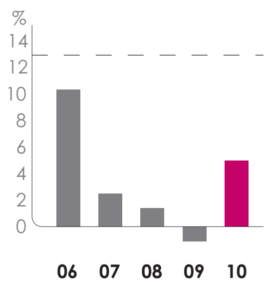
AHLSTROM

Annual Report 2010

Our goal is profitable growth

Long-term financial targets and dividend policy support our profitable growth strategy.

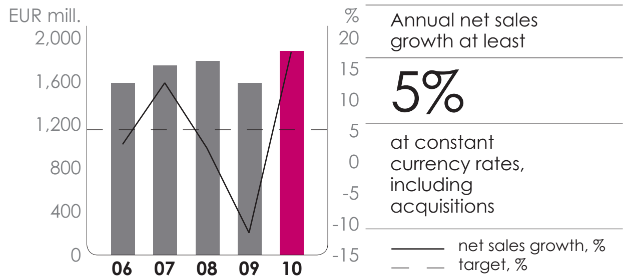
Return on capital employed



Return on capital employed (ROCE) at least

13% to be reached by 2012

Net sales

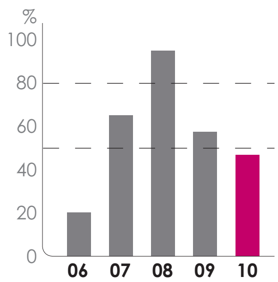


Annual net sales growth at least

5%

at constant currency rates, including acquisitions

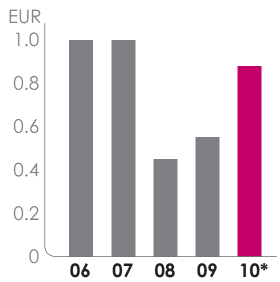
Gearing ratio



Gearing ratio

50–80%

Dividend per share



Ahlstrom aims to pay a dividend of not less than

1/3

of the net cash flow from operating activities after operative investments, calculated as a three-year rolling average

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

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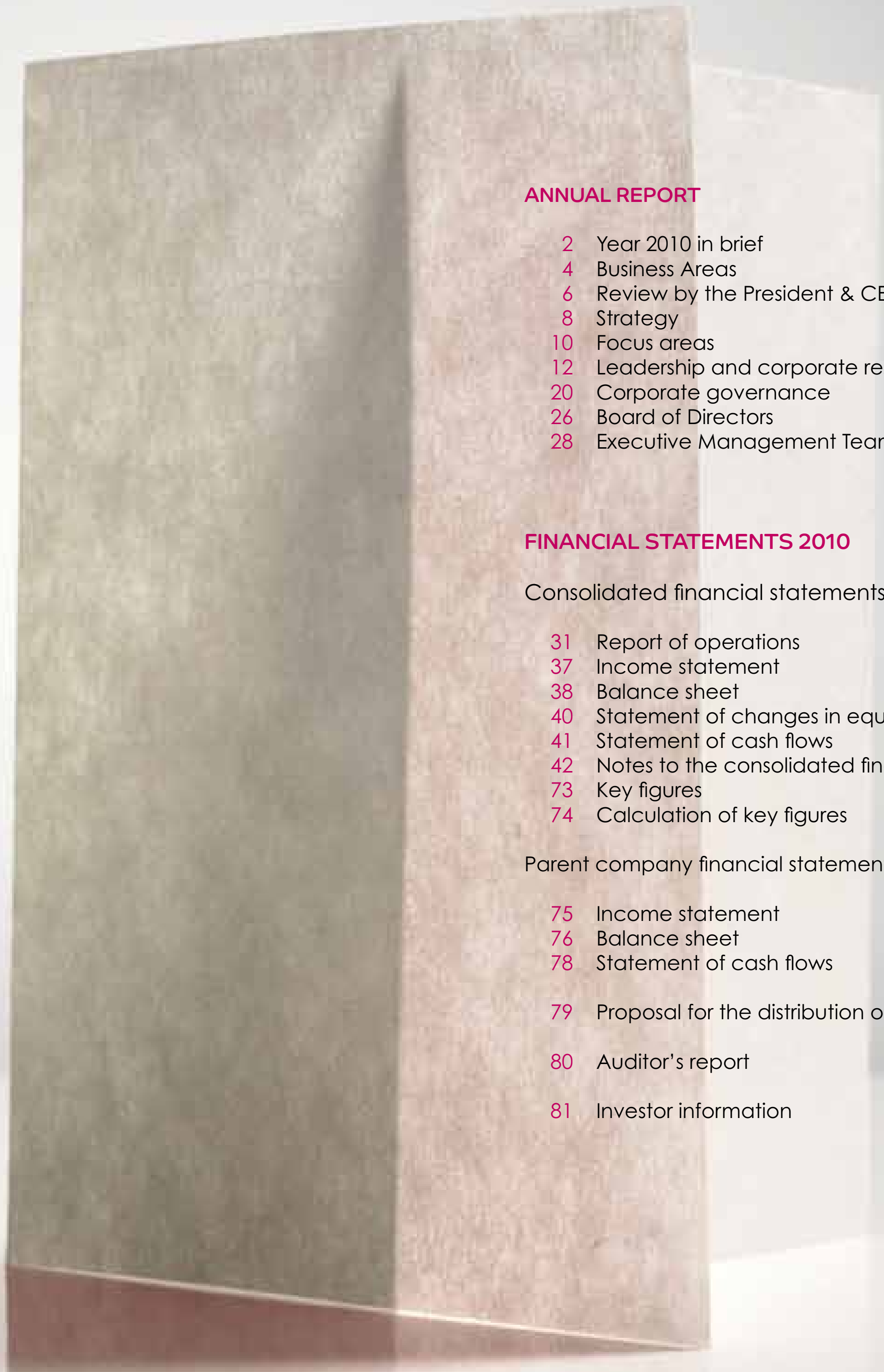


ANNUAL REPORT

FINANCIAL STATEMENTS 2010

Consolidated financial statements

Parent company financial statements, FAS

Demand increased, profitability improved

Net sales rose 18.7% to EUR 1,894.2 million. The growth was due to higher volumes and increased prices to cover higher raw material prices. Operating profit excluding non-recurring items rose to EUR 74.2 million from EUR 39.8 million.

The operating profit was positively impacted by increased volumes due to improved demand, and also by continued streamlining of operations and the restructuring programs of 2009.

18.7% increase in net sales

Net sales **1,894.2** EUR million

Net sales rose by **47%** in the Asia-Pacific region.

Ahlstrom's new financial reporting segments became effective at the beginning of July as part of the renewed organization and operating model.

Growth strategy in Asia moved forward

Ahlstrom completed in September the acquisition of a transportation filtration plant in China. In October, the company announced a joint venture for making crepe papers in China.

STREAMLINING OF OPERATIONS CONTINUES

A program to reduce production waste was started in the first half of 2010 with a target of EUR 20 million in cost savings fully visible from 2012.

A program started at the beginning of 2009 to reduce operative working capital was finalized. Operative working capital was cut by EUR 154.7 million (EUR 100 million target) and turnover rate reduced by 39 days compared with the end of 2008.

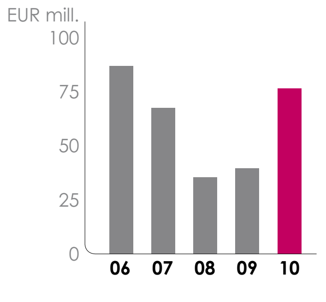
As part of a strategic product portfolio review, Ahlstrom decided to sell its Sealing & Shielding and Dust Filtration business units.

KEY FIGURES

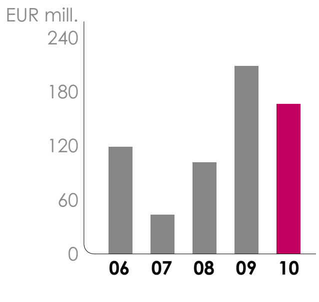
EUR million	2010	2009	2008
Net sales	**1,894.2**	1,596.1	1,802.4
Operating profit/loss	**53.7**	-14.6	14.6
Operating profit/loss excluding non-recurring items	**74.2**	39.8	35.7
% of net sales	**3.9**	2.5	2.0
Profit/loss before taxes	**25.5**	-40.1	-20.6
Profit/loss for the period	**17.9**	-32.9	-17.9
Earnings per share, EUR	**0.26**	-0.72	-0.38
Return on capital employed, %	**5.0**	-1.1	1.4
Gearing ratio, %	**46.9**	57.7	95.3
Net cash from operating activities	**167.5**	209.6	102.4
Capital expenditure excluding acquisitions	**51.1**	63.8	128.0
Dividend per share, EUR	**0.88***	0.55	0.45

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

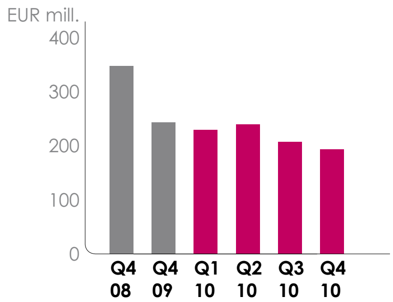
Operating profit excluding non-recurring items



Net cash from operating activities



Operative working capital

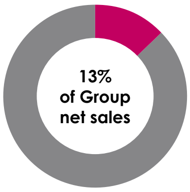


Competence and innovation in demand

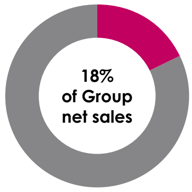
Five Business Areas

The businesses serve our clients, who convert the materials into their special needs.

BUILDING AND ENERGY



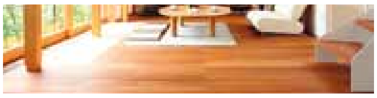
FILTRATION



Our materials are used in a wide variety of end-use applications

We make materials for various industrial applications and everyday products from both natural and synthetic fibers.

BUILDING AND FLOORING



> floorings
> building panels
> roofing materials

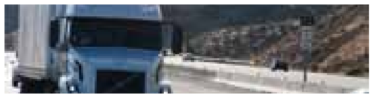
MARINE AND WIND

> wind turbine blades
> boat hulls
> sports equipment
> automotive and transportation applications

SPECIALTIES AND WALLCOVER

> wallcovers
> automotive interiors
> floorings
> industrial reinforcements
> fabric care

TRANSPORTATION FILTRATION



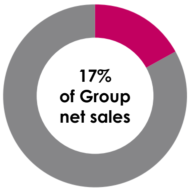
> automotive and heavy truck engine air, fuel and oil filtration
> cabin air and transmission filtration

ADVANCED FILTRATION

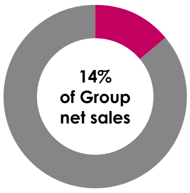
> food and beverage
> water and wastewater
> life science and laboratory
> process
> gas turbine filtration

Ahlstrom is a high performance materials company, partnering with leading businesses around the world to help them stay ahead.

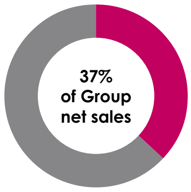
FOOD AND MEDICAL



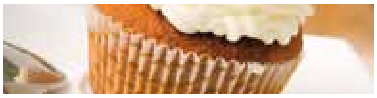
HOME AND PERSONAL



LABEL AND PROCESSING

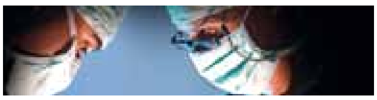


FOOD



> teabags
> fibrous meat casings
> masking tape
> food packaging
> butter and margarine packaging
> furniture laminates
> tubes

MEDICAL



> surgical drapes and gowns
> face masks
> sterilization wraps

WIPES

> baby care
> personal care
> home care
> industrial wipes

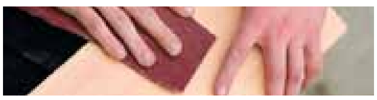
GRAPHICS AND PACKAGING

> metalized beverage labels
> metalized flexible packaging
> flexible packaging
> repositionable notes
> pharmaceutical packaging
> envelope windows

RELEASE AND LABEL

> release liners
> self-adhesive labels for consumer and durable products
> self-adhesive tapes
> materials and components
> wet-glue labels for food and beverages

PROCESSING



> sand papers
> indoor and outdoor advertising
> furniture laminates
> decorative panels

Clear improvement in financial performance

Our strengthened balance sheet has allowed to us to focus on implementing our strategy and developing our business.

How did the implementation of Ahlstrom's strategy progress in 2010?

We proceeded with our strategy of profitable growth; in 2010, the demand for and sales volumes of nearly all products manufactured by Ahlstrom increased. In our focus region Asia, we made an acquisition and established a joint venture in China. Our net sales also showed the fastest organic growth in Asia.

Our goal is to provide even better service to our global customers who have expanded their operations in Asia. At the same time, we create new, local customer relationships. Asia will play a significant role in the implementation of our strategy in the future as well as we want to increase the weight of the region in our operations.

We also aim to streamline our product portfolio. Thus, we decided to divest the manufacturing of sealing and shielding papers and dust filtration materials as they did not fit strategically our product portfolio.

How has the new operating model impacted the company's operations?

We started a very significant change program in the company, and the implementation of it will continue in 2011. Through the new operating model, we strive to increase customer focus in our operations and to harmonize processes throughout the organization. In leadership, the focus is on building stronger corporate culture, supported by our redefined values of acting responsibly, creating value, and learning and renewing.

Our objective is to build a unified and more dynamic company, which is well positioned to tackle external challenges.

At the beginning of the year, we started a renewal of our brand and brand identity as part of the change program in order to make them better aligned with today's Ahlstrom. Our core purpose is to partner with our customers and work together with them, enabling them to stay ahead in their industries.

2010 WE STARTED A SIGNIFICANT CHANGE PROGRAM > 2011 WE ARE BUILDING A MORE HARMONIZED CORPORATE CULTURE

We succeed only when our customers succeed – together we continue to stay ahead. This is crystallized in our new brand slogan, "Stay ahead".

How did the global economic recovery affect Ahlstrom financially?

Increase in demand was the strongest in Asia and South America, but growth compared to the previous year was also seen in Europe and North America, in particular in the automotive and construction industries. Our financial performance saw a clear turn for the better.

Our result was positively affected by the increased sales volumes and the continuous streamlining measures and the restructuring programs launched in 2009. We also paid attention to our pricing and succeeded in passing on the increased raw material costs to sales prices.

How did this affect the company's balance sheet?

Our balance sheet has strengthened, which allows us to focus on implementing our strategy and developing our businesses. The reduction of operative working capital has succeeded very well in the past couple of years. This, together with higher profitability, has improved our cash flow and enabled us to decrease our net debt.

At the end of last year, we issued a five-year bond in order to extend the maturity of our loan portfolio, and we signed a loan agreement with the European Investment Bank for research and development purposes.

What is the company's outlook?

We believe that the demand for most of our products will continue to grow this year, although the growth rate is expected to stabilize from 2010. Of our main markets, the Asian economies will continue to grow. In contrast, we anticipate that the development of European and North American economies will vary widely by area.

Nevertheless, we strongly believe that our more dynamic operating model and more effective cost structure will allow us to better face external challenges and to emerge as a winner.

I would like to close by expressing my warmest thanks to our customers, personnel, shareholders and partners for 2010. We have been working hard to both develop our businesses and build a new and harmonized Ahlstrom. I am convinced that we are on the right path for profitable growth.

Jan Lång
President and CEO

New growth, better profitability

Ahlstrom's strategy is to offer competitive and value-added fiber-based materials to create sustainable and profitable relationships with our customers.

The company specified its long-term financial targets at the end of 2010 to support its profitable growth strategy.

In line with Ahlstrom's strategy, the company has split its five Business Areas into two clusters, each requiring different types of competences to reach their targets.

Home and Personal and Label and Processing

support the company's growth by providing cash flow and targeting cost leadership. Continuous innovation is aimed to improve the cost competitiveness of customers.

Building and Energy, Filtration and Food and Medical

form Ahlstrom's strategic growth engine. Growth is sought organically and also through small acquisitions. We aim to continue to strengthen our position in Asia. Differentiation is the key driver; new and innovative products will improve the competitiveness of our clients and through this Ahlstrom can strengthen its global market position.

Ahlstrom targets at least

13% return on capital employed by the year 2012.

Annual net sales growth target is at least

5% at constant currencies, including acquisitions.

Gearing ratio within 50–80 percent range.

The development of businesses through cost leadership and differentiation was a focus area in 2010. This was implemented through acquisitions and divestments as well as by strengthening customer focus through the development of global key accounts and sales processes.

In 2011, this work will continue with the assessment of growth opportunities by leveraging our strengthened organization. Cost efficiency is sought through better management of the supply chain and profitability safeguarded by active pricing management.

AHLSTROM IN THE VALUE CHAIN

Focus areas in 2010

- Stronger customer focus
  - Development of global key accounts and sales processes
- Expansion in growth markets, particularly in Asia
  - Acquisition of transportation filtration material plant in Binzhou, China
  - Joint venture with Yulong Paper for production of medical papers and masking tape substrates in Longkou, China
- Strengthening and harmonization of corporate culture
  - Renewed values
- Harmonization of global processes
- Continuous development of operational improvement

New products accounted for **16%** of net sales.

The restructuring programs of 2009 with targeted EUR **55** million in savings were successfully completed.

EUR **12** million in 2011 into development programs to harmonize global processes.

2011

>

- Leverage improved organizational strength to develop organic growth
- Safeguard profitability through active pricing management
- Execute strategic agenda by
  - Continuing active assessment of growth strategy in Asia
  - Seeking strategic growth opportunities in defined growth businesses
- Cost efficiency improvement in the supply chain
- Continue development initiatives by
  - Strengthening of global processes
  - Continuing development of global key accounts and sales processes
  - Strengthening of leadership competences
  - Spend EUR 12 million in development initiatives

Responsibility is present in all of our operations

For Ahlstrom, sustainability means a balance between economic, social and environmental responsibility. Our Code of business conduct forms the basis of corporate responsility.

Economic responsibility means responsible business conduct. Social responsibility is natural part of Ahlstrom´s way of operating. Environmental responsibility means minimizing the environmental impact of Ahlstrom´s operations. This means supporting of sustainability from raw material sourcing to end-use applications.

40* plants, of which 12 have a chain-of-custody certification

* As of January 1, 2011, Ahlstrom has 37 plants

Headcount of **5,639** people at the end of 2010

8 plants use all of landfill waste in energy production

82% of raw materials renewable

”For us, sustainability is about concrete actions. Reduction of raw material usage is not just socially responsible but at the same time a driver for improving our financial performance.”

Jan Lång, President & CEO

Leadership focus on building a harmonized Ahlstrom

The building of harmonized operational models and corporate culture, "One Ahlstrom", was the key objective in leadership in 2010. This endeavour will continue in the current year.

A new operational model was created to support the company's revised strategy. Special attention was paid to the streamlining and development of company-wide processes such as sales and the supply chain. The renewal of Ahlstrom's corporate brand and identity was also started at the beginning of 2011 in line with the company's strategy.

An important objective in building a harmonized and stronger corporate culture is to create a performance-based culture at Ahlstrom, where a target-oriented, motivating and open work environment is valued. To support this, we crystallized our values, highlighting responsibility, value creation, and learning and renewal. A significant number of Ahlstrom's employees participated in value discussions in the latter half of last year. Incorporating the values into the everyday operations and company-wide processes will be among focus areas in the current year.

Strong employee commitment

92 %

of the employees participated the employee survey feel that their contribution is important for Ahlstrom.

Ahlstrom has employees in

26

countries and on

6

continents.

Ahlstrom carried out an extensive employee survey, the first one in its history, among all personnel groups. The survey measured personnel commitment and job satisfaction.

According to the results, the employees' strong commitment to their work is one of the most important strengths of Ahlstrom.

The survey revealed that intensifying and improving cooperation between different countries and units and the development of leadership were considered significant development areas. Other areas for improvement included the promotion of teamwork and communication. On the basis of the results, all units will compile development plans. Implementation of the plans will be monitored on a regular basis.

Personnel diversity as an advantage

We respect the individuality of our employees and acknowledge that the variety of backgrounds, skills, competence and perspectives benefits our business operations, providing us with a better understanding of the global markets in which we operate. Personnel management practices and processes strive to promote this diversity in all of Ahlstrom's operations.

Voluntary employee turnover rate was 4 percent in 2010, in line with the industrial average. The target is to keep the rate at about the same level in 2011.

Continuous personnel development

The annual goal and development discussions were carried out in line with company-wide process in 2010. Harmonizing this model and skills development are areas which will be given special attention in developing operations in 2011. Key competencies and their target levels were defined to support personnel competence development.

Actual development methods applied included job rotation and both internal and external training. Active job rotation is an important tool for developing employees and the entire organization and, to this end, applying for internal open positions has been made more effective.

To support the new operational model, personnel in sales and customer service in particular have received training.

Important objectives for personnel and management in 2011 include the development of leadership, launch of extensive management development programs as well as

competence development throughout the organization.

Good performance is rewarded

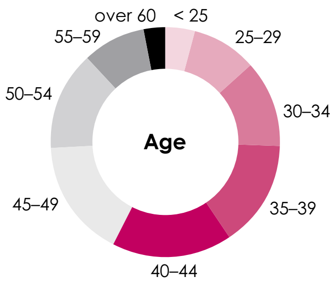
Ahlstrom's white collar employees take part in a unified bonus plan in which rewarding is based on both the company's financial success and each employee's personal performance. Other employee groups have their own country and plant-specific rewarding systems.

The corporate governance section provides more detailed information on the compensation of the company's Executive Management Team, incentive programs and increasing the ownership of shares.

Declining trend in accidents

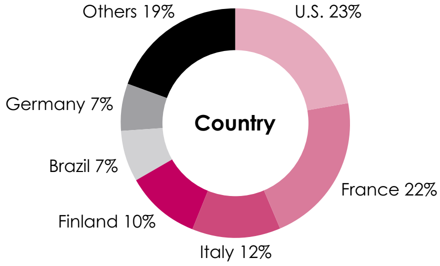
In occupational health and safety, our goal is to prevent accidents completely. Our goal is to reduce by 2015 the accident frequency rate from five to one per million hours worked. Last year, the accident frequency rate rose to 5.6 from 5.2. The index indicating the severity of accidents decreased to 0.11 from 0.16.

Headcount* by age



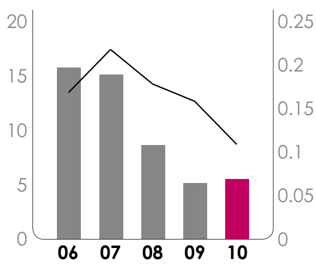
* Employed 31.12.2010

Headcount* by country

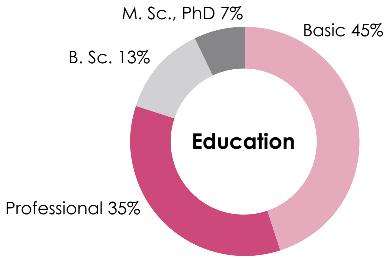


* Employed 31.12.2010

Accident Frequence Rate (AFR, columns) **and Accident Severity Rate** (ASR, line)



Headcount by* educational level

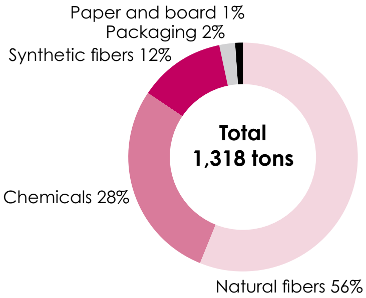


* Employed 31.12.2010

Life cycle efficiency of our products adds value. As an example, a comparative study indicated that the environmental impact of specialty papers is smaller than that of our competitors' materials.

Source: PaperImpact Life Cycle Assessment 2010

Material Flow



KEY ENVIRONMENTAL PERFORMANCE INDICATORS

	2010	2009	2008
Water Intake, m^3/T	**41.9**	43.4	42.6
Electricity usage, MWh/T	**1,036**	1,045	1,034
Heat usage, GJ/T	**10.29**	10.11	10.05
CO_2 direct emissions, kg/T	**572**	559	547
Waste, kg/T	**15.6**	17.4	19.8
ISO 14001, Plants	**28**	27	27

Material waste, emissions and landfill waste were reduced

Our raw materials are for the most part (82 percent) renewable, mainly wood pulp. Synthetic fibers are oil-based, and our glass fibers are mainly made of quartz sand. We also actively follow the development of polymers made from renewable sources.

The origin of fiber is important to us, and all our wood pulp suppliers are third party certified according to FSC* and/or PEFC** standards. The management of all supply chains in a sustainable manner is nevertheless important to us. Our sales of certified products more than doubled for a second consecutive year.

An effective supply chain burdening the environment as little as possible benefits everyone. In 2010, we started a project to reduce material waste in production. This equals to savings of approximately EUR 20 million in the consumption of raw materials and energy per year.

Carbon dioxide emissions increased compared to the previous year, mainly because of cold weather in the first and fourth quarters in the northern hemisphere. While we benefited from the European emissions trading scheme, our main priority is now to prepare for the post Kyoto agreement of 2012.

The quantity of landfill waste decreased further 10 percent. Currently eight of the 40 plants we had at the end of 2010 plants did not use landfills at all but all waste was reused for the production of energy. We are also actively seeking other utilization opportunities for side stream materials.

* Forest Stewardship Council
** Programme for the Endorsement of Forest Certification

Sustainability framework

The company takes a three-step approach to sustainable development: sustainable sourcing of raw materials, efficient manufacturing and product life cycle thinking.

1. SUSTAINABLE RAW MATERIAL SOURCING

Certified fiber sources

Sustainability assessment for other suppliers

2. SUSTAINABILITY IN MANUFACTURING

Safety in workplace

Water use
Waste minimization
Resource efficiency
Energy use
Minimized emissions to air, water and soil

3. LIFE CYCLE THINKING FOR PRODUCTS

Minimized environmental impacts of the products over their life cycle

Social impacts

Design for environment

Sustainable development is part of everyday operations

According to a survey commissioned by Ahlstrom, stakeholders from customers to investors highlight sustainable development being integrated into our everyday business operations. Stakeholders increasingly pay attention to products' life cycle impact and related risks. Many customers are also willing to cooperate in order to reduce the environmental impact of products.

Ahlstrom will develop its corporate responsibility reporting this year, and the company will publish its first standalone Corporate Responsibility Report in April. For more information, please see the Report and our website at www.ahlstrom.com.

Customers

"Our main focus now is to look at the impact of our products on ecosystems and global warming – and really take a holistic view of their impact."

"We would be interested to know if Ahlstrom could work with us to jointly develop and market sustainable products that customers would be willing to pay a premium price for."

"We will achieve our sustainability goals only through product innovation – and of course this means that we need our suppliers to be innovative too."

"We are interested in participating in supplier-led sustainable product innovation programs we want our suppliers to take the initiative".

Investors

"There are stages. Some companies are just starting to work on sustainability – they have to put all their resources into producing information. But when this is standardized, they can start innovating."

"There has been a very big shift in the agenda when it comes to assessing performance. It's no longer analysing just the operational part of the business – it's all about products now."

