

## FINANCIAL STATEMENT BULLETIN

WÄRTSILÄ'S OPERATING INCOME ROSE TO EUR 224.3 MILLION (112.0)  
 PROFITABILITY OF POWER BUSINESSES ON TARGET AT 8.0%

Group's operating income rose to EUR 224.3 million (112.0)  
 Earnings per share increased to EUR 1.80 (1.42)  
 Group net sales grew to EUR 2,638.8 million (2,478.2)

## Power Businesses

-Best operating result in history EUR 202.5 million (87.7)  
 -Profitability reached target of 8.0%(3.9) owing to strong development in final quarter  
 -Order book at all-time high of EUR 2,905.7 million (1,855.3).

Based on the strong order book, Wärtsilä's net sales are expected to grow this year by as much as 20%. The profitability level reached in 2005 will remain.

The Board of Directors proposes a dividend of EUR 0.90 per share and an extra dividend of EUR 0.60 per share, making a total dividend of EUR 1.50 per share.

"Our efforts over the past several years to improve our performance have yielded results and we have reached our targets on schedule. Our high order book and good market conditions give us a very good platform for further growth and better results," says President and CEO Ole Johansson.

## WÄRTSILÄ GROUP IN BRIEF

## IFRS

EUR million

	10-12/2005	10-12/2004	2005 1)	2004 2)
Net sales	773.5	816.2	2,638.8	2,478.2
Operating income	86.1	104.0	224.3	112.0
Income before taxes	83.0	102.6	212.4	217.3
Earnings per share, EUR	0.75	0.68	1.80	1.42
Interest-bearing loan capital	255.9	141.6	255.9	141.6
Gross capital expenditure	35.0	21.8	231.1	69.2

## FAS 2004

EUR million

	10-12/2004	2004 2)
Net sales	816.2	2,478.2
Operating income	77.7	239.8
Income before taxes	75.2	236.5
Earnings per share, EUR	0.53	1.75

Interest-bearing loan capital

at end of period	142.2	142.2
Gross capital expenditure	20.9	64.8

1) Imatra Steel became part of Oy Ovako Ab, which began operating on 10 May 2005. Wärtsilä's holding in the company is 26.5%. This holding been consolidated as an associated company from 1 May 2005. Imatra Steel has been consolidated as a subsidiary for the first four months of the year. The company's result in the latter period is included in operating income.

2) The IFRS and FAS figures for the result in the 2004 reporting period differ mainly because under IFRS part of the restructuring provision made according to FAS in 2003 was moved to 2004. The 2004 result also includes capital gains on the sale of Assa Abloy shares.

## HIGHLIGHTS OF 2005

Strong growth in the world economy is being reflected in an increasing need for commercial seaborne transport in Wärtsilä's core markets. This factor explains the lively demand for new marine vessels in recent years and the high order books reported by shipyards. Strong growth is also boosting the need for electricity, especially in developing countries. Oil price rises favour high-

efficiency products in particular and Wärtsilä has benefited from the buoyant business conditions through its competitive product portfolio, which is also

evidenced by growth in its market shares. In 2005 Wärtsilä received a record number of new orders and its year-end order book reached a record high as well.

The Group's operating income rose to EUR 224.3 million (112.0). The Power Businesses reported the best result so far in their history, EUR 202.5 million (87.7), and profitability at 8.0% met the targets.

The company continued to pursue its strategy of Ship Power and Service development through acquisitions and by strengthening its position in Asia. In its Power Plants business Wärtsilä's strategy to concentrate on solutions for decentralized power generation market has yielded results and success was especially pronounced in the gas power plant sector.

#### ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Wärtsilä adopted IFRS reporting standards on 1 January 2005. The comparison figures for 2004 have been adjusted accordingly. The figures for the years 2001-2003 in the Five Years in Figures table are calculated according to Finnish accounting standards. The impacts of IFRS on the balance sheet and income statement are described in Wärtsilä's stock exchange release dated 18 March 2005, which is available on the company's website, [www.wartsila.com](http://www.wartsila.com). IAS 39 (Financial Instruments) has been applied since 1 January 2005. Its impact at 1 January 2005 on shareholders' equity was EUR +42.7 million from derivative financial instruments and EUR +141.5 million from assets available for sale. The impact at 31 December 2005 was EUR -10.1 million from derivative financial instruments and EUR +157.1 million from assets available for sale.

#### GROUP STRUCTURE

The process of developing Wärtsilä from a group with diversified industrial interests into a unified corporation supplying power solutions was concluded in spring 2005. At the beginning of May the Group's steel business, Imatra Steel, became part of a new steel company called Oy Ovako Ab. Hence Wärtsilä Group today comprises its three Power Businesses: Ship Power, Service and Power Plants. Ovako, in which Wärtsilä's holding is 26.5%, is consolidated as an associated company from 1 May 2005. Imatra Steel is consolidated as a subsidiary in Wärtsilä's financial statements for the first four months of the year.

#### STRATEGY - ACTIONS TO SUPPORT GROWTH TARGETS

Wärtsilä provides lifecycle power solutions to enhance the business of its customers, whilst creating better technologies that benefit both the customer and the environment. Wärtsilä's vision is to be the most valued business partner of all its customers.

Wärtsilä wants to maintain its leading position in the ship power business and to grow further by providing its customers with the best lifetime economic performance and reliability in the market through an integrated offering that meets their business needs throughout the world.

The company will also grow by adding new products and services to its offering, especially in the fields of automation, electronics and ship design. The aim is to grow both organically and through partnerships and acquisitions.

In the service market Wärtsilä also provides service for other makes of equipment on board vessels as well as comprehensive ship service in key ports.

In the growing Asian shipbuilding market Wärtsilä has strengthened its presence in sourcing, manufacturing and lifetime customer support, and this work will

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continue. Wärtsilä is forging partnerships in both its existing businesses and in new growth areas.

In Power Plants, Wärtsilä's strategic goal is to further strengthen its global position in the decentralized energy market. Wärtsilä offers power generation solutions based on oil, gas and dual-fuel reciprocating engines, and on biomass-fuelled plants. The company's competitive advantage is the high efficiency of its power plants coupled with operational flexibility, which gives customers a better return on their investment also in times of increasing or volatile fuel prices.

The expected growth in gas power plants has started in the industrial countries. Wärtsilä gas and dual-fuel power plants have proven competitive and for this reason the subject of increasing interest. In heavy fuel oil plants, Wärtsilä is focusing on clearly defined segments that offer the greatest market potential.

