KONECRANES
Lifting Businesses™

ANNUAL REPORT 2010

Lifting Businesses™

Konecranes is an industry shaping, global group of dynamic Lifting Businesses™.

We have a strong commitment to provide our customers with products and services of unrivalled quality, safety and reliability, which results in improved efficiency and performance of our customers' businesses.

Through applying both our unique knowledge and technology, and responsive service attitude of never letting the customer down, we are able to develop innovative and integrated lifting solutions that our customers can trust.

These solutions help increase customers' productivity and profitability, thus showing that we are not just lifting things, but entire businesses.

CONTENTS

KONECRANES IN A SNAPSHOT

Konecranes is a world-leading manufacturer of lifting equipment, serving manufacturing and process industries, shipyards, ports and power plants, including nuclear plants, with productivity-enhancing lifting solutions and services. Our extensive resources, technologies, and proactive mindset ensure that we always deliver on our customer promise: Lifting Businesses™.

MARKET LEADER
IN INDUSTRIAL CRANES AND CRANE SERVICE

INDUSTRY LEADING
TECHNOLOGY AND GLOBAL MODULAR PRODUCT PLATFORMS

SALES OF
EUR 1,546.3 MILLION
IN 2010

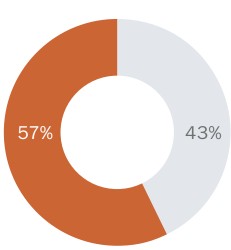
10,042
EMPLOYEES

PRODUCTION FACILITIES IN
12
COUNTRIES

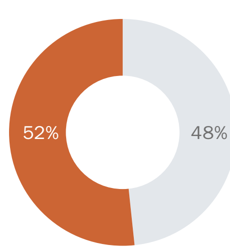
SALES AND SERVICE LOCATIONS IN
46
COUNTRIES

HEAD OFFICE IN
FINLAND

LISTED ON
THE NASDAQ OMX HELSINKI

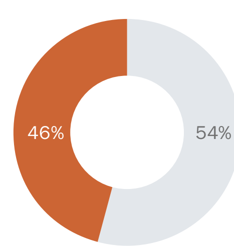


SALES
BY BUSINESS AREA 2010
- Service MEUR 707.8
- Equipment MEUR 948.6



EBIT
BY BUSINESS AREA 2010*
- Service MEUR 62.5
- Equipment MEUR 67.4

*Excluding restructuring costs



PERSONNEL
BY BUSINESS AREA 2010
- Service 5,397
- Equipment 4,600
- Group staff 45

Business Areas

Service

Business Area Service offers service and maintenance solutions for all brands of industrial cranes, port equipment, and machine tools. Konecranes has 578 service locations in 46 countries.

Products

Konecranes offers five different service levels covering the following service products: inspections, preventive maintenance programs, repairs and improvements, on-call service, spare parts, modernizations, and special services such as operational service, remote services, and consultation.

Market position

The clear market leader in crane service, with the world's most extensive crane service network. One of the largest international providers of machine tool service in the engineering industry.

Service contract base

More than 375,000 units are covered by Konecranes maintenance contracts, of which approximately 25 percent are manufactured by Konecranes.

Equipment

Business Area Equipment offers components, cranes, and material handling solutions for a wide range of industries, including process industries, the nuclear sector, industries handling heavy loads, ports, intermodal terminals, shipyards, and bulk material terminals. Products are marketed through a multi-brand portfolio that includes the Konecranes corporate brand and the STAHL CraneSystems, SWF, Verlinde, R&M, and Sanma power brands. Konecranes-branded products are sold directly to end-users, while power brand products are sold to independent crane builders and distributors.

Products

Industrial cranes, including standard-duty cranes, heavy-duty cranes, and workstation lifting systems such as load manipulators; components including wire rope hoists, crane kits, electric chain hoists, manual hoists and accessories; nuclear cranes; port cranes; lift trucks and shipyard cranes.

Market position

The world's largest supplier of industrial cranes. A worldwide leader in explosion-protected crane technology. A global leader in electrical overhead traveling cranes for process industries and shipyard gantry cranes. A global supplier of cranes and lift trucks for container handling and heavy unitized cargo and bulk material unloading.

Annual production

Tens of thousands of cranes, wire rope hoists, and electric chain hoists, and hundreds of heavy-duty cranes, hoisting trolleys, and heavy-duty lift trucks.

2010 HIGHLIGHTS

Satisfactory profitability despite lower net sales

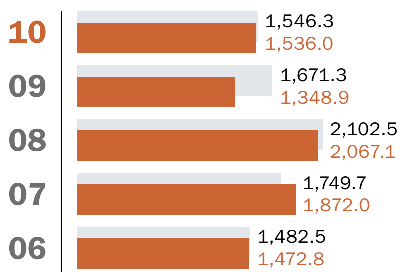
- Demand for maintenance services was strong throughout the year due to higher capacity utilization within customer industries. Demand for new equipment was low in the first half of the year, but recovered towards the end of 2010. Geographically, demand improved in emerging markets in particular, while demand for new equipment in developed markets suffered from customers' overcapacity. Order intake totaled EUR 1,536.0 million, an increase of 13.9 percent compared to 2009.
- 40 percent of new orders came from emerging markets.
- Konecranes' order book as of the end of the year stood at EUR 756.2 million.
- Net sales decreased by 7.5 percent compared to 2009 and totaled EUR 1,546.3 million.
- Operating profit before restructuring costs was EUR 115.1 million, 3.2 percent below the 2009 figure. Operating margin before restructuring costs was 7.4 percent of sales.
- Operating profit including restructuring costs was EUR 112.4 million, 14.8 percent above the 2009 figure. Operating margin including restructuring costs was 7.3 percent of sales.
- Procurement cost savings and production capacity adjustments contributed to profitability performance.

Performance by Business Area

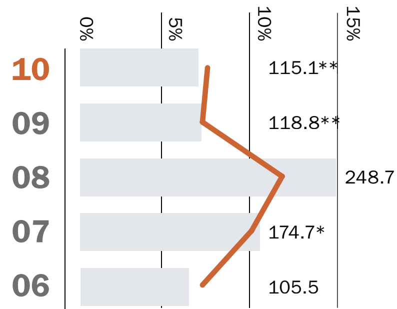
- Konecranes changed its organizational structure as of the beginning of 2010, merging Standard Lifting and Heavy Lifting into one business area: Equipment. External segment reporting was also changed to match the Group's operational structure.
- Net sales in the Service business area were 6.1 percent higher than in 2009, at EUR 707.8 million. Operating profit was EUR 62.5 million, or 8.8 percent of net sales.
- Net sales in the Equipment business area were 14.9 percent lower than in 2009, at EUR 948.6 million. Operating profit was EUR 64.7 million or 6.8 percent of net sales.

Major growth investments

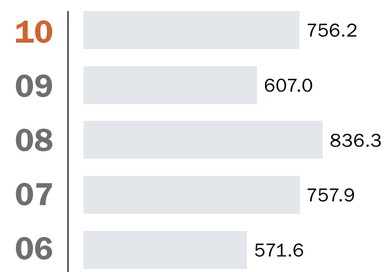
- Konecranes further strengthened its position in the world's growing emerging markets, both organically and through bolt-on acquisitions.
- Konecranes acquired nine companies during 2010. In addition, Konecranes announced the acquisition of Indian-based WMI Cranes Ltd., which is one of India's leading manufacturers of heavy-duty cranes.
- Konecranes acquired two crane service companies: one in France and one in Morocco.
- The Machine Tool Service (MTS) business was expanded with six acquisitions, two in Denmark, two in the UK, and two in the US.
- Konecranes and the Japanese hoist, crane, and material handling equipment company, Kito Corporation, entered into a strategic alliance. Under this, Konecranes will sell Kito manual products and Kito will sell wire rope hoists made by Konecranes. To reinforce the alliance, Konecranes purchased 22.0 percent of Kito's share capital and now has 24.4 percent of the company's voting rights.
- Personnel numbered 10,042 as of the end of 2010, an increase of 260, primarily the result of acquisitions.
- R&D investments were 1.4 percent of net sales (2009: 1.3 percent)
- The SMARTON® heavy industrial crane was launched in January 2010 and orders developed successfully during the year.
- The Konecranes automation and software development unit was founded to better utilize the scale of Konecranes' business and further develop software products for all business lines.
- Development continued in remote services to fully support Konecranes' advanced maintenance concept globally.



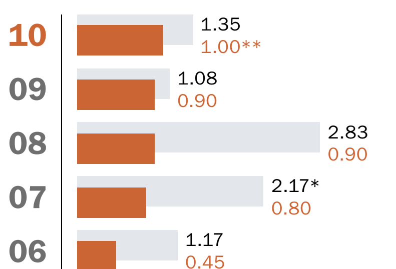
SALES/ORDERS
(MEUR)
Sales
Order intake



EBIT/EBIT MARGIN
(MEUR/%)
* Excluding capital gain
** Excluding restructuring costs

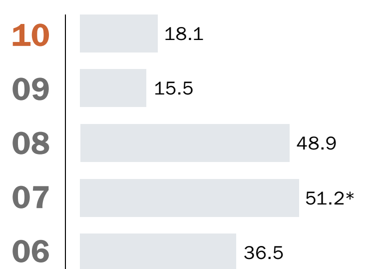


ORDER BOOK
(MEUR)

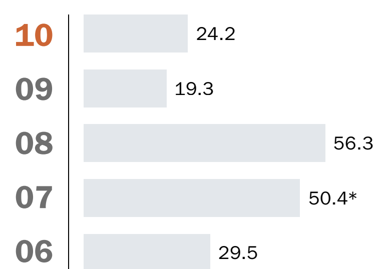


EARNINGS & DIVIDENDS PER SHARE
(EUR)
Earnings per share, basic
Dividend per share

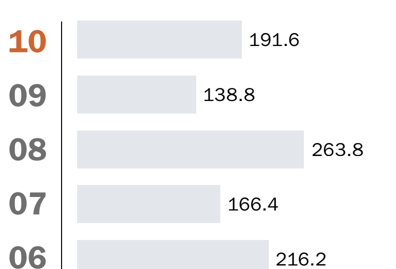
* 2007 EPS excluding capital gain: EUR 1.95
** The Board's proposal to the AGM



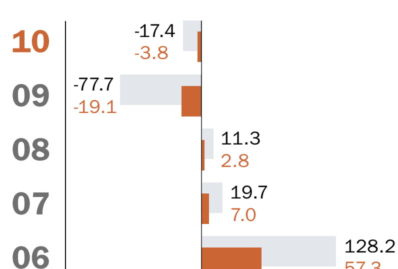
RETURN ON EQUITY
(%)
*2007 Excluding capital gain: 47.3%



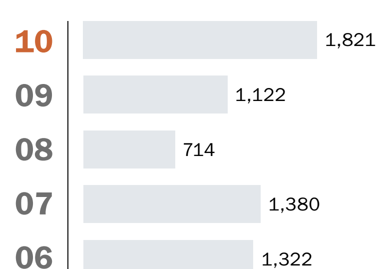
RETURN ON CAPITAL EMPLOYED
(%)
*2007 Excluding capital gain: 46.2%



NET WORKING CAPITAL
(MEUR)



NET DEBT/GEARING
(MEUR/%)
Net debt
Gearing



YEAR-END MARKET CAPITALIZATION*
(MEUR)
* Excluding own shares

DEAR KONECRANES SHAREHOLDERS, CUSTOMERS, AND EMPLOYEES,

The market conditions affecting our industry took a positive turn in the second half of 2010, after some 1.5 years of very low demand among our most important customer segments. This improvement was driven by gradually improving capacity utilization rates in our key markets. The recovery remained fragile, however, as many customers continued to be cautious in taking decisions on new equipment investments. Excellent fourth-quarter orders boosted our total equipment orders for the year above those booked in 2009. The demand for services was stronger throughout the year than in 2009, and also the future potential in this area looks promising. Most geographical markets recovered well, especially emerging markets and North America. The weak point continued to be equipment demand in the large markets of Western Europe. In total, our orders grew 13.9 percent, to EUR 1,536.0 million. Since we started the year with an order book that was 27 percent lower than at the beginning of 2009, and growth in new orders came mostly during the second half of 2010, our sales of EUR 1,546.3 million were 7.5 percent lower than in 2009. The recession resulted in two consecutive years of declining delivery volumes, a trend that we aim to reverse in 2011.

We have every reason to be satisfied with our financial result in 2010. The fact that we recorded an operating profit before restructuring costs that was only slightly below that of 2009 (EUR 115.1 million vs. 118.8 million), while our sales were EUR 125 million lower, shows how successful our cost control measures have been. Our variable costs (in-house manufacturing and material procurement) developed well and helped us even slightly increase our sales margin, despite the price erosion that took place in smaller and more standard equipment. Our operating margin, before restructuring costs, actually increased, from 7.1 to 7.4 percent, which is an achievement that our team should be particularly proud of in a year of declining sales. Our balance sheet remained in good shape, and improvements in working capital efficiency in particular helped us deliver a good 24,2 percent return on capital employed.

One of the most important pieces of our strategy going forward will be to increase our investment in technology development, to further improve our ability to enhance our customers' productivity. We have several important new products and services in the pipeline, some of which will hit the market already this year. Some of the key development themes are safety, eco-efficiency, automation, maintenance and control systems, and software in general. As I have said before, the innovation potential when it comes to new services is almost unlimited; it is up to us to change the game.

Another key strategy is to develop a truly global footprint. We took a number of important steps during 2010, opening 33 new service locations, bringing the total to 578. An operational alliance with Kito Corporation, strengthened by an equity stake, will open new doors for us, especially in Asia. We made a total of nine acquisitions in 2010, mainly small service companies, including several machine tool service teams; we also took an important step in Africa through the acquisition of Techniplus in Morocco. I would like to highlight the strategic importance of our announced acquisition of WMI Cranes Ltd. in India in particular here. We established a local presence in India in 2007, after which organic growth has been encouraging already making India one of our top countries. Following the announced acquisition of WMI, we now have a leading position in our chosen segments in both India and China. Despite good progress like this, however, we have some way to go. Latin America, Africa, the Middle East, Eastern Europe, and several parts of Asia will continue to offer expansion opportunities for several years to come.

We increased our efforts in training and developing our people during 2010, and we regularly monitor the views and expectations of our employees to ensure that we remain as good a career choice for them as possible. In addition to professional competencies, both the physical and mental wellbeing of employees is also an important issue in a world where the battle over resources will continue intensifying. A full report on our efforts in the area of corporate responsibility – including safety, quality, the environment, and our updated code of conduct – is presented in the section beginning on page 26 of this Annual Report.

I would also like to highlight the investments we are making in increasing our internal efficiency. Beginning with field service, we will gradually renew all our key information systems, with the aim of achieving full real-time visibility for our business and yielding another leap in productivity. We are not changing all our systems in one 'big bang', however, rather on a gradual basis, through a multi-year program.

Thank you all for your support!

Pekka Lundmark
President and CEO


KONEC
Main production sites
Sales and service locations
Distributors

DEAR SHAREHOLDERS,

During 2010, our stock price appreciated by over 60 percent. Konecranes was one of the winners in the stock exchange rally seen in Helsinki. Our recovery from the low of approx. EUR 10 per share in November 2008 to today's price of approx. EUR 32 (January 10, 2011) has been remarkable.

However, we must also remember that our all-time-high, almost EUR 35 per share, occurred as recently as July 2007. The valley thus lasted for about 3.5 years.

Our share price has recovered, but in business volume terms we are still some way from our 2008 numbers. Going forward, it will be of essential importance to demonstrate how we are going to generate growth. Let me highlight a few parameters here, which in my mind define our company as a long-term growth business.

During the recession, our management was quick to react to the complete stop we saw in new orders. Not only was the reaction quick, it was also well-planned. As a result, our company now comes out of the recession with an unscarred balance sheet. More importantly, we successfully defended our margins, in spite of the hostile scramble among competitors for those few orders that were forthcoming. We were able to lower not only our fixed costs to mitigate the impact of less business, we also further reduced our direct cost base. This new low cost level is very handy now that new orders are coming in again.

More than anything, our actions during recent years demonstrate our strategic agility. In the rough waters that lie ahead, our capacity for swift action will continue to be of pivotal importance.

During the recession we advanced our market positions. We increased our presence in China in late 2009, and we now have a total of five plants there, with 1,471 employees. In March 2010, we formed a strategic alliance in Japan. Although a mature market, Japan is still an industrial giant and represents a huge potential for our products. We also took a significant equity position in Kito, our Japanese partner. We are now their largest shareholder.

We targeted the Indian market with our announced acquisition of the crane company WMI Cranes Ltd. in October. WMI already holds a significant market position. We have been able to utilize that position successfully to introduce other Group products to the Indian market.

In parallel to this, we have also advanced the Group's position in South Africa and Morocco, and we have closed gaps in our Service coverage in the European market and in the US.

Including our 2010 acquisitions, our global footprint now covers 46 countries served through wholly owned subsidiaries. Adding a dozen countries served through independent or partially owned partners, our network is one of the largest in our industry.

But we will not stop here. As pointed out in the CEO's letter, our ambitions are far from satisfied.

In October, we confirmed a preliminary approach that we made some time earlier to one of our largest European competitors. Our friendly approach was rejected, but our strategic reasoning remains: We cannot ignore the benefits of scale. During the recession, we saw a shift in industrial power towards the East and to China in particular. We see further consolidation as a long-term necessity in defending Europe's present leading global role.

Our approach to our competitor was a serious one. Of course we have a number of other options as well to significantly increase our scale.

Advancing our global presence is a necessity for a growth company. But we must beat our competition in technology as well. Our way to advance our position is to focus on intelligent, innovative solutions that improve our customers' own processes and thereby their profitability. Throughout the recession and the tough savings we made, only our R&D spending remained untouched. Today, we are increasing our R&D investments.

The recession is over and growth is returning. However, growth today is different from what it was pre-recession. It is taking place in other places, and particularly in new products.

We at Konecranes are well-positioned in this new business environment. Our basic business line – lifting – provides solutions for a universal, eternal need. Our geographical reach enables us to serve customers wherever they are and manufacture wherever it is cost-effective. And our product offering is modern and wide.

I welcome all new shareholders to a dynamic company, and I thank all old shareholders for their continued trust. Together, we will share a future of growth and prosperity.

Stig Gustavson
Chairman of the Board

COMPANY CORNERSTONES

MISSION

WE ARE NOT JUST LIFTING THINGS, BUT ENTIRE BUSINESSES.

VISION

WE WANT TO BE THE UNDISPUTED LEADER OF THE LIFTING INDUSTRY, AND A BENCHMARK FOR BUSINESS PERFORMANCE AND CUSTOMER SERVICE.

KONECRANES®
Lifting Businesses™

VALUES

TRUST IN PEOPLE:

WE WANT TO BE KNOWN FOR OUR GREAT PEOPLE.

TOTAL SERVICE COMMITMENT:

WE WANT TO BE KNOWN FOR ALWAYS KEEPING OUR PROMISES.

SUSTAINED PROFITABILITY:

WE WANT TO BE KNOWN AS A FINANCIALLY SOUND COMPANY.

KONECRANES IS AN INDUSTRY SHAPING, GLOBAL GROUP OF DYNAMIC LIFTING BUSINESSES

STRATEGY

Differentiation through service and technology innovation

We at Konecranes are committed to providing excellent, proactive service and to never letting our customers down – by always being there when our customers need us. To ensure that we are, we believe in the importance of continuously developing our service offering and further enhancing the customer experience.

Our other key differentiators are technology and innovation. We have continuously increased our R&D investments. Safety and quality remain high on our agenda and we are committed to incorporating these into every aspect of our mindset.

Lifting People

Our employees, together with their expertise and their motivation, are central to our success. This is why we continually invest in training and in developing people's leadership skills. The more capable our people are, the better both our service and our products will be.

Global footprint

Konecranes is committed to becoming an even more dynamic and global force in the lifting business. While we already have a presence in more than 40 countries, there are still many areas where Konecranes could offer more, both in terms of products and service. We believe that we can achieve this through a combination of ongoing organic growth and acquisitions.

Dual-channel strategy

Given the very fragmented nature of the markets that we serve, we sell both directly to end-users and to small independent crane-builders and industrial distributors. This dual-channel approach enables Konecranes to provide maximum market coverage, while retaining economies of scale through uniform product platforms.

Global, demand-driven supply chain

Our global presence and our commitment to serving our customers, wherever they are, means that we need a global supply chain and one that offers similar capabilities worldwide to provide us with the optimum level of scalability. Our supply chain also needs to be flexible so that we can adapt to fluctuations in demand, while offering competitive lead and delivery times, and avoid excessively large inventory levels.

Real-time information

To ensure that we can make rapid and well-informed decisions, Konecranes believes in decentralized decision-making and the benefits of taking decisions as close to the customer as possible. Giving our people access to transparent, real-time information will be essential to improving our performance here, which is why we are investing in new-generation information systems to give us new capabilities.

A GRADUAL MARKET RECOVERY

KONECRANES' GLOBAL MARKET POSITIONS	MARKET SHARE OF **15** PERCENT	**#1** IN CRANE MAINTENANCE SERVICES
#1 IN INDUSTRIAL CRANES & COMPONENTS	**#3–5** IN PORT CRANES	**#3–4** IN LIFT TRUCKS

The turnaround in the global economy that started in the autumn of 2009 continued in 2010. Driven by accommodative monetary policies and low interest rates, global macroeconomic indicators improved across the board and even exceeded expectations in many cases. Growth rates in emerging markets continued to exceed those in developed countries.

Economic news in Europe was dominated by concerns about the economies of various European countries, and several countries announced austerity measures to reduce their budget deficits. Despite increased turbulence in the financial markets, macroeconomic indicators remained generally positive, however. Export-led economies, such as Germany and Sweden, showed the strongest level of recovery.

US economic news was dominated by double-dip fears linked to low construction activity, high unemployment and general deleveraging. Macroeconomic indicators pointed to a slow recovery in the overall economy.

As in previous years, the Chinese economy drove global growth. The Indian economy continued to gain importance globally.

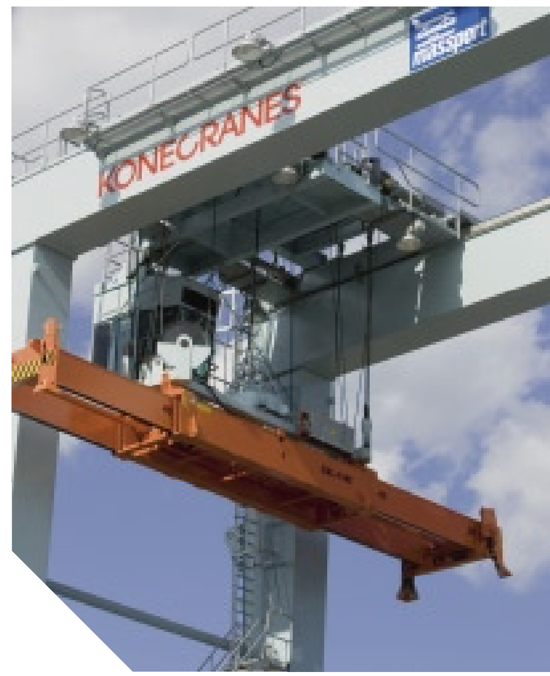
Industrial capacity utilization improved in both Europe and the US, but was still low by historical standards. Purchasing manager indexes were buoyant worldwide, pointing to an expansion in economic activity, although this was tempered towards the end of the year.

Demand for new equipment continued to suffer from overcapacity across most customer segments, particularly in the first half of the year. Demand for industrial cranes was held back by a lack of major industrial investments, while that for components was boosted by broader use and replacement of old equipment. New inquiries from the power generation, waste-to-energy and paper & pulp sectors increased whereas those from general manufacturing and the steel industry stayed flat.

The stronger-than-expected turnaround in the global economy was particularly visible in container traffic. Global container volumes increased by 13 percent, reaching the previous peak level of 2008, and this was reflected in greater demand for lift trucks and reach stackers. After a quiet start to the year, the increase in shipping volumes resulted in a higher level of project activity with container ports towards the end of the year.

Intense price competition continued due to overcapacity in the crane manufacturing industry.

Demand for lifting equipment services improved due to higher capacity utilization in Konecranes' customer industries. Customers have also continued to show a growing



interest in outsourcing their maintenance needs. New types of services utilizing the latest IT and measurement technologies have proved increasingly attractive.

Steel and sea freight prices increased during the first half, but leveled off in the third quarter. Copper prices were high and rose further towards the end of the year. The US dollar appreciated against the euro during the first half. While this development was reversed in the third quarter, the dollar again strengthened against the euro during the fourth quarter.

Key business drivers

The increasing economic power of emerging markets, such as BRIC countries, was clearly reflected in Konecranes' operations. Orders from emerging markets accounted for approximately 40 percent of Group orders and more than 50 percent of orders in the Equipment business. Thanks to investments in organic growth and acquisitions, Konecranes has built up very strong positions in China and India in particular.

The market for services and lifting equipment differ significantly in developed and emerging economies. Outsourcing continues to be concentrated in industrialized countries, while the concept of outsourced crane maintenance has only recently started to gain ground in emerging markets with the growth in the installed base of Western-type equipment. The preventive maintenance concept, which is already well-established in developed countries, is gradually gaining a foothold in emerging markets as well.

Automation, eco-efficiency, and safety are the key aspects of the new equipment business in developed countries. While local products in emerging markets usually incorporate basic robust technology, there is a clear trend towards similar features to those taken for granted in developed markets – something which is clearly beneficial for technologically oriented companies such as Konecranes.

SERVICE

Konecranes' Business Area Service offers service solutions and maintenance for all brands of cranes, port equipment, and machine tools. Konecranes has the largest service network in the industry, with 578 service locations in 46 countries and 3,466 highly qualified technicians.

Konecranes' Service customers range from repair shops and general manufacturing sites, with maintenance cranes and machine tools, to paper and steel mills, nuclear power plants, and ports with lifting equipment that require 24-hour availability because lifting represents an integral part of their operations.

The global Crane Service, Port Service, and Machine Tool Service (MTS) business units ensure that customers have access to quality service 24 hours a day. The Modernizations and Parts business units operate mainly via the service network but also directly with end-customers.

Konecranes offers a full range of service solutions designed to match customers' varying maintenance and performance needs. These range from expert services covering a specific project or product to full service and material handling partnerships. The closer customers work with Konecranes, the more potential they have to make use of Konecranes' expertise and service capabilities and develop their operations.

Performance in 2010

Demand for maintenance services improved during the entire year and order intake increased 21.5 percent to EUR 605.7 million. Sales were 6.1 percent up compared to 2009, at EUR 707.8 million. The operating profit was EUR 62.5 million and the operating margin 8.8 percent. The number of units in the maintenance contract base increased to 375,514 from 362,996 at the end of 2009, and had an annual value of EUR 145.7 million.

Business environment in 2010

Capacity utilization in customer industries improved during 2010, supporting demand for lifting equipment services. Customers also continued to show a growing interest in outsourced maintenance. A number of new service products were introduced and were well-received by customers.

Developments in 2010

Konecranes' Business Area Service celebrated its 50th anniversary in 2010. The lift and crane manufacturer, KONE Corporation, from which Konecranes was spun off in 1994, founded a Crane Service Unit in 1960 to handle maintenance and installation activities. Operations initially covered Helsinki, but were soon expanded to the rest of Finland and gradually to the Nordic countries. Today, 50 years later, Konecranes has become the leading global crane service company. This has been achieved through organic growth and acquisitions.

Konecranes Service launched a new unique crane runway measurement and analysis method, RailQ, in 2010. This generates a 3D model of current runway conditions at a site and a thorough analytical report, highlighting improvement and correction needs.

The development of remote services continued during the year. The results of this work have been very promising and Konecranes intends increasing its focus in this area.

Service continued to invest in training. A large number of service technicians took part in the global Technician Development Program, intended for all service technicians worldwide. In addition, technicians received training on new products, particularly in the area of automation. Significant emphasis was also given to sales and service management training.

Important orders in 2010 included various modernization contracts for power plants and shipyards. Konecranes' restructured modernization organization, and a marketplace recovering from the economic downturn, boosted the modernization business. Other important orders included contracts covering the modernization of port cranes in Slovenia and Canada.

A new Parts Manufacturing Centre (PMC) was opened in Finland in March 2010. Together with Konecranes' established PMC in the US, this will improve customer service, particularly in respect of spare parts for critical process cranes and refurbished or repaired parts. Initiatives made by the Distribution Centre network have also improved the local availability of parts.

The machine tool service (MTS) network was expanded during the year through acquisitions of MTS companies in Denmark, the UK, and the US. Service also expanded in North Africa with the acquisition of a port service company in Morocco; while in West Africa, Konecranes signed a partnership agreement with a company in Ghana. Another important acquisition included a service company in France.

Key figures	Part of group total %	2010	2009	Change %
Orders received, MEUR	38	605.7	498.4	21.5
Order book, MEUR	14	103.3	75.9	36.0
Net sales, MEUR	43	707.8	667.2	6.1
Operating profit (EBIT), MEUR	49	62.5	58.3	7.2
Operating margin (EBIT), %		8.8%	8.7%	
Operating profit (EBIT) excluding restructuring costs, MEUR	48	62.5	61.0	2.5
Operating margin (EBIT) excluding restructuring costs, %		8.8%	9.1%	
Personnel at the end of period	54	5 397	4 991	8.1

EQUIPMENT

Konecranes' Business Area Equipment offers lifting equipment and material handling solutions for industrial use, typically in general manufacturing, process industries, power plants, industries handling heavy loads, ports, intermodal terminals, shipyards, and bulk material terminals.

Business Area Equipment has an extensive and diverse global customer base. General manufacturing represents the largest single customer segment. Other important segments include ports, oil & gas, mining, automotive, distribution centers, entertainment, energy (wind energy, power plants, waste-to-energy), steel, petrochemicals, and paper mills.

The product range includes industrial cranes, wire rope and chain hoists, crane components, workstation lifting systems, including load manipulators, and manual hoists. The range also covers products designed for efficient container handling, including ship-to-shore (STS) cranes, rubber tired gantry (RTG) cranes, rail mounted gantry (RMG) cranes, automated container yards with stacking cranes, straddle carriers, reach stackers, and masted lift trucks. For shipyard use, Konecranes offers a full range of cranes, all the way up to huge Goliath gantry cranes for handling extremely heavy sections. We also offer high-capacity grab unloaders for large bulk terminals, and all material handling equipment for nuclear power plants.

Cranes, hoists, and services are marketed to end-users under the Konecranes brand. The Group's power brands – STAHL CraneSystems, SWF, Verlinde, and R&M – sell their industrial crane products via independent crane builders and distributors, while Sanma focuses on the Chinese market. All these channels complement each other and guarantee comprehensive global market coverage. P&H® -branded products are also sold by the Konecranes sales organization.

Performance in 2010

Business Area Equipment improved its overall performance compared to 2009, in line with the gradual improvement seen in the marketplace during the year. Order intake increased to EUR 1,004.9 million, an increase of 7.5 percent over 2009. Sales declined 14.9 percent to EUR 948.6 million. Operating profit was EUR 64.7 million and operating margin was 6.8 percent.

Business environment in 2010

Demand for new equipment continued to suffer from low capacity utilization rates. The demand for heavy industrial cranes was affected by the lack of major industrial investments in process industries, while that for lighter industrial cranes and components was boosted by a gradual improvement in overall activity. Although the container port business started to pick up towards the end of the year, there was still some uncertainty in respect of the timing of new investments. Inquiries from the energy, steel, paper & pulp, and mining sectors continued to be reasonably active.

Developments in 2010

Konecranes introduced its innovative SMARTON® crane at the beginning of the year, primarily targeting heavy-duty process industries and applications requiring high lifting capacities with state-of-the-art load handling features. SMARTON units can lift loads ranging from 30 tons to 500 tons. The launch went well, with a number of units ordered.

Konecranes also entered into a strategic alliance with Kito Corporation of Japan in 2010. Under this, Konecranes will start selling Kito's manual products, while Kito will sell Konecranes' wire rope hoists. The alliance is intended to complement the resources of the two groups.

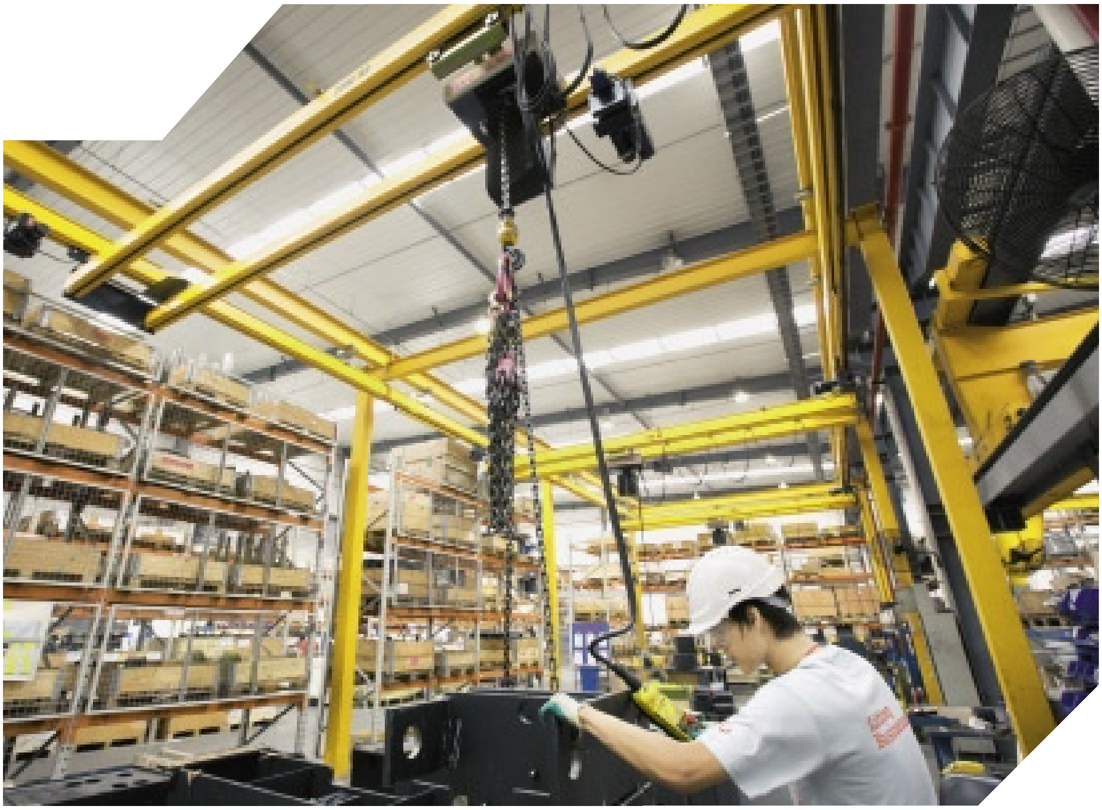
The integration of the Chinese hoist and crane manufacturer, Sanma, proceeded well.

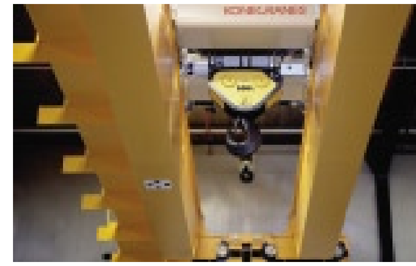
Konecranes also announced the acquisition of one of India's leading manufacturers of heavy-duty cranes, WMI Cranes Ltd. The organic growth of our Indian equipment business, which now covers our entire offering, moved ahead very well, and we booked an important industrial crane order for a steel customer, secured sales of lift trucks for intermodal terminal use, and won a major order for container handling cranes, for example.

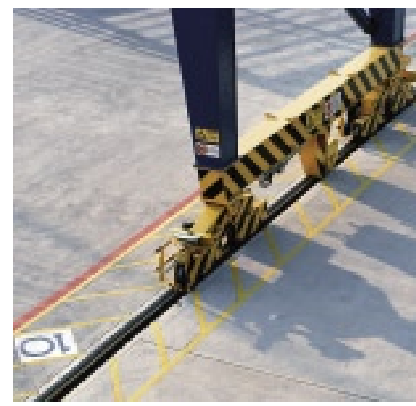
Other important orders elsewhere included a large AGD grab unloader able to unload 3,000 tons/h of iron ore or coal for a customer in Japan; 30 automated stacking cranes for a customer in the U.A.E.; and two RTG orders in Turkey, one of which featured the country's first Konecranes RTG cranes, while the other included Turkey's first electrically-fed cable reel RTGs. The market for lifting equipment in Africa was active, and Konecranes received a number of important orders. We also received coker crane orders from petrochemical customers in India, South America, and Saudi Arabia.

The integration of Konecranes and Morris Material Handling, which began in 2009, progressed well during 2010.

The inauguration of the expansion of Konecranes' lift truck plant in Lingang New City, Shanghai was held in October, and production capacity there is now double what it used to be.







Konecranes' power brands, R&M, STAHL CraneSystems, SWF, and Verlinde, expanded their global footprint during 2010, with the successful launch of the SWF brand in China marking a particularly important step forward. All brands launched new products, reinforcing their strong positions in a challenging market environment. Innovations included a full range of jib cranes for light loads up to 2 tons, and a new range of heavy winches. Following this, units can now handle capacities up to 160 tons, double the previous 80 tons.

Key figures	Part of group total %	2010	2009	Change %
Orders received, MEUR	62	1,004.9	934.6	7.5
Order book, MEUR	86	652.9	547.8	19.2
Net sales, MEUR	57	948.6	1,115.1	-14.9
Operating profit (EBIT), MEUR	51	64.7	58.5	10.6
Operating margin (EBIT), %		6.8%	5.2%	
Operating profit (EBIT) excluding restructuring costs, MEUR	52	67.4	76.7	-12.2
Operating margin (EBIT) excluding restructuring costs, %		7.1%	6.9%	
Personnel at the end of period	46	4,600	4,742	-3.0

REGIONAL OVERVIEW

Konecranes' operations are divided into three geographical regions – AME, EMEA and APAC – to maximize the company's potential to understand its customers' industries and their needs, and build long-term customer relationships.

Americas (AME)

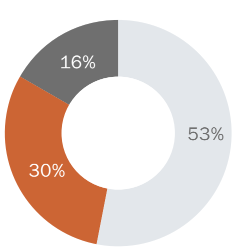
Konecranes holds a very strong position in the Americas, particularly in the US. The Americas accounted for 30 percent of sales in 2010. The US is the most developed country in terms of outsourced crane services, and around half of the sales of Konecranes in the Americas are service-related.

- Largest markets: the US, Canada, and Mexico.
- Operations: employees 2,259, locations 135.
- Manufacturing: 5 plants manufacturing industrial & process cranes, including nuclear cranes, hoists, parts and related components.
- Key brands: Konecranes, P&H® (through Morris Material Handling), STAHL CraneSystems, R&M and Crane Pro Parts.

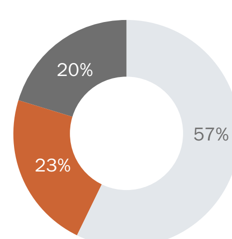
South America is home to some fast-growing markets, with Brazil and Chile offering the most notable growth opportunities, as a result of ongoing expansion and upgrades in infrastructure, heavy industry, and general manufacturing. The main areas of business for Konecranes here are steel and metals, energy, and ports.

