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Belgocontrol is an autonomous public company, created in 1998, with the main mission to guarantee the safety of air navigation, passengers and overflowed population in the civil airspace for which Belgium is responsible and which is one of the most complex in Europe. Belgocontrol combines its mission of public service with the high quality of its service provision by cutting costs, optimizing capacity, flow and punctuality of air traffic, and by supporting sustainable development to air navigation.

Its zone of activities extends from ground level – the control of movements at Brussels Airport and the airports of Antwerp, Charleroi, Liege and Ostend – to flight level 245 (8,000 metres) for Belgium and between the flight levels 145/165 and 245 for the Grand Duchy of Luxembourg. The sectors above flight level 245 fall within the competence of the EUROCONTROL centre in Maastricht (the Netherlands), to which Belgium has delegated air traffic control for its upper airspace.

Belgocontrol offers a panoply of other services which are essential to a safe control and management of air traffic, such as accurate, reliable and real-time aeronautical and meteorological information. Belgocontrol is responsible for managing all communication, navigation and surveillance systems vital to its own activity and the one of its customers: airlines and other airspace users, the Belgian airports and public authorities. The company also offers training and consultancy services to external customers.

As a provider of integrated services, Belgocontrol plays a driving role in the aeronautical sector and positions itself internationally as an expert, totally in step with the Single European Sky philosophy. The restructuring of the European airspace into Functional Airspace Blocks (FAB), in which the European member States are involved, is one of the most visible results of the Single European Sky regulations. Belgocontrol, with its counterparts in Germany, France, Luxembourg, the Netherlands and Switzerland created the FABEC (FAB Europe Central), a common Functional Airspace Block which aims to improve efficiency of air navigation in the heart of Europe.

MESSAGE OF JOHAN DECUYPER, CHIEF EXECUTIVE OFFICER

Several tragic events last year have again shown the International community that a huge amount of attention is quite rightly given to safety in all aspects of aviation. Nor should the vital importance of the air traffic controllers' mission be forgotten and the huge responsibility that this involves. Belgocontrol takes this mission and this responsibility very seriously. The figures in this annual report prove this as well and testify the fact that we are succeeding in our mission. For Belgocontrol, air traffic safety in the Belgian airspace is our absolute number one priority.

Many challenges are to be seen in the constantly developing environment in which Belgocontrol operates. Therefore it is a question of taking part in the lead in all areas over the next few years. To do so, we will have to make crucial investments, both in human resources and in infrastructures.

Thus, we will be able to retain and increase our successful provision of services, while demonstrating the importance of a national service provider. We are in a position to make these investments since we will be from now on correctly compensated for the services that we provide.

On the Executive Committee's initiative, stakeholders and staff surveys were conducted in 2013. In 2014, we received the results of these surveys. They revealed a great deal of interesting information, which inspired us to set up our new strategic vision under the name of 'Wings Ahead', which is summarised in three main areas: an efficient and reliable service, strong partnerships and a flexible and inclusive organisation.

Efficient and reliable services

The new management contract, which came into force on 1 July 2014 achieves this balance: guaranteeing Belgocontrol's financing in the long term while establishing for our company ambitious objectives in terms of quality and efficiency of our services. It gives Belgocontrol the means to grow like a financially healthy company.

The management contract also sets Belgocontrol's main objectives and missions. We are continuing to guarantee all our



Johan Decuyper
Chief Executive Officer

customers and our stakeholders an efficient and quality service, and even improve the level of this service. More than a mission or an objective, it is the ambition and driving force of all our employees.

So, in regards to capacity, Belgocontrol wishes to play a proactive role in the CDM (Collaborative Decision Making) and do all it can, together with the airport operators and airlines, to guarantee the desired capacity and punctuality as much as it can, and under all circumstances.

We are also totally committed to the quality of life at and around the airport. The introduction of the CDO or green landing procedure at Brussels Airport, with the resultant decrease in kerosene consumption, CO₂ emissions and noise pollution, is a good example of this. Application of this procedure has already doubled between its implementation in June 2014 and the end of the year.

Strong partnerships

We want to invest in relationships with our stakeholders, whether public or private. We will listen to their concerns and together we will look for solutions to their expectations. Thus we will achieve a solid collaboration with each one of them.

Currently, both Defence and Belgocontrol manage the Belgian airspace, one of the most complex and busiest in Europe. We both have our own CNS (Communication,

Navigation, Surveillance), weather and aeronautical information services. Both our organisations are under major financial pressure. We must arrive as soon as possible at cooperation agreements beneficial for both organisations.

The Belgian and Luxembourg governments have commissioned Belgocontrol and ANA Lux to examine how to collaborate even more closely in the future.

Besides, collaboration at the European level constitutes a logical development, which necessarily enables advances. But this sharpens relationships between the Member States and the different European air navigation service providers. It goes without saying that each ANSP (Air Navigation Service Provider) wants the maximum routes and traffic in its own airspace to put pressure on the unit rate and consequently on airlines' costs, in order to offer them shorter routes and guarantee our airports' accessibility.

This is why Belgocontrol, the DGCA (Directorate-General Civil Aviation) and Defence are developing a common vision for the Belgian airspace. EUROCONTROL-MUAC is also closely involved in it. It is difficult to overestimate the importance of a common vision like this. In effect, it concerns the role of our airports as essential economic growth hubs for our country. For this reason, it is vital that all the stakeholders in Belgium's aviation sector stand united and jointly defend our country's (economic) interests at the international level.



Flexible organisation

To achieve the objectives set is the common mission of all Belgocontrol staff. A new company culture is being developed together with all staff members in order to support it. This new method of work must help us to implement the objectives set in terms of efficiency and service to customers.

2014 was a pivotal year for Belgocontrol in which we have mapped out our future. In 2015, we will continue to follow this path with a view to strengthening our company's management and improving the services that we provide to all our stakeholders and customers. The changes should already be visible in the different areas by the end of 2015.

"We want to invest in relationships with our stakeholders. We will listen to their concerns and together will look for solutions to their expectations."

Johan Decuyper, Chief Executive Officer

MESSAGE OF RENAUD LORAND, CHAIRMAN OF THE BOARD OF DIRECTORS

We see it every day: the aviation sector constantly evolves. Technological advances, airport expansions, new connections, airfare price wars, etc. To stay still is to go backwards: it is particularly true in the aviation business.

The same goes for our own mission, air traffic control. International competition to use and manage airspace is fierce. The race for passengers results in increased passenger numbers and higher seat-occupancy rates, but also fewer aircraft movements, which bears down on ANSP (Air Navigation Service Providers) revenues. Against this background, we have to ensure the capacity, safety and continuity of air traffic.

As the Board of Directors, it is our job to set Belgocontrol along the right path. We are confident that we have brought

Belgocontrol to a point from which the company will be well-placed to meet the many challenges we face. Right now it is encouraging to see our staff taking up the gauntlet and making the right choices, in line with the quality route taken by the Board of Directors.

The new Executive Committee has set out the strategic lines of the company's future. Each member of the management knows his task under that strategy, and makes every effort to ensure the success of the strategy. Many short-term projects

have been launched that will improve the services we provide even more. This is for the benefit not only of our customers but also our staff, who will find an extra source of motivation. The company organisation chart was completed last year at management level. Some staff members have risen to new challenges within the company, and moved up a grade. For some other functions we hired people from outside. In this way we have put together a solid team that fully supports the common objectives, and will be setting about Belgocontrol's future with real enthusiasm. No doubt about it, there is a new wind blowing through the company.

What's more, we have strong values. Staff members who have kept Belgocontrol working over the years, day by day: the air-traffic controllers in the towers and at CANAC, the personnel of the meteorological service, the technicians, the instructors, the maintenance teams, the kitchen staff, the administrative departments, etc. They prove their unique expertise, unparalleled professionalism and loyalty to the company, day in, day out.



Renaud Lorand
Chairman of the Board of Directors

“We shall maintain and, better still, further improve the services we provide. To achieve this, we have unique in-house expertise, together with a high standard of professionalism.”

Renaud Lorand, Chairman of the Board of Directors

Needless to say, the Board of Directors' work never really stops. For the current year, too, we want to focus on specific items and develop various projects.

Belgocontrol is evolving from a kind of 'black box' into a transparent organisation. It is our intention to engage fully with this move towards greater openness. Belgocontrol aims to be a reliable, solid partner for all the players engaged in the aviation sector. We are convinced that if we all pull together - both all our staff and the members of the Board of Directors - we will have a noticeable impact on the company and on the political choices made to continue proving the economic importance of our airports, and to safeguard their future.

Belgium is not isolated from the rest of the world. Air traffic is an international fact of life. In our sector, as in others, our country has a profound interest in nurturing and maintaining close links based on cooperation. Ours is too small a country to act in a cavalier manner in the teeth of

international competition. If we want to continue providing management of our airspace ourselves as Belgocontrol, we need not only to show the added value of this mission but also form an integral part of a larger whole, so that Belgium's airspace will remain a link in a chain, with its own identity certainly, but an essential part of the new Single European Sky.

That is why we must continue to fulfil our role within FABEC, and to strengthen it as much as possible. In developing the Single European Sky, it is better to have allies and to defend common interests than to act alone. That is why we need to comply strictly with our commitments at FABEC, so that we will be a reliable partner on whom the other member States can count and vice versa when needed.

To conclude, I can only emphasise the importance of the third management contract. It contains three pillars that are crucial for the future of Belgocontrol, all interrelated.

The first of these is a commitment made by us. We shall maintain and, better still, further improve the services we provide. To achieve this, we have unique in-house expertise, together with a high standard of professionalism. Surveys conducted among our stakeholders showed that these are indeed the qualities that are most appreciated at Belgocontrol. This encourages us in our efforts.

Even though our service is high-quality, we have to continue looking at how to work even more efficiently while making economies, which are included in our management contract. Some ambitious decisions have already been taken in this field: thanks to the efforts already made

by Belgocontrol to reduce costs, the losses recorded earlier were reduced in 2014, as had already been achieved the previous year.

And so I come to the third pillar. The effort asked of Belgocontrol is in direct proportion to the return we achieve: as from 1 January, we can charge fees proportional to the services provided. This produces a solid financial basis on which to build a profitable operation.

“He who sees the future as a head-wind is not heading in the right direction.” This does not apply to Belgocontrol. We have gone down a different route, and we can face the future with confidence.





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FACTS & FIGURES 2014

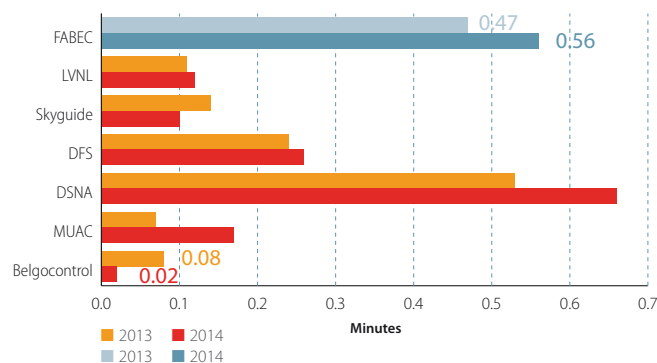
0.02

minute average ATFM
'en-route' delay per flight.

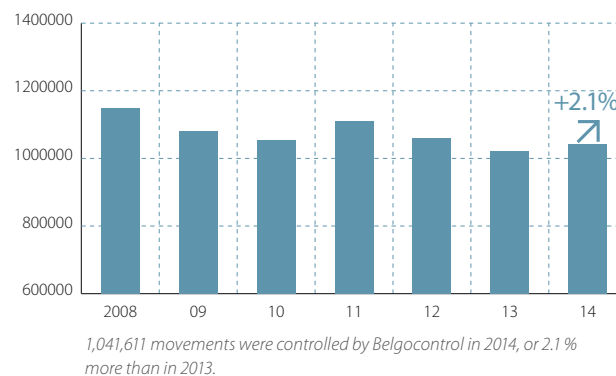
1,041,611

movements controlled by Belgocontrol.

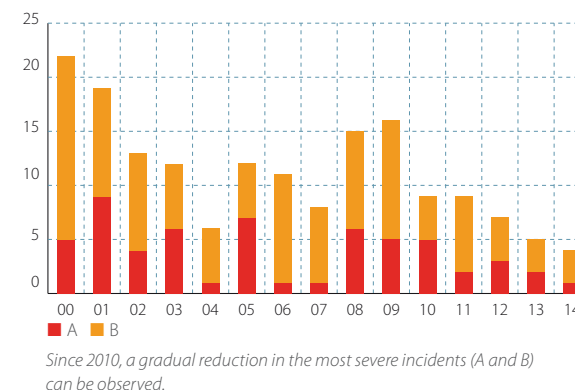
AVERAGE ATFM EN-ROUTE DELAY PER FLIGHT PER ANSP IN FABEC / RESULTS 2013-2014



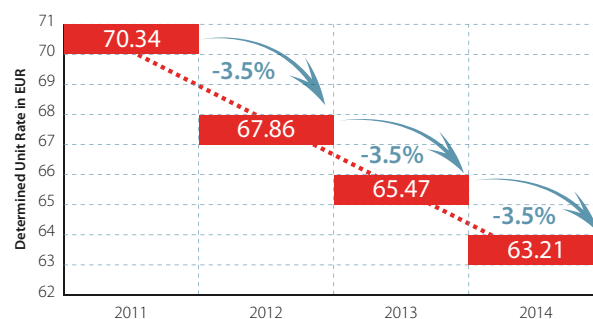
EVOLUTION OF THE NUMBER OF MOVEMENTS CONTROLLED BY BELGOCONTROL



EVOLUTION OF THE NUMBER OF SEVERE INCIDENTS A (SEVERE) AND B (MAJOR)

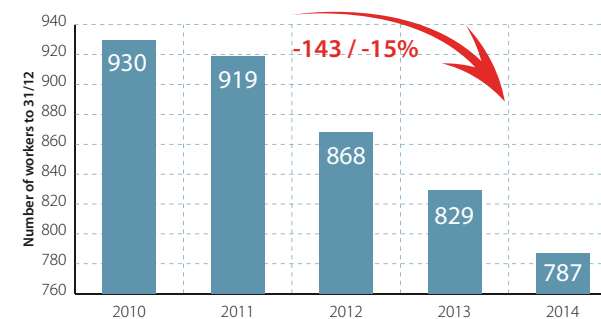


DETERMINED UNIT RATE BELGIUM-LUXEMBOURG IN REAL TERMS (2009 PRICES)



In real terms, the Belgian-Luxembourg unit rate in 2014 was €63.21, whereas in 2013 it was €65.47, i.e. it has been reduced by 3.5%.

EVOLUTION IN THE NUMBER OF EMPLOYEES



FOCS

The FOCS (Flow Optimisation Concept Scenario) feasibility study was entrusted to Belgocontrol, who initiated the concept, by FABEC.

Third management contract

The third management contract between the Belgian government and Belgocontrol was concluded on 11 April 2014, and came into effect on 1 July. Focusing on performance, it introduces closer cooperation, especially with the government; greater transparency in Belgocontrol's operations, and a new system of finance for terminal navigation services.

'Green Landing' procedures at Brussels Airport

Belgocontrol published the CDO procedures (Continuous Descent Operations), or 'Green Landings' in the AIP of 29 May for runways 25R, 25L and 19. These procedures, which came into effect on 26 June, clear the way to major progress in reducing emissions and noise around the airport.

Cooperation with Defence

Co-operation between Belgocontrol and Defence was put into practice with the installation of the new approach radar at Florennes. The radar will provide surveillance services for both Charleroi civil airport and Florennes military air base. All the necessary agreements were signed on 5 September.

MISSION

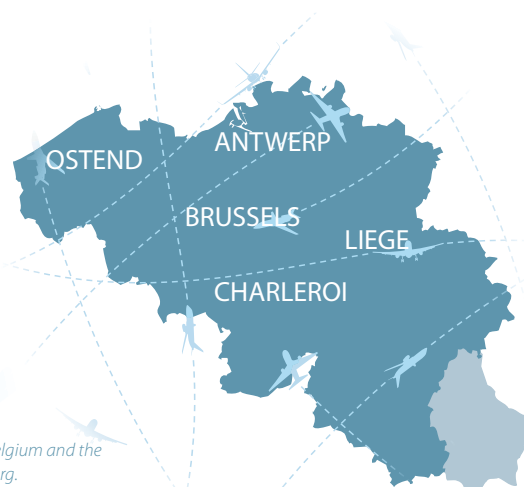
“Belgocontrol is responsible for the safety, efficiency, capacity and punctuality of the overflying and approaching air traffic. Belgocontrol also manages air traffic movements at the five Belgian public airports.”

VISION

The air traffic control sector in Europe is constantly evolving in economic, technologic and operational terms. Belgocontrol wishes to anticipate these evolutions proactively and shape the air traffic control environment of tomorrow by achieving the following vision:

“Belgocontrol wants to continue playing an important role in air traffic in the heart of the European airspace and for the Belgian airports, thanks to a high-performing and innovative service provision in consultation with its stakeholders.”

Through this vision, Belgocontrol expresses its wish to be the privileged partner of airspace users and airports by providing them with high-quality, high-performance and innovative services.



STRATEGY

In order to deliver its vision, Belgocontrol wants to **have its services evolve quickly in consultation with its customers** by establishing a threefold strategy:

- 1) Solid partnerships:** actively develop partnerships with the other air traffic control actors in Belgium and Europe.
- 2) Reliable and efficient service provision:** develop new working means and methods focussing on innovation, proactivity, taking responsibility and transparency.
- 3) A more flexible and participative organisation:** develop together a work environment in which everyone can give the best of themselves, where the emphasis is on personal development, and where employees take pride in their company.

For this strategy to succeed, Belgocontrol will need every employee to commit and contribute to it.

NOVEMBER

Meteorology

The collaboration between Belgocontrol and IRM (Royal Meteorological Institute) has resulted in integrating the data of the Jabbeke weather radar belonging to IRM into Belgocontrol's Met system. By virtue of this cooperation, the Belgocontrol Met Office is benefiting from a better coverage of weather events moving in from the coast and sea.

DECEMBER

Enhanced safety at Liège Airport

An agreement was signed between Belgocontrol, SOWAER (Wallonia Airports Company), Liège Airport and the Wallonia Region to launch the A-SMGCS project at Liège Airport. A-SMGCS is made up of a group of equipment, such as ground radars or stop-bars, which are part of an automated system for guiding pilots on the airport's taxiways in all visibility conditions.

DECEMBER

www.batc.be

Together with its partner Brussels Airport Company, Belgocontrol launched the creation of the batc.be website where, in total transparency, current and forecast use of runways, trajectories of aircraft around the airport as well as all relevant information on departure and arrival management are available. The batc.be website was put online on 11 February 2015.

DECEMBER

Wings Ahead

The deployment of a new strategic vision that will affect the entire company has been initiated at Belgocontrol under the 'Wings Ahead' banner. This aims to provide the company with the necessary tools to face the challenges of the future.





AN EFFICIENT AND RELIABLE SERVICE

In 2014, by entering into its third management contract, Belgocontrol can once again start out on a solid financial basis. It has renewed its commitments to provide a reliable and efficient service which meets its customers' expectations. To achieve this, it is implementing its new strategy aimed at developing a new, more open and more efficient Belgocontrol. Services provided in 2014 show that this fresh impetus is under way.





MOVEMENTS:

RETURN TO GROWTH

In 2014, Belgocontrol managed a total of 1,041,611 movements, which represents a 2.1% increase compared to the traffic recorded in 2013. This growth is more noticeable at Brussels Airport where traffic jumped up by 6.85% compared to the previous year. During 2014, the CANAC 2 control centre maintained a relatively stable growth and shows an increase of 2.07% compared to 2013. This progress is in line with forecasts made in 2013 and slightly lower than the European average. However, the regional airports have suffered a slight decline of 1.65%.

The CANAC 2 control centre, which manages approach and en-route traffic up to flight level 245 controlled 542,082 movements in 2014, which represents an increase of 2.1% compared to 2013. Development was relatively constant over the year with peaks of growth (>3%) in June, July and October.

The growth in air traffic managed by CANAC 2 is lower than the average traffic increase in the en-route control centres of EUROCONTROL's 41 member countries

which amounted to 3.75% but is higher than the accumulated average progress recorded in the FABEC control centres which is 1.76%.

Although this return to growth is good news and a positive sign for the Belgian economy, it should be kept in mind that traffic volumes still remain relatively low. In concrete terms, air traffic controlled by CANAC 2 is still 7.5% lower than what it was in 2008, just before the economic crisis impacted on air traffic development. The effects of the crisis are

still being felt today and 2014 seems to be a beginning of recovery following the low limit experienced by traffic in 2013.

A significant leap forward for Brussels Airport

Traffic at Brussels Airport has bounced back spectacularly by 6.85% in 2014 compared to the traffic volume in 2013. Belgocontrol air traffic controllers managed 231,528 movements compared to 216,678 the previous year. This progress is most encouraging and reflects the airport's increasing attraction for airlines. Indeed, passenger numbers have continually increased at the airport though the number of flights did not progress to the same extent. This is due in particular to the airlines' strategy aimed at optimising the aircraft occupancy rate and making use of larger aircraft. The average MTOW (Maximum Take-Off Weight) at the airport for passenger and mixed traffic has in fact gone from 59.55 tonnes in 2008 to 74.87 tonnes in 2014.

Having decreased since 2008, the number of flights now seems to be following the upward trend of passenger numbers, even if its progress is not as fast. With 21.9 million passengers in 2014, Brussels Airport has in fact beaten its visitors record which went back to 2000. Compared to 2013, passenger numbers have leapt by 14.6%.