#### STRATEGIC MEASURES IN 2005

Wärtsilä took several steps during 2005 to strengthen the leading positions of its Ship Power and Service businesses globally:

- Production of thrusters in China began in June; the first deliveries were made in September.
- The project to manufacture marine reduction gears in India made planned progress.
- Construction work started on the new factory for the 50/50-owned joint venture set up with China Shipbuilding Industry Corporation (CSIC). The company will start production of Wärtsilä diesel generating sets, used as auxiliary engines in marine vessels. Production is expected to begin in early summer 2006.
- A strategic alliance was made with Mitsubishi Heavy Industries Ltd (MHI) in the field of 2-stroke diesel engines.
- Design work started on two new Wärtsilä RT-flex engines in co-operation with Hyundai Heavy Industries Co. Ltd. (HHI) and these engines will be tested in HHI's production facilities.
- Wärtsilä took a 12.5% stake in Aker Arctic Technology Inc., which offers ship designs for shipyards, shipowners and offshore operators interested in operations in ice-infested cold waters.
- Wärtsilä took over the DEUTZ marine engine service business from the German company DEUTZ AG. Wärtsilä began to provide service and OEM parts for these engines globally from 1 April 2005.
- To expand its Service business Wärtsilä set up a marine service company in Estonia with the Estonian BLRT Grupp to serve the Baltic market. A service company was also established in Hong Kong. In the USA, Wärtsilä acquired in November a company specialized in the service of automation and control systems for diesel and gas engines.

#### FINANCIAL TARGETS

The Group's average annual growth target for net sales is 6-7%. The annual growth target for the Ship Power and Power Plants businesses is 4% and for the Service business 10-15%. Wärtsilä's operating income (EBITA) target is 8% of net sales, taking into account business cycle fluctuations.

#### ORDER BOOK HISTORICAL HIGH

A record number of new orders were received during the year. The order intake totalled EUR 3,491.1 million (2,791.4), representing growth of 25.1%. Most new orders were registered in the Ship Power business, where the order intake was 84.7% higher than one year earlier. The full-year order intake for the Power Plants business decreased by 15.1% but began to rise clearly during the second half of the year. The order intake level for Power Plants in the previous year can be considered exceptionally high owing to a large one-off order.

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Wärtsilä's total order book at the end of 2005 reached an all-time high, EUR 2,905.7 million (1,855.3), up 56.6% on the previous year.

#### NET SALES INCREASED

Group net sales by business segments

EUR million	2005	2004	Change (%)
Power Businesses	2,520.3	2,224.7	13.3%
Imatra Steel	119.0 1)	254.4	
Intragroup net sales	-0.5	-0.9	
Total	2,638.8	2,478.2	6,5%

1) January-April 2005

Wärtsilä's consolidated net sales increased to EUR 2,638.8 million (2,478.2). Net sales of the Power Businesses rose to EUR 2,520.3 million (2,224.7), an increase of 13.3% on the year before. This increase was due in particular to the large number of orders for marine engines and propulsion systems at the year end and to strong growth in the Service business.

Imatra Steel's net sales of EUR 119.0 million was consolidated for the first four months of the year (254.4).

#### RESULT IMPROVED, PROFITABILITY TARGET ACHIEVED

##### Group operating income by business segments

EUR million	2005	IFRS 2004	FAS 2004
Power Businesses	202.5	87.7	111.6
Imatra Steel	21.8 1)	24.3	20.4
Assets available for sale			107.7 2)
Total	224.3	112.0	239.8

1) January-April 2005

2) The Assa Abloy capital gains are entered below operating income in the income statement as required by IFRS.

The Group's operating income improved to EUR 224.3 million (112.0). Operating income in the previous year was depressed by a EUR 66,0 million restructuring provision which, in compliance with IFRS, was entered in 2004 rather than in 2003. The Group's profitability (EBITA) was 8.5% (4.5).

The Power Businesses contributed EUR 202.5 million (87.7) to consolidated operating income. The profitability (EBITA) of the Power Businesses rose, as targeted, to 8.0% (3.9).

Consolidated operating income includes Imatra Steel's operating income for the first four months of the year, EUR 21.8 million. Wärtsilä's share of the associated company Oy Ovako Ab's result for the months May to December (EUR 10.4 million) is shown below operating income and under 'Share of associated companies' results'. Oy Ovako Ab's result was burdened by a EUR 25 million restructuring provision.

Financial items amounted to EUR -23.4 million (-3.7). Net interest totalled EUR -11.9 million (-9.5), the higher figure being attributable to a slight increase in loan capital and interest rates. Other financial expenses increased because of interest rate differences on derivatives, EUR -9.4 million (0.5), most of which related to the interest rate difference on foreign exchange forward contracts denominated in US dollars, which rose during the year. Moreover, the change in market value of foreign currency options and interest rate derivatives, EUR -3.8 million (0), was entered in the income statement because the hedge is not effective according to IAS 39. Financial items include

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dividends totalling EUR 7.2 million (8.8), the largest of which were dividends paid by Sampo Oyj and Assa Abloy AB:n (publ).

Income before taxes was EUR 212.4 million (217.3 ). Pretax income in the comparison year included a EUR 107.7 million capital gain on the disposal of Assa Abloy AB shares.

Taxes amounted to EUR 44.0 million (86.1), and EUR 42.4 million (62.4) of this amount fell due during the reporting period.

Net income was EUR 168.4 million (131.3).

Earnings per share improved to EUR 1.80 (1.42). Return on investment (ROI) was 18.0% (18.0) and return on shareholders' equity (ROE) was 16.3% (15.0).

#### FINANCIAL POSITION GOOD

Wärtsilä's cash flow from operating activities was EUR 76.0 million (220.1). The financial position was good. Working capital was tied up in deliveries in progress during the first half of the year due to an increase in business volumes and also to the growing DEUTZ business. Furthermore cash payments were made during the period against the restructuring provisions.

Cash and cash equivalents at the end of the year amounted to EUR 119.6 million (169.6). Net interest-bearing loan capital was EUR 255.9 million (141.6). The solvency ratio was 46.6% (40.8) and gearing was 0.24 (0.17).

## CAPITAL EXPENDITURE

Gross capital expenditure for the reporting period totalled EUR 231.1 million (69.2), which comprised EUR 152.2 million (7.9) in investments in acquisitions and EUR 79.0 million (61.3) in production and information technology investments. EUR 23.2 million was related to the Ovako transaction. Depreciation amounted to EUR -71.6 million (-63.0).

