



Annual Review ²⁰⁰⁸
| Driven by *respect*

m^oventas

Moventas in brief

Moventas is one of the leading global *suppliers of mechanical power transmission*. We develop, manufacture and market wind turbine gears and mechanical drives for process industries. A comprehensive portfolio of lifecycle maintenance services completes the offering in both of our business areas.

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Wind Gears

Moventas *supplies main gear units* and related expert services for wind turbines for the global market. The gear unit is one of the main components of a wind turbine, transmitting the rotational power of the rotor blades to the generator, which creates electricity. Uncompromising reliability in products and services is crucial for the maximum performance of a wind turbine. The world's leading wind turbine manufacturers know Moventas for its reliability and responsiveness.



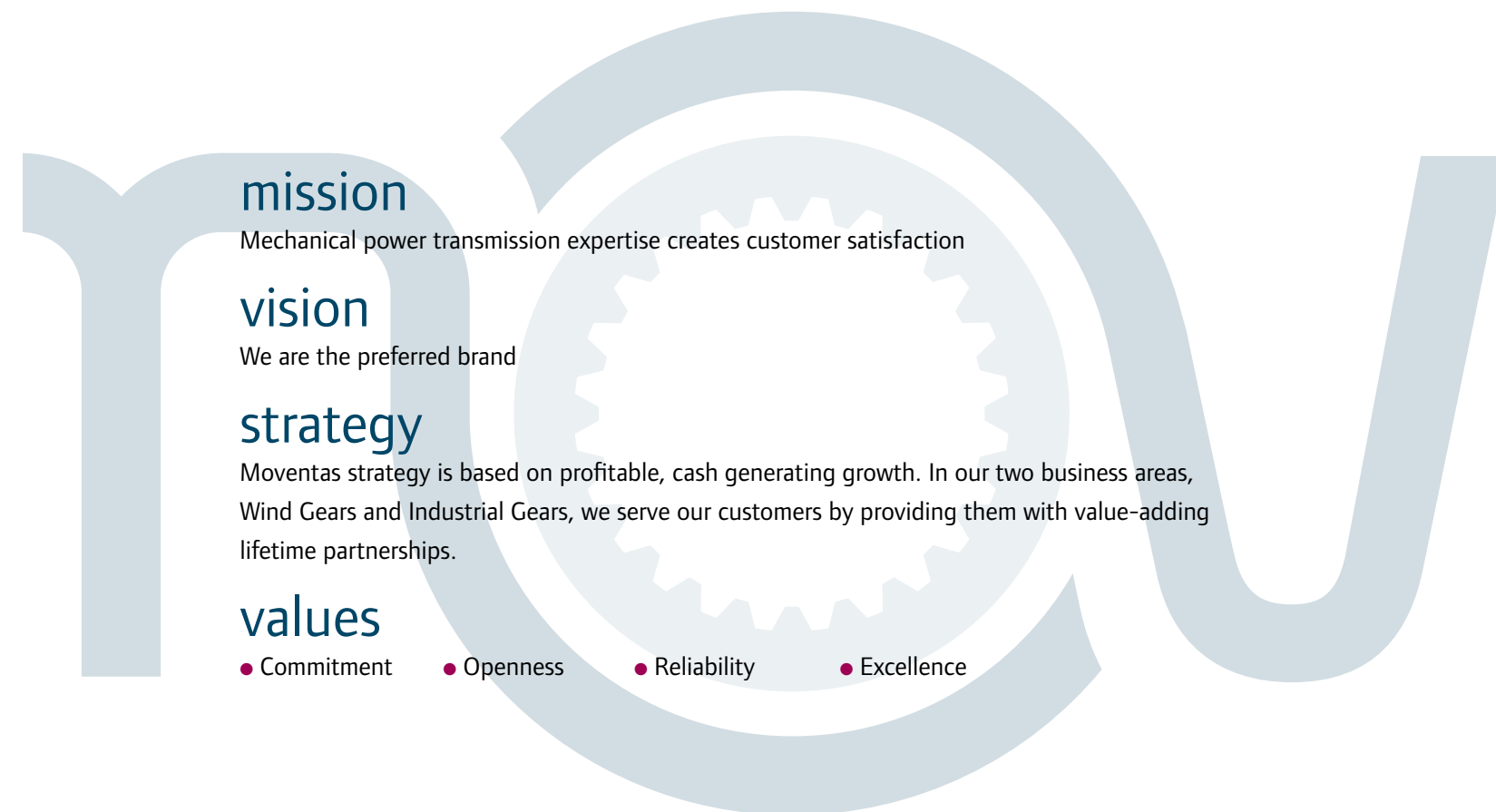
Industrial Gears

The Industrial Gears business *provides complete mechanical drive solutions* and life cycle services for process industries. The solutions are tailored to meet the customers' needs. In industrial applications, the mechanical drive transmits the power of an electric motor to the driven machine. Typical process industry machine includes several drives and those play a crucial role in keeping the machinery running even in the harsh environment. The main industries we serve are fiber and paper, minerals processing, as well as sugar and energy.

Key figures	2007	2008
Sales group, m€	291	382
Sales WG, m€	156	235
Sales IG, m€	141	153
EBITDA group, m€	34	42
Order backlog at year end, m€	193	285
Personnel at year end	1 178	1 434

Driven by respect

Respect is the *driving force* behind everything Moventas does. It is the principle that *guides the way we work* with each other, our customers and our partners. And this is how we earn respect, in return.



Highlights:

2008

In 2008 Moventas focused on increasing global presence and on the growth of the sales.

February 18	April 8	April 14	May 22	June 6	August 21	September 4	September 25	December 15
Moventas entered to sale and lease back arrangement with Sponda on the premises of Jyväskylä and Karkkila.	Moventas signed an agency agreement in Chile.	Moventas signed an agency agreement in China, Thailand and Indonesia.	Moventas established Competence Center in Suzhou, China.	Moventas signed an agency agreement in Australia.	Moventas announced additions to the Group management team.	Moventas announced expansion project in wind gears business.	Moventas signed an agency agreement in Spain, France and Italy.	Moventas appointed Jukka Jäämaa as a President and CEO of Moventas Oy.

Investments for the future

