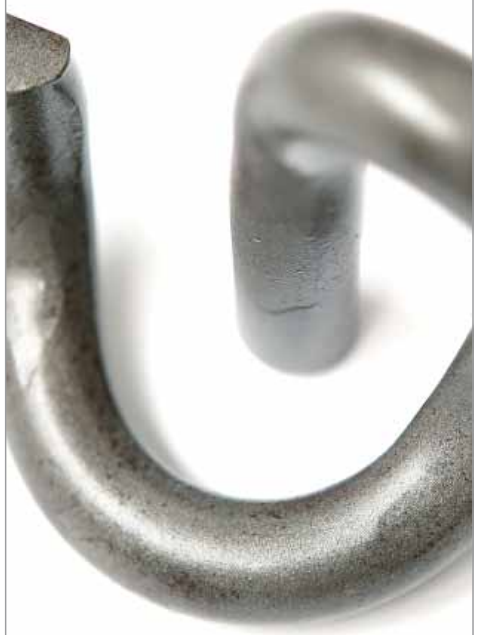
INFRABEL ANNUAL REPORT 2007

Infrabel

CONTENTS

INFRABEL ACTIVITY REPORT



Pandrol Clip

Developed by British manufacturer Pandrol, this steel clip is a system for fixing rails to sleepers. It comprises a flexible fastening shaped according to a specially designed profile, which is fitted rather than screwed in. Its great ease of use, and the fact that it needs little maintenance, explain its widespread use on many railway networks.

Mission

As a an autonomus public company, Infrabel has a mandate from the Belgian government to provide a public service for the benefit of the community at large. Within the European rail network, Infrabel seeks to contribute to sustainable mobility in support of Belgium's economic and social development. As an infrastructure manager independent of its clients and rrailway undertakings, Infrabel is committed to providing them with a competitive rail infrastructure adapted to their current and future needs.

Vision

Infrabel aims at becoming the crossroads of Europe. In order to achieve this, the company is committed to achieving optimal network reliability and accessibility. This involves developing an efficient and safe network that reflects the needs of its stakeholders and, within the framework of railway interoperability, maximizing opportunities for integration with other means of transport.

Values

In order to accomplish its mission, Infrabel can count on the continuous support of its employees, working day-in day-out to keep the network operating smoothly and ensuring its development. They are guided by essential values such as sense of responsibility, integrity, commitment to clients, pursuit of accuracy, team spirit and trust as well as open-mindedness, transparency and motivation.

QUALITY: OUR DUTY TO THE FUTURE

Never has the need to move people and freight been as great as it is today. Growing leisure demand, an ever-tighter labour market, globalisation of the economy increasing non-stop: all these are factors converging to create a **real explosion in the demand for transport**. Thus, in the last five years, Belgian railways have seen a 27% increase in passenger numbers, while freight traffic has grown 15%. But our objectives are even more ambitious: between 2006 and 2012, we want to make it possible for 25% more passengers to travel by train and freight traffic to increase by 35%.

This growth comes at the cost of **ever-greater environmental concerns**. If we have to transport more, at higher speeds and over greater distances, this will have to be accompanied by reduced CO_2 emissions. A tough problem, but one that the train seems best able to solve today. The railway, as an environmentally friendly means of transport with major development potential, is more than ever the future path to effective and sustainable mobility.

To strengthen the railway's position vis-à-vis other forms of transport, we have undertaken **major development projects** on the Belgian railway network, such as the RER, Diabolo, and the building of high-speed lines. The network will also benefit from a vast modernisation programme, signal box concentration, and the introduction of the ERTMS European signalling system. In addition, there will be wide-ranging investments in the Belgian ports and on the major freight routes crossing the country.

But while Belgium, and more broadly speaking, Europe, seem able to meet the capacity challenge, they will also have to be proactive in dealing with the demand for **quality in rail transport**. Indeed, large-scale, sustainable growth in rail transport will only happen if it is accompanied by a marked improvement in the quality of that transport. This is why we want, more than ever, to guarantee our customers and other stakeholders a reliable, punctual and free-flowing network.

To meet their expectations, we have entered into a constructive dialogue with them to achieve the correct balance between making full use of our network and ensuring the quality of our services. In 2007, this co-operation allowed us, by means of Service Level Agreements, to set up a system to measure and monitor the quality provided on the network. The objective is continuous improvement in every part of the rail transport system.

The quest for lasting reliability and continuous improvement in our network also determines the way we manage the railway infrastructure. To that end, we also created, in 2007, a specific section dedicated to instituting a "quality management system" which will also help our workshops, regional units and central services to obtain international certification.

Punctuality is, of course, another essential part of the quality service that Infrabel wishes to offer. For this reason, in 2007, we continued to put into practice a punctuality action plan that is both ambitious and rigorous, to provide our customers and passengers with increasingly regular timings for their trains.

These efforts will be pursued continuously, so that in Belgium as in Europe, the railway takes the lead.

Luc Lallemand
Chief Executive Officer

Antoon Colpaert
Chairman of the Board of Directors

KEY FIGURES

AS OF 31 DECEMBER 2007

EBITA - EBT (IN MILLION OF €)

68.83
Gross operating profit (EBITDA)

-101.86
Depreciations, amounts written off and provisions

103.62
Financial result

-4.72
Extraordinary result

65.87
Global result (EBT)

PERSONNEL



12,748
employees

5.2%
women

94.8%
men

TRAFFIC



29,298
passenger train paths per week (on average)

6,941
freight train paths per week (on average)

89.2%
trains arriving on time or with a delay of maximum 5 minutes

INFRASTRUCTURE








4,438
switches on main line tracks and

8,161
switches on secondary lines

3,374 km
km of lines,

3,002 km
of which are electrified

1,957
level crossings

9,422
signals

307
signal boxes and

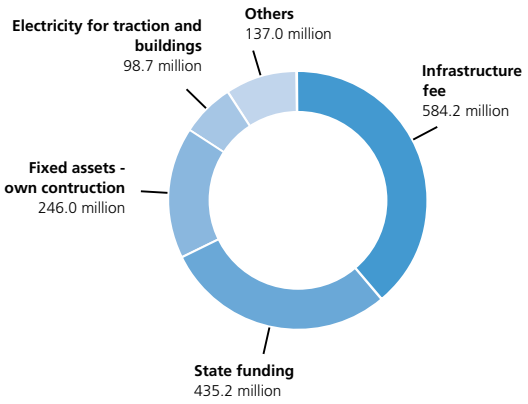
1
Traffic Control

5
workshops

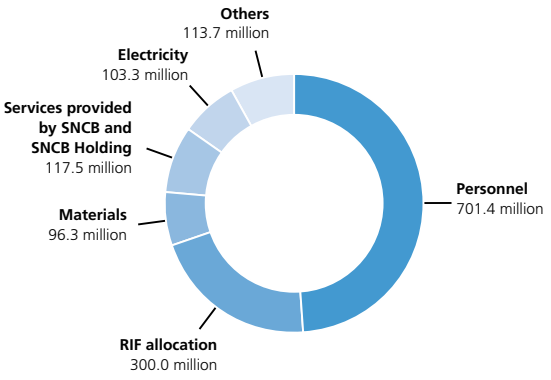
307
unmanned halts

7,184
railway structures

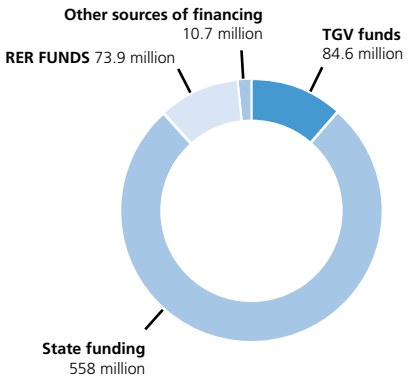
OPERATING INCOME



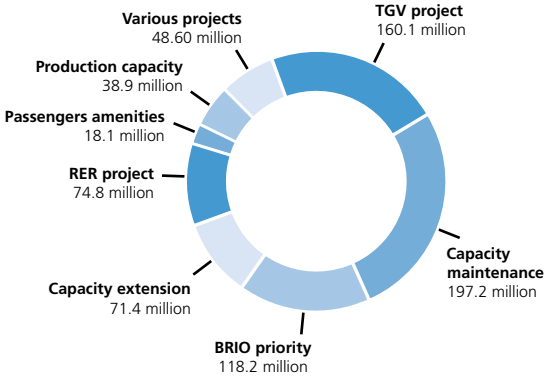
CORPORATE EXPENSES



FINANCING OF INVESTMENTS



REALIZED INVESTMENTS (CAPEX)



Jozef Sannen
General Manager Purchasing, Sales & Acceptance

"We have suffered from the incredibly high increase in the prices of raw materials, such as copper, which has doubled in price in a year. These materials constitute a major part of the finished products that we purchase. We have increased the number of framework contracts with suppliers. The markets take the form of part orders spread over the lifetime of the contracts, which are set at a fixed price per year. These apply to several years and so allow price rises to be spread over the entire lifetime of the contracts."

MILESTONES

04/02 A new important phase of works is started in upgrading the 50A line between Bruges and Ghent to four tracks.
> see p. 65

08/02 The railway undertaking ERS Railways receives the safety certificate allowing it to operate on the Belgian rail network.
> see p. 20

09/02 Infrabel's Strong Currents department, which develops and maintains the electric traction, lighting and heating installations, achieves the ISO 9001:2001 certification.
> see p. 40

26/02 The Namur station inaugurates new infrastructures: a new tunnel and fully modernised and reorganised tracks.
> see p. 47

02/03 The Brussels-Luxembourg line modernising works (lines 161 & 162) are officially started at the Jemelle station.
> see p. 58

15/03 In co-operation with the IBSR (Belgian Institute of Traffic Safety), Infrabel organises a second level crossing awareness campaign.
> see p. 25

16/03 The Luxembourg, Belgian and French rail infrastructure managers combine their forces in an European Economic Interest Group (EEIG) for the development of the European Antwerp/Basle-Lyon freight corridor.
> see p. 63

20/03 The temporary Brussels-Midi sub-station, built after a fire in December 2006, is commissioned after three months of intensive work.

23/03 The North-South junction in Antwerp-Central is commissioned. This new rail tunnel situated level -2 allows circulation directly under the city and towards the Netherlands.
> see p. 46

06/04 Infrabel, DB Netz and DB Energie sign an agreement for the electrification of line 24 between Montzen and the Aachen-West freight station – the missing electric link between Antwerp and the German network.
> see p. 62

20/04 The new Ans Infrastructure Logistics Centre (ILC) is inaugurated.
> see p. 37

23/04 The RER works on the Brussels-Nivelles line 124 officially start at Braine-l'Alleud.
> see p. 49

01/05 Eddy Clement is appointed Director-General of the Network Division, in succession of Marcel Baele.

14/05 The new Halanzy, Aubange and Messancy halt platforms, the reopening of which was requested for by SNCB, are commissioned.
> see p. 45

15/05 The final reconstruction works on the Brussels-Midi traction sub-station are finished.

19-20/05 66,000 people visit Antwerp-Central and the north-south junction during the "Under Antwerp" open-door weekend.
> see p. 46

31/05 Infrabel concludes a € 414 million contract with BELGOSIGNAL (joint venture comprising Alstom Belgium and Siemens Belgium) for the supply and installation of new signal box equipment.
> see p. 25

01/06 Infrabel puts its website (www.infrabel.be) online.

10/06 The new Evergem halt platforms, the reopening of which was requested by SNCB, are commissioned.

01/07 SafeRail, the application used to enter, manage and analyse the operating incidents on the network, is introduced.
> see p. 26

13/08 The development and modernising works of the rail installations in the port of Brussels start, with the financial support of the Brussels-Capital Region and the technical co-operation of the Port of Brussels.
> see p. 66

15-16/09 Infrabel's installations are specially opened during the "I love the train!" open-door weekend and attract at least 22,000 people.

28/09 Infrabel and private investors reach an agreement on the financial closing and the signing of the public-private partnership for the Diabolo project.
> see pp. 56-57

01/10 Infrabel starts three weeks of tests on the infrastructure on the high-speed line Liège-German border.
> see p. 53

22/10 In co-operation with the IBSR (Belgian Institute of Traffic Safety), Infrabel organises a third level crossing awareness campaign.
> see p. 25

01/11 Infrabel hands over its last passenger-related commercial activities to SNCB, by transferring 1,503 of its employees. This operation concludes the separation between infrastructure manager and railway undertaking functions decided on by the European Commission.
> see p. 38

05/11 Two new RER work sites are opened in Ottignies and Nivelles.
> see p. 49

05/11 Infrabel makes two "rail-road" and one "multilift" vehicle available to the Liège and Herve fire brigades for their interventions in the Soumagne tunnel (line 3).
> see p. 53

06/11 Infrabel's new crisis plan is presented to The Ministry of the Interior.

12-13/11 SNCF Fret and Trainsport AG conclude an SLA (Service Level Agreement) relating to punctuality with Infrabel, and in doing so join Rail4Chem Benelux BV and SNCB.
> see p. 21

28/11 SNCB Holding receives the "ICT Innovator of the Year – Public Sector" award for the ICT development of Infrabel's Traffic Control.
> see p. 38

29/11 The European Commission announces its intention to provide € 90 million in subsidies to Infrabel to support five major rail projects (Brussels-Luxembourg axis, Diabolo, Iron Rhine, Corridor C and the high-speed network).

06/12 Several new infrastructures are commissioned: the four Level -1 tracks of Antwerp-Central, the second track of the renewed Tielen halt, the Vivier d'Oie and Hergenrath halts.

09/12 Infrabel installs new signalling and switch control station at Yves-Gomezée on line 132, intended for more goods traffic.

14/12 The high-speed lines celebrate 10 years in Belgium.
> see p. 55

19/12 The Lloyd's Register Quality Assurance issues an ISO 9001:2001 certificate to Infrabel's Signalling department.
> see p. 40

INFRABEL IN BRIEF

Rollers for "Robel" trains

To transport long welded rails to construction areas, Infrabel makes use of special trains known as "Robels". Using these machines, it is possible to load, transport and unload the rails on the track. Pieces of metal like this, attached to mountings, serve as rollers for the rails.

5 PUBLIC SERVICE MISSIONS

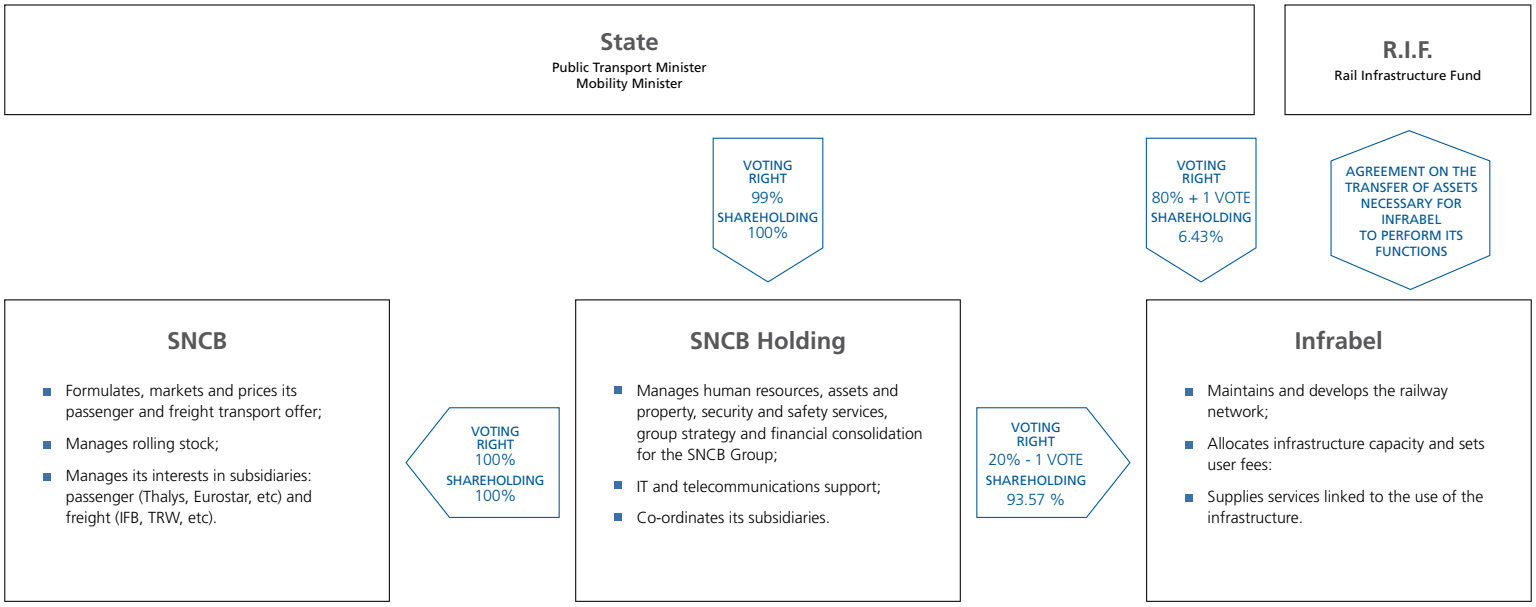
Infrabel is in charge of promoting rail transport and guaranteeing optimal quality service to its clients and stakeholders within a balanced budget.

Infrabel is an independent public company, 6.43% of which is owned by the Belgian State and 93.57% by SNCB Holding. In order to guarantee the infrastructure manager the independence required under the European directives, the Belgian State permanently holds 80% of the voting rights (plus one vote), while SNCB Holding holds 20% (minus one vote).

Its missions, as established by the management contract entered into with the Federal State, are exclusively public service missions. The first contract, which covered the period 2005-2007, was modified by two amendments published in the Belgian Official Journal on 16 November 2006 and 10 May 2007. The negotiation of a new management contract started at the end of the year and should be finalized at the beginning of 2008.

Infrabel is responsible for the management and maintenance of the Belgian railway infrastructure, which extends over some 3,500 km. As such, it maintains network capacity by rigorously managing maintenance and renewal of the infrastructure, and by professionally managing the regulation and safety systems of that infrastructure. It also develops the network through a policy of acquisition and construction based on an investment plan decided upon the Investment Committee and approved by the Federal State.

In addition, through its Access to the Network Division, it is responsible for managing two "essential" functions (as understood in European law) on a non-discriminatory basis. The first is the allocation of capacity – the train paths, equivalent



to airline slots – according to the needs of the railway undertakings. The second involves the setting, invoicing and collection of the infrastructure user fees.

Finally, Infrabel provides the railway undertakings with various services relating to the use of the infrastructure, such as the supply of traction current, the leasing of special tracks, etc.

Infrabel within the SNCB Group

In order to comply with the new European legislation on the liberalisation of the railways, the formerly integrated rail company SNCB modified its structures with effect from 1 January 2005 to create three entities – SNCB Holding, Infrabel and SNCB – with the status of limited liability companies under public law.

While the three companies were assigned specific duties, they also pursue two common missions. The first is to promote rail transport on the Belgian network, thereby offering an alternative to other less environmentally friendly modes of transport; the second, to guarantee an optimum quality service enabling growth in rail traffic to outstrip total traffic growth for other means of transport. Both missions are to be achieved within a balanced budget.

Constituing a vital link in the transport chain in Belgium and Europe, SNCB Holding, Infrabel and SNCB aim to develop a coherent group policy. In fact, they ensure that their activities are in line with the government's policy of sustainable mobility.

12,500 EMPLOYEES THROUGHOUT BELGIUM

Day in, day-out, all over Belgium, day and night, Infrabel's employees are mobilised to guarantee the safety and quality of the Belgian rail infrastructure. They are backed by an efficient management structure that organises their activities.

Infrabel consists of three Divisions, six Corporate Centre departments and an Internal Audit unit. As the sixth largest employer in Belgium, the company currently employs more than 12,500 people. In 2007, its activity represented some € 2.2 billion, of which € 1.5 billion was in operations and € 700 million in investments.

Three Divisions

The **Network** Division coordinates train traffic and manages traffic in real time. It also produces and updates information relating to traffic. It decides on the upgrades necessary to improve the signal boxes and the audio announcement and display equipment. It is also responsible for the maintenance of unstaffed halts.

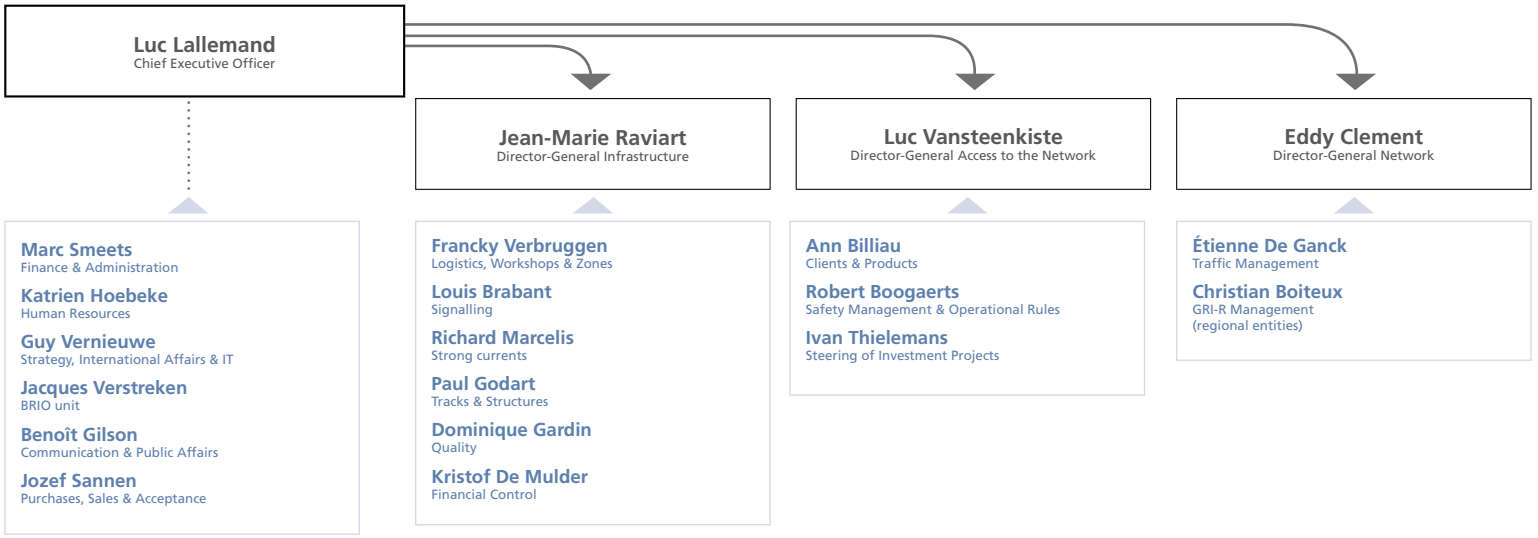
The **Infrastructure** Division replaces and maintains existing rail infrastructure (signalling, electric supply, tracks, buildings and structures). It designs and builds new installations. It manufactures and repairs electrical equipment, track equipment and material and concrete parts in its workshops.

The **Access to the Network** Division distributes and allocates train paths to the railway undertakings and invoices the infrastructure user fees. It surveys and analyses the needs of clients and stakeholders. In line with these needs, it decides on and manages infrastructure extensions. The Division also carries out a number of tasks related to operational safety: it is responsible for the implementation of nfrabel's safety management system, the elaboration of safety rules for the operation of the railway infrastructure, and co-ordination with railway companies.

Six Corporate Centre departments

The **Strategy, International Affairs & IT** department assures Infrabel's status and its contractual relations with the State. It establishes and updates the company's strategy and investment policy. It monitors international developments and actively represents Infrabel to defend its interests in the international arena. It is also responsible for IT.

The **Finance & Administration** department is responsible for guaranteeing the company a sound financial position and an effective risk management. It brings its expert skills to bear on drawing up and monitoring budgets, and on the follow-up and analysis of costs and revenues. It provides legal advice to the Divisions and other departments, monitors European matters, draws up contracts, ensures the



legal compliance of public contracts and manages any disputes related to accidents and planning permission submissions.

The **Human Resources** department closely works with the Human Resources Division of SNCB Holding to develop strategies tailored to internal demand regarding employee selection, assessment, training, etc. It contributes to achieving the strategic objectives of the BRIO corporate plan by defining customised projects and providing appropriate information and methods. The department also helps to plan Infrabel's personnel requirements.

The **Communication & Public Affairs** department develops communication and information strategies aimed at external audiences (media, local residents, general public, etc.) and makes sure that employees are fully informed and motivated. The department also coordinates and deals with parliamentary questions and relations with the Federal Parliament and the three Regions.

The **BRIO** (Belgian Railway Infrastructure Objectives) **unit** implements Infrabel's strategic plan and monitors the realisation of its 23 priorities (see pp. 16 17).

The **Purchases, Sales & Acceptance** department purchases the resources that Infrabel needs to achieve its objectives: equipment for the overhaul and maintenance of the infrastructure, electricity, etc. It handles the qualifications of firms providing strategic products and sells delisted rail equipment.

An Internal Audit unit

The main activities of this unit involve monitoring contracts and agreements, and carrying out audit assignments in accordance with the annual programme approved by the Audit Committee to whom it reports directly.

One main subsidiary

As a company dedicated to engineering and railway infrastructure projects, **TUC RAIL** is responsible for building new high-speed lines, concentrating signal boxes, carrying out extension works, modernising (e.g. RER, Diabolo, port of Antwerp) and renewal existing infrastructure.

23 STRATEGIC PRIORITIES

The BRIO strategic plan adopted in 2006 set out the company's priorities to 2010. After two years of activity, Infrabel wanted to assess and update its initial priorities, by deepening some of them and replacing other, already achieved, priorities with new challenges. The BRIO II plan is therefore a more refined redefinition of the priorities set by Infrabel in the short and medium term.

Since its creation, Infrabel has been anxious to have a strategic plan, setting out its vision, missions, objectives and values over time, on the basis of a broad consultation both internally and externally. The plan also recommends the introduction of cross-functional project-based and result oriented management.

In total 23 priorities were recorded in the agenda of BRIO II, the update of the initial plan made by Infrabel in 2007. These strategic priorities concern every aspect of the company: technical, financial, commercial and human resources. From these, three overarching priorities emerge: safety, punctuality and modernising of the industrial tool *(see pp. 24-41).*

BRIO II also goes hand-in-hand with a strategic automatization plan, BRIO & IT. Infrabel has internally defined its current and future IT requirements. This cross-cutting vision allows it to implement the new ERP management tool in symbiosis with the company's other IT developments.

BRIO unit

Responsible for monitoring the execution of the strategic plan, the BRIO unit forces the pace of the projects carried out in this respect. In 2007, among others, it devoted its time to implementing an efficient PMO *(Program Management Office)* and setting up operational tools and processes. It has developed a monthly reporting on the company's

priorities thanks to performance charts ensuring individual monitoring for each project. For each of them, performance indicators and milestones have, been drawn up, providing the management with essential information for running the company.

In co-operation with all departments concerned, a work platform has been created between Infrabel, its subsidiary TUC RAIL and the private group BELGOSIGNAL for carrying out the major signal box concentration programme and the equipment of lines with a modern signalling systems *(see pp. 25 & 27)*. Another example of a "multitask" work group is the one dedicated to the construction of Infrastructure Logistics Centres *(see p. 39)*.

Punctuality is another strategic issue in the centre of attention of Infrabel. A framework of careful consideration and action has been specifically created to best specify the measures to be taken to improve it.

