ANNUAL REPORT 2009

Ahlstrom

To investors

ANNUAL GENERAL MEETING | The Annual General Meeting of Ahlstrom Corporation will be held on March 31, 2010, at 13:00 EET at the Finlandia Hall, Mannerheimintie 13 e, Helsinki, Finland. Registration of shareholders participating in the meeting will begin at 12.00. In order to attend the Annual General Meeting, a shareholder must be registered in the company's register of shareholders, held by Euroclear Finland Ltd, on March 19, 2010. As instructed on the notice of the meeting, a shareholder must give prior notice to attend the Annual General Meeting by March 26, 2010. For further information, please visit www.ahlstrom.com.

DIVIDEND POLICY AND PAYMENT OF DIVIDENDS | Ahlstrom's dividend policy was revised in December 2009. The new policy is based on the company's cash generating capabilities and will be applied as from the dividend paid for the financial year of 2009. Ahlstrom aims to pay a dividend of not less than one third of the net cash from operating activities after operative investments (such as maintenance, cost improvement and efficiency improvement investments), calculated as a three-year rolling average to achieve stability in the dividend payout. Ahlstrom's previous dividend policy was to pay a dividend averaging at least 50% of the profit for the period of the previous financial year.

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.55 per share be paid for the financial year 2009. Dividend is paid to a shareholder who, on the date of record for dividend payment, April 7, 2010, is registered in the register of shareholders held by Euroclear Finland Ltd. The dividend payment date is April 14, 2010.

Financial calendar 2010

The publication schedule for Ahlstrom's financial information in 2010

Report	Date of publication	Silent period
Financial statements bulletin 2009	Wednesday, February 3	January 1 – February 3
Annual report 2009 (printed)	Week 11	–
Interim report January–March	Thursday, April 29	April 1 – April 29
Interim report January–June	Wednesday, August 11	July 1 – August 11
Interim report January–September	Tuesday, October 26	October 1 – October 26

SILENT PERIOD | Ahlstrom observes a silent period starting from the close of each annual quarter and ending at the publication of the financial statements or interim report. Ahlstrom will not communicate with capital market representatives during this period.

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

IR MATERIAL | Ahlstrom publishes its annual reports in Finnish and English, and a summary of the annual report in Swedish. Printed versions of the annual reports and summaries will be sent to subscribers in the company's address register. Interim reports are published in Finnish and English, and summaries of the interim reports in Swedish. Stock exchange and press releases are published in Finnish and English. All of the above material is available on the company website at www.ahlstrom.com. Printed annual reports may be ordered for delivery by mail; other material is available via e-mail.

FURTHER INFORMATION | See pages 86–87 and the Investors section on www.ahlstrom.com.

INVESTOR RELATIONS
Seppo Parvi
CFO
Tel. +358 10 888 4768

Heli-Kirsti Airisniemi
Financial Communications Manager
Tel. +358 10 888 4731

investor@ahlstrom.com

CORPORATE COMMUNICATIONS
Niina Suhonen
Vice President, Corporate Communications
Tel. +358 10 888 4757

corporate.communications@ahlstrom.com

ANNUAL REPORT

FINANCIAL STATEMENTS

Consolidated financial statements

Parent company financial statements, FAS

Ahlstrom is a global leader in the development, manufacture and marketing of high-performance nonwovens and specialty papers.

www.ahlstrom.com

Breathable Viral Barrier (BVB)

Ahlstrom's business

Ahlstrom develops and manufactures high-performance nonwovens and specialty papers for the world's leading brand owners. The company supplies these materials to its industrial customers as roll goods for further processing. Ahlstrom reports its business in two segments, Fiber Composites and Specialty Papers. Fiber Composites comprises four and Specialty Papers two business areas.

Fiber Composites segment, 54% of net sales

Business areas			
			
ADVANCED NONWOVENS	**FILTRATION**	**GLASS & INDUSTRIAL NONWOVENS**	**HOME & PERSONAL NONWOVENS**
Share of net sales **11%**	**17%**	**11%**	**15%**
Market position* **2–3**	**1****	**1–3****	**1**
Product lines: Key applications			
Food nonwovens: Teabags, absorbent food tray pads, fibrous meat casings **Medical nonwovens:** Drapes, gowns, face masks.	**Transportation filtration:** Automotive and transportation filtration **Air filtration:** HVAC filtration, dust filtration, gas turbine filtration **Liquid filtration:** Food and beverage filtration, water and wastewater filtration, life sciences and laboratory filtration, process filtration.	**Glassfiber tissue:** Building panels, roofing materials, floorings, wallcovers **Specialty reinforcements:** Wind turbine blades, boat hulls, sports equipment, automotive and transportation applications **Industrial nonwovens:** Wallcovers, automotive backings, floorings, industrial reinforcements, fabric care.	**Wipes:** Wipes for baby care, personal care and home care, industrial wipes.

* Global market position, management estimate
** In selected focus areas

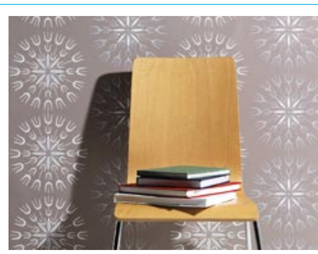
Ahlstrom

AHLSTROM IN THE VALUE CHAIN

Primary production	Raw material suppliers	Converters	Marketers or sellers	Consumers and industrial customers
Natural fibers, oil and petrochemicals	Pulp and synthetic fiber producers, chemical suppliers	Consumer and health-care goods suppliers, filter manufacturers, packaging industry, printers, etc.	World-class consumer or industrial brands	

Specialty Papers segment, 46% of net sales

Business areas

	
RELEASE & LABEL PAPERS	**TECHNICAL PAPERS**
Share of net sales **17%**	**29%**
	Market position* **1–2**
Product lines: Key applications	
Market position* **5–6** **Label papers:** Self-adhesive labels for beverages, food, pharmaceuticals and cosmetics, wet glue labels for beverage bottles and food cans. Market position* **1–2** **Release base papers:** Self-adhesive labels for consumer and durable products, self-adhesive tapes, materials and components.	**Coated specialties:** Metalized beverage labels, metalized flexible packaging, food and pet food packaging, non-food packaging **Vegetable parchment:** Baking papers, fast food packaging, butter and margarine packaging, furniture laminates, textile tubes **Wallpaper base and poster papers:** Wallpapers, outdoor advertising **Industrial papers:** Food and non-food packaging, repositionable notes, pharmaceutical packaging, envelope windows **Crepe papers:** Masking tape, sterile barrier systems, cleaning wipes **Pre-impregnated decor papers:** Furniture laminates, decorative panels **Sealing & shielding:** Calender bowls, press pads, gaskets, heat shields, sound absorption materials **Abrasive base papers**: Abrasive discs, belts, sheets.

The year 2009

AHLSTROM'S NET SALES AMOUNTED TO EUR 1,596.1 MILLION, showing a decrease of 11.4% from the previous year. Net sales were particularly weakened by the global recession, which started toward the end of 2008. The operating profit (EBIT) was EUR −14.6 million including the non-recurring items of EUR −54.3 million from the streamlining efforts and impairment charges.

AHLSTROM ANNOUNCED ITS REVISED STRATEGY in October. The strategy is based on the effecive utilization of Ahlstrom's key capabilities in its two distinct business clusters. The goal is profitable growth with increased focus on Asia.

AS A RESULT OF THE RESTRUCTURING PROGRAMS, the total personnel reduction is approximatelly 740 employees in 2009 and 2010. The targeted annual cost savings of 55 million will have full effect in 2010.

A PROJECT AIMED AT REDUCING THE WORKING CAPITAL by EUR 100 million in two years was initiated in 2009. Working capital decreased by EUR 104.3 million and working capital turnover improved by 23 days to 53 days.

GEARING RATIO DECREASED TO 57.7% (December 31, 2008: 95.3%) due to a strong cash flow and a EUR 80 million hybrid bond issued in November.

Key figures

EUR million	2009	2008	2007
Net sales	**1,596.1**	1,802.4	1,760.8
Operating profit/loss (EBIT)	**−14.6**	14.6	25.8
Non-recurring items	**−54.3**	−21.1	−42.0
Profit/loss before taxes	**−40.1**	−20.6	0.2
Profit/loss for the period	**−32.9**	−16.1	1.3
Return on capital employed (ROCE), %	**−1.1**	1.4	2.5
Balance sheet, total	**1,530.2**	1,707.0	1,711.4
Capital expenditure (including acquisitions)	**63.8**	167.0	371.9
Net cash from operating activities	**209.6**	102.4	43.9
Gearing ratio, %	**57.7**	95.3	65.3
Earnings per share (EPS), EUR	**−0.72**	−0.38	0.01
Cash earnings per share (CEPS), EUR	**4.49**	2.19	0.94
Dividend per share*, EUR	**0.55***	0.45	1.00

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

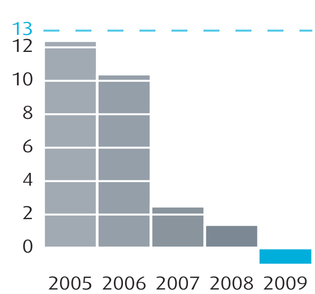
Financial targets

PROFITABILITY
Return on capital employed (ROCE): minimum of 13%

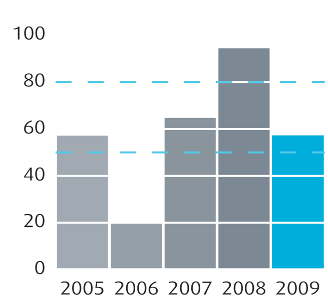
SOLIDITY
Gearing ratio 50–80%

DIVIDEND
Dividend payout ratio not less than one third of the net cash from operating activities after operative investments

Return on capital employed (ROCE), %

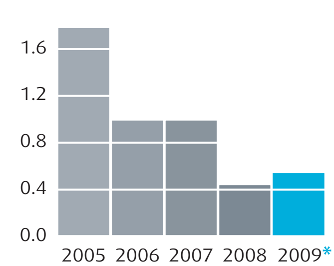


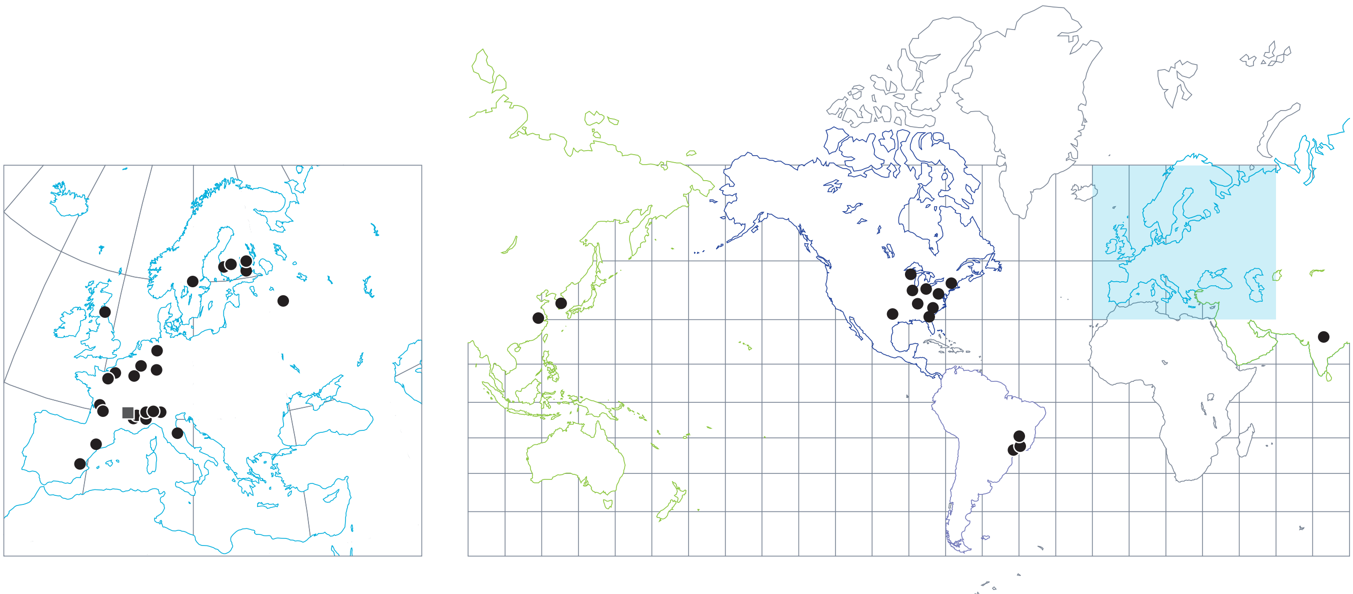
Gearing ratio, %



Dividend, EUR

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





Net sales by geographical area

MANUFACTURING SITES ●

39 sites in 14 countries.

Belgium: Malmedy
Brazil: Jacareí, Louveira, Paulínia
China: Wuxi
Finland: Karhula, Kauttua, Mikkeli, Tampere
France: Bousbecque, Brignoud, La Gère, Pont-Audemer, Rottersac, Saint Séverin, Stenay
Germany: Altenkirchen, Osnabrück
India: Mundra (to be started in 2010)
Italy: Fabriano; in Milan: Carbonate, Cressa and Mozzate (Gallarate closed in 2009); Turin
Russia: Tver
Spain: Alicante, Barcelona
South Korea: Hyun Poong
Sweden: Ställdalen
United Kingdom: Chirnside
United States: Bethune, Bishopville, Green Bay, Groesbeck, Madisonville, Mount Holly Springs, Taylorville, West Carrollton, Windsor Locks.

AHLSTROM INNOVATION SERVICES ■

France: Pont-Évêque.

SALES OFFICES |

In 25 countries: Australia, Belgium, Brazil, China, Finland, France, Germany, India, Indonesia, Italy, Japan, Malaysia, Mexico, Poland, Russia, Singapore, South Africa, South Korea, Spain, Taiwan, Thailand, Turkey, United Kingdom, United States, Vietnam.

www.ahlstrom.com | About us and Investors

Review by the President & CEO

Jan Lång, President & CEO of Ahlstrom, how was the global recession seen in the company's business in 2009?

WE EXPERIENCED AN EXTREMELY DRAMATIC YEAR in the global economy, and it was an exceptional year for Ahlstrom as well. However, in my opinion, we performed in an acceptable manner. The starting point of the year was challenging for us, not only because of the weak demand, but also because our aim was above all to strengthen the company's balance sheet and streamline the cost structure.

How did Ahlstrom perform financially in 2009?

IN THIS BUSINESS, THE UTILIZATION RATES OF manufacturing plants must be high to obtain good profits. In 2009, the utilization rates were low, and we adjusted our operations to match the decrease in demand through, for instance, various country-specific flexible working hour arrangements. Along with the decrease in demand, our net sales decreased significantly, but thanks to the strict cost control and streamlining measures, we managed to maintain our operating profit excluding non-recurring items at the level of 2008.

Early in the year, we started two extensive restructuring programs to permanently streamline the company's cost structure. The aim was to gain annual savings of EUR 55 million with full effect in 2010. To this end, we e.g. decided on personnel reductions with an impact on approximately 740 employees in 2009 and 2010. After non-recurring items related to the restructuring programs and certain value impairment charges, the operating result was negative.

Looking at the biggest achievements in 2009, I am particularly satisfied with the fact that our employees have committed themselves excellently to our goal of shifting the focus of operations towards cash flow and the decreasing of working capital. Working capital decreased considerably during the year, and as a result, net cash flow from operations improved by EUR 107.2 million.

In addition to the streamlining measures, the key focus areas in 2009 included strengthening the company's financial structure and balance sheet. Thanks to successful refinancing actions and a domestic hybrid bond we issued, our gearing ratio now meets the company's objectives and the maturity of the loan portfolio is significantly longer.

**Ahlstrom updated its strategy in 2009.
What will change compared to the previous strategy?**

THE KEY CONCLUSION OF THE STRATEGY REVIEW PROCESS is that Ahlstrom operates in two different kinds of business clusters, in which the competitive situation, potential for market growth and possibilities to differentiate vary significantly.

The value-added business cluster will be the focus of Ahlstrom's strategic growth, requiring continuous differentiation. I believe that through differentiation we will be able to strengthen our global market position in this business cluster. In terms of geographies, the growth will focus on Asia, where there are good opportunities for growth within several of our product lines.

The other business cluster is based on operational excellence, and its role is to support Ahlstrom's growth. In this cluster,

"I am particularly satisfied with the fact that our employees have committed themselves excellently to our goal of shifting the focus towards cash flow and the decreasing of working capital."

competitive edge is maintained above all by being the cost leader.

The main goal of our updated strategy is to support profitable growth, and in order to achieve it, we will need to be able to strengthen our competitiveness and meet our financial targets in both of the business clusters. With regard to product lines and units falling short of the objectives, we will continue necessary measures to meet the goals.

What are Ahlstrom's key objectives for 2010?

IN 2010, WE WILL CONTINUE IMPROVING THE EFFICIENCY OF OUR OPERATIONS and focus on implementing the strategy throughout the organization. In the following phases of this work, we will further develop Ahlstrom's culture and leadership as well as our employees, organization and processes to support the strategy. Global sales management processes are among the focus areas in 2010. The impacts of the two business clusters will gradually become more visible in the organization.

OUTLOOK FOR 2010 | The market sentiment improved in the latter half of 2009 and the situation seems now stable in most of our business areas. However, the demand for our products is expected to fall short of the level of 2008. The biggest challenges continue to be found in our specialty reinforcements products, as there are no clear signs of a revival in the wind energy and marine industries in Ahlstrom's main markets in Europe and North America. Thus, we expect net sales to increase compared to 2009, but remain lower than in 2008. Profitability is expected to improve as a result of a more efficient cost structure and improved demand. Operating profit excluding non-recurring items is expected to increase compared to 2009.

In 2010, investments excluding acquisitions are estimated at approximately EUR 60 million.

I WOULD LIKE TO TAKE THIS OPPORTUNITY TO EXTEND MY WARMEST THANKS to Ahlstrom's customers, partners, shareholders and personnel for the year 2009. I am confident that Ahlstrom is on the right path and that we can together build an even stronger company based on our new strategy.

Jan Lång
President & CEO

Strategy

Ahlstrom updated its strategy in 2009. The key conclusion of the strategy review is that Ahlstrom operates in two distinct business clusters that require different kinds of competencies. The clusters also need to be managed in two different ways.

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

The revised strategy is based on the effective utilization of Ahlstrom's key capabilities in its operations. The capabilities include a deep understanding of customer needs, an extensive technology base and technological understanding, total quality management and a global network of operations.

In accordance with the strategy, the company's operations are grouped in two distinct business clusters resulting from different competitive situations, market growth potential and possibilities to differentiate within the various product lines.

FUTURE GROWTH IS IN VALUE-ADDED BUSINESS | The value-added business cluster will be the focus of Ahlstrom's strategic growth, to be developed through organic growth and possibly by small acquisitions. Geographically, the growth will focus on Asia. Innovative new products that help Ahlstrom's customers become more competitive are the foundation of success in this cluster.

The products in this cluster are mostly nonwovens, as well as crepe papers and vegetable parchment.

OPERATIONAL EXCELLENCE BUSINESS WILL SUPPORT GROWTH | The role of the operational excellence business cluster is to support Ahlstrom's growth. In this cluster, it is important to be able to develop cost-efficient products, through for instance, the usage of alternative raw materials or by providing new technological solutions.

This cluster covers the majority of Ahlstrom's specialty papers products as well as the nonwoven materials used in wipes and air filters.

TARGET FOR ROCE REMAINS AT 13 PERCENT | The long-term target of the strategy is to support Ahlstrom's profitable growth, strengthen its competitive position and generate returns that are in line with the company's financial targets. One of the most important financial indicators is the return on capital employed (ROCE), which should reach its target level of 13 percent. At the same time, Ahlstrom will continue to pay attention to the structure of the balance sheet and reducing the gearing ratio.

IMPLEMENTATION OF THE STRATEGY | The strategy is being implemented throughout the organization. During 2010, this work will particularly focus on developing the corporate culture, leadership, personnel, organization and processes to support the strategy.

NEW BUSINESS MODEL SUPPORTING PROFITABLE GROWTH

VALUE-ADDED BUSINESS CLUSTER

ADVANCED NONWOVENS
FILTRATION | Liquid filtration, transportation filtration
GLASS & INDUSTRIAL NONWOVENS
TECHNICAL PAPERS | Crepe papers, vegetable parchment.

GROWING AND EXPANDING THROUGH DIFFERENTIATION

- Value-added products at competitive prices
- Innovation for product performance and improved conversion processes
- Organic growth and possibly small acquisitions
- Focus of geographical growth is on Asia.

OPERATIONAL EXCELLENCE BUSINESS CLUSTER

FILTRATION | Air filtration
HOME & PERSONAL NONWOVENS
RELEASE & LABEL PAPERS
TECHNICAL PAPERS | Coated specialties, wallpaper base and poster papers, industrial papers, pre-impregnated decor papers, sealing and shielding, abrasive base papers.

SUPPORTING GROWTH THROUGH EFFICIENT OPERATIONS

- Price competitive products
- Innovation for cost improvement.

STRATEGY IMPLEMENTATION

LEVERAGING ON STRATEGIC POSITIONS | Achieving target for return on capital employed (ROCE 13%).

STRENGTHENING STRATEGIC DIRECTION | Refreshing vision and core purpose | Developing culture, leadership and corporate brand | Developing people, organization and processes | Implementing business model of two clusters.

BUILDING STRATEGIC FOUNDATION | Setting growth targets | Focusing business portfolio | Identifying key capabilities | Strengthening balance sheet.

Leadership and sustainable development

Building a uniform corporate culture is one Ahlstrom's key future aims. According to a survey, honesty is the greatest strength of Ahlstrom's culture. In sustainable development, the company reached its goal of obtaining all wood pulp from certified suppliers.

Social responsibility

At Ahlstrom, social responsibility is defined as ethical and responsible behavior towards employees, customers, partners and other stakeholders. With regard to the personnel, this responsibility means that all Ahlstrom employees should have clear objectives in their work, the competence required to succeed in their work, and appropriate and safe working conditions. At a more general level, social responsibility also covers measures to maintain the competitiveness of the company in the long run.

RESTRUCTURING – A LEADERSHIP CHALLENGE | The year 2009 was demanding for Ahlstrom. The company adjusted its operations to match the weak market demand through various working hour arrangements and implemented two significant restructuring programs. As a result, the number of Ahlstrom employees decreased by approximately 10% globally during the year.

From the leadership point of view, implementing such major changes was a great challenge, which was addressed by, for example, developing the company's internal readiness for change and supporting the management in implementing the changes. Special focus was put on internal communications, and those laid off were provided with retraining or pension solutions as applicable and according to local policies.

OCCUPATIONAL SAFETY IMPROVED FURTHER | Globally, Ahlstrom has two Key Performance Indicators of occupational safety: the Accident Frequency Rate (AFR) and the Accident Severity Rate (ASR).

