Financial Statements Review 2010

Metso Corporation's Financial Statements Review, January 1 – December 31, 2010

Another successful year for Metso

Highlights of 2010

- New orders worth EUR 5,944 million were received in 2010, i.e. 36 percent more than in the previous year (EUR 4,358 million in 2009).
- At the end of 2010, the order backlog was 18 percent higher than at the end of December 2009, amounting to EUR 4,023 million (EUR 3,415 million on December 31, 2009).
- Net sales increased 11 percent from the previous year, and were EUR 5,552 million (EUR 5,016 million in 2009).
- Earnings before interest, tax and amortization (EBITA), before non-recurring items, were EUR 491.0 million, i.e. 8.8 percent of net sales (EUR 399.0 million and 8.0% in 2009).
- Operating profit (EBIT) was EUR 445.2 million, i.e. 8.0 percent of net sales (EUR 293.6 million and 5.9% in 2009).
- EBIT includes EUR 11.8 million in positive non-recurring items (EUR 64.7 million in negative non-recurring items in 2009).
- Earnings per share were EUR 1.71 (EUR 1.06 in 2009).
- Free cash flow was EUR 435 million (EUR 717 million in 2009).
- Return on capital employed (ROCE) before taxes was 13.5 percent (10.0% in 2009).
- The Board proposes a dividend of EUR 1.55 per share equaling to 91 percent of earnings per share (EUR 0.70 and 66% of earnings per share in 2009).

Highlights of the last quarter of 2010

- New orders worth EUR 1,498 million were received in October–December, i.e. 10 percent more than in the comparison period (EUR 1,365 million in Q4/2009).
- Net sales increased 25 percent on the comparison period, and were EUR 1,687 million (EUR 1,353 million in Q4/2009).
- Earnings before interest, tax and amortization (EBITA), before non-recurring items, were EUR 149.8 million in October-December, i.e. 8.9 percent of net sales (EUR 88.0 million and 6.5% in Q4/2009).
- Operating profit (EBIT) was EUR 132.2 million, i.e. 7.8 percent of net sales (EUR 55.0 million and 4.1% in Q4/2009).
- The EBIT includes EUR 3.1 million in negative non-recurring items (EUR 21.8 million in negative non-recurring items in Q4/2009).
- Earnings per share were EUR 0.50 (EUR 0.18 in Q4/2009).

Metso's President and CEO Jorma Eloranta expresses his satisfaction with the achievements last year. "We made good progress on many fronts: we saw clear recovery in our orders, we maintained strong cash flow throughout the year in spite of growing business volumes and all of our profitability indicators improved, too. I am especially pleased with our services business which grew strongly and represented 45 percent of our business. Likewise we saw the benefits of our strong presence in emerging markets with one half of our net sales coming from those growth areas. I appreciate the efforts of our employees in achieving these good results and want to thank all for making 2010 another successful year for Metso."

"At an annual level we delivered about EUR 100 million improvement in our underlying operational performance. This we achieved despite our fourth-quarter profitability being somewhat hampered by some low margin projects in Paper and Fiber Technology and by overall increase in our fixed costs. The increase in our fixed costs was largely driven by our getting prepared for continued growth in our delivery and order volumes."

"The Board of Directors' dividend proposal of EUR 1.55 per share reflects not only our solid financial position but also confidence in Metso's future performance. At the same time, we are maintaining a strong balance sheet to develop Metso further."

"Based on the development last year and assuming that the gradual recovery of the global economy will continue, we estimate that Metso's net sales in 2011 will grow over 10 percent compared to 2010 and EBITA before non-recurring items will improve," Eloranta notes.

"This year will not be without challenges: there is the fragility of the economic recovery in certain areas, climbing inflation especially in the emerging markets, exchange rate fluctuations and tough competition in large pulp and paper projects to mention a few. On the positive side the outlook in the Mining business continues to improve and prospects for services across our businesses remain strong. The past years have clearly proven Metso's agility and competitiveness. The new Metso Executive Team is ready to take over from March onwards and I am confident that under Matti Kähkönen's leadership Metso is in a strong position to deliver continued profitable growth," Eloranta concludes.

Metso's key figures

EUR million	**Q4/2010**	Q4/2009	Change %	**2010**	2009	Change %
Net sales	**1,687**	1,353	25	**5,552**	5,016	11
Net sales of services business	**714**	537	33	**2,453**	2,102	17
% of net sales	**43**	40		**45**	42	
Earnings before interest, tax and amortization (EBITA) and non-recurring items	**149.8**	88.0	70	**491.0**	399.0	23
% of net sales	**8.9**	6.5		**8.8**	8.0	
Operating profit	**132.2**	55.0	140	**445.2**	293.6	52
% of net sales	**7.8**	4.1		**8.0**	5.9	
Earnings per share, EUR	**0.50**	0.18	178	**1.71**	1.06	61
Orders received	**1,498**	1,365	10	**5,944**	4,358	36
Orders received of services business	**637**	487	31	**2,637**	1,937	36
Order backlog at end of period				**4,023**	3,415	18
Free cash flow	**114**	268	-57	**435**	717	-39
Return on capital employed (ROCE) before taxes, %				**13.5**	10.0	
Equity to assets ratio at end of period, %				**38.1**	35.7	
Gearing at end of period, %				**15.0**	32.5	

Metso's fourth quarter 2010 review

Operating environment and demand in October–December

There were no material changes in Metso's business environment after the third quarter of 2010. The gradual recovery of demand continued in most of our customer industries in the last quarter. The outlook in emerging markets remained strong, and demand for new equipment and projects is concentrated in these areas in particular. The uncertainty caused by the budget deficits in certain European countries and the United States as well as fluctuations in the exchange rates slowed the recovery of the markets in Europe and North America. The rising capacity utilization rates of our customer industries supported our services business, and our customers are gradually regaining their confidence to increase their investments also in new capacity and replacement equipment.

Mining companies have raised their capital expenditure plans and consequently requests for quotations on equipment and projects clearly increased during the year. Although the pipeline for larger investments in new capacity is getting stronger, only few decisions on those were made. The new orders we received in the last quarter of the year still mostly consisted of small and medium-size orders for replacement and capacity increase investments or were related to our services business. Due to the clear increase in minerals production and our large installed equipment base, demand for our services for mining customers remained strong.

In the construction industry, demand for equipment relating to aggregates production continued strong during the fourth quarter in emerging markets in Asia, Brazil and Eastern Europe. Demand for construction equipment improved during the last quarter in Western Europe and North America primarily due to growing replacement investment needs. Demand for our services business for the construction industry also improved and remained satisfactory.

Demand for power plants utilizing renewable energy sources was satisfactory in Europe and North America in the fourth quarter; however, uncertainty in the financial markets and pending policies on support mechanisms for renewable energy delayed final decisions in several projects. Demand for our power services business continued to be good.

Demand for our automation products remained good in the fourth quarter, as the oil, gas and petrochemical industries increased their investments due to the increase in energy prices and demand. Demand for our automation solutions by the pulp and paper customers was satisfactory. Demand for our services business for automation continued to be good.

The demand for metal and solid waste recycling equipment remained satisfactory during the fourth quarter. Demand for recycling equipment services improved in 2010 alongside the increasing capacity utilization rates of our customers' plants and equipment, and was satisfactory.

Demand for new fiber lines, rebuilds and pulp mill services clearly recovered during the year and was satisfactory in the fourth quarter. In South America and Asia negotiations for large pulp mill projects continued. Demand for paper and board lines at the end of the year was satisfactory and for tissue lines good. The improved capacity utilization rates in the paper and board industry kept the demand for our services business good.

Orders received in October–December

In October-December, we received new orders worth EUR 1,498 million, i.e. 10 percent more than in the comparison period (EUR 1,365 million in Q4/2009). The share of emerging markets in our orders received was 52 percent (46% in Q4/2009). Orders received by Mining and Construction Technology increased clearly on the weak comparison period; orders received by Paper and Fiber Technology decreased somewhat on a comparable basis (excluding the impact of acquired Fabrics business, i.e. the former Tamfelt and currency translation) from the comparison period; Energy and Environmental Technology's orders decreased from the exceptionally strong comparison period. Services orders received increased 31 percent on the comparison period (21% when eliminating the impact of the acquired Fabrics business) and accounted for 44 percent of the total orders (36% in Q4/2009). Services orders grew in all segments.

Orders received by Mining and Construction Technology in October–December amounted to EUR 651 million, which was 42 percent more than in the comparison period (EUR 457 million in Q4/2009). This was the eighth consecutive growth quarter in orders received since the last quarter of 2008. Orders received from mining customers increased 36 percent and orders from construction customers increased 52 percent. Services business orders were up 30 percent and accounted for 48 percent of all segment's orders received; the growth came equally from both customer industries. Orders received in the fourth quarter did not include any larger orders and consisted of small and medium-size equipment and project orders, as well as services business orders.

In Energy and Environmental Technology, the final quarter was the strongest in 2010 in terms of orders received, but compared to the strong comparison period, orders decreased 11 percent and amounted to EUR 447 million (EUR 504 million in Q4/2009). Orders received by the Power business decreased 23 percent from the exceptionally strong comparison period and those of the Automation business grew 5 percent. In the Recycling business, orders received grew 18 percent. Orders received from the services business were up by 19 percent and accounted for 32 percent of all the segment's orders received. Our orders received included the largest recovery boiler in the American continent for Eldorado Celulose e Papel in Brazil and a biomass power plant for Oü Helme Energia in Estonia.

Orders received by Paper and Fiber Technology decreased from the comparison period and totaled EUR 387 million in October–December (EUR 401 million in Q4/2009). New orders were particularly low in the Paper business, as no major paper or board machine orders were recorded in the fourth quarter. Orders received from the services business grew over 40 percent (8% when eliminating the impact of the acquired Fabrics business) and accounted for half of the segment's orders received. Orders received by the Fiber business were on par with the comparison period, while the Tissue business had strong order intake, as we received orders for four new tissue lines to China. Orders received during the period included rebuilds, such as two board machines for M-real in Finland, a paper machine for UPM's mill also in Finland and a pulp machine for the Canadian company Hinton Pulp.

Financial performance in October–December

Our net sales in October–December totaled EUR 1,687 million, which is 25 percent more than a year earlier (EUR 1,353 million in Q4/2009). The services business net sales increased 33 percent on the comparison period (26% when eliminating the impact of the acquired Fabrics business), and accounted for 43 percent of total net sales (40% in Q4/2009).

In the fourth quarter, our earnings before interest, tax and amortization and non-recurring items (EBITA before non-recurring items) were EUR 149.8 million, i.e. 8.9 percent of net sales (EUR 88.0 million and 6.5% in Q4/2009). Profitability was negatively impacted in Paper and Fiber Technology by delivery mix both in the capital and services parts of the business and by an increase in provisions in some projects where new technologies were launched.

Metso's operating profit (EBIT) was EUR 132.2 million, i.e. 7.8 percent of net sales (EUR 55.0 million and 4.1% in Q4/2009). Our EBIT for October–December included the following non-recurring items, which had a total negative impact of EUR 3.1 million on our performance (EUR 21.8 million in negative non-recurring items in Q4/2009):

Non-recurring items and amortization of intangible assets in October-December

Q4/2010 EUR million	Mining and Construction Technology	Energy and Environmental Technology	Paper and Fiber Technology	**Metso Group**
EBITA before non-recurring items	**85.6**	**46.2**	**20.9**	**149.8**
% of net sales	**13.0**	**10.1**	**3.8**	**8.9**
Capacity adjustment expenses	-0.6	0.0	-1.7	**-2.3**
Gain on sale of Talvivaara shares	7.3	-	-	**7.3**
Intellectual property related items	-2.5	-	-	**-2.5**
Net effect for prior years' ICMS (VAT) tax credits in Brazil	0.6	-	-2.0	**-1.4**
Costs related to business acquisition projects	-	-	-	**-4.2**
Amortization of intangible assets *)	-2.0	-4.8	-7.1	**-14.5**
Operating profit (EBIT)	88.4	41.4	10.1	**132.2**

*) Includes EUR 7.9 million amortization of intangible assets acquired through business acquisitions.

Q4/2009 EUR million	Mining and Construction Technology	Energy and Environmental Technology	Paper and Fiber Technology	**Metso Group**
EBITA before non-recurring items	**42.2**	**37.9**	**16.8**	**88.0**
% of net sales	**8.1**	**9.0**	**4.1**	**6.5**
Capacity adjustment expenses	-5.9	-5.1	-20.1	**-31.1**
Gain on sale of Talvivaara shares	9.3	-	-	**9.3**
Amortization of intangible assets *)	-1.4	-5.0	-3.7	**-11.2**
Operating profit (EBIT)	44.2	27.8	-7.0	**55.0**

*) Includes EUR 4.8 million amortization of intangible assets acquired through business acquisitions.