The largest single investment was the acquisition on 31 March 2005 of the marine engine service business from DEUTZ AG. The investment value of this acquisition, including costs, was EUR 115.6 million which included inventories amounting to EUR 8 million. The remainder was allocated to intangible assets. The business was consolidated in the balance sheet on 31 March 2005.

Research and development costs totalled EUR 70.1 million (73.4), or 2.7% (3.0) of net sales.

## HOLDINGS

Wärtsilä owns 17,270,350 B shares in Assa Abloy AB (publ), or 4.7% of the total. The market value of the Assa Abloy B share on 31 December 2005 was 125 Swedish krona. This holding has been booked in the balance sheet at its market value at the end of the reporting period, EUR 229.9 million.

The new steel company Oy Ovako Ab was formed on 1 May 2005 and Wärtsilä's holding is 26.5%. The balance sheet value of this holding at the close of the period was EUR 106.1 million. Furthermore Wärtsilä has granted a shareholder's loan of EUR 21.2 million to Ovako. Wärtsilä has recorded EUR 10.4 million as its share of this associated company's result for the period 5-12/2005. Ovako's result was burdened by a EUR 25 million restructuring provision.

Wärtsilä sold investment properties and shares in property companies totalling EUR 19.3 million (14.7) during 2005, generating a profit of EUR 9.8 million (9.8). At the end of the year the investment properties had a total book value of EUR 17.2 million (14.2).

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## IMATRA STEEL BUSINESS SEGMENT

EUR million	1-4/2005	IFRS 1-12/2004
Net sales	119.0	254.4
Operating income	21.8	24.3
% of net sales	18.3%	9.5%

## PERSONNEL

Wärtsilä Group had 12,049 (12,361) employees on average during the year and 12,008 (12,475) at the year end. The largest personnel increases took place in the Service business. The DEUTZ agreement added 170 service employees. Due to the termination of production, the number of employees in Turku, Finland, decreased by 359 during the first quarter. The number of employees in Vaasa, Finland, increased by 198 persons during the year. Imatra Steel's transfer to Ovako reduced the number of employees in the Group by 1,279 persons.

## SUSTAINABLE DEVELOPMENT

Wärtsilä will publish its Sustainability Report as part of its Annual Report. The Sustainability Report describes the work done by the company to improve the environmental performance of its products and reduce the environmental impacts of its production operations.

## OPTION SCHEMES

Wärtsilä's option schemes covering key employees of the Group were launched in 2001 and 2002. On 3 February 2005 Wärtsilä's Board of Directors decided to include the 2001 options in the book-entry securities system. These options were admitted for trading on the Main List of the Helsinki Exchanges on 7 March 2005. The 2002 options have been listed on the Helsinki Exchanges since 2004.

The decision of the Annual General Meeting to pay an extra dividend of 0.45 euros per share reduced the subscription price of the B share under Wärtsilä's 2001 and 2002 stock option schemes by the amount of extra dividend, as

stipulated in the terms and conditions of these schemes. Hence the subscription price of shares based on the 2001 options is 16.70 euros per share and based on the 2002 options 9.50 euros per share.

#### CHANGES IN OWNERSHIP STRUCTURE

On 14 June 2005 Fiskars Corporation announced that it had sold four million Wärtsilä B shares. Before this sale, Fiskars held 7,482,300 Wärtsilä A shares and 11,165,800 Wärtsilä B shares, which represented 28.2% of the voting power in Wärtsilä and 20.1% of the total number of shares. After the sale, Fiskars' holding decreased to 26.9% of the votes and 15.8% of the shares. In December Fiskars increased its holding of Wärtsilä A shares so that at the end of the year Fiskars held 8,561,676 Wärtsilä A shares and 7,165,800 B shares, representing 30.6% of the votes and 16.8% of the shares.

#### ANNUAL GENERAL MEETING

The Annual General Meeting on 21 March 2005 approved the Board of Directors' proposal to distribute a dividend of EUR 0.45 per share and an extra dividend of EUR 0.45 per share, making a total dividend of EUR 0.90 per share.

The AGM confirmed the number of Board members to be seven and elected the following to the Board: Heikki Allonen, Göran J. Ehrnrooth, Risto Hautamäki, Jaakko Iloniemi, Antti Lagerroos, Bertel Langenskiöld and Matti Vuoria. The AGM appointed the firm of authorized public accountants KPMG Oy Ab as the company's auditors.

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#### BOARD OF DIRECTORS

The Board elected Antti Lagerroos as its chairman and Göran J. Ehrnrooth as the deputy chairman. The Board has an Audit Committee and a Nomination and Compensation Committee. The chairman of the Audit Committee is Antti Lagerroos and its other members are Heikki Allonen, Risto Hautamäki and Matti Vuoria. The chairman of the Nomination and Compensation Committee is Antti Lagerroos and its other members are Göran J. Ehrnrooth and Jaakko Iloniemi.

#### SHARE CAPITAL AND SHARES

A total of 1,556,499 Wärtsilä B shares were subscribed during the period under the 2001 and 2002 option schemes. This increased the share capital by EUR 5,447,746.50 following which the share capital amounts to EUR 329,374,906.00.

The AGM on 21 March 2005 authorized the Board for one year to repurchase and dispose of the company's own Series A and B shares in proportion to the total number of shares in each series provided that the total nominal value of the shares so purchased, and the votes carried by these shares, shall not exceed five per cent (5%) of the company's total share capital and voting rights. This authorization was not exercised during the reporting period.

TRADING ON THE HELSINKI EXCHANGES	1-12/2005	2004
Trading in Helsinki, shares	88.0%	51.5%
Trading in Helsinki, votes	36.3%	21.9%
Trading on the SEAQ, votes	12.0%	7.9%
Foreign ownership at year end	24.1%	15.7%

SHARES AT 31 DEC. 2005	A share	B share	Total
Number of shares	23,579,587	70,527,529	94,107,116
Number of votes	235,795,870	70,527,529	306,323,399

WÄRTSILÄ SHARE ON THE HELSINKI EXCHANGES	1 Jan. - 31 Dec. 2005		Average 1)	Total
	Highest	Lowest	EUR	traded
	EUR	EUR	EUR	
A share	26.70	15.31	22.73	3,160,625
B share	27.09	15.68	22.46	79,635,755

1) Trade weighted average price.

