

Financial statements bulletin 2010

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Ahlstrom Corporation STOCK EXCHANGE RELEASE 1.2 2011 at 12.00

Ahlstrom financial statements bulletin 2010:

Strong cash flow and net sales growth continued

October–December 2010 compared to October–December 2009:

- Net sales EUR 481.4 million (EUR 420.5 million), an increase of 14.5%.
- Operating loss EUR 7.0 million (EUR -26.6 million). The figure includes non-recurring items of EUR -22.0 million (EUR -46.2 million). Operating profit excluding non-recurring items EUR 15.0 million (EUR 19.5 million).
- Loss before taxes EUR 12.6 million (EUR -33.4 million), and loss per share EUR 0.18 (EUR -0.61).
- Net cash flow from operating activities EUR 22.8 million (EUR 48.6 million).

Events in October–December 2010

- Ahlstrom announced a plan to establish a joint venture in China for the manufacturing of masking tape substrates and sterilization wraps.
- As part of a strategic review of its product portfolio, Ahlstrom divested Sealing & Shielding and Dust Filtration business units.

Year 2010 compared to 2009:

- Net sales EUR 1,894.2 million (EUR 1,596.1 million), an increase of 18.7%.
- Operating profit EUR 53.7 million (EUR -14.6 million). The figure includes non-recurring items of EUR -20.5 million (EUR -54.3 million). Operating profit excluding non-recurring items EUR 74.2 million (EUR 39.8 million).
- Profit before taxes 25.5 million (loss EUR 40.1 million) and earnings per share EUR 0.26 (EUR -0.72).
- Net cash flow from operating activities EUR 167.5 million (EUR 209.6 million).

Outlook for 2011

- The company estimates that net sales for the current year will amount to EUR 1,920–2,080 million. Operating profit excluding non-recurring items is estimated to be EUR 90–110 million.

Jan Lång, President and CEO:

- Last year, our financial result development took a positive turn and cash flow continued strong. Our growth strategy in Asia progressed very well with a growth of almost 50% and in addition, we completed an acquisition in the Filtration business and established a joint venture in China in the Food and Medical business.

- Our strengthened balance sheet gave us the opportunity to implement our strategy and develop our businesses. We started a significant change program with the aim of building a stronger and more harmonized company. We also streamlined our product portfolio through divestments.

- Last year was challenging for us in terms of higher raw materials costs but our organization succeeded well in the margin management by increasing selling prices.

KEY FIGURES

Million EUR	10-12/ 2010	10-12/ 2009	Change, %	2010	2009	Change, %
Net sales	481.4	420.5	14.5	1,894.2	1,596.1	18.7
Operating profit/loss	-7.0	-26.6	73.8	53.7	-14.6	-
Profit/loss before taxes	-12.6	-33.4	62.3	25.5	-40.1	-
Profit for the period	-6.8	-27.9	75.7	17.9	-32.9	-
Earnings per share	-0.18	-0.61	-	0.26	-0.72	-
Return on capital employed (ROCE), %	-2.5	-9.4	-	5.0	-1.1	-
Equity ratio, %	45.6	44.8	-	45.6	44.8	-
Gearing ratio, %	46.9	57.7	-	46.9	57.7	-
Interest-bearing net liabilities	330.1	395.9	-16.6	330.1	395.9	-16.6
Capital expenditure (excluding acquisitions)	22.4	10.0	124.7	51.1	63.8	-20.0
Net cash flow from operating activities	22.8	48.6	-53.1	167.5	209.6	-20.1
Number of personnel, on average	5,884	5,855	0.5	5,823	5,993	-2.8
Number of personnel, at the end of the period	5,688	5,841	-2.6	5,688	5,841	-2.6

OPERATING ENVIRONMENT

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

In 2010, the demand for and sales volumes of nearly all products manufactured by Ahlstrom increased. Growth was the strongest in Asia and South America, but growth compared to the previous year was also seen in Europe and North America, in particular in the automotive industry and construction. The comparison year 2009 was very exceptional. In terms of demand, the first half of 2009 was weak due to the global recession, while it picked up rapidly in the second half on economic recovery and inventory build-up.

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

DEVELOPMENT OF NET SALES

Net sales by business area	10-12/ 2010	10-12/ 2009	Change, %	2010	2009	Change, %
Building and Energy	72.2	56.1	28.6	268.9	223.7	20.2
Filtration	84.9	71.0	19.7	339.8	275.8	23.2
Food and Medical	92.3	78.5	17.5	354.7	310.2	14.4
Home and Personal	75.2	73.0	3.0	290.8	265.1	9.7
Label and Processing	181.9	162.5	12.0	724.3	598.5	21.0
Other functions* and eliminations	-25.2	-20.7	-	-84.4	-77.2	-
Total net sales	481.4	420.5	14.5	1,894.2	1,596.1	18.7

* Other functions include financing and taxation-related receivables, liabilities, and cost items, as well as earnings, costs, assets, and liabilities belonging to holding and sales companies.

Development of net sales in October–December 2010

The Group's net sales increased by 14.5% compared to October–December 2009 and amounted to EUR 481.4 million (EUR 420.5 million). The increase was attributable to the price increases. Growth was the strongest in the Asia-Pacific region (+30.3%)

and in North America (+15.7%). Net sales in Europe grew by 11.4% and in South America by 10.6%.

Delivery volumes in tons decreased by 1.4% from the year earlier with the decline in the deliveries in both *Home and Personal* (-6.8%) and *Label and Processing* (-6.5%) Business Areas. *Building and Energy* (+18.5%), *Food and Medical* (+7.0%) and *Filtration* (+6.4%) increased their delivery volumes.

Net sales of the *Building and Energy* segment increased by 28.6% to EUR 72.2 million (EUR 56.1 million). Net sales were boosted in particular by the growing wallcover material markets in China and the growing building and flooring materials markets in Russia. The wind power markets, which use Ahlstrom's fiberglass products, improved in Europe but remained depressed in North America.

Net sales of the *Filtration* segment increased by 19.7% to EUR 84.9 million (EUR 71.0 million). Growth was supported by the increased demand in the transportation industry in Asia and North America as well as the increases in selling prices.

Net sales of the *Food and Medical* segment increased by 17.5% to EUR 92.3 million (EUR 78.5 million). Sales volumes of the food industry packaging and infusion materials and of the medical nonwovens grew due to improved demand.

Net sales of the *Home and Personal* segment increased by 3.0% to EUR 75.2 million (EUR 73.0 million). Net sales were positively impacted by the price increases. The comparison period was positively impacted by the preparations for the possible spread of the H1N1 virus causing swine flu, which boosted the demand for hygiene products.

