

“We will continue to invest and look for

**FURTHER EXPANSION
OPPORTUNITIES.”**

Pekka Lundmark, President and CEO

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.



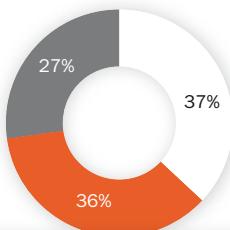
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Konecranes in a snapshot

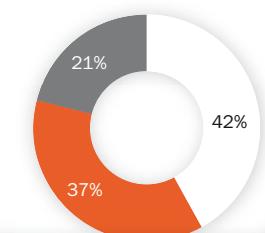
Konecranes is a world-leading manufacturer of lifting equipment, serving manufacturing and process industries (including nuclear), shipyards, and ports with productivity-enhancing lifting solutions and services. Our extensive resources, technologies, and proactive mindset ensure that we always deliver 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 1,671 million in 2009
- 9,782 employees
- Production facilities in 12 countries
- Sales and service locations in 43 countries
- Head office in Finland and listed on the NASDAQ OMX Exchange in Helsinki, Finland



**SALES
BY BUSINESS AREA 2009**

- Service MEUR 667.2
- Standard Lifting MEUR 652.2
- Heavy Lifting MEUR 479.1



**EBIT BY
BUSINESS AREA 2009***

- Service MEUR 73.5
- Standard Lifting MEUR 65.3
- Heavy Lifting MEUR 36.7

*Excluding restructuring costs

Business Areas

Service

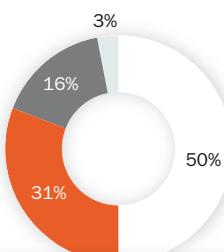
Business Area Service offers service and maintenance solutions for all brands of industrial cranes, port equipment, and machine tools. Konecranes has 545 service locations in 43 countries and a total of 4,891 employees.

Products

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

Market position

Clear market leader in crane service, with the world's most extensive crane service network. One of the biggest international providers of machine tool service.



PERSONNEL IN 2009

- Service 4,891
- Standard Lifting 3,012
- Heavy Lifting 1,603
- Group Staff 276

Service contract base

More than 360,000 units are covered by Konecranes' maintenance contracts, of which approximately 25 percent are manufactured by Konecranes.

Standard Lifting

Business Area Standard Lifting offers pre-designed modularized components and cranes for a range of industries. Products are marketed through a multi-brand portfolio that includes the Konecranes corporate brand and the Stahl CraneSystems, SWF, Verlinde, and R&M power brands. Products previously sold under the P&H and Morris brands are since 2009 sold under the Konecranes brand. Konecranes-branded products are sold directly to end users, while the power brands are sold to distributors and independent crane builders. Standard Lifting has sales representation in 43 countries and a total of 3,012 employees.

Products

Industrial cranes, wire rope hoists, chain hoists, light crane systems, load manipulators, and components. Lifting capacities range from 100 kg to 100 metric tons.

Market position

The world's largest supplier of industrial cranes and wire rope hoists, and one of the largest manufacturers of light crane systems and chain hoists. Worldwide leader in explosion-protected crane technology.

Annual production

Tens of thousands of cranes, wire rope hoists, and electric chain hoists.

Heavy Lifting

Business Area Heavy Lifting offers material handling solutions for virtually every type of process industry, other industries handling heavy loads, nuclear plants, ports, intermodal terminals, shipyards, and bulk material terminals. Products are marketed under the Konecranes brand. The US-based activities of Morris Materials Handling selling P&H-branded products were merged in 2009 with Konecranes' US business operations. P&H-branded products will continue to be offered, supported, and serviced. Heavy Lifting has sales representation in 43 countries and a total of 1,603 employees.

Products

Electric overhead traveling (EOT) cranes for process industries, nuclear cranes, shipyard cranes, shipboard gantry cranes, grab unloaders, STS cranes, RTG and RMG cranes, straddle carriers, reach stackers, top lifters, empty container handlers, forklift trucks, YardIT® crane automation, container positioning systems, crane control systems, and heavy-duty crane components. Lifting capacities typically range from 50 to 2,000 metric tons.

Market position

Global leader in EOT cranes for process industries, including nuclear power plants, and in shipyard gantry cranes. Global supplier of cranes and lift trucks for container handling and heavy unitized cargo, automation, and bulk material unloading.

Annual production

Several hundred heavy-duty cranes, hoisting trolleys, and heavy-duty lift trucks.

As of January 1, 2010 Konecranes will reduce the number of Business Areas from three to two: Equipment and Service. Read more on Page 24

2009 Highlights

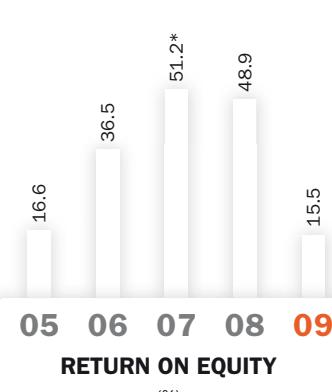
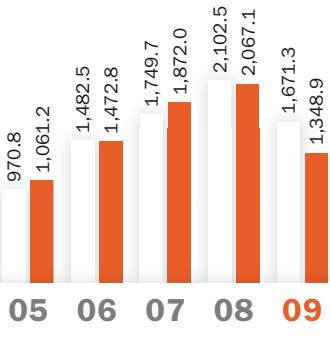
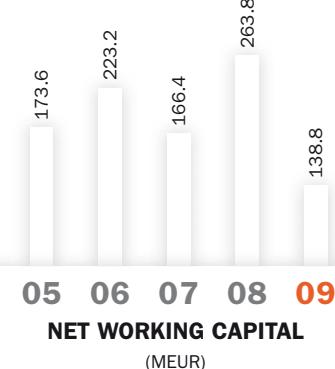
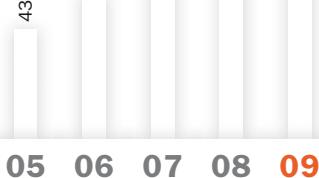
- Demand for lifting equipment and maintenance services dropped significantly. Order intake fell by 34.7 percent compared to 2008 to EUR 1,348.9 million.
- More than 30 percent of new orders came from emerging markets.
- Konecranes' order book as of the end of the year stood at EUR 607.0 million.
- Net sales decreased 20.5 percent compared to 2008 and totaled EUR 1,671.3 million.
- Operating profit was EUR 118.8 million excluding restructuring costs, 52.2 percent below the 2008 figure.
- Operating margin excluding restructuring costs was 7.1 percent of sales.

Lower net sales and profitability

- Net sales in the Service business area were 11.5 percent lower, at EUR 667.2 million. Operating profit was EUR 73.5 million excluding restructuring costs, or 11.0 percent of net sales.
- Net sales in the Standard Lifting business area were 21.9 percent lower, at EUR 652.2 million. Operating profit was EUR 65.3 million excluding restructuring costs or 10.0 percent of net sales.
- Net sales in the Heavy Lifting business area were down 27.3 percent, at EUR 479.1 million. Operating profit was EUR 36.7 million excluding restructuring costs, or 7.7 percent of net sales.

Cost reduction program and streamlining the management structure

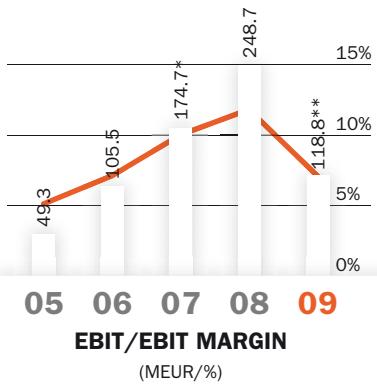
- The Group's cost structure was adjusted to correspond to the quickly and considerably weakened demand. The cost reduction program included a procurement development program, restructuring the Group's operational structure, the decision to close down manufacturing facilities in Germany, the U.S., and UK, and personnel reductions.
- The number of personnel was 9,782 at the end of 2009, taking into account the increase of almost 1,100 persons via acquisitions and the decrease of almost 1,500 via personnel reduction. The number is 122 lower than at the end of 2008.
- Konecranes acquired ten companies in 2009: four MTS companies, three in the Nordic region, and one in the U.S. Konecranes entered a new business segment by acquiring two manipulator manufacturers in Europe. Konecranes acquired two crane service companies in Europe, a crane manufacturer in South Africa, and a hoist manufacturer in China.
- Associated company, ZAO Zaparozhje Kran based in Ukraine, was consolidated into Konecranes in the middle of the year.
- A new Market Operations function was established to strengthen the Group's sales management. This function is responsible for sales management and sales support, global account management, and developing solution marketing.
- Konecranes announced in mid-2009 that it would shift to a two-tier management structure consisting of a Group Executive Board and an Extended Management Team.



*2007 Excluding capital gain: 47.3%

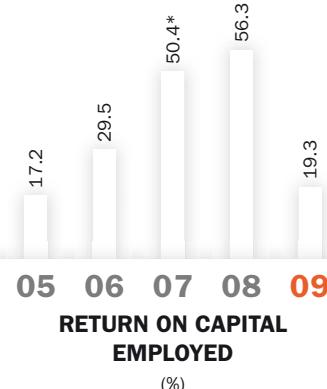
**2007 EPS excluding capital gain: EUR 1.95

** The Board's proposal to the AGM



* Excluding capital gain

** Excluding restructuring costs



*2007 Excluding capital gain: 46.2%



* Excluding own shares



**"WE WILL BE IN A
STRONG POSITION
ONCE THE MARKET
RECOVERS."**

CEO's review

Dear Konecranes shareholders, customers and employees,

In Konecranes' Annual Report last year, I called 2008 "a year of extremes". We beat all our previous records in growth and profitability, but new investments in most of our customer segments came almost to a standstill during the last quarter.

2009 proved out to be at least as challenging, as expected. Capacity utilization in our key customer segments remained weak throughout the year, and most customers continued to be cautious in their investment decisions. The demand for services was also affected, since the equipment we maintain was in many cases used much less than before. Our order intake dropped 34.7 percent from the record level seen in 2008. Since we started the year with a strong order book, sales dropped less than orders, 20.5 percent, to EUR 1,671.3 million.

In this situation, it was necessary to reduce our capacity, while continuing our investments for the future. A lot of the overlaps that our recent acquisitions had created in our organization were removed, resulting in a more streamlined structure for future growth. As a part of this process, we announced the shutdown of three factories and a reduction of more than 1,600 jobs. We also made progress in developing our procurement structure, improving our purchase price position in relation to market prices for certain components, raw materials, and services. These measures helped us maintain our financial result on a reasonable level in spite of lower volumes and some price pressure caused by overcapacity in the industry. We delivered a 7.1 percent operating margin before restructuring costs and a 19.3 percent return on capital employed, which was a successful defense in difficult market conditions. The stock market appreciated our achievement, and our share price increased 51 percent in value during the year.

Looking to the future, there are some positive signs that give cause for cautious optimism. Industrial capacity utilization rates started to recover during the second half of 2009 and we have seen several customers start planning capital expenditure projects again. These early signs suggest that the demand for lifting equipment and services could begin growing again during 2010. However, due to the relatively late cyclical nature of most of our business segments, it is still too early to conclude that a major recovery could be imminent.

We will be in a strong position once the market recovers. As I mentioned earlier, we have continued to invest throughout the recession. While reducing manufacturing capacity, we have invested in our remaining factories. We have also increased our

investment in training. Product development has proceeded at full speed, and we have added new products and services to our offering. We made a total of ten acquisitions during 2009. Even after all these investments, we ended the year with a debt-free balance sheet, with a net cash position of EUR 77.7 million. This puts us in a good position when the consolidation of our fragmented industry continues.

Looking specifically to 2010, it is important to note that we started the year with a significantly thinner order book than last year. We now have EUR 607.0 million of orders, which is 27.4 percent less than the corresponding figure, EUR 836.3 million, a year ago. This means that it is likely that our sales this year will be lower than in 2009, which will put continued pressure on profitability. Operational rationalization with a high degree of cost sensitivity will continue, although we will continue to invest and look for further expansion opportunities.

I would like to thank all our shareholders, customers, and employees who have trusted us throughout the recession. As I have explained above, I cannot promise that 2010 will be any easier than 2009. In spite of ongoing tough conditions and uncertainty around the world, however, our goal remains to continue delivering good shareholder returns and to restart growth as soon as possible.

Pekka Lundmark

President and CEO



**“A STRONG COMMITMENT TO
FUTURE GROWTH
AND PROFITS”**

Chairman's letter

Dear Konecranes shareholder,

During my career at the company, we have lived through a number of crises, starting with the collapse of our biggest customer, the Soviet Union, several wars, economical collapses in many parts of the world and the bursting of the tech-bubble. This time, the crisis is worldwide, and therefore very difficult to combat. 2009 will go down in history as one of the most difficult years of modern times for Konecranes.

I do not intend to repeat all the bad news the world experienced during 2009. Instead, our shareholders need to know how we at Konecranes reacted.

As can be seen from this report, Konecranes has ridden the wave of misery successfully. In his own review, our CEO gives a detailed report on the company's development. The numbers speak for themselves: the company reacted firmly in a timely manner to the challenges. Compared to developments in Western engineering, and especially the lifting industry, Konecranes' performance was outstanding.

As the details are provided elsewhere, let me share a few notions of principal importance with you.

First and foremost: no surprises. The company has a long tradition of always maintaining its operational agility. A vital part of this is the routine of compiling contingency plans. During 2008, these plans already contained over 1,000 items ready to go into implementation.

Second: preparation. The two most important cost elements in our profit and loss statement relate to people and material. We value the skills and the loyalty of our staff as our most precious asset. In order to maintain flexibility, we adopted a flexible hiring policy long ago, combining permanent and short term employment contracts. We have also identified insourcing/outsourcing as a good tool for achieving flexibility.

These well-established policies worked well in the adverse climate of 2009. Although we have not been able to avoid layoffs completely, our terminations (related to permanent employees) have been significantly lower compared to those of our peers, and we have retained all our key expertise.

During the years of rapid growth, procurement became a neglected discipline. The cry was to get projects completed and products delivered, not to stretch every penny. On his arrival in 2005, our then new CEO, Mr. Lundmark, made procurement efficiency one of his main targets. On his initiative, we started on an ambitious program of increasing procurement focus. Today, this focus is paying big dividends.

The company also did well in terms of financial management. We have always insisted on substantial down payments from our customers, as a sign of commitment on their side, but also as a mutually beneficial trade-off between price and terms. Today, the results are obvious: our customers do not cancel their orders.

Last but not least, let me once again highlight the importance of our service business. It is clear that the lower the utilization factor in our customers' production facilities, the lower the need for maintenance. However, in spite of a number of customers saving by canceling their service contracts, many more customers see outsourced maintenance as an ideal means of cost savings. Throughout the crisis, our number of service contracts has stayed stable and even grown. Not only does this mean good growth when customers' business starts to pick up, but it has helped our service business get through the recession with only a modest loss of business.

2009 was, of course, a year of cost-cutting and savings. However, we also managed to complete a number of proactive actions that point back to our traditional track-record of profitable growth. Our financial position remains very strong. We have survived with only minimal deterioration of profit levels and enjoy a debt-free net cash position today.

During 2009, a number of acquisitions were made, in inland China, South Africa, Germany, Austria, Norway and U.S.A., and we strengthened our position in India. Further acquisitions are under preparation. We have not cut back on our R&D expenditure, and we have liaised with the new Aalto University as one of the main sponsors of its MIDE program to develop new technology for tomorrow's man-machine systems. Many other actions under way cannot be disclosed here due to third party considerations.

All these actions point to a strong commitment to future growth and profits.

I would like to welcome all new shareholders to an interesting and thoroughly sound company, with solid present operations and ambitious, yet realistic plans for the future.

Stig Gustavson
Chairman of the Board

Company cornerstones

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

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.

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.



Company strategy

Best customer service

Konecranes is committed to always offering the best customer service in the industry. To us, quality of service is based on safety, reliability, and high-performing technology with which we improve customers' efficiency and productivity. In total outsourcing markets, an estimated two thirds of all service of lifting equipment is still carried out in-house. Outsourcing this service offers benefits such as improved cost efficiency, safety, and increased uptime, and has created a genuine growth market that fuels our organic growth. Our strategy is optimized for tapping into the service industry's global growth potential.

Product and service innovation

Konecranes is committed to developing industry-shaping technologies for both lifting equipment and their service. Using the vast knowledge that we have accumulated by having the world's largest service organization, we know what customers need and how to develop solutions for different environments. By combining our service knowledge and new technologies, we create lifting solutions that maximize value for our customers. We minimize downtime and optimize the total cost of ownership.

Demand-driven, cost-efficient supply chain

Konecranes is transforming itself from a regional buy-make sell model to a global buy-move-make-move-sell anywhere model. We are geared to respond efficiently to changes in market demand throughout the chain. Our products are based on modularity and standardization, and make use of the latest technology and designs with an efficient use of raw materials. Maintaining a globally uniform product platform gives us valuable flexibility in terms of capacity utilization and resource allocation. Increased production in expanding markets such as Asia and Eastern Europe offers great opportunities to improve both our competitiveness and cost levels. This has involved increasing outsourcing in low-cost countries and outsourcing of own manufacturing. The role of quality management has therefore become of even greater importance.

Value-creating acquisitions

The crane industry is still, today, very fragmented, and Konecranes has the financial and managerial resources to lead the consolidation of the industry. The Konecranes growth strategy is based on continued organic growth in markets where we are established – paired with an aggressive plan for acquisitions to enter new geographical markets or to fill a gap in our product portfolio. Well recognized local or regional brands, with large installed bases, remain the primary target for Konecranes' acquisition policy.

Synergetic business model

Konecranes' service and equipment businesses are interlinked by a high degree of synergy. Every service customer relationship creates opportunities for equipment sales. Also, every crane sold creates opportunities for providing services. The solutions provided by Konecranes' business areas complement each other and enable customers to meet most of their lifting needs through one supplier.

Business environment

A challenging market situation throughout the year

The steep recession that hit the world economy in the last quarter of 2008 continued throughout 2009 and made the year a challenging one, resulting in a weak market for the material handling industry. There were some variations between regions and different product segments, but virtually half of the equipment market disappeared compared to 2008. Few significant differences occurred in demand between regions in 2009, with the exception of China, where continued economic growth boosted by major government stimulus packages resulted in a higher level of investment.

The slow economic conditions affected demand for new equipment across customer segments. Demand from manufacturing and process industries remained weak throughout the year, while investment activity in the energy sector remained more stable. Investments in Konecranes' two other key customer industries, ports and shipbuilding, were significantly affected by the decline in shipping volumes. Towards the end of 2009, activity revived somewhat in the waste-to-energy, steel, petrochemical and mining sectors. Weakened demand resulted in overcapacity in the crane manufacturing industry, and led to intense price competition.

The service market also suffered, but to a lesser extent than equipment demand. Customers devoted increasing attention in 2009 to cost-cutting measures and improving their efficiency. This was reflected in a growing interest in outsourcing service operations, although lower industrial capacity utilization reduced the total amount of service and maintenance work carried out. Outsourcing continues to be concentrated in industrialized countries, while customers also in developing markets have started to show a growing interest in what outsourcing of service operations can offer.

Input costs trended down during 2009. Steel prices were at a lower level in 2009 compared with 2008 and there was deflation in other procurement categories as well.

Global macro data improved towards the end of 2009 following the highly negative trends in the first half of the year. Having troughed in mid-2009, capacity utilization rates in manufacturing industries started slowly to improve as production rates gradually picked up. Container traffic saw an unprecedented decrease of more than 10 percent in 2009 with sharp declines in the first three quarters of the year, but the rate of decline lessened in the fourth quarter.

Adjusting capacity and costs to demand

Due to the sharp decline in demand in all business areas, Konecranes initiated a cost reduction program in 2009 with the aim of lowering the Group's cost base by EUR 100 million by 2010 from the 2008 level. The cost reduction program includes both procurement development actions and personnel reductions, but the savings target does not include potential general deflation in material costs.

During the report period several measures were taken. During 2009, decisions were taken to reduce the number of employees by more than 1,600. As part of the program, the Group announced closures of three crane manufacturing sites. The Group procurement development program is proceeding according to plan. A global category management has been established, and the consolidation of suppliers is lowering our costs.

In addition, Konecranes is continuing to invest in product development and IT systems to enable it to extend its product and service offering and improve its productivity. We are also extending our expansion into regions where we currently lack a sufficiently strong local presence.

Extending the product range through acquisitions

Acquisitions represent an important part of our strategy, and we made ten acquisitions in 2009.

We increased our holding in Austrian-based Konecranes Lifting Systems GmbH (former ACS Konecranes GmbH) in July 2009, and acquired the business operations of German-based Knight Europe GmbH & Co. KG. These acquisitions enabled us to extend our operations into manipulators and aluminum rail systems. The market for manipulators remains very fragmented and is estimated to be worth over 500 MEUR.

The acquisition of a majority holding in Chinese-based Jiangsu Three Horses Crane Manufacture Co. Ltd. (SANMA) in November brought one of China's leading manufacturers of hoists and cranes into the Konecranes portfolio. Konecranes now has a new product platform to address a market that is currently dominated by local players.

Konecranes acquired South Africa's leading crane and crane service company, Dynamic Cranes Systems Ltd., in mid-November. The company is a specialist in manufacturing, marketing, servicing, and installing cranes for industrial and process use.



The economic recession has proved particularly difficult for many smaller players in the industry, and has also led to some consolidation of fragmented markets. Thanks to its debt-free balance sheet and dynamic, expert personnel around the world, Konecranes is well-placed to make further acquisitions in 2010.

Konecranes' global presence

- Market share of 16 percent
- #1 in crane maintenance services
- #1 in standard lifting equipment
- #1 in industrial process cranes
- Among the top 4 in container handling systems and port cranes
- Ten new companies were added to the portfolio in 2009.



“THE MARKET POTENTIAL HERE IS HUGE”

You need to be an optimist, involve people, and be team-minded in business development. You need to think ‘out of the box’ and always remember the customer’s perspective. Understanding the big picture and the long-term vision is important, but you also need to be able to translate strategic plans into short-term actions.

Service is an exciting and challenging area from a business development perspective. Konecranes is strong in service today because we had a clear strategy back when we started 50 years ago, in the 1960s. The core of this strategy has stayed

the same, evolving along the way as we have reenergized our concepts, innovated new service products, and built long-term relationships with our customers.

More than half of the total service market potential for Konecranes lies in the service work currently done by customers themselves. The market potential here is huge and gives us massive growth potential.

Valeria Zimenkova

Business Development Manager, Service

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 545 service locations in 43 countries and 3,222 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 their lifting equipment represents an integrated part of production.

The Crane Service, Port Service, and Machine Tool Service (MTS) global business units ensure that customers receive quality service 24 hours a day. The Modernizations and Parts business units sell their products mainly via the service network but also directly to 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 a customer works with Konecranes, the more potential they will have to access Konecranes' expertise and service capabilities and develop their operations.

Performance in 2009

The global economic downturn continued throughout 2009, and saw Service order levels drop by 24.3 percent, to EUR 498.4 million. Sales were 11.5 percent down compared to 2008, at EUR 667.2 million. The operating profit was 30.8 percent lower than 2008, 11.0 percent of sales, excluding restructuring costs. The total number of units in the maintenance contract base increased to 362,996 from 359,811 at the end of 2008, and had an annual value of EUR 122.3 million. The number of service personnel totaled 4,891.

Key figures

	Part of group total %	2009	2008	Change %
Orders received, MEUR	34	498.4	658.2	-24.3
Order book, MEUR	12	75.9	117.3	-35.3
Sales, MEUR	37	667.2	754.3	-11.5
Operating profit excluding restructuring costs, MEUR	42	73.5	106.2	-30.8
Operating margin excluding restructuring costs, %		11.0%	14.1%	
Operating profit including restructuring costs, MEUR	46	70.8	106.2	-33.4
Operating margin including restructuring costs, %		10.6%	14.1%	
Personnel	51	4,891	5,372	-9.0

Business environment in 2009

More than two thirds of all equipment servicing was carried out by equipment owners themselves in 2009. Interest in the potential for outsourcing maintenance is growing, however, as customers look for ways of cutting costs and improving efficiency in the slower economic environment. Over the short term, lower industrial capacity utilization rates translated into less maintenance work for Konecranes during 2009.

Developments in 2009

Business Area Service put a lot of emphasis on developing and launching new products in 2009. Remote monitoring services were introduced, for example, offering 24/7 reliability services on call at all times and productivity and performance services designed to ensure the maximum life cycle value for lifting solutions. Global technical support was also launched.

The streamlining of Konecranes' spare parts business continued. This included merging the local spare parts organizations of acquired companies with Konecranes' organization, harmonizing systems, consolidating product data, and centralizing parts' procurement. This has resulted in an improved global parts sales and distribution network.

The Service organization was strengthened by the acquisition of the remainder of the shares of South African crane and service company, Dynamic Crane Systems. The MTS business was expanded to the US through the acquisition of Machine Tool Solutions Unlimited. Konecranes now offers MTS services in the Nordic countries, the UK, the US, Estonia, and Ukraine.

Konecranes finalized four important nuclear modernization projects, one in the UK, one in Sweden, and two in the US. Single failure-proof upgrades for safety-related cranes continued to be an area of focus in the US nuclear market. The two US projects in 2009 were for cask cranes and required the replacement of 125-ton main hoists and trolleys with a new SuperSafe design and new crane control systems.

Standard Lifting

Konecranes' Business Area Standard Lifting is the world's largest supplier of lifting equipment for industrial purposes – with a product range that includes industrial cranes, workstation cranes, load manipulators, wire rope and chain hoists, and crane components.

Standard Lifting has an extensive and diverse global customer base. General manufacturing represents the largest single customer segment. Oil & gas, mining, automotive, paper, warehousing, entertainment, wind energy, nuclear power plants, and petrochemicals are also important customers.

Industrial cranes, hoists, and services are marketed to end-users mainly under the Konecranes brand. Products sold under the UK-based brand, Morris (Morris Material Handling), were incorporated into the Konecranes brand in autumn 2009. The Group's power brands – Stahl CraneSystems, SWF (SWF Kran-technik), Verlinde, and R&M (R&M Materials Handling) – sell their products via independent crane builders and distributors. These channels complement each other and guarantee comprehensive global market coverage. The Meiden brand used by MHS Konecranes was changed to the Konecranes brand during 2009. P&H-branded products sold by Konecranes are now sold under the Konecranes brand. SANMA-branded hoists were added to the Konecranes offering after the finalization of the acquisition of the company during 2009.

Performance in 2009

The difficult conditions affecting many markets had a negative impact on Standard Lifting's performance in 2009. Order intake fell by 39.8 percent compared to 2008, to EUR 517.0 million. Sales dropped by 21.9 percent to EUR 652.2 million. Operating profit was 65.3 MEUR and operating margin 10.0 percent, excluding restructuring costs.

Business environment in 2009

The overall demand for lifting equipment continued at a weak level throughout the year due to the poor economic climate. These difficult market conditions resulted in overcapacity, which

led to an increasing pressure on margins. Standard Lifting defended its prices, which led to slightly lower-than-anticipated volumes in some markets.

Developments in 2009

Standard Lifting extended its product offering and entered a new load handling business segment in the shape of load manipulators and aluminum rail systems. Konecranes increased its ownership in Austrian-based Konecranes Lifting Systems GmbH (former ACS Konecranes GmbH) from 49.9 percent to 80 percent and acquired the assets of the German company, Knight Europe GmbH & Co. KG. The manipulator business is closely linked to Konecranes' other areas of expertise, and the products of both companies not only complement each other, but also offer new customer and product opportunities with a high level of business potential. Konecranes Lifting Solutions and Knight Europe were consolidated into Konecranes' figures as of July.

Standard Lifting's operations were also strengthened by the finalization of the acquisition of the majority of Jiangsu Three Horses Crane Manufacture Co. Ltd (SANMA), one of China's leading hoist and crane manufacturers. Following a LOI in November 2008, the contract was signed in April 2009 and approved by the Chinese authorities in November. Through this acquisition Konecranes is able to penetrate a market segment in China that is now dominated by local suppliers. SANMA was consolidated into Konecranes' figures in November.

Konecranes took an important step into the South African market in 2009 through its acquisition of the remaining 80.5 percent of crane and service company Dynamic Crane Systems Ltd (DCS). Konecranes acquired 19.5 percent of the company's shares in 2007. This acquisition will enable Konecranes to strengthen its position in South Africa and other African markets. DCS was consolidated into Konecranes' figures as of October.