Corporate Governance

Ahlstrom Corporation is a Finnish limited liability company that is listed on the NASDAQ OMX Helsinki. In its governance, Ahlstrom complies with applicable laws and regulations, its Articles of Association and the Finnish Corporate Governance Code issued by the Securities Markets Association in 2010.

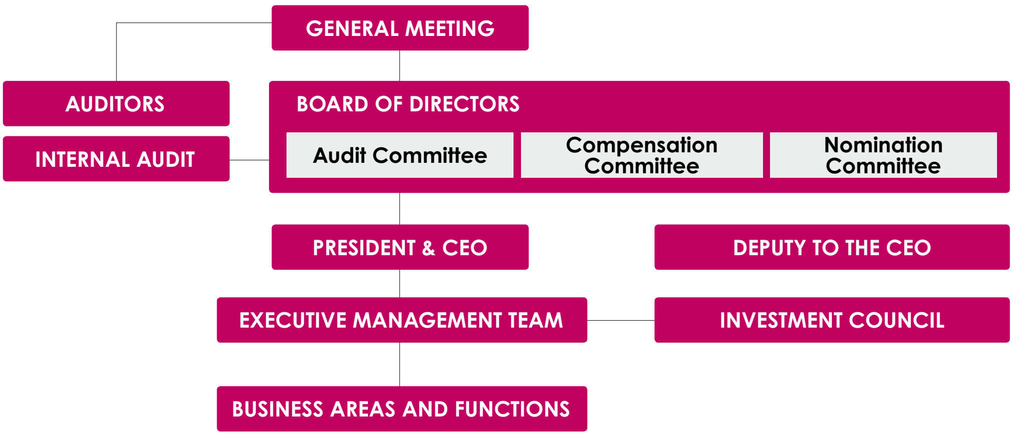
Ahlstrom departs from recommendation 22 of the Code as, in addition to three board members, there are two non-board members, Carl Ahlström and Risto Murto as members of the Nomination Committee. The current composition of the Nomination Committee aims at increasing shareholder influence in nomination matters. Carl Ahlström represents Antti Ahlströmin Perilliset Oy and Risto Murto represents Varma Mutual Pension Insurance. Both companies are major shareholders of Ahlstrom.

This is the summary of the Corporate Governance Statement 2010, which is available on the Company's website www.ahlstrom.com.

General Meeting

The General Meeting is the ultimate decision-making body of Ahlstrom. Its tasks and procedures are defined in the Finnish Companies' Act and the Company's Articles of Association. 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 (Board) and the auditors fall within the sole jurisdiction of the General Meeting.

In 2010, Ahlstrom held its Annual General Meeting (AGM) in Helsinki on March 31, 2010. 226 shareholders were present represent-



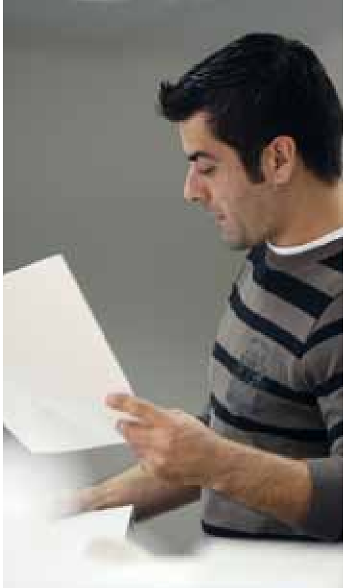
EXTERNAL STEERING INSTRUMENTS

Finnish Companies´ Act, Accounting Act, Securities Markets Act and other relevant legislation

Stock Exchange Rules and Regulations

INTERNAL STEERING INSTRUMENTS

Articles of Association, Rules of Procedure of the Board of Directors, Audit Committee Charter, Compensation Committee Charter, Nomination Committee Charter, Code of Business Conduct, Compliance and other Corporate policies such as Approval and Signing Policy, Disclosure Policy, Corporate Risk Management Policy, Credit Policy, Group Treasury Policy, Investment Policy, HR policies, Sales Contract Policy and IT governance Policy.


ing 41.2 percent of the voting rights of the Company. All Board members were present. In addition, the President & CEO (CEO), Chief Financial Officer (CFO), and all other members of the Executive Management Team (EMT) as well as the auditor attended the meeting. All documents related to the AGM 2010 are available on the Company's website www.ahlstrom.com.

Board

The Board has general authority in any matters not reserved to any other governing body of the Company. The Board is responsible for the Company's management and the proper organization of its operations. It confirms strategies, values and policies as well as approves business and annual plans. The Board decides on major capital expenditure, acquisitions and substantial divestments of assets. It also monitors the Company's performance and human resources development.

The Board has established its Rules of Procedure to describe e.g. the duties of the Board and CEO and the division of tasks within the Board. The Board makes an assessment of its performance and practices annually.

The Board consists of 5–7 members. The majority of them shall be independent of the Company and at least two of the members representing this majority shall also be independent of the significant shareholders of the Company.

Most Board meetings are held at the head office in Helsinki. The General Counsel acts as Secretary to the Board.

Board in 2010

The AGM 2010 elected Thomas Ahlström, Sebastian Bondestam, Lori J. Cross, Anders Moberg, Bertel Paulig and Peter Seligson as Board members. The Board elected Peter Seligson as Chairman and Bertel Paulig as Vice Chairman. The Board considers all present Board members independent of the Company and its major shareholders.

The Board convened 10 times and the average attendance frequency was 98.3 percent.

Board Committees

On March 31, 2010, the Board appointed an Audit Committee, a Compensation Committee and a Nomination Committee. The duties and working procedures of the committees are defined in the respective committee charters.

The Audit Committee consists of 3–4 members, all of which shall be Board members who are independent of the Company and shall have the qualifications necessary to perform the responsibilities of the committee. At least one member shall have expertise specifically in accounting, bookkeeping or auditing.

The Audit Committee assists the Board in fulfilling its supervisory responsibilities and makes recommendations to the Board. The Board has authorized the committee to make decisions in matters related e.g. to profit warnings, the detailed content of interim reports and certain company policies. The committee reviews the financial reporting process, the system of internal control and risk management, the audit process and the Company's process for monitoring its compliance. The committee ensures that the Board is aware of matters which may significantly impact the financial conditions or affairs of the business.

As from March 31, 2010, the members of the Audit Committee were Bertel Paulig (Chairman), Thomas Ahlström and Sebastian Bondestam. All of them are independent of the Company and its significant shareholders and have expertise in accounting, bookkeeping or auditing. In 2010, the committee convened 5 times and the average attendance frequency was 100 percent.

The Compensation Committee consists of three members, a majority of which shall be Board members who are independent of the Company. No executives of the Company may be members of the committee.

The Compensation Committee will assist the Board in the efficient preparation and handling of the matters pertaining to the appointment and dismissal of the CEO and other executives and their remuneration. The committee decides on the compensation and benefits of the members of the EMT, other than the CEO. It reviews the compensation and benefits of the CEO and makes recommendations to the Board in relation thereto.

As from March 31, 2010, the members of the Compensation Committee were Peter Seligson (Chairman), Anders Moberg and Lori J. Cross. All of them are independent of the Company and its significant shareholders. The committee convened 5 times and the average attendance frequency was 100 percent.

The Nomination Committee consists of three Board members and two members representing the major shareholders of the Company (at the Board's discretion). The composition of the Nomination Committee departs from recommendation 22 of the Code but aims at increasing shareholder influence in nomination matters. A majority of the committee members shall be independent of the Company. No executives of the Company may be members of the committee.

The Nomination Committee will assist the Board in the efficient preparation and handling of the matters pertaining to the nomination and remuneration of the Board members. Prior to making its proposals to the Board for candidates for election as Board members, the committee shall consult with the major shareholders of the Company if such shareholders are not represented on the Nomination Committee or if the committee otherwise finds it necessary or advisable.

As from March 31, 2010, the members of the Nomination Committee were Peter Seligson (Chairman), Anders Moberg and Bertel Paulig as well as the non-board members Carl Ahlström and Risto Murto. All of them are independent of the Company. The committee convened 7 times and the average attendance frequency was 97 percent.

CEO

The CEO is in charge of the executive management of the Company. He is accountable to the Board for the achievement of the goals set by the Board. He prepares matters to be decided on by the Board and carries out the decisions of the Board.

As from January 1, 2009, Jan Lång has acted as CEO. Risto Anttonen, the Deputy to the CEO retired on December 31, 2010, and Seppo Parvi, CFO, was appointed Deputy to the President as from January 1, 2011.

Executive Management Team

The Executive Management Team (EMT) consists of the CEO (Chairman) as well as Business Area and functional leaders. The EMT members are proposed by the CEO and appointed by the Board and they report to the CEO.

The role of the EMT is to support the CEO in performing his duties. The EMT monitors business performance and risk management, reviews business and annual plans, implements strategy as well as establishes policies.

At the end of 2010, there were 11 EMT members. In 2010, the EMT convened 13 times.

Remuneration of the Board and Senior Executives

Remuneration of the Board

The remuneration of the Chairman, as decided by the AGM 2010, is EUR 72,000 per year and EUR 36,000 per year for the other members of the Board. In addition, the remuneration for attendance at Board meetings is EUR 1,200 per meeting for Board members residing outside Finland. As regards the permanent Board committees, the remuneration for attendance at committee meetings is EUR 1,200 per meeting.

For 2010, the total remuneration of the members of the Board and its committees amounted to EUR 360,000.

The Board members do not receive shares or share-related rights as remuneration for their membership and they do not participate in the Company's incentive or pension plans. None of the Board members receives any other remuneration from the Company than that based on Board or Board committee membership. Travel expenses are reimbursed in accordance with Ahlstrom's travel policy.

Remuneration of the CEO and EMT

The remuneration of the CEO and the other EMT members consists of base salary, customary fringe benefits (such as car, phone and, with regard to some members of the EMT, housing and/or healthcare benefits), bonuses and long term incentives as well as voluntary collective pension insurances as described below and in more detail in the Remuneration Statement available on the website www.ahlstrom.com.

Incentive Plans

The target setting under the Group Incentive Plans shall be made so that the achievement of such targets will strengthen the competitiveness of the Company, contribute to its long-term success and increase shareholder value.

Bonus Plan

Annual bonuses are payable based on the attainment of financial performance targets of the Group, Business Area or unit as well as individual/team performance targets. For 2010, the financial performance targets were based on cash flow and EBIT. Individual/team performance targets were mutually agreed upon between the participant and his/her manager in the annual Goal and Development Plan.

The annual bonus payable to the CEO and his Deputy for achieving their 2010 targets can as a maximum amount to the equivalent of 60 percent of their annual salaries and for each other EMT member, 50 percent of his/her annual salary.

Long Term Incentive Plans 2008–2010

A share-based Long Term Incentive Plan 2008–2010 for the EMT offers

REMUNERATION OF THE CEO AND THE OTHER EMT MEMBERS IN 2010

2010 **EUR**	**Salaries and fees with fringe benefits**	**Bonus pay**	**Long term plan based payments**	**Total**
Jan Lång, President & CEO	**660,046.70**	**362,880.00**	**--**	**1,022,926.70**
Other EMT members	**3,044,145.48**	**1,046,343.30**	**--**	**4,090,488.78**
2009 **EUR**				
Jan Lång, President & CEO	628,601.04	110,000.00	--	738,601.04
Other EMT members	3,455,618.53	258,230.02	--	3,713,848.55

a possibility to receive Ahlstrom shares and cash (equaling the amount of taxes of the total reward) as a reward, if the targets set by the Board for each earning period are achieved. If the targets of the plan are attained in full for all three earning periods, the reward to be paid on the basis of the plan will in its entirety correspond to a gross value of 500,000 shares. The reward shall be paid by the end of April 2011 and the restriction period under the plan ends on December 31, 2012.

In 2009, the evaluation criterion of the share based plan as well as of a cash based plan (described below) was changed from earnings per share (EPS) to return on capital employed (ROCE) with regard to the earning period 2009–2010.

Neither the CEO nor any other EMT members earned any shares under the plan during the earning period 2008. As regards the combined earning period 2009–2010, the CEO could as a maximum earn 30,000 shares and the other EMT members 10,000 shares each. Based on the achievement of the targets during said earning period, the Board decided on February 1, 2011 to distribute 24,999 shares to the CEO and 99,996 shares in total to the other 12 recipients of the payout. In addition to the payout in shares (124,995 shares in total), the Company will pay a cash portion to the recipients equaling the total amount of taxes payable for the total award.

A cash-based Long Term Incentive Plan 2008–2010 for other management and key employees offers a possibility to receive a reward that can as a maximum amount to a participant's six months' salary. The possible reward, increased by 20 percent, shall be paid to each participant in 2013, by the end of April, provided that he/she is employed by Ahlstrom at the time of such payment. There were 89 members in said plan at the end of 2010. Based on the achievement of the targets, the total amount payable to each plan member equals his/her six months' salary.

Long Term Incentive Plan 2011–2015

A share-based Long Term Incentive Plan 2011–2015, which consists of three earning periods, offers for the EMT and other key personnel (maximum 50 persons in total per earning period) a possibility to receive Ahlstrom shares and cash (equaling the amount of taxes of the total reward) as a reward, if EPS and ROCE targets set by the Board for each earning period are achieved. If the targets of the plan are attained in full for all three earning periods, the reward to be paid on the basis of the plan will in its entirety correspond to a gross value of approximately 1,000,000 shares.

The restriction period for each earning period is one year after the earning period in question. The Board recommends that the CEO holds shares in the Company corresponding in value to his annual net salary and that the other EMT members hold shares in the Company corresponding in value to half of their annual net salary.

Pension Plans

The CEO and the other EMT members may participate in voluntary collective pension insurances (country-specific defined contribution plans). As regards each participant, the annual contribution of the Company to the relevant plan does not exceed his/her one month's salary (including fringe benefits without bonuses). The participants' pensions will be determined based on the applicable local pension rules and the amount of their savings in the aforesaid defined contribution plans.

According to the terms and conditions of the plan, the CEO may retire at the age of 60 (February 2017), at the earliest.

Share ownership plan

According to a share ownership plan launched in August 2010, the CEO and other EMT members personally invest their own funds in Ahlstrom shares through a holding company, Ahlcorp Oy, with the exception of the EMT member William Casey, who, due to US legal requirements, acquires Ahlstrom shares directly. The participants finance their investments partly themselves and partly by a loan granted by Ahlstrom Corporation to Ahlcorp Oy and William Casey. The loans granted by Ahlstrom are interest-bearing and amount to a maximum of EUR 3,920,000. As part of the plan, Ahlcorp Oy and William Casey shall purchase a maximum amount of Ahlstrom shares worth EUR 4,900,000. At the end of 2010, Ahlcorp Oy owned 296,311 shares and William Casey 33,618 shares in the Company.

The plan enables the participants to acquire a considerable long-term shareholding in Ahlstrom. It aligns the interests of the management and

Ahlstrom and supports the implementation of Ahlstrom's strategic targets. The actual owner risk will be borne personally by the participants for the part of their personal investment in the plan.

Other terms relating to the remuneration of the CEO and the other EMT members

The CEO's contract may be terminated by either the CEO or the Company with six months' notice. In the event the Company terminates the contract without cause, the Company shall, in addition to his salary during the notice period, pay to the CEO a severance payment corresponding to his 18 months' salary.

According to the CEO's contract, the Company maintains a life insurance for him.

No separate remuneration is paid to the CEO, his Deputy or the other members of the EMT 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 EMT or the Board.

Auditors

The Company shall have one auditor which is an accounting firm approved by the Finnish Central Chamber of Commerce (APA). The AGM 2010 re-elected PricewaterhouseCoopers Oy (PwC) who designated Eero Suomela, APA, as the Responsible Auditor.

The fees of the statutory audit for 2010 were EUR 945 thousand in total in the Group. Other fees charged by PwC amounted to EUR 415 thousand in the Group. The other fees were primarily related to tax advice.

Internal Control and Risk Management Systems related to Financial Reporting

Internal control is an essential part of the Company's governance and management systems. It covers all processes and organizational levels of the Group. Its purpose is to provide reasonable assurance that the Company can execute its strategy effectively in regard to business operations and reliable financial reporting is in place. In order to strengthen the framework for internal control, the Company has started a project to harmonize certain common processes and the use of systems related to such processes.

Financial Reporting

The Group companies have a common chart of accounts which is built-in in the Group's common global accounting system. Ahlstrom has a common global Enterprise Resource Planning (ERP) system. A common consolidation tool is used as a basis for internal and external reporting. The Group's global accounting and ERP systems provide the data for consolidation via an interface.

Centralized updating and maintaining of the accounting and ERP systems as well as such systems' implementation at acquired new units are performed by the Group's own personnel in cooperation with a global IT service provider. The knowledge in the units is supported by internal training and user manuals.

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The core principles and instructions regarding the financial reporting have been gathered to a unified accounting manual (Ahlstrom Accounting Principles) which is applied in all Group companies. Group Controlling function is responsible for the follow-up of the accounting standards, maintaining the financial reporting principles and communicating them to units.

The Board and the CEO have the overall responsibility for setting up the internal control and risk management systems related to financial reporting. The Board has authorized the Audit Committee to ensure the effectiveness of the internal control systems. The CEO and EMT are responsible for the effective implementation of the internal control of the financial reporting. The CFO and Group Controlling support, coordinate and monitor the group-wide financial management and control of operations.

All business areas, business units, plants, Group companies and functions are responsible for the correctness of the figures reported by them. In the monthly reporting process Group Controlling and the CFO consolidate the reports and analyze the figures and other financial data, and the financial performance in relation to targets is reviewed by the management at each organizational level, as well as by the EMT and the Board.

The Audit Committee reviews interim reports and annual financial statements in detail and the Board reviews such interim reports' summaries and any statements regarding the outlook and near term risks before the reports are released.

The efficiency and profitability of Ahlstrom is monitored by Group Controlling monthly at the reporting entity level. Year-end estimates are updated quarterly. Long-term targets are set up in the Business Plan process for the next three years and the Annual Plan is prepared through a budgeting process for the following year. Both Plans are approved by the Board.

Enterprise Risk Management

Risk management is one of the key internal control procedures. Enterprise risk management aims at supporting the achievement of the strategic and operational goals by protecting the Company against loss, uncertainty and lost opportunity.

The Board has the ultimate responsibility for Ahlstrom's risk management. It reviews the identified key risks and is responsible for the determination of risk appetite and tolerance.

The Audit Committee approves the Corporate Risk Management Policy and reviews the efficiency of risk management systems and information provided by the management regarding significant risks and exposures as well as plans to minimize such risks.

The CEO, EMT and other management at corporate, business area or unit level, are responsible for implementing daily risk management procedures.

The Corporate Risk Management function is responsible for overseeing the implementation of the risk management policies, coordinating risk management activities and risk reporting.

The main principle is to manage risks at their source, i.e. within the business unit or function where risks may occur. The risks are categorized as strategic business risks, operational risks and financial risks. Identified risks are prioritized according to their likelihood and their possible impact on the Company's financial performance, should the risks materialize. Key risks are taken into consideration in strategic and annual business planning processes.

Internal Processes for Investments

The Investment Council reviews major investment proposals before their presentation to the CEO and the Board (depending on the nature and value of the proposed investment), manages the investment plan, follows up on-going investment projects and carries out audits of completed investments.

In 2010, the Council focused on the follow-up of the on-going investment projects, e.g. the investments in machinery in Jacarei and Malmedy, on the further improvement of the Company's investment process as well as on actions reducing waste and energy consumption and/or achieving savings in fiber costs.

Internal Audit

The Internal Audit evaluates and improves the effectiveness of the control, risk management and governance processes.

The Audit Committee has the ultimate responsibility for organizing of the Internal Audit. As of January 1, 2010, Ahlstrom's Internal Audit function has been outsourced to a global service provider, KPMG Oy Ab.

Administratively, the Internal Audit reports to the CFO but on audit matters, the Internal Audit reports to the Audit Committee. The Internal Audit conducts regular process audits as well as site, subsidiary and unit audits. The Internal Audit reports regularly on its activities to the Steering Group consisting of the CEO and CFO and to the Audit Committee, makes recommendations to the EMT members and local management and also monitors the implementation of the action plans.

The Internal Audit is coordinated with the work of the external auditors and the Company's other controlling functions. To the extent permitted by law, it has a free and unrestricted access to all relevant units, functions, records, physical properties and personnel.

Compliance

It is the policy of Ahlstrom to comply throughout the organization with all applicable laws and regulations and to maintain an ethical workplace for its officers and employees as well as an ethical relationship with its business partners.

In its Compliance Program, the Company commits to establish and maintain compliance standards and procedures. The program includes a system of education, monitoring and corrective action. The main policies of the program are the Code of Business Conduct, Policy regarding the Competition and Antitrust, Policy regarding the International Trade (Antibribery) and the Insider Rules. As part of the program, ten training sessions were held in 2010 at the Company's sites in Asia, Europe and South America with a special focus in emerging markets.

In its insider administration, Ahlstrom follows the Guidelines for Insiders issued by NASDAQ OMX Helsinki complemented by the Company's own Insider Rules. The Company maintains its public and company-specific insider registers in the SIRE system of Euroclear Finland Ltd.

Ahlstrom's public insiders include the Board members, CEO and his Deputy, auditor as well as certain members of the EMT. 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.

Permanent insiders shall always obtain a prior approval for trading in the Company's securities from the Company's Insider Officer. Said permanent insiders may not in any event trade in the Company's securities after the end of each calendar quarter until the day after the publication of the (quarterly) interim report or annual result ("Closed Window"). The Closed Window shall, however, always include at least the three weeks immediately preceding the publication of the interim report or annual result and the date of publication of such report.

A project-specific insider register will be established and maintained when required by law or regulations. Project specific insiders are prohibited from trading in the Company's securities until the termination of the project.

Board of Directors, January 1, 2011

PETER SELIGSON

Born 1964,
Lic. O ec. (HSG)

Ahlstrom shares*:
344,000

Partner of Seligson & Co Oyj

Chairman of the Board since 2007, Board member since 1999.

Chairman of the Board: Aurajoki Oy, Broadius Partners Oy.

Board member: Dexus Oy.

Other key positions of trust: Chairman of Skatte- och Företagsekonomiska Stiftelsen, Working member of Folkhälsan.

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

BERTEL PAULIG

Born 1947, M.Soc.Sc. (macro economics)

Ahlstrom shares*:
0

Chairman of the board of Paulig Ltd

Vice Chairman of the Board since 2008, Board member since 2005.

Chairman of the Board: Paulig Ltd, Veho Group Oy Ab.

Board member: Aseman Lapset ry, International Chamber of Commerce Finland.

Primary work experience: Executive Chairman, Paulig Ltd (1997–2008), Chief Executive, Paulig Ltd (1986–1997), Deputy Managing Director, Oy Gustav Paulig Ab (1982–1986), Managing Director, Finnboard, UK (1979–1982), Various assignments, Finnboard (1969–1978).

THOMAS AHLSTRÖM

Born 1958,
M.Sc. (Econ)

Ahlstrom shares*:
74,700

Senior Advisor, Finnish Industry Investment Ltd Managing Director, Helmi Capital Oy.

Board member since 2007.

Board member: Kontanten AB, Eurocash Finland Oy, Advisum Oy.

Primary work experience: Skandinaviska Enskilda Banken AB (publ), London and Helsinki (1991–2007), Managing Director SEB Merchant Banking (2000–2005), various managerial positions, Scandinavian Bank plc, Helsinki and London (1985–1990).

* Shareholding as of December 31, 2010.

SEBASTIAN BONDESTAM

Born 1962, M.Sc. (Eng.)

Ahlstrom shares*: 2,880

Executive Vice President, Supply Chain, Uponor Corporation, Deputy to the Managing Director, Uponor Corporation, since April 2010.

Board member since 2001.

Primary work experience: Supply Chain Director EU Clusters, Tetra Pak (2004–2007), Vice President – Converting Americas, Tetra Pak Asia & Americas, US (2001–2004), Converting Director Americas, Business Unit Tetra Brik, Italy (1999–2001), Production Director, Tetra Pak, UK (1997–1999), Factory Manager, Tetra Pak, China (1995–1997).

LORI J. CROSS

Born 1960, Exec. MBA, M.Sc (Eng.)

Ahlstrom shares*: 750

President, MindSpan, Adjunct Professor, University of Wisconsin-Madison, School of Business.

Board member since 2010.

Board member: Electrosonics Oy, Neuromatrix Group LLC, Wall Family Enterprise Inc, M3 Solutions Inc, CASB LLC.

Primary Work Experience: Group President, VIASYS NeuroCare (2003–2007), Group President, Instrumentarium Datex-Ohmeda ADVENT (1998–2003), various positions at Datex (1989–1998), Smith and Nephew Richards (1987–1989), Baxter Edwards (1983–1987).

ANDERS MOBERG

Born 1950

Ahlstrom shares*: 0

Chairman of Clas Ohlson AB, Biva A/S

Board member since 2009.

Board member: Byggmax, DFDS A/S, Hema B.V., Husqvarna AB, Zeta-Display AB.

Other key positions of trust: Adjunct Professor at Copenhagen Business School (from 2009).

Primary work experience: CEO, The Majid Al Futtaim Group, United Arab Emirates (2007–2008), President and CEO, Royal Ahold, the Netherlands (2003–2007), Group President International, Home Depot, USA (1999–2002), President and CEO, IKEA International, Denmark (1986–1999), various positions at IKEA International (1970–1986).

Executive Management Team, January 1, 2011

JAN LÅNG

President & CEO
Born 1957, M.Sc. (Econ.)

Ownership* in
Ahlcorp Oy: 28.1%

Joined Ahlstrom in December 2008, President & CEO January 1, 2009.

Primary work experience: President and CEO, Uponor Corporation (2003–2008). Various management positions at Huhtamäki Group (during 1982–2003).

Board member:
Glaston Corporation.

PAULA AARNIO

Executive
Vice President,
Human Resources &
Sustainability
Born 1958, M.Sc. (Eng.)

Ownership* in
Ahlcorp Oy: 11.4%

Joined Ahlstrom in 2009. Member of the Executive Management Team since 2009.

Primary work experience: Executive Vice President, Human Resources at Uponor Corporation (2004–2009), Human resources Director, Oy Karl Fazer Ab (2001–2004). In addition, various positions at Neste/ Fortum Corporation (during 1985–2001).

JEAN-MARIE BECKER

Executive
Vice President,
Home and Personal
Born 1957, B.Sc. (Tech.)

Ownership* in
Ahlcorp Oy: 8.0%

Joined Ahlstrom in 1996. Member of the Executive Management Team since 2008.

Primary work experience: Vice President and General Manager of the Industrial nonwovens product line (2004–2008). Led the Technical nonwovens product line (2001–2004). Joined Ahlstrom in 1996 following the acquisition of Sibille Dalle, where he held various managerial positions.

Chairman of EDANA (European Nonwovens Association) since June 2010.

TOMMI BJÖRNMAN

Executive
Vice President,
Filtration
Born 1966, M.Sc. (Eng.)

Ahlstrom shares*:50
Ownership* in
Ahlcorp Oy: 11.4%

Joined Ahlstrom in 1996. Member of the Executive Management Team since 2005.

