



Annual
Report 2006

Small fibers. Big difference.



A large, artistic splash of water in shades of light blue and white, filling the background of the page. The water is captured in motion, with various droplets and streams creating a sense of fluidity and energy.

Contents

- 2 Ahlstrom in brief
- 6 Vision & strategy
- 8 President's review
- 10 Main events
- 12 Success factors
- 16 Financial review
- 24 Risk management
- 26 Growth initiatives

BUSINESS REVIEWS

- 27 Introduction to business review
- 30 FiberComposites segment
- 38 Specialty Papers segment

SUSTAINABILITY REPORT

- 46 Summary of the Code of Business Conduct
- 47 Reporting parameters
- 48 Sustainability management
- 50 Stakeholders
- 51 Economic performance
- 54 Environmental performance
- 62 Social performance

- 68 Corporate governance
- 74 Board of Directors
- 78 Corporate Executive Team
- 80 Investor information
- 83 Glossary
- 84 Locations & contact information

Ahlstrom in brief

Ahlstrom is a global leader in the development, manufacture and marketing of high performance fiber-based materials.

Nonwovens and specialty papers, made by Ahlstrom, are used in a large variety of everyday products, e.g. in filters, wipes, flooring, labels and tapes. The company has a strong market position in several business areas in which it operates, built upon the company's unique fiber expertise and innovative

approach. Ahlstrom's 5,700 employees serve customers via sales offices and production facilities in 26 countries on six continents. In 2006, Ahlstrom's net sales amounted to EUR 1.6 billion. Ahlstrom's share is listed on the Helsinki Stock Exchange. The company website is www.ahlstrom.com.

SEGMENT	FiberComposites	Specialty Papers
Net sales in 2006 Share of Group's net sales Employees	EUR 808 million 50.5% 3,054	EUR 794 million 49.5% 2,286
Key customer industries	Filtration and transportation, consumer products, healthcare, building, food industry	Packaging & labeling industry, furniture & building, consumer products, food industry
Production units	Belgium, Brazil, China, Finland, France, Italy, South Korea, Spain, Sweden, UK, USA	Finland, France, Germany, Italy
Business areas and their main applications	<p>Nonwovens Wipes Medical gowns and drapes Wallcoverings Teabags Fibrous meat casings</p> <p>Filtration Air, liquid and transportation filters Industrial and laboratory filtration</p> <p>Glass Nonwovens Windmill blades, flooring, boat hulls</p>	<p>Label & Packaging Papers Self-adhesive labels Food packaging: coffee, dairy products, pet food Labels for beverage bottles</p> <p>Technical Papers Decor foils for furniture and flooring laminates, abrasive paper, masking tape, engine gaskets, posters, baking papers, wallpaper, processing paper</p>

Year 2006 in brief

Key figures, EUR million	2006	2005	2004
Net sales	1,599.1	1,552.6	1,567.8
Operating profit	96.1	117.2	62.1
Operating profit excl. non-recurring items	87.3	99.0	82.1
Profit before taxes	81.2	100.7	47.9
Profit for the period	57.6	62.6	33.4
Return on capital employed (ROCE), %	10.4	12.4	7.0
Return on capital employed (ROCE), % excl. non-recurring items	9.5	10.5	9.1
Balance sheet, total	1,356.6	1,367.2	1,381.4
Capital expenditure (incl. acquisitions)	127.9	73.2	167.0
Net cash flow from operating activities	119.2	126.6	128.0
Gearing ratio, %	20.3	57.7	62.3
Earnings per share (EPS), EUR	1.31	1.71	0.91
Cash earnings per share (CEPS), EUR	2.72	3.48	3.52
Dividend per share, EUR	1.00*	1.79	1.72

* The Board of Directors' proposal to the Annual General Meeting

- Ahlstrom made a successful Initial Public Offering on the Helsinki Stock Exchange in March.
- Several growth investments were announced in Brazil, China, France, Russia and the UK.
- Three investment start-ups were carried out in the USA, two in Finland and one in Italy.
- Ahlstrom acquired the specialty nonwovens manufacturer HRS Textiles in the USA and divested its shareholding in the Sonoco-Alcore joint venture.
- High raw material and energy costs put pressure on margins throughout the year.

Financial targets

Profitability

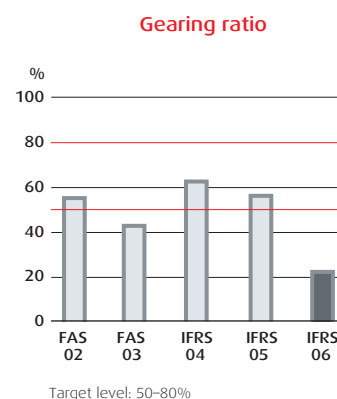
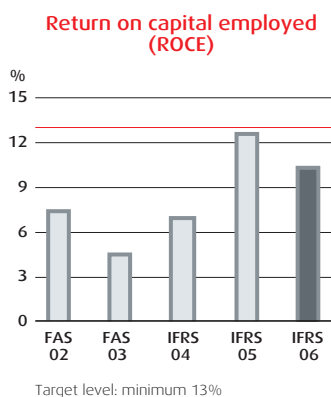
Return on capital employed (ROCE)
minimum of 13%

Financial strength

Gearing ratio 50-80%
(interest-bearing net debt to equity)

Dividends

Dividend pay out ratio averaging
at least 50% of the profit for the period





NEW PRODUCTS REPRESENTED 39%

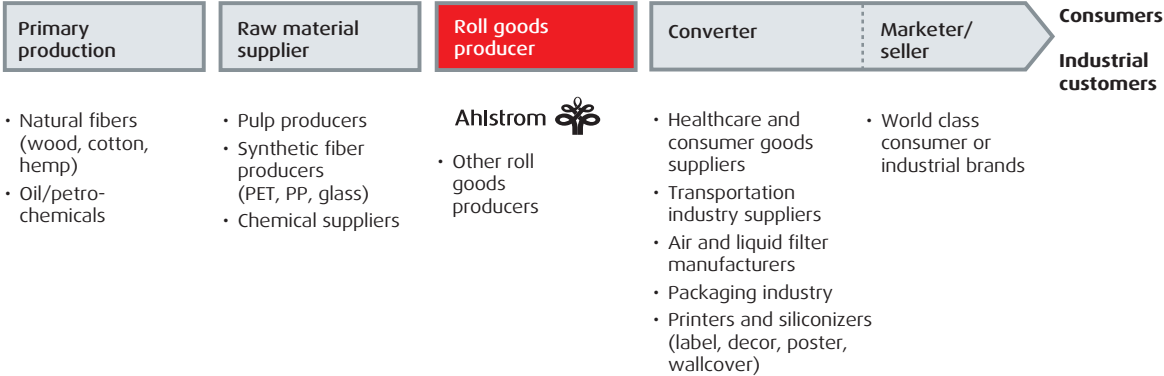


OF AHLSTROM'S NET SALES IN 2006

AHLSTROM'S VISION:

THE GLOBAL SOURCE FOR FIBER-BASED MATERIALS

Ahlstrom in the value chain Ahlstrom manufactures high-quality fiber-based materials of synthetic and natural fibers. The company supplies these materials to its customers as roll goods for further processing. Converters, such as printers or transportation industry suppliers, deliver the products to a marketer or seller serving consumers or industrial customers worldwide.



Business strategy

GLOBAL PRESENCE

Ahlstrom is strategically positioned on six continents. In order to provide global service to its customers, Ahlstrom is continuously evaluating opportunities to expand both its sales network and production capabilities into growing markets such as Asia, Latin America and Eastern Europe.

COMMITMENT TO CUSTOMERS

Ahlstrom's position as a market leader has enabled it to develop close and longstanding relationships with customers that are leaders in their respective businesses. Ahlstrom intends to strengthen its existing customer relationships further by capitalizing on its in-depth understanding of customer needs, using its fiber and technology expertise and introducing new and improved products and solutions.

GROWTH

Ahlstrom focuses on the production of roll goods, with a particular focus on high performance products and high growth business opportunities. The company seeks to exploit these existing business opportunities by developing new and improved products, investing in organic growth and considering new targets for strategic acquisitions.

COMPETITIVENESS

Ahlstrom continuously evaluates its operations to identify opportunities for cost savings, improved performance of production assets and for cross-fertilization of expertise within the group's various operations. Ahlstrom seeks to further improve its competitiveness by utilizing operating leverage particularly in production, purchasing, sales and marketing, innovation and administration.



Consistent strategy implementation

The past year marked a major change for Ahlstrom, as the 155 year-old company made an Initial Public Offering on the Helsinki Stock Exchange.

The listing provided Ahlstrom with a solid base to speed up its development and realize its growth potential, as it expands the company's alternatives for obtaining financing. The net proceeds of the offering, almost EUR 200 million, will be used to expand and further improve Ahlstrom's operations mainly through investments in new capacity and new technology.

We will focus particularly on the strengthening of our presence in the growing markets of Asia, Eastern Europe including Russia, and the Americas. In 2006, Ahlstrom's organic growth investment decisions totaled approximately EUR 100 million.

Need to improve profitability

Overall demand for our products was reasonably good throughout the year. European demand improved from the 2005 level and was driven by higher GDP growth. North American demand fluctuated slightly more as reduced market visibility and expectations of slower growth started to impact demand, especially towards the end of 2006. Demand in Asia, South America and in Russia remained good.

The resilience of our margins was tested during 2006 by cost increases in natural and synthetic fibers, chemicals and energy. In this challenging business environment, we reached a return on capital employed (ROCE) of 10.4%, which remained below our long-term target of 13%. The main reason for the below-target performance is the decline in the operating profit margin caused by rising raw material and energy prices. We compensated for a major part of the more expensive input factors by sales price increases, direct and fixed costs reductions and net asset turnover improvement. In addition, we continued to optimize financial costs to deliver competitive net profit and earnings per share.

Ideas and investments drive growth

Our major growth investment decisions in 2006 reflect our desire to serve customers globally and direct a larger part of our manufacturing and sales to fast growing markets. Ahlstrom's most significant projects are targeted to serve rapidly growing markets, such as the Russian building sector, the Asian filtration markets and South American wiping fabrics customers. At the same time, we enhance our strong position

by several investments also in Europe and North America, both important market areas for Ahlstrom.

Ahlstrom's customers operate in growing markets. The global non-wovens market has grown 6-7% per annum for the past ten years, and growth is expected to continue at similar rates. In specialty papers, the annual volume growth within our product segments is anticipated to be in the range of 3-4%. On average, Ahlstrom's target markets show a yearly volume growth of 4-5%, and our ambition is to exceed that rate. Operating in growing markets provides us with an opportunity to grow through building new and competitive production capacity worldwide. We will seek to complement our organic growth with suitable acquisitions when M&A prices meet our financial criteria.

New products generate a large part of net sales

One key source for growth is innovation, which also explains the sizable amount of money spent on organic growth initiatives. For the past few years, some 35% of our net sales has been derived from new products, most of them made with new or significantly upgraded manufacturing capabilities. At the end of 2006, eight important organic growth decisions were in the implementation phase. Continuous development of manufacturing capability will help sustain our competitiveness in years to come.

Seek to utilize operating leverage

Most of our growth investments utilize our existing industrial and administration infrastructure, which clearly supports Ahlstrom's global competitiveness. Thanks to the synergy benefits,

growth can be implemented at lower investment and operating costs. As for greenfield initiatives like our glass nonwoven plant under construction in Russia, our aim is to scale our initial footprint to enable future expansions of that particular site.

Improving competitiveness

Ahlstrom is a manufacturing company that innovates and designs products together with customers; this makes manufacturing performance an important driver of our success. Since 2002, we have followed a continuous performance improvement program called aPlus, which is based on the Kaizen principle. By the end of 2006, some 1,000 teams had already combined their efforts to improve our operations. The teams have avoided unnecessary investments worth tens of millions of euros, optimized working capital, reduced direct costs and waste, freed capacity on production lines and decreased the number of lost time accidents. The program roll-out covered all sites in 2005, and its full effect is yet to be seen. Nevertheless, it is clear that continuous improvement in all operations will be the way of life at Ahlstrom.

To complement the continuous improvement program, we seek actively to manage assets and operations that are in danger of permanently losing their competitiveness. One solution is to change the manufacturing process and renew the capability but an equally important alternative is to close the non-competitive assets. In 2006, we closed the Nümbrecht, Germany facility and decided to transfer our specialty filtration converting in the USA from Pennsylvania to South Carolina offering lower production costs.

Keeping the cost level low allows

Ahlstrom to become more competitive. Year 2006 saw additional streamlining of activities and divestment of non-core assets. The streamlining of our structure will gradually improve our cost efficiency.

Good basis to increase shareholder value

I see Ahlstrom's future growth opportunities promising. We are among the leading fiber-based specialty material suppliers in the world, and hold strong positions in the growing target markets. We have consistently developed new products and invested in production facilities to further improve our customer service globally. I am confident that the systematic implementation of our strategy forms a good basis for achieving improved financial performance. Good financial performance combined with Ahlstrom's dividend policy - pay out ratio averaging at least 50% of the profit for the period - enables us to propose attractive dividends for our shareholders.

By combining our capabilities with the financial strength acquired through the IPO, we possess the key ingredients necessary to be the leading fiber-based specialty materials supplier in the world.

I would like to thank our customers, shareholders, employees and other stakeholders for the year 2006. I welcome your participation in the next leg of our voyage towards becoming the global source for fiber-based materials.

Jukka Moisio

President and CEO

Main events

JANUARY

20

Ahlstrom to acquire HRS Textiles Inc. in the USA. HRS Textiles, based in Darlington, South Carolina, manufactures specialty non-wovens and serves mainly the North American air and liquid filtration markets.

24

Ahlstrom started up the expansion of release base paper production capacity at the Turin, Italy plant. The investment was valued at EUR 18 million.

FEBRUARY

13

Ahlstrom expands its production capacity of siliconized genuine vegetable parchment. The EUR 1 million investment in a second on-line siliconizer at Ahlstrom's Saint-Séverin plant in France increased its production capacity of siliconized genuine vegetable parchment by 6,000 tons.

15

Ahlstrom's Annual General Meeting approved new issue of shares. The Annual General Meeting (AGM) of Ahlstrom Corporation, held on February 14, 2006, resolved to increase the share capital through a new issue of shares offered to domestic and international institutional investors and the public in Finland. The AGM further resolved to distribute a dividend of EUR 1.79 per share for 2005.

MARCH

13

The offer price of Ahlstrom Corporation shares set at EUR 22.00. The Board of Directors of Ahlstrom Corporation decided to issue a total of 8,000,000 Ahlstrom shares in the Initial Public Offering. Both the institutional offering and the retail offering were priced at EUR 22.00 per share.

On March 16, the lead manager of the IPO exercised the over-allotment option to subscribe for 1,150,000 additional shares of Ahlstrom to cover over-allotment in the institutional offering.

22

Ahlstrom to start glassfiber tissue production in Russia. Ahlstrom decided to invest approximately EUR 38 million in a new glassfiber tissue production plant in Redkino, Tver region. The plant also enables future expansions of Ahlstrom businesses in Russia. The investment further strengthens Ahlstrom's position as a leading developer and manufacturer of specialty glassfiber tissues for the building and composites materials industries.

JUNE

9

Ahlstrom sells a property in Germany. The property in Hochheim, a part of Ahlstrom's packaging operations divested earlier, was sold for EUR 4.2 million. The sale was consistent with Ahlstrom's strategy to focus on the development and manufacture of fiber-based materials and to divest non-core assets.

A new nanofiber filtration production line in the Madisonville, KY, USA plant was successfully started up.

30

Ahlstrom to start specialty reinforcement production in the USA. Ahlstrom invested approximately EUR 5.2 million in a new specialty glassfiber reinforcement plant in Bishopville, South Carolina. The investment further strengthens Ahlstrom's position as a leading global developer and manufacturer of specialty reinforcements for wind energy, marine, transportation and other technically demanding markets.

JULY

28

Ahlstrom sells a property in Germany. Ahlstrom sold its remaining property in Hochheim, Germany for EUR 7.5 million.

OCTOBER

AUGUST

21

Ahlstrom started up new filtration media capability at the Tampere, Finland plant. The investment, valued at EUR 2 million, further strengthens the plant's position as an important developer and manufacturer of advanced filtration media.

SEPTEMBER

6

Ahlstrom invests an additional EUR 5.0 million in specialty reinforcement production in the USA. In June, Ahlstrom announced an investment of EUR 5.2 million in a specialty glass-fiber reinforcement plant in South Carolina, USA. With the additional capital, the total value of the investment amounts to EUR 10.2 million.

18

The sale of Ahlstrom's shareholding in core and coreboard manufacturer Sonoco-Alcore completed. The sale of Ahlstrom's 35.5% shareholding in the Sonoco-Alcore joint venture to Sonoco was closed after clearance from competition authorities was received. The transaction value was EUR 39.5 million.

25

Ahlstrom opens sales offices in Turkey and Mexico. Ahlstrom opened two new sales offices, one in Istanbul, Turkey and one in Monterrey, Mexico to support its strategy to expand to the growing emerging markets.

27

Ahlstrom to invest EUR 23 million in new nonwovens capacity in Brazil and France. Ahlstrom announced an investment of approximately EUR 17 million in a new wiping fabrics production line in Louveira, Brazil to serve customers operating mainly within the household and industrial wipes sectors in Latin America.

Further, Ahlstrom decided to invest approximately EUR 6 million in new industrial nonwoven production capacity at its plant in Brignoud, France. The new line is primarily targeted to serve Ahlstrom's existing customers within the building, graphics, automotive, wipes and niche hygiene sectors.

27

Ahlstrom to add new production line in China to serve dust filtration markets. Ahlstrom announced an investment of approximately EUR 4 million in a new needlepunch line at its Wuxi facility located close to Shanghai to serve the growing dust filtration market in Asia.

NOVEMBER

10

Ahlstrom concluded negotiations regarding transfer of its liquid filtration converting activities from its Mt. Holly Springs, PA, USA site. The transfer to Bishopville, SC, USA is expected to take place during the first quarter of 2007. The target of the transfer is to improve the company's competitiveness.

16

European Commission closed its investigation related to alleged cartel. Ahlstrom Corporation was notified by the European Commission that the Commission had closed its investigation related to an alleged cartel in the label papers sector.

24

The expansion of Ahlstrom Glassfibre's Mikkeli plant completed. The EUR 5 million investment consists of an additional building of approximately 6,000 m² and new machinery. The expansion, together with improved production efficiency, enables Ahlstrom to further increase the production capacity of the plant by up to 50% within the next few years.

DECEMBER

12

Ahlstrom to invest EUR 27 million in new nonwovens capacity in the United Kingdom. Ahlstrom announced an investment of approximately EUR 27 million in a new food nonwovens production line at its plant in Chirnside, Scotland. The new line utilizing spunmelt technology is primarily targeted to serve the growing infusion products market with next generation products.

22

Ahlstrom's new spunlace wipes line in Green Bay, WI, USA starts two weeks ahead of schedule. This additional capacity primarily serves the North American wipes market but it also has the technological flexibility to meet the demands of other nonwovens markets.

Ahlstrom closed down its Nümbrecht plant in Germany. The closure, targeted to improve the company's profitability, affected 37 employees.

Success factors

Ahlstrom's success is based on its expertise in fibers and web manufacturing, long-term customer relations, global reach and leading market positions. The company combines these success factors with an innovative approach and seeks continuous improvement to ensure sustainable, competitive operations.

Fiber expertise

Ahlstrom's knowledge of fibers, fiber processing, and chemicals is based on over 150 years of Ahlstrom entities operating in paper and fiber markets. The company has extensive expertise in the use of natural and synthetic fibers, their various combinations, and a wide range of chemicals. This

has enabled Ahlstrom to develop and manufacture high performance materials with unique properties and cost benefits. As an example, Ahlstrom can offer a complete selection of fiber-based materials, ranging from 100% wood pulp-based crepe paper to high-tech viral barrier gown materials produced entirely from synthetic fibers,

for different needs within the healthcare sector.

Web manufacturing

Ahlstrom has a unique knowledge in producing and treating fiber webs with several different technologies, ranging from standard paper production to textile woven webs which include wet



Improved driving comfort with heat and sound insulation material

Whilst cars today are, because of environmental concerns and convenience, generally getting smaller and quieter, motorists continue to seek more power through greater horsepower. This in turn creates higher engine temperatures.

Because of the reduced space for air circulation and cooling, encapsulated engines generate more heat. Therefore, car manufacturers need to provide increased protection from this heat, especially to the electronic components

and plastic elements that are increasingly used in the automotive industry.

To answer these evolving needs, Ahlstrom has developed new web materials used sandwiched between two aluminum foils, with the unique ability to both provide heat and sound protection.

Mainly used for heat shield applications, the new Ahlstrom insulation material has low thermal conductivity. It is the first fiber-based material with a temperature

laid nonwoven, dry laid, spunbonded, spinnmelt and nanofiber forming. The company is able to determine the best combination of fibers, web forming and web treatments to supply the most suitable products to meet the customer requirements.

Long-term customer relations

Ahlstrom operates in several geographic markets and product areas, and has developed a deep understanding of the industries in which its customers operate. Ahlstrom has long-term relationships with its customers – the oldest dating back more than 100 years – which cover several products and product generations. The company works in close cooperation with a large number of customers to provide them with products that meet their specific requirements. Combined with

Ahlstrom’s continued emphasis on research and development, this co-operation enables the company to offer innovative products and solutions that address the current and future needs of the market.

Global reach

Ahlstrom has production on four continents, in Europe, North America, South America and Asia and an international sales office network. The company has currently operations in 26 countries on six continents which enables Ahlstrom to serve customers effectively on a global basis. In 2006, Ahlstrom further expanded its global presence by deciding to invest in a new glassfiber tissue plant in Russia and by opening new sales offices in Turkey, Malaysia, Mexico and Vietnam as well as by strengthening its sales network in China

AHLSTROM’S MARKET POSITIONS

FiberComposites segment	Position
Transportation filtration	1
Wallcover	1
Food	2
Medical	2-3
Industrial nonwovens	2-3
Specialty reinforcements	2-3

Specialty Papers segment	Position
Release base paper	1*
Flexible packaging	1
Pre-impregnated decor paper	1
Poster paper	1
Vegetable parchment	1
Label paper	2-3
Abrasive base paper	2-3
Wallpaper base	2-3
Crepe paper	2-3

* Shared position
Source: Management estimates based on sales volumes

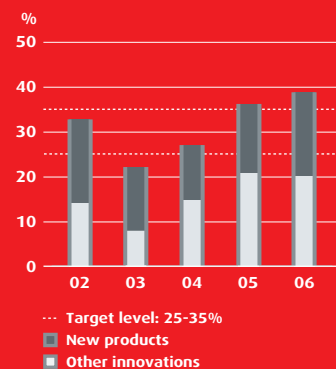
resistance of up to 1,000°C. The previous maximum temperature was 750°C. Also, it has efficient vibration and sound absorption capabilities: 18 dB absorbed at a level of 96 dB.

Ahlstrom has developed this innovative material in close co-operation with automotive industry customers. The main focus of the development project has been to make the right selection of fillers and non-organic fibers that could lead to a material with appropriate

temperature resistance and noise absorbing properties.