The increase in traffic volumes is to be attributed to new destinations opening up and the arrival of new airlines like Ryanair in February 2014 or Emirates in September.

Downward trend for the regional airports

Contrary to Brussels Airport, 2014 was a difficult year for the regional airports for which the overall result shows a decline of 1.65% with 268,001 movements controlled over all four airports: Antwerp, Charleroi, Liège and Ostend.

Only Liège Airport managed to increase its movements due to a more favourable economic situation and the recovery of air cargo. So Liège airport had a 5.58% increase in movements. If only commercial flights (IFR) are taken into account, the increase is close to 10%.

However, commercial flights have decreased in all the other regional airports, even at Charleroi where this situation had not occurred since 2005. Shifting part of Ryanair's offer to Brussels Airport is one of the main causes of this decline.

Growth in FABEC

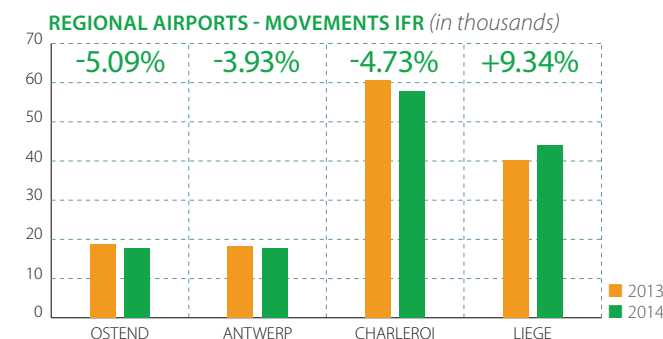
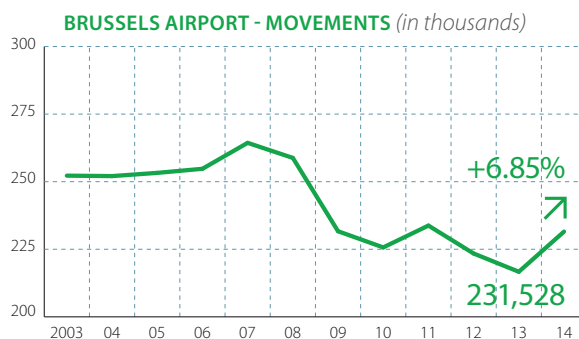
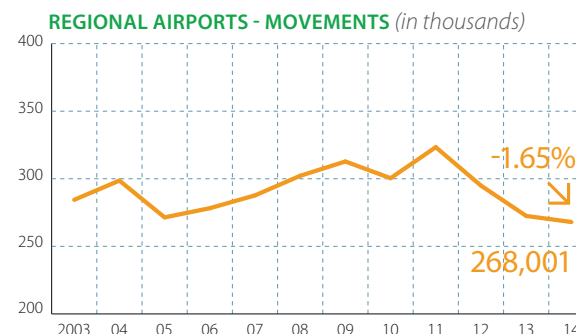
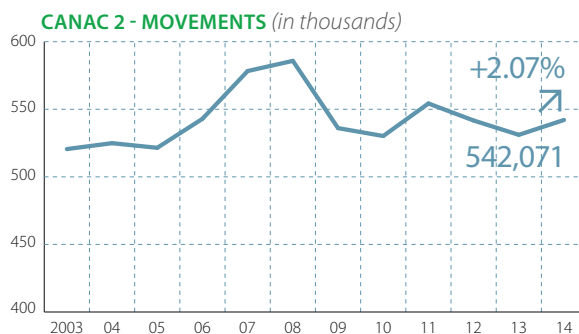
FABEC saw 5,512,253 flights go through in 2014, which represents an increase of 1.4% compared to 2013.

By country, traffic volumes in overflight are all increasing, in contrast to 2013. Germany is the country recording the most modest progress with 1.05%, followed by Switzerland (1.2%), France (1.83%) and the Netherlands (2.06%). The Maastricht MUAC, which manages the upper air space (above 24,500 feet) in

Belgium-Luxembourg, the Netherlands and North-West Germany has recorded a more clear-cut increase of 2.4%.

In regard to airport traffic, Brussels Airport, with a 6.8% increase, has recorded by far and away the most significant growth among the main FABEC airports (those present in the top 20 of the 41 EUROCONTROL member countries). The busiest FABEC airport, Paris Charles De Gaulle, experienced a decline (-1.47%), just like Orly (-1.08%). All the German airports in the European top 20 also declined slightly (Frankfurt -0.8%, Munich -1.32%, Dusseldorf -0.11). Swiss airports are barely positive (Geneva +1.9%, Zurich +0.81%). As for the Netherlands's main airport, Schiphol, it has progressed more significantly by 2.96%.

In FABEC, the annual growth forecast by EUROCONTROL up to 2020 is around 2%.





> **A and B incidents** in which Belgocontrol bears responsibility **have decreased by 20% in 2014 compared to 2013**. Only four A & B incidents are to be reported.

> With a proportion of A & B incidents per number of movements which achieved 0.000384%, **Belgocontrol registered the best performance in safety since its creation**.

> **Belgocontrol meets all the qualitative targets** of the Single European Sky concerning safety.

Proactivity and responsiveness

The Safety Management System (SMS) is based on three fields of action, proactive and corrective.

1. Proactive: SYSTEMATIC RISK ANALYSIS

ASSOCIATED WITH CHANGE. Each new system, procedure, technology, equipment, operational concept is analysed in-depth from a safety point of view.

In 2014, there were 50 change notifications issued to the BSA-ANS, the most important of which concerned applying government measure concerning departure routes for Brussels Airport.

2. Proactive: PERMANENT AUDIT OF SAFETY

LEVEL. Internal and external safety audits are performed to identify the higher risk processes and to take corrective actions.

After having confirmed Belgocontrol's certification as a service provider in June 2013, the BSA-ANS carried out follow-up audits in the Belgocontrol facilities at the airports of Ostend in March 2014, Antwerp in May and Charleroi in October. The quality of aeronautical data as well as the Safety Management System itself were also scrutinised in 2014 and were declared compliant with the requirements. The European Aviation Safety Agency (EASA) also conducted an inspection in 2014 and established that Belgocontrol's Safety Management System (SMS) complies with European standards.

3. Corrective: THE SYSTEMATIC REPORT AND ANALYSIS OF SAFETY RELATED OCCURRENCES (SRO – Safety Related Occurrences).

Each incident is reported and filed. It is then analysed to draw useful lessons and to make sure that a similar incident does not occur again.

In 2014, 622 incidents were reported. Among these, Belgocontrol bears responsibility for 27 incidents including 1 in category A (severe), 3 in category B (major), 12 in category C (significant) and 11 in category E (no impact on safety).

SAFETY:

HIGH-LEVEL PERFORMANCE

Belgocontrol has achieved all the European targets in terms of air traffic safety. But Belgocontrol is determined to go way beyond these targets. Guaranteeing flawless safety to airspace users is its sole purpose and the base which supports the performance and quality of its services. The 2014 results prove once again that as its number one priority, safety is in a process of continuous improvement and is unprecedented.

Lowest incident rate

The performance indicator used by Belgocontrol sets the target of not exceeding 1 category A or B incident per 100,000 movements controlled. This means that A and B incidents should represent less than 0.0010% of movements controlled. In 2014, with a score of 0.000384%, representing less than 4 A and B incidents per million movements, Belgocontrol has achieved the best safety performance since the company was created.

This improvement is even more remarkable as it has been achieved in a context of traffic growth

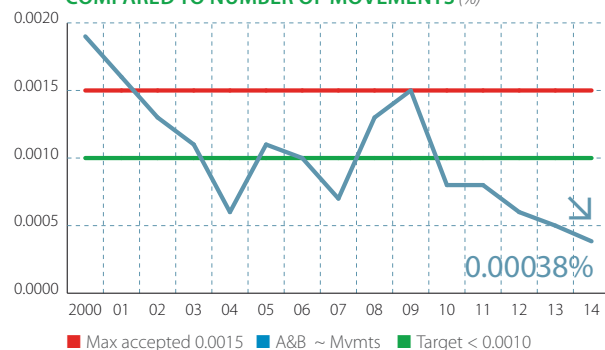
Safety culture assimilated

For the fifth consecutive year, the number of incidents reported has increased. It went from 466 in 2013 to 622 in 2014. This 33% increase does not mean there have been more incidents, but rather that they are

reported more systematically by the air traffic controllers. The number of incidents in which Belgocontrol bears responsibility has actually decreased slightly: it has gone down from 28 in 2013 to 27 in 2014.

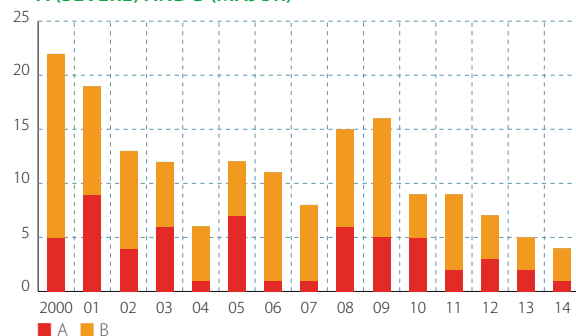
Since setting up its Safety Management System (SMS) in 2004, Belgocontrol has greatly increased the initiatives to promote a safety culture within the company. This culture is integrated at all levels, so that each employee is aware that he/she can make a difference as far as safety is concerned. The air traffic controllers are of course in the first line. In July 2013, Belgocontrol made to this end an easier and user-friendly electronic reporting system available to them. In 2014, the procedure for entering "TCAS and Callsign confusion" into the system was simplified. The latest increase of 33% in the number of incident reports has benefited from this simplification.

EVOLUTION OF THE PROPORTION OF A AND B INCIDENTS COMPARED TO NUMBER OF MOVEMENTS (%)

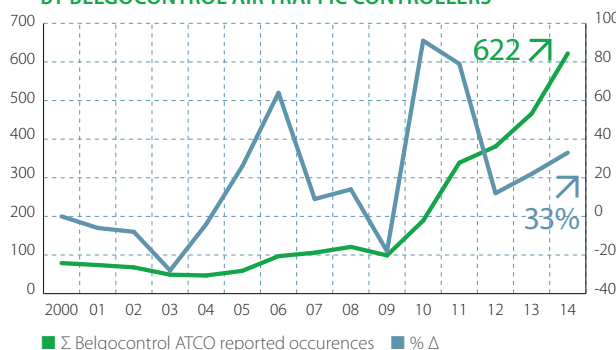


With 4 incidents (A and B) per million movements, Belgocontrol obtains a very good score of 0.00038%. Thereby Belgocontrol reaches a substantial lower score than the safety target (0.0010%) and the tolerance threshold of 0.0015%.

NUMBER OF SEVERE INCIDENTS OF TYPE A (SEVERE) AND B (MAJOR)

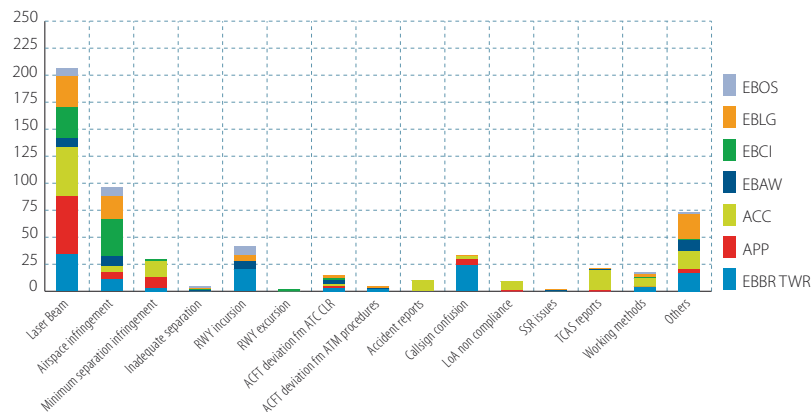


NUMBER OF INCIDENTS REPORTED (PER YEAR) BY BELGOCONTROL AIR TRAFFIC CONTROLLERS



The number of incidents reported has increased from 466 in 2013 to 622 in 2014. This increase does not mean that there are more incidents, but rather that they are reported more systematically by the air traffic controllers.

TYPES OF REPORTED OCCURRENCES BY ALL ATS UNITS 2014



Two types of incidents are most frequent

Belgocontrol's responsibility is only involved in a minority of incidents (27 out of 622, being 4.3%). Just like last year, in 2014 the most frequent type of incident concerned attempts to blind pilots or air traffic controllers with laser pointers. Intrusion into an airspace by VFR (Visual Flight Rules) pilots without prior authorisation is the second most frequent type of incident. These two phenomena affect regional airports in particular, but not exclusively.

Belgocontrol's systematic reporting of incidents has contributed to dealing with these problems, now recognised as risks for aviation and integrated into the national safety plan. The pursuit of systematic reporting of these incidents means that these remain action priorities for the official authorities.

EVOLUTION OF INCIDENTS (SRO - SAFETY RELATED OCCURRENCES) ACCORDING TO SEVERITY

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
A - Severe	5	9	4	6	1	7	1	1	6	5	5	2	3	2	1
B - Major	17	10	9	6	5	5	10	7	9	11	4	7	4	3	3
C - Significant	8	2	2	3	6	5	11	12	12	9	8	8	8	7	12
D - Non determined	7	3	1	2	4	0	3	5	1	0	2	0	0	0	0
E - No impact on safety	7	3	1	2	2	4	6	11	4	3	3	12	16	16	11
TOTAL	44	27	17	19	18	21	31	36	32	28	22	29	31	28	27

Projects to improve safety at Liège airport

Liège airport is expanding fast. Commercial traffic growth increased by almost 10% in 2014. To support this expansion and ensure greater safety, Belgocontrol is carrying out a project to install an A-SMGCS (Advanced Surface Movement Guidance and Control System) there.

The A-SMGCS is made up of a group of equipment, such as ground radars or stop-bars, which are part of an automated system for guiding pilots on the airport's taxiways in all visibility conditions and, if necessary, warning them by an alarm when there is a risk that a dangerous situation might occur.

On 23 December 2014, an agreement was signed between Belgocontrol, SOWAER (La Société wallonne des Aéroports), Liège airport and the Wallonia Region to launch the A-SMGCS project at Liège airport. The project will start in 2015.

A second new project for Liège airport relates to replacing the ILS (Instrument Landing System) for runways 23L (Cat.III) and 05R (Cat.I). The latter runway will then be equipped with a category III ILS enabling landing in total safety during very poor visibility conditions. This project started in 2014 with a call for tenders to specialised equipment suppliers. The order will follow in the course of 2015.



Regarding intrusions into airspace without authorisation, the coordinated action between the Directorate-General Civil Aviation (FPS Mobility), the Defence Air Component, EUROCONTROL, Belgocontrol and the sport and recreational aviation federations have led to a brochure being drawn up intended to make VFR pilots aware of this problem. A new edition of this brochure was published in December 2014 aimed at the target public, in particular through an application on aeronautical and meteorological information "AIM meteo briefing" on the Belgocontrol website. A comprehensive guide intended for VFR pilots is being prepared and specific initiatives will be taken to simplify the lower airspace.

Safety at the highest European standards

European qualitative targets relating to safety have been transposed into the FABEC performance plan. Publication and promotion of a "Just culture" policy is part of this. "Just culture" aims to promote reporting events associated with safety by the air traffic controllers. It is based on the principle that an air traffic controller will only be blamed for deliberate errors and serious breaches. A Just Culture policy is being applied at Belgocontrol and work is being carried out with our FABEC partners to develop a common methodology.

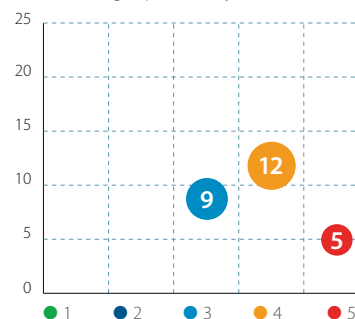
A second European target is the use of a standardised "Risk Analysis Tool (RAT)", at the latest in December 2014, to assess the severity of incidents. Belgocontrol has

systematically been using the RAT tool since January 2010 and therefore complies with European requirements.

The third European target relates to the maturity of the safety management among the air navigation service providers. Each year, Belgocontrol collaborates in an audit aimed at measuring the efficiency of its safety management. 26 targets spread over 11 areas are scrutinised and a score of 1 (the lowest) to 5 (the highest) is assigned to them. There are no actual figures for this initial reference period (2012-2014) but a maturity score of 3 complies with European legislation. In 2014, Belgocontrol obtained a score of 3 for 9 of the 26 targets, 4 for 12 targets and 5 for 5 targets.

MATURITY OF THE SMS (SAFETY MANAGEMENT SYSTEM)

Number of targets per maturity level.



Scores obtained by Belgocontrol's Safety Management System for the 26 targets of the Safety Maturity Survey (1 being the lowest, 5 the highest). Following an audit by the Belgian Supervisory Authority (BSA), these results have been sent to the European Aviation Safety Agency (EASA).



Vehicle identification and Safety Nets at Brussels Airport: safety improved on the runways

A "runway incursion", which is an incursion on an active runway by an aircraft or service vehicle without prior authorisation, is a very serious incident at an airport.

Therefore it is essential that air traffic control can at all times and optimally control aircraft and service vehicle movements on the airport site. Aircraft which take-off and land at Brussels Airport are equipped with a transponder which enables their automatic location and identification on the air traffic controllers' AMS system (Airport Movement System) screens. This system uses the A-SMGCS (Advanced Surface Movement Guidance and Control System) concept at Brussels Airport.

Started in 2013, the VTS (Vehicle Tracking System) project has been continued in 2014 with the installation by Belgocontrol of transponders on service vehicles, such as those of the fire brigade, airport inspection, bird control... which can now be located and identified in the airport's manoeuvring area. From the summer of 2015, vehicles not equipped with a transponder will no longer have independent access to this area.

In 2014, Belgocontrol started operational validation of "Safety nets". These "safety nets" - developed by Belgocontrol - warn the air traffic controller of a possible conflict situation, such as for example incursions on the runway by service vehicles. The Safety Nets will come into operational service by the end of 2015.



> **Target achieved:** Belgocontrol has largely achieved its contribution to the FABEC target of reducing en-route delays set for 2014 to 0.13 minutes per flight.

> **The best FABEC performance:** Belgocontrol achieves the best FABEC performance in the reduction of en-route delay at the end of this 1st reference period. With an average ATFM en-route delay amounting to 0.02 minute per flight, Belgocontrol outstrips its Swiss partner skyguide (0.10 minute of average delay per flight).

> **FABEC falls just short of its target:** FABEC's overall target in capacity set in the performance plan consisted of limiting the average ATFM en-route delay to 0.50 minute per flight at the end of the 1st reference period. In 2014, FABEC recorded an average ATFM delay of 0.56 minute per flight.

> **Causes of delays:** The causes of 51% of the en-route delays generated by Belgocontrol are to be found in phenomena over which it has no influence.

EN-ROUTE DELAY:

THE LOWEST EN-ROUTE DELAY

In 2014 Belgocontrol achieved the best performance in its history in terms of en-route delay reduction. The actions put in place by Belgocontrol to improve its performance in en-route delay reduction have pushed it up to FABEC's top ranking. With a virtually zero en-route delay, Belgocontrol shows that it has its customers best interests at heart. FABEC falls just short of its target, but Belgocontrol proves that it is well and truly ready to face the challenges of the Single European Sky's second reference period in regard to reducing delays.

The reduction of delays: a common target for FABEC

For this first reference period (2012-2014), the European Commission has chosen the average ATFM en-route delay per flight as the performance indicator. Indeed, the delays represent a significant cost for the airlines and have a negative impact on the environment by causing unnecessary fuel consumption.

The performance in capacity is assessed by the European Commission's Performance Review Body at FAB (Functional Airspace Blocks) level based on their performance plan. In its performance plan FABEC has set itself the target of not exceeding 0.50 minute of en-route delay per flight in 2014. Intermediate values of 0.77 minute and 0.68 minute had been set respectively for 2012 and 2013.

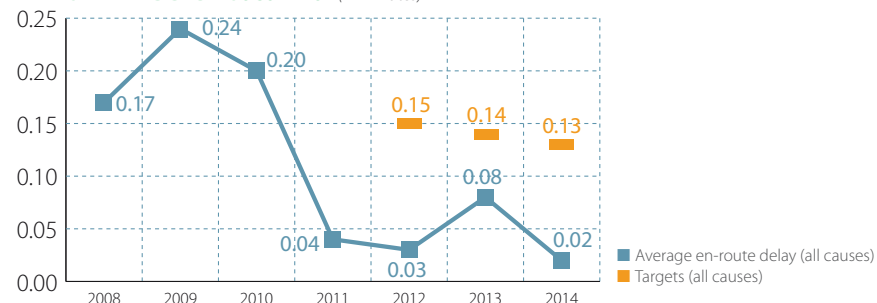
Belgocontrol surpasses expectations

In continuation of FABEC's overall target concerning en-route capacity, each member was assigned a contribution to this objective. In order to make a positive contribution to the FABEC target, Belgocontrol had to reduce the average ATFM delay generated by its CANAC 2 control centre to 0.15 minute per flight in 2012, 0.14 minute in 2013 and 0.13 minute in 2014. Each year, Belgocontrol

has largely fulfilled its contract and, in 2014, achieved, with an exceptional score of 0.02 minute en-route delay per flight, the best performance in capacity among FABEC's seven service provider members. This provision of service is also the best that the company had achieved since its creation.