The profit attributable to shareholders was EUR 76 million in the fourth quarter (EUR 25 million in Q4/2009), corresponding to earnings per share (EPS) of EUR 0.50 (EUR 0.18/share in Q4/2009)

Our free cash flow remained strong during the fourth quarter and was EUR 114 million. In spite of the clear increase in our business volumes our net working capital remained almost unchanged.

Metso's Financial Statements Review 2010

Operating environment and demand in 2010

The overall positive tone in the global economy and the gradual recovery of demand continued in most of our customer industries in 2010. The budget deficits of several European countries and the United States together with high volatility in currency exchange rates created uncertainties in the financial markets, which overshadowed the upswing in the markets.

Many major mining companies have confirmed significant capital investment programs for the coming years. As a result capacity expansion plans clearly increased, and the amount of quotations for equipment and projects continued to strengthen throughout the year. Several smaller mining companies still have financing challenges to push their projects forward but the situation is improving with them, too. Due to our large installed equipment base and our customers' growing production volumes, demand for our mining services also strengthened markedly during the year. Demand for mining equipment has so far related mostly to small and medium-size replacement and expansion investments, but towards the end of the year there was a clear increase in quotations for bigger new capacity expansion investments, too. Demand for equipment and services used in aggregates production by the construction industry was strong throughout the year in the emerging markets in Asia, Brazil and Eastern Europe, and showed first signs of recovery during the last quarter also in Europe and North America.

Demand for power plants utilizing renewable fuels was good in Europe and North America; however, uncertainty in the financial markets and pending policies on support mechanisms for renewable energy delayed final decisions on orders in several projects. Demand for our automation products clearly strengthened during the year as the oil, gas and petrochemical industries increased their investments due to the increase in energy prices and demand. Demand for metal and solid waste recycling equipment and related services also turned positive as a result of the global upswing in the demand for steel, but overall it still remained weak.

Demand for new fiber lines, rebuilds and pulp mill services clearly recovered during the year from the low levels of the past few years. Some large pulp mill projects in South America became active during the second half of the year but competition remained tough. Demand for tissue lines was strong both in the emerging as well as in the developed markets. Demand for paper and board lines was at the previous year's satisfactory level with demand coming primarily from China and smaller size board machines. The improved capacity utilization rates in the paper and board industry kept the demand for our services business good.

Orders received and order backlog

Orders received in 2010 totaled EUR 5,944 million, an increase of 36 percent on the comparison period. Excluding the effect from exchange rate translation, the growth would have been 27 percent. New orders significantly increased in all business segments and in all geographical regions. Our customers' improved capacity utilization rates were also reflected in the strong 36 percent growth (28% excluding the impact of the acquired Fabrics business) in our services orders compared to the previous year.

The three countries with the highest value of orders received were China, the United States and Brazil, which together accounted for 37 percent of all orders received. All the four BRIC (Brazil, Russia, India and China) countries were among the seven largest countries measured in new orders. The share of emerging markets in our orders received was 53 percent (48% in 2009).

At the end of December, our order backlog was EUR 4,023 million, which is 18 percent stronger than at the end of 2009 (EUR 3,415 million). Around EUR 3.1 billion of the deliveries in our order backlog are expected to be recognized as net sales in 2011, and around EUR 850 million of these are services business orders. The order backlog at the end of 2010 included some EUR 375 million in projects (some EUR 395 million on September 30, 2010) with uncertain delivery schedules and which will, according to present estimates, be delivered after 2011. The uncertainties in the order backlog mostly concern the Fibria pulp mill project in Brazil.

Orders received by reporting segment

	2010		2009	
	EUR million	**% of orders received**	EUR million	% of orders received
Mining and Construction Technology	**2,457**	**41**	1,660	38
Energy and Environmental Technology	**1,528**	**26**	1,297	30
Paper and Fiber Technology	**1,947**	**32**	1,384	31
Valmet Automotive	**84**	**1**	56	1
Intra-Metso orders received	**-72**		-39	
Total	**5,944**	**100**	4,358	100

Orders received by market area

	2010		2009	
	EUR million	**% of orders received**	EUR million	% of orders received
Europe	**2,124**	**36**	1,580	36
North America	**913**	**15**	796	18
South and Central America	**1,024**	**17**	510	12
Asia-Pacific	**1,592**	**27**	1,220	28
Africa and Middle East	**291**	**5**	252	6
Total	**5,944**	**100**	4,358	100

Net sales

Our net sales for 2010 increased 11 percent on the comparison period and were EUR 5,552 million (EUR 5,016 million in 2009). Excluding the effect from exchange rate translation, the growth in net sales would have been 4 percent. The growth came from Paper and Fiber Technology, which recorded an increase of 32 percent and from Mining and Construction Technology, with an increase of 8 percent. Energy and Environmental Technology's net sales declined 6 percent due to the low level of new orders in the previous year. Net sales for our services business increased 17 percent (excluding the impact of the acquired Fabrics business the growth was 10 percent) and its share of the total net sales increased to 45 percent (42% in 2009).

Measured by net sales, the largest countries were China, the United States and Brazil, which together accounted for 36 percent of our total net sales. The share of emerging markets in our net sales was 50 percent (44% in 2009).

Net sales by reporting segment

	2010		2009	
	EUR million	**% of net sales**	EUR million	% of net sales
Mining and Construction Technology	**2,235**	**40**	2,075	41
Energy and Environmental Technology	**1,435**	**26**	1,523	30
Paper and Fiber Technology	**1,856**	**33**	1,408	28
Valmet Automotive	**84**	**1**	56	1
Intra-Metso net sales	**-58**		-46	
Total	**5,552**	**100**	5,016	100

Net sales by market area

	2010		2009	
	EUR million	**% of net sales**	EUR million	% of net sales
Europe	**1,968**	**36**	2,167	44
North America	**920**	**17**	774	15
South and Central America	**795**	**14**	609	12
Asia-Pacific	**1,576**	**28**	1,080	21
Africa and Middle East	**293**	**5**	386	8
Total	**5,552**	**100**	5,016	100

Financial result

In 2010 our EBITA before non-recurring items was EUR 491.0 million, i.e. 8.8 percent of net sales (EUR 399.0 million and 8.0% in 2009). The improvement in our profitability resulted primarily from an increase of over one percentage point in the gross profit margin as a result of higher capacity utilization rates and sales volumes. The EBITA margin in 2010 was negatively affected by over one percentage point because of under-absorption in several manufacturing units while capacity utilization rates were still relatively low. Selling, general and administrative expenses increased on a comparable basis (excluding the impact of the acquired Fabrics business, currency translation and non-recurring items) less than 3 percent while we were preparing for increasing order and delivery volumes especially in Mining and Construction Technology. The profitability improved in the Mining and Construction Technology and Paper and Fiber Technology segments while Energy and Environmental Technology's profitability remained at the level of the previous year.

In 2010 our operating profit (EBIT) was EUR 445.2 million, i.e. 8.0 percent of net sales (EUR 293.6 million and 5.9% in 2009). The EBIT includes EUR 11.8 million in non-recurring items, which had a positive impact (EUR 64.7 million in negative non-recurring items in 2009), as specified in the following table.

Non-recurring items and amortization of intangible assets

2010 **EUR milliion**	Mining and Construction Technology	Energy and Environmental Technology	Paper and Fiber Technology	**Metso Group**
EBITA before non-recurring items	**264.8**	**139.0**	**107.6**	**491.0**
% of net sales	**11.8**	**9.7**	**5.8**	**8.8**
Capacity adjustment expenses	-1.8	-7.9	-7.3	**-17.0**
Gain on sale of Talvivaara shares	8.4	-	-	**8.4**
Intellectual property related items	27.6	-	-	**27.6**
Gain on business disposal	0.9	-	-	**0.9**
Credit loss reserve related to two paper machine customers	-	-	0.9	**0.9**
Net effect for prior years' ICMS (VAT) tax credits in Brazil	-2.8	-	-2.0	**-4.8**
Costs related to business acquisition projects	-	-	-	**-4.2**
Amortization of intangible assets *)	-6.7	-19.7	-28.9	**-57.6**
Operating profit (EBIT)	290.4	111.4	70.3	**445.2**

*) Includes EUR 32.9 million amortization of intangible assets acquired through business acquisitions..

2009 **EUR million**	Mining and Construction Technology	Energy and Environmental Technology	Paper and Fiber Technology	**Metso Group**
EBITA before non-recurring items	**201.6**	**147.4**	**71.3**	**399.0**
% of net sales	**9.7**	**9.7**	**5.1**	**8.0**
Capacity adjustment expenses	-21.9	-11.1	-41.7	**-74.7**
Gain on sale of Talvivaara shares	23.1	-	-	**23.1**
Hedging reversal due to a cancelled customer order	-	-	-9.0	**-9.0**
Credit loss reserve related to two paper machine customers	-	-	-4.1	**-4.1**
Amortization of intangible assets *)	-4.0	-18.2	-15.7	**-40.7**
Operating profit (EBIT)	198.8	118.1	0.8	**293.6**

*) Includes EUR 18.5 million amortization of intangible assets acquired through business acquisitions.

Group Head Office's operating profit in 2010 includes foreign exchange gains of EUR 10 million from foreign exchange hedge contracts made by reporting segments with Group Treasury (EUR 12 million gain in 2009). Corresponding foreign exchange losses are included in the operating results of the reporting segments.

Net financing expenses for 2010 were EUR 75 million (EUR 72 million in 2009). Interest expenses were EUR 69 million (EUR 75 million in 2009). Net financing expenses include EUR 10 million in foreign exchange losses related to the above-mentioned Group Head Office's foreign exchange gain.

Our profit before taxes was EUR 370 million (EUR 222 million in 2009), and our tax rate for 2010 was 30 percent (32% in 2009).

The profit attributable to shareholders in 2010 was EUR 257 million (EUR 150 million in 2009), corresponding to earnings per share (EPS) of EUR 1.71 (EUR 1.06 per share in 2009).

Return on capital employed (ROCE) before taxes was 13.5 percent (10.0% in 2009) and the return on equity (ROE) was 13.6 percent (9.8% in 2009).

Cash flow and financing

Following the substantial reduction in net working capital and exceptionally strong overall operating cash flow in 2009, cash generation was also good in 2010. Net cash provided by operating activities amounted to EUR 506 million (EUR 770 million in 2009). Thanks to continued focus on working capital management, our net working capital decreased EUR 25 million in January-December in spite of increasing delivery volumes.

Free cash flow in 2010 was EUR 435 million (EUR 717 million in 2009).

Net interest-bearing liabilities declined considerably and totaled EUR 310 million at the end of the year (EUR 583 million on December 31, 2009).

Our total cash assets at the end of 2010 were EUR 1,051 million, EUR 406 million of which has been invested in financial instruments with an initial maturity exceeding three months. The remaining EUR 645 million has been accounted for as cash and cash equivalents. In December, we renewed the syndicated five-year EUR 500 million revolving credit facility. The facility is primarily to support short-term funding. Our liquidity position is good.

In April, following the Annual General Meeting, we paid EUR 105 million in dividends for 2009. Our gearing continued to improve throughout the year and was 15.0 percent at the end of 2010 (32.5% in 2009) and our equity to assets ratio was 38.1 percent (35.7% in 2009).

Capital expenditure

Our gross capital expenditure in 2010, excluding business acquisitions, was EUR 135 million (EUR 117 million in 2009). The share of maintenance investments was 58 percent, i.e. EUR 78 million. Capital expenditure included two small technology related investment; in April we purchased the paper machine web inspection and web break system business and took over about 30 people, and in August we invested in rubber belt related business with 16 people to complement our service and product offering to the pulp and paper industry. We estimate new capital expenditure in 2011 to increase 10–20 percent on 2010.

The first phase of our largest single industrial investment so far, Metso Park in India, was completed in March and the second phase has been initiated. A technology center specializing in automation and flow control solutions and products was inaugurated in May in Shanghai, China. In York, Pennsylvania, USA, Mining and Construction Technology took up new office premises under operating lease arrangements in May. In June, construction work was started in Vantaa for a new facility to strengthen our global industrial valve production. This investment will also be accounted as an operating lease. In Araucaria, Brazil, construction work on a new facility for our regional pulping and power operations has been started. In Jyväskylä, Finland, we completed an upgrade of a pilot machine at the Paper Technology Center. In Zibo, our third service center in China for the pulp and paper industry was inaugurated in November. Investment projects in global enterprise resource planning (ERP) systems are underway in Mining and Construction Technology and in the Automation business. Mining and Construction Technology's ERP project is estimated to be completed during the first half of 2011.

