

THAT MEET

LO

GLOBAL

NEEDS

BAL

SOLUTIONS

ANNUAL REPORT 2010


WÄRTSILÄ

Content

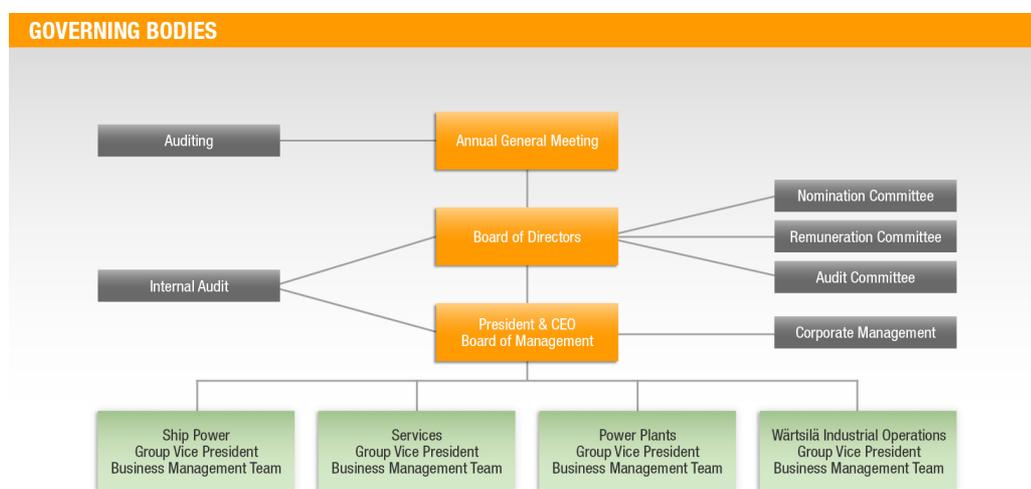
Corporate Governance	1
Annual General Meeting.....	2
The Board of Directors	3
Board responsibilities	5
Board of Directors CVs.....	6
The Board's committees.....	10
The Board of Management.....	12
The President and CEO and the Executive Vice President	13
Board of Management CVs.....	14
Other Management	17
Business Management Teams.....	18
Managing Directors of the subsidiaries	23
Insider Management.....	24
Audit	25
Internal control.....	26
Values and control environment.....	30
Business processes	31
Guidelines and Communication	32
Monitoring.....	33
Salary and remuneration report 2010.....	34

Corporate Governance

Wärtsilä Corporation applies the guidelines and provisions of its Articles of Association, the Finnish Limited Liability Companies Act and the rules and regulations of NASDAQ OMX Helsinki Exchanges. Wärtsilä also complies with the Finnish Corporate Governance Code 2010 for listed companies. The Code is publicly available on www.cgfinland.fi.

Governing bodies

Management of the Wärtsilä Group is the responsibility of the General Meeting of shareholders, the Board of Directors, and the President and CEO. Their duties are for the most part defined by the Finnish Companies Act.



Annual General Meeting

The ultimate decision making body in the company is the General Meeting of shareholders. It resolves issues as defined for General Meetings in the Finnish Companies Act and the company's Articles of Association. These include approving the financial statements, deciding on the distribution of dividends, discharging the company's Board of Directors and CEO from liability for the financial year, appointing the company's Board of Directors and auditors, and deciding on their remuneration.

A General Meeting of Wärtsilä Corporation shareholders is held at least once a year. The Annual General Meeting (AGM) must be held no later than the end of June. Under the Articles of Association, an invitation to a General Meeting shall be published in at least two daily newspapers in common circulation in Finland, as decided by the Board of Directors. The invitation shall be published not earlier than two months prior to the Meeting and not later than three weeks before the meeting, however always at least nine days prior to the shareholders' record date. Wärtsilä also publishes its invitations to General Meetings as stock exchange releases and on its internet website. The documents to be submitted to the General Meeting and draft resolutions to the General Meeting are also published on Wärtsilä's website. The invitation to the General Meeting contains the proposed agenda for the meeting.

Shareholders have, according to the law, the right to put items falling within the competence of the General Meeting on the meeting agenda, if the shareholder so notifies the Board of Directors in writing well in advance of the General Meeting so that the item can be added to the Notice of the General Meeting. Shareholders must notify the Board of Directors of the demand four weeks before the delivery of the invitation to the General Meeting at the latest. Wärtsilä publishes well in advance the date by which a shareholder shall notify the Board of Directors of his or her demand as well as the address or email address to which the demand shall be sent.

The General Meeting is organised in such a manner that the shareholders can participate in the meeting as extensively as possible. The Chairman of the Board of Directors, a sufficient number of members of the Board, and the managing director attend the General Meeting. A person proposed for the first time as director participates in the General Meeting that decides on his or her election unless there are well-founded reasons for absence.

Annual General Meeting 2010

Wärtsilä's Annual General Meeting, held on 4 March 2010, approved the financial statements and discharged the members of the Board of Directors and the company's President & CEO from liability for the financial year 2009. All related documents can be found on Wärtsilä's website www.wartsila.com.

The Board of Directors

Responsibility for the management of the company and the proper organisation of its operations is invested in the company's Board of Directors, which has between five and ten members. Board members serve for one year at a time and are elected by a General Meeting. The majority of the directors shall be independent of the company and at least two of the directors representing this majority shall be independent of significant shareholders of the company.

The proposal for board composition shall be included in the notice of the general meeting. The same applies to a proposal for the composition of the board made by shareholders with at least 10% of the votes carried by the company shares, provided that the candidates have given their consent to the election and the company has received information on the proposal sufficiently in advance so that it may be included in the notice of the general meeting. The candidates proposed in corresponding order thereafter shall be disclosed separately. Wärtsilä published the biographical details of the candidates for the board on its website in connection to publishing the invitation to the Annual General Meeting.

The Board elects a chairman and a deputy chairman from among its members. The Board steers and supervises the company's operations, and decides on policies, goals and strategies of major importance. The principles applied by the Board in its regular work are set out in the Rules of Procedure approved by the Board. The Board has also approved the rules of procedure applied by the Board's committees setting out the main tasks of the committees and their working principles.

