

KONECRANES MHPS ACQUISITION / EGM Q&A

Agenda item 6

*General*

- What are the recommendations of the Konecranes board of directors regarding agenda item 6?
  - The Konecranes board of directors has carefully considered the terms of the acquisition of the MHPS business from Terex ("Acquisition") and has unanimously approved the stock and asset purchase agreement between Konecranes and Terex dated May 16, 2016 (the "Purchase Agreement"), and has directed that agenda item 6 be submitted for consideration at the Konecranes extraordinary shareholders meeting. The Konecranes board of directors unanimously recommends that you vote for agenda item 6.
- Why are the resolution proposals bundled together and not presented as separate voting items?
  - Sub-items (i) and (ii) under agenda item 6 are both required for the completion of the Acquisition and we will not be able to proceed with the Acquisition without having both of them approved. We have therefore agreed with Terex that they are to be presented as a single voting item.
- In practice shareholders are being asked to vote on the merits of the Acquisition. What are the expected benefits of the Acquisition?
  - The Acquisition will improve Konecranes' position as a focused global leader in the Industrial Lifting & Port Solutions market. Konecranes will achieve substantial growth opportunities in the service business as well as critical scale for further technological development. Konecranes' recent investments in business infrastructure and global footprint optimization will provide significant earnings leverage. The Acquisition will offer significant industrial and operational synergies targeted at EUR 140 million p.a. at EBIT level within three years from closing.
- Are you on schedule to close the Acquisition in early 2017 as announced?
  - Yes. We have now received antitrust clearance from the European Commission and from the U.S. Department of Justice. The approval from the European Commission is conditional on a commitment by Konecranes to divest our STAHL CraneSystems business. Konecranes and Terex are not allowed to close the Acquisition until the Commission has approved the buyer(s) of the STAHL CraneSystems business. Konecranes and Terex are working closely with the competition authorities in the remaining jurisdictions to obtain regulatory approvals allowing completion of the Acquisition in early 2017 as planned.

- How will the divestment of STAHL CraneSystems business affect the synergies and industrial logic of the Acquisition? What is the financial impact of the divestment?
  - The divestment of STAHL CraneSystems, which is a stand-alone business and therefore relatively straightforward to carve out, will not affect the industrial logic behind the Acquisition. The targeted operational synergies of EUR 140 million p.a. within three years from closing of the Acquisition remain materially intact.
  - STAHL CraneSystems' external sales totaled EUR 145 million in 2015 and the company has approximately 700 employees. STAHL CraneSystems' pro forma EBITDA on a stand-alone basis would have totaled approximately EUR 30 million in 2015. Konecranes will use the proceeds from the STAHL CraneSystems divestment to amortize loans related to the Acquisition.
  
- What if a third party acquires Terex in whole or in part?
  - If a third party acquires more than 50% of the outstanding voting securities of Terex, we will have the right to demand that all Konecranes shares held by Terex (and its subsidiaries) are sold, distributed or otherwise transferred to Terex's shareholders and converted to A shares before or concurrently with such change of control, in order to avoid any single party other than Terex obtaining control over the B shares. The B shares will also lose their voting rights and Terex will lose its right to nominate members to the Board of Directors of Konecranes if there is a change of control in Terex.
  
- Some of Terex's rights under the new proposed Articles of Association will cease if there is a change of control in Terex. What does this mean?
  - A change of control in Terex under the proposed new Articles of Association means (i) the acquisition of capital stock of Terex that would result in a person or a group of persons directly or indirectly holding more than fifty per cent (50 %) of the outstanding voting securities of Terex, (ii) the sale or other disposition of all or substantially all of the assets of Terex and its subsidiaries, or (iii) the adoption of a plan relating to the liquidation or dissolution of Terex.
  - For the effects of such change of control, please see the previous question.
  
- Do you expect the Acquisition or the divestment of the STAHL CraneSystems business to have an impact on your financial guidance for 2016?
  - No, as the closing of the Acquisition or the divestment are not expected to take place during 2016.
  
- You have published preliminary unaudited financial information for MHPS for the financial year 2015. Do you have an update on these figures?
  - Konecranes has received certain financial information from Terex regarding its MHPS business, which is presented in the table below. Adj. EBIT and adj. EBITDA contain the estimated Konecranes corporate management charges.

