Day (Metro's patron saint) with a sports-filled day of golf, football, paddle, basketball and track and field tournaments with more than 100 participants.
- Metro de Madrid celebrated its 95th anniversary in 2014 and part of the commemorative activities organised to mark the date focused on pride of belonging and employee involvement with the company's values

over its long and historical trajectory. Guided visits to our facilities were organised for employees and their families, along with special showings of the "95th Anniversary Exhibit". All Metro de Madrid employees received a personal message of thanks from the CEO and a gift commemorating the anniversary.

- At Christmastime the Company sponsored the first ever special event for employees' children and grandchildren. The "Trip to Canillejas" consisted of a fun-filled gymkhana through Metro's facilities, during which the participants and their parents learned first-hand, in a practical and enjoyable way, about the different jobs people at Metro do. The day ended with games and entertainment.

## Andén Central

In order to bring Andén Central closer to all employees, especially those who do not have computers in the workplace, in 2014 the company installed computers on all line headers that can be used by employees to connect



to the portal. The computers are strategically located in places through which all conductors and the majority of station employees must pass.

Again this year, the suggestion box was the method used by many employees to transmit their ideas, questions and suggestions to the Company. The 371 suggestions received during the year were forwarded to the pertinent areas of the company for resolution.

272 news items were published in 2014. Electronic books were published in the space dedicated to training and the Company advertised 52 job offers for internal promotion. Monographic news articles were published to promote the idea of getting to know other areas of the Company under the generic heading of "Getting to know other areas". The interviews, photographs and videos in these articles put faces to the names of the people who work in these areas.

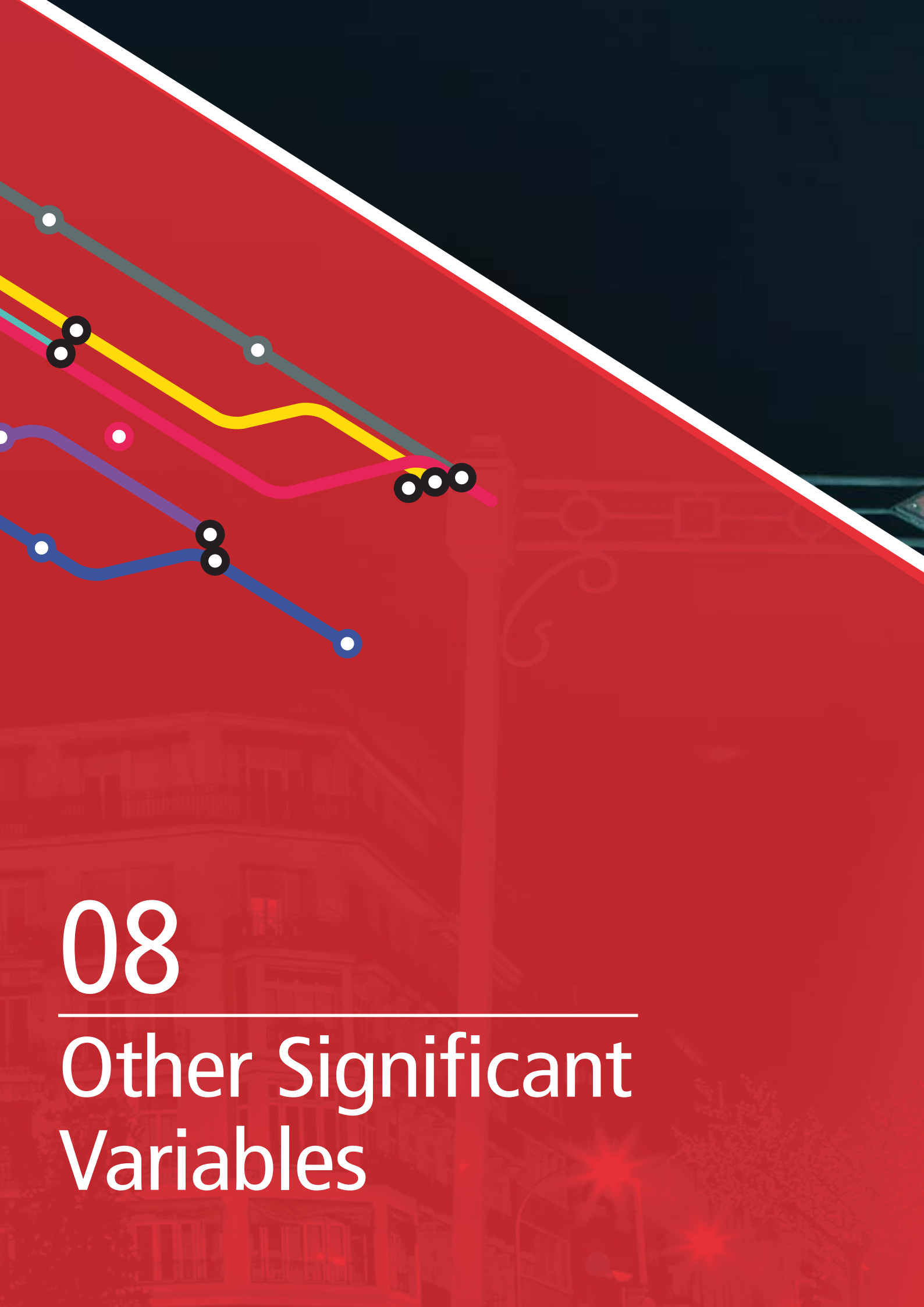
The "Employees' Corner", the portal content dedicated to leisure activities, covered the paddle and football 7 championships, track and field runners and the fishing

and basketball teams. The volunteer work of Metro employees with nearly 30 NGOs was also highlighted in this section of the portal, and the now classic sections such as "Metreros Around the World", "Metro Pets" and "Little Metreros" continued in 2014, with photographs of festivities such as Carnaval, San Isidro and Halloween.

Some of the initiatives with employee participation through Andén Central included the Andén Central birthday celebration, the drawing contest for employees' children and the Summer photo contest. The winning photos were displayed in Metro de Madrid stations.

In 2014, the employee portal received a score of 7.3 points and was considered by all of those surveyed as one of the key internal lines of communication between Metro and its employees. As far as user loyalty is concerned, 73% of those surveyed stated that they log onto Andén Central every day or several days a week. ♦





08

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## Other Significant Variables





**Metro**

Cuatro Caminos



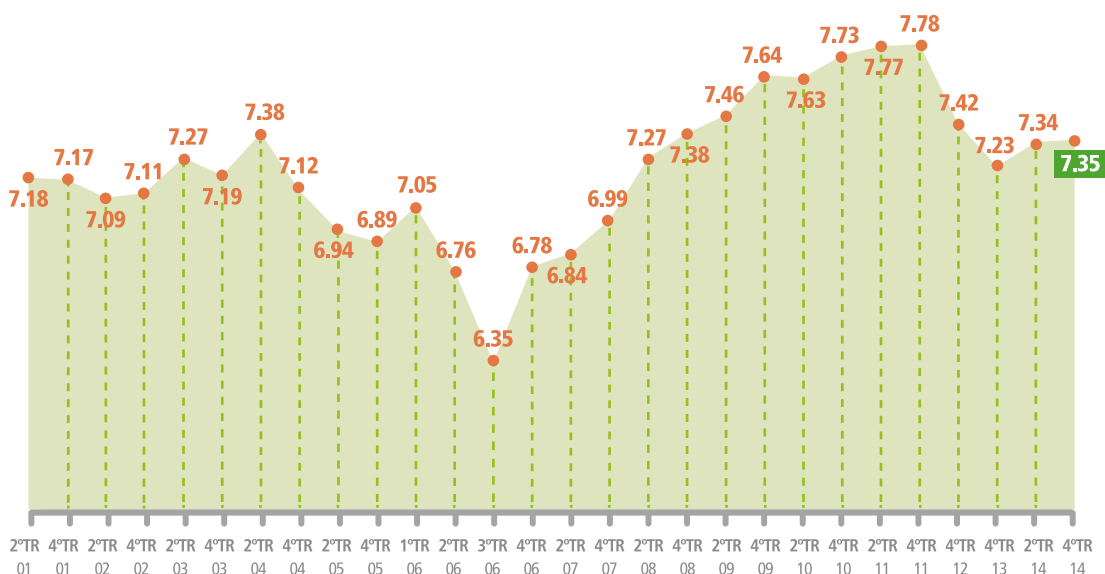
## Perceived quality

Customer satisfaction with the service received represents one of the ways in which the Company measures the fulfilment of its commitment to the people of Madrid, and the result of its effort to provide a safe, quality service that meets the expectations of the people of Madrid. To find out their opinion, a series of studies was carried out during the year to enable the company to understand the level reached and to further examine the main aspects of the Metro service, as well as to provide a perspective of

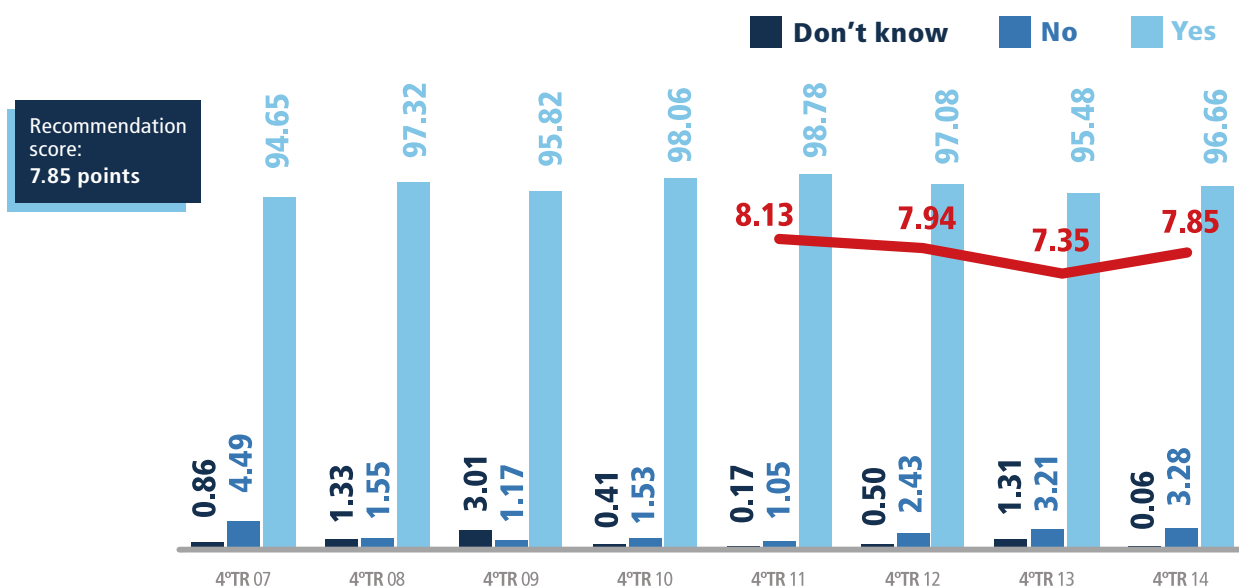
its evolution over time through maintaining stability of the studies.

The degree to which Metro is recommended continues to be above 95%, as in previous years.

Evolution of Rating



% Who would recommend using Metro de Madrid



The Perceived Quality Index (PQI) shows the valuation of the main aspects of the service and the importance assigned to each. The result obtained in 2014, taken as a whole, shows a general increase in the various aspects that make up the service. ♦

ASPECT	Q2 14	Q4 14	Q4 13
Station signalling	8.00	8.08	7.85
Training lighting	8.07	8.05	7.79
Station lighting	8.00	7.99	7.76
Accident safety	7.66	7.63	7.54
Station cleanliness	7.47	7.42	7.35
Train cleanliness	7.37	7.41	7.26
Operation of automatic ticking machines	7.29	7.38	6.85
Station conservation	7.48	7.34	7.23
Operation of turnstiles (cancellation)	7.30	7.33	6.62
Train conservation	7.41	7.31	7.29
Platform accessibility (to/from)	7.41	7.27	6.82
Speed of train travel	7.45	7.27	7.12
Friendliness and attentiveness of employees	7.30	7.23	7.02
Protection against aggressions, muggings, etc.	7.17	7.17	6.75
Information about problems with service	6.91	7.00	6.77
Friendliness of security guards	7.13	6.91	6.55
Available space inside cars	7.01	6.86	6.73
Operation of lifts	7.01	6.85	6.63
Operation of escalators	6.75	6.74	6.27
Response to complaints and suggestions	6.57	6.61	6.66
Temperature and ventilation in trains	6.56	6.56	6.10
Abnormal train stops	6.49	6.55	6.26
Temperature and ventilation in stations	6.70	6.54	6.32
Noise level of operating trains	6.56	6.42	6.34
Waiting time on platforms	6.26	6.25	5.82
Operation of on board validation (ML 1)	7.01	6.77	6.89
<b>OVERALL PQI SCORE (25 aspects)</b>	<b>7.15</b>	<b>7.13</b>	<b>6.85</b>

NOTE: In descending order according to latest study

## Service Quality

Thanks to the improvement in the overall economic situation compared to the year before, in 2013 Metro de Madrid focused its efforts on stepping up the quality of service offered to customers. To do so, a Quality Plan was devised with the aim of improving service quality by optimising the use of available resources in order to achieve the highest possible level of customer satisfaction.

This Quality Plan reflects Metro de Madrid's unwavering commitment to service quality.

**The Quality Plan** addresses different aspects of service quality that have a direct impact on the traveller. These include comfort (cleanliness, temperature and ventilation, occupancy rates); safety (accident prevention); schedules (timetables, frequency, reliability or regularity); customer

service (customer relations, satisfaction, complaints); accessibility (escalators, lifts, ticketing equipment) and environmental impact (emissions, noise, energy usage).

The Quality Plan covers the period from 2015 to 2017 and comprises different actions intended to improve the actual quality of the service rendered as well as our users' perceived quality of the service, especially in those areas that are considered high priority.

As of December 2014, 40 actions had been carried out under the Quality Plan with an economic impact of 63.4 million euros, broken down as follows:

CRITERION	€ MILLION	NO. ACTIONS
ACCESSIBILITY	35.00	11.00
CUSTOMER SERVICE	0.10	2.00
COMFORT	4.50	7.00
INFORMATION	0.00	2.00
SAFETY	0.00	2.00
SCHEDULES	20.30	13.00
MISCELLANEOUS	3.50	3.00
<b>Total</b>	<b>63.4</b>	<b>40</b>



Metro de Madrid has implemented a **Service Quality Management System** to manage customer service, which compares the information obtained from surveys, claims and quality indicators in order to diagnose the most critical service aspects.

One of the **strengths of the Metro de Madrid Service Quality System is its customer focus and continuous updating**. Thus in 2013 special attention was focused on actions for improvement, including:

- ⊙ Inclusion of new indicators for measuring the scheduling aspect.
- ⊙ Development and improvement of existing service quality indicators.
- ⊙ Inclusion of new indicators for measuring the safety aspect.

2014 saw the creation of the Quality Committee, the corporate body responsible for promoting and tracking the actions that have a positive impact on service quality. Among the actions implemented in 2014 under the Quality Plan, the following are noteworthy:

Actions related to **Accessibility**:

- ⊙ **The Escalator Plan:** Under new maintenance contracts for the maintenance and upkeep of electrical escalators, the Company will invest a total of 18.8 million euros in 2014, 2015 and 2016. Under the new contracts, which cover all of the escalators previously maintained by outside companies, the escalators are broken down into four batches by brand. In addition, new quality standards and requirement were implemented to improve the service. With these new contracts, the Company will invest on average **27%** more to maintain the escalators than it did when the maintenance was outsourced. Not only do these contracts entail a higher investment than had been required to date, but they also introduce higher quality standards and more stringent requirements than the ones contained in the previous contracts. One of the most important aspects in this regard is that in addition to maintenance, these contracts include emergency replacement of the chains on treads, which will greatly reduce the lead time required to deal with these situations.

- ⊙ The maintenance company is also required to keep a minimum stock of certain spare parts on hand in order to expedite repairs and prevent delays caused by having to order the parts. Furthermore, Metro will be reinforcing its oversight of service level agreements to ensure that the maintenance company is conducting audits of its own resources and has also increased the penalties for failing to comply with the agreed service levels. Compliance with service levels will be based on the time it takes to respond to incidents or breakdowns, the time it takes to resolve them, the availability of the escalators and the reliability of the equipment. The new contract defines both service quality indicators and maintenance work quality indicators, based on the results of the functional inspections of the escalators.

Actions related to **Schedules**:

- ⊙ **Improvements to facilities:** Lines 5, 6 and 10 were closed in the summer to repair the track superstructure, which resulted in faster train speeds and a more comfortable ride for passengers.
- ⊙ **Improvements to rolling stock reliability:** This measure included the replacement of batteries in 2000B series cars, improvements to doors and ATP equipment and reform work on SICAS, all of which made the trains more reliable, which in turn has a positive impact on service quality.

Actions related to **Comfort**:

- ⊙ **Reform work on cooling systems** in 2000B series trains to improve the temperature inside trains on L5, especially in the summer. Temperature settings were adjusted in air conditioning equipment across all train series which considerably improved the ambient temperature inside the trains.
- ⊙ **Modification of fan programming** in stations for better ambient temperature air quality in stations.





## Certification of Management Systems

Metro currently has nine certified management systems covering the vast majority of the Company's operating processes.

Metro de Madrid's Management Systems were recertified in 2014. The external auditors noted Metro's maturity in applying the standards of reference, the fulfilment of the requirements that are well tailored to meet the needs of our service and the involvement of everyone who participated in the audits.

The main reasons for citing the maturity of Metro's management systems include:

- ⊙ Setting of objectives
- ⊙ Internal audits
- ⊙ Management review
- ⊙ Customer satisfaction survey
- ⊙ Risk management
- ⊙ Commitment to continuous improvement and fulfilment of requirements
- ⊙ Reinforcement of systems despite adjustments to human resources and funding

The following Management Systems were recertified:

- ⊙ Service Quality according to UNE-EN 13816
- ⊙ Environmental Management according to UNE-EN ISO 14001
- ⊙ Occupational Risk Prevention according to OHSAS 18001
- ⊙ UNE-EN ISO 9001, 6 management systems that apply to:
  - Rolling stock maintenance
  - Engineering
  - Logistics
  - Software development
  - Facility maintenance
  - Service provision

Audits were also conducted of uncertified systems to meet the requirements that apply to all management systems. Specifically, the Training Service (training and evaluation) and the Procurement Area (purchasing and supplier evaluations) were audited. ♦

## Customer Service

Metro de Madrid's customer service strategy is based on a "multichannel approach" that uses a relational model which incorporates different channels to maximise operating efficiency and enhance the customer's experience.

In 2014, the **Interactive Customer Service Centre** handled **191,485** contacts through conventional channels (telephone, fax, email) and multimedia channels (chats, guided browsing, audio/video conference) and social networks.

From 8 am to 10 pm, 365 days a year, this Centre handles the requests for information related to the Company's services (rates, access, service hours, frequency, lost and found, accessibility, construction work and problems on the network). The Centre also offers information on the best route between two points in the Community of Madrid, including alternative modes of public transport and nearby leisure/entertainment options.

The service has been operational since 2002 and has been certified according to Standard 13816 since 2003. In the last year, the service received a rating of 8.26 out of 10 by customers, which is slightly higher than the year before. 87% of those surveyed rate their experience as good or very good.

In-person **Customer Service Centres** assisted a total of **320,411 visitors**. New centres were opened during the year, in addition to the ones at Vodafone Sol and Nuevos Ministerios, to perform traditional customer service functions and assist customers with public transit passes. Integrated centres of this kind were inaugurated in April at the Coslada Central, Móstoles Central, Fuenlabrada Central and Leganés Central stations.

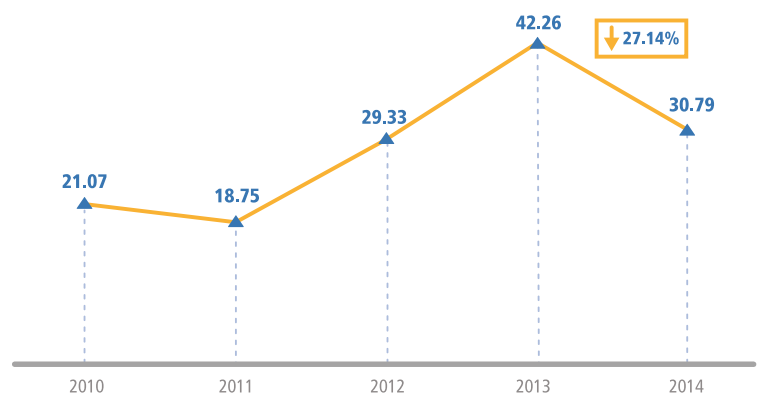
In the month of October, the centres located at the Nuevos Ministerios, Ciudad Universitaria, Avenida de América and Plaza de Castilla stations began to offer these services. Finally, in the month of November a new centre was inaugurated at the Atocha Renfe station to cover the growing demand for services related to public transit passes.

At the Vodafone Sol and Nuevos Ministerios centres, in addition to providing customers with information, customers can purchase tourism products such as tourist passes, the MadridCard, tickets to events, tours, etc. as well as official Metro de Madrid merchandise.

Surveys of customers who have visited these customer service locations give Metro a score of 8.63 points (0.27 points higher than the score in 2013). 85% of those surveyed state that they are satisfied or very satisfied with the service received.

In 2014 there was a 26.74% decrease in the **number of complaints received** compared to the year before, with **17,274** in 2014 compared to 23,581 in 2013. This decline is also reflected in the number of complaints per million trips, which went from 42.26 in 2013 to 30.79 in 2014.

**Number of complaints per million trips 2010-2014**





The most common cause of the complaints received in 2014 had to do with **“Operation of ticketing equipment”** with a total of 1,700 complaints (17% less than in 2013), due to problems encountered by users when trying to purchase tickets. Throughout the year, the complaints are most commonly received on the first and last days of the month, which is when most people are trying to use the equipment.

The second reason was **“Train frequency”**, with 1,473 complaints related to time intervals between trains. The increase in these complaints during the summer was due to the fact that certain sections of different lines were closed for repairs. The number of claims received for this reason was 12% lower in 2014 than in 2013.

**“Receipt for purchase”**, with 1,452 complaints, was the third most common cause, which was 38% lower than it had been in 2013. These complaints have to do with the fact that the vending machines fail to issue a receipt when the customer charges his or her public transit pass.

There were fewer complaints for all lines in 2014 except Line 12, which saw an 11% increase, due primarily to construction work which resulted in scheduled suspension of service in the summer months. ♦

# Environmental Management

As a company committed to the Environment, Metro de Madrid has an Environmental Management System based on the UNE-EN ISO 14001 Standard which raises awareness and seeks effective solutions to prevent, control and minimise the environmental impacts caused by our operations as a way of contributing to environmental protection.

The Environmental Management System was audited in September and October 2014 by an external accredited entity, along with the rest of the certified systems, and the results were satisfactory, demonstrating proper implementation consistent with the policies enacted and supported by the stated objectives set and allowing the identification of opportunities for improvement and the evaluation of environmental performance with the perception of significant involvement of managers and other members of the Organisation

The audit report outlined the following strengths of the system:

- ⦿ The efforts made to train personal and raise awareness of environmental issues (e.g. training in the use of equipment containing f-gases, training and awareness-raising of facility maintenance personnel, publication of interactive waste management manual).
- ⦿ Follow-up by Metro de Madrid of the different subcontractors responsible for HVAC maintenance and keeping records of the work performed, including recharging and recovery of f-gases.
- ⦿ The fact that the quantity and quality of the information contained in the "Environmental Management Activity Report" is reviewed by management, as are the meeting minutes of the Environmental System Oversight Committee.
- ⦿ The efforts made to improve control on work sites through inspections and document control (inclusion of Environmental Management as an appendix to contractors' environmental management plans).
- ⦿ The system for detailed evaluation of legal requirements and the involvement of the different services/areas of the Company in ensuring compliance with the requirements identified.
- ⦿ Internal environmental consulting for outside work/projects, although this activity is not certified at the moment.

In addition to the steps taken as part of the 2012-2015 Optimisation Plan to minimise energy usage, the environmental commitment of Metro de Madrid can also be seen in the implementation of different measures designed to reduce the Company's impact on the environment.

After evaluating the effectiveness of the energy-saving measures implemented, which was determined to be satisfactory, the Company managed to reduce energy usage by 4.63% compared to 2013.

The **awareness-raising campaign in the area of water conservation** continued in 2014 as part of the 2010-2013 Sustainable Water Management Plan, an instrument that includes the management, savings, efficiency and control & tracking measures of the Plan that are designed to minimise water usage. This year, Metro employees were invited to participate in a variety of environmentally-related volunteer activities, including participating in the EcoRun race. This event was organised in conjunction with World Environment Day and sponsored by the Prince of Asturias Sports Award organising committee with the aim of raising the public's awareness of environmental issues and raising funds to finance the projects of Spanish NGOs involved in the fight against climate change.

Along these same lines, a study was conducted based on the surveys of the different departments given the high water usage at the Canillejas depot, which accounts for 29% of Metro total usage. This study was carried out by reading the water meter at the depot at different times of the day in order to estimate how much water was being used for different activities.



The Company also ran awareness-raising campaigns regarding other environmental aspects such as noise, emissions and dumping, all of which rendered satisfactory results.

As for controlling the environmental behaviour of contractors, in 2014 the Company drafted a document on environmental inspections of the work zones of contractors hired to do work for Metro and the waste they generate. Through these inspections the Company was able to verify that most of the work performed during the year by outside contractors complied with the environmental guidelines transmitted by the Company and the applicable environmental laws.

The Company has also begun to use a new computer tool to facilitate communications with outside contractors and the exchange of mandatory environmental documentation.

Throughout the year, Metro provided technical advice and assistance to Line 2 of the Lima y Callao Metro. Specifically, Metro was responsible for analysing documentation such as the Environmental Impact Study, Final Engineering Studies and various ventilation shafts.

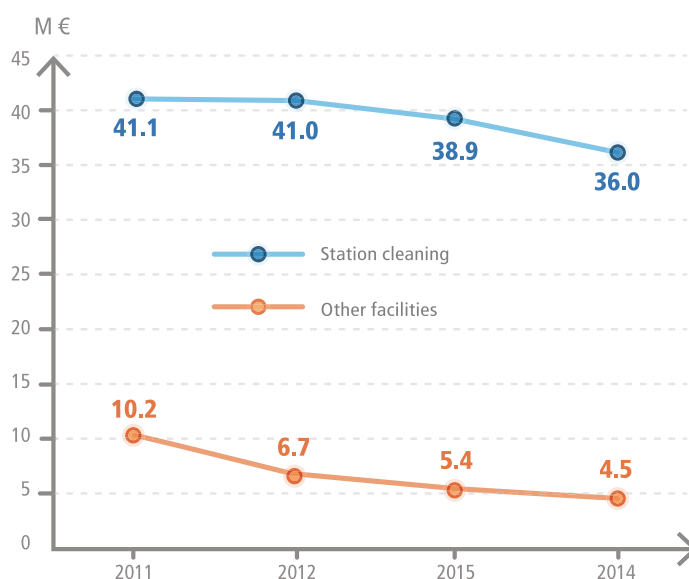
The collaboration agreement between Metro de Madrid and the operator of the Integrated Management System for lamp recycling which was first signed in 2013 was renewed in 2014. By managing the fluorescent waste it generates, Metro de Madrid has managed to reduce CO<sub>2</sub> emissions by more than 2,000 tonnes per year.

At the same time, Metro continues its environmental awareness-raising actions targeting its own staff and society at large through:

- ⊙ Targeted presentations on environmental management that are open to the public during Science Week and educational sessions on environmental awareness offered to 214 employees, or 3.5% of the staff, in morning, afternoon and evening sessions.
- ⊙ Publication of an e-book on Environmental Awareness on the Company's portal which contains the information from the in person presentations. The book is available to all employees who wish to read it.

One of the goals of the Optimisation Plan undertaken by Metro de Madrid is to adapt the different space where Metro's services are rendered to the context defined by the market, society and the current economic situation.

Along these lines, in 2014 the Company continued an initiative that began in 2013 to reduce the costs associated with cleaning stations and facilities. In 2014, Metro managed to reduce these costs by 8.5% compared to 2013 and 15.1% compared to 2011. This was made possible by gradually reducing cleaning frequency, an initiative that began in 2013, and through a carefully planned hiring process that concluded in 2014.



Finally, with regard to the landscaping work performed during the year, there were 32 new plantings and the existing irrigations elements were inventoried. The landscaping work during the year also included: 15 fertilisations, 137 weedings, 28 tillings, 261 cleanings, 41 prunings, 63 mowings, 7 insecticide treatments and 234 inspections.

## Sustainable Water Management Plan

The Sustainable Water Management Plan integrates several programs aimed at the management, control, conservation and efficient use of water resources for human activities, including industrial.

In 2014, Metro de Madrid consumed a total of 277,826 m<sup>3</sup> of water supplied almost entirely by Canal de Isabel II, the water company that supplies the Community of

Madrid. This is nearly seven percent less than the water used in 2013, thanks in part to the fact that nearly 2,900 cubic metres of water were recycled in 2014 and the percentage of water that was reused for training washing increased by 34 percent.

### Calculation of the Carbon Footprint

Although the transport sector is responsible for a great deal of CO<sup>2</sup> emissions, Metro de Madrid has positioned itself at the forefront of environmental awareness, assuming the commitment to substantially reduce the atmospheric emissions caused by its operations.

In 2014, Metro de Madrid emitted into the atmosphere three times fewer greenhouse effect gases than would have been emitted had users driven their own cars.

Metro de Madrid is the first domestic metro operator to calculate its greenhouse gas emissions and to publish the results in a corporate carbon footprint report.

The calculation includes the direct emissions from the company's own sources (category 1) as well as indirect emissions such as those caused by electricity usage, water usage and by employees and suppliers getting to and from work (categories 2 and 3).

The most common indicator for determining public transport emissions measures the quantity of emissions per traveller and kilometre travelled. The 2013 calculations show that Metro has a Carbon Footprint of 44.61 grams of equivalent CO<sup>2</sup> per traveller and kilometre travelled.

### The "greenest" mode of transport

According to the Spanish Climate Change Office (SCCO), a branch of the Ministry of Agriculture, Food and the Environment, cars are the most highly polluting modes of transportation in urban areas on a per capita basis. The main problem is the low number of occupants in the vehicles (which is 1.3 per trip on average).

Other environmental agencies such as the Catalán Climate Change Office (CCCCO) or the British Department for Environment, Food and Rural Affairs (DEFRA) publish indicators which show that Metro de Madrid is a less contaminating mode of transport than others such as cars (189.1 grCO<sup>2</sup>eq/km), motorcycles (118.1 grCO<sup>2</sup>eq/km), buses (82.81 grCO<sup>2</sup>eq/traveller•km) or even the London Underground (63.61 grCO<sup>2</sup>eq/traveller •km).



The evolution of atmospheric emissions measured in tonnes of equivalent CO<sup>2</sup> (tCO<sup>2</sup> eq) from 2010 through 2014 is summarised on the following table:

Categories	AREAS	2010	2011	2012	2013
Category 1	Vehicles	537.53	163.12	509.71	526.94
	Fuel oil B	316.41	310.1	241.55	230.07
	Natural gas	5,829.09	5,532.78	5,532.78	4,658.38
	Fuel oil C	461.32	281.34	376.65	256.65
Category 2	HV electricity	152,941.40	200,213.09	213,965.65	150,414.83
	LV electricity	5,246.90	3,621.94	4,380.21	3,296.32
Category 3	Water usage	191.06	179.34	144.15	156.85
	Business travel				
	Plane and train	194.16	114.42	160.86	325.06
	Taxis	22.76	19.54	6.89	8.99
	Private vehicle	106.4	94.84	54.64	40.26
	Hotel stays	4.83	2.54	1.62	1.7
	In itinere travel				
	Home-work-home	7,423.13	7,822.48	8,151.73	14,528.62
	Chartered bus	1,042.87	857.05	705.66	641.31
	EMT Replacement buses	64.23	241.22	555.33	0
	Suppliers				
	Works	7,174.58	1,014.71	611.57	643.09
	Services	1,413.52	5,798.45	5,415.28	2,233.41
	Supplies	2,872.28	28.92	1,022.41	242.28
	Waste				
	Hazardous	12.44	15.16	14.74	9.87
	Non-hazardous	951.14	819.9	48.37	41.36

<b>Total emissions (tCO<sub>2</sub>e)</b>	<b>186,806.05</b>	<b>227,130.94</b>	<b>241,899.78</b>	<b>178,256.00</b>
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(The carbon footprint for 2014 is in the process of being calculated.)

	2010	2011	2012	2013
Categories 1 and 2	165,332.65	210,122.37	225,006.54	159,383.19
Category 3	21,473.40	17,008.57	16,893.24	18,872.81
<b>Total</b>	<b>186,806.05</b>	<b>227,130.94</b>	<b>241,899.78</b>	<b>178,256.00</b>

## Waste management

The environmental impacts arising from the management of hazardous and non-hazardous residues associated with the activity of Metro de Madrid have both been reduced to the minimum through the use of offer selection criteria aimed at prioritising waste recovery over disposal and the proximity of management centres, thus reducing emissions from transporting the waste.

As in 2013, in 2014 more than 90% of the waste generated was recycled thanks to the consolidation of good environmental practices by employees, the distribution of containers to segregate waste at source and the existence of 13 recycling centres called ATR (Acopio Temporal de

Residuos) or Temporary Waste Collection, located in the Maintenance compounds, from where 1,508.80 tonnes of waste have been managed.

The ongoing effort to minimise the amount of waste through measures such as compaction and agreements with suppliers to reuse materials continues. Last year, the quantity of industrial waste generated was reduced by the same amount as the year before in 2013, i.e., by around 5%. ♦

	2009	2010	2011	2012	2013	2014
<b>Hazardous waste</b>						
Elimination	237.74	217.06	115.43	189.04	30.13	11.79
Energy conversion	2.22	0.82	1.12	37.83	-	312.63
Re-use / recycling	182.59	135.26	172.06	192.6	278.49	159.91
<b>Non-Hazardous waste</b>						
Elimination	381.88	356.58	216.91	108.49	11.28	12.89
Energy conversion	-	-	-	29.72	81.07	104.94
Re-use / recycling	946.22	757.96	1,213.52	1,042.80	1,107.83	1,146.32
<b>Total (tons)</b>	<b>1,750.65</b>	<b>1,467.68</b>	<b>1,719.04</b>	<b>1,600.48</b>	<b>1,508.80</b>	<b>1,264.14</b>





# Safety and Civil Protection

## Safety

The main Safety Service actions that can be highlighted are as follows:

The first part of the Master Safety Plan for 2014-2015 was prepared. It establishes, on the basis of risk analysis, how to plan, implement and manage Safety, creating a suitable framework for this area.

With the implementation of the new objective-based surveillance system for all services in the Metro de Madrid, during this year and a half the contract-specified criteria were met successfully.

