



ANNUAL REPORT 2010



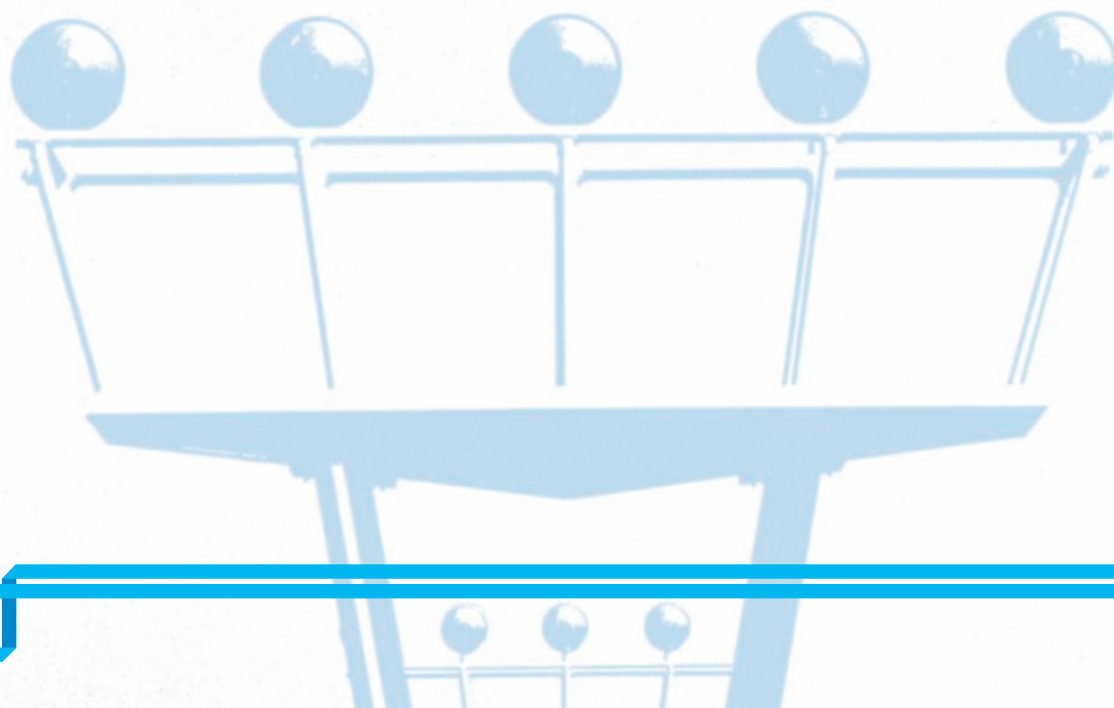
AIR NAVIGATION SERVICES OF SWEDEN

The state enterprise LFV is responsible for air navigation services in Sweden. LFV is active at 38 locations all over the country. LFV had sales of about SEK 3.4 billion during 2010 and reports a result of SEK -12 million. During the fourth quarter the number of full-time employees was 1,179.

LFV's mission is to provide safe, efficient and environmentally-adapted air navigation services for civil and military aviation. LFV shall also work to achieve political transportation goals.



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Important events

The division

On 1 April 2010 LFV was divided. The public airports became a corporation, Swedavia AB. LFV will continue as a state enterprise, but now wholly focused on air navigation services. The preparatory process was brief and very intensive. The division involved certain one-time expenses but will have long-term positive effects.

Volcanic ash crisis interrupted traffic increase

During the first quarter air traffic increased, but the upswing was interrupted abruptly by the volcanic ash crisis in the month of April after volcanic eruptions in Iceland. The airline industry quickly realized the seriousness of the situation and took necessary measures to handle it. LFV contributed actively to organize efficient crisis communications. One hundred thousand flights were cancelled all over the world due to the cloud of ash from Iceland. Ten million airline passengers were affected and as many as 375 airports were closed. LFV lost a total of about SEK 30 million due to the volcanic eruption.

By May the number of operations in Swedish airspace began going up again and this trend then held for the remainder of the year. For the entire year the increase in the number of operations in Swedish airspace was 1.7%. Total traffic volume for 2010 rose to just under 655,000 operations. This can be compared with the record year 2008, with just over 726,000 movements.

Prize for remote air navigation

At the ATC Global air navigation exhibition in Amsterdam LFV, together with Saab, received a distinction for their joint work in developing technology and methodology that makes remote-controlled air navigation at smaller airports possible. At the end of the year LFV and Saab Security System signed a contract on development of

remote-controlled air navigation services from Sundsvall.

Efficiency program

The financial crisis combined with the volcanic ash crisis, reduction in traffic, increased pension obligations and cost increases have meant growing financial problems for LFV. For that reason an efficiency program has been initiated to bring finances back in balance. Efficiency measures for about SEK 100 million have been taken during 2010.

LFV has cancelled a number of local collective bargaining agreements. Negotiations with the labour unions have gone on during the entire autumn in order to produce a new local contract, which is better adapted to LFV's operations after the division and reduces costs. No agreement on a new contract had been achieved by the end of the year.

Competitive bidding for local air navigation service

In February the government presented proposals for a new aviation act. The new act, which was approved by Parliament in the spring and went into effect on 1 September, allows competitive bidding for local air navigation service. LFV has signed contracts on continued operations for the next one to four years at all airports except three, where LFV has previously provided air navigation services. During the autumn LFV lost the procurement of local air navigation services at three airports, in Växjö, Örebro and Västerås, to a competitor.

New training program for future air traffic controllers

A new training program for future air traffic controllers was started in the autumn of 2010 at Campus Norrköping in collaboration with LFV. The program is called Air Traffic and Logistics and combines academic theory with the practice of air navigation. This represents diversification and

opens new career paths in the industry and the service sector. Interest in the first round of courses was very significant.

More direct flight paths

In May a major step was taken to increase efficiency and improve the environment when direct flight paths were initiated in all of Swedish airspace at flying altitudes over 8,500 metres. The change affects about 500 flights every 24 hours and according to LFV's estimates will reduce emissions of carbon dioxide in Swedish airspace by about 30 tonnes every 24 hours.

Unique collaboration

In the autumn LFV, Swedavia and SAS signed an agreement for a unique collaboration to create time-controlled airport operations. The collaboration is called POINT Arlanda. The agreement entails a close, integrated and long-term collaboration to meet the challenges in the aviation industry, dealing with increased focus on the environment, financial pressures, size and capacity problems and increased demands for harmonization.

Milestone for NUAC

Several important steps have been taken toward giving real substance to the functional airspace block (FAB) that the governments of Denmark and Sweden decided to form. An important aspect is the corporation NUAC HB, which is jointly owned by LFV and Naviair, and which starting in mid-2012 will run the three control centres Stockholm, Malmö and Copenhagen. The executive management of the corporation is in place and an agreement specifying how the cooperation with LFV and Naviair will be done was signed at the end of 2010. After six years of preparation the collaboration had now reached a concrete milestone, which meant that at the start of 2011 NUAC HB took over responsibility for operational support needed at the three control centres. Affected personnel remain, however, in LFV and Naviair.

The Director General on aviation, LfV and the future

For LfV 2010 was an unusually turbulent year. The winds of change will continue to blow during the years ahead. Allow me to paint a picture of LfV in 2013.

What the future will look like in 2013

Remote-controlled towers will then be a reality. Our air traffic controllers at Sundsvall Härnösand Airport are also supplying air control at Örnköldsvik and Skellefteå airports. Being at the leading edge of technical development is a way for us to manage the position as one of the best suppliers of air navigation services in the world.

The en route operation in Swedish-Danish airspace is run by NUAC HB. LfV and Naviair already transferred operational support to the jointly owned company at the start of 2011. In 2012 NUAC also took over operational air traffic control

with the three control centres Copenhagen, Malmö and Stockholm. Now we are moving ahead and hope to be able to expand the collaboration.

During 2011-2012 the process of giving Single European Sky specific substance was very intensive. Now the work is in a phase when the results will be implemented. LfV is a driving force in several important subprojects. These are intended to provide the best possible flight safety, provide sufficient capacity through harmonized development, minimize environmental impact and not least, reduce costs.

Not an easy new start

But let us set this picture of the future aside and focus on 2010 — the year of change. On 1 April we were in the starting blocks as the airport operation was removed from the enterprise. After several years of waiting for decisions about

structural changes, there were great expectations. The new LfV's primary mission is "to provide safe, efficient and environmentally-adapted air navigation services for civil and military aviation." This mission became clearer with a core operation to focus on.

But it was a difficult start. After only a few weeks, the volcanic ash from Iceland spread across Europe bringing with it many cancelled flights. The result was major financial losses for us and the entire aviation industry in Europe. For LfV this added to the major deficit that arose in the en route operation in the aftermath of the financial crisis. The reduction in traffic during 2009, minus 11%, and increased costs hit us hard.

Efficiency program

During the summer the en route deficit increased further when the National Government Employees Pensions Board (SPV) changed the calculation basis for pension debt. It became clear that the division had increased our financial vulnerability. The efficiency program we initiated during 2009 was expanded, and at the end of 2010 savings of over SEK 100 million were implemented. For 2011 savings of at least an additional SEK 100 million are planned. LfV has cancelled the local collective bargaining agreements and, in cooperation with the labour unions, hopes to be able to find contract solutions adapted to LfV's situation after the division which will increase efficiency and reduce administration.

In order to achieve economic balance, fees must also be raised. The en route fees were raised by 7% at the end of the year. This increase, like the 7% increase that was implemented on 1 January 2010, is encountering criticism in a financially-burdened aviation industry. But the



combination of forceful efficiencies and increased fees is the only way to work off our financial deficit in a few years.

LFV encounters new competition

The new aviation law went into effect on 1 September 2010. This meant that LFV's monopoly on local air traffic control was taken away. The competition quickly became felt when airports in Västerås, Växjö and Örebro selected a new supplier as of 1 March 2011. We have since won other procurements and several other airports have extended their contracts with us. One reason is that LFV can offer more than safe, well-functioning air traffic control. We can also collaborate in environmental tests and offer other auxiliary services that facilitate operation of the airport.

Competitive bidding for tower services is spreading in Europe. Most recently Spain has opened up to new players. This creates new opportunities for LFV to offer air navigation services outside Sweden as well. LFV is certifiably capable of running safe, environmentally sound and cost-effective air navigation services. Expanding the market may provide large-scale advantages, create stimulus for development and give our personnel the opportunity to get out in the world without needing to change employer.

Increased air traffic while maintaining flight safety

The first four months of the year were characterized by continued reduction in the number of flights. But the strong economic upswing meant that the picture quickly changed. We can now look back on eight months of traffic growth. For the full year the upswing is 1.7% for a total of 655,000 operations. During the next few years we believe in continued growth in traffic.

About 60,000 flights are controlled every month by LFV personnel in Swedish airspace. During 2010 this was done without any accidents in regular air traffic. In order to maintain a high level of aviation safety we do active self-checking where a high reporting level is a foundation. This gives us and others, e.g. airports and airlines, the opportunity to take corrective measures before accidents occur.

Bright future for aviation

The volcanic ash crisis demonstrated the dependence of modern society on aviation. The airports now report an increased number of passengers and the airlines are also sensing better times. In pace with the economic recovery, air travel is increasing. The rapid growth of GNP in Sweden means that the business community's need for rapid transport is increasing.

We are in a period of growth in traffic and can note that the number of air navigation-related delays in Europe is increasing. This means continued major challenges for LFV. Besides fewer delays, the EU's ambition is to lower the costs for air traffic control, reduce the environmental impact of aviation, increase cooperation across boundaries and harmonize the air navigation system. LFV is striving to do its part so that aviation will continue to develop positively.

The year of change

Never has so much happened in the history of LFV than during a year like 2010. To learn from history we commissioned the book *In Position — 75 år med svensk flygtrafikföretag* [In Position — 75 Years of Swedish Air Navigation Services]. Our history is somewhat shorter than aviation in Sweden, which turned 100 in 2010, but our fates and future are intimately con-

ected. LFV has cooperated in a number of anniversary activities which have attracted more than 100,000 people. This shows, like the annual survey of Swedish attitudes toward aviation, the positive outlook on aviation that exists in Sweden. For those of us who live on the periphery of Europe, aviation is necessary both to conduct business and for travels to new countries and experiences.

For us at LFV this has been a turbulent year. We can look back with pride, however, at a year where the division was successfully carried out. Despite an unfavourable starting position we have worked hard and purposefully to form a new LFV in the service of aviation. Many thanks go to all the employees who have worked to strengthen LFV and improve the development possibilities of aviation.



A stylized, handwritten signature in blue ink that reads "Thomas Allard".

THOMAS ALLARD, DIRECTOR GENERAL

Organization and employees

On 1 April the airport operation was separated from LFV and the operation is now wholly focused on air navigation services. A great deal of work has been devoted to dealing with the consequences of this change, the difficult economic situation and negotiating new local collective bargaining agreements. During the year a collaboration was established with Linköping University to create an academic flight controller training program. The start of the new company NUAC HB has demanded a great deal of work in collaboration with the Danish company Naviair.

The Swedish Parliament decided in December 2009 to divide LFV and incorporate the airport operation as of 1 April 2010. Nils Gunnar Billinger, who was special investigator for the state enterprise, became chairman of the board of the new LFV. The board was also renewed in general and the previous head of the Air Navigation Service, Thomas Allard, was appointed as the new director general. The previous general director Lars Rekke retired as of 31 March.

New organization

LFV is now a considerably smaller organization, but still has operations at 38 locations all over Sweden. A new organization went into effect on 1 April 2010. The operation was organized in four business areas: Production En Route, Production Terminal, Products and Services, and Business Support, Director General and Group Functions (see organization chart). Group management, Group functions and the management functions of the business areas are located in Norrköping. During the

fourth quarter LFV had 1,361 employees and 1,179 full-time employees.

Production En Route primarily runs the operation at the control centres at Malmö Airport and Stockholm-Arlanda, which also includes flight briefing. Production Terminal operates local air navigation services at 38 locations around Sweden. The business area Products and Services has a broad range and is located in several cities.

The Business Support segment has 85 employees and runs the operation in Norrköping. They are responsible for administration of salary and personnel, archives, document handling, procurement and Facility Management. One project is being run together with the Swedish Maritime Administration, which will investigate the conditions for creating a common service organization with administrative support functions. This will lower administrative costs and will also be competitive with respect to private suppliers of similar services. Work is also on-going to investigate the conditions for resource cooperation with other state enterprises in the region.

