SKANSKA

Review of 2009
EUR version

Contents

The financial statements presented in this Review have been prepared in EUR (euros) as the presentation currency. As the functional currency of the Parent Company is SEK (Swedish kronor), Skanska's statutory Annual Report including the consolidated financial statements and the financial statements of the Parent Company has been prepared using Swedish kronor (SEK) as the presentation currency. For currency exchange rates, see page 84.

Green and flexible in Ostrava
Nordica Ostrava is the first office building in the Czech Republic with EU GreenBuilding certification for energy efficiency. The building, which is designed to have 30 percent lower energy consumption than required by the Czech norms, was completed in 2009. The seven-floor property, with rentable area of 12,000 square meters (129,000 sq. ft.) of high-quality and flexible offices, was developed by Skanska Commercial Development Europe.

About Skanska

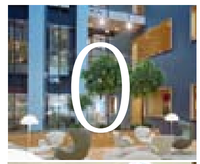
Skanska is one of the world's leading project development and construction groups, with expertise in construction, development of commercial and residential projects and public-private partnerships.

Based on the company's global environmental expertise, Skanska aims to be the customer's first choice for green projects.

The Group currently has 53,000 employees in selected home markets in Europe, the United States and Latin America.

Skanska's revenue in 2009 totaled EUR 13 billion.

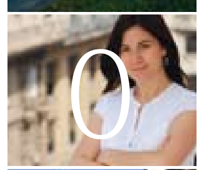
Qualitative targets – the five zeros vision



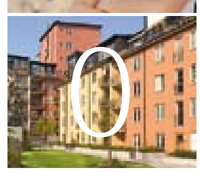
Zero loss-making projects

Zero work site accidents

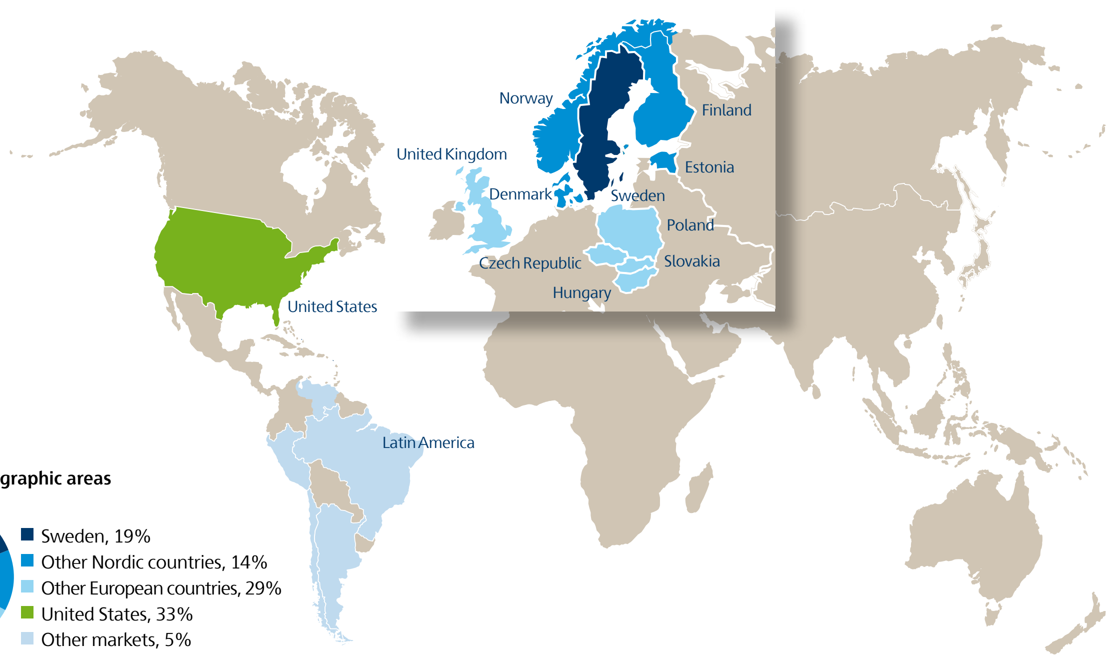
Zero environmental incidents



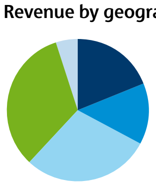
Zero ethical breaches



Zero defects



Revenue by geographic areas



The Skanska Group

Senior Executive Team

Skanska Financial Services | **Group Staff Units**

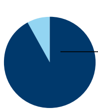
Construction

- Skanska Sweden
- Skanska Norway
- Skanska Finland
- Skanska Poland
- Skanska Czech Republic
- Skanska UK
- Skanska USA Building
- Skanska USA Civil
- Skanska Latin America

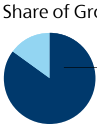
Construction refers to building construction (both non-residential and residential) and civil construction. It is Skanska's largest business stream.

The Construction business stream operates through nine business units in selected home markets – Sweden, Norway, Finland and Estonia, Poland, the Czech Republic and Slovakia, the United Kingdom, the United States and Latin America.

Revenue	EUR 12,312 M
	USD 17,090 M
	SEK 130,792 M
Share of Group	92%



Operating income	EUR 475 M
	USD 659 M
	SEK 5,047 M
Share of Group	85%



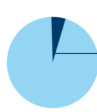
Residential Development

- Skanska Residential Development Nordic
- Skanska Czech Republic

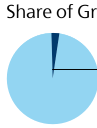
The Residential Development business stream initiates and develops residential projects for sale. Housing units are adapted to selected customer categories. Skanska, one of the leading residential developers in the Nordic countries, also has a sizeable presence in the Czech Republic and Slovakia.

The business stream operates in the Nordic countries, the Czech Republic and Slovakia.

Revenue	EUR 611 M
	USD 848 M
	SEK 6,487 M
Share of Group	5%



Operating income	EUR 14 M
	USD 20 M
	SEK 151 M
Share of Group,	3%



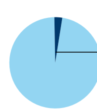
Commercial Development

- Skanska Commercial Development Nordic
- Skanska Commercial Development Europe
- Skanska Commercial Development USA

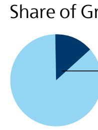
Commercial Development initiates, develops, leases and divests commercial property projects, with a focus on office buildings, shopping malls and logistics properties.

The business operates in markets where Skanska has construction business units in the Nordic countries, Central Europe and the United States, as well as in Hungary and Denmark.

Revenue	EUR 390 M
	USD 542 M
	SEK 4,148 M
Share of Group	3%



Operating income	EUR 79 M
	USD 109 M
	SEK 836 M
Share of Group	14%



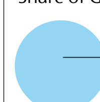
Infrastructure Development

- Skanska Infrastructure Development

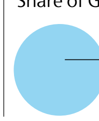
Infrastructure Development develops, manages and divests privately financed infrastructure projects such as highways, hospitals, schools and power generating plants.

The business stream focuses on creating new potential for projects in markets where Skanska has construction business units. It works through the Skanska Infrastructure Development business unit.

Revenue	EUR 14 M
	USD 20 M
	SEK 151 M
Share of Group	0%



Operating income	EUR –11 M
	USD –15 M
	SEK –115 M
Share of Group	negative



The year in brief

Shrinking market, strong earnings with a strong cash flow. Margins in several Construction business units showed record levels.

Operating margin in Construction at a record level of 3.9 percent
Successful risk management and well-executed projects were the main reasons for the good operating margin.

Order bookings
Order bookings decreased by 8 percent compared to the year before, totaling EUR 12.12 (13.14) billion. Adjusted for currency rate effects, order bookings decreased by 3 percent.

Successful residential sales
Sales of units in both completed and ongoing residential projects have developed well, and we are now focusing on increasing the number of new projects to meet demand.

Divestments and leasing of commercial space
In Commercial Development, despite the prevailing market situation we succeeded well both in terms of divestments and leasing.

Three binding infrastructure contracts
In Infrastructure Development, during the fourth quarter of 2009 we signed the year's third binding contract related to future projects, and we began the divestment process concerning our stake in the Autopista Central toll highway in Santiago, Chile.

Strong financial position
At the end of 2009, interest-bearing net receivables totaled EUR 1.22. (0.84) billion. Cash flow before taxes, financing operations and dividends amounted to EUR 662 M (148).

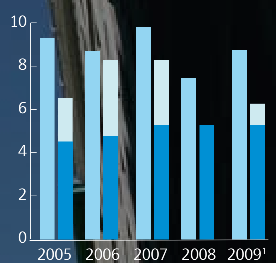
Increased dividend
The Board of Directors proposes a dividend of SEK 6.25 (5.25) per share, of which SEK 5.25 (5.25) per share as a regular dividend and SEK 1.00 (0.00) per share as an extra dividend for the 2009 financial year.

Key ratios

	EUR M	USD M	SEK M
Revenue	12,878[3]	17,876[3]	136,803
Operating income	492[3]	682[3]	5,222
Income after financial items	473[3]	656[3]	5,021
Earnings for the period per share, SEK/EUR/USD[1]	0.82	1.14	8.69
Return on equity, %	18.9	18.6	18.9
Return on capital employed, %	21.2	20.9	21.2
Order bookings[2]	12,123[3]	16,828[3]	128,783
Order backlog[2]	13,258[4]	18,994[4]	136,528

1 Earnings for the period attributable to equity holders divided by the average number of shares outstanding after repurchases, conversion and dilution.
2 Refers to Construction operations.
3 Average 2009 exchange rates: EUR 1 = SEK 10.62, USD 1 = SEK 7.65.
4 Exchange rates on 2009 balance sheet date: EUR 1 = SEK 10.30, USD 1 = SEK 7.19.

Earnings and dividend per share



1 Proposed by the Board of Directors.

The Empire State Building in New York City is a showcase for Skanska's green construction. After a green retrofit, the 32nd floor – which houses the offices of Skanska USA – earned Leadership in Energy and Environmental Design (LEED) for Commercial Interiors Platinum certification, demonstrating that even 80-year-old buildings can be renewed. The retrofit reduced both energy use and environmental impact.

> “We succeeded in securing an influx of new assignments – order bookings are at the level of prior years. Meanwhile we are focusing strongly on what is the core of our success: project execution and our employees.”

Johan Karlström, President and CEO

Comments by the President and CEO

We can sum up 2009 as a year of strong earnings. Our success was based on our highly skilled employees, strict risk management and improved execution in our projects.

Everyone was adversely affected by the economic downturn, but we acted quickly to safeguard our customer relationships and our strong cash flow. As early as the autumn of 2008, as storm clouds gathered, we slammed on the brakes to new investments. We halted some projects that were underway and postponed new residential and commercial project start-ups. We focused entirely on selling residential units in already completed and ongoing projects.

Our systematic efforts to control risks have begun to pay off. We have also succeeded in securing an influx of new assignments – order bookings are at the level of prior years. Meanwhile we are focusing strongly on what is the core of our success: project execution and our employees.

Surpassing targeted margins

Taken together, these actions yielded very good results. Our construction operations surpassed their targeted margins. Residential sales yielded positive earnings. We were one of the few market players that were able to sell commercial properties with good returns. We succeeded in financing three major new public-private partnership projects.

It is also heartening to see improvements in work site safety. Increased planning efforts and thorough follow-up after accidents have led to greater risk awareness and confidence among our employees. Things are getting better, but we cannot be satisfied – we still see too many incidents in which our suppliers and subcontractors are involved.

I would like to thank all Skanska employees for their very fine contributions. Many of them have had to assume dual roles – both taking care of customers and protecting the Company. I also want to express my sincere gratitude to the Board of Directors for supporting us and to all our customers, who have shown us their trust in these turbulent times.

Thorough risk assessment

We avoided driving into a ditch despite miserable road conditions. After several years of restructuring and risk management, we have laid the groundwork for our efforts to steer clear of negative surprises. Our risk management system is being further refined. Virtually all projects now undergo the same thorough risk assessment as major projects.

Improving our project execution

Our construction work is also continuously getting better. More thorough planning at early stages is yielding clear results by boosting profitability and reducing project losses.

Meanwhile we must be humble, recalling that many of the construction projects completed in 2009 were received when we stood at the peak of economic expansion and there was greater potential for good margins.

Interest rates fell to record-low levels and housing demand rebounded, first in Sweden and Norway and a bit later also in Finland. We managed to sell most of our inventory, and during the autumn we were also able to resume both residential and office building projects as well as start up new ones.

Three new public-private partnership projects

It is also an indication of our stature that we achieved financial close on three new public-private partnership projects. In addition to two major highway projects – the M25 orbital motorway around London, United Kingdom and the second phase of the A1 expressway south of Gdańsk, Poland – we also established a presence in a promising new segment. This is related to street lighting networks in the U.K. In our first project in Surrey, outside London, the streets will soon be illuminated by energy-efficient lamps.

Improvements in the general economic situation and our good performance have led to rising expectations about us. Here I must remind everyone that we have not yet seen any stable upturn in the construction and real estate sector. The recovery is slow in our sector.

Our industry is late in the business cycle, and reports of rising share prices and general economic improvements do not necessarily mean that construction assignments are beginning to pour in.

Capacity utilization in most branches of industry is still low, so demand for new premises is weak. Activity is relatively low among investors in the real estate market, but our green projects in good locations and with solid tenants are becoming increasingly attractive in the market.

Continued risk of lower volume in 2010

There is a risk that unemployment will continue to climb and that both private investments and tax revenues will decrease, which will worsen the potential for public sector investments.

Our business volume will decline as we gradually complete major projects. At present it is difficult to replace them with new assignments on the same scale and at the same pace.

Stimulus packages offer opportunities

The economic stimulus packages initiated by individual countries have softened the downturn but have not fully offset it. Only during the latter part of 2009 were our customers able to take advantage of stimulus funds. For example, only a small part of the U.S. federal assistance package has been utilized, which will mean continued opportunities.

But competition is also becoming increasingly intensive – project opportunities are fewer, while more and more companies are vying for them. Price competition is escalating, especially when it comes to small and medium-sized projects. In the U.S., for example, home builders are moving into new segments and regions in order to land contracts. For really large assignments, however, the number of competitors is still limited.

Although a large part of our work during 2009 focused on protecting the Company, we did not forget to look ahead. Skanska has survived many crises during our more than 120-year history, and we know that a turnaround will come sooner or later. When this happens, it is important to be well prepared. Even in times of downturn, there are opportunities.

Starting commercial development in the U.S.

We decided to take advantage of our potential by expanding our development operations. In 2009 we took an important step in this direction by starting our first commercial development project in the United States – a new office building in downtown Washington, D.C. We are working on additional project opportunities in Boston, Massachusetts and Houston, Texas. We are highly competitive when we combine our financial strength with the expertise of our real estate developers and builders.

In the same way, we will strengthen our local presence in the U.S. As a building contractor, we have been strong in the western U.S. for years, and we are now also adding more civil construction experts at a number of our offices there. I am convinced that they can be just as successful in the west as they are on the eastern seaboard. In Poland, too, we are broadening our service in local markets by letting our building and civil construction specialists work side by side in places where we did not previously offer full service.

Hospital expertise provides advantages

The hospital sector is another example of how we leverage our state-of-the-art global expertise – today's hospitals are both hotels and high-tech facilities that must be adapted to both patient and staff needs. We have an extensive experience bank from major hospitals both in the U.K. and the U.S. When we study the potential for developing new projects elsewhere, for example in Sweden, it is a major advantage to be able to draw on this expertise.

Generating more green business

Step by step, we are moving toward Deep Green construction. In the U.S., green expertise is in favor both among private customers and public agencies. In some states, new projects must be green – meeting specific environmental standards in order to receive construction permits. California is a pacesetter in green construction and we are now seeing similar trends in the Nordic countries and elsewhere in Europe.

Through various projects, we have accumulated substantial know-how. Our green Skanska USA office in the Empire State Building in New York City has attracted much attention. This initiative shows that we can improve the environmental performance of older buildings as well.

There is enormous potential for us in this field, and we are taking a new aggressive step to generate more green business. Our Green Business Officer will further refine our green construction portfolio and actively demonstrate its advantages to customers.

Being a step ahead

Green construction may cost somewhat more today, but it is no more expensive in a longer perspective. It reduces energy consumption and operating costs, and we know that stricter environmental standards are on the way. In a few years, today's normal standards will no longer measure up, so naturally it is better to be a step ahead and practice environmentally sound construction even today.

The climate change issue requires action. The potential for and interest in green construction are growing. Skanska is needed for the environment and for building social infrastructure.

Recovery will be slow, and competition will intensify. But we have a very stable platform for the future – strong finances, dedicated employees, our brand and a strategy for profitable expansion.

We can count on some external help in the form of

- continued stimulus measures
- relatively low interest rates
- stable demand for housing
- increasing demand for green projects
- greater interest and new sectors for public-private partnership solutions
- new commercial real estate opportunities

But we will rely mainly on the collective power we possess in our Company and in our employees – continuing to control risks, strengthen project execution and improve work site health and safety. This is how we will retain our position as an industry leader in terms of profitability, green construction and a safe working environment.

Solna, March 2010

Johan Karlström
President and CEO

Efficiency and profitability

Skanska carries out thousands of projects each year. The overall goal is that every project shall be profitable and be executed in keeping with Skanska's values, as expressed in five qualitative targets: Zero loss-making projects, zero work site accidents, zero environmental incidents, zero ethical breaches and zero defects.

Mission

Skanska's mission is to develop, build and maintain the physical environment for living, traveling and working.

Vision

Skanska shall be a leader in its home markets – the customer's first choice – in construction and project development.

Goals

Skanska's overall goal is to generate customer and shareholder value. Projects are the core of Group operations, and value is generated in well-implemented and profitable projects.

Skanska will strive to be a leader, in terms of size and profitability, within its segments in the home markets of its construction business units, focusing on "Outperform" margins and cash flow.

Skanska shall be a leading project developer in local markets and in selected product areas such as residential, office, retail and selected types of infrastructure development projects.

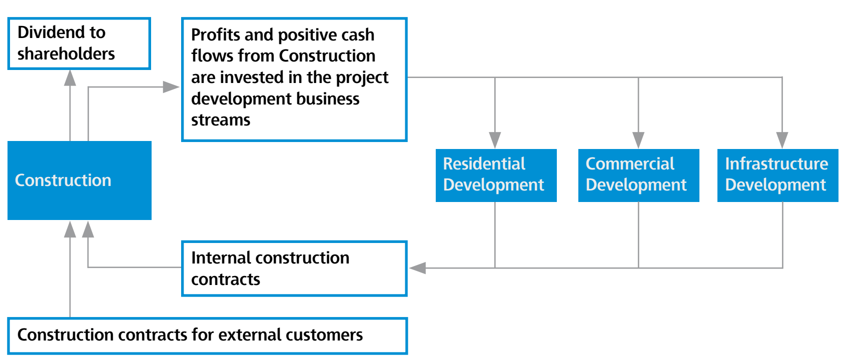
The Group's financial targets are presented on page 10.

Skanska's strategy for achieving its operational and financial targets is:

- to focus on its core business in construction and project development
- to be an international company, with a leading position in selected home markets
- to execute all projects with zero defects according to the customer's expectations
- to recruit, develop and retain competent employees and to take steps to achieve increased diversity
- to identify and systematically manage risks
- to be a leader in the development and construction of green projects
- to be an industry leader in sustainable development, particularly in occupational safety and health, ethics and the environment
- to capitalize on urbanization trends and take advantage of the Group's know-how and experience as a city builder
- to take advantage of the existing potential to coordinate the Group's purchasing
- to take advantage of the efficiency gains that can be achieved through greater industrialization of the construction process

Synergies at Skanska

In the Skanska Group there are both operational and financial synergies that generate increased value for our shareholders.



Operational synergies

By being a global player, Skanska generates operational synergies mainly due to the potential for taking advantage of the local specialized expertise found globally in various business areas. Shared purchasing activities and product development also boost efficiency and contribute to greater synergies in the organization.

Financial synergies

The Construction business stream operates with negative working capital and generates a positive cash flow over time. This cash flow is invested in the Group's project development business streams, which have enjoyed very good return on invested capital. These investments also enable Construction to obtain new assignments that generate a profit for the business stream. See also the above illustration.

Skanska's core businesses

Construction and project development are complex businesses. Most projects are unique and local, as are the players who are involved. Market conditions also vary between countries and regions. Skanska's organization is based on local units in a global network. The Group operates in four business streams.

Construction

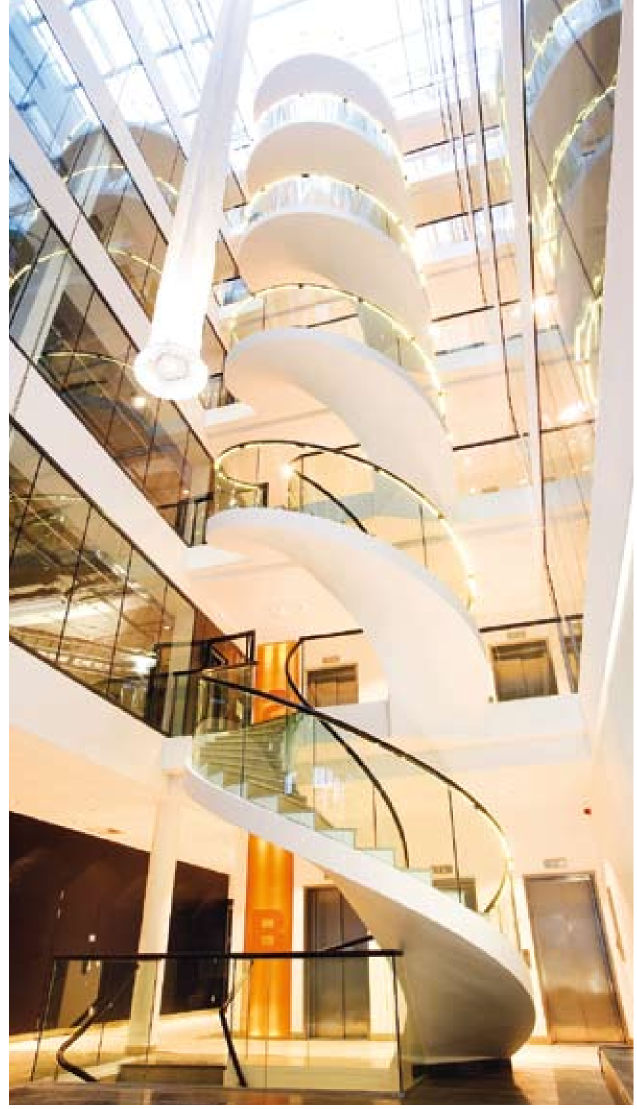
This business includes construction of non-residential and residential buildings as well as civil construction projects. It is Skanska's largest business stream, performing assignments for external customers (92 percent) as well as for Skanska's development business streams (8 percent). Operations are conducted in selected home markets – Sweden, Norway, Finland and Estonia, Poland, the Czech Republic and Slovakia, the United Kingdom, the United States and Latin America. Skanska attaches special importance to metropolitan regions, which often demonstrate higher growth than their respective country as a whole. Skanska offers many of the products and services that are needed in growing cities – workplaces, schools, hospitals, sports and leisure facilities, as well as housing and infrastructure for transportation, energy and water. In individual markets, Skanska operates today only in certain segments, but by taking advantage of its collective expertise, the Group can enhance its opportunities for growth and higher earnings in these markets.

Residential Development

Skanska initiates and develops residential projects for sale primarily to consumers. It operates in selected markets where Skanska has a permanent presence – Sweden, Norway, Finland and Estonia, the Czech Republic and Slovakia. Skanska is one of the leading residential developers in the Nordic region.

Commercial Development

Skanska initiates, develops, invests in, leases and divests commercial real estate projects, primarily office space, shopping malls and logistics properties in Sweden, Denmark, Finland, Poland, the Czech Republic and Hungary, with a focus on major cities, and starting in 2009, also in the United States. These selected markets are expected to offer a continuous flow of tenants and investors, the latter as buyers of completed projects.



Located close to both the city center and harbor in Malmö, Sweden, Universitetsholmen is evolving into a vibrant district. The Citykajen office building is one of several Skanska projects there. The Swedish Rail Administration and the accountancy firm of PriceWaterhouseCoopers are anchor tenants.

Infrastructure Development

Skanska develops, invests in, manages and divests privately financed infrastructure projects, for example roads, hospitals, schools and power generating plants in the Group's home markets.

Collaboration creates leverage

Business units of the Skanska Group specialize in project development or construction but often collaborate in specific projects. This strengthens the Group's customer focus and creates the prerequisites for the sharing of best practices, while ensuring efficient utilization of the Group's collective competence and financial resources.

To take further advantage of synergies and bring together the Company's expertise, a number of support services are available to all units. These include the Skanska Knowledge Map, a web-based intranet tool that visualizes experts and teams of experts from Skanska on a global basis in selected strategic areas, for example Building Information Modeling (BIM), Green Business and Design/Build. The intranet tool shows where experts and expert teams are located and what sets of problems they work with. It also provides guidance on approved approaches and recommended methods. By utilizing its specialized expertise in planning and executing projects, Skanska improves risk control, which in turn results in higher quality and profitability. Global collaboration thus leverages both earnings potential and the Group's ability to satisfy the needs of its customers.

Size provides competitive advantages

Being a market leader positions Skanska well with the most demanding customers. Its stature also provides access to the best suppliers, which can live up to Skanska's promises to customers regarding timely delivery and quality as well as safety and ethics. Skanska's size gives it an advantage in the most complex assignments, where it uses its collective experience and know-how to meet the demands of customers. Only a few companies can compete for the type of projects where, aside from price, comprehensive solutions and life-cycle costs are of crucial importance. The Group's size and international profile are also attractive qualities in the recruitment of new employees.

Both a local and a global player

The Group's operations are based on local business units, which have good knowledge of their respective markets, customers and suppliers. These local units are backed by Skanska's brand, financial strength and Groupwide expertise. Skanska is thereby both a local construction company with global strength and an international builder and project developer with strong local roots. The organization works in a decentralized but integrated way, based on common goals and values. The Group's extensive network enables it to offer its global know-how to customers at the local level.

Building Information Modeling

A computer-based method for detailed planning, coordination and more efficient execution – shall be used in Skanska's "design-build" projects, in which Skanska is responsible for both design and construction. Building Information Modeling (BIM) means greater standardization and also improves Skanska's ability to utilize the savings potential of its corporate-level purchasing efforts.

Nordic coordination

There is great potential for improving the productivity of construction projects. Skanska has taken various initiatives to standardize products and execution as well as improve planning. Skanska Xchange is a pan-Nordic project aimed at improving efficiency through a higher degree of standardization and prefabrication in residential construction.

The Group is coordinating factory production of building elements in a unit called Skanska Industrial Production Nordic, in order to increase economies of scale.

Skanska's strengths

Employees

Skanska's skilled, dedicated employees combine expertise with the Group's overall focus on sustainable development in order to successfully deliver projects to customers. The Group's ability to transfer knowledge between different geographic markets also contributes to its strength.

Brand

Skanska's brand has been built up during more than 120 years of working in many different countries. One element of the brand is the Group's Code of Conduct,

Planning, planning and more planning – that is the key to improving work site safety. Difficult operations and the related risks are analyzed before the operations begin, for example at this project in Norway.

Skanska's key stakeholders

- Customers
- Employees
- Shareholders
- Media and general public
- Suppliers and subcontractors
- National, regional and local government agencies
- Local residents
- Voluntary organizations

All construction projects in a community have an impact on people and environments. As a responsible company, Skanska contributes to social development, generates value and satisfies the interests of different groups.

which includes policies on employee relations, health and safety, the environment and business ethics.

Financial strength

Financial strength is an important factor in maintaining the confidence of customers and capital markets in Skanska. It also enables the Group to invest in project development and assume responsibility for and invest in major privately financed infrastructure projects.

Talent management vital

A good reputation is an important factor in attracting the best employees. To achieve its long-term goals, Skanska must ensure the supply of future managers both for its projects and for other parts of the organization. Identifying and developing the leaders of tomorrow is a core activity for both local units and the Group. For this reason, Skanska continuously measures and assesses the performance of employees with leadership potential. A substantial proportion of executive time and resources is devoted to management development (see page 14). To increase Skanska's attractiveness and create a closer affinity between employees and the Company, effective in 2008 it introduced a new long-term shareholding program, the Skanska Employee Ownership Program (SEOP), for all permanent employees. They can join the program at any time. The current program runs during the period 2008–2010. Meanwhile Skanska is broadening its recruitment base by attaching greater importance to increasing the diversity of its workforce in terms of gender, ethnicity and educational background.

Risk management procedures

Construction work involves technical, legal, financial, employee, safety and environmental risks. The ability to identify and manage these risks is crucial to the Group's success and thus an important prerequisite for achieving its strategic goals. Unforeseen risks may have a substantial adverse impact on earnings. This is why the Group's risk management system is of key importance (see page 12).

New initiatives in 2009

Laying the groundwork for profitability

Skanska's earnings are achieved through well-implemented, profitable projects. The right market, the right projects and the right project managers are fundamental to success. The groundwork is laid by the Group's strategic planning, which identifies selected markets and segments.

Skanska continuously builds up knowledge of its customers through a permanent presence in these markets. It ensures a highly skilled project organization by means of local and Groupwide talent management programs. Planning and execution of new projects are based on the Group's extensive knowledge and experience bank, which has been accrued from thousands of projects around the world.

Profitability, ethics and the environment

Skanska must act in ways that are sustainable and responsible in the long term and meet the demands of shareholders, customers and employees, as well as society at large. Skanska's aim is to ensure that all projects will be profitable and will also be implemented in accordance with the five zero visions: no loss-making projects, work site accidents, environmental incidents, ethical breaches or defects.

The market- and customer-specific expertise of local units, combined with Skanska's corporate business and control systems, the Group's Code of Conduct and common risk management procedures, provide support for achieving both financial and qualitative targets.

Green construction

Skanska works actively to minimize climate change and intends to become a leader in environmentally- and energy-efficient construction, with the aim of developing economically attractive green solutions for its customers. The Group's expertise and know-how in green construction have been gathered and made available in The Green Toolbox. The demand for green solutions is increasing, and the initiative will give Skanska's local units competitive advantages.

The ambition, internally as well as externally, is to develop processes and products that increase energy efficiency and reduce greenhouse gas emissions, without being more expensive.

As a consequence of the economic downturn, Skanska has mainly focused its efforts on risk management and project execution, landing new contracts and adjusting the organization. Meanwhile, however, the Company is pursuing future-oriented work aimed at strengthening its competitiveness. Skanska took initiatives related to the environment and diversity as well as residential and commercial development.

New Green Business unit

Skanska is intensifying its commitment to greener construction. In order to commercialize green technology and green solutions, it established a new global unit – Skanska Green Business. Its aim is to generate more green business and help customers choose products that are energy-efficient and have low environmental impact. The unit, led from Stockholm by a Green Business Officer, also has employees at Skanska's operations around Europe and the United States.

LEED environmental certification

Skanska was the first Nordic construction company to introduce the Leadership in Energy and Environmental Design (LEED) international environment certification system. Both contracting and in-house commercial projects can be LEED-certified. All of Skanska's new commercial real estate projects for its own account and new premises for its own operations will be LEED-certified. Skanska has been working with LEED for some years in the United States, and the Company has more than 500 LEED-accredited professionals.

Commercial project development starting up in the United States

Skanska is expanded its operations in the Commercial Development business stream to selected U.S. cities. A new unit will initiate, develop, lease and divest commercial space according to the same model as the corresponding business units in the Nordic countries and elsewhere in Europe. The first U.S. commercial development project was started in Washington, D.C.

Residential development in selected markets

The new strategic direction in Residential Development represents a stronger focus on customers and products. Specially staged apartments targeted to selected customer categories and full-scale model units in planned areas are examples of intensified sales activities. Customers in Sweden also enjoy expanded protection from "GodAffär", an insurance package that provides compensation to buyers, for example in case of illness, unemployment or inability to sell their previous home.

Mentorship program for women

A new Skanska Female Mentorship Program was established to provide encouragement, support and professional development for women at various levels in the Company. Twenty-two women were chosen for the first program, to be supported in their professional development by 22 male mentors. The goal is to achieve a more even gender balance at all levels, especially in line positions.

Skanska Female Mentorship Program

Financial and qualitative targets

During 2009 the Group and a majority of its business units achieved their "Outperform" targets, which exceed industry standards in each respective geographic market and segment.

Operating margin

The operating margin is an important yardstick of performance in the Construction and Residential Development business streams. Margins depend on what type of business is being carried out and may also vary between geographic markets. The "Outperform" targets for individual markets are weighed together into one target for an entire business stream.

Working capital and financial strength

The Construction business stream has a target of operating with negative working capital, with the target defined as average working capital in the latest five quarters divided by rolling twelve month revenue.

For the Group, financial strength is measured as average net cash position during five quarters.

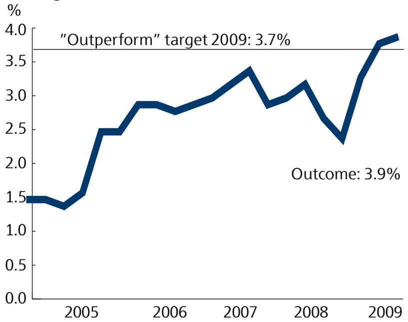
Return on capital and equity

Commercial Development, Residential Development and Infrastructure Development – where Skanska invests in project development – have targets for return on capital employed. The target for adjusted return on capital employed in Commercial Development and Infrastructure Development includes changes in market value but excludes currency rate effects.

Value creation

For the Group, there is a target for return on equity. Commercial Development also has a long-term target based on value creation: development gains accrued during the year after subtracting the costs of the development organization.

Operating margin in Construction
Rolling 12 months



Qualitative targets – the five zeros vision

In addition to financial targets, Skanska has adopted qualitative targets. Some of these stipulate specific levels to be achieved in a given year, while others have absolutely zero tolerance – for example "zero ethical breaches." The targets are based on the vision that operations shall take place with:

- zero loss-making projects – to be achieved through careful selection of projects for tendering, consistent risk assessment and management, good planning and efficient execution
- zero work site accidents – to be achieved through training, equipment, work planning, clear instructions and rules as well as follow-up
- zero environmental incidents – to be achieved through analysis and planning as well as execution as planned
- zero ethical breaches – to be achieved through training and zero tolerance toward unethical actions
- zero defects – to be achieved through expertise and transfers of experience, planning and execution as planned

In addition to the five zeros vision, there are also management development targets.

Financial "Outperform" targets, 2009

		Target	Outcome
Group	Operating income, EUR M	445	492
	Return on equity, %	18.0	18.9
	Financial strength, EUR M	377	806
Construction	Operating margin, %	3.7	3.9
	Working capital as a percentage of sales	–10.2	–13.8
Residential Development	Operating income, EUR M	20.2	14.2
	Number of units sold	2,000	2,277
Commercial Development[1]	Operating income, EUR M	70.6	82.4
	Value creation, EUR M	42.4	47.2
	Return on capital employed, %[2]	9.3	9.8
Infrastructure Development	Operating income, EUR M	–15.1	–10.8
	Potential projects, points	25	26

1 Excluding Skanska Commercial Development USA.
2 Including unrealized development gains accrued during the year and changes in market value.

Long-term financial targets

Group	Return on equity, %	20.0
Construction	Operating margin,%	4.0
Residential Development	Operating margin, %	12.0
	Return on capital employed, %	18.0
Commercial Development	Value creation, SEK M per year	500–700[1]
	Corresponding to value creation, EUR M per annum	48–68[1]
Infrastructure Development	Return on capital employed, %	16.0[2]

1 Development gains accrued during the year minus expenses in the development organization based on annual gross investments of SEK 4-5 billion (corresponding to EUR 388–485 M).
2 Including unrealized development gains accrued during the year and changes in market value excluding exchange rate effects.

Remuneration connected to targets

At Skanska many employees are covered by some form of flexible salary elements or bonus. Total remuneration can be divided into three components: fixed salary, flexible cash remuneration and the Group's long-term incentive program, based on shares (see Note 37, page 129). The allocation from the latter two components is based on how well Skanska's financial targets have been met. The requirements in the Group's financial target plan have been broken down in such a way that every project, district, region etc. has targets that support Skanska's overall ambitions.

Aside from achieving financial targets, a number of qualitative targets based on the five zeros vision must be met.

If qualitative targets are not met, any flexible remuneration based on financial targets may be reduced by up to 100 percent.

Capital structure

Capital requirements vary between business operations. Skanska's construction projects are mainly funded by customers. This enables the Company to work with negative working capital in its Construction business stream. However, the equity requirement for a construction company is substantial. The requirement is related to its large business volume and to the risks inherent in the various types of assignments it carries out. Skanska must also take into account the financing of goodwill and the performance guarantees required by publicly procured projects in the U.S. market.

The ambition is to invest net cash surplus in the Group's development business streams – Residential, Commercial and Infrastructure Development. Liquid assets not being utilized are invested in such cash equivalents as government bonds and bank or corporate bonds with no lower than a BBB rating.

Despite the global economic crisis, Skanska's properties have found buyers. The Black Building office project in downtown Sundbyberg, Sweden was sold before completion to IVG Funds for EUR 37.7 M. The state utility Svenska Kraftnät is the dominant tenant in this EU GreenBuilding-certified property.

Strengthening Skanska's risk management

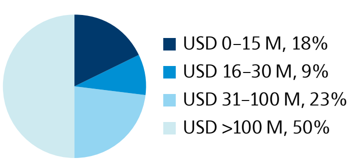
Identifying, managing and pricing project risks are of fundamental importance to the Group's profitability. Risks are normally of a technical, legal and financial nature, but risk analysis also includes ethical, social and environmental aspects.

Skanska's risk management system does not imply avoidance of all risks, but instead aims at identifying, managing and pricing them.

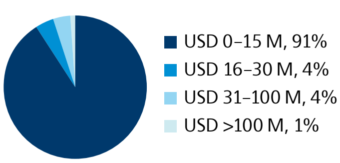
For some years, Skanska has carried out a systematic risk assessment of new projects, which is clearly reflected in declining project losses. Continuous monitoring and improvements in execution also result in fewer loss-making projects. This contributes directly to improved earnings, since a single loss-making project can wipe out the earnings from many profitable projects.

Order backlog EUR 13.3 bn

Project size



Number of projects



Skanska is continuously refining its risk management instruments, improving processes both at the corporate level and in business units, among other things through expanded project monitoring in close collaboration with local units. Experience shows that good project planning is crucial to project execution. By identifying and addressing problems at an early stage, Skanska improves the potential for profitability in its projects.

By focusing on selected home markets, Skanska's local business units become thoroughly familiar with each market and can analyze them continuously. These analyses are an integral element of the Senior Executive Team's work.

Many markets, many segments

Construction investment in a country normally follows the trend of GDP, with a time lag of one to three quarters. The amplitude of these fluctuations varies between different markets, but is generally larger for construction investments than for GDP. On average, changes in construction investments in Skanska's markets are estimated at 2.5 times the change in GDP.

Economic cycles are not the same in all markets and segments. Some are more volatile than others. Skanska works in many markets and many segments for both public sector and private customers, which reduces the risk to its overall business.

Projects the primary revenue source

The construction business is largely about risk management. Practically every project is unique. Size, shape, environment – most of these vary for each new assignment. The construction industry differs in this way from a typical manufacturing company that operates in permanent facilities and with long production runs.

Projects are Skanska's primary source of revenue. The Group's profitability is dependent on the earnings of individual projects. Unforeseen risks can cause losses. One characteristic of the construction business is that risks and opportunities are not symmetrical. A well-executed project can mean that the margin in the project may increase by one or more percentage points. A large loss-making project, however, may have a considerably large adverse impact on earnings.

Uniform risk management procedures

Well-implemented identification and management of risks and opportunities during tender preparation lay the groundwork for successful projects.

Skanska uses a Groupwide system for identifying and managing potential risks, the Skanska Tender Approval Procedure (STAP) and the Operational Risk Assessment (ORA). It evaluates construction projects during tender preparation with regard to technical, legal and financial risks. It also analyzes a number of general "public exposure" issues – among them ethical, social and environmental aspects. During the execution period, it monitors and updates these issues as the project progresses.

Analyses indicate that shortcomings in project organization, the local expertise of business units and/or the customer

Skanska Tender Approval Procedure (STAP)

Activity	**Pre-ORA* evaluation** ▪ Within Skanska's core competency? ▪ Are there project resources? ▪ Right customer? ▪ Special risks to manage? *ORA – Operational Risk Assessment	**Draft of tender (ORA)** ▪ Risk management ▪ Calculations ▪ Human resources	**Final tender** ▪ Preparation ▪ Submission	**Execution according to contract** **Monitoring and control** ▪ Financial outcome and forecasts ▪ Technical issues ▪ Timetable ▪ Feedback to ORA
Responsible	Business unit	Business unit	Business unit	
Decision	**Go further? Abstain?**	**Submit tender? Abstain?**	**Contract negotiations**	
Responsible	Business unit/ Senior Executive Team	Business unit/Senior Executive Team/Board of Directors	Business unit	Business unit/Senior Executive Team/Board of Directors

relationship often underlie poor outcomes. Experience also shows that initial profitability problems tend to worsen rather than diminish over time. The ORA process systematizes the preparation of tenders. Possible new projects are analyzed in light of the core strengths of business operations in terms of expertise, geographic market, contract type and size and available project resources. This core competence has been mapped for each local unit. Potential projects must match a unit's established expertise profile.

A matrix to choose the right projects

The fundamental risk analysis for new project opportunities is based on the Skanska Heat Map – a matrix of the Company's core competence. This instrument is used in order to select the "right" projects for tender-related work.

Conceivable new projects are examined on the basis of various general parameters – product type, personnel, geography, customer and contract/assignment – which are crucial to the success of a project, in Skanska's experience. The Heat Map is used before time and energy are devoted to a tender. If a unit receives the go-ahead to begin tender preparation, it then follows the ORA process, which is a more specific, thorough risk analysis.

SRT strengthens risk management

During 2009 Skanska established a specialist unit, the SET Risk Team (SRT), which examines and analyzes conceivable tender proposals, investment or divestments before the Senior Executive Team (SET) makes a decision. SRT handles 40–50 tender proposals per month, for a total of about 500 per year.

A business unit carries out a risk assessment and identifies specific measures for limiting risks. Then, in some cases after approval by the Senior Executive Team, it decides whether a tender should be submitted.

Aside from analyzing tenders, SRT is entrusted with strengthening the Group's risk management, providing backup for risk assessment work and disseminating knowledge and experience between business units. In its future work, SRT will focus on developing uniform processes for all business units and ensuring that at least one project manager participates in tender-related work at business units. The aim is also to perform a risk analysis of all future potential projects in the Operational Risk Assessment system of local units. There should also be feedback to SRT before project start-up.

Impact on the Group of a change in EUR against all currencies

EUR bn	+/–10%
Revenue	+/–1.21
Operating income	+/–0.05
Equity	+/–0.17

The above sensitivity analysis shows in the Group's sensitivity to a 10 percent unilateral change in EUR against all other currencies.

Interest-bearing liabilities and assets

EUR bn	Dec 31, 2009	Dec 31, 2008
Interest-bearing gross liabilities	**–0.5**	–0.5
Cash and cash equivalents and interest-bearing receivables	**1.7**	1.4
Interest-bearing net receivables	**1.2**	0.8

Sensitivity of pension obligation to change in discount rate

EUR M	Sweden	Norway	U.K.	Total
Pension obligation, December 31, 2009	502	256	444	1,202
Discount rate increase/ decrease of 0.25 percent[1]	+/–20	+/–10	+/–20	+/–50

1 Estimated change in pension obligation/pension liability if the discount rate changes. If pension liability increases, the Group's equity is reduced by about 75 percent of the increase in pension liability, after taking ino account deferred tax and social insurance contributions.

Operational risks

In the construction business, operational risks are substantially higher than financial risks. Skanska's ability to foresee and manage operational risks is crucial in achieving good earnings.

Projects are accounted for using the percentage of completion method; earnings are recognized as costs are accrued.

Each project is evaluated on a quarterly basis, with adjustments in the percentage of completion being made for any changes in the estimated project completion cost. Estimated losses in ongoing projects are recognized in their entirety on the date the estimate is made. A loss-making project that previously reported a profit must expense all previously recognized profit. The entire estimated loss must also be recognized on the same occasion. If no further changes occur, the project will then recognize zero gross income during the remainder of the construction period.

Risks related to material prices

In Skanska's operations there are many types of contractual mechanisms. The degree of risk associated with the prices of goods and services varies greatly, depending on the contract type.

In cases where Skanska works on a cost-plus basis, any price increases are passed on directly to the customer. In assignments for public sector customers, Skanska often has fixed-price contracts.

Certain contracts contain indexing clauses that allow an upward revision of the contract value, equivalent to price increases.

Financial risks

The Skanska Financial Services support unit is used for evaluating risks related to credit risks, payment flows, customers, subcontractors and joint venture partners. In all types of major projects that continue over a long period, Skanska conducts regular follow-up of its risk assessment. The SET carries out quarterly reviews of major projects, altogether equivalent to about one third of total project volume, and performs similar monitoring of loss-making projects and those projects deemed to involve special risks.

Foreign exchange risks

Project revenue and costs are normally denominated in the same currency. Transaction risks from exchanges between different currencies are thus limited. Known and budgeted financial flows are hedged. The foreign exchange risk that arises because portions of the Group's equity are invested long-term in foreign subsidiaries is normally not fully hedged, but to some extent Skanska hedges its equity in markets/currencies where it has a relatively large proportion of its equity invested. At the end of 2009, about 30 percent of the equity in Skanska's American, Norwegian, Polish and Czech subsidiaries was currency hedged. Investments in development business streams are hedged, since the intention is to sell these assets over time.

Interest rate risks

Interest rate risk is the impact on earnings arising from a change in interest rate. Interest-bearing assets currently exceed interest-bearing liabilities, so net financial items are adversely affected by an interest rate cut. At year-end 2009, the average interest refixing period for interest-bearing assets, EUR 1.71 billion, was 0.2 (0.1) years and on interest-bearing liabilities excluding pension liabilities, EUR 0.28 billion, it was 1.5 (0.6) years. The size of Skanska's interest-bearing pension liability, EUR 0.22 (0.28) billion, is largely connected to the interest rate on long-term central government debt. An increase or decrease in long-term interest rates leads to a decrease or increase in pension liability. Such changes are recognized directly in Group comprehensive income (see Note 28, page 114).

Refinancing risks and liquidity

Refinancing risk is the risk caused by lack of liquidity or by difficulty in obtaining or rolling over external loans. At year-end 2009, the Group's unutilized credit facilities totaled EUR 0.82 (0.81) billion and the average maturity of the borrowing portfolio, including the maturity of unutilized credits, was 4.5 (5.5) years.

Employee performance the key to success

Dedicated employees with a sense of participation, the right expertise and greater diversity are important to the Company's future success and good earnings.

The economic downturn has led to declining volume in many markets. Skanska was thus forced to carry out some of the employee cutbacks it had announced late in 2008. The extent has varied between different local markets.

At the same time as Skanska has adjusted to the prevailing economic situation, a long-term and forward-looking effort is underway. For the Company's future, the need to recruit, develop and retain employees will remain a top-priority task for both Group executives and local business units.

Human resource issues are a high priority and are among the variables measured and used for assessing senior managers. The Group's profitability is dependent on the earnings of its thousands of projects, and their success is in turn dependent on employee performance.

As part of Skanska's business plan for 2008–2010, each business unit plans its recruitment needs and sets targets for employee turnover and total recruitment, greater diversity and professional development activities for its personnel. This process also includes establishing guidelines on which target groups and schools to prioritize in recruitment efforts.

Employee Ownership Program

The three-year Skanska Employee Ownership Program (SEOP) that was launched in 2008 is aimed at all permanent employees, for the purpose of strengthening their affinity with the Company. During the second year of the program, membership increased and now totals 18 percent of Group employees.

During 2009, 7,275 employees invested EUR 14.78 M in SEOP, which represents an increase of about 7 percent over 2008.

Evaluating good managers

To provide a better picture of its management capacity, every year the Group conducts its Talent Review, a major evaluation of all managers and a number of other key individuals in each business unit. The aim is to analyze individual professional development needs and whether a given employee is in the right position.

Management training

Skanska operates a number of management programs at different levels of the Group. One example is the collaboration with the business school IMD in Switzerland, which aims at developing participants' strategic thinking and building networks between individuals and units.

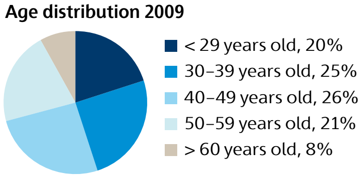
Expanded trainee program

The second round of the Global Trainee Program is underway, with 22 trainees who were selected from about 4,000 applicants. Of those who were accepted, about 40 percent are women and about 40 percent have an educational background other than graduate engineering. The first international trainee program ended in 2008, and of the 13 participants, 12 now remain in advanced positions at Skanska.

Global work opportunities

In the Skanska Unlimited exchange program, 24 selected employees exchanged job assignments and units for six months during 2009. The program provides professional development and stimulation mainly for younger employees who have worked at the Company for some years. In January 2010, a new exchange period begins for another 24 employees.

Age distribution 2009



Female employees at Skanska

%	2009	2008
Skilled workers	3	3
White collar employees	26	24
Skanska AB Board	14	21
Senior executives	9	11
Total	**11**	11

Through systematic effort, Skanska is increasing the diversity of its workforce at all levels and in all units. The employees of Skanska Infrastructure Development in the United Kingdom represent at least 10 different nationalities, 21 percent of the employees are of non-British origin and 37 percent are women.

Each year Skanska honors top-performing employees with the Golden Hard Hat Award. Audun Stensrud and Egil Dahl are Production Managers who have worked together at Skanska Norway for more than 35 years – always with fine results and with good humor. Born on the same day in 1939, they are like twins yet different. Stensrud is known for his ability to organize and structure projects he is in charge of. Dahl is the artist, whose improvisational style is appreciated by both customers and employees.

Increased diversity

To harmonize with society at large and with its own customer profile, Skanska needs to increase the diversity of its workforce in terms of educational or occupational background, gender and ethnicity. This enriches the Company by adding experience from other industries, academic disciplines and cultures, while increasing its recruitment base.

For many years, male engineers have been the dominant employee category, but Skanska is also seeking tomorrow's employees outside this category. This means that the Group will be less dependent on recruiting new engineering graduates, who will be a shrinking resource in the future relative to the overall needs of the business sector.

New mentorship program for women

To achieve a more even gender balance, Skanska needs a larger number of women at all levels, especially in line positions. To provide encouragement, support and professional development for women, a new Skanska Female Mentorship Program started. Twenty-two women were selected for the first program. For one year, they will receive support in their professional development from male mentors, who will also act as ambassadors to increase the percentage of women in various positions.

Ethnic background

Skanska also attaches great importance to recruitment and professional development of employees with ethnic backgrounds other than the majority group in each respective market.

In Sweden, the Group has launched special programs to generate greater interest in the construction industry among ethnic minorities, especially in suburban areas of major cities. This will be a matter of increasing diversity both at the project level and in administrative and support units. For natural reasons, the prevailing economic situation has slowed the rate of progress, but these efforts are forward-looking and diversity will increase as Skanska recruits new employees to replace those who have retired.

In the United States, Skanska is helping increase diversity in a number of ways. For building construction projects, the Group relies on numerous suppliers and subcontractors, and many of these are owned and operated by people with minority backgrounds. In some cases, local regulations require that a certain percentage of minorities be among the workforce and suppliers. Skanska is often responsible for special training of employees with minority backgrounds .for certain tasks within a project. In New York, experienced Skanska employees serve as instructors in the Building Blocks training program, which targets small businesses run by minorities and women. Participants receive a certificate that increases their competitiveness in local markets. Skanska USA also has a special council to stimulate greater diversity, counseling both managers and other employees in this field.

Measuring job satisfaction

As part of its Great Boss concept, Skanska conducts an annual Great Boss Index survey to diagnose organizational issues, working climate and how well units operate.

For many years, all local business units have carried out employee surveys aimed at measuring job satisfaction and the need for human resource development, as well as how many people are hired and how many leave the Company. A Groupwide measurement standard has been developed in order to provide comparable data.

Retaining the expertise

It is vital both to Skanska's operations and to individual employees that there are opportunities to pursue a career at the same time as expertise can be kept in projects. At some business units, for example, managers of large projects enjoy the same status as senior managers in terms of salary, title and level in the organization. Project managers are also offered the opportunity to pursue a career while remaining in construction operations.

A Groupwide networking and recruitment aid, the Skanska Recruitment Toolbox, has been available for some time on Skanska's intranet to facilitate recruitment efforts.

A certain degree of employee turnover is not only unavoidable but also desirable. Many companies compete for both new university-level graduates and experienced employees. Due to the Company's age structure, an increasing number of employees will reach retirement age in the next several years. One major challenge is to bridge the generation gap and ensure transfer of knowledge between experienced employees approaching retirement age and younger employees who will assume leadership roles. This is why Skanska works actively with mentorship systems in which older employees act as mentors to younger ones.

SEOP also provides an incentive for talented employees to remain in the Skanska Group (see also page 14).

Share data

The overall market capitalization of Skanska amounted to EUR 4.9 billion at the end of 2009.

Skanska's Series B shares are quoted on the NASDAQ OMX Stockholm and traded under the SKA B symbol. Current price information is available at www.skanska.com/investors, in the Reuters system under the SKAb.ST symbol and in the Bloomberg system under the SKAB SS symbol. At the end of 2009, a total of 423.1 million shares were outstanding, with a quota value of SEK 3 (corresponding to EUR 0.29) per share. Of shares outstanding, 20.1 million were Series A shares with 10 votes apiece, 399.0 million Series B shares with one vote apiece and 3.9 million Series D shares with one vote apiece. Series D shares are held by Skanska, which may not exercise its voting right. Of outstanding Series B shares, Skanska repurchased 6.2 million shares (see also Note 26, page 113). Of shares in circulation, Series B shares accounted for 94 percent of share capital and 66 percent of voting power. During 2009, Skanska shares traded on the Exchange totaled 612.2 (732.7) million, at a value of EUR 5.1 (7.0) billion. Average volume per trading day was 2.4 million shares, down 17 percent from an average of 2.9 million in 2008. Trading volume during 2009 was equivalent to 153 (173) percent of the total number of Series B shares at the end of the year.

Share performance

During 2009 the market price increased by 56.9 percent to SEK 121.6 (corresponding to EUR 11.81) per share as the final price paid. Skanska's overall market capitalization thus increased during 2009 to EUR 4.9 billion. The highest price paid for a Skanska share was SEK 123.20 (corresponding to EUR 11.96) on December 7. The lowest price paid was SEK62.00 (corresponding to EUR 6.02) on March 3. The Stockholm all share index, or OMX Stockholm_PI (OMXSPI), rose by 46.7 percent during 2009. The Dow Jones Titans Construction Index, which includes Skanska, rose by 26.7 percent. Skanska's Series B shares are also included in the Dow Jones Stoxx 600, Dow Jones Stoxx30 Nordic, S&P Global 1200 and S&P Europe 350.

Ownership changes

At the close of 2009, the number of shareholders totaled 82,067 (75,957). The proportion of share capital owned by foreign shareholders increased during the year from 24.5 percent to 24.9 percent, while their share of voting power increased from 16.6 to 17.5 percent. Shareholders domiciled in the U.S. were the largest group, holding about 32 million shares, equivalent to about 8 percent of share capital. At year-end, Swedish institutional owners accounted for 43 percent of shares, while 16 percent were owned by Swedish private individuals. The retirement insurance company Alecta has the largest proportion of share capital, 7.1 percent, and 4.9 percent of total voting power. Industrivärden has the largest proportion of voting power, 27.8 percent, and 7.0 percent of total share capital. The "free float" in Skanska's shares is regarded as making up 100 percent of the number of Series B shares outstanding.

Dividend policy

The Board's assessment is that Skanska AB has the capacity to pay out 50–80 percent of profit for the year as dividends to the shareholders, provided that the Company's overall financial situation is stable and satisfactory.

Dividend

The Board proposes a dividend of SEK 6.25 (5.25) (corresponding to EUR 0.61 [0.49]) per share for the 2009 financial year, with SEK 5.25 (5.25) (corresponding to EUR 0.51 [0.49]) of this as a regular dividend and SEK 1.00 (0.00) (corresponding to EUR 0.1 [0.0]) as an extra dividend. The dividend for 2009 totals an estimated EUR 250.5 M (205.7). No dividend is paid for the Parent Company's holding of its own Series B and Series D shares. The total dividend amount may change by the record date, depending on repurchases of shares and transfers of shares to participants in Skanska's long-term Share Award Plan for 2006.

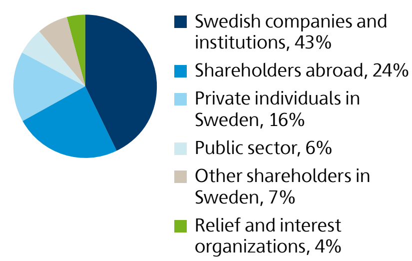
Total return

The total return of a share is calculated as the change in share price, together with the value of reinvested dividends. During 2009, total return on a Skanska share amounted to 68.0 percent, The Exchange's SIX Return Index rose by 52.5 percent during 2009. During the five-year period January 1, 2005 to December 31, 2009, total return on a Skanska share amounted to 103 percent. During the same period, the SIX Return Index rose by 58 percent.

Share ownership program

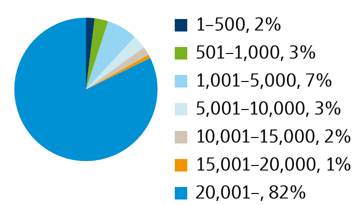
The Skanska Employee Ownership Program (SEOP), intended for all permanent employees, was introduced in 2008. The program runs for three years, 2008–2010. It gives employees the opportunity to invest in Skanska shares while receiving incentives in the form of possible allocation of additional shares. This allocation is predominantly performance-based (see also page 14 and page 129, Note 37).

Share capital by shareholder category



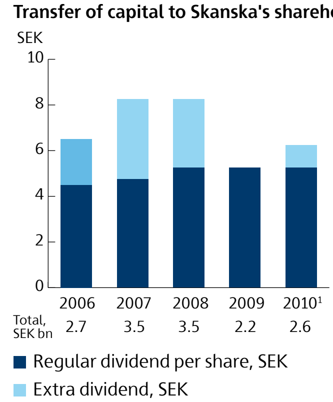
Source: Euroclear

Share capital by size of holdings



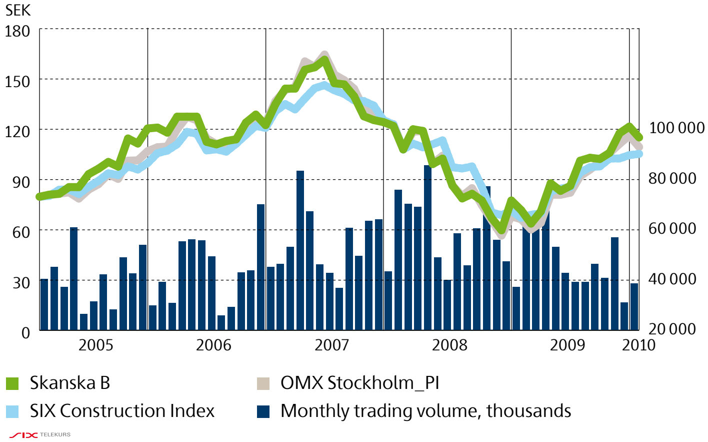
Source: Euroclear

Transfer of capital to Skanska's shareholders

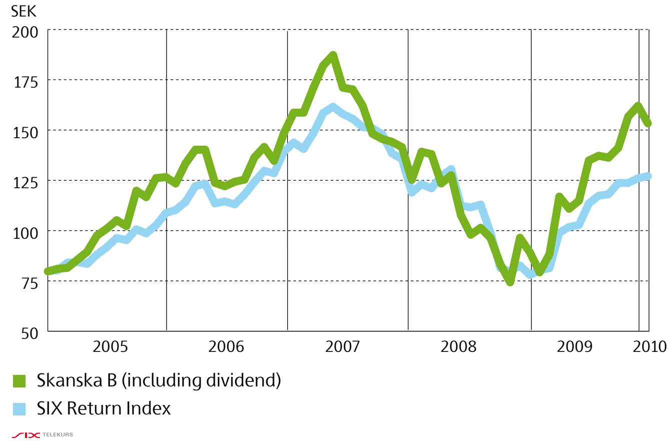


1 Proposed by the Board of Directors.

Skanska share price movement, January 1, 2005–January 31, 2010



Total return of Skanska shares compared to the SIX Return Index, January 1, 2005–January 31, 2010



Equity and adjusted equity

EUR bn	2009	2008	2007
Equity attributable to equity holders	**2.0**	1.7	2.2
Unrealized surplus land value in Residential Development	**0.1**	0.1	–
Unrealized Commercial Development gains	**0.2**	0.2	0.3
Unrealized Infrastructure Development gains	**0.9**	0.5	0.7
Less 15 percent standard corporate tax on surplus values	**–0.2**	–0.1	–0.2
Adjusted equity	**3.0**	2.4	3.0
Equity per share, EUR[1]	**4.8**	4.2	5.2
Adjusted equity per share, EUR[2]	**7.2**	5.9	7.3

1 Equity attributable to equity holders divided by the number of shares outstanding after repurchases and conversion.
2 Adjusted equity divided by the number of shares outstanding after repurchases and conversion.

Skanska share history

	2009	2008	2007	2006	2005
Year-end market price, SEK	**121.60**	77.50	122.00	135.00	121.00
Corresponding to year-end market price, EUR	**11.81**	7.08	12.91	14.93	12.89
Year-end market capitalization, SEK bn	**50.2**	32.4	51.1	56.5	50.6
Corresponding to year-end market capitalization, EUR bn	**4.9**	2.9	5.4	6.2	5.4
Number of shares for the year, million[1]	**412.8**	415.8	418.6	418.6	418.6
Highest share price during the year, SEK	**123.20**	125.50	165.50	136.50	125.50
Corresponding to highest share price during the year, EUR	**11.96**	11.47	17.52	15.10	13.37
Lowest share price during the year, SEK	**62.00**	53.25	110.25	98.50	79.00
Corresponding to lowest share price during the year, EUR	**6.02**	4.87	11.67	10.89	8.41
Yield, percent[2]	**5.1**	10.6	6.8	6.1	5.4
Earnings per share[3],SEK	**8.73**	7.44	9.78	8.68	9.27
Regular dividend per share, SEK	**5.25**[4]	5.25	5.25	4.75	4.50
Extra dividend per share, SEK	**1.00**[4]	–	3.00	3.50	2.00

1 Number of shares outstanding after repurchases and conversion.
2 Dividend as a percentage of respective year-end share price.
3 Earnings per share divided by the number of shares outstanding after repurchases and conversion.
4 Based on the dividend proposed by the Board of Directors.

Shares by category on December 31, 2009

Category	No. of shares	% of capital	% of votes
A	20,100,265	4.8	33.3
B	399,012,807	94.3	66.1
D[1]	3,940,000	0.9	0.6
Total	**423,053,072**	**100.0**	**100.0**

1 Skanska's holding.

Change in number of shares (millions) and share capital

Year and event	Reduction	Bonus issue	New share issue	Number of shares	Par value of share capital, EUR M
2001 cancellation of repurchased shares	–9.2	–	–	104.7	138.5
2001 split 4:1	–	314.0	–	418.6	138.5
2006 new share issue, Series D shares	–	–	4.5	423.1	139.9

The largest shareholders in Skanska AB, ranked by voting power, Dec. 31, 2009[1]

Shareholders, excluding Skanska's own holdings	Series A shares	Series B shares	% of votes	% of capital
Industrivärden	15,091,940	13,957,660	27.8	7.0
Alecta	0	29,225,000	4.9	7.1
AMF Insurance and Funds	0	21,881,260	3.7	5.3
Swedbank Robur Funds	0	21,509,576	3.6	5.2
SHB Pension Foundation	1,600,000	1,800,000	3.0	0.8
SHB	1,000,000	845,418	1.8	0.4
SHB pension fund	1,000,000	0	1.7	0.2
Second Swedish National Pension Fund	0	7,611,294	1.3	1.8
SEB Funds and Trygg Liv	0	6,854,306	1.2	1.7
SHB Funds and Life Insurance	0	6,824,043	1.1	1.7
10 largest shareholders in Sweden	**18,691,940**	**110,508,557**	**50.1**	**31.3**
Other shareholders in Sweden	1,320,489	179,310,584	32.4	43.8
Total in Sweden	**20,012,429**	**289,819,141**	**82.5**	**75.1**
Shareholders abroad	**87,836**	**102,862,476**	**17.5**	**24.9**
Total	**20,100,265**	**392,681,617**	**100.0**	**100.0**

1 Not counting Series D Shares (3,940,000) plus Series B shares (6,331,190) in Skanska's own custody.
Source: SIS Ägarservice.

Major listed construction companies

	Absolute return 2009, %	Total return 2009, %	Total return 2005–2009, %	Market capitalization, EUR bn[1]	Revenue, EUR bn[2]	Income after financial items, EUR M	Return on equity, %[2]	Return on capital employed, %[2]
ACS (Spain)	7	12	138	11.9	16.0	1,069	33.1	4.6
Balfour Beatty Plc. (United Kingdom)	–10	–6	8	1.8	11.9	313	21.3	22.3
Bilfinger & Berger (Germany)	62	70	122	1.6	9.8	284	16.6	23.2
Bouygues SA (France)	21	27	43	12.7	32.7	1,934	19.9	13.9
FCC (Spain)	26	33	–3	4.3	14.0	490	13.2	7.7
Ferrovial (Spain)	57	65	–12	4.9	14.1	–383	–53.1	5.0
Fluor Corp. (United States)	0	2	78	6.7	15.3	763	28.3	39.9
Hochtief (Germany)	49	54	145	3.7	19.1	520	12.0	11.7
NCC (Sweden)	137	152	118	1.2	6.0	248	27.0	23.0
Skanska (Sweden)	57	68	97	4.4	14.9	458	16.0	18.4
Vinci (France)	32	38	89	19.6	33.9	2,362	21.1	9.2

1 Market capitalization on September 30, 2009.
2 Refers to 2008.
Sources: Annual and interim reports for each company and Thomson Datastream.

Construction

Higher margins in a weakened market

Construction refers to building construction (both non-residential and residential) and civil construction. It is Skanska's largest business stream.

Norra Länken (the Northern Link) will improve traffic flow around Stockholm

The Totoral Wind Farm generates green electricity in Chile

Newtown Creek, New York City's largest wastewater treatment plant, is becoming even larger

Construction, which is Skanska's largest business stream, achieved a record operating margin of 3.9 percent during 2009. This high level is mainly attributable to improvements in execution and risk management.

Most of the projects completed during the year were related to contracts signed during the latest economic expansion, when the potential for good margins was greater than in the weaker economic conditions that began late in 2008. Costs were also reduced as prices of input goods fell, due to the deteriorating economic situation.

Due to the negative global economic trend, the private construction market was especially weak. Civil construction markets, where the public sector represents a significantly higher proportion of customers, continue to show a relatively stable trend, since declining tax revenue at the local level is being offset to some extent by spending at the national level.

A focus on elimination of risks and adjustment of the organization to the prevailing market conditions was vital during 2009 and will remain important during 2010.

The general economic downturn has resulted in a diminishing supply of projects available for tenders, as well as more intensive competition and reduced tender margins. Aside from continuing efforts to increase cost-effectiveness and improve risk management, greater customer focus is of major importance in order to be successful under prevailing market conditions.

Many markets were very adversely affected early in 2009, but a recovery began by mid-year. Some customers waited for the introduction of government stimulus packages directly targeted to the construction sector, while others had difficulty funding their projects due to the problems of the financial sector. In both cases, the second half of 2009 brought an improvement and stabilization of the market.

The residential market, which was severely affected as early as the end of 2008, benefited from low interest rates and higher consumer confidence during 2009. But the market was characterized by caution and a certain oversupply, which kept new projects from starting until late in the year.

Total project opportunities in Skanska's construction markets are expected to decline during 2010, mainly due to weak demand in the Nordic countries, the Czech Republic and the United Kingdom, especially when it comes to private investments. The downturn may, however, be softened by stimulus measures or if governments take steps to invest in upgrading of public infrastructure and if they accelerate planned projects. Civil construction is expected to remain at a good level.

One growing market with major potential is green construction. Buildings account for a large proportion of greenhouse gas emissions. Reducing such emissions will require upgrading of existing buildings. Renovations of commercial space in particular are expected to increase.

Many areas of construction services

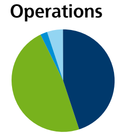
The mission of the Construction business stream is to offer services in non-residential building and civil construction as well as in residential construction. The business stream also performs assignments of a service nature: construction-related service, repairs and the like as well as operation and maintenance of industrial and

Skanska Sweden built Karolinska Institutet Science Park (KISP) for the state-owned real estate company Akademiska Hus Stockholm AB. KISP, which offers an attractive, creative growth environment to innovative companies, is being built in several phases. It will house laboratories, offices and common areas for conferences and other purposes totaling 21,000 sq. m (221,000 sq. ft.) of space. Energy efficiency as well as high quality and environmental standards have permeated the entire project.

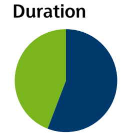
EUR M	2009	2008
Revenue	**12,312**	14,490
Operating income	**475**	391
Operating margin %	**3.9**	2.7
Working capital, EUR bn	**–1.9**	–1.8
Operating cash flow	**693**	614
Order bookings	**12,123**	13,143
Order backlog	**13,258**	13,012
Number of employees	**51,660**	56,482

Construction order backlog, EUR 13.3 bn

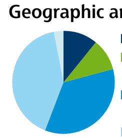
Operations



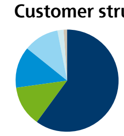
Duration



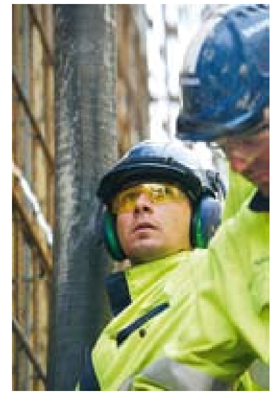
Geographic area



Customer structure



1 Mainly private healthcare and educational institutions.



For years, expanded ring roads have been on the wish list to improve traffic flow in Stockholm, Sweden. Norra Länken (the Northern Link) at Norrtull, the northern gateway to the city center, is one part of the ring road network that Skanska is constructing. It will link the E4 expressway with Norrtull via a one kilometer stretch of road, including a 600 m (1,970 ft.) long rock tunnel and a 230 m long concrete-lined tunnel. The project was awarded the Swedish Road Administration's working environment prize. By using prefabricated components and thorough work preparation and planning, Skanska has avoided accidents and other incidents. Skanska is also building a section of Norra Länken at nearby Värtan.

transportation facilities. Operations focus on serving corporate and institutional customers as well as public agencies. By virtue of its size and leading position, Skanska can undertake the largest, most complex assignments for the most demanding customers.

Thanks to its financial strength, Skanska can also participate in project financing. For example, Skanska may create a financial bridge to enable a project to start up before final funding is in place, but this presupposes very good creditworthiness or collateral.

Construction business units also perform contracting assignments for Skanska's other business streams, which develop commercial space, residential projects and infrastructure. This collaboration generates both large construction assignments and synergies for the Group.

Order backlog

Order backlog, totaling EUR 13.3 billion at year-end 2009, is divided among several thousand projects. Nonresidential building construction accounts for 45 percent, civil construction 48 percent and residential construction 2 percent of Construction order backlog. The remaining 5 percent consists of service assignments. At year-end, the part of this backlog that Skanska plans to execute in 2010 was equivalent to 56 percent of 2009 revenue.

A leading builder in selected markets

The Construction business stream operates in a number of selected home markets – Sweden, Norway, Finland and Estonia, Poland, the Czech Republic and Slovakia, the U.K., the U.S. and Latin America. In its selected markets, the Skanska Group is regarded as one of the leaders or as having the potential to become a leader in terms of size and profitability. Skanska also endeavors to be a leader in its industry in sustainable development as well as ethics, health and safety. In the Construction business stream, the Group's primary goal is good profitability, followed by growth.

Skanska's home markets

	GDP per capita, USD	Construction per capita	Construction as % of GDP
Sweden	52,789	3,710	7.0
Norway	95,061	10,527	11.1
Denmark	62,625	8,049	12.9
Finland	51,989	8,122	15.6
Poland	13,799	1,647	11.9
Czech Republic	21,027	3,216	15.3
United Kingdom	43,785	4,441	10.1
United States	46,859	3,507	7.5
Argentina	8,214	468	5.7

All figures refer to 2008. Sources: Euroconstruct, MF.

