CARGOTEC

Remuneration statement 2011

Board of Directors

The Annual General Meeting (AGM) decides on the remuneration of members of the Board on the basis of a proposal made by the Nomination and Compensation Committee (NCC). In determining the remuneration, the Committee takes into account the Board members' responsibilities and obligations towards the company. Furthermore, the Committee compares the Board remuneration packages to those paid by other companies of the same size (sales) that operate in a comparable business environment.

The AGM on 8 March 2011 decided to keep the fees paid to the Board members unchanged for the year 2011. The Board members' annual fees in 2011 are:

- Chairman: EUR 80,000
- Vice Chairman: EUR 55,000
- Other Board members: EUR 40,000

In addition, a fee of EUR 500 is paid for attendance in meetings of the Board and its committees.

Of the total annual remuneration, 30 percent is paid in Cargotec's class B shares and the rest in cash. The shares will be purchased at market price on a quarterly basis. The Board members must keep the shares they have obtained as an annual remuneration under their ownership for at least two years from the day they obtained them. The Board members receive only remuneration related to their Board and Committee memberships and Board work from the company. The Board members are not included in Cargotec's short-term or long-term incentive plans.

Remuneration paid in 2011 to the Board members is shown in the following table.

Member of the Board	Total remuneration in EUR*	Number of class B shares obtained as remuneration**
Ilkka Herlin, Chairman	91,740	773
Tapio Hakakari, Vice Chairman	63,740	533
Peter Immonen, member	48,000	387
Karri Kaitue, member	48,000	387
Antti Lagerroos, member	48,000	387
Teuvo Salminen, member	48,000	387
Anja Silvennoinen, member	48,000	387
Total	395,480	3,241

**Including annual remuneration, meeting attendance fees and fringe benefits*
***Value included in total remuneration*

President and CEO and the Executive Board

Rewarding principles, which are based on Cargotec's values, are applied in determining the total remuneration of the President and CEO and the Executive Board. The Nomination and Compensation Committee (NCC) decides on the base salaries, the short-term incentive plans and other benefits of Executive Board members. The Board of Directors makes decisions on the total remuneration package of the President and CEO and long-term incentive programmes, their target group and allocations based on the proposal of the NCC.

The total remuneration of the President and CEO and the Executive Board comprises a fixed base salary (including customary fringe benefits) and incentive plans, for which both short- and long-term targets have been defined. The variable salary component consists of a share-based incentive programme and an option programme, both linked to the long-term targets of the company, and short-term bonuses.

In 2011 the short-term bonus plan included financial (operating profit, order intake, operative cash flow), strategic and individual targets. The President and CEO's maximum annual bonus level was 100 percent of the annual base salary, and for other members of the Executive Board, 60 percent. The bonus payout based on 2011 targets will take place in 2012.

For the financial period 2011, the base salary of Cargotec's President and CEO Mikael Mäkinen was EUR 570,975, including fringe benefits. Mäkinen's bonus paid during 2011 was EUR 474,768. The President and CEO is covered by Cargotec's share-based incentive programme and the option programme. Based on the share-based incentive programme 2010, Mäkinen is entitled to receive 20,000 class B shares per earnings period, if performance criteria for earnings period 2010–2012 and earnings period 2011–2013 are met. Based on the option programme 2010, 20,000 2010A option rights and 20,000 2010B option rights were issued to Mikael Mäkinen.

The monetary remuneration paid to President and CEO and Executive Board members in 2011 is the following:

	Base salary including fringe benefits in EUR	Short-term bonus payout in EUR
President & CEO, Mikael Mäkinen	570,975	474,768
Other members of Executive Board, in total	2,889,405	1,082,898

Long-term incentive programmes: total number of shares and share-related rights granted to the President and CEO and Executive Board in 2010 and 2011 are summarized in following table. The realization of the shares and share-related rights is based on the earnings criteria which are described in “Long-term incentive plan” paragraph.

	President & CEO, Mikael Mäkinen	Other members of Executive Board (in total)
2011		
Option programme in 2011 (2010B option rights)	20,000	92,000
Share based incentive programme (earnings period 2011–2013), number of shares (Class B, gross)	20,000	85,000
2010		
Option programme in 2010 (2010A option rights)	20,000	90,000
Share based incentive programme (earnings period 2010–2012), number of shares (Class B, gross)	20,000	74,000

The President and CEO and other members of the Executive Board are entitled to a statutory pension. Their retirement age is determined in line with the statutory pension scheme. For Finnish nationals, such as President and CEO, the statutory retirement age is currently 63 years. Two members of the Executive Board are entitled to a supplementary pension benefit.

The period of notice of the President and CEO is six months and he has the right to compensation amounting to twelve months’ salary for termination of employment. Other members of the Executive Board have a period of notice of six months and are entitled to compensation for termination of employment corresponding to 6–12 months’ salary.

Long-term incentive plan

Share-based incentive programme

In March 2010, the Board of Directors decided to establish a new share-based incentive programme for Cargotec executives. The programme aims to ensure alignment of the objectives of shareholders and executives in order to increase the value of Cargotec, while committing the executives to the company, and offering them a competitive incentive programme based on ownership in the company.

The programme includes three earnings periods, each of them lasting for three calendar years, and they commence in 2010, 2011 and 2012. The Board of Directors will decide on target group, earnings criteria and the targets to be established for them, as well as the maximum amount of the payable reward for each earnings period.