Manufactured at the Altenkirchen plant, Germany, this product was introduced to the market in 2006. Although still in its launch phase, this new material is creating significant interest, not only from the automotive market, but also from other industries. One such example is for applications within the home appliance sector, in particular for heat insulation in ovens.

Share of new products in Ahlstrom’s net sales, %



with a representative office in Beijing. In addition, the company strengthened its position by increasing its production capacity in North and South America, Asia and Europe. Ahlstrom's products are sold in more than 100 countries, and the company's own sales offices are complemented by agents to achieve maximum coverage.

Leading market positions

Ahlstrom has a leading position in many of its markets. These positions provide Ahlstrom with increased visibility and access to leading customers, and make the company an important partner for its customers. In 2006, approximately 50% of the company's net sales was generated in product markets where

Ahlstrom is the leading supplier. Furthermore, approximately 25% of net sales was generated in product markets where the company is the second or third largest supplier.

New products generated more than one third of net sales

Active research & development (R&D), as well as innovative products and technologies, are essential to Ahlstrom's long-term success and competitiveness. Innovation and product development work is done in close cooperation with the customers and preferred suppliers. Ahlstrom's long-term target is that new products contribute approximately 25–35% of its net sales.

In 2006, 39% of Ahlstrom's net

sales was generated by new or upgraded products. R&D expenses amounted to EUR 25.0 million in 2006, representing 1.6% of Ahlstrom's net sales. In total, 183 employees were dedicated to R&D, representing 3.2% of the overall workforce. In addition to its own resources, Ahlstrom's Innovations function utilizes a large international network of universities, research centers and laboratories.

In 2006, Ahlstrom continued to introduce new products and technologies in order to further strengthen its leading position in the fiber-based materials market. The new products that were in focus in 2006 included, among others, a new heat and sound insulation material for automotive



Fresh air for the paper mill's neighbors

What is the first thing that comes to mind when you think of a garbage dump or bin? Most of us would probably name bad smell as the obvious answer since we consider such odors to be self-evident and unavoidable. However, thanks to Ahlstrom's innovations within the field of photocatalytic technology, this may not be the case in the future.

Photocatalysis is a clean and environmentally friendly process used to degrade pollutants, such as odors, bacteria or smoke, either in

gas or liquid effluents. It involves the use of a semiconductor, generally titanium dioxide, in combination with an irradiation system such as UV lamps or sunrays, to catalyze the creation of free radicals. As a result, pollutants and micro-organisms are eliminated, leaving water and some CO₂ as the only residuals.

By combining photocatalysis with the adsorbent qualities of activated carbon, Ahlstrom has developed an odor cover using its Trinitex® nonwoven material. The odors are concentrated in

industry and a bicomponent spunbond nonwoven for medical applications. The company further developed technologies utilizing fine fibers and nanofibers. In addition, Ahlstrom worked to continuously improve its existing products and to reduce the manufacturing costs. Ahlstrom also continued to invest in the further development of filtration and nonwovens products utilizing photocatalysis. The case story below describes one such end-user application utilizing this photocatalytic technique.

Competitive operations

Ahlstrom improves its competitiveness and profitability continuously. The key elements in competitive opera-

tions include cost efficiency, increased productivity and dedicated operations and support functions. During 2006, Ahlstrom closed its Nümbrecht, Germany plant, and decided to transfer certain filtration converting operations in the USA from Mt. Holly Springs, Pennsylvania to Bishopville, South Carolina to further improve its competitiveness.

Continuous improvement

Ahlstrom's group-wide performance excellence program called aPlus is designed to consolidate the know-how and experience of Ahlstrom employees and to incorporate best practices across the organization. The ultimate target is to ensure the effective running of all

industrial operations in a safe working environment.

Kaizen is the key concept of the aPlus program. By the end of 2006, approximately 1,000 teams of four to five persons have together solved problems and supported the company's continuous improvement policy. The aPlus teams have been able to improve Ahlstrom's profitability through increased efficiency in production, maintenance and administration. For example, teams have been able to cut costs, reduce raw material losses and save in investments by, among other things, freeing machine time, decreasing inventories, reducing waste and saving energy.

the activated carbon layer of the nonwoven material during the night when there is no sun, while during daylight hours the titanium dioxide creates free radicals with the sunrays. This regenerates the activated carbon, thus allowing a longer life time.

The company's La Gère, France plant has piloted the odor cover at its sludge area. Due to the close proximity of residential housing to the plant, it is no surprise that there have been complaints concerning the odors.

Therefore, in order to remove the odor from the air, the management of the plant decided to invest in the pioneering odor cover.

The development of the odor cover has been partially funded by ADEME, a public agency in France for environmental and energy management. ADEME is also carrying out a study to assess the advantages of the odor cover, and this will provide an independent analysis of the benefits of this innovation. Already, tests made at the La Gère site have shown very

encouraging results. In fact, the scale model of Ahlstrom's odor cover eliminated 98% of the sludge odors.

Ahlstrom's Research Center in Pont-Evêque, France has been in the forefront in developing and commercializing applications using photocatalysis. Thanks to these efforts, Ahlstrom has been able to introduce a broad selection of patented solutions for air and water purification.

Reasonable profitability in challenging market conditions

In 2006, Ahlstrom saw a balanced demand for its products in most geographic areas.

Demand in Europe improved driven by higher GDP growth while demand in North America was slightly slowing down towards the end of the year as a result of more modest economic growth expectations. In Asia, Latin America and Russia, which are increasingly important markets for Ahlstrom, growth in demand continued.

The overall market for the Fiber-Composites segment's products is currently growing approximately 6-7% annually, driven by substituting products that have traditionally been made from textiles, plastics or paper. In addition, the market continues to develop through technological and product innovation bringing superior product characteristics and cost advantages to the nonwoven materials.

The overall market for the Specialty Papers segment's products is growing on average 3-4% annually, driven mainly by growth in release base papers and decor papers. Growth of labeling applications, particularly in Asia and Latin America and the prevailing interior decoration boom have fuelled growth in these sectors.

To follow the market development, Ahlstrom announced in 2006 organic growth investments to strengthen its presence in fast growing markets such as the building sector in Russia, filtration

materials in Asia and wiping fabrics in Latin America. Ahlstrom also decided to invest in new production capacity in Europe for release base papers and industrial and food nonwovens to maintain its strong position in these market segments. Further, Ahlstrom decided to invest in additional capacity of specialty glass reinforcements for the windmill sector in both Europe and the USA in order to meet the demand in this strongly growing market segment.

At the beginning of 2006, Ahlstrom acquired the specialty nonwovens manufacturer HRS Textiles in the USA, serving the North American air and liquid filtration markets. Total capital expenditure for the year, excluding acquisitions, was EUR 120.1 million, significantly above the 2005 level. As a result of current investment commitments, capital expenditure will remain high also in 2007.

In 2006, Ahlstrom continued to follow its strategy to focus on fiber-based materials and divested non-core assets. The capital gain from the divestments totaled EUR 15.5 million.

In terms of profitability, the business environment in 2006 was challenging. The prices for fibers, chemicals and energy continued to rise and put pressure on Ahlstrom's margins. The company continued its efforts to increase sales prices and reduce costs throughout the year to offset the impact of increased raw material and

energy costs.

In addition to the continuous improvement program aPlus launched to all manufacturing sites in 2005, Ahlstrom took actions to improve its cost structure by closing its plant in Nümbrecht, Germany and by deciding to transfer converting of liquid filtration materials in the USA from Pennsylvania to South Carolina offering lower operational costs.

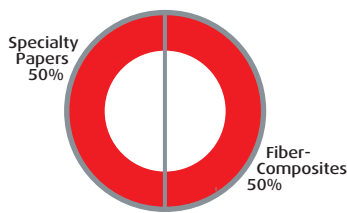
In the tough business environment Ahlstrom was able to achieve a return on capital employed (ROCE) of 9.5% (excl. non-recurring items), below the group's long-term target of 13%. Cash flow remained good throughout the year. Gearing ratio was 20.3% at the end of the year, significantly below the target range of 50%-80%, mainly due to the proceeds acquired in the Initial Public Offering in March 2006.

Deliveries

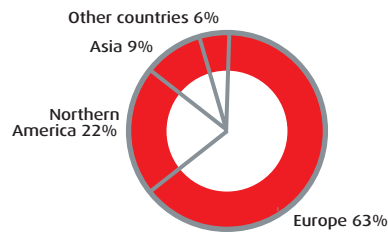
Ahlstrom's comparable sales volumes (adjusted for the divestment of the PM1 of the Kauttua, Finland plant) grew by 1.7% in 2006. The increase in volumes was mainly driven by strengthened demand in filtration materials, glass nonwovens and release base papers as well as growth investments and add-on acquisitions implemented in 2005 and 2006.

For the year 2006, market related down time was 6.2% and capacity utilization 81%.

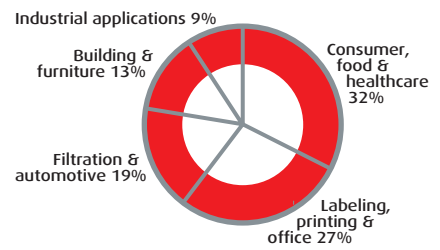
Net sales by segment



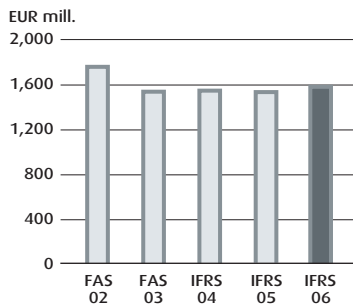
Net sales by market area



Net sales by end-use sector

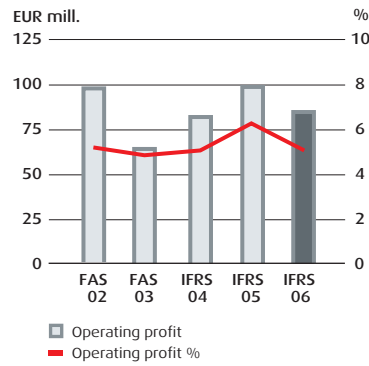


Net sales



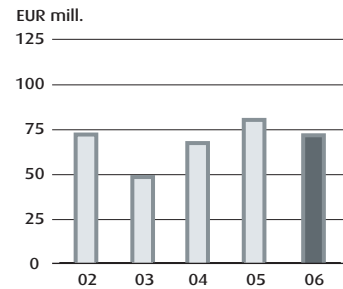
Operating profit

(excluding non-recurring items)



Profit before taxes

(excluding non-recurring items)



Net sales grew

Net sales in 2006 grew to EUR 1,599 million (EUR 1,553 million). Net sales of continuing operations (adjusted for the divestment of PM1 at the Kauttua, Finland plant) increased by 4.6% (EUR 1,528 million). The increase of EUR 71 million in the comparable net sales was attributable to the following factors:

EUR million	2006
Volumes	+58
Sales price and mix	+12
Exchange rates	0
Other	+1
	+71

The growth was mainly attributable to continued strong demand as well as organic investments and acquisitions in the FiberComposites segment. Currency fluctuations did not have a significant effect on net sales over the period.

Geographically, Europe remained the group's most important market area accounting for 63% of total sales in 2006 (64%). Net sales in North America was in line with last year at 22% and sales in Asia remained at 9%.

Profitability under pressure

The group's operating profit decreased to EUR 96.1 million (EUR 117.2 million) representing a margin of 6.0% (7.5%). The operating profit excluding non-recurring items decreased to EUR 87.3 million (EUR 99.0 million).

The non-recurring items which are not related to normal business operations are shown below:

EUR million	2006	2005
Operating profit (EBIT)	96.1	117.2
Sales of assets	-15.5	-18.4
Restructuring costs	6.7	2.3
Other non-recurring items	-	-2.1
Operating profit excl. non-recurring items	87.3	99.0

In 2006, non-recurring items consisted of a capital gain from the sale of Ahlstrom's shareholding to Sonoco-

Alcore and the sale of property in Germany. Restructuring costs related to the write down of the Chantraine, France plant, the closure of the Nümbrecht, Germany plant as well as costs incurred from the streamlining of the Technical Papers business area and the Filtration business area.

In 2005, the sale of assets included a capital gain from the sale of the PM1 at the Kauttua plant in Finland, and the hydropower station in Turin, Italy. Restructuring costs related to the closure of the New Windsor, USA plant.

The operating profit suffered from increasing raw material and energy costs, even though Ahlstrom was able to offset a large part of the cost escalation by raising its sales prices and through internal measures.

Ahlstrom's share of profits from associated companies decreased to EUR 0.03 million (EUR 0.4 million) mainly due to the losses of the Sonoco-Alcore joint venture. Ahlstrom sold its 35.5% share in Sonoco-Alcore in July 2006.

Profit before taxes was EUR 81.2 million (EUR 100.7 million). Excluding the net non-recurring gains, profit before tax amounted to EUR 72.5 million (EUR 82.5 million).

Net financial expenses for the Ahlstrom Group were EUR 14.9 million (EUR 16.8 million). Net interest expenses totaled EUR 8.4 million (EUR 11.5 million). Net foreign exchange losses for financial items were EUR 4.5 million (EUR 3.8 million) mainly due to increased costs of equity hedging in the first half of 2006. Ahlstrom took actions in Q3 to decrease the cost of equity hedging.

Profit for the period amounted to EUR 57.6 million (EUR 62.6 million). Income tax expenses were EUR 23.6 million (EUR 38.1 million). Earnings per share (EPS) amounted to EUR 1.31 (EUR 1.71).

Return on capital employed (ROCE) was 10.4% (12.4%) and ROCE excluding non-recurring items was 9.5% (10.5%). Return on equity (ROE) was 8.5% (10.7%). Capital employed

amounted to EUR 946.9 million at December 31, 2006 (EUR 947.1 million).

Healthy cash flow

Net cash from operating activities, namely the cash flow after net interest expenses, taxes paid and the change in working capital, amounted to EUR 119.2 million (EUR 126.6 million). The cash flow decreased mainly as a result of the higher taxes paid in 2006.

Interest-bearing net liabilities decreased by EUR 185.4 million to EUR 155.2 million mainly due to the IPO in March 2006 and the sale of assets during the review period. Ahlstrom's extensive investment program in 2006 was primarily financed with good operative cash flow.

Ahlstrom's gearing ratio (interest-bearing net debt to equity ratio) was 20.3% (57.7%), significantly below the long-term target of 50-80%. Equity ratio was 56.5% (43.2%).

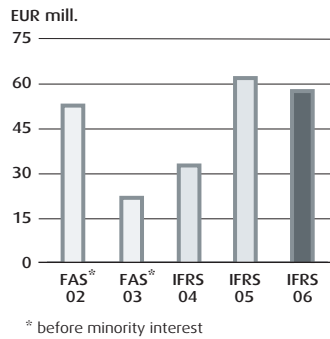
The Group's liquidity remained good throughout the year. At year-end, cash and cash equivalents totaled EUR 20.1 million (EUR 16.0 million). Committed credit facilities available to the Group amounted to EUR 579 million at December 31, 2006, including a 5-year EUR 400 million syndicated revolving credit facility raised in November 2004. As of December 31, 2006, the undrawn amount under these credit facilities was EUR 527 million.

Investments in growth

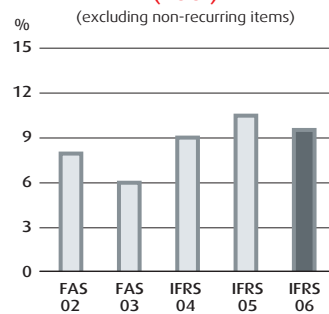
Capital expenditure for the year totaled EUR 120.1 million (EUR 62.4 million). Including acquisitions capital expenditure was EUR 127.9 million (EUR 73.2 million).

In 2006, Ahlstrom announced a number of organic growth investments mainly outside Europe including an investment in a new glassfiber tissue plant in Redkino, Tver, Russia and a new glassfiber reinforcement line in Bishopville, SC, USA serving the fast growing windmill market. Further, Ahlstrom decided to invest in a new wiping fabrics production line

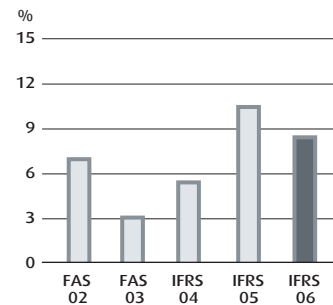
Profit for the period



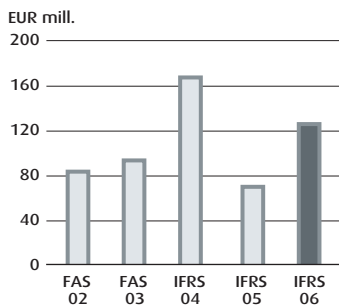
Return on capital employed (ROCE)



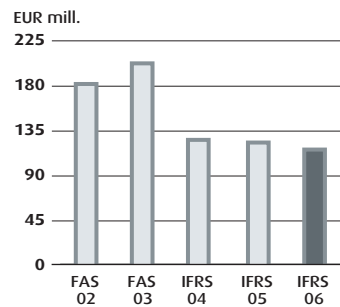
Return on equity (ROE)



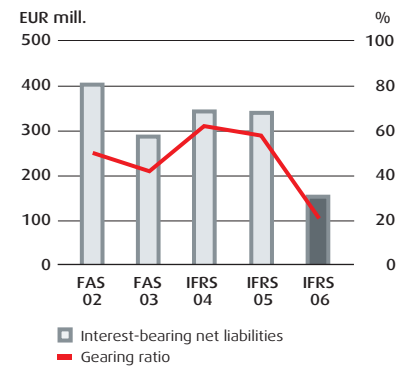
Capital expenditure (including acquisitions)



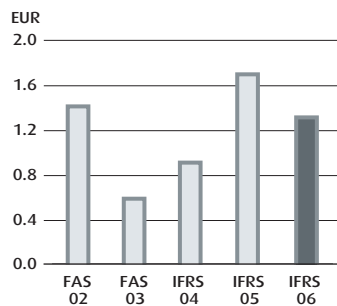
Net cash from operating activities



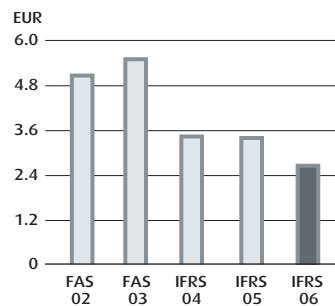
Interest-bearing net liabilities and gearing ratio %



Earnings per share



Cash earnings per share



in Louveira, Brazil and to add a new needlepunch line to its plant in Wuxi, China to serve the local dust filtration market.

In addition, Ahlstrom decided to increase its industrial nonwoven production capacity in Brignoud, France and to build a new line in Chirside, UK serving the infusion products market.

In January 2006, Ahlstrom acquired HRS Textiles Inc. in Darlington, SC, USA, a manufacturer of specialty nonwovens primarily operating in the air and liquid filtration market.

The release base paper capacity expansion in Turin, Italy was successfully launched in January 2006 and the new wiping fabrics line was started at the Green Bay, WI, USA plant in December 2006, two weeks ahead of schedule. Ahlstrom started a new nanofiber filtration production line at the Madisonville, KY, USA plant in June and new filtration media capability at the Tampere, Finland plant in August. The expansion of the Mikkeli, Finland plant manufacturing glassfiber reinforcements was completed in November.

Based on the investment decisions already announced, Ahlstrom's capital expenditure in 2007 is expected to remain at the same level as in 2006.

After the review period, Ahlstrom made two acquisitions in the FiberComposites segment totaling approximately EUR 67 million. Both transactions are expected to be closed during the first half of 2007.

Divestments

In July, Ahlstrom decided to sell its 35.5% shareholding in the Sonoco-Alcore joint venture to Sonoco for EUR 39.5 million. The transaction was completed in October. Total non-recurring gains from the divestment amounted to EUR 6.7 million.

In June and July, Ahlstrom sold its remaining property in Hochheim, Germany in two separate transactions for a total of EUR 11.7 million and realized a capital gain of EUR 7.5 million from the divestments. In addition, Ahlstrom divested minor shareholdings in the fourth quarter and booked non-recurring gains totaling EUR 1.3 million.

As a result of the divestments, Ahlstrom improved its asset turnover in 2006.

Financial performance by segment

FiberComposites

Net sales of the FiberComposites segment was EUR 808.2 million (EUR 742.3 million), showing an increase of 8.9%. Sales volumes grew by 6.2% during the period. Growth was mainly driven by solid demand in the Filtration and Glass Nonwovens business areas as well as acquisitions and organic investments made in 2005 and 2006.

Demand for transportation and liquid filtration was solid while demand in air filtration was more modest. Demand for glass nonwovens was driven by growth in certain end-use segments such as the windmill and the marine sectors, where market growth was 20% and 6% respectively. The wiping market continued to convert to spunlace fabrics and showed an annual growth of 7% globally.

Operating profit of the segment decreased to EUR 54.1 million excluding non-recurring items (EUR 62.7 million), representing a 6.7% (8.4%) margin. The operating profit was negatively impacted by increasing raw material and energy prices, but the implementation of sales price increases in most product areas partly compensated for the higher costs. The effect of increased costs was also mitigated by productivity improvements.

Specialty Papers

Net sales of the Specialty Papers segment decreased slightly to EUR 794.0 million (EUR 814.7 million) mainly due to the divestment of the PM1 of the Kauttua plant in Finland in August 2005. Net sales as well as sales volumes, adjusted for divestment, were stable.

Sales development varied by product line and also by geographic area. The best performance was seen in the fast growing Asian and Latin American markets and in the release base paper and decor paper product lines. The market environment was particularly challenging for flexible packaging papers.

Operating profit of the segment decreased to EUR 36.4 million excluding non-recurring items (EUR 42.9 million) representing a 4.6% (5.3%) margin. The segment's profitability was negatively impacted by increases in raw material and energy costs. In addition, the investment standstill at the Turin, Italy plant had a negative effect on the operating profit. The impact of the high raw material and energy prices has partly been compensated for by price increases in both the Technical Papers and Label & Packaging Papers business areas.

Other operations

Other operations for 2006 included corporate units in Finland, France and the USA, and Ahlstrom's sales offices.

Eliminations mainly consisted of internal sales among Group companies. In 2006, the operating profit from Ahlstrom's other operations and eliminations consisted primarily of group eliminations and the sales of Ahlstrom's shareholding in Sonoco-Alcore and the properties in Germany and amounted to EUR 11.5 million (loss of EUR 6.0 million).

