



2011

Annual Report

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SL's

vision

Through public transport, SL contributes towards making Stockholm Europe's most attractive metropolitan region.



SL has subscribed to the UN's initiative for responsible business practices, the Global Compact. This means that SL shall strive to work in accordance with the initiative's ten principles on human rights, employment law, the environment and anti-corruption measures. Once a year, SL shall also report on its goals, results and experiences from this work in writing, in the form of a Communication on Progress (COP).



Find out more
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About AB Storstockholms Lokaltrafik in brief

New business concept from 2011

Based on its owners' requirements and its stakeholders' expectations, SL shall propose and implement regional public transport solutions that make commuting easier and simplify everyday life for everyone in the Stockholm region.

Vision

Through public transport, SL contributes towards making Stockholm Europe's most attractive metropolitan region.

Overall objectives

- Attractive public transport
- Economic efficiency

Development objectives

- Competent strategist
- Competent project implementer
- Businesslike purchaser
- Effective control
- Attractive employer

Shared values

Cooperation, Responsibility, Confidence, Commitment

SL's operations

SL has overall responsibility for ensuring that everyone who lives in – or visits – Stockholm County has access to extensive, easily accessible and reliable public transport.

All transport services are provided by private transport operators and procured by SL in competition. SL owns extensive assets in the form of track vehicles, track installations and properties with a replacement value of approximately SEK 110 billion.

In order to be able to provide the best possible service, it is extremely important for SL to enter into businesslike, trusting cooperation with the opera-

tors with which SL signs agreements. SL must be an expert in the overall planning, ordering and monitoring of transport services, as well as renewal and maintenance, while transport and maintenance companies are responsible for detailed planning, deliveries and customer contact.

SL is owned by Stockholm County Council

AB SL is owned by Stockholm County Council (SLL), and the SL Board is appointed by the County Council Assembly. SL is financed through taxes and, primarily, fare revenues. Taxes account for half of this. ●

The company's business activities and finances	2011	2010
Number of passengers per day in winter using general public transport	739 000	722 000
Satisfied customers using general public transport, %	73	74
Number of special transport service journeys and patient transport journeys per day	10 700	10 200
Profit/loss, SEK millions	-156	-420
Income for the year, SEK millions	14 949	14 124
Fare revenues, SEK millions	5 870	5 370
Total assets, SEK millions	39 093	35 782
Tax distribution level, %	49.1	51.2
Investment, SEK millions	4 439	4 662

Transport to meet both current and future demands

Last year, Stockholm County grew by around 40 000 people and this rate of growth is expected to continue. For the county's residents – both new and old – effective public transport is essential in order for everyday life to run smoothly. Each day, more than 700 000 people travel to work, school and leisure activities using SL. They expect punctual, easily accessible and attractive public transport.

SL's challenge is to provide infrastructure and transport solutions that meet both current and future demands. Some of the largest investments seen in public transport for a very long time are currently under way.

Work continued in 2011 on the construction of the Citybanan line, the commuter rail tunnel under central Stockholm which will be complete in 2017. The extension of the Tvärbanan orbital line between Alvik and Solna is progressing according to plan, and will be opened to traffic in 2013. The Green Metro line was also modernised between Gullmarsplan and Hagsätra, this involved an investment of around SEK 1 000 million, and thanks to careful planning this was completed according to schedule.

Planning has continued for key future investments. Among many others, these include the extension of Spårväg City towards Ropsten, a new signalling system for the Red Metro line and new Metro vehicles.

The cold and snowy winter during the first months of 2011 put bus services in



particular to the test. SL will never be able to promise entirely disruption-free services, but new procedures have been established and will be in place to minimise disruption, in the event of severe weather conditions. SL and the transport operators have also drawn up joint strategies and reviewed our contact channels to avoid excessive consequences due to the challenges of winter in the future.

SL has implemented large-scale internal restructuring. The aim is to focus on our long-term strategy for the expansion of public transport services and to make SL an even more effective purchasing organisation. The new organisation came into force on 1 May, and the new ways of working were gradually implemented during the autumn.

SL is a significant purchaser of contracts, goods and services. This brings great social responsibility. In relation to the UN's initiative for responsible business practices, the Global Compact, SL works actively within the areas of the environment, employment law, human rights and anti-corruption measures. This will continue to be an important part of our efforts to achieve a society that is sustainable help in the long term.

It is a great privilege for me to work together with skilled employees and operators to achieve our shared vision: to help make the Stockholm region Europe's most attractive metropolitan region. ●

Anders Lindström
MD

Major investments in attractive public transport



Every day, more than 700 000 Stockholmers travel with SL. Our overall objective is a greater number of customers and more satisfied customers, since SL is there for its passengers. I want more people to be able to use public transport. We therefore focus on accessibility, comfort, reliability and safety. Maintaining existing infrastructure is at least as important as continuing to build new infrastructure. We want to provide Stockholmers with the best public transport we can.

The year began with a great deal of snow and cold weather. This had serious consequences for many travellers, and we have learnt a number of lessons. Various measures were taken before winter 2011/12. For example, duty offic-

ers were available around the clock, and there was better coordination between the different parties involved in snow clearing. Obviously, these measures also involve improving existing infrastructure. This requires having modern points, signalling systems, track and bridges. All this means that we are working little by little to offer even better public transport. During the year we have renovated the Hagsätra branch line on the Green Metro line. We are also extending the Tvärbanan orbital line from Alvik to Solna. The extension is expected to be completed in 2013. These are just two examples of how we are making public transport more attractive.

This year's customer satisfaction level was 73 per cent. This is essentially a

good score for SL. However, it is also a reminder that we need to keep working to develop and modernise in order to offer an even better journey experience from start to destination, throughout the entire county. This is one of our most important tasks.

I would like to take the opportunity to pass on my thanks to all SL's employees, who do a fantastic job. I would also like to thank all the operators who make travelling possible. Thanks, too, to all the 700 000 passengers who travel with SL. Together, we are creating the world's best public transport. ●

Christer G Wennerholm
Chairman

Annual Report



Spår
6

Kungsträdgården

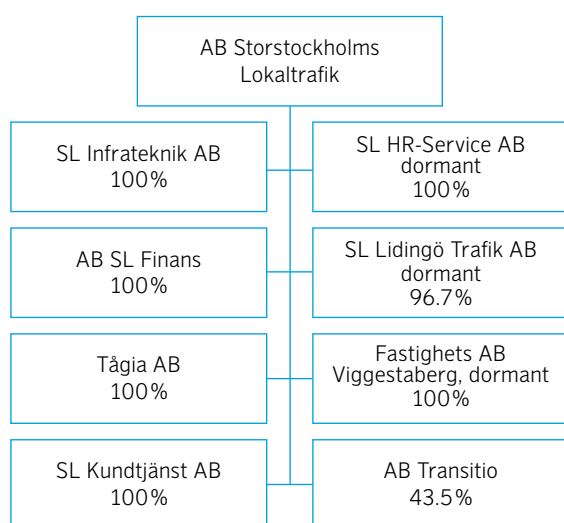
Administration Report

AB Storstockholms Lokaltrafik, company registration number 556013-0683

The Board of Directors and the Managing Director of AB Storstockholms Lokaltrafik hereby present the annual report of the Parent Company and the SL Group for the financial year 1 January – 31 December 2011.

1. Ownership structure

The Parent Company of the SL Group, AB Storstockholms Lokaltrafik (SL), is wholly owned by Stockholm County Council (SLL). At year-end 2011, the Group consisted of the Parent Company, three operating subsidiaries, four dormant subsidiaries and one related company.



SL is responsible for providing local and regional public transport and for the operation and maintenance of public transport facilities and vehicles, on behalf of SLL.

AB SL Finans is responsible for financing public transport vehicles.

At SL Infrateknik AB, there are vehicles owned by SL or which are intended to be financed externally.

Tåga AB's operations relate to training in connection with the care and maintenance of rail vehicles. It is intended that these operations will be sold.

SL Kundtjänst AB's operations involve providing information to the public about transport services. Certain limited operations were carried out up until October. Since then, the company has been dormant.

The Group also includes the dormant companies Fastighets AB Viggestaberg, SL Lidingö Trafik AB and SL HR-Service AB.

In addition, SL is a part-owner of the related company AB Transitio (43.5 per cent), which is responsible for the acquisition and financing of vehicles on behalf of its owners. The Parent Company is also a part-owner of Samtrafiken i Sverige AB (2.12 per cent), whose operations consist of collaborative efforts to im-

prove conditions for public transport users and expand public transport services throughout Sweden.

Changes within the Group

During 2011, the Group has continued to refine and develop its operations according to plan. Major organisational changes were carried out and implemented on 1 May 2011.

AB Transitio

During 2011, a decision was made to change the company's ownership structure. This will involve SL's ownership being reduced to 20 per cent during 2012.

2. Control

SLL owns AB Storstockholms Lokaltrafik, and it is the County Council Assembly that appoints the members of SL's Board of Directors and the members of the Transport Committee, a new political body.

Since 1 January 2011, the Transport Committee has been responsible for public transport on land, at sea and for people with disabilities. The Committee is responsible for the County Council's transport planning and for drawing up proposals for the Transport Provision Plan.

The Committee also has overall responsibility for planning and procuring transport services and monitoring operations.

SL is responsible for the Transport Committee's decisions being implemented within the framework of SL's operational areas.

SL's Board of Directors consists of politicians elected by the County Council Assembly and employee representatives.

3. Business operations

SL has overall responsibility for ensuring that everyone who lives in or visits Stockholm County has access to extensive, easily accessible, reliable public transport. All transport services are provided by transport operators and procured by SL in competition.

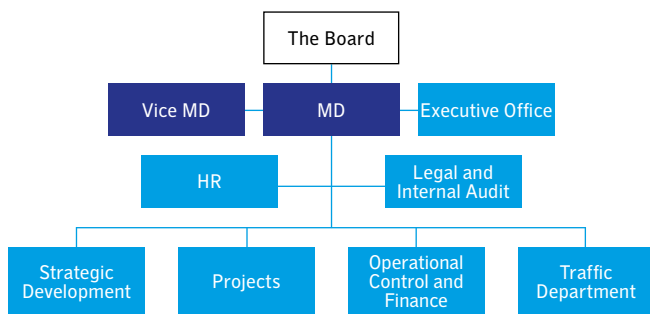
SL is responsible for operation and maintenance, investments, and developing general public transport by rail and road, as well as special public transport in terms of special transport service journeys and patient transport journeys.

Special transport services is a profit centre within Stockholm County Council, and is not included in the SL Group's financial reporting.

SL's organisation

In order to develop SL into a clearer and more effective purchaser and strategist with a high degree of expertise, a review has been carried out of SL's organisation.

The new organisation came into force on 1 May 2011, and includes just under 600 employees compared with just over 700 previously.



Operational planning and management by objectives

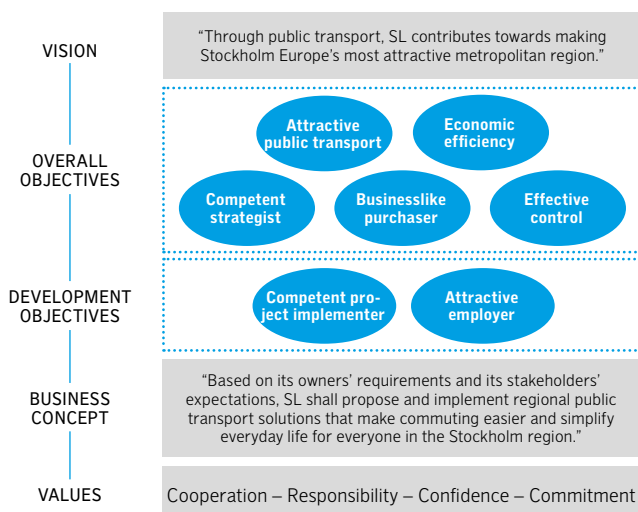
SL's vision, overall objective, development objectives, business concept and values have been brought together in a strategic chart, which provides the basis for SL's strategic planning.

SL's strategic planning is carried out within the framework of a ten-year implementation plan, which was first prepared in spring 2012. This implementation plan forms the foundation for SL's operational planning, and links together the long-term planning and the annually established operational plan. The operational plan provides a combined picture of SL's operations and finances for the coming three-year period.

Through the operational plan, the implementation plan is translated into various activities which are expressed in the form of tasks from the Managing Director for each head of department.

The objectives contained in the strategic chart reflect:

- demands on *external effectiveness* – overall objectives for the total attraction, value creation and effectiveness of SL's transport services
- demands on *internal effectiveness* – development objectives that point out the prioritised areas within which SL shall reinforce its ability to deliver attractive public transport



The strategic chart is approved by the SL Board. Target figures for the overall objectives are established and decided on within the framework of the annually produced operational plan.

Travel within the county

Stockholm County has the highest market share of public transportation in Sweden. During peak periods, the inner city average

is approximately 80 per cent. Around 80 per cent of the population of Stockholm County travels on SL services at least once a month. Around 15 per cent say they travel on public transport less than once a month, and only 5 per cent say that they never travel with SL.

On a typical weekday in winter 2011, more than 700 000 people travelled with SL. The mode of transport that had the highest proportion of journeys was the Metro, with 43 (45) per cent, followed by the bus with 41 (40) per cent, commuter rail with 10 (10) per cent and light rail with 6 (5) per cent. The distribution between modes of transport remains stable over the years.

Travel frequency with SL increased by 2.3 (2.3) per cent during 2011 compared with the previous year. The number of journeys on a typical weekday during winter was 2 616 000 (2 556 000). The number of passengers on winter days was 739 000 (722 000) per day in 2011, a rise of 2.4 (1.7) per cent compared with the previous year.

Total passenger kilometres continued to show growth during 2011, increasing to 5 073 (4 966) million kilometres, a rise of 1.9 (2.0) per cent. This increase relates to all modes of transport except the Metro.

Total transport capacity measured in available seat kilometres rose by 2.0 (–2.1) per cent to 16 115 (15 802) million kilometres.

A focus on the customer

Since 2007, SL has conducted monthly onboard surveys of "Perceived Quality". The average recorded satisfaction level for 2011 was 73 (74) per cent. Seen over the course of the year, customer satisfaction was somewhat higher during the spring than during the autumn in 2011.

According to the Swedish Public Transport Association's Public Transport Barometer, the proportion of county residents who were satisfied with SL was 53 (60) per cent, with 59 (67) per cent among those who travelled at least once a week. These results are in line with SL's own onboard perceived quality surveys.

The Travel Guarantee is under continuous development with a view to meeting customer requirements, and is an important service if SL transport services are disrupted. The guarantee applies to all SL transport services in Stockholm County, and also to commuter rail services across county borders to Bålsta and Gnesta. Compensation can be obtained for taxi journeys and journeys by car.

In 2011, the number of instances of compensation was 44 404 (63 892). Compensation paid out amounted to SEK 13.8 (18.6) million.

Graffiti removal and preventive measures to reduce vandalism and graffiti remain a high priority. The transport contractors have a clear commitment within the framework of signed transport agreements. Preventive measures and cost-effective solutions have enabled costs to remain unchanged compared with 2010. Costs totalled SEK 11 (12) million.

4. The environment

SL is certified in accordance with ISO 14001:2004, and has subscribed to the Global Compact since 2009.

The Global Compact is a UN initiative for companies wanting to take responsibility for long-term sustainable development based on ten principles relating to human rights, employment law, the environment and anti-corruption measures.

SL carries out activities subject to reporting requirements under the Swedish Environmental Code in connection with the transit storage of hazardous waste at Slakthuset Rail Depot. The report has been issued. Furthermore, a report is issued to the County Administrative Board on SL's own transportation of smaller quantities of hazardous waste.

Other activities requiring permits and subject to reporting requirements are carried out by SL's transport contractors, and they have an obligation to hold permits or issue reports.

SL is active or has been active in a large number of locations in the Stockholm area. An inventory was previously produced of possibly contaminated areas within the properties that are owned by SL but where SL operations are no longer carried out. A couple of these areas have been subject to chemical analysis and have been assessed in connection with pollutants.

In one case, the contamination is likely to pre-date SL taking over the land. However, one remaining analysis of the land was carried out during the year to ascertain the extent of the contamination in terms of breadth and depth. This analysis shows that the contamination is relatively shallow and quickly decreases with increased distance from the embankment. The results of the analysis have been communicated to the relevant municipalities. A provision has been made of SEK 35 million for any corrective measures. See Note 17.

During 2011, SL carried out systematic noise reduction work. An action plan for noise protection measures has been established, on the basis of the assessment criteria in SL's noise policy. This action plan is based on the major analysis of SL's rail services which was completed in 2010.

The number of buses running on renewable fuels is gradually increasing. At the year-end, there were 768 (545) ethanol buses and 229 (131) gas buses in service, of which 195 were biogas buses and 34 new buses were running temporarily on natural gas. There were also 211 buses running on pure rape methyl ester (RME) during the year. Including the effect of low-blend RME, the proportion of buses running on renewable fuels is just over 56 per cent. In total, SL's transport services include 2 168 buses.

In accordance with SLL's and SL's environmental targets, based on Environment Stage 5, environmental policy programme for SLL 2007–2011, at least half the buses used for SL services are to run on renewable fuel by 2011.

5. Safety, security, accessibility and information

Safety and security

SL carries out systematic and long-term work to enhance safety and security for both passengers and staff. The company cooperates continuously with municipalities, the police and voluntary organisations.

Travelling with SL should be seen as safe and secure, both for passengers and for staff. SL works with trained public order officers, known as safety resources and safety patrols, divided up between the different modes of transport. The safety resources and the safety patrols are there to improve safety and to help passengers and staff. There are special safety rooms at eight of the larger stations in the Metro and commuter rail network. Ongoing work is being carried out to prepare safety rooms at more stations.

An intelligent fire, smoke and gas alarm, GDS Sentio, has been installed and is in operation in the Metro's underground facilities.

Security cameras have been installed on all buses. The transport operators have full responsibility for this equipment.

The process of installing security cameras at commuter rail stations is continuing according to plan.

The introduction of alcohol ignition interlocks on buses is continuing. All buses will be fitted with alcohol ignition interlocks during autumn 2012.

Accessibility and traffic information

In 2006, the SL Board enacted a programme for improved accessibility for passengers with disabilities. The aim of the programme is to enable any individual who can get to a station or bus stop, either alone or with assistance, to travel with SL. The long-term aim of this accessibility work is that "SL's general public transport should be perceived as the most attractive form of travel for passengers with disabilities".

Significant efforts were made during the year to improve accessibility on SL services, particularly on bus and Metro services. Investments were made in improved information and communication, and training was carried out. Alongside this, the physical environment is also being developed on an ongoing basis to meet the requirements for good accessibility. By the end of 2011, all 100 (83) Metro stations' platforms had been fitted with tactile and visual warning markings. There are also tactile warning markings on the ticket barriers at all stations.

The proportion of low-floor buses increased during 2011 from 83 per cent to 94 per cent, and track adjustments to minimise vertical and horizontal distances have been carried out at a total of 89 out of 100 Metro stations. All Metro stations are equipped with lifts.

Investments in accessibility modifications continued during 2011. These mostly involved modifications to stations in relation to platform heights, lifts, escalators and tactile warning surfaces. In addition,

tion, investments are being made in improved traffic information and displaying real-time information on screens and boards.

Audio and visual dynamic traffic information has been installed at all Metro stations. All buses feature external announcements.

Almost 2 000 dynamic information displays and bus stop displays were erected within Stockholm County during the period 2009 to 2011. All bus stop displays have also been equipped with a "speaker function".

All modes of transport have been inventoried in relation to "easily remedied obstacles", and action is being taken on an ongoing basis to remove these.