The AFR indicates the number of accidents that resulted in absence per million working hours. The year 2009 was the eighth consecutive year with a reduction in the AFR. The number of lost time accidents decreased by 42.8% compared to the previous year, and the AFR decreased from 8.75 to 5.12. The result is close to the top level globally, and is a gratifying proof that all employees have contributed to making Ahlstrom a safer place to work. As much as 80% of the sites reached the zero accident level.

The Accident Severity Rate (ASR) decreased from 0.17 to 0.16.

HONESTY IS THE STRENGTH OF AHLSTROM'S CULTURE | Building a uniform corporate culture that supports the strategy is one of Ahlstrom's key future aims. To this end, Ahlstrom conducted a global culture survey for the first time in 2009. According to the survey results, the greatest strengths of Ahlstrom's culture are honesty and trustworthiness; keeping promises is considered extremely important. The employees also feel that they have sufficient power to act efficiently in their work. Setting long-term strategic objectives and plans are among the key development areas in the corporate culture.

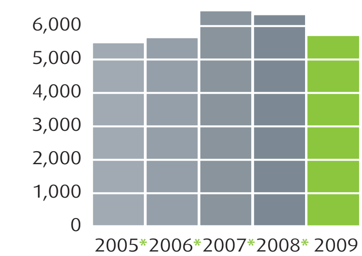
Ahlstrom regularly measures its occupational safety, which now meets the global top level.

The results of the culture survey clearly support one of Ahlstrom's near-term objectives, developing a corporate culture emphasizing and rewarding high performance. To support this objective, thorough performance measurement and review processes will be implemented as of 2010.

SUCCESS THROUGH STRATEGIC COMPETENCIES | During 2009, Ahlstrom updated its strategy, which is now more clearly based on the strengths of the company. Strategic competence areas have been identified accordingly, to ensure the company's competitiveness in the long run. The competence areas include e.g. international and coaching leadership skills, the ability to change, process and project management skills, as well as strategic marketing competencies and sales skills.

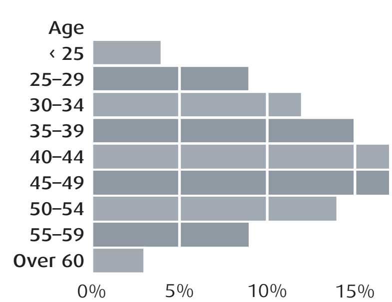
The development of leadership competencies has been a focus area at Ahlstrom for many years, and global training programs are in place for young managers and the more experienced key management. In 2009, Ahlstrom arranged the JUMP training (Junior Management Program) for the 24th time. In the future, Ahlstrom's strategic objectives will be more closely tied to individual objectives, measurement of performance and rewarding of the personnel.

Headcount (employed on December 31, 2009)

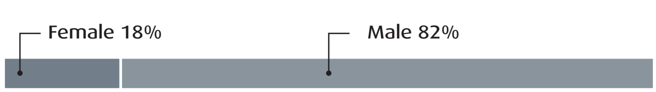


* full-time equivalent

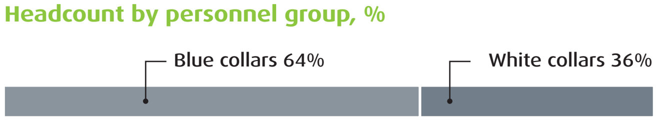
Headcount by age



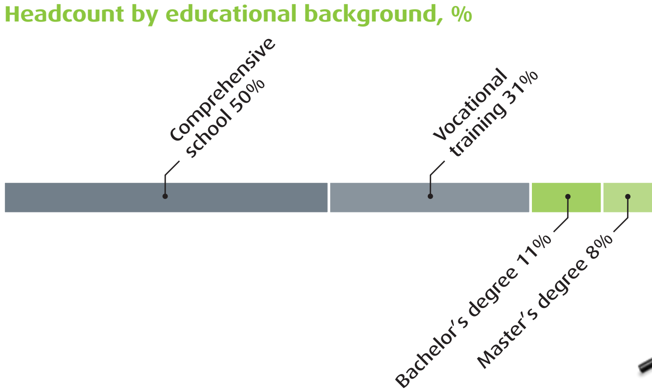
Headcount by gender, %



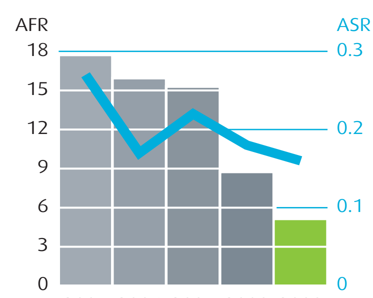
Headcount by personnel group, %



Headcount by educational background, %



Accident Frequency Rate (AFR, columns)
and Accident Severity Rate (ASR, line)



www.ahlstrom.com | Sustainability

Areas of sustainable development

Ahlstrom divides sustainable development into three parts in its value chain:

1. Sustainable supply chain for fibers and other raw materials
2. Low-emission, ecologically efficient manufacturing
3. Holistic lifecycle thinking for products.

Economic, social and environmental responsibilities are taken into account in all three of these linked areas.

SUSTAINABLE SUPPLY CHAIN | Natural fibers are by far the most significant of Ahlstrom's raw materials. The company considers it important that they come from sustainably managed forests. Progress took place in 2009 with respect to this objective: all of the company's wood pulp suppliers have been certified with chain of custody in accordance with either PEFC or FSC, i.e. the most widely used certification systems for sustainable forest management.

Ahlstrom pursued chain of custody certifications at its plants as well as head office. Now, at the beginning of 2010, a total of 12 plants have chain of custody certificates. Information about the plants and certificates are available in the sustainability section of the company's website, www.ahlstrom.com. The aim is to continue certification in nonwovens where natural fibers take on an increasingly significant role.

During the year, Ahlstrom developed a new approach to evaluating the sustainability for the rest of the supply chain. The principle is to ensure that strategic suppliers operate in an environmentally and socially responsible manner.

LOW-EMISSION AND ECOLOGICALLY EFFICIENT MANUFACTURING | The main principles of Ahlstrom's environmental responsibility are to minimize emissions to the air, water and soil as well as to optimize the efficiency of operations, thus saving raw materials and resources. The environmental impacts of operations and main indicators of environmental performance and their objectives are presented in the enclosed tables.

For air emissions, the most important are carbon dioxide (CO_2), nitrogen oxides (NO_x) and sulfur dioxide (SO_2) as well as particle emissions. The monitored water criteria are factors that increase eutrophication, such as suspended solids, chemical and biological oxygen demand (COD and BOD_5) and amounts of nitrogen and phosphorus.

In early 2009 in particular, production was intermittent due to the exceptional market situation in the global recession. Therefore it was difficult for plants to operate in ways that maximized environmental efficiencies.

In its production activity, Ahlstrom seeks, as much as possible, to minimize waste generation. The ultimate goal is completely waste-free production processes, enabling the company to totally avoid landfilling. The amount of waste has been reduced dramatically in recent years as the company has increased its efforts to find alternative applications for fiber waste material otherwise directed to landfills. Glassfiber material is the most significant waste fraction not yet utilized, but the company started a project to find alternative uses for it at the end of 2009. Several plants have found excellent solutions to alternative use for fiber waste materials in cooperation with local partners. Sludge from a paper plant, for instance, has been mixed with bricks, while the waste from a filtration paper plant has found use as an insulation material.

Improving material efficiency is one of the main themes of sustainable development. During the year, special attention was paid to minimizing the fiber waste of the plants. Investments planned for 2010 aim at further decreases.

CLIMATE CHANGE | In early 2009, climate matters remained in the shadow of the global recession, but at the end of the year, climate change and the Copenhagen climate conference were important topics globally. Ahlstrom's climate change strategy is well established and has been implemented as follows:

- Sustainably managed forests are the best carbon sinks. The company reached its goal of obtaining all the wood pulp it uses from certified suppliers.
- A key target of the company is to reduce energy consumption. Energy efficiency improved by 6 percent from 2005 to 2009. At the same time, energy investments totaled EUR 6.5 million. The aim is to save an additional 4 percent of electricity and 9 percent of process heat by 2013.
- The company promotes low-emission fuels, (such as natural gas), reduces coal and oil burning and aims to outsource the production of steam. Possibilities of increasing the use of renewable sources of energy are being explored.

ENVIRONMENTAL IMPACTS OF AHLSTROM'S OPERATIONS

		2009	2008
PRODUCTION	ktons	**1,269**	1,178
Raw materials			
– Natural fibers	ktons	**697**	764
– Synthetic fibers	ktons	**154**	176
– Chemicals	ktons	**334**	335
– Recycled paper	ktons	**45**	60
– Paper and board	ktons	**14**	10
– Packaging	ktons	**25**	26.5
ENERGY			
Fuels			
Coal	TJ	**1,263**	1,235
Oil	TJ	**220**	281
Natural gas	TJ	**7,633**	8,433
Solid waste	TJ	**920**	1,029
Other (recovered methanol)	TJ	**253**	315
Electric energy			
Purchased	MWh	**868,264**	965,644
Own production	MWh	**186,285**	180,481
Other	MWh	**1,168**	5,350
Process heat			
Steam	TJ	**7,847**	8,398
Gas (IR)	TJ	**2,936**	3,448
Electric. energy (IR)	TJ	**61**	73
WATER			
Water intake	mill. m^3	**46.4**	50.2
Water discharge	mill. m^3	**40.8**	43.9
– Suspended solids	tons	**434**	395
– COD	tons	**1,969**	2,082
– BOD_5	tons	**461**	511
– Phosphorus (P)	tons	**14**	15
– Nitrogen (N)	tons	**47**	56
– Organic halogens (AOX)	tons	**11**	8
EMISSIONS TO AIR			
Carbon dioxide (CO_2)	tons	**598,371**	645,150
Sulfur dioxide (SO_2)	tons	**356**	492
Nitrogen oxides (NO_x)	tons	**646**	1,034
WASTE			
Landfilled solid waste	tons	**18,625**	23,356

- Increasing the use of recycled materials decreases the carbon footprint. Recycled fiber is used whenever technologically and financially feasible. The use of recycled polyester fiber (rPET) was still minor due to the scarce availability of the raw material, but is a significant trend.
- To lay the foundation for developing products with a lower carbon footprint, the company developed a proprietary tool of calculating the carbon footprint of all of its products in cooperation with an external consultant. Peer review of the tool was carried out by NCASI in the United States. The method is based on CEPI and CITPA guidelines and the ISO 14044 standard.

The European Emission Trading System (ETS) provided Ahlstrom with significant financial benefits in 2005–2008, which assets were then allocated to energy-saving investments. Results of global negotiations in Copenhagen were disappointing. Accordingly, local efforts to reduce the emissions will be even more important.

In 2009, the Carbon Disclosure Project ranked Ahlstrom among the ten best Finnish companies in the global Carbon Disclosure Leadership Index. The company improved its standing considerably compared to the previous year, with an index score of 61 (2008: 45). The Carbon Disclosure Project collects information on companies' greenhouse gas emissions and strategies to reduce them.

Shortage of water and, on the other hand, floods will be likely consequences of climate change. Ahlstrom aims to use as much as 18 percent less water in 2013 compared to 2008. The company actively monitors the development of water footprint calculations. At this point, its approach is based on an assessment of risks in the supply chain as well as its own production facilities.

HOLISTIC LIFECYCLE THINKING | Ahlstrom believes that the sustainability of its products should be evaluated holistically, taking into account the entire lifecycle. This means that the economic, social and environmental impacts of the products need to be considered.

The fibers used for Ahlstrom's specialty papers come from sustainably managed forests. They are manufactured to paper in plants minimizing emissions. They can be recycled and are biodegradable. In terms of economic and social impacts, for example the company's packaging papers protect foodstuffs from perishing thereby promoting economic savings, while insulating materials improve energy efficiency.

Ahlstrom has cooperated with PaperImpact, an association of European specialty paper companies, in a "cradle to gate" lifecycle impact assessment (LCIA) for specialty papers. The company provided information about the raw materials, energy consumption and emissions from its three French specialty paper plants (Stenay, Rottersac and La Gère) in 2005 and 2007. Among other things, the results indicated that the carbon footprint had been reduced by 13 percent in only two years, while all other impacts, such as eutrophication, acidification, use of non-renewable natural resources, depletion of the ozone layer and photochemical oxidation, had decreased by 12–20 percent. The main reason behind the decrease in the carbon footprint was the move to cleaner burning fuels in energy production.

As for the lifecycle assessments of nonwovens, Ahlstrom cooperates with the European nonwoven industry. So far, the analyses have primarily focused on assessing the environmental impacts of the products, but many of Ahlstrom's nonwoven products also have a significant social function, such as improving the safety of people (medical products) or cleaning air and water (filtration materials).

KEY ENVIRONMENTAL PERFORMANCE INDICATORS

		Actual		Target	
KPI	Unit	2008	2009	2013	Change, % 2008–2013
Water intake	m³/T	42.6	**43.4**	35	–18
Electricity usage	MWh/T	1.03	**1.05**	0.99	–4
Heat usage	GJ/T	10.05	**10.08**	9.13	–9
CO_2 direct emissions	kg/T	547	**559**	510	–7
Waste	kg/T	19.8	**17.4**	20	–1
ISO14001	sites	27 (90%)	**27 (90%)**	27 (90%)	–

DIRECT ECONOMIC IMPACTS OF AHLSTROM'S OPERATIONS

	EUR million	2009	2008
Customers	Net sales	**1,596.1**	1,802.4
Financial institutions	Drawdowns of non-current loans and borrowings	**242.3**	162.0
	Dividends received, interest and other financing	**0.8**	4.2
	Net interest costs and other net financial items	**27.0**	38.4
Public sector	Subsidies received	**3.1**	1.3
	Tax income	**7.1**	4.5
Suppliers	Purchases of raw materials and energy	**883.1**	1,086.4
	Purchases of property, plant and equipment	**63.8**	128.0
Employees	Wages and salaries	**249.1**	249.9
Shareholders	Dividends paid	**21.0**	46.7

According to Ahlstrom's estimate, the company's Annual Report 2009 fulfills level C requirements of the Global Reporting Initiative (GRI).

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 2008. Ahlstrom does not depart from any recommendation of the Code effective as per December 31, 2009.

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

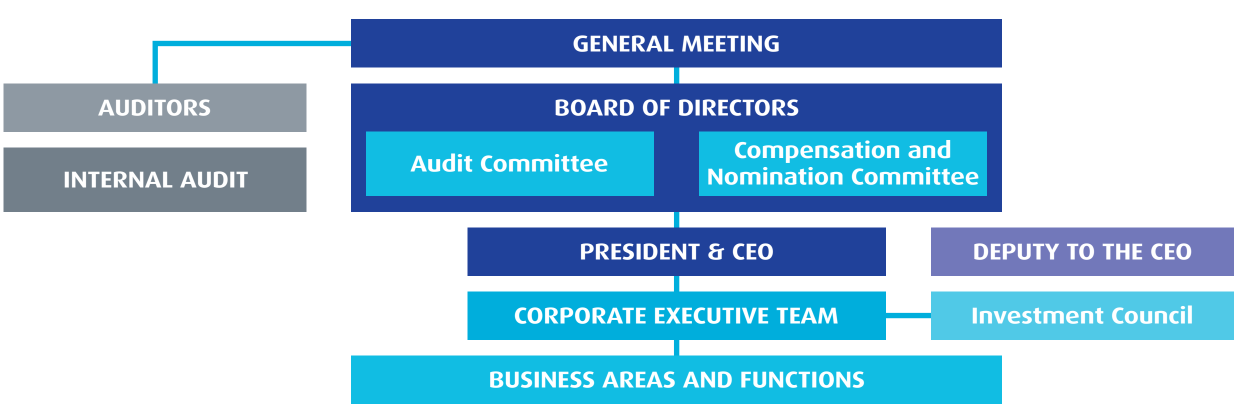
GENERAL MEETING | The General Meeting is the ultimate decision-making body of Ahlstrom. Its tasks and procedures are defined in the Finnish Companies' Act and the Company's Articles of Association. Certain important matters, such as amending the Articles of Association, approval of the Financial Statements, 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 2009, Ahlstrom held its Annual General Meeting (AGM) in Helsinki on March 25, 2009. 255 shareholders were present representing 51.7% of the voting rights of the Company. Except for Anders Moberg, who was unable to attend, all Board members were present. In addition, the President & CEO (CEO), the Chief Financial Officer (CFO) and all other members of the Corporate Executive Team (CET) as well as the auditor attended the meeting. All documents related to the AGM 2009 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 expenditures and 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.

STRUCTURE AND GOVERNANCE



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 2009 | The AGM 2009 elected Thomas Ahlström, Sebastian Bondestam, Jan Inborr, Anders Moberg, Martin Nüchtern, 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 from the Company and its major shareholders.

The Board convened 12 times and the average attendance frequency was 95.2%.

Board Committees | The Board annually appoints an Audit Committee and a Compensation and Nomination Committee. The duties and working procedures of the committees shall be defined in the respective committee charters.

The Audit Committee consists of 3–4 members, all of which shall be Board members who are independent from 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.

The Compensation and Nomination Committee consists of three members, the majority of which shall be Board members who are independent of the Company. Neither the CEO nor any other executives of the Company may be appointed members of the committee.

One of the main tasks of the committee is to decide on the compensation and benefits of the CET members, other than the CEO. It makes recommendations to the Board in relation to the compensation and benefits of the CEO. The committee identifies candidates to be proposed for election as Board members and makes recommendations for their compensation.

Committees in 2009. On March 25, 2009, the Board appointed the Audit Committee and the Compensation and Nomination Committee.

The members of the Audit Committee were Bertel Paulig (Chairman), Thomas Ahlström and Martin Nüchtern. All of them are independent of the Company and its significant shareholders and have expertise in accounting, bookkeeping or auditing. The committee convened 7 times and the average attendance frequency was 95.2%.

The members of the Compensation and Nomination Committee were Peter Seligson (Chairman), Jan Inborr and Sebastian Bondestam. All of them are independent of the Company and its significant shareholders. The committee convened 7 times and the average attendance frequency was 100%.

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 the CEO and Risto Anttonen as Deputy to the CEO.

CORPORATE EXECUTIVE TEAM | The Corporate Executive Team (CET) consists of the CEO (Chairman) as well as business area and functional leaders. The CET members are proposed by the CEO and appointed by the Board and they report to the CEO.

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

At the end of 2009, there were 13 CET members. In 2009, the CET convened 11 times.

REMUNERATION OF THE BOARD AND SENIOR EXECUTIVES

Remuneration of the Board | The remuneration of the Chairman was EUR 5,400 per month and EUR 2,700 per month for the other members of the Board. In addition, each member of the committees received EUR 1,150 for each committee meeting in which he participated. In 2009, the total remuneration of the Board amounted to EUR 313,250.00. None of the Board members received any other remuneration from the Company than that based on Board membership. There is no pension scheme for Board members.

Remuneration of the CEO and CET | The Board decides on the compensation and benefits of the CEO. The Compensation and Nomination Committee decides on the compensation and benefits of the other CET members.

The total remuneration of the CEO and CET in 2009 is set forth in the table below.

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 Short Term Incentive Plan, the annual bonus payable to a CET member can as a maximum amount to the equivalent of 40–60% of his/her annual base salary. In 2009, the amount of the bonus is based on the Group's cash flow and the attainment of individual performance targets.

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

In January 2008, the Board approved a share-based Long Term Incentive Plan for the CET for 2008–2010. The plan offers a possibility to receive Ahlstrom's shares and cash (equaling the amount of taxes of the total reward) as a reward, if the earnings per share (EPS) targets set by the Board are achieved. If the targets 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. When shares are given as reward under the plan, the CEO must, also after the restriction period set forth in the plan, hold such number of shares in the Company received under the plan which corresponds in value to his annual net base salary and the other CET members must, also after the restriction period, hold such number of shares in the Company received under the plan which corresponds in value to half of their annual net base salary.

At the same time, a cash-based Long Term Incentive Plan was approved for other management and key employees. The targets are the same as in the share-based plan. Currently, the payment under the cash-based plan can as a maximum amount to a participant's six month's salary.

In May 2009, the Board approved some changes to both Long Term Incentive Plans: the earning periods 2009 and 2010 were merged into one period, 2010. The evaluation criterion was changed from earnings per share (EPS) to return on capital employed (ROCE). In the share-based plan, the share allocations of 2009 and 2010 were combined.

The CEO and the other members of the CET 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.

No guarantees or other securities are given on behalf of the members of the CET 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 2009 re-elected PricewaterhouseCoopers Oy (PwC) who designated Eero Suomela, APA, as the auditor in charge.

The fees of the statutory audit for 2009 were EUR 931,000 in total in the Group. Other fees charged by PwC amounted to EUR 277,000 in the Group. The other fees were primarily related to tax advice.

SALARIES, FRINGE BENEFITS AND BONUS PAYMENTS IN 2009 FOR THE CORPORATE EXECUTIVE TEAM

Euros	Salaries and fees with employee benefits	Bonus pay	Long term plan based payments	Total
Jan Lång, President & CEO	628,601.04	110,000.00	–	738,601.04
Other CET members	3,455,618.53	258,230.02	–	3,713,848.55

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 and in compliance with applicable laws and regulations.

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 Group-wide Enterprise Resource Planning (ERP) system for the business processes which are similar in all operating units. 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 monitor the internal control systems. The CEO and CET are responsible for the executive management of the internal control of the financial reporting. The CFO and Group Controlling support and coordinate the Group-wide financial management and control of operations.

All business areas, product lines, 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 prepare 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 CET 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 profit center level. Year-end estimates are updated quarterly. Long-term targets are set up in the Business Plan process for the next five 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, CET 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, chaired by the Deputy CEO, 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 2009, the Council focused on the establishment of a green field production site in India, the improvement of the Company's investment process as well as investments reducing energy consumption.

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. Until the end of 2009, the Internal Audit was performed by the Company's own personnel. 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, it reports to the Audit Committee. The Internal Audit conducts regular audits at Group units. It reports regularly on its activities to the CET members and the Audit Committee, makes recommendations to the CET members and local management and also monitors the implementation of the action plans.

The Internal Audit function has had a quality assurance program and an Internal Audit Manual has served as a practical guideline for the audit activities.

The Internal Audit function coordinates its efforts with the 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.

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 CET. 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.