With such performance scores, Belgocontrol has contributed to decreasing the en-route delay within FABEC and remains an indispensable asset to capacity management, quality of service and construction of the Single European Sky.

EVOLUTION OF THE AVERAGE ATFM EN-ROUTE DELAY PER FLIGHT GENERATED BY BELGOCONTROL (in minutes)



FABEC however has not achieved its target at the end of this 1st reference period (2012-2014) because it shows a cumulative average ATFM en-route delay of 0.56 minute per flight whereas its target was not to exceed 0.50. At the end of this first reference period, all the FABEC members have “failed”, independently of their individual score, given that the Commission assesses the performance in capacity of FABEC as a whole. For this first reference period, there are still no penalties or financial incentives. They will however be introduced during the second reference period (2015-2019).

Causes of delays

European legislation on air navigation services performance differentiates two types of cause of delay: causes on which the service provider has an influence, grouped under the acronym CRSTMP¹, and those on which it does not. The first group covers for example the en-route delays linked to ATC staffing or availability of technical assistance

required by air traffic control. In the second, weather conditions, strikes etc. This differentiation will play a major role in assessing the performance in capacity during the 2nd reference period (2015-2019). Up until 2014, it was for information purposes only.

In 2014, the causes of 51.2% of the en-route delays generated by Belgocontrol are to be found in phenomena over which it has no influence. This is less than in 2013 (70%), but the average delay caused by Belgocontrol was divided by 4 in a year (going from 0.08 in 2013 to 0.02 minute per flight in 2014). But, the more the delays decrease, the more the causes will be volatile and the more the least disruption will be able to have a major influence on the final result.

CRSTMP causes

The CRSTMP² causes cover the causes of delay over which Belgocontrol can have a direct influence.

Among these, ATC Capacity, in other words the controllers structural staffing to meet traffic demand, was at the origin of 37.4% of en-route delays in 2014. An unplanned lack of staffing (ATC staffing) caused 10.4% of delays. Lastly, 1% is due to the technical equipment required for air traffic control.

Within FABEC

The leading cause in en-route delay within FABEC is ATC capacity which is the origin of 40% of the en-route delays. The second cause of en-route delay is constituted by strikes in air traffic control because they account for 21%. Then come weather conditions which represent 19% of total delays in 2014.

Brussels Airport, a punctual airport

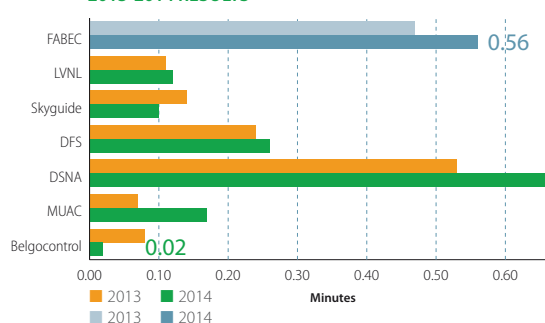
Punctuality management at Brussels Airport largely involves the AMS, the air traffic control tower system developed by Belgocontrol, which equips not only the

five public airports' control towers but also the Flight offices of these airports and the CANAC 2 control centre. The AMS uses the *Collaborative Decision Making* (CDM) concept and enables a continuous exchange of information between the different stakeholders in the airport activity chain in order to optimally manage.

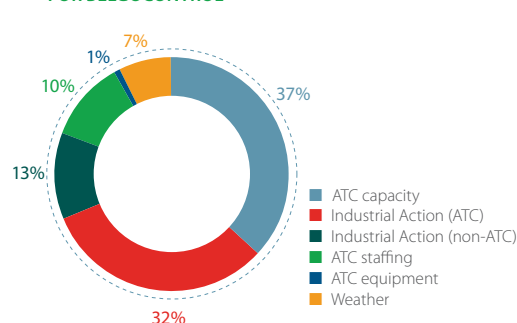
In 2014, punctuality at Brussels Airport improved compared to 2013. The taxi time was less than 15 minutes for 97.88% of flights (96.99% in 2013) and 89.17% of take-offs occurred within the tolerance threshold of 3 minutes compared to the scheduled time (88.98% in 2013).

^{1 + 2} ATC Capacity, ATC Routing, ATC Staffing, ATC Equipment, Airspace Management, Special Events

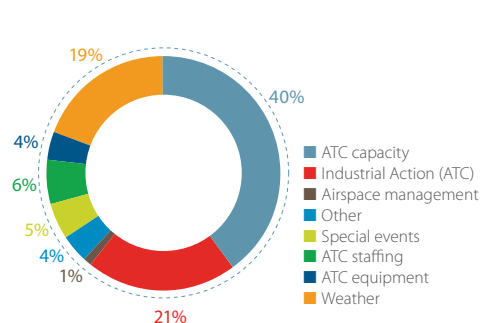
ATFM DELAY EN-ROUTE PER FLIGHT BY FABEC'S ANSP / 2013-2014 RESULTS



CAUSES OF ATFM EN ROUTE DELAYS FOR BELGOCONTROL



CAUSES OF FABEC "EN-ROUTE" DELAYS





> **The Continuous Descent Operations (CDO) procedures, or green landings, at Brussels Airport were implemented in June 2014 for runways 25R, 25L and 19.**

> **FABEC's target for horizontal efficiency of flights for 2014 has been achieved. The difference between the ideal route and the actual distance flown on average in FABEC in 2011 should have been reduced by 5% in 2014. It has been by 11.8%.**



ENVIRONMENT:

GREEN LANDINGS AT BRUSSELS AIRPORT

Mission accomplished for Belgocontrol in regard to implementing Continuous Descent Operations (CDO) at Brussels Airport. Another environment target which is heavily impacted by the design of the common airspace and its optimal management is that the flights traveling through FABEC airspace should benefit from routes closer to ideal routes. The imposed target for 2014 has also been achieved.

Two FABEC targets for the environment

One of the main means to limit aircraft consumption is to act in the landing and take-off phases, which are very demanding in fuel since the aircraft flies at low altitude and climbs or descends with levels-offs.

There are techniques to avoid these stages: the CCO (*Continuous Climb Operations*) for take-off, and the CDO (*Continuous Descent Operations*) for landing, which can be implemented by an airspace design and appropriate procedures.

For this first reference period (2012-2014), the European Commission provided an indicator concerning only the CDO which must be effective in airports with more than 50,000 movements per year. FABEC has set as a target in its performance plan that by the end of 2014, 90% of these airports should have procedures that support CDO. In actual fact, this means that 21 of the 23 airports concerned, including Brussels Airport, must have published approach procedures which support CDOs.

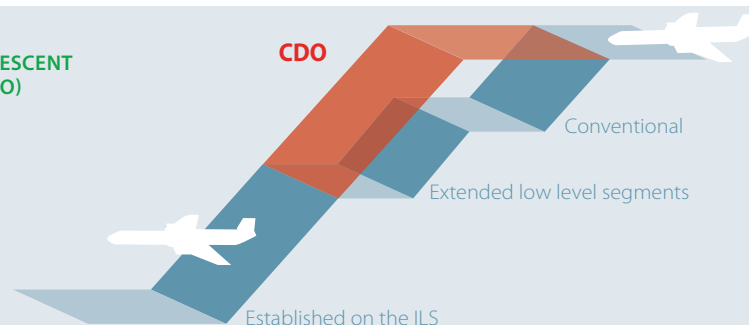
Another way to reduce the air traffic impact on the environment is to reduce the distances travelled by the planes in order to reduce their fuel consumption and emissions.

The European Commission has therefore chosen the average horizontal en-route flight efficiency as the performance indicator. It is simply the difference between the distance actually travelled by a plane in the en-route phase and the shortest theoretical distance. This minimum distance is called the *Great Circle Distance* (GCD). The FABEC performance plan calls for reducing the difference between the distance travelled and the GCD by 5% in 2014 compared to 2011.

Effective CDOs at Brussels Airport

After a recent series of tests carried out in 2013 in close collaboration with its partners and customers, Brussels Airport, Brussels Airlines and four other airlines, Belgocontrol proceeded on 29 May 2014 to publish operational procedures enabling *Continuous Descent Operations* (CDO), also known as

CONTINUOUS DESCENT OPERATION (CDO)



CDO (Continuous Descent Operation) is an operation in which the aircraft descends on an ongoing basis, to the extent possible with minimum engine power, depending on the flight profile and on the air traffic situation. This allows a simultaneous reduction of noise nuisance, fuel consumption and greenhouse gas emissions.

“green landings”. These procedures came into force on 26 June 2014. As from this date, pilots can land in CDO on runways 25L, 25R and 19, if traffic conditions allow it.

This publication seals Belgocontrol's positive contribution to FABEC's environmental target concerning CDOs, Brussels Airport being one of 23 FABEC airports which, in order to achieve the performance target had to provide CDO procedures before the end of 2014.

Implementation of the CDO procedures at Brussels Airport was not done in just a few days. Rather it was the culmination of a long drawn out process conducted by Belgocontrol in collaboration with its customers Brussels Airport, Brussels Airlines, Thomas Cook Airlines, DHL and Singapore Airlines Cargo. In fact, already in 2009, Belgocontrol had started a CDO project which was formalised in 2010 by the B3(*) project, with financial support

from the European SESAR (Single European Sky ATM Research) and international AIRE (Atlantic Interoperability Initiative to Reduce Emissions) program. The purpose of project B3 was to study the possibilities of generalizing CDO to the maximum, to test the operational concept and to quantify the benefits in the fields of fuel consumption, CO₂ emissions and noise.

Results of the B3 project applying Continuous Descent Operations (CDO) at Brussels Airport

	Fuel	CO ₂	Noise
A320 (narrow-body)	-50 kg	-157 kg	-2dB
A330 (wide-body)	-100 kg	-314 kg	-3dB

These values correspond to a CDO commenced at an altitude of approximately 3000 metres. The noise measurements were carried out within a 15 km radius around the airport.

During an on-going training course for approach air traffic controllers in November 2014, Brussels Airlines' Fuel Efficiency Team came and presented the initial results from applying CDOs for its fleet: over the 2014 year, no less than 150,000 kg of fuel was saved on Brussels Airlines flights alone due

to these new procedures. And this is only the start because by the end of 2014, only 14% of Brussels Airlines landings received authorisation from the approach air traffic controllers to carry out a CDO. Nevertheless this is promising because this rate did not exceed 5% six months earlier after publication of procedures for Brussels Airport in June 2014.

According to these initial results, it appears that if 30% of all arrivals at Brussels Airport, all airlines combined, followed a CDO, the fuel saving would reach 2 million kg per year. A directive from the minister of Mobility, Jacqueline Galant, received by Belgocontrol in April 2015, anticipates extending green landings to other Brussels Airport runways (07L, 07R and 01) and maximising their application, when conditions are right, at the air traffic controllers' initiative and no longer only at the pilots' request.

Information at the heart of sustainable management

The international concept of *Collaborative Decision Making* (CDM) clearly illustrates the importance of exchange of information to reduce the environmental impact of air traffic. The CDM allows an intervener - air traffic control, airport operators, airlines, handlers or EUROCONTROL's CFMU, thanks to an electronic exchange of information, to make the right decisions in collaboration with its partners. This permanent exchange of information enables for example reducing the taxi time and thereby reducing the aircraft consumption on the ground. This is very positive for both CO₂ emissions and for local air quality.



CDM is effective at Brussels Airport. Applications of CDM are being put in place at the regional airports via the development of the AMS system (*Airport Movement System*) of Belgocontrol.

Flight efficiency is reached

If the FABEC air navigation service providers have individually pursued projects to improve their airspace and continue to do so, the most important potential gains can be found in the collaborative projects. Indeed, in the environmental field, wider fields of action for ATM projects mean greater benefits.

The target for 2014 was to reduce the average difference between the distance flown by aircraft and the Great Circle Distance (GCD) - also called en-route extension - by 5%. The 2014 results have shown that FABEC has already achieved the target since the average difference has been reduced by 11.8% compared to the 2011 figure.

(*) B3 project (Belgocontrol, Brussels Airport, Brussels Airlines)



- > In accordance with our performance plan, **the unit rate applied by Belgium-Luxembourg for its en-route services in Belgian-Luxembourg airspace has decreased by 3.5% compared to 2013**. It has gone to €63.21 in 2014 (in real terms on the basis of the 2009 prices).
- > The **price of Belgocontrol's en-route services has decreased by 10.1% in 3 years**.
- > The **loss in revenue caused by the risk sharing system amounts to 2.1 million Euro** for Belgocontrol in 2014. It is 67.9 million Euro for FABEC as a whole.
- > **Belgocontrol's third management contract concluded with the Belgian State in 2014 guarantees proper payment for its terminal services as from 1 January 2015 onwards.**



COST-EFFICIENCY:

SOUNDER FINANCIAL FOOTING

Of all the FABEC member countries, Belgium made the strongest commitments to improve the cost-efficiency of its air traffic control. With the conclusion of its 3rd management contract, Belgocontrol can rely on sound financial footing to continue to optimise its costs and initiate the investments necessary to provide its customers with a high quality service at the lowest price.

A decrease of the en-route unit rate of 10.1% in 3 years

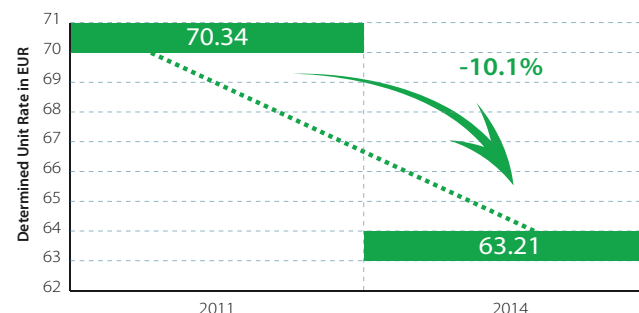
The unit rate is the price of a unit of air traffic control service in a given airspace. In the Single European Sky regulations in 2011, the European Commission set a global European target of decreasing the average unit rate by 10.1% at the end of the first reference period at the end of 2014. As member countries of FABEC have no common unit rate, it was

decided to maintain performance relative of cost-efficiency at the national level. The FABEC members have therefore tabled with the common performance plan, an individual chapter devoted to cost-efficiency.

Belgocontrol, MUAC and EUROCONTROL have made a strong effort to the benefit of the airlines by undertaking, in accordance with the European target, to reduce the unit rate by 3.5% per year during the first reference period (2012-2014). The average FABEC decrease is 2%.

2014 therefore marks the third consecutive decrease of the service unit price applied by Belgocontrol to its customers. So the unit rate has gone from €67.86 in 2012 to €65.47 in 2013 and to €63.21 in 2014, in real terms on the basis of 2009 prices. If the inflation factor and the correction mechanism are taken into account, an invoiced unit rate of €72.04 is obtained, which places Belgium-Luxembourg in 3rd position for the least expensive service within FABEC just behind France (€65.77) and The Netherlands (€66.47) and ahead of Germany (€77.32) and Switzerland (€98.49).

DETERMINED UNIT RATE BELGIUM-LUXEMBOURG IN REAL TERMS (2009 PRICES)



In the European Performance Plan, the Belgian and Luxembourg States impose an annual 3.5% reduction of their Determined Unit Rate (DUR) for the 3 years covering the first reference period (2012-2014).



Determined Unit Rate and risk sharing

What the European legislation of the Single European Sky has fundamentally changed is the replacement of the costs recovery principle (*full cost recovery*) by one of *risk sharing*.

Before the entry into force of the new regulations, the unit rates were calculated each year as the ratio between an estimate of the costs for the following year and an estimate of the volume of traffic expressed in service units. A corrective mechanism was integrated in the calculation to rebalance the under- or over-invoicing, with the result that the service provider was recovering the entirety of its costs.

In the new system, the unit rate has become the *Determined Unit Rate* (D.U.R. – renamed *Determined Unit Cost* (D.U.C.) for the second reference period 2015-2019). The D. U. R. was set

in 2011 for the three years of the first reference period (2012-2014), always on the basis of an estimate of costs divided by an estimate of traffic volume, established by Statfor (EUROCONTROL). It is during this operation that Belgium-Luxembourg has integrated the 3.5% decrease in accordance with the performance plan.

$$\text{D.U.R.} = \frac{\text{Estimated costs}}{\text{Estimated service units}}$$

As the unit rate is fixed, the risk is double: if actual costs exceed budgeted costs, Belgocontrol makes a loss. The same is true if the traffic is lower than the estimates. Conversely, if the actual costs are lower than the estimates or if the increase in air traffic is greater than estimated, Belgocontrol then makes a profit.

Unlike the risk linked to the costs which are under Belgocontrol responsibility, the risk linked to traffic volume is shared between Belgocontrol and the airlines, be it in loss or gain. Thus, the first 2% of difference between the traffic estimate and the real traffic are fully under Belgocontrol responsibility. What exceeds 2% up to 10% is shared between Belgocontrol (30%) and the airlines (70%). What exceeds 10% is entirely the responsibility of the airlines.

DUR (Determined Unit Rate) set for the first reference period (2009 prices, in €)

	2011	2012	2013	2014	2011-2014 %
Belgium-Luxembourg	70.34	67.86	65.47	63.21	-10.1%
Germany	69.97	71.42	69.81	67.81	-3.1%
France	64.48	62.78	61.54	59.99	-7.0%
Netherlands	62.94	58.86	57.47	56.84	-9.7%
Switzerland	77.41	71.68	71.10	71.04	-8.2%
FABEC	67.19	66.21	64.79	63.16	-6.0%
EU-wide target	59.97	57.88	55.87	53.92	-10.1%

The Determined Unit Rate which is the basis for the costs charged to airlines in the Belgian-Luxembourg airspace will have decreased by 10.1% in 2014 compared to 2011. This reduction is consistent with the EU-wide target and is the most important one within FABEC.

Traffic-related risk sharing

	Belgocontrol	Airspace users
Difference (+ or -) between estimated and actual traffic:		
≤ 2%	100%	0%
> 2% ≤ 10%	30%	70%
> 10%	0%	100%

Traffic-related risk sharing between the airlines and Belgocontrol.

The risk associated with the estimation of our costs is fully assumed by Belgocontrol.

Loss of income due to risk sharing

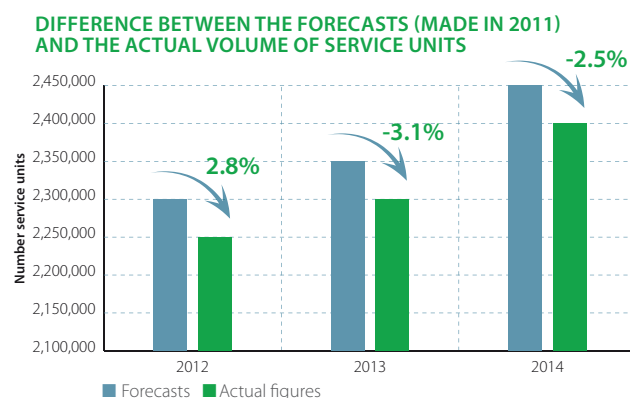
In 2014, the number of service units increased by 3.7% compared to 2013 in the Belgium-Luxembourg airspace. The movements in this same space, i.e. those controlled by Belgocontrol (an increase of 2.1%) and those controlled by MUAC (increased by 3.2%) have increased by only 2.9%. This difference is explained by the fact that the service units take into account the weight of the aircraft and the distance flown in the airspace.

The traffic forecasts established by EUROCONTROL's Statfor department when setting the objective in 2011 were too

optimistic. The difference between these estimates and the actual volume of traffic amounted to 2.5% in 2014.

Under the principle of risk sharing, Belgocontrol takes on the first 2% of the difference and 30% of the remaining 0.5%. This is reflected by an income loss of 2.1 million Euro for Belgocontrol. The loss of income accumulated over the years 2012, 2013 and 2014 amounted to 6.5 million Euro.

For their part, the airlines have had to take on part of the difference between traffic forecasts, on the basis of which the service price was established, and actual traffic.



The cost for users reached €346,000 in 2014 and €1.297 million over the 3 years of the first reference period.

Solution to the structural financing problem of terminal navigation charges

In 2014, Belgocontrol has once again suffered the consequences of its structural financing problem which has affected its results since 2010, when the European legislation prohibited cross-subsidising.

As a reminder, the terminal activities generate losses:

- > The non-indexing of the terminal navigation charges applied to Brussels Airport since 2003, which has resulted in a loss of 4.9 million Euro in 2014.
- > The provision of services to regional airports, free of charge as per the 1989 conditions, by virtue of a cooperation agreement between the Belgian Federal State and the Regions. Only the increase in staff and infrastructure for the service can be invoiced. The shortfall in 2014 on this activity amounted to 20.3 million Euro.

But the 3rd management contract concluded between Belgocontrol and the Belgian State in April 2014 brings a solution to the problem which will be able to be used from 2015 and ensures compliance of Belgocontrol's financing with the European regulations.

Guaranteeing continuity

The budget control and cost-reduction measures have not only helped to neutralise the loss for the 2014 financial year, but also to absorb the financial consequences of the en-route unit rate 3.5% reduction to the benefit of the airlines.

At staff level, since 2010 Belgocontrol has implemented a policy of systematic non-replacement of natural departures and new recruitments is limited to what is strictly necessary. The number of staff members decreased by 15% between 2010 and 2014 leading to a reduction in costs associated with staff of 3.8 million €. This restrictive policy cannot be extended, Belgocontrol must invest again in human resources in order to be able to guarantee the safety of air traffic navigation and face the many challenges of the future.