Net sales of the *Label and Processing* segment increased by 12.0% to EUR 181.9 million (EUR 162.5 million). Net sales were increased by the selling prices which were raised due to the higher raw material costs. The sales volumes, however, declined as customers reduced seasonally their inventories towards the end of the year.

Development of net sales in 2010

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

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

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

RESULT AND PROFITABILITY

Financial result by business area	10-12/2010	10-12/2009	Change, MEUR	2010	2009	Change, MEUR
Building and Energy						
Operating profit excl. NRI	1.2	-2.5	3.6	1.3	-8.3	9.6
Operating profit/loss	1.2	-4.5	5.7	1.3	-10.8	12.1
Operating profit/loss, %	1.6	-8.1	-	0.5	-4.8	-
Filtration						
Operating profit excl. NRI	4.2	4.5	-0.3	27.8	16.2	11.6
Operating profit/loss	-20.7	-6.9	-13.8	3.1	3.7	-0.6
Operating profit/loss, %	-24.4	-9.7	-	0.9	1.4	-
Food and Medical						
Operating profit excl. NRI	3.9	6.7	-2.8	14.0	15.7	-1.7
Operating profit/loss	2.1	1.7	0.4	13.0	9.4	3.6
Operating profit/loss, %	2.3	2.2	-	3.7	3.0	-
Home and Personal						
Operating profit excl. NRI	2.0	3.9	-1.9	6.3	4.9	1.4
Operating profit/loss	1.7	-18.3	20.0	6.1	-18.9	24.9
Operating profit/loss, %	2.3	-25.0	-	2.1	-7.1	-
Label and Processing						
Operating profit excl. NRI	4.9	3.5	1.4	30.6	9.9	20.6
Operating profit/loss	5.0	-0.9	5.8	32.2	3.3	28.9
Operating profit/loss, %	2.7	-0.5	-	4.4	0.6	-
Other functions* and eliminations						
Operating profit excl. NRI	-1.1	3.5	-4.6	-5.8	1.4	-7.1
Operating profit/loss	3.8	2.2	1.6	-2.0	-1.4	-0.6
Ahlstrom Group total						
Operating profit excl. NRI	15.0	19.5	-4.5	74.2	39.8	34.5
Operating profit/loss	-7.0	-26.6	19.6	53.7	-14.6	68.3
Operating profit/loss, %	-1.5	-6.3	-	2.8	-0.9	-
ROCE, %	-2.5	-9.4	-	5.0	-1.1	-

* Other functions include financing and taxation-related receivables, liabilities, and cost items, as well as earnings, costs, assets, and liabilities belonging to holding and sales companies.

Result and profitability in October–December 2010

The Group's operating loss was EUR 7.0 million (EUR -26.6 million). The figure included non-recurring items of EUR -22.0 million (EUR -46.2 million). Operating profit excluding non-recurring items was EUR 15.0 million compared with EUR 19.5 million the year earlier. Operating profit excluding non-recurring items for the comparison period included income of approximately EUR 3.6 million from the adjustment of pension costs in the U.S.

The most significant non-recurring items in the fourth quarter of the year were:

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

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

The costs of the development programs related to the new operating model and the challenges in the ramp-up and commercialization of new production lines included in the investment programs of previous years continued to have a negative impact on profitability in the quarter. Operating profit was positively affected by the restructuring programs of 2009.

Ahlstrom increased the prices of specialty papers, filtration materials and wipes, in particular, in order to compensate for the increased costs of raw materials such as chemicals, energy and specialty pulp.

Operating profit excluding non-recurring items of the *Building and Energy* segment increased to EUR 1.2 million from the comparison period loss of EUR 2.5 million, supported by the streamlining of operations and increase in utilization rate levels. The positive development in the plant started in Tver, Russia, in 2008 continued as demand strengthened in the local market. The ramp-up of the hybrid wallcover line in Turin, Italy, continued to burden the result. Operating profit amounted to EUR 1.2 million (EUR -4.5 million).

Operating profit excluding non-recurring items of the *Filtration* segment was EUR 4.2 million (EUR 4.5 million). The result was burdened by the increase in raw material costs, particularly chemicals and specialty pulp. New price increases were announced at the year end. Higher sales volumes and more effective cost structure had a positive impact. Operating loss amounted to EUR 20.7 million (EUR -6.9 million) due to non-recurring losses from the divestment of operations.

Operating profit excluding non-recurring items of the *Food and Medical* segment decreased to EUR 3.9 million (EUR 6.7 million). The result was impacted by poor

product mix. The medical nonwovens plant in Mundra, India, which started operations last year, continued to burden the result, albeit it improved its utilization rate. The commercialization of the teabag material line in Chirnside, U.K., still affected the profitability negatively. Operating profit was EUR 2.1 million (EUR 1.7 million).

Operating profit excluding non-recurring items of the *Home and Personal* segment fell to EUR 2.0 million (EUR 3.9 million). Lower demand for wipes in Europe had a negative impact. The comparison period was positively affected by the H1N1 virus boosting the sales temporarily. The more effective cost structure had a positive impact on the result. Operating profit amounted to EUR 1.7 million (EUR -18.3 million).

Operating profit excluding non-recurring items of the *Label and Processing* segment increased to EUR 4.9 million (EUR 3.5 million), helped by better cost-efficiency. The result was burdened by lower demand compared to the previous year and continued challenges with La Gere profitability. Operating profit amounted to EUR 5.0 million (EUR -0.9 million).

Market related downtime in production was 12.2% in October–December compared with 12.0% a year earlier.

Net financial expenses were EUR 5.4 million (EUR 6.4 million). Net financial expenses include net interest expenses of EUR 4.5 million (EUR 4.9 million), financing exchange rate gains of EUR 0.5 million (EUR 0.1 million), and other financial expenses of EUR 1.4 million (EUR 1.5 million).

Loss before taxes was EUR 12.6 million (EUR -33.4 million).

The company's deferred tax income amounted to EUR 5.8 million (EUR 5.5 million).

Loss for the period was EUR 6.8 million (EUR -27.9 million). Loss per share was EUR 0.18 (EUR -0.61).

Return on capital employed (ROCE) amounted to -2.5% (-9.4%), and return on equity (ROE) was -3.9% (-17.1%).

Result and profitability in 2010

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

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

Significant non-recurring items in 2010 and 2009 are mentioned in the "Result and profitability in October-December 2010" section of this report.

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

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

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

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

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

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

FINANCING

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

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

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

In November, Ahlstrom issued a five-year, EUR 100 million bond to extend the maturity of its loan portfolio and partly to refinance the EUR 200 million revolving credit facility maturing in 2012. In December, the company signed a seven-year, EUR 45 million loan agreement with the European Investment Bank for research and development.

