

LASSILA & TIKANOJA PLC'S REMUNERATION STATEMENT 2010

Lassila & Tikanaja plc complies with the Finnish Corporate Governance Code. The Code was issued by the Securities Market Association on 15 June 2010 and it is available on the website www.cgfinland.fi. This Remuneration Statement is prepared in accordance with recommendation 47.

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Remuneration of the Board of Directors

Decision-making process and main principles of remuneration

The General Meeting of Shareholders determines the emoluments payable to the members of the Board of Directors in advance, for one year at a time.

In 2010, the following annual fees were decided to be paid: Chairman EUR 46,250, Vice Chairman EUR 30,500 and each member EUR 25,750. The fees are paid so that each member purchases company shares worth of the net amount of the fee (40%) in public trading on NASDAQ OMX Helsinki. In addition, the Annual General Meeting decided on the meeting fees to be paid to the participants of the board and committee meetings.

Fees for the year 2010 decided by the Annual General Meeting

	Annual fee, EUR	Meeting fee, EUR
Chairman of the Board	46,250	1,000
Vice Chairman of the Board	30,500	700
Member of the Board	25,750	500
Chairman of the committee		700
Member of the committee		500

The members of the Board are not included in the share option schemes and they do not have any pension contracts with the company.

Remuneration in 2010

The Board of Directors will convene as often as its tasks require. In 2010, Board of Directors met 14 times, audit committee met five times and remuneration committee met three times. The remuneration committee was established on 31 March 2010.

Matti Kavetvuo is Chairman of the Board and Juhani Lassila is Vice Chairman of the Board. Juhani Lassila is Chairman of the audit committee and the members are Eero Hautaniemi and Miikka Maijala. Matti Kavetvuo is Chairman of the remuneration committee and the members are Heikki Bergholm and Hille Korhonen.

In 2010, the following annual fees are paid according to the resolution by Annual General Meeting: Chairman EUR 46,250, Vice Chairman EUR 30,500 and each member EUR 25,750. In addition, the following meeting fees are paid: Chairman EUR 1,000, Vice Chairman EUR 700 and members EUR 500 per meeting. The meeting fees are also paid to the Chairman and to the members of the committees established by the Board as follows: Chairman EUR 700 and members EUR 500. The fees are paid so that each member purchases company shares worth of the net amount of the annual fee (40%) in public trading on NASDAQ OMX Helsinki.

The holdings of Board members in the company are listed on L&T's Group website.

Remuneration paid to the members of the Board of Directors

	Annual fee*	Meeting fee	2010 total, EUR	2009 total, EUR
Matti Kavetvu	46 250	13 800	60 050	25 750
Juhani Lassila	30 500	12 200	42 700	30 500
Heikki Bergholm	25 750	8 200**	33 950	25 750
Eero Hautaniemi	25 750	7 500**	33 250	25 750
Hille Korhonen	25 750	7 000	32 750	25 750
Miikka Maijala	25 750	8 500	34 250	
Juhani Maijala				46 250

* Each member purchases company shares worth of the net amount of the fee (40%)

** Includes a meeting fee from the Board meeting of L&T Recoil

Remuneration of President and CEO and other management

Decision-making process and main principles of remuneration

The Board of Directors determines the salary, bonuses and other benefits of the President and CEO and the direct subordinates of the President and CEO. On 31 March 2010, the Board of Directors decided to establish a remuneration committee. The duties of the committee include:

- handling, evaluating and making statements on the salary structure of the Group management and personnel and remuneration and incentive schemes
- monitoring the functionality of the remuneration systems, to ensure that the management's incentive schemes promote the achievement of the company's targets and are based on personal performance
- handling and preparing other questions related to management and personnel remuneration and drafting statements to the Board regarding them
- handling and preparing executive appointment issues for consideration by the Board of Directors.

The remuneration of President and CEO and the members of the Group Executive Board consists of a fixed monthly salary and benefits, of a compensation scheme, of share option schemes and of a share-based incentive programme.

The President and CEO and the members of the Group Executive Board are included the share option scheme and in the share-based incentive programme directed to the key personnel of the company, which are approved by the General Meeting. The basis for the determination of the reward is decided annually by the Board of Directors. Rewards to be paid for the year 2011 will be based on the EVA result of Lassila & Tikanoja Group. The maximum share-based payment may equal 4–12 months' salary depending on the responsibilities of the member of the Group Executive Board. The decision on the remuneration is done by the Board of Directors based on the statement drafted by the remuneration committee.