Following the execution of surveillance contracts awarded in the past year, spending in 2014 reached €48,114,640, resulting in savings of €5,858,946 compared to 2013.

Furthermore, in coordination with Spanish security forces, cooperation was increased with the Transportation Mobile Brigade of the National Police. Joint actions were undertaken in the operational area and in the administrative and paperwork management of complaints submitted to Metro de Madrid. It should be noted that to facilitate police work, and as a result of this collaboration, the police corps received 830 surveillance disks for the investigation of criminal offences.

Regarding interventions, new intervention routes were implemented in order to optimise the service and threshold criteria were established to enhance their effectiveness. The number of travellers intervened in 2014 was up by 28% and the Intervened Fraud index was 2.09%. At the end of the year, the tender was opened for procurement of 160 inspection terminals and development of the intervention application of the CRTM's public transit PTC card.

Worth noting is the close collaboration between Metro and external emergency services, the results of which are summarized in the following table:

### Security figures

Total incidents	2014	2013	% difference	2014 monthly average	2013 monthly average
External Resources					
National police	11,043	7,944	39.01%	920	662
Local police	1,161	1,002	15.87%	97	84
Civil Guard	44	148	-70.27%	4	12
SAMUR	4,817	4,637	3.88%	401	386
Fire Department	155	121	28.10%	13	10

## Civil protection

One of the company's security objectives is the performance of safety drills as a means of checking and improving current emergency procedures in emergency and self-protection plans in place. During 2014 four drills were carried out in different Metro facilities, activating internal and external resources (Firemen, SAMUR-SUMMA Civil Protection, Municipal Police, National Police, Madrid 112 Emergency Services).

In order to address the various threats, a drill was carried out for each type of facility on the Network: station, tunnel, train depot and office building (headquarters).

A plan of action was implemented during the year to update emergency and self-protection plans, according to Royal Decree 393/2007 "Basic Self-Protection Standard", which was materialized through the drafting of a list of technical requirements for bidding on the work required.

In addition, a new emergency plan was developed and implemented at the headquarters, located in Calle Cavanilles 58, a campus consisting of six buildings.

In 2014 we laid the groundwork for a corporate self-protection management system at Metro de Madrid, for which we developed the self-protection plan management process. We thus ensured efficiency in the application of the aforementioned Self-Protection Plans and their update.

We also stipulated the new standards and methodologies for drafting analysis reports related to Civil Protection incidents, which are being carried out with the aim of improving the management of emergencies that occur in the Network.

During 2014, 465 technical queries were handled, representing an increase of 64% compared to queries received in 2013. We participated in preparing the technical bid for Technical Assistance for Operation of the "Line 2 and Branch Av. Faucett - Av. Gambetta of the Basic Network in the Lima and Callao Metro (Peru)", which Metro de Madrid was finally awarded.

The Civil Protection Service manages the inspections and maintenance of passive fire protection (PFP) means in Metro de Madrid to comply with Royal Decree 1942/1993 "Regulation on Fire Protection Installations". In terms of preventive maintenance, 75,169 operations were performed on 24,792 PFP units managed by Civil Protection Service.

Continuing with the process of economic optimization and maintenance management enhancement, Metro saved 0.61 million euros under this heading in 2014.

In terms of training, refresher training was offered to emergency personnel at the Loranca facility. The effectiveness of the training was demonstrated with the subsequent drill carried out onsite.

In addition, more than 100 firefighters of the City of Madrid were trained on the main power facilities in Metro that could present electrical hazards when handled, such as substations, transformers, low voltage rooms, overhead lines and trains.

Over the last 20 years, over 3,300 agents from Madrid, the region and other towns have taken part in the Metro training sessions for firefighters. This year's training also focused on electrical installations and in the past sessions covered fire protection methods and station evacuation, lift rescue, fire room and command post. ♦



## Railway Traffic Safety

In 2014, Metro de Madrid maintained its commitment to Rail Safety as a keystone of our Company's Corporate Social Responsibility policy. Among others, the following activities were carried out this year:

- ◉ Calculation and analysis of Railway Safety Indicators, presented monthly to the Company's Board of Directors.
- ◉ Implementation of new safety regulations (Internal Circulation and Safety Guidelines for Agents) that collate and update previously existing guidelines.
- ◉ Creation of the Technical Monitoring Committee, aimed at permanently updating safety regulations, depending on the needs or technological changes that take place.
- ◉ Development of procedures aimed at strengthening rail safety.
- ◉ Development and implementation of an inspection plan aimed at verifying compliance with various aspects of circulation safety regulations.
- ◉ Design and implementation of training actions aimed at improving the safety culture by raising awareness and sensitization of staff involved with circulation. ♦



## IT Projects

During 2014 we developed, among others, the following information technology projects:

### Strengthening of critical services

In 2013, the Information Systems Department decided to further strengthen its mail and data services to minimize occurrence of incidents and ensure quicker recovery when and if they occurred. The challenge was to find a cost-effective technological solution that would also leverage previous investments.

The main actions that were undertaken had to do with the enhancement of components, such as:

- ⦿ **The storage environment:** We increased the capacity of cabinets located at the Information Technology Centre (ITC) and the Service Continuity Centre (SCC), in order to keep two fully synchronized copies of the data between the two Data Processing Centres (DPCs), improving methods to protect data against errors, centralizing and reorganizing data in these two locations.
- ⦿ **E-mail:** We migrated old corporate e-mail to Microsoft Exchange 2013. This new version delivers technical improvements (creation of distributed email in CTI and CCS) also improved management features, substantially increasing mailbox size up to 8 GB in some groups.
- ⦿ **Data cluster:** New data servers were installed in the CTI and CCS to ensure that the data service is up and running even when one of them is affected by issues such as a prolonged power outage, severe damage to storage or data server, a communications failure, etc.

### Metro Classics" Website

In response to the request sent by the Communications and Corporate Social Responsibility Department, motivated in part by the significant retirement of Metro staff earlier in the year, the "Metro Classics" site was created to allow veteran employees stay in touch with the company and between each other. The WordPress tool was used to launch this site.



### Migration from X.25 to TCP/IP for electronic payment transactions

Following the recommendations of banks and processors of operations between them and businesses, we changed the communications standard used for transportation ticket transactions with credit/debit cards. The standard used since the first electronic payments was X.25. Once the necessary safety and operating conditions were established, as at April 22, 2014 all electronic payment operations are performed using the TCP/IP standard.

### Upgrade of presence control terminals

For managing Metro presence and access control, we use a system that records when workers clock in and out at the various terminals across company facilities, typically known as time clocks.

Most of the terminals available at Metro were acquired over 15 years ago. The age of the units results in a high number of incidents and sometimes it's not even possible to find spare parts. A project for progressively renewing this equipment began in 2013. Twenty-two units were replaced during 2014.



## Expansion of servers for recharging PTCs

The Information Systems Area is responsible for maintaining the management and administration of the platform that, among other things, allows recharging the Public Transportation Cards (PTC). This service is provided by units equipped with HSM (Hardware Security Module) cryptographic cards, in addition to other components.

Six new units were purchased and put into production to supplement the four existing ones. The two main reasons for this course of action are as follows: The first is related to the increased processing requirements of new HSM card software versions and, second, to prevent cryptographic cards installed on each server from reaching their maximum capacity and therefore generating lock-downs and incidents.

## Migration of the Quality Document Management System (Platón)

In place since 2003, the Platón document management system is mainly designed to support the processes of creation, approval, change control and publication of documents associated with quality management, serving as a repository for the same. The system has been upgraded and personalized to cover the company's various business processes. It is used by approximately 39% of the workforce to perform their functions in the company.

Given the system's importance, extent and use — and to address present and future user departments — the company decided to upgrade its technology to ensure its continuity. It was also aligned with the new licensing model, which now allows for the extension in the number of users at no additional charge. Both benefits are invaluable advantages.

## Implementation of the Mobile Device Management Platform

In 2014, given the increase in capacity, features and possibility of using mobile devices and their increasing integration in the workplace, a mobile device management (MDM) platform was implemented. It aims at managing, securing and monitoring devices, protecting the security of corporate information that can be accessed from the same, and, perhaps most importantly, deliver corporate system functionality through these devices.

## Migration of the LDAP User Authentication Directory to an OpenSource Solution

Ensuring access to corporate applications which operate 24 x 7 365 days is one of the priorities to guarantee the availability and security of the information and applications themselves. The company deployed the appropriate mechanisms for authentication and authorisation of user access.

The LDAP protocol defines how to access user IDs and their permissions in the applications they use.

The platform was migrated from the existing solution to an open-source solution that ensures the necessary functionality while complying with the defined objectives. The objective is twofold: aligning the licensing and useful life model (from a technical standpoint) and enhancing savings and cost-efficiency (from a financial standpoint).

## Integration of mobile terminals in the client IT platform

We carried out the integration of smart phones and tablets from various manufacturers and operating systems (Android, IOS) in Metro de Madrid's IT client platform.



We adjusted the necessary settings in the platform systems to enable in these devices the corporate functions such as e-mail, VPN connection, remote connection to corporate PCs, implementing security lock codes, Wi-Fi, token software VPN (Virtual Private Network), proxy web browsing, working with Microsoft Office and Adobe Acrobat PDF files, as well as searching, approvals, distribution and installation of various public and corporate mobile applications (apps).

### Windows 7 Migration Project

Following Microsoft's announcement that support for Windows XP SP3 and Office 2003 would end on April 8 2014, the IT Department migrated to Windows 7 and Office 2010 on 2,800 PCs. This also involved the replacement of 409 desktops and 151 laptops and multiple peripherals and software packages that were not compatible with these versions and avoid security

risks on client terminals stemming from this lack of support.

### Optimized Print Management (OPM)

At the request of the Metro de Madrid Executive Committee in 2013 for better management of the existing printing equipment, during 2014 the measures defined at the various Metro de Madrid sites continued to be implemented, and all sites are expected to be completed by 2015.



These measures are encouraging:

- Applying monitoring, control and auditing services
- Consolidating devices as much as possible, reducing the number of devices, reorganising their distribution in various locations and streamlining the use of colour/ A3 printers.
- Consolidating the number of service manufacturers and providers.
- Sending print reports to people responsible and HR.
- Implementing printing policies and authorizations.
- Proactive management of consumables.

## Printeo

In addition to the GIO, the Pulsar MPxP (PrintEo) tool was launched, which allows real-time monitoring of the status of printing equipment for which the IT Systems Department is responsible, replacing consumables proactively before

the equipment runs out. This feature does not apply to multifunctional printers.

- **Printing devices:** This measure allows keeping a log of alarms issued by printing devices, ensuring advance notification and resolution, all totally transparently to Metro users.
- **Notifications:** Allows daily, real-time monitoring of consumable levels in each of the printers and copiers of various brands. Automated alerts of needs are sent, allowing workers to address the matter and stock the units before any shortage occurs.

## IT equipment for PTC stalls

Following the request made by the Regional Transport Consortium of Madrid (CRTM) to Metro de Madrid at the end of 2014, the IT Department has taken charge of provisioning, servicing and maintaining, assuming both the CRTM management model and the associated purchasing and operating costs, the IT equipment (computers and peripherals) of all the Public Transportation Card (PTC) stalls located on the network.



## Implementation of the Claims System in the IT Department

A system was launched to allow the Department manage claims about the service presented by end users of the Metro de Madrid.

When an IT service is provided, a relationship is established with users of the same. This relationship begins from the first contact established between user and technical personnel, it is maintained during the course of delivery and ends when the user is answered, taking into account that the end user's satisfaction will not only depend on the solution offered at a technical level but on how it is communicated. All these phases of the service list fall within the scope of this system

## Advisory Council Records Management

In collaboration with an external team, a computer application for Advisory Counsel Records Management was developed. This new application resides in Documentum, the Corporate Document Management System, thus taking advantage of existing hardware and software resources and the application maintenance teams. The developed application allows receiving, managing, viewing and filing a large number of heterogeneous documentation from both Metro departments and third parties. From the moment they are received, documents are made available, correctly classified and archived in order to efficiently develop the tasks relating to Advisory affairs.





### **Implementation of two new applications for the automation of revenue management according to the Procurement Instructions and subsequent billing request.**

Internal staff of the IT Department have developed most of the functionalities of two new workflow applications on the SAP R/3 corporate system, which allow:

- ⊙ Making the necessary arrangements until the formalization of the revenue contracts following the procedure set by the Procurement Instructions.
- ⊙ Sending the billing request for the revenue contracts to the Accounting and Management Control Service.

### **Implementation of a new feature for the Interactive Customer Service Center.**

A new tool for the Interactive Customer Service Center (ICSC) was acquired and much of the implementation actions were carried out. It will provide more efficient features consistent with current technology and needs.

The interaction with customers is thus improved, by allowing contact with ICSC from any device (PC, smartphones, tablets) and communication channels (social networks, VoIP, etc.).

### **Implementation of a new Geographical Information Management tool**

A new application to manage topographical, cartographic and/or georeferenced information (tunnel infrastructure, profiles, stations, warehouses, train garages, ventilation shafts, cable galleries, electrical substations, emergency exits, etc.) was acquired, configured and implemented. It provides better and great technical support for activities carried out in the areas of Works, Road, Facilities Engineering, Control and Telecommunications and Civil Protection.

### **Alignment of the Payroll corporate management application to the new rules of the Social Security's General Treasury.**

Exclusively with our own staff, we carried out the upgrades required to adapt the payroll process to the Direct Liquidation System of the General Social Security Treasury (TGSS) which, based on the data associated with each employee — ID, contribution and collection data — will allow the TGSS to calculate settlements for the current period. This has involved carrying out a major procedural and technical change from deferred period to current period and a second change related to the design and creation of a new payroll receipt.

### **Development of a new Waste Catalogue Application in the Employee Site.**

Work was carried out to implement a new application in the Employee Site which allows Metro employees to properly separate, classify and prepare waste from daily activity. This action is in line with our company's commitment to protecting the environment.



### **Project of the new Official Claims Manager.**

In 2014, following up on a request made from the current Customer Service and Sales, we kicked off the project to replace the current application aimed at managing Official Claims received at Metro de Madrid with a new tool that in addition to current features will also allow the following beginning in early 2015:

- ⊙ Significantly reduce existing management time by automating allocation, classification and prioritization of claims made by our customers.
- ⊙ Improve the timing and quality of our response, thus avoiding printing and sending papers between locations and sounding alerts that warn when the set time is exceeded.
- ⊙ Generate cost savings resulting from the reduction in the use of paper and management times.

### Development of corporate applications for mobile devices

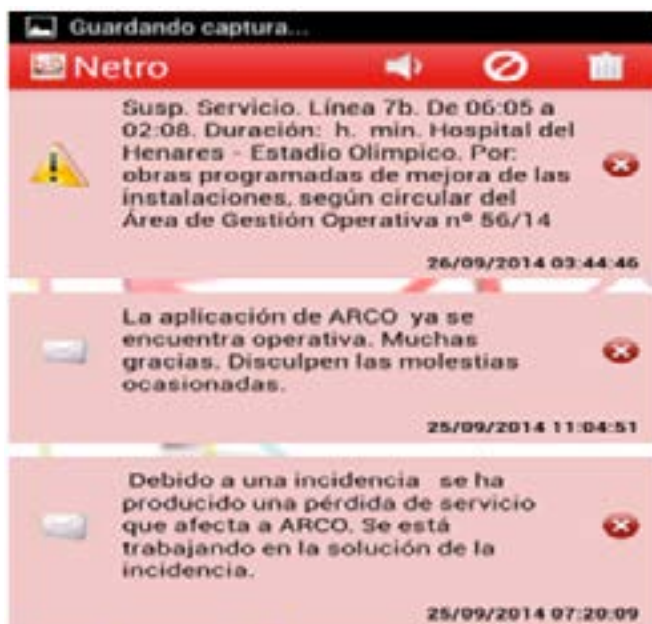
In this regard, we developed numerous features for Smartphone devices (Android, IOS, Windows Phone and BlackBerry) and for Tablet/iPad to meet the growing demands from our customers and from various internal departments, improving information, increasing savings and even allowing advertising revenue.

- ⊙ **Official App of Metro de Madrid for phones and tablets:** This application reached 500,000 downloads between Android and IOS systems since its release in 2012. More content and enhancements were introduced this year, including the dynamic calculation



of routes and prices, status of metro lines in real time, news of interest to travellers, multi-language content (English, French, German and Chinese, in addition to Spanish). For the first time, commercial revenues were obtained as the app allows the insertion of advertising content.

- **NETRO:** (Push Notifications from Metro de Madrid), native development for Android, iOS and Windows Phone, created with the aim of replacing all messages sent through SMS messaging to corporate phones, currently issued by various departments, with free Push messages. The intention is also to make available this new channel for new messages and/or new issuers, making the use of SMS residual in the short term, which will result in substantial savings. There is a variant called NETRO Incimov which is used for operating incidents, previously sent via SMS from the Incimov Puesto Central tool, to now be forwarded via push notifications.
- **Ícaro Mobile:** Application resulting from a request by the Central Station Service to display in real time on mobile devices various numerical and graphical real-time information regarding the operation service in each line, such as the location of trains, kilometres covered, speed, occupancy, regularity, travel time, etc.





## External Projects

The experience accumulated by Metro de Madrid throughout the ninety-five years of its existence has enabled it to consolidate extensive know-how in the field of urban rail passenger transport. Since its inception, Metro de Madrid has been responsible for the development, operation and maintenance of its railway systems with its own resources, both in terms of rolling stock as facilities and infrastructure. The Company currently has numerous technological patents developed by the company's own staff.

The Project Consulting Department is responsible for collecting and processing Metro de Madrid know-how and turn it into Integrated Mobility solutions marketed and managed through Consulting, Engineering and Operations services in international urban environments.

This activity has generated revenues over 2014 of more than 19 million euros for Metro de Madrid.

### Participation in International Conferences

- ⊙ Middle East Rail, Dubai, January 2014
- ⊙ Cumbre de Infraestructuras, Mexico, February 2014
- ⊙ Asian Pacific Rail, Hong Kong, March 2014
- ⊙ CoMET, Mexico, March 2014
- ⊙ Metro Rail, London, April 2014
- ⊙ ICEX Business Meeting, Porto Alegre, December 2014
- ⊙ Alamys, Mexico, December 2014

### Other Events

- ⊙ Seminar on Spain-Brazil Trade Relations, Casa America, Madrid, March 2014
- ⊙ Virtual Seminar, ICEX, Singapore, September 2014
- ⊙ Spain-Brazil Commercial Relations Day with the Ambassador of Brazil in Madrid, November 2014
- ⊙ Conference on International Railway Projects, Spanish Railway Foundation, Madrid, March 2014

### Training provided

- ⊙ Recycling for drivers and supervisors of the Metro de Sevilla L1

### Projects

- ⊙ Metro de Buenos Aires  
We proceeded with the delivery, maintenance and refurbishment of 6,000 train cars sold to Suburbanos de Buenos Aires (49 motors and 3 trailers delivered in 2014)

In this category, Metro de Madrid earned more than 17 million euros in 2014.

- ⊙ London Underground  
Crossrail Line, London: Latest work during the month of January 2014 started in 2013 in connection with Technical Assistance for the National Express Operation.
- ⊙ Metro de Lima  
Technical assessment for line 2 of the Metro de Lima - Callao:
  - Technical Assistance for the Design, Construction, Operation and Maintenance of line 2 and the Av. Faucett - Av. Gambetta branch of the Metro de Lima
  - Comprehensive consulting for pre-feasibility studies of Line 4 of Metro de Lima

For this project, we signed a ten-year contract for the amount of nearly 19 million euros in revenue for Metro de Madrid. ♦



# Logistics

## Lost and found management

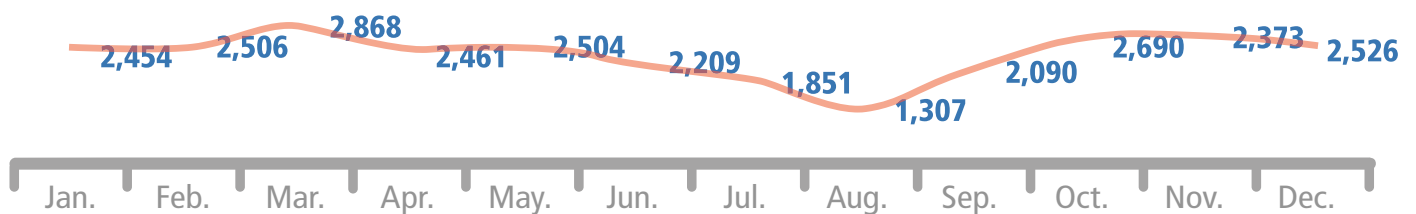
Metro de Madrid makes great efforts in managing lost and found items on the network. Metro de Madrid handles around 30,000 lost objects per year.

The delivery of lost items between the various facilities is very stable and remains at almost identical levels as in recent years. Most of items are delivered to the Regional Transport Consortium as they are related to transportation tickets: coupons, cards, etc. One of every four lost items is claimed by the owner at Metro stations. 23% of items are sent to the municipal warehouse for storage to be picked up by the owner.

By 2014, the average monthly number of lost items was 2,350. The stations with the highest number of lost objects are Nuevos Ministerios and Avenida de América, with more than 500 items a year. ♦



## Objects found each month in 2014



The most frequent items lost, by a long stretch, are items like tablets, miscellaneous documents, clothing, various items, toys, etc.

# Procurement

## Procurement and contracting regulations

The contractual activity of Metro de Madrid is determined, primarily, by the provisions of Act 31/2007 of October 30, on contracting procedures for the water, energy, transportation and postal services sectors, and Royal Legislative Decree 3/2011 of November 14, by which the revised text of the Ley de Contratos del Sector Público (TRLCSP) [Law on Public Sector Contracts] was approved, permanently adapting the processes and contractual documents to any other requirements as may be established in any other laws or provisions of a general nature that may apply.

Consequently, and in order to comply with the provisions of article 191.2 of the TRLSCP, the Board of Directors, at the meeting held on 13 September 2012, approved the Internal Contracting Instructions of Metro de Madrid, which regulate the Company's contracting procedures, founded on respect for the principles of advertising, competition, transparency, confidentiality, equality and non-discrimination, with the goal of awarding contracts to the most economically advantageous tender.

## Mechanisms to prevent fraud and corruption (audits, procedures, etc.)

Metro de Madrid has available a variety of mechanisms to ensure that the contracting process is carried with due diligence:

### • Metro de Madrid internal mechanisms:

- All contracts, both in the bidding phase and at the time of contract award, must be approved by the competent Contracting Authority depending on the estimated value of the contract (Board of Directors, Executive Committee, Director, Head of the Department).
- Notwithstanding the advice offered by Legal Affairs, certain contracting actions (adjustments, contractual incidences) require a preliminary report before they can be processed.

- Metro de Madrid announces all tenders, awards and formalisations over €50,000 in the Metro Contractor Profile, the Procurement Site of the Community of Madrid and whenever applicable in the Official Gazettes (BOE, DOUE, BOCM).
- In tender procedures, there is a collegial and interdepartmental body responsible for evaluating bids and jointly making preparing the award proposal to be submitted to the contracting authority.
- Offers received will be read publicly in the bidding process.
- Metro de Madrid has an Internal Audit Department that is responsible for overseeing the Company's operational and financial processes.

### • Mechanisms external to Metro de Madrid:

- Our contract data is recorded in the CDRweb (computer application of the Madrid Community for electronic transmission of contractual data by entities, agencies, and entities which are not considered Public Administrations) and all documentation relating to contracts involving amounts exceeding €50,000.
- The information required by the Directorate General of Financial Policy, Treasury and Heritage (Ministry of Economy and Finance) on the contracts signed by Metro is forwarded to the Chamber of Accounts of the Community of Madrid, which is the oversight and control body for the public sector.
- The Report on Deeds in Lieu must necessarily be submitted in advance by the Department of Transport, Infrastructure and Housing to the Government Council of the Community of Madrid for all Metro contract awards in tenders value at €3,000,000 or more.

- At the request of the different political parties with representation in the Assembly of Madrid, information is provided relating to contracts signed by Metro.
- The information required in each case by the Department of Transport, Infrastructure and Housing is provided.
- Faced with possible judicial proceedings, Metro de Madrid collaborates immediately and provides all documents that may be required.
- Cases of public sector procurement contracts that have been appealed are forwarded to the Administrative Tribunal of Public Procurement in the Community of Madrid.
- External Audit: Each year Metro de Madrid has its annual accounts verified.

- Metro de Madrid can also be object of specific audits by the Court of Auditors and the General Intervention of the State Administration, when inspecting the public sector activities carried out in the Community of Madrid.

### Fair competition

One of the mechanisms promoted by Metro de Madrid management is the use of open procedures for handling procurement processes in order to encourage maximum competition, and ensuring equal conditions for all bidders.

In addition, for “single supplier” contracts, the company requires presentation of the exclusivity certificate

### Respect for human rights by companies contracted

They are required to comply with the regulations in force in their entirety (occupational, environmental, etc.). ♦



# Regulatory Compliance

The mission outlined in our strategy ("To be the preferred mobility option in the region of Madrid, providing a transportation service based on quality and efficiency") is based on three strategic lines, including those aimed at "Enhancing image and reputation" and "Providing high-quality service". Within these lines of action, we include the goal of utmost compliance with current regulations applicable to the activities carried out by Metro.

To achieve this goal, Metro de Madrid has an Internal Audit Area which is the department in charge of auditing the compliance of the various regulations applicable to each aspect of the company's business. For several years now, its efforts have been enhanced and it has gained further autonomy by having it report directly to the CEO.

This line of action is complemented by the cooperation which the Legal Counsel Department provides all departments to resolve any legal question about the scope of obligations which current legislation imposes for each department in the field of activities they carry out.

During 2014, the task of the Legal Counsel Department in terms of legal compliance has been particularly intense in the area of procurement, as a result of the following obligations imposed by internal contracting guidelines:

- Intervention of a lawyer from the of Legal Counsel Department at the contract award processes that manage procurement tenders for the award of the largest contracts (supplies and services contracts at an estimated value exceeding €400,000 and works contracts with estimated value equal to or greater than €1,000,000).
- Reporting to the Legal Advisory Department for all contract issues (i.e., for any sub-process that may arise after the award of contracts during execution, for example, extension, amendment, assignment, resolution, adjustments of annuities, etc.)

During 2014, we have consolidated the implementation of these obligations, which has involved a frequent intervention in this task by the Legal Advisory Department, to ensure strict compliance with procurement regulations and legislation, carrying out all functions under direct

supervision of the Corporate Secretary Office of Metro de Madrid. By this means, the corresponding legal compliance control was carried out, in an activity decisive for achieving the company's goals.

- Specifically, lawyers have been involved in a total of 85 contract awards during 2014 and have resolved a total of 337 queries on the development of all those tenders processed for awarding contracts.
- During this period, the various departments raised a total of 152 inquiries about contract-related incidents.
- Following the approval of Act 19/2013, of December 9, on transparency, access to public information and good governance, Metro de Madrid has tendered the implementation of a model for prevention of legal, criminal and administrative risks in Metro Madrid consisting of a legal audit to carry out:
  - Preventive analysis of major offenses that may committed by Metro Senior Officers of Metro, as well as, where appropriate, the main criminal offenses.
  - Identify, strengthen and establish the necessary controls to manage and, where appropriate, avoid actions that may lead to administrative or criminal offense by personnel or governing bodies.
  - Draft an administrative and criminal offense Risk Prevention Protocol that may, in an alleged case of criminal offense, be used to demonstrate the organisation's due diligence of, clarify responsibilities and minimise reputational damage.
  - Train Metro personnel in disciplinary and criminal risk prevention.
  - Identify the documents to be published under the principle of transparency and the criteria to be followed to provide information to third parties, taking into account the special characteristics of Metro de Madrid. ♦



The background features a red diagonal overlay that covers the left and bottom portions of the image. In the upper right, there is a blurred logo with blue and red elements, including the letters 'W' and 'V'.

# 09

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Social Action,  
Communication,  
Marketing, Advertising  
and Institutional  
Relations



Metro de Madrid is internationally recognized as an exporter of know-how and technology to other world metro and transportation systems and is therefore an international benchmark not just in the operation of the service but also in maintenance and research. The many visits by foreign delegations are a further demonstration of the position of Madrid as a reference point for transportation systems, allowing for the exchange of experience and practice. Awards are also an acknowledgment of the work, drive and commitment of Metro's professionals, in turn reinforcing the company's image and reputation. ♦

## Social Action

Throughout 2013 there were **37 actions**, all of them framed in the different causes identified in the strategy for 2014.

Of the 37 actions, **18 are for charities**. In the remaining actions, Metro has actively collaborated, organizing proactively some kind of action in collaboration with non-profit entities of their choice, or more, giving discounts to the associations or entities that request their facilities and advertising space (brackets for posters at stations, broadcast spot in Metro Channel, and assignment of

space in stations). In all, some **36 different NGOs** have benefited from these actions, which demonstrates the company's commitment to a wide range of non-profits and an effort to diversify the distribution of the aid.

In 2013, a total of **33 actions** were advertised in the "Espacio solidario" [Volunteer Space] section of the "Rincón del Empleado" (Employee's Corner in Andén Central). This platform is used regularly by employees to showcase their volunteering experience and to encourage other employees to get involved in causes that interest them and initiatives seeking the assistance of volunteers.

### Proactive actions or involving employees

Thanks to the collaboration with other companies and non-profit organizations, from the Línea Social they carry out more complex actions to better respond to the needs of the groups, achieving greater awareness and response from society, to increase the media coverage of the activities that they develop, take advantage of, in the best way possible, the resources of each company or entity and, most importantly, achieve greater benefits for the groups involved and the society as a whole.

In 2014 a series of proactive actions or actions involving employees were carried out, characterized by the participation of several Company departments, the use of its own resources and the collaboration of the employees



beyond their job duties, allowing us to lay the groundwork for the launch of a corporate volunteer program in the future.

Two proactive actions carried out in 2014, both with Metro volunteers, are worth noting.

### Third edition of “To paint a future of colours”

The campaign school supply donation campaign, “To paint a future of colours”, was held in 2014 for the third year in support of the Red Cross in Madrid. The Red Cross campaign aims at helping thousands of needy families in the community of Madrid so their children can attend school from day one with all the basic supplies they need. The initiative was taken one step further this year, with the collaboration of the Regional Transport Consortium of Madrid. The campaign was shared with travellers over two weeks in all intermodal exchangers in the community's transportation network (Plaza de Castilla, Avenida de América, Plaza Elíptica, Príncipe Pío and Moncloa), plus the very busy Nuevos Ministerios Metro station.

The result exceeded all expectations, with 1,800 kits of basic school supplies, compared to the 250 backpacks last year and the 100 kits of the first edition.

This success would not have been possible without the collaboration of over 60 volunteers from the three organizations, of which 27 were Metro, who totalled 274 hours of volunteer work performing tasks such as manning donation stations and classifying and counting collected supplies.

### “In line with those who need it most” campaign

The “In line with those who need it most” campaign, designed by its own employees through Andén Central, managed to raise around 16,000 euros. This support initiative organized for the first time in the Metro network, put together twelve NGOs which, in less than a fortnight carried out more than 30 sensitization, awareness and fundraising actions. Metro invited all its travellers to collaborate with projects from Asociación Pablo Ugarte,

Madrid Red Cross, Fundación Theodora, Fundación Josep Carreras, Fundación Síndrome de Down Madrid, Fundación Menudos Corazones, Acción Contra el Hambre, Asociación Síndrome X-Frágil Madrid, Fundación Aladina, Proyecto Hombre Madrid, Fundación Amigos de los Mayores y Fundación Pan y Peces. Besides choosing, through their votes, the charitable causes for the campaign, employees got involved actively, acting as volunteers in the different actions proposed by the NGOs. **In total, 31 employees gave a total of 132 hours of their free time to this campaign.**

Other actions took place throughout 2014, including the Day of the Banderita [flag sold for charity],

### Accompanying persons with mental disabilities with the SINTENO Association for Leisure and Social Inclusion

Metro also organized social actions on World Environment Day. Several volunteer employees from the company accompanied a group of people with autism from the Sinteno Association (young people with autism and Asperger syndrome) on the Madrid Rio Green Route. The activity took place at the banks of the Manzanares River, from the Príncipe Pío Metro station to the Dominique Perrault bridge. In this itinerary, Metro volunteers commented on the history and architecture of various bridges, including the Puente del Rey, Segovia, Principado de Andorra, Toledo and Perrault, ending at the Ermita de San Antonio de la Florida, where they enjoyed a guided visit.

In order to carry out this and other actions, for the first time ever a group of volunteer workers from Metro de Madrid participated in a training seminar to learn about the unique characteristics of people with autism spectrum disorders (ASD) and the main issues to keep in mind when accompanying this group on both cultural and training tours organized by Metro or in collaboration with other organizations. Organized by the Sinteno Association and the Cerralbo Museum, in collaboration with Metro de Madrid, it was addressed at Metro employees who have already shown interest in participating in guidance



activities of this type, to offer them the opportunity to train and therefore improve the result of voluntary efforts.

### Children from a Cáritas urban centre visit the Chamberí station

Half a dozen Metro volunteers prepared games and activities. The idea is to promote this mode of transportation while also discovering its history. The activity falls within the framework of Metros' social initiatives.

Madrid Metro Volunteers invited children from a Cáritas urban centre in Madrid to spend a morning exploring the "ghost station" of Chamberí. It is one of many social initiatives undertaken by Metro, made possible thanks to the participation of Metro volunteers. On this occasion they donated their time to accompany this group of about 40 children to take a guided tour through the history of the Metro and the city.

For this visit, Metro organized craft and drawing workshops where children painted their depictions of the Madrid underground. The purpose of this activity is to let young people get to know Metro and encourage its use for when they can travel alone, insisting on the importance of this means of transport.

### Metro takes part in "Edición Recuerda"

Metro de Madrid collaborated with the "Edición Recuerda" campaign which the Queen Sofia Foundation launched through the collaboration of more than 30 companies and organizations from various economic and social sectors. It aims to raise awareness in Spanish society about Alzheimer's and the need for research in this and other neurodegenerative diseases.

Metro de Madrid organized tours of the ghost station of Chamberí, where a guide in period costume showed visitors the station and gave them a ticket from the period. Visitors were able to make donations to advance Alzheimer's research.

### Volunteer Work 2014

The first collaboration of volunteer workers in social actions occurred in late 2012 — in the traditional Día de la Banderita organized by the Red Cross. If 2013 was the year

in which the spirit of volunteerism among Metro de Madrid employees started spreading, 2014 was undoubtedly the year in which the volunteer group at Metro consolidated. Not surprisingly, during this period 24 actions were carried out in collaboration with Metro employees, compared with four last year.