In addition to matters requiring its decision, the Board is also given updates at its meetings on the Group's operations, financial position and risks.

The Board conducts an annual evaluation of its operations and working methods. The purpose of this evaluation is to establish how the Board has executed its tasks during the year and to act as a basis when assessing how the Board functions.

The Board of Directors convenes 7-10 times a year following a predetermined schedule. In addition to these meetings, the Board convenes as necessary. All meetings are documented.

Board of Directors in 2010

In 2010 the Board consisted of nine members: Ms Maarit Aarni-Sirviö, Mr Kaj-Gustaf Bergh, Mr Alexander Ehrnrooth, Mr Paul Ehrnrooth, Mr Ole Johansson, Mr Antti Lagerroos (chairman), Mr Bertel Langenskiöld, Mr Mikael Lilius and Mr Matti Vuoria (deputy chairman).

Until 4 March 2010, the Board consisted of six members: Ms Maarit Aarni-Sirviö, Mr Kaj-Gustaf Bergh, Mr Kari Kauniskangas, Mr Antti Lagerroos (chairman), Mr Bertel Langenskiöld and Mr Matti Vuoria (deputy chairman).

During 2010, Wärtsilä's Board of Directors held 12 meetings. The average attendance of all directors was 95%.

Independence of the Board of Directors

Four members were determined to be independent of the company and of significant shareholders: Maarit Aarni-Sirviö, Antti Lagerroos, Bertel Langenskiöld, and Mikael Lilius.

Two members were determined to be dependent on the company and independent of significant shareholders: Ole Johansson, due to his position as President and CEO of Wärtsilä Corporation; and President & CEO of Varma Mutual Pension Insurance Company Matti Vuoria, due to the interlocking control relationship between Wärtsilä Corporation and Varma Mutual Pension Insurance Company.

Three members were determined to be dependent on significant shareholders and independent of the company: Kaj-Gustaf Bergh, Chairman of the Board of Fiskars Corporation, Alexander Ehrnrooth, Deputy Chairman of the Board of Fiskars Corporation, and Paul Ehrnrooth, Deputy Chairman of the Board of Fiskars Corporation. Fiskars Corporation owns approximately 17% of Wärtsilä Corporation's shares, therefore these members are representatives of a significant shareholder.

Board member meeting participation in 2010

Member	Position	Board meetings	Participation (%)
Antti Lagerroos	Chairman	12/12	100
Matti Vuoria	Deputy Chairman	12/12	100
Maarit Aarni-Sirviö	Member	11/12	92
Kaj-Gustaf Bergh	Member	12/12	100
Alexander Ehrnrooth	Member	7/8	88
Paul Ehrnrooth	Member	7/8	88
Ole Johansson	Member	8/8	100
Bertel Langenskiöld	Member	11/12	92
Mikael Lilius	Member	7/8	88
Kari Kauniskangas	Member until 4 March 2010	4/4	100

Board responsibilities

The Board considers all the matters stipulated to be the responsibility of a board of directors by legislation, other provisions, and the company's Articles of Association. The most important of these are:

- the annual and interim financial statements
- the matters to be put before General Meetings of shareholders
- the appointment of the President and CEO, the Executive Vice President and the CEO's deputy if any
- and the organisation of financial supervision in the company

The Board is also responsible for considering any matters that are so far reaching with respect to the area of the Group's operations, that they cannot be considered to fall within the scope of the Group's day-to-day administration. Examples of these matters are:

- approval of the Group's strategic plan and long-term goals
- approval of the Group's annual business plan and budget
- decisions concerning investments, acquisitions or divestments that are significant or that deviate from the Group's strategy
- approval of product development projects and development programmes with strategic importance
- decisions to raise loans and the granting of security or similar collateral commitments when their size is significant
- approval of risk management principles
- the Group's organisational structure
- appointment of the company's Board of Management and approval of their remuneration and pension benefits
- monitoring and assessing the performance of the President and CEO
- approval of the company's management principles and steering systems
- appointment of the Board of Directors' committees
- the granting of donations to good causes

Board of Directors CVs



Antti Lagerroos



Matti Vuoria



Maarit Aarni-Sirviö



Kaj-Gustaf Bergh



Alexander Ehrnrooth



Paul Ehrnrooth



Ole Johansson



Bertel Langenskiöld



Mikael Lilius

Antti Lagerroos

Independent of the company and significant shareholders. Chairman of the Board of Wärtsilä Corporation. Born 1945, LL.Lic. Member of the Board of Wärtsilä Corporation since 2002, Chairman of the Board since 2003.

Primary working experience: University of Turku, Lecturer in Process, Criminal and Public law 1971-78. Vaasa School of Economics, acting Professor of Fiscal Law 1973-79; Hollming Oy, President of Legal Affairs and Finance 1979-81; Salora Oy, Chairman & CEO 1981-84; Salora-Luxor Division, President 1984-86; Nokia Corporation, Member of the Operating Board 1984-86; Nokia Corporation, Member of Board of Directors 1986-90; Nokia Mobile Phones, Executive President 1989-90. President & CEO and Member of the Board of Finnlines Plc 1990-2007.

Other positions of trust: Cargotec Corporation, Member of the Board.

Matti Vuoria

Dependent on the company due to the interlocking control relationship between Wärtsilä Corporation and Varma Mutual Pension Insurance Company. Independent of significant shareholders. Deputy Chairman of the Board of Wärtsilä Corporation. Born 1951, BA, Master of Laws. President & CEO of Varma Mutual Pension Insurance Company. Member of the Board of Wärtsilä Corporation since 2005.

Primary working experience: Secretary General, Ministry of Trade and Industry 1992-98; Full-time Chairman of the Board of Directors, Fortum Corporation 1998-2003.

Other positions of trust: Sampo plc, Deputy Chairman of the Board; Stora Enso Oyj, Member of the Board; The Federation of Financial Services and The Finnish Pension Alliance TELLA, Member of the Boards, The Securities Market Association and the Finnish-Russian Chamber of Commerce, Chairman of the Boards.

Maarit Aarni-Sirviö

Independent of the company and significant shareholders. Born 1953, MSc. (Tech.), MBA. Member of the Finnish association of Professional Board Members. Member of the Board of Wärtsilä Corporation since 2007.