Acquisitions, divestments and joint ventures

In November, the two investment companies Pontos Group and Finnish Industry Investment Ltd invested through a directed share issue a total of EUR 20 million into our automotive business, thereby giving them a total shareholding of 34 percent in Valmet Automotive. Valmet Automotive's key management will be committed and incentivized through a separate directed share issue under which the management will invest in Valmet Automotive, too. After these arrangements, Metso's ownership in the company will be somewhat over 60 percent.

In connection with the above mentioned transaction, Valmet Automotive acquired Karmann's convertible roof systems in Germany and Poland. The acquired roof business employs over 700 people and the net sales were about EUR 170 million in 2010. As one of three leading suppliers of roof systems, Karmann has a market share of about 25 percent and delivery agreements spanning several years.

In July, we acquired the repair service business of Wyesco of Louisiana, L.L.C., in the U.S. state of Louisiana. The business was affiliated to the Paper and Fiber Technology segment and it employs 30 people.

In May, we completed the divestment of the Flexowell conveyor belt operations in Germany to ContiTech Transportbandsysteme GmbH. Flexowell was part of the Mining and Construction Technology segment.

In November 2009, we concluded a combination agreement with Tamfelt, one of the world's leading suppliers of technical textiles. The remaining 2 percent of Tamfelt's shares were redeemed in accordance with the Finnish Companies Act, and in May 2010 Metso gained title to all the shares in Tamfelt. Since December 2009, Tamfelt has been a part of our Paper and Fiber Technology segment and today constitutes the segment's Fabrics business line.

Research and development

Our research and development activities focus on several areas that are important in terms of sustainability and competitiveness, such as energy and raw material efficiency, utilization of recycled raw materials, process control technology and, increasingly, new services business solutions. We have concentrated our R&D work on projects that offer the best potential for capitalizing on our future growth opportunities.

Our research and development expenses were EUR 111 million in 2010, i.e. 2.0 percent of Metso's net sales (EUR 115 million and 2.3% in 2009). In addition to this, expenses for intellectual property rights amounted to EUR 18 million in 2010 (EUR 15 million in 2009). Our R&D resources are spread throughout about 40 networked units in Europe, North America, South America and Asia and employed 829 people (763 in 2009) in 2010. Our personnel made approximately 780 invention disclosures during the year (620 in 2009), which led to more than 180 priority patent applications (200 in 2009). At the end of the year, approximately 3,000 Metso inventions were protected by patents (3,000 in 2009). In 2010, we launched a new, EUR 10 million stimulus package to accelerate our long-term strategic R&D and innovation activities. The program was focused on R&D supporting the growth of environmental and services business.

Focus areas of our R&D during 2010 were services business, energy and environmental efficiency as well as features aimed at improving profitability of our customers' investments. New products included, for example, service offerings for mining customers in which they can select inspection, site supervision, maintenance, process optimization and complete maintenance services and even performance contracts with risk and profit sharing options. Another example is a new energy-saving layering concept for various packaging board grades reducing customers' initial investment and operational costs.

During the year, we launched several R&D cooperation projects with our partners, such as an industrial-scale development project for torrefaction with Swedish Bio Energy Development North AB. The target is to install an industrial-scale development unit in Örnsköldsvik, Sweden, for torrefaction of wood biomasses and residues from the agricultural sector. Torrefaction is a mild pyrolysis process, whereby "green coal" is produced from biomass. Green coal is a sustainable fuel and will play an important part as a substitute for fossil coal in power generation and gasification processes. In cooperation with Stora Enso and Domtar we established a long-term project to develop a future pulp mill biorefinery based on new pulping technology. The target is to develop a new concept that improves the energy efficiency and cost effectiveness of the process, has lower initial capital investment costs and reduces fiber usage, however without affecting its properties important to paper and board quality.

We are also expanding our product development activities to emerging markets with a target to to localize and customize our products for the needs of new markets. We use our global product designs as basic development platforms which we then engineer locally. These products are also designed to use locally available materials and components and to be manufactured locally. For example in 2010 our Indian engineering team developed the first track-mounted crushing unit primarily for the Asian market and to be manufactured in India. The first units will be available for sale in 2011. Another good example is a small size recovery boiler designed by the Indian power engineering unit to be manufactured locally in India. The first boilers have already been delivered to customers.

Environment and environmental technology

The environmental impact of our own production is minor and relates mainly to the consumption of raw materials and energy, emissions to air, water consumption and waste. We are continuously improving our environmental management practices and the eco-efficiency of our production facilities, as well as developing our cooperation, towards greater environmental efficiency with our subcontractors and the entire supply chain.

We set in 2009 Metso-wide global energy savings and carbon dioxide emissions targets for our production operations in an effort to reduce our energy consumption and emissions by 15 percent by 2015 and 20 percent by 2020, in line with the EU goals. Our first projects targeted at reaching those goals were launched in 2010.

Many of Metso's technology solutions have been developed in close cooperation with our customers. The solutions are related to renewable energy sources, energy efficiency of our customers' production processes, waste management, recycling, efficient utilization of raw materials and water, reducing dust, noise, carbon dioxide and particle emissions, and process optimization, to name a few.

We also provide training, maintenance and other services related to our technology to secure efficient and sustainable use of the processes and equipment we have delivered.

Risks and business uncertainties

Our operations are affected by various strategic, financial, operational and hazard risks. We take measures to manage and limit the potential adverse effects of these risks. If such risks materialized, they could have material adverse effects on our business, financial situation, and operating result or on the value of Metso shares and other securities.

Our risk assessments take into consideration the probability of the risks and the estimated impact of them on our net sales and financial results. The management estimates that the overall risk level of the company is currently manageable in proportion to the scope of our operations and the practical measures available to manage these risks.

The budget deficits in many European countries and the United States with potential negative impact on funding from capital markets coupled with strong fluctuations in exchange rates have increased the uncertainty which could slow the economic recovery particularly in Europe and North America. Despite this, we estimate that the business environment in our main customer industries continues to gradually improve because of the global megatrends like emerging markets growth, urbanization and increasing importance of environmentally sustainable process solutions. We estimate that the high share of our business derived from services and emerging markets will diminish the possible negative effects that market uncertainties may have.

If the recovery in the global economy is interrupted, it might have adverse effects on new projects under negotiation or on projects in our order backlog. Some projects may be postponed or they may be suspended or canceled. At the moment less than 10 percent of orders in the order backlog are subject to uncertainties relating to delivery schedules. In long-term delivery projects the initial customer down payments are typically 10-30 percent of the value of the project, in addition to which the customer makes progress payments during the project execution. This significantly decreases our risk and financing requirements related to these projects. We continually assess our customers' creditworthiness and ability to meet their obligations. As a rule, we do not finance customer projects.

We have adjusted our capacity and cost structure in order to maintain our competitiveness. Also our suppliers have strongly adjusted their capacity during the past two years and it is possible that now with the demand picking up suppliers' ability to supply raw materials, components and subcontracting services may have weakened, which may result in delivery problems. If the recovery of the global economy is interrupted, the markets for our products may contract, which may lead to tightening price competition.

Securing the continuity of our operations requires that sufficient funding is available under all circumstances. We estimate that our cash assets totaling EUR 1,051 million and available credit facilities are sufficient to secure short-term liquidity. Our committed credit facility, with five year maturity, is available for withdrawal and amounted to EUR 500 million. The average maturity for our long-term debt is 2.8 years. Less than one third of our long-term debt will mature by the end of 2011. There are no prepayment covenants in our debt facilities that would be triggered by changes in credit ratings. Some of our debt facilities include financial covenants related to capital structure. We fully meet the covenants and other terms related to our financing agreements.

The levels of net working capital and capital expenditure have a fundamental effect on the adequacy of financing. We have developed our practices and the supporting information systems relating to managing net working capital and we expect that these will improve our ability to control movements in our net working capital as delivery volumes experience an upswing. As a result of these investments we estimate to be well-positioned to keep our capital expenditure at a moderate level in the coming years.

At the end of 2010 we had EUR 880 million of goodwill on our balance sheet which is mainly related to business acquisitions made over the last 10 years. We conduct impairment tests regularly once a year and more frequently if needed, and have not detected any impairment. The sensitivity tests performed in connection with the annual impairment test indicated that there could be risk of impairment for the goodwill allocated to the Fabrics business acquired in 2009 in case our business environment would adversely differ from our assumptions. However, we do not believe that the assumptions used in the sensitivity tests are likely to be realized in the near future. The principles for the impairment testing are presented in our Annual Report.

Changes in labor costs, the prices of raw materials and components can affect our profitability. Currently there are also high inflationary pressures. On the other hand, some of our customers are raw material producers, whose ability to operate and invest may be enhanced by strengthening raw material prices and hampered by declining raw material prices.

Currency exchange rate risks are among the most substantial financial risks. Exchange rate changes can affect our business, although the wide geographical scope of our operations decreases the impact of any individual currency. In general, uncertainty in the economy is likely to increase exchange rate fluctuations. We hedge the currency exposures that arise from firm delivery and purchase agreements.

The United States Department of Justice has closed its investigations related to the 2006 subpoena received by Metso

In July 2010, Metso was informed by the Antitrust Division of the United States Department of Justice that it had closed its investigation of the rock crushing and screening equipment industry. In late 2006, Metso Minerals Industries, Inc. had received a subpoena from the Antitrust Division of the United States in which it called us to produce certain documents related to an investigation of potential antitrust violations. No further action has been brought against any party.

Personnel

At the end of the year, we had 28,593 employees, which was 5 percent and 1,427 employees more than at the end of 2009 (27,166 employees on December 31, 2009). Taking into account the impact of the acquired and divested businesses the increase in the number of personnel is 714 people. On a comparable basis, the number of employees increased by over 700 employees in Mining and Construction Technology which is preparing for continued upswing in the business volumes. The number of employees decreased in Paper and Fiber Technology by about 100 people. The amount of personnel grew most in the South and Central America with high activity levels especially in the mining business. The share of our personnel in emerging markets increased to 34 percent (31%). During January–December, we had an average of 27,585 employees.

Mining and Construction Technology employed 36 percent, Energy and Environmental Technology 21 percent, Paper and Fiber Technology 36 percent, and Valmet Automotive, shared service centers and Group Head Office 7 percent of our personnel. The countries with the largest numbers of personnel were Finland, China, the United States, Sweden and Brazil. These countries employed 67 percent of Metso's total personnel.

During 2010, we continued to develop our leadership skills, defined Metso Leadership Principles and started implementing them as part of leaders' development discussions. We also developed our employee performance and development processes and carried out Metso's international training programs with special focus on fostering leadership skills and Metso-wide collaboration.

In 2010 we continued the global implementation of our occupational health and safety monitoring system, OHS Monitor, and at the moment there are 18,000 Metso employees within the sphere of the system. All observed risks related to occupational health and safety are collected into the OHS Monitor and by analyzing them our target is that similar incidents can be prevented. Our long-term target is zero occupational accidents.

The salaries and wages of Metso employees are determined on the basis of local collective and individual agreements, employee performance and job evaluations. Basic salaries and wages are complemented by performance-based compensation systems. In 2010, altogether EUR 1,106 million were paid in salaries and wages (EUR 991 million in 2009). Indirect employee costs were EUR 319 million in 2010 (EUR 303 million in 2009).

Personnel by area

	Dec 31, 2010	**% of total personnel**	Dec 31, 2009	% of total personnel	Change %
Finland	**8,748**	**31**	8,746	32	0
Other Nordic countries	**2,880**	**10**	2,995	11	-4
Rest of Europe	**4,183**	**15**	3,678	13	14
North America	**3,491**	**12**	3,428	13	2
South and Central America	**3,166**	**11**	2,618	10	21
Asia-Pacific	**4,700**	**16**	4,316	16	9
Africa and Middle East	**1,425**	**5**	1,385	5	3
Total	**28,593**	**100**	27,166	100	5

Corporate Governance Statement

We have prepared a separate Corporate Governance Statement of 2010 which follows the recommendations of the Finnish Corporate Governance Code for listed companies. It also covers other central areas of corporate governance. The statement will be included in our Annual Report, and it is published separately from the Board of Directors' Report. The statement will also be available on our website at www.metso.com/governance.

