

Business Plan

Strategic and managerial philosophy

2008 - 2010



NAVIAIR

Air Navigation Services



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Introduction

This is Naviair's third Business Plan covering the period 2008-2010. The Business Plan, which describes Naviair's strategies, plans, and activities for the next three years, follows up on the two previous Business Plans and is structured in the same way.

2007 has been a landmark year for Naviair – a year much influenced by CASIMO.

When Naviair the night between 28 and 29 December 2007 put a whole new air traffic management system into service, it was a milestone in the history of Naviair, and at the same time it was the culmination of more than ten years of systematic development of organisation, employees, and technology.

Naviair has, as one of the only providers of air navigation services in Europe, managed to put a big air traffic management system into service within budget and on time. This

achievement was accomplished without compromising the high quality and service in relation to our customers, not least due to extraordinary good teamwork and cooperation between all employees in Naviair. And the initialisation of the system has been carried out entirely according to the plan.

The new air traffic management system makes Naviair an attractive partner. From now on we will intensify the cooperation with our alliance partners and thereby effectively support the business of our customers. As regards to the internal affairs in Naviair, we will consolidate investments of previous years and continue developing Naviair to be an attractive company that is regarded by all employees as an exiting and motivating workplace.

In Naviair we are ready – as a unified team – to meet the challenges in the coming year.

Morten Dambæk
Director General

Challenges facing Naviair

This section describes notable trends within our own sector of industry and those that affect our closest customers and stakeholders.

Finally, change factors are summarised in a diagram that also covers the strategic areas that are essential for Naviair to focus on in order to continue developing.

Customers

Airlines

Airlines are experiencing growing competition in terms of price and quality following the liberalisation of European aviation. Companies have become increasingly aware of how much they are paying for their employees' travel, and an exceptional range of low-price travel became available during the first five years of this decade. In addition, favourable conditions have created growing demand for leisure travel. There is therefore a potential market for an increasing number of passengers wishing to be served by European airlines.

As before, Naviair's challenge is to keep the cost of operating air navigation services down while ensuring that flight safety and regularity are not compromised in any way.

Airports

It is important for the development in Danish air traffic that Copenhagen Airport maintains its international status and is not deselected by the airline companies in the competition with other North European airports.

Following the establishment of the Great Belt Link between Funen and Zealand, a substantial proportion of the market for smaller airports has disappeared. Airports are now constantly forced to strive to minimise fixed costs.

As a provider of services for airports, Naviair will similarly focus on keeping the price of air navigation services as low as possible.

Other customers and services

Naviair has technical maintenance bases in Copenhagen, Aalborg and Billund, primarily for the maintenance of its own equipment. To ensure the ongoing, optimum use of resources, Naviair offers technical maintenance of equipment for local airports and other customers, provided that our employees have the expertise to deal with this.

Danish Defence

During the 1990s and the first half of this decade, Danish Defence has been transformed from a primarily defensive and territorial organisation to one which plays more of a humanitarian and emergency role. This has changed the way the military needs to use Danish airspace, in particular with regard to training options. Thus, the design of training areas, in which civil air traffic must be separated from military activities, has changed.

Naviair works closely with Danish Defence and constantly coordinates airborne activities to ensure that the Defence's needs are met, while minimising the disturbance to civil air traffic.



International • European

EU

Single European Sky – SES:

In 2004, the EU began establishing the common European airspace known as SES. This will have a decisive influence on the future organisation and structure of our industry. From a technical point of view, the SES is based on EU legislation in the form of four Council regulations; these regulations are further supplemented by a number of more detailed regulations passed by the European Commission in conjunction with member states. The work of drawing up the detailed regulations is ongoing, and will continue into the coming years.

Naviair is part of a Danish working group which is supporting the Danish Civil Aviation Administration to finalise Denmark's position in regard to the regulations.

SESAR:

SESAR is the EU's ambitious programme for developing the new generation of an European air traffic management system. This programme will combine technological, financial and legislative aspects. In 2007, an European ATM Master Plan has been established, covering the period up to 2020.

The plan will be developed between 2008 and 2013, and will then be implemented from 2013-2020.

Eurocontrol:

Eurocontrol is an international European organisation based in Brussels. Eurocontrol was founded in the beginning of the 1960s, but it was only during the 1980s that it began to influence developments affecting air navigation services in Europe. Eurocontrol operates the joint area control centre for Germany and the Benelux countries in Maastricht. It also operates CFMU, the Central Flow Management Unit, which regulates air traffic within Europe, with the aim of securing traffic flows with a minimum of delay. Finally, Eurocontrol is responsible for charging en route fees for all member countries, via the CRCO.

In line with the EU-inspired emphasis on distinguishing between regulatory authorities and service providers, it is expected that Eurocontrol's operational services will eventually be passed on to other organisations, at which point Eurocontrol will become more of an expert organisation, providing carefully prepared proposals for the EU. In line with this, Eurocontrol has provided input/advice for the EU in connection with the Commission's work on implementing SES.