The state enterprise group

The LFV group consists of the state enterprise and the wholly-owned holding company LFV Holding AB, which runs the operation through wholly and partially owned subsidiaries and partnerships. The oldest is wholly-owned LFV Aviation Consulting, which in connection with the division changed name from Swedavia. The company has been working since 1982 with international consulting services in civil aviation and has broad experience with projects both in air navigation service and airport operations in many parts of the world. In December the Swedish Parliament decided that ownership shall be moved to the Government Offices and

the operation coordinated with Swerod. Entry Point North (EPN) started its operations in 2006 and is owned one-third by LFV, Naviair (Denmark) and Avinor (Norway). The school trains air navigation personnel and is located at Malmö Airport. The air traffic controller training program has been in operation since 1974.

NUAC HB is owned jointly by LFV and Naviair. The company will run the three control centres in Copenhagen, Malmö and Stockholm to guide air traffic in the Danish-Swedish airspace. The management of the company has been appointed and works from offices in Stockholm. Otherwise staffing will primarily occur through borrowing of personnel from the parent companies. The group functions are divided into Finance, Human Resources, Communication and Marketing, Performance, Business Development, Technology and Legal. Together with the Group Accounting and Quality, Safety and Environment units, these functions have about 50 employees.

Good access to air traffic controllers

Employees with air traffic controller expertise comprise about 60% of the total number. Intensive training measures by new air traffic controllers in recent years have resulted in a balance between access and demand. Active work in creating balance in all workplaces is on-going. Presently LFV has 62 air traffic control students who are in various stages of their training.

Central salary agreements were made during the autumn with all labour unions for the period 1 October 2010 to 30 September 2012. The personnel work in LFV has been marked during the year by adaptation to the changes entailed by the division. In early summer LFV cancelled a number of local collective bargaining agreements in order to bring the con-

tracts into line with LFV's present operation and needs after the division. Despite intensive negotiations, no new contract could be signed before the end of the year, and the work will continue during 2011.

In collaboration with Linköping University LFV has developed an academic air traffic controller training program, the bachelor's degree program Air Navigation and Logistics. During the autumn of 2010 60 students began their training at Campus Norrköping. About 30 of these students have student approval for air traffic controller training and thereby have the opportunity to apply to be "profile air traffic controllers" before the fourth semester (spring 2012).

Expertise provision

LFV is working to strengthen its attractiveness, ensure the supply of expertise and develop a more effective organization. The managers have responsibility for pro-

vision of expertise, surveying the need for expertise and resources in order to run and develop the operation in an optimal manner. With a starting point from development interviews and goal contracts, employees shall develop the right expertise and have prerequisites for meeting the challenges of the future.

LFV has developed a manager profile that describes the management role's responsibility and focus. In order to develop manager and supervisor responsibility work on a new manager program has begun. During the year manager trainings in communication have been conducted.

Equality and diversity

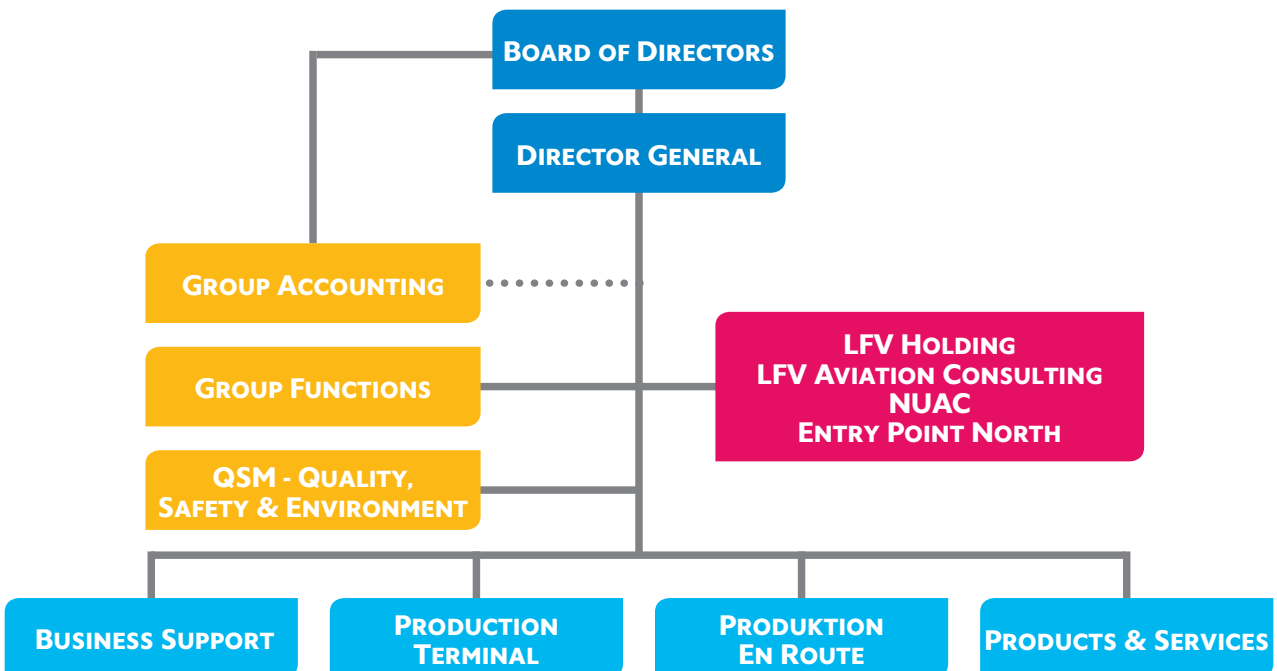
During the year LFV has been part of the "The state manages equally" project. Two change managers and two future managers plus the Director of Human Resources have taken the program. An action program has been developed which will be implemented in 2011 for the purpose

of increasing knowledge from a gender perspective and make it possible for more women to be recruited to leadership positions.

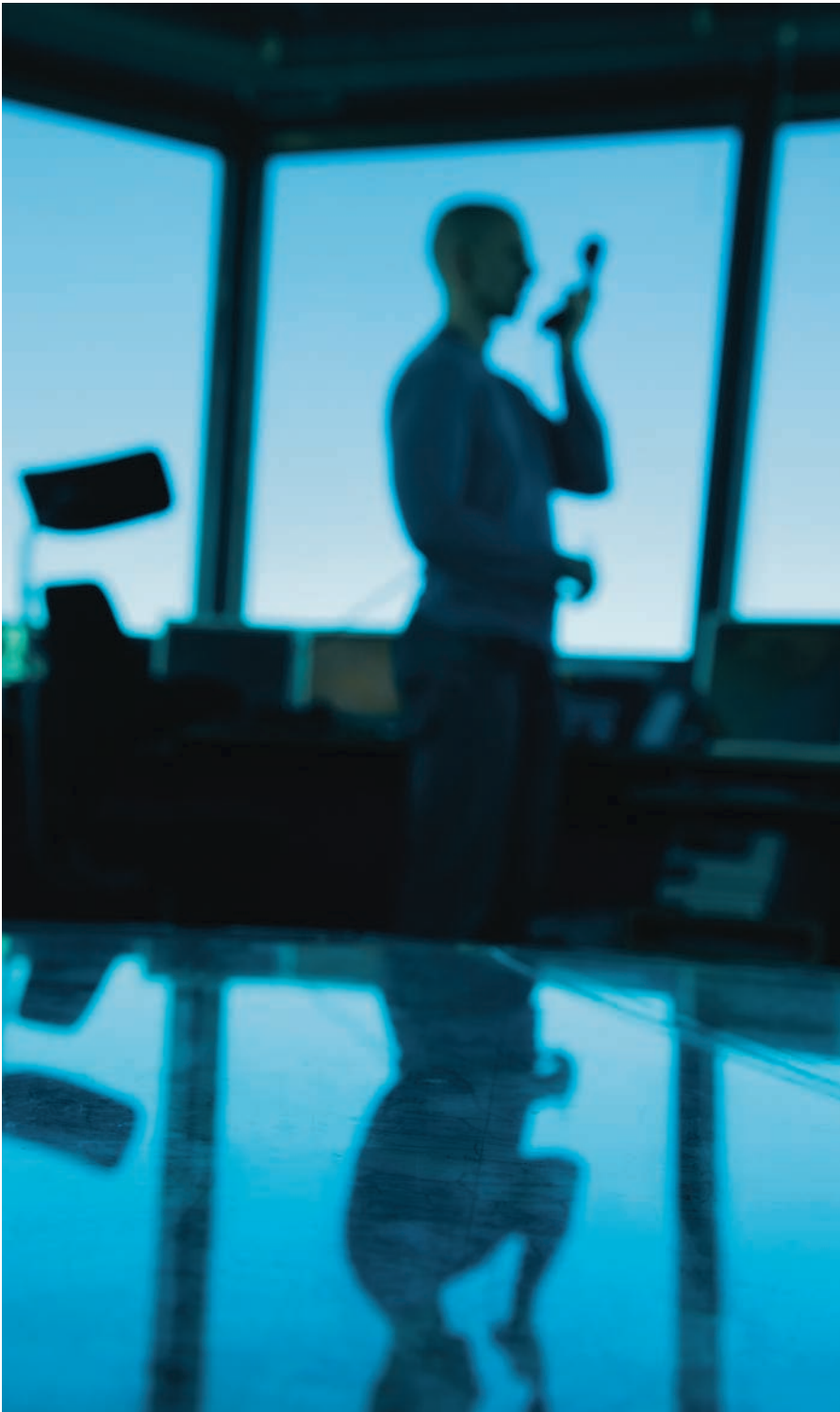
Low absence due to illness

LFV works for a good work environment. A proactive approach and previous measures result in low absence due to illness and few rehabilitation cases. Sickness absence amounted to 2.64% during 2010, compared with 3.4% during the full year 2009.

The basic training in work environment for managers and safety representatives goes on continually. The expertise of the managers responsible for personnel in the area of work environment is ensured through certification. Within LFV 98% of managers have certification. Cooperation with safety representatives occurs both centrally and locally, and risk assessments are made with all types of changes.



More operations during 2010

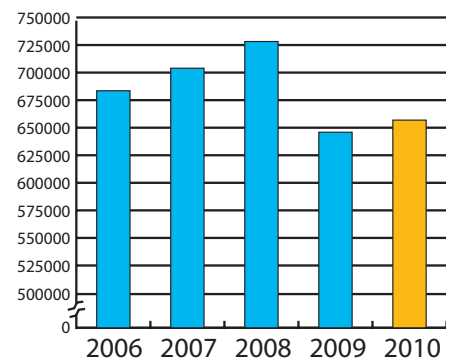


The international business climate improved during 2010 more rapidly than most analysts had expected. The simultaneous upswing in Asia, Latin America and parts of Europe has benefited export-dependent countries such as Germany and Sweden. The Swedish economy has experienced very positive growth. The upswing we see now is broad and encompasses major parts of the business community and society, with GNP growth during 2010 of over 5%. This has positively affected the aviation market.

During 2010 the number of airspace movements increased by 1.7% to 654,885 and the number of passengers by 6% to almost 27 million in Sweden. This is an unexpectedly large increase in volume considering the challenges that the aviation industry has had during the year, with the volcanic ash crisis and effects of a deep recession.

Growth during the first six months was characterized by major fluctuations. A

Operations in Swedish airspace in the years 2006-2010



The number of civil operations in scheduled service and charters in Swedish airspace during the past five years.

week increase in traffic that began the year was unexpectedly interrupted during the month of April by the Icelandic volcanic emergency. The number of flight movements in scheduled service and charters (FR traffic) in Swedish airspace was reduced by 18% in April compared with the same month the previous year. The effect of the ash cloud crisis was limited however and flight traffic volumes began to grow strongly starting in May.

The positive development of aviation traffic then continued during the rest of the year. It is international traffic that increased the most, during the last six months of the year as well.

High cabin factors

The cabin factors in international traffic are also still high and all major airlines in Swedish international traffic have had large increases in traffic volume. This improves the financial results for many airlines. The large European companies that

operate international traffic report good growth for travel in business class with revenue and volume increases of over 20% during the last six months of 2010. Several companies are increasing their capacity within this segment, as is SAS.

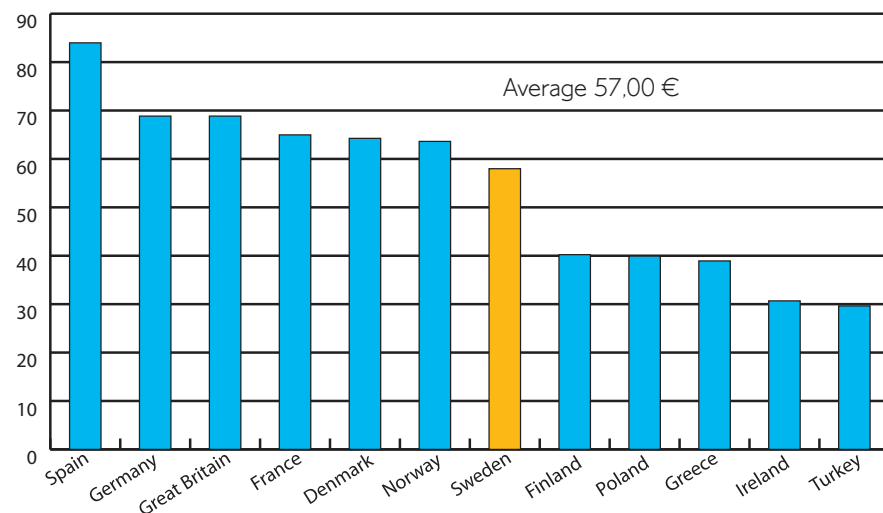
Domestic traffic had positive growth during the fall. Typical business destinations such as Gothenburg and Sundsvall with strong competition from ground-based modes of transportation are showing significance increases in traffic. This indicates increased business travel and the airlines are starting new domestic routes for the first time in over two years.

Traffic development in numbers

During 2010 traffic, measured in number of movements, has increased by 1.7% compared with the previous year. International traffic has increased by a full 3.8% and overflights by 1.8%, while domestic traffic was reduced by 1.7%.

Unit rates 2010

Euro/service unit



The unit rates in some European countries in 2010. The Swedish unit rate was EUR 57.98, of which 48.77 concerns LfV. The average unit rate in Eurocontrol's member countries was EUR 57. The cost of a flight is based on the unit rate, distance flown in affected country's airspace and weight of the aircraft.