MARKET CAPITALIZATION	31 Dec. 2005	31 Dec. 2004
EUR million	2,348.9	1,440.8

#### BUSINESS REVIEW

## POWER BUSINESSES SEGMENT: Ship Power, Service and Power Plants

EUR million	IFRS			FAS
	10-12/2005	10-12/2004	Change (%)	10-12/2004
Net sales	773.5	739.4	4.6%	739.4
Operating income	86.1	90.8	-5.2%	68.4
% of net sales	11.1%	12.3%		9.2%
Order intake	1,100.5	716.0	53.7%	716.0

EUR million	IFRS			FAS
	2005	2004	Change (%)	2004
Net sales	2,520.3	2,224.7	13.3%	2,224.7
Operating income	202.5	87.7		111.6
% of net sales	8.0%	3.9%		5.0%
Order intake	3,491.1	2,791.4	25.1%	2,791.4
Order book	2,905.7	1,855.3	56.6%	1,855.3

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## SHIP POWER

Ship Power EUR million	10-12/2005			10-12/2004	Change (%)
	Net sales	265.5	202.1	31.4%	
Order intake	475.1	276.5	71.8%		

EUR million	2005			2004	Change (%)
	Net sales	710.3	631.2	12.5%	
Order intake	1,545.3	836.7	84.7%		
Order book, end of period	1,658.5	812.7	104.1%		

## High level of demand

The boom in the shipbuilding industry continued during 2005. Even more orders for new-buildings were placed during the first half of the year than in the same period in the two previous years. Although the volume of orders for new tonnage declined towards the end of the year, the number of orders for the full year was still at a good level; altogether 1,850 (2,012) new vessels were ordered during the year. The market trend towards smaller vessels favours Wärtsilä.

The decrease in order volume applied mainly to tankers and bulk carriers. In orders for containerships the trend was from large to smaller vessels. The offshore sector gained considerably more orders than one year earlier. The passenger and RoPax sectors enjoyed an active season. A total of 11 new cruise ships were ordered in 2005 maintaining good level of orders.

Asia has for several years been the hub of the world's shipbuilding industry. In 2005 China overtook Japan in vessel order contracting. In terms of the number of orders, China is very close to Korea, which is still clearly the world's leading shipbuilding country for large vessels and the largest in terms of dead weight tons.

The manufacturing operations started by Wärtsilä in China are aimed at raising business volumes in Asia and especially in the growing shipbuilding market in China.

## Outstanding year for Ship Power

Wärtsilä received a record number of orders for ship power systems and engines during the year. Orders were registered steadily throughout the year and the final order intake was EUR 1,545.3 million (836.7), or 84.7% higher than one year earlier. For the same reason a new record was recorded for the year-end order book, EUR 1,658.5 million (812.7).

Net sales rose to EUR 710.3 million (631.2), an increase of 12.5%. The high order intake of the past 18 months was not yet reflected in net sales for 2005 but it will have an impact in the following three years. Net sales grew strongly in the fourth quarter, 31.4%, due to the timing of large deliveries at the end of the year. In output terms, Wärtsilä delivered medium-speed engines totalling 1,760 MW (1,474). The licensees delivered another 3,577 MW (3,053) in low-speed engines.

Wärtsilä was successful in a number of sectors during 2005. Growth continued in LNG carriers and Wärtsilä's dual-fuel engines became established as a noteworthy alternative in this field. The most significant orders of the year included the order for 24 Wärtsilä 50DF engines placed by AP Möller and Kawasaki Kisen Kaisha at the end of March.

The offshore sector was active throughout the year and Wärtsilä gained several significant orders for both drilling platforms and support vessels. In many offshore projects, as in other segments as well, Wärtsilä also supplies the entire propulsion system in addition to the main engines. Sales of total ship  
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power systems grew strongly in 2005 and more than half of all projects sold included several components from Wärtsilä's product portfolio. A good example is the order for 32 engines and 16 thrusters for oil drilling platforms being built by Singaporean Keppel FELS Ltd for the Danish company AP Möller-Maersk A/S.

The RT-flex 50 engine, jointly developed by Wärtsilä and Mitsubishi, continued its breakthrough as a main engine for bulk carriers and tankers as new orders were received and also the first deliveries made. The two parties are continuing this fruitful collaboration in a strategic alliance.

Annual capacity was doubled in the joint venture propeller factory in China from 1,000 tonnes to 2,000 tonnes and the maximum size of the propellers manufactured was increased at the same time.

Construction of the new thruster factory in Wuxi, China, was completed, and production got under way. The machinery and equipment of the thruster factory in Heerlen, the Netherlands, was sold and its employees moved to a new company in December. A new production unit for mid-sized reduction gears was established at Wärtsilä's Khopoli factory in India.

The propulsion business showed further strong development. Wärtsilä has traditionally held a strong position in controllable pitch propellers. In 2005 demand shifted to smaller propellers and for this reason Wärtsilä's market share declined to 40% (50). In fixed pitch propellers, Wärtsilä consolidated its position thanks to the start-up of production in China, despite a marginal decrease in market share from 9% to 6%.

2005 was also a successful year for Wärtsilä's seals business. The company brought several new products to market and succeeded in raising its market share especially in face seals systems.

Higher market share for engines

Market trends in both low-speed and medium-speed engines favoured Wärtsilä during 2005. The company's product and solutions portfolio was well suited to demand and market shares increased.

According to Wärtsilä's statistics, the total market for low-speed engines amounted to 22,703 MW (24,863). In this sector Wärtsilä raised its market share to 24% (18). The shares of the other two suppliers in this segment were 73% and 3%.

The market for medium-speed engines totalled 6,676 MW (3,990). In this segment Wärtsilä is the market leader, its share rising to 45% (34). The largest competitor accounted for 24% of the market and the second largest for 18%. The total size of the market for medium-speed auxiliary engines grew to 5,220 MW (3,544) and Wärtsilä's share remained almost unchanged at 8% (9).

## SERVICE

Strong growth continued

Service	10-12/2005	10-12/2004	Change (%)
Net sales, EUR million	315.0	253.3	24.3%
Order intake	278.2	227.0	22.6%
	2005	2004	Change (%)
Net sales, EUR million	1,093.1	936.8	16.7%
Order intake	1,077.1	930.8	15.7%



Order book, end of period	303.3	290.2	4.5%
Personnel, end of period	7 200	6 378	12.9%

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Net sales of the Service business rose to EUR 1,093.1 million (936.8), up 16.7% on the previous year. The pace of growth accelerated during the fourth quarter to 24.3% compared to the same period one year earlier due to sales of spare parts, 2-stroke engine service, gas conversion projects for many engines, and strong development in the Ciserv group.