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

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

CAPITAL EXPENDITURE

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

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

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

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

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

NEW BUSINESS AREAS AND FINANCIAL REPORTING

As part of the reorganization announced on May 10, 2010, the company divided its operations into five business areas as of July 1, 2010: The new structure supports the company's strategy which is based on two operating clusters, the Value Added cluster and the Operational Excellence cluster.

The new business areas are:

- Building and Energy
- Filtration
- Food and Medical
- Home and Personal
- Label and Processing

Of the business areas, Building and Energy, Filtration and Food and Medical are part of the Value Added cluster, and Home and Personal as well as Label and Processing are part of the Operational Excellence cluster.

In financial reporting, these five Business Areas form Ahlstrom's reporting segments, and the former Fiber Composites and Specialty Papers segments ceased to exist.

CHANGES IN THE EXECUTIVE MANAGEMENT TEAM

William Casey was appointed Senior Vice President of the then Advanced Nonwovens Business Area and member of the Group Executive Management Team as of February 8, 2010. Casey has been leading Ahlstrom's Food and Medical Business Area since July 1, 2010.

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

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

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

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

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

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

IMPLEMENTATION OF THE NEW OPERATING MODEL

In conjunction with the reorganization on July 1, 2010, Ahlstrom started the implementation of its new operating model. By strengthening and harmonizing global processes the company aims to increase customer focus and enhance the management of the entire product and supply chain. During the period under review, Ahlstrom started development programs such as Integrated Business Planning and "Our Way" project, where harmonization of processes would improve e.g. customer service.

Ahlstrom plans to spend EUR 12 million in 2011 into the development programs to harmonize global processes and for significant training activities.

STREAMLINING PROGRAMS

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

The project to reduce material waste in manufacturing launched in 2010 has been progressing according to the plans. Ahlstrom aims to reduce production waste volume by 15 percent, which equals to annual savings of approximately EUR 20

million as of 2012. At the end of 2010, the project had been launched in 11 plants, and the intention is to expand it to all production units by the end of this year.

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

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

PERSONNEL

In 2010, Ahlstrom employed an average of 5,823 people¹¹ (5,993), and at the end of the period, 5,688 people (5,841). The number of personnel increased through the acquisition in China and hiring of new employees in India and China. The number of personnel has decreased due to the announced disposals. The 2009 restructuring programs resulted in the reduction of approximately 650 people in 2009 and 2010. At the end of the year, the highest numbers of employees were in the United States (22.4%), France (21.4%), Italy (12.5%), Finland (10.6%), Brazil (7.2%) and Germany (6.7%).

ANNUAL GENERAL MEETING AND AUTHORIZATIONS OF THE BOARD

Ahlstrom Corporation's Annual General Meeting (AGM) was held on March 31, 2010. The AGM resolved to distribute a dividend of EUR 0.55 per share for the fiscal year that ended on December 31, 2009 from the retained earnings in accordance with the proposal of the Board of Directors. The AGM approved the financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial period January 1–December 31, 2009.

The AGM confirmed the number of members in the Ahlstrom Corporation's Board of Directors at six. Thomas Ahlström, Sebastian Bondestam, Anders Moberg, Bertel Paulig, and Peter Seligson were re-elected as members of the Board of Directors. Lori J. Cross (born 1960) was elected as a new member of the Board.

In the organization meeting held after the Annual General Meeting, the Board elected Peter Seligson as Chairman of the Board and Bertel Paulig as Vice Chairman.

The Board resolved to establish three Committees: Audit Committee, Compensation Committee, and Nomination Committee. Bertel Paulig (Chairman), Thomas Ahlström, and Sebastian Bondestam were elected as members of the Audit Committee. Peter Seligson (Chairman), Anders Moberg, and Lori J. Cross were elected as members of the Compensation Committee. Five members were elected in the Nomination Committee: Board members Peter Seligson (Chairman), Anders Moberg, and Bertel Paulig as well as Risto Murto and Carl Ahlström as members outside the Board. The composition of the Nomination Committee aims to increase the influence of the shareholders in nominations.

PricewaterhouseCoopers Oy was re-elected as the company's auditor on the Audit Committee recommendation. PricewaterhouseCoopers Oy appointed Eero Suomela, APA, as the responsible auditor.

¹ The personnel figures were calculated as full-time equivalents.

The AGM authorized the Board of Directors to repurchase the company's own shares in one or more installments in accordance with the proposal of the Board. Based on the authorization, a maximum of 4,500,000 of its own shares can be repurchased; however, taking into consideration the regulations of the Limited Liability Companies Act regarding the allowable maximum number of treasury shares held by a company at any given time. The shares may be repurchased only through public trading at the prevailing market price using unrestricted shareholders' equity.

The authorization contains the right of the Board of Directors to decide on all other terms and conditions of the repurchase. Thus, the authorization also contains the right to repurchase shares in a manner other than applying the proportionate ownership of the shareholders.

Based on the authorization, the Board of Directors may resolve to distribute a maximum of 4,500,000 own shares in the company's possession. The Board of Directors is authorized to decide to whom and in which order the shares will be distributed. The Board of Directors may resolve to distribute shares in a manner other than that in which the shareholders have the priority to repurchase shares. 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 a manner and scope decided on 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 Board's authorizations to repurchase and distribute own shares 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.

OTHER EVENTS IN 2010

Ahlstrom launched internal investigation into procedures in India

On October 13, 2010, Ahlstrom initiated an internal investigation relating to the procedures applied by a company representative at the Mundra plant in India. The investigation concerned the suspected unethical behavior in handling relationships with the authorities. The investigation was carried out by an external party, KPMG. No illegalities were detected in the actions of the company representative regarding dealings with the authorities.

Ahlstrom has decided to further elaborate and develop its Code of Conduct regarding, among other things, reporting and documentation when dealing with the authorities and other external parties. In addition, management and personnel training on the Code of Conduct will be increased in the emerging markets in particular. Ahlstrom has strict Code of Conduct, and the company wanted to ensure that it had been followed.

Specified long-term financial targets

The Ahlstrom Board of Directors on October 26, 2010 approved the specified long-term financial targets which support the company's profitable growth strategy. The ROCE and gearing ratio targets remain unchanged, and, in addition, Ahlstrom strives for a minimum annual growth of 5 percent in net sales at constant currency rates, including acquisitions.

The ROCE target over economic cycles is 13 percent at a minimum, and the goal is to reach this by 2012. With the current balance sheet structure, operating profit of at least 7 percent is needed to reach the target. The gearing ratio target is 50 to 80 percent.

Share-based incentive plan

On December 15, 2010, Ahlstrom's Board of Directors approved a long-term share-based incentive plan as part of the remuneration and commitment program. The program is targeted at a maximum of 50 persons per earning period, including the members of the Group Executive Management Team and other key employees.