Primary working experience: Mint of Finland Ltd., President and CEO 2008-2010; Borealis Group 1994-2008, several senior leadership positions, latest Vice President, BU Phenol; and in Neste Oyj; 1977-94.

Other positions of trust: Rautaruukki Oyj, Member of the Board; Finnish Business and Policy Forum EVA, Member of the Supervisory Board.

Kaj-Gustaf Bergh

Independent of the company and dependent on significant shareholders. Bergh is a representative of a significant shareholder. Born 1955. B.Sc., LL.M. Managing Director of Föreningen Konstsamfundet r.f. Member of the Board of Wärtsilä Corporation since 2008.

Primary working experience: Ky von Konow & Co, Administrative manager, 1982-83; Ane Gyllenberg Ab, Administrative manager, 1984-85; Oy Bensow Ab, Director, Executive vice president, 1985-86; Ane Gyllenberg Ab, Chief executive officer, 1986-98; SEB Asset Management, Director; 1998-2000; Skandinaviska Enskilda Banken, Member of management, 2000-9/2001; Föreningen Konstsamfundet r.f., Chief executive officer, 5/2006-.

Other positions of trust: Chairman of Boards; Finaref Group Ab; Fiskars Corporation and KSF Media Holding Ab. Member of Boards; Ab Forum Capita Oy; Julius Tallberg Oy Ab; Ramirent Group and Stockmann Oyj Abp.

Alexander Ehrnrooth

Independent of the company and dependent on significant shareholders. Ehrnrooth is a representative of a significant shareholder. Born 1974, M.Sc.(Econ.), MBA. President & CEO of Virala Oy Ab. Member of the Board of Wärtsilä Corporation since 2010.

Primary working experience: President & CEO of Virala Oy Ab 1995-.

Other positions of trust: Fiskars Corporation, Deputy Chairman of the Board.

Paul Ehrnrooth

Independent of the company and dependent on significant shareholders. Ehrnrooth is a representative of a significant shareholder. Born 1965, M.Sc.(Econ.), President & CEO and Chairman of the Board of Turret Oy Ab. Member of the Board of Wärtsilä Corporation since 2010.

Primary working experience: Several management positions in Kone Corporation 1993-1994 and Wärtsilä Corporation 1994-1999. Savox Oy, President and CEO, 1999-2004.

Other positions of trust: Fiskars Corporation, Deputy Chairman of the Board; Savox Oy, Chairman of the Board; Ixonos Oy, Member of the Board.

Ole Johansson

Dependent on the company and independent of significant shareholders. Born 1951. B.Sc. (Econ.). President & CEO of Wärtsilä Corporation. Member of the Board of Wärtsilä Corporation since 2010.

Primary working experience: Wärtsilä Group 1975-79 and rejoined in 1981. Wärtsilä Diesel Inc., Vice President 1984-86; Wärtsilä Diesel Group, Vice President & Controller 1986-94; Metra Corporation, Senior Vice President & CFO 1994-96; Metra Corporation, Executive Vice President & CFO 1996-98; Wärtsilä NSD Corporation, President & CEO 1998-2000.

Other positions of trust: Chairman of the Board, Outokumpu Oyj; Chairman of the Board, the Confederation of Finnish Industries EK; Deputy Chairman of the Board, Varma Mutual Pension Insurance Company; Member of the Board, Technology Industries of Finland; Member of the Board of the Finnish Business and Policy Forum EVA and the Research Institute of the Finnish Economy ETLA.

Bertel Langenskiöld

Independent of the company and significant shareholders. Born 1950, MSc (Eng.). President of Metso Paper Inc. Member of the Board of Wärtsilä Corporation since 2002.

Primary working experience: Tampella Power Kvaerner Pulping, Power Division, President 1994-2000; Fiskars Corporation, President 2001-03; Metso Minerals, Inc., President, 2003-06; Metso Paper, Inc., Fiber Business Line, President 8/2006-3/2007.

Other positions of trust: Member of the Board of Luvata Group.

Mikael Lilius

Independent of the company and significant shareholders. Born 1949, B.Sc.(Econ.). Chairman of the Board of Huhtamäki Oyj. Member of the Board of Wärtsilä Corporation since 2010.

Primary working experience: Huhtamäki Oy, President of the Packing Division, 1986-89; KF Industri AB (Nordico), President & CEO, 1989-91; Incentive AB, President and CEO, 1991-98; Gambro AB, President and CEO, 1998-2000; Fortum Oyj, President and CEO, 2000-2009.

Other positions of trust: Huhtamäki Oyj, East Office of Finnish Industries, Hanken & SSE; Chairman of the Boards, Aker Solutions A/S and Evli Bank Ltd., Member of the Boards, Ab Kelonia Oy, Member of the Supervisory Board.

The Board's committees

The Board of Directors annually appoints an Audit Committee, a Nomination Committee and a Remuneration Committee, and may also nominate any other committees, if considered necessary at its constitutive meeting following the Annual General Meeting. The Board appoints the members of these committees and their chairmen. The Board also has right to remove a member from a committee. The members of each committee are appointed for the same term of office as the Board itself. In addition to the committee members, other Board members may participate in committee meetings, if they wish to do so. The purpose of the Board's committees is to prepare matters to be put before the Board for its decision. The committees have no decision-making authority of their own.

The Audit Committee

The Board of Directors appoints an Audit Committee to assist it in the execution of its task of supervising the company's financial management. The Board appoints from among its members at least three members to the Committee. The members shall have the qualifications necessary to perform the responsibilities of the Audit Committee.

The Board defines the duties of the Audit Committee in the charter confirmed for the committee. The Audit Committee monitors the reporting process of financial statements, supervises the financial reporting process and monitors the efficiency of the internal control, internal audit and risk management systems. Furthermore, the Committee reviews the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, monitors the statutory audit of the financial statements and consolidated financial statements, evaluates the independence of the statutory audit firm and prepares the proposal for resolution on the election of the auditor.

The Chairman of the Audit Committee convenes the Committee as required. He also reports the Committee's proposals to the Board of Directors and regularly reports on the Committee's meetings to the Board.