Changes in top management

In August, Metso's Board of Directors appointed Mr. Matti Kähkönen, M.Sc. in Engineering, as the new President and Chief Executive Officer of Metso Corporation and Metso Group. Kähkönen will start in his new position on March 1, 2011, when Metso's current President and CEO, Jorma Eloranta, will retire. Until then, Kähkönen will continue as President of Metso's Mining and Construction Technology segment.

As of October 1, 2010, Kähkönen took over also as Metso's Executive Vice President and Deputy to the CEO and as Vice Chairman of the Metso Executive Team.

In December, Metso's Board of Directors announced the changes in Metso's Executive Team, to take effect on March 1, 2011. Andrew Benko was appointed President, Mining and Construction Technology. He is currently President, Equipment and Systems business line, Mining and Construction Technology. Perttu Louhiluoto was appointed President, Energy and Environmental Technology. Louhiluoto is currently Senior Vice President, EMEA market area, Mining and Construction Technology. Pasi Laine was appointed President, Paper and Fiber Technology, and Metso's Executive Vice President and Deputy to the CEO. Laine is currently President, Energy and Environmental Technology. Harri Nikunen was appointed Metso Group's Chief Financial Officer. He is currently Senior Vice President, Finance, Paper and Fiber Technology. Merja Kamppari, Senior Vice President, Human Resources, Metso Group, was appointed as a member of the Metso Executive Team. Kalle Reponen, Senior Vice President, Strategy and M&A, will continue as a member of the Metso Executive Team.

As of March 1, 2011, all of the above-mentioned individuals will report to Matti Kähkönen, who will be Chairman of the new Metso Executive Team.

Metso's current CFO, Olli Vaartimo, and the current President of Paper and Fiber Technology, Bertel Langenskiöld both turned 60 during the autumn and reached the age of retirement according to their executive contracts. They both have agreed to continue in their positions until March 1, 2011 and to support the changes in Metso's top management during the transition period until the end of June, when needed. Vaartimo and Langenskiöld will step down from the Metso Executive Team as of March 1, 2011.

Financial targets and dividend policy

In connection with our annual strategy process in August, our long-term financial targets were evaluated and kept unchanged. For further information on financial targets, please see our website: www.metso.com/investors.

Decisions of the Annual General Meeting

Our Annual General Meeting on March 30, 2010 approved the Financial Statements for 2009 and decided to discharge the members of the Board of Directors and the President and CEO from liability for the financial year 2009. The Annual General Meeting approved the proposals of the Board to authorize the Board to resolve on a repurchase of Metso's own shares, on share issue and granting of special rights and on donations to universities. The Annual General Meeting also approved the proposal to amend Article 8 (notice convening a meeting) of the Articles of Association.

The AGM decided that a dividend of EUR 0.70 per share will be paid for 2009. The dividend was paid on April 13, 2010.

The AGM elected Jukka Viinanen Chairman of the Board and Maija-Liisa Friman Vice Chairman of the Board. Erkki Pehu-Lehtonen and Mikael von Frenckell were elected as new members of the Board. The Board members re-elected were Christer Gardell, Yrjö Neuvo and Pia Rudengren.

The AGM decided that the annual remunerations for Board members would be EUR 92,000 for the Chairman, EUR 56,000 for the Vice Chairman and EUR 45,000 for the members and that they be paid EUR 600 for each meeting they attend, including committee meetings. Based on the decision of the AGM, the Board members have used 40 percent of their annual remuneration to buy Metso shares. The Board members acquired the shares from the market within two weeks after the publication of the first-quarter 2010 interim report on April 29, 2010. Altogether 5,580 shares were acquired, which is 0.004 percent of total amount of Metso shares. There are no specific principles for the ownership of the above-mentioned shares.

The auditing company, Authorized Public Accountants PricewaterhouseCoopers Oy, was re-elected as our auditor until the end of the next AGM.

The AGM decided to establish a Nomination board of the AGM to prepare proposals for the following AGM regarding the composition of the Board and director remuneration. Representatives of the four biggest shareholders were elected to the Nomination board based on the ownership information as of November 1, i.e Solidium Oy, Cevian Capital II Master Fund L.P., Varma Mutual Pension Insurance Company and Ilmarinen Mutual Pension Insurance Company. They have named the following people as their representatives for Metso's Nomination Board: Kari Järvinen, Managing Director (Solidium Oy); Lars Förberg, Managing Partner (Cevian Capital); Matti Vuoria, Managing Director, President and CEO (Varma Mutual Pension Insurance Company), and Harri Sailas, President and CEO (Ilmarinen Mutual Pension Insurance Company). Jukka Viinanen, Chairman of Metso's Board of Directors serves as the Nomination Board's expert member.

On the basis of the decision by the AGM, Metso paid in 2010 a donation of EUR 1.9 million to the Aalto University Foundation and to other Finnish universities as follows: EUR 350,000 to Tampere University of Technology's TTY Foundation; EUR 100,000 to the University of Jyväskylä; and EUR 50,000 each to Åbo Akademi University, the Lappeenranta University of Technology and the University of Oulu. The donation authorization granted by the AGM was exercised in full.

Members of Board committees and personnel representative

Our Board elected members from among the Board for the Audit Committee and Remuneration and HR Committee at its assembly meeting on March 30, 2010. The Board's Audit Committee consists of Pia Rudengren (Chairman), Maija-Liisa Friman and Erkki Pehu-Lehtonen. The Board's Remuneration and HR Committee consists of Jukka Viinanen (Chairman), Mikael von Frenckell, Christer Gardell and Yrjö Neuvo.

Metso's personnel groups in Finland have elected Jukka Leppänen as the personnel representative. Pursuant to the Finnish Act on Personnel Representation in the Administration of Undertakings, a personnel representative participates in the meetings as an invited expert with no voting rights or legal liability for the Board's decisions and his term of office is the same as the Board members' term.

Shares and share capital

At the end of December 2010, our share capital was EUR 240,982,843.80 and the number of shares was 150,348,256. The number of shares includes 718,397 Metso shares held by the Parent Company, which represent 0.5 percent of all the shares and votes. The average number of shares outstanding in January-December of 2010, excluding Metso shares held by the Parent Company, was 149,682,703 and the average number of diluted shares was 149,836,864.

During February-March 2010, we executed a repurchase of 300,000 of our own shares relating to our share-based management incentive program decided in October 2009 (Metso Share Ownership Plan 2010-2012). The average purchase price of the shares was EUR 23.49 and the total acquisition price EUR 7,047,343.89.

During January-December, 8,780 shares were returned from Metso Share Ownership Plan participants to the parent company due to employment terminations.

Market capitalization of Metso, excluding the shares held by the Parent Company, was EUR 6,255 million on December 31, 2010 (EUR 3,693 million on Dec 31, 2009).

Metso Board members and their interest parties held altogether 116,172 shares on December 31, 2010, which is 0.08 percent of the total amount of shares and votes in Metso. The Metso Executive Team and their interest parties held altogether 81,707 Metso shares at the end of December, which is 0.05 percent of the total amount of shares and votes. The holdings of the Board and Executive Team equaled 0.13 percent of the total amount of shares and votes in Metso. Up-to-date information concerning the holdings of Metso's statutory insiders is available on our website: www.metso.com/investors.

Metso is not aware of any shareholders' agreements regarding the ownership of Metso shares or voting rights.

Share-based incentive plans

Metso's share ownership plans are part of the remuneration and commitment program for Metso management. For further information, see www.metso.com/investors

Share Ownership Plan for 2009-2011 (SOP 2009-2011)

In October 2008, the Board of Directors approved a share ownership plan for the years 2009-2011. The plan has one three-year earnings period and required participants' personal investment in Metso shares at the beginning of the program. Any possible reward from the plan requires continued employment with Metso and reaching the financial targets set for the plan. At the end of 2010, the plan had 88 participants and the rewards that can be paid correspond to a maximum of 369,925 Metso shares. Members of the 2010 Executive Team may receive a maximum of 77,400 shares as share rewards.

Share Ownership Plan for 2010-2012 (SOP 2010-2012)

In October 2009, the Board of Directors approved a similar kind of share ownership plan for the years 2010-2012. The plan has one three-year earnings period and required participants' personal investment in Metso shares at the beginning of the program. Any possible reward from the plan requires continued employment with Metso and reaching the financial targets set for the plan. At the end of 2010, the plan had 91 participants and the rewards that can be paid correspond to a maximum of 339,350 Metso shares. Members of the 2010 Executive Team may receive a maximum of 77,400 shares as share rewards.

Share Ownership Plan for 2011-2013 (SOP 2011-2013)

In September 2010, the Board of Directors approved a share ownership plan for 2011–2013. The plan includes one three-year earnings period. The plan requires participants' personal investment in Metso shares at the beginning of the program. Any possible reward from the plan requires continued employment with Metso and reaching the financial targets set for the plan. At the end of 2010, 74 people had confirmed their participation in the plan and the rewards that can be paid correspond to a maximum of 251,698 Metso shares. The shares for the plan are acquired in public trading and therefore the plan will not have diluting effect on the share value. Members of the new Executive Team (as of March 2011) may receive a maximum of 77,400 shares as share rewards.

REPORTING SEGMENTS

Mining and Construction Technology

EUR million	Q4/2010	Q4/2009	Change %	2010	2009	Change %
Net sales	**659**	524	26	**2,235**	2,075	8
Net sales of services business	**312**	240	30	**1,139**	1,017	12
% of net sales	**48**	46		**51**	49	
Earnings before interest, tax, amortization (EBITA) and non-recurring items	**85.6**	42.2	103	**264.8**	201.6	31
% of net sales	**13.0**	8.1		**11.8**	9.7	
Operating profit	**88.4**	44.2	100	**290.4**	198.8	46
% of net sales	**13.4**	8.4		**13.0**	9.6	
Orders received	**651**	457	42	**2,457**	1,660	48
Orders received of services business	**308**	237	30	**1,223**	970	26
Order backlog at end of period				**1,356**	1,041	30
Personnel at end of period				**10,206**	9,541	7

The net sales of Mining and Construction Technology increased 8 percent on the comparison period and were EUR 2,235 million. Excluding the impact of exchange rate translation, net sales would have declined by 2 percent. In the mining business, net sales grew 10 percent and in the construction business 4 percent. The services business net sales increased 12 percent and accounted for 51 percent of the segment's net sales (49% in 2009).

Mining and Construction Technology's EBITA before non-recurring items was EUR 264.8 million (non-recurring items are analyzed in the 'Financial result' section), i.e. 11.8 percent of net sales in January–December (EUR 201.6 million and 9.7% in 2009). Improved capacity utilization rates contributed positively to the profitability, while on the other hand, profitability was weakened due to the 4 percent underlying increase in selling, general and administrative expenses when preparing for higher market activity and delivery volumes in 2011.

Operating profit (EBIT) for January–December was EUR 290.4 million, i.e. 13.0 percent of net sales (EUR 198.8 million and 9.6% in 2009). EBIT includes positive non-recurring items of EUR 32.3 million net, while in 2009 non-recurring items strengthened the EBIT by EUR 1.2 million.

Orders received by Mining and Construction Technology in January–December grew 48 percent from the comparison period and totaled EUR 2,457 million. Orders received grew in all geographical regions. Orders from mining customers increased 61 percent and orders from construction customers 25 percent. Orders received from emerging markets grew almost 80 percent and totaled 61 percent of all the segment's orders received (51% in 2009). New orders received in January–December included grinding equipment deliveries for the Kinross Gold goldmine in Brazil, mining equipment for Tisco's iron ore processing plant in China and mining and minerals processing equipment and services for Nordic Mines' new gold ore processing plant in Finland. The increase in services orders was 26 percent.

The order backlog strengthened 30 percent during the year and totaled EUR 1,356 million at the end of December (EUR 1,041 million on December 31, 2009). At the end of December our order backlog included mining equipment orders that are subject to uncertainties, primarily related to delivery schedules, of around EUR 50 million.