SHAREHOLDINGS OF THE BOARD AND CORPORATE EXECUTIVE TEAM ON DECEMBER 31, 2009

Board of Directors		Corporate Executive Team	
Peter Seligson	300,000	Jan Lång	6,000
Bertel Paulig	–	Risto Anttonen	3,100
Thomas Ahlström	74,700	Paula Aarnio	–
Sebastian Bondestam	1,580	Gustav Adlercreutz	3,500
Jan Inborr	9,159	Jean-Marie Becker	–
Anders Moberg	–	Tommi Björnman	50
Martin Nüchtern	1,500	Diego Borello	3,053
		Daniele Borlatto	–
		Claudio Ermondi	–
		Patrick Jeambar	13,153
		Seppo Parvi	460
		Laura Raitio	–
		Rami Raulas	–

Board of Directors, December 31, 2009

PETER SELIGSON | Born 1964, Lic.Oec.(HSG)

Partner of Seligson & Co Oyj
Chairman of the Board since 2007,
Board member since 1999.
Chairman of the Board: Broadius Partners Oy, Aurajoki Oy.
Vice Chairman of the Board: Tiimari Oyj.
Member: Folkhälsan, Dexus Oy.
Other key positions of trust: Chairman of Skatte- och Företagsekonomiska Stiftelsen.
Primary work experience: Managing Director, Alfred Berg Finland (1991–1997), Head of Sales and trading, Arctos Securities (1987–1991).

BERTEL PAULIG | Born 1947, M.Soc.Sc. (macro economics)

Chairman of Paulig Ltd
Vice Chairman of the Board since 2008,
Board member since 2005.
Chairman of the Board: Paulig Ltd, Veho Group Oy Ab, Economic Information Office.
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)

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) (1991–2007), Managing Director SEB Merchant Banking (2000–2005), Various managerial positions, Scandinavian Bank plc, Helsinki and London (1985–1990).

SEBASTIAN BONDESTAM | Born 1962, M.Sc.(Eng.)

Executive Vice President, Supply Chain, Uponor Corporation
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).

JAN INBORR | Born 1948, B.Sc. (Econ.)

Managing Director of Soldino Oy
Board member since 2001.
Chairman of the Board: Enics AG, Vacon Plc, Symbicon Ltd.
Board member: BaseN Corporation, Pricasting Oy, Mervento Oy.
Other key positions of trust: Stiftelsen för Åbo Akademi.
Primary work experience: President and CEO, Ahlström Capital Oy (2001–2008), President and CEO, Ahlstrom Paper Group (1996–2000), Deputy to the Group President and CEO, Ahlstrom Group (1994–2000), Member of the Executive Board, Ahlstrom Group (1985–2000), Various managerial positions, Ahlstrom Group (1972–1984).

ANDERS MOBERG | Born 1950

Chairman of Clas Ohlson AB, Chairman of Biva A/S
Board member since 2009.
Chairman of the Board: Clas Ohlson AB, Biva A/S.
Board member: DFDS A/S, Husqvarna AB, Byggmax, Sofia Bank Oyj, Herma B.V, ZetaDisplay 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), Group President International, Home Depot, USA (1999–2002), President and CEO, Royal Ahold, the Netherlands (2003–2007), President and CEO, IKEA International, Denmark (1986–1999), various positions at IKEA International (1970–1986).

MARTIN NÜCHTERN | Born 1953, D.Sc. (Business Administration)

Senior Advisor, N M Rothschild & Sons
Board member since 2008.
Board member: Mast Jägermeister AG.
Primary work experience: President Special Assignment, Procter & Gamble, London, (2004–2005), President Global Haircare, Procter & Gamble, London (1999–2004), President AAI (ASEAN/Australasia/India), Procter & Gamble Far East, Singapore (1995–1999), Several managerial positions at Procter & Gamble (1983–1995).

Corporate Executive Team, February 8, 2010

JAN LÅNG | President & CEO

Born 1957, M.Sc. (Econ.)

Joined Ahlstrom in December 2008.

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

Board member: Glaston Corporation.

RISTO ANTTONEN | Deputy of the President & CEO

Born 1949, B.Sc. (Econ.)

Joined Ahlstrom in 1991. Member of the Corporate Executive Team since it was established in 2001.

Primary work experience: Chief Executive Officer (2008), Senior Vice President, Commercial Operations (2003–2008). President of Ahlstrom's Specialties division (2001–2003) and the Industrial Products division (1999–2001). Prior to that, Managing Director of Ahlstrom Alcore Oy. Before joining Ahlstrom, Managing Director of Norpe Oy.

Board member: Ensto Oy, Paperinkeräys Oy, Suomen Lehtiyhtymä Oy.

PAULA AARNIO | Senior Vice President, Human Resources

Born 1958, M.Sc. (Eng.)

Joined Ahlstrom in April 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 1985–1998).

GUSTAV ADLERCREUTZ | Senior Vice President, Legal Affairs, General Counsel

Born 1957, LLM

Joined Ahlstrom in 1984. Member of the Corporate Executive Team since it was established in 2001.

Primary work experience: Various managerial positions within Legal Affairs and Human Resources in the company. Prior to joining Ahlstrom, Associate at Roschier-Holmberg & Waselius Attorneys at Law.

Chairman of the Board: Jujo Thermal Oy, Soldino Oy, The Finnish House of Nobility.

Member of the Board: Mannerheim Foundation

JEAN-MARIE BECKER | Senior Vice President, Home & Personal Nonwovens

Born 1957, B.Sc. (Tech.)

Joined Ahlstrom in 1996. Member of the Corporate Executive 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.

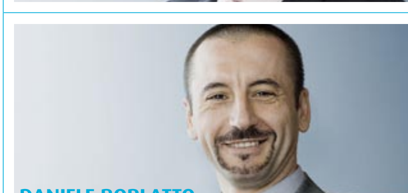
Board member: EDANA (European Nonwovens Association).

TOMMI BJÖRNMAN | Senior Vice President, Filtration

Born 1966, M.Sc. (Eng.)

Joined Ahlstrom in 1996. Member of the Corporate Executive Team since 2006.

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.



DANIELE BORLATTO | Senior Vice President, Release & Label Papers

Born 1969, Education in Business and Administration

Joined Ahlstrom in 1990. Member of the Corporate Executive Team since 2007.

Primary work experience: Vice President Europe & South America, Filtration business area and General Manager, Filtration, Ahlstrom Turin (2002–2007. Division Controller for Filtration (1999–2001) and Sales Area Manager (1996–1998).

WILLIAM CASEY | Senior Vice President, Advanced Nonwovens

Born 1959, B.Sc. (Chem. Eng.), MBA

Joined Ahlstrom in February 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).

CLAUDIO ERMONDI | Senior Vice President, Innovations & Technology

Born 1958, M.Sc. (Theoretical Chemistry)

Joined Ahlstrom in 1984. Member of the Corporate Executive 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 | Senior Vice President, Technical Papers

Born 1946, M.Sc. (Paper Eng.), MBA

Joined Ahlstrom in 1996. Member of the Corporate Executive 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.)

Joined Ahlstrom in May 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 | Senior Vice President, Glass & Industrial Nonwovens

Born 1962, M.Sc. (Chem. Eng.), Lic. Tech. (forest products technology)

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 | Senior Vice President, Sales & Marketing

Born 1961, M.Sc. (Econ.)

Joined Ahlstrom in February 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 (1997–2004).

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EasyLife® nonwoven wallcovering material, grade 9708

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OPERATING ENVIRONMENT | The year 2009 followed similar patterns in the markets of most of Ahlstrom's products: the extremely challenging market situation caused by the recession continued until the end of the first half of 2009. In the summer 2009, the drop in market demand stopped, and in most markets, the demand began to recover. Despite the favorable development in the latter part of the year, the demand fell short of the level of 2008. The globally increased unemployment weakened the demand in the consumer goods industry in general.

In the Fiber Composites segment*, the impact of the recession on the demand for Ahlstrom's products was twofold. The demand for Ahlstrom's food packaging and teabag materials or nonwovens in medical applications was not impacted significantly, but the markets for other products declined. After two weak first-half quarters, the market situation in the construction and automotive industries improved during the second half of the year, which increased the demand for Ahlstrom's construction materials and transportation filtration media. Nevertheless, the markets continued to be challenging. Preparations for the possible spread of the H1N1 virus causing swine flu had a slightly positive impact on the demand for face masks and wipes in the summer and fall. However, the demand leveled off during the fourth quarter. As for wind power and marine industries, Ahlstrom's main markets in Europe and North America were weak throughout the year.

In the Specialty Papers segment*, the demand for release and label papers began to pick up during the second quarter and increased throughout the rest of the year. The demand for posters, industrial papers, pre-impregnated furniture papers and crepe papers also increased. The demand for the crepe papers increased particularly in Asia. On the other hand, the automotive, construction and textile specialty paper markets continued to be weak.

Ahlstrom's main raw materials are natural fibers, mainly pulp, synthetic fibers and chemicals. The prices of pulp in particular, but also of other raw materials, began to increase in June, and the increase continued throughout the rest of the year. Energy and transportation costs also increased.

DEVELOPMENT OF NET SALES | Group net sales decreased in all business areas due to lower volumes in most products. Net sales for 2009 amounted to EUR 1,596.1 million, decreasing by 11.4% compared to the previous year (EUR 1,802.4 million).

Quarterly net sales decreased to its lowest, EUR 376.1 million, during the first quarter of 2009, after which they increased steadily toward the end of the year.

Net sales increased by 12.4% in Asia-Pacific. The increase was particularly strong in China and India. Net sales decreased in other geographic areas.

Net sales of the Fiber Composites segment amounted to EUR 861.2 million (EUR 987.4 million), representing 54% of the Group's net sales. Net sales decreased by 12.8% compared to the previous year. The net sales of the Advanced Nonwovens business area decreased the least (–7.3%). The decline was mainly due to the optimization of the product mix improving profitability and the impact of exchange rate fluctuations. The heaviest drop was seen in the Glass & Industrial Nonwovens business area (–23.6%). The decrease in the net sales of this business area was the steepest due to the weak demand in the windmill and marine industries in Ahlstrom's main markets. However, sales of glassfiber tissue and industrial nonwovens, such as wallcovers, increased toward the end of the year, and sales of specialty reinforcements used in windmills and the marine industry seemed to have bottomed out in the fourth quarter.

Net sales of the Specialty Papers segment amounted to EUR 743.8 million (EUR 822.4 million), representing 46% of the Group's net sales. Net sales decreased by 9.6%. Net sales were reduced both in the Release & Label Papers (–10.4%) and Technical Papers (–8.6%) business areas due to a decrease in sales volumes of most products caused by the recession. However, the general trend in sales volumes turned in the summer, and the net sales increased during the second half of the year.

RESULT AND PROFITABILITY | The Group EBIT was EUR –14.6 million (EUR 14.6 million). The performance was burdened by non-recurring expenses totaling EUR 54.3 million (EUR 21.1 million), the largest of which was the EUR 22.4 million impairment charge in the Home & Personal Nonwovens business area in December.

The second most significant individual non-recurring item was the closing down of the paper machine in Barcelona, Spain, in the Filtration business area. The decision was made in December 2009, and non-recurring expenses related to the closure amounting to EUR 7.3 million were booked in the fourth quarter of 2009. Of these, EUR 5.3 million were asset write-downs and EUR 2.0 million cash-related items. A total of 37 employees were laid off.

EBIT excluding non-recurring items amounted to EUR 39.8 million, slightly above the previous year (EUR 35.7 million). In particular, lower sales volumes compared to 2008 burdened the performance. It was improved by streamlining of operations, a

*Ahlstrom's business is reported in two segments: the Fiber Composites segment and the Specialty Papers segment. The Fiber Composites segment comprises the Advanced Nonwovens, Filtration, Glass & Industrial Nonwovens and Home & Personal Nonwovens business areas. The Specialty Papers segment covers the Release & Label Papers and Technical Papers business areas.

fall in raw material costs during the first half of the year and the picking up of demand that started in the summer. Profitability did not weaken significantly due to the increase in raw material prices toward the end of the year, as the company strived for sales price increases in proportion to the higher raw material prices. Favorable trends of Ahlstrom's business strengthened toward the end of the year. However, some projects included in the EUR 500 million investment program carried out during 2007 and 2008 did not meet the profitability targets set, mainly due to demand falling short of expectations.

The sales of Ahlstrom's new glassfiber tissue production plant in Tver, Russia, showed noticeable progress by the fall 2009. After a challenging start, the plant opened in summer 2008 benefited from the recovered demand in the Russian market toward the end of 2009. On the other hand, the profitability of the increased production capacity in La Gère, France, implemented in the summer 2007, fell short of expectations again in 2009. Sales of the plant's release base papers did increase, but sales prices suffered from overcapacity on the market. Commercialization of the teabag material nonwovens line, opened in Chirnside, the United Kingdom, at the end of 2008 started slowly, and the customer approval processes of the new products are still going on.

The EBIT of the Fiber Composites segment decreased to EUR –18.8 million (EUR 15.3 million). Non-recurring items amounted to EUR –44.2 million (EUR –18.0 million).

The EBIT of the Specialty Papers segment, on the other hand, increased to EUR 14.6 million (EUR 10.2 million). Non-recurring items amounted to EUR –7.4 million (EUR –2.4 million).

During the year, Ahlstrom adjusted its production to the weak demand. The market related downtime in production decreased significantly toward the end of the year. The figure for the year as a whole was 18.2% (10.3%), but only 12.0% (22.7%) for the fourth quarter. Temporary layoffs and other flexible working hour solutions were also implemented, depending on the market conditions. Globally, approximately 3,000 (1,200) employees were affected by the temporary layoffs and other flexible working hour arrangements and 600 (900) employees during October–December.

Fixed costs excluding non-recurring items decreased by 5.3% as a result of cost control and implemented streamlining measures.

Net financial expenses were EUR 26.2 million (EUR 34.2 million). Net financial expenses include net interest expenses of EUR 23.3 million (EUR 30.0 million), exchange rate losses of EUR 0.2 million (EUR 1.5 million), and other financial expenses of EUR 2.7 million (EUR 2.6 million).

Loss before taxes was EUR 40.1 million (loss before taxes of EUR 20.6 million).

Deferred tax income amounted to EUR 7.1 million (EUR 4.5 million).

Loss for the period was EUR 32.9 million (loss for the period of EUR 16.1 million). Earnings per share were EUR –0.72 (EUR –0.38).

Return on capital employed (ROCE) amounted to –1.1% (1.4%), and return on equity (ROE) to –5.0% (–2.3%).

FINANCING | Net cash from operating activities amounted to EUR 209.6 million (EUR 102.4 million) and cash flow after investing activities was EUR 143.3 million (EUR –51.0 million). Cash flow was improved by significantly reduced operative working capital, to which particular attention was paid throughout the year. Operative working capital decreased by EUR 104.3 million compared to the end of 2008.

Interest-bearing net liabilities decreased by EUR 202.8 million from the turn of the year to EUR 395.9 million (EUR 598.7 million). Ahlstrom's interest-bearing liabilities amounted to EUR 415.8 million on December 31, 2009. Of the loan portfolio, approximately 60% was tied to a fixed interest rate using interest rate derivatives or based on the loan contracts. The duration of the loan portfolio (average interest rate tying period) was 28 months and the average interest rate was approximately 3.4%.

Ahlstrom actively strengthened its balance sheet during 2009, not only by strengthening its cash flow but also by issuing a hybrid bond of EUR 80 million in November. As it is treated as equity, it reduced the company's gearing ratio by approximately 20 percentage points. The coupon rate of the bond is 9.5% and issue price was 100%. The bond was clearly oversubscribed.

The company also extended the maturity structure of its loan portfolio by agreeing on new loan facilities. During the first half of the year, the company entered into agreements on new medium-term bilateral loan facilities amounting to EUR 55 million. During the summer it signed a three-year, EUR 200 million agreement on the refinancing of the medium-term revolving credit facility of the same amount expiring in November 2009. In the fall, Ahlstrom signed an agreement on pension loans amounting to EUR 56 million. The average maturity of the loan portfolio was 2.3 years.

The company's liquidity is good. At the end of the year, its total liquidity, including cash, available committed credit facilities, and cash pool overdraft limits totaled EUR 328.0 million. In addition, the company had uncommitted credit facilities and domestic commercial paper programs totaling EUR 318.1 million available.

The gearing ratio decreased to 57.7% (95.3%). The equity ratio was 44.8% (36.8%).

CAPITAL EXPENDITURE | Ahlstrom did not make any major investment decisions during the year. The company's capital expenditure totaled EUR 63.8 million (EUR 128.0 million excluding acquisitions in 2008).

The largest project in 2009 was the construction of a medical nonwovens plant in the Mundra special economic zone in Gujarat, India. The total cost of the construction project was approximately EUR 38 million. Production at the plant is started during the first quarter of 2010.

GUIDELINES AND IMPLEMENTATION OF THE REVISED STRATEGY | Ahlstrom announced its revised strategy in October 2009. The key conclusion is that Ahlstrom operates in two distinct business clusters that require different kinds of competence and management. The company's operations are based on two distinct business models: value-added business and operational excellence business.

The value-added business will be Ahlstrom's future growth engine, developing through organic growth and possibly by making small acquisitions. Geographically, growth will particularly focus on Asia. New and innovative products will create the foundation of success in this business. The products in this cluster cover the majority of Ahlstrom's Fiber Composites segment as well as crepe papers and vegetable parchment.

The task of the operational excellence business is to support the growth of the company. In this business, it is important to be able to develop cost effective products serving customers' needs through, for instance, alternative raw materials or new technological solutions. The cluster covers the majority of Ahlstrom's Specialty Papers segment as well as the nonwoven materials used in wipes and air filters.

The long-term target of the strategy is to ensure Ahlstrom's profitable growth, strengthen the company's competitive position and generate returns that are in line with the company's financial targets. At the same time, measures to manage the balance sheet and reduce the gearing ratio will continue. One of the most important indicators is return on capital employed (ROCE), which should reach its target level of 13%. With regard to product lines and units falling short of their objectives, measures will be continued to meet the goals.

During 2010, the implementation of the strategy will particularly focus on making Ahlstrom's vision, mission, values, and corporate image clearer, and developing the personnel, organization, and processes.

STREAMLINING PROGRAMS

Restructuring programs | Ahlstrom carried out two restructuring programs during the year in accordance with plans to improve and adjust operational activities to changed market demand. The total annual savings from these programs are approximately EUR 55 million. In addition, a project to optimize working capital was initiated; this project will continue until the end of 2010.

January program | Concerning the permanent layoffs of 210 people as part of the restructuring program launched in January, a total of 176 employees were laid off by the end of the year. The EUR 5 million annual savings resulting from the program will have full effect in 2010. In addition, there were temporary layoffs and production was cut down by market related downtime*.

The program involved the closing down of unprofitable operations in Milan, Italy, that belong to the Home & Personal Nonwovens business area. The company closed down the Gallarate plant as well as one production line in Cressa. The reduction impact on personnel related to the closures was approximately 50. Non-recurring expenses were EUR 19.0 million, of which EUR 5.2 million were cash-related. The expenses have been booked in Ahlstrom's fourth quarter 2008 financial results.

April program | Ahlstrom announced in April that it was to initiate another restructuring program, aiming for annual savings of EUR 50 million. The savings will have full effect in 2010.

In April, Ahlstrom estimated that the restructuring may have an impact on 400–500 Ahlstrom employees globally. The measures taken in 2009 will, however, reduce the personnel by approximately 560 persons. According to the agreed timetable, the cuts will be implemented in 2009 and 2010. The number of personnel was decreased by a total of 384 employees in 2009, and approximately 180 persons will leave the company in 2010.

The company decided in June to permanently close down a production line at the plant in Bethune, USA, and move its production to Green Bay, USA. The production line belonged to the Home & Personal Nonwovens business area. Personnel cuts made as a result of the closure totaled 65 employees.

In December, it was decided to close down the Filtration business area's paper machine in Barcelona, and a total of 37 employees were laid off. In addition, significant adjustment decisions reducing the amount personnel were made at two other plants during the fourth quarter. A total of 76 employees were laid off at the plant in Karhula, Finland, in connection with the production adjustment of specialty reinforcements and glassfiber tissue. The plant is part of the Glass & Industrial Nonwovens business area. Reductions of 34 employees in 2009 and a maximum of 30 in 2010 were agreed at the plant in Altenkirchen, Germany. The Altenkirchen plant is part of the Ahlstrom's Technical Papers business area.

* Market related downtime = downtime taken due to market reasons, lack of orders or too high product stock. Otherwise plants could have run normally without any other downtime.
Market related downtime % = market related downtime / manned time.
Manned time = available time – unmanned time. Time the machines were running according to their shift system.

The cost of the April program was initially estimated to be approximately EUR 40 million in 2009, of which 50% cash-related. EUR 31.9 million of the costs were realized, of which EUR 18.3 million were cash-related. The costs were lower than estimated as more cost-efficient solutions than expected were found to reach the target for savings.

Optimization of working capital | The project to optimize working capital initiated at the beginning of 2009 proceeded according to plan. The project aims to reduce working capital by EUR 100 million over two years. The project had been initiated at 20 plants by the end of the year and it will be rolled out to all production sites and functions during 2010. Operative working capital decreased by EUR 104.3 million during 2009 with turnover improving by 23 days to 53 days.

RESEARCH AND DEVELOPMENT | In 2009, Ahlstrom invested approximately EUR 21.6 million (EUR 23.8 million), or 1.4% (1.3%) of the company's net sales, into research and development. In 2007, the corresponding figures were 23.9 million and 1.4% 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. Both in 2008 and 2009, as much as 48% of Ahlstrom's net sales were generated by new or improved products* (39% in 2007).

In 2009, Ahlstrom introduced a new advanced nonwoven material for medical applications, especially for drapes and gowns. This material based on bi-component spunbond is stronger than comparable basis weight fabric, it is soft and comfortable in gowns, and offers drapability and strength for drapes. The new material also suits for sterilization by means of radiation. The product generated significant sales in 2009 and further growth is expected in 2010.

Hybrid wallcovering was among the significant product launches. Both natural fibers and synthetic fibers are used in its production, which combines the favorable properties of nonwovens and papers in a cost-efficient way. The wallcovering is manufactured by Ahlstrom's Turin plant, whose equipment investment was completed during the second quarter of 2009. Several wallcovering manufacturers approved the product during the fourth quarter, and commercial deliveries were started.

Ahlstrom introduced several filtration media innovations to match the stricter environmental criteria, e.g. in diesel filtration. In vehicles, the use of low sulfur fuels and biodiesel requires advanced properties from the fuel water separator systems. In response, Ahlstrom launched the ultra-high surface coalescing media for reliable water removal from any commercial fuel. In 2009, Ahlstrom also introduced a new transmission filtration media. Transmission filters with the Micro Filtration Technology (MFT-series) are pleated, offering more surface area and enabling a smaller carbon footprint than conventional filters when using them in vehicles.

Ahlstrom also developed a new range of dry wiping fabrics for general purpose cleaning applications in home and industrial environments. The new products are based on a composite spunlace technology, combining layers of different materials into one fabric. These fabrics are soft, highly absorbent, strong and resistant to abrasion. The products were developed together with Ahlstrom's customers for their new innovative wiping products.