Audit Committee in 2010

Chairman Antti Lagerroos; members Maarit Aarni-Sirviö, Alexander Ehrnrooth, Bertel Langenskiöld. All members are independent of the company and three members are independent of significant shareholders. The Audit Committee met 4 times in 2010. The average attendance of all committee members was 100%.

The Nomination Committee

The Board of Directors appoints a Nomination Committee to assist it in its work. The Board appoints at least three of its members to serve on the Committee. The majority of the members of the Committee shall be independent of the company.

The Board defines the duties of the Nomination Committee in the charter confirmed for the Committee. The Committee communicates, as necessary, with major shareholders in matters concerning the appointment of the Board of Directors. The Nomination Committee can also, as necessary, prepare proposals to be put before the General Meeting concerning the appointment of board members. The Nomination Committee prepares matters concerning the remuneration that applies to board members.

The Chairman of the Nomination Committee convenes the Committee as required. He also reports the Committee's proposals to the Board of Directors and regularly reports on the Committee's meetings to the Board.

Nomination Committee in 2010

Chairman Antti Lagerroos; members Kaj-Gustaf Bergh, Paul Ehnrooth, Matti Vuoria. Three members are independent of the company and two members are independent of significant shareholders. The Nomination Committee met 2 times in 2010. The average attendance of all committee members was 100%.

The Remuneration Committee

The Board appoints a Remuneration Committee to assist it in its work. The Board appoints at least three of its members to sit on the Committee. The majority of the members of the Committee shall be independent of the company.

The Board defines the duties of the Remuneration Committee in the charter confirmed for the Committee. The Remuneration Committee prepares, as necessary, matters concerning the nomination of the President and CEO, the Executive Vice President, the CEO's deputy and other board members to be put before the Board. The Committee prepares proposals to be put before the Board of Directors concerning the incentive schemes and remuneration that apply to the President and CEO and the company's other senior executives.

The chairman of the Remuneration Committee convenes the Committee as required. He also reports the Committee's proposals to the Board of Directors and regularly reports on the Committee's meetings to the Board.

Remuneration Committee in 2010

Chairman Antti Lagerroos; members Bertel Langenskiöld, Mikael Lilius, Matti Vuoria. Three members are independent of the company and all are independent of significant shareholders. The Remuneration Committee met 3 times in 2010. The average attendance of all committee members was 100%.

The Board of Management

The company's Board of Management comprises the President and CEO, the Group Vice Presidents heading the Ship Power, Power Plants, Services businesses and Wärtsilä Industrial Operations, the Chief Financial Officer, the Group Vice President, Legal Affairs & Human Resources and the Group Vice President, Communications & Branding. Board of Management members are appointed by the company's Board of Directors, which also approves their remuneration and other terms of employment.

The Board of Management is chaired by the President and CEO. It considers strategic issues related to the Group and its businesses, as well as investments, product policy, the Group's structure and corporate steering systems, and it supervises the company's operations.

The Chief Financial Officer's main areas of responsibility include group control, treasury (including project and customer financing), taxation and process development, corporate planning and information management support functions. The Group Vice Presidents heading the businesses are each responsible for the sales volumes and profitability of their respective global businesses, employing the services of the Group's worldwide subsidiaries. The main areas of responsibility of the Group Vice President, Legal Affairs and Human Resources are Legal, HR, Intellectual asset management and sustainability. The main areas of responsibility of the Group Vice President, Communications & Branding are external and internal communications, as well as branding.

Information on the members of the Board of Management, their areas of responsibility and holdings can be found in the section [Board of Management CVs](#) and in the full [Corporate Governance statement](#).

The Board of Management in 2010

In 2010 the Board of Management met 13 times. The principal issues addressed by the Board of Management were related to market development, business strategy, company profitability, restructuring, as well as issues relating to development of competitiveness and costs. The development of markets, order intake and production capacity and footprint, as well as supplier relationships in the global economic environment, were also vital concerns addressed by the Board of Management. Other important matters considered by the Board of Management included the development of the company's personnel and management resources worldwide, as well as developing internal global processes and working practices.

The President and CEO and the Executive Vice President

The Board of Directors appoints a President for the Group who is also its Chief Executive Officer. The President and CEO is in charge of the day-to-day management of the company and its administration, in accordance with the company's Articles of Association, the Finnish Companies Act, and the instructions of the Board of Directors. He is assisted in this work by the Board of Management. The President and CEO's service terms and conditions are specified in writing in the President and CEO's service contract. The President and CEO of the company is Mr Ole Johansson. The Board of Directors appoints, if necessary, one or several executive vice presidents. The company's Executive Vice President is its Chief Financial Officer Mr Raimo Lind. Mr Lind also acts as the deputy to President and CEO Mr Ole Johansson.

Board of Management CVs



Ole Johansson



Raimo Lind



Jaakko Eskola



Lars Hellberg



Kari Hietanen



Atte Palomäki



Vesa Riihimäki



Christoph Vitzthum

Ole Johansson

President & CEO of Wärtsilä since 2000. Born 1951, BSc (Econ.).

Primary working experience: Wärtsilä Group 1975-79 and rejoined in 1981. Wärtsilä Diesel Inc., Vice President 1984-86; Wärtsilä Diesel Group, Vice President & Controller 1986-94; Metra Corporation, Senior Vice President & CFO 1994-96; Metra Corporation, Executive Vice President & CFO 1996-98; Wärtsilä NSD Corporation, President & CEO 1998-2000.

Positions of trust: Outokumpu Oyj, Chairman of the Board; Confederation of Finnish Industries EK, Chairman of the Board; Varma Mutual Pension Insurance Company, Deputy Chairman of the Board; Wärtsilä Corporation, Member of the Board; Technology Industries of Finland, Member of the Board; Member of the Board of the Finnish Business and Policy Forum EVA and the Research Institute of the Finnish Economy ETLA.

Raimo Lind

Executive Vice President and Deputy to the President since 2005. Group Vice President, CFO since 1998. Born 1953, MSc (Econ.).