International • Global

ICAO:

ICAO is the UN-housed global organisation which undertakes work relating to civil aviation at an international level. Since the end of the Second World War, ICAO has set standards for civil air traffic in areas such as aviation technology and air navigation services.

Naviair follows ICAO's work regarding air navigation services through the trade association CANSO (see below), and through the Danish Civil Aviation Administration, which manages the Danish membership of ICAO.

CANSO:

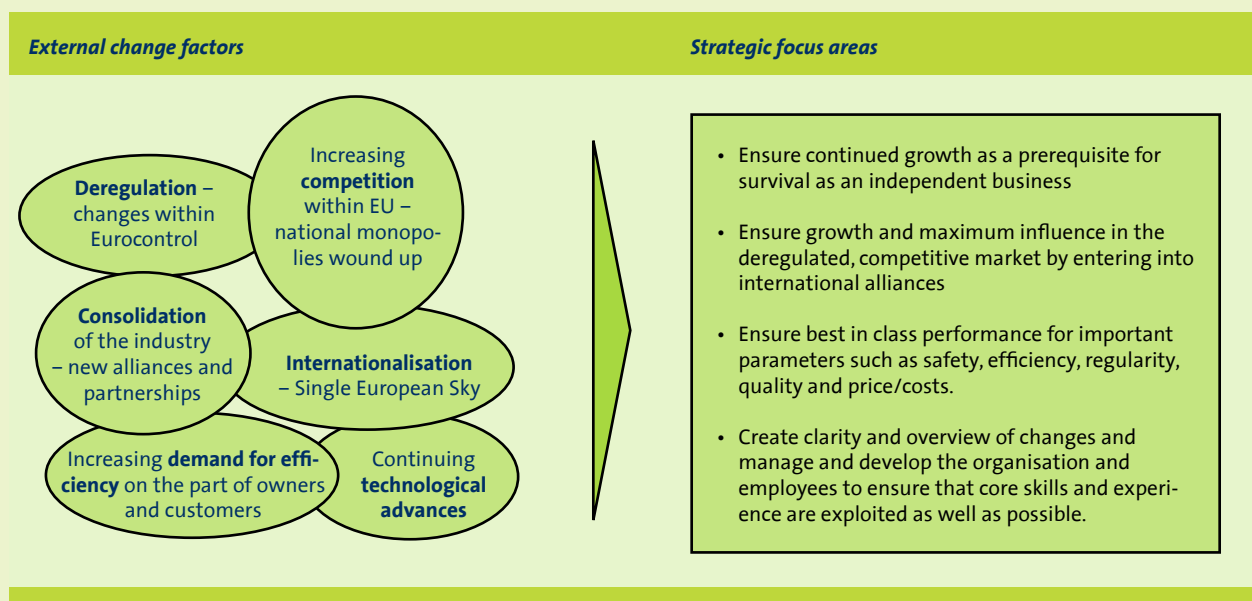
Naviair is a full member of CANSO, the global voice of service providers. Naviair takes an active part in this organisation, which among other things has substantial influence into the EU's design and ongoing implementation of the Single European Sky (SES) package and the technical programme SESAR.

CANSO's explicit goals in regard to the implementation of the SES include the fact that initiatives are best achieved via a bottom up approach. In other words, the current providers of air navigation services should ally with one another or form other close partnerships, with the aim of improving provision and efficiency.

External change factors and developments

The external change factors to which the industry is subject to, are summarised in the diagram below, which also indicates the strategic areas that Naviair deems essential

to focus on in order to deal with these change factors and ensure the company's continuing existence.



The strategic focus areas described in the above diagram form the basis of Naviair's strategic platform, which is described in the following section.

