

# REMUNERATION STATEMENT 2012

## Board of Directors

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

The AGM on 19 March 2012 decided to keep the fees paid to Board members unchanged for the year 2012. Board members' annual fees in 2012 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 of 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. Board members must keep the shares they have obtained as annual remuneration under their ownership for at least two years from the day they obtained them.

Tapio Hakakari, Vice Chairman of Cargotec's Board of Directors, took over as interim President and CEO as of 8 October 2012. During 2012, member of the Board Karri Kaitue worked as consultant for the company in connection with the evaluation of listing MacGregor in Asia, and member of the Board Teuvo Salminen acted as advisor for Kalmar to improve project sales and follow-up. In addition to remuneration related to Board and Committee memberships, Tapio Hakakari, Karri Kaitue and Teuvo Salminen received separate compensation for their work.

Excluding the temporary arrangements described above, the Board members receive only remuneration related to their Board and Committee memberships and Board work from the company. Board members are not included in Cargotec's short-term or long-term incentive plans.

Remuneration paid to Board members in 2012 is shown in the following table.

Member of the Board	Remuneration for Board membership and Board work, EUR	Number of class B shares obtained as remuneration**	Remuneration based on the work for the company, EUR
Ilkka Herlin, Chairman	93,240	1,112	
Tapio Hakakari, Vice Chairman	65,240	766	93,262
Peter Immonen, member	49,000	556	
Karri Kaitue, member	49,000	556	298,800
Antti Lagerroos, member	50,000	556	
Teuvo Salminen, member	49,000	556	12,000
Anja Silvennoinen, member	48,000	556	
Total	403,480	4,658	404,062

\* Including annual remuneration, meeting attendance fees and fringe benefits

\*\* Value included in remuneration for Board membership and Board work

## President and CEO and the Executive Board

Cargotec's reward principles are applied in determining the total remuneration of the President and CEO and the Executive Board. The Nomination and Compensation Committee decides on base salaries, the short-term incentive plans and other benefits of Executive Board members. Based on a proposal by the NCC, the Board of Directors decides on the total remuneration package of the President and CEO, on long-term incentive programmes, and on the target group and allocation of such programmes.

The total remuneration structure of the President and CEO and the Executive Board comprises a fixed base salary including 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 company's long-term targets, as well as short-term bonus.

In 2012, the short-term bonus plan included financial and strategic individual targets. Based on the 2012 short-term

incentive plan, the maximum annual bonus level for Mikael Mäkinen was 100 percent of the annual base salary. For other members of the Executive Board it was 60 percent at the maximum. The bonus payout based on 2012 targets will be made in 2013.

For the financial period 2012 (until 7 October 2012), the base salary of Cargotec's President and CEO Mikael Mäkinen was EUR 441,938 including fringe benefits. Mäkinen's bonus paid during 2012, which was based on 2011 performance criteria, was EUR 380,945. The President and CEO is covered by Cargotec's share-based incentive programme and the option programme.

The remuneration paid in 2012 (as of 8 October 2012) to the Interim President and CEO, Tapio Hakakari, was EUR 93,262. Tapio Hakakari is not a participant in the share-based incentive programme, option programme nor the short-term incentive programme.

The monetary remuneration paid to the President and CEO, Interim President and CEO, and Executive Board members in 2012 is stated in the tables below.

	Base salary including fringe benefits, EUR	Short-term bonus payout, EUR
President and CEO Mikael Mäkinen 1 Jan–7 Oct 2012	441,938	380,945
		Remuneration based on the work for the company, EUR
Interim President and CEO Tapio Hakakari 8 Oct–31 Dec 2012		93,262
	Base salary including fringe benefits, EUR	Short-term bonus payout, EUR
Other members of Executive Board 1 Jan–7 Oct 2012*	2,535,210	1,097,827
Other members of Executive Board 8 Oct–31 Dec 2012**	343,256	0

\* Eeva Sipilä, Olli Isotalo, Axel Leijonhufvud, Pekka Vauramo, Lennart Brelín, Harald de Graaf, Stefan Gleuel, Ken Loh, Kirsi Nuotto, Matti Sommarberg and Unto Ahtola

\*\* Eeva Sipilä, Mikael Mäkinen, Olli Isotalo and Axel Leijonhufvud

The total number of shares and share-related rights granted to the President and CEO Mikael Mäkinen and Executive Board in 2010, 2011 and 2012 is summarised in the following table. Realisation of the shares and share-related rights is based on the earnings criteria described in the section Long-term incentive plan.

