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## **NCC sues National Road Administration regarding Southern Link project**

**NCC today instigated legal proceedings at Stockholm District Court against the Swedish National Road Administration's Stockholm Region. According to NCC, the Road Administration should pay a further SEK 643 million for the tunneling work NCC performed as part of the Southern Link highway project in Stockholm. Value added tax accounts for SEK 242 million of the total amount claimed.**

NCC was commissioned by the National Road Administration's Stockholm Region in 1998 to perform civil-engineering work as part of, or for the expansion of, the Southern Link. The original order was worth approximately SEK 680 million, plus add-on orders worth about SEK 170 million that were subsequently received from the Administration. The assignment involved tunnel driving in rock, as well as concreting and landscaping work. The tunneling aspects of the assignment included the blasting and sealing of bedrock tunnels, plus rock-reinforcement work. The concreting assignment included forming underground structures for use in such applications as bridges. The landscaping work included excavation for pipelines, pipelaying and the construction of road lanes. A total of 350 people were employed in the project.

NCC completed its assignment this year. Final inspections of NCC's work were performed on April 12 and July 4, with very good results.

The current dispute applies to a disagreement regarding such aspects as sealing methods (shotcreting). The Southern Link assignment was a general contract under which NCC carried out the technical solutions decided by the National Road Administration, with the Administration controlling the project. As early as after two months of work, NCC informed the Administration that the sealing methods selected by the Administration were resulting in serious delays to the project. During the years that NCC was involved in this project, the company sent a large number of messages to the Administration about the risk of delays due to the incorrect choice of sealing method. The consequent approximately nine-month delay adversely affected the concreting and landscaping assignments, resulting in a substantial increase in NCC's costs. Following final inspection of the project, the Administration also refrained from paying the value added tax that had accrued on previous payments made on account, despite the fact that NCC is legally obliged to submit a report of this tax to the state

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following final inspection. The Road Administration argues that it has counterclaims against NCC in the form of, for example, penalties for delays.

In its annual accounts for 2001, NCC wrote down the book value of the Southern Link project. NCC's current assessment is that this write-down will prove sufficient.

"Naturally, it is unfortunate that a project that has been so successful in almost all respects has to end up with such an extraordinary measure as a lawsuit. However, we believe that the grounds for our case are very strong," says Göran Svensson, Regional Manager at NCC Construction Sweden.

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*All of NCC's press releases are available on [www.ncc.info](http://www.ncc.info)*

*NCC is one of the leading construction and property development companies in the Nordic region. NCC had in 2001 sales of SEK 46 billion, with 25,000 employees.*

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