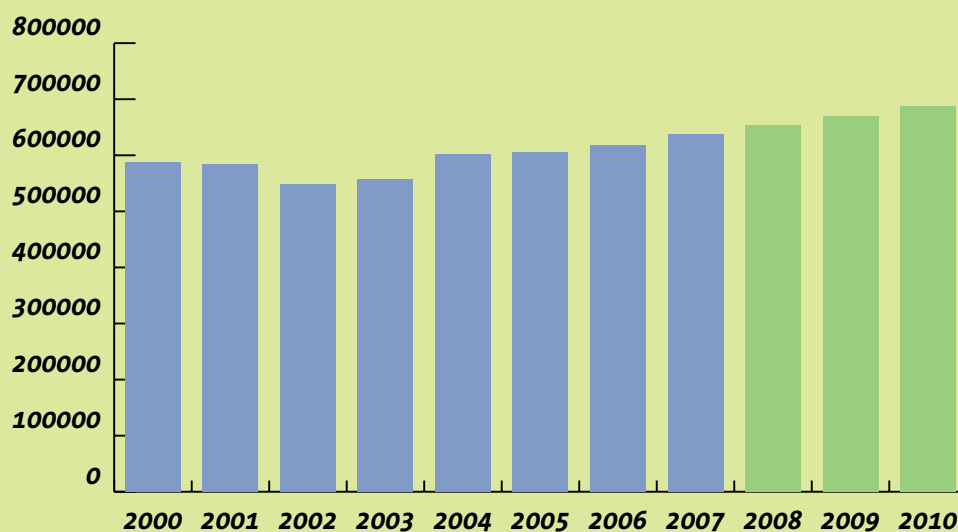
Expectations

- to the traffic development in Danish airspace

In the years up to and including 2010, an average increase of 2,5 % is expected in the en route traffic - hence a relatively stable but modest traffic growth. The development is illustrated in the figure below.

Despite Copenhagen Airport's expectations of an increasing number of passengers, Naviair expects an unchanged number of operations at the airport as the airlines operate with a higher occupancy on the aircraft. An increase of 2,5 % is expected at Billund Airport.

Traffic forecast 2000 – 2010





The strategic platform

MISSION

Naviair develops and provides safe and efficient services to the aviation community.

VISION

We want to be among the best ANS Service Providers in Europe.

We will ensure a continuous development and a strong position with customers and partners by forming international alliances.

We will realise our vision and goals through target-oriented development of employees and ongoing improvement and standardisation.

The rationale behind the vision

Naviair perceives alliances and new markets/new customers as a vital factor for growth and in order to survive as a business.

Naviair desires to influence and play an independent role in a future deregulated market and will concentrate on international alliances in order to generate growth through new markets and new customers.

Naviair's role will be strengthened via best in class performance, measured by certain important parameters: safety, efficiency, regularity, quality and price/costs. These factors will:

- Make Naviair an attractive partner.
- Allow Naviair room to manoeuvre in regard to key stakeholders.
- Enable Naviair to compete effectively in a deregulated market.
- Give Naviair a healthy base from which to grow.

Naviair will focus on recruiting competent employees and on developing employee skills with company goals in mind.

Naviair will strive to improve and will concentrate on standardising both equipment and employee methodology.

The seven sub-strategies

Naviair's seven sub-strategies will ensure that the company fulfils its mission and realises its vision. These seven sub-strategies have been evaluated and adjusted in the light of

developments and the ongoing external change factors to which the industry is subject. The adjusted sub-strategies and associated goals are shown below.

Market

Naviair will secure and develop its position in the market as a provider of air navigation services in Denmark and the Nordic countries – primarily through NUAC.

Rationale:

As a result of external change factors, there will be less but larger service providers in Europe, along with fewer area control centres. At the same time, there will be great demand for service providers to be efficient. Cooperation between service providers is the only way forward to a future platform in the Single European Sky.

Goals:

- Naviair will establish the NUAC company. Naviair will be a co-owner of this company.
- Naviair will use NUAC as a starting point for the establishment of a partnership with other ANS providers.
- Naviair will provide tower and approach control at the Copenhagen Airports in Kastrup and Roskilde, and at Billund airport.
- Naviair will provide technical and operative services for other Danish airports.

Customers

Naviair will strengthen and develop its relationships with customers. This will be achieved via close alliances focusing on safety, price and quality, to ensure that Naviair's services support customer growth.

Rationale:

External change factors and the market trend for privatisation mean that Naviair must focus more on supporting customer needs.

Goals:

- Naviair will support the expansion of airline companies and airports through increased cooperation and common planning.
- Naviair will establish and progress with a goal-driven Customer Care Programme to ensure that our customers' needs are tracked on an ongoing basis.

Services/products

Naviair will provide air navigation services, and will, via certifications based on common requirements and ISO and through goal-driven development, make these services attractive to new and existing customers.

Rationale:

In order to secure, establish and develop Naviair's position as a service provider, we need to continually improve and optimise our core services.

Goals:

- Naviair will provide air navigation services.
- Naviair will provide technical maintenance.
- Naviair will continuously work to raise safety standards, capacity and the company's financial efficiency.

Alliance partners/relationships

Naviair will strengthen European partnerships in regard to air navigation services (ANS) and relations with the Danish Civil Aviation Administration, in order to lay the foundations for Naviair's growth and development.

Rationale:

A broad, solid partnership is essential to ensure the necessary strength to compete with other market operators.

Goals:

- Naviair will work with the Danish Ministry of Transport and the Danish Civil Aviation Administration on the implementation of strategies.
- Via Entry Point North and COOPANS, Naviair will develop closer partnership with northern European service providers.

Suppliers

In general, Naviair will focus on standardised systems and solutions.

Rationale:

In order to improve our ability to compete in the market, it is essential to optimise and maximise efficiency; this can be done by increasing our professionalism in regard to supplier management.