Traffic measured in number of service units has increased more slowly than the number of movements, which indicates that airplanes are gradually being reduced in size or are flying shorter distances in Swedish airspace. The number of service units for 2010 amounted to 2,939,321, which is 1.5% above the 2009 level. This means that the outlook for reaching an "all-time high" number of service units is within reach during the next few years.

Aviation traffic continues to increase

For the next two years the assessment is that the Swedish economy will grow about 3% per year. This positive view also applies to employment and household finances. As the aviation market is primarily governed by private travel, there are good conditions for continued growth during the coming years.

Economic growth has also been strong in large parts of the world, especially in parts of Asia, which has a strong effect on the flyover traffic in Swedish airspace. Overflights are also increasing thanks to favourable growth in Russia. Uncertain business-cycle signals from the U.S. and weak public finances in several EU countries entail a risk for weaker global growth. The budget cuts now being implemented in several Euro-zone countries will first have an effect during 2011. LfV's prognosis for the coming years is an increase in the number of movements of about 2% per year.

LFV's operations

LFV is a state enterprise with approximately 1,350 employees providing air navigation services for civil and military customers at 38 locations in Sweden. Sales are about SEK 3.4 billion and the main office is in Norrköping.

LFV is a leading player in air navigation services and works with solutions for even safer, more cost-effective air traffic, which have received attention around the world. LFV is at the forefront in minimizing the environmental impact of aviation.

Together with airlines and airports, LFV will continue to ensure that aviation plays an important role in society, for the business community's need for rapid transports and people's desire for new experiences. LFV is a climate-neutral state enterprise and an exciting place to work.

Every year more than 600,000 flights are made in Swedish airspace. The aviation industry's high safety awareness and the systematic work that is constantly being done to rule out all conceivable risks, has

created a safety culture that is reflected in the day-to-day work.

The safety culture, in combination with a strict international regulatory framework, has made flight the safest of all means of transportation. Aviation is the hub in the global contact network, both today and in the future. Aviation allows people to meet and cultures to interact. LFV's work is an important part of the global transportation sector.

Flight safety

Ensuring flight safety is a guiding principle for the entire LFV operation. The Swedish Transport Agency has general responsibility for aviation safety in Sweden.

LFV works very actively to continually identify flight safety risks, both in the on-going operation and in the event of changes to existing systems. As support in this process there has long been a well-established system for flight safety management, Safety Management System (SMS), which guides the work and

describes the processes on which the flight safety process is based.

During 2010 LFV followed up 3,500 reported incidents, analysed every incident and also looked at overall trends in the field of flight safety. This led to a number of activities in order to ensure continuous development of LFV's role of being a guarantor of safe air traffic in Swedish airspace.

The flight safety process affects the reported incidents where LFV in some sense has had an influence on the course of events, but also situations to which pilots, airport personnel and other external players have contributed. The reports are analysed and documentation is submitted to the Swedish Transport Agency.

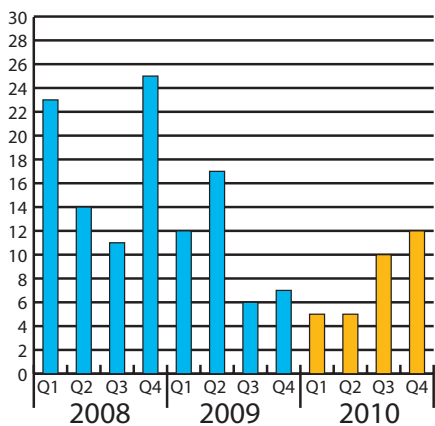
LFV follows up all incidents that affect aviation safety. In some cases a deeper investigation is conducted of the reasons behind the incident. Nineteen internal "incident investigations" were started during 2010.



Incidents that have occurred are classified according to an international system. This may entail a certain time delay in the follow-up of the flight safety goal, as investigations and classifications take a long time. LfV assesses that the internal flight safety goal, which is based on the number of incidents where LfV's contribution to the incident has any of the two highest classifications of seriousness (out of five), will probably not be fulfilled during the past year. The preliminary classification shows that during 2010 nine such incidents occurred, while the goal was a maximum of eight.

The number of reported incidents in which aircraft have come too close to each other (separation violation) is still at a relatively low level. The long-term trend is going down, even though a slight increase could be noted at the end of 2010. LfV works intentionally to minimize in every way the risk that LfV will contribute to accidents in which people die or are seriously injured. This work has the highest priority in the operation, all in accordance with the requirements found in the EC regulations and elsewhere on a common European airspace. The willingness of personnel to make reports tangi-

Separation violations 2008-2010



bly contributes to a good basis for work on flight safety.

In December an aircraft accident occurred with loss of life. LfV and the Swedish Accident Investigation Board are both investigating whether LfV may have had an influence on the outcome of the incident. LfV's technical systems have worked well during the past year, and not caused any aviation safety incidents.

In general the development of the aviation safety management system, primarily with regard to harmonization within the Danish-Swedish airspace, and implementation of new EC regulations continues.

Environmental impact of aviation will be reduced

LfV takes its share of responsibility, as part of the aviation industry, for reducing the environmental impact of aviation. Environmental awareness permeates the workday of every employee. Through persistent work LfV's own emissions of carbon dioxide are being gradually reduced. Climate compensation is made for those emissions that cannot be eliminated. LfV is climate-neutral.

The previous environmental goals that applied to LfV before the division in 2010 have been re-worked during the year and given the following wording:

- 8 out of 10 flights shall be offered green approaches at airports, where LfV has operations, no later than 2012.
- 8 of 10 flights shall be offered direct flight paths no later than 2012.

LfV cooperates in the aviation industry's efforts to reduce fuel consumption, shorten flight paths and reduce emissions. Green approaches, direct flight paths, green departures, efficient engines, changed aerodynamics and renewal fuels are important steps toward climate-neutral aviation. LfV participates actively in international collaborations to reduce the environmental impact of aviation.

Green approaches are now established as a concept and working method. Follow-up of the percentage of green approaches is happening at more and more airports. At smaller airports green approaches are now more the rule than the exception. Every green approach reduces the emission of carbon dioxide by about 150 kg compared with a traditional landing. Since the beginning of 2006 over 50,000 such approaches have been made to Stockholm-Arlanda.

Green and direct flight paths have been introduced through the FRAS (Free Route Airspace Sweden) concept, and mean that all overflights above 8,500 meters in Swedish airspace has the opportunity to plan its flight route from an

entry point directly to an exit point. More and more users are now choosing this possibility and thereby flying a shorter path. The concept will be expanded to apply to flights to/from Swedish airports as well as airports in the immediate vicinity. In the future flights over Denmark and flights to/from Danish airports will also be able to plan routes and fly according to this concept.

LFV is running several projects with the goal of reducing the environmental impact of aviation. The ERAT (Environmentally Responsible Air Transport) project is working to develop flow handling of incoming traffic to Stockholm-Arlanda. In this way airlines and pilots have better opportunities to plan an optimal descent phase, as times and limits are communicated before it begins.

Within the framework for AIRE II (Atlantic Interoperability Initiative to Reduce Emissions), LFV is leading two projects. AIRE VINGA (Validation and Implementation of Next Generation Airspace) is being run in partnership with Gothenburg Landvetter, Novair, Airbus and Quovadis. The purpose is to demonstrate and evaluate the implementation of environmentally optimized operations from en route to en route. The project also includes use of curved approaches in order to reduce the flight path for landing.

The second project, Green Connections, is being run in partnership with Swedavia, GE Aviation, Rockwell Collins and SAS. Its purpose is in part to demonstrate and evaluate implementation of “city pair” flights between Gothenburg Landvetter and Stockholm-Arlanda. Another purpose is to produce a new approach procedure to runway 26 at Stockholm-Arlanda.

Good efficiency — small delays

Operational efficiency continued to be good during 2010. The increase in traffic, which picked up speed in May, has not entailed any major delays at an overall level. During the first three quarters median delays were under three seconds per flight. On the other hand delays increased somewhat during the fourth quarter. The increase in traffic combined with a certain personnel shortage, above all at the control centre in Stockholm, meant that restrictions had to be introduced during limited periods. The median delay during the last quarter increased to about 20 seconds per flight, which is well below average in Europe, which in 2009 was about 90 seconds.

In the terminal operation no efficiency problems arose during 2010. The long-term, drastic reduction in traffic from autumn 2008 to the spring of 2010 meant that there is a long way to go to the top



levels of 2008. In terms of capacity therefore the system is judged not to face any major problems in the next few years.

In the long term aviation is faced with a positive development and it is therefore important that the technical and operational system be developed in pace with increasing air traffic. For that reason LFV's participation in COOPANS and SESAR is important.

Production En Route

Production En Route controls air traffic in the upper airspace from two control centres, located at the Malmö-Sturup and Stockholm-Arlanda airports. This business area also runs the Flight Planning Centre (FPC) at Stockholm-Arlanda.

At both control centres including FPC a total of about 500 employees work, of which the majority, about 450, are air traffic controllers and flight data operators (FDO). The rest are administrators and management personnel. By means of computers, radar, radio and telecommunications systems, the air traffic controllers are responsible for guiding the aircraft as long as they are in Swedish airspace. Focus of the operation is flight safety, which is why the technology often has a triplicate safety system, and making the flow of traffic as environmentally-efficient as possible.

Air navigation services in Sweden and Denmark have cooperated for a long time to create common solutions to the benefit of the aviation industry and in line with European efforts toward Single European Sky and boundary-free air traffic control. This has happened within the framework of the NUAC project. In autumn 2009 an agreement was signed between LFV/ANS and the Danish company Navair on establishing a joint

company to run the three control centres in Copenhagen, Malmö and Stockholm. With that the work to establish the operation began.

In December 2009 the affected Danish and Swedish ministers signed an agreement to make the Danish and Swedish airspace a common functional airspace block (FAB). The purpose is to make the operation as rational and efficient as possible. The airspace block will be operational as of 2012. Sweden and Denmark are thereby at the forefront for the kind of solutions according to Single European Sky and the initiative has received attention all over the world. The Danish-Swedish airspace block will cover a total surface of 783,000 square kilometres, of which 625,000 square kilometres are made up of Swedish airspace. The airspace block is the first step toward a planned major Northern European airspace block.

The common Danish-Swedish airspace is now established. LfV and Naviair's joint company, NUAC, has been formed and has offices in Stockholm. With the New Year in 2011 responsibility for operational support services was assumed. In 2012 NUAC will take over responsibility for operation of the three control centres in Copenhagen, Malmö and Stockholm. NUAC will then become the largest provider of air navigation services in the Nordic region. The control centres will also continue to be owned by their parent companies and the personnel loaned out to NUAC.

LfV continues to develop its air navigation system within the framework of COOPANS, together with the air navigation services in Denmark, Ireland, Austria and the supplier. The objective is to increase the number of participants, which would provide cost advantages for LfV.



Croatia Control Ltd (Croatia) plans to become a member during 2011.

Production Terminal

Production Terminal runs local air navigation services at 38 locations, including two civil and three military terminal controls. The offices and infrastructure used are owned by the airport in question. The number of employees is about 455, of which the majority are air traffic controllers.

During 2010 LfV has been faced with major changes. With the division, the airport company Swedavia became an external customer. This affects the operation both in Production Terminal and in the business area Products and Services. Building up a traditional customer/supplier relationship with Swedavia as key account is an important challenge. The work of creating well-functioning collaboration at all levels has begun and will be a key issue in the future.

Another major change is that local air navigation services became subject to competitive bidding during the year. Demands for commerciality and efficiency are accentuated for all of LfV, which applies to operations as well as to support activities. LfV has extended contracts with all but three airports. In most cases these apply through the end of 2011 or start of 2012. It was especially heartening that LfV extended the contract with Stockholm-Skavsta for four years. On the other

hand, LfV lost the first procurement of air navigation services, which was done jointly by airports in Örebro, Västerås and Växjö.

The work of creating a competitive product prior to upcoming procurements is intensified. This is also in line with the efficiency program that LfV is pursuing. In order for LfV to be a long-term player where local air navigation services are concerned, this work must succeed. Creating an effective product is also about providing the best conditions through an efficient support operation with the right quality.

The "remote-controlled air traffic control tower" project is a priority. This is meant to make air traffic control at airports more efficient by co-locating the operation of several towers to one central tower and thereby creating large-scale advantages. A successful development will lead to increased competitiveness.

Products and Services

The business area Products and Services with about 250 employees has a broad range encompassing operation and maintenance of infrastructure for communication, navigation and surveillance services (about 500 pieces of equipment and installations). The business area also offers various consulting services and e.g. flight calibrations, production of flight information and IT and training activities. Other services are production of the AIP (Aeronautical Information Publication).



Operational and technical development work is also done here.

Conditions after the division of LFV have also changed for the technical and operational consulting enterprise at Products and Services. LFV must continue to develop this operation in close cooperation with its customers in order to ensure that the company's products are competitive.

Integrated air navigation services are being developed

For more than 30 years LFV has run air navigation services for both civil and military air traffic. This is called a civil/military integrated air navigation service, and Sweden has been far ahead of other countries in this area.

As of 1 January 2008 LFV runs air navigation services during all stages of emergency preparedness. The consequences of this change are subject to investigations together with the Swedish Defence Department. This may lead to a review of current agreements between the parties.

Compared with the year before during 2010 some increase occurred in the military aviation operation, primarily due to major international exercises in Sweden, training on JAS 39 Gripen at Sätenäs and the Air Force's other school operations.

LFV has assisted the Defence Department's participation during the year in the rapid response force Nordic Battlegroup. LFV has contributed its expertise and made it possible for air traffic controllers to participate in the response force for

which Sweden is responsible as of 1 January 2011.

Interest in the Swedish integrated model is increasing worldwide. In many cases this is seen as a good solution, not least in light of the demand for flexible exploitation of the airspace that is part of the EU initiative Single European Sky (SES) and the SESAR process.

International cooperation more and more important

LFV's participation in international projects is concentrated on those collaborations that give direct, business-related advantages and measurable added value to customers. LFV is a driving force both at the overall level in the northern European collaboration and in the development work itself. Creating conditions to jointly develop the operation with other partners for large-scale advantages and other efficiency measures is a primary strategy for LFV.