The top global contractors[1], sales. June 30, 2009[2, 3]

Company	Country	EUR bn	SEK bn
VINCI	France	33.4	348.0
Bouygues	France	32.3	337.3
Hochtief AG	Germany	19.2	199.9
Fluor Corporation	U.S.	16.7	174.6
Skanska	Sweden	13.6	141.7
Grupo ACS	Spain	12.4	129.6

1 Excluding Asian construction companies.
2 Rolling 12 months.
3 Including non-construction-related operations.
Sources: Half-year report for 2008–2009 of each respective company.

The top Nordic contractors, sales, June 30, 2009[1]

Company	Country	EUR bn	SEK bn
Skanska	Sweden	13.6	141.7
NCC	Sweden	5.3	55.5
YIT	Finland	3.7	38.6
PEAB	Sweden	3.3	34.4
Lemminkäinen	Finland	2.3	23.7
Veidekke	Norway	1.9	20.2
MT Højgaard	Denmark	1.4	14.2

1 Rolling 12 months.
Source: Half-year reports of each respective company, 2008-2009.

Local conditions

Conditions vary between home markets, and the operations of Skanska's local business units thus differ. Some specialize in selected market segments, while others operate in a broader spectrum.

The earnings of Skanska's construction units must be evaluated in light of local market conditions, the segments in which these units operate and varying contractual mechanisms.

Non-residential, civil and residential construction

Non-residential and residential building construction is generally characterized by high capital turnover, limited capital employed and low margins.

Civil construction projects are usually underway for long periods, have a higher risk profile and are more capital-intensive. They consequently also have higher margins.

The Company's risk management processes are aimed at identifying and managing operational risks and thereby helping to ensure higher profitability. Risk analysis is carried out before deciding on a tender or commitment and then continuously during the execution phase. This is both a matter of avoiding risks that may generate costs and of ensuring that the Company is compensated for the risks that it chooses to assume (see page 12).

During 2009, Skanska's Construction units performed EUR 0.2 billion worth of work for projects in the Residential Construction business stream. The corresponding figure for projects in Commercial Development was EUR 0.2 billion. For projects in Infrastructure Development in which Skanska is a co-owner, Construction units performed assignments worth EUR 0.6 billion.

Project opportunities are also created by taking advantage of the Group's financial expertise. Skanska Financial Services often helps arrange financing solutions for certain types of projects.

Size provides competitive advantages

Skanska's size enables it to compete for large, complex projects for international customers with strict standards of quality and execution. In the very largest projects, which require high-level performance guarantees, few competitors can measure up to Skanska in expertise and strength.

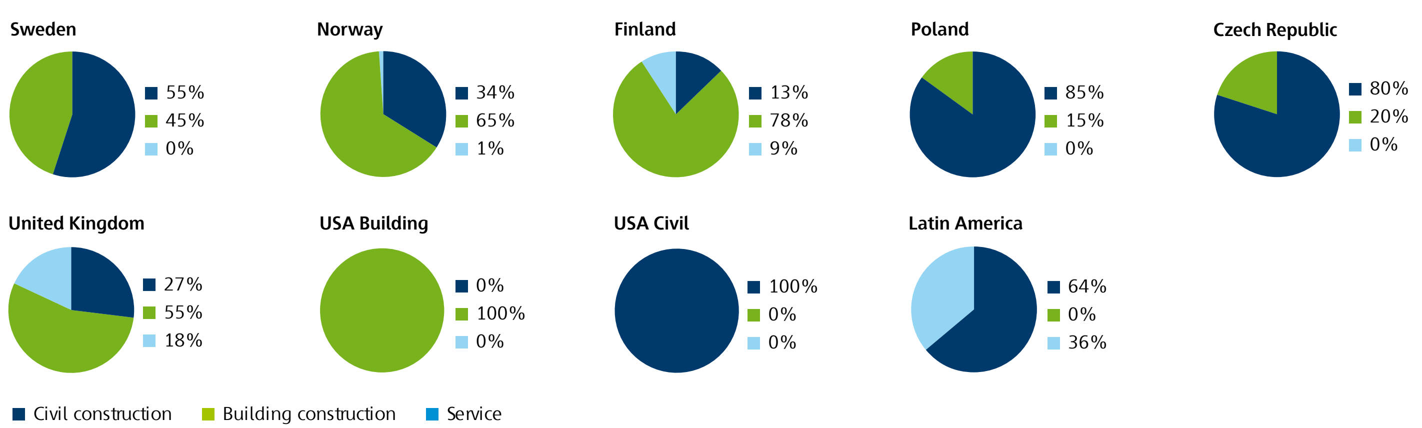
Customers that operate in more than one market, such as the pharmaceutical company Pfizer and the oil and gas company StatoilHydro, can be offered the same service in all of the Group's home markets via Skanska's network of local business units.

Due to a selective approach when choosing possible projects, especially when it comes to lump-sum bidding, the Company is increasingly distancing itself from projects with low margins or projects where high risk is not offset by higher compensation. Skanska's ambition is to enlarge its share of its projects which are negotiated contracts, where customers value service as well as price. The Company's clear emphasis on its five qualitative targets, the Five Zeros, is also a factor that strengthens Skanska's customer offering.

Business units, Construction

	Revenue		Operating income		Operating margin, %		Order bookings		Order bookings/ revenue, %		Order backlog	
EUR M	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Sweden	**2,354**	3,144	**108.0**	165.8	**4.6**	5.3	**2,054**	2,831	**87**	90	**1,499**	1,764
Norway	**1,059**	1,386	**42.8**	42.5	**4.0**	3.1	**1,061**	1,109	**100**	80	**886**	734
Finland and Estonia	**673**	977	**21.8**	2.4	**3.2**	0.2	**592**	694	**88**	71	**460**	527
Poland	**695**	791	**31.8**	42.7	**4.6**	5.4	**1,314**	973	**189**	123	**1,173**	513
Czech Republic and Slovakia	**1,106**	1,399	**49.3**	39.1	**4.5**	2.8	**843**	1,469	**76**	105	**1,078**	1,330
United Kingdom	**1,731**	1,860	**43.7**	-54.3	**2.5**	neg	**1,903**	1,358	**110**	73	**2,379**	2,042
USA Building	**2,899**	3,149	**48.1**	45.9	**1.7**	1.5	**2,802**	2,706	**97**	86	**2,878**	3,004
USA Civil	**1,229**	1,199	**106.2**	76.6	**8.6**	6.4	**1,116**	1,421	**91**	118	**2,560**	2,699
Latin America	**566**	584	**23.3**	30.1	**4.1**	5.2	**438**	581	**77**	100	**345**	399
Total	**12,312**	14,490	**475.1**	390.7	**3.9**	2.7	**12,123**	13,143	**98**	91	**13,258**	13,012

Breakdown of order backlog, EUR 13.3 bn



Greater efficiency

One important factor in the Company's profitability is improving construction efficiency and boosting productivity. By increasing the degree of industrialization in the construction process, an ever-larger proportion of each project will be built using standardized components that have been prefabricated. This effort will take time, but success in this area will have a bearing on many parameters in the construction process. The time spent on-site will decrease, which means reduced costs. In addition, quality increases and workplace health and safety improve when more and more items can be manufactured in a factory setting instead of at the job site.

Pan-Nordic purchasing aims at economies of scale

To reduce costs and take better advantage of its large size, Skanska is coordinating its purchasing work in a pan-Nordic organization. Purchasing work plays a key role in boosting productivity and cost-effectiveness in construction.

Aside from the geographic aspect, there are various synergies in the Nordic countries, where Skanska has a high degree of common standards and also utilizes the same materials and suppliers. One example is Skanska Xchange, which aims at increasing standardization, prefabrication and utilization of technical platforms for residential construction. The new organization also makes it easier to transfer knowledge and experience.

Skanska is continuing to streamline its construction operations by using Building Information Modeling (BIM) for computer-supported planning and design.

Markets

The Nordic countries

Skanska's operations in its Nordic markets – Sweden, Norway and Finland – encompass both non-residential and residential construction as well as civil construction. The largest product segments in the Nordic countries consist of new construction of office buildings, industrial facilities, retail centers, hotels, homes and infrastructure facilities, mainly for the transportation sector. Skanska also provides various types of renovations and construction services.

Skanska's Nordic construction units carry out thousands of projects each year. These assignments are of varying character and size, and a number of large contracts were signed during 2009. But many assignments are small-scale, which also means shorter periods for planning and execution.

Sweden

Skanska Sweden exceeded its "Outperform" targets – but the general economic downturn resulted in substantially lower order bookings during the year. This was especially true of the building construction sector, in which both residential construction and assignments for the business sector companies decreased significantly. During 2009 the business unit increased its provisions for quality obligations related to façades.

Assignments for public sector customers showed a considerably more stable trend. In civil construction, which makes up about half of operations, order bookings were good. A number of new contracts were signed during the year, among them the expansion of the port of Malmö, the Norra Länken (Northern Link) highway in Stockholm and the E45 highway in the vicinity of Gothenburg. Skanska signed an agreement with the municipal housing company KBAB in Karlstad for new construction and renovation during a two-year period.

Skanska Sweden's divested a detention center in Sollentuna, near Stockholm, together with the police building in Toftanäs, outside Malmö. This represented a breakthrough for a new type of transaction in which Skanska sells properties directly to the pension funds of Swedish companies.

Skanska Commercial Development Nordic began construction of the Bassängkajen office building in Malmö.

The employee cutbacks that began in 2008 continued during 2009. About 1,500 employees left Skanska's Swedish construction operations. In order to further adjust overhead to lower business volume, certain support units were regionalized or centralized.

In 2010 Skanska expects a further decline in volume, especially in private construction. At year-end 2009, Skanska Sweden's order book was equivalent to about seven months of construction. To date, the expansion in the market for public-private partnership (PPP) projects has been slow in the Nordic countries, with only a few projects in Finland and Norway.

Skanska's main competitors in the Swedish market are NCC, Peab, JM, Svevia and Bilfinger Berger.

Norway

Skanska Norway succeeded in surpassing its "Outperform" targets and improving its earnings despite a weak market with declining volume. High-quality execution and smoothly functioning risk management as well as increased cash flow contributed to the improvements. The business unit also adjusted its organization to lower volume, and its workforce decreased by about 700.

Compared to the other Nordic countries, the Norwegian economy as a whole was not as hard hit by the economic downturn, but both the building and civil construction markets weakened during the year. Residential construction was adversely affected by the housing oversupply that arose in conjunction with the financial crisis, which had repercussions during most of 2009. New residential projects were started only late in the year.

Order bookings were good, especially during the fourth quarter, when the business unit signed some large contracts: the Kvivs and Strindheim highway tunnel projects plus a hotel construction project in Trondheim.

The market is expected to be relatively stable during 2010. At year-end 2009, Skanska Norway's order book included assignments equivalent to about ten months of construction.

The business unit's main competitors in the Norwegian market are Veidekke, NCC and the AF Group.

Finland and Estonia

During 2009, Skanska Finland improved its margin in a market dominated by falling demand in all sectors and an oversupply of housing. Of Skanska's Nordic markets, the Finnish economy weakened the most due to the financial crisis.

The building construction market nearly halved, with industrial construction being hardest hit. Residential construction for private sector customers also fell sharply, and only a few projects were started late in the year. To some extent, government stimulus measures benefited the construction of rental housing in southern Finland.

In Helsinki, Skanska built Finland's first private cancer clinic for Docrates Oy.

Assignments for public sector customers showed a considerably more stable trend. In civil construction, which makes up about half of operations, order bookings were good.

Building a bridge over the Pilica River, Poland.

Civil construction declined to a lesser extent, partly due to general road expansion projects and the new railroad between Helsinki and the airport at nearby Vantaa.

Weak demand is expected to persist during 2010 when it comes to building construction, while the market is expected to remain at a relatively stable level in the construction of infrastructure and rental apartment buildings.

Because of Estonia's economic problems, demand for new construction projects fell by more than half. During 2009 there were no major project start-ups, and the weak market is expected to continue in 2010.

Skanska's main competitors in the Finnish market are YIT, Lemminkäinen and NCC.

Other European markets

Poland

During 2009, Skanska Poland succeeded in meeting its "Outperform" targets and is also seeing a positive trend in order bookings. The second phase of the north-south A1 expressway accounted for a substantial share of order bookings. The project is a public-private partnership, where Skanska is also a 30 percent shareholder in the company that owns the highway. The construction contract totals EUR 570 M (about SEK 6.2 billion).

Building construction also remained at a relatively good level, and new projects were started up for both the public sector and for industry.

The Polish construction market is expected to remain stable during 2010, but with increasing competition and a growing number of international market players.

The Polish economy performed better than other economies during the global downturn. Growth decelerated, but Poland was still the only EU country to show positive growth during 2009. Confidence in the Polish economy and currency strengthened, among other things due to an agreement with the International Monetary Fund. The construction market is also being stimulated by investments preparatory to the European football (soccer) championships in 2012, and expansion of the country's infrastructure will continue to receive financial aid from the EU's infrastructure funds.

In Poland, Skanska competes with Budimex (with Ferrovial as the main owner), Hochtief and Strabag.

The Czech Republic and Slovakia

Despite lower volume, Skanska Czech Republic achieved its "Outperform" targets, but the general economic downturn resulted in substantially lower order bookings during 2009. This was especially true of the building construction

Faster, more frequent and safer. Trains on Sweden's west coast trunk line will zip through the Halland Ridge, where two parallel 8.6 km (5.3 mi.) rail tunnels are under construction. When completed, these tunnels will provide an environmentally friendly transportation alternative and boost the line's capacity from four to 24 trains per hour. The project team is using Åsa, a tunnel boring machine specially built to cope with varying rock conditions inside the ridge, including the geologically weak Mölleback Zone. In the photo, about 125 m (410 ft.) of this zone was frozen to facilitate passage. During 2010, the first tunnel will be completed.

sector, in which both residential construction and assignments for industry decreased significantly. Infrastructure construction was relatively stable during the year.

The global economic downturn has had a major impact on the Czech Republic and Slovakia. The Czech Republic is heavily dependent on its exports to Germany, and Slovakia is adversely affected by the crisis in the car industry. Construction investments have declined sharply, and the business unit has been forced to adjust its workforce to lower volume. To reduce overhead, a number of functions have also been centralized. The market outlook remains weak, but the business unit has a relatively strong order book equivalent to about 13 months of work.

In the Czech Republic, Skanska's main competitors are Metrostav and SSZ (subsidiary of Vinci). In Slovakia, Doprastav and Zipp (subsidiary of Strabag) are the largest competitors.

The United Kingdom

Skanska UK achieved its "Outperform" targets. The business unit is again showing positive earnings, and during 2009 it greatly improved its project execution. Order bookings are also showing a positive trend, though the general economic downturn has resulted in substantially lower order bookings related to building construction for commercial customers. Order bookings in infrastructure have been strong, partly thanks to large new public-private partnership projects. During the year, Skanska consolidated its position as a leading builder of PPP projects under the U.K.'s Private Finance Initiative (PFI).

Two new PPP projects – construction of London's M25 ring road and modernization of the street lighting network in Surrey – contributed to Skanska UK's good order bookings. The market for infrastructure construction has been good, but a downturn in public sector investments is expected during 2010. Infrastructure projects and preparations for the 2012 Olympic Games will, however, continue to offer some potential. Large-scale government aid programs were targeted to various financial market players to ensure that the credit market could begin to function.

The commercial space market for private investors weakened drastically due to the financial crisis. The market outlook for office building construction in 2010 remains weak.

Skanska UK, which is one of the leading companies in its segments, competes with such companies as Balfour Beatty, Bovis, Amec and Carillion.

The United States

Both Skanska USA Building and Skanska USA Civil surpassed their "Outperform" targets. Order bookings also showed a robust trend despite the general economic downturn, which led to a significant decline in building construction assignments from industrial companies. This was nevertheless offset by Skanska's strong position in the market for educational and healthcare facilities. Skanska has also been able to take advantage of its expertise in green construction. Late in 2009, the infrastructure sector benefited from the federal stimulus package. Skanska's assignment to rebuild and widen the I-215 highway in San Bernardino, California was one of the year's largest recipients of stimulus funds.

The U.S. construction market is the world's largest, and Skanska USA is one of the leading building and civil construction companies through its specialized units Skanska USA Building and Skanska USA Civil. Skanska USA is also seeking potential public-private partnership (PPP) assignments. During 2009, Skanska began its first commercial development project in the U.S. market, in Washington, D.C.

The Tampa Museum of Art in Tampa, Florida, is opening during the spring of 2010 with a major Matisse exhibition. Skanska completed the construction project ahead of schedule in the autumn of 2009.

Skanska USA Building

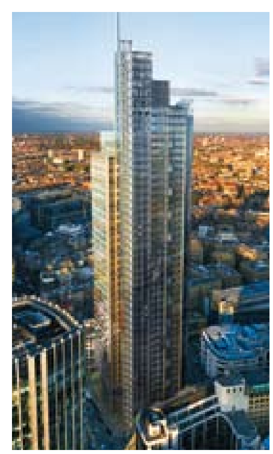
Skanska USA Building improved both its earnings and order bookings in 2009, despite a generally weak construction market and a tougher competitive situation.

The overall market for building construction has declined significantly due to the financial crisis and lower consumer confidence. The downturn has been most evident in construction for the manufacturing sector.

Because of the shrinking market and the sharp downturn in residential construction, competition in other segmentd has become tougher. The federal American Recovery and Reinvestment Act (ARRA) is largely targeted to infrastructure projects, but the government's stimulus measures may also include renovation assignments. Thus applies, for example, to the federal office buildings in Jackson, Mississippi, and Orlando, Florida. Skanska USA Building is carrying out these projects for the federal General Services Administration (GSA). During 2009, the business unit also signed contracts for parts of the continuing renovation of United Nations headquarters in New York City.

The educational and healthcare sectors were stable and are expected to remain so during the next few years. Skanska has a very strong market position in the educational and healthcare-related construction markets, due to long customer relationships as well as its geographic presence.

Skanska USA Building competes with Turner, Bovis, Clark and Structuretone.



When completed in 2011, Heron Tower will rise to a height of 202 meters (663 ft.), making it one of the tallest office buildings in the City of London.

Both Skanska USA Building and Skanska USA Civil surpassed their "Outperform" targets. Order bookings also showed a robust trend despite the general economic downturn.

Skanska USA Civil

Skanska's infrastructure construction work showed an improvement during 2009 in terms of revenue, earnings and order bookings. The business unit's good earnings were partly attributable to improvements in project execution, due among other things to completion of several projects that had been contracted in a favorable market situation with good margins.

During the first half of 2009, the supply of infrastructure projects in the U.S. market was weak. Many planned projects were postponed while awaiting government stimulus measures. Once federal funding began to be allocated during the second half, the supply of assignments increased and Skanska managed to land a number of large projects, including several supported by government stimulus funds.

During 2009 Skanska USA Civil's order bookings were good and the business unit broadened its geographic presence. Marketing activities and localization were coordinated with Skanska USA Building in the western United States, for example. Among assignments that Skanska received there were an expansion of the Bay Area Rapid Transit (BART) rail system near San Francisco and the I-215 highway in San Bernardino, California.

Aside from transportation infrastructure, in which Skanska has enjoyed a strong position for many years, construction in the environmental field is increasing. There is a growing need for water treatment facilities – both for drinking water purification and wastewater processing.

During 2009, Skanska confirmed its position as the foremost bridge builder in New York City, receiving new contracts for the renovation of bridges including the Manhattan Bridge.

The business unit's order book contains about 26 months of work, which means that the major challenge in 2010 will be to ensure assignments after 2011.

Skanska USA Civil competes with a number of large national players, among them Kiewit, Granite, PCL, Flatiron and Balfour Beatty, as well as with numerous players in local and regional geographic markets.

Latin America

Skanska's Latin American operations are dominated by assignments in the oil, gas and other energy sectors. Brazil, which is the largest single market for Skanska Latin America, is continuing to show good growth while the Argentine economy has experienced great difficulties. Overall, this has meant that the business unit has been forced to adjust its workforce to shrinking volume.

Continued growth in Brazil

The Brazilian economy benefited from a rebound in commodity prices during 2009. One of Skanska's most important customers is the state-owned energy company Petrobras, which adopted a very large-scale investment plan for 2009-2013 during the year.

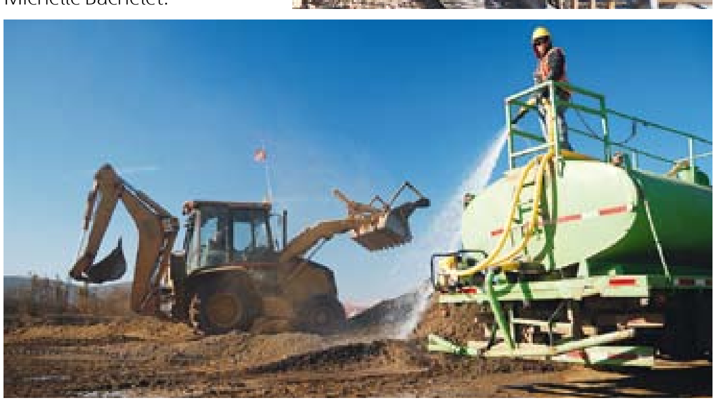
These company's plans concern expansions of existing and new facilities, in order to boost their efficiency and capacity as well as to improve the environmental performance at refineries. Competition for construction contracts is expected to increase, but Skanska has a strong position in the market.

During 2009, the Argentine economy was affected by financial market turmoil, but Skanska's business related to operating and maintaining oil and gas production facilities is expected to remain relatively strong in 2010.

In Chile, Skanska is pursuing potential public-private partnership projects. After completing the Autopista Central highway in Santiago, Skanska has a strong reputation in the PPP field.

In Latin America, Skanska competes with Techint, Odebrecht, Camargo Correa, Andrade Gutierrez and Salfa Corp.

In Canela north of the capital Santiago, is the new Totoral Wind Farm. Its 23 turbines generate some 100 gigawatts of green electricity per year, enough to supply 57,000 households. The electricity is delivered to Chilean power company CGE's grid. The wind farm's clean, renewable power reduces carbon dioxide emissions by 54,000 metric tons per year compared to fossil fuels. Totoral was inaugurated early in 2010 by Chile's outgoing president, Michelle Bachelet.



Expanding New York City's largest wastewater treatment plant

Newtown Creek Water Pollution Control Plant
Location: Brooklyn, New York
Capacity: About 1.2 billion liters per day
Contract value: USD 1.4 billion altogether. Skanska's share totals USD 805 M.
Completion period: 2003–2012
Customer: New York City Department for Environmental Protection (NYCDEP)
Lead contractor: Skanska USA Civil

Water is a necessity for life. In New York City, Skanska builds both drinking water supply and wastewater treatment facilities. North of Manhattan, the Croton and Catskill Delaware drinking water plants are now taking shape. New York City also has 14 wastewater treatment plants; Skanska is carrying out large-scale expansions at five of them. The Newtown Creek Water Pollution Control Plant is the largest of these, and here Skanska is well into its third project since 2003.

At a wastewater plant, the treatment process must never stop. Newtown Creek thus operates 24 hours a day even while it is a major construction site. Some 1.2 billion cubic meters of wastewater flow through the plant every day. Skanska's task is to help expand capacity to make regular maintenance possible and to make the treatment process more efficient, without stopping the flow for even a second.

On a 56-acre (22-ha) site in Brooklyn just across the East River from the United Nations skyscraper, Skanska is constructing a whole battery of new sedimentation and biological treatment tanks.

Major challenges

Sludge and pollutants have been cleaned out of the existing tanks, which have been in service since the late 1960s, and they have been largely demolished. These old tanks are being remodeled after a new section went into service in 2006. Two new control and administration buildings, of which one has been completed, are also part of the assignment. A giant new 430 meter (1,411 ft.) long pipeline that feeds air into big aeration tanks runs throughout the site. Newtown Creek is a combined wastewater treatment plant, meaning it receives water from storm drains as well as sewage from homes and workplaces on the East Side and Lower Manhattan, Brooklyn and Queens. This wastewater flows into the plant via huge pipes. The major challenge was to divert these streams to the new treatment units without interrupting the flows. The city's large-scale water treatment investments are aimed at meeting both federal and New York State clean water and air standards.

The customer for all these water-related projects is the New York City Department of Environmental Protection (NYCDEP). In its projects, Skanska has led various consortia including local partners. At Newtown Creek, work will be completed in 2012.

Residential Development

Focusing on the needs of families

The Residential Development business stream initiates and develops residential projects for sale. Housing units are adapted to selected customer categories.

A lively new neighborhood in Solna, Sweden

Model apartments with inspiring furniture and interior decor

Sustainable urban living in Stockholm, Sweden

Low interest rates stimulated an improvement in demand. During 2009 sales of new residential units recovered, but few new projects were started.

In Skanska's Nordic housing markets, the economic downturn and weak economic conditions during 2009 were offset to some extent by favorable interest rates. Even early in the year, residential sales in Sweden and Norway rose, and the number of units sold reached higher levels than in 2008. In Finland, sales were initially weak but improved significantly late in the year. In the Nordic countries, Skanska's inventory of unsold residential units declined so much that the focus has now also shifted to starting up new projects.

In the Czech Republic a sharp downturn occurred, primarily due to the economic situation but also to good sales in prior years, before the harmonization of the country's value-added tax on housing with prevailing EU levels.

During 2009, the workforce in Residential Development operations was adjusted to lower volume.

Looking ahead at 2010, labor market deterioration and interest rate hikes may cool demand somewhat. In Skanska's selected market areas, however, employment is regarded as relatively stable and only modest interest rate hikes are expected during the year. There are thus many indications that demand for new housing will remain good during 2010 in Nordic markets.

Successful sales of completed residential units

Skanska concentrated its sales activities on the remaining unsold residential units in ongoing and completed projects. This work was very successful in the Swedish and Norwegian markets, where practically everything was sold. In Finland the number of unsold units was sharply reduced, while the rate of sales in the Czech Republic was relatively low.

As a consequence of the uncertain market outlook after the financial crisis of 2008, Skanska introduced tight restrictions on start-ups of new residential projects, as well as on acquisition of land and building rights. Instead it assigned top priority to selling units in completed and ongoing projects.

The Residential Development business stream refined its strategic direction during 2009. The earlier coordination of Nordic residential business was followed by a more intensive focus on sales, customers and products.

More intensive sales efforts

Sales efforts have been increased in various ways. This is both a matter of adaptation to changed market conditions and intensified marketing efforts.

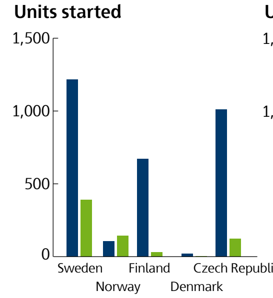
One important differentiating factor is Skanska's own sales force, which has a broad range of contacts with buyers in all markets and product segments. The salespeople have a familiarity with Skanska's products that enables them to help customers make good choices. These contacts also give them a solid awareness of customers' preferences. All sales activities such as personal contacts, property showings and web site visits are measured, providing a direct picture of the attractiveness of each product in the market and the impact of various efforts on sales figures. Including this knowledge in product development work is an important element of risk management.

Most home sales occur close to where people currently live and are generated by changes in families, such as children or marriages. To further increase its familiarity with residential customers and improve its accuracy, Skanska conducts in-depth surveys of various

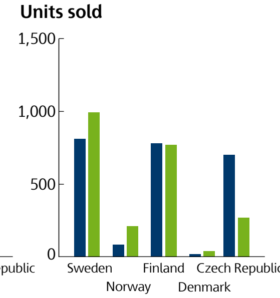
EUR M	2009	2008
Revenue	611	670
Operating income	14	–18
Operating margin, %	2.3	neg
Investments	–273	–447
Divestments	363	377
Operating cash flow from business operations[1]	5	–181
Capital employed	624	576
Return on capital employed, %	2.6	neg
Number of employees	669	676

1 Before taxes, financing operations and dividends.

Units started



Units sold



■ 2008 ■ 2009

The balconies in the Arabia residential development in Helsinki, Finland offer ample space for playing and socializing.

consumer and target groups. A large number of individuals are asked about their preferences and needs. This may include everything from the location and size of homes to the design of kitchens and bathrooms. The surveys also deal with what customers are willing to pay in order to have their wishes satisfied.

To stimulate sales, Skanska also introduced new, improved interior design in its model units. The décor in the various units is targeted to selected customer categories, such as young couples, families with children or older people without children living at home. These specially designed model units have contributed to significantly greater interest, with good sales at satisfactory prices.

"Expo" is another new concept; it means that a full-scale model unit is constructed in a planned residential area. The model units, which is fully furnished and equipped, also has windows with the right view. Photographs projected on the windows present the view from the fourth floor of the completed building, for example. Expo was tested very successfully for the first time at Frölunda Torg in Gothenburg.

GodAffär: A response to new market conditions

Historically speaking, rising home prices have provided an incentive for home buyers to risk buying a new home before having sold their existing one. The global financial crisis, which led to falling real estate prices and significantly longer periods in the market before completing sales, led to new risks for many buyers. To counter the adverse effects of this and to improve the confidence of its customers, Skanska introduced GodAffär.

GodAffär is an insurance package that provides extra protection to buyers who are involved in an accident, lose their job, become ill or cannot sell their previous home. In addition, no one risks losing more than five percent of their contract value if they change their mind before the sales contract.

In the Czech Republic, Skanska offers home buyers very competitive financing solutions by working with four leading banks. Kitchen appliances are not included in Czech apartments, but Skanska has agreements with suppliers which offer discounts to its customers. Skanska's home buyers can also choose to take advantage of other benefits such as payment-free periods or unemployment insurance.

The right customer, product and market

Clearly defined customer segments and customer needs provide the basis for the products and concepts that the Company chooses to invest in. The design of these products is adapted to prioritized customer segments. It is also a matter of developing the right product for the right market.

Skanska's future residential development strategy will also be a matter of focusing on higher volume in a number of product types and metropolitan regions that have been selected on the basis of their economic situation and population growth, business and infrastructure investment as well as volume and price trends.

The aim of this strategy is to boost volume, which will also require changes in Skanska's "land bank." To meet these requirements, Skanska continuously evaluates its land holdings, resulting in acquisitions, divestments or exchanges of land.

In 2010 the demand for good housing in attractive locations is expected to continue. Interest rates and general expectations for the future will be crucial to the willingness of customers to buy homes.

Gamla Filmstaden, once the site of a major movie studio in the Stockholm suburb of Solna, is an example of an urban redevelopment project that has carefully preserved historical landmarks. A lively new neighborhood is being created here, close to both services and transportation.

Gamla Filmstaden is a partnership between Skanska and HSB, Sweden's largest cooperative housing organization, to create 559 apartments and some 10,000 sq. m (107,000 sq. ft.) of office space, half involving renovation of older premises. Project development has occurred in phases since the 1999 groundbreaking for the new headquarters of Swedish movie producer and distributor Svensk Filmindustri (SF). Construction of the first apartment houses began in 2002 and the final buildings welcomed tenants in November 2009. Total project cost was about EUR 0.14 billion.

Boosting cost-effectiveness

In order to improve productivity and cost-effectiveness, Skanska carries out continuous work to develop standardized components, industrialized production and coordinated purchasing. The development of more industrialized, standardized residential construction has resulted in three technical product platforms – for apartment buildings, single-family homes and low-cost BoKlok (LiveSmart) apartment buildings. These technical platforms make it possible to combine a high degree of repetition with varied designs in individual projects.

The task of developing technical platforms for single-family homes and apartment buildings continued during the year as part of the pan-Nordic project Skanska Xchange. The first pilot projects based on the new platforms demonstrate greater efficiency and substantial cost savings. Further pilot projects are now being started in Sweden, Norway and Finland.

These technical platforms represent major potential for cost savings in the construction phase by standardizing components, processes and tools. Efficiency can also be improved by boosting volume, for example by focusing on large, coherent areas or neighborhoods where project development can occur in stages over a long period.

One step toward increased industrialization is that all single-family homes in the Nordic countries with wooden frames will be produced at the Gullringen element factory in Vimmerby, Sweden. For BoKlok apartments, kitchen modules are also assembled on site at the factory.

Product platforms and industrialized production allow higher-volume, coordinated purchasing and are another way of improving cost-effectiveness. Both production and purchasing in the Nordic countries are being centralized in specialist units.

Great freedom of choice

Unique design and specific customer wishes are satisfied through various choices, for example different types of façades, windows, floors, wet rooms and kitchen modules. A uniform technical platform enables Skanska to simplify processes and shorten lead times. Standardization and greater industrialization are essential in increasing competitiveness.

First with Swan-labeled residential buildings

As part of its sustainability efforts, Skanska can offer Sweden's first Swan-labeled residential buildings. The Uniqhus concept for sustainable housing has been granted a Swan-labeling license. Using environmentally friendly materials and construction methods, combined with low energy consumption, Uniqhus has a low life-cycle cost. The energy requirements of the residential units developed in-house by Skanska generally average ten percent lower than the standards set by the Swedish National Board of Housing, Building and Planning.

BoKlok – quality homes at budget prices

The BoKlok (LiveSmart) concept has been a success story for more than a decade. Demand for and interest in relatively low-priced homes is always strong, especially in periods when the economy is weak. An attractive price does not mean low quality, however. Customer satisfaction surveys conducted two years after move-in show that 98 percent of customers are so pleased that they can recommend BoKlok to friends and relatives.

The concept is co-owned by the home furnishings chain IKEA, and sales take place at IKEA stores. For nearly all projects, demand exceeds supply. To select buyers among those who have signed up, a notary public is appointed to ensure that they all get an equal chance.

Model units with inspiring furniture and décor are sparking greater interest in newly constructed Skanska homes. In Silverdal – an attractively located new neighborhood in Sollentuna, near Stockholm – Skanska offers several types of housing: apartment buildings with everything from studios to four-bedroom units, attached and single-family homes and low-cost BoKlok apartments. Silverdal offers an expanding range of services, including a school, a day care center, a sports center, a restaurant and stores.

Two of the Skanska/IKEA women who developed the BoKlok concept in the 1990s are still working at the Company. The ready-to-assemble elements are manufactured at Skanska's Gullringen factory in Vimmerby, Sweden. The concept will now be expanded to include BoKlok attached homes.

The value enhancement process

Development of residential projects is a continuous process – land acquisition, planning, product definition, marketing, construction and sales – in which the developer has full responsibility in all phases. Development operations are capital-intensive, especially during the start-up of new projects. Value enhancement occurs continuously in the various phases. In order to reduce tied-up capital, a rapid pace of sales is sought.

A supply of land suitable for development is a precondition for a continuous flow of projects. Due to lengthy planning and permit processes, ample lead time is required to ensure a supply of building rights (a "land bank") so housing construction will meet demand.

Increasing the value of building rights

The value of land and buildings varies with the demand for housing, i.e. changes in prices and rents. Value also depends on location. As development risks diminish, value increases. A major step in value enhancement occurs when a parcel of undeveloped land is transformed into a building right, as often occurs in Sweden and Norway. The process leading to an approved local development plan may take up to five years.

Skanska plays a proactive role, working closely with local government bodies in planning processes for land use and neighborhood development. Value is further enhanced in the next phase, when the building right is turned into a completed project that can be sold at the prevailing market price.

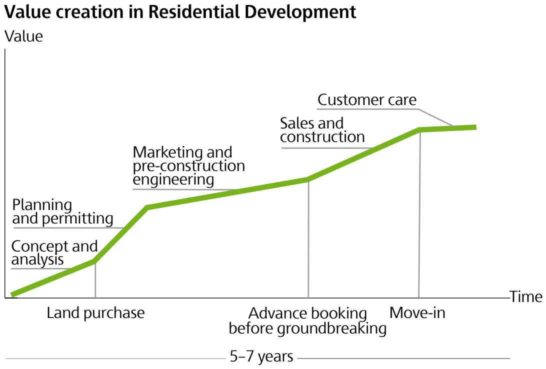
In Finland and the Czech Republic, project development generally begins on land that local governments have designated and planned for residential projects. This involves a shorter execution period and lower tied-up capital.

Of fundamental importance for successful residential development is Skanska's ability to correctly assess demand and customer needs in such a way that its development work results in attractive housing of the expected quality in the right place, at the right time and at the right price. Customer surveys provide data on the preferences of potential customers in terms of location, design and price level.

Projects are accounted for using the percentage of completion method. This means that earnings are recognized as costs are accrued. When applying the percentage of completion method, Residential Development also takes into account the percentage of a project that has been pre-sold. The percentage of completion is multiplied by the pre-sales percentage and the result is the percentage of earnings that can be recognized.

Starting in 2010, these accounting principles will change and Skanska will apply IFRIC 15. Among other things, this means that projects will be accounted for when they are completed and handed over to the end customer (see also Note 1, page 77, and Note 3, page 85).

Value creation in Residential Development



Generating value, step by step

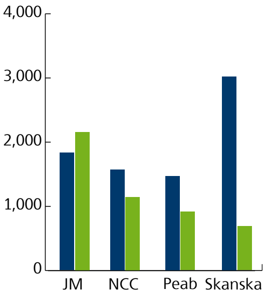
In residential development, macroeconomic and demographic trends are fundamental in generating value. Before making land purchases, Skanska also analyzes local conditions in detail.

Maximum customer value is achieved in stages. Skanska establishes a framework in close collaboration with local government. Based on the potential offered by the surroundings, it then creates a neighborhood with clear character. The design and marketing of an attractive product are also based on the wishes of a well-defined customer category.

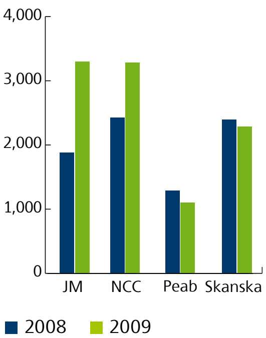
The Skanska project team leading this task includes business and project developers, architects, salespeople and builders. When purchasing their homes, individual customers will also contribute to the process with their specific requirements and requests.

Comparison of Nordic residential developers

Units started[1]



Units sold[1]



1 Group total.

Source: Year-end report of each respective company.

Risk management

The right product at the right time is the basis for success. The general risk lies in having the wrong product in the wrong location. The basic prerequisite for minimizing this risk is to be familiar with customers and their needs. This is achieved in various ways; for example, Skanska has its own sales force, which gathers customer opinions by meeting directly with customers. Skanska also compiles the experiences and wishes of home buyers related to various residential issues in order to develop its product. Satisfactory sales are ensured in the Nordic countries by starting up new projects only after a predetermined percentage of units has been sold or pre-booked. In the Czech Republic and Slovakia, pre-booking is not as widely accepted by customers. As a result, small phases are completed in order to start the sales process.

Capital at risk is limited to a maximum amount approved by the Board of Directors. There is a maximum level that may be tied up in unsold residential units. This means that new projects may not be started until room has been created by further sales of units that are under construction or completed. Capital at risk equals the estimated completion cost for all unsold units, both completed and under construction.

Such external factors as interest rates and customer demand are of crucial importance to all decisions in the process. In case of sharp economic fluctuations or collapsing demand, the development of new projects may be stopped completely, as occurred during the 2008 financial crisis.

Sales and pre-bookings are followed up monthly or more frequently. Projects are usually divided up in phases. To avoid building up an inventory of unsold units, sale of units in a new phase begins only when the preceding one is nearly sold out or pre-booked.

Ownership mechanisms vary in different markets

In Sweden and Finland, sales occur largely in the form of cooperative housing associations or ownership rights in the respective housing corporation. Skanska acquires land, which is then sold, usually to a cooperative housing association formed by Skanska. Construction does not normally begin before contracts have been signed for about half the units in a project phase. The cooperative housing association buys the building right and construction services from Skanska, which then invoices the customer – the cooperative housing association or housing corporation – regularly as the phases are completed.

In the Czech Republic and Norway, development occurs mainly for Skanska's own account. The units are sold individually as ownership units. Here, too, Skanska requires a minimum percentage of pre-booked sales before making a decision to start construction.

A whole new neighborhood is emerging in Solna/Sundbyberg just north of Stockholm, Sweden. Järvastaden is expected to have 12,000 residents within a few years. Skanska, which is responsible for designing several parts of Järvastaden, has completed about 400 residential units, including 50 single-family homes, and has also pre-sold some 40 units during construction. Another 1,700 units, including 200 single-family homes, are planned in subsequent phases. The country's first Mulle Meck playground – named for a handyman character in a series of Swedish children's books – is popular among both youngsters and their parents.

Markets

Residential development, both in Skanska's Nordic markets and the Czech Republic, takes advantage of synergies and economies of scale, while adapting products to the customers in local markets. All units are well below their capital risk ceilings, which means that there is potential to start new projects in all markets during 2010.

The Nordic countries

Sweden and Norway

Sharp downturn despite big needs

The housing market in the Nordic countries was initially dominated by international financial market turmoil. Sales periods became longer due to customers' difficulties in financing their purchases, weakening optimism and rising unemployment. Supply increased, and prices of both new and existing homes fell.

Due to sharply falling demand late in 2008, by early in 2009 a comparatively large number of unsold residential units were under construction or completed. Thus, it became possible to increase sales volume early in 2009.

Recovery and falling mortgage rates

After being very weak in the fourth quarter of 2008, sales accelerated early in 2009. In Sweden and Norway, sales rose largely due to favorable interest rates. Special incentives on optional features and such measures as discounted monthly fees and more generous cancellation rights also stimulated sales. The number of new projects was low in all markets, but the underlying need for housing remains large throughout the Nordic countries, driven by such factors as continued urbanization.

In 2010 the demand for good housing in attractive locations is expected to continue. Interest rates and the general expectations about the future will be crucial to the willingness of customers to buy homes. The number of new projects started up in the Swedish and Norwegian housing markets is expected to be larger in 2010 than in 2009.

Finland

In Finland, the recovery began only late in the year. Early in 2009 there was a relatively large number of unsold units, and during the year Skanska sold both land and entire projects. During the second half, a significant improvement occurred in sales direct to consumers. Unsold units are thus no longer a problem in Finland.

Early in 2010, the market showed a relatively good balance between supply and demand. New project startups will thus occur during 2010. The Estonian economy remains weak, which is expected to result in a very weak housing market during 2010.

Czech Republic and Slovakia

Demand was weak in 2009, both in the Czech Republic and Slovakia. In the Czech Republic, fewer units were sold than in 2008, when sales rose in anticipation of a value add tax hike resulting from harmonization of the Czech housing tax with prevailing EU levels.

Demand in the Czech Republic is expected to remain weak despite urbanization and underlying needs due to the low standards of the existing housing stock. The demand for small residential units is increasing somewhat, while interest in larger units is cool.

In Slovakia, too, weak demand is expected to persist during 2010.

Even early in the year, residential sales in Sweden and Norway rose, and the number of units sold reached higher levels than in 2008.

Residential Development

EUR M	Revenue 2009	Revenue 2008	Operating income 2009	Operating income 2008	Operating margin, % 2009	Operating margin, % 2008	Capital employed 2009	Capital employed 2008	Return on capital employed, % 2009	Return on capital employed, % 2008
Sweden	**339**	333	**13.1**	22.7	**3.9**	6.8	**164**	134	**10.4**	20.9
Norway	**68**	97	**–3.1**	–3.0	**neg**	neg	**175**	137	**neg**	neg
Denmark	**24**	28	**–3.6**	–25.9	**neg**	neg	**52**	83	**neg**	neg
Finland and Estonia	**95**	90	**–1.3**	–29.5	**neg**	neg	**152**	145	**neg**	neg
Nordic countries	**525**	**548**	**5.1**	**–35.6**	**1.0**	**neg**	**543**	**499**	**1.3**	**neg**
Czech Republic and Slovakia	**85**	122	**9.1**	17.2	**10.7**	14.1	**84**	77	**10.8**	34.4
Total	**611**	670	**14.2**	–18.4	**2.3**	neg	**627**	576	**2.6**	neg

Number of unutilized building rights in Skanska

Market	Master plan	Local plan underway	Local plan approved	Building permit stage	Total building rights[1]	Other rights[2]
Sweden	3,600	2,900	2,400	1,400	10,300	5,300
Norway	100	200	2,500	100	2,900	900
Finland and Estonia	0	500	4,900	1,000	6,400	3,500
Denmark	0	0	600	0	600	0
Nordic countries	**3,700**	**3,600**	**10,400**	**2,500**	**20,200**	**9,700**
Czech Republic and Slovakia	300	600	1,400	800	3,100	300
Total	**4,000**	**4,200**	**11,800**	**3,300**	**23,300**	**10,000**

1 Including building rights in associated companies.
2 Entitlements to acquire building rights under certain conditions.

Residential Development, number of units

Market	Units started	Under construction	Pre-sold, %	Total units sold	Completed, unsold
Sweden	390	1,415	80	992	79
Norway	143	136	42	209	10
Finland and Estonia	28	263	79	770	185
Denmark	3	0	0	37	20
Nordic countries	**564**	**1,814**	**77**	**2,008**	**294**
Czech Republic and Slovakia	121	422	59	269	190
Total	**685**	**2,236**	**74**	**2,277**	**484**

Sustainable urban living

Lindhagensterrassen 3 housing cooperative association
Location: Stockholm, Sweden
Project developer: Skanska Residential Development Nordic
Contractor: Skanska Sweden

Solar panels on the roof and charging stations for electric cars in the garage. At Lindhagensterrassen, Skanska is taking a step toward greener living. One of Skanska's apartment buildings on Lindhagensterrassen, a street on the island of Kungsholmen at the edge of central Stockholm, has been equipped with smart energy solutions for small-scale production of renewable electricity. On the roof are solar panels that contribute to residents' energy supply, and in the garage the building's shared electric car can be charged. The solar panels cover 40 square meters (431 sq. ft.) and produce about 3,500 kWh per year. This electricity supplies the building's common areas such as the stairway and laundry room plus about ten charging stations. The electric car belongs to the building and can be used by apartment buyers via an electric car-sharing pool.

The Sustainable Urban Living project is a joint venture between Skanska and the power utility Fortum, aimed at developing an integrated concept for urban buildings with zero consumption or only low net use of energy.

Kristina Alvendal (Moderate Party), Stockholm's Vice Mayor for City Planning, inaugurated the Kungsholmen apartment building featuring the energy solutions of the future.

The current project is being carried out by the Lindhagensterrassen 3 cooperative housing association, which consists of three 16-story buildings with a total of 253 apartments. The installations are taking place in one building, but all residents will have access to electric cars and charging stations via a car-sharing pool.

The Lindhagensterrassen residential project has a number of other green qualities that contribute to Sustainable Urban Living. Residents' energy consumption is 20 percent below the Swedish standard, and a high degree of recycling further contributes to the environmental qualities of the project. A full 92 percent of construction waste products were recycled.

Commercial Development

Good leasing activity and divestments in a weak market

Commercial Development initiates, develops, leases and divests commercial property projects, with a focus on office buildings, shopping malls and logistics properties.

Ultra-modern premises for large companies

Just down the street from the White House

Fully leased – sold

In 2009 the commercial real estate market was dominated by the economic downturn, which led to rising vacancy rates, depressed rent levels and smaller property transaction volume.

Despite the market situation, Skanska Commercial Development succeeded in leasing 98,000 square meters (1.05 million sq. ft.) of space and in carrying out project divestments with a total value of EUR 0.3 billion. During 2009 Skanska began planning its first U.S. commercial development project in Washington, D.C. (see also page 42). The Group entered 2010 with low vacancy rates, well-consolidated projects and properties with a surplus value of about EUR 0.2 billion.

The police building in Toftanäs outside Malmö, Sweden, which was divested together with the detention center in Sollentuna near Stockholm, built and developed by Skanska Sweden, represented a breakthrough for a new type of transaction, with Skanska selling the property directly to the pension funds of Swedish companies. The buyer was a newly established consortium of pension funds belonging to seven major Swedish companies: Apoteksbolaget, Atlas Copco, Ericsson, Sandvik, Skanska, Stora Enso and Volvo.

Good leasing business but few new projects

Leasing activity, which reached record levels in 2008, decreased in 2009. Skanska nevertheless signed new leases for about 98,000 sq. m (1.05 million sq. ft.) of commercial space. The Group has laid the groundwork for good future leasing with its efforts of recent years to purchase land in good locations that is well suited for the development of modern, energy-efficient real estate projects. Because of the uncertainty about market trends that resulted from the international financial crisis, Skanska was very restrictive about starting new projects and thus did so only during the second half of the year. During 2009 the business stream invested a total of EUR 0.3 billion in projects and building rights.

Market value

At the end of 2009, the carrying amount of completed projects, ongoing projects and building rights totaled EUR 1.0 billion, with a market value of EUR 1.2 billion. The assessment of market value was made in cooperation with external appraisal expertise.

Positive signals, even during downturns

Even during a general economic downturn, new opportunities emerge. The task of land purchasing, leasing and divestments continues without interruption. Skanska's financial strength enables it to act independently in making investments, which is an advantage, especially in times of financial instability. Risk management and monitoring of risk levels also take place continuously.

Among other positive signals is growing interest in environmentally and energy-efficient office buildings. Skanska enjoys a strong position in the development of green commercial space, with a long series of completed

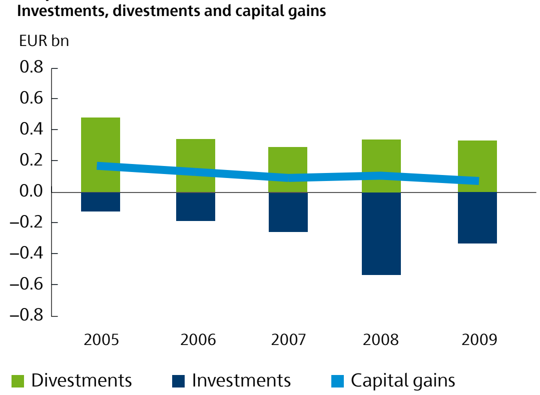
Citykajen, an office building in the Universitetsholmen district of Malmö, Sweden, has about 14,200 sq. m (153,000 sq. ft.) of space and is nearly full leased to the Swedish Rail Administration and PriceWaterhouseCoopers.

While still under construction, Citykajen was sold to Aberdeen Property Nordic Fund. During 2009 Skanska also began construction of Bassängkajen, an office building that will be one of the first properties in Malmö to be certified according to the Leadership in Energy and Environmental Design (LEED) system.

EUR M	2009	2008
Revenue	**390**	411
Operating income	**79**	99
of which gain from divestments of properties[1]	**75**	123
of which operating net, completed properties[2]	**26**	12
Investment obligations, projects started during the year	**77**	218
Investments	**–329**	–577
Divestments	**328**	371
Operating cash flow from business operations[3]	**79**	–242
Capital employed	**1,055**	1,055
Return on capital employed, %	**7.7**	10.6
Number of employees	**187**	176
1 Additional gain included in eliminations was	**8**	6

2 After selling and administrative expenses.
3 Before taxes, financial activities and dividends.

Properties
Investments, divestments and capital gains



Skanska enjoys a strong position in the development of green commercial space, with a long series of completed reference projects featuring well-documented good environmental qualities.

reference projects that feature well-documented good environmental qualities. In recent years, a number of the Group's projects have received EU GreenBuilding certification. Skanska is also requiring all new commercial properties developed for its own account in the Nordic countries and Central Europe to be certified according to the Leadership in Energy and Environmental Design (LEED) system. The Group is thus the first in the Nordic countries to introduce LEED. Both external construction projects and commercial projects for its own account can be certified as meeting LEED criteria, which Skanska has been working with in the U.S. for many years. A number of employees have been trained in the LEED system.

Responsible for the whole development cycle

In Commercial Development, Skanska takes overall responsibility for the whole project development cycle – land purchase, the planning and permitting process, preconstruction engineering, design, leasing, construction, property management and divestment.

Commercial Development is one of Skanska's investment operations. It creates value both by developing new projects and by upgrading and improving completed properties. It also generates building assignments for the Group's construction units.

Decades of good divestments

During the past ten years, Skanska's development of commercial projects has generated yearly capital gains averaging about EUR 0.1 billion. Value creation – the difference between accrued development gains and the cost of the internal organization – during the past decade amounted to about EUR 42.4 M yearly.

The strategic focus on core business that began in 2002 implies that Skanska primarily concentrates its property operations on developing, leasing and divesting new projects. Skanska aims at a high turnover rate for completed projects. In recent years, major divestments have continuously taken place. Today Skanska's portfolio thus largely includes modern green properties. During 2009, operations concentrated on completing ongoing projects and working actively to ensure that its properties have a high occupancy level.

Selected markets

Skanska performs commercial project development in selected markets in the Nordic countries and Central Europe, and starting in 2009 also in the United States. This development work focuses on three types of products – office space, retail centers and logistics properties or distribution centers. Development work in the office space product segment focuses on Stockholm and Gothenburg (Sweden); the Öresund region (Malmö and Lund, Sweden/Copenhagen, Denmark); Helsinki (Finland); Warsaw and Wrocław (Poland); Prague and Ostrava (Czech Republic); Budapest (Hungary); and Washington, D.C., Boston and Houston (US). In the other product segments, Skanska operates in a broader geographic market in the above-mentioned home markets.

Local presence

A local presence in the various markets is necessary in order to identify both tenants and investors, the latter as future owners of projects. Operations take place in Skanska Commercial Development Nordic, Skanska Commercial Development Europe and Skanska Commercial Development USA. About 80 percent of capital employed is attributable to project development in the Nordic countries and 20 percent in Central Europe.

The allocation between product segments varies with economic cycles and demand for each type of product.

Tenants and investors – two customer categories

Commercial property operations target two different customer categories with the same product. The primary customer is the tenant, who has many expectations and requirements regarding the premises. The second customer is the investor, who buys the property in order to own and manage it long-term, with a certain targeted return. This dual customer relationship means that the product, as well as the services that go with it, must be adapted to be attractive to both customer categories. In some cases, the tenant is also the buyer of the property.

Focus on value creation

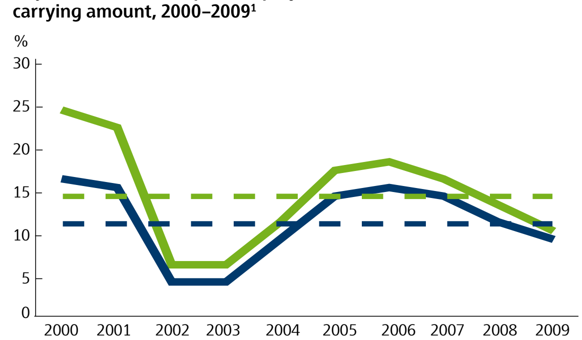
Skanska starts new projects at the pace the market situation allows and when the risk-return ratio is deemed to fulfill the requirements established for these operations. Commercial property development is a continuous process; the developer has full responsibility in all phases.

Land and building rights are the basis for commercial development operations. A supply of land suitable for development is essential for a continued flow of projects. Due to lengthy planning and permitting processes, ample lead time is required to ensure the supply of building rights (a "land bank"). The average development cycle – from planning to divestment of the fully developed project – is 18 to 36 months. In order to reduce tied-up capital and enable the development of new projects, a rapid pace of sales is sought.

Increasing value

The value of land and building rights varies with demand, i.e. leasing trends and the returns demanded by property investors. Land value also increases as permitting risks diminish. A major step in value enhancement occurs when a parcel of undeveloped land is transformed into a building right. The process leading up to an approved commercial development plan may take several years. Skanska plays a proactive role, working closely with local government bodies in planning processes for land use, zoning and commercial development.

Adjusted return on capital employed at market value and carrying amount, 2000–2009[1]



Return on capital employed, market value
Return on capital employed, carrying amount
Average return on capital employed, market value
Average return on capital employed, carrying amount

1 Including operating net, accrued unrealized development gains as well as changes in market value.

Large-scale leasing sharply increases the value of the project. Leasing activity begins at an early stage. In many cases, long-term leases are signed with major tenants as early as the planning stage or within a short time after construction begins. By the completion date, the goal is to have leased most premises. Value increases further when the building right is turned into a completed project that generates rental income.

Close collaboration

To ensure that the development process results in appropriate and efficient commercial space, Skanska collaborates closely in its design and planning work with tenants and potential buyers. Carrying out commercial development successfully on a long-term basis is also facilitated by a limited portfolio of completed projects. Managing these properties provides daily contact with the leasing market. This, in turn, offers insights about changes in customer preferences and also generates new projects. Owning a portfolio of completed properties also lends flexibility to the divestment process, because it enables Skanska to time the divestment of these properties based on market conditions.

Risk management

There are risks in all stages of operations. Such external factors as interest rates, customers' commercial space needs and the yield requirements and willingness of investors to buy commercial properties are of crucial importance to all decisions in the process. By means of frequent customer contacts, Skanska tracks the space requirements of customers continuously. The occupancy level in completed projects and the pre-leasing level in ongoing projects are carefully monitored.

Capital at risk

Risks are limited because the business stream has an established ceiling on capital exposure in projects that have not been pre-leased. Capital at risk is measured as the sum of the carrying amount in completed projects and estimated completion cost for ongoing projects, multiplied by the economic vacancy rate for each respective project. Capital at risk is limited to a maximum amount approved by the Board of Directors.

Energy-efficient solutions

The built environment is estimated to account for more than 40 percent of carbon dioxide emissions in the EU. Skanska's sustainability efforts are positive for our climate and lead to added value for both users and investors. For some years, Skanska has worked to develop energy-efficient solutions. By using such techniques as improved insulation and heat recycling, Skanska can lower energy consumption by 20–30 percent in renovation projects and by at least 30 percent in new construction, compared to Nordic standards. Through its green initiative, the Group is undertaking efforts to make its products even more competitive from an environmental standpoint.

Green premises

Interest in green and energy-efficient commercial premises is continuously increasing, and Skanska is a leader in developing them. For the past several years, Skanska's newly developed projects have demonstrated reductions in energy usage. All new properties in the Nordic countries developed for Skanska's own account will be certified according to LEED, an international environmental classification system. The Gårda project in Gothenburg and Nereus in Malmö, Sweden are examples of projects expected to achieve the highest level, LEED Platinum.

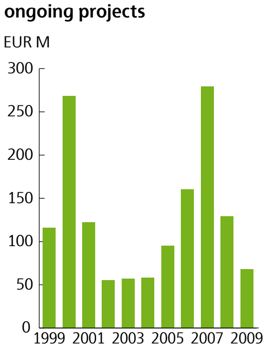
Skanska has qualified as an EU GreenBuilding Corporate Partner at Group level. This means at least 75 percent of the new buildings that it develops will meet EU GreenBuilding requirements. The standard for achieving the EU's GreenBuilding classification is 25 percent less energy use and climate impact than the standard for new properties established by national planning agencies.

During 2009 Skanska completed its first commercial project in Finland, which is leased to the shipping company Aspo and the Finnish tax authority. The Helsinki project was the first building in the Nordic countries to be LEED-certified. It is also approved according to the EU GreenBuilding classification.

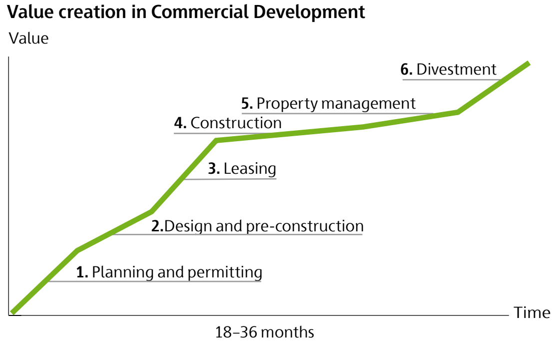
Skanska is continuing to develop and construct new office space for major companies at Lindhagensterrassen in Stockholm. The Skandia insurance company's ultramodern new premises are specially designed for its operational needs. The office building has 30,000 sq. m (323,000 sq. ft.) of space. Skanska's investment totaled about EUR 80.0 M. Skandia has leased the entire building.

The western part of the isle of Kungsholmen is one of Stockholm's most expansive districts. Skanska has also developed office space here for such companies as Stockholm Public Transport (SL), telecom operator 3 and appliance group Electrolux.

Capital at risk in ongoing projects



Value creation in Commercial Development

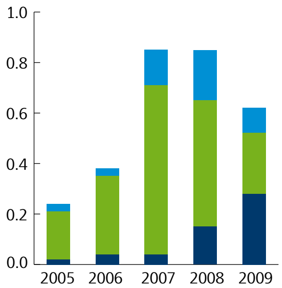


The development of commercial projects is a continuous process with several clearly defined phases – planning and permitting, design and pre-construction engineering, leasing, construction, property management and divestment. The average development cycle is 18–36 months

Generating value, step by step

1. Macroeconomic and market analyses precede a land purchase, which is the foundation of the value-generating process. A major step in value enhancement occurs when undeveloped land is transformed into a building right.
2. Suitable premises are designed, in close collaboration with tenants and prospective buyers.
3. Successful leasing work is a precondition for breaking ground. Larger tenants are contracted at an early stage.
4. The project developer orders construction services, as a rule from Skanska's own construction units.
5. Active management and customer relations can add further value to the property.
6. New projects are developed with an eye to future divestment. Sometimes a project can be sold while still in the construction phase.

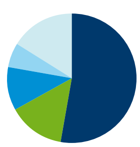
Volume of Commercial Development[1]



Projects sold
Ongoing projects
Completed projects

1 Refers to carrying amount of completed projects and projected book value of ongoing real estate projects upon completion.

Completed properties, carrying amount, January 1, 2010



Stockholm, 53%
Gothenburg, 14%
Malmö/Copenhagen, 11%
Finland, 6%
Europe, 16%

Markets

Nordic countries

Skanska Commercial Development Nordic initiates and develops real estate projects, mainly office, logistics and retail buildings. Office building development operations focus on the Stockholm, Gothenburg and Malmö regions of Sweden; the Copenhagen region of Denmark; and Helsinki, Finland. The business unit also pursues the development of logistics and high-volume retail properties at strategic locations in Sweden, Denmark and Finland.

Good leasing activity in a weak market

Demand for commercial premises was relatively weak, but in spite of this the business unit managed to meet its "Outperform" targets for 2009. It signed new leases for 78,000 sq. m (840,000 sq. ft.) of space.

Investor interest was weak, and transaction market volume fell sharply in 2009. Skanska nevertheless succeeded in selling EUR 0.2 billion worth of properties during the year.

The Citykajen office building in Malmö was sold as an ongoing project to Aberdeen Property Investors. Completed in the autumn, it is almost fully leased.

The ongoing Magasinet 1 office building project on Sturegatan in central Sundbyberg, a Stockholm suburb, was sold to IVG Funds. The office space in the building is leased by the state utility Svenska Kraftnät.

The police building in Toftanäs outside Malmö was sold to a newly formed consortium of pension funds belonging to seven major Swedish companies: Apoteksbolaget, Atlas Copco, Ericsson, Sandvik, Skanska, Stora Enso and Volvo.

Skanska carried out a property transaction with the real estate company Platzer in which Skanska sold two parking garages and an office building in Gothenburg, meanwhile acquiring four strategic building rights.

In Copenhagen, Denmark, Skanska began two projects. One is Nordhuset, an office building in the Scanport area near Copenhagen Airport that will include about 5,000 sq. m (54,000 sq. ft.) of space, about half of it leased to Estella Pharma. Skanska also began a smaller office project on Tobaksvejen, Gladsaxe.

In Helsinki, the capital of Finland, Skanska started its second office building project, Ruskeasou.

In Malmö, Skanska began the first phase of Bassängkajen, an office building project at Universitetsholmen in Malmö. The project is partly leased to Malmö University. At the Svågertorp shopping center outside Malmö, another phase began.

In Nybro, Sweden, early in 2010 Skanska is starting to build an 18,500 sq. m (199,000 sq. ft.) logistics facility for wooden floor manufacturer Kährs, which has signed a 15-year lease.

During 2009, Skanska Commercial Development Nordic had a total of 25 ongoing projects. Four of them were sold in 2009, while five were sold earlier. Seven projects for Skanska's own account were completed in 2009, while nine are continuing as ongoing projects in 2010.

The outlook for 2010 is cautious, with continued increases in vacancy rates and depressed rent levels, but the return requirements of property investors have stabilized. Investors are expected to be mainly interested in purchasing modern green properties in good locations with creditworthy tenants.

All of Skanska's new office properties are designed to be certified according to LEED, an international environmental classification system.

Europe

Skanska Commercial Development Europe initiates and develops real estate projects, with a focus on office and logistics buildings. Its operations are concentrated in major cities in Poland, the Czech Republic and Hungary.

The business unit partly achieved its "Outperform" targets for 2009. Generally speaking, 2009 was a relatively weak year in Skanska's Central European markets. There was declining interest in both the leasing and investor markets. Activity was lower due to turmoil in the international financial market. Most tenants are hesitant about signing new leases, and investor interest has fallen substantially. During the year, the business unit signed new leases for a total of 20,000 sq. m (215,000 sq. ft.).

Poland – strongest in Central Europe

Poland has not been as severely affected as other Skanska home markets by the global economic downturn. It remains the only country in Europe with stable growth, but both the leasing market and the investor market have weakened. Most tenants are hesitant to sign new leases, and activity in the investor market has decreased as a result of instability in the international financial market.

In Warsaw, however, Skanska sold the fully leased Marynarska Point office building to the investment fund

Commercial Development – Ongoing projects

	Type of project	City	Leasable area 000 sq.m	Completion year	Economic occupancy rate, %
Nordic					
Norra Bantorget	Office	Stockholm	14	2010	89
Bylingen	Office	Stockholm	16	2010	100
Tallen	Logistics	Nybro	18	2010	100
Svågetorp	Retail	Malmö	5	2011	100
Nereus, Bassängkajen	Office	Malmö	10	2011	49
Tobaksvej	Office	Copenhagen	4	2010	100
Scanport, Nordhuset	Office	Copenhagen	5	2010	46
Ruskeasou	Office	Helsinki	13	2011	100
Gårda	Office	Gothenburg	17	2010	54
Total			**102**		**82**

Commercial Development – Projects in 2009

	Commercial Development Nordic	Commercial Development Europe	Total
No. of projects started, 2009	**5**	**0**	**5**
Total investment, EUR M	77	0	77
Number of ongoing projects	**9**	**0**	**9**
Leasable space, 1,000 sq.m.	102	0	102
Economic occupancy rate, %	82	0	82
Ongoing projects sold	**4**	**0**	**4**
Leasable space, 1,000 sq.m	48	0	48

GLL. Divestment of Atrium City Warsaw, agreed in 2008, was carried out in 2009 when the project was completed and final settlement was reached.

The largest single leasing transaction occurred at Grunwaldzki Center, Wrocław, where Hewlett Packard is leasing 4,500 sq. m (48,400 sq. ft.). Skanska is planning office building projects in Wrocław for start-up in 2010.

Czech Republic – deteriorating market

The Czech economy deteriorated significantly during 2009. The downturn was also amplified by a lengthy government crisis. Activity has thus been low in both the leasing and investment market. The largest single leasing transaction was at the Nordica office project in Ostrava, where the Okin Group has signed up for 4,700 sq. m (50,500 sq. ft.) of space. Nordica, the first EU Green-Building-certified office building in the Czech Republic, has been well publicized because of its green profile.

Hungary

The Hungarian economy remains relatively weak, and new projects are not being started until leases are signed with anchor tenants.

The Nordica office building in Ostrava, Czech Republic, won the Czech Energy and Ecological Project award. It was also the country's first office building to be EU GreenBuilding certified. About half of its space has been leased to the Czech facilities management firm Okin Group.

Commercial Development – Results

	Revenue		Operating income		Of which gain from divestments of properties		Capital employed		Return on capital employed, %[1]	
EUR M	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Nordic	**258**	297	**55.4**	72.3	**45**	77	**841**	732	**10.9**	13.3
Europe	**133**	114	**27.0**	26.7	**31**	45	**204**	322	**6.9**	10.7
US	**0**	0	**–3.7**	0	**0**	0	**10**	0	**neg.**	0.

1 Calculated in accordance with the definition of financial targets.

Commercial Development – Carrying amounts and market values

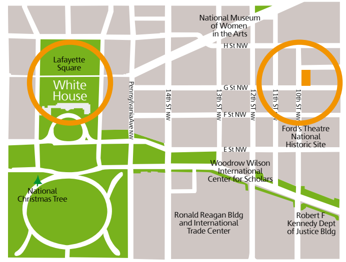
EUR bn	Carrying amount, Dec 31. 2009	Carrying amount upon completion	Market value, Dec 31. 2009	Surplus value	Leasable space, 000 sq m	Economic occupancy level, %	Operating net, EUR M	Yield on carrying amount, %	Yield on market value, %	Projected rental value fully leased, EUR M	Average lease, years
Completed projects	290	290	389	99	262	91	23.4[3]	8.3	6.2	39.3[5]	5.3
Completed projects in 2009	281	281	342	61	159	91	23.4[4]	8.6	7.1	26.9[5]	10.6
Ongoing projects	146	236	167[2]	21	102	82	15.6[4]	6.8	5.8	18.3[6]	9.5
Totalt	**717**	**807**	**898**	**181**	**523**		**62.5**				
Development properties[1]	265	265	292	28							
Total	**981**	**1,072**	**1,190**	**209**							

1 "Development properties" refers to land with building rights for commercial use, totaling about 1,163,000 sq.m. (12.55 million sq.ft.).
2 Internal appraisal on each respective completion date. Accrued market value at year-end totaled EUR 279 M.
3 Estimated operating net before corporate and business area overhead in 2009 on annual basis assuming current occupancy rate.
4 Estimated operating net before corporate and business area overhead fully leased in year 1 when the properties are completed.
5 Total of contracted rents and estimated rent for unoccupied space.
6 Estimated rental value fully leased in year 1 when the property is completed.

Just down the street from the White House

733 10th Street office project
Location: Washington, D.C., U.S.A
Area: About 16,000 sq. m (172,222 sq. ft.)
Project Developer: Skanska Commercial Development USA
Contractor: Skanska USA Building
Investment: About USD 85 M (EUR 56 M)

Commercial development in the U.S. – selected cities in future-oriented markets



Note the address: 733 10th Street in downtown Washington, D.C., the site of Skanska's first commercial development project in the United States. This office building will enjoy an outstanding location, only five blocks from the White House.

Skanska is expanding the operations of its Commercial Development business stream to selected U.S. cities and is now starting an office building project that will be completed in 2011.

The building, with several stores on the ground floor, is intended to meet the highest standards of design, amenities and sustainability. The project will be LEED-certified, with the aim of achieving at least LEED Gold status.

The investment is taking place under the aegis of the newly established Skanska Commercial Development USA business unit, which will initiate, develop, lease and divest commercial premises in the same way as the corresponding Nordic and Europe business units. The idea is to take advantage of synergies between Skanska's core businesses and the financial strength of the Group.

In addition to Washington, D.C., Skanska Commercial Development USA will focus on project opportunities in Boston, Massachusetts, and Houston, Texas.

Fully leased – sold

Marynarska Point office building
Location: Warsaw, Poland
Area: About 26,000 sq. m (280,000 sq. ft.)
Project developer: Skanska Commercial Development Europe
Contractor: Skanska Poland
Sale price: EUR 69.7 M, with a capital gain of EUR 4.7 M.

The number of commercial real estate transactions decreased significantly during 2009. This was also true of Skanska, but it is one of the few project developers that sells properties even during economic downturns. Marynarska Point in Warsaw, Poland is one example.

The explanation may be sought in Skanska's strong brand. The properties Skanska has developed are modern, flexible premises with an environmental profile in good locations. One indication of the quality Skanska delivers is that the Construction & Investment Journal named Skanska its project developer of the year in Poland.

Skanska is showing the way for green and energy-efficient projects in Poland. Marynarska Point is Poland's second building to earn EU GreenBuilding certification. Its energy needs are 31 percent below what is stipulated in the Polish national standard. One way tenants are encouraged to contribute to a better environment is by choosing the building's Skanska bicycles for short errands. Poland's first EU GreenBuilding was also constructed by Skanska – Atrium City on Jana Pawla II Avenue in Warsaw. Skanska will continue on its green path and is now also applying to become an EU GreenBuilding Corporate Partner, which means that at least 75 percent of the new buildings it develops meet EU GreenBuilding standards.

New area

Marynarska Point differs from other Warsaw projects by not being located on the "Skanska street," Jana Pawla II Avenue, but in a new development area midway between the city centre and the international airport.

It consists of two 11-story towers containing a total of some 26,000 sq. m (280,000 sq. ft.) of leasable space. Completed in 2008, the buildings are fully leased. Among the tenants are Generali, DnB Nord, ACNielsen and ILF.