Europe, Middle East and Africa (EMEA)

EMEA is Konecranes' largest region, accounting for 53 percent of sales in 2010. The region comprises both mature markets, with a high proportion of service sales, and fast-growing economies where service is still small compared to equipment sales. The proportion of service outsourced to specialists varies widely from country to country.



SALES PER REGION
EMEA MEUR 823.2
AME MEUR 468.2
APAC MEUR 254.8



PERSONNEL PER REGION
EMEA 5,751
AME 2,259
APAC 2,032

- Operations: employees 5,751, service locations 326
- Manufacturing: 11 plants manufacturing cranes and hoists, lift trucks, and steel structures for larger cranes
- Key brands: Konecranes, STAHL CraneSystems, SWF, and Verlinde.

West Europe

In the mature West European market, customer focus tends to be directed to enhancing efficiency and productivity in material handling to offset high labor costs. Service represents a high proportion of Konecranes' sales in the area, between 30 and 70 percent, with significant variation between different countries.

- Largest markets: Germany, the UK, France, the Netherlands and Austria.

Nordic

In the Nordic countries, service accounts for a high percentage of sales and a significant part of the service business is based on long-term service contracts. Demand for new equipment has suffered from slow decision-making. The customer base is wide, with the main segments being energy, general manufacturing and pulp & paper.

- Largest markets: Finland, Sweden.

Eastern Europe

The emerging markets in Eastern Europe were hit by a combination of reduced export opportunities and financial constraints. The situation has now started to turn and the market is recovering. Demand for new equipment is higher and increased oil & gas prices are having a positive effect on especially on the Russian market. Demand for modernization has also increased. The most active customer segments are petrochemicals, metals, general manufacturing and automotive. Konecranes has continued to extend its market coverage in Eastern Europe with new service and sales locations.

- Largest markets: Russia.

Middle East

The Middle East continues to show high potential, with large investments taking place in infrastructure, petrochemicals, and general manufacturing. Konecranes' main areas of business are petrochemicals, energy, metals, ports, and general manufacturing. Service accounts for a low percentage of sales.

- Largest markets: the U.A.E., Saudi Arabia, and Egypt.

Africa

Demand in Africa is growing, as many countries continue to invest in ports and other infrastructure. Konecranes focuses on North Africa, South Africa, and other coastal markets. The main areas of business are ports and logistics, metals, and mining.

- Largest markets: South Africa, Algeria, Morocco, Ghana, Nigeria, Kenya and Tanzania.

Asia-Pacific (APAC)

This was the region least affected by the economic downturn. It is driven by activity in India and economic momentum in China. The region includes a mix of both mature markets, in Australia and some of the Southeast Asian countries, and fast-growing economies like China and India.

Power, paper, steel, and mining remained the most active end-user markets for Konecranes equipment in 2010. Ports and container handling are also recovering in Asia leading to increased activity for lift trucks and port cranes.

- Largest markets: China, India, Australia, Thailand, Indonesia, Vietnam, Malaysia, Korea, Japan, New Zeeland and Singapore.
- Operations: employees 2,032, service locations 117
- Manufacturing: 9 plants, including joint ventures, manufacturing hoists, industrial and process cranes, steel structures, lift trucks and port cranes.
- Key brands: Konecranes, STAHL CraneSystems, SWF and Sanma.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PRODUCT DEVELOPMENT

Konecranes makes innovative use of technology in developing both new lifting solutions and its service offering. One of our six key strategies is to differentiate our business through an innovative approach to service and technology, and we believe that Konecranes' commitment to preventive service is an excellent example of what we mean here. We develop our service offering continuously to further enhance the customer experience. Our service contract base, which covers more than 375,000 items of equipment today, together with our 3,466 service technicians, give us a unique competitive edge, and one that also contributes to growing our equipment sales. We service both Konecranes-supplied equipment and equipment supplied by other manufacturers; and the some 1.6 million customer contacts we have annually give us an excellent opportunity to stay up-to-date with our customers' needs.

We have systematically increased our R&D investments. Safety and quality are particularly high priorities for us, and progress here calls for both development work and the right mind-set. Material handling systems are an integral part of our customers' processes, which is why our expertise in areas such as automation can play a key part in helping them improve their productivity. We further developed our capabilities in this area in 2010.

The Konecranes Group spent EUR 21.5 million on research and product development in 2010, equivalent to 1.4 percent of net sales.

SMARTON® broadened the platform

We launched the Konecranes SMARTON industrial crane concept in 2009, and extended the SMARTON product family in 2010 to cover all application areas. The project has generated numerous patentable innovations and many of the capabilities that have been developed under its umbrella have been incorporated into other Konecranes products.

The SMARTON crane reflects our promise to lift customers' businesses. The unique folding maintenance platform incorporated into these units makes them compact and helps customers save on building and heating costs. The digital control technology used provides very accurate control and virtually eliminates sway-related problems and shock loads, improving user safety and ease of operation. A remote connection to Konecranes' technical support center ensures that detailed, up-to-date data is available on crane operations and helps eliminate unplanned service outages. Depending on configuration, a SMARTON crane can lift anything from 30 tons to 500 tons.

Konecranes' product offering was extended during 2010, with the introduction of a range of higher-capacity lift trolleys for the Group's power brands.

Customers can expect new product announcements from Konecranes at the CeMAT trade fair in Hannover, Germany, in 2011.

Global cooperation in product development

The RailQ measurement and analysis service launched in 2010 is a good example of a particularly successful product development project and the value of cooperation with customers, research institutions, and universities. The project developed new measuring equipment and leveraged advanced skills in radio technology, electronics, and software.

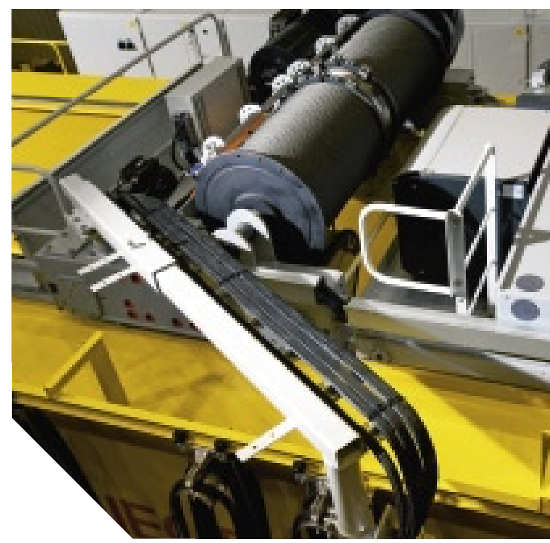
Efficient networking and in-depth know-how played an important part in the smooth management of the project and the progress it made. Konecranes' product development personnel were responsible for overall management and developing and customizing the new software needed. The development of the measurement trolley is a good example of cooperation with an external research institute. Involving maintenance personnel in the project from the start made it possible to get the product out into the field quickly.

The RailQ system can help prevent the need for expensive repair work on customers' cranes by keeping crane runways in optimum condition. Runway measurements used to take an average of eight hours, and this has now been cut significantly, reducing the amount of time a crane needs to be out of action. RailQ immediately provides a 3D image of the runway and a detailed analysis of any repairs needed. Compared to conventional methods, RailQ helps improve safety significantly.

Global cooperation played a key role in the success of the RailQ project, which was given the internal Konecranes Development Award 2009 in spring 2010.

Making more of innovation

The importance of making more of innovation was raised to a new level across the Konecranes Group in 2010. The aim is to develop, harmonize, and extend common practices and procedures for collecting and refining our best ideas to benefit both Konecranes' own business and our custom-



ers' businesses. We have continued to strengthen our internal channels for developing viable new ideas and foster an atmosphere that encourages people to tell others in the organization about their ideas – to help make innovation an integral part of our day-to-day management and routines.

Konecranes' innovation work is not only focused on products, technologies, and service solutions, although these are the most obvious outward reflection of what we do in this area. We also want to develop new ways of working, internally and throughout our supply chain, together with new business models that can benefit our customers' operations.

A good example of what we mean here is the closer way that we are now beginning to integrate our suppliers in our innovation work. The Early Supplier Involvement initiative has already resulted in a number of innovative new solutions, helped enhance product development, and improved product manufacturability.

The safety innovation project launched in the spring is another example of what we are doing to promote innovation. A Group-wide competition was announced in April as part of the project and attracted ideas and solutions for improving the safety of our working methods, tools, products, and services.

Safety is always our number-one priority

In addition to cutting-edge technology, safety is always a key area of focus for Konecranes' research and product development work. Environmental issues also play an important role and are taken into account throughout the life cycle of Konecranes' products. Particular attention is given to issues such as efficient material usage, recyclability, and energy efficiency.

Industrial design forms an important part of the product design process, and helps set our products apart from those of our competitors – and enables us to incorporate greater efficiency, user-friendliness, cost savings, and new materials into our products.

We are also committed to being an attractive employer to young people, and many of the students who do their diploma theses at Konecranes go on to pursue careers with us after graduation.

PRODUCT OVERVIEW

Service and modernization

activities focus on maximizing the availability and productivity of customers' equipment, while minimizing the cost of ownership. We offer five solutions, ranging from single expert service to a comprehensive service and material handling partnership, and known as Contact, Condition, Care, Commitment, and Complete.

Machine tool service

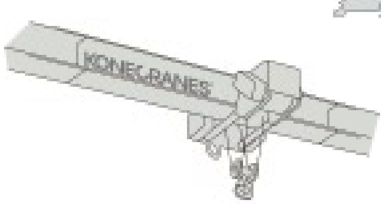
provides service, maintenance, and modernization for all makes of machine tools used in the engineering industry. Our offering ranges from maintenance for a single machine to a total partnership agreement covering a customer's entire equipment base.

Workstation cranes

offer ergonomic handling for loads up to 7,500 kg. Typical customers include small manufacturing workshops, automotive manufacturers, and renewable energy utilities.

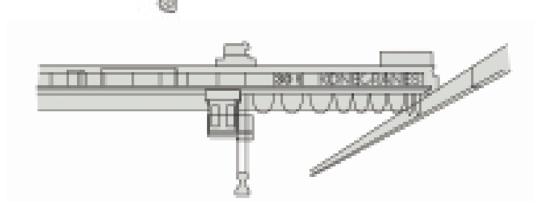
Load manipulators

are designed for sophisticated material handling applications, and are typically used in delicate assembly processes in the aerospace and automotive industries, for example.



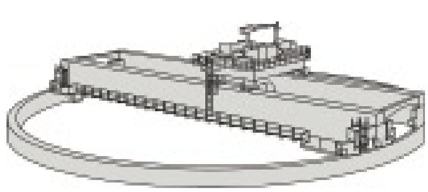
Standard duty cranes

feature Konecranes' CXT hoist and have lifting capacities of up to 80 tons. These cranes are typically used in general manufacturing, the automotive industry, steel, pulp & paper, construction, and renewable energy sectors, aerospace, and petrochemicals.



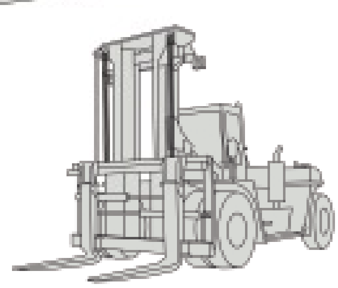
Heavy duty cranes

are engineered for lifting heavy loads weighing 1,000 tons or more. Typical customers include the steel, aluminum, mining, general manufacturing, pulp & paper, petrochemical, cement, power, and waste-to-energy industries.



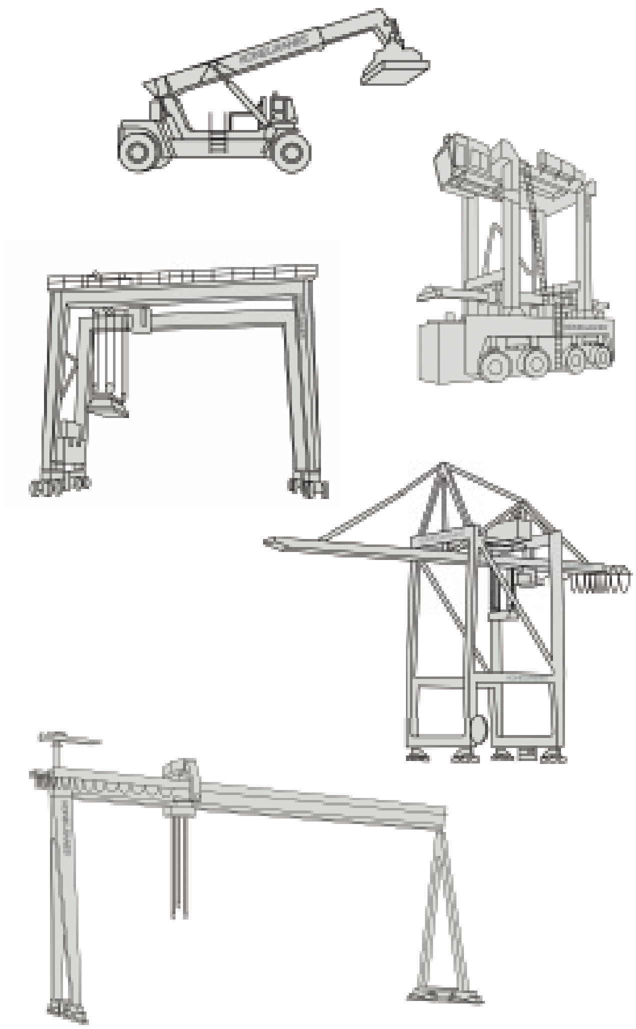
Nuclear cranes

are used across the industry, from lifting reactor heads to handling nuclear fuel, and are found in nuclear power plants, radioactive waste facilities, and at nuclear fuel production sites. The Konecranes/P&H® brand supplies nuclear safety-related equipment under its 10CFR50 Appendix "B" Nuclear quality program.



Forklift trucks

with lifting capacities ranging from 10 to 60 tons are used for transporting materials in process industries – such as forest products, steel, paper, and concrete – and at ports.



Reach stackers

are used to stack containers in small and medium-sized terminals and railroad terminals.

Straddle carriers

are used for transporting containers from shipside to container yards and loading areas. They typically have a lifting capacity of 50 tons and can stack containers one over three high.

Yard cranes

include RTG and RMG cranes used for stacking containers high and wide at ports and intermodal terminals. These cranes usually have a lifting capacity of around 50 tons and can stack one over five containers high and six plus truck lane wide.

Ship-to-shore cranes

are used for loading and unloading containers from ships. Konecranes' STS cranes have a lifting capacity of up to 65 tons and an outreach of up to 61 meters.

Goliath shipyard cranes

span over 150 meters and are designed for handling ship sections in shipyards. They can handle loads up to 1,650 tons and can lift up to 90 meters high.

R&M STAHL CraneSystems SWF VERLINDE SANMA

Brands

The Group's brand strategy is based on the corporate Konecranes master brand, complemented with a portfolio of freestanding power brands. Konecranes-branded products are sold directly to end-users, while power-branded products are sold to distributors and independent crane builders. Konecranes' power brands include R&M, STAHL CraneSystems, SWF, Verlinde, and Sanma.

CORPORATE RESPONSIBILITY

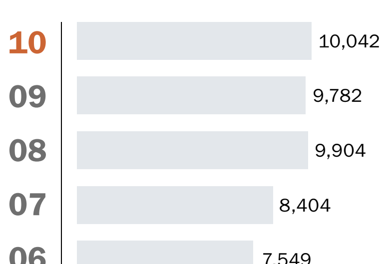
Konecranes is committed to lifting its customers' businesses responsibly. We believe that sustainable growth depends on strong and responsible performance. We are committed to increasing the value of our shareholders' investment, while respecting our personnel, the environment, and the societies in which we operate. Continuous improvement is the guiding principle in everything we do.

Corporate responsibility is an integral part of our day-to-day operations. As a global business, we promote the wellbeing of communities around the world and abide by good corporate governance practices. All of our operations are guided by our corporate values and operating principles that define how we manage our business. We recognize the importance of a number of international initiatives and conventions, such as the UN's Universal Declaration of Human Rights. Konecranes joined the UN Global Compact initiative in April 2010 to express our support and commitment to these important issues. We have incorporated these principles into our ethical operating guidelines and published specific sets of guidelines covering areas such as safety and the environment.

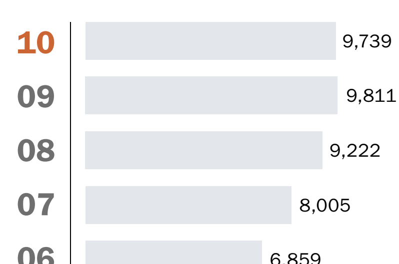
The Konecranes Corporate Responsibility Steering Group is intended to foster discussion on corporate responsibility issues and oversee management in these areas. The Steering Group includes senior managers and representatives from business areas, production, product development, human resources, and legal affairs. During 2010 the Steering Group covered topics such as joining UN Global Compact, reviewing and promoting the Code of Conduct and defining corporate responsibility areas. The Steering Group met four times and held one workshop during 2010.

Corporate responsibility encompasses financial, social, and environmental responsibility. Konecranes follows the principles included in the Global Reporting Initiative (GRI) in its reporting on corporate responsibility, and aims to meet the expectations of its stakeholders – such as customers, owners, and current and future personnel – and build a solid foundation for a dialogue on corporate responsibility issues. Our reporting complies with GRI Level C requirements, based on our self-assessment. A table of GRI compliance can be found on pages 32–33.

Corporate responsibility reporting covers the same timeframe as our financial reporting, the calendar year. Our current reporting covers all our major production units and operations. Businesses acquired or closed during 2010 are not included, however. The reported indicators have been chosen because they are the most relevant in terms of our operations and our stakeholders. The data behind these indicators has been collected from our management systems,



NUMBER OF PERSONNEL
End of period



NUMBER OF PERSONNEL
Average

supplemented with information sourced separately. Some of the data included has been scaled up to provide an overall view of our performance, which could result in inaccuracies in some figures.

Konecranes' most important stakeholders include shareholders, customers, personnel, suppliers and other partners, the authorities, local communities, and the media.

Safety comes first

Safety always comes first for us. People develop, build, operate, and maintain lifting equipment in challenging locations and under varying conditions. We want all Konecranes employees, customers, and partners to arrive home in good health after the working day – and we want to be a safety leader in our industry.

Konecranes continued building a global safety network and harmonizing operating procedures Group-wide during 2010. The aim of this global cooperation is to share information, best practices, and raise awareness. The Group's safety network held regular online meetings and an annual face-to-face meeting during the Konecranes Global HSEQ (Health & Safety, Environment, Quality) Seminar.

We continued to implement safety procedures in line with our safety management principles. A global project team developed global processes and templates for risk assessments during 2010, and several of these were completed in practice. Safety contacts around the world have been trained to use global shared practices, which support and promote the importance of assessments locally.

A Web-based near-hit and incident reporting tool was introduced in 2009, and the rollout of the tool expanded to English-speaking countries during 2010. The entire Group will use the tool in incident reporting and for sharing knowledge in 2011.

KONECRANES' STAKEHOLDERS

Konecranes aims to recognize and meet different stakeholders' needs and expectations in the area of corporate responsibility as elsewhere. In this chart, we have listed some examples of stakeholder groups and how we engage in dialogue with them.

Customers

- Continuous dialogue as part of normal business and in addition customer satisfaction indicators and surveys.

Personnel

- There are multiple channels for employee dialogue, for example employee satisfaction survey and various feed back channels.

Suppliers and subcontractors

- Continuous dialogue as part of normal business and in addition Supplier Days event.
- Environmental and ethical requirements included in general terms and conditions.

Students, universities and research institutes

- Student cooperation in the form of trainee and thesis work opportunities.
- Cooperation in different kinds of research programs with universities and research institutes.

Shareholders

- This annual report is one way of providing information on Konecranes' corporate responsibility performance and actions for investors and engaging in dialogue.

There are also many other stakeholder groups, such as **local communities**, **authorities**, **media**, **interest groups**, **trade unions** and **non-governmental organizations**, with which we use multiple channels for dialogue.

Safety innovation contest to share ideas

The importance of safety was highlighted Group-wide through a global safety innovation project. Launched in April, the campaign took the form of an innovation contest, and was the first-ever campaign for all personnel to work together to further enhance safety. Contest entries emphasized people's hope that employees and customers realize the importance that Konecranes attaches to safety.

The safety campaign generated a very positive response. Over 100 brainstorming sessions were held around the world, together with workshops for country contact personnel. Evaluation and further refining of the ideas produced by the initiative began in September 2010 and will continue in 2011. Given this very positive response, the concept of collecting ideas and innovations like this will be further expanded in future innovation endeavors.

Continuous safety training

Comprehensive global safety training material was developed in 2010 to support local training. High-quality safety training plays a central role in Konecranes' operations, and our minimum requirement is that everyone takes part in basic occupational safety training regularly. We have made positive progress in accident frequency, and safety performance has improved. As our ongoing goal is to be a zero-accident workplace, there are still some challenges ahead, however. Our target for 2011 is to establish more safety KPIs and create indicators for driving positive behavior and taking preventive action.

Global operations bring a number of safety-related challenges. Safe site operations call for good planning and active and efficient management, as projects can sometimes be located in very challenging areas.

Lost Time Accident Frequency

Business area	LTA1
Konecranes total	11.7
Service	13
Equipment	12

*LTA 1 = (number of accidents/ working hours performed) * 1,000,000*
Including operatives and staff people

Safety can be simple

Something as simple as the use of safety shoes is a good example of what our responsible approach to safety means in practice. People's safety awareness and access to personal protective equipment has improved significantly at Sanma in China, for example, since the company joined the Konecranes Group.

Lifting people

There is a great mix of talented Konecranes employees behind our customer promise: 'Lifting businesses™'. The wellbeing and competence of our people are the keys to our success. Acting more concertedly as one company is increasingly important to our success in the global marketplace.

We continued to emphasize the importance of our people – their competencies and their motivation – during 2010. This next-generation people strategy is called 'Lifting People' encompassing e.g. competence development, leadership, performance management, well-being etc. We have increased our training investment significantly, but this alone will not be enough. Leadership skills have to be developed continuously.

Several studies have shown that there is a direct correlation between people's physical and mental wellbeing. Unfortunately, the fitness of people has deteriorated a lot in recent years, resulting in an increasing risk of illnesses, absence from work, and premature retirement, all of which is costly for both the individuals concerned and their employers. The importance of the physical conditions of our employees is also growing for Konecranes. As a result, we launched a pilot project in Finland in 2010 to increase the physical wellbeing of our people. This includes a fitness test for all employees and tailor-made individual fitness programs.

Efficient performance management will be increasingly important to help us succeed in the future, which is why we plan to measure everyone's performance not only by achievements, but also by value-based behavior. Performance management is a continuous process at Konecranes and culminates every year in an annual development discussion.

People system supports good HR practices

Our new human resources information system, known as the People System, gathers all employment-related information online in one place. This will help support good HR practices and processes and will contribute to creating a common 'language' within our organization. Implementation of the system started as a pilot project in Finland, and a broader-based rollout will continue in 2011. Complete implementation will take some years.

Competence development is a constant focus area for Konecranes, and we have continued to invest in our people. We are focusing on resource planning and target-aligned training to eliminate gaps in our competence now and in the future.

Various local management and leadership training has been organized to support local needs. Branch Management Training in business area Service, for example, is continuing and over 500 employees have now participated in the program. The Konecranes Academy for middle management and experts took in 200 new participants in 2010 for its one-year training program. Almost 200 people have graduated from the Academy, which was launched in 2008. The training program for top management will be repeated during 2011. A total of 40 participants attended the current Konecranes Master leadership training program in 2010.

Job satisfaction measured annually

Global job satisfaction surveys are an important tool and indicator for Konecranes. We carried out our fourth survey in 2010, covering almost 10,000 employees. The data provided by this annual survey enables us to compare our performance to that recorded in the three previous ones and that of other companies.

The response rate at Group level was 73 percent in 2010, the highest in the four-year history of the survey. The results showed that communication and cooperation between units have improved over the last year. Konecranes' image as an employer continues to be positive, and the level and quality of our training is also perceived favorably.

The correlation between annual development discussions and the satisfaction of our people was clearly visible in the 2010 survey. During these one-to-one meetings, people's goals and personal development plans – such as training needs, career development wishes, and interest in job rotation – are discussed and documented. Respondents who have had a discussion with their supervisor during the previous 12 months seem to be more satisfied than those who have not. Discussion activities have continuously improved, and in 2010 we focused on further enhancing the quality of discussions and started a training program to improve overall performance management and development discussions as part of this.

Our organization has been going through a lot of changes and we have harmonized a number of our processes. The survey indicated areas for development in these areas, which will be focused on during 2011.

Fair play

As we are a part of a complex business ecosystem, we want to ensure that we act as transparently as possible and are fully accountable. We joined the UN Global Compact in 2010 and reviewed our own Code of Conduct and updated people on it worldwide. We also emphasized our anticorruption guidance and arranged special training sessions for people involved in purchasing and procurement.

Financial responsibility means ensuring that Konecranes is profitable and competitive over the long term. Fulfilling our shareholders' return expectations is the best way to promote the goals of our other stakeholders. A good financial result is essential for the continuance of our business and for ensuring that we have sufficient resources for areas such as environmental management and dealing with social issues.

Konecranes has set itself challenging financial objectives, which we monitor regularly and which also form the basis of our incentive systems.

Konecranes understands the requirements of different customers and industries and aims to develop strong, long-term customer relationships. Our existing customer partnerships, together with our service contract base, offer us an excellent foundation for growth, by expanding cooperation and selling additional services.

One of the tools we use to further improve our customer service is called Customer Voice. This survey tool, designed to evaluate how our customers perceive us, has been in use for two years; our target is to interview hundreds of customers globally by phone every month. We improved the survey process during 2010, as well as the tools covering all our customers in different countries and business areas. Continuous development here is based on feedback received from the survey.

Long-term supplier contracts

Konecranes aims for long-term contracts with its key suppliers. Contract coverage is regularly monitored and the coverage rate is continuously improved. Supplier audits are based on Group-wide processes and tools. Audits are carried out according to a plan, which is updated on a monthly basis. Almost 90 suppliers were assessed during 2010. Supplier performance is continuously improved in terms of delivery accuracy, quality, total costs, and innovations.

A good example of how we are working to promote cooperation with our suppliers is our annual Supplier Day. Konecranes invited senior managers from its key suppliers to the 2010 Supplier Day in September to update them on our strategies and business challenges, and to enhance their early involvement in new initiatives.

Donation for philanthropic purposes

Konecranes' Annual General Meeting in 2010 decided to donate EUR 1,250,000 to one or more Finnish universities to support education and research in the fields of technology, economy, or art. Aalto University received EUR 1 million and the Tampere University of Technology EUR 250,000.

A smarter offering

Usability, eco-efficiency, and safety are our guiding principles in the lifecycle of lifting equipment and in service. We are proud of the eco-efficiency and safety features of our equipment and service offering, as well as of the overall user experience we are able to give customers – both in the tangible and intangible area. Many cutting-edge features have been part of our offering for years. For more on our smart solutions, see www.konecranes.com > Equipment > Smart Solutions.

To further develop and enhance these features, we have launched an environmentally conscious design concept. Originally known as 'design for the environment', the concept was created in 2009 and piloted and further communicated during 2010. Our global safety innovation project during 2010 also highlighted many additional product safety improvement ideas. Konecranes' first environmental product declarations will be published during 2011.

Konecranes began developing the Group's innovation activities more systematically during 2010, to ensure that they become an integral part of daily management and routines. Asking the right questions to steer innovations into areas of strategic importance, developing and fostering a corporate culture that embraces innovation, and further developing the channels through which ideas are turned into business benefits will be key elements of this initiative. In addition to internal development efforts, we are also extending the scope of our innovation efforts to include more input from our key suppliers and customers.

Small environmental footprint

We work hard to develop our environmental management, which enables comprehensive target setting and monitoring results. Energy efficiency, recycling, waste disposal, and chemicals management are key issues for Konecranes.

Konecranes' Global Environmental Network continued its regular online meetings during 2010 and met once face-to-face during the Konecranes HSEQ Seminar. The network provides a very useful forum for global cooperation and sharing information and best practices.

Environmental awareness has continued to improve, and we have developed training material to promote and facilitate environmental issues locally. We offer a mix of global and local online training. One challenge that we have encountered, however, is to ensure that we have sufficient skilled trainers to offer environmental training in local languages.

New Group-level corporate responsibility guidelines were communicated and promoted during 2010. These establish global expectation levels for Konecranes' units and provide a continuous improvement framework with three different performance target levels. Manufacturing locations conducted self-evaluation within this framework during 2010.

Environmental data

Energy consumption and emissions		2010	2009
Total emissions/sales	tCO_2e/MEUR	124	125
Total energy consumption/sales	MWh/MEUR	332	319
Scope 1, energy consumption and direct emissions	Vehicle fleet fuel consumption, MWh	220,200	283,219
	Natural gas consumption, MWh	54,000	62,400 [1)]
	Direct emissions, tCO_2e	85,000	102,600 [1)]
Scope 2, energy consumption and indirect emissions	Electricity consumption, MWh	158,000	149,000 [1)]
	District heat consumption, MWh	80,500	39,000
	Indirect emissions, tCO_2e	73,000	52,000 [1)]
Scope 3, other indirect emissions	Business travel, tCO_2e	10,000	27,500 [1)]
	Commuting to work, tCO_2e	22,950	24,000

Waste (tons)	2010	2009
Metal scrap [(2]	12,500	9,000
Cardboard, paper and wood [(2]	5,500	7,000
Hazardous and electronic and electrical waste [(3]	1,100	1,300
Mixed waste [(4]	950	900

Total numbers extrapolated based on data collected from the majority of manufacturing locations and major service units.
[1)] Energy consumption data from 2009 re-stated based on more comprehensive data gained and emissions re-calculated.
[2)] Waste streams go for recycling
[3)] Waste stream handling split into recycling, incineration and other adequate treatment depending on location
[4)] Waste stream handling split into recycling, incineration and landfill depending on location

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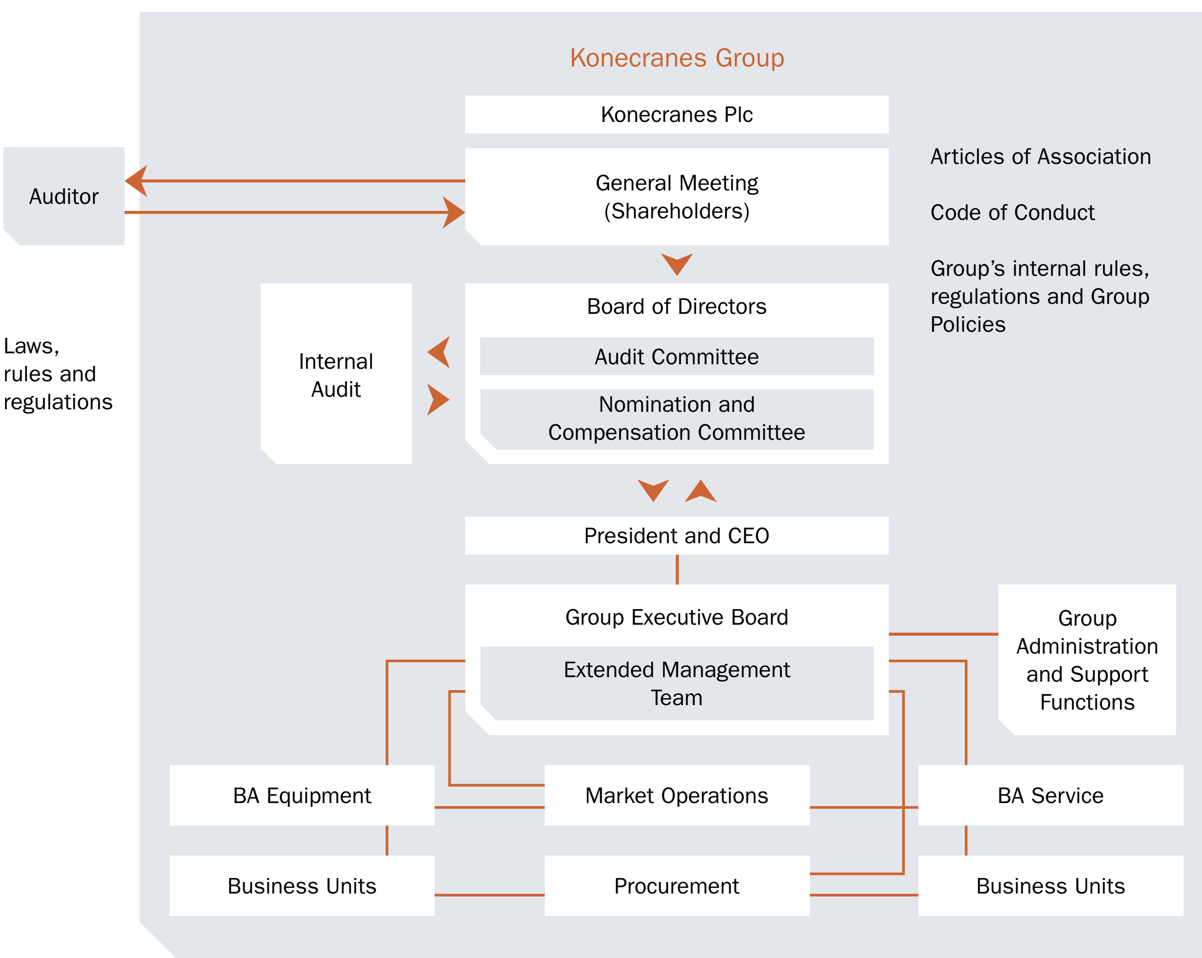
CORPORATE GOVERNANCE

Konecranes Plc (Konecranes, Company) is a Finnish public limited liability company, which, in its decision making and administration, complies with the Finnish Companies Act, Securities Market Act, the rules of the NASDAQ OMX Helsinki and other regulations concerning public companies as well as Konecranes' Articles of Association.

Konecranes complies with the Finnish Corporate Governance Code 2010 that came into force on October 1, 2010 and approved by the Board of the Securities Market Association. The Code can be found at www.cgfinland.fi. Konecranes complies with all recommendations of the Code with no exceptions. Konecranes has issued a Corporate Governance Statement based on recommendation 54 of the Code and a Remuneration Statement based on recommendation 47. See www.konecranes.com > Investors > Corporate Governance for details.

CORPORATE GOVERNANCE STRUCTURE OF KONECRANES GROUP



General Meeting

The General Meeting of Shareholders is the highest decision making body in which the shareholders exercise their decision-making power and right of supervision and control over the business of the Company.

An Annual General Meeting (AGM) must be held within six months after the end of a financial year. An Extraordinary General Meeting (EGM) must be held if shareholders with at least 10 percent of the shares so demand in writing in order to deal with a given issue.

Matters to be discussed at the AGM are defined in Article 10 of Konecranes' Articles of Association and in Chapter 5, Paragraph 3 of the Companies Act. These matters include the adoption of the financial statements, distribution of profits, discharging Board members and the Managing Director from personal liability, the election of Board members and auditors, and the fees payable to them. Konecranes' Articles of Association can be consulted on the Company's website at www.konecranes.com > Investors > Corporate Governance.

Information on General Meetings to shareholders

The Board of Directors (Board) shall convene an AGM or EGM by publishing a notice on the Company's website or in one or more national newspapers or by sending a written notice to the shareholders by mail no more than three (3) months and no less than three (3) weeks before the General Meeting of Shareholders. The Notice of the General Meeting includes a proposal for the agenda of the Meeting.

The Company will disclose on its website the date by which a shareholder shall notify the Board of the Company of an issue that he or she demands to be included in the agenda of the Annual General Meeting.

The Company will publish the decisions made at General Meetings as stock exchange releases and on the Company's website without delay after the Meeting. The minutes of the General Meeting including those appendices of the minutes that are part of a decision made by the Meeting, will be posted on the Company's website within two weeks of the General Meeting.

Attendance of shareholders

A holder of nominee registered shares is advised to request well in advance of the Meeting necessary instructions regarding the registration in the shareholders' register of the Company, the issuing of proxy documents, and registration for the General Meeting for his or her custodian bank. The account management organization of the custodian bank will register a holder of nominee registered shares, who wants to participate in the General Meeting, to be temporarily entered into the shareholders' register of the Company. In order to be entitled to attend an AGM or EGM, a shareholder must be registered as a shareholder in the Company's shareholders register maintained by Euroclear Finland Ltd on the record day for the Shareholders' Meeting. A shareholder, whose shares are registered on his/her personal Finnish book-entry account, is registered in the shareholders' register of the Company. Changes in shareholdings that occur after the record date of a General Meeting do not affect a shareholder's right to participate in a General Meeting or a shareholder's number of votes.

A registered shareholder wishing to participate in a General Meeting must notify the Company of his/her intention in the order and during the period prescribed in the Notice of the Shareholders' Meeting. A notification by a holder of nominee-registered shares for temporary inclusion in the Company's shareholders' register is perceived as prior notice of participation in the General Meeting.

Proxy representative and powers of attorney

A shareholder may participate in the General Meeting in person or through proxy representation. A proxy representative shall produce a dated proxy document or otherwise demonstrate in a reliable manner his/her right to represent the shareholder at the General Meeting. When a shareholder participates in the General Meeting by means of several proxy representatives representing the shareholder with shares at different securities accounts, the shares by which each proxy representative represents the shareholder shall be identified in connection with the registration for the General Meeting.

Shareholders are requested to inform the Company of any proxies for the General Meeting when they notify their participation. A shareholder and his/her representative may bring an assistant to a meeting.

Shareholder's right to ask questions and make proposals for resolutions

At a General Meeting, every shareholder has the right to ask questions related to an item on the agenda of the Meeting. The shareholder may send the question to be submitted to the Meeting to the Company in advance. A shareholder also has the right to table draft resolutions at the Meeting in matters that fall within the competence of the General Meeting and that are on the agenda.

Attendance of Board members, the Managing Director, and Auditors at the General Meeting

The President and CEO, holding the position of Managing Director under the Companies Act, the Chairman of the Board, and a sufficient number of directors shall attend General Meetings. In addition, the Company's Auditor shall be present at Annual General Meetings.

A person proposed as a director for the first time shall participate in the General Meeting that decides on his/her election unless there is good reason for not attending.

The Annual General Meeting for 2010 was held on March 25, 2010 in Hyvinkää, Finland. A total of 295 shareholders representing approximately 46.1 percent of votes participated either in person or by proxy.

Documents relating to General Meetings

The Notice of the General Meeting, the documents to be submitted to the General Meeting and draft resolutions will be available on the Company's website at least three weeks before the General Meeting.

Board of Directors

Charter of the Board of Directors

The Board of Directors of the Company has approved a written Charter to govern its work. The Charter supplements the provisions of the Finnish Companies Act and the Company's Articles of Association. Information in the Charter is intended to enable shareholders to evaluate the operation of the Board. The Charter can be consulted on the Company's website at www.konecranes.com > Investors > Corporate Governance.

Responsibilities

The Board is responsible for the administration and the proper organization of the operations of the Company. The Board is vested with powers and duties to manage and supervise the administration and operations of the Company as set forth in the Companies Act, the Articles of Association, and any other applicable Finnish laws and regulations. The Company aims to comply with all applicable rules and regulations affecting the Company or its affiliates (Group Companies) outside Finland, provided that such compliance does not constitute a violation of Finnish law.