Energy and Environmental Technology

EUR million	Q4/2010	Q4/2009	Change %	2010	2009	Change %
Net sales	**457**	419	9	**1,435**	1,523	-6
Net sales of services business	**175**	137	28	**547**	516	6
% of net sales	**40**	33		**39**	35	
Earnings before interest, tax, amortization (EBITA) and non-recurring items	**46.2**	37.9	22	**139.0**	147.4	-6
% of net sales	**10.1**	9.0		**9.7**	9.7	
Operating profit	**41.4**	27.8	49	**111.4**	118.1	-6
% of net sales	**9.1**	6.6		**7.8**	7.8	
Orders received	**447**	504	-11	**1,528**	1,297	18
Orders received of services business	**139**	117	19	**599**	443	35
Order backlog at end of period				**1,158**	1,032	12
Personnel at end of period				**6,073**	6,060	0

The net sales of Energy and Environmental Technology were EUR 1,435 million, a decrease of 6 percent on the comparison period due to weak order intake in 2009. Excluding the impact of exchange rate translation, net sales would have declined by 10 percent. Net sales declined 8 percent in the Power business, 4 percent in the Automation business and 5 percent in the Recycling business. The services business net sales increased 6 percent and accounted for 39 percent of the segment's net sales (35% in 2009).

Energy and Environmental Technology's EBITA before non-recurring items was EUR 139.0 million, i.e. 9.7 percent of net sales (EUR 147.4 million and 9.7% in 2009). Successful execution of large delivery projects had a positive impact on profitability, whereas the decline in net sales had a negative impact.

Operating profit (EBIT) for January–December declined and was EUR 111.4 million, i.e. 7.8 percent of net sales (EUR 118.1 million and 7.8% in 2009). The EBIT includes EUR 7.9 million non-recurring expenses (non-recurring items are analyzed in the 'Financial result' section) primarily related to capacity adjustment actions (non-recurring expenses EUR 11.1 million in 2009).

Orders received by the segment increased 18 percent on the comparison period and totaled EUR 1,528 million. Orders received increased in all of the business lines. Major orders received includes biomass boilers for Bomhus Energi in Sweden, RWE npower renewables in the UK and for 4Ham Cogen in Belgium. In addition, several automation orders for power plants, pulp mills, paper, board and tissue lines as well as oil and gas projects were received. In the Recycling business we received several sizable metal and solid waste recycling shredder orders. The increase in services orders was 35 percent.

The order backlog at the end of 2010, EUR 1,158 million, was 12 percent higher than at the end of 2009. The order backlog includes projects worth about EUR 90 million with uncertain delivery schedules. The uncertainty is mostly related to the deliveries of power boiler and automation technology for Fibria's pulp mill project in Brazil.

Paper and Fiber Technology

EUR million	Q4/2010	Q4/2009	Change %	2010	2009	Change %
Net sales	**555**	406	37	**1,856**	1,408	32
Net sales of services business	**227**	159	43	**766**	569	35
% of net sales	**41**	39		**41**	41	
Earnings before interest, tax, amortization (EBITA) and non-recurring items	**20.9**	16.8	24	**107.6**	71.3	51
% of net sales	**3.8**	4.1		**5.8**	5.1	
Operating profit	**10.1**	-7.0	n/a	**70.3**	0.8	n/a
% of net sales	**1.8**	-1.7		**3.8**	0.1	
Orders received	**387**	401	-3	**1,947**	1,384	41
Orders received of services business	**189**	133	42	**814**	524	55
Order backlog at end of period				**1,559**	1,380	13
Personnel at end of period				**10,362**	10,459	-1

The net sales of Paper and Fiber Technology grew 32 percent in January–December and were EUR 1,856 million. Excluding the impact of exchange rate translation net sales would have grown by 26 percent. The growth in net sales came from all business lines. The comparable net sales growth, i.e. excluding the impact of exchange rate translation and the acquired Fabrics business, was 16 percent. The net sales of the services business increased 35 percent and accounted for 41 percent of the net sales (41% in 2009). The growth in the services business' net sales excluding the acquired Fabrics business line was 9 percent.

Paper and Fiber Technology's EBITA before non-recurring items was EUR 107.6 million, i.e. 5.8 percent of net sales (EUR 71.3 million and 5.1% in 2009). The improvement in profitability resulted primarily from the strengthened profitability in the services business and from strong net sales growth. Fourth quarter profitability was negatively impacted by delivery mix both in the capital and services part of the business and by an increase in provisions in some projects where new technologies were launched.

Operating profit (EBIT) for January–December was EUR 70.3 million, i.e. 3.8 percent of net sales (EUR 0.8 million and 0.1% in 2009). The EBIT includes non-recurring items (non-recurring items are analyzed in the 'Financial result' section), which weaken the EBIT by a total of EUR 8.4 million (non-recurring items in 2009 weakened the EBIT by EUR 54.8 million).

Overall, the value of orders received by Paper and Fiber Technology increased 41 percent and was EUR 1,947 million. New orders from paper and board customers decreased 6 percent and orders from the pulp industry were up 131 percent on the exceptionally weak comparison period. Orders from tissue customers grew 81 percent. The increase in services orders was 55 percent (24 percent without the Fabrics business). Among the orders received in 2010 were board-making technology and machinery for Cheng Loong in Taiwan, for Saica Containerboard in the UK as well as for Zhejiang Ji'An in China, a fine paper line for APRIL Fine Paper (Guangdong) in China, a kraft pulp mill for Japanese Oji Paper to China and the main technology for Ilim Group's new kraft pulp mill in Bratsk, Russia.

At the end of December, the order backlog was EUR 1,559 million. Around EUR 240 million of the order backlog include uncertainties, which relates to the pulp mill project for Fibria in Brazil, for which the delivery schedule is still open.

Valmet Automotive

Valmet Automotive's net sales grew clearly towards the end of the year and totaled EUR 84 million (EUR 56 million in 2009). Net sales for the last quarter were EUR 36 million i.e 43 percent of the full year net sales. The EBITA before non-recurring items in 2010 was EUR 4.6 million negative (EUR 8.1 million negative in 2009). EBITA includes EUR 1 million negative results from the acquired Karmann roof business, consolidated from November 21, 2010, due to seasonally low delivery volumes in December. Valmet Automotive Finland's EBITA improved clearly towards the end of the year in line with the volume increase and was for the last quarter EUR 3.6 million.

At the end of December, Valmet Automotive employed 1,425 people (679 people on December 31, 2009), 737 of whom are a part of the acquired roof business.

Today, the enlargened service portfolio of Valmet Automotive includes engineering, manufacturing and business services as well as convertible roof systems for the automotive industry. In Uusikaupunki, Finland the series production of the plug-in hybrid car Fisker Karma is planned to start in the first quarter of 2011 after the manufacturing of pre-series cars. The electric vehicles THINK City and Garia golf car as well as Porsche Cayman sports car are also in production. The assembly contract with Porsche AG is expected to end by the end of 2011. The current customers of the roof systems business in Osnabrück, Germany and in Zary, Poland, include BMW/MINI, Daimler, Renault and Bentley. Valmet Automotive has also engineering projects under way for several customers.

Events after the review period

Metso's Nomination Board proposes eight members to the Board of Directors

The Nomination Board established by Metso's Annual General Meeting proposes to the next Annual General Meeting, which is planned to be held on March 30, 2011, that the number of Board of Directors members is eight.

The Nomination Board proposes to the Annual General Meeting that the present members of the Board of Directors Mikael von Frenckell, Maija-Liisa Friman, Christer Gardell, Yrjö Neuvo, Erkki Pehu-Lehtonen, Pia Rudengren and Jukka Viinanen would be re-elected. In addition, it is proposed to elect Ozey K. Horton, Jr as a new member of the Board of Directors.

The Nomination Board proposes to the Annual General Meeting that the annual remuneration payable to the members of the Board of Directors be equal to the remuneration payable to the current members of the Board of Directors based on the decision of the Annual General Meeting 2010, however, with the change that the remuneration payable to the Chairman of the Audit Committee be equal to the remuneration payable to the Vice Chairman of the Board of Directors: EUR 92,000 for the Chairman of the Board of Directors, EUR 56,000 for the Vice Chairman of the Board of Directors and for the Chairman of the Audit Committee, and EUR 45,000 for each member of the Board of Directors. In addition, the Nomination Board proposes that a meeting fee in the amount of EUR 600 shall be paid for those members whose place of residence is in Nordic countries, EUR 1,200 for those members whose place of residence is elsewhere in Europe and EUR 2,400 for those member whose place of residence is outside of Europe for the meetings attended, including the meetings of the committees of the Board of Directors. The Nomination Board proposes that 40 percent of the annual remunerations are paid in Metso shares acquired from the market. The shares shall be acquired directly on behalf of the Board members within two weeks from the release of interim report for 1 January– 31 March 2011.

The Nomination Board notes that a personnel representative will participate as an external expert in the Metso Board meetings also in the next Board term within the limitations imposed by Finnish law. The new Board of Directors will invite the personnel representative as its external expert in its organizing meeting after the Annual General Meeting.

Kari Järvinen acted as the Chairman of the Nomination Board and the other members were Lars Förberg, Matti Vuoria and Harri Sailas. Jukka Viinanen was the Nomination Board's expert member.

Short-term outlook

There have not been material changes in our market situation since the third quarter of 2010 and we estimate that the gradual recovery will continue in most of our customer industries this year. In the emerging markets the outlook continues strong. The uncertainty caused by the budget deficits in several European countries and the United States, availability of funding and fluctuations in the exchange rates may, however, slow down the recovery, especially in Europe and North America. We anticipate that the improving capacity utilization rates of our customer industries will support our services business, and most of our customers are expected to gradually regain their confidence to invest in existing and new capacity.

Metal prices have continued to increase primarily due to strong demand in China and India as well as stabilization of the US economy, together with tight supply in several metals such as copper and iron ore. The number of quotations for equipment and projects from mining companies has strongly increased since the beginning of 2010, especially during the latter half of the year. This has had a clear positive impact on our orders so far, and we expect stronger activity in larger projects this year since the industry players have confirmed significant capital investment programs for the coming years. Due to the strengthening demand for minerals and our large installed equipment base, we expect demand for our mining services to continue strong.

In the Asia-Pacific region and Brazil strong economic growth continues and infrastructure construction projects are maintaining good demand for construction equipments. We anticipate that demand for equipment used in aggregates production by the construction industry in Europe and in North America will gradually start to recover in 2011 thanks to the delayed replacement cycle but still remain weak. We estimate that demand for our services business for the construction industry will remain satisfactory.

Demand for power plants that utilize renewable energy sources is expected to be good in Europe and North America in 2011. Several European countries and the United States have published targets to increase the use of renewable energy and this is expected to support demand for our power plant solutions fuelled by biomass and waste. However, uncertainty in the financial markets and pending policies over support mechanisms for renewable energy may delay final decisions in some of the projects under negotiations. Demand for the power plant services business is expected to be good.

We estimate that demand for our automation products will continue to be good in 2011, as the oil, gas and petrochemical industries increase their investments due to the improvement in energy prices and demand. Demand for automation products in the pulp and paper industry is also expected to develop favorably. Demand for our services business for automation solutions is expected to be good.

We expect the demand for metal and solid waste recycling equipment to be satisfactory. Demand for recycling equipment services is expected to continue improving over the coming quarters as the capacity utilization rates of our customers' plants and equipment improve.

Demand for new fiber lines, rebuilds and pulp mill services has clearly recovered from the low levels of the past few years. We expect the fiber line equipment market to continue to be active in 2011 with a tight competitive environment for large new projects. Demand for paper and board lines is expected to be satisfactory and for tissue lines good in 2011. We expect the improved capacity utilization rates of the paper and board industry to boost the demand for our services business.

Based on the development in 2010 and assuming that the gradual recovery of the global economy will continue, we estimate that our net sales in 2011 will grow over 10 percent compared to 2010 and EBITA before non-recurring items will improve. Our estimate is based on our order backlog of EUR 4.0 billion at the end of 2010, which contains orders worth about EUR 3.1 billion for 2011.

The estimates for our financial performance in 2011 are based on Metso's current market outlook and business scope as well as foreign exchange rates similar to the end of 2010.

Previous guidance (from January-September 2010 Interim Review, published on October 28, 2010):

"Our orders received for the first nine months of this year (2010) exceed the net sales for the same period by 15 percent. Based on this and assuming that the gradual recovery of global economy will continue we estimate that in 2011 our net sales will grow about 10 percent compared to this year and EBITA before non-recurring items will improve."

Board of Director's proposal for the use of profit

The Parent Company's distributable funds totaled EUR 1,525,868,957.58 on December 31, 2010, of which the net profit for the year was EUR 264,850,234.96.

The Board of Directors proposes based on the balance sheet to be adopted for the financial period ended on December 31, 2010, that a dividend of EUR 1.55 per share be distributed. The proposed dividend takes into consideration Metso's strong financial position and dividend policy. Furthermore, it should be noted that the dividend paid in 2009 was 25 percent of earnings per share because of the financial market turmoil at that point of time.