USDm	January- June 2016	January- June 2015	January – December 2015
Sales <sup>1</sup>	644.6	735.8	1,542.4
EBIT <sup>2</sup>	-3.9	-2.9	26.9
Add back adjusted corporate management charges <sup>3</sup>	11.9	15.4	28.5
Adj. EBIT	8.0	12.5	55.4
Depreciation & amortization	22.4	28.1	55.9
Adj. EBITDA	30.4	40.6	111.3
Adj. EBITDA used for valuation <sup>4</sup>	34.7	42.0	118.9

- What are the sources of EUR 140 million p.a. synergy benefits?
  - o The target of EUR 140 million p.a. is mainly based on cost synergies. Overall, synergies will come from procurement, including supply chain optimization, insourcing/outsourcing and freight and logistics efficiency. Another significant contribution to synergies will be made from operations, including manufacturing footprint and capacity utilization. A third source of synergies will be SG&A, including broader SG&A efficiencies, IT system consolidation and engineering and R&D optimization.

In addition, dynamic synergies related to new opportunities in global service operations are expected to lead to significant earnings growth.

- Will there be effects on the personnel?
  - o It is anticipated that there will be some overlap across certain functions within the organization. While some reductions in personnel are likely in the short term, they will have to be assessed in the integration planning. The ultimate goal of this transaction is to generate growth and along with it new job opportunities.
- What is the vote required to approve the proposals in this agenda item?
  - o Both the amendment of the Articles of Association and the share issuance authorization require that the proposal is supported by a qualified majority of at least two thirds (2/3) of the votes cast and the shares represented at the Extraordinary General Meeting.

<sup>1</sup> Includes sales from MHPS to other Terex consolidated segments.

<sup>2</sup> MHPS EBIT excluding restructuring charges and impairments.

<sup>3</sup> Terex corporate management charges less estimated Konecranes corporate management charges

<sup>4</sup> The difference between adj. EBITDA used for valuation and adj. EBITDA relates to share of the result of the 50%-owned Singapore-based joint venture, stock compensation, non-controlling interest and changes in certain provisions.

- What will happen if the shareholders of Konecranes do not approve the proposals under this agenda item?
  - If the Konecranes shareholders do not approve the amendment of Konecranes' Articles of Association and authorize the issuance of B shares proposed under this agenda item we will not be able to implement the Acquisition and we will be required to pay Terex's transaction expenses up to USD 20 million.
- What additional conditions are required to be fulfilled prior to completing the Acquisition?
  - Our and Terex's obligation to complete the Acquisition is subject to a number of conditions set forth in the Purchase Agreement. These include obtaining the approval of the Konecranes shareholders and receiving the required regulatory clearances, including antitrust clearances from various jurisdictions. We have recently announced the receipt of antitrust clearance from the European Commission and from the U.S. Department of Justice. The approval from the European Commission is conditional on a commitment by Konecranes to divest our STAHL CraneSystems business. Konecranes and Terex are not allowed to close the Acquisition until the Commission has approved the buyer(s) of the STAHL CraneSystems business. Konecranes and Terex are working closely with the competition authorities in the remaining jurisdictions to obtain regulatory approvals allowing completion of the Acquisition in early 2017 as planned.

#### *Articles of Association*

- What changes are being proposed to the current Articles of Association?
  - The proposed amendments are needed to enable the Acquisition and the payment of the share consideration agreed with Terex. The amendments include, inter alia, the creation of a new class of B shares, to be issued to Terex in connection with the closing of the Acquisition, which would have the same financial rights as Konecranes ordinary shares but would be subject to voting and transfer restrictions, and would confer upon Terex the right to appoint up to two members to the Board of Directors of Konecranes as long as Terex's or its group companies' shareholding in Konecranes exceeds certain specified thresholds. As long as Terex or any of its group companies owns class B shares, any amendment of the Articles of Association relating to class B shares would require the consent of Terex. Please refer to the comparison document '[Changes to Articles of Association](http://www.konecranes.com/sites/default/files/download/changes_to_the_articles_of_association.pdf)' available on our website ([http://www.konecranes.com/sites/default/files/download/changes\\_to\\_the\\_articles\\_of\\_association.pdf](http://www.konecranes.com/sites/default/files/download/changes_to_the_articles_of_association.pdf)) for a more detailed comparison between our current and proposed new Articles of Association.
- What are the voting restrictions concerning the new B shares?
  - The new B shares carry the same one vote per share as the A shares in most voting situations. However, the B shares carry no votes in the following matters: (A) the appointment or removal of members of the board of directors other than the up to two members of the board of directors nominated by Terex on the

basis of its separate right; (B) an increase or decrease in the size of the board of directors up to the maximum size specified in the Articles of Association, currently ten (10) members; (C) the compensation of members of the board of directors; (D) discharge from liability of the up to two members of the board of directors nominated by Terex; (E) issuances of shares by Konecranes where preemptive rights are available to Terex Group in accordance with the Finnish Companies Act; and (F) the approval of transfers of Konecranes shares by Terex Group representing five per cent (5 %) or more of the then outstanding company shares pursuant to the Articles of Association (described below).