The most significant new product in Specialty Papers was the one-side-coated label paper Lumimax TT. Developed particularly for thermal transfer printing, the paper is used for printing barcodes and other labels, such as price tags or product identifiers. Lumimax TT enables excellent definition even at the lowest printing temperatures. In 2009, Lumimax was used by Ahlstrom's customers in South America for both domestic and export businesses.

The commercialization of one of the most significant innovations of 2008, Ahlstrom's Disruptor™ PAC water filtration material and a high-quality compostable teabag material, continued in 2009. The products have attracted considerable interest.

RISKS AND RISK MANAGEMENT | The following risks were identified as the major business risks based on a risk assessment 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. In these sectors, the demand continued to be weak or slower than average in 2009, but in the Filtration business area in particular, maintenance deliveries balanced these cyclical changes. 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 fell during the first half of 2009 but started to increase in the summer. Ahlstrom's energy costs are also subject to significant cyclical fluctuations. After the fall at the beginning of the year, energy prices started to increase

* 3M definition applied: New product perceived by customer as new, not older than 3 years; other innovations represent a significant technical contribution, not older than 3 years.

steadily towards the end of the year. Ahlstrom took proactive measures in order to prepare for the cyclical fluctuations in the prices of raw materials by actively transferring the impact of raw material price changes to the selling prices of its own products and by negotiating longer pricing periods for purchases.

Ahlstrom's ability to utilize its production capacity efficiently may be affected by variations in customer demand or interruptions in production. A variety of conditions may cause customers to reduce, delay, or cancel anticipated or confirmed orders. The economic uncertainty that began in 2008 also continued for several of Ahlstrom's products or production lines during 2009, resulting in corresponding adjustments in operations. These measures are covered in the Streamlining programs section of the report, p. 27.

The weak economy during the first half of 2009 in particular realized risks relating to the global growth strategy implemented by Ahlstrom during previous years. Such risks included, for example, delayed or unmet commercial objectives, such as sales volumes, as well as delayed or unrealized anticipated synergies and cost savings.

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 2009, interest rate expenses were stabilized as the growth of net debt took a clear downturn. Derivative instruments are used actively in the management of interest rate risks. The impact of foreign exchange rates on the company's net sales in 2009 was minor due to the net currency exposure of different currencies. Profitability was not significantly affected by foreign exchange rates since sales and costs denominated in the same currency partly offset each another. The net currency exposure is hedged up to three months with currency derivatives.

Management of the Group's credit risk included the use of credit insurance to mitigate the majority of risks originating from Europe. In other areas, the creditworthiness of counterparties was assessed by prior experience and by obtaining credit references from, among others, credit rating agencies. Although the coverage of credit insurance weakened in 2009, credit losses did not increase significantly. Ahlstrom has a Group Credit Policy which was updated as part of the working capital efficiency improvement project in 2009. No significant concentration of credit risk exists for the Group.

Ahlstrom's short-term risks are described in the Short-term risks section, p. 32. The risk management process is introduced briefly in this annual report on pages 19–20. 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 sustainably managed forests. In 2009, the chain of custody of the rest of the company's pulp suppliers was 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.

In 2009, Ahlstrom was ranked among the ten best Finnish companies in the global Carbon Disclosure Leadership index.

Ahlstrom reports on corporate responsibility in greater detail on pages 10–15 of this Annual Report and on the company's website at www.ahlstrom.com.

PERSONNEL | The number of Ahlstrom employees during 2009 was 5,993 on average (6,510) and at the end of the year, 5,841 (6,365). Wages and salaries including bonus payments totaled EUR 249.1 million (EUR 249.9 million).

The January and April restructuring programs together resulted in a reduction of a total of 560 employees in 2009, and an additional decrease of approximately 180 employees was agreed for 2010. On the other hand, the company hired new employees in 2009 for the Mundra, India plant, among others. The number of personnel was decreased by a total of 524 people in year 2009.

In 2009, 56% of Ahlstrom's employees worked in the Fiber Composites segment, 38% in the Specialty Papers segment, and 6% in other operations. At the end of the year, the majority of the total workforce was employed in the USA (24%), followed by France (21%), Italy (12%), Finland (11%), Germany (9%) and Brazil (7%).

More detailed information on Ahlstrom's personnel is available on pages 10–11.

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 Annual General Meeting held on March 25, 2009, confirmed the number of Board members as unchanged at seven. Thomas Ahlström, Sebastian Bondestam, Jan Inborr, Martin Nüchtern, Bertel Paulig, and Peter Seligson were re-elected. Anders Moberg was elected as a new member. Immediately after the Annual General Meeting, the Board elected Peter Seligson as Chairman of the Board and Bertel Paulig as Vice Chairman.

In 2009, the Board convened 12 times. The average attendance frequency was 95.2%.

Ahlstrom Corporation'smanagement is described in greater detail in the section on Corporate Governance on pages 16–20. Board members are introduced on page 21 and their shareholdings are described on page 20.

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 25, 2009, 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.

On February 3, 2010, the Board of Directors decided to utilize the authorization of the AGM to repurchase Ahlstrom's shares for the implementation of the company's share-based incentive plan (see Events after the balance sheet date, p. 31).

President & CEO and Corporate Executive Team | Jan Lång started as the President & CEO of Ahlstrom Corporation on January 1, 2009. Risto Anttonen who had acted as interim CEO from February 28, 2008 to December 31, 2008, assumed the role of Deputy of the President & CEO, and continued as a member of the Corporate Executive Team.

The following people changed tasks and started in their new positions on January 1, 2009: Tommi Björnman, Senior Vice President, Filtration.

Claudio Ermondi, Senior Vice President, Innovations and Technology.

Paul Marold, Senior Vice President, Advanced Nonwovens.

Laura Raitio, Senior Vice President, Glass and Industrial Nonwovens.

In addition, three new appointments were announced during the first quarter of 2009: Rami Raulas was appointed on January 9, 2009 as Senior Vice President, Sales & Marketing, as of February 1, 2009. Paula Aarnio was appointed Senior Vice President, Human Resources, on February 6, 2009. She assumed her responsibility at Ahlstrom on April 27, 2009. Seppo Parvi was appointed Chief Financial Officer of Ahlstrom Corporation on February 6, 2009. He assumed his position on May 25, 2009.

Paul Marold, Senior Vice President, Advanced Nonwovens, resigned from Ahlstrom's service on August 14, 2009.

Ahlstrom announced in December that it will change the structure of its Corporate Executive Team as of February 1, 2010, with regard to sourcing and sustainability (see Events after the balance sheet date, p. 31).

The current Corporate Executive Team consists of the following individuals: Jan Lång (President & CEO), Risto Anttonen (Deputy of the President & CEO, Business Development), Paula Aarnio (Senior Vice President, HR, Communications and Corporate Responsibility), Gustav Adlercreutz (Senior Vice President, Legal Affairs), Jean-Marie Becker (Senior Vice President, Home & Personal Nonwovens business area), Tommi Björnman (Senior Vice President, Filtration business area), Daniele Borlatto (Senior Vice President, Release & Label Papers business area), William Casey (Senior Vice President, Advanced Nonwovens business area), Claudio Ermondi (Senior Vice President, Innovations and Technology), Patrick Jeambar (Senior Vice President, Technical Papers business area), Seppo Parvi (Chief Financial Officer, Financial, Financing, IT and Purchasing operations), Laura Raitio (Senior Vice President, Glass & Industrial Nonwovens business area), and Rami Raulas (Senior Vice President, Sales and Marketing).

The Corporate Executive Team members are introduced on pages 22–23, and their shareholdings are described on page 20.

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 two segments, the Fiber Composites segment and the Specialty Papers segment. The segment and business area division remained unchanged in 2009.

Fiber Composites | Ahlstrom's nonwovens business is reported in the Fiber Composites segment. It comprises four business areas: Advanced Nonwovens, Filtration, Glass & Industrial Nonwovens, and Home & Personal Nonwovens. Customers of this business area operate in the building, transportation, energy, food, and industrial packaging industries as well as health care and hygiene.

The **Advanced Nonwovens** business area serves customers primarily in the food packaging, medical, and healthcare markets. Examples of end-use applications include tea bags, coffee filters, surgical gowns and drapes, as well as face masks.

The **Filtration** business area serves the transportation industry as well as air and liquid filtration markets. Over 50% of the cars running worldwide have at least one filter manufactured using Ahlstrom's products. Other common applications include air conditioning, industrial filtration, medical applications, and water filtration.

The **Glass & Industrial Nonwovens** business area serves customers in the building, transportation, marine, and wind turbine industries. Examples of end-use applications include wind turbine blades, boat hulls, floorings, wall coverings, and automotive backings.

The **Home & Personal Nonwovens** 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.

Specialty Papers | Ahlstrom is the world's largest producer of specialty papers. Ahlstrom's Specialty Papers segment comprises the Release & Label Papers and Technical Papers business areas. The segment's customers operate in the building, transportation, food and industrial packaging, healthcare and hygiene, as well as graphics industries.

Release & Label Papers: Ahlstrom is one of the world's largest suppliers of release base papers to the self-adhesive labeling industry. End-use applications include labels for the beverage, food, consumer, cosmetics and pharmaceutical industries, as well as tapes and numerous self-adhesive materials.

Technical Papers: The market for technical papers is fragmented and involves a large number of specialized segments. Technical papers are used in numerous applications within, for example, the automotive, building and furniture, food and packaging industries, as well as healthcare.

SHARES AND SHAREHOLDERS | Ahlstrom's share is 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 2009, a total of 4.5 million Ahlstrom shares were traded for a total of EUR 35.7 million. The lowest trading price was EUR 6.15 and the highest EUR 10.00. The closing price on December 30, 2009 was EUR 9.23 and market capitalization was EUR 430.8 million at year's end.

Ahlstrom Group's equity per share was EUR 12.98 at the end of the review period (EUR 13.46).

In 2009, Ahlstrom did not use the AGM authorization to repurchase or distribute company shares.

At the end of the period under review, Ahlstrom had 12,856 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 ten largest shareholders, the division of the company's shareholding and key ratios per share are available on page 97.

REVISED DIVIDEND POLICY | Ahlstrom's dividend policy was revised in December 2009. The new dividend policy is based on the company's cash generating capabilities and will be 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.

According to the previous dividend policy, the aim was to pay a dividend of not less than 50% of the result for the financial year on average.

EVENTS AFTER THE BALANCE SHEET DATE

Changes in the Corporate Executive Team | In December 2009, Ahlstrom announced that it will change the structure of its Corporate Executive Team. The changes took effect on

February 1, 2010. The responsibility for Ahlstrom's Sourcing operations was transferred to CFO Seppo Parvi. Diego Borello, Senior Vice President, Purchasing and Sustainability, took on a new role outside the CET in Ahlstrom's Sourcing organization. Paula Aarnio, Senior Vice President, Human Resources, will be responsible for Ahlstrom's Sustainability in addition to her other responsibility areas.

On January 26, 2010, William Casey was appointed Senior Vice President, Advanced Nonwovens, as of February 8, 2010. He is based in Windsor Locks, USA. Casey's latest position was Chief Operations Officer at Shawmut Corporation. Shawmut Corporation is a supplier of laminates for the automotive industry.

Repurchase of Ahlstrom's shares | On February 3, 2010, Ahlstrom announced that its Board of Directors had decided to utilize the authorization given by the Annual General Meeting held on March 25, 2009, to repurchase Ahlstrom shares for the implementation of the Company's share-based incentive plan.

The maximum number of shares to be acquired is 75,000, corresponding to less than 0.2% of the total number of shares. The repurchases will decrease the distributable capital and reserves. The share repurchases were started in February and they will end by the end of the next AGM on March 31, 2010, at the latest.

The shares are to be acquired through public trading on the NASDAQ OMX Helsinki at market price prevailing at the time of repurchase. Evli Bank Plc was chosen to act as stock broker in the repurchases.

OUTLOOK | The market sentiment in the latter half of 2009 improved. The situation seems stable in most business areas. However, demand is expected to fall short of the level of 2008. The biggest challenges continue to be found in specialty reinforcements in the Glass & Industrial Nonwovens business area, as there are no clear signs of a revival in the demand in the windmill and marine industries in Ahlstrom's main markets, Europe and North America. Net sales for 2010 are expected to increase compared to 2009 but remain lower than the level for 2008.

The more efficient cost structure and improved demand are expected to improve profitability. The restructuring programs of 2009 are almost complete, but the continuous efficiency improvement measures will remain a priority also in 2010. EBIT excluding non-recurring items is expected to increase compared to 2009.

In 2010, investments excluding acquisitions are estimated at approximately EUR 60 million (EUR 63.8 million in 2009).

SHORT-TERM RISKS | Despite the improved market sentiment, it is difficult to predict the rate at which the world economy will recover. If the recovery from the recession is prolonged, it may be necessary to limit production more than planned and the risk of a decrease in sales prices increases. So far, bad debts have remained low, but Ahlstrom's customer credit risks have increased due to the weakening economic situation and are more difficult to cover with credit insurance.

In addition, raw material prices, the price of pulp, man made fibers and polymers in particular, have been increasing since last summer and they are expected to remain at a high level during 2010. If the prices remain high and the increased raw material costs cannot be transferred to selling prices, the growth in profitability achieved in 2009 might be compromised.

The weaker-than-expected utilization rate of the investments of the past few years due to the low demand may, if it continues, extend the payback period of Ahlstrom's EUR 500 million investment program carried out in 2007 and 2008. The start-up of operations of the Mundra, India plant in early 2010 and commissioning of capacity are also critical.

The general risks for Ahlstrom's business operations are described in more detail on pages 28–29, in the section Risks and risk management. The risk management process is introduced briefly on pages 19–20. 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	2009	2008
Net sales	(1, 3)	**1,596.1**	1,802.4
Other operating income	(2, 4)	**13.4**	18.7
Change in inventories of finished goods and work in progress		**–43.4**	–9.9
Production for own use		**0.2**	0.5
Materials and supplies		**–883.1**	–1,086.4
Employee benefit expenses	(5)	**–337.8**	–337.8
Depreciation and amortization	(9, 10)	**–106.7**	–97.9
Impairment charges	(11)	**–31.1**	–14.4
Other operating expenses	(4)	**–222.4**	–260.7
Operating profit/loss		**–14.6**	14.6
Financial income	(6)	**0.8**	4.2
Financial expenses	(6)	**–27.0**	–38.4
Share of profit/loss of associated companies	(12)	**0.7**	–1.1
Profit/loss before taxes		**–40.1**	–20.6
Income taxes	(7, 14)	**7.1**	4.5
Profit/loss for the period		**–32.9**	–16.1
Attributable to			
Owners of the parent		**–32.9**	–17.9
Minority interest		**–**	1.8
Basic and diluted earnings per share (EUR)	(8)	**–0.72**	–0.38
Statement of comprehensive income			
Profit/loss for the period		**–32.9**	–16.1
Other comprehensive income, net of tax:	(7)		
Translation differences		**32.5**	–37.1
Hedges of net investments in foreign operations		**–1.0**	6.4
Cash flow hedges		**0.4**	–1.2
Other comprehensive income, net of tax		**31.8**	–32.0
Total comprehensive income for the period		**–1.1**	–48.1
Attributable to			
Owners of the parent		**–1.1**	–52.8
Minority interest		**–**	4.7

Balance sheet

EUR million	Note	Dec 31, 2009	Dec 31, 2008
Assets			
Non-current assets			
Property, plant and equipment	(9)	**717.6**	745.7
Goodwill	(10, 11)	**151.3**	169.1
Other intangible assets	(10)	**52.1**	51.6
Investments in associated companies	(12)	**12.1**	11.4
Other investments	(13, 25)	**0.2**	0.2
Other receivables	(16, 25)	**23.0**	15.6
Deferred tax assets	(14)	**54.5**	40.4
Total non-current assets		**1,010.8**	1,033.9
Current assets			
Inventories	(15)	**175.9**	252.5
Trade and other receivables	(16, 25)	**319.9**	356.2
Income tax receivables		**3.7**	6.3
Other investments	(13, 25)	**–**	0.0
Cash and cash equivalents	(17, 25)	**19.9**	58.2
Total current assets		**519.4**	673.2
Total assets		**1,530.2**	1,707.0

EUR million	Note	Dec 31, 2009	Dec 31, 2008
Equity and liabilities			
Equity attributable to equity holders of the parent	(18)		
Issued capital		**70.0**	70.0
Share premium		**209.3**	209.3
Reserves		**−10.2**	−42.1
Retained earnings		**336.6**	390.9
		605.6	628.1
Minority interest		**–**	0.0
Hybrid bond		**80.0**	–
Total equity		**685.6**	628.1
Non-current liabilities			
Interest-bearing loans and borrowings	(21, 25)	**235.1**	188.7
Employee benefit obligations	(19)	**78.2**	84.6
Provisions	(20)	**5.0**	4.4
Other liabilities	(22, 25)	**0.4**	0.2
Deferred tax liabilities	(14)	**23.8**	16.5
Total non-current liabilities		**342.5**	294.4
Current liabilities			
Interest-bearing loans and borrowings	(21, 25)	**180.7**	468.1
Trade and other payables	(22, 25)	**305.1**	293.3
Income tax liabilities		**3.7**	3.5
Provisions	(20)	**12.7**	19.7
Total current liabilities		**502.1**	784.5
Total liabilities		**844.6**	1,078.9
Total equity and liabilities		**1,530.2**	1,707.0

Statement of changes in equity

EUR million	Issued capital	Share premium	Non-restricted equity reserve	Hedging reserve	Translation reserve	Retained earnings	Total attributable to owners of the parent	Minority interest	Hybrid bond	Total equity
Equity at January 1, 2008	**70.0**	**209.3**	**8.3**	**0.0**	**–15.5**	**444.3**	**716.4**	**36.0**	**–**	**752.4**
Dividends paid and other	–	–	–	–	–	–46.7	–46.7	–	–	–46.7
Purchases of minority interest	–	–	–	–	–	11.3	11.3	–40.7	–	–29.4
Total comprehensive income for the period	–	–	–	–1.2	–33.6	–17.9	–52.8	4.7	–	–48.1
Equity at December 31, 2008	**70.0**	**209.3**	**8.3**	**–1.2**	**–49.1**	**390.9**	**628.1**	**0.0**	**–**	**628.1**
Equity at January 1, 2009	**70.0**	**209.3**	**8.3**	**–1.2**	**–49.1**	**390.9**	**628.1**	**0.0**	**–**	**628.1**
Dividends paid and other	–	–	–	–	–	–21.0	–21.0	–	–	–21.0
Hybrid bond	–	–	–	–	–	–0.5	–0.5	–	80.0	79.5
Purchases of minority interest	–	–	–	–	–	–	–	–0.0	–	–0.0
Share-based incentive plan	–	–	–	–	–	0.1	0.1	–	–	0.1
Total comprehensive income for the period	–	–	–	0.4	31.5	–32.9	–1.1	–	–	–1.1
Equity at December 31, 2009	**70.0**	**209.3**	**8.3**	**–0.8**	**–17.7**	**336.6**	**605.6**	**–**	**80.0**	**685.6**

Statement of cash flows

EUR million	Note	2009	2008
Cash flow from operating activities			
Profit/loss for the period		**−32.9**	−16.1
Adjustments:			
Non-cash transactions and transfers to cash flow from other activities	(28)	**127.9**	100.7
Interest and other financial income and expense		**25.5**	35.2
Dividend income		**0.0**	0.0
Taxes		**−7.1**	−4.5
Changes in net working capital:			
Change in trade and other receivables		**28.9**	38.8
Change in inventories		**80.0**	−7.4
Change in trade and other payables		**20.4**	15.8
Change in provisions		**−5.3**	−20.0
Interest received		**2.4**	4.7
Interest paid		**−31.2**	−32.1
Other financial items		**0.6**	10.6
Taxes paid		**0.4**	−23.4
Net cash from operating activities		**209.6**	102.4
Cash flow from investing activities			
Acquisitions of Group companies, net of cash	(3)	**−0.0**	−39.0
Purchases of tangible and intangible assets		**−69.8**	−131.2
Proceeds from disposal of shares in Group companies and businesses and associated companies	(2)	**–**	3.6
Proceeds from disposal of other investments		**1.8**	8.9
Proceeds from disposal of property, plant and equipment		**1.7**	4.4
Dividends received		**0.0**	0.0
Net cash from investing activities		**−66.3**	−153.4
Cash flow from financing activities			
Payments received on hybrid bond		**80.0**	–
Drawdowns of non-current loans and borrowings		**242.3**	162.0
Repayments of non-current loans and borrowings		**−333.5**	−4.0
Change in current loans and borrowings		**−149.1**	−18.8
Change in capital leases		**−2.2**	−2.8
Dividends paid		**−21.0**	−46.7
Net cash from financing activities		**−183.6**	89.7
Net change in cash and cash equivalents		**−40.2**	38.7
Cash and cash equivalents at beginning of the period		**58.2**	21.3
Foreign exchange effect on cash		**2.0**	−1.7
Cash and cash equivalents at end of the period		**19.9**	58.2

Accounting principles

CORPORATE INFORMATION | Ahlstrom Group (the "Group") is a multinational company operating in the high performance nonwovens and specialty papers business. The parent company, Ahlstrom Corporation, is a Finnish public limited liability company incorporated under the Finnish law and domiciled in Helsinki with the registered address at Salmisaarenaukio 1, FI-00180 Helsinki, P.O. Box 329, FI-00101 Helsinki. The shares of Ahlstrom Corporation are listed on the NASDAQ OMX Helsinki. The consolidated financial statements are available at www.ahlstrom.com or at the Group's headquarters as indicated above.

Ahlstrom Group reports its operations in two segments, Fiber Composites and Specialty Papers. Products supplied by the Fiber Composites segment include nonwovens, filtration media and glass nonwovens products. The Specialty Papers segment operates in release and label papers as well as in technical papers. In 2009, Ahlstrom had activities in 26 countries and employed about 5,800 people.

These consolidated financial statements were authorized for issue by the Board of Directors of Ahlstrom Corporation on February 3, 2010.

BASIS OF PREPARATION | The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union including 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 IFRS.

The consolidated financial statements are presented in millions of euros unless otherwise stated. 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 or loss, financial assets classified as available-for-sale, hedged items in fair value hedge accounting and liabilities for cash-settled share-based payments.

The Group has adopted the following new or amended standards and interpretations as of January 1, 2009.

– IAS 1 Presentation of Financial Statements (revised):
The revised standard has changed the presentation of financial statements. The income statement is presented in two statements: income statement and statement of comprehensive income.

– IFRS 7 Financial Instruments: Disclosures (amendment):
The amendment requires enhanced disclosures about fair value measurement and liquidity risk. Instruments measured at fair value are disclosed using a three-level hierarchy.

– IFRS 8 Operating Segments:
The Group reports two segments: Fiber Composites and Specialty Papers. The adoption of IFRS 8 does not have an impact on reported segments and has caused only minor changes in the presentation of the segment information in the notes to the consolidated financial statements.

– IAS 23 Borrowing Costs (revised):
The Group had already applied this accounting policy and the adoption of the revised standard has no impact on the consolidated financial statements.