Primary working experience: Wärtsilä Group, positions within control and finance and in development and internationalisation 1976-80; Wärtsilä Diesel Group, Vice President & Controller 1980-84; Wärtsilä Singapore, Managing Director & Area Director 1984-88; Wärtsilä Service Division, Deputy Vice President 1988-89; Scantrailer Ajoneuvoteollisuus Oy, President 1990-92; Tamrock Oy, CFO 1992-93; Tamrock Service Business, Vice President 1994-96; Tamrock Coal Business, Vice President 1996-97.

Positions of trust: Sato Oyj, Deputy Chairman of the Board; Elisa Oyj, Member of the Board.

Jaakko Eskola

Group Vice President, Ship Power since 2006. Born 1958, MSc (Eng.). Joined the company in 1998.

Primary working experience: VTT Technical Research Centre of Finland, Researcher 1983-84; Industrialisation Fund of Finland, Corporate Analyst 1984-86; National Banking Group, various managerial positions in international project finance 1986-97; PCA Corporate Finance, Executive Director 1997-98; Wärtsilä Development & Financial Services Oy, President 1998-2005; Wärtsilä Corporation, Power Plants, Vice President, Sales & Marketing 2005-06.

Positions of trust: European Marine Equipment Council (EMEC), President.

Lars Hellberg

Group Vice President, Industrial Operations since 2004. Born 1959, BSc (Eng.). Joined the company in 2004.

Primary working experience: Volvo Cars AB, Research Engine Engineer and Project Manager in vehicle development programmes; Vice President, Industrial Operations; Vice President of Global Business & Volume Optimisation; General Manager in Volvo Car Operations BV 1979-2001; Saab Automotive AB, Executive Director for the Customer Satisfaction and Quality division and a Member of the Board of Management 2001-04.

Kari Hietanen

Group Vice President, Legal Affairs and HR, Company Secretary since 2002. Born 1963, LL.M. Joined the company in 1989.

Primary working experience: Metra Corporation and Wärtsilä Diesel Group, Legal Counsel 1989-94; Wärtsilä Diesel Group, General Counsel 1994-99; Wärtsilä Power Divisions, Group General Counsel 2000-01.

Positions of trust: German-Finnish Chamber of Commerce, Deputy Chairman of the Board.

Atte Palomäki

Group Vice President, Communications & Branding since 2008. Born 1965, MSc (Pol.). Joined the company in 2008.

Primary working experience: MTV3, News anchor 1993-95; News producer 1995-2000; Senior economic correspondent 2000-02; Kauppalehti, Senior business correspondent 2002-05; Nordea Bank AB (publ.), Chief communication officer, Finland 2005-06; Group chief press officer 2007-08.

Positions of trust: Talentum Oyj, Member of the Board; Finnfacts, Member of the Board.

Vesa Riihimäki

Group Vice President, Wärtsilä Power Plants since 2009. Born 1966, MSc (Eng.). Joined the company in 1992.

Primary working experience: Wärtsilä Diesel Oy, Design Engineer, Projects 1992-1993; Chief Design Engineer, Projects 1993-1997; Wärtsilä NSD Finland Oy, Design Manager, Electrical Systems 1997-2000; Wärtsilä Finland Oy, Design Manager Power Generation Systems 2000-2002; General Manager, Electrical & Automation Systems 2002-2003, Vice President, Power Plant Technology 2004-2009.

Christoph Vitzthum

Group Vice President, Wärtsilä Services since 2009. Born 1969, M.Sc. (Econ.). Joined the company in 1995.

Primary working experience: Metra Finance, Foreign Exchange Dealer 1995-97; Wärtsilä NSD Corporation, Power Plants, Business Controller 1997-99; Wärtsilä Corporation, Ship Power, Vice President, Finance & Control 1999-2002; Wärtsilä Propulsion, President 2002-06; Group Vice President, Wärtsilä Power Plants 2006-2009.

Positions of trust: NCC AB, Member of the Board.

Other Management

Corporate Management

The company's Corporate Management includes, in addition to the Board of Management, the following directors responsible for corporate functions:

Yngve Bårgård

Vice President, Corporate Supply Management
Born 1958, BSc (Eng.)

Päivi Castrén

Vice President, Human Resources
Born 1958, MSc (Soc. Sc.)

Maj-Len Ek

Vice President, Group Control until 31.8.2010
Born 1948, BSc (Econ.)

Per Hansson

Vice President, Corporate Planning
Born 1967, MSc (Eng.)

Anu Härmäläinen

Vice President, Group Control as of 1.9.2010
Born 1965. MSc (Econ)

Johan Jägerroos

Vice President, Corporate Internal Audit
Born 1965, MSc (Econ.)

Esa Kivineva

Chief Information Officer (CIO)
Born 1961, PhD (Eng.)

Markus Pietikäinen

Vice President, Group Treasury
Born 1975, MSc (Econ.)

Business Management Teams

Each business head is supported by a Business Management Team to consider issues, including the business's strategy and business operations.

Ship Power

Jaakko Eskola

Group Vice President, Ship Power
Born 1958, MSc (Eng.)

Lars Anderson

Vice President, Merchant
Born 1968, BSc (Mech. Eng.)

Arne Birkeland

Vice President and Head of Marine Lifecycle Solutions
Born 1966, MSc (Business)

Aaron Bresnahan

Vice President, Specials
Born 1969, MBA & MA (Strategic Studies)

Juhani Hupli

Vice President, Technology
Born 1966, MSc (Mech. Eng.)

Riku-Pekka Hägg

Vice President, Ship Design
Born 1975, Msc (Mech. Eng.)

Sinkka Ilveskoski

Director, Legal & Contract Management
Born 1967, Master of law

Timo Koponen

Vice President, Finance & Control
Born 1969, MSc (Econ.)

Magnus Miemois

Vice President, Offshore
Born 1970, MSc (Eng.)

Helena Räihälä

Director, Human Resources
Born 1973, MSc (Econ.)

Mikael Simelius

Vice President, Marketing
Born 1964, Msc (Econ.)

Power Plants

Vesa Riihimäki

Group Vice President, Power Plants
Born 1966, MSc (Eng.)

Tore Björkman

Vice President, Sales, Europe and Africa
Born 1957, BSc (Mech. Eng.)