The Board has a general obligation to pursue the best interest of the Company and all of its shareholders, and is accountable to the Company's shareholders. Board members shall act in good faith and with due care, exercising their business judgment on an informed base in what they believe to be the best interest of the Company and its shareholder community as a whole.

The Board shall decide on the business strategy of the Company, the appointment and dismissal of the President and CEO, the deputy to the President and CEO, and other senior management, Group structure, acquisitions and divestments, financial matters, and investments. It shall also continuously review and monitor the operations and performance of Group Companies, risk management, and the Company's compliance with applicable laws, as well as any other issues determined by the Board. The Board shall keep itself informed of issues and business activities of major strategic importance to the Company on an ongoing basis.

The Board shall appoint a secretary to be present at all Board meetings.

Election and term of office

The AGM elects Konecranes' Board of Directors for a term of one (1) year. According to the Articles of Association, the Board shall have a minimum of five (5) and a maximum of eight (8) members. The Board elects a Chairman from among its members. There is no provision in the Articles of Association to appoint Board members according to a specific order.

Candidate Board members will be announced in invitations to General Meetings, provided that the proposal has been made by the Nomination and Compensation Committee, or if the candidate is supported by at least 10 percent of the total votes of all Company shares and the candidate has given his/her consent. Any candidates proposed after the invitation has been sent shall be announced separately. The Company will publish the biographical details of the candidates on the Company's website.

In 2010 the Board of Directors consisted of eight (8) members:
Mr. Svante Adde
Mr. Tomas Billing
Mr. Kim Gran
Mr. Stig Gustavson (Chairman)
Mr. Tapani Järvinen
Mr. Matti Kavetvuo
Ms. Malin Persson
Mr. Mikael Silvennoinen

Biographical details of the Board of Directors are presented on pages 54–55 and can also be found at www.konecranes.com > Investors > Corporate Governance.

Independence of the Board of Directors

Under the Finnish Corporate Governance Code 2010, the majority of directors shall be independent of the Company. In addition, at least two directors of this majority shall be independent of the Company's major shareholders. The Board shall evaluate the independence of directors and reports which directors it determines to be independent of the Company and which directors it determines to be independent of major shareholders.

All other members elected to Konecranes' Board of Directors, except Mr. Stig Gustavson, are deemed independent of the Company. Mr. Gustavson is deemed dependent of the Company based on the Board's overall evaluation relating to his former and current positions in Konecranes combined with his substantial shareholding in the company.

All Board members are independent of the Company's major shareholders.

More detailed criteria for independence are listed in Recommendation 15 of the Finnish Corporate Governance Code 2010. The Code is available in the Internet at www.cgfinland.fi.

Meeting procedures and self-assessment

In addition to the Board and its secretary, the Company's President and CEO and CFO shall attend Board meetings. The agenda of the Board meeting and the needed background material will be delivered to the Board members prior to the meeting for introduction. The Board shall meet as often as necessary to properly discharge its responsibilities. There shall be approximately eight regular meetings a year, in addition the Board may convene whenever necessary.

The Board convened 13 times during the 2010 financial year. The attendance of members at the meetings was as follows:

	Board Meetings		Audit Committee Meetings		Nomination and Compensation Committee Meetings	
Member	**Attendance**	**Percentage**	**Attendance**	**Percentage**	**Attendance**	**Percentage**
Stig Gustavson	13/13	100%	-	-	3/3	100%
Svante Adde	13/13	100%	4/4	100%	-	
Tomas Billing	12/13	92%	-	-	3/3	100%
Kim Gran	12/13	92%	4/4	100%	-	-
Tapani Järvinen	13/13	100%	4/4	100%	-	-
Matti Kavetvuo	12/13	92%	-	-	2/3	67%
Malin Persson	12/13	92%	-	-	3/3	100%
Mikael Silvennoinen	13/13	100%	4/4	100%	-	-

The average attendance of members at Board meetings was 96.2 percent.

The Board and its Committees shall conduct an annual performance evaluation to determine whether the Board and its Committees are functioning effectively. The Board shall establish the criteria to be used in these evaluations. The evaluation is conducted as internal self-evaluation. The performance review shall be discussed with the entire Board after the end of each fiscal year.

Board committees

The Board is assisted by the Audit Committee and the Nomination and Compensation Committee. Both of the Committees were first formed in 2004.

Audit Committee

The Board shall appoint the members and the Chairman of the Audit Committee from among of its members. The Audit Committee shall have at least three (3) non-executive Board members who are independent and not affiliated of the Company. At least one member must be independent of significant shareholders.

The Audit Committee assists the Board in its responsibilities relating to the appropriate arrangement of the control of the company accounts and finances pursuant to the Companies Act. The tasks and responsibilities of the Committee are defined in the Charter which is based on a Board resolution. The Charter of the Audit Committee is available on the Company's website at www.konecranes.com > Investors > Corporate Governance.

Under its charter the Audit Committee shall meet at least four times a year. The Chairman shall present a report on each Audit Committee meeting to the Board.

As of March 25, 2010, the Board's Audit Committee is comprised of the following four (4) members:
Mr. Svante Adde (Chairman),
Mr. Kim Gran (member),
Mr. Tapani Järvinen (member),
Mr. Mikael Silvennoinen (member).

All members of the Audit Committee are deemed to be independent of the Company and Company's significant shareholders. All members have sufficient expertise on the corporate management. In addition, Mr. Svante Adde, Mr. Kim Gran and Mr. Mikael Silvennoinen have a degree in business administration and/or economics.

The Audit Committee convened four times in 2010, and the average attendance of members at meetings was 100 percent. The attendance of members at meetings is shown in the table concerning Board meetings.

Nomination and Compensation Committee

The Board shall appoint the members and the Chairman of the Nomination and Compensation Committee from among its members. The Nomination and Compensation Committee shall have 2–4 non-executive Board members. The majority of the members shall be independent of the Company.

The Committee shall e.g. prepare matters related to the appointment of the members of the Board of Directors, President and CEO and other senior management, evaluate the President and CEO's performance and remuneration and make recommendations to incentive compensation plans of the Company. The Committee's tasks and responsibilities are defined in the Charter, which is based on a Board resolution. The Charter of the Nomination and Compensation Committee is available on the Company's website at www.konecranes.com > Investors > Corporate Governance.

The Nomination and Compensation Committee shall meet at least once a year. The Chairman shall present a report on each Compensation Committee meeting to the Board.

As of March 25, 2010, the Board's Nomination and Compensation Committee is comprised of the following four (4) members:
Mr. Matti Kavetvuo (Chairman),
Mr. Tomas Billing (member),
Mr. Stig Gustavson (member),
Ms. Malin Persson (member).

Mr. Stig Gustavson is deemed to be dependent on the Company, while all other members are independent of the Company. All members are deemed independent of the Company's significant shareholders.

The Nomination and Compensation Committee convened three times in 2010, and the average attendance of members at meetings was 91.7 percent. The attendance of members at meetings is shown in the table concerning Board meetings.

Fees paid to the Board of Directors

The remuneration for the Board members is resolved by the Annual General Meeting. More information of the Board's remuneration is available on page 40 under Remuneration of the Board of Directors.

President and CEO

Konecranes' President and CEO holds the position of Managing Director under the Companies Act. The Board decides on the appointment and the dismissal of the President and CEO. The President and CEO may be a member of the Board of Directors but may not be the Chairman. The current President and CEO, Mr. Pekka Lundmark, is not a member of the Board of Directors.

Responsibilities

Under the Companies Act, the President and CEO is responsible for the day-to-day management of the Company in accordance with instructions and orders given by the Board. The President and CEO may undertake actions which, considering the scope and nature of the operations of the Company, are unusual or extensive, only with the authorization of the Board. The President and CEO shall see to it that the Company's accounting practices comply with the law and that its financial affairs have been arranged in a reliable manner. The President and CEO is also responsible for preparing matters presented to the Board and for the Company's strategic planning, finance, financial planning, reporting, and risk management.

President and CEO's contract

The terms and conditions of the President and CEO's contract of employment are specified in writing in a document approved by the Board.

The President and CEO's contract of employment may be terminated with six months' notice at any time by either the President and CEO or the Company. In the event that the Company terminates the contract without cause, the Company shall pay the President and CEO compensation corresponding to 18 months' salary and fringe benefits, in addition to the salary for the notice period. 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.

Group management

Konecranes has a two-tiered operative management structure consisting of the Group Executive Board (GXB) and the Extended Management Team (EMT).

Group Executive Board

The Group Executive Board consists of the following members:
Mr. Pekka Lundmark, President and CEO
Mr. Hannu Rusanen, Executive Vice President, Service
Mr. Mikko Uhari, Executive Vice President, Equipment
Mr. Harry Ollila, Executive Vice President, Market Operations
Mr. Teo Ottola, Chief Financial Officer
Mr. Pekka Lettijeff, Chief Procurement Officer
Mr. Ari Kiviniitty, Chief Technology Officer

The biographical details of the Group Executive Board members are available on pages 50–51.

The Group Executive Board assists the President and CEO, but has no official statutory position based on legislation or the Articles of Association. In practice, however, it plays a significant role in the Company's management system, strategy preparation and decision making.

Extended Management Team

In addition to the Group Executive Board members, the members of the Extended Management Team include the Senior Vice Presidents of the regional organizations; Vice President, General Counsel; Vice President, Human Resources; Vice President, Marketing & Communications; and the Chief Information Officer.

The Extended Management Team consists of the following members:
Mr. Pekka Lundmark, President and CEO
Mr. Hannu Rusanen, Executive Vice President, Service
Mr. Mikko Uhari, Executive Vice President, Equipment
Mr. Harry Ollila, Executive Vice President, Market Operations
Mr. Teo Ottola, Chief Financial Officer
Mr. Pekka Lettijeff, Chief Procurement Officer
Mr. Ari Kiviniitty, Chief Technology Officer
Mr. Pierre Boyer, Senior Vice President, Western Europe, Middle East and Africa
Mr. Aku Lehtinen, Senior Vice President, Nordic, Eastern Europe and India (as of February 1, 2010)
Mr. Pekka Päkkilä, Senior Vice President, Nordic, Eastern Europe and India (until January 31, 2010)
Mr. Tom Sothard, Senior Vice President, Americas
Mr. Ryan Flynn, Senior Vice President, Asia-Pacific (as of September 1, 2010)
Mr. Edward Yakos, Senior Vice President, South Asia Pacific (until August 31, 2010)
Ms. Sirpa Poitsalo, Vice President, General Counsel
Ms. Jaana Rinne, Vice President, Human Resources
Mr. Mikael Wegmüller, Vice President, Marketing and Communications
Mr. Antti Koskelin, Chief Information Officer

The biographical details of the Extended Management Team members are available on pages 50–53.

As of September 1, 2010 Konecranes combined the North East Asia (NEA) and South Asia Pacific (SAP) Regions to one. The new Asia-Pacific (APAC) Region is headed by Mr. Ryan Flynn. Previously Mr. Flynn has been Senior Vice President in North East Asia Region.

The Extended Management Team will focus on a systematic review of the progress of strategy development and implementation.

Business Areas' operations are interlinked and synergy-driven. Business Area Executive Vice Presidents are responsible for the day-to-day management of their Business Areas, which in turn are ultimately responsible for the Group's financial performance.

Four Regional Senior Vice Presidents (five until August 31, 2010) are responsible for managing the Group's activities in geographical areas under Market Operations. The Regional organization brings together the Business Areas to form a uniform customer interface for the Group, with a primary goal to maximize the Group's position within each Region. The Regional Senior Vice Presidents have line responsibility for equipment sales and service, within the guidelines given by the Business Areas. Additionally, they are responsible for coordinating and providing administrative services for operations not directly reporting to them, such as manufacturing.

Group Staff forms a common resource for handling matters of importance for the whole Group.

Meeting Practices

The GXB shall convene as frequently as necessary, normally on a monthly basis. The EMT shall convene regularly twice a year. In addition, the EMT shall conduct monthly reviews of business performance and financial results, together with other executive managers under the chairmanship of the President and CEO. Business Areas and Regions have their own management teams that convene on a regular basis.

Remuneration

Principles applied to remuneration schemes

The idea of the 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 the 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 the '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 Board Committee meeting	1,500.00

Board members were also compensated 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 2010

	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
Kavetvuo 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 the President and CEO's annual base salary. Additionally, the Board of Directors have 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 an 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 Management

Extended Management Team, excluding the President and CEO

Salary, bonus and other benefits	2010, EUR	2009, 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.

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.

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.

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.

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.

As of the end of 2010, approximately 200 employees were part of the Group's stock option plans. More information on stock options can be found on page 95 of the Financial Statements, note 29.

Remuneration Statement

Konecranes has issued a Remuneration Statement according to the Recommendation 47 of the Finnish Corporate Governance Code 2010. The Remuneration Statement is available on the Company's website at www.konecranes.com > Investors > Corporate Governance.

Insider administration

The Board has approved a set of Insider Rules for Konecranes based on the Finnish Securities Markets Act, standards issued by the Financial Supervision Authority, and the NASDAQ OMX Helsinki Guidelines for insiders in force as of October 9, 2009.

Konecranes' Public Insider Register includes the members of the Board of Directors, the President and CEO, the Secretary to the Board, the Auditor, the members of the Extended Management Team, as well as other persons holding a comparable position in the Group, as decided by the Company. In addition, Konecranes' Company-Specific Permanent Insiders includes persons defined by the Company, who regularly possess insider information due to their position in the Company.

Persons registered in the Public Insider Register and the Permanent Insider Register are not allowed to trade in Konecranes securities during a period commencing on the first day after the end of each calendar quarter and ending upon the publication of the Company's corresponding interim report or financial statement bulletin. Furthermore, trading is not allowed during the entire publication day. The Company also maintains Project-Specific Insider Registers for all insider projects. People listed in these registers are prohibited from trading in Konecranes' shares until termination of the project.

The General Counsel maintains Konecranes' register of insider holdings and is responsible for monitoring compliance with insider guidelines and the duty to declare. The Company maintains its public insider register in Euroclear Finland Ltd SIRE system.

Konecranes Public Insiders' share and option holdings can be consulted using the NetSire register.

Audit

The main function of statutory auditing is to verify that Konecranes' financial statements represent a true and fair view of the Group's performance and financial position for the financial year, which is the calendar year. The Auditor reports to the Board's Audit Committee on a regular basis, and is obliged to audit the validity of the Company's accounting and closing accounts for the financial year and to give the General Meeting an auditor's report. Konecranes' Auditors are elected by the AGM and hold office until further notice. The same auditor with principal responsibility may not serve for more than seven financial years. A proposal for the election of external auditors made by the Audit Committee shall be announced in the invitation to the AGM. The Audit Committee strives to arrange a bidding contest on the selection of the external auditor with regular intervals.

Ernst & Young Oy, Authorized Public Accountants, has been the Company's external auditor since 2006. Mr. Roger Rejström served as Principal Auditor in 2010. Ernst & Young Oy and its affiliated audit companies received EUR 1,641,000 in fees for auditing Konecranes Group Companies in 2010, and fees of EUR 760,000 for non-audit services.

RISK MANAGEMENT, INTERNAL CONTROL, AND INTERNAL AUDITING

Konecranes' Board of Directors has defined and adopted a set of risk management principles based on widely accepted international good management practices. The Audit Committee evaluates and reports on the adequacy and appropriateness of internal controls and risk management to the Board.

Risk management principles

Risk is anything that will clearly affect Konecranes' ability to achieve its business objectives and execute its strategies. Risk management is part of Konecranes' control system and is designed to ensure that any risks related to the company's business operations are identified and managed adequately and appropriately to safeguard the continuity of Konecranes' business at all times.

The Group's risk management principles provide a basic framework for risk management across Konecranes, and each Group company or operating unit is responsible for its own risk management. This approach guarantees the best possible knowledge of local conditions, experience, and relevance.

The Group's risk management principles define risk management as a continuous and systematic activity aimed at protecting employees from personal injury, safeguarding the assets of all Group companies and the Group as a whole, and ensuring stable and profitable financial performance. By minimizing losses due to realized risks, and optimizing the cost of risk management, Konecranes can safeguard its overall long-term competitiveness.

Significant risks for Konecranes

Konecranes has assessed its strategic, operational, financial, and hazard risks. The list of risks below and the risk management methods described here are intended to be indicative only and should not be considered exhaustive.

Market risks

Demand for Konecranes' products and services is affected by the development of the overall global economy and the business cycles of Konecranes' customer industries. Capital expenditure on industrial cranes varies with the development of industrial production and production capacity, while demand for port equipment follows trends in global transportation and, over the shorter term, port investment cycles. Demand for maintenance services is driven by customers' capacity utilization rates. In addition to risks related to sales volumes, adverse changes in demand can also result in overcapacity and affect market prices.

Konecranes' aim is to increase the proportion of service revenue in its total revenue stream and thereby reduce its exposure to economic cycles. In general, the demand for service is less volatile than that for equipment.

As part of its strategy, Konecranes strives to maintain a wide geographical presence to balance out economic trends in different market areas. Konecranes also aims to limit the risks resulting from changes in demand in different customer segments and for certain products by maintaining a diverse customer base and offering a wide range of products and services.

In 2010, Konecranes continued to dedicate substantial resources to enhancing its visibility in the marketplace and the active pursuit of available opportunities. While recognizing market risks, Konecranes is confident that, with the right approach, extensive growth opportunities can be found.

Technology risks

Konecranes recognizes that there are various threats and opportunities related to the development of new products and services in its business. Active management of intellectual property rights is essential in the global marketplace.

Konecranes monitors market developments and its competitors on a constant basis to recognize signs of potential changes in products, markets, and customer needs at an early stage.

Dedicated, process-driven product development has sustained Konecranes' leadership in offering advanced technologies, products, and services to lift its customers' businesses. Acquisitions have and will continue to be made to gain access to advanced technologies where appropriate. Konecranes ensures that its innovations are protected by international patents wherever applicable, and also protects its trademarks.

During 2010, Konecranes continued its focus on remote services, extending the scope of this product and increasing the installed base. This technology enables to leverage the data from crane sensors into meaningful information. After being analyzed in Konecranes' Global Technical Centers (GTS), this information can help us provide our customers with enhanced product and service options.

Conducting business in emerging and developing markets

Konecranes has manufacturing and supplier networks in many developing countries. A proportion of sales also takes place in emerging and developing countries. Sudden changes in the political environment and economic or regulatory framework of these areas can have an adverse effect on Konecranes' business. Konecranes conducts careful studies of the political, social, and economic environment in these countries to ensure that it is aware of developments there.

The risks related to emerging and developing markets are balanced by Konecranes' strong global presence and more stable service operations in developed countries in Europe and North America.

Emerging countries will present a significant market opportunity in the future, as economic growth is expected to be faster in these areas than the global average; and Konecranes will continue its efforts to expand its presence in these markets.

During 2010, Konecranes continued investing in emerging and developing markets via acquisitions and strengthening the company's existing presence.

Personnel

Konecranes' ability to operate is dependent on the availability, capabilities, and expertise of professional personnel. The ability to recruit and retain personnel is of key importance for the future success of the company, and any failure to do so may adversely affect Konecranes' ability to execute its strategies. An annual employee satisfaction survey gives important information about employees' overall job satisfaction, leadership, and engagement. The results of surveys are used to support development in areas such as communication and leadership.

Konecranes manages its personnel-related challenges through a professional human resources team, utilizing external resources where applicable. Developing and deploying globally harmonized people processes and systems continued in 2010.

Konecranes also continued to invest in training. The availability of training was regarded as good in the 2010 employee satisfaction survey. The ongoing retirement of skilled personnel challenged Konecranes to enhance the transfer of tacit knowledge and skills to younger professionals. Appraisal discussion with managers, opportunities for influencing one's work, job rotation, and new career opportunities locally and globally are all prioritized.

Acquisitions

Unsuccessful acquisitions or the failure to successfully integrate an acquired company could result in reduced profitability or hamper the implementation of corporate strategy. Konecranes reduces the risks associated with acquisitions by carrying out thorough due diligence analyses, using external advisors when needed.

Konecranes continued to develop its acquisition process during 2010.

Production risks

Konecranes' strategy is to maintain in-house production of some key components that have high added value and/or provide core competitive advantages. There are specific risks involved with different aspects of production, such as production capacity management, operational efficiency, continuity, and quality.

Efforts have continued to ramp up the decentralized production of some key components that have traditionally been produced at only one location. The safety, security, and functionality of key facilities continued to improve during 2010.

Material management and procurement risks

Material management and procurement operations require a proactive approach and development to avoid risks related to issues such as pricing, quality, capacity, availability, and stock values. Inefficiencies in these areas could affect the performance of Konecranes adversely. Konecranes manages its purchases and the logistics of materials and components of substantial importance for its operations on a centralized basis. Contracts with key suppliers are designed to optimize these purchases globally.

During 2010, Konecranes continued standardizing procurement processes and purchasing agreements globally. The procurement organization was further strengthened, and related systems development continued. Konecranes has started regular management meetings with selected key suppliers to improve operational performance. To ensure material availability, we also continued improving our demand visibility with respect to our supplier base.

Quality risks

High-quality products, business procedures, processes, and services play a key role in minimizing Konecranes' business risks. Most companies in the Group and all major Group operations use certified quality procedures. Several new quality certificates were applied for and received during the year, and certification work is continuing.

Konecranes continued dedicated efforts to enhance quality by focusing on global quality coordination and development through advanced quality training and a global quality task force.

Supplier risks

Konecranes recognizes that price and continuity risks are associated with some of its key suppliers, as they could be difficult to replace. In the event of major production problems, this could undermine Konecranes' delivery capacity. Quality risks and defects associated with subcontracted components are quality risks for Konecranes.

To reduce subcontracting risks, Konecranes constantly seeks competitive and alternative suppliers while improving cooperation with existing suppliers. When available, alternative suppliers enhance price competition, increase production capacity, and reduce Konecranes' risks of dependency on single suppliers.

During 2010, Konecranes continued efforts to concentrate purchases with key suppliers and extended the base of suppliers with which we work on an active basis to develop business processes. We started cooperation on risk management practices and business continuity planning with selected key suppliers.

IT risks

Konecranes IT is responsible for all IT services, applications, and assets used by Group companies. Konecranes' operations depend on the availability, reliability, quality, confidentiality, and integrity of information. Any and all data security risks and incidents may affect business performance adversely.

Konecranes uses reliable IT solutions and employs efficient data security management to avoid data loss and prevent the confidentiality, availability, or integrity of data from being compromised. Due care is exercised with internal and outsourced IT services to ensure the high availability, resiliency, and continuity of services, and rapid recovery in the event of any temporary loss of key services.

Konecranes IT successfully completed the harmonization of end-user IT services and the majority of datacenter and network services during 2010. This has enabled Konecranes to focus IT development on areas of higher added value and enhanced business focus.

During 2010, Konecranes IT added substantial resourcing to the development of business applications. As part of the Konecranes business process harmonization project, this reflects the general development of Konecranes IT. Konecranes IT was transformed in 2010 into a business support function that is no longer an integral part of headquarter operations, as it was before.

Contract and product liability risks

Konecranes can be subject to various legal actions, claims, and other proceedings in the countries in which it operates typical of a company in this industry and consistent with a global business that encompasses a wide range of products and services. These issues may involve contractual disputes, warranty claims, product liability (including design defects, manufacturing defects, failure to post appropriate warnings, and asbestos legacy), employment, auto liability, and other matters involving claims related to general liability. These risks are managed by continuously monitoring operations, improving product safety, training customers, and making use of detailed terms in sales contracts. Konecranes also issues written policies in some cases to ensure compliance with legislation, regulations, and Konecranes' own principles across the Group. Particular emphasis is placed on training to ensure that employees are aware of and comply with applicable legislation, regulations, and principles relating to their work. Konecranes' Legal Department retains outside experts to assist here when necessary.

Illegal activities

Konecranes aims to comply with all applicable laws and regulations, but breaches of the company's policies resulting in illegal activities can threaten the company. Konecranes considers the potential risks involved to be limited, however, although it recognizes that even small-scale illegal activity could damage its reputation and affect its financial position and results adversely. Internal procedures, supervision, audits, and management tools are used to reduce Konecranes' exposure to these types of risks.

During 2010, Konecranes continued training on good governance and management practices, and underlined its position on illegal activity. The Code of Conduct was revised during 2010 and related training started.

Damage risks

Damage risks include business interruption risks, occupational health and safety-related risks, environmental risks, fire and other disasters, natural events, and premises security risks. Konecranes identifies and assesses these risks continuously as part of its business processes. To mitigate the impact of these risks, we have adopted a number of occupational health and safety guidelines, certification principles, rescue planning, and premises security instructions. Konecranes has also sought to prepare for the possible materialization of these risks through various insurance programs and by continuously improving its preparedness to deal with various crisis situations.

During 2010, Konecranes continued investments to enhance its most important performance index: the safety of its employees. Increased global resourcing, a safety innovation competition, and safety projects internally and with subcontractors and customers are among the Group's ongoing efforts in the safety area.

Financial risks

Konecranes manages most of its financial risk on a centralized basis through its Group Treasury. Konecranes Finance Corporation acts as a internal bank for the Group at Corporate Headquarters. Konecranes Finance Corporation is not a profit center in the sense that it does not strive to maximize its profits. Its role is rather to help the Group's operating companies reduce the financial risks associated with global business operations, such as market, credit, and liquidity risks. Konecranes' most significant market risk relates to foreign currency transactions.

The responsibility for identifying, evaluating, and controlling the financial risk arising from the Group's global business operations is divided between business units and Konecranes Finance Corporation.

Units hedge their risks internally with Group Treasury. The majority of the Group's financial risk is channeled through Konecranes Finance Corporation, where it can be evaluated and controlled efficiently.

Almost all funding, cash management, and foreign exchange transactions with banks and other external counterparties are handled centrally by Konecranes Finance Corporation, in accordance with the Group's Treasury Policy. Only in a few special cases, where local central bank regulations prohibit the use of Group services for hedging and funding, is this done directly between an operating company and a bank under the supervision of Group Treasury.

Konecranes Finance Corporation uses a treasury system that enables transactions to be processed in real-time and provides in-depth records of activities and performance. Standard reporting is done on a weekly basis and covers Group-level commercial and financial cash flows, foreign currency transaction exposure, debt positions, derivatives portfolios, and counterparty credit exposure for financial transactions. In addition, all Group companies participate in monthly managerial and statutory reporting.

See Note 3 to the financial statements and the Board of Directors' Report for a detailed overview of financial risk management.

Insurance

The Group reviews its insurance policies as part of its overall risk management on a continuous basis. Insurance policies are used to cover all risks that are economically feasible or otherwise reasonable to insure.

Internal Auditing

The Internal Audit function in Konecranes is an independent, objective assurance and consulting unit, which assists the organization in achieving its objectives. The unit evaluates the efficiency of risk management, control, and governance processes and investigates all reports of suspected incidents; such reports can be made in person or through a new confidential e-mail reporting channel.

Internal Audit operates according to an audit plan approved by the Board of Directors' Audit Committee, and its procedures are based on the professional standards laid down by the Institute of Internal Auditors (IIA). Internal Audit focuses on process-oriented engagement, rather than solely entity-based auditing.

Administratively, Internal Audit reports to the Group's CFO. Internal audit activities are also reported to the Board's Audit Committee on a regular basis.

Internal control and risk management related to financial reporting

Internal control related to financial reporting is designed to give reasonable assurance concerning the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, applicable laws and regulations, and other requirements covering listed companies. Risk management is considered an integral part of running the Konecranes business. Konecranes' corporate risk management principles provide a basic framework for risk management, while each Group company or operating unit is responsible for its own risk management. This principle is also followed in risk management related to financial reporting.

Control environment

The Group operates in a matrix organization where one dimension is formed by the two business areas, Service and Equipment. Both business areas are further divided into several business units, supply units, and various support functions. Business areas are responsible for matters such as the product/service offering and global profitability.

The other dimension of the matrix organization is Market Operations. These front-line operations are managed and controlled through four regions: Americas, APAC, WEMEA (Western Europe, Middle East and Africa) and NEI (Nordic, Eastern Europe and India). Market Operations are responsible for areas such as the customer interface, including sales activities and Service operations.

Financial targets are set and planning/follow up activities are executed in both dimensions of the matrix organizations in accordance with the overall business targets of the Konecranes group. The service business is typically being followed up based on profit responsible service branches and business units whereas Equipment business is mainly monitored by business units that are further divided into business lines.

Corporate Governance and business management at Konecranes are based on the company's values of trust in people, total service commitment, and sustained profitability. The control environment is the foundation for all the other components of internal control and for promoting employees' awareness of the key issues. This supports the execution of strategy and ensures regulatory compliance. The Board of Directors and Group Management are responsible for defining the Konecranes Group's Control Environment

CONTROL ENVIRONMENT

Main Features in Internal Control related to Financial Reporting through corporate policies, instructions, and frameworks which relate to financial reporting. These include for example the Code of Conduct and the Konecranes Controller's Manual, which constitutes the main tool for accounting and financial reporting principles in respect of providing information, guidelines, and instructions. The interpretation and application of accounting standards is the responsibility of the Global Finance function. Guidelines and instructions for reporting are updated when necessary and are reviewed at least once a year.

Control activities

Konecranes Group management has operational responsibility for internal controls. Financial control activities are built into the business processes of the Konecranes Group and management's business supervision and monitoring procedures. The Group has identified and documented the significant internal controls that relate to the financial processes either directly or indirectly through other process. The total number of identified financial internal controls is approximately 100. All legal entities and business units have their own defined controller functions. Representatives from controller functions participate in planning and evaluating unit performance, and ensure that monthly and quarterly financial reporting follows the Group's policies and instructions and that all financial reports are delivered on time in accordance with schedules set by the Group. Management follow-up is carried out through monthly management reporting routines and performance review meetings.

Monitoring

The Group conducts an annual self-assessment through its controllers to monitor the effectiveness of selected financial internal controls. The Group has also an Internal Audit function, which is responsible for monitoring and evaluating the effectiveness of the company's risk management and internal control system. Internal Audit plans its work in co-operation with the Audit Committee, which approves an annual internal audit plan. The Audit Committee receives direct reports from external auditors and discusses and follows up their viewpoints. External auditors are also represented at Audit Committee meetings. The Group's financial performance is reviewed at each Board meeting, and the Board of Directors and the Audit Committee review all external financial reports before they are made public.

Communication

The Controller's Manual and reporting instructions together with policies are accessible to personnel via the Konecranes intranet. Additionally the Group, business areas and regions arrange meetings at which information on financial processes and practices is shared. Information for the Group's stakeholders is regularly communicated via the Konecranes Group's website. To ensure that the information provided is comprehensive and accurate, the Group has established a set of external communications guidelines. These define how, by whom, and when information should be issued; and are designed to ensure that Konecranes meets all its information obligations and to further strengthen internal controls related to financial reporting.

In 2010 Konecranes launched the ORiGO system project to further develop and implement the harmonized processes defined in the previous development programs, to increase visibility into the operations and thus to improve decision making as well as to reduce the number of various IT systems. The internal control environment will be improved by using the common and unified processes and common system platform. Also monitoring the effectiveness of the internal controls will become more transparent after the implementation of the system.

GROUP EXECUTIVE BOARD

Pekka Lundmark

b. 1963
President & CEO
Member of the Group Executive Board since 2004
Employed 2004
M.Sc. (Eng.)
Primary working experience
KCI Konecranes 2004–2005: Group Executive Vice President
Hackman Abp 2002–2004: CEO
Startupfactory 2000–2002: Managing Partner
Nokia Corporation 1990–2000: various executive positions
Other current key positions of trust: Marimekko Ltd.: Chairman of the Board
Federation of Finnish Technology Industries: Chairman of the Board
Confederation of Finnish Industries EK: Vice Chairman of the Board
Shares: 180,000 (per 31.12.2010) + 83,606 (registered 13.1.2011)
Option to acquire: 194,000 shares

Teo Ottola

b. 1968
Chief Financial Officer
Member of the Executive Board since 2007
Employed 2007
M.Sc. (Econ.)
Primary working experience:
Elcoteq SE 2004–2007: CFO
Elcoteq Network Oyj 1999–2004: Senior Vice President (Business Control and Accounting)
Elcoteq Network Oyj 1998–1999: Group Business Controller
Elcoteq Lohja Oy 1996–1998: Business Controller
Rautaruukki Oy 1992–1996: Financial Planner
Shares: - (per 31.12.2010) + 24,385 (registered 13.1.2011)
Option to acquire: 116,000 shares

Harry Ollila

b. 1950
Executive Vice President, Head of Market Operations
Member of the Executive Board since 1994
Employed 1991
M.Sc. (Eng.)
Primary working experience:
KCI Konecranes/Konecranes 2005–2009: President, Region Northeast Asia
KCI Konecranes 2001–2005: Group Vice President, Group Development
KCI Konecranes 1997–2001: Country Executive, Europe
KCI Konecranes 1994–1997: Technical Director
Ahlström Osakeyhtiö 1972–1991: various positions including; Ahlström Pyropower 1986–1991: Technical Director
Pyropower Corp., U.S.A. 1981–1986: Director of Projects and Engineering
Shares: 128,888 (per 31.12.2010) + 24,385 (registered 13.1.2011)
Option to acquire: 107,000 shares

Mikko Uhari

b. 1957
Executive Vice President, Head of Business Area Equipment
Member of the Executive Board since 1997
Employed 1997
Lic. Sc. (Eng.)
Primary working experience:
KCI Konecranes/Konecranes 2005–2009: President, New Equipment Business Areas
KCI Konecranes 2004–2005: President, Special Cranes (Heavy Lifting)
KCI Konecranes 1997–2003: President, Harbour and Shipyard Cranes
KONE Corporation 1982–1997: various managerial positions at Wood Handling Division, (Andritz as of 1996–) including: 1996–1997 Group Vice President, Marketing, 1992–1996: Group Vice President, Project Business, 1990–1992: Director, Wood Handling Unit, Finland
Shares: 74,750 (per 31.12.2010) + 24,385 (registered 13.1.2011)
Option to acquire: 126,000 shares

Hannu Rusanen

b. 1957
Executive Vice President, Head of Business Area Service
Member of the Executive Board since 2004
Employed 2003
M.Sc. (Eng.)
Primary working experience:
KCI Konecranes/Konecranes 2003–2006: Country Executive Nordic
ABB Finland 1995–2002: Vice President, Service
Tampella Oy 1982–1995: various management positions in Finland and in the U.S.A.
Shares: 20,000 (per 31.12.2010) + 24,385 (registered 13.1.2011)
Option to acquire: 126,000 shares

Ari Kiviniitty

b. 1957
Chief Technology Officer
Member of the Executive Board since 2005
Employed 1983
M.Sc. (Eng.)
Primary working experience:
KCI Konecranes 2004–2005: Vice President, Standard Lifting Equipment
KCI Konecranes 2002–2004: Managing Director, Hoist factory
KCI Konecranes 1999–2001: R&D Manager
KCI Konecranes 1996–1998: Technical Director, Components, Singapore
Other current key positions of trust: Member FEM (The European Federation of Materials Handling Equipment Manufacturers), Member of Technology Industries of Finland Business and Technology Working Group
Shares: 3,700 (per 31.12.2010) + 13,934 (registered 13.1.2011)
Option to acquire: 68,000 shares

From the left: Pekka Lettijeff, Hannu Rusanen, Pekka Lundmark, Ari Kiviniitty, Harry Ollila, Mikko Uhari and Teo Ottola.

Pekka Lettijeff

b. 1961
Chief Procurement Officer
Member of the Executive Board since 2008
Employed 2008
University Degree in Business Administration, University of Växjö, Sweden
Primary working experience:
Nokia Siemens Networks 2007–2008:
Head of Global Purchasing
Nokia Networks 2001–2008: VP, Supply Network Management and VP, Sourcing
Astra Zeneca 2000–2001: VP, Global Supply and Purchasing
General Motors 1994–1999: several executive positions in Purchasing in USA and Germany
Saab Automobile 1986–1994: several executive positions in Purchasing in Sweden and Germany
Shares: -
(per 31.12.2010) + 13,934 (registered 13.1.2011)
Option to acquire:
30,000 shares

EXTENDED MANAGEMENT TEAM

In addition to the Group Executive Board members, the Extended Management Team includes:

Pierre Boyer

b. 1959
Senior Vice President, Head of Region WEMEA (Western Europe, Middle East and Africa)
Member of the Executive Board 2006–2009
Member of the Extended Management Team since 2009
Employed 2006
HEC Paris
Primary working experience:
Carrier Corporation 2005–2006: Director, Commercial Refrigeration, EMEA
Carrier-ERD Distribution, Netherlands and France 2004–2005: Managing Director
Carrier-Fincoil Oy, Finland 2001–2003: Managing Director
Carrier Refrigeration Operations, USA 1999–2001: Director, Marketing and Product Planning
Carrier Transicold Europe, France 1995–1999: Director, Sales and Marketing
Prior to joining Carrier, Boyer worked at the Groupe Legris Industries' mobile crane division, PPM.
Shares: -
(per 31.12.2010) + 18,579 (registered 13.1.2011)
Options to acquire:
106,000 shares

Aku Lehtinen

b. 1969
Senior Vice President, Head of Region NEI (Nordic, Eastern Europe and India)
Member of the Extended Management Team since 2010
Employed since 1994
M.Sc. (Eng.)
Primary working experience:
Konecranes 2008–2010: Director, South East Europe
KCI Konecranes/Konecranes 2006–2008: Director, RTG Cranes
KCI Konecranes 2005–2006: Sales Director, Yard Cranes
KCI Konecranes 2001–2004: Sales Manager, Port Cranes
KCI Konecranes 1994–2000: Various Project & Product Management responsibilities in Thailand, Israel and Finland
Shares: -
Options to acquire:
37,000 shares

Tom Sothard

b. 1957
Senior Vice President, Head of Region Americas
Member of the Executive Board 1995–2009
Member of the Extended Management team since 2009
Employed 1983
B.Sc. (Marketing)
Primary working experience:
KCI Konecranes 2001–2006: President, Global Maintenance Services
KCI Konecranes 1995–2002: Group Vice President, North America
KONE Corporation/KCI Konecranes 1989–2001: President, Maintenance Services, North America
KONE Corporation 1984–1988: Vice President, Maintenance Services, North America
Robbins and Myers 1980–1984: District Manager
Shares: 5,200
(per 31.12.2010) + 18,579 (registered 13.1.2011)
Option to acquire:
66,000 shares

Ryan Flynn

b. 1971
Senior Vice President, Head of Region APAC (Asia-Pacific)
Member of the Extended Management Team since 2009
Employed since 2005
MBA, BCom
Primary working experience:
Konecranes Plc., China 2005–2009: Director, Ports & Lift trucks
NFS Industrial Machinery, South Africa 2003–2005: General Manager
Afinta Motor Corporation, South Africa 1996–2000: Director
Standard Bank, South Africa 1990–1996: Business Manager
Shares: -
Option to acquire:
34,000 shares

Sirpa Poitsalo

b. 1963
Vice President, General Counsel
Member of the Executive Board 1999–2009
Member of the Extended Management team since 2009
Employed 1988
LL.M.
Primary working experience:
KCI Konecranes 1997–1998: Assistant General Counsel
KCI Konecranes/KONE Corporation, 1988–1997: Legal Councel
Shares: 23,400
(per 31.12.2010) + 6,967 (registered 13.1.2011)
Options to acquire:
58,000 shares

Jaana Rinne

b. 1962
Vice President, Human Resources
Member of the Executive Board 2007–2009
Member of the Extended Management team since 2009
Employed 1986
M.Sc. (Econ.)
Primary working experience:
KCI Konecranes/Konecranes 2004–2006: Director, Human Resources for Service
KCI Konecranes 1997–2004: different positions within human resources in Standard Lifting
KONE Corporation/KCI Konecranes 1986–1997: different positions in finance
Shares: -
(per 31.12.2010) + 6,967 (registered 13.1.2011)
Option to acquire:
20,000 shares

From the left: Tom Sothard, Ryan Flynn, Mikael Wegmüller, Sirpa Poitsalo, Antti Koskelin, Jaana Rinne, Aku Lehtinen and Pierre Boyer.