The BRIO unit has also initiated the drawing up of a *Business Continuity Plan* defining the organisation and the actions needed to effectively manage serious incidents, the occurrence of which could have significant consequences on the level and quality of service.

Luc Lallemand
Chief Executive Officer

"The BRIO strategic plan, which we updated in 2007, takes forward a more ambitious goal for Belgium's railways in the next five years: that of promoting transport and making it a winner. Its implementation depends primarily on the efforts of all Infrabel's employees, who will enable the company to become one of the most efficient infrastructure managers in Europe, working for Belgian and European mobility."

THE COUNTRY'S NUMBER 1 INVESTOR

In 2007, Infrabel spent more than € 700 million on improving mobility in Belgium. The extent of these investments requires a rigorous and meticulous monitoring of budgets and of the progress of each project.

Infrabel carries out projects all over the country, to the benefit of ports, multimodal platforms and freight traffic, the mobility of people around cities and cross-border links. These projects aim at promoting the use of the railways, an environlentally friendly means of transport. Projects to be mentioned are the opening or re-opening of halts, the improvement of commuter mobility (the RER project), the development of intermodality (improved access to ports and airports), completion of the high-speed line network, or the development of freight motorways (corridor C, Iron Rhine, etc.).

Infrabel's investment projects can be divided into three main categories: those involving the maintenance and extension of the capacity of the rail network, those linked to improving safety *(see pp. 24-29)* and those centred on improving passenger comfort (access to platforms, information, lighting, etc. *see pp. 45-46*).

Guy Vernieuwe
Manager Strategy, International Affairs & IT

"In 2007, we drew up an ambitious investment plan for 2008-2012, bringing together all the projects aimed at improving and reinforcing the network, even if the period for carrying out some of them is subject to obtaining urban planning permits. However, the accumulated experience of recent years and the proactive actions started in this area allow us to be optimistic. This plan, which totals € 6.8 billion, must still be approved by the overseeing authority."

6 CLIENTS FOR THE BELGIAN NETWORK

Since the creation of Infrabel in 2005, its clients and stakeholders have been the main concern. Moreover, 2006 saw the implementation of the concept of account management. In 2007, these close relations, based on a readiness to listen and a guaranteed quality of service, were reinforced even more by the signing of Service Level Agreements with all of the railway undertakings clients.

Liberalisation and equal access

In Belgium, freight transport was liberalised in various stages, as the different European directives were transposed into Belgian law. Firstly, international transport, fully liberalised in January 2006, then national transport, one year later. In this climate of free competition, Infrabel is required to guarantee any operator holding a safety certificate equal and non-discriminatory access to its rail infrastructure.

Looking after our clients

Due to its strategic position at the heart of Europe, the Belgian rail network is attracting more and more railway undertakings. At the end of 2007, Infrabel had six direct clients – the incumbent SNCB, active in the transport of passengers and goods and five rail freight operators: the Belgian-Swiss Dillen & Lejeune Cargo, the French SNCF Fret, the German-Belgian Trainsport and also the Dutch Rail4Chem Benelux BV and ERS Railways. In February 2007 ERS Railways obtained its safety certificate allowing it to operate on the Belgian network. As for the Dutch ATCS, which started the process in 2006, it was granted all the necessary authorisations in January 2008.

Besides these operators, Infrabel also has indirect clients, namely ports, managers of multimodal platforms and industrial shippers.

Achieving client satisfaction

Infrabel's proactive management led to the creation of the Customers & Products department at the end of 2006, which clearly and precisely defines products. While the most obvious product sold is train paths (capacity), Infrabel also provides private sidings to industrial sites on the network, traction power, and the use of sidings and ancillary tracks. Within this department, the account managers, in daily contact with clients, sell these various products, such as the "timetable compilers" allocating train paths, while the pricing team invoices the user fees to the railway undertakings.

A special team is given the task to monitor the development of the transport sector in general and the rail sector in particular. Thanks to the information collected and an analysis of the capacities sold and the remaining capacities, it is possible to determine the capacity expansion projects to be carried out for the network in order to continue to meet clients' needs and in developing the transport world.

Still listening to clients

The Service Level Agreements concluded with all the active rail operator clients on the Belgian network reflect the importance Infrabel attributes to the quality of service. These individual contracts clearly define the level of quality expected and establish the criteria for measuring satisfaction. A precise and objective measurement method therefore guarantees the assessment of service quality. Corrective measures can be taken on either side, improving the level of overall satisfaction and allowing the content of the contract to change according to the needs and intentions of the parties.

Luc Vansteenkiste,
Director-General Access to the Network

"The Service Level Agreements signed with all of our clients are based on mutual compliance with punctuality. We have also set up an awareness platform which rallies all of these railway undertakings around crucial themes such as safety, interoperability and the regulations to be complied with. While the SLAs currently focus on regularity, they can be extended to other areas such as the train path allocation time, the transmission of information, the availability of the infrastructure, etc."

SOLID
COMMITMENTS

Crocodile

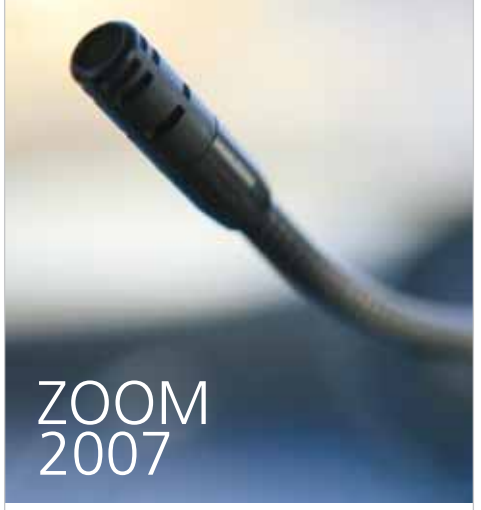
This piece of signalling equipment is used on the Belgian, French and Luxembourg railways. Installed in the track, it allows an electrical impulse to be sent to a passing train, to remind the driver of the presence of a signal. This system has already been replaced on some sections by the TBL1 system, which is itself due to be replaced by the European ETCS signalling system.

1. TO BECOME THE SAFEST NETWORK IN EUROPE

Safety is still an absolute priority for Infrabel. Its employees are committed to ensuring the safety of passengers, their fellow railwaymen and anyone living or working alongside the tracks, and the protection of transport goods. Wishing to maintain its standing as one of safest rail infrastructure managers in Europe, the company is also committed to continuous safety improvements at all levels.

High visibility jacket

Be seen. This is the golden rule for anyone required to be on the railway, be they director, engineer, team leader, worker, whoever: for their own safety they all need to wear a yellow high visibility jacket whenever they are on or near the track. Yellow allows them to be seen in the day especially, while the retro-reflective strips do the business at night. Lookouts are the one exception to this: they wear orange, which marks them out and lets train drivers know that there is a work team in the immediate vicinity.



ZOOM 2007

SIGNAL BOX TESTS

At the end of May 2007, Infrabel concluded a € 414 million contract with BELGOSIGNAL, a joint venture between Alstom Belgium and Siemens Belgium, for the supply and installation of modern and reliable equipment required for its new signal boxes. These switches and signal control centres for a specific area on the network are at the centre pieces of a concentration project currently being carried out by Infrabel (see p. 37).

The new high-tech signal boxes guarantee a better reliability of signalling installations and contribute to increased network safety. All new signal boxes managing the traffic on main lines will, among others, be equiped with a visual control panel, allowing the traffic of the whole area covered by the signal box to be monitored on a single screen. The tests conducted in the Bruges signal box in 2007, which acted as a prototype for this type of equipment, turned out to be conclusive.

The contract signed in May 2007 is also generating employement in Belgium with the creation of about 100 new jobs within Infrabel and about 60 at its suppliers.

The rail infrastructure, Infrabel's raison d'être, is subject to regular inspection and maintenance. The tracks and their immediate environment are meticulously checked in accordance with a specific schedule and maintained as required *(see table p. 27)*. This is also the case for bridges and tunnels. The entire infrastructure is gone over with a fine-tooth comb. Year after year, Infrabel carries out upgrades where necessary to reinforce safety.

Nearly 150 level crossings eliminated over a period of three years

Amongst the installations making up the rail network, level crossings, which also involve road users, are particularly affected by safety issues. Every year, Infrabel invests about € 15 million in the elimination, conversion or modernising of level crossings.

Since the start of 2005, 147 level crossings have been eliminated. A dedicated plan to tackle 205 accident-prone level crossings between 2005 and 2007 has also been developed. Each of them was subject to a special inspection and a proposal for upgrade (adding light signals and/or barriers), replacement (replacement by a bridge or a tunnel) or elimination. The execution pf the plan will continue in 2008. However, as the best safety equipment will never replace driver's awareness of the dangers at a level crossings, Infrabel has also spent € 200,000 on three stages of a huge awareness campaign carried out in 2006 and 2007.

Safety: a priority for Europe too

The safety of railways is subject to a common policy drawn up by the European Union. The directives known as the "second railway package", which were transposed into Belgian law in December 2006, stipulate that safety is the responsibility of the infrastructure manager and the operators, under the supervision of the national safety authorities and the European Railway Agency (ERA).

Infrabel has therefore introduced an operational safety management system, which consists of analysing the existing situation (organisation, activities) and investigating the risks in the event of modification to the infrastructure, since the new systems and services must guarantee an overall level of safety at least equivalent to that of the previous situation. The system also allows lessons to be drawn from accidents. Hence, all accidents and incidents on the network are recorded and documented. Since 1 July

Track installations overhauled/maintained in 2007 (main lines))

2,149 km of track

rail fastenings on 2,057 km of track

4,103 points and crossings (switches)

895 level crossings

2007, almost 800 Infrabel employees have been using the SafeRail application to encode, manage and analyse them. In the near future, operators – Infrabel's clients – will also be able to report any operating accident.

Consultation with neighbouring networks

At 16 points in the network where cross-border lines operate, contact agents were appointed to introduce a new safety management system. This system provides for clarification of common instructions, joint training, and the systematic analysis of incidents. Regular meetings are being held with the managers of the neighbouring networks: RFF (France) and CFL (Grand Duchy of Luxembourg). In 2008, this collaboration will be extended to Germany (DB Netz) and the Netherlands (ProRail).

Occupational safety

Within the Infrastructure Division, a special department annually updates the global prevention plan, which identifies and analyses the dangers and risks faced by personnel. Monthly occupational safety meetings are held for all the Division's employees. In 2007, Infrabel has, among others, tested automatic train announcement systems protecting track workers. It also fixed the acceptable noise and pressure level to which the maintenance staff working in the Soumagne tunnel (line 3) can be exposed. Apart from its legal obligations in this area, the Infrastructure Division is also implementing a new occupational health and safety system in line with international standards (OHSAS 18001).

Uniform signalling in Europe

In order to improve safety and interoperability, the European Union has decided on the progressive implementation, across the entire trans-European network, of a standardised signalling and safety system called ERTMS (European Rail Traffic Management System). Common to all European countries, this system is a real achievement in harmonisation and will do away with technological boundaries.

ERTMS is made up of the GSM-R telecommunications system (GSM for Railway, a radio communication network reserved exclusively for railways) and the ETCS signalling system (European Train Control System). Via the GSM-R network and the ETCS tags, the integrated ERTMS system ensures that the data relating to signalling is transmitted on board of the train. This information (such as the speed allowed, for example) is no longer transmitted to the driver by the signals usually placed along the track, but is displayed directly in the driver's cab.

This project has major advantages in terms of safety, as an emergency brake is automatically triggered if the authorised speed is exceeded, hence removing the risk of derailments or the overcrossing of a signal. The new ERTMS platform also allows emergency calls to be made to all trains in a specific area and to automatically interrupt any communications in progress in favour of priority calls.

ETCS in full deployment

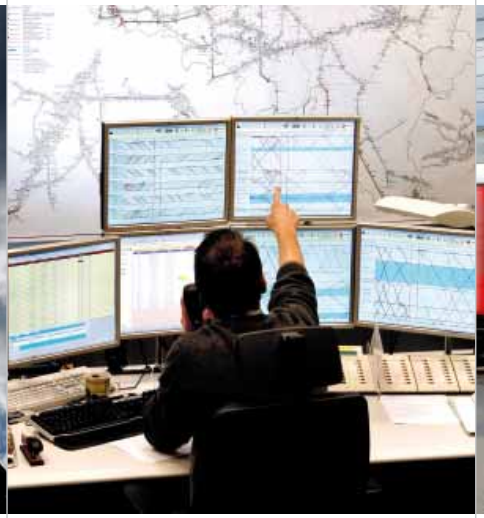
Infrabel has decided to equip its new high-speed lines with the ERTMS system. The deployement on HSL 3 (to Germany) and HSL 4 (to the Netherlands) is coming to an end *(see pp. 53-54)*. After that, as a matter of priority, the sections crucial for European mobility and the freight corridors will be equiped with the ETCS (initially, line 36-36N and Corridor C).

An first step in the deployment of the ETCS system sees Infrabel, from 2007, gradually fitting its signals with the "stop" function, i.e. emergency braking before a red signal is passed. The aim is to equip half of the network by the end of 2009, that is the sections representing 80% of the risks.

GSM-R: welcome to the "safety" network

As for the GSM-R mobile communications network – also available in the trains and for maintenance staff – Infrabel is proceeding with its deployment on more than 3,000 km of main lines, but also in the installations such as Traffic Control, the new signal boxes and the electric traction energy distributors.

At the end of 2007, the GSM-R network covered 45% of the network's main lines while 350 GSM-R sites out of the 465 to be built had been equipped. The GSM-R deployment costs amount to € 120 million. Infrabel called on the SNCB Holding's ICT department to develop and operate GSM-R.



Access to the Network Division

Luc D'Hoker
Safety Systems & Risk Management

Enjo Meeus
Clients

As the person responsible for safety management within the Access to the Network Division, Luc d'Hoker's main concern is safety on the network. His colleague, account manager Enjo Meeus, listens to the opinions of Infrabel's clients – the operators – and responds to their questions and comments.

// **Luc D'Hoker** // I've been working for the railways for 33 years now, and since 2005 I've specialised in safety management. A real "safety culture" reigns at Infrabel, which we would like to transmit and spread communicate to our railway client undertakings.

// **Enjo Meeus** // A network can only be safe if all players concerned work together. Infrabel will not confine itself to imposing a few rules or explaining instructions. It is just as important that we stay open to the operators' suggestions and, where possible, that regulation meet their needs.

// **Luc D'Hoker** // In order to facilitate this collaboration the *Safety Platform* was created. Every two months, it meets the safety managers of the various operators. We inform them about works on the infrastructure and their consequences, about risk management and safety, and about changes in the regulation. The operators' commercial interests are pushed a bit into the backgroundso that everyone can concentrate on safety and learn from the experience and questions of the others.

// **Enjo Meeus** // Of course, we are also there to assist each client individually. Account managers are of contact point for each railway undertaking dealing with their questions and problems. We provide them with a co-ordinated and structured answer within a reasonable time. We make no distinction between the different clients. We treat all railway undertakings equally.

// **Luc D'Hoker** // Safety on the railway network is not just a matter of statistics. Legislation changes, new clients appear on the scene, the infrastructure evolves. By keeping an open dialogue with the operators, we are not just building a safe network, we are also better meeting their commercial interests.

2. TO IMPROVE PUNCTUALITY

At the start of 2007, the device of Infrabel's CEO, Luc Lallemand, was a general mobilisation on punctuality to improve the regularity of the traffic. The company is firmly committed to putting things back on track, despite the many worksites that hinder traffic flows.

Clock

Clocks on platforms aren't just for the passengers' benefit: precise indication of the time is also indispensable for correct rail traffic flow. Did you know that the time is "distributed" from a master clock to its "slaves", either analogue or digital, via a coded time signal?

CLEARLY VISIBLE RESULTS ON THE INTERNET

Keen to supply clear and complete information on train punctuality, Infrabel publishes its punctuality statistics on its website, www.infrabel.be. Since last autumn, passengers can consult a detailed account of the punctuality on the Belgian network.

During 2007, Infrabel's management had several meetings with the main passenger organisations in order to determine which data to publish and to define new punctuality indicators. Since September, for example, Infrabel has recorded peak and off-peak punctuality separately and has recorded results by train type.

Efforts to obtain improved passenger perception will continue in 2008. The infrastructure manager has indeed developed measuring tools that allow connections to be monitored, results to be weighted by the number of passengers on board, or train delays to be measured in real time. Infrabel is commited to publish quarterly these results as of 2008.

Detailed punctuality statistics

As the independent manager of the Belgian rail network, Infrabel is responsible for coordinating and controlling the railway traffic. In this respect, it records and makes an inventory of delays and establishes responsibilities. It then provides the different parties involved with detailed statistics of the regularity of the trains. In 2007, a punctuality rate of 89.2% was recorded on the Belgian rail network. *(see tables next page)*.

Time for action

Aware that the latest results do not meet passengers' expectations, Infrabel is implementing an important action plan since 2006. This plan mobilises the entire staff, at all levels to firmly tackle the causes for the delays that fall under their responsibility. This plan comprises more than 50 measures encompassing all areas linked with punctuality: traffic management, safety, drawing up timetables, but also reliability of the infrastructure, distributing information, staff training and guidance, etc.

Reinforcing the reliability of installations

The incidents for which Infrabel is responsible and having caused the most delays in 2007 are damages to the signalling and the catenary system, and ill-advised choices in regulating traffic. To remedy the first problem, the company has extended the rapid response services *(see p. 32)* and is currently equipping the signalling maintenance staff with computer equipment to assist in checking and adjusting the signalling installations. It also made technical improvements, such as better ventilation of the compartments housing the electrical equipment for signalling. The objective is to protect all sensitive equipment from high temperature fluctuations.

The catenary system – an element which is particularly vulnerable – has been undergoing modernising in the area of Brussels, the rail network hub, since 2007. A large part of the critical areas has already been modernised, but the upgrading plan must continue until 2011, to result in in-depth modernising.

Punctuality 2007: Key figures
Trains arriving on time or with a maximum delay of 5 minutes

	Punctuality without neutralisation*	Punctuality with neutralisation*
2007	**89.2 %**	**93.6 %**
2006	**90.6 %**	**94.0 %**
2005	**91.9 %**	**94.8 %**
2004	**93.2 %**	**95.7 %**
2003	**92.6 %**	**95.3 %**
2002	**92.6 %**	**95.2 %**

* Neutralisation of external causes and major investment works

Punctuality 2007: Key figures

The main operator responsible for **46.5%** of delays
Third parties responsible for **31.3%** of delays
Infrabel responsible for **20.7%** of delays
Some **1.2%** of trains were cancelled

Training and working method

To reduce human errors by its staff, Infrabel organises training and coaching sessions. Since September, "punctuality" training is an integral part of the permanent training programme for more than 3,000 agents responsible for regulating traffic. In 2007, Infrabel appointed the first six coaches amongst its staff to the Brussels-Midi signal box and to Traffic Control, selected for their experience and their teaching abilities *(see p. 35)*. Once trained, they carry out the individual coaching of their colleagues. This experiment will be extended to the whole network in the next two years. In view of the mass arrival of new employees, Infrabel wants to ensure the passing on of knowledge and know-how.

In addition, as the slightest incident during rush hour might cause significant disruptions to the train service, the presence of an experienced manager in the main signal boxes has been compulsory since the beginning of March 2007 (as already the case in Traffic Control). This reinforcement allows

calm, collected and appropriate decisions to be made in an emergency situation.

On-call staff is here!

In 2007, Infrabel's Network Division organised the deployment of 27 on-call staff around the main signalling boxes. Since 1 January 2008, they have responded in the event of a breakdown, accident or any other technical disturbance affecting the network. Available 24 hours a day, each on-call staff member has a response vehicle equipped with a GPS, a flashing light, a mobile phone and a camera. More rapidly on site, the Network agents can advise their colleagues in Traffic Control and in the signal box of the development of the situation and the steps to be taken regarding traffic.

As far as the Infrastructure Division is also concerned, a help desk dedicated to technical signalling equipment (the main cause of delays for Infrabel) is now available 24 hours a day on workdays to ask for remote diagnoses and to gain precious time in putting the installations back into service. In addition, rapid response teams specialised in signalling and electricity are being set up. On-call technicians will have vehicles containing basic equipment and spare equipment to be able to carry out repairs more quickly.

All of these organisational measures must allow the reactivity and effectiveness of the responses to be increased in the event of disruption, and the impact of a disturbance on the traffic to be limited, which will reduce train delays.

Vigilant upstream and downstream

The use of statistics and in-depth investigation of delays are invaluable in the search for more regularity of traffic. To this end, the Infrastructure Division has created a central Quality department since May 2007. Through the classification and analysis of incidents affecting the rail infrastructure, it is possible to take the appropriate measures in order to reduce delays.

Etienne De Ganck
Deputy Director, Traffic Management

"Because punctuality is a concern to us all, our action plan sets out measures for each Infrabel division. And because we want sustained improvement, our efforts bear on the short, medium and long term. The Management Committee monitors monthly those measures which have to yield results in the short and medium term, and an assessment of all actions is drawn up twice a year. But we should also remain aware of possible improvements; this is why we are constantly fine-tuning our action plan, in line with changing punctuality results and new improvement proposals."

Since October 2007, the least punctual passenger trains are dealt with as a matter of priority by the permanent traffic monitoring units, which bring together various people from the SNCB Group. Possible structural causes for delays can now be detected and corrected. In addition, 12 agents have been appointed in 2007 within the Network Division to monitor the traffic and punctuality of a specific rail line. These agents are assigned to propose corrections in the organisation of the train service and point out avoidable errors to the responsible department in charge. The latter can then develop corrective measures and give instructions to its staff on the basis of concrete facts.

Upstream, the Access to the Network Division checks the feasibility of the timetables requested for by the operators by taking into account the journey times, duration of the stops, boarding times, sufficient intervals between two trains, etc. To meticulously prepare these timetables, it uses the new IT application Roman, used for the first time for the December 2007 changes.

Providing better guidance to passengers

When the waiting time of a train have been exceeded, especially during significant infrastructure works on the network, delays, because of a snowball effect, have repercussions on other connections. In 2007, Infrabel reinforced the strict checking of the application of the anticipated waiting times. By means of posters, it explained to passengers in 53 connecting stations the prevailing principles for waiting times.

Another small measure, but with a great effect: precious minutes can be saved when boarding if passengers are spread over the whole length of the platform. To achieve this, nearly 40 new shelters have been delivered and installed on platforms where this was vital. Many additional shelters will be ordered and installed in 2008 and 2009.

Network Division - Traffic Control

Nathalie Spronck
Florence Vanhover

Among the new staff joining Infrabel in 2007 is Nathalie Spronck, who is now part of the Traffic Control team. As her 'coach', Florence Vanhover is guiding her through her apprenticeship in the IT tools that play such an essential part in managing traffic.

// Florence Vanhover // Before taking up this position, I worked for three years at Mons and Brussels in dispatching, which have been centralised in Traffic Control since the end of 2006. I've acquired a good deal of experience with ARTweb, the IT application used to monitor traffic in real time and identify the causes of delay. As a coach, I try to pass on as much as possible of my knowledge to my new colleagues.

// Nathalie Spronck // Working in Traffic Control can be stressful, and there is no way you can be free and easy about it. You constantly have to monitor the traffic, and when there's a delay, even a slight one, you have to identify the cause so that passengers can be informed. But of course, I can ask Florence to help me when I'm not sure how to go about things.

// Florence Vanhover // I don't just intervene when my colleagues encounter a difficulty or have a problem. I also try to teach them a working method that helps them develop good reflexes. Because you need up to three years to master this job, new people always work together with experienced people.

// Nathalie Spronck // Before you start working at Traffic Control, you take an eight months' theory course with heavy emphasis on safety. After that, there's a "guidance" stage, during which you are under observation while you work. Once you can work independently, the coaches prove very useful: in the beginning, it's sometimes difficult to set priorities.

// Florence Vanhover // It's not an easy job, and sometimes people are overwhelmed by the amount of work, but I'm determined to put everyone on the right track! I used to go to them to see if they were having any problems, butnow we've developed a mutual relationship, and they come to me with their questions. So now we're working together to a safe and fluent traffic.

3. TO MODERNISE THE INDUSTRIAL TOOL

Infrabel is continuing its efforts to optimise and modernise its installations. Traffic management was reorganized in 2007 into 13 regional management centres, while the concentration of its signal boxes continued. Moreover, in terms of creating modern, efficient logistics centres, it is progressively setting up technical teams responsible for maintaining and modernising the network. Through these ambitious projects, Infrabel is demonstrating its willingness to adapt its means of production to new technologies and to concentrate its efforts to achieve a better productivity.

Rail

Manufactured by the steel industry and assembled in the Schaerbeek workshop, the rails that Infrabel uses are made of steel and weigh, according to the type, 50 or 60 kilograms per metre. In the workshop, the rails are welded end to end to make long welded rails (LWR) 300 metres in length, with no joints. In Belgium, as in most European countries, the rails are set 1.435 metres apart.

Concentration of signal boxes for a more punctual and safer network

Infrabel is continuing the progressive implementation of its renovation and concentration plan for the signal boxes that manage local traffic. From the 31 ultra-modern control centres planned in 2012 (compared to 368 older one's when Infrabel was established), 19 are already fully or partially operational. The commissioning of the 12 remaining signal boxes will gradually take place between now and 2012, in order to ensure continuity of the traffic. More reliable, more practical and more comfortable, the new signal boxes ensure better regularity of the traffic while guaranteeing a very high level of safety. In 2007, the areas served by Bruges, Liège, Namur, Mol and Nivelles were extended. In total, nearly 100 signal boxes have been taken out of service since 2005.

Modernisation of infrastructures in 2007

Main line renewals

- 171 km of sleepers
- 94 km of rails
- 94 km of ballast
- 48 points and crossings

Secondary line renewals

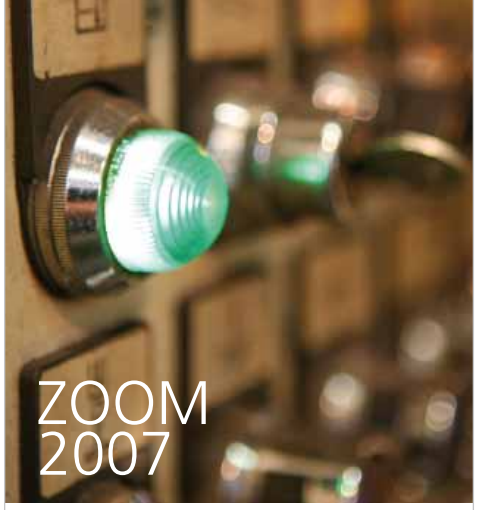
- 29 km of sleepers
- 31 km of rails
- 19 km of ballast
- 38 points and crossings

Renewal of power distribution installations

- **Traction substations:** modernisation of installations at Brussels-Midi, Hal, Berchem, Kinkempois, Luttre, Ciney, Arlon, reinforcement of substation protection in the Brussels area, modernisation of Antwerp-South switching station
- **Catenary system**: completion of reelectrification of line 25 and locomotive holding sidings at Brussels-Midi, renovation of contact wires on lines 25 and 26, fitting out of Charleroi-Sud and Luttre.