6. Staff

Operational changes and restructuring

The overall objective in terms of staff is that SL should be an attractive employer that can recruit and retain employees who can realise the company's vision and business concept. In order to achieve this, SL works within three target areas:

- Clear and committed leadership
- Active brand development in the job market
- Ensuring the right skills

During 2011, work relating to staff was dominated by staffing for the new organisation, which came into force on 1 May 2011.

In May, SL also started an adjustment programme for superfluous employees. The aim was to help them find new employment outside the company, or to help them study to improve their skills.

Management and leadership

Activities were carried out during the year to develop management and the work carried out within management teams at all levels in the company, in order to strengthen cooperation within management teams and change management. Work was also carried out to develop culture and values.

Managers from SL have taken part in SLL's forum for young managers, which gives them the opportunity to meet up and discuss issues relating to their roles as managers. SL managers have also been offered mentoring. The mentors work at different levels within SLL. The mentoring programme was at a planning stage in autumn 2011.

Working environment and health

As an employer, SL has a responsibility for the working environment within the company and works systematically to ensure a good working environment.

One of several preventive occupational health initiatives involves offering all employees a health check-up every other year. In 2011, 168 (112) employees took advantage of this offer. During the year, around 446 (470) employees made use of the SL healthcare subsidy. The well-equipped gym at Lindhagensgatan is visited every week by around 10 per cent of SL's employees.

Equality and diversity

There is an equality and diversity plan, which is updated annually. SL strives to achieve an even gender distribution in all professional groups, including management teams at different levels of the organisation.

The company's management consists of 3 (6) women and 5 (7) men. Among other managers, the proportion of women is 46 (48) per cent. See Note 4.

7. Risks and risk management

Risk assessment

There has been a major initiative since 2007 to identify and prioritise significant risks in relation to SL's ability to achieve established goals and guidelines. SL's risk management comprises eight identified risk areas, including environmental risks, operational risks and financial risks.

Risk management is integrated into strategic and operational management as a natural step in daily planning, monitoring and control.

In December 2011, the SL Board established an internal control plan for 2012, which summarises the highest prioritised risks for the business and their management.

The control plan is monitored and reviewed each year, in accordance with the County Council's directive.

Insurable risks

SL has standard insurance cover for Group property and liability risks. In connection with renewed procurement of this insurance cover, a detailed review and evaluation of SL's overall insurance cover was carried out.

Financial risks

Every year, the SL Board establishes guidelines for financial activities within AB Storstockholms Lokaltrafik. These guidelines comply with SLL's financial policy where applicable.

The objective for financial activities is to safeguard the short-term and long-term capital supply and to achieve the lowest possible financing expenditure, while ensuring that financial risks are managed in accordance with established guidelines. Through its role as coordinator of financial activities within the County Council Group, SLL's internal bank – AB SLL Internfinans – has primary responsibility for managing financial risks arising within the County Council Group. The remaining risks for SL are mainly interest rate risks in the form of market rate fluctuations and administrative risks.

SL manages the interest rate risks and administrative risks that arise within financial activities by applying an active approach, effective skills provision and documented procedures and processes. Developments within the financial market have created a need for ongoing active management in consultation with SLL to monitor and ensure that the conditions of current financial agreements are met. See also Notes 11 and 23.

Crisis management

A crisis management organisation with a designated crisis management team exists to ensure that the company is well prepared for disasters and crises.

To ensure a high level of sustained crisis management, the Duty Officer function has been introduced. Duty Officers are available around the clock, including back-up resources, and have a far-reaching mandate to deal with events arising when ordinary officials are not available.

The objective of crisis management at SL is to reduce the risks and the consequences of serious incidents, and requires functional organisation, coordination, harmonisation, information and training in crisis management within the organisation. A major crisis drill was carried out during the year together with the transport operators.

8. Financial results

Business development

The profit for the year was SEK –156 (–420) million. During the year, the price of a season ticket rose by SEK 100. Overall, this has meant a rise in fare revenues of approximately SEK 208 million. There has also been a growth in travel, contributing SEK 292 million towards increased fare revenues.

The snow chaos at the beginning of the financial year resulted in reduced income and increased costs totalling approximately SEK 55 (120) million. This result was further affected by costs involved in achieving SLL's and SL's environmental and accessibility targets, Environment Stage 5.

The tax funding level shows the proportion of the costs of SL's operations covered by subsidies from SLL.

Based on the county council's total tax income, this means that of every taxable SEK 100, SEK 1.46 (1.46) goes to SL. Since the

early 1990s, the tax funding level has fallen from around 70 per cent to current levels due to higher revenues.

Group profit

The SL Group's income amounted to SEK 14 949 (14 124) million, an increase of 5.8 (2.0) per cent. Fare revenues accounted for SEK 5 870 (5 370) million, an increase of SEK 500 (153) million corresponding to 9.3 (2.9) per cent. Operating subsidies from SLL amounted to SEK 6 296 (6 099) million, an increase of 2.8 (2.6) per cent.

With effect from 1 September, the price of a monthly season ticket rose by SEK 100. At the same time, consistency changes were made to the rest of the ticket range. Fare revenues are expected to have risen by approximately SEK 208 million as a result of the price increase. Other operating income, such as income from commercial advertising, rent, etc., amounted to a total of SEK 2 689 (2 536) million.

Total operating income for the Parent Company stood at SEK 13 588 (12 773) million.

The Group's operating expenses amounted to SEK 14 513 (14 133) million. These relate mainly to production costs for the Metro, bus, commuter rail and light rail networks, as well as costs for the management and maintenance of SL transport facilities.

Costs for purchased services totalled SEK 10 092 (9 637) million, an increase of 4.7 (12.6) per cent. The increase in costs includes full-year effects of agreed service extensions, indexing transport agreements and costs resulting from efforts to achieve SLL's and SL's set targets in relation to environmental and accessibility targets in accordance with Environment Stage 5.

In connection with the review of SL's organisation, a security package was agreed for those employees who were not offered continued employment within SL. The cost of these security

Business development

(SEK millions)	2011	2010	2009	2008	2007
Fare Revenues	5 870	5 370	5 217	5 099	4 476
Operating Subsidies from SLL	6 296	6 099	5 945	5 685	5 346
Work Performed by the Company for its Own Use and Capitalised ¹⁾	94	119	89	54	–
Other Income	2 689	2 536	2 597	2 267	2 213
Total	14 949	14 124	13 848	13 105	12 035

¹⁾No accounts exist for years prior to 2008

Purchased Services	–10 092	–9 637	–8 561	–8 049	–7 534
Other Costs	–4 421	–4 496	–4 525	–4 119	–3 737
Financial Items	–592	–411	–348	–655	–444
Profit/Loss for the Year	–156	–420	414	282	320
Total Assets	39 093	35 782	32 769	30 477	29 614
Tax Funding Level	49.1%	51.2%	48.6%	49.9%	51.4%

packages amounted to SEK 103 million. In total, staff expenses for the year amounted to SEK 525 (486) million.

Amortisation/depreciation and write-downs are recognised in Group operating expenses at SEK 1 688 (1 590) million. Of this amount, SEK 632 (623) million relates to carriages and vehicles that were financed through financial leasing.

The operating profit/loss was SEK 436 (–9) million.

The Group's net financial loss was SEK –592 (–411) million. Of this amount, interest expenses of SEK 230 (74) million relate to the interest component of financial leases.

The profit for the year was SEK –156 (–420) million.

Operational results per mode of transport

(SEK millions)	2011	2010*
Metro	–2 679	–2 388
Commuter rail	–1 664	–1 469
Light rail	–817	–762
Bus	–4 733	–4 581
Joint Mode Costs	–170	–263
Production Costs	–10 063	–9 463

*The figures for 2010 were revised in 2011 as a result of reclassifications.

Total transport production costs during 2011 increased by SEK 600 (908) million, or 6.3 (9.4) per cent. Of this total, 27 (25) per cent was for the Metro, 17 (16) per cent for commuter rail, 8 (8) for light rail, 47 (48) per cent for buses and 2 (3) per cent for joint transport modes.

Investments in SL services are reported as follows:

(SEK millions)	2011	2010	2009	2008	2007
Metro	1 455	790	890	1 046	812
Commuter rail	172	671	492	1 083	1 104
Light rail	1 307	1 900	1 101	520	447
Bus	1 251	886	521	431	387
Joint/Other	254	415	858	453	360
Total Investments	4 439	4 662	3 862	3 533	3 110
Change in per cent	–4.8	20.7	9.3	13.6	–9.7

Major investment projects in 2011

Comprehensive upgrade of the Hagsätra branch line

During the spring, summer and autumn of 2011, the comprehensive upgrade of the stretch between Hagsätra and Gullmarsplan was carried out as planned. The Hagsätra branch line reopened on 26 September. The upgrade included tracks, bridges, platforms and stations. Accessibility modifications have been made, and information systems have been replaced.

These costs increased as a result of full-year effects of agreed service extensions, expanded agreements for commuter rail services and indexing transport agreements. Indexing is carried out on the basis of an index basket consisting mainly of inflation, interest rates, the fuel cost index and the labour cost index.

The increase in production costs is also due to increased operating expenses and increased costs for replacement bus services in connection with the snow chaos at the beginning of the financial year, as well as high electricity and heating costs at the beginning of 2011.

Of total costs, purchased services – including contracted services such as customer services and certain maintenance of vehicles and passenger environments – accounted for just over 80 per cent. This level remains largely unchanged from year to year.

The focus on environmental and accessibility measures continued during 2011, as did work to reduce congestion in transport services.

Investments

Investments totalled SEK 4 439 (4 662) million, a change of SEK –223 (800) million compared with the previous year. These investments relate to new investments, investments as a result of decisions by authorities and rebuilding existing fixed assets, as well as investments in vehicles and technical systems.

During the year, 0 (2) properties were acquired.

Extension of the Tvärbanan orbital line's Solna branch line

The Tvärbanan orbital line's Solna branch line between Alvik and Solna station, via the Ulvsunda industrial area where a new depot will be built and preparations will be made for the Kista branch line, is currently under construction. During the year, track substructure work – including the construction of tunnels and bridges – continued along the entire length of the stretch. Track has been laid from Alvik to the Ankdamms roundabout in Solna, and all the stops, technical buildings and rectifier stations on this stretch have been completed. According to current plans, the line will be brought into use in summer 2013.

Financing of SL's investments

(SEK millions)	2011	2010	2009	2008	2007
Government Grants	305	259	140	208	297
Financial Leasing	576	230	210	1 060	1 485
SLL Loans	3 500	3 500	2 000	1 000	700
Own Funds	58	673	1 512	1 265	628
Total Financing	4 439	4 662	3 862	3 533	3 110

Roslagsbanan double tracking expansion

The Roslagsbanan light railway is undergoing upgrading and modernisation over the course of a number of years. The double tracking expansion between Åkers Runö and Åkersberga and the completion of the Kragstälund passing point during 2010 have made it possible to operate regular fifteen minute traffic and extra trains at peak times. During 2011, this led to the number of passengers increasing by 13–14 per cent per month compared with the previous year. The planning work is continuing in discussion with municipalities and affected property owners ahead of the continued double tracking expansion and the two depots at Molnby and Rydbo.

Spårväg City

Work is continuing with Spårväg City for an extension from Djurgårdsbron to Ropsten, including connecting up with and upgrading the Lidingöbanan line. The planning includes a new tram and bus depot on Lidingö. The work also includes planning for the extension of the track towards T-Centralen and Sergels Torg. Consultation with affected parties along the planned stretch of Spårväg City is underway, and a railway plan is being drawn up. A pilot study has been produced for the Lidingöbanan line, and work on a railway plan has begun. Planning and consultation with Lidingö Municipality have taken place on issuing new plans for the tram depot, and for planning permission and the new bus depot.

SL received SEK 305 (259) million in Government funding in 2011. Funding has been paid out by the Swedish Transport Administration in relation to the extension of the Tvärbana Norr line towards Solna and a branch line etc. between the Södertälje depot and Södertälje Harbour, as well as a park-and-ride system for south Norrtälje.

The proportion of buses financed by SL through financial leasing has increased somewhat. At the end of the year, 845 (738) buses out of a total of 2 168 (2 050) buses in operation were financed via SL. This corresponds to approximately 39 (36) per cent of SL's bus fleet. The buses are leased out to transport contractors in line with current market conditions.

SL's rail vehicles are financed primarily through financial leasing. The total number of rail vehicles on SL services is 886 (904), with Metro carriages accounting for 58 (57) per cent or 513 (513) carriages.

Cash and interest-bearing liabilities

The Group's liquid assets amounted to SEK 1 032 (814) million at the end of the year. Of these liquid assets, SEK 769 (660) million is held in the Group account. Disposable cash including unused bank overdraft facilities amounted to SEK 2 032 (1 814) million.

Interest-bearing liabilities as at 31 December 2011 totalled SEK 11 730 (8 324) million, an increase of just over 41 (69) per cent.

Lease financing of vehicles amounted to SEK 12 164 (12 240) million as at 31 December 2011.

9. Other events

SL Access

The launch of SL Access has been carried out according to plan. All tickets except pre-paid strips are available via SL Access. The option to purchase tickets via the internet was introduced in 2011.

Sales via SL Access accounted for 62 (53) per cent of ticket sales during 2011. Season tickets are sold exclusively via SL Access.

The introduction of Reskassan as a replacement for pre-paid strips is planned for mid-2012.

The Stockholm Transport Museum

In 2011, the Stockholm Transport Museum attracted a record number of visitors for the second year running, with 113 349 (94 160) visitors. This is an increase of 20 per cent compared with 2010. 2011 saw the launch of the exhibition "Design: SL – a journey through the visual world of SL 1877–2011" and the photographic exhibitions "Before it's too late" and "Summer of '76", which use images to depict public transport from a slightly different perspective. The focus on digital media has continued, and the museum has now had almost half a million image impressions on social media such as Flickr.

The snow season

Overall, our experiences from the season have been mostly positive. The transport operators' greater responsibility for coordinating snow clearing for the Metro and light rail networks came to full use this season, with excellent results.

At the beginning of February, the county was affected by heavy class 2 warned snow. This resulted in major disruption to bus services. The experiences from this incident are being reviewed jointly by SL, the transport contractors, the municipalities and those responsible for maintaining the roads. As an example of the results from this cooperation, there are now joint maps for how snow clearing should be prioritised in serious situations.

Commuter rail services worked relatively well during the snow season. SL and the transport contractors are actively involved in the Swedish Transport Administration's work to improve the reliability of its infrastructure.

SL works systematically according to a specially drawn-up action plan to make long-term improvements to the entire snow clearing process. As part of this, SL took part in a Nordic expert conference in autumn 2011 on the theme of "extreme winters".

Service procurements in 2011

A large number of service procurements were completed during the year. Transport agreements cover bus services in much of the county. Agreements were entered into for the first time that involve transport operators taking overall responsibility for both bus and light rail services.

Service procurements have been carried out for the following transport areas:

- Bromma, Solna/Sundbyberg, Sollentuna and the Tvärbanan, Nockebybanan and Saltsjöbanan lines
- Norrort and the Roslagsbanan light railway
- Norrtälje
- Huddinge, Botkyrka, Södertör
- Sigtuna, Upplands Väsby, Vallentuna, Ekerö
- Solna/Sundbyberg, Sollentuna, Nynäshamn
- Södertälje, Järfälla Upplands Bro
- The city centre
- Handen
- Lidingö, Täby, Vaxholm, Åkersberga
- Tyresö
- Bromma

US leases

In 2000, AB Transitio entered into leasing agreements with US-based investors on behalf of SL. During the financial year, US leases relating to 88 Metro carriages and 39 commuter rail carriages were concluded early, in accordance with decisions by the SL Board and the County Council Assembly.

This ensured cost-effective work on the continued optimisation of the vehicle fleet.

MD of AB Storstockholms Lokaltrafik

Göran Gunnarsson left on 22 June 2011. Madeleine Raukas was Acting Managing Director up until 31 December 2011. Anders Lindström was appointed as Managing Director in October 2011, with effect from 1 January 2012.

New owner directive and new Articles of Association

A revised specific owner directive and new Articles of Association were established by the County Council Assembly on 6 December 2011 and at the Extraordinary General Meeting of SL on 20 December 2011.

10. Future development

The County of Stockholm has a population of just over 2 million.

Every day, more than 700 000 passengers choose to make 2.5 million journeys using SL. The Stockholm region is Sweden's biggest growth region, with an annual population increase of between 35 000 and 40 000 people. In order for all these people to be able to work, travel and live in the county, we need an effective and extensive public transport network that is well-equipped to meet the demands of both today and tomorrow.

The importance of public transport for an attractive Stockholm region goes beyond our ability to offer punctual, reliable and safe transport services. SL's operations are also essential in order to reach the environmental targets that the region has set. The more people who choose public transport over driving, the less the overall environmental impact. Today, SL's transport services account for around 25 per cent of passenger transport within the county, but only six per cent of carbon dioxide emissions.

During the next ten years, the population of Stockholm County is expected to grow by around 220 000 people. This growth places significant demands in terms of expanded and improved public transport. As Stockholm grows, so too must its public transport.

A number of interacting factors such as market conditions, unemployment, fuel costs, etc. make it hard to predict travel trends for the next few years. The transport services offered are continually adapted, in collaboration with the municipalities concerned, according to demand in both new and established residential and employment areas.

The expansion projects in RUFs 2010 rest on the Stockholm Agreement between the Government and the region, dating from December 2007. The expansion projects for the next ten years are mainly synchronised with the Government co-financing plans for the period 2010–2021 – both the county plan for regional transport infrastructure and the national transport plan. Stockholm County Council's commitment in terms of the RUFs projects currently relates primarily to the extension of the Tvärbanan orbital line, new trams, investments in existing light rail services and commuter rail stations, and increasing public transport by water for those living in the Stockholm archipelago.

All together, the total volume of investment is just over SEK 37 billion for RUFs objects up until 2020, excluding interchange measures.

With these major investments in the expansion of public transport, SL can largely maintain its current market share of public transport. In order to increase this share in line with the growth in population in ten years' time, additional supplementary control measures will be required.

Infrastructure expansion, including supplementary control measures and incentives to reduce car traffic, as well as powerful technological development, is essential in order to achieve the targets regarding the region's growth and the environment from a long-term perspective.

11. The work of the Board

In 2011, the Board of Directors of AB Storstockholms Lokaltrafik consisted of three directors and two employee representatives. The County Council Assembly appoints a Chairman of the Board, a First Vice Chairman and a Second Vice Chairman from among the appointed directors.

The Board of Directors held 23 board meetings during the year.

Its work conforms to the rules of procedure established by the Board of Directors, and those rules also govern the obligations of the Board of Directors and the Managing Director, and the distribution of work among them.

12. Profit allocation

According to the completed balance sheet, non-restricted equity in the Parent Company totalled SEK 2 043 998 364. No transfer to restricted reserves is required.

The following profit is at the disposal of the Annual General Meeting:

Retained Profit	SEK 2 614 670 668
Profit/Loss for the Year	SEK -570 672 304
	SEK 2 043 998 364

The SL Board and the Managing Director propose that this profit be allocated so that SEK 2 043 998 364 is carried forward.

For more detailed information on the profit/loss and financial position of the Group and the Parent Company, please refer to the following income statements, balance sheets, cash flow statements and additional information.

13. Significant events after the end of the financial year

New Swedish Public Transport Act

The new Swedish Public Transport Act entered into force on 1 January 2012, giving public transport companies freedom to establish commercial transport services. Previous regulations meant that commercial bus companies were able to operate local and regional public transport.