QUARTERLY DATA

EUR million	Q1/2005	Q2/2005	Q3/2005	Q4/2005	Q1/2006	Q2/2006	Q3/2006	Q4/2006
Net sales	384.2	402.8	381.9	383.6	414.6	409.6	385.9	389.0
Other operating income *	1.3	2.5	4.9	1.5	7.0	5.6	4.4	4.3
Expenses *	-338.0	-355.6	-344.2	-342.6	-375.5	-368.7	-349.6	-359.3
Depreciation, amortization, impairment charges *	-20.3	-21.3	-21.3	-20.5	-19.8	-20.5	-19.8	-19.9
Non-recurring items	1.3	2.0	12.4	2.5	3.3	2.9	4.4	-1.9
Operating profit	28.6	30.3	33.7	24.5	29.6	28.9	25.3	12.3
Share of profit of associated companies	0.8	-0.4	0.6	-0.6	-0.0	0.4	-0.2	-0.2
Net financial expenses	-2.4	-4.5	-5.1	-4.8	-4.5	-4.1	-3.7	-2.6
Profit before taxes	27.0	25.4	29.2	19.1	25.1	25.2	21.4	9.4
Income taxes	-8.9	-11.1	-11.0	-7.2	-9.3	-8.6	-5.0	-0.7
Profit for the period	18.0	14.4	18.3	11.9	15.8	16.6	16.4	8.8
Attributable to								
Equity holders of the parent	18.0	14.3	18.2	11.9	15.8	16.5	16.4	8.8
Minority interest	0.0	0.0	0.1	0.0	0.0	0.1	0.0	-0.0
Operating profit *	27.3	28.4	21.3	22.0	26.3	26.0	20.8	14.1
Operating profit, % *	7.1	7.0	5.6	5.7	6.3	6.4	5.4	3.6

* Excluding non-recurring items

QUARTERLY DATA BY SEGMENT

EUR million	Q1/2005	Q2/2005	Q3/2005	Q4/2005	Q1/2006	Q2/2006	Q3/2006	Q4/2006
Net sales								
FiberComposites	176.3	193.3	183.3	189.4	212.7	204.9	195.3	195.4
Specialty Papers	209.1	211.2	199.1	195.3	203.3	205.2	191.5	193.9
Other operations and eliminations	-1.2	-1.6	-0.5	-1.2	-1.5	-0.5	-0.9	-0.3
Group total	384.2	402.8	381.9	383.6	414.6	409.6	385.9	389.0
Operating profit								
FiberComposites	13.5	17.3	20.9	13.8	15.9	13.9	13.3	9.2
Specialty Papers	14.8	12.7	21.9	8.2	13.0	10.3	6.0	3.0
Other operations and eliminations	0.3	0.3	-9.1	2.5	0.7	4.8	6.0	0.1
Group total	28.6	30.3	33.7	24.5	29.6	28.9	25.3	12.3
Operating profit excluding non-recurring items								
FiberComposites	12.5	17.2	17.8	15.2	15.9	13.9	13.3	11.0
Specialty Papers	14.5	12.0	8.3	8.2	13.0	10.3	8.7	4.4
Other operations and eliminations	0.3	-0.8	-4.7	-1.4	-2.6	1.9	-1.2	-1.2
Total	27.3	28.4	21.3	22.0	26.3	26.0	20.8	14.1
Non-recurring items	1.3	2.0	12.4	2.5	3.3	2.9	4.4	-1.9
Group total	28.6	30.3	33.7	24.5	29.6	28.9	25.3	12.3

Factors affecting Ahlstrom's profitability

General economic conditions and demand for end-user products

Ahlstrom's results may be affected by general economic conditions and by changes in demand in the end-user markets and industries it serves although these vary by industry sectors and different geographic regions. Ahlstrom's main geographic markets, Europe and the USA, represented together approximately 85% of Ahlstrom's net sales in 2006. Sales in Europe developed favorably in 2006 and the growth in demand in the USA remained relatively stable. Demand in the Asian, Russian and Latin American markets, which have become increasingly important for Ahlstrom, remained good. The diversity of industries in which Ahlstrom's customers operate helps to protect Ahlstrom against particular customer industry cycles.

Ahlstrom has long-term relationships with many customers. Consequently, product demand has been relatively predictable in the past. However, margins from products manufactured vary from one product to the other, and therefore the product mix has an effect on profitability. In addition, reductions, delays or cancellations in anticipated or confirmed orders by customers could

cause Ahlstrom to incur downtime on its machines or require Ahlstrom to shift production to lower-margin products.

Raw materials

In 2006, raw materials costs were EUR 854.2 million and represented approximately 59% of total expenses. The three most important categories of raw materials for Ahlstrom are pulp, chemicals and synthetic fibers. In 2006, pulp accounted for approximately 40%, chemicals for approximately 24% and synthetic fibers for approximately 16% of Ahlstrom's raw material costs.

Fibers

In 2006, Ahlstrom Group's pulp costs amounted to EUR 334.0 million. As Ahlstrom does not produce wood pulp, the company's profitability is exposed to variations in pulp prices, with certain exceptions for prices of specialty pulps, which have fluctuated less in the past. The purchasing of pulp is managed on a centralized basis and Ahlstrom benefits from economies of scale in its purchasing activities by coordinating purchases across the company's business areas.

Although the price variations can partly be passed on to customers with

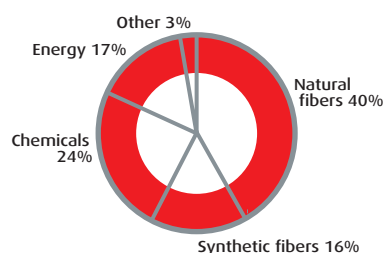
a little delay, Ahlstrom is sensitive to quick changes in the highly volatile pulp markets. Ahlstrom's goal is to limit the price sensitivity by setting firm prices, or by agreeing floor and ceiling price level contracts.

Ahlstrom also uses a wide variety of synthetic fibers in its production, with total costs amounting to EUR 136.0 million in 2006. Prices for synthetic fibers are influenced by changes in crude oil prices and have increased in connection with the escalation of oil prices. In addition, the prevailing demand and supply situation impacts the prices of synthetic fibers.

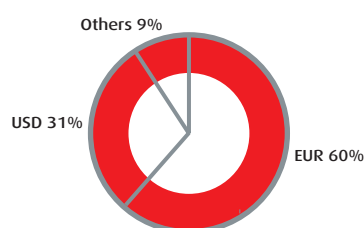
Chemicals

Ahlstrom uses a wide variety of chemicals such as latex binders, fillers, pigments and resins in its production processes. The total cost of chemicals in 2006 amounted to EUR 207.7 million. Latex binders represent a significant portion of the cost of chemicals. Latex binders are petrochemical derivatives and face price volatility and strong historical correlation with oil prices. Historically, prices for chemicals have been less variable than those for pulp.

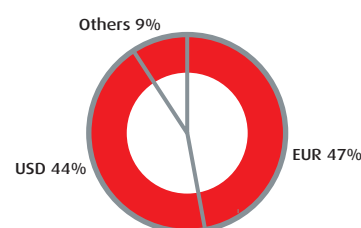
Raw material and energy costs



Currency breakdown of net sales



Currency breakdown of expenses



Energy

Energy inputs, including natural gas and electricity, are important components of Ahlstrom's production processes. Ahlstrom's total energy costs in 2006 amounted to EUR 148.9 million and accounted for approximately 17% of Ahlstrom's expenses. Natural gas and electricity accounted for more than 94% of these energy costs.

In 2006, energy prices increased especially in Western Europe while natural gas prices in the USA decreased due to the absence of hurricanes this year. More than half of Ahlstrom's electricity and gas needs in Europe (and a certain portion in the USA) were covered by fixed price or index-linked purchase contracts for 2006. Ahlstrom aims to decrease price sensitivity through coordinated purchasing, firm price contracts and energy savings.

The carbon dioxide emissions trading program within the European

Union began in 2005. Ahlstrom has sufficient rights to cover its present carbon dioxide emissions until the end of 2007.

Foreign currencies

A large part of the Group's cash flows, receivables, payables and loans are denominated in currencies other than the euro. In 2006, approximately 60% of Ahlstrom's net sales were denominated in euro, approximately 31% in US dollars and approximately 9% in other currencies. Changes in the US dollar rates have a significant impact on the reported net sales of Ahlstrom. The effect is more pronounced in the FiberComposites segment, where approximately 66% of net sales for 2006 were denominated in non-euro currencies whereas in the Specialty Papers segment only approximately 15% of net sales in 2006 were denominated in non-euro currencies. In 2006, foreign currency fluctuations had only a limited effect on net sales.

Although changes in foreign currency rates affect the reported net sales of Ahlstrom, profitability is not affected by these changes to the same extent because sales and costs denominated in the same currency offset each other. Although a significant part of the company's sales are denominated in US dollars, for example, Ahlstrom's principal raw material, pulp, is also mainly priced in US dollars.

In order to mitigate its currency transaction and currency translation net exposures at the Group level, Ahlstrom operates a currency hedging policy which is described in more detail in Financial Statements, note 24.

IFRS

Ahlstrom has applied International Financing Reporting Standards (IFRS) since 2005.

Business boosted by investments

In line with Ahlstrom's strategy to grow faster than the market average, the company announced two major glass nonwovens investments in 2006 that will enable the Glass Nonwovens business area to double its business worldwide. Together with the expansion of the Mikkeli plant in Finland, completed in 2006, Ahlstrom has in recent years invested approximately EUR 53 million to increase its glass nonwovens production.

A new era for Ahlstrom was marked with the launch of a EUR 38 million project to build a new glassfiber tissue plant in Russia, since this is the company's first investment in glass

nonwovens production outside Finland. Located close to Tver, some 120 km from Moscow, the plant will mainly serve the growing building and composite materials industries in both Russia and other emerging markets. During the first phase of production, the main products will be specialty glassfiber tissues for the flooring, composites, building materials and automotive industries, but the site also enables Ahlstrom to further expand its business in Russia. The start-up of the plant is scheduled to take place in the fourth quarter of 2007.

The EUR 10 million investment in a specialty glassfiber reinforcement plant



in Bishopville, South Carolina, USA brings Ahlstrom close to its major North American customers within the wind energy, marine, transportation and other technically demanding industries. The new plant will provide customers with tailor-made specialty reinforcements, such as multiaxials and specialty fabrics. Thanks to its strategic location near Ahlstrom's filtration facility, the plant will be able to utilize existing resources, which brings substantial synergy benefits.

To further strengthen its market position as a specialty reinforcement supplier, Ahlstrom will continue to look into future possibilities to make similar investments, especially in Asia.

Risk management

Ahlstrom has defined risks as uncertain events, which could affect the sustainable and ethical achievement of the company's strategic and operational goals.

The group's risk management policy states that threats to the achievement of the organization's goals will be identified, analyzed, evaluated and responded to, in order to protect the company against loss, uncertainty and lost opportunity.

The Board of Directors is responsible for decisions regarding the risk management framework and for overseeing the compliance of the risk management policies and the control environment. The Board has delegated to the Audit Committee the responsibility for overseeing the implementation of the risk management policies and for reviewing risk management principles and information regarding risk management.

The CEO, Corporate Executive Team and company management are responsible for defining and implementing daily risk management procedures and ensuring that risks are taken into account in the group's strategic planning. Risk Management Steering Group, consisting of senior management as well as functional and business area representatives, coordinates risk management activities and risk reporting in the company.

In Ahlstrom, the main principle is to manage risks at their source, i.e. within the business unit or function where risks may occur. To realize economies of scale and ensure better control on the group-level, certain risk management activities are centralized. These include, among others, the establishment of group-wide insurance programs and management of the group's financial

risks. In addition, the corporate and business area HSEA (health, safety, environment and asset protection) as well as IT organizations provide guidelines and review procedures for all business units and functions. Significant investments are controlled by the Investment Council before submission for approval by the CEO and the Board. Major contracts are analyzed by the corporate legal department.

A development process to further support the Ahlstrom Group risk management approach and framework has been carried on in 2006 under the direction of the Chief Financial Officer. Fine tuning of risk management principles and development of the framework resulted in the issuance of Group risk management policy, which was reviewed and approved by the Audit Committee and the Board of Directors. Structured risk assessment work has been performed with certain business operations and the company plans to continue the risk assessment further in 2007. This will include integration of the risk assessment aspect into the strategic business planning process as well as progressively expanding the detailed risk assessment workshops to cover all business areas. This process will further enhance the competitiveness of the business areas and the entire Ahlstrom Group by focusing attention on the identified risks that are central to the adopted strategy.

Ahlstrom has classified risks affecting its operations in three categories, which are strategic business risks, operational risks and financial risks.

Strategic business risks

Strategic business risks relate to the nature of the business and are often difficult to quantify. They are often related to customer relationships, product development, efforts to maintain competitive capacity, as well as capital investments and acquisitions.

In accordance with the operative organization of the company, strategic business opportunities and risks are primarily addressed by the business area and product line management. Some of the strategic business risks that Ahlstrom is exposed to relate to:

- global fiber-based materials market
- production capacity utilization
- sourcing of raw materials

Global fiber-based materials market

The markets for fiber-based materials are steadily growing and highly competitive. Some of Ahlstrom's competitors have a stronger market presence and/or better financial and other resources. Ahlstrom is building its market position on a combination of continuous innovation and long-term customer relationships. One of Ahlstrom's key strengths is its technical expertise and know-how that has allowed it to be innovative and to thereby address its customers' needs.

Ahlstrom's future growth will depend on its ability to foresee the direction of the commercial and technological progress of production processes or technologies in all of its key markets. Future growth and Ahlstrom's ability to reach its innovation targets will also depend upon Ahlstrom's

ability to successfully develop new and improved products, using its existing or new production capabilities, and manufacture and market the products in changing markets. Proper R&D investments, skilled research teams and close co-operation with customers in product development has been a well working concept, producing good results for both parties.

Production capacity utilization

Ahlstrom's ability to utilize its production capacity efficiently may be affected by variations in customer demand or interruptions in production. Ahlstrom has a relatively versatile production base with 33 production facilities worldwide, which effectively use capacity by, for example, allowing for the redirection of resources to reflect changes in demand. Nevertheless, many of Ahlstrom's production facilities are one-machine sites with set fixed costs making utilization rates particularly important for Ahlstrom.

Ahlstrom typically only produces goods against orders received, rather than for stock. However, a variety of conditions may cause customers to reduce, delay or cancel anticipated or confirmed orders. Close customer relationships help the company to make accurate estimates of future orders and thus mitigate the risk of down-time.

Sourcing of raw materials

The main raw materials for Ahlstrom are various wood pulps and other natural fibers (cotton, abaca etc.) as well as synthetic fibers. Ahlstrom also uses a wide variety of chemicals (latex binders, fillers and pigments, resins, etc.) in production. Raw material (e.g. fibers and chemicals) and energy costs account for the majority of total expenses. Wood pulp prices are subject to substantial cyclical fluctuations, including the potential for rapid increases. In addition, Ahlstrom's energy costs are subject to significant variations. Ahlstrom has to a certain extent been able to pass on increases in purchasing prices from suppliers to its customer sales prices, typically with some delay. In general, the prices

payable under its supply agreements are adjusted periodically.

An interruption in the supply of raw materials or a significant increase in the prices of raw materials due to market shortages or natural disturbances could significantly affect Ahlstrom's ability to provide competitively priced products to customers at the time they are wanted. To mitigate the risk of a significant interruption in the supply of any raw materials, or a significant increase in the prices of raw materials, Ahlstrom has identified certain alternative suppliers.

Operational risks

Operational risks often arise as a consequence of inadequate or failed internal processes, people's actions, systems or external events. Risks of this kind are often connected with a plant's operations, projects, information technology or infrastructure. If the risks materialize, they can lead to injuries, damage to property, interruption of operations, environmental impacts, or liabilities to third parties.

Ahlstrom has developed its operational loss prevention processes in order to identify and mitigate operational risks. To minimize the potential financial impact of materialized risks, Ahlstrom has an established group-wide insurance program for risks related to property damages and business interruption, liability exposure and cargo transport. Some of the operational risks that Ahlstrom is exposed to relate to

- health, safety, environment and asset protection
- human resources

Health, safety, environment and plant asset protection

Site managers of the business units are responsible for ensuring that the sites comply with local regulations. In Ahlstrom, accident risks in the operations, including injuries of people and damages to property or the environment, are managed by each plant, while the corporate and business area HSEA (health, safety, environment and plant asset protection) organiza-

tion provides guidelines and reviews procedures that all plants have to follow. Natural catastrophic events, to which Ahlstrom is exposed, include windstorms, floods, earthquakes, and severe winter weather that are inherently unpredictable in terms of both their occurrence and severity. Ahlstrom is also exposed to man-made catastrophic events.

Many of the company's manufacturing facilities are located on properties with a long history of industrial use, including possible use for storage and disposal of hazardous materials. Several of Ahlstrom's facilities have on-site landfills currently or formerly used for waste generated by the operations of the company or prior occupants of the site. The company believes it is in material compliance with applicable environmental and related laws.

Ahlstrom's HSEA risk management is discussed in more detail in the Sustainability section of this report.

Human resources

Ahlstrom's success depends to a significant degree upon the continued contributions of its key personnel, as well as its ability to attract qualified new personnel. Ahlstrom has not had problems in the past with attracting and retaining skilled employees. Ahlstrom's actions to motivate its personnel and to mitigate the risks related to human resources are further discussed in the Social performance section, pages 62-65.

Financial risks

Financial risks are managed by Group Treasury, under a Treasury Policy approved and overseen by the Board through the Audit Committee. The Treasury Policy covers funding, interest rate, foreign currency and counterparty risks.

In order to mitigate the foreign currency transaction and translation net exposures at the group level, Ahlstrom operates a currency hedging policy. Financial risks and the hedging policy are discussed in more detail in the Financial Statements, note 24.

Initial Public Offering spurs growth

The net proceeds from the Initial Public Offering in March 2006 were approximately EUR 200 million. Ahlstrom uses the acquired funds to expand and further improve its operations in line with its global growth strategy.

Ahlstrom is implementing its growth strategy by expanding and further improving its operations mainly through investments in new capacity and new technologies in existing operations. In addition, the company invests in geographic expansion, particularly in Asia, Russia/Eastern Europe and

the Americas to grow with its global customer base. Moreover, Ahlstrom seeks acquisitions to expand its geographic presence and enhance its product offering.

In 2006, Ahlstrom invested more than EUR 110 million in attractive growth segments on four continents.

In every quarter of 2007, the company will start new manufacturing capacity at its plants worldwide. Ahlstrom's investments are expected to generate net sales amounting to 1.5 times the investment value in 3–5 years and reach a return of capital employed of at least 13%.

GROWTH INVESTMENTS AND ACQUISITIONS ANNOUNCED IN 2006:

Investments	Business area	Value EUR million	Start-up
Expansion of production capacity, transportation filtration, Tampere, Finland	Filtration	2	Q3/2006
Specialty glassfiber reinforcement plant, Bishopville, SC, USA	Glass Nonwovens	10	Q1/2007
Needlepunch line for dust filtration, Wuxi, China	Filtration	4	Q3/2007
Glassfiber tissue plant, Redkino (Tver), Russia	Glass Nonwovens	38	Q4/2007
Needlepunch line for industrial nonwovens, Brignoud, France	Nonwovens	6	Q4/2007
Spunlace line for wipes, Louveira, Brazil	Nonwovens	17	Q1/2008
Spunmelt line for infusion materials, Chirnside, UK	Nonwovens	27	Q4/2008

Acquisitions	Business area	Value EUR million
HRS Textiles Inc, Darlington, SC, USA, air and liquid filtration	Filtration	n/a

Business review

Ahlstrom reports its operations in two segments: FiberComposites and Specialty Papers. Operatively, the segments comprise five business areas.

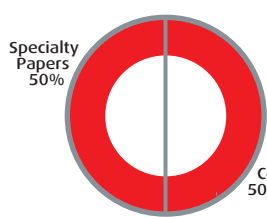
FiberComposites

- Nonwovens
- Filtration
- Glass Nonwovens

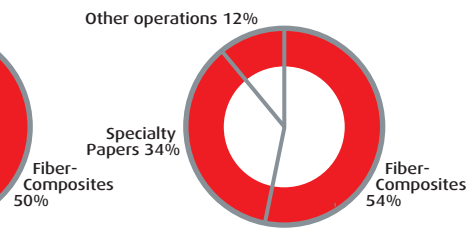
Specialty Papers

- Label & Packaging Papers
- Technical Papers

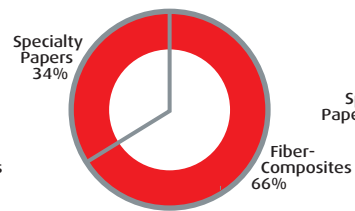
Net sales by segment



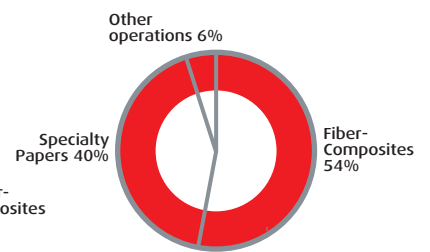
Operating profit by segment



Capital employed by segment



Employees by segment





AHLSTROM'S BREATHABLE
VIRAL BARRIER PROTECTS MEDICAL PROFESSIONALS AGAINST LIFE-THREATENING



VIRUSES SUCH AS HEPATITIS AND HIV

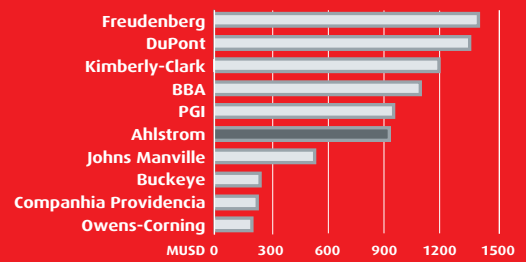
FiberComposites

Key figures (EUR million)

	2006	2005	2004
Net sales	808.2	742.3	663.9
Operating profit	52.3	65.5	39.8
Operating profit excl. non-recurring items	54.1	62.7	47.1
Operating profit, % excl. non-recurring items	6.7	8.4	7.1
Return on net assets (RONA), %	8.6	11.3	7.8
Return on net assets (RONA), % excl. non-recurring items	8.9	10.8	9.2
Number of employees	3,054	2,898	2,858

The segment's financial performance in 2006 is explained in more detail in the Financial review, page 20.

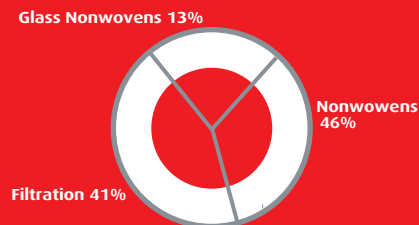
Top 10 in nonwovens



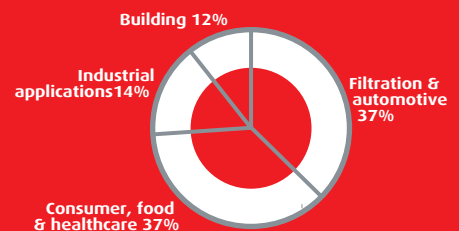
Based on net sales.

Source: Nonwovens Industry, Sept. 2006

Net sales by business area



Net sales by end-use sector





The overall market for the FiberComposites segment is estimated to grow approximately 6–7% annually.

Growth investments on four continents

Ahlstrom's FiberComposites segment is one of the leading nonwoven roll goods producers in the world. It manufactures and supplies nonwovens, filtration media and glassfiber materials globally to customers in various industry sectors, such as transportation, consumer goods, healthcare and building materials.