Minna Blomqvist

Director, Human Resources
Born 1969, MSc (Eng.)

Frank Donnelly

Vice President, Sales, America
Born 1953, BSc (Math.)

Jussi Heikkinen

Vice President, Marketing & Business Development
Born 1955, MSc (Energy and Power Plant Technology)

Thomas Hägglund

Vice President, Power Plant Technology
Born 1962, MSc (Eng.)

Antti Kämi

Vice President, Project Management
Born 1964, MSc (Civil Eng.)

Caj Malmsten

Vice President, Finance & Business Control
Born 1972, MSc (Econ.)

Markus Pietikäinen

Vice President, Group Treasury & Financial Services
Born 1975, MSc (Econ.)

Rakesh Sarin

Vice President, Sales, Middle East and Asia
Born 1955, BSc (Chemical Eng.)

Laura Susi-Gamba

Director, Legal Affairs
Born 1963, LL.M

Niklas Åberg

Director, Quality Management
Born 1967, MSc (Eng.)

Services

Christoph Vitzthum

Group Vice President, Services
Born 1969, MSc (Econ.)

Pierpaolo Barbone

Vice President, Area Middle East & Asia
Born 1957, MSc (Min. Eng.)

Fred van Beers

Vice President, Area North Europe
Born 1962, Bachelor's degree,
Merchant Engineer & Bachelor degree, BtB Marketing

Arne Birkeland

Vice President, Marine Lifecycle Solutions
Born 1966, MSc (Business)

Stefan Fant

Vice President, Area South Europe & Africa
Born 1955, BSc (Mech.)

Tomas Hakala

Vice President, Area Americas
Born 1968, BSc (Mech.)

Roger Holm

Vice President, Solutions Management
Born 1972, MSc (Econ.)

Ralf Lindbäck

Director, Legal Affairs
Born 1958, LL.M

Stefan Nysjö

Vice President, Delivery Management
Born 1970, BSc (Mech.)

Eva-Stina Rönnholm

Vice President, Finance
Born 1967, MSc (Econ.)

Sini Spets

Director, Human Resources
Born 1974, MSc (Psychology)

Industrial Operations

Lars Hellberg

Group Vice President, Industrial Operations
Born 1959, BSc (Eng.)

Arjen Berends

Vice President, Business Control
Born 1968, MBA

Stefan Damlin

Vice President, Business Development Centre
Born 1968, MSc (Econ.)

Juha Kytölä

Vice President, Product Centre Ecotech
President of Wärtsilä Finland Oy
Born 1964, MSc (Eng.)

Arto Lehtinen

Vice President, Product Centre Propulsion
Born 1971, MSc (Eng.)

Sergio Razeto

Vice President, Product Centre 4-Stroke
President of Wärtsilä Italia S.p.A.
Born 1950, MSc (Eng.)

Trudy Schoolenberg

Vice President, Global R&D
Born 1958, PhD, Physics and Mechanics

Paolo Tonon

Vice President, Product Centre Automation
Born 1970, MSc (Eng.)

Martin Wernli

Vice President, Product Centre 2-stroke
President of Wärtsilä Switzerland Ltd
Born 1960, JD Attorney at Law

Managing Directors of the subsidiaries

The Managing Directors of the Group's subsidiaries are responsible for ensuring that the local service, sales and manufacturing resources are correctly dimensioned to meet the needs of the businesses; that the subsidiary's personnel development needs are met; that the subsidiary's operations fulfil the requirements stipulated in the Group's quality system; that these operations comply with the respective country's legal requirements and with good business practice; and that communication in the subsidiary is conducted according to the targets of the Group.

Insider Management

Wärtsilä applies the legal provisions applying to the management of insiders, as well as the Guidelines for Insiders approved by NASDAQ OMX Helsinki Exchange for public listed companies, and the stipulations and guidelines of the Finnish Financial Supervision Authority.

Wärtsilä's permanent insiders comprise the statutory insiders, i.e. the Board of Directors, the President and CEO, the Executive Vice President and the Principal Auditor, as well as the members of the Board of Management.

Certain members of the Corporate Management and other employees, as required by their duties, also belong to the company's own non-public insider register. When significant projects are at the preparation stage, the company also draws up insider registers for the projects concerned. Insiders are given written notification of their status as insiders as well as instructions on the obligations that apply to insiders.

The company's insiders are not permitted to trade in the company's shares for 14 days (however Wärtsilä recommends 30 days) prior to publication of the interim reports or the annual financial statements bulletin.

Wärtsilä's insider register is maintained by the parent company's legal affairs function, which is responsible for keeping the information updated. Information on the interests and holdings of the company's permanent insiders and related parties is available from the SIRE system of the Finnish Central Securities Depository Ltd. The same information is also available on Wärtsilä's homepage.

Audit

Internal

The Group's internal audit is handled by the company's Internal Audit unit, which reports to the President and CEO. The purpose of the Internal Audit is to analyse the company's operations and processes, and the effectiveness and quality of its supervision mechanisms. The internal auditor also participates, if necessary, in audits undertaken in conjunction with acquisitions, and carries out special tasks assigned by the Board of Management.

The internal audit function covers all of the company's organisational levels and subsidiaries. An internal audit is undertaken in the main subsidiaries on an annual basis and in network companies with 3-year intervals. The internal audit prepares an annual plan under which they independently audit different parts of the company, but it is also empowered to carry out special audits. The annual plan is approved by the Audit Committee, to which the internal audit also reports at regular intervals. If required, the auditors also have the possibility to take direct contact with the Audit Committee or members of the Board of Directors.