The below mentioned new and amended standards and interpretations adopted by the Group in 2009 do not have an effect on the consolidated financial statements.

- IFRS 2 Share-based Payment (amendment)
- IAS 32 Financial Instruments: Presentation and IAS 1: Presentation of Financial Statements (amendment)
- IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement (amendment)
- IFRIC 13 Customer Loyalty Programmes

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS | The preparation of consolidated financial statements in conformity with IFRS requires management to use accounting estimates and assumptions that affect the reported assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and assumptions are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Although the amounts are based on management's best judgement at the balance sheet date, actual results may differ from the estimates and assumptions used. The impact of changes to the estimates and assumptions used are recorded for the period when they occur. The most significant estimates and assumptions related to future events in the Group are used to determine impairment of non-current assets, allocation of purchase price to acquired assets, pension benefits and deferred taxes.

Impairment of non-current assets | Goodwill and intangible assets with indefinite useful lives are tested annually for possible impairment. In addition, on each balance sheet date the assets are assessed to determine any indication of impairment. The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. These calculations require the use of management estimates. The discount rate used in the net present value calculations of future cash flows is the pre-tax market rate as required by IAS 36. Actual cash flows may differ from estimated cash flows due to several reasons; e.g. changes in useful lives of assets, sales volumes, sales prices, production costs, replacement investments or discount rate used could result to impairment charges. The Group performs sensitivity analysis on the most critical estimates. More detailed information regarding the impairment of non-current assets is presented in note 11.

Allocation of purchase price to acquired assets | In business combinations the net identifiable assets of the acquired companies are measured at fair value. External advisors are mostly used to perform the valuation of significant tangible and intangible assets acquired. When market values are not available, the valuation is based on expected future performance and resulting cash generating capacity. The appraisals based on current replacement costs, discounted cash flows and estimated selling prices, depending on the underlying asset, require management to make estimates and assumptions about the future performance and use of these assets. The valuation estimates and assumptions are management's best judgement on the balance sheet date. More detailed information regarding business combinations is presented in note 3.

Pension benefits | Numerous statistical and other actuarial assumptions are used in calculating the expenses, liabilities and assets related to the pension benefits. These assumptions include, among other things, discount rates and expected return on plan assets as well as other actuarial assumptions such as changes in future compensation and mortality rates. The valuation of defined benefit plans is performed by qualified actuaries. The statistical assumptions used may materially differ from actual results. More detailed information regarding pension benefits is presented in note 19.

Deferred taxes | The Group reviews at each balance sheet date the carrying amount of deferred tax assets and assesses whether it is probable that the Group companies will have sufficient taxable income against which the deductible temporary differences, tax loss carry forwards and unused tax credits can be utilized. Regarding ongoing tax audits and litigations, the Group recognizes liabilities for additional taxes based on estimated outcome of the case. The actual outcome may differ from estimates and estimates can be changed due to new circumstances and new information, which may result in recording tax expense or revenue in the income statement. More detailed information regarding deferred taxes is presented in notes 7 and 14.

CONSOLIDATION PRINCIPLES | The consolidated financial statements include the financial statements of the parent company, Ahlstrom Corporation, and all subsidiaries. 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 policies of the subsidiary. The existence and effect of potential voting rights are considered when assessing whether the Group controls another entity. The subsidiaries are listed in note 30.

Subsidiaries acquired during the financial year are included in the consolidated financial statements from the date on which control is transferred to the Group, whereas companies divested during the financial year are included in the consolidated financial statements up to the date when control ceases. Acquired companies are accounted for using the purchase method of accounting. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair value at the date of acquisition. 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.

Associated companies are those entities in which the Group has 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. 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.

Minority 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 minority 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 minority interest are each presented separately in the consolidated statement of comprehensive income. The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. For purchases from minority interests, the difference between acquisition cost and the acquired equity is recorded in equity.

FOREIGN CURRENCY TRANSLATION | Items included in the financial statements 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 assets and liabilities 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 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 assets and liabilities 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 subsidiaries whose functional currency is not euro 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. The effect of such translation is recognized as a translation adjustment in equity and 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 changes in equity since the acquisition date as well as the changes in fair 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, 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.

FINANCIAL ASSETS AND LIABILITIES | The Group classifies its financial assets in the following categories: 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 fair value plus 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 significant 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. 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. Loans and receivables are recognized at amortized cost. The Group's loans and other receivables comprise trade and other receivables as well as cash and cash equivalents.

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. The 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. Loans 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 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 and interest rate risks. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. 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 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 is recorded in the consolidated statement of comprehensive income and presented as translation reserve in equity. Any ineffective portion of the change 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.

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 and embedded derivatives are recognized in the income statement in the period they occur. Fair values are determined by utilizing public price quotations and rates as well as generally accepted valuation methods. The valuation data and assumptions are based on verifiable market prices.

REVENUE RECOGNITION | The Group recognizes revenue from product sales upon shipment, when the customer takes ownership, the product is no longer in the Group's possession and when the Group has transferred material risks and rewards to the customer and the Group retains no effective control of the products. The majority of the Group's revenue is recognized upon delivery to the customer in accordance with agreed terms of delivery. The Group recognizes revenue from services when the services are rendered. Sales are presented net of indirect taxes, returns, discounts and annual rebates and other credits.

INCOME TAXES | Income taxes for the period consist of current and deferred taxes. Current taxes include taxes of the Group companies for the financial year in accordance with the local regulations, as well as adjustments to prior year 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.

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. 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.

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

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 added by any costs directly attributable to the acquisition. 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, where applicable, to the assets acquired.

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. The Group has not capitalized development expenses.

Other intangible assets | Other intangible assets include trademarks, patents, licenses and computer software which are stated at cost less accumulated amortization and impairment losses. Trademarks, patents and licenses are amortized on a straight-line basis over their expected useful lives ranging from 5 to 20 years. Computer software is amortized on a straight-line basis over its expected useful life ranging 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.

IMPAIRMENT OF ASSETS | At each balance sheet date, the carrying amounts of the Group's assets are reviewed to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill and intangible assets with an indefinite useful lifetime are tested for impairment annually despite any indication of potential impairment. The recoverable amount is the higher of the asset's fair value less costs to sell and 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 Group defines the recoverable amount mainly based on the values in use.

An impairment loss is recognized in the income statement when the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed if there has been a positive change in the estimates used to determine the recoverable amount of an asset or cash-generating unit. 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.

The cash-generating units in the Group are primarily based on the product line organization. Goodwill has been allocated to the cash-generating units that are expected to benefit from the business combination.

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.

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.

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 to those affected. 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.

EMPLOYEE BENEFITS

Defined contribution and defined benefit plans | Group companies have various pension schemes in accordance with local practices. The schemes are mostly funded through payments to insurance companies or trustee-administered funds. The pension arrangements are classified as either defined contribution plans or defined benefit plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. 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 are incurred. A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans typically define a fixed amount of benefit that an employee will receive after retirement.

The Group's net obligation of defined benefit plans is calculated and recorded separately for each 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. 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 in calculating the Group's pension obligation 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 a share-based payment program for Corporate Executive Team members for 2008–2010 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.

DIVIDENDS | Dividends proposed by the Board of Directors are not recognized in the financial statements until they have been approved by the shareholders at the Annual General Meeting.

The Group issued a hybrid bond of EUR 80 million in 2009. The bond is subordinated to the company's other debt obligations and is treated as equity in the consolidated financial statements. Interest is not accrued but is recorded in retained earnings at the time when the Annual General Meeting makes a decision to pay dividends.

GOVERNMENT GRANTS | Government or other grants are recognized in the income statement in the same period when the right to receive the grant exists. 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.

EMISSION RIGHTS | The Group participates in the European Union emission trading scheme and 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 will not cover the 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. More detailed information regarding emission rights is presented in note 10.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS | Non-current assets held for sale and assets related to discontinued operations are recognized at the lower of their carrying amount and fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction. The sale is considered highly probable if the asset can be sold in its current condition using ordinary terms and management is committed to the sale within one year from the date of classification for sale.

The Group did not have any non-current assets held for sale or assets related to discontinued operations during years 2008 and 2009.

OPERATING PROFIT | Operating profit is the net amount of net sales and other operating income less cost of finished goods and work in progress adjusted for the change in inventories and cost related to production for own use, cost of employee benefits, depreciation, amortization and impairment charges, and other operating expenses. Operating profit includes foreign exchange differences related to normal business operations. Foreign exchange differences related to financial operations are recorded in financial income and expenses.

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.

The Group will adopt the following standards and interpretations in 2010.

– IFRS 3 Business Combinations(revised):

The revised standard includes some changes essential to the Group. Contingent consideration will be measured at fair value, with subsequent changes recognized in the income statement. All acquisition-related costs will be expensed. Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities, on a transaction-by-transaction basis. The Group will apply revised IFRS 3 to all business combinations to be completed after January 1, 2010.

– IAS 27 Consolidated and Separate Financial (revised):

The revised standard requires the effects of all transactions with non-controlling (minority) 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.

– Improvements to IFRS Standards:

The improvements to IFRS standards is an annual process where small non-urgent but necessary amendments to standards are combined and implemented once a year. These annual improvements include amendments to 12 standards. The effects of the amendments vary by standard but the Group expects them to be minor to the consolidated financial statements. These amendments are not yet endorsed by EU.

The following standards and interpretations adopted by the Group in 2010 are not expected to have an impact on the consolidated financial statements.

- IAS 39 Financial Instruments: Recognition and Measurement (amendment) – Eligible Hedged Items.
- IFRS 2 Share-based Payment (amendment) – Group Cash-settled Share-based Payment Transactions:

The amendment is not yet endorsed by EU.

- 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

The Group will adopt the following standards and interpretations in 2011 or later.

– IAS 32 Financial Instruments: Presentation (amendment) – Classification of Rights Issues:

The Group estimates that this amendment will not have any impact on the future consolidated financial statements.

– IAS 24 Related Party Disclosures (revised):

The Group estimates the revised standard not to have any impact on the consolidated financial statements. The revised standard is not yet endorsed by EU.

– IFRIC 14 IAS 19 The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (amendment) – Prepayments of a Minimum Funding Requirement:

Management is currently assessing the possible impact of the amendment on consolidated financial statements. The amended interpretation is not yet endorsed by EU.

– IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments:

The Group estimates the new interpretation not to have any impact on the consolidated financial statements. The interpretation is not yet endorsed by EU.

– IFRS 9 Financial Instruments:

Management is currently starting to assess the possible impacts of the new standard on the consolidated financial statements. The new standard is not yet endorsed by EU.

1. SEGMENT INFORMATION

The Group has two reportable segments: Fiber Composites and Specialty Papers.

The Fiber Composites segment produces filtration media, glassfiber products and nonwovens. Filtration media is used in transportation as well as in air and liquid filtration markets. Glassfiber products serve customers in building, transportation, marine and windmill industries. Nonwoven customers produce wipes, health care products and food packaging products, such as tea bags.

The products of the Specialty Papers segment include labeling and packaging papers as well as technical papers. Label papers are used in labels, tapes and self-adhesive materials. Packaging papers serve mainly food industry. Technical papers are vegetable parchment, crepe papers, wall covers, poster and abrasive base papers. These are used in building, furniture, food and packaging industries.

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

The reportable segments in Ahlstrom have been combined from six business areas according to the nature of products, raw materials, production technology, innovations and economic characteristics. Advanced Nonwovens, Filtration, Glass & Industrial Nonwovens and Home & Personal Nonwovens belong to Fiber Composites segment, whereas Release & Label

BUSINESS SEGMENTS 2009

EUR million	Fiber Composites	Specialty Papers	Other operations	Eliminations	Group
External net sales	854.8	740.6	0.7	–	1,596.1
Inter-segment net sales	6.4	3.2	15.6	−25.2	0.0
Net sales	861.2	743.8	16.3	−25.2	1,596.1
Depreciation and amortization	70.0	34.3	2.4	–	106.7
Non-recurring items	−44.2	−7.4	−2.7	–	−54.3
Operating profit/loss	−18.8	14.6	−10.4	0.1	−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, %	−2.2	2.0	–	–	−0.9
Return on net assets, RONA, % (Group ROCE, %)	−2.5	3.8	–	–	−1.1
Operative cash flow	83.1	94.8	−13.7	0.3	164.5
Segment assets	845.5	571.4	24.0	−5.8	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	154.3	214.0	29.1	−5.6	391.8
Unallocated liabilities	–	–	452.8	–	452.8
Total liabilities					844.6
Capital expenditure	52.5	10.7	0.7	–	63.8

Papers and Technical Papers to Specialty Papers segment. Top management reviews reportable segments' and business areas' operative result, cash flow and capital employed in order to evaluate their productivity and to decide on the allocation of resources among Group units.

In Ahlstrom, the chief operating decision maker is Corporate Executive Team (CET). The CET is chaired by CEO and other members consist of business area and functional leaders. The CET members receive a monthly performance report, including income statement, operative cash flow and main KPI's of the each business area and of the reportable segments. Reportable segments' and business areas' performance is evaluated mainly based on operating profit (EBIT), operative cash flow and return on net assets, RONA.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The valuation principles of segment information are consistent with the Group's accounting principles.

Inter-segment pricing is based on market prices.

BUSINESS SEGMENTS 2008

EUR million	Fiber Composites	Specialty Papers	Other operations	Eliminations	Group
External net sales	981.8	813.4	7.2	–	1,802.4
Inter-segment net sales	5.6	9.0	12.9	–27.6	0.0
Net sales	987.4	822.4	20.2	–27.6	1,802.4
Depreciation and amortization	61.4	34.1	2.4	–	97.9
Non-recurring items	–18.0	–2.4	–0.7	–	–21.1
Operating profit/loss	15.3	10.2	–10.7	–0.2	14.6
Financial income			4.2		4.2
Financial expenses			–38.4		–38.4
Share of profit/loss of associated companies			–1.1		–1.1
Profit/loss before taxes					–20.6
Operating profit/loss, %	1.5	1.2	–	–	0.8
Return on net assets, RONA, % (Group ROCE, %)	2.0	2.3	–	–	1.4
Operative cash flow	–5.8	67.2	–6.4	–0.1	54.9
Segment assets	947.1	609.2	30.4	–15.9	1,570.8
Investments in associated companies	–	–	11.4	–	11.4
Unallocated assets	–	–	124.9	–	124.9
Total assets					1,707.0
Segment non-interest bearing liabilities	157.9	198.6	44.9	–15.7	385.6
Unallocated liabilities	–	–	693.3	–	693.3
Total liabilities					1,078.9
Capital expenditure	103.7	23.3	1.0	–	128.0

GEOGRAPHIC INFORMATION

Revenue 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.

EUR million	External net sales	Non-current assets
2009		
USA	384.6	357.5
Germany	208.5	75.7
Brazil	122.3	205.9
France	120.4	247.5
Italy	110.4	202.1
Spain	83.6	40.3
Finland	12.3	91.9
Other countries	554.0	214.2
Total	**1,596.1**	**1,435.1**
2008		
USA	414.3	411.8
Germany	249.4	91.3
France	153.3	298.6
Italy	148.7	249.3
Brazil	138.5	160.8
United Kingdom	95.7	79.2
Finland	22.0	112.9
Other countries	580.5	166.9
Total	1,802.4	1,570.8

2. DISPOSAL OF BUSINESSES

The Group's strategy is to focus on high performance fiber-based materials and to divest non-core assets. There was no disposal of businesses during 2009. In June 2008, Ahlstrom sold a hydropower plant close to its Fabriano, Italy plant to Energetica.

EUR million	2009	2008
Property, plant and equipment	–	1.7
Other long-term investments	–	–
Assets, total	–	1.7
Net assets	–	1.7
Consideration received (in cash)	–	3.6
Cash (disposed of)	–	–
Net cash inflow	–	3.6

3. ACQUISITIONS OF BUSINESSES

2009

There were no acquisitions of subsidiaries or businesses during 2009.

2008

In February 2008, Ahlstrom acquired The Friend Group Inc., which consists of West Carrollton Parchment Company and West Carrollton Converting Company. The Friend Group has two sites in West Carrollton serving mainly the food packaging market in the USA. West Carrollton is a producer of vegetable parchment and has parchmentizing and converting operations located in West Carrollton, Ohio, the USA.

Ahlstrom West Carrollton has been incorporated in Ahlstrom's accounts as part of Specialty Papers segment since February 1, 2008. Management estimates that if the acquisition had occurred on January 1, 2008, Ahlstrom Group's net sales and profit for the period would not have changed materially.

The acquisition price includes professional fees amounting to EUR 0.1 million. The goodwill that arose from the acquisition of the shares of the Friend Group Inc. reflects the synergy benefits resulting from the expanded product offering to the Technical Papers' vegetable parchment business and provides synergies to our existing business as well as growth opportunities.

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	3.3	3.6
Intangible assets	0.0	1.3
Inventories	3.8	3.6
Trade and other receivables	2.7	2.6
Cash and cash equivalents	–	–
Assets, total	9.7	11.1
Deferred tax liabilities	0.4	0.5
Employee benefit obligations	0.4	0.6
Interest-bearing loans and borrowings	–	–
Trade and other payables	3.1	3.4
Liabilities, total	3.9	4.5
Net assets	5.8	6.6
Goodwill arising in acquisition		3.2
Acquisition price paid (in cash)		9.8
Exchange rate differences		–0.2
Cash (acquired)		–
Net cash outflow		9.6

In 2008, Ahlstrom acquired the remaining 40% of the joint venture formed in September 2007 with Votorantim Celulose e Papel (VCP). The price for this acquisition was EUR 28.0 million.

In addition, Ahlstrom acquired the shares from the minority shareholders of two sales companies amounting to EUR 1.4 million.

4. OTHER OPERATING INCOME AND EXPENSES

EUR million	2009	2008
Other operating income		
Gain on sale of emission rights	**3.9**	5.0
Government grants	**3.1**	1.3
Insurance indemnification	**1.8**	2.7
Gain on sale of non-current assets	**0.9**	5.0
Gains from litigations	**0.6**	0.7
Other	**3.1**	4.1
Total	**13.4**	18.7

EUR million	2009	2008
Other operating expenses		
Freight of sales	**–61.0**	–77.4
Maintenance costs	**–44.3**	–51.1
Rentals	**–14.7**	–14.2
Advisory fees	**–13.0**	–14.3
Property and other taxes	**–10.6**	–9.6
Labour leasing	**–5.1**	–8.4
Insurance premiums	**–3.2**	–5.2
Commissions	**–2.8**	–4.4
Other	**–67.8**	–76.2
Total	**–222.4**	–260.7

The research and development costs included in the income statement were EUR 21.6 million in 2009 (EUR 23.8 million in 2008).

Auditor's fees		
To PricewaterhouseCoopers network		
Audit	**–0.9**	–0.9
Tax services	**–0.3**	–0.1
Other services	**–0.0**	–0.0
Total	**–1.2**	–1.0

5. EMPLOYEE BENEFIT EXPENSES

Wages and salaries	**–249.1**	–249.9
Social security costs	**–52.1**	–55.3
Contributions to defined contribution plans	**–14.7**	–11.9
Net periodic cost for defined benefit plans	**–6.2**	–3.5
Changes in liability for other long-term benefits	**–1.0**	–0.1
Other personnel costs	**–14.7**	–17.1
Total	**–337.8**	–337.8

Employee benefit expenses include non-recurring costs of EUR 15.4 million related to the restructuring actions in 2009 (EUR 3.4 million in 2008). Employee benefit expenses of key management are specified in note 30.

Average number of personnel		
Fiber Composites	**3,380**	3,609
Specialty Papers	**2,261**	2,523
Other operations	**352**	378
Total	**5,993**	6,510

6. FINANCIAL INCOME AND EXPENSES

EUR million	2009	2008
Financial income		
Interest income from loans and receivables	**0.7**	1.5
Derivatives, non-hedge accounting	**0.1**	2.7
Other financial income	**0.0**	0.0
Total	**0.8**	4.2
Financial expenses		
Interest expenses for financial liabilities at amortized cost	**−16.3**	−27.7
Interest rate derivatives, hedge accounting	**−0.6**	0.1
Interest rate derivatives, non-hedge accounting	**−7.2**	−6.7
Other financial expenses	**−2.7**	−2.6
Total	**−26.8**	−36.9
Exchange rate and fair value gains and losses		
Loans and receivables	**3.0**	−16.6
Derivatives, non-hedge accounting	**−3.1**	15.1
Total	**−0.2**	−1.5
Net financial expenses	**−26.2**	−34.2

7. INCOME TAXES

EUR million	2009	2008
Current tax	**−3.8**	−13.3
Deferred tax	**10.9**	17.8
Income taxes in the income statement	**7.1**	4.5
Taxes booked to equity		
Hybrid bond	**0.1**	–
Taxes related to other comprehensive income		
Hedges of net investments in foreign operations	**0.4**	−2.2
Cash flow hedges	**−0.1**	0.4
Total	**0.3**	**−1.8**
Income tax reconciliation		
Tax calculated at Finnish nominal tax rate	**10.4**	5.4
Differences between foreign and Finnish tax rates	**−1.5**	2.1
Italian regional tax (IRAP) and minimum taxes	**−2.3**	−0.8
Adjustment of taxes for previous periods	**−0.6**	−1.3
Non-deductible expenses and tax exempt income	**−5.3**	−3.5
Adjustments to deferred tax assets	**2.2**	−1.2
Tax reliefs	**4.1**	3.6
Changes in tax rates	**−0.2**	0.3
Other items	**0.3**	−0.2
Income taxes in the income statement	**7.1**	4.5

8. 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 for the year were EUR 0.6 million and the effect on earnings per share was EUR 0.01.

Share options have a dilution effect only when the fair value of the share is higher than the subscription price of the option. The fair value of the share is based on the weighted average price of the share during the last quarter. Neither the company nor its subsidiaries held any own shares at the end of the year.

EUR million	2009	2008
Basic and diluted earnings per share		
Profit/loss for the year attributable to owners of the parent (EUR million)	**−32.9**	−17.9
Interest on hybrid bond for the year after taxes (EUR million)	**−0.6**	–
	−33.5	−17.9
Weighted average number of shares during the year (1,000 shares)	**46,670.6**	46,670.6
Basic and diluted earnings per share (EUR)	**−0.72**	−0.38

9. 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
2009					
Historical cost at Jan 1	20.7	262.1	1,552.6	29.3	55.7
Additions	–	0.5	24.3	1.4	37.4
Disposals	–0.2	–1.1	–32.7	–1.7	–0.1
Transfers to other asset categories	0.0	12.2	38.1	0.7	–52.3
Other changes	–0.0	–0.0	–0.3	–	–
Translation differences	0.4	2.5	20.9	–0.1	5.3
Historical cost at Dec 31	**21.0**	**276.2**	**1,603.0**	**29.7**	**46.0**
Accumulated depreciation and impairment at Jan 1	2.7	124.4	1,025.5	22.0	0.1
Depreciation for the year	–	9.9	89.3	1.4	–
Impairment losses	–	0.5	5.5	0.5	–
Reversal of impairment losses	–	–	–0.2	–	–
Disposals	–	–0.8	–32.2	–1.7	–0.1
Transfers to other asset categories	–	–	0.1	–0.1	–
Other changes	–	–0.1	–0.1	–	–
Translation differences	0.0	1.1	10.5	–0.0	–
Accumulated depreciation and impairment at Dec 31	**2.7**	**135.0**	**1,098.3**	**22.2**	**0.0**
Book value at Jan 1, 2009	**18.0**	**137.7**	**527.1**	**7.3**	**55.5**
Book value at Dec 31, 2009	**18.2**	**141.2**	**504.6**	**7.5**	**46.0**

The borrowing costs capitalized during 2009 as part of non-current assets amounted to EUR 1.6 million (EUR 1.5 million in 2008) related to a loan borrowed for the construction of a production facility in India.