Primary work experience: Senior Vice President, Glass Nonwovens (2001–2008). Various management positions in Ahlstrom Glassfibre (since 1996). Prior to that, planning, sourcing and product management positions in Suomen Unilever Oy and Wisapak Oy Ab.

WILLIAM CASEY

Executive
Vice President,
Food and Medical
Born 1959, B.Sc.
(Chem. Eng.)

Ahlstrom shares**:
33,618

Joined Ahlstrom in February 2010. Member of the Executive Management Team since 2010.

Primary work experience: Chief Operations Officer, Shawmut Corporation (2008-2009), Chief Executive Officer, Freudenberg Nonwovens Limited Partnership, USA and other various positions in the company in R&D, plant management and in global general management of different divisions (1986–2008).

* Shareholding as of December 31, 2010. Executive Management Team shareholdings reported through ownership in Ahlcorp Oy (further information on page 23).
** Due to the U.S. legal requirements, American EMT member William Casey acquired Ahlstrom shares directly.

CLAUDIO ERMONDI

Executive Vice President, Product & Technology Development
Born 1958, M.Sc. (Theor. Chem.)

No ownership in Ahlcorp or Ahlstrom shares.

Joined Ahlstrom in 1984. Member of the Executive Management Team since 2005.

Primary work experience: Senior Vice President, Advanced Nonwovens (2008). Senior Vice President, Nonwovens (2005–2008). Vice President for the Filtration business area (2002–2004). Deputy Vice President (1999–2001), and European General Manager (1991–1998) for the Filtration business.

PATRICK JEAMBAR

Executive Vice President, Label and Processing
Born 1946, M.Sc. (Paper Eng.), MBA

Ahlstrom shares: 8,953
Ownership* in Ahlcorp Oy: 6.8%

Joined Ahlstrom in 1996. Member of the Executive Management Team since 2003.

Primary work experience: Senior Vice President, Health, Safety, Environment and Plant Asset Protection (2004–2007) and innovation (2005–2007). Business Area Manager for Industrial nonwovens (1997–2003). Joined Ahlstrom following the acquisition of Sibille Dalle, where held various managerial positions (since 1974).

Board member: French Association of the Paper Industry (Copacel), Environmental Water Agency RMC (Rhône Méditerrannée, Corse), France.

SEPPO PARVI

Chief Financial Officer
Born 1964, M.Sc. (Econ.), deputy for the President & CEO since January 1, 2011

Ownership* in Ahlcorp Oy: 11.4%

Joined Ahlstrom in 2009. Member of the Corporate Executive Team since 2009.

Primary work experience: Chief Financial Officer, Deputy to CEO, M-real Corporation (2006–2009). Various positions at Huhtamäki Group (1993–2006). Worked for Ahlstrom Group already during 1989–1993.

LAURA RAITIO

Executive Vice President, Building and Energy
Born 1962, M.Sc. (Chem. Eng.), Lic. Tech. (forest products technology)

Ownership* in Ahlcorp Oy: 11.4%

Joined Ahlstrom in 1990. Member of the Corporate Executive Team since 2006.

Primary work experience: Senior Vice President, Marketing (sales network, human resources, communications and marketing) (2006–2008). Vice President and General Manager for Wallpaper & Poster, Pre-impregnated Decor, Abrasive Base in Osnabrück, Germany (2002–2005). In addition, several managerial positions within Ahlstrom's specialty papers business.

RAMI RAULAS

Executive Vice President, Sales & Marketing
Born 1961, M.Sc. (Econ.)

Ownership* in Ahlcorp Oy: 11.4%

Joined Ahlstrom in 2009. Member of the Corporate Executive Team since 2009.

Primary work experience: Joined Ahlstrom from Meadville Enterprises (HK) Ltd (2008). Prior to that, Senior Vice President, Sales & Marketing, Aspocomp Group (2004–2008). In addition, various managerial positions in sales and marketing e.g. at Fujitsu Siemens Computers (1997–

Financial Statements 2010

Consolidated financial statements

Parent company financial statements, FAS

Report of operations in 2010

Operating environment

In 2010, the demand for and sales volumes of nearly all products manufactured by Ahlstrom increased. Growth was the strongest in Asia and South America, but growth compared to the previous year was also seen in Europe and North America, in particular in the automotive industry and construction. Wallcover markets in China and building and flooring markets in Russia improved. The wind power markets, which use Ahlstrom's fiberglass products, improved in Europe but remained depressed in North America.

The comparison year 2009 was very exceptional. In terms of demand, the first half of 2009 was weak due to the global economic recession, while it picked up rapidly in the second half on economic recovery and inventory build-up.

With the exception of specialty papers and wipes, the demand for and sales volumes of Ahlstrom's products continued to grow in October–December, supported by the growth in the global economy. The stabilization of the growth rate started in the middle of 2010 and continued in the last quarter. Towards the end of the year, some customers reduced seasonally their inventory levels effecting the sales volumes of some products.

Of the raw materials used by Ahlstrom, the price development of pulp stabilized in the last quarter of the year after having shown steady increase since mid-2009. On the other hand, the increase in the prices of synthetic fibers such as polymers, and chemicals continued strong due to the increased demand in Asia and the insufficient availability. The company succeeded in securing availability of the raw materials without problems throughout the year, e.g. despite the difficult pulp market situation after the earthquake in Chile at the beginning of the year.

Development of net sales

Demand for and sales volumes of Ahlstrom's products increased during 2010 and the company adjusted the selling prices to compensate for the rapidly increased raw material costs. The Group's net sales in 2010 amounted to EUR 1,894.2 million, showing an increase of 18.7% compared to the previous year (EUR 1,596.1 million). The change in net sales was primarily attributable to the growing sales volumes in the first half of the year, whereas price increases had the biggest impact in the second half.

The Group's deliveries in tons increased by 8.7% from the previous year as all Business Areas* increased their delivery volumes.

The Filtration (+23.2%), **Label and Processing** (+21.0%) and **Building and Energy** (+20.2%) Business Areas increased their net sales the most. The less cyclical Business Areas of **Food and Medical** (+14.4%) and **Home and Personal** (+9.7%) also increased their net sales.

Net sales growth was fastest in the Asia-Pacific (+47.2%) region and South America (+22.4%). Europe and North America also reported higher net sales.

Result and profitability

The Group's operating profit was EUR 53.7 million (operating loss EUR 14.6 million). The result included non-recurring items amounting to EUR -20.5 million (EUR -54.3 million). Operating profit excluding non-recurring items amounted to EUR 74.2 million, which was higher than in the comparison period (EUR 39.8 million). The operating profit was in particular boosted by the higher sales volumes and the more effective cost structure. The operating profit excluding non-recurring items for the period under review included earnings of approximately EUR 6.3 million (EUR 3.9 million) from the sale of carbon dioxide emission rights.

Significant non-recurring items in 2010 were:

- In other functions, Ahlstrom booked a EUR 4.7 million gain from the sale of Altenkirchen GmbH in Germany
- The Food and Medical Business Area booked a EUR 1.8 million cost from the closing of a production line at the Chirnside plant in the U.K.
- The Filtration Business Area booked a loss of EUR 18.4 million from the sale of Groesbeck business and a loss of EUR 6.5 million from the sale of three production lines in Bethune in the U.S.

In 2009, significant non-recurring items included a EUR 22.4 million impairment charge in the Home and Personal Business Area and a EUR 7.3 million cost from the closure of a paper machine in Barcelona in the Filtration Business Area. In addition, Label and Processing Business Area booked a EUR 3.4 million non-recurring loss from the restructuring of operations at Altenkirchen.

The teabag materials line in Chirnside, the La Gere plant, the hybrid wallcover line in Turin and the Mundra plant that were part of the 2007 and 2008 investment program burdened 2010 operating profit excluding non-recurring items by approximately EUR 19 million.

Operating profit excluding non-recurring items of the **Building and Energy** segment increased to EUR

*Ahlstrom has five Business Areas: Building and Energy, Filtration, Food and Medical, Home and Personal and Label and Processing. These Business Areas form the company's financial reporting segments.

1.3 million from the comparison period loss of EUR 8.3 million, Operating profit amounted to EUR 1.3 million (EUR -10.8 million).

Operating profit excluding non-recurring items of the **Filtration** segment was EUR 27.8 million (EUR 16.2 million). Operating loss amounted to EUR 3.1 million (EUR 3.7 million).

Operating profit excluding non-recurring items of the **Food and Medical** segment decreased to EUR 14.0 million (EUR 15.7 million). Operating profit amounted to EUR 13.0 million (EUR 9.4 million).

Operating profit excluding non-recurring items of the **Home and Personal** segment rose to EUR 6.3 million (EUR 4.9 million). Operating profit amounted to EUR 6.1 million (EUR -18.9 million).

Operating profit excluding non-recurring items of the **Label and Processing** segment increased to EUR 30.6 million (EUR 9.9 million). Operating profit amounted to EUR 32.2 million (EUR 3.3 million).

Thanks to the recovered demand and improved sales volumes, market related downtime in production was 10.4% in 2010, whereas it had been 18.2% in the previous year.

Net financial expenses were EUR 26.8 million (EUR 26.2 million). Net financial expenses include net interest expenses of EUR 21.4 million (EUR 23.3 million), financing exchange rate gains of EUR 0.2 million (losses of EUR 0.2 million), and other financial expenses of EUR 5.5 million (EUR 2.7 million).

Profit before taxes was EUR 25.5 million (EUR -40.1 million).

Income taxes were EUR 7.6 million (deferred tax income EUR 7.1 million).

Profit for the period was EUR 17.9 million (EUR -32.9 million). Earnings per share were EUR 0.26 (EUR -0.72).

Return on capital employed (ROCE) amounted to 5.0% (-1.1%), and return on equity (ROE) was 2.6% (-5.0%).

Financing

Net cash flow from operating activities amounted to EUR 167.5 million in 2010 (EUR 209.6 million), and cash flow after investments was EUR 118.8 million (EUR 143.3 million).

Operative working capital has been given special attention since the beginning of 2009. In 2010, the operative working capital decreased by EUR 50.4 million to EUR 194.3 million, and its turnover decreased by 16 days and was 37 days at the end of 2010.

The company's interest-bearing net liabilities decreased by EUR 65.8 million from the end of 2009 to EUR 330.1 million (December 31, 2009: EUR 395.9 million). Ahlstrom's interest bearing liabilities amounted to EUR 354.7 million. The duration of the loan portfolio (average interest rate fixing period) was 26 months and the capital weighted average interest rate was 4.37%. The average maturity of the loan portfolio was 37 months.

In November, Ahlstrom issued a five-year, EUR 100 million bond to extend the maturity of its loan portfolio and partly to refinance the EUR 200 million revolving credit facility maturing in 2012. In December 2010, Ahlstrom signed a EUR 45 million loan agreement with the European Investment Bank. The final repayment date of the loan is 7 years from drawdown.

The company's liquidity is good. At the end of the period, its total liquidity, including cash, unused committed credit facilities and cash pool limits totaled EUR 382.1 million. In addition, the company had uncommitted credit facilities totaling EUR 169.1 million available.

Gearing ratio decreased to 46.9% (December 31, 2009: 57.7%). Equity ratio was 45.6% (December 31, 2009: 44.8%).

Capital expenditure

Ahlstrom's capital expenditure excluding acquisitions totaled EUR 51.1 million in 2010 (EUR 63.8 million).

In September, Ahlstrom completed the acquisition of the entire share capital of Shandong Puri Filter & Paper Products Ltd. from Purico Group. The debt-free selling price was EUR 21.1 million. The company manufactures filtration materials for the transportation industry in Binzhou, Shandong province, on China's eastern coast.

The company announced in October that it will establish a joint venture with Longkou Yulong Paper Co. in China. It will build a factory which will manufacture papers used in sterilization wrap in the medical industry and masking tape substrates for the construction industry in the Asian markets. Ahlstrom's ownership share in the joint venture is 60% and that of Yulong Paper 40%. The total value of the investment is approximately EUR 21.9 million, of which Ahlstrom invested EUR 13.1 million. The new factory is expected to be operational in the summer of 2012.

In December, Ahlstrom announced it will invest EUR 17.5 million in the additional capacity of filtration materials for the transportation industry in its plant in Turin, Italy.

Ahlstrom's new medical nonwovens plant in Mundra, India, was inaugurated in May 2010. The size of this investment was approximately EUR 42 million.

Streamlining programs

Ahlstrom announced in November that it will close the spunlace composite production line at the Chirnside plant in the U.K. by the end of March 2011. Line number 23 has been underutilized and it has not reached satisfactory levels in terms of profitability. Ahlstrom recognized a non-recurring loss of EUR 1.8 million from the closing of the production line.

The project to reduce material waste in production launched last year has been progressing according to plans. Ahlstrom aims to reduce production waste volume by 15%, which equals to annual savings of approximately EUR 20 million as of 2012. At the end of 2010, the project had been launched in 11 plants, and the intention is to expand it to all production units by the end of this year.

The restructuring programs of 2009 with targeted EUR 55 million in savings were successfully completed in 2010.

The project to optimize operative working capital started in 2009 was completed. At the end of the period under review, operative working capital was EUR 154.7 million less than at the end of 2008, when the project was launched. This clearly surpassed the goal of EUR 100 million set for the program.

Research and development

In 2010, Ahlstrom invested approximately EUR 20.3 million (EUR 21.6 million), or 1.1% (1.4%) of the company's net sales, into research and development. In 2008, the corresponding figures were 23.8 million and 1.3% of the company's net sales.

As in previous years, Ahlstrom launched new products and technologies to consolidate its leading position in the fiber-based materials market. In 2010, as much as 16% of Ahlstrom's net sales were generated by new products (19% in 2009).

As mentioned earlier Ahlstrom signed a EUR 45 million loan agreement with the European Investment Bank. The loan will be used for research and product development and innovation purposes in the years 2010 to 2013 at Ahlstrom's sites in Finland, France, Germany and Italy.

Risks and risk management

The following risks were identified as the major business risks based on risk assessments conducted in the Group's Business Areas.

Market risk is related to the competitive fiber-based materials markets where long-term supply and demand imbalances could drive down prices and have an adverse effect on the Group's business.

Economic cycles impact on the demand for, and prices of, end-use products in the industries that Ahlstrom serves. Economic cycles also have an impact on the price development of the raw materials Ahlstrom uses. Ahlstrom is mainly exposed to cyclical changes in the building, automotive, and marine industries. The demand in these sectors strengthened in 2010. On the other hand, the effect of cycles is less pronounced in the food, packaging, medical, healthcare, and energy industries where Ahlstrom has a strong presence.

Wood pulp prices in particular are subject to substantial cyclical fluctuations. Market prices steadily increased since the beginning of 2010 driven by increasing demand and reduced availability (due to an earthquake in Chile) and reached record levels in the third quarter, followed by stabilization at a high level in the fourth quarter. Ahlstrom took proactive measures by actively transferring the impact of raw material price changes to the selling prices of its own products. In 2010 Ahlstrom started to implement a pulp price hedging strategy via the financial derivatives market (pulp swaps). Pulp swaps have been used to lock in margins of fixed price sales agreements.

Ahlstrom's energy costs are also subject to significant cyclical fluctuations, but were in general stable at lower level during all of 2010. In the energy markets Ahlstrom is also reviewing physical and financial hedging strategies to ensure the existing risk strategy is aligned with corporate goals and objectives.

Ahlstrom is building its market position on a combination of continuous innovation and long-term customer relationships. Ahlstrom's key strengths are its technical expertise and know-how that has allowed it to be innovative, and thereby respond to customer requirements.

Ahlstrom's product development and technology risk is related to its ability to foresee end-user needs and to successfully develop new and improved products in all of its key markets. Various R&D investments, skilled research and develop teams and close co-operation with customers in product development are our main means used to manage those risks.

To realize economies of scale and ensure appropriate group-level control, certain risk management activities have been centralized. These include, for example, group-wide insurance programs and management of the Group's financial risks.

Ahlstrom's primary financial risks are related to interest rates and foreign exchange rates. In 2010, interest rate expenses declined as the amount of net debt took a clear downturn and nominal rates were lower. Derivative instruments are used actively in the management of interest rate risks. The impact of foreign exchange fluctuations on the company's net sales in 2010 was minor due to the modest net currency exposure of the Group. Profitability was not significantly affected by foreign exchange rates since sales and costs denominated in the same currency partly offset each another. The guideline for Group companies is to hedge 100% of the forecasted 3 month net foreign currency flows per currency against the base currency of the respective company. However, hedging periods can be extended up to 12 months when agreed with Group Treasury.

Management of the Group's credit risks involved the use of the Group's global credit insurance program, in which the majority of Group companies are participating. The availability of credit limits improved significantly during the year compared to 2009. Due to its diversified customer base and a good geographical spread there is no significant concentration of credit risks for the Group. Final losses from materialized credit risks were negligible.

Ahlstrom's short-term risks are described in the Short-term risks section, on page 36. The risk management process is introduced briefly in this annual report on pages 24–25. Financing risks and hedging principles are presented in the notes to the financial statements.

The risk management is also reported on the company's website at www.ahlstrom.com. Furthermore, the risk management process is described in the Corporate Governance Statement on the website.

Corporate responsibility

Ahlstrom is committed to sustainable development, which for the company means a balance between economic, social and environmental responsibility. These principles are applied throughout a product's value chain, from raw materials to production and all the way to the end of the entire life cycle.

Natural fibers are by far the most significant of Ahlstrom's raw materials. The company considers it important for the fibers to come from sustainable managed forests. In 2010, the chain of custody of the company's pulp suppliers were also certified in accordance with either PEFC or FSC, i.e. the most widely used sustainable forest management certification systems.

In matters concerning occupational health and safety, environment and asset protection (HSEA), Ahlstrom applies a continuous improvement model. According to Ahlstrom, no significant changes affecting the company's operations or product assortment are expected to take place in the legislation governing these issues.

Ahlstrom reports on corporate responsibility in greater detail on pages 12–19 of this Annual Report and on the company's website at www.ahlstrom.com. The company will publish a separate Corporate Responsibility report in April.

Personnel

In 2010, Ahlstrom employed an average of 5,823 people* (5,993), and at the end of the period, 5,688 people (5,841).

The number of personnel increased through the acquisition in China and hiring of new employees in India. The number of personnel has decreased due to the announced disposals of businesses. The 2009 restructuring programs resulted in the reduction of approximately 650 people in 2009 and 2010.

At the end of the year, the highest numbers of employees were in the United States (22.4%), France (21.4%), Italy (12.5%), Finland (10.6%), Brazil (7.2%) and Germany (6.7%).

Personnel expenses included wages and salaries EUR 259.9 million (EUR 249.1 million).

More detailed information on Ahlstrom's personnel is available on pages 14–15.

Management

Board of Directors

The Ahlstrom Corporation Board of Directors consists of a minimum of five and a maximum of seven members. The Annual General Meeting confirms the number of members of the Board, elects them, and decides on their remuneration. The term of each member of the Board expires at the close of the first Annual General Meeting following their election. There are no limitations to the number of terms a person can be a member of the Board, and no maximum age.

The AGM held on March 31, 2010 confirmed the number of members in the Ahlstrom Corporation's Board of Directors at six. Thomas Ahlström, Sebastian Bondestam, Anders Moberg, Bertel Paulig and Peter Seligson were re-elected as members of the Board of Directors. Lori J. Cross (born 1960) was elected as a new member of the Board. Immediately after the Annual General Meeting, the Board elected Peter Seligson as Chairman of the Board and Bertel Paulig as Vice Chairman.

In 2010, the Board convened 10 times. The average attendance frequency was 98.3%.

Ahlstrom Corporation's management is described in greater detail in the section on Corporate Governance on pages 20–25. Board members are introduced and their shareholdings are described on page 26–27.

The Group's Corporate Governance Statement, in its entirety, is available on the website at www.ahlstrom.com.

Authorizations of the Board

The AGM held on March 31, 2010, authorized the Board of Directors to repurchase Ahlstrom shares. The maximum number of shares to be purchased is 4,500,000. The shares may be repurchased only through public trading at the prevailing market price using unrestricted shareholders' equity.

The AGM also authorized the Board of Directors to distribute a maximum of 4,500,000 own shares held by the company. The Board of Directors is authorized to decide to whom and in which order the shares will be distributed. The shares may be used as consideration in acquisitions and in other arrangements as well as to implement the company's share-based incentive plans in the manner and to the extent decided by the Board of Directors. The Board of Directors also has the right to decide on the distribution of the shares in public trading for the purpose of financing possible acquisitions.

The authorizations are valid for 18 months from the close of the Annual General Meeting but will, however, expire at the close of the next Annual General Meeting, at the latest.

During the period under review, the Board of Directors used the authorization granted by the Annual General Meeting of March 25, 2009, to repurchase the company's own shares. The number of shares purchased was 75,000, which accounts for less than 0.2% of Ahlstrom's all shares. The repurchase reduced the company's distributable shareholders' equity. The purchases began on February 10, 2010 and ended on March 16, 2010. The average price was EUR 11.68.

During the period under review, the Board of Directors used the authorization granted by the Annual General Meeting of March 31, 2010, to repurchase the company's own shares. The number of shares purchased was 75,000, which accounts for less than 0.2% of Ahlstrom's all shares. The repurchase reduced the company's distributable shareholders' equity. The purchases began on November 03, 2010 and ended on December 13, 2010. The average price was EUR 14.62.

The company holds a total of 150,000 own shares, corresponding to approximately 0.3% of the total shares and votes. They were repurchased for the implementation of the company's share-based incentive plan.

Executive Management Team

William Casey was appointed Senior Vice President of the then Advanced Nonwovens Business Area and member of the Group Executive Management Team as of February 8, 2010. Casey has been leading Ahlstrom's

* The personnel figures were calculated as fulltime equivalents.

Food and Medical Business Area since July 1, 2010.

In connection with the organization change, the following changes took place in the Group Executive Management Team as of July 1, 2010.

The Specialty Papers business areas were combined, and Patrick Jeambar was appointed EVP of the Label and Processing business area. Daniele Borlatto took on a new role as the VP of Release and Label business and VP of the production and supply chain for the business area. He reports to Patrick Jeambar. Gustav Adlercreutz is the VP of Legal Affairs and reports to CFO Seppo Parvi.

Risto Anttonen, Deputy to the CEO, retired at the end of 2010. Anttonen was in charge of business development, and his duties were assigned to other members of the EMT.

CFO Seppo Parvi was appointed as deputy for the President as of January 1, 2011. Parvi continues in his CFO position and as a member of the EMT as before.

Ahlstrom's Executive Management Team as of December 31, 2010:

- Jan Lång, President & CEO
- Paula Aarnio, EVP, Human Resources & Sustainability
- Jean-Marie Becker, EVP, Home and Personal
- Tommi Björnman, EVP, Filtration
- William Casey, EVP, Food and Medical
- Claudio Ermondi, EVP, Product and Technology Development
- Patrick Jeambar, EVP, Label and Processing
- Seppo Parvi, CFO and deputy for the President & CEO from January 1, 2011
- Laura Raitio, EVP, Building and Energy
- Rami Raulas, EVP, Sales & Marketing

The Executive Management Team members are introduced and their shareholdings are described on pages 28–29. This information is also available on the company's website at www.ahlstrom.com.

Organization

The Ahlstrom Group is one of the world's leading producers of nonwovens and specialty papers. This strong global position is based on Ahlstrom's innovative products and technologies, backed by its worldwide production capacity. The Group has operations in more than 20 countries. The parent company Ahlstrom Corporation is a Finnish listed company with its registered office in Helsinki. Ahlstrom has several subsidiaries, which are listed in the Notes to the Financial Statements.

Ahlstrom's business is reported in five segments; Building and Energy, Filtration, Food and Medical, Home and Personal and Label and Processing. The current division has been effective since July 1, 2010 and the former reporting segments of Fiber Composites and Specialty Papers were discontinued.

The **Building and Energy** Business Area serves customers in the building, marine, wind turbine and transportation industries. Examples of end-use applications include wind turbine blades, boat hulls, floorings, wallcoveris, and automotive backings.

The **Filtration** Business Area serves the transportation industry as well as liquid filtration markets. Examples of end-use applications include engine oil, fuel, transmission and cabin air filtration for cars and heavy duty trucks. Other common applications include water filtration and life-science filtration.

The **Food and Medical** Business Area serves customers primarily in the food packaging, medical, and healthcare markets. Examples of end-use applications include tea bags, coffee filters, baking papers, masking tape substrates, surgical gowns and drapes, as well as face masks and sterilization wraps.

The **Home and Personal** Business Area serves companies that own major brands of wiping fabrics for the home, baby care and personal care, as well as the industrial wiping fabrics markets.

The **Label and Processing** Business Area's customers operate in the building, transportation, food and industrial packaging as well as graphics industries. End-use applications include release liners, labels for the beverage, food, consumer, cosmetics and pharmaceutical industries, as well as tapes and numerous self-adhesive materials, sandpapers and outdoor and indoor advertising material.

Shares and shareholders

Ahlstrom's shares are listed on the NASDAQ OMX Helsinki. Ahlstrom has one series of shares. The share is classified under NASDAQ OMX's Materials sector and the trading code is AHL1V.

During 2010, a total of 7.74 million Ahlstrom shares were traded for a total of EUR 96.7 million. The lowest trading price was EUR 9.31 and the highest EUR 17.00. The closing price on December 30, 2010 was EUR 14.84. The market capitalization at the end of the year was EUR 686.0 million, excluding the shares owned by the parent company and Ahlcorp Oy.

Ahlstrom Group's equity per share was EUR 13.48 at the end of the review period (December 31, 2009: EUR 12.98).

At the end of the period under review, Ahlstrom had 12,579 shareholders. The largest shareholder is Antti Ahlströmin Perilliset Oy, holding 10% of the share capital. The one hundred largest shareholders are listed on the company's website at www.ahlstrom.com. The ownership interest of the twenty largest shareholders, the division of the company's shareholding and key ratios per share are available on page 82.

Management shareholding plan

Through the shareholding plan launched in August 2010, the President and CEO and a group of EMT members personally invested a significant amount of their own funds in Ahlstrom shares through a holding company, Ahlcorp Oy. Due to the U.S. legal requirements, American EMT member William Casey acquired Ahlstrom shares directly. The participants financed their investments partly by themselves and partly by a loan issued by

Ahlstrom Corporation to Ahlcorp Oy and William Casey.

The loans issued by Ahlstrom Corporation are interest-bearing and amount to a maximum of EUR 3,920,000. In the plan, Ahlcorp Oy and William Casey may purchase a total of Ahlstrom shares worth EUR 4,900,000 at a maximum. The purchase of shares was finalized during the review period. By the end of it Ahlcorp Oy and William Casey held a total of 329,929 shares.

The plan enables the participants to acquire a considerable shareholding in the company. The system harmonizes the interests of the company and its management and supports the achievement of Ahlstrom's strategic objectives. The participants themselves bear the owner risk of their personal investments.

Ahlcorp Oy holds a total of 296,311 Ahlstrom shares, which has been presented in the consolidated financial statements as a repurchase of the Group's own shares. The purchases decreased the Group's equity by EUR 4.4 million.

Events after the balance sheet date

Ahlstrom's Louveira plant in Brazil, manufacturing filtration materials for the transportation industry, was hit by a thunderstorm and flooded in January. There were no injuries to Ahlstrom staff or other people in the plant area. The plant was partially restarted by the end of January. Insurance will cover majority of the financial losses.