The dividend is paid to a shareholder who on the record date April 4, 2011 is registered as a shareholder in the company's shareholders' register maintained by Euroclear Finland Ltd. The dividend is paid on April 12, 2011.

All the outstanding shares on the dividend record date will be entitled to a dividend, except for the own shares held by the Parent Company.

Annual General Meeting 2011

The Annual General Meeting of Metso Corporation will be held at 3:00 p.m. on Wednesday, March 30, 2011 at the Helsinki Fair Centre (Messuaukio 1, FI-00520 Helsinki).

Helsinki, February 3, 2011

Metso Corporation's Board of Directors

It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding expectations for general economic development and the market situation, expectations for customer industry profitability and investment willingness, expectations for company growth, development and profitability and the realization of synergy benefits and cost savings, and statements preceded by "expects", "estimates", "forecasts" or similar expressions, are forward-looking statements. These statements are based on current decisions and plans and currently known factors. They involve risks and uncertainties which may cause the actual results to materially differ from the results currently expected by the company.

Such factors include, but are not limited to:
(1) general economic conditions, including fluctuations in exchange rates and interest levels which influence the operating environment and profitability of customers and thereby the orders received by the company and their margins
(2) the competitive situation, especially significant technological solutions developed by competitors
(3) the company's own operating conditions, such as the success of production, product development and project management and their continuous development and improvement
(4) the success of pending and future acquisitions and restructuring.

Consolidated statement of income

EUR million	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Net sales	**1,687**	1,353	**5,552**	5,016
Cost of goods sold	**-1,273**	-1,056	**-4,130**	-3,808
Gross profit	**414**	297	**1,422**	1,208
Selling, general and administrative expenses	**-284**	-250	**-1,028**	-938
Other operating income and expenses, net	**1**	9	**50**	24
Share in profits of associated companies	**1**	-1	**1**	0
Operating profit	**132**	55	**445**	294
% of net sales	**7.8%**	4.1%	**8.0%**	5.9%
Financial income and expenses, net	**-22**	-13	**-75**	-72
Profit before taxes	**110**	42	**370**	222
Income taxes	**-34**	-17	**-112**	-71
Profit	**76**	25	**258**	151
Attributable to:				
Shareholders of the company	**76**	25	**257**	150
Non-controlling interests	**0**	0	**1**	1
Profit	**76**	25	**258**	151
Earnings per share, EUR	**0.50**	0.18	**1.71**	1.06
Diluted earnings per share, EUR	**0.50**	0.18	**1.71**	1.06

Consolidated statement of comprehensive income

EUR million	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Profit	**76**	25	**258**	151
Cash flow hedges, net of tax	**8**	-3	**24**	14
Available-for-sale equity investments, net of tax	**-5**	-6	**-4**	-1
Currency translation on subsidiary net investments	**40**	13	**121**	74
Net investment hedge gains (+) / losses (-), net of tax	**-3**	0	**-13**	0
Defined benefit plan actuarial gains (+) / losses (-), net of tax	**-11**	-2	**-11**	-2
Other comprehensive income (+) / expense (-)	**29**	2	**117**	85
Total comprehensive income (+) / expense (-)	**105**	27	**375**	236
Attributable to:				
Shareholders of the company	**105**	27	**374**	235
Non-controlling interests	**0**	0	**1**	1
Total comprehensive income (+) / expense (-)	**105**	27	**375**	236

Consolidated balance sheet

ASSETS

EUR million	Dec 31, 2010	Dec 31, 2009
Non-current assets		
Intangible assets		
Goodwill	**880**	863
Other intangible assets	**287**	312
	1,167	1,175
Property, plant and equipment		
Land and water areas	**64**	62
Buildings and structures	**283**	261
Machinery and equipment	**459**	449
Assets under construction	**43**	47
	849	819
Financial and other assets		
Investments in associated companies	**14**	13
Available-for-sale equity investments	**9**	15
Loan and other interest bearing receivables	**6**	9
Available-for-sale financial investments	**169**	130
Financial instruments held for trading	**-**	40
Derivative financial instruments	**2**	0
Deferred tax asset	**168**	171
Other non-current assets	**42**	44
	410	422
Total non-current assets	**2,426**	2,416
Current assets		
Inventories	**1,305**	1,172
Receivables		
Trade and other receivables	**1,242**	938
Cost and earnings of projects under construction in excess of advance billings	**287**	312
Loan and other interest bearing receivables	**6**	8
Available-for-sale financial assets	**178**	79
Financial instruments held for trading	**59**	-
Derivative financial instruments	**55**	21
Income tax receivables	**29**	42
	1,856	1,400
Cash and cash equivalents	**645**	727
Total current assets	**3,806**	3,299
TOTAL ASSETS	**6,232**	5,715

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	Dec 31, 2010	Dec 31, 2009
Equity		
Share capital	**241**	241
Cumulative translation adjustments	**46**	-62
Fair value and other reserves	**726**	710
Retained earnings	**1,036**	894
Equity attributable to shareholders	**2,049**	1,783
Non-controlling interests	**22**	9
Total equity	**2,071**	1,792
Liabilities		
Non-current liabilities		
Long-term debt	**956**	1,334
Post employment benefit obligations	**195**	190
Provisions	**59**	52
Derivative financial instruments	**3**	5
Deferred tax liability	**50**	56
Other long-term liabilities	**6**	4
Total non-current liabilities	**1,269**	1,641
Current liabilities		
Current portion of long-term debt	**388**	173
Short-term debt	**29**	69
Trade and other payables	**1,377**	1,065
Provisions	**230**	235
Advances received	**503**	363
Billings in excess of cost and earnings of projects under construction	**299**	330
Derivative financial instruments	**30**	21
Income tax liabilities	**36**	26
Total current liabilities	**2,892**	2,282
Total liabilities	**4,161**	3,923
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**6,232**	5,715

NET INTEREST BEARING LIABILITIES

EUR million	Dec 31, 2010	Dec 31, 2009
Long-term interest bearing debt	**956**	1,334
Short-term interest bearing debt	**417**	242
Cash and cash equivalents	**-645**	-727
Other interest bearing assets	**-418**	-266
Total	**310**	583

Condensed consolidated cash flow statement

EUR million	**10-12/2010**	10-12/2009	**1-12/2010**	1-12/2009
Cash flows from operating activities:				
Profit	**76**	25	**258**	151
Adjustments to reconcile profit to net cash provided by operating activities				
Depreciation and amortization	**46**	38	**178**	143
Interests and dividend income	**11**	12	**51**	58
Income taxes	**34**	17	**112**	71
Other	**22**	14	**38**	18
Change in net working capital	**-6**	224	**25**	518
Cash flows from operations	**183**	330	**662**	959
Interest paid and dividends received	**-18**	-16	**-58**	-51
Income taxes paid	**-27**	-31	**-98**	-138
Net cash provided by operating activities	**138**	283	**506**	770
Cash flows from investing activities:				
Capital expenditures on fixed assets	**-46**	-38	**-134**	-116
Proceeds from sale of fixed assets	**1**	5	**7**	8
Business acquisitions, net of cash acquired	**-14**	2	**-21**	-1
Proceeds from sale of businesses, net of cash sold	**-2**	-	**8**	2
Investments in financial assets	**-34**	-78	**-147**	-221
Other	**-1**	-	**5**	1
Net cash used in investing activities	**-96**	-109	**-282**	-327
Cash flows from financing activities:				
Redemption of own shares	**-**	-	**-7**	-2
Dividends paid	**-**	-	**-105**	-99
Changes in ownership interests in subsidiaries	**20**	-	**20**	-
Net funding	**-47**	-61	**-243**	59
Other	**-3**	-2	**-4**	-6
Net cash provided by (+) / used in (-) financing activities	**-30**	-63	**-339**	-48
Net increase (+) / decrease (-) in cash and cash equivalents	**12**	111	**-115**	395
Effect from changes in exchange rates	**11**	4	**33**	18
Cash and cash equivalents at beginning of period	**622**	612	**727**	314
Cash and cash equivalents at end of period	**645**	727	**645**	727

FREE CASH FLOW

EUR million	**10-12/2010**	10-12/2009	**1-12/2010**	1-12/2009
Net cash provided by operating activities	**138**	283	**506**	770
Capital expenditures on maintenance investments	**-25**	-20	**-78**	-61
Proceeds from sale of fixed assets	**1**	5	**7**	8
Free cash flow	**114**	268	**435**	717

Consolidated statement of changes in shareholders' equity

EUR million	Share capital	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	Equity attributable to shareholders	Non-controlling interests	Total equity
Balance at Jan 1, 2009	**241**	**-136**	**490**	**849**	**1,444**	**9**	**1,453**
Profit	-	-	-	150	150	1	151
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	14	-	14	-	14
Available-for-sale equity investments, net of tax	-	-	-1	-	-1	-	-1
Currency translation on subsidiary net investments	-	74	-	-	74	-	74
Net investment hedge gains (losses), net of tax	-	0	-	-	0	-	0
Defined benefit plan acturial gains (+) / losses (-), net of tax	-	-	-	-2	-2	-	-2
Total comprehensive income (+) / expense (-)	-	74	13	148	235	1	236
Dividends	-	-	-	-99	-99	-1	-100
Share issue	-	-	206	-2	204	-	204
Redemption of own shares	-	-	-2	-	-2	-	-2
Share-based payments, net of tax	-	-	1	-	1	-	1
Other	-	-	2	-2	0	-	0
Balance at Dec 31, 2009	**241**	**-62**	**710**	**894**	**1,783**	**9**	**1,792**
Balance at Jan 1, 2010	**241**	**-62**	**710**	**894**	**1,783**	**9**	**1,792**
Profit	-	-	-	257	257	1	258
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	24	-	24	-	24
Available-for-sale equity investments, net of tax	-	-	-4	-	-4	-	-4
Currency translation on subsidiary net investments	-	121	-	-	121	-	121
Net investment hedge gains (losses), net of tax	-	-13	-	-	-13	-	-13
Defined benefit plan acturial gains (+) / losses (-), net of tax	-	-	-	-11	-11	-	-11
Total comprehensive income (+) / expense (-)	-	108	20	246	374	1	375
Dividends	-	-	-	-105	-105	-1	-106
Donations to universities	-	-	-	-2	-2	-	-2
Redemption of own shares	-	-	-7	-	-7	-	-7
Share-based payments, net of tax	-	-	0	-1	-1	-	-1
Other	-	-	3	-4	-1	0	-1
Changes in non-controlling interests	-	-	-	8	8	13	21
Balance at Dec 31, 2010	**241**	**46**	**726**	**1,036**	**2,049**	**22**	**2,071**

Acquisitions

Acquisitions in 2010

In November 2010, Metso announced Valmet Automotive having acquired Karmann's convertible roof business in Germany and Poland from the administrative receivers. The acquisition complements Valmet Automotive's service offering in line with its strategy in convertible engineering and manufacturing services and particularly in component manufacturing. The purchase consideration for the transaction amounted to EUR 33 million, the direct acquisition costs, which were expensed and reported under other operating expenses, being less than EUR 2 million. Metso did not recognize any goodwill on the transaction. The fair values presented in below table are preliminary.

The consolidated income statement for the year ended December 31, 2010 includes the impact of the acquired business with net sales of EUR 12 million and a net loss of close to EUR 1 million. The currency translation impact relating to the acquired net investment reported under other comprehensive income was immaterial. The Karmann business was consolidated to Metso from November 21, 2010 onwards and is reported under Valmet Automotive in the segment note. Had the business been acquired on January 1, 2010 the increase to Metso's net sales, including the holding period, would have been roughly EUR 170 million. An estimate of whole year net income impact to Metso is not possible as the business was managed by administrative receivers and certain parts of the business were acquired as separate assets.

In July Metso acquired the service business of Wyesco of Louisiana L.L.C., in Louisiana, USA for a purchase price of EUR 3 million. This business, which was consolidated from July 19, 2010 onwards into the Paper and Fiber Technology segment, is a diverse repair service provider for pulp mills and related industry. The net sales and the net income impact to Metso are immaterial.

