

Annual General Meeting 2019

February 7, 2019

Proposals to the Annual General Meeting

1. Resolution on the use of the profit shown on the balance sheet, the payment of dividend in the form of cash and an authorization of the Board of Directors to decide on an additional cash dividend and the distribution of an extra share dividend

The Board of Directors proposes to the Annual General Meeting that the dividend for the financial period ended on 31 December 2018 shall be paid as follows.

a) Cash dividend

The Board of Directors proposes to the Annual General Meeting that a cash dividend of EUR 0.27 per share shall be paid to shareholders. The ex-dividend date shall be on March 14, 2019. The dividend shall be paid to a shareholder who is registered in the shareholders' register of the company maintained by Euroclear Finland Ltd on the dividend record date March 15, 2019. The payment date proposed by the Board of Directors for the dividend is March 22, 2019.

In addition, the Board of Directors proposes that the Annual General Meeting resolves to authorize the Board of Directors to resolve, in its discretion, on the distribution of an additional cash dividend. The maximum amount of dividend to be distributed based on this authorization shall not exceed EUR 0.27 per share. The Board of Directors would be authorized to resolve on all other terms concerning the additional cash dividend. The authorization would be valid until the next Annual General Meeting of the company.

The Board of Directors expects to resolve on the additional cash dividend of EUR 0.27, subject to the authorization, in its meeting scheduled for September 5, 2019. Assuming that the resolution is made by the Board of Directors on that date, the ex-dividend date for the additional cash dividend would be September 6, 2019, the dividend record date would be September 9, 2019 and the payment date would be September 16, 2019.

b) Authorization to distribute an extra dividend in the form of Wärtsilä Corporation's shares

In addition to the cash dividend as proposed above, the Board of Directors proposes that the Annual General Meeting resolves to authorize the Board of Directors to resolve, in its discretion, on the distribution of a share dividend in the manner set forth below.

- The Board of Directors would be authorised to distribute up to 32,645,343 shares in Wärtsilä Corporation ("**Wärtsilä**") held by the company, being the total amount of Wärtsilä shares currently held by the company. Wärtsilä trades on the Nasdaq Helsinki Ltd.

- A shareholder would receive 2 Wärtsilä shares for each 5 shares held in the company.
- Fractional entitlements to Wärtsilä shares resulting from the distribution ratio would not be distributed in the form of shares, but an equivalent amount would be compensated to shareholders in cash. The Board of Directors would be authorized to resolve on all other terms and practicalities for effecting the payment of the cash compensation for fractional entitlements.
- The value of the share dividend will be equivalent to the market value on Nasdaq Helsinki Ltd at the time of the distribution of the company's Wärtsilä shares to be distributed. The cash compensation amount, being equivalent to the value of the shareholder's fractional entitlement, will be based on the taxable value of the share dividend, expected to be calculated based on the volume weighted average price of Wärtsilä's share on the date when the share dividend is withdrawable. For reference purposes only (noting that the market value of the shares will constantly change), calculated based on the volume weighted average price of Wärtsilä's share on February 5, 2019 and assuming that all 32,645,343 Wärtsilä shares would be distributed, the total value of the share dividend would amount to approximately MEUR 473,4 (i.e. EUR 5.80 per share). Further information on Wärtsilä can be found on Wärtsilä's website at www.wartsila.com.
- Furthermore, the company would pay the transfer tax resulting from the distribution of the share dividend on behalf of shareholders. The transfer tax amounts to 1.6% of the value of the share dividend.
- The Board of Directors would be authorized to resolve upon any and all other matters, relating to the distribution of the share dividend including, without limitation, technical adjustments and changes that may be required for effecting the distribution of the share dividend.
- The authorization would be valid until the next Annual General Meeting of the company.

The Board of Directors currently expects to resolve on the share dividend distribution, subject to the authorization, in its meeting scheduled for June 6, 2019. The proposed authorization structure and distribution timing is based on guidance received from Euroclear Finland according to which a share dividend distribution carried out earlier would not be technically secure to implement.

Assuming that the resolution is made by the Board of Directors on that date, the ex-dividend date for the share dividend would be June 7, 2019, the dividend record date for the share dividend would be June 10, 2019 and the share dividend payment date June 11, 2019. The payment date for the fractional entitlements to be paid in cash would be June 17, 2019. Any changes to the currently expected timing or structure would be separately announced by the company.

c) Summary of currently expected ex-dividend, record and payment dates

	Ex-dividend date	Record Date	Payment Date
Cash dividend, first part of EUR 0.27 (firm)	March 14, 2019	March 15, 2019	March 22, 2019
Share dividend based on authorization (currently expected)	June 7, 2019	June 10, 2019	June 11, 2019
Fractional entitlements to Wärtsilä shares in cash (currently expected)	June 7, 2019	June 10, 2019	June 17, 2019
Cash dividend, second part of EUR 0.27 (currently expected)	September 6, 2019	September 9, 2019	September 16, 2019

The distributable funds of the company according to the balance sheet of the parent company as at December 31, 2018 amount to approximately MEUR 895.