The duration of the program is five years and it includes three earning periods: 2011–2012, 2012–2014 and 2013–2015. The plan offers an opportunity to receive Ahlstrom shares and cash (to cover the amount of taxes incurred on the total reward) as a reward if the ROCE and earnings per share targets set by the Board for each earning period are achieved. If the targets of the plan are achieved in full for all three earning periods, the reward to be paid on the basis of the plan will in its entirety correspond to a gross value of approximately 1,000,000 shares as a maximum.

Divestments

On December 3, 2010, Ahlstrom announced the divestment of the manufacturing of sealing and shielding papers and sold the share capital of Ahlstrom Altenkirchen GmbH to Interface Solutions, which is part of the U.S.-based Susquehanna Capital private equity company. The value of the disposal was EUR 6.6 million, and Ahlstrom booked a non-recurring profit of EUR 4.7 million from the transaction.

On December 7, 2010, Ahlstrom announced it will discontinue the manufacturing of dust filtration materials and sell the Wuxi plant in China and three production lines in Bethune, SC, in the U.S. to Andrew Industries. The value of the disposal was EUR 5.2 million. The Bethune part of the transaction was completed in December 2010 and Ahlstrom anticipates completing the Wuxi part of the sale in the first quarter of 2011. Ahlstrom booked a non-recurring loss of EUR 6.5 million from the Bethune transaction.

On December 16, 2010, Ahlstrom announced it will discontinue the manufacturing of air filtration materials for the heating, ventilation and air conditioning industry and sell the plant in Groesbeck, TX, in the U.S. to Polyester Fibers, a company managed by the capital investor Empire Investment Holdings. The value of the disposal was EUR 4.5 million, and Ahlstrom booked a non-recurring loss of EUR 18.4 million from it.

SHARES AND SHARE CAPITAL

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

During 2010, a total of 7.74 million Ahlstrom shares were traded for a total of EUR 96.7 million. The lowest trading price was EUR 9.31 and the highest EUR 17.00. The closing price on December 30, 2010 was EUR 14.84. The market capitalization at the

end of the year was EUR 686.0 million, excluding the shares owned by the parent company and Ahlcorp Oy.

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

The company received a notification in accordance with the Securities Markets Act Chapter 2, Section 9, from Erkki Etola, dated May 21, 2010, on the change of the said shareholder's holding. According to the notification, on May 20, 2010, Etola's shareholding exceeded 5 percent (1/20) of Ahlstrom Corporation's shares and votes.

The company received a notification in accordance with the Securities Markets Act Chapter 2, Section 9, from Vilha Intressenter Ab, dated September 30, 2010, on the change of the said shareholder's holding. According to the notification, on September 29, 2010, Vilha Intressenter Ab's shareholding fell below 5 percent (1/20) of Ahlstrom Corporation's shares and votes.

Repurchase of own shares

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

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

The company holds a total of 150,000 own shares. They were repurchased for the implementation of the company's share-based incentive plan.

Management shareholding plan

Through the shareholding plan launched in August 2010, the President and CEO and a group of EMT members personally invested a significant amount of their own funds in Ahlstrom shares through a holding company, Ahlcorp Oy. Due to the U.S. legal requirements, American EMT member William Casey acquired Ahlstrom shares directly. The participants financed their investments partly by themselves and partly by a loan issued by Ahlstrom Corporation to Ahlcorp Oy and William Casey. The loans issued by Ahlstrom Corporation are interest-bearing and amount to a maximum of EUR 3,920,000. In the plan, Ahlcorp Oy and William Casey may purchase a total of Ahlstrom shares worth EUR 4,900,000 at a maximum.

The purchase of shares was finalized during the review period. By the end of it Ahlcorp and William Casey held a total of 329,929 shares.

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

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

Events after the review period

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

DIVIDEND POLICY AND PROPOSAL FOR THE DISTRIBUTION OF PROFITS

Ahlstrom aims 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 reduction, and efficiency improvement investments.

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

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

In addition, the Board of Directors proposes that EUR 100,000.00 will be reserved for donations at the discretion of the Board.

OUTLOOK

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

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

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

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

SHORT-TERM RISKS

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

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

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

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

The general risks of Ahlstrom's business operations are described in greater detail on the company website at www.ahlstrom.com and in the report by the Board of Directors in the company's Annual Report 2010. The risk management process is also described in the Corporate Governance Statement available on the company website.

* * *

This interim report has been prepared in accordance with the International Financial Reporting Standards (IFRS). Comparable figures refer to the same period last year unless otherwise stated.

This report contains certain forward-looking statements that reflect the present views of the company's management. The statements contain uncertainties and risks and are thus subject to changes in the general economic situation and in the company's business.

Helsinki, February 1, 2011

Ahlstrom Corporation
Board of Directors

ADDITIONAL INFORMATION

Jan Lång, President & CEO, tel. +358 (0)10 888 4700
Seppo Parvi, CFO, tel. +358 (0)10 888 4768

Ahlstrom's President & CEO Jan Lång and CFO Seppo Parvi will present the 2010 results in a Finnish-language press and analyst conference in Helsinki today, February 1, 2011, at 2:30 p.m. (GMT+2). The conference will take place at Event Arena Bank, address Unioninkatu 20, 2nd floor. The meeting room will be announced on the display board in the lobby.

In addition, President & CEO Lång and CFO Parvi will hold a conference call in English for analysts and investors today, February 1, 2011 at 5:00 p.m. (GMT+2). To participate in the conference call, please dial (09) 2319 4250 in Finland or +44 (0)20 7806 1953 outside Finland a few minutes before the conference begins. The access code is 7880049.

The conference call can also be listened to live on the Internet. The link to the English-language presentation (an audio webcast) including slides is available on the company website at www.ahlstrom.com. Questions may also be submitted in writing via the Internet. Listening to the conference call requires registration.

An on-demand webcast including slides is available for viewing and listening on the company website for one year after the conference call.

Presentation material will be available on February 1, 2011 after the Interim Report is published, at www.ahlstrom.com > Investors > Reports and presentations > 2010. Material in Finnish will be available at www.ahlstrom.fi > Sijoittajat > Katsaukset ja presentaatiot > 2010.

AHLSTROM'S FINANCIAL INFORMATION IN 2011

Ahlstrom will publish financial information in 2011 as follows:

Report	Date of publication	Silent period
Interim Report January–March	Thursday, April 28	April 1–28
Interim Report January–June	Wednesday, August 10	July 1–August 10
Interim Report January–September	Monday, October 24	October 1–24

During the silent period, Ahlstrom will not communicate with capital market representatives.

The annual report 2010 will be published during week 11.