The development of the regulations that will govern the implementation of Single European Sky II continues. Primarily they are affected by performance-based follow-up systems, which are now introduced with key ratio development and control, in which specific performance targets will be legislated. At the European level a goal has been decided as far as cost efficiency is concerned, which entails that the cost per unit shall be reduced on average by 3.5% per year starting in 2012. The goals are not yet broken down at a country level but it is clear that they will involve

major challenges for Europe's air navigation service providers.

SESAR

SESAR is the EU program for developing technical and operative conditions for the common European airspace, in order to meet the expected increase in traffic. LFV is a partner in SESAR and is working actively through the northern European consortium NORACON, made up of air traffic controllers in eight countries plus the Swedish airport company Swedavia.

SESAR is a Private Public Partnership, financed by the EU, the aviation industry and Eurocontrol. The project budget is EUR 2.1 billion. The program will run 2009-2016 and encompasses 300 projects, of which LFV is taking part in 58.

The focal point of LFV's work in NORACON and SESAR is within four areas:

- Development of terminal operations for reduced environmental impact and increased efficiency in flight operation
- Development and implementation of remote-controlled towers, whose purpose is that air traffic controllers will be able to serve several airports in parallel from one work position
- Information Management, which entails a transition to a service-based architecture
- Ensuring fulfilment of the goals within the cooperation in COOPANS in order to develop the air navigation system

During 2011 the first practical results of SESAR will be presented.

Income statements with comments

As a consequence of LfV's division on 1 April the accounts for 2010 include results from two partially separate operations. The first quarter includes results from an LfV that was involved in airport operation as well as air navigation services, while the results from the remainder of the year come from the operation that solely consists of air navigation services.

The division cost money

In common for the first quarter and the rest of the year is that the results, besides income and expenses from the on-going operation, are also affected by factors of a one-time nature. This includes entries as a result of the division itself and the conversion into an independent company of the airport operation, but also through allowances and reserves as a result of decisions that LfV itself could not affect.

The results for the year after financial entries were MSEK -12, compared with MSEK -35 in 2009.

Of the year's total income from business and operating expenses, over SEK 1 billion originate from the first quarter's airport operation. The first quarter's results amounted to MSEK -44. Then over MSEK 60 are included in one-time and reorganization expenses associated with the division of LfV. Such expenses concern e.g. appraisal of property and installations, inventory and establishment of transfer agreements, analysis of capital structure, creation of new trademarks, physical divi-

sion of IT systems, division of archives, new document handling procedures, personnel reorganization measures, etc.

Not counting the expenses for division, the first quarter's results would have been positive. After the substantial downturn in air traffic and passenger volumes of 2009, 2010 started with an increased number of passengers. During the first quarter 4% more passengers travelled to and from LfV's airports, which contributed to increased revenue and improved profitability, e.g. through reorganization-based rents and car parking.

The results for the period April-December were MSEK 32, but then include a number of entries, both positive and negative, of a one-time nature. If not stated particularly, the comments concern this period.

Operating revenue

LfV's income consists of about 75% cost price-based fees for, primarily, air navigation services en route. Reduced traffic volume during the first four months of the year, along with strongly increased need for reserves for future retirees, meant that the income that air traffic generates does not cover the expenses of the operation. During 2010 the costs for providing air navigation services en route have been about MSEK 315 higher than income. The deficit entails an increased claim on LfV's customers and a great need for price increases.

The Swedish Transport Agency, after auditing of the 2009 cost basis, has not

approved LfV's accounting. The Swedish Transportation Agency thinks that LfV burdened the en route product with excessive capital expenses and has decided to reduce LfV's compensation for 2009 by MSEK 100. LfV has appealed this decision. While waiting for a final decision, LfV reserves an income correction in accordance with the Transport Agency's ruling. This entails that the deficit in the en route operation is reduced by MSEK 100.

LfV's income consists in general of compensation for local air navigation services for both civil and military air traffic at a total of 38 locations in Sweden. After the deregulation that occurred on 1 September 2010, the civil operation is now run on a competitive market.

The income also includes a capital gain that was the result upon sale of a subsidiary to Swedavia AB in connection with the division of LfV. The remaining commercial income consists primarily of sale of consulting services, both within the state enterprise's own operations as well as via the wholly-owned subsidiary LfV Aviation Consulting AB. Income also includes rental income and income for flight calibrations and other technical commissions. For 2010 a number of income entries are also included as a result of the division that concern re-invoicing expenses to Swedavia AB.

Operating expenses

LfV's operation is very personnel-intensive, and personnel expenses are by far the dominant expense entry. Of total operating expenses about 65% consist of

PERIOD	AMOUNT	COMMENT
Results from the first quarter included both airport operation and air navigation services	MSEK -44	Including expenses attributable to division and conversion to independent company corresponding to about MSEK 60
Results from Q2-Q4	MSEK 32	Including: <ul style="list-style-type: none"> capital gain upon sale of subsidiary and associated companies from LfV to Swedavia AB (+MSEK 145) reserve for Transport Agency's ruling, after conducting an audit, to lower LfV's compensation for 2009 supplying of air navigation services En Route (-MSEK 100)
Results 2010	MSEK -12	

personnel expenses. The change in salary costs for operational air traffic control personnel has been high in recent years. On 1 October 2010 the final increase took effect from the wage agreement that was negotiated in 2007.

Increased pension reserves have increased expenses significantly. The National Government Employees Pensions Board (SPV) decided during the fall to lower the interest rate that is used in debt calculation for the state enterprise's pension obligations. The new calculation bases apply as of 2011, but may be used with the annual accounts for 2010. LFV has chosen to make reserves according to the new basis, which has entailed a personnel expense increase of MSEK 60 plus an additional almost MSEK 240 which are added to financial expenses.

LFV's operating revenue otherwise consists of about 25% of various external expenses and about 10% of depreciation on capital assets. The external operating expenses consist primarily of costs for ensuring operation and maintenance of technical systems to establish necessary flight safety, expenses for administrative and technical IT, rental expenses, etc. During 2010 the outcome includes certain expenses attributable to the division

of LFV, primarily within IT and document administration as well as expenses that have been re-invoiced to Swedavia AB.

Efficiencies

In order to balance the finances, eliminate the accumulated deficit in the en route operation and improve the cost situation, an efficiency program has been in place since 2009. This program was strengthened during the summer of 2010 and has resulted in a combined savings of more than MSEK 100 already in 2010. At least an additional MSEK 100 shall be saved during 2011.

Financial net

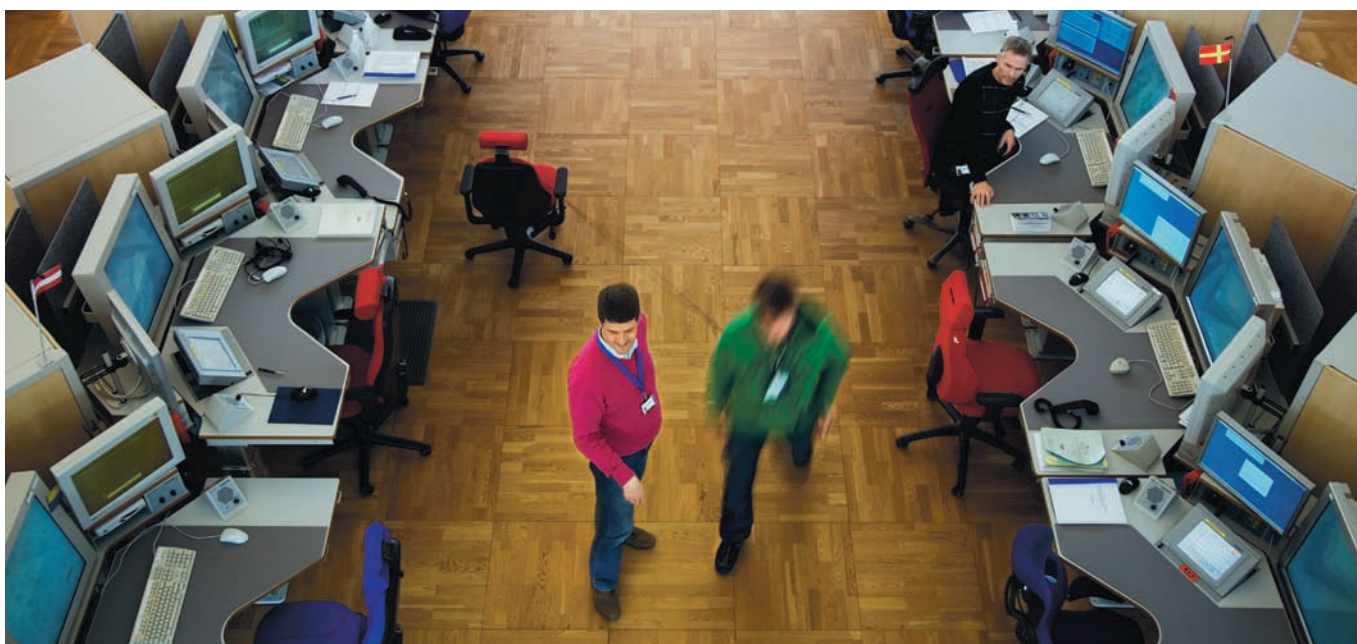
Total financial income and expenses amounted to MSEK -190 for the full budget year. This then includes a capital gain of MSEK 48 upon sale of associated companies to Swedavia AB. In general MSEK -237 concerns the financial part of the pension costs for the year that were affected by SPV's decision on lowered gross interest in the calculation of the pension obligation. Lowered interest increases the need for allocations. In connection with the division of LFV, LFV was provided with SEK 3 billion in liquid assets for adjustment of the assets that were conveyed to Swedavia AB and the pension obligation that remained in LFV.

This has entailed over MSEK 20 in interest income on placements of the liquidity surplus. Portions of LFV's liquid assets will be used during 2011 for redemption of part of the pension obligation.

LFV Holding AB

The LFV group's results also include the results from subsidiary and associated companies combined in the holding company LFV Holding AB. LFV Holding was formed in 1995 to coordinate and administer LFV's company operation. In 2010 the corporate operation had sales of MSEK 49 (125). Sales were reduced significantly by the majority of the companies being sold to Swedavia AB. LFV Holding's pre-tax results were MSEK 154 for the full year, of which the capital gain with sale of subsidiary and associated companies amounts to MSEK 145.

After 1 April LFV Holding consists of the parent company, the wholly-owned subsidiary LFV Aviation Consulting AB and the associated companies Entry Point North AB and NUAC HB. Also included during the first quarter were the subsidiaries LFV AirportCenter AB, Flygplatsfastigheter i Landvetter AB, Arlanda-Schiphol Development AB and the associated companies Cityflygplatsen i Göteborg AB and Nordic Airport Properties AB.



INCOME STATEMENTS (MSEK)	NOTE	GROUP		STATE ENTERPRISE	
		2010	2009	2010	2009
Operating revenue					
Aviation revenue	1	2 606	4 074	2 606	4 074
Other operating revenue	2	812	2 117	704	2 084
Total operating revenue		3 418	6 191	3 310	6 158
Operating Expenses					
Staff expenses	3	-1 762	-2 405	-1 754	-2 389
Various external expenses	4	-1 029	-2 275	-1 025	-2 283
Depreciation/amortisation and write-downs of tangible and intangible fixed assets	5	-452	-1 176	-452	-1 174
Total Operating expenses		-3 243	-5 856	-3 230	-5 846
Profit on holdings in associated companies	6	3	4	-	-
Operation profit		179	338	80	312
Profit from financial investments					
Profit from holdings in group companies		53	10	-	-
Interest income	7	36	45	34	44
Interest expenses and similar items	8	-279	-429	-279	-429
		-190	-374	-246	-385
Profit after financial items		-12	-35	-166	-72
Income tax and tax equivalent	9	-	8	-	17
Minority share of after-tax profit		-2	-7	-	-
Profit for the year		-14	-34	-166	-55

Balance sheets and financial analyses with comments

Transfer to Swedavia

The Swedish Parliament decided on 3 December 2009 to divide LfV and make the airport operation an independent company. The airport operation, including the subsidiary and associate companies that are part of LfV Holding with a connection to the airport operation, were transferred as of 1 April 2010 to a government-owned corporation, Swedavia AB. The transfer of assets and obligations has been done on a market basis, of which LfV received SEK 3 billion in liquid assets. LfV's balance sheet is affected by the transfers as follows:

- Fixed assets — SEK 10 billion
- Pension obligation and other reserves, SEK 1.2 billion
- Interest-bearing liabilities, SEK 3.2 billion
- Current assets and liabilities, SEK 0.3 billion
- Equity capital, SEK 2.6 billion

LfV Holding AB's conveyance of stocks and shares in subsidiaries and associate companies to Swedavia AB has been done at market value and entailed a capital gain in the LfV group of MSEK 145.

LfV will apply tax equivalence. As of 31 December LfV made tax-related accelerated depreciation of MSEK 958 which involved an audit of deferred (latent) tax obligations of MSEK 252 (26.4%) and equity capital of MSEK 706. Because the accelerated depreciation can be ascribed to assets conveyed to Swedavia in connection with the division and likewise the equity capital, as of 31 December 2010 LfV has converted the latent tax obligation to restricted reserves.

Investments

LfV's investments during the year amounted to MSEK 232 of which Air Navigation Services is responsible for MSEK 143 and the airport operation during the first quarter for MSEK 89.

The largest investment concerns continued development of the air traffic control system. The purpose, together with other suppliers of air navigation services who

have the same type of equipment and system supplier, is to develop the next generation of air traffic control system as well as a common technical platform for the possibility of sharing future costs for maintenance, development, training and competencies. LfV (Sweden), Naviair (Denmark), IAA (Ireland) and Austrocontrol (Austria) are members in COOPANS. Croatia Control Ltd (Croatia) is in the process of becoming a new member.

Other long-term receivables

LfV's revenues derived from the en route operation are cost-based. The invoiced fees for the year are based on budgeted costs. The difference (surplus/deficit) between budgeted and final costs is included in future fees. LfV has chosen to periodize previous years and the deficit for the year over a five-year period, which is entered under "Other long-term receivables." This has increased this year by MSEK 212, of which MSEK 315 concerns revenue correction for 2010, minus MSEK 100 that has been charged to earnings after the ruling by the Swedish Transport Agency.