The aim of the new legislation is to create a wider range of services, increased travel and better coordination with other social planning. With effect from 1 January 2012, every county must have a regional public transport authority. In Stockholm, the County Council is the regional public transport authority. It

makes decisions on a transport provision programme, which then forms the basis for decisions about general transport obligations, in other words the transport that society should procure or enter into agreements on. The programme is drawn up in consultation with corresponding authorities in neighbouring counties and the relevant stakeholders within the county, and it is planned that this will be established by the County Council Assembly in September 2012.

The Transport Committee's administrative organisation 2012

The County Council Assembly made a decision on 6 December 2011 regarding the Transport Committee's administrative organisation.

The Transport Committee shall carry out the County Council's duties as regional public transport authority on behalf of the County Council Assembly, in accordance with the new legislation that entered into force on 1 January 2012.

The Transport Committee shall therefore be provided with the expertise required in order to carry out the duties incumbent upon the regional public transport authority. The County Council Assembly's decision means that the entire administrative organisation within SL shall be transferred to the Transport Committee, except that which is required in order to carry out the company's continued functions and responsibility for agreement monitoring, the performance of contractual terms and similar legal circumstances.

The Transport Committee shall, in cooperation with SL, investigate and prepare for the transfer of central elements of the company's administrative organisation to the Transport Committee, for decision-making by the County Council Assembly no later than 30 May 2012.

SL's MD with effect from 2012, Anders Lindström, was appointed by the Transport Committee as the Committee's Administrative Director with effect from 1 January 2012.

Stockholm, 21 February 2012

Erika Ullberg

Christer G Wennerholm
Chairman of the Board

Lennart Rohdin

Martin Lindahl
Employee Representative

Anders Lindström
Managing Director

Arne Grundberg
Employee Representative

Our audit report concerning this annual report and consolidated accounts was submitted on 13 March 2012.

Ernst & Young AB
Magnus Fredmer
Authorised Public Accountant

The lay auditors' review report concerning the audit for 2011 was submitted on 30 March 2012.

Income Statement

		THE GROUP		THE PARENT COMPANY	
(SEK millions)	Note	2011	2010	2011	2010
Operating Income					
Net Turnover	1	12 166	11 469	12 166	11 469
Work Performed by the Company for its Own Use and Capitalised		94	119	94	120
Other Operating Income	2	2 689	2 536	1 328	1 184
Total Operating Income	3	14 949	14 124	13 588	12 773
Operating Expenses					
Contractor Costs, Transport Services		-10 092	-9 637	-10 125	-9 677
Staff Expenses	4	-525	-486	-523	-461
Depreciation/Amortisation of Tangible and Intangible Fixed Assets	5, 9, 10, 11	-1 688	-1 590	-1 002	-897
Share in Profit of Related Companies	12	1	-1	-	-
Other Operating Expenses	8	-2 209	-2 419	-2 190	-2 403
Total Operating Expenses	3	-14 513	-14 133	-13 840	-13 438
OPERATING PROFIT/LOSS		436	-9	-252	-665
Profit/Loss from Financial Items					
Interest Income and Similar Income	6	46	230	22	218
Interest Expenses and Similar Expenses	7, 11	-638	-641	-341	-450
Total Profit/Loss from Financial Items		-592	-411	-319	-232
PROFIT/LOSS AFTER FINANCIAL ITEMS		-156	-420	-571	-897
Tax on the Profit/Loss for the Year		0	0	0	0
PROFIT/LOSS FOR THE YEAR		-156	-420	-571	-897

Balance Sheet

		THE GROUP		THE PARENT COMPANY	
(SEK millions)	Note	31/12/2011	31/12/2010	31/12/2011	31/12/2010
ASSETS					
Fixed Assets					
Intangible Fixed Assets	9, 25				
Usufruct and Leasehold Rights		7	2	7	2
Fixed Assets in Construction		0	9	0	9
		7	11	7	11
Tangible Fixed Assets	10, 11, 25				
Buildings and Land		7 147	6 635	7 147	6 635
Track Infrastructure		7 303	7 400	7 303	7 400
Rolling Stock		12 023	12 168	388	429
Plant and Equipment		1 727	1 592	1 727	1 592
Fixed Assets in Construction and Advance Payments		8 318	5 977	7 830	5 491
		36 518	33 772	24 395	21 547
Financial Assets					
Shares and Participations in Group Companies	12	–	–	175	175
Shares and Participations in Related Companies	12	18	13	9	9
Other Long-Term Securities		223	–	223	–
Other Long-Term Receivables		63	19	18	19
		304	32	425	203
Total Fixed Assets		36 829	33 815	24 827	21 761
Current Assets					
Inventories	13	199	178	199	179
Current Receivables					
Accounts Receivable	23	538	363	520	344
Receivables from Group Companies	3	–	–	108	0
Receivables from Related Companies	3	0	61	0	61
Other Receivables		200	326	198	371
Prepaid Expenses and Accrued Income	21	295	225	291	221
		1 033	975	1 117	997
Cash and Bank	14, 23	1 032	814	810	693
Total Current Assets		2 264	1 967	2 126	1 869
TOTAL ASSETS		39 093	35 782	26 953	23 630

		THE GROUP		THE PARENT COMPANY	
(SEK millions)	Note	31/12/2011	31/12/2010	31/12/2011	31/12/2010
EQUITY AND LIABILITIES					
Equity	15				
Share Capital		4 000	4 000	4 000	4 000
Restricted/Statutory Reserves		1 983	1 988	14	14
		5 983	5 988	4 014	4 014
Profit/loss Brought Forward		840	835	2 615	2 760
Profit/Loss for the Year		-156	-420	-571	-897
		684	415	2 044	1 863
Total Equity		6 667	6 403	6 058	5 877
Minority Interest		5	5	-	-
Untaxed Reserves	16	-	-	1 923	1 923
Provisions	17, 18	1 067	1 132	1 020	1 075
Other Long-Term Liabilities					
Long-Term Loans from SLL	19, 23	11 636	8 230	11 636	8 230
Long-Term Accrued Expenses and Deferred Income	19, 20	5 107	5 108	3 946	3 906
Other Long-Term Liabilities	11, 19, 20	11 408	11 666	2	2
Total Long-Term Liabilities		28 151	25 004	15 584	12 138
Current Liabilities					
Liabilities to SLL	23	94	94	94	94
Accounts Payable	23	1 102	1 439	999	1 315
Liabilities to Group Companies	3	-	-	120	188
Liabilities to Related Companies	3	0	2	0	2
Income Tax Liability		6	9	6	8
Other Current Liabilities		795	615	29	30
Accrued Expenses and Deferred Income	22	1 206	1 079	1 120	980
Total Current Liabilities		3 203	3 238	2 368	2 617
TOTAL EQUITY AND LIABILITIES		39 093	35 782	26 953	23 630
Pledged Assets	11			None	None
Contingent Liabilities	24	10	10	10	10

Cash Flow Statements

(SEK millions)	Note	THE GROUP		THE PARENT COMPANY	
		2011	2010	2011	2010
Operating Activities					
Operating Income		436	−9	−252	−663
Adjustments for Items Not Included in the Cash Flow:					
Amortisation/Depreciation/Write-Down of Tangible and Intangible Fixed Assets	5	1 688	1 590	1 002	897
Provisions		5	−297	15	−268
Capital Gains after Sales/Disposals		4	114	3	110
Recognised Government Grants		−227	−217	−201	−187
Miscellaneous		−10	5	−19	−7
		1 896	1 186	548	−118
Termination of US Leases		−284	−	−284	−
Interest Received		22	7	10	4
Interest Paid		−551	−232	−326	−161
Cash from Operating Activities prior to Adjustments in Working Capital					
		1 083	961	−52	−275
Cash from Adjustments in Working Capital					
Increase (−)/Decrease (+) in Inventories/Supplies		−21	6	−20	8
Increase (−)/Decrease (+) in Receivables		−64	97	−566	−26
Increase (+)/Decrease (−) in Current Liabilities		−348	230	−398	47
Cash from Operating Activities		650	1 294	−1 036	−246
Investment Activities					
Acquisition of Intangible and Tangible Fixed Assets	25	−3 863	−4 432	−3 847	−3 990
Sale of Subsidiaries and Related Companies		−	48	−	48
Sale of Tangible Fixed Assets		7	0	0	0
Cash from Investment Activities		−3 856	−4 384	−3 847	−3 942
Financing Activities					
Capital Loan from SLL		3 500	3 500	3 500	3 500
Change in Other Long-Term Liabilities		−	300	−	300
Amortisation of Leasing Liabilities		−653	−559	−	−
Amortisation of Loans and Other Liabilities		−94	−94	−94	−94
Government Grants Received		305	259	305	259
Group Contributions Received		−	−	869	467
Shareholder Contributions Received		420	−	420	−
Change in Other Long-Term Receivables		−50	−8	−	−8
Cash from Financing Activities		3 428	3 398	5 000	4 424
Annual Cash Flow		222	308	117	236
Liquid Assets at Start of Year	14, 25	814	514	693	457
Exchange Rate Differences in Liquid Assets		−4	−8	−	−
Liquid Assets at Year-End	14, 25	1 032	814	810	693

Additional information

Accounting principles

The accounting policies that have been applied in the preparation of this Annual Report for the SL Group and its Parent Company, AB Storstockholms Lokaltrafik, comply with the guidelines of the Swedish Annual Accounts Act and the general advice and recommendations of the Swedish Accounting Standards Board for major companies. Regarding pension liabilities and pension expenditure, recommendations from FAR (the professional institute for authorised public accountants and auditors in Sweden) have been applied (FAR 4). However, the recommendations of the Swedish Financial Accounting Standards Council have been applied in the following cases: RR 1:00 Consolidated Financial Statements, RR 2:02 Inventories, RR 4 Extraordinary Revenues/ Expenses and Comparative Disclosures, RR 5 Amended Accounting Principles, RR 6:99 Leasing, RR 7 Cash Flow Statements, RR 8 Effects of Foreign Exchange Rate Adjustments, RR 11 Revenues, RR 12 Tangible Fixed Assets, RR 13 Related Companies, RR 15 Intangible Fixed Assets, RR 16 Provisions, Contingent Liabilities and Contingent Assets, RR 21 Borrowing Costs – with the following two exceptions, RR 23 Related Party Transactions, and RR 27 Financial Instruments: Disclosures and Classification. URA 1 Real zero coupon bonds has been applied when reporting zero coupon bonds.

From 2011 onwards, inter-company transactions are reported gross in the balance sheet. Comparison figures for 2010 have been updated.

All figures are stated in SEK millions unless otherwise specified.

Consolidated financial statements

Consolidated financial statements include AB Storstockholms Lokaltrafik (the Parent Company) and all companies in which the Parent Company had a direct or indirect controlling influence at the year-end. The consolidated accounts were prepared using the acquisition method. This means that Group equity comprises equity in the Parent Company and the portion of equity in subsidiaries that results from the acquisition or establishment of subsidiaries. Since Group companies will not have to pay income tax in the foreseeable future, untaxed reserves in individual Group companies are reported in full in Group restricted reserves (see Taxation).

Intra-Group sales, transactions and profits are eliminated on consolidation.

Minority interest

Minority interest is the portion of a subsidiary's net income and assets that is not directly or indirectly owned by the Parent Company.

Related companies

Related companies are companies in which the Group's share of votes is between 20% and 50% or in which the Group has a significant influence. Holdings in related companies are reported using the equity method. If the Group's share of a related com-

pany's losses is equal to or greater than the holding, the holding is reported as zero. Subsequent profits are not reported until unreported losses have been covered.

Taxation

SL recognises current and deferred taxation to the extent that this exists. No taxation is currently reported in the Parent Company or its wholly owned subsidiaries. The Parent Company has accumulated loss carry forwards that can be used in accordance with the applicable tax distribution system. Group and shareholder contributions are used to equalise taxable profits within the Group.

Operating income

Income is reported at the actual value of the amount that has been, or will be, received.

Revenues from ticket sales in the form of travel cards are reported on a straight-line basis for the period of the card. Sold but unused cards are reported as deferred income in the balance sheet. Revenues from coupon tickets are booked on the sale date.

Operating subsidies from SLL represent performance compensation calculated according to a budget approved by SLL. SLL grants may be adjusted annually. Adjustments may be made due to operational changes or the cost of such changes.

Work performed by the company for its own use and capitalised

Costs for the work performed by the company for its own use during the financial year are reported in the item Work Performed by the Company for its Own Use and Capitalised, and have been capitalised as fixed assets. The price per hour is based on direct and indirect costs for manufacturing assets.

Government grants

Government grants are reported as income in the same period as the cost that they are earmarked to subsidise. If the purpose of a grant is to cover costs over a period of several years, it is allocated over the appropriate period. When the purpose of a grant is to cover previously incurred losses, it is reported in full.

Government grants that are earmarked for a fixed asset are reported as long-term or short-term deferred income in the balance sheet, and as income in the income statement, accrued in a systematic and reasonable manner over the lifetime of the asset.

Provisions

Provisions are made for liabilities in which the due dates or amounts are uncertain. Provisions are reported in the balance sheet if the Group has an existing liability that results from a previous event, if it is likely that a payment will be required to settle the liability and if the amount can be estimated accurately.

Intangible fixed assets

Intangible fixed assets are reported in the balance sheet if it is likely that the potential financial benefits associated with the asset will flow to the company and if the value of the asset can be measured accurately. Intangible fixed assets are recognised at acquisition value less accumulated depreciation and write-downs. The assets are subject to depreciation on a straight-line basis over their useful lifespan. Depreciation for the period is reported as an expense.

Depreciation is based on the estimated period of use of the asset as follows:

Usufruct rights	5 years
Leasehold rights	50 years

Tangible fixed assets

Tangible fixed assets are recognised at their acquisition cost at the time of acquisition. After the time of acquisition, tangible fixed assets are reported at their acquisition cost less accumulated depreciation and write-downs. Depreciation is calculated on a straight-line basis and accrued over the useful lifetime of the asset in a way that reflects its use. Depreciation for the period is reported as an expense.

Depreciation is based on the estimated period of use of the asset as follows:

Buildings, land improvements and improvements to others' property	17–50 years
Track infrastructure	20–50 years
Rolling stock:	
Cars	5 years
Buses	12 years
Rail vehicles	30 years
Plant and equipment	3–17 years

Inventory

Inventory is reported at acquisition value or net realisable value, whichever is lower, and calculated using the average method. When determining the acquisition value, the average acquisition method is applied. Allowances for obsolescence are made on a case-by-case basis.

Work in progress on behalf of another party includes assignments on current account for which payment is cost based as agreed in the contract. Assignment costs comprise costs that are directly related to the specific assignment.

Foreign currency assets and liabilities

Foreign currency transactions are initially recognised at the applicable exchange rate on the day of transaction. Cash assets and liabilities that are expressed in foreign currencies are adjusted and reported in the balance sheet at the applicable rate on the balance sheet date. Since the exchange rate on the day of transaction or applied in previous financial reporting normally differs from the exchange rate on the balance sheet date, this

requires a foreign exchange adjustment, which is reported in the income statement. Exchange rate differences on receivables are reported under Interest Income and Similar Income, while exchange rate differences on liabilities are reported under Interest Expenses and Similar Expenses.

Non-monetary assets and liabilities in foreign currencies

Non-monetary assets and liabilities expressed in foreign currencies are reported at the rate on the date of acquisition. Current changes in value are valued at the average rate for the period. Translation differences for non-monetary financial assets and liabilities are reported when a profit or loss is realised.

Borrowing costs

SL's borrowing costs are interest expenses for loans for investments in fixed assets. SL's borrowing costs also include the interest component in financial leases.

SL's borrowing costs are reported for the period in which they occur, with the exception of the X60 commuter train, for which interest is included in the acquisition value.

Leasing

The Group

SL as lessee

Financial leasing agreements for which the majority of risks and rewards incident to ownership are transferred to the lessee are reported as assets in the consolidated balance sheet from the date of agreement. At the start of the leasing term, the asset is reported either at fair value or at the current value of the minimum leasing fees, whichever is lower. Liability for future leasing fees is divided between financial expenses (interest) and reduction of financial liability (amortisation) and allocated so as to produce a constant periodic rate of interest on the remaining balance of the liability. Financial expenses are charged to profit.

The depreciable amount for a leased asset is allocated over each reporting period during the estimated useful lifetime of the asset in line with the same principles for other assets of the same type.

Leasing agreements for which the lessor retains all the substantial risks and benefits of ownership of the asset are classified as operating leasing agreements. For operating leasing agreements, leasing fees are reported as expenses in the income statement and allocated on a straight-line basis over the duration of the leasing term.

SL as lessor

Assets held under operating leasing agreements are reported in the balance sheet within their respective asset classes. Leasing income is periodised and reported on a straight-line basis over the duration of the leasing term, while leasing expenses, including depreciation, are reported in the income statement when they are incurred. Depreciation is calculated in line with the principles for the respective asset classes.

The initial direct and incremental costs incurred when entering into an operating leasing agreement are included in the cost of the leased asset and reported over the duration of the leasing term.

The Parent Company

Within the Parent Company, financial leasing agreements are reported in line with the rules that apply for operating leasing agreements.

Cash flow statements

Cash flow statements report historical transactions in cash and cash equivalents for the period relating to the current operating, investment or financing activity. Cash flow statements are presented using the indirect method, whereby cash from operating activities is calculated by adjusting net cash for:

- items in the income statement that do not include cash transactions,
- changes in operating assets and operating liabilities for the period, and
- items included in the cash flow for investment or financing activities.

Financial instruments

Valuations

Financial instruments that are reported in the balance sheet include cash and cash equivalents, accounts receivable, bonds, accounts payable and derivatives such as options, futures and interest rate swaps. A financial asset or liability is recognised in the balance sheet on the date of transaction, in other words the date on which SL takes control of the contractual provisions of the instrument, and is initially reported at fair value. Subsequent valuations are calculated either at fair value or from the amortised historical cost as described below.

A financial asset is no longer recognised when contractual rights are fulfilled or expire, or if SL relinquishes control of the asset. A financial liability is no longer recognised when the contractual obligation is fulfilled or otherwise terminated.

Bonds (EPUAs)

The aim of the indirect acquisition of bonds, EPUAs (Equity Payment Undertaking Agreements), is that the holding should be held permanently within the business. The difference between the acquisition value and the redemption value is periodised as interest over the term of the bond. The allocation is carried out so that the interest amount as a percentage of the book value of the bond remains constant over time.

Accounts receivable and loans

Accounts receivable and loans are recognised at the expected receipt amount after deduction of doubtful debts assessed on a case-by-case basis. Impairment losses on debts are reported in operating expenses.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and the balance in the SLL Group account. Cash and cash equivalents are reported at face value.

Derivative instruments

Derivative instruments comprise futures, options and interest rate swaps, which are used to reduce the impact of foreign exchange rate and interest rate fluctuations. Derivative instruments are calculated at historical cost.

Liabilities

All liabilities are reported in periodic accounting at accrued historical cost, which is the sum of the remaining instalments. Long-term liabilities have an expected maturity of longer than 12 months, whilst current liabilities have a maturity shorter than 12 months. Accounts payable have a short expected maturity and are reported at face value without discounting.

Contingent liabilities

Contingent liabilities are reported when:

- a) there is a potential liability resulting from a future event whose occurrence can only be confirmed by the occurrence or non-occurrence of one or more other uncertain future events that do not entirely lie within the company's control
- b) a liability occurs as a result of occurred events, but is not reported as a liability or provision because the likelihood of settlement is remote or the amount of the liability cannot be measured accurately.

Pledged assets

Pledged assets are securities pledged for the company's own liabilities or obligations, and which correspond to a liability or provision item in the balance sheet.