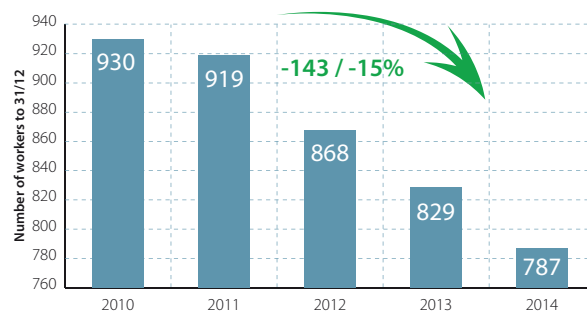
The depreciation of investments have decreased by 22% between 2010 and 2014.



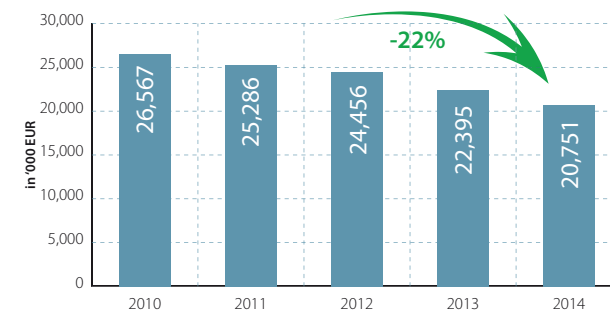
The problem of structural financing and the slow-down of our business following the economic crisis and the drop in demand for air traffic has influenced the investment strategy over the last few years. This investment strategy has been focused on strict necessity in order to successfully carry out Belgocontrol's public service mission - to ensure safety.

This short term view is no longer tenable and it is now necessary to set up a proactive investment policy which will enable continuing to guarantee the safety of air traffic navigation, fulfil technological developments (SESAR program, Pilot Common Project), implement the company's new strategy and make its ambitions reality.

EVOLUTION IN THE NUMBER OF EMPLOYEES



EVOLUTION OF AMORTIZATION & DEPRECIATION EXPENSES







SOLID PARTNERSHIPS

Belgocontrol's second strategic pillar, developing strong partnerships, represents the only way possible to improve flight efficiency, integrate technological developments and foster aviation growth in Belgium and Europe with the economic spin-offs that flow from it. In 2014, Belgocontrol has intensified its efforts to forge new alliances, find new synergies and further open up to its customers and stakeholders.





> **Belgocontrol's third management contract was concluded on 11 April 2014 and came into effect on 1 July.** It emphasises performance, transparency, **cooperation with the Belgian authorities and Defence and establishes a new charging and finance system** in line with European regulations.

> **Belgocontrol & ANA Lux** received from their respective governments a clear mandate **to examine possibilities of synergy and partnerships.**

> **Together with its partner Brussels Airport Company, at the end of 2014, Belgocontrol launched the creation of**

the batc.be website where, in total transparency, current and forecast use of runways, trajectories of aircraft around the airport as well as all relevant information on departure and arrival management are available.

> **The FOCS (Flow Optimisation Concept Scenario) feasibility study that FABEC entrusted to Belgocontrol was launched in March 2014.** The assessment of FOCS performances by EUROCONTROL shows a gain in efficiency compared to the projects that FOCS is required to replace, the West and Lux projects.

Solid partners for a stronger economy

One of the most important keys to ensure the development of a country's economy is to create effective channels of communication. In this context, aviation today occupies a more and more decisive place. In Belgium, the aviation sector represents more than 2% of the economy and of the labour market, 80,000 jobs are directly or indirectly related.

A smooth air navigation, direct and safe routes are as many guarantees for the vitality of many sectors of the Belgian economy. But as aviation is essentially a transnational mode of transport, Belgium cannot act alone. International cooperation is therefore essential, in particular with its neighbours and its partners in FABEC. But not only this, since the cooperation starts at the national level between Belgocontrol, the Belgian Federal State and the military and also with the airport authorities and airlines who must work together to develop a common vision

of the Belgian airspace oriented toward accessibility to airports, the efficiency of services and meeting both civil and military requirements. This cooperation, at national and international levels, is crucial to the future of a significant part of the country's economy. This is why Belgocontrol has developed a strategy that aims at creating sound partnerships capable of meeting the challenges raised by the evolution of the management of the European airspace.

Belgocontrol, a European partner

The construction of FABEC is slow and complex. Indeed, numerous participants take part in negotiations and changing existing routes is no easy task. The alliance between the 7 ANSPs (Air Navigation Service Providers) (Belgocontrol, DFS, DSN, ANA Lux, MUAC, LVNL and skyguide) and the 6 States (Belgium, Germany, France, Luxembourg, The Netherlands and Switzerland) have experienced difficult times over the last few years. Joint management

according to operational efficiency of the respective airspaces, clearly delimited beforehand, is a lengthy process.

So, financial issues caused by airspace restructuring projects have somewhat slowed down FABEC's progress. In effect, transferring traffic flows from one service provider to another lead to loss of revenue for some and cause imbalances in a fragmented European airspace following the States' borders.

Following these dissensions and the threat that some FABEC airspace restructuring projects posed to the aviation sector in Belgium, a discussion was started in 2013 between the four pillars of air traffic management in Belgium (Belgocontrol, DGCA, the Cabinet of Mobility and military authorities) in order to reach a common and realistic vision for the Belgian airspace. This vision has been transposed into a document: the *FABEC Belgian Position Paper*.

This was the first demonstration of a stronger partnership between the aviation players in Belgium. This cooperation at national level was essential, not only to ensure the future of the company but also to protect our country's economic interests.

But the *FABEC Belgian Position Paper* still had to become operational which was brought about by the FOCS (Flow Optimization Concept Scenario) project designed by Belgocontrol and the objective of which is to develop an airspace design within FABEC which is acceptable for all the partners

and which improves traffic management performance to the benefit of users. The FOCS is an overall compromise between the different national projects and the different visions of the FABEC airspace.

Belgocontrol, as the concept's creator, was commissioned by FABEC to carry out the FOCS feasibility study. This study started in March 2014 with the objective of identifying one or more ideal options with a view to making the FOCS an official FABEC project. Due to simulations carried out with EUROCONTROL's SAAM tool, the study has been able to demonstrate that the FOCS give more operational benefits than the West and Lux projects. Projects which the FOCS is being brought in to substitute.

The main problem for the free flow of traffic in FABEC is a traffic bottleneck located in the east-west axis above Coxyde on the Belgian coast and which causes huge congestion and delays in traffic between FABEC and Great Britain, and therefore also for transatlantic flights. On this same east-west axis, another bottleneck located in close proximity to Saint-Trond, and the Dutch and German borders, are obstacles to the free flow of traffic. The FOCS brings operational solutions to these two bottleneck areas detrimental to users. It proposes efficient connections with existing route networks and creates interfaces with the other FABEC projects – CBA Land / Central West and South East – as well as with the national projects for restructuring airspace around major airports (Point Merge in Paris, Mosel in Frankfurt and LAMP in London).

Given the benefits that it brings, FOCS's operational concept is approved by FABEC's air traffic management experts. The Standing Committee Operations (SC OPS) consisting of experts and operational managers of FABEC's 7 ANSPs met in mid-April 2015 to in turn approve the FOCS, which will instead be handled as a programme composed of 8 projects. The final decision, which will either launch the FOCS or not, will be made by the ANSP Strategic Board (ASB) made up of the

CEO's of FABEC's service providers which is meeting in mid-May 2015. The greatest challenge will be to find a viable compromise for all the partners involved while ensuring a general improvement of air traffic in FABEC for users in terms of flight efficiency and capacity.

There is no doubt that the FOCS is an asset to strengthen cooperation and cohesion between FABEC's partners.



The FOCS-project offers a solution to the two main FABEC areas suffering from congestion.

A financial framework for FABEC

The greatest difficulty faced by the cooperation in FABEC lies in the financial and economic consequences of the airspace redesign projects. For the en-route traffic, the air navigation service providers are paid on the basis of the volume of service units that they have provided. If a traffic flow management passes from one service provider to another, the associated revenues will as well. There is therefore a direct financial impact for the service providers.

Given their safety mission and the need to be able to respond to the traffic demand, service providers can hardly reduce their workforce, their infrastructure and therefore their costs in proportion to the loss of traffic. Absorbing this loss of traffic by a reduction in costs is therefore not feasible.

These financial problems are a real brake on the progress of the FABEC airspace restructuring plans for the benefit of users. Belgocontrol therefore argues for the creation of a financial framework for FABEC as the only way to avoiding financial considerations taking priority over operational efficiency objectives.

Under the Belgocontrol's impetus, a common ground could be found and the principles of a compensation system were endorsed by the FABEC Member States.

In parallel, the FABEC States decided to launch a study on the long term financial framework for FABEC to enable the implementation of this framework by 2020 (third reference period).



Cooperation with Defence: a springboard to greater efficiency

Cooperation between Belgocontrol and Defence has a leading role to play in maximising flight efficiency, both civil and military. The military airspace occupies in effect almost 50% of the Belgian airspace. Its use for civil traffic is governed by the rules of the *Flexible Use of Airspace* (FUA) whose application may differ from one country to another. The objective being to enable the use of the airspace in the most flexible manner possible to guarantee the efficiency of civilian flights and military missions.

In 2014, further progress was made in establishing a stronger partnership between Belgocontrol and Defence. This coming closer together is a necessity imposed by Belgocontrol's 3rd management contract, all the more so since Belgium must bring itself into line with its neighbours and FABEC partners.

In December 2013, the NETEX project was put in operation. It consists of making a direct route to the Atlantic available to airlines for departures from Düsseldorf airport in Germany. NETEX is a waypoint located near the Kleine Brogel military air base. A so-called conditional route has been made available to airlines with certainty and at set times. The users no longer have to bypass the zone up to Liège and therefore save fuel. Two new direct routes crossing military air spaces and which are also able to be integrated into flight plans have been created in 2014: the NETEX FAMEN towards the Atlantic and NETEX DELOM towards southern Europe.

Belgocontrol and Defence have launched the revision of the structure and functioning of the Airspace Management Cell (AMC). Composed today exclusively of military staff, it will also be welcoming, from 2016, civilian airspace management experts. This joint team will be responsible for managing the

civilian use of the military spaces by means of the LARA software (Local and sub-Regional Airspace Management Support System), a new real time booking and visualization tool for the military zones.

Another project relates to the installation by Belgocontrol of a new approach radar in Florennes. This radar will provide a surveillance service, both for the civilian airport of Charleroi and for the military airbase of Florennes. All the necessary agreements have been signed in 2014. This project, which will start in 2015 is the forerunner to other possible collaborations for surveillance.

Apart for carrying out short-term cooperation initiatives, Belgocontrol will formalise contracts with Defence through a bilateral consultation structure. This will enable joint identification and analysis, using a systematic approach, of other collaboration opportunities in all fields possible, in particular the AIM, weather, training, recruitment...

These collaborations will lead not only to more efficient services but also less expensive due to pooling investments between Belgocontrol and Defence.

The closer links between Belgocontrol and Defence, at the beginning of 2014, also found tangible expression in widening the Strategic Committee, set up by the Board of Directors, to the Director-General of the DGCA and the Commander of the Air Component of Defence. The State and Defence are therefore now directly associated with Belgocontrol strategic decisions. A clear sign of the newly created synergy for a more efficient management and a common vision of the Belgian airspace.

Creating synergies with ANA Lux

Belgocontrol's involvement in FABEC is crucial for all the partners, but this does not prevent Belgocontrol from looking for other synergies with air navigation service providers both within and outside FABEC. So in 2014, Belgocontrol intensified its contacts with ANA Lux, the Luxembourg Air Navigation Administration. With the 'Gaïchel VIII' joint statement, during the 8th joint meeting of the Belgian and Luxembourg governments which was held in Brussels on 5 February 2015, Belgocontrol and the Luxembourg Air Navigation Administration received a clear mandate to look for synergies and partnerships.

Both governments thus intend to achieve an objective of provision of services and

airspace in Benelux, as a springboard towards FABEC's implementation and that of the Single European Sky.

Implementing sound partnerships with other air traffic control players, both in Belgium and abroad, constitutes one of Belgocontrol's three strategic pillars. So the company's 3rd management contract stresses among others the importance of strengthening links with the Luxembourg Air Navigation Administration.

As part of its future strategy, ANA decided to study the opportunity and feasibility of partially delegating some of its activities to a neighbouring ANSP, in regard to air traffic control and ATM technical investments.

In implementing the mandate received from both governments, a feasibility study and a cost-benefits analysis will be jointly carried out by Belgocontrol and ANA.

The results of these studies will be submitted by the end of 2015 at the latest. This could constitute, if collaboration with Belgocontrol is decided on, making a policy decision regarding the two operators working more closely together in the first half of 2016.

In the event of a favourable decision, formalisation of this synergy with a view to its operational implementation will be carried out during 2016.

Belgocontrol has initiated a gap analysis between the software which is used for the



air traffic control centre of CANAC 2 and the one used by the ANSPs of the COOPANS alliance. This partnership covers air navigation service providers for Ireland (IAA), Austria (Austrocontrol), Croatia (Croatia Control), Denmark (NAVIAIR) and Sweden (LFV) as well as the equipment supplier Thales.

The objective is to achieve harmonisation of systems and pooling of investments to obtain a unified air traffic control system at less cost.



Flight routes at Brussels Airport adapted

The definition of the flight routes at Brussels Airport is not under Belgocontrol's jurisdiction. However, Belgocontrol makes its expertise available to the official authorities in order to lessen the environmental impacts of air traffic and implement the policies for reducing noise pollution decided by these authorities.

In 2014, Belgocontrol invested significant resources in implementing flight procedures for Brussels airport decided by the Government.

Successive changes of flight procedures had a major operational impact on air traffic management and required many hours of training and adaptation for the air traffic controllers. In order to guarantee a certain operational stability, Belgocontrol expressly asked the Government to define a robust and stable legal framework for the establishment and modification of flight procedures. A certain operational stability is in effect necessary to guarantee the highest level of safety.

The third management contract: performance, cooperation, transparency and financing

The 3rd third management contract was concluded on 11 April 2014 between the State and Belgocontrol and came into effect on 1 July. It adopts an approach based on performances in line with the Single European Sky's targets.

In addition, the 3rd management contract provides for strengthening the cooperation between the DGCA (Directorate-General Civil Aviation), Belgocontrol and Defence strategically – on airspace management for example – and operationally and institutionally. It also draws the attention to a closer cooperation with ANA Lux in the operational, economical and technical fields.

The 3rd management contract also brings in greater transparency in the company's activities. Belgocontrol is thus obligated to publish information of aircraft movements (trajectory, information on choice of runways) which can be understood by the general public and provide the Mediation service with the technical information necessary to carry out its missions.

Lastly, the third management contract brings in a new charging and financial system. With this system, services provided by Belgocontrol in terminal charging zones will be completely remunerated by fees imposed on users of these services and/or by revenue from public authorities. In return, during the next 5 years, Belgocontrol must decrease the

weighted average of unit rates calculated for the terminal charging zones by 2.5% per year. This new charging and financial system should provide a structural solution to the problems of insufficient remuneration for certain services which the public company has been faced with since 2010.

A more open, transparent and customer-oriented company

An important aspect of Belgocontrol's new strategy involves a new approach to the relationship with customers and stakeholders. At the end of 2013, a survey was conducted with our target groups, the report for which was presented at the beginning of 2014. Communication plays a central role in the conclusions of this report. In effect, it appears that Belgocontrol was perceived as a closed company – a *black box* – and that it should communicate more openly with its stakeholders.

One of the first actions favouring more open communication was directed at overflowed population near Brussels Airport by:

> together with its partner Brussels Airport Company, at the end of 2014, Belgocontrol launched the creation of the batc.be website where, in total transparency, current and forecast use of runways, trajectories of aircraft around the airport as well as all relevant information on departure and arrival management are available. The batc.be website was launched on 11 February 2015.



> making available the computer programme used by the tower controllers to the Mediation Service to determine the runways in use. The Mediation Service thus has the most accurate information to execute its mission.

Press relations have not been forgotten either with the employment of a spokesperson in 2014. A decision which embodies a wish for greater investment in communication with the press and general public.

In addition, customer relations have become vital in the new context in which

Belgocontrol is developing. The Customer Affairs department works transversally in order to support all the projects which are of strategic and/or commercial importance for Belgocontrol. This department also has the mission of maintaining a strong image of the company based on knowledge and expertise. For the new Belgocontrol, customers' expectations will be the basis of strategic decisions and will become the driving force for a company focused on results and performance.

Supporting regional airport development

Liège: Belgocontrol is carrying out a project to install an A-SMGCS (*Advanced Surface Movement Guidance and Control System*) there. The A-SMGCS is made up of a group of equipment, like ground radar or stop-bars, which are part of an automated system for guiding pilots on the airport's taxiways in all visibility conditions. On 23 December 2014, an agreement was signed between Belgocontrol, SOWAER (Wallonia Airports Company), Liège airport and the Wallonia Region to launch the A-SMGCS project at Liège airport.

A second project for Liège airport relates to replacing the ILS (*Instrument Landing System*) for runways 23L (Cat.III) and 05R (Cat.I). The latter runway will then be equipped with a category III ILS enabling landing in total safety during very poor visibility conditions. This project started in 2014 with a call for tenders to specialised equipment suppliers.

Charleroi: apart from the new approach radar shared with the military at the Florennes base, Belgocontrol is also making its expertise

available to SOWAER for the project for extending the runway at Charleroi airport up to 3,200 metres. Thus Belgocontrol has integrated a work group which has given an opinion on the report from the Aertec Solutions consultancy firm, the final version of which is expected in the first half of 2015.

New departure routes have also been made available to users of Charleroi airport by Belgocontrol. They offer shorter routes to the east and south-east.

Antwerp and Ostend: major improvement projects for the infrastructures of Antwerp and Ostend airports have been carried out by the airport authorities. A new taxiway and a new platform are being constructed at Ostend and construction of a road tunnel with a view to enlarging the safety space of runway 11 at Antwerp airport is in progress. Belgocontrol is following the work and coordinating with the airport authorities in regard to the operational changes to be provided.

SESAR: joining forces

SESAR is an ambitious programme which will basically transform air traffic management in Europe, making it safer, more efficient and reducing its impact on the environment. SESAR clearly crystallizes the need for cooperation in order to obtain comprehensive results. No less than 70 organisations have joined forces to give a new face to air transport.

After the programme's definition phase (2004-2008), the research and development phase was launched under the umbrella of the SESAR Joint Undertaking (SJU) association which consists of about 15 organisations (industries, airports and ANSPs) including two members of FABEC: DFS (Germany) and DSNA (France).

Since 2011, Belgocontrol has been an associated partner of the SESAR Joint Undertaking through a contract with the DSNA. As such, numerous Belgocontrol experts participate in the SJU's different activities, in particular in the fields of ATFCM/ASM, arrival/departure management, CDOs or the man-machine interface of the controllers' work stations. The first part of the R&D phase of SESAR's programme will come to a close at the end of 2016. The same applies to Belgocontrol's participation through DSNA.

In July 2014, a call for interest was launched to become a member of the SESAR Joint Undertaking for the second part of the programme's R&D phase, entitled "SESAR Research & Innovation" which will extend

from mid-2015 to 2024. Following an analysis of projects in progress and Belgocontrol's possible contribution, a proposal to renew cooperation in the SESAR program was submitted to the DSNA.

Alongside SESAR's R&D phase, in 2014 the programme's deployment phase started which consists of industrialisation and implementation of new systems and technologies for air traffic management.

During this deployment phase, *common projects* will be developed. They involve air navigation service providers implementing certain functionalities considered essential in the SESAR program and which must be deployed in a harmonised way. A first series of common projects, under the name Pilot Common Project (PCP) was imposed by the European Commission in 2014.

Implementation of these common projects will require considerable investments by the air navigation service providers, including Belgocontrol. However, a major part of these investments will be able to be financed through European funds. In September 2014, Belgocontrol submitted a subsidy application for financing 8 projects for a total amount of 7 million Euro of which almost half will be able to be financed by Europe, through the INEA agency (Innovation & Networks Executive Agency). Belgocontrol is also coordinating all the applications from Belgian participants for project financing.

SESAR's deployment phase will be managed by the *SESAR Deployment Alliance* (SDA)

which is composed of a group of air navigation service providers - the A6 (DFS, DSNA, ENAIRE, ENAV, NATS, PANSA and members of COOPANS) – a group of airlines – the A4 (Air France-KLM, Easyjet, IAG and Lufthansa) – as well as an association composed of the 25 most important airports in Europe of which Brussels Airport is one (the SDAD, SESAR Deployment Airport Group).

The partnerships formed by Belgocontrol and those it intends to form will enable the company to play an active role in the deployment phase of the SESAR program. In addition, FABEC has set up the SESAR Committee, of which Belgocontrol is the Vice-President, to coordinate its members' interests during the implementation of the SESAR program.