Signal box prototype and traffic management simulator

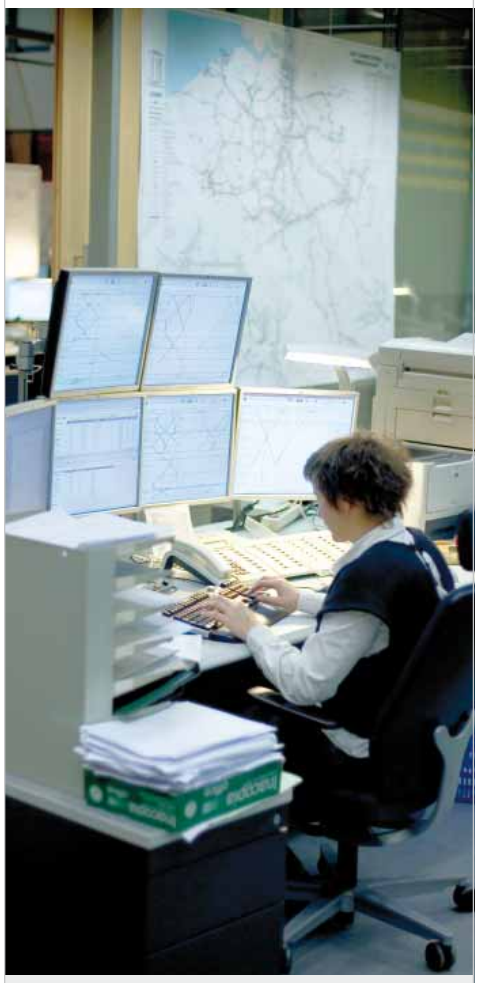
A prototype signal box fulfulling very demanding requirements (ergonomics, acoustics, air conditioning, etc.) was tested in 2007. This single model, which can be adapted to local requirements, will help to standardize procedures and operations and will optimise the training of staff, enabling them to become operational sooner. Each signal box will also have its own traffic management simulator based on actual track configurations – a first in Europe! Staff will therefore be able to train in managing problems on the tracks and switches controlled by their own signal box.



INFRABEL INAUGURATES ITS SIXTH LOGISTICS CENTRE

On 20 April 2007, Infrabel inaugurated its new Infrastructure Logistics Centre (ILC) in Ans. With a surface of 2,603 m², this ILC brings together the technical and human resources of the "arrondissement" of Liège. Employing 193 agents, this newly built ILC in the Liège district is also the first one to include a brigade responsible for a high-speed line on the same site (the Hélécine-German border section). It represents an investment of € 3.65 million.

This centre is part of a vast programme bringing together, within ILCs and their branches, some 250 maintenance sites, located over the entire network, responsible for the maintenance and modernisation of the rail infrastructure (see p. 39). The progressive redistribution of logistical capabilities in each "arrondissement" is in line with the goal of rationalising and modernising the means of production. At the end of 2007, six Logistics Centres and 26 branches were in use out of the 66 planned over time (22 ILCs and 44 branches).



Traffic Control wins an award for its ICT development

Infrabel's hyper-modern traffic control centre, inaugurated at the end of 2006, was awarded for its innovative and strategic style at the "ICT Manager of the Year" competition, held in November 2007 by the magazines DataNews and Trends Business ICT.

Concentrating the old regional dispatching centres and the centralized Brussels dispatching centre in one place, this national control centre is one of the most modern in Europe.

Frederic Tais, Project Manager of SNCB Holding's ICT department received the "ICT Innovator of the Year – Public Sector" award for the development of two specific computer programmes: the ARTweb and A172 applications. Thanks to these high-tech ICT systems, Traffic Control is able to manage traffic and provide passengers, 24 hours a day, 7 days a week, as quickly as possible, with information on disruptions.

From 19 Regions to 13 GRI-R

On 1 November 2007, the "New Passengers" operation was finalised with the transfer on a total of 1,503 of some 6,000 employees of the Network Division to SNCB's Passengers Division, after consultation of the employees' representatives. This operation has divided the responsibilities of the infrastructure manager and those of the railway operator, as required by the European directives. The passenger-related platform staff therefore logically rejoined the SNCB, since they basically carry out commercial tasks.

The direct consequence of this transfer is a new organisation at the local level of the Network Division: since 1 January 2008, 13 GRI-R (regional management centres), have replaced the 19 former Regions. This was an administrative and organisational merger that required significant preparation.

SMALL STEPS TOWARDS SUSTAINABLE DEVELOPMENT

Reduced use of herbicides:swhile it is still necessary to clear weeds from the tracks to keep them in a good condition, Infrabel has greatly reduced the quantity and harmfulness of the herbicides used.

Ballast recycling: Infrabel recycles ballast during track maintenance or renewal works: 90% can be recycled in construction (i.e. public highway works); 10% need physical-chemical treatment.

Reduction of the number of wooden sleepers: Infrabel has generalised the use of concrete sleepers and uses a less agents to impregnate wooden sleepers.

Recovery of rainwater and re-use within the ILCs' sanitary facilities. For example: the Mons ILC is participating in a pilot project where rainwater is used to supply the toilets and an external industrial water network (for high-pressure cleaner, etc.)

Car fleet renewal: Infrabel replaces vehicles that are more than eight years old or with more than 160,000 km with vehicles that use less fuel and emit less CO_2. Between 2005 and 2007, while the motor fleet has grown by 13%, the amount of fuel used has been reduced by 1%.

Francky Verbruggen
Logistics, Workshops & Zones

"The former local small workshops have had their time. The dispersion of resources and people is also coming to an end. The ILCs are a plus in terms of efficiency, rationalisation, cost-saving and working conditions. They are true meeting places for the new technologies. The ILCs are building blocks and a work and life philosophy at the same time."

Towards major logistics centres

Assigned to become centres for combining people and resources, the Infrastructure Logistics Centres *(ILCs, see p. 67)* are progressively emerging. These centres vary in size according to whether they include, in addition to the basic ILC (one per "arrondissement"), a catenary maintenance centre and/or a track motorcar garage (motorised equipment for track maintenance). Apart from concentrating and rationalising logistics resources, combining different specialities in centres allows working conditions to be improved. It also leads to better staff organisation, more efficient work planning and greater speed of intervention. Finally, ILCs enable computerised management of the logistical chain, leading to ISO certification.

Pooled management of stocks

Thanks to the creation of ILCs, materials are kept in stores that are common to the various infrastructure services and also computer-managed. This management, based on an ERP (Enterprise Resource Planning)-type system is already operational in one central store and in two ILCs (Mons and Hasselt). It will be extended to other stores and ILCs as they come into service.

GeoRamses: a gigantic technical inventory for a 55,000-part puzzle

It is essential for Infrabel to be able to locate each of the 55,000 components of its infrastructure in order to intervene in time in the event of an incident or breakdown, to assess the impact and to directly take the necessary steps. Where are the level crossings on line 124 situated? Between Ghent and

Jean-Marie Raviart
Director - General Infrastructure

"By imposing ISO certifications on itself, the Infrastructure Division wants to take a critical look at its working methods. Thanks to the quality management system, we can show that we have mastered the design and creation processes for new infrastructures. It allows us to prove the reliability, safety or interoperability of our equipment."

Aalst, what space is available alongside the tracks to lay cables? Localisation is very important, in order to organize periodic maintenance and renewal to facilitate the work of suppliers. This enormous amount of data disseminated geographically, stored on various electronic supports, has been encoded in the new GeoRamses application in 2007.

A fleet of specialised machines for track maintenance

In order to remain competitive, Infrabel is renewing its vast fleet of special machines and motorised equipment. Therefore, four ballast ploughs were put into service in 2007, and seven tampers have been ordered. Infrabel also has a fleet of 1,250 vehicles, small and large commercial vehicles, cars and lorries, mainly used by the maintenance teams *(see p. 26)*. These agents must be able to respond, day and night, as quickly as possible on the whole network, in places that are often difficult to access. As paradoxical as this may seem, Infrabel's motor fleet is indispensable for improving productivity and reducing train delays!

Certification as a quality label

The fact that many different departments of the company have been awarded ISO certificates proofs that the quality management system mobilises Infrabel at every level. The aim of the Infrastructure Division is to obtain ISO certification for all its departments. The process is in progress in two pilot areas (Ghent and Charleroi). In 2007, the central technical departments, Strong Currents and Signalling, both obtained an ISO 9001 certification. This involves the rigorous description of the different procedures and working methods, and also the setting up of a continuous and permanent process of improvement. Within the other central departments of the Infrastructure Division, quality audits are scheduled in preparation for a forthcoming certification. The Bascoup workshop achieved an ISO 14001 certification for the measures taken in environmental management.

Network Division - Bruges

Patrick Huys
Gilbert Pleysier

Bruges is the first point on the network to have a new generation signal box. Gilbert Pleysier and Patrick Huys are working there as operator and supervisor, and have a ringside seat for the major signal box concentration project.

During their signalling training in the eighties, Gilbert and Patrick got to know each other and then worked together at La Panne. Later, they met up again in Bruges. After years of working together, the two men make a perfect team.

// **Gilbert Pleysier** // When I was little, I was fascinated by trains, and the signalman's job seemed really interesting. And it is, indeed! I've been working for the railway for thirty years now, making sure that traffic is running smoothly. This gives me great satisfaction. You never forget that thanks to you, people get to their destination.

// **Patrick Huys** // Signal boxes used to be situated near stations and we were regularly in contact with passengers. As time went by, major changes took place, particularly by introducing the "EBP" technology (electronic signal box). The traffic control area has got bigger, however the working method has been greatly simplified. What used to require several actions is now done at the click of a mouse!

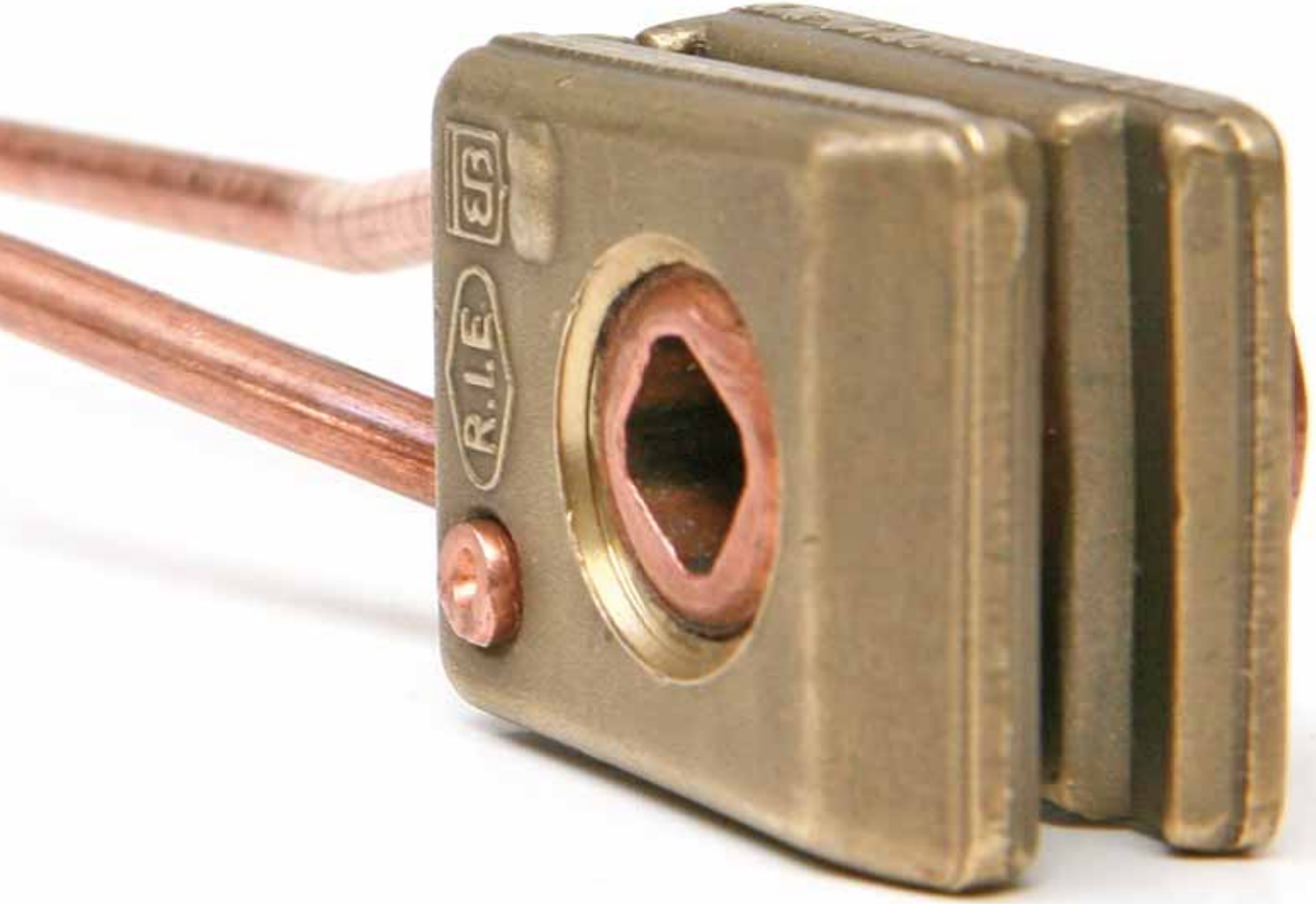
// **Gilbert Pleysier** // EBP has not just simplified work; it also provides an extra support: the operator cannot forget anything because the computer always suggests a solution. In this way, individual mistakes are avoided, and traffic safety is enhanced. It also allows you to react more quickly: in the past, when there was a problem, we had to go on the spot to find out what was wrong; now the IT system provides us with the information.

// **Patrick Huys** // And since we have a better view of the traffic, we can anticipate events even before the train gets to our action zone. But apart from the new technologies that make traffic management easier, there's also the teamwork that makes it a pleasant job. In Bruges, we are thirteen in the signal room. Apart from relying on the computer, we can always count on our workmates if traffic is running less fluent.

MAJOR PROJECTS FOR SUSTAINABLE MOBILITY

Dropper

The catenary system is an essential element of the Belgian railway system, which is nearly 90% electrified. Generally made up of a contact wire suspended from a supporting wire, it powers trains via their pantographs. As the contact wire has to be perfectly horizontal – so as to avoid jolts and ensure continuous contact between the pantograph and the catenary system – overhead contact system droppers of variable length are used, on the suspension bridge principle.


R.I.E

1. MAKING OUR CLIENTS' DAILY LIVES EASIER

From 2000 to 2006, passenger traffic rose by 34% on the Belgian network. This increase and the reported saturation of the roads highlight the necessity of the RER project. But the crucial importance of mobility requires other paths: modernisation of particular sections to increase speed, improvements to passenger amenities on platforms, increased preventive maintenance of infrastructure, systematic analysis of incidents, etc. In this respect, Infrabel shares the government's objective, formulated in 2006, to further increase domestic passenger traffic by 25% by 2012.

"Robel" train shaft

"Robel" trains are used to transport long welded rails from the workshop to the track. Metal shafts like this one, fixed to metal mountings, form part of this equipment. They enable rollers (as seen on page 10) to turn, allowing rails to be loaded and unloaded.

MAKING STATIONS EVEN MORE ACCESSIBLE

Infrabel wants to increase the attractiveness of the railway in Belgium. Its efforts mainly concentrate on at making platforms and halts more welcoming and accessible. Better serving halts and stations also implies modernising the tracks approaching stations, either to increase capacity or to allow trains to travel through them more quickly. These realisations, ensuring a more regularly traffic, have a positive impact on the punctuality and mobility of domestic traffic.

Year after year, Infrabel invests to increase the capacity and quality of its network. It invests mainly where the network needs it, as much by way of major projects than more modest ones. It also makes sure to commission the new infrastructures as soon as possible, without waiting for the completion of the whole project. It therefore allows its clients to benefit directly from improvements to its network.

As infrastructure manage, Infrabel manages the installations necessary to the circulation of trains and their safety: tracks, catenary, signalling, structures, etc. But other elements are also part of its responsibility: platforms, access to the platforms, lighting, shelters as well as the passenger information systems. The works carried out in the train stations can either be on the railway infrastructure or on receveing passengers.

HALTS FOR CROSS-BORDER TRAVELLERS

Infrabel has invested more than € 1.5 million to completely renovate the platforms of Halanzy, Aubange and Messancy, which were inaugurated in May 2007. Infrabel wants to build on these new services located in the southern part of the province of Luxembourg and offer passengers and commuters on the lines 165 (Virton-Rodange) and 167 (Arlon-Rodange) all modern comfort: lighting, PA system, sign posts, seats and shelters, etc.

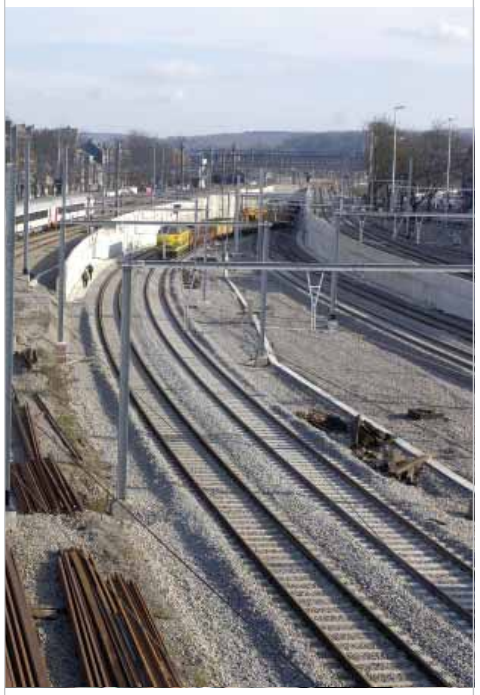
Infrabel has also opened a new halt in Hergenrath, on line 37 (Liège-Aachen). Previously, commuters had to go to Welkenraedt to get to Aachen by train. The construction of two platforms equipped with shelters, seats, lighting, a PA system, studded tiles for the visually impaired and the building of two car parks represent an investment of € 425,000 (€ 240,000 paid for by Infrabel, the rest being financed by Interreg, a EU-funded programme encouraging transnational projects).

More user-friendly and practical halts for everyone

Infrabel maintains and modernises the platforms and their access roads (subways, footbridges, elevators, etc.) in the train stations and in the halts. Paying attention to the customer's comfort and safety, it installs enough seats, shelters and lighting. Particular attention is paid to people with reduced mobility and the visually impaired by way of adapted equipment (special tiles, ramps or lifts to access to the platforms).

Passenger announcement systems

In 2007, Infrabel continued its efforts in informing passengers in case of disturbances, notably thanks to a project called PIDAAS (Passengers Information Display and Audio Announcement System). Aimed at automatically generating audio and visual announcements in real time, it required modernising the existing screens and installing additional screens – this was the case in 15 train stations in 2007. It also required powerful loud-speaker equipments. If all Belgium's train stations and halts have been fitted since 2006 to broadcast audio announcements. In 2007, the till needs to fit the new halts in 2007 *(see p. 45)* and completely or partially renovate the installations of 29 train stations and halts.



Namur: new infrastructures to impove capacity, traffic and regularity

Being an important railway junction, the Namur railway station is located at the crossroads of the Brussels-Luxembourg and Namur-Dinant lines, and the "Walloon backbone" (line Mons-Liège). Until recently, railway traffic in transit had to cross using a complex set of switches. Infrabel has undertaken major works to make the traffic on these lines more fluid and more regular. An important phase, launched in 2004, was finished in February 2007, with the inauguration of new infrastructures, the centrepiece of which is a 600 metre long tunnel. The completion of the entire works in the Namur railway station is scheduled for 2010, the ultimate phase comprises the modernisation of infrastructures (locomotive holding sidings) on the western side of the railway station.

14 tracks in Antwerp-Central

The huge infrastructure works carried out in the Antwerp-Central station increased its capacity to 14 tracks in total, divided over three levels. On 23 March 2007, Infrabel first inaugurated the new Level -2, completing the North-South junction project, which started in 1998, linking Antwerp-Berchem and Antwerp-Luchtbal through 3.8 km a long railway tunnel being, used both domestic and Thalys trains. This junction is the central link of the nothern branch of the high-speed network *(see p. 54)*. On 6 December 2007, Level -1 was inaugurated. These four new tracks facilitate the access to the train station for domestic trains. The total budget of this major infrastructure project is € 720 million.

Eddy Clement,
Director-General Network

"In 2007, we set up 35 Network Intervention Teams". These teams roam the country to keep everything clean and tackle vandalism in the unstaffed halts. It is important to give a safe feeling, since 9% of passengers take the train in these halts. Moreover, the halts are one of the 23 priorities in the BRIO II strategic plan."

RELIEVING CONGESTION IN BRUSSELS THANKS TO THE RER

In 2016, the RER will offer commuters, in a radius of 30 km around Brussels, specific connections to the capital. Playing on the complementarity between the different means of transport, the new frequent slow trains will be a viable alternative to the car, with advantages in terms of timetables, rates and accessibility.

Two additional tracks for an increased number of trains

The increased frequency of railrway traffic, the main asset of the RER project, requires the quadrupling of tracks on most lines concerned. This will increase the capacity and ensure a steady flow of traffic. In fact, the fast trains (IC-IR, fast rush hour trains and, if the case, high-speed trains) will use the two tracks reserved for them, while the RER and the slow rush hour trains will run on the two additional tracks.

For Infrabel, the RER project represents considerable works on many radial lines of Brussels, and a total investment of more than € 1.5 billion2001. The complete commissioning of the RER network is planned for 2016. By then, no less than 120 railway stations and halts will also have been adapted or renovated.

Infrabel commits to the locals and passengers

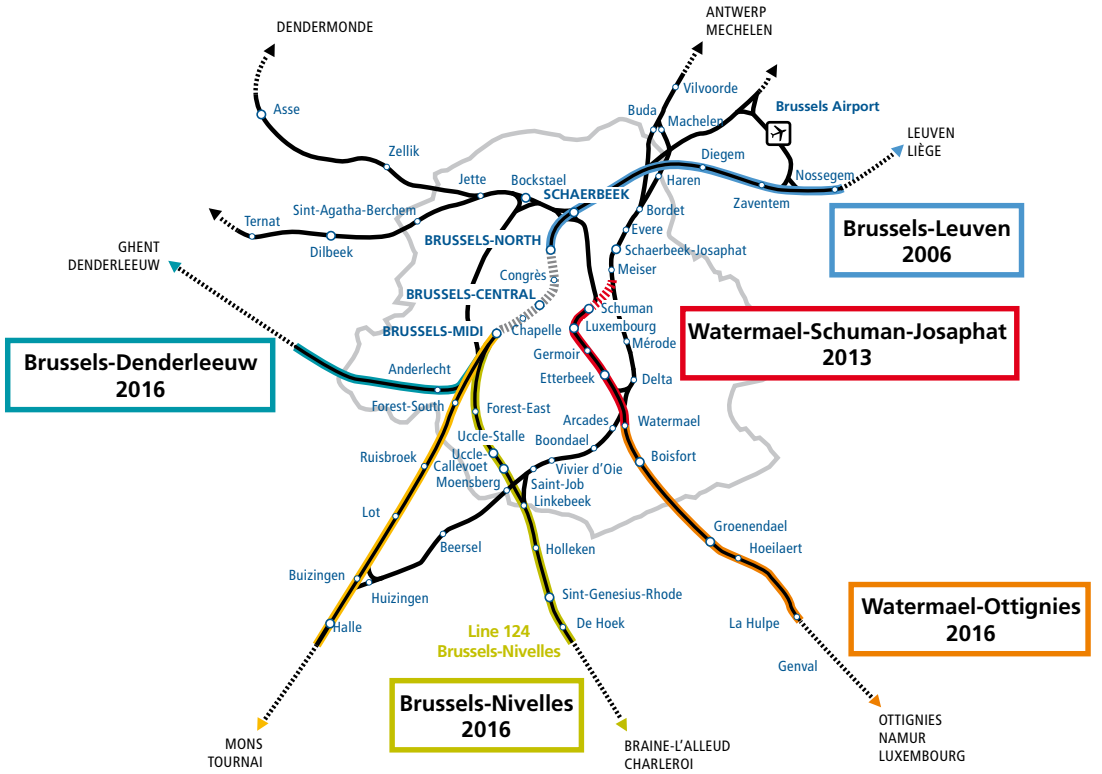
Specific methods are used to reduce the noise and vibratory nuisance that could be caused during the works: anti-noise walls, "green" walls, deep foundations, etc. Wanting to inform the locals as best possible about its work sites, Infrabel organises information sessions in the neighbourhoods concerned. Therefore, a specific "locals" cell has been set up within Infrabel. Finally, the company is taking concrete measures to limit the disturbances of railway traffic to a minimum for the duration of the works.

A SMALL CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

An example among others... During the quadrupling of tracks located in the Sonian forest (line 161 Brussels-Ottignies), Infrabel will build several hiding-places for a protected species of bats.

Work in progress

Infrabel, by the intermediate of its subsidiary TUC RAIL, actively pursues the necessary works for building of the RER. In 2007, two new work sites (one on line 124 Brussels-Nivelles and the other on the line 161 Brussels-Ottignies) were started in the Walloon Region. These work sites often imply many civil engineering works such as the enlargement of the track formation, the renewal of bridges, the building of new structures (e.g viaducts), underpasses, elevating platform height, building anti-noise walls, storm water basins, road works, etc. Often, several Regions are concerned, which increases the associated administration.



Brussels – Nivelles (line 124)

In the Walloon Region, the works undertaken in Nivelles, planned until 2010, were added in April to work sites started in August between the north of Braine-l'Alleud and the south of Waterloo. In the Flemish Region, the urban planning permit was applied for in June 2007 and the public enquiry was held from July to September. In the Brussels-Capital Region, the permit was applied for in October 2007.

Brussels – Ottignies (line 161)

The first stage of the works that started in August 2006 with several work sites in the Flemish Region (from Hoeilaert to the Sonian forest) and in the Walloon Region (from the south of Ottignies to the junction branching fork of Louvain-la-Neuve), is progressing. A new work site was started in November on a section located between the stations of Ottignies and Pronfondsart. As for the Brussels-Capital Region, in January 2008 it granted the permit for the widening to quadrupling of the tracks on the Watermael-Boitsfort section. The municipality lodged an appeal with the "Collège de l'Urbanisme" in February 2008.

The Watermael – Schuman – Josaphat connection

Important works are in progress to build a fourth track between the train stations of Etterbeek and Brussels-Luxembourg. All bridges on this route were adapted, apart from bridge over Chaussée de Wavre. The enlargement now concerns the Chaussée d'Etterbeek - rue Belliard section.

Elsewhere, the "Etterbeek triangle", a complex of crossroad works of the Hal-Vilvorde (line 26) and Brussels-Ottignies (line 161) lines is currently being planned in order to have a steady flow of traffic. An important phase of these works took place during the Easter weekend 2007. This included the Germoir bridge and the bridge crossing lines 26 and 161, the demolition of the rue du Sceptre bridge, and the installation of switches and crossings at the "trapezium Rogier".

The last chapter of the "Watermael-Schuman-Josaphat" project consists of a new tunnel between Schuman station and the Josaphat site, which will connect the European quarters to most of the country's big cities without using the Brussels North-South junction. Preparatory work is being carried out near the Meiser halt. The administrative procedures for awarding the Schuman station and tunnel contract went ahead in 2007 and at the beginning of 2008. Work will start mid-2008.

Brussels – Denderleeuw (line 50A)

The urban planning permit was granted at the end of October 2007 by the Flemish Region, but an appeal was lodged by the municipality of Dilbeek. For the section situated in the Brussels-Capital Region, Infrabel obtained its urban planning certificate in 2007 and was able to submit the urban planning permit application in January 2008.