Group information

AB Storstockholms Lokaltrafik (SL), company registration number 556013-0683, is owned by Stockholm County Council, company registration number 232100-0016.

Notes and comments

(Amounts in SEK millions unless otherwise stated)

NOTE 1 Net turnover

	THE GROUP		THE PARENT COMPANY	
	2011	2010	2011	2010
Fare Revenues	5 870	5 370	5 870	5 370
Operating Subsidiaries, SLL	6 296	6 099	6 296	6 099
Total	12 166	11 469	12 166	11 469

NOTE 2 Other operating income

	THE GROUP		THE PARENT COMPANY	
	2011	2010	2011	2010
Vehicle Rental	1 322	1 304	15	27
Rent Revenues	639	596	640	598
Government Grants, etc. ¹⁾	231	221	201	191
Advertising Revenues	245	189	245	190
Miscellaneous	252	226	227	178
Total	2 689	2 536	1 328	1 184

¹⁾ See Note 22

NOTE 3 Transactions with related parties

The full-costing method is applied for purchases and sales of products and services between Group companies. The Parent Company invoices subsidiaries for administrative costs.

AB SL Finans is responsible for the financing of new investments and reinvestments, primarily for rail vehicles.

SL Infrateknik AB reports externally financed vehicles.

Tågia AB operates an independent school at upper secondary school level within a specially devised industry programme focusing on servicing and maintenance.

During the year, SL HR-Service AB did not carry out any operations.

The remaining operations within SL Kundtjänst AB were wound up during the year, and staff were given employment within the Parent Company.

Transactions between the Parent Company and subsidiaries in 2010

Subsidiary	Sales to	Purchases from	Receivables from	Liabilities to
AB SL Finans	16	34	0	170
SL HR-Service AB	0	1	0	8
SL Kundtjänst AB	1	6	0	5
SL Infrateknik AB	2	2	0	2
SL Lidingö Trafik AB	0	0	0	2
Tågia AB	2	0	0	1
Total	21	43	0	188

Transactions between the Parent Company and subsidiaries in 2011

Subsidiary	Sales to	Purchases from	Receivables from	Liabilities to
AB SL Finans	16	33	0	106
SL Kundtjänst AB	0	2	0	8
SL Infrateknik AB	1	0	108	0
SL Lidingö Trafik AB	0	0	0	2
Tågia AB	1	0	0	4
Total	18	35	108	120

Sales by the Parent Company to other Group companies comprised 0.1 (0.1) per cent of operating income. Equivalent purchases from other Group companies comprised 0.3 (0.3) per cent of the Parent Company's operating expenses.

Related companies

For purchases and sales of products and services between the SL Group and related companies, market prices are applied. Business relationships with related companies are governed by transport agreements, leasing agreements, etc. Agreements with Transitio relate to the financing of vehicles and a rental agreement.

Transactions between Group companies and related companies in 2010

Related company	Sales to	Purchases from	Receivables from	Liabilities to
Busslink i Sverige AB	73	1 430	61	0
AB Transitio	0	2	0	2
Total	73	1 432	61	2

Sales to and purchases from Busslink i Sverige AB cover the accounting period to 02/08/2010.

Transactions between Group companies and related companies in 2011

Related company	Sales to	Purchases from	Receivables from	Liabilities to
AB Transitio	0	726	0	0
Total	0	726	0	0

In connection with the redemption of US leases, AB SL Finans has purchased commuter rail and Metro carriages from AB Transitio.

Transactions between the Parent Company and related companies in 2010

Related company	Sales to	Purchases from	Receivables from	Liabilities to
Busslink i Sverige AB	73	1 430	61	0
AB Transitio	0	2	0	2
Total	73	1 432	61	2

Sales to and purchases from Busslink i Sverige AB cover the accounting period to 02/08/2010.

Transactions between the Parent Company and related companies in 2011

Related company	Sales to	Purchases from	Receivables from	Liabilities to
AB Transitio	0	284	0	0
Total	0	284	0	0

SL has financed termination costs in connection with US leases entered into with AB Transitio.

SLL

AB Storstockholms Lokaltrafik is a wholly owned subsidiary of Stockholm County Council. Of the SL Group's total purchases and sales, 0.2 (0.2) per cent of purchases and 0.3 (0.7) per cent of sales relate to other companies and units within SLL.

Miscellaneous

For information on payments and benefits to senior executives, see the presentation of the SL Board and management and Note 4.

NOTE 4 Staff

Staff Expenses	THE GROUP		THE PARENT COMPANY	
	2011	2010	2011	2010
Board and MD	3	3	3	3
Others	294	317	288	300
	297	320	291	303
Social Security Expenses	204	144	208	137
Other Staff Expenses	24	22	24	21
	228	166	232	158
Total	525	486	523	461

SEK 0.9 (0.7) million of social security expenses comprise pension costs for the MD and the Vice MD of the Parent Company.

SEK 0.9 (0.8) million of the Group's social security expenses comprise pension costs for the MD, the Vice MD and the MDs of subsidiaries.

Number of Employees, Salaries and Other Remuneration

Average number of employees (full-time annual equivalents)	Number of Employees		Women	
	2011	2010	2011	2010
The Parent Company	573	650	251	279
Subsidiaries	15	47	5	21
Group Total	588	697	256	300

Number of employees

as at 31 December	2011	2010	2011	2010
The Parent Company	605	690	284	311
Subsidiaries	8	19	2	7
Group Total	613	709	286	318

Salaries and other remuneration plus social security expenses

	Salaries and Other Remuneration Total		Social Security Expenses	
	2011	2010	2011	2010
The Parent Company	291	303	208	137
(pension costs)			(93)*	(32)
Subsidiaries	6	17	-4	7
(pension costs)			(-7)*	(2)
Group Total	297	320	204	144
(pension costs)			(86)	(34)

*Pension provision within SL HR-Service AB of SEK 7 million has been transferred to AB SL. See Note 18.

Salaries and Other Remuneration

	Board and MD		Other Employees	
	2011	2010	2011	2010
The Parent Company	3.5	2.7	287.3	300
Subsidiaries	-	0.4	6.4	17
Group Total	3.5	3.1	293.7	317

Gender Distribution	Number	Of which	Number	Of which
		women 2011		women 2010
Board	3	1	13	5
Deputies	-	-	13	6
Company Management	8	3	13	6
Senior Executives in Subsidiaries, MD	2	1	2	1

Benefits for Senior Executives:

Salaries and remuneration to the Board of Directors, the MD and the Vice MD of AB SL totalled SEK 3 515 000 (2 726 000), of which the MD and the Vice MD received SEK 3 487 000 (1 849 000). Of AB SL's pension costs, SEK 918 000 (726 000) relates to the MD and the Vice MD.

Göran Gunnarsson ceased to be Managing Director of SL on 22/06/2011, and Madeleine Raukas was Acting Managing Director from 23/06/2011 until 31/12/2011. Anders Lindström assumed the position of Managing Director on 01/01/2012.

Pension terms for Göran Gunnarsson: The pension solution is due in accordance with the rules for SLL's management pension. Managers covered by SLL's management pension can relinquish the KAP-KL pension benefits and instead choose to invest their entire pension premium themselves. In principle, the size of the premium corresponds to the county council's cost for KAP-KL pension benefits.

The pension terms for Madeleine Raukas are the pension benefits in accordance with KAP-KL.

Göran Gunnarsson has received termination pay for the period up until 31/12/2011.

In the event of dismissal by the company, salary is payable for a period of 24 months, but no longer than the contractual age of retirement. In the event that the Managing Director receives new income from alternative employment, termination pay during the final twelve months will be reduced by 100 per cent of the new income. The notice period, if initiated by the Managing Director, is six months.

NOTE 5 Depreciation of intangible and tangible fixed assets

	THE GROUP		THE PARENT COMPANY	
	2011	2010	2011	2010
<i>Depreciation</i>				
Intangible Assets	-1	-	-1	-
Buildings and Land	-341	-291	-341	-292
Track Infrastructure	-401	-373	-401	-373
Rolling Stock	-725	-724	-39	-45
Plant and Equipment	-220	-188	-220	-187
Total Depreciation	-1 688	-1 576	-1 002	-897
<i>Write-Downs</i>				
Rolling Stock	-	-14	-	-
Total Write-Downs	-	-14	-	-
Depreciation and Write-Downs, Total	-1 688	-1 590	1 002	-897

NOTE 6 Interest income and similar income

	THE GROUP		THE PARENT COMPANY	
	2011	2010	2011	2010
Interest Income from SLL	9	2	9	2
Other Interest Income	8	2	1	1
Capital Gain on the Sale of Shares in Related Companies	-	-	-	2
Exchange Loss on Current Receivables, Net	-3	-5	0	0
Other Financial Income	32	231	12	213
Total	46	230	22	218

NOTE 7 Interest expenses and similar expenses

	THE GROUP		THE PARENT COMPANY	
	2011	2010	2011	2010
Interest on Loans from SLL	-387	-294	-317	-160
Interest on Financial Leasing	-230	-74	-	-
Other Interest Charges	-19	-9	-24	-10
Exchange Loss on Liabilities, Net	-2	15	0	-1
Other Financial Expenses	0	-279	0	-279
Total	-638	-641	-341	-450

NOTE 8 Fees and other payments to auditors

The Parent Company's fees and payments to auditors also cover the subsidiaries. The exception is the audit engagement for Tågå, which was invoiced at SEK 157 000 (249 000).

	THE GROUP		THE PARENT COMPANY	
	2011	2010	2011	2010
Audit Engagement	1 240	1 229	1 109	980
Audit Business over and above Audit Engagement	23	149	23	149
Tax Consultancy	373	48	347	48
Other Services	447	-	447	-
Total Ernst & Young	2 083	1 426	1 926	1 177
Other Audit Business	-	100	-	100
Total Deloitte	-	100	-	100
Total	2 083	1 526	1 926	1 277

The audit engagement involves reviewing the annual accounts and accounting records and the management by the Board of Directors and Managing Director, other duties incumbent upon the company's auditors and advice or other assistance deriving from findings on carrying out such a review or other such duties. All other audit business is reported as Other audit business carried out by the company's auditors and auditors representing the company in related companies.

NOTE 9 Intangible fixed assets

Usufruct, leasehold rights and renting rights

	THE GROUP		THE PARENT COMPANY	
	2011	2010	2011	2010
Opening Acquisition Value, 1 Jan	18	154	18	154
Investments	-	-	-	-
Transfers from Fixed Assets in Construction	5	-	5	-
Sales/Disposals	-	-136	-	-136
Reclassifications	-	-	-	-
Closing Acquisition Value, 31 Dec	23	18	23	18
Opening Amortisation, 1 Jan	-9	-140	-9	-140
Annual Amortisation	-1	-	-1	-
Sales/Disposals	-	131	-	131
Reclassifications	1	-	1	-
Closing Accumulated Amortisation, 31 Dec	-9	-9	-9	-9
Opening Write-Downs, 1 Jan	-7	-7	-7	-7
Closing Accumulated Write-Downs, 31 Dec	-7	-7	-7	-7
Closing Book Value, 31 Dec	7	2	7	2

Goodwill

Group goodwill linked to the acquisition of shares in Tågia AB.

	THE GROUP		THE PARENT COMPANY	
	2011	2010	2011	2010
Opening Acquisition Value,				
1 Jan	4	4	–	–
Closing Acquisition Value,				
31 Dec	4	4	–	–
Opening Write-Downs, 1 Jan	–4	–4	–	–
Closing Accumulated Write-Downs,				
31 Dec	–4	–4	–	–
Closing Book Value,				
31 Dec	0	0	–	–

Intangible Fixed Assets in Construction

	THE GROUP		THE PARENT COMPANY	
	2011	2010	2011	2010
Opening Acquisition Value,				
1 Jan	9	6	9	6
Investments	–	3	–	3
Transfer to Other Intangible				
Fixed Assets	–5	–	–5	–
Sales/Disposals	–	–	–	–
Reclassifications	–4	–	–4	–
Closing Acquisition Value,				
31 Dec	0	9	0	9
Closing Book Value,				
31 Dec	0	9	0	9

SEK 4 million has been reclassified as Buildings and Land, Note 10.

NOTE 10 Tangible Fixed Assets

Transfers from fixed assets in construction to other types of assets within tangible fixed assets are reported as transfers from fixed assets in construction.

Buildings and Land

The asset class Buildings and Land comprises buildings, building accessories, land, land facilities and fees for improvements to others' property.

	THE GROUP		THE PARENT COMPANY	
	2011	2010	2011	2010
Opening Acquisition Value,				
1 Jan	10 526	8 852	10 527	8 851
Investments	–	130	–	131
Transfers from Fixed Assets				
in Construction	849	1 547	849	1 547
Sales/Disposals	–	–3	–	–2
Reclassifications	4	–	4	–
Closing Acquisition Value,				
31 Dec	11 379	10 526	11 380	10 527
Opening Accumulated Depreciation,				
1 Jan	–3 880	–3 590	–3 881	–3 590
Annual Depreciation	–341	–291	–341	–292
Sales/Disposals	–	1	–	1
Reclassifications	–	–	–	–
Closing Accumulated Depreciation,				
31 Dec	–4 221	–3 880	–4 222	–3 881
Opening Accumulated Write-Downs,				
1 Jan	–11	–11	–11	–11
Closing Accumulated Write-Downs,				
31 Dec	–11	–11	–11	–11
Closing Book Value,				
31 Dec	7 147	6 635	7 147	6 635

Track Infrastructure

Track Infrastructure comprises track superstructures, substructures plus electrical and signalling systems.

	THE GROUP		THE PARENT COMPANY	
	2011	2010	2011	2010
Opening Acquisition Value, 1 Jan	10 254	9 593	10 254	9 593
Investments	–	0	–	0
Transfers from Fixed Assets in Construction	304	665	304	665
Sales/Disposals	–	–4	–	–4
Reclassifications	–	–	–	–
Closing Acquisition Value, 31 Dec	10 558	10 254	10 558	10 254
Opening Accumulated Depreciation, 1 Jan	–2 854	–2 483	–2 854	–2 483
Annual Depreciation	–401	–373	–401	–373
Sales/Disposals	–	2	–	2
Reclassifications	–	–	–	–
Closing Accumulated Depreciation, 31 Dec	–3 255	–2 854	–3 255	–2 854
Closing Book Value, 31 Dec	7 303	7 400	7 303	7 400

Rolling Stock

Rail vehicles and buses are included in the Rolling Stock asset class. Vehicles in the possession of the SL Group through financial leasing are also included. Information about leased rolling stock can be found in Note 11.

	THE GROUP		THE PARENT COMPANY	
	2011	2010	2011	2010
Opening Acquisition Value, 1 Jan	17 417	17 296	560	583
Investments	576	230	–	0
Transfers from Fixed Assets in Construction	–	80	–	80
Sales/Disposals	–102	–189	–3	–103
Reclassifications	–1	–	–	–
Closing Acquisition Value, 31 Dec	17 890	17 417	557	560
Opening Accumulated Depreciation, 1 Jan	–5 235	–4 615	–131	–107
Annual Depreciation	–725	–724	–39	–45
Sales/Disposals	92	104	1	21
Reclassifications	1	–	–	–
Closing Accumulated Depreciation, 31 Dec	–5 867	–5 235	–169	–131
Opening Write-Downs, 1 Jan	–14	–	–	–
Write-Downs for the Year	–	–14	–	–
Reclassifications	14	–	–	–
Closing Accumulated Write-downs, 31 Dec	0	–14	–	–
Closing Book Value, 31 Dec	12 023	12 168	388	429

Plant and Equipment

The asset class Plant and Equipment is defined as inventory, tools, IT assets, computers and works of art.

	THE GROUP		THE PARENT COMPANY	
	2011	2010	2011	2010
Opening Acquisition Value, 1 Jan	2 535	1 799	2 535	1 788
Investments	6	0	6	0
Transfers from Fixed Assets in Construction	349	776	349	776
Sales/Disposals	–2	–40	–2	–29
Reclassifications	0	–	–	–
Closing Acquisition Value, 31 Dec	2 888	2 535	2 888	2 535
Opening Accumulated Depreciation, 1 Jan	–943	–773	–943	–765
Depreciation for the Year	–220	–188	–220	–187
Sales/Disposals	1	18	1	9
Reclassifications	1	–	1	–
Closing Accumulated Depreciation, 31 Dec	–1 161	–943	–1 161	–943
Opening Accumulated Write-Downs, 1 Jan	0	–2	–	–
Sales/Disposals	–	2	–	–
Closing Accumulated Write-Downs, 31 Dec	0	0	–	–
Closing Book Value, 31 Dec	1 727	1 592	1 727	1 592

Fixed Assets in Construction and Advance Payments

The Fixed Assets in Construction asset class comprises vehicles not yet in service and current investments in SL transport infrastructure that have not yet been completed. Examples of infrastructure include expansion and replacement investments in stations, tracks, vehicle depots, bus terminals and park-and-ride facilities, as well as investments in the extension of the Tvär-bana Norr line towards Solna and the conversion of the Roslagsbanan light railway to double track.

	THE GROUP		THE PARENT COMPANY	
	2011	2010	2011	2010
Opening Acquisition Value, 1 Jan	5 977	4 782	5 491	4 703
Investments	3 857	4 299	3 841	3 856
Transfers to Other Fixed Asset Classes	–1 502	–3 068	–1 502	–3 068
Sales/Disposals	–	–	–	–
Reclassifications	–14	–36	–	–
Closing Acquisition Value, 31 Dec	8 318	5 977	7 830	5 491
Closing Book Value, 31 Dec	8 318	5 977	7 830	5 491

Investments for the year included advances of SEK 24 (615) million in the Group and SEK 23 (212) million in the Parent Company. During the year, advances of SEK 17 (0) million in the Group and SEK 17 (0) million in the Parent Company have been settled. Reclassifications relate to reprocessing, which has been re-evaluated and booked against profit and loss.

NOTE 11 Leasing agreements

Swedish leasing agreements

Financial leasing agreements in which SL is lessee

In addition to its own facilities, the SL Group has had a number of fixed assets at its disposal during the year through financial leasing (rail vehicles and buses). The book value of these leased assets on the balance sheet date totalled:

	Rolling Stock	
	31/12/2011	31/12/2010
Acquisition Value	15 875	15 398
Less Accumulated Depreciation	-4 592	-4 051
Less Accumulated Write-Downs	0	-14
Book Value of Financial Leased Assets	11 283	11 333
Annual Depreciation and Write-Downs total	632	623

Liabilities for leasing totalled SEK 12 164 (12 240) million. Of this, SEK 11 407 (11 664) million has been reported under long-term liabilities and the coming year's amortisation and redemption of SEK 757 (576) million as a current liability. This is recognised in the Group balance sheet. In the Group income statement, the cost of vehicle leasing is reported as an interest expense of SEK 230 (74) million, corresponding to the interest component of the leasing fees, and as depreciation of SEK 635 (617) million.

The SL Group's financial leasing agreements bear variable interest. The SL companies that have signed these agreements are the Parent Company AB SL and the subsidiary AB SL Finans.

Future payment obligations for existing leasing agreements have been allocated as follows, calculated at an interest rate of 2.8 per cent for 2012, 3.1 per cent for 2013 and 3.2 per cent for 2014 onwards.

The following figures refer to obligations for train carriages and buses:

THE GROUP	Minimum Leasing Fees	
	incl. Redemption	Current Value
2012	1 002	971
2013–2016	5 589	4 941
2017 onwards	7 178	5 465

Operating leasing agreements in which SL is lessee

The following figures refer to train carriages:

THE PARENT COMPANY	Minimum Leasing Fees	
	incl. Redemption	
2012	176	
2013–2016	–	
2017 onwards	–	

Financial leasing agreements in which SL is lessor

At present, the SL Group does not have any financial leasing agreements in which Group companies are the lessor.