Wärtsilä took over worldwide spare parts sales and service for DEUTZ medium-speed marine engines after acquiring the installed base of these engines (12,500 MW) from the German company DEUTZ AG. Following this deal Wärtsilä's base of installed engines totalled almost 150 GW.

Wärtsilä signed its first global operations & maintenance agreement in the maritime industry during the year. The customer was the German shipowner Reederei Blue Star GmbH. The agreement covers a substantial part of the maintenance and operational support needed for the company's ocean-going vessels.

Real-time remote monitoring and condition-based maintenance (CBM) is becoming a strategically important service tool for Wärtsilä. At present some 209 ship engine rooms and power plants are covered by CBM services.

The volume of online services more than tripled on the previous year.

Wärtsilä's training unit, the Wärtsilä Land & Sea Academy, opened new maritime training centres in the Philippines and Finland. The Academy also has a third training centre in the USA. These centres provide training courses and personnel development services for Wärtsilä's marine and power plant customers.

Wärtsilä established several new service companies to increase its presence in the world's main shipping hubs.

#### POWER PLANTS

Strong growth in gas power plants sales

Power Plants	10-12/2005	10-12/2004	Change (%)
EUR million			
Net sales	193.7	283.0	-31.6%
Order intake	346.6	211.7	63.7%
Order intake, MW			
HFO	489	252	93.9%
Gas	345	207	66.5%
BioPower, MWth	17	36	-51.4%
EUR million	2005	2004	Change (%)
Net sales	710.3	651.9	9.0%
Order intake	865.2	1,019.5	-15.1%
Order intake, MW			
HFO	1,134	1,664	-31.9%
Gas	924	649	42.3%
BioPower, MWth	117	110	6.7%
Order book, end of period	943.9	752.4	25.5%

Wärtsilä's competitiveness is based on high efficiency

The increase in crude oil prices in 2005 raised the price of electricity generated using fuel oils and, after a certain delay, the price of electricity produced with natural gas. At the same time, though, this trend improved the competitiveness of heavy fuel oil and gas power plants compared to light fuel oil plants. Crude oil prices are expected to stay high.

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Demand will remain steady in the heavy fuel oil market largely dominated by Wärtsilä - islands and remote areas mainly in the developing world. Electricity

consumption growth rates are typically fairly high in these regions, and there is a continuous need for additional production capacity. The excellent efficiency of Wärtsilä's products gives the company a strengthening competitive edge while oil prices are high.

The oil and gas industry is investing increasingly in LNG vessels and terminals and in gas pipelines. Consequently, power plant demand also in developing countries is gradually, region by region, turning towards gas. This offers Wärtsilä the opportunity to increase its current business volume and market share in this traditional core market.

#### Market size and market shares

In 2005 the total global market for oil and gas power plants in Wärtsilä's power range was in the order of 10,300 MW. In these markets Wärtsilä focuses on gas and heavy fuel oil power plants.

In 2005 the global gas power plant market grew by 13% to 7,600 MW. Orders for heavy fuel oil power plants returned to an average level of 1,921 MW after the record high year in 2004 (2,533 MW).

According to statistics compiled by Diesel and Gas Turbine magazine, Wärtsilä's market share of heavy fuel oil plants between June 2004 and May 2005 was 44% (71%). Wärtsilä's market share in the previous year was exceptionally large owing to orders placed in Iraq. The market for gas engine power plants increased from roughly 2,000 MW to 3,000 MW during the same period. Wärtsilä's share in this segment was 19.8% (19.3).

#### Strong penetration in gas power plant market

The order intake for power plants was high throughout 2005 and particularly good during the second half of the year. New orders totalled EUR 865.2 million (1,019.5). The lower figure compared to 2004 is attributable to two exceptionally large orders. During the fourth quarter the order intake rose to EUR 346.6 million (211.7), representing growth of 63.7% on the comparison period.

The year-end order book stood at EUR 943.9 million (752.4), an all-time high and 25.5% higher than at the end of 2004.

Net sales of the Power Plants business increased 9.0% to EUR 710.3 million (651.9). Net sales accrued during the year more evenly than at any time in the past. Fourth-quarter net sales amounted to EUR 193.7 million (283.0), which was 31.6% less than one year earlier, the difference being due to the timing of project deliveries.

In terms of power output, Wärtsilä supplied power plants totalling 1,607 MW (1,363) in 2005. This figure includes 973 MW of oil-fired power plants (1,005) and 634 MW (358) of gas power plants. Gas power plants accounted for 40% of the new power plant orders.

The largest orders for heavy fuel oil power plants were gained in Brazil, Saudi-Arabia and Senegal. A bio-oil power plant orders was gained in Italy. The most significant gas power plant orders came from Azerbaijan, India and Pakistan, and the most important orders for biopower plants were placed in Sweden and Belgium.

12 (20)

The Azerbaijan order comprises five gas power plants. The first gas power plant with W50DF dual-fuel engines was delivered to Turkey with good results.

## ENGINE MANUFACTURING

The transfer of engine manufacturing from Turku to Trieste was completed in 2005. Manufacturing of 4-stroke engines is now concentrated in two factories: one in Vaasa, Finland, and the other in Trieste, Italy. This manufacturing concept gives Wärtsilä considerable flexibility and growth potential also in conditions of higher demand. The current order book will ensure that the factories operate at full capacity until the middle of 2007.

Development programmes carried out in 2005 were aimed at enhancing quality, delivery reliability and cost-competitiveness. A new assembly factory will be opened in Shanghai in mid-2006 that will start producing Wärtsilä Auxpac generating sets for use as marine auxiliary engines.

In output terms a total of 3,367 (2,837) 4-stroke engines manufactured by Wärtsilä's own factories were delivered to customers during the year.

## RESEARCH AND DEVELOPMENT

The thrust of engine research and development in Wärtsilä is to develop new engine versions and to apply common-rail technology to both 2- and 4-stroke engines.

The R&D function was reorganized by combining 2-stroke and 4-stroke product development in the same unit. This unit has global responsibility for engine development as well as development projects related to engines and their automation.

The first RT-flex50 engine, a joint development project with Mitsubishi Heavy Industries, was started up in June and taken into operation in December. Further development of the RT-flex96C focused on efficiency improvements and lower emissions. Development of the new RTA/RT-flex82 engine was started with Hyundai Heavy Industries, the aim being to start up the first such engine at the end of 2007. The Wärtsilä 46F engine series was further developed as well, to make this engine suitable for a wider range of market applications.

A research and development programme was begun in June with several Finnish universities and research institutes. Its aim is to develop a next-generation engine with higher efficiency, lower emissions, a lighter structure and lower manufacturing costs. Wärtsilä's continuing goal is to develop environmentally sound technology that meets its customers' needs.