Dividend policy and proposal for the distribution of profits

Ahlstrom's dividend policy is based on the company's cash generating capabilities and has been applied as from the dividend paid for the financial year 2009. The company will aim to pay a dividend of not less than one third of the net cash from operating activities after operative investments, calculated as a three-year rolling average to achieve stability in the dividend payout. Operative investments include maintenance, cost improvement, and efficiency improvement investments.

The distributable funds in the balance sheet of Ahlstrom Corporation as per December 31, 2010 amounted to EUR 650,191,838.64.

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.88 per share be paid for the financial year which ended on December 31, 2010. The dividend will be paid to shareholders registered in the Register of Shareholders held by Euroclear Finland Ltd on the record date, April 4, 2011. On December 31, 2010, the number of shares of the Company amounted to 46,670,608 based on which the maximum amount that can be distributed as dividend would be EUR 41,070,135.04. The Board of Directors proposes that the dividend be paid on April 11, 2011.

In addition, the Board of Directors proposes that EUR 100,000 will be reserved for donations at the discretion of the Board.

Outlook

The demand for most of Ahlstrom's products is anticipated to increase this year, backed by the global economic growth, albeit the growth rate will stabilize from 2010. More efficient cost base and continuous development of operations will support the company's financial result.

Ahlstrom estimates the net sales for the current year to amount to EUR 1,920–2,080 million. Operating profit excluding non-recurring items is estimated to be EUR 90–110 million. In 2010, Ahlstrom's net sales were EUR 1,894.2 million and operating profit excluding non-recurring items was EUR 74.2 million.

Selling price increases will continue in order to cover the recent and future increases in raw material costs.

In 2011, investments excluding acquisitions are estimated at approximately EUR 105 million (EUR 51.1 million in 2010). The figure includes investments that have already been announced such as the filtration material capacity increase in Turin and the plant investment together with joint venture partner in China.

Short-term risks

The continuing growth of economies in Asia and other emerging economic areas has been a strengthening trend in the global economy recently. In contrast, in Europe and North America the development varies widely between different areas.

In Europe, economic growth and thus demand for products manufactured by Ahlstrom may be slowed down by cuts in public expenditure due to the debt crisis and by tax increases as well as by the continuing high unemployment rate in the U.S. If economic growth slows down faster than expected, it may be necessary to curb production more than planned, and the risk of unsuccessful increases in or even reductions of selling prices will grow.

Ahlstrom's main raw materials are natural fibers, mainly pulp, synthetic fibers and chemicals. The company is one of the world's largest buyers of market pulp. The prices of chemicals are expected to continue rising at the beginning of this year due to insufficient supply. The price development of synthetic fibers is difficult to estimate at the moment.

If the prices of raw materials remain at a high level or continue to rise, and the increased raw material costs cannot be transferred to selling prices, maintaining the increased profitability achieved in 2010 might be compromised.

The general risks for Ahlstrom's business operations are described in more detail on page 33, in the section Risks and risk management. The risk management process is introduced briefly in this annual report on pages 24–25. Financing risks and hedging principles are described in the notes to the financial statements. The risk management is also reported on the company's website at www.ahlstrom.com. Furthermore, the risk management process is presented in the Corporate Governance Statement on the website.

Ahlstrom Corporation
Board of Directors

Income statement

EUR million	(Note)	2010	2009
Net sales	(2, 3, 4)	**1,894.2**	1,596.1
Cost of goods sold	(5, 8)	**-1,647.7**	-1,421.5
Gross profit		**246.5**	174.6
Sales and marketing expenses	(7, 8)	**-52.6**	-49.6
R&D expenses	(7, 8)	**-20.3**	-21.6
Administrative expenses	(7, 8)	**-108.8**	-95.0
Other operating income	(6)	**17.1**	13.4
Other operating expense	(6, 9)	**-28.1**	-36.3
Operating profit/loss		**53.7**	-14.6
Financial income	(10)	**1.5**	0.8
Financial expenses	(10)	**-28.2**	-27.0
Share of profit/loss of associated companies	(16)	**-1.4**	0.7
Profit/loss before taxes		**25.5**	-40.1
Income taxes	(11,19)	**-7.6**	7.1
Profit/loss for the period		**17.9**	-32.9
Attributable to			
Owners of the parent		**17.9**	-32.9
Non-controlling interest		**-**	-
Basic and diluted earnings per share (EUR)	(13)	**0.26**	-0.72

Statement of comprehensive income

Profit/loss for the period		**17.9**	-32.9
Other comprehensive income, net of tax	(12)		
Translation differences		**39.2**	32.5
Hedges of net investments in foreign operations		**-2.8**	-1.0
Cash flow hedges		**0.8**	0.4
Other comprehensive income, net of tax		**37.3**	31.8
Total comprehensive income for the period		**55.2**	-1.1
Attributable to			
Owners of the parent		**55.2**	-1.1
Non-controlling interest		**-**	-

Balance sheet

EUR million	(Note)	Dec 31, 2010	Dec 31, 2009
Assets			
Non-current assets			
Property, plant and equipment	(14)	**704.9**	717.6
Goodwill	(9, 15)	**156.2**	151.3
Other intangible assets	(15)	**49.5**	52.1
Investments in associated companies	(16)	**10.7**	12.1
Other investments	(17, 27)	**0.4**	0.2
Other receivables	(21, 27)	**35.8**	23.0
Deferred tax assets	(19)	**54.9**	54.5
Total non-current assets		**1,012.4**	1,010.8
Current assets			
Inventories	(20)	**198.0**	175.9
Trade and other receivables	(21, 27)	**305.8**	319.9
Income tax receivables		**2.4**	3.7
Other investments	(17, 27)	**-**	-
Cash and cash equivalents	(18, 27)	**24.6**	19.9
Total current assets		**530.8**	519.4
Total assets		**1,543.2**	1,530.2

EUR million	(Note)	Dec 31, 2010	Dec 31, 2009
Equity and liabilities			
Equity attributable to equity holders of the parent	(22)		
Issued capital		**70.0**	70.0
Share premium		**209.3**	209.3
Reserves		**20.7**	-10.2
Retained earnings		**323.0**	336.6
		623.0	605.6
Hybrid bond		**80.0**	80.0
Non-controlling interest		**0.9**	-
Total equity		**703.8**	685.6
Non-current liabilities			
Interest-bearing loans and borrowings	(25, 27)	**261.7**	235.1
Employee benefit obligations	(23)	**76.2**	78.2
Provisions	(24)	**3.1**	5.0
Other liabilities	(26)	**4.4**	0.4
Deferred tax liabilities	(19)	**27.7**	23.8
Total non-current liabilities		**373.1**	342.5
Current liabilities			
Interest-bearing loans and borrowings	(25, 27)	**93.0**	180.7
Trade and other payables	(26)	**361.1**	305.1
Income tax liabilities		**4.4**	3.7
Provisions	(24)	**7.8**	12.7
Total current liabilities		**466.2**	502.1
Total liabilities		**839.3**	844.6
Total equity and liabilities		**1,543.2**	1,530.2

Statement of changes in equity

EUR million	Issued capital	Share premium	Non-restricted equity reserve	Hedging reserve	Translation reserve	Own shares	Retained earnings	**Total attributable to owners of the parent**	Non-controlling interest	Hybrid bond	**Total equity**
Equity at January 1, 2009	70.0	209.3	8.3	-1.2	-49.1	-	390.9	628.1	0.0	-	628.1
Profit/loss for the period	-	-	-	-	-	-	-32.9	-32.9	-	-	-32.9
Other comprehensive income, net of tax											
Translation differences	-	-	-	-	32.5	-	-	32.5	-	-	32.5
Hedges of net investments in foreign operations	-	-	-	-	-1.0	-	-	-1.0	-	-	-1.0
Cash flow hedges	-	-	-	0.4	-	-	-	0.4	-	-	0.4
Dividends paid and other	-	-	-	-	-	-	-21.0	-21.0	-	-	-21.0
Hybrid bond	-	-	-	-	-	-	-0.5	-0.5	-	80.0	79.5
Interest on hybrid bond	-	-	-	-	-	-	-	-	-	-	-
Purchases of own shares	-	-	-	-	-	-	-	-	-	-	-
Share ownership plan for EMT	-	-	-	-	-	-	-	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-0.0	-	-0.0
Share-based incentive plan	-	-	-	-	-	-	0.1	0.1	-	-	0.1
Equity at December 31, 2009	70.0	209.3	8.3	-0.8	-17.7	-	336.6	605.6	-	80.0	685.6
Equity at January 1, 2010	**70.0**	**209.3**	**8.3**	**-0.8**	**-17.7**	**-**	**336.6**	**605.6**	**-**	**80.0**	**685.6**
Profit/loss for the period	-	-	-	-	-	-	17.9	17.9	-	-	17.9
Other comprehensive income, net of tax											
Translation differences	-	-	-	-	39.2	-	-	39.2	-	-	39.2
Hedges of net investments in foreign operations	-	-	-	-	-2.8	-	-	-2.8	-	-	-2.8
Cash flow hedges	-	-	-	0.8	-	-	-	0.8	-	-	0.8
Dividends paid and other	-	-	-	-	-	-	-26.2	-26.2	-	-	-26.2
Hybrid bond	-	-	-	-	-	-	-	-	-	-	-
Interest on hybrid bond	-	-	-	-	-	-	-5.6	-5.6	-	-	-5.6
Purchases of own shares	-	-	-	-	-	-2.0	-	-2.0	-	-	-2.0
Share ownership plan for EMT	-	-	-	-	-	-4.4	-	-4.4	0.9	-	-3.5
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Share-based incentive plan	-	-	-	-	-	-	0.3	0.3	-	-	0.3
Equity at December 31, 2010	**70.0**	**209.3**	**8.3**	**0.0**	**18.8**	**-6.4**	**323.0**	**623.0**	**0.9**	**80.0**	**703.8**

Statement of cash flows

EUR million	(Note)	2010	2009
Cash flow from operating activities			
Profit/loss for the period		**17.9**	-32.9
Adjustments:			
Non-cash transactions and transfers to cash flow from other activities:			
Depreciation and amortization		**104.9**	137.8
Gains and losses on sale of non-current assets		**23.5**	-0.6
Gains and losses on sale of subsidiary shares		**-5.2**	-
Change in employee benefit obligations		**-13.8**	-9.2
Non-cash transactions and transfers to cash flow from other activities, total		**109.4**	127.9
Interest and other financial income and expense		**28.2**	25.5
Dividend income		**0.0**	0.0
Taxes		**7.6**	-7.1
Changes in net working capital:			
Change in trade and other receivables		**30.6**	28.9
Change in inventories		**-18.6**	80.0
Change in trade and other payables		**57.3**	20.4
Change in provisions		**-4.9**	-5.3
Interest received		**2.1**	2.4
Interest paid		**-24.7**	-31.2
Other financial items		**-30.6**	0.6
Income taxes paid/received		**-6.8**	0.4
Net cash from operating activities		**167.5**	209.6
Cash flow from investing activities			
Acquisitions of Group companies	(3)	**-11.2**	-0.0
Purchases of tangible and intangible assets		**-48.7**	-69.8
Proceeds from disposal of shares in Group companies and businesses and associated companies	(3)	**12.4**	-
Change in other investments		**-2.1**	1.8
Proceeds from disposal of property, plant and equipment		**0.9**	1.7
Dividends received		**0.0**	0.0
Net cash from investing activities		**-48.7**	-66.3
Cash flow from financing activities			
Repurchase of own shares		**-2.0**	-
Investment to Ahlstrom Corporation shares related to share ownership plan for EMT		**-3.5**	-
Payments received on hybrid bond		**-**	80.0
Interest on hybrid bond		**-7.6**	-
Drawdowns of non-current loans and borrowings		**109.9**	242.3
Repayments of non-current loans and borrowings		**-87.8**	-333.5
Change in current loans and borrowings		**-97.1**	-149.1
Change in capital leases		**-1.9**	-2.2
Dividends paid and other		**-25.9**	-21.0
Net cash from financing activities		**-115.8**	-183.6
Net change in cash and cash equivalents		**2.9**	-40.2
Cash and cash equivalents at the beginning of the period		**19.9**	58.2
Foreign exchange effect on cash		**1.7**	2.0
Cash and cash equivalents at the end of the period		**24.6**	19.9

Accounting principles

Corporate information

Ahlstrom Corporation ("the parent company") with its subsidiaries ("Ahlstrom" or "the Group") is a global leader in the development, manufacture and marketing of high performance nonwovens and specialty papers. Ahlstrom supplies these products as roll goods to its industrial customers for further processing. The Group reports its operations in five segments: Building and Energy, Filtration, Food and Medical, Home and Personal and Label and Processing. In 2010, Ahlstrom had operations in 26 countries, and the Group employed approximately 5,800 people.

Ahlstrom Corporation is a Finnish public limited liability company domiciled in Helsinki. The company's registered address is Salmisaarenaukio 1, 00180 Helsinki. The consolidated financial statements are available at www.ahlstrom.com or from the aforementioned address. The parent company's shares are listed on the NASDAQ OMX Helsinki.

These consolidated financial statements were authorized for publication by the Board of Directors of Ahlstrom Corporation on February 1, 2011. In accordance with the Finnish Limited Liability Companies Act, the Annual General Meeting decides on the adoption of these financial statements.

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These contain the existing IAS and IFRS standards as well as the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations. The notes to the consolidated financial statements are also in accordance with the requirements of the Finnish Accounting and Limited Liability Companies Acts complementing the IFRS regulations.

The consolidated financial statements have been prepared under the historical cost convention except for the following assets and liabilities which are measured at fair value: financial instruments at fair value through profit and loss, financial assets classified as available-for-sale, hedged items in fair value hedge accounting and liabilities for cash-settled share-based payments. The consolidated financial statements are presented in millions of euros unless stated otherwise. For presentation, individual figures and sum totals have been rounded to millions with one decimal, which may cause rounding differences when they are summed up.

The Group has adopted the following new or amended standards and interpretations as of January 1, 2010:

- IFRS 3 Business Combinations (revised)
  The acquisition method continues to be applied for business combinations. The revised standard differs from the previous one in, for instance as follows:
  Contingent consideration is measured at fair value at the acquisition date, with subsequent changes recognized through the statement of comprehensive income.
  All acquisition-related costs are expensed.
  Any non-controlling interest is measured at either fair value, or at its proportionate share of the identifiable net assets, on an acquisition-by-acquisition basis.
- IAS 27 Consolidated and Separate Financial Statements (amended)
  The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. These transactions will no longer result in goodwill or gains or losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in the income statement.
  The below mentioned new and amended standards and interpretations adopted by the Group in 2010 do not have an effect on the consolidated financial statements.

- IAS 39 Financial Instruments: Recognition and Measurement (amendment) - Eligible Hedged Items
- IFRIC 12 Service Concession Arrangements
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 Transfers of Assets from Customers

Change of presentation method

In 2010, The Group has changed the presentation of the income statement from the nature of expense method to the function of expense method in order to provide a clearer structure of the financial results. The performance monitoring by the Group executive management is also based on function of expense method. The income statement and notes of the comparison period have been restated accordingly.

Revised organization and operating model

In 2010 The Group announced the revised organization and operating model. Ahlstrom organized its businesses in five Business Areas which form new reporting segments in financial reporting. The new reporting segments are Building and Energy, Filtration, Food and Medical, Home and Personal and Label and Processing. The figures for the comparison period have been restated accordingly.

Consolidation principles

The consolidated financial statements contain the parent company Ahlstrom Corporation, all subsidiaries, associated companies and the management's holding company Ahlcorp Oy. Subsidiaries are entities controlled by the parent company. Control exists when the parent company has, directly or indirectly, more than one half of the voting rights or the parent company has the power to decide on the financial and operating matters of the subsidiary. A potential control of voting rights is also taken into consideration when assessing whether the Group controls another entity. Associated companies are companies in which the Group has a significant influence, but not control, over the financial and operating decisions and the Group generally has a shareholding of between 20% and 50% of the voting rights.

Acquired subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group, whereas companies divested are included in the consolidated financial statements until the date when control ceases. Acquired companies are accounted for using the purchase method of accounting. The identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair value on the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. All intragroup transactions, receivables and liabilities as well as unrealized profits and intragroup profit distributions are eliminated in consolidation.

The investments in associated companies are accounted for using the equity method of accounting. The share of profits or losses of associated companies is presented separately in the consolidated income statement. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

The management's holding company Ahlcorp Oy, which was established for the share-based incentive plan, is included in the consolidated financial statements. The share of non-controlling interest in the company is 100%.

Non-controlling interest is reported as a separate item in equity in the consolidated balance sheet. Profit or loss for the period attributable to the owners of the parent and the non-controlling interest are each presented separately in the consolidated income statement and the comprehensive income for the period attributable to the owners of the parent and the non-controlling interest are each presented separately in the consolidated statement of comprehensive income.

Foreign currency translation

Figures representing the financial result and position of each subsidiary in the Group are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency). The consolidated financial statements are presented in euros, which is the functional and the presentation currency of the parent company.

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Monetary balance sheet items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date. Foreign exchange differences arising from the currency translation are recognized in the income statement. Foreign exchange gains and losses arising from operating business transactions are included in operating profit, and those arising from financial transactions are included as a net amount in financial income and expenses. The foreign exchange gains and losses arising from the qualifying cash flow hedges and qualifying hedges of a net investment in foreign operations are recorded in the consolidated statement of comprehensive income and currency differences recognized in equity.

The balance sheets of foreign subsidiaries are translated into euros at the exchange rates prevailing at the balance sheet date while the income statements are translated at the average exchange rates for the period. Translating the result of the period using different exchange rates on the balance sheet and income statement causes a translation difference to be recognized in equity and its change is recorded in the consolidated statement of comprehensive income.

Translation differences arising from the elimination of the acquisition price of foreign subsidiaries and from the translation differences in equity items since the acquisition date as well as the changes in spot values of forward contracts that hedge the currency exposures on net investments are recognized in the consolidated statement of comprehensive income. When a subsidiary is disposed or sold wholly or partially, translation differences arising from the net investment and related hedges are recognized in the income statement as part of the gain or loss on sale. Translation differences that have arisen before

January 1, 2004 (the date the Group adopted IFRS) have been recognized in retained earnings at the time of the transition to IFRS. Upon disposal or sale of a subsidiary, such translation differences will not be recognized in the income statement. Translation differences incurred since January 1, 2004 are presented separately in the statement of changes in equity.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses. Interest costs on borrowings to finance long-term construction of qualifying assets are capitalized as part of their historical cost base during the period required to complete the asset for its intended use.

Depreciation on property, plant and equipment is calculated on a straight-line basis over the estimated useful lives of the assets as follows: buildings and constructions 20–40 years; heavy machinery 10–20 years; other machinery and equipment 3–10 years. Land is not depreciated. Where parts of a property, plant and equipment have different useful lives, they are accounted for as separate items. The Group recognizes in the carrying amount the cost incurred for replacing the part and the possible remaining carrying amount is depreciated at the time of replacement. Ordinary repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

The residual values and the useful lives of non-current assets are reassessed at each balance sheet date and appropriate adjustments are recorded to reflect the changes in estimated recoverable amounts. Depreciation on items of property, plant and equipment is discontinued when the item is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Gains and losses arising from the sale of property, plant and equipment are included in other operating income or expense.

Investment properties

The purpose of owning investment properties is to obtain rental income or value appreciation. The investment properties are measured at fair value which equals the market value of the functioning market. Gains and losses arising from the adjustments of the fair value of investment properties are included in other operating income or expenses. The Group had no investment properties during the financial period.

Intangible assets

Goodwill

Acquisitions are accounted for under the purchase method of accounting and accordingly, the excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized in the balance sheet as goodwill. Identifiable net assets include the assets acquired, and liabilities and contingent liabilities assumed. The cost of acquisition is the fair value of purchase consideration. Goodwill is stated at original cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and it is not amortized but instead is tested annually for impairment.

Acquisitions prior to the IFRS transition date have, in accordance with IFRS 1, not been restated, and therefore the balance sheet carrying values according to the previous accounting standards continue to be used as the recorded cost of the acquisition. Prior to the IFRS transition date, the difference between the acquisition cost and the subsidiary's equity at the time of acquisition has been allocated to intangible assets, property, plant and equipment and goodwill.

Research and development

Research costs are expensed as incurred in the income statement. Expenditures on development activities are also expensed as incurred except for those development expenses which meet the capitalization criteria under IAS 38 Intangible Assets.

Other intangible assets

Other intangible assets e.g. trademarks, patents, licenses and computer software, which have a definite useful life are stated at cost less accumulated amortization and impairment losses. Other intangible assets which have an indefinite useful life are not amortized but tested annually for possible impairment.

Intangible assets are amortized on a straight-line basis over their expected useful lives. The expected useful lives for trademarks, patents and licenses are ranging from 5 to 20 years and for computer software from 3 to 5 years.

Other intangible assets, e.g. customer relationships, acquired in business combinations are recorded at fair value at the acquisition date. These intangible assets have a definite useful life and are carried at cost less accumulated straight-line amortization over the expected life of the intangible asset.

Emission rights

The Group participates in the European Union emission trading scheme in which it has been allocated emission allowances for a defined period. The allocated allowances received free of charge according to the carbon dioxide emissions and the liability based on the actual emissions are netted. A provision is recognized if the allowances received free of charge do not cover the actual emissions. No intangible asset is recognized for the excess of allowances. Gains arising from the sale of the emission right allowances are recorded in other operating income.

Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost of raw materials and supplies is determined on a weighted average cost method. The cost of finished goods and work in progress comprises raw materials, energy, direct labor, other direct costs and related indirect production overheads based on normal operating capacity.

Leasing

The Group leases certain property and equipment under various operating and finance lease arrangements. Leases are classified and accounted for as finance leases if substantially all the risks and rewards of ownership of the underlying assets have been transferred to the lessee.

The assets related to finance leases are capitalized at the commencement of the lease term at the lower of the fair value of the leased property and the estimated present value of the minimum lease payments. The corresponding lease obligations, net of finance charges, are included in interest-bearing liabilities. Each lease payment is allocated between the liability and the finance charges. The interest element of the finance cost is charged to the income statement over the lease period using a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment under finance lease contracts are depreciated over the shorter of the useful life of the asset and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are expensed on a straight-line basis over the lease period.

Impairment of assets

The carrying amounts of the Group's assets are reviewed continuously to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill is tested for impairment annually despite any indication of potential impairment.

The need for impairment is reviewed at the level of cash-generating units, in other words, on the lowest unit level which is mainly independent of other units. The calculation is carried out on profit center level.

The recoverable amount is the higher of the asset's fair value less costs to sell or value in use. The value in use represents the discounted future cash flows expected to be derived from an asset or a cash-generating unit. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the specific risk to the asset for which the future cash flow estimates have not been adjusted.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. An impairment loss is immediately recognized in the income statement and allocated first to reduce the goodwill of the cash-generating unit and thereafter to reduce the other assets of the unit. An impairment loss allocated to assets other than goodwill can be reversed in case a positive change has taken place in the recoverable amount of an asset. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized in prior years. However, an impairment loss recorded on goodwill is never reversed.

Employee benefits

Defined contribution and defined benefit plans

Group companies have various pension schemes in accordance with local practices in different countries. The pension arrangements are classified as either defined contribution plans or defined benefit plans. The schemes are mostly funded through payments to insurance companies or trustee-administered funds according to local regulations. A defined contribution plan is a pension plan under which the company and usually also the employees pay fixed contributions to an insurance company. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay the pension benefits to the employees. Contributions to defined contribution pension plans are recognized as expense in the period when they incur. All pension plans which do not meet the criteria for defined contribution plans are defined benefit plans. Defined benefit plans typically define a fixed amount of benefit that an employee will receive after retirement and which the company is responsible for.

The Group's net obligation of defined benefit plans is calculated and recorded separately for each pension scheme based on calculations prepared by independent actuaries. The present value of defined benefit obligations is determined using the projected unit credit method. The net liability recognized in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets adjusted by the unrecognized actuarial gains or losses and unrecognized past service costs. The discount rate used to determine the present value of the defined benefit obligation is equal to the yield on high quality corporate bonds or, if not available, government bonds. The interest rates of the high quality corporate bonds are determined in the currency in which the benefits will be paid with a similar maturity to the obligation.

All actuarial gains and losses as of January 1, 2004 were recognized in equity in connection with the transition to IFRS. The actuarial gains and losses that arise subsequent to January 1, 2004 are, to the extent that the cumulative unrecognized actuarial gain or loss exceeds the greater of 10% of the present value of the defined benefit obligation or 10% of the fair value of the plan assets, recognized in the income statement over the expected average remaining working lives of the employees participating in the plan.

The Group's net obligation in respect of long-term service benefits, other than pension benefits, is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Share-based payments
The Group has share-based incentive plans for Executive Management Team members under which the senior management is granted a combination of shares and cash payment based on financial performance of the Group. The estimated amount of the shares to be granted based on the program are measured at the fair value on the grant date and are recorded in the income statement as employee benefits equally over the period when the right to share-based compensation occurs and to the equity. The portion to be paid in cash is recognized in personnel expenses and as debt.

Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that a cash outflow will be required to settle the obligation and a reliable estimate of the obligation can be made. Long-term provisions are discounted to their present value.

A provision for restructuring is recognized only when a formal plan has been approved, and the implementation of the plan has either commenced or the plan has been announced. An environmental provision is recorded based on the interpretations of environmental laws and the Group's environment principles when it is probable that an obligation has arisen and the amount of obligation can be reliably estimated.

Income taxes

In the consolidated statement of income, the taxes based on the taxable income of the financial period, adjustments to prior year taxes and deferred taxes are presented as income taxes. Taxes are recognized in the income statement unless they relate to items recognized directly in equity or in the consolidated statement of comprehensive income. In this case the tax is also recognized in other comprehensive income or directly in equity.

Deferred taxes are provided for temporary differences arising between the carrying amounts in the balance sheet and the tax bases of assets and liabilities using the relevant enacted tax rates in each country. The most significant temporary differences arise from property, plant and equipment, employee benefit obligations and unused tax losses. Deferred tax assets on deductible temporary differences, tax losses carried forward and unused tax credits are recognized only to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the income statement in the period when the tax rate change is enacted.

Revenue recognition

Net sales are the revenues from the sale of products and services adjusted by indirect taxes, returns, rebates, discounts and other credits. Net sales are not adjusted with exchange rate differences from foreign currency sales after the original sale is recorded.

The Group recognizes revenue from product sales when the ownership of goods and the material risks related to ownership have been transferred to the buyer or other responsible party. The majority of the Group's revenue is recognized upon delivery to the customer. Revenue from services is recognized when the services are rendered.

Rental income is recorded in the income statement on a straight-line basis over the lease term. Recognition of license and royalty income is performed in accordance with the content of the agreements. Interest income is recognized using the effective interest rate method for the period during which the interest income is generated and dividend income is recognized when the right to the dividend has arisen.