Goals:

- Naviair will concentrate on automated and standardised systems, based on specific needs assessments, focused tenders and streamlined supplier management.
- Naviair will focus on working closely with our suppliers.
- With COOPANS as model, Naviair will enter into new alliances with other suppliers.

Skills

Naviair will implement goal-driven skills development to ensure that all products and services can be provided, with an emphasis on safety, price and quality.

Rationale:

Naviair's skills are vital in order to develop the business and to market core services on an ongoing basis.

Goals:

Naviair will develop skills regarding:

- Technical/operational air traffic control
- Management
- Change management
- Programme and project management

Managers and Employees

Naviair will provide attractive workplaces with excellent opportunities for technical and personal development, taking a holistic view of employees.

Rationale:

Best in class performance requires an organisation that marches in step. This in turn requires a manager and employee development process that establishes responsibilities and skills as well as standards and rules.

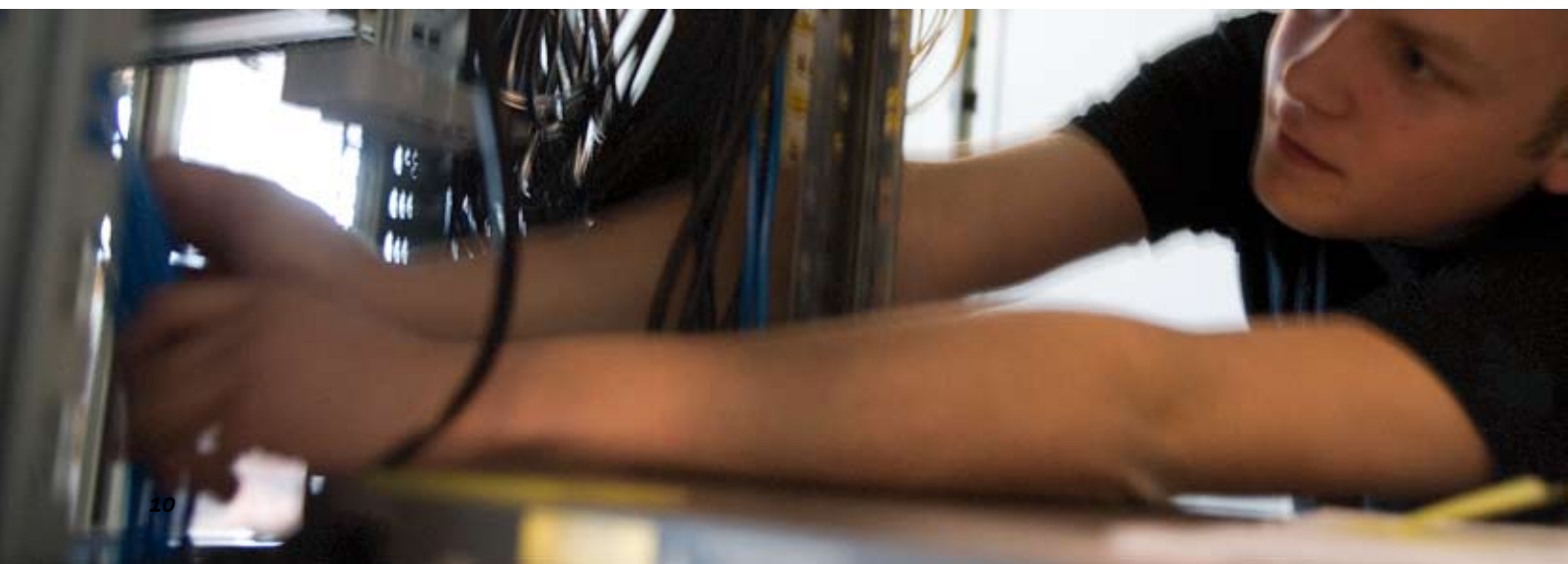
Goals:

Managers

- Naviair will implement and maintain a clear, business-oriented management model that defines the direction for the development of all managers.

Employees

- Naviair will ensure that employees are always able to develop within the Naviair organisation.
- Naviair will ensure that employees always possess the requisite professional and social skills that support the core business.



Programme portfolio

In preparation for ensuring the fulfilment of the goals in our seven sub-strategies, we have launched a range of programmes. Management committees have been appointed for all programmes. These committees are responsible for ensuring that the programmes are managed in accordance

with the scope. In addition, Naviair has implemented a trans-organisational portfolio management system to ensure continuous, trans-organisational coordination of these programmes, primarily in regard to the resource requirements of each programme.

CASIMO

Technically and financially, CASIMO is an extremely comprehensive programme that Naviair implemented at the end of 2007. Now, Naviair provides air navigation services via a new ATM system offering more modern technology. In 2007, the primary focus was to finalise the CASIMO programme and to put it into service. In 2008, focus will be changed and will be characterised by the running-in and optimisation of the system.