The propulsion business is concentrating on raising propeller efficiency especially in the case of smaller fixed pitch propellers. Development started on a new series of compact, high-efficiency waterjets as well as a new water-lubricated seal.

## EVENTS AFTER THE PERIOD

On February 2, Wärtsilä acquired Aker Kvaerner Power and Automation Systems AS (AKPAS) from Aker Kvaerner. AKPAS supplies power and automation systems for the oil and gas, marine and industrial markets. The company operates mainly in the North Sea region with major oil and gas companies and Norwegian shipyards. AKPAS has annual net sales of EUR 28 million and 135 employees in Stord, Norway. The acquisition price is approximately EUR 12 million. The acquisition supports Wärtsilä's growth strategy.

13 (20)

## BOARD'S PROPOSALS TO THE AGM 2006

The Board of Directors proposes to the Annual General Meeting on 15 March 2006 that a dividend of 0.90 euros per share and an extra dividend of 0.60 euros per share, making a total dividend of 1.50 euros per share be distributed on the financial year ended 31 December 2005.

The Board also proposes that the AGM authorize the Board for one year to repurchase and dispose of the company's own Series A and B shares in proportion to the total number of shares in each series provided that the total nominal

value of the shares so purchased, and the votes carried by these shares, shall not exceed ten per cent (10%) of the company's total share capital and voting rights. The company's own shares may only be purchased using distributable funds.

#### MARKET OUTLOOK IN 2006

Demand has remained strong in several segments of the shipbuilding industry. Weaker development in certain areas has been balanced by growth in others, notably the offshore sector and the cruise ships market. Nonetheless, it is clear that uncertainty among decision-makers has increased and there is sensitivity to all signals. In the autumn the volume of commercial seaborne transport started to decline from its all-time high which, coupled with an increase in interest rates, is affecting order activity. A partial recovery in transport volumes as the year drew to a close restored investment levels but higher interest rates, the availability of shipyard capacity and the availability of certain components are still the strongest factors weakening demand. Most shipyards are currently taking orders for delivery in 2009 or beyond.

Based on the insufficiency of shipyard capacity, component availability and feedback from customers, Wärtsilä estimates that the volume of new-building orders will decrease in 2006. This will affect demand for engines and propulsion equipment after a delay of a few months. Although the total number of orders for ships will decline, the market contains active segments and the number of orders in 2006 will remain above the long-term average. The active segments are offshore, LNG and cruise ships, a trend that favours Wärtsilä's product portfolio.

The availability of certain core engine components, such as crankshafts, is lengthening delivery times throughout the industry. At the moment Wärtsilä is concentrating on deliveries scheduled for 2007 and 2008.

The power plant market continues to be active. In geographical terms demand is still distributed evenly. Demand for gas power plants is growing further. Demand for heavy fuel oil plants will remain high in areas where gas is not available. With the price of oil still high, decisions are focused most of all on the unit costs of generating electricity and therefore on efficiency in particular. Reciprocating piston engines offer the best efficiency and for this reason they are also viewed with favour in the market.

Service will continue to grow strongly through new products and acquisitions. Wärtsilä offers a diverse range of services, tailored solutions and comprehensive training capabilities through its global service network.

#### WÄRTSILÄ'S PROSPECTS IN 2006

Demand in the ship power and energy markets looks likely to remain favourable for Wärtsilä for at least the first half of the current year. Based on the strong order book, Wärtsilä's net sales are expected to grow this year by as much as 20%. The profitability level reached in 2005 will remain. Net sales is expected to show further growth in 2007.

14 (20)

6 February 2006

Wärtsilä Corporation  
Board of Directors

The figures in this financial statements bulletin are not audited.

The financial statements bulletin has been prepared in accordance with the recognition and measurement principles under International Financial Reporting Standards (IFRS). The accounting principles applied are the same as in the stock exchange release dated 18 March 2005, which described the impacts of the transfer to IFRS.

#### INCOME STATEMENT

EUR million	2005	2004
Net sales	2,638.8	2,478.2

Change in inventories of finished goods & work in progress	28.2	-21.6
Work performed by the entity and capitalized	0.1	5.2
Other income	26.8	26.9
Material and services	-1,522.5	-1,440.5
Employee benefits expenses	-540.0	-554.4
Depreciation	-71.6	-74.3
Impairment	0.0	11.3
Other expenses	-335.5	-318.8
Operating result	224.3	112.0
Income from financial assets	7.2	8.8
Interest income and expenses	-11.9	-9.5
Other financial income and expenses	-18.7	-3.0
Net income from investments available for sale	0.5	107.7
Share of profit of associates	10.9	1.4
Profit before taxes	212.4	217.3
Taxes for the period	-44.0	-86.1
Profit for the financial period	168.4	131.3

Attributable to:		
Equity holders of the parent company	167.0	130.0
Minority interest	1.4	1.3
Total	168.4	131.3

Earnings per share attributable to equity holders of the parent company:		
Earnings per share, EUR	1.80	1.42
Diluted earnings per share, EUR	1.78	1.42

#### BALANCE SHEET

EUR million	31.12.2005	31.12.2004
Assets		
Non-current assets		
Intangible assets	175.4	76.2
Goodwill	365.7	359.6
Property, plant and equipment	255.7	342.8
Investment properties	17.2	14.2
Equity in associates	108.5	2.8
Investments available for sale	284.4	68.4
Interest-bearing investments	27.2	6.9
Deferred tax receivables	77.6	82.9
Trade receivables	0.0	5.2
Other receivables	4.2	5.1
Total	1,315.8	964.0

15 (20)

Current assets		
Inventories	638.6	565.1
Interest-bearing receivables	0.9	1.9
Trade receivables	670.2	576.9
Income tax receivables	16.1	12.5
Other receivables	107.4	107.3
Cash and cash equivalents	119.6	169.6
Total	1,552.8	1,433.3

Assets	2,868.6	2,397.3
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Equity and Liabilities	31.12.2005	31.12.2004
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EUR million		
Shareholders' equity		
Share capital	329.4	323.9
Share premium reserve	44.0	27.3
Translation differences	7.0	-1.0
Fair value reserve	146.9	
Retained earnings	625.8	542.5
Total equity attributable to equity holders of the parent	1,153.1	892.7
Minority interest	9.8	7.8
Total shareholders' equity	1,163.0	900.5