Operating leasing agreements in which SL is lessor

The following figures refer to rolling stock.

Acquisition Value 31/12/2011	17 801
Depreciation for the Year	-725
Accumulated Depreciation 31/12/2011	-6 239

Operating leasing agreements bear fixed interest, with the exception of leasing agreements for buses, which bear variable interest.

The maturity structure for future minimum leasing fees received by the Group from non-cancellable operating leasing agreements is broken down as follows. Specified payments refer to buses, Metro carriages, commuter trains and light rail. Leasing income for buses is calculated with an interest rate of 2.8 per cent for 2012, 3.1 per cent for 2013 and 3.2 per cent for 2014 onwards.

THE GROUP

Minimum Leasing Fees	
2012	1 350
2013–2016	5 122
2017 onwards	1 629

US-based leasing agreements

In 2001, 2002 and 2003, SL and SL Finans carried out leasing transactions for rail vehicles with US-based banks as investors. Under the terms of these transactions, SL is liable to pay leasing fees for the duration of the agreements. A portion of the required funds was deposited as collateral in a bank with an AA credit rating, and the remainder was invested in securities with a rating of AA-AAA.

The received advance payments and paid deposits have been reported net in the balance sheet. The agreements were drawn up and examined by legal experts in Sweden and the USA, and are consistent with customary practice for transactions of this type. SL would be exposed to a credit risk if the collateral should deteriorate. SL then has the option of transferring it to another bank with a higher rating, or depositing additional collateral.

In recent years, turbulence in the financial markets has led to the additional collateral being pledged in the form of bank guarantees totalling USD 117 million to ensure the fulfilment of the conditions of current leasing agreements. Agreements on credit commitment have been signed to guarantee that further additional collateral can be provided if required.

The financial commitments of SL and SL Finans under both Swedish and US-based leasing agreements are guaranteed by SLL. If SLL's credit rating (currently AA+ with Standard & Poor's) should deteriorate below a specific agreed level, SL will underwrite the guarantee, primarily for the US-based leasing agreements, with a bank guarantee or similar.

SL is of the opinion that there is a minimal likelihood of a US-based leasing agreement guaranteed by SLL having to be terminated early due to a failure to comply with the terms of the agreement, which is why no commitments have been included under contingent liabilities.

NOTE 12 Shares and participations in Group companies and related companies, etc.

Group company	Company reg. no.	Domicile	Holding	Owned share ¹⁾	Equity	Profit/loss for the year	The Parent Company	
							Book value	
							31/12/2010	31/12/2009
AB SL Finans	556402-7166	Stockholm	1 000	100.0%	0.1	361.6	0.10	0.10
SL HR-Service AB	556402-7190	Stockholm	1 000	100.0%	0.1	7.4	0.10	0.10
SL Kundtjänst AB	556401-0022	Stockholm	1 000	100.0%	7.2	-2.3	0.10	0.10
SL Infrateknik AB	556402-4684	Stockholm	1 000	100.0%	1.3	-36.2	174.90	174.90
SL Lidingö Trafik AB ²⁾	556011-3267	Stockholm	11 609	96.74%	138.0	-	-	-
Tågia AB	556591-7233	Stockholm	3 000	100.0%	3.7	1.6	-	-
Fastighets AB Viggstaber ²⁾	556094-4158	Stockholm	1 000	100.0%	0.1	-	0.10	0.10
Total shares and participations in Group companies							175.30	175.30

Related companies, etc.	Company reg. no.	Domicile	Holding	Owned share ¹⁾	Equity	Profit/loss for the year ⁶⁾	The Parent Company	
							Book value	
							31/12/2010	31/12/2009
AB Transitio	556033-1984	Stockholm	87 000	43.5%	18.4	0	8.7	8.7
Samtrafik i Sverige AB ⁴⁾	556467-7598	Stockholm	30	2.12%	-	-	-	-
Total shares and participations in related companies, etc.							8.7	9.1
Total shares and participations in Group companies and related companies, etc.							184.0	184.4

Share of profit/loss and equity in related companies

	THE GROUP	
	2011	2010
Profit/loss from participations in related companies	1	-1
Share of equity in related companies		
AB Transitio	18	13
Total share of equity in related companies	18	13

Share of profit/loss and equity in related companies is partly based on preliminary figures.

¹⁾ Holding = voting share

²⁾ Dormant company

³⁾ 96.74 per cent owned by SL Infrateknik AB

⁴⁾ Not a related company

⁵⁾ Equity from closing balance 2010

⁶⁾ Profit/loss for the year is partly based on provisional figures

NOTE 13 Inventory

	THE GROUP		THE PARENT COMPANY	
	2011	2010	2011	2010
Materials in Stock	110	116	110	116
Work in Progress on Behalf of Other Parties	89	62	89	63
Total	199	178	199	179

Work in progress on behalf of other parties relates mainly to generated expenses for the Citybanan project. Current invoices are issued on a monthly basis.

NOTE 14 Cash and bank – Cash Flow Statement

The cash balance in the SL Group account at SLL has been reported as cash and bank. This balance is a current receivable from SLL within the framework of the Group accounting system. Liquid assets have been distributed as follows:

	THE GROUP		THE PARENT COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Balance in				
Group account	769	660	769	660
Balance in other accounts	263	154	41	33
Total	1 032	814	810	693

Group cash flow has been affected by extraordinary items.

NOTE 15 Equity

THE GROUP	Share capital	Restricted reserves	Profit/loss brought forward	Annual profit/loss	Total equity
Opening Equity 01/01/2010	4 000	1 991	418	414	6 823
Transfer between Restricted and Statutory Reserves	–	–3	3	–	0
Allocation of Profit by Order of the AGM	–	–	414	–414	0
Profit/Loss for the Year	–	–	–	–420	–420
Equity 31/12/2010	4 000	1 988	835	–420	6 403
Shareholder Contribution	–	–	420	–	420
Transfer Between Restricted and Statutory Reserves	–	–5	5	–	0
Allocation of Profit by Order of the AGM	–	–	–420	420	0
Profit/Loss for the Year	–	–	–	–156	–156
Equity 31/12/2010	4 000	1 983	840	–156	6 667

THE PARENT COMPANY	Restricted equity		Non-restricted equity		Total equity
	Share capital	Restricted reserves	Profit/Loss brought forward	Annual profit/loss	
Equity 01/01/2010	4 000	14	1 869	22	5 905
Allocation of Profit by Order of the AGM	–	–	22	–22	0
Paid/Received Group Contributions	–	–	869	–	869
Profit/Loss for the Year	–	–	–	–897	–897
Equity 31/12/2010	4 000	14	2 760	–897	5 877
Shareholder Contributions Received	–	–	420	–	420
Allocation of Profit by Order of the AGM	–	–	–897	897	0
Paid/Received Group Contributions	–	–	332	–	332
Profit/Loss for the Year	–	–	–	–571	–571
Equity 31/12/2010	4 000	14	2 615	–571	6 058

Share capital in AB Storstockholms Lokaltrafik:

Number of class A shares: 315 000 with a quota value of SEK 50 per share.

Number of class B shares: 79 685 000 with a quota value of SEK 50 per share.

In previous years, the company has received conditional shareholder contributions of SEK 36 211 million from SLL.

NOTE 16 Untaxed Reserves

	THE PARENT COMPANY	
	31/12/2011	31/12/2010
Accumulated Excess Depreciation	1 923	1 923
Total	1 923	1 923

NOTE 17 Provisions

THE GROUP	31/12/2009	Used during the year	Reversal of unused amount	Annual provision	31/12/2010	Used during the year	Reversal of unused amount	Annual provision	31/12/2011
Pension Provision (Note 18)	309	–	–	15	324	–	–	56	380
Estimated Maintenance Costs	516	–2	–22	50	542	–33	–22	38	525
Restructuring Reserve	79	–51	–4	73	97	–28	–16	12	65
Payments to SJ	280	–277	–3	–	–	–	–	–	–
Reserve for Facilities	69	–	–69	33	33	–20	–1	–	12
Reserve for Environmental Risks	35	–	–	–	35	–	–	–	35
Termination of US Leases	–	–	–	70	70	–70	–	–	–
Miscellaneous	27	–21	–	25	31	–2	–	21	50
Total	1 315	–351	–98	266	1 132	–153	–39	127	1 067

THE PARENT COMPANY	31/12/2009	Used during the year	Reversal of unused amount	Annual provision	31/12/2010	Used during the year	Reversal of unused amount	Annual provision	31/12/2011
Pension Provision (Note 18)	303	–	–	14	317	–	–	63	380
Estimated Maintenance Costs	516	–2	–22	50	542	–33	–22	38	525
Restructuring Reserve	72	–47	–1	73	97	–28	–16	12	65
Payments to Swedish State Railways	280	–277	–3	–	–	–	–	–	–
Reserve for Environmental Risks	35	–	–	–	35	–	–	–	35
Termination of US Leases	–	–	–	70	70	–70	–	–	–
Miscellaneous	22	–18	–1	11	14	–1	–	2	15
Total	1 228	–344	–27	218	1 075	–132	–38	115	1 020

- Estimated Maintenance Costs relate to Metro carriages, commuter rail carriages and Tvärbanan carriages. The necessary provision has been calculated based on the useful lifespan of the vehicles, 30 years. The maintenance reserve is based on a detailed maintenance plan for each vehicle type. SL has obligations for certain specific vehicles linked to leasing agreements that SL has signed in connection with financing these vehicles. See e.g. Note 11.
- The restructuring reserve refers primarily to commitments to contractors or their owners.
- The provision for environmental risks relates to soil contamination.
- Termination of US leases relates to the decision by the SL Board and the County Council Assembly to terminate a US lease, which was carried out in 2011.
- Miscellaneous consists of a number of minor items for which claims have been made against SL or for which it has proved problematic to evaluate the exact size of the commitment. These items should be settled within a few years.

NOTE 18 Pension provision

Pension commitments that were reprocessed from 1992 onwards are reported from 2011 by SL as a pension liability for the Parent Company.

	31/12/2011	31/12/2010
AB SL	380	317
SL HR-Service AB	–	7
Total	380	324

The SL Group's commitment to occupational pensions for employees is provided for through the centrally agreed collective agreement KAP-KL. An exception is Tågia AB, which applies the ITP1 and ITP2 plans. In 2002, Tågia chose an insurance solution to safeguard pensions. Tågia's insurance solution for safeguarding pensions with KPA will be transferred in 2012 to AB SL.

Measures for safeguarding occupational pensions for former employees of SL HR-Service AB were transferred to AB SL in 2011.

Under the terms of KAP-KL, the defined contribution component is calculated as a specific percentage of the total salary base. The portion of the salary above 7.5 income base amounts is included in the defined benefit retirement pension and reported against the pension provision. During the year, reprocessed defined contribution retirement pensions were not included in the provision, but were reported as a current liability.

Interest is set annually by the Swedish Financial Supervisory Authority (FI), and applies for the following year. The discount rate set by FI on 14 October is 3.6% for nominal commitments and 1.4% for indexed commitments for 2011. SLL decided centrally that a lower rate of interest – 3.5% – should be used for nominal commitments for 2011. For 2012, FI has set the corresponding interest rates at 3.5% and 1.1% respectively.

Costs for pension commitments for the period prior to 1992 are reported by and charged to SLL.

NOTE 19 Maturity of long-term liabilities

THE GROUP

31/12/2010	1 – 5 years	After 5 years	Total
Long-Term Loans from SLL	375	7 855	8 230
Accrued Expenses and Deferred Income	1 898	3 210	5 108
Other Long-Term Liabilities	3 483	8 183	11 666
Total	5 756	19 248	25 004

THE GROUP

31/12/2011	1 – 5 years	After 5 years	Total
Long-Term Loans from SLL	375	11 261	11 636
Accrued Expenses and Deferred Income	1 923	3 184	5 107
Other Long-Term Liabilities	4 769	6 639	11 408
Total	7 067	21 084	28 151

THE PARENT COMPANY

31/12/2010	1 – 5 years	After 5 years	Total
Long-Term Loans from SLL	375	7 855	8 230
Accrued Expenses and Deferred Income	1 687	2 219	3 906
Other Long-Term Liabilities	2	0	2
Total	2 064	10 074	12 138

THE PARENT COMPANY

31/12/2011	1 – 5 years	After 5 years	Total
Long-Term Loans from SLL	375	11 261	11 636
Accrued Expenses and Deferred Income	1 712	2 234	3 946
Other Long-Term Liabilities	2	0	2
Total	2 089	13 495	15 584

See the comments in Note 20.

NOTE 20 Long-term accrued expenses and deferred income

	THE GROUP		THE PARENT COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Government Grants under the County Plan, the Dennis Agreement, etc.	2 771	2 637	2 771	2 637
The Swedish National Road Administration's Future Plan	731	791	0	0
Government Grant to offset additional costs of congestion charge trial scheme	234	272	234	272
Financing Grants	430	453	0	42
Deferred Income on Properties	941	955	941	955
Total	5 107	5 108	3 946	3 906

Government grants relating to the County Plan and the Dennis Agreement, etc. comprise grants for investments in fixed assets. Of the Government grant to offset additional costs arising from the congestion charge trial scheme, SEK 108 (144) million relates to investments in fixed assets.

The current portion has been reported in Note 22.

NOTE 21 Prepaid expenses and accrued income

	THE GROUP		THE PARENT COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Prepaid Insurance Premiums	0	12	0	12
Prepaid Rental Costs	13	12	13	12
Prepaid Contractor Costs, Transport Services	204	0	204	0
Prepaid Contractor Costs	0	137	0	137
Accrued Contract Income	0	15	0	15
Accrued Fare Revenues	30	23	30	23
Miscellaneous	48	26	44	22
Total	295	225	291	221

NOTE 22 Accrued expenses and deferred income

	THE GROUP		THE PARENT COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Accrued Contractor Costs, Transport Services	193	216	193	216
Accrued Interest Expenses	71	81	–	–
Prepaid Tickets and Travelcards	419	251	419	251
Current Portion of Long-Term				
Accrued Expenses and Deferred Income	237	194	230	180
Social Security, Pension and Salary Expenses	56	26	56	25
Accrued Contract Expenses	0	72	0	72
Miscellaneous	230	239	222	236
Total	1 206	1 079	1 120	980

NOTE 23 Financial instruments

In its operations, the Group is exposed to various types of financial risks. It is the responsibility of SL to identify financial risks and manage them in consultation with AB SLL Internfinans. All companies and administrative bodies that are wholly owned subsidiaries of SLL are required to comply with its policies where applicable. The purpose of the financial policy is to provide comprehensive rules and regulations for financial activities.

The goal of financial activities is to manage resources in such a way that the requirements for a good return and sound investments are fulfilled. Within the defined risk frameworks, SL shall strive to achieve a good return on its management of assets and to incur the lowest possible costs for borrowing and debt management. The SL Group engages in derivative transactions, primarily currency futures and interest rate swaps, with the aim of managing the currency and interest rate risks that result from the Group's operations and financing activities. All trading in financial instruments is undertaken for hedging purposes only.

SLL is the counterparty to all transactions that reduce currency and interest rate risks. As at the year-end, 31/12/2011, interest rate swaps totalling SEK 3 100 (3 700) million had been entered into. Their market value as at 31/12/2011 was SEK –257.7 (–109.0) million.

The fair value of these swaps agreements is thus lower than their book value. However, SL intends to retain them until they mature. Their market value will vary over the duration of the agreements, but with no impact on profit. When the swaps mature, their market value will be zero.

Gains and losses on currency futures and currency options are reported when they are realised. Amounts payable or receivable that result from interest rate swaps are reported on an ongoing basis as interest expenses or interest income.

Transactions in financial instruments can result in a risk exposure to one or more of the financial risks described below, or transfer such risk to another party. The financial risks that impact on SL are currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk.

Currency risk

Entering into an agreement relating to foreign currency can lead to a currency risk exposure. In accordance with SL's guidelines and SLL's financial policy, currency risk exposure should be avoided wherever possible. Financing and investments may be carried out in foreign currencies, but all currency risk exposure arising within the next twelve months and where the agreement relates to more than SEK 5 million must be protected. The form and degree of currency hedging must be agreed with AB SLL Internfinans before foreign currency contracts are entered into.

Interest rate risk

Interest rate risk occurs when the value of a financial instrument varies due to fluctuations in interest rates. SL leasing agreements bear variable interest, which provides attractive financing potential but also involves a risk of increasing interest expense in the event of rising interest rates. In order to offset this, SL has entered into interest rate swaps with AB SLL Internfinans totalling SEK 3 100 (3 700) million.

At the balance sheet date, 31/12/2011, the average fixed interest period was 2.7 (2.0) years, which is within the boundaries of SL's guidelines and SLL's financial policy.

Credit risk

Credit risk is the risk that one party in a financial transaction will be unable to meet its obligations, thereby causing the other party to incur a loss. In the case of advance payments, the risk is that a supplier will become insolvent before delivery has been completed.

SL avoids advance payments wherever possible. If an advance payment is made, the supplier must first provide a bank guarantee. About half of SL's net turnover consists of SLL subsidies and half is generated by ticket revenues, primarily through ticket agents and resellers. Such sales carry a credit risk exposure that is limited due to the diversified customer base and the option to exclude an agent quickly in the event of misuse.

Liquidity risk

Liquidity risk is the risk that a company will have difficulty obtaining the money required to meet commitments related to financial instruments. SLL acts by agreement as guarantor for all SL's financial commitments throughout the financial year. The risk of a liquidity shortage is therefore minimal.

Cash flow risk

Cash flow risk is countered by means of an agreement between SLL and SL, in which SLL guarantees all current and future loss coverage for SL and its subsidiaries. Investment expenses are financed through loans from AB SLL Internfinans, through leasing in consultation with AB SLL Internfinans and via Government grants.

NOTE 24 Contingent liabilities

	THE GROUP		THE PARENT COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Environmental Risk	10	10	10	10
Total	10	10	10	10

SLL is responsible for reporting on and providing surety for the SL Group's pension commitments for the period up to and including 31 December 1991. New commitments that occur on or after 1 January 1992 are reported by SL (see Note 18). SLL also guarantees these.

NOTE 25 Cash flow statement

Acquisition of intangible and tangible fixed assets

Acquisition of fixed assets	THE GROUP		THE PARENT COMPANY	
	2011	2010	2011	2010
Investments/Acquisitions				
as per Notes 9–10	4 439	4 662	3 847	3 990
Non-Cash Items:				
Reported Financial Leasing	–576	–230	–	–
Unregulated Property Acquisitions	–	–	–	–
Total Cash Flow from Investments	3 863	4 432	3 847	3 990

Audit Report

To the Annual General Meeting of AB Storstockholms Lokaltrafik
Company reg. no. 556013-0683

Report on the annual accounts and the consolidated accounts

We have reviewed the annual accounts and the consolidated accounts of AB Storstockholms Lokaltrafik for 2011. The company's annual accounts are included in the printed version of this document on pages 5–33.

The responsibility of the Board of Directors and the Managing Director for the annual accounts and the consolidated accounts

It is the Board and the Managing Director who are responsible for preparing annual accounts and consolidated accounts that present an accurate picture in accordance with the Swedish Annual Accounts Act, and for the internal control that the Board and the Managing Director deem to be necessary in order to prepare annual accounts and consolidated accounts that are free of material misstatement, whether due to impropriety or error.