Year 2008 was another year of growth for Moventas. Our sales increased by 31% and EBITDA by 22%. Our team grew by 255 persons. Simultaneously it was a year of changes. We had certain management changes, and global market growth turned to a decline.

In 2008 we continued with two business areas: wind turbine gears and industrial gears. Service business operated as an integrated part of both areas.

The increase of renewable energy demand continued, which was helping our strong growth in the wind turbine gear business. Global market growth for wind turbines was around 30%.

The fastest growing market was North America, where alone more than 8000 megawatts of the global 24000 megawatts were installed. In the industrial gear business, Moventas operated in three main segments: fiber & paper, minerals processing, as well as in sugar

and energy businesses. In the first part of the year, businesses continued a trend

“ **New Ikola gear factory in Jyväskylä Finland is one of the most efficient in the world.**

of growth but in the second part of the year both business areas were affected by the worldwide economic crisis.

Implemented investments

The most remarkable projects for Moventas in 2008 were the factory

expansions in Jyväskylä and Karkkila as well as construction and a start-

up of the totally new Ikola-factory in Jyväskylä, Finland. It is one of the most efficient gear factories in the world. We also expanded our operations in China by establishing a sourcing and competence center in Suzhou. Following the investments our factories are expected

Jukka Jäämaa CEO



We have taken several actions to adapt to the fast changed operational environment.”

to reach their full new operating capacities by the end of 2009. Additionally we made several agreements with agents to be closer to our customers. All these actions were supporting our global growth and improved our ability to serve our customers even better in the future.

Our internal process development continued with operational excellence programs. External research and development work with public organizations is active, for instance with universities and research institutes abroad and in Finland.

We took several actions in order to adapt to the rapidly changed operational

environment. It was essential to adjust our own operations and structures to the tightened situation.

In co-operation with our customers we are diverting our product offering in order to meet customers' and our own future needs. We look forward to develop our service operations to respond the needs in the global markets. Even if demand for wind power is expected to increase strongly in the long term, the business environment is considered to be challenging in 2009. We have to work hard in all our sectors to be the preferred partner and to be a one strong united Moventas.