There are now **146 employees** who, to a greater or lesser extent, have been involved in this project. Although, to be clear, in the first place we need to differentiate between those employees who have contributed in **purely volunteer work** (as an accompaniment to persons with disabilities, attention to points of donation or collecting donations) and those who have participated in any volunteer action which some needy group has benefited from (volunteer careers, fact-finding visits, etc.). Finally, there is also a good number of employees who have made contact with the area of RSC through Andén Central, showing their interest in participating in the next actions that require their work as volunteers.

The **61 employees** who performed volunteer work in 2014 contributed a total of **595 hours** over 2014, 57% more than last year, spread over **24 collaborative actions**.

### Equivalent social investment

Knowing on the one hand the commercial rates of the spaces or supports, on the other hand, what is charged to the non-profit entities after applying a special discount for being included within the strategy of the Línea Social, we can calculate the social investment equivalent of these collaborations in "kind" from Metro de Madrid.

In total, in the year 2014 it amounts to **€1,886,097**. It is important to emphasize that this is an "equivalent" investment and those actions have been carried out at no cost for Metro de Madrid.

### Positive Communication

#### Media coverage of the Línea Social

The traditional media, newspapers, radio, television and digital media, have been echoed by the social action of Metro de Madrid.

While not all actions have appeared in the media, mainly due to the occurrence at the same time of other more relevant matters related to Metro, the outcome is very positive: there have been publications with an economic value equivalent to **€960,892**.

Thanks to the actions undertaken, several non-profit entities have included Metro de Madrid in its "collaborators" section on their web page.

## Broadcasting in proper channels

### ⦿ Metro de Madrid website

The home page of the official website publishes the most relevant news about the Company on a daily basis. These are also accessed through the publications section, which features a news search engine. In 2014, 20 news articles were published (in 2013 there were 29) relating to the volunteer actions carried out by Metro de Madrid. Most of them illustrated by photographs of the effort. Of a total of 92 published news items, they represent 22%.

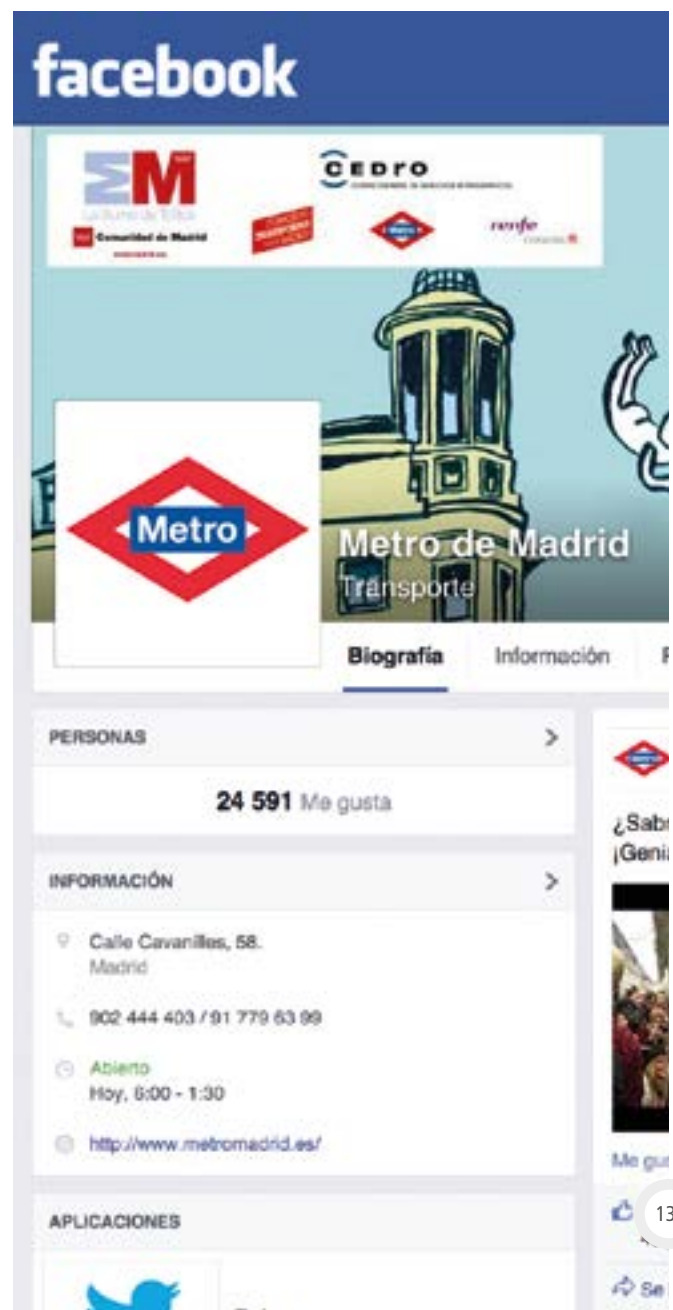
## Social networks

This year Metro de Madrid has published on Facebook (<http://www.facebook.com/metrodemadrid>) and Twitter (@metro\_madrid) a total of 111 entries related to volunteer actions in which Metro has worked. Metro de Madrid has exceeded the figure of 104,000 "followers" through their official channels in these two social networks. Some of our followers informed us of their support through the "Like" on Facebook or doing some timely commentary on the news. Although it is also true that many supporters have used these news articles to emphasize their discontent on a number of other topics, they always maintain a conversation with users replying to comments and questions.

## Internal Communication

In addition to the articles that have been published in the volunteer space of Andén Ocio, describing at the request of an employee the work for associations or NGOs, also from the home page of Andén Central they have shown to all employees who use the portal the volunteer work that Metro has done. In particular, in 2013, 31 news articles were published on the collaborations achieved, accounting for 11% of all news published.

In the case of proactive actions that have been carried out with the direct involvement of the employees, the internal communication has played an essential role to inform and motivate the participation of all, for, after the completion of the action, report of the results and especially to thank and keep alive the spirit of volunteerism that the employees of Metro de Madrid always show. ♦



# Awards and Media Presence

## Awards

### Social Enterprise Award 2014

Metro de Madrid has been awarded the Social Enterprise 2014 award in the "infancy protection" category, granted by the Fundación Mundo Ciudad for the "To paint a future of colour" project developed by Metro de Madrid in conjunction with the Red Cross, which managed to collect school supplies to aid 250 children of the Community of Madrid in 2013, so they could attend school from day one with all the basic supplies. This campaign closed its third edition by increasing seven-fold the 250 school supply kits collected in the 2013 campaign and allowing the return of 1,800 children to school from families with limited resources.

### Occupational Risk Award for People with Disabilities

The third edition of the National Awards for Excellence in Prevention of Occupational Risks Specific to Persons with Disabilities, organized by the Alares Foundation, recognized the work carried out over the years on behalf of mental, physical and sensory disabled persons by Juan Navarro, coordinator of Occupational Risk Prevention. He also represented the company in various forums on this issue.

### Award in Occupational Safety Management

Last February 2014 the third edition of the National Occupational Safety and Health Competition was held, organized by the Formación Laboral Magazine was held. The general manager of HR and Organization, Fernando Arce, collected the award given to Metro de Madrid for its management of workplace safety thanks to the design, development and implementation of the RIESLAB software application.

### Merit Awards for Public Service

The President of the Community of Madrid, Ignacio Gonzalez, accompanied by the Minister of the Presidency, Justice and Government Spokesperson, presented distinctions for Public Service Merit to about thirty employees of the Community

of Madrid with more than 30 years of service in the Administration and with an exemplary record.

In the area of transportation and, specifically, in Metro de Madrid, the employees who received the Silver Merit Badge for Public Service were Javier Otamendi (Assistant Director of Institutional Relations for Metro de Madrid), Leonardo Huecas (Administrative Official, HR department of Metro de Madrid)

## Media Presence

The Department of Communication and CSR is committed to presenting all projects in which the company is involved as well as improvements or efforts it makes. During 2014 these have focused mainly on two areas: improving service quality and finding new revenue streams. In this last category, the Property Plan was unveiled, with which about 120 million euros have been obtained. In addition to the Property Plan, funds have been allocated to innovation in the Marketing and Business Development Department and the Sales Department, involving advertising in tunnels and a new gym at the Nuevos Ministerios station.

Regarding service improvement measures, one of the most far-reaching actions was unveiled: the significant investment in maintenance carried out in summer. It is the greatest improvement project carried out so far on the tunnel rail and facilities, which has improved the operational and flow capacity in lines 10, 5, 6, 12 and 7, with a total investment over 26 million euros.

## Active presence in social networks

Social networks are another important channel of communication for the company through which we inform in real time of any impact on the service and respond to travellers on any issue, which enhances the quality of information provided to travellers. Twitter has reached 87,000 followers and Facebook 23,000. Social media also comprises a great tool when announcing new initiatives such as the activities related to leisure and culture. Specifically, in 2014 urban art actions were implemented at the Moncloa station, the future Paco de Lucía and Legazpi, with a great impact among followers. ♦

# Institutional Marketing

During 2014, the Marketing and Business Development Department continued making inroads to improve the Company's image and the perception that customers have of Metro de Madrid:

## Institutional Campaigns

### Yo Quiero (I want to)

This campaign sought to increase the number of Metro passengers, stressing the advantages of this transportation system as opposed to private transportation. The campaign was closely linked to respect for the environment and with two outdoor signs made internally at Metro de Madrid (I want to improve traffic, I want to reduce pollution) and two signs inside the Metro (Congratulations! You're improving traffic, Congratulations! You're reducing pollution)

### Nos quedamos trabajando (We'll keep working)

To inform customers of the projects carried out on different lines during the summer months, a campaign aimed at Metro de Madrid customers was carried out explaining the reasons for these works, underscoring that Metro never closes y is always improving to offer the best possible service.

### Más Madrid (More Madrid)

This campaign stressed that Metro de Madrid is much more than a means of transport. Our network provides various services to its clients — as many as can be found on the streets of Madrid — including libraries, coffee shops, etc.

### Christmas

To end the year, a Christmas campaign was launched in which Metro wanted to show its gratitude to all the people who use our transportation service and who make our underground what it is We are all Santa Clause this time of year, spreading hope and cheer.



"We'll keep working" Campaign



"More Madrid" Campaign



Christmas Campaign



## 95th Anniversary

October 17, 2014 Metro de Madrid celebrated 95 years since its opening. To commemorate this important milestone, the Marketing Department, along with other areas of the company such as Institutional Relations, Communications and CSR, prepared a series of activities for both customers and employees. These activities include an exhibition at the Chamberí museum/station, marketing campaign, customizing a 2000 train and a Special Edition pocket map.

## Mobile Applications

During 2014 we continued making progress with implementing improvements for the Metro de Madrid app, offering exciting new features for users, such as the estimated trip time and the fare for a given itinerary.

## Merchandising

The pilot programme which began in 2013 with the launch of new merchandising products in three physical outlets in the Metro network (Nuevos Ministerios station, Vodafone Sol station and Airport station). This test proved very successful, so during 2015 we will continue selling and producing new items, and launching new channels or outlets. The sales area will participate in selling the product.

## Corporate Identity Manual

In 2014 we continued with the adaptation of various pieces used daily by the Company to the guidelines established in the Corporate Identity Manual. The elements affected are stationery, stamps and presentation templates.

## Movie shoots

The Marketing and Business Development Department has supported the production of movie shoots achieved by the Sales Area, whereby Metro de Madrid has been used as a set for the shooting of various short films, full features and commercials, given the enormous variety and uniqueness of its spaces.

## Social Actions

In collaboration with the Marketing and CSR Department, we have worked on developing and producing different social actions aimed at favouring different groups. Some of these actions have been: Spirometry Days, Blood Donation Campaign, Crafts Festival of the Regional Social Welfare Service and Markets in favour of the Pulmonary Hypertension and Cystic Fibromatosis Foundation.

We also continued studying and developing products that increase revenue (other than from ticket sales).

These include:

- ⊙ Advertising in Mobile App
- ⊙ Advertising in the tunnel
- ⊙ Nuevos Ministerios Gym
- ⊙ e-commerce collection points

In October 2014, Metro launched a tender for the transfer of space for the installation, maintenance and operation of 9 terminals for collecting ecommerce packages for Metro customers at the following stations:

- ⊙ Nuevos Ministerios
- ⊙ Moncloa
- ⊙ Príncipe Pio
- ⊙ Sainz de Baranda
- ⊙ Puerta del Sur
- ⊙ Chamartín
- ⊙ Ciudad Universitaria
- ⊙ Argüelles
- ⊙ Legazpi



Awarded in early December, they will be available for use by customers in the first half of 2015.

ANDÉN 0 (Platform 0) is a Metro de Madrid Interpretation Center, which brings its history and heritage to citizens and visitors.

It has two locations: one at the Engine Shed at Valderribas, 49 and one at the old Chamberí station with access from the Plaza de Chamberí.

This project allows the public to dive into the history of the Madrid underground and the history of the city of Madrid itself, to which it is closely linked. The period reflected covers from the early twentieth century, in which the Metro radically transformed the city by modifying the centre-periphery relationship, until now. The Interpretation Center explains how the birth and consolidation of the Metro, paradigm of urban modernity, triggered a fundamental change not only in the customs of the inhabitants of Madrid, but also in the social structure of the city.

It also exhibits general aspects of transportation history, the relationship between the underground and the city, technology and its development, engineering, advertising aesthetics and design.

This initiative contributes to the recovery and enhancement of the city's technological and industrial heritage, as the two branches of the Center are located in areas designed by the famous architect Antonio Palacios, and their historic value is unquestionable. Both the Motores de Pacífico facility and the Chamberí Station are two of the most unusual places in all Madrid, drawing lots of visitors.

## Motores de Pacífico Facility

During 2014 it received a total of 8,090 visitors.

## Chamberí Station

During 2014 it received a total of 41,185 visitors

## Remember Edition

In 2014, an agreement was made with the Queen Sofía Foundation to raise people's awareness of the importance of continuing research on Alzheimer's disease.

To do so, monthly visits were made to the Chamberí station, where visitors were able to enjoy a private experience of exploring the history of the station.



## Exhibition on the 95th Anniversary of Metro de Madrid

On the occasion of the commemoration of the 95th anniversary of Metro de Madrid, an exhibition was organized at the Chamberí Museum, which reviewed the highlights of Metro chronologically and showcased its milestones, such as the inauguration by Alfonso XIII, the launch of the roundtrip ticket, the appearance of elevators on the network, the logo design and its evolution over the years, the signage we are familiar with now, or the appearance color-coded lines and the various expansions.

The exhibition features photographs and various elements from the station such as the first machine to accept bills, a mobile ticket booth, old banknotes, etc.

Metro published a special commemorative pocket map which has been distributed in all line 1 stations. It features, in addition to the evolution of the Metro logo, some trains between 1919 and 1976, and the first ticket.

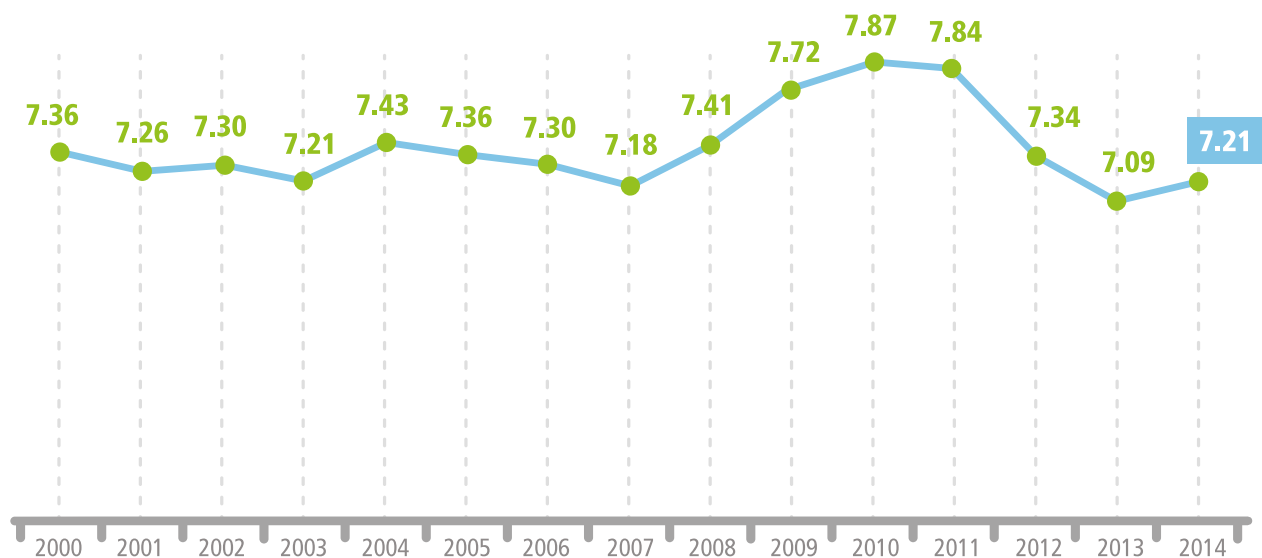


## Opinion Studies

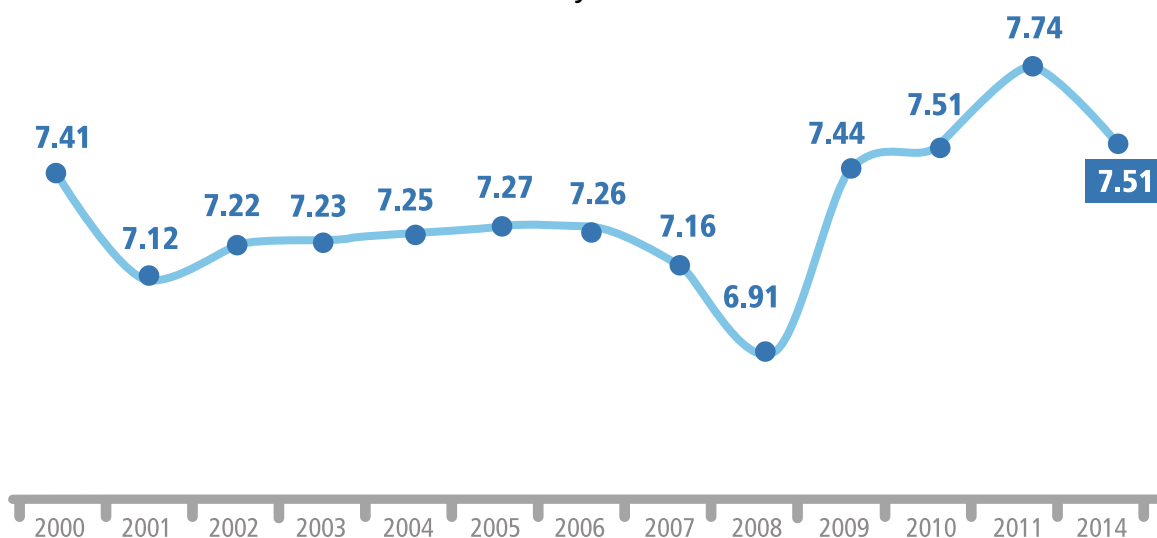
Internal and external review studies were carried out.

To find out users' opinion, a series of studies was carried out during the year to enable the company to understand the level reached and to further examine the main aspects of the Metro service, as well as to provide a perspective of its evolution over time through maintaining stability of the studies. ♦

**Overall image rating**



**Overall rating of information offered by metro**





# Commercial Actions

The commercial area of Metro de Madrid developed throughout 2014 a significant activity in all business lines, either managing them directly or outsourcing to specialised companies such as JCDECAUX, which manages the major forms of advertising.

Commercial projects developed have been aimed at improving customer experience and their perception about the service.

## Static, digital and spectacular advertising

The most important actions carried out include **Spectacular Advertising** actions. Through the comprehensive decoration of stations, trains, templates and other elements of the network, we successfully developed nearly a hundred great impact campaigns in the advertising market and in the media.

International corporations such as Coca-Cola, Swatch, Vodafone, Trident, Heineken, Nestlé, Fly Emirates, H&M and Nike, among others, have made Metro de Madrid a unique showcase for brands to develop their business strategy.

Important innovations were made, such as **scent marketing** advertising campaigns by Destinia in the 4x3 platform spaces. This action was a big hit with our customers, who gathered around to identify the odours suggested by the campaign.

Metro de Madrid trains have also served as a perfect moving display to showcase unique campaigns for our clients, for example the Qatar Airways campaign which vinyl-covered L8 trains inside and out.

New digital **advertising media**, located at the Vodafone Sol station and the main platforms of the Metro network are being accepted very well by advertisers. Regular advertisers on these platforms include customers such as Vodafone, El Corte Ingles, Ifema and Disney.

## Tunnel advertising

During 2014 the Department of Marketing and Business Development and Commercial Area launched the public tender for the installation of an innovative tunnel advertising system, which will be implemented throughout 2015 in line 8. This is an innovative advertising system inside the tunnels that allows users to view animated ads through the train windows as they travel.

## Retail spaces

The business activity of shops and stalls is still one of the main activities of the Commercial Department as it provides great added value to the customer.

The shops and stalls offer miscellaneous services and products such as photocopying, coffee, candies, clothes and accessories.

Throughout 2014, the Commercial Area and the Marketing and Business Development Area launched the public tender for the assignment of the unique retail space in the old check-in area in Nuevos Ministerios, where the company McFit will set up a gym of over 2,200 square meters in 2015.

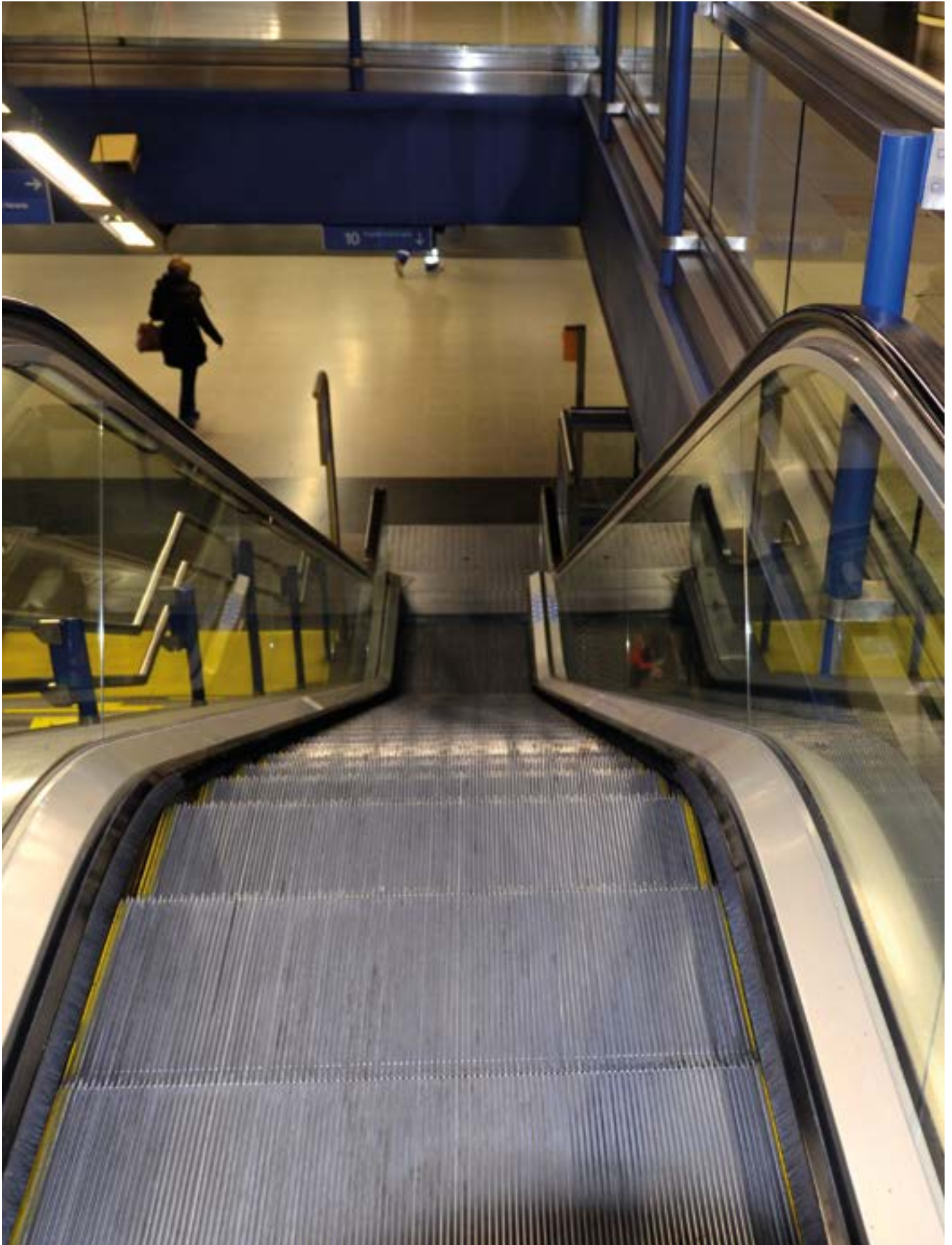
## Vending and ATMs

In 2014, an agreement was reached to renew for an additional year the vending contracts for drinks, food, photographs and ATMs both for the 4B and Servired networks. We thus guarantee services to customers and revenue for the Commercial Area.

## Parking

Likewise, a tender was launched for the management of a parking lot at Nuevos Ministerios. The winning company, SABA aparcamientos, will build a new parking garage throughout 2015.





## Official map of the Metro Network:

Throughout 2014, we have boosted the sale of this advertising medium. We carried out six campaigns in the official and tourist versions, accounting for more than a fourth of the maps made per year for the entire Network.

The advertising space on the Metro map gives brand visibility to advertisers such as *Bluemove*, *Carrefour*, *ParqueSur*, *Madrid City Tour* and the *Príncipe Pío Shopping Center*.

## Bluemove campaign



Front cover



Back cover

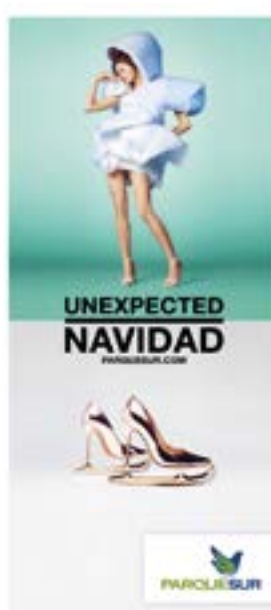


2 column layout

## ParqueSur campaign



Front cover



Back cover



2 column layout



## Tourist map:

The tourist map has been very well received in the market. Throughout the year agreements have been reached with two companies: Madrid City Tour and the Centro Comercial Príncipe Pío.

## Metro de Madrid official application:

This new line of business involves the insertion of advertising in the official Metro mobile application, which was first launched in February 2014. Two commercial agreements were reached in 2014 with Carrefour and Bluemove:

## Carrefour Campaign



## Shootings

This revenue line has grown significantly in number of sales, with a total of 19 in 2014. This stands out as an all-time record for Metro, and all thanks to the commercial contacts with a large number of producers.



These include spots by international brands (TUC crackers, Sony Mobile and Louis Vuitton) and domestic brands (Springfield), television series such as “Cuéntame cómo pasó” and “Ciega a Citas”, feature films such as “El Club de los Incomprendidos” and even videoclips such as the Russian Red from Vodafone. ♦





# Institutional Relations

Metro de Madrid has in recent years become a national and international reference, arousing major interest in a variety of fields as seen in the requests from transportation operators, bodies and other entities for official visits to our facilities.

The Institutional Relations Area is responsible for organising, coordinating and scheduling visits as well as other activities and collaborative efforts.

## Institutional Visits

74 national and international delegations were welcomed in 2014, bringing with them 1,088 visitors. The most important visits would include:

- Transportation Director of the New York City Subway
- SMRT Singapore delegation led by its President and CEO.
- Tel Aviv Transportation Advisory
- Abu Dhabi Transportation Delegation, headed by the Minister of Transportation.

Likewise, throughout the year various meetings with the Directors of the Company have been organized and coordinated.

## Institutional Acts

In 2014 there were 48 institutional events that took place in close collaboration with different Community of Madrid institutions.

Most notable among them were the following:

- Signature of agreement between Metro and Caritas Diocesana.
- Presentation of joint Metro-Thyssen Bornemisza action
- Presentation of Special Edition "Billetes de Colores-Homenaje a la Tecnología Magnético" ("Colour Tickets — A Tribute to Magnetic Technology")
- Signature of Agreement between the City Council and - Metro Photo Archive through Memory of Madrid Digital Library.
- Presentation of the 4th annual blood drive: "estás un metro de salvar muchas vidas" ("just steps away from saving many lives").



## Reactiva Project

Work continued in 2014 on the REACTIVA Project, a project designed to develop initiatives inherent to the creation of appropriate habits in a population group, free of prejudices or preconceptions about the use of public transport.

It targets two segments of the public, one in Infant Education (1st cycle primary) and the other for Compulsory Secondary Education (2nd Course High School Education). A total of 34 workshops (visits in both segments) were carried out for a total of 739 students.



## School Visits and Special Education

Aimed at primary schools of the Community of Madrid. In 2014, a total of 3,027 students visited on 119 school tours.

Special Education Visits: Special education visits: targeting schools and training facilities for people with disabilities. In 2014, a total of 259 students visited on 16 different tours.

## Other Activities and Partnerships

- ◉ Science Week: Metro de Madrid is an active participant and collaborator in Science Week sponsored by the Department of Education, Youth and Sport of the Community of Madrid, with scheduled visits to different facilities over a 15-day period in the month of November. During 2014, 375 visitors were welcomed.
- ◉ Collaboration with NGOs for processing authorizations in Network facilities for membership recruitment efforts. During 2014 we collaborated with 18 organizations.
- ◉ Collaboration with the local police in San Fernando de Henares. As part of the School Driver Education Program, Metro de Madrid collaborated in guided tours of line 7B. During 2014, 325 children visited as part of 13 tours.

All these actions are intended to ensure a permanent profile for Metro de Madrid and to raise its familiarity rating, creating the image of a large entity among habitual and potential clients. ♦



## Metro de Madrid Memberships and Presence at Specialised Forums

To stay abreast of market innovations and to participate in venues where it can share experiences with other business leaders, Metro de Madrid believes it is essential to maintain an active presence in the principal associations related to its core lines of business.

Participation continued throughout 2014 in the meetings of numerous national and international transport bodies:

### **UITP (International Public Transport Association)**

An international organization composed of public transit authorities, operators, scientific institutions and industries related to public transport whose mission is to create a space for public transport organisations from all over the world to come together.

Metro de Madrid sits on various committees and has been a member of various committees and subcommittees of the Assembly of Metros.

### **ALAMYS (The Latin American Association of Metros and Undergrounds)**

Metro de Madrid occupied the General Secretariat until April of last year, and was present at various meetings held during the year.

### **ATUC (Collective Urban Transport Association)**

Metro de Madrid is a member and holds a post on the Executive Committee and attended several of that Executive Committee's meetings and those of other Committees.

### **CoMET (Community of Metros)**

Metro de Madrid belongs to the International Benchmarking Group which seeks understanding of the best practice and business indicators of the world's main metro systems, allowing comparisons to be made to detect areas for improvement. The group is made up of the world's main subway networks.

These procedures allow all members to benefit from the synergies of the other parts, analysing and introducing solutions which have been tried successfully in other countries.

### **GRANCEESS (Association of Large Service-Sector Electrical Power Consumers)**

Metro de Madrid belongs to this Association which incorporates the main Spanish Electrical Power consumers in the Transport and Services sectors.

Its main aim is to develop jointly the actions needed to protect its members' interests before bodies of the Administration and the electricity utilities in the areas of supply and electricity charges, along with representation on the Consultative Council of the National Electricity System Commission.

### **Spanish Rail Foundation**

Metro de Madrid is a member of the **Board of Trustees of the Spanish Rail Foundation** and attends the meetings of the Association of Rail Action (**CETREN**).

### **Membership in Corporate Social Responsibility associations:**

#### **Entorno Foundation:**

An institution whose mission is to confront the challenges of sustainable development from the business world. During this time, the Company has been a participating member of the "Energy and Climate Change" working group, where it has participated in the preparation of a guide and a web portal on the subject of carbon footprint calculation.



Also, as part of the CO<sup>2</sup> Action Project the Company has continued its efforts to include the suppliers of participating companies.

### **SERES Foundation:**

A national, non-governmental organisation with more than 100 member companies which Metro de Madrid joined in 2014. The SERES foundation promotes strategic business initiatives in the form of social action with the aim of generating value for society and businesses.

### **Forum of Rail Companies for Sustainability (FEFS):**

The forum is made up of a number of rail sector bodies whose main aim is to contribute to the development of Sustainable Mobility in Spain by coordinating and combining member companies' management strategies.

It is divided into working groups, all of which have Metro de Madrid as one of their members. The working groups, most of which are technical in nature, are Accessibility, Environmental Actions, Energy Efficiency, Noise and Vibrations, and Sustainability and Corporate Social Responsibility.

From a business perspective, the Company is also a member of other specialised associations such as:

### **Confederation of Security Service Users (CEUSS).**

Composed of large companies users of security services. Metro de Madrid was a founding member. Its mission is to defend the interests of its member companies, maintain relations with public administrations (the Ministry of the

Interior, primarily) and other associations in the security sector (businesses, labour unions, etc.). It was created in July 2001. Metro Madrid is not on the governing board at this time but is a strategic member since is its mandatory for companies like Metro de Madrid to have security departments.

### **Management Excellence Club (CEG)**

Its mission is to promote global competitiveness among organisations by identifying new paths, developing skills, sharing knowledge and introducing management models. Metro de Madrid attends different meetings throughout the year and participates in work committees.

### **Spanish Association for Quality (AEC)**

Participating on committees and forums intended to foster and support the competitiveness of Spanish businesses and organisations by promoting a culture of quality and sustainable development.

### **Spanish Association of Purchasing, Contracting and Procurement Professionals (AERCE)**

Its mission is to make organisations more efficient through the procurement function, providing the tools for purchasing professionals to do their Jobs and contribute to the sustainable development of society.

### **proTRANS Committee**

Community businesses in the transport sector that shares a database of suppliers.





## Internal Auditors of Spain (IAI)

An association whose mission is to develop and promote the internal auditing profession as a function of governance.