The company has also provided a compensation scheme, the criteria of which are determined annually in advance by the Board of Directors. The bonus is based on operating profit excluding non-recurring items and it may equal 3–6 months' salary, at maximum, depending on the responsibilities of the member of the Group Executive Board. The decision on the remuneration is done by the Board of Directors based on the statement drafted by the remuneration committee.

Separate emoluments are not paid to the members of the Group Executive Board for the memberships of Boards of Directors of the subsidiaries.

Members of the Group Executive Board are not covered by any supplementary pension scheme.

Service contract of President and CEO

A written service contract has been drawn up for the President and CEO. According to the contract, the period of notice is 12 months should the company terminate the contract, and 6 months should the President and CEO terminate the contract. In case the company terminates the contract the President and CEO's obligation to work ceases after 6 months but his salary will be paid until the end of the period of notice.

The President and CEO may choose to retire at the age of sixty. The amount of pension is agreed in advance, and an index increase is made to the sum annually. The amount is less than the full amount of pension under the Employees' Pensions Act. The pension is recognised as a defined benefit liability in the financial statements.

Short-term and long-term incentive schemes

Lassila & Tikanoja operates a three-year share-based incentive programme which started in 2009, and option schemes 2005 and 2008 started earlier. The company has also provided a compensation scheme, which is described in more detail in the chapter Remuneration of President and CEO and other management.

Share-based incentive programme

Lassila & Tikanoja plc's Board of Directors decided at a meeting held on 24 March 2009 on a share-based incentive programme to form a part of the incentive and commitment scheme for the company's key personnel. The basis for the determination of the reward is decided annually.

The programme includes three earnings periods one year each, of which the first one began on 1 January 2009 and the last one ends on 31 December 2011. Potential rewards will be paid during the year following each earnings period partly as shares and partly in cash. The proportion paid in cash will cover taxes arising from the reward. No reward will be paid if a key person's employment ends before the reward payment. Any shares earned through the incentive programme shall be held for a minimum period of two years following the payment of each reward. After that, the members of the Group Executive Board are still required to hold company shares with a value equal to their gross salary for six months and the other programme participants with a value equal to their gross salary for three months as long as they are employed by the company.

A maximum total of 180,000 Lassila & Tikanoja plc shares may be paid out on the basis of the programme. The shares will be obtained in public trading. The Annual General Meeting authorises the Board of Directors to purchase and issue the company shares. In the beginning of 2011, the programme covers 23 persons.

Option schemes 2005 and 2008

Share options have been granted to the key personnel belonging to the management determined by the Board of Directors. The share options entitle their holders to subscribe for the shares of Lassila & Tikanoja plc at an exercise price and over a period determined in the terms and conditions of the option scheme. Terms and conditions of option schemes are available on L&T's Group website.

Remuneration in 2010

In 2010, the salaries paid to the President and CEO totalled EUR 763,000 including salaries and benefits EUR 338,000, bonuses EUR 164,000 and a share-based payment EUR 261,000. The salaries paid to the Group Executive Board totalled EUR 1,606,000 which includes salaries and benefits EUR 852,000, bonuses EUR 206,000 and share-based payments EUR 548,000. The figures include salaries for the period during which the persons in question held an executive position.

In 2010, EUR 42,000 arising from the pension agreement of the President and CEO was recognised in the income statement.

No share-based payments will be paid for the year 2010. Rewards for the year 2010 were based on the EVA result of Lassila & Tikanoja group. In 2010, a total of 8,490 shares were granted to the President and CEO and a total of 17,829 shares to the Group Executive Board as a part of the rewards for the year 2009 of the share-based incentive programme. No options were granted in 2010.

Shares and options held by the President and CEO and the members of the Group Executive Board	Shares 31 December 2010	Shares 31 December 2009	2005C-options 31 December 2010	2008-options 31 December 2010
Jari Sarjo	25,490	17,000	30,000	30,000
Kimmo Huhtimo	2,547	0	2,000	3,000
Jorma Mikkonen	4,116	720	15,000	15,000
Inkeri Puputti	2,547	0	2,000	3,000
Ville Rantala	9,139	2,665	0	0
Tomi Salo	0	0	0	0
Juha Simola	1,698		5,000	5,000
Henri Turunen	3,289		2,000	3,000

There were no changes in the holdings of options during 2010.

Holdings of the members of the Group Executive Board in the company are listed on L&T's Group website.