FiberComposites comprises three business areas utilizing nonwoven manufacturing technologies: Nonwovens, Filtration and Glass Nonwovens. The segment's net sales in 2006 amounted to EUR 808 million, and it employed more than 3,000 people. The segment operates 22 manufacturing facilities on four continents and it has a worldwide network of development, sales and marketing resources.

Ahlstrom is one of the largest nonwovens producers in the world. Its strong global position is based upon

the company's outstanding ability to offer innovative products to customers. The products incorporate a wide range of synthetic and natural fibers, making it possible to develop and customize the product features and performance to meet specific customer needs. The overall market for the FiberComposites segment is estimated to grow approximately 6–7% annually.

Nonwovens business area

The Nonwovens business area serves customers in the food packaging,

medical, wiping, building, and technical goods sectors. Ahlstrom's nonwovens are designed to provide multi-functional product characteristics and are used alone, or as components, in various applications.

Ahlstrom designs and manufactures its products leveraging on its know-how in natural and synthetic fibers, on its production techniques, and the combination of web materials. The company aims to generate demand for new materials in both existing and new markets. At the same time, Ahlstrom

exploits the substitution trend, where nonwoven materials replace textiles, paper and plastics - for instance in healthcare and household products. This trend is supported by end-user demand for greater hygiene and convenience. Ahlstrom focuses particularly on high value-adding product areas that offer significant growth opportunities, and where the leading position can be achieved.

Margins impacted by increased production costs

In 2006, overall sales volumes generally remained at the same level as in 2005. The year saw an upturn in demand in numerous European nonwovens market applications and in North America food packaging as well as certain medical nonwovens applications showed

increased volumes. The market for spunlace wipes also continued strong in North America.

Energy and raw materials costs increased significantly in 2006, which put pressure on margins. The business area was, however, able to partially offset the increased input costs by improving its productivity, reducing fixed costs and increasing sales prices. The weakening of the USD impacted the business area's financial performance throughout the year, as a significant share of its sales is non-euro nominated.

Significant investments in South America and Europe

The business area was able to reduce its costs and free production capacity during 2006, largely thanks to the group-wide performance excellence

program aPlus. Additionally, the business area rearranged shifts at certain machines to adjust production levels to market demand.

In 2006, Ahlstrom decided to invest a total of EUR 55 million to increase production capacity of nonwovens in Brazil, France and the United Kingdom. Additionally, the new nonwovens line in the USA was started up ahead of schedule at the end of 2006.

Filtration business area

Filtration media produced by Ahlstrom are used in the transportation industry and in liquid and air filtration applications. Filtration media are produced and delivered to filter manufacturers in roll goods form. These manufacturers in turn sell the finished filters to producers of industrial and consumer goods.

THE FIBERCOMPOSITES SEGMENT IN BRIEF:

Business area	Product lines	Key applications by product line
Nonwovens 23% of the Group net sales	Industrial nonwovens	Wallcovering, automotive backings, industrial reinforcements, floorings, packaging
	Food	Tea bags, absorbent food tray pads, fibrous meat casings
	Medical	Drapes, gowns, face masks
	Wipes	Personal care, baby, home care, abrasive and industrial wipes
Filtration 21% of the Group net sales	Transportation filtration	Automotive filtration (air, lube, fuel etc.)
	Air filtration	HVAC filtration, dust filtration, gas turbine filtration
	Liquid filtration	Food, water and beverage filtration, wastewater filtration, life sciences filtration
Glass Nonwovens 7% of the Group net sales	Glassfiber tissues	Floorings, wallcoverings, building panels, roofing materials
	Glassfiber reinforcements	Windmill blades, boat hulls, sports goods, automotive, transportation & other industrial applications
	Specialty reinforcements	

In 2006, Ahlstrom's FiberComposites segment announced several organic investments, with a total value of approximately EUR 100 million.

Ahlstrom is the leading manufacturer of filtration media, and it holds a particularly strong position in transportation filtration. The company continues to bring innovative products and global capacity to reinforce the leading position in the transportation segment. Ahlstrom aims to further expand its presence in the heating, ventilation and air conditioning (HVAC) markets, as well as in water filtration and life sciences. Furthermore, the company continues to address increasingly stringent environmental, health and regulatory requirements with new products to meet the higher requirements.

On average, the markets for Ahlstrom's filtration media are anticipated to grow by 2-5% annually. However, significantly higher growth rates occur in certain segments. The growth rate is expected to exceed this level in Eastern Europe, South America and Asia.

Active demand supported growth

Sales volumes for Ahlstrom's filtration media grew in 2006 compared with 2005 levels. Demand for the transportation filtration media was good in North America and particularly strong in South America and Asia. In Europe, the market softened after the first quarter of 2006

and strengthened again toward the end of the year. Demand for air filtration media was relatively weak in the product line's main market area, North America due to the weakness of the housing markets. The overall market for liquid filtration materials continued to be strong throughout the year.

The Filtration business area globally experienced much higher raw material and energy costs in 2006 and as a result, margins were affected. The company was able to partially compensate for the impact of increased costs by raising its sales prices, and by decreasing fixed costs.

Actions to improve productivity and profitability

To ensure its competitiveness, Ahlstrom decided in the fourth quarter to transfer

Investments support product innovation

The Green Bay plant in Wisconsin, USA, which was acquired in 2004, has become a key production site for Ahlstrom's wipes product line. With its strategic location close to the major North American customers and converters, the plant offers innovative and technically sophisticated solutions for a wide range of end-user products.

Ahlstrom has made a number of investments at the plant with the aim of broadening and diversifying its product offering to the growing wipes market. These include providing new capability for the production of cotton-

containing products, as well as increasing capacity of its spunlace line. Work on the latest project, an approximately EUR 30 million investment to build a new spunlace line began in May 2006, with the eventual start-up being celebrated in December 2006, two weeks ahead of schedule. In addition to producing rayon/polyester spunlace material, the new machine enables hydroembossing, in-line printing, cotton blending and the design of composite structures.

The flexibility of the new line allows Ahlstrom to increase its level of product innovation. It also helps

the company to meet demand in wipes and other important nonwovens markets, such as the automotive, medical and technical nonwovens sectors. Not least, the new spunlace composite capacity enables Ahlstrom to capitalize on the existing expertise and increased economies of scale at the plant.

In addition to the investments made in the USA, Ahlstrom continues to assess opportunities to further expand its sales and production of nonwoven wipes outside North America.



A new era started for the Glass Nonwovens business area in 2006, as it began to build two new plants, one located in Russia and the other in the USA.

its liquid filtration converting activities from the Mt. Holly Springs, PA, USA site to another Ahlstrom facility in Bishopville, SC, USA. The transfer is expected to take place in the first quarter of 2007.

Ahlstrom opened a new converting & logistics platform in Wuxi, China in June, enabling the company to meet specific customer requirements, as well as to increase flexibility and reduce lead times. The business area has also attained significant savings through revised selection methods for fibers.

Focused growth investments

Ahlstrom decided to add a new production line in China to serve the fast growing dust filtration market. This investment, valued at EUR 4 million, more than doubles the current capacity

of the Wuxi plant.

In August, Ahlstrom started up new filtration media capability at its Tampere, Finland plant. The investment, valued at EUR 2 million, further strengthens the plant's position as an important developer and manufacturer of advanced filtration media.

In June, the company completed the installation of a new technology investment to produce nanofiber filtration media at the Madisonville, KY plant in the USA. This allows Ahlstrom to bring a new range of performance materials to transportation, air and liquid filtration producers.

At the beginning of 2006, Ahlstrom acquired HRS Textiles Inc. in the USA to further strengthen its position in the air and liquid filtration markets in North America, particularly in the HVAC segment.

FIBERCOMPOSITES

Business area	Nonwovens				Filtration			Glass Nonwovens		
	Industrial nonwovens	Food	Medical	Wipes	Transportation filtration	Air filtration	Liquid filtration	Glassfiber tissues	Glassfiber reinforcements	Specialty reinforcements
Plants										
Barcelona (E)		•			•		•			
Bellingham (USA)					•	•				
Bishopville (USA)							•			•
Brignoud (F)	•			•						
Chirnside (UK)	•	•	•	•						
Darlington (USA)						•				
Green Bay (USA)	•		•	•						
Groesbeck (USA)						•				
Hyun Poong (ROK)	•				•	•	•			
Karhula (FIN)								•	•	
Louveira (BR)					•					
Madisonville (USA)					•					
Malmédy (B)	•									
Mikkeli (FIN)										•
Mt. Holly Springs (USA)							•			
Ställdalen (S)	•			•						
Tampere (FIN)					•	•	•			
Taylorville (USA)					•					
Turin (I)					•	•	•			
Tver (RUS)*								•		
Windsor Locks (USA)	•	•	•	•						
Wuxi (CHN)						•				

* Operational in Q4/2007.

Glass Nonwovens business area

Ahlstrom's glass nonwovens products are used in the building materials, marine, automotive, transportation, windmill, and sporting goods sectors. Ahlstrom operates within various high-end market applications, and in certain fast growing areas, such as the vinyl floorings, marine and windmill sectors, the company holds a leading position.

The Glass Nonwovens business area is looking for opportunities to differentiate its products from those of its competitors. This is achieved by combining glassfiber and nonwoven production know-how to produce advanced and customized specialty glassfiber products.

Strong demand boosted growth

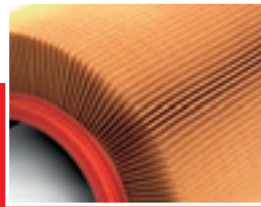
The market environment in the windmill and marine market segments, both very important for the Glass Nonwovens business area, was very favorable in 2006. Moreover, the demand in the building materials industry strengthened towards the year-end.

The business area's sales grew at a rate faster than that of the overall market. However, the costs for energy and raw materials increased in 2006, which affected profitability. The business area was able to partially offset this effect by internal improvement measures and sales price increases, despite the tight competition that prevailed throughout the year.

Investments started a new era

2006 was an important landmark year for the business area, as Ahlstrom decided to expand its Glass Nonwovens manufacturing beyond Finland, and to build new plants in both Russia and the USA. In addition, the Mikkeli, Finland plant was expanded in 2006. The new USA plant started up in early 2007, and the new Russian facility is planned to be operational during the fourth quarter of 2007. These investments further strengthen the company's global position as a leading supplier of glassfiber materials, and support the business area's target to continue profitable growth at a rate that exceeds the market average.

Significant cost savings through product innovation



Ahlstrom is today the largest manufacturer of filter media used worldwide in combustion engines. The company's South American operations in Louveira, Brazil have, together with Ahlstrom's other filtration units, demonstrated that the target of increasing customer satisfaction in the region was well within reach. Innovation and continuous product development lie behind this success, and were responsible for the key break-

through, Ahlstrom Louveira's new Flash media.

Filter manufacturers are constantly looking for new ways to both improve the quality and performance of their products, and maintain a competitive cost structure. With the introduction of the Ahlstrom Flash fast curing media, the company's customers have been able to reduce the curing (or "baking") time in the filter element manufacturing process. At the

same time, they obtain significant savings on variable costs without compromising the superior filtration performance for the final product. This technology, originally developed in Europe by Ahlstrom's R&D teams, was successfully transferred to Brazil and adapted to the requirements of the South American market. This mutually beneficial collaboration and flexibility has resulted in a true win-win solution for both Ahlstrom and its customers.

The image features two vibrant green apples, one positioned in the upper left and another in the lower right. Both apples are covered in numerous clear, glistening water droplets of various sizes, which are scattered across the white background. The lighting is bright, highlighting the texture of the apples' skin and the individual droplets. The overall composition is clean and fresh, emphasizing the freshness and durability of the product being advertised.

AHLSTROM'S LABEL PAPERS **MAINTAIN**
THEIR ATTRACTIVE LOOK EVEN WHEN THEY GET SOAKED



Specialty Papers

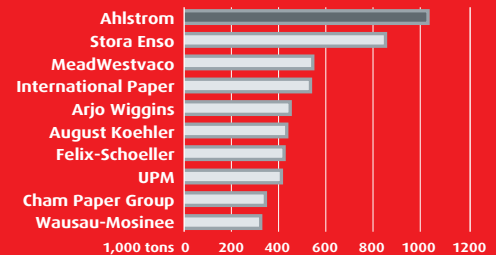
Key figures (EUR million)

	2006	2005	2004
Net sales*	794.0	790.7	762.8
Operating profit	32.2	57.7	20.9
Operating profit excl. non-recurring items	36.4	42.9	37.9
Operating profit, % excl. non-recurring items	4.6	5.3	5.0
Return on net assets (RONA), %	10.5	18.7	5.9
Return on net assets (RONA), % excl. non-recurring items	11.8	13.9	10.6
Number of employees	2,286	2,278	2,520

* Excluding the divestments of the cores & board business and the PM1 of the Kauttua, Finland plant

The segment's financial performance in 2006 is explained in more detail in the Financial review, page 20.

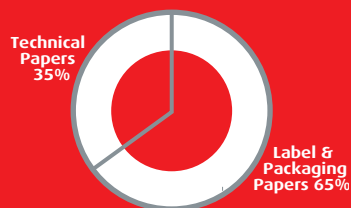
Top 10 in specialty papers



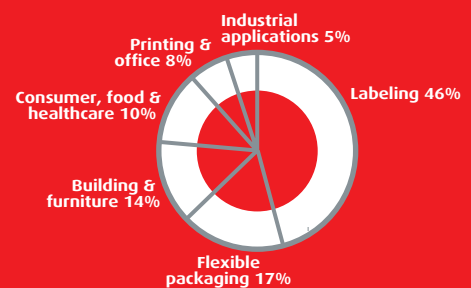
Estimated specialty paper capacity in tons
Source: Jaakko Pöyry Consulting, Ahlstrom

Specialty paper grades include all papers excluding newsprint, magazine, fine, tissue and sack papers.

Net sales by business area



Net sales by end-use sector





Ahlstrom's competitive edge in specialty papers is based on know-how inherited through decades of experience in this field.

New products fuel future growth

Ahlstrom's Specialty Papers segment is the largest producer of specialty papers in the world. The segment develops and manufactures papers for label and packaging solutions and for a variety of technical applications.

The Specialty Papers segment consists of two business areas: Label & Packaging Papers and Technical Papers. The segment's net sales in 2006 amounted to EUR 794 million and it employed almost 2,300 people. The segment has 12 plants in Europe and a worldwide sales network.

The Specialty Papers segment's customers represent a wide range of industries. These include labeling, flexible packaging as well as the building and furniture sectors, all of whom constantly seek new materi-

als and ways to develop new product applications.

The segment's competitive advantage is based on Ahlstrom's know-how inherited through decades of experience in the specialty paper sector and by an extremely diversified product offering. This advantage is further consolidated by a commitment to work closely with customers in developing innovative solutions to meet their specific needs. Ahlstrom's extensive knowledge of natural fibers and chemicals, together with its ability to adapt

them for product use, are essential factors in achieving maximum product performance.

Ahlstrom seeks to further strengthen its global position in specialty papers through the innovative development of industry-leading products, investments in productivity and manufacturing capacity, and by targeting suitable acquisitions. It is estimated that the volume of the overall market for Ahlstrom's specialty papers grows at an average annual rate of 3–4%.

The worldwide demand for release base papers is estimated to grow by approximately 5-7% annually.

Label & Packaging Papers business area

The Label & Packaging Papers business area manufactures a number of different specialty papers for use in the self-adhesive industry, as well as in the labeling, packaging and graphic industries.

Ahlstrom aims to grow its label and packaging business through organic investments, optimizing the efficiency of its production assets, and by introducing new and improved products. Furthermore, the company seeks opportunities for geographic expansion in the Americas and Asia, both through organic investments and acquisitions. The worldwide demand

for release base papers, the largest product line within the business area, is estimated to grow by approximately 5-7% annually.

Ahlstrom's label and packaging papers often compete with plastic-based products. Thanks to continuous product development, advanced paper-based materials today offer many of the advantages, such as good barrier properties, traditionally associated with plastic. Furthermore, the relative cost of plastics, highly dependent on the price of oil, can be subject to sharp increases, like in recent years. Paper-based materials also offer environmental advantages.

THE SPECIALTY PAPERS SEGMENT IN BRIEF:

Business area	Product lines	Key applications by product line
Label & Packaging Papers 32% of the Group net sales	Metalizing & graphic papers	Metalized beverage labels, metalized flexible packaging, envelope windows, repositionable notes
	Face stock papers	Pressure sensitive adhesive (PSA) labels for beverages, food, pharmaceuticals and cosmetics
	Release base papers	Pressure sensitive adhesive (PSA) labels for consumer and durable products Self-adhesive tapes, materials and components
	Wet glue label papers	Labels for beverage bottles and food cans
	Flexible packaging papers	Packaging of consumer products, including food, hygiene, pharmaceutical products, pet food
Technical Papers 17% of the Group net sales	Abrasive base paper	Sand papers
	Pre-impregnated decor	Furniture laminates, decorative panels
	Wallpaper base and poster paper	Wallpapers, outdoor advertising
	Crepe paper	Masking tapes, medical wraps, cleaning wipes
	Vegetable parchment	Baking papers, fast food packaging, furniture, tubes
Sealing and shielding	Sound absorption materials, heat shields, gaskets, calender bowls	

Geographical expansion is the next step for the Label & Packaging Papers business area after the significant growth investments made in Europe.

Margins impacted by higher input costs

The demand for release base papers, as well as for metalizing and wet glue label papers was good throughout the year. However, there was temporary excess supply in the release base paper market at the end of 2006 due to major capacity expansions in the industry. In flexible packaging papers, the overall

market environment remained challenging despite solid demand in certain product segments.

Costs for energy, raw materials and transportation escalated in 2006, which made it necessary for Ahlstrom to increase its sales prices. Further, the business area was able to partially compensate for the impact of increased input costs by improving

operational efficiency, and through the sourcing of more cost-effective raw materials.

Investments in growing market areas

The investment to increase the production capacity of release base papers at the Turin, Italy plant was completed successfully in January 2006. A similar investment at the La Gère, France plant will be completed during the second quarter of 2007. The investments, valued in total at almost EUR 50 million, will further strengthen Ahlstrom's leading position in the growing release base paper markets. See a special case story about these investments below.

Investments to boost growth and enhance product quality

Modern self-adhesive labels have capabilities far beyond those of traditional labels and no longer merely enhance the product's shelf appeal. The most innovative solutions, such as radio frequency labels for example, provide information to retail outlet control devices to indicate when stock replenishment is needed. Similarly, labels can change color to indicate that food has been stored too long or at the wrong temperature.

Although the sticky label was first invented back in the 1930's, it was only 40 years later when

papermakers developed effective label carriers that the technology could take off. In the 1970's, Ahlstrom delivered the first reels of release base papers to the then-young label industry. Since then, by continuously investing in new production capacity and product quality, the company has become one of the leading global suppliers to this business. The ambitious investment program started in 2006 supports the long-term goal of exceeding market growth.

In 2006, Ahlstrom completed a EUR 18 million investment in



the Turin, Italy plant to increase the speed of its biggest machine. In 2007, a similar EUR 30 million investment will be completed at the La Gère, France plant. Both investments increase production capacity and address exacting quality improvement targets related to specific customer needs.

The next step is geographical expansion. Ahlstrom continues to evaluate organic investment and acquisition opportunities to start production in Asia or the Americas, where market growth is the fastest.

In 2006, the Technical Papers business area entered the casting paper market offering promising future opportunities, for example in the automotive industry.

Technical Papers business area

Ahlstrom serves the global technical papers markets with solutions targeted to meet demanding end-product specifications. The ability to provide customized products and converting concepts is critical to success in this industry. Ahlstrom's technical papers are used in numerous applications within the automotive, building, food, healthcare, furniture and other industries.

The market for technical papers is fragmented and involves a large number of specialized segments. Ahlstrom is the leading supplier of pre-impregnated decor, sealing and shielding papers, calender bowl

materials, vegetable parchment and poster papers; and among the top three globally in crepe, wallpaper and abrasive base papers. Ahlstrom aims to grow its technical papers business primarily through organic investments and product innovations.

Market situation improved

Good and stable demand prevailed in most of the product lines in 2006. The market environment was particularly favorable for pre-impregnated decor papers, while market conditions for vegetable parchment and decal papers were more challenging. In 2006, the business area entered the casting paper

SPECIALTY PAPERS

Business area	Label & Packaging Papers					Technical Papers					
	Metalizing & graphic papers	Face stock papers	Release base papers	Wet glue label papers	Flexible packaging papers	Abrasive base paper	Pre-impregnated decor	Wallpaper base and poster paper	Crepe paper	Vegetable parchment	Sealing and shielding
Plants											
Altenkirchen (D)											•
Ascoli (I)	•	•	•	•	•						
Bousbecque (F)										•	
Chantraine (F)				•							
Kaattua (FIN)									•		
La Gère (F)			•								
Osnabrück (D)			•			•	•	•			
Pont-Audemer (F)									•		
Rottersac (F)	•	•	•		•						
Saint-Séverin (F)										•	
Stenay (F)	•	•	•	•	•						
Turin (I)			•						•		

market, which offers promising future opportunities, for example in the automotive industry.

Rising costs of raw materials, packaging, transportation and energy put pressure on the business area's margins. In addition to the substantial internal efforts towards production efficiency, the business area increased its sales prices to secure its margins.

Focus on better operative performance

The business area continued its performance improvement program with improving operative performance as

the main target. The program focuses mainly on improving pricing and production efficiency, as well as on reducing costs and working capital. The business area made focused investments in current production capacity, primarily aimed at improving productivity.

In line with its strategy to improve profitability through various actions, including the closing of non-competitive manufacturing units, Ahlstrom closed its Nümbrecht, Germany plant at the end of 2006.

New products introduced for demanding end-use applications

The business area launched several new or improved products in 2006. The focus was on advanced high-end products, such as a new heat shield material with a temperature resistance of up to 1,000°C and unique sound insulation properties and a new pre-impregnated decor material. In addition, several new crepe paper products were launched, including tailor-made paper for masking tapes and a collection of soft and resilient cleaning wipes.

Faster and easier production of laminates with pre-impregnated decor paper

Talented designers recreate the beauty of wood through artwork for the furniture and wood-panel industries. Printed on decor paper, it adds personality and style to furniture, flooring, doors and table-tops.

In the decor market, laminates producers pay particular attention to finding technical solutions that not only respect the creative printed designs, but also optimize their production process.

In 2006, Ahlstrom developed a new pre-impregnated decor paper that addresses these needs. By offering greater efficiency in the post-impregnation phase, this new

material is attracting real interest since it ensures top quality printing results, while allowing the production of decorative laminates to be made faster and easier. Ahlstrom's new pre-impregnated decor paper generates substantial cost savings for producers such as the melamine film industry. The quantity of melamine resins can be reduced by 50% during the post-impregnation phase, production efficiency is enhanced since the paper processing speed is almost doubled, and drying time is shortened because of the reduction in resin use.

Produced on the most efficient paper machine on the market,

this new Ahlstrom's decor paper ensures color consistency, good internal bond, lay flatness and perfect adhesion on all types of surfaces. Not least, it allows the designer's work to last even longer.