Konecranes launched several new products, applications, and features during 2009. These included sway control and automated load positioning, which are now offered as standardized options, improving crane safety and productivity. A robust, cost-effective chain hoist for workstation needs was launched for customers in emerging markets.

Key figures	Part of group total %	2009	2008	Change %
Orders received, MEUR	36	517.0	859.0	-39.8
Order book, MEUR	31	192.1	327.9	-41.4
Sales, MEUR	36	652.2	835.4	-21.9
Operating profit excluding restructuring costs, MEUR	37	65.3	140.0	-53.4
Operating margin excluding restructuring costs, %		10.0%	16.8%	
Operating profit including restructuring costs, MEUR	32	49.7	140.0	-64.5
Operating margin including restructuring costs, %		7.6%	16.8%	
Personnel	32	3,012	2,808	7.3



“A STRONG MARKET POSITION”

Load manipulators are ideal for many materials handling tasks that can't be done with cranes. Because of their flexibility, load manipulators are ideal for applications in a wide range of industries. The biggest demand for them is in the aviation, automotive, health care, and food industries.

Although load manipulators are a new product group for Konecranes, they fit very well with our other businesses, as they have the same customer base as industrial cranes. Our capacity to offer any lifting equipment needed for industrial processes is better than that of any other company. Our entire product portfolio, in combination with comprehensive solutions

that deliver true added value and maintenance services, gives us a strong market position.

Load manipulators offer a great solution in situations where a crane can't be used to handle a particular part. They're also more cost-efficient than robots. As a result, we need to focus on identifying the tough spots and bottlenecks in customers' production processes and working with customers to come up with the best solutions for eliminating them.

Martin Rothe

Director of Workstation Lifting Systems Product Line



“A SOLID REPUTATION”

Our new **Nuclear Cranes** business unit has growth opportunities across the field – in cranes, service, modernizations, and parts. As a global company, we have both the local presence to support customers on the ground and a global technical team to provide high-end solutions.

Our expertise in determining how nuclear plant maintenance can be handled most cost-effectively has given us a solid reputation. We can handle both small and very large modernization projects involving nuclear components or equipment inside and outside containment areas.

Our global system ensures that the same know-how and service is available to customers everywhere. Having a local contact is crucial for many reasons and for creating a personal relationship with customers. It's this balance between global technical know-how and local relationships that makes the difference. Trust is everything in this business and is equally essential both on the local and the global level.

Steve Waisanen

Vice President, Head of Business Unit Nuclear

Heavy Lifting

Konecranes' Business Area Heavy Lifting offers material handling solutions for all types of process industries, nuclear power plants, industries handling heavy loads, ports, intermodal terminals, shipyards, and bulk material terminals.

Heavy Lifting's electric overhead traveling process cranes are mainly used in steel and petrochemicals, power plants (including nuclear power plants), general manufacturing, waste-to-energy plants, and paper mills.

Konecranes offers a full range of products for container handling – in the shape of ship-to-shore (STS) cranes, rubber tired gantry (RTG) cranes, rail mounted gantry (RMG) cranes, straddle carriers, and reach stackers for container handling needs in ports and terminals and masted lift trucks for other heavy load handling needs. All our container handling products can be equipped with software for container positioning management and monitoring systems for equipment service needs and fleet efficiency. We also provide automated container yards with automatic stacking cranes.

For shipyards, Konecranes offers a full range of cranes up to Goliath gantry cranes for handling extremely heavy ship sections. For large bulk terminals, we offer high-capacity grab unloaders.

Performance in 2009

Heavy Lifting was impacted by the turbulence affecting markets worldwide during 2009. Although order intake increased towards the end of the year, year-on-year orders were 38.0 percent lower than in 2008, at EUR 425.1 million. Sales were 27.3 percent lower than 2008, at EUR 479.1 million. Operating profit was EUR 36.7 million and the operating margin 7.7 percent, excluding restructuring costs.

Business environment in 2009

Global demand for heavy lifting equipment, particularly in ports and shipyards, was weak during 2009, although Konecranes received a few sizeable orders for container handling equipment. Global demand was also soft in general manufacturing

and process industries. Activity in power generation-related industries was high, however, and the petrochemical industry showed signs of recovery at the end of the year.

Developments in 2009

Heavy Lifting launched a new industrial crane, known as SMARTON®, for demanding maintenance and heavy industrial use. As the crane is based on a modular design, its capabilities can easily be extended with additional features, such as automated positioning, defined working areas, maintenance monitoring, and remote service diagnostics features. The main customer segments for SMARTON® are steel handling, automotive, general manufacturing, power, workshops, automatic storage systems, and mining.

Konecranes also introduced a new 30-ton heavy-duty forklift truck offering enhanced driver ergonomics. All Konecranes lift trucks are also now offered with additional smart features such as NearGuard RFID (Radio Frequency Identification), which alerts drivers to the danger of collision with pre-defined obstacles, Tire Pressure monitoring and warning and Fleet Management System (FMS) for managing performance and positioning data.

Konecranes established a new business unit, Nuclear Cranes, covering all nuclear material handling equipment, services, and equipment modernization needed in nuclear power plants, nuclear waste and fuel processing facilities. Konecranes supplies P&H-branded nuclear safety-related equipment under its 10CFR50 Appendix "B" Nuclear quality program.

Heavy Lifting received several important orders in 2009. These included orders for close to 100 heavy EOT cranes for use in energy and steel production in China and several process cranes for mining operations in Australia, as well as two container handling orders from the US including 34 fuel-saving RTGs. Africa was an active area, with orders for both RTG cranes and lift trucks. Shipyards in China and Korea ordered design and component packages for very large Goliath gantry cranes.

The US-based activities of Morris Materials Handling selling P&H-branded products were merged with Konecranes' US business operations. P&H-branded products will continue to be offered, supported, and serviced.

Key figures

	Part of group total %	2009	2008	Change %
Orders received, MEUR	30	425.1	686.0	-38.0
Order book, MEUR	57	353.8	420.2	-15.8
Sales, MEUR	27	479.1	659.4	-27.3
Operating profit excluding restructuring costs, MEUR	21	36.7	53.6	-31.6
Operating margin excluding restructuring costs, %		7.7%	8.1%	
Operating profit including restructuring costs, MEUR	22	34.0	53.6	-36.6
Operating margin including restructuring costs, %		7.1%	8.1%	
Personnel	17	1,603	1,439	11.4

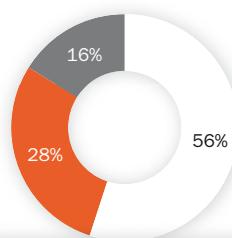
Regional overview

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 28.0 percent of sales in 2009. The US is the most developed region in terms of outsourced crane services, and around half of Konecranes' sales in the Americas are service-related.

- Largest markets: the US, Canada, and Mexico.
- Operations: employees 2,236, service locations 152. The operations of Konecranes and Morris Material Handling Inc. were merged under the Konecranes brand in 2009.
- Manufacturing: 7 plants manufacturing hoists and industrial & process cranes, including nuclear cranes
- Key brands: Konecranes, P&H/Konecranes, Stahl, and R&M.



SALES PER REGION

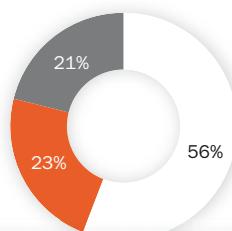
- EMEA MEUR 928.0
- AME MEUR 479.5
- APAC MEUR 263.8

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. Konecranes' main areas of business here are steel and metals, energy, and ports.

Europe, Middle East and Africa (EMEA)

EMEA is Konecranes' largest region, accounting for 56.0 percent of sales in 2009. 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.

- Operations: employees 5,533, service locations 284
- Manufacturing: 13 plants manufacturing cranes and hoists, lift trucks, and steel structures for larger cranes
- Key brands: Konecranes, Stahl, SWF, and Verlinde. The Morris brand was incorporated into the Konecranes brand in 2009.



PERSONNEL PER REGION

- EMEA 5,533
- AME 2,236
- APAC 2,013



Europe

The region includes both mature and emerging economies in terms of lifting solutions and services. The current downturn affected all EMEA markets in 2009.

- Largest markets: Germany, France, the UK, Finland, the Netherlands, Sweden, Russia, Saudi Arabia, and Egypt.

The mature markets include Western, Southern, and Northern Europe, where 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.

Konecranes has undertaken a number of initiatives to improve the efficiency of its front-line operations in these markets by consolidating branches in Germany, the UK, and Finland, and developing its service organization in Spain.

The emerging markets in Eastern Europe and Turkey have been hit by a combination of reduced export opportunities and financial constraints. As the situation returns to more normal levels, improved competitiveness and the need to continue upgrading local infrastructure are expected to bring a rapid recovery in demand for lifting equipment and services. Konecranes has continued to extend its market coverage in Eastern Europe with new service and sales locations.

Konecranes' main areas of business here are steel and metals, energy, and ports.

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: Saudi Arabia, the U.A.E., and Egypt

Africa

Demand in Africa has proved quite strong, as many countries are continuing to invest in ports and other infrastructure. Konecranes focuses on North Africa, South Africa, and growing coastal markets; and its main areas of business are ports, metals, and mining.

- Largest markets are South Africa, Morocco, and Kenya.

Asia-Pacific (APAC)

This continues to be the region which is least affected by the economic downturn. It is driven by activity in India and economic momentum in China, where government stimulus packages have benefited the key industries that Konecranes is active in. The region includes a mix of both mature markets, in Australia and Southeast Asia, and fast-growing economies in the shape of China and India. Power, paper, steel, and mining remained the most active end-user markets for Konecranes equipment in 2009.

- Operations: employees 2,013, service locations 109
- Manufacturing : 7 plants manufacturing lift trucks, steel structures and wire rope hoists, and joint ventures
- Key brands: Konecranes, Stahl, SWF, and SANMA. The acquisition of the latter company was completed during the fourth quarter of 2009.

Northeast Asia (NEA)

Northeast Asia includes three very large markets: China, South Korea, and Japan. In China, Konecranes has been the most successful global company in its business area, supplying products for the high-end segment of the market and is now capable of competing in other segments as well following the acquisition of SANMA.

- Largest markets: China, Korea, and Japan.

South Asia-Pacific (SAP)

- Largest markets: Australia, New Zealand, Singapore, Thailand, Malaysia, India, Indonesia, and Vietnam.



“UNDERSTAND EACH OF OUR CUSTOMER’S BUSINESS”

In order to optimize sales, you need to define, harmonize, and manage the whole process, from sales leads to offer, order, and delivery. Several additional functions also need to be in place, providing the right information and support – such as product development, marketing, and customer management.

Understanding our customers’ industries calls for continuous investment in building customer relations, as well as a long-term commitment to joint development. When we understand each of our customer’s business and the issues they

face, we can create solutions that will help them reach their business goals more effectively.

There’s no shortcut to successful sales. You just need to really know your customers’ business and processes first. This enables you to be proactive and match your products and services to their needs.

Tomas Myntti
Director, Market Operations

Organizational fine-tuning

Konecranes introduced a number of initiatives in 2009 to fine-tune its organization and strengthen the Group's sales management and internal cooperation. The following changes came into effect as of January 1, 2010:

- Konecranes now has two business areas instead of three: Equipment and Service. These replace Standard Lifting, Heavy Lifting, and Service. As of the beginning of 2010 Equipment and Service are the primary segments that will be used in external reporting.
- Both business areas are based on global business units. Equipment consists of five business units: Industrial Cranes, Components, Nuclear Cranes, Port Cranes, and Lift Trucks; while Service consists of Crane Service, Machine Tool Service, Port Service, Modernizations, and Parts.

All business units are represented in all geographical regions, resulting in a flexible organization with specialized local experts.

Konecranes has also redefined its internal regional organization structure:

- In internal reporting there are now five regions instead of four: Americas (AME), West Europe, Middle East and Africa (WEMEA), Nordic, East Europe and India (NEI), Northeast Asia (NEA), and South Asia-Pacific (SAP). By dividing EMEA into WEMEA and NEI, Konecranes will be able to focus its operations, particularly in the growing NEI region.

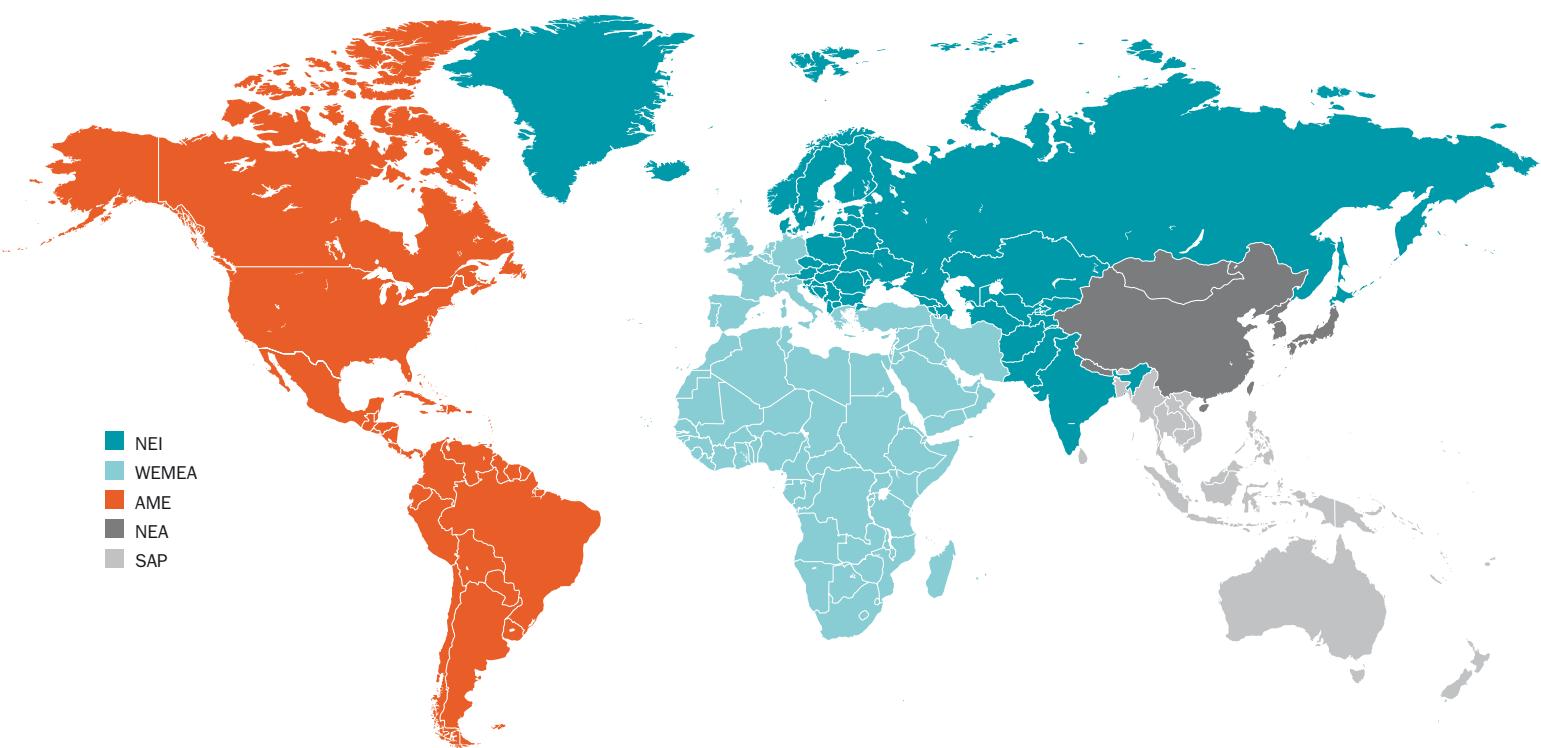
External financial reporting will continue according to the geographical reporting structure using the same secondary segments as in 2009: Americas (AME), Europe, Middle East and Africa (EMEA), consisting of WEMEA and NEI; and Asia-Pacific (APAC), consisting of NEA and SAP.

The newly established Market Operations function is responsible for sales management and sales support globally, global account management, and developing solutions marketing.

New business areas, business units and product lines

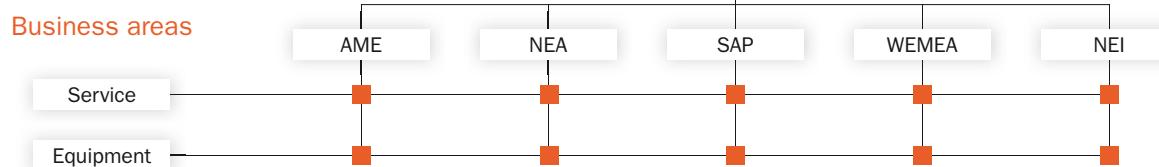
Business area	Service	Equipment
Business units		
	Crane Service	Industrial Cranes
	Port Service	• Product lines: Standard Duty Cranes, Heavy Duty Cranes and Workstation Lifting Systems
	Modernizations	Components
	Machine Tool Service (MTS)	• Product lines: Wire Rope Hoists and Crane Kits, Electric Chain Hoists, Manual Hoists and Accessories
	Parts	Nuclear Cranes
		Port Cranes
		Lift trucks

Regional structure



Business areas and market operations

Market operations



Product research and development

Product research and development plays an important role in turning our mission of "We are not just lifting things, but entire businesses" into reality. Although cost savings and adapting Konecranes' capacity to market needs were typical of 2009, we continued to invest in product development to extend our product and service offering and improve both our own productivity and that of our customers.

As the world's pioneer in lifting technology, we make innovative use of the latest technology in our equipment solutions and service offering. The Group spent EUR 22.0 million on research and product development in 2009, equivalent to 1.3 percent of net sales.

Our service contract base covers more than 360,000 pieces of equipment and represents an important source of input for product development work. Over 3,000 service personnel around the world service Konecranes-supplied equipment and that supplied by other manufacturers. Close to 1.6 million customer contacts annually give us an excellent opportunity to understand the real-life needs of our customers.

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. To further enhance our capabilities here, we streamlined our operations in this area in 2009.

Modularity brings a new dimension to product design

Konecranes' product development launched an extensive product project driven by parallel design work in 2009. The Konecranes SMARTON® industrial crane project brought together the company's best know-how in service, sales, procurement, production, and product development around the same table from the brainstorming stage onwards. We also collected input and experience from customers to provide additional ideas.

The cranes in the new product family are built from standard modules, which shortens manufacturing time compared to traditional customized production and makes large-scale production possible.

The numerous patentable innovations generated as part of the project are a good example of what good teamwork can achieve and provide our customers with the kind of added value they want. The folding maintenance platform incorporated into a SMARTON® crane, for example, makes units compact and helps customers save on construction and heating costs. The system's digital control technology provides very accurate control and virtually eliminates shock loads, giving operators a much smoother user experience. A remote connection to Konecranes' Service Center ensures that detailed, up-to-date data is available on crane operations and helps eliminate unplanned service breaks and the downtime that results.

The main applications for SMARTON® are steel, automotive, general manufacturing, power, workshops, automated warehouse systems, and mining. Depending on the set-up, the SMARTON® can lift from 30 tons to more than 500 tons.

Safety and environmental issues are always paramount

In addition to cutting-edge technology, safety is always a key area of focus for Konecranes' research and product development work. Our SMARTON® cranes, for example, not only eliminate shock loads, but also offer anti-sway features as standard to improve user safety.

Environmental issues also play an important role and are taken into account throughout the life cycles of Konecranes' products. Particular attention is given to things such as efficient material usage, recyclability, and energy efficiency. Over 98 percent of the materials used in a typical crane supplied by Konecranes is recyclable, and many of our products lead the field in efficient space usage.

Energy-saving frequency converter technology comes as standard with Konecranes equipment and enables up to 70 percent of braking energy to be fed back into the network. Thanks to the modular structure of our equipment, we can produce components close to our customers and reduce transport-related environmental impact.

Modern design and visuals

Industrial design forms an important part of the product design process, and a distinctive Konecranes design helps set our products apart from those of our competitors. High standards of industrial design also allow us to incorporate greater efficiency, user-friendliness, cost savings, and new materials into our products.

We gave greater emphasis to industrial design during 2009 by setting up a dedicated team within the Product Development unit. We published the principles and guidelines behind our approach to design in April 2009, and a new corporate Design Steering Team has been established to ensure that we remain at the front of the field in design-related issues.

Innovation through cooperation

In addition to in-house research and development work, Konecranes works closely with its customers, research institutions, and universities. Thorough product testing at our own facilities and those of our partners forms an integral part of development work. We continue to be an attractive employer for talented young people, and many of the students who do their diploma theses at Konecranes go on to pursue careers with us after graduation.



“ALL THESE SMART SOLUTIONS CAN SAVE CUSTOMERS MONEY”

Konecranes moved from selling products to selling solutions some time ago. We're now taking this process one step further and selling smart solutions that include software and automation to give customers the highest lifecycle value.

Konecranes' smart solutions are already in use at over 1,000 locations and typically pay themselves back in a matter of months. All these smart solutions can save customers money in situations where operating speed is important or when they need to work with dangerous loads – whether we're talking about Sway Control, which prevents loads from swaying

automatically, Protected Areas, which is used to preset crane working areas, or Auto-positioning, which moves cranes quickly to chosen positions at the push of a button.

People like to talk about making money during good times, and how best to save it during bad times. It makes more sense, I think, to talk about making money and saving money all the time!

Steve Gagnuss

General Manager, Industrial Cranes, Southeast Asia

Product overview



Service and modernization

activities are focused on maximizing the availability and productivity of customers' equipment, while minimizing the cost of ownership. We offer five levels of service partnership: 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 of a single machine to total partnership agreements, under which we take care of all the equipment used by a customer.



Industrial cranes

feature Konecranes' CXT hoist and have lifting capacities up to 100 tons. They are typically used in automotive and general manufacturing, construction, renewable energy, and the aircraft assembly and petrochemical industries.



Process cranes

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



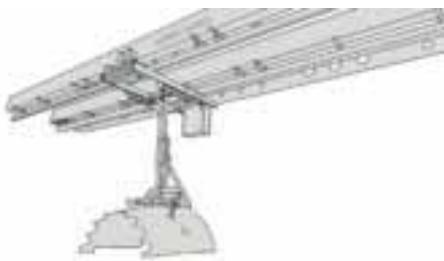
Light lifting systems

offer ergonomic handling for loads up to 7,500 kg. Typical customers include small manufacturing workshops, automotive, aircraft assembly, renewable energy producers, and companies in the petrochemical and electronics industries.



Nuclear cranes

are used for all types of applications, from lifting reactor heads to handling nuclear fuel. These cranes are used in nuclear power plants, radioactive waste facilities, as well as in the production of nuclear fuel. Konecranes supplies P&H-branded nuclear safety-related equipment under its 10CFR50 Appendix "B" Nuclear quality program.



Load manipulators

are designed for challenging material handling applications and can handle loads up to 2,000 kg. They are typically used in the aviation, automotive, health care, solar energy, food, and electronics industries.



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.



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.



Reachstackers

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



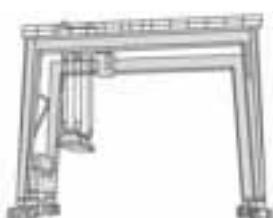
Goliath shipyard cranes

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



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.

Brands

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



Corporate responsibility

For Konecranes, corporate responsibility means striving to act responsibly in raising the value of our shareholders' investment whilst respecting our personnel, the environment and the societies in which we operate. Our values and industry leadership require us to act responsibly and according to the principles of sustainable development.

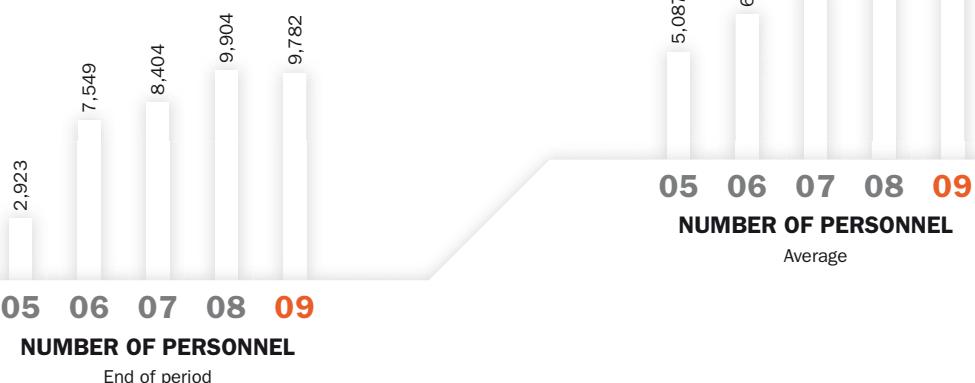
A Corporate Responsibility Steering Group was established in 2009 to foster discussion on corporate responsibility issues and oversee management in these areas. The group includes senior managers and representatives from business areas, production, product development, human resources, and legal affairs.

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 and the UN Global Compact, and have incorporated their principles into our ethical operating guidelines. We have also published specific sets of guidelines covering areas such as safety and the environment.

Corporate responsibility encompasses financial, social, and environment 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 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 36–37.

We have included a section on corporate responsibility in previous Annual Reports, but have now extended the scope of our reporting and clarified our approach in this area for the 2009 Annual Report. We will continue to include reporting as part of the Annual Report because we believe that our performance in this area is closely linked to our day-to-day operations. 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, and our aim is to extend its scope and detail further in future years. The businesses acquired during 2009 are not included, however. The indicators that we have selected have been chosen because they are the most relevant in terms of our operations and to our stakeholders. The data behind these indicators has been collected from our management systems, supplemented with information collected separately. Some of the data included here has been scaled up to provide an overall view of our performance, which could result in inaccuracies in some figures.



We aim to be profitable and competitive

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

For us, financial responsibility means ensuring that Konecranes is profitable and competitive over the long term. Fulfilling our shareholders' profit expectations is the best way we can promote the goals of our other stakeholders. A good financial result is essential for continued business as well as for ensuring sufficient resources for environmental management and for dealing with social issues, for example.

In accordance with our financial responsibilities we supply our customers with high quality products, solutions and service that improve their activities. For us, the deepening integration between our customers and our company means planning joint business strategies. Both sides have benefited from this in the form of improved information and less uncertainty, more effective financial planning and better management of the supply chain. When all this has been achieved, the result is a more satisfied customer.

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

Safety remains paramount

Safety is the first and most important key area of Konecranes' operations. Our safety policy is based on the belief that no one at Konecranes should compromise safety in any area of our business. We want to offer our personnel a safe workplace and the safest and most reliable products and services for our customers. Safety is always the top priority on our agenda, and we encourage our personnel to take a proactive approach to improving safety in every area. We have focused on occupational and product safety in particular over the last few years.

We use a number of indicators to monitor our occupational safety performance. Locally, we monitor the number of safety inspection tours carried out at sites and locations, improvement measures, and safety-related incidents; and globally our LTA (Lost Time Accident) frequency. All accidents and near misses are investigated, and action plans are drawn up on the basis

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 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 this way 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 whom there are multiple ways and channels for dialogue.

of our findings to prevent similar events recurring. Our ongoing goal is a zero-accident workplace. By using efficient risk assessment, we aim to minimize the occupational safety and health risks faced by our personnel, stakeholders, and customers. Comprehensive, high-quality safety training plays a central role here, and our minimum requirement is that everyone takes part in basic occupational safety training regularly.

Cooperation between personnel involved in safety, environment, and quality management was strengthened significantly in 2009. We continued building a global safety network and harmonizing operating procedures Group-wide. Globally, Konecranes now has around 20 safety managers and numerous occupational safety representatives. Ultimately, however, each and every one of our employees is responsible for maintaining and promoting safety. The duty of safety personnel is to assist and advise the operational organization and our functions.

We continued to implement procedures in line with our safety management principles, and carried out internal safety auditing across the Group. Our safety management principles follow the requirements of the OHSAS 18001 standard, and some country service organizations have already certified their systems to this standard.

We introduced a web-based accident and near miss reporting tool in 2009, piloting it in Finland in the spring. The intention is to extend its use globally during 2010. The tool is designed to provide us with a more efficient and open means of sharing information on accidents and near misses. At the end of the year, we organized our first Konecranes HSEQ (Health, Safety, Environment, Quality) seminar as part of efforts to further strengthen networking in these areas.