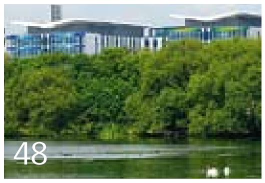
The Marynarska Point property in Warsaw was sold for EUR 69.7 M to the Luxembourg-based investment fund Investec GLL Special Global Opportunities Real Estate Fund FCP. The capital gain was about EUR 4.7 M.

Skanska will now pursue future project opportunities, for example in Wrocław, where new office building projects are being planned for start-up in 2010. Leasing activity is underway for Grunwaldzki Center in Wrocław.

Infrastructure Development

Hospitals, schools and two new highway projects

Infrastructure Development develops, manages and divests privately financed infrastructure projects such as highways, hospitals, schools and power generating plants.



Europe's largest geothermal lake loop in Nottinghamshire, U.K.

Phase II of the A1 expressway, Poland

Widening London's vital M25 orbital motorway

In public-private partnership (PPP) projects, during 2009 Skanska reached financial close on two highway projects and on one project related to upgrading of a street lighting network. The latter is a new PPP segment for the Group. At year-end Skanska thus had 15 PPP projects in operation or under construction.

Despite the difficult international economic situation, Skanska Infrastructure Development can report several achievements during the year. In 2009, Skanska reached financial close on the second phase of the A1 expressway project in Poland and on the widening of London's M25 orbital motorway in the United Kingdom. Skanska was selected as preferred bidder and reached financial close on the modernization of street lighting in Surrey, southeast of London. This is a new PPP (in the U.K.: Private Finance Initiative, PFI) product segment for Skanska. During the year, Skanska also submitted a bid for the new Karolinska Solna University Hospital, which may signify a breakthrough for public-private partnerships in Sweden. The process of completely or partially divesting the PPP highway project Autopista Central in Santiago, Chile began late in 2009.

During 2009 the estimated unrealized development gain in Skanska's Infrastructure Development project portfolio increased by EUR 0.3 billion to EUR 0.9 (0.6) billion. The change in unrealized development gain was primarily due to investments in new projects, currency rates and time value effects.

New segments now opening in the U.K. include waste incineration facilities used for energy production and the maintenance of street lighting systems, in which Skanska is now pursuing a number of potential projects.

Skanska is also working on several school projects within the U.K.'s large-scale school modernization program, Building Schools for the Future (BSF).

In the United States and Latin America, Skanska is pursuing potential new projects, mainly highways, and these efforts led to results early in 2010.

Public-private partnerships

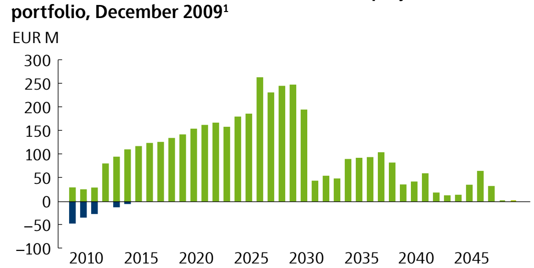
Public-private partnerships mean that private market players provide facilities and buildings to public agencies. This often implies a number of macroeconomic advantages for customers, taxpayers, users and builders. The model makes more room for investments in public facilities by spreading the cost of large public works investments over longer periods. It lowers life-cycle costs and also increases the benefit to users because the service or facility becomes available earlier than would be the case with traditional procurement and financing.

Public-private partnership projects create value-added for Skanska by generating large construction assignments, as well as potential capital gains from divestment of completed projects and cash flows during the long-term operation phase. In addition to construction assignments, in many cases Skanska is also responsible for long-term service and maintenance contracts. Skanska Infrastructure Development (Skanska ID) thus creates assets characterized by reliable cash flows lasting many years, once the operation phase begins.

EUR M	2009	2008
Revenue	**14**	6
Operating income	**–11**	41
Investments	**–42**	–41
Divestments	**13**	133
Operating cash flow from business operations[1]	**–26**	78
Capital employed	**180**	166
Gross present value, project portfolio	**1,120**	764
Return on capital employed, %[2]	**65.0**	16.2
Employees	**128**	133

1 Before taxes, financing operations and dividends.
2 Calculated in accordance with the definition of financial targets.

Estimated annual cash flow in Skanska ID's project portfolio, December 2009[1]



Inflow: EUR 4,047 M (interest, dividends and repayments)
Outflow: EUR –124 M (contracted future investments)

1 Cash flows have been translated into EUR at the exchange rates prevailing on December 31, 2009.

The new University Hospital in Coventry, U.K. opened in 2007. With 1,100 beds and 5,500 employees, the hospital treats about half a million patients a year and delivers more than 5,000 babies.

The development process

In public-private partnership projects, Skanska is involved in the entire development chain from design and financing to construction, operation and management. By assuming an overall responsibility, Skanska optimizes both construction and operating costs. Skanska-led consortia are awarded these projects not only because of price but also on the basis of how well the product they offer meets the needs of the customer today and in the future.

During the entire development process, which is led by Skanska, the customer, owners and construction companies (Skanska and its partners) and suppliers of operating and maintenance services are integrated into the task from the start, which reduces the overall project risks.

Risk management – generating value-added

The investment, which is Skanska Infrastructure Development's part of the value chain, must meet ordinary commercial financial return targets. In order to create commercially attractive long-term assets, Skanska must efficiently manage risks and opportunities during the development process, that is, before and after financial close. Substantial value-added is generated during this process.

Thorough selection process

The selection process is crucial to Skanska. First and foremost, projects must be in product segments and markets where Skanska has proficiency and experience. The investment must also meet the yield requirements (or return targets) that Skanska has established. Skanska performs a thorough examination of risks and opportunities, in close collaboration with the Group's construction units. Since public-private partnership projects largely undergo final planning during the bidding phase, tender-related costs are substantially higher than for traditionally procured construction contracts. The bidding period is usually also longer. By means of a very thorough internal selection process, Skanska focuses on a limited number of projects, thereby holding down the costs.

Together with one or more suitable partners, Skanska usually forms a bidding consortium. In collaboration with the bidding consortium, Skanska's local construction units and any other partners, Skanska develops a bid. After the consortium has been selected as the preferred bidder, final negotiations with the customer and potential financiers begin. Only when financial close has been achieved are assignments included in the order bookings of the construction unit and in Skanska's portfolio of infrastructure development assets.

Integrated model

As a rule, Skanska's local construction company carries out most of the construction project as a design-build contract with a fixed price and completion date. If risks are properly managed, there is potential for higher margins in these contracts than is the case in traditionally procured projects. This is primarily because Skanska is involved in the entire process and can thus influence planning and design from the very beginning. The local construction company is often also contracted to operate and maintain the completed facility.

Phases in the development process

Terminology	Meaning	Financial implications for Skanska	Market appraisal
Bidder	Tries actively to be awarded the project.	Costs are recognized continuously in the income statement.	No
Preferred bidder	A consortium is selected and pursues final negotiations to sign a contract with exclusive rights.	The project is highly likely to be implemented. Bidding costs are capitalized from this date onward.	No
Financial close	All contracts are signed. Debt funding is raised, often in the form of a syndicated bank loan or bonds. The first disbursement is made to the project company.	Construction and service contracts are reported among order bookings. Upon appraisal, an initial risk premium is added to Skanska's discount rate.	Yes
Completion of construction phase	Construction is completed, entirely or partly (in stages), and the asset is in operation.	The initial operating phase has begun. The initial risk premium has gradually been reduced, but a certain risk premium is retained through the ramp-up phase.	Yes
Ramp-up	The initial operating phase. The duration varies, depending on the type of project and payment.	The ramp-up risk premium is gradually reduced.	Yes
Steady state	The project is in full operation and has achieved long-term revenue and cost levels.	The long-term discount rate is applied.	Yes

Appraisal methodology

Category	Steady state methodology	Steady-state discount rate, %	Risk premium during development phase	ID projects
U.K. hospitals, availability	Secondary market yields where a deep market exists.	8.5	Add 1-2 percent during construction/ramp-up and reduce this premium from FC on a linear basis until steady state is reached. Barts hospital includes a 2 percentage premium due to the unusually long remaining ramp-up until the asset is in full operation.	Barts, Coventry, Derby, Mansfield and Walsall
Other U.K. projects, availability	As above.	8.5	As above	Bexley, Bristol, Midlothian, M25 och Surrey Street Lighting
Other European projects, availability	As above.	8.5	As above. The A1 project has a higher base rate due to some traffic risk. During the ramp-up phase, there is a 2 percentage point risk premium due to volume risk.	A1, E18, E39 and Nelostie
Highways, market risk	Based on cost of long-term government bonds plus risk premium. Test against listed companies with expressway holdings and previous divestments	11.7	Add 3-4 percent during construction/ramp-up and reduce this premium from FC on a linear basis until steady state is reached.	Autopista Central

The greatest risk from an investor perspective is that the asset cannot go into service on schedule and that quality standards are not met, but this risk is regarded as lower when Skanska is responsible for the construction assignment than when an external contractor is responsible for it.

Once the construction phase ends, the ramp-up phase begins, that is, the time it takes for the project to achieve the expected utilization levels and degrees of functionality. Its length varies depending on the type of project and its size. In addition, Skanska has operating and maintenance obligations.

Two different compensation models

The project company, in which Skanska is a part owner, receives compensation mainly according to one of two different models.

The availability model

In the availability model, compensation is based on providing a given amenity and agreed services at a predetermined price. Compensation, which is adjusted for inflation, is payable regardless of the extent to which the facility is utilized. The project company is exclusively responsible for keeping the services and facilities available, functioning smoothly and up to the agreed standard. Shortcomings may result in deductions from payments. Because the customer in availability project models is usually a national or local government, the project company's credit and payment risk is low. In this model, an overwhelming proportion of Skanska's investment consists of subordinated shareholder loans. The availability model is more common in Skanska's project portfolio and is the most prevalent model in Europe.

The market risk model

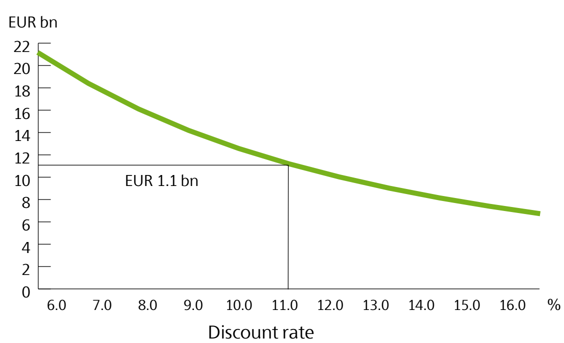
In the market risk model, compensation is based entirely on the volume of utilization and the fees paid by end-users, for example tolls collected from motorists on a stretch of road. In this case, the project company's credit and payment risks are higher, while it also has major potential for increasing the return on its investment by means of more efficient operation and higher utilization. In the market risk model, Skanska's investment consists largely of share capital. Payment streams thus consist mainly of dividends, which are determined by the profitability of the facility. The market risk model is more common in the U.S. and Latin America.

Financing of projects

The financing of a project or project company is allocated between Skanska and its partner(s), which invest in the project company in the form of equity and subordinated shareholder loans. The rest of the financing – which in availability model projects may total more than 90 percent and in market risk model projects 60–70 percent of project cost – consists of bank or bond loans.

Cash flows from the project company to Skanska consist of interest and principal repayments on subordinated loans issued by Skanska, dividends from project company profits and, finally, repayment of share capital. In today's project portfolio, Skanska's ownership stake in project companies does not exceed 50 percent. Skanska thus does not exercise dominant ownership control.

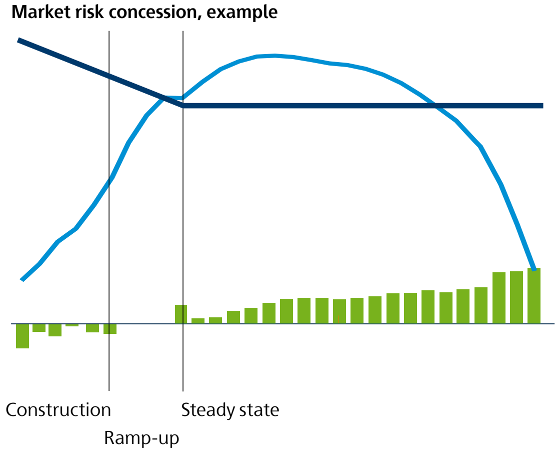
Gross present value of cash flow from projects – sensitivity analysis



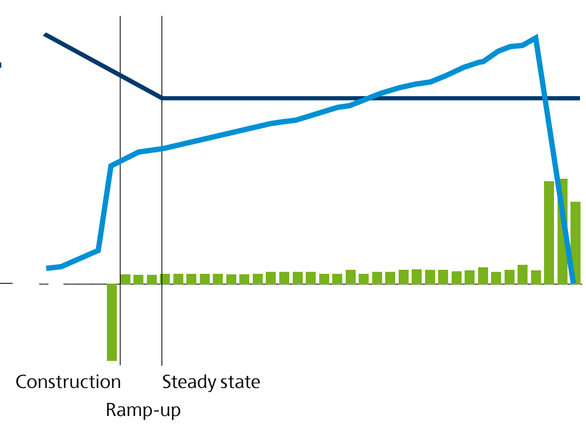
Sensitivity analysis, gross present value EUR 1,120 M

EUR M	Change	
Discount rate (–/+ 1 percentage point)	135.9	–116.5
Autopista cash flow (+/–10%)	76.5	–76.8

Market risk concession, example



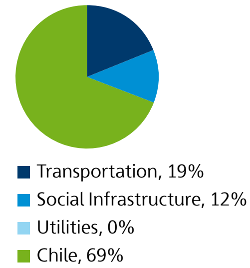
Availability project, example



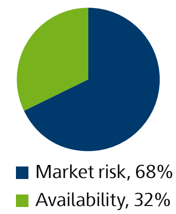
■ Discount rate, % ■ Net Present Value ■ Cash Flow value, annually

Estimated gross present value by

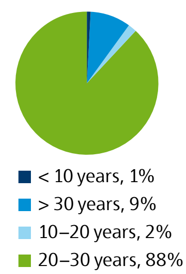
Category



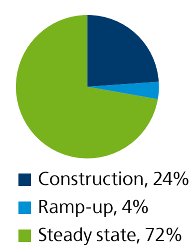
Payment type



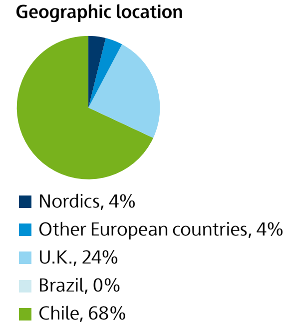
Remaining concession



Phase



Geographic location



Appraisal methodology

Skanska conducts an annual internal market appraisal of its portfolio. Estimated future cash flows are discounted at an interest rate equivalent to a yield requirement on equity. The level of this requirement is based on country risk, risk model and project phase for the various projects.

The yield requirement is also set on the basis of completed transactions involving comparable assets. The yield requirement selected is applied to all future cash flows starting on the appraisal date from an owner perspective. This means that cash flow is based on current borrowing for the project and its trend over time and that the project company pays taxes on its profits and observes the limitations usually imposed on dividends to shareholders. Dividends in the EU and the Nordic countries are generally not taxed, whereas there may be taxation by countries in Latin America.

The most recently updated financial model is used as a base. This financial model, which describes all cash flows in the project, has been examined and approved by banks, credit insurance companies and rating companies. Data for the financial model is updated at least once a year.

A market value is assigned only to projects that have achieved financial close. The appraisal is performed from Skanska's perspective. In other words, all flows to and from the project company are appraised.

Differences in the appraisal over time are due to changes in estimated future cash flow, in time value (the closer the cash flow is in time, the larger its value) and changes in the yield requirement applied. Since all investments are denominated in currencies other than SEK, there is a currency translation effect in the change in market values.

The 2009 appraisal

At year-end 2009, the estimated gross present value of cash flows from projects totaled EUR 1.1 (0.8) billion. Estimated unrealized development gains in Skanska increased during 2009 by EUR 0.3 billion and thus amounted to EUR 0.9 (0.6) billion. The change in unrealized development gains was primarily due to investments in new projects, currency rates and time value effects. In the same way as other projects in the portfolio are treated, the tax effect was completely excluded. The weighted discount rate used in the appraisal was 11.0 (12.3) percent. Positive currency translation effects increased unrealized development gains by EUR 115 M. In the consolidated accounts, elimination of intra-Group profits totaled EUR 30 (20) M.

The appraisal carried out at the end of 2009 encompassed an update of financial models and a review of the yield requirements applied. The assessment of market value was made in cooperation with external appraisal expertise.

Kings Mill Hospital in Nottinghamshire, U.K. is both heated and cooled by nature. Europe's largest geothermal lake loop uses heat exchangers at the bottom of an adjacent reservoir to produce 5.4 MW of cooling and air conditioning per year for the hospital. In winter, the system supplies 21 percent of heating needs, reducing both costs and greenhouse gas emissions. Kings Mill, which earned Skanska's internal environmental prize, was developed for Sherwood Forest Hospitals NHS Foundation Trust.

The project portfolio in the Skanska Infrastructure business stream includes estimated surplus values of about EUR 0.9 billion.

Earnings

Revenue in Skanska Infrastructure comes mainly from Skanska's share of income in the companies that own assets in project portfolios and from divestments of these companies. Expenses consist mainly of bidding costs and the cost of Skanska's own employees. During 2009 an impairment loss of EUR 6.5 M was also recognized for a power station project in Brazil.

Starting with 2010, Skanska will apply IFRIC 12, which means that earnings in project companies will be accounted for in relation to value creation. This will represent a larger withdrawal of earnings at an earlier stage than Skanska has applied to date.

Markets

Operations focus on three segments – highways, social infrastructure and other facilities. Skanska is involved in the entire value chain from project design to operation and maintenance, which implies a gradual reduction in the risk level of projects. Its business model is based on investing in projects that increase in value upon being completed, thereby enabling Skanska to sell them to investors that have lower return requirements.

At year-end 2009, the project portfolio consisted of a total of 15 projects in Europe and Latin America. The unrealized development gain in the project portfolio was EUR 0.82 billion. In addition, there were previous elimi-

Valuation in 2009 by category, EUR M

Category	Gross present value, Dec 2009	Discount rate, 2009, %	NPV, remaining investments[1]	Carrying amount, Dec 2009[2]	Unrealized development gain, 2009
Highways	216	10.12	52	32	132
Autopista Central toll highway, Chile	767	11.65	0	126	641
Social infrastructure	133	9.14	46	41	46
Other facilities (utilities)	4	9.50	3	0	1
Total	**1,120**	**11.0**	**101**	**199**	**821**
Accumulated development gain, 2008					531
Change, 2009					290

1 Nominal value EUR 134 M.
2 Invested capital, accumulated carrying amount of shares recognized in project company income equivalent to Skanska's stake.
3 Eliminations in the consolidated accounts reduced the carrying amount, thereby increasing accumulated development gain by EUR 30 M to EUR 850 M.

Definitions, appraisal model

Gross present value	The discounted present value of all flows from the project to Skanska.
Present value of remaining investments	The discounted present value of remaining investment commitments in ongoing projects. This is discounted at the same discount rate as the project.
Net present value (NPV)	The discounted present value of all flows to/from the project. The same as the sum of present value of cash flow from projects minus present value of remaining investments.
Unrealized development gain	Net present value minus carrying amount of projects.
Change in unrealized development gain	Annual change in unrealized development gain.

Project portfolio, EUR M

Category	Type	Country	Payment type	Phase	Concession ends	Ownership, %	Year of operation/ full operation	Invested capital, Dec 31, 2009	Total commitment
Transportation									
A1 (Phase I and II)	Highway	Poland	Availability	Construction	2039	30	2007/2012	14	23
Autopista	Highway	Chile	Market risk	Steady state	2031	50	2004/2006	120	120
E18	Highway	Finland	Availability	Ramp-up	2029	41	2010	9	9
E39	Highway	Norway	Availability	Steady state	2030	50	2005	7	7
M25	Highway	U.K.	Availability	Construction	2039	40	2012	30	89
Nelostie	Highway	Finland	Availability	Steady state	2012	50	1998/1999	3	3
Social Infrastructure									
Barts	Hospital	U.K.	Availability	Construction	2048	37.5	2006/2016	8	45
Bexley	Schools	U.K.	Availability	Steady state	2030	50	2005	2	2
Bristol	Schools	U.K.	Availability	Ramp-up	2034	50	2007/2008	5	5
Coventry	Hospital	U.K.	Availability	Steady state	2042	25	2005/2007	9	9
Derby	Hospital	U.K.	Availability	Ramp-up	2043	25	2006/2008	11	11
Mansfield	Hospital	U.K.	Availability	Construction	2043	50	2006/2011	4	21
Midlothian	Schools	U.K.	Availability	Steady state	2037	50	2007/2008	2	2
Walsall	Hospital	U.K.	Availability	Construction	2041	50	2007/2010	0	9
Utilities									
Breitener Energética[1]	Power plant	Brazil	Availability						
Surrey	Street lighting	U.K.	Availability	Construction	2035	50	2015	0	5
Total, Skanska								**224**	**358**
Accumulated share of earnings in J/V								–25	
Carrying amount, Skanska								**199**	

1 Skanska's stake in the Breitener Energética power plant, which has been recognized in its entirety as an impairment loss, was divested early in 2010.

nations of EUR 30 M, which means that unrealized gains in the consolidate financial statements totaled EUR 0.9 billion.

Highways

During 2009, Skanska began construction work on the second phase of the A1 expressway in Poland. Skanska's ownership stake is 30 percent. Meanwhile Skanska has 80 percent of the construction contract, which totals EUR 67.8 M. In the autumn of 2008, the first 90 km (56 mi.) phase was completed, which means that Skanska is responsible for a single stretch of highway totaling about 150 km (93 mi.).

Skanska also began the widening of the M25 orbital motorway around London. Skanska has a 40 percent ownership stake and has 50 percent of the construction assignment, which totals GBP 1 billion. A stretch of motorway about 60 km (37 mi.) long is being expanded to four lanes in each direction.

One clear signal of confidence in Skanska's PPP business is that financial close on these projects was achieved during the summer of 2009, when the global financial market was still plagued by instability.

Meanwhile a number of completed and operational projects are continuing to generate a revenue stream. These include the Autopista Central highway in Santiago, Chile; the E39 highway near Trondheim, Norway; and the new E18 highway between Turku and Helsinki, Finland.

Social infrastructure

In the United Kingdom, which is a leader in public-private partnerships, Skanska has hospitals and schools both in operation and under construction. The hospitals in Derby and Coventry are in operation. The hospital in Mansfield is partly in operation, while construction is under way on the Walsall hospital and at The Barts and The London Hospitals, a major two-hospital project in London. Three school projects, including one in Bristol consisting of several schools, have been placed in service.

Continued interest in PPP solutions

In the prevailing economic climate, with a general downturn in most markets, construction of infrastructure is a traditional employment-generating measure. There is heavy interest in public-private partnerships, but the situation in the financial market during the past year may possibly delay financing solutions. This is not jeopardizing the projects for which Skanska has been selected, but in some cases it will delay the start of construction. Construction contracts are not included in the order books of Skanska's construction units until the financial close.

Despite the financial crisis, Skanska was able to secure construction financing for the second phase of the A1 expressway in Poland. It is a public-private partnership project, which means that Skanska is both building and investing in it. The construction contract is worth about EUR 570 M and the investment is EUR 14 M, equivalent to a 30 percent stake in the project company, Gdańsk Transport Company (GTC). Phase II will be a 62 km (39 mi.) four-lane expressway. The recently completed Phase I is 90 km (56 mi.) long. GTC is responsible for operating and maintaining both phases until 2039.

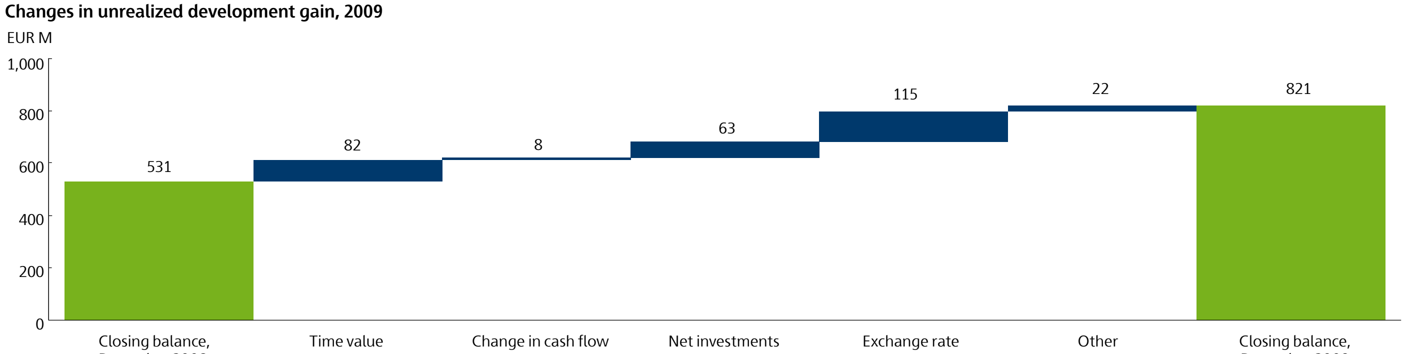
One clear sign that PPP solutions are gaining ground in Sweden is the development of the new Karolinska Hospital in Solna, near Stockholm, which will be carried out as a public-private partnership.

In the Czech Republic and Slovakia, too, PPP plans are beginning to coalesce. Skanska is currently marketing its services for a number of potential highway projects in these countries.

The U.K. remains the biggest market for PPP solutions. A continuous flow of new potential projects is expected, mainly for schools. Meanwhile the need for hospitals is slowing. New segments such as energy production in waste incineration plants and the operation of street lighting systems are expected to adopt PPP procurement solutions.

North America still has attractive expansion potential, but the market is continuing to develop slowly. Skanska is participating in the bidding process for two major bridge and tunnel projects. In South America there is a large potential market, but it is characterized by keen competition. Skanska prioritizes projects with reasonable returns and intends to build up a project portfolio that meets the Group's yield requirements.

Changes in unrealized development gain, 2009



Widening London's vital M25 orbital motorway

M25 orbital motorway
Location: London, United Kingdom
Project developer: Skanska Infrastructure Development (40 percent), Balfour Beatty (40 percent), Atkins (10 percent) and Egis (10 percent)
Investment: GBP 80 M (about EUR 90.8 M) during the construction period
Construction assignment: GBP 1 billion (about EUR 1.2 billion)
Contractors: Skanska UK and Balfour Beatty in a 50/50 consortium
Operation and maintenance: 30 years
Completion: 2012

Hundreds of thousands of people who live and work in Greater London spend more and more of their days on the M25 orbital motorway, which circles the edge of the metropolitan area. Traffic is increasing and average speed in decreasing. But the highway will be expanded in order to improve traffic flow in time for the 2012 London Olympic Games.

Skanska is currently expanding a portion of the orbital road from three to four lanes in each direction. A stretch some 60 km (37 mi.) long of the almost 190 km (118 mi.) motorway is being broadened. The project also includes complete refurbishment of the 1.2 km (0.75 mi.) long Hatfield Tunnel on the A1 access road.

Construction has begun in London
The M25 project is a public-private partnership. Skanska will invest GBP 80 M during the construction period. The design/build assignment, which totals about GBP 1 billion, is being performed by Skanska UK and Balfour Beatty in a 50/50 consortium, which will also be responsible for operating and maintaining the orbital motorway for 30 years.

Skanska was selected in the summer of 2008. This was followed by final negotiations with the British Highways Agency as well as suppliers and lenders. On May 20, 2009, all agreements were signed. That same evening, traffic re-routing began, in order to make room for excavating equipment.

Financial close was achieved even though it was the middle of the international financial crisis, indicating that there was great market confidence in Skanska as well as in the public-private partnership concept.

Recycling of materials
The construction of the M25 motorway is being carried out in the most environmentally sound way possible. For example, the new lanes are being constructed within the existing roadway. Large new parcels of land are thus not being added to the roadway.

Most existing structures are being preserved, and 1.9 million metric tons of materials such as sand, concrete and asphalt are being recycled.

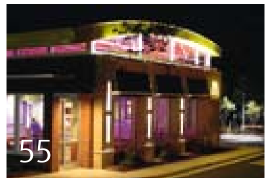
To minimize the risk of flooding and water damage, rainwater drainage systems and collection ponds are being built. Special steps are also being taken to protect wildlife along the motorway.

Skanska's sustainable development work in 2009

Thinking Deep Green

When the children in the 8th grade in Upplands Väsby north of Stockholm learn about environment issues,they use both Al Gore's film "An Inconvenient Truth" and Skanska's booklet about saving energy.

A school built from solid wood



Green McDonald's

New procedures yield results

Skanska's goal is to take the concept of green construction significantly further than is expected of today's construction companies.

In October an international policy workshop on the possibility of organizing a new Earth Summit in 2012 was held at Skanska's offices in the Empire State Building, New York City. Topics discussed included the green economy, future energy and climate change.

The event was run by Stakeholder Forum, a non-governmental organization that works to ensure that global policymaking on sustainable development is more transparent, participatory and inclusive of the people such decisions affect.

Delegates were able to see first-hand how Skanska's refurbishment of the 32nd floor of the building helped boost energy efficiency by 30 percent.

Felix Dodds, director of Stakeholder Forum said: "It was particularly appropriate to host the Earth Summit 2012 workshop in Skanska's offices. They are an excellent example of how, with forward-thinking and imagination, a sustainability policy can be put into practice. The UN General Assembly agreed to the new Earth Summit at their meeting in December 2009 and I believe the workshop helped that to happen."

Sustainable construction and development has great future potential. The countries of the world need to quickly gain control of climate change and find solutions that will help slow unfavorable trends. Green construction – including energy-efficient processes and products that lead to a reduction in greenhouse gas emissions – will be a decisive success factor. Working towards sustainable development is a sound business concept – for Skanska as well as for its customers and employees. Work site safety, along with business ethics, are other top priorities in all Skanska Group operations.

Visionary customers support green solutions

Green solutions can now be considered as part of the project selection and screening process. During 2009 Skanska took further important steps on its journey to Deep Green™ construction. Skanska's green solutions focus on constructing buildings and infrastructure that significantly reduce environmental harm and depletion of the earth's resources. The technologies and skills required to construct buildings that waste no energy exist today. By working actively to mobilize resources and capabilities across the Group, Skanska – in partnership with visionary customers, suppliers and business partners – will be part of the solution.

Skanska's long-term environmental strategy is continuously evolving. Many parameters are now reported and subjected to year-on-year comparisons, in line with the environmental policy and strategy that Skanska introduced in 2008. An Environmental Scorecard has been developed, providing a snapshot of progress for each of the business units against Key Performance Indicators (KPIs).

Eleven sustainable development areas

Skanska's sustainability agenda, developed around the framework of the Global Reporting Initiative (GRI), includes eleven high-priority areas: The Environmental Agenda covers energy and climate, materials, ecosystems and local impacts. The Economic Agenda is based on selection of projects that balance economic attractiveness with social and environmental responsibility, sustainability in the supply chain and the value added to society. The Social Agenda focuses on the company's relationship with its employees, the safety of its workforce and subcontractors, corporate community involvement and relationships with the market. This also includes Skanska's human rights work and participation in the United Nations Global Compact.

This is a Sustainability Review, not a Report. It looks back on some of the best projects undertaken across all the business units, providing data where appropriate.

Meeting and setting standards

Skanska constructs buildings and infrastructure projects that meet or surpass the standards of many national and international environmental labeling and management systems, among them:

- **EU GreenBuilding – Europe**
  – All new projects by Skanska's Commercial Development Nordic and Commercial Development Europe business units will meet this voluntary target.
  – Today Skanska Commercial Development Nordic is a registered EU GreenBuilding Corporate Partner.
- **Leadership in Energy and Environmental Design (LEED) – Global**
  – As a minimum, all new commercial properties in the Nordic countries and Central Europe will meet LEED Gold certification.
- **Building Research Establishment Environmental Assessment Method (BREEAM) – United Kingdom**
- **Civil Engineering Environmental Quality Assessment Tool (CEEQUAL) – United Kingdom**
- **ISO14001 Environmental Management System – Global**
  – In 2000, Skanska was the first construction company to become globally ISO14001–certified.
- **Swan label – Nordic countries**

The Review presents consolidated data for several elements of Skanska's Sustainability Agenda. It also looks forward, explaining Skanska's ambitions, particularly in the areas of energy and safety.

Working toward sustainable development is becoming more vital every day.

Skanska has been actively committed to sustainable construction since 2002. During 2009 the Group completed many projects at the leading edge of green and sustainable best practice. Recognition in the form of awards and accreditations, testimonials from customer and peers provide evidence of Skanska's high caliber in this field. The construction sector and built environment have a tremendous impact on society, ecosystems and economies. Almost half of all solid waste to landfill and 40 percent of man-made carbon dioxide emissions are generated by the built environment.

Environmental Agenda

In 2009 Skanska moved further ahead in sustainable construction: embarking on A Journey to Deep Green™. Building on a foundation of reliable data and measurable performance indicators, a growing number of green solutions and robust business operations, Skanska's long-term aim is to deliver projects with zero environmental impact.

The journey to Deep Green™ construction

Green construction is good for everyone: Skanska's shareholders, employers, customers and society as a whole. Living more sustainably, in net zero energy houses built using reused and recycled materials, no hazardous content and generating zero waste during construction is possible today. The knowledge, tools, technologies and materials already exist.

A major internal review of recent projects was undertaken in 2009. Many met or exceeded the appropriate national building codes, based on voluntary eco-rating and eco-design systems such as LEED, EU GreenBuilding, Nordic Swan and BREEAM. Although these can act as a benchmark for suppliers and customers, Skanska believes that it is not sufficient to just build according to current rating systems. Projects are already being delivered that exceed national building codes and voluntary schemes by a significant margin.

Measurements and tools

By aiming at Deep Green construction, Skanska is at the forefront of best practice. Skanska's goal is that all the Commercial Development building projects it delivers in Central Europe will be LEED Gold or Platinum-certified. In Commercial Development Nordic, all its projects will achieve EU GreenBuilding and LEED Gold status; the business unit is now registered as an EU GreenBuilding Corporate Partner. Today Skanska Residential Development Nordic builds to a level that surpasses national energy-efficiency codes. The short-term goal is to exceed these codes by 20 percent and later at least by 40 percent in newly constructed housing.

While it would be desirable to have stricter legislation or new policy to mandate significant advances in green construction to be made immediately, there are no significant barriers for enlightened investors, clients and tenants to benefit from projects that meet not only the expectations of today but also those of tomorrow, thereby future-proofing their portfolio of assets.

One important element of Skanska's concept is its Green Toolbox. Launched early in 2009, it contains Green Solutions: products and services that provide both economic and environmental benefits to Skanska's customers. All these examples have been utilized in one or more projects and are transferable from one business unit to another. One of these is the light conveyors that were installed in one of McDonald's new green restaurants in the U.S., ensuring that natural lighting reaches 89 percent

"Given the current economic downturn it is difficult for construction companies to uphold their values and differentiate themselves on sustainability. Skanska is an example of a company that can. They have clearly identified their sustainability goals, prioritized their supply chain and have set out an ambitious plan to deliver sustainable solutions through their value chain. They have also been proactive in engaging their clients around this agenda and challenging their assumptions and objectives. In common with most companies, the path to sustainability is a long and constantly changing journey. I look forward to seeing Skanska continuing to pioneer change in the construction industry."

Shaun McCarthy.
Chairman, Commission for
a Sustainable London 2012.

The first EU GreenBuilding in the Czech Republic

- 30 percent lower energy consumption than prescribed by the Czech norm
- 100 percent use of non-toxic materials
- 970 metric tons of soil treated using bioremediation on the brown field site
- 70 percent of energy is recovered from exhaust air in the heating system and reused

The energy performance of the Nordica Ostrava office building sets it apart from any other structure in the country. For example, recycled waste heat from a nearby steel plant is used as part of the building's advanced heating and cooling system. The project was developed by Skanska Commercial Development Europe.

A school built from solid wood

- 0 lost time accidents during 40,000 hours construction
- A 45 year minimum lifespan

A high weather protection system tent (4,000 m² [43,000 sq. ft.], 15 m [50 ft.]) – the largest ever constructed in Scandinavia at the time – prevented moisture damage. It also helped promote worker safety by providing a predictable and healthy working environment.

Nardo School in Trondheim was constructed primarily using a local workforce and locally supplied materials. It was designed for low energy consumption and maximum use of natural light, and constructed from timber sourced from sustainable forests.

"As one of the founding members of the EU Corporate Leaders' Group on Climate Change (EU CLG), Skanska has played a crucial role in the climate change debate over the last few years. Skanska's input in drafting the Communiqués for Bali, Poznan and Copenhagen was critical. Johan Karlström's personal commitment to drive forward action on climate change is rare to see; but is exactly what is needed if we are to move the world to a low-climate risk economy."

Craig Bennett,
Co-director, The Prince of Wales's Corporate Leaders Group on Climate Change.

of the building. The refurbishment of the 32nd floor of the Empire State Building in New York City used two green ventilation solutions: hybrid ventilation and underfloor air distribution ventilation. The project was awarded LEED Platinum certification in July 2009. More information on it is available on Skanska's website www.skanska.com.

Skanska needs visionary and progressive customers to take A Journey to Deep Green™. Because of Skanska's operating structure, the organization has its own internal customers, particularly for Private Finance Initiative (PFI) and Public Private Partnerships (PPP) projects. The Company's own Commercial Development and Infrastructure Development business units represent good examples of these progressive customers.

Carbon emissions

The built environment contributes around 40 percent of man-made carbon dioxide emissions. However, when viewed as part of a building's 50 year lifecycle, the physical act of construction only accounts for around 5 percent. Even the most carbon dioxide-intensive materials such as steel and concrete contribute less than 15 percent to a structure's lifetime carbon footprint. The remainder comes from emissions during the occupancy of the building. The best things Skanska can do to reduce these emissions is to provide its customers with buildings that last longer and are more energy-efficient. When presented with carbon efficient designs by its customers, Skanska can build low carbon projects in any of its markets.

Skanska reports its carbon emissions to the Carbon Disclosure Project (CDP) and is doing so for the second year in a row. For 2009, Scope 1 Absolute Carbon Dioxide emissions were 258,370 tonnes while Scope 2 Absolute Carbon Dioxide emissions were 107,880 tonnes. This year's ranking improved by 68 percent compared to 2008, making Skanska the top performing Swedish construction company. Among its peer group, Skanska ranks second in the Nordic region – only one point behind the top participant – and third globally. The CDP is an important benchmarking tool, providing the world's largest database of corporate climate change information. Involvement is regarded as an important measure of Skanska's commitment to be the leading green company in its sector.

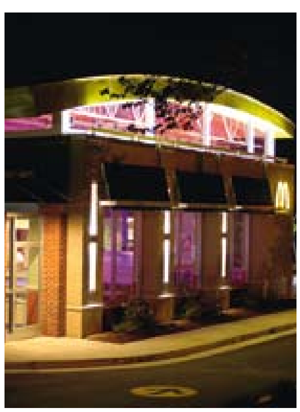
Proactive in developing a global industry protocol

Properly constructed and managed buildings will contribute significantly to reducing carbon emissions in the future. Recognizing the important role that Skanska can play in advising, influencing and implementing change, the Company is facilitating the development of a sector-wide carbon dioxide Inventory Protocol with ENCORD – Europe's forum for industry-led research, development and innovation in the construction sector. This initiative is an example of the international leadership that Skanska is providing in carbon mitigation. The Company's own Protocol was developed along best practice lines set out in the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol, and with the encouragement of the CDP and FTSE 4Good. As part of the Company's role as a key influencer in climate change initiatives, it is the only Scandinavian member of the EU Corporate Leaders Group on Climate Change, as well as being the only construction sector representative, where it helped to create the Copenhagen Communiqué, a pledge signed by over 900 companies worldwide in the run-up to COP 15.

Skanska is ahead of the curve in green thinking, particularly when it comes to energy efficiency and carbon reduction. This makes the Company ideally placed – not simply to provide an accurate picture of its own carbon footprint, but also to help clients reduce their own.

Green McDonald's

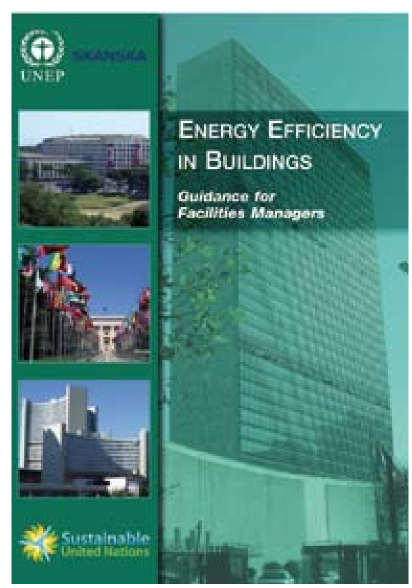
- 89 percent of the floor space receives natural daylight
- 99 percent of previous restaurant building was reused or recycled
- 45 percent less water use than ASHRAE baseline (local standard)
- 100 percent of interior fixtures meet LEED low-VOC requirements
- 85 percent recycled glass in counter tops



A McDonald's restaurant in Cary, North Carolina, U.S.A. was designed and constructed as a pilot project for the LEED Gold for Retail certification. The restaurant was built with an eye to lowering total life-cycle cost. Sharing the knowledge of Skanska's LEED-accredited professionals through training of subcontractors and McDonald's local managers was an important part of the project. Restaurant diners can use a touch screen to take a virtual tour providing information on aspects of the building's green construction. There are even recharging points in the parking lot for electric vehicles.

The United Nations Environment Program (UNEP)

The United Nations Environment Program (UNEP) adopted Skanska's internal Energy Efficiency Guide for Facilities Managers and used it for their own Sustainable United Nations initiative.



Skanska's work in identifying, quantifying and reducing carbon emissions is recognized as world class by many stakeholders. During 2008 and 2009 Skanska played an active role in the WBCSD's Energy Efficiency in Buildings initiative. The work is now complete and Skanska is a signatory of the resulting Manifesto. This includes a commitment to create a baseline of the Company's commercial buildings and set time-based energy or carbon dioxide emissions reduction targets, consequently annual building energy use will also be published in the future.

Skanska units in Sweden adopted a 100 percent renewable energy policy for their activities. The U.K. unit adopted this for its main office and the Finland unit also signed contracts for renewable energy supply to some of its operations during 2009.

Local impacts – global supply chain

Skanska uses internationally recognized environmental management systems and has been ISO14001 accredited since 2000. This provides a consistent and repeatable global framework covering all business units and markets. Skanska Sweden has adopted a Green Workplace Initiative, applied at more than 100 worksites during 2009. This encourages all units to decrease the environmental impact of the buildings Skanska itself uses – both permanent offices and temporary site facilities – mainly by reducing energy consumption and waste. Each participating site carries out a wide-ranging internal audit, covering everything from cleaning products to duplex printing. Qualification is not automatic, and participating sites must re-audit every three years. The initiative leads to new processes and to practical ideas for energy conservation and selection of materials for ongoing construction projects. Waste minimization is an important aspect of site management. Zero waste to landfill should be the target for every project, and this was already achieved at several projects during 2009.

Phasing out hazardous chemicals

Promoting best practices throughout the supply chain is an important part of Skanska's Journey to Deep Green™ philosophy. During 2009 the Company has been particularly successful in removing hazardous chemicals from many of its construction projects. This builds on work begun a decade ago and continues today in partnership with the NGO ChemSec. Skanska's worldwide internal guide on restricted substances was updated and expanded in 2009 to cover six families of harmful man-made chemicals and four groups of heavy metals. This updated corporate list sits alongside more extensive local lists developed by some of Skanska's business units. Many projects were completed during the year with this in mind. Examples using low VOC- content materials include Green McDonald's in the U.S., Atrium City in Poland and the Lintulahti office building in Finland, while the Sandgrind residential project in Sweden went one step further with environmentally certified and non-toxic materials including chipboard, glues, paints and varnishes.

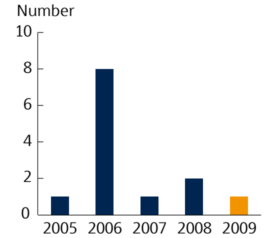
Social Agenda

Business ethics

During 2008 Skanska revised and updated its Code of Conduct, which is applied throughout the Group. Skanska AB and all business units have each estab-

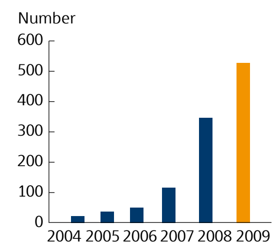
ISO 14001 Major Non-conformances (MNCs) identified

The frequency of MNC in 2005-2009



Since January 1, 2005, Skanska's thirteen business units recorded a total of thirteen MNCs. The 2009 MNC relates to a documentation issue in a new environmental management system of one business unit.

Eco design professionals



Number of LEED APs, BREEAM APs, CEEQUAL and other eco design professionals increased by 52% in 2009 compared with 2008.

New procedures yield results

As part of a program introduced in 2008, all employees of Skanska Finland are urged to make observations and submit opinions concerning work site health and safety. Every time a safety risk is identified, action is taken immediately. The case is discussed at a work site meeting that is held every week. Having raised awareness of work site risks and encouraged employees to play an active role in efforts to improve safety, Skanska Finland recorded more than 8,000 observations in 2008 and 8,045 in 2009. For each new observation, Skanska donated EUR 1 to the Finnish Association for Mental Health.

Safety Super League rewards proactive safety work

Skanska USA Civil rewards employees who contribute to proactive safety efforts. By participating in the Safety Super League, the work team that has earned the most points receives a bonus. Activities measured every month include morning stretch and flex, daily work review, equipment, web-based training, work site safety as well as improvement suggestions and innovations. The Safety Super League shows that the work teams that receive the most points also have the smallest number of accidents.

lished their own Ethics Committees, serving to guide employees on business ethics, environmental and social responsibility issues. This model has been operating in Sweden since 2002 and more recently in Norway. It plays an important part in Skanska's value-based corporate culture of sustainability and in ensuring that the environmental, social and economic agenda is followed throughout the Group and beyond. The guidelines in the Code of Conduct are clear and precise, and it is important that the Code be applied in a consistent manner and that Skanska's values permeate all its activities. For this reason, all new employees will attend a training course about the Code of Conduct soon after joining the Company and thereafter every two years. The Code is also embedded in all new supplier agreements.

In January 2010 Skanska launched a Code of Conduct Hotline – a confidential worldwide telephone service managed by an independent specialist company. Employees and other stakeholders can report suspected violations of the Code of Conduct to the hotline at any time of day or night.

Safety

"Safety is a core value at Skanska, and that means we actively work to empower every person, at every project, on every day, with the knowledge of how to work safely, and the passion to be safe and never accept unsafe behaviors," says Johan Karlström, President and CEO of Skanska.

The construction sector suffers more accidents than many other branches of industry. To bring about an improvement in the working environment, Skanska sees safety as one of its five core values – zero work site accidents. During 2009, Skanska took specific steps to achieve this goal:

- To learn from accidents by interrupting work and holding a safety review at Skanska worldwide every time a fatal accident occurs, the Global Safety Stand Down (GSSD)
- To involve suppliers and subcontractors in Skanska's safety work
- To build on past experience throughout the Company
- Raising the requirements for those working with Skanska so that they meet the company's expectations

Stopping work for safety reviews

After a fatal accident, Skanska halts work at all its sites for a period. This GSSD was introduced after the Company suffered several tragic accidents in 2008. During such a stand down, managers at all Skanska construction sites and business units are responsible for informing all employees and subcontractors about the accident in question. The initiative is intended to pay respect for a colleague, during one minute of silence. Time is also taken to provide information to every employee and contractor about the causes leading to the accident, and the lessons learned. Discussing the tragedy locally, at each work site, provides the workforce with the opportunity to discover how a similar accident could be prevented from occurring in the future.

New procedures yield results

For several years there has been a uniform system of accident statistics at Skanska. Of all the business units, Skanska Finland historically has the worst accident statistics. In spite of this, they are significantly better

Skanska Finland – Safety work linked to efficiency

Some people maintain that a safe working environment is in conflict with productivity. But Skanska Finland has managed to achieve both. Through Lean Construction and its Last Planner method, the business unit combines working environment efforts with efficiency-raising. Both safety risks and any construction bottlenecks are identified and analyzed in a rolling six-week planning procedure, performed jointly by project management, subcontractors and Skanska's own workforce at each project. After that, they draft proposed solutions and improvements aimed at minimizing risks. The system has led to substantial improvements, since every type of specialized unit is involved in planning.

Global Safety Stand Down (GSSD)

In February 2009, a tragic accident occurred in Arendal, Norway. A Skanska employee died while unloading a truck. The accident was analyzed by Skanska specialists and discussed at special work site meetings throughout the Skanska Group. The aim of such a GSSD is to make all employees more aware of the safety aspects of construction work and thereby prevent the recurrence of similar accidents. Information about the Arendal accident was disseminated quickly throughout the Group, among others to our employees in the Paerdegat Basin water quality project in Brooklyn, NY, U.S.A. The day after the GSSD, a cargo of poles and fence equipment arrived at the work site. The project team inspected the cargo and concluded that it was unsafe to unload. The team changed its work procedures to improve safety. The dangerous cargo of metal poles was thus unloaded without anyone being injured.

than the rest of the Finnish construction sector. In 2006 the business unit's management team decided that the frequency of accidents was completely unacceptable. A series of safety initiatives were implemented. These have delivered a reduction in the Lost Time Accident Rate from 28.9 in 2006 to 8.7 in 2009. Thanks to these initiatives, Skanska Finland has received several awards for its safety work, for example from the European Campaign on Risk Assessment and the Finnish Building Information Foundation (RTS), which selected Skanska Finland to receive its prestigious Rakeva Award in 2009.

The annual Skanska Global Safety Week is one way of disseminating knowledge and awareness to ensure safer working environments. The event has grown from year to year and now includes a total of 53,000 Skanska employees plus a very large number of subcontractors, suppliers and customers. It is one of the biggest events of its kind in the world and is unique in the construction industry. The focus for 2009 was safety leadership, pre-task planning and understanding why people behave in a particular way, with regard to safety.

Scheduled work site visits

Improving safety requires a visible commitment by management. At first, Executive Site Safety Visits (ESSVs) were only a pilot project included in the Global Safety Week 2008, but they have now been introduced as Skanska's first Global Leading Indicator. Senior executives visit construction projects, to demonstrate safety leadership and to understand the underlying causes of unsafe behaviors at the worksite.

The targets for the number of such visits the following year are established by the management team of each business unit. These targets are defined for every position in the management team, starting with the President of the business unit. During the first year 4,316 visits took place, compared to the target for the year, which was 2,828.

To demonstrate visible leadership, Skanska links the activities of Safety Week by arranging a series of safety conferences in the business units. For 2009, these focused on the supply chain. Skanska's Czech Republic and Slovakia business unit took the idea one step further and invited clients, suppliers and competitors to their event.

The conference focused on the state of safety, and considered how this can be built upon, to improve safety across the whole of the construction industry. This illustrates the aim of all Skanska's business units; to be an agent for change in their home market.

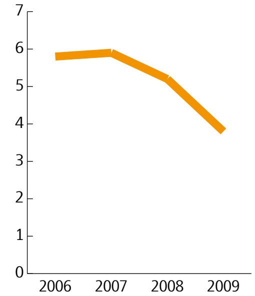
Building safety into all activities

Skanska's business encompasses both project development and construction work. Customers have a major responsibility for safety during a construction project and should demand a high standard from their business partners. During 2009 Skanska's development units began to gather safety data and maintain statistics, for example about the number of lost-time accidents (LTAs) among their contractors. The information was also added to the monthly Global Safety Report. This has led to a review of the safety requirements demanded of contractors.

Safety an element of planning

Safety should be considered at the very earliest stages of construction and development. It should be part of the design process, if it is to become a truly integral part of every completed project. In order to achieve this, Skanska undertook several actions during 2009. Safety requirements for a project are now incorporated in the Building Information Modelling (BIM) processes, enabling safety considerations to be examined during design reviews. Elsewhere, Skanska Xchange introduced the use of standardised operating procedures in the construction of residential properties – to minimise safety risks.

Lost Time Accident Rate (LTAR) 2006-2009



(Number of lost time accidents times 1,000,000 hours) divided by (total labor hours)

Skanska has recorded lost time accidents (LTAs) on a global basis since 2006, which serves as the base year for these statistics. To reduce the number of accidents, Skanska established a three year target: By the end of 2010, to reach an overall LTA in the Skanska Group not exceeding 4.

As the chart indicates, Skanska achieved an LTA of 3.8 by the end of 2009. In other words the present accident rate is now below the 2010 target. But we cannot be satisfied with this. In the next few years, even more ambitious targets will be set. The long-term target is zero work site accidents. Despite significant progress in reducing the number of accidents, Skanska regretfully has to report that nine work site-related fatalities occurred during 2009. Three of them were Skanska employees and six were subcontractors.

More information is available at: www.skanska-sustainability-case-studies.com

Green Thinking A Journey to Deep Green™

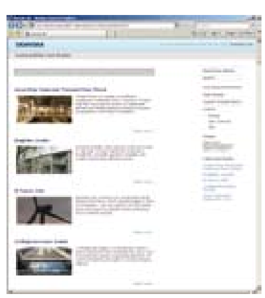
A Journey to Deep Green™ is described in Skanska's publication "Green Thinking" – produced in 2009 as a "guide to the possible" for stakeholders.

Green symbol flag

Green construction projects are now highlighted with the use of Skanska's green symbol flag.

Case studies

Skanska's online case study engine provides stakeholders with access to over 50 case studies on recent projects with sustainability aspects. These can be searched according to their social and environmental content.



A leader in sustainable development

Skanska plays an active role in efforts to bring about sustainable development in the construction sector. Among other things, the Group is:

- A signatory to the UN Global Compact and its business leadership platform, "Caring for Climate."
- A member of the EU Corporate Leaders Group on Climate Change.
- A sponsor of the UNEP Sustainable Building & Construction Initiative.
- A sponsor of the Energy Efficiency in Buildings initiative of the World Business Council for Sustainable Development.
- An EU GreenBuilding Corporate Partner.
- Able to deploy over 500 LEED®-accredited professionals among its employees in the U.S. and Europe to guide customers to greener solutions to their built environment needs.
- Meeting LEED® standards in the Nordic countries and Central Europe. Today Skanska has more LEED®-compliant projects in these regions than any other company.
- An active participant in Green Building Councils in the U.S., the U.K. and Hungary.
- A co-founder of the Green Building Councils in the Czech Republic and Poland.
- Working to establish Green Building Councils in four Nordic countries.

Skanska Financials 2009

The financial statements presented in this Review have been prepared in EUR (euro) as the presentation currency.

As the functional currency of the Parent Company is SEK (Swedish kronor), Skanska's Statutory Annual Report including the consolidated financial statements of the Parent Company has been prepared using SEK (Swedish kronor) as the presentation currency.

Financial review 2009

The adjustments in operations to expected lower volume that Skanska implemented late in 2008, as well as its robust finances, gave the Group a strong starting position for 2009.

The year was dominated by the economic downturn in many of Skanska's markets and by continued uncertainty in financial markets. Given the conditions prevailing during the year, most of Skanska's operations showed good earnings.

Due to uncertainty about the direction of events and the difficulty that customers experienced in financing new projects, order bookings fell sharply in Construction operations early in 2009. As early as the second quarter, demand began to recover. For the year, it was at about the same level as in 2008. Construction operations showed a strong increase in earnings margins. Among other things, improved risk management reduced the negative impact of loss-making projects. Administrative expenses decreased as the restructuring measures Skanska had undertaken yielded results. The Group's operations demonstrated sharply improved cash flows.

European markets for building construction were weak, both in residential and other private construction. The U.S. building construction market was also weak, but in some segments such as healthcare, education and public administration there was relatively good demand.

Civil construction markets, where the customers are mostly public agencies, remained stable. The first positive impact of the government's large stimulus packages is discernible in the form of higher order bookings, especially in the United States. Skanska's civil construction operations increased their relative share of total order bookings and revenue in Construction operations.

The housing market continued to recover in Sweden and Norway, with a good pace of sales and a positive price trend. One factor that contributed to this was low interest rates. The housing market has also stabilized in Finland, with a good increase in demand and a positive price trend. In the Czech Republic and Slovakia, demand remains weak.

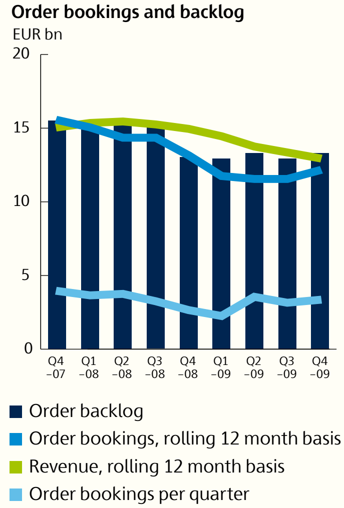
In Commercial Development, vacancy rates in properties in the Nordic and Central European office markets continued to increase, resulting in a squeeze on rent levels. Demand for high-volume retail space remained weak. Yield requirements by property investors, which rose during the first half of 2009, have now stabilized but investors remain very selective in choosing properties to invest in. Modern green energy-efficient properties in good locations with creditworthy tenants on long-term leases were the properties that investors were primarily interested in. Despite the weak economic situation, Skanska carried out a number of large property divestments and also succeeded in leasing 98,000 sq. m (1.05 million sq. ft.) of commercial space to tenants during the year.

As one element of its strategy of broadening U.S. operations, Skanska began its first U.S. commercial development project in Washington, D.C. in 2009.

During the year, Skanska reached financial close on three large public-private partnership projects. The volume of public-private partnership projects was significant in the United Kingdom. In other markets, the supply of projects was more limited. Uncertainty in financial markets increased costs and caused delays in new projects, but since mid-year 2009 the situation has improved.

Skanska's operational and financial position strengthened during the year, and the Group is well placed to continue strengthening its market position both in construction and project development.

Order bookings and backlog



Order bookings

Order bookings decreased by 8 percent to EUR 12.1 (13.1) billion. Adjusted for currency rate effects, order bookings decreased by 3 percent. Order bookings were 2 (9) percent lower than revenue during 2009.

During the year, order bookings increased in local currencies in Skanska's Polish and British operations, while other units showed a decline in order bookings.

Among the contracts that were signed during 2009, a number of major contracts in segments important to Skanska deserve particular mention.

In public-private partnerships – that is, privately financed infrastructure projects – Skanska reached financial close on several projects. This also meant that a number of construction contracts were signed. A financing agreement was signed for the widening of the M25 orbital motorway around London. Skanska will invest about EUR 90.8 M, equivalent to a 40 percent share in the project company. As a co-owner of the project company, Skanska will be responsible for designing, constructing and financing as well as operation and maintenance of the M25 orbital motorway for 30 years. This meant that Skanska UK also received a construction contract totaling about EUR 0.6 billion related to its responsibility for the design/build assignment.

In Poland, Skanska secured financial close on the construction of the second phase of the A1 expressway. Skanska is investing about EUR 14.1 M, corresponding to a 30 percent stake in the project company. The project company will be responsible for financing, design and construction as well as operation and maintenance for 30 years. The project company gave the construction assignment to a construction consortium in which Skanska Poland has an 80 percent stake. Skanska's share was equivalent to a contract amount of about EUR 0.59 billion.

Another financial close took place in the United Kingdom, related to street lighting in Surrey. Skanska is investing about EUR 5.2 M, corresponding to a 50 percent stake in the project company, and is receiving a construction assignment worth about EUR 91.3 M. In addition, Skanska is receiving an operation and maintenance contract worth EUR 1.6 M per year during the 25-year contract period.

In the civil construction field, which is important to Skanska's Central European operations, the Group was awarded several large assignments. In both the Czech Republic and Poland, Skanska secured contracts to renovate highways and railroads that altogether totaled billions of SEK. Some of these projects were financed through the European Union (EU) and the European Investment Bank (EIB).

Among other things, Skanska Czech Republic won the assignment to build a stretch of the I11 highway near Ostrava, northeastern Czech Republic, with a contract amount of about EUR 51.8 M, and received a contract to upgrade the railroad between Prague and Plzen. Skanska's share of the contract amount was about EUR 0.10 billion.

Skanska Poland secured an order to build a highway near Wrocław, southwestern Poland. The contract value was about EUR 0.10 billion. The same business unit also received an assignment to build a section of a ring road near Poznan, Poland. Skanska's share of the total contract was about EUR 83.8 M.

In the U.S. civil construction market, the effects of the federal stimulus packages began to be visible in the form of increased order bookings.

Skanska USA Civil received an assignment to rebuild and widen the I-215 highway in San Bernardino, California, with a contract amount of about EUR 62.1 M. The project is largely funded by federal stimulus packages.

The same business unit also received a design/build contract for three street bridges and adjacent interchanges in Washington, D.C., with a contract amount of about EUR 0.13 billion, and the assignment to renovate the Manhattan Bridge in New York City, with a contract value of about EUR 0.1 billion.

The Nordic civil construction markets showed relatively stable order bookings during 2009. Skanska Sweden was contracted to build the Värtan interchange, which is part of the Norra Länken (Northern Link) bypass in Stockholm. The contract amounts to EUR 81.9 M. In addition, the business unit concluded an agreement with the City of Malmö to construct a major port facility in Norra Hamnen (North Harbor), Malmö, for EUR 79.1 M.

Skanska was also awarded large civil construction assignments in Norway. For example, Skanska Norway received an assignment to build a road tunnel on the E6 highway between Trondheim and Stjørdal. The contract value is about EUR 85.2 M.

In the U.S. building construction market, demand was relatively good in certain segments such as healthcare, education and public administration. Skanska USA Building won a number of large contracts in these segments.

The business unit received construction management assignments for a number of hospital projects, such as the construction of a hospital in Wilmington, Delaware with a contract amount of about EUR 0.14 billion and construction of the Nemours Children's Hospital in Orlando, Florida for about EUR 0.16 billion, as well as a contract to build a hospital in Hopewell, New Jersey, with a total value of about EUR 0.19 billion.

During the third quarter of 2009, Skanska USA Building received its first contract entirely funded by the U.S. government's stimulus package. The assignment consists of renovating two federal buildings, and the contract value was about EUR 67.8 M.

Renovation of the United Nations headquarters in New York City continued during the year, and Skanska signed a new contract for about EUR 0.2 billion.

Skanska's British operations won some sizable assignments in healthcare and public sector operations. For example, Skanska UK received an assignment to build a cancer clinic in London for the University College Hospitals NHS Foundation Trust, with a contract amount of approximately EUR 69.7 M, and an additional contract for construction of schools in Bristol for about EUR 0.11 billion.

The business unit also received a contract worth about EUR 0.17 billion to build new facilities for a U.K. Ministry of Defence site.

In its core area – service and construction for the oil and gas industry – Skanska Latin America received an assignment to construct interconnections at a refinery in Brazil for about EUR 76.7 M.

Order bookings and backlog

EUR M	Order bookings 2009	Order bookings 2008	Order backlog 2009	Order backlog 2008
Business unit				
Sweden	**2,053.8**	2,831.4	**1,499.0**	1,764.3
Norway	**1,061.3**	1,109.3	**885.7**	733.6
Finland	**591.6**	694.0	**460.3**	527.0
Poland	**1,313.9**	972.6	**1,172.9**	512.9
Czech Republic	**843.5**	1,469.3	**1,078.3**	1,330.0
United Kingdom	**1,902.7**	1,357.8	**2,378.7**	2,042.1
USA Building	**2,802.4**	2,705.6	**2,878.1**	3,004.3
USA Civil	**1,115.9**	1,421.3	**2,560.1**	2,698.7
Latin America	**438.0**	581.3	**344.5**	398.9
Total	**12,123.0**	13,142.6	**13,257.7**	13,011.9

Order backlog

Order backlog increased by 2 percent and totaled EUR 13.3 (13.0) billion at the end of 2009. Adjusted for currency rate effects, order backlog fell by 1 percent. Order backlog was equivalent to about 13 (11) months of construction.

North American and Latin American, Nordic and other European operations accounted for 44, 21 and 35 percent of order backlog, respectively.

Of order backlog, an estimated 56 (62) percent will be completed in 2010.

Revenue

Revenue by business stream

EUR M	2009	2008
Construction	**12,312.2**	14,490.3
Residential Development	**610.7**	670.0
Commercial Development	**390.5**	411.4
Infrastructure Development	**14.2**	5.7
Central and eliminations	**–449.5**	–653.4
Revenue	**12,878.0**	14,924.1

Revenue declined by 14 percent and totaled EUR 12.9 (14.9) billion. Adjusted for currency rate effects, revenue fell by 10 percent. Revenue in the Construction business stream decreased by 15 percent in euros and by 11 percent in local currencies.

Income

Income

EUR M	2009	2008
Revenue	**12,878.0**	14,924.1
Cost of sales	**–11,639.5**	–13,662.8
Gross income	**1,238.5**	1,261.2
Selling and administrative expenses	**–760.4**	–927.8
Income from joint ventures and associated companies	**13.5**	91.0
Operating income	**491.6**	424.4

Gross income totaled EUR 1,238.5 M (1,261.2). Gross income included income from operating activities, including capital gains on divestments in Residential Development and Commercial Development. It also included impairment losses in project development operations and in property, plant and equipment totaling EUR 21.5 M (65.4).

Divestments of current-asset properties resulted in capital gains of EUR 180.7 M (236.3).

Selling and administrative expenses decreased by 18 percent to EUR 760.4 M (927.8), which was equivalent to 5.9 (6.2) percent of revenue. Skanska's operations have gradually adjusted their expenses and organization to lower volume.

Income from joint ventures and associated companies, EUR 13.5 M (91.0), mainly consisted of Skanska's share of Infrastructure Development operations.

Operating income

Operating income by business stream		
EUR M	2009	2008
Construction	**475.1**	390.7
Residential Development	**14.2**	–18.4
Commercial Development	**78.7**	99.0
Infrastructure Development	**–10.8**	41.1
Central	**–63.9**	–85.9
Eliminations	**–1.7**	–2.1
Operating income	**491.6**	424.4

Operating income amounted to EUR 491.6 M (424.4). Currency rate effects decreased operating income by EUR 25.3 M.

Impairment losses on current and non-current assets including goodwill were charged to operating income in the amount of EUR 41.2 M (65.4).

Construction

In the Construction business stream, operating income increased by 22 percent and amounted to EUR 475.1 M (390.7). Operating margin increased to 3.9 (2.7) percent. The strong margin improvement was due, among other things, to improved risk management, which reduced the impact of project impairment losses, and the fact that administrative expenses have now been adjusted to the decline in volume. In the comparative year, sizeable project impairment losses and provisions for restructuring measures lowered operating income.

Skanska's construction operations in Norway, Finland, the Czech Republic and the United Kingdom as well as Skanska USA Building and Skanska USA Civil and operations in Latin America reported both higher operating income and higher operating margins. At Skanska Sweden and Skanska Poland, operating income fell but operating margins remained at a very good level. Skanska Sweden made additional provisions for quality measures related to façades.

Residential Development

The operating income in this business stream increased to EUR 14.2 M (–18.4). Operating margin rose to 2.3 (–2.7) percent. Impairment losses on current assets (land) reduced earnings by EUR 2.6 M (42.4). The housing market continued to recover in Sweden and Norway during 2009, among other things due to sharply lower interest rates, and showed a good pace of sales and a positive price trend.

The housing market also stabilized in Finland, but there is still an oversupply of unsold residential units, which adversely affected profitability.

In the Czech Republic and Slovakia, demand remained weak.

Sweden and the Czech Republic reported positive income, while other units reported negative income.

However, income was adversely affected by low contributions to earnings from projects on which impairment losses were recognized during the fourth quarter of 2008.

Commercial Development

Commercial Development reported an operating income of EUR 78.7 M (99.0). Operating income in the business stream included capital gains from property divestments amounting to EUR 75.2 M (122.9), with a corresponding sale price of EUR 308.7M (367.4). Of these gains, EUR 56.2 M (70.1) was attributable to ongoing projects that were divested ahead of completion. For these projects, Skanska applies the percentage of completion method of accounting. In the Group accounts, an additional EUR 8.3 M (5.7) was reported due to reversals of previous intra-Group profit eliminations.

Impairment losses on current assets (land) lowered earnings by EUR 7.4 M (10.6). In local currencies, divestments of properties were made in the Nordic countries at prices that averaged 16 percent above, and elsewhere in Europe at 9 percent below, the market values that were estimated at the end of 2008.

Infrastructure Development

Operating income in Infrastructure Development amounted to EUR –10.8 M (41.1). An impairment loss of EUR 6.5 M on a power station project in Brazil lowered operating income. During 2009 no development gains were realized, while income for the comparative year included development gains totaling EUR 71.1 M from the divestment of Skanska's stake in the Ponte de Pedra power station in Brazil as well as impairment losses and provisions totaling EUR 8.0 M.

Central

Central expenses decreased to EUR –63.9 M (–85.9). This item included the cost of Group headquarters, results from a number of central companies and central provisions. The item also encompassed businesses that are being closed down (Denmark, Russia and International Projects).

Eliminations of intra-Group profits and losses

Eliminations of intra-Group profits and losses				
EUR M	Infrastructure Development	Commercial Development	Other items	Total
New intra-Group profits and losses	–6.1	–9.2		–15.3
Withdrawals	1.2		3.7	4.9
Reversals of impairment losses	0.5			0.5
Projects and properties sold		8.3		8.3
Total	**–4.4**	**–0.9**	**3.7**	**–1.7**

The year's eliminations of intra-Group profits amounted to EUR –1.7 M (–2.1). This included eliminations of intra-Group profits with respect to profits, mainly in Construction, concerning property and infrastructure projects equivalent to the Group's ownership stake in the projects. The eliminations consisted of EUR –4.4 M related to Infrastructure Development, EUR –0.9 M to Commercial Development and EUR 3.7 M to miscellaneous items.

Eliminations are reversed over the depreciation/contract period or when the projects are divested.

Income after financial items

Income after financial items		
EUR M	2009	2008
Operating income	**491.6**	424.4
Interest income	**26.7**	41.9
Pension interest	**–3.4**	10.5
Interest expenses	**–30.0**	–27.4
Capitalized interest expenses	**8.5**	20.0
Net interest income	**1.8**	45.0
Change in fair value	**–8.5**	1.6
Other financial items	**–12.2**	–12.9
Income after financial items	**427.7**	458.1
Taxes	**–131.1**	–130.2
Profit for the year	**341.5**	327.9

Net financial items amounted to EUR –18.9 M (33.7).

Net interest income declined to EUR 1.8 M (45.0). As a consequence of lower interest rates for financial assets, interest income fell from EUR 41.9 M to EUR 26.7 M. Interest expenses increased to EUR –30.0 M (–27.4). This was explained among other things by high interest rates, especially in Latin America where Skanska remains a net borrower.

In 2009, Skanska capitalized interest expenses of EUR 8.5 M (20.0) in projects for its own account. The reduction was attributable to lower interest rates and lower investment volume in development operations.

Net interest on pensions, which consists of the estimated net amount on January 1, 2009 – based on final figures for 2008 – of interest on income and expenses related to pension obligations and the return on pension plan assets, decreased to EUR –3.4 M (10.5) M.

Change in fair value of financial instruments amounted to EUR –8.5 M (1.6). This was related to negative interest rate differences in currency hedging of investments in Skanska's development operations, as well as currency hedging of Skanska's equity denominated mainly in Norwegian kroner and Chilean pesos.

Other financial items totaled EUR –12.2 M (–12.9) and mainly consisted of currency rate differences and various financial fees.

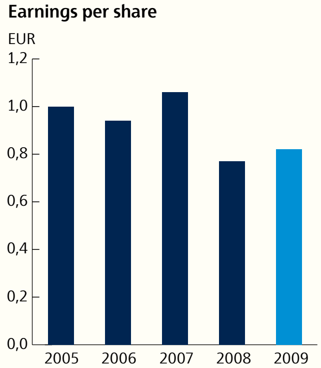
Profit for the year

Profit for the year		
EUR M	2009	2008
Income after financial items	**472.7**	458.1
Taxes	**–131.1**	–130.2
Profit for the year	**341.5**	327.9
Profit for the year attributable to:		
Equity holders	**341.1**	322.2
Non-controlling interests	**0.5**	5.7
The year's earnings per share after repurchases and conversion, EUR	**0.82**	0.77

After subtracting the year's tax expense, EUR –131.1 M (–130.2), profit for the year attributable to equity holders amounted to EUR 341.1 M (322.2). This was equivalent to a tax rate of 28 (28) percent. The year's tax rate is explained, among other things, by a low tax burden on property sales in the form of companies.