Government grants relating to the purchase of property, plant and equipment are deducted from the carrying amount of the asset and recognized as income over the life of the asset in the form of reduced depreciation charges. Grants received as reimbursement of actual expenses, are recognized in the income statement in the same period when the right to receive the grant exists. Such grants are recognized in other operating income.

Non-current assets held for sale and discontinued operations

Non-current assets held for sale and assets and liabilities related to discontinued operations are classified as held for sale if their carrying amount will be recovered principally through a sale transaction instead of continuous operations. The prerequisites for the classification as held for sale are considered to be met when the sale is considered highly probable and management is committed to the sale within one year from the date of classification for sale. From the classification date the assets held for sale are measured at lower of their carrying amount or fair value less selling costs. Depreciation of these assets is discontinued on the classification date.

Financial assets and liabilities

The Group's financial assets are classified into the following categories according to IAS 39: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification is determined on initial recognition based on the intended use of the financial asset. The purchases and sales of financial assets are recognized on the trade date and they are classified as current or non-current assets based on their maturities. Investments are recognized at cost including transaction costs for all financial assets not measured at fair value through profit or loss.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset have expired or have been transferred and substantially all the risks and rewards of ownership have been moved outside the Group.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit and loss are assets held for trading. Assets in this category are mainly held to generate profits from short-term market price changes. Derivatives are also categorized in this group unless they qualify for hedge accounting. Assets in this category are measured at fair value. Unrealized and realized gains and losses due to fair value adjustments are recognized in income statement in the period they occur. The Group's financial assets at fair value through profit or loss include derivatives and other current investments.

Loans and receivables
Loans and receivables are non-derivative financial assets which arise from the sale of goods and services or from lending activities. They are not quoted on an active market and payments are fixed or determinable and are not held for trading. Loans and receivables are recognized at amortized cost. The Group's loans and other receivables comprise trade and other receivables.

Available-for-sale financial assets
Available-for-sale financial assets category includes non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are measured at fair value. The Group's available-for-sale financial assets include unlisted securities classified in non-current other investments in the balance sheet. Unlisted securities are stated at lower of cost or probable value.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are included in interest-bearing loans and borrowings in current liabilities on the balance sheet.

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

An impairment of trade receivables is recorded when there is sufficient evidence that the receivable can not be collected at the carrying amount of the asset. Impairment loss is determined by management based on its judgement of the customer's ability to fulfill the obligation. An impairment of trade receivables and any reversal of a previously recorded impairment loss is recognized in other operating expenses in the consolidated income statement.

Financial liabilities
The Group's financial liabilities include interest-bearing loans and borrowings, trade and other payables and other financial liabilities. Financial liabilities are classified as financial liabilities at fair value through profit and loss and other financial liabilities measured at amortized cost. Derivatives for which hedge accounting is not applied are included in the financial liabilities at fair value through profit and loss. Other financial liabilities are initially measured at fair value which is based on the consideration received. Transaction costs associated with financial liabilities are included in the initial measurement at fair value. Subsequent to initial recognition at fair value, financial liabilities, with the exception of derivatives, are measured at amortized cost using the effective interest rate method. Financial liabilities are categorized as current or non-current liabilities based on their maturities. Financial liabilities are current if the Group does not have an unconditional right to settle the liability later than 12 months from the closing date.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to manage foreign currency, interest rate and commodity risks. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gains or losses is dependent on the intended use of the derivative in question. Changes in fair value of derivatives designated and qualifying for hedge accounting and which are effective are recognized congruently with the hedged item. When derivative contracts are entered into, the Group designates them either as hedges of the fair value of recognized assets, liabilities or firm commitments (fair value hedge), hedges of forecasted transactions or firm commitments (cash flow hedge), hedges of net investments in foreign operations (net investment hedge) or as derivative financial instruments not meeting the hedge accounting criteria.

For hedge accounting purposes, the Group prepares documentation of the hedged item, the risk being hedged, and the risk management objective and strategy. The Group also documents its assessment, both at hedge inception and on an ongoing basis, as to whether the derivatives used as hedging instruments are effective in offsetting changes in fair values or cash flows of hedged items.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged assets or liabilities attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recorded in the consolidated statement of comprehensive income and presented as hedging reserve in equity. The cumulative gain or loss of a derivative deferred in equity is recognized in the income statement in the same period in which the hedged item affects profit or loss. When hedging the foreign currency risk of forecasted net sales and purchases or commodity risk the fair value of the derivatives is recognized in the cost of goods sold in the income statement. When a hedging instrument expires, is sold or no longer qualifies for hedge accounting, any cumulative gain or loss reflected in equity at that time remains in equity until the forecasted business transaction hedged occurs. However, if the forecasted transaction is no longer expected to occur, the cumulative gain or loss reported in equity is recognized in the income statement.

The Group uses either derivatives or currency loans to hedge its currency exposure of net investments in foreign operations which are accounted for similarly to cash flow hedges. The effective portion of the change in fair value of the hedging instrument, i.e. change in spot value, is recorded in the consolidated statement of comprehensive income and presented as translation reserve in equity. Any ineffective portion of the difference in interest rates is recognized in finance items in the income statement. If a foreign currency loan is used as a hedge, the effective portion of the associated exchange gains or losses is recorded in the consolidated statement of comprehensive income and presented as translation reserve in equity. When the subsidiary is disposed or sold, the cumulative amount in the translation reserve is recognized in the income statement as an adjustment to the gain or loss on the disposal.

The fair values of derivatives under hedge accounting are presented in current assets or liabilities in the balance sheet.

Other derivative instruments do not necessarily qualify for hedge accounting, even if they are economic hedges according to the Group treasury policy. Changes in fair values of these non-qualifying derivatives are recorded according to the hedged item in the income statement in the period they occur. The embedded derivatives which meet the terms and conditions defined in IAS 39 standard will be separated from the host contract and measured at fair value through profit or loss. Fair values are determined by utilizing public price quotations and generally accepted valuation methods. The valuation data and assumptions are based on verifiable market prices. The fair values of pulp derivatives are based on prices provided by market makers.

Equity and dividends

The company's shares are entered in a book-entry securities system and they are presented as share capital in the consolidated financial statements.

The Group reports the own shares it holds as reduction in equity. The purchase, sale, issuance and cancellation of own shares is not recognized as profit or loss in the income statement but the considerations paid or received and expenses incurred, net of taxes, are recognized in equity.

Dividends proposed by the Board of Directors are recognized in the financial statements at the approval by the shareholders at the Annual General Meeting.

The hybrid bond is treated as equity in the consolidated financial statements. Interest on the hybrid bond is not accrued but is recorded in retained earnings, net of taxes, after dividend approved by the Annual General Meeting. When calculating the earnings per share the accumulated interest of the hybrid bond during the financial period is included in the result for the period.

Operating profit

The Group's operating profit is the net amount of net sales and other operating income less cost of goods sold, sales and marketing expenses, research and development expenses, administrative expenses and other operating expenses.

All other income statement items are presented below operating profit. Foreign exchange differences and changes in fair values of derivatives are included in operating profit if they relate to normal business operations. Foreign exchange differences related to financial operations are recorded in financial income and expenses.

Critical accounting estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to use accounting estimates and assumptions in applying the accounting principles. The estimates are based on the management's best knowledge at the balance sheet date but the actual outcome may differ from the estimates and assumptions used. The most significant estimates are related to the fair value calculations of business combinations, the economic lives of property, plant and equipment, pension benefits, deferred taxes, valuation of provisions and impairment testing of goodwill.

The Group management exercises judgement in selecting and applying the accounting principles, particularly in cases where the existing IFRS standards offer alternative recognition, valuation or presentation methods. The basis for the estimates are described in greater detail in the accounting principles and later in the relevant notes to the consolidated financial statements.

Application of new or revised IFRS standards

IASB has issued the following new standards, interpretations and their amendments which are not yet effective and the Group has not early adopted them as of the balance sheet date.

The Group will adopt them from the effective date of each new or amended standard and interpretation or in case the effective date is different from the start date of the accounting period, adoption will take place in the beginning of the next accounting period.

- **IFRS 9 Financial Instruments – classification and measurement of financial assets (new)**
  The new standard is the first step to replace the current IAS 39 Financial Instruments: Recognition and Measurement standard. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets.

- **IFRS 9 Financial Instruments – classification and measurement of financial liabilities (new)**
  These additions to IFRS 9 complete the classification and measurement phase of the project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 standard will become effective from accounting periods beginning on or after January 1, 2013. The standard is not yet endorsed by EU. Management is currently starting to assess the full impact of the new IFRS 9 standard on the consolidated financial statements.

The following standards and interpretations adopted by the Group in 2011 or later are not expected to have an impact on the consolidated financial statements.

- **IAS 32 Financial Instruments: Presentation (amendment) – Classification of Rights Issues**
  The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. The amendment is effective from accounting periods beginning on or after February 1, 2010.

- **IAS 24 Related Party Disclosures (revised)**
  The revised standard clarifies the definition of a related party and changes the disclosure requirements for government-related entities. The revised standard is effective from accounting periods beginning on or after January 1, 2011.

- **IFRIC 14 Prepayments of a Minimum Funding Requirement (amendment)**
  The amendment corrects an unintended consequence of IFRIC 14 IAS 19 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is effective from accounting periods beginning on or after January 1, 2011.

- **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments**
  The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. The interpretation is effective from accounting periods beginning on or after July 1, 2010.

Annual amendments to the IFRS standards 2010

The impacts of the amendments vary by standard but they are not expected to have significant impact on the consolidated financial statements. The amendments are for the main part effective from accounting periods beginning on or after July 1, 2010. The amendments have not yet been approved by EU.

- **IAS 12 Income Taxes – Deferred tax: recovery of underlying assets (amendment)**
  The amendment clarifies the determining whether assets measured using the fair value model in IAS 40 Investment Property are recovered through use or through sale. The amendment is effective for accounting periods beginning on or after July 1, 2011. The standard is not yet endorsed by EU.

- **IFRS 7 Financial Instruments: Disclosures (amendments)**
  Those amendments broaden the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011. The amendments have not yet been approved by EU.

1. FINANCIAL RISK MANAGEMENT

Financial risk management is part of Ahlstrom's group-wide risk management activities targeted to mitigate events which could affect negatively the achievement of the company's strategic and operative goals. The overall objective of financial risk management in Ahlstrom is to have cost-effective funding in Group companies as well as to protect the Group from unfavorable changes in the financial markets and thus help to secure profitability. The principles and limits for financing activities are defined in the Group Treasury Policy on the basis of which Group companies have specified their own procedures, which take into account the special aspects unique to their businesses. The Group Treasury Policy has been approved by the Audit Committee of the Board of Directors and the treasury activities are coordinated by Group Treasury.

Foreign currency risk

The Group is exposed to currency risk arising from exchange rate fluctuations. The management of foreign currency exposure is divided into two parts: one relating to foreign currency flows (transaction exposure) and the other relating to balance sheet items denominated in foreign currency (translation exposure).

Transaction exposure concerns forecasted foreign currency flows and firm commitments. In 2010, approximately 52% of Ahlstrom's net sales were denominated in euros, approximately 36% in US dollars and 12% in other currencies. Ahlstrom's raw materials are generally purchased in US dollars and euros. Foreign currency flows are hedged on a net exposure basis per currency of the respective Group company in accordance with the rules set in the Group Treasury Policy. The guideline for Group companies is to hedge 100% of the forecasted 3 month net foreign currency flows per currency against the base currency of the respective company. However, hedging periods can be extended up to 12 months when agreed with Group Treasury. Foreign currency forwards are used as hedging instruments and these are generally booked through the income statement. In 2010, the Group applied cash flow hedge accounting to some hedging positions.

Translation exposure consists mainly of foreign currency denominated loans and receivables (Balance Sheet exposure) and net investments in foreign subsidiaries (Equity exposure). The Balance Sheet exposure is managed by Group Treasury and the aim is a fully hedged position, whenever economically possible. The Group norm is to leave the Equity exposure unhedged due to the long-term nature of the investments. On December 31, 2010 the equity hedging ratio was 0% (31.12.2009 16%).

Financial instruments' foreign exchange risk sensitivity analysis according to IFRS 7

The analysis has been prepared on the basis that the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at December 31, 2010. The financial instruments affected by market risks include working capital items, such as trade and other receivables and payables, borrowings, deposits, cash and cash equivalents and derivative financial instruments. These are sensitive to changes in exchange rates and interest rates.

The following table shows how much the income statement and the equity would be affected by a +10% change in the exchange rates against the euro. In case of a -10% change in the exchange rates against the euro the effect would be the opposite.

	Dec 31, 2010			Dec 31, 2009		
EUR million	**Open Position**	**Effect on income statement**	**Effect on Equity**	**Open Position**	**Effect on income statement**	**Effect on Equity**
BRL	170.8	-	17.1	140.2	-	14.0
USD	130.2	1.9	11.2	88.4	0.3	8.5
GBP	45.8	0.3	4.3	35.4	0.6	3.0
RUB	42.0	-	4.2	40.0	0.0	4.0
KRW	23.2	-	2.3	9.0	-	0.9
SEK	22.6	0.2	2.0	13.8	0.2	1.1
CNY	19.0	-	1.9	-	-	-
INR	17.8	-	1.8	16.3	-	1.6
Net effect		**2.4**	**44.7**		1.1	33.1

The net effect has been calculated before taxes.

Interest rate risk

Interest rate risk is measured with modified duration, which defines the Group's loan portfolio's interest rate sensitivity in response to a change in interest rates. According to the Group Treasury Policy the Group's benchmark duration is 12 months and the duration may deviate between 3 and 48 months. The duration of the loan portfolio can be adjusted by the use of derivative instruments such as interest rate swap contracts with maturities usually between 2 and 5 years. In 2010 hedge accounting has been applied to 2 interest rate swap contracts. At the reporting date there were no open interest rate swap contracts. Derivative fair values are shown in note 28.

Financial instruments' interest rate risk sensitivity analysis according to IFRS 7

The analysis has been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rate of the debt are constant. The financial instruments affected by market risks include borrowings, deposits, cash and cash equivalents and derivative financial instruments. These are sensitive to changes in interest rates.

The following table shows how much the income statement and the equity would be affected by a 1 percentage point parallell shift in the yield curve

	Dec 31, 2010			Dec 31, 2009		
EUR million	**Open Position**	**Effect on income statement**	**Effect on Equity**	**Open Position**	**Effect on income statement**	**Effect on Equity**
Other short-term deposits and interest-bearing liabilities excluding finance lease liabilities	108.3	-1.0	-	349.1	-2.6	-
Interest rate derivatives	-	-	-	140.0	3.8	1.2
Net effect		**-1.0**	**-**		**1.2**	**1.2**

The net effect has been calculated before taxes.

Raw material and energy price risk

Group earnings are exposed to commodity and energy price volatility. Group companies have the responsibility of identifying and measuring their commodity and energy price risk. Group companies should primarily seek to hedge their risks in relation to movements in commodity prices (primarily for pulp, energy and chemicals) with their suppliers through fixed price contracts for a defined period. Where such hedges cannot be obtained or if they are commercially uneconomical Group companies may enter into financial commodity price risk hedging transactions through commodity derivatives. All such transactions need to be concluded with Group Treasury. On December 31, 2010 the Group had 4 pulp derivative agreements, total amount of 21,300 tons. Hedge accounting was applied to these derivative agreements. The Group had no pulp derivative agreements in 2009.

Financial instruments' commodity risk sensitivity analysis according to IFRS 7

The analysis has been prepared on the basis that the amount of derivative contracts is constant. The financial instruments affected by market risks include pulp derivative financial instruments. These are sensitive to changes in the commodity forward prices.

The following table shows how much the income statement and the equity would be affected by a +10% change in the commodity forward price curve. In case of a -10% change in the commodity forward price curve the effect would be the opposite.

	Dec 31, 2010			Dec 31, 2009		
EUR million	**Nominal amount**	**Effect on income statement**	**Effect on Equity**	**Nominal amount**	**Effect on income statement**	**Effect on Equity**
Pulp derivative agreements	12.7	-	1.3	-	-	-
Net effect	**12.7**	**-**	**1.3**	**-**	**-**	**-**

The net effect has been calculated before taxes.

Liquidity and refinancing risk

The Group seeks to maintain adequate liquidity under all circumstances by means of efficient cash management and restricting investments to highly liquid instruments only. Cash, cash equivalents and available committed credit facilities should always cover outstanding short term debt and following 12 months interest payments, loan amortizations, committed capital and maintenance investments and estimated dividend payments.

As of December 31, 2010, Ahlstrom's interest-bearing liabilities amounted to EUR 354.7 million, divided into financings from banks and other financial institutions of EUR 326.2 million, EUR 17.6 million in borrowings under the company's EUR 300 million domestic commercial paper program and EUR 10.9 million in commitments under financial leases. At the end of the year, its total liquidity, including cash and unutilized committed credit facilities was EUR 382.1 million. In addition, the company had cash pool overdraft limits and undrawn uncommitted credit facilities totalling EUR 169.1 million.

In November 2010 Ahlstrom concluded a EUR 100 million senior bond issue. The bond is unsecured and its covenants correspond to established covenant structures in the corporate bond market. The bond has a maturity of 5 years and pays an annual fixed coupon of 4.5%. The issue was targeted at domestic and foreign institutional investors and was notably oversubscribed. The proceeds of the bond were used for refinancing and general corporate purposes. This transaction was Ahlstrom´s first senior bond issue and both extends and balances the company´s debt maturity profile.The bond is listed on the NASDAQ OMX Helsinki since December 2010.

In December 2010 Ahlstrom signed a EUR 45 million loan agreement with the European Investment Bank.The loan will be used for research and product development and innovation purposes in the years 2010 to 2013 at Ahlstrom's sites in France, Finland, Germany and Italy. The loan can be raised in floating or fixed rate tranches and the final repayment date of the loan is 7 years from drawdown. As of December 31, 2010 no drawdowns had been made.

At the end of the year, the Group was in full compliance with the covenants of its financing agreements and management expects such compliance to continue.

Refinancing risks are managed by seeking to ensure that the loan portfolio has a balanced maturity profile both in terms of length and concentration of repayments. The maturity profile of the liabilities of the Group is shown in the following table.

Contractual undiscounted cash flows of repayments and interests of liabilities

Dec 31, 2010 **EUR million**	**2011**	**2012**	**2013**	**2014**	**2015**	**Later**	**Total**
Floating rate loans from financial institutions	37.2	11.7	35.8	6.9	1.6	-	93.2
Fixed rate loans from financial institutions	2.8	6.1	10.5	10.2	9.9	11.3	50.8
Pension loans	4.0	20.2	19.3	18.3	1.2	-	63.0
Finance lease liabilities	1.9	1.5	1.3	0.9	5.2	1.7	12.5
Other non-current loans	4.6	4.6	4.5	4.5	103.1	0.0	121.5
Other current loans	30.2	-	-	-	-	-	30.2
Trade and other payables	361.1	-	-	-	-	-	361.1
Interest rate swaps	-	-	-	-	-	-	-
Total	441.8	44.1	71.4	40.9	121.1	13.0	732.2

Dec 31, 2009 **EUR million**	**2010**	**2011**	**2012**	**2013**	**2014**	**Later**	**Total**
Floating rate loans from financial institutions	36.9	81.1	10.0	33.7	5.6	1.6	168.9
Fixed rate loans from financial institutions	1.4	3.3	5.8	9.9	9.6	18.3	48.5
Pension loans	-	1.2	17.9	17.9	17.9	1.2	56.0
Finance lease liabilities	2.6	1.8	1.4	1.2	0.8	6.8	14.7
Other non-current loans	3.6	3.5	2.6	1.4	0.5	0.1	11.7
Other current loans	144.6	-	-	-	-	-	144.6
Trade and other payables	301.0	-	-	-	-	-	301.0
Interest rate swaps	3.3	1.8	0.6	-0.2	-0.4	-1.0	4.1
Total	493.5	92.8	38.2	63.9	34.1	27.0	749.5

As the amounts disclosed in the table above are the contractual undiscounted cash flows, they differ from the carrying values in the Group balance sheet.

The Group had a financial guarantee given on behalf of the associated company Jujo Thermal Oy which expired on August 31, 2010. On December 31, 2009 the financial guarantee amounted to EUR 2.1 million.

Interest-bearing liabilities and debt structure

Dec 31, 2010 **EUR million**	**Drawn amount**	**Undrawn amount**	**Total**	**2011**	**2012**	**2013**	**2014**	**2015**	**Later**
				Facility maturity					
Available committed facilities	-	**357.5**	**357.5**	60.0	236.4	28.9	6.4	6.4	19.4
				Loan maturity					
Non-current loans	**290.9**	-	**290.9**	38.6	33.3	62.7	34.0	111.4	10.9
Finance lease liabilities	**10.9**	-	**10.9**	1.5	1.1	1.0	0.6	5.0	1.6
Current loans	**30.2**	-	**30.2**	30.2	-	-	-	-	-
Bank credit lines utilized	**22.7**	-	**22.7**	22.7	-	-	-	-	-
Total interest-bearing liabilities	**354.7**	-	**354.7**	93.0	34.4	63.7	34.7	116.4	12.5
Total loans and undrawn committed facilities	**354.7**	**357.5**	**712.1**						

Dec 31, 2009 EUR million	Drawn amount	Undrawn amount	Total	2010	2011	2012	2013	2014	Later
				Facility maturity					
Available committed facilities	-	243.6	243.6	-	7.9	232.3	2.3	1.2	-
				Loan maturity					
Non-current loans	258.5	-	258.5	33.9	81.8	30.4	59.6	32.2	20.6
Finance lease liabilities	12.7	-	12.7	2.2	1.5	1.1	0.9	0.6	6.5
Current loans	129.9	-	129.9	129.9	-	-	-	-	-
Bank credit lines utilized	14.7	-	14.7	14.7	-	-	-	-	-
Total interest-bearing liabilities	415.8	-	415.8	180.7	83.3	31.5	60.5	32.8	27.0
Total loans and undrawn committed facilities	415.8	243.6	659.5						

Factoring

Group companies may enter into factoring or other corresponding financing arrangements subject to Group Treasury approval and according to the criterias defined in the Group Treasury Policy. On December 31, 2010 the Group had factoring arrangements of EUR 12.3 million.

Capital structure

The Group's objective is to maintain an efficient capital structure which is targeted both to increase the company's shareholder value and also to secure the Group's ability to operate in the credit and capital markets at all times. Despite the fact that Ahlstrom does not have a public credit rating, the company's target is to have a capital structure equivalent to that of other companies with a public investment grade rating. The Board of Directors reviews the capital structure of the Group regularly.

The capital structure is monitored on the basis of the gearing ratio which is calculated by dividing interest-bearing net liabilities with total equity. Interest-bearing net liabilities are calculated as interest-bearing loans and borrowings less cash and cash equivalents and other current investments. According to the set financial targets Ahlstrom's gearing ratio should in the long-term be between 50–80%.

Ahlstrom Corporation issued in November 2009 a EUR 80 million domestic hybrid bond. The bond is treated as equity in the consolidated financial statements and it improves the Group's gearing ratio.

Credit and counterparty riski

Credit and counterparty risks materialize when a customer or a financial institution is unable to meet its financial obligations towards Ahlstrom. Credit risks relating to trade receivables are managed by assessing the creditworthiness of customers and by approving customer credit limits based on guidelines defined in the Group Credit Policy. Monitoring of past payment behaviour, obtainment of credit information data and credit references form part of the limit approval process. As its main risk mitigation tool Ahlstrom uses a global credit insurance program, in which a majority of the subsidiaries are participating. Due to its diversified customer base and geographical spread of the receivables there is no significant concentration of credit risks for the Group. The ten largest customers of Ahlstrom account for less than 17% of net sales. The aging analysis of trade receivables is presented in note 21.

Counterparty risks arise from exposures associated with financial transactions such as deposits, placements, derivatives contracts, bonds and guarantees issued in favour of Group companies and receivables from insurance companies. Counterparty risks are managed by monitoring the creditworthiness of counterparts based on guidelines defined in the Group Treasury Policy and transactions are concluded with highly rated banks, insurance companies and other financial institutions only. Ahlstrom encountered no materialized counterparty risks in 2010.

The gearing ratios in 2009 and 2010 were as follows.

EUR million	2010	2009
Interest-bearing loans and borrowings	**354.7**	415.8
Cash and cash equivalents	**24.6**	19.9
Other current investments	**-**	-
Interest-bearing net liabilities	**330.1**	395.9
Equity, total	**703.8**	685.6
Gearing ratio	**46.9%**	57.7%

2. SEGMENT INFORMATION

The Group has five segments: Building and Energy, Filtration, Food and Medical, Home and Personal and Label and Processing. The segments are the same as Ahlstrom's business areas.

The Building and Energy segment serves customers in building, transportation, marine, windmill and fabric care industries. The segment's products can be found in wallcoverings, floorings, boat hulls, windmill blades and automotive interiors.

The Filtration segment manufactures filtration materials. Filtration materials are mainly used in the transportation industry as well as in air and liquid filtration.

The Food and Medical segment manufactures materials for the food industry and hospital applications. The food industry products are teabags and food packaging materials. Hospital products are primarily medical gowns, drapes, face masks and sterilization wraps.

The Home and Personal segment products are wipes, which are primarily used in baby care, personal care, home care and industrial wipes.

The Label and Processing segment products include labeling and packaging papers as well as technical papers. Label papers are used in labels, tapes and self-adhesive materials. Packaging papers are mainly used in the food industry. Technical papers are furniture foils, poster papers, gaskets, heat shields and abrasive papers. These products are used in outdoor posters and in the building, furniture and automotive industries.

Other operations include financial and tax assets and liabilities, net financing cost, taxes, Holding and Sales Companies' income, expense, assets and liabilities as well as share of result of associated companies.

Ahlstrom Group management monitors the segments' result, cash flow and capital employed in order to evaluate the segment's performance and to make decisions on resource allocations.

Ahlstrom's highest operative decision-making body is the Group's Executive Management Team (EMT). The CEO is the chairman of the EMT and its other members are the business area leaders and functional leaders. The EMT members receive a monthly performance report including income statement, operative cash flow and main KPI's of each business area. The performance of the business areas is evaluated mainly based on operating profit (EBIT), operative cash flow and return on net assets (RONA).

The segments' results, assets and liabilities include items directly attributable to the segment's operations. The valuation principles of the segment information are in accordance with the Group's accounting principles.