NUAC

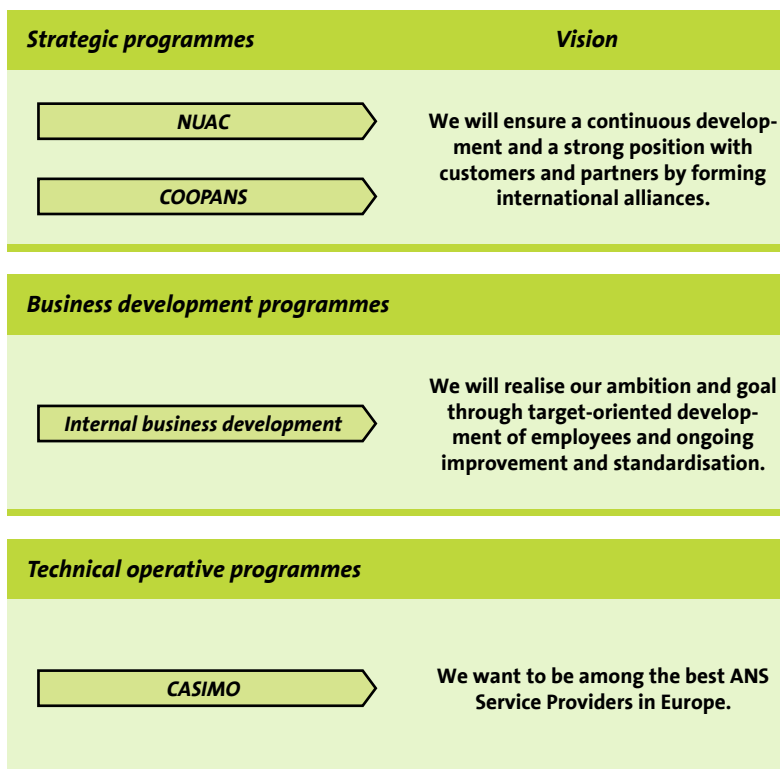
The NUAC programme was launched with the aim of researching the opportunities for a closer partnership between Denmark and Sweden in order to provide air navigation services in common airspace over Denmark and Sweden. The programme is a result of the push for European harmonisation of airspace and the adoption of the

Single European Sky (SES) regulation. In 2006, the NUAC programme completed a comprehensive business case outlining three scenarios for cooperation between Denmark and Sweden. In 2007, the NUAC programme produced the additional knowledge that is necessary in order to make an informed decision concerning the realisation of the programme.

In 2008, one scenario – “the operative alliance” – will be further developed. “The operative alliance” is a cooperation where the three existing control centres provide air navigation service in Danish and Swedish airspace via a common company.

COOPANS

COOPANS is a partnership aimed at harmonising procedures and standardising the respective ATM systems that are behind the provision of air navigation services. The partners are service providers in Sweden, Ireland and Denmark, with the addition of Thales as supplier and partner. The goal is a harmonisation with ongoing upgrades in order to avoid complete replacements of the ATM systems.



Internal business development

Internal business development is an internally focused, trans-organisational programme which consists of concrete activities that are implemented throughout the organisation, as well as a range of HR tasks such as management and skills development. The purpose of the programme is to manage the development of the company culture and internal communications.

Focus areas 2008

Naviair has chosen three focus areas to counter the challenges that Naviair is facing in 2008. These focus areas will help to ensure that we provide a safe product with high regularity at the lowest possible costs.

"Attractive company"

Naviair shall be seen as an attractive company that can hold on to and attract competent employees. Therefore, we will continue to develop the trans-organisational cooperation in the company and at the same time generate the business framework for the future development.

"Safe and regular operation"

The new traffic management systems will be implemented completely in 2008. The main challenge for Naviair will be to manage the daily operation and at the same time satisfy the customers' needs.

"Simple and efficient administration"

The administrative main systems have intentionally received limited resources for some time. In 2008, these programmes will be put in focus again, and we shall benefit by our investments from previous years.