Despite the positive progress that we have made in developing people's mindsets, proactive ways of working, and safety awareness, two fatal work-related accidents occurred in 2009.

Globally, we have monitored accident frequency levels since 2008, results show improvement in safety.

Lost Time Accident Frequency

Business area	LTA1
Konecranes total	13
Heavy Lifting	12
Standard Lifting	12
Service	15

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

This indicator measures the number of accidents per million hours worked. Accident figures include all accidents that take place at work and during work-related travel resulting in sick leave.

We want to be recognized for our people

'Trust in People' is one of our three corporate values, and we want to be recognized for employing the best people. We at Konecranes believe that a company is only as good as its personnel.

Acting more concertedly as one company is becoming increasingly important to our success in the global marketplace. As a result, we must continue to promote the spread of best practices across the Group and develop a more integrated and clearer organizational structure. We went through a major organizational change process in 2009 designed to strengthen sales management in particular and promote greater cooperation between geographical regions, business areas, and business units.

As a result of the lower demand levels resulting from the ongoing global recession, we had to make some reductions in our production capacity and personnel. This included reducing the use of hired personnel and temporarily employed, and we also held statutory negotiations at a number of our units. We also ended some subcontracting arrangements, bringing production back in-house, and announced closures of manufacturing sites in Germany, Great Britain and the US. The goal has been to adapt our cost structure and resources to match the weaker market situation and secure our long-term competitiveness. The Group's overall number of personnel decreased by almost 1,500 during the year.

Measuring job satisfaction is important

Global job satisfaction surveys are an important tool and indicator for Konecranes. We carried out our third survey in 2009, and the data this provided enabled us to compare our performance to that recorded in the two previous ones and that of other companies.

The higher response rate achieved in 2009, 70 percent Group-wide, was encouraging, and the results showed that we have improved performance in virtually all the areas surveyed compared to previous years. Although employees' perception of us as an employer was weaker, it continues to be very positive compared to comparable companies.

In terms of job satisfaction and commitment, and Konecranes management index, we scored higher than the global norm. The survey confirms that our personnel are more motivated and more committed to their work than those of other companies



on average. Konecranes personnel see their jobs as challenging and interesting.

Feedback from the study has been used to improve internal cooperation and working practices. Despite the cost-saving measures introduced in 2009, Konecranes has continued to invest in training, and our training programs received a higher rating in the study in 2009 than in previous years.

The results of employee satisfaction surveys have also been used to enhance teamwork. All managers and supervisors are responsible for reviewing performance with their team members, and individuals have the opportunity to discuss how their teams are performing and any improvement measures needed. Managers are also required to draw up action plan reports, which are included in the annual planning process. Progress will be monitored and reported on in 2010.

Development discussions help everyone plan for the future

Every employee at Konecranes is entitled and required to hold annual development discussions with their manager or supervisor. Although these are always one-on-one, the goals and personal development plans discussed at these meetings, such as training needs, career development wishes, and interest in job rotation, are entered into the Group's skills database.

We gave particular emphasis to the importance of development discussions in 2009, and this was reflected in the

fact that 77 percent of respondents in the employee satisfaction survey indicated that they had had a development discussion with their manager or supervisor during the previous 12 months. This compares to a figure of 50 percent in 2008. The value of development discussions is also highlighted by the fact that personnel who have taken part in these discussions say that they are more satisfied with all aspects of their work than those who have not, according to the survey.

Sharing best practices through a global environmental network

Environmental issues play an important role in the operations and decision-making of all of Konecranes' business areas and units. Particular attention in 2009 was given to developing a global environmental network and sharing best practices across the Group. Defining key environmental indicators and developing environmental reporting were also prioritized.

Material and raw material usage and energy consumption, related both to the products we manufacture and our operations, are among the most important environmental aspects of Konecranes' operations. Our approach in environmental work is based on life cycle thinking. We are committed to offering our customers products that are energy-efficient and compact in terms of space usage. It is also important for us that over 98 percent of the materials in a typical crane supplied by Konecranes is recyclable.

We strive to make efficient use of raw materials and other resources, reduce emissions, and promote energy efficiency as part of our operations. During 2009, we paid particular attention to identifying our carbon footprint and ensuring that waste and chemicals are always handled appropriately. Promoting environmental awareness among both Konecranes personnel and our partners is a priority.

During 2009, we defined an environmental program for the next few years. The main points of the program include:

- Identifying opportunities: developing eco-efficient systems and services
- Minimizing risks: systematic environmental management
- Maximizing benefits: GRI reporting and increasing internal and external information flows.

Corporate responsibility as part of product development

Climate change is recognized as the most important environmental concern at the moment, and Konecranes is addressing the issue primarily through energy efficiency, as reflected in the amount of electricity, heat, and fuel used in our operations and products.

Product development teams are responsible for ensuring that Konecranes products are the market leaders in their field,

from an environmental standpoint as much as any other. Issues such as energy consumption and efficient use of space are taken into account in every stage of product development work. Environmental thinking also forms an integral part of production, packaging, and logistics planning.

We introduced new tools, such as video and web conferencing, in our internal communications in 2009 – and these are expected to enable us to cut work-related travel by as much as 40 percent by 2012, reducing our carbon footprint and other travel-related environmental impact.

We expect high standards of our partners

Konecranes' corporate procurement organization developed new routines and common goals for the purchasing processes used across the company in 2009. One of our most important principles here is that we only work with subcontractors and suppliers that follow our operating approach or operate according to equivalent standards.

We defined a review and audit process for Konecranes' subcontractors in 2009 based on a common set of requirements applicable to all our subcontracting partners. Over 80 people have been trained to use the new system and we have already audited tens of subcontractors.

Environmental data for 2009

Energy consumption and emissions

Scope 1, energy consumption and direct emissions	Vehicle fleet fuel consumption, l	28,911,000
	Natural gas consumption, m ³	7,499,600
	Direct emissions, tCO ₂ e	94,000
Scope 2, energy consumption and indirect emissions	Electricity consumption, MWh	102,300
	District heat consumption, MWh	39,000
	Indirect emissions, tCO ₂ e	52,000
Scope 3, other indirect emissions	Business travel, tCO ₂ e	27,500
	Commuting to work, tCO ₂ e	24,000

Waste (tons)

Metal scrap ⁽¹⁾	9,000
Cardboard, paper and wood ⁽¹⁾	7,000
Hazardous and electronic and electrical waste ⁽²⁾	1,300
Mixed waste ⁽³⁾	900

Total numbers extrapolated based on data collected from majority of manufacturing locations and major service units.

⁽¹⁾ Waste streams go for recycling

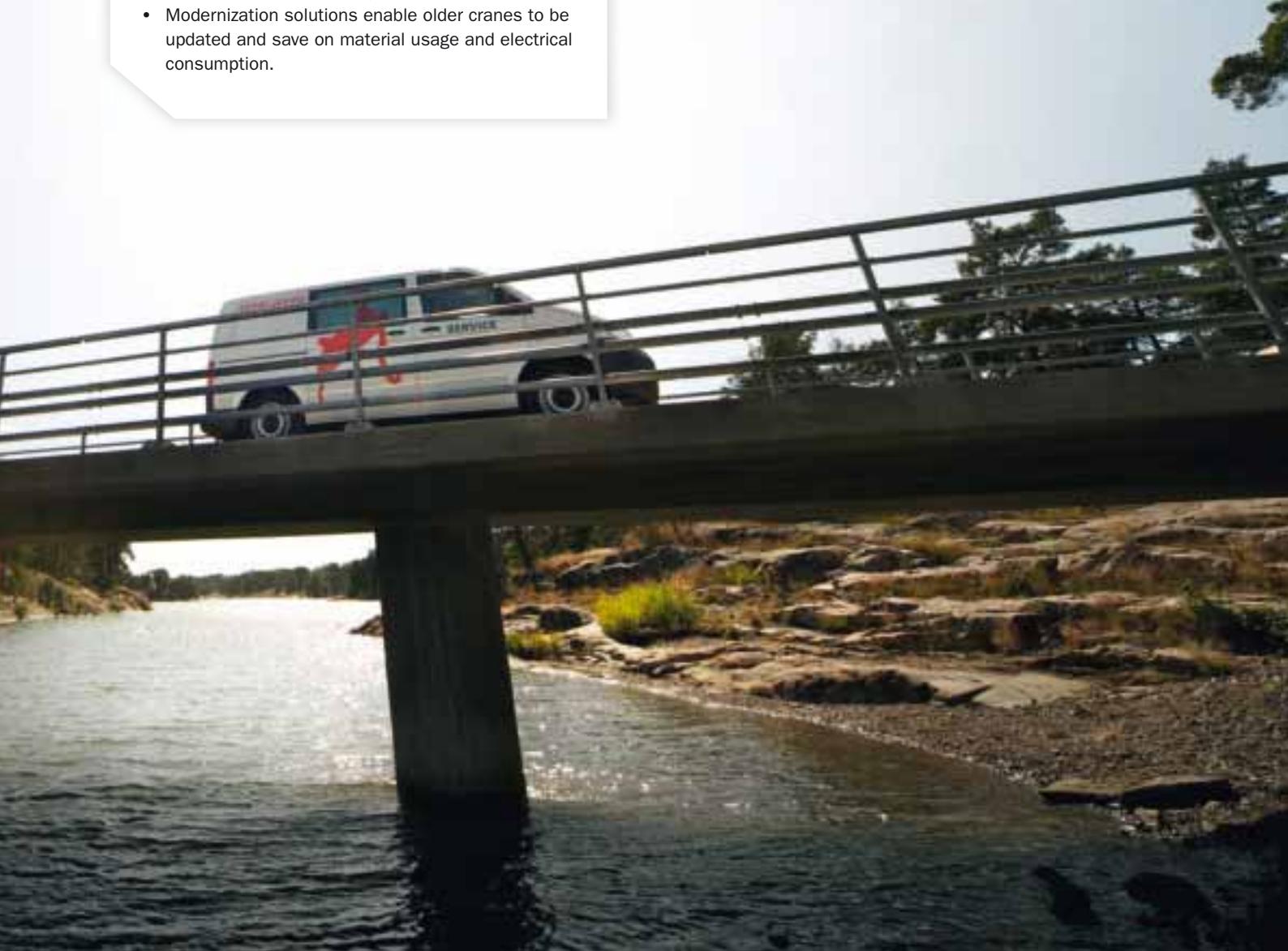
⁽²⁾ Waste stream handling split into recycling, incineration and other adequate treatments depending on location

⁽³⁾ Waste stream handling split into recycling, incineration and landfill depending on location

High standards of environmental performance

We offer environmentally conscious solutions and designs in the majority of our product segments. The following are just a few examples of the high standards of environmental performance we provide:

- Our port cranes and container handling products are fitted with numerous fuel-saving and emission-reduction technologies, either as standard or as options. These help reduce fuel consumption, enhance performance, and cut emissions.
- Process crane space-saving solutions have a direct impact on the customer's space needs and in new buildings on the amount of energy needed for air-conditioning and heating.
- The feed-back of braking energy can reduce energy consumption and costs by up to one third.
- Modernization solutions enable older cranes to be updated and save on material usage and electrical consumption.



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HR 2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	34	Partly covered
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SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	49	Partly covered
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Corporate governance

Konecranes Plc (Konecranes, Company) is a Finnish public limited liability company, which complies with the Finnish Companies Act, Konecranes' Articles of Association, and other regulations concerning public companies in its decision-making and administration. As a publicly listed company, Konecranes is bound by the rules of the NASDAQ OMX Helsinki Ltd.

As of January 1, 2009, Konecranes has complied with the Finnish Corporate Governance Code issued by the Board of the Securities Market Association. Based on the Code, which can be consulted at www.cgfinland.fi, Konecranes has issued a Corporate Governance Statement. See www.konecranes.com for details.

General meetings

The General Meeting of Shareholders is the highest decision-making body of Konecranes. Shareholders exercise their right of supervision and control at General Meetings. An Annual General Meeting (AGM) of shareholders must be held during each financial year before the end of June. Extraordinary General Meetings (EGM) may be convened whenever necessary.

Shareholders exercise their rights of vote and action at General Meetings. 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 the Board members. Konecranes' Articles of Association can be consulted in the Corporate Governance section at www.konecranes.com.

Decisions made at General Meetings are published as stock exchange releases and on the Company's website immediately after meetings.

Advance information to shareholders

The Board of Directors (Board) shall convene an AGM or Extraordinary General Meeting by publishing a notice in two national newspapers, listing the matters to be discussed. A notice to the General Meeting, together with related advance information, will be published on the Company's website latest 21 days prior to a meeting. Invitations are also issued through a stock exchange release and are posted on the Company's website. The complete proposals to be made by the Board and its Committees to the Annual General Meeting or to an Extraordinary General Meeting are posted on the Company's website as well latest 21 days prior to a meeting.

Attendance of shareholders

In order to be entitled to attend a Shareholders' Meeting (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 holder of nominee-registered shares wishing to participate in a Shareholders Meeting shall notify their request for temporary inclusion in the Company's shareholders' register to participate at a General Meeting. A holder of nominee-registered shares can participate in a General Meeting if he/she, on the basis of his/her shareholding, is entitled to be recorded in the shareholders' register on the record date of the General Meeting concerned. 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 Shareholders' 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.

A shareholder may participate in the Shareholders' 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. 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.

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

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 2009 was held on March 12, 2009 in Hyvinkää, Finland. A total of 461 shareholders representing approximately 36.9 percent of votes participated either in person or by proxy. In addition, an Extraordinary Gen-

eral Meeting was held on August 31, 2009. A total of 375 shareholders representing approximately 46.6 percent of votes participated in the EGM in person or by proxy.

Board of Directors

Charter of the Board of Directors

The Charter of the Board of Directors of Konecranes Plc governs the work of the Board and forms an integral part of Konecranes' corporate governance framework. 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 of the Board of Directors of Konecranes Plc can be consulted in the Corporate Governance section at www.konecranes.com.

Responsibilities

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 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. According to the Articles of Association, the Board shall have a minimum

of five (5) and a maximum of eight (8) members, who shall be elected at each AGM for a term of one (1) year. The Board elects a Chairman from among its members.

Candidate Board members shall 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 Board of Directors consisted of eight (8) members in 2009:

Mr. Svante Adde,
Mr. Tomas Billing (as of March 12, 2009)
Mr. Kim Gran,
Mr. Stig Gustavson (Chairman),
Mr. Tapani Järvinen (as of March 12, 2009),
Mr. Matti Kavetvuo,
Ms. Malin Persson,
Mr. Mikael Silvennoinen.

Mr. Björn Savén (Vice Chairman until March 12, 2009)
Mr. Timo Poranen (until March 12, 2009)

Biographical details of the Board of Directors are presented on pages 56–57 and can also be found at www.konecranes.com.

Independence of the Board of Directors

Under the Finnish Corporate Governance Code, the majority of directors shall be independent of the Company and not have an interdependent relationship with 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. Based on the overall evaluation, the Chairman of the Board, Mr. Stig Gustavson, is deemed dependent on the Company, as he has been a non-executive director for more than 12 years and is a significant shareholder and therefore not independent under the terms of the Corporate Governance Code.

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 (see 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 Board shall meet as often as necessary to properly discharge its responsibilities. There shall be approximately eight regular meetings a year.

The Board convened 10 times in 2009, and the average attendance of members at meetings was 97.5 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 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 combined Nomination and Compensation Committee, both of which were first formed in 2004.

The Audit Committee

The Board shall appoint an Audit Committee from among its members to assist the Board in its responsibilities relating to the appropriate arrangement of the control of the Company's accounts and finances pursuant to the Companies Act. The Committee's tasks and responsibilities are defined in the Charter (see www.konecranes.com), which is based on a Board resolution as part of the Company's corporate governance principles.

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 12, 2009, the Board's Audit Committee comprised four (4) members:

Mr. Svante Adde (Chairman),
Mr. Kim Gran (member),
Mr. Tapani Järvinen (member),
Mr. Mikael Silvennoinen (member).

Mr. Matti Kavetvuo (member until March 12, 2009).

All members of the Audit Committee are deemed to be independent of the Company's major shareholders.

The Audit Committee convened 5 times in 2009, and the average attendance of members at meetings was 80 percent.

Nomination and Compensation Committee

The Board shall appoint a combined Nomination and Compensation Committee from among its members, which shall assist the Board in its responsibilities. The Committee's tasks and responsibilities are defined in a Charter (see www.konecranes.com), which is based on a Board resolution as part of the Company's corporate governance principles.

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 12, 2009, the Board's Nomination and Compensation Committee comprised four (4) members:

Mr. Matti Kavetvuo (Chairman),
Mr. Tomas Billing (member),
Mr. Stig Gustavson (member),
Ms. Malin Persson (member).

Mr. Björn Saven (Chairman until March 12, 2009).
Mr. Timo Poranen (member until March 12, 2009).

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 major shareholders.

The Nomination and Compensation Committee convened 4 times in 2009, and the average attendance of members at meetings was 100 percent.

Fees paid to the Board of Directors

The eight members of Konecranes' Board of Directors, none of whom are Company employees, were paid a total of EUR 380,000 for the financial period that ended December 31, 2009.

The members of the Board of Directors were paid the following fees in 2009:

- Chairman of the Board, EUR 100,000
- Other Board members, EUR 40,000

In addition, EUR 1,500 was paid for attending Board Committee meetings.

Board members were also recompensed for their travel expenses.

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 Chairman. The 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 must ensure that the Company's accounting practices comply with the law and that financial matters are handled 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 & CEO's Contract

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

Group management

Konecranes fine-tuned its operational organization in 2009. Until the beginning of September 2009, the President and CEO, Business Area Executive Vice Presidents, Region Senior Vice Presidents, and Group Staff Vice Presidents formed Konecranes' Group Executive Board (GXB). From September 1, 2009 onwards, Konecranes has a two-tiered management structure consisting of the Group Executive Board and an Extended Management Team.

Konecranes strengthened its sales management structure as of the same date with the establishment of a Market Opera-

tions function. As part of this, Konecranes' regional organizations now report to the head of the Market Operations function. The new organization took effect as of September 1, 2009. External reporting on the Company's geographical regions remains unchanged.

In addition, Konecranes has decided on a new structure for its Regions which was introduced as of January 1, 2010. The five new Regions are Western Europe, Middle East and Africa; Nordic, Eastern Europe and India; Americas; North East Asia; and Southeast Asia Pacific.

In external reporting Konecranes continues to report three geographical areas: Europe, Middle-East and Africa (EMEA), Americas (AME) and Asia-Pacific (APAC).

Group Executive Board

As of September 1, 2009, 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 GXB 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 members of the Group Executive Board, 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 and 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. Pekka Päkkilä, Senior Vice President, Nordic, Eastern Europe and India
Mr. Tom Sothard, Senior Vice President, Americas
Mr. Ryan Flynn, Senior Vice President, Northeast Asia
Mr. Edward Yakos, Senior Vice President, Southeast Asia Pacific
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 (as of December 3, 2009)

The EMT will focus on a systematic review of the progress of strategy development and implementation.

Business Areas are headed by an Executive Vice President. Business Areas should not be seen as independent divisions, rather their 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 (five as of 2010) Regional Senior Vice Presidents 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 four times 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 have their own management teams that convene on a regular basis.

Regional Executive Boards, drawing their members from Business Area Executive Vice Presidents and Regional Senior

Vice Presidents together with relevant senior managers, convene twice a year.

Konecranes' Group Executive Board convened seven times until the end of August 2009, and the new Group Executive Board four times during 2009. The Extended Management Team convened once during 2009.

More information on the salaries and remuneration paid to the Group Executive Board, the Extended Management Team, and the President and CEO can be found in the Financial Review on page 85 and available at www.konecranes.com. Biographical details of Group Executive Board members and Extended Management Team members are presented on pages 52–55 and can also be consulted at www.konecranes.com.

Technology, IT and Procurement Boards

The Technology Board is chaired by the President and CEO, and comprises Business Area Executive Vice Presidents, the Chief Technology Officer, key R&D personnel, relevant Group staff members, as well as representatives from Business Areas and business functions. The Technology Board normally convenes on a monthly basis to assist Business Areas and business functions in matters relating to R&D and quality.

The management of IT-related matters is handled by the Information Technology Board, which comprises Business Area Executive Vice Presidents, the Chief Information Officer, the Chief Technology Officer, together with other relevant IT, staff, and expert members. The Board is chaired by the Group's President and CEO and convenes four times a year.

The Procurement Board is chaired by the Chief Procurement Officer and gives guidance on and approves overall procurement policy, strategy, objectives, and direction, and establishes controls for procurement.

Although the Technology, IT, and Procurement Boards have no official statutory position based on the Company's Articles of Association, they play an important role in planning and developing products and business processes.

Compensation

Board of Directors

The remuneration packages for Board members are resolved by the AGM on the basis of a proposal made by the Nomination and Compensation Committee. Non-executive members of the Board of Directors do not receive stock options. Board members employed by Konecranes do not receive separate compensation for their Board membership.

Total compensation to the Board of Directors

	2009	2009	2008	2008
	Total compensation, EUR	Number of shares as part of compensation	Total compensation, EUR	Number of shares as part of compensation
Chairman of the Board	116,600	2,402	101,500	1,700
Board members	348,300	3,844	330,100	4,074
TOTAL	464,900	6,246	431,600	5,774

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.

On December 15, 2006, the Board of Directors approved a long-term incentive scheme for President and CEO Pekka Lundmark. The incentive scheme was implemented by disposing of Konecranes shares in the Company's possession on the basis of the authorization granted to the Board of Directors by the AGM on March 8, 2006. Pursuant to the incentive scheme, a total of 100,000 Company shares were sold to the Managing Director in December 2006 and January 2007 on terms and conditions defined in the terms of subscription. The shares sold are subject to a five-year transfer restriction. As part of the program, the Company paid a separate bonus to Pekka Lundmark to cover the taxes levied as a result of the arrangement.

The purpose of the incentive scheme is to motivate the Managing Director to contribute in the best possible manner to the long-term success of the Company and increased shareholder value for all shareholders. The agreed price per share of 12 euros corresponded approximately to the average share price during the period that Mr. Lundmark had been CEO of the Company prior to approval of the incentive scheme.

In connection with Konecranes' new executive incentive program established in May 2009, the five-year transfer restriction relating to these shares has been amended, granting the President and CEO the right to divest these shares on the market, provided that an agreed amount of the funds so received will be invested in KCR Management Oy (see page 44).

Salary, bonus, and fringe benefits paid to the President and CEO, 2008–2009

	2009	2008
Salary and benefits, EUR	382,938	357,387
Bonus, EUR	198,000	186,000
Option rights owned (# of options)	154,000	114,000
Shares owned (# of shares)	180,000	280,000
Shares owned indirectly through KCR Management Oy (# of shares)	144,437	
Retirement age	60 years	60 years
Target pension level	60%	60%
Period of notice	6 months	
Severance payment	18 months salary and fringe benefits	

Group Management

The Nomination and Compensation Committee reviews and issues guidelines for Group compensation policies. The Committee also confirms compensation packages for Group Executive Board members who report directly to the President and CEO. Compensation 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.

Salary, bonus, and fringe benefits paid to the Extended Management Team, excluding the President and CEO, 2008–2009

	2009	2008
Salary and benefits, EUR	2,557,089	2,379,208
Bonus, EUR	649,355	537,525
Option rights owned (# of options)	964,200	870,200
Shares owned (# of shares)	276,018	255,650
Shares owned indirectly through KCR Management Oy (# of shares)	373,259	0

KCR Management Oy/Group Executives' Incentive program

The Board of Directors of the Konecranes Group has approved an executive incentive program to enable Group Executives to invest in Company shares. For the purposes of share ownership, executive management has established a management-owned company known as KCR Management Oy. The members of the Board of Directors of Konecranes Plc are not shareholders in the company. KCR Management Oy has acquired a total of 517,696 Konecranes Plc shares from the market, financing these purchases through capital investments made by executives totaling EUR 1.3 million and a loan of roughly EUR 7.1 million provided by Konecranes Plc. The purpose of this arrangement is to commit the executives to the Company by encouraging them to acquire and own Company shares. The Board of Directors sees this as a way of increasing management's commitment to long-term shareholder value.

The arrangement will remain in force until fall 2012, at which time the intention is to dissolve it. Any transfer of Konecranes Plc shares held by KCR Management Oy prior to that time is subject to restrictions. Executives holding KCR Management Oy shares may not dispose of their holding before the termination of the program.

The arrangement extends and continues the incentive scheme provided to the President and CEO of the Company in December 2006, whereby a total of 100,000 shares were sold to the President and CEO. In connection with the establishment of the new arrangement, the five-year transfer restriction relating to these shares has been amended, enabling the President

and CEO to divest these shares on the market, provided that the funds so received are invested in KCR Management Oy.

The members of the Extended Management Team at the time the arrangement was established participated in the program.

Stock Options

The Company has issued stock option plans for its key employees, including top and middle management, and employees in certain expert positions. A summary of the ongoing Konecranes stock option plans can be found on page 94. Stock option plans require a corresponding resolution by a General Meeting, and all plans have been unanimously 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 2001B, 2007A, 2007B, and 2009A. Stock Option 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 2009B and 2009C have been approved by the AGM 2009, but have not yet been distributed according to the terms of the 2009 stock option plan. Based on outstanding stock option plans, a total of 2,773,400 stock options were unsubscribed on December 31, 2009.

As of the end of 2009, approximately 180 employees were part of the Group's stock option plans. More information on stock options can be found on page 122 in the Shares and Shareholders section and on page 121 under Share information.

Auditor

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. Roger Reijström served as Principal Auditor in 2009. Ernst & Young Oy and its affiliated audit companies received EUR 1,493,000 in fees for auditing Konecranes Group companies in 2009, and fees of EUR 514,000 for non-audit services.

Insiders

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. 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 and Company-specific insider registers in Euroclear Finland Ltd. SIRE system.

Konecranes Public Insiders are listed on the Company's website at www.konecranes.com. Konecranes Public Insiders' share and option holdings can be consulted using the NetSire register.

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.

Konecranes updated its risk management priorities in 2009 to take account of market risks related to declining demand for products and services. Issues related to top-line defense and adjusting capacity to actual sales were among those areas addressed.

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 its 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 demand for certain products by maintaining a diverse customer base and offering a wide range of products and services.

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 operations have 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 protects its trademarks as well.

Konecranes introduced several eco-efficient product enhancements in 2009 giving customers substantial energy savings. The serviceability and operation of Konecranes products were enhanced by various revolutionary structural changes made to some traditional lifting components. Market penetration was extended via new products and technologies such as load manipulators that have been developed in-house or acquired.

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, 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 developing areas than the global average; and Konecranes will continue its efforts to expand its presence in these areas.

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.

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 was one of the key focus areas of personnel management in 2009.

2009 was a challenging year and unfortunately some lay-offs could not be avoided. The continuing retirement of skilled personnel challenged Konecranes to enhance the transfer of tacit knowledge and skills to younger professionals. Konecranes continued to invest in training and enhanced the availability and communication of its training options. Appraisal discussion with superiors, opportunities for influencing one's work, job rotation, and new career opportunities both locally and globally were emphasized. The annual employee satisfaction survey indicate that these measures continue to have a substantial and favorable effect on employee satisfaction and Konecranes' image as preferred employer, while also increasing productivity.

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 fine-tuned its acquisition process during 2009 and further developed its due diligence framework to meet the needs of changes in the acquisition marketplace. This will enable Konecranes to analyze the opportunities and risks of mergers and acquisitions more effectively in the future.

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 decentralized production of some key components that have traditionally been produced at only one location. The safety, security, and functionality of key facilities were improved during 2009. A water mist fire protection system was installed at an existing critical production facility, for example, and a new electrics plant built in Finland. To maintain operational efficiency during uncertain times, increased attention was paid to capacity optimization and global distribution, particularly in the area of inventory management.

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.

Konecranes' global procurement organization developed new global procurement models and ramped up operational processes and practices during 2009. Key supplier assessments, training programs for procurement partners, new procurement processes, and a standardized language for purchase agreements produced material benefits, while systematically mitigating some of the recognized key risks and challenges.

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.

The global quality organization was restructured in 2009 with the introduction of Quality Improvement Process teams and dedicated quality managers. This enhanced the visibility of product and process quality and resulted in faster and more efficient corrective actions. The logistic supply chain, for example, has been able to improve quality by ensuring that global crane component package deliveries are completed according to order specifications and are delivered on-time to the appropriate destination.