Non-current liabilities		
Interest-bearing debt	229.4	271.2
Deferred tax liabilities	78.8	39.2
Pension reserves	50.5	55.7
Provisions	17.0	13.4
Other liabilities	1.5	0.7
Total	377.2	380.2
Current liabilities		
Interest-bearing debt	174.2	48.8
Provisions	104.1	136.5
Advances received	371.4	191.8
Trade payables	238.1	243.2
Income tax liabilities	29.9	48.6
Other current liabilities	410.7	447.7
Total	1,328.5	1,116.6
Total liabilities	1,705.7	1,496.8
Total Equity and Liabilities	2,868.6	2,397.3

#### CASH FLOW STATEMENT

EUR million	2005	2004
Cash flows from operating activities:		
Profit before taxes	212.4	217.3
Adjustments:		
Depreciation	71.6	63.0
Share of income from associates	-10.9	-1.4
Selling profit and loss of fixed assets	-11.8	-118.3
Financial income and expenses	23.4	3.7
Other changes	-1.5	
Cash flow before changes in working capital	283.1	164.4
Changes in working capital:		
Current assets, non interest-bearing, increase (-)/decrease (+)	-107.9	-9.5
Inventories, increase (-)/decrease (+)	-117.1	-12.2
		16(20)
Current liabilities, non interest-bearing, increase (-)/decrease (+)	105.2	98.6
Changes in working capital	-119.8	76.8
Cash flow from operating activities before financial items and taxes	163.3	241.2
Financial items and taxes:		
Interest and other financial expenses	-47.6	-29.6
Received dividends from operating activities		0.4
Interest and other financial income from operating activities	10.9	31.5
Income taxes	-50.5	-23.5
Financial items and taxes	-87.3	-21.1
Cash flow from operating activities	76.0	220.1
Cash flow from investing activities:		
Investments in subsidiary shares and acquisitions	-126.0	-7.5
Investments in shares	-26.2	-0.5
Investments in tangible and intangible assets	-79.0	-61.0
Proceeds from sale of shares	-8.6	137.5
Proceeds from sale of tangible and intangible assets	51.2	12.4
Loan receivables, increase (+)/decrease (-) and other changes	3.0	3.1
Dividends received from investments	7.2	8.8
Paid taxes on sales of shares		-7.8
Cash flow from investing activities	-178.3	85.0
Cash flow after investing activities	-102.3	305.0
Cash flow from financing activities:		

Issuance of share capital	22.1	
Loans receivables, increase (-)/decrease (+)	-44.7	5.1
Current loans, increase (+)/decrease (-)	183.7	-157.8
New long-term loans	53.2	30.0
Amortization and other changes to long-term loans	-83.0	-47.2
Paid dividends	-83.9	-106.7
Changes in convertible subordinated debentures		-2.8
Other changes	0.1	-5.5
Cash flow from financing activities	47.6	-284.9
Change in liquid funds, increase (+)/decrease (-)	-54.7	20.2
Cash and cash equivalents at beginning of period	169.6	151.5
Fair value adjustments		
Exchange rate changes	4.8	-2.0
Cash and cash equivalents at end of period	119.6	169.6

#### STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR million

To parent company owners:	Share capital	Share premium	Translation differences	Fair value reserves	Retained earnings	Minority interest	Total
Shareholders' equity on December 31st, 2003	208.8	117.9			519.5	6.1	852.2
Conversion of subordinated debentures	7.2	17.5					24.6
Translation differences			-1.0			0.4	-0.6
Other changes					-0.6		-0.6
						17 (20)	
Net income recognised directly in equity	7.2	17.5	-1.0		-0.6	0.4	23.5
Profit for the financial period					130.0	1.3	131.3
Total recognized income & expense for the period	7.2	17.5	-1.0		129.4	1.7	154.8
Bonus issue	108.0	-108.0					
Dividends paid					-106.4		-106.4
Shareholders' equity on December 31, 2004	323.9	27.3	-1.0		542.5	7.8	900.5
IAS 39 applied on January 1st, 2005				184.2			184.2
Translation differences			8.0			1.2	9.2
Other changes					-0.3		-0.3
Available for sale investments gain/loss arising from fair valuation, net of taxes				15.7			15.7
transferred to income statement, net of tax				-0.1			-0.1
Cash flow hedges after taxes				-52.8			-52.8
Net income recognized directly in equity			8.0	146.9	-0.3	1.2	155.8
Profit for the financial period					167.0	1.4	168.4
Total recognized income and expense for the period			8.0	146.9	166.7	2.6	324.2
Options exercised	5.4	16.7					22.1
Dividends paid					-83.3	-0.6	-83.9
Shareholders' equity on December 31, 2005	329.4	44.0	7.0	146.9	625.8	9.8	1,163.0

BUSINESS SEGMENTS	Power Businesses	Imatra Steel 1)	Investments	Group
INCOME STATEMENT 1-12/2005				
EUR million				
Net sales	2,520.3	119.0		2,638.8
Other operating income	24.9	2.2		26.8
Expenses	-2,275.5	-95.0		-2,369.7
Depreciation and writedowns	-67.2	-4.4		-71.6
Operating income	202.5	21.8		224.3
Financial income and expenses, and dividends			5.8	-23.4
Net income from assets available for sales			0.5	0.5
Share of associated company shares			10.4	10.9
Income before taxes			16.8	212.4

BALANCE SHEET 31 December 2005 EUR million	Power Businesses	Investments	Group	Balance sheet transferred to Ovako
Non-current assets	913.0	385.3	1,298.2	79.0
Current assets	1,570.4		1,570.4	133.7
Total assets	2,483.4	385.3	2,868.6	212.7
Shareholders' equity	836.6	326.4	1,163.0	71.6
Long-term liabilities	318.3	58.9	377.2	43.9
Current debt	1,328.5		1,328.5	97.2
Total shareholders' equity and liabilities	2,165.1	385.3	2,868.6	212.7

#### GROSS CAPITAL EXPENDITURE

EUR million	2005	2004
Investments in securities and acquisitions		
Power Businesses	152.2	7.9
Other investments		
Power Businesses	75.6	55.5
Imatra Steel 1)	3.4	5.8
Total	79.0	61.3
Group	231.1	69.2
		18 (20)

#### INTEREST-BEARING LOAN CAPITAL

EUR million	31.12.2005	31.12.2004
Long-term liabilities	229.4	271.2
Current liabilities	174.2	48.8
Loan receivables	-28.1	-8.9
Cash and bank balances	-119.6	-169.5
Net	255.9	141.6

#### FINANCIAL RATIOS

	2005	2004
Earnings/share, EUR	1.80	1.42
Earnings/share, diluted, EUR	1.78	1.42
Shareholders' equity/share, EUR	12.25	9.65
Solvency ratio, %	46.6	40.8
Gearing	0.24	0.17

#### PERSONNEL

	2005	2004
On average		
Power Businesses	11 625	11 133
Imatra Steel 1)	424	1 228
Group	12 049	12 361
Personnel at end of period	12 008	12 475

1) During the reporting period Imatra Steel has been consolidated for four months.