Mikael Wegmüller

b. 1966
Vice President, Marketing and Communications
Member of the Executive Board 2006–2009
Member of the Extended Management team since 2009
Employed 2006
M.Sc. (Econ.)
Primary working experience:
Publicis Helsinki Oy 2003–2006: Chief Operating Officer
SEK & GREY Oy 2000–2003: Director
Publicis Törmä Oy 1997–2000: Planning Group Director
Finelor Oy (now L'Oreal Finland Oy) 1993–1997: Sales and Marketing Manager
Chips Abp 1991–1993: Product Group Manager
Shares: -
(per 31.12.2010) + 6,967 (registered 13.1.2011)
Option to acquire:
48,000 shares

Antti Koskelin

b. 1970
Chief Information Officer, CIO
Member of the Extended Management Team since 2009
Employed: 2009
B.Sc. (Information Technology)
Primary working experience:
Nokia Corporation 1994–2008: several global leadership positions in USA and in Finland.
Shares: 280
Option to acquire:
15,000 shares

BOARD OF DIRECTORS

Stig Gustavson

b. 1945
Chairman of the Board since 2005. Board Member since 1994 and Member of the Nomination and Compensation Committee since 2006.
M.Sc. (Eng.), Dr.Tech. (hon.)
Principal occupation:
Board memberships
Primary working experience
KCI Konecranes Plc 1994–2005: President and CEO, KONE Cranes division 1988–1994: President, KONE Corporation 1982–1988, Sponsor Oy 1978–1982, RAY (Raha-Automaattiyhdistys) 1976–1978 and Wärtsilä Oy Ab 1970–1976: holder of various executive positions
Current key positions of trust
Handelsbanken Regional Bank Finland: Chairman of the Board Dynea Oy: Chairman of the Board, Arcada Foundation: Chairman of the Board, Cramo Plc: Chairman of the Board, Oy Mercantile Ab: Vice Chairman of the Board, Vaisala Group: Member of the Board, IK Investment Partners: Senior Regional Advisor
Shares: 2,038,490

Svante Adde

b. 1956
Board Member since 2004 and Member of the Audit Committee since 2004 and Chairman of the Audit Committee since 2008.
B.Sc. (Econ. and Business Administration)
Principal occupation:
Managing Director, Pöyry Capital Limited, London
Primary working experience
Compass Advisers, London 2005–2007: Managing Director, Ahlstrom Corporation 2003–2005: Chief Financial Officer, Lazard London and Stockholm 2000–2003: Managing Director, Lazard London 1989–2000: Director, Citibank 1979–1989: Director
Current key positions of trust
Meetoo AB:
Member of the Board
Shares: 4,395

Tomas Billing

b. 1963
Board member since 2009 and member of the Nomination and Compensation Committee since 2009.
Graduate degree in Business Administration from Stockholm School of Economics
Principal occupation:
President, Nordstjernan AB
Primary working experience
Hufvudstaden AB 1997–1999: President, AB Custos 1996–1997: Director, Monark Bodyguard 1994–1996: President, Proventus AB 1989–1994: Investment Manager, Salomon Brothers International Ltd 1987–1989: Fixed Income Salesman
Current key positions of trust
NCC AB: Chairman of the Board, Nordstjernan Industriutveckling AB: Chairman of the Board, Välinge Flooring Technology AB: Chairman of the Board
Shares: 11,648

Kim Gran

b. 1954
Board Member since 2007 and Member of the Audit Committee since 2007.
B.Sc. (Econ)
Principal occupation:
President and CEO, Nokian Tyres plc
Primary working experience
Nokian Tyres Plc, Car and Van tyres 1995–2000: Vice President
Current key positions of trust
The Rubber Manufacturers' Association: Chairman of the Board, Chemical Industry Federation of Finland: Vice Chairman of the Board, YIT Plc: Member of the Board, Nokian Tyres Plc: Member of the Board
Shares: 3,627

Tapani Järvinen

b. 1946
Board Member since 2009 and Member of the Audit Committee since 2009.
M.Sc. (Eng), Lic. Sc. (Tech.)
Principal occupation:
Board memberships
Primary working experience
Outotec Oyj 2006–2009: President and CEO, Outokumpu Technology, Finland 2003–2006: President and CEO, Outokumpu Oyj, Finland 2000–2005: Executive Vice President and Member of the Group Executive Committee, Compañía Minera Zaldívar, Chile 1994–2000: General Manager and CEO
Current key positions of trust
Okmetic Oyj: Member of the Board, Outotec Oyj: Member of the Board, Normet Oy: Member of the Board, Talvivaara Mining Company Plc: Member of the Board,
Shares: 1,888

Matti Kavetvuo

b. 1944
Board Member since 2001 and Chairman of the Nomination and Compensation Committee since 2009. Member of the Audit Committee 2004–2008.
M.Sc. (Eng.), B.Sc. (Econ.)
Principal occupation:
Board memberships
Primary working experience
Pohjola Group Plc 2000–2001: CEO, Valio Ltd 1992–1999: CEO, Orion Corporation 1985–1991: CEO, Instrumentarium Corp. 1979–1984: President
Current key positions of trust
Lassila & Tikanoja Plc: Chairman of the Board, Orion Corporation: Vice Chairman of the Board
Shares: 4,543

Malin Persson

b. 1968
Board member since 2005 and member of the Nomination and Compensation Committee since 2005.
M.Sc. (Eng.)
Principal occupation:
President and CEO, Volvo Technology Corporation
Primary working experience
Volvo Group: Holder of various executive positions including AB Volvo: Vice President, Coporate Strategy and Business Development, Volvo Logistics

From the left: Stig Gustavson, Svante Adde, Tomas Billing, Kim Gran, Tapani Järvinen, Matti Kavetvuo, Malin Persson and Mikael Silvennoinen.

Corp: Vice President, Business & Logistics Development
Current key positions of trust
Hexpol AB: Member of the Board, Volvo Trucks AB: Member of the Board
Shares: 2,856

Mikael Silvennoinen

b. 1956
Board member since 2008 and Member of the Audit Committee since 2008.
M.Sc. (Econ.)
Principal occupation:
President and CEO, Pohjola Bank Plc
Primary working experience
Pohjola Group 1989–1997: Holder of various executive positions, Wärtsilä Group 1986–1989: Group Treasurer
Current key positions of trust
Pohjola Insurance Group Plc: Chairman of the Board; Unico Banking Group: Member of the Steering Committee
Shares: 2,327

FINANCIAL STATEMENTS

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REPORT OF THE BOARD OF DIRECTORS

Changes in reporting method

Konecranes changed its structure from the beginning of 2010 so that Business Areas Standard Lifting and Heavy Lifting were merged into one Business Area: Equipment. External segment reporting was also changed to match with the operational structure of the group. From 2010, Konecranes reports on two segments, Service and Equipment. While the number of segments was reduced from three to two, Konecranes discloses more information than before about the segments on a quarterly basis. The new information includes EBITDA, depreciation and impairments, capital employed, ROCE and capital expenditure.

To further improve the transparency of segment profitability, the allocation of Group costs into the business areas has been redefined. Previously, centralized Market Operations, procurement, R&D and IT costs were reported as unallocated Group costs. From 2010 these costs are allocated to the business areas. The reporting of centralized legal, marketing & communications, finance, HR and general management costs remains unchanged and these will continue to be shown as unallocated Group costs. Additionally, the reporting of elimination of internal margins (consolidation items) in inventories has changed as a result of fewer segments and internal margins within the business areas being incorporated in the operating profit of the respective business area.

Konecranes published the 2009 comparison figures related to the segment reporting change in a stock exchange release on February 24, 2010.

In addition, unrealized exchange rate differences relating to the hedging of trade receivables and payables that are not included in IFRS hedge accounting have been reported as part of net sales and cost of goods sold above the operating profit from 2010. Previously, these items were reported in financial income and expenses. It is not possible to recalculate accurately the impact of this change on 2009 numbers as a result of which restating of the 2009 numbers has not been done for this change. However, it is estimated that the change would only have a minor impact on the segment operating profits in 2009. There would not be any change in profit before taxes in 2009.

From year-end 2010, Business Area Service and Equipment order book consists of external orders only. This reporting change discontinues the need for the elimination of the internal order book. The historical figures have not been restated. The elimination of the internal order book has historically been less than EUR 20 million. This reporting change has no impact on the Group order book.

Market review

The turnaround in the global economy that started in the autumn of 2009 continued in 2010. Driven by accommodative monetary policies and low interest rates, global macroeconomic indicators improved across the board and even exceeded expectations in many cases. Growth rates in emerging markets continued to exceed those in developed countries.

Economic news in Europe was dominated by concerns about the economies of various European countries, and several countries announced austerity measures to reduce their budget deficits. Despite increased turbulence in the financial markets, macroeconomic indicators remained generally positive, however. Export-led economies, such as Germany and Sweden, showed the strongest level of recovery.

US economic news was dominated by double-dip fears linked to low construction activity, high unemployment and general deleveraging. Macroeconomic indicators pointed to a slow recovery in the overall economy.

As in the previous years, the Chinese economy drove global growth. The Indian economy continued to gain importance globally.

Industrial capacity utilization improved in both Europe and the US, but was still low by historical standards. Purchasing manager indexes were buoyant worldwide, pointing to an expansion in economic activity, although this was tempered towards the end of the year.

Demand for new equipment continued to suffer from overcapacity across most customer segments, particularly in the first half of the year. Demand for industrial cranes was held back by a lack of major industrial investments, while that for components was boosted by broader use and replacement of old equipment. New inquiries from the power generation, waste-to-energy and paper & pulp sectors increased whereas those from general manufacturing and the steel industry stayed flat.

The stronger-than-expected turnaround in the global economy was particularly visible in container traffic. Global container volumes increased by 13 percent, reaching the previous peak level of 2008, and this was reflected in greater demand for lift trucks and reach stackers. After a quiet start to the year, the increase in shipping volumes resulted in a higher level of project activity with container ports towards the end of the year.

Intense price competition continued due to overcapacity in the crane manufacturing industry.

Demand for lifting equipment services improved due to higher capacity utilization in Konecranes' customer industries. Customers have also continued to show a growing

Net sales by region, MEUR

	10–12/2010	10–12/2009	Change percent	1–12/2010	1–12/2009	Change percent	Change % at comparable currency rates
EMEA	258.3	244.2	5.8	823.2	928.0	-11.3	-13.4
AME	135.8	113.7	19.5	468.2	479.5	-2.4	-8.1
APAC	75.3	71.1	6.0	254.8	263.8	-3.4	-11.6
Total	**469.4**	**428.9**	**9.5**	**1,546.3**	**1,671.3**	**-7.5**	**-11.5**

interest in outsourcing their maintenance needs. New types of services utilizing the latest IT and measurement technologies have proved increasingly attractive.

Steel and sea freight prices increased during the first half, but leveled off in the third quarter. Copper prices were high and rose further towards the end of the year. The US dollar appreciated against the euro during the first half. While this development was reversed in the third quarter, the dollar again strengthened against the euro during the fourth quarter.

Note: Unless otherwise stated, the figures in brackets in the sections below refer to the same period in the previous year.

Orders received

In 2010, orders received rose by 13.9 percent to EUR 1,536.0 million (1,348.9). Orders received rose in Service by 21.5 percent and in Equipment by 7.5 percent. Orders received rose in the Americas and Asia-Pacific, but decreased in Europe-Middle East-Africa due to lower Equipment orders in the region.

In January-December, orders from emerging markets accounted for approximately 40 percent of total orders compared with more than 30 percent in 2009. Acquisitions contributed about 3 percent to orders received in January-December.

The fourth quarter order intake increased by 32.3 percent from a year earlier and by 27.9 percent from the third quarter to EUR 477.7 million (361.1). Order intake increased in Service by 26.7 and in Equipment by 33.2 percent. Orders received rose in all geographic areas. Order growth was strongest in Asia-Pacific, followed by the Americas.

Order book

The value of the order book at year-end 2010 totaled EUR 756.2 million (607.0), which is 24.6 percent higher than at end 2009. The order book increased by 11.3 percent from the third quarter when it stood at EUR 679.7 million. Service accounted for EUR 103.3 million (14 percent) and Equipment for EUR 652.9 million (86 percent) of the total end-December order book.

Sales

Group sales in full year 2010 decreased by 7.5 percent and totaled EUR 1,546.3 million (1,671.3). Sales in Service increased by 6.1 percent, but decreased by 14.9 percent in Equipment as a result of lower order book at the start of the year. Acquisitions contributed about 2 percent to sales in January-December.

Fourth-quarter sales rose by 9.5 percent from the corresponding period in 2009 to EUR 469.4 million (428.9). Sales increased in Service by 24.0 percent and in Equipment by 1.6 percent.

In 2010, the regional breakdown was as follows: EMEA 53 (56), Americas 30 (29) and APAC 16 (16) percent.

Currency rate effect

In a year-on-year comparison, the currency rates had a positive effect on orders and sales in January-December. The reported order intake rose by 13.9 percent and by 9.1 percent at comparable currency rates. Reported sales declined by 7.5 percent and by 11.5 percent at comparable currency rates. In the fourth quarter, the reported order intake grew by 32.3 percent whereas the growth at comparable currencies was 25.5 percent. The reported sales increased by 9.5 percent and by 3.3 percent at comparable currencies.

In Service, the reported January-December order intake growth of 21.5 percent exceeded the growth of 15.1 percent at comparable currencies. In Equipment, reported orders grew by 7.5 percent and by 3.8 percent at comparable currencies. In the fourth quarter, Service orders grew by 26.7 in reported terms and by 18.5 percent at comparable currencies. In Equipment, the corresponding figures were 33.2 percent and 27.4 percent.

In 2010 and in the fourth quarter, the currency rates had an insignificant impact on the Group's operating margin compared with the same period a year earlier.

Financial result

The consolidated operating profit in full year 2010 totaled EUR 112.4 million (97.9), increasing in total by EUR 14.5 million. The operating profit includes restructuring costs of EUR 2.7 million (20.9) booked in the second quarter due to the announced closure of the assembly plant in Windsor, WI, USA. The consolidated operating margin rose to 7.3 percent (5.9). The operating margin improved in Service to 8.8 percent (8.7) and in Equipment to 6.8 percent (5.2). Procurement cost savings and adjustment of production capacity more than offset the product price pressure.

The consolidated operating profit in the fourth quarter totaled EUR 45.8 million (22.2). The comparison period included restructuring costs of EUR 5.1 million. The consolidated operating margin in the fourth quarter rose to 9.8 percent (5.2). The operating margin improved in Service to 10.5 percent (8.4) and in Equipment to 9.5 percent (4.1). Profitability improved on higher volume, successful execution and procurement cost savings.

In 2010, depreciation and impairments totaled EUR 31.1 million (32.5).

In 2010, the share of the result of associated companies and joint ventures was EUR 2.5 million (–2.2).

Net financial expenses in January-December totaled EUR 3.6 million (7.1). Net interest expenses accounted for EUR 1.3 million (2.2) of this.

The January-December profit before taxes was EUR 111.3 million (88.6).

Income taxes in January-December were EUR 33.1 million (26.1). The Group's effective tax rate was 29.8 percent (29.5).

The January-December net profit was EUR 78.2 million (62.5).

In 2010, basic earnings per share were EUR 1.35 (1.08) and diluted earnings per share were EUR 1.34 (1.08).

In 2010, return on capital employed was 24.2 percent (19.3) and return on equity 18.1 percent (15.5).

Balance sheet

The year-end 2010 consolidated balance sheet amounted to EUR 1,175.5 million (1,060.4). Total equity at the end of the report period was EUR 456.2 million (407.1). Total equity attributable to equity holders of the parent company at year-end 2010 was EUR 450.5 million (402.5) or EUR 7.64 per share (6.84).

Net working capital at year-end 2010 totaled EUR 191.6 million, which was EUR 8.2 million more than at the end of the third quarter and EUR 52.8 million more than at year-end 2009. Advance payments received stayed at the previous year's level whereas work in progress and accounts receivable increased.

Cash flow and financing

Net cash from operating activities in full year 2010 was EUR 57.4 million (223.0), representing EUR 0.97 per share (3.79). In the fourth quarter, net cash flow from operating activities was EUR 31.2 million (89.9). Cash flow before financing activities was EUR -7.5 million (181.8). Cash flow before financing activities in the fourth quarter was EUR 21.0 million (71.5).

Interest-bearing net debt was EUR -17.4 million (-77.7) at the end of 2010. Solidity was 44.7 percent (45.1) and gearing -3.8 percent (-19.1).

The Group's liquidity remained healthy. At the end of the fourth quarter, cash and cash equivalents amounted to EUR 98.5 million (137.5).

Konecranes signed a new EUR 200 million five-year Revolving Credit Facility with its core relationship banks in December. The loan will be used for general corporate purposes and it replaced the three-year EUR 200 million facility signed in April 2009. Early refinancing enabled taking advantage of the favorable market conditions and prolonging the maturity. None of the Group's EUR 200 million committed back-up financing facility was in use at the end of the period.

Konecranes paid its shareholders dividends amounting to EUR 53.0 million or EUR 0.90 per share in April 2010.

Capital expenditure

In 2010, capital expenditure excluding acquisitions and investments in associated companies amounted to EUR 22.3 million (25.7). This consisted mainly of replacement or capacity expansion investments in machines, equipment and information technology. Capital expenditure including acquisitions was EUR 68.8 million (55.8).

Fourth quarter capital expenditure excluding acquisitions was EUR 11.0 million (11.8) and including acquisitions EUR 22.4 million (30.7).

Acquisitions

In 2010, capital expenditure on acquisitions and investments in associated companies was EUR 46.5 million (30.1). During January–December, Konecranes made nine small acquisitions, six of which related to the Machine Tool Service (MTS) business in Denmark, in the UK and in the USA. Konecranes also acquired service companies in Morocco and in France. The net assets of the acquired companies were recorded at EUR 9.9 million and goodwill of EUR 9.6 million was booked from the acquisitions.

Konecranes and the Japanese hoist, crane and material handling equipment company Kito Corporation ("Kito") entered into a strategic alliance. The alliance agreement was signed by representatives of the two companies on March 23, 2010. To fully utilize the global market potential and mutually complement each other, Konecranes will sell Kito manual products while Kito will sell wire rope hoists made by Konecranes.

To reinforce the strategic alliance, Konecranes purchased 29,750 shares (22.0 percent of the share capital and voting rights) in Kito on March 24, 2010. The total value of the stake purchased amounted to approximately JPY 3.3 billion (EUR 27 million). Furthermore, Kito repurchased 10.0 percent of the share capital on March 24, 2010. Post the share purchase by Konecranes and the Kito share buyback, Konecranes has approximately 24.4 percent of the voting rights in Kito.

The shareholding has been included in investments accounted for using the equity method in the balance sheet on March 31. Kito has been included in Konecranes' statement of income as an associated company during the third quarter.

As a part of the strategic alliance, Konecranes sold the assets relating to the hoist distribution business of the Japanese subsidiary MHS Konecranes to Kito on November 1, 2010.

On October 11, 2010, Konecranes announced that it has entered into an agreement to acquire the Indian crane company WMI Cranes Ltd. ("WMI"). The company is one of the leading manufacturers of heavy-duty cranes in India. For the year ending March 31, 2010, WMI's net sales amounted to approximately EUR 30 million. The company has an order book of more than EUR 50 million and its order intake prospects are good. WMI employs approximately 350 people and an additionally contracted workforce of about 600 persons.

Konecranes will acquire WMI's shares in two phases. In the first phase Konecranes will acquire 51 percent of the shares for INR 1,690 million (EUR 28 million). In the second phase, estimated to take place later during 2011, Konecranes will purchase the remaining 49 percent of the shares. The sellers are entitled to a performance linked part of the purchase price and the total maximum price for 100 percent of the shares in WMI can amount to approximately INR 3,600 million (EUR 60 million). The acquisition is irrevocable. The purchase will be financed with existing cash reserves.

WMI will be consolidated into Konecranes' financial reporting once the regulatory approvals have been received. The approvals are expected to be received during the first quarter of 2011.

Personnel

In January–December, the Group employed an average of 9,739 people (9,811). On 31 December, the headcount was 10,042 (9,782). At year-end 2010, the number of personnel by Business Area was as follows: Service 5,397 employees (4,991), Equipment 4,600 employees (4,742) and Group staff 45 (49). The Group had 5,751 employees (5,533) working in EMEA, 2,259 (2,236) in the Americas and 2,032 (2,013) in the APAC region.

Konecranes announced on June 3, 2010, that it will close its assembly plant in Windsor, WI, USA by the end of October 2010. Of the 47 personnel in Windsor, 27 were transferred to positions in other locations and 20 positions were eliminated.

During 2010, we continued to emphasize the importance of our people. We defined our people strategy called Lifting People, which focuses on good company culture, true leadership, performance management and ensuring competent resources. Our global job satisfaction survey, which is an important tool and indicator for us, was carried out globally for the fourth time. Performance management, including annual development discussions with every employee, is a continuous process at Konecranes.

Competence development is a high priority for Konecranes and we have continued to invest in our people. An important development area is leadership skills, which are developed continuously. Furthermore, we are focusing on resource planning and target aligned training, which fill the competence gaps now and also in the future needs.

In 2010, the Group's personnel expenses totaled EUR 468.7 million (452.4).

Business areas

Service

Full year 2010 orders received totaled EUR 605.7 million (498.4), showing an increase of 21.5 percent. Demand for maintenance services grew in all regions. Order intake increased in all business units with particular strength in Modernization. Also, demand for spare parts was strong. The order book rose to EUR 103.3 million (75.9) at year-end, representing an increase of 36.0 percent. Sales rose by 6.1 percent to EUR 707.8 million (667.2). Sales growth was mainly attributable to favorable currency changes. Operating profit was EUR 62.5 million (58.3) and the operating margin 8.8 percent (8.7). Profitability was held back by the lack of organic sales growth at constant currencies and higher business development costs including investments in IT and new services. The January-December 2009 operating profit included EUR 2.7 million restructuring costs.

Fourth quarter order intake rose by 26.7 percent from the previous year and totaled EUR 154.4 million (121.8). Similar to the full year 2010, orders were higher than a year ago in all regions and business units as a result of higher capacity utilization among customer industries. Compared to the previous quarters of 2010, demand in EMEA developed positively. Modernization orders were lower than in the earlier quarters of 2010. Fourth-quarter sales totaled EUR 211.3 million (170.5), representing a year-over-year increase of 24.0 percent. Fourth quarter operating profit was EUR 22.1 million (14.3), and the operating margin 10.5 percent (8.4). The fourth quarter 2009 operating profit included EUR 1.5 million restructuring costs. The operating profit increased on higher volume.

The annual value of the contract base increased to EUR 145.7 million (122.3) at year-end 2010. Two-thirds of the increase in the value of the contract base was organic while the rest was attributable to currency changes. At year-end 2010, the total number of items of equipment included in the maintenance contract base was 375,514 (362,996).

The number of service technicians at year-end 2010 was 3,466, which is 244 or 7.6 percent more than at year-end 2009.

Service	10–12/2010	10–12/2009	Change percent	1–12/2010	1–12/2009	Change percent
Orders received, MEUR	154.4	121.8	26.7	605.7	498.4	21.5
Order book, MEUR	103.3	75.9	36.0	103.3	75.9	36.0
Contract base value, MEUR	145.7	122.3	19.1	145.7	122.3	19.1
Net sales, MEUR	211.3	170.5	24.0	707.8	667.2	6.1
EBITDA, MEUR	24.7	17.3	42.6	73.2	68.6	6.7
EBITDA, %	11.7%	10.2%		10.3%	10.3%	
Depreciation and amortization, MEUR	-2.6	-3.1	-14.6	-10.7	-10.3	4.0
Operating profit (EBIT), MEUR	22.1	14.3	54.9	62.5	58.3	7.2
Operating profit (EBIT), %	10.5%	8.4%		8.8%	8.7%	
Restructuring costs, MEUR	0.0	-1.5		0.0	-2.7	
Operating profit (EBIT) excluding restructuring costs, MEUR	22.1	15.8	40.0	62.5	61.0	2.5
Operating profit (EBIT) excluding restructuring costs, %	10.5%	9.3%		8.8%	9.1%	
Capital employed, MEUR	163.3	130.7	25.0	163.3	130.7	25.0
ROCE%				42.5%	43.8%	
Capital expenditure, MEUR	5.5	2.8	96.2	11.3	7.7	46.5
Personnel at the end of period	5,397	4,991	8.1	5,397	4,991	8.1

Equipment

Full year 2010 orders received totaled EUR 1,004.9 million (934.6), showing an increase of 7.5 percent. Order intake rose in APAC and the Americas, but fell in EMEA. Orders for Industrial Cranes accounted for approximately 45 percent of the orders received and were above last year's level. Components generated approximately 25 percent of the new orders and were above last year's level. The combined orders for the other business units (Nuclear Cranes, Port Cranes and Lift Trucks) amounted to approximately 30 percent of the orders received and were higher compared to the comparison period.

The order book increased by 19.2 percent from a year before to EUR 652.9 million (547.8). Sales decreased by 14.9 percent to EUR 948.6 million (1,115.1). Operating profit before restructuring costs of EUR 2.7 million (18.2) was EUR 67.4 million (76.7) and the operating margin 7.1 percent (6.9). Operating profit after restructuring costs was EUR 64.7 million (58.5) and 6.8 percent of sales (5.2). The under-absorption of the fixed costs was offset by improved sales mix and procurement cost savings.

The fourth quarter order intake rose by 33.2 percent and totaled EUR 349.2 million (262.2). Fourth quarter order intake rose in all regions. Compared to the third quarter, order increase was strongest in EMEA. The value of new orders in Equipment was higher than a year ago in all business units except Lift Trucks, which experienced strong demand already in the comparison period. The fourth quarter order intake included significant contracts for port cranes both in 2010 and in 2009. Fourth quarter sales totaled EUR 288.5 million (284.0) and were 1.6 percent higher than a year ago. The fourth quarter operating profit was EUR 27.4 million (11.8), and the operating margin 9.5 percent (4.1). The operating profit increased from a year ago due to achieved cost savings and a more favorable sales mix. The fourth quarter 2009 operating profit included EUR 3.6 million restructuring costs.

Equipment	10–12/2010	10–12/2009	Change percent	1–12/2010	1–12/2009	Change percent
Orders received, MEUR	349.2	262.2	33.2	1,004.9	934.6	7.5
Order book, MEUR	652.9	547.8	19.2	652.9	547.8	19.2
Net sales, MEUR	288.5	284.0	1.6	948.6	1,115.1	-14.9
EBITDA, MEUR	32.8	20.2	62.0	84.7	79.5	6.6
EBITDA, %	11.4%	7.1%		8.9%	7.1%	
Depreciation and amortization, MEUR	-5.3	-8.4	-36.8	-20.0	-21.0	-4.5
Operating profit (EBIT), MEUR	27.4	11.8	132.8	64.7	58.5	10.6
Operating profit (EBIT), %	9.5%	4.1%		6.8%	5.2%	
Restructuring costs, MEUR	0.0	-3.6		-2.7	-18.2	
Operating profit (EBIT) excluding restructuring costs, MEUR	27.4	15.4	78.2	67.4	76.7	-12.2
Operating profit (EBIT) excluding restructuring costs, %	9.5%	5.4%		7.1%	6.9%	
Capital employed, MEUR	243.1	208.7	16.5	243.1	208.7	16.5
ROCE%				28.6%	22.9%	
Capital expenditure, MEUR	5.5	8.9	-38.1	11.0	17.0	-35.1
Personnel at the end of period	4,600	4,742	-3.0	4,600	4,742	-3.0

Group overheads

Unallocated Group overhead costs in 2010 were EUR 14.8 million (18.9), representing 1.0 percent of sales (1.1).

Administration

Konecranes Annual General Meeting was held March 25, 2010. The meeting approved the company's annual accounts for the fiscal year 2009 and discharged the members of the Board of Directors and Managing Director from liability. The AGM approved the Board's proposal that a dividend of EUR 0.90 per share be paid from the distributable assets of the parent company. In addition, the AGM confirmed the annual compensation to the Board members and decided to amend Section 9 of the Articles of Association.

The AGM approved the proposal of the Nomination and Compensation Committee that eight (8) members of the Board of Directors be elected. The previous Board members i.e. Mr Svante Adde, Mr Tomas Billing, Mr Kim Gran, Mr Stig Gustavson, Mr Tapani Järvinen, Mr Matti Kavetvuo, Ms Malin Persson and Mr Mikael Silvennoinen were re-elected.

The AGM confirmed that Ernst & Young Oy will continue as the Company's external auditor. The AGM decided to grant a donation to one or more Finnish Universities in the amount of EUR 1,250,000 to thereby support education and research within the fields of technology, economy, or art. Equity reduced by EUR 0.9 million due to the paid donation in the third quarter.

The AGM authorized the Board of Directors to decide on the issuance of shares as well as on the issuance of special rights entitling to shares. The amount of shares to be issued based on this authorization shall not exceed 9,000,000 shares, which corresponds to approximately 14.5 percent of all of the shares in the Company. The authorization is effective until the end of the next AGM, however no longer than until 24 September 2011.

Konecranes announced on December 14, 2010, that it had acquired all the shares in KCR Management Oy from the Group executives through a share swap. A total of 281,007 new shares were subscribed in the share issue of Konecranes Plc directed to the shareholders of KCR Management Oy following the share swap. The new shares were entered into the Trade Register on January 13, 2011.

The AGM authorized the Board of Directors to decide on the repurchase of the Company's own shares and/or on the acceptance as pledge of the Company's own shares. The amount of own shares to be repurchased and/or accepted as pledge shall not exceed 6,000,000 shares in total, which corresponds to approximately 9.7 percent of all of the shares in the Company. The authorization is effective until the end of the next AGM, however no longer than until 24 September 2011. Through the acquisition of KCR Management Oy, announced on December 14, 2010, Konecranes Plc received 517,696 own shares.

The AGM authorized the Board of Directors to decide on the transfer of the Company's own shares. The authorization is limited to a maximum of 6,000,000 shares, which corresponds to approximately 9.7 percent of all of the shares in the Company. This authorization shall be effective until the next AGM, however no longer than until 24 September 2011. Konecranes conveyed 12,000 own shares on April 29, 2010 as sale against contribution in kind. In addition, Konecranes conveyed 5,840 own shares on August 26, 2010 as the payment of Board remuneration.

The decisions are explained in more detail in the release covering the resolutions of the AGM, which is available on the company's website at www.konecranes.com.

In its first meeting held after the Annual General Meeting, the Board of Directors elected Mr Stig Gustavson to continue as Chairman. Mr Svante Adde was elected Chairman of the Audit Committee, and Mr Kim Gran, Mr Tapani Järvinen and Mr Mikael Silvennoinen as Committee members. Mr Matti Kavetvuo was elected Chairman of the Nomination and Compensation Committee, and Mr Tomas Billing, Mr Stig Gustavson, and Ms Malin Persson were elected as Committee members.

With the exception of Mr Stig Gustavson, the Board members are deemed to be independent of the company under the Finnish Corporate Governance Code. All Board members are independent of significant shareholders of the company.

At the end of year 2010, Konecranes had a loan receivable of EUR 211,736 from President & 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 & CEO in 2006. There is a tax appeal pending against the imposed payment and the loan is effective until the appeal is concluded.

Konecranes complies with the Finnish Corporate Governance Code 2010 approved by the Board of the Securities Market Association. Konecranes has issued a Corporate Governance Statement based on the recommendation 54 of the Code, which can be reviewed on the corporate website of Konecranes at www.konecranes.com.

Share capital and shares

The company's registered share capital on December 31, 2010 totaled EUR 30.1 million. On December 31, 2010, the number of shares including treasury shares totaled 62,002,120. On December 31, 2010, Konecranes Plc was in possession of 2,524,760 own shares directly and

517,696 own shares indirectly through KCR Management Oy, which corresponds to 4.9 percent of the total number of shares and which at that date had a market value of EUR 94.0 million.

Konecranes conveyed 12,000 own shares on April 29, 2010 as sale against contribution in kind. In addition, Konecranes conveyed 5,840 own shares on August 26, 2010 as the payment of Board remuneration in accordance with the resolution of the AGM held on March 25, 2010.

Konecranes announced on December 14, 2010, that it acquires all the shares in KCR Management Oy from the Group executives through a share swap. Through the acquisition of KCR Management Oy, Konecranes Plc received 517,696 own shares.

On December 31, 2010, Konecranes had a liability to issue 281,007 new shares to the sellers of KCR Management Oy. The new shares were entered into the Trade Register on January 13, 2011, which increased the total number of shares in Konecranes Plc, including treasury shares, to 62,283,127.

Shares subscribed under stock option rights

Pursuant to Konecranes Plc's stock option plans, 129,200 new shares were subscribed and registered in the Finnish Trade Register in January-December. As a result of these subscriptions, the total number of Konecranes Plc shares, including treasury shares, rose to 62,002,120.

The stock options issued under Konecranes Plc's ongoing stock option plans (2007 and 2009) at end-December 2010 entitle holders to subscribe to a total of 3,370,000 shares, which would increase the total number of Konecranes Plc shares, including treasury shares, to 65,372,120. The option programs include approximately 200 key persons.

All shares carry one vote per share and equal rights to dividends.

The terms and conditions of the stock option programs are available on Konecranes' website at www.konecranes.com.

Market capitalization and trading volume

The closing price for Konecranes Plc's shares on the NASDAQ OMX Helsinki on December 31, 2010 was EUR 30.89. The volume-weighted average share price in January-December was EUR 23.84, the highest price being EUR 32.04 in December and the lowest EUR 19.08 in January. In January–December, the trading volume on the NASDAQ OMX Helsinki totaled 88.0 million Konecranes Plc shares, corresponding to a turnover of approximately EUR 2,098 million. The average daily trading volume was 349,257 shares, representing an average daily turnover of EUR 8.3 million.

On December 31, 2010, the total market capitalization of Konecranes Plc's shares was EUR 1,915 million including treasury shares. The market capitalization was EUR 1,821 million excluding the treasury shares.

Flagging notifications

On February 24, 2010, HTT 2 Holding Oy Ab informed Konecranes that their holding had exceeded 5 percent. HTT 2 Holding Oy Ab held 3,129,500 shares, which was 5.06 percent of Konecranes' shares and votes on February 23, 2010.

On April 9, 2010, BlackRock, Inc. informed Konecranes that their holding had exceeded 10 percent. BlackRock, Inc. held 6,228,000 shares, which was 10.05 percent of Konecranes' shares and votes on April 7, 2010.

On June 3, 2010, BlackRock, Inc. informed Konecranes that their holding had decreased below 10 percent. BlackRock, Inc. held 6,181,787 shares, which was 9.97 percent of Konecranes' shares and votes on June 2, 2010.

On June 23, 2010, Konecranes received a disclosure according to which the combined holding of HTT 2 Holding Oy Ab, K. Hartwall Invest Oy Ab, Fyrklöver-Invest Oy Ab and Rönnäs Invest AG had exceeded 10 percent. The combined ownership of the shareholders mentioned in the disclosure amounted to 6,207,968 shares on June 23, 2010, which is 10.01 percent of the shares and votes in Konecranes Plc. All the shareholders mentioned in the disclosure will in practice cooperate in matters concerning their ownership in Konecranes. HTT 2 Holding Oy Ab is a subsidiary of Hartwall Capital Oy Ab.

On July 2, 2010, HTT 2 Holding Oy Ab informed Konecranes that their holding had exceeded 10 percent. HTT 2 Holding Oy Ab held 6,215,568 shares, which was 10.02 percent of Konecranes' shares and votes on July 2, 2010. K. Hartwall Invest Oy Ab, Fyrklöver-Invest Oy Ab and Rönnäs Invest AG, who will in practice cooperate with HTT 2 Holding Oy Ab in matters concerning their ownership in Konecranes Plc, held 6,357,968 shares on July 2, 2010, which is 10.25 percent of the shares and votes in Konecranes Plc.

On August 20, 2010, BlackRock, Inc. informed Konecranes that their holding had exceeded 10 percent. BlackRock held 6,200,223 Konecranes' shares on August 19, 2010, which is 10.00 percent of Konecranes' shares and votes.

On August 30, 2010, Konecranes received a disclosure according to which the holding of BlackRock, Inc. in Konecranes had decreased below 10 percent. BlackRock, Inc. held 6,192,571 Konecranes' shares on August 24, 2010, which is 9.99 percent of Konecranes' shares and votes.

On September 8, 2010, BlackRock, Inc. informed Konecranes that their holding had exceeded 10 percent. BlackRock held 6,271,713 Konecranes' shares on September 7, 2010, which is 10.12 percent of Konecranes' shares and votes.

On November 29, 2010, Konecranes received a disclosure according to which the holding of BlackRock, Inc. in Konecranes had decreased below 10 percent. On November 26, was BlackRock Inc. in possession of 6,168,494 Konecranes shares. The holding corresponds 9.95 percent of Konecranes' shares and votes.

On December 20, 2010, BlackRock, Inc. informed Konecranes that their holding had exceeded 10 percent. On December 17, was BlackRock Inc. in possession of 6,239,140 Konecranes shares. The holding corresponds 10.06 percent of Konecranes' shares and votes.

On December 21, 2010, Konecranes received a disclosure according to which the holding of BlackRock, Inc. in Konecranes had decreased below 10 percent. On December 20, was BlackRock Inc. in possession of 6,099,149 Konecranes shares. The holding corresponds 9.84 percent of Konecranes' shares and votes.

No other disclosures of changes in holdings were received in 2010.

Research and development

In 2010, Konecranes' research and product development expenditure totaled EUR 21.5 (22.0) million, representing 1.4 (1.3) percent of sales. R&D expenditure includes product development projects aimed at improving the quality and cost efficiency of both products and services.

Konecranes continued to finalize the options and features for SMARTON® crane. SMARTON is an industry shaping industrial crane. It can be used in industrial sectors such as steel handling and warehousing, automotive, general manufacturing, power, workshops, automatic storage systems and mining. Depending on the set up, SMARTON can lift loads ranging from 30 tons to more than 500 tons. The crane monitors its own condition and recommends when and what kinds of inspection or preventive maintenance should be performed. The crane can easily be updated with smart solutions. SMARTON is compact in size. This enables new industrial halls, for example, to be smaller than before. The feed-back of the braking energy, a standard feature in SMARTON, can reduce power consumption and energy costs by up to one third.

In CXT cranes, advanced features, like shockload prevention and minimum rope fleet angle hook block, were adopted.

New electric chain hoist family was developed for emerging markets.

Safety enhancing features are important in material handling equipment. A good example is the new RFID based NearGuard system for heavy lift trucks and reach stackers, which alarms driver when there is a danger of colliding with nearby obstacles. NearGuard won the IMHX Design 4 Safety award in UK.