I would like to thank all stakeholders of Moventas: customers and suppliers for co-operation for the common good, and employees and our shareholders for their efforts in 2008.

Jukka Jäämaa, CEO

History

Roots of Moventas go back as far as 19th century rapid industrial expansion. We deliver mechanical power transmission expertise with a long heritage. Nowadays we base our knowlegde in gear manufacturing on strong experience with state-of-the-art technology while operating globally under the name Moventas.

History steps of Moventas:

- 1887 Special business for electric light and power plants – company founded at Wuppertal-Bramen in Germany producing drives for textile machinery.
- 1938 Gearwheel manufacturing begun in Rautpohja-factory, Jyväskylä, Finland
- 1941 Santasalo Oy drive manufacturing company founded in Finland
- 1946 Delivery of the first gearbox from Rautpohja-factory in Finland
- 1950 Valmet Oy founded in Finland for paper machinery and gear technology production
- 1967 Parkano Oy was founded for ferry and radiator production
- 1980 Manufacturing of Wärtsilä gears devolved to Valmet Oy
- 1983 Valmet Power Transmission established a continuous technology agreement with Renk GmbH, Germany
- 1980 First wind-turbine gearbox delivery from Valmet Power Transmission Oy Rautpohja, Jyväskylä in Finland
- 2000 Santasalo Gears Oy founded from Parkano Works, Valmet Power Transmission and Santasalo
- 2001 Santasalo Gears Oy renamed as Metso Drives Oy
- 2005 CapMan Oyj acquired Metso Drives Oy from Metso Oyj. Company was named Moventas
- 2007 IK Investment Partners became the majority owner of Moventas

Decades of work in gear manufacturing R&D

Moventas has gained the experience in power transmission manufacturing technology during decades of extensive R&D work. The wide knowledge of industrial applications has been created in the long co-operation with leading industrial companies such as Valmet, Metso, Wärtsilä, Sauerwald and Santasalo. Nowadays Moventas operates with patented technology in industrial gear applications. The technological expertise is based on durability and reli-

Leading customers in the industry with established life-time partnerships

During the decades of history we have belonged to and operated by the leading industrial companies in the markets. Lifetime partnerships with large industrial customers have been established within the areas of Industrial Gears and Wind Gears.

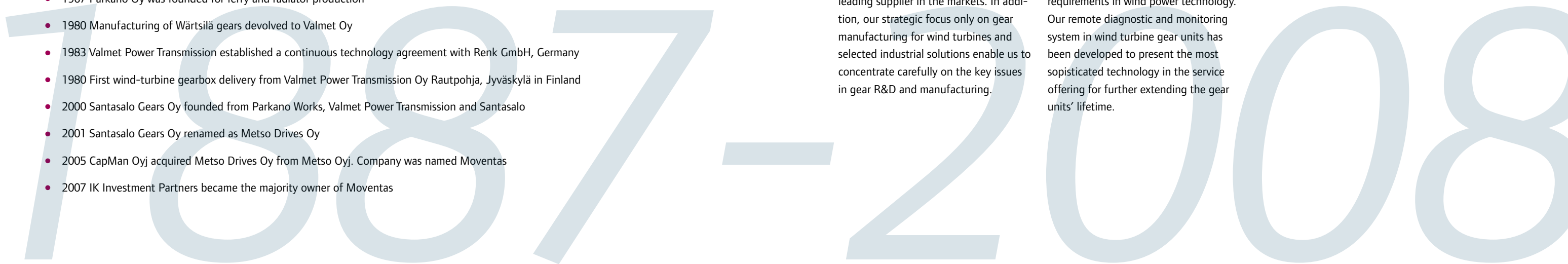
The serial production of wind gear units, which started in 1980, has in the recent years been the flagship of Moventas' strong growth. Our long and extensive partnerships with the key wind

The pulp and paper industry solutions as well as marine and minerals business in our Industrial Gears have developed under the same roof with the world's leading companies. The extensive global installed gear unit base enables life-time partnerships to support our service business. Within the sugar and energy solutions we have been able to carry out extensive R&D work for ever improving and more environmental friendly gear technologies. Further on, Moventas supports the rapid global industrial change for more efficient and environmentally friendly energy production and technologies by continuing to develop innovative power transmission solutions.