Ahlstrom's twenty-year expertise in the field of base material for decor printing has been key to the development of this new product. This know-how, together with the research capabilities of Ahlstrom's Research Corporate Center in Pont-Evêque, France, allows tailor-made substrates to be adapted to each customer process.





AHLSTROM HAD OPERATIONS IN 26 COUNTRIES ACROSS THE



GLOBE AT THE BEGINNING OF 2007

Summary of the Code of Business Conduct

The main areas addressed in Ahlstrom's Code of Business Conduct are:

Compliance with the law

Ahlstrom and its employees will abide by the letter and the spirit of all applicable laws and regulations, and will act in such a manner that the full disclosure of all facts related to any activity will always reflect favorably upon Ahlstrom.

Adherence to high ethical standards

Ahlstrom and its employees will adhere to the highest ethical standards of conduct in all business activities, and will act in a manner that enhances Ahlstrom's standing as a vigorous and ethical competitor within the business community. Customer relations shall be based on honesty and trust.

Responsible business citizenship

Ahlstrom and its employees will act as responsible citizens in the communi-

ties where the company does business. Ahlstrom expects its employees to be honest in dealings with fellow employees, the company, its management, suppliers, customers and other members of the business community.

Avoidance of conflicts of interest

A conflict of interest is a divided loyalty between the interests of Ahlstrom and the personal interest of the employee. Employees must not allow personal considerations or relationships, whether actual or potential, to influence them in any way when representing Ahlstrom in dealings with other persons or organizations.

Completeness and accuracy of books and records

All entries made in the books, records, and accounts of Ahlstrom Corporation and each of its subsidiaries and affiliates must properly and fairly reflect the transactions being recorded, to the

best knowledge, information, and belief of the employees making the entries. Ahlstrom expects open and transparent internal and external communications of the company's information.

Use of Ahlstrom's name, assets and information

The Ahlstrom name, assets and information belong to Ahlstrom and not to individual employees, regardless of position within Ahlstrom. All of the business information generated and used within the business is valuable to Ahlstrom and may be valuable to outsiders. Employees should carefully control the release of any business information, including confidential information given to Ahlstrom by a third party.

Human rights

Ahlstrom is committed to maintaining a safe, healthy workplace for all employees. No employee shall be subject to any form of abuse or harassment, whether physical or psychological. Ahlstrom shall not discriminate in employment on the basis of age, gender, race, ethnicity, religious beliefs, or political affiliation.

The environment

Ahlstrom shall employ state-of-the-art means for environmental protection.

The Code of Business Conduct is communicated through internal training sessions arranged by Corporate Legal Department. The entire Code of Business Conduct can be viewed at www.ahlstrom.com

Reporting parameters

Ahlstrom reports on three dimensions of sustainability: environmental, economic, and social performance, and follows the G3 Guideline issued by the Global Reporting Initiative (GRI) to the applicable level. Since Ahlstrom's most significant sustainability issues are linked with environmental impacts, the company's reporting focuses on environmental issues. Sustainability issues are reported as part of the company's Annual Report.

Scope of reported sustainability information

Information in this sustainability section, covering pages 46–67, follows the boundaries of the full group structure, with the exception of the health and safety as well as environmental data, which cover all of Ahlstrom's 33 manufacturing plants.

Changes in corporate structure in 2006

Ahlstrom acquired the specialty non-wovens manufacturer HRS Textiles Inc., based in Darlington, SC, USA in January 2006. The unit was included in Ahlstrom's accounts as of the date of acquisition.

In December 2005, Ahlstrom acquired the absorbent and blotting materials business of FiberMark in North America, and the filtration business of Lantor, Inc. including their manufacturing facilities in Bellingham, USA and Wuxi, China. The full impact of these businesses on HSEA matters materialized only in 2006.

Policies and practices on data reporting

Data concerning health, safety and the environment was collected at the Ahlstrom sites by the persons responsible. The data was then passed to the Health, Safety, Environment and Assets Coordinators of the business areas, who work closely with the sites to make sure that the data is collected properly and in accordance with corporate guidelines. Sensitivity checks are performed each month. Environmental data is measured, calculated and reported, with all facilities utilizing common practices based on the Best Available Technique Reference Document (BREF) for the industry. BREF was issued by the European Commission in the context of the Integrated Pollution Prevention and Control Directive (IPPC) of the European Union.

Health and safety data is collected at all sites and consolidated at both business area and corporate level.

Reporting principles are basically the same as in the previous year: Where steam and power generation are outsourced, Ahlstrom reports related CO₂ emissions only if they are allocated to Ahlstrom facilities in the National Allocation Plan. Where outside partners treat Ahlstrom's effluents, Ahlstrom does not report on their wastewater treatment performance. However, the total effluent volume is reported by Ahlstrom.

Contacts

For further information in sustainability matters, visit www.ahlstrom.com or contact the company at sustainability@ahlstrom.com.

Sustainable business practices

Managing operational risks covers, among other things, the health and safety of people, and the protection of the environment and assets (HSEA).

Ahlstrom's HSEA organization operates at Corporate, business area and site levels. The Corporate HSEA team develops and implements HSEA risk management strategies, sets targets and supports the business areas and sites. The management of each business area, together with local site management, is responsible for compliance with local laws and regulations, the implementation of policies, and also for managing risks to which their unit is exposed.

Ahlstrom's environmental management is described on page 58, human resources management on page 62 and health & safety management on page 66.

Plant asset protection

Plant asset risk management contributes to operational risk management by systematically improving the prevention of accidents and the protection of the company's production facilities. Most production facilities are examined

once a year, and continuous loss prevention and protection improvement programs are set up and reviewed. In this task, Ahlstrom is supported by the worldwide engineering capabilities of its insurers. A case story about the improvement of Ahlstrom's risk profile is presented on the next page.

Other policies established to ensure sustainable business

Ahlstrom has established several policies to ensure sustainable business



Product responsibility: FineFiber filtration media meets the new environmental requirements in the USA

As of 2007, the US diesel fuel industry must produce Ultra Low Sulfur Diesel fuel (ULSD) containing only 15 ppm (parts per million) of sulfur, down from the 500 ppm of previous diesel fuel grades. The reduction in sulfur content became obligatory as a result of renewed environmental standards.

These standards impose a dramatic reduction in emissions, mostly from diesel-burning trucks, buses and other heavy-duty vehicles. In order to meet the new requirements, new equipment such as Diesel Particulate Filters and oxidation catalysts, are necessary.

When combined with a Diesel Particulate Filter and/or oxida-

tion catalyst, the use of ULSD can provide a reduction of 20% to 80% in particulate matter, 90% of hydrocarbons, 90% in carbon monoxide and 15% to 20% in nitrogen oxides. However, these reductions come with a price – the refining methods of this new fuel result in a product with less lubricity and weaker cold flow properties. Therefore, fuel manufacturers need to use additives to maintain smooth engine performance.

Ahlstrom is working on all fronts of vehicle emissions reduction. In addition to actively developing media for Diesel Particu-

late Filters, Ahlstrom has been working closely with its customers to develop new media to filter ULSD fuel. The objective has been to develop a filtration media that performs with this new fuel plus additive formulation as well, or better than the current product. The result is a new material that combines cellulose-based, phenolic impregnated media with a synthetic nonwoven, manufactured using Ahlstrom's innovative FineFiber technology. The new filter media is today being used in fleets across the USA.

practices, such as its policies for international trade (anti-bribery), and for competition and antitrust. These policies are available to all Ahlstrom employees via the corporate intranet.

Summary of the International trade (anti-bribery) policy

In 1997, the nations belonging to the Organization for Economic Cooperation and Development (OECD) signed a treaty under which each member nation agreed to pass legislation that would criminalize bribery and corruption. Consequently, virtually all developed nations around the globe have now passed laws that make bribery a criminal act. In addition, it is widely recognized that the use of bribery to obtain business usually leads to other poor business practices, and creates the danger of further extortion.

In addition to the fact that it is Ahlstrom's policy to comply with all applicable laws and regulations, the company has formulated a specific corporate policy for international trade and anti-bribery. The key principle of the policy is that Ahlstrom, its subsidiaries, officers, employees, agents and representatives shall not engage in, participate in, or encourage any act of bribery of any official of a government in order to obtain business, to secure favorable treatment, or for any other corrupt purpose.

Summary of the competition and antitrust policy

Ahlstrom supports the idea of free enterprise and competition. Competition and antitrust laws seek to preserve and protect competition. These laws should therefore be viewed not simply

as a set of restrictions on the way business is conducted, but also as a legal tool which will further Ahlstrom's objectives.

Ahlstrom's competition and anti-trust policy sets forth the elements of European Commission competition law and US antitrust law, of which every Ahlstrom employee should be aware. The competition and antitrust policy prohibits, for example, price-fixing and other unlawful cooperation among competitors, while also providing Ahlstrom's employees with concrete practical guidelines, such as how to participate in trade association meetings.

Employees are encouraged to regularly review the guidelines in the policy via corporate intranet. In addition, Ahlstrom organizes internal seminars where in-depth information on antitrust compliance is given.



Clear improvement in risk profile enables cost savings

After the events of September 11, 2001, the global insurance market became more challenging than ever. At that time, knowing that the paper and board industry is the second most problematic one for any insurance company, it became obvious that Ahlstrom's risk profile needed to be significantly improved.

Since 2002 in the USA and from 2003 in other countries, Ahlstrom's property program has been covered by a Group Master Policy of the FM Global insurance company. In the beginning, only six Ahlstrom sites representing 26% of the company's

total insured value, were qualified as being HPR, Highly Protected Risk, by FM Global. At that time, Ahlstrom committed to the target set by FM Global of having 70% of its total insured value HPR rated by the end of 2006.

The target was reached in 2006, not only thanks to EUR 6 million investments in asset protection (mainly sprinklers), but also to the achievements at plant level. The commitment of local management in achieving notable improvements, both in the human factors and the promotion of a safe working culture, e.g. through

smoking policies, emergency response teams, subcontractor control and hot work permits, has been crucial to this success.

With the Saint-Séverin, France and Green Bay, USA plants now qualifying for HPR ratings, Ahlstrom has today 19 HPR rated facilities, corresponding to 74% of the company's insured value. In addition to creating a safer working environment, this program has improved Ahlstrom's loss experience profile, and has thus enabled significant savings in insurance premium rates.

Continuous interaction with stakeholders

Since the company's operations can affect its stakeholders in a number of different ways, Ahlstrom considers continuous dialogue with the stakeholders to be essential. Not only is this a corporate responsibility, but such dialogue serves to support risk management and helps the company to recognize new opportunities. The following table identifies Ahlstrom's key stakeholders, and provides examples of ways in which the company maintains its dialogue with them.

Employee issues are reported in more detail on pages 62-65 of this report.

Stakeholder group	Ways to interact
Customers	Face-to-face and other contacts via sales personnel in product lines and the global sales network Customer satisfaction surveys www.ahlstrom.com
Employees	Daily face-to-face contacts Performance dialogue process Education & training Employee opinion surveys Internal information meetings Corporate Intranet with a Q&A channel, internal magazine Ahlstrom's European Dialogue Local cooperation with unions and employee representatives
Shareholders and investors	Stock exchange and press releases Annual report and other financial reports Annual General Meeting www.ahlstrom.com (Investors subsection) Conference calls, one-on-one meetings, road shows primarily for institutional investors, Capital Market Days Investor exhibition and other events primarily for private investors
Suppliers	Face-to-face and other contacts via purchasing function and site personnel Theme days (e.g. innovation) Supplier surveys and Supplier of the Year Award
Society, e.g. national and local authorities, neighbors	Local level cooperation with authorities Open house days
Other stakeholders, e.g. non-governmental organizations, academia, media, business associations	Local / national level cooperation Guest lectures Stock exchange and press releases Media meetings & press conferences www.ahlstrom.com (Media subsection)

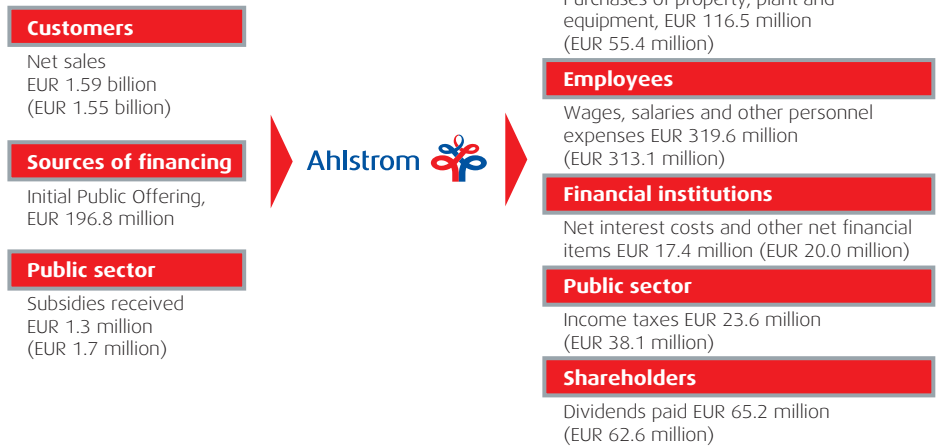
Ahlstrom's operations have a versatile economic impact

Economic performance reflects not merely the company's ability to meet shareholders' expectations, but it also relates to the company's wider importance within the society wherein it operates. Ahlstrom's plants are often located in smaller communities, where the company is a major employer and tax payer. In addition, the company's research, manufacturing, sales, distribution and other operations create a considerable number of jobs for suppliers, contractors and other service providers worldwide.

Economic impacts of climate change

The most evident impact of climate change on Ahlstrom's economic performance is the carbon dioxide (CO₂) emissions trading scheme within the European Union. The tradable emission rights are allocated to producers of CO₂ emissions, authorizing them to emit a certain level of carbon dioxide. Ahlstrom has had sufficient

DIRECT ECONOMIC IMPACTS IN 2006 (compared with 2005)



rights to cover its CO₂ emissions in 2005-2006, and the company expects its rights to cover the emissions also in 2007. Ahlstrom has sold excess emission rights on a quarterly basis.



Ahlstrom recognizes its best suppliers

Reliable suppliers that deliver high quality products and services play a vital role in Ahlstrom's success. In turn, Ahlstrom's intention is to raise the profile of its supply chain and to give recognition where merited by annually awarding its best suppliers.

There is a structured format to identify the best suppliers. At the end of each year, Ahlstrom's Corporate Purchasing asks all plants to name their best three suppliers within four categories: 1) natural fibers, 2) chemicals and synthetic fibers, 3) other produc-

tion-related purchases and 4) all other purchases. The next step is to grade the three selected suppliers according to specific ranking criteria developed by Ahlstrom. The criteria take into account factors such as quality and environmental matters, competitiveness, level of customer service, and innovative ability. A total of 14 different parameters are taken into consideration.

It is worth noting that these rankings and awards work not only as a tool for recognition – but they also act as a valuable tool in developing

and improving the relationship between Ahlstrom and its suppliers. In addition, the review process provides a good indication on suppliers' evolution from one year to another. Deviations are analyzed and reviewed together with the supplier.

Ahlstrom established the Supplier of the Year Award in 2004 with the first award going to pulp manufacturer Södra. Chemical supplier BASF received this recognition in 2005, while Teijin, supplier for synthetic fibers, was awarded the prize in 2006.



AHLSTROM'S GLASSFIBER REINFORCEMENTS, USED IN WINDMILL BLADES, HELP GENERATE
EMISSION-FREE ENERGY



Improvement in environmental performance across the board

In short, 2006 was a year of significant environmental achievements, creating momentum for further advances in 2007. Energy efficiency improved by 2.7%, water usage declined by 5%, and waste to landfill fell by 21%. Furthermore, Ahlstrom's CO₂ emissions per ton of product decreased by 2%. During the year, four additional manufacturing sites were certified to ISO 14001 making 24 Ahlstrom sites in all thus certified.

Measuring performance against goals

Ahlstrom has established six (6) group-wide key performance indicators (KPI's) that reflect targets within those areas that have the most significant environmental impact. They are:

- Water usage (m³/ton)
- Electrical efficiency (MWh/ton)
- Process heat (GJ/ton)
- Waste to landfill (kg/ton)
- CO₂ emissions
- ISO 14001 certifications

Production

In 2006, Ahlstrom's total gross production was 1,099,783 tons, representing a slight increase over 2005 levels. Some of this increase relates to three newly acquired sites: Bellingham and Darlington in the United States, and Wuxi in China. Conversely, PM1 at the Kauttua, Finland plant was divested in 2005. Production levels increased most notably within the Glass Nonwovens business area, where production output increased by 16%.

Materials

The principal raw materials used by Ahlstrom are various natural and synthetic fibers. While natural fibers still account for the major share of purchased raw materials, Ahlstrom also utilizes artificial, synthetic and glass fibers, reflective of the company's unique capability to utilize multiple fiber types in its processes. This capability gives Ahlstrom the advantage of manufacturing products with unique features and performance. In 2006, Ahlstrom used 833,000 tons (874,000 tons in 2005) of virgin raw material fibers, representing a 4.7% reduction. In addition, the company utilizes a variety of chemicals, e.g. binders, resins, fillers, and pigments, to produce or add value to its webs. In 2006, Ahlstrom utilized 391,000 tons of chemicals, a decrease of 3.2% from 2005 levels.

Use of waste materials

With the help of the group-wide performance improvement program, aPlus, and its productivity initiatives, Ahlstrom

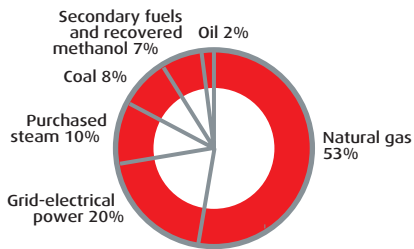
has placed increased emphasis on the reduction of waste and the reuse of waste materials. In 2006, the use of recycled paper and low-valued material increased by 12% to 46,000 tons (41,000 tons). This improvement not only serves to offset the purchase of virgin raw materials, but also reduces the overall disposal burden on the company.

Energy

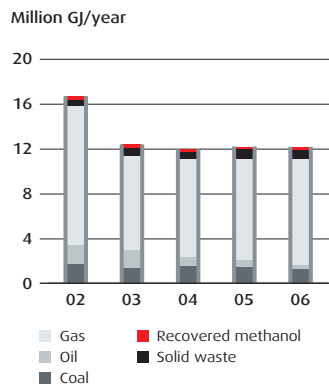
Despite increased production, total energy usage (electricity and process heat) decreased to 4.36 million MWh (4.45 million MWh). This improvement is principally the consequence of improved overall energy efficiency.

Ahlstrom continues to use natural gas preferentially. In 2006, natural gas accounted for 53.1% of total fuels utilized (51.4%). In addition, the use of secondary fuels (solid waste in Osnabrück and recovered methanol in the plants of the Filtration business area) increased by 8% over 2005 levels, and accounted for 7.3% of total

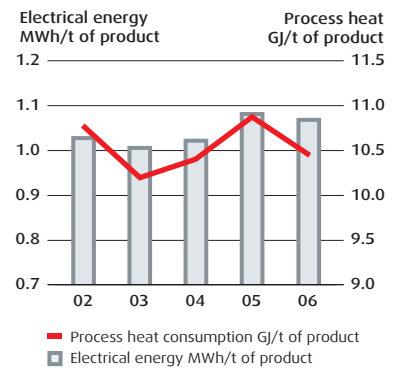
Sources of energy



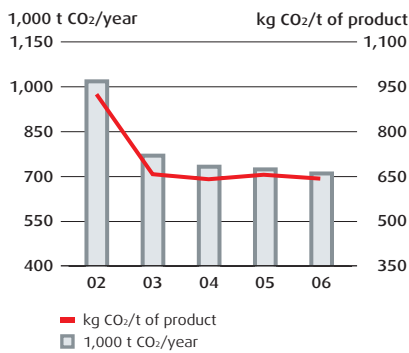
Shares of fuels



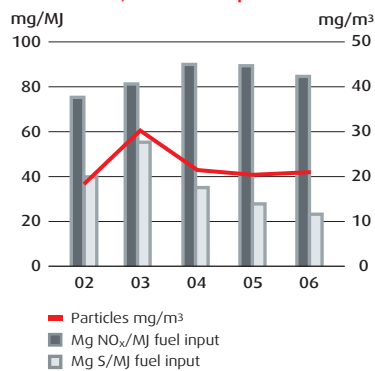
Energy efficiency



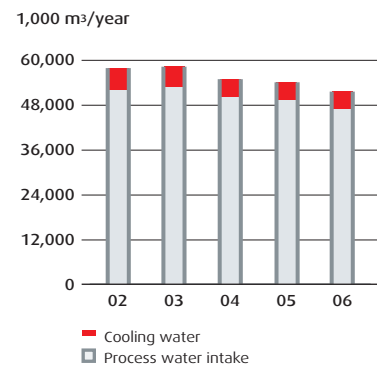
Combustion related CO₂ emissions



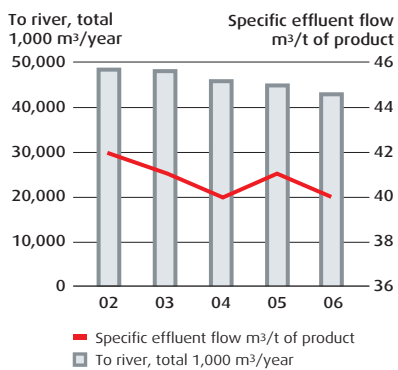
Emissions into the air: NO_x, sulfur and particles



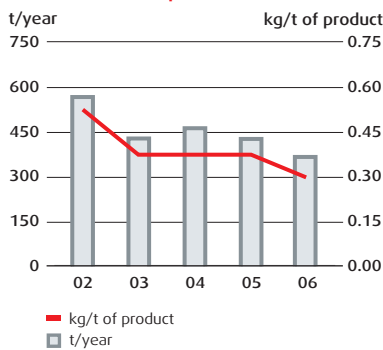
Total water use



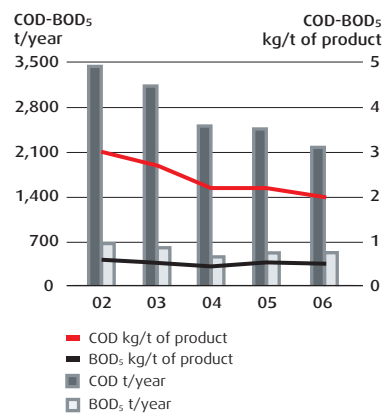
Effluent water

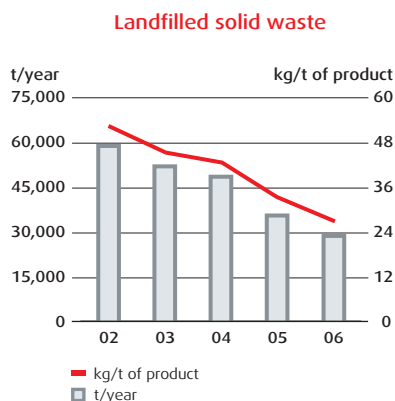
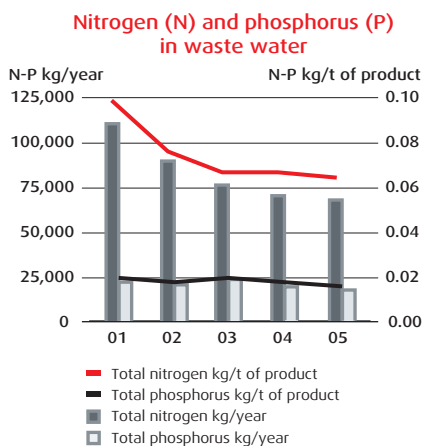


Effluents to water: total suspended solids



COD and BOD₅ in waste water





Site	Heat	Electricity
Karhula (FIN)	-9%	-10%
Windsor Locks (USA)	-2%	-5%
Mt. Holly Springs (USA)	-4%	-5%
Malmédy (B)	-7%	-4%
Turin (I)	-10%	-2%
Saint-Séverin (F)	-4%	-2%

MATERIAL USAGE

Raw material, tons	2006	2005	2004
Natural fibers ¹⁾	733,000	775,000	751,000
Chemicals ²⁾	391,000	404,000	351,000
Paper and board ¹⁾	10,000	13,000	103,000
Synthetic fibers ³⁾	100,000	99,000	96,000
Recycled paper/Non-valuated materials ¹⁾	46,000	41,000	105,000
Packaging ⁴⁾	26,000 ⁶⁾	26,000 ⁶⁾	22,000 ⁵⁾
Total	1,306,000	1,358,000	1,428,000

The table covers more than 90% of total material usage

¹⁾ All paper and fiber materials are indicated in their air dried weight

²⁾ The weight of chemicals as supplied

³⁾ Includes synthetic and glass fibers bought, as well as the raw materials used to produce them internally

⁴⁾ Excludes pallets, as this information is not available in tons

⁵⁾ Cores not fully included

⁶⁾ Cores fully included

energy used. The share of coal and fuel oil continued to fall as a percentage of Ahlstrom's total energy mix.