Allocations to pensions

The National Government Employees Pensions Board (SPV) decided in October 2010 on a changed calculation basis for the calculation of obligations of the state enterprise's commitments concerning pension allocations. The new calculation basis has a lower real gross interest, 1.4% (previous year 1.8%) and a lower real net interest, 0.7% (previous year 1.1%). The net interest is the interest rate that affects

the size of the calculated obligation. The new calculation basis applies as of 1 January 2011 but may be applied by the state enterprise as of 31 December 2010. LfV has applied the new bases in the final accounts for 2010.

LfV's pension obligation has been reduced by MSEK 695 compared with 2009. MSEK 919 has been transferred to Swedavia AB in connection with the division of the operation and MSEK 218 has been paid into the Swedish Social Insurance Agency in the form of special payroll tax pertaining to the conveyed pension obligation. The new calculation basis has increased LfV's pension obligation by MSEK 293 while MSEK 149 depends on normal changes such as price-indexing, new period of full service, disbursements and interest.

Distribution, tax and tax equivalence

The tax equivalent for the year amounts to MSEK 0 (0). The tax equivalence is calculated according to government guidelines. Subsidiaries have been MSEK 0 (MSEK 7) in income tax during the year.

Profitability and solidity

The government's financial goals for LfV after division of the operation is that profitability on equity capital shall amount to 4% and long-term solidity shall correspond to 15%.

The profitability on equity capital after income tax is negative. Solidity amounts to 10%.



FINANCIAL ANALYSES (MSEK)	GROUP		STATE ENTERPRISE	
	2010 31 Dec	2009 31 Dec	2010 31 Dec	2009 31 Dec
Operations				
Profit after financial items	-12	-35	-166	-72
Adjustments for items not included in cash flow	303	1 646	455	1 636
	291	1 611	289	1 563
Tax paid	-	-11	-	16
Cash flow from operating activities before changes in working capital	291	1 600	289	1 580
Cash flow from changes in working capital				
Change in inventories	0	10	0	10
Change in operating receivables	138	-112	175	-114
Change in operating liabilities	-323	-48	-346	-35
Cash flow from operating activities	-185	1 450	-171	1 441
Investment activities				
Sale of assets	5 254	-	5 269	-
Acquisition of intangible assets	-	-10	-	-10
Investment in fixed capital assets	-232	-916	-232	-916
Investment in financial assets	-212	-14	-212	50
Sale of group and associate companies	241	-	-	-
Sale of capital assets	-	6	-	6
Sale of financial assets	-	60	-	-
Cash flow from investment activities	5 051	-874	4 825	-870
Financing activities				
Change to credit debt, pension obligations, etc.	-64	-578	-64	-578
Repayment of group and government capital	-2 562	-	-2 562	-
Conversion of latent tax obligation	252	-	252	-
Dividend paid	-	-38	-	-30
Cash flow from financing activities	-2 374	-616	-2 374	-608
CASH FLOW FOR THE YEAR	2 783	-40	2 569	-37
Liquid assets at start of year	294	333	152	189
Liquid assets at the end of period	3 077	294	2 721	152

BALANCE SHEET (MSEK)	NOTE	GROUP		STATE ENTERPRISE	
		2010 31 Dec	2009 31 Dec	2010 31 Dec	2009 31 Dec
ASSETS					
Fixed assets					
Intangible assets					
Licences	10	2	12	2	12
Total intangible assets		2	12	2	12
Tangible Fixed assets					
Buildings	11	232	4 645	232	4 589
Land	11	–	114	–	114
Field structures	11	12	3 101	12	3 101
Electrical installations	11	32	988	32	988
Telecom equipment	11	777	1 074	777	1 074
Vehicles	11	32	977	32	977
Leased fixed assets	11	7	32	7	32
Constructions in progress	11	504	738	504	738
Total tangible fixed assets		1 597	11 670	1 597	11 614
Long-term financial assets					
Shares in subsidiaries	12	–	–	75	75
Shares in associate companies	13	10	30	–	–
Other long-term receivables	14	468	256	468	256
Total long-term financial assets		478	287	543	331
Total fixed assets		2 076	11 968	2 141	11 956
Current assets					
Inventories, etc.		1	37	1	37
- Stocks					
Current receivables					
Trade receivables		64	394	56	380
Receivables with subsidiaries		–	–	4	12
Receivables with associate companies		6	16	6	16
Tax receivables		2	–	–	–
Other receivables		180	246	179	240
Prepaid expenses and accrued income	15	255	266	254	263
Total current receivables		506	922	498	911
Cash and bank deposits		3 077	294	2 721	152
Total current assets		3 584	1 252	3 220	1 100
TOTAL ASSETS		5 661	13 220	5 362	13 056

BALANCE SHEET (MSEK)	NOTE	GROUP		STATE ENTERPRISE	
		2010 31 Dec	2009 31 Dec	2010 31 Dec	2009 31 Dec
EQUITY CAPITAL AND LIABILITIES					
Equity capital					
Restricted equity	16				
State funds		202	1 476	202	1 476
Restricted reserves		269	744	252	730
Total restricted capital		471	2 219	453	2 205
Unrestricted capital	16				
Balanced profit/loss		123	720	–	613
Profit for the year		–14	–34	–166	–55
Total unrestricted capital		110	686	–166	558
Total equity capital		580	2 905	288	2 763
Minority interest		–	8	–	–
Deferred tax liabilities	9	–	252	–	252
Allocations					
Interest-bearing allocations					
Allocations for pensions	17	4 670	5 365	4 670	5 362
Non-interest-bearing allocations					
Other allocations	18	67	286	66	286
Total		4 736	5 903	4 736	5 900
Long-term liabilities					
Interest-bearing liabilities					
Liabilities to leasing companies	19	7	38	7	38
Liability to the National Debt Office	20	–	2 890	–	2 890
Non-interest-bearing liabilities					
Other non-interest-bearing liabilities	21	–	33	–	33
Total long-term liabilities		7	2 961	7	2 961
Current liabilities					
Interest-bearing liabilities					
Liability to National Debt Office	20	–	350	–	350
Other interest-bearing liabilities		–	0	–	0
Non-interest-bearing liabilities					
Trade creditors		155	359	151	352
Liabilities to subsidiaries		–	–	0	10
Liabilities to associate companies		5	16	5	16
Tax liabilities		–	3	–	–
Other non-interest-bearing liabilities		32	105	31	104
Accrued expenses and prepaid income	22	145	611	143	602
Total current liabilities		337	1 444	331	1 432
TOTAL EQUITY CAPITAL AND LIABILITIES		5 661	13 220	5 362	13 056
Items within the line					
Contingent liabilities	23	2	0	25	17
Pledged assets		None	None	None	None

Notes

NOTE 1

Aviation revenue

	Group		State Enterprise	
	2010	2009	2010	2009
Passenger charges	216	957	216	957
En route charges	1 836	1 616	1 836	1 616
Take-off charges	95	619	95	619
Aviation security	121	470	121	470
Ground handling charges	46	196	46	196
Compensation for air navigation servicest	288	201	288	201
Other aviation revenue	3	14	3	14
	2 606	4 074	2 606	4 074

NOTE 2

Other operating revenue

	Group		State Enterprise	
	2010	2009	2010	2009
Rents and leases	203	711	199	738
Car parking charges	125	494	125	494
Commercial service	199	420	196	367
Ground Handling	84	218	84	225
Property services	39	120	39	118
Advertising revenue	17	74	17	75
Capitalized work for own account	11	48	11	48
Miscellaneous	134	31	34	19
	812	2 117	704	2 084

Group companies' share of the state enterprise's miscellaneous business income. 2.3% (1.7)

NOTE 3

Staff expenses and disclosures about staff, director general, board of directors and auditors

	Group		State Enterprise	
	2010	2009	2010	2009
Wages and salaries	984	1 519	980	1 510
Employer social welfare fees	706	793	703	786
Other staff expenses	71	94	71	93
	1 762	2 405	1 754	2 389

Included in social security contributions are pension expenses including payroll tax

394 313 392 308

Wages, salaries and compensation, MSEK

	Board of directors, director general and CEO		Other employees	
	2010	2009	2010	2009
State enterprise	2	2	978	1 508
Subsidiaries and associated companies	1	2	3	7
Total LFV Group	3	4	981	1 515

Fees to auditors

	Group		State Enterprise	
	2010	2009	2010	2009
Swedish Nat'l Audit Office				
- Auditing	1	1	1	1
KPMG				
Auditing	0	1	0	0
Other work	0	0	0	-
Ernst & Young	0	0	0	0
Öhrling Pricewater H.	6	0	6	0
Miscellaneous	1	-	1	0
	8	2	8	1

Absence due to illness

	Group	
	2010	2009
Total sick leave as a share of regular work time:	2,64%	3,43%
Share of total sick leave that concerns consecutive sick leave of 60 days or more	40,78%	49,63%
Sick leave divided by gender:		
Men	2,18%	2,84%
Women	3,37%	4,52%
Sick leave divided by age category		
29 or younger	1,94%	3,02%
30-49	2,45%	3,06%
50 or older	3,13%	4,13%

Fees to the Board and Director General

		Salary/fee
DG Lars Rekke	100101-100331	532 750
Skogö, Ingemar, Chairman	100101-100331	26 250
Annell, Elisabeth, Director	100101-100331	7 500
Jeppsson, Hans, Director	100101-100331	7 500
Invarsson, Karin, Director	100101-100331	7 500
Elgh, Anna, Director	100101-100331	7 500
Palmgren, Sture, Director	100101-100331	7 500
Lundqvist, Per, Director	100101-100331	7 500
Olsson, Sven Erik, Employee Rep	100101-100331	8 474
Andersson, Lars, Employee Rep	100101-100331	7 500
Strömberg, Karin, Director	100101-100331	7 500
DG Thomas Allard	100401-101231	1 400 125
Billinger, Nils Gunnar, Chairman	100401-101231	79 415
Bredberg Pettersson, Maria, Director	100401-101231	22 995
Bredberg, Anne-Marie, Employee Rep	100401-101231	22 500
Fredriksson, Ingemar, Director	100401-101231	22 500
Hafström, Marie, Director	100401-101231	22 500
Lennartsson, Peter, Employee Rep	100401-101231	23 197
Zetterdahl, Ann-Catrine, Director	100401-101231	22 861

NOTE 4**Various external expenses**

	Group		State Enterprise	
	2010	2009	2010	2009
Costs for resale	66	156	43	117
Property and rental expenses	152	312	149	297
Material, maintenance, transports	252	328	252	327
Travel expenses	31	57	29	51
Outside services	440	1 017	472	1 092
Administrative expenses	87	405	80	398
	1 029	2 275	1 025	2 283

Group companies' share of the state enterprise's misc. external costs. 1.8% (2.5)

NOTE 7**Interest income**

	Group		State Enterprise	
	2010	2009	2010	2009
Interest income from bank	17	2	15	1
Interest income from short-term placements	16	32	16	32
Interest income from short-term receivables	2	2	1	2
Miscellaneous	1	10	1	10
	36	45	34	44

NOTE 5**Depreciation/amortisation and write-downs**

	Group		State Enterprise	
	2010	2009	2010	2009
Depreciation/amortisation:				
Intangible assets	2	8	2	8
Buildings	107	337	106	335
Field installations	61	230	61	230
Electrical installations	40	129	40	129
Telecom equipment	173	199	173	199
Vehicles, machinery, etc.	60	221	60	221
Leased installations	4	11	4	11

Write-downs:

Intangible assets	-	-	-	-
Buildings	1	3	1	3
Field installations	1	9	1	9
Electrical installations	-	0	-	0
Telecom equipment	-	0	-	0
Vehicles, machinery, etc.	2	12	2	12
On-going projects	1	17	1	17
Leased installations	-	-	-	-
Land	0	-	0	-
	452	1 176	452	1 174

NOTE 6**Profit from shares in associate companies**

	Group		State Enterprise	
	2010	2009	2010	2009
Associate companies:				
Entry Point North AB				
Share in associate company's earnings	3	4	-	-
NUAC HB				
Shares in associate company's earnings	0	0	-	-
	3	4	-	-

NOTE 8**Interest expenses and similar items**

	Group		State Enterprise	
	2010	2009	2010	2009
National Debt Office	36	168	36	168
Bank	0	0	0	0
Interest portion of pension expense	237	246	237	246
Financial leasing	1	1	1	1
Other interest expenses	5	14	4	13
	279	429	279	429

NOTE 9**Income tax and tax equivalent on reported profit**

	Group	
	2010	2009
1) Income tax to pay for the year		
- Group's earnings not including associated companies share pre-tax	-14	-39
Deduct:		
- change in tax-related write-downs	-	64
- capital gain upon sale of subsidiary and associated companies	-145	-
	-159	25
Basis for calculation of the year's income tax to pay of which 26.3% 2009, 28% 2008 not including minority tax share	-	7
Deduct: paid tax by subsidiary and associated companies	-	-7
Income tax to pay for the year	0	0
2) Change of deferred tax		
- Tax-related write-downs	-	-64
	-	-64
Of which 26.3% 2009	-	-17
Total deferred income tax	-	-17
Total income tax and tax equivalent	-	-17

NOTE 9 CONTINUED

	Group		State Enterprise	
	2010	2009	2010	2009
Year's income tax to pay	-	9	-	0
Deferred tax	-	-17	-	-17
		-8		-17
Deferred tax obligation refers to:				
Accumulated tax-related write-downs	-	958	-	958
Deferred tax obligation (26.3%)	-	958	-	958
Uppskjuten skatteskuld (26,3 %)	-	252	-	252

NOTE 10

Intangible fixed assets

	Group		State Enterprise	
	2010	2009	2010	2009
Opening acquisition value	46	36	46	36
Acquisitions for the year	-29	10	-29	10
Ending acquisition value	17	46	17	46
Opening depreciation and write-downs	-35	-27	-35	-27
Depreciation and write-downs for the year	-2	-8	-2	-8
Sales/discards/transfer	22	-	22	-
Ending accumulated write-downs & depreciation	-15	-35	-15	-35
Ending planned residual value	2	12	2	12

NOTE 11 Tangible fixed assets

Land

	Group		State Enterprise	
	2010	2009	2010	2009
Opening acquisition value	125	121	125	121
Acquisitions for the year	-125	4	-125	4
Other adjustments	-	-	-	-
Ending acquisition value	-	125	-	125
Opening depreciation and write-downs	-10	-10	-10	-10
Depreciation and write-downs for the year	0	-	0	-
Sales/discards/transfer	10	-	10	-
Ending accumulated depreciation and write-downs	-	-10	-	-10
Ending planned residual value	-	114	-	114