Metro de Madrid is also associated with the following business organisations:

- ◉ APD. Association for Management Progress
- ◉ AUSAPE. Spanish Association of SAP Users
- ◉ The Business Institute's Human Resources Benchmarking Club
- ◉ AGE(R)S. Spanish Risk and Insurance Association
- ◉ AEDIPE CENTRO. HR Management Centre Association
- ◉ PRL INNOVACIÓN. Occupational Risk Prevention
- ◉ ALCOR. Internal Communication Forum
- ◉ AUTELSI. Spanish Association of User of Telecommunications and Information Society Users

Metro de Madrid is a signatory and/or active supporter of the following international treaties in the area of Sustainability and Corporate Social Responsibility:

## A global compact:

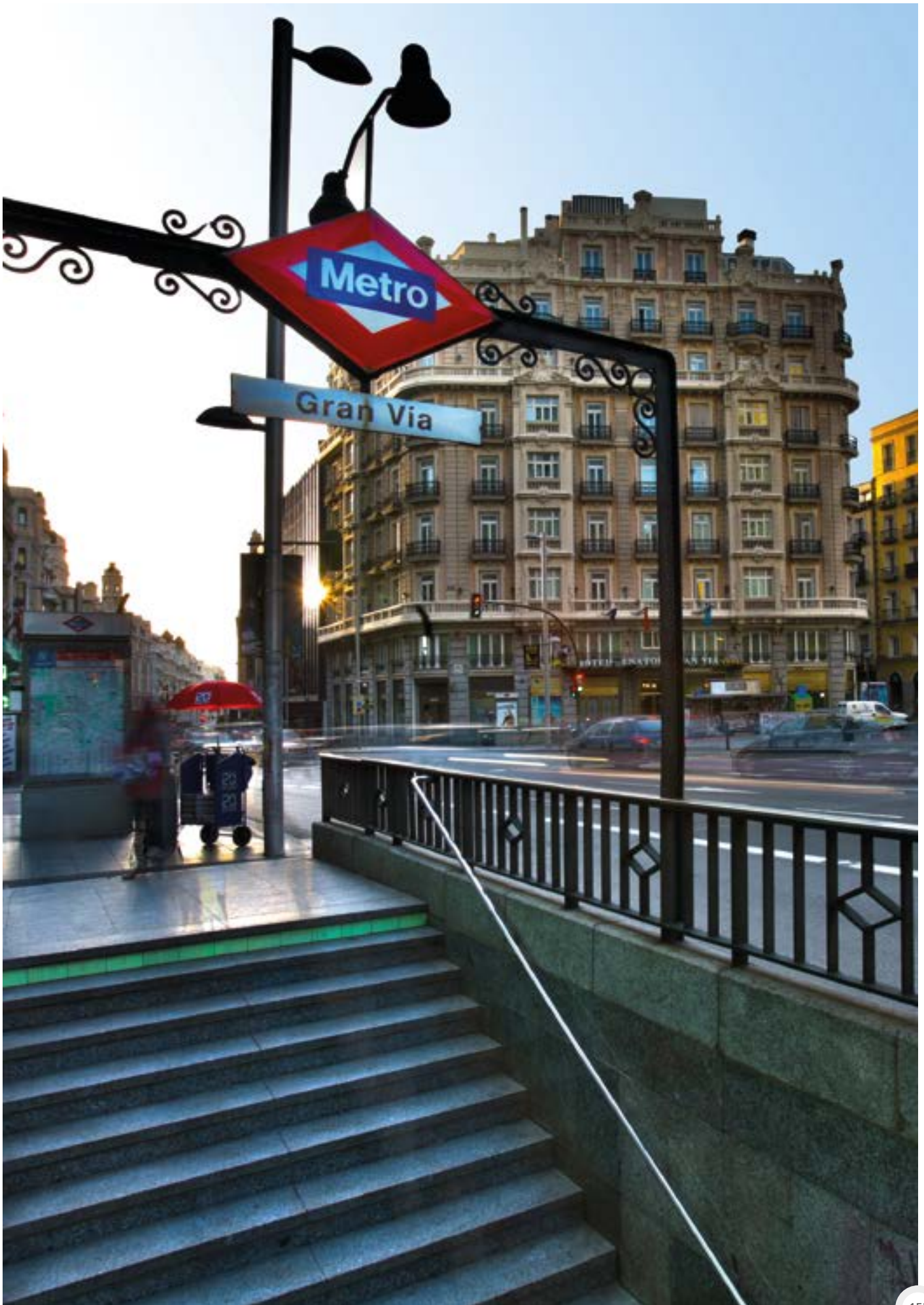
Metro de Madrid signed the Global Compact in 2009. The Company is firmly committed to the principles it defends and complies with each and every one of the compact's commitments (delivery of documentation, annual reports, etc.). Metro de Madrid is also a signatory Copenhagen Communiqué (2009) and the 2°C Challenge Communiqué (2011).

## The Millennium Goals:

Metro de Madrid supports the Millennium Goals through the social actions of its Social Line. The goals of the Social Line are to contribute to improving the social environment by responding to the concerns of the societies where it does business and by fostering cooperative efforts in developing countries.

## UITP Declaration of Rome:

The CEOs of Europe's six largest public transport operators - Berlin (BVG), London (TfL), Madrid (Metro de Madrid), Moscow (Moscow Metro), Paris (RATP) and Rome (ATAC)- signed a call to action in December 2012 addressed to European governments with the message that public transport could help to get the European economy off the ground. ♦



The background of the slide features a photograph of a building's facade, showing windows with decorative iron balconies and a street lamp. A large, solid red diagonal shape covers the left and bottom portions of the image, creating a modern, graphic design.

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Management data







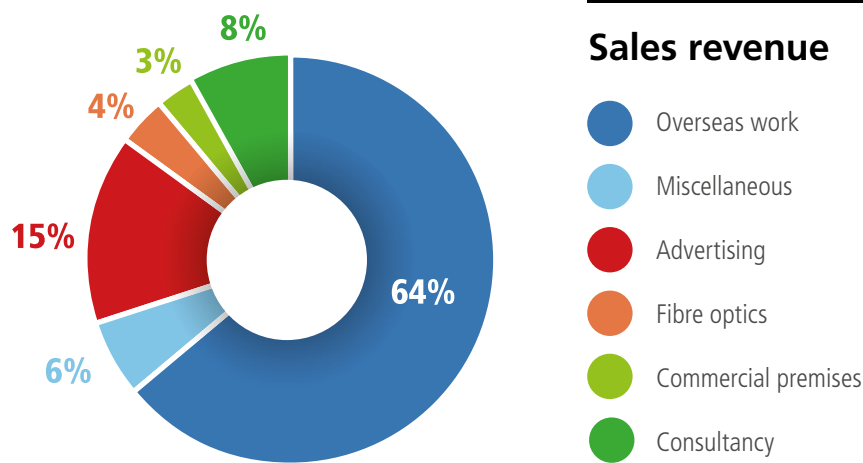
# Results

The Company posted **EUR 29,756,174** in losses for the year 2014.

The year's commercial revenues totalled EUR 43.75 million largely from international work, advertising and consultancy, broken down as follows:

Revenues	Budget	Real	Deviations (Millions of euros)	
			Value	%
Operating revenues	784.37	707.74	-76.63	-9.77
Commercial revenues	72.17	43.75	-28.42	-39.38
Other management revenues	91.96	176.65	84.69	92.09
<b>TOTAL REVENUES</b>	<b>948.50</b>	<b>928.14</b>	<b>-20.36</b>	<b>-2.15</b>

Revenues	Budget	Real	Deviations (Millions of euros)	
			Value	%
Personnel	347.04	357.71	10.67	3.07
Supplies	86.38	83.70	-2.68	-3.10
External services	382.96	373.27	-9.69	-2.53
Taxes	1.38	3.30	1.92	139.13
General	2.30	5.58	3.28	142.61
Other charges	1.81	5.05	3.24	179.01
Financial	21.29	19.17	-2.12	-9.96
Amortisation	115.17	110.12	-5.05	-4.38
<b>TOTAL CHARGES</b>	<b>958.33</b>	<b>957.90</b>	<b>-0.43</b>	<b>-0.04</b>



### Other Management Report Data

The Company anticipates a slight uptick in business in 2015, as reflected in the General Budgets for the Community of Madrid (budgeted revenues of EUR 840,169,084).

The Company is exposed to different types of risk: credit risk (not significant), market risk (under the current Framework Agreement with the Madrid Regional Transport Consortium, the financial system is based on the principle of fares that are sufficient to cover the actual cost under normal production and operating conditions and therefore the Directors believe that the risk of price fluctuations would not have a significant impact on the company) and liquidity risk (the Company keeps its cash and cash equivalents in highly reputable financial institutions).

In 2014, the Company paid its suppliers within 109 days on average.

The Company had no transactions with treasury stock in 2014.

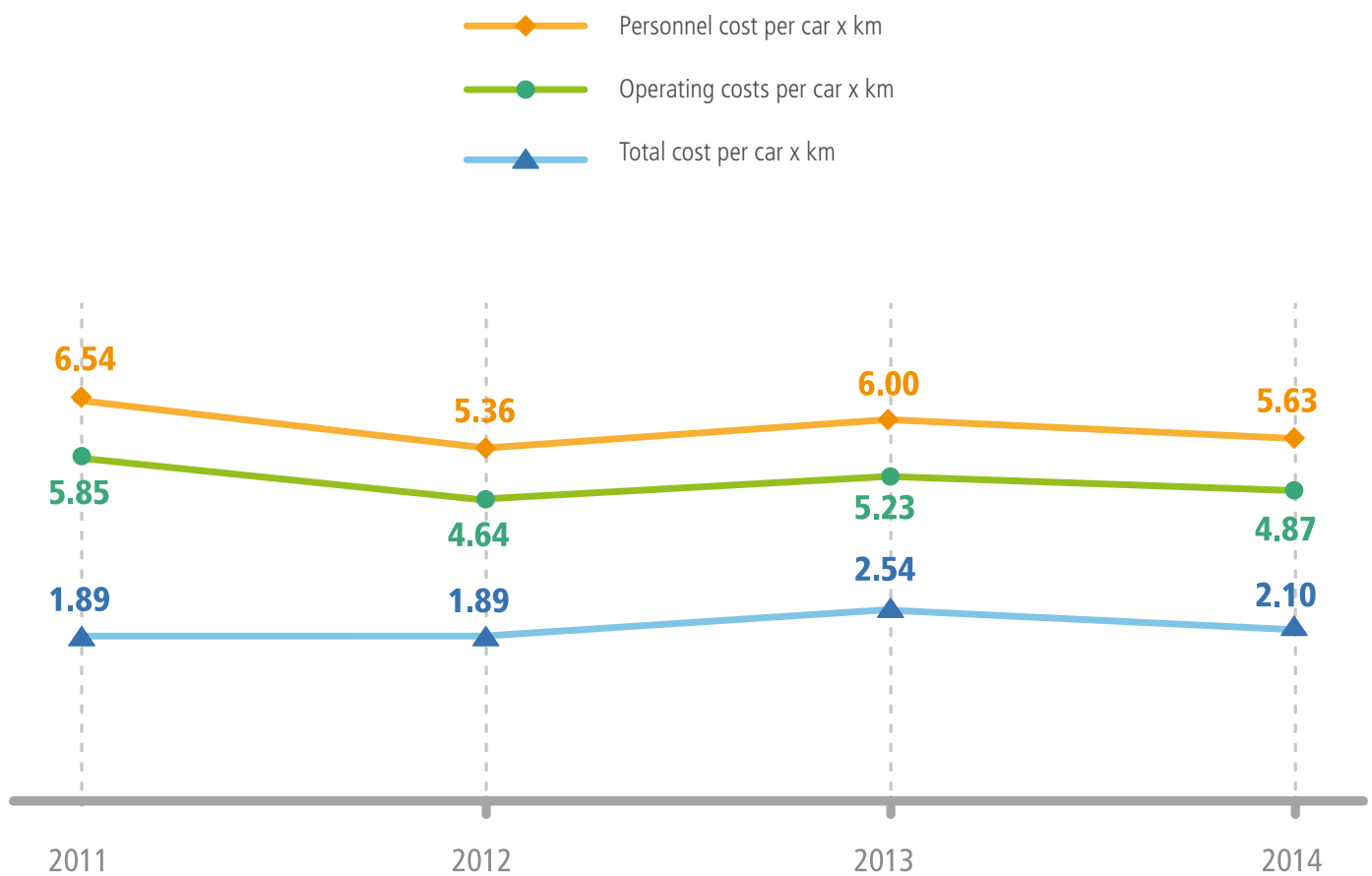
The fair value of derivative financial instruments was EUR 1,171,527 at 31 December 2014.

There were no relevant events after the year-end closing date. In 2015, prior to the Directors' Report being drafted, the Company entered into financing agreements for 48 and 60 million euros.

## Productivity rates

The following chart shows the trend over the last four years in staff, operating and total costs relative to car x km produced:

**Personnel, operating and total costs per car x km**  
(constant euros at 2014)



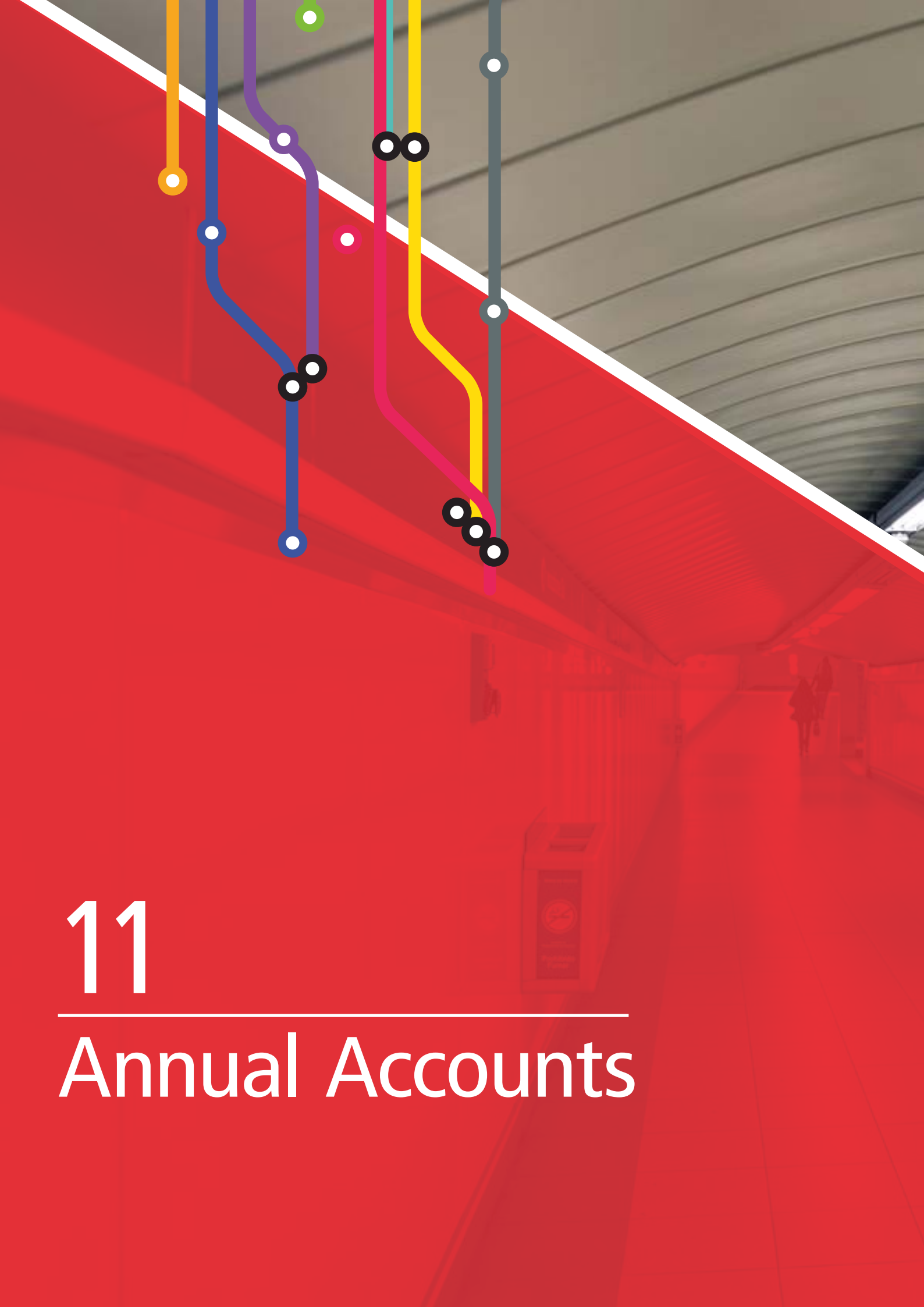
## Metro de Madrid evolution ratios

Technical variables	2004	2009	2014
Average network length (km)	226.73	284.11	292.41
Network length (km) on 31 December	226.73	284.11	292.41
Number of stations	237	294	300
Automatic ticket vending machines	1,695	1,449	1,442
Turnstiles	1,481	2,552	2,715
Escalators	1,212	1,600	1,656
Walkways	28	34	38
Lifts	255	492	523
CCTV Monitors	622	330	830
Interphones	3,261	4,721	5,258
Operating fleet (no. of cars)	1,550	2,281	2,347
Light Metro Units	-	8	8
Average fleet age (years)	12	12	14.5
Year's total trips (millions)	615.53	649.98	560.85
No. of Metro stages (millions)	926.40	944.27	827.64
Million trips/day of maximum demand	2.43	2.49	2.16
No. of peak-hours trains	279	337	307
Places offered x km (millions)	28,189	35,386	30,726
Production: millions of cars x km	154.9	200.92	170.18
Total energy consumption (GWh)	622.45	760.38	582.35
• Traction energy consumption (GWh)	441.10	501.72	361.50
• Auxiliary Service energy consumption (GWh)	181.35	258.66	220.85
Total equivalent payroll	5,713	6,967	6,275
Total mean payroll	5,603	6,969	6,327
Hours of training	264,886	317,503	143,295
Hours of training/agent	47.28	45.56	22.84

Financial data (Thousands eur)	2004	2009	2014
Investments	188,901	173,133	56,938
Total revenues	<b>698,347</b>	<b>1,241,487</b>	<b>928,143</b>
• Operating	635,411	1,102,233	707,743
• Current subsidies	556	1,346	1,044
• Other revenues	62,380	137,908	219,357
Total charges	<b>697,235</b>	<b>1,258,679</b>	<b>957,900</b>
• Operational	564,802	1,147,887	828,611
• Personnel	222,541	354,182	357,706
• Energy	40,584	76,692	69,047





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# Annual Accounts



**METRO DE MADRID S.A. - BALANCE SHEET**

<b>A S S E T S</b>	<b>Balance at 31/12/2014</b>	<b>Balance at 31/12/2013</b>
<b>A) NON-CURRENT ASSETS</b>		
<b>I. INTANGIBLE ASSETS (NOTE 5)</b>	<b>9,509,495.68</b>	<b>7,809,962.75</b>
3. Patents, licenses, trademarks and similar	60,000.00	60,000.00
5. Computer software	8,242,445.90	2,454,003.11
6. Other intangible assets	1,207,049.78	5,295,959.64
<b>II. PROPERTY, PLANT AND EQUIPMENT (NOTE 6)</b>	<b>1,342,455,372.48</b>	<b>1,410,673,976.49</b>
1. Land and buildings	722,498,980.88	738,401,612.48
2. Plant, machinery, equipment, furniture and other assets	477,874,507.10	545,241,483.02
3. Work in progress and advance payments	142,081,884.50	127,030,880.99
<b>IV. INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES (NOTE 8.2)</b>	<b>36,330,676.66</b>	<b>36,318,673.85</b>
1. Equity instruments	36,003,193.94	36,003,193.94
2. Loans to companies	327,482.72	315,479.91
<b>V. NON-CURRENT FINANCIAL INVESTMENTS (NOTE 8.1)</b>	<b>62,888,818.18</b>	<b>12,652,336.81</b>
2. Loans to third parties	5,779,834.34	5,770,974.39
5. Other financial assets	57,108,983.84	6,881,362.42
<b>VI. DEFERRED TAX ASSETS (NOTE 14.5)</b>	<b>1,047,452.34</b>	<b>919,528.57</b>
1. Anticipated corporate income tax	1,047,452.34	919,528.57
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,452,231,815.34</b>	<b>1,468,374,478.47</b>
<b>B) CURRENT ASSETS</b>		
<b>II. INVENTORIES (NOTE 9)</b>	<b>12,596,030.67</b>	<b>11,457,933.21</b>
2. Raw materials and other supplies	12,596,030.67	11,457,933.21
<b>III. TRADE AND OTHER RECEIVABLES (NOTE 8.1)</b>	<b>90,575,183.34</b>	<b>172,381,801.46</b>
1. Trade receivables for sales and services rendered	56,737,272.55	109,243,469.27
2. Clients, group and associated companies (NOTE 18)	8,095,332.21	9,033,436.50
3. Sundry receivables	8,140,620.03	7,509,586.77
4. Personnel (NOTE 8.1)	1,118,509.64	1,273,749.85
5. Current tax assets (NOTE 14.1)		30,713.58
6. Other tax credits (NOTE 14.1)	16,483,448.91	45,290,845.49
<b>IV. CURRENT INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES (NOTE 8.2)</b>	<b>7,950.58</b>	<b>7,659.13</b>
2. Loans to associated enterprises	7,950.58	7,659.13
<b>V. CURRENT FINANCIAL INVESTMENTS (NOTE 8.1)</b>	<b>59,421.27</b>	<b>369,371.21</b>
5. Other financial assets	59,421.27	369,371.21
VI. Current prepayments and accruals (NOTE 15)	76,571,860.51	72,741,189.00
<b>VII. CASH AND EQUIVALENT LIQUID ASSETS</b>	<b>76,455,959.19</b>	<b>24,832,247.42</b>
1. Cash	76,455,959.19	11,960,915.49
2. Cash and other liquid assets (NOTE 8.3)		12,871,331.93
<b>TOTAL CURRENT ASSETS</b>	<b>256,266,405.56</b>	<b>281,790,201.43</b>
<b>TOTAL ASSETS</b>	<b>1,708,498,220.90</b>	<b>1,750,164,679.90</b>

## METRO DE MADRID S.A. - BALANCE SHEET

	1,622,827.30	31,379,001.54
	14,084,428.12	14,084,428.12
	420,516,991.39	420,516,991.39
	2,816,885.62	2,816,885.62
	417,700,105.77	417,700,105.77
	-403,222,417.97	-184,405,175.85
	-17,192,407.05	-17,192,407.05
	-74,594,754.66	-74,594,754.66
	-10,929,768.09	-10,929,768.09
	-81,688,246.05	-81,688,246.05
	-218,817,242.12	
	-29,756,174.24	-218,817,242.12
	-29,756,174.24	-218,817,242.12
	-1,168,012.68	-213,469.33
	615,558,909.97	663,875,707.04
	613,376,879.53	661,853,376.51
	2,182,030.44	2,022,330.53
	616,013,724.59	695,041,239.25
<b>B) NON-CURRENT LIABILITIES</b>		
<b>I. NON-CURRENT PROVISIONS (NOTE 11.)</b>	<b>78,258,352.70</b>	<b>76,463,806.53</b>
1. Long term obligations to personnel	70,282,901.59	70,824,208.00
4. Other provisions	7,975,451.11	5,639,598.53
<b>II. LONG-TERM PAYABLES</b>	<b>504,188,404.30</b>	<b>440,455,851.67</b>
2. Bank borrowings (NOTE 12.1)	438,327,761.57	374,104,777.09
3. Obligations under finance leases (NOTE 7.1)	60,464,909.66	61,615,635.24
4. Derivatives	1,171,527.27	214,111.66
5. Other financial liabilities (NOTE 12.2)	4,224,205.80	4,521,327.68
<b>IV. DEFERRED TAX LIABILITIES (NOTE 14.7)</b>	<b>1,852,233.46</b>	<b>1,997,619.98</b>
<b>V. NON-CURRENT PREPAYMENTS AND ACCRUALS (NOTE 13.)</b>	<b>6,372,282.32</b>	<b>7,395,845.07</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>590,671,272.78</b>	<b>526,313,123.25</b>
<b>C) CURRENT LIABILITIES</b>		
<b>II. CURRENT PROVISIONS (NOTE 11.2)</b>	<b>9,411,926.20</b>	<b>11,685,959.00</b>
1. Current provisions	9,411,926.20	11,685,959.00
<b>III. CURRENT PAYABLES</b>	<b>110,597,006.31</b>	<b>92,801,731.64</b>
2. Bank borrowings (NOTE 12.1)	68,619,697.52	59,801,104.28
3. Payables under finance leases (NOTE 7.1)	2,807,398.28	2,807,398.28
5. Other financial liabilities (NOTE 12.2)	39,169,910.51	30,193,229.08
<b>V. TRADE AND OTHER PAYABLES (Note 12.3.)</b>	<b>379,858,517.09</b>	<b>420,116,565.59</b>
1. Suppliers	65,098,337.31	64,734,293.22
2. Suppliers, group and associated companies (NOTE 18)	367,892.95	471,560.92
3. Sundry payables (NOTE 12.3.)	284,286,599.21	309,947,956.92
4. Personnel (Pending compensation)	14,766,375.53	14,677,562.38
6. Other taxes payable (NOTE 14.1)	13,039,832.61	14,713,673.61
7. Advance payments from customers	2,299,479.48	15,571,518.54
<b>VI. ACCRUALS AND DEFERRED INCOME</b>	<b>1,945,773.93</b>	<b>4,206,061.17</b>
<b>TOTAL CURRENT LIABILITIES</b>	<b>501,813,223.53</b>	<b>528,810,317.40</b>
<b>TOTAL LIABILITIES</b>	<b>1,708,498,220.90</b>	<b>1,750,164,679.90</b>



# INCOME STATEMENT

	Balance at 31/12/2014	Balance at 31/12/2013
<b>A) CONTINUING OPERATIONS</b>		
<b>1. Turnover</b>	<b>707,742,932.16</b>	<b>703,837,676.08</b>
a) Sales (NOTE 17.c.)	707,742,932.16	703,837,676.08
<b>3. Work performed by the company on its own assets</b>	<b>503,560.19</b>	<b>407,940.95</b>
<b>4.- Supplies (NOTE 9.)</b>	<b>-12,143,842.81</b>	<b>-11,234,110.63</b>
b) Consumption of raw materials and other consumable materials	-12,300,450.72	-11,178,924.11
d) Impairment of goods for resale, raw materials and other suppliers	156,607.91	-55,186.52
<b>5.- Other operating revenue</b>	<b>44,822,024.25</b>	<b>47,663,129.71</b>
a) Ancillary and other income	43,778,040.28	46,196,534.09
b) Operating grants released to income during the year (NOTE 10.c.)	1,043,983.97	1,466,595.62
<b>6.- Staff charges (NOTE 17.a.)</b>	<b>-357,706,346.63</b>	<b>-438,819,093.47</b>
a) Wages, salaries and similar	-272,950,819.18	-335,465,142.07
b) Employee benefits	-84,755,527.45	-103,353,951.40
<b>7.- Other operating expenses</b>	<b>-456,898,346.63</b>	<b>-452,612,351.93</b>
a) External services (NOTE 17.b.)	-450,252,113.63	-448,324,517.79
b) Taxes	-3,392,653.35	-3,107,400.96
c) Losses, impairment and changes in trade provisions	-3,253,579.65	-1,180,433.18
<b>8. Fixed asset depreciation (NOTES 5 and 6)</b>	<b>-110,118,551.24</b>	<b>-113,828,112.84</b>
<b>9. Allocation of grants for non-financial assets and others (NOTE 10.h)</b>	<b>44,973,885.96</b>	<b>49,691,754.11</b>
<b>10. Excess provisions</b>	<b>3,556,455.35</b>	<b>5,907,439.81</b>
<b>11. Impairment and profit/(loss) on fixed asset disposals</b>	<b>123,428,265.76</b>	<b>6,242,104.72</b>
b) Profit/loss on disposals and other	123,428,265.76	6,242,104.72
<b>17.- Other profit (loss) (NOTE 17.d.)</b>	<b>-901,552.26</b>	<b>27,392.91</b>
(b) Other revenues	180,513.31	329,531.08
(b) Other expenses	-1,082,065.57	-302,138.17
<b>A.1) OPERATING RESULTS</b>	<b>-12,741,515.90</b>	<b>-202,716,230.58</b>
<b>12.- Financial Income</b>	<b>1,669,520.32</b>	<b>4,412,659.30</b>
b) Negotiable securities and other financial instruments	1,669,520.32	4,412,659.30
b1) Group companies and associates	15,484.84	14,917.26
b.2.) Third parties	681,674.39	3,464,913.54
b.3) Financial interest capitalised	972,361.09	932,828.50
<b>13.- Financial Income</b>	<b>-19,168,085.59</b>	<b>-18,078,662.61</b>
b) From third parties	-19,168,085.59	-18,078,662.61
<b>15. Exchange differences</b>	<b>391,827.94</b>	<b>-162,840.89</b>
<b>16. Impairment and profit/(loss) from the disposal of financial instruments</b>	<b>0.00</b>	<b>-2,618,320.00</b>
a) Impairment and losses	0.00	-2,618,320.00
<b>A.2) FINANCIAL RESULTS</b>	<b>-17,106,737.33</b>	<b>-16,447,164.20</b>
<b>A.3) PROFIT/LOSS BEFORE INCOME TAX</b>	<b>-29,848,253.23</b>	<b>-219,163,394.78</b>
<b>17.- Corporate tax (NOTE 14.3)</b>	<b>92,078.99</b>	<b>346,152.66</b>
<b>A.4) PROFIT/LOSS FOR YEAR FROM</b>	<b>-29,756,174.24</b>	<b>-218,817,242.12</b>
<b>A.5) PROFIT/LOSS FOR THE YEAR</b>	<b>-29,756,174.24</b>	<b>-218,817,242.12</b>

## STATEMENT OF CHANGE EQUITY FOR THE FISCAL YEAR ENDED 31 December 2014

## A) STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR THE FISCAL YEAR ENDED 31 December 2014

	Notes to the financial statements	EUROS 2014	EUROS 2013
<b>A) Profit/ loss for the year</b>		<b>-29,756,174.24</b>	<b>-218,817,242.12</b>
Income and expense recognised directly in equity			
I. From financial instruments			
1. Financial assets available for sale			
2. Other income/ expenses			
II. Due to cash flow hedges		-957,415.61	-214,111.66
III. Grants, donations and bequests received			
1. Additions for the year	Note 10	392,500.00	471,153.18
2. Removals for the year (adjustments to grants from prior years)	Note 10	-95,139.31	
IV. Actuarial gains and losses and other adjustments			
V. Tax effect	Note 10	1,980.16	-771.14
<b>B) Total income and expenses carried directly to equity (I + II + III + IV + V)</b>		<b>-658,074.76</b>	<b>256,270.38</b>
Transfers to the profit and loss account			
VI. Measurement of financial instruments			
1. Financial assets available for sale			
2. Other income/ expenses			
VII. Due to cash flow hedges			
VIII. Grants, donations and bequests received			
1. Grants carried to the income statement.	Note 10	-44,973,885.96	-49,691,754.11
2. Adjustment to prior year grants	Note 10		
3. Other	Note 10	-3,785,658.35	-3,073,631.80
IX. Tax effect	Note 10	146,278.63	158,296.18
<b>C) Total transfers to the income statement (VI+VII+VIII+IX)</b>		<b>-48,613,265.68</b>	<b>-52,607,089.73</b>
<b>TOTAL RECOGNISED INCOME AND EXPENSE (A+B+C)</b>		<b>-79,027,514.66</b>	<b>-271,168,061.47</b>

ESTADO DE CAMBIOS EN EL PATRIMONIO NETO CORRESPONDIENTE A LOS EJERCICIOS  
TERMINADOS EL 31 DE DICIEMBRE DE 2014 Y DE 2013

B) STATEMENT OF TOTAL CHANGE IN EQUITY FOR THE FISCAL YEARS ENDED 31 DECEMBER 2014 AND 2013

	Capital		Share premium	Reserves	(Treasury stock)	Results of previous financial years	Other shareholder contributions	FY profit (loss)	(Interim dividend)	Other equity instruments	Value adjustments	Grants, donations and bequests received	TOTAL
	Escriturado	Uncalled											
<b>C. BALANCE AT 2012 YEAR END</b>	14,084,428.12	-	-	420,516,991.39	-	-102,716,929.80	-	-81,688,246.05	-	-	-	716,013,057.06	966,209,300.72
I. Adjustments due to criteria changes 2012													0.00
<b>D. 2013 ADJUSTED OPENING BALANCE</b>	14,084,428.12			420,516,991.39		-102,716,929.80		-81,688,246.05				716,013,057.06	966,209,300.72
I. Total recognised income and expenses	-	-	-	-	-	-	-	-218,817,242.12	-	-	-213,469.33	-52,137,350.02	-271,168,061.47
II. Operations with shareholders or owners	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital increases													
2. (-) Capital reductions													
3. Conversion of financial liabilities into equity (conversion of debentures, debt forgiveness)													
4. (-) Dividends paid													
5. Trading in treasury shares (net)													
6. Increase (reduction) in equity resulting from a business combination													
7. Other operations with shareholders or owners	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Other variations in equity	-	-	-	-	-	-81,688,246.05	-	81,688,246.05	-	-	-	-	-
<b>C. BALANCE AT 2013 YEAR END</b>	14,084,428.12	-	-	420,516,991.39	-	-184,405,175.85	-	-218,817,242.12	-	-	-213,469.33	663,875,707.04	695,041,239.25
<b>D. 2014 ADJUSTED OPENING BALANCE</b>	14,084,428.12			420,516,991.39		-184,405,175.85		-218,817,242.12			-213,469.33	663,875,707.04	695,041,239.25
I. Total recognised income and expenses	-	-	-	-	-	-	-	-29,756,174.24	-	-	-954,543.35	-48,316,797.07	-79,027,514.66
II. Operations with shareholders or owners	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital increases													
2. (-) Capital reductions													
3. Conversion of financial liabilities into equity (conversion of debentures, debt forgiveness)													
4. (-) Dividends paid													
5. Trading in treasury shares (net)													
6. Increase (reduction) in equity resulting from a business combination													
7. Other operations with shareholders or owners	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Other variations in equity	-	-	-	-	-	-218,817,242.12	-	218,817,242.12	-	-	-	-	-
<b>B. CLOSING BALANCE, DECEMBER 2014</b>	14,084,428.12	-	-	420,516,991.39	-	-403,222,417.97	-	-29,756,174.24	-	-	-1,168,012.68	615,558,909.97	616,013,724.59

## CASH FLOW STATEMENT FOR THE FISCAL YEAR ENDED 31 DECEMBER 2014

CASH FLOW STATEMENT	2014	2013
<b>A) CASH FLOWS FROM OPERATIONS</b>		
<b>1. Pre-tax results for the year</b>	<b>-29,848,253.23</b>	<b>-219,163,394.78</b>
<b>2. Adjustments to results</b>	<b>-42,679,912.53</b>	<b>137,575,372.60</b>
- Fixed asset depreciation (+)	110,118,551.24	113,828,112.84
- Value adjustments for impairment (+/-)		
- Change in provisions (+/-)	-479,486.63	66,356,314.63
- Release of grants (-)	-44,973,885.96	-49,691,754.11
- Profit/ loss on write-off and disposal of fixed assets (+/-)	-123,428,265.76	-6,242,104.72
- Profit/loss on write-off and disposal of financial instruments (+/-)		
- Financial income (-)	-1,669,520.32	-4,412,659.30
- Financial expenses (+)	19,168,085.59	18,078,662.61
- Gains/losses on exchange (+/-).	-391,827.94	162,840.89
- Change in fair value of financial instruments (+/-).		2,618,320.00
- Other income and expenses (+/-).	-1,023,562.75	-3,122,360.24
<b>3. Changes in working capital</b>	<b>90,052,073.26</b>	<b>53,758,674.30</b>
- Stocks (+/-)	-981,489.55	157,620.57
- Debtors and other receivables (+/-)	122,710,429.81	131,308,972.87
- Other current assets (+/-).	-3,521,013.02	-5,869,702.04
- Trade and other payables (+/-)	-25,416,180.46	-75,554,054.59
- Other current liabilities (+/-).	-68,523.66	-323,097.18
- Current accruals and deferred income (+/-)	-2,260,287.24	4,206,061.17
- Other non-current assets and liabilities	-410,862.62	-167,126.50
<b>4. Other cash flows from operations</b>	<b>-17,962,405.97</b>	<b>-12,544,894.18</b>
- Interest paid (-)	-18,640,004.81	-16,942,636.22
- Dividends received (+)		
- Interest charged (+)	681,674.39	4,397,742.04
- Income tax received (paid) (+/-)	-4,075.55	
- Other payments (collections) (+/-)		
<b>5. Cash flows from operations (+/-1+/-2+/-3+/-4)</b>	<b>-438,498.47</b>	<b>-40,374,242.06</b>
<b>B) CASH FLOWS FROM INVESTMENTS</b>		
<b>6. Paid on investments (-)</b>	<b>-46,837,655.44</b>	<b>-31,709,934.18</b>
- Group companies and associates (-)		-304,807.47
- Intangible assets (-)	-4,508,672.23	-966,854.98
- PPE (-)	-42,790,496.65	-30,975,652.90
- Investment properties (-)		
- Other financial assets (+/-)	425,662.60	526,958.53
- Non-current assets held for sale (-)		
- Non-current deposits and guarantees	35,850.84	10,422.64
- Other assets (-)		
<b>7. Amounts collected from divestitures</b>	<b>27,225,389.98</b>	<b>12,378,445.45</b>
- Group companies and associates (+)		
- Intangible assets (+)		
- Property, plant and equipment (+)	27,225,389.98	12,378,445.45
- Investment properties (+)		
- Other financial assets (+) (Non-current financial investments)		
- Non-current assets held for sale (+)		
- Other assets (+)		
<b>8. Cash flows from investments (7-6)</b>	<b>-19,612,265.46</b>	<b>-19,331,488.73</b>
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>9. Collections and payments on equity instruments:</b>	<b>29,540.92</b>	<b>103,667.79</b>
- Equity instrument issues (+) (capital increases)		
- Amortisation of equity instruments (-)		
- Acquisition of treasury stock equity instruments (-)		
- Disposal of own equity instruments (+)		
- Grants, donations and bequests received (+)	29,540.92	103,667.79
<b>10. Collections and payments on financial liabilities:</b>	<b>71,253,106.84</b>	<b>14,808,661.01</b>
a) Issues	133,794,150.55	73,347,916.15
Bonds and other negotiable securities.		
Bank borrowings (+)	133,794,150.55	72,252,776.17
Amounts owed to Group companies and associates (+)		
Other debts (+)		1,095,139.98
b) Return and amortisation of	-62,541,043.71	-58,539,255.14
Debentures and other marketable securities (-)		
Bank borrowings (-)	-61,390,318.13	-58,539,255.14
Payables to Group companies and associates (-)		
Other payables (-)	-1,150,725.58	
<b>11. Payment of dividends and yields on other equity instruments</b>		
- Dividends (+)		
- Yields on other equity instruments (+)		
<b>12. Cash flows from financing (+/-9+/-10-11)</b>	<b>71,282,647.76</b>	<b>14,912,328.80</b>
<b>D) EFFECT OF EXCHANGE RATE FLUCTUATIONS</b>	<b>391,827.94</b>	<b>-162,840.89</b>
<b>E) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS</b>	<b>51,623,711.77</b>	<b>-44,956,242.88</b>
Opening balance of cash or cash equivalents	24,832,247.42	69,788,490.30
Closing balance of cash or cash equivalents	76,455,959.19	24,832,247.42



# 1. About the company

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Metro de Madrid, S.A. was incorporated on 24 January 1917 as a private limited company. With passage of Legislative Royal Decree No. 13/1978 of 7 June, Act No. 32/1979 of 8 November declared the utility and requirement of urgent occupancy for the purposes of forced expropriation in acquisition of the Company's shares, the beneficiaries of the expropriation being the Madrid Provincial and Municipal Authorities with holdings in each case of twenty-five and seventy-five percent.