World's most compact polar crane and cask transporter for spent fuel were developed for nuclear power plants.

To complement the component offering of the branded products, new heavier load (up to 160 tons) crane component package was developed.

Konecranes automation and software development unit was founded in order to even better utilize the scale and further develop software products for all business lines.

Konecranes continued its long-term efforts to increase the efficiency and quality in the front-line engineering operations. In-house-made software gives engineer unique capabilities in the daily crane specific engineering tasks. Software is also integrated in the most important sales tools, giving sales force excellent capabilities to serve customers needs.

Consistent look and feel is increasingly important also in industrial products. Entirely new cabin design with improved user experience and ergonomics was developed during 2010 and it will be launched in port and heavy-duty cranes in 2011.

Development continued in remote services to fully support Konecranes advanced maintenance concept globally. By utilizing real-time equipment usage data, we can optimize and predict maintenance needs and give needed expert support to our customers from three different remote centers, located in Shanghai (China), Springfield (USA) and Hyvinkää (Finland).

Corporate responsibility

In the spring of 2010, the Group joined United Nations Global Compact sustainability initiative as expression of its commitment to responsibility and support for the initiative. During the year the Group also sharpened its overall approach towards corporate responsibility and via stakeholder dialogue defined five corporate responsibility focus areas. These focus areas are safety, people, environment, fair play, and smarter offering. Even though there has been work ongoing in all of these areas already earlier, with clarified approach and defined focus areas with specific set objectives, the Group is able to communicate its progress and efforts better.

For example, safety and environmental networks including promotion of best practices were further developed during 2010. Reporting and key performance indicators related to corporate responsibility and especially safety and environment, were further improved during the year.

Other important matters

On October 8, 2010, Konecranes confirmed that it had approached Demag Cranes AG ("Demag Cranes") on September 8, 2010, to discuss a potential combination of the two companies. The management of Demag Cranes has responded that Demag Cranes has no interest in engaging in any dialogue regarding such a potential combination. Under these circumstances, we will not pursue the matter.

Events after the end of the reporting period

On January 5, 2011, BlackRock, Inc. informed Konecranes that their holding had exceeded 10 percent. On January 4, was BlackRock Inc. in possession of 6,441,109 shares in Konecranes Plc. The holding corresponds 10.39 percent of Konecranes Plc's shares and votes.

A total of 281,007 new shares subscribed in the share issue of Konecranes Plc directed to the shareholders of KCR Management Oy following the share swap announced on December 14, 2010, were entered into the Trade Register on January 13, 2011. After the Trade Register entry of the new shares, the number of the Company's all shares is 62,283,127 shares.

On January 13, 2011, HTT 2 Holding Oy Ab informed Konecranes that their holding had decreased below 10 percent. HTT 2 Holding Oy Ab held 6,215,568 shares in Konecranes Plc on January 13, 2011, which is 9.98 percent of Konecranes Plc's shares and votes. K. Hartwall Invest Oy Ab, Fyrklöver-Invest Oy Ab and Ronnas Invest AG, who will in practice cooperate with HTT 2 Holding Oy Ab in matters concerning their ownership in Konecranes Plc, held 6,347,968 shares on January 13, 2011, which is 10.19 percent of the shares and votes in Konecranes Plc.

On January 14, 2011, HTT 2 Holding Oy Ab informed Konecranes that their holding had exceeded 10 percent. HTT 2 Holding Oy Ab held 6,230,568 shares in Konecranes Plc on January 14, 2011, which is 10.00 percent of Konecranes Plc's shares and votes. K. Hartwall Invest Oy Ab, Fyrklöver-Invest Oy Ab and Ronnas Invest AG, who will in practice cooperate with HTT 2 Holding Oy Ab in matters concerning their ownership in Konecranes Plc, held 6,362,968 shares on January 14, 2011, which is 10.22 percent of the shares and votes in Konecranes Plc.

Risks and uncertainties

The Group's principal short-term risks and uncertainties derive from a possible renewed downturn in the world economy due to the sovereign credit crisis, for example, or other unforeseen events. A decrease in demand for Konecranes' products and services may have a negative effect on the Group's pricing power, and result in decreasing profits, a possible impairment of goodwill and other assets, or inventory obsolescence.

A renewed shortage of credit may cause difficulties for Konecranes' customers, suppliers, and financial and other counterparties. The risk may be realized as a shortage of supplies or defaulting liabilities.

The supply chain has been downsized due to the low demand for products and it is possible that as demand picks up, Konecranes and its suppliers may not be able to respond to this instantly, which may result in delays of deliveries and increased costs as a consequence. In addition to Konecranes' own assembly operations, the lack of raw materials and components may cause bottlenecks.

The economic growth, particularly in China, has had an inflationary impact on raw material prices, which may affect Konecranes' profits if product sales prices cannot be adjusted correspondingly due to intense competition, for example. On the other hand, Konecranes serves several producers whose propensity to invest can increase due to improved profitability on higher raw material prices.

Challenges in financing may force customers to postpone projects or even to cancel existing orders. A renewed downturn in the world economy would increase postponement of deliveries and cancellations of orders. Advance payments are an integral part of Konecranes' project business and they have played a crucial role in mitigating the adverse effects from postponements of certain deliveries and minor cancellations. Konecranes intends to avoid incurring costs of major projects under construction in excess of advance payments. Konecranes aims to continue a strict policy in these regards.

Currency rate fluctuations have increased and may significantly affect the company's performance. The USD/EUR exchange rate has the largest impact on financial performance through a combination of the translational effect and transactional exposure.

Litigation

Various legal actions, claims and other proceedings are pending against the Group in various countries. These actions, claims and other proceedings are typical for this industry and consistent with a global business offering that encompasses a wide range of products and services. These matters involve contractual disputes, warranty claims, product liability (including design defects, manufacturing defects, failure to warn and asbestos legacy), employment, auto liability and other matters involving claims of general liability.

While the final outcome of these proceedings cannot be predicted with certainty, Konecranes is of the opinion, based on the information available to date and considering the grounds presented for such claims, the available insurance coverage and the reserves made, that the outcome of such actions, claims and other proceedings, if unfavorable, would not have a material adverse impact on the financial condition of the Group.

Market outlook

The demand for maintenance services is expected to be above last year's level due to higher capacity utilization within customer industries. The demand for new equipment is expected to continue to grow in Asia-Pacific and in emerging markets in general. Also, customers in Western Europe and North America are gradually gaining confidence to increase their new equipment investments.

Financial guidance

We forecast year 2011 sales and operating profit to be higher than in 2010.

Board of Directors' proposal for disposal of distributable funds

The parent company's non-restricted equity is EUR 190,712,992.28 of which the net income for the year is EUR 56,371,908.44. The Group's non-restricted equity is EUR 380,422,000.

According to the Finnish Companies Act, the distributable funds of the company are calculated based on the parent company's non-restricted equity. For the purpose of determining the amount of the dividend the Board of Directors has assessed the solvency of the parent company and the economic circumstances subsequent to the financial year end.

Based on such assessments the Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.00 be paid on each share and that the remaining non-restricted equity is retained in shareholders' equity.

Helsinki, February 3, 2011
Konecranes Plc
Board of Directors

CONSOLIDATED STATEMENT OF INCOME – IFRS

(1,000 EUR)		1 Jan–31 Dec 2010	1 Jan–31 Dec 2009
Note:			
4, 6, 7	**Sales**	**1,546,314**	**1,671,264**
8	Other operating income	3,564	2,924
10	Depreciation and impairments	-31,144	-32,503
11–13	Other operating expenses	-1,406,328	-1,543,763
	Operating profit	**112,406**	**97,922**
20	Share of associates' and joint ventures' result	2,526	-2,239
14	Financial income and expenses	-3,593	-7,104
	Profit before taxes	**111,339**	**88,579**
15	Taxes	-33,138	-26,088
	Net profit for the period	**78,201**	**62,491**
	Net profit for the period attributable to		
	Shareholders of the parent company	79,412	63,634
	Non-controlling interest	-1,211	-1,143
16	Earnings per share, basic (EUR)	1.35	1.08
16	Earnings per share, diluted (EUR)	1.34	1.08

Consolidated statement of comprehensive income

(1,000 EUR)	1 Jan–31 Dec 2010	1 Jan–31 Dec 2009
Net profit for the period	**78,201**	**62,491**
Other comprehensive income for the period, net of tax		
Exchange differences on translating foreign operations	19,395	-1,129
Cash flow hedges	-2,399	1,896
Income tax relating to components of other comprehensive income	624	-493
Other comprehensive income for the period, net of tax	**17,620**	**274**
Total comprehensive income for the period	**95,821**	**62,765**
Total comprehensive income attributable to:		
Shareholders of the parent company	96,590	63,983
Non-controlling interest	-769	-1,218

CONSOLIDATED BALANCE SHEET – IFRS

(1,000 EUR)	ASSETS	31 Dec 2010	31 Dec 2009
Note:			
	Non-current assets		
17	Goodwill	84,367	71,530
18	Other intangible assets	68,331	65,770
19	Property, plant and equipment	99,148	91,320
	Advance payments and construction in progress	19,040	11,807
20	Investments accounted for using the equity method	31,927	4,547
21	Available-for-sale investments	1,382	1,785
	Long-term loans receivable	255	2,708
32	Deferred tax assets	40,725	37,252
	Total non-current assets	**345,175**	**286,719**
	Current assets		
22	Inventories	269,897	248,206
24	Accounts receivable	315,771	265,427
	Loans receivable	1,804	2,928
25	Other receivables	28,774	23,494
26	Deferred assets	115,587	96,087
27	Cash and cash equivalents	98,453	137,540
	Total current assets	**830,286**	**773,682**
	TOTAL ASSETS	**1,175,461**	**1,060,401**

CONSOLIDATED BALANCE SHEET – IFRS

(1,000 EUR)	EQUITY AND LIABILITIES	31 Dec 2010	31 Dec 2009
Note:			
	Equity attributable to equity holders of the parent company		
	Share capital	30,073	30,073
	Share premium account	39,307	39,307
	Share issue	8,739	0
38	Fair value reserves	542	2,317
	Translation difference	516	-18,437
	Paid in capital	10,473	9,039
	Retained earnings	281,431	276,613
	Net profit for the period	79,412	63,634
28	**Total equity attributable to equity holders of the parent company**	**450,493**	**402,546**
	Non-controlling interest	5,722	4,569
	Total equity	**456,215**	**407,115**
	Liabilities		
	Non-current liabilities		
30, 35	Interest-bearing liabilities	32,874	38,561
31	Other long-term liabilities	56,958	56,131
32	Deferred tax liabilities	18,089	18,642
	Total non-current liabilities	**107,921**	**113,334**
33	**Provisions**	**50,117**	**61,056**
	Current liabilities		
30, 35	Interest-bearing liabilities	50,212	26,915
7	Advance payments received	154,018	156,731
	Progress billings	24,945	18,939
	Accounts payable	117,174	83,738
34	Other short-term liabilities (non-interest bearing)	23,166	13,837
34	Accruals	191,693	178,736
	Total current liabilities	**561,208**	**478,896**
	Total liabilities	**719,246**	**653,286**
	TOTAL EQUITY AND LIABILITIES	**1,175,461**	**1,060,401**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – IFRS

(1,000 EUR)	Equity attributable to equity holders of the parent company									
	Share capital	Share premium account	Share issue	Cash flow hedges	Translation difference	Paid in capital	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January, 2010 (IFRS)	**30,073**	**39,307**	**0**	**2,317**	**-18,437**	**9,039**	**340,247**	**402,546**	**4,569**	**407,115**
Options exercised						1,434		1,434		**1,434**
Share issue			149					149		**149**
Dividends paid to equity holders							-53,018	-53,018		**-53,018**
Share based payments recognized against equity							3,565	3,565		**3,565**
Employee benefit scheme for executive management*			8,590				-7,800	790	-871	**-81**
Business combinations							-638	-638	2,793	**2,155**
Donations***							-925	-925		**-925**
Total comprehensive income				-1,775	18,953		79,412	96,590	-769	**95,821**
Balance at 31 December, 2010 (IFRS)	**30,073**	**39,307**	**8,739**	**542**	**516**	**10,473**	**360,843**	**450,493**	**5,722**	**456,215**

Balance at 1 January, 2009 (IFRS)	**30,073**	**39,307**	**131**	**914**	**-17,383**	**7,258**	**338,503**	**398,803**	**1,893**	**400,696**
Options exercised						1,781		1,781		**1,781**
Share issue			-131					-131		**-131**
Dividends paid to equity holders							-53,277	-53,277		**-53,277**
Share based payments recognized against equity							3,530	3,530		**3,530**
Employee benefit scheme for executive management*							-8,403	-8,403	1,290	**-7,113**
Change of control in associated company**							-3,740	-3,740		**-3,740**
Business combinations								0	2,604	**2,604**
Total comprehensive income				1,403	-1,054		63,634	63,983	-1,218	**62,765**
Balance at 31 December, 2009 (IFRS)	**30,073**	**39,307**	**0**	**2,317**	**-18,437**	**9,039**	**340,247**	**402,546**	**4,569**	**407,115**

* Consolidation of KCR Management Oy (incentive arrangement for Konecranes Group executive management)
** Increase of Konecranes' influence in the management of associated company ZAO Zaporozhje Kran in Ukraine.
*** Donations (after taxes) to Finnish Universities based on the decision made by AGM

CONSOLIDATED CASH FLOW STATEMENT – IFRS

(1,000 EUR)		1 Jan–31 Dec 2010	1 Jan–31 Dec 2009
Note:			
	Cash flow from operating activities		
	Net income	78,201	62,491
	Adjustments to net profit for the period		
	Taxes	33,138	26,088
	Financial income and expenses	3,794	7,488
	Share of associates' and joint ventures' result	-2,526	2,239
	Dividends income	-201	-384
	Depreciation and impairments	31,144	32,503
	Profits and losses on sale of fixed assets	-646	645
	Other adjustments	563	1,793
	Operating income before change in net working capital	**143,467**	**132,863**
	Change in interest-free short-term receivables	-49,673	171,776
	Change in inventories	-7,198	94,949
	Change in interest-free short-term liabilities	10,809	-111,923
	Change in net working capital	**-46,062**	**154,802**
	Cash flow from operations before financing items and taxes	**97,405**	**287,665**
14	Interest received	2,094	1,151
14	Interest paid	-5,774	-4,564
14	Other financial income and expenses	-5,029	-1,605
15	Income taxes paid	-31,250	-59,623
	Financing items and taxes	**-39,959**	**-64,641**
	NET CASH FROM OPERATING ACTIVITIES	**57,446**	**223,024**
	Cash flow from investing activities		
5	Acquisition of Group companies, net of cash	-11,481	-12,271
5	Divestment of Group companies, net of cash	920	-367
20	Acquisition of shares in associated company	-26,969	0
	Investments in other shares	0	-188
	Capital expenditures	-29,246	-29,714
	Proceeds from sale of fixed assets	1,582	942
15	Dividends received	201	384
	NET CASH USED IN INVESTING ACTIVITIES	**-64,993**	**-41,214**
	Cash flow before financing activities	**-7,547**	**181,810**
	Cash flow from financing activities		
28.1	Proceeds from options exercised and share issues	1,247	1,650
28.3	Purchase of treasury shares	0	0
	Related Party net investment to Konecranes Plc shares	0	-7,113
	Proceeds from long-term borrowings	316	132,574
	Repayments of long-term borrowings	-8,414	-207,175
	Proceeds from (+), payments of (-) short-term borrowings	17,661	-8,413
	Change in long-term receivables	1,431	-865
	Change in short-term receivables	-45	-2,575
	Dividends paid to equity holders of the parent	-53,018	-53,277
	NET CASH USED IN FINANCING ACTIVITIES	**-40,822**	**-145,194**
	Translation differences in cash	9,282	14
	CHANGE OF CASH AND CASH EQUIVALENTS	**-39,087**	**36,630**
	Cash and cash equivalents at beginning of period	137,540	100,910
27	Cash and cash equivalents at end of period	98,453	137,540
	CHANGE OF CASH AND CASH EQUIVALENTS	**-39,087**	**36,630**

The effect of changes in exchange rates has been eliminated by converting the beginning balance at the rates current on the last day of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Konecranes Plc (“Konecranes Group” or “the Group”) is a Finnish public limited company organized under the laws of Finland and domiciled in Hyvinkää. The company is listed on the NASDAQ OMX Helsinki.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of Konecranes Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale investments that have been measured at fair value. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The consolidated financial statements are presented in thousands of euros; notes to the financial statements in millions of euros and all values are rounded to the nearest thousand (€000) except when otherwise indicated.

Principles of consolidation

The consolidated accounts include the parent company Konecranes Plc and those companies in which the parent company holds directly or indirectly more than 50 percent of the voting power at the end of the year.

An associated company is a company in which the Group holds 20–50 percent of the voting power and has a participating interest of at least 20 percent considering also other criteria of obtaining control over the acquired entity. A joint venture is a company where the group has a joint control over the entity.

Acquisitions of subsidiaries are accounted for using the purchase method according to which the acquired company’s identifiable assets, liabilities and contingent liabilities are measured at fair value on the date of acquisition. The excess of the cost of the business combination over the acquirer’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill.

Investments in associated companies and joint ventures have been accounted for in the consolidated financial statements using the equity method. These interests are consolidated in accordance with the equity method, under which they are carried at cost plus post-acquisition changes in the Group’s share of the company’s net assets. Goodwill arising on acquisition is included in the carrying amounts of the investments and tested for impairment as part of the investments. Goodwill is not amortized. The Group’s share of the results of operations of the associated companies and joint ventures is shown in the consolidated statement of income as a separate item.

Non-controlling interest is presented separately under equity in the balance sheet.

Intracorporate transactions and internal margins in inventories have been eliminated in the consolidated financial statements.

2.2 Use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of reported assets and liabilities and other information, such as contingent liabilities and recognition of income and expenses in the statement of income. Although these estimates are based on the management’s best understanding of current events and circumstances, actual results may differ from the estimates.

2.3 Summary of significant accounting policies

Foreign currency items and exchange rate differences

Assets and liabilities in foreign currencies have been valued at the rates of exchange at the balance sheet date. Realized exchange rate differences, as well as exchange rate gains or losses resulting from the valuation of receivables and liabilities, have been included in the Statement of income. Unrealized exchange rate differences relating to hedging of future cash flows, for which hedge accounting is applied, are recorded in the equity. In consolidation, the statements of income of foreign entities are translated into euros at the average exchange rate for the accounting period. The balance sheets of foreign entities are translated at the year-end exchange rate. Translation differences resulting from converting the shareholders’ equity of foreign subsidiaries have been included in equity.

Derivative financial instruments and hedge accounting

Global operations expose the Group to currency risk and to a less significant interest rate risk.

The Group uses derivative financial instruments (primarily forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain commitments and forecasted transactions.

Derivative financial instruments are used for hedging purposes in accordance with the Group’s hedging policy and not for speculative purposes. These instruments are initially measured at fair value at the contract date, and are re-measured to fair value based on the market value quoted at subsequent reporting dates.

For certain large crane projects the Group applies hedge accounting compatible with IAS 39. Changes in the fair value of derivative financial instruments that are designated as effective hedges of future cash flows are recognized directly as other comprehensive income in cash flow hedges, while ineffective portion is recognized immediately in the income statement. The Group's policy with respect to hedging the foreign currency risk of a firm commitment and highly probable forecasted transaction is to designate it as a cash flow hedge. If the cash flow hedge of a firm commitment or highly probable forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative that had previously been recognized in the equity will be recorded to the statement of income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in the equity is retained in the equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in the equity will be transferred to profit or loss for the period.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the statement of income as they arise.

Revenue recognition

Revenue from the sale of goods is recognized after the risks and rewards connected with ownership of the goods sold have been transferred to the customer. Normally, revenue recognition takes place when the goods have been handed over to the customer according to the contractual terms.

Revenues from services are recognized when the services have been rendered.

Large crane projects revenue is recognized according to the percentage of the completion (POC) method. Most significant projects relate to harbor and shipyard cranes. The stage of completion of a contract is determined by the proportion that the contract costs incurred for the work performed to date bear to the estimated total contract costs.

Research and development costs

Research and development costs are charged as expenses during the year in which they are incurred, since future potential economic benefits of new products can only be proven after their introduction to the market.

Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is deducted from the acquisition cost of the asset.

Employee benefits (pensions)

The Konecranes companies have various pension plans in accordance with local conditions and practices. Pensions are generally managed for the Group companies by outside pension insurance companies or by similar arrangements.

Under defined contribution plans, expenses are recognized for the period the contribution relates to. The Konecranes Group accounts for the Finnish system under the Employees' Pensions Act (TyEL) within insurance system as a defined contribution plan.

Under defined benefit plans, a liability recognized in the balance sheet equals to the net of the present value of the defined benefit obligation less the fair value of the plan assets at the balance sheet date together with adjustments for unrecognized actuarial gains and losses and unrecognized pension service costs. The Group has applied the IAS 19 corridor approach to actuarial gains and losses. Actuarial gains or losses will be recognized in the statement of income during the expected average remaining working lives of employees participating in the plan if they exceed 10 percent of the greater of the fair value of the defined benefit plan assets or the present value of the defined benefit obligation. If the defined benefit pension plan is closed, the actuarial gains and losses, which exceed the corridor, are recognized in the statement of income.

Leases

Lease contracts, in which the Group assumes an essential part of risk and rewards of ownership, are classified as finance leases. In finance leases, the assets and accumulated depreciation are recognized in fixed assets and the corresponding lease obligations are included in interest-bearing liabilities.

Other lease contracts are classified as operating leases and the lease payments of these leases are recognized as rental expenses in statement of income.

Valuation of inventories

Raw materials and supplies are valued at the acquisition cost or, if lower, at the likely net realizable value. Semi-manufactured goods have been valued at variable production costs with addition of allocated variable and fixed overheads. Work in progress of uncompleted orders includes direct labor and material costs, as well as a proportion of overhead costs related to production and installation.

Goodwill and other intangible assets

Goodwill arising from an acquisition represents the excess of the cost of the acquisition over the fair value of the identifiable net assets acquired. Goodwill is not amortized but is tested for impairment annually.

Other intangible assets include service contracts, patents and trademarks and software licenses. They are stated at cost and amortized on the straight-line basis over expected useful lives, which may vary from 4 to 20 years.

Intangible assets with indefinite useful life are not amortized, but they are tested annually for impairment.

Impairment testing of goodwill

Goodwill acquired in a business combination is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGU) by using the Group's management reporting structure. If the carrying amount for a CGU exceeds its recoverable amount, an impairment loss equal to the difference will be recognized.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation is recorded on a straight-line basis over the estimated useful economic life of the assets as follows:

- Buildings 5–40 years
- Machinery and equipment 4–10 years

No depreciation is recorded for land.

Impairment of assets subject to amortization and depreciation

The carrying values of intangible assets subject to amortization and property, plant and equipment is reviewed for impairment whenever events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

If such an indication exists, the recoverable amount of the assets will be estimated. An impairment loss is recognized in the statement of income when the recoverable amount of an asset is less than its carrying amount.

Account and other receivables

Account and other receivables are initially recorded at cost. Provisions are made for doubtful receivables on individual assessment of potential risks, and are recognized in the statement of income.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with banks and other liquid investments with maturities of less than three months. Bank overdrafts are included in short-term interest-bearing borrowings under current liabilities.

Share-based payments

The Konecranes Group has issued equity-settled stock options to its key personnel. The stock option holder is entitled to subscribe shares in Konecranes Plc in accordance with the terms of the stock option programs. The fair value of the stock options is measured at the grant date and the options are recorded as expense in the statement of income during the vesting period in accordance with IFRS 2. The valuation of the options is based on the Black & Scholes formula.

When the options are exercised, the equity is increased by the amount of the proceeds received.

Provisions

Provisions are recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is considered certain or likely to occur. Provisions arise from restructuring plans, onerous contracts, guarantee and claim works. Obligations arising from restructuring plans are recognized when the detailed and formal restructuring plans have been established, the personnel concerned have been informed and when there is a valid expectation that the plan will be implemented.

Income tax

Taxes shown in the consolidated statement of income include income taxes to be paid on the basis of local tax legislations, tax adjustments from previous years as well as the effect of the annual change in the deferred tax liability and deferred tax assets.

Deferred tax liabilities and deferred tax assets are calculated on all temporary differences arising between the tax basis and the book value of assets and liabilities. The main temporary differences arise from unused tax losses, depreciation differences, provisions, defined benefit pension plans, inter-company inventory margin and fair valuation of derivative financial instruments. In connection with an acquisition, the Group records provisions for deferred taxes on the difference between the fair values of the net assets acquired and their tax bases. A deferred tax asset is recognized to the extent that it is probable that it can be utilized.

2.4 Application of new and amended IFRS standards and IFRIC interpretations

The following published standards and interpretations became effective in the year 2010:

- IFRS 3, Business Combinations (Revised)
- IAS 27, Consolidated and Separate Financial Statements (Amendment)
- IAS 39, Financial instruments: Recognition and Measurement – Eligible hedged items (Amendment)
- IFRIC 17, Distributions of Non-cash Assets to Owners

In revised IFRS 3 the acquisition-related costs are expensed through statement of income at time that such services are received. This is a significant difference from previous practice in which such costs were included in the cost of the business combination and therefore included in the calculation of goodwill.

The other year 2010 standards have immaterial impact on financial statements.

The following new and amended standards and interpretations are effective in the year 2011:

- IFRS 1, First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
- IAS 24, Related Party Disclosures (Revised)
- IAS 32, Financial Instruments: Presentation – Classification of Right Issues (Amendment)
- IFRIC 14, Prepayments of a Minimum Funding Requirement (Amendment)
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments

The year 2011 new and amended standards will have immaterial impact on future financial statements.

3. MANAGEMENT OF FINANCIAL RISKS

The Group uses an approach in which most of the management of financial risks is centralized to Konecranes Group Treasury. Group Treasury functions within the legal entity Konecranes Finance Corporation, operating as a financial vehicle for the Group in Corporate Headquarters. With centralization and netting of internal foreign currency cash flows, the external hedging needs can be minimized.

Konecranes Finance Corporation is not a profit center in the sense that it would pursue to maximize its profits. The company aims to service the operative companies of the Group in reducing their financial risks.

The Group's global business operations involve financial risks in the form of market, credit and liquidity risks. The Group's objective is to increase the short-term stability of the financial environment for the business operations by reducing the negative effects caused by price fluctuations and other uncertainties in the financial markets.

The responsibility of identifying, evaluating and controlling the financial risks arising from the Group's global business operations is divided between the business units and Konecranes Finance Corporation.

Units hedge their risks internally with Group Treasury. As a result of this, most of the financial risks of the Group are concentrated into one company, Konecranes Finance Corporation and can be evaluated and controlled in an efficient way.

Almost all funding, cash management and foreign exchange with banks and other external counterparties are centralized to Konecranes Finance Corporation in accordance with the Group's Treasury Policy. Only in a few special cases, when the local central bank regulation prohibits using group services in hedging and funding, this must be done directly between an operative company and a bank under the supervision of the Group Treasury.

Konecranes Finance Corporation uses a treasury system, which enables practically a real-time processing of transactions and in-depth records of activities and performance. The standard reporting is done on a weekly basis and it covers group-level commercial and financial cash flows, foreign currency transaction exposure, debt positions, portfolio of derivatives and counterparty credit exposure for financial transactions. In addition, all group companies participate in the monthly managerial and statutory reporting.

Market risks – Currency rate risk

The Group's global business operations generate exchange rate risk. However, most of the business units only have transactions in their own currency, i.e. these units have their sales & costs as well as internal funding from Konecranes Finance Corporation in their local home currency. Only about 15 out of some 100 Group companies operate regularly in a foreign currency. These companies hedge their currency rate risk with Group Treasury. Depending on the business area and the probability of the cash flows, the hedging covers operative cash flows for the next 1–24 months and is done by using internal foreign exchange forward contracts. This way, Konecranes Finance Corporation can manage the currency rate risk of the whole Group. The foreign currency funding of the other Group companies and possibly some external foreign currency funding can net some of these foreign currency items. The residual net exposure can be covered with commercial banks using foreign exchange forward contracts. Only the items belonging to hedge accounting cannot be netted out against other internal items. These instruments are used when the hedging effect cannot be obtained through internal netting and matching of cash flows within the Group.

The business units' commercial bids in a foreign currency can be hedged by using currency options, but, in general, using currency clauses covers the risk.

For certain large crane projects, the Group applies hedge accounting compatible with IAS 39. Hedges are done by using foreign exchange forward contracts. Currently, only USD denominated projects are included in the hedge accounting. At the end of 2010, the hedged cash flows totaled USD 153 million (USD 88 million in 2009).

To hedge the transaction risk, the Group uses foreign exchange forward contracts in AUD, CAD, CHF, GBP, INR, JPY, NOK, SEK, SGD, THB and USD.

The following table shows the transaction exposure of Konecranes Finance Corporation as of December 31, 2010 and December 31, 2009 (in EUR millions):

	31.12.10	31.12.09
AUD	2	2
CAD	1	2
CHF	7	1
GBP	-13	-12
INR	2	1
JPY	1	0
NOK	1	1
SEK	-42	-19
SGD	-2	2
THB	1	0
USD	84	74

Currently, none of the non-euro denominated shareholders' equity of the Group's foreign subsidiaries (i.e., the translation exposure) is hedged.

The following table shows the translation exposure of the Group as of 31.12.2010 and 31.12.2009 (in EUR millions):

	31.12.10	31.12.09
AED	4	3
AUD	6	4
CAD	24	19
CHF	1	1
CLP	3	2
CNY	69	41
DKK	0	1
GBP	8	4
HUF	1	1
JPY	0	1
MXN	3	3
MYR	3	2
PLN	1	0
RON	1	1
RUB	3	3
SGD	19	7
TRY	4	3
USD	101	78
ZAR	1	1

Please see Note 37 of the Consolidated Financial Statements for the notional and fair values of derivative financial instruments.

Changes in currency rates can affect the profitability and equity of the Group. The U.S. dollar has clearly the biggest impact, as many of large crane projects are denominated in USD and the Group has a lot of local business operations in the United States. A depreciation of the USD has a negative impact.

The following table shows the magnitude of the effects that changes in the EUR/USD exchange rate would have on the Group's annual EBIT and equity (in EUR million, the USD effect simulated):

Change in EUR/USD rate	31.12.10 EBIT	31.12.10 Equity	31.12.09 EBIT	31.12.09 Equity
+10%	-9.7	-10.3	-11.4	-10.7
-10%	+10.2	+10.8	+12.3	+14.1

The transaction position is estimated for the calendar year and the estimate of the effects is based on the assumption that foreign currency transactions are not hedged. The profitability is affected by the portion of the Group's EBIT generated in USD (translational effect) and by the USD operations of the Group companies with euro as home currency and generating EBIT in euros (transactional effect). The equity is affected by the change in EBIT and by the portion of the Group's equity in USD.

Market risks – Interest rate risk

The Group's interest rate risk relates mainly to funding. The capital intensity of the business operations of the Group is normally relatively low. As the gearing level is also normally fairly low, the overall importance of the interest rate risk is small compared to the exchange rate risk.

Approximately 93% of the Group's interest-bearing liabilities are denominated in euro (88% in 2009). Please see Note 30.3 of the Consolidated Financial Statements for the currency split of outstanding debt.

The Group's funding is kept mainly in short periods (floating rate). For hedging purposes interest rate swaps, forward rate agreements, interest rate futures and interest rate options can be used.

An increase of one percentage point in the level of interest rates at the end of 2010 would have lowered the market value of the long-term loan portfolio by EUR 0.3 million (EUR 0.4 million in 2009). The proportion of fixed interest loans in the loan portfolio can be increased by means of interest rate derivatives. As a consequence of this treasury policy, the Group's average interest rate level, in general, can be higher than the market level of short-term interest rates when low rates prevail and, on the other hand, lower than the market level when high rates prevail. Please see Note 30.3 of the Consolidated Financial Statement for sensitivity analysis of the Group's interest rate risk.

Market risks – Energy price risk

By using electricity derivatives, the Group strives to reduce the negative effect caused by electricity price fluctuation. The overall importance of the energy price risk is small compared to the exchange rate risk and cannot be described as significant.

Please see Note 37 of the Consolidated Financial Statements for the notional and fair values of derivative financial instruments (including electricity forwards).

Market risks – Steel price risk

Steel prices are fixed as a normal part of the procurement process. Price changes naturally affect the future procurement, but these changes can be taken into consideration in the price quotes to the end customers.

In large crane projects, the steel structures are sub-contracted and as a normal part of the sub-contracting process, the steel is included in the price of the sub-contracting (i.e., the price is fixed with the sub-contractor).

The Group procures steel and steel components and thus has an inventory of those. Market price fluctuation of steel can impact the profitability of customer projects or cause inventory obsolescence.

Credit and counterparty risks

Credit risk arises from the potential failure of a commercial counterparty to meet its commercial payment obligations. Counterparty risk arises from the potential failure of a financial institution to meet its payment obligations regarding hedging instruments.

The business units manage all credit risks related to their commercial flows. There is currently no concentration of credit risk regarding the commercial activities, as the number of customers is very high and their geographic distribution is very wide. It is the Group's policy not to fund its customers beyond regular payment terms. Please see Note 24 of the Consolidated Financial Statements for a table of an aging analysis of accounts receivable. The total amount represents the theoretical maximum credit exposure. In practice, however, the individual account receivables are small in value. There are also some additional receivables, which relate to the percentage of the completion revenue method used in long-term projects, but these are mainly covered by advance payments. Please see Note 7 of the Consolidated Financial Statements for details.

All credit risks related to other financial instruments than the regular accounts receivable are managed by Konecranes Group Treasury. There is no concentration of credit risk regarding the financial instruments, since investments are rare and hedging instruments are done with a number of banks, not just one or two. However, counterparties are limited to the core banks of the Group. These are all major banks with good credit ratings. The majority of all financial instruments are of short-term nature, with maturity of less than one year. There are no significant deposits or loans granted with external counterparties, except a few small loans with companies, which the Group has a minority interest in. These loans totaled EUR 2.1 million at the end of 2010 (EUR 5.6 million in 2009).

Liquidity risks

Liquidity risks concern the availability of liquid assets or funding. Lack of funding might jeopardize normal business operations and eventually might endanger the ability to fulfill daily payment obligations.

For managing the liquidity risks, the Group has established a EUR 200 million committed revolving credit facility with an international loan syndication (2010–2015). To cover the short-term funding needs, Konecranes Finance Corporation can borrow from institutional investors through six domestic commercial paper programs (totaling EUR 480 million). In addition, business units around the world have overdraft facilities totaling EUR 29 million to cover the day-to-day funding needs.

It is the Group's policy to keep minimum amount of cash in the balance sheet as deposits or any other liquid assets to maximize the return of capital employed. Cash and cash equivalents totaled EUR 98.5 million at the end of 2010 (EUR 137.5 in 2009).

See Note 30.3 of the Consolidated Financial Statements for the maturity profile of the Group's financial liabilities.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a good credit risk status and a healthy capital ratio to support its business operations. At the same time, the Group also aims to maximize shareholder value by effective use of capital.

The Group manages its capital structure and fine-tunes it to adjust to probable changes in economic conditions. These actions may include adjusting the dividend payment to shareholders, buying back own shares or issuing new shares.

The Group monitors its capital structure using gearing ratio. This is calculated as a ratio of interest-bearing liabilities less liquid assets less loans receivable to total equity. At the end of 2010, the gearing ratio was -3.8% (-19.1% in 2009).

The Group has no quantitative targets for the capital structure but the optimal long-term gearing ratio is in the range of 50–80%. However, in the short term, the gearing can also be significantly higher or lower than this range.

The Group decides on the split between long-term and short-term debt in relation to the gearing ratio level. The following table shows the rough guidelines for the portion of long–term debt of total debt under different gearing ratio levels:

Gearing ratio level	Portion of long–term of total debt
Under 50%	Under 1/3
Between 50–80%	Between 1/3 and 2/3
Over 80%	Over 2/3

The Group monitors the gearing ratio level on a weekly basis. During 2010 or 2009, no changes have been made in the objectives, policies or processes. The objectives of the Group's capital management have been met in recent years.

All figures are in millions of euros unless otherwise indicated.

4. SEGMENT INFORMATION

Konecranes changed its structure from the beginning of 2010 so that Business Areas Standard Lifting and Heavy Lifting were merged into one Business Area; Equipment. Primary business segment reporting was also changed to match with this operational change. Thus from 2010 onwards Konecranes reports two Business Areas: Service and Equipment as its primary business segments. The business areas are based on the Group's managerial reporting and organizational structure. More information than before is provided for each segment, and the allocation of Group costs into the segments has been redefined to improve transparency. The comparison figures for year 2009 have been revised accordingly.

The assets and liabilities of the business areas include only items directly connected with the business as well as the goodwill related to them. Unallocated items, including Group Headquarters, include tax and financial income and expenses, which are managed on group level, as well as items which can not be allocated to the business areas.

As its secondary segments, Konecranes Group reports three geographical areas, which are the main market areas: EMEA (Europe, Middle East and Africa), AME (Americas) and APAC (Asia-Pacific). Sales are reported by the customer location and assets and capital expenditure by the location of the assets.

Intracorporate transfer prices are based primarily on the market prices.

4.1. Business segments

2010	Service	Equipment	Unallocated items	Elimina-tions	Total
Orders received	605.7	1,004.9		-74.6	**1,536.0**
Order book	103.3	652.9			**756.2**
Sales to external customers	668.0	878.3			**1,546.3**
Inter-segment sales	39.8	70.3		-110.1	**0.0**
Total net sales	707.8	948.6		-110.1	**1,546.3**
EBITDA	73.2	84.7	-14.1	-0.3	**143.6**
EBITDA, %	10.3%	8.9%			**9.3%**
Depreciation and amortization	10.6	19.4	0.4		**30.4**
Impairment of assets	0.1	0.6			**0.8**
Operating profit excluding restructuring costs	62.5	67.4	-14.5	-0.3	**115.1**
% of net sales	8.8%	7.1%			**7.4%**
Operating profit including restructuring costs	62.5	64.7	-14.5	-0.3	**112.4**
% of net sales	8.8%	6.8%			**7.3%**
Assets	310.2	647.0	218.3		**1,175.5**
Liabilities	146.9	403.9	168.4		**719.2**
ROCE%	42.5%	28.6%			**24.2%**
Capital expenditure	11.3	11.0			**22.3**
Share of result of associates and joint ventures	0.0	2.5			**2.5**
Investment in associates and joint ventures	0.0	31.9			**31.9**
Personnel	5,397	4,600	45		**10,042**

2009	Service	Equipment	Unallocated items	Elimina-tions	Total
Orders received	498.4	934.6		-84.1	**1,348.9**
Order book	75.9	547.8		-16.8	**607.0**
Sales to external customers	631.9	1,039.4			**1,671.3**
Inter-segment sales	35.3	75.8		-111.1	**0.0**
Total net sales	667.2	1,115.2		-111.1	**1,671.3**
EBITDA	68.6	79.5	-17.4	-0.2	**130.4**
EBITDA, %	10.3%	7.1%			**7.8%**
Depreciation and amortization	9.7	17.4	1.3		**28.3**
Impairment of assets	0.6	3.6			**4.2**
Operating profit excluding restructuring costs	61.0	76.7	-18.7	-0.2	**118.8**
% of net sales	9.1%	6.9%			**7.1%**
Operating profit including restructuring costs	58.3	58.5	-18.7	-0.2	**97.9**
% of net sales	8.7%	5.2%			**5.9%**
Assets	240.7	598.1	221.6		**1,060.4**
Liabilities	110.0	389.4	153.9		**653.3**
ROCE%	43.8%	22.9%			**19.3%**
Capital expenditure	7.7	17.0	1.0		**25.7**
Share of result of associates and joint ventures	0.0	-2.2			**-2.2**
Investment in associates and joint ventures	0.0	4.5			**4.5**
Personnel	4,991	4,742	49		**9,782**

4.2. Geographical segments

2010	EMEA	AME	APAC	Total
External sales	823.2	468.2	254.8	**1,546.3**
Assets	640.4	306.8	228.2	**1,175.5**
Capital expenditure	13.4	2.2	6.7	**22.3**
Personnel	5,751	2,259	2,032	**10,042**

2009	EMEA	AME	APAC	Total
External sales	928.0	479.5	263.8	**1,671.3**
Assets	657.4	220.7	182.3	**1,060.4**
Capital expenditure	18.9	5.0	1.7	**25.7**
Personnel	5,533	2,236	2,013	**9,782**

5. ACQUISITIONS

Acquisitions in 2010

During January–December, Konecranes made altogether nine acquisitions. Six of these were small acquisitions related to machine tool service (MTS) business in Denmark, the United Kingdom and the United States.