Buildings

	Group		State Enterprise	
	2010	2009	2010	2009
Opening acquisition value	9 268	9 181	9 268	9 103
Acquisitions for the year	65	217	65	216
Sales/discards/transfer	-8 888	-28	-8 888	-28
Other adjustments	-	-24	-	-24
Ending acquisition value	446	9 347	446	9 268
Opening depreciation and write-downs	-4 679	-4 387	-4 679	-4 366
Depreciation for the year	-107	-337	-106	-335
Write-downs for the year	-1	-3	-1	-3
Sales/discards/transfer	4 575	28	4 575	28
Other adjustments	-2	-3	-2	-3
Ending depreciation and write-downs	-213	-4 702	-213	-4 679
Ending planned residual value	232	4 645	232	4 589

Field structures

	Group		State Enterprise	
	2010	2009	2010	2009
Opening acquisition value	6 066	5 797	6 066	5 797
Acquisitions for the year	55	296	55	296
Sales/discards/transfer	-6 096	-28	-6 096	-28
Other adjustments	-	1	-	1
Ending acquisition value	25	6 066	25	6 066
Opening depreciation and write-downs	-2 965	-2 750	-2 965	-2 750
Depreciation for the year	-61	-230	-61	-230
Write-downs for the year	-1	-9	-1	-9
Sales/discards/transfer	3 020	28	3 020	28
Other adjustments	-6	-5	-6	-5
Ending depreciation and write-downs	-13	-2 965	-13	-2 965
Ending planned residual value	12	3 101	12	3 101

Construction in progress

	Group		State Enterprise	
	2010	2009	2010	2009
Opening acquisition value	738	678	738	678
Acquisitions for the year	152	1 001	152	1 001
Completed new installations	-217	-940	-217	-940
Depreciation	-1	-1	-1	-1
Conveyed to Swedavia AB	-168	-	-168	-
Ending acquisition value	504	738	504	738

Electrical installations

	Group		State Enterprise	
	2010	2009	2010	2009
Opening acquisition value	2 879	2 845	2 879	2 845
Acquisitions for the year	9	51	9	51
Sales/discards/transfer	-2 816	-26	-2 816	-26
Other adjustments	-	9	-	9
Ending acquisition value	72	2 879	72	2 879
Opening depreciation and write-downs	-1 890	-1 785	-1 890	-1 785
Depreciation for the year	-40	-129	-40	-129
Write-downs for the year	-	0	-	0
Sales/discards/transfer	1 891	26	1 891	26
Other adjustments	-1	-2	-1	-2
Ending depreciation and write-downs	-40	-1 890	-40	-1 890
Ending planned residual value	32	988	32	988

Telecom equipment

	Group		State Enterprise	
	2010	2009	2010	2009
Opening acquisition value	2 507	2 661	2 507	2 661
Acquisitions for the year	13	97	13	97
Sales/discards/transfer	-660	-258	-660	-258
Other adjustments	0	8	0	8
Ending acquisition value	1 860	2 507	1 860	2 507
Opening depreciation and write-downs	-1 434	-1 398	-1 434	-1 398
Depreciation for the year	-173	-199	-173	-199
Write-downs for the year	-	0	-	0
Sales/discards/transfer	524	165	524	165
Other adjustments	-1	-1	-1	-1
Ending depreciation and write-downs	-1 083	-1 434	-1 083	-1 434
Ending planned residual value	777	1 074	777	1 074

Leased fixed assets

	Group		State Enterprise	
	2010	2009	2010	2009
Opening acquisition value	66	65	66	65
Acquisitions for the year	4	14	4	14
Sales/discards/transfer	-60	-11	-60	-11
Other adjustments	0	-2	0	-2
Ending acquisition value	11	66	11	66
Opening depreciation and write-downs	-34	-33	-34	-33
Depreciation for the year	-4	-11	-4	-11
Write-downs for the year	-	-	-	-
Sales/discards/transfer	34	8	34	8
Other adjustments	0	2	0	2
Ending depreciation and write-downs	-4	-34	-4	-34
Ending planned residual value	7	32	7	32

Vehicles, machinery, etc.

	Group		State Enterprise	
	2010	2009	2010	2009
Opening acquisition value	3 280	3 138	3 280	3 137
Acquisitions for the year	57	266	57	266
Sales/discards/transfer	-3 245	-131	-3 245	-131
Other adjustments	0	8	0	8
Ending acquisition value	92	3 281	92	3 280
Opening depreciation and write-downs	-2 303	-2 196	-2 303	-2 196
Depreciation for the year	-60	-221	-60	-221
Write-downs for the year	-2	-12	-2	-12
Sales/discards/transfer	2 307	131	2 307	131
Other adjustments	-2	-6	-2	-6
Ending write-downs and depreciation	-60	-2 304	-60	-2 303
Ending planned residual value	32	977	32	977

Leased residual values

	Group		State Enterprise	
	2010	2009	2010	2009
Buildings	-	-	-	-
Electrical installations	-	-	-	-
Telecom equipment	-	-	-	-
Vehicles, machinery, etc.	7	32	7	32

NOTE 12

Shares in subsidiaries

	Corporate ID number	No. of shares	Percentage of share capital	Nominal value	Book value
Direct holdings					
Shares in Group Companies, State enterprise, LFV Holding AB	556374-8432	75 000	100	75	75
Indirect holdings (via LFV Holding AB)					
Shares in Group companies					
- LFV Aviation Consulting AB (formerly Swedavia AB)	556193-1469	3 000	100	3	-

NOTE 13

Shares in associated companies

	Group		State Enterprise	
	2010	2009	2010	2009
Accumulated acquisition value at start of year	30	30	-	-
Sale	-27	-	-	-
Year's share in associate companies' earnings	5	11	-	-
	<u>8</u>	<u>41</u>	<u>-</u>	<u>-</u>
Accumulated earnings shares, etc.				
At start of year	-11	-16	-	-
Year's share in associated companies' equity capital, etc.	3	4	-	-
Change in equity of associated companies for the year	1	1	-	-
Sale	9	-	-	-
	<u>2</u>	<u>-11</u>	<u>-</u>	<u>-</u>
Entered value	10	30	-	-

NOTE 14

Other long-term receivables

	Group		State Enterprise	
	2010	2009	2010	2009
At start of year	256	26	256	25
Additional items				
Settlement of terminal fees	23	-	23	-
Settlement Eurocontrol	197	233	197	233
Settlement Swedavia	-8	-	-8	-
	<u>468</u>	<u>256</u>	<u>468</u>	<u>256</u>
Entered value	468	256	468	256

NOTE 15

Prepaid expenses and accrued revenue

	Group		State Enterprise	
	2010	2009	2010	2009
Other prepaid expenses	62	48	62	48
Accrued revenue, business rent	-	28	-	28
Other accrued revenue	193	191	192	188
	<u>255</u>	<u>266</u>	<u>254</u>	<u>263</u>

NOTE 13 FORTS.

Shares in associate companies

Itemization of state enterprise's and group's shares in associate companies

	Corporate ID number	No. of shares	Percentage of share capital	Nominal value	Share of adjust. equity	Book value	
						Koncernen	Affärsverket
Indirect holdings (via LFV Holding AB)							
- Entry Point North AB	556682-8272	100 000	33	0	0	10	-
- NUAC HB	969745-6433	-	50	0	0	0	-
						<u>10</u>	<u>-</u>

In the group statement of income earnings shares from associated companies are accounted for in two items: pre-tax earnings and share in associate companies' paid tax, which is accounted for together with the Group's taxes (see Note 9).

NOTE 16

Restricted reserves and unrestricted equity

	Group			State Enterprise		
	State funds	Restricted reserves	Unrestricted capital	State funds	Restricted reserves	Unrestricted capital
Amount at start of year per established balance sheet	1 476	744	686	1 476	730	558
Changes pertaining to group's associated companies		1	-2			
Change between unrestricted and restricted equity capital		2	-2			
Changes pertaining to division	-1 274	-730	-558	-1 274	-730	-558
Conversion of latent tax to restricted reserves		252			252	
Profit for the year			-14			-166
Amount at end of year	202	269	110	202	252	-166

NOTE 17

Pension provisions

	Group		State Enterprise	
	2010	2009	2010	2009
At start of year	5 365	5 057	5 362	5 054
Pension provisions for the year	590	480	590	480
Pension disbursements for the year	-145	-172	-145	-172
Year's change due to division of operation	-1 140	-	-1 137	-
	4 670	5 365	4 670	5 362

NOTE 21

Other non-interest-bearing liabilities

	Group		State Enterprise	
	2010	2009	2010	2009
Interest-free loans	-	15	-	15
Settlement Eurocontrol	-	18	-	18
	-	33	-	33

NOTE 18

Other provisions

	Group		State Enterprise	
	2010	2009	2010	2009
Restructuring expenses	20	185	20	185
Social security assets	16	33	16	33
Other provisions	30	68	30	68
	67	286	66	286

NOTE 22

Accrued expenses and prepaid revenue

	Group		State Enterprise	
	2010	2009	2010	2009
Wages, salaries and compensation	5	6	5	6
Holiday pay liability	68	128	67	128
Employer social welfare fees	45	84	44	83
Accrued interest expenses	-	46	-	46
Other accrued expenses	25	206	24	200
Prepaid revenue	2	142	2	140
	145	611	143	602

NOTE 19

Liabilities to leasing companies

	Group		State Enterprise	
	2010	2009	2010	2009
Leasing companies	7	38	7	38
	7	38	7	38

NOTE 20

Liabilities to the National Debt Office

	Group		State Enterprise	
	2010	2009	2010	2009
At start of year	3 240	3 818	3 240	3 818
Conveyed to Swedavia AB	-3 240	-	-3 240	-
Amortization		-578		-578
At end of year	-	3 240	-	3 240

The total liabilities to the National Debt Office amounted to MSEK 3,240 at start of year. Upon division and adjustment Swedavia AB assumed the loan portfolio.

NOTE 23

Contingent liabilities

	Group		State Enterprise	
	2010	2009	2010	2009
Pension commitments to other subsidiaries and associated companies	2	0	2	2
Surety for subsidiary	0	0	23	15
	2	0	25	17

Financial Statements

It is stated in the government's instruction for LFV (SFS 2010:184) that LFV and those companies, in which the government through the state enterprise directly or indirectly has a controlling interest, together will form a state enterprise group.

The group consists of the state enterprise, the wholly-owned holding company LFV Holding AB, LFV Holding AB's wholly-owned corporation LFV Aviation AB and the associate companies Entry Point North AB and NUAC HB, with 33% and 50% ownership shares respectively.

Instruction

The instruction states that LFV's primary mission is to supply safe, efficient and environmentally-adapted air navigation services for civilian and military air traffic.

During 2010 local air navigation services were provided at 38 locations. Two control centres in Malmö and Stockholm were responsible for air traffic control in the airspace outside the airport areas.

In December 2009 the Parliament approved the proposition for changed form of operation for the airport operation with LFV (Prop. 2009/10:16), according to which the airport operation at LFV will be transferred to one or more corporations directly or indirectly wholly owned by the government. The division of the operation was completed on 1 April 2010 by transferring the airport operation including subsidiaries and associate companies with a connection to the airport operation to a corporation wholly owned by the government, Swedavia AB.

Accounting principles

LFV's accounts for the state enterprise and Group follow the Ordinance (SFS 2000:605) on Annual Reports and Budget Material (FÅB) and the Swedish National Financial Management Authority's regulations and general advice plus the requirement for good accounting practice in accordance with the Ordinance (2000:606) on the Accounts of Public Authorities. To the extent norms are lacking that directly relate to public authorities and state agencies, LFV applies, as accounted for in the respective sections below, the valuation rules in the Swedish Financial Reporting Board's recommendations.

LFV's subsidiaries prepare annual accounts with application of the Annual Accounts Act

and generally accepted accounting principles for limited liability companies.

Arrangement and supplementary information

The income statements, balance sheets and financial analyses have been formatted in accordance with the applicable rules for state enterprises and state enterprise groups. The previous year's comparison numbers also include the airport operation and the subsidiaries and associate companies that were transferred to Swedavia AB as of 1 April 2010.

The Swedish Financial Accounting Board's recommendation, RR 4. Accounting for extraordinary items and expenses and disclosure for comparative purposes is applied.

Changes in accounting principles, etc.

In the income statements and balance sheets, financial analyses and associated notes, certain marginal adjustments and relocations have been made in the figures for 2009.

Group accounting

The group accounting includes the state enterprise and the group companies in which the state enterprise directly or indirectly holds more than half of the votes for all shares or otherwise exercises a controlling interest, and the other companies (associate companies) in which the state enterprise has a controlling interest as a result of share ownership.

Subsidiaries

The group accounting is arranged according to the acquisition method.

Goodwill is written off, in applicable cases, over the expected use period. Negative goodwill that corresponds to expected future costs is reduced at the rate the costs arise.

Principles for the group's accounting of deferred (latent) tax effects are described below under the heading Taxes and tax equivalent.

Associated companies

Companies are accounted as associated companies in which the state enterprise, on the basis of ownership of more than 20% and at most 50% of the votes, can exercise a controlling interest. The associated companies are reported according to the equity method in the group accounts.

General balance sheet valuation principle

Unless otherwise stated below, assets, liabilities and provisions are valued at acquisition value.

Fixed assets

Tangible fixed assets

Tangible assets are valued at acquisition value with deduction for depreciation according to plan. In applicable cases a write-down is made as shown below. When constructing facilities costing substantial sums, in compliance with the Ordinance on Annual Reports and Budget Material, interest during the construction period is included in acquisition value. The capitalized amount has been calculated according to the alternative permitted in Swedish Financial Accounting Standards Council's Recommendation RR 21 Borrowing costs.

Depreciation according to plan is calculated by periodizing the acquisition value linearly over the projected period of use. Depreciation begins when an asset is ready to be put into use for its purpose. When an asset includes components with different periods of use the rules in RR 12 concerning so-called component depreciation are applied. The depreciation times are revised continually.

On-going investment projects are accounted under the heading Construction in progress. Any need for depreciation is tested with application of the Swedish Financial Accounting Standards Council's Recommendation RR 17. Depreciation.