EUR million	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress
2008					
Historical cost at Jan 1	22.1	243.0	1,505.7	28.2	72.5
Acquisitions through business combinations	0.2	1.6	2.1	–	0.0
Additions	0.0	1.4	26.0	0.9	90.3
Disposals	–0.9	–0.8	–29.9	–0.2	–0.0
Transfers to other asset categories	0.1	19.5	82.5	0.6	–102.5
Other changes	–	–0.2	–2.4	–0.3	–0.0
Translation differences	–0.7	–2.4	–31.4	0.1	–4.5
Historical cost at Dec 31	20.7	262.1	1,552.6	29.3	55.7
Accumulated depreciation and impairment at Jan 1	2.7	117.1	982.8	21.1	0.2
Depreciation for the year	0.1	9.3	81.4	1.3	–0.1
Impairment losses	–	0.0	6.3	0.0	0.1
Reversal of impairment losses	–	–0.1	–0.9	–	–
Disposals	–0.1	–0.8	–27.1	–0.2	–
Transfers to other asset categories	–	0.1	–0.0	–0.0	–
Other changes	–	–	–0.6	–0.3	–
Translation differences	0.0	–1.1	–16.3	0.1	–
Accumulated depreciation and impairment at Dec 31	2.7	124.4	1,025.5	22.0	0.1
Book value at Jan 1, 2008	19.4	126.0	522.9	7.2	72.3
Book value at Dec 31, 2008	18.0	137.7	527.1	7.3	55.5

ASSETS LEASED BY FINANCE LEASE AGREEMENTS

EUR million	Land and water areas	Buildings and constructions	Machinery and equipment
2009			
Historical cost	0.4	6.7	30.5
Accumulated depreciation	–	1.9	22.6
Book value at Dec 31, 2009	**0.4**	**4.8**	**8.0**
2008			
Historical cost	0.4	6.7	30.6
Accumulated depreciation	–	1.7	20.8
Book value at Dec 31, 2008	0.4	5.0	9.8

10. INTANGIBLE ASSETS

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

EUR million	Intangible rights	Goodwill	Other intangible assets	Advances paid
2008				
Historical cost at Jan 1	94.5	182.6	5.0	0.7
Acquisitions through business combinations	0.0	3.4	1.3	–
Additions	1.2	–	0.2	0.4
Disposals	–0.2	–	0.0	–
Transfers to other asset categories	0.2	–	0.1	–0.4
Other changes	0.0	–	–0.1	–
Translation differences	–2.7	–4.2	–1.5	–
Historical cost at Dec 31	93.0	181.8	5.1	0.7
Accumulated amortization and impairment at Jan 1	38.2	2.9	3.8	–
Amortization for the year	5.6	–	0.3	–
Impairment losses	0.0	9.0	0.1	–
Disposals	–0.2	–	0.0	–
Other changes	0.0	–	–0.0	–
Translation differences	0.9	0.9	–1.5	–
Accumulated amortization and impairment at Dec 31	44.5	12.7	2.7	–
Book value at Jan 1, 2008	56.3	179.7	1.2	0.7
Book value at Dec 31, 2008	48.5	169.1	2.4	0.7

EMISSION RIGHTS

Ahlstrom has been granted CO_2 emission rights of 678,413 units for the year 2009. As of December 31, 2009 the remaining emission rights amounted to 47,130 units and their market value was approximately EUR 0.6 million. No value has been recognized in the balance sheet. The rights in excess have been transferred to 2010. The sales of emission rights were EUR 3.9 million in 2009.

11. IMPAIRMENT TESTING, IMPAIRMENT CHARGES AND SUBSEQUENT REVERSAL

The following production lines' assets include significant amounts of goodwill.

EUR million	2009	2008
Fiber Composites segment		
Wipes Nonwovens	**40.2**	63.5
Air & Liquid Filtration	**18.9**	20.5
Food & Medical Nonwovens	**15.4**	15.9
Transportation Filtration	**10.7**	12.4
Industrial Nonwovens	**9.5**	9.1
Total	**94.7**	121.4
Specialty Papers segment		
Labels	**40.1**	31.0
Vegetable Parchment	**5.6**	5.7
Coated Specialties	**4.6**	4.6
Industrial Papers	**3.4**	3.4
Release Base Papers	**2.8**	2.8
Total	**56.6**	**47.6**
Goodwill total	**151.3**	169.1

New impairment charges amounting to EUR 31.3 million were recorded in 2009, of which the most significant amount of EUR 22.4 million related to goodwill in Wipes Nonwovens product line. Another major item of EUR 5.3 million was recorded in relation to the decision to close down the paper machine in Barcelona, Spain, which belongs to Transportation Filtration product line.

In 2008, impairment charges amounting to EUR 15.4 million were recorded of which EUR 9.0 million related to goodwill and EUR 6.3 million to non-current assets in connection with the plant closures in Italy. Due to the higher sales value of machines and equipment in France EUR 1.0 million of the initially recognised impairment was reversed in 2008.

The recoverable amounts of the cash-generating units containing goodwill are based on value in use calculations. The calculations use cash flow projections based on EBITDA, normal replacement investments and operative working capital of the business plans for the years 2010–2014. Cash flows for further 6 to 20 years are extrapolated using a 2.0% growth rate corresponding to the general inflation rate. The 20-year period results from the estimated economic lives of the underlying assets. In 2009, the same pre-tax discount rate of 7.9% has been used to all cash-generating units in discounting the projected cash flows. Sharpe model has been used in the discount rate calculation.

Goodwill is tested for impairment twice a year. First test is done in September closing and second test in 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 assumption that would lead to additional impairment charges of goodwill in other than Wipes Nonwovens where impairment was recorded in 2009. In addition, it has been proven with the sensitivity analyses that no additional impairment charge in respect of goodwill will arise if the discount rate would be two percentage points higher or EBITDA ten percentage points lower in other than Wipes Nonwovens where impairment was recorded in 2009.

12. INVESTMENTS IN ASSOCIATED COMPANIES

EUR million	2009	2008
Balance at Jan 1	**11.4**	12.4
Share of profit/loss for the period	**0.7**	−1.1
Balance at Dec 31	**12.1**	11.4

FINANCIAL INFORMATION OF MAJOR ASSOCIATED COMPANY

	Domicile	Ownership (%)	Assets	Liabilities	Net sales	Profit/loss for the period
2009						
Jujo Thermal Oy	Finland	41.7	80.5	51.7	90.0	1.6
2008						
Jujo Thermal Oy	Finland	41.7	85.1	57.9	100.3	−2.6

13. OTHER INVESTMENTS

Non-current other investments are investments to unlisted shares EUR 0.2 million (EUR 0.2 million in 2008) and they are classified as available-for-sale financial assets. For unlisted shares the fair value cannot be measured reliably, therefore the investment is carried at cost.

There were no current other investments left in 2009 (EUR 0.0 million in 2008).

14. 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
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**
2008								
Deferred tax assets								
Property, plant and equipment and intangible assets	11.4	–1.1	–	–	–	–	0.0	10.3
Employee benefit obligations	18.3	–3.0	–	–	0.2	–	0.3	15.8
Tax loss carried forward and unused tax credits	31.4	30.7	–	–	0.1	–	0.0	62.2
Other temporary differences	25.5	–3.6	0.2	–	0.3	1.0	–0.1	23.4
Total	86.6	23.0	0.2	–	0.5	1.0	0.2	111.7
Offset against deferred tax liabilities	–57.1	–13.4	–	–	–	–	–0.8	–71.3
Deferred tax assets	29.7	9.6	0.2	–	0.5	1.0	–0.6	40.4
Deferred tax liabilities								
Property, plant and equipment and intangible assets	81.7	4.1	–	–	1.0	–	–2.8	84.0
Other temporary differences	3.0	1.1	–	–	0.0	0.0	–0.3	3.8
Total	84.8	5.2	–	–	1.0	0.0	–3.1	87.8
Offset against deferred tax assets	–57.1	–13.4	–	–	–	–	–0.8	–71.3
Deferred tax liabilities	27.6	–8.2	–	–	1.0	0.0	–3.9	16.5

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 utilisation of deferred tax assets of EUR 54.3 million (EUR 38.8 million in 2008) is dependant on future taxable profits in excess of the profits arising from reversal of existing taxable temporary differences. Based on the business plans utilisation of these tax assets is probable.

At December 31, 2009 the Group had tax loss carry forwards of EUR 254.4 million (EUR 221.7 million in 2008) in total, of which EUR 148.8 million (EUR 120.6 million in 2008) has no expiration period. Regarding losses amounting to EUR 24.0 million (EUR 38.8 million in 2008) no deferred tax asset was recognized due to the uncertainty of utilization of these tax loss carry forwards.

15. INVENTORIES

EUR million	2009	2008
Material and supplies	**75.3**	108.5
Work in progress	**7.2**	11.0
Finished goods	**93.4**	132.9
Advances paid	**0.0**	0.0
Total	**175.9**	252.5

In 2009, EUR 1.0 million (EUR 7.2 million in 2008) was recognized as expense as the carrying value of the inventories was written down to reflect its net realizable value.

16. TRADE AND OTHER RECEIVABLES

EUR million	2009	2008
Non-current		
Loan receivables	**0.4**	0.4
Trade receivables	**0.1**	0.0
Prepaid expenses and accrued income	**4.7**	0.9
Defined benefit pension asset	**14.4**	10.5
Other receivables	**3.5**	3.8
Total	**23.0**	15.6
Current		
Loan receivables	**1.2**	1.1
Trade receivables	**284.8**	293.8
Receivables from associated companies	**0.0**	2.6
Prepaid expenses and accrued income	**12.1**	12.8
Derivative financial instruments	**2.1**	18.2
Other receivables	**19.6**	27.8
Total	**319.9**	356.2

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		
Balance at Jan 1	**6.7**	5.0
Increase	**3.9**	3.5
Decrease	**−1.4**	−1.7
Recovery	**−0.4**	−0.1
Balance at Dec 31	**8.9**	6.7

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 any other reason it is probable that the receivable can not be collected.

Specification of prepaid expenses and accrued income		
Prepaid expenses	**6.6**	6.1
Other tax receivables	**5.2**	4.7
Accrued interest income	**3.3**	0.0
Accrued discounts	**0.1**	0.1
Accrued insurance indemnification	**0.0**	0.4
Other	**1.6**	2.4
Total	**16.8**	13.6

The carrying amounts of trade and other receivables are reasonable approximations of their fair value. Ageing structure of trade receivables is presented in note 23.

17. CASH AND CASH EQUIVALENTS

EUR million	2009	2008
Cash, bank accounts and interest-bearing instruments with maturities of three months or less	**19.9**	58.2
Cash and cash equivalents in the balance sheet	**19.9**	58.2

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

18. CAPITAL AND RESERVES

The changes in the number of shares:

EUR million	Number of shares (1,000)	Issued capital	Share premium	Non restricted equity reserve	Total
Dec 31, 2007	46,670.6	70.0	209.3	8.3	287.5
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**

At December 31, 2009 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 Annual General Meeting on March 25, 2009 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 corresponding to less than 10% of all issued Company shares. 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 31, 2010. The Board of Directors did not utilize the authorization to repurchase or distribute the shares during 2009.

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 translation of 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 has been recorded in retained earnings in equity.

DIVIDENDS

After the balance sheet date, the Board of Directors proposed a dividend of EUR 0.55 per share.

19. EMPLOYEE BENEFIT OBLIGATIONS

The Group has defined benefit pension plans in various countries. Plans have been arranged both in pension insurance companies and pension funds. In the defined benefit plan, the benefits at retirement are determined based on for example salary and retirement age.

Employee benefits for key management are specified in note 30.

EUR million	2009	2008
Post-employment benefit plans		
Employee benefits liability recognized in the balance sheet		
Present value of funded benefit obligations	**168.2**	161.5
Present value of unfunded benefit obligations, defined benefit plans	**58.2**	45.0
Other long-term employee benefits	**4.2**	3.5
Fair value of plan assets	**−127.2**	−107.1
Present value of net obligations	**103.4**	102.9
Unrecognized actuarial gains and losses	**−39.6**	−28.8
Net liability at Dec 31	**63.8**	74.1
Changes in the present value of obligations		
Present value of defined benefit obligation at Jan 1	**206.5**	228.1
Current service cost	**2.3**	2.5
Interest cost	**12.3**	12.4
Actuarial gains and losses	**15.6**	−14.5
Gains and losses on curtailments	**−0.1**	−1.2
Business combinations	**–**	2.5
Unrecognized prior service cost	**0.9**	–
Benefits paid	**−14.1**	−14.7
Other changes	**4.9**	−3.6
Translation differences	**−1.8**	−5.1
Present value of defined benefit obligation at Dec 31	**226.4**	206.5
Changes in the fair value of the plan assets		
Fair value of plan assets at Jan 1	**107.1**	151.0
Expected return on plan assets	**7.5**	10.1
Actuarial gains and losses	**6.5**	−38.2
Contributions by employer	**15.6**	8.7
Business combinations	**–**	2.1
Benefits paid	**−14.1**	−14.7
Other changes	**3.8**	−1.1
Translation differences	**0.7**	−10.8
Fair value of plan assets at Dec 31	**127.2**	107.1

EUR million	2009	2008
Expenses recognized in the income statement		
Current service cost	**−2.3**	−2.5
Interest cost	**−12.3**	−12.5
Expected return on plan assets	**7.5**	10.7
Net actuarial gains and losses recognized	**2.1**	−0.6
Unrecognized prior service cost	**−0.9**	–
Gains and losses on curtailments and settlements	**−0.4**	1.5
Total charge (Net periodic cost)	**−6.2**	−3.5
Actual return on plan assets	**14.0**	−31.2

The Group expects to contribute EUR 7.6 million to its defined benefit plans in 2010. The overall expected rate of return on assets is based on the actuarial assumptions.

	2009	2008
Plan asset categories		
Equity instruments	**58.9%**	52.4%
Debt instruments	**35.3%**	43.1%
Property	**0.2%**	0.0%
Other	**5.6%**	4.4%
Principal actuarial assumptions (expressed as weighted averages)		
Europe		
Discount rate at Dec 31	**4.7%**	5.9%
Expected return on plan assets	**6.4%**	6.0%
Future salary increases	**2.3%**	3.7%
Future pension increases	**1.0%**	1.5%
North America		
Discount rate at Dec 31	**5.6%**	6.3%
Expected return on plan assets	**8.0%**	8.0%
Future salary increases	**4.6%**	4.5%

The actuarial assumptions in other countries are immaterial.

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions for the most important countries and plans are based on the following post-retirement mortality tables: a) Germany: Richttafeln 2005 G, b) UK: projected to year 2020 PMA (92) and PFA (92) and c) USA: RP2000.

EUR million	2009	2008	2007	2006	2005
Five-year overview					
Present value of obligations	**230.6**	210.0	231.8	258.9	263.5
Fair value of plan assets	**–127.2**	–107.1	–151.0	–135.0	–131.3
Deficit/surplus	**103.4**	102.9	80.8	123.9	132.2
Experience adjustments to plan liabilities	**6.4**	–8.2	–2.0	3.7	5.3
Experience adjustments to plan assets	**6.8**	–38.2	–1.7	6.5	–1.1

EUR million	2009	2008
Amounts in the balance sheet		
Liabilities	**78.2**	84.6
Assets	**–14.4**	–10.5
Net liabilities	**63.8**	74.1

20. PROVISIONS

EUR million	Restructuring	Environmental	Other	Total
Balance at Jan 1, 2009	13.1	2.9	8.1	24.1
Translation differences	–0.0	–	–0.0	–0.0
Increase in provisions	5.6	0.0	5.3	10.9
Used provisions	–10.9	–0.1	–3.6	–14.6
Reversal of provisions	–0.1	–0.4	–2.2	–2.6
Balance at Dec 31, 2009	**7.8**	**2.3**	**7.7**	**17.7**
Non-current	0.6	2.3	2.1	5.0
Current	7.1	0.0	5.5	12.7
Total	**7.8**	**2.3**	**7.7**	**17.7**

Increase in restructuring provisions relates mostly to the announced plans to close Altenkirchen and Barcelona plants. These are located in Germany and in Spain. Altenkirchen belongs to Technical Papers and Barcelona to Filtration business area. The provisions are expected to be used within 12 months.

The used restructuring provisions relate mainly to closure of Gallarate and Ascoli sites and one production line in Cressa which are located in Italy. The remaining outflows of these obligations are estimated to be fully used during the next 12 months.

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

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

21. INTEREST-BEARING LOANS AND BORROWINGS

	Fair value		Carrying amount	
EUR million	2009	2008	2009	2008
Non-current				
Loans from financial institutions	**167.6**	174.4	**167.6**	174.4
Finance lease liabilities	**9.3**	10.0	**10.5**	12.6
Other non-current loans	**57.1**	1.8	**57.1**	1.8
Total	**233.9**	186.2	**235.1**	188.7
Current				
Current portion of non-current loans	**33.9**	174.0	**33.9**	174.0
Current portion of finance lease liabilities	**2.1**	2.0	**2.2**	2.2
Other current loans	**144.7**	291.9	**144.7**	291.9
Total	**180.6**	467.9	**180.7**	468.1

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. These carrying amounts are reasonable approximations of their fair values.

In 2009, weighted average of effective interest rates for interest-bearing loans was 3.7% (4.6% in 2008).

EUR million	2009	2008
Currency distribution of non-current interest-bearing liabilities:		
EUR	**201.6**	186.1
USD	**15.3**	0.0
Others	**18.2**	2.6
Currency distribution of current interest-bearing liabilities:		
EUR	**162.2**	399.4
USD	**2.2**	64.5
Others	**16.4**	4.2

EUR million	2009	2008
Finance lease liabilities		
Minimum lease payments		
Not later than one year	**2.6**	2.6
Between one and five years	**5.3**	7.1
More than five years	**6.8**	7.6
Total minimum lease payments	**14.7**	17.3
Future finance charges	**−2.0**	−2.5
Present value of minimum lease payments	**12.7**	14.8
Present value of minimum lease payments		
Not later than one year	**2.2**	2.2
Between one and five years	**4.0**	5.6
More than five years	**6.5**	7.0
Present value of minimum lease payments	**12.7**	14.8

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 length.

22. TRADE AND OTHER PAYABLES

EUR million	2009	2008
Non-current		
Other liabilities	**0.3**	0.2
Accrued expenses and deferred income	**0.1**	–
Total	**0.4**	0.2
Current		
Trade payables	**220.0**	207.0
Liabilities to associated companies	**0.2**	0.3
Accrued expenses and deferred income	**54.1**	49.9
Derivative financial instruments	**7.3**	13.9
Advances received	**0.7**	0.3
Other current liabilities	**22.7**	21.9
Total	**305.1**	293.3
Specification of accrued expenses and deferred income		
Accrued wages, salaries and related cost	**43.1**	35.8
Accrued interest expense	**2.3**	5.3
Other	**8.8**	8.8
Total	**54.2**	49.9

23. FINANCIAL RISK MANAGEMENT

Financial risk management is part of Ahlstrom's groupwide 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 company's Board of Directors and the treasury activities are coordinated by Group Treasury.

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. It also aims to secure the timely availability of funds by maintaining an appropriately designed mix of cash, short- and long-term loans as well as committed and uncommitted credit facilities granted by banks and other financial institutions both in the domestic and international financial markets.

As of December 31, 2009, Ahlstrom's interest-bearing liabilities amounted to EUR 415.8 million, divided into financing from banks and other financial institutions of EUR 285.1 million, EUR 118.0 million in borrowings under the company's EUR 300 million Finnish commercial paper program and EUR 12.7 million in commitments under financial leases. At the end of the year, its total liquidity, including cash, available committed credit facilities, and cash pool overdraft limits totaled EUR 328.0 million. In addition, the company had uncommitted credit facilities totaling EUR 136.1 million.

A new EUR 200 million financing agreement signed in 2009 contains customary covenants and undertakings including the requirement to maintain certain net debt to equity ratios. The terms and conditions of the agreement restrict dividend payments and other distributions to shareholders. As a result of these restrictions dividend payments and other distributions will be subject to an equity injection, or the issuance of other instruments treated as equity under IFRS or other agreed subordinated debt instruments sufficient for Ahlstrom to reduce its net debt to equity ratio by approximately 20 percentage points as calculated based on the company's balance sheet at the end of the first quarter of 2009, as well as to sufficient cash flow.

The Group issued an EUR 80 million hybrid bond in 2009. The bond has no maturity but the company may call the bond in November 2013. The hybrid bond will strengthen the Group's capital structure and abrogate the impact of dividend payment restrictions related to the reduction of the gearing ratio and other distributions that were included in the EUR 200 million financing agreement.

At the closing, the Group was fully in compliance with the covenants set forth in the financing agreement. To the management's understanding, the compliance is also likely 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.

MATURITY PROFILE OF LIABILITIES

Contractual undiscounted cash flows of liabilities at December 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

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

Contractual undiscounted cash flows of liabilities at December 31, 2008:

EUR million	2009	2010	2011	2012	2013	Later	Total
Floating rate loans from financial institutions	188.1	40.4	65.3	11.6	44.0	33.1	382.5
Finance lease liabilities	2.6	2.8	1.8	1.4	1.2	7.6	17.3
Other non-current loans	1.0	0.8	0.7	0.3	0.0	0.0	2.9
Other current loans	291.9	–	–	–	–	–	291.9
Trade and other payables	289.5	–	–	–	–	–	289.5
Interest rate swaps	1.3	0.9	1.0	0.5	–	–	3.7
Total	774.3	44.9	68.8	13.8	45.2	40.8	987.8

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).

The former concerns forecasted foreign currency flows and firm commitments. In 2009, approximately 53% of Ahlstrom's net sales were denominated in euros, approximately 36% in US dollars and 11% 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 against the base currency of the respective Group company in accordance with a formula defined in the Group Treasury Policy. The length of the transaction exposure period is determinated individually by the Group companies in accordance with their specific guidelines in order to allow for as accurate a match with the underlying risk profile as possible. Foreign currency forwards are used as hedging instruments and these are generally booked through income statement. Ahlstrom has applied fair value hedge accounting only for hedges related to certain investments. In 2009, the Group applied cash flow hedge accounting to some hedging positions.

