

Konecranes Plc

Remuneration Statement 2010

REMUNERATION STATEMENT 2010

Principles applied to remuneration schemes

The idea of Company's remuneration schemes is to motivate the personnel to good performance and to emphasize personnel's commitment to Konecranes business targets. The goal of the remuneration schemes is to promote competitiveness and long-term financial success of the Company and to contribute to favorable development of shareholder value.

The objective is that all Company employees have a variable component based on their performance as a part of their overall remuneration. The amount of this variable component varies according to the person's duty, organizational level, and responsibilities. Typically the variable components used in remuneration are based on financial results of the Company and/or the unit in question and personal achievements. Remuneration schemes are drawn up in writing and numerical evaluation is used in them whenever it is possible.

Decision-making process

The remuneration packages for Board members are resolved by the AGM on the basis of a proposal made by the Nomination and Compensation Committee.

The Nomination and Compensation Committee reviews and issues guidelines for the Company's remuneration schemes. The Nomination and Compensation Committee reviews the President and CEO's performance. Based on this review and other relevant facts, the Board determines the total remuneration package paid to the President and CEO.

In addition, the Nomination and Compensation Committee confirms remuneration packages for Group Executive Board members who report directly to the President and CEO. Remuneration packages for other Extended Management Team members are confirmed by the President and CEO.

All other remuneration packages are also confirmed by 'one above' principle, i.e. a superior's superior must always accept remuneration principles of a person.

Remuneration of the Board of Directors

The remuneration packages for Board members are resolved by the AGM. Compensation to the Board as confirmed in the latest AGM is shown in the following table.

Fees paid to the Board of Directors	
	Annual fee 2010
Chairman of the Board	100,000.00
Vice Chairman	60,000.00
Board member	40,000.00
Fee per a Board Committee meeting	1,500.00

Board members were also recompensed for their travel expenses.

Remuneration for Board members may also be paid in the form of Company shares. Board members employed by the Company do not receive separate compensation for their Board membership. Non-executive members of the Board of Directors do not receive stock options.

Total Compensation to the Board of Directors

	Annual fee paid in cash for 2010 EUR	Fee paid in shares in 2010 EUR	Number of shares as part of compensation in 2010	Fee for committee meetings 2010 EUR	Paid in total 2010
Gustavson Stig, Chairman of the Board	60,004.96	39,995.04	1,718	4,500.00	104,500.00
Adde Svante, Board member	40,000.00	0.00	0	6,000.00	46,000.00
Billing Tomas, Board member	24,006.64	15,993.36	687	4,500.00	44,500.00
Gran Kim, Board member	24,006.64	15,993.36	687	6,000.00	46,000.00
Järvinen Tapani, Board member	24,006.64	15,993.36	687	6,000.00	46,000.00
Kavetvu Matti, Board member	24,006.64	15,993.36	687	3,000.00	43,000.00
Persson Malin, Board member	24,006.64	15,993.36	687	4,500.00	44,500.00
Silvennoinen Mikael, Board member	24,006.64	15,993.36	687	6,000.00	46,000.00
TOTAL	244,044.80	135,955.20	5,840.00	40,500.00	420,500.00

Remuneration of the President and CEO

The Nomination and Compensation Committee reviews the President and CEO's performance. Based on this review and other relevant facts, the Board determines the total compensation package paid to the President and CEO.

The compensation package includes basic salary, fringe benefits, pension scheme, and performance-related bonus scheme. The President and CEO's bonus scheme is based on Group Profitability and Growth and the maximum bonus is 50 percent of President and CEO's annual base salary. Additionally, the Board of Directors has a possibility, but not an obligation, to set certain strategic targets that can trigger an additional bonus, maximum 50 percent of President and CEO's annual base salary.

The pension scheme states that when the President and CEO reaches the age of 60 years, both he and the Company may request his retirement with a target pension of 60 percent of his underlying income, excluding bonuses.

Salary and benefits paid to the President and CEO are shown in the table.

Compensation to the President and CEO

Salary, bonus and other benefits	2010 EUR	2009 EUR
Salary and benefits	402,022	382,938
Bonus	176,880	198,000
Option rights owned (# of options Dec. 31)	194,000	154,000
Shares owned (# of shares Dec. 31)	180,000	180,000
Shares owned indirectly through KCR Management Oy (# of shares Dec. 31)	0	144,437
Additional shares as a result of the Share Swap (# of shares)	83,606	-
Total shares owned (# of shares)	263,606	324,437
Retirement age	60 years	60 years
Target pension level	60 %	60 %
Period of notice	6 months	6 months
Severance payment	18 months salary and fringe benefits	18 months salary and fringe benefits

At the end of year 2010, Konecranes had a loan receivable of EUR 211,736 from President and CEO Pekka Lundmark with the interest rate of 2.544 percent. The loan relates to a tax payment resulting from the incentive scheme directed to the President and CEO in 2006. There is a tax appeal pending against the imposed payment and the loan is effective until the appeal is concluded.

The Konecranes Group executives established a company named KCR Management Oy in May 2009. KCR Management Oy acquired 517,696 Konecranes Plc shares from the market. The acquisition was financed by capital investments by the executives, in the total approximate amount of EUR 1.3 million, as well as by a loan in the approximate amount of EUR 7.1 million provided by Konecranes Plc. KCR Management Oy was owned by the executives who belonged to the Group Extended Management Team upon the establishment of KCR Management Oy.