- Further, the new B shares would lose all voting rights in the following situations:
    - (i) if there is a change of control in Terex, or (ii) the Terex group ceases to own the majority of B shares due to an entity holding B shares no longer being part of the Terex group and such situation is not rectified by transferring such shares back to Terex group, i.e. typically if Terex would sell a subsidiary holding a significant part of the B shares to a third party.
  - Further, all A shares Terex or its subsidiaries may acquire shall be converted into B shares, thus subjecting any subsequent shares in Konecranes it may acquire to the same voting and transfer restrictions that apply to the shares it receives in connection with the Acquisition,
- How and when can the new B shares be converted into A shares and/or sold or otherwise transferred by Terex?
- Terex and its subsidiaries are restricted from transferring B shares to parties not belonging to the Terex group, i.e. Terex may transfer B shares to its subsidiaries but not to third parties, except as specified below. The transfer restrictions are included in the shareholders' agreement to be entered into between Konecranes and Terex and are backed by a consent clause in the Articles of Association requiring the consent of Konecranes' board of directors for transfers of the B shares.
  - The B shares may, however be converted to A shares and thereafter transferred to third parties in certain situations, which are described in detail in the following:
    - The B shares may be converted to A shares in situations where Terex would sell, distribute or otherwise convey to its shareholders all or substantially all of the shares Terex group holds in Konecranes. Such allowed transfer and conversion is possible only if it is made to persons owning shares in Terex before a change in control of Terex, i.e. it is not possible for Terex to convert B shares to A shares and transfer them to an entity who has acquired control in Terex. B shares may also be converted to A shares if they are transferred to a party which to the knowledge of Terex does not own in excess of three (3) per cent of all shares of Konecranes after such transfer. Hence, this provision allows Terex to sell or transfer the shares to third parties as long as the shareholding will remain dispersed after such transfer.

- The B shares may also be converted to A shares and transferred thereafter if there is a change of control in Konecranes e.g. as a result of a public tender offer for all shares in Konecranes.
  - The B shares may also be converted to A shares and transferred thereafter upon the consent of Konecranes' Board of Directors (with the members nominated by Terex excluded from such resolution). Konecranes' meeting of shareholders may also consent to such conversion and transfer even without the support of the Board of Directors in respect of shares representing more than five (5) per cent of all shares (A and B) in Konecranes. B shares may not vote if such consent is being sought.
  - B shares may also be converted to A shares if the aggregate amount of B shares constitutes less than five (5) per cent of all shares in Konecranes. This provision allows elimination of the B shares after their proportion of the total number of shares has become small and their existence thereby redundant.
- Will Terex be able to control the Board of Directors in the future?
    - No. Terex will have the right to appoint up to two members to the Board of Directors out of a maximum of ten members as long as Terex's or its group companies' shareholding in Konecranes exceeds certain specified thresholds. However, Terex will not have a vote concerning the election of the other members of the Board of Directors.
  - Do the B shares entitle Terex to dividends?
    - The B shares will have the same economic rights as the A shares and will have the same right to future dividends as the A shares.
  - Will Konecranes' dividend policy change following the Acquisition?
    - Under the Shareholder's Agreement to be entered into between Terex and Konecranes at the closing of the Acquisition, Konecranes has agreed to use its reasonable best efforts to maintain a shareholder dividend consistent with past practice and to establish and disclose a dividend policy that sets forth an annual minimum dividend of at least 50% of consolidated net income, subject to the compliance with the Finnish Companies Act (including shareholder approval), the fiduciary duties of the board of directors of Konecranes and compliance with Konecranes's then-existing credit and loan agreements.
  - Why are you proposing changes concerning the auditor of the company?
    - The proposed changes concerning the auditor of the company are only technical in nature. We are proposing to update the terminology concerning auditor qualifications due to the recently changed Auditing Act in Finland and the transfer of auditor oversight from the Finland Chamber of Commerce to the National Board of Patents and Registration. The substance of the qualifications required of the company's auditor will remain the same. Additionally we are

proposing to amend the Articles of Association so that the auditor of the company is subject to election at every AGM instead of holding office until further notice. In practice we have elected the auditor at every AGM.