In July 2010 Konecranes acquired the service company Bouyer Manutention (BM) based in Tours, France. BM has 38 employees and net sales of approximately EUR 5 million (2009).

In October 2010 Konecranes expanded in Africa by acquiring 100 percent of the shares in crane service and modernization company Techniplus S.A.R.L. in Morocco. This is Konecranes' first acquisition in North Africa. Techniplus has 120 employees and net sales of EUR 7 million (2009).

During October and November Konecranes increased its ownership in Suomen Teollisuusosa Oy from 16 percent to 93 percent. Company develops material handling solutions and employs 22 people.

From the date of acquisitions the acquired companies have contributed EUR 8.1 million of sales and EUR 0.2 million EBIT. If the combinations had taken place at the beginning of the year, Konecranes Group's 2010 sales would have been EUR 1,556.8 million and EBIT EUR 112.6 million.

The fair values of the identifiable assets and liabilities of the acquired businesses at date of acquisitions are summarized below.

	2010 Recognized on acquisition	2010 Fair value adjustments	2010 Acquired carrying value
Intangible assets			
Clientele	6.2	6.2	0.0
Technology	3.3	-2.4	5.7
Other intangible assets	0.3	0.2	0.1
Property, plant and equipment	1.1	0.2	0.9
Inventories	0.8	0.2	0.6
Account receivables and other assets	4.6	0.0	4.5
Cash and cash equivalents	2.4	0.0	2.4
Total assets	**18.7**	**4.5**	**14.2**
Deferred tax liabilities	0.9	0.9	0.0
Long- and short-term interest bearing debts	1.8	0.0	1.8
Account payables	3.4	0.0	3.4
Other liabilities	2.7	0.0	2.7
Non-controlling interest	0.1	0.1	0.0
Total liabilities	**8.8**	**1.0**	**7.9**
Net assets	**9.9**	**3.5**	**6.4**
Purchase consideration transferred	**19.5**		
Goodwill	**9.6**		

Cash outflow on acquisition

Purchase consideration, paid in cash	13.2
Transactions costs*	0.4
Cash and cash equivalents in acquired companies	-2.4
Net cash flow arising on acquisition	**11.3**
Purchase consideration:	
Purchase consideration, paid in cash	13.2
Purchase consideration, liabilities assumed	3.3
Contingent consideration liability	3.0
Total purchase consideration	**19.5**

*Transaction costs of EUR 0.4 million have been expensed and are included in other operating expenses.

Acquisition of associated company:

On March 23, 2010 Konecranes purchased 29,750 shares (22.0% of the share capital and voting rights) in the Japanese hoist, crane and material handling equipment company Kito Corporation ("Kito"). The purchase price for the shares in Kito was JPY 111,800 per share. The total value of the stake purchased amounted to approximately JPY 3.3 billion (EUR 27 million). The purchase was financed with existing cash reserves.

Furthermore, Kito repurchased 10.0% of the share capital on March 24, 2010. Post the share purchase by Konecranes and the Kito share buyback, Konecranes has approximately 24.4% of the voting rights in Kito.

Increase in ownership interest of a subsidiary:

In June 04, 2010 Konecranes finalized the agreement to increase its ownership in Japanese company MHS Konecranes Co., Ltd. to 100% by acquiring the remaining 35% stake from Meidensha Corporation. The purchase price was recognized as decrease of non-controlling interest and retained earnings.

Divestments 2010

During the fourth quarter of 2010 Konecranes sold the hoist distribution business of Japanese subsidiary MHS Konecranes Co.,Ltd. to Kito Corporation.

Acquisitions in 2009

During January–December, Konecranes made ten acquisitions, and sold one minor operation in Austria. In July 2009, Konecranes entered to new business segment by making two acquisitions for load-handling solutions with aluminum rail systems and manipulators. Konecranes increased its ownership in the Austrian Konecranes Lifting Systems GmbH (former ACS Technologies GmbH) from 49.9% to 80% and at the same time acquired the assets of the German company Knight Europe GmbH & Co. KG. The two acquired companies' combined net sales were in 2008 approximately EUR 15 million and they employed about 100 people.

During the last quarter in 2009 Konecranes finalized the acquisition of a majority holding (65%) in Jiangsu Three Horses Crane Manufacture Co. Ltd. (SANMA) based in Jingjiang, China. The company is a nationwide supplier of wire rope hoists in China and a crane supplier in Jiangsu and the neighboring provinces. The letter of intent was signed and published in November 2008 and the contract was signed in April 2009. The company's net sales were approximately EUR 18 million in 2008 and it has more than 500 employees.

During 2009 Konecranes acquired also the remaining 80,5% of the share capital in the leading crane and service company Dynamic Cranes Systems Ltd in South Africa. DCS had annual net sales of approximately EUR 8 million in 2008 and about 70 employees.

Four of the acquisitions related to the machine tool service (MTS) business in Scandinavia and USA, of which the biggest was the company Machine Tool Solutions Unlimited in Cincinnati, Ohio. The annual net sales of the company in 2008 were approximately EUR 3.5 million and the company has 18 employees.

Acquisitions contributed about 1 percent to sales in full year 2009.

The fair values of the identifiable assets and liabilities of the acquired businesses at date of acquisitions are summarized below.

	2009 Recognized on acquisition	2009 Carrying value
Intangible assets	14.1	1.9
Tangible assets	10.6	10.6
Deferred tax assets	0.9	0.9
Inventories	7.3	5.9
Accounts receivable and other assets	15.0	11.6
Cash and bank	3.7	3.7
Total assets	**51.6**	**34.5**
Deferred tax liabilities	2.2	0.7
Long- and short-term interest bearing debts	15.5	15.5
Accounts payable	8.2	8.2
Other liabilities	7.2	7.2
Non-controlling interest	5.0	2.7
Total liabilities	**38.2**	**34.3**
Net assets	**13.4**	**0.2**
Acquisition costs	**30.1**	
Goodwill	**16.7**	

The total cost of the combination was EUR 30.1 million and comprised cash paid EUR 18.3 million, of which cash flow of earlier interests is EUR 3.8 million, liabilities assumed EUR 10.4 million and cost directly attributable to the combination EUR 1.4 million.

Cash outflow on acquisition

Acquisition costs	30.1
Cash flow of earlier interests in acquired businesses	-3.8
Liabilities assumed	-10.4
Acquisition costs paid in cash	**15.9**
Cash and cash equivalents of acquired companies	-3.7
Net cash flow arising on acquisition	**12.2**

Divestments 2009

During the second quarter of 2009 Konecranes sold its small Austrian subsidiary STAHL CraneSystems Ges.m.b.H.

6. DISTRIBUTION OF SALES

	2010	2009
Sale of goods	1,017.9	1,146.7
Rendering of services	528.2	524.1
Royalties	0.3	0.4
Total	**1,546.3**	**1,671.3**

7. PERCENTAGE OF COMPLETION METHOD AND ADVANCES RECEIVED

7.1. Percentage of completion method	**2010**	**2009**
The cumulative revenues of non-delivered projects	145.9	205.0
Advance received from percentage of completion method	133.7	203.3
Receivables from the revenue recognition netted with the advances received	87.9	156.6

7.2. Advance payments received	**2010**	**2009**
Advance received from percentage of completion method (netted)	45.7	46.7
Other advance received from customers	108.3	110.0
Total	**154.0**	**156.7**

8. OTHER OPERATING INCOME

	2010	2009
Profit of disposal of fixed assets	0.6	0.5
Rental income	0.9	0.9
Indemnities	0.9	0.2
Other	1.1	1.4
Total	**3.6**	**2.9**

9. GOVERNMENT GRANTS

	2010	2009
Investment grants in building, machinery and employment grants	0.2	0.2
Grants for research and development	0.4	0.7
Total	**0.5**	**0.9**

10. DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

10.1. Depreciation and amortization	**2010**	**2009**
Intangible assets	13.4	11.9
Buildings	2.1	1.5
Machinery and equipment	14.9	15.0
Total	**30.4**	**28.3**

10.2. Impairments	**2010**	**2009**
Machinery and equipment	0.6	0.1
Intangible rights	0.1	0.3
Goodwill	0.0	3.7
Total	**0.8**	**4.2**

11. OTHER OPERATING EXPENSES

	2010	2009
Change in work in progress	-18.4	57.9
Production for own use	-0.5	-0.8
Material and supplies	578.1	632.7
Subcontracting	120.2	155.9
Wages and salaries	371.3	351.2
Pension costs	31.2	31.2
Other personnel expenses	66.2	70.1
Other operating expenses	258.2	245.7
Total	**1,406.3**	**1,543.8**

12. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

12.1. Personnel expenses	**2010**	**2009**
Wages and salaries	371.3	351.2
Pension costs: Defined benefit plans	5.3	4.6
Pension costs: Defined contribution plans	25.8	26.6
Other personnel expenses	66.2	70.1
Total	**468.7**	**452.4**

12.2. Average personnel	**2010**	**2009**
The average number of personnel	9,739	9,811
Personnel 31 December,	10,042	9,782
of which in Finland	1,800	1,746

12.3. Personnel by Business Area at end of period	**2010**	**2009**
Service	5,397	4,991
Equipment	4,600	4,742
Group Staff	45	49
Total	**10,042**	**9,782**

13. MANAGEMENT COMPENSATION

Board of Directors

The remuneration packages for Board members are resolved by the Annual General Meeting on proposal by the Nomination and Compensation Committee. The AGM 2010 confirmed an annual fee of EUR 100,000 for the Chairman of the Board (2009: EUR 100,000), EUR 64,000 for the Vice Chairman of the Board (2009: EUR 64,000), and EUR 40,000 for other Board members (2009: EUR 40,000). In addition, compensation of EUR 1,500 was approved for attendance at Board committee meetings (2009: EUR 1,500).

Approximately 40 percent of the annual remuneration will be paid in Konecranes's shares purchased from the market. The remuneration may be paid also by transferring company's own shares based on the authorization given to the Board of Directors. In case the purchase of shares cannot be carried out due to reasons related to either the company or the Board member, the annual remuneration shall be paid fully in cash.

Total compensation to the Board of Directors	**2010** Total compensation, EUR	**2010** Number of shares as part of compensation	**2009** Total compensation, EUR	**2009** Number of shares as part of compensation
Chairman of the Board	104,500	1,718	116,600	2,402
Vice Chairman of the Board*	0	0	9,600	0
Board members	316,000	4,122	338,700	3,844
Total	**420,500**	**5,840**	**464,900**	**6,246**

* Vice Chairman of the Board until 12.3.2009

President and CEO

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

	2010	**2009**
Salary and benefits, EUR	402,022	382,938
Bonus, EUR	176,880	198,000
Total compensation, EUR	**578,902**	**580,938**
Shares owned (number of shares)	180,000	180,000
Shares owned through KCR Management Oy (number of shares)*	0	144,437
Shareholding in Konecranes Plc through the Share Swap (number of shares)*	83,606	0
Total shares owned (number of shares)	263,606	324,437
Option rights owned (number of options)	194,000	154,000
Share-based payments costs (options), EUR	424,136	390,202
Retirement age	60 years	60 years
Pension target level	60%	60%
Period of notice	6 months	
Severance payment	18 months salary and fringe benefits	

At the end of year 2010 , Konecranes had a loan receivable of EUR 211,736 from President & 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 & CEO in 2006. There is a tax appeal pending against the imposed payment and the loan is effective until the appeal is concluded.

Group Executive Board & Extended Management Team

Konecranes has a two-tiered management structure. The structure consists of the Group Executive Board and the Extended Management Team. The Group Executive Board comprises President and CEO, and Chairman of the Group Executive Board; Executive Vice President and Head of Business Area Service; Executive Vice President and Head of Business Area Equipment; Executive Vice President and Head of Market Operations; Chief Financial Officer; Chief Procurement Officer and Chief Technology Officer.

In addition to the Group Executive Board members, the members of the Extended Management Team include the Senior Vice Presidents of the regional organization (4 persons); Vice President, General Counsel; Vice President, Human Recourses; Vice President, Marketing and Communications; and the Chief Information Officer.

At the end of 2010, Extended Management Team consisted of totally 15 persons (16 persons at the end of 2009). The Nomination and Compensation Committee of the Board reviews Group compensation policies and issues guidelines for the same. In accordance with these guidelines, the Nomination and Compensation Committee confirms compensation packages for those Group Executive

Board members who report directly to the President and CEO. For other Extended Management Team members, the compensation packages are confirmed by the President and CEO.

Extended Management Team excluding the President and CEO	2010	2009
Salary and benefits, EUR	2,986,504	2,557,089
Bonuses, EUR	396,534	649,355
Total compensation, EUR	**3,383,038**	**3,206,444**
Shareholding in Konecranes Plc (number of shares)	256,218	276,018
Shareholding in Konecranes Plc through KCR Management Oy (number of shares)*	0	373,259
Shareholding in Konecranes Plc through the Share Swap (number of shares)*	183,467	0
Total Shareholding in Konecranes Plc (number of shares)	439,685	649,277
Option rights owned (number of options)	957,000	964,200
Share-based payments costs, EUR	1,210,648	1,147,120

*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.

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 acquires 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 offers, 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 hold 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 1 November 2012.

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 Oy from January 14, 2011.

There were no loans to the Extended Management Team (excluding the president and CEO) at end of the period 2010 and 2009.

There are no guarantees on behalf of the Extended Management Team in year 2010 and 2009.

14. FINANCIAL INCOME AND EXPENSES

14.1. Financial income	2010	2009
Dividend income on available-for-sale investments	0.2	0.4
Interest income on bank deposits and loans	3.6	1.8
Fair value gain on derivative financial instruments	1.4	0.0
Exchange rate gains on interest bearing assets and liabilities	5.2	1.8
Other financial income	0.1	0.1
Total	**10.5**	**4.1**

14.2. Financial expenses	2010	2009
Interest expenses on liabilities	6.1	4.0
Fair value loss on derivative financial instruments	2.5	0.7
Exchange rate loss on interest bearing assets and liabilities	0.7	3.8
Other financial expenses	4.8	2.7
Total	**14.1**	**11.2**
Financial income and expenses net	**-3.6**	**-7.1**

The company applies hedge accounting on derivatives used to hedge cash flows in certain large crane projects. The cash flow hedges of the expected future cash flows are assessed to be highly effective and a net unrealized effect of EUR -2.4 million (2009: EUR 1.9 million) with deferred taxes of EUR 0.6 million (2009: EUR -0.5 million) relating to the hedging instruments is included in the equity. The hedged operative cash flows are expected to occur during the next 3–18 months.

15. INCOME TAXES

15.1. Taxes in statement of Income	2010	2009
Local income taxes of group companies	37.5	31.8
Taxes from previous years	-1.2	0.3
Change in deferred taxes	-3.1	-6.1
Total	**33.1**	**26.1**

15.2. Reconciliation of income before taxes with total income taxes	2010	2009
Profit before taxes	111.3	88.6
Tax calculated at the domestic corporation tax rate of 26% (2009: 26%)	28.9	23.0
Effect of different tax rates of foreign subsidiaries	2.9	-0.3
Taxes from previous years	-1.2	0.3
Tax effect of non-deductible expenses and tax-exempt income	1.2	2.9
Tax effect of unrecognized tax losses of the current year	4.5	4.7
Tax effect of recognition of previously unrecognized tax losses	-0.4	-4.3
Tax effect of utilization of previously unrecognized tax losses	-1.9	-0.3
Tax effect of tax rate change	-0.2	0.0
Other items	-0.7	0.0
Total	**33.1**	**26.1**
Effective tax rate %	29.8%	29.5%

16. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net income attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated by adjusting the weighted average number of shares with the stock options outstanding per December 31.

	2010	2009
Net profit attributable to shareholders of the parent company	79.4	63.6
Weighted average number of shares outstanding (1,000 pcs)	58,922	58,922
Effect of issued share options (1,000 pcs)	352	164
Diluted weighted average number of shares outstanding (1,000 pcs)	59,274	59,086
Earnings per share, basic (EUR)	1.35	1.08
Earnings per share, diluted (EUR)	1.34	1.08

17. GOODWILL AND GOODWILL IMPAIRMENT TESTING

General principles

The goodwill is allocated to cash-generating units (CGUs) by using the Group's operative management reporting structure. The recoverable amounts of the CGUs are determined based on value in use - calculations, except for AH Maskinservice, Axis Machine tool, Bouyer Manutention S.A., Techiplus S.A.R.L and Suomen Teollisuusosa Oy which were acquired during the year 2010 and for which the recoverable amount is based on fair value less cost to sell, based on the recent purchase prices paid for the entities. The forecasting period of cash flows is five years and it is based on financial forecasts of each CGU's management, adjusted by Group management if needed. The forecasts have been made by using the company specific historical data and general market and industry specific information of the future growth possibilities. The calculated cash flows after the five-year forecasting period are based on a zero percent growth estimate on sales and operating margin. Calculations are prepared during the fourth quarter of the year.

The discount rate applied to cash flow projections is the weighted average (pre-tax) cost of capital and is based on risk free long term government bond rates and market and industry specific risk premiums. These risk premiums are derived based on the business portfolio of companies which operate in a similar geographic region and in a similar industry as the CGUs. The discount rate used in 2010 varied mainly in a range of 11–14 percent. In 2009, the pre-tax discount rate used were between 12–14 percent. The geographical and business risk distributions of the tested CGUs were considered when determining the the discount rate in use and the discount rates account for the average cost of capital for all CGUs.

Goodwill allocation to main cash-generating Units (CGUs) and business segments:

The Group's total goodwill is allocated to the business segments as following. In the table there are also goodwill allocations of the individual CGUs , which can be considered significant in comparison with the Group's total carrying amount of goodwill.

	2010	2009
Konecranes GmbH, Germany	1.5	1.5
Konecranes Lifttrucks AB, Sweden	13.0	11.4
STAHL Konecranes GmbH, Germany	20.4	20.4
Goodwill allocations of other companies in Equipment	21.8	19.2
Goodwill in Equipment total	**56.7**	**52.5**
Konecranes GmbH, Germany	12.6	12.6
Goodwill allocations of other companies in Service	15.0	6.4
Goodwill in Service total	**27.7**	**19.0**
Total Goodwill in Business Segments as of 31 December	**84.4**	**71.5**

In Group's assets, there is also included EUR 10,4 million intangible assets with indefinite useful life arising from the acquisition of R. Stahl AG's material handling division, which consists of the trademark of the brand name 'Stahl'. The carrying amount of this asset is tested on a yearly basis by using a similar kind of impairment testing method as the goodwill.

The recoverable amounts of each CGU are determined based on the above-mentioned general principles. The major variables used in the value in use - calculations have been the sales growth rate and the operating income percent. The average growth rate percent used in the first five-year cash flow forecasts varied between 4 percent and 15 percent (in 2009: -5 percent and 15 percent), and the average estimated growth rate of all CGUs was more than 8 percent (in 2009: close to 7 percent) annually. The growth rates used in the calculations are based on the management's view of future growth possibilities of each company, taken into account the company specific historical data and future growth possibilities, in which the company specific and industry related variables are both considered. The operating profit margins are based on actual operating profits from previous years or on management view on the future success of the business. These value in use calculations suggested no need for impairments.

The calculations were also performed by using the sensitivity analysis with lower sales and operating margin levels. For almost all CGU's the sensitivity analysis was performed using latest forecasts of 2010 as a base. For the year 2011, sales and variable costs (volumes) were lowered by 10% compared to the year 2010 forecast. Meanwhile the fixed costs stayed on the same level as in the year 2010. For the year 2012 volumes and fixed costs remained at the same level as in 2010. During 2013 the volumes were increased by 10%, in 2014 by 20% and in 2015 by 30% compared to the year 2010 forecast. Fixed costs for 2013–2015 were taken from the value in use calculations and they were thus higher than in the 2010 forecast. As the sensitivity analysis described above is not applicable for all CGU's, alternative ways for sensitivity analysis were used for some units. Based on these alternative calculations, there are some units whose future cash flow generating ability requires more constant than yearly review. A discount rate sensitivity analysis was also performed. If discount rate was increased by 5 percentage points, there would not have been any reason to make impairment in any goodwill unit.

As a result of the annual impairment test in 2010, no goodwill was written off.

As a result of the annual impairment test in 2009, the goodwill of Morris Material Handling Ltd in the UK, EUR 1,1 million, was written off. Manufacturing and sales under Morris brand were discontinued due to the restructuring of the business and merger of the legal entity with other Konecranes units in the United Kingdom. Also the goodwill in Konecranes Lifting Systems GmbH in Austria was impaired by EUR 2,5 million in 2009. In this business the cash flow estimates for the next couple of years are lower than earlier forecasted due to integrating the manipulator product offering into Konecranes distribution network taking longer than estimated and unexpected postponements of certain programs. Both Morris Material Handling and Konecranes Lifting Systems belong to the Business Area Equipment. Various small other goodwill items, total of EUR 0,1 million, were impaired as well during 2009.

Goodwill	2010	2009
Acquisition costs as of 1 January	71.5	57.8
Increase	10.0	16.7
Decrease	0.0	-0.9
Translation difference	2.9	1.6
Impairments	0.0	-3.7
Total as of 31 December	**84.4**	**71.5**

18. OTHER INTANGIBLE ASSETS

18.1. Patents and trademarks	2010	2009
Acquisition costs as of January 1	27.1	27.0
Company acquisitions	0.3	0.8
Transfer within assets	0.5	0.0
Translation difference	0.8	-0.7
Acquisition costs as of December 31	28.8	27.1
Accumulated amortization January 1	-8.7	-7.4
Amortization for financial year	-1.5	-1.3
Total as of December 31	**18.6**	**18.4**

18.2. Other (including service contracts, software)	2010	2009
Acquisition costs as of January 1	97.8	83.3
Increase	3.9	1.3
Decrease	-1.8	-0.6
Company acquisitions	12.9	11.2
Transfer within assets	0.2	0.6
Impairment	-0.1	0.0
Translation difference	-1.1	2.0
Acquisition costs as of December 31	111.8	97.8
Accumulated amortization January 1	-51.0	-40.4
Accumulated depreciation relating to disposals	0.8	0.6
Amortization for financial year	-11.9	-10.6
Total as of December 31	**49.7**	**47.4**

18.3. Other intangible assets total	2010	2009
Acquisition costs as of January 1	124.9	110.3
Increase	3.9	1.3
Decrease	-1.8	-0.6
Company acquisitions	13.3	12.0
Transfer within assets	0.7	0.6
Impairment	-0.1	0.0
Translation difference	-0.3	1.3
Acquisition costs as of December 31	140.6	124.8
Accumulated amortization as of January 1	-59.7	-47.8
Accumulated depreciation relating to disposals	0.8	0.6
Amortization for financial year	-13.4	-11.9
Total as of December 31	**68.3**	**65.8**

Other intangible assets include service contracts, patents and trademarks and software licenses. They are stated at cost and amortized on the straight-line basis over their expected useful lives. The normal amortization period varies from 4 to 20 years. Intangible assets having an indefinite useful life are tested for impairment annually. On December 31, 2010, the intangible assets having indefinite useful life consisted of the Stahl trademark, totally EUR 10.4 million. As there is no foreseeable limit on the period over which the asset is expected to generate net cash inflows for the entity, it is classified as intangible assets having indefinite useful life.

19. PROPERTY, PLANT AND EQUIPMENT

19.1. Land	2010	2009
Acquisition costs as of 1 January	2.5	3.2
Decrease	0.0	-0.7
Translation difference	0.1	0.0
Total as of 31 December	**2.6**	**2.5**

19.2. Buildings	2010	2009
Acquisition costs as of 1 January	29.6	13.4
Increase	4.3	6.4
Decrease	-0.8	0.0
Company acquisitions	0.0	9.9
Translation difference	1.8	-0.2
Acquisition costs as of 31 December	35.0	29.6
Accumulated depreciation 1 January	-3.0	-1.5
Accumulated depreciation relating to disposals	0.3	0.0
Depreciation for financial year	-2.1	-1.5
Total as of 31 December	**30.2**	**26.6**

The balance value of buildings which belong to finance lease was EUR 0.0 million in the year 2010 (EUR 0.6 million in 2009).

19.3. Machinery and equipment	2010	2009
Acquisition costs as of January 1	181.5	168.1
Increase	18.3	19.4
Decrease	-19.2	-11.2
Company acquisitions	1.3	5.4
Transfer within assets	-0.1	0.3
Impairment	-0.7	-0.1
Translation difference	12.0	-0.4
Acquisition costs as of December 31	193.1	181.5
Accumulated depreciation as of January 1	-128.6	-113.7
Accumulated depreciation relating to disposals	16.8	9.3
Depreciation for financial year	-15.1	-14.9
Total as of December 31	**66.3**	**62.2**

The balance value of machinery and equipments which belong to finance lease is EUR 8.6 million in the year 2010 (EUR 7.6 million in 2009).

19.4. Property, plant and equipment total	2010	2009
Acquisition costs as of 1 January	213.6	184.8
Increase	22.7	25.9
Decrease	-20.0	-11.9
Company acquisitions	1.3	15.3
Transfer within assets	-0.1	0.3
Impairment	-0.7	-0.1
Translation difference	13.9	-0.6
Acquisition costs as of 31 December	230.7	213.6
Accumulated depreciation 1 January	-131.6	-115.2
Accumulated depreciation relating to disposals	17.2	9.3
Depreciation for financial year	-17.2	-16.4
Total as of 31 December	**99.1**	**91.3**

20. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2010	2009
Acquisition costs as of 1 January	4.5	7.4
Share of associated companies result after taxes	1.4	-2.2
Dividends received	-2.1	-0.9
Acquisitions	27.0	0.0
Translation difference	0.0	0.0
Decrease in purchase price allocation	1.1	0.0
Transferred to subsidiary shares	0.0	0.2
Total as of 31 December	**31.9**	**4.5**

20.1. Investments accounted for using the equity method by companies

2010	Carrying amount of the investment	Total asset value 1)	Total liability value 1)	Revenue 1)	Profit/loss 1)
Guangzhou Technocranes Company Ltd.	0.5	2.0	1.4	1.0	0.0
Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd.	0.3	1.1	0.7	0.9	0.0
Shanghai High Tech Industrial Company, Ltd.	1.0	3.2	2.4	4.4	0.4
Boutonnier Adt Levage S.A.	0.3	0.4	0.1	0.7	0.0
Levelec S.A.	0.2	0.3	0.1	0.6	0.0
Manelec S.a.r.l.	0.1	0.1	0.1	0.3	0.0
Manulec S.A.	0.3	0.5	0.2	0.8	0.0
Sere Maintenance S.A.	0.0	0.3	0.2	0.7	0.0
Eastern Morris Cranes Limited	0.8	3.5	2.1	4.2	0.5
Morris Material Handling (Thailand) Ltd.	0.0	0.0	0.0	0.0	0.0
Morris Thailand Co. Ltd.	0.0	0.0	0.0	0.0	0.0
Kito Corporation	27.6	57.7	22.3	53.0	0.1
Crane Industrial Services LLC	0.9	1.4	0.6	2.8	0.4
Translation difference	-0.1	0.0	0.0	0.0	0.0
Total	**31.9**	**70.5**	**30.2**	**69.5**	**1.4**

2009	Carrying amount of the investment	Total asset value 1)	Total liability value 1)	Revenue 1)	Profit/loss 1)
ACS Technologies GmbH 2)	0.0	0.0	0.0	0.7	-1.6
Guangzhou Technocranes Company Ltd.	0.5	1.5	1.1	1.3	0.0
Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd.	0.3	1.1	0.9	1.4	0.0
Shanghai High Tech Industrial Company, Ltd.	0.7	2.9	2.2	3.4	0.2
Boutonnier Adt Levage S.A.	0.3	0.5	0.3	0.9	0.0
Levelec S.A.	0.2	0.4	0.2	0.7	0.0
Manelec S.a.r.l.	0.1	0.2	0.1	0.4	0.0
Manulec S.A.	0.3	0.5	0.2	0.9	0.0
Sere Maintenance S.A.	0.1	0.4	0.3	0.9	0.0
Eastern Morris Cranes Limited	0.8	2.8	1.5	6.2	0.7
Morris Material Handling (Thailand) Ltd.	0.4	0.0	0.0	0.0	0.0
Morris Thailand Co. Ltd.	0.0	0.0	0.0	0.0	0.0
ZAO Zaporozhje Kran Holding 2)	0.0	0.0	0.0	1.8	-2.2
Crane Industrial Services LLC	1.1	1.3	0.4	2.8	0.6
Translation difference	0.0	0.0	0.0	0.0	0.0
Total	**4.5**	**11.8**	**7.2**	**21.3**	**-2.2**

The investment value of the shares in the associated companies consists of the Group's proportion of the associated companies at the acquisition date, adjusted by any variation in the shareholders' equity after the acquisition. See also the Company list for listing the ownership of the associated companies and joint venture.

1) Total asset and liability value, revenue and profit/loss represent the Group's share of these investments according to the latest published financial information.
2) ACS Technologies GmbH and ZAO Zaporozhje Kran Holding consolidated as subsidiaries from 1.7.2009.

21. AVAILABLE-FOR-SALE INVESTMENTS

	2010	2009
Acquisition costs as of 1 January	1.8	1.9
Transferred to subsidiary and associated company shares	-0.2	-0.3
Transfer within assets	-0.2	0.0
Increase	0.0	0.2
Total as of 31 December	**1.4**	**1.8**

Investments for available-for-sale investments consist of shares in unlisted companies and are measured at cost, because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed.

See also Company list for detailed list of available-for-sale investments.

22. INVENTORIES

	2010	2009
Raw materials and semi-manufactured goods	105.5	108.3
Work in progress	139.0	114.3
Finished goods	15.0	16.7
Advance payments	10.3	8.9
Total	**269.9**	**248.2**

23. VALUATION AND QUALIFYING ACCOUNTS

2010	Balance at the beginning of the year	Translation difference	Utilized during the period	Provision not needed	Additions	Balance at the end of the year
Provision for doubtful accounts	20.3	1.2	4.7	6.3	5.4	**15.8**
Provision for obsolete inventory	14.4	0.7	2.5	0.1	6.9	**19.4**

2009	Balance at the beginning of the year	Translation difference	Utilized during the period	Provision not needed	Additions	Balance at the end of the year
Provision for doubtful accounts	16.4	0.1	3.5	2.0	9.3	**20.3**
Provision for obsolete inventory	9.8	0.8	1.6	0.2	5.5	**14.4**

24. AGEING ANALYSIS OF ACCOUNTS RECEIVABLE

	2010	2009
Undue accounts receivable	207.3	185.2
Accounts receivable 1–30 days overdue	51.9	44.7
Accounts receivable 31–60 days overdue	21.2	18.4
Accounts receivable 61–90 days overdue	15.9	8.9
Accounts receivable more than 91 days overdue	19.4	8.2
Total	**315.8**	**265.4**

Accounts receivable are initially measured at cost (book values represent their fair values). Accounts receivable are subject to only minor credit risk concentrations due to the Group's extensive customer portfolio. Credit losses recognized for the financial year totaled EUR 4.8 million (EUR 5.3 million in 2009).

25. OTHER RECEIVABLES

	2010	2009
Bills receivable	10.4	3.7
Value added tax	18.3	19.7
Total	**28.8**	**23.5**

26. DEFERRED ASSETS

	2010	2009
Corporate income taxes	10.6	11.5
Interest	2.1	0.9
Receivable arising from percentage of the completion method	55.3	45.5
Prepaid expenses	9.8	11.1
Other	37.8	27.1
Total	**115.6**	**96.1**

27. CASH AND CASH EQUIVALENTS

	2010	2009
Cash in hand and at bank	23.0	19.0
Short-term deposits	75.4	118.5
Total	**98.5**	**137.5**

Short-term deposits are with a maturity of less than three months. Cash and cash equivalents are carried at nominal value, which corresponds to their fair value.

28. EQUITY

28.1. Shareholders' equity	**Number of shares**	**Share capital**	**Share premium**	**Paid in capital**
1 January 2009	59,069,720	30.1	39.3	7.3
Share subscriptions with options	260,600	0.0	0.0	1.8
Incentive arrangement for Konecranes Group executive management (KCR Management Oy)	-517,696	0.0	0.0	0.0
31 December 2009	**58,812,624**	**30.1**	**39.3**	**9.0**
Share subscriptions with options and transfer of own shares	147,040	0.0	0.0	1.4
31 December 2010	**58,959,664**	**30.1**	**39.3**	**10.5**

The total shareholders' equity consists of share capital, share premium account, share issue, fair value reserves, translation difference, paid in capital and retained earnings. Konecranes' share has no nominal value. The company has one series of shares. All issued shares are fully paid. The share premium account includes the value of shares, which exceeds the accounting par value of the shares, for shares issued before September 1, 2006. Fair value reserves include changes in the fair values of derivative financial instruments used to hedge operational cash flows. Translation differences comprise the differences arising from the elimination of net investments in non-euro foreign subsidiaries. The paid-in capital includes the portion of shares' subscription price, which is not recorded to share capital or according to IFRS to liabilities. The paid-in capital includes also other capital contributions to the Group, which are not recorded to some other reserve within the equity. The paid-in capital includes also the possible amount of share capital decrease, which is not netted against accumulated losses or is not distributed to shareholders.

28.2. Distributable earnings
See page 120 / Board of Director's Proposal to the Annual General Meeting.

28.3. Treasury shares	**2010** Number of shares	**2009** Number of shares
As of 1 January	3,060,296	2,542,600
Decrease	-17,840	0
Incentive arrangement for Konecranes Group executive management (KCR Management Oy)	0	517,696
Total as of 31 December	**3,042,456**	**3,060,296**

Proposal by the Board of Directors to authorize the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares:

The AGM on March 25, 2010 authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares as follows:

The amount of own shares to be repurchased and/or accepted as pledge shall not exceed 6,000,000 shares in total, which corresponds to approximately 9.7% of all of the shares in the Company. However, the Company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 per cent of all the shares in the Company. Only the unrestricted equity of the Company can be used to repurchase own shares on the basis of the authorization.

Own shares can be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market.

The Board of Directors decides how own shares will be repurchased and/or accepted as pledge. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

Own shares can be repurchased to limit the dilutive effects of share issues carried out in connection with possible acquisitions, to develop the company's capital structure, to be transferred in connection with possible acquisitions, to pay remuneration to Board members or to be cancelled, provided that the repurchase is in the interest of the company and its shareholders.

The authorization is effective until the end of the next Annual General Meeting, however no longer than until 24 September 2011.

Proposal by the Board of Directors to authorize the Board of Directors to decide on the transfer of the company's own shares:

The EGM authorized the Board of Directors to decide on the transfer of the company's own shares as follows:

The authorization is limited to a maximum of 6,000,000 shares, which corresponds to approximately 9.7% of all of the shares in the Company.

The Board of Directors decides on all the conditions of the transfer of own shares. The transfer of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The Board of Directors can also use this authorization to grant special rights concerning the Company's own shares, referred to in Chapter 10 of the Companies Act. However, the authorization cannot be used for incentive arrangements.

This authorization shall be effective until the next Annual General Meeting of Shareholders, however no longer than until 24 September 2011.

29. OPTION RIGHTS AND OTHER SHARE-BASED PAYMENTS

The Annual General Meeting on March 6, 2007 approved the Board's proposal that the key employees of the Konecranes Group are granted the maximum of 3 million option rights. The option rights entitle to an aggregate 3 million Company shares.

Option rights are divided into three series (2007A, 2007B and 2007C), whose subscription periods are staggered so that the share subscription period for the option rights of the first series begins on May 2, 2009 and ends for the option rights of the last series on April 30, 2013.

The subscription price of shares for all 2007 series is at least EUR 25.72 which was the volume-weighted average price of the Konecranes share in the Helsinki Stock Exchange between April 1–April 30, 2007. The Board may decide to increase the subscription price of the shares from above for option rights series 2007B and 2007C before such options rights are allocated to the option right holders. For series 2007B, the subscription price was the same EUR 25.72 when series 2007B was granted to the key employees on June 12, 2008. The series 2007C was not allocated during the year 2009 and the allocation time expired 31.12.2009. At the end of 2010 no shares had been subscribed for the stock options pursuant to the 2007A and 2007B stock option plans.

The Annual General Meeting of Shareholders of Konecranes Plc has on March 12, 2009 accepted the issue of stock options to the key personnel of Konecranes Plc (Company) and its subsidiaries. The maximum total number of stock options issued is 2,250,000, and they entitle their owners to subscribe for a maximum total of 2,250,000 new shares in the Company or existing shares held by the Company. The Board of Directors shall resolve whether new shares in the Company or existing shares held by the Company are given to the subscriber. Of the stock options, 750,000 are marked with the symbol 2009A, 750,000 are marked with the symbol 2009B and 750,000 are marked the with the symbol 2009C. The period for the option rights of the first series begins on April 1, 2012 and ends for the option rights of the last series on April 30, 2016.

The share subscription price for stock options will be based on the prevailing market price of the Konecranes Plc share on the NASDAQ OMX Helsinki Ltd. in April 2009, April 2010 and April 2011.

Should the Company distribute dividends, from the share subscription price of the stock options, shall be deducted the amount of the dividend decided after the beginning of the period for determination of the share subscription price but before share subscription, as per the dividend record date. The subscription prices were for series 2009A EUR 14.55 (after 2009 dividend distribution EUR 13.65) and for series 2009B EUR 23.79.