Intangible assets

LFV applies the Swedish National Financial Management Authority's directives and general advice concerning accounting of expenses

Depreciation times

Intangible fixed assets	
Software	3 years
Goodwill	5 years
Tangible fixed assets	
Buildings	5–40 years
Field structures	10–40 years
Electrical installations	5–20 years
Telecom equipment	8–15 years
Vehicles, machinery, etc.	3–10 years
Borrowed computers ¹	3 years

¹ Personal computers other than borrowed computers are deemed to have a financial lifetime less than 3 years. The acquisition cost is thus expensed immediately.

for development. According to the directives the kind of expenses for development that fulfil specified requirements are entered as intangible assets. Expenses for research may not be capitalized. This is because the National Financial Management Authority's rules are based on the same principles as the Swedish Financial Accounting Standards Council's Recommendation RR 15. Intangible assets, guidance in various application questions has been taken from the Board's recommendation. Purchased software whose financial lifetime is deemed to exceed three years is entered as an asset.

Leasing

Leasing is classified either as financial or as operational leasing. The classification is made by applying the Swedish Financial Accounting Standards Council's Recommendation RR 6:99. Leases.

Agreements that are classified as financial leasing are accounted as asset and debt in the group balance sheet and in applicable cases in the state enterprise's balance sheet. Accounted amounts are handled in ways indicated by the Board's recommendation.

Warehouse stock

Warehouse stock is valued according to the lowest value principle.

Revenue recognition

The state enterprise applies general principles for periodized accounting. Applied principles are in accordance with the Swedish Financial Accounting Board's recommendation RR 11. Revenue.

The subsidiaries apply RR 11 in their revenue recognition. The subsidiary LfV Aviation Consulting AB therefore accounts revenues as a result of on-going consultation projects with application of the recommendation's rules on official business.

Trade debtors

Provisions for expected loss risks related to outstanding trade debtors have been based on individual review.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency have been converted at the exchange rate on the accounting date in accordance with the Swedish Financial Accounting Standards Council's Recommendation RR 8. Accounting of effects of changed exchange rates. To the extent receivables and liabilities have been

secured under a forward rate they are converted at the contracted exchange rate.

Provisions and contingent liabilities

LfV applies the Swedish Financial Accounting Standards Council's Recommendation RR 16. Reporting of provisions, contingent liabilities and contingent assets is applied in accounting of provisions and contingent liabilities.

Under provisions, LfV reports any future obligations related to employees who are terminated on the basis of lack of work and are 55 or older. Such individuals may be granted pension benefits within a six-year period according to agreement with the Swedish Job Security Foundation, assuming they have not found new permanent employment. Evaluation of the size of the provision has been made with guidance from the insurance premium that government authorities (not state enterprises) have to pay to the Job Security Foundation when an employee is terminated due to lack of work.

Pensions

As of 2003 the pension agreement (PA03) applies to government employees born in 1943 or later. For employees born in 1942 or before, PA91 still applies. Pension obligations are calculated by the National Government Employees Pensions Board (SPV). PA03 includes retirement pension, survivors' pension and disability pension coverage. SPV's board has decided on new insurance bases for calculation of the pension obligation.

PA03 includes the following retirement pensions:

- The defined-contribution pension - individual old-age pension and supplementary old-age pension, KÅPAN. For these premiums are paid, plus
- The defined-benefit pension - retirement pension on income above 7.5 base amounts and retirement pension according to transition rules for employees born 1943-1972. These obligations are accounted under provisions.

The year's provision for pension obligations has been expensed together with paid premiums. The interest portion in the year's pension expense has been entered as financial expense. The interest portion includes price-indexing of certain benefits. Less than 1% of the employees were not updated as of 31 December 2010, which means that for these pension obligations a standard calculation has been made. Updating means that SPV makes a total review of all of a government employee's positions, governmental as well as

municipal or private. If there are gaps in the time of employment, a standard calculation is made for the pension obligation. This means, in part, that SPV assumes that the employee has had governmental employment from age 28 and that the obligation is calculated with a factor of 0.95. This means that the actual obligation may be both larger and smaller. LfV assesses that the obligation has not been specified too low and has chosen to enter the pension obligation calculated by SPV.

Accounted pension obligation is made up of the underwritten calculated commitments which, according to the pension agreements PA91 and PA03, are LfV's. The pension obligation is calculated according to the basis established by the board of SPV. The pension obligation includes commitments regarding active personnel as well as retirees. Non-protected commitments regarding personnel who have retirement age earlier than 65 are included in the obligation when these retirees are deemed to have full service.

The state enterprise pays special payroll tax on disbursed pensions. Allocation is therefore made for special payroll tax based on the size of the pension obligation at the end of the fiscal year.

Taxes and tax equivalent

LfV's subsidiaries pay corporate tax. LfV is not liable for income tax but shall, in addition to distribution, deliver an amount to the government, known as a tax equivalent, corresponding to the income tax that would have been paid if the operation were run in the form of a limited liability company.

The year's actual tax equivalent is calculated on the basis of the results in the group accounting with deduction for tax-related dispositions corresponding to the balance-sheet allocations that corporations can exploit. Deductions are also made for the corporate tax that the subsidiaries pay.

The state enterprise accounts for debt regarding the calculated tax equivalence for the fiscal year. Final amount for distribution and the year's tax equivalence to pay will be established by the government in connection with the establishment of the enterprise's annual report for 2010.

Both in the state enterprise and in the group, deferred (latent) tax is entered on all differences between accounted and tax-related values, in accordance with the Swedish Financial Accounting Standards Council's Recommendation RR 9.

The latest tax obligation of MSEK 252 that is entered as outgoing debt as of 31 December 2009 has been transferred in its entirety to equity capital in the group and in the state

enterprise as of 31 December 2010, because it can be attributed 100% to fixed assets and equity capital that were conveyed to Swedavia AB in connection with the division.

The equity portion of the subsidiaries' un-taxed reserves and unused portion of the state enterprise's possibility for accelerated depreciation on assets is included in the restricted reserves that are accounted partly in the state enterprise's financial statement and partly in the group financial statement.

LFV pays government property tax and special payroll tax on pension expenses and is liable for tax according to the Value Added Tax Act. LFV also pays advertising tax for rental of advertising locations as well as energy tax concerning its energy consumption.

Rounding

The numbers that are entered have been rounded in certain cases which means that tables, graphs and calculations do not always add up.

In texts and tables numbers between 0 and 0.5 are accounted as 0. If a value is lacking a line is shown.

Profit for the year

The profit for the year after financial entries amounts to minus MSEK 12, an improvement of MSEK 23 compared with the previous year.

Risks

Financial risks

LFV's financial operation and financial risks will be handled by LFV Group Finance after the division. The operation will be run as before based on a finance policy established by LFV's board which states within what framework LFV may be exposed to financial risks within the areas of financing, financial and operational leasing, placements and current transactions.

Interest rate risk is defined as the risk that changes in the general interest rate situation entail a negative effect on LFV's earnings. Currency risk is defined as the effect on earnings a change in exchange rate will have on LFV's earnings. Credit risk is defined as the risk that the opposite party in a transaction cannot fulfil his commitment. The risk value for interest rate increases and exchange rate losses plus the risk of significant credit losses are low with respect to the operation that LFV now runs.

LFV's operation is financed exclusively by the pension obligation that concerns LFV's pension commitment with respect to the personnel. The personnel in LFV are employed by the government and the government pension rules according to PA91 and PA03 thereby apply. The present value of the pension obligation is calculated by the National Government Employees Pensions Board (SPV) and the debt including payroll tax (24.26%) is entered as allocation in LFV's balance sheet. The guidelines that are used for valuation of the pension commitments for 2011 include a net interest assumption of 1.4% and a parameter for revenue tax of 0.5%. LFV assesses that there is risk that the real interest rate will go down or continue at a relatively low level in the immediate future. Each 0.1 per cent change affects LFV's earnings by about MSEK 80.

Measures

During 2011 LFV intends to redeem that portion of the pension debt that includes retirees, annuities and paid-up policies. The redemption amount will be calculated at about SEK 1.8 billion including payroll tax.

Growth of the aviation market

LFV's economy is directly dependent on the growth of the aviation market. Revenues are 95% cost-based, but at the same time dependent on volume to a large degree, while costs are fixed for the most part, which means that changes in air traffic volumes have a major effect on LFV's liquidity.

During 2009 there was a significant traffic reduction measured in the number of airspace operations of over 11% compared with the previous year. The number of flyovers went down by almost 13%. Toward the end of 2009 the downturn and airspace movements (IFR) stagnated. Since May — after the ash emergency — aviation has increased.

LFV is counting on continued traffic growth during 2011 as well. On an annual basis we hope for growth of about 3% compared with 2010, which would entail a total traffic volume of about 675,000 movements in Swedish airspace during 2011. This is based on a relatively positive view of future growth.

The growth of the global economy in recent years and thereby its effect on aviation and not least on private travel is difficult to assess. The fact that the majority of foreign travellers are currently private travellers makes the entire aviation market more sensitive to changes in private finances, consumption patterns and travel trends, which increases the risk for the entire operation.

Measures

LFV follows the traffic development in the aviation market so that timely measures can be taken in the event of negative changes.

Deficit in En Route

The declining traffic during 2009, in combination with the cost increases of recent years, means that the en route operation showed a significant "liquidity deficit" in 2009. In total the accumulated claims on the airlines at the end of 2009 amounted to MSEK 235.

Going into 2010 it was not possible to raise fees as much as would be required to restore financial balance, considering the airlines' financial situations.

At the end of 2010 the accumulated deficit amounted to about MSEK 450. According to plan this deficit will be recovered over a five-year period.

Restoring financial balance and eliminating the deficit requires a combination of forceful cost efficiencies, relatively large fee increases and good growth in traffic.

Measures

LFV must implement on-going cost savings and make the operation more efficient.

Changes in rate setting

The directive on a common fee system for air navigation services (EC no. 1794/2006) has been reworked and will start to be applied as of 2012.

The new directive proposal entails that the principle of full cost coverage will be replaced by a model with risk sharing between suppliers of air navigation services and operators. A cost level ("determined cost") will be established. Any deviations from this will in principle not be traced back to the fee system but instead will have a direct effect on results. During a transition period of three years cost increases that depend on factors which the supplier has not been able to influence will be compensated. Exceptions may be made for certain costs of "extraordinary" nature, such as major changes in pension expenses.

The risk sharing is also proposed to include growth in traffic. Surplus or deficit as a result of discrepancies from the traffic prognosis will be shared between suppliers and operators.

Measures

Good planning and efficient control are required to ensure future cost and earnings development.

Competitive bidding for local air navigation services

The Swedish Parliament has made a decision concerning a new aviation act effective 1 September 2010. LfV is considering converting its local air navigation service into an independent company within Production Terminal.

The picture of how an open tower market will appear de facto is still relatively unclear. There are players who have already been involved in this type of operation and one new player besides that has tried to enter the Swedish market specifically. LfV is now in a real competitive situation. During the fall of 2010 LfV submitted bids/tenders to three municipal airports in competition with other players. LfV lost this procurement to another provider but on the other hand a number of other airports have extended contracts with LfV.

Measures

An analysis of the consequences of the risks described above is included in the preparations for the formation of a company for the operation within Production Terminal.

Strategic development projects

Single European Sky ATM Research (SESAR) is an EU project that will develop technical and operational conditions for the common European airspace (Single European Sky, SES). SESAR JU, a subproject, is what is known as a Public Private Partnership (PPP) and is in full operation.

With the effects of the financial crisis and its impact on the aviation industry, LfV has initiated a savings program, which during the coming period will also affect development work. In principle this is about focusing the development work within the framework for SESAR JU. The net costs for the development work will be reduced from MSEK 65 to MSEK 40 during 2011.

Measures

Focusing will occur in the approaching period around SESAR JU and the strategic development work. Planning of these projects is being developed and they will be followed up continually within LfV. An analysis and decision on future direction where the resource situation and other risk areas are concerned will also occur.

Investment needs

COOPANS is a collaborative project for development of air traffic control systems together with Naviair (Denmark), IAA (Ireland), Austrocontrol (Austria) and the sup-

plier Thales. Croatia Control Ltd (Croatia) was included in 2010 as an observer and is expected to become a full member during 2011. Based on the current plans for future investments there is a risk that new requirements that arise primarily in SESAR will entail increased costs. This primarily affects the period after 2015.

LfV's investment framework has been reduced as a result of the prevailing economic situation, which will contribute to certain planned investments being postponed or not made at all. Increased maintenance costs and risk for regularity are consequences that may then arise.

Measures

Adaptation of COOPANS to SESAR is ongoing. With a reduction in the investment framework, each investment object will be thoroughly analysed in order to identify which objects shall be included within the given framework.

Process risk analysis

LfV conducts process risk analyses annually which concern risks concerning internal governance and control. The process risk analysis is updated at least once a year and is reported to the board of directors.

LfV's operation shall be planned, governed and followed up against established goals. This shall happen "with observance of the fundamental stages of risk analysis, control measures, follow-up, documentation and assessment". The process of internal governance and control is integrated in LfV's operational governance. LfV's management shall ensure that there are planning, governance and reporting systems that are effective and appropriate.

LfV has identified a number of critical key areas and processes. These areas are the prognosis operation, financial planning and reporting, investment and business decisions, financing and credit-handling, accounting including tax accounting, the acquisition process, operational processes, customer and supplier invoicing, environment, information security, aviation protection and safety protection, expertise and key personnel, and operational risks including wage and pension-handling.

For each key area the following is reported: what governs, how we ensure, how we follow up and make use of experiences plus an assessment of the risks within the area. LfV's overall group process risk analysis is consolidated based on the group units' reported local analyses.

Risks as a result of LfV's division

On 1 April 2010 LfV was divided and the airport operation was transferred to Swedavia AB. The preparation time was short and therefore a complete physical division could not occur within all areas. Above all within the IT area the work of division will go on for up to 30 months after the division. The exchange of services is regulated in an interim agreement, which comprises a part of the transfer agreement which also regulates how the division shall be completed. The division process is proceeding for the most part according to plan.

Concerning the conveyance of properties all parts of the conveyance are still not completed, as certain property measures are time-consuming. In the conveyance agreement how these shall be fulfilled is regulated as well as how the parties shall proceed if the conveyances cannot be fulfilled in the intended manner, or if a property conveyance cannot be completed for some reason.

LfV is still a party in disputes that concern Swedavia's operation where exchange of party could not be done. In the conveyance agreement Swedavia's financial liability, etc. in these disputes is regulated. LfV could run a financial risk if Swedavia cannot fulfill its obligations pursuant to the agreement. This risk is assessed to be extremely small.