Infrastructure Divison - Kortrijk

Pascale Desmet
Nancy van Laere

Pascale Desmet and Nancy van Laere have both been working for Infrabel for about two years. Together with their colleagues, they are responsible for maintaining and modernising the tracks in the Deinze area.

// **Pascale Desmet** // My work is very varied and I find it enormously interesting. We replace sleepers, check and grease switches, replace the rails where needed, etc. For this kind of work, we mainly use special drilling machines and other specialised tools.

// **Nancy Van Laere** // At the moment, the teams are almost completely made up of men, which implies a particular atmosphere. Some people think that as a matter of principle, women aren't suited for this kind of job. The Deinze track layers were astonished when they first met their female workmates! But we got on fine from the beginning.

// **Pascale Desmet** // Physical work isn't a problem for us, even if we do need a bit of strength! But we never have to deal with our work alone because it's done in teams of ten or twelve. In any case, the heaviest of machines need to be lifted by four people, and it doesn't really matter wether it's done by a man or by a woman. After a one-year training course, we're getting on just fine!

Nancy Van Laere: For me, the best thing about my job is working outdoors. But you can't go around with your head in the clouds: it's vitally important to stay on the ball when you work on the tracks. You can never stress safety too much.

// **Nancy Van Laere** // We wear safety gloves and boots, yellow fluorescent clothing and lookouts warn us when a train is approaching. We also have meetings on safety and our managers regularly remind us to take care. But anybody who works on the tracks already knows that safety comes first.

2. LINKING EUROPE'S MAJOR CITIES

Europe needs a dense and efficient rail network to support its development. In partnership with neighbouring networks, Infrabel is participating in progressively building this network. It is the first infrastructure manager to complete its high-speed network, confirming our network's turntable role. Thanks to this project and the European signalling system ERTMS, the Diabolo project and the modernisation of the Brussels-Luxembourg axis, Infrabel links numerous major European cities and brings people closer together.

Peg

On high-speed lines, the signalling system is based on subdividing the line into segments of approximately 1.5 km, measured out by these panels featuring a yellow triangle on a blue background. Information on the permitted speed is communicated to the trains via electrical impulses transmitted by beacons placed in the track; on board instrumentation tells drivers their current speed as well as the maximum permitted speed for that segment.

COMPLETING THE HIGH-SPEED NETWORK

Ten years ago, on 14 December 1997, a high-speed train travelled for the first time on the entire western branch, from the French border to Brussels. A decade later, Infrabel is able to turn Belgium into the first European country to complete its network of high-speed lines (HSL), putting the country at the heart of the future interoperable network of high-speed lines that suit the size of Europe.

The eastern branch (Brussels-Liège–German border - 139 km)

Between Brussels and Leuven, high-speed trains run at 160 km/h (to 200 km/h in the future) on a classical line, modernised and doubled (two tracks for local and RER traffic, two tracks for the fast domestic and Thalys trains). Beyond Leuven and up to Ans, they travel at 300 km/h on a new high-speed line (line 2) that was inaugurated in 2002.

The works continue beyond Liège, in the direction of the German border. In 2007, they consisted of signalling works. The new high-speed line 3 will be operational at the end of 2008. What makes this line special? It has the country's longest railway tunnel: the tunnel of Soumagne (6.53 km). After passing this tunnel, high-speed trains will travel in Belgium at 260 km/h up to the German border.

Thanks to the commissioning of this last link, the eastern branch will link Brussels to Cologne in a little over an hour and a half and Frankfurt in less than three hours. The investment in the construction of the HSL 3 amounts to € 830 million.

Thalys as test lab

In October, Infrabel conducted a series of safety tests by fitting a Thalys train with a measuring laboratories. This train carried out up to 10 return trips per day at 286 km/h, rigorously checking the railway infrastructure and the coverage of the GSM-R network. These test runs mark the end of a year of various checks (switches, structures, electrical supply, etc.) of the infrastructure. During 2008, Infrabel

THE RAILWAY: A SMALLER ECOLOGICAL FOOTPRINT

Lower CO_2 emissions: travelling by train emits (indirectly via de power plants) 31 g of CO_2 per passenger-km, compared to 125 g per car km travelled (based on an average number of 1.4 persons on board).

Better use of space: the railways only use one third of the space required by others means of transport to carry an equivalent number of people.

Energy efficiency: an IC train (with an average number of passengers) consumes, per passenger, less than half an average type of car. During rush hour, this score is even better with a consumption equivalent to a tenth of the consumption of a car.

Dirk Demuynck
Chief Executive Officer TUC RAIL

"In addition to its international purpose, the TGV project offers Belgium many advantages. It leaves the network's capacity strengthened, while the three cities served by the TGV are seeing their influence grow. The brief given to TUC RAIL in 1993 for the building of the high-speed network was clear: to provide work of quality at a sustained pace. In fifteen years, we have developed a unique expertise, becoming the biggest Belgian engineering design firm in the sector, fully able to carry out Infrabel's major infrastructure projects".

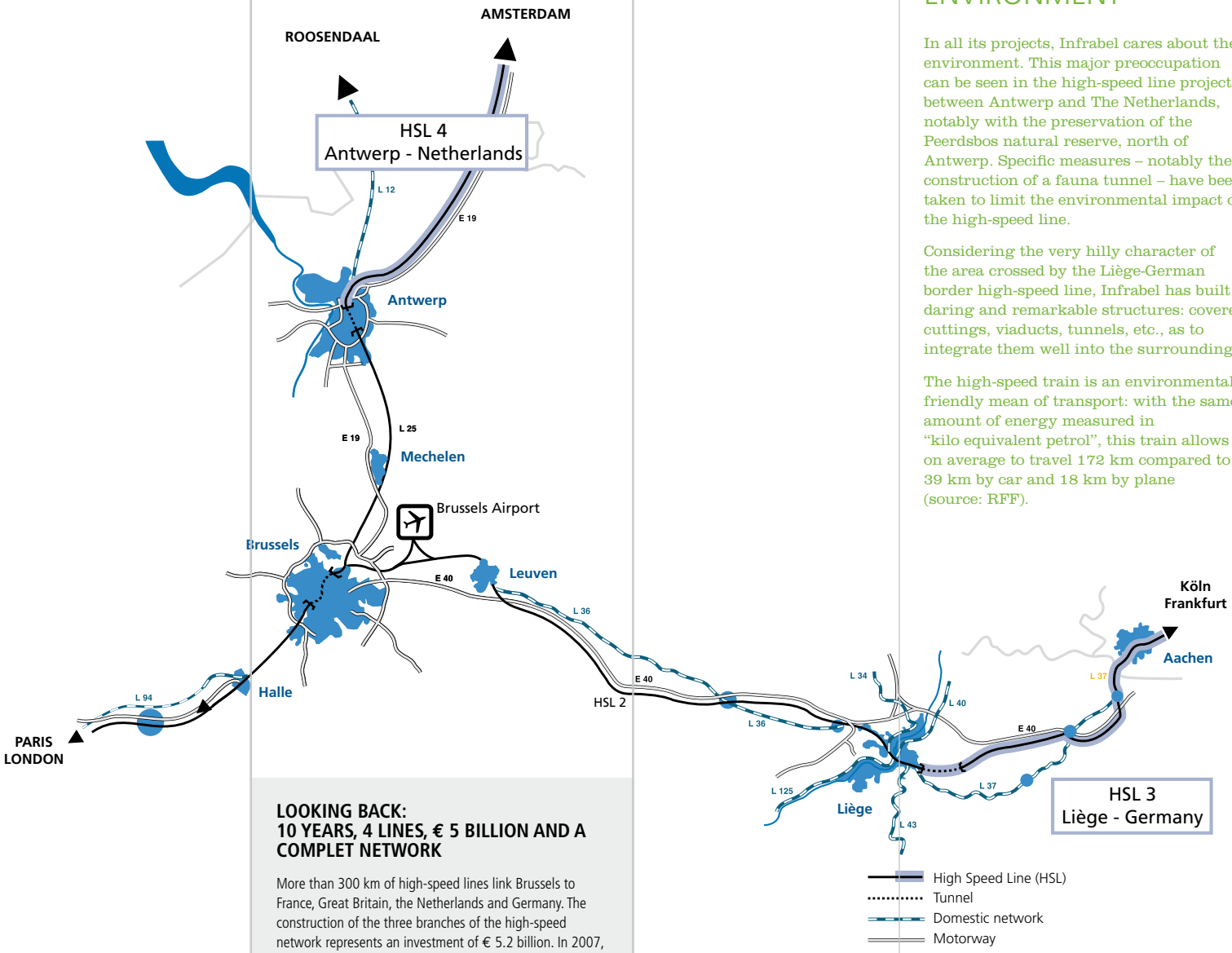
will have the signalling homologated, especially the ERTMS system *(see p. 27)*.

The northern branch (Brussels-Antwerp–Dutch border – 87 km)

Between Brussels and Antwerp, the Thalys trains use the classical line 25. Once the infrastructure of the Diabolo *(see p. 44)* will be in operation in 2012, it will travel at 160 km/h between the two cities, first on the new line 25N, then again on the classical line 25. Between Antwerp-Luchtbal and the Dutch border, Infrabel is finishing a new line of 35.5 km which can be used at 300 km/h. It runs along the motorway network (E19) for a better integration into the landscape.

This northern branch also required the construction of a railway link of 3.8 km under Antwerp-Central, called the North-South junction *(see p. 46)*, crossing the city. This underground junction doubles the capacity to the north of Antwerp and the Netherlands and considerably reduces the travel time between Antwerp and Amsterdam, which will be brought down to 1 hour and 10 minutes. With its ultra-modern train station and its 14 tracks divided over three levels, Antwerp has been opened up and is discovering new perspectives for mobility.

Infrabel invested € 720 million in the project of the North-South junction and € 740 million in the construction of the Antwerp - Dutch border high-speed line (line 4), that was co-financed by the Netherlands to the amount of € 460 million.



LOOKING BACK: 10 YEARS, 4 LINES, € 5 BILLION AND A COMPLET NETWORK

More than 300 km of high-speed lines link Brussels to France, Great Britain, the Netherlands and Germany. The construction of the three branches of the high-speed network represents an investment of € 5.2 billion. In 2007, Infrabel completed the installation of signalling equipment and carried out the final safety tests on line 4 (Antwerp-Dutch border) and 3 (Liège-German border). The first will be commissioned in spring 2008, the second at the end of 2008. Thanks to this ambitious investment, Belgium can really play the role of a European crossroads, backed by the European Commission, which subsidised the HSL project since 1991.

HSL AND THE ENVIRONMENT

In all its projects, Infrabel cares about the environment. This major preoccupation can be seen in the high-speed line project between Antwerp and The Netherlands, notably with the preservation of the Peerdsbos natural reserve, north of Antwerp. Specific measures – notably the construction of a fauna tunnel – have been taken to limit the environmental impact of the high-speed line.

Considering the very hilly character of the area crossed by the Liège-German border high-speed line, Infrabel has built daring and remarkable structures: covered cuttings, viaducts, tunnels, etc., as to integrate them well into the surroundings.

The high-speed train is an environmentally friendly mean of transport: with the same amount of energy measured in "kilo equivalent petrol", this train allows on average to travel 172 km compared to 39 km by car and 18 km by plane (source: RFF).

Marc Smeets
General Manager Finance & Administration

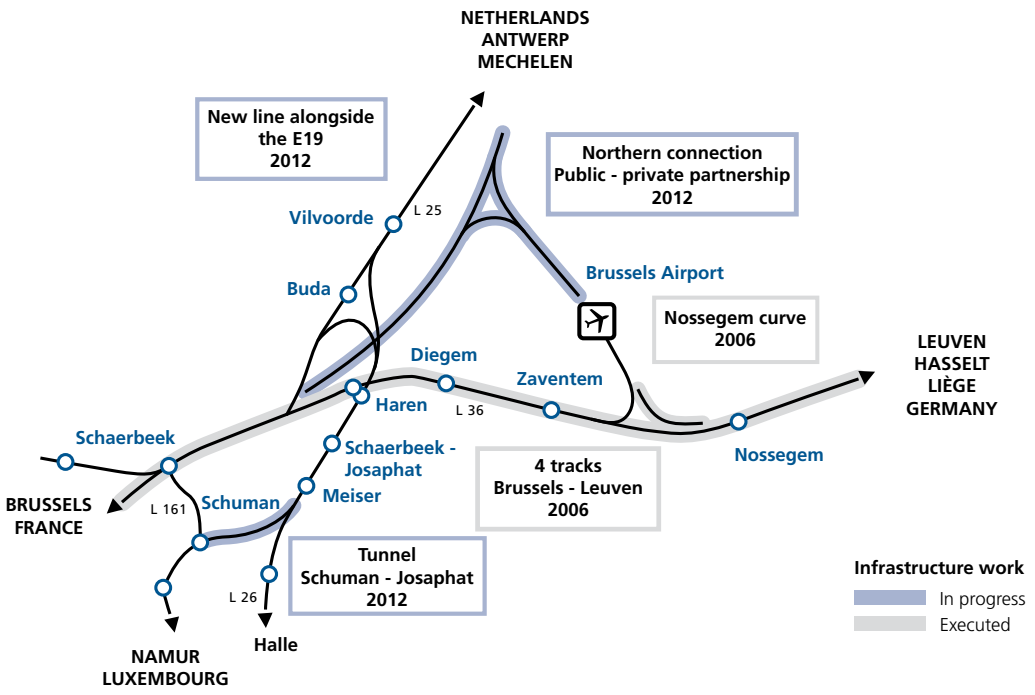
"For more than three years, the PPP mobilised us at all levels: legal, financial, technical, etc. There has never been such a co-operation in Belgium. A crucial aspect was the negotiation of the remuneration conditions according to the use of the infrastructure. A gamble on the future that had to be supported by detailed macro-economic forecasts. Given the number of partners involved, Diabolo required serious negotiations in terms of responsibilities, insurance, planning, etc. An Infrabel and TUC RAIL team, assisted by external experts, turned this vast project into a success through real team work."

POWERING THE TAKE-OFF OF BRUSSELS AIRPORT WITH DIABOLO

Thanks to the Diabolo project, the station of Brussels-National Airport will be directly connected to the Paris-Brussels-Liège-Frankfurt and Paris-Brussels-Antwerp-Amsterdam main lines. Made easily accessible by rail from all major Belgian cities and several large European cities, the airport will not only be freed from its relative isolation, but will also be more attractive for companies wanting to establish themselves nearby. The project will provide the airport with one of the best railway hubs in the world.

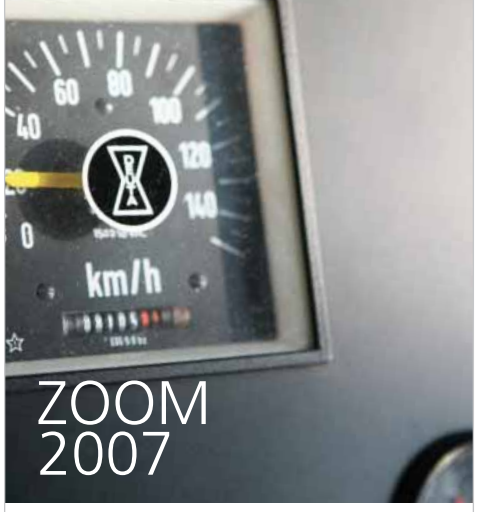
Brussels Airport is one of the main economic centres in Belgium. However, its development is hampered by the ever-increasing road traffic causing congestion in the surrounding area. In order to improve access to the site by an environmentally friendly means of transport, Infrabel built the "Nossegem curve". Since the end of 2005, it links the airport to the Brussels-Louvain-Liège main line (line 36), the capacity of which was increased at the end of 2006, by doubling line between Brussels and Leuven.

Infrabel will also improve the northern access to the airport by linking Brussels-National-Airport underground station to a new line (line 25N) to be built on the central reservation of the E19 motorway between Brussels and Mechelen. This junction will be carried out through an underground fork (two branches) located under the Machelen interchange. The existing entrances and exits N°12 from E19 at Machelen will be completed by the Flemish Region.



Investments, subsidies and partnerships to help the Diabolo project take off

From a total budget of € 540 million, Infrabel has invested approximately € 250 million to build the new surface railway line on the central strip of the E19 motorway between Schaerbeek and Mechelen. Preparatory work started in July 2007. This part of the project has been subsidised by the European Commission since 2004 who provided € 3 million in 2006. Another € 15 million should be granted for the period 2007-2013. As for the link of this new line to airport railway station, for which preparatory work began in October 2007, it will be built and funded by a public-private partnership *(see p. 50)*.



THE PPP DIABOLO, "TRANSPORT DEAL OF THE YEAR"

On 28 September 2007, the public-private partnership (PPP) signed with Northern Diabolo SA (project firm) for an amount of about € 290 million has captured the attention of the jury of the contest organised by Project Finance International, a London finance magazine. The financing of this ambitious project is indeed innovative and extraordinarily complex. This partnership, refined by Cleary Gottlieb Steen & Hamilton (legal consultants) and the Compagnie Benjamin de Rothschild (financial consultants), won the "Transport Deal of the Year" award.

Northern Diabolo SA brings together private investors Babcock & Brown and HSH Nordbank AG. It will bear the financing, construction and maintenance costs of the infrastructure on the airport territory up to the E19 motorway. The track works will be executed by Infrabel and the road works by the Flemish Region. In 2012 Northern Diabolo SA will put the infrastructure at Infrabel's disposal, who will ensure the maintenance. In 2047, the property of the infrastructure will be entirely transferred to Infrabel. Never before in Belgium has a project of such magnitude been concluded by way of a PPP.

SMALL STEPS TOWARDS A SUSTAINABLE DEVELOPMENT

To protect some animal species, Infrabel is integrating wildlife tunnels, nesting boxes, shelters, etc., into its infrastructure. Due to the proximity of the "Natura 2000" natural sites to the Brussels-Luxembourg line, Infrabel has taken all the necessary measures to protect the environment. Noisy work during the nesting season was carefully avoided at the planning stage.

BRINGING BRUSSELS AND LUXEMBOURG CLOSER TOGETHER

The Brussels-Luxembourg-Strasbourg rail link is part of the priority trans-European projects of the European Commission. The Commission is considering the allocation of € 30 million to Infrabel for the years 2007-2013 to carry out the modernisation of this main line linking the three main headquarters of the European institutions. The objectives: reducing travelling time and increasing safety.

Since October 2006, major modernisation works have been undertaken on the Brussels-Luxembourg line (lines 161 & 162), from Louvain-la-Neuve to the Luxembourg border, a section of 175 km. These works will continue until 2013 with a finishing touch in 2014. Travelling time will be reduced by 20 minutes.

To increase the speed to 160 km/h for most of the route, the distanrce between the tracks will be adjusted and some bridges will be adapted (approximately 10 of them in 2008). As early as 2008, the speed increase will also require the rectification of nine of the many curves on the line. The configuration of the infrastructure at the crossing of several major railway stations will also need to be modified to avoid the current speed limits. These works, including installing new track equipment, adapting and modernising the signalling system and catenary installations, are in progress at Jemelle railway station. They will continue in Gembloux in 2008 and later on in the Ciney station.

Finally, the whole line will be reelectrified: the existing worn catenary will be replaced with a catenary able to support a higher voltage. This choice also stems from a will to harmonise European standards.

This huge modernisation project represents an investment of € 700 million. Part of the funds will come from a loan signed within the framework of regional pre-financing agreements. The Walloon Region will cover the financial costs of this operation. Funding is to be carried out through SNCB Holding and a project company especially established to this end ("SPV 162"). The European Union will also make a contribution through subsidies granted within the framework of the "Multi-annual Indicative Program".

Corporate Centre Departments - Communication & Public Affairs

Aurélie Traube
Frédéric Petit

Frédéric Petit and Aurélie Traube are Infrabel's spokespersons. Together, they are the link between Infrabel and the outside world, in good times and bad tiles, operating through the complex world of the media.

// **Aurélie Traube** // Our job is to answer journalists'questions, but also to communicate proactively. For example, we contact the media ourselves in the event of an incident or serious problems, so that they can inform the public. We also organise news reports and interviews to highlight the work being done by Infrabel and its employees.

// **Frédéric Petit** // Journalists can talk to us round the clock. That's why we organise a duty rota with our colleagues Fanny Charpentier and Sofie Van Haele. The unpredictable nature of our work requires a great deal of flexibility, but this also makes it fascinating. And Infrabel is involved in so many projects that variety and challenges are guaranteed!

// **Aurélie Traube** // To communicate about projects, it isn't enough to be on top of the technical side; you also need to think about how to get the information across to people who aren't familiar with the subject. So a spokesperson has a teaching role.

// **Frédéric Petit** // Before I joined Infrabel, I was, responsible for communication about the North-South junction in Antwerp and the high-speed line to the Netherlands. Seeing this infrastructure grow made me feel closely involved. But the huge and fascinating Diabolo project is also close to my heart.

// **Aurélie Traube** // Above all, I'm attached to projects that embody values that I myself hold. So I was very enthusiastic when Infrabel decided to participate in a wind energy project to power the Leuven-Liège high-speed line, because sustainable development is also one of my hobbyhorses.

// **Frédéric Petit** // Thanks to a very good working relationship with our colleagues we are able to keep the media informed in a quick and accurate manner. We would like to thank each and everyone at Infrabel and TUC RAIL who contributes every day to our work as a spokesperson.

3. STRENGTHENING RAIL-SEA INTERMODALITY

Infrabel is investing on a large scale to develop an optimum link between Belgium and major European industrial areas. Within the framework of the Sea Rail initiative, for example, it is showing its determination to develop competitive rail infrastructure in line with the ports' needs, and to boost their expansion by means of improved "sea-rail" intermodality. Since May 2007, Infrabel's Access to the Network Division has taken over the role of contractor for all infrastructure capacity expansion projects, which clearly indicates its will to adopt a genuine "customer-oriented approach", taking into account their long-term needs. These projects clearly point out Infrabel's commitment to supporting the ports and the carriers serving them.

Insulator

Traditionally made of glass or ceramics, insulators today are also made of synthetic materials. They are used in the power network, ensuring that the conductors and supporting structure are insulated from each other.

SMALL STEPS TOWARDS A SUSTAINABLE DEVELOPMENT

The Belgian rail network is one of the most electrified in Europe: out of 3,400 km, more than 85% of the lines, representing some 3,000 km, are electrified, while the European Union's average is 55% (source UIC).

IMPROVING THE TRAFFIC FLOW IN AND AROUND THE PORT OF ANTWERP

As a major economic hub for Belgium, the port of Antwerp has benefited from many Infrabel-led initiatives. Eager to make a concrete contribution to the sea-rail intermodality, which is indispensable to the development of the port, important investments have been made in this area. The infrastructure manager has launched projects aiming at improving traffic inside the port and on the access routes both nationally and internationally.

A strategy of concentric circles to meet the needs of the port

To support the expansion of the port of Antwerp, Infrabel has adopted a strategy of investment in concentric circles. To improve the efficiency of traffic inside the port itself it is developing a set of sidings, in particular around the Deurganckdok. This new dock, situated on the left bank of the Scheldt river and attracting a considerable amount of container traffic, will benefit from the Liefkenshoek raillink in the years to come.

Built under the Scheldt river, this rail link will directly link the harbour area on the left bank to the Antwerp-North marshalling yard on the right bank. It will therefore offer a solution to the increasing saturatioj of the Kennedy tunnel – currently the only passage between the two river banks. Trains coming from the Deurganckdok will no longer need to go through the Berchem rail hub to access Antwerp-North. An important efficiency and time saver to look forward to!

Funding of the Liefkenshoek project will be through a public-private partnership covering the civil engineering part of the project estimated at € 770 million (€$_{2005}$ 635 million). Infrabel will finance the construction of the € 75 million rail infrastructure. The Flemish Region will cover financial costs through prefinancing (€ 107 million). The call for tenders for the construction and funding of the PPP project, launched in 2006, will close in 2008. Building permit applications have been introduced in 2007 and

works should start at the end of 2008. The link is expected to start operating at the end of 2012.

Smaller projects

Apart from this large-scale project Infrabel will, in the near future, implement smaller yet very beneficial projects further away from the port. These projects should considerably improve access to the port. By April 2008, the "Ghent curve" will provide a direct link between the left bank of the port of Antwerp and the port of Zeebrugge and northern France. On the right bank, two projects of bifurcations, at Schijn and Krijgsbaan, will increase the capacity of the Antwerp-Germany main line by 30% in 2012.

Iron Rhine: opening up the port of Antwerp

Finally, Infrabel is aiming to build new access lines to the port. The construction of a second access to the port of Antwerp is one of the projects currently in preparation. This project includes the construction of a new 28 km double track line dedicated to freight and linking Antwerp-North station to line 16 (Lier-Aarschot). In the next few years, the first stage will consist of the construction of two bifurcations, one outside Antwerp-North and the other at Mortsel.

The project of reopening the Antwerp-Neerpelt-Rheydt (Germany) line, commonly known as "Iron Rhine", is also part of Infrabel's will to improve the access to the port. This line will make the freight journey shorter for all fret between the port of Antwerp and the Ruhr Valley in Germany with heavier payloads. The costs for the necessary improvements on the Belgian and Dutch territories amount € 700 million, including € 7 million provided by the European Commission to cover preliminary studies in both countries.

Main line Antwerp-Montzen-Germany: on the boundary of two currents

The Iron Rhine complements the "Montzen route", the existing Antwerp-Germany main line. On the latter, it is still necessary to stop at the border to change-over locomotives (diesel to electric). Infrabel has understood the interests of its rail operator clients and has worked on electrifying the last non-electrified 8 km section between Montzen and Aachen. The convention, signed in May 2007 with the German infrastructure manager, will allow for the works to be completed in 2008. This requires an investment of € 2 million, shared between Infrabel and DB Netz.