Taxes paid for the year amounted to EUR 92.8 M (200.1). Payments during the comparative year included taxes on the divestment of Skanska's stake in an infrastructure project (the Ponte de Pedra power station in Brazil), as well as preliminary tax payments based on higher forecasted income than the year's final income. Earnings per share amounted to EUR 0.82 (0.77).

Earnings per share



Comprehensive income for the year

Comprehensive income for the year		
EUR M	2009	2008
Profit for the year	**341.5**	327.9
Other comprehensive income		
Translation differences attributable to equity holders	**111.8**	–180.7
Translation differences attributable to non-controlling interests	**–0.5**	2.4
Hedging of exchange rate risk in foreign operations	**–31.8**	38.0
Effects of actuarial gains and losses on pensions	**71.9**	–284.9
Effects of cash flow hedges	**–15.8**	–23.0
Tax attributable to other comprehensive income	**–21.9**	77.8
Other comprehensive income for the year	**113.7**	–370.4
Total comprehensive income for the year	**455.2**	–42.4
Total comprehensive income attributable to		
Equity holders	**455.2**	–50.5
Non-controlling interest	**0.0**	8.1

Other comprehensive income for the year amounted to EUR 113.7 M (–370.4).

The change in translation differences attributable to equity holders totaled EUR 111.8 M (–180.7). This item – which consists of the change in accumulated translation differences when translating the financial reports of operations outside Sweden, as well as exchange rate differences that have arisen when hedging net investments in operations outside Sweden – mainly includes positive translation differences in Swedish kronor and Norwegian kroner.

The effects of actuarial gains and losses on pensions totaled EUR 71.9 M (–284.9). This item consists of the difference between assumptions at the beginning of the year and actual outcomes of defined-benefit pension obligations and pension plan assets.

Effects of cash flow hedges amounted to EUR –15.8 M (–23.0).

Hedge accounting is applied primarily in the Infrastructure Development business stream and the operations of Skanska Poland. The item includes changes in unrealized gains and losses on hedging instruments. It included an unrealized loss of about EUR –32.7 M related to fair valuation of interest rate swaps from joint venture companies in Infrastructure Development operations, mainly in the U.K. Interest rate swaps are used for long-term hedging of interest expenses related to certain long-term Infrastructure Development projects.

Unrealized gains related to currency swaps included about EUR 8.0 M in Polish operations.

Total comprehensive income for the year amounted to EUR 455.2 M (–42.4).

Residential, Commercial and Infrastructure Development

Breakdown of carrying amounts, current-asset properties, December 31, 2009				
EUR M	Residential Development	Commercial Development	Construction	Total
Completed projects	74.8	289.8	32.6	397.2
Ongoing projects	43.8	427.1	28.6	499.5
Undeveloped land and development properties	588.9	264.5	57.1	910.5
Total	**707.4**	**981.4**	**118.4**	**1,807.1**

Residential Development

At the end of 2009, there were 2,236 (4,949) residential units under construction. Of these, 74 (60) percent were sold. The number of completed unsold residential units totaled 484 (675), of which 185 (529) in Finland.

During the year, construction started on 685 (3,018) units. In the Nordic countries, the number of residential units started was 564 (2,009) – of which 390 were in Sweden – while in the Czech Republic they totaled 121 (1,009).

The number of residential units sold was 2,277 (2,388). In the Nordic countries, 2,008 (1,689) units were sold, while sales in the Czech Republic totaled 269 (699) units.

The carrying amount of current-asset properties in Residential Development totaled EUR 0.71 (0.70) billion, of which undeveloped land and development properties accounted for EUR 0.59 (0.52) billion. This was equivalent to building rights for about 21,100 residential units. In addition, Skanska was entitled to purchase about 10,000 more building rights under certain conditions. There were also about 2,200 building rights in associated companies.

The estimated market value of undeveloped land and development properties was about EUR 0.69 (0.61) billion.

Commercial Development

Carrying amount and market value					
EUR M	Carrying amount Dec 31 2009	Carrying amount upon the completion	Market value Dec 31 2009	Occupancy rate, %	Degree of completion, %
Completed projects	289.8	289.8	389.0	91	100
Projects completed in 2009	281.4	281.4	342.0	91	100
Total completed projects	**571.2**	**571.2**	**731.0**		
Undeveloped land and development properties	264.5	264.5	292.2		
Subtotal	**835.7**	**835.7**	**1,023.2**		
Ongoing projects	145.7	236.0	167.0	82	62
Total	**981.4**	**1,071.7**	**1,190.2**		

Commercial Development had 19 projects underway, 16 of them in the Nordic countries. Ongoing projects represented leasable space of about 258,000 sq. m (2.78 million sq. ft.), of which 82 percent was pre-leased.

The carrying amount for ongoing projects was EUR 0.15 (0.30) billion. Their carrying amount upon completion is expected to total EUR 0.23 billion, with an estimated market value of EUR 0.27 billion, of which EUR 0.17 billion was accrued at the end of 2009. The degree of completion in ongoing projects was about 62 percent.

Expected yield of ongoing projects, based on carrying amount, was estimated at about 7 percent.

Including properties that were recognized as completed in 2009, estimated total market value amounted to some EUR 0.73 (0.47) billion, with a corresponding carrying amount of EUR 0.57 (0.35) billion. The assessment of market value was performed partly in collaboration with external appraisers.

The carrying amount of undeveloped land and development properties (building rights) totaled about EUR 0.26 (0.23) billion, with an estimated market value of EUR 0.29 billion.

Accumulated eliminations of intra-Group project gains amounted to EUR 28.9 M (26.9).

Other commercial properties

"Other commercial properties" are part of the Construction business stream. The carrying amount was EUR 118.4 M (113.8), and the gain on property divestments was EUR 24.8 M (22.7).

Infrastructure Development

The Infrastructure Development business stream develops and invests in privately financed projects in collaboration with Skanska's construction units. The unit is part-owner of 17 projects, of which 12 are fully or partially in operation. At year-end 2009, the carrying amount of shares, participations, concessions and subordinated receivables totaled about EUR 0.19 (0.18) billion. Remaining investment obligations related to ongoing projects nominally amounted to about EUR 0.14 (0.06) billion, with a present value of about EUR 0.10 (0.05) billion.

During the year, Skanska signed contracts for three projects: the M25 motorway in the U.K., Phase II of the A1 expressway in Poland and street lighting in Surrey, U.K.

Skanska conducts an annual appraisal of the Infrastructure Development project portfolio. The appraisal that was carried out at year-end 2009 encompassed an update of the financial models and a review of the yield requirements applied. The assessment of market value was made in collaboration with external appraisal expertise. Market value consists of estimated present value of cash flows in the form of dividends and repayments of loans and equity from projects. On the appraisal date, this amounted to about EUR 1.12 (0.77) billion.

Unrealized development gain, Infrastructure Development

Unrealized development gain, Infrastructure Development		
EUR billion	Dec 31 2009	Dec 31 2008
Present value of cash flow from projects	**1.12**	0.77
Present value of remaining investments	**–0.10**	–0.05
Present value of projects	**1.02**	0.71
Carrying amount	**–0.19**	–0.18
Unrealized development gain, Skanska ID	**0.83**	0.53
Group eliminations	**0.03**	0.02
Unrealized development gain, Group	**0.85**	0.55

The weighted average discount rate used in the appraisal was 11.0 (12.3) percent. The increase in present value of cash flows consisted mainly of investments in two new projects – the M25 in the U.K. and the Phase II of the A1 expressway in Poland – as well as positive time value effects and a positive currency rate effect.

Surplus values in project development operations

The surplus values in Skanska's project development operations were estimated at about EUR 1.2 (0.8) billion. These surplus values consisted of EUR 0.1 (0.1) billion for land in Residential Development, EUR 0.2 (0.2) billion in Commercial Development and EUR 0.9 (0.5) billion in Infrastructure Development.

Investments

Investments/Divestments		
EUR M	2009	2008
Operations – Investments		
Intangible assets	**–5.8**	–8.2
Property, plant and equipment	**–119.8**	–222.5
Assets in Infrastructure Development	**–41.9**	–41.1
Shares	**–12.0**	–0.7
Current-asset properties	**–625.9**	–1,096.2
of which Residential Development	**–241.2**	–450.1
of which Commercial Development	**–328.3**	–576.8
of which other commercial property	**–56.4**	–69.3
Investments	**–805.5**	–1,368.8
Operations – Divestments		
Intangible assets	**0.0**	0.1
Property, plant and equipment	**37.7**	66.2
Assets in Infrastructure Development	**12.9**	133.3
Shares	**0.2**	4.1
Current-asset properties	**759.2**	788.1
of which Residential Development	**366.3**	380.1
of which Commercial Development	**308.7**	367.4
of which other commercial property	**84.3**	40.6
Divestments	**810.0**	991.7
Net divestments in operations	**4.5**	–377.1
Strategic Investments		
Acquisitions of businesses	**–0.9**	–0.5
Acquisitions of shares	**–4.8**	
Strategic investments	**–5.7**	–0.5
Strategic Divestments		
Divestments of businesses	**0.0**	0.2
Strategic divestments	**0.0**	0.2
Net strategic investments[1]	**–5.7**	–0.3
Total Investments[1]	**–1.2**	–377.4
Depreciation/amortization, non-current assets	**–141.7**	–143.7

1 (+) divestments, (–) investments

The Group's investments totaled EUR –811.3 M (–1,369.3). Divestments totaled EUR 810.0 M (991.9), and the Group's net investments amounted to EUR –1.2 M (–377.4).

Investments in property, plant and equipment, which mainly consisted of continuous replacement investments in operations, amounted to EUR –119.8 M (–222.5). Divestments of property, plant and equipment amounted to EUR 37.7 M (66.2). Depreciation on property, plant and equipment amounted to EUR –131.4 M (–134.2).

Net divestments in current-asset properties amounted to EUR 133.3 M (–308.1). Projects were sold for EUR 759.2 M (788.1), while investments amounted to EUR 625.9 M (1,096.2). This included projects (current-asset properties) carried out in the Residential Development and Commercial Development business streams and in the Construction business stream (other commercial properties).

In Residential Development, investments in current-asset properties totaled EUR –241.2 M (–450.1). EUR 78.9 M was related to acquisition of land equivalent to 1,986 building rights. Completed residential units were sold for EUR 366.3 M (380.1). Net divestments in Residential Development amounted to EUR 125.1 M (–70.0).

In Commercial Development, investments in current-asset properties declined to EUR –328.3 M (–576.8). Of this, EUR 21.7 M was related to investments in land. Divestments in the form of sale of completed properties, ongoing projects and shares totaled EUR 308.7 M (367.4). Net investments in Commercial Development decreased to EUR –19.7 M (–209.4).

"Other commercial properties," which are mainly part of the Nordic units of the Construction business stream, sold properties with capital gains of EUR 24.8 M (22.7) and with a corresponding carrying amount of EUR 59.5 M (17.9).

Investments in the form of equity and subordinated loans in Infrastructure Development amounted to EUR –41.9 M (–41.1). Divestments amounted to EUR 12.9 M (133.3) and were related to repayment of subordinated loans. During 2008 Skanska divested its stake in the Ponte de Pedra power station project. Net investments in Infrastructure Development totaled EUR –29.0 M (92.1).

Cash flow

The Group's operating cash flow

EUR M	2009	2008
Cash flow from business operations before change in working capital	520.9	327.8
Change in working capital	143.8	195.2
Net investments in the business	4.5	–377.1
Adjustments in payment dates of net investments	–1.4	2.1
Taxes paid in business operations	–102.6	–185.7
Cash flow from business operations	565.2	–37.7
Net interest items and other financial items	–32.7	47.8
Taxes paid in financing activities	9.8	–14.3
Cash flow from financial activities	–22.9	33.4
Cash flow from operations	542.3	–4.3
Net strategic investments	–5.7	–0.3
Taxes paid on strategic divestments	0.0	0.0
Cash flow from strategic investments	–5.7	–0.3
Dividend etc[1]	–239.6	–391.3
Cash flow before change in interest-bearing receivables and liabilities	297.0	–395.9
Change in interest-bearing receivables and liabilities	–137.2	–325.0
Cash flow for the year	159.8	–720.9
Cash and cash equivalents, January 1	720.1	1,503.8
Exchange rate differences in cash and cash equivalents	33.7	–62.7
Cash and cash equivalents, December 31	913.6	720.1
1 Of which repurchases of shares	–33.4	–28.1

Cash flow for the year amounted to EUR 159.8 M (–720.9).

Cash flow from business operations increased to EUR 565.2 M (–37.7). The overall increase is largely explained by higher operating income in Construction, a continued decrease in working capital, lower net investments and a lower amount of taxes paid.

Improved cash flows from virtually all business units in the Construction business stream contributed to the increase in cash flow from business operations before change in working capital to EUR 520.9 M (327.8). Skanska UK and Skanska USA Civil had especially strong flows.

Tied-up capital continued to decrease, and change in working capital amounted to EUR 143.8 M (195.2).

Skanska's strong cash flow was explained in part by positive effects related to the financial close and start-up of two infrastructure projects, the A1 expressway in Poland and the M25 in the United Kingdom, as well as an increase in surplus invoicing in relation to project costs, especially at Skanska USA Civil. In seasonal terms, cash flow is normally strongest in the fourth quarter. This is also followed by a significant seasonal outflow during the first quarter, when sizable invoice amounts related to project costs are settled.

Net investments in the business declined by a total of EUR 381.6 M to EUR 4.5 M (–377.1). The decrease was explained mainly by lower investment volume in both Residential and Commercial Development operations, but both business streams largely retained their volume of divestments compared to 2008.

Taxes paid in business operations amounted to EUR 102.6 M (185.7).

Dividends, repurchases of shares and adjustments of non-controlling interests totaled EUR –239.6 M (–391.3).

Change in interest-bearing receivables and liabilities amounted to EUR –137.2 M (–325.0).

Cash flow for the year, EUR 159.8 M (–720.9), together with exchange rate differences of EUR 33.7 M (–62.7) increased cash and cash equivalents to EUR 913.7 M (720.1).

Financing and liquidity

At year-end 2009, the Group had interest-bearing net receivables, including provisions, amounting to EUR 1,216.2 M (843.4). The Group's unutilized credit facilities totaled EUR 816.7 M (814.5) at year-end. Of these, EUR 747.7 M was an unutilized long-term credit that runs through June 2014. The proportion of interest-bearing net assets in currencies other than SEK, after taking derivatives into account, decreased to 37 (53) percent. A large part of this decline was attributable to increased financial assets in SEK and an increased net financial debt in EUR. Interest-bearing assets increased to EUR 1,713.9 M (1,382.9). Of these, receivables in in currencies other than SEK accounted for 67 (84) percent. The average interest rate refixing period for all of the Group's interest-bearing assets was 0.2 (0.1) years, and the interest rate amounted to 0.78 (1.77) percent at year-end.

Change in interest-bearing assets and liabilities

EUR M	2009	2008
Net receivables, January 1	843.4	1,543.1
Cash flow from business operations	565.2	–37.7
Cash flow from financing activities excluding changes in interest-bearing liabilities and receivables	–22.9	33.4
Cash flow from strategic investments	–5.7	–0.3
Dividend etc[1]	–239.6	–391.3
Acquired/divested interest-bearing liabilities	0.0	4.1
Exchange rate differences	0.7	–51.6
Change in pension liability	65.0	–252.7
Reclassifications	21.4	0.0
Other changes	–11.2	–3.6
Net receivables, December 31	1,216.2	843.4
1 Of which repurchases of shares	–33.4	–28.1

The Group's interest-bearing liabilities and provisions decreased to EUR 497.8 M (539.6), of which pension liabilities and provisions amounted to EUR 222.6 M (292.9). The average interest rate refixing period for all Group interest-bearing liabilities was 1.5 (0.6) years, and the average maturity amounted to 3.0 (2.4) years.

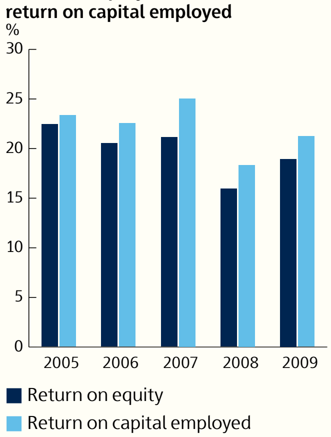
The interest rate for all Group interest-bearing liabilities, excluding pension liabilities, amounted to 3.78 (7.07) percent.

Skanska has an obligation to American guarantors to maintain a certain level of equity in its North American operations.

The Group's total assets and liabilities/equity amounted to EUR 7.9 (7.6) billion. Due to currency rate effects, the total increased by EUR 0.34 billion.

Return on equity and capital employed

Return on equity and return on capital employed



At year-end 2009, the equity of the Group attributable to equity holders amounted to EUR 1,967.6 M (1,739.2). Aside from total comprehensive income for the year, EUR 455.2 M, the change in equity is mainly explained by disbursement of a dividend of EUR –205.7 M and repurchases of shares totaling EUR –33.4 M, as well as long-term employee ownership and share award programs totaling EUR 12.2 M.

Return on equity increased to 18.9 (16.0) percent.

Capital employed amounted to EUR 2,484.3 M (2,298.4). Return on capital employed increased to 21.2 (18.4) percent.

Equity/assets and debt/equity ratio

The net debt/equity ratio amounted to –0.6 (–0.5), and the equity/assets ratio was 25.1 (23.1) percent.

Essential risks and uncertainty factors

The tightening now prevailing in financial markets may have adverse consequences, for example in cases where the Company's customers have difficulties in borrowing to finance their projects and must therefore postpone investments. Certain counterparties, such as customers, subcontractors or suppliers, may have difficulty living up to their contractual obligations, and Skanska carries out continuous assessments of counterparty risks in order to be prepared for this.

The construction business is largely about risk management. Practically every project is unique. Size, shape, environment – everything varies for each new assignment. The construction industry differs in this way from a typical manufacturing company that has permanent facilities and serial production.

In Skanska's operations there are many different types of contractual mechanisms. The degree of risk associated with the price of goods and services varies greatly depending on the contract type. Sharp increases in prices of materials may pose a risk, especially in long projects with fixed-price commitments. Shortages of human resources as well as certain input goods may potentially have an adverse impact on operations. Delays in the design phase or changes in design are other circumstances that may adversely affect projects.

To ensure a systematic and uniform assessment of construction projects, Skanska uses a common model for identifying and managing risks throughout the Group. With the help of this model, Skanska evaluates construction projects continuously, from tender preparations to completion of the assignment, with regard to technical, legal and financial risks.

In Residential Development operations, there are risks in all phases from concept to completed project. Such external factors as interest rates and the willingness of customers to buy residential units are of crucial importance to all decisions in the process. Residential units are built to be sold individually. To minimize risks, the goal is to completely develop and sell the units in a given project during a single economic cycle, when variations in market conditions are small and predictable. New projects are started when a predetermined percentage of units is sold or prebooked.

Greater standardization, with shorter lead times, reduces the period of exposure and thus the risk of fluctuations in market demand.

Due to lengthy planning and permitting processes, ample lead time is required to ensure a supply of building rights (a "land bank") for construction that will meet demand.

Commercial Development manages risks connected with external factors, customers' leasing needs and the willingness of investors to buy commercial properties. By means of frequent customer contacts, Skanska tracks the leasing requirements of customers continuously.

Risks are limited because the business stream has an established ceiling on how much capital may be tied up in projects that have not been pre-leased or sold.

Investments made in Infrastructure Development require efficient risk management during the development phase, that is, before and after financial close.

During the construction phase, the greatest risk is that the asset cannot go into service on schedule and that quality standards are not met.

Depending on the type of asset, there are risks during the entire implementation phase, which may extend over decades. Examples of such risks are external factors – demographic, environmentally related and financial – that are managed during the service life of a project.

For a further account of essential risks and uncertainty factors, see the section on market outlook as well as Note 2, "Key estimates and judgments." Financial risks are described in Note 6, "Financial instruments and financial risk management."

Ongoing litigation

Skanska and another company, which are alleged to have participated in collusive anti-competitive practices in the asphalt sector in Sweden, have been sued by a number of municipalities that maintain that they have suffered damage in procurements alleged to have been the object of collusive cartels between the contractors. Skanska has been sued for a total of EUR 5.5 M. Skanska denies the allegations. The case is being adjudicated at the Stockholm District Court. In keeping with the Group's accounting principles, no provision has been made for the damage suit.

In Finland, the Market Court issued a ruling in December 2007 in the Finnish Competition Authority's suit against a number of companies in the civil construction and asphalt sectors, among them Skanska, concerning alleged collusive anti-competitive activities. The Market Court ordered Skanska to pay EUR 1.4 M in infringement fines. The Competition Authority had sued for EUR 9.7 M. Skanska appealed the decision after the Competition Authority had done the same. In September 2009, the Supreme Administrative Court of Finland issued a final ruling in the case, and Skanska was ordered to pay EUR 4.5 M. The Finnish Road Administration and a number of municipalities have announced damage claims against Skanska due to the alleged collusive cartels. These claims are related to the period before 2002. Skanska will deny liability to pay such damages.

In October 2006, Slovakia's Antitrust Office decided to fine six companies that had participated in tendering for a road project. Skanska was part of a joint venture led by a local Slovakian company. The fine in Skanska's case is the equivalent of EUR 7.2 M and was charged to 2006 earnings. Skanska denies the Authority's allegations and requested that the decision be reviewed by a court of law. In December 2008 the court decided to annul the decision of the Antitrust Office and remit the case to the Office for a new procedure. After being appealed by the Antitrust Office, the case will be decided by Slovakia's Supreme Court.

Changes in the Board of Directors and Senior Executive Team

At the Annual Shareholders' Meeting in April 2009, Board member Jane Garvey resigned. Stuart Graham was elected as a new Board member. The Annual Meeting re-elected Sverker Martin-Löf as Chairman of the Board. Among the Board members and deputy members appointed by employer organizations, no changes occurred.

In September, Roman Wieczorek (effective January 1, 2010) and Mats Williamson (effective October 1, 2009) were appointed Executive Vice Presidents and members of the Senior Executive Team. Petter Eiken and Thomas Alm left the Senior Executive Team on October 1, 2009. On December 7, 2009, Veronica Rörsgård was appointed the new Senior Vice President, Human Resources and a member of the Senior Executive Team.

Sustainable development

Skanska's sustainable development agenda is based on the Triple Bottom Line model, which means that the Company generates sustainable long-term financial results by reducing its environmental impact and by acting in accordance with the expectations of society at large.

Skanska has signed the United Nations Global Compact, an initiative aimed at promoting ten principles concerning human rights, labor standards, environment and anti-corruption. Skanska is a member of the UN's Global Compact Nordic Network, which consists of more than 60 Nordic companies.

Creating safe and healthy work sites for employees, subcontractors and suppliers is a top priority for Skanska. During 2009, 65 percent of projects were certified according to OHSAS 18001, an international occupational health and safety management system. All employees in the Skanska Group are covered by the safety guidelines and standards in force. During the autumn of 2009, Skanska held its annual Safety Week, whose purpose is to spread knowledge and increase awareness about safe working environments. The year's themes were "Planning" and "Leadership."

During 2009 the number of accidents resulting in lost working time fell by 27 percent to 3.8 (5.2) per million hours worked. Tragically, 9 (12) work-related fatalities occurred during the year, of whom 6 were employees of subcontractors and 3 employees of Skanska. To deal with this unacceptable situation, Skanska has introduced the Global Safety Stand Down (GSSD) program, which means that work is interrupted at all job sites worldwide each time a fatal accident occurs. During this interruption, all employees are informed about the accident and the affected colleague is honored with a moment of silence.

Concern for the environment is a central issue for Skanska. During the year, 95 percent of Skanska's units were certified in accordance with the international environmental management system ISO 14001. No serious environmental incidents were reported at any of Skanska's business units during 2009.

Skanska is continuing to work proactively in the construction sector to reduce emissions that may contribute to climate change. This is a task that, in addition to being important for the environment, also improves business opportunities as more and more factors such as official regulations, building standards, taxes and emission allowances affect Skanska's operations.

During 2009 Skanska continued to contribute important work within such projects as the United Nations Sustainable Building & Construction Initiative (SBCI), the World Business Council for Sustainable Development's Energy Efficiency in Buildings (EEB) initiative and the European Union's Corporate Leaders' Group on Climate Change (CLG). Because of Skanska's environmental work and adaptation of its products and services, the Company has received a high ranking from the global Carbon Disclosure Project (CDP) organization. In its industry, Skanska is now number three in the world.

Increased demand for more environmentally friendly buildings has led to greater interest in green construction technology and such external environmental certifications as LEED (United States), Green Building (European Union) and BREEAM (United Kingdom).

The Group is continuing to play an active role in the establishment of Green Building Councils in the Czech Republic, Finland, Hungary, Norway, Poland, Sweden, the U.K. and the U.S. The primary task of the councils is to promote green construction in these countries, primarily by means of industry-wide agreements.

Human resources

The average number of employees during 2009 was 52,931 (57,815), of whom 10,844 (11,490) in Sweden. Employee turnover was at a normal level.

The financial crisis, combined with an economic downturn, resulted in lower project volume, which in turn meant adjustments of the workforce during 2009.

The Skanska Employee Ownership Program (SEOP) is aimed at retaining employees in the Group and creating greater affinity and dedication. The program gives all permanent employees the opportunity to become shareholders in the Company. At present, 18 percent of Skanska's employees participate in the program.

The Group works with annual employee surveys in order to obtain a picture of job satisfaction, morale and professional development needs. These variables are measured regularly at all Skanska units around the world. Results are improved yearly by means of systematic work with factors that create satisfied employees.

One of the most important elements of employee satisfaction is the degree of professional development that an employee experiences. This is why the Group places great emphasis on giving employees opportunities for new, growth-stimulating assignments and providing special training to hone their skills.

At all business units, there are training programs that match the needs of the respective unit and target employees at different levels.

The yearly Talent Review process provides the basis for succession planning and professional development of employees. Based on this evaluation, individual professional development plans are created.

During 2009, the 22 participants in Skanska's 20 month long Global Trainee Program received unique opportunities to create a broad contact network within Skanska by means of practical training within various business streams, both in Sweden and abroad. One purpose of the program is to recruit future key individuals and executives who can bring diversity and new knowledge to the Company. Another is to increase awareness of Skanska as an attractive employer and enable it to expand its traditional recruitment base by also targeting categories of new university-level graduates who do not have an engineering background.

Work with Skanska Unlimited, a program to strengthen opportunities for an international career and facilitate exchanges of expertise within the Group, continued during 2009. Skanska Unlimited is an international program that each year gives some 20 employees the opportunity to carry out assignments at another business unit for 3–6 months. The program enables participants to work at other business units, cultivate their networks and gain a global perspective on Skanska's operations.

During 2009 Skanska started its first global Female Mentorship Program, aimed at retaining and providing professional development opportunities for female managers in the organization.

Remuneration to senior executives

For information about the most recently approved guidelines for determining salaries and other remuneration to the President and CEO as well as other executive officers, see Note 37, "Remuneration to senior executives and Board members."

The Board will present to the Annual Meeting in April 2010 the following proposal on guidelines for salary and other remuneration to senior executives, for approval by the Meeting.

The proposal of the Board for salary and other remuneration to senior executives, for approval by the 2010 Annual Meeting

Remuneration to senior executives of Skanska AB shall consist of fixed salary, flexible remuneration if any, other customary benefits and pension. Senior executives are defined as the President and CEO and the other members of the Senior Executive Team. The combined remuneration for each senior executive shall be market-related and competitive in the labor market in which the executive is working, and outstanding performance shall be reflected in total remuneration.

Fixed salary and flexible remuneration shall be related to the responsibility and authority of the executive. The flexible remuneration shall be payable in cash and/or shares and it shall have a ceiling and be related to fixed salary. The allocation of shares shall require a three-year vesting period and shall be part of a long-term incentive program. Flexible remuneration shall be based on outcome in relation to established targets and be designed with the aim of achieving increased alignment between the interests of the executive and the Company's shareholders. The terms of flexible remuneration should be designed in such a way that if exceptional economic conditions are prevailing, the Board has the opportunity to limit or refrain from paying flexible remuneration if such payment is deemed unreasonable and incompatible with the Company's other responsibilities toward shareholders, employees and other stakeholders.

To the extent that a Board member performs work on behalf of the Company in addition to his or her Board work, a consultant fee and other compensation for such work may be payable.

In case of termination or resignation, the normal notice period is 6 months, combined with severance pay equivalent to a maximum of 18 months of fixed salary or, alternatively, a notice period with a maximum of 24 months.

Pension benefits shall be either defined-benefit or defined-contribution, or a combination of these, and should entitle the executive to receive a pension from the age of 65. In individual case, however, the pension age may be as early as 60. To qualify for a full defined-benefit pension, employment is required to have existed during as long a period as is required according to the Company's general pension plan in each respective country. Flexible remuneration shall not be pensionable, except in cases where it follows from the rules in a general pension plan.

The Board of Directors may diverge from these guidelines, if there are special reasons to do so in an individual case.

Matters related to the salary and other remuneration of the President and CEO are prepared by the Compensation Committee and decided by the Board. Matters related to the salary and other remuneration of other senior executives are decided by the Compensation Committee.

Groupwide share incentive programs

Skanska has two Groupwide share incentive programs, the long-term Skanska Share Award Plan that was applicable during 2005–2007 and the Skanska Employee Ownership Plan which runs during 2008–2010.

Long-term Share Award Plan (SAP), 2005–2007

The Skanska Share Award Plan (SAP) applied during 2005–2007, with disbursement in the form of Skanska shares during 2009–2011. The Plan covers about 300 managers.

Aside from financial targets, the criteria for allotment of shares include targets for work site health and safety, environmental impact, business ethics, fewer loss-making projects and management development. The plan may provide a maximum 30 percent addition to fixed salary.

To ensure the delivery of shares to those who are covered by the plan, 560,000 Series D shares held by the Company were converted into Series B shares. Of these, 387,965 were transferred to participants in the 2005 program.

Skanska Employee Ownership Program, 2008–2010 (SEOP)

The purpose of the program is to strengthen the Group's ability to retain and recruit qualified personnel and to align employees more closely to the Company and its shareholders.

The program gives employees the opportunity to invest in Skanska shares while receiving incentives in the form of possible allocation of additional share awards. This allocation is predominantly performance-based.

The program runs for three years, 2008–2010, with allotment of shares earned by the employees not taking place until after a three year vesting (or "lock-up") period, i.e. during the years 2011–2013. To be able to earn matching and performance shares, a person must be employed during the entire vesting period and have retained the shares purchased within the framework of the program.

At present, 18 percent of the Group's permanent employees are participating in the program.

The costs of the programs are presented in the following table.

Employee-related costs for the long-term Skanska Share Award Plan (SAP) and the Skanska Employee Ownership Program (SEOP)

EUR M	SAP	SEOP	Total programs
Employee-related costs for share awards[1]			
Total preliminary cost for the program	12.6	42.0	54.6
Expensed January 1	–9.9	–3.1	–13.0
Cost for the year	–1.7	–11.0	–12.7
Total expensed December 31	**–11.6**	**–14.1**	**–25.7**
Remaining to be expensed	**1.1**	**27.9**	**28.9**
Of which expensed in			
2010	1.1	13.8	14.9
2011	0.0	10.8	10.8
2012		3.3	3.3
Total	**1.1**	**27.9**	**28.9**
Dilution through 2009, %	0.28	0.48	0.76
Share awards earned through 2009 Number of shares	1,139,170	1,729,048	2,868,218
Maximum dilution at end of program, %	0.31	1.19	1.50
Share awards earned at end of program Number of shares	1,272,871	4,954,496	6,227,367
Series B shares distributed	387,965		387,965
Total undistributed shares	**884,906**	**4,954,496**	**5,839,402**

1 Excluding social insurance contributions.

Repurchases of shares

In order to ensure delivery of shares to the participants in Skanska's share incentive programs, the 2009 Annual Meeting gave the Board of Directors a mandate to repurchase Skanska's own shares. The decision means that the Company may buy a maximum of 4,500,000 of Skanska's own Series B shares.

During the year, Skanska repurchased a total of 3,419,000 shares at an average price of SEK 100.69 (corresponding to EUR 9.48).

Annual Meeting

The Annual Shareholders' Meeting will be held at 5:00 p.m. on April 13, 2010 at the Berwaldhallen concert hall in Stockholm, Sweden.

Proposed dividend

The Board of Directors proposes a regular dividend of SEK 5.25 (5.25) (corresponding to EUR 0.51 [0.49]) per share plus an extra dividend of SEK 1.00 (0.00) (corresponding to EUR 0.10 [0. 00]) per share for the 2009 financial year, totaling SEK 6.25 (5.25) (corresponding to EUR 0.61 [0.49]) per share. The dividend for 2009 totals an estimated EUR 250.5 M (205.7). The record date for the dividend is April 16, 2010.

No dividend is paid for the Parent Company's holding of its own Series B shares. The total dividend amount may change by the record date, depending on repurchases of shares and transfers of shares to participants in Skanska's long-term share award plan for 2006.

Events after the end of the report period

To ensure delivery of shares pursuant to Skanska's Share Award Plan related to the financial year 2006, 300,000 Series B shares were converted to Series B shares.

Skanska Infrastructure Development and its partners have signed an agreement on a feasibility study for a possible public-private partnership project in the United States. Skanska will conduct the study and develop a proposal for construction and operation of a number of road tunnels in the U.S. state of Virginia.

The Ministry of Public Works in Chile has appointed Skanska preferred bidder for the development of a toll road in northern Chile. Provided that project financing is in place, Skanska will be responsible for design, construction, financing and management of the road for 20 years. Design and construction will be performed by Skanska Latin America and the contract is expected to total about EUR 0.20–0.24 billion.

Skanska has sold its 35 percent stake in the Breitner Energètica S.A. power station for a symbolic sum. The entire value of this stake was charged as an impairment loss during 2009.

Consolidated income statement

EUR M	Note	2009	2008
Revenue	8, 9	**12,878.0**	14,924.1
Cost of sales	9	**–11,639.5**	–13,662.8
Gross income		**1,238.5**	1,261.2
Selling and administrative expenses	11	**–760.4**	–927.8
Income from joint ventures and associated companies	20	**13.5**	91.0
Operating income	10, 12, 13, 22, 36, 38, 40	**491.6**	424.4
Financial income		**27.7**	55.7
Financial expenses		**–46.6**	–22.0
Net financial items	14	**–18.9**	33.7
Income after financial items	15	**472.7**	458.1
Taxes	16	**–131.1**	–130.2
Profit for the year		**341.5**	327.9
Profit for the year attributable to			
Equity holders		**341.1**	322.2
Non-controlling interests		**0.5**	5.7
Earnings per share, EUR	26, 44		
after repurchases and conversion		**0.82**	0.77
after repurchases, conversion and dilution		**0.82**	0.77
Average number of shares outstanding	26		
after repurchases and conversion		**415,059,131**	416,985,073
after repurchases, conversion and dilution		**416,743,454**	417,851,397

Consolidated statement of comprehensive income

EUR M	2009	2008
Profit for the year	**341.5**	327.9
Other comprehensive income		
Translation differences attributable to equity holders	**111.8**	–180.7
Translation differences attributable to non-controlling interests	**–0.5**	2.4
Hedging of exchange risk in foreign operations	**–31.8**	38.0
Effects of actuarial gains and losses on pensions	**71.9**	–284.9
Effects of cash flow hedges	**–15.8**	–23.0
Tax attributable to other comprehensive income	**–21.9**	77.8
Other comprehensive income for the year	**113.7**	–370.4
Total comprehensive income for the year	**455.2**	–42.4
Total comprehensive income for the year attributable to		
Equity holders	**455.2**	–50.5
Non-controlling interests	**0.0**	8.1

See also Note 26.

Consolidated statement of financial position

EUR M	Note	2009	2008
Assets			
Non-current assets			
Property, plant and equipment	17, 40	**612.1**	632.2
Goodwill	18	**423.7**	405.9
Other intangible assets	19	**80.1**	73.5
Investments in joint ventures and associated companies	20	**149.3**	138.2
Financial non-current assets	21	**101.2**	28.2
Deferred tax assets	16	**162.0**	180.0
Total non-current assets		**1,528.3**	1,458.0
Current assets			
Current-asset properties	22	**1,807.1**	1,696.6
Inventories	23	**81.1**	82.3
Financial current assets	21	**725.8**	665.7
Tax assets	16	**51.8**	74.2
Gross amount due from customers for contract work	9	**501.6**	556.2
Trade and other receivables	24	**2,296.2**	2,374.6
Cash	25	**913.7**	720.1
Total current assets		**6,377.2**	6,169.8
Total assets	32	**7,905.4**	7,627.7
of which interest-bearing financial non-current assets	31	**95.8**	22.4
of which interest-bearing current assets	31	**1,618.1**	1,360.6
		1,713.9	1,382.9

Consolidated statement of financial position

EUR M	Note	2009	2008
Equity	26		
Share capital		**139.9**	139.9
Paid-in capital		**52.9**	40.7
Reserves		**–38.0**	–100.5
Retained earnings		**1,812.8**	1,659.2
Equity attributable to equity holders		**1,967.6**	1,739.2
Non-controlling interests		**18.9**	19.7
Total equity		**1,986.5**	1,758.9
Liabilities			
Non-current liabilities			
Financial non-current liabilities	27	**185.8**	98.4
Pensions	28	**215.4**	283.3
Deferred tax liabilities	16	**162.5**	160.8
Non-current provisions	29	**5.1**	7.9
Total non-current liabilities		**568.8**	550.3
Current liabilities			
Financial current liabilities	27	**112.0**	190.1
Tax liabilities	16	**103.3**	78.9
Current provisions	29	**486.7**	448.5
Gross amount due to customers for contract work	9	**1,605.7**	1,557.9
Trade and other payables	30	**3,042.5**	3,043.0
Total current liabilities		**5,350.2**	5,318.5
Total liabilities		**5,918.9**	5,868.9
Total equity and liabilities	32	**7,905.4**	7,627.7
of which interest-bearing financial liabilities	31	**275.2**	246.6
of which interest-bearing pensions and provisions	31	**222.6**	292.9
		497.8	539.6

Information about the Group's assets pledged and contingent liabilities can be found in Note 33.

Consolidated statement of changes in equity

				Equity attributable to equity holders				
EUR M	Share capital	Paid–in capital	Translation reserve	Cash flow hedge reserve	Retained earnings	Total	Non–controlling interests	Total equity
Equity, January 1, 2008	**139.9**	**34.8**	**62.2**	**1.5**	**1,931.9**	**2,170.2**	**23.0**	**2,193.2**
Comprehensive income for the year			–142.7	–21.5	113.6	–50.5	8.1	–42.4
Dividend to shareholders					–358.2	–358.2	–4.7	–362.8
Repurchases of 2,795,000 Series B shares					–28.1	–28.1		–28.1
Change in share-based payments for the year		5.8				5.8		5.8
Other transfers of assets recognized directly in equity						0.0	–6.8	–6.8
Equity, December 31, 2008/ Equity, January 1, 2009	**139.9**	**40.7**	**–80.5**	**–20.0**	**1,659.2**	**1,739.2**	**19.7**	**1,758.9**
Comprehensive income for the year			80.0	–17.5	392.7	455.2	0.0	455.2
Dividend to shareholders					–205.7	–205.7	–0.8	–206.4
Repurchases of 3,419,000 Series B shares					–33.4	–33.4		–33.4
Change in share-based payments for the year		12.2				12.2		12.2
Equity, December 31, 2009	**139.9**	**52.9**	**–0.5**	**–37.5**	**1,812.8**	**1,967.6**	**18.9**	**1,986.5**

See also Note 26.

Consolidated cash flow statement

EUR M	2009	2008
Operating activities		
Operating income	**491.6**	424.4
Adjustments for items not included in cash flow	**29.3**	–96.6
Income tax paid	**–100.6**	–159.4
Cash flow from operating activities before change in working capital	**420.2**	168.4
Cash flow from change in working capital		
Investments in current-asset properties	**–670.8**	–1,107.4
Divestments of current-asset properties	**802.7**	801.4
Change in inventories and operating receivables	**319.8**	32.8
Changes in operating liabilities	**–175.9**	162.4
Cash flow from change in working capital	**275.7**	–110.8
Cash flow from operating activities	**695.9**	57.5
Investing activities		
Acquisitions of businesses	**–0.9**	–0.5
Investments in intangible assets	**–5.8**	–8.2
Investments in property, plant and equipment	**–119.8**	–222.5
Investments in Infrastructure Development assets	**–41.9**	–41.1
Investments in shares	**–16.9**	–0.7
Increase in interest-bearing receivables, loans provided	**–313.3**	–321.8
Disposals of businesses	**0.0**	0.2
Divestments of intangible assets	**0.0**	0.1
Divestments of property, plant and equipment	**37.7**	66.2
Divestments of Infrastructure Development assets	**12.9**	133.3
Divestments of shares	**0.2**	4.1
Decrease in interest-bearing receivables, repayments of loans provided	**155.0**	218.1
Income tax paid	**–2.0**	–26.3
Cash flow from investing activities	**–294.7**	–199.2
Financing activities		
Net interest items	**5.1**	34.4
Other financial items	**–37.7**	13.4
Borrowings	**106.7**	30.6
Repayment of debt	**–85.7**	–252.0
Dividend paid	**–205.7**	–358.2
Shares repurchased	**–33.4**	–28.1
Dividend to/Contribution from non-controlling interests	**–0.5**	–5.0
Income tax paid	**9.8**	–14.3
Cash flow from financing activities	**–241.4**	–579.2
Cash flow for the year	159.8	–720.9
Cash and cash equivalents, January 1	720.1	1,503.8
Translation differences in cash and cash equivalents	33.7	–62.7
Cash and cash equivalents, December 31	**913.7**	720.1

Change in interest-bearing net receivables

EUR M	2009	2008
Interest-bearing net receivables, January 1	**843.4**	1,543.1
Cash flow from operating activities	**695.9**	57.5
Cash flow from investing activities excluding change in interest-bearing receivables	**–136.5**	–95.6
Cash flow from financing activities excluding change in interest-bearing liabilities	**–262.4**	–357.8
Change in pension liability	**65.0**	–252.7
Reclassifications	**21.4**	
Net receivable/liability acquired/divested		4.1
Translation differences	**0.7**	–51.6
Other items	**–11.2**	–3.6
Interest-bearing net receivables, December 31	**1,216.2**	843.4

Consolidated operating cash flow statement

EUR M	2009	2008
Cash flow from business operations before change in working capital and taxes paid	**520.9**	327.8
Change in working capital excluding current-asset properties	**143.8**	195.2
Net investments in operations	**4.5**	–377.1
Cash flow adjustment, net investments[1]	**–1.4**	2.1
Taxes paid in business operations	**–102.6**	–185.7
Cash flow from business operations	**565.2**	–37.7
Net interest items and other financial items	**–32.7**	47.8
Taxes paid in financing operations	**9.8**	–14.3
Cash flow from financing operations	**–22.9**	33.4
Cash flow from operations	**542.3**	–4.3
Net strategic investments	**–5.7**	–0.3
Taxes paid on net strategic divestments	**0.0**	0.0
Cash flow from strategic investments	**–5.7**	–0.3
Dividend etc.[2]	**–239.6**	–391.3
Cash flow before changes in interest-bearing receivables and liabilities	**297.0**	–395.9
Change in interest-bearing receivables and liabilities	**–137.2**	–325.0
Cash flow for the year	**159.8**	–720.9

1 Refers to payments made during the year in question related to investments/divestments in prior years, and unpaid investments/divestments related to the year in question.

2 Of which repurchases of shares	–33.4	–28.1

See also Note 35.

Notes including accounting and valuation principles

Amounts in millions of euros (EUR M) with one decimal unless otherwise specified. Income is reported in positive figures and expenses in negative figures. Both assets and liabilities are reported in positive figures. Interest-bearing net receivables/liabilities are reported in positive figures if they are receivables and negative figures if they are liabilities. Accumulated depreciation/amortization and accumulated impairment losses are reported in negative figures.

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Note 01 Consolidated accounting and valuation principles

Conformity with laws and standards

In compliance with the ordinance approved by the European Union (EU) on the application of international accounting standards, these financial statements have been prepared in compliance with International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs), issued by the International Accounting Standards Board (IASB), as well as the interpretations by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor the Standing Interpretations Committee (SIC), to the extent these standards and interpretations have been approved by the EU.

This financial report was approved for publication by the President and CEO on February 4, 2010. The statutory annual report will be adopted by the Annual Meeting on April 13, 2010.

Conditions when preparing the Group's financial reports

The functional currency of the Parent Company is Swedish crowns or kronor (SEK). The Annual Report of the Parent Company and the Group is prepared with SEK as the presentation currency. These financial statements were prepared with euros (EUR) as the presentation currency. All amounts are rounded off to the nearest million with one decimal, unless otherwise stated.

Preparing the financial reports in compliance with IFRSs requires management to make judgments and estimates as well as make assumptions that affect the application of accounting principles and the recognized amounts of assets, liabilities, revenue and expenses. Actual outcomes may diverge from these estimates and judgments.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period the change is made if the change only affects this period, or in the period the change is made and future periods if the change affects both the period in question and future periods.

Judgments made by management when applying IFRSs that have a substantial impact on the financial reports and estimates that may lead to significant adjustments in the financial reports of subsequent years are described in more detail in Note 2.

The accounting principles for the Group stated below have been applied consistently for all periods that are presented in the consolidated financial reports, unless otherwise indicated below. The accounting principles for the Group have been applied consistently in reporting and consolidation of the Parent Company, Group companies, associated companies and joint ventures.

New standards and interpretations

During 2009, Skanska began applying one accounting standard, several amendments or improvements to accounting standards in force and two interpretations. Of these, it was mainly the new accounting standard IFRS 8, "Operating segments," the amended IAS 1, "Presentation of Financial Statements and the amended IFRS 7, "Financial Instruments: Disclosures" that have been of significance to the Group's financial statements.

The introduction of IFRS 8 has had a limited effect on segment reporting, because the division into operating segments that the Group has applied for a number of years fulfills the criteria in IFRS 8. More information on the accounting standard is provided in the IFRS 8 section of this note.

The amended IAS 1 states that all revenue and expense items shall either be presented in a single report or be divided into two statements – an income statement and a statement of comprehensive income – which, aside from income for the year, also present other components in other comprehensive income. Skanska has chosen to report according to the latter alternative. The new statement is called the "Consolidated statement of comprehensive income." More information about this is provided in the IAS 1 section of this note.

The amended IFRS 7 has meant expanded descriptions of fair value measurement and liquidity risks.

Effective from 2009, amendments to IAS 23 require capitalization of borrowing costs directly attributable to the acquisition, construction or production of assets that take a substantial period of time to complete. Because Skanska already applies this principle, the amendment of the standard means nothing new for Skanska.

Application in advance of revised IFRSs and interpretations

New and amended IFRSs or interpretations have not been applied in advance.

Amendments of standards and new interpretations that have not yet begun to be applied

IFRIC 12, "Service Concession Arrangements," which affects Skanska Infrastructure Development, deals with the question of how the operator of a service concession agreement should account for the infrastructure as well as the rights it receives and the obligations it undertakes under the agreement. The operator constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and maintains the infrastructure (operation services) for a specified period of time. The consideration that the operator will receive shall be allocated between construction or upgrade services and operation services according to the relative fair values of the respective services. Construction or upgrade services are reported in compliance with IAS 11 and operation services in compliance with IAS 18. For construction or upgrade services, the consideration may be rights to a financial asset or an intangible asset. If the operator has an unconditional right to receive cash in specified or determinable amounts, it is a financial asset. If the operator instead has the right to charge the users of the public service, it is an intangible asset. The interpretation will be applied starting in 2010. Note 3 provides an overall comment about the effect of IFRIC 12 on the consolidated accounts.

IFRIC 15, "Agreements for the Construction of Real Estate," is to be applied to accounting for revenue and expenses when a company undertakes the construction of real estate. The interpretation addresses the issue of whether accounting for construction of real estate should be in accordance with IAS 11 or IAS 18, and when the revenue from the construction of real estate should be recognized. It assumes that the company retains neither an involvement nor effective control over the real estate to an extent that would preclude recognition of the consideration as revenue. IAS 11 shall be applied when the buyer can specify the structural elements of the design of the real estate before construction begins, or specify major changes once construction is in progress. Otherwise IAS 18 shall be applied. If IAS 11 is applied, the percentage of completion method is used. If IAS 18 is to be applied, it must first be determined whether the agreement is an agreement is for the rendering of services or for the sale of goods. If the company is not required to acquire or supply construction materials, it is an agreement for rendering of services, and revenue is recognized according to the percentage of completion method. If the company is required to provide services together with construction materials, it is an agreement for the sale of goods. Revenue is then recognized when, among other things, the company has fulfilled the criterion that it has transferred to the buyer the significant risks and rewards associated with ownership, which normally occurs upon the transfer of legal ownership, which often coincides with the date the buyer takes possession of the property. The interpretation will be applied starting in 2010. Note 3 provides an overall comment about the effect of IFRIC 15 on the consolidated accounts.

IFRIC 16, "Hedges of a Net Investment in a Foreign Operation," deals with issues related to the prerequisites for hedge accounting in case of holdings of hedging instruments. Among other things, it clarifies that hedge accounting may occur even if a Group company other than the parent company of the hedge operation is the holder of the hedging instrument. The interpretation will be applied starting in 2010.

IFRS 3 has been revised. One significant change is that acquisitions of property companies will also be included in the concept of business combinations. Acquisitions of property may thus give rise to recognition of goodwill in the consolidated accounts. The revision will be applied starting in 2010.

An amendment to IAS 27 will mean, among other things, that the sale of a portion of a Group company is recognized directly under "Other comprehensive income" as long as the company is a Group company. If control of the Group company ceases, any remaining holding shall be recognized at fair value. The amendment will be applied starting in 2010.

IAS 1, "Presentation of Financial Statements"

Income statement

Reported as revenue are project revenue, compensation for other services performed, divestment of current-asset properties, deliveries of materials and merchandise, rental income and other operating revenue. Revenue from the sale of machinery, equipment, non-current-asset properties and intangible assets are not included here, but are instead recognized on a net basis among operating expenses against the carrying amounts of the assets.

Reported as cost of sales are, among others, direct and indirect manufacturing expenses, loss risk provisions, the carrying amounts of divested current-asset properties, bad debt losses and warranty expenses. Also included is depreciation on property, plant and equipment that is used for construction, manufacturing and property management.

Selling and administrative expenses include customary administrative expenses, technical expenses and selling expenses, as well as depreciation of machinery and equipment that have been used for selling and administration. Goodwill impairment losses are also reported as a selling and administrative expense.

Income/loss from joint ventures and associated companies is recognized separately in the income statement, allocated between operating income (share of income after financial items) and taxes.

Financial income and expenses are recognized divided into two items: "Financial income" and "Financial expenses." Among items recognized under financial income are interest income, dividends, gains on divestments of shares and other financial items. Among financial expenses are interest expenses and other financial items. Changes in the fair value of financial instruments, primarily derivatives connected to financial activities, are recognized as a separate sub-item allocated between financial income and expenses. The net amount of exchange rate differences is recognized either as financial income or expenses. Financial income and expenses are described in more detail in Note 6 and in Note 14.

Comprehensive income

Aside from profit for the year, the consolidated statement of comprehensive income includes the items that are included under "Other comprehensive income." These include translation differences, hedging of exchange risks in foreign operations, actuarial gains and losses on pensions, effects of cash flow hedges and tax on these items.

Statement of financial position

Assets

Assets are allocated between current assets and non-current assets. An asset is regarded as a current asset if it is expected to be realized within twelve months from the closing day or within the Company's operating cycle. Operating cycle refers to the period from the signing of a contract until the Company receives cash payment on the basis of a final inspection or deliveries of goods (including properties). Since the Group performs large contracting projects and project development, the operating cycle criterion means that many more assets are labeled as current assets than if the only criterion were "within twelve months."

Cash and cash equivalents consist of cash and immediately available deposits at banks and equivalent institutions plus short-term liquid investments with a maturity from the acquisition date of less than three months, which are subject to only an insignificant risk of fluctuations in value. Checks that have been issued reduce liquid assets only when cashed. Cash and cash equivalents that cannot be used freely are reported as current assets (current receivables) if the restriction will cease within twelve months from the closing day. In other cases, cash and cash receivables are reported as non-current assets. Cash and cash equivalents that belong to a construction consortium are cash and cash equivalents with restrictions if they may only be used to pay the debts of the consortium.

Assets that meet the requirements in IFRS 5 are accounted for as a separate item among current assets.

Note 31 shows the allocation between interest-bearing and non-interest-bearing assets.

In Note 32, assets are allocated between amounts for assets expected to be recovered within twelve months from the closing day and assets expected to be recovered after twelve months from the closing day. The division for non-financial non-current assets is based on expected annual depreciation. The division for current-asset properties is mainly based on outcomes during the past three years. This division is even more uncertain than for other assets, since the outcome during the coming year is strongly influenced by the dates when binding contracts for large individual properties are signed.

Equity

The Group's equity is allocated between "Share capital," "Paid-in capital," "Reserves," "Retained earnings" and "Non-controlling interests."

Acquisitions of the Company's own shares and other equity instruments are recognized as a deduction from equity. Proceeds from the divestment of equity instruments are recognized as an increase in equity. Any transaction costs are recognized directly in equity.

Dividends are recognized as a liability, once the Annual Shareholders' Meeting has approved the dividend.

A description of equity, the year's changes and disclosures concerning capital management are provided in Note 26.

Liabilities

Liabilities are allocated between current liabilities and non-current liabilities. Recognized as current liabilities are liabilities that are either supposed to be paid within twelve months from the closing day or, although only in the case of business-related liabilities, are expected to be paid within the operating cycle. Since the operating cycle is thus taken into account, no non-interest-bearing liabilities, for example trade accounts payable and accrued employee expenses, are recognized as non-current. Liabilities that are recognized as interest-bearing due to discounting are included among current liabilities, since they are paid within the operating cycle. Interest-bearing liabilities can be recognized as non-current even if they fall due for payment within twelve months from the closing day, if the original maturity was longer than twelve months and the company has reached an agreement to refinance the obligation long-term before the annual accounts are submitted. Information on liabilities is provided in Notes 27 and 30.

In Note 32, liabilities are allocated between amounts for liabilities to be paid within twelve months of the closing day and liabilities to be paid after twelve months from the closing day. Note 31 also provides information about the allocation between interest-bearing and non-interest-bearing liabilities.

IAS 27, "Consolidated and Separate Financial Statements"

The consolidated financial statements encompass the accounts of the Parent Company and those companies in which the Parent Company, directly or indirectly, has a controlling influence. "Controlling influence" implies a direct or indirect right to shape a company's financial and operating strategies for the purpose of obtaining financial benefits. This normally requires ownership of more than 50 percent of the voting power of all participations, but a controlling influence also exists when there is a right to appoint a majority of the Board of Directors. When judging whether a controlling influence exists, potential voting shares that can be utilized or converted without delay must be taken into account. If, on the acquisition date, a Group company meets the conditions to be classified as held for sale in compliance with IFRS 5, it must be reported according to that accounting standard.

Acquired companies are consolidated from the quarter within which the acquisition/divestment occurs. In a corresponding way, divested companies are consolidated up to and including the final quarter before the divestment date.

Intra-Group receivables, liabilities, revenue and expenses are eliminated in their entirety when preparing the consolidated financial statements.

Gains that arise from intra-Group transactions and that are unrealized from the standpoint of the Group on the closing day are eliminated in their entirety. Unrealized losses on intra-Group transactions are also eliminated in the same way as unrealized gains, to the extent that the loss does not correspond to an impairment loss.

Goodwill attributable to operations abroad is expressed in local currency. Translation to EUR complies with IAS 21.

IFRS 3, "Business Combinations"

This accounting standard deals with business combinations, which refers to mergers of separate companies or businesses. If an acquisition does not relate to a business, which is normal when acquiring properties, IFRS 3 is not applied. In such cases, the cost is instead allocated among the individual identifiable assets and liabilities based on their relative fair values on the acquisition date, without recognizing goodwill and any deferred tax assets/liability as a consequence of the acquisition.

Acquisitions of businesses, regardless of whether the acquisition concerns holdings in another company or a direct acquisition of assets and liabilities, are reported according to the purchase method of accounting. If the acquisition concerns holdings in a company, the method implies that the acquisition is regarded as a transaction through which the Group indirectly acquires the assets of a Group company and assumes its liabilities and contingent liabilities. Cost in the consolidated accounts is determined by means of an acquisition analysis in conjunction with the business combination. The analysis establishes both the cost of the holdings or the business and the fair value of acquired identifiable assets plus the liabilities and contingent liabilities assumed. The difference between the cost of holdings in a Group company and the fair value of acquired assets and liabilities and contingent liabilities assumed is goodwill on consolidation.

Goodwill is carried at cost less accumulated impairment losses. Goodwill is allocated among cash-generating units and subjected to annual impairment testing in compliance with IAS 36.

In case of business combinations where the cost of acquisition is below the net value of acquired assets and the liabilities and contingent liabilities assumed, the difference is recognized directly in the income statement.

If a business combination occurs in several stages, revaluation of previous acquisitions occurs to the extent there has been a change in the fair value of assets and liabilities in the acquired business. This revaluation is recognized directly under "Other comprehensive income."

IAS 21, "The Effects of Changes in Foreign Exchange Rates"

Foreign currency transactions

Foreign currency transactions are translated into an entity's functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing on the closing day. Exchange rate differences that arise from translations are recognized in the income statement. Non-monetary assets and liabilities recognized at historic cost are translated at the exchange rate on the transaction date.

Functional currency is the currency of the primary economic environment where the companies in the Group conduct their business.

Financial reports of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surpluses and deficits, are translated to Euro at the exchange rate prevailing on the closing day. Revenue and expenses in a foreign operation are translated to Euro at the average exchange rate. If a foreign operation is located in a country with hyperinflation, revenue and expenses are to be translated in a special way. In the year's financial statements, it has not been necessary to do this. Translation differences that arise from currency translation of foreign operations are recognized under "Other comprehensive income."

Net investment in a foreign operation

Translation differences that arise in connection with translation to EUR of a net investment in another currency and accompanying effects of hedging of net investments are recognized under "Other comprehensive income." When divesting a foreign operation, with a functional currency other than EUR the accumulated translation differences attributable to the operation are realized in the consolidated income statement after subtracting any currency hedging. As for accumulated translation differences attributable to the period before January 1, 2004, these are stated at zero upon transition to IFRS.

Foreign currency loans and currency derivatives for hedging of translation exposure (equity loans) are carried at the exchange rate on the closing day. Exchange rate differences are recognized, taking into account the tax effect, under "Other comprehensive income." Hedging of translation exposure reduces the exchange rate effect when translating the financial statements of foreign operations to the functional currency of the respective unit. Any forward contract premium is accrued until maturity and is recognized as interest income or an interest expense.

IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations"

A discontinued operation is a portion of a company's operations that represents a separate line of business or a major operation in a geographic area and is part of a single coordinated plan to dispose of a separate line of business or a major operation carried out in a geographic area, or is a Group company acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon divestment, or at an earlier date when the operation meets the criteria to be classified as held for sale. A disposal group that is to be shut down can also qualify as a discontinued operation if it meets the above size criteria.

If a non-current asset or disposal group is to be classified as held for sale, the asset (disposal group) must be available for sale in its present condition. It must also be highly probable that the sale will occur. In order for a sale to be highly probable, a decision must have been made at management level, and active efforts to locate a buyer and complete the plan must have been initiated. The asset or disposal group must be actively marketed at a price that is reasonable in relation to its fair value, and it must be probable that the sale will occur within one year. Skanska also applies the principle that with regard to a single non-current asset, its value must exceed EUR 20 M.

Depreciation or amortization of a non-current asset is not made as long as it is classified as held for sale.

Non-current assets classified as held for sale as well as disposal groups and liabilities attributable to them must be presented separately in the statement of financial position.

IAS 28, "Investments in Associates"

Reported as associated companies are companies in which the Skanska Group exercises significant but not controlling influence, which is presumed to be the case when the Group's holding amounts to a minimum of 20 percent and a maximum of 50 percent of the voting power. In addition, it is presumed that this ownership is one element of a long-term connection and that the holding shall not be reported as a joint venture.

The equity method

From the date when Skanska obtains a significant influence, holdings in associated companies are included in the consolidated financial statements according to the equity method. Any difference upon acquisition between the cost of the holding and the owner company's share of net fair value of the associated company's identifiable assets, liabilities and contingent liabilities is recognized in compliance with IFRS 3. The equity method implies that the carrying amount of the Group's shares in associated companies is equivalent to the Group's proportion of their share capital as well as goodwill in the consolidated accounts and any other remaining consolidated surpluses and deductions of internal profits. The Group's share of the associated company's income after financial items is recognized as "Income from joint ventures and associated companies" in the income statement. Any depreciation/amortization and impairment losses on acquired surpluses are taken into account. The Group's proportion of the tax expense of an associated company is included in "Taxes." Dividends received from an associated company reduce the carrying amount of the investment.

When the Group's share of recognized losses in an associated company exceeds the carrying amount of the holdings in the consolidated financial statements, the value of the holding is reduced to zero. Settlement of losses also occurs against long-term unsecured financial assets which, in substance, form part of Skanska's net investment in the associated company and are thus recognized as shares. Continued losses are not recognized unless the Group has provided guarantees to cover losses arising in the associated company.

Elimination of internal profits

When profits arise from transactions between the Group and an associated company, the portion equivalent to the Group's share of ownership is eliminated. If the carrying amount of the Group's holding in the associated company is below the elimination of internal profit, the excess portion of the elimination is recognized among provisions.

The elimination of the internal profit is adjusted in later financial statements based on how the asset is used or when it is divested. If a loss arises from a transaction between the Group and an associated company, the loss is eliminated only if it does not correspond to an impairment loss on the asset.

If a profit or loss has arisen in the associated company, the elimination affects the income recognized under "Income from joint ventures and associated companies."

The equity method is applied until the date when significant influence ceases.

Note 20 provides information about associated companies.

IAS 31, "Interests in Joint Ventures"

Companies operated jointly with other companies, and in which control is exercised jointly according to agreement, are reported as joint ventures.

The equity method, which is described in the section on associated companies, is applied when preparing the consolidated financial statements. The consolidated income statement recognizes the Group's share of the income in joint ventures after financial items among "Income from joint ventures and associated companies." Any depreciation, amortization and impairment losses on acquired surpluses have been taken into account. The Group's share of the tax expense of a joint venture is included in "Taxes." Dividends received from a joint venture are subtracted from the carrying amount of the investment.

In connection with infrastructure projects, the Group's investment may include either holdings in or subordinated loans to a joint venture. Both are treated in the accounts as holdings.

Elimination of internal profits

Internal profits that have arisen from transactions between the Group and a joint venture are eliminated based on the Group's share of ownership. If the carrying amount of the Group's holding in a joint venture is below the elimination of internal profit, the excess portion of the elimination is recognized among provisions. The elimination of the internal profit is adjusted in later financial statements based on how the asset is used or when it is divested. If a loss instead arises from a transaction between the Group and a joint venture, the loss is eliminated only if it does not correspond to an impairment loss on the asset. When Skanska's Construction operations perform assignments for a joint venture in Infrastructure Development operations, a loss is eliminated only to the extent that the carrying amount of Skanska's holding in the joint venture does not exceed 80 percent of estimated market value. If a profit or loss has arisen in a joint venture, the elimination affects the income recognized under "Income from joint ventures and associated companies."

Note 20 provides information about joint ventures.

IAS 11, "Construction Contracts"

Project revenues are reported in compliance with IAS 11. This implies that the income from a construction project is reported successively as the project accrues. The degree of accrual is mainly determined on the basis of accumulated project expenses in relation to estimated accumulated project expenses upon completion. If the outcome cannot be estimated in a satisfactory way, revenue is reported as equivalent to accumulated expenses on the closing day (zero recognition). Anticipated losses are immediately reported as expenses. If the construction project also includes liability to the customer for divestment of completed housing units, the number of unsold units is taken into account when recognizing the earnings of the construction project, by recognizing a profit that is proportional to both the degree of accrual and the degree of sales. This means that if the degree of accrual is 50 percent and the degree of sales likewise is 50 percent, 25 percent of forecasted final profit is reported (forecasted loss is reported immediately as an expense at 100 percent).

Recognized as project revenue are the originally agreed contract amount as well as additional work, claims for special compensation and incentive payments, but normally only to the extent that these have been approved by the customer. All services that are directly related to the construction project are covered by IAS 11. Other services are covered by IAS 18.

If substantial non-interest-bearing advance payments have been received, the advance payment is discounted and recognized as an interest-bearing liability. The difference between a nominal amount and a discounted amount constitutes project revenue and is recognized as revenue according to the percentage of completion method. The upward adjustment in the present value of the advance payment in subsequent financial statements is reported as an interest expense.

The difference between accrued project revenue and a not yet invoiced amount is recognized as an asset (gross amount due from customers for contract work) according to the percentage of completion method. Correspondingly, the difference between an invoiced amount and not yet accrued project revenue is reported as a liability (gross amount due to customers for contract work). Income on the sale of land in conjunction with residential projects is included in project reporting. Major machinery purchases that are intended only for an individual project and significant start-up expenses are included to the extent they can be attributed to future activities as claims on the customer and are included in the asset or liability amount stated in this paragraph, however without affecting accrued project revenue.

Tendering expenses are not capitalized but are charged against earnings on a continuous basis. Tendering expenses that arose during the same quarter that the order was received, and that are attributable to the project, may be treated as project expenditures. In the case of infrastructure projects, instead of the quarter when the order was received, this applies to the quarter when the Group receives the status of preferred bidder. Tendering expenses that were recognized in prior interim or annual financial statements may not be recognized as project expenses in later financial statements.

Unrealized gains and losses on forward contracts related to hedging of operating transaction exposure are included, to the degree of completion, in the reporting of the respective project. If hedge accounting is not applicable, the liquidity effect when extending a forward contract that will meet future cash flow shall be included among operating expenses. If the amount has a significant impact, it shall be excluded when determining degree of completion.

A construction consortium that has been organized to perform a single construction assignment is not an independent legal entity, since the participating co-owners are also directly liable for its obligations. Skanska's share of the construction assignment is thus recognized as a business operated by Skanska.

Most construction contracts contain clauses concerning warranty obligations on the part of the contractor, with the contractor being obliged to remedy errors and omissions discovered within a certain period after the property has been handed over to the customer. Such obligations may also be required by law. The main principle is that a provision for warranty obligations must be calculated for each individual project. Provision must be made continuously during the course of the project and the estimated total provision must be included in the project's expected final expenses. For units with similar projects, the provision may occur in a joint account instead and be calculated for the unit as a whole with the help of ratios that have historically provided a satisfactory provision for these expenses.

IAS 18, "Revenue"

Revenue other than project revenue is recognized in compliance with IAS 18. For lease income, this means that the revenue is divided evenly over the period of the lease. The total cost of benefits provided is recognized as a reduction in lease income on a straight-line basis over the lease period. Compensation for services performed that does not comprise project revenue is recognized as revenue based on the degree of completion on the closing day, which is normally determined as services performed on the closing day in proportion to the total to be performed. The difference that may then arise between services invoiced and services performed is recognized in the statement of financial position among "Other operating receivables" (or "Other operating liabilities"). Deliveries of merchandise are reported as revenue when the essential risks and rewards associated with ownership of the merchandise have been transferred to the buyer. Divestment of completed current-asset properties belonging to Commercial Development is normally reported as a revenue item during the reporting period when a binding agreement on the sale is reached. However, if the property being divested is not yet completed and the buyer will occupy it only after completion, the gain is reported at the pace that the property is completed.

A dividend is recognized as revenue when the right to receive payment has been established.

Income from the sale of financial investments is recognized when the significant risks and rewards associated with ownership of the instruments have been transferred to the buyer and the Group no longer controls the instruments.

Interest is recognized using an interest rate that provides a uniform return on the asset in question, which is achieved by applying the effective interest method. Effective interest is the interest rate at which the present value of all future payments is equal to the carrying amount of the receivable.

Revenue is carried at the fair value of what is received or will be received. This means that receivables arising at the time of divestments are regarded as having been acquired at fair value (discounted present value of future incoming payments) if the interest rate on the date of the purchase is below the market interest rate and the difference is significant. For example, discounting of a receivable may occur in connection with a property divestment if the purchase price receivable is not settled immediately. This takes into account that any operating net until the property is transferred is recognized as interest.

Revenue is recognized only if it is probable that the economic benefits will flow to the Group. If uncertainty later arises with regard to the possibility of receiving payment for an amount that has already been recognized as revenue, the amount for which payment is no longer probable is instead recognized as an expense, instead of as an adjustment of the revenue amount that was originally recognized.

A divestment of a portion of a Group company to non-controlling interests is recognized directly in equity.

IAS 17, "Leases"

The accounting standard distinguishes between finance and operating leases. A finance lease is characterized by the fact that the economic risks and rewards incidental to ownership of the asset have substantially been transferred to the lessee. If this is not the case, the agreement is regarded as an operating lease.

Finance leases

Finance lease assets are recognized as an asset in the consolidated statement of financial position. The obligation to make future lease payments is recognized as a non-current or current liability. Leased assets are depreciated during their respective useful life. When making payments on a finance lease, the minimum lease payment is allocated between interest expense and retirement of the outstanding liability. Interest expense is allocated over the lease period in such a way that each reporting period is charged an amount equivalent to a fixed interest rate for the liability recognized during each respective period. Variable payments are recognized among expenses in the periods when they arise.

Assets leased according to finance leases are not recognized as property, plant and equipment, since the risks incidental to ownership have been transferred to the lessee. Instead a financial receivable is recognized, related to future minimum lease payments.

Operating leases

As for operating leases, the lease payment is recognized as an expense over the lease term on the basis of utilization, and taking into account the benefits that have been provided or received when signing the lease.

The Commercial Development business stream carries out operating lease business.

Information on future minimum lease payments (rents) is provided in Note 40, which also contains other information about leases.

IAS 16, "Property, Plant and Equipment"

Property, plant and equipment are recognized as assets in the statement of financial position if it is probable that the Group will derive future economic benefits from them and the cost of an asset can be reliably estimated. Property, plant and equipment are recognized at cost minus accumulated depreciation and any impairment losses. Cost includes purchase price plus expenses directly attributable to the asset in order to bring it to the location and condition to be operated in the intended manner. Examples of directly attributable expenses are delivery and handling costs, installation, ownership documents, consultant fees and legal services. Borrowing costs are included in the cost of self-constructed property, plant and equipment. Impairment losses are applied in compliance with IAS 36.

The cost of self-constructed property, plant and equipment includes expenditures for materials and compensation to employees, plus other applicable manufacturing costs that are considered attributable to the asset.

Further expenditures are added to cost only if it is probable that the Group will enjoy future economic benefits associated with the asset and the cost can be reliably estimated. All other further expenditures are recognized as expenses in the period when they arise.

What is decisive in determining when a further expenditure is added to cost is whether the expenditure is related to replacement of identified components, or their parts, at which time such expenditures are capitalized. In cases where a new component is created, this expenditure is also added to cost. Any undepreciated carrying amounts for replaced components, or their parts, are disposed of and recognized as an expense at the time of replacement. If the cost of the removed component cannot be determined directly, its cost is estimated as the cost of the new component adjusted by a suitable price index to take into account inflation. Repairs are recognized as expenses on a continuous basis.

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Property, plant and equipment that consist of parts with different periods of service are treated as separate components of property, plant and equipment. Depreciation occurs on a straight-line basis during estimated useful life, or based on degree of use, taking into account any residual value at the end of the period. Office buildings are divided into foundation and frame, with a depreciation period of 50 years; installations, depreciation period 35 years; and non-weight-bearing parts, depreciation period 15 years. Generally speaking, industrial buildings are depreciated during a 20-year period without allocation into different parts. Stone crushing and asphalt plants as well as concrete mixing plants are depreciated over 10 to 25 years depending on their condition when acquired and without being divided into different parts. For other buildings and equipment, division into different components occurs only if major components with divergent useful lives can be identified. For other machinery and equipment, the depreciation period is normally between 5 and 10 years. Minor equipment is depreciated immediately. Gravel pits and stone quarries are depreciated as materials are removed. Land is not depreciated. Assessments of an asset's residual value and period of service are performed annually.