Energy efficiency

Energy efficiency refers to the input of both electricity and heat for the drying processes, divided by the gross tonnage produced. Ahlstrom has set a target to reduce energy input per ton of product by 10% over the five-year period from 2002 to 2007. Achieve-

ment of this goal, however, has been to some extent affected by acquisitions of more highly energy intensive businesses during the timeframe. Nonetheless, progress has been made. In 2006, electrical efficiency stood at 1.06 MWh/ton while process heat efficiency was 10.42 GJ/ton. Collectively, this represents a 2.8% improvement in energy efficiency versus 2005. The improvement in energy efficiency was driven by achievements at several sites:

Energy efficiency will continue to be an area of particular emphasis for Ahlstrom. Energy usage at each plant is being tracked on a monthly basis, not only to gauge progress against assigned targets, but also to quickly spot anomalies. Additionally, Ahlstrom will establish a special investment fund in 2007, dedicated to supporting projects focused on energy savings. Lastly, in order to increase energy visibility and attendant management oversight, energy metering and monitoring systems are being expanded at the operating plant level. As in the past, targeted audits will be employed to identify energy saving opportunities.

Emissions to air CO₂ emissions

The issue of greenhouse gases and global warming remains a key point of emphasis for Ahlstrom. The Emissions Trading Scheme (ETS), inaugurated by the European Union in 2005, continued in force through 2006. Ahlstrom operates 16 plants that are subject to the National Allocation Plans (NAPs) of the countries where they are located. Of these 16 sites, 12 are net emissions

ENVIRONMENTAL IMPACTS IN 2006

Natural fibers	733 kt
Other fiber raw materials	100 kt
Chemicals	391 kt
Recovered fibers/ non-valued material	46 kt
Paper and board	10 kt
Packaging	26 kt

Purchased electricity	3,495 tJ
Purchased fossil fuel	10,966 tJ
Utilized bio fuel	1,271 tJ
Purchased steam	1,683 tJ

Internal production power	724 tJ
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Water	51.2 million m ³
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Tons produced (gross)	1,100 kt
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Emissions to air	
CO ₂	708,857 t
SO ₂	567 t
NO _x	1,042 t

Discharge to river	
Water	43.8 million m ³
Suspended solid	366 t
COD	2,232 t
BOD ₅	557 t
Phosphorus	18 t
Nitrogen	70 t
AOX	8 t

Landfill	
Landfilled solid waste	29,063 t

creditors, whereby their CO₂ emissions are less than the amount allocated. Ahlstrom also remains a net emissions creditor in 2007. In 2008, Phase II of the emissions trading scheme will begin. While firm allocations have yet to be established for Phase II, Ahlstrom anticipates that it will have sufficient CO₂ credits to cover its needs.

In 2006, total CO₂ emissions were 708,857 tons, a slight reduction from the recasted amount of 2005 (717,046 tons). Additionally, although Ahlstrom's production levels increased in 2006, CO₂ emissions per ton of product decreased from 657 kg/ton in 2005 to 645 kg/ton in 2006, reflecting a 2% improvement.

While Europe is currently the focus of the regulation related to greenhouse gas reduction, Ahlstrom has adopted a goal of decreasing greenhouse gases at all of its facilities worldwide. The keys to achieve this target are: 1) improving energy efficiency, 2) switching to cleaner burning fuels, such as natural gas, whenever feasible, and 3) increasing the use of biofuels.

CO₂ emissions at individual plants are calculated by multiplying fuel usage by established, fuel specific, local emissions factors as set by local energy suppliers and energy industry associations. For the sites operating under NAPs, current and historical CO₂ emis-

sions were recasted in 2006 to reflect the official emissions factors assigned through the NAP. Ahlstrom only reports its direct combustion emissions.

NO_x, sulfur and particles

In 2006, emissions of both nitrogen and sulfur oxides decreased both on a total mass basis and on a concentration basis reflecting a continued transition from oil and coal to the cleaner burning natural gas. Particles increased marginally as a consequence of increased production.

Water and wastewater

The total amount of process water used in 2006 was 51.2 million m³ (54.1

million m³), representing a reduction of 5% despite increased production. Water usage per ton of product decreased by 6% from 49.5 m³/ton to 46.6 m³/ton in 2006. This improvement in water utilization was driven by two factors: the acquisition of dry-laid production capacity as well as water reduction efforts, most notably at the Louveira, (Brazil), Osnabrück (Germany), Pont-Audemer, Chantraine, Saint-Séverin (France), and Karhula (Finland) plants.

Wastewater

Total wastewater discharged in 2006 was reduced by 2.6% to 43.8 million m³. By the end of 2006, some 10% of Ahlstrom's process wastewater was being treated by third parties, prin-

cipally treatment plants operated by local municipalities. The accompanying graphs, depicting wastewater treatment effectiveness, reflect effluent only from treatment plants owned and operated by Ahlstrom. Pollutant loads contained in flows to treatment works owned by others than Ahlstrom are not represented here.

Total suspended solids (TSS) in 2006 wastewater effluents totaled 366 tons (434 tons in 2005) with 0.33 kg/ton of product. This represents a 16% improvement over the level recorded in 2005 (0.4 kg/ton), and was driven primarily by advances at the Windsor Locks, USA and Osnabrück, Germany plants.

Biological and Chemical Oxygen Demands

Biological Oxygen Demand (BOD₅) and Chemical Oxygen Demand (COD) provide an indication of the strength of the wastewater effluent in terms of its ability to deplete oxygen from the receiving stream. In 2006, Ahlstrom discharged 2,232 tons of COD, 254 tons less than in 2005 while BOD₅ discharges remained essentially at the previous year's level.

Nitrogen and phosphorus

In 2006, Ahlstrom's discharge of nitrogen decreased by 3% from the levels recorded in 2005. The reduction in phosphorus levels was more striking, decreasing by 10% from 20,599

Management approach	Responsibility	Management
<p>Ahlstrom's environmental policy is incorporated in its "Operational Risk Management Policy Statement". In large part, Ahlstrom's approach to the environment mirrors that embodied in the International Standards Organization's (ISO) 14001: 2004. This continual improvement model is based on:</p> <ol style="list-style-type: none"> 1. Identifying the environmental aspects and impacts of its operations and products. 2. Setting goals and objectives relative to these impacts. 3. Checking performance against these goals and targets. 4. Taking actions to continually improve environmental performance. <p>This model is applied to all phases of the product life cycle: from product development, through raw material sourcing, production operations, product delivery and ultimate disposal/recycle.</p>	<p>The principal responsibility for environmental performance is vested with the Senior Vice President of Technical Papers and Technology. As a member of the Corporate Executive Team, this position reports directly to the President & CEO on all environmental issues.</p> <p>Each business area has an HSEA Coordinator who is responsible for promoting Corporate environmental goals, standards and expectations, and for coordinating actions throughout his/her respective business unit.</p> <p>A three-person team operates at the Corporate level to provide in-house expertise in the areas of environmental stewardship, safety, and asset protection. The collective HSEA team meets quarterly.</p>	<p>A cornerstone of Ahlstrom's environmental approach is the belief that ISO 14001 provides a uniform systems framework for successful environmental operations management. Accordingly, it is the company's aim to have all of its operating sites ISO 14001 certified. To date, 24 of Ahlstrom's 33 operating plants, representing 90% of the company's production capacity, have been so certified. In addition, Ahlstrom has developed a list of 23 core health, safety, environmental and asset (HSEA) standards to which all operating sites are required to conform.</p> <p>A Corporate Assessment team conducts site inspections, visiting each operating site on a 3-year cycle, to gauge conformance to these standards. Recommendations are developed in conjunction with specific actions and schedules, which are monitored via a web-based tracking system.</p>

kilograms to 18,443 kilograms. Major reductions in phosphorus discharges were achieved by the Windsor Locks, USA and Pont-Audemer, France plants.

Waste management

Ahlstrom has established a hierarchy of waste disposal options taking into account the financial impact. The best option is not to create waste in the first instance. Failing that, internal and external recycling options should be pursued. If recycling is not viable, composting and energy recovery provide beneficial outlets. The least desirable disposal option is landfill.

Ahlstrom has established a key environmental performance target to reduce waste to landfill. In 2006,

Ahlstrom disposed of 26.4 kg/ton of product in landfills, representing a 21% improvement over the 2005 rate of 33.4 kg/ton.

Direct environmental investments

In 2006, Ahlstrom invested approximately EUR 4.0 million for improving

environmental protection. In addition, EUR 2.6 million was invested in the area of health and safety improvements and assets protection. Focus areas for environmental investments were energy efficiency and associated emissions reduction, wastewater treatment improvements, water conservation and odor control.

SIGNIFICANT ENVIRONMENTAL INVESTMENTS IN 2006

Plant	EUR million	Purpose
La Gère (F)	2.4	Heat recovery and odor control
Turin (I)	0.5	Waste management, air emission control, noise reduction
Karhula (FIN)	0.3	Water conservation
Rottersac (F)	0.1	Wastewater improvements
Chirnside (UK)	0.6	Odor reduction
Osnabrück (D)	0.1	Flue gas reduction, wastewater improvements

Water: making every drop count

Asked to name the most valuable liquid resource in the world, most would of course give oil as the answer. In fact, pure water is far more precious. With increased population and industrial needs, the global demand for pure water is greater than ever before.

Brazil is one of those fortunate countries with a wealth of natural resources, including fresh water. However, even Brazil is beset with a dilemma common to many countries: namely getting the water to the people. Since the main source is concentrated in the Amazon River basin, and not easily accessible to the population centers rimming the coast, competition for clean water in the huge southern population centers around Rio de Janeiro and São Paulo is intense.

Ahlstrom's Louveira plant is located about 100 kilometers south of São Paulo near the city of Campinas. It draws its water for production from a small river named the Capivari. Like most streams in the area, the Capivari is under intense pressure from residential and industrial development, effecting both its quality and quantity. Accordingly, the costs of water supply, as well as its treatment, have been steadily increasing. This was not only affecting the ongoing operations of the Louveira plant, but was also threatening to limit expansion plans.

Faced with this reality, the Louveira team embarked on an ambitious plan to reduce water consumption and to reuse wastewater. At the paper machines,

wastewater is recycled utilizing advanced filtration. The purified wastewater is then used in the shower systems in lieu of fresh water. Additionally, a portion of the output water from the fiber recovery operation has been redirected to the incoming side of the water treatment plant, effectively providing a closed loop system.

The results of these efforts have been dramatic. In the past year, water withdrawal from the Capivari has been reduced from 60 m³/ton to 35 m³/ton, a 42% reduction. Furthermore, the lessons and techniques learned from this project will be applied to the wiping fabrics line scheduled to start-up in 2008.



A close-up photograph of a person's arm and hand holding a small cluster of bright red rose petals. The hand is positioned over a white, shallow plate. The background is a soft, out-of-focus white. The overall mood is delicate and focused.

AHLSTROM **REDUCED THE NUMBER OF
WORKDAYS LOST** DUE TO ACCIDENTS BY 22% IN 2006.



HR supports strategy implementation

The mission of Ahlstrom's Human Resources (HR) function is to act as a proactive partner providing support to management in HR matters. In particular, the function works to attract, retain, develop and motivate employees, and to ensure compliance with legislation applicable to the HR area.

Global Human Resources Network

Human Resources professionals at the sites, at regional and corporate level form Ahlstrom's global Human Resources Network. Close cooperation and action oriented teamwork within the HR network are essential to leverage Ahlstrom's competencies, and for the effective transfer of success and creation of synergies. This contributes to the implementation of Ahlstrom's vision and strategy.

The role of Ahlstrom's Corporate HR is to focus on management resourcing supported by enhanced development programs and competitive rewarding systems, while region HR Leaders are in charge of the HR function within their respective regions and ensure that the global HR processes are consistently

implemented. At site level, the local HR professionals develop and maintain policies, procedures and tools regarding the local matters, as well as support local management and employees in HR activities.

Global HR processes: a systematic approach to key processes

Ahlstrom emphasizes certain key HR processes and applies them globally to ensure their consistent implementation. These three global key HR processes are: Compensation & Benefits, Management Development including the Management Planning (succession planning) and Performance Dialogue as well as Training & Competence.

Ahlstrom's compensation programs are designed to maintain an externally competitive as well as internally fair

and equitable compensation structure and their main task is to support all organizational units and individual managers in reaching or exceeding their preset annual targets. The long term incentive plan is explained in more detail in the Corporate governance section, pages 71-72.

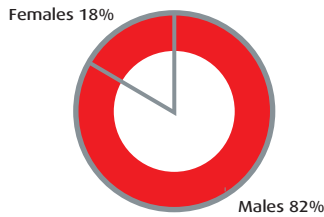
The target of Management Development process is to ensure that Ahlstrom attracts and develops capable management resources, critical to the company's success. The annual Management Planning (succession planning) process ensures that an up-to-date career and succession plan is in place at all times.

Through the Performance Dialogue process Ahlstrom wants to ensure that all key position holders of Ahlstrom know and understand their roles,

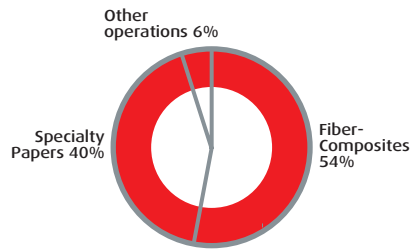
Summary of the Corporate Human Resources (HR) policies

- Ahlstrom's values, trust in the individual, and high ethical standards are the key principles by which HR issues are handled in a professional way, and in accordance with the rules and regulations of the respective country.
- The mission of Ahlstrom's HR function is to support the business by functioning proactively in partnership with the management to attract, retain, develop and motivate employees in an effective and efficient way. Corporate HR policies that support the HR organization in achieving this mission, are broken down into specific procedures. The policies include individual sections related to the HR organization, recruitment, job evaluation, compensation, performance dialogues, training and competence, and the management plan.
- The Corporate HR Policies are available to all Ahlstrom employees via the corporate intranet.

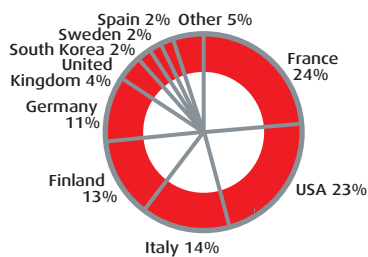
Employees by gender



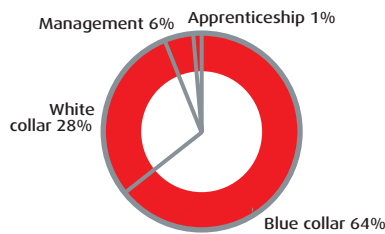
Employees by segment



Employees by country

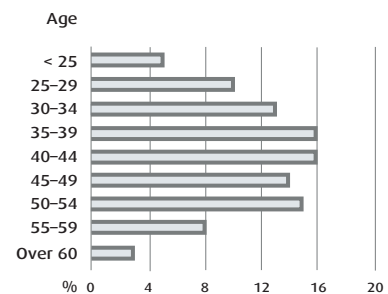


Employees by employment type



Temporary and part-time agreements cover in total less than 1% of Ahlstrom's workforce.

Employees by age group



responsibilities and priority targets. It is the main tool for evaluating past performance and, in particular, for setting clear personal targets.

Employee opinion survey underpins development areas

Employee opinion surveys help the Group to assess the organizational climate. In 2006, four plants in the USA and two sites in Finland conducted a survey. In total, 960 employees were able to express their opinion and be involved in designing concrete local action plans based on the findings.

Response rates in both countries were very high, 87% in the USA and 86% in Finland. The respondents assessed several themes, such as their own jobs, management and leadership,

Ahlstrom as a company and employer, work atmosphere, quality and their working environment.

In Finland, the results indicated that the overall job satisfaction has further improved. The previous employee opinion survey in Finland was conducted in 2004. Working environment, however, was pinpointed as an area of development. An external company produced departmental reports to help managers to acquire an accurate picture of employee concerns and establish an open dialogue with their teams.

In the USA, the results served as a good platform to identify major areas requiring attention and to make a development plan. At the US sites, overall satisfaction, job satisfaction and commitment to the organization were

identified as key strengths.

In 2007, the employee survey roll-out will continue to cover the whole organization. The next step will be to involve the global sales network in the process and start the deployment at the units which have not yet conducted a survey.

Training & Development builds competence and knowledge

Ahlstrom's portfolio of training and development activities is developed continuously to effectively support the management in meeting the business challenges.

In 2006, the internal training program, called "Stretching Knowledge", offered nine different programs and 20 sessions in Europe, the USA and

KEY FIGURES

	2006	2005	2004
Number of employees at year-end	5,677	5,525	5,755
Number of employees, annual average	5,650	5,605	6,121
Net sales per employee, thousand euros	283	277	256
Average length of service, years	10,3	11,87	11,20
Employee turnover rate, %	11,2	13,29	8,65

Asia for a total of 290 participants. This represented a close to 50% increase in participation from 2005. Three new seminars with a special focus on internal communication, asset risk and crisis management were introduced. Additionally, the "Stretching Knowledge" portfolio became more customer oriented through the inclusion of a strategic pilot initiative on "Key Account Management".

Ahlstrom's leadership development

programs continued also throughout 2006 with a total of 42 participants. With 300 managers trained over the last six years, the Junior Management Program (JUMP) and the Leadership Triathlon Program constitute the "leadership university" for the management development.

The Process Kaizen Engineer (PKE) program with a total of 24 participants was run during the year. The number of managers trained through this intense

managerial program, leading to a Performance Excellence Certification, increases every year and contributes to the operational performance of Ahlstrom sites.

In all Ahlstrom programs, the involvement of the senior management, either acting as trainers, mentors or as leadership ambassadors has proved to constitute the critical success factor to the learning process.

Other events

Corporate Management Meeting (CMM) was organized twice in 2006. Competencies were the main topic of the meeting in May which gathered 110 senior managers from around the world to share knowledge. The second CMM in November brought together 100 Ahlstrom managers to discuss the company's improvement program



Job rotation stimulates development and broadens perspectives

Job rotation is a crucial part of personal development at Ahlstrom. It offers excellent possibilities for learning international business practices, experiencing different cultures, as well as for deepening and sharing knowledge of the company's global operations.

Ahlstrom's goal is to create meaningful, challenging and effective learning opportunities for its employees to ensure the development of their skills, competencies and experience. This means giving

employees the opportunity to work abroad.

Roberto Boggio, currently an Operations Manager at the Hyun Poong, South Korea plant, knows about job rotation. In his nine years at Ahlstrom, he has been employed in five different positions in three countries. His first move, from Italy to Spain, did not involve a major culture change, but his transfer to South Korea in January 2006 certainly did.

aPlus. The meeting was facilitated by aPlus professionals from Ahlstrom units and the networking and interaction between colleagues contributed to a successful outcome of the meeting.

In September, representatives from Ahlstrom's global sales network and product lines, together with the company's top management, gathered for the annual Sales Network Forum (SNF). The theme for the SNF was "Profitable top line growth". The attendees had a chance to meet and exchange views with their colleagues from other sales offices as well as with the members of Ahlstrom's management team.

Constructive dialogue with employee representatives

Since 1996, the group has held a plenary meeting with employee representatives once a year as part of the

Ahlstrom European Dialogue (AED) to promote discussion on shared issues and to facilitate sharing of information.

In 2006, the annual plenary meeting brought together 21 employee representatives from eight countries. To ensure good communication, simultaneous translation was organized to let the representatives speak in their own languages. During the meeting, the President and CEO of Ahlstrom and members of the Corporate Executive Team exchanged views with employee representatives concerning the Group's strategy and various economic, financial and social issues of interest to all European countries. Health & Safety, employee survey and aPlus program were in focus in 2006. To involve all European countries where Ahlstrom has operations, and to promote open dialogue, the AED Working Committee

has been extended from five to eight representatives.

In addition to this body, dialogue takes place at company and site level, since local circumstances and employment issues need to be taken into account in order to provide appropriate technical solutions. Agreements are negotiated and signed in line with applicable legislation and local practices.

Number of employees grew slightly

At the end of 2006, Ahlstrom had 5,677 (5,525 at the end of 2005) employees representing a 3% increase. 72% of the employees worked in Europe, 23% in the USA and 5% in the rest of the world. With 24% of the total workforce, France has the largest percentage of employees, followed by the USA with 23%, Italy with 14%, Finland with 13% and Germany with 11%.

"Learning to understand the Korean spirit is an enriching experience. My personal approach is not to think much about my western background, but to enjoy the great local traditions and habits instead," he explains.

According to Boggio, job rotation benefits both the employer and the employee.

"It boosts innovation and is a good way to expand one's knowledge. To me, it has been a brilliant source of motivation."

Has he learned something in particular from his new Korean colleagues?

"I have identified several positive aspects. One of them is patience. My colleagues have a great sense of timing, with a real ability for waiting to see the total picture. However, patience does not mean passivity – it means waiting for the right time to define a strong and direct action."

"After one year in Korea, I can confirm that I need a few more

years to achieve my professional targets. I love my job, and feel that something more and better can be done. And if I ever feel homesick, I can always have a glass of good Italian wine," Boggio sums up.