2. Resolution on the remuneration of the members of the Board of Directors

The Nomination Committee of the Board of Directors proposes that the annual fees of the members of the Board of Directors shall be EUR 45,000, the annual fee of the Vice Chairman EUR 60,000 and the annual fee of the Chairman EUR 90,000. In addition, it is proposed that for Board and Committee meetings other than the meetings of the Audit Committee, the Board/Committee members residing in Finland be paid a fee of EUR 750 per meeting and the Board/Committee members residing abroad be paid a fee of EUR 2,000 per meeting and the Chairmen of the Board of Directors and said Committees be paid a fee of EUR 1,500 per meeting. For meetings of the Audit Committee, it is proposed that the Committee members residing in Finland be paid a fee of EUR 1,000 per meeting and the Committee members residing abroad be paid a fee of EUR 2,250 per meeting and the Chairman of the Audit Committee be paid a fee of EUR 2,500 per meeting.

It is further proposed by the Nomination Committee that the members of the Board of Directors are reimbursed for their travel and other expenses incurred due to their activities in the interest of the company.

3. Resolution on the number of members of the Board of Directors

The Nomination Committee of the Board of Directors proposes to the Annual General Meeting that the number of members of the Board of Directors shall be eight.

4. Election of members of the Board of Directors

The Nomination Committee of the Board of Directors proposes to the Annual General Meeting that the following individuals shall be re-elected to the Board of Directors: Albert Ehrnrooth, Paul Ehrnrooth, Louise Fromond, Jyri Luomakoski, Inka Mero, Fabian Månsson, Peter Sjölander and Ritva Sotamaa. Ingrid Jonasson Blank and Gustaf Gripenberg have informed the company that they will no longer be available for re-election to the Board of Directors.

All the above individuals have given their consent to the election and stated as their intention, should they be elected, to elect Paul Ehrnrooth Chairman and Jyri Luomakoski Vice Chairman of the Board of Directors. Further, all the above individuals have stated as their intention, should they be elected, to establish a Nomination Committee and appoint Paul Ehrnrooth (Chairman) and Fabian Månsson as

the members of the Nomination Committee and Alexander Ehrnrooth as an external member to the Nomination Committee and to further establish an Audit Committee and a Human Resources and Compensation Committee with members to be appointed among the Board members.

5. Resolution on the remuneration of the auditor

The Board of Directors proposes the remuneration of the auditor to be paid according to the reasonable invoice approved by the Board of Directors.

6. Election of the auditor

The Board of Directors proposes to the Annual General Meeting, in accordance with the recommendation of the Audit Committee of the Board of Directors, that Ernst & Young Oy, Authorized Public Accountants firm, be appointed as the company's auditor.

The Audit Committee has prepared its recommendation in accordance with the EU Audit Regulation (537/2014) and arranged a selection procedure. The Audit Committee has comprehensively assessed the received offers against the predefined selection criteria. In its assessment, the Audit Committee has considered the experience in audit of a global group of companies headquartered in Finland, pricing, quality as well as the expense risk related to the change of the auditor and independence of the auditor.

The Audit Committee confirms that its recommendation is free from influence by a third party and that no clause of the kind referred to in paragraph 6 of Article 16 of the EU Audit Regulation (537/2014), which would restrict the choice by the Annual General Meeting as regards the appointment of the auditor, has been imposed upon it.

7. Authorizing the Board of Directors to decide on the acquisition of the company's own shares

The Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to decide on the acquisition in total of a maximum of 4,000,000 own shares, in one or several installments, using the unrestricted shareholders' equity of the company.

The company's own shares may be acquired in public trading on Nasdaq Helsinki Ltd at a price formed in public trading on the date of the acquisition.

The authorization may be used to acquire shares to be used for the development of the capital structure of the company, as consideration in corporate acquisitions or industrial reorganizations and as part of the company's incentive system and otherwise for further transfer, retention or cancellation.

The Board of Directors is authorized to decide on all other terms and conditions regarding the acquisition of the company's own shares. Based on the authorization, the acquisition of company's own shares may be made otherwise than in proportion to the share ownership of the shareholders (directed acquisition).

The authorization is effective until June 30, 2020 and cancels the corresponding authorization granted to the Board of Directors by the Annual General Meeting on March 14, 2018.

8. Authorizing the Board of Directors to decide on the transfer of the company's own shares held as treasury shares (share issue)

The Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to decide on the transfer of own shares (share issue) held as treasury shares of a maximum of 4,000,000 shares, in one or several installments, either against or without consideration.

The company's own shares held as treasury shares may be transferred for example as consideration in corporate acquisitions or industrial reorganizations or for the development of the capital structure of the company, or as part of its incentive system.

The Board of Directors is authorized to decide on all other terms and conditions regarding the transfer of own shares held as treasury shares. The transfer of own shares may also be carried out in deviation from the shareholders' pre-emptive rights to the company's shares (directed issue).

The authorization is effective until June 30, 2020 and cancels the corresponding authorization granted to the Board of Directors by the Annual General Meeting on March 14, 2018.