Summary information on acquisitions made in 2010 is as follows:

EUR million	Fair value
Intangible assets	6
Property, plant and equipment	11
Inventories	11
Trade and other receivables	2
Deferred tax liabilities	0
Other liabilities assumed	-4
Non-interest bearing net assets	26
Cash and cash equivalents acquired	9
Purchase price	-36
Goodwill	**1**
Purchase price	-36
Purchase price adjustment payable in 2011	10
Cash and cash equivalents acquired	9
Net cash outflow on acquisitions in 2010	**-17**

Acquisition of Tamfelt in 2009

Metso acquired Tamfelt Corporation, a Finnish corporation listed in the NASDAQ OMX Helsinki exchange, through a public share exchange offer that was completed at the end of December 2009. The total transaction value was EUR 215 million whereof EUR 206 million was compensated by offering 8,593,642 new Metso shares representing 95.2% of Tamfelt's shares and votes. Prior to the transaction, Metso held Tamfelt shares worth EUR 4 million i.e. 2.8% of Tamfelt's shares and votes. The remaining 2.0% of Tamfelt's shares, amounting to EUR 4 million, were redeemed in accordance with the Finnish Companies Act and Metso paid the redemption price with the interest accrued thereon in September 2010. The transaction value included EUR 5 million in expenses and transfer taxes related to the acquisition.

The transaction value, together with the shares already held, exceeded the net assets of Tamfelt by EUR 117 million. The fair value allocations are presented in the table hereafter. The goodwill of EUR 73 million from the transaction was split in 2010 between the new Fabrics business line for EUR 33 million and Paper business line for EUR 40 million, reflecting the value of assembled workforce, significant synergy benefits and widened business portfolio offering Metso potential to expand its operations into new markets and customer segments.

Had the acquisition occurred on January 1, 2009, Metso's net sales would have increased by EUR 130 million. The calculation of pro forma net income of the acquired business would be impracticable considering the effects of the acquisition cost.

Details of the acquired net assets and goodwill are as follows:

EUR million	Carrying amount	Fair value allocations	Fair value
Intangible assets	4	50	**54**
Property, plant and equipment	87	10	**97**
Inventories	30	-	**30**
Trade and other receivables	30	-	**30**
Deferred tax liabilities, net	-9	-16	**-25**
Other liabilities assumed	-23	-	**-23**
Non-interest bearing net assets	119	44	**163**
Cash and cash equivalents acquired			**19**
Debt assumed			**-36**
Transaction value			**-215**
Pre-acquisition holding of Tamfelt shares			**-4**
Goodwill			**73**
Transaction value settled in cash			**-5**
Cash and cash equivalents acquired			**19**
Total cash inflow on acquisition in 2009			**14**
Amounts settled in 2010			**-4**
Total cash inflow on Tamfelt acquisition			**10**

Other acquisitions in 2009

In January, Metso and Wärtsilä combined Metso's Heat & Power business with Wärtsilä's Biopower business into a new company MW Power Oy, of which Metso owns 60% and Wärtsilä 40%. The company is fully consolidated into the Energy and Environmental Technology segment's Power business line.

In October Metso acquired M&J Industries A/S, a Danish manufacturer of mobile and stationary products for solid-waste crushing. The company was integrated into the Recycling business line of Metso's Energy and Environmental Technology segment.

During 2009 Metso acquired in China Kromatek (Shanghai) Co. Ltd., with a chromium plating business and in Oregon, USA a division of Pacific/Hoe Saw&Knife Company with a coater, creping and doctor blade business. Both businesses were combined into Metso's Paper and Fiber Technology segment.

Summary information on other acquisitions made in 2009 is as follows:

EUR million	Carrying amount	Fair value allocations	Fair value
Intangible assets	1	8	**9**
Property, plant and equipment	5	3	**8**
Inventories	28	-	**28**
Trade and other receivables	21	-	**21**
Deferred tax liabilities	-1	-3	**-4**
Other liabilities assumed	-44	-	**-44**
Non-interest bearing net assets	10	8	**18**
Cash and cash equivalents acquired			**9**
Debt assumed			**-20**
Purchase price			**-19**
Goodwill			**12**
Purchase price settled in cash			**-19**
Deferred payments on prior year acquisitions			**-5**
Cash and cash equivalents acquired			**9**
Net cash outflow on acquisitions			**-15**

Assets pledged and contingent liabilities

EUR million	Dec 31, 2010	Dec 31, 2009
Mortgages on corporate debt	**2**	20
Other pledges and contingencies		
Mortgages	**2**	1
Pledged assets	**-**	-
Guarantees on behalf of associated company obligations	**-**	-
Other guarantees	**4**	7
Repurchase and other commitments	**5**	6
Lease commitments	**242**	226

Notional amounts of derivative financial instruments

EUR million	Dec 31, 2010	Dec 31, 2009
Forward exchange rate contracts	**2,137**	1,390
Interest rate swaps	**163**	128
Option agreements		
Bought	**2**	13
Sold	**10**	6

The notional amount of electricity forwards was 755 GWh as of December 31, 2010 and 640 GWh as of December 31, 2009.
The notional amount of nickel forwards to hedge stainless steel prices was 486 tons as of December 31, 2010 and 252 tons as of December 31, 2009.
The notional amounts indicate the volumes in the use of derivatives, but do not indicate the exposure to risk.

Key ratios

	1-12/2010	1-12/2009
Earnings per share, EUR	**1.71**	1.06
Diluted earnings per share, EUR	**1.71**	1.06
Equity/share at end of period, EUR	**13.69**	11.89
Return on equity (ROE), %	**13.6**	9.8
Return on capital employed (ROCE) before tax, %	**13.5**	10.0
Return on capital employed (ROCE) after tax, %	**10.2**	7.7
Equity to assets ratio at end of period, %	**38.1**	35.7
Gearing at end of period, %	**15.0**	32.5
Free cash flow, EUR million	**435**	717
Free cash flow/share, EUR	**2.91**	5.07
Cash conversion, %	**169**	475
Gross capital expenditure (excl. business acquisitions), EUR million	**135**	117
Business acquisitions, net of cash acquired, EUR million	**21**	1
Depreciation and amortization, EUR million	**178**	143
Number of outstanding shares at end of period (thousands)	**149,630**	149,939
Average number of shares (thousands)	**149,683**	141,477
Average number of diluted shares (thousands)	**149,837**	141,526

Exchange rates used

		1-12/2010	1-12/2009	Dec 31, 2010	Dec 31, 2009
USD	(US dollar)	**1.3299**	1.3960	**1.3362**	1.4406
SEK	(Swedish krona)	**9.5510**	10.6092	**8.9655**	10.2520
GBP	(Pound sterling)	**0.8585**	0.8948	**0.8608**	0.8881
CAD	(Canadian dollar)	**1.3773**	1.5910	**1.3322**	1.5128
BRL	(Brazilian real)	**2.3379**	2.7994	**2.2177**	2.5113
CNY	(Chinese renminbi)	**8.9975**	9.5338	**8.8220**	9.8350
AUD	(Australian dollar)	**1.4514**	1.7858	**1.3136**	1.6008

Formulas for calculation of indicators

EBITA before non-recurring items:
Operating profit + amortization + goodwill impairment + non-recurring items

Earnings/share:

$$\frac{\text{Profit attributable to shareholders of the company}}{\text{Average number of shares during period}}$$

Equity/share:

$$\frac{\text{Equity attributable to shareholders}}{\text{Number of shares at end of period}}$$

Return on equity (ROE), %:

$$\frac{\text{Profit}}{\text{Total equity (average for period)}} \times 100$$

Return on capital employed (ROCE), before tax %:

$$\frac{\text{Profit before tax + interest and other financial expenses}}{\text{Balance sheet total – non-interest bearing liabilities (average for period)}} \times 100$$

Return on capital employed (ROCE), after tax %:

$$\frac{\text{Profit + interest and other financial expenses}}{\text{Balance sheet total – non-interest bearing liabilities (average for period)}} \times 100$$

Gearing, %:

$$\frac{\text{Net interest bearing liabilities}}{\text{Total equity}} \times 100$$

Equity to assets ratio, %:

$$\frac{\text{Total equity}}{\text{Balance sheet total – advances received}} \times 100$$

Free cash flow:
Operating cash flow
– capital expenditures on maintenance investments
+ proceeds from sale of fixed assets
= Free cash flow

Cash conversion, %:

$$\frac{\text{Free cash flow}}{\text{Profit}} \times 100$$

Reporting segments

Net sales

EUR million	10-12/2010	10-12/2009	1-12/2010	1-12/2009	Change, %
Mining and Construction Technology	**659**	524	**2,235**	2,075	8
Energy and Environmental Technology	**457**	419	**1,435**	1,523	-6
Paper and Fiber Technology	**555**	406	**1,856**	1,408	32
Valmet Automotive	**36**	14	**84**	56	50
Group Head Office and other	**-**	-	**-**	-	-
Group Head Office and others total	**36**	14	**84**	56	50
Intra Metso net sales	**-20**	-10	**-58**	-46	
Metso total	**1,687**	1,353	**5,552**	5,016	11

EBITA before non-recurring items

EUR million	10-12/2010	10-12/2009	1-12/2010	1-12/2009	Change, %
Mining and Construction Technology	**85.6**	42.2	**264.8**	201.6	31
Energy and Environmental Technology	**46.2**	37.9	**139.0**	147.4	-6
Paper and Fiber Technology	**20.9**	16.8	**107.6**	71.3	51
Valmet Automotive	**3.2**	0.3	**-4.6**	-8.1	43
Group Head Office and other	**-6.1**	-9.2	**-15.8**	-13.2	-20
Group Head Office and others total	**-2.9**	-8.9	**-20.4**	-21.3	4
Metso total	**149.8**	88.0	**491.0**	399.0	23

EBITA before non-recurring items, % of net sales

%	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Mining and Construction Technology	**13.0**	8.1	**11.8**	9.7
Energy and Environmental Technology	**10.1**	9.0	**9.7**	9.7
Paper and Fiber Technology	**3.8**	4.1	**5.8**	5.1
Valmet Automotive	**8.9**	2.1	**-5.5**	-14.5
Group Head Office and other	**n/a**	n/a	**n/a**	n/a
Group Head Office and others total	**n/a**	n/a	**n/a**	n/a
Metso total	**8.9**	6.5	**8.8**	8.0

Non-recurring items

EUR million	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Mining and Construction Technology	**4.8**	3.4	**32.3**	1.2
Energy and Environmental Technology	**0.0**	-5.1	**-7.9**	-11.1
Paper and Fiber Technology	**-3.7**	-20.1	**-8.4**	-54.8
Valmet Automotive	**-1.8**	-	**-1.8**	-
Group Head Office and other	**-2.4**	-	**-2.4**	-
Group Head Office and others total	**-4.2**	-	**-4.2**	-
Metso total	**-3.1**	-21.8	**11.8**	-64.7

Amortization

EUR million	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Mining and Construction Technology	**-2.0**	-1.4	**-6.7**	-4.0
Energy and Environmental Technology	**-4.8**	-5.0	**-19.7**	-18.2
Paper and Fiber Technology	**-7.1**	-3.7	**-28.9**	-15.7
Valmet Automotive	**0.0**	-0.1	**0.0**	-0.1
Group Head Office and other	**-0.6**	-1.0	**-2.3**	-2.7
Group Head Office and others total	**-0.6**	-1.1	**-2.3**	-2.8
Metso total	**-14.5**	-11.2	**-57.6**	-40.7

Operating profit (loss)

EUR million	10-12/2010	10-12/2009	1-12/2010	1-12/2009	Change, %
Mining and Construction Technology	**88.4**	44.2	**290.4**	198.8	46
Energy and Environmental Technology	**41.4**	27.8	**111.4**	118.1	-6
Paper and Fiber Technology	**10.1**	-7.0	**70.3**	0.8	n/a
Valmet Automotive	**1.4**	0.2	**-6.4**	-8.2	22
Group Head Office and other	**-9.1**	-10.2	**-20.5**	-15.9	-29
Group Head Office and others total	**-7.7**	-10.0	**-26.9**	-24.1	-12
Metso total	**132.2**	55.0	**445.2**	293.6	52

Operating profit (loss), % of net sales

%	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Mining and Construction Technology	**13.4**	8.4	**13.0**	9.6
Energy and Environmental Technology	**9.1**	6.6	**7.8**	7.8
Paper and Fiber Technology	**1.8**	-1.7	**3.8**	0.1
Valmet Automotive	**3.9**	1.4	**-7.6**	-14.6
Group Head Office and other	**n/a**	n/a	**n/a**	n/a
Group Head Office and others total	**n/a**	n/a	**n/a**	n/a
Metso total	**7.8**	4.1	**8.0**	5.9