The auditor's responsibility

Our responsibility is to express an opinion on the annual accounts and the consolidated accounts on the basis of our audit. We have carried out our audit in accordance with the International Standards on Auditing and generally accepted accounting practice in Sweden. These standards require us to follow professional ethical requirements, and to plan and carry out our audit in order to obtain a reasonable degree of certainty that the annual accounts and the consolidated accounts are free of material misstatement.

An audit involves taking various measures in order to obtain audit evidence of the amounts and disclosures in the annual accounts and the consolidated accounts. The auditor chooses which procedures should be carried out, including by assessing the risks of material misstatement in the annual accounts, whether due to impropriety or error. In carrying out this risk assessment, the auditor takes into account those elements of internal control that are relevant to the way in which the company prepares the annual accounts and the consolidated accounts, to present an accurate picture in order to formulate review procedures that are appropriate with regard to the circumstances, but not in order to give an opinion on the effectiveness of the company's internal control. A review also includes an evaluation of the appropriateness of the accounting principles that have been used and of the reasonableness of the Board's and the Managing Director's estimates in the accounting, as well as an evaluation of the overall presentation of the annual accounts and the consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

Opinion

In our opinion, the annual accounts and the consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and present an accurate picture in all significant respects of the financial position of the Parent Company and the Group as at 31 December 2011, and of their financial results and cash flow for the year in accordance with the Swedish Annual Accounts Act. The statutory administration report is consistent with other parts of the annual accounts and the consolidated accounts.

We therefore recommend to the annual meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted.

Report on other requirements in accordance with legislation and other statutes

In addition to our audit of the annual accounts and the consolidated accounts, we have also reviewed the proposal for disposing of the company's profit or loss and the Board's and the Managing Director's administration of AB Storstockholms Lokaltrafik for 2011.

The responsibility of the Board and the Managing Director

It is the Board that is responsible for the proposal for disposing of the company's profit or loss, and it is the Board and the Managing Director who are responsible for administration in accordance with the Swedish Companies Act.

The auditor's responsibility

Our responsibility is to express an opinion, with a reasonable degree of certainty, on the proposed disposal of the company's profit or loss, and on the company's administration on the basis of this audit. We have conducted our audit in accordance with generally accepted accounting standards in Sweden.

To form a basis for our opinion regarding the Board's proposal for disposing of the company's profit or loss, we have reviewed whether the proposal is in accordance with the Swedish Companies Act.

As a basis for our opinion concerning discharge from liability, we have – in addition to our review of the annual accounts and the consolidated accounts – reviewed the significant decisions, actions taken and circumstances within the company in order to determine whether any Board member or the Managing Director has a liability towards the company. We also examined whether any Board member or the Managing Director has otherwise acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

Opinion

We recommend to the annual meeting of shareholders that the profit be dealt with according to the proposal in the administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, 13 March 2012
Ernst & Young AB

Magnus Fredmer
Authorised Public Accountant

Review Report

Review Report for AB Storstockholms Lokaltrafik for 2011

We, the lay auditors appointed by the County Council Assembly, have reviewed the operations of AB Storstockholms Lokaltrafik for 2011.

The Board of Directors and the MD are responsible for ensuring that the company's operations are conducted in accordance with the current articles of association, the directives and decisions of its owners and the applicable operational instructions. They are also responsible for ensuring that there are sufficient internal controls and that reports are provided to the County Council Assembly. The responsibility of the lay auditors is to review the company's operations and internal controls, and to determine whether operations have been conducted in accordance with the County Council Assembly's mandate.

The review has been conducted in accordance with the Swedish Companies Act, the Swedish Municipalities Act, generally accepted accounting standards for municipal operations and the County Council's auditing rules. Our review was performed with the focus and scope necessary to provide a reasonable basis for our assessment, and has resulted in the outcome described in the 2011 Annual Report for AB Storstockholms Lokaltrafik. We attach a report on the results of the review.¹⁾

Several of the problems relating to SL's internal control that were previously commented on by the audit are deemed to remain following the audit review of the annual accounts and other reviews during 2011.

There are still significant deficiencies in monitoring the transport agreements, particularly those for buses, commuter rail and the Metro, which means – among other things – that SL does not exercise satisfactory internal control over which services are actually performed. This year's review has reinforced our opinion that the control, monitoring and reporting of major projects within the transport area need to be improved. There is insufficient decision-making data regarding investments. The reporting of major projects of fundamental importance should be escalated to the County Council Assembly specifically in order to enable a position to be taken on financing and implementation.

Overall, it is our opinion that the company's operations have not been managed in an appropriate and, from a financial standpoint, satisfactory manner. After consultation with the Authorised Public Accountant, there are deemed to be major deficiencies in the company's internal control. We direct criticism against the Board for inadequate internal control.

Stockholm, 3 March 2012

Gunilla Jerlinger	
Berit Assarsson	Karin Brodin
Gunilla Hansson	Anders Ödmark

¹⁾ The 2011 Annual Report for AB Storstockholms Lokaltrafik, SL, is available at www.sll.se/rev.

Special transport services

Annual accounts and administration report • Special transport services

• Company reg. no. 232100-0016

The Board of Directors and the Managing Director of AB Storstockholms Lokaltrafik (SL) hereby present the annual report for special transport services for the financial year 01/01/2011–31/12/2011.

Ownership

Special transport services is a profit centre within Stockholm County Council, within which reports are issued on the County Council's special transport services, excluding services provided by public authorities. Special transport services have been managed by SL since 01/07/2009 in accordance with a decision by Stockholm County Council and the specific directives of the owners and the amended Articles of Association established by the County Council Assembly in a decision of 12/05/2009.

Special transport services have no employees.

Nature and purpose of operations

Special transport services consist of public transport for people with disabilities and are governed by the Swedish Special Transport Services Act. In the county of Stockholm, the municipalities have assigned their statutory responsibility for special transport services to the County Council, which has transferred responsibility for special transport services to SL. Besides special transport service journeys, the activities also include Närtrafik services, patient transport and business travel. Patient transport journeys are governed by the Swedish Act on Reimbursement of Travelling Costs for Patient Transport Journeys. The journeys are carried out through services procured from taxi, bus and special vehicle operators.

Assessment for permits and allocation of travel is the responsibility of a special transport committee, which acts as a government agency. Permits for patient transport are issued by the care provider.

Financial results

Business development

The profit for the year was SEK –92 (–43) million. The change between 2010 and 2011 is mainly due to increased transport costs as a result of greater inclination to travel and thus a higher volume of journeys.

(SEK millions)	2011	2010	2009*
Passenger Revenues	171	160	82
Operating Subsidies from SLL	963	946	450
Other Income	13	19	10
Total	1 147	1 125	542
Purchased Services	–1 199	–1 127	–544
Other Costs	–39	–41	–20
Financial Items	–1	–	–1
Profit/Loss for the Year	–92	–43	–23

*For 2009, the period relates to 01/07/2009 to 31/12/2009

Operational results

Operating income for 2011 amounted to SEK 1 147 (1 125) million, an increase of 2.0 per cent. Passenger revenues accounted for SEK 171 (160) million, an increase of 6.9 per cent. This increase is due partly to a higher volume of travel, and partly to increased high-cost protection for special transport service travellers from 1 September in accordance with a decision by SLL. Operating subsidies from SLL amounted to SEK 963 (943) million, an increase of 1.8 per cent. Other operating income such as the sale of journeys to other county council administrations, leasing communications equipment to transport contractors, etc. totalled SEK 13 (19) million.

Operating expenses totalled SEK 1 238 (1 167) million, an increase of 6.1 (8.4) per cent. Operating expenses mainly relate to purchased transport services. Costs for purchased services totalled SEK 1 199 (1 127) million – an increase of SEK 72 million, corresponding to 6.4 per cent. The increase in costs relates to price trends and an increased volume of journeys. Other operating expenses amounted to SEK 39 (41) million. Other operating expenses include costs for IT systems linked to special transport services, call centre telephony, financial administration, postage and certain information.

The operating profit/loss was SEK –91 (–43) million. Net financial items totalled SEK –1 (0) million. The profit/loss after net financial items was SEK –92 (–43) million.

Investments

No investments were carried out during 2011.

Significant events during and after the financial year

A new political organisation came into effect in 2011. A dedicated Transport Committee is responsible for public transport on land and at sea, and for travel for people with disabilities. A special transport committee for governance in relation to individuals and two drafting committees, one for special transport service and accessibility issues and one for marine transport, have been linked to the Transport Committee.

A review has been carried out of SL's organisation, and a new organisation with a clearer purchaser focus came into force on 1 May 2011. Special transport services remain fully integrated within SL in the new organisation, but will continue to be a separate financial profit centre.

The County Council Assembly decided on 15 June 2011 to increase the high-cost protection for special transport service travellers from SEK 690 to SEK 790 per month for those who pay full fares and from SEK 420 to SEK 490 for passengers who receive a pensioner's discount. The increase came into force on 1 September.

The responsibility for costs for patient transport journeys will be transferred to health and medical care in accordance with SLL's decision. During the year, an agreement was entered into for a transfer with effect from 2012.

The agreement on specialised vehicle transportation ceased to apply on 1 February 2011. As a result, wheelchair taxis gained an expanded role as special transport services' form of transport for people who need specialised vehicles. The agreement on wheelchair taxis is valid until 1 October 2013. Certain specialist services such as stretcher transportation and Närtrafik services, which were previously included in the specialised vehicle agreement, have been procured separately. A new Närtrafik line started in Nynäshamn in June.

Procurement of taxi transportation was carried out during the year. Agreements have been entered into with four suppliers for the period from 1 February 2012, when the current agreement expires, until 1 February 2014. The procurement of wheelchair taxis for people who do not require customer choice is ongoing, as is procurement for dealing with requests for special transport service journeys and patient transport journeys.

A wheelchair taxi service began operating in October 2008. The service is offered with customer choice. There is a growing demand for wheelchair taxi services. The number of journeys in 2011 totalled 876 000 (765 000) – an increase of 111 000 journeys, corresponding to 14.5 per cent. There were 3 077 000 (3 024 000) taxi transportation journeys, an increase of 1.8 per cent.

Profit allocation

Profit/Loss for the Year	SEK -91 732 523
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The Board and Managing Director of SL propose that the loss, in accordance with current rules for profit centres within the County Council and while awaiting transfer to the County Council Group financing, be allocated as follows:

To be carried forward	SEK -91 732 523
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Income Statement

(SEK millions)	Note	2011	2010
Operating Income			
Net Turnover	1	1 147	1 125
Total Operating Income		1 147	1 125
Operating Expenses			
Contracting Costs, Transport Services		-1 199	-1 127
Other External Expenses	2	-39	-40
Depreciation of Tangible			
Fixed Assets	3	-	-1
Total Operating Expenses		-1 239	-1 168
OPERATING PROFIT/LOSS		-91	-43
Profit/Loss from Financial Items			
Interest Income and Similar Income		0	0
Interest Expenses and Similar Expenses		-1	0
Total Profit/Loss from Financial Items		-1	0
PROFIT/LOSS AFTER FINANCIAL ITEMS		-92	-43
PROFIT/LOSS FOR THE YEAR		-92	-43

With regard to the reported profit/loss and financial position for 2011, reference is made to the following income statement, balance sheet, cash flow statement and additional information. All amounts are in SEK millions, unless otherwise stated.

Stockholm, 21 February 2012

Christer G Wennerholm
Chairman of the Board
AB Storstockholms Lokaltrafik

Anders Lindström
Managing Director
AB Storstockholms
Lokaltrafik

The County Council auditors issue an annual report for special transport services. The report is available at www.sll.se/rev

Balance Sheet

(SEK millions)	Note	31/12/2011	31/12/2010
ASSETS			
Fixed Assets			
Plant and Equipment	3	0	0
Total Fixed Assets		0	0
Current Assets			
Current Receivables			
Accounts Receivable		27	23
Other Receivables		11	10
Prepaid Expenses and			
Accrued Income	4	12	12
Total Current Receivables		50	45
Cash and Bank	5	0	11
Total Current Assets		50	56
TOTAL ASSETS		50	56
EQUITY AND LIABILITIES			
Equity			
Equity	6	48	48
Profit/Loss for the Year		-92	-43
Total Equity		-44	5
Current Liabilities			
Accounts Payable		44	48
Unused Bank Overdraft Facilities	5	43	0
Accrued Expenses			
and Deferred Income	7	7	3
Total Current Liabilities		94	51
TOTAL EQUITY AND LIABILITIES		50	56
Pledged Assets		None	None
Contingent Liabilities		None	None

Cash Flow Statements

(SEK millions)	2011	2010
Operating Activities		
Operating Income	-91	-43
Depreciation	0	1
	-91	-42
Interest Received	0	0
Interest Paid	-1	0
Cash from Operating Activities before Changes in Working Capital	-92	-42
Changes in Working Capital		
Increase (-)/Decrease (+) in Receivables	-5	1
Increase (+)/Decrease (-) in Liabilities	0	0
Cash from Operating Activities	-97	-41
Financing		
Coverage Received for Profit/Loss	43	23
Portion of Equity Received	0	47
Cash from Financing	43	70
Cash Flow for the Year	-54	29
LIQUID ASSETS		
Liquid Assets at Start of Year	11	-18
Change in Liquid Assets	-43	11
Liquid Assets at Year-End	-54	29

Additional information

Accounting principles

The annual accounts have been drawn up in accordance with the Swedish Local Government Act, the Swedish Act on Municipal Accounting and recommendations issued by the Council for Municipal Accounting.

Receivables are recognised at an amount estimated for receipt after valuation. Liabilities are reported at their original historical cost.

Income

Income is reported at fair value for the amount that has been, or will be, received. Operating subsidies from SLL represent performance compensation calculated according to a budget approved by SLL. SLL grants may be adjusted annually owing to operational changes or the cost of such changes. Passenger charges are invoiced to special transport services and patient transport on a monthly basis. SLL sets the level of these charges in its budget decision. Business travel is invoiced monthly to the County Council administrations and other parties to agreements, based on the costs incurred by the special transport service in respect of such services. Other income is invoiced on an open account.

Tangible fixed assets

Tangible fixed assets are recognised at their acquisition cost at the time of acquisition. After the time of acquisition, tangible fixed assets are reported with a deduction for accumulated depreciation and any write-down. Depreciation is calculated on a straight-line basis and accrued over the useful lifetime of the asset in a way that reflects its use. Depreciation for the period is reported as an expense.

Depreciation is based on the estimated period of use of the asset as follows:

Plant and Equipment	3–5 years
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Receivables

Receivables are reported at the amount estimated to be received.

Cash flow statements

Cash flow statements report historical transactions in cash and cash equivalents for the period relating to the current operating, investment or financing activity. The cash flow statement is presented using the indirect method, by which the net profit/loss from operating activities is adjusted by:

- Items in the income statement that do not include cash transactions
- Changes in operating assets and operating liabilities for the period, and
- Items included in the cash flow for investment or financing activities

Notes

NOTE 1 Operating income

	2011	2010
Passenger Charges	171	160
Operating Subsidies from SLL	963	946
Sales of Other Services	13	19
Total	1 147	1 125

Special transport services are a profit centre under the County Council Executive Committee's administration. 84 (84) per cent of turnover consists of an operating subsidy from Stockholm County Council and 1 (1) per cent consists of sales to other units and companies within Stockholm County Council. 3 (3) per cent of the total costs in the balance sheet consist of purchases from other County Council units.

NOTE 2 Fees and other payments to auditors

Fees to auditors have been paid by the Stockholm County Council audit office.

NOTE 3 Fixed assets

	31/12/2011	31/12/2010
Plant and Equipment		
Opening Acquisition Value, 1 Jan	2	2
Investments for the Year	0	0
Closing Acquisition Value, 31 Dec	2	2
Opening Accumulated Depreciation, 1 Jan	2	1
Depreciation for the Year	0	1
Closing Accumulated Depreciation, 31 Dec	2	2
Closing Book Value, 31 Dec	0	0

NOTE 4 Prepaid expenses and accrued income

	2011	2010
Accrued Income for Traveller Charges, Special Transport Services	12	11
Other Accrued Income	0	1
Total	12	12

NOTE 5 Cash and bank

The business' balance in the Group account at SLL has been reported as cash and bank. This balance is a current receivable from SLL within the framework of the Group accounting system. The credit limit granted on the Group account is SEK 120 (84) million. SEK 43 (0) million of this credit had been used at the end of 2011.

NOTE 6 Equity

The allocation of the former Special Transport Committee's balance sheet between the Special Transport Committee and special transport services was concluded in 2010.

	Equity
Opening Equity 01/01/2010	48
Profit/Loss for 2010	-43
Equity 31/12/2010	5
Transfer of Profit/Loss for 2010 to SLL Group Financing	43
Profit/Loss for the Year	-92
Equity 31/12/2011	-44

NOTE 7 Accrued expenses and deferred income

	31/12/2011	31/12/2010
Purchased Services	6	2
Other Accrued Costs	1	1
Total	7	3

Board and auditors

Annual General Meeting

SL's most recent AGM was held on 24 May 2011, during which the income statement and the balance sheet for the 2010 financial year were adopted. The AGM also granted the Board of Directors and the Managing Director discharge from liability for their management during 2010. An Extraordinary General Meeting was held on 20 December 2011 to establish the new owner directive and new Articles of Association.

Articles of Association

According to the Articles of Association, the object of SL is – within Stockholm County and neighbouring areas – to operate local and regional public transport, within the framework of notified conditions, to arrange transportation for people with disabilities (special transport services), to own and administer real and movable estate, and to carry out related operations.

According to the Articles of Association, the purpose of the company's operations is that the company should provide local and regional public transport by land and, in accordance with the Transport Committee's issuance of permits, administer the details required in order to ensure good special transport services. This task include procuring the necessary goods, services and contracts to enter into agreements regarding general transport, to carry out procurements of the necessary personal transport and coordination services, and otherwise to take the necessary measures to fulfil the task.

Board of Directors

The Stockholm County Council Assembly appoints board members for AB SL. The right of attendance for employee representatives is defined in the Swedish Board Representation (Private Sector Employees) Act (1987:1245). On the SL Board of Directors, employee representatives have the right to express their opinions, to propose a motion or to have opinions recorded in the minutes, but they do not have any decision-making powers.

The Board held 24 meetings during 2011. During these meetings, the Board dealt with standing agenda items such as the state of business, procurements, financial reporting, investments, the budget and service changes for the commuter rail and Metro systems. In addition, overall strategic issues such as SL's future focus and visions have been discussed. Sara Catoni served as Board Secretary during the year.

Chairman of the Board

The County Council Assembly appoints the Chairman of the Board and the Vice Chairmen. Since 1 January 2007, the Chairman of the Board has been County Commissioner for Public Transport, Christer G Wennerholm (M). Lennart Rohdin (FP) has been First Vice Chairman since 2007, Helene Hellmark Knutsson (S) was Second Vice Chairman until 03/05/2011, and Erika Ullberg (S) has been Second Vice Chairman since 04/05/2011.

Managing Director

The Managing Director deals with ongoing administration and leads operations in accordance with the instructions adopted by the Board. After consultation with the Chairman, the Managing Director shall ensure that Board members are provided with information and the necessary decision-making data. The Managing Director, or his delegate, is also required to report and put forward proposals at Board meetings on issues prepared by the Executive Management, and shall continuously keep Board members and the Chairman of the Board informed about the company's and the Group's financial position and development.

Executive Management Team

The Managing Director of AB SL leads SL's Executive Management Team. In addition to the Managing Director, the Executive Management Team consists of the individuals appointed by the Managing Director. This is a consultation body for the Managing Director and has no autonomous decision-making authority. The Executive Management Team meets as determined by the Managing Director.