Operational and financial gains with Centralised Services

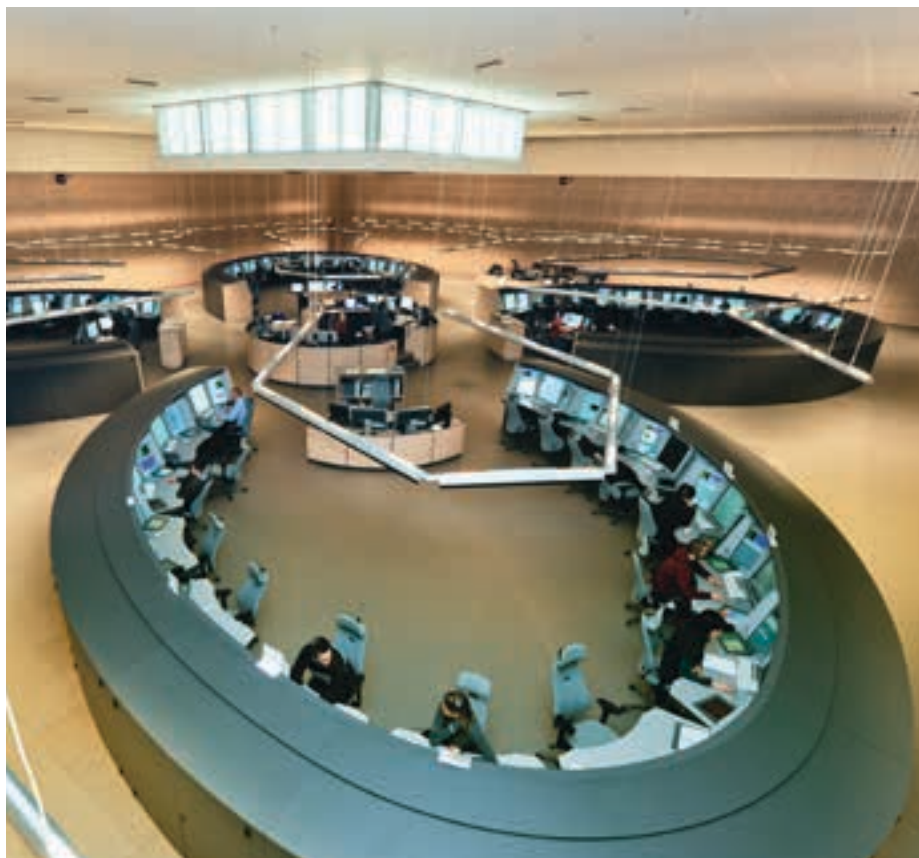
EUROCONTROL is convinced that centralised implementation and exploitation of some ATM support services will lead to operational and financial gains. The objective is to avoid duplication and fragmentation which cause additional costs, this being in line with the SESAR programme's developments.

At the beginning of 2013, EUROCONTROL identified 9 services the centralisation of which could lead to a saving of 150 to 200 million Euro per year. After a study phase (cost-benefits and legal analyses, rounds of consultation with stakeholders), a first call for interest was launched.

In June 2014, Belgocontrol was a candidate to participate in the centralised service project European ATM Information Management Service (EAIMS) or CS5 (Centralised Service 5). This project aims to centralise aeronautical information management to improve the quality of data, especially important for air traffic safety, and decrease maintenance costs.

Initially, the CS5 will be further developed on the current centralised platforms, the European AIS Database and the CACD (Central Airspace Configuration Database).

Belgocontrol has been invited by EUROCONTROL to participate in feasibility studies for CS2 (4D Trajectory Flight Profile Calculation for Planning Purposes Service (4DPP)), CS3 (European Tracker Service (ETKR)) and CS9 (Data Communication Services) services.



Cooperation's technical support

Ensuring air traffic safety is a daily job. Cooperation and exchange of information with all participants is essential, but this communication must be able to rely on efficient and reliable compatible systems.

- > In 2014, the project for replacing AFTN/CIDIN connections with AMHS (Aeronautical Message Handling System) connections was enhanced by 11 new international connections. Technically, AMHS is an important step forward in the field of messaging. In fact, more developed functionalities have become necessary following the requests for new aeronautical applications. For example, unlimited length messages, attachments (audio, images, video, charts...), authentication of origin, evidence of submission... are many innovations in relation to the current AFTN/CIDIN techniques. AMHS connections are to date ensured between Belgocontrol and the following centres:
 - Amsterdam, Frankfurt, Luxembourg, EUROCONTROL Network Management, Maastricht Upper Area Control Centre. Bordeaux and London are planned for 2015 and Belgocontrol will be one of their first test partners for AMHS connections.
 - Lisbon, Madrid, Vienna, Geneva, Warsaw and Copenhagen.
- > Alongside the AMHS connections, Belgocontrol's ISAAC system now ensures 6 latest generation (IP version 6) international FMTP (Flight Message Transfer Protocol) links. These links are used for message communication between adjacent control centres. Due to these links, notification, coordination and transfer of all the flights from one centre to another is automated. The links with Frankfurt, Düsseldorf and Amsterdam were put into operation in 2014. Those with the centres of Rheims, Paris and the Semmerzake military centre have been tested.
- > The HRDF (High Resolution Direction Finder) system gives controllers the direction from which a radio communication, from pilots, is sent to them. This system underwent a major update in 2014 with promising results. The final SAT (Site Acceptance Test) is planned in 2015.
- > The software which equips the CANAC 2 control centre is going to undergo a major update in 2015 to guarantee an efficient air traffic management especially in extreme weather conditions. Belgocontrol has prepared the planning, in cooperation with its partner Thales, in order to organise the tests and validation on site as well as the training of air traffic controllers to guarantee the complete upgrade of the Eurocat system. This implementation concretizes the vision to offer the air traffic controllers the most performant working tools.
- > The weather is also a vital element in air safety. Belgocontrol's Met Office is constantly looking for synergies that will enable it to be continually more efficient and provide our customers with the most accurate and reliable meteorological information.
 - In 2014, collaboration between Belgocontrol and the IRM (Royal Meteorological Institute) was able to result in the integration of met radar data from Jabbeke belonging to the IRM into Belgocontrol's Met System. Thanks to this cooperation, Belgocontrol's Met Office has better cover of weather phenomena coming from the coast and the sea.
 - Belgocontrol's weather experts closely follow the latest regulatory and technological advances in international aeronautical meteorology forums, such as the ICAO Met Divisional Meeting, AVIMET or Met Alliance.





A FLEXIBLE AND PARTICIPATIVE ORGANISATION

In order to provide successful and innovative services and enter into strong partnerships with its stakeholders, Belgocontrol is going to structure and organise its work forces better. These are the company's greatest assets in implementing its strategy. In 2014, the company started a major change process: methods of work, organisation, personal development, company culture support the developments which will create the new Belgocontrol.





*The Executive Committee:
from left to right
Alain Vandenabeele (DG Equipment),
Hilde Van den Houten (DG Administration and Finance),
Michel Dascotte (DG Operations),
Johan Decuyper (Chief Executive Officer),
Sandra Vandorpe (DG Human Resources),
Christian Berlanger (DG International and Public Affairs).*

> **Belgocontrol has drawn up a list of priority projects for implementing its strategy.**

For these projects to succeed a transversal approach is favoured.

> **A Program Management Office (PMO) has been set up to coordinate Belgocontrol's strategic projects** and give methodology and coherence to them.

> **Bearing the name Wings Ahead, a new strategic vision has been defined at Belgocontrol and will affect the entire company.** Thereby, the company aims to be stronger to meet the challenges of the future. This process also includes a new organisation and a new company culture.

> **25 employees changed job in 2014. The new human resources policy in effect encourages internal mobility and widens the career prospects for many people.**

> **In 2014, 10 new employees started work at Belgocontrol.**

> **Belgocontrol has taken the necessary measures to comply with new regulations concerning psycho-social risks at work.**

At the outset, a vision

Following the arrival of the new CEO to head Belgocontrol, a new vision rapidly developed: Belgocontrol had to be repositioned on the national and international scene and refocus investments on the company's staff. The Directorate General International and Public Affairs has been set up and the Executive Committee has increased from 4 to 6 members, also including the newly created Directorate General Human Resources. In order to help defining the priorities for the Executive Committee's new members, two surveys for which the results were presented at the beginning of 2014 were carried out:

- > A personnel satisfaction survey, in order to better orient actions in human resources management. This survey highlighted, among other things, the need to improve communication and leadership.
- > A survey with Belgocontrol's stakeholders to sound out their perception of the company and identify their expectations. The priorities highlighted by this survey concerned above all the lack of flexibility and transparency.

Following the results of these surveys and faced with the national and international challenges with which the company was confronted, the management bodies determined a vision of development for Belgocontrol who "wishes to play a major role in air traffic at the centre of European airspace and for Belgian airports, due to a successful and innovative provision of services, and this together with its stakeholders".

To implement this vision, a strategy based on 3 pillars has been drawn up:

- 1) Solid partnerships: Belgocontrol is going to actively develop partnerships in Belgium and Europe to strengthen its position and improve its efficiency and its customers' satisfaction.
- 2) A reliable and efficient service provision: by developing new means and working methods focused on innovation, pro-activeness, assuming responsibility and transparency in order to provide services offering guaranteed safety, a good cost-efficiency ratio, efficient routes and optimum capacity.
- 3) A more flexible and participative organisation: by building a work environment in which each person can give his/her best, where accent is placed on personal development and where employees are proud of their company.

A transversal approach

To implement this strategy, a list of projects was drawn up and a selection made to identify about fifty priority projects, in other words those which contribute most directly to implementing one or more strategic areas.

A Program Management Office (PMO) was created and a coordinator has arrived to strengthen the company management. He participates in the projects' preparatory phase by advising the Programme Management Board on allocation of resources, gathering useful information and anticipating risks in order to guarantee delivery of results within the time frames and budgets imposed. In the execution phase, his role is to bring in methodological support, ensure coaching and training for the different project managers.

The strategic projects were grouped by programmes depending on the areas of activities concerned. A transversal approach is favoured for executing the projects. The resources and skills are drawn from throughout the company. As a result, projects no longer depend on different agendas or different priorities within the departments involved. The projects, and especially the strategic projects, concern the whole company and are managed as such.

Adaptation of the organisation

In 2014, the company underwent significant changes in its structure and in the functioning of the Directorates-General

Operations and Equipment in order to be able to carry out the strategic projects while guaranteeing the highest level of safety and highest quality of services. A distinction was made between the operational areas and the support and project management areas.

Thus, the operations of DGO are based today on four pillars, out of which two are devoted to air traffic control. The first pillar is dedicated to the 'air traffic control centre' functions (APP & ACC). The second one encompasses all the 'Control Tower' functions (the air traffic control managed by Belgocontrol at the five Belgian airports).

A programme for optimising management of ATS operational services was launched. A manager was assigned temporary to identify the actions to be taken and in 2015 break them down into the form of several projects.

Two other major pillars complete the DGO's operational areas: the Aeronautical Information Service (AIS) and the meteorological service. The AIS department's organisation was redesigned to prepare the transition from AIS to AIM, a concept for interactive provision of all the information required to accomplish air traffic control and flight management by pilots. As far as the meteorological service is concerned, it has drawn up a concept for automating observations which within a few years will enable freeing up resources in order to be able to concentrate on value added products.

In the transversal areas of support and project management, two new departments were created within DGO and DGE in 2014:

- > The Process and Monitoring Management: has the task of analysing all the operational processes, level of air safety and

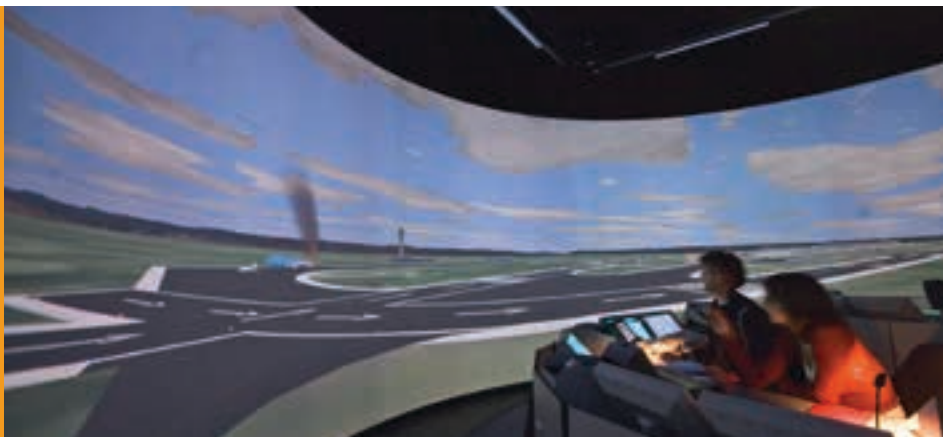
performances for the purpose of drawing up a true and analytical table of the efficiency of services and their organisation and being able to identify and take actions for continuous improvement.

- > the Programme Management: will play a dual role, that of managing strategic projects within the DGs but also, together with the Program Management Office's coordinator, contributing to setting up a methodology for project management and follow-up.

Within DGO, two further departments have been created:

- > the Environment Management: is responsible for coordinating Belgocontrol's actions to reduce aviation's environmental footprint either as part of international programmes or on its own.





Training and personal development

In 2014, Belgocontrol provided 22,830 hours of training to its staff. The majority of these training hours related to company specific activities which are:

- > 14,301 training hours in air traffic control (ATC)
- > 6,345 technical training hours (ATSEP – Air Traffic Safety Electronics Personnel)
- > 871 training hours in safety
- > 348 training hours in meteorology
- > 196 training hours relating to regulations specific to air navigation services.

The remaining 769 hours were dedicated to training sessions in the areas of support, such as logistics, purchases, prevention and environment, human resources, languages, IT and management.

Apart from the Refresher courses and Emergency Training which have to be attended by the air traffic controllers on a regular basis, specific ATC training courses were organised for:

- > the application of new procedures resulting from the ministerial directive concerning the allocation of flights to Brussels Airport.

- > the application of the classification change of airspace from C to D for all the civilian airports in Belgium, following a document from the Belgian Civil Aviation Authority (BCAA) "Proposal for a changing classification of airspace from C to D at selected aerodromes in the Brussels FIR".

Convinced that strong employees make a strong company, Belgocontrol gives priority to developing its employees' and managers' technical and personal skills. To support this development, Belgocontrol has developed a concept which deals with the training process on one hand and infrastructure on the other. Besides the further creation of a harmonised training process for all the company's departments which deals with organising the training like a project management, by paying specific attention to planning and reserving resources, Belgocontrol will address optimising use of the infrastructure from 2015 onwards.

- > the Office Management is the service for logistic support. It organises the planning, the training and the granting of licences to the air traffic controllers.

Safety first

Another crucial department in the company's primary mission: the Safety Management Unit (SMU). In 2014, Belgocontrol's SMU was also enlarged and now integrates the Operational Safety Unit (OSU). The SMU and OSU are naturally totally independent of the DG Operations.

The task of the OSU is to centralise and follow-up surveys and analyses relating to safety and be the link between the SMU and the staff of the company's different departments via a network of safety officers. The OSU is also responsible for systematic analyses in which importance is placed on improving safety through promoting best practices. Lastly, the OSU is responsible for promoting safety through the systematic organisation of information sessions concerning lessons learned from past events (lessons learned) and ensuring rapid feedback on incidents reported.

The staff, a driving force for change

Belgocontrol is a service company. Therefore, its staff's skill, training and motivation play a key role in the quality of service that Belgocontrol provides to its customers.

Human capital management must fully support the company's new strategy and

its development. An HR strategic plan was drawn up in light of the company's global strategy, external factors and the results of the personnel satisfaction survey.

This HR plan aims to build a more flexible and participative organisation, capable of providing services of optimal quality. Several strategic directions were defined for developing a new HR policy, such as modernising HR management, personal development, creating a company culture and working environment where each person is encouraged to give his/her best.

The first stage consists of setting the framework of the new People Strategy and changing the company's organisational structure so that it is more adapted for implementing Belgocontrol's strategy. This was done in 2014 with new responsibilities and jobs as well as a new organisation of Directorates-General.

Recruitment and talent management

2014 was the year of the management composition: 34 managers who report to members of the Executive Committee were selected for new jobs or were reappointed to their previous job. Among these 34 positions of responsibility, 22 were subject to a selection process, initially internally. Belgocontrol has in effect started a process of improving talent management and encourages internal mobility of its skills. A Talent Manager was hired in 2014 to successfully implement this mission. Under the slogan 'the right person in the

right place', this new talent management policy encouraged 25 employees to change jobs in 2014. For jobs which required specific skills not found in the company, these were recruited externally. Talent management does not only concern managerial positions since 14 other jobs, mainly technicians, opened up in 2014.

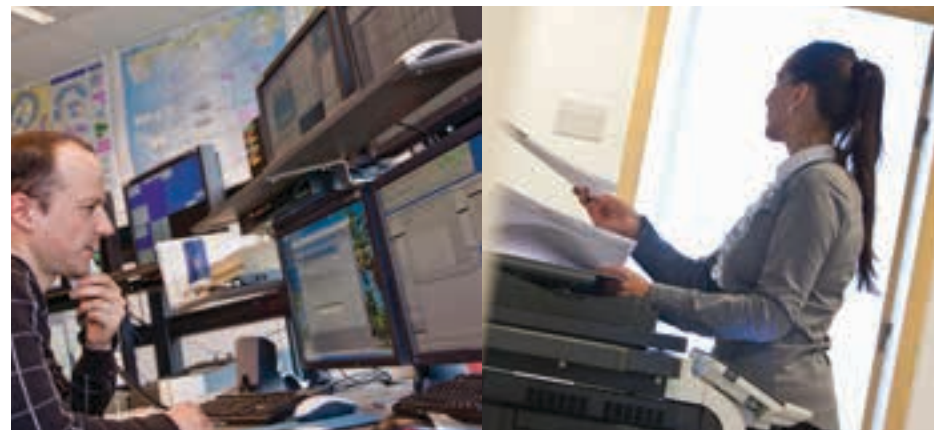
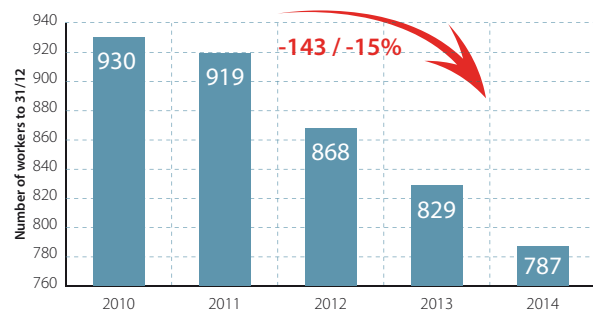
The staff requirement plan also resulted in the decision to organise a recruitment exam for air traffic controllers at the beginning of 2015 with the objective of an addition of 12 new air traffic controllers by 1 September 2015. The recruitment process for air traffic controllers was modified and now has a 'critical behaviour interview' and a group assessment included in its tests. The purpose of this modification is to give greater attention to the candidates' personality, motivation, teamwork and potential.

In 2014, 10 new employees started work. 5 were integrated into the company's management, 3 joined teams of specialised

technicians and are being trained, the other 2 new arrivals are integrated into the weather and financial services respectively.

The number of staff members has again dropped in 2014. Several factors have caused this decrease, in particular technological development and the need to decrease all the costs in the company, including those associated with staff, in order to limit the financial consequences caused by the European objective of decreasing the unit rate for en-route air navigation services. This restrictive policy regarding staff has been stopped and investments in human resources have been re-established so that the company is able to implement its strategy and meet the challenges raised by the the Single European Sky and its technological part, the SESAR programme. Consequently, recruitment of new employees will intensify in 2015 while motivating current staff members by a policy of transparency and participation.

DEVELOPMENT OF NUMBER OF EMPLOYEES



A strong company culture

The success of implementing Belgocontrol's new strategy, driven by clear guidelines, calls on a company culture in line with this. Creating a new company culture and a work environment where each person can give his/her best is therefore an essential condition to the success of Belgocontrol's development strategy.

A company culture is composed of a certain number of explicit and implicit, written and unwritten rules, which shape the way in which people interact, work and cooperate together, with customers and stakeholders.

To succeed with its strategy, Belgocontrol wants to initiate a company culture that promotes customer focus and results, pro-activeness, flexibility and a positive attitude.

Setting up a new company culture is a lengthy process, and not a project. This process has to affect the entire company. In 2014, a training and personal development program was launched with *Streetwize*, a specialised partner in this area. In June 2015, at least 80% of the employees will have taken part in *Streetwize* workshops where they are invited to exchange ideas on 4 skills – positive focus, agility and resilience, proactive creativity and cooperative competition – in order to acquire them and be motivated by them. Thus a first step will be taken in the personal development of all employees and in the new culture which will support the strategy's implementation.

Company culture is also determined and supported by communication. Clear, effective and transparent internal communication will assist the culture to develop and take root in the organisation. Communicating objectives clearly, ensuring that employees understand them and perceive the importance of their role in these common objectives is a way in which to involve them and sharpen their motivation to achieve these objectives. This process for communicating strategy and objectives takes place as a ripple effect through meetings open to all staff – the *All Employees Meetings* –, through managers, through more intense participative internal communication.

Social dialogue and prevention

In 2014, Belgocontrol prepared the implementation of the new Royal Decree of 10 April 2014 which will come into force on 1 March 2015. This Royal Decree widens the field of psycho-social risks at work (harassment, stress, burnout...) and provides a legal basis for well-being at work.

All the preparatory provisions have been made in 2014 so that Belgocontrol is totally compliant with the new regulations by 1 March 2015. The modifications made to the labour regulations were the subject of a consultative process with the Prevention Committee and have been approved by Belgocontrol's Joint Committee.



Working at height involves a high accident risk and the consequences of this type of accident are frequently very serious. One accident in three causing death or permanent disability is due to a fall when working at height.

Belgocontrol's infrastructures mean that many interventions are done at height (antennas, radar, towers...). Consequently Belgocontrol has organised training courses on safety measures to be adopted during this type of work. The instructors take the opportunity of drawing up an inventory of useful modifications to increase safety. From 2015, this inventory will lead to purchasing additional safety equipment.

Lastly, a new Royal Decree concerning fire prevention in the workplace was published in the 'Belgian Official Journal' on 23 April 2014. Following the new decree, a project for assessment and updating the fire prevention measures was initiated for Belgocontrol's main operating site at Steenokkerzeel.