External

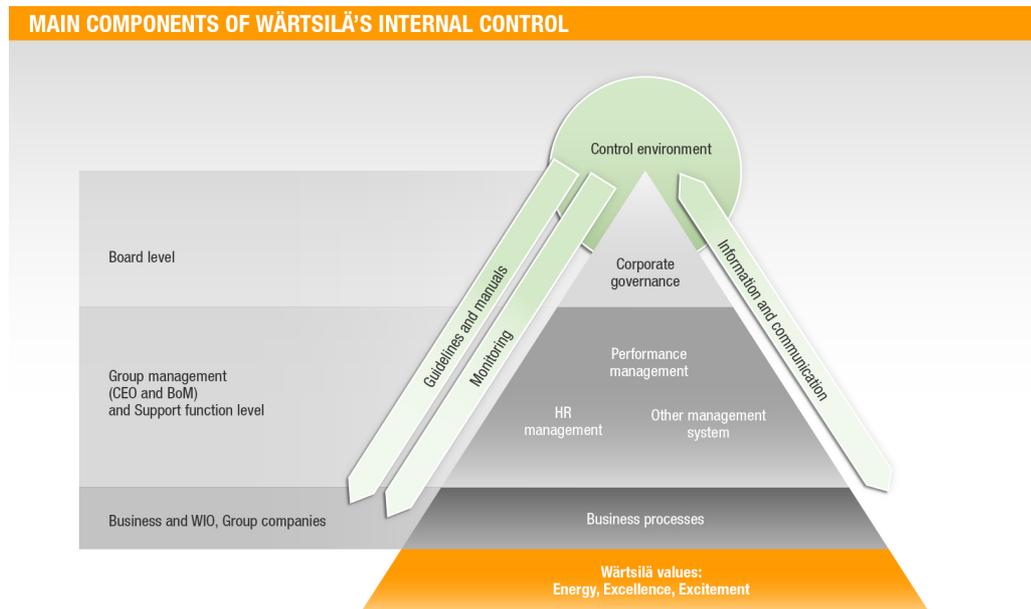
The company has one auditor which shall be an auditing firm authorised by the Central Chamber of Commerce. The auditor is elected by the Annual General Meeting to audit the accounts for the ongoing financial year and its duties cease at the close of the subsequent Annual General Meeting. The auditor is responsible for auditing the consolidated and parent company's financial statements and accounting records, and the administration of the parent company.

On closing of the annual accounts, the external auditor submits the statutory auditor's report to the company's shareholders, and it also regularly reports the findings to the Board of Directors' Audit Committee. An auditor, in addition to fulfilling general competency requirements, must also comply with certain legal independence requirements guaranteeing the execution of an independent and reliable audit.

Auditor in 2010

In 2010, the AGM appointed the firm of public auditors KPMG Oy Ab as Wärtsilä Corporation's auditor. Auditing fees paid to all the auditors of the Group companies amounted to EUR 2.3 million in 2010. Consultancy fees unrelated to auditing duties paid to the auditors totalled EUR 1.5 million. These latter fees mainly concerned consultation on taxation matters.

Internal control



Wärtsilä has defined its objectives for internal control based on the international COSO framework. According to Wärtsilä's definition, internal control is a process taken part by Wärtsilä's Board of Directors, management, the Boards of Directors of Group companies and other personnel, designed to provide reasonable assurance regarding the achievement of objectives.

Internal control covers all the policies, processes, procedures and organisational structures in Wärtsilä that help management and ultimately the Board to ensure that Wärtsilä is achieving its objectives, that the business conduct is ethical and in compliance with all applicable laws and regulations, and that the company's assets, including its brand, are safeguarded and that financial reporting is correct. Internal control is not a separate process or set of activities, but it is embedded in the operations of Wärtsilä. The system of internal control operates at all levels of Wärtsilä. Wärtsilä maintains and develops its internal control system with the ultimate aim of improving its business performance, and at the same time to comply with laws and regulations in countries where it operates.

Performance management

Planning and target setting, an integral part of performance management in Wärtsilä, are a regular management activity and not part of Wärtsilä's internal control system. The establishment of objectives, however, is an important prerequisite for internal control. Through the performance management process, financial and non-financial targets are set for Wärtsilä annually on the Group level. Group level targets are then translated into targets for Businesses and WIO, Group Companies, and eventually individuals.

The achievement of the annual targets is followed up through monthly management reporting. The performance of the Businesses and WIO and achievement of the annual targets are reviewed on a monthly basis in the respective Management Team meetings. The performance and the achievement of the targets of the Group and of the different Businesses and WIO are reviewed on a monthly basis by the Board of Management. The respective Management Teams and the Board of Management also address the reliability of Wärtsilä's financial reporting.

Financial reporting in Wärtsilä is carried out in a harmonised way in all major Group Companies, using single instance ERP system and a common chart of accounts. The international financial reporting standards (IFRS) are applied in the whole Group. Wärtsilä's finance and control process is essential for the functioning of internal control. Adequate controls in the financial management and accounting processes are needed to ensure the reliability of financial reporting.

The Board of Directors regularly assesses the adequacy and effectiveness of Wärtsilä's internal controls and risk management. It is also responsible for ensuring that internal control over accounting and financial administration is arranged appropriately. The Audit Committee of the Board of Directors of Wärtsilä Corporation is responsible for overseeing the financial reporting process. The Group Finance & Control function is responsible for notifying relevant levels of management of deviations from plans, for analysing the underlying reasons, and for suggesting corrective actions. The Group Finance and Control supports the Businesses and WIO in decision-making and analysis to ensure attaining financial targets. It is also responsible for maintaining and developing the company's performance management processes so that the management at different levels of the organisation is able to receive timely, reliable and adequate information regarding the achievement of the organisation's objectives, and also for developing the financial reporting processes and respective controls.

Legal and compliance management

Legal and compliance management practices and processes are also central in Wärtsilä's system of internal control. It is Wärtsilä's policy to act in accordance with the applicable laws and regulations in all countries where it operates.

Legal and compliance management act predominantly in a proactive manner. A key activity is to strengthen and ensure the culture of appropriate conduct and behaviour both internally and in external business transactions. Company-wide control mechanisms and processes are a part of the overall internal control system.

HR management

Human resource management practices and processes have a fundamental role in Wärtsilä's system of internal control. Wärtsilä's key human resource management processes with respect to internal control are compensation and benefits, HR development, recruitment and resourcing management and individual performance management, as well as processes for collecting feedback from the employees. These processes for their part help ensure the effectiveness of internal control in Wärtsilä. The HR function is responsible for maintaining and developing Wärtsilä's HR processes to enable effective internal control also on the individual level.