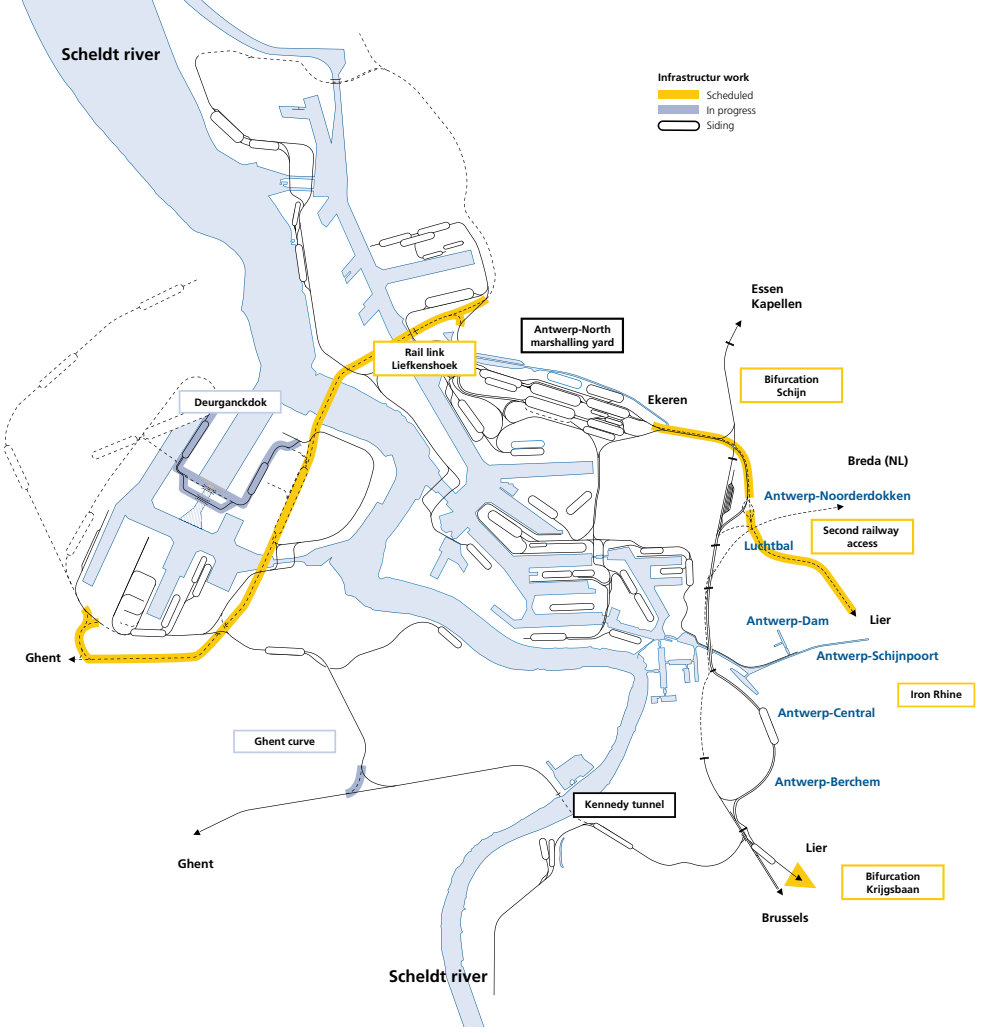
THE RAILWAYS: AN INTRINSICALLY "CLEAN" MEAN OF TRANSPORT

Lower CO_2 emissions
In Belgium, 19% of CO_2 emissions come from the transport sector. Trains are only responsible for 2% of these gas emissions.

The emission of CO_2 per ton-km, is on average five times lower than for rlong-haul heavy trucks.

A better use of space
Rail freight traffic uses only one tenth of the space required by other modes of transport to carry the equivalent weight of goods.

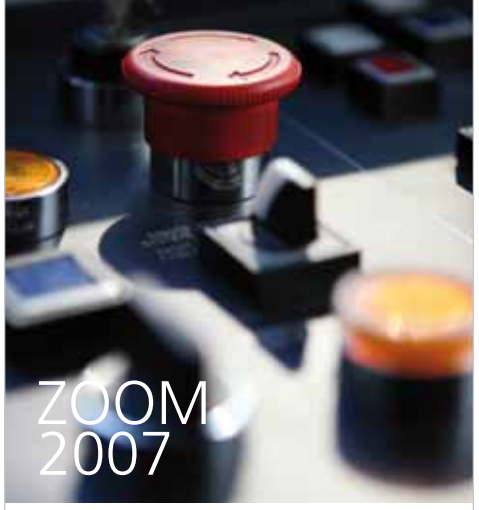
Less energy consuming
Per transported ton, freight trains consume only one third of the energy used by trucks.



Corridor C: a strategic rail axis for Belgium

Infrabel is involved in the Corridor C project. The objective is to create a 1,840 km "rail freeway" for the transport of goods between Antwerp and Basle on one hand, and Lyon on the other. Increased safety, interoperability and attractiveness of the offer for the operators are the other objectives sought. At present, this line has five different train traffic systems in place. The deployment of ETCS *(see pp. 27-28)* will contribute to a more fluid and regular traffic flow, and increase the number of containers transported by rail.

Linking Antwerp to major European industrial centres, the Corridor is of strategic importance for Belgian freight and economy. Infrabel's forecasting experts are talking of a 60% increase in traffic to reach 16 million tons in 2020 and in particular through major time gains on the route (2h25 saved on the Antwerp-Basle line and 2h between Antwerp and Lyon). The same experts have calculated the various socio-economic benefits of the project (relieving traffic jams, reduction of carbon dioxide emissions, etc.) in 12 years' time at € 140 million a year.



EUROPEAN SUBSIDIES FOR CORRIDOR C

In March 2007, the rail infrastructure managers of Belgium (Infrabel), France (RFF) and the Luxembourgish railways (CFL) set up the first European Economic Interest Grouping (EEIG) dedicated to a freight corridor.

Their aim: the development and rapid deployement of the unified European Train Control System (ETCS) and the coordination of investments on Corridor C, the Antwerp-Basle/Lyon main freight corridor (see opposite). Luc Vansteenkiste, Director-General of Infrabel's Access to the Network Division was appointed manager of the new entity.

Some months later, in November, the EEIG obtained a promise of subsidies from the European Commission, of which the share specifically granted to Infrabel – € 36 million – will allow the deployment of ETCS on the 510 km of track by 2013, amounting a total investment of € 72 million.

MOVING WITH THE RAPID GROWTH OF FREIGHT AT ZEEBRUGGE

Due to its eminently strategic location, the port of Zeebrugge is one of the most important transport centres serving the European market. In this young and dynamic port in full expansion, the circulation of goods should realistically experience an extremely rapid growth in the years to come. Rail will then be more than ever the obvious partner of sea transport.

Modernising and increasing rail capacity in the port

In order to support the expansion of the port of Zeebrugge, Infrabel intends to carry out major infrastructure works to increase the capacity. To avoid interfering with traffic and service to the station, the work will be carried out in several stages by 2015.

In order to increase the loading and unloading capacity, various sidings need to be extended in the port. In 2007, extension works began on the Overgave, Pelikaan and Ramskapelle sidings (with a link between the last two) and they have been completed on the Voorhaven-West siding. These works include laying extra tracks, electrification and installation of the signalling system.

It is also planned to increase the capacity of the Zeebrugge-marshalling yard and to modernise its infrastructure. To this end, Infrabel is planning to build extra arrival and departure tracks (siding Zwankendamme), to modify the existing siding Zeebrugge, and to divert line 51A to avoid crossing the sidings. Within the framework of the signal boxes concentration plan, Infrabel will build a new signal box for which it has submitted an urban planning application in November 2007.

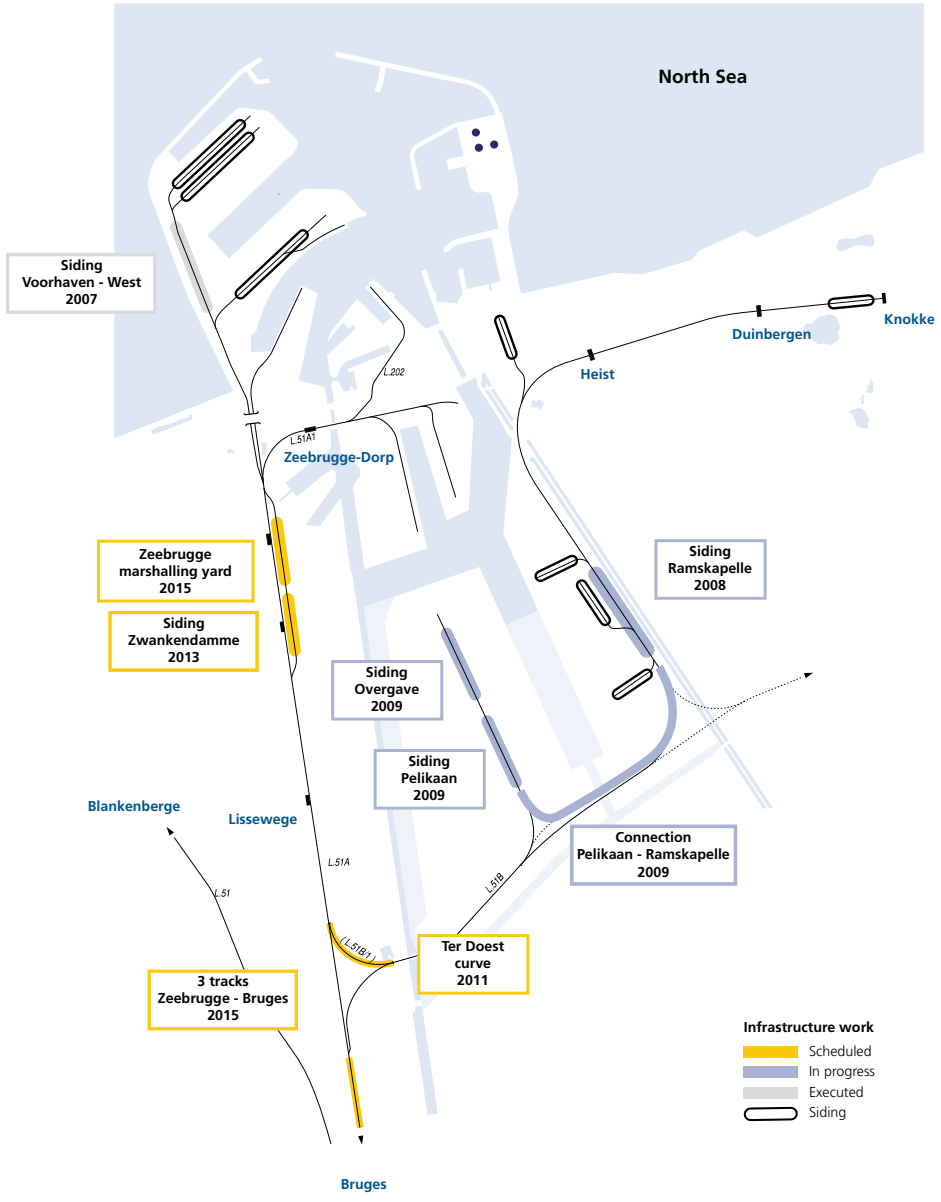
These various projects, considered as priority, projects are carried out through regional pre-funding granted by the Flemish Region.

Another project will improve the access to the marshalling yard: the "Ter Doest curve". As of 2011, it will link the eastern side of the inner harbour and the western side of the outer harbour. Thanks to this link, trains will no longer have to make a detour via Bruges to go to the marshalling yard; the

line between Bruges and Zeebrugge will therefore be greatly relieved. Early 2008, as far as the environemental impact assessment was concerned, the Flemish Region approved the project. Underground samples carried out in 2007 have shown the need to use specific techniques and to modify the deadlines accordingly.

New tracks on highly used

Due to the strong increase of traffic expected to and from Zeebrugge, Infrabel will start the construction of a third track between Bruges and Zeebrugge (line 51A) in 2011. The Bruges-Ghent line is another highly used line (line 50A). Every day up to 300 trains use it during the busiest period of the year (both ways). It is currently being turned into a four-track line to separate fast and slow traffic. These works, launched in 1994 at Landegem, are progressing gradually and are expected to be completed by 2018. A major step was taken in 2007 with the building of a new viaduct between Ghent-St.-Pieter's station and the "Ringvaart".



MORE CAPACITY FOR MORE INTERMODALITY

Infrabel is also seeking to increase the share of the railways in smaller ports and terminals. In 2007, for example, in co-operation with the Brussels-Capital Region and the port authorities, Infrabel began the development and modernisation of the port of Brussels.

Modernisation works

In the outer harbour train-formation sidings, Infrabel has replaced rails, sleepers and ballast of three tracks. Concreting of the wharf for the ships around existing tracks has also been completed. A total of 900 m of track and nine switches have been modernised. The level crossing at avenue de Vilvorde has been replaced by a new prefabricated concrete crossing.

Construction of the rail terminal and new access

In spring 2008, Infrabel will start the second stage of the construction works of a rail terminal. The tracks will be entirely modernised and two of them will be equipped with specialised container handling installations. At the request of the Port of Brussels' authorities, Infrabel has also built a direct access between the level crossing at avenue de Vilvorde and the tracks located on the wharf. They will be modernised as well as the switches.

These works will support the growth of the port and will strengthen the intermodality between rail and sea, two complementary partners for sustainable development. The total investment for this project has reached € 6 million ($€_{2005}$ 5 million) and is prefinanced by SNCB Holding via a project company especially set up for this purpose. The Brussels-Capital Region is contributing € 0.75 million to cover prefinancing costs.

Infrastructure Network - Mons

Bernard Ledru
Isabelle De Poï

The Infrastructure Logistics Centre (ILC) in Mons is responsible for track maintenance and modernisation works in the Mons arrondissement. Together with some 300 colleagues, Isabelle De Poï and Bernard Ledru enjoy working there every day.

// Isabelle De Poï // being trained as an industrial engineer, and after working a few years in a design office, I wanted to experience work in the field in an ILC. When I started working here, I was almost the only woman discovered a new world! From the first day on, I learned a huge amount by going out on the tracks with the maintenance units.

// Bernard Ledru // It's true that the work that we do is learned by doing it. Each problem is different, in a different place and in different conditions. For my part, I started on the railway in 1979 as a track layer. In the mean time I've made it to "technical sector chief", but I'm still learning every day!

// Isabelle De Poï // Working on the tracks is quite different to what you would think at first. To fix a small technical problem, you sometimes have to put a whole line out of operation, call up specialised machinery, organise the manpower, inform the signal box, etc. And you must keep in mind staff safety and the regularity of the traffic. This means we have to have very good working relationships with the various departments, both within and outside the ILCs.

// Bernard Ledru // Those working relationships are a real feature of the ILCs. The specialised teams used to be spread all around the arrondissement and didn't work together. Today, the track, catenary, machine maintenance units, etc. are all working together. That means people co-ordinate more, swap ideas, stick together. It also helps us get to know each other personally and learn more about each others' jobs.

// Isabelle De Poï // Even if they have a difficult job, railway workers still love their work, and that's what makes being with them so much fun. Each team has its own family atmosphere, because all the members have to have absolute trust in each other. It's so satisfying, when you've been working together all night, to see the first train go by!

CORPORATE GOVERNANCE

Sleeper screw

This wooden screw is used to fix rails, or rail-bearing plates, to wooden sleepers. Originally, a small pin was crushed if the screw was knocked in with a hammer rather than screwed in with a spanner. The end of the nineteenth century saw the appearance of the square-headed sleeper screw. A variable thread type was devised in the nineteen-fifties, providing better anchorage in the wood and improved water resistance.

This chapter is dedicated to corporate governance. The aim is to provide information about the company's internal regulations in the light of the principles of corporate governance.

1. BOARD OF DIRECTORS

A. Composition

The Board of Directors is made up of 10 members, one of which is the Chief Executive Officer. At least one third of its members must be female (Article 207 §1 of the Law of 21 March 1991). The number of Directors is determined by His Majesty the King, by Royal Decree deliberated on in the Council of Ministers and has been set at six (Art. 1 Royal Decree of 28 October 2004). There is linguistic parity.

The Board of Directors is currently made up of the following members:

- Mr. Antoon COLPAERT, Chairman of the Board
- Mr. Luc LALLEMAND, Chief Executive Officer
- Ms Vanessa MATZ, Director
- Mr. Jan KERREMANS, Director
- Ms Mieke OFFECIERS, Director
- Mr. Laurent VRIJDAGHS, Director

MAIN FUNCTIONS THAT WERE HELD OUTSIDE INFRABEL BY NON-EXECUTIVE DIRECTORS IN 2007

- Mr. Antoon COLPAERT, Regional port commissioner – Ministry of the Flemish Community
- Mr. Jan KERREMANS, Special Delegate for civil defence reforms in the office of the Deputy Prime Minister and Interior Minister Patrick DEWAEL and, until 1 September 2005, private secretary to the Deputy Minister President of the Flemish Government and Flemish Minister for Economy, Enterprise, Science, Innovation and Foreign Trade Fientje MOERMAN
- Ms Vanessa MATZ, political secretary of the CDH group in the Walloon Parliament
- Ms Mieke OFFECIERS, manager of MDL bvba
- Mr. Laurent VRIJDAGHS, office of the Deputy Prime Minister and Finance Minister Didier REYNDERS.

B. Appointment of directors

In accordance with article 207 of the Law of 21 March 1991, His Majesty the King, by Royal Decree deliberated on in the Council of Ministers, appoints a number of Directors proportional to the voting rights linked to the shares owned by the State. The other shareholders then appoint other directors.

Given that the Belgian State owns 80% + 1 vote of the voting rights in Infrabel, five of the Board's six directors are appointed by His Majesty the King, by Royal Decree deliberated on in the Council of Ministers. One member of the Board was appointed by the General Meeting of shareholders on the recommendation of SNCB Holding, which holds the remaining voting rights.

Directors are selected on the basis of the complementary nature of their skills in the field of finance and accounting, legal affairs, knowledge of the transport sector, expertise in mobility, human resources strategy and social relations.

The terms of office of the current members of the Board of Directors shall expire on 29 October 2010.

C. Functioning

FREQUENCY OF MEETINGS

"The Board shall meet at least six times a year." (Article 24 of the articles of association). The Board of Directors usually meets on the last Thursday of the month. Extraordinary meetings are held to deal with specific issues.

In 2007, the Board of Directors met 15 times.

POWERS

The powers of the Board are laid down in Article 17 of the Law of 21 March 1991:

"§1. The Board of Directors is empowered to carry out all necessary or useful acts to the realisation of the corporate objective of the public corporation.

The Board of Directors oversees the management exercised by the Management Committee. The Management Committee reports regularly to the Board.

The Board or its Chairperson may, at any moment and without prejudice to the powers conferred upon him by Article 18 §5 (of the Law of 21 March 1991), request that the Management Committee report on the activities or some of the activities of the company."

Board of Directors

Mr. Antoon COLPAERT - Chairman of the board
Mr. Luc LALLEMAND - Chief executive officer
Ms Vanessa MATZ - Director
Mr. Jan KERREMANS - Director
Ms Mieke OFFECIERS - Director
Mr. Laurent VRIJDAGHS - Director

DECISION-MAKING BY THE BOARD OF DIRECTORS

Quorum: "Decisions reached by the Board of Directors are only valid if a quorum consisting of a majority of its members is present, failing which a further meeting may be convened. The Board of Directors is empowered to discuss and reach decisions on points appearing on the agenda of the previous meeting if one third of its members are present or represented.

Directors may take part in Board meetings by means of telephone conference calls or similar means of communication, enabling all those taking part in the meeting to hear each other simultaneously. Any person taking part in a meeting in accordance with § 2 shall be considered present at said meeting.

Any Director may give any other Director power of proxy, either in writing or by any other means of communication represented in a material form, to represent them at a given Board meeting and to vote on their behalf. A Director may only exercise the proxy vote of one other Director. Any proxy representation shall be considered as a presence when determining the quorum" (Article 26 of the Articles of Association).

Majority: "The decisions of the Board of Directors are taken by simple majority of the votes cast. Notwithstanding the above, the following decisions are taken by a two-thirds majority of the votes cast:

1° approval of the management contract between the State and the company, and any modification to that contract.

2° equity investments exceeding one of the limits set out in Article 13, § 2, first paragraph, of the aforementioned Law of 21 March 1991.

In the event of a tied vote, the Chairperson or the Director replacing the Chairperson shall have the deciding vote" (Article 27 of the Articles of Association).

"In extraordinary circumstances duly justified by the urgency of the matter and the social interests of the company, decisions of the Board of Directors may be made by the directors' unanimous consent in writing, by their signatures affixed either to a single document or to several copies of the same document.

The first paragraph does not apply to the annual financial statements, to the use of authorised capital or approval of the management contract between the State and the company, or any modification to that contract" (Article 28 of the articles of association).

In 2007, the Board of Directors did not have recourse to this method.

DIRECTORS' CHARTER

In order to assist the Directors in fulfilling their mission in accordance with the requirements of independence, competency, ethics and integrity, at its meeting of 25 November 2004 the Board adopted as part of its internal bylaws the "Directors' Charter".

The Charter is applicable to all members of the Board of Directors of Infrabel and to any Director appointed by Infrabel at any company.

Under the terms of this Charter, Directors undertake in the exercise of their functions to:

1. Act independently in all circumstances.
2. Actively protect the interests of the company.
3. Ensure the effictive functioning of the Board of Directors.
4. Protect the interests of all shareholders.
5. Take into account the legitimate expectations of all of the company's partners (the community, clients, executives, employees, suppliers and creditors).
6. Ensure that the company respects its obligations and commitments, and the laws, regulations and codes of good practice.
7. Avoid any conflict between direct or indirect personal interests and those of the company.
8. Avoid any improper use of information or insider trading.
9. Permanently develop his or her professional capacities.
10. Adhere to the spirit of the Charter.

BOARD COMMITTEES

In accordance with Articles 210 and 211 of the Law of 21 March 1991, the Board of Directors has established two committees, the Audit Committee and the Nominations and Remuneration Committee to assist and advise the Board in the execution of its functions.

2. AUDIT COMMITTEE

The establishment of an Audit Committee is stipulated for in Article 210 of the Law of 21 March 1991.

A. Composition

The Committee is composed of four Directors – excluding the Chief Executive Officer – appointed by the Board of Directors. There is linguistic parity on the Committee.

The Committee is currently composed of:

- Mr. Laurent VRIJDAGHS, Chairperson of the Audit Committee
- Mr. Antoon COLPAERT
- Ms. Vanessa MATZ
- Ms. Mieke OFFECIERS

The Audit Committee may invite the Chief Executive Officer to attend its meetings in an advisory capacity. Government Commissioners also take part in Audit Committee meetings in an advisory capacity.

The Audit Committee may similarly invite any competent person to assist it in performing the tasks assigned to it by the Board of Directors.

B. Functioning

FREQUENCY OF MEETINGS

The Audit Committee meets at regular intervals, usually once every three months. Its chairperson may convene extraordinary meetings to enable the Committee to perform its duties.

The Audit Committee met six times in 2007.

POWERS

The Audit Committee takes on the tasks entrusted to it by the Board of Directors. In addition, it is responsible for assisting the Board of Directors in examining all financial information, particularly the annual accounts, annual report and interim financial reports. The Audit Committee also satisfies itself as to the reliability and integrity of financial reports regarding risk management.

At least 14 days prior to the meeting at which the annual financial statements are established, the Board of Directors submits the financial statements to the Audit Committee for examination.

The Audit Committee assists the Board of Directors mainly by performing the following tasks:

- In conjunction with senior management and the Commissioners' College, overseeing the reliability and integrity of the annual accounts and consolidated financial statements of Infrabel, and of the half-yearly accounts, prior to their submission to the Board of Directors.
- Examining the financial information, mainly the annual accounts, and giving its opinion on that information to the Board of Directors.
- In conjunction with the Commissioners' College and the head of Internal Audit, evaluating, supervising and issuing an opinion on the internal control system applied by Infrabel and on the related recommendations and findings notified by the Commissioners' College, and on the replies made by the management.
- Examining and approving the audit programme drawn up by the head of Internal Audit.

- Examining the conclusions and major recommendations set out in the audit reports: overseeing follow-up of these recommendations, overseeing implementation by management of those actions agreed with Internal Audit in response to the audit recommendations, and overseeing the actions taken by management in response to the recommendations; requiring Internal Audit to make representations to the Management Committee in the event of any significant failings / delays in the implementation of these recommendations.
- Assessing the procedures for identifying, evaluating and managing the risks (financial, operational and other) to which Infrabel is exposed, ensuring the reliability and integrity of financial reports regarding risk management.
- Overseeing coordination of internal audit work, of work assigned to external consultants and of the work of the Commissioners' College.
- Approving the structure of Internal Audit within Infrabel, and the Internal Audit budget in respect of components relating to staff, staff training and material support.
- Submitting to the Board of Directors an argued opinion on the appointment and replacement of the head of Internal Audit at Infrabel after consulting the Nominations and remuneration Committee; overseeing the independence and objectivity of the internal and external auditors.
- Approving Infrabel's Internal Audit Charter and any subsequent revisions thereof.
- Submitting to the Board of Directors an argued opinion on the appointment or reappointment of Infrabel's audit commissioners and the fees payable to them.
- Verifying and drawing up any specific file that the Board of Directors may deem necessary.

3. APPOINTMENTS AND REMUNERATION COMMITTEE

The creation of the Nominations and Remuneration Committee is stipulated in Article 211 of the Law of 21 March 1991.

A. Composition

The Nominations and Remuneration Committee is composed of four Directors, including the Chairperson of the Board, who chairs the Committee, and the Chief Executive Officer. There is linguistic parity.

The Committee is made up as follows:

- Mr. Antoon COLPAERT, Chairperson of the Nominations and Remuneration Committee
- Mr. Luc LALLEMAND
- Mr. Jan KERREMANS
- Ms. Vanessa MATZ

B. Functioning

FREQUENCY OF MEETINGS

The Committee meets as often as the interests of the company so require.

In 2007 the Audit Committee met six times.

POWERS

The Committee gives its opinion on candidates put forward by the Chief Executive Officer for appointment to the Management Committee.

The Committee makes proposals to the Board regarding the compensation and benefits of members of the Management Committee and senior executives. These matters are constantly monitored by the Board of Director (Article 211 § 2 of the Law of 21 March 1991).

In addition, the Nominations and Remuneration Committee performs the tasks entrusted to it by the Board of Directors.

4. ATTENDANCE RATES AT MEETINGS AND COMPENSATION OF DIRECTORS ON AN INDIVIDUAL BASIS

The General Meeting of shareholders of 16 May 2006 decided, on the proposal of the Nominations and Remuneration Committee, and with the aim of maintaining the Directors' net remuneration at the same level as previously, to modify the compensation paid to Directors as follows, with retroactive effect to 1 January 2006:

The compensation paid to the Chairperson is composed of a fixed annual component of €27,200 (+ €3,200) and a variable component consisting of attendance fees. The amounts in respect of attendance fees are as follows

- € 500 per board meeting.
- € 400 per meeting of any Committee of which they are a member.

In addition, the Chairperson is paid an annual fee covering operating expenses of € 2,400 (Δ - € 1,600).

The compensation paid to other Directors (with the exception of the Chief Executive Officer) is composed of a fixed annual component of € 13,600 (Δ + € 1,600) and a variable component consisting of attendance fees. The amounts in respect of attendance fees are as follows:

- € per board meeting.
- € 400 per meeting of the other Committees.

In addition, Directors will receive an annual fee in respect of operating expenses of € 1,200 (Δ - €800).

Attendance at meetings is mandatory in order to qualify for attendance fees.

Name	Attendance rates at Infrabel Board and Committee meetings			Directors' compensation
	Board (total 15)	Audit Committee (total 6)	Nomin & Rem Committee (total 6)	Board and other Committee meetings (€)
Toon Colpaert	15/15	6/6	6/6	39 500,04
Jan Kerremans	12/15		6/6	21 999,96
Vanessa Matz	8/15	2/6	4/6	19 999,96
Mieke Offeciers[1]	14/15	6/6		22 999,96
Laurent Vrijdags	15/15	6/6		23 499,96

1. On behalf of MDL bvba, Kerkstraat 161, 2060 Antwerp

5. MANAGEMENT COMMITTEE

A. Composition

Article 208 of the Law of 21 March 1991 stipulates that, "the Management Committee is chaired by the Chief Executive Officer. The Board of Directors establishes the number of the other members of the Management Committee."

Linguistic parity is required under Article 16 of the Law of 21 March 1991.

In accordance with the law and with the company's articles of association, the Chief Executive Officer must be of a different linguistic background than the Chairperson of the Board of Directors (Article 207 § 4 of the Law of 21 March 1991).