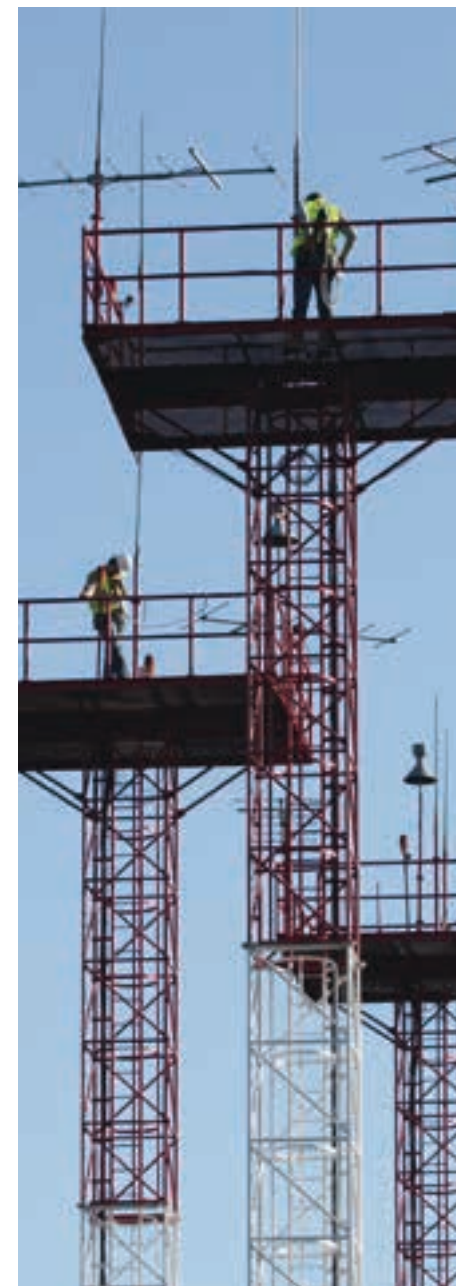
The project consisted of a risk analysis in two levels: on the site in its entirety on one hand and on the buildings and premises on the other. An action plan was proposed on the basis of the risk analyses and current fire prevention measures. The action plan's proposals will be implemented in 2015.

Social dialogue was reactivated in 2014 and consultations with social partners were held regularly.

Following the 2011-2012 regulation relating to pensions, a protocol was concluded for the period 2014-2019.

At the same time, another protocol made in 2014 concerns ATSEP (Air Traffic Safety Electronics Personnel) training. The principles which will guarantee the efficiency and optimisation of organisation of technical training courses were discussed with the trade union organisations and recorded in the Bluebook. Specific attention was given to adapting the content of the training courses to the requirements and knowledge of the target groups.

Reactivating consultation has prepared the ground for an even more constructive dialogue in 2015. In effect Belgocontrol wishes to involve the social partners as closely as possible in a spirit of collaboration in order to jointly build the new Belgocontrol and a pleasant and stimulating work environment for all.



An aerial night photograph of an airport runway. The runway is illuminated by a series of green lights along its edges and a central line of white lights. A bright orange light is visible on the right side of the runway. In the foreground, a tall tower with a red light on top is visible. The background shows a dark, flat landscape under a dark sky.

ANNUAL REPORT 2014



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CORPORATE GOVERNANCE

Belgocontrol's governance model

As an autonomous public company, Belgocontrol is subject to the Law of 21 March 1991 on the reform of certain economic public companies. The provisions of the Belgian Companies Code are only applicable in cases to which the Law of 21 March 1991 expressly refers.

Belgocontrol's governance model is characterised by:

- > A Board of Directors;
- > The creation from within the Board of Directors of an Audit Committee, a Strategy Committee and a Remuneration Committee;
- > An Executive Committee consisting of the Chief Executive Officer and members of the Executive Committee.

In addition there are also the supervisory bodies, such as the Board of Auditors and the Government Commissioner.

The Board of Directors



1. RENAUD LORAND 2. FONS BORGINON 3. LAURENT DE BRIEY 4. JOHAN DECUYPER 5. GÉRALD DUFFY 6. LUC LAVEYNE
7. JULIE LUDMER 8. CLAUDE MELEN 9. HUGO VAN BEVER 10. LIESBETH VAN DER AUWERA

At 31 December 2014, the Board of Directors was composed as follows:

Directors	Position
Renaud Lorand	Chairman
Fons Borginon	Director
Laurent de Briey	Director
Johan Decuyper	Chief Executive Officer
Gérald Duffy	Director
Luc Laveyne	Director
Julie Ludmer	Director
Claude Melen	Director
Hugo Van Bever	Director
Liesbeth Van der Auwera	Director

Composition

The regulations governing the composition and the appointment of the members of the Board of Directors are laid down in the Law of 21 March 1991.

The Board of Directors is made up of ten members, including the Chief Executive Officer and the Chairman. The Royal Decree of 18 November 2013 constituted a new Board of Directors and at least one third of the members are of the opposite sex. In addition, there are as many French speaking as Dutch speaking members. The members were appointed for a term of six years.

Changes in the composition of the Board of Directors

On 19 September 2014, Mrs Katrien Partyka terminated her mandate as Director due to incompatibility with her new position as a

Flemish Member of Parliament. The Board of Directors co-opted Mrs Liesbeth Van der Auwera.

Powers and functioning

The Board of Directors is empowered to take any action necessary for or useful in attaining the corporate goal of the public company and supervises the management tasks carried out by the Executive Committee. The Board of Directors may delegate some of its powers to the Executive Committee.

The Board has adopted an internal regulation which details the rules and principles of its functioning.

The Board meets regularly and at least eight times a year. Additional meetings may be convened each time that the company's interest requires this or two directors request it.

The Chairman convenes the Board. At the end of the calendar year, the timetable for meetings for the following calendar year is set. The agenda of each meeting is set by the Chairman and consists of items on which a decision must be taken and items for information.

The Board of Directors may only validly deliberate or decide if at least half its members are present or represented at the meeting.

All the decisions are in principle made by a simple majority of directors present or represented. In regard to certain specific issues detailed in the law of 21 March 1991, a two-third majority is required, such as for example approval of the management contract. These decisions may be prepared by the specialised Committees created by the Board of Directors.

In 2014, the Board of Directors met fifteen times.

Committees set up by the Board of Directors

The Board of Directors has set up three Committees, whose task is to assist it and to give it advice in specific fields: an Audit Committee, a Strategy Committee and a Remuneration Committee. The composition and powers of these Committees were approved during the meeting of the Board of Directors on 28 November 2013. The three Committees comply with the principle of language parity.

The Audit Committee

The existence of this Committee is laid down in Article 173 §4 of the Law of 21 March 1991.

Composition

At 31 December 2014, the Audit Committee was composed as follows:

- > Mr Fons Borginon, Chairman,
- > Mrs Claude Melen, Mrs Liesbeth Van der Auwera and Mr Laurent de Briey.

The Government Commissioner and the Chairman of the Board of Directors are invited to the Committee and have an advisory vote. In practice the Chief Executive Officer is also invited.

Powers and functioning

The Audit Committee assists the Board of Directors in verification of the accounts, budget control and any other internal auditing matters.

The specific mission of this Committee is to supervise the biannual and annual financial accounts, the five-year plan and all major investments. The Committee prepares these documents for approval by the Board of Directors and checks whether the internal audit system is implemented appropriately within the organisation.

Following the approval by the Board of Directors of the Audit Committee Charter and the in-house audit by decision dated 30 September 2014, an independent internal audit function was set up, which will come into effect as from 1 January 2015. That func-

tion will provide the Audit Committee with an objective assurance on the existing risks and the internal control of those risks. It also makes recommendations to our management team on how to improve the system of internal control. In order to do so, an annual audit plan has been drawn up based on a list of possible subjects (the audit universe), a risk analysis and a longer-term audit horizon (3 years). That plan is submitted to the Audit Committee for approval. In order to enable the development of a first audit plan for 2015 by the person newly in charge of the audit function, a risk analysis has been conducted by PwC and been presented to the Audit Committee in November 2014. During its meetings, the Audit Committee supervises the execution of the programme of internal audits and the audit results. The Audit Committee reports on this to the Board of Directors.

In 2014, the Audit Committee met nine times.

The Strategy Committee

The Strategy Committee was set up by the Board of Directors in execution of the powers entrusted to it by Article 17 §4 of the Law of 21 March 1991.

Composition

The Strategy Committee is composed of six members of the Board of Directors.

- > Mr Renaud Lorand, Chairman,
- > Mrs Julie Ludmer, Messrs Johan Decuyper, Luc Laveyne, Hugo Van Bever and Laurent de Briey.

For the sake of completeness, please note that the Board of Directors decided early 2014 to appoint two more new members to the Strategy Committee: the Commander of the Belgian Air Defence Component and the Director-General of the Belgian Civil Aviation Authority.

The Government Commissioner is also invited to the meetings.

Powers and functioning

The Strategy Committee assists the Board of Directors in deciding the company strategy. Amongst other things it gives advice on the strategic priorities and on the development of the company internationally.

The Strategy Committee meets at the invitation of its Chairman, who also sets the agenda. The Strategy Committee met six times in 2014.

The Remuneration Committee

The existence of this Committee is laid down in Article 17 §4 of the Law of 21 March 1991.

Composition

The Remuneration Committee is composed of four directors appointed by the Board of Directors.

- > Mr Renaud Lorand, Chairman,
- > Messrs Gérald Duffy, Hugo Van Bever and Luc Laveyne.

Powers and functioning

The Remuneration Committee makes recommendations to the Board of Directors

regarding decisions on the direct and indirect monetary benefits granted to the members of the management bodies.

Every year the Remuneration Committee draws up a report on the remuneration of the members of the Board of Directors and the Executive Committee, which is included in the management report. The remuneration report for 2014 is detailed on page 52 - 53.

The Remuneration Committee meets at the invitation of its Chairman, who also sets the agenda. In 2014, the Remuneration Committee met eight times.

The Chief Executive Officer and the Executive Committee

The Chief Executive Officer

By Royal Decree of 2 October 2013, Mr Johan Decuyper was appointed as Chief Executive Officer of Belgocontrol, as from this date for a term of six years.

The Executive Committee

The Chief Executive Officer and the members of the Executive Committee together constitute the Executive Committee. The Executive Committee is chaired by the Chief Executive Officer (art. 20 of the law of 21 March 1991).

The regulations governing the appointment of the Chief Executive Officer and other members of the Executive Committee are set by the law of 21 March 1991.

Composition

Following the proposal of the Chief Executive

Officer, the Board of Directors of 11 February 2014 decided to appoint other members of the Executive Committee. The mandates of these members started on 11 February 2014 for a term of six years. Mrs Sandra Vandorpe took office on 1 April 2014. The Executive Committee is composed of as many French-speaking as Dutch-speaking members.

The composition of the Executive Committee is as follows:

1. Mr Johan Decuyper, Chief Executive Officer,
2. Mr Christian Berlangier, Director-General International and Public Affairs,
3. Mr Michel Dascotte, Director-General Operations
4. Mr Alain Vandenabeele, Director-General Equipment,
5. Mrs Hilde Van den Houten, Director-General Administration and Finance,
6. Mrs Sandra Vandorpe, Director-General Human Resources.

Powers and functioning

The Executive Committee is responsible for daily management and representation of this management, as well as for the execution of the decisions of the Board of Directors. The Executive Committee represents the company in negotiations concerning the management contract. The members of the Executive Committee constitute a board chaired by the Chief Executive Officer. The decisions of the Executive Committee are in principle taken by consensus.

In 2014, the Executive Committee met 46 times.

The Executive Committee



1. **JOHAN DECUYPER**, *Chief Executive Officer*
2. **CHRISTIAN BERLANGER**, *Director-General International and Public Affairs*
1. **MICHEL DASCOTTE**, *Director-General Operations*
4. **ALAIN VANDENABEELE**, *Director-General Equipment*
5. **HILDE VAN DEN HOUTEN**, *Director-General Administration and Finance*
6. **SANDRA VANDORPE**, *Director-General Human Resources*

The Board of Auditors

As do all autonomous public companies, Belgocontrol entrusts the verification of the financial position, of the annual accounts and their regularity, in the eyes of the law, and the operations shown in the annual accounts, to a Board of Auditors.

The Board of Auditors is composed of two company auditors and two members of the Court of Audit.

Every year the Board of Auditors draws up a detailed written report, which is submitted to the Board of Directors and to the Minister responsible for Belgocontrol.

The Board of Auditors consists of:

- > Civil CVBA/SCRL KPMG, Company auditors, represented by Mr Joris Mertens, Chairman of the Board of Auditors(*);
- > ScPRL Joiris, Rousseaux & Co, Company auditors, represented by Mr Jean-Michel Haegeman, Company Auditor(*);
- > Philippe Roland, First Chairman of the Court of Audit;
- > Romain Lesage, Councillor at the Court of Audit (until 31/03/2015);
- > Ignace Desomer, Chairman of the Court of Audit (from 01/04/2015 onwards).

(*) The two Auditors have been appointed by the Royal Decree of 5 December 2014 appointing two auditors for Belgocontrol (Belgian Official Journal of 30 December 2014) for the period needed to execute the audit activities for the financial years 2014, 2015 and 2016.

The Government Commissioner

As an autonomous public company, Belgocontrol comes under the supervisory authority of the relevant Minister, in this case the Minister for Mobility. This supervision is carried out by the Government Commissioner who ensures the company complies with the law and the management contract. The Government Commissioner reports to the Minister for Mobility.

By Royal Decree of 21 February 2014, Mr Pierre Crevits was appointed Government Commissioner at Belgocontrol, as from 20 March 2014. By Royal Decree of 22 February 2015, Mrs Dominique Offergeld was named as successor to Mr Pierre Crevits as the new Government Commissioner at Belgocontrol.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

Below you will find the report on the situation and the results of the autonomous public company during the past financial year, 2014, in accordance with the legal stipulations. It was drawn up in implementation of Article 27 of the Law of 21 March 1991, a law concerning the reform of certain public economic companies.

1. Main activities of the company in 2014

In 2014 we witnessed a return to growth in air traffic. Belgocontrol handled 1,041,611 movements, i.e. 2.1% more than in 2013.

The CANAC 2 control centre controlled 542,082 movements in 2014, an increase of 2.1% compared with 2013. That increase is below the average posted up by the air traffic control centres of EUROCONTROL's 41 member States, which came to 3.5%, but is greater than the average advance recorded by the FABEC control centres (1.76%). While the figures for air traffic controlled by CANAC 2 remain rather low in absolute terms – 7.5% less than in 2008 – the resumption of growth seen in 2014 is a positive sign for Belgocontrol, and for the Belgian economy.

Brussels Airport leaped by 6.85% in 2014 compared with the traffic volume in 2013. 231,528 movements were controlled, compared with 216,678 the previous year. For several years, the number of flights had failed to reflect the increase in passengers, owing to the airlines' strategy aimed at optimising the aircraft occupancy rate, and using aircraft of a larger average size. Both indicators now appear to be on the same upward trend, even though the number of flights is rising less fast. The 2014 growth of Brussels Airport can be attributed to the inauguration of new destinations and the arrival of new airlines such as Ryanair in February and Emirates in September. This increase, even though it must be considered in relative terms, given the absolute number of movements, which remains rather low, is a positive sign that reflects the increasing allure of the national airport.

However, regional airports did not benefit from the increase in traffic, since they recorded a decline of 1.65%, taking all traffic together. At the four regional airports, Belgocontrol air traffic controllers handled a total of 268,001 movements, of which 137,105

were IFR (business aviation) and 130,896 VFR movements (leisure aviation). Liège Airport alone shone out from the rest, with an increase of almost 10% in IFR traffic. Even Charleroi saw its business aviation activity decline by over 4%, following the transfer of part of Ryanair operations to Brussels Airport. Apart from the IFR traffic at Liège and VFR traffic at Ostend increasing by 5.35%, the rest of the table is in the red.

Performance targets and end of the first reference period

At the end of the 1st reference period (2012-2014), Belgocontrol delivered very positive results in the four performance areas required under the 'Single European Sky' (safety, capacity, environment and cost-efficiency), the targets for which were set out in a performance plan common to all FABEC partners, apart from the domain of cost-efficiency, which remains national. For the other three areas, these are the performance of FABEC as a whole which is assessed by the European Commission's Performance Review Body. FABEC missed its target in the area of capacity, and missed one of its two targets of its performance plan, in the area of environment.

With regard to safety, Belgocontrol achieved its best performance since it was set up in 1998. The A & B incident rate has never been as low as in 2014. The performance indicator used by Belgocontrol imposes the target not to exceed 1 category A or B incident per 100,000 controlled movements. That means that category A and B incidents must constitute less than 0.0010% of the total number of controlled movements. The tolerance level is set at 0.0015%. With a result of 0.000384% in 2014, i.e. fewer than 4 A and B incidents per million movements, Belgocontrol easily hit this target.

The culture of safety has again produced progress. The number of incidents reported rose from 466 in 2013 to 622 in 2014, an increase of 33%. Moreover, the number of such incidents for which Belgocontrol bore some responsibility declined from 28 in 2013 to 27 in 2014.

With regard to the quality targets set in the FABEC performance plan relating to safety, all were hit: the Just Culture policy is applied at Belgocontrol. The Risk Analysis Tool (RAT) has been used since 2010; the maturity scores of

the Belgocontrol Safety Management System (SMS) meet European requirements.

With regard to the reduction of en-route delays, Belgocontrol hit a new record. The indicator in the FABEC performance plan is the average 'en-route' ATFM delay per flight. The plan stipulates that this average delay may not exceed within FABEC 0.50 minutes per flight in 2014. Belgocontrol must contribute to this target by keeping its 'en-route' delay below 0.13 minutes per flight. The average 'en-route' ATFM delay caused by Belgocontrol's ACC was only 0.02 minutes per flight in 2014.

This is by far FABEC's best performance, as well as the lowest en-route delay ever recorded by Belgocontrol.

FABEC did not succeed in repeating its fine performance in 2013. Industrial protest actions in the ATC sector in 2014 produced a noticeable increase in delays. FABEC posted up an average en-route ATFM delay of 0.56 minute per flight, and just missed the target of its performance plan.

At Brussels Airport, Belgocontrol's targets were again achieved in 2014; the scores improved slightly compared with 2013.

For 97.83% of flights the taxi time was indeed less than 15 minutes, while the target requires 90%. Likewise, 89.17% of flights were determined to have left on time, with a tolerance level of 3 minutes against the scheduled departure time, while the target was 80%.

As far as the environment is concerned, the interim target for flight efficiency that applies to FABEC on the whole, without determining the contributions of the individual ANSPs, was met in 2014. The difference between the ideal route and the distance actually flown by the airplanes amounted to an average of only 1.72%, while the target for 2014 was set at 1.86%.

The FABEC target concerning Continuous Descent Operations (CDOs) obliges the main airports within FABEC, including Brussels Airport, to have by the end of the first reference period (end 2014) efficient procedures in place so to allow pilots to carry out CDOs. The procedures were published, and came into effect on 26 June 2014. As of that date, pilots can land by CDOs at runways 25L, 25R and 19, subject to weather conditions.

As foreseen in the performance plan that Belgium submitted regarding cost-efficiency, the Belgium-Luxembourg unit rate, which serves as the basis for invoicing 'en-route' services provided by Belgocontrol, dropped for the third time in a row by 3.5% compared with the previous year. In 2014 the actual level of traffic was 2.5% lower than the forecasts drawn up by EUROCONTROL in 2011. This traffic-related risk caused Belgocontrol a loss of income of €2.1 million in 2014.

A new dynamic

The third management contract came into effect on 1 July 2014. The new finance system provides that Belgocontrol will be paid properly for services provided. Belgocontrol thus cleared a major hurdle towards putting

its finances in order. However, Belgocontrol is committed to reducing the weighted average unit rate, calculated for the zones of terminal navigation charges of 2.5% a year, over the next five years. Moreover, it is even more resolutely committed in the areas of safety, capacity, punctuality and environment.

Adopting one of the recommendations of the stakeholders' survey, ordered at the initiative of the Executive Committee, Belgocontrol now communicates very much more openly, not only with its business partners as mentioned above, but also with the general public, and more specifically with the overflown population. The website batc.be was launched in collaboration with Brussels Airport in order to inform lakeside residents in real-time on the use of runways at the airport. Contacts with the press have been stepped up, with regular press releases, interviews and press points.

In order to implement the new strategy that includes becoming a flexible, participative organisation, a change of corporate culture is needed. Under the 'Wings Ahead' banner (forward with positive changes), various initiatives have already been launched; these will be continued in 2015.

One logical effect of the implementation of the new strategy is a long list of projects to be implemented. This requires setting priorities, carefully controlling the implications of each project, also their compatibility as a whole. That is why a PMO (Program Management Office) system was installed at Belgocontrol. The Program Management Board decides

which projects will be developed and taken forward, and when, and what resources are to be set aside for which project. Programme Managers and Project Leaders are responsible for their fulfilment within the deadlines set and with the resources provided. A monitoring system will track the progress of a given project at a given time.

Achieving targets requires investment, and not only of the financial kind. We also have to invest in our staff by providing them with the resources they need to perform their tasks and optimise their services. This investment is made on the basis of their experience and proposals. The same applies to workplaces, which will be laid out better, to the benefit of the overall working ambience and atmosphere. We will also invest in training, so that all staff will be able to continue to develop and grow in their work. Finally, considerable attention will be paid to a constructive social dialogue.