Cooperation between product development, sales, production, services, business units, and regions has been further streamlined and developed to promote high-quality products, high usability, safety, reliability, and ease of maintenance. The importance of quality issues and high-quality work at all levels of the organization is stressed in all Konecranes training.

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 single supplier dependency.

The current economic situation has seen Konecranes pay increased attention to the financial status of its key suppliers. While some risks have increased in this area, a number of new opportunities have also emerged.

IT risks

Konecranes IT is responsible for all IT services, applications, and assets used by Group companies, brands, and countries. Konecranes divides IT into shared services, business-specific activities, and local solutions. Konecranes' operations depend on the availability, reliability, quality, confidentiality, and integrity of information. Any and all information security problems and incidents may affect business performance adversely. Fragmentation of IT systems may reduce the accessibility and visibility of Group wide data and thus slow down the implementation

of the Group strategic initiatives for instance in geographical footprint expansion, process harmonization or integration of acquired businesses.

Konecranes uses reliable IT solutions and employs efficient information 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 continued to focus efforts on harmonizing and developing IT services for end-user devices, business applications, and data centers during 2009. Continuous development of the Group's IT operational model enables Konecranes to concentrate its resources on strategic IT focus areas while buying standardized services from competitive global suppliers. Konecranes utilizes best-in-breed capabilities, globally scalable platforms, and service-based IT solutions to achieve a well-functioning IT infrastructure. These activities have generated substantial efficiency gains and resulted in higher-quality IT services and reduced some recognized IT risks.

Contract and product liability risks

Konecranes can be subject to various legal actions, claims, and other proceedings in various countries typical for a company in this industry and consistent with a global business that encompasses a wide range of products and services. These matters 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 sales terms. Konecranes also issues written policies in some cases to ensure compliance with legislation, regulations, and Konecranes' own principles across the Konecranes Group. Great emphasis is placed on training to ensure that employees are aware of and comply with the 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 condition and results adversely. Internal procedures, supervision, audits, and practical tools are used to reduce Konecranes' exposure to these types of risks. Konecranes arranges training on good governance and management practices and always underlines its position against any form of illegal activity.

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 has adopted a number of occupational health and safety guidelines, certification principles, rescue planning, and premises security instructions to protect itself against these types of risks. Konecranes has also sought to prepare for the materialization of these risks through various insurance programs and by continuously improving its preparedness to deal with various potential crisis situations.

Financial risks

Konecranes manages most of its financial risk on a centralized basis through its Treasury Unit. Konecranes Finance Corporation operates as a financial vehicle for the Group and is run by Corporate Headquarters. Centralization and netting of internal foreign currency cash flows help minimize the need for external hedging. Konecranes Finance Corporation is not a profit center in the sense that it strives to maximize its profits. The role of Konecranes Finance Corporation is to help the Group's operating companies reduce the financial risks associated with global business operations, such as market, credit, and liquidity risks. The most significant market risk relates to foreign currency transactions and to translation risks.

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

Units hedge their risks internally with Corporate Headquarters. Most financial risks for the Group are channeled through Konecranes Finance Corporation, where they can be evaluated and controlled efficiently.

Almost all funding, cash management, and foreign exchange transactions with banks and other external counterparties is done 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, is this done directly by an operating company and a bank under the supervision of Corporate Headquarters.

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.

Following the escalation of uncertainty on financial markets that started in late 2008, special attention has been paid to issues such as contract management, securing payments, and cash management to minimize the Group's exposure to financial risks.

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.

The Internal Audit unit operates according to an audit plan approved by the Board's Audit Committee. The unit's working methods are based on the professional standards laid down by the Institute of Internal Auditors (IIA). The approach of Internal Audit has been developed to process oriented engagements instead of only entity based audit.

Administratively, the Internal Audit unit reports to the group CFO but internal audit activities are reported to the Board's Audit Committee on a regular basis.

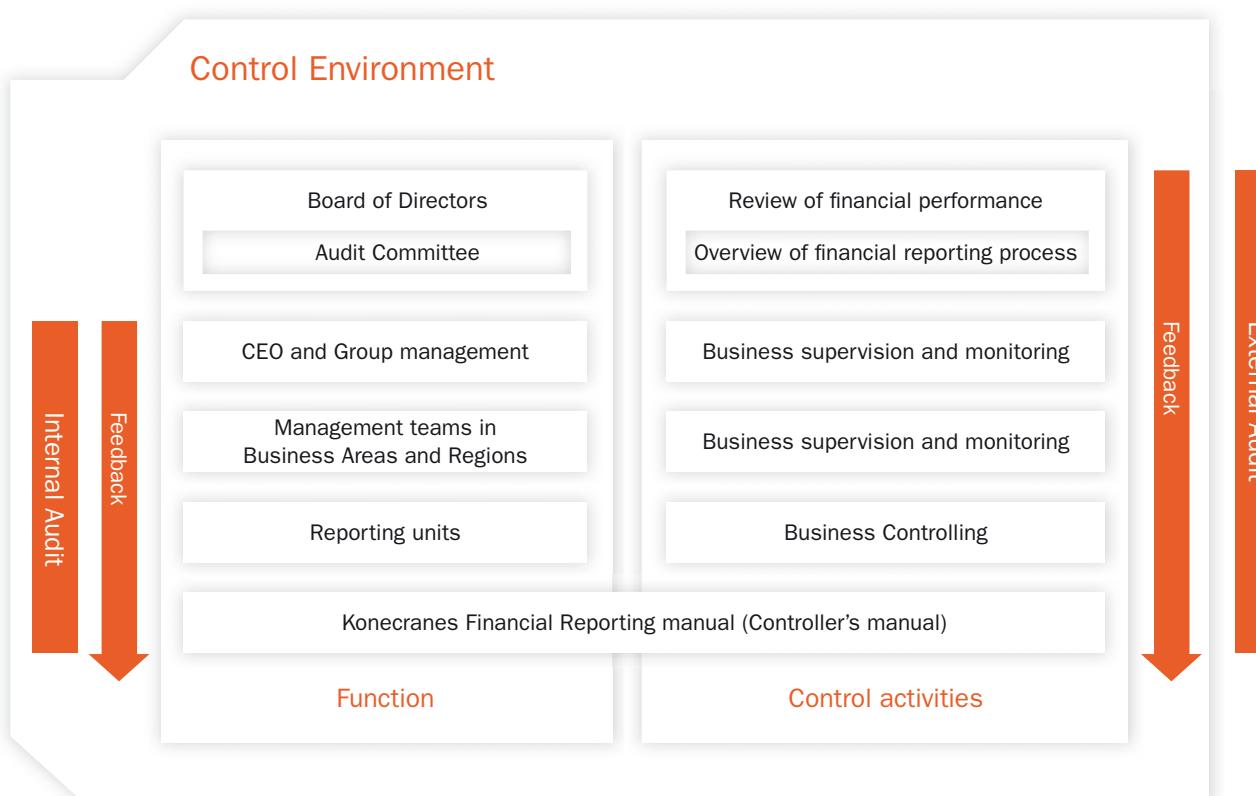
Internal control and risk management related to financial reporting

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

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 Group's operations in 2009 were organized into three business areas, supply units, and various support functions. Front-line operations were managed and controlled through four regions.

The control environment is the foundation for all the other components of internal control and for promoting employees' awareness of key issues. The Board of Directors and the Group Management are responsible for defining the Konecranes Group's Control Environment through corporate policies, instructions, and frameworks related to financial reporting. These include the Konecranes Controller's Manual, which constitutes



Main Features in Internal Control related to Financial Reporting



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. 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.

Monitoring

The Group conducts an annual self-assessment through its controllers to monitor the effectiveness of selected 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 cooperation 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

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.



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:
Group Executive Vice President, KCI Konecranes, 2004–2005; CEO, Hackman Abp, 2002–2004; Managing Partner, Startupfactory, 2000–2002; various executive positions, Nokia Corporation, 1990–2000

Other current key positions of trust:
Chairman of the Board of Marimekko Ltd. and Vice Chairman of the Board of the Federation of Finnish Technology Industries

Shares: 180,000

Option to acquire:
154,000 shares

Teo Ottola, b. 1968

Chief Financial Officer
Member of the Executive Board since 2007
Employed 2007
M.Sc. (Econ.)

Primary working experience:
CFO, Elcoteq SE, 2004–2007; Senior Vice President (Business Control and Accounting), Elcoteq Network Oyj, 1999–2004; Group Business Controller, Elcoteq Network Oyj, 1998–1999; Business Controller, Elcoteq Lohja Oy, 1996–1998; Financial Planner, Rautaruukki Oy, 1992–1996

Shares: –

Option to acquire:
91,000 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:
President, Region Northeast Asia, 2005–2009
Group Vice President, Group Development, 2001–2005; Country Executive, Europe, 1997–2001; Technical Director, 1994–1997.
Various positions at A. Ahlström Osakeyhtiö, 1972–1991, including: Technical Director, Ahlström Pyropower 1986–1991; Director of Projects and Engineering, Pyropower Corp., U.S.A., 1981–1986

Shares: 128,888

Option to acquire:
82,000 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:
President, New Equipment Business Areas, 2005–2009; President, Special Cranes (Heavy Lifting), 2004–; President, Harbour and Shipyard Cranes, 1997–2003.
Various managerial positions at Wood Handling Division, KONE Corporation, 1982–1997 (Andritz as of 1996–) including: Group Vice President, Marketing, 1996–1997; Group Vice President, Project Business, 1992–1996; Director, Wood Handling Unit, Finland, 1990–1992
Shares: 62,750
Option to acquire:
113,000 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:
Country Executive Nordic,
2003–2006; Vice President,
Service, ABB Finland,
1995–2002.; various
management positions at
Tampella Oy, 1982–1995 in
Finland and in the U.S.A.

Shares: 20,000

Option to acquire:

101,000 shares

Ari Kiviniitty, b. 1957

Chief Technology Officer
Member of the Executive
Board since 2005
Employed 1983
M.Sc. (Eng.)

Primary working experience:

Vice President, Standard
Lifting Equipment,
2004–2005; Managing
Director, Hoist factory,
2002–2004; R&D Manager,
1999–2001; Technical
Director, Components,
Singapore, 1996–1998

**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: 500

Option to acquire:

56,200 shares

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:

Head of Global Purchasing
at Nokia Siemens Networks;
previously VP Global Supply
and Purchasing at Astra
Zeneca; in several executive
positions in General Motors
Worldwide Purchasing in
USA and Germany and Saab
Automobile in Sweden

Shares: –

Option to acquire:

55,000 shares

KCR Management Oy is owned by Pekka Lundmark, Teo Ottola, Mikko Uhari, Hannu Rusanen, Harry Ollila, Pierre Boyer, Tom Sothard, Pekka Päkkilä, Pekka Lettijeff, Edward Yakos, Ari Kiviniitty, Sirpa Poitsalo, Mikael Wegmüller and Jaana Rinne. KCR Management Oy owns 517,696 Konecranes shares. The President and CEO owns 27.9 percent of KCR Management Oy.



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:

Various positions at Carrier
Corporation, a division
of United Technologies
Corporation: Director,
Commercial Refrigeration,
EMEA, 2005–; Managing
Director, Carrier-ERD
Distribution, Netherlands and
France, 2004–; Managing
Director, Carrier-Fincoil
Oy, Finland, 2001–2003;
Director, Marketing and
Product Planning, Carrier
Refrigeration Operations,
USA, 1999–2001; Director,
Sales and Marketing, Carrier
Transicold Europe, France,
1995–1999; prior to joining
Carrier, Boyer worked at the
Groupe Legris Industries'
mobile crane division, PPM

Shares: –

Options to acquire:

91,000 shares

Pekka Päkkilä, b. 1961

Senior Vice President,
Head of Region NEI (Nordic,
Eastern Europe and India)
President, Standard Lifting
Member of the Executive
Board 2003–2009
Member of the Extended
Management Team
since 2009
Employed 1987–1998,
2001–
B.Sc. (Eng.)

Primary working experience:

Director, Industrial Cranes &
Components, 2002–2003;
Director, Branded
Products, Standard Lifting
Equipment, 2001–2002;
Sales Manager, Naval Oy,
Finland, 1998–2001;
Regional Manager, Hoists
& Components Center,
Springfield, U.S.A.,
1993–1998
Shares: 5,000
Option to acquire:
57,000 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:

President, Global
Maintenance Services,
2001–2006; Group Vice
President, North America,
1995–2002; President,
Maintenance Services, North
America, 1989–2001; Vice
President, Maintenance
Services, North America,
1984–1988; District
Manager, Robbins and Myers,
1980–1984
Shares: 5,200

Option to acquire:

91,000 shares

Edward Yakos, b. 1959

Senior Vice President,
Head of Region SAP
(South Asia Pacific)
Member of the Executive
Board 2005–2009
Member of the Extended
Management Team
since 2009

Employed 1992
B.Sc. (Eng.), MBA

Primary working experience:

Managing Director,
Konecranes Pty Ltd
(Australia), 1998–present;
General Marketing Manager,
Maintenance Services,
North America, 1992–1998;
various managerial positions
at Harnischfeger (P&H)
Industries, Inc., 1978–1992

Shares: 30,000

Option to acquire shares:
67,000 shares



Ryan Flynn, b. 1971

Senior Vice President,
Head of Region NEA
(Northeast Asia)
Member of the Extended
Management Team since
2009
Employed since 2005
MBA, BCom

Primary working experience:
Konecranes Plc., China
2005 –, NFS Industrial
Machinery, South Africa
2003–2005, Afinta Motor
Corporation, South Africa
1996–2000, Standard Bank,
South Africa 1990–1996

Shares: –

Option to acquire shares:
24,000 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:
Assistant General Counsel,
1997–1998; Legal Counsel,
KCI Konecranes/Kone
Corporation, 1988–1997

Shares: 23,400
Options to acquire: 60,000
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:

Director, Human Resources
for Service, 2004–2006;
different positions within
human resources in Standard
Lifting, 1997–2004;
different positions in finance,
1986–1997

Shares: –

Option to acquire:
33,000 shares

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:
Chief Operating Officer,
Publicis Helsinki Oy,
2003–2006; Director, SEK
& GREY Oy, 2000–2003;
Planning Group Director,
Publicis Törmä Oy,
1997–2000; Sales and

Marketing Manager, Finelor
Oy (now L’Oreal Finland
Oy), 1993–1997; Product
Group Manager, Chips Abp,
1991–1993

Shares: –

Option to acquire:
38,000 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:
Several global leadership
positions in Nokia in USA and
in Finland

Shares: 280

Option to acquire:
5,000 shares

KCR Management Oy is owned by Pekka Lundmark, Teo Ottola, Mikko Uhari, Hannu Rusanen, Harry Ollila, Pierre Boyer, Tom Sothard, Pekka Pääkkilä, Pekka Lettijeff, Edward Yakos, Ari Kiviniitty, Sirpa Poitsalo, Mikael Wegmüller and Jaana Rinne. KCR Management Oy owns 517,696 Konecranes shares. The President and CEO owns 27.9 percent of KCR Management Oy.



Board of Directors

Stig Gustavson, b. 1945

Chairman of the Board
Deemed to be 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.

M.Sc. (Eng.), Dr.Tech. (hon.)
Primary working experience:
President and CEO of KCI Konecranes Plc 1994–2005 and President of KONE Cranes division 1988–1994. Holder of various executive positions at KONE Corporation 1982–1988, Sponsor Oy 1978–1982, RAY (Raha-Automaattiyhdistys) 1976–1978, Wärtsilä Oy Ab 1970–1976

Other current key positions of trust:

Chairman of the Board of Handelsbanken Regional Bank Finland, Dynea Oy, Arcada Foundation, Cramo Oyj, The Technology Academy Foundation, Vice-Chairman of the Board of Oy Mercantile Ab, Member of the Board of Vaisala Oyj, Member of the Supervisory Board of Varma Mutual Pension Insurance Company, Senior Industrial Advisor of IK Investment Partners

Shares: 2,036,772

Svante Adde, b. 1956

Board member since 2004 and member of the Audit Committee since 2004 and Chairman since 2008
Independent of the Company B.Sc. (Econ. and Business Administration)

Primary working experience:
Managing Director of Pöyry Capital, London 2007–; Managing Director of Compass Advisers, London, 2005–2007; Chief Financial Officer of Ahlstrom Corporation, 2003–2005; Managing Director, Lazard London and Stockholm, 2000– 2003; Director of Lazard London, 1989–2000; Citibank, 1979–1989

Other current key positions of trust:

Board Member MeeToo AB

Shares: 4,395

Tomas Billing, b. 1963

Board member since 2009 and member of the Nomination and Compensation Committee since 2009.
Independent of the Company. Graduate degree in Business Administration from Stockholm School of Economics

Primary working experience:

President, Nordstjernan AB 1999–; President, Hufvudstaden AB 1997–1999; Director, AB Custos 1996–1997; President, Monark Bodyguard 1994–1996; Investment Manager, Proventus AB 1989–1994; Fixed Income Salesman, Salomon Brothers International Ltd 1987–1989
Other current key positions of trust:
Chairman of NCC AB, Nordstjernan Industriutveckling AB, Välinge Flooring Technology AB

Shares: 10,961

Kim Gran, b. 1954

Board member since 2007 and member of Audit Committee since 2007
Independent of the Company B.Sc. (Econ)

Primary working experience:

President and CEO, Nokian Tyres plc since 2000; Vice President of Nokian Tyres, Car and Van tyres 1995–2000

Other current key positions of trust:

Chairman of the Board of The Rubber Manufacturers' Associations, Vice Chairman,

Chemical Industry Federation of Finland, Member of the Boards of Finnish-Russian Chamber of Commerce (FRCC) and YIT Plc, Member of the Supervisory Board of Ilmarinen
Shares: 2,940

Tapani Järvinen, b. 1946

Board member since 2009 and member of the Audit Committee since 2009
Independent of the Company Lic. Sc. (Tech.)

Primary working experience:

President and CEO of Outotec Oyj (until December 31, 2009). Previously holder of various top management positions in Outokumpu including President and CEO of Outokumpu Technology, Finland 2003–2006, Executive Vice President and Member of the Group Executive Committee, Outokumpu Oyj, Finland 2000–2005, and General Manager and CEO of Compañía Minera Zaldívar, Chile 1994–2000

Other current key positions of trust:

Chairman of the Board of the Finnish-Latin American Trade Association, Member of the Board of Okmetic Oyj,



Normet Oy, Association of Finnish Steel and Metal Producers, Dragon Mining NL and International Copper Association (ICA), Chairman of Laatukeskus Excellence Finland, Chairman of the Industry Council of Technology Academy of Finland (TAF)
Shares: 1,201

Matti Kavetuo, b. 1944
Board member since 2001, member of the Audit Committee 2004–2008 and Chairman of the Nomination and Compensation Committee since 2009
Independent of the Company M.Sc. (Eng.), B.Sc. (Econ.)

Primary working experience:
CEO of Pohjola Group Plc 2000–2001; CEO of Valio Ltd 1992–1999; CEO of Orion Corporation 1985–1991; President of Instrumentarium Corp. 1979–1984

Other current key positions of trust:
Chairman of the Board of Orion Corporation 2004–, Member of the Boards of Alma Media Corporation 2000–, Lassila&Tikanoja Plc, 2008–, 1998–2001, 1984–1988
Shares: 3,856

Malin Persson, b. 1968
Board member since 2005 and member of the Nomination and Compensation Committee since 2005
Independent of the Company M.Sc. (Eng.)

Primary working experience:
President and CEO, Volvo Technology Corporation; previously holder of various positions including Vice President, Corporate Strategy and Business Development, AB Volvo; Vice President, Business & Logistics Development, Volvo Logistics Corp.

Other current key positions of trust:
Chairman of the Council of Technology Management and Economics at the Chalmers University of Technology; Member of the Boards of Hexpol AB, Volvo Trucks AB, Volvo Technology Transfer AB, Volvo Information Technology AB, Universeum AB
Shares: 2,856

Mikael Silvennoinen, b. 1956
Board member since 2008 and member of the Audit Committee since 2008
Independent of the Company M.Sc. (Econ.)

Primary working experience:
President and CEO of Pohjola Bank Plc since 1997–; Executive positions in Pohjola Group 1989–1997; Group Treasurer of Wärtsilä Group 1986–1989

Other key positions of trust:
Chairman of the Board of Pohjola Insurance Group Plc and a member of the Steering Committee of Unico Banking Group
Shares: 1,640

Jan-Anders Wik, b. 1964
Secretary of the Board since June 11, 2009
University of Helsinki, LL.M. (1988)

Primary working experience:
Roschier, Partner 1997–; law clerk, Roschier 1994–1997; trained at the Bench 1993, General Counsel, KWH Group Ltd 1990–1994, Associate Lawyer, Roschier-Holmberg & Waselius, Attorneys Ltd., 1988–1990

Board members until March 12, 2009

Björn Saven, b. 1950,
Vice Chairman of the Board
Independent of the Company and significant shareholders M. Sc. (Econ.), MBA, Dr. Econ. h.c.
Main occupation: Chairman IK Investment Partners (Chief Executive 1989–2008)

Timo Poranen, b. 1943,
Board Member
Independent of the Company and significant shareholders M. Sc. (Eng.)
Main occupation: CEO, Finnish Forest Industries Federation 1998–2005



FINANCIAL

STATEMENTS

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Report of the Board of Directors

Market review

The steep recession that hit the world economy in the last quarter of 2008 continued throughout 2009 and made the year a challenging one, resulting in a weak market for the material handling industry. There were some variations between regions and different product segments, but virtually half of the equipment market disappeared compared to 2008. Few significant differences occurred in demand between regions in 2009, with the exception of China, where the continued economic growth boosted by major government stimulus packages resulted in a higher level of investment.

The slow economic conditions affected demand for new equipment across customer segments. Demand from the manufacturing and process industries remained weak throughout the year, while investment activity in the energy sector remained more stable. Investments in Konecranes' two other key customer industries, ports and shipbuilding, were significantly affected by the decline in shipping volumes. Towards the end of 2009, activity revived somewhat in the waste-to-energy, steel, petrochemical and mining sectors. Weakened demand resulted in overcapacity in the crane manufacturing industry, and led to intense price competition.

The service market also suffered, but to a lesser extent than equipment demand. Customers devoted increasing attention in 2009 to cost-cutting measures and improving their efficiency. This was reflected in a growing interest in outsourcing service operations, although lower industrial capacity utilization reduced the total amount of service and maintenance work carried out. Outsourcing continues to be concentrated in industrialized countries, while customers also in developing markets have started to show a growing interest in what outsourcing of service operations can offer.

Input costs trended down during 2009. Steel prices were at a lower level in 2009 compared with 2008 and there was deflation in other procurement categories as well. There were signs of increasing cost pressures on steel, copper and sea freight towards the end of the year, but this did not have a material impact on paid costs. The US dollar depreciated against the euro towards the end of 2009.

Global macro data improved towards the end of 2009. Capacity utilization rates in manufacturing industries started slowly to improve as production rates gradually picked up. Surveys of purchasing managers from China to Europe and the US in the final month of 2009 gave better results than expected.

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

Orders received

In 2009 orders received declined by 34.7 percent to EUR 1,348.9 million (2,067.1). The demand for equipment declined more than for service. The order intake declined by 39.8 percent in Standard Lifting and 38.0 percent in Heavy Lifting, whereas the decline in Service was 24.3 percent. New orders declined almost equally in AME and EMEA, and both areas were faced with clearly lower demand for industrial and process cranes in particular. The order decline was somewhat smaller in APAC, where all business held up better than in AME and EMEA. Process crane orders grew in APAC.

Fourth-quarter order intake declined by 11.8 percent from a year earlier but increased by 17.1 percent from the third quarter to EUR 361.1 million (409.6). Development was positive in Heavy Lifting, where orders grew by 12.9 percent from a year ago and by 42.6 percent compared to the third quarter. The improvement was boosted by a limited number of large single orders. Standard Lifting orders recovered from the unsatisfactory third quarter, but Service orders remained sequentially flat. Group's new orders developed positively in EMEA and APAC, but negatively in AME compared with the third quarter.

Orders from emerging markets accounted for more than 30 percent of total orders in 2009, but for less than 30 percent in the fourth quarter.

Order book

The value of the order book at year-end 2009 totaled EUR 607.0 million (836.3), which is 27.4 percent lower than at end 2008. The order book decreased by 4.9 percent from the third quarter when it stood at EUR 638.4 million. Order cancellations remained low throughout 2009. The breakdown by Business Area for the year-end order book was as follows: Service EUR 75.9 million (12 percent), Standard Lifting EUR 192.1 million (31 percent) and Heavy Lifting EUR 353.8 million (57 percent).

Sales

Group sales in full year 2009 decreased by 20.5 percent and totaled EUR 1,671.3 million (2,102.5). Sales in Service decreased by 11.5 percent, in Standard Lifting by 21.9 percent and in Heavy Lifting by 27.3 percent.

Fourth-quarter sales fell by 34.1 percent from the corresponding period in 2008 to EUR 428.9 million (650.4). Service declined by 22.7 percent, Standard Lifting by 38.5 percent and Heavy Lifting by 41.4 percent.

In 2009, the regional breakdown was as follows: EMEA 56 (57), Americas 29 (28) and APAC 16 (14) percent.

Net sales by region, MEUR

	10-12/2009	10-12/2008	Change percent	1-12/2009	1-12/2008	Change percent	Change % at comparable currency
EMEA	244.2	380.3	-35.8	928.0	1,207.5	-23.2	-20.5
AME	113.7	178.1	-36.2	479.5	591.7	-19.0	-22.0
APAC	71.1	92.0	-22.8	263.8	303.3	-13.0	-14.6
Total	428.9	650.4	-34.1	1,671.3	2,102.5	-20.5	-20.1

Currency rate effect

In a year-on-year comparison, currency rates did not have a material effect on orders or sales in January–December. The order intake declined by 34.7 percent as reported and by 34.1 percent at comparable currency rates. Sales declined by 20.5 percent as reported and by 20.1 percent at comparable currency rates.

Of the regions, the currency rate impact on sales in EMEA was negative, with the reported decrease being 23.2 percent compared with a decrease at comparable currency rates of 20.5 percent. The impact was positive in the Americas region, where reported sales declined 19.0 percent and 22.0 percent at comparable currency rates. The corresponding figures in APAC were -13.0 percent and -14.6 percent.

In January–December currency rates had a slight positive impact on the Group's operating profit compared with the same period a year earlier.

Financial result

The consolidated operating profit in full year 2009 totaled EUR 97.9 million (248.7). The operating profit includes restructuring costs of EUR 20.9 million. The consolidated operating margin declined to 5.9 percent (11.8). The operating margin in Service declined to 10.6 percent (14.1), in Standard Lifting to 7.6 percent (16.8) and in Heavy Lifting to 7.1 percent (8.1). Procurement cost savings and adjustment of production capacity largely offset product price pressure.

The consolidated operating profit in the fourth quarter totaled EUR 22.2 million (76.5), including restructuring costs of EUR 5.1 million. The consolidated operating margin in the fourth quarter declined to 5.2 percent (11.8). The operating margin declined in Service to 10.5 percent (15.1) and in Standard Lifting to 7.2 percent (15.7) but increased in Heavy Lifting to 9.4 percent (8.6). The implemented cost savings lowered fixed costs towards the year-end, which partly offset the under absorption of the cost base.

In 2009 depreciation and impairments totaled EUR 32.5 million (26.6). Goodwill write-downs totaled EUR 3.7 million (0.2), and they were booked in the fourth quarter. The write-downs related mainly to Standard Lifting.

In 2009 the share of the result of associated companies and joint ventures was EUR -2.2 million (-3.9).

Net financial expenses totaled EUR 7.1 million (8.6). Net interest expense accounted for EUR 2.2 million (5.9) of this, and the remainder was mainly attributable to unrealized exchange rate differences relating to the hedging of future cash flows that are not included in hedge accounting.

- Profit before taxes was EUR 88.6 million (236.2).
- Income taxes were EUR 26.1 million (69.6). The Group's effective tax rate was 29.5 percent (29.5).
- Net profit was EUR 62.5 million (166.6).
- Basic earnings per share were EUR 1.08 (2.83) and diluted earnings per share were EUR 1.08 (2.82).

Return on capital employed was 19.3 percent (56.3) and return on equity 15.5 percent (48.9).