The carrying amount of a property, plant and equipment item is removed from the statement of financial position when it is disposed of or divested, or when no further economic benefits are expected from the use or disposal/divestment of the asset.

Provisions for the costs of restoring an asset are normally made in the course of utilization of the asset, because the prerequisites for an allocation at the time of acquisition rarely exist.

IAS 38, "Intangible Assets"

This accounting standard deals with intangible assets. Goodwill that arises upon acquisition of companies is recognized in compliance with the rules in IFRS 3.

An intangible asset is an identifiable non-monetary asset without physical substance that is used for producing or supplying goods or services or for leasing and administration. To be recognized as an asset, it is necessary both that it be probable that future economic advantages that are attributable to the asset will benefit the company and that the cost can be reliably calculated. It is especially worth noting that expenditures recognized in prior annual or interim financial statements may not later be recognized as an asset.

Research expenses are recognized in the income statement when they arise. Development expenses, which are expenses for designing new or improved materials, structures, products, processes, systems and services by applying research findings or other knowledge, are recognized as assets if it is probable that the asset will generate future revenue. Other development expenses are expensed directly. Expenses for regular maintenance and modifications of existing products, processes and systems are not recognized as development expenses. Nor is work performed on behalf of a customer and recognized in compliance with IAS 11 recognized as development expenses.

Intangible assets other than goodwill are recognized at cost minus accumulated amortization and impairment losses. Impairment losses are applied in compliance with IAS 36.

Amortization is recognized in the income statement on a straight-line basis, or based on the degree of use, over the useful life of intangible assets, to the extent such a period can be determined. Consideration is given to any residual value at the end of the period. Concession fees are amortized on a straight-line basis over the part of the concession period that occurs after the building or facility has gone into service for its intended purpose. Purchased service agreements are depreciated over their remaining contractual period (in applicable cases 3–6 years). Purchased software (major computer systems) is amortized over a maximum of five years.

Further expenditures for capitalized intangible assets are recognized as an asset in the statement of financial position only when they increase the future economic benefits of the specific asset to which they are attributable.

IAS 36, "Impairment of Assets"

Assets covered by IAS 36 must be tested on every closing day for indications of impairment. The valuation of exempted assets, for example inventories (including current-asset properties), assets arising when construction contracts are carried out and financial assets included within the scope of IAS 39 is tested according to the respective accounting standard.

Impairment losses are determined on the basis of the recoverable amount of assets, which is the higher of fair value less costs to sell and value in use. In calculating value in use, future cash flows are discounted using a discounting factor that takes into account risk-free interest and the risk associated with the asset. Estimated residual value at the end of the asset's useful life is included as part of value in use. For an asset that does not generate cash flows that are essentially independent of other assets, the recoverable amount is estimated for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that generates cash inflows that are independent of other assets or groups of assets. For goodwill, the cash-generating unit is mainly the same as the Group's business unit or other unit reporting to the Parent Company. Exempted from the main rule are operations that are not integrated into the business unit's other operations. The same business unit may also contain a number of cash-generating units if it works in more than one segment.

In Construction and Residential Development, recoverable amount of goodwill is based exclusively on value in use, which is calculated by discounting expected future cash flows. The discounting factor is the weighted average cost of capital (WACC) applicable to the operation. See Note 18.

Impairment of assets attributable to a cash-generating unit is allocated mainly to goodwill. After that, a proportionate impairment loss is applied to other assets included in the unit.

Goodwill impairment is not reversed. According to IFRIC 10, this also applies within the same financial year. A goodwill-related impairment loss recognized in a previous interim report may not be reversed in a later interim report.

Impairment losses on other assets are reversed if there has been a change in the assumptions on which the estimate of recoverable amount was based.

An impairment loss is reversed only to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount that the asset would have had if no impairment loss had occurred, taking into account the amortization that would then have occurred.

IAS 23, "Borrowing Costs"

Borrowing costs are capitalized provided that it is probable that they will result in future economic benefits and the costs can be measured reliably. Generally speaking, capitalization of borrowing costs is limited to assets that take a substantial period of time for completion, which in the Skanska Group's case implies that capitalization mainly covers the construction of current-asset properties and properties for the Group's own use (non-current-asset properties). Capitalization occurs when expenditures included in cost have arisen and activities to complete the building have begun. Capitalization ceases when the building is completed. Borrowing costs during an extended period when work to complete the building is interrupted are not capitalized. If separate borrowing has occurred for the project, the actual borrowing cost is used. In other cases, the cost of the loan is calculated on the basis of the Group's borrowing cost.

IAS 12, "Income Taxes"

Income taxes consist of current tax and deferred tax. Taxes are recognized in the income statement except when the underlying transaction is recognized directly under "Other comprehensive income," in which case the accompanying tax effect is also recognized there. Current tax is tax to be paid or received that is related to the year in question, applying the tax rates that have been decided or in practice have been decided as of the closing day; this also includes adjustment of current tax that is attributable to earlier periods.

Deferred tax is calculated according to the balance sheet method, on the basis of temporary differences between carrying amounts of assets and liabilities and their values for tax purposes. The amounts are calculated based on how the temporary differences are expected to be settled and by applying the tax rates and tax rules that have been decided or announced as of the closing day. The following temporary differences are not taken into account: for a temporary difference that has arisen when goodwill is first recognized, the first recognition of assets and liabilities that are not business combinations and on the transaction date affect neither recognized profit nor taxable profit. Also not taken into account are temporary differences attributable to shares in Group companies and associated companies that are not expected to reverse in the foreseeable future. Offsetting of deferred tax assets against deferred tax liabilities occurs when there is a right to settle current taxes between companies.

Deferred tax assets related to deductible temporary differences and loss carry-forwards are recognized only to the extent that they can probably be utilized. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized.

IAS 2, "Inventories"

Aside from customary inventories of goods, the Group's current-asset properties are also covered by this accounting standard. Both current-asset properties and inventories of goods are measured item by item at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs for completion and the estimated costs necessary to make the sale. When item-by-item measurement cannot be applied, the cost of inventories is assigned by using the first-in, first-out (FIFO) formula and includes expenditures that have arisen from acquisition of inventory assets and from bringing them to their present location and condition. For manufactured goods, cost includes a reasonable share of indirect costs based on normal capacity utilization. Materials not yet installed at construction sites are not recognized as inventories, but are included among project expenses.

Except for properties that are used in Skanska's own business, the Group's property holdings are reported as current assets, since these holdings are included in the Group's operating cycle. The operating cycle for current-asset properties amounts to about 3 to 5 years.

Acquisitions of properties are recognized in their entirety only when the conditions exist for completion of the purchase. If advance payments related to ongoing property acquisitions have been made, these are recognized under the item for current-asset properties in the statement of financial position. Property acquisitions through purchases of property-owning companies are recognized when the shares have been taken over by Skanska.

Current-asset properties are allocated between Commercial Development, Other commercial properties and Residential Development. Note 22 provides information about these properties.

Before impairment loss, properties both completed and under construction are carried at directly accumulated costs, a reasonable proportion of indirect costs and interest expenses during the construction period. Information on market appraisal of properties is provided at the end of this note.

Information on customary inventories of goods is found in Note 23.

IAS 37, "Provisions, Contingent Liabilities and Contingent Assets"

Provisions

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Skanska makes provisions for future expenses due to warranty obligations according to construction contracts, which imply a liability for the contractor to remedy errors and omissions that are discovered within a certain period after the contractor has handed over the property to the customer. Such obligations may also exist according to law. More about the accounting principle applied can be found in the section on IAS 11 in this note.

A provision is made for disputes related to completed projects if it is probable that a dispute will result in an outflow of resources from the Group. Disputes related to ongoing projects are taken into consideration in the valuation of the project and are thus not included in the item "Reserve for legal disputes," which is reported in Note 29.

Provisions for restoration expenses related to stone quarries and gravel pits do not normally occur until the period that materials are being removed.

Provisions for restructuring expenses are recognized when a detailed restructuring plan has been adopted and the restructuring has either begun or been publicly announced.

When accounting for interests in joint ventures and associated companies, a provision is made when a loss exceeds the carrying amount of the interest and the Group has a payment obligation.

Contingent liabilities

Contingent liabilities are possible obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Also reported as contingent liabilities are obligations arising from past events but that have not been recognized as a liability because it is not likely that an outflow of resources will be required to settle the obligation or the size of the obligation cannot be estimated with sufficient reliability.

The amounts of contract fulfillment guarantees are included until the contracted property has been transferred to the customer, which normally occurs upon its approval in a final inspection. If the guarantee covers all or most of the contract sum, the amount of the contingent liability is calculated as the contract sum minus the value of the portion performed. In cases where the guarantee only covers a small portion of the contract sum, the guarantee amount remains unchanged until the property is handed over to the customer. The guarantee amount is not reduced by being offset against payments not yet received from the customer. Guarantees that have been received from subcontractors and suppliers of materials are not taken into account, either. If the Group receives reciprocal guarantees related to outside consortium members' share of joint and several liability, these are not taken into account. Tax cases, court proceedings and arbitration are not included in contingent liability amounts. Instead a separate description is provided.

In connection with contracting assignments, security is often provided in the form of a completion guarantee from a bank or insurance institution. The issuer of the guarantee, in turn, normally receives an indemnity from the contracting company or other Group company. Such indemnities related to the Group's own contracting assignments are not reported as contingent liabilities, since they do not involve any increased liability compared to the contracting assignment.

Note 33 presents information about contingent liabilities.

Contingent assets

Contingent assets are possible assets arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

In the Group's construction operations, it is not unusual that claims for additional compensation from the customer arise. If the right to additional compensation is confirmed, this affects the valuation of the project when reporting in compliance with IAS 11. As for claims that have not yet been confirmed, it is not practicable to provide information about these, unless there is an individual claim of substantial importance to the Group.

IAS 19, "Employee benefits"

This accounting standard makes a distinction between defined-contribution and defined-benefit pension plans. Defined-contribution pension plans are defined as plans in which the company pays fixed contributions into a separate legal entity and has no obligation to pay further contributions even if the legal entity does not have sufficient assets to pay all employee benefits relating to their service until the closing day. Other pension plans are defined-benefit. The calculation of defined-benefit pension plans uses a method that often differs from local rules in each respective country. Obligations and costs are to be calculated according to the "projected unit credit method." The purpose is to recognize expected future pension disbursements as expenses in a way that yields more uniform expenses over the employee's period of employment. Actuarial assumptions about wage or salary increases, inflation and return on plan assets are taken into account in the calculation. Pension obligations concerning post-employment benefits are discounted to present value. Discounting is calculated using an interest rate based on the market return on high quality corporate bonds (United Kingdom), or government bonds (Norway and Sweden), with maturities matching the pension obligations. Pension plan assets are recognized at fair value on the closing day. In the statement of financial position, the present value of pension obligations is recognized after subtracting the fair value of plan assets. The pension expense and the return on plan assets recognized in the income statement refer to the pension expense and return estimated on January 1. Divergences from actual pension expense and return comprise actuarial gains and losses. These divergences and the effect of changes in assumptions are not recognized in the income statement, but are instead included under "Other comprehensive income."

If the terms of a defined-benefit plan are significantly amended, or the number of employees covered by a plan is significantly reduced, a curtailment occurs. Obligations are recalculated according to the new conditions. The effect of the curtailment is recognized in the income statement.

When there is a difference between how pension expense is determined in a legal entity and the Group, a provision or receivable is recognized concerning the difference for taxes and social insurance contributions based on the Company's pension expenses. The provision or receivable is not calculated at present value, since it is based on present-value figures. Social insurance contributions on actuarial gains and losses are recognized under "Other comprehensive income."

Obligations related to contributions to defined-contribution plans are recognized as expenses in the income statement as they arise.

The Group's net obligation related to other long-term employee benefits, aside from pensions, amounts to the value of future benefits that employees have earned as compensation for the services they have performed during the current and prior periods.

The obligation is calculated using the projected unit credit method and is discounted at present value, and the fair value of any plan assets is subtracted. The discount rate is the interest rate on the closing day for high quality corporate bonds, or government bonds, with a maturity matching the maturity of the obligations.

A provision is recognized in connection with termination of employees only if the Company is obligated to end employment before the normal retirement date, or when benefits are offered in order to encourage voluntary termination. In cases where the Company terminates employees, the provision is calculated on the basis of a detailed plan that at least includes the location, function and approximate number of employees affected as well as the benefits for each job classification or function and the time at which the plan will be implemented.

IFRS 2, "Share-based Payment"

The share incentive programs introduced during 2005 and 2008, respectively, are recognized as share-based payments that are settled with equity instruments, in compliance with IFRS 2. This means that fair value is calculated on the basis of estimated fulfillment of established income targets during the measurement period. This value is allocated over the respective vesting period. There is no reappraisal after fair value is established during the remainder of the vesting period except for changes in the number of shares because the condition of continued employment during the vesting period is no longer met.

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IAS 7, "Cash Flow Statements"

In preparing its cash flow statement, Skanska applies the indirect method in compliance with the accounting standard. Aside from cash and bank balance flows, cash and cash equivalents are to include short-term investments whose transformation into bank balances may occur in an amount that is mainly known in advance. Short-term investments with maturities of less than three months are regarded as cash and cash equivalents. Cash and cash equivalents that are subject to restrictions are reported either as current receivables or as non-current receivables.

In addition to the cash flow statement prepared in compliance with the standard, the Report of the Directors presents an operating cash flow statement that does not conform to the structure specified in the standard. The operating cash flow statement was prepared on the basis of the operations that the various business streams carry out.

IAS 33, "Earnings per Share"

Earnings per share are reported directly below the consolidated income statement and are calculated by dividing the portion of profit for the year that is attributable to the Parent Company's equity holders (shareholders) by the average number of shares outstanding during the period.

For the share incentive programs introduced during 2005 and 2008, respectively, the dilution effect is calculated by dividing potential ordinary shares by the number of shares outstanding. The calculation of potential ordinary shares occurs in two stages. First there is an assessment of the number of shares that may be issued when established targets are fulfilled. The number of shares for the respective year covered by the programs is then determined the following year, provided that the condition of continued employment is met. In the next step, the number of potential ordinary shares is reduced by the value of the consideration that Skanska is expected to receive, divided by the average market price of a share during the period.

IAS 24, "Related Party Disclosure"

According to this accounting standard, information must be provided about transactions and agreements with related companies and physical persons. In the consolidated financial statements, intra-Group transactions fall outside this reporting requirement. Notes 36, 37 and 39 provide disclosures in compliance with the accounting standard.

IAS 40, "Investment Property"

Skanska reports no investment properties. Properties that are used in the Group's own operations are reported in compliance with IAS 16. The Group's holdings of current-asset properties are covered by IAS 2 and thus fall outside the application of IAS 40.

IFRS 8, "Operating Segments"

According to this standard, an operating segment is a component of the Group that carries out business operations, whose operating income is evaluated regularly by the chief operating decision maker and about which separate financial information is available.

Skanska's operating segments consist of its business streams: Construction, Residential Development, Commercial Development and Infrastructure Development.

The Senior Executive Team is the Group's chief operating decision maker.

Note 4 provides information about operating segments. The financial reporting that occurs to the Senior Executive Team focuses on the areas for which each respective operating segment is operationally responsible: operating income in the income statement and capital employed. For each respective operating segment, the note thus reports external and internal revenue, cost of sales, selling and administrative expenses and capital employed. Capital employed refers to total assets minus tax assets and receivables invested in Skanska's treasury unit ("internal bank") less non-interest-bearing liabilities excluding tax liabilities. Acquisition goodwill has been reported in the operating segment to which it is related.

In transactions between operating segments, pricing occurs on market terms.

Certain portions of the Group do not belong to any operating segment. These include Skanska's headquarters and businesses that are being closed down (Denmark, Russia and International Projects). These portions are reported in Note 4 under the heading "Central and eliminations." Because the income of the operating segments also includes intra-Group profits, these are eliminated during reconciliation with the consolidated income statement and the consolidated statement of financial position.

In addition to information about operating segments, Note 4 provides disclosures on external revenue for the entire Group, divided among Sweden, the United States and other countries and disclosures on the allocation of certain assets between Sweden and other countries.

IAS 10, "Events After the Reporting Period"

Events after the end of the reporting period (closing day) may, in certain cases, confirm a situation that existed on the closing day. According to the standard, such events shall be taken into account when financial reports are prepared. Information is provided about other events after the closing day that occur before the signing of the financial report if its omission would affect the ability of a reader to make a correct assessment and a sound decision.

As stated earlier, divestment of a property is normally reported as income during the period when a binding agreement is signed, even if customary regulatory approvals have not yet been received. Contractual terms that in some way are at the disposition of the counterparty may cause the reporting of income to be postponed while waiting for the terms to be fulfilled. In some cases this also applies to regulatory approvals.

Information about events after the closing day is provided in Note 41.

IAS 32, "Financial Instruments: Presentation"

Offsetting of financial assets and financial liabilities occurs when a company has a legal right to offset items against each other and intends to settle these items with a net amount or, at the same time, divest the asset and settle the liability.

Prepaid income and expenses as well as accrued income and expenses that are related to the business are not financial instruments. Thus "Gross amount due from (or to) customers for contract work" is not included. Pension liabilities and receivables from or liabilities to employees are not financial instruments either. Nor are assets and liabilities not based on contracts, for example income taxes, financial instruments.

Information in compliance with the accounting standard is provided mainly in Notes 6, 21 and 27.

IAS 39, "Financial Instruments: Recognition and Measurement"

The accounting standard deals with measurement and recognition of financial instruments. Excepted from application in compliance with IAS 39 are, among others, holdings in Group companies, associated companies and joint ventures, leases, the rights under employment contracts, the Company's own shares and financial instruments to which IFRS 2, "Share-based Payments" applies.

All financial instruments covered by this standard, including all derivatives, are reported in the statement of financial position.

A derivative is a financial instrument whose value changes in response to changes in an underlying variable, that requires no initial investment or one that is small and that is settled at a future date. An embedded derivative is a contract condition that causes the value of the contract to be affected in the same way as if the condition were an independent derivative. This is the case, for example, when a construction contract is expressed in a currency which is a foreign currency for both parties. If it is customary for the foreign currency to be used for this type of contract, the embedded derivative will not be separated. According to IFRIC 9, a reassessment of whether embedded derivatives shall be separated from the host contract is needed only if the host contract is changed.

A financial asset or financial liability is recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Trade accounts receivable are recognized in the statement of financial position when an invoice has been sent. A liability is recognized when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Trade accounts payable are recognized when an invoice has been received.

A financial asset is derecognized from the statement of financial position when the contractual rights are realized or expire or the Group loses control of them. The same applies to a portion of a financial asset. A financial liability is derecognized from the statement of financial position when the contractual obligation is fulfilled or otherwise extinguished. The same applies to a portion of a financial liability.

Acquisitions and divestments of financial assets are recognized on the transaction date, which is the date that the Company undertakes to acquire or divest the asset.

Financial instruments are initially recognized at cost, equivalent to the instrument's fair value plus transaction costs, except instruments in the category "assets at fair value through profit or loss," which are recognized exclusive of transaction costs. Recognition then occurs depending on how they are classified as described below.

Financial assets, including derivatives, are classified as "assets at fair value through profit or loss," "held-to-maturity investments," "loans and receivables" and "available-for-sale assets." An asset is classified among "available-for-sale assets" if the asset is not a derivative and the asset has not been classified in any of the other categories. Equity instruments with unlimited useful lives are classified either as "assets at fair value through profit and loss" or "available-for-sale assets."

"Assets at fair value through profit or loss," and "available-for-sale assets" are measured at fair value in the statement of financial position. Change in value of "assets at fair value through profit or loss" is recognized in the income statement, while change in value of "available-for-sale assets" is recognized under "Other comprehensive income." When the latter assets are divested, accumulated gains or losses are transferred to the income statement, but impairment losses on "available-for-sale assets" as well as changes in exchange rates, interest and dividends on instruments in this category are recognized directly in the income statement. "Held-to-maturity investments" and "loans and receivables" are measured at amortized cost. Impairment losses on "held-to-maturity investments," "loans and receivables" and "available-for-sale assets" occur when the expected discounted cash flow from the financial asset is less than the carrying amount.

Financial liabilities including derivatives are classified as "liabilities at fair value through profit or loss" and "other financial liabilities."

"Liabilities at fair value through profit or loss" are measured at fair value in the statement of financial position, with change of value recognized in the income statement. "Other financial liabilities" are measured at amortized cost.

In reporting both financial assets and financial liabilities in Note 6, Skanska has chosen to separately report "Hedged accounted derivatives," which are included in "assets (or liabilities) at fair value through profit or loss."

Skanska uses currency derivatives and foreign currency loans to hedge against fluctuations in exchange rates. Recognition of derivatives varies depending on whether hedge accounting in compliance with IAS 39 is applied or not.

Unrealized gains and losses on currency derivatives related to hedging of operational transaction exposure (cash flow hedging) are measured in market terms and recognized at fair value in the statement of financial position. The entire change in value is recognized directly in operating income, except in those cases that hedge accounting is applied. In hedge accounting, unrealized gain or loss is recognized under "Other comprehensive income." When the hedged transaction occurs and is recognized in operating income, accumulated changes in value are transferred from other comprehensive income to operating income.

Unrealized gains and losses on embedded currency derivatives in commercial contracts are measured and recognized at fair value in the statement of financial position. Changes in fair value are recognized in operating income.

Currency derivatives and foreign currency loans for hedging translation exposure are carried at fair value in the statement of financial position. Because hedge accounting is applied, exchange rate differences after taking into account tax effect are recognized under "Other consolidated income." If an operation in a country that has a functional currency other than EUR is divested, accumulated exchange rate differences attributable to that operation are transferred from other consolidated income to the income statement. The interest component and changes in the value of the interest component of currency derivatives are recognized as financial income or expenses.

Skanska uses interest rate derivatives to hedge against fluctuations in interest rates. Hedge accounting in compliance with IAS 39 is not applied, however.

Unrealized gains and losses on interest rate derivatives are recognized at fair value in the statement of financial position. Changes in value excluding the current interest coupon portion, which is recognized as interest income or an interest expense, are recognized as financial income or expenses in the income statement.

IFRS 7, "Financial Instruments: Disclosures"

According to this standard, the Company must provide disclosures that make it possible to evaluate the significance of financial instruments for its financial position and performance as well as provide disclosures that make it possible to evaluate the nature and extent of risks arising from financial instruments to which the Company is exposed at the end of the report period. These disclosures must also provide a basis for assessing how these risks are managed by the Company. This standard supplements the principles for recognizing, measuring and classifying financial assets and liabilities in IAS 32 and IAS 39. The standard applies to all types of financial instruments, with the primary exception of holdings in subsidiaries, associated companies and joint ventures as well as employers' rights and obligations under post-employment benefit plans in compliance with IAS 19. The disclosures that are provided thus include accrued interest income, deposits and receivables for properties divested. Accrued income from customers for contract work is not a financial instrument.

The disclosures provided are supplemented by a reconciliation with other items in the income statement and in the statement of financial position.

Disclosures in compliance with this accounting standard are presented in Note 6.

IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance"

"Government assistance" refers to action by government designed to provide an economic benefit specific to one company or a range of companies that qualify under certain criteria. Government grants are assistance by government in the form of transfers of resources to a company in return for past or future compliance with certain conditions relating to its operations.

Government grants are recognized in the statement of financial position as prepaid income or reduction in the investment when there is reasonable assurance that the grants will be received and that the Group will meet the conditions associated with the grant.

Order bookings and order backlog

In Construction assignments, an order booking refers to a written order confirmation or signed contract, provided that financing has been arranged and construction is expected to start within twelve months. If an order received earlier is canceled during a later quarter, the cancellation is recognized as a negative item when reporting the order bookings for the quarter when the cancellation occurs. Reported order bookings also include orders from Residential Development and Commercial Development. For services related to fixed-price work, the order booking is recorded when the contract is signed, and for services related to cost-plus work, the order booking coincides with revenue. In Residential Development and Commercial Development, no order bookings are reported.

Order backlog refers to the difference between order bookings for a period and accrued revenue (accrued project expenses plus accrued project income adjusted for loss provisions) plus order backlog at the beginning of the period.

The order backlog in the accounts of acquired Group companies on the date of acquisition is not reported as order bookings, but is included in order backlog amounts.

Market appraisal

Commercial Development

Note 22 states estimated market values for Skanska's current-asset properties. For completed properties that include commercial space and for development properties, market values have been partly calculated in cooperation with external appraisers.

Residential Development

In appraising properties in Residential Development, estimates of market value have taken into account the value that can be obtained within the customary sales cycle.

Infrastructure Development

Skanska obtains an estimated market value for infrastructure projects by discounting estimated future cash flows in the form of dividends and repayments of loans and equity by a discount rate based on country, risk model and project phase for the various projects. The discount rate chosen is applied to all future cash flows starting on the appraisal date. The most recently updated financial model is used as a base. This financial model describes all cash flows in the project and serves as the ultimate basis for financing, which is carried out with full project risk and without guarantees from Skanska.

A market value is assigned only to projects that have reached financial close. All flows are appraised – investments in the project (equity and subordinated debenture loans), interest on repayments of subordinated loans as well as dividends to and from the project company. Today all investments are denominated in currencies other than Swedish kronor. This means there is also an exchange rate risk in market values.

Market values have partly been calculated in cooperation with external appraisers.

Exchange rates, euros (EUR) per currency unit

		Year-end exchange rate		Average exchange rate	
Currency	Country/zone	Dec 31 2009	Dec 31 2008	Jan–Dec 2009	Jan–Dec 2008
ARS	Argentina	0.183	0.205	0.194	0.216
BRL	Brazil	0.401	0.299	0.362	0.374
CLP	Chile	0.001	0.001	0.001	0.001
CZK	Czech Republic	0.038	0.038	0.038	0.040
DKK	Denmark	0.134	0.134	0.134	0.134
GBP	United Kingdom	1.106	1.023	1.122	1.256
NOK	Norway	0.120	0.101	0.115	0.121
PLN	Poland	0.242	0.241	0.231	0.285
SEK	Swedish kronor	0.097	0.091	0.094	0.104
USD	United States	0.698	0.706	0.721	0.684

Not 02 Key estimates and judgments

Key estimates and judgments

The Senior Executive Team has discussed with the Board of Directors and the Audit Committee the choices and disclosures related to the Group's important accounting principles and estimates, as well as the application of these principles and estimates.

Certain important accounting-related estimates that have been made when applying the Group's accounting principles are described below.

Goodwill impairment testing

In calculating the recoverable amount of cash-generating units for assessing any goodwill impairment, a number of assumptions about future conditions and estimates of parameters have been made. A presentation of these can be found in Note 18, "Goodwill." As understood from the description in this note, major changes in the prerequisites for these assumptions and estimates might have a substantial effect on the value of goodwill.

Pension assumptions

Skanska recognizes defined-benefit pension obligations according to the alternative method in IAS 19, "Employee Benefits." In this method, actuarial gains and losses are recognized as an item under "Other comprehensive income." The consequence is that future changes in actuarial assumptions, both positive and negative, will have an immediate effect on recognized equity and on interest-bearing pension liability.

Note 28, "Pensions," describes the assumptions and prerequisites that provide the basis for recognition of pension liability, including a sensitivity analysis.

Percentage of completion

Skanska applies the percentage of completion method, i.e. using a forecast of final project results, income is recognized successively during the course of the project based on the degree of completion. This requires that the size of project revenue and project expenses can be reliably determined. The prerequisite for this is that the Group has efficient, coordinated systems for cost estimating, forecasting and revenue/expense reporting. The system also requires a consistent judgment (forecast) of the final outcome of the project, including analysis of divergences compared to earlier assessment dates. This critical judgment is performed at least once per quarter according to the "grandfather principle," i.e. the immediate superior examines the project in a number of reviews at successively higher levels of the organization.

Disputes

Management's best judgment has been taken into account in reporting disputed amounts, but the actual future outcome may diverge from this judgment. See Note 33, "Assets pledged, contingent liabilities and contingent assets," and Note 29, "Provisions."

Investments in Infrastructure Development

Estimated market values are based on discounting of expected cash flows for each respective investment. Estimated yield requirements on investments of this type have been used as discount rates. Changes in expected cash flows, which in a number of cases extend 20–30 years ahead in time, and/or changes in yield requirements, may materially affect both estimated market values and carrying amounts for each investment.

Current-asset properties

The stated total market value is estimated on the basis of prevailing price levels in the respective location of each property. Changes in the supply of similar properties as well as changes in demand due to changes in targeted return may materially affect both estimated fair values and carrying amounts for each property.

In Residential Development operations, the supply of capital and the price of capital for financing residential unit buyers' investments are critical factors.

Prices of goods and services

In the Skanska Group's operations, there are many different types of contractual mechanisms. The degree of risk associated with the prices of goods and services varies greatly, depending on the contract type.

Sharp increases in prices of materials may pose a risk, especially in long-term projects with fixed-price obligations. Shortages of human resources as well as certain input goods may also adversely affect operations. Delays in the design phase or changes in design are other circumstances that may adversely affect projects.

Note 03 Effects of changes in accounting principles

A Effects on accounting of the transition to IFRIC 15, "Agreements for the Construction of Real Estate"

IFRIC 15, which is described under "New standards and interpretations" in Note 1, will be applied by the Group starting on January 1, 2010. The interpretation will have an effect on the accounting for Skanska's project operations in both Commercial Development and Residential Development.

As for Commercial Development, to date the divestment of completed current-asset properties has normally been recognized as revenue during the reporting period when binding sale contracts have been signed. If the divestment has concerned a not yet completed property, of which the buyer takes possession only after completion, income has been reported successively as the property is completed (percentage of completion). When IFRIC 15 is applied, revenue recognition of a property divestment will normally occur only when the buyer gains legal ownership of the property, which normally coincides with taking possession of the property.

In Residential Development, the reporting of residential projects that are initiated at the Group's own initiative will be affected. This will mainly involve residential projects in Finland and Sweden, where housing corporations and cooperative housing associations, respectively, are used to reach the individual home buyer. When applying the accounting principle used until now, recognized profit has been proportional to both the degree of accrual (percentage of completion) and the degree of sales when it has concerned a construction project that includes liability to the customer for divestment of completed housing units. When applying IFRIC 15, revenue recognition is postponed until the date when the home buyer takes possession of the unit.

In the income statement, the consequence of applying IFRIC 15 is expected to be that revenue will vary more between reporting periods than to date, because using the percentage of completion method and taking into account the degree of sales has had an income-smoothing effect.

In the statement of financial position, it is predicted that the carrying amount of current-asset properties and interest-bearing liabilities will increase substantially. The carrying amount of current-asset properties will increase because in accounting terms, an individual property will leave the Group on a later date and because accrued contracting expenses in residential projects will be recognized as the cost of the current-asset property and will no longer be included either under "Gross amount due from customers for contract work" or "Gross amount due to customers for contract work." The reason for the increase in interest-bearing liabilities is that invoicing of a cooperative housing association (Sweden) or housing corporation (Finland) will be recognized as a liability to the extent that it is related to residential units reported as current-asset property in the consolidated accounts. The accounting principle applied until now, revenue recognition of a sale of commercial properties on the contract date, normally involves the recognition of a purchase price receivable. When IFRIC 15 is applied, this will not occur.

B Effects on accounting of the transition to IFRIC 12, "Service Concession Arrangements"

IFRIC 12, which is described under "New standards and interpretations" in Note 1, will be applied by the Group starting on January 1, 2010. The interpretations will have an effect on the accounting for Skanska's project operations in Infrastructure Development.

Through part-ownership of joint ventures, Skanska participates in many projects that are covered by IFRIC 12. In Note 20, these joint ventures are specified, including disclosures on the type of operation and the country.

When constructing or upgrading infrastructure, the consideration (payment) may consist of rights to a financial asset or to an intangible asset. Only in the case of the Autopista Central has this been deemed to be an intangible asset.

The estimated total revenue of a project during the contractual period shall be allocated between construction or upgrade services and operation services. In this allocation, payment flows are discounted to present value at the start of the project. The portion related to construction or upgrade services is recognized as revenue by using the percentage of completion method. If operation services are compensated through a return on a financial asset, an amount that provides a uniform return between years for operation services is recognized as revenue each year. If an intangible asset has instead been recognized, revenue recognition complies with IAS 18 and the carrying amount of the intangible asset is recognized in compliance with IAS 38 and IAS 36.

IFRIC 12 is expected to result in an acceleration of income in an infrastructure project, since the carrying amount of construction or upgrade services is to be determined on the basis of the total value of the project to the operator.

Note 04 Operating segments

Skanska's business streams – Construction, Residential Development, Commercial Development and Infrastructure Development – are reported as operating segments. These business streams coincide with Skanska's operational organization, used by the Senior Executive Team to monitor operations. The Senior Executive Team is also Skanska's "chief operating decision maker."

Each business stream carries out distinct types of operations with different risks. Construction includes both building construction and civil construction. Residential Development develops residential projects in large cities for immediate sale. Residential units are adapted to selected customer categories. The units are responsible for planning and selling their projects. The construction assignments are performed by construction units in the Construction business stream in each respective market. Commercial Development initiates, develops, leases and divests commercial property projects. Project development focuses on office buildings, shopping malls and logistics properties located in Stockholm, Gothenburg, the Öresund region of southern Sweden and eastern Denmark, Helsinki (Finland), Prague and Ostrava (Czech Republic), Budapest (Hungary), Warsaw (Poland), Washington, D.C., Boston and Houston (U.S.) and certain regional centers in Poland. In most markets, construction assignments are performed by Skanska's Construction segment. Infrastructure Development specializes in identifying, developing and investing in privately financed infrastructure projects, such as highways, hospitals and power generating plants. The business stream focuses on creating new potential projects mainly in the markets where the Group has operations. Construction assignments are performed in most markets by Skanska's construction units. Intra-Group pricing between operating segments occurs on market terms.

"Central" includes the cost of Group headquarters and earnings of central companies as well as businesses that are being closed down. "Eliminations" mainly consists of profits from Construction related to Skanska's property and infrastructure projects. These profits are eliminated to an extent equivalent to the Group's ownership stake in the projects. The Group has no customers who account for ten percent or more of its revenue.

Revenue and expenses by operating segment

Each business stream has operating responsibility for its income statement down through "operating income."

Assets and liabilities by operating segment

Each business stream has operating responsibility for its capital employed. The capital employed by each business stream consists of its total assets minus tax assets and intra-Group receivables invested in Skanska's treasury unit ("internal bank") less non-interest-bearing liabilities excluding tax liabilities. Acquisition goodwill has been reported in the business stream to which it belongs.

Note 04 Continued

	Construction	Residential Development	Commercial Development	Infrastructure Development	Total operating segment	Central and eliminations	Total
2009							
External revenue	11,889.4	599.6	371.1	14.2	12,874.3	3.7	12,878.0
Intra-Group revenue	422.8	11.0	19.4	0.0	453.2	–453.2	0.0
Total revenue	**12,312.2**	**610.7**	**390.5**	**14.2**	**13,327.5**	**–449.5**	**12,878.0**
Cost of sales	–11,239.8	–541.8	–281.9	–22.4	–12,085.9	446.5	–11,639.5
Gross income	**1,072.4**	**68.8**	**108.5**	**–8.2**	**1,241.6**	**–3.0**	**1,238.5**
Selling and administrative expenses	–597.6	–54.2	–29.8	–14.6	–696.2	–64.2	–760.4
Income from joint ventures and associated companies	0.3	–0.4	0.0	12.0	11.9	1.6	13.5
Operating income	**475.1**	**14.2**	**78.7**	**–10.8**	**557.2**	**–65.6**	**491.6**
Of which depreciation/amortization	–137.0	-0.6	-0.3	–3.0	–140.8	-0.8	–141.7
Of which impairment losses/reversals of impairment losses							
Goodwill	–19.8				–19.8		–19.8
Other assets	–1.4	–5.0	–7.4	–7.0	–20.8	-0.7	–21.5
Of which gains from divestment of residential units	0.1	72.5			72.6	-0.1	72.5
Of which gains from commercial property divestments	24.9		75.2		100.2	8.1	108.3
Of which gains from infrastructure project divestments				0.0	0.0		0.0
Of which operating net from completed properties			25.7		25.7		25.7
Assets, of which							
Property, plant and equipment	604.6	3.5	0.8	1.5	610.3	1.7	612.1
Intangible assets	392.5	48.7		59.9	501.2	2.6	503.8
Investments in joint ventures and associated companies	21.8	17.7	0.1	139.0	178.6	–29.3	149.3
Current-asset properties	117.2	706.8	1,010.3		1,834.3	–27.2	1,807.1
Capital employed	–12.5	624.2	1,055.1	179.5	1,846.2	638.1	2,484.3
Investments	–186.5	–272.8	–328.5	–41.9	–829.7	18.5	–811.3
Divestments	123.8	363.0	328.3	12.9	827.9	–17.9	810.0
Net investments	**–62.7**	**90.2**	**–0.3**	**–29.0**	**–1.8**	**0.6**	**–1.2**
Cash flow from operations before investments and change in working capital	619.1	–45.2	12.2	–3.3	582.9	–62.0	520.9
Change in working capital	107.1	–15.4	68.2	5.8	165.7	–21.8	143.8
Net investments in the business	–57.0	90.2	–0.3	–29.0	4.0	0.6	4.5
Adjustments in payment dates of net investments	24.1	–24.4	–1.0		–1.3	–0.1	–1.4
Operating cash flow from business operations	**693.4**	**5.2**	**79.1**	**–26.5**	**751.2**	**–83.4**	**667.8**
Net strategic investments	–5.7				–5.7		–5.7
Cash flow	**687.7**	**5.2**	**79.1**	**–26.5**	**745.5**	**–83.4**	**662.1**
Employees	51,660	669	187	128	52,644	287	52,931
Gross margin, %	8.7						
Selling and administrative costs, %	–4.9						
Operating margin, %	3.9	2.3					
Return on capital employed, %		2.6	7.7	neg			

Note 04 Continued

	Construction	Residential Development	Commercial Development	Infrastructure Development	Total operating segment	Central and eliminations	Total
2008							
External revenue	13,750.2	670.0	409.9	5.6	14,835.7	88.4	14,924.1
Intra-Group revenue	740.1		1.6	0.1	741.8	–741.8	0.0
Total revenue	**14,490.3**	**670.0**	**411.4**	**5.7**	**15,577.4**	**–653.4**	**14,924.1**
Cost of sales	–13,396.8	–620.2	–277.2	–24.8	–14,319.1	656.3	–13,662.8
Gross income	**1,093.5**	**49.8**	**134.2**	**–19.1**	**1,258.3**	**2.9**	**1,261.2**
Selling and administrative expenses	–706.2	–75.9	–31.7	–21.0	**–834.8**	–93.0	–927.8
Income from joint ventures and associated companies	3.4	7.8	–3.5	81.2	88.9	2.1	91.0
Operating income	**390.7**	**–18.4**	**99.0**	**41.1**	**512.4**	**–88.0**	**424.4**
Of which depreciation/ amortization	–139.8	-0.2	–0.2	–2.3	–142.5	–1.1	–143.7
Of which impairment losses/reversals of impairment losses							
Goodwill					0.0		0.0
Other assets	–0.2	–42.2	–13.5	–7.7	–63.6	–1.9	–65.4
Of which gains from divestment of residential units		84.6			84.6	0.4	85.0
Of which gains from commercial property divestments	24.9		122.9		147.8	3.5	151.3
Of which gains from infrastructure project divestments				71.1	71.1	0.2	71.3
Of which operating net from completed properties			11.9		11.9		11.9
Assets, of which							
Property, plant and equipment	627.0	0.5	1.0	1.6	630.1	2.1	632.2
Intangible assets	383.8	41.3		52.3	477.3	2.0	479.3
Investments in joint ventures and associated companies	16.6	11.1	0.1	130.3	158.1	–19.9	138.2
Current-asset properties	112.5	704.3	903.1		1,719.9	–23.3	1,696.6
Capital employed	0.9	576.2	1,054.5	165.5	1,797.1	501.4	2,298.4
Investments	–300.9	–447.0	–577.1	–41.1	–1,366.2	–3.1	–1,369.3
Divestments	108.2	377.3	371.1	133.3	989.9	2.0	991.9
Net investments	**–192.7**	**–69.7**	**–206.0**	**92.1**	**–376.2**	**–1.1**	**–377.4**
Cash flow from operations before investments and change in working capital	512.6	–62.1	–9.6	–19.4	421.5	–93.7	327.8
Change in working capital	280.5	–41.5	–22.0	5.1	222.0	–26.8	195.2
Net investments in the business	–192.6	–69.7	–206.0	92.1	–376.1	–0.9	–377.1
Adjustments in payment dates of net investments	13.9	–7.7	–4.3		2.0	0.1	2.1
Operating cash flow from business operations	**614.4**	**–181.1**	**–241.8**	**77.8**	**269.3**	**–121.3**	**148.0**
Net strategic investments	-0.1				–0.1	–0.2	–0.3
Cash flow	**614.3**	**–181.1**	**–241.8**	**77.8**	**269.2**	**–121.5**	**147.7**
Employees	56,482	676	176	133	57,467	348	57,815
Gross margin, %	7.5						
Selling and administrative costs, %	–4.9						
Operating margin, %	2.7	neg					
Return on capital employed, %		neg	10.6	17.3			

Note 04 Continued

External revenue of operating segments by geographic area

	Sweden		United States		Other areas		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Construction	2,031.3	2,645.3	4,116.4	4,287.4	5,741.7	6,817.5	11,889.4	13,750.2
Residential Development	330.8	332.8			268.9	337.2	599.6	670.0
Commercial Development	205.2	230.4			165.9	179.5	371.1	409.9
Infrastructure Development				0.1	14.2	5.5	14.2	5.6
Total operating segments	**2,567.3**	**3,208.5**	**4,116.4**	**4,287.5**	**6,190.6**	**7,339.7**	**12,874.3**	**14,835.7**

Non-current assets and current-asset properties of operating segments by geographic area

	Property, plant and equipment		Intangible assets[1]		Investments in joint ventures and associated companies		Current-asset properties	
	2009	2008	2009	2008	2009	2008	2009	2008
Sweden	151.7	151.6	0.9	1.0	14.9	20.1	1,022.8	891.7
Other areas	458.6	478.5	500.3	476.3	163.7	138.0	811.5	828.2
Total operating segments	**610.3**	**630.1**	**501.2**	**477.3**	**178.6**	**158.1**	**1,834.3**	**1,719.9**

1 Of the "Other" item for intangible assets, EUR 154.1 M (129.8) is from Norway and EUR 145.7 M (153.5) from the United Kingdom.

Information by business/reporting unit in Construction and Residential Development

	Revenue		Operating income		Operating margin, %		Return on capital employed, %		Order backlog		Order bookings	
Group	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Construction												
Sweden	2,353.8	3,143.7	108.0	165.8	4.6	5.3			1,499.0	1,764.3	2,053.8	2,831.4
Norway	1,059.4	1,386.2	42.8	42.5	4.0	3.1			885.7	733.6	1,061.3	1,109.3
Finland	673.2	976.7	21.8	2.4	3.2	0.2			460.3	527.0	591.6	694.0
Poland	695.2	791.4	31.8	42.7	4.6	5.4			1,172.9	512.9	1,313.9	972.6
Czech Republic	1,106.0	1,399.3	49.3	39.1	4.5	2.8			1,078.3	1,330.0	843.5	1,469.3
United Kingdom	1,730.5	1,860.2	43.7	–54.3	2.5	neg			2,378.7	2,042.1	1,902.7	1,357.8
USA Building	2,899.0	3,149.2	48.1	45.9	1.7	1.5			2,878.1	3,004.3	2,802.4	2,705.6
USA Civil	1,228.8	1,199.5	106.2	76.6	8.6	6.4			2,560.1	2,698.7	1,115.9	1,421.3
Latin America	566.3	584.1	23.3	30.1	4.1	5.2			344.5	398.9	438.0	581.3
	12,312.2	**14,490.3**	**475.1**	**390.7**	**3.9**	**2.7**			**13,257.7**	**13,011.9**	**12,123.0**	**13,142.6**
Residential Development												
Sweden	339.1	332.8	13.1	22.7	3.9	6.8	10.4	20.9				
Norway	67.7	97.1	–3.1	–3.0	neg	neg	neg	neg				
Denmark	24.2	28.1	–3.6	–25.9	neg	neg	neg	neg				
Finland	94.5	90.0	–1.3	–29.5	neg	neg	neg	neg				
Nordic countries	**525.5**	**548.0**	**5.1**	**–35.6**	**1.0**	**neg**	**1.3**	**neg**				
Czech Republic	85.2	121.9	9.1	17.2	10.7	14.1	10.8	34.4				
	610.7	**670.0**	**14.2**	**–18.4**	**2.3**	**neg**	**2.6**	**neg**				

Note 05 Non-current assets held for sale and discontinued operations

Non-current assets held for sale and discontinued operations are recognized in compliance with IFRS 5. See "Accounting and valuation principles," Note 1. During 2009 and 2008, no units were recognized as discontinued.

Nor were any non-current assets recognized as held for sale.

Note 06 Financial instruments and financial risk management

Financial instruments are reported in compliance with IAS 39, "Financial Instruments: Recognition and Measurement," IAS 32, "Financial Instruments: Presentation" and IFRS 7, "Financial Instruments: Disclosures."

Skanska's gross amounts due from and to customers for contract work are not recognized as a financial instrument and the risk in these gross amounts due is thus not reported in this note.

Risks in partly-owned joint venture companies in Infrastructure Development are managed in each respective company. Skanska's aim is to ensure that financial risk management in these companies is equivalent to that which applies to the Group's wholly owned companies. Because the contract period in many cases amounts to decades, management of the interest rate risk in financing is essential in each respective company. This risk is managed with the help of long-term interest rate swaps. These holdings are reported according to the equity method of accounting. As a result, financial instruments in each company are included in the items "Income from joint ventures and associated companies," "Effect of cash flow hedges," and "Investments in joint ventures and associated companies."

Financial risk management

Through its operations, aside from business risks Skanska is exposed to various financial risks such as credit risk, liquidity risk and market risk. These risks arise in the Group's reported financial instruments such as cash and cash equivalents, interest-bearing receivables, trade accounts receivable, accounts payable, borrowings and derivatives.

Objectives and policy

The Group endeavors to achieve a systematic assessment of both financial and business risks. For this purpose, it uses a common risk management model. The risk management model does not imply avoidance of risks, but is instead aimed at identifying and managing these risks.

Through the Group's Financial Policy, each year the Board of Directors states guidelines, objectives and limits for financial management and administration of financial risks in the Group. This policy document regulates the allocation of responsibility among Skanska's Board, the Senior Executive Team, Skanska Financial Services (Skanska's internal financial unit) and the business units.

Within the Group, Skanska Financial Services has operational responsibility for ensuring Group financing and for managing liquidity, financial assets and financial liabilities. A centralized financial unit enables Skanska to take advantage of economies of scale and synergies.

The objectives and policy for each type of risk are described in the respective sections below.

Credit risk

Credit risk describes the Group's risk from financial assets and arises if a counterparty does not fulfill its contractual payment obligation to Skanska. Credit risk is divided into financial credit risk, which refers to risk from interest-bearing assets, and customer credit risk, which refers to the risk from trade accounts receivable.

Financial credit risk – risk in interest-bearing assets

Financial risk is the risk that the Group runs in its relations with financial counterparties in the case of deposits of surplus funds, bank account balances and investments in financial assets. Credit risk also arises when using derivative instruments and consists of the risk that a potential gain will not be realized in case the counterparty does not fulfill its part of the contract. In order to reduce the credit risk in derivatives, Skanska has signed standardized netting (ISDA) agreements with all financial counterparties with which it enters into derivative contracts.

Skanska endeavors to limit the number of financial counterparties, which must possess a rating at least equivalent to BBB+ at Standard & Poor's or the equivalent rating at Moody's. The permitted exposure volume per counterparty is dependent on the counterparty's credit rating and the maturity of the exposure.

Maximum exposure is equivalent to the fair value of the assets and amounted to EUR 1, 735.3 M. The average maturity of interest-bearing assets amounted to 0.2 (0.2) years on December 31, 2009.

Customer credit risk – risk in trade accounts receivable

Customer credit risks are managed within the Skanska Group's common procedures for identifying and managing risks: the Skanska Tender Approval Procedure (STAP) and the Operational Risk Assessment (ORA).

Skanska's credit risk with regard to trade receivables has a high degree of risk diversification, due to the large number of projects of varying sizes and types with numerous different customer categories in a large number of geographic markets.

The portion of Skanska's operations related to construction projects extends only limited credit, since projects are invoiced in advanced as much as possible. In other operations, the extension of credit is limited to customary invoicing periods.

Trade accounts receivable	2009	2008
Carrying amount	1,808.8	1,864.7
Impairment losses	52.6	52.5
Cost	**1,861.4**	**1,917.2**

Change in impairment losses, trade accounts receivable	2009	2008
January 1	52.5	29.3
Impairment loss/reversal of impairment loss for the year	7.5	10.5
Impairment losses settled	–7.9	–1.6
Reclassifications		18.3
Exchange rate differences	0.5	–4.0
December 31	**52.6**	**52.5**

Risk in other operating receivables including shares

Other financial operating receivables consist of accrued interest income, deposits, receivables for properties divested etc. No operating receivables on the closing day were past due and there were no impairment losses.

Other financial operating receivables are reported by time interval with respect to when the amounts fall due in the future.

	2009	2008
Due within 30 days	3.1	7.6
Due in over 30 days but no more than 1 year	5.8	7.6
Due in more than one year	0.1	0.1
Total	**9.0**	**15.3**

Holdings of less than 20 percent of voting power in a company are reported as shares. Their carrying amount is EUR 5.3 M (5.8).

Shares are subject to changes in value. Impairment losses on shares total EUR –2.8 M (–3.2), of which EUR 0 M (–1.6) during the year.

Liquidity risk

Liquidity risk is defined as the risk that Skanska cannot meet its payment obligations due to lack of liquidity or to difficulties in obtaining or rolling over external loans.

The Group uses liquidity forecasting as a means of managing the fluctuations in short-term liquidity.

Surplus liquidity shall, if possible, primarily be used to repay the principal on loan liabilities.

Note 06 Continued

Funding

Skanska has several borrowing programs – both committed bank credit facilities and market funding programs – which provide good preparedness for temporary fluctuations in the Group's short-term liquidity requirements and ensure long-term funding.

During 2009, through its Finnish operations, Skanska borrowed EUR 91 M in the form of pension re-borrowing from two Finnish insurance companies.

The loans carry fixed interest with principal repayments every six months.

	Maturity	Currencies	Limit	Nominal	Utilized
Market funding programs					
Commercial paper (CP) program, maturities 0–1 year		SEK/EUR	SEK 6,000 M	582.6	0
Medium Term Note (MTN) program, maturities 1–10 years		SEK/EUR	SEK 8,000 M	776.8	0
				1,359.5	**0**
Committed credit facilities					
Syndicated bank loan	2014	SEK/EUR/USD	EUR 750 M	750.0	0.0
Bilateral loan agreements	2012	EUR	EUR 70 M	70.0	70.0
Pension re-borrowing loans	2016	EUR	EUR 20 M	20.0	20.0
	2017	EUR	EUR 67 M	66.9	66.9
Other credit facilities				66.6	0.0
				973.6	**156.9**

At year-end 2009, the Group's unutilized credit facilities totaled EUR 816.7 M (814.5).

Liquidity reserve and maturity structure

The objective is to have a liquidity reserve of at least SEK 4 billion (corresponding to EUR 0.4 billion) available within one week in the form of cash equivalents or committed credit facilities. At year-end 2009, cash and cash equivalents and committed credit facilities amounted to about SEK 18 (17) billion (corresponding to about EUR 1.7 billion [1.6]), of which about SEK 14 billion (corresponding to about EUR 1.4 billion) is available within one week.

The maturity structure of financial interest-bearing liabilities and derivatives related to borrowing was distributed over the coming years according to the following table.

			Maturity			
Maturity period	**Carrying amount**	**Future payment amount**	**Within 3 months**	**Over 3 months within 1 year**	**Over 1 year within 5 years**	**More than 5 years**
Interest-bearing financial liabilities	275.2	297.4	40.1	32.6	186.1	38.6
Derivatives: Currency futures						
Inflow	8.5	1,073.9	1,063.5	10.4		
Outflow	–7.0	–1,069.8	–1,059.3	–10.5		
Total	**276.8**	**301.5**	**44.3**	**32.5**	**186.1**	**38.6**

The average maturity of interest-bearing liabilities amounted to 3.0 (2.4) years.

Other operating liabilities

Other operating liabilities that consist of financial instruments fall due for payments according to the table below.

Other operating liabilities	2009	2008
Due within 30 days	69.5	102.8
Due in over 30 days but no more than one year	17.9	15.8
Due in more than one year	17.1	31.8
	104.5	**150.4**

Note 06 Continued

Market risk

Market risk is the Group's risk that the fair value of financial instruments or future cash flows from financial instruments will fluctuate due to changes in market prices. The main market risks in the consolidated accounts are interest rate risk and foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Group's future earnings and cash flow. Interest rate risk is defined as the possible negative impact on net financial items in case of a one percentage point increase in interest rates across all maturities. The change in fair value related to interest-bearing assets and liabilities including derivatives may not exceed SEK 100 M (corresponding to EUR 9.7 M). Derivative contracts, mainly interest rate swaps and currency swaps, are used in order to adapt the interest rate refixing period and currency.

The average interest rate refixing period for all interest-bearing assets was 0.2 (0.1) years. The average interest rate for these amounted to 0.78 (1.77) percent at year-end 2009. Of the Group's total interest-bearing financial assets, 32 (38) percent carry fixed interest rates and 68 (62) per cent variable interest rates.

The average interest rate refixing period for all interest-bearing liabilities was 1.5 (0.6) years. The average interest rate for these amounted to 3.78 (7.07) percent excluding derivatives at year-end. Falling market interest rates, especially in Argentina, explain the lower average interest rate at year-end. Of total interest-bearing financial liabilities, 55 (12) percent carry fixed interest rates and 45 (88) percent variable interest rates. The increase in the share of liabilities at fixed interest rates is mainly attributable to pension re-borrowing loans taken out in Finnish operations during 2009.

On December 31, 2009 there were no outstanding interest rate swap contracts, except in partly owned joint venture companies. One year earlier, the interest rate swap portfolio totaled a nominal EUR 59.1 M, where EUR 50.0 M of liabilities was swapped from fixed to floating interest rates.

The fair value of interest-bearing financial assets and liabilities, plus derivatives, would change by about EUR 7.0 M (2.8) in case of a one percentage point change in market interest rates across the yield curve, given the same volume and interest rate refixing period as on December 31, 2009.

Foreign exchange risk

Foreign exchange risk is defined as the risk of negative impact on the Group's income statement and statement of financial position due to fluctuations in exchange rates. This risk can be divided into transaction exposure, i.e. net operating and financial (interest/principal payment) flows, and translation exposure related to net investments in foreign subsidiaries.

Transaction exposure

Transaction exposure arises in a local unit when the unit's inflow and outflow of foreign currencies are not matched. Although the Group has a large international presence, its operations are mainly of a local nature in terms of foreign exchange risks, because project revenue and costs are mainly denominated in the same currency. If this is not the case, the objective is for each respective business unit to hedge its exposure in contracted cash flows against its functional currency in order to minimize the effect on earnings caused by shifts in exchange rates. The main tool for this purpose is currency futures.

The foreign exchange risk for the Group may amount to a total of SEK 50 M (corresponding to EUR 4.9 M), with risk calculated as the effect on earnings of a five percentage point shift in exchange rates. As of December 31, 2009, foreign exchange risk accounted for EUR 4.2 M (3.1) of transaction exposure, most of which affects "Other comprehensive income."

Contracted net flows in currencies that are foreign to the respective Group company are distributed among currencies and maturities as follows.

The Group's contracted net foreign currency flow	2010	2011	2012 and later
EUR[1]	373.2	3.0	1.3
USD	10.4	–0.8	–0.8
JPY	5.6		
CLP	1.7		
HUF	–2.0		
CZK	–3.2		
PLN	–46.1		
Other currencies	0.6		
Total equivalent value	**340.2**	**2.2**	**0.5**

1 Mostly related to a highway project in Poland.

Skanska applies hedge accounting mainly in its Polish operations for contracted flows in EUR. The fair value of these hedges totaled EUR 6.1 M on December 31, 2009.

The hedges fulfill effectiveness requirements, which means that unrealized profit or loss is recognized under "Other comprehensive income." The fair value of currency hedges for which hedge accounting is not applied totaled EUR –0.4 M on December 2009, including the fair value of embedded derivatives. Changes in fair value are recognized in the income statement.

Information on the changes recognized in the consolidated income statement and in "Other comprehensive income" during the period can be found in the table "Impact of financial instruments on the consolidated income statement, other comprehensive income and equity" below.

Translation exposure

Net investments in Commercial and Infrastructure Development operations are currency-hedged, because the intention is to sell these assets over time.

To a certain extent, Skanska also currency hedges equity in those markets/currencies where a relatively large share of the Group's equity is invested. Decisions on currency hedging in these cases are made by Skanska's Board of Directors from time to time.

At the end of 2009, about 28 percent of equity in North American, Norwegian, Polish and Czech companies in the Skanska Group was currency hedged.

These hedges consist of forward currency contracts and foreign currency loans. The positive fair value of the forward currency contracts amounts to EUR 12.8 M (21.7) and their negative fair value amounts to EUR 15.5 M (21.5). The fair value of foreign currency loans amounts to EUR 67.4 M (63.1).

An exchange rate shift where the euro falls/rises by 10 percent against other currencies would have an effect of EUR 0.17 billion on "Other comprehensive income" after taking hedges into account.

Hedging of net investments outside Sweden

	2009			2008		
Currency	Net investment	Hedge[1]	Hedged portion	Net investment	Hedge[1]	Hedged portion
USD	424.5	127.9	30%	441.2	129.2	29%
EUR	398.5	101.4	25%	397.3	163.3	41%
CZK	328.2	83.9	26%	307.5	81.2	26%
NOK	401.4	114.3	28%	288.6	92.4	32%
PLN	163.5	36.5	22%	128.0	34.6	27%
CLP	90.5	69.9	77%	76.8	54.9	71%
BRL	37.8	0.0	0%	29.1	6.5	22%
GBP	13.8	6.8	49%	–4.2	4.8	n.a
Other currencies	125.8	0.0	0%	114.2	0.0	0%
Total	**1,984.2**	**540.7**	**27%**	**1,778.6**	**566.9**	**32%**

1 After subtracting tax portion.

Hedge accounting is applied when hedging net investments outside Sweden. The hedges fulfill efficiency requirements, which means that all changes due to shifts in exchange rates are recognized under "Other comprehensive income" and in the translation reserve in equity.

See also Note 34, "Effect of changes in foreign exchange rates."

Note 06 Continued

The role of financial instruments in the Group's financial position and income

Financial instruments in the statement of financial position

The following table presents the carrying amount of financial instruments allocated by category as well as a reconciliation with total assets and liabilities in the statement of financial position. Derivatives subject to hedge accounting are presented separately both as financial assets and financial liabilities but belong to the category "At fair value through profit and loss."

See also Note 21, "Financial assets," Note 24, "Trade and other receivables," Note 27, "Financial liabilities" and Note 30, "Operating liabilities."

	At fair value through profit or loss	Hedge accounted derivatives	Held-to-maturity investments	Available-for-sale assets	Loans and receivables	Total carrying amount
2009						
Financial instruments						
Interest-bearing assets and derivatives						
Financial assets[1]						
Financial assets at fair value	8.5	12.8				21.4
Financial assets at amortized cost			118.3			118.3
Financial interest-bearing receivables					682.0	682.0
	8.5	**12.8**	**118.3**	**0.0**	**682.0**	**821.6**
Cash equivalents at fair value						0
Cash					913.7	913.7
	8.5	**12.8**	**118.3**	**0.0**	**1,595.7**	**1,735.3**
Trade accounts receivable[2]					**1,808.8**	**1,808.8**
Other operating receivables including shares						
Shares recognized as available-for-sale assets[3]				5.3		5.3
Other operating receivables[2, 4]					9.0	9.0
	0.0	0.0	0.0	5.3	9.0	14.4
Total financial instruments	**8.5**	**12.8**	**118.3**	**5.3**	**3,413.5**	**3,558.5**
2008						
Financial instruments						
Interest-bearing assets and derivatives						
Financial assets[1]						
Financial assets at fair value	3.5	21.7				25.2
Financial assets at amortized cost			85.3			85.3
Financial interest-bearing receivables					577.6	577.6
	3.5	**21.7**	**85.3**	**0.0**	**577.6**	**688.0**
Cash equivalents at fair value						0
Cash					720.1	720.1
	3.5	**21.7**	**85.3**	**0.0**	**1,297.7**	**1,408.2**
Trade accounts receivable[2]					1,864.7	1,864.7
Other operating receivables including shares						
Shares recognized as available-for-sale assets[3]				5.8		5.8
Other operating receivables[2, 4]					15.3	15.3
	0.0	0.0	0.0	5.8	15.3	21.1
Total financial instruments	**3.5**	**21.7**	**85.3**	**5.8**	**3,177.6**	**3,294.0**

The difference between fair value and carrying amount for financial assets is marginal.

1 The carrying amount for financial assets excluding shares, totaling EUR 821.6 M (688.0) can be seen in Note 21, "Financial assets."
2 See Note 24, "Trade and other receivables."
3 The shares are recognized at cost. The shares are reported in the consolidated statement of financial position among financial assets. See also Note 21, "Financial assets."
4 In the consolidated statement of financial position, EUR2,296.2 M (2,374.6) was reported as "Trade and other receivables." See Note 24, "Trade and other receivables." Of this amount, EUR 1,808.8 M (1,864.7) was trade accounts receivable. These were reported as financial instruments. The remaining amount was EUR 487.4 M (510.0) and was allocated between EUR 9.0 M (15.3) in financial instruments and EUR 478.3 M (494.7) in non-financial instruments. The amount reported as financial instruments included accrued interest income, deposits, receivables on divested properties etc. Reported as non-financial items were, for example, interim items other than accrued interest, VAT receivables, pension-related receivables and other employee-related receivables.

Note 06 Continued

Reconciliation with statement of financial position	2009	2008
Assets		
Financial instruments	3,558.5	3,294.0
Other assets		
Property, plant and equipment and intangible assets	1,115.8	1,111.6
Investments in joint ventures and associated companies	149.3	138.2
Tax assets	213.7	254.2
Current-asset properties	1,807.1	1,696.6
Inventories	81.1	82.3
Gross amount due from customers for contract work	501.6	556.2
Trade and other receivables[1]	478.3	494.7
Total assets	**7,905.4**	**7,627.7**

1 In the consolidated statement of financial position, EUR2,296.2 M (2,374.6) was reported as "Trade and other receivables." See Note 24, "Trade and other receivables." Of this amount, EUR 1,808.8 M (1,864.7) was trade accounts receivable. These were reported as financial instruments. The remaining amount was EUR 487.4 M (510.0) and was allocated between EUR 9.0 M (15.3) in financial instruments and EUR 478.3 M (494.7) in non-financial instruments. The amount reported as financial instruments included accrued interest income, deposits, receivables on divested properties etc. Reported as non-financial items were, for example, interim items other than accrued interest, VAT receivables, pension-related receivables and other employee-related receivables.

Liabilities	At fair value through profit or loss	Hedge accounted derivatives	At amortized cost	Total carrying amount
2009				
Financial instruments				
Interest-bearing liabilities and derivatives				
Financial liabilities[1]				
Financial liabilities at fair value	7.0	15.5		22.5
Financial liabilities at amortized cost			275.2	275.2
	7.0	**15.5**	**275.2**	**297.7**
Operating liabilities				
Trade accounts payable			1,217.9	1,217.9
Other operating liabilities[2]			104.5	104.5
	0.0	0.0	1,322.4	1,322.4
Total financial instruments	**7.0**	**15.5**	**1,597.6**	**1,620.1**
2008				
Financial instruments				
Interest-bearing liabilities and derivatives				
Financial liabilities[1]				
Financial liabilities at fair value	20.5	21.5		41.9
Financial liabilities at amortized cost			246.6	246.6
	20.5	**21.5**	**246.6**	**288.6**
Operating liabilities				
Trade accounts payable			1,282.3	1,282.3
Other operating liabilities[2]			150.4	150.4
	0.0	0.0	1,432.7	1,432.7
Total financial instruments	**20.5**	**21.5**	**1,679.4**	**1,721.3**

The difference between fair value and carrying amount for financial assets is marginal.

1 The carrying amount for financial liabilities, totaling EUR 297.8 M (288.6) can be seen in Note 27, "Financial liabilities."

2 Other operating liabilities, totaling EUR 1,824.6 M (1,760.7), were reported in the statement of financial position together with trade accounts payable of EUR 1,217.9 M (1,282.3). The total item in the statement of financial position amounted to EUR 3,024.5 M (3,043.1). See Note 30. Accrued interest expenses, checks issued but not cash, liabilities for unpaid properties etc. weree reported as other financial operating liabilities. Other non-financial operating liabilities were, for example, interim items other than accrued interest, VAT liabilities, pension-related liabilities and other employee-related liabilities.

Note 06 Continued

Reconciliation with statement of financial position	2009	2008
Equity and liabilities		
Financial instruments	1,620.1	1,721.3
Other liabilities		
Equity	1,986.5	1,758.9
Pensions	215.4	283.3
Tax liabilities	265.8	239.8
Provisions	491.8	456.3
Gross amount due to customers for contract work	1,605.7	1,557.9
Trade and other payables[1]	1,720.1	1,610.3
Total equity and liabilities	**7,905.4**	**7,627.7**

1 Other operating liabilities, totaling EUR 1,824.6 M (1,760.7), were reported in the statement of financial position together with trade accounts payable of EUR 1,217.9 M (1,282.4). The total item in the statement of financial position amounted to EUR 3,024.5 M (3,043.0). See Note 30. Accrued interest expenses, checks issued but not cash, liabilities for unpaid properties etc. weree reported as other financial operating liabilities. Other non-financial operating liabilities were, for example, interim items other than accrued interest, VAT liabilities, pension-related liabilities and other employee-related liabilities.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss belong to the category that has been identified as such on the first recognition date or consist of derivatives. The amounts for 2009 and 2008 are attributable to derivatives.

Hedge accounted derivatives

Derivatives belong to the category "Financial assets and liabilities at fair value through profit or loss." Skanska separately reports hedge accounted derivatives. The amounts for 2009 and 2008 are related to forward currency contracts for hedging of net investments outside Sweden.

Fair value

There are three different methods for setting fair value. The first method uses the official price quotation in an active market. The second method, which is used when a price quotation in an active market does not exist, calculates fair value by discounting future cash flows based on quoted market rates for each respective maturity and currency. As a third alternative, another method uses substantial elements of input data that are not observable in the market.

Fair values for the categories "At fair value through profit or loss" and "Hedged accounted derivatives" have been set according to the second method above. In calculating fair value in the borrowing portfolio, Skanska takes into account current market interest rates, which include the credit risk premium that Skanska is estimated to pay for its borrowing. Fair value of financial instruments with option elements is calculated using the Black-Scholes model. The fair value of assets totaling EUR 21.4 M and liabilities totaling EUR 22.5 M have been calculated according to this method.

Skanska has no assets or liabilities whose fair value has been set according to price quotations in an active market or another method.

Note 06 Continued

Impact of financial instruments on the consolidated income statement, other comprehensive income and equity

Revenue and expenses from financial instruments recognized in income statement	2009	2008
Recognized in operating income		
Interest income on loan receivables	2.8	4.3
Interest expenses on financial liabilities at amortized cost	0.0	–0.8
Impairment loss/reversal of impairment loss on loan receivables	–7.4	–10.1
Cash flow hedge removed from equity and recognized in income statement	–3.0	4.4
Total income and expenses in operating income	**–7.6**	**–2.3**
Recognized in financial items		
Interest income on financial assets at fair value through profit or loss	9.1	
Interest income on available-for-sale assets		3.6
Interest income on held-to-maturity investments	1.1	1.0
Interest income on loan receivables	7.4	11.0
Interest income on cash	9.0	25.9
Divestments of available-for-sale financial assets	0.1	0.1
Distribution of available-for-sale financial assets		0.1
Changes in market value of financial assets at fair value through profit or loss	0.8	0.7
Changes in market value of financial liabilities at fair value through profit or loss	0.1	2.4
Total income in financial items	**27.7**	**44.9**
Interest expenses on financial liabilities at fair value through profit or loss[1]	-0.9	4.3
Interest expenses on financial liabilities at amortized cost	–20.3	–11.5
Changes in market value of financial assets at fair value through profit or loss	-0.6	-0.3
Changes in market value of financial liabilities at fair value through profit or loss	–1.5	–0.1
Net financial items from hedging of net investments in foreign subsidiaries[2]	–7.2	–1.1
Impairment loss on available-for-sale financial assets		–1.8
Net exchange rate differences	–5.1	–5.2
Expenses for borrowing programs	–1.7	–0.8
Bank-related expenses	–2.2	–0.6
Total expenses in financial items	–39.5	–17.2
Net income and expenses from financial instruments recognized in income statement	**–19.5**	**25.3**
Of which interest income on financial assets not at fair value through profit or loss	20.4	45.8
Of which interest expenses on financial liabilities not at fair value through profit or loss	–20.3	–12.4

1 The amount for 2008 included positive interest rate differences of EUR 5.0 M in currency swaps for the Group's borrowing.
2 The amount includes interest expenses totaling EUR –7.2 M (–1.0) attributable to currency futures.

Reconciliation with financial items	2009	2008
Total income from financial instruments in financial items	27.7	44.9
Total expenses from financial instruments in financial items	–39.5	–17.2
Interest income on pensions	–3.4	10.5
Other interest income		0.3
Other interest expenses	–0.3	–0.1
Other financial items	–3.4	–4.7
Total financial items	**–18.9**	**33.7**

See also Note 14, "Net financial items."

Income and expenses from financial instruments recognized under other comprehensive income	2009	2008
Cash flow hedges recognized directly in equity	–18.8	–18.6
Cash flow hedges removed from equity and recognized in income statement	3.0	–4.4
Changes in value of available-for-sale assets	0.0	0.0
Translation differences for the year	111.8	–176.4
Transferred translation differences on divested companies		–4.3
Minus hedging of foreign exchange risk in operations outside Sweden	–31.8	38.0
Total	**64.2**	**–165.6**
of which recognized in cash flow hedge reserve	–15.8	–23.0
of which recognized in translation reserve	80.0	–142.7
	64.2	**–165.6**

Note 06 Continued

Collateral

The Group has provided collateral (assets pledged) in the form of financial receivables amounting to EUR 107.1 M (79.5). See also Note 33, "Assets pledged, contingent liabilities and contingent assets." These assets may be utilized by a customer if Skanska does not fulfill its obligations according to the respective construction contract.

To a varying extent, the Group has obtained collateral for trade accounts payable in the form of guarantees issued by banks and insurance companies and, in some cases, in the form of guarantees from the parent companies of customers.

The Group did not obtain any significant asset during the year by taking control of collateral received.

Note 07 Business combinations

Business combinations (acquisitions of businesses) are reported in compliance with IFRS 3, "Business Combinations." See "Accounting and valuation principles," Note 1.

Acquisitions of Group companies/businesses

During the year, Skanska made some minor acquisitions in Poland and Finland. The total investment was EUR –0.9 M (–0.5), which was also the purchase price for these units. Upon these purchases, a total of EUR 0.5 M was allocated to intangible assets in the form of customer contracts in Poland and EUR 0.5 M to goodwill in Finland. No contingent liabilities were included in the year's acquisitions. The acquisitions are part of the Construction business stream. There are no plans to divest any part of the acquired companies' operations. The acquired units accounted for EUR 0.3 M (0.5) of Group revenue and EUR 0 M (0) of Group income. The purchase price stated included acquisition-related expenses of EUR 0 M (0).

In 2008 the Group reported one small acquisition of shares in Finland.

Note 08 Revenue

Projects in Skanska's contracting operations are reported in compliance with IAS 11, "Construction Contracts." See Note 9. Revenue other than project revenue is recognized in compliance with IAS 18, "Revenue." See "Accounting and valuation principles," Note 1.