Business segments 2010

EUR million	Building and Energy	Filtration	Food and Medical	Home and Personal	Label and Processing	Other operations	Eliminations	Group
External net sales	254.5	332.5	320.3	266.4	693.7	26.7	-	**1,894.2**
Inter-segment net sales	14.3	7.3	34.5	24.4	30.5	17.7	-128.8	**0.0**
Net sales	268.9	339.8	354.7	290.8	724.3	44.4	-128.8	**1,894.2**
Operating profit/loss	1.3	3.1	13.0	6.1	32.2	-2.0	0.1	**53.7**
Financial income	-	-	-	-	-	1.6	-	**1.6**
Financial expenses	-	-	-	-	-	-28.3	-	**-28.3**
Share of profit/loss of associated companies	-	-	-	-	-	-1.4	-	**-1.4**
Profit/loss before taxes								**25.5**
Operating profit/loss, %	0.5	0.9	3.7	2.1	4.4	-	-	**2.8**
Return on net assets, RONA, % (Group ROCE, %)	0.9	1.8	6.3	3.1	10.9	-	-	**5.0**
Operative cash flow	21.2	16.4	15.7	26.6	84.6	2.4	0.3	**167.2**
Segment assets	194.6	228.5	269.5	230.6	491.4	39.4	-11.7	**1,442.4**
Investments in associated companies	-	-	-	-	-	10.7	-	**10.7**
Unallocated assets	-	-	-	-	-	90.1	-	**90.1**
Total assets								**1,543.2**
Segment non-interest bearing liabilities	47.0	62.4	56.5	40.5	213.5	40.6	-11.3	**449.1**
Unallocated liabilities	-	-	-	-	-	390.2	-	**390.2**
Total equity	-	-	-	-	-	-	-	**703.8**
Total equity and liabilities								**1,543.2**
Depreciation and amortization	-18.1	-19.1	-20.2	-16.6	-28.4	-2.3	-	**-104.8**
Impairment	-	-	-	-0.0	-0.1	-	-	**-0.2**
Non-recurring items	-	-24.7	-1.0	-0.3	1.6	3.8	-	**-20.5**
Capital expenditure	6.0	6.8	13.0	3.8	19.4	2.1	-	**51.1**
Sales volumes (thousands of tonnes)	121.1	115.1	125.4	104.1	601.0	8.2	-63.0	**1,011.9**

Business segments 2009

EUR million	Building and Energy	Filtration	Food and Medical	Home and Personal	Label and Processing	Other operations	Eliminations	Group
External net sales	210.2	269.0	279.6	245.7	569.5	22.1	-	1,596.1
Inter-segment net sales	13.5	6.8	30.6	19.4	29.0	15.6	-114.8	0.0
Net sales	223.7	275.8	310.2	265.1	598.5	37.7	-114.8	1,596.1
Operating profit/loss	-10.8	3.7	9.4	-18.9	3.3	-1.4	0.0	-14.6
Financial income	-	-	-	-	-	0.8	-	0.8
Financial expenses	-	-	-	-	-	-27.0	-	-27.0
Share of profit/loss of associated companies	-	-	-	-	-	0.7	-	0.7
Profit/loss before taxes								-40.1
Operating profit/loss, %	-4.8	1.4	3.0	-7.1	0.6	-	-	-0.9
Return on net assets, RONA, % (Group ROCE, %)	-6.5	1.9	4.5	-8.6	1.0	-	-	-1.1
Operative cash flow	-1.1	42.5	24.9	27.6	74.9	-4.8	0.5	164.4
Segment assets	197.9	227.5	249.3	237.2	500.1	31.6	-8.5	1,435.1
Investments in associated companies	-	-	-	-	-	12.1	-	12.1
Unallocated assets	-	-	-	-	-	83.1	-	83.1
Total assets								1,530.2
Segment non-interest bearing liabilities	39.3	54.9	45.8	39.4	186.9	33.7	-8.1	391.8
Unallocated liabilities	-	-	-	-	-	452.8	-	452.8
Total equity	-	-	-	-	-	-	-	685.6
Total equity and liabilities								1,530.2
Depreciation and amortization	-18.0	-20.8	-21.4	-15.1	-28.9	-2.4	-	-106.7
Impairment	-	-8.7	-	-22.5	0.1	-	-	-31.1
Non-recurring items	-2.5	-12.5	-6.3	-23.8	-6.6	-2.7	-	-54.3
Capital expenditure	24.8	3.3	23.7	2.5	8.9	0.7	-	63.8
Sales volumes (thousands of tonnes)	107.8	99.2	115.8	102.7	559.8	7.7	-61.9	931.0

Geographic information

External net sales is based on the geographical location of the customers. Reporting of non-current assets is based on the geographical location of the assets. Non-current assets are presented excluding financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

The Group has no individual customers whose share exceeds 10% of the Group’s total net sales.

EUR million	External net sales	Non-current assets
2010		
USA	**423.2**	**227.9**
Germany	**231.8**	**24.4**
Brazil	**147.1**	**167.2**
France	**126.3**	**125.5**
Italy	**139.2**	**105.2**
Spain	**103.9**	**26.4**
United Kingdom	**78.0**	**34.8**
Finland	**16.9**	**89.3**
Other countries	**627.7**	**124.9**
Total	**1,894.2**	**925.6**
2009		
USA	384.6	259.9
Germany	208.5	26.9
Brazil	122.3	150.0
France	120.4	133.7
Italy	110.4	111.9
Spain	83.6	28.1
United Kingdom	70.6	39.0
Finland	12.3	90.5
Other countries	483.4	98.1
Total	1,596.1	938.0

3. ACQUISITIONS AND DISPOSALS OF BUSINESSES

2010

Acquisitions

In September 2010, Ahlstrom acquired the shares of Shandong Puri Filter & Paper Products Limited in China from the Purico Group. The debt free transaction value was EUR 21.1 million. Shandong Puri Filter & Paper Products Limited produces transportation filtration media and operates a plant in Binzhou in the province of Shandong in northeastern China.

Shandong Puri Filter & Paper Products Limited has been incorporated in Ahlstrom's accounts as part of Filtration segment since September 13, 2010. If the acquisition had occurred on January 1, 2010, Group's net sales and profit for the period would not have changed materially. Direct costs related to the transaction were EUR 1.1 million and they are booked as administrative expenses in the Group's income statement.

The transaction value exceeded the book value of net assets in Shandong Puri Filter & Paper Products Limited by EUR 10.5 million, of which EUR 4.1 million is allocated to property, plant and equipment to meet their fair value. Deferred tax liability booking of the allocation amounts to EUR 1.0 million. The goodwill of EUR 7.4 million that arose from the acquisition reflects the personnel, synergy benefits and expanded business opportunities in Asia.

The acquisition had the following effect on the Group's assets and liabilities.

EUR million	Carrying amount of acquired company	Fair value
Property, plant and equipment	8.3	12.4
Intangible assets	3.1	3.1
Inventories	0.7	0.7
Trade and other receivables	0.7	0.7
Cash and cash equivalents	2.2	2.2
Assets, total	15.0	19.2
Deferred tax liabilities	-	1.0
Interest-bearing loans and borrowings	12.1	12.1
Trade and other payables	2.2	2.2
Liabilities, total	14.3	15.3
Net assets	0.7	3.8
Goodwill arising in acquisition		7.4
Acquisition price paid (in cash)		11.2
Cash (acquired)		-2.2
Net cash outflow		9.0

On October 28, 2010 Ahlstrom signed an agreement to establish a jointly owned company with Longkou Yulong Paper Co. Ltd, a paper producer based in China. The parties have agreed to establish a new manufacturing facility in the Zhuyouguan Industrial Park in Longkou in the province of Shandong in northeastern China.

The facility will produce medical papers used e.g. in sterilization wraps and masking tape substrates for the building industry in the Asian market. The parties have agreed that Ahlstrom will have a 60% share in the company and Longkou Yulong Paper Co. Ltd will have a 40% share.

The total estimated investment amounts to EUR 21.9 million, of which Ahlstrom will invest EUR 13.1 million. The start-up of the new plant is planned for the summer of 2012. Ahlstrom has not invested in the company by the end of December 31, 2010 because the investment is planned for 2011 and 2012.

Disposals of businesses

The Group's strategy is to offer its customers competitive fiber-based products which create added value. The revised strategy is increasingly based on efficiently utilizing the Group's special expertise in business operations. The long-term goals of the strategy are profitable growth, strong competitive position and achieving the financial targets.

Ahlstrom Altenkirchen GmbH

On December 3, 2010 Ahlstrom signed an agreement to sell the shares of Ahlstrom Altenkirchen GmbH to Interface Solutions, a portfolio company of private equity fund Susquehanna Capital based in the USA. The value of the transaction was EUR 6.6 million and Ahlstrom booked a gain of EUR 4.7 million from the transaction in its fourth quarter results.

Ahlstrom Altenkirchen GmbH was part of Ahlstrom's Label and Processing business area and it is located in the German state of Rheinland-Pfalz. The plant employs approximately 130 people and it manufactures mainly gasket and heat shield materials for the automotive industry and calender bowl materials for the paper industry. Products manufactured by the Altenkirchen site differ technically from the other products made by Ahlstrom and therefore do not strategically fit the company's product portfolio.

Bethune and Wuxi

On December 7, 2010 Ahlstrom signed an agreement to sell Wuxi plant in China and three production lines in Bethune in the USA to Andrew Industries. The sold units were part of Ahlstrom's Filtration business area. Both plants manufacture dust filtration materials used mainly in applications for air pollution filtration. Ahlstrom has concluded that dust filtration materials produced at the Wuxi and Bethune sites do not strategically fit its product portfolio.

Ahlstrom completed the sales of the production lines in Bethune on December 22, 2010 and the transaction value was EUR 4.1 million. Ahlstrom booked a loss of EUR 6.5 million from the transaction in its fourth quarter financial results. Andrew Industries will transfer the three production lines in Bethune, South Carolina, to its own sites. The transaction will affect the 48 people employed at the Dust Filtration unit in Bethune. Ahlstrom will continue to manufacture nonwovens for wipes and advanced liquid filtration products at the Bethune site.

The Wuxi plant in Jiangshu province employs about 40 people. The divestment is expected to be completed during the first quarter of 2011. The value of the transaction is approximately EUR 1.1 million.

Groesbeck

On December 16, 2010 Ahlstrom announced the sale of its Groesbeck filtration business in the USA to Polyester Fibers, a portfolio company of private investment firm Empire Investment Holdings. The value of the transaction is approximately

EUR 4.5 million. This amount may increase by up to EUR 1.5 million if certain conditions and targets are met in the future. Ahlstrom booked a loss of EUR 18.4 million related to the transaction in its fourth quarter financial results.

The Groesbeck operation located in Groesbeck and Mexia Texas, USA, employs about 100 people. The sites manufacture air filtration media for the heating, ventilating and air conditioning (HVAC) industry. The unit has been part of Ahlstrom's Filtration business area. Ahlstrom has concluded that dust filtration materials produced at the Groesbeck site do not strategically fit its product portfolio.

The net assets and net cash flow on disposals:

EUR million	Altenkirchen	US Dust Filtration
Property, plant and equipment	0.0	9.3
Intangible assets	-	21.0
Inventories	2.0	1.6
Trade and other receivables	5.6	1.1
Cash and cash equivalents	0.0	-
Financial liabilities	0.0	-
Trade and other payables	6.3	0.6
Net Assets	1.4	32.4
Total sales price	6.6	8.6
Consideration received in cash 2010	6.6	5.9
Cash and cash equivalents disposed of	0.0	-
Net cash flow on disposals	6.6	5.9

2009

There were no acquisitions of subsidiaries or disposals of businesses during 2009.

4. NET SALES

EUR million	2010	2009
Sales of goods	**1,926.7**	1,625.1
Sales of services	**1.0**	0.9
Sales deductions	**-33.5**	-29.9
Net Sales	**1,894.2**	1,596.1

Sales deductions are rebates, credits and discounts. Net sales are not adjusted with exchange rate differences from foreign currency sales after the original sale is recorded.

5. COST OF GOODS SOLD

EUR million	2010	2009
Raw materials	**-930.2**	-728.4
Energy	**-154.5**	-146.1
Delivery expenses	**-72.7**	-63.8
Other variable costs	**-55.2**	-52.9
Operative exchange gains/losses	**-1.9**	-1.1
Production costs	**-433.2**	-429.2
Total	**-1,647.7**	-1,421.5

6. OTHER OPERATING INCOME AND EXPENSES

EUR million	2010	2009
Other operating income		
Gain on sale of emission rights	**6.3**	3.9
Government grants	**1.7**	3.1
Insurance indemnification	**1.0**	1.8
Gain on sale of non-current assets	**0.8**	0.9
Gains from litigations	**0.0**	0.6
Other	**7.4**	3.1
Total	**17.1**	13.4
Other operating expenses		
Impairment	**-0.2**	-31.1
Other*	**-27.9**	-5.3
Total	**-28.1**	-36.2

* Includes loss from disposals of businesses EUR 23.8 million in 2010.

Auditor's fees		
To PricewaterhouseCoopers network		
Audit	**-0.9**	-0.9
Tax services	**-0.3**	-0.3
Other services	**-0.1**	-0.0
Total	**-1.4**	-1.2

7. EMPLOYEE BENEFIT EXPENSES

EUR million	2010	2009
Wages and salaries	**-259.9**	-249.1
Social security costs	**-54.0**	-52.1
Contributions to defined contribution plans	**-9.9**	-14.7
Net periodic cost for defined benefit plans	**-6.9**	-6.2
Changes in liability for other long-term benefits	**0.2**	-1.0
Other personnel costs	**-19.5**	-14.7
Total	**-350.0**	-337.8

In 2010 employee benefit expenses included non-recurring costs of EUR 2.5 million (EUR 15.4 million in 2009) related to the restructuring actions. Employee benefit expenses of key management are specified in Note 31.

Average number of personnel

	2010	2009
Label and Processing	**1,629**	1,721
Filtration	**1,195**	1,178
Food and Medical	**1,105**	1,077
Building and Energy	**956**	1,022
Home and Personal	**560**	622
Other operations	**378**	373
Total	**5,823**	5,993

8. DEPRECIATIONS AND AMORTIZATIONS

EUR million	**2010**	2009
Machinery and equipment	**86.9**	89.3
Buildings and constructions	**10.6**	9.9
Intangible assets	**5.8**	6.1
Other tangible assets	**1.5**	1.4
Total depreciation and amortization	**104.8**	106.7

9. IMPAIRMENT

Impairment charges and reversals and goodwill of cash-generating units:

	Impairment charges and reversals		**Goodwill**	
EUR million	**2010**	2009	**2010**	2009
Wipes	**-0.0**	-22.5	**42.2**	40.2
Labels	**-**	-	**45.4**	40.1
Air & Liquid filtration	**-**	-4.3	**5.6**	18.8
Food & Medical nonwoven	**-**	-	**16.6**	15.4
Transportation filtration	**-**	-4.3	**18.8**	10.7
Specialties & Wallcover	**-**	-	**10.8**	9.5
Vegetable parchment	**-**	-	**5.9**	5.6
Graphics and packaging (Stenay)	**-**	-	**4.6**	4.6
Graphics and packaging (Rottersac)	**-**	-	**3.4**	3.4
Release base papers	**-**	-	**2.8**	2.8
Processing	**-**	0.2	**-**	-
Other Units	**-0.1**	-0.1	**0.1**	0.1
Total	**-0.2**	-31.1	**156.2**	151.3

In 2010 there were no significant impairment charges.

In 2009 the most significant impairment charge was recorded in the goodwill in Wipes. An impairment charge related to the closure of the paper machine in Barcelona, Spain was recorded to Transportation and Air & Liquid filtration.

The recoverable amount of the cash-generating units is based on value in use calculation. Projected cash flows are used in the calculations. The projected cash flows are based on EBITDA, normal replacement investments and changes in operative working capital of the business plans for the years 2011–2013. Cash flows for further 4 to 20 years are extrapolated using a 2.0% general inflation rate. The duration of the review period (20 years) is determined by the estimated economic lives of the underlying non-current assets. The same pre-tax discount rate has been used to all cash-generating units in discounting the projected cash flows. The discount rate 7.61% is based on the market view of the time-value of money and the specific risks related to the assets for which the future cash flow estimates have not been adjusted.

A Goodwill impairment test is performed twice a year. The first test is carried out in connection with the September closing and the second one in connection to December closing. In addition to these, impairment tests are performed whenever there is an indication of impairment.

According to the management estimate, there is no reasonable possibility of such a change in any key assumptions that would lead to additional impairment charges of goodwill. Sensitivity analyses have also shown that a three percentage points increase in the discount rate and a twenty percent reduction in EBITDA would not result in new goodwill impairment losses. Reduction of 35% in EBITDA or an increase in discount rate to over 16% would lead to the new impairment needs.

10. FINANCIAL INCOME AND EXPENSES

EUR million	2010	2009
Financial income		
Interest income from loans and receivables	**0.8**	0.7
Derivatives, non-hedge accounting	**0.7**	0.1
Other financial income	**-**	0.0
Total	**1.5**	0.8
Financial expenses		
Interest expenses for financial liabilities at amortized cost	**-14.0**	-16.3
Interest rate derivatives, hedge accounting	**-**	-0.6
Interest rate derivatives, non-hedge accounting	**-8.8**	-7.2
Other financial expenses	**-5.5**	-2.7
Total	**-28.4**	-26.8
Exchange rate differences and fair value gains and losses		
Loans and receivables	**16.5**	3.0
Derivatives, non-hedge accounting	**-16.3**	-3.1
Total	**0.2**	-0.2
Net financial expenses	**-26.8**	-26.2

11. INCOME TAXES

EUR million	2010	2009
Taxes for the financial period	**-7.4**	-3.2
Taxes for previous periods	**1.3**	-0.6
Deferred tax	**-1.5**	10.9
Income taxes in the income statement	**-7.6**	7.1
Taxes booked to equity		
Hybrid bond	**2.0**	0.1
Other	**-0.1**	-
Total taxes boked to equity	**1.9**	0.1
Income tax reconciliation		
Tax calculated at Finnish nominal tax rate	**-6.6**	10.4
Differences between foreign and Finnish tax rates	**-1.7**	-1.5
Italian regional tax (IRAP) and minimum taxes	**-1.8**	-2.3
Adjustment of taxes for previous periods	**1.3**	-0.6
Non-deductible expenses and tax exempt income	**0.5**	-5.3
Adjustments to deferred tax assets	**-2.4**	2.2
Tax reliefs	**4.3**	4.1
Changes in tax rates	**-**	-0.2
Other items	**-1.2**	0.3
Income taxes in the income statement	**-7.6**	7.1

12. TAXES RELATED TO OTHER COMPREHENSIVE INCOME

	2010			2009		
EUR million	**Before taxes**	**Tax charge/ credit**	**After taxes**	**Before taxes**	**Tax charge/ credit**	**After taxes**
Translation differences	**39.2**	**-**	**39.2**	32.5	-	32.5
Hedges of net investments in foreign operations	**-3.7**	**1.0**	**-2.8**	-1.4	0.4	-1.0
Cash flow hedges	**1.1**	**-0.3**	**0.8**	0.5	-0.1	0.4
Total other comprehensive income	**36.6**	**0.7**	**37.3**	31.6	0.3	31.9

13. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the period attributable to owners of the parent by the weighted average number of ordinary shares. The accrued interest expenses on hybrid bond for the period after taxes have an effect on earnings per share calculation. Profit or loss for the year attributable to owners of the parent is deducted by these interests. Accrued interests after taxes for the year were EUR 5.6 million and the effect on earnings per share was EUR 0.12.

	2010	2009
Basic and diluted earnings per share		
Profit/loss for the year attributable to owners of the parent (EUR million)	**17.9**	-32.9
Interest on hybrid bond for the year after taxes (EUR million)	**-5.6**	-0.6
	12.3	-33.5
Weighted average number of shares during the year (1,000 shares)	**46,670.6**	46,670.6
Basic and diluted earnings per share (EUR)	**0.26**	-0.72

14. PROPERTY, PLANT AND EQUIPMENT

EUR million	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress	Total property, plant and equipment
2010						
Historical cost at Jan 1	21.0	276.2	1,603.0	29.7	46.0	1,975.8
Acquisitions through business combinations	-	2.6	9.5	0.1	-	12.2
Additions	0.0	1.2	8.6	0.4	39.7	49.9
Disposals	-1.1	-7.0	-46.7	-1.5	-0.0	-56.4
Transfers to other asset categories	0.1	10.4	59.4	0.5	-70.5	-0.2
Other changes	-	0.0	-0.0	-	-	0.0
Translation differences	0.7	8.8	50.0	0.4	3.8	63.7
Historical cost at Dec 31	**20.7**	**292.2**	**1,683.6**	**29.6**	**18.9**	**2,044.9**
Accumulated depreciation and impairment at Jan 1	2.7	135.0	1,098.3	22.1	0.0	1,258.2
Depreciation for the year	-	10.6	86.9	1.5	-	99.0
Impairment losses	-	0.0	0.1	0.1	-	0.2
Disposals	-0.8	-5.1	-39.0	-1.3	-0.0	-46.2
Other changes	-	0.0	-0.0	-0.0	-	0.0
Translation differences	0.0	2.6	26.1	0.2	-	28.9
Accumulated depreciation and impairment at Dec 31	**1.9**	**143.2**	**1,172.4**	**22.5**	**0.0**	**1,340.1**
Book value Jan 1, 2010	**18.2**	**141.2**	**504.6**	**7.5**	**46.0**	**717.6**
Book value Dec 31, 2010	**18.8**	**148.9**	**511.2**	**7.0**	**18.9**	**704.9**

In 2010, property, plant and equipment include EUR 0.2 million of capitalized interest expenses (EUR 1.6 million in 2009) related to the loan taken out for building a plant in India.

EUR million	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress	Total property, plant and equipment
2009						
Historical cost at Jan 1	20.7	262.1	1,552.6	29.3	55.7	1,920.4
Additions	-	0.5	24.3	1.4	37.4	63.6
Disposals	-0.2	-1.1	-32.7	-1.7	-0.1	-35.7
Transfers to other asset categories	0.0	12.2	38.1	0.7	-52.3	-1.2
Other changes	-0.0	-0.0	-0.3	-	-	-0.3
Translation differences	0.4	2.5	20.9	-0.1	5.3	28.9
Historical cost at Dec 31	21.0	276.2	1,603.0	29.7	46.0	1,975.8
Accumulated depreciation and impairment at Jan 1	2.7	124.4	1,025.5	22.0	0.1	1,174.7
Depreciation for the year	-	9.9	89.3	1.4	-	100.6
Impairment losses	-	0.5	5.5	0.5	-	6.5
Reversal of impairment losses	-	-	-0.2	-	-	-0.2
Disposals	-	-0.8	-32.2	-1.7	-0.1	-34.7
Transfers to other asset categories	-	-	0.1	-0.1	-	0.0
Other changes	-	-0.1	-0.1	-	-	-0.2
Translation differences	0.0	1.1	10.5	-0.0	-	11.6
Accumulated depreciation and impairment at Dec 31	2.7	135.0	1,098.3	22.2	0.0	1,258.2
Book value Jan 1, 2009	18.0	137.7	527.1	7.3	55.5	745.7
Book value Dec 31, 2009	18.2	141.2	504.6	7.5	46.0	717.6

Assets leased by finance lease agreements

EUR million	Land and water areas	Buildings and constructions	Machinery and equipment	Total
2010				
Historical cost	0.4	6.7	25.7	32.9
Accumulated depreciation	-	2.1	19.5	21.6
Book value Dec 31, 2010	**0.4**	**4.6**	**6.2**	**11.3**
2009				
Historical cost	0.4	6.7	30.5	37.7
Accumulated depreciation	-	1.9	22.6	24.4
Book value Dec 31, 2009	0.4	4.8	8.0	13.2

15. INTANGIBLE ASSETS

EUR million	Intangible rights	Goodwill	Other intangible assets	Advances paid	Total intangible assets
2010					
Historical cost at Jan 1	98.7	188.2	6.7	0.5	294.1
Acquisitions through business combinations	3.1	7.3	-	-	10.3
Additions	0.6	-	0.0	1.1	1.7
Disposals	-18.6	-14.6	-0.0	-	-33.2
Transfers to other asset categories	0.7	-	0.0	-0.5	0.2
Other changes	0.2	-	0.0	-0.0	0.2
Translation differences	6.5	13.7	1.2	-	21.4
Historical cost at Dec 31	**91.1**	**194.5**	**7.9**	**1.1**	**294.7**
Accumulated amortization and impairment at Jan 1	49.3	36.9	4.5	-	90.7
Amortization for the year	5.4	-	0.4	-	5.8
Impairment losses	0.0	-	-	-	0.0
Disposals	-12.2	-0.1	-0.0	-	-12.3
Transfers to other asset categories	-	-	-	-	-
Other changes	0.2	-	0.0	-	0.2
Translation differences	2.1	1.5	1.1	-	4.6
Accumulated amortization and impairment at Dec 31	**44.8**	**38.3**	**5.9**	**-**	**88.9**
Book value Jan 1, 2010	**49.4**	**151.3**	**2.2**	**0.5**	**203.4**
Book value Dec 31, 2010	**46.4**	**156.2**	**2.0**	**1.1**	**205.7**

EUR million	Intangible rights	Goodwill	Other intangible assets	Advances paid	Total intangible assets
2009					
Historical cost at Jan 1	93.0	181.8	5.1	0.7	280.6
Additions	0.3	-	0.0	0.4	0.6
Disposals	-0.8	-	-0.0	-	-0.8
Transfers to other asset categories	1.9	-	-0.2	-0.5	1.2
Other changes	0.0	-	0.0	-	0.0
Translation differences	4.3	6.4	1.7	-	12.4
Historical cost at Dec 31	98.7	188.2	6.7	0.5	294.1
Accumulated amortization and impairment at Jan 1	44.5	12.7	2.7	-	59.9
Amortization for the year	5.9	-	0.2	-	6.1
Impairment losses	-	24.8	0.0	-	24.8
Disposals	-0.8	-	-0.0	-	-0.8
Transfers to other asset categories	0.1	-	-0.1	-	0.0
Other changes	-	-	-0.1	-	-0.1
Translation differences	-0.5	-0.6	1.8	-	0.7
Accumulated amortization and impairment at Dec 31	49.3	36.9	4.5	-	90.7
Book value Jan 1, 2009	48.5	169.1	2.4	0.7	220.7
Book value Dec 31, 2009	49.4	151.3	2.2	0.5	203.4

Emission rights

Ahlstrom was granted 982,255 units of CO_2 emission rights for the year 2010. These included revised rights for previous years granted to Ahlstrom Turin. As of December 31, 2010 the remaining emission rights amounted to 17,071 units and their market value was approximately EUR 0.2 million. No value has been recognized in the balance sheet. The rights in excess have been transferred to 2011. The sales of emission rights were EUR 6.3 million in 2010.

16. INVESTMENTS IN ASSOCIATED COMPANIES

EUR million	2010	2009
Balance at Jan 1	**12.1**	11.4
Share of profit/loss for the period	**-1.4**	0.7
Balance at Dec 31	**10.7**	12.1

Related party transactions with associated companies

EUR million	2010	2009
Sales and interest income	**0.5**	0.5
Purchases of goods and services	**-2.8**	-2.4
Trade and other receivables	**0.1**	0.0
Trade and other payables	**0.2**	0.2

Market prices have been used in transactions with associated companies. Commitments on behalf of associated companies are shown in note 30.

Financial information of major associated company

EUR million	Domicile	Ownership (%)	Assets	Liabilities	Net sales	Profit/loss for the period
2010						
Jujo Thermal Oy	Finland	**41.7**	**78.1**	**48.0**	**97.3**	**-2.1**
2009						
Jujo Thermal Oy	Finland	41.7	80.5	51.7	90.0	1.6

17. OTHER INVESTMENTS

Non-current other investments are investments to unlisted shares and interests EUR 0.4 million (EUR 0.2 million in 2009) and they are classified as available-for-sale financial assets. For unlisted shares and interests the fair value cannot be measured reliably, therefore the investment is carried at cost.