The Annual General Meeting (AGM) will be held on March 30, 2011, at 1:00 p.m. in Finlandia Hall, at Mannerheimintie 13 e, Helsinki, Finland.

Distribution:

NASDAQ OMX Helsinki
www.ahlstrom.com
 Principal media

Ahlstrom in brief

Ahlstrom is a global leader in the development, manufacture and marketing of high performance nonwovens and specialty papers. Ahlstrom's products are used in a large variety of everyday applications, such as filters, wipes, flooring, labels, and tapes. Based upon its unique fiber expertise and innovative approach, the company has a strong market position in several business areas in which it operates.

Ahlstrom's 5,700 employees serve customers via sales offices and production facilities in more than 20 countries on six continents. In 2010, Ahlstrom's net sales amounted to approximately EUR 1.9 billion. Ahlstrom's share is quoted on the NASDAQ OMX Helsinki. The company website is at www.ahlstrom.com.

APPENDIX

Consolidated financial statements

APPENDIX

Financial statements are unaudited.

INCOME STATEMENT	Q4	Q4	Q1-Q4	Q1-Q4
EUR million	2010	2009	2010	2009
Net sales	481.4	420.5	1,894.2	1,596.1
Cost of goods sold	-425.6	-378.1	-1,647.7	-1,421.5
Gross profit	55.8	42.4	246.5	174.6
Sales and marketing expenses	-12.5	-13.2	-52.6	-49.6
R&D expenses	-5.4	-5.7	-20.3	-21.6
Administrative expenses	-28.4	-22.3	-108.8	-95.0
Other operating income	8.3	5.3	17.1	13.4
Other operating expense	-24.6	-33.0	-28.1	-36.3
Operating profit / loss	-7.0	-26.6	53.7	-14.6
Net financial expenses	-5.4	-6.4	-26.8	-26.2
Share of profit / loss of associated companies	-0.2	-0.4	-1.4	0.7
Profit / loss before taxes	-12.6	-33.4	25.5	-40.1
Income taxes	5.8	5.5	-7.6	7.1
Profit / loss for the period	-6.8	-27.9	17.9	-32.9
Attributable to				
Owners of the parent	-6.8	-27.9	17.9	-32.9
Non-controlling interest	-	-	-	-
Earnings per share, EUR				
- Basic and diluted *	-0.18	-0.61	0.26	-0.72

* With the effect of interest on hybrid bond for the period, net of tax

STATEMENT OF COMPREHENSIVE INCOME	Q4	Q4	Q1-Q4	Q1-Q4
EUR million	2010	2009	2010	2009
Profit / loss for the period	-6.8	-27.9	17.9	-32.9
Other comprehensive income, net of tax				
Translation differences	12.9	10.1	39.2	32.5
Hedges of net investments in foreign operations	-	-0.9	-2.8	-1.0
Cash flow hedges	1.2	0.4	0.8	0.4
Other comprehensive income, net of tax	14.2	9.7	37.3	31.8
Total comprehensive income for the period	7.4	-18.3	55.2	-1.1
Attributable to				
Owners of the parent	7.4	-18.3	55.2	-1.1
Non-controlling interest	-	-	-	-

BALANCE SHEET	Dec 31,	Dec 31,
EUR million	2010	2009
ASSETS		
Non-current assets		
Property, plant and equipment	704.9	717.6
Goodwill	156.2	151.3
Other intangible assets	49.5	52.1
Investments in associated companies	10.7	12.1
Other investments	0.4	0.2
Other receivables	35.8	23.0
Deferred tax assets	54.9	54.5
Total non-current assets	1,012.4	1,010.8
Current assets		
Inventories	198.0	175.9
Trade and other receivables	305.8	319.9
Income tax receivables	2.4	3.7
Other investments	-	-
Cash and cash equivalents	24.6	19.9
Total current assets	530.8	519.4
Total assets	1,543.2	1,530.2
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent	623.0	605.6
Hybrid bond	80.0	80.0
Non-controlling interest	0.9	-
Total equity	703.8	685.6
Non-current liabilities		
Interest-bearing loans and borrowings	261.7	235.1
Employee benefit obligations	76.2	78.2
Provisions	3.1	5.0
Other liabilities	4.4	0.4
Deferred tax liabilities	27.7	23.8
Total non-current liabilities	373.1	342.5
Current liabilities		
Interest-bearing loans and borrowings	93.0	180.7
Trade and other payables	361.1	305.1
Income tax liabilities	4.4	3.7
Provisions	7.8	12.7
Total current liabilities	466.2	502.1
Total liabilities	839.3	844.6
Total equity and liabilities	1,543.2	1,530.2

STATEMENT OF CHANGES IN EQUITY

- 1) Issued capital
- 2) Share premium
- 3) Non-restricted equity reserve
- 4) Hedging reserve
- 5) Translation reserve
- 6) Own shares
- 7) Retained earnings
- 8) Total attributable to owners of the parent
- 9) Non-controlling interest
- 10) Hybrid bond
- 11) Total equity

EUR million	1)	2)	3)	4)	5)	6)	7)	8)	9)	10)	11)
Equity at January 1, 2009	70.0	209.3	8.3	-1.2	-49.1	-	390.9	628.1	0.0	-	628.1
Profit / loss for the period	-	-	-	-	-	-	-32.9	-32.9	-	-	-32.9
Other comprehensive income, net of tax											
Translation differences	-	-	-	-	32.5	-	-	32.5	-	-	32.5
Hedges of net investments in foreign operations	-	-	-	-	-1.0	-	-	-1.0	-	-	-1.0
Cash flow hedges	-	-	-	0.4	-	-	-	0.4	-	-	0.4
Dividends paid and other	-	-	-	-	-	-	-21.0	-21.0	-	-	-21.0
Hybrid bond	-	-	-	-	-	-	-0.5	-0.5	-	80.0	79.5
Interest on hybrid bond	-	-	-	-	-	-	-	-	-	-	-
Purchases of own shares	-	-	-	-	-	-	-	-	-	-	-
Share ownership plan for EMT	-	-	-	-	-	-	-	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-0.0	-	-0.0
Share-based incentive plan	-	-	-	-	-	-	0.1	0.1	-	-	0.1
Equity at December 31, 2009	70.0	209.3	8.3	-0.8	-17.7	-	336.6	605.6	-	80.0	685.6
Equity at January 1, 2010	70.0	209.3	8.3	-0.8	-17.7	-	336.6	605.6	-	80.0	685.6
Profit / loss for the period	-	-	-	-	-	-	17.9	17.9	-	-	17.9
Other comprehensive income, net of tax											
Translation differences	-	-	-	-	39.2	-	-	39.2	-	-	39.2
Hedges of net investments in foreign operations	-	-	-	-	-2.8	-	-	-2.8	-	-	-2.8
Cash flow hedges	-	-	-	0.8	-	-	-	0.8	-	-	0.8
Dividends paid and other	-	-	-	-	-	-	-26.2	-26.2	-	-	-26.2
Hybrid bond	-	-	-	-	-	-	-	-	-	-	-
Interest on hybrid bond	-	-	-	-	-	-	-5.6	-5.6	-	-	-5.6
Purchases of own shares	-	-	-	-	-	-2.0	-	-2.0	-	-	-2.0
Share ownership plan for EMT	-	-	-	-	-	-4.4	-	-4.4	0.9	-	-3.5
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Share-based incentive plan	-	-	-	-	-	-	0.3	0.3	-	-	0.3
Equity at December 31, 2010	70.0	209.3	8.3	0.0	18.8	-6.4	323.0	623.0	0.9	80.0	703.8