Revenue by business stream

	2009	2008
Construction	12,312.2	14,490.3
Residential Development	610.7	670.0
Commercial Development	390.5	411.4
Infrastructure Development	14.2	5.7
Other		
Central	14.6	111.4
Eliminations, see below	–464.1	–764.7
Total	**12,878.0**	**14,924.1**

Reported as eliminations:

	2009	2008
Intra-Group construction for		
Construction	–54.2	–75.6
Residential Development	–183.9	–330.4
Commercial Development	–182.2	–328.9
Infrastructure Development[1]		
Intra-Group property divestments	–19.5	–3.7
Other	–24.2	–26.1
	–464.1	**–764.7**

1 Construction included EUR 561.8 M (604.4) in intra-Group construction for Infrastructure Development. Elimination does not occur, since this revenue comprises invoicing to joint ventures, which are not consolidated but are instead recognized according to the equity method of accounting.

Revenue by category

	2009	2008
Construction contracts	11,335.2	13,161.7
Services	657.3	839.2
Sales of goods	53.2	82.3
Rental income	73.1	52.8
Divestments of properties	759.2	788.1
Total	**12,878.0**	**14,924.1**

As for other types of revenue, dividends and interest income are recognized in financial items. See Note 14, "Net financial items."

Other matters

Invoicing to associated companies and joint ventures amounted to EUR 575.6 M (614.7). For other related party transactions, see Note 39, "Related party disclosures."

Note 09 Construction contracts

Construction contracts are recognized as revenue at the pace of project completion. See "Accounting and valuation principles," Note 1.

For risks in ongoing assignments, see Note 2, "Key estimates and judgments," and the Report of the Directors.

Information from the income statement

Revenue recognized during the year amounted to EUR 11,335.2 M (13,161.7).

Information from the statement of financial position

Gross amount due from customers for contract work

	2009	2008
Accrued revenue	7,225.5	8,138.8
Invoiced revenue	–6,723.9	–7,582.6
Total, asset	**501.6**	**556.2**

Gross amount due to customers for contract work

	2009	2008
Invoiced revenue	17,268.2	18,791.9
Accrued revenue	–15,662.6	–17,234.0
Total, liability	**1,605.7**	**1,557.9**

Accrued revenue in ongoing projects including recognized gains minus recognized loss provisions amounted to EUR 22,888.0 M (25,372.8).

Advance payments received totaled EUR 20.7 M (25.7).

Amounts retained by customers, which have been partly invoiced according to an established plan and which the customer is retaining in accordance with contractual terms until all the conditions specified in the contract are met, amounted to EUR 348.6 M (386.5).

Note 10 Operating income

Operating income by business stream

	Operating income	
	2009	2008
Construction	475.1	390.7
Residential Development	14.2	–18.4
Commercial Development	78.7	99.0
Infrastructure Development	–10.8	41.1
Central	–63.9	–85.9
Eliminations	–1.7	–2.1
Total	**491.6**	**424.4**

The Parent Company and other corporate units are reported as "Central." Also included is EUR –1.7 M (–15.1) for a number of units that are being closed down.

Eliminations of intra-Group sales and dissolution of these are reported as "Eliminations." Because the Group applies the percentage of completion method, taking into account the degree of sales and completion, no intra-Group profits arise in the consolidated accounts in the case of intra-Group construction for Construction and Residential Development that need to be eliminated. Elimination take place in Residential Development. See Note 1, "Accounting and valuation principles," and IAS 11, "Construction Contracts."

Eliminations are explained in the following table:

	2009	2008
Intra-Group profits carried as investments in joint ventures related to construction assignments for Infrastructure Development		
Provision/reversal of provision for the year	–6.1	10.7
Dissolution for the year over service life	1.2	1.8
Reversals of impairment losses for the year	0.5	
Dissolution for the year through divestments		0.7
Intra-Group profits carried as current-asset properties		
Provision for the year related to contracting work	–9.0	–14.9
Provision for the year related to intra-Group divestments	–0.2	–2.2
Dissolution for the year through divestments	8.3	5.7
Other	3.7	–3.9
Total	**–1.7**	**–2.1**

Operating expenses by category of expense

During 2009, revenue decreased by EUR 2,046.1 M to EUR 12,878.0 M (14,924.1). Operating income increased by EUR 67.1 M to EUR 491.6 M (424.4). Personnel expenses for the year amounted to EUR –2,503.2 M (–2,724.8). Other operating expenses adjusted for current-asset properties divested and income in joint ventures and associated companies amounted to EUR –9,135.4 M (–11,104.9).

	2009	2008
Revenue	12,878.0	14,924.1
Personnel expenses[1]	–2,503.2	–2,724.8
Depreciation/amortization	–141.7	–143.7
Impairment losses	–41.2	–65.4
Other operating expenses[2]	–9,700.4	–11,565.7
Operating income	**491.6**	**424.4**

1 Recognized as personnel expenses are wages, salaries and other remuneration plus social insurance contributions, recognized according to Note 36, "Personnel," and non-monetary remuneration such as free healthcare and car benefits.
2 Other operating expenses are allocated according to the following table.

	2009	2008
Carrying amount of current-asset properties divested	–578.5	–551.8
Income from joint ventures and associated companies	13.5	91.0
Other	–9,135.4	–11,104.9
Total other operating expenses	**–9,700.4**	**–11,565.7**

Analysis of operating income

	2009	2008
Gains from divestments of current-asset properties		
Commercial Development	83.5	128.6
Other commercial properties	24.8	22.7
Residential Development	72.5	85.0
	180.7	**236.3**
Impairment losses		
Goodwill impairment losses	–19.8	
Impairment losses on other intangible assets		–0.7
Impairment losses/Reversals of impairment losses on property, plant and equipment	–4.6	0.5
Impairment losses/Reversals of impairment losses on current-asset properties	–10.3	–53.6
Impairment losses on investments in joint ventures	–6.6	–11.6
	–41.2	**–65.4**
Expenses for restructuring provisions		
Construction		–46.4
Residential Development		–5.2
Infrastructure Development		–2.1
Central		–11.4
		–65.1
Income from joint ventures and associated companies (excluding impairment losses)	**20.1**	**102.6**
Other operating income	332.0	216.1
Total according to the income statement	**491.6**	**424.4**

Disclosures on revenue and expenses from financial instruments are provided in Note 6, "Financial instruments and financial risk management."

Note 11 Selling and administrative expenses

Selling and administrative expenses are recognized as one item. See "Accounting and valuation principles," Note 1.

Selling and administrative expenses

	2009	2008
Construction	–597.6	–706.2
Residential Development	–54.2	–75.9
Commercial Development	–29.8	–31.7
Infrastructure Development	–14.6	–21.0
Central and eliminations	–64.2	–93.0
Total	**–760.4**	**–927.8**

Note 12 Depreciation/amortization

Depreciation and amortization are carried out in compliance with IAS 16, "Property, Plant and Equipment," and IAS 38, "Intangible Assets." See Note 1, "Accounting and valuation principles."

Depreciation and amortization are presented below by business stream.

For further information on depreciation and amortization, see Note 17, "Property, plant and equipment," and Note 19, "Intangible assets."

Depreciation/amortization by asset class and business stream

	Construction	Residential Development	Commercial Development	Infrastructure Development	Central and eliminations	Total
2009						
Intangible assets	–7.3	–0.1		–2.6	–0.2	–10.3
Property, plant and equipment						
Property	–7.0	–0.1				–7.1
Plant and equipment	–122.7	–0.4	–0.3	–0.4	–0.7	–124.4
Total	**–137.0**	**–0.6**	**–0.3**	**–3.0**	**–0.8**	**–141.7**
2008						
Intangible assets	–7.2	–0.1		–2.0	–0.2	–9.5
Property, plant and equipment						
Property	–7.9					–7.9
Plant and equipment	–124.8	–0.1	–0.2	–0.3	–0.9	–126.3
Total	**–139.8**	**–0.2**	**–0.2**	**–2.3**	**–1.1**	**–143.7**

Note 13 Impairment losses/Reversals of impairment losses

Impairment losses are recognized in compliance with IAS 36, "Impairment of Assets." See "Accounting and valuation principles," Note 1. Impairment losses on current-asset properties are recognized in compliance with IAS 2, "Inventories."

Impairment loss/reversals of impairment losses are presented below by business stream.

For further information on impairment losses/reversals of impairment losses, see Note 17, "Property, plant and equipment," Note 18, "Goodwill," Note 19, "Intangible assets" and Note 22, "Current-asset properties/Project development."

Impairment losses/reversals of impairment losses by asset class and business stream

	Construction	Residential Development	Commercial Development	Infrastructure Development	Central and eliminations	Total
2009						
Recognized in operating income						
Goodwill	–19.8					–19.8
Property, plant and equipment						
Property	–1.9	–0.3				–2.2
Plant and equipment	–0.4	–2.1				–2.4
Investments in joint ventures and associated companies	–0.1			–7.0	0.5	–6.6
Current-asset properties						
Commercial development	0.9		–7.4			–6.5
Residential Development		–2.6			–1.1	–3.8
	–21.2	**–5.0**	**–7.4**	**–7.0**	**–0.7**	**–41.2**
Recognized in financial items						
Financial assets						0.0
Total	**–21.2**	**–5.0**	**–7.4**	**–7.0**	**–0.7**	**–41.2**
2008						
Recognized in operating income						
Goodwill						0.0
Other intangible assets	–0.7					–0.7
Property, plant and equipment						
Property	–0.2				–0.4	–0.6
Plant and equipment	0.9	0.2				1.1
Investments in joint ventures and associated companies			–2.9	–7.7	–1.0	–11.6
Current-asset properties						
Commercial development	–0.2		–10.6		–0.4	–11.2
Residential Development		–42.4				–42.4
	0	**–42.2**	**–13.5**	**–7.7**	**–1.9**	**–65.4**
Recognized in financial items						
Financial assets	–0.2	–1.6				–1.8
Total	**–0.4**	**–43.7**	**–13.5**	**–7.7**	**–1.9**	**–67.2**

Note 14 Net financial items

	2009	2008
Financial income		
Interest income	26.7	41.9
Net interest on pensions		10.5
Gain on distributions of shares		0.1
Gain on divestments of shares	0.1	0.1
Change in fair value	0.8	3.1
	27.7	**55.7**
Financial expenses		
Interest expenses	–30.0	–27.4
Net interest on pensions	–3.4	0.0
Capitalized interest expenses	8.5	20.0
Change in fair value	–9.3	–1.6
Net exchange rate differences	–5.1	–5.2
Impairment losses		–1.8
Net other financial items	–7.2	–6.1
	–46.6	**–22.0**
Total	**–18.9**	**33.7**

Disclosures on how large a portion of income and expenses in net financial items comes from financial instruments are presented in Note 6, "Financial instruments and financial risk management."

Net interest items

In 2009, net financial items amounted to EUR –18.9 M (33.7) altogether. Net interest items declined to EUR 1.8 M (45.0). Interest income declined to EUR 26.7 M (41.9) as a consequence of significantly lower interest rates for financial assets. Interest expenses including capitalized interest increased to EUR –30.0 M (–27.4). This is explained, among other things, by high interest rates in Latin America, where Skanska is a net borrower.

During the year, Skanska capitalized interest expenses of EUR 8.5 M (20.0) in ongoing projects for its own account.

Interest income was received at an average interest rate of 1.16 (3.15) percent.

Interest expenses, excluding interest on pension liability, were paid at an average interest rate of 4.97 (6.74) percent. Taking derivatives into account, the average interest expense amounted to 1.89 (5.03) percent.

Net interest on pensions, based on 2008 outcome and consisting of the estimated net amount of interest expenses on defined-benefit pension plans and return on plan assets, declined to EUR –3.4 M (10.5). See also Note 28, "Pensions." The Group had net interest items of EUR 2.8 M (3.4) that were recognized in operating income. See "Accounting and valuation principles," Note 1.

Change in fair value

Change in fair value amounted to EUR –8.5 M (1.6). This was related to negative interest rate differences in currency hedging of investments in Skanska's development operations as well as currency hedging of equity mainly in NOK and CLP.

Net other financial items

These items amounted to EUR –7.2 M (–6.1) and mainly consisted of various financial fees.

Note 15 Borrowing costs

Borrowing costs related to investments that require a substantial period for completion are capitalized. See "Accounting and valuation principles," Note 1.

During 2009, borrowing costs were capitalized at an interest rate of about 3.5 percent.

	Interest capitalized during the year		Total accumulated capitalized interest included in cost	
	2009	2008	2009	2008
Intangible assets			9.1	8.6
Current-asset properties	8.5	20.0	27.4	28.5
Total	**8.5**	**20.0**	**36.5**	**37.1**

Note 16 Income taxes

Income taxes are reported in compliance with IAS 12, "Income Taxes."
See "Accounting and valuation principles," Note 1.

Tax expenses

	2009	2008
Current taxes	–129.8	–180.1
Deferred tax benefits from change in temporary differences	44.4	0.6
Deferred tax expenses/benefits from change in loss carry-forwards	–43.6	55.4
Taxes in joint ventures	–2.1	–5.8
Taxes in associated companies	–0.1	–0.2
Total	**–131.1**	**–130.2**

Tax items recognized under other comprehensive income

	2009	2008
Deferred taxes attributable to cash flow hedging	–1.7	1.5
Deferred taxes attributable to pensions	–20.2	76.3
Total	**–21.9**	**77.8**

There was no deferred tax attributable to the category held-for-sale financial assets. Income taxes paid in 2009 amounted to EUR –92.8 M (–200.1).

Relation between taxes calculated at weighted average tax rate and taxes recognized

The Group's recognized taxes amounted to 28 (28) percent.

The Group's weighted nominal tax rate was estimated at 30 (31) percent.

The average nominal tax rate in Skanska's home markets in Europe amounted to about 25 (25) percent and in the United States more than 40 (40) percent, depending on the allocation of income between the different states.

The relation between taxes calculated according to an aggregation of nominal tax rates and recognized taxes of 28 (28) percent is explained in the table below.

	2009	2008
Income after financial items	472.7	458.1
Tax according to aggregation of nominal tax rates, 30 (31) percent	–141.8	–142.0
Tax effect of:		
Property divestments	21.6	19.2
Losses not offset by deferred tax assets		–6.3
Goodwill impairment loss	–5.6	
Other items	–5.4	–1.0
Recognized tax expenses	**–131.1**	**–130.2**

Tax assets and tax liabilities

	2009	2008
Tax assets	51.8	74.2
Tax liabilities	103.3	78.9
Net liability	**51.6**	**4.8**

Tax assets and tax liabilities refer to the difference between estimated income tax for the year and preliminary tax paid as well as income taxes for prior years that have not yet been settled.

Note 16 Continued

Deferred tax assets and deferred tax liabilities

	2009	2008
Deferred tax assets according to the statement of financial position	162.0	180.0
Deferred tax liabilities according to the statement of financial position	162.5	160.8
Net deferred tax assets (+), deferred tax liabilities (–)	**–0.5**	**19.2**

	2009	2008
Deferred tax assets for loss carry-forwards	12.6	54.7
Deferred tax assets for other assets	35.2	43.9
Deferred tax assets for provisions for pensions	60.1	77.9
Deferred tax assets for ongoing projects	48.2	24.9
Other deferred tax assets	112.8	115.9
Total before net accounting	**268.9**	**317.3**
Net accounting of offsettable deferred tax assets/liabilities	–106.9	–137.2
Deferred tax assets according to the statement of financial position	**162.0**	**180.0**

	2009	2008
Deferred tax liabilities for shares and participations	33.3	26.9
Deferred tax liabilities for other non-current assets	33.7	29.2
Deferred tax liabilities for other current assets	35.5	45.8
Deferred tax liabilities for ongoing projects	106.1	126.6
Other deferred tax liabilities	60.7	69.6
Total before net accounting	**269.4**	**298.1**
Net accounting of offsettable deferred tax assets/liabilities	–106.9	–137.2
Deferred tax liabilities according to the statement of financial position	**162.5**	**160.8**

Change in net deferred tax assets (+), liabilities (–)

	2009	2008
Net deferred tax assets/liabilities, January 1	19.2	–117.8
Recognized under other comprehensive income	–21.9	77.8
Deferred tax benefits	0.8	56.0
Exchange rate differences	1.4	3.2
Net deferred tax liabilities/assets, December 31	**–0.5**	**19.2**

The net amount of deferred tax assets and deferred tax liabilities changed by EUR 19.7 M from a net asset to a net liability.

The change was largely due to decreased deferred tax assets from loss carry-forwards and pensions.

Deferred tax assets other than for loss carry-forwards refer to temporary differences between carrying amounts for tax purposes and carrying amounts recognized in the statement of financial position. These differences arise, among other things, when the Group's valuation principles diverge from those applied locally by a subsidiary. These deferred tax assets are mostly realized within five years.

Deferred tax assets arise, for example, when a recognized depreciation/amortization/impairment loss on assets becomes deductible for tax purposes only in a later period, when eliminating intra-Group profits, when the provisions for defined-benefit pensions differ between local rules and IAS 19, when the required provisions become tax-deductible in a later period and when advance payments to ongoing projects are taxed on a cash basis.

Deferred tax liabilities on other assets and other deferred tax liabilities refer to temporary differences between carrying amounts for tax purposes and carrying amounts in the statement of financial position. These differences arise, among other things, when the Group's valuation principles diverge from those applied locally by a Group company. These deferred tax liabilities are mostly realized within five years.

For example, deferred tax liabilities arise when depreciation/amortization for tax purposes in the current period is larger than the required economic depreciation/amortization and when accrued profits in ongoing projects are taxed only when the project is completed.

Temporary differences attributable to investments in Group companies, branches, associated companies and joint ventures for which deferred tax liabilities were not recognized totaled EUR 0 M (0). In Sweden and a number of other countries, divestments of holdings in limited companies are tax-exempt under certain circumstances. Temporary differences thus do not normally exist for shareholdings by the Group's companies in these countries.

Temporary differences and loss carry-forwards that are not recognized as deferred tax assets

	2009	2008
Loss carry-forwards that expire within one year	0.0	4.8
Loss carry-forwards that expire in more than one year but within three years	24.5	3.4
Loss carry-forwards that expire in more than three years	120.7	188.1
Total	**145.2**	**196.3**

Skanska has loss carry-forwards in a number of different countries. In some of these countries, Skanska currently has no operations or limited ones.

In certain countries, current earnings generation is at such a level that the likelihood that a loss carry-forward can be utilized is difficult to assess. There may also be limitations on the right to offset loss carry-forwards against income. In these cases, no deferred tax asset is reported for these loss carry-forwards.

Note 17 Property, plant and equipment

Property, plant and equipment are reported in compliance with IAS 16, "Property, Plant and Equipment." See Note 1, "Accounting and valuation principles."

Office buildings and other buildings used in the Group's business are recognized as property, plant and equipment.

Machinery and equipment are recognized as a single item ("Plant and equipment").

Property, plant and equipment by asset class

	2009	2008
Property	177.9	175.9
Plant and equipment	429.6	452.9
Property, plant and equipment under construction	4.6	3.5
Total	**612.1**	**632.2**

Depreciation of property, plant and equipment by asset class and function

	Cost of sales		Selling and administration		Total	
	2009	2008	2009	2008	2009	2008
Property	–5.7	–6.4	–1.3	–1.5	–7.1	–7.9
Plant and equipment	–112.0	–108.7	–12.3	–17.7	–124.4	–126.3
Total	**–117.8**	**–115.1**	**–13.6**	**–19.1**	**–131.4**	**–134.2**

Impairment losses/reversals of impairment losses on property, plant and equipment

During 2009, net impairment losses in the amount of EUR –4.6 M (+0.5) were recognized. All impairment losses/reversals of impairment losses were recognized under "Cost of sales."

Impairment losses/reversals of impairment losses	Property		Plant and equipment		Total	
	2009	2008	2009	2008	2009	2008
Impairment losses	–2.2	–0.7	–3.5		–5.6	–0.7
Reversals of impairment losses		0.1	1.0	1.1	1.0	1.2
Total	**–2.2**	**–0.6**	**–2.4**	**1.1**	**–4.6**	**0.5**

Amount of impairment losses/reversals of impairment losses based on	Property		Plant and equipment		Total	
	2009	2008	2009	2008	2009	2008
Net realizable value	–0.3	–0.7	–2.4	0.8	–2.6	0.1
Value in use	–1.9	0.1	–0.1	0.3	–2.0	0.4
Total	**–2.2**	**–0.6**	**–2.4**	**1.1**	**–4.6**	**0.5**

Information about cost, accumulated depreciation, accumulated revaluation and accumulated impairment losses

	Property		Plant and equipment		Property, plant and equipment under construction	
	2009	2008	2009	2008	2009	2008
Accumulated cost						
January 1	292.9	329.6	1,413.7	1,455.5	3.5	14.3
Investments	12.4	11.0	103.9	204.2	3.8	7.6
Acquisitions of companies				0.1		
Divestments of companies				–0.3	0.1	
Divestments	–4.9	–37.7	–49.2	–49.4	–2.1	–8.0
Reclassifications	–29.0	6.5	–1.1	–52.7	–0.9	–10.5
Exchange rate differences for the year	8.9	–16.5	72.9	–143.7	0.2	0.1
	280.3	**292.9**	**1,540.1**	**1,413.7**	**4.6**	**3.5**
Accumulated depreciation						
January 1	–83.2	–95.2	–956.0	–1,033.8		
Divestments and disposals	0.9	5.2	27.4	35.2		
Reclassifications	3.3	6.2	3.6	63.5		
Depreciation for the year	–7.1	–7.9	–124.4	–126.3		
Exchange rate differences for the year	–3.7	8.5	–53.4	105.3		
	–89.7	**–83.2**	**–1,102.8**	**–956.0**		
Accumulated impairment losses						
January 1	–33.8	–36.1	–4.8	–2.1		
Divestments		2.8		0.3		
Reclassifications	24.4	–4.2		–4.6		
Impairment losses/reversals of impairment losses for the year	–2.2	–0.6	–2.4	1.1		
Exchange rate differences for the year	–1.1	4.3	–0.5	0.5		
	–12.7	**–33.8**	**–7.7**	**–4.8**		
Carrying amount, December 31	**177.9**	**175.9**	**429.6**	**452.9**	**4.6**	**3.5**
Carrying amount, January 1	175.9	198.2	452.9	419.6	3.5	14.3

Other matters

Information about capitalized interest is presented in Note 15, "Borrowing costs."
For information on finance leases, see Note 40, "Leases."
Skanska has obligations to acquire property, plant and equipment in the amount of EUR 0.3 M (3.7).
Skanska did not receive any compensation from third parties for property, plant and equipment that was damaged or lost, either in 2009 or 2008.

Note 18 Goodwill

Goodwill is recognized in compliance with IFRS 3, "Business Combinations." See Note 1, "Accounting and valuation principles. "For key judgments, see Note 2.

Goodwill according to the statement of financial position amounted to EUR 423.7 M (405.9) and was mainly attributable to acquisitions during 2000, when Skanska acquired goodwill through acquisitions of businesses in Norway, the U.K. and the Czech Republic. During 2009, goodwill increased by EUR 0.5 M (0.4) through acquisition of one small unit in Finland. See Note 7, "Business combinations."

Goodwill value by business unit

	2009	2008	Change during the year	of which exchange rate differences	of which acquisition of companies[1]	of which impairment loss
Construction						
Norway	106.3	89.5	16.8	16.8		
Finland	42.7	42.1	0.6	0.0	0.5	
Poland	1.8	1.8	0.0	0.0		
Czech Republic	51.1	50.6	0.5	0.5		
United Kingdom	142.1	149.4	–7.3	12.4		–19.8
USA Building	28.4	28.6	–0.2	–0.2		
USA Civil	2.5	2.6	0.0	0.0		
Residential Development						
Nordic	48.7	41.2	7.5	7.5		
Total	**423.7**	**405.9**	**17.8**	**37.0**	**0.5**	**–19.8**

of which acquisition goodwill in Group financial statements		
Construction		
Norway	104.9	88.4
Finland	16.5	16.5
Czech Republic	42.1	41.8
United Kingdom	112.8	104.3
Residential Development		
Nordic	47.8	40.2
Total	**324.1**	**291.2**

1 See Note 7, "Business combinations."

In Construction and Residential Development, the goodwill recoverable amount is based exclusively on value in use. Goodwill value together with other non-current asset, current-asset property and net working capital values are tested annually.

Expected cash flows are based on forecasts for each submarket in the countries where the Group has operations. For Construction, these forecasts include such variables as demand, cost of input goods, labor costs and the competitive situation. Residential Development establishes forecasts for the various segments of its operations. Important variables taken into account include demographic and interest rate trends.

The forecasts are based on previous experience, Skanska's own assessments and external sources of information. The forecast period encompasses three years. The growth rate that is used to extrapolate cash flow forecasts beyond the period covered by the three-year forecasts is the normal growth rate for the industry in each respective country. Normally, two percent has been used.

Each unit uses a unique discount factor based on weighted average cost of capital (WACC). Parameters that affect the WACC are: interest rates for borrowing, market risks and the ratio between borrowed funds and equity. For Construction units, a WACC is stated on the basis of capital employed consisting 100 percent of equity. In Residential Development, the WACC is based on capital employed consisting of 50 percent equity and 50 percent borrowed funds. The WACC interest rate is stated before taxes.

The following table shows how the carrying amount relates to the recoverable amount for the respective business units for Skanska's largest goodwill items, which are tested at the Group level. The carrying amount is expressed as 100. The tests are based on an assessment of developments during the coming three-year period.

	Construction operations				Residential Development
	Norway	Finland	Czech Republic	United Kingdom	Nordic
Recoverable amount, 100	100	100	100	100	100
Carrying amount[1]	0	2	27	n.a	39
Interest rate, percent (WACC)	8.8	9.1	9.4	8.8	5.5
Carrying amount in relation to recoverable amount, 100 in case of increase in interest rate					
+ 1 percentage point	0	2	31	n.a	51
+5 percentage points[2]	0	4	44	n.a	104

1 For Skanska's operations in the United Kingdom, the carrying amount was negative due to a negative working capital that exceeds the value of property, plant and equipment. For operations in Norway, the carrying amount was positive but close to zero.
2 Value < 100 indicates that the recoverable amount exceeds the carrying amount and an impairment loss needs to be recognized.

Note 18 Continued

Goodwill impairment losses

During 2009, the Group recognized goodwill impairment losses of EUR –19.8 M (0). The year's impairment loss came in its entirety from the acquisition of McNicholas in the United Kingdom in 2006. The impairment loss was based on a calculation of value in use and was recognized as a selling and administrative expense in the income statement.

Information about cost and accumulated impairment losses

	Goodwill	
	2009	2008
Accumulated cost		
January 1	417.9	499.9
Acquisitions of companies	0.5	0.4
Divestments of companies		–0.3
Reclassifications		–2.5
Exchange rate differences for the year	37.2	–79.7
	455.5	**417.9**
Accumulated impairment losses		
January 1	–12.0	–14.8
Impairment losses for the year	–19.8	
Reclassifications		2.5
Exchange rate differences for the year	–0.1	0.4
	–31.9	**–12.0**
Carrying amount, December 31	**423.7**	**405.9**
Carrying amount, January 1	405.9	485.1

Note 19 Intangible assets

Note 19 Intangible assets are recognized in compliance with IAS 38, "Intangible Assets." See "Accounting and valuation principles," Note 1.

Intangible assets and useful life applied

	2009	2008	Useful life applied
Expressway concession	59.9	52.3	26 years
Other intangible assets, externally acquired	20.2	21.2	3–50 years
Total	**80.1**	**73.5**	

The Group has no remaining carrying amounts for intangible assets that were internally generated.

The expressway concession in Santiago, Chile has been in full operation since 2006 and will be amortized over the concession period.

"Other tangible assets, externally acquired" includes acquired patents in Sweden, acquired service contracts in the United Kingdom, service contracts in Poland acquired in 2009, extraction rights for gravel pits and rock quarries in Sweden and computer software.

Extraction rights for rock quarries and gravel pits are amortized as material is extracted. Computer software is amortized in 3–5 years. Service contracts are amortized over a period of 3–6 years and patents are amortized over 10 years.

Amortization of other intangible assets by function

All intangible assets were amortized, because they have a limited useful life.

Amortization by function	2009	2008
Cost of sales	–8.0	–6.5
Selling and administration	–2.3	–2.9
Total	**–10.3**	**–9.5**

Impairment losses/reversals of impairment losses on other intangible assets

During 2009, impairment losses/reversals of impairment losses on other intangible assets were recognized in the amount of EUR 0 M (–0.7). The impairment losses were attributable to the Construction business stream and were based on the value in use of the assets.

Information about cost, accumulated amortization and accumulated impairment losses

	Expressway concession		Other intangible assets, acquired		Intangible assets, internally generated[1]	
	2009	2008	2009	2008	2009	2008
Accumulated cost						
January 1	58.0	50.9	67.3	63.4	5.8	6.8
Acquisitions of companies			0.5			
Divestments of companies				–0.1		
Other investments		19.4	5.8	8.2		
Divestments				–0.2		
Reclassifications	–0.8			0.6		
Exchange rate differences for the year	12.5	–12.3	1.3	–4.6	0.4	–0.9
	69.7	**58.0**	**75.0**	**67.3**	**6.2**	**5.8**
Accumulated amortization						
January 1	–5.8	–5.0	–44.0	–37.9	–5.8	–6.8
Divestments				0.1		
Amortization for the year	–2.6	–2.0	–7.6	–7.5		
Reclassifications				–0.6		
Exchange rate differences for the year	–1.4	1.2	–0.9	1.8	–0.4	0.9
	–9.8	**–5.8**	**–52.5**	**–44.0**	**–6.2**	**–5.8**
Accumulated impairment losses						
January 1			–2.1	–1.8		
Amortization for the year				–0.7		
Reclassifications				–0.1		
Exchange rate differences for the year			–0.1	0.5		
	0	**0**	**–2.2**	**–2.1**	**0**	**0**
Carrying amount, December 31	**59.9**	**52.3**	**20.2**	**21.2**	**0**	**0**
Carrying amount, January 1	52.3	45.9	21.2	23.7	0	0

1 Internally generated intangible assets consisted of computer software.

Other matters

Information about capitalized interest is presented in Note 15, "Borrowing costs." Direct research and development expenses amounted to EUR 5.5 M (7.3).

Note 20 Investments in joint ventures and associated companies

Investments in joint ventures and associated companies are reported according to the equity method of accounting. Income from joint ventures and associated companies is reported on a separate line in operating income. This income consists of the Group's share of the income in joint ventures and associated companies after financial items, adjusted for any impairment losses on consolidated goodwill and intra-Group profits.

Income from joint ventures and associated companies is presented in the following table.

	2009	2008
Share of income in joint ventures according to the equity method[1]	19.0	28.4
Share of income in associated companies according to the equity method[1]	–0.2	0.1
Divestments of joint ventures		71.7
Impairment losses in joint ventures[2]	–6.6	–11.6
Dissolution of intra-Group profits in Infrastructure Development during useful life	1.2	1.8
Dissolution of intra-Group profits in Infrastructure Development through divestments		0.7
Total	**13.5**	**91.0**

1 When calculating the income of joint ventures and associated companies according to the equity method, the Group's share of taxes is recognized on the "Taxes" line in the income statement. The Group's share of taxes in joint ventures amounted to EUR –2.1 M (–5.8) and its share of taxes in associated companies amounted to EUR –0.1 M (–0.2). See also Note 16, "Income taxes."

2 Impairment losses for the year include a Brazilian power station project in Infrastructure Development, totaling EUR –6.5 M (–7.7). Impairment losses in 2008 also included EUR –3.9 M related to shares in a hotel project in Poland.

Carrying amount according to the statement of financial position and the change that occurred during 2009 can be seen in the following table.

	Joint ventures	Associated companies	Total
January 1	135.3	2.8	138.2
Investments	58.4		58.4
Divestments	–16.5		–16.5
Reclassifications	1.5	0.0	1.5
Exchange rate differences for the year	17.6	0.6	18.2
The year's provision/reversal for intra-Group profit on contracting work	–6.1		–6.1
Exchange rate differences for the year, derivatives	–32.7		–32.7
Impairment losses for the year	–6.6		–6.6
The year's change in share of income in associated companies and joint ventures after subtracting dividends received	–4.8	–0.3	–5.1
Carrying amount, December 31	**146.1**	**3.1**	**149.3**

Joint ventures

Joint ventures are reported in compliance with IAS 31, "Interests in Joint Ventures."

See "Accounting and valuation principles," Note 1.

The Group has holdings in joint ventures with a carrying amount of EUR 146.1 M (135.3).

Infrastructure Development included a carrying amount in joint ventures totaling EUR 139.0 M (130.3). The value of these companies in the consolidated accounts was reduced by intra-Group profits of EUR –29.6 M (–20.1), which arose due to contracting work for these joint ventures, among other things. There were also provisions for negative values in joint ventures in a small amount.

Income from joint ventures

Share of income in joint ventures is reported in the income statement, because these holdings are an element of Skanska's business.

Share of income in joint ventures according to the equity method comes mainly from Infrastructure Development operations.

Infrastructure Development

Infrastructure Development specializes in identifying, developing and investing in privately financed infrastructure projects, such as roads, hospitals and schools. The business stream focuses on creating new project opportunities in the markets where the Group has operations.

Income from holdings in joint ventures in Infrastructure Development was lower than the previous year, due to the divestment of the Brazilian power plant project Ponte de Pedra.

During 2009, Skanska signed contracts for three projects: the M25 motorway in the United Kingdom, Phase II of the A1 expressway in Poland and a street lighting project in Surrey, U.K.

Note 20 Continued

Specification of major holdings of shares and participations in joint ventures

Company	Operations	Country	Percentage of share capital	Percentage of voting power	Currency	Consolidated carrying amount 2009	Consolidated carrying amount 2008
Joint ventures in Infrastructure Development							
Autopista Central S.A.[1]	Highway	Chile	50	50	CLP	46.2	47.9
Breitener Energetica S/A	Power plant	Brazil	35	35	BRL	0.0	7.2
Bristol PFI Development Ltd	Education	U.K.	50	50	GBP	0.0	0.0
Bristol PFI (Holdings) Ltd	Education	U.K.	61	46	GBP	0.0	0.0
Bristol PFI Ltd	Education	U.K.	61	46	GBP	0.3	0.5
Capital Hospitals (Holdings) Ltd	Healthcare	U.K.	38	38	GBP	1.4	4.8
Central Nottinghamshire Hospital (Holdings) Ltd	Healthcare	U.K.	50	50	GBP	10.8	5.5
Connect Plus Holdings Ltd	Highway	U.K.	40	40	GBP	0.0	
Derby Healthcare Holdings Ltd	Healthcare	U.K.	25	25	GBP	15.4	13.5
Gdansk Transport Company S.A	Highway	Poland	30	30	PLN	3.0	0.0
Investors in Community (Bexley Schools) Ltd	Education	U.K.	50	50	GBP	1.4	1.4
Midlothian Schools Holdings Ltd	Education	U.K.	50	50	GBP	2.8	2.2
Orkdalsvegen AS	Highway	Norway	50	50	NOK	1.5	1.3
Surrey Lighting Service Holding Company Ltd	Street lighting	U.K.	50	50	GBP	0.0	
The Coventry and Rugby Hospital Comp.Ltd	Healthcare	U.K.	25	50	GBP	7.5	8.1
The Walsall Hospital Company Plc	Healthcare	U.K.	50	50	GBP	0.6	0.1
Tieyhtiö Nelostie Oy	Highway	Finland	50	50	EUR	6.1	4.5
Tieyhtiö Ykköstie Oy	Highway	Finland	41	41	EUR	12.4	13.2
						109.3	**110.2**
Other joint ventures						36.8	25.1
Total						**146.1**	**135.3**

1 There was also an investment in a concession fee. Its carrying amount was EUR 59.9 M (52.3). See Note 19, "Intangible assets."

Information on the Group's share of the income statements and statements of financial position of joint ventures reported according to the equity method

Income statement	2009	2008	The amount includes Infrastructure Development operations totaling 2009	2008
Revenue	319.4	406.6	293.9	355.3
Operating expenses	–278.8	–356.7	–254.8	–312.8
Operating income	**40.6**	**49.9**	**39.1**	**42.5**
Financial items	–28.1	–33.1	–27.1	–32.3
Income after financial items[1]	**12.4**	**16.7**	**12.0**	**10.2**
Taxes	–2.1	–5.8	–1.5	–4.4
Profit for the year	**10.4**	**10.9**	**10.4**	**5.8**
Statement of financial position				
Non-current assets	1,988.7	1,322.9	1,966.0	1,306.6
Current assets	301.6	524.8	235.4	456.0
Total assets	**2,290.3**	**1,847.7**	**2,201.4**	**1,762.5**
Equity attributable to equity holders[2]	174.4	155.2	137.5	130.0
Non-controlling interests	0.7	0.6	0.0	0.0
Non-current liabilities	1,910.7	1,419.0	1,882.7	1,381.9
Current liabilities	204.6	272.8	181.2	250.5
Total equity and liabilities	**2,290.3**	**1,847.7**	**2,201.4**	**1,762.5**

1 The amount included impairment losses in the consolidated accounts.
2 Equity exceeded the carrying amount of shares in joint ventures by consolidated intra-Group profits on contracting work for Infrastructure Development, which was not charged to income in these operations and was thus not reported in the table.

Reconciliation with shares in joint ventures	2009	2008
Skanska's portion of equity in joint ventures, adjusted for surplus value and goodwill	174.4	155.2
– Intra-Group profit in consolidated financial statements	–29.6	–20.1
+ Recognized as provisions	1.1	0.0
+ Losses in Infrastructure Development not posted because Skanska's portion is already zero	0.3	0.3
Carrying amount of shares	**146.1**	**135.3**

Assets pledged

Shares in joint ventures pledged as collateral for loans and other obligations amounted to EUR 65.8 M (71.5).

Other matters

Skanska's portion of the total investment obligations of partly owned joint ventures amounted to EUR 405.6 M (386.3). Skanska has undertaken to invest an additional EUR 134.2 M (66.0) in Infrastructure Development in the form of equity holdings and loans. The remaining portion is expected to be financed mainly in the form of bank loans or bond loans in the respective joint ventures and in the form of participations and loans from other co-owners.

Contingent liabilities for joint ventures amounted to EUR 33.8 M (70.1).

Note 20 Continued

Associated companies

Associated companies are reported in compliance with IAS 28, "Investments in Associates." See "Accounting and valuation principles," Note 1.

The carrying amount of associated companies was EUR 3.1 M (2.8).

Information on the Group's share of revenue, income, assets, liabilities and equity in associated companies

	2009	2008
Revenue	1.8	2.4
Income	–0.2	0.2
Assets	3.8	3.5
Equity[1]	–102.3	–96.3
Liabilities	106.0	99.8
	3.8	**3.5**

1 Reconciliation between equity and carrying amount of holdings according to the equity method of accounting

	2009	2008
Equity in associated companies	–102.3	–96.3
Adjustment for losses not recognized	105.4	99.1
Carrying amount	**3.1**	**2.8**

Unrecognized portion of losses in associated companies

	2009	2008
Loss for the year	0.0	0.0
Losses in prior years	–105.4	–99.1

The losses occurred in partly owned limited partnerships that previously carried out aircraft leasing. After impairment losses, these holdings are recognized at EUR 0. The Group has no obligations to provide additional capital.

Other matters

The associated companies have no liabilities or contingent liabilities which the Group may become responsible for paying.

Nor are there any obligations for further investments.

Note 21 Financial assets

Financial investments, financial receivables and shareholdings where ownership is less than 20 percent and the Group has no significant influence are recognized as financial non-current assets. Financial investments and financial receivables are recognized as financial current assets.

See also Note 6, "Financial instruments and financing risk management."

Financial non-current assets

	2009	2008
Financial investments		
Held-to-maturity investments	0.0	0.1
Financial assets available for sale[1]	5.3	5.8
	5.3	**5.9**
Financial receivables, interest-bearing		
Receivables from joint ventures	2.6	3.3
Restricted cash	83.3	15.0
Other interest-bearing receivables	9.9	4.0
	95.8	22.3
Total	**101.2**	**28.2**
of which interest-bearing financial non-current assets	95.8	22.4
of which non-interest-bearing financial non-current assets	5.3	5.8

Financial current assets

	2009	2008
Financial investments		
Financial assets at fair value through profit or loss		
Derivatives	8.5	3.5
Hedge accounted derivatives	12.8	21.7
Held-to-maturity investments	118.3	85.2
	139.6	**110.4**
Financial assets, interest-bearing		
Restricted cash	361.2	293.0
Receivables from joint ventures	1.8	
Discounted operating receivables[2]	58.7	67.1
Other interest-bearing receivables[3]	164.4	195.2
	586.1	555.3
Total	**725.8**	**665.7**
of which interest-bearing financial current assets	704.4	640.4
of which non-interest-bearing financial current assets	21.4	25.2
Total carrying amount, financial assets	**827.0**	**693.9**
of which financial assets excluding shares	821.6	688.0

1 Including EUR 5.3 M (5.8) in shares carried at cost. During 2009, shareholdings were affected by impairment losses of EUR 0 M (–1.8). During 2008, shareholdings were affected by impairment losses of EUR –0.2 M charged to the Construction business stream and EUR –1,6 M to the Residential Development business stream. The 2008 impairment losses were charged to financial items. See Note 14, "Net financial items." Of the total 2008 impairment losses, EUR –1.8 M, EUR –0.9 M was based on net realizable value and EUR –0.8 M on value in use.

2 The amount consisted of EUR 58.6 M (31.8) in discounted receivables on properties divested in Commercial Development.

3 The amount included EUR 63.0 M (128.2) in accrued receivables from buyers of properties in Commercial Development and EUR 62.6 M (0) in Construction operations in Sweden.

Note 22 Current-asset properties/Project development

Current-asset properties are reported in compliance with IAS 2, "Inventories." See "Accounting and valuation principles," Note 1.

The allocation of items in the statement of financial position among the various business streams can be seen below.

Item in the statement of financial position	Business stream	2009	2008
Commercial Development	Commercial Development	981.4	876.3
Other commercial properties	Construction	118.4	113.8
Residential Development	Residential Development	707.4	706.6
Total		**1,807.1**	**1,696.6**

For a further description of the respective business streams, see Note 4, "Operating segments."

Completed properties, properties under construction and development properties are all reported as current-asset properties.

Divestments of current-asset properties

	2009	2008
Divestment proceeds		
Commercial Development	308.7	367.4
Other commercial properties	84.3	40.6
Residential Development	366.3	380.1
	759.2	**788.1**
Carrying amount		
Commercial Development	–225.2	–238.8
Other commercial properties	–59.5	–17.9
Residential Development	–293.8	–295.1
	–578.5	**–551.8**
Gross income		
Commercial Development	83.5	128.6
Other commercial properties	24.8	22.7
Residential Development	72.5	85.0
	180.7	**236.3**

Breakdown of divestments in Commercial Development between completed properties and properties under construction and development properties

	Completed properties		Properties under construction and development properties		Total	
	2009	2008	2009	2008	2009	2008
Divestment proceeds	95.0	95.0	213.7	272.4	308.7	367.4
Carrying amount	–74.0	–57.5	–151.2	–181.3	–225.2	–238.8
Gross income	**21.0**	**37.5**	**62.5**	**91.1**	**83.5**	**128.6**

Impairment losses/reversals of impairment losses

Current-asset properties are valued in compliance with IAS 2, "Inventories," and are thus carried at cost or net realizable value, whichever is lower. Adjustments to net realizable value via an impairment loss are recognized, as are reversals of previous impairment losses, in the income statement under "Cost of sales."

Net realizable value is affected by the type and location of the property and by the yield requirement in the market.

The following table shows that during 2009, impairment losses totaling EUR 0.9 M (4.3) were reversed. The reason for this was the net realizable value increased during the year.

	Impairment losses		Reversals of impairment losses		Total	
	2009	2008	2009	2008	2009	2008
Commercial Development	–7.4	–10.6			–7.4	–10.6
Other commercial properties		–0.7	0.9	0.1	0.9	–0.6
Residential Development	–3.8	–46.5		4.2	–3.8	–42.4
Total	**–11.2**	**–57.9**	**0.9**	**4.3**	**–10.3**	**–53.6**

Note 22 Continued

Carrying amount

	Completed properties		Properties under construction and development properties		Development properties		Total current-asset properties	
	2009	2008	2009	2008	2009	2008	2009	2008
Commercial Development[1]	289.8	194.3	427.1	457.3	264.5	224.7	981.4	876.3
Other commercial properties	32.6	9.7	28.6	44.3	57.1	59.8	118.4	113.8
Residential Development	74.8	69.5	43.8	117.0	588.9	520.1	707.4	706.6
Total	**397.2**	**273.5**	**499.5**	**618.6**	**910.5**	**804.6**	**1,807.1**	**1,696.6**

1 Of the amount for properties under construction, EUR 427.1 M, EUR 281.4 M consisted of properties completed during 2009 and EUR 145.7 M of ongoing projects.

	Commercial Development		Other commercial properties		Residential Development		Total current-asset properties	
	2009	2008	2009	2008	2009	2008	2009	2008
Carrying amount								
January 1	876.3	662.5	113.8	79.2	706.6	655.1	1,696.6	1,396.8
Investments	328.3	576.8	56.4	69.3	241.2	450.1	625.9	1,096.2
Carrying amount, properties divested	–225.2	–238.8	–59.5	–17.9	–293.8	–295.1	–578.5	–551.8
Impairment losses/reversals of impairment losses	–7.4	–10.6	0.9	–0.6	–3.8	–42.4	–10.3	–53.6
The year’s provision for intra-Group profits in contracting work	–9.0	–14.9					–9.0	–14.9
Reclassifications	–19.4	–10.6	–0.9	–2.0	20.6	–1.4	0.3	–13.9
Exchange rate differences for the year, derivatives		0.9						0.9
Exchange rate differences for the year	37.8	–89.1	7.7	–14.2	36.6	–59.7	82.1	–163.1
December 31	**981.4**	**876.3**	**118.4**	**113.8**	**707.4**	**706.6**	**1,807.1**	**1,696.6**

The carrying amount of current-asset properties is allocated between properties carried at cost and properties carried at net realizable value, as shown in the following table:

	Cost		Net realizable value		Total	
	2009	2008	2009	2008	2009	2008
Commercial Development	891.1	823.3	90.2	53.0	981.4	876.3
Other commercial properties	115.4	110.1	3.0	3.7	118.4	113.8
Residential Development	653.2	668.8	54.2	37.8	707.4	706.6
Total	**1,659.7**	**1,602.2**	**147.4**	**94.5**	**1,807.1**	**1,696.6**

Fair value of current-asset properties

EUR billion	Surplus value, Dec 31, 2009
Commercial Development	
Completed projects	0.17
Undeveloped land and development properties	0.03
Ongoing projects[1]	0.02
	0.21
Residential Development	
Undeveloped land and development properties	0.10
Total	**0.31**

1 Surplus value refers to accrued surplus value.

Assets pledged

Current-asset properties used as collateral for loans and other obligations totaled EUR 1.1 M (0.1). See Note 33, “Assets pledged, contingent liabilities and contingent assets.”

Other matters

Information on capitalized interest is reported in Note 15, “Borrowing costs.”
Skanska has committed itself to investing EUR 70.3 M (145.4) in current-asset properties.

Note 23 Inventories etc.

Inventories are reported in compliance with IAS 2, "Inventories." See "Accounting and valuation principles," Note 1.

	2009	2008
Raw materials and supplies	59.6	53.7
Products being manufactured	10.8	2.1
Finished products and merchandise	10.7	26.5
Total	**81.1**	**82.3**

There were no significant differences between the carrying amount for inventories and their fair value.

No portion of inventories was adjusted due to an increase in net realizable value.

No merchandise was used as collateral for loans and other obligations.

Note 24 Trade and other receivables

Non-interest-bearing business receivables are reported as "Trade and other receivables." Trade and other receivables are part of the Group's operating cycle and are recognized as current assets.

	2009	2008
Trade accounts receivable from joint ventures	40.0	31.8
Other trade accounts receivable	1,768.8	1,832.9
Other operating receivables from joint ventures	3.4	0.0
Other operating receivables	368.2	358.8
Prepaid expenses and accrued income	115.8	151.1
Total	**2,296.2**	**2,374.6**
of which financial instruments reported in Note 6, "Financial instruments and financial risk management."		
Trade accounts receivable	1,808.8	1,864.7
Other operating receivables including accrued interest income	9.0	15.3
	1,817.8	**1,879.9**
of which non-financial instruments	478.3	494.7

Note 25 Cash

"Cash" consist of cash and available funds at banks and equivalent financial institutions.

Cash amounted to EUR 913.7 M (720.1). Cash equivalents were not included in this amount.

The Group had no cash equivalents on the closing day, or on the year-earlier closing day.

Note 26 Equity/earnings per share

In the consolidated financial statements, equity is allocated between equity attributable to equity holders (shareholders) and non-controlling interests (minority interest).

Equity changed during the year as follows:

	2009	2008
Opening balance	1,758.9	2,193.2
of which non-controlling interests	19.7	23.0
Total comprehensive income for the year		
Profit for the year attributable to		
Equity holders	341.1	322.2
Non-controlling interests	0.5	5.7
Other comprehensive income		
Translation differences attributable to equity holders[1]	111.8	–180.7
Translation differences attributable to non-controlling interests	–0.5	2.4
Hedging of exchange risk in foreign operations[1]	–31.8	38.0
Effect of cash flow hedges[2]	–15.8	–23.0
Effect of actuarial gains and losses on pensions[3]	71.9	–284.9
Tax attributable to other comprehensive income		
related to cash flow hedges[2]	–1.7	1.5
related to actuarial gains and losses[3]	–20.2	76.3
	113.7	**–370.4**
Total comprehensive income for the year	**455.2**	**–42.4**
of which attributable to equity holders	455.2	–50.5
of which attributable to non-controlling interests	0.0	8.1
Other changes in equity not included in total comprehensive income for the year		
Dividend to equity holders	–205.7	–358.2
Dividend to non-controlling interests	–0.8	–4.7
Effect of share-based payments	12.2	5.8
Repurchases of shares	–33.4	–28.1
Other transfers of assets attributable to non-controlling interests[4]	0.0	–6.8
	–227.6	**–391.9**
Equity, December 31	**1,986.5**	**1,758.9**
of which non-controlling interests	18.9	19.7

1 Translation differences attributable to equity holders, EUR 111.8 M (–180.7) plus hedging of exchange risk in foreign operations, EUR–31.8 M (38.0), totaling EUR 80.0 M (–142.7), comprise the Group's change in translation reserve.
2 Effect of cash flow hedges, EUR –15.8 M (–23.0), together with tax, EUR –1.7 M (1.5), totaling EUR –17.5 M (–21.5) comprise the Group's change in cash flow hedge reserve.
3 Effect of actuarial gains and losses on pensions, EUR 71.9 M (–284.9), together with tax, EUR –20.2 M (76.3), totaling EUR 51.7 M (–208.6) comprise the Group's total effect on equity of pensions recognized in compliance with IAS 19 and are recognized in retained earnings.
4 The amount refers to reclassifications of EUR 0 M (–6.5) and purchases from non–controlling interests of EUR 0 M (–0.2).

Equity attributable to equity holders is allocated as follows:

	2009	2008
Share capital	139.9	139.9
Paid-in capital	52.9	40.7
Reserves	–38.0	–100.5
Retained earnings	1,812.8	1,659.2
Total	**1,967.6**	**1,739.2**

Paid-in capital

Paid-in capital in excess of quota (par) value from historical issues of new shares is recognized as "Paid-in capital." The change during 2008 and 2009 was attributable to share-based payments.

Note 26 Continued

Reserves

	2009	2008
Translation reserve	–0.5	–80.5
Cash flow hedge reserve	–37.5	–20.0
Fair value reserve	0.0	0.0
Total	**–38.0**	**–100.5**

Reconciliation of reserves	2009	2008
Translation reserve		
January 1	–80.5	62.2
Transfer of translation differences in companies divested		–4.3
Translation differences for the year	111.8	–176.4
Less hedging of exchange risk in foreign operations	–31.8	38.0
	–0.5	**–80.5**
Cash flow hedge reserve		
January 1	–20.0	1.5
Cash flow hedges recognized in other comprehensive income		
Hedges for the year	–18.8	–18.6
Transferred to the income statement	3.0	–4.4
Taxes attributable to hedging for the year	–1.7	1.5
	–37.5	**–20.0**
Total reserves	**–38.0**	**–100.5**

Translation reserve

The translation reserve consists of accumulated translation differences from the translation of local financial statements to the presentation currency. The translation reserve also includes exchange rate differences that have arisen when hedging net investments in operations outside Sweden. The translation reserve was reset at zero upon the transition to IFRSs on January 1, 2004. Translation differences for the year amounted to EUR 111.8M (–176.4) and consisted of positive translation differences in SEK, NOK, CLP, BRL and CZK as well as a negative translation differences in USD and ARS (for currency abbreviations, see Note 34, "Effect of changes in foreign exchange rates").

During 2009, the translation reserve was affected by exchange rate differences of EUR –31.8 M 38.0) due to currency hedging. The Group has currency hedges against SEK, which is the functional currency of the Parent Company, related to net investments mainly in USD, EUR, NOK, CZK, PLN and CLP. The accumulated translation reserve totaled EUR–0.5 M (–80.5).

Cash flow hedge reserve

Hedge accounting is applied mainly to Infrastructure Development in Chile and the United Kingdom and to Skanska's operations in Poland. Recognized in the cash flow hedge reserve are unrealized gains and losses on hedging instruments. The change during 2009 amounted to EUR –17.5 M (–21.5), and the closing balance of the reserve totaled EUR –37.5 M (–20.0).

Fair value reserve

The fair value reserve includes the accumulated net change in the fair value of financial assets available for sale until the asset is derecognized from the statement of financial position.

Retained earnings

Retained earnings include the profit for the year plus undistributed Group profits earned in prior years. The statutory reserve is part of retained earnings, along with actuarial gains and losses on pensions, which in compliance with IAS 19 was recognized under "Other comprehensive income" in the amount of EUR 51.7 M (–208.6). In compliance with IFRS 2, the year's change in share-based payment was recognized directly in equity in the amount of EUR 12.2 M (5.8).

Actuarial gains and losses on pensions

During 2009, equity was affected by actuarial gains and losses on defined-benefit plans in the amount of EUR 51.7 M (–208.6) after taking into account social insurance contributions and taxes. The actuarial loss on pension obligations was EUR –8.8 M (–81.9) and was due to the net amount of changed assumptions and experience-based changes. The actuarial gain/loss on plan assets amounted to EUR 73.8 M –170.9). The actuarial gain during 2009 occurred because actual return on plan assets exceeded expected return in all three countries where Skanska has defined-benefit plans. See also Note 28, "Pensions."

	2009	2008
Actuarial gains and losses on pension obligations	–8.8	–81.9
Difference between expected and actual return on plan assets	73.8	–170.9
Social insurance contributions	7.0	–32.2
Taxes	–20.2	76.3
	51.7	**–208.6**

IFRS 2, "Share-based Payment"

The share incentive programs introduced in 2005 and 2008, respectively, are recognized as share-based payment, which is settled with an equity instrument in compliance with IFRS 2. This implies that fair value is calculated on the basis of estimated fulfillment of established financial targets during a measurement period. After the close of the measurement period, fair value is established.

This value is allocated over the four- and three-year vesting period, respectively. There is no reappraisal after fair value is established during the remainder of the vesting period, aside from changes in the number of shares because the condition of continued employment during the vesting period is no longer met.

Dividend

After the balance sheet date, the Board of Directors proposed a regular dividend of SEK 5.25 (5.25) (corresponding to EUR 0.51[0.49]) per share, and an extra dividend of SEK 1.00 (0.00) (corresponding to EUR 0.1[0]) per share for the 2009 financial year, totaling SEK 6.25 (5.25) (corresponding to EUR 0.61[0.49]) per share. The proposed dividend for 2009 totals an estimated EUR 250.5 M (205.7).

No dividend is paid for the Parent Company's holding of its own Series B shares. The total dividend amount may change by the record date, depending on repurchases of shares and transfers of Series B shares to participants in Skanska's long-term Share Award Program for 2006. The dividend is subject to the approval of the Annual Shareholders' Meeting on April 13, 2010.

Total dividend

EUR M	2009 [1]	2008
Regular dividend	210.4	205.7
Extra dividend	40.1	0.0
Total dividend	**250.5**	**205.7**

1 In 2009, refers to proposed dividend.

Note 26 Continued

Shares

Information on the number of shares as well as earnings and equity per share can be seen in the table below.

	2009	2008
Number of shares, December 31	423,053,072	423,053,072
of which Series A shares	20,100,265	22,463,663
of which Series B shares	399,012,807	396,089,409
of which Series D shares (not entitled to dividends, in Skanska's own custody)	3,940,000	4,500,000
Number of Series D shares converted to Series B shares	560,000	
Average price, repurchased shares, SEK	100.69	96.97
corresponding to an average price per repurchased share of EUR	9.48	10.07
Number of Series B shares repurchased	6,214,000	2,795,000
of which repurchased during the year	3,419,000	2,795,000
Number of Series B shares in Skanska's own custody, December 31	6,331,190	2,793,162
Number of shares outstanding, December 31		
After repurchases and conversion	412,781,882	415,759,910
After repurchases, conversion and dilution	415,262,136	417,027,688
Average number of shares outstanding		
After repurchases and conversion	415,059,131	416,985,073
After repurchases, conversion and dilution	416,743,454	417,851,397
Average dilution, percent	0.40	0.21
Earnings per share		
After repurchases and conversion, EUR	0.82	0.77
After repurchases, conversion and dilution, EUR	0.82	0.77
Equity per share, EUR	4.77	4.19

During 2009, 2,363,398 (1,068) Series A shares were redeemed for a corresponding number of Series B shares. Each Series A share carries 10 votes and each Series B and Series D share carries one vote. Series D shares do not entitle the holder to a dividend from earnings. Series B shares are listed on the NASDAQ OMX Stockholm.

Dilution effect

In the share incentive programs introduced in 2005 and 2008, respectively, the number of potential ordinary shares is calculated during the measurement period based on the estimated number of shares that will be issued due to the fulfillment of the established targets. The number of potential ordinary shares thus calculated is then reduced by the difference between the payment Skanska is expected to receive and the average share price during the period.

Excluding social insurance contributions, the cost of both share incentive programs is estimated at a total of about EUR 55 M, allocated over three years, corresponding to 6,227,367 shares. The maximum dilution at the close of the vesting period is estimated at 1.50 percent. During 2009, the cost of both programs amounted to EUR 12.7 M, equivalent to 1,600,440 shares. The dilution effect up to and including 2009 totaled 0.76 percent.

Capital management

Capital requirement vary between business streams. Skanska's construction projects are mainly based on customer funding.

As a result, in its Construction business stream, the Company can operate with negative working capital. However, the equity requirement for a construction company is substantial and is related to large business volume and to the risks inherent in the various types of construction assignments carried out. Skanska must also take into account the financing of goodwill and the performance guarantees required in publicly procured projects in the U.S. market.

In the Board's judgment, the Group's equity totals a reasonable amount in view of the requirements posed by Skanska's financial position and market circumstances. The ambition is to use the net cash surplus to expand investments in the Group's development business streams – Residential, Commercial and Infrastructure Development.

Note 27 Financial liabilities

Financial liabilities are allocated between non-current and current liabilities. Normally, a maturity date within one year is required if a liability is to be treated as current. This does not apply to discounted operating liabilities, which are part of Skanska's operating cycle and are consequently recognized as current liabilities regardless of their maturity date.

Concerning financial risks and financial policies, see Note 6, "Financial instruments and financial risk management."

Financial non-current liabilities	2009	2008
Other financial liabilities		
Liabilities to credit institutions	78.0	74.9
Other liabilities	107.8	23.5
Total	**185.8**	**98.4**
of which interest-bearing financial non-current liabilities	185.8	98.4

Financial current liabilities	2009	2008
Financial liabilities at fair value through profit or loss Derivatives	7.0	20.5
Hedge accounted derivatives	15.5	21.5
Other financial liabilities		
Liabilities to credit institutions	39.8	37.9
Liabilities to joint ventures	0.9	0.8
Discounted liabilities[1]	40.8	95.2
Other liabilities	8.0	14.3
Total	**112.0**	**190.1**
of which interest-bearing financial current liabilities	89.4	148.2
of which non-interest-bearing financial current liabilities	22.5	41.9
Total carrying amount for financial liabilities	**297.7**	**288.6**

1 Of the total amount, EUR 40.8 M (95.2), EUR 20.7 M (25.7) consisted of discounted advance payments from customers. This amount also included EUR 20.1 M (18.2) in discounted liabilities of purchases of current-asset properties.

Note 28 Pensions

Provisions for pensions are reported in compliance with IAS 19, "Employee Benefits." See "Accounting and valuation principles," Note 1.

Pension liability according to the statement of financial position

According to the statement of financial position, interest-bearing pension liability amounts to EUR 215.4 M (283.3).

Skanska has defined-benefit pension plans in Sweden, Norway and the U.K. The pension in these plans is mainly based on final salary. The plans include a large number of employees, but Skanska also has defined-contribution plans in these countries. Group companies in other countries mainly have defined-contribution plans.

Defined-benefit plans

The pension plans mainly consist of retirement pensions. Each respective employer usually has an obligation to pay a lifetime pension. Benefits are based on the number of years of employment. The employee must belong to the plan for a certain number of years to earn a full retirement pension entitlement. For each year, the employee earns increased pension entitlements, which are reported as pension earned during the period plus an increase in pension obligation.

Pension plans are funded by securing pension obligations with assets in pension funds and provisions in the accounts.

The plan assets in each pension plan are smaller than the pension obligation. For this reason, the difference is recognized as a liability in accounts. The ceiling rule that, in some cases, limits the value of these assets in the accounts does not apply when plan assets are smaller than pension obligations.

On the closing day, the pension obligation amounted to EUR 1,202.3 M (1,036.2). The increased obligation for pensions earned during the period including interest expenses was partly offset by benefits paid and curtailments, mainly for changes in the terms of pension plans in the U.K.

Plan assets amounted to EUR 986.9 M (752.9). The increased value of plan assets was largely due to paid-in funds plus the international recovery in the value of equities and mutual funds. Actuarial gains and losses may be recognized under other comprehensive income, according to the alternative rule in IAS 19. Skanska applies this alternative method. Net actuarial gains and losses on pension liabilities during 2009 amounted to EUR –8.8 M (–81.9). Actuarial gains on plan assets during 2009 amounted to EUR 73.8 M (–170.9), which was largely due to the international increase in the value of equities and mutual funds. The accumulated net loss amounted to EUR –328.1 M (–393.1), which is included in recognized pension liability.

The return on plan assets recognized in the income statement amounted to EUR 47.4 M (64.2), while actual return amounted to EUR 121.2 M (–106.7). The higher return was attributable to pension plans in all three countries where Skanska has defined-benefit plans.

The plan assets consisted mainly of equities, interest-bearing securities and mutual fund units. No assets were used in Skanska's operations. The number of directly owned shares in Skanska AB totaled 640,000 (600,000) Series B shares. There was also an insignificant percentage of indirectly owned shares in Skanska AB via investments in various mutual funds.

Plan assets

	Sweden	Norway	United Kingdom
2009			
Equities	30%	37%	50%
Interest-bearing securities	42%	56%	48%
Alternative investments	28%	7%	2%
Expected return	5.00%	5.75%	6.00%
Actual return	12.40%	14.70%	13.90%
2008			
Equities	18%	31%	47%
Interest-bearing securities	56%	56%	51%
Alternative investments	26%	13%	2%
Expected return	5.50%	6.75%	6.75%
Actual return	–7.70%	–16.00%	–11.70%

The ITP 1 occupational pension plan in Sweden is a defined-contribution plan. Skanska pays premiums for employees covered by ITP 1, and each employee selects a manager. The Company offers employees the opportunity to select Skanska as the manager. For employees who have selected Skanska as their manager, there is a guaranteed minimum amount that the employee will receive upon retirement. This guarantee means that the portion of the ITP plan for which Skanska is the manager is recognized as a defined-benefit plan. The net amount of obligations and plan assets for ITP 1 managed by Skanska is recognized in the Company's statement of financial position. This net amount was marginal, since payments into this portion of the plan began late in 2008.

The ITP 2 occupational pension plan in Sweden is a defined-benefit plan. A small portion is secured by insurance from the retirement insurance company Alecta. This is a multi-employer insurance plan, and there is insufficient information to report these obligations as a defined-benefit plan. Pensions secured by insurance from Alecta are therefore reported as a defined-contribution plan.

Defined-contribution plans

These plans mainly cover retirement pension, disability pension and family pension. The premiums are paid regularly during the year by the respective Group company to separate legal entities, for example insurance companies.

The size of the premium is based on salary. The pension expense for the period is included in the income statement.

Obligations related to employee benefits, defined-benefit plans

	2009	2008	2007	2006	2005
Pension obligations, funded plans, present value on December 31	1,202.3	1,036.2	1,180.8	1,204.2	1,143.3
Plan assets, fair value, December 31	–986.9	–752.9	–1,059.2	–1,032.1	–887.0
Net liability according to statement of financial position	**215.4**	**283.3**	**121.6**	**172.1**	**256.3**

Pension obligations and plan assets by country

	Sweden	Norway	United Kingdom	Total
2009				
Pension obligations	502.3	255.6	444.4	1,202.3
Plan assets	–334.8	–243.2	–408.9	–986.9
Net liability according to statement of financial position	**167.5**	**12.4**	**35.4**	**215.4**
2008				
Pension obligations	434.3	219.8	382.1	1,036.2
Plan assets	–280.5	–161.1	–311.3	–752.9
Net liability according to statement of financial position	**153.8**	**58.7**	**70.8**	**283.3**

Total pension expenses in the income statement

	2009	2008
Pensions earned during the year	–63.1	–57.5
Less: Funds contributed by employees	2.4	2.8
Interest on obligations	–50.7	–53.7
Expected return on plan assets	47.4	64.2
Curtailments and settlements[1]	20.5	0.0
Pension expenses, defined-benefit plans	**–43.6**	**–44.3**
Pension expenses, defined-contribution plans	–89.9	–91.6
Social insurance contributions, defined-benefit and defined-contribution plans[2]	–11.5	–8.3
Total pension expenses	**–145.0**	**–144.2**

1 Of which EUR 16.3 M refers to changed conditions for a pension plan in the U.K.
2 Refers to special payroll tax in Sweden and employer fee in Norway.

Allocation of pension expenses in the income statement

	2009	2008
Cost of sales	–122.8	–120.2
Selling and administrative expenses	–18.7	–34.5
Financial items	–3.4	10.5
Total pension expenses	**–145.0**	**–144.2**

Actuarial gains and losses recognized under other comprehensive income

	2009	2008	2007	2006	2005
January 1	–393.1	–140.4	–152.8	–223.2	–64.7
Actuarial gains and losses on pension obligations[1]	–8.8	–81.9	19.3	50.5	–226.1
Difference between expected and actual return on plan assets	73.8	–170.9	–6.9	19.9	67.6
Accumulated	**–328.1**	**–393.1**	**–140.4**	**–152.8**	**–223.2**

1 Allocation of changed assumptions and experience–based changes:

	2009	2008	2007
Changed assumptions	12.5	–67.1	51.2
Experience-based changes	–21.4	–14.8	–31.9
Total actuarial gains and losses on pension obligations	**–8.8**	**–81.9**	**19.3**

See also Note 26, which shows the tax portion and social insurance contributions recognized under other comprehensive income.

Not 28 Continued

Pension obligations

	2009	2008
January 1	1,036.2	1,180.8
Pensions earned during the year	63.1	57.5
Interest on obligations	50.7	53.7
Benefits paid by employers	–16.9	–16.7
Benefits paid from plan assets	–15.4	–23.9
Reclassifications	–0.9	0.5
Actuarial gains (–), losses (+) during the year	8.8	81.9
Curtailments and settlements	–23.8	–57.3
Exchange rate differences	100.5	–240.2
Pension obligations, present value	**1,202.3**	**1,036.2**

Plan assets

	2009	2008
January 1	752.9	1,059.2
Expected return on plan assets	47.4	64.2
Funds contributed by employers	53.1	53.0
Funds contributed by employees	2.4	2.8
Benefits paid	–15.4	–23.9
Reclassifications	0.0	2.5
Actuarial gains (+), losses (–) during the year	73.8	–170.9
Curtailments and settlements	–3.3	–45.6
Exchange rate differences	76.1	–188.3
Plan assets, fair value	**986.9**	**752.9**

Funds contributed are expected to total about EUR 58 M during 2010 through payments to funds in Norway and the United Kingdom.

Reconciliation of interest-bearing pension liability

	2009	2008
Pension liabilities, January 1	283.3	121.6
Pension expenses	64.1	44.3
Benefits paid by employers	–16.9	–16.7
Funds contributed by employees	–53.1	–53.0
Reclassifications	–0.9	–2.0
Actuarial gains (–), losses (+) during the year	–65.0	252.7
Curtailments and settlements	–20.5	–11.7
Exchange rate differences	24.4	–51.9
Net liability according to statement of financial position	**215.4**	**283.3**

Actuarial assumptions

	Sweden	Norway	United Kingdom
2009			
Discount rate, January 1	4.00%	4.00%	5.50%
Discount rate, December 31	3.75%	4.25%	5.25%
Expected return on plan assets for the year	5.00%	5.75%	6.00%
of which equities	7.00%	7.25%	7.00%
of which interest-bearing securities	3.50%	4.75%	4.75%
Expected pay increase, December 31	3.25%	4.00%	4.25%
Expected inflation, December 31	1.75%	2.25%	2.75%
2008			
Discount rate, January 1	4.25%	4.75%	5.50%
Discount rate, December 31	4.00%	4.00%	5.50%
Expected return on plan assets for the year	5.50%	6.75%	6.75%
of which equities	7.25%	8.25%	8.00%
of which interest-bearing securities	3.75%	5.25%	5.25%
Expected pay increase, December 31	3.50%	3.75%	4.50%
Expected inflation, December 31	2.00%	2.50%	3.00%

	Sweden	Norway	United Kingdom
Life expectancy after age 65, men	20 years	18 years	22 years
Life expectancy after age 65, women	23 years	21 years	25 years
Life expectancy table[1]	DUS06	K2005	PA92

1 Life expectancy is based on local life expectancy tables in each respective country. If life expectancy increases by one year, pension obligation is expected to increase by about 4 percent.

Expected return on interest-bearing securities is established on the basis of market interest rates on the closing day for high-grade long-term corporate bonds or government bonds in each respective country, adjusted for current holdings in each respective portfolio.

For the equities market as a whole, a risk premium of 3 percent is added. This premium is adjusted to the risk profile of each respective equities market.

Sensitivity of pension obligation to change in discount rate

	Sweden	Norway	United Kingdom	Total
Pension obligations, December 31, 2009	502.3	255.6	444.4	1,202.3
Discount rate increase of 0.25%[1]	–20	–10	–20	–50
Discount rate decrease of 0.25%[1]	20	10	20	50

1 Estimated change in pension obligation/liability if the discount rate changes. If pension liability increases, the Group's equity is reduced by about 75 percent of the increase in pension liability, after taking into account deferred tax and social insurance contributions.

Sensitivity of plan assets to changed return

	Sweden	Norway	United Kingdom	Total
Plan assets, December 31, 2009	334.8	243.2	408.9	986.9
Return increase of 5%[1]	17	12	20	50
Return decrease of 5%[1]	–17	–12	–20	–50

1 If actual return increases by 5 percent in relation to expected return, the actuarial gain is estimated at about EUR 50 M. If actual return decreases by 5 percent in relation to expected return, the actuarial loss is estimated at about EUR 50 M.

Note 29 Provisions

Provisions are reported in compliance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets."

See "Accounting and valuation principles," Note 1.

Provisions are allocated in the statement of financial position between non-current liabilities and current liabilities. Provisions are both interest-bearing and non-interest-bearing. Provisions that are part of Skanska's operating cycle are recognized as current. Interest-bearing provisions that fall due within a year are treated as current.

	2009	2008
Non-current provisions		
Interest-bearing	5.1	7.9
Current provisions		
Interest-bearing	2.0	1.8
Non-interest-bearing	484.7	446.6
Total	**491.8**	**456.3**

The amount for interest-bearing provisions included EUR 4.0 M (6.2) in provision to the employee fund in Sweden.

Normal cycle time for "Other provisions" is about 1–3 years.

Provisions for warranty obligations refer to expenses that may arise during the warranty period. Such provisions in Construction are based on individual assessments of each project or average experience-based cost, expressed as a percentage of sales during a five-year period. The expenses are charged to each project on a continuous basis. Provisions for warranty obligations in other business streams are based on individual assessments of each project. The change in 2009 was mainly related to Construction.