In 1986, the Compañía Metropolitano de Madrid, S.A. shares were handed over to the Madrid Regional Community and Madrid City Corporation.

Royal Decree No. 869/1986 of 11 April among others provides in Article 2-1 for transfer of State assets assigned to the operation of the service to the Regional Community of Madrid.

Then, on 24 and 30 December 1986, the Community and the City Corporation transferred the share rights in the former Compañía Metropolitano de Madrid, S.A. to the Madrid Regional Regular Public Transport Consortium.

Under the general collaboration protocol signed on 12 December 2011 between Madrid Regional Community, Madrid City Corporation and the Madrid Regional Public Transport Consortium on Metro de Madrid, S.A.'s collective passenger rail transport service, the Madrid Regional Government and City Corporation recovered all the rights to the shares transferred to the Regional Transport Consortium. The City Corporation then transferred title to all assets and rights inherent to the provision of the transport service in the network operated by Metro de Madrid, S.A. and held by the Corporation to the Regional Government and, in particular, 75% of the shares representing the capital of Metro de Madrid, S.A. and held by the City Corporation. This share transfer was effective as of 28 December 2011, pursuant to the Fiscal Measures Act (Act No. 6/2011).

According to Number 2 of its Articles, the purpose of the Company is:

- ⊙ a) Management and operation of the Madrid public metropolitan rail service.
- ⊙ b) Design, construction, management and operation of means of transport for persons or luggage.
- ⊙ c) Design, construction, management and operation of means of transport, with or without cable, of signals or communications, directly or in collaboration with others, after obtaining the appropriate licenses when necessary.
- ⊙ d) To manage and generate returns on its assets by any means, directly or in collaboration with others, and any types of civil engineering works and constructions, save activities for which special requisites are demanded by law and which are not met by this Company.

The activities making up the corporate purpose may be carried on by the Company indirectly by holding shares or stakes in Companies with the same or a similar purpose.

The Company's main activity is the integral operation of public rail transport in the Region of Madrid, regulated in a Framework Agreement concluded with the Madrid Regional Transport Consortium on 16 January 2009.

The Framework Agreement expired on 31 December 2012 and on 27 December 2013, CRTM and Metro de Madrid, S.A. signed an agreement whereunder a Technical Committee would be created to negotiate a new Framework Agreement and the terms of the former framework agreement would continue to apply, except inasmuch as Mintra was concerned, until the new agreement took effect. The agreement is valid from 1 January 2013 to 31 December 2014.

On 30 December 2014, a new agreement was signed which will remain in effect until 31 December 2015, maintain the terms of the previous agreement relative to the creation of a Technical Committee for the purpose of representatives from both side negotiating the contents of a new agreement to regulate the relations between the two companies. Until such time as the new agreement takes effect, it is agreed that the framework agreement signed on 16 January 2009 will continue to apply.

In line with the financial system in place since 1 January 2003, regulated in Act No. 6/2002 of 27 June partially amending Act No. 5/1985 creating the Madrid Regional Public Transport Consortium (CRTM), the Framework Agreement signed by Metro de Madrid and the CRTM provides for a financial regime for public transport services governed by the principle of sufficient charge to cover all true costs in normal conditions of productivity and organisation, based on a mean fare per trip. As a result, on 1 January 2003, operating subsidies ended and were replaced by compensation directly coupled to the service provided.

Metro de Madrid S.A. holds stakes in associate companies and, as a result, dominates a Corporate Group in the terms provided for in the current legislation. According to generally accepted accounting principles and norms it is a requirement to submit consolidated Annual Accounts that present a true reflection of the financial situation and the results of operations, of changes in the Group's Net Worth and Cashflow. However, the Company does not submit consolidated Annual Accounts because it participates solely in dependent companies which, as a whole, are not of significant interest in such true reflection (see note 8.2).

The Company created a branch in the 2010 financial year with the name of "Metro de Madrid S.A., Sucursal en Ecuador" to deal with consultancy projects under way in Ecuador.

Metro de Madrid, S.A. is domiciled in Madrid at calle Cavanilles No. 58.



## 2. Bases for the presentation of the annual accounts

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### **a) True Image**

The attached Annual Accounts were taken from the Company's accounting records and are presented in accordance with Royal Decree No. 1514/2007 approving the General Accounting Plan and its amendments, and Order EHA/733/2010 on accounting aspects of public corporations operating in certain circumstances, to show a true reflection of the assets and financial situation to 31 December 2014, the results and the cashflows during that financial term. These Annual Accounts, drawn up by the Company's Administrators, will be submitted for clearance by the Sole Shareholder, and are expected to be approved unmodified.

### **b) Non-compulsory accounting principles applied.**

No non-compulsory accounting principles were applied. Additionally, in formulating these Annual Accounts, the Administrators considered all the mandatory accounting principles and rules whose effect on said Annual Accounts is deemed to be significant.

### **c) Critical aspects of valuation and estimate of uncertainty**

Preparation of the Annual Accounts demands application of relevant accounting estimates and the making of judgements, evaluations and hypotheses in the application of the Company's accounting policies. The following were the aspects which involved a greater degree of judgement or complexity or in which the hypotheses and estimates in the elaboration of the Annual Accounts were significant:

- The hypotheses used for the actuarial calculation of liabilities from obligations for personnel benefits (see Note 16).
- Classification of leases as operational or financial (see Note 7).
- Deterioration of value of tangible and intangible fixed assets (see note 4.d).
- Deteriorations in the value of investments in associate companies (see note 4.f).
- Calculation of provisions (see Note 11).

Although these estimates are based on the best data available at the close of the 2014 financial period, it is possible that future events may make it necessary to amend them (up or down) in coming years, which would in any case be done prospectively.

### **d) Comparison of data**

For comparative purposes, with each item on the balance Sheet, and Profit and Loss Account, the Statement of Changes in the Equity, the Cashflow Statement and the Annual Report, in addition to the 2014 figures those for the previous financial year are also included and which formed part of the 2013 Annual Accounts approved by the General Meeting of Shareholders on 18 June 2014.

### **e) Grouping of data**

Certain items on the Balance Sheet, the Profit and Loss Account, the Statement of Changes in the Net Worth and the Cashflow Statement are grouped to facilitate their understanding although, to the extent that it is significant, the information is broken down in the corresponding notes in the Annual Report.

### **f) Correction of errors**

No significant error was detected in the elaboration of the attached Annual Accounts relative to previous years which made it necessary to correct the 2013 figures in the 2014 Annual Accounts.

## g) Operational currency and currency of presentation

The Annual Accounts are presented in euros, the Company's functional and presentation currency.

## h) Principle of a going concern

The Company posted losses of 29,756,174 euros (losses of 218,817,242 euros at 31 December 2013), with negative working capital of 245,546,818 euros at 31 December 2014 (-247,020,116 euros at 31 December 2013). Within that Operating Fund, included in the Current Liabilities under "Various creditors", there is a balance pending payment to the Directorate-General of Infrastructures in the Madrid Regional Government, (sole shareholder of Metro de Madrid), and amounting to 143,577,715.21 euros.

Nevertheless, the Administrators have drawn up these accounts according to the principle of a going concern, based on the following:

- ⊙ As the demand for public transport recovers in the Autonomous Community of Madrid and with the help of the Optimisation Plan, the Company will be able to correct the imbalance that existed at 31 December 2014.
- ⊙ Regarding the negotiations between the company and the Madrid Regional Transport Consortium, in 2013 and 2014 the parties signed an agreement whereunder a Technical Committee would be formed to negotiate a new framework agreement and the parties agreed to apply the former framework agreement until the new one takes effect or until 31 December 2015 (See Note 1).
- ⊙ The Madrid Regional Transport Consortium has stated in relation to the Company's current liability balances at 31 December 2014, it will do what is necessary to guarantee the Company's financial equilibrium so as to enable it to meet its payment commitments
- ⊙ The Company also has credit contracts not drawn down amounting to 29 million euros (see note 8.1.2).

In addition, the Operating Budget of the Autonomous Community of Madrid for the 2015 fiscal year reflects a loan in the amount of 1,060,739,488 euros to Metro de Madrid, S.A., as detailed below:

Expense Budget	Euros
Item 1: Staff costs	351,558,045
Item 2: Cost of goods and services	487,485,200
Item 3: Financial expenses	25,994,718
Item 6: Investments	100,832,056
Item 8: Financial assets	19,167,944
Item 9: Financial liabilities	75,701,525
	<b>1,060,739,488</b>
Income budget	Euros
Item 5: Equity income	840,169,084
Item 6: Divestitures	18,014,078
Item 8: Financial assets	6,800,000
Item 9: Financial liabilities	195,756,326
	<b>1,060,739,488</b>



## 3. Distribution of results

The proposal for the application of the financial year losses as formulated by the Company's Administrators, to be submitted to the Sole Shareholder for approval, is to transfer it to the "Negative Results, Previous Financial Years" Equity Account."


The application of 2013 losses is set out in the Statement of Change in Net Equity.

## 4. Measurement and recognition standards

### a) Capitalisation of financial charges

The Company includes the financial charges related to specific external financing, directly attributable to acquisition, construction or production in the cost of the tangible and intangible fixed assets requiring more than one year to come into conditions for use, operation or sale.

To the extent that financing was secured specifically, the sum of the interest to be capitalised depends on the financial charges accruing on it.

Interest begins to capitalise when the charges associated with the assets have been incurred, interest is accrued and the necessary work is under way to prepare the assets or parts thereof for use, operation or sale, ending when all or virtually all the necessary work is finished, irrespective of whether the administrative permits required have been obtained, and without taking interruptions into account.

Interest is capitalised under "Capitalisation of financial interest" on the Profit and Loss Account.

Financial charges are no longer capitalised should there be an interruption to the work needed to prepare the assets for use.

### b) Intangible fixed assets

The assets and rights in this section are valued at their acquisition price or cost of production and are presented on the Balance Sheet at cost less the amount of amortisation and corrections of value arising from accumulated deterioration.

The annual provision for amortisation is calculated linearly, depending on the estimated useful life of the asset, as follows:

- ⊙ Patents and trademarks 10 years
- ⊙ Computer applications 3 years

### c) Property, plant and equipment

The assets in this section are valued at their acquisition price or cost of production and are presented on the Balance Sheet at cost less the amount of amortisation and corrections of value arising from accumulated deterioration.

Costs of extension or improvement which increase an asset's duration are capitalised at its greater value. Repairs and maintenance charges which do not represent an extension to the useful life of an asset are assigned to the Profit and Loss Account in the year when they are incurred.

Capitalisation of the production cost, comprising consumption of store materials, direct manpower charges and indirect costs necessary for the investment are realised under heading A) 3. of the Profit and Loss Account "Work done by the company for its assets".

The Company's Balance Sheet does not include valuation of the cost of infrastructure construction charged to the budgets of the various Public Administrations since 1956, of assets assigned to Metro de Madrid for operation, and the infrastructure assigned gratuitously by the Directorate-General of Infrastructures under the Agreement concluded on 2 July 2012 whose special characteristics make it difficult to estimate their book value. This aspect has no significant effect on the Annual Accounts taken as a whole.

The annual provision for amortisation is calculated linearly, distributing the amortizable sum systematically throughout the estimated useful life, estimated as follows for the assets:

⊙ Infrastructure and superstructure	67 years
⊙ Track	10 years
⊙ Buildings and industrial constructions	33 years
⊙ Administrative buildings	50 years
⊙ Buildings external to operations	50 years
⊙ Plant and machinery	17-10 years
⊙ Other installations, tooling and fittings	10-3 years
⊙ Vehicles	25-7 years
⊙ Other fixed assets	17-4 years

Metro de Madrid, S.A. periodically revises the useful life and amortisation procedure for the tangible fixed assets. Modifications to the initial criteria are recognised as a change of estimate.

### d) Impairment of non-financial assets subject to amortisation or depreciation

Pursuant to Order EHA/733/2010 of 25 March, the Society has considered that the goods making up the tangible and intangible fixed assets must be classified as assets which do not generate cashflow as they are held with the aim of providing a service of benefit to the group, with an objective other than that of creating a commercial return. With that classification, the Company only verifies a deterioration of value where there are indicators of deterioration of value inherent to this type of asset.

In any case, such events or circumstances must be significant and above all have long-term effects.

Should the indicators suggest that a value is impaired, the recoverable value is the value in use and the reasonable value less the costs of sale, whichever is greater. In 2014 and 2013, in application of Order EHA/733/2010, the value in use is the asset's current value maintaining its service potential, and is calculated by reference to the depreciated replacement cost. Until 2009, the value in use was calculated according to the General Accounting Plan in accordance with the current value of future cashflows.

The deterioration in the value of assets not generating cashflow is calculated on individual assets, unless the identification of the service potential is not clear, in which case the recoverable figure is calculated according to the operating unit or service to which it belongs.

The lower numbers of passengers which began in 2008 and continued in 2014 and 2013 was considered an indicator of a possible impairment of asset value. However, after considering the replacement value of the tangible and intangible fixed assets, it was not deemed necessary to enter any figure for impairment of asset value on 31 December 2014 or 31 December 2013.

## **e) Leases**

Leases which initially substantially transfer to the Company the risks and benefits inherent to ownership of the assets are classified as financial leases, otherwise as operational leases.

Modification of the terms of the lease agreements other than renewal and which imply a different classification are, if considered at the commencement of the contract, treated as a new contract during the residual term. Changes of estimate or modifications to the circumstances do not however imply a new classification.

### **e.1. Financial leases**

In financial leasing transactions in which the Company acts as lessee, the cost of the leased assets is presented on the Balance Sheet according to the nature of the asset which is the subject of the contract and, simultaneously, as a liability for the same sum. That figure is the reasonable value of the asset leased, or the true value of the minimum amounts agreed on at the beginning of the lease, including the option to buy if there are no reasonable doubts that it will be used, whichever is lower. Its calculation does not include contingent quotas, the cost of the services and any taxes which lessor may pass on. The total financial charge for the contract is placed in the Profit and Loss Account for the year in which it accrues, applying the effective interest rate method. Contingent quotas are acknowledged as charges in the financial period in which they are incurred.

Assets registered in this type of transaction are amortised using criteria similar to those applied to the tangible assets as a whole, depending on their nature.

### **e.2. Sales with subsequent lease**

Sales of assets linked to subsequent lease transactions which meet the conditions inherent to a financial lease are treated as financing operations the nature of the asset is not altered, and no result is recognised.

### **e.3. Operating leases**

Payments arising from operating lease contracts are charged linearly to the Profit and Loss Account during the term of the lease.

## **f) Financial instruments**

Financial instruments are classified at the time of initial acknowledgement as a financial asset, a financial liability or as equity instrument depending on the economic substance of the contractual agreement and the definitions of financial asset, financial liability or equity instrument.

### **f.1. Recognition**

The Company recognises a financial instrument when it becomes a party bound by the contract or legal business in the terms thereof.

Debt instruments are recognised as of the date of the legal entitlement to receive or the legal obligation to pay, effective. Financial liabilities are recognised on the date when contracted.

Operations to buy or sell financial assets pursuant to conventional contracts, understood as those where the parties' mutual obligations must be fulfilled within a period of time established by regulation or market conventions and which may not be settled by means of differences, are acknowledged according to the type of asset on the contracting or settlement date. Notwithstanding the foregoing, contracts which may be settled according to differences or which are not performed within the regulatory time-span are recognised as a derivative financial instrument during the period between the contracting date and settlement.

Stock market operations are registered on the date of settlement, while financial assets traded on secondary Spanish securities markets are, if equity instruments, acknowledged on the contracting date, and if securities representing debt, on the settlement date.

## **f.2. Financial assets**

### **f.2.1 Classification**

The Company's financial assets are classified as follows:

**a) Loans and receivables:** financial assets originating in the sale of assets or the provision of services in the company's business operations, or those not of commercial origin, which are not proprietary instruments or derivatives, receipts from which are a fixed or calculable sum and they are not traded on an active market.

**b) Investments in associate company equity:** Associate companies are considered to be those over which the Company directly or indirectly through dependents exercises a significant influence. Such significant influence is the power to intervene in a company's financial policy and operational decisions without implying control or joint control over it. An assessment of the existence of significant influence takes account of potential voting rights or rights which are convertible on the closing date of each financial period, together with potential voting rights held by the Company or another enterprise.

**c) Cash and other equivalent liquid assets:** this includes cash in hand and bank deposits on call in credit entities, together with other highly liquid short-term investments if easily convertible into determined cash figures and risk of change of value is insignificant. This includes investments maturing in less than three months following the date of acquisition.

**d) Hedges:** includes derivative financial instruments used to hedge cash flows. The Company verified that the hedging was effective at the 2014 year end.

### **f.2.2 Valuation**

#### **Initial valuation**

Loans and receivables as well as investments in associate company equity are initially entered at the reasonable value of the consideration delivered, plus the directly attributable costs of the transaction.

#### **Subsequent valuation**

Loans and receivables are valued at their amortised cost using the effective interest rate method. However, financial assets are valued at their par value if no interest rate was established, the sum matures or is expected to be received short-term and the effect of updating is not significant.



Investments in associate companies are valued at cost, less any accumulated amount of corrections in value due to deterioration. Such corrections are calculated as the difference between the book value and the recoverable sum, understood as its reasonable value less sale costs or its value in use, whichever is greater. The value in use is calculated according to the company's stake in the current value of the estimated cashflows from ordinary activities and final disposal, or the estimated flows anticipated from payment of dividends and final disposal of the investment.

Corrections of value due to deterioration in the value of the investment are limited to its value, save when the Company may have taken on legal or implicit contractual commitments or obligations or made payments on companies' behalf. In this case, a provision is acknowledged in accordance with the criteria set out in section k) of this note.

At least at the close of the financial period, the Company runs a test on the deterioration for financial assets not entered at a reasonable value. Any deterioration is placed on the Profit and Loss Account as the difference between the book value and the financial asset's recoverable value.

In particular, and relative to corrections in value related to commercial debtors and other receivables, the Company continues the criterion of entering any corrections of value when there is a reduction or delay in estimated future flows as a result of a debtor's insolvency. The criterion applied by Metro de Madrid, S.A. in calculating any such corrections of value is based on their individual review.

The Company discharges a financial asset or part thereof when the contractual rights to its cashflows expire or are assigned, if the risks and benefits inherent to its possession are transferred substantially.

Cash flow hedges are initially measured at fair value.

The Company recognizes the gains and losses on the fair value of hedging instruments saw income and/or expenses in equity.



Hedging instruments are derecognised once the instrument expires, is sold, finalised or exercised or when it ceases to meet the requirements to be recognised as such. At that time, any accumulated profit or loss on the hedging instrument that was recognised in equity is maintained until the transaction takes place. When the operation that is being hedged is not expected to take place, the cumulative net gains or losses recognised in equity are transferred to the income statement. At 31 December 2014 and 2013, the Company's financial hedging instruments met the requirements to be considered cash flow hedges.

### **f.3. Financial liabilities**

Financial liabilities are the Company's debits and payables arising from the purchase of goods and services in its business operations, or those not of commercial origin which cannot be treated as derivative financial instruments.

Debits and payables are initially assessed at the reasonable value of the consideration received, adjusted by the directly attributable costs of the transaction. These liabilities are subsequently valued according to their amortised cost, using the effective interest rate method.

The Company discharges a financial liability when the obligation is extinguished or the responsibility inherent to the liability is legally released, whether by the courts or by the creditor.

### **g) Inventories**

Materials in storage for consumption and replacement are valued at the mean weighted price which may under no circumstances exceed market prices.

The Company makes provisions for deterioration in the value of stocks when their market value is below the cost of acquisition or production and the reduction is reversible. If irreversible, it is discharged at the cost of acquisition/production of those stocks, taking their market value as their sale value. For these purposes, market value is considered the realisation value.

There are no limitations on the availability of stocks for guarantees, pledges, bonds and for other similar reasons.



## **h) Foreign currency transactions and balances**

Foreign currency transactions were converted to euros at the cash exchange rate for the sum in foreign currency on the dates when they took place.

Money assets and liabilities denominated in foreign currency were converted to euros at the rate in place at the close of the financial year, while those of a non-monetary nature valued at their historic cost were converted by applying the exchange rate on the date when the transactions took place.

Positive and negative differences which come to light in the settlement of foreign currency transactions and the euro conversion of monetary assets and liabilities denominated in foreign currency are acknowledged in the results.

## **i) Corporate tax**

Expenditure or income from profit tax includes the part relative to current tax expenditure or income and that related to deferred tax expenditure or income.

Deferred tax expenditure or income relates to the recognition and cancellation of deferred-tax assets and liabilities, including temporary differences identified as sums likely to be payable or recoverable as a consequence of differences between the book sums for the assets and liabilities and their fiscal value, along with credits for tax deductions not applied fiscally. Those figures are entered by applying the rate of assessment at which it is expected to recover or settle them to the associated temporary difference or credit.

In general, a deferred tax liability is recognised for all the temporary taxable differences unless arising from the following:

a) Initial acknowledgement of goodwill. However, goodwill-related deferred tax liabilities are entered provided that they did not arise from their initial acknowledgement.

b) Initial acknowledgement of an asset or liability in a transaction which is not a combination of businesses and also did not affect the book result or the taxable base for the levy.

For their part, deferred tax assets are only recognised to the extent that it is deemed likely that the Company will post future fiscal gains with which to realise them.

Deferred tax assets and liabilities originating in operations with direct charge or payments in the capital accounts are also recorded with a counterpart in the net worth.

Deferred-tax assets entered are reconsidered at each accounting close and corrected to the extent that there are doubts about their future recovery. Also at each close, deferred-tax assets not entered on the balance sheet are reconsidered and acknowledged to the extent that their recovery is likely with future fiscal benefits.

## **j) Income and expenses**

Income and expenses are acknowledged according to the criterion of accrual, that is when the real movement of goods and services they represent takes place, irrespective of the time of the resulting monetary or financial current. As an exception, the costs of Ferromóvil lease operations are linearised (See Note 7.2 a.3).

## **k) Provisions and contingencies**

Provisions are acknowledged when the Company has a current liability, whether legal, contractual, implicit or tacit, as a result of past event, and resources are likely to emerge which include future economic benefits with which to settle the liability. They are assessed at the present value of the best possible estimate for cancelling or transferring that liability.

The financial effect of the provisions is acknowledged as a financial charge on the Profit and Loss Account.

Provisions revert to results if no resources are likely to emerge to cancel the liability.

## **l) Indemnifications for dismissal**

Compensation owed for voluntary layoffs is recognised as soon as there is an official plan in place and a valid expectation has been created among the affected personnel that their jobs are going to be terminated, either because the Company has already started to implement the plan or because the main features of the plan have been announced.

In 2014, the Company paid the compensation promised to the employees laid off at the end of 2013.

The Company does not foresee the need for any individual or collective layoffs in 2015 other than potential disciplinary layoffs and therefore does not consider it necessary to set up any additional provisions for this item. In the hypothetical event of a dismissal, the compensation is treated as a current charge in the financial year in which it is incurred.

## **m) Grants, donations and bequests received**

Subsidies, donations and legacies associated with the acquisition of Company fixed assets are entered as income acknowledged in the net worth when officially granted, the conditions have been met for them to be granted and there is no reasonable doubt that they will be received.

Grants received for activities linked to operations are entered with payment to the Profit and Loss Account of each financial year.

Non-reimbursable capital grants, donations and legacies are assessed at the reasonable value of the sum or property assigned, depending on whether or not of a monetary character, and are assigned to the results in proportion to the endowment or amortisation made in the period for the items subsidised or, where applicable, when disposed of or their value is corrected for impairment.

## **n) Related party transaction.**

These transactions are acknowledged at the reasonable value of the consideration given or received.

## **o) Pension commitments**

The Company has long-term commitments with personnel which have always been treated as defined-benefit commitments.

The Company acknowledges a provision in the balance for the difference between the current value of payment undertakings and the reasonable value of the assets assigned to the commitments with which the liabilities will be settled (if such difference is significant) less any costs for past services not yet acknowledged.



Should that difference generate an asset, its evaluation may not exceed the present value of benefits which may revert to the company in the form of direct reimbursements or reduced future contributions, plus any part pending assignment to the results of costs for past services not yet acknowledged. Any adjustment the Company must make for this limit in the evaluation of the asset is assigned directly to the net worth and acknowledged as reserves.

The current value of the liability is determined using actuarial calculation procedures and financial and actuarial hypotheses which are unbiased and mutually compatible.

Variation in the calculation of the current value of the payment commitments or, as applicable, the assets affected on the date of closure as a consequence of actuarial losses and gains are recognised in the financial year in which they arise, directly in the net worth, as reserves. For these purposes, actuarial losses and gains are solely variations arising from changes in the actuarial hypotheses and from adjustments based on experience.

Costs of past services are recognised immediately in the Profit and Loss Account except in the case of revocable rights, in which case they are assigned to that account linearly in the period remaining until the rights are placed there immediately, except in the case of a reduction in the current value of benefits which may revert to the Company as direct reimbursements or lower future contributions, in which case the excess beyond that reduction goes immediately into the Profit and Loss Account.



## 5. Intangible fixed assets

The composition and changes in the cost of items recognised under this heading on the 2014 and 2013 balance sheets are as follows:

20,546 euros were capitalised in 2014 arising from financial charges on long-term loans and treated as specific financing for projects of more than a year's duration. In 2013, 41,148 euros in financial charges were capitalised.

The variation in accumulated amortisation between 2014 and 2013 was as follows:

The fully amortised assets of this kind still in use at the end of FY 2014 and 2013 totalled EUR 71,935,771 and EUR 66,718,827, respectively.