STATEMENT OF CASH FLOWS	Q4	Q4	Q1-Q4	Q1-Q4
EUR million	2010	2009	2010	2009
Cash flow from operating activities				
Profit / loss for the period	-6.8	-27.9	17.9	-32.9
Adjustments, total	31.6	53.4	145.2	146.3
Changes in net working capital	12.6	34.2	69.2	129.3
Change in provisions	0.8	1.8	-4.9	-5.3
Financial items	-12.9	-12.4	-53.2	-28.2
Income taxes paid / received	-2.4	-0.5	-6.8	0.4
Net cash from operating activities	22.8	48.6	167.5	209.6
Cash flow from investing activities				
Acquisition of Group companies	-	-	-11.2	-0.0
Purchases of intangible and tangible assets	-19.6	-11.8	-48.7	-69.8
Other investing activities	11.2	0.3	11.3	3.5
Net cash from investing activities	-8.3	-11.5	-48.7	-66.3
Cash flow from financing activities				
Dividends paid and other	-0.2	-	-25.9	-21.0
Repurchase of own shares	-1.1	-	-2.0	-
Investment to Ahlstrom Corporation shares related to share ownership plan for EMT	-1.6	-	-3.5	-
Payments received on hybrid bond	-	80.0	-	80.0
Interest on hybrid bond	-7.6	-	-7.6	-
Changes in loans and other financing activities	-24.7	-133.9	-76.9	-242.6
Net cash from financing activities	-35.2	-53.9	-115.8	-183.6
Net change in cash and cash equivalents	-20.7	-16.8	2.9	-40.2
Cash and cash equivalents at the beginning of the period	44.5	36.2	19.9	58.2
Foreign exchange adjustment	0.8	0.5	1.7	2.0
Cash and cash equivalents at the end of the period	24.6	19.9	24.6	19.9

KEY FIGURES	Q4	Q4	Q1-Q4	Q1-Q4
	2010	2009	2010	2009
Personnel costs	-90.3	-90.7	-350.0	-337.8
Depreciation and amortization	-26.5	-30.2	-104.8	-106.7
Impairment charges	-0.0	-31.2	-0.2	-31.1
Operating profit, %	-1.5	-6.3	2.8	-0.9
Return on capital employed (ROCE), %	-2.5	-9.4	5.0	-1.1
Return on equity (ROE), %	-3.9	-17.1	2.6	-5.0
Interest-bearing net liabilities, EUR million	330.1	395.9	330.1	395.9
Equity ratio, %	45.6	44.8	45.6	44.8
Gearing ratio, %	46.9	57.7	46.9	57.7
Basic earnings per share *, EUR	-0.18	-0.61	0.26	-0.72
Equity per share, EUR	13.48	12.98	13.48	12.98
Average number of shares during the period, 1000's	46,305	46,671	46,514	46,671
Number of shares at the end of the period, 1000's	46,224	46,671	46,224	46,671
Capital expenditure, EUR million	22.4	10.0	51.1	63.8
Capital employed at the end of the period, EUR million	1,058.5	1,101.5	1,058.5	1,101.5
Number of employees, average	5,884	5,855	5,823	5,993

ACCOUNTING PRINCIPLES

This report has been prepared in accordance with IAS 34, Interim Financial reporting, as adopted by EU and the accounting principles set out in the Group's Financial Statements for 2009 except for the changes below.

Changes in accounting principles

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

- IFRS 3 Business Combinations (revised)

Some of the main changes to the standard are as follows:

Contingent consideration is measured at fair value at the acquisition date, with subsequent changes recognized in the income statement.

All acquisition-related costs are expensed.

Any non-controlling interest is measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities, on a transaction-by-transaction basis.

- IAS 27 Consolidated and Separate Financial Statements (revised)

The amendment specifies the accounting for changes in ownership interests in subsidiaries.

- Improvements to IFRS Standards 2009

The effects of the amendments vary by standard but the amendments have had no major impact on the consolidated financial statements.

The below mentioned new or amended standards and interpretations adopted by the Group in 2010 do not have an effect on the consolidated financial statements.

- IAS 39 Financial Instruments: Recognition and Measurement (amendment) - Eligible Hedged Items

- IFRIC 12 Service Concession Arrangements

- IFRIC 15 Agreements for the Construction of Real Estate

- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

- IFRIC 17 Distributions of Non-cash Assets to Owners

- IFRIC 18 Transfers of Assets from Customers

Income statement by function

The Group has changed the presentation of the income statement from the "nature of expense" method to the "function of expense" method in the beginning of 2010. The comparable figures have been restated accordingly.

Revised organization and operating model

The Group announced in May 2010 its revised organization and operating model. Ahlstrom organized its businesses in five Business Areas which form new reporting segments in financial reporting. The new reporting segments are Building and Energy, Filtration, Food and Medical, Home and Personal and Label and Processing.

The changes were implemented as of July 1, 2010. Ahlstrom published the comparative data on the new segments for the financial year 2009 and

for the first two quarters of 2010 on September 28, 2010.