Financial reporting and internal control

The Board of Directors is responsible for ensuring that the company's organisation is such that its financial situation can be adequately verified and that financial reports are compiled in accordance with the law, existing accounting standards and other appropriate requirements. The Managing Director shall also ensure that financial accounting in the Group's companies is carried out in accordance with the law and that the management of assets is conducted in a satisfactory manner.

Auditors

The company's Authorised Public Accountant shall audit the financial accounts and the administration of the Board and the Managing Director in accordance with accepted accounting practice. The Authorised Public Accountant is elected by the AGM. Lay auditors shall audit the company's activities and ensure that they are managed in an appropriate and financially satisfactory manner, and that the company's internal control is adequate. The audit shall be executed in accordance with accepted practice for lay auditors. Lay auditors are appointed by the Stockholm County Council Assembly and are announced at the AGM.

Authorised Public Accountant

Magnus Fagerstedt, Ernst & Young AB, until 24/05/2011.
Magnus Fredmer, Ernst & Young AB, from 25/05/2011.

Lay auditors

Gunilla Jerlinger (S), Chairman,
Berit Assarsson (M), Vice Chairman,
Karin Brodin (M),
Gunilla Hansson (C),
Amir Sajadi (MP)

The Board, auditors and the MD

Chairman

Christer G Wennerholm (M)

First Vice Chairman

Lennart Rohdin (FP)

Second Vice Chairman

Helene Hellmark Knutsson (S)

until 03/05/2011

Erika Ullberg (S) from 04/05/2011

Employee representatives

Arne Grundberg, Vision

Lennart Hallgren, SACO until

13/06/2011

Martin Lindahl, SACO from 14/06/2011

Lay auditors 2011 – 2014

Gunilla Jerlinger (S), Chairman

Berit Assarsson (M), Vice Chairman

Karin Brodin (M)

Gunilla Hansson (C)

Amir Sajadi (MP)

Ernst & Young AB

Auditor in charge

Magnus Fagerstedt (Authorised Public Accountant) until 24/05/2011

Magnus Fredmer (Authorised Public Accountant) from 25/05/2011

Deputy

Magnus Fredmer (Authorised Public Accountant) until 24/05/2011

Mikael Sjölander (Authorised Public Accountant) from 25/05/2011

Managing Director

Göran Gunnarsson, until 22/06/2011

Madeleine Raukas, Acting Managing Director from 23/06/2011 until

31/12/2011

Anders Lindström, MD from

01/01/2012

SL's property holding

SL owns 3.7 million square metres of land and 1.2 million square metres of premises, of which 456 000 square metres are rental premises and 750 000 square metres are other premises. Operational areas, platforms and entrance areas are not included in the rentable area. These are reported on the next page by mode of transport and municipality.

SL's administrative organisation is divided up into four sections by mode of transport: Metro, Bus and Special Transport Services, Commuter Rail and Light Rail. Management is carried out for all commercial premises and special-purpose premises with related technology systems that SL owns or has administrative responsibility for. The sections also administer leases and easement and usufruct agreements for the various modes of transport. Duties include:

- The administration of rental and leasing agreements, leasehold agreements and rented premises. Advertising agreements and art are administered within the Metro section.
- Property planning (for each administration object)
- Tenant investments
- Systematic fire prevention work

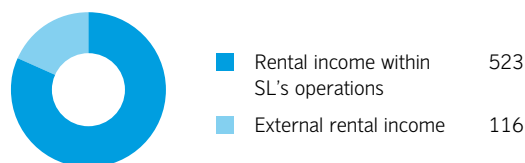
The property holding, 245 properties, consists of approximately 250 stations, 50 depots, 85 bus terminals, 115 park-and-ride facilities and 30 break premises. The majority of these premises are used by SL's transport operators, with the remainder being rented out to external tenants on commercial terms. Rental income within SL's operations is SEK 523 million, and external rental income is SEK 116 million.

The Strategic Development Department and the Property Development section are responsible for SL's strategic plans for the property portfolio, strategies for the commercial development of properties ("Meeting Places"), administration strategies, customer environment strategies and financing solutions for expansion projects.

AB SL's rights to land and facilities for operating transport services are divided between the modes of transport:

- Rights to Metro facilities mainly consist of usufruct and easements, although Metro depots are located on land owned by SL.
- Commuter rail activities are carried out in and at the Swedish Transport Administration's and Jernhusen's facilities, which SL uses under transport operation right agreements. The depots are situated on land owned by SL, except for the Älvsjö Depot, which is owned by Jernhusen.
- The Roslagsbanan, Saltsjöbanan and Lidingöbanan lines, including their depots, are located on land owned by SL, while the Nockebybanan and Tvärbanan lines are located on land at SL's disposal via easement. Site leasehold rights apply to the Bromma depot. Spårväg City's land area is used through right of usufruct.
- Bus depots and terminals are used through right of ownership, site leasehold rights, tenancy and right of usufruct.

Rental income 2011, SEK millions



Property portfolio

Mode of transport	Municipality	m ² Area of land	m ² Area of premises	m ² Rental premises
Metro	Botkyrka		18 240	899
Metro mode of transport includes stations and depots.	Danderyd		9 472	237
	Huddinge		6 091	381
	Solna	3 385	35 910	3 286
	Stockholm	394 601	536 203	184 000
	Sundbyberg	43 857	46 690	29 395
Metro total		441 843	652 606	218 198
Commuter rail	Botkyrka		2 083	
Commuter rail mode of transport includes stations and depots.	Gnesta		504	
	Haninge		20 315	89
	Huddinge		20 427	37
	Järfälla		20 980	83
	Nynäshamn		10 590	
	Salem		9 167	6
	Sigtuna		4 290	
	Sollentuna		16 876	6
	Solna		4 983	6
	Stockholm		69 553	28 910
	Södertälje	68 582	44 428	25 600
	Upplands Väsby		8 028	6
	Upplands-Bro	428 332	37 266	34 360
Commuter rail total		496 914	265 840	86 453
Light rail	Danderyd	236 497	13 925	7 778
Light rail mode of transport includes Lidingöbanan, Nockebybanan, Roslagsbanan, Saltsjöbanan, Tvärbanan and Spårväg City.	Lidingö	176 587	5 216	4 699
	Nacka	308 106	6 509	5 686
	Norrtälje	143 811		
	Solna	9 002		
	Stockholm	180 087	32 759	23 233
	Täby	376 523	10 206	914
	Vallentuna	400 473	5 086	358
	Österåker	243 433	4 321	156
Light rail total		2 074 519	78 022	42 824
Bus and Special Transport Services	Botkyrka	30 315	7 403	4 637
Bus mode of transport includes bus depots and bus terminals.	Danderyd		344	358
	Ekerö	16 440	3 910	3 053
	Haninge	67 735	5 377	3 939
	Huddinge		140	96
	Järfälla	19 349	2 709	2 002
	Nacka	37 313	6 647	4 383
	Norrtälje	26 437	2 856	1 648
	Nynäshamn	12 167	1 785	1 209
	Salem		15	
	Sigtuna	24 194	2 787	1 976
	Sollentuna		65	43
	Stockholm	149 812	119 923	75 185
	Sundbyberg	57 131	12 916	9 304
	Södertälje	21 420	3 494	2 807
	Tyresö	32 398	4 468	2 543
	Täby	46 995	8 379	7 741
	Vallentuna	32 396	1 015	984
	Vaxholm	3 261	30	40
	Värmdö	22 715	2 327	1 360
	Österåker	12 220	510	610
Bus total		612 298	172 100	108 918
TOTAL		3 725 574	1 169 068	456 392

Operating figures

Population of Stockholm County (in 1000s)

	2011	2010	2009	2008	2007
Population	2 088	2 050	2 017	1 981	1 949

Total private cars in Stockholm County (in 1000s)

	2011	2010	2009	2008	2007
Private cars	818	800	793	791	783

Number of journeys on a typical day in winter (in 1000s)

Mode of transport	2011	2010	2009	2008	2007
Metro	1 133	1 137	1 123	1 117	1 094
Commuter rail	269	258	252	250	242
Light rail	146	136	126	126	123
Bus	1 068	1 025	997	989	975
Total	2 616	2 556	2 498	2 482	2 434

Journeys (millions)

Mode of transport	2011	2010	2009	2008	2007
Metro	309	310	307	307	303
Commuter rail	73	70	69	68	66
Light rail	45	38	34	35	34
Bus	291	284	277	270	269
Total	718	702	687	680	672

Full journeys (millions)

	2011	2010	2009	2008	2007
Total	446	436	427	422	417

Passenger kilometres (millions)

Mode of transport	2011	2010	2009	2008	2007
Metro	1 725	1 731	1 715	1 715	1 690
Commuter rail	1 279	1 226	1 218	1 211	1 177
Light rail	277	252	226	241	240
Bus	1 792	1 757	1 713	1 673	1 654
Total	5 073	4 966	4 872	4 840	4 761

Available seat kilometres (millions)

Mode of transport	2011	2010	2009	2008	2007
Metro	4 181	4 131	4 475	4 289	4 390
Commuter rail	5 087	5 010	4 867	4 855	4 504
Light rail	1 111	1 082	944	921	938
Bus	5 736	5 569	5 849	5 609	5 336
Total	16 115	15 802	16 135	15 674	15 168

Public transport share (%)

Entrance point	2011	2010	2009	2008	2007
City entrance point average 6–21	69	67	66	66	66
City entrance point peak periods	81	80	79	78	78

Number of tickets sold (in 1000s)

	2011	2010	2009	2008	2007
30-day tickets	4 549	4 379	4 010	4 056	3 969
90-day tickets	253	53	–	–	–
Season tickets	88	187	183	181	191
Annual and corporate tickets	29	18	15	4	3
Pre-paid strips and reduced price tickets – total coupons	133 816	129 105	136 927	143 086	111 000
Cash tickets and pre-paid tickets	7 001	7 894	10 154	10 812	11 259
Zone tickets (SMS, SL Access, vending machines)	12 734	10 724	8 764	7 148	3 676

Number of vehicles in SL transport services

	2011	2010	2009	2008	2007
Metro carriages, older	242	242	242	244	264
New Metro carriages C20	271	271	271	271	271
Commuter rail carriages, older	51	136	144	166	188
New commuter rail carriages X60	71	71	71	58	38
Light rail carriages	194	194	184	188	188
Buses	2 168	2 050	2 016	1 929	1 897
Total	2 997	2 954	2 928	2 869	2 866

Number of passengers per day in winter (in 1000s)

	2011	2010	2009	2008	2007
Total	739	722	705	701	687

Reliability (% departures on time)

	2011	2010	2009	2008	2007
Metro	94.3	93.5	94.8	94.1	92.7
Green line	93.1	91.8	92.6	92.2	91.6
Red line	94.4	94	95.3	94.7	93
Blue line	97.4	96.9	98	97.5	95.4
Commuter rail	88.9	84.8	90.4	87.7	84.5
Roslagsbanan light railway	94.7	90.6	95.4	96	92.9
Lidingöbanan line	92.6	94.3	95.2	95.6	95.2
Tvärbanan line	94.9	95.9	96.5	95.8	95.2
Nockebybanan line	99.4	99	98.3	98.4	98.6
Saltsjöbanan line	94.6	82.9	91.7	93.6	94.1
Spårväg City	98.2	96.9			
Bus services	88.5	88	91.1	91	91.2
northern region	93.6	93.9	96.3	95.5	95.3
central region	82	83.4	88.3	88.4	88.5
– of which inner city	75.5	76.7	82	82.8	83.7
southern region	94.1	93.2	95.4	95.3	95.7

Cancelled departures (% of schedule)

	2011	2010 *	2009	2008	2007
Metro	2.2	2.5	0.7	0.6	1
Green line	3	2.7	0.6	0.4	0.4
Red line	2.4	3.2	0.9	0.9	1.3
Blue line	1.1	1.4	0.6	0.6	1.3
Commuter rail	1.4	3.4	1.5	1.7	2.3
Roslagsbanan light railway	0.5	1.2	0.4	0.3	1.4
Lidingöbanan line	1.2	0.8	0.6	0.6	1.1
Tvärbanan line line	1.2	1	0.9	0.9	1.4
Nockebybanan line	0.2	0.2	1.1	0.7	0.5
Saltsjöbanan line	0.7	1.1	0.5	0.6	0.3
Spårväg City	4.8	2.1	–	–	–
Bus services	0.6	0.4	0.3	1.7	0.3
northern region	0.4	0.3	0.2	1.2	0.2
central region	0.7	0.5	0.4	2.4	0.5
– of which inner city	1	0.5	0.5	2.9	0.8
southern region	0.6	0.4	0.3	1.2	0.2

* The outcome was affected during 2010 by problems involving snow, cold temperatures and slippery roads, particularly during February.

Metro service disruptions (more than 10 minutes)

	2011	2010	2009	2008	2007
Metro total	140	176	244	333	357
Green line	53	74	85	133	152
Red line	61	70	112	149	140
Blue line	26	32	47	51	65

Proportion of Satisfied Customers and County Residents (%)

	2011	2010	2009	2008	2007
Proportion of Satisfied Customers (SL)	73	74	76	72	68
Proportion of Dissatisfied Customers (SL)	11	10	9	11	14
Proportion of Satisfied Customers (Swedish Public Transport Association)	59	64	68	62	60
Proportion of Dissatisfied Customers (Swedish Public Transport Association)	8	5	4	6	9
Proportion of Satisfied County Residents (Swedish Public Transport Association)	53	60	66	60	55
Proportion of Dissatisfied County Residents (Swedish Public Transport Association)	11	9	7	8	11

Finance and Investments

Fare Revenues, Net Expenses and Operating Subsidies at current prices (SEK millions)

	2011	2010	2009	2008	2007
Fare Revenues	5 870	5 370	5 217	5 099	4 476
Net Expenses, including income	12 166	11 469	11 162	10 784	9 822
Operating Subsidies, SLL	6 296	6 099	5 945	5 685	5 346

Fare revenues, net expenses and operating subsidies at 2011 prices (SEK millions)

	2011	2010	2009	2008	2007
Fare Revenues	5 870	5 511	5 422	5 283	4 798
Net Expenses, including income	12 166	11 770	11 600	11 172	10 529
Operating Subsidies, SLL	6 296	6 259	6 179	5 890	5 731

Fare Revenues, Net Expenses and Operating Subsidies per full journey at current prices (SEK)

	2011	2010	2009	2008	2007
Fare Revenues per full journey	13.16	12.32	12.22	12.08	10.73
Net Expenses including income per full journey	27.28	26.31	26.14	25.55	23.55
Operating Subsidies, SLL per full journey	14.12	13.99	13.92	13.47	12.82

Fare Revenues, Net Expenses and Operating Subsidies per full journey at 2011 prices (SEK)

	2011	2010	2009	2008	2007
Fare Revenues per full journey	13.16	12.64	12.70	12.52	11.51
Net Expenses including income per full journey	27.28	27.00	27.17	26.47	25.25
Operating Subsidies, SLL per full journey	14.12	14.36	14.47	13.96	13.74

	2011	2010	2009	2008	2007
Operating Subsidies per taxable SEK	1.46	1.46	1.46	1.44	1.44
Tax distribution level (%)	49.1	51.2	48.6	51.4	53.1
Gross investments	4 439	4 662	3 862	3 533	3 110

Fare revenues per ticket type at current prices (SEK millions)

	2011	2010	2009	2008	2007
Period tickets	4 089	3 758	3 565	3 466	2 949
Pre-paid and discount coupons	1 278	1 192	1 261	1 291	1 129
Zone tickets and coupons	459	394	374	337	354
Other tickets	44	26	17	5	44

Price of 30-day card including VAT (SEK)

	2011	2010	2009	2008	2007
Current prices	790	690	690	690	620
Adjusted to 2011 level	790	708	717	715	665

Operating figures for specialised public transport

OPERATING FIGURES specialised public transport (%)

	2011	2010	2009	2008	2007
Proportion of satisfied passengers	89	*	91	88	89

Reliability, waiting time during the journey (within 10 minutes)

	2011	2010	2009	2008	2007
Taxis	93	93	94	93	93
Specialised vehicles	*	91	92	92	93

*No data available

Number of journeys (in 1000s)

	2011	2010	2009	2008	2007
Special transport service journeys	3 897	3 037	2 894	2 775	2 765
Patient transport journeys	3 162	694	660	662	689
Total	735	3 789	3 612	3 437	3 454

Sustainable development



The Global Compact –SL's ethical compass

AB Storstockholms Lokaltrafik aims to contribute towards long-term sustainable development, and to act in an ethical and responsible manner.



WE SUPPORT

In order to highlight these values, SL signed up to the UN Global Compact initiative and its principles in May 2009. In concrete terms, this has involved SL clarifying its sustainability work, particularly within the fields of the environment, employees, children and accessibility, as well as procurement and anti-corruption measures.

This is the second year that SL has reported its work in connection with the principles of the Global Compact in a Communication on Progress (COP). The report covers areas of major significance to SL from a sustainability perspective. If you have any questions regarding the report or SL's sustainability work, please e-mail hallbarutveckling@sl.se.

The ten principles of the Global Compact

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

How SL works with sustainability

Work began during the autumn to identify deficiencies and draw up documentation for the sustainability issues that SL should prioritise in the future.

Key sustainability issues

SL has both positive and negative impacts on sustainable development – ecologically, socially and economically. Here are a few key areas within which SL works actively:

- **Sustainable travel.** The more people who use SL services instead of driving their own car, the less emissions, noise and congestion are generated.
- **Air emissions.** Some of the buses used for SL services still run on fossil fuels, which have an effect on the climate.
- **Noise disturbance.** SL's rail and bus services, track maintenance, extension work and depot operations can cause noise disturbance in the surrounding areas.
- **Energy-intensive operations.** SL uses large amounts of energy, largely for operating bus and rail services.
- **Travel for everyone.** SL services should be accessible, safe and secure, regardless of a passenger's age, mobility impairment, ethnicity or gender.
- **Demanding buyer.** As a major procurer, SL can have a positive effect on its suppliers by imposing various sustainability requirements.

Control, organisation and responsibility

Stockholm County Council's political bodies and the SL Board decide upon objectives and issues of particular importance to SL's sustainability work. Within SL, the Sustainable Development unit



is responsible for the strategic development of environmental and social areas. Important processes within this work include stakeholder dialogue and external monitoring.

SL is a purchasing and administrative organisation. SL's impact on the surrounding environment is therefore mostly indirect. In other words, the impact depends on the way in which other companies supply their products and services. In practice, SL's strategies within the field of sustainability are mainly implemented by imposing requirements on those companies with which SL cooperates and by monitoring the agreements held with these companies. This day-to-day work

is mainly carried out within the Projects and Procurement Department, where procurements are coordinated, and the Traffic Department, where the operations of contracted transport operators, for example, are monitored.

The HR Department is responsible for employee issues such as working conditions and work to combat discrimination in the workplace. The Legal and Internal Audit Department deals with much of the work relating to anti-corruption measures. The Operational Control and Finance Department deals with internal control and monitors the balance between SL's resources and the economic aspects of sustainable development. ●

Principles 1–2

Human Rights

A recent employee survey produced a good score for positive internal equality work. A number of activities were also carried out during the year to improve the accessibility of SL's transport services for passengers with disabilities.