2013					
ASSETS	OPENING BALANCE	ADDITIONS	INTEREST CAPITALISED	TRANSFERS	CLOSING BALANCE
Patents and trademarks	102,330.77	-	-	-	102,330.77
Computer applications	72,645,335.30	573,258.36	-	365,683.23	73,584,276.89
Advances, intangible fixed assets	5,317,277.87	14,998.50	41,148.25	-77,464.98	5,295,959.64
<b>TOTAL</b>	<b>78,064,943.94</b>	<b>588,256.86</b>	<b>41,148.25</b>	<b>288,218.25</b>	<b>78,982,567.30</b>

2014					
ASSET	USEFUL LIFE	OPENING	PROVISION	CLOSING	FULLY
Patents and	10.00	42,330.77	-	42,330.77	42,330.77
Computer applications	3.00	71,130,273.78	3,669,040.39	74,799,314.17	71,893,440.16
<b>TOTAL</b>		<b>71,172,604.55</b>	<b>3,669,040.39</b>	<b>74,841,644.94</b>	<b>71,935,770.93</b>

2013					
ASSET	USEFUL LIFE	OPENING	PROVISION	CLOSING	FULLY
Patents and	10.00	42,330.77	-	42,330.77	42,330.77
Computer applications	3.00	67,422,548.01	3,707,725.77	71,130,273.78	66,676,495.95
<b>TOTAL</b>		<b>67,464,878.78</b>	<b>3,707,725.77</b>	<b>71,172,604.55</b>	<b>66,718,826.72</b>

## 6. Property, plant and equipment

The composition and changes in the items found under this heading of the 2014 and 2013 balance sheets were as follows:

	OPENING BALANCE	ADDITIONS	REMOVALS	TRANSFERS	CAPITALISATION FINANCIAL EXPENSES	CLOSING BALANCE
<b>LAND AND BUILDINGS</b>	<b>1,001,421,452.21</b>	<b>10,955,128.71</b>	<b>-13,024,581.39</b>	<b>3,094,717.90</b>	-	<b>1,002,446,717.43</b>
1. INFRASTRUCTURE AND SUPERSTRUCTURE	718,603,491.77	1,064,168.94	0.00	665,315.78	-	720,332,976.49
2. TRACK	126,531,701.43	9,772,896.34	0.00	2,283,440.69	-	138,588,038.46
3. OC-GALLERIES	1,858,655.04	0.00	-556,557.35	0.00	-	1,302,097.69
4. ADMINSTRATIVE BUILDINGS	17,112,184.74	25,334.94	-5,636,193.35	-251,702.61	-	11,249,623.72
5. THIRD PARTY ADMIN BUILDINGS	0.00	0.00	0.00	0.00	-	0.00
6. INDUSTRIAL BUILDINGS	137,315,419.23	92,728.49	-6,831,830.69	397,664.04	-	130,973,981.07
<b>PLANT AND MACHINERY</b>	<b>912,611,550.87</b>	<b>10,257,641.86</b>	<b>-10,158,439.95</b>	<b>885,903.59</b>	-	<b>913,596,656.37</b>
7. MACHINERY IN INDUSTRIAL BUILDINGS	26,592,442.27	134,596.18	0.00	25,288.00	-	26,752,326.45
8. MACHINERY AT ELECTRICAL SUBSTATIONS	81,198,813.25	10,577.72	-1,454,622.30	0.00	-	79,754,768.67
9. TRANSFORMER ROOMS	5,196,248.22	0.00	0.00	0.00	-	5,196,248.22
10. ELECTRICAL ELECTROMECHANICAL INSTALLATIONS	160,835,862.02	748,267.81	-98,229.07	18,998.34	-	161,504,899.10
11. ELECTRONIC INSTALLATIONS AND AUTOMATONS	360,544,356.42	6,607,007.79	-3,098,173.55	-1,800,266.76	-	362,252,923.90
12. ESCALATORS AND LIFTS	204,024,855.69	2,347,832.46	0.00	2,570,743.66	-	208,943,431.81
13. OTHER TECHNICAL INSTALLATIONS	70,728,286.36	216,493.78	-5,498,491.68	71,140.35	-	65,517,428.81
13B. DEPOSITS FROM THIRD PARTIES	466,880.33	192,866.12	0.00	0.00	-	659,746.45
14. VEHICLES FOR INTERNAL USE	2,316,446.05	0.00	0.00	0.00	-	2,316,446.05
15. SANITATION INSTALLATIONS	707,360.26	0.00	-8,923.35	0.00		698,436.91

(continue...)	OPENING BALANCE	ADDITIONS	REMOVALS	TRANSFERS	CAPITALISATION FINANCIAL EXPENSES	CLOSING BALANCE
<b>OTHER PLANT, EQUIPMENT AND FURNITURE</b>	<b>31,142,432.12</b>	<b>661,098.28</b>	<b>-1,760,940.01</b>	<b>285,462.92</b>	-	<b>30,328,053.31</b>
16. FURNITURE	16,563,650.57	270,790.28	-1,639,984.08	179,164.32	-	15,373,621.09
17. COPY MACHINES AND OTHER EQUIPMENT	3,349,490.58	22,424.13	-120,955.93	11,125.87	-	3,262,084.65
18. TOOLS	11,229,290.97	367,883.87	0.00	95,172.73	-	11,692,347.57
<b>VEHICLES</b>	<b>884,582,205.49</b>	<b>1,360,201.40</b>	<b>-48,462,054.00</b>	<b>1,396,824.33</b>	-	<b>838,877,177.22</b>
19. RAIL MATERIAL	823,028,896.27	1,302,057.40	-48,462,054.00	1,373,964.33	-	777,242,864.00
20. CARS	507,676.72	0.00	0.00	0.00	-	507,676.72
20C. THIRD PARTY CARS	2,511,060.29	58,144.00	0.00	22,860.00	-	2,592,064.29
21. GOODS ACQUIRED UNDER FINANCIAL LEASES	58,534,572.21	0.00	0.00	0.00	-	58,534,572.21
<b>OTHER FIXED ASSETS</b>	<b>87,012,544.59</b>	<b>4,329,401.26</b>	<b>-1,063,756.73</b>	<b>2,995,389.00</b>	-	<b>93,273,578.12</b>
22. DATA PROCESSING EQUIPMENT	40,419,405.81	727,195.93	0.00	358,338.86	-	41,504,940.60
23. SPARE PARTS FOR RAIL PPE	34,108,141.50	1,322,019.25	-679,525.86	354,037.40	-	35,104,672.29
24. SPARE PARTS FOR PLANT	10,020,512.17	1,379,775.04	-378,605.87	2,035,951.34	-	13,057,632.68
24B. THIRD PARTY SPARE PARTS	2,464,485.11	900,411.04	-5,625.00	247,061.40	-	3,606,332.55
<b>WORK IN PROGRESS</b>	<b>127,030,880.99</b>	<b>23,664,434.66</b>	<b>-252,029.96</b>	<b>-9,313,216.67</b>	<b>951,815.48</b>	<b>142,081,884.50</b>
25. RAIL MATERIAL	2,022,143.98	99,421.69	0.00	-328,427.73	45,579.31	1,838,717.25
26. PLANT	111,640,791.65	1,212,627.02	0.00	-612,430.98	905,258.85	113,146,246.54
27. MACHINERY	1,060,315.89	48,900.00	0.00	0.00	561.58	1,109,777.47
28. DATA PROCESSING EQUIPMENT	108,763.18	396,200.00	0.00	-108,763.18		396,200.00
29. CONSTRUCTION IN PROGRESS	823,497.01	2,468,268.58	0.00	-732,517.72	415.74	2,559,663.61
30. OTHER INVESTMENTS IN PROGRESS	11,375,369.28	19,439,017.37	-252,029.96	-7,531,077.06		23,031,279.63
<b>TOTAL</b>	<b>3,043,801,066.27</b>	<b>51,227,906.17</b>	<b>-74,721,802.04</b>	<b>-654,918.93</b>	<b>951,815.48</b>	<b>3,020,604,066.95</b>



The variation in the accumulated depreciation of PPE in 2014 was as follows:

2014	OPENING BALANCE	PROVISION
<b>1. LAND AND BUILDINGS</b>	<b>263,019,839.73</b>	<b>24,044,011.63</b>
1. INFRASTRUCTURE AND SUPERSTRUCTURE	118,962,851.10	10,990,501.69
2. TRACK	86,266,199.04	8,569,757.20
4. OC-GALLERIES	0.00	0.00
5. ADMINSTRATIVE BUILDINGS	5,204,518.26	618,923.65
5B. THIRD PARTY ADMIN BUILDINGS	0.00	0.00
6. INDUSTRIAL BUILDINGS	52,586,271.33	3,864,829.09
<b>2. PLANT AND MACHINERY</b>	<b>547,607,872.24</b>	<b>50,727,539.09</b>
7. MACHINERY IN INDUSTRIAL BUILDINGS	21,662,753.18	1,313,388.41
8. MACHINERY AT ELECTRICAL SUBSTATIONS	38,844,567.99	4,075,225.02
9. TRANSFORMER ROOMS	1,762,662.34	313,341.59
10. ELECTRICAL ELECTROMECHANICAL INSTALLATIONS	82,702,907.92	7,158,431.82
11. ELECTRONIC INSTALLATIONS AND AUTOMATONS	229,350,343.39	20,286,776.72
12. ESCALATORS AND LIFTS	120,105,059.70	13,884,549.58
13. OTHER TECHNICAL INSTALLATIONS	50,248,036.02	3,595,359.39
13B. DEPOSITS FROM THIRD PARTIES	136,837.02	37,601.10
14. VEHICLES FOR INTERNAL USE	2,108,000.40	59,199.96
15. SANITATION INSTALLATIONS	686,704.28	3,665.50
<b>3. OTHER PLANT, EQUIPMENT AND FURNITURE</b>	<b>24,806,795.40</b>	<b>1,515,350.59</b>
16. FURNITURE	10,956,269.17	1,131,860.05
17. COPY MACHINES AND OTHER EQUIPMENT	2,910,662.64	144,117.19
18. TOOLS	10,939,863.59	239,373.35
<b>4. VEHICLES</b>	<b>729,420,271.22</b>	<b>26,131,858.39</b>
19. RAIL MATERIAL	668,817,486.34	25,507,976.20
20. CARS	439,865.28	28,756.64
20C. THIRD PARTY CARS	1,628,347.39	595,125.55
20B. GOODS ACQUIRED UNDER FINANCIAL LEASES	58,534,572.21	
<b>5. OTHER FIXED ASSETS</b>	<b>68,272,311.19</b>	<b>4,030,751.15</b>
22. DATA PROCESSING EQUIPMENT	37,707,090.92	1,844,576.70
23. SPARE PARTS FOR RAIL PPE	24,541,008.91	1,169,241.19
24. SPARE PARTS FOR PLANT	5,667,083.73	773,394.66
24B. THIRD PARTY SPARE PART	357,127.63	243,538.60
<b>TOTAL</b>	<b>1,633,127,089.78</b>	<b>106,449,510.85</b>

REMOVALS	TRANSFERS	CLOSING BALANCE	FULLY DEPRECIATED
-7,116,094.06	-20.75	279,947,736.55	55,360,623.61
0.00	-2,938.57	129,950,414.22	2,225,000.02
0.00	-20.75	94,835,935.49	46,786,994.39
0.00	0.00	0.00	-
-2,572,577.11	-48,662.49	3,202,202.31	-
0.00	0.00	0.00	-
-4,543,516.95	51,601.06	51,959,184.53	6,348,629.20
-9,607,187.42	-1,357,542.57	587,370,681.34	259,503,478.61
0.00	0.00	22,976,141.59	15,636,179.72
-1,365,053.76	0.00	41,554,739.25	13,169,491.68
0.00	0.00	2,076,003.93	-
-96,625.25	0.00	89,764,714.49	44,513,398.56
-2,678,399.57	-1,357,320.57	245,601,399.97	112,928,962.57
0.00	-222.00	133,989,387.28	49,023,584.46
-5,458,185.49	0.00	48,385,209.92	21,756,437.47
0.00	0.00	174,438.12	-
0.00	0.00	2,167,200.36	1,813,642.21
-8,923.35	0.00	681,446.43	661,781.94
-1,721,073.02	0.00	24,601,072.97	17,732,992.06
-1,600,117.09	0.00	10,488,012.13	4,833,329.06
-120,955.93	0.00	2,933,823.90	2,098,730.27
0.00	0.00	11,179,236.94	10,800,932.73
-42,425,774.80	-85,185.61	713,041,169.20	450,799,968.48
-42,425,774.80	-85,185.61	651,814,502.13	391,948,866.58
0,00	0.00	468,621.92	316,529.69
0,00	0.00	2,223,472.94	-
		58,534,572.21	58,534,572.21
-557,776.86	1,442,748.93	73,188,034.41	54,074,188.15
0,00	0.00	39,551,667.62	35,682,873.90
-324,435.29	85,185.61	25,471,000.42	16,033,805.13
-232,294.15	1,357,563.32	7,565,747.56	2,357,509.12
-1,047.42	0.00	599,618.81	-
-61,427,906.16	0.00	1,678,148,694.47	837,471,250.91

The variation in 2013 in the cost of the tangible fixed assets was as follows:

2013	OPENING BALANCE	ADDITIONS
<b>LAND AND BUILDINGS</b>	<b>989,851,422.56</b>	<b>7,141,463.36</b>
INFRASTRUCTURE AND SUPERSTRUCTURE	714,895,445.41	3,799,416.23
TRACK	119,178,874.61	3,096,037.03
OC-GALLERIES	1,858,655.04	-
ADMINISTRATIVE BUILDINGS	16,557,735.37	118,172.90
THIRD PARTY ADMIN BUILDINGS	190,694.34	-
INDUSTRIAL BUILDINGS	137,170,017.79	127,837.20
<b>PLANT AND MACHINERY</b>	<b>897,394,063.56</b>	<b>2,655,853.94</b>
MACHINERY IN INDUSTRIAL BUILDINGS	26,206,199.44	220,360.91
MACHINERY AT ELECTRICAL SUBSTATIONS	80,079,018.03	348,783.91
TRANSFORMER ROOMS	5,196,248.22	-
ELECTRICAL ELECTROMECHANICAL INSTALLATIONS	160,067,677.74	393,216.97
ELECTRONIC INSTALLATIONS AND AUTOMATONS	351,142,989.95	1,377,464.55
ESCALATORS AND LIFTS	200,658,842.91	293,777.63
OTHER TECHNICAL INSTALLATIONS	70,550,206.94	22,249.97
DEPOSITS FROM THIRD PARTIES	466,880.33	-
VEHICLES FOR INTERNAL USE	2,316,446.05	-
SANITATION INSTALLATIONS	709,553.95	-
<b>OTHER PLANT, EQUIPMENT AND FURNITURE</b>	<b>30,808,237.84</b>	<b>287,732.32</b>
FURNITURE	16,373,222.23	183,018.20
COPY MACHINES AND OTHER EQUIPMENT	3,343,401.60	8,553.13
TOOLS	11,091,614.01	96,160.99
<b>VEHICLES</b>	<b>924,347,016.07</b>	<b>640,014.73</b>
RAIL MATERIAL	863,315,832.84	610,428.22
CARS	478,090.21	29,586.51
THIRD PARTY CARS	2,018,520.81	-
GOODS ACQUIRED UNDER FINANCIAL LEASES	58,534,572.21	-
<b>OTHER FIXED ASSETS</b>	<b>85,379,175.44</b>	<b>2,717,665.51</b>
DATA PROCESSING EQUIPMENT	40,818,756.06	306,841.30
SPARE PARTS FOR RAIL PPE	33,243,526.09	1,227,919.59
SPARE PARTS FOR PLANT	9,353,813.32	740,310.73
THIRD PARTY SPARE PARTS	1,963,079.97	442,593.89
<b>WORK IN PROGRESS</b>	<b>133,895,640.24</b>	<b>18,134,000.80</b>
RAIL MATERIAL	7,529,948.57	384,862.74
PLANT	113,071,434.76	6,376,250.84
MACHINERY	1,060,315.89	-
DATA PROCESSING EQUIPMENT	-	33,833.18
CONSTRUCTION IN PROGRESS	3,374,689.61	823,497.01
OTHER INVESTMENTS IN PROGRESS	8,859,251.41	10,515,557.03
<b>TOTAL</b>	<b>3,061,675,555.71</b>	<b>31,576,730.66</b>

REMOVALS	TRANSFERS	CAPITALISATION FINANCIAL EXPENSES	CLOSING BALANCE
302,831.04	4,731,397.33		1,001,421,452.21
302,831.04	211,461.17		718,603,491.77
-	4,256,789.79		126,531,701.43
-	-		1,858,655.04
-	436,276.47		17,112,184.74
-	-190,694.34		-
-	17,564.24		137,315,419.23
21,942.12	12,583,575.49		912,611,550.87
-	165,881.92		26,592,442.27
-	771,011.31		81,198,813.25
-	-		5,196,248.22
19,748.43	394,715.74		160,835,862.02
-	8,023,901.92		360,544,356.42
-	3,072,235.15		204,024,855.69
-	155,829.45		70,728,286.36
-	-		466,880.33
-	-		2,316,446.05
2,193.69	-		707,360.26
2,464.15	48,926.11		31,142,432.12
-	7,410.14		16,563,650.57
2,464.15	-		3,349,490.58
-	41,515.97		11,229,290.97
46,676,583.95	6,271,758.64		884,582,205.49
46,676,583.95	5,779,219.16		823,028,896.27
-	-		507,676.72
-	492,539.48		2,511,060.29
-	-		58,534,572.21
2,928,226.76	1,843,930.40		87,012,544.59
1,082,806.87	376,615.32		40,419,405.81
1,006,111.13	642,806.95		34,108,141.50
834,933.76	761,321.88		10,020,512.17
4,375.00	63,186.25		2,464,485.11
122,634.56	-25,767,806.22	891,680.73	127,030,880.99
-	-5,947,561.94	54,894.61	2,022,143.98
-	-8,643,680.07	836,786.12	111,640,791.65
-	-		1,060,315.89
-	74,930.00		108,763.18
-	-3,374,689.61		823,497.01
122,634.56	-7,876,804.60		11,375,369.28
50,054,682.58	-288,218.25	891,680.73	3,043,801,066.27



The variation in the accumulated depreciation of PPE in 2013 was as follows:

	OPENING BALANCE	PROVISION
<b>1. LAND AND BUILDINGS</b>	<b>239,516,994.81</b>	<b>23,502,844.92</b>
INFRASTRUCTURE AND SUPERSTRUCTURE	108,011,377.11	10,951,473.99
TRACK	78,260,893.27	8,005,305.77
ADMINISTRATIVE BUILDINGS	4,489,633.54	617,359.55
THIRD PARTY ADMIN BUILDINGS	97,525.17	-
INDUSTRIAL BUILDINGS	48,657,565.72	3,928,705.61
<b>2. PLANT AND MACHINERY</b>	<b>496,504,680.10</b>	<b>51,301,321.17</b>
MACHINERY IN INDUSTRIAL BUILDINGS	20,359,293.96	1,303,459.22
MACHINERY AT ELECTRICAL SUBSTATIONS	34,698,555.89	4,148,371.70
TRANSFORMER ROOMS	1,449,320.76	313,341.58
ELECTRICAL ELECTROMECHANICAL INSTALLATIONS	75,467,543.47	7,239,636.72
ELECTRONIC INSTALLATIONS AND AUTOMATONS	209,101,662.21	20,454,518.45
ESCALATORS AND LIFTS	106,246,399.04	13,858,660.66
OTHER TECHNICAL INSTALLATIONS	46,369,992.23	3,878,043.79
DEPOSITS FROM THIRD PARTIES	82,702.12	37,601.10
VEHICLES FOR INTERNAL USE	2,043,977.95	64,022.45
SANITATION INSTALLATIONS	685,232.47	3,665.50
<b>3. OTHER PLANT, EQUIPMENT AND FURNITURE</b>	<b>23,139,259.15</b>	<b>1,670,000.40</b>
FURNITURE	9,818,344.69	1,137,924.48
COPY MACHINES AND OTHER EQUIPMENT	2,752,439.55	160,687.24
TOOLS	10,568,474.91	371,388.68
<b>4. VEHICLES</b>	<b>737,895,895.06</b>	<b>29,500,097.43</b>
RAIL MATERIAL	677,897,666.31	28,898,034.20
CARS	400,374.43	36,997.95
THIRD PARTY CARS	1,063,282.11	565,065.28
GOODS ACQUIRED UNDER FINANCIAL LEASES	58,534,572.21	
<b>5. OTHER FIXED ASSETS</b>	<b>66,087,317.81</b>	<b>4,146,123.15</b>
DATA PROCESSING EQUIPMENT	36,608,386.20	2,181,511.59
SPARE PARTS FOR RAIL PPE	23,779,465.65	1,173,200.60
SPARE PARTS FOR PLANT	5,518,482.21	614,663.63
THIRD PARTY SPARE PART	180,983.75	176,747.33
<b>TOTAL</b>	<b>1,563,144,146.93</b>	<b>110,120,387.07</b>

REMOVALS	TRANSFERS	CLOSING BALANCE	FULLY AMORTISED
-	-	263,019,839.73	53,156,799.90
-	-	118,962,851.10	2,225,000.02
-	-	86,266,199.04	42,286,391.07
-	97,525.17	5,204,518.26	-
-	-97,525.17	-	-
-	-	52,586,271.33	8,645,408.81
<b>-4,674.65</b>	<b>-193,454.38</b>	<b>547,607,872.24</b>	<b>242,945,112.27</b>
-	-	21,662,753.18	13,492,099.57
-	-2,359.60	38,844,567.99	12,962,046.65
-	-	1,762,662.34	-
-2,480.96	-1,791.31	82,702,907.92	41,063,840.30
-	-205,837.27	229,350,343.39	101,898,595.46
-	-	120,105,059.70	46,341,179.40
-	-	50,248,036.02	24,792,199.97
-	16,533.80	136,837.02	-
-	-	2,108,000.40	1,724,445.63
-2,193.69	-	686,704.28	670,705.29
<b>-2,464.15</b>	<b>-</b>	<b>24,806,795.40</b>	<b>17,764,451.04</b>
-	-	10,956,269.17	5,403,448.51
-2,464.15	-	2,910,662.64	2,067,963.51
-	-	10,939,863.59	10,293,039.02
<b>-37,975,721.27</b>	<b>-</b>	<b>729,420,271.22</b>	<b>438,996,012.20</b>
-37,975,721.27	-2,492.90	668,817,486.34	380,234,561.30
-	2,492.90	439,865.28	226,878.69
-	-	1,628,347.39	-
		58,534,572.21	58,534,572.21
<b>-2,154,584.15</b>	<b>193,454.38</b>	<b>68,272,311.19</b>	<b>48,287,816.96</b>
-1,082,806.87	-	37,707,090.92	32,553,326.71
-395,123.54	-16,533.80	24,541,008.91	14,127,264.15
-676,050.29	209,988.18	5,667,083.73	1,607,226.10
-603.45	-	357,127.63	
<b>-40,137,444.22</b>	<b>-</b>	<b>1,633,127,089.78</b>	<b>801,150,192.37</b>

The Company has no assets subject to any form of guarantee.

As pointed out in Note 7, at the close of the financial period the Company had financial lease operations on certain transport items.

The most significant investments made by the Company in 2014 for its Fixed Assets were as follows:

- ◉ Track upkeep: 10 million euros
- ◉ Safety equipment: 7 million euros
- ◉ Escalator replacement and renovation: 5 million euros
- ◉ Spare parts for tracks and facilities: 5 million euros
- ◉ Rolling stock: 4 million euros
- ◉ Signalling, increased line capacity: 4 million euros
- ◉ Station remodelling and betterments: 2 million euros
- ◉ Renovation of auxiliary vehicles and draisines: 2 million euros
- ◉ Signalling and communications equipment: 2 million euros
- ◉ Miscellaneous actions on electrical installations: 2 million euros
- ◉ Energy and substations: 2 million euros
- ◉ Conservation of tunnels and shafts: 1 million euros
- ◉ Automatic machines and turnstiles: 1 million euros



The Company sold the Cavanilles-Granada and Cuatro Caminos properties in 2014 as part of the collaboration agreement between Metro and the City of Madrid for the regeneration of urban spaces in different locations throughout the city affected by the metropolitan rail infrastructure.

The contract for the sale of the Granada-Cavanilles property in Madrid for 28,800,000 euros was signed on 17 December 2014. Part of the sale price was an in kind payment consisting of the construction by the buyer of Metro's new headquarters on land owned by Metro de Madrid in Canillejas for a closed price of 20 million euros (see Note 8.1.1.). The Company derecognised the assets associated with this sale with a net book value of 3,219,338 euros, along with an associated grant, and recognised a profit of 26,851,953 euros on the income statement.

The Company closed the sale of the Cuatro Caminos property on 17 December 2014 for 88,321,000 euros. Part of the sale price was an in kind payment consisting of the construction by the buyer of an underground garage on property owned by Metro de Madrid for a closed price of 30,709,997 euros (see Note 8.1.1). The Company derecognised assets associated with a net book value of 2,594,341 euros along with an associated grant and also recognised profits in the amount of 86,252,487 euros on the income statement.

In 2014, the Company sold a plot of land at calle General Ricardos with a net carrying value of 132,506 euros for which it recognised a profit of 1,339,511 euros in the income statement.

In addition, the Company delivered 17 units of rolling stock and four batches of spare parts to the Company SBASE (Buenos Aires) under a contract signed in 2013. The Company recognised a profit of 8,796,197 euros on this transaction in 2014. In 2013 Metro signed a contract to sell 6000 series units and spare parts to Subterráneos de Buenos Aires. At 31 December 2013 Metro had delivered 16 units of rolling stock and a 6000 type trailer to Buenos Aires. As a result of this transaction, Metro recognised a profit of 6,358,586 euros in 2013.

In 2014, the Company capitalised 861,816 euros of interest on long-term loans used to finance projects that require more than one year to be ready for use and/or operation. In 2013 the Company capitalised 891,681 euros in financial expenses.

The fully depreciated assets of this kind still in use at the end of FY 2014 and 2013 totalled 837,471,251 euros and 801,150,192 euros respectively.

All tangible and intangible asset acquisitions in 2014 and 2013 were financed by bank loans (see Note 12.1).



## 7. Leases and similar operations

Under “Vehicles”, the Company sets out the financial leasing rights on series 2000 and 5000 transport units (96 cars) subject to a “lease-back” operation, recognised for an initial figure of 58,534,572 euros as the reasonable value of the asset at the beginning of the contract.

This lease-back transaction was implemented with Bank of America in December 1997. The contractual rights of collection were assigned by the financial entity to the company MB Deal 97, S.L., and the final result of the operation was to secure financing whose total constitutes the value of the loan and its interest. The contract is for a maximum term of 25 years, with option to buy in 2015 or extend the lease through the year 2022. On 19 December 2014, the contract was extended for an additional 7 years through 2022.

This deal does not represent any restriction for Metro de Madrid on dividend payments, further indebtedness or the conclusion of new lease contracts.

Seventeen years have elapsed since the date of this operation, during which Metro has paid instalments totalling 53,086,231 euros, with and outstanding balance of 72,888,854.



The contract was extended through the year 2022 on 19 December 2014, reducing the amount of the instalment payments considerably, basically due to a lower interest rate on the financial through maturity.

	Instalments		Current value of instalments	
	2014	2013	2014	2013
1 year	2,807,398.29	2,807,398.29	2,807,398.29	2,807,398.29
2 – 5 years	30,723,444.36	30,233,969.67	28,419,510.60	25,764,123.46
More >5 years	39,358,011.56	56,334,976.57	32,045,398.35	35,851,512.38
<b>Total</b>	<b>72,888,854.21</b>	<b>89,376,344.53</b>	<b>63,272,307.24</b>	<b>64,423,034.13</b>

There are no contingent quotas recognised as financial year charge, nor bases for their future occurrence.

### 7.2. Operating leases

The Company has evaluated all the operations described in this section in line with accounting standards and has classified them as operational lease operations. The lease payments are charged to the Profit and Loss Account linearly throughout the term of the lease.

In operating leases on rolling stock, all maintenance is done by the lessor.

In these operations, the lessor passes the cost of insurance for damage to assets belonging to it on to the lessee. These operations do not involve any restriction on Metro de Madrid in paying dividends, additional indebtedness or further lease contracts.

The cost of operating leases in 2014 and 2013 is broken down in the following classification:

<b>TOTAL</b>	<b>151,593,929.79</b>	<b>142,481,706.37</b>

At the close of 2014 and 2013, the Company had lease contracts which will remain in force during the coming years in the form of payment obligations classified as follows according to maturity:

Operating leases – future instalments		
1 YEAR	2014	2013
Caixarenting 7000	5,915,732.52	5,915,732.52
Caixarenting 6000	-	1,223,416.32
Ferromóvil 3000, S.L.	52,330,763.60	53,843,007.20
Ferromóvil 9000, S.L.	33,418,631.28	34,379,146.34
Plan Azul S.L.	35,983,315.27	36,291,795.53
Plan Metro, S.A.	41,549,543.24	31,953,720.92
Other leases	4,670,592.07	4,661,863.47
<b>Total :</b>	<b>173,868,577.98</b>	<b>168,268,682.30</b>
2-5 YEARS	2014	2013
Caixarenting 7000	20,705,063.82	23,662,930.08
Caixarenting 6000	-	4,180,005.76
Ferromóvil 3000, S.L.	194,253,081.98	200,300,529.14
Ferromóvil 9000, S.L.	124,103,950.76	127,944,528.23
Plan Azul S.L.	143,933,261.08	145,167,182.13
Plan Metro, S.A.	177,165,341.30	173,331,525.41
Other leases	5,387,922.64	7,221,480.46
<b>Total :</b>	<b>665,548,621.58</b>	<b>681,808,181.21</b>
> years	2014	2013
Caixarenting 7000	-	2,957,866.26
Caixarenting 6000	-	-
Ferromóvil 3000, S.L.	170,053,247.82	216,336,564.26
Ferromóvil 9000, S.L.	108,737,451.58	138,315,505.38
Plan Azul S.L.	107,949,945.81	145,167,182.13
Plan Metro, S.A.	478,026,019.08	523,752,258.01
Other leases	25,614,488.60	19,147,830.10
<b>Total :</b>	<b>890,381,152.89</b>	<b>1,045,677,206.14</b>

In its position as lessee, the Company's most significant lease contracts at the 2014 and 2013 close were:

**a) Lease contracts for rolling stock to operate the existing network and new extensions.**

**a.1)** A lease contract was concluded in 2001 with CAIXARENTING, S.A. for lease of six broad gauge type MRSSRM, dual-voltage 600 V DC/1,500 V DC units, for commercial passenger traffic. The lease quotas acknowledged as charges during 2014 and 2013 amounted to 5,915,732 euros each year, including maintenance charges and insurance for 1,652,259 euros for each period. There are no contingent charges or renewal terms, nor options to buy this material.

**a.2)** In June 2002, the lease was contracted with CAIXARENTING, S.A. of thirteen series 6000 trailer cars, maturing in 2018.

CAIXARENTING 7000	1 YEAR	2-5 YEARS	>5 YEARS
INSTALMENTS	5,915,732.52	20,705,063.82	-

Lease charges recognised as expenditure in 2014 and 2013 amounted to 849,089.60 euros and 1,223,416, respectively, including maintenance and insurance costs of 416,716 euros. There are neither contingent charges nor purchase options on this material.

The lease on the 6000 series cars was cancelled on 23 October 2014.

**a.3)** Two contracts were concluded in 2006 with the Companies Ferromóvil 3000, S.L. and Ferromóvil 9000, S.L. for the lease of rolling stock to meet the requirements for the extended network in 2007. The following material was the subject of this lease:

SERIES	SUBSERIES	NUMBER OF UNITS	COMPOSITION	GAUGE	LESSOR
3000	1	36	MRSSRM	Narrow	Ferromóvil 3000
3000	3	54	MRSM	Narrow	Ferromóvil 3000
9000	1	26	MRSSRM	Wide	Ferromóvil 9000
9000	2	6	MRSSRM	Wide	Ferromóvil 9000
9000	3	20	MRM	Wide	Ferromóvil 9000

Under these contracts, the lease payments are not linear. The Company has recognised expenditure of 71,989,360 euros in the profit and loss account to 31 December 2014 for the cost passed on linearly during the financial year. The difference between the cost acknowledged during the period and the lease charges paid to the lessors is entered under the Balance Sheet heading "VI. Short-term accruals" (See note 15).

The total future minimum lease payments in this case are as follows:



On 19 February 2014, novations of the leases and maintenance agreements were signed by the companies with a provision to extend the lease of the rolling stock and ATP/ATO equipment through 30 April 2024 and to adapt the maintenance terms to the current circumstances of the rolling stock and ATP/ATO equipment.

**a.4)** An operating lease was signed in 2007 with the company Plan Azul 07, S.L. for rolling stock, which came into effect in 2008 and is for a 15 year non-renewable term, for the following material:

The charge recognised in 2014 was 36,291,795 euros, including 3,152,753 euros which was the contingent part caused by an 85% increase in the CPI compared to previous years. In 2013, the lease charges recognised as expenditure amounted to 37,115,924 euros including a 3,060,445 euro contingent charge.

SERIES	NO. OF UNITS	COMPOSITION	GAUGE	LESSOR
6000	22	Trailer cars	Ancho	Plan Azul 07, S.L.
7000	31	6-car units	Gauge	Plan Azul 07, S.L.
8000	53	3-car units	Gauge	Plan Azul 07, S.L.

There is a purchase option under this contract, but is not expected to be used as it is thought it will exceed the value of the goods at the moment when the contract ends.

The following table sets out the total future minimum payments on this lease:

PLAN AZUL 07, S.L.	1 YEAR	2-5 YEARS	>5 YEARS
INSTALMENTS	35,983,315.27	143.933.261,08	107.949.945,81

**a.5)** An operating lease agreement was signed in 2008 with the company Plan Metro S.A. for rail rolling stock for a 17 year term, designed to upgrade and extend the transport service in the coming years.

Under the addenda to the agreement signed on 30 July 2013, the last 27 units were received and the lease payments were modified to adapt to them to the way in which the leased goods are going to be used. The Company recognised a charge of 31,821,168 euros in 2014.

An annex to the initial contract was signed on 27 December 2011 modifying the delivery deadlines for the rolling stock, to adjust them to the anticipated material requirements.



There is an option to buy under this contract, but is not expected to be used as it is thought it will exceed the value of the goods at the moment when the contract ends.

Total future minimum payments for this lease appear on this table:

PLAN METRO, S.A.	1 YEAR	2-5 YEARS	>5 YEARS
INSTALMENTS	41,549,543.24	177,165,341.30	478,026,019.08



## 8. Financial assets

### 8.1.- Current and non-current financial assets (except investments in associates)

The book value of financial assets corresponds to their reasonable value

The classification of financial assets in 2014 and 2013, by category and class, excluding investments in Group and Associated Companies, is as follows:

#### NON-CURRENT

	Cost or amortised cost	
	Book value	
	2014	2013
Loans and receivables		
Loans	5,779,834.34	5,770,974.39
Deposits and bonds	122,338.74	158,189.58
Other financial assets	56,986,645.10	6,723,172.84
<b>TOTAL LOANS AND RECEIVABLES</b>	<b>62,888,818.18</b>	<b>12,652,336.81</b>

#### CURRENT

	Cost or amortised cost	
	Book value	
	2014	2013
Other financial assets	59,421.27	369,371.21
Deudores comerciales y otras cuentas a cobrar	90,575,183.34	172,381,801.46
< Clients, sales and services	64,832,604.76	118,276,905.77
< Other receivables	25,742,578.58	54,104,895.69
<b>TOTAL LOANS AND RECEIVABLES</b>	<b>90,634,604.61</b>	<b>172,751,172.67</b>

#### Cash and cash equivalents

	Euros	
Cash	76,455,959.19	24,832,247.42
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>76,455,959.19</b>	<b>24,832,247.42</b>

### 8.1.1.-Non-current financial assets

The movements in 2014 and 2013 of each item in non-current loans and receivables were as follows:



The details of the items forming part of the heading "Loans to third parties" are as follows:

a) Non-current loans to staff for home purchase: The repayment term for these loans is ten years. At the close of the 2014 and 2013 financial periods, the long term balances stood in turn at 357,922 euros and 421,742 euros, respectively.

b) Non-current staff loans, maturing in 30 months. At the close of the 2014 and 2013 financial periods, the long-term balances amounted in 5,421,912 euros and 5,349,232, respectively.

"Other financial assets" includes mainly the long-term figure for the penalty agreed to for delay in the delivery of trains under the lease agreement with Ferromóvil 9000 SL. That figure is updated every year according to the annual CPI (see note 7.2.a.3).

Also in 2014 the Company recognised under this heading the in kind compensation from the sale of the Cuatro Caminos and Cavanilles-Granada properties in the amount of 50,709,998 euros (see Note 6).

The details of the maturity dates of third party loans at 31 December 2014 and 2013 are as follows:

Entidad	1 year		2-5 years		> 5 years	
	2014	2013	2014	2013	2014	2013
Non-current loans for home purchase	89,869.81	95,533.00	279,556.74	308,229.41	78,365.61	113,512.48
Non-current loans to staff	1,028,639.83	1,178,216.85	5,421,912.00	5,349,232.50	-	-
<b>TOTAL</b>	<b>1,118,509.64</b>	<b>1,273,749.85</b>	<b>5,701,468.74</b>	<b>5,657,461.91</b>	<b>78,365.61</b>	<b>113,512.48</b>

There is no significant difference between the book value and the fair value of the Company's financial assets.

## 8.1.2.- Current financial assets

The details of the items included under "Trade and other receivables" (in euros) are as follows:

	2014	2013
Clients, sales and services	56,737,272.55	109,243,469.27
Clients, group and associate companies	8,095,332.21	9,033,436.50
Sundry receivables	8,140,620.03	7,509,586.77
Personnel	1,118,509.64	1,273,749.85
Current tax assets	-	30,713.58
Other loans with public administrations (Note 14.1)	16,483,448.91	45,290,845.49
<b>Total</b>	<b>90,575,183.34</b>	<b>172,381,801.46</b>

In 2014, the Company posted losses from impairment and variation in provisions for commercial operations which amounted to 3,253,580 euros, of which 177,874 euros were losses from bad commercial credits (a 1,180,433 euro provision was made in 2013).

Trade debtors	Impairment
2012 opening balance	2,809,966.30
Provisions	1,249,794.81
Applications and cancellations	311,342.39
<b>2013 closing balance</b>	<b>3,748,418.72</b>
Provisions	3,406,240.18
Applications and cancellations	330,534.45
<b>Saldo final 2014</b>	<b>6.824.124,45</b>

The details under the heading Cash and cash equivalents are as follows:

ITEMS	2014	2013
Cash	10,263,351.51	11,960,915.49
Banks	66,192,607.68	12,871,331.93
<b>Total</b>	<b>76,455,959.19</b>	<b>24,832,247.42</b>

To ensure liquidity and to meet all the payment commitments arising from its activity, the Company has the cash and banks shown on its Balance Sheet, together with credit and financing lines on which credit amounting to 29 million euros has not been drawn.

To ensure liquidity and to meet all the payment commitments arising from its activity, the Company has the cash and banks shown on its Balance Sheet at 31 December 2014, together with credit and financing lines on which credit amounting to 31 million euros has not been drawn.



CREDIT POLICIES	2014			2013		
BANCO	Drawn	Limit	Maturity	Drawn	Limit	Maturity
SANTANDER	-	15,000,000	17/12/2015	-	15,000,000	19/11/2014
CAIXABANK	-	4,000,000	03/12/2015	-	4,000,000	29/11/2014
SABADELL ATLÁNTICO	-	10,000,000	05/12/2015	-	10,000,000	19/11/2014
		<b>29,000,000</b>			<b>29,000,000</b>	

At the 2014 and 2013 year end, there were cash balances of 66,192,608 euros and 12,871,332 euros in bank accounts.