The Management Committee is made up as follows:

- Mr. Luc LALLEMAND, Chief Executive Officer
- Mr. Marcel BAELE, Director-General Network (until 1 May 2007)
- Mr. Eddy CLEMENT, Director-General Network (as of 1 May 2007)
- Mr. Jean-Marie RAVIART, Director-General Infrastructure
- Mr. Luc VANSTEENKISTE, Director-General Access to the Network

CHANGES IN 2007

The Board of Directors of 29 March 2007 has decided to appoint Mr. Eddy CLEMENT, General Manager Purchases SNCB as Director-General Network start-

Management Committee

Eddy Clement - Director-General Network
Luc Vansteenkiste - Director-General Access to the Network
Jean-Marie Raviart - Director-General Infrastructure
Luc Lallemand - Chief Executive Officer

ing 1 May 2007 until 8 November 2010, at which time the mandates of the other Directors-General – Mr. Luc VANSTEENKISTE and Mr. Jean-Marie RAVIART – will end.

CURRENT RULES FOR APPOINTMENT AND RESIGNATION

The Directors-General are appointed by the Board of Directors, upon the request of the Chief Executive officer and after having consulted the Nominations and Remuneration Committee. They are terminated by the Board of Directors (Article 208 of the Law of 21 March 1991).

B. Functioning

FREQUENCY OF MEETINGS

The Management Committee normal meets every week, usually on Tuesdays. In 2007 the Management Committee came together 42 times.

In 2007 the Management Committee met 42 times.

POWERS

In accordance with Article 208 of the Law of 21 March 1991, "The Management Committee is responsible for the day-to-day management of the company and for the representation of that management, and also for executing the decisions of the Board of Directors. The members of the Management Committee form a collegiate body and may allocate tasks among themselves."

REPRESENTATION

According to Article 208 of the Law of 21 March 1991, the company is duly represented in its actions, including any legal proceedings, by the Chief Executive Officer and the Director-General nominated for that purpose by the Board of Directors, acting conjointly.

Any acts of management or which are binding upon the company are jointly signed by the Chief Executive Officer and the Director-General nominated for that purpose by the Board of Directors.

The Director-General must be of a different linguistic background from the Chief Executive Officer.

His Majesty the King may determine, by Royal Decree deliberated on in the Council of Ministers, any acts that must be approved by methods other than those set out in this article.

On 8 November 2004, the Board of Directors appointed Mr. Luc VANSTEENKISTE as the Director-General holding the power of joint signature.

C. Compensation of Management Committee members

COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

The total gross amount, including benefits in kind, paid in compensation to the Chief Executive Officer for 2007 was € 402,753.98. Bonuses for 2007 will be established in 2008.

EVALUATION CRITERIA FOR THE CHIEF EXECUTIVE OFFICER

The Board of Directors of 25 October 2007, upon the request of the Nominations and Remuneration Committee of 4 October 2007 has established the evaluation criteria for the Executive Director. There is a double balance between the group criteria (50 to 55%) and Infrabel criteria (45 to 50%) and between financial and qualitative criteria.

COMPENSATION OF DIRECTORS-GENERAL

The Board meeting of 27 January 2005 set the compensation of members of the Management Committee.

The compensation system comprises:

1. A fixed component, comprising:

- Base salary
- A management allowance paid monthly
- A monthly lump sum indemnity

2. Variable component, comprising:

- A management allowance: 0 to 100% of base annual salary.
  The percentage payable is determined by the Nominations and Remuneration Committee, on the proposal of the Chief Executive Officer, in accordance with the degree of difficulty and corporate complexity of the function performed. The percentage is reviewed annually
- A productivity bonus: variable, determined by an assessment coefficient of 0 to 3. The productivity bonus is established annually following publication of the company's results.

The variable component represents on average some 30% of total compensation.

Holiday pay, annual bonus and any other allowances and indemnities are determined according to the regulatory provisions applicable. Members under contract are covered by a company insurance policy.

The Board of Directors of 25 October 2007, on the proposal of the Nominations and Remuneration Committee of 4 October 2007, co-signed the increase in the Director-General of Infrabel's fee from 25% to 30%.

The overall gross amount that was allocated for 2007 to the members of the Management Committee, including the Chief Executive Officer, is € 823,952.14. The bonuses for 2007 will be determined in 2008 and are therefore not included in the aforementioned amount.

6. OVERSIGHT

Government commissioners

The Government Commissioners for Infrabel are Ms. Christine SERVATY and Ms. Carole MACZKOVICS.

The Government Commissioners are invited to all meetings of the Board of Directors and of the Management Committee and attend in a consultative capacity (Article 213 § 3 of the Law of 21 March 1991). The Government Commissioners also attend, in a consultative capacity, the meetings of the Audit Committee (Article 210 § 1 of the Law of 21 March 1991).

The Government Commissioners oversee compliance with the law, with the articles of association and with the management contract. They ensure that Infrabel's policy, particularly in execution of Article 13, does not prejudice the implementation of public service missions.

Each Government Commissioner reports to the minister to whom they are responsible. The Government Commissioners report to the Budget Minister on all decisions by the Board of Directors or the Management Committee, which have an impact on the general spending budget of the State.

Each Government Commissioner may, within a period of four working days, exercise a right of recourse to the minister to whom they are responsible in opposition to any decision by the Board of Directors or the Management Committee that they consider to be in breach of the law or of the company's articles of association or management contract, or of a nature to prejudice the implementation of Infrabel's public service missions. Each Government Commissioner may, within the same period, exercise the same recourse against any decision to increase the fees payable for the use of the rail infrastructure. All such decisions are suspended while the recourse procedure is under way.

Mrs Christine SERVATY was appointed Government Commissioner for Infrabel as of 4 February 2005 by Royal Decree of 3 February 2005.

Mrs Carole MACZKOVICS was appointed Government Commissioner for Infrabel as of 9 December 2004 by Royal Decree of 18 November 2004.

Commissioners' college

Article 25 §1 of the Law of 21 March 1991 stipulates that, "Oversight of the financial position, annual accounts and regularity, with respect to the law and to statute, of operations to be recognised in the annual accounts, of each independent public corporation is vested in a Commissioners' College comprising four members. The members of the College bear the title of Commissioner."

The College is composed of four members, two of whom are appointed by the Cour des Comptes

(Public Audit Office) from among its members, and two of which are appointed by the General Meeting of shareholders from among the members of the Institut des Réviseurs d'Entreprises (Institute of Audit Commissioners).

The members of the College are:
- Mr. Herman VAN IMPE, Chairperson of the College, audit commissioner
- Mr. Michel DELBROUCK, audit commissioner
- Mr. Michel DE FAYS, member of the Public Audit Office
- Mr. François VANSTAPEL, Chairperson of the Public Audit Office

Members of the College are appointed for a maximum term of office of six years, renewable. The term of office must be stipulated in the articles of association. The articles of association of Infrabel establish the term of office of members of the Commissioners' College at three years.

The following terms of office will expire:
- For Mr. VAN IMPE, at the General Meeting of shareholders to be held in 2008
- For Mr. DELBROUCK, at the General Meeting of shareholders to be held in 2008

7. OFFICES HELD IN SUBSIDIARIES AND EQUITY-INVESTED COMPANIES

1. Companies in which members of management structures or employees of infrabel have served as corporate officers (indirect or direct participations)

Infrabel has only two directly-owned subsidiaries: SA TUC RAIL and SA CENTRE DE CREOSOTAGE DE BRUXELLES (CCB). Infrabel also has indirect equity investments in SA Woodprotect Belgium – a subsidiary of SA CCB – and in EESV IV-Infra/TUC – a subsidiary of SA TUC RAIL. In each of these companies, the offices are held by members of Infrabel's management structures or by its employees.

2. Members of management structures or employees of infrabel serving as corporate officers

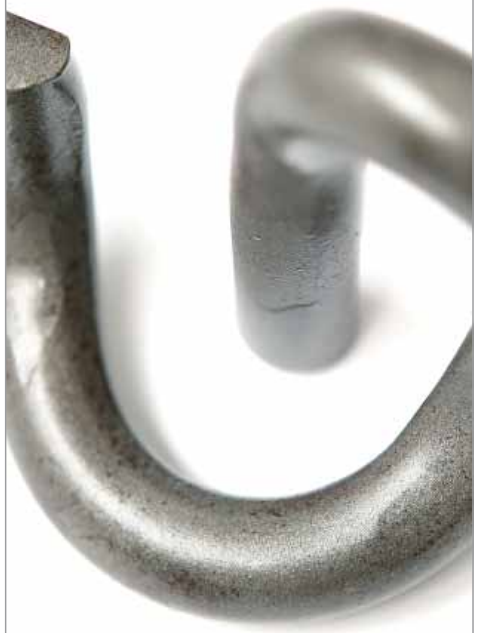
- Mr. Luc LALLEMAND, Chairperson of TUC RAIL
- Mr. Marcel BAELE, Director of TUC RAIL (until 1 May 2007)
- Mr. Eddy CLEMENT, Director of TUC RAIL (as of 1 May 2007)
- Mr. Jean-Marie RAVIART, Chairperson of CCB and Woodprotect, Director of TUC RAIL
- Mr. Luc VANSTEENKISTE, Director of TUC RAIL, Manager EEIG Corridor C, Chairperson of RNE
- Mr. Dirk DEMUYNCK, Chief Executive Officer of TUC RAIL, Director of EESV IV-Infra/TUC RAIL
- Mr. Franky VERBRUGGEN, Director of CCB and Woodprotect
- Mr. Richard MARCELIS, Director of CCB and Woodprotect
- Mr. Henri DETANDT, Director EESV IV-Infra/TUC RAIL (until 28 February 2007)
- Mr. André FANUEL, Director EESV IV-Infra/TUC RAIL (until 28 February 2007)
- Mr. Hugo GOOSSENS, Director EESV IV-Infra/TUC RAIL
- Mr. Dirk VANOOTEGHEM, Director EESV IV-Infra/TUC RAIL (from 28 February 2007)
- Mr. Marc NOLLET, Director EESV IV-Infra/TUC RAIL (from 28 February 2007 and until 16 July 2007)

3. Compensation

No compensation is paid to directors.
The total gross amount of compensation paid to the Chief Executive Officer of TUC RAIL in 2007 was € 196,644.99.
The Chief Executive Officers of CCB and Woodprotect receive no compensation in respect of this office.

INFRABEL
ANNUAL FINANCIAL STATEMENTS

presented by the Board of Directors to the
Shareholders' Meeting held on 20 May 2008



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INTRODUCTION

Presentation of the company

Infrabel is the Belgian rail infrastructure manager, and was established on 29 October 2004 in the form of a public corporation, in application of the European directives advocating separation between rail infrastructure management and transport operations. Its articles of incorporation were published in the Royal Decree of 19/10/2004.

The company's registered office is located at rue Bara 110 in 1070 Brussels.

Financial year

The financial year begins on 1 January and ends on 31 December of each year.

Capital

The capital consists of 16.554.795 registered shares, without any indication of par value.

On 16 July, the general meeting approved a capital increase of 205.418.000 € to finance the TGV works still to be carried out. This capital increase saw the issue of 2.054.180 new shares. An amount of 51.354.500 € has been paid up in full.

But a specific programme law specifies that the paid-up part of the capital increase also needs to be transferred to the investment grants heading.

On 31/12/2007, the situation of the shareholding structure looks as follows:

- the Belgium State held 1.064.746 shares, namely 6.43% of the capital
- SNCB-Holding held 15.490.049 shares, namely 93.57% of the capital.

Even though the Belgian State holds only a minority of shares, it has 80% + 1 vote when it comes to decision-making in the company's management bodies.

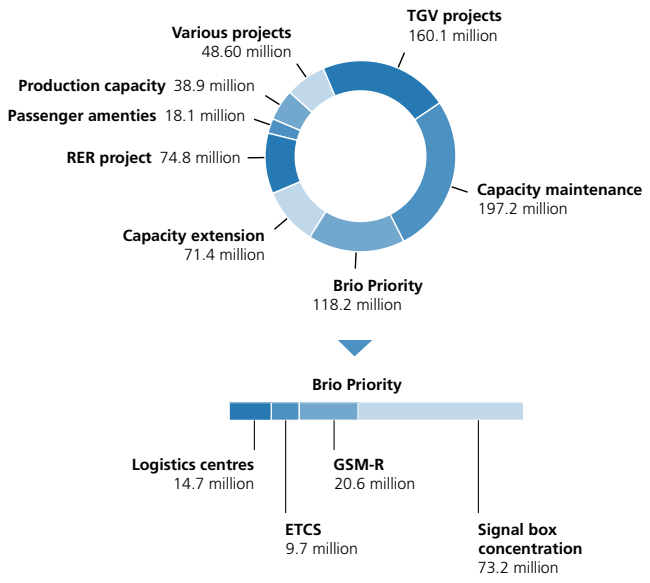
The annual financial statements are filed with the Banque Nationale de Belgique (National Bank of Belgium).

Printed copies of the annual report are available from the company's registered office and will be sent to persons requesting them.

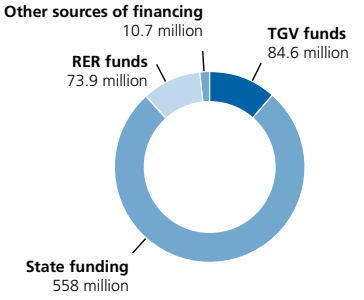
The annual report is also available on the company's website: www.infrabel.be.

BASIC FIGURES

Realized investments (CAPEX)



Financing of investments



EBITDA and EBT

in millions of €

Operating income	1,501.15
Operating charges (1)	1,432.32
Gross operating profit (EBITDA)	68.83
Depreciations, amounts written off and provisions	101.86
Net operating profit (EBIT)	-33.03
Financial result	103.62
Extraordinary result	-4.72
Global result (EBT)	65.87

(1) Without depreciation and provisions

Balance sheet

The Infrabel balance sheet as of 31/12/2007 stood at a total amount of **6,203,955,692.73 €** compared with a total of 5,386,360.90 € on 31/12/2006.

The balance sheet is presented in the following pages with the amounts, by headings, of assets and of liabilities.

ANNUAL REPORT BY THE BOARD OF DIRECTORS TO THE SHAREHOLDERS' MEETING HELD ON 20 MAY 2008

The Board of Directors is pleased to present its report to you concerning the company's situation and earnings during the 2007 financial year, in accordance with the legal provisions and the articles of incorporation.

1. COMPANY SITUATION

1.1. Important events in 2007

On 16 March 2007 Infrabel, together with RFF (Réseau Ferré de France) and CFL, set up the European Economic Interest Grouping "Corridor C". In doing so, Infrabel shows its ambition to turn Belgium into the railway crossroads of Europe. Corridor C, Antwerp-Basel/Lyon, is indeed destined to become a real "railway highway". The Belgian ports will be able to strengthen their position with regard to Southern and Eastern France, Switzerland, Italy and even Spain.

The second rider with the management contract was approved by Royal Decree on 10 May 2007.

The included provisions bring the rules more in line with European rules and clarify the state's commitment to increase the RER funds.

In view of the negotiations about the second management contract, a company plan for 2008-2012 was worked out.

Therefore the BRIO strategic plan, which meets all terms and conditions of a company plan, was updated.

The BRIO II plan is the result of this update and was approved by the Board of Directors on 20 December 2007.

The update process of BRIO II was able to use the results of the specialised BRIO unit, which is established to manage the execution of the plan.

These results include assigning a project to the amount of 414 million € with regard to the "Signal box concentration project", and the final stages in the "New Passengers" operation in which 1,500 employees of the Network department were transferred to the SNCB and SNCB Holding.

The first months of 2007 were characterised by the termination of the intragroup negotiations with regard to the consolidated 2008-2012 long-term investment plan.

This resulted in the approval of Infrabel's long-term investment plan by the Board of Directors on 20 April 2007.

However, the initial 2008-2012 long-term plan needed to be updated as a function of the second semester's evolutions and events, and to guarantee the necessary coherence with the 2008 investment budget. The updated version of the 2008-2012 plan was approved by the Board of Directors of 20 December 2007.

Other achievements in the field of investments characterised 2007. They include the use, in two phases, of the underground station of Antwerp Central Station, the acceptance of the cross installations of Tielen station, and the close of the Diabolo PPP-project on 28 September 2007. Diabolo is the first PPP project for Infrabel. In view of its complexity, the project also received the international "Transport Deal of the Year" award.

The changes to the organisation chart on 1 May 2007 meant that the roles of the different "project management" actors could be better defined. This was the case for the position of the property developer, who is responsible for defining the investments needs of his department and managing the project co-ordinators of whom he is customer.

And finally we mention the capital increase at Infrabel for an amount of 205.4 million €, with release of a first part of 51.4 million €. This capital increase was carried out on 16 July 2007 by SNCB Holding following the government decision of 27 May 2005. It will be used to complete the border to border TGV works.

1.2. Company's positioning

Within the liberalisation policy applying to the rail transport market initiated by the European Commission as of 1991, Infrabel is having to cope with an ever more marked multi-operator environment.

Infrabel, Belgian rail infrastructure manager, had 5 customers as of 1 January 2007: SNCB, DLC, SNCF-Fret, Rail4Chem and Trainsport.

The first Trainsport train went into operation on 30 April 2007.

On 8 February 2007, ERS, the sixth railway operator in Belgium, obtained its safety certificate from the Minister of Mobility.

The world of railway companies is in full expansion. The merger of DLC and Crossrail and the take-over of Rail4Chem by Veolia were noteworthy events. 4 new applications for a safety certificate are under investigation, more specifically for Railion, Veolia, EWS and CFL.

To meet the challenges resulting from this new reality, the Department of Access to the Network has taken care, under non-discriminatory conditions, to develop quality relationships with all customer railway companies. In 2007, it reached an SLA (Service Level Agreement) with every active railway operator.

This department also strengthened the functions connected with safety management and risk management.

The pricing grid guarantees a competitive position with respect to the neighbouring and competing infrastructure managers.

Expressed in terms of train-km, the rail business increased both in the passenger domain and in connection with freight.

The continuous improvements of the operators' production processes are resulting in a slight decline in the number of grooves, without influencing the global traffic volume.

The receipt coming from the fee for infrastructure use are clearly tending upward.

In addition to the infrastructure fee, the second main source of Infrabel turnover is the public funding of operations.

Traditional investments are guaranteed by payment of the public funding by the State, pursuant to the management contract. The conclusion of conventions relative to the completion of the TGV works and to certain priority projects offers an additional guarantee level with respect to the availability of resources.

The RER works are funded by the RER funds, the management of which has been assigned to the SNCB-Holding by the state.

1.3. Important events occurring since the end of the financial year

ACTS obtained a safety certificate on 23 January 2008, and thus became the seventh operator.

After the swearing-in of government Verhofstadt III on 21 December 2007, the negotiations about the second management contract started at the beginning of 2008. These negotiations were already in a very advanced state towards the end of March.

1.4. Circumstances that might have a marked influence on the company's development

Among the events that may have a marked influence on Infrabel's operation, we must certainly include the results of the negotiations on the second management contract, any fundamental revision that might occur of the strategy followed by the main customer, the SNCB, and any hypothetical changes in the institutional framework in the transport field.

The European Commission conducted a study in different member states as to the correct and full conversion of the first rail package's guidelines into national law. In the member states with integrated railway structures or Holding structures, the European Commission verifies the actual situation regarding the independent execution of the essential functions by the infrastructure managers (assigning capacity and calculating the fee). The results of this study arising from the aforementioned verification may result in new initiatives of the European Commission to strengthen the respect for this law. Consequently the evolutions of Belgian national legislation regarding the rail infrastructure manager are foreseeable.

1.5. Research and development

Infrabel continuously improves the technology that it uses, particularly in connection with the modernisation of its industrial equipment.

The ETCS implementation still requires an enormous amount of effort.

1.6. Branches

Outside the 375 work units, Infrabel has 2 direct subsidiaries: TUC RAIL S.A. and Chantier de Créosotage de Bruxelles S.A., which are active, respectively, in the field of design work and rail infrastructure work, and in the domain of creosoting.

We already mentioned that Infrabel also has a participation in the EEIG (European Economic Interest Grouping) Corridor C.

1.7. Key indicators

Infrabel uses several key indicators, the list of which was completed in 2006 in connection with the implementation of the BRIO strategic plan. The values mentioned in the table on the left relative to the years prior to 2005 are provided on an indicative basis.

The fact is that certain values apply to a reality that has changed markedly since the transition from the old to the new rail group structure.

		2003	2004	2005	2006	2007
A	**Number of grooves (in millions)**	**-**	**-**	**1.897**	**1.856**	**1.854**
	Number of corresponding train kms (in millions)	106.281	106.756	102.613	104.946	112.120
B	**EBT (global result) (in millions)**	**-**	**-**	**+49.01**	**+40.14**	**+65.87**
C	**Punctuality of domestic service passenger trains**					
	- with neutralisation	**95.3%**	**95.7%**	**94.8%**	**94.0%**	**93.6%**
	- without neutralisation	**92.6%**	**93.2%**	**91.9%**	**90.6%**	**89.2%**
D	**Quality barometer relating to travellers**					
	carried in domestic service (*)					
	a) General satisfaction index	7.25	7.44	7.44	7.33	7.23
	b) Train punctuality	6.74	7.00	6.99	6.64	6.29
	c) Quality of the information in the stations	7.28	7.39	7.38	7.27	7.24
E	**Staff expressed in full-time equivalents as of 31 December of the year**	-	14,350	13,655	13,488	12,266(**)

(*) Source SNCB-Travellers National

(**) Effect of the staff transfer as a result of the "New Passengers" operation.

2. FINANCIAL DATA CONCERNING FINANCIAL YEAR 2007

2.1. Balance sheet

The balance sheet total of the company as of 31 December 2007 amounts to 6,203.96 million € compared to 5,386.85 million € on 1 January 2007 and can be summed up as follows:

ASSETS

in millions of €		31.12.2007	01.01.2007
FIXED ASSETS		4,992.15	4,354.32
I.	**Formation expenses**	**0.05**	**0.10**
II.	**Intangible fixed assets**	**1,349.11**	**1,350.39**
III.	**Tangible fixed assets**	**3,639.63**	**3,000.41**
IV.	**Financial assets**	**3.36**	**3.42**
CURRENT ASSETS		1,211.81	1,032.53
V.	**Amounts receivable after more than one year**	**7.78**	**7.85**
VI.	**Stocks and contracts in progress**	**169.93**	**150.14**
VII.	**Amounts receivable within one year**	**428.65**	**632.39**
VIII.	**Investments**	**575.92**	**229.93**
IX.	**Cash at bank and in hand**	**0.47**	**0.05**
X.	**Deferred charges and accrued income**	**29.06**	**12.17**
TOTAL ASSETS		**6,203.96**	**5,386.85**

LIABILITIES

in millions of €		31.12.2007	01.01.2007
SHAREHOLDERS' EQUITY		5,431.95	4,686.81
I.	**Capital**	**1,450.06**	**1,450.06**
II.	**Share premium account**	**299.32**	**299.32**
IV.	**Reserves**	**7.75**	**4.46**
V.	**Accumulated profit**	**147.28**	**84.70**
VI.	**Investment grants**	**3,527.54**	**2,848.27**
PROVISIONS		90.16	81.27
VII.	**Provisions**	**90.16**	**81.27**
DEBTS		681.85	618.77
VIII.	**Amounts payable after more than one year**	**0.50**	**0.54**
IX.	**Amounts payable within one year**	**508.52**	**466.00**
X.	**Accrued charges and deferred income**	**172.83**	**152.23**
TOTAL LIABILITIES		**6,203.96**	**5,386.85**

The fixed assets increased by 637.83 million € mainly with respect to the intangible fixed assets.

During the financial year, some substantial investments were made in rail infrastructure, the main ones being as follows:

- 160 million € for TGV projects;
- 75 million € for the RER;
- 197 million € for capacity maintenance
- 73 million € for signal box concentration
- 101 million € for capacity extension.

Another 13 million € was invested in Infrabel IT projects (Intangible fixed assets) including the launch of an ERP project referred to as "Mind³".

The current assets increased by 179.28 million €. The variation is mainly at the level of available means.

The company's shareholders' equity comes to 5,431.95 million € or 87.56% of the balance sheet total.

2.2. Income statement

The 2007 financial year ends with a positive operating profit (EBITDA) of 68.83 million € and a positive global result (EBT) of 65.87 million €.

It can be summed up as follows:

in millions of €	31.12.2007	31.12.2006
OPERATING INCOME	1,501.15	1,482.44
Turnover	**1,246.69**	**1,185.21**
- infrastructure fee	584.19	578.83
- state funding	435.20	425.26
- other	227.30	181.12
Variation of contracts in progress	**-1.93**	**3.12**
Fixed assets - own construction	**246.01**	**289.34**
Other operating income	**10.38**	**4.77**
OPERATING CHARGES	1,432.32	1,424.68
Raw materials, consumables and goods for resale	**96.28**	**125.96**
Services and other goods	**1,331.09**	**1,292.71**
- payroll charges	701.46	698.90
- RIF indemnity	300.00	300.00
- other	329.63	293.81
Other operating charges	**4.95**	**6.01**
GROSS OPERATING PROFIT (EBITDA)	68.83	57.76
Depreciations, amounts written off and provisions	**101.86**	**84.88**
NET OPERATING PROFIT (EBIT)	-33.03	-27.12
Financial result	**103.62**	**74.63**
Extraordinary result	**-4.72**	**-7.37**
GLOBAL RESULT (EBT)	65.87	40.14

2.3. Management of risks concerning the financial instruments

Infrabel has entrusted SNCB Holding with the day-to-day management of its cash resources and acts as "in house" bank.

It looks after the cash-pooling within SNCB group and, if appropriate, uses financial instruments.

As of 31 December 2007, Infrabel did not have any risks relating to the use of financial instruments.

2.4. Appropriation of the earnings

The profit to be appropriated amounts to:

financial year profit to be appropriated	65,872,152.07 €
profit/loss carried forward from previous financial years	84,698,954.24 €
profit to be appropriated	150,571,106.31 €

The Board of Directors proposes the following appropriation of net income:

appropriation to the capital and to the premium on shares	0.00 €
funding of the legal reserve	3,293,607.60 €
transfer to the available reserves	0.00 €
carried forward to the following financial year	147,277,498.71 €
Remuneration of the capital dividends:	0.00 €
profit to be paid to the directors	0.00 €
profit to be paid to the other beneficiaries	0.00 €
Total	**150,571,106.31** €

The proposed appropriation of earnings is inspired by the desire to guarantee the company of sufficient short-term financial resources and making normal and sound management of the business possible.

2.5. Auditors' additional assignments

None

2.6. Valuation rules

The valuation rules applied at the close of the annual accounts on 31 December 2007 were presented for information purposes to the executive committee of 25 March 2008 and to the Board of Directors on 17 April 2008. They are unchanged compared to the rules applied to the annual accounts on 31 December 2006.

The summary of the valuation rules has been attached to the annual financial statements.

2.7. Conflict of interest

During the previous financial year, there were no acts that gave rise to a conflict of interest between a director and the company in the meaning of article 523 of the Companies Code.

2.8. Proposed discharge from liability of the Directors and the Auditors

The Shareholders' Meeting is requested to discharge the directors as well as the auditors from liability, and to approve the annual financial statements presented to you.

Drawn up in Brussels on 17 April 2008.

On behalf of the Board of Directors,

Antoon Colpaert
Chairman of the Board of Directors.