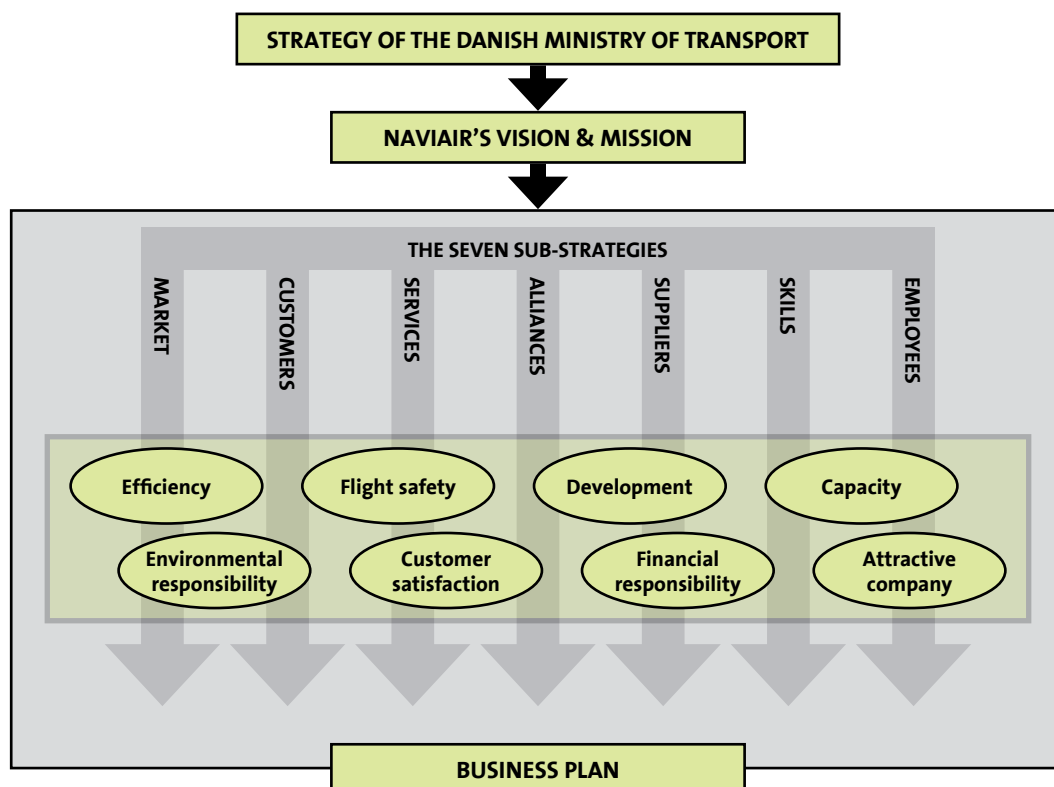
Naviair's critical success factors (CSFs)

Naviair's strategy has been adjusted according to the external and internal pressure for change and to the demands and expectations from the company owner, the Ministry of Transport. In continuation hereof, Naviair has identified and

determined a number of CSFs to ensure that Naviair will realise its long-term objectives, which have been determined based on the strategic platform and specified in the seven sub-strategies.

By the making of the Business Plan 2008 – 2010, the critical success factors have been reconsidered, and they are now as follows:

- **Efficiency:** Naviair will make use of resources as effectively as possible
- **Flight safety:** Naviair will ensure a high level of flight safety
- **Capacity:** Naviair will provide sufficient capacity and will provide air navigation services with a minimum of delays
- **Customer satisfaction:** Airlines and airports will experience a safe and efficient service
- **Environmental responsibility:** Naviair will ensure an air navigation service that minimises noise and reduces air pollution
- **Financial responsibility:** Naviair will be cost-conscious in all regards
- **Development:** Naviair will ensure its own development through alliances, harmonisation, and standardisation
- **Attractive company:** Naviair will have positive and efficient employees with the right competences



Balanced Scorecard 2008

Based on the established critical success factors, a number of concrete goals have been set up (key performance indicators – KPIs). The KPIs are to ensure that Naviair keeps focus and direction towards the fulfilment of the strategic objectives. The follow up on the concrete goals takes place

via Naviair's internal business management system, Balanced Scorecard (BSC). Status on the identified measurement criteria (KPIs) is published each month on Naviair's intranet. The KPIs are reconsidered once a year. In 2008, there will be measured on the KPIs mentioned on the following pages.

KEY PERFORMANCE INDICATORS (KPI)		Customers
KPI	Definition, KPI	Goal
User satisfaction <i>CSF relation: customer satisfaction</i>	A user satisfaction survey among pilots will be carried out in 2008. Customer satisfaction is measured in relation to the number of users who are either satisfied or very satisfied with Naviair's services	> 90 % satisfied/very satisfied
No. of incidents <i>CSF relation: Flight safety</i>	The number of serious incidents (ACC, TWR/APP CPH and provincial airports) caused, directly or indirectly, by Naviair in the course of 100,000 operations.	< 2.49 incidents per 100,000 operations
Delays - en route <i>CSF relation: Capacity</i>	The average delay in minutes per operation. The goal requirement takes a capacity reduction in the beginning of the year into consideration due to the consequences from the implementation of the new ATM-system CASIMO.	< 1.5 minutes per operation
Delays – TWR/APP CPH <i>CSF relation: Capacity</i>	The average delay in minutes per operation. The goal requirement takes a capacity reduction in the beginning of the year into consideration due to the consequences from the implementation of the new ATM-system CASIMO.	< 1.0 minutes per operation
Environmental considerations – noise complaints <i>CSF relation: Environmental responsibility</i>	The number of reported incidents in which Naviair is implicated, directly or indirectly, involving noise limits being exceeded without authorisation, at Naviair's service locations.	< 5 violations