## 8.2.- Investments in Associate Companies

The following was the movement of each item in this section in the 2014 and 2013 financial years:

	Non-current	Associate Company Holdings	Loans to Associates	Totals
2013	Opening balance	38,316,706.47	303,917.03	38,620,623.50
	Additions /(Reductions)	304,807.47	11,562.88	316,370.35
	Deletions /(Provisions)	-2,618,320.00	-	-2,618,320.00
	<b>2013 closing balance</b>	<b>36,003,193.94</b>	<b>315,479.91</b>	<b>36,318,673.85</b>
2014	Additions /(Reductions)	-	12,002.81	12,002.81
	Deletions /(Provisions)	-	-	-
	<b>2014 closing balance</b>	<b>36,003,193.94</b>	<b>327,482.72</b>	<b>36,330,676.66</b>

On 30 November 2007, Metro de Madrid, S.A. provided a loan to Metros Ligeros de Madrid, S.A. for 255,000 euros at 4.75% annual interest, maturing in 2034. In June 2014 and 2013, the interest accrued on those dates was capitalised so that the totals drawn down were 315,480 euros and 303,917 euros, respectively. Interest accrued to 31 December 2014 and 2013 and pending collection amounted in turn to 7,659 euros and 7,378 euros, respectively.

The most significant information connected with associate companies at the end of the financial year is as follows: in all cases, the percentage holdings set out coincide with the Company's voting rights in the enterprises in which it has a stake:

- **Transportes Ferroviarios de Madrid, S.A.** with a 42.5 per cent holding, Metro de Madrid, S.A.'s total investment stands at 17,859,316 euros represented by 297,160 registered shares each of a par value of 60.10 euros not listed on the Stock Exchange and fully paid up. In addition, in a capital increase on 30 December 2011, Metro acquired 6,746 shares of the same par value as above, maintaining its percentage holding, so that the total investment stands at 18,264,758 euros.

In 2012 and 2013, the Board of Directors resolved to increase the capital by the payments partners had made by way of interest and commissions on the Subordinated Credit, Metro de Madrid thereby maintaining its percentage holding, the total cost of the investment amounting to 18,642,101 euros and 18,946,909 euros respectively. Transportes Ferroviarios de Madrid, S.A. holds the concession for the construction and operation of the extension of Line 9 between Puerta de Arganda and Arganda del Rey.

On 31 December 2013, the Company had a provision for impairment which amounted to 2,618,320 euros, the upshot of the analysis of the Transportes Ferroviarios de Madrid business using the most probable future hypotheses. At 31 December 2014, the Company did not consider it necessary to set up any further provision for impairment.

The amount recoverable from Transportes Ferroviarios de Madrid S.A. has been calculated as the current value of the Company's stake in the cashflow expected to be generated by that associate company from its ordinary operations and from its disposal, as well as the cash flows expected when the financial situation is restored with the assistance of the Department of Transport and Infrastructure of the Community of Madrid y al Consorcio Regional de Transportes de Madrid.

The Company's Annual Accounts are being audited to 31 December 2014. No dividends were paid during the financial year. Calculation of the current cashflow value was based on the following hypotheses:

1. Cashflow was projected based on the operating results set in the concession's business plan to 15 years.
2. The discount rate used was 7.2%, estimated on the basis of the sector's Weighted Average Cost of Capital Cost corrected by the dependent entity's specified risk premium.

INVESTEES COMPANY	YEAR	OWNERSHIP (%)	CAPITAL	RES.	OTHER EQUITY ITEMS	FY PROFIT (LOSS)	TOTAL EQUITY	IMPAIRMENT OF HOLDING	VALUE OF THE INVESTMENT
Transportes Ferroviarios de Madrid, S.A. Doctor Esquerdo, 136 280007 MADRID	2014	42.50%	44,581	-	7,294	(567)	51,308	(7141)	11,806
	2013	42.50%	44,581	-	6,978	307	51,866	(7141)	11,806

- **Metrocall, S.A.** Metro de Madrid, S.A. has a 40% investment in the company, at an acquisition price of 1,502,530 euros. The Company's capital is 2,750,000 euros in 62,500 registered shares each of a par value of 44 euros, not listed on the Stock Exchange. The company's function is to introduce, manage and run a public telecommunications network able to provide mobile telephone service in Metro de Madrid's network and installations.

The Company's Annual Accounts are being audited to 31 December 2014. No dividends were paid during the financial year.

INVESTEES COMPANY	YEAR	OWNERSHIP (%)	CAPITAL	RES.	OTHER EQUITY ITEMS	FY PROFIT (LOSS)	TOTAL EQUITY	IMPAIRMENT OF HOLDING	VALUE OF THE INVESTMENT
TMetrocall, S.A. CL Josefa Valcarcel, 26 28027 MADRID	2014	40%	2,750	2,927	-	1,073	-	6,750	1,503
	2013	40%	2,750	1,738	-	1,189	-	5,677	1,503

- Metros Ligeros de Madrid S.A.**, with a 42.5% stake in the capital, Metro de Madrid S.A.'s total investment amounts to 22,695,000 euros. The Company's Annual Accounts are being audited to 31 December 2013. Metros Ligeros de Madrid, S.A. holds the concession for the construction and operation of Light Metro Line ML1. No dividend payments were made during the financial year.

INVESTE COMPANY	YEAR	OWNERSHIP (%)	CAPITAL	RES.	OTHER EQUITY ITEMS	FY PROFIT (LOSS)	TOTAL EQUITY	IMPAIRMENT OF HOLDING	VALUE OF THE INVESTMENT
Metros Ligeros de Madrid, S.A. Av Manuel Azaña, s/n 28033 MADRID	2014	42.50%	19,800	-	32,939	(2159)	(50539)	41	22,695
	2013	42.50%	19,800	-	34,052	(1113)	(29845)	22,894	22,695

### 8.3.- Information on the nature and level of financial instrument risk

Management of the Company's financial risks is centralised in the Economic-Financial Division Directorate which has the necessary mechanisms in place to control exposure to credit and liquidity risks. The following are the main financial risks impacting the Company:

#### a) Credit risk:

The Company considers that there is no significant credit risk on its financial assets.

#### b) Liquidity risk:

The Company has its cash and equivalent liquid assets in high-credit-level financial institutions in line with the conditions for investments of Public Corporations' net surpluses defined in the Regional Government of Madrid's General Budgets Act.

#### c) Market risk:

The Company considers the interest rate risk in its financial instruments to be negligible. It has two consultancy contracts in Ecuador denominated in dollars (USD) whose exchange rate risk is considered insignificant.

On the other hand, under the Framework Agreement with the Madrid Regional Transport Consortium based on a financial regime governed by the principle of sufficient charges to meet all real costs in normal conditions of productivity and organisation, the risk of a variation in prices should not be significant for the Company (see note 1).

## 9. Inventories

The following was the movement in procurements and consumption in the 2014 and 2013 financial periods:

	ITEM	Sundry materials	Spare parts	Office supplies	Ticketing	Uniforms	Provision for inventory impairment	Total
2013	2012 Closing Balance	1,690,139.35	12,444,123.62	178,172.99	30,587.57	83,708.73	-2,811,178.48	11,615,553.78
	Purchases	4,026,047.95	5,738,930.63	240,366.44	596,512.87	474,632.17		11,076,490.06
	Consumption	-3,877,220.89	-5,965,375.45	-289,044.73	-553,051.54	-494,231.50		-11,178,924.11
	Transfers (removals)							0.00
	Reversal / (Funding)						-55,186.52	-55,186.52
	<b>2013 Closing Balance</b>	<b>1,838,966.41</b>	<b>12,217,678.80</b>	<b>129,494.70</b>	<b>74,048.90</b>	<b>64,109.40</b>	<b>-2,866,365.00</b>	<b>11,457,933.21</b>
2014	Purchases	4,305,583.91	7,405,304.96	404,716.03	432,850.27	733,485.10		13,281,940.27
	Consumption	-4,224,193.50	-6,564,044.84	-381,066.87	-398,521.89	-732,623.62		-12,300,450.72
	Transfers (removals)							
	Reversal / (Funding)						156,607.91	156,607.91
	<b>2014 closing balance</b>	<b>1,920,356.82</b>	<b>13,058,938.92</b>	<b>153,143.86</b>	<b>108,377.28</b>	<b>64,970.88</b>	<b>-2,709,757.09</b>	<b>12,596,030.67</b>

There are no firm commitments for purchase of stocks or limitations on their availability due to guarantees, pledges, bonds and other similar factors.

At the close of the 2014 and 2013 financial periods, the correction of value for deterioration of stock values was in turn 2,709,757 euros and 2,866,365 euros as a result of the loss of value of stocks held by the Company

No inventories were transferred to property, plant and equipment in the 2014 and 2013 financial years.



## 10. Net worth and equity

The composition and movement of the net worth is presented in the Statement of Changes in Equity.

### a) Share capital

The Company's capital on 31 December 2014 amounted to 14,084,428 euros divided into 4,679,212 bearer shares each of a par value of 3.01 euros, fully subscribed and paid up, and all with the same rights.

There are no other rights incorporated, benefit debentures, convertible bonds, securities and similar financial liabilities.

Under the agreement concluded on 12 December 2011, title and the rights of Madrid City Corporation's shares are transferred, effective as of 28 December 2011, to the Madrid Regional Government, making it Metro de Madrid's sole shareholder (see Note 1).

### b) Reserves

Pursuant to Article 27 of the Capital Companies Act, the "Legal Reserve" is paid up to the minimum required, of 20% of the capital.

The total under Item 2. "Other reserves" is freely disposable up to the amount at which, as a result of its distribution, the equity does not equal the capital figure.

### c) Grants, donations and bequests

#### c.1) Capital grants from the Madrid Regional Transport Consortium

These are non-repayable capital grants from the Madrid Regional Transport Consortium (CRTM) started in 1991 for the acquisition of intangible assets. The details are as follows:

Equity	2014	2013
<b>Balance at 1 January</b>	<b>661,853,376.51</b>	<b>714,131,954.32</b>
Gross	-44,836,705.75	-49,362,253.66
Tax effect	134,510.14	148,086.75
<b>Other adjustments</b>		
Adjustment to prior year grants	-3,785,658.35	-3,073,631.80
Tax effect	11,356.98	9,220.90
<b>Balance at 31 December</b>	<b>613,376,879.53</b>	<b>661,853,376.51</b>

All of the capital grants received from CRTM have been used to acquire tangible and intangible assets.

In line with the Framework Agreement concluded with the Madrid Regional Transport Consortium, in 2014 and 2013 the Company accrued no sums by way of subsidies to acquire tangible and intangible fixed assets

There is a figure of 3,785,658 euros under the heading “adjustment of subsidies from previous years” in the 2014 financial year for subsidies related to the sale of 6000 1<sup>a</sup> wagons to Buenos Aires and other fixed assets removed from the books.

In 2013, the balance under that heading was 3,073,632 euros.

### c.2) Capital grants from other bodies

These are non-reimbursable Capital Subsidies arising from interest not applied to sums granted by Public Bodies for the conversion of assets for public activities such as museums and as aid for Research, Development and Innovation projects. Movement of these subsidies was as follows:

Fondos Propios	2014	2013
<b>Balance at 1 January</b>	<b>2,022,330.53</b>	<b>1,881,102.74</b>
<b>Gross</b>		
Tax effect	392,500.00	471,153.18
Equity	-1,177.50	-1,413.46
<b>Transfer to income statement</b>		
Gross	-137,180.21	-329,500.45
Tax effect	411.54	988.52
<b>Other adjustments</b>		
Adjustment to prior year grants	-95,139.31	-
Tax effect	285.39	-
<b>Balance at 31 December</b>	<b>2,182,030.44</b>	<b>2,022,330.53</b>

### c.3) Operating subsidies incorporated into the financial year result

“Operating subsidies incorporated into the financial year result” consist of training subsidies amounting to 733,641 euros and Research and Development subsidies of 310,343 euros. In 2013, these figures were for training subsidies of 1,299,652 euros and for Research and Development, 166,944 euros.

# 11. Provisions

## 11.1.- Non-current provisions

The following was the detail of the non-current provisions on the Balance Sheet at the close of the 2014 and 2013 financial years, along with the main movements registered:

	Non-current provisions	Commitments to personnel	Provisions for taxes	Other provisions	Total
2013	2012 opening balance	16,664,317.09	3,309,333.47	1,033,792.95	21,007,443.51
	Additions	60,935,528.90	1,186,158.72	127,941.80	62,249,629.42
	Applications/cancellations	-6,775,637.99	-	-17,628.41	-6,793,266.40
	Transferred to current	-	-	-	-
	2013 closing balance	70,824,208.00	4,495,492.19	1,144,106.34	76,463,806.53
2014	Additions	9,782,548.71	2,672,362.76	3,327.51	12,458,238.98
	Applications/ cancellations	-1,004,348.59	-282,077.62	-57,760.07	-1,344,186.28
	Transferred to current	-9,319,506.53	-	-	-9,319,506.53
	2014 closing balance	70,282,901.59	6,885,777.33	1,089,673.78	78,258,352.70

### 11.1.1- Commitments to personnel.

The following is the detail of the long term staff commitments at the close of the 2014 and 2013 financial years:

	Item	Pre-1978 employee holiday leave	Provision for layoff severance packages	Provision for pending processes	Provision for long-term staff compensation	TOTAL
2013	2013 opening balance	640,213.77	-	7,751,720.32	8,272,383.00	16,664,317.09
	Additions	49,822.93	59,904,342.79	981,363.18	-	60,935,528.90
	Applications/ cancellations	-	-	-6,775,637.99	-	-6,775,637.99
	2013 closing balance	690,036.70	59,904,342.79	1,957,445.51	8,272,383.00	70,824,208.00
2014	Additions	-	612,411.05	9,170,137.66	-	9,782,548.71
	Applications/ cancellations	-404,013.89	-	-600,334.70	-	-1,004,348.59
	Transferred to current	-	-9,319,506.53	-	-	-9,319,506.53
	2014 closing balance	286,022.81	51,197,247.31	10,527,248.47	8,272,383.00	70,282,901.59

**a) Payment of employee vacations prior to 1978:** At the close of the 2014 financial period, the Company had endowed a provision for payment of the vacations of employees who joined it prior to 1978 for 690,036 euros and 10,548 euros short term. This calculation was based on an estimated 2% wage increase, updated at a 1.39% discount rate (12-month returns on private income securities on the fixed-income market – AIAF). At the 2013 close, the provision was for 690,036 euros long term and 30,356 euros short term, calculated with a 2% wage increase and discount rate of 1.63%.

**b) Provision for severance packages:** In 2013, the company filed a request to lay off 589 workers, recognising a provision for deferred severance packages. In 2014, the total provision was 60,503,902 euros, of which 51,197,247 euros were recognised as long term and 9,306,655 euros as short term. In 2013, the total was 71,378,890 euros, of which 59,904,343 euros were recognised as long term and 11,479,547 euros as short term (see Note 11.2). The current value of the deferred indemnities was calculated at a discount rate of 1.70%.

**c) Provision for pending litigation:** At 31 December 2014, there was a balance for different legal complaints filed by the Company's labour unions as a result of disputes regarding salary reductions in the amount of 10,527,248 euros. At the 2013 year end, the total provision was 1,957,445 euros.

**d) Provision for long-term staff remuneration:** There were no changes made in 2013 or 2012 to the estimates to cover the Company's long-term obligations with personnel by way of postretirement transport assistance, which stood at 8,272,383 euros. The benefit consists of a free annual transit pass for the retirees who request it.

## 11.1.2- Provision for taxes

The details of the provision for taxes at 31 December 2013 are as follows:

	Item	Provision for business tax (IAE)	Provision for property tax (IBI)
2013	2013 opening balance	3,309,333.47	-
	Additions	904,081.10	282,077.62
	Applications/cancellations	-	-
	<b>2013 closing balance</b>	<b>4,213,414.57</b>	<b>282,077.62</b>
2014	Additions	704,749.95	1,967,612.81
	Applications/cancellations	-	-282,077.62
	<b>2014 closing balance</b>	<b>4,918,164.52</b>	<b>1,967,612.81</b>

On 7 March 2012, Madrid City Corporation notified the Tax Inspectorate of the Economic Activities Tax for 2009 – 2012, which is focused on the network's stations and 34 premises.

Sums made as provisions in 2013 and 2014 include principal, interest and 50% of the penalties on inspected network stations and premises.



Tax	Years	Tax amount	Late interest	Penalty	Updated provision for interest	Total
Economic Activity Tax	2013	3,066,793.69	391,452.66	755,168.22	-	4,213,414.57
	2014	360,096.94	9,692.61	180,048.47	154,911.93	704,749.95
<b>2014 closing balance</b>		<b>3,426,890.63</b>	<b>401,145.27</b>	<b>935,216.69</b>	<b>154,911.93</b>	<b>4,918,164.52</b>

On 12 and 13 June 2013, the Tax Agency commenced a Limited Audit of Property Tax returns for the properties located at calle Cavanilles 58 and Castelló 21 for the fiscal years 2009 to 2013. The Company has funded a provision in the amount of 282,078 euros, 7,522 euros of which reflect the updated late interest as of the year end.

Tax	Years	Locations	Tax amount	Late interest	Penalty	Updated provision for interest	Total
Property Tax	2013	Cavanilles, 58 y Castelló 21	274,555.55	7,522,07	-	-	282,077.62
	2014	Funded	1,221,720.85	129,697.26	610,860.43	5,334.27	1,967,612.81
		Applied	-274,555.55	-7,522.07	-	-	-282,077.62
Saldo final 2014			1,221,720.85	129,697.26	610,860.43	5,334.27	1,967,612.81

On 30 July 2014, the Company was notified that the appeals filed against the limited audit proceedings mentioned in the preceding paragraph had been upheld. The provision set up in 2013 was therefore cancelled in 2014.

Also, in April 2014 the tax authorities commenced an inspection to verify that certain facilities met the requirements for tax exemption, as a result of which the Company set up a provision for 1,967,613 euros.

### 11.1.3- Other provisions

In 2014, the Company made a 500,000 euros provision to meet possible contingencies related to a number of civil legal suits being heard in the courts.

Likewise, pursuant to the Ministerial Order of 20 April 1998 on “company collaboration in management of the General Social Security System” and specifically on self-assurance for Temporal Disability in both Work Accidents and Common Contingencies, at the close in 2014 and 2013 the Company had made provision for 582,263 euros and 606,149 euros respectively to cover possible future negative results arising from such collaboration, amounting to 15% of listings made in collaboration between Metro de Madrid and the Social Security system in 2014 and 2013.

### 11.2.- Current provisions

The following is the detail of current provisions on the Balance Sheet at the close of 2014 and 2013, together with the main movements registered:

Item	Payment of employee vacations pre-1978	Provisión litigios a corto plazo	Provisión indemnizaciones y seguridad social ERE	Total
2012 opening balance	36,699.14	749,308.25	-	786,007.39
Additions		4,018.70	11,474,547.49	11,478,566.19
Applications/ cancellations	-6,343.55	-572,271.03	-	-578,614.58
Transfers	-	-	-	-
<b>2013 closing balance</b>	<b>30,355.59</b>	<b>181,055.92</b>	<b>11,474,547.49</b>	<b>11,685,959.00</b>
Additions	-	-	357,230.44	357,230.44
Applications/ cancellations	-19,807.39	-86,333.40	-11,844,628.98	-11,950,769.77
Transfers	-	-	9,319,506.53	9,319,506.53
<b>2014 closing balance</b>	<b>10,548.20</b>	<b>94,722.52</b>	<b>9,306,655.48</b>	<b>9,411,926.20</b>

**a) Provision for litigation, current:** In 2014, the Company made short-term provision for litigation to meet potential contingencies arising from the relocation of network premises, amounting to 86,333 euros.

**b) Provision for severance package and social security:** The company has funded 9,306,655 euros in current provisions to meet the obligations arising from the planned layoffs.

### 11.3-Guarantees and bonds

At the close of the 2014 and 2013 financial periods, part of the Company's operations with third parties was secured with guarantees and bonds issued by banks and credit institutions amounting for each to 92,113,097.82 euros and 85,720,454.75 euros, respectively, broken down as follows (euros):

	<u>2014</u>	<u>2013</u>
<b>In associate companies:</b>		
Transporte Ferroviarios de Madrid	9,381,177	9,381,177
Metros Ligeros de Madrid	17,425,000	17,425,000
<b>Non-current financing (B.E.I.)</b>	48,100,718	55,459,917
<b>Other contingencies</b>	17,206,203	12,835,537

The Company's Directors do not expect future liabilities to arise from the granting of these guarantees.

In the case of Transportes Ferroviarios de Madrid, the subsidised loan of 22,073,358 euros guaranteed by the partners was extended through 29 January 2016.

Based on its stake in the company, Metro de Madrid has recognised the sum of 9,381,177 euros, which is 42.5% of the loan amount.

In addition, the Company has received guarantees in connection with the sales agreements under the Real Estate Plan (see Note 6) in the amount of 864,000 euros for Cavanilles and 2,454,000 euros for Cuatro Caminos. These bonds will be called if there is any breach of the contractual terms.

## 12. Current and non-current payables

The 2014 and 2013 classification of financial liabilities by category and class follows:

NON-CURRENT	Amortised cost or cost	
	Book value	Book value
	2014	2013
<b>Débitos y partidas a pagar</b>		
Variable-rate bank borrowings	438,327,761.57	374,104,777.09
Financial lease creditors (See note 7.1.)	60,464,909.66	61,615,635.24
Other financial liabilities	5,395,733.07	4,735,439.34
<b>Total debt</b>	<b>504,188,404.30</b>	<b>440,455,851.67</b>
<b>TOTAL LOANS AND PAYABLES</b>	<b>504,188,404.30</b>	<b>440,455,851.67</b>

CURRENT	Amortised cost or cost	
	Book value	Book value
	2014	2013
<b>Debits and payables</b>		
Variable-rate bank borrowings	68,619,697.52	59,801,104.28
Financial lease creditors (See note 7.1.)	2,807,398.28	2,807,398.28
<b>Other financial liabilities</b>	<b>39,169,910.51</b>	<b>30,193,229.08</b>
<b>Total debt</b>	<b>110,597,006.31</b>	<b>92,801,731.64</b>
Suppliers (includes group companies)	65,466,230.26	65,205,854.14
<b>Other accounts payable</b>	<b>314,392,286.83</b>	<b>354,910,711.45</b>
<b>Total trade and other payables</b>	<b>379,858,517.09</b>	<b>420,116,565.59</b>
<b>TOTAL LOANS AND OTHER PAYABLES</b>	<b>490,455,523.40</b>	<b>512,918,297.23</b>

## 12.1. Bank borrowings

The balances, interest rates and breakdown into current and non-current at 31 December 2014 and 2013 are as follows:

Institution	Average interest rate (%)	Current	Non-current	Total	Maturity
B.E.I. (I)	0.34	3,756	7,513	11.269	2017
B.E.I. (II)	0.35	4,341	34,725	39.066	2023
Bankinter 2009	1.25	3,000	13,500	16.500	2020
Banco Popular 2009	1.33	3,000	13,500	16.500	2020
<b>Banco Sabadell 2009</b>	<b>1.60</b>	<b>3,000</b>	<b>13,500</b>	<b>16.500</b>	<b>2020</b>
BBVA 2009	1.65	1,861	8,375	10.236	2020
Santander 2009	1.65	1,861	8,375	10.236	2020
Caixabank 2009	1.65	1,861	8,375	10.236	2020
Bankia 2009	1.65	1,861	8,375	10.236	2020
Santander 2010	2.85	3,000	16,500	19.500	2021
BBVA 2010	2.85	5,000	27,500	32.500	2021
Caixabank 2010	2.35	5,000	27,500	32.500	2021
Abanca 2010	2.85	3,000	16,500	19.500	2021
Bankia 2010	2.55	3,000	16,500	19.500	2021
Caixabank 2011	4.35	2,500	16,250	18.750	2022
Bankinter 2011	4.35	2,050	13,325	15.375	2022
Bankia 2011	4.60	2,032	13,209	15.242	2022
Santander 2012	5.08	1,723	12,148	13.871	2022
BBVA 2012	5.85	2,770	8,356	11.126	2018
Bankinter 2013	4.49	4,949	17,416	22.365	2019
Santander 2013 *	4.32	1,685	11,451	13.136	2021
Bankia 2014 *	4.49	-	11,949	11.949	2016
Caixabank 2014 *	4.85	2,477	17,397	19.874	2019
Banco Sabadell 2014	3.84	3,962	13,934	17.896	2019
Santander 2014 *	3.82	-	23,887	23.887	2022
BBVA 2014 *	3.25	-	29,877	29.877	2022
Banco Caixa Geral 2014*	3.09	-	8,445	8.445	2020
Cajamar 2014 *	3.10	-	19,945	19.945	2020
<b>TOTAL</b>		<b>67,690</b>	<b>438,328</b>	<b>506,018</b>	

\* As a result of calculating the amortised cost of the Santander 2013, Bankia 2014, Caixabank 2014, Santander 2014, BBVA 2014, Banco Caixa Geral 2014 and Cajamar 2014 loans, there will be an increase in 2015 in the outstanding balances that is not reflected on the 2014 balance sheet.



## 2013

Institution	Average interest rate (%)	Current	Non-current	Total	Maturity
B.E.I. (I)	0.28	3,756	11,268	15,024	2017
B.E.I. (II)	0.28	4,341	39,065	43,406	2023
Bankinter 2009	1.23	3,000	16,500	19,500	2020
Banco Popular 2009	1.31	3,000	16,500	19,500	2020
Banco Sabadell 2009	1.58	3,000	16,500	19,500	2020
BBVA 2009	1.63	1,861	10,236	12,097	2020
Santander 2009	1.63	1,861	10,236	12,097	2020
Caixabank 2009	1.63	1,861	10,236	12,097	2020
Bankia 2009	1.63	1,861	10,236	12,097	2020
Santander 2010	2.83	3,000	19,500	22,500	2021
BBVA 2010	2.83	5,000	32,500	37,500	2021
Caixabank 2010	2.33	5,000	32,500	37,500	2021
Caixa galicia 2010	2.83	3,000	19,500	22,500	2021
Bankia 2010	2.53	3,000	19,500	22,500	2021
Caixabank 2011	4.58	2,500	18,750	21,250	2022
Bankinter 2011	4.33	2,050	15,375	17,425	2022
Bankia 2011	4.33	2,032	15,242	17,274	2022
Santander 2012 *	5.07	-	13,844	13,844	2022
BBVA 2012	5.83	2,763	11,126	13,889	2018
Bankinter 2013	4.52	4,939	22,366	27,305	2019
Santander 2013 *	4.57	1,683	13,125	14,808	2021
<b>TOTAL</b>		<b>59,508</b>	<b>374,105</b>	<b>433,613</b>	

\* As a result of calculating the amortised cost of the Santander 2012 and Santander 2013 loans, in 2014 there will be an increase in the outstanding balances that is not reflected on the 2013 balance sheet.

To meet 2014 investments (see notes 5 and 6), during the year the Company concluded loans with seven banks for a total of 134,468,852 euros.

Bank	Term (years)	Principal
Bankia	2	12,000
Caixabank	5	20,000
Banco Sabadell	5	20,000
Banco Santander	8	24,000
<b>BBVA</b>	<b>8</b>	<b>30,000</b>
Banco Caixa Geral	6	8,469
Cajamar	6	20,000
		<b>134,469</b>

The loans were drawn down in 2014.

In connection with the Caixabank 2010 loan, in 2014 the Company signed a hedge for 50% of the face value of the loan at 31 December 2014 (16,250,000 euros) coinciding with the interest payment dates on the loan. The amount recognised at 31 December 2014 was 864,082 euros, of which 861,490 euros were recognised in equity net of tax effects (see table of recognised income and expense).

To meet 2013 investments (see notes 5 and 6), during that year the Company concluded loans with two Banks for a total of 45,000,000 euros (30,000,000 euros with Bankinter and 15,000,000 euros with Banco Santander), with terms of 6 and 8 years each, both drawn down in 2013.

In connection with the BBVA 2012 loan, in 2014 the Company signed a hedge for the full face value of the loan (14,000,000 euros) coinciding with the interest payment dates on the loan. The amount recognised at 31 December 2014 was 307,445 euros and 214,112 euros in 2013, of which 306,523 euros were recognised in equity net of tax effects in 2014 and 213,439 euros in 2013 (see table of recognised income and expense).

Short term interest accrued and unpaid on 31 December 2014 amounted to 930,143 euros, placed under heading 2. "Debts with credit institutions" in section III "Short-term Debt" on the Balance Sheet. This figure stood at 292,398 euros at the 2013 close.

The sums assigned as net financial charges during the 2014 and 2013 financial years were in turn 19,168,086 euros and 18,078,663 euros.

Detail of maturity of non-current debt to 31 December 2014 and 2013 is as follows:

Maturity						
Institution	2016	2017	2018	2019	Thereafter	Balance at 31.12.14
B.E.I. (I)	3,756	3,756	-	-	-	7,513
B.E.I. (II)	4,341	4,341	4,341	4,341	17,363	34,727
Bankinter 2009	3,000	3,000	3,000	3,000	1,500	13,500
Banco Popular 2009	3,000	3,000	3,000	3,000	1,500	13,500
Banco Sabadell 2009	3,000	3,000	3,000	3,000	1,500	13,500
BBVA 2009	1,861	1,861	1,861	1,861	931	8,375
Santander 2009	1,861	1,861	1,861	1,861	931	8,375
Caixabank 2009	1,861	1,861	1,861	1,861	931	8,375
Bankia 2009	1,861	1,861	1,861	1,861	931	8,375
Santander 2010	3,000	3,000	3,000	3,000	4,500	16,500
BBVA 2010	5,000	5,000	5,000	5,000	7,500	27,500
Caixabank 2010	5,000	5,000	5,000	5,000	7,500	27,500
Abanca 2010	3,000	3,000	3,000	3,000	4,500	16,500
Bankia 2010	3,000	3,000	3,000	3,000	4,500	16,500
Caixabank 2011	2,500	2,500	2,500	2,500	6,250	16,250
Bankinter 2011	2,050	2,050	2,050	2,050	5,125	13,325
Bankia 2011	2,032	2,032	2,032	2,032	5,081	13,209
Santander 2012	1,724	1,729	1,732	1,735	5,228	12,148
BBVA 2012	2,777	2,785	2,793	-	-	8,355
Bankinter 2013	4,961	4,973	4,985	2,497	-	17,416
Santander 2013	1,668	1,673	1,677	1,682	4,776	11,476
Bankia 2014	11,991	-	-	-	-	11,991
Caixabank 2014	4,963	4,974	4,985	2,497	-	17,419
Banco Sabadell 2014	3,970	3,979	3,988	1,998	-	13,935
Santander 2014	1,978	3,979	3,982	3,986	9,982	23,907
BBVA 2014	2,475	4,977	4,981	4,986	12,483	29,902
Banco Caixa Geral 2014	1,688	1,689	1,690	1,691	1,693	8,451
Cajamar 2014	3,986	3,989	3,992	3,995	3,998	19,960
<b>TOTAL</b>	<b>92,304</b>	<b>84,870</b>	<b>81,172</b>	<b>71,434</b>	<b>108,704</b>	<b>438,484</b>

## 2013

Maturity						
Institution	2015	2016	2017	2018	Thereafter	Balance at 31.12.13
B.E.I. (I)	3,756	3,756	3,756	-	-	11,268
B.E.I. (II)	4,341	4,341	4,341	4,341	21,703	39,067
Caixabank 2001	-	-	-	-	-	-
Bankinter 2009	3,000	3,000	3,000	3,000	4,500	16,500
Banco Popular 2009	3,000	3,000	3,000	3,000	4,500	16,500
Banco Sabadell 2009	3,000	3,000	3,000	3,000	4,500	16,500
BBVA 2009	1,861	1,861	1,861	1,861	2,792	10,236
Santander 2009	1,861	1,861	1,861	1,861	2,792	10,236
Caixabank 2009	1,861	1,861	1,861	1,861	2,792	10,236
Bankia 2009	1,861	1,861	1,861	1,861	2,792	10,236
Santander 2010	3,000	3,000	3,000	3,000	7,500	19,500
BBVA 2010	5,000	5,000	5,000	5,000	12,500	32,500
Caixabank 2010	5,000	5,000	5,000	5,000	12,500	32,500
Caixa galicia 2010	3,000	3,000	3,000	3,000	7,500	19,500
Bankia 2010	3,000	3,000	3,000	3,000	7,500	19,500
Caixabank 2011	2,500	2,500	2,500	2,500	8,750	18,750
Bankinter 2011	2,050	2,050	2,050	2,050	7,175	15,375
Bankia 2011	2,032	2,032	2,032	2,032	7,113	15,241
Santander 2012	1,723	1,724	1,729	1,732	6,963	13,871
BBVA 2012	2,770	2,777	2,785	2,793	-	11,125
Bankinter 2013	4,949	4,961	4,973	4,985	2,498	22,366
Santander 2013	1,664	1,667	1,673	1,677	6,456	13,137
<b>TOTAL</b>	<b>61,229</b>	<b>61,252</b>	<b>61,283</b>	<b>57,554</b>	<b>132,826</b>	<b>374,144</b>

## 12.2. Other financial liabilities

### 12.2.1.- Other non-current financial liabilities

Heading 5 "Other financial liabilities" in Point II. "Non-current payables" on the Balance Sheet records the following:

- Interest-free reimbursable loans received from the Ministry of Industry, Energy and Tourism and the Ministry of Development in 2008 – 2014 in the amount of 4,200,681.65 euros, maturing as shown on the table below:



2014 (Thousands of euros)								
INSTITUTION	2016		2017		2018		THEREAFTER	
	Par value	Current value	Par value	Current value	Par value	Current value	Par value	Current value
Ministry of Industry,	739	710	757	676	757	648	2,145	1,690
Energy and Tourism	58	56	58	51	58	49	464	321
<b>Ministry of Development</b>	<b>797</b>	<b>766</b>	<b>815</b>	<b>727</b>	<b>815</b>	<b>697</b>	<b>2,609</b>	<b>2,011</b>

2013 (Thousands of euros)								
INSTITUTION	2015		2016		2017		THEREAFTER	
	Current value	Current value	Current value	Current value	Current value	Current value	Current value	Current value
Ministry of Industry,	698	669	739	657	739	629	2,773	2,035
Energy and Tourism	58	56	58	51	58	49	522	353
<b>Ministry of Development</b>	<b>756</b>	<b>725</b>	<b>797</b>	<b>708</b>	<b>797</b>	<b>678</b>	<b>3,295</b>	<b>2,388</b>

- Non-current bonds received totalled 23,524 euros for both years.