29.1.Summary of the Konecranes Plc' Option Plans

Stock Option	Maximum number of shares the stock option plan entitles to subscribe for	Subscription price/ share (EUR)	Maximum number of shares that still can be subscribed	Share subscription period
2007A	1,000,000	25.72	958 000	2.5.2009–30.4.2011
2007B	1,000,000	25.72	941 000	2.5.2010–30.4.2012
2009A	750,000	13.65*	739 000	1.4.2012–30.4.2014
2009B	750,000	23.79	732 000	1.4.2013–30.4.2015
Total	**3,500,000**		**3 370 000**	

*The original subscription price was EUR 14.55

29.2. Changes in the number of shares of option rights outstanding	**2010**	**2009**
Number of shares of option rights outstanding as of 1 January	2,773,400	2,368,200
Granted during the year	776,000	735,000
Forfeited during the year	-47,000	-69,200
Exercised during the year	-129,200	-260,600
Expired during the year	-3,200	0
Total number of shares of option rights outstanding as of 31 December	**3,370,000**	**2,773,400**

The total cost of the option programs for the financial year 2010 was 3.6 MEUR (2009: 3.5 MEUR).
Option program costs are included in personnel expenses and credited to the shareholders' equity.

29.3. Assumptions made in determining the fair value of stock options

The fair values for the options have been determined using the Black & Scholes method.
The fair values for stock options have been calculated on the basis of the following assumptions:

	2007A	2007B	2009A	2009B	Pekka Lundmark's incentive scheme 2006	Pekka Lundmark's incentive scheme 2007
Subscription price of the share, EUR	25.72	25.72	13.65*	23.79	12.00	12.00
Fair market value of the share, EUR	25.55	26.47	17.65	24.22	21.16	24.74
Expected volatility, %	18%	18%	25%	23%	18%	18%
Risk-free interest rate, %	4.2%	4.7%	3.3%	2.2%	3.7%	4.0%
Expected contractual life in years	0.3	1.3	3.3	4.3	1.0	1.1
Grant date fair value of the stock options, EUR	2.80	3.63	6.52	6.19	9.36	11.31

The above calculations are based on the 4–6 year implied volatility of the Konecranes Plc share price estimated by a market participant who actively trades stock options.

*The original subscription price was EUR 14.5

30. INTEREST-BEARING LIABILITIES

30.1. Non-current	2010 Carrying amount	2010 Fair value	2009 Carrying amount	2009 Fair value
Loans from financial institutions	7.5	7.5	7.3	7.3
Pension loans	18.9	18.9	25.3	25.3
Finance lease liabilities	5.3	5.3	5.4	5.4
Other long-term loans	1.2	1.2	0.5	0.5
Total	**32.9**	**32.9**	**38.6**	**38.6**

30.2. Current	2010 Carrying amount	2010 Fair value	2009 Carrying amount	2009 Fair value
Loans from financial institutions	0.0	0.0	6.0	6.0
Pension loans	3.8	3.8	1.2	1.2
Finance lease liabilities	3.3	3.3	2.5	2.5
Commercial papers	26.0	26.0	0.0	0.0
Other short-term loans	0.7	0.7	0.5	0.5
Overdraft	16.4	16.4	16.7	16.7
Total	**50.2**	**50.2**	**26.9**	**26.9**

The average interest rate of the non-current liabilities portfolio on December 31, 2010 was 3.81% (2009: 3.51%) and that on current liabilities was 3.19% (2009: 3.62%). The effective interest rate for EUR-loans varied between 1.14%–6.95% (2009: 2.61%–3.70%).

30.3. Currency split and repricing schedule of outstanding debt including hedges

2010

Currency	Amount MEUR	Avg duration	Avg rate %	Rate sensitivity1)	Debt repricing in period 2011	2012	2013	2014	2015-
EUR	72.0	2.1 years	3.34	0.7	46.5	9.0	4.5	4.2	7.9
CLP	0.4	1.0 years	6.17	0.0	0.4	0.0	0.0	0.0	0.0
CNY	0.2	0.3 years	5.35	0.0	0.2	0.0	0.0	0.0	0.0
USD	10.3	1.1 years	4.67	0.1	3.0	1.5	0.8	1.2	3.9
GBP	0.1	2.0 years	2.68	0.0	0.1	0.0	0.0	0.0	0.0
PLN	0.1	1.0 years	5.19	0.0	0.1	0.0	0.0	0.0	0.0
SGD	0.0	1.5 years	1.78	0.0	0.0	0.0	0.0	0.0	0.0
ZAR	0.0	1.5 years	7.42	0.0	0.0	0.0	0.0	0.0	0.0
Total	**83.1**		**3.53**	**0.8**	**50.2**	**10.6**	**5.2**	**5.4**	**11.8**

2009

Currency	Amount MEUR	Avg duration	Avg rate %	Rate sensitivity1)	Debt repricing in period 2010	2011	2012	2013	2014-
EUR	57.7	1.9 years	3.51	0.6	20.7	7.7	5.0	5.4	18.9
CNY	5.9	0.3 years	4.37	0.1	5.4	0.5	0.0	0.0	0.0
USD	1.0	1.0 years	3.19	0.0	0.0	1.0	0.0	0.0	0.0
JPY	0.5	0.5 years	1.40	0.0	0.5	0.0	0.0	0.0	0.0
GBP	0.3	0.8 years	2.11	0.0	0.3	0.0	0.0	0.0	0.0
Total	**65.5**		**3.56**	**0.7**	**26.9**	**9.3**	**5.0**	**5.4**	**18.9**

1) Effect of one percent rise in market interest rates on the Group's net interest expenses over the following 12 months. There would be no effect in the equity, as there were no open interest derivatives at the end of 2010 (or 2009). All other variables have been assumed constant.

30.4. Maturity profile of the Group's financial liabilities

2010		Maturity of financial liabilities					
Debt type	**Amoun drawn**	**2011**	**2012**	**2013**	**2014**	**2015**	**Later**
Committed revolving facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans from financial institutions	7.5	0.0	1.7	0.8	1.2	1.2	2.7
Finance lease liabilities	8.5	3.3	4.7	0.3	0.2	0.0	0.0
Commercial paper program	26.0	26.0	0.0	0.0	0.0	0.0	0.0
Pension loans	22.8	3.8	3.8	3.9	3.8	3.8	3.8
Other long-term debt	1.8	0.7	0.5	0.2	0.2	0.2	0.1
Overdraft	16.4	16.4	0.0	0.0	0.0	0.0	0.0
Total	**83.1**	**50.2**	**10.6**	**5.2**	**5.4**	**5.2**	**6.6**

2009		Maturity of financial liabilities					
Debt type	**Amoun drawn**	**2010**	**2011**	**2012**	**2013**	**2014**	**Later**
Committed revolving facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans from financial institutions	13.2	6.0	3.9	0.1	0.5	2.8	0.0
Finance lease liabilities	7.9	2.5	1.1	1.1	1.1	1.1	1.1
Commercial paper program	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pension loans	26.5	1.2	3.8	3.8	3.8	3.8	10.1
Other long-term debt	1.1	0.5	0.5	0.0	0.0	0.0	0.0
Overdraft	16.7	16.7	0.0	0.0	0.0	0.0	0.0
Total	**65.5**	**26.9**	**9.3**	**5.0**	**5.4**	**7.7**	**11.2**

30.5. Carrying amounts of financial assets and liabilities classified based on IAS 39

2010

Financial assets	Financial assets/ liabilities at fair value through income statement	Loans and receivables	Available-for-sale financial assets	Financial assets/ liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value	Note
Non-current financial assets							
Long-term interest-bearing receivables		0.3			0.3	0.3	
Derivative financial instruments	0.5						37.2
Other financial assets			1.4		1.4	1.4	21
Current financial assets							
Short-term interest-bearing receivables		1.8			1.8	1.8	
Account and other receivables		344.5			344.5	344.5	24, 25
Derivative financial instruments	8.6				8.6	8.6	37.2
Cash and cash equivalents		98.5			98.5	98.5	27
Total	**9.2**	**445.1**	**1.4**		**455.1**	**455.1**	

Financial liabilities							
Non-current financial liabilities							
Interest-bearing liabilities				32.9	32.9	32.9	30.1
Derivative financial instruments	0.5						37.2
Current financial liabilities							
Interest-bearing liabilities				50.2	50.2	50.2	30.2
Derivative financial instruments	6.2				6.2	6.2	37.2
Account and other payables				140.3	140.3	140.3	34.2
Total	**6.7**			**223.4**	**229.6**	**229.6**	

2009

Financial assets	Financial assets/ liabilities at fair value through income statement	Loans and receivables	Available-for-sale financial assets	Financial assets/ liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value	Note
Non-current financial assets							
Long-term interest-bearing receivables		2.7			2.7	2.7	
Derivative financial instruments							37.2
Other financial assets			1.8		1.8	1.8	21
Current financial assets							
Short-term interest-bearing receivables		2.9			2.9	2.9	
Account and other receivables		288.9			288.9	288.9	24, 25
Derivative financial instruments	4.0				4.0	4.0	37.2
Cash and cash equivalents		137.5			137.5	137.5	27
Total	**4.0**	**432.1**	**1.8**		**437.9**	**437.9**	

Financial liabilities							
Non-current financial liabilities							
Interest-bearing liabilities				38.6	38.6	38.6	30.1
Derivative financial instruments							37.2
Current financial liabilities							
Interest-bearing liabilities				26.9	26.9	26.9	30.2
Derivative financial instruments	0.9				0.9	0.9	37.2
Account and other payables				97.6	97.6	97.6	34.2
Total	**0.9**			**163.1**	**164.0**	**164.0**	

31. EMPLOYEE BENEFITS

The Konecranes Group companies have various pension plans in accordance with local conditions and practices. The pension plans are classified as either defined contribution plans or defined benefit plans. The Group has a significant defined benefit pension plan in the United Kingdom and Germany. The Konecranes Group accounts for the Finnish system under the Employees' Pensions Act (TyEL) as a defined contribution plan.

31.1. Amounts recognized in the balance sheet	**2010**	**2009**
Present value of obligation wholly unfunded	58.5	47.6
Present value of obligation wholly or partly funded	43.2	40.7
Defined benefit plan obligations	101.7	88.3
Fair value of plan assets	-39.1	-33.9
Deficit (+) / Surplus (-)	62.6	54.4
Unrecognized net actuarial gain (+)/loss (-)	-5.6	1.8
Total	**57.0**	**56.1**

31.2. Components of defined benefit plan recognized in statement of income	**2010**	**2009**
Current service cost	1.9	2.2
Interest cost	5.0	4.4
Expected return on plan assets	-2.2	-1.9
Past service cost	0.4	0.0
Settlements and curtailments	-0.4	0.0
Net actuarial gain (-)/loss (+) recognized in year	0.7	-0.1
Total	**5.3**	**4.6**

31.3. Movements of the present value of defined benefit obligation	**2010**	**2009**
Obligation as of January 1	88.3	77.2
Translation difference	1.7	2.3
Reclassification of pension liabilities	0.8	0.0
Past service cost	0.4	0.0
Settlements and curtailments	-0.9	0.0
Current service cost	1.9	2.2
Interest cost	5.0	4.4
Actuarial gains (-) / losses (+)	9.6	7.2
Benefits paid (-)	-5.0	-5.1
Obligation as of 31 December	**101.7**	**88.3**

31.4. Movements of the fair value of plan assets	**2010**	**2009**
Fair value of plan assets as of 1 January	33.9	27.9
Translation difference	1.1	2.0
Expected return on plan assets	2.2	1.9
Employer contributions	2.6	2.0
Settlements and curtailments	-0.5	0.0
Actuarial gains (+) / losses (-)	2.0	2.8
Benefits paid (-)	-2.1	-2.5
Fair value of plan assets as of 31 December	**39.1**	**33.9**

31.5. Defined benefit plan: the main actuarial assumptions	**2010**	**2009**
Discount rate %	3.10–8.25	2.30–6.00
Expected return on plan assets %	6.30–8.00	2.30–3.50
Future salary increase %	2.50–6.00	2.50–3.50
Future pension payment increase %	1.50–3.50	1.50–3.50

32. DEFERRED TAX ASSETS AND LIABILITIES

32.1. Deferred tax assets	2010	2009
Employee benefits	8.5	8.1
Provisions	12.7	12.1
Unused tax losses	12.5	12.5
Other temporary difference	7.0	4.6
Total	**40.7**	**37.2**

32.2. Deferred tax liabilities	2010	2009
Intangible and tangible assets	16.0	16.2
Other temporary difference	2.1	2.5
Total	**18.1**	**18.6**

32.3. Tax losses carried forward

At the end of year 2010, Konecranes recorded a deferred tax asset of EUR 12.5 million (EUR 12.5 million in 2009) on the carry-forward losses totally amounting to EUR 121.1 million (EUR 101.5 million in 2009). The carry-forward losses, for which no deferred tax assets are recognized due to the uncertainty of the utilization of the losses, amounted to EUR 83.7 million in the year 2010 (EUR 66.3 million in 2009).

The main portion of carry-forward losses relates to Morris Material Handling, Inc., USA, which was acquired in 2006. The overall losses of Morris Material Handling, Inc. amounted to EUR 62.9 million (EUR 62.8 million in 2009). The company has recorded a deferred tax asset amounting to EUR 9.7 million (EUR 9.6 million in 2009) based on the tax losses estimated to be utilized during the years 2011–2013 amounting to EUR 26.0 million. For the amount of EUR 36.9 million tax loss carry-forwards deductible over the period 2014–2031 no deferred tax asset has been recognized due to uncertainties and limitations on deductible annual amounts.

Tax losses carried forward and related deferred tax assets on December 31 by the most significant countries as following:

2010	Tax losses carried forward	Potential deferred tax assets	Deferred tax assets not recorded	Deferred tax assets
USA	62.9	23.9	14.0	9.7
Germany	8.9	2.3	2.3	0.0
The Netherlands	9.0	2.3	0.7	1.6
Austria	14.0	3.5	2.5	1.0
Spain	8.2	2.5	2.5	0.0
Italy	3.4	1.2	1.2	0.0
Finland	1.7	0.5	0.5	0.0
Other	13.0	4.5	4.3	0.2
Total	**121.1**	**40.7**	**28.0**	**12.5**

2009	Tax losses carried forward	Potential deferred tax assets	Deferred tax assets not recorded	Deferred tax assets
USA	62.8	25.1	15.5	9.6
Germany	5.7	1.3	1.3	0.0
The Netherlands	7.1	1.8	0.2	1.6
Austria	11.6	2.9	1.9	1.0
Spain	5.9	1.8	1.8	0.0
Italy	2.4	0.8	0.8	0.0
Other	6.0	2.3	2.0	0.3
Total	**101.5**	**36.0**	**23.5**	**12.5**

33. PROVISIONS

2010	Warranty	Restructur-ing	Pension commit-ments	Other	Total
Total provisions as of 1 January	26.1	16.7	3.9	14.4	61.1
Translation difference	0.6	0.1	0.3	0.7	1.7
Increase through business combination	0.1	0.0	0.0	0.0	0.1
Additional provision in the period	9.4	3.4	0.7	5.6	19.0
Utilization of provision	8.0	11.6	0.4	5.1	25.2
Unused amounts reversed	3.5	1.1	0.0	2.0	6.6
Total provisions as of 31 December	**24.7**	**7.4**	**4.4**	**13.6**	**50.1**

2009	Warranty	Restructur-ing	Pension commit-ments	Other	Total
Total provisions as of 1 January	23.5	2.1	3.1	18.2	46.8
Translation difference	-0.4	-0.2	-0.1	0.4	-0.3
Increase through business combination	0.0	0.0	0.0	1.4	1.4
Additional provision in the period	12.6	16.6	1.0	8.1	38.3
Utilization of provision	6.7	1.7	0.0	4.9	13.3
Unused amounts reversed	2.9	0.1	0.0	8.8	11.8
Total provisions as of 31 December	**26.1**	**16.7**	**3.9**	**14.4**	**61.1**

The provision for warranties covers the expenses due to the repair or replacement of products during their warranty period. The warranty liability is based on historical realized warranty costs for deliveries of standard products and services. The usual warranty period is 12 months. For more complex contracts, mainly including long-term projects , the warranty reserve is calculated contract by contract and the warranty could be up to two years. The restructuring provision is recognized when the Group has prepared a detailed reorganization plan and begun implementation of the plan or announced the matter. Pension commitments include provisions for local pension schemes.

Other provisions include provisions for claims, litigations and loss contracts.

34. CURRENT LIABILITIES

34.1. Accruals	2010	2009
Corporate income taxes	14.1	9.9
Wages, salaries and personnel expenses	46.8	52.7
Pension costs	3.8	3.2
Interest	1.0	0.5
Late cost reservations	83.9	80.2
Other items	42.1	32.2
Total	**191.7**	**178.7**

34.2. Other current liabilities (non-interest bearing)	2010	2009
Bills payable	1.0	0.7
Value added tax	11.7	8.5
Other short-term liabilities	10.5	4.6
Total	**23.2**	**13.8**

35. LEASE LIABILITIES

35.1. Finance lease	2010	2009
Minimum lease payments		
within 1 year	2.9	2.6
1–5 years	5.9	7.7
over 5 years	0.0	0.2
Total	**8.8**	**10.5**
Present value of finance lease		
within 1 year	2.8	2.7
1–5 years	5.3	5.5
over 5 years	0.0	0.2
Total	**8.1**	**8.3**

Konecranes Group has finance leases mainly for vehicles with an average of four years leasing time.

35.2. Operating leases	2010	2009
Minimum lease payments		
within 1 year	30.3	27.7
1–5 years	56.8	55.4
over 5 years	12.9	15.9
Total	**100.0**	**99.0**
Operative rental expenses during the year	29.2	23.0

The Konecranes Group has major operating lease agreements of factory and office buildings in Hyvinkää and Hämeenlinna, Finland. They are valid for 10–12 years, unless the lessee extends the lease period by five years. The lessee is entitled to exercise the 5-year extending option three consecutive times. The Group has various other operating leases for office equipments, vehicles and premises with varying terms and renewal rights.

36. CONTINGENT LIABILITIES AND PLEDGED ASSETS

	2010	2009
For own commercial obligations		
Guarantees	347.2	212.0
Leasing liabilities	100.0	99.0
Other	0.1	0.1
Total	**447.3**	**311.1**

Leasing contracts comply with normal practices in the countries concerned.

Contingent liabilities relating to litigation

Various legal actions, claims and other proceedings pend against the Group in various countries. These actions, claims and other proceedings are typical of this industry and consistent with a global business offering that encompasses a wide range of products and services. These matters involve contractual disputes, warranty claims, product liability (including design defects, manufacturing defects, failure to warn and asbestos legacy), employment, vehicles and other matters involving claims of general liability.

While the final outcome of these matters cannot be predicted with certainty, Konecranes has the opinion, based on the information available to date and considering the grounds presented for such claims, the available insurance coverage and the reserves made, that the outcome of such actions, claims and other proceedings, if unfavorable, would not have a material, adverse impact on the financial condition of the Group.

37. NOMINAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	2010 Nominal value	2010 Fair value	2009 Nominal value	2009 Fair value
Foreign exchange forward contracts	397.2	2.1	129.5	2.6
Electricity forward contracts	2.4	0.4	2.1	-0.2
Total	**399.6**	**2.5**	**131.6**	**2.5**

Derivatives are used for hedging currency and interest rate risks as well as risk of price fluctuation of electricity. Company applies hedge accounting on derivatives used to hedge cash flows in certain large crane projects.

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – inputs for the financial instrument that are not based on observable market data (unobservable inputs)

Classification of financial instruments within the IFRS 7 fair value hierarchy: level 2 for all values as at 31 Dec 2010.

37.1. Breakdown of nominal values of derivative financial instruments

	Remaining maturities 2010			Remaining maturities 2009		
Hedging derivative financial instruments	< 1 year	1–6 years	Total	< 1 year	1–6 years	Total
Foreign exchange forward contracts	79.4	60.9	140.3	64.7	0.0	64.7
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0	0.0
Total	**79.4**	**60.9**	**140.3**	**64.7**	**0.0**	**64.7**

	Remaining maturities 2010			Remaining maturities 2009		
Non-hedging derivative financial instruments	< 1 year	1–6 years	Total	< 1 year	1–6 years	Total
Foreign exchange forward contracts	254.4	2.5	256.9	64.7	0.0	64.7
Electricity forward contracts	1.2	1.3	2.4	1.4	0.7	2.1
Total	**255.6**	**3.7**	**259.3**	**66.1**	**0.7**	**66.8**

	Remaining maturities 2010			Remaining maturities 2009		
Derivative financial instruments total	< 1 year	1–6 years	Total	< 1 year	1–6 years	Total
Total foreign exchange forward contracts	333.9	63.3	397.2	129.5	0.0	129.5
Total electricity forward contracts	1.2	1.3	2.4	1.4	0.7	2.1
Total	**335.0**	**64.6**	**399.6**	**130.9**	**0.7**	**131.6**

37.2. Breakdown of fair values of derivative financial instruments

2010

Hedging derivative financial instruments	Positive fair values < 1 year	Positive fair values 1–6 years	Negative fair values < 1 year	Negative fair values 1–6 years	Net fair values
Foreign exchange forward contracts	0.9	0.3	-0.3	-0.1	0.9
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0
Total	**0.9**	**0.3**	**-0.3**	**-0.1**	**0.9**

Non-hedging derivative financial instruments	Positive fair values < 1 year	Positive fair values 1–6 years	Negative fair values < 1 year	Negative fair values 1–6 years	Net fair values
Foreign exchange forward contracts	7.0	0.0	-5.3	-0.4	1.2
Electricity forward contracts	0.7	0.2	-0.5	0.0	0.4
Total	**7.7**	**0.2**	**-5.9**	**-0.5**	**1.6**

Derivative financial instruments total	Positive fair values < 1 year	Positive fair values 1–6 years	Negative fair values < 1 year	Negative fair values 1–6 years	Net fair values
Total foreign exchange forward contracts	7.9	0.3	-5.6	-0.5	2.1
Total electricity forward contracts	0.7	0.2	-0.5	0.0	0.4
Total	**8.6**	**0.5**	**-6.2**	**-0.5**	**2.5**

2009

Hedging derivative financial instruments	Positive fair values < 1 year	Positive fair values 1–6 years	Negative fair values < 1 year	Negative fair values 1–6 years	Net fair values
Foreign exchange forward contracts	3.6	0.0	-0.2	0.0	3.5
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0
Total	**3.6**	**0.0**	**-0.2**	**0.0**	**3.5**

Non-hedging derivative financial instruments	Positive fair values < 1 year	Positive fair values 1–6 years	Negative fair values < 1 year	Negative fair values 1–6 years	Net fair values
Foreign exchange forward contracts	0.4	0.0	-1.2	0.0	-0.8
Electricity forward contracts	0.0	0.0	-0.1	-0.1	-0.2
Total	**0.4**	**0.0**	**-1.3**	**-0.1**	**-1.0**

Derivative financial instruments total	Positive fair values < 1 year	Positive fair values 1–6 years	Negative fair values < 1 year	Negative fair values 1–6 years	Net fair values
Total foreign exchange forward contracts	4.0	0.0	-1.4	0.0	2.6
Total electricity forward contracts	0.0	0.0	-0.1	-0.1	-0.2
Total	**4.0**	**0.0**	**-1.5**	**-0.1**	**2.5**

38. HEDGE RESERVE OF CASH FLOW HEDGES

	2010	2009
Balance as of 1 January	2.3	0.9
Gains and losses deferred to equity (fair value reserve)	-2.4	1.9
Change in deferred taxes	0.6	-0.5
Balance as of 31 December	**0.5**	**2.3**

The Group applies hedge accounting to certain large crane projects in which expected cash flows are highly probable.

39. RELATED PARTY TRANSACTIONS

The related parties of Konecranes are associated companies and joint ventures, the Board of Directors, the CEO and the Group Executive Board.

Transactions with associated companies and joint ventures	2010	2009
Sales of goods and services with associated companies and joint ventures	8.5	8.3
Receivables from associated companies and joint ventures	5.6	7.1
Purchases of goods and services from associated companies and joint ventures	0.9	8.5
Liabilities to associated companies and joint ventures	0.0	1.3

Sales to and purchases from related parties are made at the normal market price.

Key management compensation

The Board of Directors, the CEO and Extended Management Team.

See Note 13. of the Consolidated Financial Statements.

KONECRANES GROUP 2006–2010

Business development		2010	2009	2008	2007	2006
Orders received	MEUR	1,536.0	1,348.9	2,067.1	1,872.0	1,472.8
Order book	MEUR	756.2	607.0	836.3	757.9	571.6
Net sales	MEUR	1,546.3	1,671.3	2,102.5	1,749.7	1,482.5
of which outside Finland	MEUR	1,457.4	1,575.1	1,979.6	1,652.2	1,396.0
Export from Finland	MEUR	427.2	488.4	700.1	579.8	519.6
Personnel on average		9,739	9,811	9,222	8,005	6,859
Personnel on 31 December		10,042	9,782	9,904	8,404	7,549
Capital expenditure	MEUR	22.3	25.7	22.3	25.2	16.3
as a percentage of net sales	%	1.4%	1.5%	1.1%	1.4%	1.1%
Research and development costs	MEUR	21.5	22.0	19.0	16.2	12.5
as % of Group net sales	%	1.4%	1.3%	0.9%	0.9%	0.8%
Profitability						
Net sales	MEUR	1,546.3	1,671.3	2,102.5	1,749.7	1,482.5
Operating profit (including restructuring costs)	MEUR	112.4	97.9	248.7	192.3	105.5
as percentage of net sales	%	7.3%	5.9%	11.8%	11.0%	7.1%
Income before taxes	MEUR	111.3	88.6	236.2	178.8	95.1
as percentage of net sales	%	7.2%	5.3%	11.2%	10.2%	6.4%
Net income (incl. minority)	MEUR	78.2	62.5	166.6	129.2	68.6
as percentage of net sales	%	5.1%	3.7%	7.9%	7.4%	4.6%
Key figures and balance sheet						
Equity (incl. minority)	MEUR	456.2	407.1	400.7	280.8	223.7
Balance Sheet	MEUR	1,175.5	1,060.4	1,205.4	956.9	919.0
Return on equity	%	18.1	15.5	48.9	51.2	36.5
Return on capital employed	%	24.2	19.3	56.3	50.4	29.5
Current ratio		1.4	1.4	1.5	1.3	1.4
Solidity	%	44.7	45.1	39.9	36.1	28.3
Gearing	%	-3.8	-19.1	2.8	7.0	57.3
Shares in figures						
Earnings per share, basic	EUR	1.35	1.08	2.83	2.17	1.17
Earnings per share, diluted	EUR	1.34	1.08	2.82	2.13	1.15
Equity per share	EUR	7.64	6.84	6.75	4.80	3.77
Cash flow per share	EUR	0.97	3.79	1.82	3.08	1.39
Dividend per share	EUR	1.00*	0.90	0.90	0.80	0.45
Dividend / earnings	%	74.1	83.3	31.8	36.9	38.5
Effective dividend yield	%	3.2	4.7	7.5	3.4	2.0
Price / earnings		22.9	17.7	4.3	10.9	19.1
Trading low / high	EUR	19.08/32.04	10.61/22.04	9.90/32.50	20.68/34.90	10.23/22.33
Average share price	EUR	23.84	16.66	21.05	27.41	15.04
Share price on 31 December	EUR	30.89	19.08	12.08	23.58	22.30
Year-end market capitalization	MEUR	1,821.3	1,122.1	713.6	1,379.6	1,322.0
Number traded	(1,000)	88,013	113,270	171,519	128,266	114,023
Stock turnover	%	149.3	192.6	290.4	219.2	192.3
Average number of shares outstanding, basic	(1,000)	58,922	58,922	58,726	59,609	58,383
Average number of shares outstanding, diluted	(1,000)	59,274	59,086	58,987	60,507	59,736
Number of shares outstanding, at end of the period	(1,000)	58,960	58,813	59,070	58,506	59,285

* The Board's proposal to the AGM

CALCULATION OF KEY FIGURES

Return on equity (%):

$$\frac{\text{Net profit for the period}}{\text{Total equity (average during the period)}} \times 100$$

Return on capital employed (%):

$$\frac{\text{Income before taxes + interest paid + other financing cost}}{\text{Total amount of equity and liabilities - non-interest bearing debts (average during the period)}} \times 100$$

Current ratio:

$$\frac{\text{Current assets}}{\text{Current liabilities}}$$

Solidity (%):

$$\frac{\text{Shareholders' equity}}{\text{Total amount of equity and liabilities - advance payment received}} \times 100$$

Gearing (%):

$$\frac{\text{Interest-bearing liabilities - liquid assets - loans receivable}}{\text{Total equity}} \times 100$$

Earnings per share:

$$\frac{\text{Net profit for the shareholders of the parent company}}{\text{Average number of shares outstanding}}$$

Earnings per share, diluted:

$$\frac{\text{Net profit for the shareholders of the parent company}}{\text{Average fully diluted number of shares outstanding}}$$

Equity per share:

$$\frac{\text{Equity attributable to the shareholders of the parent company}}{\text{Number of shares outstanding}}$$

Cash flow per share:

$$\frac{\text{Net cash flow from operating activities}}{\text{Average number of shares outstanding}}$$

Effective dividend yield (%):

$$\frac{\text{Dividend per share}}{\text{Share price at the end of financial year}} \times 100$$

Price per earnings:

$$\frac{\text{Share price at the end of financial year}}{\text{Earnings per share}}$$

Year-end market capitalization: Number of shares outstanding multiplied by the share price at the end of year

Average number of personnel: Calculated as average of number of personnel in quarters

Number of shares outstanding: Total number of shares - treasury shares - shares owned by KCR Management Oy

COMPANY LIST

Subsidiaries owned by the parent company

(1,000 EUR)		Book value of shares	Parent company's share %	Group's share %
Finland:	KCR Management Oy	8,671	100	100
	Konecranes Finance Corporation	46,448	100	100
	Konecranes Finland Oy	14,628	28	100

Subsidiaries owned by the group

		Book value of shares	Group's share %
Australia:	Konecranes Pty Ltd.	165	100
Austria:	Konecranes Ges.m.b.H	218	100
	Konecranes Lifting Systems GmbH	16,833	100
Belgium:	S.A. Konecranes N.V.	0	100
Brazil:	Konecranes Talhas, Pontes Rolantes e Serviços Ltda.	1	100
Canada:	3016117 Nova Scotia ULC	0	100
	Hydramach ULC	0	100
	Kaverit Cranes and Service ULC	0	100
	Konecranes Canada Inc.	893	100
	MHE Canada ULC	0	100
	Overhead Crane Ltd.	0	100
Cayman Islands:	Morris Middle East Ltd.	0	100
Chile:	Konecranes Chile SpA	0	100
	Morris Material Handling Chile S.A.	0	100
China:	Dalian Konecranes Company Ltd.	1,802	100
	Jiangsu Three Horses Crane Manufacture Co. Ltd.	16,793	65
	Konecranes (Shanghai) Co. Ltd.	0	100
	Konecranes (Shanghai) Company Ltd.	3,754	100
	Konecranes Port Machinery (Shanghai) Co Ltd	1,834	100
	Stahl CraneSystems Trading (Shanghai) Co. Ltd.	179	100
	SWF Hoist (Shanghai) Company Ltd.	591	100
Czech Republic:	Konecranes CZ s.r.o.	55	100
Denmark:	Aarhus Maskinfabrik A/S	1,744	100
	Konecranes A/S	75	100
Estonia:	Konecranes Oü	0	100
Finland:	Konecranes Service Corporation	2,615	100
	Konecranes Software Products Oy	1,014	100
	Konecranes Yard IT Oy	4,935	100
	Nosturiexpertit Oy	10	100
	Permeco Oy	113	100
	Suomen Teollisuusosa Oy	3,665	93
France:	Bouyer GCP S.A.S.	3,261	100
	Bouyer Manutention S.A.	1,516	100
	CGP-Konecranes S.A.	1,212	100
	KCI Holding France S.A.	461	100
	Konecranes (France) S.A.	0	100
	Stahl CraneSystems S.A.S.	239	100
	Verlinde S.A.	2,782	99.6
Germany:	Eurofactory GmbH	1,239	100
	Konecranes Holding GmbH	15,262	100
	Konecranes Lifting Systems GmbH	804	100
	Stahl CraneSystems GmbH	30,776	100
	Konecranes GmbH	4,300	100
	Konecranes Heavy Lifting GmbH	2,696	100
	SWF Krantechnik GmbH	15,500	100

		Book value of shares	Group's share %
Hungary:	Konecranes Kft.	792	100
India:	Konecranes India Private Ltd.	435	100
	Stahl CraneSystems (India) Pvt. Ltd.	0	100
Indonesia:	Pt. Konecranes	139	100
Italy:	Konecranes S.r.l.	4,390	100
	Stahl CraneSystems S.r.l.	110	100
Japan:	Konecranes Company Ltd.	5,141	100
Latvia:	SIA Konecranes Latvija	2	100
Lithuania:	UAB Konecranes	52	100
Luxembourg:	Materials Handling International S.A.	300	100
Malaysia:	Konecranes Sdn. Bhd.	701	100
Mexico:	Konecranes Mexico SA de CV	2,185	100
Morocco:	Techniplus S.A.	2,850	99.9
The Netherlands:	Konecranes BV	18	100
	Konecranes Holding BV	13,851	100
Norway:	EM Automation AS	1,943	100
	Konecranes A/S	8,534	100
	Konecranes Norway Holding A/S	3,588	100
Poland:	Konecranes Sp. z o.o.	810	100
Portugal:	Ferrometal Lda.	1,556	100
Romania:	Konecranes S.A.	98	100
Russia:	ZAO Konecranes	7	100
Singapore:	KCI Cranes Holding (Singapore) Pte Ltd	49,117	100
	Konecranes Pte Ltd	1,811	100
	Morris Material Handling Pte Ltd.	252	100
	Stahl CraneSystems Pte. Ltd.	2	100
Slovakia:	Konecranes Slovakia s.r.o.	200	100
Slovenia:	Konecranes, d.o.o.	200	100
South Africa:	Konecranes Pty Ltd	3,355	100
Spain:	Konecranes Ausió S.L.	16,299	100
	Stahl CraneSystems S.L.	0	100
Sweden:	Konecranes AB	1,525	100
	Konecranes Lifttrucks AB	25,917	100
	Konecranes Sweden Holding AB	1,682	100
Switzerland:	Stahl CraneSystems AG	404	100
Thailand:	Konecranes (Thailand) Ltd.	99	49
Turkey:	Konecranes Ticaret Ve Servis Limited Sirketi	53	100
Ukraine:	LLC "Firm Kranservice"	3	100
	JSC "Craneservice Ukraine"	2,183	100
	Konecranes Ukraine JSC	2,048	100
	ZAO Zaporozhje Kran Holding	1,042	49
	ZAO Zaporozhkij Zavod Tjazhelogo Kranostorenia	459	43.05
United Arab Emirates:	Stahl CraneSystems FZE	221	100
	Konecranes Middle East FZE	1,774	100
United Kingdom:	Axis Machine Tool Engineering Limited	0	100
	Bond Engineering (Maintenance) Ltd.	0	100
	Electron Services Ltd.	0	100
	Konecranes Machine Tool Service Ltd.	2,836	100
	K&B Machine Tool Services Ltd.	0	100
	KCI Holding U.K. Ltd.	6,821	100
	Konecranes (U.K.) Ltd.	7,749	100
	Lloyds Konecranes Pension Trustees Ltd.	0	100
	Morris Material Handling Ltd.	6,229	100
	Stahl CraneSystems Ltd.	0	100

		Book value of shares	Group's share %
U.S.A.	KCI Holding USA, Inc.	53,901	100
	Konecranes, Inc.	39,882	100
	Konecranes Nuclear Equipment & Services, LLC	0	100
	KPAC, Inc.	1	100
	Merwin, LLC	0	100
	MMH Americas, Inc.	0	100
	MMH Holdings, Inc.	0	100
	Morris Material Handling, Inc.	53,464	100
	PHMH Holding Company	0	100
	R&M Materials Handling, Inc.	6,137	100
	Stahl CraneSystems Inc.	0	100

Investments accounted for using the equity method

		Assets value	Group's share %
China:	Guangzhou Technocranes Company Ltd	502	25
	Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd.	313	30
	Shanghai High Tech Industrial Crane Company, Ltd.	1,047	28
France:	Boutonnier Adt Levage S.A.	296	25
	Levelec S.A.	172	20
	Manulec S.A.	302	25
	Manelec S.a.r.l.	71	25
	Sere Maintenance S.A.	49	25
Japan:	KITO Corporation	27,630	24.4
Saudi Arabia:	Eastern Morris Cranes Limited	758	49
Thailand:	Morris Material Handling (Thailand) Ltd.	0	49
	Morris Thailand Co. Ltd.	0	49
United Arab Emirates:	Crane Industrial Services LLC	888	49

Available-for-sale investments

		Book value of shares	Group's share %
Estonia:	AS Konesko	498	19
Finland:	East Office of Finnish Industries Oy	50	5.26
	Fimecc Oy	120	5.69
	Levator Oy	34	19
	Vierumäen Kuntorinne Oy	345	3.3
France:	Heripret Holding SAS	53	19
	Societe d'entretrien et de transformation d'engins mecaniques	0	19
Indonesia:	Pt Technocranes International Ltd.	3	15
Malaysia:	Kone Products & Engineering Sdn. Bhd.	10	10
Venezuela:	Gruas Konecranes CA	4	10
Others:		265	
Total:		**1,382**	

PARENT COMPANY STATEMENT OF INCOME – FAS

(1,000 EUR)		1 Jan–31 Dec 2010	1 Jan–31 Dec 2009
Note:			
4	**Sales**	**55,951**	**47,934**
5	Depreciation and reduction in value	-1,872	-2,259
6	Other operating expenses	-57,754	-42,899
	Operating profit	**-3,676**	**2,776**
7	Financial income and expenses	25,974	2,341
	Income before extraordinary items	**22,299**	**5,117**
8	Extraordinary items	44,130	47,980
	Income before appropriations and taxes	**66,429**	**53,097**
9	Income taxes	-10,057	-14,365
	Net income	**56,372**	**38,732**

PARENT COMPANY CASH FLOW – FAS

(1,000 EUR)	1 Jan–31 Dec 2010	1 Jan–31 Dec 2009
Cash flow from operating activities		
Operating income	**-3,676**	**2,776**
Adjustments to operating profit		
Depreciation and impairments	1,872	2,259
Extraordinary income	47,980	116,295
Other adjustments	136	0
Operating income before changes in net working capital	**46,312**	**121,330**
Change in interest-free short-term receivables	-11,684	-143,659
Change in interest-free short-term liabilities	8,039	-725
Change in net working capital	**-3,645**	**-144,384**
Cash flow from operations before financing items and taxes	**42,667**	**-23,054**
Interest received	1,539	2,456
Interest paid	-230	-100
Other financial income and expenses	-96	29
Income taxes paid	-8,087	-22,022
Financing items and taxes	**-6,874**	**-19,637**
NET CASH FROM OPERATING ACTIVITIES	**35,793**	**-42,691**
Cash flow from investing activities		
Investments in other shares	-81	0
Capital expenditure to tangible assets	-206	-279
Capital expenditure and advance payments to intangible assets	-7,543	-433
Proceeds from sale of fixed assets	0	25
Dividends received	24,300	100,498
NET CASH USED IN INVESTING ACTIVITIES	**16,470**	**99,811**
Cash flow before financing activities	**52,263**	**57,120**
Cash flow from financing activities		
Proceeds from options excercised and share issues	1,247	1,650
Repayments of long-term borrowings	0	-5,494
Dividends paid	-53,484	-53,277
NET CASH USED IN FINANCING ACTIVITIES	**-52,237**	**-57,121**
CHANGE OF CASH AND CASH EQUIVALENTS	**26**	**-1**
Cash and cash equivalents at beginning of period	1	2
Cash and cash equivalents at end of period	27	1
CHANGE OF CASH AND CASH EQUIVALENTS	**26**	**-1**

PARENT COMPANY BALANCE SHEET – FAS

(1,000 EUR) Note:	ASSETS	31 Dec 2010	31 Dec 2009
	NON-CURRENT ASSETS		
	Intangible assets		
10	Intangible rights	3,670	3,256
	Advance payments	5,864	0
		9,534	**3,256**
	Tangible assets		
11	Machinery and equipment	795	1,196
		795	**1,196**
12	**Investments**		
	Investments in Group companies	50,731	50,449
	Other shares and similar rights of ownership	515	515
		51,246	**50,964**
	Total non-current assets	**61,575**	**55,417**
	CURRENT ASSETS		
	Long-term receivables		
	Loans receivable	0	7,130
	Loans receivable from Group companies	152,646	135,095
		152,646	**142,225**
	Short-term receivables		
	Accounts receivable	1,981	107
	Amounts owed by Group companies		
	Accounts receivable	15,765	18,055
	Advance payments paid	160	0
	Other receivable	4	2
14	Deferred assets	44,530	48,129
	Other receivables	1,435	485
14	Deferred assets	3,529	3,138
		67,403	**69,917**
	Cash in hand and at banks	**27**	**1**
	Total current assets	**220,077**	**212,143**
	TOTAL ASSETS	**281,651**	**267,560**

(1,000 EUR)	SHAREHOLDERS’ EQUITY AND LIABILITIES	31 Dec 2010	31 Dec 2009
Note:			
15	**EQUITY**		
	Share capital	30,073	30,073
	Share premium account	39,307	39,307
	Share issue	149	0
	Paid in capital	10,473	9,039
	Retained earnings	123,868	138,620
	Net income for the period	56,372	38,732
		260,242	**255,770**
	LIABILITIES		
	Current liabilities		
	Accounts payable	4,521	2,974
	Liabilities owed to Group companies		
	Accounts payable	3,365	823
16	Accruals	191	307
	Other short-term liabilities	414	374
16	Accruals	12,919	7,312
		21,410	**11,790**
	Total liabilities	**21,410**	**11,790**
	TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	**281,651**	**267,560**

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENT

1. ACCOUNTING PRINCIPLES

The financial statements of the company have been prepared in euro and in accordance with accounting principles generally accepted in Finland.