The Group has no current other investments.

18. CASH AND CASH EQUIVALENTS

EUR million	2010	2009
Cash, bank accounts and interest-bearing instruments with maturities of three months or less	**24.6**	19.9
Cash and cash equivalents in the balance sheet	**24.6**	19.9

Cash and cash equivalents in the statement of cash flow equals to the cash and cash equivalents in the balance sheet.

19. DEFERRED TAX ASSETS AND LIABILITIES

EUR million	Balance at Jan 1	Charged to income statement	Charged to other comprehensive income	Charged to equity	Acquisitions and disposals	Other	Translation differences	Balance at Dec 31
2010								
Deferred tax assets								
Property, plant and equipment and intangible assets	9.4	1.4	-	-	-0.9	1.6	0.1	**11.6**
Employee benefit obligations	12.5	-0.9	-	-	-0.2	-	0.5	**11.8**
Tax loss carried forward and unused tax credits	77.4	2.2	-	1.9	-	-	2.2	**83.6**
Other temporary differences	21.2	0.6	-0.3	-	-0.3	-1.3	-0.3	**19.6**
Total	120.5	3.3	-0.3	1.9	-1.4	0.2	2.5	**126.7**
Offset against deferred tax liabilities	-66.0	-4.0	-	-	-0.0	-0.2	-1.6	**-71.8**
Deferred tax assets	54.5	-0.7	-0.3	1.9	-1.4	0.0	0.9	**54.9**
Deferred tax liabilities								
Property, plant and equipment and intangible assets	86.8	-2.3	-	-	1.0	-	5.6	**91.1**
Other temporary differences	2.9	7.1	-1.0	-	-0.4	0.2	-0.5	**8.3**
Total	89.7	4.8	-1.0	-	0.6	0.2	5.1	**99.4**
Offset against deferred tax assets	-66.0	-4.0	-	-	-0.0	-0.2	-1.6	**-71.8**
Deferred tax liabilities	23.8	0.8	-1.0	-	0.6	0.0	3.4	**27.7**
2009								
Deferred tax assets								
Property, plant and equipment and intangible assets	10.3	-0.9	-	-	-	-	-	9.4
Employee benefit obligations	15.8	-3.0	-	-	-	-	-0.3	12.5
Tax loss carried forward and unused tax credits	62.2	15.4	-	-	-	-	-0.2	77.4
Other temporary differences	23.4	-0.8	-0.1	0.1	-	-1.1	-0.3	21.2
Total	111.7	10.7	-0.1	0.1	-	-1.1	-0.8	120.5
Offset against deferred tax liabilities	-71.3	3.9	-	-	-	-	1.4	-66.0
Deferred tax assets	40.4	14.6	-0.1	0.1	-	-1.1	0.6	54.5
Deferred tax liabilities								
Property, plant and equipment and intangible assets	84.0	0.0	-	-	-	-	2.8	86.8
Other temporary differences	3.8	-0.3	-0.4	-	-	-	-0.2	2.9
Total	87.8	-0.3	-0.4	-	-	-	2.6	89.7
Offset against deferred tax assets	-71.3	3.9	-	-	-	-	1.4	-66.0
Deferred tax liabilities	16.5	3.6	-0.4	-	-	-	4.0	23.8

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

No deferred tax liability has been recognized for undistributed earnings of the subsidiaries since such earnings can either be transferred to the parent company without any tax consequences or such earnings are regarded as permanently invested in the company in question and there are no plans to distribute those earnings to the parent company in the foreseeable future. If all retained earnings would be distributed to the parent company, the withholding tax payable would not be a material amount compared to the deferred tax liability of the Group.

The utilization of deferred tax assets of EUR 54.9 million (EUR 54.3 million in 2009) is dependant on future taxable profits in excess of the profits arising from reversal of existing taxable temporary differences. Based on the business plans utilization of these tax assets is probable.

At December 31, 2010 the Group had tax loss carry forwards of EUR 295.1 million (EUR 254.4 million in 2009) in total, of which EUR 148.2 million (EUR 148.8 million in 2009) has no expiration period. Regarding losses amounting to EUR 42.8 million (EUR 24.0 million in 2009) no deferred tax asset was recognized due to the uncertainty of utilization of these tax loss carry forwards.

20. INVENTORIES

EUR million	2010	2009
Material and supplies	**83.1**	75.3
Work in progress	**13.9**	7.2
Finished goods	**101.0**	93.4
Advances paid	**0.0**	0.0
Total	**198.0**	175.9

In 2010, the write-downs and reversals of write-downs for finished goods totaled EUR 0.4 million. In 2009 EUR 1.0 million was recognized as expense.

21. TRADE AND OTHER RECEIVABLES

EUR million	2010	2009
Non-current		
Loan receivables	**0.8**	0.4
Trade receivables	**0.1**	0.1
Prepaid expenses and accrued income	**3.8**	4.7
Defined benefit pension asset	**27.2**	14.4
Other receivables	**3.8**	3.5
Total	**35.8**	23.0
Current		
Loan receivables	**1.4**	1.2
Trade receivables	**269.4**	284.8
Prepaid expenses and accrued income	**9.6**	12.1
Derivative financial instruments	**3.6**	2.1
Receivables from associated companies	**0.1**	0.0
Other receivables	**21.6**	19.6
Total	**305.8**	319.9

The maximum exposure to credit risk at the reporting date is the carrying amount of the trade and other receivables.

Impaired receivables deducted from trade receivables

EUR million	2010	2009
Balance at Jan 1	**8.9**	6.7
Increase	**1.4**	3.9
Decrease	**-2.6**	-1.4
Recovery	**-2.4**	-0.4
Balance at Dec 31	**5.3**	8.9

Impaired receivables deducted from trade receivables are mainly defined as receivables which are more that 180 days overdue if not insured or under a specific payment plan, or if for other reason it is probable that the receivable can not be collected.

Analysis of trade receivables by age

EUR million	2010	2009
Not overdue	**258.3**	249.5
Overdue 1–30 days	**21.9**	24.7
Overdue 31–90 days	**2.1**	3.5
Overdue more than 90 days	**2.3**	7.1
Total	**284.7**	284.8

Specification of prepaid expenses and accrued income		
Prepaid expenses	**5.4**	6.6
Other tax receivables	**3.5**	5.2
Accrued interest income	**2.0**	3.3
Accrued discounts	**0.1**	0.1
Accrued insurance indemnification	**0.1**	0.0
Other	**2.2**	1.6
Total	**13.4**	16.8

The carrying amounts of trade and other receivables are reasonable approximations of their fair value.

22. CAPITAL AND RESERVES

The following table shows the impact of changes in the number of shares:

EUR million	Number of shares (1,000)	Issued capital	Share premium	Non-restricted equity reserve	Own shares	Total
Dec 31, 2008	46,670.6	70.0	209.3	8.3	-	287.5
Dec 31, 2009	46,670.6	70.0	209.3	8.3	-	287.5
Purchases of own shares	-150.0	-	-	-	-2.0	-2.0
Share ownership plan for EMT	-296.3				-4.4	-4.4
Dec 31, 2010	**46,224.3**	**70.0**	**209.3**	**8.3**	**-6.4**	**281.1**

At December 31, 2010 Ahlstrom Corporation's share capital was EUR 70,005,912.00. The share capital is divided into 46,670,608 shares. All shares have one vote and an equal right to dividend. The shares have no nominal value.

Own shares

The Annual General Meeting on March 31, 2010 authorized the Board of Directors to repurchase Ahlstrom shares as proposed by the Board of Directors. The maximum number of shares to be repurchased is 4,500,000 however, taking into consideration the regulations of the Limited Liability Companies Act regarding the allowable maximum number of own shares held by a company at any given time. The shares may be repurchased only through public trading at the prevailing market price by using unrestricted shareholders' equity. The Board of Directors is also authorized to resolve to distribute a maximum of 4,500,000 own shares held by the Company. The shares may be used as consideration in acquisitions and in other arrangements as well as to implement the Company's share-based incentive plans in the manner and to the extent decided by the Board of Directors. The Board of Directors has also the right to decide on the distribution of the own shares in public trading for the purpose of financing possible acquisitions. The authorization is valid until the next Annual General Meeting on March 30, 2011.

Based on the authorizations given by the Annual General Meeting (AGM) on March 25, 2009 and on March 31, 2010 the company repurchased a total of 150,000 of its own shares during financial year 2010 for the implementation of the company's share-based incentive plan.

Reserves

The share premium reserve was formed in the demerger of A. Ahlström Osakeyhtiö in 2001. The consideration received of the new shares have been recognized in the Share premium and after September 1, 2006 according to the updated Finnish Limited Liability Companies Act in the non-restricted equity reserve.

The hedging reserve comprises the fair value changes of cash flow hedges qualifying for hedge accounting. The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the changes in fair value of the instruments that hedge the net investment in foreign subsidiaries.

Hybrid bond

Ahlstrom Corporation issued in November 2009 an EUR 80 million domestic hybrid bond. The coupon rate of the bond is 9.50% per annum. The bond has no maturity but the company may call the bond after four years. The bond is treated as equity in the consolidated financial statements. The arrangement fee paid at the issuance in 2009 and the interests paid in November 2010 have been recorded in retained earnings in equity.

Dividends

After the balance sheet date, the Board of Directors proposed a dividend of EUR 0.88 per share.

23. EMPLOYEE BENEFIT OBLIGATIONS

The Group has defined benefit plans in several countries, of which the most significant are in the United States, Great Britain and Germany. The plans are in accordance with the local laws and practices and are either funded or unfunded. Funded plans are implemented in external funds and foundations separately from the Group's assets. In defined benefit plans, the pension benefit is usually determined by the number of years worked and the final salary. The obligations of defined benefit plans are defined separately for each plan based on the calculations of authorized actuaries.

Employee benefits for key management are specified in note 31.

EUR million	2010	2009
Post-employment benefit plans		
Employee benefits liability recognized in the balance sheet		
Present value of funded benefit obligations	**179.7**	168.2
Present value of unfunded benefit obligations	**61.3**	58.2
Other long-term employee benefits	**3.4**	4.2
Fair value of plan assets	**-149.3**	-127.2
Present value of net obligations	**95.1**	103.4
Unrecognized actuarial gains and losses	**-46.1**	-39.6
Net liability at Dec 31	**49.0**	63.8
Amounts in the balance sheet		
Liabilities	**76.2**	78.2
Assets (Note 21)	**-27.2**	-14.4
Net liability at Dec 31	**49.0**	63.8
Changes in the present value of obligations		
Present value of defined benefit obligation at Jan 1	**226.4**	206.5
Current service cost	**2.6**	2.3
Interest cost	**12.5**	12.3
Actuarial gains and losses	**7.9**	15.6
Gains and losses on curtailments	**-1.8**	-0.1
Unrecognized prior service cost	**0.0**	0.9
Benefits paid	**-14.7**	-14.1
Other changes	**-1.5**	4.9
Translation differences	**9.6**	-1.8
Present value of defined benefit obligation at Dec 31	**241.0**	226.4
Changes in the fair value of the plan assets		
Fair value of plan assets at Jan 1	**127.2**	107.1
Expected return on plan assets	**9.4**	7.5
Actuarial gains and losses	**1.1**	6.5
Contributions by employer	**19.7**	15.6
Benefits paid	**-14.7**	-14.1
Other changes	**0.3**	3.8
Translation differences	**6.3**	0.7
Fair value of plan assets at Dec 31	**149.3**	127.2
Expenses recognized in the income statement		
Current service cost	**-2.6**	-2.3
Interest cost	**-12.5**	-12.3
Expected return on plan assets	**9.4**	7.5
Net actuarial gains and losses recognized	**-2.3**	2.1
Unrecognized prior service cost	**0.0**	-0.9
Gains and losses on curtailments and settlements	**1.1**	-0.4
Total charge (Net periodic cost)	**-6.9**	-6.2
Actual return on plan assets	**9.9**	14.0

The Group expects to contribute EUR 15.5 million to its defined benefit plans in 2011.

Plan asset categories		
Equity instruments	**46.4%**	58.9%
Debt instruments	**37.7%**	35.3%
Property	**0.2%**	0.2%
Other	**15.7%**	5.6%

	2010	2009
Principal actuarial assumptions (expressed as weighted averages)		
Europe		
Discount rate at Dec 31	**4.5%**	4.7%
Expected return on plan assets	**5.0%**	6.4%
Future salary increases	**3.2%**	2.3%
Future pension increases	**0.9%**	1.0%
North America		
Discount rate at Dec 31	**5.3%**	5.6%
Expected return on plan assets	**8.0%**	8.0%
Future salary increases	**4.5%**	4.6%

The actuarial assumptions in other countries are immaterial.

Assumptions regarding future mortality are based on actuarial guidelines in accordance with published statistics and experience in each region. Mortality assumptions used in the most important countries and plans are based on the following post-retirement mortality tables a) Germany: Richttafeln 2005 G, b) Great-Britain: projected to year 2020 PMA (92) and PFA (92) and c) the United States: RP2000.

EUR million	**2010**	2009	2008	2007	2006
Five-year overview					
Present value of obligations	**244.4**	230.6	210.0	231.8	258.9
Fair value of plan assets	**-149.3**	-127.2	-107.1	-151.0	-135.0
Deficit/surplus	**95.1**	103.4	102.9	80.8	123.9
Experience adjustments to plan liabilities	**-1.9**	6.4	-8.2	-2.0	3.7
Experience adjustments to plan assets	**0.8**	6.8	-38.2	-1.7	6.5

24. PROVISIONS

EUR million	**Restructuring**	**Environmental**	**Other**	**Total**
Balance at Jan 1, 2010	7.8	2.3	7.7	17.7
Translation differences	0.0	0.0	0.1	0.1
Increase in provisions	2.6	0.2	2.5	5.4
Used provisions	-3.2	-0.0	-3.1	-6.3
Reversal of provisions	-3.3	-0.2	-2.5	-6.0
Balance at Dec 31, 2010	**3.9**	**2.3**	**4.7**	**10.8**
Non-current	0.4	2.1	0.6	3.1
Current	3.5	0.1	4.1	7.8
Total	**3.9**	**2.3**	**4.7**	**10.8**

Increase in restructuring provisions relates mainly to the closure of the spunlace composite production line in Chirnside. The provision is expected to be used within 12 months.

The used restructuring provisions relate mainly to the closure of a paper machine in Barcelona plant. The remaining outflow of this obligation is estimated to be fully used during the next 3 months.

The reversals of restructuring, environmental and other provisions relate mainly to the sale of Ahlstrom Altenkirchen GmbH.

Environmental provisions have mainly been made for landscaping of dumps in Finland, which are expected to be used in four years.

Other provisions consist mostly of customer claim provisions. Non-current other provisions include mainly tax provisions. The timing of outflows for these provisions is difficult to determine.

25. INTEREST-BEARING LOANS AND BORROWINGS

	Fair value		Carrying amount	
EUR million	**2010**	2009	**2010**	2009
Non-current				
Loans from financial institutions	**98.0**	167.6	**98.0**	167.6
Finance lease liabilities	**8.2**	9.3	**9.3**	10.5
Other non-current loans	**153.7**	57.1	**154.3**	57.1
Total	**259.9**	233.9	**261.7**	235.1
Current				
Current portion of non-current loans	**38.6**	33.9	**38.6**	33.9
Current portion of finance lease liabilities	**1.5**	2.1	**1.5**	2.2
Other current loans	**52.9**	144.7	**52.9**	144.7
Total	**92.9**	180.6	**93.0**	180.7

The carrying amounts of non-current and current loans from financial institutions and other loans are measured at amortized cost using the effective interest rate. Other non-current loans includes a bond which is listed in NASDAQ OMX Helsinki. The carrying amounts of other liabilities are reasonable approximations of their fair values.

In 2010, the weighted average of effective interest rates for interest-bearing loans was 4.7% (3.7% in 2009).

EUR million	**2010**	2009
Currency distribution of non-current interest-bearing liabilities:		
EUR	**239.7**	201.6
USD	**0.0**	15.3
Others	**22.0**	18.2
Currency distribution of current interest-bearing liabilities:		
EUR	**60.7**	162.2
USD	**8.6**	2.2
Others	**23.7**	16.4

EUR million	**2010**	2009
Finance lease liabilities		
Minimum lease payments		
Within one year	**1.9**	2.6
Between one and five years	**8.9**	5.3
More than five years	**1.7**	6.8
Total minimum lease payments	**12.5**	14.7
Future finance charges	**-1.6**	-2.0
Present value of minimum lease payments	**10.9**	12.7
Present value of minimum lease payments		
Within one year	**1.5**	2.2
Between one and five years	**7.8**	4.0
More than five years	**1.6**	6.5
Present value of minimum lease payments	**10.9**	12.7

The Group has leased production facilities, office premises, land areas, machinery and other items of property, plant and equipment under finance lease agreements of varying duration.

26. TRADE AND OTHER PAYABLES

EUR million	**2010**	2009
Non-current		
Other liabilities	**0.1**	0.3
Accrued expenses and deferred income	**4.3**	0.1
Total	**4.4**	0.4
Current		
Trade payables	**279.3**	220.0
Accrued expenses and deferred income	**59.6**	54.1
Derivative financial instruments	**1.4**	7.3
Advances received	**0.6**	0.7
Liabilities to associated companies	**0.2**	0.2
Other current liabilities	**19.9**	22.7
Total	**361.1**	305.1
Specification of accrued expenses and deferred income		
Accrued wages, salaries and related cost	**51.8**	43.1
Accrued interest expense	**2.9**	2.3
Other	**9.3**	8.8
Total	**64.0**	54.2

27. CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORIES

EUR million	(Note)	Financial assets/ liabilities at fair value through profit and loss	Derivatives under hedge accounting	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Carrying amounts by balance sheet item	IFRS fair value hierarchy level
2010								
Non-current financial assets								
Other investments	(17)	-	-	-	0.4	-	**0.4**	
Other receivables	(21)	-	-	35.8	-	-	**35.8**	
Current financial assets								
Trade and other receivables	(21)	-	-	302.1	-	-	**302.1**	
Derivative financial instruments	(21, 28)	3.5	0.1	-	-	-	**3.6**	2
Other investments	(17)	-	-	-	-	-	**-**	
Cash and cash equivalents	(18)	-	-	24.6	-	-	**24.6**	
Carrying amount by category		**3.5**	**0.1**	**362.5**	**0.4**	**-**	**366.6**	
Non-current financial liabilities								
Interest-bearing loans and borrowings	(25)	-	-	-	-	261.7	**261.7**	
Other liabilities	(26)	-	-	-	-	4.4	**4.4**	
Current financial liabilites								
Interest-bearing loans and borrowings	(25)	-	-	-	-	93.0	**93.0**	
Trade and other payables	(26)	-	-	-	-	359.7	**359.7**	
Derivative financial instruments	(26, 28)	1.3	0.1	-	-	-	**1.4**	2
Carrying amount by category		**1.3**	**0.1**	**-**	**-**	**718.8**	**720.2**	
2009								
Non-current financial assets								
Other investments	(17)	-	-	-	0.2	-	0.2	
Other receivables	(21)	-	-	23.0	-	-	23.0	
Current financial assets								
Trade and other receivables	(21)	-	-	317.8	-	-	317.8	
Derivative financial instruments	(21, 28)	1.7	0.4	-	-	-	2.1	2
Other investments	(17)	-	-	-	-	-	-	
Cash and cash equivalents	(18)	-	-	19.9	-	-	19.9	
Carrying amount by category		1.7	0.4	360.8	0.2	-	363.0	
Non-current financial liabilities								
Interest-bearing loans and borrowings	(25)	-	-	-	-	235.1	235.1	
Other liabilities	(26)	-	-	-	-	0.4	0.4	
Current financial liabilities								
Interest-bearing loans and borrowings	(25)	-	-	-	-	180.7	180.7	
Trade and other payables	(26)	-	-	-	-	297.7	297.7	
Derivative financial instruments	(26, 28)	4.3	3.1	-	-	-	7.3	2
Carrying amount by category		4.3	3.1	-	-	713.9	721.3	

All Group's financial instruments measured at fair value belong to level 2 in the IFRS 7 standard fair value hierarchy.

28. DERIVATIVE FINANCIAL INSTRUMENTS

	Nominal value maturing in			Fair value, assets maturing in		Fair value, liabilities maturing in	
EUR million	< 1 year	> 1 year	Total	< 1 year	> 1 year	< 1 year	> 1 year
2010							
Hedge accounting							
Interest rate swaps	-	-	-	-	-	-	-
Foreign exchange forward contracts*	9.2	-	9.2	-	-	-0.1	-
Commodity derivatives	12.7	-	12.7	0.1	-	-	-
Total	**21.9**	**-**	**21.9**	**0.1**	**-**	**-0.1**	**-**
Non-hedge accounting							
Interest rate swaps	-	-	-	-	-	-	-
Foreign exchange forward contracts**	240.1	-	240.1	3.5	-	-1.4	-
Interest rate options	-	10.0	10.0	-	-	-	0.1
Total	**240.1**	**10.0**	**250.1**	**3.5**	**-**	**-1.4**	**0.1**
2009							
Hedge accounting							
Interest rate swaps	-	42.2	42.2	-	-	-	-1.4
Foreign exchange forward contracts*	128.9	-	128.9	0.4	-	-1.8	-
Total	128.9	42.2	171.1	0.4	-	-1.8	-1.4
Non-hedge accounting							
Interest rate swaps	-	97.8	97.8	-	-	-	-2.6
Foreign exchange forward contracts**	268.2	-	268.2	1.5	-	-1.5	-
Total	268.2	97.8	366.0	1.5	-	-1.5	-2.6

* On December 31, 2010 foreign exchange forward contracts were not designated for fair value hedges (in 2009 the fair value of EUR -0.1 million was designated for fair value hedges). There was no hedging of net investment in foreign subsidiaries as of December 31, 2010 (in 2009 the fair value was EUR -1.2 million and the nominal amount was EUR 123.2 million).

** In 2010 fair value of foreign exchange forward contracts, non-hedge accounting, included EUR 0.5 million net loss (EUR 0.9 million of net gain in 2009), which is booked to cost of goods sold. Outstanding foreign exchange forward contracts, nominal amount of EUR 249.3 million (EUR 273.8 million in 2009) relate to the hedging of the operational and financial cash flows.

The fair values of derivative financial instruments are the discounted cashflows calculated using existing forward prices of derivatives.

29. OPERATING LEASES

EUR million	**2010**	2009
Minimum lease payments from operating lease contracts:		
Within one year	**7.1**	6.6
Between one and five years	**11.3**	11.2
More than five years	**9.0**	9.3
Total	**27.4**	27.0

Lease arrangements are mainly related to buildings and constructions as well as to machinery and equipment.

In 2010 rental expenses from operating leases booked to income statement amounted to EUR 8.3 million (EUR 8.5 million in 2009).

30. COLLATERALS AND COMMITMENTS

EUR million	**2010**	2009
Mortgages	**73.0**	73.0
Pledges	**0.2**	0.3
Commitments		
Guarantees given on behalf of group companies	**19.8**	19.6
Guarantees given on behalf of associated companies	**-**	2.1
Capital expenditure commitments	**3.6**	10.2
Other commitments	**2.6**	3.6

The most significant capital expenditure commitment is related to the additional investments at Mundra plant.

Other commitments include binding contract for purchases of energy among others.

Group companies are currently not a party to any material legal, arbitration or administrative proceedings.

Operating lease commitments are specified in note 29.

31. TRANSACTIONS WITH RELATED PARTIES

The Group has a related party relationship with its subsidiaries, associated companies and its management.

At Dec 31, 2010 the Group parent company and subsidiaries are as follows

	Ownership interest, %	Country
Parent company Ahlstrom Oyj		Finland
Ahlstrom Australia Pty Ltd	100.0	Australia
Ahlstrom Brasil Indústria e Comércio de Papéis Especiais Ltda	100.0	Brazil
Ahlstrom Chirnside Limited	100.0	UK
Ahlstrom Fiber Composites India Private Ltd	100.0	India
Ahlstrom Japan Inc.	100.0	Japan
Ahlstrom Korea Co., Ltd	100.0	South Korea
Ahlstrom Malmédy SA	100.0	Belgium
Ahlstrom Monterrey, S. de R.L. de C.V.	100.0	Mexico
Ahlstrom Sales Helsinki Oy	100.0	Finland
Ahlstrom Sales LLC	100.0	Russia
Ahlstrom South Africa (Pty) Ltd	100.0	South Africa
Ahlstrom Ställdalen AB	100.0	Sweden
Ahlstrom (Wuxi) Technical Textile Co., Ltd	100.0	China
Ahlstrom Warsaw Sp. Z.o.o	100.0	Poland
Akerlund & Rausing Kuban Holding GmbH	100.0	Germany
Fiberflow Oy	100.0	Finland
Lantor (Hong Kong) Limited	100.0	Hong Kong
Ahlstrom Asia Holdings Pte Ltd	100.0	Singapore
PT Ahlstrom Indonesia	100.0	Indonesia
Ahlstrom Barcelona, S.A.	100.0	Spain
Ahlstrom Alicante Nonwovens S.A.U.	100.0	Spain
Ahlstrom Ibérica, S.L.	100.0	Spain
Ahlstrom Glassfibre Oy	100.0	Finland
Karhulan Teollisuuskeräys Oy	100.0	Finland
Ahlstrom Holding GmbH	100.0	Germany
Ahlstrom Munich GmbH	100.0	Germany
Ahlstrom Osnabrück GmbH	100.0	Germany
Ahlstrom Nümbrecht GmbH & Co. KG	100.0	Germany
Ahlstrom Nümbrecht Verwaltung GmbH	100.0	Germany
Ahlstrom Industrial Holdings Limited	100.0	UK
Ahlstrom Group Finance Limited	100.0	UK
Ahlstrom Industries	100.0	France
Ahlstrom Brignoud	100.0	France
Ahlstrom Tampere Oy	100.0	Finland
Ahlstrom Chantraine	100.0	France
Ahlstrom Labelpack	100.0	France
Ahlstrom Research and Services	100.0	France
Ahlstrom Specialties	100.0	France
Ahlstrom Russia Oy	100.0	Finland
Ahlstrom Tver LLC	100.0	Russia
Ahlstrom Turin S.p.A.	100.0	Italy
Ahlstrom USA Inc.	100.0	USA
Ahlstrom Atlanta LLC	100.0	USA
Ahlstrom Capital Corporation	100.0	USA
Ahlstrom Filtration LLC	100.0	USA
Ahlstrom Nonwovens LLC	100.0	USA
Windsor Locks Canal Company	100.0	USA
Ahlstrom Glass Nonwovens LLC	100.0	USA
Ahlstrom West Carrollton Inc.	100.0	USA
Titanium Foreign Sales Corporation	100.0	USA
Tybalt Limited	100.0	UK
Ahlstrom Paper Products (Binzhou) Limited	100.0	China

Ownership interest does not differ from the voting rights.