KEY PERFORMANCE INDICATORS (KPI)		Finance
KPI	Definition, KPI	Goal
Keeping to loan limit <i>CSF relation: Financial responsibility</i>	Use of loan limit.	< 90 %
Use of air navigation services in Denmark <i>CSF relation: Financial responsibility</i>	Use is measured against the budget allocated to Naviair for Danish air navigation services in the Danish Budget.	Deviation from budget < 2 %
Use of air navigation services in Greenland <i>CSF relation: Financial responsibility</i>	Use is measured against the budget allocated to Naviair for Greenland air navigation services in the Danish Budget.	Deviation from budget < 2 %
Income for en route traffic <i>CSF relation: Financial responsibility</i>	Traffic income, excluding income from SLV and DMI.	> 2 % income compared with budget
Income from fees for air traffic control at CPH <i>CSF relation: Financial responsibility</i>	This figure comprises income from fees for air traffic control at both Kastrup and Roskilde airports.	> 2 % income compared with budget
Income from fees for air traffic control at Billund <i>CSF relation: Financial responsibility</i>	This figure comprises income from fees for air traffic control at Billund airport.	> 2 % income compared with budget
Result after N+2 <i>CSF relation: Financial responsibility</i>	Actual development in the financial result for Naviair's cost base accounts. Over time, this account must balance - that is, neither show surplus nor deficit.	Positive deviation compared with budget



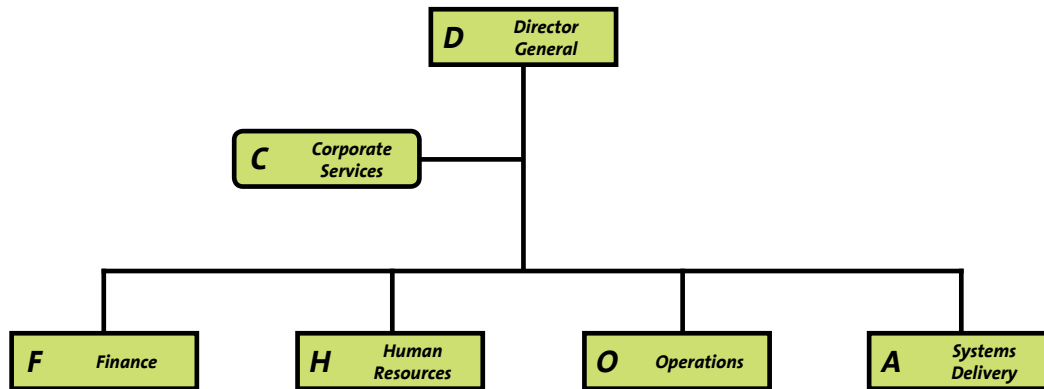
KEY PERFORMANCE INDICATORS (KPI)		Internal
KPI	Definition, KPI	Goal
Availability ODSs in the control centre <i>CSF relation: Flight safety</i>	The availability in percentages of radar displays in the control centre.	> 99,9%
Availability radar coverage <i>CSF relation: Flight safety</i>	Availability in percentages of the radar stations in Danish airspace (Copenhagen FIR)	> 99,5%
Availability radio/ emergency radio systems <i>CSF relation: Flight safety</i>	Availability in percentages of communications systems used for radio communication with aircraft	> 99,5%
Incident investigation <i>CSF relation: Flight safety</i>	In categories of incidents that are investigated, an initial analysis should be produced no later than three weekdays after the incident.	> 95%
Disposition efficiency – en route (operations) <i>CSF relation: Efficiency</i>	En route number of operations per air traffic controller man-year on operational duty (ATCO in OPS)	> 6300
Disposition efficiency – TWR/APP CPH (operations) <i>CSF relation: Efficiency</i>	Tower/approach (CPH) number of operations per air traffic controller man-year on operational duty (ATCO in OPS)	> 4150
Administrative and technical productivity <i>CSF relation: Efficiency</i>	Number of non-operational full-time equivalents per air traffic controller man-years on operational duty (ATCO in OPS)	< 2,0



KEY PERFORMANCE INDICATORS (KPI)		Learning & Growth
KPI	Definition, KPI	Goal
Employee contentment <i>CSF relation: Attractive company</i>	Employee contentment is measured in the yearly job satisfaction survey for all employees in Naviair. The goal is that the employee contentment has increased since the last survey	> 75 %
Management evaluation <i>CSF relation: Attractive company</i>	Based on the yearly management evaluation, the total employee contentment with the management in Naviair is measured. The goal is that the contentment has increased since the last survey	> 80 %
Employee conditions, sickness <i>CSF relation: Attractive company</i>	Sick days are measured as the average number of sick days per employee over the past twelve months.	< 7 dage
Staff turnover <i>CSF relation: Attractive company</i>	The number of employees who have left during the past twelve months as a percentage of the average number who were employed during the same period.	< 6 %
Air traffic controller training pass rate <i>CSF relation: Attractive company</i>	The pass rate in the air traffic controller education is measured as the number of passed air traffic controllers in percentage of the number of admitted aspirants on each team	> 75%
NUAC <i>CSF relation: Development</i>	The progress of the NUAC programme according to delivery schedule, quality, and finance	> 90 %

Naviairs organisation

As of 1 January 2008.