2. EXTRAORDINARY ITEMS

The extraordinary items in the financial statements include received group contributions.

3. RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred.

STATEMENT OF INCOME

4. SALES

In the parent company the sales to subsidiaries totaled EUR 56.0 million (EUR 47.9 million in 2009) corresponding to a share of 100% (100% in 2009) of net sales.

5. DEPRECIATION AND REDUCTION IN VALUE

	2010	2009
Intangible rights	1.3	1.5
Machinery and equipment	0.6	0.7
Total	**1.9**	**2.3**

6. OTHER OPERATING EXPENSES AND PERSONNEL

Costs and expenses in the Statement of Income were as follows:	**2010**	**2009**
Wages and salaries	14.0	11.7
Pension costs	2.5	2.3
Other personnel expenses	0.7	1.0
Other operating expenses	40.6	27.9
Total	**57.8**	**42.9**

Wages and salaries in accordance with the Statement of Income

Remuneration to Board	0.4	0.5
Other wages and salaries	13.6	11.2
Total	**14.0**	**11.7**
The average number of personnel	190	169

Auditors fees

Audit	0.1	0.1
Other services	0.3	0.2
Total	**0.4**	**0.3**

7. FINANCIAL INCOME AND EXPENSES

	2010	2009
Financial income from long-term investments:		
Dividend income from group companies	24.3	0.0
Dividend income total	24.3	0.0
Interest income from long-term receivables:		
From group companies	1.6	2.6
Other interest income	0.0	0.2
Interest income from long-term receivables total	1.6	2.8
Financial income from long-term investments total	25.9	2.8
Interest and other financial income	0.2	0.1
Interest and other financial income total	0.2	0.1
Interest expenses and other financial expenses:		
Other financial expenses	0.1	0.5
Interest expenses and other financial expenses total	0.1	0.5
Financial income and expenses total	**26.0**	**2.3**

8. EXTRAORDINARY ITEMS

	2010	2009
Group contributions received from subsidiaries	44.1	48.0
Total	**44.1**	**48.0**

9. INCOME TAXES

	2010	2009
Taxes on extraordinary items	11.5	12.5
Taxes on ordinary operations	-0.4	1.4
Taxes from previous years	-1.0	0.5
Total	**10.1**	**14.4**

BALANCE SHEET

10. INTANGIBLE RIGHTS

	2010	2009
Acquisition costs as of 1 January	11.4	11.0
Increase	1.7	0.4
Decrease	-0.5	0.0
Acquisition costs as of 31 December	12.6	11.4
Accumulated depreciation 1 January	-8.2	-6.7
Accumulated depreciation relating to disposals	0.5	0.0
Accumulated depreciation	-1.3	-1.5
Total as of 31 December	**3.7**	**3.3**

11. MACHINERY AND EQUIPMENT

	2010	2009
Acquisition costs as of 1 January	4.8	5.4
Increase	0.2	0.3
Decrease	-0.1	-0.9
Acquisition costs as of 31 December	4.8	4.8
Accumulated depreciation 1 January	-3.6	-3.7
Accumulated depreciation relating to disposals	0.1	0.9
Accumulated depreciation	-0.6	-0.7
Total as of 31 December	**0.8**	**1.2**

12. INVESTMENTS

	2010	2009
Acquisition costs as of 1 January	51.0	51.0
Increase	0.3	0.0
Total as of 31 December	**51.2**	**51.0**

Investments in Group companies	Domicile	2010 Book value	2009 Book value
Konecranes Finance Corp.	Hyvinkää	46.4	46.2
Konecranes Heavy Lifting Corp.	Hyvinkää	4.2	4.2
KCR Management Oy	Hyvinkää	0.1	0.0
Total		**50.7**	**50.4**

Other shares and similar rights of ownership	2010	2009
Vierumäen Kuntorinne Oy	0.3	0.3
Pärjä Oy	0.0	0.0
East Office of Finnish Industries Oy	0.1	0.1
Fimecc Oy	0.1	0.1
Total	**0.5**	**0.5**

13. TREASURY SHARES

	2010	2009
Number of shares as of 1 January	2,542,600	2,542,600
Decrease	-17,840	0
Number of shares as of 31 December	**2,524,760**	**2,542,600**

Proposal by the Board of Directors to authorize the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares:

The AGM on March 25, 2010 authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares as follows:

The amount of own shares to be repurchased and/or accepted as pledge shall not exceed 6,000,000 shares in total, which corresponds to approximately 9.7% of all of the shares in the Company. However, the Company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 per cent of all the shares in the Company. Only the unrestricted equity of the Company can be used to repurchase own shares on the basis of the authorization.

Own shares can be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market.

The Board of Directors decides how own shares will be repurchased and/or accepted as pledge. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

Own shares can be repurchased to limit the dilutive effects of share issues carried out in connection with possible acquisitions, to develop the company's capital structure, to be transferred in connection with possible acquisitions, to pay remuneration to Board members or to be cancelled, provided that the repurchase is in the interest of the company and its shareholders.

The authorization is effective until the end of the next Annual General Meeting, however no longer than until 24 September 2011.

Proposal by the Board of Directors to authorize the Board of Directors to decide on the transfer of the company's own shares:

The EGM authorized the Board of Directors to decide on the transfer of the company's own shares as follows:

The authorization is limited to a maximum of 6,000,000 shares, which corresponds to approximately 9.7% of all of the shares in the Company.

The Board of Directors decides on all the conditions of the transfer of own shares. The transfer of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The Board of Directors can also use this authorization to grant special rights concerning the Company's own shares, referred to in Chapter 10 of the Companies Act. However, the authorization cannot be used for incentive arrangements.

This authorization shall be effective until the next Annual General Meeting of Shareholders, however no longer than until 24 September 2011.

14. DEFERRED ASSETS

	2010	2009
Group contributions	44.1	48.0
Payments which will be realized during the next financial year	3.5	2.9
Pension costs	0.1	0.0
Interest	0.4	0.3
Total	**48.1**	**51.3**

15. EQUITY

	2010	2009
Share capital as of 1 January	30.1	30.1
New issue	0.0	0.0
Share capital as of 31 December	30.1	30.1
Share premium account 1 January	39.3	39.3
New issue	0.0	0.0
Share premium account as of 31 December	39.3	39.3
Share issue 1 January	0.0	0.1
Increase	1.2	1.6
Decrease	-1.1	-1.8
Share issue 31 December	0.1	0.0
Paid in capital 1 January	9.0	7.3
Increase	1.4	1.8
Decrease	0.0	0.0
Paid in capital as of 31 December	10.5	9.0
Retained earnings as of 1 January	177.4	191.9
Dividend paid	-53.5	-53.3
Retained earnings as of 31 December	123.9	138.6
Net income for the period	56.4	38.7
Shareholders' equity as of 31 December	**260.2**	**255.8**

Distributable equity

Paid in capital as of 31 December	10.5	9.0
Retained earnings as of 31 December	123.9	138.6
Net income for the period	56.4	38.7
Total	**190.7**	**186.4**

16. ACCRUALS

	2010	2009
Income taxes	3.9	2.4
Wages, salaries and personnel expenses	5.0	3.7
Interest	0.0	0.2
Other items	4.2	1.3
Total	**13.1**	**7.6**

17. CONTINGENT LIABILITIES AND PLEDGED ASSETS

	2010	2009
Contingent liabilities		
For obligations of subsidiaries		
Group guarantees	81.4	97.4
Other contingent and financial liabilities		
Leasing liabilities		
Next year	1.3	1.2
Later on	1.0	1.4

Leasing contracts are valid in principle three years and they have no terms of redemption.

Other liabilities	0.1	0.1
Total by category		
Guarantees	81.4	97.4
Other liabilities	2.4	2.7
Total	**83.7**	**100.1**

18. NOMINAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	2010	2010	2009	2009
	Fair value	Nominal value	Fair value	Nominal value
Foreign exchange forward contracts	0.0	14.2	-0.2	10.0

Derivatives are used for currency rate hedging only.

BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING

The parent company's non-restricted equity is EUR 190,712,992.28 of which the net income for the year is EUR 56,371,908.44.

The Group's non-restricted equity is EUR 380,422,000.

According to the Finnish Companies Act, the distributable funds of the company are calculated based on the parent company's non-restricted equity. For the purpose of determining the amount of the dividend the Board of Directors has assessed the solvency of the parent company and the economic circumstances subsequent to the financial year-end.

Based on such assessments the Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.00 will be paid on each share and that the remaining non-restricted equity is retained in shareholders' equity.

Helsinki, February 3, 2011

Stig Gustavson Chairman of the Board	Svante Adde Board member	Tomas Billing Board member
Kim Gran Board member	Tapani Järvinen Board member	Matti Kavetvuo Board member
Malin Persson Board member	Mikael Silvennoinen Board member	Pekka Lundmark President and CEO

AUDITOR'S REPORT

To the Annual General Meeting of Konecranes Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Konecranes Plc for the financial period 1.1.–31.12.2010. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Opinions based on assignment of the Audit Committee

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the distributable equity shown in the balance sheet for the parent company is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki, February 3, 2011

Ernst & Young Oy
Authorized Public Accountant Firm

Roger Rejström
Authorized Public Accountant

INVESTOR INFORMATION

Shares and shareholders

Shares and share capital

As of December 31, 2010, Konecranes Plc's fully paid-up share capital entered in the Trade Register was EUR 30,072,660, divided into 62,002,120 shares. Konecranes has one class of shares and each share entitles its holder to one vote at the Annual General Meeting and an equal dividend. Konecranes' shares are registered in the Finnish book-entry system.

Treasury shares

As of the end of the year, Konecranes Plc was in possession of 2,524,760 own shares directly (2,542,600 in 2009) and 517,696 own shares indirectly through KCR Management Oy, which corresponds to 4.9 percent of the total number of shares and which at that date had a market value of EUR 94.0 million.

Konecranes conveyed 12,000 Company shares on April 29, 2010 in the form of a sale against contribution in kind. In addition, Konecranes conveyed 5,840 Company shares on August 26, 2010 as payment for Board remuneration, in accordance with a resolution of the Annual General Meeting held on March 25, 2010.

Konecranes announced on December 14, 2010, that it acquires all the shares in KCR Management Oy from the Group executives through a share swap. Through the acquisition of KCR Management Oy, Konecranes Plc received 517,696 own shares.

Market capitalization and share trading

As of the end of 2010, the total market capitalization of Konecranes Plc on NASDAQ OMX Helsinki was EUR 1,821 million, excluding treasury shares (EUR 1,122 million at year-end 2009).

The traded volume of Konecranes' shares totaled some 88.0 million, which represents 149 percent of the Company's total outstanding shares at the end of 2010. In monetary terms, this was valued at EUR 2,098 million. The daily average trading volume was 349,257 shares, representing a daily average turnover of EUR 8.3 million.

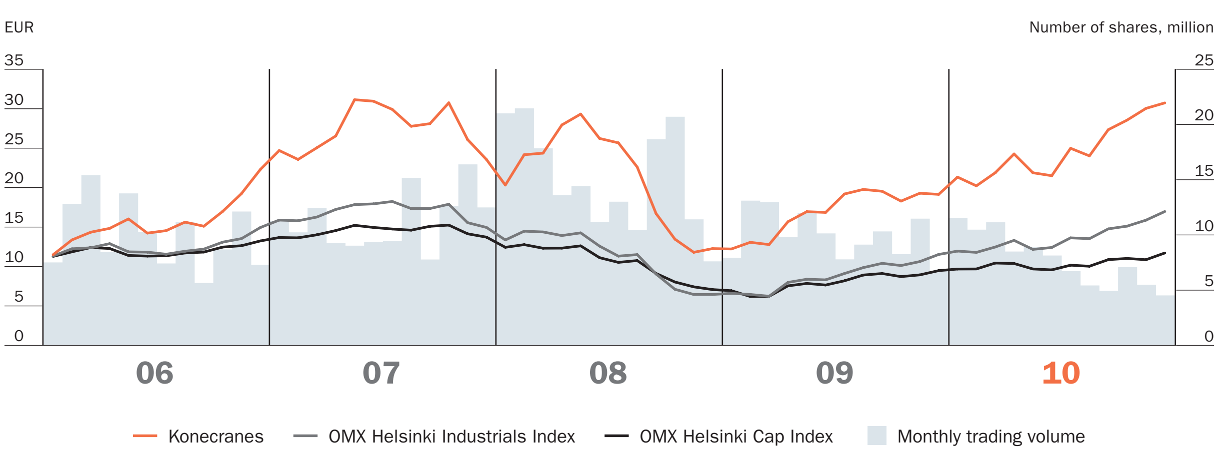
Konecranes' shares closed the year at EUR 30.89 (EUR 19.08 at year-end 2009). The volume-weighted average trading price for the year was EUR 23.84. The highest quotation for the Konecranes share was EUR 32.04 in December, and the lowest was EUR 19.08 in January.

Board authorizations

The Annual General Meeting held on March 25, 2010 authorized the Board of Directors to decide on the issuance of shares and the issuance of special rights entitling holders to shares. The amount of shares to be issued based on this authorization shall not exceed 9,000,000 shares, which corresponds to approximately 14.5 percent of all Company shares. The authorization is effective until the end of the next AGM, however no longer than until September 24, 2011.

The AGM also authorized the Board of Directors to decide on the repurchase and/or the acceptance as a pledge of

MONTHLY PRICE AND VOLUME ON THE NASDAQ OMX HELSINKI 2006–2010



Changes in the share capital and the number of shares		Change in number of shares	Total number of shares	Change in share capital	Share capital EUR
1999	March 11, Conversion of share capital into EUR		15,000,000		30,000,000
2002	December 20, invalidation of shares held by the company and reduction of share capital	-691,370	14,308,630	-1,382,740	28,617,260
2004	New shares subscribed for with the 1997 stock options	1,400	14,310,030	2,800	28,620,060
2005	New shares subscribed for with the 1997, 1999A, 1999B, 2001A and 2003A stock options	176,000	14,486,030	352,000	28,972,060
2006 pre-split	New shares subscribed for with 1997, 1999B, 2001A and 2003A stock options	286,700	14,772,730	573,400	29,545,460
2006	March 17, 2006 Share split 1:4	44,318,190	59,090,920	0	29,545,460
2006 post-split	New shares subscribed for with 1997, 1999B, 2001A, 2003A and 2003B series stock options	986,800	60,077,720	493,400	30,038,860
2007	February, new shares subscribed for with 2003B stock options	67,600	60,145,320	33,800	30,072,660
2007	March–December, new shares subscribed for with 1997, 1999B, 2001A, 2001B, 2003B and 2003C stock options	833,460	60,978,780	0	30,072,660
2008	February–December, new shares subscribed for with 1997, 1999B, 2001B, 2003B and 2003C stock options	633,540	61,612,320	0	30,072,660
2009	February–December, new shares subscribed for with 2001B and 2003C stock options	260,600	61,872,920	0	30,072,660
2010	February-May, new shares subscribed for with 2001B stock options	129,200	62,002,120	0	30,072,660

the Company's shares. The amount of Company shares to be repurchased and/or accepted as a pledge shall not exceed 6,000,000 shares in total, which corresponds to approximately 9.7 percent of all Company shares. However, the Company, together with its subsidiaries, may not own and/or hold as a pledge more than 10 percent of the Company's shares at any one time. This authorization is effective until the end of the next AGM, however no longer than until September 24, 2011.

The AGM also authorized the Board of Directors to decide on the transfer of Company shares. This authorization is limited to a maximum of 6,000,000 shares, which corresponds to approximately 9.7 percent of all Company shares. This authorization shall be effective until the next AGM, however no longer than until September 24, 2011.

These authorizations are explained in more detail in the release covering the resolutions of the 2010 AGM, which can be consulted at the Company's Web site at www.konecranes.com > Investors > Corporate governance > General meeting > Materials and information on general meetings > 2010.

Flagging notifications

On February 24, 2010, HTT 2 Holding Oy Ab informed Konecranes that its holding had exceeded 5 percent, as HTT 2 Holding Oy Ab held 3,129,500 shares, or 5.06 percent of Konecranes' shares and votes, on February 23, 2010.

On April 9, 2010, BlackRock, Inc. informed Konecranes that its holding had exceeded 10 percent, as BlackRock, Inc. held 6,228,000 shares, or 10.05 percent of Konecranes' shares and votes, on April 7, 2010.

On June 3, 2010, BlackRock, Inc. informed Konecranes that its holding had decreased below 10 percent, as BlackRock, Inc. held 6,181,787 shares, or 9.97 percent of Konecranes' shares and votes, on June 2, 2010.

On June 23, 2010, Konecranes received a disclosure stating that the combined holdings of HTT 2 Holding Oy Ab, K. Hartwall Invest Oy Ab, Fyrklöver-Invest Oy Ab, and Rönnäs Invest AG had exceeded 10 percent. The combined ownership of the shareholders mentioned in the disclosure amounted to 6,207,968 shares on June 23, 2010, or 10.01 percent of Konecranes Plc's shares and votes. All the shareholders mentioned in the disclosure have stated that they will cooperate in matters concerning their holdings in Konecranes. HTT 2 Holding Oy Ab is a subsidiary of Hartwall Capital Oy Ab.

On July 2, 2010, HTT 2 Holding Oy Ab informed Konecranes that its holding had exceeded 10 percent, as HTT 2 Holding Oy Ab held 6,215,568 shares, or 10.02 percent of Konecranes' shares and votes, on July 2, 2010. K. Hartwall Invest Oy Ab, Fyrklöver-Invest Oy Ab, and Rönnäs Invest AG, which have stated that they will cooperate with HTT 2 Holding Oy Ab in matters concerning their holdings in Konecranes Plc, held 6,357,968 shares on July 2, 2010, equivalent to 10.25 percent of Konecranes Plc's shares and votes.

On August 20, 2010, BlackRock, Inc. informed Konecranes that its holding had exceeded 10 percent, as BlackRock, Inc. held 6,200,223 Konecranes shares on August 19, 2010, equivalent to 10.00 percent of Konecranes' shares and votes.

On August 30, 2010, Konecranes received a disclosure stating that the holdings of BlackRock, Inc. in Konecranes had decreased below 10 percent, as BlackRock, Inc. held 6,192,571 Konecranes shares on August 24, 2010, equivalent to 9.99 percent of Konecranes' shares and votes.

On September 8, 2010, BlackRock, Inc. informed Konecranes that its holding had exceeded 10 percent, as BlackRock held 6,271,713 Konecranes shares on September 7, 2010, equivalent to 10.12 percent of Konecranes shares and votes.

On November 29, 2010, Konecranes received a disclosure stating that the holding of BlackRock, Inc. in Konecranes had decreased below 10 percent, as BlackRock, Inc. held 6,168,494 Konecranes shares on November 26, 2010, equivalent to 9.95 percent of Konecranes' shares and votes.

On December 20, 2010, BlackRock, Inc. informed Konecranes that its holding had exceeded 10 percent, as BlackRock held 6,239,140 Konecranes shares on December 17, 2010, equivalent to 10.06 percent of Konecranes shares and votes.

On December 21, 2010, Konecranes received a disclosure stating that the holding of BlackRock, Inc. in Konecranes had decreased below 10 percent, as BlackRock, Inc. held 6,099,149 Konecranes shares on December 20, 2010, equivalent to 9.84 percent of Konecranes' shares and votes.

Stock option plans

Konecranes has two ongoing stock option plans (2007 and 2009) for its key employees, including top and middle management, and employees in certain expert positions. Under these plans, 129,200 new shares were subscribed for and registered in the Finnish Trade Register during 2010.

As of the end of 2010, the stock options issued under Konecranes Plc's ongoing stock option plans entitle option holders to subscribe for a total of 3,370,000 shares. The option programs include approximately 200 key personnel.

For a more detailed description of the option plans, see Note 29 on Page 95 of the Financial Statements. The terms and conditions of the stock option plans can also be consulted at www.konecranes.com > Investors > Share information > Stock option plans.

Shareholders

Konecranes had 12,264 shareholders on December 31, 2010, compared to 12,038 at the end of 2009. 44.8 percent of the Company's shares were nominee-registered compared to 49.1 percent at the end of 2009.

More information on the breakdown of share ownership and Board and Management interests can be found in the Shares and Shareholders section on Page 125 of the Financial Statements.

Share trading information

Date of listing on NASDAQ OMX Helsinki: March 27, 1996
Sector: Industrials, Industrial Machinery
Segment: Large Cap
GICS: 20106020
ISIN code: FI0009005870
Trading code: KCR1V
Reuters ticker: KCR1V.HE
Bloomberg ticker: KCR1V FH

Shares and shareholders

According to the register of Konecranes Plc's shareholders kept by Euroclear Finland Oy, there were 12,264 (2009: 12,038) shareholders at the end of the 2010.

	Largest shareholders according to the share register on December 31, 2010	Number of shares	% of shares and votes
1	HTT 2 Holding Oy Ab	6,215,568	10.0%
2	Ilmarinen Mutual Pension Insurance Company	2,074,522	3.4%
3	Gustavson Stig, Chairman of the Board of Konecranes	2,038,490	3.3%
4	Varma Mutual Pension Insurance Company	2,005,275	3.2%
5	Nordstjernan Ab	1,380,024	2.2%
6	Nordea Investment Management	893,213	1.4%
7	Sigrid Juselius Foundation	638,500	1.0%
8	SEB Gyllenberg Funds	604,317	1.0%
9	Handelsbanken Funds	548,310	0.9%
10	Folkhälsan non-governmental organization svenska Finland rf	535,600	0.9%
	Ten largest registered owners' total holding	**16,933,819**	**27.3%**
	Nominee Registered Shares	27,783,495	44.8%
	Other shareholders	14,242,350	23.0%
	Shares held by Konecranes Plc*	3,042,456	4.9%
	Total	**62,002,120**	**100.0%**

*) Konecranes Plc is in possession of 2,524,760 own shares directly and 517,696 own shares indirectly through KCR Management Oy.

Shares and options owned by the members of the Board of Directors and of the Extended Management Team on December 31, 2010	Change in shareholding in 2010	Number of shares owned*	% of shares and votes	Change in option holdings in 2010**	Option ownership December 31, 2010**	% of shares and votes
Board of Directors	5,153	2,069,774	3.3%	0	0	0.0%
Extended Management Team	-270,423	703,291	1.1%	32,800	1,151,000	1.9%
Total	**-265,270**	**2,773,065**	**4.5%**	**32,800**	**1,151,000**	**1.9%**

* Including also the Extended Management Team members' shareholding in Konecranes Plc after the Share Swap. The new shares have been entered into the Trade Register on January 13, 2011.
** Option holdings are reported as the number of shares that they entitle to subscribe for.

Breakdown of share ownership by shareholder category on December 31, 2010

	% of shares and votes
Finnish companies	17.9
Finnish financial institutions	4.4
Finnish public institutions	9.2
Finnish non-profit institutions	6.0
Finnish private investors	13.2
Nominee registered shares	44.8
Non-Finnish holders	4.4
Total	**100.0**

Breakdown of share ownership by the number of shares owned on December 31, 2010

Shares	Number of shareholders	% of shareholders	Total number of shares and votes	% of shares and votes
1–100	4,558	37.2%	276,503	0.4%
101–1,000	6,321	51.5%	2,424,406	3.9%
1,001–10,000	1,191	9.7%	3,380,401	5.5%
10,001–100,000	151	1.2%	4,029,703	6.5%
100,001–1,000,000	34	0.3%	8,218,209	13.3%
Over 1,000,001	9	0.1%	43,672,898	70.4%
Total	**12,264**	**100%**	**62,002,120**	**100.0%**

Source: Euroclear Finland Oy, December 31, 2010.

Investor Relations

IR principles

The main objective of Konecranes' Investor Relations Department is to assist in the correct valuation of the Company's share by providing capital markets with information regarding Konecranes' operations and financial position. Konecranes pursues an open, reliable, and up-to-date disclosure policy, aimed at giving all market participants access to correct and consistent information regularly and equitably.

Konecranes' Investor Relations Department is responsible for investor communications and daily contacts. The President and CEO, together with the Chief Financial Officer, participate in IR activities and are regularly available for meetings with capital market representatives.

Silent period

Konecranes observes a silent period prior to the publication of its financial statements and interim reports starting at the end of the quarter in question. During this time, Company representatives do not comment on Konecranes' financial position.

Investor relations in 2010

Konecranes participated in 6 investor seminars, held 14 roadshow days, and took part in over 150 investor meetings in Amsterdam, Dublin, Frankfurt, Helsinki, London, New York, Oslo, Paris, Stockholm, Toronto, and Zurich during 2010.

Konecranes organized a Capital Markets Day in Hyvinkää, Finland, on November 23, attended by 60 analysts and institutional investors.

Investor contacts

Miikka Kinnunen, Director, Investor Relations
Tel: +358 20 427 2050
E-mail: miikka.kinnunen@konecranes.com

Anna-Mari Kautto, Assistant, Investor Relations
Tel: +358 20 427 2960
E-mail: anna-mari.kautto@konecranes.com

Equity research

The following banks, investment banks, and equity research providers cover Konecranes:

ABG Sundal Collier
CA Cheuvreux
Carnegie Investment Bank
Danske Markets
Deutsche Bank
Evli Bank
E. Öhman J:or Securities
FIM
Goldman Sachs
Handelsbanken Capital Markets
Inderes
Nordea Bank
Pohjola Bank
SEB Enskilda
UBS
Ålandsbanken

Konecranes takes no responsibility for the opinions expressed by analysts. More information on Konecranes as an investment can be found at www.konecranes.com > Investors.

Information to shareholders

Annual General Meeting

Konecranes' next Annual General Meeting will be held on Thursday, March 31, 2011 at 10 a.m. at Hyvinkääsali, Jussinkuja 1, 05800 Hyvinkää, Finland.

Shareholders registered no later than March 21, 2011 in the Company's list of shareholders maintained by Euroclear Finland Ltd. are entitled to attend the AGM.

Holders of nominee-registered shares intending to participate in the AGM shall notify their custodian well in advance of their intention and comply with the instructions provided by the custodian.

A shareholder wishing to participate in the AGM must notify the Company (Ms. Laura Kiiski) of his/her participation no later than March 28, 2011:

Internet: www.konecranes.com/agm2011
E-mail: agm2011@konecranes.com
Fax: +358 20 427 2105 (from abroad)
or 020 427 2105 (Finland)
Phone: +358 20 427 2017 (from abroad) or
020 427 2017 (Finland)
Mail: Konecranes Plc, Laura Kiiski, P.O. Box 661,
FI-05801 Hyvinkää, Finland

Shareholders are requested to inform the Company of any proxies for the AGM in connection with their registration. A sample proxy can be found at the Company's Web site.

Payment of dividend

The Board of Directors will propose to the Annual General Meeting of Shareholders that a dividend of EUR 1.00 should be paid for 2010. The dividend will be paid to shareholders who are registered on the record date as shareholders in the Company's shareholders' register maintained by Euroclear Finland Ltd.

Record date:	April 5, 2011
Date of dividend payment:	April 13, 2011

Financial reports in 2011

Financial Statements for 2010:	February 3, 2011
Interim report, January–March:	April 28, 2011
Interim report, January–June:	July 21, 2011
Interim report, January–September:	October 20, 2011

Konecranes' annual and interim reports are published in English, Finnish, and Swedish. The Annual Report is available in pdf format on the Company Web site and in print form. Copies are mailed to shareholders on request; orders can be placed through the Company web site.

All press and stock exchange releases can be consulted at the Company's Web site (www.konecranes.com) and can be received by e-mail by subscribing at www.konecranes.com > Investors > Releases > Order releases. The Annual Report can also be ordered from:

Konecranes Plc
Investor Relations
P.O. Box 661
FI-05801 Hyvinkää
Finland
Phone: +358 20 427 2960
Fax: +358 20 427 2089
Web: www.konecranes.com > Investors > Reports and result presentations > Order annual report

Shareholder register

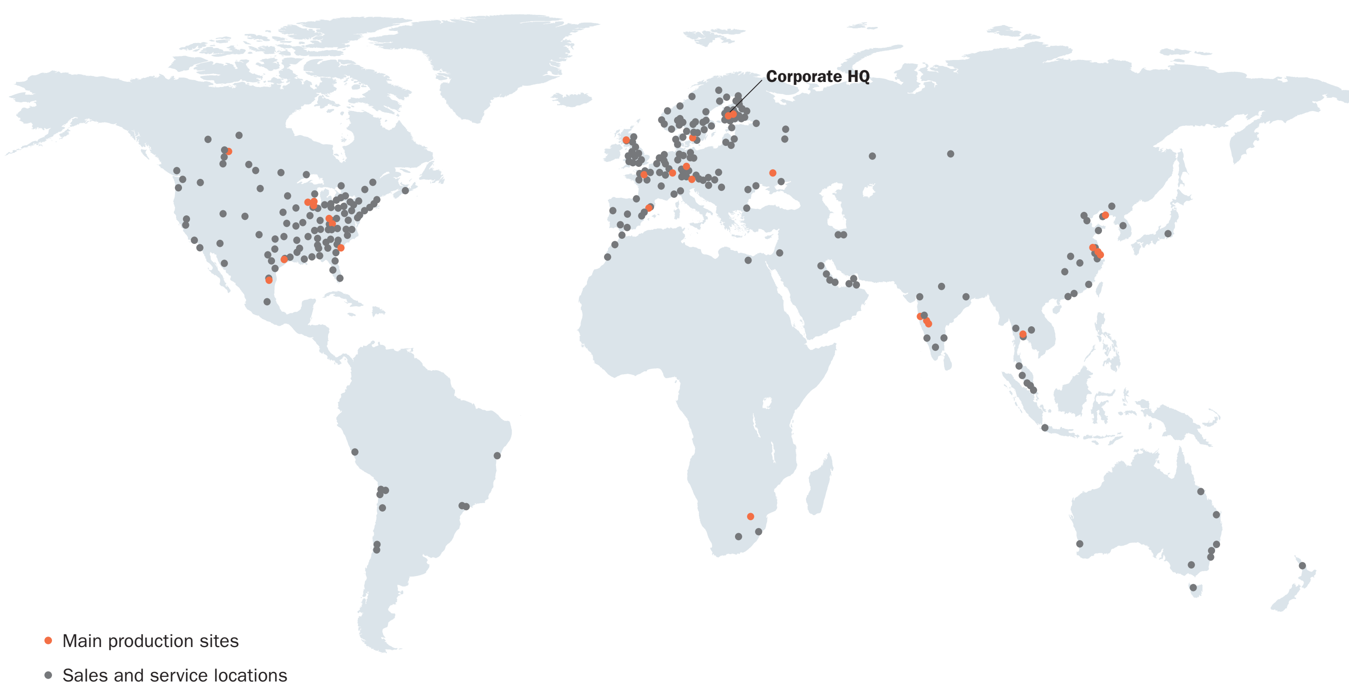
Konecranes shares are covered by the Finnish Book Entry Securities System. Shareholders should notify the relevant holder of their book entry account about changes in address or account numbers for the payment of dividends and other matters related to their holdings.

Important dates

Registration of the AGM opens:	February 16, 2011
Record date of the AGM:	March 21, 2011
Registration of the AGM closes:	March 28, 2011
The AGM:	March 31, 2011
Dividend ex-date:	April 1, 2011
Dividend record date:	April 5, 2011
Dividend payment date:	April 13, 2011

CONTACT DETAILS

Konecranes is a world-leading group of Lifting Businesses™, serving a broad range of customers, including manufacturing and process industries, shipyards, ports and terminals. Konecranes provides productivity-enhancing lifting solutions as well as services for lifting equipment and machine tools of all makes. In 2010, Group sales totaled EUR 1,546 million. The Group has 10,000 employees at 578 locations in 46 countries. Konecranes is listed on the NASDAQ OMX Helsinki (symbol: KCR1V).



Corporate Headquarters
Konecranes Plc
P.O. Box 661 (Koneenkatu 8)
FI-05801 Hyvinkää, Finland
Tel +358 20 427 11
Fax +358 20 427 2099

Global Business Area Headquarters

Service
Konecranes Service Corporation
P.O. Box 135 (Koneenkatu 8)
FI-05801 Hyvinkää, Finland
Tel +358 20 427 11
Fax +358 20 427 4099

Equipment
Konecranes Finland Corporation
P.O. Box 662 (Koneenkatu 8)
FI-05801 Hyvinkää, Finland
Tel +358 20 427 11
Fax +358 20 427 3009

Regional Headquarters

Americas
Konecranes, Inc.
4401 Gateway Blvd.
Springfield, OH 45502, USA
Tel +1 937 525 5533
Fax +1 937 325 8945

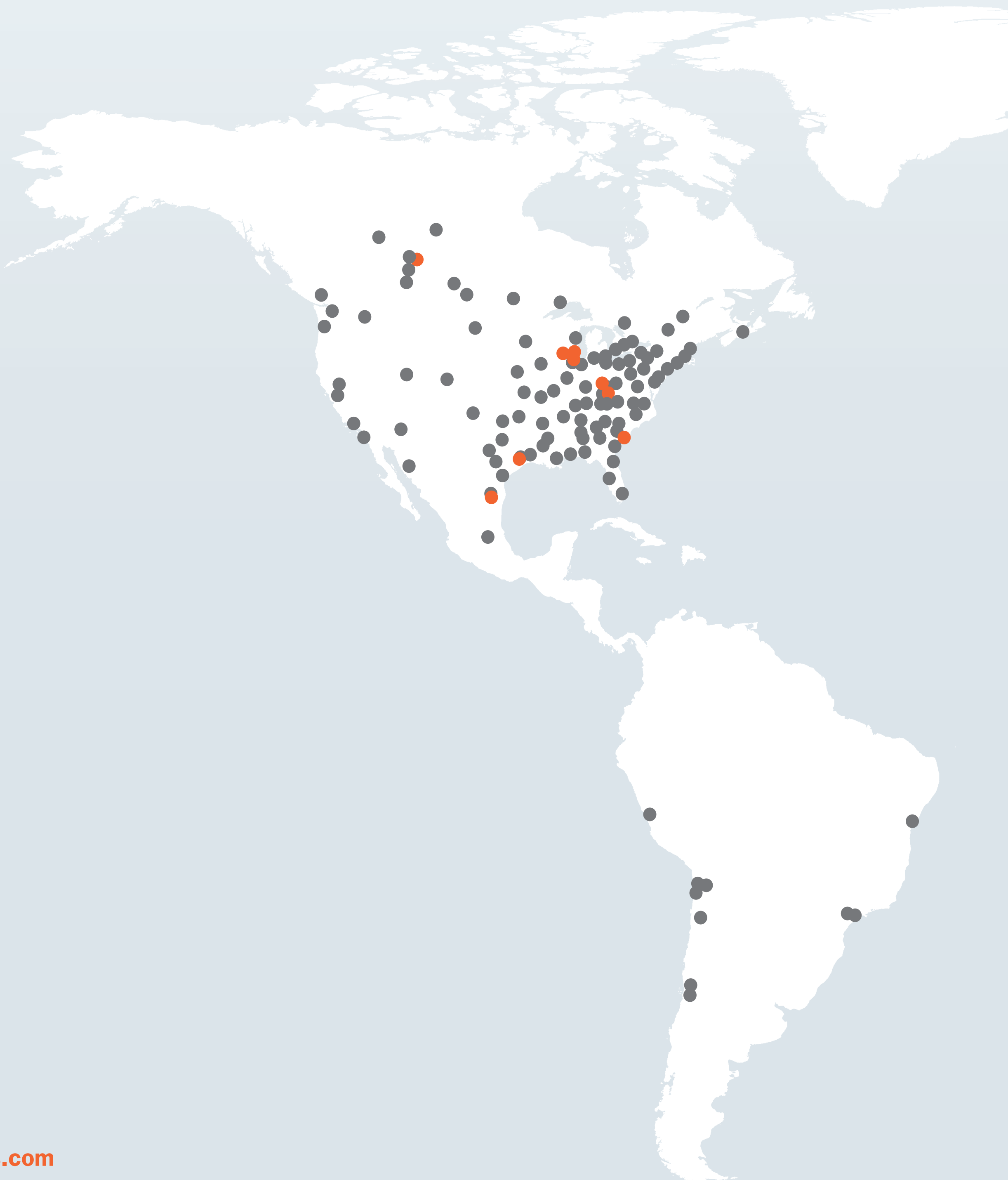
Western Europe, Middle East and Africa
Konecranes Region WEMEA
P.O. Box 662 (Koneenkatu 8)
FI-05801 Hyvinkää, Finland
Tel +358 20 427 11
Fax +358 20 427 2299

Nordic, Eastern Europe and India
Konecranes Region NEI
P.O. Box 662 (Koneenkatu 8)
FI-05801 Hyvinkää, Finland
Tel +358 20 427 11
Fax +358 20 427 3009

Asia-Pacific
Konecranes (Shanghai) Co., Ltd.
No. 789 Suide Road
Putuo District
Shanghai, 200331, China
Tel +86 21 6662 9999
Fax +86 21 6363 6145

Corporate responsibility

For corporate responsibility matters please contact **corporate-responsibility@konecranes.com**



www.konecranes.com