Balance sheet

The year-end 2009 consolidated balance sheet amounted to EUR 1,060.4 million (1,205.4). Total equity at the end of the report period was EUR 407.1 million (400.7). Total equity attributable to equity holders of the parent company at year-end 2009 was EUR 402.5 million (398.8) or EUR 6.84 per share (6.75).

Net working capital at year-end 2009 totaled EUR 138.8 million, which was EUR 72.3 million less than at the end of the third quarter and EUR 125.0 million less than at year-end 2008. The decrease in receivables and inventories more than offset the decrease in advance payments. In the fourth quarter inventory turnover improved in particular.

Report of the Board of Directors

Cash flow and financing

Net cash flow from operating activities in full year 2009 was EUR 223.0 million (107.1), representing EUR 3.79 per share (1.82). In the fourth quarter, net cash flow from operating activities was EUR 89.9 million (33.5). Cash flow was boosted by the successful release of net working capital both in full year 2009 and in the fourth quarter.

Due to the strong cash flow, interest-bearing net debt was EUR -77.7 million at the end of 2009, compared to EUR 11.3 million at end 2008. Solidity was 45.1 percent (39.9) and gearing -19.1 percent (2.8).

The Group's liquidity remained healthy. At the end of the fourth quarter, cash and cash equivalents amounted to EUR 137.5 million (100.9). None of the Group's EUR 200 million committed back-up financing facility was in use at the end of the period. In the fourth quarter some Group companies in Finland raised EUR 26.5 million by borrowing back funds from the employment pension insurance company used in Finland.

Konecranes paid its shareholders dividends amounting to EUR 53.3 million or EUR 0.90 per share in March 2009.

Capital expenditure

In 2009, capital expenditure excluding acquisitions amounted to EUR 25.7 million (22.3). This consisted mainly of replacement or capacity expansion investments in machines, equipment and information technology.

Capital expenditure including acquisitions was EUR 55.8 million (41.9).

Fourth quarter capital expenditure excluding acquisitions was EUR 11.8 million (3.4) and including acquisitions EUR 30.7 million (6.7).

Acquisitions

Capital expenditure on acquisitions was EUR 30.1 million (19.6). During January–December, Konecranes made ten acquisitions, and sold one minor operation in Austria. The net assets of the acquired companies were recorded at EUR 13.4 million and goodwill of EUR 16.7 million was booked from the acquisitions. During the fourth quarter EUR 18.9 million was spent on four acquisitions. Acquisitions contributed about 1 percentage point to sales in the full year and in the fourth quarter of 2009. Four of the acquisitions related to machine tools service.

In July 2009, Konecranes moved into a new business segment by making two acquisitions for load-handling solutions with aluminum rail systems and manipulators. Konecranes increased its ownership in the Austrian company Konecranes Lifting Systems GmbH (formerly ACS Technologies GmbH) from 49.9% to 80% and at the same time acquired the assets of German company Knight Europe GmbH & Co. KG. The two acquired companies had combined net sales in 2008 of approximately EUR 15 million and they employed about 100 people.

Konecranes' acquisition of a majority holding in Jiangsu Three Horses Crane Manufacture Co. Ltd. (SANMA), one of the leading hoist and crane manufacturers in China, was finalized in November 2009. Through a combined share purchase and share issue, Konecranes now owns 65% of SANMA. The remaining 35% of the shares are held by the former owners. The company's net sales were approximately EUR 18 million in 2008 and it has more than 500 employees.

Personnel

The total number of the Group's personnel at year-end 2008, including all the temporary and rented work force, was approximately 10,500. During 2009, decisions were taken to reduce the number of employees by more than 1,600, and almost 1,500 people left the company during the year. The number of personnel increased by almost 1,100 through acquisitions. At year-end 2009, the total headcount including the temporary and rented work force was approximately 10,100.

In 2009 the Group employed an average of 9,811 people (9,222). On 31 December, the headcount was 9,782 (9,904). At year-end 2009 the number of personnel by Business Area was as follows: Service 4,891 employees (5,372), Standard Lifting 3,012 employees (2,808), Heavy Lifting 1,603 employees (1,439) and Group staff 276 (285). The Group had 5,533 employees (5,658) working in EMEA, 2,236 (2,619) in the Americas and 2,013 (1,627) in the APAC region.

In 2009, the Group's personnel expenses totaled EUR 452.4 million (463.2).

An employee satisfaction survey was carried out for the third time in 2009. The results showed an improvement in all the main areas compared to the previous surveys, except in the image of the employer. However, despite a clear deterioration in the results in this area, the image of the employer is still very positive compared to benchmark data. According to the feedback received, people feel that cooperation and conditions for working have improved compared to previous years. In particular, the quality of personnel training was rated higher than in previous years.

Business areas

Full year 2009 orders received totaled EUR 498.4 million (658.2), showing a decline of 24.3 percent. Orders declined in all service business units. Order intake held up better in APAC than in the other geographic areas. The order book decreased to EUR 75.9 million (117.3) at year-end, representing a decline of 35.3 percent. Sales fell by 11.5 percent to EUR 667.2 million (754.3). Operating profit before restructuring costs of EUR 2.7 million was EUR 73.5 million (106.2) and the operating margin 11.0 percent (14.1). Operating profit after restructuring costs was EUR 70.8 million, 10.6 percent of sales. Although Service successfully defended prices, profitability was negatively affected by lower volumes and the change in product mix, with lower sales of parts and higher labor content.

Service

	10-12/2009	10-12/2008	Change percent	1-12/2009	1-12/2008	Change percent
Orders received, MEUR	121.8	159.3	-23.5	498.4	658.2	-24.3
Order book, MEUR	75.9	117.3	-35.3	75.9	117.3	-35.3
Sales, MEUR	170.5	220.6	-22.7	667.2	754.3	-11.5
Operating profit excluding restructuring costs, MEUR	19.4	33.3	-42.0	73.5	106.2	-30.8
Operating margin excluding restructuring costs, %	11.4 %	15.1 %		11.0 %	14.1 %	
Operating profit including restructuring costs, MEUR	17.8	33.3	-46.5	70.8	106.2	-33.4
Operating margin including restructuring costs, %	10.5 %	15.1 %		10.6 %	14.1 %	
Personnel	4,891	5,372	-9.0	4,891	5,372	-9.0

Fourth quarter order intake fell by 23.5 percent from the previous year and totaled EUR 121.8 million (159.3). Sequentially, the order intake remained flat. The parts business showed a slight increase, but the overall performance was held back by the other operations. AME underperformed the other regions. Fourth-quarter sales totaled EUR 170.5 million (220.6), representing a year-over-year decline of 22.7 percent. Fourth-quarter operating profit before EUR 1.5 million restructuring costs was EUR 19.4 million (33.3), and the operating margin 11.4 percent (15.1). Operating profit after restructuring costs was EUR 17.8 million and 10.5 percent of sales.

The number of items of equipment in the contract base increased slightly, but the value decreased. On a positive note,

Konecranes continued to gain new customers at a stable rate despite the slow economic conditions. On the other hand, contract cancellations increased due to factory shutdowns, and the value was affected because new contracts were smaller than the lost contracts and because contract sizes were scaled down due to lower capacity utilization among the customers. At year-end 2009 the total number of items of equipment included in the maintenance contract base increased to 362,996 from 359,811 a year before. The annual value of the contract base decreased to EUR 122.3 million from EUR 124.1 million at year-end 2008.

The number of service technicians at year-end 2009 was 3,222, which is 12.5 percent less than at year-end 2008.

Standard Lifting

	10-12/2009	10-12/2008	Change percent	1-12/2009	1-12/2008	Change percent
Orders received, MEUR	128.4	168.9	-24.0	517.0	859.0	-39.8
Order book, MEUR	192.1	327.9	-41.4	192.1	327.9	-41.4
Sales, MEUR	157.6	256.4	-38.5	652.2	835.4	-21.9
Operating profit excluding restructuring costs, MEUR	14.4	40.3	-64.2	65.3	140.0	-53.4
Operating margin excluding restructuring costs, %	9.2 %	15.7 %		10.0 %	16.8 %	
Operating profit including restructuring costs, MEUR	11.3	40.3	-72.0	49.7	140.0	-64.5
Operating margin including restructuring costs, %	7.2 %	15.7 %		7.6 %	16.8 %	
Personnel	3,012	2,808	7.3	3,012	2,808	7.3

Report of the Board of Directors

Full year 2009 orders received decreased by 39.8 percent and totaled EUR 517.0 million (859.0). Orders for industrial cranes decreased more than orders for components. The order intake declined clearly in all regions, but somewhat less in APAC than elsewhere. The order book decreased to EUR 192.1 million (327.9) at year-end 2009, representing a decline of 41.4 percent. Sales fell by 21.9 percent to EUR 652.2 million (835.4). Operating profit before restructuring costs of EUR 15.6 million was EUR 65.3 million (140.0) and the operating margin 10.0 percent (16.8). Operating profit after restructuring costs was EUR 49.7 million and 7.6 percent of sales. Profitability was negatively affected by lower volumes and intense price competition.

Order intake in the fourth quarter decreased by 24.0 percent and totaled EUR 128.4 million (168.9). New orders increased 11.9 percent compared to the third quarter. The moderate sequential growth in orders following the summer months was led by components in all geographic areas. Fourth-quarter sales totaled EUR 157.6 million (256.4), representing a 38.5 percent decline. During the quarter the sales mix was tilted towards crane deliveries. Fourth-quarter operating profit before EUR 3.1 million restructuring costs was EUR 14.4 million (40.3), and the operating margin 9.2 percent (15.7). Operating profit after restructuring costs was EUR 11.3 million and 7.2 percent of sales.

Heavy Lifting

	10-12/2009	10-12/2008	Change percent	1-12/2009	1-12/2008	Change percent
Orders received, MEUR	131.4	116.4	12.9	425.1	686.0	-38.0
Order book, MEUR	353.8	420.2	-15.8	353.8	420.2	-15.8
Sales, MEUR	128.8	219.8	-41.4	479.1	659.4	-27.3
Operating profit excluding restructuring costs, MEUR	12.6	18.8	-33.0	36.7	53.6	-31.6
Operating margin excluding restructuring costs, %	9.8 %	8.6 %		7.7 %	8.1 %	
Operating profit including restructuring costs, MEUR	12.1	18.8	-35.4	34.0	53.6	-36.6
Operating margin including restructuring costs, %	9.4 %	8.6 %		7.1 %	8.1 %	
Personnel	1,603	1,439	11.4	1,603	1,439	11.4

Full year 2009 orders received totaled EUR 425.1 million (686.0), showing a decline of 38.0 percent. Order intake fell clearly for all product categories globally. The fall in orders was somewhat smaller in the port equipment business due to a few single large orders. Orders received for process cranes declined sharply in AME and EMEA, but increased in APAC. The order book decreased to EUR 353.8 million (420.2) at year-end 2009, representing a decline of 15.8 percent. Sales decreased by 27.3 percent to EUR 479.1 million (659.4). The decline in sales was attributable to all product segments, while port equipment and lift trucks declined the most. Operating profit before restructuring costs of EUR 2.7 million was EUR 36.7 million (53.6) and the operating margin 7.7 percent (8.1). Operating profit after restructuring costs was EUR 34.0 million and 7.1 percent of sales. Profitability was negatively affected by substantially lower volumes especially in the ports business unit. High-quality project execution helped to maintain good profitability in the process cranes unit year-on-year.

The fourth quarter order intake of EUR 131.4 million increased by 42.6 percent from the third quarter and by 12.9 percent from the fourth quarter of 2008. All businesses contributed to the positive performance. Port equipment and lift trucks were boosted by a limited number of single large orders. Fourth-quarter sales totaled EUR 128.8 million (219.8), representing a fall of 41.4 percent. Fourth-quarter operating profit before EUR 0.5 million restructuring costs was EUR 12.6 million (18.8), and the operating margin 9.8 percent (8.6). Operating profit after restructuring costs was EUR 12.1 million and 9.4 percent of sales. Profitability was supported by successful project execution and the cost savings measures carried out.

Group overheads

Unallocated Group overhead costs in 2009 were EUR 54.6 million (47.2), representing 3.3 percent of sales (2.2). The increase is mainly due to investments in information systems, procurement and R&D.

Changes in group management

Konecranes announced in May that it would shift to a two-tiered management structure as of September 1, 2009. The new structure consists of the Group Executive Board and the Extended Management Team.

The members of Konecranes' Group Executive Board are: Pekka Lundmark, President and Chief Executive Officer, and Chairman of the Group Executive Board; Hannu Rusanen, Executive Vice President and Head of Business Area Service; Mikko Uhari, Executive Vice President and Head of Business Area Equipment; Harry Ollila, Executive Vice President and Head of Market Operations; Teo Ottola, Chief Financial Officer; Pekka Lettijeff, Chief Procurement Officer and Ari Kiviniitty, Chief Technology Officer.

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

Administration

Konecranes' Annual General Meeting was held on March 12, 2009. The meeting approved the company's annual accounts for the fiscal year 2008 and discharged the members of the Board and the Managing Director from liability. The AGM approved the Board's proposal to pay a dividend of EUR 0.90 per share from the distributable equity 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 also resolved to issue stock options to the key personnel of the Company and its subsidiaries.

The AGM approved the proposal of the Nomination and Compensation Committee that eight (8) members of the Board of Directors be elected. Board members Björn Savén and Timo Poranen had announced that they were not available for re-election. Svante Adde, Kim Gran, Stig Gustavson, Matti Kavetvuo, Malin Persson and Mikael Silvennoinen were re-elected. Tomas Billing, President of Nordstjernan AB, and Tapani Järvinen, the then President and CEO of Outotec Oy, were elected as new members.

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

The AGM confirmed that Ernst & Young Oy will continue as the Company's external auditor. 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.

Konecranes applies the Finnish Corporate Governance Code 2008 for listed companies. The Corporate Governance Statement can be reviewed at the corporate website of Konecranes, www.konecranes.com.

Share capital and shares

The company's registered share capital at year-end 2009 totaled EUR 30.1 million. At year-end 2009, the number of shares including treasury shares and the shares owned by KCR Management Oy totaled 61,872,920. At year-end 2009, Konecranes held a total of 2,542,600 treasury shares, excluding the shares owned by KCR Management Oy, which corresponds to 4.1 percent of the total number of shares and which at that date had a market value of EUR 48.5 million.

In May, the Konecranes Group's executive management established a company named KCR Management Oy, whose entire share capital is owned by the management. As part of the arrangement, the Board of Directors of Konecranes Plc has resolved to grant KCR Management Oy an interest-bearing loan of a maximum of approximately EUR 7.1 million to finance the acquisition of the Company's shares. The Board of Directors sees this as a way to increase management commitment to long term shareholder value. Shares owned by KCR Management Oy totaled 517,696 at the end of the period. Konecranes has consolidated KCR Management into the Group's balance sheet, which has decreased its equity by EUR 7.1 million.

The EGM held on August 31, 2009 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 12,000,000 shares, which corresponds to approximately 19.4% of all the shares in the Company. The authorization is effective until the end of the next Annual General Meeting, however no longer than until 11 September 2010. The Board of Directors did not exercise this authorization to issue shares during 2009.

The EGM authorized the Board of Directors to decide on the repurchase 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% of all the shares in the Company. However, the Company together with its subsidiaries may not at any moment own and/or hold as pledge more than 10 percent 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. The authorization is effective until the end of the next Annual General Meeting, however no longer than until 11 September 2010. The Board of Directors did not exercise this authoriza-

Report of the Board of Directors

tion to buy own shares during 2009. Konecranes has accepted own shares as pledge for the loan of EUR 7.1 million it has granted to KCR Management Oy. The amount of pledged shares totaled 517,696 at year-end 2009.

The EGM 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% of all of the shares in the Company. This authorization shall be effective until the next Annual General Meeting of Shareholders, however no longer than until 11 September 2010. The Board of Directors did not exercise this authorization during 2009.

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

Shares subscribed under stock option rights

Pursuant to Konecranes' stock option plans, 260,600 new shares were subscribed and registered in the Finnish Trade Register in 2009, and 23,200 of these were during the fourth quarter. As the result of these subscriptions, the total number of Konecranes shares (including treasury shares and the shares owned by KCR Management Oy) increased to 61,872,920 shares.

The stock options issued under Konecranes Plc's ongoing stock option plans (2001, 2007 and 2009) at year-end 2009 entitle holders to subscribe a total of 2,773,400 shares, which would increase the total number of Konecranes shares (including treasury shares and the shares owned by KCR Management Oy) to 64,646,320. The option programs include approximately 180 key persons.

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

The terms and conditions of the stock option programs can be seen on Konecranes' website at www.konecranes.com.

Market capitalization and trading volume

The closing price for Konecranes Plc's shares on December 31, 2009 was EUR 19.08. The volume-weighted average share price in 2009 was EUR 16.66, the highest price being EUR 22.04 in September and the lowest EUR 10.61 in January. In 2009, the trading volume totaled about 113 million Konecranes Plc shares, corresponding to a turnover of approximately EUR 1,883 million and a turnover rate of 193 percent of the total number of outstanding shares. The daily average trading volume was 451,273 shares, representing a daily average turnover of EUR 7.5 million.

On December 31, 2009, the total market capitalization of Konecranes Plc's shares was EUR 1,180.5 million including the treasury shares held by the company, and the shares held by KCR Management Oy. The market capitalization was EUR 1,122.1 million excluding the treasury shares and the shares held by KCR Management Oy.

Flagging notifications

On September 18, 2009, Ilmarinen Mutual Pension Insurance Company informed Konecranes that their holding in Konecranes had fallen below 5 percent. The total number of shares owned by Ilmarinen was 3,176,689 on September 18, 2009, or 4.92 percent of Konecranes' shares.

On December 4, 2009 BlackRock, Inc. informed Konecranes that their holding in Konecranes had exceeded 5 percent. The total number of shares owned by BlackRock was 4,458,836 on December 4, 2009, or 7.21 percent of Konecranes' shares.

No other disclosures of changes in holdings were received in 2009.

Research and development

In 2009, Konecranes' research and product development expenditure totaled EUR 22.0 (19.0) million, representing 1.3 (0.9) percent of sales. R&D expenditure includes product development projects aimed at improving the quality and cost efficiency of both products and services.

Konecranes introduced an industry shaping industrial crane, SMARTON®. SMARTON® 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.

The DynaPilot sway-control system, integrated into the crane's traveling inverter, is now available as a standard option for the whole range of Konecranes' lifting solutions. By modeling the load swing, the integrated electronic system is designed to prevent the load from swaying due to crane movements. Being able to operate at faster speeds and position loads more quickly also helps to improve productivity.

The product development in Ports Business unit focused on equipment fleet utilization improvement, DriverAids automation upgrade features and reduction of environmental footprint. With Konecranes CHEMS-software, container terminal operators can monitor equipment fleet efficiency in real time and identify areas for operational improvement. DriverAids features include features like Container Positioning Information System, Auto-Steering, Auto-Stop, Auto-Move and further load handling functions. Environmental footprint reduction includes features for diesel powered yard equipment like FuelSaver, Hybrid and Emission Catalyst, as well as conversions to electric high voltage supply.

Considerable efforts were made to develop service offering as well. Konecranes developed, patented and launched a

new unique runway measurement and analysis method called the RailQ. With the RailQ method the customer receives a 3D model of his current runway condition. In addition to the 3D model the customer receives a thorough report of the analysis, pointing out the improvement needs and corrections needed to bring the runway back to accepted tolerances.

Remote services were launched to support Konecranes advanced maintenance concept. 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, Springfield and Hyvinkää.

The Crane Reliability Survey (CRS) service is designed to enhance safety, improve performance, and extend life span for all makes and models of overhead lifting equipment. The customized review process, in-depth analysis, and expertise of Konecranes' specialists all help customers to create robust maintenance plans, control ownership costs, and maximize return on investment over the equipment's entire life span.

Konecranes put greater emphasis on industrial design during 2009 by setting up a dedicated team within the Product Development Unit.

Environmental issues

Particular attention in 2009 was paid to developing a global environmental network and sharing best practices across the Group. Defining key environmental indicators and developing environmental reporting were also prioritized. During 2009, the Group defined an environmental program for the next few years. The main points of the program include developing Eco-efficient systems and services, systematic environmental management, GRI reporting, and increasing internal and external information flows.

The Group introduced new tools, such as web conferencing, and increased the use of phone and video meetings in internal communications in 2009. These are expected to cut work-related travel significantly and reduce the carbon footprint and other travel-related impacts on the environment.

Cost reduction programme

Due to the sharp decline in demand in all business areas, Konecranes initiated a cost reduction program in 2009 with the aim of lowering the Group's cost base by EUR 100 million by 2010 from the 2008 level. The cost reduction program includes both procurement development actions and personnel reductions, but the savings target does not include potential general deflation in material costs.

During the report period several measures were taken. During 2009, decisions were taken to reduce the number of employees by more than 1,600. The total number of personnel was reduced by almost 1,500 in 2009. Personnel reductions were achieved through rationalization and efficiency improvement measures across the company. As part of the

program, the Group announced closures of the crane manufacturing sites in Ettlingen in Germany, Loughborough in the UK and Birmingham in the US, and decided to discontinue certain products. The closure of these sites will lead to a reduction of approximately 150 employees in 2010. The Group procurement development program is proceeding according to plan. A global category management has been established, and the consolidation of suppliers is lowering our costs.

Based on the above-mentioned restructuring actions, Konecranes expects to achieve the targeted cost savings of EUR 100 million in 2010 compared with the cost base in 2008. Restructuring costs of EUR 20.9 million were booked in 2009, with EUR 5.1 million of this in the fourth quarter.

Risks and uncertainties

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

The shortage of credit may cause difficulties to Konecranes' customers, suppliers, and financial and other counterparties. The risk may be realized as a shortage of supplies or defaulting liabilities. The Group has paid special attention to securing customer payments and requiring strict terms for possible postponements by customers. Increased attention is also being paid to the financial status and business continuity of key subcontractors and vendors. As of now, no such major risks have materialized. In the case of a continued shortage of credit and a prolonged economic downturn, credit losses may increase.

The continuing financial crisis may also lead to challenges in securing liquidity. Although Konecranes has not faced difficulties in financing its business operations, the Group aims to keep more cash in the balance sheet than normally. Konecranes is supported by its solid financial position and strong balance sheet in securing its liquidity.

Challenges in financing may lead customers to postpone projects or even to cancel existing orders. Currently the financial stringency has mainly been visible in prolonged decision making times. As of now, no major cancellations have occurred and advance payments represent about one fourth of the order book. However, if longer postponements and potential cancellations of some major projects actually occur, this may deteriorate the quality of the order book and cause losses. Konecranes is paying increased attention to order book quality and is continuously monitoring the status of orders.

Currency rate fluctuations 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.

Report of the Board of Directors

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.

Future prospects

Despite a slight pick-up in industrial output in the second half of 2009, Konecranes expects the uncertainty to continue, with no credible signs of market recovery visible. The demand for maintenance services is expected to remain stable or to increase gradually should capacity utilization within customer industries continue to improve. The demand for new equipment is expected to remain generally on a low level, and to suffer from overcapacity at customers. Price competition is likely to remain. A high degree of fluctuation between quarters may continue due to the timing of orders.

The year 2010 began with a thinner order book than the previous year. Our forecast is that sales in 2010 will be lower than in 2009. We expect the operating profit in 2010 to be lower than in 2009 before restructuring costs.

Board of Directors' proposal for disposal of distributable funds

The parent company's non-restricted equity is EUR 186,390,616.64 of which the net income for the year is EUR 38,732,347.05. The Group's non-restricted equity is EUR 330,849,000.

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 0.90 be paid on each share and that the remaining non-restricted equity is retained in shareholders' equity.

A pdf version of Konecranes' full audited financial statements including the report of the Board of Directors will be available on the web in week 8 and the printed version in week 9.

Helsinki, February 4, 2010

Konecranes Plc

Board of Directors

Consolidated statement of income – IFRS

(1,000 EUR)		1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Note:			
4, 6, 7	Sales	1,671,264	2,102,496
8	Other operating income	2,924	6,335
10	Depreciation and impairments	-32,503	-26,558
11–13	Other operating expenses	-1,543,763	-1,833,525
	Operating profit	97,922	248,748
20	Share of associates' and joint ventures' result	-2,239	-3,945
14	Financial income and expenses	-7,104	-8,608
	Profit before taxes	88,579	236,195
15	Taxes	-26,088	-69,641
	Net profit for the period	62,491	166,554
Net profit for the period attributable to			
	Shareholders of the parent company	63,634	166,439
	Minority interest	-1,143	115
16	Earnings per share, basic (EUR)	1.08	2.83
16	Earnings per share, diluted (EUR)	1.08	2.82

Consolidated statement of comprehensive income

(1,000 EUR)		1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Net profit for the period			
		62,491	166,554
Other comprehensive income for the period, net of tax			
	Exchange differences on translating foreign operations	-1,129	-4,517
	Cash flow hedges	1,896	-3,259
	Income tax relating to components of other comprehensive income	-493	847
	Other comprehensive income for the period, net of tax	274	-6,929
	Total comprehensive income for the period	62,765	159,625
Total comprehensive income attributable to:			
	Shareholders of the parent company	63,983	159,516
	Minority interest	-1,218	109

Consolidated balance sheet – IFRS

(1,000 EUR)	ASSETS	31 Dec 2009	31 Dec 2008
Note:			
Non-current assets			
17	Goodwill	71,530	57,808
18	Other intangible assets	65,770	62,498
19	Property, plant and equipment	91,320	69,481
	Advance payments and construction in progress	11,807	5,408
20	Investments accounted for using the equity method	4,547	7,407
21	Available-for-sale investments	1,785	1,944
	Long-term loans receivable	2,708	1,843
32	Deferred tax assets	37,252	31,931
	Total non-current assets	286,719	238,320
Current assets			
22	Inventories	248,206	333,151
24	Accounts receivable	265,427	398,314
	Loans receivable	2,928	353
25	Other receivables	23,494	40,788
26	Deferred assets	96,087	93,559
27	Cash and cash equivalents	137,540	100,910
	Total current assets	773,682	967,075
	TOTAL ASSETS	1,060,401	1,205,395

Consolidated balance sheet – IFRS

(1,000 EUR)	EQUITY AND LIABILITIES	31 Dec 2009	31 Dec 2008
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	0	131
38	Fair value reserves	2,317	914
	Translation difference	-18,437	-17,383
	Paid in capital	9,039	7,258
	Retained earnings	276,613	172,064
	Net profit for the period	63,634	166,439
28	Total equity attributable to equity holders of the parent company	402,546	398,803
	Minority interest	4,569	1,893
	Total equity	407,115	400,696
Liabilities			
	Non-current liabilities		
30, 35	Interest-bearing liabilities	38,561	102,816
31	Other long-term liabilities	56,131	56,323
32	Deferred tax liabilities	18,642	18,428
	Total non-current liabilities	113,334	177,567
33	Provisions	61,056	46,786
	Current liabilities		
30, 35	Interest-bearing liabilities	26,915	11,622
7	Advance payments received	156,731	201,055
	Progress billings	18,939	3,961
	Accounts payable	83,738	135,205
34	Other short-term liabilities (non-interest bearing)	13,837	23,640
34	Accruals	178,736	204,863
	Total current liabilities	478,896	580,346
	Total liabilities	653,286	804,699
	TOTAL EQUITY AND LIABILITIES	1,060,401	1,205,395

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	Minority interest	Total equity
Balance at 1 January, 2009 (IFRS)	30,073	39,307	131	914	-17,383	7,258	338,503	398,803	1,893	400,696
Exercise of options						1,781		1,781		1,781
Share issue				-131				-131		-131
Dividends paid to equity holders						-53,277	-53,277			-53,277
Dividends paid to minority interest								0		0
Share based payments recognized against equity						3,530	3,530			3,530
Purchase of treasury shares							0			0
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
Balance at 1 January, 2008 (IFRS)	30,073	39,307	0	3,326	-12,872	4,709	216,194	280,737	70	280,807
Exercise of options						4,146		4,146		4,146
Share issue			131					131		131
Dividends paid to equity holders						-46,797	-46,797			-46,797
Dividends paid to minority interest							0	-54		-54
Share based payments recognized against equity						2,667	2,667			2,667
Purchase of treasury shares					-1,597		-1,597			-1,597
Business combinations							0	1,768		1,768
Total comprehensive income			-2,412		-4,511		166,439	159,516	109	159,625
Balance at 31 December, 2008 (IFRS)	30,073	39,307	131	914	-17,383	7,258	338,503	398,803	1,893	400,696

* 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.