Provisions for legal disputes refer to provisions in the Construction business stream for projects that have been completed.

The provision to the employee fund in Sweden refers to a refund of surplus funds from the retirement insurance company SPP, now Alecta. The provision is used in consultation with trade union representatives to enable employees with reduced work capacity to remain employed on a part-time basis. The employee is compensated for loss of income and loss of future pension benefits.

Employee-related provisions included such items as the cost of profit-sharing, certain bonus programs and other obligations to employees. Among provisions for environmental obligations are the costs of restoring gravel pits to their natural state in Swedish operations.

The change in provisions, allocated among the reserve for legal disputes, provision for warranty obligations and other provisions, can be seen in the following table.

	Legal disputes		Warranty obligations		Other provisions		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
January 1	86.6	93.6	139.2	156.0	230.5	146.5	456.3	396.0
Provisions for the year	49.0	24.4	58.5	34.8	56.5	169.8	164.0	229.0
Provisions utilized	–20.1	–19.4	–11.1	–11.6	–96.8	–59.4	–127.9	–90.5
Unutilized amounts that were reversed, change in value	–4.5	–2.2	–2.2	–7.6	–14.1	–17.6	–20.8	–27.3
Exchange rate differences	4.4	–11.4	9.6	–17.9	13.6	–22.1	27.7	–51.4
Reclassifications	–0.3	1.7	5.5	–14.5	–12.6	13.3	–7.4	0.4
December 31	**115.3**	**86.6**	**199.5**	**139.2**	**177.1**	**230.5**	**491.8**	**456.3**

Specification of "Other provisions"

	2009	2008
Provisions for restructuring measures	41.0	85.5
Employee fund, Sweden	4.0	6.2
Employee-related provisions	41.6	48.2
Environmental obligations	11.9	10.0
Provision for social insurance contributions on pensions	26.6	23.4
Miscellaneous provisions	52.0	57.2
Total	**177.1**	**230.5**

Provisions for restructuring measures allocated by business stream

	2009	2008
Construction	22.1	45.3
Residential Development	2.1	4.6
Infrastructure Development	0.0	1.8
Central[1]	16.7	33.8
Total	**41.0**	**85.5**

1 "Central" also includes a number of operations in the process of being discontinued.

Note 30 Trade and other payables

Non-interest-bearing liabilities in business operations are recognized as "Trade and other payables." Such liabilities are part of the Group's operating cycle and are recognized as current liabilities.

	2009	2008
Accounts payable to joint ventures	0.6	0.7
Other trade payables	1,217.3	1,281.6
Other operating liabilities to joint ventures	0.9	5.9
Other operating liabilities[1]	821.9	799.6
Accrued expenses and prepaid income	1,001.8	955.1
Total	**3,042.5**	**3,043.0**
of which financial instruments reported in Note 6, "Financial instruments and financial risk management."		
Accounts payable	1,217.9	1,282.3
Other operating liabilities including accrued interest expenses	104.5	150.4
	1,322.4	**1,432.7**
of which non-financial instruments	1,720.1	1,610.3

1 "Other operating liabilities" included EUR 69.5 M (95.5) for checks issued but not yet cash in the U.S. and the U.K. See "Accounting and valuation principles," Note 1.

Note 31 Specification of interest-bearing net receivables per asset and liability

The following table allocates financial current and non-current assets as well as liabilities between interest-bearing and non-interest-bearing items.

	2009			2008		
	Interest-bearing	Non-interest-bearing	Total	Interest-bearing	Non-interest-bearing	Total
ASSETS						
Non-current assets						
Property, plant and equipment		612.1	612		632.2	632.2
Goodwill		423.7	424		405.9	405.9
Other intangible assets		80.1	80		73.5	73.5
Investments in joint ventures and associated companies		149.3	149.3		138.2	138.2
Financial non-current assets	95.8	5.3	101.2	22.4	5.8	28.2
Deferred tax assets		162.0	162.0		180.0	180.0
Total non-current assets	**95.8**	**1,432.4**	**1,528.3**	**22.4**	**1,435.6**	**1,458.0**
Current assets						
Current-asset properties		1,807.1	1,807.1		1,696.6	1,696.6
Inventories		81.1	81.1		82.3	82.3
Financial current assets	704.4	21.4	725.8	640.4	25.2	665.7
Tax assets		51.8	51.8		74.2	74.2
Gross amount due from customers for contract work		501.6	501.6		556.2	556.2
Trade and other receivables		2,296.2	2,296.2		2,374.6	2,374.6
Cash	913.7		913.7	720.1		720.1
Total current assets	**1,618.1**	**4,759.1**	**6,377.2**	**1,360.6**	**4,809.2**	**6,169.8**
TOTAL ASSETS	**1,713.9**	**6,191.5**	**7,905.4**	**1,382.9**	**6,244.8**	**7,627.7**
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities	185.8		185.8	98.4		98.4
Pensions	215.4		215.4	283.3		283.3
Deferred tax liabilities		162.5	162.5		160.8	160.8
Non-current provisions	5.1		5.1	7.9		7.9
Total non-current liabilities	**406.3**	**162.5**	**568.8**	**389.5**	**160.8**	**550.3**
Current liabilities						
Financial current liabilities	89.4	22.5	112.0	148.2	41.9	190.1
Tax liabilities		103.3	103.3		78.9	78.9
Current provisions	2.0	484.7	486.7	1.8	446.6	448.5
Gross amount due to customers for contract work		1,605.7	1,605.7		1,557.9	1,557.9
Trade and other payables		3,042.5	3,042.5		3,043.0	3,043.0
Total current liabilities	**91.5**	**5,258.7**	**5,350.2**	**150.0**	**5,168.5**	**5,318.5**
TOTAL LIABILITIES	**497.8**	**5,421.1**	**5,918.9**	**539.6**	**5,329.3**	**5,868.9**
Interest-bearing net receivables	1,216.2			843.4		

Note 32 Expected recovery periods of assets and liabilities

Amounts expected to be recovered	2009 Within 12 months	2009 12 months or longer	2009 Total	2008 Within 12 months	2008 12 months or longer	2008 Total
ASSETS						
Non-current assets						
Property, plant and equipment[1]	135.9	476.1	612.1	117.9	514.3	632.2
Goodwill[1]		423.7	423.7		405.9	405.9
Other intangible assets[1]	9.7	70.4	80.1	8.2	65.2	73.5
Investments in joint ventures and associated companies[2]		149.3	149.3		138.2	138.2
Financial non-current assets	1.3	99.9	101.2		28.2	28.2
Deferred tax assets[3]		162.0	162.0		180.0	180.0
Total non-current assets	**146.9**	**1,381.3**	**1,528.3**	**126.1**	**1,331.9**	**1,458.0**
Current assets						
Current-asset properties[4]	679.7	1,127.4	1,807.1	731.0	965.6	1,696.6
Inventories	60.2	20.9	81.1	69.8	12.5	82.3
Financial current assets	665.5	60.3	725.8	620.2	45.5	665.7
Tax assets	51.8		51.8	74.2		74.2
Gross amount due from customers for contract work[5]	450.2	51.4	501.6	510.2	46.0	556.2
Trade and other receivables[5]	2,212.4	83.8	2,296.2	2,304.0	70.6	2,374.6
Cash	913.7		913.7	720.1		720.1
Total current assets	**5,033.4**	**1,343.8**	**6,377.2**	**5,029.5**	**1,140.3**	**6,169.8**
TOTAL ASSETS	**5,180.3**	**2,725.1**	**7,905.4**	**5,155.6**	**2,472.1**	**7,627.7**
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities	13.9	171.9	185.8		98.4	98.4
Pensions[6]	17.5	197.9	215.4	13.7	269.6	283.3
Deferred tax liabilities		162.5	162.5		160.8	160.8
Non-current provisions		5.1	5.1		7.9	7.9
Total non-current liabilities	**31.4**	**537.4**	**568.8**	**13.7**	**536.6**	**550.3**
Current liabilities						
Financial current liabilities	76.7	35.2	112.0	98.0	92.1	190.1
Tax liabilities	103.3		103.3	78.9		78.9
Current provisions	311.4	175.3	486.7	280.1	168.4	448.5
Gross amount due to customers for contract work	1,420.6	185.1	1,605.7	1,449.9	108.0	1,557.9
Trade and other payables	2,826.7	215.9	3,042.5	2,949.8	93.2	3,043.0
Total current liabilities	**4,738.7**	**611.5**	**5,350.2**	**4,856.8**	**461.7**	**5,318.5**
TOTAL LIABILITIES	**4,770.1**	**1,148.9**	**5,918.9**	**4,870.5**	**998.4**	**5,868.9**

1 In case of amounts expected to be recovered within twelve months, expected annual depreciation/amortization has been recognized.
2 Allocation cannot be estimated.
3 Deferred tax assets are expected to be recovered in their entirety in more than twelve months.
4 Recovery within one year on current-asset properties is based on a historical assessment from the past three years.
5 Current receivables that fall due in more than twelve months are part of the operating cycle and are thus recognized as current.
6 "Within twelve months" refers to expected benefit payments.

Note 33 Assets pledged, contingent liabilities and contingent assets

Assets pledged

	2009	2008
Mortgages, current-asset properties	1.1	0.1
Shares and participations	65.8	71.5
Receivables	107.1	79.5
Total	**174.0**	**151.1**

The use of shares and participations as assets pledged refers to shares in joint ventures belonging to Infrastructure Development. These assets are pledged as collateral when obtaining outside lending for these joint ventures.

Assets pledged for liabilities

	Property mortgage		Shares and receivables		Total	
	2009	2008	2009	2008	2009	2008
Own obligations						
Liabilities to credit institutions	1.1	0.1			1.1	0.1
Other liabilities			107.1	79.5	107.1	79.5
Total own obligations	**1.1**	**0.1**	**107.1**	**79.5**	**108.2**	**79.6**
Other obligations			65.8	71.5	65.8	71.5
Total	**1.1**	**0.1**	**172.9**	**151.0**	**174.0**	**151.1**

Assets pledged for other liabilities, EUR 0.11 billion, refer predominantly to financial instruments pledged as collateral to customers in conjunction with contracting work in the United States.

Contingent liabilities

Contingent liabilities are reported in compliance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets." See "Accounting and valuation principles," Note 1.

Contingent liabilities	2009	2008
Contingent liabilities related to construction consortia	1,945.6	468.0
Contingent liabilities related to joint ventures	33.8	70.1
Other contingent liabilities	46.0	157.3
Total	**2,025.4**	**695.4**

The Group's contingent liabilities related to construction consortia totaled about EUR 1.94 (0.47) billion. This amount referred to the portion of the joint and several liability for the obligations of construction consortia affecting consortium members outside the Group. Such liability is often required by the customer. To the extent it is deemed likely that Skanska will be subject to liability claims, the obligation is reported as a liability in the statement of financial position. The increase during 2009 was largely attributable to contracting assignments for infrastructure projects.

Contingent liabilities related to joint ventures refer mainly to guarantees issued for joint ventures belonging to the Residential Development business stream.

Most of the Group's other contingent liabilities, about EUR 0.05 billion (0.16), were related to obligations attributable to the operations of Residential Development Nordic.

Skanska and another company have been sued by a number of Swedish municipalities that maintain that they have suffered damage in procurements alleged to have been the object of collusive cartels between the contractors in the asphalt sector. Skanska has been sued for a total of EUR 5.5 M. Skanska denies the allegations. The cases are being adjudicated at Stockholm District Court.

In Finland, the Market Court issued a ruling in December 2007 in the Finnish Competition Authority's suit against a number of companies in the civil construction and asphalt sectors, among them Skanska, concerning alleged collusive anti-competitive activities. The Market Court ordered Skanska to pay EUR 1.4 M in infringement fines. The Competition Authority had sued for about EUR 9.7 M. Skanska appealed the decision after the Competition Authority had done the same. In September 2009, the Supreme Administrative Court of Finland issued a final ruling in the case, and Skanska was ordered to pay EUR 4.5 M.

The Finnish Road Administration and a number of municipalities have announced damage claims against Skanska due to the alleged collusive cartels. These claims are related to the period before 2002. Skanska will deny liability to pay such damages.

In October 2006, Slovakia's Antitrust Office decided to fine six companies that had participated in tendering for a road project. Skanska was part of a joint venture led by a local Slovakian company. The fine in Skanska's case is the equivalent of EUR 7.2 M and was charged to 2006 earnings. Skanska denies the Authority's allegations and requested that the decision be reviewed by a court of law. In December 2008 the court decided to annul the decision of the Antitrust Office and remit the case to the Office for a new procedure. After being appealed by the Antitrust Office, the case will be decided by Slovakia's Supreme Court.

No provisions have been made for the above litigation, other than those in which a court ruling has been issued, since the outcome of these cases is characterized by great uncertainty. In accordance with the accounting principles applied by Skanska, the amounts requested have not been included in the table of the Group's contingent liabilities either.

Skanska has an obligation to American guarantors to maintain a certain level of equity in its North American operations.

Contingent assets

The Group has no contingent assets of significant importance in assessing the position of the Group.

See "Accounting and valuation principles," Note 1.

Note 34 Effect of changes in foreign exchange rates

Exchange rates are dealt with in compliance with IAS 21, "The Effect of Changes in Foreign Exchange Rates." See "Accounting and valuation principles," Note 1.

Exchange rates

		Average exchange rate			Change in percent	
Currency	Country/zone	2009	2008	2007	2008–2009	2007–2008
ARS	Argentina	0.194	0.216	0.235	–10	–8
CZK	Czech Republic	0.038	0.040	0.036	–6	11
DKK	Denmark	0.134	0.134	0.134	0	0
GBP	United Kingdom	1.122	1.256	1.461	–11	–14
NOK	Norway	0.115	0.121	0.125	–6	–3
PLN	Poland	0.231	0.285	0.265	–19	8
SEK	Sweden	0.094	0.104	0.108	–9	–4
USD	United States	0.721	0.685	0.731	5	–6

		Closing day exchange rate			Change in percent	
Currency	Country/zone	2009	2008	2007	2008–2009	2007–2008
ARS	Argentina	0.183	0.205	0.216	–11	–5
CZK	Czech Republic	0.038	0.038	0.038	1	0
DKK	Denmark	0.134	0.134	0.134	0	0
GBP	United Kingdom	1.106	1.022	1.360	8	–25
NOK	Norway	0.120	0.101	0.125	19	–19
PLN	Poland	0.242	0.241	0.278	1	–13
SEK	Sweden	0.097	0.091	0.106	6	–14
USD	United States	0.698	0.706	0.680	–1	4

Income statement

During 2009 the average exchange rate of EUR strengthened against other currencies used in the Group except against the USD. Revenue was affected in the amount of EUR -602.2 M due to currency rate differences. This contributed to a decline in total Group revenue of 14 percent to EUR 12,878.0 M (14,924.1) compared to 2008. Adjusted for currency rate effects, revenue fell by 10 percent.

Currency rate effect by respective currency

2009	SEK	USD	GBP	NOK	CZK	PLN	Other	Total
Revenue	–275.1	206.1	–205.9	–68.0	–71.2	–160.6	–27.5	–602.2
Operating income	–13.5	7.4	–5.2	–2.4	–3.5	–7.3	–0.8	–25.3
Income after financial items	–13.1	7.5	–5.0	–2.8	–3.5	–8.1	0.8	–24.2
Profit for the year	–12.7	4.1	–3.2	–2.1	–2.6	–6.5	0.3	–22.7

2008	USD	EUR	GBP	NOK	CZK	PLN	Other	Total
Revenue	–128.6	–293.1	–304.5	–40.5	152.1	55.8	–19.8	–578.6
Operating income	–10.5	–8.0	8.9	–1.1	5.7	3.0	–0.7	–2.7
Income after financial items	–10.5	–8.6	6.6	–1.8	5.5	3.5	0.4	–4.9
Profit for the year	–8.8	–4.9	4.5	–1.3	4.1	2.7	1.4	–2.3

Statement of financial position

On the closing day, the euro had weakened against all currencies used in the Group except ARS and USD. The Group's total assets and liabilities/equity rose by EUR 277.7 M to EUR 7,905.4 M (7,627.7). Of the total increase, EUR 338.2 M consisted of currency rate effects. Adjusted for currency rate effects, total assets and liabilities/equity declined by 1 percent.

Effects of changes in exchange rates on total assets and liabilities/equity compared to the previous year

EUR billion	2009	2008
Assets		
Property, plant and equipment	0.02	–0.04
Intangible assets	0.05	–0.09
Shares and participations	0.02	–0.03
Interest-bearing receivables	–0.02	0.03
Current-asset properties	0.08	–0.17
Non-interest-bearing receivables	0.15	–0.31
Cash and cash equivalents	0.04	–0.05
Total	**0.34**	**–0.66**
Equity and liabilities		
Equity attributable to equity holders	0.09	–0.14
Non-controlling interests	0.00	0.00
Interest-bearing liabilities	0.01	0.02
Non-interest-bearing liabilities	0.24	–0.54
Total	**0.34**	**–0.66**
Effect of exchange rate differences on the Group's interest-bearing net receivables	0.01	–0.04

Effect of exchange rate differences on total assets, by currency

EUR billion	2009	2008
USD	–0.02	0.07
SEK	0.04	–0.11
GBP	0.06	–0.25
NOK	0.17	–0.25
DKK	0.00	0.00
PLN	0.00	–0.06
CZK	0.01	0.00
BRL	0.05	–0.03
CLP	0.02	–0.04
Others	0.01	0.01
Total	**0.34**	**–0.66**

Consolidated statement of financial position by currency, EUR billion

2009	USD	GBP	EUR	NOK	CZK	PLN	DKK	Other foreign currencies[1]	Hedge loans[2]	EUR	Total
Assets											
Property, plant and equipment	0.13	0.02	0.04	0.08	0.12	0.04	0.01	0.04		0.15	0.61
Intangible assets	0.04	0.15	0.05	0.16	0.06	0.00	0.00	0.05		0.01	0.50
Shares and participations	0.00	0.04	0.03	0.02	0.00	0.00	0.00	0.05		0.02	0.16
Interest-bearing receivables	0.68	0.30	0.28	0.35	0.17	0.43	0.10	–1.67		0.17	0.80
Current-asset properties	0.02	0.00	0.45	0.14	0.09	0.00	0.10	0.02		1.00	1.81
Non-interest-bearing receivables	0.91	0.34	0.24	0.36	0.31	0.18	0.01	0.26		0.50	3.12
Cash and cash equivalents	0.22	0.01	0.01	0.01	0.03	0.04	0.00	0.01		0.58	0.91
Total	**2.00**	**0.85**	**1.10**	**1.11**	**0.77**	**0.69**	**0.21**	**–1.24**		**2.42**	**7.90**
Equity and liabilities											
Equity attributable to equity holders[3]	0.43	0.01	0.40	0.40	0.33	0.17	0.06	0.19		–0.01	1.97
Non-controlling interests	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.01		0.00	0.02
Interest-bearing liabilities	0.04	0.17	0.31	0.12	0.00	0.04	0.11	–1.61	0.14	1.18	0.50
Non-interest-bearing liabilities	1.53	0.67	0.39	0.59	0.43	0.49	0.05	0.17		1.11	5.42
Total	**2.00**	**0.85**	**1.10**	**1.11**	**0.77**	**0.69**	**0.21**	**–1.24**	**0.14**	**2.28**	**7.90**

2008	USD	GBP	EUR	NOK	CZK	PLN	DKK	Other foreign currencies[1]	Hedge loans[2]	EUR	Total
Assets											
Property, plant and equipment	0.14	0.02	0.03	0.06	0.13	0.03	0.01	0.07		0.15	0.63
Intangible assets	0.04	0.16	0.05	0.13	0.05	0.00	0.00	0.05		0.01	0.48
Shares and participations	0.00	0.04	0.02	0.01	0.00	0.00	0.00	0.06		0.02	0.15
Interest-bearing receivables	0.54	0.20	0.20	0.34	0.26	0.19	0.09	–1.42		0.26	0.67
Current-asset properties	0.00	0.00	0.44	0.14	0.08	0.00	0.14	0.04		0.87	1.70
Non-interest-bearing receivables	1.02	0.36	0.18	0.34	0.27	0.18	0.03	0.36		0.55	3.29
Cash and cash equivalents	0.29	0.01	0.01	0.02	0.05	0.01	0.01	0.01		0.32	0.72
Total	**2.03**	**0.78**	**0.92**	**1.03**	**0.85**	**0.41**	**0.27**	**–0.83**		**2.17**	**7.63**
Equity and liabilities											
Equity attributable to equity holders[3]	0.44	0.00	0.40	0.29	0.31	0.13	0.08	0.13		–0.04	1.75
Non-controlling interests	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.01		0.00	0.02
Interest-bearing liabilities	0.02	0.17	0.20	0.15	0.04	0.02	0.11	–1.29	0.21	0.91	0.54
Non-interest-bearing liabilities	1.57	0.60	0.32	0.59	0.49	0.26	0.08	0.32		1.08	5.33
Total	**2.03**	**0.78**	**0.92**	**1.03**	**0.85**	**0.41**	**0.27**	**–0.83**	**0.21**	**1.96**	**7.63**

1 Including elimination of intra-Group receivables and liabilities.
2 Aside from hedge loans in EUR and GBP (EUR and GBP), Skanska hedged equity in currencies other than SEK via forward contracts amounting to EUR 0.6 (0.58) billion before taxes, allocated among USD 0.17 (0.18), EUR 0.01 (0.02), CZK 0.12 (0.11), PLN 0.05 (0.05), NOK 0.16 (0.13), CLP 0.10 (0.07) and BRL 0 (0.01) billion.
3 The respective currencies are calculated including Group goodwill and the net amount of Group surpluses after subtracting deferred taxes.

Effect on the Group of change in EUR against other currencies and change in USD against EUR

The following sensitivity analysis, based on the 2009 income statement and statement of financial position, shows the sensitivity of the Group to a unilateral 10 percent change in the EUR against all currencies as well as a unilateral 10 percent change in the USD against the EUR

EUR billion	+/–10%	of which USD +/–10%
Revenue	+/– 1.21	+/– 0.41
Operating income	+/– 0.05	+/– 0.01
Equity	+/– 0.17	+/– 0.03

"Plus" means a weakening of the euro. "Plus" for the USD thus means increased value against the EUR.

Other matters

For inflation on the translation reserve in equity, see Note 26, "Equity/Earnings per share."

Note 35 Cash flow statement

Aside from the cash flow statement prepared in compliance with IAS 7, "Cash Flow Statements," Skanska is preparing a cash flow statement based on the operations carried out by the respective business streams. This is called the "Consolidated operating cash flow statement." The connection between the respective cash flow statements is explained below.

Adjustments for items not included in cash flow

	2009	2008
Depreciation/amortization and impairment losses/ reversals of impairment losses	176.4	197.5
Income from divestments of property, plant and equipment and current-asset properties	–190.7	–325.3
Income after financial items from joint ventures and associated companies	–13.6	–18.8
Dividends from joint ventures and associated companies	23.1	28.3
Provision for the year, intra-Group profits on contracting work	15.2	4.2
Pensions recognized as expenses but not related to payments	7.7	14.1
Other items that have not affected cash flow from operating activities	11.2	3.5
Total	**29.3**	**–96.6**

Taxes paid

Taxes paid are divided into operating activities, investing activities and financing activities.

Total taxes paid for the Group during the year amounted to EUR –92.8 M (–200.1).

Information about interest and dividends

	2009	2008
Interest income received during the year	26.8	43.7
Interest payments made during the year	–31.2	–27.8
Dividends received during the year	23.1	28.3

Cash and cash equivalents

Cash and cash equivalents in the cash flow statement consist of cash plus cash equivalents. The definition of cash in the statement of financial position can be seen in Note 1, "Accounting and valuation principles." The same rule that has been used in determining cash and cash equivalents in the statement of financial position has been used in determining cash and cash equivalents according to the cash flow statement. Only amounts that can be used without restrictions are recognized as cash.

	2009	2008
Cash	913.7	720.1
Cash equivalents	0.0	0.0
Total	**913.7**	**720.1**

Information about assets and liabilities in acquired Group companies/businesses

	2009	2008
Assets		
Property, plant and equipment		0.1
Intangible assets	0.9	0.4
Total	**0.9**	**0.5**
Purchase price paid	–0.9	–0.5
Cash and cash equivalents in acquired companies	0.0	0.0
Effect on cash and cash equivalents, investment	**–0.9**	**–0.5**

Acquired Group companies are described in Note 7, "Business combinations."

Information about assets and liabilities in divested companies/businesses

The Group did not divest any Group companies during 2009.Divestments of Group companies/businesses in 2008 were attributable to two small phase-outs, one in Finland and one in Russia.

	2009	2008
Assets		
Property, plant and equipment		–0.3
Intangible assets		–0.4
Non-interest-bearing receivables		–4.3
Total		**–5.0**
Equity and liabilities		
Income from divestments of Group companies		–0.4
Interest-bearing liabilities		–4.1
Non-interest-bearing liabilities		–0.3
Total		**–4.8**
Purchase price paid		0.2
Cash and cash equivalents in divested companies		0.0
Effect on cash and cash equivalents, divestment		**0.2**

Other matters

The Group's unutilized credit facilities amounted to EUR 816.7 M (814.5) at year-end.

Note 35 Continued

Relation between consolidated operating cash flow statement and consolidated cash flow statement

The difference between the consolidated operating cash flow statement and the consolidated cash flow statement in compliance with IAS 7, "Cash Flow Statements," is presented below.

The consolidated cash flow statement that was prepared in compliance with IAS 7 recognizes cash flow divided into:

Cash flow from operating activities
Cash flow from investing activities
Cash flow from financing activities

The consolidated operating cash flow statement recognizes cash flow divided into:

Cash flow from business operations
Cash flow from financial operations
Cash flow from strategic investments
Dividend etc.
Change in interest-bearing receivables and liabilities

The consolidated operating cash flow statement refers to operating activities as "business operations." Unlike the cash flow statement in compliance with IAS 7, "business operations" also includes net investments, which are regarded as an element of business operations together with tax payments on these. Such net investments are net investments in property, plant and equipment and intangible non-current assets as well as net investments in Infrastructure Development.

Investments of a strategic nature are recognized under cash flow from strategic investments.

Under cash flow from financing activities, the operating cash flow statement recognizes only interest and other financial items as well as taxes paid on the same. Dividends are recognized separately. Loans provided and repayment of loans are also recognized separately along with changes in interest-bearing receivables at the bottom of the operating cash flow statement, resulting in a subtotal in that statement that shows cash flow before changes in interest-bearing receivables and liabilities.

Cash flow for the year

	2009	2008
Cash flow from business operations according to the operating cash flow statement	565.2	–37.7
less investments in property, plant and equipment and intangible assets	128.8	69.0
less tax payments on property, plant and equipment and intangible assets divested and divestment of assets in Infrastructure Development	2.0	26.3
Cash flow from operating activities	**695.9**	**57.5**
Cash flow from strategic investments according to operating cash flow statement	–5.7	–0.3
Net investments in property, plant and equipment and intangible assets	–128.8	–69.0
Increase and decrease in interest-bearing receivables	–158.2	–103.7
Taxes paid on property, plant and equipment and intangible assets divested and assets in Infrastructure Development	–2.0	–26.3
Cash flow from investing activities	**–294.7**	**–199.2**
Cash flow from financing operations according to operating cash flow statement	–160.0	33.4
Increase and decrease in interest-bearing liabilities	158.2	–221.4
Dividend etc.[1]	–239.6	–391.3
Cash flow from financing activities	**–241.4**	**–579.2**
Cash flow for the year	**159.8**	**–720.9**

1 Of which repurchases of shares **–33.4** –28.1

Relation between the Group's investments in the cash flow statement and investments in the operating cash flow statement

Total net investments are recognized in the cash flow statement divided into operating activities and investing activities, taking into account the settlement of payments for investments and divestments. Purchases and divestments of current-asset properties are recognized under operating activities, while other net investments are recognized under investing activities.

	2009	2008
Net investments in operating activities	131.9	–306.0
Net investments in investing activities	–134.5	–69.3
	–2.6	**–375.3**
less cash flow adjustments, net investments	1.4	–2.1
Total net investments	**–1.2**	**–377.4**

The consolidated operating cash flow statement recognizes net investments divided into net investments in operations and strategic net investments as follows.

Investments/Divestments

	2009	2008
Operations – Investments		
Intangible assets	–5.8	–8.2
Property, plant and equipment	–119.8	–222.5
Assets in Infrastructure Development	–41.9	–41.1
Shares	–12.0	–0.7
Current-asset properties	–625.9	–1,096.2
of which Residential Development	–241.2	–450.1
of which Commercial Development	–328.3	–576.8
of which other commercial properties	–56.4	–69.3
	–805.5	**–1,368.8**
Operations – Divestments		
Intangible assets		0.1
Property, plant and equipment	37.7	66.2
Assets in Infrastructure Development	12.9	133.3
Shares	0.2	4.1
Current-asset properties	759.2	788.1
of which Residential Development	366.3	380.1
of which Commercial Development	308.7	367.4
of which other commercial property	84.3	40.6
	810.0	**991.7**
Net investments in operations	**4.5**	**–377.1**
Strategic investments		
Acquisitions of businesses	–0.9	–0.5
Acquisitions of shares	–4.8	0.0
	–5.7	**–0.5**
Strategic divestments		
Divestments of businesses		0.2
	0.0	**0.2**
Net strategic investments	**–5.7**	**–0.3**
Total investments	**–1.2**	**–377.4**

Note 36 Personnel

Wages, salaries, other remuneration and social insurance contributions

	2009	2008
Wages, salaries and other remuneration		
Board members, Presidents, Executive Vice Presidents and other executive team members[1]	44.4	52.1
of which variable remuneration	13.9	19.4
Other employees	1,928.0	2,068.0
Total wages, salary and other remuneration	**1,972.4**	**2,120.2**
Social insurance contributions	480.2	549.7
of which pension expenses	141.5	156.5

1 The amount related to Board members, Presidents, Executive Vice Presidents and other executive team members included remuneration to former Board members, Presidents and Executive Vice Presidents in all Group companies during the financial year.

Of the Group's total pension expenses, EUR 5.2 M (8.6) was related to the category "Board members, Presidents, Executive Vice Presidents and other executive team members."

The amount included remuneration to former Board members, Presidents and Executive Vice Presidents.

Average number of employees

Personnel is calculated as the average number of employees. See "Accounting and valuation principles," Note 1.

	2009	2008
Sweden	10,844	11,490
Norway	4,164	4,539
Denmark	143	204
Finland	2,509	3,097
United Kingdom	4,829	5,403
Poland	5,165	5,226
Czech Republic	5,374	5,772
Slovakia	1,066	1,117
United States	7,619	8,457
Argentina	4,059	4,471
Brazil	3,808	3,755
Peru	1,427	1,988
Other countries	1,924	2,296
Total	**52,931**	**57,815**

Other matters

No loans, assets pledged or contingent liabilities have been provided on behalf of any Board member or President in the Group.

Note 37 Remuneration to senior executives and Board members

A Preparation and decision-making processes

Principles for remuneration to senior executives are established annually by the Annual Shareholders' Meeting. The salary and other benefits of the President and CEO are established by the Board of Directors of Skanska AB, following recommendations from the Board's Compensation Committee based on the decision of the Annual Meeting. The Committee sets limits on the salaries, variable remuneration and other benefits of Executive Vice Presidents, heads of Group staff units and heads of business units.

During 2009, from the statutory Board meeting in March and onward, the Compensation Committee consisted of Sverker Martin-Löf, Chairman of the Board, and Finn Johnsson and Lars Pettersson, Board members. The Compensation Committee met four times during the year.

The Annual Shareholders' Meeting approves the total amount of directors' fees and remuneration for committee work for members of the Board, following a recommendation from the Nomination Committee.

B Principles for remuneration to the Senior Executive Team

The Senior Executive Team includes the President and CEO and the other members of the Senior Executive Team. The Team consisted of eight persons at the end of 2009. Three new persons joined the Senior Executive Team during the year, while two persons moved on to new positions at the Company.

The Annual Shareholders' Meeting in 2009 approved the following guidelines for salary and other remuneration to senior executives:

Remuneration to the CEO and other senior executives shall consist of fixed salary, variable remuneration, if any, other customary benefits and pension. The other senior executives include the CFO and the other Executive Vice Presidents. The combined remuneration for each executive must be market-related and competitive in the labor market in which the executive is active, and distinguished performance should be reflected in the total remuneration.

Fixed salary and variable remuneration shall be related to the senior executive's responsibility and authority. The variable remuneration shall be payable in cash and/or shares and it shall be capped and related to the fixed salary. Distribution of shares shall have a vesting period of three years and be part of a long-term incentive program. The variable remuneration must be based on results in relation to targets and must be aligned with the interests of the shareholders. The terms for variable remuneration should be structured so that the Board, if exceptional economic conditions prevail, has the possibility to limit or refrain from paying variable remuneration if such a payment is considered unreasonable and incompatible with the company's responsibility in general to the shareholders, employees and other stakeholders.

To the extent that a Board member performs work for the company, besides the Board membership, consultant fee and other remuneration may be granted for such work.

In the event of employment termination, the normal period of notice is six to twelve months, combined with severance pay corresponding to a maximum of 24 months of fixed salary or, alternatively, a period of notice of maximum 24 months.

Pension benefits should be either defined-benefit or defined-contribution schemes, or a combination of these, and should entitle the executive to the right to receive a pension from the age of 65. However, a pension at age of earliest 60 years may be granted in individual cases. For defined benefit plans years of service required for fully earned benefits shall normally correspond to the years of service required for general pension plans in the same jurisdiction. Variable salary shall not be included in pensionable salary except when it follows from rules under a general pension plan (like the Swedish ITP plan).

The Board of Directors may under special circumstances deviate from these principles in individual cases.

Matters related to remuneration to senior executives are decided by the CEO after review by the Compensation Committee and, when it concerns the CEO, are decided by the Board of Directors.

The Board of Directors will present to the Annual Shareholders' Meeting in April 2010 a new proposed set of guidelines for salary and other remuneration to senior executives, for the approval of the Meeting. This proposal is presented in the Report of the Directors and mainly coincides with the above principles.

Financial targets for variable salary elements

	Measure of earnings	Starting point	Outperform	Outcome	Fulfillment level[1]
Construction	Operating margin, %	2.1	3.7	3.9	96%
	Operating margin as a percentage of sales	–7.1	–10.2	–13.8	93%
Residential Development	Operating income, SEK M	–20	215	151	75%
	Corresponding to EUR	–1.9	20.2	14.2	
	Number of residential units sold	800	2,000	2,277	75%
Commercial Development[2]	Operating income, SEK M	250	750	875	100%
	Corresponding to EUR M	23.5	70.6	82.4	
	Value creation, SEK M[3]	250	450	501	100%
	Corresponding to EUR	23.5	42.4	47.2	
	Return on capital employed, %[4]	5.4	9.3	9.8	74%
Infrastructure Development	Operating income, SEK M	–210	–160	–115	100%
	Corresponding to EUR	–19.8	–15.1	–10.8	
	Potential projects, points	12	25	26	100%
Group targets[5]	Operating income, SEK M	2,199	4,723	5,222	100%
	Corresponding to EUR	207.0	444.6	491.6	
	Return on equity, %	13.0	18.0	18.9	100%
	Financial strength, SEK M[6]	2,000	4,000	8,557	100%
	Corresponding to EUR	188.3	376.5	805.5	

1 Fulfillment level is based on outcomes in business units.
2 Excluding Skanska Commercial Development USA.
3 Realized and unrealized development gains accrued during the year after subtracting expenses in the development organization.
4 Including unrealized development gains and changes in market value during the year.
5 The Outperform target at Group level is 95 percent of the total Outperform targets of the business streams.
6 The average of net cash position during five quarters.

Note 37 Continued

B1 Targets and performance related to variable remuneration

Variable remuneration may consist of two parts: annual variable salary, which is cash-based, and the share incentive program, which provides compensation in the form of shares.

The long-term 2008–2010 Employee Ownership Program is presented under section F of this note. The adjacent table specifies, by business stream, the starting point for each "Outperform" target that was decided for 2009 cash-based variable remuneration. In addition to the above-mentioned financial performance targets, each person in the Senior Executive Team has non-financial targets that may reduce the final outcome. These non-financial targets mainly concern health and safety, business ethics and management development. The outcome is reduced in cases where the operations for which the person is responsible have not achieved the non-financial targets.

For the President and CEO, the financial target has been the same as the Group targets according to the above table. The Board of Directors has the option of reducing the President and CEO's final outcome for variable remuneration by a maximum of 50 percent, based on the outcome of the Group's non-financial targets. The preliminary outcome for the variable remuneration of the President and CEO (i.e. excluding the Employee Ownership Program) shows the maximum outcome of 50 percent of fixed salary, since the Group's financial targets were achieved and nothing was subtracted as a consequence of non-financial factors. The Board will decide on the final outcome after a follow-up of operations during the first quarter of 2010.

For the other members of the Senior Executive Team, annual variable remuneration is either 100 percent tied to the Group target and/or to the business units they are directly responsible for. The non-financial targets are related to the business units that certain individuals in the Senior Executive Team are responsible for. The preliminary outcome for the other members of the Senior Executive Team averaged 93 percent fulfillment of financial targets and 91 percent after subtracting for non-financial targets. The Board will decide on the final outcome after a follow-up of operations during the first quarter of 2010.

C Benefits to the Board of Directors and Senior Executive Team (SET)

C1 Remuneration and benefits recognized as expenses in 2009

EUR thousand	Director's fee/ basic salary	Variable remuneration[1]	Allocated value of share incentive programs[2]	Other remuneration and benefits	Pension expense	Total
Chairman of the Board						
Sverker Martin-Löf	157.7					157.7
Other Board members						
Stuart E. Graham	42.4					42.4
Lars Pettersson	49.4					49.4
Sir Adrian Montague	56.5					56.5
Matti Sundberg	56.5					56.5
Finn Johnsson	58.8					58.8
Bengt Kjell	68.2					68.2
Board	**489.5**	**0**	**0**	**0**	**0**	**489.5**
President and CEO						
Johan Karlström	847.2	423.6	448.7	9.5	344.5	2,073.5
Other SET members (9 persons during the year)	2,300.0	2,312.2	995.4	106.4	982.4	6,696.4
Total	**3,636.7**	**2,735.8**	**1,444.0**	**115.9**	**1,326.9**	**9,259.4**

1 Variable remuneration including the incentive program related to the 2009 financial year is preliminary and will be finally fixed and disbursed after a follow-up of the outcome in the first quarter of 2010. The amounts included under the heading "Variable remuneration" in the above table refer to the 2009 financial year.

2 The value stated refers to a preliminary allotment of matching shares for 2009, at the share price on December 30, 2009 (SEK 121.60, corresponding to EUR 11.81). The Senior Executive Team will receive an estimated 7,885 matching shares and 118,268 performance shares. See section F. The Board will decide the final outcome after a follow-up of operations during the first quarter of 2010. In order to receive matching shares and performance shares, an additional three years of service are required. The cost is allocated over three years in compliance with IFRS 2. See section F.

In addition to the above amounts, the President and CEO as well as some other members of the Senior Executive Team received remuneration related to the 2005 financial year. See sections C6 and C8.

All remuneration and benefits were charged to Skanska AB, except that EUR 884,300 paid to other members of the Senior Executive Team was charged to other Group companies.

Note 37 Continued

C2 Pension obligations to current and previous senior executives

In 2009, outstanding pension obligations to Presidents and CEOs including former Presidents and CEOs amounted to EUR 9,854,600. Outstanding obligations to other current and former members of the Senior Executive Team amounted to EUR 9,556,600.

For Board members appointed by the employees, no disclosures are made concerning salaries and remuneration as well as pensions, since they do not receive these in their capacity as Board members. For Board members who previously, before the beginning of the financial year, were employees of the Company, disclosures are made concerning pension obligations in their former role as employees.

C3 Board members

The 2009 Annual Shareholders' Meeting decided that fees would be paid to the Board members elected by the Meeting, except for the President and CEO, totaling EUR 489,500, including a special appropriation for committee work. See table below.

EUR thousand	Directors' fee	Audit Committee	Compensation Committee	Project Review Committee	Total
Chairman of the Board					
Sverker Martin-Löf	127.1	9.4	7.1	14.1	157.7
Board					
Stuart E. Graham	42.4				42.4
Bengt Kjell	42.4	11.8		14.1	68.2
Lars Pettersson	42.4		7.1		49.4
Matti Sundberg	42.4			14.1	56.5
Finn Johnsson	42.4	9.4	7.1		58.8
Sir Adrian Montague	42.4			14.1	56.5
Board of Directors	**381.2**	**30.6**	**21.2**	**56.5**	**489.5**

C4 Chairman of the Board

During 2009 the Chairman of the Board, Sverker Martin-Löf, received a director's fee of EUR 127,100 and EUR 30,600 related to committee work, altogether EUR 157,700.

C5 Board members

Other members of the Board did not receive any remuneration for their role as Board members beyond their regular directors' fees and remuneration for committee work. Matti Sundberg received EUR 14,100 for serving as a Board member of the Finnish subsidiary Skanska Oy.

C6 The President and CEO

During 2009 the President and CEO, Johan Karlström, received a fixed salary of EUR 847,200 plus a variable salary element of EUR 423,600 based on the financial targets that were achieved, which were equivalent to a 100 percent fulfillment level. The final outcome for the President and CEO's variable remuneration will be established by the Board after a follow-up of operations during the first quarter of 2010. The preliminary outcome amounted to a maximum possible outcome of 50 percent of fixed annual salary. Disbursement normally occurs during May of the year after the performance year. The President and CEO is also covered by the Group's three-year Employee Ownership Program for 2008–2010, with an allocation of matching shares and performance shares, defined under section F of this note. Within the framework of the program, Mr. Karlström purchased 9,799 shares during 2009, which resulted in 2,450 matching shares equivalent to EUR 28,100. An estimated 36,746 performance shares will be allocated, at a value of EUR 433,900, since the Outperform targets were 100 percent fulfilled. The stated value refers to the share price on December 30, 2009 (SEK 121.60, corresponding to EUR 11.81). The final outcome of performance shares will be established by the Board after a follow-up of operations during the first quarter of 2010.

During 2009 the President and CEO also received 11,115 shares, equivalent to EUR 77,700, attributable to the earlier share incentive program, the Skanska Share Award Plan, which is related to remuneration for the financial year 2005. See section G. Mr. Karlström assumed the post of President and CEO in 2008.

The President and CEO will be eligible for a pension from age 60 at the earliest. Annual pension provisions will total 40 percent of fixed annual salary. The cost during 2009 totaled EUR 344,500

A mutual notice period of 24 months will apply, with retention of fixed salary and benefits excluding variable remuneration. No severance pay will be disbursed in case of termination.

C7 The Company's former President and CEO

Stuart E. Graham stepped down from the position of President and CEO of Skanska on April 3, 2008 and since then has continued to be employed at Skanska as an advisor and Chairman of the Board of Skanska Inc. in the United States and, during 2009, also as a member of the Skanska Group's Board of Directors.

During his period as President and CEO, Mr. Graham had so-called expert tax status, which ceased in September 2005. Because of this, during 2005 an agreement was reached on special compensation totaling no more than EUR 979,000, with disbursement allocated over the three-year period 2008–2010. The 2009 disbursement amounted to EUR 325,400.

In addition to his director's fee from Skanska AB and the above remuneration, Mr. Graham received a salary, fees and other remuneration from Group companies in the amount of EUR 334,000 during the financial year.

As a former President and CEO, Mr. Graham is entitled to a defined-benefit pension, for which the cost during the financial year amounted to EUR 113,000. The pension entitlement is earned on a straight-line basis until February 2011 and will be disbursed during the remainder of his life.

C8 Other members of the Senior Executive Team

During 2009, three new persons joined the Senior Executive Team, while two persons moved on to new positions in the Company. The other members of the Senior Executive Team thus totaled nine persons during the financial year. At the end of 2009 the Team consisted of eight persons.

Members of the Senior Executive Team received a fixed salary and variable remuneration based on the Group's earnings and/or the earnings of the business units they are directly responsible for. In addition, senior executives of Skanska were covered by the Group's three-year Employee Ownership Program for 2008–2010, with an allocation of matching shares and performance shares, defined under section F of this note. A total of 21,739 shares were purchased by the other members of the Senior Executive Team during 2009, which resulted in 5,435 matching shares, equivalent to EUR 62,200. An estimated 81,521 performance shares will be allocated, at a value of EUR 962,600, since the Outperform targets were 100 percent fulfilled. The stated value refers to the share price on December 30, 2009 (SEK 121.60, corresponding to EUR 11.81). Variable remuneration as well as the outcome of performance shares are preliminary and the final outcome will be established by the Board after a follow-up of operations during the first quarter of 2010. Disbursement normally occurs during May of the year after the performance year.

During 2009 the other members of the Senior Executive Team also received 39,995 shares, equivalent to EUR 279,600, attributable to the earlier share incentive program, the Skanska Share Award Plan, which is related to remuneration for the performance year 2005. See section G.

D Pension benefits

The retirement age for members of the Senior Executive Team is 60–65 years, and employees in Sweden are entitled to pension benefits according to the premium-based ITP 1 occupational pension system or the defined-benefit ITP 2 pension system. Employees outside Sweden are covered by local pension plans. The ITP 1 premium is 4.5 percent of gross cash salary up to 7.5 base amounts[1] of income per year (as defined by Swedish social insurance rules, and amounting to SEK 381,750 in 2009) and 30 percent of gross cash salary above that. The ITP 2 plan guarantees a lifetime pension from age 65. The pension amount is a certain percentage of final salary, and the service period to qualify for a full pension is 30 years. The pension entitlement is 10 percent for portions of salary up to 7.5 base amounts[1], 65 percent for portions between 7.5 and 20 base amounts[1] (in 2009: SEK 1,018,000) and 32.5 percent for portions of salary up to 30 base amounts[1] (in 2009: SEK 1,527,000).

In addition, this group is covered by a supplementary pension entitlement for portions of salary exceeding 30 base amounts. This is a defined-contribution pension entitlement and the premium is 20 percent of pensionable salary exceeding 30 base amounts.

Within the framework of the ITP 1 pension system, during 2009 Skanska introduced a Company-specific pension plan with in-house management of the pension assets. This plan covers the Senior Executive Team and all employees in Sweden, and the premium is 5.5 percent of gross cash salary up to 7.5 base amounts (in 2009: SEK 381,750). The plan is free of charge for employees and guarantees that pension assets will be the highest of a benchmark portfolio consisting of 60 percent equities and 40 percent bonds, the consumer price index or paid-in premiums.

1 In 2009, the income base amount was SEK 50,900 (corresponding to about EUR 4,800).
7.5 income base amounts corresponded to about EUR 35,900
20 income base amounts corresponded to about EUR 95,800
30 income base amounts corresponded to about EUR 143,700

Note 37 Continued

E Notice periods etc.

In case of termination by the Company, the notice period is normally six months, with continued fixed salary and benefits, excluding variable remuneration. After the notice period, severance pay is disbursed for 12–18 months. When payments are disbursed after the notice period, other income must normally be subtracted from the amount payable.

F Share Incentive Program – Skanska Employee Ownership Program (SEOP 2008–2010)

In 2007, an Extraordinary Shareholders' Meeting of Skanska approved the introduction of a long-term share ownership program for employees of the Skanska Group, which replaced the earlier three-year share incentive program that expired during 2007. The program is aimed at about 40,000 permanent employees of the Skanska Group, of whom some 2,000 key employees and about 300 executives, including the President and CEO and the rest of the Senior Executive Team.

The program offers employees, key employees and executives the opportunity – provided they have made their own investment in Series B Skanska shares during a given financial year – to receive Series B Skanska shares from Skanska free of charge. For each four Series B "investment" shares purchased, the employee will be entitled, after a three-year vesting period, to receive 1 Series B Skanska share free of charge. In addition, depending on the fulfillment of certain earnings-based performance conditions during the purchase period, after the vesting period the employee will be able to receive additional Series B Skanska shares free of charge.

The purchase period covers the years 2008–2010 and the vesting period runs for three years from the date the employee invests in shares. For each 4 investment shares purchased, employees may – in addition to 1 matching share – receive a maximum of 3 performance shares. For each 4 investment shares, key employees may – in addition to 1 matching share – receive a maximum of 7 performance shares. For each 4 investment shares, executives may – in addition to 1 matching share – receive a maximum of 15 performance shares.

The maximum number of investment shares that each employee participating in the program may acquire, through monthly savings, depends on the employee's salary and whether an employee is participating in the program as an employee, a key employee or an executive.

To be able to receive matching and performance shares, a person must be employed in the Skanska Group throughout the vesting period and must, during this period, have kept his or her investment shares.

The program has two cost ceilings. The first one depends on the extent to which financial Outperform targets are met, which limits Skanska's total cost per year to SEK 200–630 M (corresponding to EUR 19–61 M), related to fulfillment of financial "SEOP-specific Outperform targets" at the Group level. The other cost ceiling is that Skanska's total cost per year may not exceed 15 percent of earnings before interest and taxes (EBIT). The actual cost ceiling is the lower of these two cost ceilings.

The business areas shown on page131 fully or partially achieved their established targets, which resulted in the allocation of performance shares for participants at these units.

In the Skanska Group, a total of 18 percent of permanent employees participated in SEOP.

Total cost of the programs through 2009 will be an estimated EUR 42.0 M allocated over three years. The year's cost of the 2008–2010 Skanska Share Ownership Program was about EUR 11.0 M. The remaining cost of the 2008 and 2009 annual programs through 2011 is projected at EUR 27.9 M.

The dilution effect through 2009 is estimated at 1,729,048 shares or 0.48 percent of the number of shares outstanding. Maximum dilution for the program at the end of the vesting period in 2013 is projected at 4,954,496 shares or 1.19 percent.

G Previous share incentive programs

The previous share incentive program, the Skanska Share Award Plan, was applicable during the years 2005–2007. The Plan covered about 300 senior executives.

The Plan meant that employees were offered the opportunity to be granted "share awards" entitling the holder to receive Series B shares in the Company free of charge, provided that certain targets were met. The maximum yearly allocation for each participant per year was equivalent to 30 percent of the value of the participant's annual salary in Series B shares. Each participant's allocation of share awards was dependent upon the fulfillment of a number of established earnings- and performance-related conditions, which were based on the "Outperform" targets approved by the Board of Directors. In order to receive the shares, three years of employment are required after the end of the measurement period.

The cost of the Plan, is estimated at about EUR 12.6 M, allocated over four years. In 2009, the cost of the Plan totaled EUR 1.7 M. The remaining cost of the Plan through 2010 is estimated at EUR 1.1 M.

The dilution effect through 2009 is estimated at 1,139,170 shares or 0.28 percent of the number of shares outstanding. The maximum dilution in the Plan at the end of the vesting period will amount to 1,272,871 shares or 0.31 per cent.

Early in 2009, share awards related to 2005 were distributed to those individuals in the Plan who have remained employees in the Group, 387,965 Series B shares in Skanska. Early in 2010, share awards related to 2006 will be distributed to those individuals in the Plan who have remained employees in the Group, about 350,000 Series B shares in Skanska.

H Local incentive programs

Salaries and other remuneration are adopted with reference to prevailing conditions in the rest of the construction industry and customary practices in each local market. The Skanska Group applies a remuneration model for the affected executives and managers that consists of a fixed annual salary plus variable remuneration which is based on financial targets achieved.

Business unit	Measure of earnings	Starting point	Outperform	Outcome
Construction				
Sweden	Operating margin	2.5%	4.5%	4.6%
Norway	Operating margin	2.0%	4.0%	4.0%
Finland/Estonia	Operating margin	2.0%	4.0%	3.2%
Poland	Operating margin	2.5%	4.5%	4.6%
Czech Republic/Slovakia	Operating margin	2.5%	4.5%	4.5%
United Kingdom	Operating margin	1.0%	2.5%	2.5%
USA Building	Operating margin	1.0%	1.6%	1.7%
USA Civil	Operating margin	4.5%	6.0%	8.6%
Latin America	Operating margin	3.0%	4.5%	4.1%
Residential Development				
Nordic	Operating income, SEK M	–100	100	54
	Corresponding to EUR M	–9.4	9.4	5.1
	Number of residential units sold	500	1,500	2,008
Czech Republic/Slovakia	Operating margin	8.0%	12.0%	10.7%
Commercial Development				
Nordic	Operating income, SEK M	150	500	588
	Corresponding to EUR M	14.1	47.1	55.4
	Value creation, SEK M[1]	175	325	330
	Corresponding to EUR M	16.5	30.6	31.1
	Return on capital employed[2]	5.0%	9.0%	10.9%
Europe	Operating income, SEK M	100	250	287
	Corresponding to EUR M	9.4	23.5	27.0
	Value creation, SEK M[1]	75	125	171
	Corresponding to EUR M	7.1	11.8	16.1
	Return on capital employed[2]	6.0%	10.0%	6.9%
Infrastructure Development	Operating income, SEK M	–210	–160	–115
	Corresponding to EUR M	–19.8	–15.1	–10.8
	Potential projects, points	12	25	26
Group[3]	Operating income, SEK M	2,199	4,723	5,222
	Corresponding to EUR M	207.0	444.6	491.6
	Return on equity	13.0%	18.0%	18.9%
	Financial strength, SEK M[4]	2,000	4,000	8,557
	Corresponding to EUR M	188.3	376.5	805.5

1 Realized and unrealized development gains accrued during the year after subtracting expenses in the development organization.
2 Including unrealized development gains and changes in market value during the year.
3 The Outperform target at Group level is 95 percent of the total Outperform targets of the business streams.
4 The average of net cash position during five quarters.

Note 38 Fees and other remuneration to auditors

	2009	2008
KPMG		
Audit assignments	5.1	5.4
Other audit-related assignments	0.5	0.7
Tax advisory services	0.9	1.1
Total	**6.5**	**7.3**

"Auditing assignments" refers to examination of the annual accounts as well as the administration by the Board of Directors and the President and CEO, along with other tasks that are incumbent upon the Company's auditors to perform. "Other audit-related assignments" refers to advisory services related to accounting issues and advisory services concerning the disposal and acquisition of businesses.

Note 39 Related party disclosures

Through its ownership and percentage of voting power, AB Industrivärden has a significant influence, as defined in compliance with IAS 24, "Related Party Disclosures." All transactions have occurred on market terms.
Skanska sells administrative services to pension funds that manage assets intended to cover the Group's pension obligations.

Associated companies and joint ventures are companies related to Skanska. Information on transactions with these is presented in the following tables.

Information on remuneration and transactions with senior executives is found in Note 36, "Personnel," and Note 37, "Remuneration to senior executives and Board members."

Transactions with joint ventures	2009	2008
Sales to joint ventures	575.6	614.7
Purchases from joint ventures	9.4	13.6
Dividends from joint ventures	23.1	28.3
Receivables from joint ventures	47.9	35.1
Liabilities to joint ventures	2.3	7.5
Contingent liabilities for joint ventures	33.8	70.1

Transactions with associated companies	2009	2008
Purchases from associated companies	1.4	0.7

Skanska's pension fund directly owns 640,000 (600,000) Series B shares in Skanska. There is also an insignificant holding of indirectly owned shares via investments in various mutual funds.

Note 40 Leases

Skanska is a lessee in both finance and operating leases.

When Skanska is a lessee, finance lease assets are recognized as a non-current asset in the statement of financial position, while the future obligation to the lessor is recognized as a liability in the statement of financial position.

As a financial lessor, Skanska recognizes the present value of its claim on the lessee as a financial receivable.

As an operating lessor, Skanska leases properties to tenants via its Commercial Development operations.

A. Skanska as a lessee

Finance leases

Leased property plant and equipment including buildings and land ("Property") as well as machinery and equipment ("Plant and equipment") are recognized in the consolidated financial statements as finance leases.

Of the amount in the statement of financial position for finance leases, most is related to car leases in Sweden. Agreements with lease companies in other countries are operating leases.

Finance leases, carrying amount	2009	2008
Property, plant and equipment		
Property	4.5	4.2
Plant and equipment	23.2	22.5
Total	**27.7**	**26.7**
Cost	81.6	79.1
Depreciation for the year	–8.2	–8.9
Accumulated depreciation, January 1	–45.7	–43.6
Carrying amount	**27.7**	**26.7**

Variable fees for finance leases included in 2009 income amounted to EUR 0 M (–0.4). No property leased to Skanska has been subleased to others.

Future minimum lease payments and their present value can be seen in the following table.

	Future minimum lease payments		Present value of future minimum lease payments	
Expenses, due date	2009	2008	2009	2008
Within one year	–5.3	–1.2	–4.7	–0.8
Later than one year but within five years	–6.9	–11.6	–5.5	–8.8
Later than five years	–4.0	–3.9	–3.3	–3.4
Total	**–16.2**	**–16.7**	**–13.5**	**–13.0**

Reconciliation, future minimum lease payments and their present value	2009	2008
Future minimum lease payments	–16.2	–16.7
Less interest charges	2.7	3.7
Present value of future minimum lease payments	**–13.5**	**–13.0**

Note 40 Continued

Operating leases

Most of the amounts for future minimum lease payments are related to leased cars and office space for operations in the United Kingdom. Also included are site leasehold agreements, especially in Stockholm.

The Group's leasing expenses related to operating leases in 2009 totaled EUR –62.1 M (–63.3), of which EUR –52.1 M (–51.0) was related to minimum lease payments and EUR –10.1 M (–12.3) was related to variable payments. The Group had EUR 0 M (0) in leasing income related to subleasing on operating leases.

The due dates of future minimum lease payments for noncancellable operating leases were distributed as follows:

Expenses, due date	2009	2008
Within one year	–45.5	–40.0
Later than one year but within five years	–69.6	–69.3
Later than five years	–41.7	–41.8
Total	**–156.8**	**–151.0**

Of this amount, EUR 0 M (0) was related to properties that were subleased.

B. Skanska as lessor

Finance leases

Skanska owns a property in Sweden and a hotel property in the Czech Republic that are leased to customers under finance leases.

The present value of the claim related to future minimum lease payments is recognized in the statement of financial position as a financial non-current asset. On the closing day, it amounted to:

	2009	2008
Gross investment in finance leases	3.3	3.5
Unearned financial income	–0.9	–0.6
Net investment in finance leases	2.4	2.8
Non-guaranteed residual value belonging to the lessor	–0.3	–0.3
Present value of claim related to future minimum lease payments	**2.1**	**2.6**

The gross investment and the present value of future minimum lease payments were distributed as follows on the closing day:

	Gross investment in finance leases		Present value of claims related to future minimum lease payments	
Income, due date	2009	2008	2009	2008
Within one year	0.6	0.4	0.2	0.4
Later than one year but within five years	0.1	1.0	0.1	0.6
Later than five years	2.6	2.2	1.8	1.6
Total	**3.3**	**3.6**	**2.1**	**2.6**

Reserves for doubtful receivables related to minimum lease payments amounted to EUR 0.1 M (0.1).The variable portion of lease payments included in 2009 income amounted to EUR 0 M (0).

Operating leases

Operating lease business in the form of property leasing is mainly carried out by the Commercial Development business stream. These properties are recognized as current assets in the statement of financial position. See Note 4, "Operating segments."

In 2009, Commercial Development's lease income amounted to EUR 61.3 M (41.3).

The Group's variable lease income related to operating leases amounted to EUR 0.9 M (2.0) during the year.

The due dates of future minimum lease payments for noncancellable operating leases were distributed as follows:

Income, due date	2009	2008
Within one year	60.2	65.0
Later than one year but within five years	172.3	214.5
Later than five years	93.9	124.3
Total	**326.4**	**403.7**

The carrying amount of current-asset properties in Commercial Development totaled EUR 981.4 M (876.3).

Note 41 Events after the reporting period

The financial statements were signed on February 4, 2010 and will be submitted for adoption by the Annual Shareholders' Meeting of Skanska AB on April 13, 2010.

To ensure delivery of shares pursuant to Skanska's Share Award Plan related to the financial year 2006, 300,000 Series B shares were converted to Series B shares.

Skanska has sold its 35 percent stake in the Breitner Energètica S.A. power station for a symbolic sum. The entire value of this stake was charged as an impairment loss in the fourth quarter of 2009.

Skanska Infrastructure Development and its partners have signed an agreement on a feasibility study for a possible public-private partnership project in the U.S. state of Virginia. Skanska will conduct the study and develop a proposal for construction and operation of the Downtown Tunnel/Midtown Tunnel, Martin Luther King Freeway.

The Ministry of Public Works in Chile has appointed Skanska preferred bidder for the development of a toll road in northern Chile. Provided that project financing is in place, Skanska Infrastructure Development will be responsible for design, construction, financing and management of the road for 20 years. Design and construction will be performed by Skanska Latin America and the contract is expected to total about EUR 0.20–0.24 billion.

Through a preferred bidder contract, Skanska has been selected to develop, construct and maintain three schools for the Essex County Council in the U.K. The consortium that includes Skanska will be responsible for the financing, design, construction and maintenance of the schools for 26 years beginning in 2011. The construction assignment, which also includes a fourth school, is estimated at approximately EUR 75 M.

Note 42 Consolidated quarterly results

EUR M	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Order bookings	**3,295.8**	**3,146.3**	**3,478.4**	**2,202.6**	**2,642.7**	**3,203.8**	**3,650.2**	**3,646.0**
Income								
Revenue	3,343.7	3,402.8	3,312.4	2,819.1	3,811.4	3,805.9	3,950.8	3,356.0
Cost of sales	–3,012.6	–3,077.4	–2,975.5	–2,574.0	–3,533.0	–3,437.5	–3,588.2	–3,104.1
Gross income	**331.1**	**325.4**	**336.9**	**245.1**	**278.4**	**368.4**	**362.6**	**251.8**
Selling and administrative expense	–209.4	–174.3	–190.5	–186.3	–271.4	–207.2	–239.6	–209.6
Income from joint ventures and associated companies	4.5	1.5	4.6	2.8	–8.7	6.7	20.3	72.7
Operating income	**126.3**	**152.6**	**151.0**	**61.7**	**–1.7**	**167.9**	**143.3**	**114.9**
Interest income	10.4	5.3	4.2	6.9	8.9	13.2	12.0	18.3
Interest expenses	–10.9	–7.2	–2.8	–4.1	–5.1	–4.7	2.0	0.4
Change in fair value	–0.9	–1.9	–2.6	–3.1	0.3	3.4	0.5	–2.7
Other financial items	–3.5	–3.7	–0.2	–4.8	–5.0	–5.4	–1.3	–1.2
Net financial items	**–4.8**	**–7.5**	**–1.4**	**–5.2**	**–1.0**	**6.5**	**13.2**	**14.9**
Income after financial items	**121.4**	**145.2**	**149.6**	**56.5**	**–2.7**	**174.4**	**156.5**	**129.8**
Taxes	–36.3	–37.2	–40.7	–16.9	–5.7	–47.2	–40.8	–36.4
Profit for the period	**85.1**	**108.0**	**108.9**	**39.6**	**–8.4**	**127.2**	**115.7**	**93.4**
Profit for the period attributable to								
Equity holders	85.5	107.7	108.4	39.5	–11.9	126.7	114.5	92.9
Non-controlling interests	–0.4	0.3	0.5	0.1	3.5	0.6	1.1	0.5
Order backlog	13,257.7	12,900.0	13,303.8	12,911.5	13,011.9	15,127.5	15,317.6	15,254.7
Capital employed	2,484.3	2,511.1	2,436.8	2,417.5	2,298.4	2,552.2	2,556.6	2,783.1
Interest-bearing net receivables	1,216.2	778.7	547.9	666.9	843.4	705.8	799.9	1,244.0
Debt/equity ratio	–0.6	–0.4	–0.3	–0.4	–0.5	–0.4	–0.4	–0.6
Return on capital employed, %	21.2	16.1	16.9	16.5	18.4	25.2	25.6	26.2
Cash flow								
Cash flow from operating activities	382.9	294.0	123.5	–104.4	336.2	47.6	–55.9	–270.3
Cash flow from investing activities	–136.3	–62.8	19.4	–115.0	–24.2	–59.3	–54.7	–61.0
Cash flow from financing activities	–43.8	–100.8	–107.2	10.4	–101.6	–130.3	–338.6	–8.7
Cash flow for the period	**202.8**	**130.3**	**35.7**	**–209.0**	**210.4**	**–142.0**	**–449.3**	**–340.0**

Note 42 Continued

Business streams	2009				2008			
EUR M	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order bookings								
Construction	3,295.8	3,146.3	3,478.4	2,202.6	2,642.7	3,203.8	3,650.2	3,646.0
Total	**3,295.8**	**3,146.3**	**3,478.4**	**2,202.6**	**2,642.7**	**3,203.8**	**3,650.2**	**3,646.0**
Revenue								
Construction	3,108.2	3,269.2	3,157.2	2,777.6	3,740.9	3,757.8	3,744.7	3,246.9
Residential Development	173.3	139.4	165.2	132.7	111.1	138.7	211.2	209.0
Commercial Development	126.7	71.5	119.8	72.4	105.5	101.7	167.7	36.5
Infrastructure Development	3.6	1.2	8.3	1.1	2.0	1.3	0.9	1.6
Central and eliminations	–68.0	–78.6	–138.1	–164.7	–148.1	–193.6	–173.6	–138.1
Total	**3,343.7**	**3,402.8**	**3,312.4**	**2,819.1**	**3,811.4**	**3,805.9**	**3,950.8**	**3,356.0**
Operating income								
Construction	128.2	152.9	126.9	67.1	93.3	147.7	98.4	51.3
Residential Development	8.6	3.1	3.5	–1.0	–55.9	6.2	15.3	16.1
Commercial Development	12.4	17.2	35.1	14.0	11.0	36.1	47.9	4.0
Infrastructure Development	–4.1	–5.3	4.3	–5.7	–18.9	–2.8	1.0	61.8
Central	–22.8	–13.6	–14.5	–13.1	–32.8	–14.9	–22.2	–16.1
Eliminations	3.9	–1.6	–4.2	0.3	1.5	–4.2	2.9	–2.2
Total	**126.3**	**152.6**	**151.0**	**61.7**	**–1.7**	**167.9**	**143.3**	**114.9**

Note 43 Five-year Group financial summary

Income statements, EUR M	2009	2008	2007	2006	2005
Revenue	12,878.0	14,924.1	15,001.7	13,574.3	13,432.5
Cost of sales	–11,639.5	–13,662.8	–13,599.3	–12,344.1	–12,218.7
Gross income	**1,238.5**	**1,261.2**	**1,402.4**	**1,230.2**	**1,213.8**
Selling and administrative expenses	–760.4	–927.8	–861.5	–754.9	–720.4
Income from disposal of discontinued operations	–	–	–	–	19.8
Income from joint ventures and associated companies	13.5	91.0	43.5	39.3	25.5
Operating income	**491.6**	**424.4**	**584.4**	**514.6**	**538.7**
Net financial items	–18.9	33.7	28.2	24.1	12.9
Income after financial items	**472.7**	**458.1**	**612.6**	**538.7**	**551.7**
Taxes	–131.1	–130.2	–167.1	–143.7	–132.5
Profit for the year	**341.5**	**327.9**	**445.5**	**395.0**	**419.1**
Profit for the year attributable to					
Equity holders	341.1	322.2	442.8	392.8	418.0
Non-controlling interests	0.5	5.7	2.7	2.2	1.2
Other comprehensive income					
Translation differences attributable to equity holders	111.8	–180.7			
Translation differences attributable to non-controlling interests	–0.5	2.4			
Hedging of exchange risk in foreign operations	–31.8	38.0			
Effects of actuarial gains and losses on pensions	71.9	–284.9			
Effects of cash flow hedges	–15.8	–23.0			
Tax attributable to other comprehensive income	–21.9	77.8			
Other comprehensive income for the year	**113.7**	**–370.4**			
Total comprehensive income for the year	**455.2**	**–42.4**			
Total comprehensive income for the year attributable to					
Equity holders	455.2	–50.5			
Non-controlling interests	0.0	8.1			
Cash flow					
Cash flow from operating activities	695.9	57.5	983.6	401.7	722.7
Cash flow from investing activities	–294.7	–199.2	–264.4	–345.8	–34.8
Cash flow from financing activities	–241.4	–579.2	–399.3	–309.1	–295.9
Cash flow for the year	**159.8**	**–720.9**	**319.9**	**–253.2**	**392.0**

Note 43 Continued

Statements of financial position, EUR M	31 dec 2009	31 dec 2008	31 dec 2007	31 dec 2006	31 dec 2005
ASSETS					
Non-current assets					
Property, plant and equipment	612.1	632.2	632.1	603.5	558.2
Goodwill	423.7	405.9	485.1	496.6	442.3
Intangible assets	80.1	73.5	69.6	81.8	68.6
Investment in joint ventures and associated companies	149.3	138.2	205.8	209.5	195.3
Financial non-current assets[1, 3]	101.2	28.2	77.0	165.9	131.6
Deferred tax assets	162.0	180.0	101.2	218.5	243.0
Total non-current assets	**1,528.3**	**1,458.0**	**1,571.0**	**1,775.8**	**1,638.9**
Current assets					
Current-asset properties[2]	1,807.1	1,696.6	1,396.8	1,308.0	1,116.1
Inventories	81.1	82.3	81.4	53.5	53.3
Financial current assets[3]	725.8	665.7	495.9	348.8	240.6
Tax assets	51.8	74.2	43.5	36.5	35.1
Gross amount due to customers for contract work	501.6	556.2	598.6	577.5	597.3
Trade and other receivables	2,296.2	2,374.6	2,663.6	2,572.8	2,447.3
Cash equivalents			55.1	235.7	329.5
Cash	913.7	720.1	1,448.6	977.5	1,126.8
Assets classified as held for sale					7.7
Total current assets	**6,377.2**	**6,169.8**	**6,783.5**	**6,110.4**	**5,953.8**
TOTAL ASSETS	**7,905.4**	**7,627.7**	**8,354.4**	**7,886.2**	**7,592.7**
of which interest-bearing	1,713.9	1,382.9	2,054.7	1,707.7	1,807.4
EQUITY					
Equity attributable to equity holders	1,967.6	1,739.2	2,170.2	2,122.4	1,964.3
Non-controlling interests	18.9	19.7	23.0	16.2	14.7
Total equity	**1,986.5**	**1,758.9**	**2,193.2**	**2,138.6**	**1,979.0**
LIABILITIES					
Non-current liabilities					
Financial non-current liabilities[3]	185.8	98.4	101.1	225.5	258.1
Pensions	215.4	283.3	121.6	172.1	256.3
Deferred tax liabilities	162.5	160.8	219.0	319.8	301.4
Non-current provisions	5.1	7.9	10.2	13.2	15.2
Total non-current liabilities	**568.8**	**550.3**	**451.8**	**730.6**	**831.0**
Current liabilities					
Financial current liabilities[3]	112.0	190.1	286.1	154.4	115.0
Tax liabilities	103.3	78.9	94.3	80.5	63.4
Current provisions	486.7	448.5	385.9	384.4	340.7
Gross amount due to customers for contract work	1,605.7	1,557.9	1,666.6	1,256.0	1,254.5
Trade and other payables	3,042.5	3,043.0	3,276.5	3,141.7	3,004.7
Liabilities classified as held for sale					4.5
Total current liabilities	**5,350.2**	**5,318.5**	**5,709.4**	**5,017.0**	**4,782.7**
TOTAL EQUITY AND LIABILITIES	**7,905.4**	**7,627.7**	**8,354.4**	**7,886.2**	**7,592.7**
of which interest-bearing	497.8	539.6	511.6	560.1	624.4
1 of which shares	5.3	5.8	9.7	6.5	6.3
2 Current-asset properties					
Commercial Development	981.4	876.3	662.5	617.5	618.0
Other commercial properties	118.4	113.8	79.2	105.7	148.6
Residential Development	707.4	706.6	655.1	584.8	349.4
	1,807.1	**1,696.6**	**1,396.8**	**1,308.0**	**1,116.1**

3 Items related to non-interest-bearing unrealized changes in value of derivatives/securities are included in the following amounts:

Financial non-current assets			0.2	0.9	11.4
Financial current assets	21.4	25.2	12.1	12.8	3.7
Financial non-current liabilities				0.7	2.3
Financial current liabilities	22.5	41.9	9.4	6.6	20.9

Note 43 Continued

Financial ratios etc.[4, 5, 6]	Dec 31, 2009	Dec 31, 2008	Dec 31, 2007	Dec 31, 2006	Dec 31, 2005
Order bookings[4]	12,123.0	13,142.5	15,498.8	14,090.7	12,061.8
Order backlog[4]	13,257.7	13,011.9	15,448.0	14,719.3	13,388.4
Average number of employees	52,931	57,815	60,435	56,085	53,806
Regular dividend per share, SEK[5]	5.25	5.25	5.25	4.75	4.50
Corresponding to EUR	0.51	0.49	0.55	0.51	0.49
Extra dividend per share, SEK	1.00	0.00	3.00	3.50	2.00
Corresponding to EUR	0.10	0.00	0.31	0.38	0.22
Earnings per share after repurchases and conversion, EUR	0.82	0.77	1.06	0.94	1.00
Earnings per share after repurchases, conversion and dilution, EUR	0.82	0.77	1.06	0.94	1.00
Capital employed	2,484.3	2,298.4	2,704.8	2,698.6	2,603.4
Interest-bearing net receivables (+)/net debt (–)	1,216.2	843.4	1,543.1	1,147.6	1,183.0
Equity per share, EUR	4.77	4.19	5.19	5.07	4.69
Equity/assets ratio, %	25.1	23.1	26.3	27.1	26.1
Debt/equity ratio	–0.6	–0.5	–0.7	–0.5	–0.6
Interest cover	–369.5	–13.9	–15.9	–21.3	–37.4
Return on equity, %	18.9	16.0	21.1	20.6	22.0
Return on capital employed, %	21.2	18.4	25.1	22.6	23.3
Operating margin, %	3.8	2.8	3.9	3.8	4.0
Cash flow per share, EUR	0.72	–0.95	1.17	–0.22	1.06
Number of shares at year-end	423,053,072	423,053,072	423,053,072	418,553,072	418,553,072
of which Series A shares	20,100,265	22,463,663	22,464,731	22,502,851	22,554,062
of which Series B shares	399,012,807	396,089,409	396,088,341	396,050,221	395,999,009
of which Series D shares (not entitled to dividend, in Skanska's own custody)	3,940,000	4,500,000	4,500,000	4,500,000	
Number of Series D shares converted to Series B shares	560,000				
Average price, repurchased shares, SEK	100.69	96.97			
corresponding to an average price per repurchased share of EUR	9.48	10.07			
Number of repurchased Series B shares	6,214,000	2,795,000			
of which repurchased during the year	3,419,000				
Number of Series B shares in own custody at year-end	6,331,190	2,793,162			
Number of shares outstanding at year-end					
After repurchases and conversion	412,781,882	415,759,910	418,553,072		
After repurchases, conversion and dilution	415,262,136	416,027,688	419,150,515		
Average number of shares outstanding					
After repurchases and conversion	415,059,131	416,985,073	418,553,072	418,553,072	418,553,072
After repurchases, conversion and dilution	416,743,454	417,851,397	418,992,099	418,827,470	418,561,923
Average dilution, percent	0.40	0.21	0.10		

4 Refers to Construction. Comparative periods have been adjusted because of this.
5 Proposed by the Board of Directors: Regular dividend of SEK 5.25 per share and extra dividend of SEK 1.00 per share, totaling SEK 6.25 per share.
6 For definitions, see Note 44.