2. Financial data for the 2014 financial year

Balance-sheet

(in thousands of €)

ASSETS	31/12/2013	31/12/2014	Evolution
Fixed assets	133,721	115,172	-13.9%
Current assets	76,243	87,730	15.1%
Total assets	209,964	202,902	-3.4%

Fixed assets were down 13.9% compared with the end of 2013 because amortisation and depreciation expenses in 2014 were greater than the cost of the new investments. In the framework of the European cost-efficiency

targets and due to the financial difficulties that Belgocontrol has had to face in recent years, the investment policy was limited to the maintenance of critical systems, the extension of their lifespan and their replacement at the end of it. This means air traffic safety is guaranteed, and the public service obligations can continue to be met. But this investment policy is not sustainable in the short-, medium- or long term. Indeed, the air traffic management systems continue to evolve, especially with the roll-out of the SESAR programme (which is the technological component of the Single European Sky). To take advantage of this technological change, also to improve productivity and meet the requirements of the airspace users, Belgocontrol will have to be able to make some strategic investments in the coming years. On the other hand, some of the planned investments that are necessary for the regional airports, cannot at the moment be carried out within the set deadlines, owing to the complicated nature of the financing and the many parties involved. It will be essential in the future to simplify the financing of these investments to enable the implementation of a coherent investment policy and ensure the continuity of services.

The current assets, which include accounts receivable, cash at bank and in hand, and deferred charges and accrued income increased by 15.1% compared with end of 2013. This increase is seen in particular in liquid assets, owing to an improvement in the accounts position at Belgocontrol following the good results achieved in 'en-route' operations, offset in part by a 'cash drain' in 'terminal operations'.

(in thousands of euros)

LIABILITIES	31/12/2013	31/12/2014	Evolution
Equity	137,465	136,805	-0.5%
Provisions	16,177	16,785	3.8%
Accounts payable	56,322	49,312	-12.4%
Total liabilities	209,964	202,902	-3.4%

On the 'liabilities' side of the balance sheet, the focus should be on the change in equity. The financial year 2014 closed with a profit of €1 million, compared with a loss of €8.5 million in 2013. Equity is decreasing, given that, in 2014 €1.6 million reserves were deducted in order to settle costs.

Losses from the past arise from the fact that a high proportion of our terminal air navigation services are not paid for, even though the regulations require us to provide them. The charges for terminal navigation services at Brussels Airport have remained unchanged since 2003, as they were fixed in the second management contract, which was still in force in 2014.

The terminal navigation charges were neither index-linked, nor adjusted for the sharp drop in air traffic following the attacks of 11 September 2001, the collapse of large customers like Sabena, and the partial relocation of DHL's European shipping hub from Zaventem in favour of Leipzig (Germany), in 2009. This period was also affected by the impact of the economic and financial crisis, which was very perceptible in the aviation sector.

Consequently, revenues from the services invoiced are lower than the costs, and this activity generates a loss.

As far as regional airports are concerned, under the terms of the cooperation agreement concluded on 30 November 1989 between the Belgian State, acting on behalf of Belgocontrol's predecessor, the Régie des Voies Aériennes, and the Regions, Belgocontrol is responsible for maintaining, replacing and financing the equipment and personnel provided by the Régie des Voies Aériennes in 1989. In practical terms, the consequence of this is that the major part of the costs for the services provided in the airports is not remunerated and continues to be at the expense of Belgocontrol.

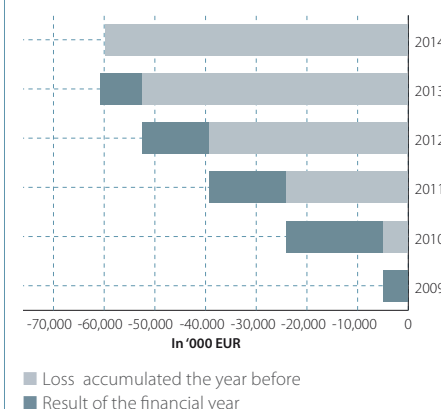
The third management contract between the Belgian State and Belgocontrol, which was approved by the Council of Ministers on 4 April 2014 and came into force on 1 July 2014, offers a structural solution for the income deficit and the financing of Belgocontrol's terminal navigation services will be brought into line with the European regulations. Moreover, the third management contract foresees that all the airports, including the regional ones, will be subject to the European regulation on the levy system, so that cost transparency is guaranteed for every airport, and the necessary information is made available to the airspace users and the competent authorities.

Despite the fact that major cost-cutting initiatives have been taken in recent years, accumulated losses have risen as high as

€60 million because there was no structural solution for the financing shortfall mentioned above during the 2009-2013 period. Because of this, the reserves built up in the past have been completely exhausted and in 2013 and 2014 the capital was drawn on for the first time.

The graph below shows the accumulated losses from 2009 to 2014:

Cumulated losses accumulated since 2009



Belgocontrol must fulfil its public-service mission at all times, and is not subject to article 96 § 1, para. 6 of the Companies Code.

Notwithstanding the accumulated losses, in drawing up the accounts Belgocontrol applies the principles of accounting on the assumption of the continuity of operations. Belgocontrol is indeed not late on payments with respect to the Belgian National Social Security Office (NSSO), wage withholding tax, VAT, payments to suppliers, or the banks with regard to loans.

The prospects for liquidity, examined by the Board of Directors, do not suggest any liquidity shortages in 2015.

The provisions of the management contract for 2015 were set out in a Royal Decree (19 December 2014, published in the Belgian Official Journal of 30 December 2014) setting the distribution key (factor F) for the financing of Belgocontrol. As an interim measure, Belgocontrol obtained approval for the legal arrangements to obtain a recoverable advance.

In 2014, a provision was set aside for the first time for major repair and maintenance work on buildings, systems and installations. In addition, the provisions were adjusted following an annual analysis and review of dispute case-files.

The provision for traffic risk, which was set aside at the end of 2012 for 2013 and 2014, was used to cover the actual traffic risk in 2014 and the surplus has been written-back.

The decrease in the 'accounts payable' heading, showing the balance outstanding on loans to be repaid, commercial debts, tax debts, salaries, social security costs and adjustment accounts, is the consequence of capital amortisations on loans in 2014.

Profit and loss account

The slight rise in 'turnover' is situated mainly in the 'en-route' activity, which represents 82% of the turnover figure. The number of service units that were charged to airspace users rose by 3.8%, being partly compensated by a

decrease in the 'en-route' charge. The charge decrease is part of the European cost-efficiency targets which was recommended for the first reference period, 2012-2014, whereby the average European unit cost had to decrease annually by an average of 3.5% in real terms. Belgium-Luxembourg was one of the only European member States to achieve this target by writing an annual decrease of 3.5% in the Belgium-Luxembourg unit rate into their performance plan.

The decline in 'other operating income' can be explained by the European TEN-T subsidy which was received from the European Commission in 2013 as part of FABEC and which is of a non-recurring nature.

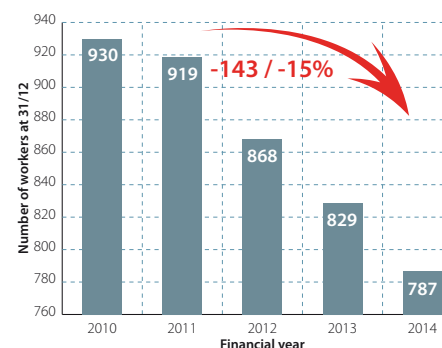
On the cost side, the decline in 'services and other goods' is explained mainly by the decreased contribution to the operating costs of EUROCONTROL's air traffic control centre, MUAC, which controls the upper airspace above Belgium, Luxembourg, the Netherlands and part of Germany. On the other hand, there have been important reductions in the costs of Belgocontrol's personnel and amortisation and depreciation expenses.

As far as personnel charges are concerned, in recent years Belgocontrol has implemented a human resources policy whereby personnel who left were not replaced and new recruitments were limited, leading to a 15% reduction in personnel numbers during the period 2011-2014. A catch-up process will be needed in forthcoming years in order to restore staffing at a level that is adequate to enable us to guarantee the safety of air traffic.

(in thousands of €)

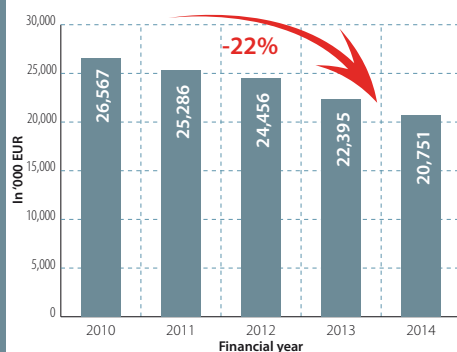
PROFIT-AND-LOSS ACCOUNT	2013	2014	Evolution
Turnover	193,520	196,059	1.3 %
Other operating income	4,446	2,026	-54.4 %
Operating income	197,966	198,086	0.1 %
Services and other goods	-59,957	-58,129	-3.0 %
Remuneration, social security costs and pensions	-116,199	-112,417	-3.3 %
Depreciation costs and other amounts written off	-22,395	-20,751	-7.3 %
Amounts written off stocks and provisions	-6,727	-3,296	-51.0 %
Other operating charges	-2,397	-6,493	170.9 %
Operating charges	-207,675	-201,086	-3.2 %
Operating income	-9,709	-3,000	-69.1 %
Financial income	-476	-217	-54.5 %
Extraordinary income	-78	2,557	-3.377.6 %
Withdrawal reserve to settle costs	1,785	1,636	-8.3 %
PROFIT/LOSS FOR THE FINANCIAL YEAR	-8,478	976	-111.5 %

Development number of employees



As a result of the investment policy, amortisation and depreciation expenses have decreased by 22% in the last four years, as shown in the following graph.

Development of depreciation costs



In 2014, an extraordinary income of €2.6 millions was achieved, owing primarily to the increase in the unused portion of provisions set aside in earlier years.

The 2014 financial year therefore ended with a profit of €975,851. As far as the operating result is concerned, it has improved but remains negative at €-3 million, compared with €-9.7 million in 2013. The cause of this situation lies in the fact that Belgocontrol did not receive payment for all services rendered.

Appropriation of account 2014

(in thousands of €)

APPROPRIATION ACCOUNT	31/12/2014
Profit to be appropriated 2014	976
Loss carried over from previous financial year	-60,894
Loss to be carried over	-59,918

The profit from the 2014 financial year is added to the loss carried over from the previous financial year, taking the total to EUR -59.9 million.

3. Remuneration of the members of the management bodies

Art. 17 §4 of the Law of 21 March 1991 states that the Remuneration Committee should draw up a report annually concerning the remuneration of the members of the management bodies which is to be included in the management report.

First of all, the Royal Decree (RD) of 2 October 2013 appointed Mr Johan Decuyper Chief Executive Officer of Belgocontrol as of 2 October 2013 for a term of six years. Then the Royal Decree of 18 November 2013 appointed the Chairman and the members of the Board of Directors of Belgocontrol for a term of six years starting on 22 November 2013.

The members of the Executive Committee, expanded by a Director-General for International and Public Affairs and by a Director-General Human Resources, were appointed at a meeting of the Board of Directors held on 11 February 2014.

The members of the Board of Directors

The remuneration the members of the Board of Directors receive for their mandate is determined by the King in application of Article 21 §2 of the Law of 21 March 1991.

In the new Board of Directors installed on 22 November 2013, the directors (with the

exception of the Chief Executive Officer) and the Chairman receive an equivalent gross remuneration of €11,155.20 and €2,057.64 respectively, which is linked to the trigger index, in line with the RD of 18 November 2013.

In addition, the directors receive an attendance fee for their presence at the specialised committees that were created within the Board of Directors (Audit Committee, Remuneration Committee, Strategy Committee) based on the RD of 3 May 1999. The attendance fee is €371.84; it is not indexed, and the annual total may not exceed 1/3 of the director's basic annual remuneration.

For the financial year 2014 the gross remuneration (in €) that the members of the Board of Directors received was as follows:

Directors	Gross	Attendance allowance	Total
LAVEYNE Luc	15,013.32	4,833.92	19,847.24
VAN BEVER Hugo	15,013.32	2,231.04	17,244.36
LORAND Renaud (Chairman)	70,062.72	11,527.04	81,589.76
LUDMER Julie	11,259.99	1,487.36	12,747.35
PARTYKA Katrien	11,259.99	1,487.36	12,747.35
BORGINON Fons	15,013.32	2,974.72	17,988.04
de BRIEY Laurent	15,013.32	5,004.44	20,017.76
DUFFY Gerald	15,013.32	3,346.56	18,359.88
MELEN Claude	15,013.32	2,974.72	17,988.04
Van der AUWERA Liesbeth	3,753.33	0.00	3,753.33
	186,415.95	35,867.16	222,283.11

For the financial year 2014 the gross remuneration (in €) that the members of the Executive Committee received was as follows:

Executive Committee	Fixed remuneration (*)	Variable remuneration	Total
CHIEF EXECUTIVE OFFICER	204,300.88	64,171.35	268,472.23
DIRECTOR-GENERALS	847,379.41	174,859.49	1,022,238.90
TOTAL	1,051,680.29	239,030.84	1,290,711.13

(*) Fixed remuneration = regular salary & holiday allowance & end-of-year bonus (according to the start date and end of mandate).

The Executive Committee

In accordance with Article 17 §4 of the Law of 21 March 1991 the remuneration and benefits that are granted to the Chief Executive Officer and the members of the Executive Committee are decided by the Board of Directors, following the proposal of the Remuneration Committee.

When each member of the Executive Committee took office, the fixed portion of their remuneration was subject to a special agreement in accordance with Art. 21 of the Law of 21 March 1991. The Remuneration Committee calibrated the levels and

components of this remuneration individually, based on a benchmark study for similar levels of responsibility.

When the remuneration of the new Chief Executive Officer was decided at the end of 2013, the new guidelines laid down by the Government on this matter were taken into consideration. Based on the guidelines and on the proposal of the Remuneration Committee, the Board of Directors established a remuneration system in the special agreement with the Chief Executive Officer that provides for the granting of a fixed annual salary, a variable element and a number of additional benefits.

The Chief Executive Officer receives no special compensation in his capacity as a member of the Board of Directors.

Variable remuneration related to performance in 2013

In 2014, the Chief Executive Officer received variable compensation relating to services provided in 2013, equal to 30% of the gross 2013 salary.

Additional benefits in 2014

The Chief Executive Officer and the other members of the Executive Committee enjoyed a number of additional benefits in 2014, such as company car and hospitalisation insurance; the contractual members of the Executive Committee also enjoyed a "loss of income insurance" and a group insurance.

Government auditor

Mr Philippe Touwaide, who was Government auditor until 19 March 2014, received a salary of €9,920.72 in 2014. As from 20 March 2014, the post of Government auditor is held by Mr Pierre Crevits, whose remuneration for 2014 was €16,098.96.

4. Outlook for the future

For Belgocontrol, 2014 is synonym for renewal. So read this heading in last year's annual report. This prediction has been fulfilled. The renewal has got under way at many levels over the past year. However, our work is far from done. We shall be continuing down the path taken in 2015. This means even higher-performing service, and even more efficient use of our resources.

The third management contract, which was concluded last year, came into effect on 1 July 2014. The new system of finance featured therein will ensure Belgocontrol receives proper remuneration for services rendered. 2015 will therefore mean another big step forward for Belgocontrol in financial terms.

Moreover, we are taking on some major commitments. The safety of air traffic is always our first priority, together with the capacity of the various airports. We are also continuing to take care of continuous improvement in our environmental performance. Thus, we are concerned to promote CDO landings at Brussels Airport more.

We are aiming at greater cost-efficiency in the way we work. Nonetheless, our goal is not simply to make cost savings. Investment is certainly essential, and will be made, but it has to be rational, and contribute towards safeguarding Belgocontrol's future.

Belgocontrol's strategy was formulated in 2014. It is built along three main lines:

> Strong partnerships

We need to strengthen our links with our stakeholders further, and seek out attractive new partnerships. After compiling a detailed inventory of contacts, agreements and existing collaborations, practical initiatives are worked out.

Links with Defence receive special attention. Both parties have a strong desire to combine their strengths in various domains. Structural cooperation agreements need to be to the benefit of both organisations in terms of operations and cost structures.

> Efficient service

The expertise and professionalism of our services are indisputable. We need to maintain that standard of service, but must also ensure we always remain up-to-date in the constantly changing and increasingly competitive environment that is air traffic control. Only in this way can we maintain and strengthen our position on the European scene. The challenges are enormous, but achievable.

> Flexible, participative organisation

The experience and enthusiasm of our staff provide the preconditions for further improvement, and looking at the competition straight in the face. To enable them to continue giving of their best in their duties, we offer our support by providing them with the resources they need, and by creating satisfying – and satisfactory – working conditions. We have to decide the best possible investments together. We also want to enable our staff to thrive in the developments under way at Belgocontrol by providing suitable training courses.

These three pillars, and the full strategy, will be developed during 2015, adopting a systematic approach. The PMO (Program Management Office) will supervise all the programmes and the actual projects that will be implemented from 2015 onwards. This process is starting now, and will be highly visible at various levels during 2015.

Drawn up at Steenokkerzeel on 28 April 2015
On behalf of the Board of Directors,

Renaud Lorand
Chairman of the Board of Directors

Johan Decuyper
Chief Executive Officer

REPORT OF THE BOARD OF AUDITORS

ON THE ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2014

The Dutch and the French versions of the Report and the 2014 Annual accounts have been officially approved. The English version is for information purpose only.

As required by law and the company's articles of association and more particularly, pursuant to article 25 of the law of 21 March 1991 concerning the reform of certain economic public companies referring to articles 143 and 144 of the "Company Code", the Board of Auditors report to you in the context of its mandate. This report includes our report on the annual accounts as of and for the year ended 31 December 2014, as defined below, as well as our report on other legal and regulatory requirements.

Report on the annual accounts - unqualified opinion

The Board of Auditors has audited the annual accounts of Belgocontrol ("the autonomous public company") as of and for the year ended 31 December 2014, prepared in accordance with the financial reporting framework applicable in Belgium. These annual accounts comprise the balance sheet as at 31 December 2014, the profit and loss account for the financial year then ended and notes. The balance sheet total amounts to EUR 202,901,725.23 and the profit and loss

account shows a profit for the financial year of EUR 975,851.49.

Management authority's responsibility for the preparation of the annual accounts

The management authority is responsible for the preparation of the annual accounts that give a true and fair view in accordance with the financial reporting framework applicable in Belgium, and for the implementation of an internal audit it deems necessary to enable the production of annual accounts that are free from material misstatements, whether due to fraud or error.

The Board of Auditors' responsibility

The responsibility of the Board of Auditors is to express its opinion on these annual accounts based on its audit. The Board of Auditors conducted its audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with ethical requirements as well as plan and perform the audit to obtain reasonable assurance about whether the

annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the Board of Auditors' judgment, including the assessment of the risks of material misstatements of the annual accounts, whether due to fraud or error. In making those risk assessments, the Board of Auditors takes into account the internal audit procedures of the autonomous public company's preparation and fair presentation of the annual accounts in order to define audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the autonomous public company's internal control.

An audit also includes evaluating the appropriateness of the valuation rules used and the reasonableness of accounting estimates made by the management authority, as well as evaluating the overall presentation of the annual accounts.

The Board of Auditors obtained from the management authority and officials of the autonomous public company the explanations and information necessary for performing its audit.

The Board of Auditors believes that the audit evidence obtained, is sufficient and appropriate to provide a basis for our unqualified audit opinion.

Unqualified opinion

In our opinion, the annual accounts give a true and fair view of the autonomous public company's assets and financial position as at 31 December 2014 and of its results for the year then ended in accordance with the financial reporting framework applicable in Belgium.

Report on other legal and regulatory requirements

The management authority is responsible for the preparation and the content of the management report, for maintaining the

Company's accounting records in compliance with the applicable legal and regulatory requirements, as well as the compliance of the autonomous public company with the law of 21 March 1991, the Company Code, the Company by-laws and the management contract.

In the context of its mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, the responsibility of the Board of Auditors is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statements which do not modify the scope of our audit opinion on the annual accounts:

> The management report includes the information required by law, is consistent, in all material respects, with the annual accounts and does not present any material inconsistencies with the information that the Board of Auditors 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.

> The appropriation of results complies with the legal provisions and the provisions of the articles of association.

> There are no transactions undertaken or decisions taken in breach of the law of 21 March 1991, the company by-laws, the Company Code or the management contract that the Board of Auditors has to report.

Drawn up in Brussels, on 28 April 2015.