Consolidated cash flow statement – IFRS

(1,000 EUR)	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Note:		
Cash flow from operating activities		
Net income	62,491	166,554
Adjustments to net profit for the period		
Taxes	26,088	69,641
Financial income and expenses	7,488	8,885
Share of associates' and joint ventures' result	2,239	3,945
Dividends income	-384	-277
Depreciation and impairments	32,503	26,558
Profits and losses on sale of fixed assets	645	-585
Other adjustments	1,793	427
Operating income before change in net working capital	132,863	275,148
Change in interest-free short-term receivables	171,776	-92,054
Change in inventories	94,949	-77,286
Change in interest-free short-term liabilities	-111,923	77,888
Change in net working capital	154,802	-91,452
Cash flow from operations before financing items and taxes	287,665	183,696
14 Interest received	1,151	2,800
14 Interest paid	-4,564	-8,332
14 Other financial income and expenses	-1,605	-555
15 Income taxes paid	-59,623	-70,517
Financing items and taxes	-64,641	-76,604
NET CASH FROM OPERATING ACTIVITIES	223,024	107,092
Cash flow from investing activities		
5 Acquisition of Group companies, net of cash	-12,271	-12,312
5 Divestment of Group companies, net of cash	-367	364
20 Acquisition of shares in associated company	0	-3,000
Investments in other shares	-188	-463
Capital expenditures	-29,714	-22,804
Proceeds from sale of fixed assets	942	999
15 Dividends received	384	277
NET CASH USED IN INVESTING ACTIVITIES	-41,214	-36,939
Cash flow before financing activities	181,810	70,153
Cash flow from financing activities		
28.1 Proceeds from options exercised and share issues	1,650	4,277
28.3 Purchase of treasury shares	0	-2,536
Related Party net investment to Konecranes Plc shares	-7,113	0
Proceeds from long-term borrowings	132,574	105,700
Repayments of long-term borrowings	-207,175	-52,935
Proceeds from (+), payments of (-) short-term borrowings	-8,413	-29,665
Change in long-term receivables	-865	-227
Change in short-term receivables	-2,575	-156
Dividends paid to equity holders of the parent	-53,277	-46,797
Dividends paid to minority interest	0	-54
NET CASH USED IN FINANCING ACTIVITIES	-145,194	-22,393
Translation differences in cash	14	-2,808
CHANGE OF CASH AND CASH EQUIVALENTS	36,630	44,952
Cash and cash equivalents at beginning of period	100,910	55,958
27 Cash and cash equivalents at end of period	137,540	100,910
CHANGE OF CASH AND CASH EQUIVALENTS	36,630	44,952

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 Exchange.

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.

Minority 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 knowledge of current events and actions, 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 Heavy Lifting crane projects the Group applies hedge accounting compatible with IAS 39. Changes in the fair value of derivative financial instrument that are desig-

nated 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 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 handled 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 gain 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.

Leases

Lease contracts, in which the Group assumes an essential part of risk and rewards of ownership, are classified as finance lease. In finance lease, 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

Notes to the consolidated financial statements

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 are effective in the year 2009::

- IFRS 2, Share-based payment – Vesting Conditions and Cancellations (Amendment)
- IFRS 8, Operating Segments
- IAS 1, Presentation of Financial Statements – Revised
- IAS 23, Borrowing Costs – Revised
- IFRIC 15, Agreements for Constructions of Real Estate
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation

IAS 1 change impacted primarily the presentation of the statement of income and the statement of changes in the equity.

IFRS 8 replaces the IAS 14 Segment Reporting standard. In accordance with IFRS 8, the identification of operating segments is based on the management reporting. The new

standard does not substantially change the present segment reporting because the business segments specified according to internal reporting are nowadays the Group's primary form of managerial reporting. The introduction of IFRS 8 influences mainly segment information presented in the notes to future financial statements.

The other year 2009 standards or interpretations have no impact on future financial statements.

The following new and amended standards and interpretations are 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 will be expensed through statement of income at time that such services are received. This is a significant difference from current practice in which such costs are included in the cost of the business combination and therefore included in the calculation of goodwill.

The other year 2010 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 Treasury. The legal entity, Konecranes Finance Oy, operates as a financial vehicle of the Group and it is run by the Corporate Headquarters. With centralization and netting of internal foreign currency cash flows, the external hedging needs can be minimized.

Konecranes Finance Oy 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 Oy.

The units hedge their risks internally with the Corporate Headquarters. As a result of this, most of the financial risks of the Group are concentrated into one company, Konecranes

Finance Oy and can be evaluated and controlled in an efficient way.

Almost all funding, cash management and foreign exchange with banks and other external counterparties is centralized to Konecranes Finance Oy 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, this must be done directly between an operative company and a bank under supervision of the Corporate Headquarters.

Konecranes Finance Oy 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 Oy 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 Konecranes Finance Oy. Depending on the business area and the probability of the cash flows, the hedging covers operative cash flows for the next 3–18 months and is done by using internal foreign exchange forward contracts. This way, Konecranes Finance Oy 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 deals. 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 2009, the hedged cash flows totaled USD 88 million (USD 58 million in 2008).

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

Notes to the consolidated financial statements

The following table shows the transaction exposure of Konecranes Finance Oy as of December 31, 2009 and December 31, 2008 (in EUR millions):

	31.12.09	31.12.08
AUD	2	6
CAD	2	3
CHF	1	2
GBP	-12	3
HUF	0	10
INR	1	0
JPY	0	2
NOK	1	3
SEK	-19	8
SGD	2	4
THB	0	1
USD	74	57

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 31.12.2009 and 31.12.2008 (in EUR millions):

	31.12.09	31.12.08
AED	3	2
AUD	4	3
CAD	19	15
CHF	1	0
CLP	2	0
CNY	41	10
DKK	1	1
GBP	4	1
HUF	1	1
JPY	1	0
MXN	3	3
MYR	2	2
NOK	0	2
RON	1	0
RUB	3	1
SGD	7	8
THB	0	1
TRY	3	2
USD	78	26
UAH	0	4
ZAR	1	0

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 the Heavy Lifting 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 millions, the USD effect on other currencies simulated):

Change in EUR/USD rate	31.12.09 EBIT	31.12.09 Equity	31.12.08 EBIT	31.12.08 Equity
+10%	-11.4	-10.7	-9.2	-2.2
-10%	+12.3	+14.1	+11.0	+5.1

This estimate is based on the assumptions that foreign currency transactions are not hedged and that the nominal amount of the USD denominated foreign currency transactions for the whole calendar year would be equal the actual amounts outstanding at the end of the year (the transaction exposure). 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 88% of the Group's interest-bearing liabilities are denominated in euro (68% in 2008). 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 2009 would have lowered the market value of the long-term loan portfolio by EUR 0.4 million (EUR 1.0 million in 2008). 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 big 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 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 2.5 million at the end of 2009 (EUR 1.6 million in 2008).

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, multi-currency revolving credit facility with an international loan syndication (2009–2012). To cover short-term funding (1–3 months), Konecranes Finance Oy can borrow a total of EUR 200 million from institutional investors through six domestic commercial paper programs. In addition, business units around the world have overdraft facilities totaling EUR 29 million to cover the day-to-day funding needs.

Normally, 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. However, due to the current global financial crisis the Group aims to keep more cash in the balance sheet than normally. Cash and cash equivalents totaled EUR 137.5 million at the end of 2009 (EUR 100.9 in 2008).

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 2009, the gearing ratio was -19.1% (2.8% in 2008).

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.

Notes to the consolidated financial statements

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 2008 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

In segment reporting, business segments (business areas) are defined as the primary segments. The business areas are based on the Group's managerial reporting and organizational structure. The business segments are: Service, Standard Lifting and Heavy Lifting. 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

2009	Service	Standard Lifting	Heavy Lifting	Unallocated items	Eliminations	Total
Sales to external customers	631.9	584.1	455.3			1,671.3
Inter-segment sales	35.3	68.1	23.8		-127.2	0.0
Total net sales	667.2	652.2	479.1		-127.2	1,671.3
Operating profit excluding restructuring costs	73.5	65.3	36.7	-54.6	-1.9	118.8
% of net sales	11.0%	10.0%	7.7%			7.1%
Operating profit including restructuring costs	70.8	49.7	34.0	-54.6	-1.9	97.9
% of net sales	10.6%	7.6%	7.1%			5.9%
Assets	235.5	351.1	240.4	233.4		1,060.4
Liabilities	110.0	182.1	207.3	153.9		653.3
Capital expenditure	7.2	4.7	10.9	2.9		25.7
Depreciation and amortization	9.0	10.5	5.1	3.7		28.3
Impairment of assets	0.6	3.6	0.0			4.2
Share of result of associates and joint ventures	0.0	0.0	-2.2			-2.2
Investment in associates and joint ventures	0.0	4.5	0.0			4.5
Personnel	4,891	3,012	1,603	276		9,782

2008	Service	Standard Lifting	Heavy Lifting	Unallocated items	Eliminations	Total
Sales to external customers	722.5	752.8	627.2			2,102.5
Inter-segment sales	31.8	82.6	32.2		-146.6	0.0
Total net sales	754.3	835.4	659.4		-146.6	2,102.5
Operating profit	106.2	140.0	53.6	-47.2	-3.9	248.7
% of net sales	14.1%	16.8%	8.1%			11.8%
Assets	259.3	441.3	278.0	226.8		1,205.4
Liabilities	124.0	197.9	220.2	262.7		804.7
Capital expenditure	4.9	5.6	3.8	8.1		22.3
Depreciation and amortization	8.2	9.3	4.9	3.9		26.3
Impairment of assets	0.2	0.0	0.0			0.2
Share of result of associates and joint ventures	0.0	1.5	-5.5			-3.9
Investment in associates and joint ventures	0.0	7.4	0.0			7.4
Personnel	5,372	2,808	1,439	285		9,904

4.2. Geographical segments

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

2008	EMEA	AME	APAC	Total
External sales	1,207.5	591.7	303.3	2,102.5
Assets	753.5	260.7	191.3	1,205.4
Capital expenditure	13.8	3.8	4.6	22.3
Personnel	5,658	2,619	1,627	9,904

Notes to the consolidated financial statements

5. Acquisitions

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 preliminary 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
Minority 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.

Acquisitions in 2008

At the end of January 2008, Konecranes strengthened its position in the machine tool service (MTS) business in Scandinavia by acquiring the business of the Norwegian MTS company Eiker Automasjon AS. On March 6, Konecranes acquired the entire share capital of Eydimen 2000 S.L., the Spanish crane and service company. Prior to this transaction, Konecranes held 19.2 percent of the share capital in Eydimen. Also, at the beginning of March, Konecranes acquired additional 62.8 percent of the Finnish company Nostininnovaatiot Oy. Prior stake to this company was 17.4 percent. On March 31, Konecranes signed an agreement to exercise its options to raise its holding in the joint venture company Meiden Hoist System Company, Ltd of Japan from 49.0 to 65.0 percent.

During the second quarter, Konecranes made two acquisitions. In mid April, Konecranes acquired Spanish company Ausió Sistemas de Elevación S.L. The company specializes in manufacturing, sales and service of Industrial cranes and hoists. Also, in April, Konecranes acquired the Ukrainian service company ZAO Craneservice Ukraine.

During the third quarter Konecranes acquired three companies. In July, Konecranes acquired two MTS companies in the United Kingdom; K&B Europe Ltd. and K&B Machine Tool Services Ltd. and in Denmark the port crane service company Aarhus Maskinfabrik A/S.

Konecranes acquired the business of the Canadian crane and crane service company Provincial Services Crane Specialists, located in Allanburg, Ontario in mid October. The other fourth quarter acquisitions were two MTS companies in the United Kingdom. At the end of October, Konecranes signed an agreement with Electron Service Ltd. and at the beginning of November, the assets of Machine Tool Services (GB) Ltd were acquired.

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

	2008	2008
	Recognized on acquisition	Carrying value
Intangible assets	12.3	1.2
Tangible assets	1.7	1.7
Deferred tax assets	0.4	0.4
Inventories	8.0	7.4
Account receivables and other assets	16.3	17.0
Cash and bank	2.2	2.2
Total assets	40.9	29.9
Deferred tax liabilities	3.8	0.0
Account payables	10.1	10.1
Other liabilities	10.9	10.9
Minority interest	1.4	1.4
Total liabilities	26.2	22.4
Net assets	14.7	7.5
Acquisition costs	19.6	
Goodwill	4.9	
The total cost of the combination was EUR 19.6 million and comprised cash paid EUR 16.7 million, of which cash flow of earlier interests is EUR 2.7 million, liabilities assumed EUR 2.4 million and cost directly attributable to the combination EUR 0.5 million.		
Cash outflow on acquisition		
Acquisition costs	19.6	
Cash flow of earlier interests in acquired businesses	-2.7	
Liabilities assumed	-2.4	
Acquisition costs paid in cash	14.6	
Cash and cash equivalents of acquired companies	-2.2	
Net cash flow arising on acquisition	12.3	

Divestments 2008

During the last quarter of 2008, Konecranes sold its small subsidiary STAHL CraneSystems B.V. to an independent crane company in the Netherlands.

Notes to the consolidated financial statements

6. Distribution of sales

	2009	2008
Sale of goods	1,146.7	1,535.8
Rendering of services	524.1	566.5
Royalties	0.4	0.2
Total	1,671.3	2,102.5

7. Percentage of completion method and advances received

7.1. Percentage of completion method	2009	2008
The cumulative revenues of non-delivered projects	205.0	256.3
Advance received from percentage of completion method	203.3	294.9
Receivables from the revenue recognition netted with the advances received	156.6	200.9
7.2. Advance payments received	2009	2008
Advance received from percentage of completion method (netted)	46.7	93.9
Other advance received from customers	110.0	107.1
Total	156.7	201.0

8. Other operating income

	2009	2008
Profit of disposal of fixed assets	0.5	0.6
Rental income	0.9	0.8
Indemnities	0.2	3.4
Other	1.4	1.5
Total	2.9	6.3

9. Government grants

	2009	2008
Investment grants in building, machinery and employment grants	0.2	0.1
Grants for research and development	0.7	0.7
Total	0.9	0.8

10. Depreciation, amortization and impairments

10.1. Depreciation and amortization	2009	2008
Intangible assets	11.9	11.4
Buildings	1.5	1.0
Machinery and equipment	15.0	13.8
Total	28.3	26.3

10.2. Impairments	2009	2008
Machinery and equipment	0.1	0.0
Intangible rights	0.3	0.0
Goodwill	3.7	0.2
Total	4.2	0.2

11. Other operating expenses

	2009	2008
Change in work in progress	57.9	-36.5
Production for own use	-0.8	-1.1
Material and supplies	632.7	888.4
Subcontracting	155.9	252.3
Wages and salaries	351.2	367.2
Pension costs	31.2	31.0
Other personnel expenses	70.1	65.1
Other operating expenses	245.7	267.2
Total	1,543.8	1,833.5

12. Personnel expenses and number of personnel

12.1. Personnel expenses	2009	2008
Wages and salaries	351.2	367.2
Pension costs: Defined benefit plans	4.6	3.7
Pension costs: Defined contribution plans	26.6	27.3
Other personnel expenses	70.1	65.1
Total	452.4	463.2

12.2. Average personnel	2009	2008
The average number of personnel	9,811	9,222
Personnel 31 December,	9,782	9,904
of which in Finland	1,746	1,929

12.3. Personnel by Business Area at end of period	2009	2008
Service	4,891	5,372
Standard Lifting	3,012	2,808
Heavy Lifting	1,603	1,439
Group Staff	276	285
Total	9,782	9,904

Option rights owned (number of options)	154,000	114,000
Share-based payments costs (options), EUR	390,202	349,348
Retirement age	60 years	60 years
Pension target level	60%	60%
Period of notice	6 months	
	18 months salary and fringe benefits	
Severance payment		

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 2009 confirmed an annual fee of EUR 100,000 for the Chairman of the Board, EUR 64,000 for the Vice Chairman of the Board, and EUR 40,000 for other Board members. In addition, compensation of EUR 1,500 was approved for attendance at Board committee meetings. The annual compensation can be paid either in cash or in Konecranes Plc's shares acquired from the market.

Total compensation to the Board of directors	2009	2009	2008	2008
	Total compensation, EUR	Number of shares	Total compensation, EUR	Number of shares
Chairman of the Board	116,600	2,402	101,500	1,700
Vice Chairman of the Board*	9,600	0	64,000	0
Board members	338,700	3,844	266,100	4,074
Total	464,900	6,246	431,600	5,774

* 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.

	2009	2008
Salary and benefits, EUR	382,938	357,387
Bonus, EUR	198,000	186,000
Total compensation, EUR	580,938	543,387
Shares owned (number of shares)	180,000	280,000
Shares owned through KCR Management Oy (number of shares)	144,437	0
Total shares owned (number of shares)	324,437	280,000

Group Executive Board & Extended Management Team

As of September 2009 Konecranes shifted to a two-tiered management structure. The new 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 (5 persons); Vice President, General Counsel; Vice President, Human Recourses; Vice President, Marketing and Communications; and the Chief Information Officer.

Extended Management Team consists totally 16 persons in 2009 (14 persons in 2008 in Group Executive Board). The Nomination and Compensation Committee 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

	2009	2008
Salary and benefits, EUR	2,557,089	2,379,208
Bonuses, EUR	649,355	537,525
Total compensation, EUR	3,206,444	2,916,733
Shares owned (number of shares)	276,018	255,650
Shares owned through KCR Management Oy (number of shares)	373,259	0
Total shares owned (number of shares)	649,277	255,650
Option rights owned (number of options)	964,200	870,200
Share-based payments costs, EUR	1,147,120	868,337

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Konecranes Group Executives invested in the Company's shares as part of the executives' incentive arrangement. In May 2009, Konecranes Group's executive management established a company named KCR Management Oy, whose entire share capital the management owns. As part of arrangement, the Board of Directors of Konecranes Plc has resolved to grant KCR Management Oy an interest-bearing loan EUR 7.1 million to finance the acquisition of the Company's shares. The loan will be repaid in full by 31 December 2012. The interest rate of the loan is Finnish base rate ("peruskorko"), however always not less than 4%. The acquired shares have been pledged to Konecranes Plc as a security for performing obligations under this loan agreement.

There were no loans to the Group management at end of the period 2008.

There are no guarantees on behalf of the group management in year 2009 and 2008.

14. Financial income and expenses

14.1. Financial income	2009	2008
Dividend income on available-for-sale investments	0.4	0.3
Interest income on bank deposits and loans	1.9	3.2
Fair value gain on derivative financial instruments	0.0	6.5
Exchange rate gains on interest bearing assets and liabilities	1.8	0.0
Other financial income	0.1	0.0
Total	4.1	10.0
14.2. Financial expenses	2009	2008
Interest expenses on liabilities	4.0	9.1
Fair value loss on derivative financial instruments	0.7	0.0
Exchange rate loss on interest bearing assets and liabilities	3.8	8.7
Other financial expenses	2.7	0.8
Total	11.2	18.6
Financial income and expenses net	-7.1	-8.6

The company applies hedge accounting on derivatives used to hedge cash flows in Heavy Lifting projects. The cash flow hedges of the expected future cash flows are assessed to be highly effective and a net unrealized gain of EUR 3.1 million (2008: EUR 1.2 million) with deferred taxes of EUR 0.8 million (2008: EUR 0.3 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	2009	2008
Local income taxes of group companies	31.8	77.1
Taxes from previous years	0.3	-0.8
Change in deferred taxes	-6.1	-6.6
Total	26.1	69.6
15.2. Reconciliation of income before taxes with total income taxes	2009	2008
Profit before taxes	88.6	236.2
Tax calculated at the domestic corporation tax rate of 26% (2008: 26%)	23.0	61.4
Effect of different tax rates of foreign subsidiaries	-0.3	6.6
Taxes from previous years	0.3	-0.8
Tax effect of non-deductible expenses and tax-exempt income	2.9	2.8
Tax effect of unrecognized tax losses of the current year	4.7	1.7
Tax effect of recognition of previously unrecognized tax losses	-4.3	-3.6
Tax effect of utilization of previously unrecognized tax losses	-0.3	-0.5
Tax effect of tax rate change*	0.0	0.1
Other items	0.0	1.8
Total	26.1	69.6
Effective tax rate %	29.5%	29.5%

* The tax rate changes in Sweden and Russia from January 1, 2009 are recognized in deferred taxes in 2008.

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.

	2009	2008
Net profit attributable to shareholders of the parent company	63.6	166.4
Weighted average number of shares outstanding (1,000 pcs)	58,922	58,726
Effect of issued share options (1,000 pcs)	164	261
Diluted weighted average number of shares outstanding (1,000 pcs)	59,086	58,987
Earnings per share, basic (EUR)	1.08	2.83
Earnings per share, diluted (EUR)	1.08	2.82

17. Goodwill and goodwill impairment

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 EM Automasjon AS, Dynamic Crane Systems Ltd and Jiangsu Three Horses Crane Manufacture Co. Ltd (SANMA) which were acquired during the year 2009 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. 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 in use varied in a range of 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.

Detailed information of CGU's

The allocated goodwill of the following individual CGUs can be considered significant in comparison with the Group's total carrying amount of goodwill: Konecranes GmbH is a company in Germany and it belongs to Konecranes' Service and Standard Lifting - business segments. The carrying amount of goodwill allocated to this CGU was EUR 14,1 million on December 31, 2009. Konecranes Lifttrucks AB, a Swedish based container lifting equipment manufacturer, was acquired at the end of year 2004. This CGU belongs to Konecranes Heavy Lifting - business segment. The carrying amount of goodwill allocated to this CGU was EUR 11,4 million on December 31, 2009. R. Stahl AG's material handling division was acquired at the end of year 2005. This CGU belongs to Konecranes' Standard Lifting - business segment. The total amount of goodwill allocated to this CGU was EUR 20,4 million on December 31, 2009. In the company's assets, there is also included EUR 10,4 million intangible assets 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 Group's total goodwill is allocated to the business segments as following: to Service EUR 19,0 million, to Standard Lifting EUR 38,5 million and to Heavy Lifting EUR 14,0 million.

The recoverable amounts of each above-mentioned CGU are determined based on the above-mentioned general principles. The major variables used in the calculations have been the business growth rate and the operating income percent. The average growth rate percent used in the first five-year cash flow forecasts varied between -5 percent and 15 percent, and the average estimated growth rate of all CGUs was 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.

As a result of the annual impairment test, the goodwill of Morris Material Handling Ltd in the UK, EUR 1,1 million, has been written off in 2009. Manufacturing and sales under Morris brand will be discontinued due to the restructuring of the business and merger of the legal entity with other Konecranes units in the United Kingdom. The goodwill in Konecranes Lifting Systems GmbH in Austria was impaired by EUR 2,5 million. In this business the cash flow estimates for the next couple of years are lower than earlier forecasted due to integrating

Notes to the consolidated financial statements

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 Standard Lifting. Various small other goodwill items, total of EUR 0,1 million, have been impaired as well.

The calculations were also performed by using the sensitivity analysis with higher interest rates and lower operating margin levels. The sensitivity analysis was performed using latest forecasts of 2009 as a base. For the year 2010, sales and variable costs (volumes) were lowered by 15% compared to the year 2009 forecast. Meanwhile the fixed costs stayed on the same level as in the year 2009. For the year 2011 volumes and fixed costs remained at the same level as in 2010. During 2012 the volumes were risen by 5%, in 2013 by 10% and in 2014 by 20% compared to the year 2009 forecast. Fixed costs remained on the same level as in the 2009 forecast. According to the sensitivity test, there was no need for additional goodwill impairment. The discount rate was also tested. If discount rate was increased by 5 percentage points, there would not have been any reason to make impairment in any goodwill unit.

Goodwill	2009	2008
Acquisition costs as of 1 January	57.8	56.8
Increase	16.7	4.9
Decrease	-0.9	0.0
Translation difference	1.6	-3.7
Impairments	-3.7	-0.2
Total as of 31 December	71.5	57.8

18.2. Other (including service contracts, software)	2009	2008
Acquisition costs as of January 1	83.3	68.8
Increase	1.3	3.5
Decrease	-0.6	0.0
Company acquisitions	11.2	11.3
Transfer within assets	0.6	-0.2
Translation difference	2.0	-0.1
Acquisition costs as of December 31	97.8	83.3
Accumulated amortization January 1	-40.4	-30.4
Accumulated depreciation relating to disposals	0.6	0.0
Amortization for financial year	-10.6	-10.0
Total as of December 31	47.4	42.9

18.3. Other intangible assets total	2009	2008
Acquisition costs as of January 1	110.3	95.7
Increase	1.3	3.5
Decrease	-0.6	0.0
Company acquisitions	12.0	11.3
Transfer within assets	0.6	-0.2
Translation difference	1.3	0.0
Acquisition costs as of December 31	124.8	110.3
Accumulated amortization as of January 1	-47.8	-36.4
Accumulated depreciation relating to disposals	0.6	0.0
Amortization for financial year	-11.9	-11.4
Total as of December 31	65.8	62.5

18. Other intangible assets

18.1. Patents and trademarks	2009	2008
Acquisition costs as of January 1	27.0	26.9
Company acquisitions	0.8	0.0
Translation difference	-0.7	0.1
Acquisition costs as of December 31	27.1	27.0
Accumulated amortization January 1	-7.4	-6.0
Amortization for financial year	-1.3	-1.4
Total as of December 31	18.4	19.6

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, 2009, 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	2009	2008
Acquisition costs as of 1 January	3.2	2.9
Decrease	-0.7	0.0
Translation difference	0.0	0.3
Total as of 31 December	2.5	3.2

19.2. Buildings	2009	2008
Acquisition costs as of 1 January	13.4	12.4
Increase	6.4	2.1
Company acquisitions	9.9	0.1
Translation difference	-0.2	-1.2
Acquisition costs as of 31 December	29.6	13.4
Accumulated depreciation 1 January	-1.5	-0.5
Depreciation for financial year	-1.5	-1.0
Total as of 31 December	26.6	11.9

The balance value of buildings which belong to finance lease was EUR 0.6 million in the year 2009 (EUR 0.6 million in 2008).

19.3. Machinery and equipment	2009	2008
Acquisition costs as of January 1	168.1	152.7
Increase	19.4	19.3
Decrease	-11.2	-6.0
Company acquisitions	5.4	2.4
Transfer within assets	0.3	0.2
Impairment	-0.1	0.0
Translation difference	-0.4	-0.5
Acquisition costs as of December 31	181.5	168.1
Accumulated depreciation as of January 1	-113.7	-104.5
Accumulated depreciation relating to disposals	9.3	4.7
Depreciation for financial year	-14.9	-13.9
Total as of December 31	62.2	54.4

The balance value of tangible assets which belong to finance lease is EUR 7.6 million in the year 2009 (EUR 8.0 million in 2008).