Note 44 Definitions

Average capital employed	Calculated on the basis of five measuring points: half of capital employed on January 1 plus capital employed at the end of the first, second and third quarters plus half of capital employed at year-end, divided by four.
Average visible equity	Calculated on the basis of five measuring points: half of equity attributable to equity holders on January 1 plus equity attributable to equity holders at the end of the first, second and third quarters plus half of equity attributable to equity holders at year-end, divided by four.
Cash flow per share	Cash flow before change in interest-bearing receivables and liabilities divided by the average number of shares outstanding after repurchases and conversion
Capital employed in business streams, markets and business/reporting units	Total assets minus tax assets and deposits in Skanska's treasury unit minus non-interest-bearing liabilities minus provisions for taxes and tax liabilities.
Comprehensive income	Change in equity not attributable to transactions with owners.
Consolidated capital employed	Total assets minus non-interest-bearing liabilities.
Consolidated operating cash flow	In the consolidated operating cash flow statement, which includes taxes paid, investments are recognized both in cash flow from business operations and in cash flow from strategic investments. See also Note 35.
Consolidated return on capital employed	Operating income plus financial income as a percentage of average capital employed.
Debt/equity ratio	Interest-bearing net debt divided by visible equity including non-controlling interests.
Earnings per share after repurchases and conversion	Profit for the year attributable to equity holders divided by the average number of shares outstanding after repurchases and conversion.
Earnings per share after repurchases, conversion and dilution	Profit for the year attributable to equity holders divided by the average number of shares outstanding after repurchases, conversion and dilution.
Equity/assets ratio	Visible equity including non-controlling interests as a percentage of total assets.
Equity per share	Visible equity attributable to equity holders divided by the number of shares outstanding after repurchases and conversion at year-end.
Interest-bearing net receivables	Interest-bearing assets minus interest-bearing liabilities.
Interest cover	Operating income and financial income plus depreciation/amortization divided by net interest items.
Operating cash flow	Cash flow from operations before taxes and before financial activities. See also Note 35.
Operating net on properties	Rental income and interest subsidies minus operating, maintenance and administrative expenses as well as real estate tax. Site leasehold rent is included in operating expenses.
Order backlog	Contracting assignments: The difference between order bookings for the period and accrued revenue (accrued project costs plus accrued project income adjusted for loss provisions) plus order backlog at the beginning of the period. Services: The difference between order bookings and accrued revenue plus order backlog at the beginning of the period.
Order bookings	Contracting assignments: Upon written order confirmation or signed contract, where financing has been arranged and construction is expected to begin within 12 months. Also includes orders from Residential Development and Commercial Development. Services: For fixed-price assignments, upon signing of contract. For cost-plus assignments, order bookings coincide with revenue. No order bookings are reported for Residential Development and Commercial Development.
Other comprehensive income	Comprehensive income minus profit according to the income statement. The item includes translation differences, hedging of exchange risk in foreign operations, effects of actuarial gains and losses on pensions, effects of cash flow hedges and tax attributable to other comprehensive income.
Return on capital employed in business streams, markets and business/reporting units	Operating income plus financial income minus interest income from Skanska's treasury unit and other financial items as a percentage of average capital employed.
Return on equity	Profit attributable to equity holders as a percentage of average visible equity attributable to equity holders.
Yield on properties	Operating net divided by year-end carrying amount.

Note 45 Supplementary information

Skanska AB, Swedish corporate identity number 556000–4615, is the Parent Company of the Skanska Group. The Company has its registered office in Solna, Stockholm County, and is a limited company in compliance with Swedish legislation.
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SE–169 83 Solna, Sweden
Tel: +46–10–448 00 00
Fax: +46–8–755 12 56
E-mail:investor.relations@skanska.se

Statement by the President and Chief Executive Officer

These financial statements have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards and give a true and fair view of the Group's financial position and results.

Solna, February 4, 2010

Johan Karlström

President and Chief Executive Officer

Independent Auditors' Report

To the Board of Directors of Skanska AB (publ.)
Corporate identity number 556000–4615

We have audited the consolidated financial statements of Skanska AB (publ.) on pages 70–137, which comprise the statement of financial position at December 31, 2009, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide bases for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Skanska AB (publ.) as of December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Stockholm, April 6, 2010
KPMG AB

George Pettersson
Authorized Public Accountant

The New York City subway system is growing. On Manhattan's West Side, Skanska is extending the No. 7 line and on the East Side the Second Avenue Subway. Here a 27 m (89 ft.) high reinforcing cage is being lowered from street level on 2nd Avenue.

Corporate governance report of Skanska AB (publ) for 2009 and the Board of Directors' report on internal control

Corporate governance report

This corporate governance report for 2009 plus the Board of Directors' report on internal control have not been reviewed by the Company's external auditors. The reports are not part of the formal annual account documents.

Corporate governance

Skanska AB is a Swedish public limited company. Skanska AB's Series B shares are listed on the NASDAQ OMX Stockholm. Skanska AB and the Skanska Group are governed in accordance with the Articles of Association, the Swedish Companies Act, the NASDAQ OMX Stockholm rule book for issuers and other applicable Swedish and foreign laws and ordinances.

Skanska applies the Swedish Code of Corporate Governance ("the Code").

Articles of Association

The Articles of Association are adopted by the shareholders' meeting and shall contain a number of mandatory disclosures of a more fundamental nature for the Company. Among other things, they shall state what operations the Company shall conduct, the size and registered office of the Board of Directors, the size of the share capital, any regulations on different types of shares, the number of shares and how notice of a Shareholders' Meeting shall be provided. The complete Articles of Association are available on Skanska's website, www.skanska.com.

Shareholders' meeting

At the shareholders' meeting, the highest decision-making body, Skanska's shareholders decide on central issues, such as the adoption of income statements and balance sheets, the dividend to the shareholders, the composition of the Board, discharging the members of the Board of Directors and the President from liability for the financial year, amendments to the Articles of Association, election of auditors and principles of remuneration to senior executives. Shareholders who are listed in the register of shareholders on the record date and who notify the Company of their intention to participate in the meeting are entitled to attend it, either personally or by proxy through a representative or substitute.

Every shareholder is entitled to have an item of business dealt with at the shareholders' meeting. Well before notice of the meeting is issued, the Company's website provides information on how shareholders shall proceed in order to have an item of business dealt with.

The 2009 Annual Shareholders' Meeting

The Annual Shareholders' Meeting was held on April 6, 2009 in Stockholm. At the Meeting, a total of 604 shareholders were present personally or through proxy, representing about 58.4 percent of the total voting power in the Company. The Meeting re-elected Finn Johnsson, Johan Karlström, Bengt Kjell, Sverker Martin-Löf, Sir Adrian Montague, Lars Pettersson and Matti Sundberg as members of the Board of Directors. It elected Stuart E. Graham as a new member of the Board. The Meeting re-elected Sverker Martin-Löf as Chairman of the Board. The employees were represented on the Board by Inge Johansson, Roger Karlström and Alf Svensson as members, with Richard Hörstedt, Jessica Karlsson and Ann-Christin Kutzner as deputy members. Among other things, the Meeting approved a dividend to the shareholders totaling SEK 5.25 (corresponding to EUR 0.49) per share. Thirteen of a total of fourteen members of the Board and the Company's auditors were present at the Annual Shareholders' Meeting. Complete information about the 2009 Annual Shareholders' Meeting plus minutes of the Meeting are available on Skanska's website.

The 2010 Annual Shareholders' Meeting

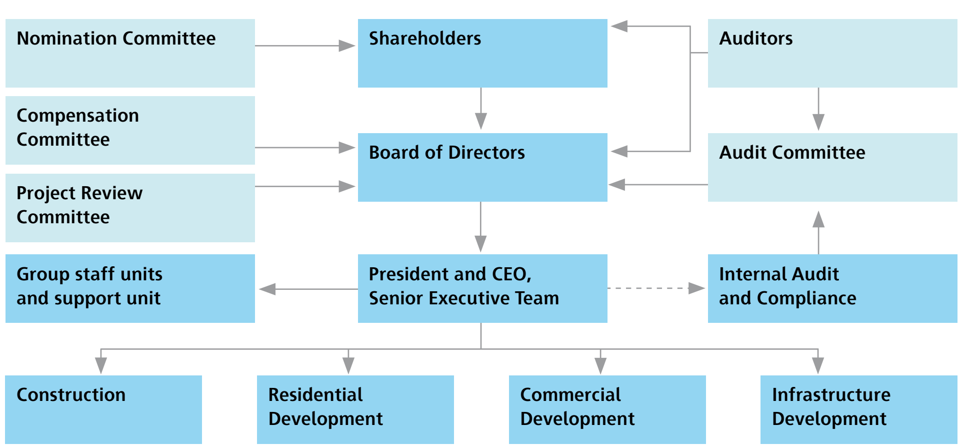
The next Annual Shareholders' Meeting of Skanska AB will be held at 5:00 p.m. on April 13, 2010 at the Berwaldhallen concert hall, Stockholm, Sweden.

Information has been provided on Skanska's website to shareholders on how they should proceed if they wish to have an item of business dealt with at the 2010 Annual Shareholders' Meeting.

The Nomination Committee

Among the tasks of the Nomination Committee is to propose candidates for election as members of the Board of Directors. The 2009 Annual Shareholders' Meeting gave the Chairman of the Board a mandate to allow the three to five largest shareholders in terms of voting power each to appoint a representative to comprise, together with the Chairman, a Nomination Committee in preparation for the 2010 Annual Shareholders'

Governance structure



Meeting. The Nomination Committee has the following composition: Carl-Olof By, AB Industrivärden, Chairman of the Nomination Committee; Jan Andersson, Swedbank Robur Funds; Håkan Sandberg, Svenska Handelsbanken AB and the Handelsbanken Pension Foundation; Peter Lindell, AMF Insurance and Funds; Bo Selling, Alecta; and Sverker Martin-Löf, Chairman of the Board, Skanska AB.

Information has been provided on Skanska's website on how shareholders can submit their own proposals to the Nomination Committee by sending an e-mail to the Nomination Committee. The proposal of the Nomination Committee will be published in the notice of the 2010 Annual Shareholders' Meeting. At the same time, the Nomination Committee's proposal and an explanatory statement will be available on Skanska's website.

The Board of Directors

The Board of Directors makes decisions concerning overall issues about the Parent Company and the Group, such as Group strategy, publication of interim and annual reports, major construction projects, investments and divestments, appointment of the President and CEO as well as the organizational structure of the Group. The Board has established three special committees:

– The Audit Committee
– The Compensation Committee
– The Project Review Committee

These committees are described in more detail on page 144.

The members of the Board

The Board of Directors consists of eight members elected by the Annual Shareholders' Meeting without deputies plus three members and three deputy members appointed by the employees.

The President and CEO is a member of the Board. At the 2009 Annual Shareholders' Meeting, Board member Jane Garvey resigned. Stuart Graham was elected as a new member of the Board.

For more detailed information about individual Board members and deputy members, see page 150.

Six of the Board members elected by the Shareholders' Meeting are independent in relation to the Company and its management. Of these, more than two members are also deemed independent in relation to the Company's largest shareholders. Only one member (the President and CEO) is active in the management of the Company.

The Nomination Committee, 2010

Members of the Nomination Committee, 2010	Representing	December 31, 2009 % of voting power
Carl-Olof By	AB Industrivärden	27.8
Bo Selling	Alecta	4.92
Håkan Sandberg	Svenska Handelsbanken AB and Handelsbanken Pension Foundation	4.83
Peter Lindell	AMF Insurance and Funds	3.69
Jan Andersson	Swedbank Robur Funds	3.62
Sverker Martin-Löf	Chairman of the Board, Skanska AB	–

The members and deputy members of the Board

Member	Position	Born	Nationality	Year elected	Audit Committee	Compensation Committee	Project Review Committee	Independent in relation to the Company and its management	Independent in relation to major shareholders
Sverker Martin-Löf	Chairman	1943	Sweden	2001	□	■	■	Yes	No
Stuart E. Graham[1]	Member	1946	U.S.	2009				No	Yes
Finn Johnsson	Member	1946	Sweden	1998	□	□		Yes	No
Johan Karlström	President and CEO	1957	Sweden	2008			□	No	Yes
Bengt Kjell	Member	1959	Sweden	2008	■		□	Yes	No
Sir Adrian Montague	Member	1948	U.K.	2007			□	Yes	Yes
Lars Pettersson	Member	1954	Sweden	2006		□		Yes	Yes
Matti Sundberg	Member	1942	Finland	2007			□	Yes	Yes
Richard Hörstedt	Employee Rep. (Deputy)	1963	Sweden	2007				–	–
Inge Johansson	Employee Representative	1951	Sweden	1999			□	–	–
Jessica Karlsson	Employee Rep. (Deputy)	1975	Sweden	2005				–	–
Roger Karlström	Employee Representative	1949	Sweden	2008				–	–
Ann-Christin Kutzner	Employee Rep. (Deputy)	1947	Sweden	2004				–	–
Alf Svensson	Employee Representative	1960	Sweden	2007				–	–

1 From April 6, 2009

■ = Chairman □ = Member

The work of the Board in 2009

The work of the Board of Directors follows a yearly agenda, which is stipulated in the Board's Procedural Rules. In preparation for each Board meeting, the Board receives supporting documentation compiled according to established procedures. These procedures are aimed at ensuring that the Board receives relevant information and documentation for decision making before all its meetings. All documentation is formulated in the English language.

During the year, the Board held eight meetings including its statutory meeting. At its September 2009 meeting, the Board visited the business units in the United Kingdom, Skanska UK and Skanska Infrastructure Development. At the meeting, the Board also discussed Skanska's strategy plan, among other topics. In conjunction with this meeting, the Board made a work site visit to the project known as The Barts and the London Hospitals. Among the more important issues that the Board dealt with during the year were future Group strategy, internal control, governance of operations, risk management and employee health and safety.

During the year, the Board examined the relevance and timeliness of all legally mandated instructions.

The committees of the Board

In its Procedural Rules, the Board has specified the duties and decision making powers that the Board has delegated to its committees. All committees report orally to the Board at each meeting in accordance with the mechanisms that are stipulated in the Procedural Rules. Minutes of all committee meetings are provided to the Board.

Audit Committee

The main task of the Audit Committee is to assist the Board in overseeing financial reporting, report procedures and accounting principles as well as monitoring the auditing of the accounts for the Parent Company and the Group. The Committee also evaluates the quality of the Group's reporting, internal auditing and risk management functions and studies the reports and opinions of the Company's external auditors. The Company's external auditors are present at all meetings of the Audit Committee. In this way, the Committee safeguards the quality of financial reporting, whose contents have been established by the Board in its Procedural Rules. The Audit Committee consists of Bengt Kjell (Chairman), Finn Johnsson and Sverker Martin-Löf. During 2009, the committee held four meetings.

Compensation Committee

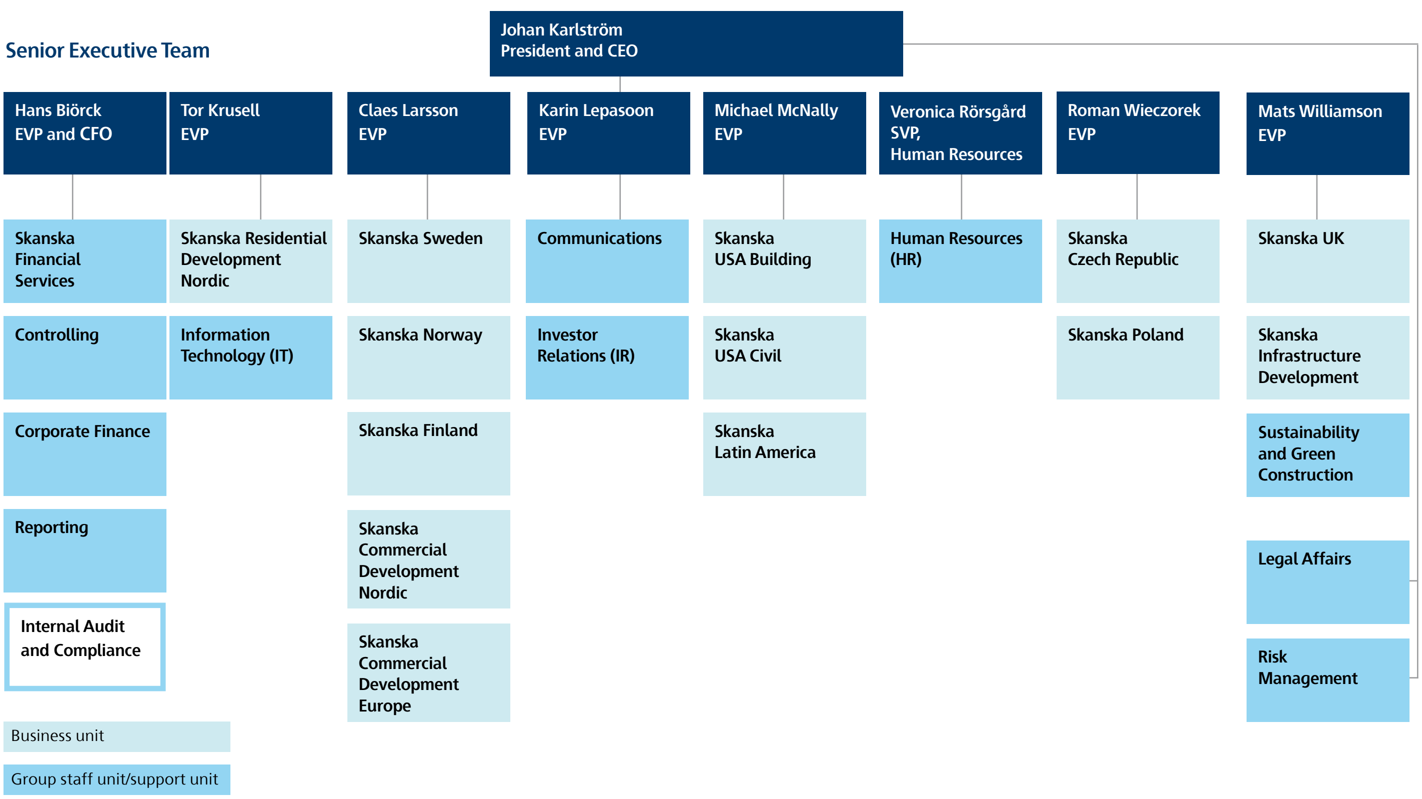
The main task of the Compensation Committee is to prepare the Board's decisions concerning employment of the President and CEO and other members of the Senior Executive Team, as well as the salary and other compensation of the President and CEO. The committee makes decisions on the compensation, pensions and other terms of employment of other members of the Senior Executive Team. The committee prepares the Board's decisions on general incentive programs and examines the outcomes of flexible salary elements. The Compensation Committee consists of Sverker Martin-Löf (Chairman), Finn Johnsson and Lars Pettersson. During 2009, the committee held four meetings.

Attendance at meetings and remuneration to the Board

Board member	Board	Audit Committee	Compensation Committee	Project Review Committee	Remuneration, Board, EUR	Remuneration, Audit Committee, EUR	Remuneration, Compensation Committee, EUR	Remuneration, Project Review Committee, EUR	Total remuneration, EUR
Number of meetings	**8**	**4**	**4**	**11**					
Sverker Martin-Löf	8	4	4	11	127,084	9,414	7,060	14,120	**157,678**
Stuart E. Graham[1]	6				42,361				**42,361**
Finn Johnsson	6	4	3		42,361	9,414	7,060		**58,835**
Johan Karlström	8			11					
Bengt Kjell	8	4		10	42,361	11,767		14,120	**68,248**
Sir Adrian Montague	8			8	42,361			14,120	**56,481**
Lars Pettersson	8		4		42,361		7,060		**49,421**
Matti Sundberg	8			11	42,361			14,120	**56,481**
Richard Hörstedt	8								
Inge Johansson	7			10					
Jessica Karlsson	8								
Roger Karlström	7								
Ann-Christin Kutzner	8								
Alf Svensson	8								
Total					**381,250**	**30,595**	**21,180**	**56,480**	**489,505**

1 From April 6, 2009

Skanska's management structure



Project Review Committee

The Project Review Committee has the Board's mandate to make decisions on its behalf regarding individual construction and real estate projects, investments and divestments in infrastructure projects and certain project financing packages. Projects that include especially high or unusual risks or other special circumstances may be referred to the Board for its decision. The committee consists of Sverker Martin-Löf (Chairman), Johan Karlström, Bengt Kjell, Sir Adrian Montague, Matti Sundberg and Inge Johansson. During 2009, the committee held eleven meetings.

Evaluation of the work of the Board

The work of the Board is evaluated yearly through a systematic and structured process, among other things aimed at gathering good supporting documentation for improvements in the Board's own work. External resources are utilized in compiling the supporting documentation for this evaluation. The evaluation provides the Chairman of the Board with information about how the members of the Board perceive the effectiveness and collective competence of the Board. The Chairman of the Board informs the Nomination Committee of the results of this evaluation.

Fees to the Board of Directors

Total fees to the Board members elected by the shareholders' meeting were approved by the 2009 Annual Shareholders' Meeting in the amount of EUR 381,250. The Chairman of the Board received EUR 127,084 in fees and other Board members EUR 42,361 each. In SEK this represented unchanged fees compared to 2008.

In addition, in accordance with the decision of the Shareholders' Meeting, members elected by the shareholders' meeting and serving on the Board's committees each received EUR 7,060 on the Compensation Committee, EUR 14,120 on the Project Review Committee and EUR 9,414 per member of the Audit Committee and EUR 11,767 to its Chairman. In SEK this also represented unchanged levels of compensation compared to 2008.

The Board's communication with the Company's auditors

As mentioned above, the Company's external auditors participate in all meetings of the Audit Committee. According to the Procedural Rules, the Board of Directors meets with the auditors twice a year. On these occasions, the auditors orally present

the findings of their auditing work.
At least once per year, the Board meets the auditors without senior executives being present.

Operational management and internal control

The President and CEO and the Senior Executive Team

The President and Chief Executive Officer (CEO) is responsible for day-to-day management and oversight of the Group's operations. The work of the President and CEO is specially evaluated at one meeting each year at which no senior executives are present. The President and CEO and the seven Executive Vice Presidents plus the Senior Vice President, Human Resources form the Senior Executive Team (SET). In the Procedural Rules it is stipulated that if the President and CEO cannot fulfill his duties, these duties devolve upon the Chief Financial Officer (CFO), or in his or her absence the Executive Vice President with the longest period of service in this position. For information on the President and CEO and the Senior Executive Team, see page 148. The President and CEO has no business dealings of any significance with Skanska AB or its Group companies. He owns no shares in companies that have significant business dealings with companies in the Skanska Group.

Group staff units and support units

At Skanska Group headquarters in Solna, there are Group staff units plus the support unit Skanska Financial Services AB. The Group staff units and support unit assist the President and CEO and the Senior Executive Team on matters concerning Groupwide functions, coordination and controls.

In addition, they provide support to the business units. The head of each Group staff unit, aside from the head of Internal Audit and Compliance, reports directly to a member of the Senior Executive Team. The head of Internal Audit and Compliance reports to the Board via its Audit Committee. A presentation of the Group staff units and support unit is found on page 149.

The business units and their governance

The organizational structure of the Skanska Group is characterized by clear decentralization and a large measure of delegation of authority and responsibility to the business units. Each business unit is headed by a President and has its own dedicated or shared staff units and other resources in order to conduct its operations effectively.

Aside from day-to-day operations of the business units, there are matters related to the strategic development of the units as well as matters concerning their strategic investments and divestments. These items of business are prepared by the management team at each respective unit and are then submitted to the Senior Executive Team or Skanska AB's Board of Directors for approval, depending on the size of the item of business. The Boards of Directors of the business units consist of representatives of Skanska AB, individuals from other business units as well as of the respective business unit's own management team. In each business unit, the Chairman of the Board is a member of the Senior Executive Team. Where appropriate, employee representatives are included.

Each business unit follows a structured, step-by-step risk management process. Depending among other things on the size, type and geographic location of projects, a structured risk management report to the proper decision-making level is required before final decisions are made.

Governing documents

As part of the governance of Group operations, Skanska AB's Board of Directors has adopted a number of policy documents. In addition, the Senior Executive Team has adopted more detailed guidelines for the Group. These policies and guidelines are available to all business units on Skanska's intranet and are updated regularly to reflect changes in operations and new requirements. Among the more important governing documents are the Board's Procedural Rules, the Group's Financial Policy, Information Policy, Risk Management System and Code of Conduct.
The Board's Procedural Rules state what items of business shall be decided by the Board of Skanska AB, by the President and CEO/Senior Executive Team or at the business unit level. The threshold levels for decisions stated in the Procedural Rules are further broken down in the business units' own decision-making rules. The business units provide regular, systematic feedback on compliance with the more important governing documents, such as the Financial Policy and the Code of Conduct, to the Senior Executive Team.

Remuneration for senior executives

The 2009 Annual Shareholders' Meeting approved principles for the salaries and other remuneration to senior executives. These principles, as well as the Board's proposal for new principles to be approved at the 2010 Annual Shareholders' Meeting, are available on Skanska's website and in the Report of the Directors, page 68.

Information about salaries and other remuneration to the President and CEO and the other members of the Senior Executive Team as well as share award and share-related incentive programs outstanding are found in Note 37, page 127.

The Company's auditors

The 2009 Annual Shareholders' Meeting selected the accounting firm of KPMG AB as auditor of Skanska AB. This assignment runs until the 2013 Annual Shareholders' Meeting. The auditor in charge is George Pettersson, Authorized Public Accountant. For information on fees and other remuneration to KPMG, see the table below.

Fees and other remuneration to the auditors

EUR M	2009	2008
Audit assignments	**5.1**	5.4
Other audit-related assignments	**0.5**	0.7
Tax advisory services	**0.9**	1.1
Total	**6.5**	7.3

The Board of Directors' report on internal control

According to the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for internal control.

This report has been drafted in compliance with the Swedish Code of Corporate Governance in its wording before February 1, 2010, section 10.5, taking into account the updated Guidance on the Swedish Code of Corporate Governance published by working groups from the Confederation of Swedish Enterprise and FAR SRS (the professional institute for accountancy and auditing in Sweden), on September 8, 2009. It is thus limited to internal control dealing with financial reporting.

Control environment

The Board of Directors' Procedural Rules and instructions for the President and CEO and the committees of the Board ensure a clear division of roles and responsibilities in order to foster effective management of business risks. The Board has also adopted a number of fundamental guidelines of importance to the internal control task. Examples of these guidelines are the Company's risk management system, financial policy and Code of Conduct. All these guidelines are available to all business units on Skanska's intranet. The Senior Executive Team reports regularly to the Board on the basis of established procedures. In addition, the Audit Committee presents reports on its work. The Senior Executive Team is responsible for the system of internal controls required to manage significant risks in operating activities. Among other things, this includes instructions to various employees for the maintenance of good internal control.

Risk assessment and control activities

Skanska has identified the material risks in its operations that may, if not managed correctly, lead to errors in financial reporting and/or have an impact on the Company's results. This work is limited to risks that may individually have an effect of EUR 0.9 M or more.

The Company has then made certain that there are policies and procedures in the Group to ensure that these risks are managed effectively.

During 2009, all business units plus Skanska Financial Services carried out self-evaluations to assess compliance with Group policies and procedures. These self-evaluations have been reviewed by Skanska's internal auditors.

Information and communication

Essential accounting principles, manuals and other documents of importance to financial reporting are updated and communicated regularly to the affected employees. There are several information channels to the Senior Executive Team and the Board of Directors for essential information from employees. For external communication, there is an information policy document that ensures that the Company lives up to the existing requirements for correct information to the market.

Monitoring

The Board of Directors continually evaluates the information supplied by the Senior Executive Team and the Audit Committee. Of particular importance is the Audit Committee's work in monitoring the effectiveness of the Senior Executive Team's work with internal control. This work includes ensuring that steps are taken concerning shortcomings and proposed actions that have emerged from internal and external auditing.

Internal Audit and Compliance

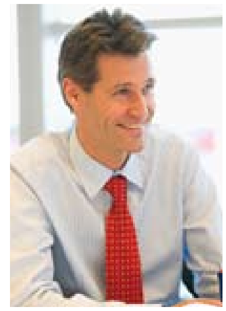
Internal Audit and Compliance, a Group staff unit established in 2006, is responsible for monitoring and evaluating risk management and internal control work. This task includes examining compliance with Skanska's guidelines. The Group staff unit is independent of the Senior Executive Team and reports directly to the Board of Directors via its Audit Committee. Internal Audit and Compliance plans its work in consultation with the Audit Committee and regularly reports the findings of its examinations to the Committee. The unit communicates continuously with Skanska's external auditors on matters concerning internal control.

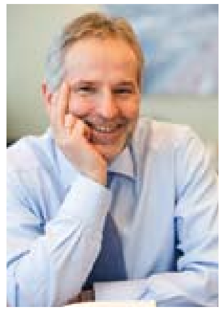
During 2009, the Internal Audit and Compliance unit concentrated its activities on auditing the material risks that have been identified in the business. These audits were conducted in projects as well as in the central support functions. A total of about 80 audits were conducted during the year. These audits were carried out in accordance with a uniform audit methodology.

Solna, February 2010

The Board of Directors,
Skanska AB (publ)

Senior Executive Team

					
	Johan Karlström	**Hans Biörck**	**Tor Krusell**	**Claes Larsson**	**Karin Lepasoon**
Position	President and Chief Executive Officer	Executive Vice President , Chief Financial Officer	Executive Vice President ▪ Responsible in the Senior Executive Team for Skanska Residential Development Nordic	Executive Vice President ▪ Responsible in the Senior Executive Team for Skanska Sweden, Skanska Norway, Skanska Finland, Skanska Commercial Development Nordic and Skanska Commercial Development Europe	Executive Vice President, Communications and IR
Born	1957	1951	1964	1965	1968
Joined Skanska in	1983–95, 2001	2001	1998	1990	2006
Shareholding in Skanska	110,623 B shares of which 18,303 as part of SEOP[1] plus 19,385 share awards[1]	85,478 B shares of which 9,516 as part of SEOP[1] plus 16,511 share awards[1]	13,029 B shares of which 3,643 as part of SEOP[1] plus 9,653 share awards[1]	14,583 B shares of which 6,897 as part of SEOP[1] plus 10,238 share awards[1]	3,922 B shares of which 3,779 as part of SEOP[1] plus 3,841 share awards[1]
Board assignments	–	▪ Trelleborg AB, Board member ▪ The Dunker Foundation, Board member ▪ The Swedish Financial Reporting Board, Board member	–	▪ Handelsbanken's regional bank board of directors, western Sweden, Board member	–
Education	▪ M.Sc. Engineering, Royal Institute of Technology, Stockholm ▪ Advanced Management Program, Harvard, Boston, MA, U.S.A.	▪ M.Sc. Economics, Stockholm School of Economics	▪ DRMI Berghs - Communications	▪ M.Sc. Engineering, Chalmers University of Technology ▪ MBA, Chalmers University of Technology and Göteborg University	▪ Master of Swedish and International Law, University of Lund, Sweden. ▪ Master of European Community Law, University of Leiden, The Netherlands.
Work experience	▪ Regional Manager, Skanska Norrland ▪ President and CEO, BPA (now Bravida) ▪ Executive Vice President, Skanska AB responsible for Nordic construction operations ▪ Executive Vice President, Skanska AB responsible for U.S. construction operations	▪ CFO, Esselte Business Systems Inc. ▪ CFO, Esselte AB ▪ CFO, Autoliv inc.	▪ Information Director, TeleGuide ▪ Corporate Communications Director Europe, Intel ▪ Director External Communications, Trygg-Hansa ▪ Director External Communications, SEB ▪ Senior Vice President, Communications, Skanska AB ▪ Executive Vice President, Human Resources, Skanska AB	▪ President, Skanska Fastigheter Göteborg ▪ President, Skanska Commercial Development Nordic	▪ Corporate Communications Manager, UBI AB ▪ Corporate Communications Manager, Gambro AB

			
Mike McNally	**Veronica Rörsgård**	**Roman Wieczorek**[2]	**Mats Williamson**
Executive Vice President ▪ Responsible in the Senior Executive Team for Skanska USA Building, Skanska USA Civil and Skanska Latin America	Senior Vice President, Human Resources	Executive Vice President ▪ Responsible in the Senior Executive Team for Skanska Czech Republic and Skanska Poland	Executive Vice President ▪ Responsible in the Senior Executive Team for Skanska UK and Skanska Infrastructure Development
1955	1974	1957	1958
1998	2009	1998	1989
9,579 B shares of which 9,269 as part of SEOP[1]	0 shares	7,298 B shares of which 7,094 as part of SEOP[1] plus 9,321 share awards[1]	55,785 B shares of which 6,574 as part of SEOP[1] plus 11,123 share awards[1]
▪ New York Building Congress, Vice Chairman ▪ U.S. Leadership Council, ACE Mentoring, member ▪ Construction Industry Roundtable, member	–	–	–
▪ B.S. Civil Engineering, University of Notre Dame ▪ M.B.A., University of Rhode Island	▪ Master of Science in Business and Economics, Mälardalen University ▪ Université Jean Moulin Lyon III	▪ Adam Mickiwicz University in Poznań – Law Department	▪ M.Sc. Engineering, Lund Institute of Technology ▪ Advanced Management Program, Harvard, Boston, MA, U.S.A.
▪ Director of Operations, Marshall Contractors – Providence, RI ▪ Vice President, Fluor Daniel Industrial Group, Greenville, SC ▪ President, Beacon – Skanska, Boston, MA ▪ Co-Chief Operating Officer, Skanska USA Building ▪ President, Skanska USA Building	▪ International Account Manager, IBM ▪ Managing Director, Propell ▪ Country Manager Sweden, Alumni	▪ Division Manager, Skanska Poland ▪ President, Skanska Poland	▪ Project Director, Skanska – Öresund Bridge ▪ President, Skanska International Projects ▪ President, Skanska Sweden ▪ President, Skanska UK

Presidents of business units

Krzysztof Andrulewicz	Skanska Poland
Lars Björklund	Skanska Residential Development Nordic
Richard Cavallaro	Skanska USA Civil
Anders Danielsson	Skanska Sweden
Petter Eiken	Skanska Norway
William Flemming	Skanska USA Building
Juha Hetemäki	Skanska Finland
Richard Hultin	Skanska Commercial Development Europe
Anders Kupsu[3]	Skanska Commercial Development Nordic
Hernán Morano	Skanska Latin America
Mike Putnam	Skanska UK
Dan Ťok	Skanska Czech Republic
Anders Årling	Skanska Infrastructure Development

President of support unit

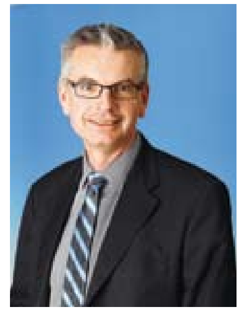
Magnus Paulsson	Skanska Financial Services

Senior Vice Presidents, Group staff units

Thomas Alm	Risk Management
Karin Lepasoon	Communications
Anders Lilja	Controlling
Einar Lundgren	Legal Affairs
Mats Moberg[4]	Reporting
Noel Morrin	Sustainability and Green Construction
Magnus Norrström	Information Technology (IT)
Veronica Rörsgård	Human Resources
Staffan Schéle	Corporate Finance
Erik Skoglund	Internal Audit & Compliance
Pontus Winqvist	Investor Relations

Information is as of December 31, 2009.
1 See Note 37 "Remuneration to senior executives and Board members."
2 Effective from January 2010.
3 Succeeded effective February 1, 2010 by Jan Odelstam.
4 Succeeded effective April 1, 2010 by Katarina Bylund.

Board of Directors

					
	Sverker Martin-Löf	**Stuart E. Graham**	**Finn Johnsson**	**Johan Karlström**	**Bengt Kjell**
Position	Chairman of the Board	Board member	Board member	Board member	Board member
Born	Stockholm, 1943	U.S.A., 1946	Gothenburg, 1946	Stockholm, 1957	Helsingborg, 1954
Elected	2001	2009	1998	2008	2008
Shareholding in Skanska	8,000 B shares	81,577 B shares of which 6,246 as part of SEOP[1] plus 32,015 share awards[1]	7,850 B shares (own and via related parties)	110,623 B shares of which 18,303 as part of SEOP[1] plus 19,385 share awards[1]	0 shares
Other Board assignments	▪ Svenska Cellulosa Aktiebolaget SCA, Chairman ▪ AB Industrivärden, Vice Chairman ▪ SSAB Svenskt Stål AB, Chairman ▪ Telefonaktiebolaget LM Ericsson, Vice Chairman ▪ Svenska Handelsbanken AB, Board member ▪ Confederation of Swedish Enterprise, Vice Chairman	▪ Securitas AB, Board member ▪ PPL Corporation, Board member ▪ Harsco Corporation, Board member	▪ Thomas Concrete Group AB, Chairman ▪ Unomedical A/S, Chairman ▪ KappAhl AB, Chairman ▪ Luvata Oy, Chairman ▪ City Airline, Chairman ▪ EFG,Chairman ▪ AB Industrivärden, Board member	–	▪ Indutrade AB, Chairman ▪ Höganäs AB, Board member ▪ Munters AB, Board member ▪ Handelsbanken Södra, Board member ▪ Pandox AB, Board member ▪ Helsingborgs Dagblad, Board member
Education	▪ M.Sc. Engineering, Royal Institute of Technology, Stockholm ▪ Doctor of Technology, Royal Institute of Technology, Stockholm ▪ Honorary Ph.D., Mid-Sweden University, Sundsvall	▪ Bachelor of Science in Economics, U.S.A.	▪ MBA, Stockholm School of Economics	▪ M.Sc. Engineering, Royal Institute of Technology, Stockholm ▪ Advanced Management Program, Harvard, Boston, MA, U.S.A.	▪ MBA, Stockholm School of Economics
Work experience	▪ Swedish Pulp and Paper Research Institute ▪ President, MoDo Chemetics ▪ Technical Director, Mo och Domsjö AB ▪ President, Sunds Defibrator AB ▪ President, Svenska Cellulosa Aktiebolaget SCA	▪ President, Sordoni Construction Company, U.S.A ▪ President, Sordoni Skanska, U.S.A ▪ President, Skanska USA Civil ▪ President, Skanska USA Inc., U.S.A ▪ Executive Vice President, Skanska AB ▪ President and CEO, Skanska AB (2002–2008)	▪ President, Tarkett AB ▪ Vice President, Stora AB ▪ President, Euroc AB ▪ President, United Distillers Ltd and Vice President, Guinness ▪ President, Mölnlycke Health Care AB	▪ Regional Manager, Skanska Northern Sweden ▪ President and CEO, BPA (now Bravida) ▪ Executive Vice President, Skanska Nordic region ▪ Executive Vice President, Skanska AB, responsible for construction operations in the U.S. ▪ President and CEO, Skanska AB	▪ Authorized Public Accountant, Yngve Lindells revisionsbyrå AB ▪ CFO and Executive Vice President, KG Knutsson AB ▪ Senior Partner, Navet AB ▪ President Corporate Finance, Securum ▪ Executive Vice President , AB Industrivärden
Dependency relationship in accordance with Code of Corporate Governance	▪ Independent in relation to company and company management ▪ Dependent in relation to major shareholders	▪ Dependent in relation to company and company management ▪ Independent in relation to major shareholders	▪ Independent in relation to company and company management ▪ Dependent in relation to major shareholders	▪ Dependent in relation to company and company management ▪ Independent in relation to major shareholders	▪ Independent in relation to company and company management ▪ Dependent in relation to major shareholders

		
Sir Adrian Montague	**Lars Pettersson**	**Matti Sundberg**
Board member	Board member	Board member
United Kingdom, 1948	Sandviken, 1954	Finland, 1942
2007	2006	2007
0 shares	2,000 B shares	5,000 B shares
▪ Anglian Water Group Limited, Chairman ▪ Michael Page International, Chairman ▪ CellMark Holdings AB, Chairman ▪ London First, Chairman	▪ Sandvik AB, Board member ▪ Association of Swedish Engineering Industries, Board member	▪ Boliden AB, Board member ▪ SSAB Svenskt Stål AB, Board member ▪ Chempolis Oy, Chairman ▪ Finnish Fair Foundation, Vice Chairman ▪ Finnish Ski Association, Chairman
▪ Law Society Qualifying Exam Part II ▪ MA Law, Trinity Hall, Cambridge	▪ M.Sc. Engineering Physics, Uppsala University ▪ Ph.D. h.c., Uppsala University	▪ Mining Counselor ▪ M.Sc. (Econ.), Åbo Akademi University, Finland ▪ D.Sc. (Econ.) h.c., University of Vaasa, Finland ▪ Ph.D. h.c., University of Jyväskylä, Finland
▪ Chairman, British Energy Group plc ▪ Chairman, Friends Provident plc ▪ Deputy Chairman, Network Rail ▪ Senior International Adviser, Société Générale ▪ Chief Executive, HM Treasury Taskforce ▪ Co-head, Global Project Finance, Dresdner Kleinwort Benson ▪ Head of Projects Group, Linklaters & Paines, Solicitors	▪ President, AB Sandvik Coromant ▪ President, Sandvik Tooling ▪ President, Sandvik Speciality Steels ▪ President and CEO, Sandvik AB	▪ Regional Director, Scania ▪ CEO, Metso (Valmet-Rauma Corporation)
▪ Independent in relation to company and company management ▪ Independent in relation to major shareholders	▪ Independent in relation to company and company management ▪ Independent in relation to major shareholders	▪ Independent in relation to company and company management ▪ Independent in relation to major shareholders

1 See Note 37, page 127, "Remuneration to senior executives and Board members"

Richard Hörstedt
Helsingborg, born 1963
Swedish Building Workers' Union, appointed 2007,
Deputy Board member.

Shareholding in Skanska: 0

Inge Johansson
Concrete worker
Huddinge, born 1951
Swedish Building Workers' Union,
appointed 1999.

Shareholding in Skanska:
372 B shares of which 358 as part of SEOP[1].

Jessica Karlsson
Gothenburg, born 1975
Industrial Workers' and Metal Workers' Union (IF Metall),
appointed 2005,
Deputy Board member.

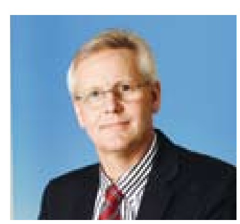
Shareholding in Skanska: 0

Roger Karlström
Härnösand, born 1949
Union for Service and Communication (SEKO),
appointed 2008.

Shareholding in Skanska:
336 B shares of which 322 as part of SEOP[1].

Ann-Christin Kutzner
Regional personnel manager
Malmö, born 1947
Unionen, appointed 2004,
Deputy Board member.

Shareholding in Skanska:
668 B shares of which 325 as part of SEOP[1].



Alf Svensson
Production manager
Sölvesborg, born 1960
Swedish Association of Supervisors (LEDARNA), appointed 2007.

Shareholding in Skanska:
344 B shares of which 319 as part of SEOP[1].

Auditor
KPMG AB
Auditor in charge since 2009: George Pettersson, Stockholm, born 1964, Authorized Public Accountant.

Major events during 2009

All new contracts worth more than SEK 300 M are announced in the form of press releases from Skanska AB. The following is a selection of new contracts that were announced in 2009 plus other major events.

January – May 2009

2/10/2009

Skanska launches LEED – a leading global environmental system – in Nordic region

Skanska is incorporating the international environmental certification system LEED® (Leadership in Energy and Environmental Design) in its Nordic building construction operations. Consequently, Skanska becomes the first construction company in the Nordic region to offer customers environmental certification in accordance with LEED for construction projects and for commercial development projects. All Skanska's own commercial development projects and new premises for its own operations will also be certified in accordance with LEED.

2/18/2009

Skanska to construct highway in Czech Republic for about SEK 610 M, EUR 58 M

Skanska has been contracted to build a new stretch of the R7 highway in the Czech Republic. Skanska's share of the contract amounts to about SEK 610 M. The customer is the local road administration in Chumutov.

2/23/2009

Skanska to build Värtan interchange on Northern Link bypass in Stockholm for SEK 870 M

Skanska has been contracted to construct the Värtan interchange as part of the Northern Link bypass in Stockholm. The contract amounts to SEK 870 M. The customer is the Swedish Road Administration.

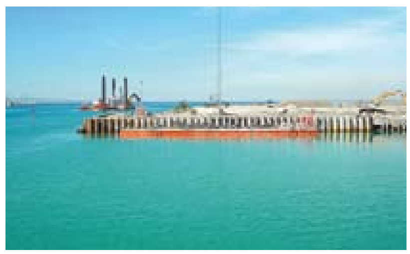
3/4/2009

Skanska to build highway in Czech Republic for EUR 48 M, about SEK 550 M

Skanska has been contracted to construct a new highway in the Czech Republic. Skanska's share of the contract amounts to EUR 48 M, about SEK 550 M. The customer is the road administration in the Czech Republic. The project is being financed through the EU and EIB.

3/26/2009

Skanska to build port in Malmö for SEK 840 M



Skanska has concluded an agreement with the City of Malmö to construct a major port facility in Norra Hamnen (North Harbor) in Malmö for the Copenhagen Malmö Port AB (CMP) company. The contract amounts to SEK 840 M.

3/31/2009

Skanska to build hospital in New Jersey for USD 134 M, about SEK 1.2 billion

Skanska has been awarded the contract to construct a hospital in Hopewell, New Jersey. The contract amounts to about USD 134 M, approximately SEK 1.2 billion. The customer is Capital Health.

4/3/2009

Skanska to build hospital in Delaware for USD 178 M, about SEK 1.5 billion

Skanska has been commissioned to provide construction management services for a hospital in Wilmington, Delaware. The contract amounts to USD 178 million, approximately SEK 1.5 billion.

4/3/2009

Skanska to provide Design Build services for USD 45 M, SEK 385 M, for laboratory in Texas

Skanska has secured a Design Build contract to construct a research laboratory in Texas, USA. Skanska's share of the contract amounts to USD 45 million, approximately SEK 385 million.

4/17/2009

Skanska sells ongoing office project in Sundbyberg for SEK 400 M

Skanska sells an ongoing office project on Sturegatan in central Sundbyberg, a Stockholm suburb. The selling price amounts to SEK 400 M, which is in line with Skanska's internal market valuation. The buyer is IVG Funds and handover is in September 2009.

4/20/2009

Skanska to build schools in Bristol for GBP 100 M, about SEK 1.2 billion

Skanska has been awarded contracts for the construction of six schools in Bristol, England. The contracts amount to a total of GBP 100 M, about SEK 1.2 billion.

4/27/2009

Skanska awarded construction contract for a military facility in UK for GBP 150 M, about SEK 1.8 billion

Skanska has been contracted to build new facilities at the UK Ministry of Defence site, Royal Air Force Wyton in Cambridgeshire. The contract totals GBP 150 M, about SEK 1.8 billion.

5/15/2009

Skanska to expand Texas A&M University for USD 49 M, about SEK 400 M

Skanska has been awarded the construction management contract for the expansion of Texas A&M University at College Station, north of Houston, Texas. The contract is valued at USD 49 M, about SEK 400 M.

May – July 2009

5/15/2009

Skanska awarded additional order amounting to USD 102 M, about SEK 830 M, for hospital project in New Jersey

Skanska has been awarded an additional order to the expansion of Capital Health's hospital in Hopewell, New Jersey. The contract amounts to USD 102 M, approximately SEK 830 M. The customer is Capital Health.

5/22/2009

Skanska reaches financial close for M25, London's Orbital Road

Skanska, as part of Connect Plus, has reached financial close for the widening of the M25 orbital road around London. The project is a Public Private Partnership (PPP). Skanska is part of the team responsible for Design, Build, Finance and Operate (DBFO). This means that Skanska is receiving a construction contract amounting to about GBP 500 M, about SEK 6 billion, and Skanska will invest GBP 80 M, about SEK 965 M, throughout the construction period, corresponding to a 40 percent interest in Connect Plus.

5/29/2009

Skanska and Platzer enter into property transaction in Gothenburg generating a gain of SEK 97 M for Skanska

Skanska and Platzer have entered into a property transaction agreement in which Skanska will divest two parking garages and an office building in Gothenburg and acquire four development properties. Skanska will receive a net amount of SEK 168 M, generating a gain of SEK 97 M.

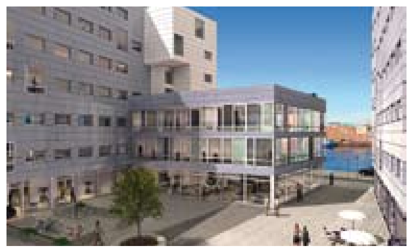
6/22/2009

Skanska wins road project in Poland valued at PLN 215 M, about SEK 515 M

Skanska has received an assignment to build a bypass road in Wroclaw in southwestern Poland. The order value amounts to PLN 215 M, or about SEK 515 M. The customer is the local road and railway authority.

6/22/2009

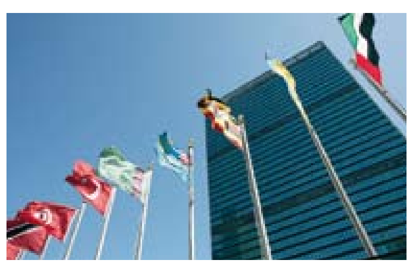
Skanska to lease and start up Bassängkajen – investing SEK 240 M in a new green office project in Malmö



Skanska is to lease 3,300 square meters of office space to Malmö University at Universitetsholmen in central Malmö. The lease implies that Skanska will now again start up the office project Bassängkajen. The office property will be seven stories high with an underground garage and will include a total of 16,000 square meters of leasable space in two phases. Skanska's investment in the first phase of 8,500 square meters amounts to approximately SEK 240 M.

6/24/2009

Skanska awarded new contract for the renovation of the United Nations headquarters in New York amounting to USD 261 M, approximately SEK 2 billion



Skanska is set to start another phase of the comprehensive remodeling of the UN headquarters in New York. Order bookings for the second quarter will include a contract totaling USD 261 M, approximately SEK 2 billion.

6/25/2009

Skanska signs contract to build Nemours Children's Hospital in Orlando for USD 220 M, SEK 1.7 billion

Skanska has signed the contract worth an estimated USD 220 million, SEK 1.7 billion, to provide construction manager at-risk services to build Nemours Children's Hospital in Orlando's Lake Nona medical city. The customer is Nemours.

7/2/2009

Skanska to build advanced science research facility in New York for USD 59 M, SEK 450 M

Skanska has been selected as the construction manager for the construction of a research center. The contract amount is for USD 59 M, approximately SEK 450 M. The customer is a university in New York City.

7/3/2009

Skanska named preferred bidder for the development of PFI street lighting in Surrey, England

Skanska and John Laing, through a preferred-bidder agreement, have been selected to develop the street lighting network for the Surrey County Council in the UK. The project is being carried out via a UK private finance initiative (PFI) program. This means that the Skanska-Laing consortium will be responsible for the finance, design, build, operation and maintenance of the lighting network for 25 years, starting in January 2010.

7/6/2009

Skanska wins road project in Poland valued at about PLN 140 M, about SEK 340 M

Skanska has received an assignment to build a bypass road in the Warsaw region, Poland. The order amounts to PLN 140 M, or about SEK 340 M. The customer is the Polish Road Authority.

7/8/2009

Skanska to construct BART rail extension in Bay Area, California, for about USD 62 M, SEK 480 M

Skanska has been contracted to build a rail extension for the Bay Area Rapid Transit (BART) southeast of San Francisco. The contract totals USD 137 M, about SEK 1 billion. Skanska's portion is 45 percent, corresponding to approximately USD 62 M, SEK 480 M. The customer is BART.

7/8/2009

Skanska secures railway project in Czech Republic valued at CZK 2.76 billion, or SEK 1.1 billion

Skanska has secured an assignment to upgrade a railway in the Czech Republic. Skanska's share of the contract amounts to CZK 2.76 billion, or about SEK 1.1 billion. The customer is the Czech Rail Administration.

July – September 2009

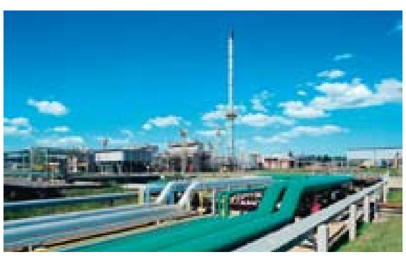
7/9/2009

Skanska signs financing agreement for A1 motorway in Poland – construction contract amounts to EUR 570 M, SEK 6.2 billion

Skanska, as part of the concession company GTC, has closed the financing for the extension of the second phase of the A1 in Poland. The project is being conducted in a public-private partnership contract, PPP, in which GTC is responsible for financing, design, construction, operation and maintenance of the A1 motorway. Skanska has secured a construction contract amounting to about EUR 570 M, or about SEK 6.2 billion.

7/10/2009

Skanska to construct interconnections at the REFAP refinery in Brazil for USD 100, about SEK 815 M



Skanska has been awarded a contract to construct the interconnections of a gasoline hydro-desulphurization unit in Alberto Pasqualini Refinery - REFAP, in Canoas, State of Porto Alegre, in southern Brazil. The total contract amount is USD 100 M, about SEK 815 M.

7/17/2009

Skanska to construct highway in Poland for PLN 367 M, SEK 890 M

Skanska has been awarded an assignment to construct a section of a ring road around the Polish city of Poznan. Skanska's share of the total contract amounts to PLN 367 M, or about SEK 890 M. The customer is the Polish Road Administration.

7/21/2009

Skanska to reconstruct the 11th Street Bridges and Interchanges in Washington D.C. for USD 182 M, about SEK 1.4 billion

Skanska has been awarded a design/build contract for the reconstruction of the 11th Street Bridges and adjacent interchanges in Washington D.C. Skanska's share of the USD 260 M contract amounts to USD 182 M, about SEK 1.4 billion. The customer is the District of Columbia Department of Transportation.

7/22/2009

Skanska sells ongoing office project in Malmö to Aberdeen

Skanska sells the ongoing office project Citykajen in Malmö. The buyer is Aberdeen Property Nordic Fund I SICAV-FIS. The sale refers to the two phases of the project Citykajen at Universitetsholmen in Malmö, together comprising about 14,200 square meters of leasable space.

7/31/2009

Skanska awarded its first U.S. stimulus contracts for USD 95 M, about SEK 720 M

Skanska has been awarded its first fully funded American Recovery and Reinvestment and Act (ARRA) contracts, for renovation and modernization of the Dr. A.H. McCoy Federal Building in Jackson, Mississippi, and the George C. Young Courthouse and Federal Building in Orlando, Florida. The total value of these contracts amounts to USD 95 M, about SEK 720 M. The customer is the General Services Administration (GSA).

8/3/2009

Skanska to build motorway and railway in Western Sweden for SEK 520 M

Skanska has been contracted to expand the road E45 to motorway (four lane road) and to expand the railway with a second rail track on parts of the phase Bohus-Nödinge in Western Sweden. The contract amounts to SEK 520 M. The customer is the Swedish Rail Administration and the Swedish Road Administration in cooperation.

8/28/2009

Skanska to construct cancer hospital in London for GBP 61 M, about SEK 740 M

Skanska has been awarded a contract to build a world-class cancer clinic in London for University College Hospitals NHS Foundation Trust. The contract amount is GBP 61 M, approximately SEK 740 M.

9/9/2009

Skanska to remodel railway station in Warsaw for PLN 129 M, approximately SEK 320 M

Skanska has secured an assignment to remodel a railway station in Poland. The contract amounts to PLN 129 M, or about SEK 320 M. The customer is the Polish Rail Administration, PKP.

9/10/2009

Skanska Safety Week – the world's largest workplace safety campaign

September 14 is the start for Skanska Safety Week 2009. All the company's 55,000 employees, in more than 10,000 project sites and offices, and thousands of customers, subcontractors, suppliers and partners will be involved in the efforts to improve safety. This makes Skanska Safety Week the largest workplace safety campaign in the world.

9/24/2009

Skanska to construct rail tunnel in Slovakia for about EUR 52.8 M, or SEK 540 M

Skanska has secured an assignment to construct a tunnel as part of a major rail expansion in Slovakia. Skanska's share of the contract amounts to EUR 52.8 M, or about SEK 540 M. The customer is the Slovakian Rail Administration.

9/24/2009

Skanska awarded the largest U.S. stimulus contract for USD 92 M, about SEK 660 M

Skanska has secured an assignment to rebuild and widen the I-215 state highway in San Bernardino, California. Skanska's share of the contract amount totals USD 92 M, approximately SEK 660 M. The customer is the city of San Bernardino.

9/30/2009

Skanska receives third contract valued at USD 120 M, about SEK 840 M, for transit hub in New York

Skanska has secured an additional assignment for construction of the Fulton Street Transit Center in lower Manhattan in New York City. The contract amount is USD 120 M, approximately SEK 840 M. The customer is the New York City Transit Authority.

October – December 2009

10/9/2009

Skanska awarded university library project in US for USD 87 M, about SEK 610 M

Skanska has secured an assignment to construct a new library on a major university campus in Raleigh, North Carolina. The contract amount is USD 87 M, approximately SEK 610 M.

10/12/2009

Skanska to construct highway in the Czech Republic for about CZK 1.4 billion, SEK 560 M

Skanska has been contracted to build a stretch of the R48 highway in the Czech Republic. Skanska's share of the contract amounts to SEK 560 M, CZK 1.4 billion. The customer is the Road Administration in the Czech Republic.

10/13/2009

Skanska to construct railway viaduct in London for GBP 59 M, or about SEK 660 M

Skanska has secured an assignment to construct a railway viaduct in London. The contract amounts to GBP 59 M, or about SEK 660 M. The customer is Network Rail.

10/16/2009

Skanska launches commercial property development business in U.S.: First investment in Washington, D.C.

Skanska is expanding its operation in the Commercial Development business stream to selected cities in the US. The first project will be initiated in central Washington, D.C. The investment is expected to amount to USD 85 M, or about SEK 600 M.

10/26/2009

Skanska to renovate Manhattan Bridge in New York for USD 150 M, approximately SEK 1 billion

Skanska has secured the assignment to renovate the Manhattan Bridge in New York. The contract value is USD 150 M, corresponding to SEK 1,050 M. The customer is the New York City Department of Transportation.

11/5/2009

Skanska to construct highway in Poland for PLN 468 M, or about SEK 1.1 billion

Skanska has secured an order to construct a highway near Wroclaw, Poland. The contract value is PLN 468 M, or about SEK 1,130 M. The customer is the Polish Road Administration.

11/17/2009

Skanska sells ongoing property projects in Sollentuna and Malmö to group of pension funds

Skanska has entered into an agreement to sell two ongoing projects, a detention center in Sollentuna outside Stockholm and a police building in Toftanäs outside Malmö. The combined floor space totals 40,600 square meters, making it one of the largest property transactions in Sweden this year.

11/17/2009

Skanska secures road and tunnel construction assignment in Norway for NOK 338 M, about SEK 420 M

Skanska has secured an order to construct a road and tunnel in Norway. The contract value is NOK 338 M, or SEK 420 M. The customer is the Public Roads Administration, Central Region.

11/30/2009

Skanska signs financing agreement for PFI street lighting in Surrey, England

Skanska has as part of a consortium with John Laing, reached financial close to modernize street lighting for Surrey County Council, in the UK. The project will be carried out as a Private Finance Initiative (PFI). Skanska's construction contract amounts to GBP 83.7 M, SEK 970 M and its investment to GBP 4.6 M, SEK 55 M.

11/30/2009

Skanska to construct road tunnel in Norway for NOK 730 M, approximately SEK 905 M

Skanska has received an assignment to construct the Strindheim road tunnel on the E6 highway in Norway. The contract value is NOK 730 M, or about SEK 905 M. The customer is Norwegian Public Roads Administration, Central Region.

12/9/2009

Skanska to construct hotel in Norway for NOK 550 M, or about SEK 680 M

Skanska has secured an assignment to construct a Clarion Hotel in Trondheim, Norway. The contract value is NOK 550 M, or about SEK 680 M. The customer is Star Property AS.

12/14/2009

Skanska awarded contract to construct high school in Oregon for USD 61.8 M, about SEK 430 M

Skanska has secured an assignment to construct a high school in Oregon, U.S. The contract amounts to USD 61.8 M, about SEK 430 M. The customer is Redmond School District, Redmond, Oregon.

12/14/2009

Skanska to construct industrial facility in Arizona for USD 85 M, or about SEK 595 M

Skanska has secured a construction management assignment for an industrial building. The contract totals USD 85 M, or about SEK 595 M.

12/14/2009

Skanska to build hospital in Washington State for USD 71.4 M, about SEK 500 M

Skanska has been contracted by MultiCare Health Systems for the final phase of construction management work for a hospital expansion. The contract amounts to USD 71.4 M, about SEK 500 M.

12/16/2009

Skanska to sell GreenBuilding property in Warsaw valued at SEK 740 M – sales profit totals approximately SEK 50 M

Skanska is divesting the Marynarska Point property in Warsaw for SEK 740 M, to the Luxembourg investment fund Investec GLL Special Global Opportunities Real Estate Fund FCP. The sales profit amounts to approximately SEK 50 M.

12/22/2009

Skanska secures major project in East London for GBP 54 M, SEK 620 M

Skanska is to provide the mechanical and electrical installations for a major sports venue project in the east of London. The contract amount totals GBP 54 M, approximately SEK 620 M. The customer is Carillion, which is responsible for the overall delivery of the project.

Definitions and abbreviations

Average capital employed – Calculated on the basis of five measuring points: half of capital employed on January 1 plus capital employed at the end of the first, second and third quarters plus half of capital employed at year-end, divided by four.

Average visible equity – Calculated on the basis of five measuring points: half of equity attributable to equity holders (shareholders) on January 1 plus equity attributable to equity holders at the end of the first, second and third quarters plus half of equity attributable to equity holders at year-end, divided by four.

Capital employed in business streams, markets and business/reporting units – Total assets minus tax assets and deposits in Skanska's treasury unit minus non-interest-bearing liabilities minus provisions for taxes and tax liabilities.

Cash flow per share – Cash flow before change in interest-bearing receivables and liabilities divided by the average number of shares outstanding after repurchases and conversion.

Comprehensive income – Change in equity not attributable to transactions with owners.

Consolidated capital employed – Total assets minus non-interest-bearing liabilities.

Consolidated operating cash flow – In the consolidated operating cash flow statement, which includes taxes paid, investments are recognized both in cash flow from business operations and in cash flow from strategic investments. See also Note 35.

Consolidated return on capital employed – Operating income plus financial income as a percentage of average capital employed.

Debt/equity ratio – Interest-bearing net debt divided by visible equity including non-controlling interests.

Earnings per share after repurchases and conversion – Profit for the year attributable to equity holders divided by the average number of shares outstanding after repurchases and conversion.

Earnings per share after repurchases, conversion and dilution – Profit for the year attributable to equity holders divided by the average number of shares outstanding after repurchases, conversion and dilution.

Equity/assets ratio – Visible equity including non-controlling interests as a percentage of total assets.

Equity per share – Visible equity attributable to equity holders divided by the number of shares outstanding after repurchases and conversion at year-end.

EU GreenBuilding – A European Union system for environmental certification of buildings. To meet the requirement for EU GreenBuilding classification, a building's energy use must be at least 25 percent lower than the national standard for newly constructed buildings (in Sweden, set by the National Board of Housing, Building and Planning).

GDP – Gross domestic product.

IFRIC (International Financial Reporting Interpretations Committee) – a series of interpretations related to international accounting standards.

Interest-bearing net receivable – Interest-bearing assets minus interest-bearing liabilities.

Interest cover – Operating income and financial income plus depreciation/amortization divided by net interest items.

LEED – Leadership in Energy and Environmental Development is an international system for environmental certification of buildings. Resource use, the location, design and indoor climate of the building as well as minimization of energy consumption and waste provide the basis for LEED classification.

Operating cash flow – Cash flow from operations before taxes and before financial activities. See also Note 35.

Operating net on properties – Rental income and interest subsidies minus operating, maintenance and administrative expenses as well as real estate tax. Site leasehold rent is included in operating expenses.

ORA – Operational Risk Assessment (Skanska's risk management model)

Order backlog – Contracting assignments: The difference between order bookings for the period and accrued revenue (accrued project costs plus accrued project income adjusted for loss provisions) plus order backlog at the beginning of the period. Services: The difference between order bookings and accrued revenue plus order backlog at the beginning of the period.

Order bookings – Contracting assignments: Upon written order confirmation or signed contract, where financing has been arranged and construction is expected to begin within 12 months. Also includes orders from Residential Development and Commercial Development. Services: For fixed-price assignments, upon signing of contract. For cost-plus assignments, order bookings coincide with revenue. No order bookings are reported for Residential Development and Commercial Development.

Other comprehensive income – Comprehensive income minus profit according to the income statement. The item includes translation differences, hedging of exchange risk in foreign operations, effects of actuarial gains and losses on pensions, effects of cash flow hedges and tax attributable to other comprehensive income.

PFI – Private Finance Initiative (privately financed infrastructure projects, used in the U.K.)

PPP – Public-Private Partnership (privately financed infrastructure projects)

Return on capital employed in business streams, markets and business/reporting units – Operating income plus financial income minus interest income from Skanska's treasury unit and other financial items as a percentage of average capital employed.

Return on equity – Profit attributable to equity holders as a percentage of average visible equity attributable to equity holders.

SEOP – Skanska Employee Ownership Program

SET – Senior Executive Team (Skanska's corporate management team)

SFS – Skanska Financial Services

STAP – Skanska Tender Approval Procedure

STEP – Skanska Top Executive Program

Yield on properties – Operating net divided by year-end carrying amount.

More information about Skanska

Worldwide

The Skanska Group publishes the magazine *Worldwide*, containing features and news items from the Group's operations around the world. The magazine appears in English three times per year. A subscription is free of charge and can be ordered at the following address:

Skanska Worldwide
c/o Strömberg Distribution
SE-120 88 Stockholm, Sweden
Telephone: +46 8 449 88 00
Fax: +46 8 449 88 10
E-mail: worldwide@strd.se

For more information about Skanska, visit www.skanska.com

Making Utah and California greener

In the United States, Skanska has developed systems for making data centers more energy-efficient. In collaboration with eBay, Skanska has created a modern new facility outside Salt Lake City, Utah (lower photo) that sharply reduces eBay's environmental impact. Skanska is also working with other customers to make their existing computer facilities more energy-efficient.

In Sacramento, Skanska has a design/build contract for an extensively renovated 7,000+ sq. m (78,000 sq. ft.) central utility plant (upper photo). It will serve numerous state office buildings in the California capital. One purpose of the renovation is to save energy, for example by using a large underground tank for storing and reusing water for heating and cooling, respectively.

MILJÖMÄRKT 341 298 Larsson Offsettryck

Skanska Review of 2009 production team:
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Annual Shareholders' Meeting

The Annual Shareholders' Meeting of Skanska AB will be held at 5:00 p.m. on Tuesday, April 13, 2010 at Berwaldhallen concert hall, Dag Hammarskjölds väg 3 (formerly Strandvägen 69), Stockholm, Sweden.

Notification and registration

Shareholders who wish to participate in the Annual Meeting must be listed in the print-out of the register of shareholders maintained by Euroclear Sweden AB (formerly VPC AB), the Swedish central securities depository and clearing organization, produced on April 7, 2010 and must notify Skanska by 12 noon on April 7, 2010 of their intention to participate in the Meeting.

Shareholders whose shares have been registered in the name of a trustee must have requested temporary reregistration in their own name in the register of shareholders maintained by Euroclear Sweden AB to be entitled to participate in the Meeting. Such re-registration should be requested well in advance of April 7, 2010 from the bank or brokerage house holding the shares in trust. Notification may be sent in writing to:

Skanska AB, Legal Affairs, SE-169 83 Solna, Sweden;
by telephone to +46 10 448 89 00 (10 a.m.–4 p.m. CET);
by fax to +46 8 753 37 52; or on the website www.skanska.com

The notification must always state the shareholder's name, national registration or corporate ID number, address and telephone number. If participation is authorized by proxy, this must be sent to the Company before the Meeting. Shareholders who have duly notified the Company of their participation will receive an admittance card, which should be brought and shown at the entrance to the Meeting venue.

Dividend

The Board of Directors proposes a dividend of SEK 6.25 per share, of which SEK 5.25 as a regular dividend and SEK 1.00 as an extra dividend for the financial year 2009. The Board proposes April 16, 2010 as the record date to qualify for the dividend. Provided that the Meeting approves this proposal, the dividend is expected to be mailed by Euroclear Sweden AB on April 21, 2010.

Investors

Calendar

The Skanska Group's interim reports will be published on the following dates:

Three Month Report
May 7, 2010

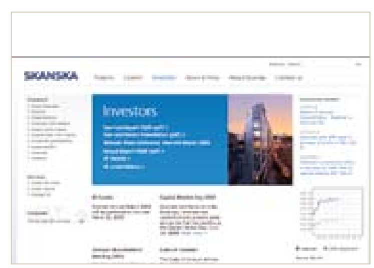
Six Month Report
July 23, 2010

Nine Month Report
November 4, 2010

Year-end Report
February 10, 2011

Other information

The quarterly reports and the Annual Report, as well as further information about Skanska's Resident Development, Commercial Development and Infrastructure Development business streams can be read or downloaded in PDF format from Skanska's website, www.skanska.com/en/Investors, where the printed Annual Report can also be ordered.



Effective from 2010, Skanska is reducing the print run of the Annual Report. This will save resources and transport services, leading to reduced environmental impact.

The reports can also be ordered from Skanska AB, Investor Relations.

If you have questions, please contact:
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