Luc Lallemand
Chief Executive Officer

BALANCE SHEET

1. ASSETS

amounts in €	Comments	31.12.2007	31.12.2006
FIXED ASSETS		4,992,148,206.35	4,354,317,798.65
I. Formation expenses	**2**	**44,371.79**	**97,210.95**
II. Intangible fixed assets	**3**	**1,349,109,377.68**	**1,350,394,619.93**
III. Tangible fixed assets	**4**	**3,639,629,023.93**	**3,000,406,816.10**
A. Land and buildings		505,069,908.48	371,599,926.44
B. Plant, machinery and equipment		979,220,378.39	716,007,672.87
C. Furniture and vehicles		19,904,821.29	19,563,241.64
E. Other tangible fixed assets		176,842,629.15	211,902,334.23
F. Assets under construction and advance payments		1,958,591,286.62	1,681,333,640.92
IV. Financial assets	**5**	**3,365,432.95**	**3,419,151.67**
A. Affiliated enterprises		3,364,174.77	3,417,893.49
1. Investments		2,764,174.77	2,667,893.49
2. Amounts receivable		600,000.00	750,000.00
C. Other financial fixed assets		1,258.18	1,258.18
1. Shares		750.00	750.00
2. Amounts receivable and cash guarantees		508.18	508.18
CURRENT ASSETS		1,211,807,486.38	1,032,528,562.25
V. Amounts receivable after more than one year		**7,781,285.39**	**7,852,789.11**
A. Trade debtors		6,130.49	22,783.64
B. Other amounts receivable		7,775,154.90	7,830,005.47
VI. Stocks and in progress contracts	**6**	**169,926,536.95**	**150,135,812.69**
A. Stocks		167,199,470.44	143,237,038.12
1. Raw materials and consumables		150,652,715.35	130,866,152.59
2. Work in progress		14,202,843.70	12,370,711.53
6. Advance payments		2,343,911.39	174.00
B. In progress contracts		2,727,066.51	6,898,774.57
VII. Amounts receivable within one year		**428,649,242.17**	**632,395,227.72**
A. Trade debtors		150,635,229.10	140,813,756.40
B. Other amounts receivable		278,014,013.07	491,581,471.32
VIII. Investments	**7**	**575,922,000.00**	**229,926,000.00**
B. Other investments and deposits		575,922,000.00	229,926,000.00
IX. Cash at bank and in hand		**474,991.58**	**46,702.80**
X. Deferred charges and accrued income	**8**	**29,053,430.29**	**12,172,029.93**
TOTAL ASSETS		6,203,955,692.73	5,386,846,360.90

2. LIABILITIES

amounts in €	Comments	31.12.2007	31.12.2006
SHAREHOLDERS' EQUITY		5,431,943,708.13	4,686,808,040.39
I. Capital	**9**	**1,450,061,500.00**	**1,450,061,500.00**
A. Issued capital		1,604,125,000.00	1,450,061,500.00
B. Uncalled capital (-)		-154,063,500.00	0.00
II. Share premium account		**299,317,752.80**	**299,317,752.80**
IV. Reserves		**7,751,447.29**	**4,457,839.69**
A. Legal reserve		7,751,447.29	4,457,839.69
V. Accumulated profot		**147,277,498.71**	**84,698,954.24**
VI. Investment grants		**3,527,535,509.33**	**2,848,271,993.66**
PROVISIONS AND DEFERRED TAXES		90,158,736.76	81,271,581.39
VII. Provisions and deferred taxes		**90,158,736.76**	**81,271,581.39**
A. Provisions for liabilities and charges		90,158,736.76	81,271,581.39
3. Major repairs and maintenance	**10**	14,253,752.59	6,995,968.90
4. Other liabilities and charges	**11 and 12**	75,904,984.17	74,275,612.49
DEBTS		681,853,247.84	618,766,739.12
VIII. Amounts payable after more than one year		**499,969.27**	**535,002.04**
D. Other amounts payable		499,969.27	535,002.04
IX. Amounts payable within one year		**508,524,368.14**	**466,002,716.93**
C. Trade debts		410,968,209.73	411,289,274.31
1. Suppliers		410,968,209.73	411,289,274.31
D. Advances received on contracts in progress		2,841,708.94	2,399,103.03
E. Taxes, remuneration and social security		13,859.18	8,966.66
1. Taxes		2,224.77	2,684.88
2. Remuneration and social security		11,634.41	6,281.78
F. Other amounts payable		94,700,590.29	52,305,372.93
X. Accrued charges and deferred income	**13**	**172,828,910.43**	**152,229,020.15**
TOTAL LIABILITIES		6,203,955,692.73	5,386,846,360.90

3. EXPLANATION OF THE BALANCE SHEET

Intangible fixed assets

The intangible fixed assets include, on the one hand, the right to operate the Belgian network with a book value of 1,318,787,878.78 €. This operating right is depreciated on a straight-line basis over a period of 99 years. On the other hand, they include the investments in specific IT applications which are developed by the SNCB Holding on behalf of Infrabel. The book value of this software amounts to 30,321,498.90 €.

See also the comments concerning the annual financial statements - Statement 3.

Tangible fixed assets

Infrabel has a substantial annual investment budget. The company's investments relate, in particular, to extension, modernisation and maintenance of the traditional infrastructure.

Substantial amounts are invested in the completion of the TGV border to border infrastructure, in projects aiming at better accessibility from Brussels (RER), in projects for maintenance and extension of the infrastructure capacity, and in investment projects provided for in the BRIO strategic plan, such as the GSM-R project, signal box concentration, the ETCS system…

The net increase in tangible fixed assets compared to the situation on 31 December 2006 amounts to 550,637,453.57 €. This increase is the difference between the new investments amounting to 629,921,405.98 € (excluding work done by third parties) and the cumulative depreciation to an amount of 79,283,952.41 €.

See also the comments concerning the annual financial statements - Statement 4.

Financial fixed assets

The company holds an interest amounting to 2,764,174.77 € in its subsidiaries, broken down as follows:

- TUC RAIL S.A. for 1,487,361.15 €,
- Chantier de Créosotage de Bruxelles S.A. for 1,276,813.62 €

In addition, the company has a claim amounting to 600,000.00 € on S.A. Woodprotect.

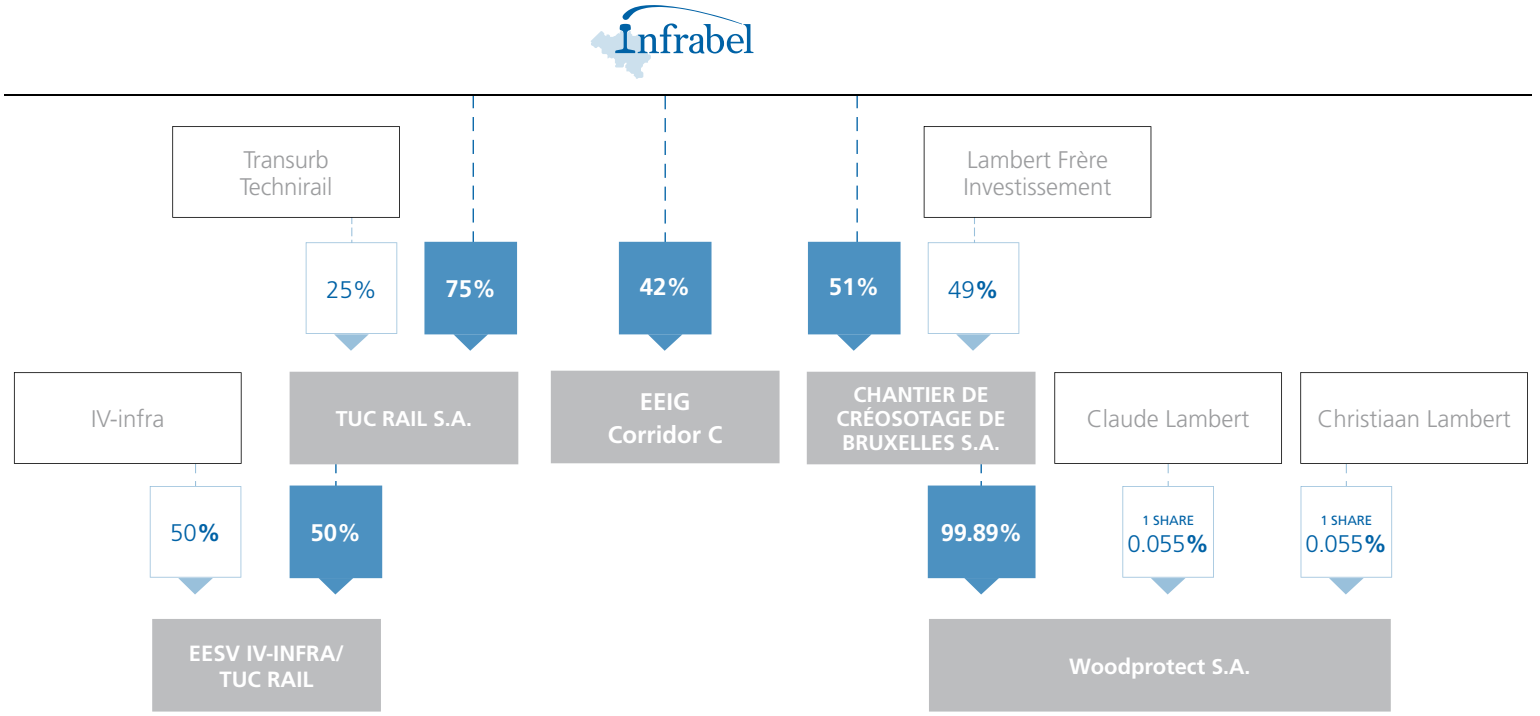
The structure of the holdings in the subsidiaries' capital is shown in the following diagram.

See also the comments concerning the annual financial statements - Statement 5.

Increase of investments

in millions of €

	Classic investments	TGV investments	RER investments	Total
Land and parking areas	9.99	0.74	8.34	19.07
Buildings	40.59	22.06	6.22	68.87
Structures (bridges, tunnels…)	65.98	31.95	22.35	120.28
Track installations	184.92	29.18	30.67	244.77
Signal installations	107.07	24.19	3.93	135.19
Lighting, Heating and Power	29.14	4.26	0.00	33.4
Telecommunications installations	29.05	0.35	0.01	29.41
Catenaries	35.43	7.65	2.42	45.5
Workshop installations	1.51	0.00	0.00	1.51
Equipment and other	21.03	0.00	0.00	21.03
TOTAL	524.71	120.38	73.94	719.03



Stocks and contracts in progress

The company has a total amount of 167,199,470.44 € in stocks in its balance sheet. A substantial part of those stocks concern special supplies for the infrastructure, particularly rails, switches, attachment means, etc, amounting to 100.28 million €.

The stock on the spot at the job sites along the tracks amounts to 25.24 million €.

The other articles, such as oils, metals, electrical equipment, solid and liquid fuels, etc. amount to 41.68 million €.

The contracts in progress for third parties come to 2.73 million €.

See also the comments concerning the annual financial statements - Statement 6.

Amounts receivable within one year

The amounts receivable within one year amount to 428,649,242.17 €, consisting of trade debtors amounting to 150,635,229.10 € and other receivables to the amount of 278,014,013.07 €.

The trade debtors on the SNCB amount to 82.26 million €. This relates mainly to the invoice for the infrastructure fee for the month of February 2008. The infrastructure fees are invoiced two months in advance. The trade receivable on the RER fund for the works on the Regional Express Net, amount to 34.16 million €.

The other receivables include, in particular, a receivable on the SNCB Holding to the amount of the investment subsidies not used (94 million €), as well as a receivable on the State relative to the operating and investment funding to be received amounting to 160.55 million € and an amount of 20.51 million € in VAT to be recovered from the Finance Ministry.

Investments and cash at bank and in hand

As of 31 December 2007 Infrabel held cash amounting to 576,396,991.58 €. The available cash resources have been invested, on the one hand, in connection with cash pooling with the SNCB Holding, and on the other hand with financial institutions.

See also the comments concerning the annual financial statements - Statement 7.

Shareholders' equity

The shareholders' equity amount to 5,431,943,708.13 € and may be summed up as follows:

- Issued capital to an amount of 1,604,125,000.00 €
- Uncalled capital for 154,063,500.00 €
- Share premium account to an amount of 299,317,752.80 €
- Reserves to an amount of 7,751,447.29 €
- Share premium profit to an amount of 147,277,498.71 €
- Investment grants to an amount of 3,527,535,509.33 €

The increase of the investment grants compared to the situation in the previous financial year concerns new investment grants, primarily the funding received from the supervisory authority to an amount of 766,824,526.96 € less depreciation to an amount of 87,561,011.29 €.

See also the comments concerning the annual financial statements - Statement 9.

Provisions and deferred taxes

Infrabel has set aside provisions in its balance sheet to cover all of the known important risks and obligations for a total amount of 90,158,736.76 €.

The provisions set aside relate to the following:

- provisions for paintwork of large bridges: 12,941,541.46 €
- provisions for overhaul of heavy equipment (examples: ballast finishing machine, tamping device): 1,312,211.13 €
- provisions for the remediation of contaminated soils: 36,808,956.47 €
- provisions for clearing wood waste that is not reusable: 579,876.00 €
- integration of the Schaerbeek and Etterbeek infrastructure workshops: 15,000,000.00 €
- provisions for uninsured risks and disputes: 23,516,151.70 €

See also the comments concerning the annual financial statements - Statements 10, 11 and 12.

Debts

Infrabel has no financial debts as of 31 December 2007.

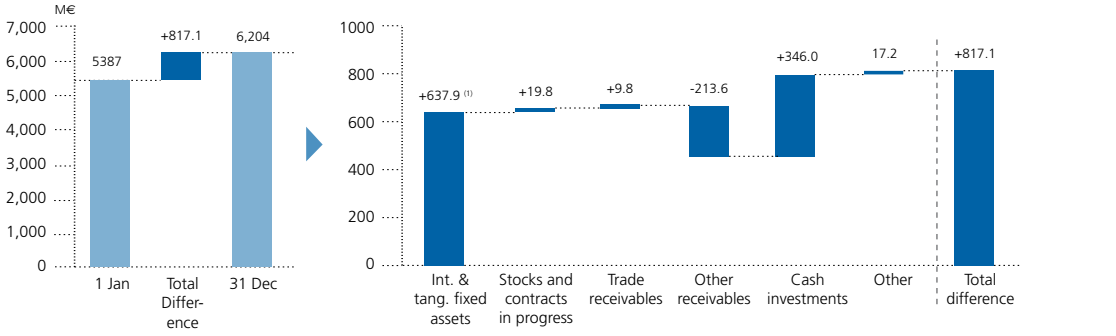
The short- and long-term debts amount to 509,024,337.41 € and may be broken down as follows:

- trade debts to an amount of 410,968,209.73 €
- advances received to an amount of 2,841,708.94 €
- tax liabilities to an amount of 13,859.18 €
- other liabilities: 95,200,559.56 €

The other liabilities are due to a great extent to application of the programme law of 26 December 2006, which specifies that the investment subsidies not used during the financial year must be temporarily retransferred to the State.

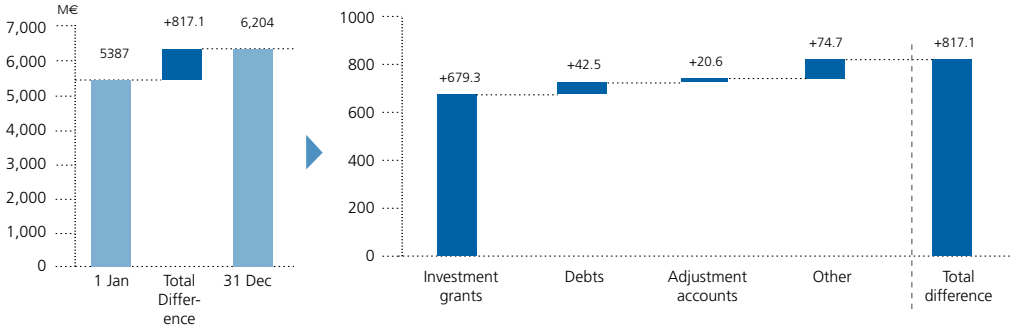
The modifications of the balance sheet compared to 31 December 2006 may be summed up as follows:

Mutation of the assets



(1) New investments including intervention third parties 732.54 million €. Depreciation: 94,07 million €

Mutation of the liabilities



INCOME STATEMENT

1. DETAILED INCOME STATEMENT

amounts in €

		2007	2006
I.	**Operating income**	**1,501,155,407.68**	**1,482,443,808.29**
	A. Turnover	1,246,692,821.51	1,185,208,089.47
	B. Change in stocks of finished goods, works and contracts in progress	-1,929,693.34	3,119,721.11
	C. Fixed assets and construction	246,013,479.05	289,345,288.63
	D. Other operating income	10,378,800.46	4,770,709.08
II.	**Operating charges**	**1,534,186,492.97**	**1,509,558,221.12**
	A. Raw materials, consumables and goods or resale	96,281,656.65	125,963,720.03
	1. Purchases	118,709,216.05	136,670,479.87
	2. Variations in stock	-22,427,559.40	-10,706,759.84
	B. Services and other goods	1,331,093,115.94	1,292,711,256.84
	D. Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	88,926,976.66	66,649,676.60
	E. Amounts written off stocks, contracts in progress and trade debtors	4,046,742.67	3,279,845.84
	F. Changes in provisions for liabilities and charges	8,887,155.37	14,951,850.93
	G. Other operating charges	4,950,845.68	6,001,870.88
III.	**Operating profit**	**-33,031,085.29**	**-27,114,412.83**
IV.	**Financial income**	**131,865,746.92**	**80,746,282.41**
	A. Income from financial fixed assets	43,582.50	51,817.50
	B. Income from current assets	30,322,320.81	23,365,049.41
	C. Other financial income	101,499,843.61	57,329,415.50
V.	**Financial charges**	**28,246,429.89**	**6,117,846.08**
	A. Charges of debts	519,037.32	1,230,653.86
	B. Amounts written off current assets other than mentioned under II.E	4,809,619.59	-1,636,146.53
	C. Other financial charges	22,917,772.98	6,523,338.75
VI.	**Current profit before taxes**	**70,588,231.74**	**47,514,023.50**
VII.	**Extraordinary income**	**38,257,563.31**	**268,889.67**
	A. Adjustments to depreciation of and to other amounts written off intangible and tangible fixed assets	1,487,238.51	72,799.66
	B. Adjustments to amounts written off financial fixed assets	96,281.28	21,162.08
	D. Gains on disposal of fixed assets	16,436.19	124,579.21
	E. Other extraordinary income	36,657,607.33	50,348.72

amounts in €		
	2007	2006
VIII. Extraordinary charges	**42,973,642.98**	**7,639,585.13**
A. Extraordinary depreciation of and extraordinary amounts written off formation expenses, intangible and tangible fixed assets	12,538,991.75	4,395,640.17
C. Provisions for extraordinary liabilities and charges	0.00	3,243,944.96
D. Loss on disposal of fixed assets	30,434,651.22	0.00
E. Other extraordinary charges	0.01	0.00
IX. Profit for the period before taxes	**65,872,152.07**	**40,143,328.04**

Appropriation of the result	2007	2006
A. Profit to be appropriated	150,571,106.31	86,706,120.64
1. Financial year profit to be appropriated	65,872,152.07	40,143,328.04
2. Profit carried forward from the previous financial years	84,698,954.24	46,562,792.60
C. Appropriations to shareholders' equity	3,293,607.60	2,007,166.40
2. To the legal reserve	3,293,607.60	2,007,166.40
D. Net income to be carried forward	147,277,498.71	84,698,954.24
1. Profit to be carried forward	147,277,498.71	84,698,954.24

2. EXPLANATION OF THE INCOME STATEMENT

2.1. Turnover

Total turnover amount to 1,246.69 million € and may be summarily presented as follows:

The infrastructure fee represents 584.20 million € or 46.86% of sales.

Infrabel receives a fee from the various rail operators calculated per train-kilometre for use of the Belgian rail network, both for national and international passenger transport and for freight transport. The share of passenger transport in the infrastructure fee is 93.06% compared to 6.94% for freight transport.

The purpose of Infrabel is to offer a quality rail infrastructure that is safe and to maintain the infrastructure. To that end, the company obtained State funding amounting to 435.20 €, or 34.91% of the turnover.

Infrabel is also responsible for the energy delivery of the entire SNCB group. That means reinvoicing the other SNCB group entities, both for the traction energy and the energy for the buildings. In 2007 this amounted to 98.70 million €.

The investments for third parties, equipment for third parties and the intragroup services concern invoicing of the other group entities. These intergroup proceeds come to 62.67 million €.

The invoicing of investments for the SPVs for realisation of specific investment projects amounts to 35.36 million €.

The other turnover amount to 30.57 million € and are mainly generated by the sale of scrap by the purchasing department, and by invoicing the study costs to S.A. Northern Diabolo.

amounts in €		
		83.05%
I.	**Operating income**	**1,501,155,407.68**
	A. Turnover	1,246,692,821.51
	Infrastructure fee	584,195,567.02
	State funding	435,201,000.00
	Electricity for traction and the buildings	98,702,556.68
	Investments and equipment sales for the SNCB Holding	5,708,850.22
	Investments and equipment sales for the SNCB	4,077,227.51
	Other intragroup services for the SNCB Holding	4,725,031.37
	Other intragroup services for the SNCB	48,157,560.33
	Sales of scrap	8,660,493.07
	Services in connection with the construction of the TGV lines	2,009,310.55
	Contractual compensations	1,780,590.70
	Services in connection with specific investment projects (SPVs)	35,357,530.80
	Services delivered to the Rail Infrastructure Fund	1,000,000.00
	Work of various types such as maintenance of various installations	2,343,908.51
	Work of various types such as welding and rail cutting	14,773,194.75

2.2. Fixed assets - own construction

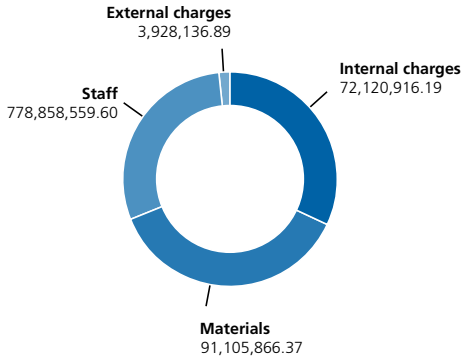
Each company has its own means that it could use, in connection with its economic activity, for the construction of tangible and intangible fixed assets. Those durable assets, investments made with the help of internal resources, are referred to as in-house production or the construction of fixed assets by the company for itself.

The charges relative to time-spent work are neutralised by entering corresponding income, while the investments made are placed under assets in the balance sheet headings tangible or intangible fixed assets.

The charges leading to recording of income under the fixed assets - own production heading may be detailed as follows:

amounts in €		
		16.39%
I.	**Operating income**	**1,501,155,407.68**
	C. Fixed assets - own production	246,013,479.05

Fixed assets - own production



2.3. Financial income

The financial income amounts 131.87 million € resulting mainly from depreciation of the investment grants (101.47 million €). In addition, an amount of 30.32 million € is generated by interest on investments.

amounts in €		
IV.	**Financial income**	**131,865,746.92**
	A. Income from financial fixed assets	43,582.50
	B. Income from current assets	30,322,320.81
	C. Investment grants and interest subsidies	101,466,321.68
	D. Conversion foreign currencies	33,521.93

2.4. Raw materials and consumables

The raw materials and consumables amount to 96.28 million €. Purchases of supplies for articles that are specific to the infrastructure amount to 73.49 million €. Purchases of general supplies amount to 22.79 million €.

amounts in €		
		6.28%
II.	**Operating costs**	**1,534,186,492.97**
	A. Raw materials, consumables and goods for resale	96,281,656.65
	1. Purchases	118,709,216.05
	Rails	14,828,285.70
	Ballast	8,230,469.28
	Ties	19,487,598.89
	Reinforcement means	6,627,600.93
	Articles for catenaries	9,598,211.38
	Other specific railway equipment	37,141,274.29
	Other supply articles	22,795,775.58
	2. Variation in stock	-22,427,559.40
	Variation in stocks of specific infrastructure	-22,806,687.14
	Variation in stocks of other articles	379,127.74

2.5. Services and other goods

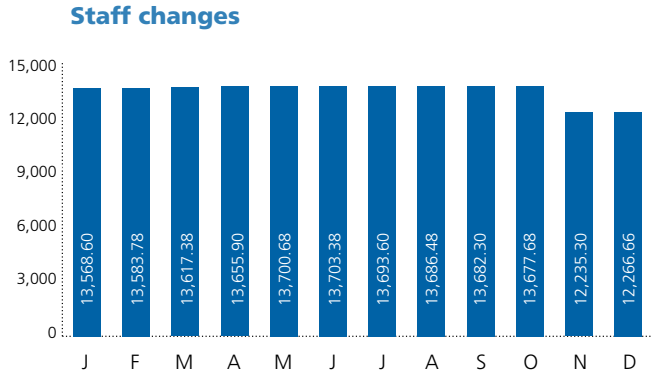
More than half of the services and other goods are made up of payroll charges, i.e. 52.70%, with a total amount of 701.46 million €.

Within the context of the reform of the SNCB group on 1 January 2005, it was stipulated that the entire group staff would be assigned to SNCB Holding. The latter seconds the required staff to Infrabel under a reciprocal agreement. This arrangement explains why the payroll charges are entered in the heading called "services and other goods", and not in the heading "remuneration, social security and pensions".

On 31 December 2007 Infrabel had 12,266 employees, expressed in terms of full-time equivalents.

amounts in €		
		86.76%
II.	**Operating costs**	**1,534,186,492.97**
	B. Services and other goods	1,331,093,115.94
	Payroll charges	701,459,460.60
	RIF allocation	300,000,000.00
	Electricity	103,340,447.19
	Maintenance infrastructure	52,119,990.12
	Investments for third parties	12,783,081.39
	SNCB Holding Intragroup services	88,292,224.13
	SNCB Intragroup services	16,425,029.08
	Other	56,672,883.43

Changes in the staff made available look as follows:



The allocation to the Rail Infrastructure Fund (RFI) contains 19.55% of our costs.

The Royal Decree of 3 July 2005 specifies that every year, Infrabel has to pay an amount of 300 million € to the RIF for the availability of the rail infrastructure assigned to that fund within the context of takeover of the historic debt of the former SNCB (7.4 billion €).

Within the SNCB group, Infrabel is also responsible for coordinating the purchase of electricity for the group as a whole. Those purchases refer to both traction energy and energy required for the buildings. The respective amounts for the purchase of electricity are 88.59 million € for the traction energy, and 14.75 million € for the buildings.

2.6. Depreciations, amounts written off and provisions for liabilities and charges

The depreciations are booked monthly and begin on the first day of the month following the one in which the assets can be put into use, pursuant to the approved valuation rules.

The depreciation of the tangible and intangible fixed assets is offset to a great extent by the depreciation of the investment grants relating thereto. The latter are booked as financial income.