Orders received

EUR million	10-12/2010	10-12/2009	1-12/2010	1-12/2009	Change, %
Mining and Construction Technology	**651**	457	**2,457**	1,660	48
Energy and Environmental Technology	**447**	504	**1,528**	1,297	18
Paper and Fiber Technology	**387**	401	**1,947**	1,384	41
Valmet Automotive	**36**	14	**84**	56	50
Group Head Office and other	**-**	-	**-**	-	-
Group Head Office and others total	**36**	14	**84**	56	50
Intra Metso orders received	**-23**	-11	**-72**	-39	
Metso total	**1,498**	1,365	**5,944**	4,358	36

Quarterly information

Net sales

EUR million	10-12/2009	1-3/2010	4-6/2010	7-9/2010	**10-12/2010**
Mining and Construction Technology	524	472	541	563	**659**
Energy and Environmental Technology	419	332	334	312	**457**
Paper and Fiber Technology	406	364	494	443	**555**
Valmet Automotive	14	11	17	20	**36**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	14	11	17	20	**36**
Intra Metso net sales	-10	-9	-16	-13	**-20**
Metso total	1,353	1,170	1,370	1,325	**1,687**

EBITA before non-recurring items

EUR million	10-12/2009	1-3/2010	4-6/2010	7-9/2010	**10-12/2010**
Mining and Construction Technology	42.2	39.5	64.8	74.9	**85.6**
Energy and Environmental Technology	37.9	31.8	29.3	31.7	**46.2**
Paper and Fiber Technology	16.8	18.9	36.0	31.8	**20.9**
Valmet Automotive	0.3	-7.1	-1.4	0.7	**3.2**
Group Head Office and other	-9.2	4.5	-3.7	-10.5	**-6.1**
Group Head Office and others total	-8.9	-2.6	-5.1	-9.8	**-2.9**
Metso total	88.0	87.6	125.0	128.6	**149.8**

EBITA before non-recurring items, % of net sales

%	10-12/2009	1-3/2010	4-6/2010	7-9/2010	**10-12/2010**
Mining and Construction Technology	8.1	8.4	12.0	13.3	**13.0**
Energy and Environmental Technology	9.0	9.6	8.8	10.2	**10.1**
Paper and Fiber Technology	4.1	5.2	7.3	7.2	**3.8**
Valmet Automotive	2.1	-64.5	-8.2	3.5	**8.9**
Group Head Office and other	n/a	n/a	n/a	n/a	**n/a**
Group Head Office and others total	n/a	n/a	n/a	n/a	**n/a**
Metso total	6.5	7.5	9.1	9.7	**8.9**

Non-recurring items

EUR million	10-12/2009	1-3/2010	4-6/2010	7-9/2010	**10-12/2010**
Mining and Construction Technology	3.4	-	32.4	-4.9	**4.8**
Energy and Environmental Technology	-5.1	-3.4	-1.6	-2.9	**0.0**
Paper and Fiber Technology	-20.1	-0.4	-1.6	-2.7	**-3.7**
Valmet Automotive	-	-	-	-	**-1.8**
Group Head Office and other	-	-	-	-	**-2.4**
Group Head Office and others total	-	-	-	-	**-4.2**
Metso total	-21.8	-3.8	29.2	-10.5	**-3.1**

Amortization

EUR million	10-12/2009	1-3/2010	4-6/2010	7-9/2010	**10-12/2010**
Mining and Construction Technology	-1.4	-1.4	-1.5	-1.8	**-2.0**
Energy and Environmental Technology	-5.0	-4.9	-5.0	-5.0	**-4.8**
Paper and Fiber Technology	-3.7	-7.2	-7.4	-7.2	**-7.1**
Valmet Automotive	-0.1	0.0	0.0	0.0	**0.0**
Group Head Office and other	-1.0	-0.8	-0.3	-0.6	**-0.6**
Group Head Office and others total	-1.1	-0.8	-0.3	-0.6	**-0.6**
Metso total	-11.2	-14.3	-14.2	-14.6	**-14.5**

Operating profit (loss)

EUR million	10-12/2009	1-3/2010	4-6/2010	7-9/2010	**10-12/2010**
Mining and Construction Technology	44.2	38.1	95.7	68.2	**88.4**
Energy and Environmental Technology	27.8	23.5	22.7	23.8	**41.4**
Paper and Fiber Technology	-7.0	11.3	27.0	21.9	**10.1**
Valmet Automotive	0.2	-7.1	-1.4	0.7	**1.4**
Group Head Office and other	-10.2	3.7	-4.0	-11.1	**-9.1**
Group Head Office and others total	-10.0	-3.4	-5.4	-10.4	**-7.7**
Metso total	55.0	69.5	140.0	103.5	**132.2**

Operating profit (loss), % of net sales

%	10-12/2009	1-3/2010	4-6/2010	7-9/2010	**10-12/2010**
Mining and Construction Technology	8.4	8.1	17.7	12.1	**13.4**
Energy and Environmental Technology	6.6	7.1	6.8	7.6	**9.1**
Paper and Fiber Technology	-1.7	3.1	5.5	4.9	**1.8**
Valmet Automotive	1.4	-64.5	-8.2	3.5	**3.9**
Group Head Office and other	n/a	n/a	n/a	n/a	**n/a**
Group Head Office and others total	n/a	n/a	n/a	n/a	**n/a**
Metso total	4.1	5.9	10.2	7.8	**7.8**

Capital employed

EUR million	Dec 31, 2009	Mar 31, 2010	June 30, 2010	Sep 30, 2010	**Dec 31, 2010**
Mining and Construction Technology	1,072	1,109	1,098	1,099	**1,146**
Energy and Environmental Technology	524	512	499	511	**495**
Paper and Fiber Technology	636	675	664	620	**584**
Valmet Automotive	28	26	22	24	**40**
Group Head Office and other	1,108	921	1,061	1,105	**1,179**
Group Head Office and others total	1,136	947	1,083	1,129	**1,219**
Metso total	3,368	3,243	3,344	3,359	**3,444**

Orders received

EUR million	10-12/2009	1-3/2010	4-6/2010	7-9/2010	**10-12/2010**
Mining and Construction Technology	457	559	604	643	**651**
Energy and Environmental Technology	504	356	384	341	**447**
Paper and Fiber Technology	401	461	682	417	**387**
Valmet Automotive	14	11	17	20	**36**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	14	11	17	20	**36**
Intra Metso orders received	-11	-21	-16	-12	**-23**
Metso total	1,365	1,366	1,671	1,409	**1,498**

Order backlog

EUR million	Dec 31, 2009	Mar 31, 2010	June 30, 2010	Sep 30, 2010	**Dec 31, 2010**
Mining and Construction Technology	1,041	1,182	1,310	1,329	**1,356**
Energy and Environmental Technology	1,032	1,073	1,159	1,159	**1,158**
Paper and Fiber Technology	1,380	1,516	1,759	1,703	**1,559**
Valmet Automotive	-	-	-	-	**-**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	-	-	-	-	**-**
Intra Metso order backlog	-38	-51	-52	-47	**-50**
Metso total	3,415	3,720	4,176	4,144	**4,023**

Personnel	Dec 31, 2009	Mar 31, 2010	June 30, 2010	Sep 30, 2010	**Dec 31, 2010**
Mining and Construction Technology	9,541	9,550	9,787	9,974	**10,206**
Energy and Environmental Technology	6,060	5,873	6,114	6,015	**6,073**
Paper and Fiber Technology	10,459	10,326	10,526	10,388	**10,362**
Valmet Automotive	679	705	723	668	**1,425**
Group Head Office and other	427	494	515	507	**527**
Group Head Office and others total	1,106	1,199	1,238	1,175	**1,952**
Metso total	27,166	26,948	27,665	27,552	**28,593**

Notes to the Financial Statements Review

We have prepared this Financial Statements Review in accordance with IAS 34 'Interim Financial Reporting'. The same accounting policies have been applied as in the annual financial statements. This Financial Statements Review is unaudited.

New accounting standards

IAS 24 (Revised)

IASB has published IAS 24 (Revised), 'Related Party Transactions', which simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. The revised standard still requires disclosures that are important to users of financial statements but eliminates requirements to disclose information that is costly to gather and of less value to users. Disclosures about transactions government-related entities are required only if they are individually or collectively significant.

IAS 24 (Revised) has been endorsed by the European Union and it becomes effective for annual financial statements for periods beginning on or after January 1, 2011. We will apply the standard for the financial year beginning on January 1, 2011.

IFRIC 14 (Amendment)

IASB has published IFRIC 14 (Amended), 'Prepayment of minimum funding requirement', which aims to correct an unintended consequence of IFRIC 14. As a result of the interpretation, entities are in some circumstances not permitted to recognize some prepayments for minimum funding contributions as an asset. The amendment remedies this unintended consequence by requiring prepayments in appropriate circumstances to be recognized as assets.

The amendment has been endorsed by the European Union and it is effective for annual financial statements for periods beginning on or after January 1, 2011. We will apply the revision for the financial year beginning on January 1, 2011.

IAS 34 (Amendment)

IASB has published an amendment to IAS 34 'Interim financial reporting'. The change provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets.

The amendment should be endorsed by the European Union in the first quarter of 2011 and it is effective for annual financial statements for periods beginning after January 1, 2011. We will apply the amendment in 2011.

None of these revisions and amendments will have a material impact to Metso's financial statements.

IFRS 9

IASB has published a new standard IFRS 9 'Financial instruments: Recognition and measurement'. The standard represents the first mile-stone in the IASB's planned replacement of IAS 39. It addresses simplifies classification of financial assets and requires them to be measured either at amortized costs or at fair value. The next steps will involve reconsideration and reexposure of the classification and measurement requirements for financial liabilities, impairment testing methods for financial assets, and development of enhanced guidance on hedge accounting.

In October 2010, IASB published the second part of IFRS 9 'Financial Liabilities – Classification and Measurement' according to which the accounting and presentation for financial liabilities shall remain unchanged except for those financial liabilities for which fair value option is applied.

The whole standard, once completed, should become effective for the financial periods beginning on or after January 1, 2013. Provided that the standard receives endorsement by the European Union, we will apply the standard for the financial year beginning on January 1, 2013.

The standard can be expected to have a material effect to Metso's financial statements.

Trading of Metso shares

The number of Metso Corporation shares traded on the NASDAQ OMX Helsinki Exchange during January–December was 217,467,633 shares, equivalent to a turnover of EUR 6,263 million. The price of the Metso share on December 31, 2010 was EUR 41.80 and the average trading price for the period was EUR 28.80. The highest quotation during the review period was EUR 43.23 and the lowest EUR 20.91.

Metso's ADSs (American Depositary Shares) are traded in the United States on the OTC market. On December 31, 2010, the closing price of an ADS was USD 55.85. Each ADS represents one share.

Disclosures of changes in holdings

On July 15, 2010, Marathon Asset Management LLP announced that on July 12, 2010 the Marathon Asset Management LLP holding in shares of Metso fell below the 5 percent threshold. The holding amounted to 7,437,730 shares, which corresponds to 4.95 percent of the total amount of shares and votes in Metso Corporation. Out of this holding, Marathon Asset Management LLP was in possession of 5,573,661 shares to which they had voting rights. This represents 3.71 percent of the total voting rights in Metso.

BlackRock Investment Management (UK) Limited announced that on March 19, 2010 the BlackRock, Inc. holding in shares of Metso Corporation fell below the 5 per cent threshold. The holding amounted to 7,298,453 shares, which corresponds to 4.85 percent of the total amount of shares and votes in Metso Corporation.

BlackRock Investment Management (UK) Limited announced that on February 24, 2010 the BlackRock, Inc. holding in shares of Metso amounted to 7,563,054 shares, which corresponds to 5.03 percent of the total amount of shares and votes in Metso Corporation.

Credit ratings

On September 20, 2010, Moody's Investors Service confirmed our Baa2 long term credit rating and raised the outlook from negative to stable.

On August 12, 2010, Standard and Poor's Rating Services affirmed our BBB long-term credit rating and changed the outlook from negative to stable. At the same time the short-term corporate credit rating was raised to A-2 from A-3.

Standard and Poor's Rating Services confirmed our BBB long-term credit rating with negative outlook as well as our A-3 short-term rating in June 2010.

Metso's Financial Reporting in 2011

The Annual Report will be published in the week starting on March 7, 2011 (week 10).
The Interim Review for January - March 2011 will be published on April 29, 2011,
the Interim Review for January - June 2011 on July 28, 2011
and the Interim Review for January - September 2011 on October 27, 2011.

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