In the conveyance Swedavia's environmental responsibility is limited insofar as the responsibility for what is known as the "historical environmental debt", i.e. such damages that were caused before the conveyance, remains with the government. The government's intention has been to transfer this responsibility from LfV to the Swedish Transport Administration. The government in its instruction has given the Swedish Transport Administration responsibility for such environmental damages as are included in the Environmental Code chap. 10. This is not comprehensive however as the stated responsibility is more limited than the environmental responsibility described in the conveyance agreement. At the present time environmental processes are on-going concerning the airport operation transferred to Swedavia, which is not encompassed by the responsibility transferred to the Swedish Transport Administration. LfV expects that the Swedish Transport Administration's instruction will be changed so that the Swedish Transport Administration's responsibility for "historical environmental debt" is comprehensive.

Reporting According to the Appropriations Directive for LfV

The following is a summary response of how LfV has acted so that the political transportation goals shall be achieved as well as missions and targets in accordance with the appropriations directive. Parts of this response are also found in other parts of the annual report..

Political transportation goals

According to the "Act (2010:184) with instruction, LfV shall act so that the transport policy goals will be achieved.

Aviation plays an important role in enabling the business community and citizens all over the country to transport passengers and goods, both within Sweden and globally. Especially for many smaller communities there is no realistic alternative to flight to ensure rapid, efficient communications. LfV has an important role in the aviation sector. Safe, efficient and environmentally sound air navigation service is a prerequisite for well-functional air transports.

LfV contributes to the *goal of function* — which concerns creating accessibility for travel and transports —by supplying safe, efficient and environmentally-adapted air navigation services all over Sweden, which is a prerequisite for the accessibility provided by aviation. LfV plays an active role in the work that goes on to develop the European air navigation system so that growing air traffic can be handled while the goals of increased aviation safety, reduced costs and reduced environmental impact can also be achieved.

LfV contributes to the *goal of consideration* — which concerns safety, environment and health —by offering secure air navigation services in which the greatest possible environmental consideration has been taken. The system is constructed so that LfV will not contribute to anyone being killed or seriously injured. By optimizing flight paths and traffic flow, LfV contributes to reducing the environmental impact of aviation.

Missions and goals according to the

appropriation directive for 2010

LfV shall prepare a final report to the Government Offices (Ministry of Enterprise, Energy and Communications) concerning the division and formation of Swedavia AB as of 1 April 2010. This report shall in part elucidate experiences and consequences concerning finance, regulations, and requirements of operation. In particular it shall be accounted for whether against the background of experiences gained there are proposals for changes of administration or regulations. The report shall be submitted to the government no later than 31 October 2010.

"Report concerning the progress of the division of LfV" was submitted to the government on 29 October 2010. The division was carried out with a narrow time frame. The formal decision was made by Parliament on 3 December 2009 and the time between decision and execution was less than four months.

LfV's internal work was organized into seven subprojects and a coordination function. The subprojects were legal, economy/finance, property, HR, IT, document handling and trademark. The subprojects were responsible partly for the practical division process and partly for producing a basis for the conveyance agreement within the respective areas. LfV also contributed investigators for the airport operation and the remaining parts of the LfV in their work. With respect to the brief time frame it was not possible to fully divide the operation and above all in the IT area the division process will continue for up to about two years after the division.

In total we assess that execution of the division was successful and at the present time there is nothing that indicates that the remaining work could not be executed according to plan. It would have been a great advantage for the process, however, if at the time of the decision in Parliament there had already been a Director General and a CEO appointed

for the new organizations. For additional information please see the report.

LfV shall in the annual report account for the continued development of the international harmonization process. Of particular interest in this context is the development of the NUAC collaboration. LfV shall also account in the annual report for achieved and expected effects of on-going efficiency measures.

At the end of 2009 Sweden and Denmark decided to form a common airspace, known as a functional airspace block (FAB). During 2009 LfV also formed, together with its Danish parallel, Naviair, a common production company, NUAC HB, which will take over responsibility in 2012 for operation of the three control centres in Stockholm, Malmö and Copenhagen. This is estimated to be able to reduce the costs for the operation within a few years by about MEUR 13, entail major efficiency benefits for the airlines and socio-economic benefits in the form of shorter travel times and reduced environmental impact.

Sweden and Denmark are also participating, together with eight other northern European states, in NEAP (North European ANS Providers), which is a project whose purpose is to form a larger northern European airspace block in the future.

Through the NORACON consortium, which consists of air navigation services in eight countries plus Swedavia, LfV is actively participating in SESAR, which is the EU program for developing technical and operational prerequisites for the common European airspace.

Common to the international collaborations in which LfV participates is that they relate to the overall goals of increasing aviation safety, reducing delays and environmental impact and reducing costs.

In order to meet the negative cost developments of recent years, LfV has started an efficiency program. At the end

of 2010 efficiencies of over MSEK 100 had been made. This has been achieved in part through hiring freeze, leaves of absence and great restrictiveness on travel expenses, use of consultants, etc. For 2011 the goal is to reduce costs by an additional MSEK 100. This shall be achieved in part through optimization of operational staffing, reduced number of middle managers, reduced training of air traffic controllers and streamlining of the training organization, limited and focused development activities, streamlining within staffs and administration and on-going efficiencies in production through e.g.

new technology, method development and airspace changes.

Goals according to appropriation directive for 2010

LFV's long-term financial goals regarding profitability are that earnings after tax equivalence shall amount to 4% of equity capital. LFV's long-term financial goals regarding solidity are that this shall amount to at least 15%.

Profitability on equity capital was negative during 2010. The negative result was primarily a result of division and restructuring costs plus a number of different

entries of a one-time nature that affected the results for 2010. Solidity amounted to 10% on 31 December 2010.

Through the efficiencies that were conducted and planned the results shall be improved, and as of 2011 the goal for profitability is expected to be reached. LFV plans to redeem parts of the pension obligation in order to reduce the financial risks and improve the capital structure. After the pension redemption the long-term goal for solidity is expected to be achieved.



Briefing at Bromma in 1960 with Boelda Backlund, one of the women pioneers. Photo: LFV archive

Proposal for dividend

For 2011 LFV will not make any dividend.

We attest that the annual report provides a correct picture of the operation's results as well as of costs, revenues and LFV's economic position.

We are of the further opinion that the internal governance and control at LFV is satisfactory.

Norrköping 18 February 2011

NILS GUNNAR BILLINGER, Chairman of the Board

THOMAS ALLARD, Director General

ANN-MARIE BREDBERG

MARIA BREDBERG PETTERSSON

INGEMAR FREDRIKSSON

MARIE HAFSTRÖM

PETER LENNARTSSON

ANN-CATRINE ZETTERDAHL

The Swedish National Audit Office auditor's report concerning this annual report was presented on 22 February 2011.

LEIF LUNDIN

ANDERS LEXNER

Auditor's Report for LfV

22 February 2011
The Government
103 33 Stockholm

Report on the annual report

The Swedish National Audit Office has audited the annual report of LfV for 2010, dated 18 February 2011.

Responsibility of the management of the agency for the annual report

The management is responsible for the preparation of an annual report that gives a true and fair view in accordance with the Annual Accounts and Budget Documentation Ordinance (2000:605) and in accordance with the ordinance with instructions for LfV, the government directive and other decisions for the agency. The management is also responsible for the appropriate arrangement of internal control necessary for the preparation of an annual report free from material inaccuracies, whether due to fraud or error.

Responsibility of the Auditor

The Swedish National Audit Office's responsibility is to express an opinion on the annual report based on its audit. The Swedish National Audit Office has conducted the audit in accordance with generally accepted auditing standards. Those standards requires that The Swedish National Audit Office follows professional ethics and plans and perform the audit in order to obtain reasonable assurance about whether the annual report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report and whether the management in their administration complies with applicable regulations and specific decisions. The Auditor selects procedures to be performed, including the assessment of the risks of material misstatement in the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers those aspects of internal control relevant to the agency's preparation of the annual report in order to give a true and fair view. The objective is to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.

An audit also includes evaluating the appropriateness of accounting principles used and the fairness of accounting estimates made by management, as well as evaluating the overall presentation in the annual report.

The Swedish National Audit Office believes that the audit evidence obtained is sufficient and appropriate to provide a basis for the audit opinion.

Opinion

In the opinion of The Swedish National Audit Office, the annual report gives in all material respects, a true and fair view of the financial position of LfV as of 31 December 2010 and of the performance and funding for the year in accordance to the Annual Accounts and Budget Documentation Ordinance (2000:605), the ordinance with instructions for LfV, the government directive and other decisions for the agency.

Auditor in charge Leif Lundin, has made this decision.
Assignment leader Anders Lexner has been reporting.

LEIF LUNDIN

ANDERS LEXNER

Board of Directors



NILS GUNNAR BILLINGER,
Chairman of the Board of LFV 2010-
Special investigator "Co-financing investigation". Ministry of Enterprise, Energy and Communications 2010-. General director of Swedish Post and Telecom Agency (PST) 1998-2004 and for Swedish Aviation Agency 2005-2008. President of Eurocontrol Provisional Council 2006-2009.



THOMAS ALLARD,
Director General and LFV Board member 2010-
Member of Public Control Board for SMHI 2008-. Member Ecumenical Congregation at LiU Norrköping, Entry Point North AB, LFV Aviation Consulting AB, LFV Holding AB, NUAC HB.



ANN-MARIE BREDBERG
LFV Board member 2010-
Employee representative.



MARIA BREDBERG PETERSSON
LFV Board member 2010-
Board director for National Government Employees Pensions Board (SPV), 2010-. Deputy National Police Commissioner for National Police Board (RPS), 2009-.



INGEMAR FREDRIKSSON
LFV Board member 2010-
Runs the company Mercari AB and works as a consultant in business development and marketing.



MARIE HAFSTRÖM
LFV Board member 2010-
Board director for Institute for Research in the History of Law. General director of Swedish Coast Guard 1996-2005. General director of Swedish Armed Forces 2005-2008. Has also served on a number of boards.



PETER LENNARTSSON
LFV Board member 2010-
Employee representative.



ANN-CATRINE ZETTERDAHL
LFV Board member 2010-
General director of Swedish Maritime Administration 2010-. Has had leading positions in Telia Sonera since 2004, where she was director/Vice President for Customer Operations as of 2006. Has been CEO for Telia Installation AB and had board assignments in Telaris and the National Local Supply Agency.

Group Management



THOMAS ALLARD
Director General



URBAN TRYGG
Deputy Director General



KIMMY BECH
Head of Operations



CECILIA BORIN
Acting Head Business Support



NICLAS GUSTAVSSON
Acting Head Business
Development



MATHS GÖRANSSON
Director, Group Legal Affairs



PER HÖGBERG
Head of Production Terminal



KENNETH JOHANSSON
Head of Production En Route



MARIE-LOUISE KOSKINEN
Director, Human Resources



MIKAEL LARSSON
Finance director



ROLF NORMAN
Technical Director



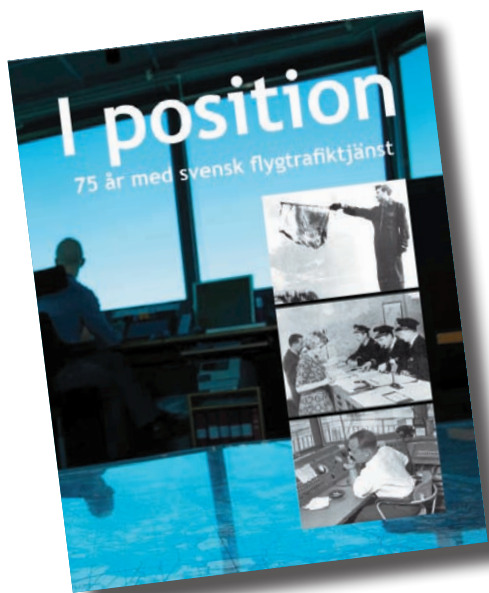
MARIANNE SAHLÉN-KARLSSON
Head of Products & Services



LEIF SANDBERG
Head of Quality, Safety
& Environment



CARL SELLING
Director, Group Communications



LFV's lengthy experience in air navigation services is now documented in the book *I position — 75 år med svensk flygtrafiktjänst* [In Position — 75 Years of Swedish Air Navigation Service], which was produced by LFV in cooperation with the Air Traffic Control Veterans. Shown here are some pictures from the book.



Military air traffic controller with flag out on the field. The Air Force started to employ air traffic controllers in 1942. *Photo: F 17*

(left)

Early picture from the Bromma tower with two air traffic controllers Thure Hansson, who is operating the signal lamp, and Lennart Bohlin. *Photo: LFV archive*



(below left)

The Arlanda tower in 1965 with John Kärbro and Rolf Helin in position. *Photo: LFV archive*



(below right)

The control centre in Stockholm in the late 1970s, when a new air navigation system was put into operation. *Photo: LFV archive*



LFV in Sweden

- ATS UNITS
- CONTROL CENTRES
- HEAD OFFICE, NORRKÖPING



AIR NAVIGATION SERVICES

ATS UNITS ¹⁾, 38 locations

Arvidsjaur
Borlänge
Gällivare
Göteborg City
Göteborg Landvetter
Halmstad
Jönköping
Kalmar
Karlsborg
Karlstad
Kiruna
Kristianstad
Linköping-Malmen
Linköping-Saab
Ljungbyhed
Luleå
Malmö
Norrköping
Pajala
Ronneby
Skellefteå
Stockholm-Arlanda
Stockholm-Bromma
Stockholm-Skavsta
Sundsvall Härnösand
Sätenäs
Söderhamn
Trollhättan
Umeå
Uppsala
Vidsel
Visby
Västerås ³⁾
Växjö ³⁾
Åre Östersund
Ängelholm Helsingborg
Örebro ³⁾
Örnsköldsvik

CONTROL CENTRES ²⁾

2 location
Malmö
Stockholm-Arlanda

1) LFV provides local air navigation services at 38 locations.

2) Control centres are responsible for air navigation service in the airspace outside the airport area.

3) As of March 2011 another player will provide local air navigation service at airports in Växjö, Västerås and Örebro.

Editing: Group Finance, Group Communication and Marketing

Graphic design: LFV Printing

Images: Kenneth Hellman, Linus Lindgren and LFV

Translation: Expert English Training Sweden AB

Printing: LFV Printing, Norrköping 2011

This Annual Report is a translation of the Swedish original. In the event of any inconsistency between the English and Swedish versions, the Swedish version shall take precedence.



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