Board Remuneration

EUR thousand	2010	2009
Board members at December 31, 2010		
Peter Seligson, Chairman	**88**	73
Bertel Paulig, Vice Chairman	**49**	43
Thomas Ahlström	**41**	42
Sebastian Bondestam	**43**	40
Lori J. Cross	**41**	-
Anders Moberg	**59**	24
Former Board members		
Jan Inborr	**12**	40
Martin Nüchtern	**9**	39
Willem F. Zetteler	**-**	12
Total	**343**	313
Employee benefits for key management		
Short-term employee benefits	**5,113**	4,452
Post-employment benefits	**203**	234
Share-based incentive plan	**2,285**	211
Total	**7,601**	4,897
Executive Remuneration		
President and CEO Jan Lång	**1,023**	739
Other Executive Management Team (EMT) members	**4,090**	3,714
Total	**5,113**	4,452
Loans to key management		
William Casey	**400**	-
Total	**400**	-

The CEO and the other members of the EMT may participate in voluntary collective pension insurances. All such collective pension insurances are country-specific defined contribution plans. As regards each participant, the annual contribution of the Company to the relevant plan does not exceed his/her one month's salary (including fringe benefits without bonuses). The participants' pensions will be determined based on the applicable local pension rules and the amount of their savings in the aforesaid defined contribution plans. According to the terms and conditions of the plan, the CEO may retire at the age of 60, at the earliest.

Share-based incentive plan

On January 31, 2008 Ahlstrom's Board of Directors approved a share-based long-term incentive plan for the Executive Management Team (EMT) as part of the remuneration and commitment program. The plan will last five years, comprising three one-year earning periods, the years 2008, 2009 and 2010 followed by two-year ownership periods. The plan offers a possibility to receive Ahlstrom shares and cash (equaling the amount of taxes of the total reward) as a reward, if the targets set by the Board for each earning period are achieved. Shares earned on the basis of the plan must be owned for at least two years after each earning period.

As Ahlstrom did not reach the EPS target set by the Board, no shares or cash were received by the EMT members for 2008.

Ahlstrom's Board of Directors approved some changes to the share-based incentive scheme in May 2009. The 2009 and 2010 earning periods were combined into one period 2010. The target set for the earning period was changed from earnings per share (EPS) to return on capital employed (ROCE). The accrued costs of the plan were EUR 0.2 million for 2009 and EUR 4.6 million for 2010.

On December 15, 2010 Ahlstrom's Board of Directors approved a new long-term share-based incentive plan for 2011–2015 for the Executive Management Team (EMT) and other key employees consisting in total of maximum 50 persons per earning period.

The plan will be in effect for five years and consists of three earning periods 2011–2012, 2012–2014 and 2013–2015. The plan offers a possibility to receive Ahlstrom shares and cash equivalent to the amount of taxes of the total reward, if return on capital employed and earnings per share targets set by the Board for each earning period are achieved. If the targets of the plan are achieved in full for all three earning periods, the reward to be paid on the basis of the plan will in its entirety correspond to a gross value of approximately 1,000,000 shares as a maximum. Transfer of the shares earned for one earning period is restricted for one year after the earning period.

The Board recommends that the President & CEO holds shares in the Company corresponding in value to his annual net salary and that the other EMT members hold shares in the Company corresponding in value to half of their annual net salary.

Share ownership plan for EMT

On August 17, 2010 the Board decided on a new share ownership plan for the Group's Executive Management Team (EMT). The purpose of the ownership plan is to support the shareholding of the EMT members in the company. Ahlstrom finances the management's holding company Ahlcorp Oy as part of a system which enables significant long-term shareholding by the management in the company. The President and CEO and a group of EMT members personally invested a significant amount of their own funds in Ahlstrom shares through a holding company, Ahlcorp Oy. Due to the U.S. legal requirements, American EMT member William Casey acquired Ahlstrom shares directly. The plan harmonizes the benefits of the company and its management and supports the achievement of Ahlstrom's strategic objectives.

As part of the plan, Ahlcorp Oy purchased Ahlstrom Corporation shares worth a maximum of EUR 4,400,000 from the market. The purchase was financed with a capital investment of the executive team members in Ahlcorp Oy as well as with an interest-bearing loan of a maximum of EUR 3,920,000 granted to Ahlcorp Oy and William Casey by Ahlstrom Corporation. The loan will be repaid in full by December 31, 2013. If the plan is continued in 2013 and 2014, the loan repayment will be postponed accordingly. Ahlcorp Oy has the right to repay the loan at any time and is obligated to prepay the loan by selling shares it holds in Ahlstrom Corporation if the share price exceeds a certain predetermined value.

The plan is in effect until the release date of the January-September 2013 interim report after which the plan will be discontinued in a manner to be decided on later. In 2013 and 2014, the plan will continue one year at a time if the price of Ahlstrom Corporation's share in October-November of these years is lower than the price paid by Ahlcorp Oy for these shares. While the plan is in effect, selling shares of Ahlstrom Corporation held by Ahlcorp Oy is restricted.

32. SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

On December 7, 2010 Ahlstrom signed an agreement to sell Wuxi plant in China and three production lines in Bethune in the USA to Andrew Industries. The divestment of Wuxi plant is expected to be completed during the first quarter of 2011. The value of the transaction is approximately EUR 1.1 million. Ahlstrom completed the sales of production lines in Bethune on December 22, 2010.

On January 14, 2011 Ahlstrom announced that the Louveira plant in Brazil was hit by a thunderstorm and flooded. There were no injuries to Ahlstrom staff or other people at the site. The plant was restarted by the end of January. Insurance will cover majority of the financial losses.

Key figures

EUR million	2010	2009	2008	2007	2006
Financial indicators					
Net sales	**1,894.2**	1,596.1	1,802.4	1,760.8	1,599.1
Personnel costs	**350.0**	337.8	337.8	362.1	319.6
% of net sales	**18.5**	21.2	18.7	20.6	20.0
Depreciation and amortization	**104.8**	106.7	97.9	93.9	79.9
Impairment charges	**0.2**	31.1	14.4	5.9	1.7
Operating profit/loss	**53.7**	-14.6	14.6	25.8	96.1
% of net sales	**2.8**	-0.9	0.8	1.5	6.0
Net interest expense	**21.4**	23.3	30.0	20.9	8.4
% of net sales	**1.1**	1.5	1.7	1.2	0.5
Profit/loss before taxes	**25.5**	-40.1	-20.6	0.2	81.2
% of net sales	**1.3**	-2.5	-1.1	0.0	5.1
Profit/loss for the period attributable to owners of the parent	**17.9**	-32.9	-17.9	0.5	57.5
% of net sales	**0.9**	-2.1	-1.0	0.0	3.6
Interest on hybrid bond for the period after taxes	**5.6**	0.6	-	-	-
Capital employed (end of period)	**1,058.5**	1,101.5	1,285.0	1,270.6	946.9
Interest-bearing net liabilities	**330.1**	395.9	598.7	491.1	155.2
Total equity	**703.8**	685.6	628.1	752.4	766.6
Return on capital employed (ROCE), %	**5.0**	-1.1	1.4	2.5	10.4
Return on equity (ROE), %	**2.6**	-5.0	-2.3	0.2	8.5
Equity ratio, %	**45.6**	44.8	36.8	44.0	56.5
Gearing ratio, %	**46.9**	57.7	95.3	65.3	20.3
Capital expenditure, including acquisitions	**62.3**	63.8	167.0	371.9	127.8
% of net sales	**3.3**	4.0	9.3	21.1	8.0
R&D expenditure	**20.3**	21.6	23.8	23.9	25.0
% of net sales	**1.1**	1.4	1.3	1.4	1.6
Net cash from operating activities	**167.5**	209.6	102.4	43.9	119.2
Number of employees, year-end	**5,688**	5,841	6,365	6,481	5,677
Number of employees, annual average	**5,823**	5,993	6,510	6,108	5,687
Net sales per employee, EUR thousands	**325**	266	277	288	281

	2010	2009	2008	2007	2006
Share indicators					
Earnings per share, EUR	**0.26**	-0.72	-0.38	0.01	1.31
Earnings per share, diluted, EUR	**0.26**	-0.72	-0.38	0.01	1.29
Effect of the interest on hybrid bond for the period after taxes, EUR	**0.12**	0.01	-	-	-
Cash earnings per share, EUR	**3.60**	4.49	2.19	0.94	2.72
Equity per share, EUR	**13.48**	12.98	13.46	15.35	16.79
Dividend per share, EUR	**0.88***	0.55	0.45	1.00	1.00
Payout ratio, %	**338.5**	n/a	n/a	n/a	76.3
Number of outstanding shares at the end of the period (1,000 shares)	**46,224.3**	46,670.6	46,670.6	46,670.6	45,661.7
Own shares held by the parent company at the end of the period (1,000 shares)	**150.0**	-	-	-	-
Shares held by Ahlcorp Oy at the end of the period (1,000 shares)	**296.3**	-	-	-	-
Total number of shares at the end of the period (1,000 shares)	**46,670.6**	46,670.6	46,670.6	46,670.6	45,661.7
Average number of shares during the period (1,000 shares)	**46,670.6**	46,670.6	46,670.6	46,476.2	43,801.7
Average number of outstanding shares during the period (1,000 shares)	**46,514.2**	46,670.6	46,670.6	46,476.2	43,801.7

Net sales and operating profit are determined in the accounting principles of the consolidated financial statements.

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

Calculation of key figures

Interest-bearing net liabilities	Interest-bearing loans and borrowings – Cash and cash equivalents – Other investments (current)	
Equity ratio, %	Total equity / Total assets – Advances received	x 100
Gearing ratio, %	Interest-bearing net liabilities / Total equity	x 100
Return on equity (ROE), %	Profit/loss for the period / Total equity (annual average)	x 100
Return on capital employed (ROCE), %	Profit/loss before taxes + Financing expenses / Total assets (annual average) – Non-interest bearing liabilities (annual average)	x 100
Return on capital employed (RONA), %	Operating profit/loss / Working capital (annual average) + Property, plant and equipment and Intangible assets (annual average)	x 100
Earnings per share, EUR	Profit/loss for the period attributable to owners of the parent – Interest on hybrid bond for the period after taxes / Average number of shares during the period	
Cash earnings per share, EUR	Net cash from operating activities / Average number of outstanding shares during the period	
Equity per share, EUR	Equity attributable to owners of the parent / Number of outstanding shares at the end of the period	
Dividend per share, EUR	Dividends paid for the period / Number of outstanding shares at the end of the period	
Payout ratio, %	Dividend per share / Earnings per share	x 100

Income statement

EUR million	2010	2009
Net sales	**50.1**	42.1
Other operating income	**0.1**	0.1
Personnel costs	**-10.7**	-10.9
Depreciation and amortization	**-1.1**	-0.1
Other operating expense	**-25.1**	-29.3
	-36.9	-40.3
Operating profit	**13.3**	1.9
Financing income and expense		
Dividend income	**38.3**	36.6
Interest and other financing income	**7.7**	10.7
Reduction in value of investments held as non-current assets	**-4.3**	-
Interest and other financing expense	**-31.1**	-22.7
Gains and losses on foreign currency	**-3.9**	-0.5
	6.7	24.1
Profit before extraordinary items	**20.0**	26.0
Extraordinary items		
Extraordinary income	**2.6**	0.7
Profit before appropriations and taxes	**22.6**	26.7
Appropriations		
Change in cumulative accelerated depreciation	**-0.1**	-
Income taxes	**3.6**	1.2
Profit for the period	**26.1**	27.9

Balance sheet

EUR million	Dec 31, 2010	Dec 31, 2009
Assets		
Non-current assets		
Intangible assets		
Intangible rights	**6.7**	0.3
Advances paid	**1.0**	0.4
	7.7	0.7
Tangible assets		
Land and water areas	**0.4**	0.4
Machinery and equipment	**0.0**	0.0
Other tangible assets	**0.1**	0.1
	0.5	0.5
Long-term investments		
Shares in Group companies	**1,127.9**	1,155.6
Receivables from Group companies	**25.1**	25.1
Shares in associated companies	**2.7**	2.7
Shares in other companies	**0.5**	0.5
	1,156.2	1,183.9
Current assets		
Long-term receivables		
Receivables from Group companies	**143.0**	6.9
Loans receivable	**0.4**	-
Deferred tax assets	**1.2**	1.3
Prepaid expenses and accrued income	**0.7**	1.9
	145.3	10.1
Short-term receivables		
Trade receivable	**-**	0.0
Receivables from Group companies	**71.5**	286.9
Deferred tax assets	**4.2**	1.6
Prepaid expenses and accrued income	**12.3**	7.2
	88.1	295.7
Cash and cash equivalents	**0.1**	1.0
Total assets	**1,398.0**	1,491.9

EUR million	Dec 31, 2010	Dec 31, 2009
Shareholders' equity and liabilities		
Shareholders' equity		
Share capital	**70.0**	70.0
Share premium	**187.8**	187.8
Non-restricted equity reserve	**8.3**	8.3
Retained earnings	**615.9**	616.1
Profit for the period	**26.1**	27.9
	908.0	910.1
Appropriations		
Cumulative accelerated depreciation	**0.1**	-
Provisions for contingencies	**4.5**	4.9
Liabilities		
Long-term liabilities		
Hybrid bond	**80.0**	80.0
Bonds	**99.3**	-
Loans from financial institutions	**75.9**	134.1
Pension loans	**54.8**	56.0
	310.0	270.1
Short-term liabilities		
Loans from financial institutions	**56.0**	155.3
Pension loans	**1.2**	-
Trade payables	**2.5**	0.9
Liabilities to Group companies	**106.2**	139.7
Other short-term liabilities	**0.5**	1.4
Accrued expenses and deferred income	**8.9**	9.5
	175.4	306.8
Total liabilities	**485.4**	576.9
Total shareholders' equity and liabilities	**1,398.0**	1,491.9

Statement of cash flows

EUR million	Dec 31, 2010	Dec 31, 2009
Cash flow from operating activities		
Operating profit	**13.3**	1.9
Depreciation, amortization and write-downs	**1.1**	0.1
Other adjustments	**0.3**	2.5
Operating profit before change in net working capital	**14.7**	4.5
Change in net working capital	**2.5**	-3.6
Cash generated from operations	**17.2**	0.9
Interest income	**6.9**	10.1
Interest and other financing expense	**-30.3**	-27.0
Gains and losses on foreign currency	**-7.4**	7.6
Income taxes	**-0.2**	-1.1
Net cash from operating activities	**-13.8**	-9.5
Cash flow from investing activities		
Capital expenditures	**-8.1**	-0.3
Capital injections in Group companies	**-52.9**	-183.3
Increase in other investments	**-**	-0.1
Liquidation of and capital repayments from Group companies	**76.2**	54.5
Dividends received	**38.3**	36.6
Net cash used in investing activities	**53.5**	-92.6
Cash flow from financing activities		
Change in notes receivable and short-term investments	**82.7**	207.2
Change in long-term debt	**36.1**	-42.1
Change in short-term debt	**-132.9**	-77.5
Dividends paid	**-25.9**	-21.0
Repurchase of own shares	**-2.0**	-
Group contributions	**1.4**	5.9
Net cash used in financing activities	**-40.6**	72.5
Net change in cash and cash equivalents	**-0.9**	-29.6
Cash and cash equivalents at the beginning of the period	**1.0**	30.6
Cash and cash equivalents at the end of the period	**0.1**	1.0

Proposal for the distribution of profits

The Parent Company's balance sheet on December 31, 2010 shows:

	EUR
Retained earnings	615,864,955.03
Non-restricted equity reserve	8,266,273.12
Profit for the period	26,060,610.49
Total distributable funds	650,191,838.64

The Board of Directors proposes to the Annual General Meeting to be held on March 30, 2011 as follows:

- a dividend of EUR 0.88 per share to be paid from the retained earnings corresponding to	41,070,135.04
- to be reserved for donations at the discretion of the Board of Directors	100,000.00
- to be retained in non-restricted equity reserve	8,266,273.12
- to be retained in retained earnings	600,755,430.48
	650,191,838.64

The suggested dividend record date is April 4, 2011 and the dividend will be paid on April 11, 2011.

Helsinki, February 1, 2011

Peter Seligson

Bertel Paulig | Sebastian Bondestam | Thomas Ahlström

Anders Moberg | Lori J. Cross

Jan Lång
President & CEO

Auditor's Report

To the Annual General Meeting of Ahlstrom Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Ahlstrom Corporation for the year ended 31 December, 2010. The financial statements comprise the consolidated income statement, statement of comprehensive income, balance sheet, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's income statement, balance sheet, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the President & CEO

The Board of Directors and the President & CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President & CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the President & CEO are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

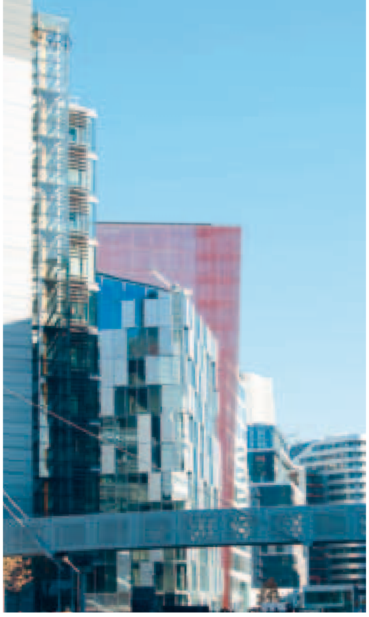
Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 23 February 2011

PricewaterhouseCoopers Oy
Authorised Public Accountants

Eero Suomela
Authorised Public Accountant




Investor information

Annual General Meeting
The Annual General Meeting of Shareholders (AGM) of Ahlstrom Corporation will be held on Wednesday, March 30, 2011, at 1:00 p.m. in Finlandia Hall, address Mannerheimintie 13 e, Helsinki, Finland. Registration of shareholders participating in the meeting begins at 12 noon.

In order to attend the AGM, a shareholder must be registered in the company's register of shareholders, held by Euroclear Finland Ltd. on the record date of March 18, 2011.

As instructed on the notice shareholders participating in the Annual General Meeting must give prior notice to attend the AGM by March 25, 2011.

For further information, please visit www.ahlstrom.com.

Dividend policy and payment of dividends

Ahlstrom's dividend policy is based on the company's cash generating capabilities. The company aims to pay a dividend of not less than one third of the net cash flow from operating activities after operative investments. The figure is calculated as a three-year rolling average to achieve stability in the dividend payout. Operative investments include maintenance, cost reduction, and efficiency improvement investments.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.88 per share be paid for the fiscal year that ended on December 31, 2010. The dividend will be paid to shareholders registered in the register of shareholders held by Euroclear Finland Ltd on the record date of April 4, 2011. The dividend payout date is April 11, 2011.

Shares and share capital

Ahlstrom's shares are listed on the NASDAQ OMX Helsinki. The company has one series of shares. The share is classified under the stock exchange's Materials sector and the trading code is AHL1V. The company's shares are entered in Euroclear Finland Ltd.'s book-entry system.

At the end of 2010, Ahlstrom's share capital was EUR 70,005,912 and the total number of shares was 46,670,608. At the end of the period there were no unpaid options which would entitle to subscribing the company's shares.

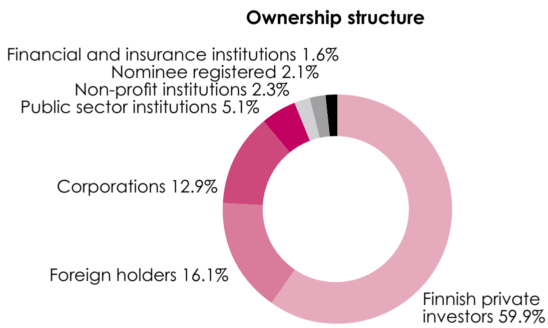
Share price performance and trading

During 2010, a total of 7.74 million Ahlstrom shares were traded for a total of EUR 96.7 million. The lowest trading price in 2010 was EUR 9.31 and the highest was EUR 17.00. The closing price on December 30, 2010, was EUR 14.84 and the market capitalization was EUR 686.0 million at year end, excluding the shares owned by the parent company and Ahlcorp Oy.

Shareholders

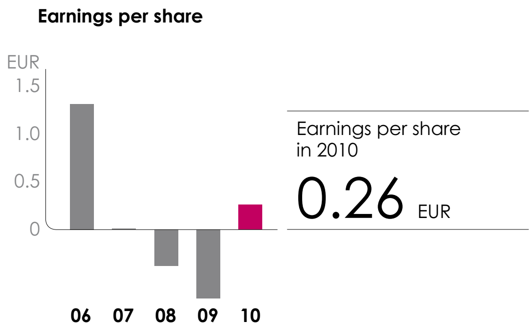
At the end of 2010, Ahlstrom had 12,579 shareholders. The largest shareholder is Antti Ahlströmin Perilliset Oy, which owns 10% of the company's share capital. For more information on the shareholders, please see the tables on page 82.

A list of Ahlstrom's largest shareholders, updated monthly, is available in the Investors section of the company's website at www.ahlstrom.com.



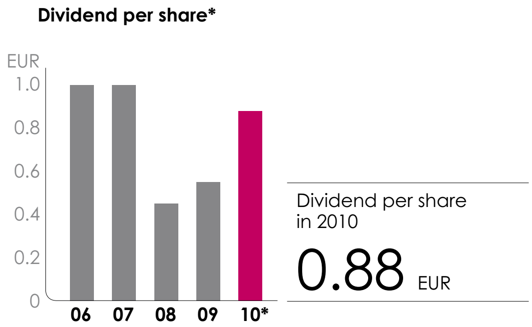
MAJOR SHAREHOLDERS ON DECEMBER 31, 2010

Shareholders	Shares and votes	%
Antti Ahlströmin Perilliset Oy	4,674,802	10.02
Etola Erkki Olavi	2,500,000	5.36
Vilha Intressenter Ab	2,314,604	4.96
Varma Mutual Pension Insurance Company	1,532,200	3.28
Huber Mona Lilly	1,256,700	2.69
Tracewski Jacqueline	1,007,600	2.16
Nahi Kai Anders Bertel	717,538	1.54
Lund Niklas Roland	693,738	1.49
Huber Samuel	639,600	1.37
Huber Karin	638,700	1.37
Studer Anneli	636,420	1.36
Emmett Linda	635,800	1.36
Gullichsen Johan	634,451	1.36
Sumelius Michael	618,038	1.32
Kylmälä Tauno Kim Toivo	603,000	1.29
Koivulehto Monica	581,700	1.25
Coulet-Tracewski Eliane	545,100	1.17
Kylmälä Kasper	493,700	1.06
Lydecken Robert	459,000	0.98
Ahlström Ruth Maria Elisabeth	456,200	0.98



DISTRIBUTION OF OWNERSHIP BY NUMBER OF SHARES, DECEMBER 31,2010

Number of shares	Number of shareholders	%
1–100	6,953	55.28
101–1,000	4,636	36.86
1,001–10,000	768	6.11
10,001–100,000	125	0.99
100,001–250,000	55	0.44
250,001–500,000	24	0.19
500,001–	18	0.14
TOTAL	12,579	100.00
Nominee registered	7	0.00

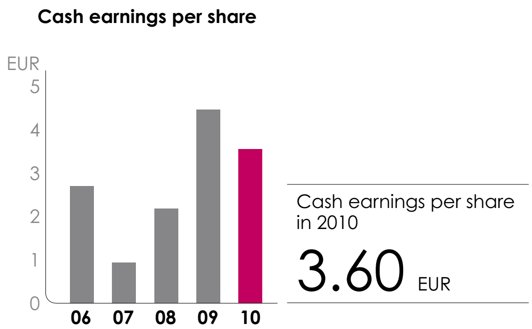


* The Board of Directors´proposal to the Annual General Meeting

SHARE RELATED KEY FIGURES

	2010	2009	2008
Earnings per share, EUR	0.26	-0.72	-0.38
Cash earnings per share, EUR	3.60	4.49	2.19
Dividend per share, EUR	0.88*	0.55	0.45
Dividend yield, %	5.9	6.0	6.8
Average number of shares during the period, 1,000s	46,670.6	46,670.6	46,670.6

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



FINANCIAL INFORMATION IN 2011

Report	Date of publication	Silent period
Financial statements bulletin 2010	Tuesday, February 1	Janaunury 1 – February 1
Annual report (printed)	Week 11	
Interim report January-March	Thursday, April 28	April 1 – 28
Interim report January–June	Wednesday, August 10	July 1 – August 10
Interim report January–September	Monday, October 24	October 1 – 24

Silent period

Ahlstrom's silent period starts after the close of each quarter and lasts until the publication of the financial statements bulletin or interim report. During this period, Ahlstrom will not communicate with capital market representatives.

Authorizations of the Board

Ahlstrom Corporation's Annual General Meeting (AGM) held on March 31, 2010, authorized the Board of Directors to repurchase Ahlstrom's shares. The maximum number of shares to be purchased is 4,500,000. The shares may be repurchased only through public trading at the prevailing market price using unrestricted shareholders' equity.

The AGM also authorized the Board of Directors to distribute a maximum of 4,500,000 own shares held by the company. The Board of Directors is authorized to decide to whom and in which order the shares will be distributed. The shares may be used as consideration in acquisitions and in other arrangements as well as to implement the company's share-based incentive plans in the manner and to the extent decided by the Board of Directors. The Board of Directors also has the right to decide on the distribution of the shares in public trading for the purpose of financing possible acquisitions.

The authorizations are valid for 18 months from the close of the Annual General Meeting but will, however, expire at the close of the next Annual General Meeting on March 30, 2011, at the latest.

Investor Relations

The objective of Ahlstrom's Investor Relations is to ensure that the market has correct, adequate, and current information for true and fair valuation of Ahlstrom's share. Ahlstrom follows all principles of transparency and impartiality and strives to serve all its stakeholders in the best possible manner.

All inquiries relating to investor relations are processed through the Investor Relations function. Ahlstrom's investor communications include, among others, annual and interim reports, stock exchange and press releases, the Investors section of the website, regular contacts with analysts and investors, press conferences held in connection with the publication of the Interim Reports, as well as other investor events.

Analysts covering Ahlstrom

To Ahlstrom's knowledge, at least the following investment banks and brokerage firms cover Ahlstrom in their research. The analysts follow Ahlstrom on their own initiative and the company takes no responsibility on any of their statements.

- Bank of Aland
- Crédit Agricole Cheuvreux Nordic
- Evli Bank
- Nordea Bank
- Pohjola Bank
- SEB Enskilda
- Swedbank

Investor materials

Ahlstrom publishes its annual reports in Finnish and English. A summary is published in Swedish. Printed copies of the annual report and summaries are sent to subscribers entered in the company's share register. Interim reports are published in Finnish and English and a summary is published in Swedish. Stock exchange releases and press releases are published in Finnish and English.

All above mentioned materials are available at www.ahlstrom.com. They can also be ordered through the website. The annual report can be ordered by mail, other materials by e-mail.

Outlook

Ahlstrom provides a verbal description of its outlook and presents a full-year forecast range on net sales and operating profit in the Outlook section of the financial statements bulletin and interim reports.

Additional information

Additional information is available in the Investors section at www.ahlstrom.com.

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Always looking for new ideas.
It´s how we stay ahead.
It´s how **you** stay ahead.

Stay ahead™

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