The information concerning the decisions made on the share-based incentive programme is summarised in the table below.

Earnings period		Earnings criteria	Target group
First earnings period	2010–2012	Operating profit margin and sales for fiscal year 2012	Executive Board
Second earnings period	2011–2013	Operating profit margin and sales for fiscal year 2013	Executive Board
Third earnings period	2012–2014	To be decided in 2012	To be decided in 2012

The earnings criteria for the first earnings period 2010–2012 are Cargotec's operating profit margin and sales in the fiscal year 2012. For the second earnings period 2011–2013, the earnings criteria are Cargotec's operating profit margin and sales in the fiscal year 2013. The programme's two earnings periods cover the members of Cargotec's Executive Board.

In 2013, 2014 and 2015 the potential payment will be partly in Cargotec's class B shares and partly in cash. The proportion to be paid in cash is intended to cover taxes and tax-related costs arising from the reward. Rewards to be paid on the basis of the earnings periods 2010–2012 and 2011–2013 will correspond to a maximum total of 200,000 Cargotec class B shares (including the proportion to be paid in cash).

Continued employment at the Cargotec Corporation is a basic requirement for participation in the share ownership plan. If the employment terminates before the share payment, the participant will lose the right to the share reward.

In the spring of 2011, the Board of Directors decided to alter the terms of its share-based incentive programme in such a way that persons covered by the system receive full rights to rewarded shares at the time of payment. The terms of the share-based incentive programme forbidding the transfer of shares for two years from each reward payment were removed. In this way, the programme's duration for each share lot was shortened from five to three years.

Option programme

The Annual General Meeting on 5 March 2010 confirmed that stock options will be issued to the key personnel of Cargotec and its subsidiaries. The programme is intended to encourage key personnel to engage in long-term work in increasing the company's shareholder value, as well as to commit key personnel to the employer. The Board decides on the target group, earnings criteria and option issuance on an annual basis, in the spring of the years 2010 (2010A stock options), 2011 (2010B stock options) and 2012 (2010C stock options). The maximum total number of stock options issued will be 1,200,000.

Cargotec's option programme's subscription periods and earnings criteria are:

	Timing of allocation decisions	Subscription period	Earnings criteria
Stock options 2010A	Spring 2010	1 April 2013–30 April 2015	Operating profit 2010
Stock options 2010B	Spring 2011	1 April 2014–30 April 2016	Operating profit 2011
Stock options 2010C	Spring 2012	1 April 2015–30 April 2017	To be decided in 2012

In the spring of 2010, 2010A option rights were issued to 54 persons, including the members of Cargotec's Executive Board. With the 2010A option right, the share subscription price is EUR 21.35 per share (the trade volume weighted average price of the company's class B share on NASDAQ OMX Helsinki Ltd during the period 8–19 March, 2010). The annual dividends paid will be deducted from the subscription price. The 2010A option rights entitling to 400,000 Cargotec class B shares, either new or treasury shares held by the company, had a criteria on 2010 operating profit. The operating profit target was fulfilled and hence, share subscription for all 359,500 stock options granted will begin in April 2013 as per programme terms and conditions.

In the spring of 2011, the Board issued 2010 B stock options to nearly 80 persons, including the members of Cargotec's Executive Board. With the 2010B option right, the share subscription price is EUR 31,23 per share (the trade volume weighted average quotation of the class B share on NASDAQ OMX Helsinki Ltd. during 14 March–25 March 2011). The dividends will be deducted from the share subscription price each year. The 2010B option rights entitle their holders to subscribe for a total maximum of 400,000 class B shares of Cargotec, either new or treasury shares held by the company.

A prerequisite for the commencement of the share subscription period related to option rights is that the financial targets determined annually by the Board of Directors have been achieved. Insofar as such financial targets are not achieved, the related option rights will expire. The earnings criteria for stock options 2010B is operating profit for 2011.

Cargotec's Board of Directors has decided that if the company's operating profit for the financial year 2011 remains below EUR 205 million, the share subscription period for 2010B option rights will not commence. If the operating profit equals or exceeds EUR 205 million, the share subscription period will commence so that the number of 2010B option rights to be exercised will increase linearly up to maximum EUR 230 million of operating profit. If the operating profit for the financial year 2011 equals or exceeds EUR 230 million, the share subscription period will commence and apply to all 2010B option rights. The share subscription period will be 1 April 2014–30 April 2016.

Continued employment at Cargotec Corporation is a basic requirement for participation in the option plan. If the employment terminates before the share subscription period has begun, the participant will lose the right to the options.

Share-based incentive programme 2007–2011

The President and CEO and other members of the Executive Board have been part of Cargotec key personnel's share-based incentive programme for the period 2007–2011. The first earnings period lasted two years (2007–2008) and the following three periods one year each. Since the criteria set for the second earnings period (2009) was not met, no payments were made in 2010. In March 2010, Cargotec's Board of Directors decided that the remaining earnings periods (2010 and 2011) will be cancelled.

Other matters related to remuneration

The loans Cargotec has granted to Moving Cargo Oy for the financing of a top management incentive programme totalled EUR 3.5 million on 31 December 2011. Owners of Moving Cargo Oy include members of Cargotec's Executive Board. Cargotec has granted no other special benefits, nor has it made other corresponding arrangements with parties belonging to its inner circle.