SEGMENT INFORMATION	Q4	Q4	Q1-Q4	Q1-Q4
EUR million	2010	2009	2010	2009
Building and Energy	72.2	56.1	268.9	223.7
Filtration	84.9	71.0	339.8	275.8
Food and Medical	92.3	78.5	354.7	310.2
Home and Personal	75.2	73.0	290.8	265.1
Label and Processing	181.9	162.5	724.3	598.5
Other operations	11.6	10.9	44.4	37.7
Internal sales	-36.7	-31.6	-128.8	-114.8
Total net sales	481.4	420.5	1,894.2	1,596.1
Building and Energy	3.2	4.4	14.3	13.5
Filtration	2.2	2.5	7.3	6.8
Food and Medical	11.5	7.1	34.5	30.6
Home and Personal	7.4	5.5	24.4	19.4
Label and Processing	7.8	7.1	30.5	29.0
Other operations	4.7	4.8	17.7	15.6
Total internal sales	36.7	31.6	128.8	114.8
Building and Energy	1.2	-4.5	1.3	-10.8
Filtration	-20.7	-6.9	3.1	3.7
Food and Medical	2.1	1.7	13.0	9.4
Home and Personal	1.7	-18.3	6.1	-18.9
Label and Processing	5.0	-0.9	32.2	3.3
Other operations	3.8	2.3	-2.0	-1.4
Eliminations	0.0	-0.0	0.1	0.0
Operating profit / loss	-7.0	-26.6	53.7	-14.6
Building and Energy	147.7	158.6	147.7	158.6
Filtration	166.1	172.5	166.1	172.5
Food and Medical	213.0	203.5	213.0	203.5
Home and Personal	190.1	197.9	190.1	197.9
Label and Processing	277.9	313.2	277.9	313.2
Other operations	-1.1	-2.1	-1.1	-2.1
Eliminations	-0.3	-0.4	-0.3	-0.4
Total net assets	993.3	1,043.2	993.3	1,043.2
Building and Energy	3.3	1.6	6.0	24.8
Filtration	3.6	0.5	6.8	3.3
Food and Medical	3.1	4.0	13.0	23.7
Home and Personal	2.2	0.5	3.8	2.5
Label and Processing	9.0	3.1	19.4	8.9
Other operations	1.3	0.2	2.1	0.7
Total capital expenditure	22.4	9.9	51.1	63.8

Building and Energy	-4.6	-4.4	-18.1	-18.0
Filtration	-4.8	-5.3	-19.1	-20.8
Food and Medical	-5.4	-9.0	-20.2	-21.4
Home and Personal	-4.1	-3.6	-16.6	-15.1
Label and Processing	-7.2	-7.2	-28.4	-28.9
Other operations	-0.6	-0.6	-2.3	-2.4
Total depreciation and amortization	-26.5	-30.2	-104.8	-106.7
Building and Energy	-	-	-	-
Filtration	-	-8.7	-	-8.7
Food and Medical	-	-	-	-
Home and Personal	-	-22.5	-0.0	-22.5
Label and Processing	-0.0	-0.0	-0.1	0.1
Other operations	-	-	-	-
Total impairment charges	-0.0	-31.2	-0.2	-31.1
Building and Energy	-	-2.1	-	-2.5
Filtration	-24.9	-11.4	-24.7	-12.5
Food and Medical	-1.8	-5.0	-1.0	-6.3
Home and Personal	-0.3	-22.1	-0.3	-23.8
Label and Processing	0.1	-4.4	1.6	-6.6
Other operations	5.0	-1.3	3.8	-2.7
Total non-recurring items	-22.0	-46.2	-20.5	-54.3
Building and Energy	31.8	26.9	121.1	107.8
Filtration	28.5	26.7	115.1	99.2
Food and Medical	32.1	30.0	125.4	115.8
Home and Personal	26.5	28.5	104.1	102.7
Label and Processing	143.3	153.3	601.0	559.8
Other operations	2.0	2.2	8.2	7.7
Eliminations	-16.8	-16.6	-63.0	-61.9
Total sales tons, thousands of tons	247.4	251.0	1,011.9	931.0

Segment information is presented according to the IFRS standards.

NET SALES BY REGION	Q4	Q4	Q1-Q4	Q1-Q4
EUR million	2010	2009	2010	2009
Europe	247.2	221.9	987.3	846.3
North America	118.1	102.1	455.9	410.1
South America	54.0	48.8	214.1	174.9
Asia-Pacific	51.7	39.7	197.5	134.2
Rest of the world	10.4	8.1	39.4	30.7
Total net sales	481.4	420.5	1,894.2	1,596.1

CHANGES OF PROPERTY, PLANT AND EQUIPMENT	Q1-Q4	Q1-Q4
EUR million	2010	2009
Book value at Jan 1	717.6	745.7
Acquisitions through business combinations	12.2	-
Additions	49.9	63.6
Disposals	-10.2	-1.0
Depreciations and impairment charges	-99.2	-106.9
Translation differences and other changes	34.6	16.1
Book value at the end of the period	704.9	717.6

TRANSACTIONS WITH RELATED PARTIES	Q1-Q4	Q1-Q4
EUR million	2010	2009
Transactions with associated companies		
Sales and interest income	0.5	0.5
Purchases of goods and services	-2.8	-2.4
Trade and other receivables	0.1	0.0
Trade and other payables	0.2	0.2

Market prices have been used in transactions with associated companies.

OPERATING LEASES	Dec 31,	Dec 31,
EUR million	2010	2009
Current portion	7.1	6.6
Non-current portion	20.3	20.4
Total	27.4	27.0

COLLATERALS AND COMMITMENTS	Dec 31,	Dec 31,
EUR million	2010	2009
Mortgages	73.0	73.0
Pledges	0.2	0.3
Commitments		
Guarantees given on behalf of group companies	19.8	19.6
Guarantees given on behalf of associated companies	-	2.1
Capital expenditure commitments	3.6	10.2
Other commitments	2.6	3.6

ACQUISITIONS IN 2010

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

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

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

The preliminary fair values of the identifiable assets and liabilities of the acquired businesses at the date of the acquisition are summarized below.

ACQUISITIONS OF BUSINESSES EUR million	Book values	Fair values
Property, plant and equipment	8.3	12.4
Intangible assets	3.1	3.1
Inventories	0.7	0.7
Trade and other receivables	0.7	0.7
Cash and cash equivalents	2.2	2.2
Total assets	15.0	19.2
Deferred tax liabilities	-	1.0
Interest-bearing loans and borrowings	12.1	12.1
Trade and other payables	2.2	2.2
Total liabilities	14.3	15.3
Net assets	0.7	3.8
Goodwill arising in acquisition		7.4
Acquisition price paid (in cash)		11.2
Cash (acquired)		-2.2
Net cash outflow		9.0

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

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

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

DISPOSALS OF BUSINESSES IN 2010

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

On December 7, 2010 Ahlstrom signed an agreement to sell Wuxi plant in China and three production lines in Bethune in the USA to Andrew Industries. Ahlstrom completed the sales of production lines in Bethune on December 22, 2010 and the transaction value was EUR 4.1 million. Ahlstrom booked a loss of EUR 6.5 million from the transaction in its fourth-quarter financial results. The divestment of the Wuxi plant is anticipated to be completed in the first quarter of 2011.

On December 16, 2010 Ahlstrom announced the sale of its Groesbeck filtration business in the USA to Polyester Fibers, a portfolio company of private investment firm Empire Investment Holdings. The value of the transaction is approximately EUR 4.5 million. This amount may increase by up to EUR 1.5 million if certain conditions and targets are met in the future. Ahlstrom booked a loss of EUR 18.4 million related to the transaction in its fourth-quarter financial results.

