

Salary and remuneration report 2011

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 2011:

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

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

The nine members of Wärtsilä's Board of Directors were paid altogether EUR 722,000 for the financial period that ended on 31 December 2011. The Board's members were not covered by the company's stock option scheme or bonus scheme.

Fees paid to the Board of Directors in 2011 (thousands of euros)

Board of Directors	Attendance fees		Yearly fees			Total
	2011	2010	2011	2010	2011	2010
Mikael Lilius, Chairman	15	2	120	60	135	62
Matti Vuoria, Deputy Chairman	10	7	90	90	100	97
Maarit Aarni-Sirviö	8	7	60	60	68	67
Kaj-Gustaf Bergh	10	6	60	60	70	66
Alexander Ehrnrooth	8	4	60	60	68	64
Paul Ehrnrooth	7	3	60	60	67	63
Lars Josefsson	5	-	60	-	65	-
Bertel Langenskiöld	11	7	60	60	71	67
Markus Rauramo	8	-	60	-	68	-
Until 3 March 2011						
Antti Lagerroos, Chairman	11	18	-	120	11	138
Ole Johansson	-	-	-	-	-	-

Fees paid in Wärtsilä shares in 2011

Board of Directors	No. of shares
Mikael Lilius, Chairman	2 223
Matti Vuoria, Deputy Chairman	1 667
Maarit Aarni-Sirviö	1 111
Kaj-Gustaf Bergh	1 111
Alexander Ehrnrooth	1 111
Paul Ehrnrooth	1 111
Lars Josefsson	1 111
Bertel Langenskiöld	1 111
Markus Rauramo	1 111

Board of Directors' share ownership in Wärtsilä on 31 December 2011

Board of Directors	No. of shares
Mikael Lilius, Chairman	11 563
Change in 2011	6 893
Matti Vuoria, Deputy Chairman	10 181
Change in 2011	5 924
Maarit Aarni-Sirviö	6 387
Change in 2011	3 749
Kaj-Gustaf Bergh	4 979
Change in 2011	3 045
Alexander Ehrnrooth	2 411
Change in 2011	1 761
Paul Ehrnrooth	2 385
Change in 2011	1 748
Lars Josefsson	1 111
Change in 2011	1 111
Bertel Langenskiöld	9 587
Change in 2011	5 349
Markus Rauramo	1 111
Change in 2011	1 111

Remuneration of the President & CEO and the Board of Management

The remuneration paid to the President & 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 & CEO and the other members of the Board of Management consists of a monthly salary and a bonus. The Board of Directors determines on a yearly basis the terms for the bonus payment. The bonus payments for the President & CEO and the Board of Management are

paid based on the achievement of the company's profitability targets for the financial year. The variable salary can be at 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 price.

The base salary of the President & CEO is EUR 600,000 p.a. (as of 1 September 2011). He is entitled to participate in the short- and long-term incentives schemes according to the terms and conditions described above. The President & CEO is eligible to take retirement on reaching the age of sixty. His pension scheme is determined according to a defined contribution based system. The retirement pension contribution is a relative part of his annual salary. Remuneration paid to the President & CEO if dismissed by the company corresponds to 18 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 pension scheme is determined according to a defined benefit based system. The retirement pension is 60% of statutory earnings.

Financial benefits of President & CEO Björn Rosengren:

- Salary 2011: EUR 290 thousand
- Bonuses 2011: EUR -
- Bonus schemes based on share price development: - *)
- Optional retirement age: 60
- Period of notice: 6 months
- Compensation paid if dismissed by the company: 18 months' salary + 6 months' period of notice salary.

*) Rosengren did not have long-term bonus schemes during the financial period.

Financial benefits of former President & CEO Ole Johansson:

- Salary 2011: EUR 494 thousand
- Bonuses 2011: EUR 458 thousand
- Bonus schemes based on share price development: EUR 750 thousand *)

*) In addition, EUR 563 thousand has been reserved for long-term bonus schemes based on the share price development.

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

Board of Management's share ownership in Wärtsilä on 31 December 2011

Board of Management	No. of shares
Björn Rosengren	4 000
Change in 2011	4 000
Raimo Lind	6 766
Change in 2011	3 383
Jaakko Eskola	10
Change in 2011	5
Lars Hellberg	-
Change in 2011	-
Kari Hietanen	144
Change in 2011	72
Atte Palomäki	600
Change in 2011	300
Vesa Riihimäki	-
Change in 2011	-
Christoph Vitzthum	932
Change in 2011	466

Monthly updated information on shares held by the President and CEO and other members of the Board of Management can be found on Wärtsilä's website at www.wartsila.com.

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 schemes 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 yearly bonus scheme applies to approximately 80 directors. The size of the bonus is based on the share price development during a pre-determined timeframe, and an upper limit is set for the bonus. The bonus scheme takes into account 50% of the dividends paid.

The 2008 bonus scheme came to a close at the end of 2010 and was paid in November 2011.

The 2009 bonus scheme comprises 1,584,000 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 14.24. The bonus cannot exceed EUR 7.50 per bonus right and takes into account 50% of the dividends paid. The 2009 bonus scheme will be due for payment in April 2012.

The 2010 bonus scheme comprises 1,672,000 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 30.01. The bonus cannot exceed EUR 7.50 per bonus right and takes into account 50% of dividends paid. The 2010 bonus scheme will be due for payment in April 2013.