

Salary and remuneration report 2010

Remuneration of the Board of Directors

The Annual General Meeting decides annually on the fees to be paid to the members of the Board of Directors for one term of office at a time.

The Annual General Meeting approved the following fees to the members of the Board of Directors for 2010:

- To the ordinary members EUR 60,000 /year
- To the deputy chairman EUR 90,000 /year
- To the chairman EUR 120,000 /year

In addition, each member will be paid EUR 400/meeting attended, the chairman's and committee chairmen's meeting fee being double this amount. Roughly 40% of the annual fee is paid in Wärtsilä shares.

The nine members of Wärtsilä's Board of Directors were paid altogether 626 thousand euro for the financial period that ended 31 December 2010. The Board's members were not covered by the company's stock option scheme or bonus scheme.

Fees paid in Wärtsilä shares in 2010

Board of Directors	No. of shares
Chairman Antti Lagerroos	1 275
Deputy Chairman Matti Vuoria	956
Maarit Aarni-Sirviö	637
Kaj-Gustaf Bergh	637
Alexander Ehrnrooth	637
Paul Ehrnrooth	637
Ole Johansson	-
Bertel Langenskiöld	637
Mikael Lilius	637

Fees paid to the Board of Directors in 2010 (thousands of euros)

Board of Directors	2010	2009
Chairman Antti Lagerroos	138	125
Deputy Chairman Matti Vuoria	97	89
Maarit Aarni-Sirviö	67	61
Kaj-Gustaf Bergh	66	60
Alexander Ehrnrooth	64	-
Paul Ehrnrooth	63	-
Ole Johansson	-	-
Bertel Langenskiöld	67	60
Mikael Lilius	62	-

Board of Directors until 4 March 2010

Kari Kauniskangas	2	59
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Board of Directors share ownership in Wärtsilä**31 December 2010**

Board of Directors	Share
Antti Lagerroos	28 226
Change in 2010	+1 275
Matti Vuoria	4 257
Change in 2010	+956
Maarit Aarni-Sirviö	2 638
Change in 2010	+637
Kaj-Gustaf Bergh	1 934
Change in 2010	+637
Alexander Ehrnrooth	650
Change in 2010	-
Paul Ehrnrooth	637
Change in 2010	-
Ole Johansson	24 533
Change in 2010	-
Bertel Langenskiöld	4 238
Change in 2010	-1 584
Mikael Lilius	4 670
Change in 2010	-

Board of Management share ownership in Wärtsilä**31 December 2010**

Board of Management	Share
Ole Johansson	24 533
Change in 2010	-
Raimo Lind	3 383
Change in 2010	-
Jaakko Eskola	5
Change in 2010	-
Lars Hellberg	0
Change in 2010	-
Kari Hietanen	72
Change in 2010	-
Atte Palomäki	300
Change in 2010	-
Vesa Riihimäki	-

Change in 2010	-
Christoph Vitzthum	466
Change in 2010	-

Remuneration of the President and CEO and the Board of Management

The remuneration paid to the President and CEO and other members of the Board of Management, and the principles underlying it, are determined by the Board of Directors. The remuneration paid to the President and CEO and the other members of the Board of Management consists of a monthly salary and a bonus. The Board of Directors determines the terms for the bonus payment. The bonus payments for the President and CEO and the Board of Management are paid according to the achievement of the company's profitability targets for the financial year. The variable salary can be at the most one third of the maximum total salary. Additionally, the group has a long-term incentive scheme for senior management tied to the development of the company's share. Monthly updated information on shares held by the President and CEO and the other members of the Board of Management can be found on Wärtsilä's website at www.wartsila.com.

The President and CEO is eligible to take retirement on reaching the age of sixty and his retirement pension is 60% of his statutory earnings. Remuneration paid to the President and CEO if dismissed by the company, corresponds to 24 months' salary plus six months' period of notice salary. The optional retirement age of certain Board of Management members is sixty years. For these members additional pension schemes are based on the retirement scheme of the national social security system to which the person in question belongs. The retirement pension is 60% of statutory earnings.

Financial benefits of President and CEO Ole Johansson:

- Salary 2010: EUR 646 thousand
- Bonuses 2010: EUR 257 thousand
- Bonus schemes based on share price development: EUR 450 thousand *)
- Optional retirement age: 60
- Period of notice: 6 months
- Compensation paid if dismissed by the company: 24 months' salary + 6 months' period of notice salary.

*) In addition, EUR 1,084 thousand has been reserved for long-term bonus schemes based on share price development.

Consolidated Financial Statement, [Note 29: Related party disclosures](#)

Incentive schemes

The Board of Directors determines the incentive schemes for the President and CEO and other members of the Board of Management, and the principles underlying them. The Board of Directors also decides on other possible long-term incentive schemes for senior management, unless they are by law determined by the Annual General Meeting. The Board of Management decides on bonus schemes for other directors and managers.

Short-term management incentive schemes

The Group operates a bonus scheme, which is implemented globally in all businesses. The bonus is based on the Group's profitability and agreed personal targets. Close to 1,800 directors and managers are covered by this bonus scheme.

The Group's white- and blue-collar employees are covered by various bonus or profit-based incentive schemes. These are applied in each country according to that country's legislation, or to agreements concerning profit-sharing schemes. All in all, some 60% of the company's employees are covered by the Group's bonus scheme and various other profit-related incentive schemes.

Long-term incentive scheme

The Board of Directors has decided on a long-term bonus scheme for senior management tied to the stock development of the company's share. The size of the bonus is based on share price development during a predetermined timeframe and an upper limit is set for the bonus. The bonus scheme takes into account a 50% dividend payout. The yearly bonus scheme applies to approximately 80 directors.

The 2007 bonus scheme comprises 687,500 bonus rights. The bonus payment is based on the share price development during a two-year and nine months period on the basis of a share price of EUR 22.63. The bonus cannot exceed EUR 9 per bonus right. The 2007 bonus scheme was paid in November 2010.

The 2008 bonus scheme comprises 835,000 bonus rights. The bonus payment is based on the share price development during a two-year period on the basis of a share price of EUR 23.04. The bonus cannot exceed 15 euro per bonus right. The 2008 bonus scheme will be due for payment in November 2011.

The 2009 bonus scheme comprises 841,500 bonus rights. The bonus payment is based on the share price development during a two-year period on the basis of a share price of EUR 28.47. The bonus cannot exceed 15 euro per bonus right. The 2009 bonus scheme will be due for payment April 2012.