Fatality emphasizes the importance of health & safety vigilance

Measuring performance against goals

Ahlstrom has established two group-wide key performance indicators (KPI's) that reflect targets within those areas of greatest significance in measuring health and safety impact. They are:

- AFR – accident frequency rate. The accident frequency rate is calculated by dividing the number of accidents that

result in absence, by the number of man hours worked and multiplying by 1,000,000.

- ASR – accident severity rate. The accident severity rate is calculated by dividing the number of absentee days, by the number of man hours worked and multiplying by 1,000.

Ahlstrom's health and safety results showed continuous improvement in

2006, even though the company did not achieve its goal of lowering the accident frequency rate (AFR) to 12 in 2006. However, the AFR improved from the 2005 level to 16.05, and 24 sites improved or maintained their rate. In addition, the overall number of lost time accidents fell for the fifth consecutive year, with 26 sites improving on their 2005 performance. These improvements resulted in a correspond-

Management Approach	Responsibility	Management
<p>Ahlstrom's health and safety policy is incorporated in its "Operational Risk Management Policy Statement". Ahlstrom's approach to health and safety is encapsulated within the company's Corporate Standards and Guidelines, which have been structured to match OHSAS (Occupation Health and Safety Assessment Series) 18000. This overall commitment is made to ensure that all Ahlstrom sites have an established health and safety management system. The aim is to eliminate or minimize risk to employees and other stakeholders who may be exposed to health and safety hazards associated with the company's activities.</p>	<p>The principal responsibility for Ahlstrom's health and safety performance is vested with the Senior Vice President of Technical Papers and Technology. As a member of the Corporate Executive Team, this position reports directly to the President & CEO on all health and safety issues. Each business area has an HSEA Coordinator who is responsible for promoting Corporate health and safety goals, standards and expectations, and for coordinating actions throughout his/her respective business unit.</p> <p>A Corporate HSEA team provides business units with in-house expertise in the areas of environmental stewardship, safety and asset protection. The Corporate HSEA team meets quarterly.</p>	<p>Ahlstrom's approach to health and safety is based on the implementation of corporate standards and guidelines at all sites. A corporate assessment team conducts site inspections, targeting each operating site on a three-year cycle, to gauge conformance to these standards. Recommendations are developed in conjunction with specific actions and schedules, which are monitored via a web-based tracking system.</p> <p>In addition, Ahlstrom is committed to the implementation of OHSAS 18000 across all sites on an ongoing basis. To date, 12 sites have received this or an equivalent accreditation.</p>

ing reduction of 22% in days lost due to industrial injury.

Despite consistent operating practices and encouraging developments in health and safety, Ahlstrom reported the death of one of its employees at the Stenay, France plant in 2006. The regulatory authorities are investigating the accident, and the results of the investigation will be made public when they become available.

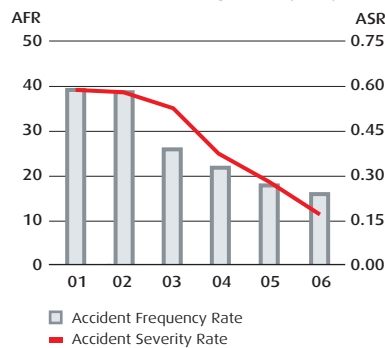
The development of health and safety orientated systems is being continued through the enhancement of accident reporting databases to enable all employees to directly input any incidents, and to receive feedback in a timely and structured manner. This system is designed specifically to ensure that employees and supervisors are provided with the necessary support to assist them in proactive accident prevention. Ahlstrom's

group-wide performance improvement program, aPlus, features health and safety as one of the keystones.

The three-year assessment cycle of all Ahlstrom sites was completed in 2006. This assessment activity resulted in the identification of some 550 actions being necessary to bring

our sites up to the standard required. Currently, 80% of these actions have been initiated. During 2007, the assessment cycle will recommence with the emphasis on examining the corrective actions that have been undertaken to ensure that they now comply with Ahlstrom's exacting standards.

Accident Frequency Rate (AFR) and Accident Severity Rate (ASR)



Excellence in health and safety performance in Madisonville is not accidental



For more than three years, Ahlstrom's Madisonville, KY plant in the USA has not had a single lost-time injury to report, thanks to the focused attention given to health and safety performance by all employees at the plant. The involvement of all personnel is central to this achievement, with time spent setting and explaining individual goals for each section, along with establishing and preparing the activities necessary to attain these aims.

Effective communication is vital, and to facilitate this, the daily Plant Managers Meeting starts with a review of the Key Process Indicators related to safety. To assist communication and avoid misinterpretation, all results are given as direct

counts within the individual work areas rather than as complex ratios.

Simplicity of actions is emphasised in every day activities, such as the mandatory use of safety glasses and safety shoes to eliminate small nuisance incidents.

The use of established standards, including Ahlstrom's Corporate Health, Safety, Environment and Asset protection standards, play an important part in the development of safety systems. These standards recognize that on-going training is vital, and considerable effort is invested in ensuring that all new employees and general contractors are successfully inducted. Continuation training for existing employees is not ignored and a training matrix outlining the

safety subjects that the local area supervisors will present is prepared to cover the full year.

The site's staff is also very enthusiastic about the advantages the group wide improvement program, aPlus, offers in providing a structured but innovative approach that allows the continuous development of all processes.

Last but not least is the aspect of recognition to all for a job well done. All safety milestones are appropriately celebrated. Most significant is the annual 'Corporate Safest Plant' award, and the staff at the Madisonville plant is very proud to have received this award three times during the last four years.

Corporate governance

In addition to applicable laws and its Articles of Association, in its corporate governance, Ahlstrom complies with the Corporate Governance Recommendation for Listed Companies issued by HEX, the Finnish Central Chamber of Commerce and the Confederation of Finnish Industry (2003), as well as the OECD Principles on Corporate Governance (1999). Since March 14, 2006, the Ahlstrom share is listed on the Helsinki Stock Exchange.

Organization

Ahlstrom reports its business in two segments, FiberComposites and Specialty Papers. The FiberComposites segment includes the following business areas: Nonwovens, Filtration and Glass Nonwovens. The Specialty Papers segment comprises the Label & Packaging Papers and Technical Papers business areas.

The governing bodies of Ahlstrom are the General Meeting of the Shareholders, the Board of Directors and the President & CEO. In addition, the company has a Corporate Executive Team, which is not a body under the Finnish Companies Act, and which

operates within the mandate of the President & CEO. The parent company of the Ahlstrom Group, Ahlstrom Corporation, is responsible for the administrative, business development, accounting, finance, HR and legal functions of Ahlstrom and also provides corporate services to the other group companies.

Annual General Meeting

The General Meeting of the Shareholders is the ultimate decision-making body of Ahlstrom, and normally convenes once a year. Certain important matters, such as amending the Articles of Association, approval of the Financial Statements, approval of the dividend, election of the members of the Board of Directors and the auditors fall within the sole jurisdiction of the General Meeting of the Shareholders.

In 2006, Ahlstrom Corporation held its Annual General Meeting of the Shareholders in Helsinki, Finland on February 14, 2006.

An Extraordinary General Meeting of the Shareholders shall be held whenever the Board deems necessary, or when such meeting must be held under the law.

The notice to the General Meeting of the Shareholders is published no more than two months and no less than 17 days prior to the Shareholders' Meeting in a Finnish language as well as a Swedish language newspaper published in Helsinki, Finland, selected by the Board. In addition, the notice is published as a stock exchange release on the same date. Information regarding the General Meeting of the Shareholders is also posted on the Internet site of the company. The Annual Report of the company is sent on request to shareholders prior to the Annual General Meeting of the Shareholders. The announcements of Ahlstrom are posted on the Internet site of the company.

Shareholders may attend a Shareholders' Meeting either in person or by proxy. In order to attend a Shareholders Meeting, a shareholder shall give prior notice to Ahlstrom to attend, by the date mentioned in the notice of the meeting. Only shareholders who, on the date set forth in the notice, are registered in the register of shareholders of Ahlstrom maintained by the Finnish Central Securities Depository are entitled to participate in a Shareholders' Meeting. Nominee-registered shareholders must therefore temporarily register in the register of shareholders of Ahlstrom to allow attendance at a Shareholders' Meeting. If a shareholder wishes to bring up a matter for consid-

eration by the Shareholders' Meeting, he/she shall present the matter in writing to the Board early enough for the matter to be included in the notice convening the meeting.

Dividend is paid to a shareholder who on the date of record for dividend payment is registered in the register of shareholders of Ahlstrom.

Board of Directors

The Ahlstrom Corporation Board of Directors (Board) consists of a minimum of five (5) members and a maximum of seven (7) members. The Annual General Meeting of the Shareholders confirms the number of members of the Board, elects them, and decides on their compensation. The mandate of each member of the Board expires at the end of the Annual General Meeting of the Shareholders immediately following their election. There are no limitations as to the number of terms a person can be member of the Board and no maximum age. Presently the company has seven (7) board members among which the Board has elected a Chairman and Vice Chairman. All of

the board members are non-executive. The Board considers all of the board members independent from the company and its major shareholders.

All board members are required to deal at arm's length with Ahlstrom Corporation and its subsidiaries and to disclose circumstances that might be perceived as a conflict of interest.

The Board has general authority to decide on and act in any matters not reserved by law or under the provisions of the Articles of Association to any other governing body of the company. The Board is responsible for the company's administration and the due organization of its operations. It confirms the company's long-term business strategies, values and policies, and approves the company's business plans and annual plans. The Board decides on major capital expenditures, acquisitions and substantial divestments of assets as well as approves the general framework for other capital expenditures. It also monitors the company's performance and human resources development. Each board member receives a monthly performance report from the company, including financial data and

management comments. The Board appoints and dismisses the President & CEO of Ahlstrom Corporation and his deputy.

Most of the Board meetings are held at the corporate head office in Helsinki, but from time to time the Board also visits other locations of the company and holds meetings there. If necessary, the Board also holds telephone meetings. The Board annually holds a two-day strategy meeting. The General Counsel of Ahlstrom acts as Secretary to the Board. In 2006, the Board convened fourteen (14) times, including three (3) meetings held as telephone meetings. The average attendance frequency was 93.9%. The President & CEO, the Chief Financial Officer and the General Counsel regularly attend the Board meetings. Other members of the Corporate Executive Team attend upon invitation by the Board.

The Board has established and approved Rules of Procedure of the Board to be a complement to the Articles of Association and Finnish applicable laws and regulations. The main principles of such rules are

SALARIES, FRINGE BENEFITS AND INCENTIVE PLAN BASED PAYMENTS IN 2006 FOR THE CORPORATE EXECUTIVE TEAM

EUR	Salaries and fees with employee benefits	Bonus	Incentive plan based payments	Total
President & CEO	526,128.00	212,750.00		738,878.00
Other Corporate Executive Team members	2,063,043.28	604,014.67	145,296.00	2,812,353.95

described in various parts of this Corporate Governance section.

The Board makes a self assessment of its performance, practices and procedures annually, by each board member filling out a questionnaire. The response of the board members is compiled, and discussed in a subsequent board meeting, and actions are taken to address the issues raised.

The remuneration of the Chairman, as decided by the 2006 Annual General Meeting, was EUR 5,100 per month and EUR 2,550 per month for the other members of the Board. In addition, each member of the committees receives EUR 1,100 for each committee meeting in which he participates. None of the board members receives any other remuneration from the company than that based on board membership. There is no pension scheme for board members.

Permanent Committees

The Board may appoint permanent committees and establish their working procedures. These committees report to the Board. In 2006, the Board appointed three committees, the Compensation Committee, the Audit Committee and the Nomination Committee.

According to the Rules of Procedure of the Board, the Compensation Committee decides on the compensation and benefits of the persons reporting to the President & CEO. In 2006, the members of the Compensation Committee were Johan Gullichsen (Chairman), Urban Jansson and Willem F. Zetteler. The Board in corpore decides on the compensation and benefits of the President & CEO. In 2006, the Com-

pensation Committee convened three (3) times.

According to its Charter, the Audit Committee assists the Board in fulfilling its oversight responsibilities. It reviews the financial reporting process, the system of internal control and risk management, the audit process, and the company's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the internal and external auditors.

The Audit Committee shall regularly update the Board about Committee activities and make appropriate recommendations. The Committee shall ensure that the Board is aware of matters which may significantly impact the financial conditions or affairs of the business. All Board members receive copies of the minutes of the Audit Committee meetings, and an oral report from each committee meeting is given to the Board by the Chairman of the Audit Committee.

The members of the Audit Committee in 2006 were Peter Seligson (Chairman), Jan Inborr and Bertel Paulig. All of the members must be independent of management and should each be capable of making a valuable contribution to the Audit Committee. In 2006, the Audit Committee convened six (6) times.

On September 6, 2006 the Board appointed a Nomination Committee. The main tasks of the Nomination Committee are to identify and propose candidates for election to the Board as well as to propose compensation of

the Board. In 2006, the members of the Nomination Committee were Johan Gullichsen (Chairman), Jan Inborr and Urban Jansson. In 2006, the Nomination Committee convened two (2) times.

President & CEO

The President & CEO is in charge of the company's operations and administration. He is accountable to the Board for the achievement of the goals, plans, policies and objectives set by the Board. He prepares matters to be decided on by the Board and carries out the decisions of the Board. The President & CEO is the Chairman of the Corporate Executive Team.

The total remuneration of the President & CEO, including fringe benefits and bonuses, was EUR 738,878 in 2006.

The President & CEO is participating in a voluntary collective pension insurance to which both he and the company make contributions of equal size. The annual maximum contribution of the company is one month's base salary of the President & CEO. According to the terms and conditions of the pension insurance the President & CEO may retire at the age of 60, at the earliest. The President & CEO's contract, which has been made in writing, may be terminated by either the President & CEO or the company with six (6) months' notice. In the event the company terminates the contract without cause, the company shall pay to the President & CEO a severance payment corresponding to eighteen (18) months' salary.

The company at this point of time does not have a Deputy of the President & CEO.

Corporate Executive Team

The Corporate Executive Team (CET) consists of the corporate top management as well as business area and functional leaders. The members of the CET are proposed by the President & CEO and appointed by the Board. The General Counsel of Ahlstrom acts as Secretary to the CET. The members of the CET report to the President & CEO. In total, there were ten (10) members of the CET in the beginning of 2007. In 2006, the CET convened eight (8) times.

The role of the CET is to support the President & CEO in performing his duties and to align the business organization and functions. Within the framework given by the Board, the CET monitors business performance, implements strategy and direction, initiates actions and establishes policies and procedures.

The total remuneration of the members of the CET, including salary, fringe benefits and incentive plan based payments, was EUR 2,812,354 in 2006. The remuneration of the President & CEO is not included in the figure. According to the Short Term Incentive Plan approved by the Board, the annual bonus payable to a member of the CET can as a maximum amount to the equivalent of 40-60% of his/her annual base salary. The amount of the bonus payable to a member of the CET is based on the Group's financial performance as well as the attainment of the individual performance targets mutually agreed between the CET member and his/her superior in the annual performance dialogue in the beginning of the year. The CET members are also

participating in the Long Term Incentive Plan approved by the Board.

No separate remuneration is paid to the President & CEO or the other members of the CET for membership on governing bodies of group legal units or associated companies.

The company has not given any guarantees or other securities on behalf of the members of the CET or the Board.

Stock options for management and key persons

On September 26, 2001, the Extraordinary General Meeting of Shareholders decided to issue 659,448 stock options to the top management of Ahlstrom (Option Program I). In the same Shareholders' Meeting it was decided to issue 1,092,620 new stock options to Ahlstrom management and key employees that did not participate in the first stock option program (Option Program II).

According to the original terms of both stock option programs, the subscription period for shares ended on April 30, 2006. Each stock option gives its holder the right to subscribe for one share in Ahlstrom Corporation. The subscription price of a share subscribed with a stock option is EUR 16.13 decreased by the amount of dividends per share distributed after January 1, 2002 and prior to the share subscription. Accordingly, as of December 31, 2006, the subscription price was EUR 9.22.

On December 13, 2005, the Extraordinary General Meeting of the Shareholders resolved to amend the terms of the stock option programs as follows:

The share subscription period of Option Program I was extended to expire on April 30, 2007. The share subscription period of Option Program II was changed to commence on January 1, 2007 and to expire on April 30, 2007.

In 2006, a total of 77,431 options of Option Program I and 572,448 options of Option Program II held by subsidiaries of Ahlstrom Corporation were annulled by the Board. After the cancellation of the said option rights, the share capital of the company can be increased by a maximum of EUR 873,025.50 (582,017 shares) based on the terms of Option Program I (2001), and by a maximum of EUR 780,258.00 (520,172 shares) based on the terms of Option Program II (2001), including the share subscriptions made under the programs prior to December 31, 2006 (in total 93,318 shares). On December 31, 2006 in total 164,862 stock options of Option Program I and 118,607 options of Option Program II were held by management. Since January 2, 2007, the options are listed on the Helsinki Stock Exchange.

On October 27, 2004, the Board approved a new Long Term Incentive Plan for key employees. During the period 2005-2007, each participant in the plan will each calendar year have the possibility to earn a predetermined maximum number of synthetic stock options based on which category the person in question belongs to. The actual number of options received for each year separately is based both on the performance of the Group (Earnings per share) and the personal performance of the participant. The personal performance targets are mutually

agreed between the participant and his/her superior in an annual performance dialogue in the beginning of the year. The value of the options is based on the development of the value of the Ahlstrom share during a three-year period. The pay-out, which is made in cash during the third year following the year for which the options have been earned, is determined by multiplying the number of options received with the change in the value of the Ahlstrom share. The value of the Ahlstrom share was determined by an independent expert when the Ahlstrom share was not yet publicly listed.

Originally, the maximum aggregate number of synthetic options to be earned during 2005- 2007 was 2,002,500. Based on the Terms and Conditions of the Plan, after the IPO, the maximum number of options was increased by the share issue multiplier of the IPO, 1.251. After the adjustment, the new maximum number of options is 2,505,128. The number of participants at the end of 2006 was 104. The President & CEO has the possibility to earn a maximum of 50,040 synthetic options per year while the other members of the CET have the possibility to earn a maximum of 25,020 options annually each. The recipient should invest at least 20% of the annual pay-out in Ahlstrom shares. Each CET member should invest 20% of the pay-out until the value of the Ahlstrom shares owned by the CET member amounts to his/her annual base salary. No synthetic options were earned by management for 2006, as the EPS target was not met. The synthetic options do not entitle their holders to subscribe for Ahlstrom shares.

Insiders

Ahlstrom follows the Guidelines for Insiders issued by the Helsinki Stock Exchange, complemented by the company's own Insider Rules approved by the Board. The company maintains its public and company-specific insider registers in the Finnish Central Securities Depository's SIRE system.

In accordance with the law, Ahlstrom's public insiders include the members of the Board, the President & CEO and Auditors as well as certain members of the Corporate Executive Team. Ahlstrom's register of company-specific permanent insiders includes individuals who are defined by the company and who regularly possess insider information due to their position in the company.

According to Ahlstrom's Insider Rules, persons listed as permanent insiders may not trade in the company's securities within the three (3) weeks immediately preceding the publication of the company's interim reports or financial statements release.

The company's legal department also maintains a project-specific insider register when necessary. Project specific insiders are prohibited from trading in the company's securities until the termination of the project.

Audit

In 2006, the Annual General Meeting of the Shareholders re-elected KPMG Oy Ab as the company's auditor and Sixten Nyman, Authorized Public Accountant, as the auditor in charge. The fees of the statutory audit for 2006 were EUR 869,429 in total in the Group. Other fees charged by the firm of auditors amounted to EUR 745,336 in the Group. The other fees were primarily related to

tax advice, acquisitions and the IPO of the Ahlstrom share.

Risk management

The objective of Ahlstrom Group's risk management is to support the achievement of the company's strategic and operational targets while protecting the company against loss, uncertainty and lost opportunity. Description of Ahlstrom Group's risk management approach and responsibilities related to risk management are defined in the Group risk management policy confirmed by the Board of Directors.

The Board of Directors has the ultimate responsibility for the Group's risk management. The Board has delegated to the Audit Committee the responsibility for overseeing the implementation of the risk management policies and for reviewing risk management principles and information regarding risk management. The CEO, Corporate Executive Team and company management are responsible for defining and implementing daily risk management procedures and ensuring that risks are taken into account in the Group's strategic planning. Risk Management Steering Group, consisting of senior management as well as functional and business area representatives, coordinates risk management activities and risk reporting in the company.

In Ahlstrom, risks are generally managed within the business units or functions where risks may occur. To realize economies of scale and ensure appropriate group-level control, certain risk management activities, particularly the management of financial risks and administration of insurance are centralized.

The company has classified risks that may affect its operations in three categories: strategic business risks, operational risks and financial risks. Risk management is discussed in more detail on pages 24-25. Financial risks are discussed in more detail in note 24 to the consolidated financial statements.

Internal Audit

The Ahlstrom Internal Audit is responsible for assessing and assuring the adequacy and effectiveness of internal control in the company. To the extent permitted by the law, the Internal Audit is granted free and unrestricted access to all relevant company units, functions, processes, records, property and

personnel. The Head of the Internal Audit administratively reports to the Chief Financial Officer, but on audit matters, the Internal Audit reports to the management and to the Audit Committee.

SHAREHOLDINGS AND STOCK OPTIONS OF THE BOARD AND MANAGEMENT ON DECEMBER 31, 2006

Board of Directors	Shares	Stock options
Johan Gullichsen	634,451	0
Sebastian Bondestam	100	0
Jan Inbarr	9,159	82,431
Urban Jansson	2,500	0
Bertel Paulig	5,000	0
Peter Seligson	227,798	0
Willem F. Zetteler	0	0
	879,008	82,431
Corporate Executive Team		
Jukka Moisio	15,265	137,385
Gustav Adlercreutz	3,053	27,477
Risto Anttonen	3,053	27,477
Tommi Björnman	50	9,044
Diego Borello	3,053	27,477
Randal Davis	0	0
Claudio Ermondi	0	9,044
Patrick Jeambar	3,053	27,477
Jari Mäntylä	3,000	9,044
Laura Raitio	0	9,044
	30,527	283,469
The Board of Directors and management in total	909,535	365,900



Johan Gullichsen
Chairman

Urban Jansson
Vice Chairman

Sebastian Bondestam



Jan Inbarr

Bertel Paulig

Peter Seligson

Willem F. Zetteler

Board of Directors

Johan Gullichsen

born 1936, M. Sc. (Chemical Eng.) 1962, Åbo Akademi University, D.Tech h.c. 1988, professor emeritus, Helsinki University of Technology; owner of Arhippainen, Gullichsen and Co.