The increase of provisions is due to a great extent to an update of the maintenance plan for the paintwork of the large metal bridges on the one hand and the new soil pollutions as a result of the execution of the Royal Decree dated 27 April 2007 with regard to the disposal of the land of the SNCB Holding in favour of our inventory.

amounts in €

			%
II.	**Operating costs**	**1,534,186,492.97**	
	D. Depreciation of and other amounts written off promotion expenses, intangible and tangible fixed assets	88,926,976.66	5.8
	Formation expenses	52,839.16	
	Concession fee	13,737,373.74	
	Other intangible fixed assets (mainly software)	1,035,121.35	
	Tangible fixed assets	74,101,642.41	
	E. Amounts written off stocks, contracts and trade debtors	4,046,742.67	0.26
	F. Provisions for liabilities and charges	8,887,155.37	0.58

COMMENTS ON THE ANNUAL FINANCIAL STATEMENTS

1. VALUATION RULES

1.1. Legal principles

The present valuation rules are laid down with due observance of the legal provisions in effect in Belgium, and more particularly the ones resulting from the Belgian Act of 17 July 1975 relative to business accounting and from the Royal Decree of 30 January 2001 regarding the execution of the Belgian Companies Code.

1.2. Valuation rules

1.2.1.FORMATION EXPENSES

The formation expenses may be classified under assets and are valued at their acquisition value. They are depreciated annually to the extent of 20%, with the exception of the expenses relating to issue, renegotiation or refinancing of borrowings, which are spread out over the duration of the borrowings concerned.

1.2.2.INTANGIBLE FIXED ASSETS

The intangible fixed assets are entered in the balance sheet at their acquisition value.

The intangible fixed assets are depreciated on a straight-line basis to the extent of 20% per year starting on the date on which the asset is ready for actual use.

Within the heading for intangible fixed assets, there are two special cases, i.e. the cost of concession and the charges relative to the TGV (High-Speed Train).

The right to use the rail network is depreciated over a period of 99 years starting on 01/01/2005, a duration corresponding to the one incorporated in the Royal Decree of 14 June 2004 regarding the reform of the management structures of the rail infrastructure.

The charges relative to the TGV refers to design and developments expenses that are not directly assignable to a precise inventory heading of the tangible fixed assets, as well as expenses for homologation of the TGV lines. These costs are depreciated over a maximum period of ten years from the commissioning of the TGV.

1.2.3. TANGIBLE FIXED ASSETS

The tangible fixed assets are booked at their acquisition value. The museum material and structures are valued, if the acquisition value is unknown or if it concerns a gift, at the price of 0.01 €, and they are the object, in case of appraisals, of value reductions or of revaluation surpluses.

All tangible fixed assets in use are depreciated on a straight-line basis in accordance with their lifetime. The lifetime is analysed regularly. In case of substantial modifications, the lifetime is adapted. The said adaptation is considered as a modification of the forecasts, and not as a correction of faults or modifications of the accounting methods.

The depreciation begins on the first day of the month following the month in which the tangible fixed asset can be put into use. In case of work financed by an investment credit, the date adopted is the one of the total or partial completion, without an immediate start to use.

The duration of use is set by inventory heading; each heading represents a set of fixed assets possessing the same technical or legal characteristics as well as one and the same use duration.

When the various components of one and the same asset have different use durations, or they provide benefits for the company under a different rhythm, requiring the use of different depreciation rates and procedures, the total cost of said asset is broken down, insofar as possible, into its various constitutive elements.

The duration of use of the related investments is determined by taking into account, in particular, the remaining lifetime of the primary investments.

The duration of use of the ecological investments cannot exceed the remaining duration of use of the installations for which said expenditures have been made. The term activated ecological expenditures means the ones that are intended to lastingly serve the company's activity and which either relate to hoped-for environmental gains and extend the existence of the company's assets, by increasing capacity or upgrading safety or efficiency, or make it possible to limit or avoid contamination of the environment that could be caused by future activities.

Additional or extraordinary depreciation is systematically recorded when, because of a deterioration or of modifications of the economic or technological circumstances, the book value of the fixed assets exceeds their practical value by the company.

The depreciation recorded on the tangible fixed assets can be written back only if, because of modifications of the economic or technological circumstances, the depreciation plan previously applied proves to have been too rapid.

The decommissioned tangible fixed assets or those that have ceased to be lastingly used for the company's activity are, if the case arises, the object of extraordinary depreciation so as to align the valuation thereof to their likely realisation value.

The depreciable amount is the cost of the asset, reduced by its residual value, insofar as the latter can be determined in a relatively reliable way.

Lifetime

Nature of the asset	Duration of depreciation			
	In operation		Out of operation	
	Minimum	Maximum	Minimum	Maximum
Lands	non-depreciable	non-depreciable	non-depreciable	non-depreciable
Buildings	10	50	5	50
Structures	50	120	1	120
Track installations	1	100	1	100
Electric and signal installations	15	22	8	22
Telecommunications installations	8	20	1	1
Catenaries and traction substation	20	20	20	30
Workshop installations	20	20	20	20
Equipment	1	10	1	10
Rail transport equipment	7	35	1	35
Road haulage equipment	4	15	1	6
Containers	10	10	10	10
Residential buildings	na	na	50	50

1.2.4. FINANCIAL FIXED ASSETS

The financial fixed assets include the parcticipations in other companies, when the purpose is to perpetuate or support their operation, the receivables made available long-term in the interest of lasting support of the activity of said companies, the shares and partnership shares that do not constitute a holding, and the cash guarantees paid as standing guarantees.

The financial fixed assets are valued at their acquisition value. They are corrected, if appropriate, by possible value reductions. The incidental expenses relative to their acquisition are entered directly under expenses.

For each participation, the securities constituting it are considered as fungible assets: after each acquisition, an average value for said securities is recalculated, by dividing the total value of acquisition by the total number of securities held in the portfolio.

When the acquisition price of the participation is denominated in a foreign currency, the acquisition value at which it is entered in the balance sheet is its acquisition value in euro, namely, the amount resulting from application of the conversion rate at the time of the acquisition to the amount of the price stipulated in foreign currencies. When the amounts are called up, the discharge commitment is re-estimated at the conversion rate applicable on that date, the counterpart of the translation differential being charged to the acquisition value of the financial assets.

The financial assets represented by receivables are valued at their nominal value, by application, if the case arises, of the conversion rate at the time of acquisition of the amounts expressed in foreign currencies.

In case of a lasting modification occurring after the acquisition, and in an unfavourable direction, of the situation, of the profitability or of the prospects of the company, the participation or the shares held are the object of a value reduction determined as a function of the change in the market price or in the intrinsic value.

To determine the amount of the value reduction to be booked, the following procedures are applied:

- At the time of an acquisition, if the difference between the book value of the participation and the proportional share of the shareholders' equity of the company in question is less than 250,000 €, a value reduction is made to the appropriate extent in the year following the acquisition. For later years, any negative variation of the shareholders' funds is recorded as an immediate value reduction.
- At the time of an acquisition, if the difference between the book value of the participation and the proportional share of the shareholders' equity of the company in question is between 250,000 € and 1,250,000 €, or if the company is not consolidated in a subgroup characterised by synergies between companies, a value reduction is made, to at least an extent of 25% annually, starting the year following the acquisition, equal to the difference as corrected annually of the changes in shareholds-

ers' funds. After entering the value reduction to the extent of 100%, any negative variation of the shareholders' funds is immediately recorded as a value reduction.

- At the time of an acquisition, if the difference between the book value of the participation and the proportional share of the shareholders' equity of the company in question is greater than 1,250,000 € or if the company is consolidated in a subgroup characterised by synergies between companies, a value reduction is made to the extent of 7.14% annually starting with the year following the acquisition, equal to the difference as corrected annually of the changes in shareholders' funds. After entering the value reduction to the extent of 100%, any negative variation of the shareholders' funds is immediately recorded as a value reduction.
- If the turnover of the companies in which the financial assets are held are made mainly with the parent company, the value reductions are recorded as a function of the value in use of said fixed assets for the parent company's activities.
- For financial assets for which there is a liquid financial market and for which the company cannot significantly influence said market, value reductions are recorded if the difference between the acquisition price of said assets and their average monthly market value for the past year is significantly positive. In case of a significant positive difference, the value reduction to be recorded is equal to said difference.

The financial fixed assets represented by receivables are the object of a value reduction if their repayment on the due date is totally or partly uncertain or compromised.

1.2.5. AMOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR

The receivables are valued at their nominal value, with the exception of the receivables in the form of fixed-income securities, which are valued at their acquisition value.

The receivables are the object of a value reduction if their repayment or part thereof on the due date is uncertain.

1.2.6.STOCKS AND CONTRACTS IN PROGRESS

The stocks are valued at the lower amount between the cost and the net realisation value, namely, the selling price as estimated in the normal course of business, reduced by the estimated costs for completion and by the costs considered necessary to make the sale.

The cost of the stocks include all of the costs of acquisition and of processing, increased by the other costs incurred to get the stocks to the place and in the condition in which they are.

The production in progress and the orders in progress are valued at their cost price.

Certain parts in the warehouse are periodically the object of value reductions following the regular examination of their condition by the technical departments involved.

The families of articles in stock not having a direct connection with the tangible fixed assets undergo a value reduction when they remain without any movements for at least one year. The percentage of value reduction applied to the value of the articles is as a function of the speed of inventory turnover.

For the families of articles with a direct link with clearly identified tangible fixed assets, a value reduction is calculated in a way strictly proportional to the depreciation already recorded on the said fixed assets.

For the contracts in progress, value reductions are recorded:

- if their cost price, increased by the estimated amount of the cost relating thereto that must still be incurred, exceeds, as the case may be, their net selling price on the balancing date or the cost price specified in the contracts;
- to the extent, respectively, of 50% and 100% if their date of execution exceeds one or two years following the date of invoicing, taking possible down payments into account.

1.2.7. AMOUNTS RECEIVABLE WITHIN ONE YEAR

The receivables are entered in the balance sheet at their nominal value, except the ones in the form of fixed-income securities, which are valued at their acquisition value.

The receivables are the object of value reductions if complete or partial repayment on the due date is uncertain. Said reductions are calculated on the basis of the following principles:

- legal proceedings in connection with accidents requiring the Legal Department's intervention: the value reduction is equal to the average loss for the last five years, divided by the average balance of bad debts for the last five financial years, all this multiplied by the balance at the end of December of the year in question;
- value reductions of 100% for the receivables held on third parties requiring the Legal Department's intervention, unless they relate to "legal proceedings in connection with accidents";
- for the other receivables, including the ones on the State, the rail networks and international rail transport entities, a value reduction corresponding to 50% of the amount of the receivable if it has been payable for more than one year; said per-

centage is increased to 100% after two years; any invoiced down payments are taken into account;

- if justified by specific information, additional value reductions or write-backs of value reductions are recorded depending on the specific nature of the asset.

1.2.8. INVESTMENTS

Investments are valued at het lowest amount between the acquisition value and the market value.

For the assets acquired by contribution, the value is the price laid down in the deed. However, if this conventional value is lower than the market value of the contributed assets, the acquisition value corresponds with this higher market value.

As regards the fixed-income securities, in case of a difference between the acquisition value and the repayment value, this difference is booked prorata temporis over the remaining term of the securities as a result and as a component of the interest yielded by these securities, and depending on the case the purchase price of the securities is increased or decreased, and booked as result on a updated base.

For the investments expressed in foreign currencies, the acquisition value is converted based on the last indicative exchange rate published by the National Bank of Belgium.

The cash investments which will be realized in the near future are subject to the necessary value reductions if at the end of the financial year the estimate of their realisation value is lower than their purchase price.

Value reductions are applied depending on whether the redisposal value or realisation value is known or unknown.

If the redisposal value or realisation value is known, a value reduction is entered to the amount of the positive difference between the acquisition value and the redisposal or realisation value.

If the redisposal or realisation value are unknown, there are two cases:

- in case of a liquid financial market and if the company is unable to exercise any significant effect on the market, a value reduction is entered to bring the book value of these assets back to the level of their market value, determined on the basis of the value on the last day of the financial year;
- in case of no liquid financial market or if the company is able to exercise a significant effect on the market, a value reduction is entered to bring the book value of these assets back to the lowest level between on the one hand the share of the shareholders' equity of the company, determined on the basis of the last known annual financial statements, and on the other hand the market value, determined on the basis of the value on the last day of the financial year;

When the value reductions are no longer justified they are reversed.

1.2.9. CASH AT BANK AND IN HAND

The cash at bank and in hand are entered at their nominal value.

An appropriate value reduction is entered when the realisation value at the end of the financial year is less than the nominal value.

1.2.10. ASSET ADJUSTMENT ACCOUNTS

The deferred charges to be carried forward and the accrued income are valued at their acquisition value while taking into account, for the income, its recoverability.

1.2.11.CAPITAL

The shares representing the capital are valued at their par value.

1.2.12. REVALUATION SURPLUSES

The revaluation surpluses are booked at their nominal value and concern only the positive differences between the estimate by an expert of the museum material and of the structures, and the net book value of these assets.

In case of a subsequent capital loss on the revalued asset, the booked surpluses are cancelled to the extent of the amount not yet amortised.

1.2.13.RESERVES

The reserves are valued at their nominal value.

1.2.14. INVESTMENT GRANTS

The investment grants are booked at their nominal value.

The investment grants are the object of straight-line depreciation at the same rate as the intangible and tangible fixed assets that they finance.

1.2.15. PROVISIONS AND DEFERRED TAXES

The risks and the charges that are the object of a provision are estimated case by case on the basis of the elements brought to the company's attention, being careful to respect the criteria relating to prudence, accuracy and good faith.

Special cases concern provisions set aside for particular cases, particularly the provisions for risks of accidents, insolvency and various risks, the provisions for operating charges of an environmental nature and provisions for tangible fixed assets obtained by leasing and similar rights.

1.2.16. AMOUNTS PAYABLE AFTER MORE THAN ONE YEAR WITHIN ONE YEAR

The debts are entered at their nominal value.

The debts represented by fixed-income securities are valued at their acquisition value. However, when their actuarial charge calculated at the time of issue, taking into account their redemption at maturity, differs from their nominal charge, the difference between the acquisition value and the redemption value is entered under earnings pro rata temporis over the remaining duration of the securities, as a constitutive element of the charge of said securities, and it is entered, depending on the case, as an increase or a reduction of the acquisition value of the securities (on an actuarial basis).

The debts not yielding interest or bearing abnormally low interest are entered under liabilities at their nominal value. This entry is accompanied by an entry in the adjustment account of the asset and by entry under earnings pro rata temporis on the basis of the compound interest, of the discounts calculated at the market rate when said liabilities have a due date more than one year in the future and relate to amounts entered as charges on the income statement.

1.2.17. LIABILITY ADJUSTMENT ACCOUNTS

The accrued charges and the deferred income are entered at their nominal value.

2. STATEMENT OF FORMATION EXPENSES

amounts in €	
Net book value at end of previous financial year	97,210.95
Transfers during the financial year	
Depreciation	- 52,839.16
Net book value at financial year end	44,371.79
Of which: Charges relative to implementation of the capital increase, charges on borrowings, backwardations and other formation expenses	44,371.79

3. STATEMENT OF INTANGIBLE FIXED ASSETS

amounts in €		
		Concessions, patents, licences, etc.
A.	**Acquisition value**	
	At the end of the financial year	1,396,393,402.85
	Transfers during the financial year	
	Acquisitions, including own construction	13,503,285.58
	At the end of the financial year	1,409,896,688.43
C.	**Depreciation and value reductions**	
	At the end of the financial year	45,998,782.92
	Transfers during the financial year	
	Entered in the balance sheet	15,722,271.54
	Transfers from one heading to another	-933,743.66
	At the end of the financial year	60,787,310.75
D.	**Net book value at financial year end**	**1,349,109,377.68**

4. STATEMENT OF TANGIBLE FIXED ASSETS

amounts in €

		Lands and buildings	Plants, machinery and equipment	Furniture and vehicles
A.	**Acquisition value**			
	At the end of the previous financial year	434,808,696.37	1,276,743,886.42	122,695,300.48
	Transfers during the financial year:			
	Acquisitions, including in-house production	20,331,165.98	10,431,986.54	
	Transfers and disposals	-26,085,517.49	-11,790,574.94	-2,632,604.40
	Transfers from one heading to another	146,518,133.75	332,746,846.13	-1,459,373.84
	At the end of the financial year	575,572,478.61	1,608,132,144.15	118,603,322.24
C.	**Depreciation and value reductions**			
	At the end of the previous financial year	63,208,769.93	560,736,213.55	103,132,058.84
	Transfers during the financial year:			
	Entered in the balance sheet	10,835,463.20	71,317,453.00	2,649,299.87
	Write-backs due to surpluses	-20,515.28	-1,466,373.88	-5.88
	Transfers and scrapping	-3,522,049.92	-4,797,299.06	-2,582,020.81
	Transfers from one heading to another	902.20	3,121,772.15	-4,500,831.07
	At the end of the financial year	70,502,570.13	628,911,765.76	98,698,500.95
D.	**Net book value at financial year end**	**505,069,908.48**	**979,220,378.39**	**19,904,821.29**

amounts in €

		Other tangible fixed assets	Assets under construction and advance payments
A.	**Acquisition value**		
	At the end of the previous financial year	223,820,754.45	1,681,333,640.92
	Transfers during the financial year:		
	Acquisitions, including own construction	5,591,945.98	719,038,908.51
	Transfers and disposals	-1,572,094.42	
	Transfers from one heading to another	-36,024,343.23	-441,781,262.81
	At the end of the financial year	191,816,262.78	1,958,591,286.62
C.	**Depreciation and value reductions**		
	At the end of the previous financial year	11,918,420.22	
	Transfers during the financial year:		
	Entered in the balance sheet	888,641.64	
	Write-backs due to surpluses	-343.42	
	Transfers and scrapping	-144,985.19	
	Transfers from one heading to another	2,311,900.38	
	At the end of the financial year	14,973,633.63	
D.	**Net book value at financial year end**	**176,842,629.15**	**1,958,591,286.62**

5. STATEMENT OF FINANCIAL FIXED ASSETS

amounts in €

	Affiliated companies	Other companies
1. Investments		
A. Acquisition value		
At the end of the previous financial year	3,284,093.42	750.00
Transfers during the financial year:		
Acquisitions		
At the end of the financial year	3,284,093.42	750.00
C. Value reductions		
At the end of the previous financial year	616,199.93	
Transfers during the financial year:		
Write-backs due to surpluses	-96,281.28	
At the end of the financial year	519,918.65	
Net book value at financial year end	**2,764,174.77**	**750.00**
2. Amounts receivable		
Net book value at end of previous financial year	750,000.00	508.18
Transfers during the financial year:		
Increases		
Repayment	-150,000.00	
Net book value at financial year end	**600,000.00**	**508.18**

6. STOCKS AND CONTRACTS IN PROGRESS

amounts in €	
Analysis of the stocks	
Special supply articles for the infrastructure	119,812,102.68
Value reductions on the special supply articles for the infrastructure	-19,528,268.08
Supply articles unused at job sites	25,239,140.44
Manufactures	14,202,843.70
General supply articles	25,784,241.70
Special supply articles for the transport equipment	1,077,481.11
Solid and liquid fuels	315,120.08
Packaging to be returned	447,475.61
Value reductions on the supply articles other than the specific articles for the infrastructure	-2,494,578.19
Advance payments	2,343,911.39
Contracts in progress	**3,262,098.02**
Value reductions	-535,031.51

7. CASH INVESTMENTS AND OTHER INVESTMENTS

amounts in €	
Fixed-income securities	150,000.00
Time deposits with financial institutions	
at one month at most	1,212,000.00
Other investments not included above	574,560,000.00

The available cash is placed, on the one hand, with the SNCB Holding in connection with cash pooling (heading "other cash investments not included above"), and, on the other hand, is invested with financial institutions.

8. ASSET ADJUSTMENT ACCOUNTS

amounts in €

Deferred charges	**27,171,121.59**
Prepayments of the 2008 annual bonus for staff	25,233,419.52
Down payment for traction energy	1,235,000.00
Insurance premiums	460,746.49
Financial ratings	42,583.33
Costs monitoring and surveillance body	199,372.25
Accrued income	**1,882,308.70**
Interest	1,882,308.70

9. STATEMENT OF CAPITAL

amounts in €

	amounts in €	Number of shares
A. Capital		
1. Issued capital		
At the end of the previous financial year	1,450,061,500.00	
Changes during the financial year		
- capital increase	205,418,000.00	
- transfer to investment grants	-51,354,500.00	
At the end of the financial year	1,604,125,000.00	
2. Composition of the capital		
2.1. Kinds of shares		
Registered shares without par value	1,604,125,000.00	16,554,795
3. Capital not paid		
Uncalled capital	154,063,500.00	
Shareholders having yet to pay up in full	154,063,500.00	
- SNCB Holding		

10. PROVISIONS FOR MAJOR MAINTENANCE

amounts in €

	Provisions for major maintenance
At the end of the previous financial year	6,995,968.90
Increases	7,257,783.69
At the end of the financial year	14,253,752.59

11. PROVISIONS FOR ENVIRONMENT

amounts in €

	provisions for soil remediation	other provisions for protection of the environment
At the end of the previous financial year	31,497,274.96	2,344,400.00
Increases	5,311,681.51	-1,764,524.00
At the end of the financial year	36,808,956.47	579,876.00

The increase for the provision for cleaning up lands is the consequence, on one hand, of new pollution for a total amount of 5,499,861.00 €.

On the other hand, better measuring methods allow the valuations to be estimated more accurately, which resulted in a decrease of the provision with 188,179.49 €.

The other provisions for the protection of the environment all concern the clearance of wood waste from the ties and pieces of wood scattered throughout the rail network.

The write-back for the provision to protect the environment is the result of a sharp drop in the price on the international markets.

12. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

amounts in €	
	Provisions for other contingencies and charges
At the end of the previous financial year	40,433,937.53
Increases	-1,917,785.83
At the end of the financial year	38,516,151.70

The provisions for other contingencies and charges cover the risks not insured under assets, the pending legal proceedings, and the restructuring costs for the Schaerbeek workshop.

13. LIABILITY ADJUSTMENT ACCOUNTS

amounts in €	
Accrued charges	**64,841,769.61**
Holiday bonus payments and staff bonuses	64,355,831.43
Various	485,938.18
Deferred income	**107,987,140.82**
Infrastructure fees	97,837,514.52
Third party interventions in investment work	10,149,626.30

14. OFF BALANCE SHEET RIGHTS AND COMMITMENTS

amounts in €	
Important commitments regarding acquisitions of fixed assets	
- tangible fixed assets (for rail infrastructure)	586,849,375.00

15. RELATIONSHIPS WITH THE AFFILIATED COMPANIES AND THE COMPANIES WITH WHICH THERE IS A PARTICIPATION LINK

amounts in €

		2007	2006
1.	**Financial fixed assets**	**3,364,174.77**	**3,417,893.49**
	Participations	2,764,174.77	2,667,893.49
	Receivables: other	600,000.00	750,000.00
2.	**Amounts receivable**	**187,117,033.32**	**385,376,820.96**
	After more than one year	7,775,154.90	7,830,005.47
	Within one year	179,341,878.42	377,546,815.49
3.	**Cash investments**	**574,710,000.00**	**224,576,000.00**
	Receivables	574,710,000.00	224,576,000.00
4.	**Amounts payable**	**183,117,354.00**	**177,131,407.64**
	After more than one year	472,983.50	508,016.27
	Within one year	182,644,369.85	176,623,391.37
7.	**Financial results**	**17,249,805.58**	**8,732,796.79**
	Income from financial fixed assets	43,582.50	51,817.50
	Income from current assets	17,205,325.92	8,680,894.29
	Charges on liabilities	897.16	85.00

16. SOCIAL BALANCE SHEET

The company is not required to file any social balance sheet with the National Bank, since Infrabel does not have its own staff. The required staff, whether statutory or contractual, is seconded from the SNCB Holding.

As of 31/12/2007, 12,266 employees expressed in terms of full-time equivalents had been seconded by SNCB Holding.

COLLEGE OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

Ladies and Gentlemen,

In accordance with the legal and statutory requirements and particularly to articles 143 and 144 of the Companies Code applicable to Infrabel as a corporation under public law, by virtue of article 37 of the law of 21 March 1991 reforming certain economic public companies, the College of Statutory Auditors has the honour of reporting to you on the performance of its mandate for financial year 2007. The report includes its opinion of the annual financial statements as well as the required additional statements and information.

1. Unqualified audit opinion on the financial statements

The College of Auditors audited the financial statements for the financial year ended 31 December 2007, prepared in accordance with the financial reporting framework applicable in Belgium, which show a balance sheet total of 6,203,955,692.73 EUR and a profit for the financial year of 65,872,152.07 EUR.

The company's Board of Directors is responsible for the preparation and the fair presentation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the auditing standards applicable in Belgium, as issued by the Institute of Registered Auditors (Institut des Réviseurs d'Entreprises / Instituut van de Bedrijfsrevisoren). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement, whether due to fraud or error.

In accordance with the above-mentioned auditing standards, we considered the company's accounting system, as well as its internal control procedures. We have obtained from the Board of Directors and the company's officials, the explanations and information necessary for executing our audit procedures. We have examined, on a test basis, the evidence supporting the amounts included in the financial statements. We have assessed the appropriateness of accounting policies and reasonableness of the significant accounting estimates made by the company as well as the overall financial statement presentation. We believe that these procedures provide a reasonable basis for our opinion.

In our opinion, the financial statements for the year ended 31 December 2007 give a true and fair view of the company's assets and liabilities, its financial position and results of its operations in accordance with the financial reporting framework applicable in Belgium.

2. Additional statements and information

The preparation of the Director's report and its contents, as well as the company's compliance with the Company Code and its bylaws are the responsibility of the Board of Directors.

Our responsibility is to include in our report with the following additional statements and information, which do not modify our audit opinion on the financial statements:

The Director's report includes the information required by law and is consistent with the financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the company is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.

There are no transactions undertaken or decisions taken in violation of the company's statutes or the Company Code or the law of 21 March 1991 that we have to report to you.

- In the extraordinary general meeting of 16 July 2007 a capital increase of 205,418,000.00 EUR was agreed, subscribed to by the SNCB-Holding, as well as an amendment of the articles of association which lays capital at 1,655,479,500.00 EUR. This capital increase was paid up to an amount 51,354,500.00 EUR.
- In pursuance of article 355 of the Act of 20 July 2006 regarding various provisions, the payment of the capital increase coincided with a transfer of the same amount from the "Capital" heading to the "Investments grants" heading. Following this legal application, the capital according to the accounts now amounts to 1,604,125,000.00 EUR and is therefore different from the capital specified in article 7 of the articles of association.
- The appropriation of the results, proposed to the Shareholders' Meeting, is in compliance with the legal and statutory provisions.

Finally, the College of statutory Auditors wishes to thank the management bodies, the Financial department and its sections for the collaboration and the assistance that they displayed in performance of its assignment.

Signed in Brussels on 5 May 2008.

The College of Auditors

The Court of Audit represented by

M. de Fays
Counsellor at the National Court of Audit

F. Vanstapel
First President of the National Court of Audit

The members of the Institute of Business Auditors

S.c.P.R.L. Michel Delbrouck & C°
Auditors
Represented by
M. Delbrouck
Auditor

Sc SA Van Impe, Mertens & Associates
Auditor
Represented by
H. Van Impe
Auditor,
President of the Body of Auditors

Infrabel company registration number
RPM Bruxelles 0869.763.267

Editor
Benoît Gilson
Tel.: +32 (0)2 525 22 11
Fax: +32 (0)2 525 22 69
e-mail: benoit.gilson@infrabel.be
www.infrabel.be

Graphic design & production
www.concerto.be

Photos
Leo Goossenaerts, Denis Moinil, Philippe Van Gelooven, Éric Brasseur, Concerto