The Board of Auditors,

The members of the Institute of Registered Auditors

Civil CVBA/SCRL KPMG
Company auditors
represented by

Joris MERTENS
Certified Auditor
Chairman of the Board of Auditors

ScPRL Joiris, Rousseaux & Co
Company auditors
represented by

Jean-Michel HAEGEMAN
Certified Auditor

The Court of Audit

represented by

Ignace DESOMER
Chairman of the Court of Audit

Philippe ROLAND
First Chairman of the Court of Audit

ANNUAL ACCOUNTS 2014

ASSETS	Codes	31/12/2013 in €	31/12/2014 in €
FIXED ASSETS	20/28	133,721,089.42	115,171,702.15
Formation expenses	20	4,831,576.97	
Intangible fixed assets	21	270,004.74	201,752.65
Tangible fixed assets	22/27	128,591,610.97	114,884,940.18
Land and buildings	22	77,704,368.62	74,169,944.77
Plant, machinery and equipment	23	39,882,149.76	34,109,486.25
Furniture and vehicles	24	1,437,255.91	1,144,408.41
Leasing and other similar rights	25		
Other tangible fixed assets	26		
Assets under construction and advance payments	27	9,567,836.68	5,461,100.75
Financial fixed assets	28	27,896.74	85,009.32
Affiliated enterprises	280/1		
Participating interests	280		
Amounts receivable	281		
Enterprises linked by participating interests	282/3		
Participating interests	282		
Amounts receivable	283		
Other financial assets	284/8	27,896.74	85,009.32
Shares	284		
Amounts receivable and cash guarantees	285/8	27,896.74	85,009.32
CURRENT ASSETS	29/58	76,243,403.56	87,730,023.08
Amounts receivable after one year	29		
Trade debtors	290		
Other amounts receivable	291		
Stocks and contracts in progress	3		
Stocks	30/36		
Raw materials and consumables	30/31		
Work in progress	32		
Finished goods	33		
Goods purchased for resale	34		
Immovable property intended for sale	35		
Advance payments	36		
Contracts in progress	37		
Amounts receivable within one year	40/41	30,443,863.57	34,042,206.20
Trade debtors	40	7,253,624.29	7,264,134.88
Other amounts receivable	41	23,190,239.28	26,778,071.32
Current investments	50/53	22,000,000.00	15,000,000.00
Portfolio for investment			
Other investments and deposits	51/53	22,000,000.00	15,000,000.00
Cash at bank and in hand	54/58	8,496,600.96	25,735,295.68
Deferred charges and accrued income	490/1	15,302,939.03	12,952,521.20
TOTAL ASSETS	20/58	209,964,492.98	202,901,725.23

EQUITY AND LIABILITIES	Codes	31/12/2013 in €	31/12/2014 in €
EQUITY	10/15	137,465,535.63	136,805,075.78
Capital	10	145,000,000.00	145,000,000.00
Issued capital	100	145,000,000.00	145,000,000.00
Uncalled capital	101		
Share premium account	11		
Revaluation surpluses	12		
Reserves	13	53,359,149.70	51,722,838.36
Legal reserve	130	2,935,099.57	2,935,099.57
Reserves not available for distribution	131		
In respect of own shares held	1310		
Other	1311		
Reserves		1,636,311.34	
Reserves available for distribution	133	48,787,738.79	48,787,738.79
Accumulated profits (losses)	14	-60,893,614.07	-59,917,762.58
Investment grants	15		
Advance to associates on the sharing out of net assets	19		
PROVISIONS AND DEFERRED TAXES	16	16,177,163.07	16,785,103.61
Provisions for liabilities and charges	160/5	16,177,163.07	16,785,103.61
Pensions and similar obligations	160		
Taxation	161		
Major repairs and maintenance	162		9,747,000.00
Other liabilities and charges	163/5	16,177,163.07	7,038,103.61
Deferred taxes	168		
LIABILITIES	17/49	56,321,794.28	49,311,545.84
Amounts payable after one year	17	5,505,009.27	535,391.96
Financial debts	170/4	4,928,117.31	
Subordinated loans	170		
Unsubordinated loans	171		
Leasing and other similar obligations	172		
Credit institutions	173	4,928,117.31	
Other loans	174		
Trade debts	175		
Suppliers	1750		
Bills of exchange payable	1751		
Advances received on contracts in progress	176		
Other amounts payable	178/9	576,891.96	535,391.96
Amounts payable within one year	42/48	46,947,219.46	42,058,436.59
Current portion of amounts payable after one year	42	10,979,882.40	4,928,117.31
Financial debts	43		
Credit institutions	430/8		
Other loans	439		
Trade debts	44	18,205,355.36	20,952,611.05
Suppliers	440/4	18,205,355.36	20,952,611.05
Bills of exchange payable	441		
Advances received on contracts in progress	46		
Taxes, remuneration and social security	45	17,761,981.70	16,177,708.23
Taxes	450/3	2,581,838.49	2,242,136.71
Remuneration and social security	454/9	15,180,143.21	13,935,571.52
Other amounts payable	47/48		
Accrued charges and deferred income	492/3	3,869,565.55	6,717,717.29
TOTAL LIABILITIES	10/49	209,964,492.98	202,901,725.23

PROFIT AND LOSS ACCOUNT	Codes	31/12/2013 in €	31/12/2014 in €
Operating income	70/74	197,966,345.56	198,085,863.49
Turnover	70	193,520,224.95	196,059,474.64
Increase (Decrease) in stocks of finished goods, work in progress and in contracts in progress	71		
Fixed assets - own construction	72		
Other operating income	74	4,446,120.61	2,026,388.85
Operating charges	60/64	207,675,036.70	201,086,084.68
Raw materials, consumables and goods for resale	60		
Purchases	600/8		
Decrease (increase) in stocks	609		
Services and other goods	61	59,956,351.41	58,129,209.21
Remuneration, social security costs and pensions	62	116,199,426.57	112,416,884.02
Depreciation and other amounts written off formation expenses and intangible and tangible fixed assets	630	22,395,115.11	20,750,732.32
Amounts written off stocks, contracts in progress and trade debtors - Increase (decrease)	631/4	-57,741.13	-121,112.35
Provisions for risks and charges - Appropriations (Utilization and write-back)	635/7	6,784,495.14	3,417,195.51
Other operating charges	640/8	2,397,389.60	6,493,175.97
Operating charges capitalized as restructuring costs	649		
Operating profit (loss)	(+)/(-) 9901	-9,708,691.14	-3,000,221.19
Financial income	75	184,755.43	123,682.22
Income from financial fixed assets	750		
Income from current assets	751	19,804.04	28,631.82
Other financial income	752/9	164,951.39	95,050.40
Financial charges	65	660,490.01	340,441.48
Interest and other debt charges	650	640,209.25	309,406.23
Amounts written off current assets other than stocks, contracts in progress and trade debtors	651		
Other financial charges	652/9	20,280.76	31,035.25
Profit (Loss) on ordinary activities before taxes	(+)/(-) 9902	-10,184,425.72	-3,216,980.45

PROFIT AND LOSS ACCOUNT		Codes	31/12/2013 in €	31/12/2014 in €
Extraordinary income		76	36,989.40	7,795,294.61
Write-back of depreciation and of other amounts written off intangible and tangible fixed assets		760	27,216.94	
Write-back of amounts written off financial fixed assets		761		
Write-back of provisions for extraordinary liabilities and charges		762		7,759,254.97
Gain on disposal of fixed assets		763	9,772.46	30,504.97
Other extraordinary income		764/9		5,534.67
Extraordinary charges		66	115,605.41	5,238,774.01
Extraordinary depreciation and amounts written off formation expenses, intangible and tangible fixed assets		660	100,514.86	100,514.24
Amounts written off financial fixed assets		661		
Provisions for extraordinary liabilities and charges Increases (decreases)	(+)/(-)	662		4,950,000.00
Loss on disposal of fixed assets		663	3,431.77	167,076.40
Other extraordinary charges		664/8	11,658.78	21,183.37
Extraordinary charges carried to assets as restructuring costs	(-)	669		
Profit (Loss) of the financial year before taxes	(+)/(-)	9903	-10,263,041.73	-660,459.85
Transfer from deferred taxes		780		
Transfer to deferred taxes		680		
Income taxes	(+)/(-)	67/77		
Taxes		670/3		
Adjustment of income taxes and write-back of tax provisions		77		
Profit (Loss) for the financial year	(+)/(-)	9904	-10,263,041.73	-660,459.85
Transfer from reserves			1,785,066.93	1,636,311.34
Transfer to reserves				
Profit (Loss) for the year available for appropriation	(+)/(-)	9905	-8,477,974.80	975,851.49

APPROPRIATION ACCOUNT		Codes	31/12/2013 in €	31/12/2014 in €
Profit (Loss) to be appropriated	(+)/(-)	9906	-60.893.614.07	-59.917.762.58
Profit (Loss) for the year available for appropriation	(+)/(-)	(9905)	-8.477.974.80	975.851.49
Profit (Loss) brought forward	(+)/(-)	14P	-52.415.639.27	-60.893.614.07
Transfers from capital and reserves		791/2		
from capital and share premium account		791		
from reserves		792		
Transfers to capital and reserves		691/2		
to capital and share premium account		691		
to the legal reserve		6920		
to other reserves		6921		
Profit (Loss) to be carried forward	(+)/(-)	(14)	-60.893.614.07	-59.917.762.58
Shareholders' contribution in respect of losses		794		
Profit to be distributed		694/6		
Dividends		694		
Directors' or managers' entitlements		695		
Other beneficiaries		696		

SUMMARY OF THE VALUATION RULES

ASSETS

Formation expenses

The formation expenses and initial costs of establishment are immediately booked during the financial year in which they were made.

The restructuring expenses are capitalized when it concerns certain expenses that are linked to a drastic change in the structure or the organization of the company and when these expenses have a permanent and favourable impact on the profitability of the company.

These expenses are liable to depreciation in annual instalments of 20%; nevertheless, the expenses of the non-recurring employer's contribution, registered under the assets of the retirement pension rights accumulated as per 31 December 2004 by non-active staff, are depreciated in annual instalments of 10% according to article 2, part 3 of the RD of 27 December 2004.

Intangible fixed assets

The royalties for patents and licences are booked in this section and are subject to a linear amortization percentage of 20% a year.

Studies, on the other hand, are immediately booked under 'Services and other goods' (applied from the year 2000 onwards).

Tangible assets

The tangible assets are booked under the assets of the balance sheet at their purchase value, including the extra costs that, for the major projects, comprise the non-recoverable taxes and transport charges, as well as the fees for architects and engineering firms (with regard to stability, special techniques, safety and control).

Amortization is calculated per month in a linear way, according to the percentages mentioned in the amortization table, while the month of coming into service corresponds to the first monthly amortization instalment.

The fixed assets are considered as operational either on the date of the report of the provisional delivery (on that date, they can be removed from the section 'Tangible assets under construction' under which they were registered and booked to their specific account), or on the date of the delivery of the goods.

Exceptionally, Belgocontrol can provide for amortization on the 'Tangible assets under construction' when the putting into service takes place before the provisional reception; in such a case, the actual date of putting into service is taken into account.

Financial fixed assets

Affiliated enterprises

The financial fixed assets are booked on the assets-side of the balance sheet at their purchase value.

At the end of each financial year, the valuation is revised in function of the condition, the profitability or the prospects of the company in which the participation is being held.

Amounts written off are booked for the financial fixed assets for which a durable capital loss is determined or for which the repayment, as a whole or partly, is insecure or in danger.

A write-back of the amounts written off is carried out to an amount of the said amounts written off if, later on, a durable capital gain is determined.

When the estimated value is higher than the value of the booked item, in principle, no changes are being made to the accounting value.

Amounts receivable after one year

The amounts receivable are booked at their nominal value or their purchase value.

A write-off is carried out when the realisation value on the closing date is lower than the accounting value - and for as far a durable capital loss is concerned - or when the refunding upon maturity, as a whole or partly, is insecure or in danger.

The valuation rules concerning currencies are applicable to this.

Stocks

The purchased goods represent a relatively insignificant amount compared to the total of the section 'Operating charges'. That is why they are allocated to the section 'Services and other goods' and consequently they are booked completely at the moment of the delivery.

Amounts receivable within one year

The amounts receivable are booked at their nominal value or their purchase value and are subject to the same valuation rules as the amounts receivable after one year.

Current investments

- > The investments on time-deposit accounts are booked at their purchase value;
- > The investments in transferable securities are rated at the market value, which measures in a useful way the yield of the investment for the covered period on the date of the report;
- > The instruments that have a fixed amount payable at maturity, and which are not marketable on the market, are valued as if they had a constant yield level until their due date.

Deferred charges and accrued income

This section comprises:

- > Costs to be carried forward, i.e. the pro

rata of costs that were made during the financial year or the previous financial year, but which have to be booked to one or more subsequent financial years;

- > Acquired profits, i.e. the pro rata of profits that are collected only in the course of a subsequent financial year, but which refer to the passed financial year.

LIABILITIES

Provisions for liabilities and charges

At the end of every financial year, the Board of Directors investigates with care, sincerity and in good faith, the provisions that have to be made in order to cover the provisions for liabilities and charges to be expected, i.e.:

- > Charges inherent to major repairs and maintenance;
- > Risks that resulted in the course of the financial year from clearly described future losses and charges;
- > Losses or charges of clearly described nature, incurred during the financial year, but of which the amount is not yet determined;
- > The obligations resulting from individual agreements concluded with members of staff, having a final character and that have materialised as agreements concluded within the framework of restructuring measures.
- > The risk for losses because Belgocontrol is committed to a performance plan that sets the tariffs for 'en-route' activity for a certain reference period for the cost-efficiency part. Based on yearly updates of the traffic

evolution prospects we calculate the losses we will suffer caused by the traffic risk for the remaining years of the reference period.

The provisions built up during the previous financial years are to be reviewed and written-back if they are no longer wholly or partially necessary.

Amounts payable after one year and payable within one year

These amounts are recorded at their nominal par value.

The salaries and social security expenses are valued according to the current social and fiscal legislation and in line with the agreements concluded with the employees' unions.

The valuation rules concerning currencies are applicable to this.

Accrued charges and deferred income

The section contains:

- > The imputable costs, i.e. the pro rata of charges that will only be paid in a future financial year, but which refer to the previous financial year;
- > The deferred income, i.e. the pro rata of income that has been collected in the course of the financial year or a previous year, though which refer wholly or partly to a future financial year.

VARIABLES

General principles applicable to the valuation of the assets and liabilities that are expressed in currency

The transactions in foreign currency are converted into euro at the rate of exchange the day of the transaction.

At the end of the financial year, the assets (intangible, tangible or financial) as well as the other assets and liabilities expressed for the part of the balance of those accounts or originally in currencies, are converted to the rate of exchange applicable at the moment of their entry.

'En-route' charges

The users of our airspace are billed for the 'en-route' charges via EUROCONTROL.

They cover the charges of our 'en-route' control, the charges of the 'en-route' control executed in our upper airspace by the Maastricht Upper Air Centre (MUAC), as well as the operating charges of the EUROCONTROL Agency. These two last elements are pre-financed by us.

Every year, in the month of October of the year n-1, the calculation of the 'unit rate' for the next year is finalised by EUROCONTROL.

The 'unit rate' is calculated by the following division:

$$\frac{\text{Forecast for the year n of (the national cost base + the charges of EUROCONTROL) + / - correction mechanism (see below)}}{\text{Forecast of the number of service units for the year n}}$$

The amounts EUROCONTROL bills to the users of the airspace in the year n result from the multiplication of the calculated 'unit rate' with a number of real 'service units' that take into account the weight of the aircraft and the distance flown in the Belgian airspace.

At the end of the year n, the real cost bases and the number of service units are known. The inconsistencies with the forecasted elements result in a correction mechanism that is taken into account 2 years later (n + 2). An under-recovery in the year n is added to the forecasted cost bases of the year n + 2 while an over-recovery in the year n is subtracted from the forecasted cost bases of the year n + 2. As a consequence, this correction mechanism has an impact on the unit rate of the year n + 2.

The Board of Directors approved new allocation rules for the indirect charges, upon the approval of the rates for the landing and take-off charges, applicable from 1 April 2001 on.

Note: ASSETS: Formation expenses

Justification for registering the restructuring costs under the assets.

> Pension obligations of Belgocontrol
It is referred to article 2, §3, subsection 2 of the RD restructuring the legal pension obligations of Belgocontrol of 27 December 2004.

Note: LIABILITIES

Reserves: Reserve for levelling off the costs

In application of article 85, paragraph 2 of the RD of 30 January 2001 we have adapted the section 'Untaxed reserves' to 'Reserves'. This reserve was created in application of article 29, RD Company Code and in analogy with booking an investment reserve in trading companies, originally for an amount of €38,144,789.57, namely the amount of the surplus realised on the sale of the CCN building. After the two 'exceptional' utilizations of €10,000,000.00 each, the first in December 2008, the last on July 1, 2009 for the compensation of the payment of a mandatory contribution to the Belgian State, the balance of the reserve at that time (July 2009), i.e. €9,669,112.54, will be used via a 'Transfer from reserves', spread over the period between July 2009 and November 2014.

Note: C 5.10. Operating results - Pensions

In application of article 85, paragraph 2 of the RD of 30 January 2001, we have adapted the section Staff Costs – Pensions in note C. 5.10 to the specific features of our company. This section contains the contribution of 35% paid to the State, in function of the current value of the acquired and future retirement pension rights of the active staff members.

Additional mentions to NOTE C. 5.10 and to the SOCIAL ACCOUNTING: C.6 'Employees registered in the staff register'

Since the statutory employees are not subjected to an employment contract and therefore, the Law on the employment contracts is not applicable on statutory employees, the latter do strictly speaking not have to be recorded in a staff register and social accounting. However, Belgocontrol does not use this possibility and provides a social accounting which includes data on all civil servants and contract employees.

GLOSSARY

ACC	Area Control Centre	CANSO	Civil Air Navigation Services Organisation	FMTF	Flight Message Transfer Protocol	OSU	Operational Safety Unit
AFTN	Aeronautical Fixed Telecommunication Network	CBA	Cost Benefit Analysis	FOCS	Flow Optimisation Concept Scenario		
AIM	Aeronautical Information Management	CBA Land	Cross-Border Area Land	FPS	Federal Public Service	PCP	Pilot Common Project
AIP	Aeronautical Information Publication	CCO	Continuous Climb Operation	FRA	Free Route Airspace	PMO	Program Management Office
AIRE	Atlantic Interoperability Initiative to Reduce Emissions	CDM	Collaborative Decision Making	FRV	Free Route Volume		
AIS	Aeronautical Information Service	CDO	Continuous Descent Operation	FUA	Flexible Use of Airspace		
AMAN	Arrival MANager	CFMU	Central Flow Management Unit			RAD	Route Availability Document
AMC	Airspace Management Cell	CIDIN	Common ICAO Data Interchange Network	GCD	Great Circle Distance	RAT	Risk Analysis Tool
AMHS	Aeronautical Message Handling System	CNS	Communication, Navigation, Surveillance			RD	Royal Decree
AMS	Airport Movement System	COOPANS	Cooperation of Air Navigation Service Providers	HRDF	High Resolution Direction Finder	RWY	Runway
ANA LUX	Administration de la Navigation Aérienne Luxembourg	CRSTMP	ATC Capacity, ATC Routing, ATC Staffing, ATC Equipment, Airspace Management, Special Events Centralised Service				
ANSP	Air Navigation Service Provider	CS	Centralised Service	ICAO	International Civil Aviation Organization	SAT	Site Acceptance Test
AoR	Area of Responsibility			ICB	Industry Consultation Body	SC	Standing Committee
APP	Approach Control	DCT	Direct routes	IFR	Instrument Flight Rules	SDA	SESAR Deployment Alliance
A-SMGCS	Advanced Surface Movement Guidance and Control System	DFS	Deutsche Flugsicherung	ILS	Instrument Landing System	SDAD	SESAR Deployment Airport Group
ASB	ANSP Strategic Board	DGCA	Directorate-General Civil Aviation	INEA	Innovation & Networks Executive Agency	SES	Single European Sky
ATC	Air Traffic Control	DGE	Directorate-General Equipment	IRM	Institut Royal Météorologique	SES I	Single European Sky – Package I
ATCO	Air Traffic Control Officer	DGO	Directorate-General Operations	ISAAC	Innovative System for Automated Aeronautical Communications	SES II	Single European Sky – Package II
ATFCM/	Air Traffic Flow and Capacity Management / Airspace Management	DSNA	Direction des Services de la Navigation Aérienne			SESAR	Single European Sky ATM Research
ASM	Air Traffic Flow Management	DUC	Determined Unit Cost	KPI	Key Performance Indicator	SESAR JU	Single European Sky ATM Research Joint Undertaking
ATFM	Air Traffic Management	DUR	Determined Unit Rate			SMS	Safety Management System
ATM	Air Traffic Management			LAMP	London Airspace Management Programme	SMU	Safety Management Unit
ATS	Air Traffic Services	EAIMS	European ATM Information Management Service	LARA	Local And sub-Regional Airspace management support system	SOWAER	Société Wallonne des Aéroports
ATSEP	Air Traffic Safety Electronics Personnel	EASA	European Aviation Safety Agency	LoA	Letter of Agreement	SPACC	Special Activities Coordination Cell
AVIMET	The EUMETNET (European National Meteorological Services) Working Group for Aviation Support	EBBR	Brussels National Airport	LVNL	Luchtverkeersleiding Nederland	SRO	Safety Related Occurrence
		EBOS	Ostend Airport				
BCAA	Belgian Civil Aviation Authority	EBLG	Liege Airport	Mode S	Mode Select	TCAS	Traffic alert and Collision Avoidance System
BSA-ANS	Belgian Supervisory Authority – Air Navigation Services	EBCI	Charleroi Airport Brussels South	MTOW	Maximum Take-Off Weight	TEN -T	Trans-European Transport Network
B3	Consortium with 3 partners: Belgocontrol, Brussels Airlines and Brussels Airport Company	EBAW	Antwerp Airport	MUAC	Maastricht Upper Area Control Centre	TWR	Tower
		EIP	Early Implementation Packages				
CACD	Central Airspace Configuration Database	FAB	Functional Airspace Block	NATS	National Air Traffic Services (UK)		
CANAC 2	Computer Assisted National Air Traffic Control Centre 2	FABEC	Functional Airspace Block Europe Central			VFR	Visual Flight Rules
		FIR	Flight Information Region	OECD	Organization for Economic Co-operation and Development	VTS	Vehicle Tracking System
						XMAN	eXtended AMAN operation
						WMO	World Meteorological Organization

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