Selected policy documents

- Gender equality plan 2009–2011
- Long-term accessibility plan 2011–2021
- RiTill – SL's guidelines for the elderly and passengers with disabilities
- RiBarn – Guidelines for SL's work according to the UN Convention on the Rights of the Child
- Procedure for procurement and purchasing

Targets and results

Accessibility

- The change-over to low-floor buses shall be 100 per cent complete by 2011.
Outcome: 94 per cent. Due to the high costs involved in replacing buses early, this target has not been met. When new transport service agreements come into force in August 2012, the proportion of low-floor buses will increase, but the target will not be met until 2013. SL has informed organisations for people with disabilities of this and is investigating alternative measures that can be introduced in the meantime.
- The proportion of buses that kneel at bus stops shall be 50 per cent in 2011.
Outcome: 33 per cent. This figure is too low. Kneeling must be followed up better with the transport operators.
- Perceived accessibility on typical journeys (indicator: accessibility) through



traffic information shall increase every year. (Find out more about typical journeys on page 54.)

Outcome: 76 in the survey for the year, and 71 in the previous survey (2008).

- Perceived accessibility on typical journeys (indicator: treatment) shall increase in every survey.
Outcome: 70 in the survey for the year, and 81 in the previous survey (2008). This is a deterioration which, although the survey is too small to

give statistically reliable data, should be seen as a warning bell.

Working methods

SL works systematically to promote a good working environment and for SL services to be available to as many people as possible. Internally, the gender equality plan is an important tool and managers receive ongoing training on equal treatment issues. Every year, employees give their views of the business in a survey which is followed up

with action plans. In the event of harassment, the employee should turn to his or her manager in the first instance and the HR Department in the second instance. In the third instance, confidential discussions with the company healthcare provider will be offered. Externally, SL took part during the year in the Equality Ombudsman's work to draw up concrete tools to prevent discrimination at Swedish workplaces.

SL services, accessibility and the perspective of children are central issues. SL is involved in close dialogue with organisations for people with disabilities and pensioners' organisations in particular. Work on the perspective of children is based on the idea that all decisions affecting children should also be based on what is best for them. This is done through discussions with children, surveys among children and training of staff. For specific projects, SL works with focus groups for both accessibility issues and issues affecting children. All SL staff are trained in accessibility and the UN Convention on the Rights of the Child. The guidelines for accessibility

and children are used to impose requirements in procurements and to monitor agreements.

Activities

New employee survey

The internal employee survey was conducted in October. This year, the survey was rewritten to capture results and attitudes resulting from the reorganisation. The new overall index is called the Motivated Employee Index (MEI), and describes SL's status along the route towards its goal of being an excellent employer. A total of 482 employees were included in the survey, with a response rate of 88 per cent. The result was 60 out of a possible 100. The MEI also includes an equality index, which gave a score of 88 out of 100. SL takes all forms of harassment seriously, and as an employer acts immediately in the event of e.g. sexual harassment.

A focus on passenger safety

Travelling with SL should be safe and secure for all passengers, at any time of day or night. As part of the work involved in improving passenger safety, SL has set

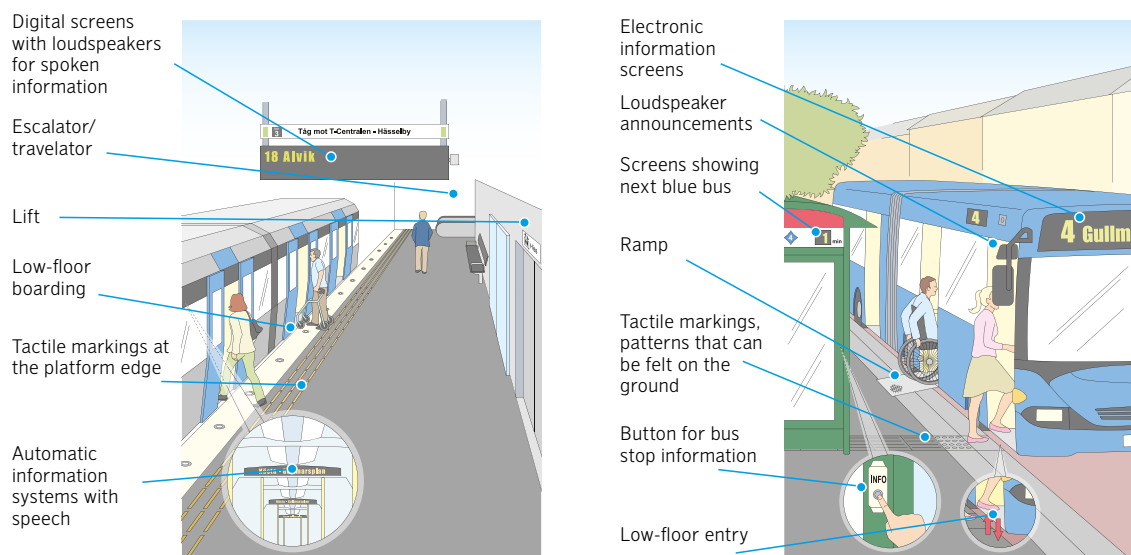
up its own 24-hour safety helpline (020-120 25 25), which passengers can call to report graffiti or vandalism in progress, or if they feel unsafe. There are cameras in vehicles and at station premises to make the public environment safer. SL also has safety resources on public transport in the form of public order officers, property guards and safety patrols, and has cooperation agreements with various organisations to ensure even better levels of safety. These organisations include Stadsmissionen, which works with the homeless, and Nattvandring.nu, which involves adults running night-time patrols when large numbers of young people gather outdoors.

School information hosts

Through the transport contractors' staff, SL has around 40 school information hosts who visit the county's primary and lower secondary schools. The school information hosts meet children and young people to talk about SL, how to travel safely, vandalism and why it is important to pay for journeys. In return, SL listens to the schoolchildren's points of view.



Accessible platforms and bus stops



Children and young people make history

The construction of the Citybanan line – two new commuter rail tracks in a tunnel beneath Stockholm – is affecting everyday life for thousands of people. As part of a project operated by the Citybanan Project within the Swedish Transport Administration, SL, the Stockholm City Museum and the City of Stockholm's Traffic Office, young Stockholmers can document the transformation of the city through drawings, narratives and other creative activities. This will give the future residents of the city an opportunity to find out what was happening in Stockholm in 2010-17, and what children and young people thought about this.

New tram carriages are more accessible

In connection with the procurement of new tram carriages (A35), SL was involved in consultations with organisations for people with disabilities from an early stage. These organisations were first given the opportunity to make their requests, and SL then investigated what was technically possible. The conclusions affected the requirements placed on the actual procurement. The organisations have also evaluated a full-scale model of the carriage offered by the winning supplier. Based on the knowledge gained by SL in this procurement, new vehicle guidelines have been drawn up which will apply for future procurements.

The county's most accessible bus terminal

The new bus terminal at Jakobsberg was opened during the year. This is one of the biggest hubs for SL's transport services, with around 33 000 daily boardings and alightings. The planning and construction of the terminal took place in close collaboration with various organisations for people with disabilities. Here, SL placed much tougher demands than before in terms of adaptations, particularly for the partially sighted. Today, Jakobsberg is deemed to be the county's most accessible bus terminal.

Typical journeys put reality to the test

Every three years, SL monitors perceived and observed service accessibility. During the year, the survey was carried out for the second time. Eleven people with physical disabilities carried out ten pre-selected journeys, each accompanied by an observer. All the participants made the same ten journeys. The results from these journeys then provided the data for an accessibility index, which was divided into two categories (accessibility and treatment). ●

Gender equality in management

	2011*	2010	2009	2008
Number on Board + deputy members	3+0	13+13	13+13	15+15
– of which women	1+0	5+6	5+6	5+7
Number in management team	8	13	10	11
– of which women	3	6	4	5
Number of managers	36	77	87	79
– of which women	16	37	42	39

*Information as at 31/12/2011

Principles 3–6

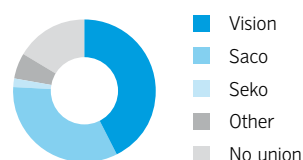
Labour

Terminations, security packages, new recruitment and re-aligning the slimmed-down SL organisation were all issues that affected SL internally during 2011, with the application of employment law creating stability and security for employees during a turbulent period.



Trade union affiliation within SL

Around 80 per cent of SL's employees are organised within trade unions.



Selected policy documents

- Staff policy
- Working environment policy
- Pay policy
- Cooperation agreements with the unions (including collective, working environment and co-determination agreements)

Working methods

SL works in a systematic and preventive manner to ensure safe and secure working conditions for employees. All staff shall be treated equally, regardless of union affiliation. Four cooperation meetings are held each year with the three union organisations (Vision, Saco and Seko) with which SL has entered into col-

lective agreements. Operations, finances, the working environment and staff issues are discussed at these meetings. Skills is the central issue when it comes to recruitment – gender, age, sexual orientation, foreign origin and physical disabilities must not be taken into account.

Activities

Review of SL's organisation

The central issue for staff during the year was the organisational change that came into force on 1 May 2011. The aim of the review was to develop SL into "a clearer and more effective purchaser and strategist with a high degree of expertise". Staff have received information and support on an ongoing basis

– particularly from the HR Department – within the context of the extensive staffing process that took place.

Security package to help find new work

In order to staff the new organisation with the right expertise SL has negotiated with the trade union organisations. Those employees who were superfluous to the staffing of the new organisation received security packages including an extended period of notice and help finding new work. In connection with the review, all staff who had reached the age of 61 were offered collective agreement occupational pensions. ●

Principles 7–9

Environment



Renewable rape methyl ester, without diesel mixed in, made its debut as a bus fuel and the number of biogas buses increased significantly during the year, bringing us closer to our goal of completely fossil-free SL services by 2025. Noise issues also gained momentum on the basis of the previous year's analysis.

Selected policy documents

- Environment Stage 5, environmental policy programme for Stockholm County Council 2007-2011
- Environmental policy
- Policy regarding airborne noise from rail transport
- Action plan for conversion to renewable fuels for buses 2008-2011
- Procedure for procurement and purchasing

Targets and results

SL's most important contribution towards a better environment is that travel by general public transport has

increased during the year. The number of passengers using SL services on a weekday in winter in 2011 was 739 000, compared with 722 000 the year before.

Air emissions from SL services

- At least 50 per cent of SL's bus services are to be powered using renewable fuels by the end of 2011.
Outcome: 58 per cent. The proportion of renewable bus services rose significantly in 2011 compared with previous years. Fulfilment of this target is due partly to more biogas buses being used for SL services, and

partly to pure rape methyl ester (RME) starting to be used as a fuel.

- At least 50 per cent of taxis used for special transport services are to be clean vehicles in 2011 (according to the Government's definition).
Outcome: Just over 76 per cent. The proportion of clean vehicles in the taxi fleet rose during the year, and these consist of ethanol, gas and hybrid cars.
- Fossil carbon dioxide emissions from SL bus services are to be no more than 55 grams per passenger kilometre by the end of 2011.
Outcome: 53 grams per passenger kilometre. Total fossil carbon dioxide emissions from bus services have been reduced, thanks to the significant increase in buses running on renewable fuels. Travel has also in-

creased in terms of the number of passenger kilometres. All in all, this means that the target has been achieved.

- Emissions of nitrogen oxides and particulates from SL bus services by the end of 2011 are to be 15 per cent and 25 per cent lower (respectively) than in 2006, in relation to volume of transport (passenger kilometres).

Outcome: Reductions of 22 per cent and 46 per cent respectively. The reduction in emissions of nitrogen oxides and particulates from bus services between 2006 and 2011 is due to buses with lower Euro classes having been phased out and the proportion of buses using renewable fuels having risen. The volume of transport has also increased during the period.

Energy use

- The proportion of renewable energy for all SL activities is to be at least 74 per cent by the end of 2011.

Outcome: 76 per cent. The proportion of renewable energy used by SL's operations (bus, rail and mobility services, and premises) increased during the year. The large increase in buses running on renewable fuels was most significant in terms of this outcome.

- At least 85 per cent of the heating for SL's premises by the end of 2011 is to come from renewable energy sources.

Outcome: 86.6 per cent. The proportion of heating for SL's premises coming from renewable sources rose by just over two percentage points in 2011 compared with 2010. This increase is due mainly to changing from oil-fired heating to district heating at bus depots.

- Energy use for rail services and premises shall have decreased by 5 per cent by the end of 2011, based on the volume of transport in 2006.

Outcome: A decrease of 7 per cent. Energy use for SL's premises has increased during the period, while energy use for SL's rail services has fallen. The volume of transport in terms of passenger kilometres has risen, resulting in the key indicator falling by more than 5 per cent.

Working methods

SL works according to an ISO 14001 certified environmental management system, ensuring preventive and systematic efforts to reduce environmental impact. SL actively shares its experience, particularly when it comes to renewable fuels, and cooperates with others to develop and disseminate more environmentally sound technology within this field. By proactively imposing requirements in procurements and agreements, SL strives to minimise its negative environmental impact. In order to achieve the intended effect, it is extremely important that these requirements are monitored.

Activities

Biogas on the advance

The number of buses used for SL services that run on gas has risen from 131 in 2010 to 229 this year. The increase is due in part to the number of biogas buses having risen at the depot in Frihamnen. The buses also run on gas at SL's new bus depot in Gubbängen, which came into use in August. This is currently natural gas, but the aim is that the buses at the Gubbängen depot should be converted during 2013 to use biogas, which is produced through the anaerobic digestion of waste and secondary agricultural products. Other gas buses used for SL services run on biogas from anaerobically digested sewage sludge. During the year, biogas refuelling has also been prepared at the bus depot in Björknäs, ready to be brought into use during 2012.

When introducing biogas, it can be hard to match access to biogas exactly with the procurement of new buses. SL buys biogas from suppliers including the Kåp-
palaverket sewage works, and the aim is that this gas should also be used for SL's future biogas buses at a planned bus depot at Charlottendal on Värmdö. Pending the completion of this bus depot, the biogas that SL does not use for its buses is sold on to external parties. Since the amount of biogas sold exceeds the amount of natural gas used, SL reports all gas buses used for SL services as biogas buses and thus all used gas as biogas, on a kind of "green gas principle" corresponding to "green electricity".

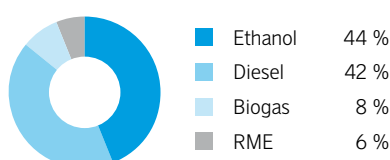
Proportion of renewable energy for all SL activities



Proportion of renewable heat for SL's premises



Bus fuel consumption volume (litres/Nm³), per cent



Debut of pure RME in tanks...

In connection with the new transport agreement in Norrtälje, SL imposed a requirement for 75 per cent use of renewable fuel by the end of 2016. However, the bus contractor Nobina chose to run its buses on 100 per cent RME from the start. In the new transport agreements for Huddinge/Botkyrka/Söderort and Nacka/Värmdö, Keolis has chosen to use a higher proportion of renewable fuel immediately than required by the agreement. This is the first time SL has used pure RME on a large scale. RME has previously only been used in small quantities as a fuel component in diesel. By using biodiesel in the form of RME, net emissions of greenhouse gases are reduced by over 60 per cent compared with ordinary diesel buses.

... and testing of RME

In order to gain experience of RME, SL started an important test of 100 per cent RME during the year. This trial involves 18 existing diesel buses in the Tyresö transport area, which have been converted to run on RME. The aim is to investigate how the fuel works in practice in different weather conditions and what emissions are produced.

Noise measures underway...

SL has drawn up an action plan for noise protection measures, based on the major rail transport noise analysis completed in 2010. On the basis of this, SL has carried out various tests and follow-up measurements for noise-reduction measures. Examples of these include trackside noise-reduction barriers, which were trialled along a test stretch of the Roslagsbanan light railway to investigate aspects

relating to safety and maintenance.

Another test, which involved wheel and rail dampers, showed that these are relatively effective at damping noise. During the year, SL also established an internal noise forum to improve the efficiency of this work, arranged a noise seminar together with the bus industry and imposed noise requirements in connection with the procurement of new tram carriages (A35).

... but the effects will take time

During 2011, SL received noise injunctions from various municipalities' environment and health protection administrations relating to rail transport on the Roslagsbanan light railway and the Saltsjöbanan line. SL has invested a great deal of time and resources into investigating these. In most cases the injunctions relate to measures, but sometimes investigations are also required. Half of the cases involving injunctions relating to measures have, however, turned out to meet the national standard values without requiring any additional measures.

Environmental requirements for major procurements

In November, SL signed two major combined rail and bus service procurements. In these agreements, SL imposed requirements including the following environmental requirements upon the contractors: within a certain period of time, they must have a certified environmental management system, all buses, cars and company vehicles used within the commission must be run on renewable fuel by the end of 2016, and tyres must not contain certain oils that are harmful to health.

Chemical inventoring

During the autumn, SL began a process of chemical inventoring with all its private transport operators. This is being carried out within the framework of SLL's new environmental policy programme for the period 2012–2016. The operators have had to list all chemical products and their component substances used in operations carried out on behalf of SL. This inventoring will form the basis for drawing up a new list of chemicals to be phased out, with the aim of removing or replacing specific chemicals that are harmful to the environment or health. The inventoring is planned to be completed in early 2012.

Baltic Sea cooperation regarding biogas

Work within the EU project Baltic Biogas Bus (BBB), in which SL has coordinating responsibility, continued during the year. The project is based on SL and a number of cooperation partners from the entire Baltic Sea region promoting and developing the use of biogas as a fuel for public transport. SL has been involved in a large number of communication activities. To date, the work within BBB has contributed towards the introduction of gas buses as follows: five in Tartu (Estonia), 81 in Bergen and 37 in Oslo (Norway) and, during spring 2012, 24 in Kaunas (Lithuania). ●

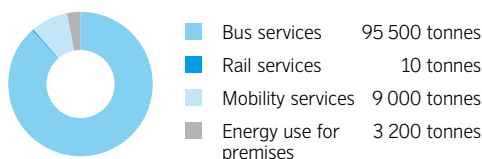


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THE EUROPEAN UNION
(European Regional
Development Fund)

Number of passengers on a weekday in winter

2011	739 000
2010	722 000
2009	705 000
2008	701 000

CO₂ emissions from SL's operations, 2011



Principle 10

Anti-Corruption

As a public player, SL should be particularly vigilant for all signs of corruption. In order to keep this work current, new employees have been trained during the year and the internal guidelines have been reviewed.

Selected policy documents

- Guidelines to prevent bribery and other corruption
- Procedure for procurement and purchasing

Working methods

SL works in a preventive and systematic manner to prevent all forms of corruption linked to the company. Key tools in this work include the internal guidelines within the field, training for new employees, ongoing advice from SL's lawyers and internal auditors, clear guidance on SL's intranet about bribes and gifts, and a reporting function for any violations. Employment law, criminal and financial

sanctions can be imposed on employees who breach the guidelines. SL's suppliers must also be informed of SL's guidelines to prevent corruption.

Activities*Updated guidelines*

During the year, SL reviewed its guidelines to prevent bribery and other forms of corruption. This review was based on factors such as the proposed new Swedish anticorruption legislation, principle 10 of the Global Compact and recommendations from auditors. SL plans to establish the updated guidelines at the beginning of 2012.

MD letter to suppliers

As in certain previous years, the MD of SL sent a letter before Christmas to the majority of SL's suppliers. This letter reminded suppliers of SL's guidelines to prevent bribery and other forms of corruption, and declined extravagant gifts and invitations for SL's employees. These guidelines have also been published at sl.se. ●



Production: SL in association with Ineko AB – part of the Intellecta Group, 2012. 172551
Printing: Ineko AB, 2012. Eco-labelled printed matter: 341142.
Photography: Jeanette Hägglund, Jan E Svensson, Toby Maudsley/SL
Ulf Huett Nilsson/Johnér, Dan Lepp/Johnér, Lauri Rotko/Folio,
Pia Gillsäter och Mikael Ullén (Copyright Trafikverket/Projekt Citybanan)

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