The arrangement extended and continued the incentive scheme provided to the President and CEO of the Company in 2006. In connection with the establishment of the new arrangement, the five-year transfer restriction relating to the 100,000 shares sold to the President and CEO in connection to the 2006 incentive scheme was amended, enabling the President and CEO to divest these shares on the market, provided that the funds so received were invested in KCR Management Oy.

According to the agreements governing KCR Management Oy, KCR Management Oy had an obligation to repay the loan granted by Konecranes Plc prematurely in case the share price of Konecranes Plc other than temporarily exceeds a certain level determined in the agreements. This condition was met in December 2010. The Board of Directors of Konecranes Plc decided that the loan will be repaid through a share swap whereby Konecranes Plc acquired all the shares in KCR Management Oy. To implement the share swap, the Board of Directors of Konecranes Plc decided on a directed share issue in which the Company offered, in derogation from the shareholders' pre-emptive subscription rights, a total of 281,007 new Konecranes shares to the shareholders of KCR Management Oy against share consideration (Share Swap). In the Share Swap, the shareholders of KCR Management

Oy conveyed the KCR Management Oy shares they held and received new Konecranes Plc shares in return. The new shares are subject to the transfer restriction determined by the Board of Directors in May 2009 and expiring on November 1, 2012. President and CEO Pekka Lundmark had a 27.9 percent share in KCR Management Oy and as a result of the share swap he received 83,606 Konecranes shares.

The new shares have been registered on the subscriber's book-entry accounts and entered into the Trade Register on January 13, 2011 and are subject for public trading on NASDAQ OMX Helsinki from January 14, 2011.

Remuneration of Group Management (Extended Management Team)

The Nomination and Compensation Committee reviews and issues guidelines for the Company's remuneration schemes. In addition, the Nomination and Compensation Committee confirms remuneration packages for Group Executive Board members who report directly to the President and CEO. Remuneration packages for other Extended Management Team members are confirmed by the President and CEO. Compensation packages normally include basic salary, fringe benefits (typically use of a company car and mobile phone), contribution-based pension schemes, and performance-related bonus schemes. Bonus schemes are always based on written contracts. Bonus criteria vary, but are usually based on the Group's five Key Performance Areas: Safety, Customer, People, Growth, and Profitability. Bonuses are related to an individual's performance and to the performance of the unit that he/she belongs to. Numerical performance criteria are used rather than personal assessments. The maximum bonus percentage is based on the individual's responsibilities and in 2010 was 30 or 40 percent of individual's annual base salary. In 2011, the maximum bonus percentage for Extended Management Team members varies between 30 and 50 percent.

The Finnish members of the Extended Management Team participate in a contribution-based group pension insurance scheme, which can be withdrawn from the age of 60. However, the retirement age of the members of the EMT is according to the Employees Pensions Act (TyEL). One member of the EMT participates in a supplementary contribution-based pension insurance scheme, which liability is fully covered. The retirement age of the person in question is 60 years.

Remuneration to the Management

Extended Management Team, excluding the President and CEO

Salary, bonus and other benefits	2010	2009
	EUR	EUR
Salary and benefits	2,986,504	2,557,089
Bonus	396,534	649,355
Option rights owned (# of options Dec. 31)	957,000	964,200
Shares owned (# of shares Dec. 31)	256,218	276,018
Shares owned indirectly through KCR Management Oy (# of shares Dec. 31)	0	373,259
Additional shares as a result of the Share Swap (# of shares)	183,467	-
Total shares owned (# of shares)	439,685	649,277

The Extended Management Team (EMT) members' basic salaries were unchanged from 2009 to 2010. The differences in "Salary and benefits" between 2009 and 2010 are mainly explained by changes in the number as well as responsibilities of EMT members and by some EMT members voluntarily waiving certain monetary benefits in 2009

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There are no loans issued by the Company to the Extended Management Team (excluding the President and CEO) at the end of the period 2010 and 2009.

Stock Option Plans

The Company has issued stock option plans for its key employees, including top and middle management, and employees in certain expert positions.

Stock option plans require a corresponding resolution by a General Meeting, and all plans have been adopted by the relevant General Meetings. Certain large institutional shareholders have adopted guidelines for stock option plans. These guidelines offer advice on the acceptable (maximal) dilution effect, levels of incentives, lock-up periods, length of programs, etc. The Company's option plans have been designed to comply with these guidelines in all their essentials.

The purpose of the option schemes is to motivate key personnel to contribute to the long-term success of the Company and to create a common understanding of and commitment to the creation of shareholder value. A further purpose is to create a joint sense of common ownership among managers, which is seen as valuable for a company like Konecranes with operations covering many countries, cultures, and customer industries.

The Board decides on the distribution of options to key personnel under a proposal made by the President and CEO. In granting options to the President and CEO, the Board acts independently. Konecranes Plc's outstanding stock option plans include Option Series 2007A, 2007B, 2009A and 2009B. Series 2007C was not distributed and, according to the terms and conditions of 2007C stock option, these stock options expired on December 31, 2009. Stock Option Series 2009C have been approved by the AGM 2009, but have not yet been distributed. The terms and conditions of stock option plans and number of unsubscribed stock options based on outstanding stock option plans and number of employees belonging into stock option plans can be consulted on the Company's website at www.konecranes.com > Investors > Share information > Stock option plans.