Other management systems

The Board of Management is responsible for developing and implementing Wärtsilä's management system, for continuously improving its performance and ensuring that it operates effectively. The Wärtsilä management system covers all global processes and management procedures in Wärtsilä related to fulfilling customer requirements. The proper functioning of the aspects of the management system highlighted below ensure for their part attaining Wärtsilä's internal control objectives.

Quality

The quality of Wärtsilä's solutions, and thus quality management, is a top priority in Wärtsilä. Compliance with Wärtsilä's Quality Management System ISO 9001:2000 is compulsory throughout the Group and compliance with the system is rigorously monitored.

Sustainability

Wärtsilä is strongly committed to sustainability. Wärtsilä's vision, mission and values together with a solid financial performance form the basis for sustainable development in Wärtsilä. Furthermore, significant attention is paid to social and environmental sustainability of Wärtsilä's operations.

Risk management

Internal control in Wärtsilä is designed to support the company in achieving its targets. The risks related to the achievement of the targets need to be identified and evaluated in order to be able to manage them. Thus, identification and assessment of risks is a prerequisite for internal control in Wärtsilä. Wärtsilä's internal control mechanisms and procedures provide management assurance that the risk management actions are carried out as planned.

Wärtsilä has defined and implemented entity level and process level control activities as well as information systems controls. Control activities at different levels are needed to directly mitigate risks at the respective levels. Wärtsilä's risk management processes consist of a Group-wide risk assessment and management processes, as well as project-specific risk assessments and project risk management. The Group-wide risk assessment process results in the creation of action plans for the identified and prioritised risks.

Each Business and WIO reports its main risks to the Board of Management of Wärtsilä which also follows up the execution of the defined risk management action plans on a regular basis. The Board of Directors of Wärtsilä Corporation is responsible for defining the Group's overall level of risk tolerance and for ensuring that Wärtsilä has adequate tools and resources for managing risks. The President & CEO, with the assistance of the Board of Management, is responsible for organising and ensuring risk management in all Wärtsilä's operations. Business and WIO management is responsible for defining action plans for managing the most important risks.

Wärtsilä's most important strategic, operative and financial risks can be found in the [Risks and risk management](#) section.

Information Management

Information management plays a key role in Wärtsilä's internal control system. Information systems are critical for effective internal control as many of the control activities are programmed controls.

Values and control environment

The foundation of Wärtsilä's internal control system is its values: Energy, Excellence and Excitement. Wärtsilä's values are reflected in its day-to-day relations with its suppliers, customers and investors and also in Wärtsilä's internal guidelines, policies, manuals, processes and practices. The control environment sets the tone of internal control in Wärtsilä, influencing the control awareness of its people. It provides discipline and structure for all the other components of internal control. The elements of Wärtsilä's control environment include the corporate culture: the integrity, ethical values and competence of Wärtsilä's personnel, as well as the attention and direction provided to the personnel by the Board of Directors of Wärtsilä. Wärtsilä's values and control environment provide Wärtsilä's Board of Directors and management the basis for the reasonable assurance regarding Wärtsilä achieving the objectives for internal control. The President & CEO and the Board of Management define Wärtsilä's values and ethical principles (reflected in the Code of Conduct) and set the example for the corporate culture, which create the basis for the control environment. The same parties, together with Ship Power, Power Plants and Services (hereafter Businesses) and Wärtsilä Industrial Operations (hereafter WIO) management, are responsible for communicating Wärtsilä's values to the organisation.

Business processes

The controls embedded in Wärtsilä's business processes have a key role in ensuring effective internal control in the company. Controls in the business processes help ensure the achievement of all the objectives of internal control in Wärtsilä, especially those related to the efficiency of operations and safeguarding the company's profitability and reputation. Business and WIO management is responsible for ensuring that in their area of responsibility the defined Group level processes and controls are implemented and complied with. Where no Group level processes and controls exist, Business and WIO management is responsible for ensuring that efficient Business and WIO level processes with adequate controls have been described and implemented.

Guidelines and Communication

Guidelines and manuals

The components of Wärtsilä's internal control system, for example corporate governance, management system, the performance management process, as well as the business and other processes, are described in various guidelines and manuals. The key Group level policies and guidelines are collected in Wärtsilä's Corporate Manual. Wärtsilä's Group level Accounting Manual contains instructions and guidance on accounting and financial reporting to be applied in all Wärtsilä Group companies. The manual supports the achievement of the objectives regarding the reliability of financial reporting in Wärtsilä. The Board of Management of Wärtsilä Corporation approves Wärtsilä's Group level policies and any changes to them.

In addition to the Group level guidelines and manuals, the Businesses and WIO have issued related guidelines and instructions for their own, specific purposes. The Business and WIO level guidelines and manuals are aligned with and do not contradict the Group level guidelines and manuals.

Information and communication

An effective internal control system needs sufficient, timely and reliable information to enable the management to follow up the achievement of the company's objectives. Both financial and non-financial information is needed, relating to both internal and external events and activities. Informal ways for employees to give feedback to management and to communicate suspected misconducts (for example directly to the Legal Affairs or Internal Audit function) are used. All external communication is carried out in accordance with the Group Communications Policy.

Monitoring

Monitoring is a process that assesses the quality of Wärtsilä's system of internal control and its performance over time. Monitoring in Wärtsilä is performed both on an ongoing basis, and through separate evaluations including internal, external and quality audits. The Business and WIO management is responsible for ensuring that relevant laws and regulations are complied in their respective responsibility areas. The management in Wärtsilä in turn performs monitoring as part of the regular supervisory activities. The Audit Committee of the Board of Directors assesses and assures the adequacy and effectiveness of Wärtsilä's internal controls and risk management.

The Internal Audit function assists the Audit Committee in assessing and assuring the adequacy and effectiveness of Wärtsilä's internal controls and risk management by performing regular audits in Group legal entities and support functions according to its annual plan. Wärtsilä's external auditor and other assurance providers, such as quality auditors, conduct evaluations of Wärtsilä's internal controls. The Group Finance & Control function monitors that the financial reporting processes and controls are being followed. It also monitors the correctness of external and internal financial reporting. The Legal function monitors the adherence to the compliance policies of the group. The External Auditors verify the correctness of external annual financial reports.

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
-------------------	---	----

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.