- Does the proposed consent clause limit my right to transfer my A shares?
  - No, the consent clause concerns only the newly created class B shares, and the proposed amendments to the Articles of Association do not include any limitations concerning the rights of A shares.
- Will Terex have a veto right over the Articles of Association in the future?
  - As long as Terex or any of its group companies owns class B shares, any amendment of the Articles of Association relating to class B shares will require the consent of Terex. Terex will thus have a veto right over future amendments concerning those sections in the Articles of Association and will be able to vote on other amendments.

*Share issue authorization*

- Why do you propose the share issue authorization and what is the number of shares based on?
  - We are proposing the share issue authorization in order to issue B shares to Terex or its designated affiliates as payment of the share consideration we have agreed to pay to Terex in the Acquisition. The maximum number of shares that could be issued under the authorization is based on the maximum amount of share consideration we may need to pay to Terex in the Acquisition, depending on certain purchase price adjustments that are dependent on the performance of the MHPS business in 2016.
- Why do you propose the share issue authorization to be effective until December 31, 2017?
  - To have a sufficient "buffer" for the timing of the completion of the Acquisition, should there be any unforeseen delays.
- Can the authorization be used for other transactions or option plans?
  - No. The proposed share issue authorization can be used for issuing B shares to Terex or its designated affiliates as payment of the share consideration, including the additional share consideration, if any, payable by Konecranes in the Acquisition. It cannot be used for any other purpose, nor for any new or existing equity based incentive plans.
- You already have outstanding share issue authorizations from the AGM held on March 23, 2016. What do you intend to do with these?
  - The board of directors has general purpose share issue authorizations amounting up to 6 million new shares and 6 million treasury shares and a separate authorization to issue 500,000 shares to employee share saving plan



participants that have been granted by the AGM held on March 23, 2016. These authorizations correspond to our past practice and are in line with Finnish market practice and we do not see a reason to revoke these authorizations in connection with the Acquisition. In accordance with the Finnish Companies Act there will need to be a weighty financial reason for any issuance of shares in deviation from shareholders' pre-emptive rights and our use of these general purpose authorizations has been very limited in the past years.

#### Agenda item 7

- The proposed amount of annual remuneration shows an increase by 33.33% for the Chairman, by 49.25% for the Vice Chairman, and by 66.67% for the other Board members. Why do you propose to increase the Board's remuneration?
  - The Nomination and Compensation Committee proposes an increase to the annual remuneration payable to the Board of Directors beginning as of the closing of the Acquisition. After the Acquisition, we will be a considerably larger company which means that the Board will have greater responsibilities. The Nomination and Compensation Committee has compared the remuneration levels in comparable Finnish and international companies of similar size and has concluded that the proposed increase in the Board's remuneration is in line with market practice and necessary to ensure our continued ability to attract and retain directors with sufficient expertise and experience.
- What is the vote required to approve the proposals in this agenda item?
  - The approval of the proposal requires that the proposal is supported by more than half (50%) of the votes cast at the Extraordinary General Meeting.

#### Agenda item 8

- Why are you proposing an increase to the number of Board members and why are the proposed increases from six to eight and from eight to ten Board members bundled together and not presented as separate voting items?
  - The Nomination and Compensation Committee finds it important to increase the proportion of independent Board members in connection with this EGM.
  - In case the amendments to our Articles of Association proposed under agenda item 6 are approved, Terex will have the right to nominate two members to the Board of Directors after the Acquisition. The latter increase to the number of Board seats from eight to ten is a technical change that is being proposed in order to enable the appointment of these two new Terex nominees without any of the current Board members having to resign.
- What is the vote required to approve the proposals in this agenda item?
  - The approval of the proposal requires that the proposal is supported by more than half (50%) of the votes cast at the Extraordinary General Meeting.



Agenda item 9

- Who do you propose to elect as new members in the Board of Directors?
  - Please refer to our stock exchange release concerning the proposals of the Nomination and Compensation Committee for this agenda item at <http://www.konecranes.com/resources/media/releases/2016/konecranes-plcs-nomination-and-compensation-committees-proposal-for-new-members-of-the-board-of>.
  
- What is the vote required to approve the proposals in this agenda item?
  - In an election, the person receiving the most votes shall have been elected. In practice, members of the board of directors are generally appointed by casting votes either in support of a proposed list of nominees or against, in which case the approval of the proposal requires that the proposal is supported by more than half (50%) of the votes cast at the Extraordinary General Meeting.