## 12.2.2.- Other current financial liabilities

Item 5 "Other financial liabilities" in section III "Short-term Debt" on the Balance Sheet records mainly the following:

	Balance at 31.12.2014	Balance at 31.12.2013
Fixed asset suppliers:		
-by billing received	15,279,922.25	17,890,627.51
-by billing pending reception	23,031,279.63	11,375,369.28
<b>SUBTOTAL</b>	<b>38,311,201.88</b>	<b>29,265,996.79</b>
Other payables	858,708.63	927,232.29
<b>TOTAL</b>	<b>39,169,910.51</b>	<b>30,193,229.08</b>

The "Other debt" heading at 31 December 2014 refers mainly to the 898.980 euros (880.946 euros at 31 December 2013) of the reimbursable interest-free loans received from the Ministry of Industry, Tourism and Trade and the Ministry of Development in 2008-2014 (See note 12.2.1).

## 12.3. Trade and other payables

“Trade and other payables” include the following (in euros):

	2014	2013
Suppliers	65,098,337.31	64,734,293.22
Suppliers, group and associated companies (Note 18)	367,892.95	471,560.92
Sundry creditors	284,286,599.21	309,947,956.92
Payments pending	14,766,375.53	14,677,562.38
Other taxes payable	13,039,832.61	14,713,673.61
Advances from customers	2,299,479.48	15,571,518.54
<b>TOTAL</b>	<b>379,858,517.09</b>	<b>420,116,565.59</b>

In 2013, the Company received payment in full in advance for 36 units of 6000 series Rolling stock and diverse spare parts from SBASE (Buenos Aires) for a total of 27,949,964 euros. According to the delivery schedule established in the contract, at 31 December 2014, 17 units of rolling stock and spare parts totalling 13,272,039 euros were delivered to Buenos Aires (en 2013, the amount was 12,378,445 euros).

The following is the detail of items included under “Sundry creditors” (in euros):

	2014	2013
Sundry creditors	227,001,564.06	256,469,490.18
Accounts payable, invoices pending reception	57,273,941.73	53,468,700.57
Advances from clients	11,093.42	9,766.17
<b>TOTAL</b>	<b>284,286,599.21</b>	<b>309,947,956.92</b>

The most significant part of the figure under “Sundry Creditors” arises from invoices from the Directorate-General of Infrastructures for the lease royalty accrued in 2011 and amounting to 143 million euros. This figure is also included in Note 12.4 as part of the “Balance pending payment at the close exceeding the maximum legal term”.

## 12.4. Information on deferred payments to suppliers

Detail of payments for commercial operations during the financial year and pending on 31 December 2014 relative to the maximum legal terms established in Act No. 15/2010 is as follows:

Payments made and pending	2014		2013	
	Thousand euro	%	Thousand euro	%
Payments made during the year by the legal deadline	258,539	52%	267,073	54%
Others	240,120	48%	229,706	46%
<b>Total payments for the year</b>	<b>498,659</b>	<b>100%</b>	<b>496,779</b>	<b>100%</b>
<b>Weighted average days past due</b>	<b>64</b>		<b>71</b>	
<b>Outstanding balance at year end that exceeds the legal deadline</b>	<b>182,248</b>		<b>199,226</b>	

## 13. Non-current prepayments and accruals

Section V. "Long term Scheduling" on the Balance Sheet includes the following:

a) El The fibre-optics assignment contract with Madritel, S.A., for a twenty-year term and a total of 12,621,254 euros, sums of 2,839,782 euros and 3,470,845 euros pending transfer to the 31 December 2014 and 2013 results respectively. Revenues accrued are assigned linearly according to the duration of the contract.

b) The collaboration agreement between Metro de Madrid, S.A. and Madrid City Corporation to open the turbine hall of the Pacífico electrical power plant and Chamberí metro station to the public, for 16 years and a sum of 6,280,000 euros. The sum received is considered non-reimbursable to the extent that both facilities remain open to the public year by year. Therefore, as of 2010, revenues accrued each year are transferred to "Other Capital Subsidies" in point A-3) "Subsidies, Donations and Bequests" on the Balance Sheet, less their fiscal effect (See Note 10). At 31 December 2014 and 31 December 2013, the amounts to be transferred to equity stood at 3,532,500 euros and 3,925,000 euros, respectively.

## 14. Tax situation

### 14.1. Current balances with the tax authorities

The following was the composition of the current balances with the Public Administrations at the 2014 and 2013 close (in euros):

Taxes payables	2014	2013
<b>Spain</b>		
Inland revenue, personal income tax	6,015,560.66	6,576,223.53
Social security tax	7,024,057.40	7,989,397.24
<b>Ecuador (See note 1)</b>		
Inland revenue, personal income tax/VAT	214.55	148,052.84
Inland revenue, personal income tax/VAT	13,039,832.61	14,713,673.61

Taxes receivable	Ejercicio 2014	Ejercicio 2013
<b>Spain</b>		
Inland revenue, withholdings and others	831,776.79	1,385,314.11
Inland revenue, VAT	13,839,796.37	40,987,497.05
Inland revenue, unaccrued VAT paid	876,043.69	1,889,222.78
Inland revenue, tax refund	-	30,713.58
<b>Ecuador (See note 1)</b>		
Inland revenue, income tax/VAT/other	935,832.06	1,028,811.55
<b>Total</b>	<b>16,483,448.91</b>	<b>45,321,559.07</b>

The sum under “Inland Revenue receivables, unaccrued VAT paid” refers to deductions pending for current fixed-asset invoices pending payment on maturity as provided for in Article 75.two of Act No. 37/1992.

## 14.2. Reconciliation of the book result and the taxable base.

Because the Company’s main activity is metropolitan public transport, it is able to avail itself of the rebate in Article 34.2 of the Corporation Tax Act, so that the whole quota bears a 99% rebate.

The following table shows the reconciliation of the book result and the Corporation Tax base for 2014:

Item	INCOME STATEMENT			INCOME AND EXPENSES CARRIED DIRECTLY TO EQUITY			TOTAL
Balance of revenues and charges in the financial period	-29,756,174.24			-49,271,340.43			-79,027,514.67
	Increases	Reductions	Balance	Increases	Reductions	Balance	Total
Corporate tax	47,626.98	139,705.97	-92,078.99	-	148,258.80	-148,258.80	-240,337.79
Permanent differences	2,818,869.49	-	2,818,869.49	-	-	-	2,818,869.49
Temporary differences:							
- originating in the financial year	62,244,754.44	-	62,244,754.44	49,419,599.23	-	49,419,599.23	111,664,353.67
- originating in previous financial years	-	15,676,096.31	-15,676,096.31	-	-	-	-15,676,096.31
Tax loss carry-forwards	-	4,884,818.60	-4,884,818.60	-	-	-	-4,884,818.60
Taxable base	-	-	14,654,455.79	-	-	-	14,654,455.79





The following table shows the reconciliation between the book result and the taxable base for Corporation Tax for 2013:

ITEM	INCOME STATEMENT			INCOME AND EXPENSES CARRIED DIRECTLY TO EQUITY			TOTAL
Balance of revenues and charges in the financial period	-218,817,242.12			-52,350,819.35			-271,168,061.47
	Increases	Reductions	Balance	Increases	Reductions	Balance	Total
Corporate tax		346,152.66	-346,152.66	-	157,525.03	-157,525.03	-503,677.69
Permanent differences	788,796.47	-	788,796.47	-	-	-	788,796.47
Temporary differences:							
- originating in the financial year	122,837,733.31	-	122,837,733.31	52,508,344.39	-	52,508,344.39	175,346,077.70
- originating in previous financial years	-	7,453,514.70	-7,453,514.70	-	-	-	-7,453,514.70
Tax loss carry-forwards	-	-	-	-	-	-	-
Taxable base	-	-	-102,990,379.70	-	-	-	-102,990,379.70

The following adjustments were made to the book result from application of the temporary differences (in euros):

Temporary differences originating in the financial year	2014		2013	
	Increases	Reductions	Increases	Reductions
Provision for pre-1978 employee vacation pay	-	-	43,479.37	-
Provision for taxes	704,749.95	-	904,081.10	-
Provision for pending HR costs	9,170,137.66	-	981,363.18	-
Provision for stock depreciation	-	-	55,186.52	-
Provision for depreciation on financial investments	-	-	2,618,320.00	-
Provision for litigation, current	-	-	4,018.70	-
Limitation on financial charges	16,498,565.27	-	12,666,003.30	-
Limitation on depreciation	33,035,565.37	-	34,148,433.86	-
Provisions for social security portion of severance packages	866,492.38	-	71,378,890.28	-
Provision for municipal taxes	1,969,243.81	-	37,957.00	-
<b>TOTAL</b>	<b>62,244,754.44</b>		<b>122,837,733.31</b>	

Temporary differences originating in the financial year	2014		2013	
	Increases	Reductions	Increases	Reductions
Application of pending HR provision	-	600,334.70	-	6,775,637.99
Provision for stock depreciation	-	156,607.91	-	-
Outsourcing of pension plan	-	17,022.15	-	87,977.27
Provision for pre-1978 employee vacation pay	-	423,821.28	-	-
Provisions for social security portion of severance packages	-	11,741,479.87	-	-
Provision for litigation, current	-	86,333.40	-	572,271.03
Provision for municipal taxes	-	32,177.00	-	17,628.41
Provision for depreciation on financial investments	-	2,618,320.00	-	-
<b>TOTAL</b>		<b>15,676,096.31</b>		<b>7,453,514.70</b>

### 14.3. Reconciliation of the book result and the fiscal credit resulting from Corporation Tax

The following table determines the fiscal credit arising for the 2014 and 2013 financial years according to the Taxable Base calculated in the previous point (in euros):

Item	2014	2013
Negative Pre-Tax Book Result	29,848,253.23	219,163,394.78
Permanent differences	2,818,869.49	788,796.47
Taxable base	27,029,383.74	218,374,598.31
30% tax credit	8,108,815.12	65,512,379.49
99% rebate (Art. 34.2. Corporate Tax Law.)	8,027,726.97	64,857,255.70
Corporation Tax payments in the financial period	81,088.15	655,123.79
Current payment, unacknowledged Corporation Tax	-	-308,971.14
Corporate tax adjustment	10,990.84	-
<b>Corporate Tax for the Year</b>	<b>92,078.99</b>	<b>346,152.66</b>

## 14.4. Breakdown of Corporation Tax charges or revenues

The following is a breakdown of Corporation Tax expenditure or income in the 2014 and 2013 financial years:

	2014	2013
<b>Current tax</b>	<b>-47,626.98</b>	<b>-</b>
- Current year	-47,626.98	-
- Prior years		
<b>Deferred tax revenue</b>	<b>139,705.97</b>	<b>346,152.66</b>
<b>TOTAL</b>	<b>92,078.99</b>	<b>346,152.66</b>

The following are the negative taxable bases pending compensation to 31 December 2014, with the amounts and compensation deadlines (in euros):

Fiscal year	Amount
2009	29,576,763.94
2010	92,400,899.87
2011	15,565,109.91
2012	59,451,546.67
2013	102,990,379.70

The tax effects of these negative taxable bases are entered under the "Deferred tax asset" heading on the Balance Sheet. In 2014, the Company offset tax credits in the amount of 4,884,819 euros from the year 2009. In 2013, the Company had not entered the 308,971 euro tax credits generated by the taxable bases appearing during those years.



## 14.5 Deferred tax assets recognised

The following is the detail of the balance in this account at the close of the 2014 and 2013 financial years:

Deferred tax assets	2014	2013
Tax provision	18,543.08	12,640.24
Provision for litigation	33,577.32	5,753.66
Pension plan outsourcing	16,596.52	16,647.59
Provision for financial investments	13,568.78	21,423.74
Provision for stock depreciation	8,129.27	8,599.10
Provision for pre-1978 employee benefits	889.71	2,161.18
Provision for municipal taxes	22.23	113.87
Provision for post-retirements transit pass	24,817.15	24,817.15
Limit on tax deductions for financial expenses	131,817.48	82,321.79
Provision for litigation, current	284.17	543.17
Limit on depreciation	201,552.00	102,445.30
Provision of layoffs	181,511.71	214,136.67
Timing differences, hedges	3,514.59	642.33
<b>Timing differences</b>	<b>634,824.02</b>	<b>492,245.79</b>
<b>Tax credit</b>	<b>412,628.32</b>	<b>427,282.78</b>
<b>Total deferred tax assets</b>	<b>1,047,452.34</b>	<b>919,528.57</b>

The tax credit at 31 December 2014 includes a figure for registered taxable bases of 412,628 euros from prior fiscal years, 14,654 euros of which was applied in 2014.

The deferred-tax assets referred to above have been entered on the Balance Sheet on the basis that, according to the best estimate of the Company's future results, these assets are likely to be recovered.

The deferred-tax assets referred to above have been entered on the Balance Sheet on the basis that, according to the best estimate of the Company's future results, these assets are likely to be recovered.

The financial year variation in deferred-tax assets for temporary differences was a rise of 139,706 euros registered as deferred-tax revenue in the statement of results.



## 14.6. Unrecognised deferred tax assets

The Company has not placed certain deferred-tax assets on the attached Balance Sheet as it considers their application unlikely short- and medium-term. The detail of those unregistered assets is as follows:

Pending deductions	2014	2013	Maturity
2006 training charges	143,603.64	143,603.64	2021
2007 training charges	144,407.40	144,407.40	2022
2008 training charges	122,106.80	122,106.80	2023
2009 training charges	71,770.33	71,770.33	2024
2010 training charges	26,002.39	26,002.39	2025
2005 R+D+I	55,778.88	66,769.72	2023
2006 R+D+I	143,168.67	143,168.67	2024
2007 R+D+I	283,285.92	283,285.92	2025
2008 R+D+I	1,980,772.58	1,980,772.58	2026
2009 R+D+I	2,720,249.79	2,720,249.79	2027
2010 R+D+I	863,050.42	863,050.42	2028
2011 R+D+I	312,031.12	312,031.12	2029
2012 R+D+I	56,217.90	56,217.90	2030
2013 R+D+I	47,920.51	47,920.51	2031
2014 R+D+I*	22,968.24	-	2032
Donations to non-profit bodies, 2009	57,069.16	57,069.16	2024
Donations to non-profit bodies, 2010	35,000.00	35,000.00	2025
Donations to non-profit bodies, 2011	31,500.00	31,500.00	2026
Donations to non-profit bodies, 2012	10,500.00	10,500.00	2027
International double taxation 2011	-	-	2026
International double taxation 2012	395,788.51	395,788.51	2027
International double taxation 2013	612,988.87	612,988.87	2028
Current revenue, unrecognised corporation tax 2012	178,354.64	178,354.64	2030
Current revenue, unrecognised corporation tax 2013	308,971.14	308,971.14	2031
<b>Total deferred tax assets</b>	<b>8,623,506.91</b>	<b>8,611,529.51</b>	

\*estimate.

## 14.7. Deferred tax liabilities

With application of valuation standard eighteen on Subsidies, capital subsidies are entered as revenues directly imputed to the equity. These revenues must be set out less their tax effects, and are entered as a deferred-tax liability. The balance for this item at the end of the financial year was 1,852,233 euros and the variation in this deferred sum, a reduction of 145,387 euros was carried to equity.

## 14.8. Financial years pending verification and audit

Under the current legislation, taxes are not considered finally settled until the returns filed have been audited by the tax authorities or the four-year statute of limitations has passed. Thus, on 31 December 2014, the Company had all main taxes applicable to it open for audit since December 2010, except for Corporation Tax dating from 1 January 2010. The Company's Administrators do not expect significant further liabilities to arise from audit.



## 15. Current prepayments and accruals

The composition of the balance under "VI. Current prepayments and accruals" is as follows (see note 7):



The liability balance of 1,45,744 euros under "Current accruals" refers to the maintenance and adaptation of rolling stock under the purchase agreement for the 6000 series units signed with Subterráneos de Buenos Aires (4,206,061 euros in 2013). The company recognised 2,260,208 euros in external work on the income statement which is the amount of the completed and certified work (435,784 euros in 2013) (see note 6).

## 16. Long-term employee benefits

The Company's commitments are set out in the 2013-2015 Company Collective Bargaining Agreement into which it was agreed to incorporate the arbitration awards handed down on 18 December 1999 and 2 February 2000 as an integral part.

The following are the Company's commitments:

- Lifelong and immediate survival income for personnel on pensions or benefiting from the defunct FAS (Social Welfare Fund) receiving retirement income prior to 30 June 1998, widowed or orphaned or permanently disabled pursuant to the 18 December 1999 Arbitration Award and the 2 February 2000 explanatory award.
- Death of beneficiaries (the retired and the absolutely, permanently disabled) who joined the company prior to 18 March 1998.
- Early retirement benefits between 60 and 63 for those who joined the company prior to 18 March 1998 and have listings accredited to the employment Welfare Society prior to 1 January 1967. The figure for the benefit is fixed according to the employees' age on 31 December 1999.

All commitments are underwritten and updated to 31 December 2012 in insurance policies adapted to Additional Provision One of Legislative Royal Decree No. 1/2002 of 29 November passing the Reform Pension Plan and Funds Act, and Royal Decree No. 1588/1999 of 15 October passing the Regulation on the implementation of company pension commitments with employees and beneficiaries.

The current value of pension commitments outsourced in 2001 for beneficiary personnel was calculated on the basis of the following parameters:

- ⊙ Technical interest rate: 5.97% for the first 40 annuities and 3.05% for the rest.
- ⊙ Mortality table: PERM/F-2000P.

The current value of beneficiary death commitments was outsourced on 31 December 2010, calculated on the basis of the following parameters:

- ⊙ Technical interest rate: 5.97% for the first 40 annuities and 3.05% for the rest.
- ⊙ Mortality table: PERM/F-2000P.

In the year 2014, for future services arising from policy 5-83190000270 (early retirement prospects), no sums were paid in accordance with Article 2.3 of Law 22/2013, of 23 December on the Government's General Budget Act for the year 2014 and article 16 of Law 5/2013 of 23 on the Madrid Regional Government's 2014 General Budgets Act, prohibiting contributions to pension or employment schemes or collective insurance contracts which include cover for the contingency of retirement in favour of public employees.

These policies involved payment of a single premium guaranteeing rights consolidated until the outsourcing date and, as applicable, generate an annual premium (or refund) to cover rights accruing each year.

The Company considers that all commitments were fully and correctly insured on the date of the accounting statements, so that no liability is acknowledged on the Balance Sheet for commitments funded in insurance policies.

In addition to the commitments mentioned, Metro de Madrid S.A.'s active and beneficiary personnel receive free aid for season tickets provided that they have applied for it to the Company. This commitment is formally regulated in the company's internal rules.

However, subsidised transit passes for the beneficiaries of retired employees are on hold. The company asked an independent actuary to prepare an actuarial audit report to 31 December 2011 to determine the amount of the provision for this obligation. The amount of the provision was 8,247,565 euros (see note 11.1.1).

The following were the main hypotheses used in the study:

- ⊙ Mortality tables: PERM 2000 NP
- ⊙ Technical interest rate: 4.5%
- ⊙ Inflation: 0%
- ⊙ No invalidity or rotation rates were applied
- ⊙ Calculation of the benefits accrued from the commitments evaluated used the Projected Unit Credit method which assigns costs as services are provided, i.e. distributing the total projected obligation uniformly during the years of the employee's service in the company until receiving the benefit.

There were no significant changes in 2014 compared to 2013.



## 17. Income and expenses

### a) Wages, salaries and payroll charges

The following is the detail of wages and salaries in 2014 and 2013:

ITEM	2014	2013
Compensation	259,907,673.73	280,856,411.69
Accidents and illness	3,012,982.25	2,922,122.84
Professional training allowances	134,177.17	106,064.65
Other payroll items	9,260,794.83	-5,182,112.08
Severance packages	635,191.20	56,762,654.97
<b>TOTAL</b>	<b>272,950,819.18</b>	<b>335,465,142.07</b>

The payroll charges are broken down as follows:

ITEM	2014	2013
Social Security	79,681,350.10	84,150,382.60
Layoff social security	334,450.29	14,616,235.31
Other staff charges	4,739,727.06	4,587,333.49
<b>TOTAL</b>	<b>84,755,527.45</b>	<b>103,353,951.40</b>

In 2013, the Company laid off 589 workers, for which it funded a provision for severance packages in the amount of 56,76,655 euros plus 14,616,235 in Social Security taxes.

### b) External services

This point on the Profit and Loss Account comprised the following detail in 2014 and 2013:

ITEM	2014	2013
Royalties and leases	151,593,929.79	142,481,706.37
Repairs and upkeep	85,941,380.69	79,411,148.78
Supplies	71,396,139.39	75,049,993.04
External work	127,046,954.99	137,186,727.45
Insurance premiums	4,674,890.41	4,701,692.95
Banking and similar services	2,174,822.98	2,037,324.44
Transport and freight	1,290.00	3,153.00
Communications	1,480,884.48	785,802.05
Public relations	113,299.03	107,868.61
Advertising and publicity	3,524,632.17	526,419.31
Legal costs	59,373.88	125,204.82
Consulting fees	1,837,792.59	4,585,938.43
Miscellaneous	406,723.23	1,321,538.54
<b>TOTAL</b>	<b>450,252,113.63</b>	<b>448,324,517.79</b>

“Royalties and Leases” include among other things the figure for the lease of series 3000 and 9000 rolling stock to Ferromóvil 3000, S.L. and Ferromóvil 9000, S.L., and the sum for the lease of series 6000R, 7000 and 8000 rolling stock to Plan Azul, S.L., and Plan Metro (see note 7.2).

The main annotations under “External work” are the services for surveillance of installations and rolling stock, cleaning and fumigation services and those for transport of funds.

External work	2014	2013
Surveillance services	69,960,277.96	77,846,218.63
Cleaning services	48,949,668.62	53,190,753.52
Money transport services	2,054,367.52	2,025,793.98
Other external work	6,082,640.89	4,123,961.32
<b>TOTAL</b>	<b>127,046,954.99</b>	<b>137,186,727.45</b>

### c) Sales

The 2014 and 2013 sales figures were distributed as follows:

ITEM	2014	2013
Passenger transport revenues	667,234,743.70	663,713,166.55
Ticket sale commission revenues, Madrid Regional Transport Consortium	22,713,518.72	22,084,070.40
Operating revenues, Transportes Ferroviarios Madrid SA	9,487,796.78	9,638,827.95
Operating revenues, Metros Ligeros Madrid SA	8,306,872.96	8,401,611.18
<b>Sales</b>	<b>707,742,932.16</b>	<b>703,837,676.08</b>

- Passenger transport revenues: this heading contains the figure for remuneration of public rail transport services in the Madrid Community network based on an average fare per passenger carried pursuant to the Framework Agreement concluded with the Madrid Regional Transport Consortium (see note 1).
- An agreement was signed by the Madrid Regional Transport Consortium and Metro de Madrid S.A. on 27 December 2014, effective as of 1 January 2015 through 31 December 2015 or until the effective date of the new agreement, regulating the relationship between the parties, as an extension of the 2009-2012 Framework Agreement.
- Ticket sale revenues: under the Framework Agreement with the Madrid Regional Transport Consortium (CRTM), the Company is assigned the service for the sale of transport tickets, for which it receives a fee per ticket sold.
- Operating Revenues from the Transportes Ferroviarios de Madrid, S.A. (TFM) network: the Company has a contract for the full operation of the rail concession on Line 9B between Puerta de Arganda and Arganda del Rey, from the Company Transportes Ferroviarios de Madrid, S.A.
- Operating Revenues from the Metros Ligeros de Madrid, S.A. (MLM) network: the Company has a contract for the full operation of the rail concession on Light Metro Line ML1 between Pinar de Chamartin and Las Tablas, from the Company Metros Ligeros de Madrid, S.A.

#### d) Other results

The “Other results” heading includes the following sums for the 2014 and 2013 financial years:

	2014	2013
Other revenues	180,513.31	329,531.08
Other expenses	-1,082,065.57	-302,138.17
<b>SUBTOTAL</b>	<b>-901,552.26</b>	<b>27,392.91</b>

The balance under “Other revenues” mainly includes the return of 119,030 euros of overtime hours overpaid in the 2014 financial year. At the 2013 year end, this balance referred mainly to the sums repaid by the Insurance Company La Estrella arising from reductions in the capital for the policy to outsource pensions which, in 2013, was 150,223.36 euros.

In 2014, the balance under “Other expenses” includes 790,909 euros to cover possible fines that could be imposed by the tax authorities in relation to business tax for the years 2009-2012. Likewise, at the 2013 year end, this account includes 133,445 euros to cover possible fines imposed by the tax authorities in relation to business taxes for the years 2009 to 2012.



## 18. Related-party transactions

The following transactions were carried out with associate companies in the 2014 and 2013 financial years:

COMPANY	REVENUES		CHARGES	
	2014	2013	2014	2013
<b>Transportes Ferroviarios de Madrid, S.A.</b>				
Services rendered	9,509,198.17	9,672,104.01	-	-
Advertising	-	-	20,313.33	13,087.52
	<b>9,509,198.17</b>	<b>9,672,104.01</b>	<b>20,313.33</b>	<b>13,087.52</b>
<b>Metros Ligeros de Madrid, S.A.</b>				
Operation of ML1 light rail line	8,248,904.76	8,306,872.96		
Other revenues	57,968.20	57,794.84		
Assignment of use of depots in Hortaleza and other charges	-	-	1,159,074.66	1,462,606.52
Loan interest	15,484.84	14,917.26		
	<b>8,322,357.80</b>	<b>8,379,585.06</b>	<b>1,159,074.66</b>	<b>1,462,606.52</b>
<b>TOTAL</b>	<b>17,831,555.97</b>	<b>18,051,689.07</b>	<b>1,179,387.99</b>	<b>1,475,694.04</b>

Those companies held the following balances on 31 December 2014 and 2013:

SOCIEDAD	Debit balance (See note 8.1.2)		Credit balance (See note 12.3)	
	2014	2013	2014	2013
Transportes Ferroviarios de Madrid, S.A.	3,265,713.96	5,609,562.01	134,087.95	121,902.40
Metros Ligeros de Madrid, S.A.	4,829,618.25	3,423,874.49	233,805.00	349,658.52
<b>TOTAL</b>	<b>8,095,332.21</b>	<b>9,033,436.50</b>	<b>367,892.95</b>	<b>471,560.92</b>

Transactions with related parties in 2014 and 2013 were as follows:

	2014	2013
SALES REVENUES	667,234,743.70	663,713,166.55
COMMISSIONS ON TRANSIT PASSES	22,713,518.72	22,084,070.40
REVENUES, REVERSION OF MATERIALS	394,227.36	485,793.91



The following are the balances maintained with related parties:

COMPANY	Debit balance		Credit balance	
	2014	2013	2014	2013
Madrid Regional Transport Consortium	7,704,982.59	90,542,556.01	56,246,110.24	56,101,114.93
<b>TOTAL</b>	<b>7,704,982.59</b>	<b>90,542,556.01</b>	<b>56,246,110.24</b>	<b>56,101,114.93</b>

COMPANY	Credit balance	
	2014	2013
Directorate-General of Infrastructure	146,722,660.72	146,722,660.72
<b>TOTAL</b>	<b>146,722,660.72</b>	<b>146,722,660.72</b>

## 19. Post-balance sheet events

No significant development had occurred by the date on which these Annual Accounts were drawn up which might affect them and knowledge of which may be useful in their interpretation.

In 2015, prior to the date of this report, the Company took a 20-year loan from the European Investment Bank for 48 million euros with a fixed interest rate of approximately 1.4% and subsequent to the date of this report it took out a 14-year loan with a Spanish bank for 60 million euros with a fixed interest rate of approximately 1,7%.

On 23 March 2015, the Superior Court of Justice of Madrid issued ruling number 134 in relation to the appeal filed by the investee company, Transportes Ferroviarios de Madrid, S.A., in which Metro de Madrid, S.A. holds a stake of 42.50% (see note 8.2.), against the rejection by the Department of Transport and Infrastructure of the Community of Madrid and the Madrid Regional Transport Consortium of the request made by the company for economic restoration and compensation for the execution of an administrative contract, rejecting the appeal. The Directors do not believe that this ruling will have a significant effect on these annual accounts taken as a whole.

## 20. Other information

### 20.1. Employees in 2014 and 2013

	Average number at 31.12.2014	Situation at 31.12.2014	Average number at 31.12.2013	Situation at 31.12.2013
Directors	11	10	10	10
Men	9	9	8	8
Women	2	1	2	2
Management	32	32	33	33
Men	29	29	30	30
Women	3	3	3	3
Technical and administrative	1,351	1,334	1,427	1,413
Men	957	945	1,023	1,013
Women	394	389	404	400
Operations	4,235	4,179	4,756	4,709
Men	2,895	2,857	3,335	3,302
Women	1,340	1,322	1,421	1,407
Operations	1,255	1,239	1,376	1,362
Men	1,233	1,217	1,351	1,338
Women	22	22	25	24
<b>TOTAL</b>	<b>6,884</b>	<b>6,794</b>	<b>7,602</b>	<b>7,527</b>

### 20.2. Remuneration of Board of Directors members and Senior Management

Members of the Board of Directors of Metro de Madrid, S.A. accrued no allowances or other remuneration in 2014 or 2013.

On 31 December 2014 there were neither debit nor credit balances with Board of Directors members.

On 31 December 2013, there were no credit balances with the management personnel.

It should also be pointed out that no advances or credits or pension or life insurance liabilities accrued for Board members, nor was any indemnification paid for resignation or based on equity instruments with Board members in 2014 or 2013.

Pursuant to Act No. 53/1984 of 26 December, the personnel coming within its scope of application may receive no allowances for membership of more than two Boards of Directors. Senior Community of Madrid officers are prevented under their specific Incompatibilities Act, Act No. 14/1995 of 21 April, from receiving any allowances which represent an increase to the remuneration for the posts to which they are appointed.

The Company's senior management on 31 December accrued wages and salaries, allowances and other remuneration in 201 for 973,207.14 euros, and 1,212,790.10 in 2013.

No new loans were requested by senior management in 2014.

Senior management staff who joined the company prior to 18 March 1998 have the same cover in terms of pension commitments as the rest of the active personnel on that date (see note 16).

### 20.3. Conflict of interest of Directors

In connection with the terms of Article 229 of the Reform Capital Companies Act and according to the information provided, no member of the Board of Directors was affected by the situations referred to in that precept during 2014.

### 20.4. Auditors' fees

The professional fees charged by the Company's auditors, KPMG Auditores, S.L., and companies related to the latter, as this is defined in the Audit Act No. 19/1988 of 12 July, for auditing and other services rendered at 31 December 2014 and 2013 were as follows (in euros):

ITEM	2014	2013
Auditing services	74,000.00	74,000.00
Tax consulting services		
Other services	49,975.00	26,300.00
<b>TOTAL</b>	<b>123,975.00</b>	<b>100,300.00</b>

The above sum includes all fees for services during 2014 and 2013, irrespective of when they were billed.

### 20.5. Environmental information

In line with environmental policy in place, activities and projects are underway with the management in this field. Charges and investments during this 2014 financial period were insignificant and so are not broken down in the Annual Accounts. Those actions are however entered, in turn on the Profit and Loss Account and the Balance Sheet.

There is no provision for environmental contingencies, as it is considered that there is no significant risk.







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# Audit Report







KPMG Auditores S.L.  
Edificio Torre Europa  
Pº de la Castellana, 95  
28046 Madrid

## **Independent Auditor's Report on the Annual Accounts**

To the Sole Shareholder of  
Metro de Madrid, S.A. (Sole Proprietorship):

### *Report on the annual accounts*

We have audited the annual accounts of Metro de Madrid, S.A.U. (the Company) comprising the balance sheet as at 31 December 2014, the income statement, the statement of change in equity, the cash flow statement and the notes to the annual accounts for the fiscal year ending on said date.

### *The Directors' responsibility in relation to the annual accounts*

It is the responsibility of the directors to draw up the annual accounts so as to show a true image of the consolidated financial situation and results of Metro de Madrid, S.A. in accordance with the financial reporting standards applicable to the Company in Spain which are identified in note 2 of the enclosed report, and the internal controls that are deemed necessary to ensure that the annual accounts are free of material inaccuracies due to fraud or error.

### *The Auditor's responsibility*

It is our responsibility to state an opinion on the enclosed annual accounts based on our audit, which has been carried out in accordance with the laws governing the auditing profession in Spain. Those laws require that we comply with certain ethical standards and that we plan and execute our audit so as to be reasonably certain that the consolidated annual accounts are free of material inaccuracies.

An audit requires the application of procedures to obtain evidence of the amounts and the information disclosed in the annual accounts. The procedures are selected at the auditors' discretion, including the evaluation of the risk of material inaccuracies in the consolidated annual accounts as a result of fraud or error. When assessing such risks, the auditors consider the relevant internal controls applied to the formulation of the annual accounts by the parent company in order to design the right audit procedures in each case but not to express an opinion on the efficacy of the company's internal controls. An audit also includes an evaluation of the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates used by management as well as an evaluation of the presentation of the annual accounts as a whole.

We believe that the evidence obtained during our audit provides a sufficient and adequate basis for our auditor's opinion.

### *Basis for reserved opinion*

As indicated in note 4 b) of the enclosed notes to the annual accounts, the Company has not included in its 2014 annual accounts the property assigned to it for operating purposes, without the payment of any consideration, corresponding to the infrastructure elements built and charged to the budgets of different public administrations since 1956. Nor has it included the assignment in 2012 of certain rail infrastructure to the Company for its use by the Department of Transport of the Community of Madrid, free of charge for a period of 15 years. Metro de Madrid, S.A.U. has not provided the information needed to evaluate these assets and usage rights, as a result of which we are unable to determine the effects which these items could have on the enclosed 2014 annual accounts. Our auditor's report on the 2013 annual accounts contains a similar reservation.

### *Reserved opinion*

In our opinion, except for the possible effects of the circumstance described in the preceding paragraph, "Basis for reserved opinion", the enclosed annual accounts for 2014 financial year reflect, in all significant respects, a true and fair view of equity and financial position of Metro de Madrid, S.A.U. at 31 December 2014 and of the results of their operations, in addition to resources obtained and applied during the fiscal year closed on the aforementioned date, according to the regulatory framework for financial reporting applicable to the Company and in particular, to the accounting standards and principles contained therein.

### *Report on other legal and regulatory requirements*

The accompanying 2014 directors' report contains the explanations that the directors deem to be necessary on the situation of the Company, the evolution of its businesses and on other issues, but it is not an integral part of the annual accounts. We have verified that the accounting information contained in said directors' report tallies with the annual accounts for 2014. Our work as auditors is limited to verifying the directors' report within the scope mentioned in this paragraph and it does not entail a review of any information other than that obtained from the Company's accounting records.

KPMG Auditores, S.L.



Francisco Rabadán Molero

13 de abril de 2015



Miembro ejerciente:  
KPMG AUDITORES, S.L.

Año 2015 nº 01/15/02369  
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# **Metro de Madrid, S.A. (Sole Proprietorship)**

**Annual accounts**  
31 December 2014

**Directors' report**  
2014 Financial year

And independent auditor's report



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