DISPOSALS OF BUSINESSES EUR million	Book values of assets disposed of	
	Altenkirchen	US Dust Filtration
Property, plant and equipment	0.0	9.3
Intangible assets	-	21.0
Inventories	2.0	1.6
Trade and other receivables	5.6	1.1
Cash and cash equivalents	0.0	-
Financial liabilities	0.0	-
Trade and other payables	6.3	0.6
Net assets	1.4	32.4
Total transaction value	6.6	8.6
Consideration received (in cash) in 2010	6.6	5.9
Cash (disposed of)	0.0	-
Net cash inflow	6.6	5.9

QUARTERLY DATA	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
EUR million	2010	2010	2010	2010	2009	2009	2009	2009
Net sales	481.4	482.4	489.4	441.0	420.5	400.6	398.9	376.1
Cost of goods sold	-425.6	-420.5	-416.3	-385.3	-378.1	-346.9	-349.4	-347.1
Gross profit	55.8	61.9	73.1	55.7	42.4	53.7	49.5	29.0
Sales and marketing expenses	-12.5	-12.7	-14.1	-13.3	-13.2	-11.9	-11.7	-12.8
R&D expenses	-5.4	-5.2	-5.1	-4.6	-5.7	-5.5	-4.9	-5.5
Administrative expenses	-28.4	-25.9	-29.5	-25.0	-22.3	-24.1	-25.1	-23.5
Other operating income	8.3	0.9	5.9	2.1	5.3	2.0	3.5	2.7
Other operating expense	-24.6	-2.1	-0.6	-0.8	-33.0	-1.1	-1.6	-0.6
Operating profit / loss	-7.0	16.9	29.8	14.0	-26.6	13.1	9.7	-10.7
Net financial expenses	-5.4	-7.9	-6.9	-6.7	-6.4	-6.8	-4.8	-8.2
Share of profit / loss of associated companies	-0.2	-0.7	-0.4	-0.0	-0.4	1.0	-0.3	0.4
Profit / loss before taxes	-12.6	8.3	22.5	7.4	-33.4	7.3	4.7	-18.6
Income taxes	5.8	-4.2	-7.4	-1.9	5.5	-2.4	-2.2	6.2
Profit / loss for the period	-6.8	4.1	15.1	5.5	-27.9	4.9	2.5	-12.4
Attributable to								
Owners of the parent	-6.8	4.1	15.1	5.5	-27.9	4.9	2.5	-12.4
Non-controlling interest	-	-	-	-	-	-	-	-

QUARTERLY DATA BY SEGMENT	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
EUR million	2010	2010	2010	2010	2009	2009	2009	2009
Net sales								
Building and Energy	72.2	66.3	68.3	62.1	56.1	57.6	54.2	55.8
Filtration	84.9	87.4	88.5	79.0	71.0	70.5	69.4	64.9
Food and Medical	92.3	88.7	91.7	82.0	78.5	74.7	79.0	78.0
Home and Personal	75.2	78.3	71.3	66.0	73.0	66.6	63.7	61.8
Label and Processing	181.9	182.2	188.1	172.0	162.5	150.0	151.6	134.4
Other operations and eliminations	-25.2	-20.5	-18.6	-20.1	-20.7	-18.8	-18.9	-18.8
Group total	481.4	482.4	489.4	441.0	420.5	400.6	398.9	376.1
Operating profit / loss								
Building and Energy	1.2	0.5	1.4	-1.8	-4.5	-1.4	-1.9	-2.9
Filtration	-20.7	7.0	9.4	7.5	-6.9	5.3	4.4	0.9
Food and Medical	2.1	1.6	5.3	4.0	1.7	2.6	4.2	0.9
Home and Personal	1.7	2.6	1.3	0.4	-18.3	2.1	-0.4	-2.3
Label and Processing	5.0	7.7	14.2	5.3	-0.9	5.0	3.4	-4.3
Other operations and eliminations	3.8	-2.6	-1.8	-1.4	2.2	-0.6	0.1	-3.0
Group total	-7.0	16.9	29.8	14.0	-26.6	13.1	9.7	-10.7
Sales tons, thousands of tons								
Building and Energy	31.8	28.8	31.2	29.3	26.9	27.8	26.9	26.3
Filtration	28.5	28.9	29.7	28.0	26.7	26.1	24.8	21.6
Food and Medical	32.1	30.1	32.3	30.9	30.0	28.6	29.9	27.2
Home and Personal	26.5	27.5	25.2	24.9	28.5	26.5	25.3	22.5
Label and Processing	143.3	144.5	156.9	156.2	153.3	141.1	142.1	123.4
Other operations and eliminations	-14.8	-12.8	-13.2	-14.1	-14.3	-13.2	-13.5	-13.1
Group total	247.4	247.1	262.1	255.2	251.0	236.9	235.4	207.7

KEY FIGURES QUARTERLY	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
EUR million	2010	2010	2010	2010	2009	2009	2009	2009
Net sales	481.4	482.4	489.4	441.0	420.5	400.6	398.9	376.1
Operating profit / loss	-7.0	16.9	29.8	14.0	-26.6	13.1	9.7	-10.7
Profit / loss before taxes	-12.6	8.3	22.5	7.4	-33.4	7.3	4.7	-18.6
Profit / loss for the period	-6.8	4.1	15.1	5.5	-27.9	4.9	2.5	-12.4
Gearing ratio, %	46.9	47.7	50.3	55.3	57.7	81.9	92.0	99.8
Return on capital employed (ROCE), %	-2.5	6.0	10.9	5.2	-9.4	4.8	3.2	-3.3
Basic earnings per share *, EUR	-0.18	0.06	0.29	0.09	-0.61	0.10	0.05	-0.26
Average number of shares during the period, 1000's	46,305	46,517	46,596	46,642	46,671	46,671	46,671	46,671

* With the effect of interest on hybrid bond for the period, net of tax

CALCULATION OF KEY FIGURES

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), %	$\frac{\text{Profit (loss) before taxes + Financing expenses}}{\text{Total assets (annual average) - Non-interest bearing liabilities (annual average)}} \times 100$	
Basic earnings per share, EUR	$\frac{\text{Profit (loss) for the period – Non-controlling interest – Interest on hybrid bond for the period after taxes}}{\text{Average number of shares during the period}}$	
Diluted earnings per share, EUR	$\frac{\text{Profit (loss) for the period – Non-controlling interest – Interest on hybrid bond for the period after taxes}}{\text{Average diluted number of shares during the period}}$	
Equity per share, EUR	$\frac{\text{Equity attributable to owners of the parent}}{\text{Number of shares at the end of the period}}$	