The balance sheet position consists mainly of foreign currency denominated debts and receivables. According to the Group Treasury Policy, the aim is a fully hedged position. Foreign currency risks associated with the net investments in foreign subsidiaries are partially hedged, the net equity hedging ratio being 16% in 2009 (25% in 2008). For the net investments position Ahlstrom applies hedge accounting.

INTEREST RATE RISK

Fluctuations in interest rates affect the interest expense of the Group. The primary focus of Ahlstrom's interest rate risk management is to maintain a sound balance between floating and fixed rate obligations in respect of the interest-bearing liabilities of the Group. The floating to fixed ratio is adjusted by the use of derivative instruments such as interest rate swaps with maturities usually between two and five years. In 2009, hedge accounting was applied to two interest rate contracts. Derivative fair values are shown in note 24.

CREDIT AND COUNTERPARTY RISK

Credit and counterparty risks materialize when a customer or a financial institution is unable to meet its financial obligations towards Ahlstrom. Credit risks arise from commercial receivables and counterparty risks from exposures associated with financial transactions such as deposits, placements, derivatives contracts, bonds and guarantees issued in favor of members of the Group or receivables from insurance companies.

The objective of the group credit management is to control and mitigate commercial credit risk in the company, to ensure that customer credit limits are properly evaluated and approved prior to granting credit and to reduce potential collection problems. Ahlstrom has a Group Credit Policy which the business areas are responsible for implementing. The Group Credit Policy was updated in year 2009 as part of the working capital efficiency improvement project. Credit insurance is used as a mitigation tool covering the majority of risk originating from Europe. In other areas, creditworthiness of counterparties is evaluated by previous experience and by obtaining credit references from e.g. credit rating agencies, and exposure may be reduced by the use of letters of credit, advance payments and bank guarantees. No significant concentration of credit risk exists for the Group due to the diversified customer base and geographical split of the receivables. The ten largest customers account for less than 20% of net sales. See the following aging analysis of trade receivables.

ANALYSIS OF TRADE RECEIVABLES BY AGE

EUR million	2009	2008
Not past due	**249.5**	247.4
Past due 1–30 days	**24.7**	28.7
Past due 31–90 days	**3.5**	11.8
Past due more than 90 days	**7.1**	5.9
Total	**284.8**	293.8

Financial transactions involving counterparty risks are concluded with highly rated banks and other financial institutions only. Acceptable counterparties are centrally approved by Group Treasury. Whilst counterparty risks cannot be fully eliminated management is confident that they are under control. Ahlstrom encountered no materialized financial counterparty risks in 2009.

SENSITIVITIES TO MARKET RISKS

The following sensitivity analysis illustrates the Group's sensitivity to market risks arising from financial instruments as required by IFRS 7. The analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt in relation to derivatives portfolio and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at December 31, 2009. 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 exchange rate fluctuations and changes in interest rates.

Below is a summary of the nominal amounts by major currencies that are exposed to currency risks.

	Income statement				Equity			
EUR million	USD	GBP	SEK	RUB	USD	GBP	SEK	BRL
2009								
Assets	188.1	26.2	0.4	3.9	119.9	43.6	23.7	140.2
Liabilities	–11.5	–0.1	–0.5	0.0	–	0.0	–	–
Foreign exchange derivative contracts	–173.6	–20.5	2.4	–3.9	–34.6	–13.8	–12.2	–
Total open position	**2.9**	**5.7**	**2.3**	**0.0**	**85.4**	**29.7**	**11.4**	**140.2**
2008								
Assets	247.7	28.6	0.6	25.3	115.2	45.0	27.8	105.2
Liabilities	–80.0	–0.1	–6.6	0.0	–	0.0	–	–
Foreign exchange derivative contracts	–148.9	–28.1	11.6	–24.8	–71.0	0.0	–27.2	–
Total open position	18.8	0.4	5.6	0.5	44.2	45.0	0.6	105.2

The open position is the unhedged net exposure the Group had presented in the currencies. The open position contains currency loans, deposits, cash, accounts payable and accounts receivable. The largest income statement exposure was in GBP, an exposure equivalent to EUR 5.7 million (in USD, an exposure equivalent to EUR 18.8 million in 2008). The largest open position that would have had an impact on the equity was in BRL equivalent to EUR 140.2 million (EUR 105.2 million in 2008).

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.

	Income statement				Equity			
EUR million	USD	GBP	SEK	RUB	USD	GBP	SEK	BRL
2009								
Balance sheet								
Equity	–	–	–	–	12.0	4.4	2.4	14.0
Trade receivables	3.4	0.5	0.0	0.0	–	–	–	–
Trade payables	–4.1	0.0	0.0	0.0	–	–	–	–
Cash and cash equivalents	0.2	0.2	0.0	0.0	–	–	–	–
Loans and borrowings	18.2	2.0	0.0	0.4	–	–	–	–
Foreign exchange derivative contracts	–17.4	–2.1	0.2	–0.4	–3.5	–1.4	–1.2	–
Net effect	**0.3**	**0.6**	**0.2**	**0.0**	**8.5**	**3.0**	**1.1**	**14.0**
2008								
Balance sheet								
Equity	–	–	–	–	11.5	4.5	2.8	10.5
Trade receivables	3.3	0.5	0.1	0.0	–	–	–	–
Trade payables	–3.7	0.0	0.0	0.0	–	–	–	–
Cash and cash equivalents	0.2	0.0	0.0	0.1	–	–	–	–
Loans and borrowings	17.0	2.3	–0.7	2.5	–	–	–	–
Foreign exchange derivative contracts	–14.9	–2.8	1.2	–2.5	–7.1	0.0	–2.7	–
Net effect	1.9	0.0	0.6	0.1	4.4	4.5	0.1	10.5

The net effect would be the impact on the income statement and the equity. The analysis has been prepared without tax effect.

EUR million	2009	2008
Items exposed to interest rate risk		
Other short-term deposits	**–**	27.5
Interest-bearing liabilities excluding finance lease liabilities	**403.1**	642.1
Interest rate derivative contracts (nominal amount)	**140.0**	135.0

Interest rate risk arising from financial instruments

The following table shows the net effect after a 1% parallell shift in the interest rate curve.

EUR million	2009	2008
Other short-term deposits and interest-bearing liabilities excluding finance lease liabilities	**–2.6**	–5.4
Interest rate derivative contracts	**5.0***	1.3
Net effect	**2.4**	–4.1

The net effect would be the impact on the income statement. The analysis has been prepared without tax effect.

* of which EUR 1.2 million would be booked to equity due to hedge accounting applied.

24. NOMINAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	Positive fair values maturing in		Negative fair values maturing in	
EUR million	< 1 year	> 1 year	< 1 year	> 1 year
2009				
Hedge accounting				
Interest rate swaps	–	–	–	–1.4
Foreign exchange forward contracts*	0.4	–	–1.8	–
Total	**0.4**	**–**	**–1.8**	**–1.4**
Non-hedge accounting				
Interest rate swaps	–	–	–	–2.6
Foreign exchange forward contracts**	1.5	–	–1.5	–
Total	**1.5**	**–**	**–1.5**	**–2.6**
2008				
Hedge accounting				
Interest rate swaps	–	–	–	–1.1
Foreign exchange forward contracts*	6.3	–	–1.5	–
Total	6.3	–	–1.5	–1.1
Non-hedge accounting				
Interest rate swaps	–	–	–0.1	–2.3
Foreign exchange forward contracts**	10.0	–	–6.5	–
Total	10.0	–	–6.5	–2.3

* Out of foreign exchange forward contracts, fair value of EUR –0.1 million (EUR 1.0 million in 2008) was designated for fair value hedges and reported in the income statement along with the changes in the fair value of the underlying firm commitment. The fair value of EUR –1.2 million was designated for hedges of net investment in foreign subsidiaries applying hedge accounting as of December 31, 2009 (EUR 4.5 million in 2008) and reported in translation difference in equity. The hedges have been efficient.

** In 2009 fair value of foreign exchange forward contracts, non-hedge accounting, included EUR 0.9 million net gain (EUR 2.8 million in 2008), which is booked to operating expenses.

FAIR VALUE HIERARCHY

Effective January 1, 2009, the Group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table presents the Group's assests and liabilities that are measured at fair value at December 31, 2009.

EUR million	Level 1	Level 2	Level 3	Dec 31, 2009
Assets				
Financial assets at fair value through the profit and loss				
Derivative financial instruments, non-hedge accounting	–	1.7	–	1.7
Derivative financial instruments, hedge accounting	–	0.4	–	0.4
Total	**–**	**2.1**	**–**	**2.1**
Liabilities				
Financial liabilities at fair value through the profit and loss				
Derivative financial instruments, non-hedge accounting	–	4.3	–	4.3
Derivative financial instruments, hedge accounting	–	3.1	–	3.1
Total	**–**	**7.3**	**–**	**7.3**

During the reporting period ending December 31, 2009 there were no transfers between levels 1,2 and 3.

NOMINAL VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	Maturing in		
EUR million	< 1 year	> 1 year	Total
2009			
Interest rate swaps	–	140.0	140.0
Foreign exchange forward contracts	397.1	–	397.1
Total	**397.1**	**140.0**	**537.1**
2008			
Interest rate swaps	60.0	75.0	135.0
Foreign exchange forward contracts	551.7	–	551.7
Total	611.7	75.0	686.7

The fair values of interest rate swaps have been calculated as the present value of the estimated future cash flows, while the fair values of foreign exchange forward contracts have been determined by using market rates at the balance sheet date.

Of the outstanding foreign exchange forward contracts EUR 273.8 million (EUR 446.0 million in 2008) relate to the hedging of the operational and financial cash flows and EUR 123.2 million (EUR 105.8 million in 2008) to the hedging of the foreign currency denominated net equity investments in foreign subsidiaries.

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

EUR million	Note	Financial assets/ liabilities at fair value through the 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
2009							
Non-current financial assets							
Other investments	(13)	–	–	–	0.2	–	0.2
Other receivables	(16)	–	–	23.0	–	–	23.0
Current financial assets							
Trade and other receivables	(16)	–	–	317.8	–	–	317.8
Derivative financial instruments	(16, 24)	1.7	0.4	–	–	–	2.1
Other investments	(13)	–	–	–	–	–	–
Cash and cash equivalents	(17)	–	–	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	(21)	–	–	–	–	235.1	235.1
Other liabilities	(22)	–	–	–	–	0.4	0.4
Current financial liabilites							
Interest-bearing loans and borrowings	(21)	–	–	–	–	180.7	180.7
Trade and other payables	(22)	–	–	–	–	297.7	297.7
Derivative financial instruments	(22, 24)	4.3	3.1	–	–	–	7.3
Carrying amount by category		**4.3**	**3.1**	**–**	**–**	**713.9**	**721.3**
2008							
Non-current financial assets							
Other investments	(13)	–	–	–	0.2	–	0.2
Other receivables	(16)	–	–	15.6	–	–	15.6
Current financial assets							
Trade and other receivables	(16)	–	–	338.0	–	–	338.0
Derivative financial instruments	(16, 24)	11.9	6.3	–	–	–	18.2
Other investments	(13)	0.0	–	–	–	–	0.0
Cash and cash equivalents	(17)	–	–	58.2	–	–	58.2
Carrying amount by category		11.9	6.3	411.8	0.2	–	430.1
Non-current financial liabilities							
Interest-bearing loans and borrowings	(21)	–	–	–	–	188.7	188.7
Other liabilities	(22)	–	–	–	–	0.2	0.2
Current financial liabilites							
Interest-bearing loans and borrowings	(21)	–	–	–	–	468.1	468.1
Trade and other payables	(22)	–	–	–	–	279.4	279.4
Derivative financial instruments	(22, 24)	12.0	1.9	–	–	–	13.9
Carrying amount by category		12.0	1.9	–	–	936.5	950.4

26. 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 on the loan and equity markets at all times. Despite the fact that Ahlstrom does not have a public 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 on a long-term be between 50–80%. In 2008, the gearing ratio was above the target level due to the investments and acquisitions as well as restructuring provisions and impairments.

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

The gearing ratios in 2008 and 2009 were as follows.

EUR million	2009	2008
Interest-bearing loans and borrowings	**415.8**	656.9
Cash and cash equivalents	**19.9**	58.2
Other current investments	**0.0**	0.0
Interest-bearing net liabilities	**395.9**	598.7
Equity, total	**685.6**	628.1
Gearing ratio	**57.7%**	95.3%

27. OPERATING LEASES

EUR million	2009	2008
Minimum lease payments from operating lease contracts:		
Less than one year	**6.6**	6.9
Between one and five years	**11.2**	12.0
More than five years	**9.3**	5.1
Total	**27.0**	24.0

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

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Non-cash transactions and transfers to cash flow from other activities:		
Depreciation and amortization	**137.8**	112.3
Gains and losses on sale of non-current assets	**−0.6**	−4.1
Gains and losses on sale of subsidiary shares	**–**	0.0
Change in employee benefit obligations	**−9.2**	−7.4
Total	**127.9**	100.7

29. COLLATERALS AND COMMITMENTS

Mortgages	**73.0**	–
Pledges	**0.3**	0.5
Commitments		
Guarantees given on behalf of group companies	**19.6**	38.7
Guarantees given on behalf of associated companies	**2.1**	4.2
Capital expenditure commitments	**10.2**	36.2
Other commitments	**3.6**	4.7

Guarantees given on behalf of associated companies are specified in note 23.

The largest capital expenditure commitment is the construction of a medical nonwovens plant in the Mundra special economic zone in Gujarat, India.

Other commitments include binding contract for purchases among others.

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

Operating leases are specified in note 27.

30. TRANSACTIONS WITH RELATED PARTIES

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

AT DEC 31, 2009 THE GROUP PARENT COMPANY AND SUBSIDIARIES ARE AS FOLLOWS

	Ownership interest, %	Country
Parent company Ahlstrom Corporation		Finland
Ahlcorp Oy	100.0	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 Altenkirchen 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 Fabriano S.r.l.	100.0	Italy
Ahlstrom Milano S.r.l.	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

Ownership interest does not differ from the voting rights.

RELATED PARTY TRANSACTIONS WITH ASSOCIATED COMPANIES

EUR million	2009	2008
Sales and interest income	**0.5**	1.0
Purchases of goods and services	**–2.4**	–3.6
Trade and other receivables	**0.0**	2.6
Trade and other payables	**0.2**	0.3

Market prices have been used in transactions with associated companies. Commitments on behalf of associated companies are shown in notes 23 and 29.

BOARD REMUNERATION

EUR thousand	2009	2008
Board members at December 31, 2009		
Peter Seligson, Chairman	**73**	73
Bertel Paulig, Vice Chairman	**43**	49
Thomas Ahlström	**42**	49
Sebastian Bondestam	**40**	32
Jan Inborr	**40**	40
Anders Moberg	**24**	–
Martin Nüchtern	**39**	24
Former Board members		
Urban Jansson	**–**	19
Willem F. Zetteler	**12**	47
Total	**313**	333
Employee benefits for key management		
Short-term employee benefits	**4,452**	3,748
Post-employment benefits	**234**	80
Share-based incentive plan/ Share-based payments scheme	**211**	–
Total	**4,897**	3,828
Executive remuneration		
President and CEO Jan Lång	**739**	–
CEO Risto Anttonen (from February 28, 2008 to December 31, 2008)	**–**	387
President and CEO Jukka Moisio (until February 27, 2008)	**–**	252
Other Corporate Executive Team (CET) members	**3,714**	3,109
Total	**4,452**	3,748

The CEO and the other members of the CET 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 Corporate Executive Team (CET) 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. The Board recommends that the President & CEO continues to own the shares in the Company, corresponding to his annual net salary and that the other CET members continue to own the shares in the company, corresponding in value to half of their annual net salary.

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

In May 2009, the Board approved some changes to share-based long-term incentive plan: the earning periods 2009 and 2010 were merged into one period, 2010. The evaluation criterion was changed from earnings per share (EPS) to return on capital employed (ROCE). The accrued costs of the plan for 2009 were EUR 0.2 million.

SHARE-BASED PAYMENT PLANS TO KEY PERSONNEL (CASH-SETTLED SHARE-BASED TRANSACTIONS)

On October 27, 2004 the Board approved a Long-Term Incentive Plan for key employees. During the period of 2005–2007, each participant in the plan had each calendar year the possibility to earn a predetermined maximum number of synthetic stock options. In 2006 and 2007, no options were earned by the participants due to the lower than targeted EPS performances of the Group. In 2008, the cash-settled share-based transactions earned in 2005 totaling EUR 418 thousand were paid to the President and CEO and CET members.

The number and weighted average exercise prices of the synthetic stock options were as follows.

	2009		2008	
	Weighted average exercice price, EUR	Number of options	Weighted average exercise price, EUR	Number of options
Outstanding at the beginning of the period	–	–	4.27	234,773
Exercised during the year	–	–	4.27	−234,773
Outstanding at the end of the period	–	–	–	–
Exercisable at the end of the period		–		–

31. SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

The Group's management does not have knowledge of any significant events after the balance sheet date, which would have had an impact on the financial statements.

Key figures

EUR million	2009	2008	2007	2006	2005
Financial indicators					
Net sales	**1,596.1**	1,802.4	1,760.8	1,599.1	1,552.6
Personnel costs	**337.8**	337.8	362.1	319.6	313.1
% of net sales	**18.7**	18.7	20.6	20.0	20.2
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**123.2**	126.9	125.6	177.6	200.9
% of net sales	**7.7**	7.0	7.1	11.1	12.9
Depreciation and amortization	**106.7**	97.9	93.9	79.9	82.9
Impairment charges	**31.1**	14.4	5.9	1.7	0.8
Operating profit	**−14.6**	14.6	25.8	96.1	117.2
% of net sales	**−0.9**	0.8	1.5	6.0	7.5
Net interest expense	**23.3**	30.0	20.9	8.4	11.5
% of net sales	**1.5**	1.7	1.2	0.5	0.7
Profit before taxes	**−40.1**	−20.6	0.2	81.2	100.7
% of net sales	**−2.5**	−1.1	0.0	5.1	6.5
Profit for the period attributable to owners of the parent	**−32.9**	−17.9	0.5	57.5	62.4
% of net sales	**−2.1**	−1.0	0.0	3.6	4.0
Interest on hybrid bond for the period after taxes	**0.6**	–	–	–	–
Capital employed (end of period)	**1,101.5**	1,285.0	1,270.6	946.9	947.1
Interest-bearing net liabilities	**395.9**	598.7	491.1	155.2	340.6
Total equity	**685.6**	628.1	752.4	766.6	590.5
Return on capital employed (ROCE), %	**−1.1**	1.4	2.5	10.4	12.4
Return on equity (ROE), %	**−5.0**	−2.3	0.2	8.5	10.7
Equity ratio, %	**44.8**	36.8	44.0	56.5	43.2
Gearing ratio, %	**57.7**	95.3	65.3	20.3	57.7
Capital expenditure, including acquisitions	**63.8**	167.0	371.9	127.8	73.2
% of net sales	**4.0**	9.3	21.1	8.0	4.7
R&D expenditure	**21.6**	23.8	23.9	25.0	27.1
% of net sales	**1.4**	1.3	1.4	1.6	1.7
Net cash from operating activities	**209.6**	102.4	43.9	119.2	126.6
Number of employees, year-end	**5,841**	6,365	6,481	5,677	5,525
Number of employees, annual average	**5,993**	6,510	6,108	5,687	5,605
Net sales per employee, EUR thousands	**266**	277	288	281	277

	2009	2008	2007	2006	2005
Share indicators					
Earnings per share, EUR	**–0.72**	–0.38	0.01	1.31	1.71
Earnings per share, diluted, EUR	**–0.72**	–0.38	0.01	1.29	1.67
Interest on hybrid bond for the period after taxes, EUR	**0.01**	–	–	–	–
Cash earnings per share, EUR	**4.49**	2.19	0.94	2.72	3.48
Equity per share, EUR	**12.98**	13.46	15.35	16.79	16.21
Dividend per share, EUR	**0.55***	0.45	1.00	1.00	1.79
Payout ratio, %	**n/a**	n/a	n/a	76.3	104.7
Adjusted number of outstanding shares, end of period (1,000 shares)	**46,670.6**	46,670.6	46,670.6	45,661.7	36,418.4
Adjusted number of outstanding shares, average (1,000 shares)	**46,670.6**	46,670.6	46,476.2	43,801.7	36,418.4

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

Key figure	Calculation
Interest-bearing net liabilities	Interest-bearing loans and borrowings – Cash and cash equivalents – Other investments (current)
Equity ratio, %	$\frac{\text{Total equity}}{\text{Total assets – Advances received}} \times 100$
Gearing ratio, %	$\frac{\text{Interest-bearing net liabilities}}{\text{Total equity}} \times 100$
Return on equity (ROE), %	$\frac{\text{Profit (loss) for the period}}{\text{Total equity (annual average)}} \times 100$
Return on capital employed (ROCE), %	$\frac{\text{Profit (loss) before taxes + Financing expenses}}{\text{Total assets (annual average) – Non-interest bearing liabilities (annual average)}} \times 100$
Earnings per share, EUR	$\frac{\text{Profit for the period attributable to owners of the parent – Interest on hybrid bond for the period after taxes}}{\text{Average adjusted number of shares during the period}}$
Cash earnings per share, EUR	$\frac{\text{Net cash from operating activities}}{\text{Average adjusted number of shares during the period}}$
Equity per share, EUR	$\frac{\text{Equity attributable to owners of the parent}}{\text{Adjusted number of shares at the end of the period}}$
Dividend per share, EUR	$\frac{\text{Dividends paid for the period}}{\text{Adjusted number of shares at the end of the period}}$
Payout ratio, %	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$

Income statement

EUR million	Note	2009	2008
Net sales	(1)	**42.1**	61.5
Other operating income	(2)	**0.1**	0.4
Personnel costs	(3)	**−10.9**	−8.1
Depreciation and amortization	(10)	**−0.1**	−0.1
Other operating expense	(4)	**−29.3**	−21.1
		−40.3	−29.3
Operating profit		**1.9**	32.6
Financing income and expense			
Dividend income	(5)	**36.6**	–
Interest and other financing income	(6)	**10.7**	33.0
Interest and other financing expense	(7)	**−22.7**	−31.1
Gains and losses on foreign currency		**−0.5**	6.9
		24.1	8.8
Profit before extraordinary items		**26.0**	41.4
Extraordinary items	(8)		
Extraordinary income		**0.7**	4.4
Profit after extraordinary items		**26.7**	45.8
Income taxes	(9)	**1.2**	−10.8
Profit for the period		**27.9**	35.0