#### CONTINGENT LIABILITIES

EUR million	31.12.2005	31.12.2004
Mortgages	15.0	44.1
Chattel mortgages	23.1	30.0
Total	38.1	74.1

#### Guarantees and contingent liabilities

-on behalf of Group companies	290.0	228.4
Rental obligations	37.4	37.5
Total	327.4	265.9

#### NOMINAL VALUES OF DERIVATIVE INSTRUMENTS

EUR million	Total amount	of which closed contracts
Interest swaps	180.0	
Foreign exchange forward contracts	1,147.5	98.8
Currency options, purchased	39.2	
Currency options, written	40.3	

\$\$\$Specification of changes in income statement 1 January to 31 December 2004

INCOME STATEMENT 1) EUR million	FAS 2004	IFRS adjustment	IFRS 2004
Net sales	2,478.2		2,478.2



Other operating income	135.2	-108.3	26.9
Expenses	-2,289.5	-40.6	-2,330.1
Depreciation and writedowns	-58.1	-5.0	-63.0
Operating income before goodwill amortization	265.8	-153.8	112.0
Goodwill amortization	-27.4	27.4	0,0
Operating income	238.4	-126.4	112.0
Net income from assets available for sale		107.7	107.7
Financial income and expenses	-3.3	-0.5	-3.7
Share of income from associates	1.4		1.4
Income before taxes	236.5	-19.1	217.3
Income taxes	-74.9	-11.1	-86.1
Minority interests	-1.3		-1.3
Net income	160.3	-30.3	130.0
			19(20)

Earnings per share, EUR	1.75	1.42
Earnings/share, diluted, EUR	1.75	1.42

1) The impacts of the transition to IFRS are described in the stock exchange release 18 March 2005

Specification of changes in the balance sheet and in shareholders' equity 31 December 2004

BALANCE SHEET 1) EUR million	31 Dec. 2004	FAS adjustment	IFRS adjustment	31 Dec. 2004	IFRS
Assets					
Intangible assets	56.8		19.4		76.2
Consolidated goodwill	328.3		31.3		359.6
Property, plant and equipment	355.7		-13.0		342.8
Investment properties			14.2		14.2
Equity in associates	2.8				2.8
Shares available for sale	68.7		-0.3		68.4
Interest-bearing investments	6.9		0.0		6.9
Other long-term receivables	59.0		22.2		81.2
Inventories	564.5		0.6		565.1
Interest-bearing receivables	1.9		0.0		1.9
Other receivables	713.5		-4.8		708.7
Cash and cash equivalents	168.5		1.1		169.6
Total assets	2,326.7		70.7		2,397.3
Shareholders' equity and liabilities					
Share capital	323.9				323.9
Other shareholders' equity	529.0		39.8		568.8
Minority interests	7.8				7.8
Long-term interest-bearing debt	271.0		0.3		271.2
Other long-term liabilities	87.6		21.4		109.0
Interest-bearing current debt	48.5		0.2		48.8
Other current liabilities	1,058.8		9.0		1,067.8
Total shareholders' equity and liabilities	2,326.7		70.7		2,397.3

1) The impacts of the transition to IFRS are described in the stock exchange release 18 March 2005.

ENCLOSURE:

Proposal of the Board of Directors to the Annual General Meeting

A MEDIA AND ANALYSTS' CONFERENCE AND TELECONFERENCE lasting approximately one hour will be held in English at Wärtsilä's corporate head office, John Stenbergin ranta 2 on 7 February 2006, starting at 10.45 (Finnish time). To participate in the teleconference please dial +358 9 8248 3269, PIN 504722 a few minutes before 10.45. The opportunity will be given to put questions to President and CEO Mr Ole Johansson and to Executive Vice President, Mr Raimo Lind.

The conference can also be viewed on the Internet at:

<http://194.100.179.98:80/wip//directlink.do?newbrowser=1&pid=474538>

WÄRTSILÄ CORPORATION  
ATTACHMENT TO THE FINANCIAL STATEMENTS BULLETIN 7.2.2006

WÄRTSILÄ CORPORATION

PROPOSAL OF THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL MEETING ON 15 MARCH 2006 REQUESTING AUTHORIZATION TO RESOLVE ON THE REPURCHASE AND DISPOSAL OF THE COMPANY'S OWN SHARES

The Board of Directors proposes to the Annual General Meeting:

a) that the AGM authorize the Board to repurchase, using distributable funds, the company's own Series A and Series B shares in proportion to the total number of shares in each series provided that the total nominal value of the company's shares belonging to the company and its subsidiaries shall not exceed ten per cent (10%) of the company's total share capital, and that the total number of votes shall not exceed ten percent (10%) of the votes conferred by all the shares.

The shares may be purchased only in public trading at the prevailing price and otherwise than in proportion to the shareholders' holdings.

The purchased shares may be used as consideration in future mergers and acquisitions or industrial reorganizations or for the development of the capital structure of the company or as part of its management incentive system. The shares may also be purchased for other consideration than cash.

This authorization, which replaces the earlier authorization granted by the previous Annual General Meeting, shall remain in force for one year from the resolution of the Annual General Meeting.

b) that the AGM authorizes the Board to dispose of the company's own shares provided that the total nominal value of the shares so disposed of, and the votes carried by these shares, shall not exceed ten per cent (10%) of the company's total share capital and voting rights.

The Board shall be authorized to determine to whom and in what order the company's own shares shall be disposed of. The Board may decide on the disposal of the shares otherwise than in proportion to shareholders' pre-emptive subscription rights. The Board shall decide on the disposal price of the shares and on the other terms related to their disposal, and the shares may be disposed of for other consideration than cash. The authorization includes the right to set the principles used to determine the disposal price. The shares may be disposed of as consideration in future mergers and acquisitions or industrial reorganizations or for the development of the capital structure of the company or as part of its management incentive system.

This authorization, which replaces the earlier authorization granted by the previous Annual General Meeting, shall remain in force for one year from the resolution of the Annual General Meeting.

Helsinki, 6 February 2006

BOARD OF DIRECTORS