19.4. Property, plant and equipment total

	2009	2008
Acquisition costs as of 1 January	184.8	168.0
Increase	25.9	21.4
Decrease	-11.9	-6.0
Company acquisitions	15.3	2.5
Transfer within assets	0.3	0.2
Impairment	-0.1	0.0
Translation difference	-0.6	-1.4
Acquisition costs as of 31 December	213.6	184.8
Accumulated depreciation 1 January	-115.2	-105.0
Accumulated depreciation relating to disposals	9.3	4.7
Depreciation for financial year	-16.4	-14.9
Total as of 31 December	91.3	69.5

20. Investments accounted for using the equity method

	2009	2008
Acquisition costs as of 1 January	7.4	6.3
Share of associated companies result after taxes	-2.2	-3.9
Dividends received	-0.9	-0.2
Acquisitions	0.0	3.5
Translation difference	0.0	-0.5
Transferred to subsidiary shares	0.2	-3.0
Negative part of equity transferred to provisions	0.0	5.3
Total as of 31 December	4.5	7.4

Notes to the consolidated financial statements

20.1. Investments accounted for using the equity method by companies

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

2008	Carrying amount of the investment	Total asset value ¹⁾	Total liability value ¹⁾	Revenue ¹⁾	Profit/loss ¹⁾
ACS Technologies GmbH	3.5	4.1	3.3	3.8	0.0
Guangzhou Technocranes Company Ltd.	0.4	1.5	1.1	0.9	0.0
Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd.	0.3	0.7	0.4	0.5	0.0
Shanghai High Tech Industrial Company, Ltd.	0.5	2.2	1.7	2.3	0.2
Boutonnier Adt Levage S.A.	0.2	0.5	0.3	0.9	0.0
Levelec S.A.	0.1	0.3	0.2	0.6	0.0
Manelec S.a.r.l.	0.1	0.2	0.1	0.4	0.0
Manulec S.A.	0.3	0.6	0.3	0.9	0.0
Sere Maintenance S.A.	0.1	0.4	0.3	0.9	0.0
Eastern Morris Cranes Limited	0.5	3.3	0.8	3.7	0.4
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	0.0	10.9	11.1	6.2	-5.5
Crane Industrial Services LLC	1.0	2.3	1.4	4.2	0.5
Translation difference	0.0	0.0	0.0	0.0	0.0
Total	7.4	27.1	21.1	25.3	-4.3

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 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

	2009	2008
Acquisition costs as of 1 January	1.9	2.4
Transferred to subsidiary and associated company shares	-0.3	-0.9
Increase	0.2	0.5
Total as of 31 December	1.8	1.9

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

	2009	2008
Raw materials and semi-manufactured goods	108.3	122.3
Work in progress	114.3	168.4
Finished goods	16.7	24.6
Advance payments	8.9	17.8
Total	248.2	333.2

23. Valuation and qualifying accounts

2009	Balance at the beginning of the year	Translation difference	Utilized during the period	Provision not needed	Balance at the end of the year	
					Additions	
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

2008	Balance at the beginning of the year	Translation difference	Utilized during the period	Provision not needed	Balance at the end of the year	
					Additions	
Provision for doubtful accounts	13.6	-0.2	0.8	2.5	6.3	16.4
Provision for obsolete inventory	7.8	0.6	0.7	1.0	3.0	9.8

Notes to the consolidated financial statements

24. Ageing analysis of accounts receivable

	2009	2008
Undue accounts receivable	185.2	239.8
Accounts receivable 1–30 days overdue	44.7	81.2
Accounts receivable 31–60 days overdue	18.4	35.8
Accounts receivable 61–90 days overdue	8.9	24.0
Accounts receivable more than 91 days overdue	8.2	17.3
Total	265.4	398.1

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 5.3 million (EUR 1.0 million in 2008).

25. Other receivables

	2009	2008
Bills receivable	3.7	13.6
Value added tax	19.7	27.2
Total	23.5	40.8

26. Deferred assets

	2009	2008
Corporate income taxes	11.5	3.0
Interest	0.9	0.3
Receivable arising from percentage of the completion method	45.5	55.3
Prepaid expenses	11.1	9.7
Other	27.1	25.2
Total	96.1	93.6

27. Cash and cash equivalents

	2009	2008
Cash in hand and at bank	19.0	40.6
Short-term deposits	118.5	60.3
Total	137.5	100.9

Short-term deposits 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 2008	58,505,780	30.1	39.3	4.7
Share subscriptions with options	633,540	0.0	0.0	4.1
Purchase of treasury shares	-69,600	0.0	0.0	-1.6
31 December 2008	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

The total shareholders' equity consists of share capital, share premium account, 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 118 / Board of Director's Proposal to the Annual General Meeting.

	2009	2008
	Number of shares	Number of shares
28.3. Treasury shares		
As of 1 January	2,542,600	2,473,000
Increase	0	69,600
Incentive arrangement for Konecranes Group executive management (KCR Management Oy)	517,696	0
Total as of 31 December	3,060,296	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 Extraordinary General Meeting on August 31, 2009 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 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 11 September 2010.

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 shares may be transferred in one or several tranches. The Board of Directors is authorized to resolve upon the terms and conditions of the transfer of the Company's own shares. The shares may be transferred with deviation from the shareholders' pre-emptive rights, provided that weighty financial grounds exist for this. 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 11 September 2010.

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29. Option rights and other share-based payments

The Annual General Meeting on March 8, 2001 resolved to issue 3,000 stock options to the management of the Konecranes Group entitling the stock option holders to subscribe for a maximum of 300,000 shares in Konecranes Plc. Each stock option gives its holder the right to subscribe to one hundred shares each at a subscription price of EUR 34. The annual period of subscription shall be January 2 through November 30. With A-series stock options, shares can be subscribed to starting on April 1, 2004 and ending on March 31, 2007 and with B-series stock options starting on April 1, 2007 and ending on March 31, 2010. As a result of share subscriptions based on the 2001 stock options, the share capital of Konecranes Plc may be increased by a maximum of EUR 600,000 and the number of shares by a maximum of 300,000 new shares. At the end of 2009, altogether 508,400 shares (2008: 508,400 shares) had been subscribed for the warrants pursuant to the 2001A stock option plan and 360,400 shares (2008: 292,800 shares) for 2001B stock option plan.

In March 2006, the Annual General Meeting approved the increase of the number of shares (share split). As a result of the share split, the number of shares of the company were quadrupled. Any information of the Option rights stated above before March 2006 is presented in their original pre-split values, and any information of the Option rights after March 2006 is presented in their new split values.

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 was 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 2009 no shares had been subscribed for the stock options pursuant to the 2007A stock option plan.

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 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. For series 2009A, the subscription price was EUR 14.55.

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
2001B	600,000	8.50	132,400	1.4.2007–31.3.2010
2007A	1,000,000	25.72	958,000	2.5.2009–30.4.2011
2007B	1,000,000	25.72	968,000	2.5.2010–30.4.2012
2009A	750,000	14.55	715,000	1.4.2012–30.4.2014
Total	3,350,000		2,773,400	

29.2. Changes in the number of shares of option rights outstanding	2009	2008
Number of shares of option rights outstanding as of 1 January	2,368,200	2,085,040
Granted during the year	735,000	1,011,000
Forfeited during the year	-69,200	-17,500
Exercised during the year	-260,600	-633,540
Expired during the year	0	-76,800
Total number of shares of option rights outstanding as of 31 December	2,773,400	2,368,200

The total cost of the option programs for the financial year 2009 was 3.5 MEUR (2008: 2.7 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	Pekka Lundmark's incentive scheme 2006	Pekka Lundmark's incentive scheme 2007
Subscription price of the share, EUR	25.72	25.72	14.55	12.00	12.00
Fair market value of the share, EUR	25.55	26.47	17.65	21.16	24.74
Expected volatility, %	18%	18%	25%	18%	18%
Risk-free interest rate, %	4.2%	4.7%	3.3%	3.7%	4.0%
Expected contractual life in years	1.3	2.3	2.3	2.0	2.1
Grant date fair value of the stock options, EUR	2.80	3.63	6.52	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.

30. Interest-bearing liabilities

30.1. Non-current	2009	2009	2008	2008
	Carrying amount	Fair value	Carrying amount	Fair value
Loans from financial institutions	7.3	7.3	96.5	96.5
Pension loans	25.3	25.3	0.0	0.0
Finance lease liabilities	5.4	5.4	6.3	6.3
Other long-term loans	0.5	0.5	0.1	0.1
Total	38.6	38.6	102.8	102.8

30.2. Current	2009	2009	2008	2008
	Carrying amount	Fair value	Carrying amount	Fair value
Loans from financial institutions	6.0	6.0	0.2	0.2
Pension loans	1.2	1.2	0.0	0.0
Finance lease liabilities	2.5	2.5	2.1	2.1
Commercial papers	0.0	0.0	4.9	4.9
Other short-term loans	0.5	0.5	2.5	2.5
Overdraft	16.7	16.7	2.0	2.0
Total	26.9	26.9	11.6	11.6

The average interest rate of the non-current liabilities portfolio on December 31, 2009 was 3.51% (2008: 4.61%) and that on current liabilities was 3.62% (2008: 5.48%). The effective interest rate for EUR-loans varied between 2.61%–3.70% (2008: 3.20%–5.70%).

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

2009					Debt repricing in period				
Currency	Amount MEUR	Avg duration	Avg rate %	Rate sensitivity ¹⁾	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 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

2008					Debt repricing in period				
Currency	Amount MEUR	Avg duration	Avg rate %	Rate sensitivity ¹⁾	2009	2010	2011	2012	2013-
EUR	77.9	1.2 years	4.57	0.8	11.5	61.7	1.4	1.4	1.9
USD	11.1	2 years	2.95	0.1	0.0	11.1	0.0	0.0	0.0
CNY	25.4	2 years	6.16	0.3	0.0	25.4	0.0	0.0	0.0
Total	114.4		4.56	1.1	11.5	98.2	1.4	1.4	1.9

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 2009 (or 2008). All other variables have been assumed constant.

30.4. Maturity profile of the Group's financial liabilities

2009		Maturity of financial liabilities					
Debt type	Amount 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

2008		Maturity of financial liabilities					
Debt type	Amount drawn	2009	2010	2011	2012	2013	Later
Committed revolving facilities	60.0	0.0	60.0	0.0	0.0	0.0	0.0
Loans from financial institutions	36.7	0.2	36.5	0.0	0.0	0.0	0.0
Finance lease liabilities	8.3	2.1	1.7	1.4	1.4	1.1	0.8
Commercial paper program	4.9	4.9	0.0	0.0	0.0	0.0	0.0
Other long-term debt	2.5	2.5	0.0	0.0	0.0	0.0	0.0
Overdraft	2.0	2.0	0.0	0.0	0.0	0.0	0.0
Total	114.4	11.6	98.2	1.4	1.4	1.1	0.8

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

2009	Financial assets/ liabilities at fair value through income state- ment	Loans and receivables	Available- for-sale financial assets	Financial assets/ liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value	Note
Financial assets							
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							
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	
2008							
Financial assets	Financial assets/ liabilities at fair value through income state- ment	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			1.8		1.8	1.8	
Derivative financial instruments		0.1			0.1	0.1	37.2
Other financial assets				1.9	1.9	1.9	21
Current financial assets							
Short-term interest-bearing receivables			0.4		0.4	0.4	
Account and other receivables			439.1		439.1	439.1	24, 25
Derivative financial instruments		6.4			6.4	6.4	37.2
Cash and cash equivalents			100.9		100.9	100.9	27
Total	6.5	542.2	1.9		550.7	550.7	
Financial liabilities							
Non-current financial liabilities							
Interest-bearing liabilities				102.8	102.8	102.8	30.1
Derivative financial instruments		0.1			0.1	0.1	
Current financial liabilities							
Interest-bearing liabilities				11.6	11.6	11.6	30.2
Derivative financial instruments		1.0			1.0	1.0	37.2
Account and other payables				158.8	158.8	158.8	34.2
Total	1.2			273.3	274.5	274.5	

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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

	2009	2008
Present value of obligation wholly unfunded	47.6	45.4
Present value of obligation wholly or partly funded	40.7	31.8
Defined benefit plan obligations	88.3	77.2
Fair value of plan assets	-33.9	-27.9
Deficit (+) / Surplus (-)	54.4	49.3
Unrecognized net actuarial gain (+)/loss (-)	1.8	7.0
Total	56.1	56.3

31.2. Components of defined benefit plan recognized in statement of income

	2009	2008
Current service cost	2.2	1.6
Interest cost	4.4	4.2
Expected return on plan assets	-1.9	-2.0
Net actuarial gain (-)/loss (+) recognized in year	-0.1	-0.1
Total	4.6	3.7

31.3. Movements of the present value of defined benefit obligation

	2009	2008
Obligation as of January 1	77.2	92.5
Translation difference	2.3	-10.5
Company acquisition	0.0	0.7
Settlements and curtailments	0.0	-0.6
Current service cost	2.2	1.6
Interest cost	4.4	4.2
Actuarial gains (-) / losses (+)	7.2	-7.5
Benefits paid (-)	-5.1	-3.2
Obligation as of 31 December	88.3	77.2

31.4. Movements of the fair value of plan assets

	2009	2008
Fair value of plan assets as of 1 January	27.9	40.2
Translation difference	2.0	-9.1
Company acquisition	0.0	0.4
Expected return on plan assets	1.9	2.0
Employer contributions	2.0	1.0
Actuarial gains (+) / losses (-)	2.8	-5.5
Benefits paid (-)	-2.5	-1.1
Fair value of plan assets as of 31 December	33.9	27.9

31.5. Defined benefit plan: the main actuarial assumptions

	2009	2008
Discount rate %	2.30–6.00	2.30–6.00
Expected return on plan assets %	2.30–3.50	2.30–6.40
Future salary increase %	2.50–3.50	2.50–3.00
Future pension payment increase %	1.50–3.50	1.50–2.80

32. Deferred tax assets and liabilities

32.1. Deferred tax assets	2009	2008
Employee benefits	8.1	7.9
Provisions	12.1	8.6
Unused tax losses	12.5	9.8
Other temporary difference	4.6	5.6
Total	37.2	31.9

32.2. Deferred tax liabilities	2009	2008
Intangible and tangible assets	16.2	16.4
Other temporary difference	2.5	2.1
Total	18.6	18.4

32.3. Tax losses carried forward

At the end of year 2009, Konecranes recorded a deferred tax asset of EUR 12.5 million (EUR 9.8 million in 2008) on the carry-forward losses totally amounting to EUR 101.5 million (EUR 92.6 million in 2008). 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 66.3 million in the year 2009 (EUR 64.9 million in 2008).

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 62.8 million (EUR 69.4 million in 2008). The company has recorded a deferred tax asset amounting to EUR 9.6 million (EUR 7.1 million in 2008) based on the tax losses estimated to be utilized during the years 2010–2012 amounting to EUR 24.1 million. For the amount of EUR 38.7 million tax loss carry-forwards deductible over the period 2013–2031 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:

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

2008	Tax losses carried forward	Potential deferred tax assets	Deferred tax assets not recorded	Deferred tax assets
USA	69.4	27.8	20.6	7.1
Germany	4.4	1.3	1.3	0.0
The Netherlands	6.8	1.9	0.0	1.9
Finland	2.3	0.6	0.0	0.6
Other	9.7	2.8	2.6	0.2
Total	92.6	34.4	24.6	9.8

Notes to the consolidated financial statements

33. Provisions

2009	Warranty	Restructuring	Pension commitments	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

2008	Warranty	Restructuring	Pension commitments	Other	Total
Total provisions as of 1 January	17.6	5.4	3.5	10.7	37.2
Translation difference	0.2	-0.1	0.1	1.5	1.7
Additional provision in the period	14.3	0.0	0.4	13.5	28.1
Utilization of provision	5.9	2.6	0.1	4.0	12.5
Unused amounts reversed	2.8	0.5	0.9	3.5	7.8
Total provisions as of 31 December	23.5	2.1	3.1	18.2	46.8

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 sold by the Konecranes Heavy Lifting business area, 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	2009	2008
Corporate income taxes	9.9	28.9
Wages, salaries and personnel expenses	52.7	57.5
Pension costs	3.2	4.5
Interest	0.5	1.6
Late cost reservations	80.2	81.1
Other items	32.2	31.2
Total	178.7	204.9

34.2. Other current liabilities (non-interest bearing)	2009	2008
Bills payable	0.7	3.8
Value added tax	8.5	11.9
Other short-term liabilities	4.6	8.0
Total	13.8	23.6

35. Lease liabilities

35.1. Finance lease	2009	2008
Minimum lease payments		
within 1 year	2.6	2.7
1–5 years	7.7	6.7
over 5 years	0.2	0.4
Total	10.5	9.7
Present value of finance lease		
within 1 year	2.7	2.3
1–5 years	5.5	5.8
over 5 years	0.2	0.3
Total	8.3	8.5

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

35.2. Operating leases	2009	2008
Minimum lease payments		
within 1 year	27.7	29.7
1–5 years	55.4	50.8
over 5 years	15.9	15.3
Total	99.0	95.8
Operative rental expenses during the year	23.0	20.8

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

	2009	2008
For own commercial obligations		
Pledged assets	0.0	0.2
Guarantees	212.0	172.0
Leasing liabilities	99.0	95.8
Other	0.1	0.2
Total	311.1	268.2

Leasing contracts follow the normal practices in corresponding countries.

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 consider 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.

Notes to the consolidated financial statements

37. Nominal and fair values of derivative financial instruments

	2009 Nominal value	2009 Fair value	2008 Nominal value	2008 Fair value
Foreign exchange forward contracts	129.5	2.6	165.9	5.7
Electricity forward contracts	2.1	-0.2	1.8	-0.4
Total	131.6	2.5	167.7	5.3

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 Heavy Lifting 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 2009

37.1. Breakdown of nominal values of derivative financial instruments

Hedging derivative financial instruments	Remaining maturities 2009			Remaining maturities 2008		
	< 1 year	1–6 years	Total	< 1 year	1–6 years	Total
Foreign exchange forward contracts	64.7	0.0	64.7	42.9	0.9	43.8
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0	0.0
Total	64.7	0.0	64.7	42.9	0.9	43.8

Non-hedging derivative financial instruments	Remaining maturities 2009			Remaining maturities 2008		
	< 1 year	1–6 years	Total	< 1 year	1–6 years	Total
Foreign exchange forward contracts	64.7	0.0	64.7	122.1	0.0	122.1
Electricity forward contracts	1.4	0.7	2.1	1.1	0.7	1.8
Total	66.1	0.7	66.8	123.2	0.7	123.9

Derivative financial instruments total	Remaining maturities 2009			Remaining maturities 2008		
	< 1 year	1–6 years	Total	< 1 year	1–6 years	Total
Total foreign exchange forward contracts	129.5	0.0	129.5	165.0	0.9	165.9
Total electricity forward contracts	1.4	0.7	2.1	1.1	0.7	1.8
Total	130.9	0.7	131.6	166.1	1.6	167.7

37.2. Breakdown of fair values of derivative financial instruments

2009

Hedging derivative financial instruments	Positive fair values		Negative fair values		Net fair values
	< 1 year	1–6 years	< 1 year	1–6 years	
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		Negative fair values		Net fair values
	< 1 year	1–6 years	< 1 year	1–6 years	
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		Negative fair values		Net fair values
	< 1 year	1–6 years	< 1 year	1–6 years	
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

2008

Hedging derivative financial instruments	Positive fair values		Negative fair values		Net fair values
	< 1 year	1–6 years	< 1 year	1–6 years	
Foreign exchange forward contracts	1.2	0.1	-0.1	0.0	1.3
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0
Total	1.2	0.1	-0.1	0.0	1.3

Non-hedging derivative financial instruments	Positive fair values		Negative fair values		Net fair values
	< 1 year	1–6 years	< 1 year	1–6 years	
Foreign exchange forward contracts	5.2	0.0	-0.7	0.0	4.4
Electricity forward contracts	0.0	0.0	-0.2	-0.1	-0.4
Total	5.2	0.0	-0.9	-0.1	4.1

Derivative financial instruments total	Positive fair values		Negative fair values		Net fair values
	< 1 year	1–6 years	< 1 year	1–6 years	
Total foreign exchange forward contracts	6.4	0.1	-0.8	0.0	5.7
Total electricity forward contracts	0.0	0.0	-0.2	-0.1	-0.4
Total	6.4	0.1	-1.0	-0.1	5.3

Notes to the consolidated financial statements

38. Hedge reserve of cash flow hedges

	2009	2008
Balance as of 1 January	0.9	3.3
Gains and losses deferred to equity (fair value reserve)	1.9	-3.3
Change in deferred taxes	-0.5	0.9
Balance as of 31 December	2.3	0.9

The Group applies hedge accounting to certain large Heavy Lifting 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	2009	2008
Sales of goods and services with associated companies and joint ventures	8.3	10.2
Receivables from associated companies and joint ventures	7.1	8.0
Purchases of goods and services from associated companies and joint ventures	8.5	9.7
Liabilities to associated companies and joint ventures	1.3	0.3

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

Key management compensation

The Board of Directors, the CEO and Group Executive Board.
See Note 13. of the Consolidated Financial Statements.

Konecranes Group 2005–2009

Business development		2009	2008	2007	2006	2005
Orders received	MEUR	1,348.9	2,067.1	1,872.0	1,472.8	1,061.2
Order book	MEUR	607.0	836.3	757.9	571.6	432.1
Net sales	MEUR	1,671.3	2,102.5	1,749.7	1,482.5	970.8
of which outside Finland	MEUR	1,575.1	1,979.6	1,652.2	1,396.0	883.7
Export from Finland	MEUR	488.4	700.1	579.8	519.6	334.2
Personnel on average		9,811	9,222	8,005	6,859	5,087
Personnel on 31 December		9,782	9,904	8,404	7,549	5,923
Capital expenditure	MEUR	25.7	22.3	25.2	16.3	16.0
as a percentage of net sales	%	1.5%	1.1%	1.4%	1.1%	1.6%
Research and development costs	MEUR	22.0	19.0	16.2	12.5	8.8
as % of Group net sales	%	1.3%	0.9%	0.9%	0.8%	0.9%
Profitability						
Net sales	MEUR	1,671.3	2,102.5	1,749.7	1,482.5	970.8
Operating profit (including restructuring costs)	MEUR	97.9	248.7	192.3	105.5	49.3
as percentage of net sales	%	5.9%	11.8%	11.0%	7.1%	5.1%
Income before taxes	MEUR	88.6	236.2	178.8	95.1	34.1
as percentage of net sales	%	5.3%	11.2%	10.2%	6.4%	3.5%
Net income (incl. minority)	MEUR	62.5	166.6	129.2	68.6	24.1
as percentage of net sales	%	3.7%	7.9%	7.4%	4.6%	2.5%
Key figures and balance sheet						
Equity (incl. minority)	MEUR	407.1	400.7	280.8	223.7	152.1
Balance Sheet	MEUR	1,060.4	1,205.4	956.9	919.0	724.0
Return on equity	%	15.5	48.9	51.2	36.5	16.6
Return on capital employed	%	19.3	56.3	50.4	29.5	17.2
Current ratio		1.4	1.5	1.3	1.4	1.1
Solidity	%	45.1	39.9	36.1	28.3	23.7
Gearing	%	-19.1	2.8	7.0	57.3	88.1
Shares in figures						
Earnings per share, basic	EUR	1.08	2.83	2.17	1.17	0.43
Earnings per share, diluted	EUR	1.08	2.82	2.13	1.15	0.42
Equity per share	EUR	6.84	6.75	4.80	3.77	2.66
Cash flow per share	EUR	3.79	1.82	3.08	1.39	0.86
Dividend per share	EUR	0.90*	0.90	0.80	0.45	0.28
Dividend / earnings	%	83.3	31.8	36.9	38.5	64.3
Effective dividend yield	%	4.7	7.5	3.4	2.0	2.6
Price / earnings		17.7	4.3	10.9	19.1	24.3
Trading low / high	EUR	10.61/22.04	9.90/32.50	20.68/34.90	10.23/22.33	7.45/10.49
Average share price	EUR	16.66	21.05	27.41	15.04	8.94
Share price on 31 December	EUR	19.08	12.08	23.58	22.30	10.41
Year-end market capitalization	MEUR	1,122.1	713.6	1,379.6	1,322.0	594.1
Number traded	(1,000)	113,270	171,519	128,266	114,023	73,164
Stock turnover	%	192.6	290.4	219.2	192.3	128.1
Average number of shares outstanding, basic	(1,000)	58,922	58,726	59,609	58,383	56,496
Average number of shares outstanding, diluted	(1,000)	59,086	58,987	60,507	59,736	57,632
Number of shares outstanding, at end of the period	(1,000)	58,813	59,070	58,506	59,285	57,102

* The Board's proposal to the AGM

Calculation of key figures

Return on equity (%):	$\frac{\text{Net profit for the period}}{\text{Total equity (average during the period)}}$	X 100
Return on capital employed (%):	$\frac{\text{Income before taxes + interest paid + other financing cost}}{\text{Total amount of equity and liabilities - non-interest bearing debts (average during the period)}}$	X 100
Current ratio:	$\frac{\text{Current assets}}{\text{Current liabilities}}$	
Solidity (%):	$\frac{\text{Shareholders' equity}}{\text{Total amount of equity and liabilities - advance payment received}}$	X 100
Gearing (%):	$\frac{\text{Interest-bearing liabilities - liquid assets - loans receivable}}{\text{Total equity}}$	X 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 (%):	$\frac{\text{Dividend per share}}{\text{Share price at the end of financial year}}$	X 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:	Konecranes Finance Corporation	46,248	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.	140	100
Austria:	Konecranes Ges.m.b.H	218	100
	Konecranes Lifting Systems GmbH	3,820	80
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:	Morris Material Handling Chile S.A.	0	100
China:	Dalian Konecranes Company Ltd.	1,616	100
	Jiangsu Three Horses Crane Manufacture Co. Ltd.	3,513	65
	Konecranes (Shanghai) Co. Ltd.	0	100
	Konecranes (Shanghai) Company Ltd.	3,186	100
	Konecranes Port Machinery (Shanghai) Co Ltd	1,556	100
	Stahl CraneSystems Trading (Shanghai) Co. Ltd.	152	100
Czech Republic:	Konecranes CZ s.r.o.	55	100
Denmark:	Aarhus Maskinfabrik A/S	1,747	100
	Konecranes A/S	66	100
Estonia:	Konecranes OÜ	0	100
Finland:	Konecranes Service Corporation	2,615	100
	Konecranes Software Products Oy	814	100
	Konecranes Yard IT Oy	4,935	100
	Nosturiexpertit Oy	10	100
	Permeco Oy	113	100
France:	CGP-Konecranes S.A.	1,041	100
	KCI Holding France S.A.	461	100
	Konecranes (France) S.A.	2,165	100
	Stahl CraneSystems S.A.S.	688	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	6,304	100
	SWF Krantchnik GmbH	15,500	100
Hungary:	Konecranes Kft.	792	100
India:	Konecranes India Private Ltd.	369	100
	Stahl CraneSystems (India) Pvt. Ltd.	0	100
Indonesia:	Pt. Konecranes	118	100
Italy:	Konecranes S.r.l.	1,790	100
	Stahl CraneSystems S.r.l.	110	100
Japan:	MHS Konecranes Co. Ltd.	3,895	65
Korea:	Konecranes Korea Co., Ltd	0	100
Latvia:	SIA Konecranes Latvija	2	100

Company list

		Book value of shares	Group's share %
Lithuania:	UAB Konecranes	52	100
Luxembourg:	Materials Handling International S.A.	300	100
Malaysia:	Konecranes Sdn. Bhd.	595	100
Mexico:	Konecranes Mexico SA de CV	2,185	100
The Netherlands:	Konecranes BV	18	100
	Konecranes Holding BV	13,851	100
Norway:	EM Automation AS	1,826	100
	Konecranes A/S	3,302	100
	Kongsberg Automation A/S	4,717	100
	Konecranes Norway Holding A/S	3,588	100
Poland:	Konecranes Sp. z o.o.	78	100
Portugal:	Ferrometal Lda.	1,556	100
Romania:	Konecranes S.A.	98	100
Russia:	ZAO Konecranes	6	100
Singapore:	KCI Cranes Holding (Singapore) Pte Ltd	36,868	100
	Konecranes Pte Ltd	1,537	100
	Morris Material Handling Pte Ltd.	244	100
	Stahl CraneSystems Pte. Ltd.	2	100
South Africa:	Dynamic Cranes Systems Ltd	3,356	100
Spain:	Konecranes Ausió S.L.	10,412	100
	Konecranes S.L.	308	100
	Stahl CraneSystems S.L.	0	100
Sweden:	Konecranes AB	1,333	100
	Konecranes Lifttrucks AB	22,665	100
	KVRM Holding Sverige AB	1,682	100
	Reftele Maskinservice AB	990	100
Switzerland:	Stahl CraneSystems AG	404	100
Thailand:	Konecranes (Thailand) Ltd.	84	49
Turkey:	Konecranes Ticaret Ve Servis Limited Sirketi	53	100
Ukraine:	LLC "Firm KranService"	2	88.6
	ZAO Craneservice Ukraine	2,021	100
	ZAO Konecranes Ukraine	2,048	100
	ZAO Zaporozhje Kran Holding	899	49
	ZAO Zaporozhkij Zavod Tjazhelogo Kranostorenia	426	43.05
United Arab Emirates:	Stahl CraneSystems FZE	221	100
United Kingdom:	Bond Engineering (Maintenance) Ltd.	0	100
	J. H. Carruthers Ltd.	0	100
	Electron Services Ltd.	0	100
	Konecranes Machine Tool Service Ltd.	1,070	100
	K&B Machine Tool Services Ltd.	0	100
	KCI Holding U.K. Ltd.	6,821	100
	Konecranes U.K. Ltd.	7,511	100
	Lloyds Konecranes Pension Trustees Ltd.	0	100
	Morris Material Handling Ltd.	6,038	100
	Royce Limited	0	100
	Stahl CraneSystems Ltd.	0	100
U.S.A.	KCI Holding USA, Inc.	53,901	100
	Konecranes, Inc.	36,992	100
	KPAC, Inc.	1	100
	Merwin, LLC	0	100
	MMH Americas, Inc.	0	100
	MMH Holdings, Inc.	0	100
	Morris Material Handling, Inc.	45,902	100
	PHMH Holding Company	0	100
	R&M Materials Handling, Inc.	5,692	100
	Stahl CraneSystems Inc.	0	100