Number of shares and share-related rights granted	President and CEO Mikael Mäkinen	Other members of Executive Board
<b>2012</b>		
Option programme in 2012, 2010C option rights	20,000	92,000 (44,000*)
Share-based incentive programme, earnings period 2012–2014, number of class B shares (gross)	20,000	76,000 (50,000*)
<b>2011</b>		
Option programme in 2011, 2010 B option rights	20,000	92,000 (44,000*)
Share-based incentive programme, earnings period 2011–2013, number of class B shares (gross)	20,000	85,000 (43,000*)
<b>2010</b>		
Option programme in 2010, 2010A option rights	20,000	90,000 (47,500*)
Share-based incentive programme, earnings period 2010–2012, number of class B shares (gross)	20,000	74,000 (42,000*)

\* Number of shares and share-related rights granted to Eeva Sipilä, Mikael Mäkinen, Olli Isotalo and Axel Leijonhufvud (Executive Board members from 8 October 2012 to 31 December 2012)

The 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 on the Executive Board, the statutory retirement age is 63 years in accordance with the current legislation.

Members of the Executive Board have a period of notice of 6 months and are entitled to compensation, for termination of employment, corresponding to 6 to 12 months' salary.

## Long-term incentive plan

### Share-based incentive programme

In March 2010, the Board of Directors decided to establish a share-based incentive programme for Cargotec executives. This programme aims to ensure the alignment of shareholders' objectives with those of 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 lasting for three calendar years, which commence in 2010, 2011 and 2012. The Board of Directors has decided on the target group, earnings criteria and the targets to be established for them, as well as the maximum amount of payable reward for each earnings period.

In 2013, 2014 and 2015 the potential payment will partly be 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, 2011–

2013 and 2012–2014 will correspond to a maximum total of 300,000 Cargotec class B shares (including the proportion to be paid in cash).

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, which forbade 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.

The minimum earnings criterion for the first earnings period 2010–2012 was not fulfilled and hence there is no payout based on the first earnings period.

Information concerning the share-based incentive programme's earnings criteria and target group is summarised in the table below.

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

### 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. This 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 maximum total number of stock options reserved for the programme is 1,200,000. On

an annual basis, in the spring of the years 2010 (2010A stock options), 2011 (2010B stock options) and 2012 (2010C stock options), the Board has decided on the programme's target group, earnings criteria and option issuance.

In the spring of 2010, 2010A option rights were issued to 54 persons, including the members of Cargotec's Executive Board. In the case of 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). Any annual dividends paid are deducted from the subscription price. 2010A option rights entitling to 400,000 Cargotec class B shares, either new or treasury shares held by the company, were subject to a criterion regarding the operating profit for 2010. Since the operating profit target was fulfilled, share subscription for all 332,000 stock options granted will begin in April 2013, as per the programme terms and conditions.

In the spring of 2011, the Board issued 2010B stock options to nearly 80 persons, including the members of Cargotec's Executive Board. In the case of 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 14–25 March 2011). Any dividends are deducted from the share subscription price on the year in question. 2010B option rights entitle their holders to subscribe for a total maximum of 400,000 class B shares in Cargotec, either new or treasury shares held by the company. The earnings criteria for stock option

2010B included a provision on the operating profit for 2011; this operating profit target was partly fulfilled. Share subscription for 25,456 stock options will begin in April 2014, as per the programme terms and conditions.

In the spring of 2012, the Board issued 2010C stock options to nearly 80 persons, including the members of Cargotec's Executive Board. In the case of the 2010C option right, the share subscription price is EUR 28.80 per share (the trade volume weighted average quotation of the class B share on NASDAQ OMX Helsinki Ltd. during 26 March–6 April 2011). Any dividends would have been deducted from the share subscription price each year. 2010C option rights would have entitled their holders to subscribe for a total maximum of 400,000 class B shares in Cargotec, either new or treasury shares held by the company. The minimum earnings criterion for stock options 2010C subscription to commence was 2012 operating profit of EUR 230 million. The target was not fulfilled.

If the employment terminates before the share subscription period has begun, the participant will lose the right to the options.

The subscription periods and earnings criteria for Cargotec's option programme's are as follows:

	Subscription price, dividends deducted, EUR (31 Dec 2012)	Subscription period	Earnings criteria
Stock options 2010A	19.74	1 April 2013–30 April 2015	Operating profit 2010
Stock options 2010B	30.23	1 April 2014–30 April 2016	Operating profit 2011
Stock options 2010C	28.80	1 April 2015–30 April 2017	Operating profit 2012

### Other matters related to remuneration

Loans granted by Cargotec to Moving Cargo Oy, for the financing of top-management Cargotec share purchases made in 2007 and 2008, totalled EUR 3.5 million on 31 December 2012. The 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 forming part of its inner circle.