To see a more detailed organisation chart, please refer to Naviair's homepage: www.naviair.dk.

Naviair's values and cultural model

We are customer-focused

Naviair employees listen to the customers and make a great effort to understand and meet their needs. We provide the right product at the right time and budget, and also try to deliver a little more than expected.

We are prepared for change

Naviair employees are curious about new ideas and proposals. We see the opportunities beyond the limits, and we are not afraid of new challenges.

We take responsibility

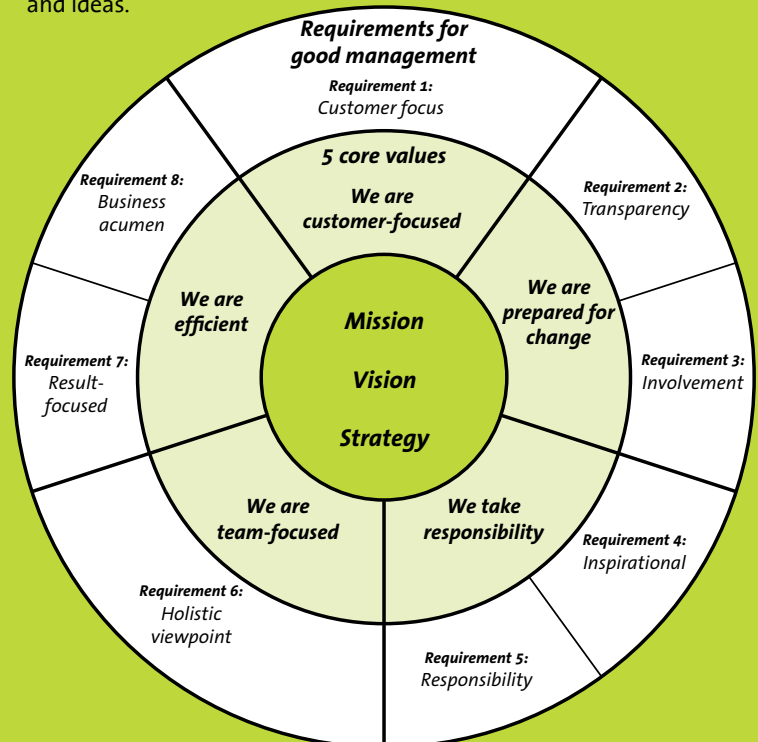
Naviair employees are loyal and back up decisions once they have been made. We take responsibility for the things we say and do, we behave appropriately, and we care about our work.

We are team-focused

Naviair employees respect each other personally and professionally. We work for One United Naviair, and try to understand the spirit of anything that is said. We have faith in one another and share knowledge and experiences.

We are efficient

Naviair employees are intent on carrying out tasks quickly and properly. We seek expertise wherever it is available, we keep costs in mind, and we put forward good suggestions and ideas.



Abbreviations

ACC: Area Control Centre

ANS: Air Navigation Service

APP: Approach

ATC: Air Traffic Control

ATCO in OPS: Air traffic controller in Operation

ATM: Air Traffic Management

BSC: Balanced Scorecard

CANSO: The Civil Air Navigation Services Organisation

CASIMO: CATCAS Simulator MODernising (the new air traffic management system)

CATCAS: Copenhagen Air Traffic Control Automated System (the old air traffic management system)

CFMU: Central Flow Management Unit

COOPANS: CO-Operation of Air Navigation Service providers

CPH: Copenhagen Airport

CSF: Critical Success Factors

DMI: Danish Meteorological Institute

Entry Point North: Nordic ATS Academy. Owned by Naviair, LFV (Sweden) and Avinor (Norway).

ICAO: International Civil Aviation Organisation

ISO: International Organisation for Standardisation

KPI: Key Performance Indicators

NUAC: Work name for the common Danish-Swedish programme regarding future provision of air navigation services in Danish and Swedish airspace

SES: Single European Sky

SESAR: EU programme aimed at developing the next generation of a European Air Traffic Management system (ATM system).

SLV: Statens Luftfartsvæsen (Danish Civil Aviation Administration – CAA-DK)

TWR: Tower

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Naviair is a State Enterprise under the Danish Ministry of Transport

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Air Navigation Services