Company list

Investments accounted for using the equity method

		Assets value	Group's share %
China:	Guangzhou Technocranes Company Ltd	460	25
	Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd.	286	30
	Shanghai High Tech Industrial Crane Company, Ltd.	683	28
France:	Boutonnier Adt Levage S.A.	264	25
	Levelec S.A.	159	20
	Manulec S.A.	291	25
Saudi Arabia:	Manelec S.a.r.l.	64	25
	Sere Maintenance S.A.	71	25
	Eastern Morris Cranes Limited	827	49
Thailand:	Morris Material Handling (Thailand) Ltd.	358	49
	Morris Thailand Co. Ltd.	0	49
United Arab Emirates:	Crane Industrial Services LLC	1,070	49

Available-for-sale investments

		Book value of shares	Group's share %
Austria:	Austrian CraneSystems Ges.m.b.H	86	19
Estonia:	AS Konesko	498	19
Finland:	East Office of Finnish Industries Oy	50	5.26
	Fimecc Oy	120	5.69
	Levator Oy	34	19
France:	Suomen Teollisuusosa Oy	161	16.12
	Vierumäen Kuntorinne Oy	345	3.3
	Heripret Holding SAS	53	19
Indonesia:	Societe d'entretien et de transformation d'engins mecaniques	0	19
	Pt Technocranes International Ltd.	3	15
	Kone Products & Engineering Sdn. Bhd.	10	10
The Netherlands:	Robeo B.V.	53	5
Venezuela:	Gruas Konecranes CA	4	10
Others:		368	
Total:		1,785	

Parent company statement of income – FAS

(1,000 EUR)		1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Note:			
4	Sales	47,934	38,667
5	Depreciation and reduction in value	-2,259	-2,189
6	Other operating expenses	-42,899	-36,674
	Operating profit	2,776	-196
7	Financial income and expenses	2,341	100,955
	Income before extraordinary items	5,117	100,759
8	Extraordinary items	47,980	116,295
	Income before appropriations and taxes	53,097	217,054
9	Income taxes	-14,365	-30,372
	Net income	38,732	186,682

Parent company cash flow – FAS

(1,000 EUR)	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Cash flow from operating activities		
Operating income	2,776	-196
Adjustments to operating profit		
Depreciation and impairments	2,259	2,189
Extraordinary income	116,295	67,260
Operating income before changes in net working capital	121,330	69,253
Change in interest-free short-term receivables	-143,587	-2,436
Change in interest-free short-term liabilities	-725	4,141
Change in net working capital	-144,312	1,705
Cash flow from operations before financing items and taxes	-22,982	70,958
Interest received	2,456	580
Interest paid	-100	0
Other financial income and expenses	29	-8
Income taxes paid	-22,022	-29,780
Financing items and taxes	-19,637	-29,208
NET CASH FROM OPERATING ACTIVITIES	-42,619	41,750
Cash flow from investing activities		
Investments in other shares	0	-170
Capital expenditure to tangible assets	-351	-386
Capital expenditure and advance payments to intangible assets	-433	-1,636
Proceeds from sale of fixed assets	25	4
Dividends received	100,498	0
NET CASH USED IN INVESTING ACTIVITIES	99,739	-2,188
Cash flow before financing activities	57,120	39,562
Cash flow from financing activities		
Proceeds from options exercised and share issues	1,650	4,277
Purchase of treasury shares	0	-2,536
Proceeds from long-term borrowings	0	5,494
Repayments of long-term borrowings	-5,494	0
Dividends paid	-53,277	-46,797
NET CASH USED IN FINANCING ACTIVITIES	-57,121	-39,562
CHANGE OF CASH AND CASH EQUIVALENTS	-1	0
Cash and cash equivalents at beginning of period	2	2
Cash and cash equivalents at end of period	1	2
CHANGE OF CASH AND CASH EQUIVALENTS	-1	0

Parent company balance sheet – FAS

(1,000 EUR)	ASSETS	31 Dec 2009	31 Dec 2008
Note:			
NON-CURRENT ASSETS			
	Intangible assets		
10	Intangible rights	3,256	4,319
	Advance payments	0	16
		3,256	4,335
	Tangible assets		
11	Machinery and equipment	1,196	1,689
	Advance payments	72	0
		1,268	1,689
12	Investments		
	Investments in Group companies	50,449	50,449
	Other shares and similar rights of ownership	515	515
		50,964	50,964
	Total non-current assets	55,488	56,988
CURRENT ASSETS			
	Long-term receivables		
	Loans receivable	7,130	0
	Loans receivable from Group companies	135,095	1,757
		142,225	1,757
	Short-term receivables		
	Accounts receivable	107	4
	Amounts owed by Group companies		
	Accounts receivable	18,055	14,937
	Other receivable	2	3
14	Deferred assets	48,129	216,793
	Other receivables	485	283
14	Deferred assets	3,067	3,268
		69,846	235,288
	Cash in hand and at banks	1	2
	Total current assets	212,072	237,047
	TOTAL ASSETS	267,560	294,035

Parent company balance sheet – FAS

(1,000 EUR)	SHAREHOLDERS' EQUITY AND LIABILITIES	31 Dec 2009	31 Dec 2008
Note:			
15	EQUITY		
	Share capital	30,073	30,073
	Share premium account	39,307	39,307
	Share issue	0	131
	Paid in capital	9,039	7,258
	Retained earnings	138,620	5,215
	Net income for the period	38,732	186,682
		255,770	268,666
LIABILITIES			
Non-current liabilities			
	Other long-term liabilities to Group companies	0	5,494
		0	5,494
Current liabilities			
	Accounts payable	2,974	4,261
	Liabilities owed to Group companies		
	Accounts payable	823	407
16	Accruals	307	108
	Other short-term liabilities	374	354
16	Accruals	7,312	14,745
		11,790	19,875
Total liabilities			
		11,790	25,369
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			
		267,560	294,035

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 47.9 million (EUR 38.7 million in 2008) corresponding to a share of 100% (100% in 2008) of net sales.

5. Depreciation and reduction in value

	2009	2008
Intangible rights	1.5	1.4
Machinery and equipment	0.8	0.8
Total	2.3	2.2

6. Other operating expenses and personnel

Costs and expenses in the Statement of Income were as follows:	2009	2008
Wages and salaries	11.7	10.2
Pension costs	2.3	1.4
Other personnel expenses	1.0	1.0
Other operating expenses	27.9	24.1
Total	42.9	36.7

Wages and salaries in accordance with the Statement of Income

Remuneration to Board	0.5	0.4
Other wages and salaries	11.2	9.8
Total	11.7	10.2

The average number of personnel	169	138
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Auditors fees

Audit	0.1	0.1
Other services	0.2	0.2
Total	0.3	0.3

7. Financial income and expenses

	2009	2008
Financial income from long-term investments:		
Dividend income from group companies	0.0	100.5
Dividend income total	0.0	100.5
Interest income from long-term receivables:		
From group companies	2.6	0.5
Other interest income	0.2	0.0
Interest income from long-term receivables total	2.8	0.5
Financial income from long-term investments total	2.8	101.0
Interest and other financial income	0.1	0.2
Interest and other financial income total	0.1	0.2
Interest expenses and other financial expenses:		
Other financial expenses	0.5	0.2
Interest expenses and other financial expenses total	0.5	0.2
Financial income and expenses total	2.3	101.0

8. Extraordinary items

	2009	2008
Group contributions received from subsidiaries	48.0	116.3
Total	48.0	116.3

9. Income taxes

	2009	2008
Taxes on extraordinary items	12.5	30.3
Taxes on ordinary operations	1.4	0.1
Taxes from previous years	0.5	0.0
Total	14.4	30.4

BALANCE SHEET

10. Intangible rights

	2009	2008
Acquisition costs as of 1 January	11.0	10.2
Increase	0.4	1.7
Decrease	0.0	-0.9
Acquisition costs as of 31 December	11.4	11.0
Accumulated depreciation 1 January	-6.7	-6.2
Accumulated depreciation relating to disposals	0.0	0.9
Accumulated depreciation	-1.5	-1.4
Total as of 31 December	3.3	4.3

11. Machinery and equipment

	2009	2008
Acquisition costs as of 1 January	5.4	6.4
Increase	0.3	0.4
Decrease	-0.9	-1.4
Acquisition costs as of 31 December	4.8	5.4
Accumulated depreciation 1 January	-3.7	-4.3
Accumulated depreciation relating to disposals	0.9	1.4
Accumulated depreciation	-0.8	-0.8
Total as of 31 December	1.2	1.7

12. Other shares and similar rights of ownership

	2009	2008
Acquisition costs as of 1 January	51.0	50.8
Increase	0.0	0.2
Total as of 31 December	51.0	51.0
Investments in Group companies		
	2009	2008
	Domicile	Book value
Konecranes Finance Corp.	Hyvinkää	46.2
Konecranes Heavy Lifting Corp.	Hyvinkää	4.2
Total	50.4	50.4
Other shares and similar rights of ownership		
	2009	2008
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

Notes to the parent company's financial statement

13. Treasury shares

	2009	2008
Number of shares as of 1 January	2,542,600	2,473,000
Increase	0	69,600
Number of shares as of 31 December	2,542,600	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 Extraordinary General Meeting on August 31, 2009 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 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 11 September 2010.

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 shares may be transferred in one or several tranches. The Board of Directors is authorized to resolve upon the terms and conditions of the transfer of the Company's own shares. The shares may be transferred with deviation from the shareholders' pre-emptive rights, provided that weighty financial grounds exist for this. 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 11 September 2010.

14. Deferred assets

	2009	2008
Group contributions	48.0	116.3
Payments which will be realized during the next financial year	2.9	103.8
Interest	0.3	0.0
Total	51.2	220.1

15. Equity

	2009	2008
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	0.1	0.0
Increase	1.6	0.1
Decrease	-1.8	0.0
Share issue 31 December	0.0	0.1
Paid in capital 1 January	7.3	4.7
Increase	1.8	4.1
Decrease	0.0	-1.6
Paid in capital as of 31 December	9.0	7.3
Retained earnings as of 1 January	191.9	52.0
Dividend paid	-53.3	-46.8
Retained earnings as of 31 December	138.6	5.2
Net income for the period	38.7	186.7
Shareholders' equity as of 31 December	255.8	268.7

Distributable equity

Paid in capital as of 31 December	9.0	7.3
Retained earnings as of 31 December	138.6	5.2
Net income for the period	38.7	186.7
Total	186.4	199.2

16. Accruals

	2009	2008
Wages, salaries and personnel expenses	3.7	3.5
Interest	0.2	0.1
Other items	3.7	11.2
Total	7.6	14.9

17. Contingent liabilities and pledged assets

	2009	2008
Contingent liabilities		
For obligations of subsidiaries		
Group guarantees	97.4	141.4
Other contingent and financial liabilities		
Leasing liabilities		
Next year	1.2	0.6
Later on	1.4	0.9
Leasing contracts are valid in principle three years and they have no terms of redemption.		
Other liabilities		
	0.1	0.2
Total by category		
Guarantees	97.4	141.4
Other liabilities	2.7	1.7
Total	100.1	143.2

18. Nominal and fair values of derivative financial instruments

	2009	2009	2008	2008
	Fair value	Nominal value	Fair value	Nominal value
Foreign exchange forward contracts	-0.2	10.0	0.1	6.2

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 186,390,616.64 of which the net income for the year is EUR 38,732,347.05.

The Group's non-restricted equity is EUR 330,849,000.

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 0.90 will be paid on each share and that the remaining non-restricted equity is retained in shareholders' equity.

Helsinki, February 4, 2010

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 1.1.2009–31.12.2009. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement 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.

The responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the financial statements and the report of the Board of Directors in accordance with 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 perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 have complied with the Limited Liability Companies Act.

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 of the financial statements or of the report of the Board of Directors, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the report of the Board of Directors in order to design audit procedures that are appropriate in the circumstances. 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.

The audit was performed in accordance with good auditing practice in Finland. 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 Board of Directors

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, February 4, 2010

Ernst & Young Oy
Authorized Public Accountant Firm

Roger Rejström
Authorized Public Accountant

Investor information

Share information

Shares and share capital

On December 31, 2009, Konecranes Plc's fully paid share capital entered in the trade register was EUR 30,072,660 and it was divided into 61,872,920 shares. Konecranes has one class of shares and each share entitles its holder to one vote at the Annual General Meeting and to an equal amount of dividend. Konecranes' shares are registered in the Finnish book-entry system.

Listing and share trading

Konecranes issues one series of shares which trades in the Large Cap segment and is classified in the Industrials sector on the NASDAQ OMX Helsinki. At the end of 2009 the total market capitalization of Konecranes Plc was EUR 1,122.1 million excluding treasury shares and the shares held by KCR Management Oy (EUR 713.6 million at year-end 2008).

The traded volume of Konecranes' shares totaled about 113 million, which represents 193 percent of the Company's total number of outstanding shares at the end of 2009. In monetary terms this trading was valued at EUR 1,883 million. The daily average trading volume was 451,273 shares representing a daily average turnover of EUR 7.5 million.

At the year end the share closed at EUR 19.08 (EUR 12.08 at year-end 2008). The volume weighted average trading price for the year was EUR 16.66. The highest quotation for the Konecranes' share was EUR 22.04 in September, and the lowest was EUR 10.61 in January.

Board authorizations

The EGM held on August 31, 2009 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 12,000,000 shares, which corresponds to approximately 19.4 percent of all the shares in the Company. The authorization is effective until the end of the next Annual General Meeting, however no longer than until September 11, 2010.

The EGM authorized the Board of Directors to decide on the repurchase 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 the shares in the Company. However, the Company together with its subsidiaries may not at any moment own and/or hold as pledge more than 10 percent 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. The authorization is effective until the end of the next Annual General Meeting, however no longer than until September 11, 2010.

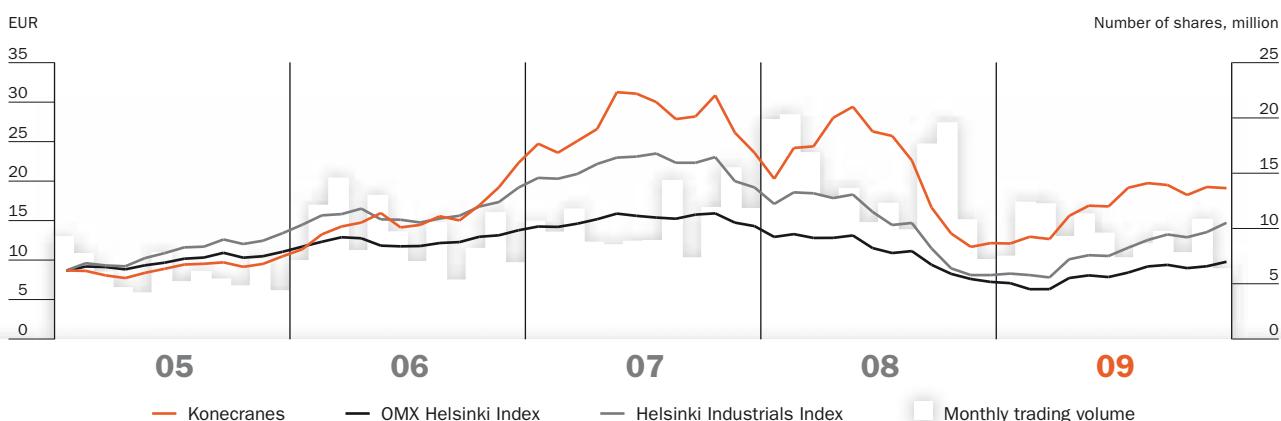
The EGM authorized the Board of Directors to decide on the transfer of the Company's own shares. The authorization is limited to a maximum of 6,000,000 shares, which corresponds to approximately 9.7 percent of all of the shares in the Company. This authorization shall be effective until the next Annual General Meeting of Shareholders, however no longer than until September 11, 2010.

Details of the authorizations are explained in more detail in the release covering the resolutions of the EGM 2009, which is available on the company's website at www.konecranes.com/egm2009.

Treasury shares

At year-end 2009, Konecranes held a total of 2,542,600 treasury shares (2,542,600 in 2008), which corresponds to 4.1 percent of the total number of shares. The market value of these treasury shares at the end of 2009 was EUR 48.5 million.

MONTHLY PRICE AND VOLUME ON THE NASDAQ OMX HELSINKI 2005–2009



Flagging notifications

On September 18, 2009, Ilmarinen Mutual Pension Insurance Company informed Konecranes that their holding in Konecranes had fallen below 5 percent. The total number of shares owned by Ilmarinen was 3,176,689 on September 18, 2009, or 4.92 percent of Konecranes' shares.

On December 4, 2009 BlackRock, Inc. informed Konecranes that their holding in Konecranes had exceeded 5 percent. The total number of shares owned by BlackRock was 4,458,836 on December 4, 2009, or 7.21 percent of Konecranes' shares.

No other disclosures of changes in holdings were received in 2009.

Stock option plans

Konecranes has three ongoing Stock Option Plans (2001, 2007 and 2009) targeting middle and top management and key personnel. Pursuant to Konecranes' Stock Option Plans, 260,600 new shares were subscribed for and registered in the Finnish Trade Register during 2009. At the end of 2009, stock options issued under Konecranes Plc's ongoing stock option plans entitle the options' holders to subscribe for a total of 2,773,400 shares.

For a more detailed description of the option schemes, see note 29 on page 94 of the Financial Statements. The terms and conditions of the stock option schemes are also available in the Investor section at www.konecranes.com.

Shareholders

On December 31, 2009, Konecranes had 12,038 shareholders (7,374 at year-end 2008). The percentage of Konecranes' shares that were nominee registered decreased by 10.2 percentage points during the report period. At year-end 2009, 49.1 percent of the company's shares were nominee-registered.

More information on the breakdown of share ownership and Board and Management interests is available in the Shares and Shareholders section on page 122 of the Financial Statements.

Trading information

Listing: NASDAQ OMX Helsinki

Date of listing: March 27, 1996

Segment: Large Cap

Sector: Industrials

ISIN code: FI309005870

Trading code: KCR1V

Reuters ticker: KCR1V.HE

Bloomberg ticker: KCR1V FH

Changes in the share capital and the number of shares

		Change in num- ber 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	New shares subscribed for with 1997, 1999B, 2001A and pre-split 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	New shares subscribed for with 1997, 1999B, 2001A, post-split 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

Shares and shareholders

According to the register of Konecranes Plc's shareholders kept by Euroclear Finland Oy, there were 12,038 (2008: 7,374) shareholders.

Largest shareholders according to the share register on December 31, 2009		Number of shares	% of shares and votes
1	Htt 2 Holding Ltd	2,504,500	4.1%
2	Gustavson Stig, Chairman of the Board of Konecranes	2,036,772	3.3%
3	Varma Mutual Pension Insurance Company	2,005,275	3.2%
4	IImarinen Mutual Pension Insurance Company	1,509,978	2.4%
5	Nordea Nordenfonden	1,392,347	2.3%
6	Nordstjernan Ab	1,380,024	2.2%
7	The Local Government Pensions Institution	726,413	1.2%
8	The State Pension Fund	600,000	1.0%
9	Folkhälsan non-governmental organization svenska Finland rf	535,600	0.9%
10	KCR Management Oy	517,696	0.8%
Ten largest registered owners' total holding		13,208,605	21.3%
Nominee Registered Shares		30,408,150	49.1%
Other shareholders		15,713,565	25.4%
Shares held by Konecranes Plc		2,542,600	4.1%
Total		61,872,920	100.0%

Shares and options owned by the members of the Board of Directors and of the Group Executive Board on December 31, 2009	Change in shareholding in 2009	Number of shares owned*	% of shares and votes	Change in option holdings in 2009**	Option ownership December 31, 2009**	% of shares and votes
Board of Directors	17,013	2,064,621	3.3%	0	0	0.0%
Group Executive Board	438,064	973,714	1.6%	134,000	1,118,200	1.8%
Total	455,077	3,038,335	4.9%	134,000	1,118,200	1.8%

* Including Group Executive Board's shares owned through KCR Management Oy

** 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, 2009

% of shares and votes	
Finnish companies	11.85
Finnish financial institutions	4.64
Finnish public institutions	9.19
Finnish non-profit institutions	5.55
Finnish private investors	13.22
Nominee registered shares	49.15
Non-Finnish holders	6.41
Total	100.00

Source: Euroclear Finland Oy, December 31, 2009.

Breakdown of share ownership by the number of shares owned on December 31, 2009

	Number of shareholders	% of shareholders	Total number of shares and votes	% of shares and votes
Shares				
1–100	4,213	35.0%	266,027	0.4%
101–500	5,012	41.6%	1,378,123	2.2%
501–1,000	1,375	11.4%	1,091,586	1.8%
1,001–5,000	1,099	9.1%	2,437,836	3.9%
5,001–10,000	149	1.2%	1,068,159	1.7%
10,001–50,000	131	1.1%	2,876,194	4.6%
50,001–100,000	18	0.2%	1,245,268	2.0%
100,001–500,000	26	0.2%	5,126,584	8.3%
500,001–1,000,000	5	0.0%	2,886,744	4.7%
Over 1,000,001	10	0.1%	43,496,399	70.3%
Total	12,038	100%	61,872,920	100.0%

Investor information

Summary of significant releases in 2009

March 18, 2009

Konecranes starts statutory negotiations in Standard Lifting and Service in Finland

March 30, 2009

Konecranes to supply eight RTG cranes to Ivory Coast

April 8, 2009

Konecranes has signed a EUR 200-million revolving credit facility

April 29, 2009

Konecranes delivers process cranes to iron ore mine in Australia

May 4, 2009

Konecranes signs agreement to acquire the majority of Chinese hoist and crane manufacturer SANMA

May 6, 2009

Harry Ollila to lead Konecranes' new Market Operations function

May 7, 2009

Konecranes Group Executives invest in the Company's shares as part of the executives' incentive arrangement

May 18, 2009

Konecranes starts statutory negotiations in Heavy Lifting in Finland

June 15, 2009

Konecranes to supply heavy industrial cranes to a steel mill in China

July 27, 2009

Konecranes to supply advanced fuel-saving RTGs to Port of Houston

July 29, 2009

Konecranes enters new business segment

September 1, 2009

Konecranes starts statutory negotiations in headquarter functions in Hyvinkää

September 14, 2009

Konecranes supplies environmentally-friendly reach stackers to India

September 23, 2009

Konecranes to supply heavy duty cranes to turbine manufacturer in China

September 25, 2009

Konecranes closes factory in Ettlingen, Germany

September 30, 2009

Miikka Kinnunen appointed Director, Investor Relations for Konecranes Group

October 20, 2009

Konecranes streamlines its business in the UK

October 28, 2009

Konecranes enters the machine tool service business in the U.S.

November 2, 2009

Konecranes outsources terminal operations in Hyvinkää

November 4, 2009

Konecranes receives repeat order for container handling equipment from DP World Djazair in Algeria

November 12, 2009

Konecranes finalized the acquisition of majority holding in Chinese hoist and crane manufacturer SANMA

November 13, 2009

Konecranes closes factory in Birmingham AL, U.S.

November 18, 2009

Konecranes acquires South African crane and service company

December 11, 2009

Postponements of a small amount of deliveries from fourth quarter 2009 to first quarter 2010 could lead full year 2009 sales to be slightly lower than previously estimated. Operating margin estimate remains unchanged

December 18, 2009

Changes in Konecranes' management

December 22, 2009

Konecranes to outsource Data Center services to Hewlett Packard

Investor information

Investor Relations

Principles of investor relations

The main objective of the Konecranes Investor Relations department is to assist in the correct valuation of the Konecranes share by providing capital markets with information regarding Konecranes' operations and financial position. Konecranes pursues an open, reliable and up-to-date disclosure practice. The aim is to provide correct and consistent information regularly and equitably to all market participants.

Konecranes Investor Relations is responsible for investor communications and daily contacts. The President and CEO as well as the Chief Financial Officer participate in these 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 Konecranes' representatives do not comment on Konecranes' financial position.

Investor relations in 2009

In 2009 Konecranes top management participated in 15 investor seminars, performed 20 roadshow days and took part in 200 investor meetings.

Investor contacts

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Anna-Mari Kautto, Assistant, Investor Relations

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E-mail: anna-mari.kautto@konecranes.com

Investment analysis

The following banks and stockbrokerages cover Konecranes:

ABG Sundal Collier
CA Cheuvreux Nordic AB
Carnegie Investment Bank AB
Danske Markets
Deutsche Bank AG
Evli Bank Plc
E. Öhman J:or Securities Finland Ltd
FIM
Goldman Sachs International
Handelsbanken Capital Markets
Icecapital Securities Ltd
Nomura International plc
Nordea Bank Finland Plc
Pohjola Bank Plc
SEB Enskilda
Sofia Bank
Standard & Poor's
Sterne Agee
UBS
Ålandsbanken

More detailed information is available at www.konecranes.com/investor. Konecranes takes no responsibility for the opinions expressed by analysts.

Information to shareholders

Annual General Meeting

The Annual General Meeting of Konecranes will be held on Thursday, March 25, 2010 at 11 a.m. in Konecranes premises (address: Konecranes Visitors Center, Koneenkatu 8, 05830 HYVINKÄÄ, Finland).

Shareholders registered no later than March 15, 2010 in the Company's list of shareholders maintained by Euroclear Finland Ltd (formerly Finnish Central Securities Depository Ltd) have the right to attend the Annual General Meeting.

Holders of nominee registered shares intending to participate in the Annual General Meeting shall notify their custodian well in advance of their intention and comply with the instructions provided by the custodian.

A shareholder who wishes to participate in the Annual General Meeting of Shareholders must notify the Company of the participation no later than on March 22, 2010 to Ms Anna-Mari Kautto:

Internet: www.konecranes.com/agm2010
E-mail: agm2010@konecranes.com
Fax: +358 20 427 2089 (from abroad) or 020 427 2089 (Finland)
Phone: +358 20 427 2960 (from abroad) or 020 427 2960 (Finland)
Mail: P.O. Box 661, FIN-05801 HYVINKÄÄ, FINLAND

Shareholders are requested to inform the Company of any proxies for the Annual General Meeting of Shareholders in connection with the registration. A sample proxy is available on the Internet site mentioned above.

Payment of dividend

The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of EUR 0.90 be paid for 2009. Dividend will be paid to shareholders who are registered on the date of record as shareholders in the Company's shareholders' register maintained by Euroclear Finland Ltd (formerly Finnish Central Securities Depository Ltd.).

Date of record	March 30, 2010
Date of dividend payment	April 9, 2010

Financial reports in 2010

Financial Statements 2009:	February 4, 2010
Annual Report 2009:	March 1, 2010
First quarter results:	April 28, 2010
Second quarter results:	July 22, 2010
Third quarter results:	October 21, 2010

Konecranes' annual and interim reports are published in English, Finnish and Swedish. The annual report is available in pdf format on the company website, but also in print and is mailed to shareholders upon request (can be ordered through the company website). All press and stock exchange releases are available on the company's website at www.konecranes.com and they can also be received by e-mail by registering on the company's website. The annual report can also be ordered from

Konecranes Plc
Investor Relations
P.O. Box 661
FI-05801 Hyvinkää
Phone: +358 20 427 2960
Fax: +358 20 427 2089
Web: [> Investors > Reports and result presentations > Order Annual Report](http://www.konecranes.com)

Shareholder register

The shares of the company 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 payment of dividends and other matters related to their holdings of these shares.

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 2009, Group sales totaled EUR 1,671 million. The Group has 9,800 employees at 545 locations in 43 countries. Konecranes is listed on the NASDAQ OMX Helsinki Ltd (symbol: KCR1V).



Corporate Headquarters

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www.konecranes.com