Balance sheet

EUR million	Note	Dec 31, 2009	Dec 31, 2008
ASSETS			
Non-current assets			
Intangible assets	(10)		
Intangible rights		**0.3**	0.3
Advance payments		**0.4**	0.3
		0.7	0.6
Tangible assets	(10)		
Land and water areas		**0.4**	0.4
Machinery and equipment		**0.0**	0.1
Other tangible assets		**0.1**	0.1
		0.5	0.6
Long-term investments	(11)		
Shares in Group companies		**1,155.6**	1,029.2
Receivables from Group companies		**25.1**	25.0
Shares in associated companies		**2.7**	2.7
Shares in other companies		**0.5**	0.5
		1,183.9	1,057.4
Current assets			
Long-term receivables			
Receivables from Group companies	(17)	**6.9**	47.5
Deferred tax assets	(16)	**1.3**	1.1
Prepaid expenses and accrued income	(12)	**1.9**	–
		10.1	48.6
Short-term receivables			
Trade receivable		**0.0**	–
Receivables from Group companies	(17)	**286.9**	457.8
Receivables from associated companies	(18)	**–**	2.5
Deferred tax assets	(16)	**1.6**	0.1
Other short-term receivables		**–**	0.0
Prepaid expenses and accrued income	(12)	**7.2**	26.8
		295.7	487.2
Cash and cash equivalents		**1.0**	30.6
Total assets		**1,491.9**	1,625.0

EUR million	Note	Dec 31, 2009	Dec 31, 2008
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	(13)		
Share capital		**70.0**	70.0
Share premium		**187.8**	187.8
Non-restricted equity reserve		**8.3**	8.3
Retained earnings		**616.1**	602.1
Profit for the period		**27.9**	35.0
		910.1	903.2
Liabilities			
Provisions for contingencies	(15)	**4.9**	4.6
Long-term liabilities	(14)		
Hybrid bond		**80.0**	–
Loans from financial institutions		**134.1**	172.2
Pension loans		**56.0**	–
		270.1	**172.2**
Short-term liabilities			
Loans from financial institutions		**155.3**	389.6
Trade payables		**0.9**	1.2
Liabilities to Group companies	(17)	**139.7**	133.6
Other short-term liabilities		**1.4**	1.2
Accrued expenses and deferred income	(19)	**9.5**	19.4
		306.8	545.0
Total liabilities		**581.8**	721.8
Total shareholders' equity and liabilities		**1,491.9**	1,625.0

Statement of cash flows

EUR million	2009	2008
Cash flow from operating activities		
Operating profit	**1.9**	32.6
Depreciation and amortization	**0.1**	0.1
Other adjustments	**2.5**	−0.3
Operating profit before change in net working capital	**4.5**	32.4
Change in net working capital	**−3.6**	2.1
Cash generated from operations	**0.9**	34.5
Interest income	**10.1**	31.8
Interest and other financing expense	**−27.0**	−30.1
Gains and losses on foreign currency	**7.6**	6.9
Income taxes	**−1.1**	−15.3
Net cash from operating activities	**−9.5**	27.8
Cash flow from investing activities		
Capital expenditures	**−0.3**	−0.2
Capital injections in Group companies	**−183.3**	−242.9
Increase in other investments	**−0.1**	−10.0
Liquidation of and capital repayments from Group companies	**54.5**	7.6
Proceeds from sale of non-current assets	**–**	0.2
Dividends received	**36.6**	–
Net cash used in investing activities	**−92.6**	−245.3
Cash flow from financing activities		
Change in notes receivable and short-term investments	**207.2**	83.9
Change in long-term debt	**−42.1**	156.9
Change in short-term debt	**−77.5**	43.3
Dividends paid	**−21.0**	−46.7
Group contributions	**5.9**	7.5
Net cash used in financing activities	**72.5**	244.9
Net change in cash and cash equivalents	**−29.6**	27.4
Cash and cash equivalents at beginning of period	**30.6**	3.2
Cash and cash equivalents at end of the period	**1.0**	30.6

Accounting principles

COMPANY INFORMATION | Ahlstrom Corporation is the parent company of the Ahlstrom Group and acts as a holding company for its subsidiaries. The parent company coordinates the treasury functions of Ahlstrom and also the group internal financing. In addition, the parent company sells management services and other administrative services to its subsidiaries. The shares of Ahlstrom Corporation are listed on the NASDAQ OMX Helsinki.

BASIS OF PREPARATION | The financial statements of the company have been prepared in euro and in accordance with the requirements of Finnish Accounting Act and other acts and accounting principles generally accepted in Finland. The consolidated financial statements of Ahlstrom Group have been prepared in accordance with International Financial Reporting Standards (IFRS), and the parent company complies with the Group's accounting principles whenever this has been possible.

NON-CURRENT ASSETS | Intangible and tangible non-current assets are stated at historical cost less accumulated depreciation or amortization. Depreciation and amortization are calculated on a straight line basis over the estimated useful lives of the assets as follows:

Trademarks, patents and licenses	5–20 years
Computer software	3–5 years
Machinery and equipment	3–10 years

FOREIGN CURRENCY TRANSLATION | Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date. Foreign exchange gains or losses arising from translation are recognized in the financial income and expenses in the income statement.

DERIVATIVE FINANCIAL INSTRUMENTS | The derivative financial instruments used by the company are designated as either hedges of forecasted transactions or firm commitments (cash flow hedges) or as hedges of net investments in foreign operations.

The gains or losses on forward foreign exchange contracts comprise of an interest rate component and a currency component. The interest rate component is amortized over the lifetime of the contract and is reported in interest income or interest expense in the income statement. The currency component of the transaction is valued at the end of each reporting period based on the exchange rates in effect at the end of the reporting period. The resulting gain or loss is reported in the income statement under exchange gains/losses.

Interest rate swaps that are designated to fix the interest rate of the variable-rate loans. Interest payable and receivable under the swap terms are accrued and recorded as an adjustment of the interest expense of the designated liability.

EXTRAORDINARY ITEMS | The extraordinary items in the financial statements include group contributions granted or received and the related income tax effects.

INCOME TAXES | Deferred taxes are provided for temporary differencies arising between the carrying amounts in the balance sheet and the tax bases of assets and liabilities as well as for tax losses carried forward using the relevant enacted tax rate. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilized.

LEASING | Payments made under operating leases, or under rental agreements, are expensed as incurred.

PENSION PLANS | A statutory pension liability and supplementary pension benefits are funded through compulsory insurance policies. Payments to pension insurance institutions are determined by the insurance institution according to prescribed actuarial calculations. Pension insurance premiums are charged to income. In Finland, the accrued pension liabilities not covered by insurance policies and their changes are recorded in the balance sheet and income statement according to accounting principles generally accepted in Finland.

HYBRID BOND | The subordinated hybrid bond is reported in the balance sheet under the long-term liabilies. Interest payable under the loan terms is accrued over the loan period. The arrangement fee is recognized as expense on the date of issue.

1. DISTRIBUTION OF NET SALES

EUR million	2009	2008
USA	**11.4**	16.2
France	**9.3**	15.0
Italy	**6.2**	9.7
Germany	**4.1**	6.4
Brazil	**3.0**	1.0
Finland	**2.9**	5.2
United Kingdom	**1.6**	2.2
Spain	**1.0**	1.5
Sweden	**1.0**	1.4
South Korea	**0.8**	1.1
Belgium	**0.5**	1.1
Other	**0.3**	0.7
Total	**42.1**	61.5

2. OTHER OPERATING INCOME

Gain on sale of shares	**–**	0.1
Gain on sale of other noncurrent assets	**–**	0.2
Other	**0.1**	0.1
Total	**0.1**	0.4

3. PERSONNEL COSTS

Remuneration of board members	**–0.3**	–0.3
Remuneration and bonuses of managing director	**–0.7**	–0.6
Other wages and salaries	**–8.6**	–6.0
Pension costs	**–0.9**	–0.8
Other wage-related costs	**–0.4**	–0.4
Total	**–10.9**	–8.1

The President and CEO and the other members of the Corporate Executive Team may participate in voluntary collective pension insurances. All such collective pension insurances are defined contribution plans. According to the terms and conditions of the plan, the President and CEO may retire at the age of 60, at the earliest.

Average number of personnel		
Salaried	**73**	80

4. AUDITORS' FEES

EUR million	2009	2008
To PricewaterhouseCoopers		
Audit	**–0.2**	–0.1
Tax services	**–0.0**	–0.0
Other services	**–0.0**	–0.0
Total	**–0.2**	–0.1

5. DIVIDEND INCOME

from Group companies	**36.6**	–

6. INTEREST AND OTHER FINANCING INCOME

from Group companies	**9.8**	29.6
from others	**0.9**	3.4
Total	**10.7**	33.0

7. INTEREST AND OTHER FINANCING EXPENSE

to Group companies	**–1.3**	–3.4
to others	**–21.4**	–27.7
Total	**–22.7**	–31.1

8. EXTRAORDINARY ITEMS

Group contributions	**1.0**	5.9
Tax related to extraordinary items	**–0.3**	–1.5
Total	**0.7**	4.4

9. INCOME TAXES

Taxes for current and previous years	**–0.6**	–12.1
Deferred taxes	**1.5**	–0.2
Tax related to extraordinary items	**0.3**	1.5
Income taxes in the income statement	**1.2**	**–10.8**

10. INTANGIBLE AND TANGIBLE ASSETS

EUR million	Intangible rights	Land and water areas	Machinery and equipment	Other tangible assets
2009				
Historical cost at Jan 1	2.7	0.4	0.2	0.6
Increases	0.3	–	–	–
Decreases	–0.1	–	–	–
Historical cost at Dec 31	**2.9**	**0.4**	**0.2**	**0.6**
Accumulated depreciation and amortization at Jan 1	2.1	–	0.1	0.5
Depreciation and amortization for the fiscal year	0.1	–	–	–
Decreases	–	–	0.1	–
Accumulated depreciation and amortization at Dec 31	**2.2**	**–**	**0.2**	**0.5**
Book value at Dec 31, 2009	**0.7**	**0.4**	**0.0**	**0.1**
2008				
Historical cost at Jan 1	2.5	0.4	0.2	0.6
Increases	0.2	–	–	–
Decreases	–	–	–	–
Historical cost at Dec 31	2.7	0.4	0.2	0.6
Accumulated depreciation and amortization at Jan 1	2.0	–	0.1	0.5
Depreciation and amortization for the fiscal year	0.1	–	0.0	–
Decreases	–	–	–	–
Accumulated depreciation and amortization at Dec 31	2.1	–	0.1	0.5
Book value at Dec 31, 2008	0.6	0.4	0.1	0.1

11. LONG-TERM INVESTMENTS

EUR million	Shares in Group companies	Receivables from Group companies	Shares in associated companies	Shares in other companies
2009				
Historical cost at Jan 1	1,029.2	25.0	2.7	0.5
Increases	183.3	0.1	–	–
Decreases	–57.0	–	–	–
Historical cost at Dec 31	**1,155.6**	**25.1**	**2.7**	**0.5**
Book value at Dec 31, 2009	**1,155.6**	**25.1**	**2.7**	**0.5**
2008				
Historical cost at Jan 1	793.7	15.0	2.7	0.5
Increases	242.9	10.0	–	–
Decreases	–7.4	–	–	–
Historical cost at Dec 31	1,029.2	25.0	2.7	0.5
Book value at Dec 31, 2008	1,029.2	25.0	2.7	0.5

12. PREPAID EXPENSES AND ACCRUED INCOME

EUR million	2009	2008
Long-term		
Loan arrangement fees	**1.9**	–
Short-term		
Accruals of hedging contracts	**1.8**	19.0
Loan arrangement fees	**1.3**	–
Accrued rebates	**3.9**	7.3
Other	**0.2**	0.5
Total	**7.2**	26.8

13. SHAREHOLDERS' EQUITY

EUR million	2009	2008
Balance at Jan 1	**903.2**	914.9
Dividends paid	**–21.0**	–46.7
Net profit	**27.9**	35.0
Balance at Dec 31	**910.1**	903.2

At December 31, 2009 share capital amounted to EUR 70,005,912.00. The share capital is divided into 46,670,608 shares.

All shares have one vote and equal right to dividend.

14. MATURITY PROFILE OF LONG-TERM LIABILITIES

EUR million	2011	2012	2013	2014	2015–	Total
2009						
Hybrid bond	–	–	80.0	–	–	80.0
Loans from financial institutions	58.1	7.5	37.0	12.0	19.5	134.1
Pension loans	1.2	17.9	17.9	17.9	1.1	56.0
Total	**59.3**	**25.4**	**134.9**	**29.9**	**20.6**	**270.1**

EUR million	2010	2011	2012	2013	2014–	Total
2008						
Loans from financial institutions	33.1	58.1	7.6	42.0	31.4	172.2

15. PROVISIONS FOR CONTINGENCIES

EUR million	2009	2008
Environmental responsibility	**0.4**	0.4
Pension and other employee benefit plan liabilities	**4.5**	4.2
Total	**4.9**	4.6

16. DEFERRED TAX ASSETS

EUR million	2009	2008
Long-term assets	**1.3**	1.1
Short-term assets	**1.6**	0.1
Total	**2.9**	1.2
Arising from:		
Temporary differences	**2.9**	1.2

17. RECEIVABLES FROM AND LIABILITIES TO GROUP COMPANIES

EUR million	2009	2008
Long-term notes receivable	**6.9**	47.5
Trade receivables	**0.2**	0.4
Notes receivable	**285.2**	448.3
Prepaid expenses and accrued income	**1.5**	9.1
Total	**293.8**	505.3
Trade payables	**0.1**	0.5
Accrued expenses and deferred income	**6.0**	16.1
Other short-term liabilities	**133.6**	117.0
Total	**139.7**	133.6

18. RECEIVABLES FROM AND LIABILITIES TO ASSOCIATED COMPANIES

Short-term notes receivable	**–**	2.5

19. ACCRUED EXPENSES AND DEFERRED INCOME

EUR million	2009	2008
Short-term		
Accrued personnel costs	**3.2**	1.8
Current tax payable	**–**	0.2
Accrued interest expense	**2.8**	4.7
Accruals of hedging contracts	**3.3**	12.4
Other	**0.2**	0.3
Total	**9.5**	19.4

20. COMMITMENTS AND CONTINGENT LIABILITIES

For commitments of Group companies:		
Guarantees	**52.4**	77.5
For commitments of associated companies:		
Guarantees	**2.1**	4.2
Leasing commitments		
Current portion	**1.0**	1.0
Long-term portion	**1.7**	2.2
Other commitments	**0.1**	0.1

21. SHARES IN SUBSIDIARIES

The list of subsidiaries can be found on page 69.

22. NOMINAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	Nominal values		Fair values	
EUR million	2009	2008	2009	2008
Interest rate derivatives				
Interest rate swaps	**140.0**	135.0	**−4.0**	−3.4
Foreign exchange derivatives				
Foreign exchange forward contracts	**236.1**	386.9	**0.4**	2.8
Equity hedging				
Foreign exchange forward contracts	**123.2**	105.8	**−1.2**	4.6

Derivatives are hedging transactions in line with Ahlstrom Group hedging policy.

More information of financial risks can be found in note 23 to the consolidated statements.

Proposal for the distribution of profits

The Parent Company's balance sheet on December 31, 2009 shows:

	EUR
Retained earnings	616,078 645.05
Non-restricted equity reserve	8,266,273.12
Profit for the period	27,923,900.74
Total distributable funds	652,268,818.91

The Board of Directors proposes to the Annual General Meeting to be held on March 31, 2010 as follows.

– a dividend of EUR 0.55 per share to be paid from the retained earnings corresponding	25,668,834.40
– to be reserved at the disposal of the Board of Directors	535,000.00
– to be retained in non-restricted equity reserve	8,266,273.12
– to be retained in retained earnings	617,798,711.39
	652,268,818.91

The suggested dividend record date is April 7, 2010 and the dividend will be paid on April 14, 2010.

Helsinki, February 3, 2010

Peter Seligson

Bertel Paulig   Sebastian Bondestam   Jan Inborr

Martin Nüchtern   Thomas Ahlström   Anders Moberg

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 on 31 December, 2009. The financial statements comprise the consolidated income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement 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 the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the financial statements and the report of the Board of Directors in accordance with 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 perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 have complied with the Limited Liability Companies Act.

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 of the financial statements and of the report of the Board of Directors, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the report of the Board of Directors in order to design audit procedures that are appropriate in the circumstances. 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.

The audit was performed in accordance with good auditing practice in Finland. 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 2010

PricewaterhouseCoopers Oy
Authorised Public Accountants

Eero Suomela
Authorised Public Accountant

Investor information

SHARE 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 Materials sector and the trading code is AHL1V. The shares of the company are entered in Euroclear Finland Ltd's book-entry securities system.

At the end of 2009, Ahlstrom's share capital was EUR 70,005,912.00 and the total number of shares was 46,670,608. At the end of the period there were no unpaid options that would entitle to share subscriptions.

SHARE PRICE DEVELOPMENT AND TRADING ACTIVITY | During 2009, a total of 4.5 million Ahlstrom shares were traded for a total of EUR 35.7 million. The lowest trading price during the financial year was EUR 6.15 and the highest EUR 10.00. The closing price on December 30, 2009, was EUR 9.23 and market capitalization was EUR 430.8 million.

SHAREHOLDERS | At year-end, Ahlstrom had 12,856 shareholders. The largest shareholder is Antti Ahlströmin Perilliset Oy, holding 10% of the share capital. The breakdown of the shareholders is shown in the tables on the facing page. A monthly updated list of Ahlstrom's major shareholders is available in the Investors section on the company's website.

AUTHORIZATIONS OF THE BOARD OF DIRECTORS | Ahlstrom Corporation's Annual General Meeting (AGM), held on March 25, 2009, authorized the Board of Directors to repurchase Ahlstrom shares. The maximum number of shares to be repurchased is 4,500,000. The shares may only be repurchased 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 AGM, but will, however, expire at the close of the next AGM on March 31, 2010, at the latest.

On February 3, 2010, the Board of Directors decided to utilize the authorization of the AGM to repurchase Ahlstrom's shares. It was decided to acquire a maximum of 75,000 shares for the implementation of the company's share-based incentive plan.

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

All investor inquiries are processed through the IR function. Investor communications include annual and interim reports, stock exchange and press releases, the investor section on the website, regular dialogue with analysts and investors, press conferences held in connection with the publication of interim reports and other investor events.

ANALYST COVERAGE | To Ahlstrom´s knowledge, the following investment banks and brokerage firms are covering Ahlstrom. The companies follow Ahlstrom on their own initiative and Ahlstrom takes no responsibility for any of their statements:

- Bank of Aland
- Crédit Argicole Chevreux Nordic
- Evli Bank
- Handelsbanken
- Nordea Bank
- Pohjola Bank
- SEB Enskilda.

www.ahlstrom.com | Investors | Share

Major shareholders on December 31, 2009

Shareholders	Shares and votes	%
Antti Ahlströmin Perilliset Oy	4,674,802	10.0
Vilha Intressenter Ab	2,575,000	5.5
Varma Mutual Pension Insurance Company	1,532,200	3.3
Huber Mona	1,256,700	2.7
Tracewski Jacqueline	1,007,600	2.2
Nahi Kaj Anders Bertel	717,538	1.5
Lund Niklas Roland	693,738	1.5
Huber Samuel	639,600	1.4
Huber Karin	638,700	1.4
Studer Anneli	636,420	1.4
Nominee registered	767,177	1.6
Other shareholders	31,531,133	67.6
Total	46,670,608	100.0

Distribution of ownership by number of shares, December 31, 2009

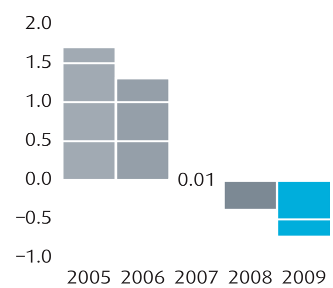
Number of shares	Number of share-holders	%
1–100	7,200	56.0
101–1,000	4,653	36.2
1,001–10,000	774	6.0
10,001–100,000	123	1.0
100,001–250,000	61	0.5
250,001–500,000	27	0.2
501,001–	18	0.1
Total	12,856	100.0

Share related key figures

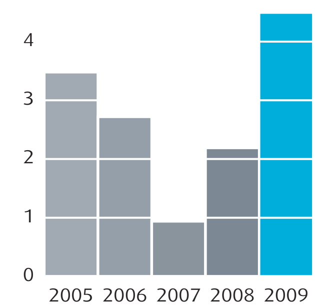
EUR	2009	2008	2007
Earnings per share	**–0.72**	–0.38	0.01
Cash earnings per share	**4.49**	2.19	0.94
Dividend per share	**0.55***	0.45	1.00
Pay out ratio, %	**N/A**	N/A	N/A
Dividend yield, %**	**6.0**	6.8	6.1
P/E**	**N/A**	N/A	N/A
Average number of shares during the period, 1,000s	**46,671**	46,671	46,476

* The Board of Directors' proposal to the Annual General Meeting
** The dividend yield and P/E have been calculated based on the last trading price of each year

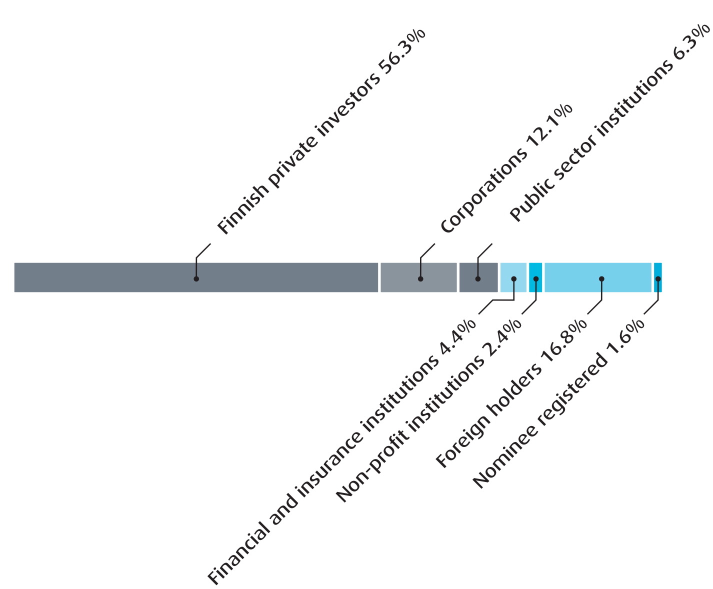
Earnings per share, EUR



Cash earnings per share, EUR



Ownership structure December 31, 2009, %



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Ahlstrom

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Ahlstrom Corporation
Head Office
P.O. Box 329, FI-00101 Helsinki
Salmisaarenaukio 1, FI-00180 Helsinki
Finland
Tel. +358 (0)10 888 0
Fax +358 (0)10 888 4709
firstname.lastname@ahlstrom.com
www.ahlstrom.com

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