Chairman of the Board 1987-98 and since 1999. Board member 1972-98 and since 1999

Member: the Finnish Academies of Technology (FACTE), the Swedish Academy of Engineering Sciences (STV), the Royal Swedish Academy of Engineering Sciences (IVA), the Technical Association of the Pulp and Paper Industry (TAPPI)

Other key positions of trust:

Chairman: the Walter Ahlström Foundation, the Runar Bäckström Foundation
Vice Chairman: the Walter and Andrée de Nottbeck Foundation and the Millennium Technology Prize Foundation

Primary work experience:

Professor in Pulping Technology, Helsinki University of Technology, 1989-99, founder and CEO, Arhippainen, Gullichsen & Co, 1970-, project engineer, Ekono, 1964-70, scientist, Finnish Pulp and Paper Research Institute (KCL), 1962-64

Urban Jansson

born 1945, Higher Bank Degree (Skandinaviska Banken), 1972, Director

Vice Chairman of the Board

since 2005 Board member since 1999

Chairman of the board: Jetpak Group AB, Rezidor Hotel Group AB, Siemens AB, Tylö®

Vice Chairman: Plantasjen A/S

Board member: Addtech, Wilh. Becker, CapMan Plc, Clas Ohlson, Eniro (to resign in 2007), Ferd A/S, HMS, SEB

Other key positions of trust:

member of Stockholm Stock Exchange Listing Committee

Primary work experience: President & CEO, Förvaltnings AB Ratos, 1992-98, Executive Vice President, Incentive Group, 1990-92, President and CEO, AB HNJ Intressenter (subsidiary of the Incentive Group), 1984-90, different positions, Skandinaviska Enskilda Banken, 1966-84

Sebastian Bondestam

born 1962, M.Sc. (Eng.) 1989, Helsinki University of Technology
Supply Chain Director EU Clusters, Tetra Pak (Executive Vice President, Supply Chain, Uponsor Corporation as of April 1, 2007)
Board member since 2001

Primary work experience: Vice President - Converting Americas, Tetra Pak Asia & Americas, US, 2001-04, Converting Director Americas, Business Unit Tetra Brik, Italy 1999-2001, Production Director, Tetra Pak, UK, 1997-99, Factory Manager, Tetra Pak, China, 1995-97

Jan Inbarr

born 1948, B.Sc. (Econ.) 1970, President and CEO of Ahlström Capital Oy

Board member since 2001

Chairman of the Board: Enics AG, Vacon Plc

Vice Chairman of the Board: Å&R Carton AB

Board member: Nordkalk Corporation

Other key positions of trust:

Board member: Stiftelsen för Åbo Akademi
Primary work experience: President and CEO, Ahlstrom Paper Group, 1996-2000, Deputy to the Group President and CEO, Ahlstrom Group, 1994-2000, Member of the Executive Board, Ahlstrom Group, 1985-2000, various managerial positions, Ahlstrom Group, 1972-1984

Bertel Paulig

born 1947, M.Soc.Sc. (macro economics) 1969, Executive Chairman of Paulig Ltd
Board member since 2005

Chairman of the Board: Paulig Ltd, Veho Group Oy Ab, Economic Information Office

Other key positions of trust:

Board member: Aseman Lapset ry, International Chamber of Commerce Finland, National Board for Economic Defence, Central Section, Institute for Scientific Information on Coffee (ISIC)

Primary work experience: Executive Chairman, Paulig Ltd, 1997-, Chief Executive, Paulig Ltd, 1986-97, Deputy Managing Director, Oy Gustav Paulig Ab, 1982-86, Managing Director, Finnboard (UK), 1979-82, various assignments, Finnboard 1969-78

Peter Seligson

born 1964, Lic. Oec. (HSG) 1986, Partner of Seligson & Co Oyj

Board member since 1999

Chairman of the Board: Broadius Partners Oy, Tiimari Oyj

Board member: Atine Group Oyj, Pricocoat Oy

Member: Folkhälsan

Other key positions of trust: Chairman of Skatte- och Företagsekonomiska Stiftelsen

Primary work experience: Managing Director, Alfred Berg Finland 1991-1997, Head of Sales and trading, Arctos Securities 1987-1991

Willem F. Zetteler

born 1945, B.Sc. (Econ.) 1971, former President and CEO of Otrá N.V.

Board member since 2001, member of the Ahlstrom Paper Group Board 1998-2000.

Board member: Trespa International B.V., Mercurius Groep B.V., PontMeyer N.V., Pearle Europe B.V., Kon. Ahrend N.V., Hoogland & Massee Holding B.V.

Primary work experience: President and CEO of Otrá N.V. 1996-99, Member of Executive Board of Sonepar Distribution 1998-99, Member of Executive Board of Otrá N.V. 1995-96, Managing Director and CEO, Koninklijke KNP BT's paper merchandising division, 1993-95, Managing Director and CEO, Corrugated Europe B.V. 1990-93, Managing Director, KNP Royal Dutch Paper mills in Belgium 1985-90, Managing Director, Proost & Brandt, 1982-85, various managerial positions at Fri-Jado-Wilmeta (OGEM) and Rank Xerox, 1971-82

Corporate Executive Team

Jukka Moisio

born 1961, President and CEO of Ahlstrom Corporation, M.Sc. (Econ.), MBA

Primary work experience:

Executive Vice President and Deputy to the President & CEO of Ahlstrom Corporation (2003-2004). From 2000 until 2004 he worked as President of the FiberComposites division. Previously, he was the CFO and Director of Business planning for Ahlstrom Paper Group. Before joining Ahlstrom in 1991, Mr. Moisio worked as an Associate for McKinsey & Company.

Gustav Adlercreutz

born 1957, Senior Vice President, Administration, General Counsel, LL.M.

Primary work experience:

Group Director, General Counsel of Ahlstrom Paper Group (1996-2000). From 1984 until 1995 he was Corporate Legal Counsel at A. Ahlstrom Corporation. Prior to joining Ahlstrom in 1984, he was an Associate at Roschier-Holmberg & Waselius Attorneys-at-Law.

Positions of trust:

Chairman of the Board: Jujo Thermal Oy
Board Member: Oy Sandman-Nupnau Ab, Suomen Vaimennin Oy, Suomen Autotuote Oy

Risto Anttonen

born 1949, Senior Vice President, Commercial Operations, B.Sc. (Econ.)

Primary work experience:

President of Ahlstrom's Specialties division (2001-2003) and of the former Industrial Products division (1999-2001). Prior to that, he was Managing Director of Ahlstrom Alcore Oy. Before joining Ahlstrom in 1991, he was Managing Director of Norpe Oy.

Positions of trust:

Board Member: Ensto Oy, Paperinkeräys Oy, Suomen Lehtiyhtymä Oy

Tommi Björnman

born 1966, Senior Vice President, Glass Nonwovens, M.Sc. (Eng.)

Primary work experience:

Various managerial positions in Ahlstrom Glassfibre since 1996, when he joined Ahlstrom. Prior to that, he worked as Planning and Sourcing Manager for Suomen Unilever Oy in Finland, and as Product Manager (R&D) for Wisapak Oy Ab.

Positions of trust:

Chairman of the Board: APFE, European Glass Fibre Producers Association
Board Member: KET, the Association of Consumer Goods and Special Product Industries.

Member: Energy Committee of EK, the Confederation of Finnish Industries

Diego Borello

born 1953, Senior Vice President, Label & Packaging Papers, M.Sc. (Chemistry)

Primary work experience:

President of the LabelPack division and the former Self Adhesive Division. Prior to that, he worked as General Manager, and earlier as Deputy General Manager and Commercial Director, of Ahlstrom Turin in Italy. He joined Ahlstrom in 1979.

Positions of trust:

Chairman of the Board: PaperPlus - Specialty Paper Manufacturers Association AISBL
Board Member: Industry Federation in Turin

Randal Davis

born 1956, Senior Vice President, Filtration, BSBA, Finance, MBA

Primary work experience:

Various leading positions within Ahlstrom's Consumer & Medical Nonwovens. In September 2000, when Ahlstrom acquired Dexter Nonwovens, he was Vice President Sales & Marketing for Dexter. During 1983-2000 he served in several sales & marketing positions within Dexter Corporation.

Positions of trust:

Board Member: New England Air Museum

Claudio Ermondi

born 1958, Senior Vice President, Nonwovens, M. Sc. (Theoretical Chemistry)

Primary work experience:

Vice President for the Filtration business area. During 1999-2000 he was Deputy Vice President, and from 1991 to 1998, European General Manager for the Filtration business. He joined Ahlstrom in 1984.

Positions of trust:

Member of the Board of Governors of EDANA (the European Disposable and Nonwoven Association)

Patrick Jeambar

born 1946, Senior Vice President, Technical Papers and Technology, M.Sc. (Paper Eng.), MBA

Primary work experience:

From 1997 until 2003, Mr Jeambar worked as Business Area Manager for Industrial Nonwovens and became in charge of HSEA (Health, safety, environment and plant asset protection) in January 2004.

Mr Jeambar joined Ahlstrom in 1996 following Ahlstrom's acquisition of Sibille Dalle, where he had served since 1987 as General Manager of the nonwoven activity. From 1974 to 1986, he held managerial positions at the Brignoud nonwoven plant.

Positions of trust:

Board Member: French Association of the Paper Industry (Copacel)

Jari Mäntylä

born 1959, Chief Financial Officer, M.Sc. (Econ.), M.Sc. (forest products technology)

Primary work experience: Financial Director from 2000 until 2005. Prior to joining Ahlstrom in 2000, Mr. Mäntylä worked as Corporate Controller of Fortum Corporation in 1998-2000. From 1994 to 1998 he was assistant vice president, group financial planning, of Outokumpu.

Laura Raitio

born 1962, Senior Vice President, Marketing M.Sc. (Chem. Eng.), Lic. Tech. (forest products technology)

Primary work experience: Vice President and General Manager for Wallpaper & Poster, Pre-impregnated Decor, Abrasive Base in Osnabrück, Germany 2002-2005. Previously, she served as Managing Director of Ahlstrom Kauttua Oy in 2001-2002 and as Director, Communications & Marketing, Specialties & industrial products division in 1999-2001. In addition, Ms. Raitio has held several managerial positions within Ahlstrom's specialty paper business since she joined the company in 1990.



Jukka Moisio
President & CEO

Gustav Adlercreutz
Senior Vice President,
Administration, General Counsel

Risto Anttonen
Senior Vice President,
Commercial Operations

Tommi Björnman
Senior Vice President,
Glass Nonwovens

Diego Borello
Senior Vice President,
Label & Packaging Papers

THE CORPORATE EXECUTIVE TEAM



Randal Davis
Senior Vice President,
Filtration

Claudio Ermondi
Senior Vice President,
Nonwovens

Patrick Jeambar
Senior Vice President,
Technical Papers and
Technology

Jari Mäntylä
Chief Financial Officer

Laura Raitio
Senior Vice President,
Marketing

Investor information

Ahlstrom's share and share capital

Ahlstrom's share has been listed on the Helsinki Stock Exchange as of March 14, 2006. Ahlstrom has one series of shares. All shares have one vote and carry equal dividend rights. The nominal value of the share is EUR 1.50. Ahlstrom's share is classified under the Materials sector of the Helsinki Stock Exchange and the trading code is AHL1V. The shares of the company are entered into the book-entry securities system of the Finnish Central Securities Depository.

In 2006, a total of 93,318 new shares of Ahlstrom Corporation were subscribed with option rights under the company's stock option program I (2001). After the corresponding increases in Ahlstrom's share capital, the share capital at the end of the review period amounted to EUR 68,492,605.50. The total number of shares at the year-end was 45,661,737. Together with the stock options, the number of shares may increase to a maximum of 46,670,608.

As of January 2, 2007 Ahlstrom's option rights under the company stock option program I (2001) and under the stock option program II (2001) have been listed on the Helsinki Stock Exchange under the trading codes AHL1VEW101 and AHL1VEW201.

Pursuant to its Articles of Association, the company's minimum share capital is forty-five million (45,000,000) euros and its maximum share capital is one hundred and eighty million (180,000,000) euros, within which limits the share capital may be increased or reduced without amending the Articles of Association.

Share price development and trading activity

During 2006, 10.7 million Ahlstrom shares were traded for a total value of EUR 246.0 million, excluding the over-allotment option exercised by the lead manager of Ahlstrom's Initial Public Offering. The lowest trading price during the year was EUR 19.92 and the highest EUR 25.45. Closing price on December 29, 2006 was EUR 22.65 and market capitalization was EUR 1,034 million.

Annual General Meeting

The Annual General Meeting of Ahlstrom Corporation will be held on Friday, March 30, 2007 at 1:00 p.m. at the Finlandia Hall, Mannerheimintie 13 e, Helsinki, Finland. Registration of shareholders participating in the meeting will begin at 12:00.

In order to attend the Annual General Meeting, a shareholder must be registered in the company's register of shareholders, held by the Finnish Central Securities Depository Ltd, on March 20, 2007. A shareholder must give prior notice to attend the Annual General Meeting to the company by 4:00 p.m. on March 23, 2007 to the head office of the company either through the company's website at www.ahlstrom.com/agm, by email to yhtiokokous@ahlstrom.com, by mail to Ahlstrom Corporation, Annual General Meeting, P.O.B. 329, 00101 Helsinki, Finland, by telefax to +358 (0)10 888 4789, or by phone during office hours to +358 (0)10 888 4726 (Armi Jaakkola) or +358 (0)10 888 4746 (Merja Tuovinen). Should a shareholder wish to be represented by proxy, an advance notice thereof shall be made together with the notice to attend. The proxy should be

delivered to the address above by 4:00 p.m. on March 23, 2007.

Dividend policy and payment of dividends

The company's policy is to pay a dividend averaging at least 50% of the profit for the period of the previous financial year.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.00 per share will be paid for the financial year 2006. The dividend will be paid to shareholders registered in the Register of Shareholders held by Finnish Central Securities Depository Ltd on the record date, April 4, 2007. The Board of Directors proposes that the dividend be paid by the Company on April 13, 2007.

Authorizations of the Board of Directors

At present, the Board of Directors does not have an authorization to buy back company shares. The Board of Directors will propose to the Annual General Meeting that the Board of Directors be authorized to resolve to repurchase and distribute of a maximum of 4,500,000 own shares in the company.

Shareholders

After the IPO on March 17, 2006, the number of shareholders was 15,950. At the year end Ahlstrom had 13,836 shareholders. The largest shareholder is Antti Ahlströmin Perilliset Oy holding 10% of the share capital. The breakdown of the shareholders is shown in the tables on the facing page.

Major shareholders

December 31, 2006	Shares and votes	%
Antti Ahlströmin Perilliset Oy	4,574,802	10.0
Mona Huber	1,256,700	2.8
Varma Mutual Pension Insurance Company	1,236,200	2.7
Jacqueline Tracewski	1,007,600	2.2
Krister Ahlström	870,919	1.9
Ulla Ahlström	743,538	1.6
Kaj Nahi	717,538	1.6
Niklas Lund	693,738	1.5
Kim Kylmä	663,000	1.5
Samuel Huber	639,600	1.4
Nominee registered	2,666,918	5.8
Other	30,591,184	67.0
Total	45,661,737	100.0

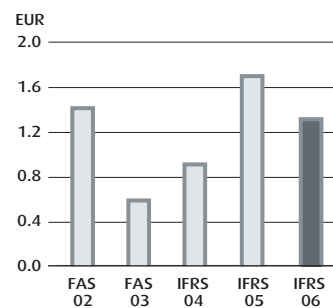
Ownership structure

December 31, 2006	Shares and votes	%
Finnish private investors	26,859,122	58.8
Corporations	5,141,952	11.3
Public sector institutions	2,630,881	5.8
Financial and insurance institutions	1,939,384	4.2
Non-profit institutions	976,279	2.1
Foreign holders	5,447,201	11.9
Nominee registered	2,666,918	5.8
Total	45,661,737	100.0

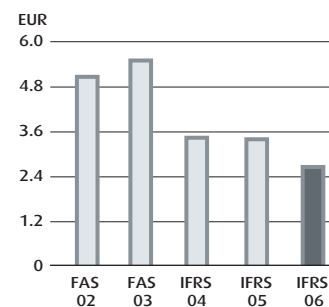
Distribution by number of shares, December 31, 2006

Number of shares	Number of shareholders	%
1-100	9,229	66.7
101-1,001	3,961	28.6
1,001-10,000	421	3.0
10,001-100,000	122	0.9
100,001-250,000	56	0.4
250,001-500,000	26	0.2
500,001-	21	0.2
Total	13,836	100.0

Earnings per share



Cash earnings per share



SHARE RELATED KEY FIGURES

EUR	2006	2005
Earnings per share	1.31	1.71
Cash earnings per share	2.72	3.48
Dividend per share	1.00 *	1.79
Pay out ratio %	76.3 *	104.7
Dividend yield %	4.4 *	n/a
P/E	17.3 *	n/a
Average number of shares during the period, thousand	43,802	36,418

*) The proposal of the Board of Directors to the Annual General Meeting
The dividend yield and P/E has been calculated based on the share price of EUR 22.65
(the last trading price on December 29, 2006)

Analyst coverage

To Ahlstrom's knowledge, at least the following investment banks and brokerage firms are covering Ahlstrom Corporation. The companies follow Ahlstrom on their own initiative and Ahlstrom takes no responsibility for any statements made by them.

- Calyon
- eQ Bank
- Evli
- FIM
- Handelsbanken Capital Markets
- Opstock
- SEB Enskilda

IR principles

The main goal of Ahlstrom's Investor Relations (IR) is to support a true and fair valuation of the Ahlstrom share at all times by providing correct, adequate and consistent information to the market in a timely manner. Ahlstrom follows the principle of transparency and impartiality and aims to provide good service to its stakeholders.

All investor enquiries are processed through the IR function. Investor communications include annual and interim reports, stock exchange and press releases, investor web pages

and a regular dialogue with analysts and investors. Ahlstrom organizes conference calls for its stakeholders in conjunction with the publication of its financial reports. Ahlstrom also arranges an annual Capital Markets Day.

Prospects

Ahlstrom provides a verbal description of its prospects in the "Outlook" section in the financial statement bulletins and interim reports. However, Ahlstrom does not give exact estimates on future net sales or profit development.

Closed period

Ahlstrom's closed period starts three weeks prior to the publication of the company's annual financial statement bulletins or the interim reports. During this period Ahlstrom is not communicating with capital market representatives.

Financial reporting and Annual General Meeting

Ahlstrom Corporation publishes its financial information in 2007 as follows:

Financial statements bulletin 2006
Annual report 2006
Interim report January – March
Interim report January – June
Interim report January – September

Friday, February 2
Week 11
Friday, April 27
Wednesday, July 25
Friday, October 26

Investor contacts

Anna Ahlberg
Investor Relations Manager
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Anne Pirilä
Vice President, Corporate
Communications and Investor Relations
Tel. +358 (0)10 888 4712

investor@ahlstrom.com

Ahlstrom's Annual General Meeting will be held on Friday, March 30, 2007 at 13.00 at the Finlandia Hall, Mannerheimintie 13 e, Helsinki.

Investor information is available at www.ahlstrom.com. Ahlstrom publishes its annual reports in Finnish, English and Swedish and interim reports in English and Finnish and a summary in Swedish. Stock exchange and press releases are published in English and Finnish.

Financial reports and press releases can be viewed or ordered at the company web pages.

Glossary

aPlus Ahlstrom's improvement program. The program consolidates the know-how and experience of Ahlstrom's employees and converts these best practices into daily routine. "a plus" plays a significant role in Ahlstrom's performance improvement.

Calender Machine used to make the surface of paper smooth and/or glossy. Two or more heavy cylinders impart heat and pressure as the paper web passes between them.

Coating Process of applying a liquid or clay-based paste to one (or both) surface(s) of a paper web, followed by drying or curing. It is used to give a smoother surface to improve the printability of paper or board.

Composite Combination of two or more specific materials that have a distinct interface between them.

Converter Entity that converts fabric on rolls to a finished or next-step intermediary product. Among other things, converters can process roll-good materials to prepare them for use by end-users (slit, dye or print).

Fiber Basic, threadlike structure that is the basis from which nonwovens, textile yarns, and papers are made. There are vegetable fibers, such as wood, cotton, and flax, and natural animal fibers, such as wool and silk. Man-made fibers include synthesized polymers such as polyester and nylon, modified natural polymers such as rayon, and mineral fibers such as glassfiber.

Fine fibers A proprietary process developed by Ahlstrom derived from the melt-spun nonwoven process. This technology produces 100% synthetic nonwoven materials with a unique fiber size distribution, 50% of the fibers being below 1 micron. The materials produced are especially well suited for various filtration applications including HVAC and liquid filtration.

HSEA Health, Safety, Environment and Assets protection.

Impregnation Treatment of certain filter papers, crepe papers and high end décor papers, where paper is saturated with chemicals and resins.

Label papers Usually one-side coated papers for labels used in the beverage and food industry as well as for industrial and office use.

Laminate Combination of different, pre-fabricated layers, into a permanent bond, using an adhesive to secure the bonding if required.

Medical fabrics Nonwoven, composite and crepe fabrics, which can be used in sterilization wraps, drapes, gowns, disposable devices, and accessories. Medical fabrics offer uniformity, strength, absorbency or repellency and are low-linting.

Nanofibers Fibers that are submicron in size. Ahlstrom produces nanofibers through its own process with fiber sizes below 0.3 microns. These synthetic fibers are "spun" onto another media (paper or nonwoven for example) and dramatically enhance the properties of the media, especially for filtration.

Natural fibers Fibers that come directly from wood, other plants or animals; such as mechanical wood pulp, chemical pulp, silk, wool, flax, and cotton.

Needlepunch Mechanically binding a web to form a fabric by penetrating the web with an array of barbed needles that carry tufts of the web's own fibers in a vertical direction through the web.

Nonwoven A sheet, web, or batt of fabric that is manufactured by bonding fibers together by other means than weaving. Nonwovens are produced from both natural and man-made fibers.

Pulp The basic raw material for producing paper and board, derived through a cooking process of wood chips, cotton, or other source of cellulose with water and other required chemicals.

Release base papers In a self-adhesive label stock, the back page of a label that is removed and discarded.

Roll goods Nonwoven fabric or a paper web rolled on core-tubing after being produced.

Specialty papers Coated and uncoated, calendered, crepped or impregnated papers including labeling, flexible packaging, greaseproof, decoration, crepe and wallpaper base papers designed and produced to meet specialized customer needs.

Specialty pulps Modified fibers made out of wood, different from commodity pulp, and used in very technical applications (filtration, absorbent materials, textile).

Spunlaced nonwovens A nonwovens process that involves use of high pressure water jets to entangle staple fibers with themselves.

Spunlaid / spunmelt A fiber web produced by spin laying, which creates a web that is consolidated into fabric in a single process, and which is bonded by one or more methods to provide fabric integrity.

Synthetic fibers Polymers synthesized from chemical compounds (nylon, polyester), transformed natural polymers (rayon, acetates), or minerals (glassfiber).

Vegetable parchment Paper that has been modified by sulphuric acid, to give it numerous unique natural properties such as a dense surface, a high mechanical strength, and a high degree of resistance to grease, water, and heat. These features make it the ideal paper for many uses: baking, fat wrapping, graphic art, textile tubes covering, decorative and technical laminates, and other industrial processes.

Wetlaid In the wetlaid (wet forming) process, a dilute slurry of water and fibers is deposited on a moving wire screen and drained to form a web, which can be further consolidated by pressing between rollers.



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 Germany, Italy, South Korea, Spain,
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A high-speed photograph of water splashing, creating a dynamic, flowing shape that curves from the top left towards the bottom right. The water is clear with some air bubbles and highlights, set against a plain white background.

Financial
statements 2006



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