“ Our strategic focus on gear manufacturing enables us to concentrate carefully on the key issues.

ability of our gear units. Those are also the key competitive benefits as to why our customers value us as one of the leading supplier in the markets. In addition, our strategic focus only on gear manufacturing for wind turbines and selected industrial solutions enable us to concentrate carefully on the key issues in gear R&D and manufacturing.

power producers globally has enabled large global expansions, extensive R&D and deep understanding of the requirements in wind power technology. Our remote diagnostic and monitoring system in wind turbine gear units has been developed to present the most sophisticated technology in the service offering for further extending the gear units' lifetime.



In 2008 Wind Gears business represented 60% of Moventas' net sales with 50% growth from the previous year. The rapid business growth thus continued.

In touch with the wind power growth

Moventas is one of the leading companies in the markets supplying power transmission technology and related services for wind turbines. In 2008 production capacity was significantly increased to meet the demand growth. The company supports the strong growth of wind energy market by providing reliable wind turbine gear units for turbine manufacturers and wind power producers.



The development of Wind Gears business

The underlying drivers for wind energy are competitiveness of wind power, growing demand for energy, increased focus on renewable

energy as well as striving for independence from energy imports.

Wind Gears' net sales grew 50% in 2008 to 235 meur. The order backlog at year-end was 194 meur. The increase was based mainly on the higher delivery volumes to the existing customers and starting serial

production of multi-MW gears.

Most of the capital expenditure was spent in expansion of the existing factory and to machinery of the new factory in Jyväskylä, Finland.

Moventas is the biggest independent gear manufacturer in the market. Regardless of the supply restrictions at the beginning of the year, Moventas succeeded to secure critical material and component supply for its wind gear production.

Year of investments and innovations

In 2008 Moventas invested in Wind Gears business development and expansions.

Research and development spend totalled about 3% of the capital sales of wind gears business. The most significant investment for wind gear production was the launch of the new wind gear factory Ikola in Jyväskylä, Finland. Also existing wind gear factories were expanded.

The new Ikola wind gear factory, using the most modern and automatic manufacturing technology, was up and running in October 2008. By 2010 the new factory will double the production capacity of Moventas' wind gears.

In 2008 a significant project in Moventas research and development, Innogear,

Key figures	2008
Net sales, m€	235
Growth, %	50
Order backlog at year end, m€	194
Personnel at year end	646

was carried out in co-operation with VTT Technical Research Centre of Finland. Within the project new solutions were sought to support the product development and design of wind gears for 3-6MW wind power turbines and large wind power plants.

In addition, Moventas continued the pilot projects with multi megawatt gear unit development. A multi-phased process of classifications, testing and prototype installations preceded the start of serial production for selected customers. In 2008 Moventas launched various new solutions, such as the next generation condition management system (CMaS). The Moventas R&D center for gear units was highly utilized as multiple new products were tested during the year.

Close co-operation with the customers

In 2008 Moventas continued to supply wind turbine gears for the major wind turbine manufacturers in the markets. The Wind Gears business is based on the frame agreements that guarantee deliveries for prospective years. In 2008

several new supply agreements with the leading wind power companies were made. The wind gear unit end users, such as power generating companies and independent power producers owning wind farms, represent a growing share of our business.

“ The new Ikola factory will double the production capacity of Moventas wind gears by 2010.

Improved production to meet the increasing demand

The product range of Moventas Wind Gears covers planetary-helical and planetary gear units for wind turbines from 660kW up to the multi-megawatt class. In 2008 the majority of the production volume came from the mainstream class.

Planetary and ring gears for wind gear units are manufactured in-house, because of the required specific knowledge and production excellence. Also

the gear unit assembly and test runs are always performed in-house.

In 2008 the development of manufacturing expertise by Opex, the operational excellence program, was continued in the wind gear production.

In October 2008 the new Ikola wind gear factory started the serial production of multi-MW gear unit assembly and production. The capacity of the 20000 m² factory will reach about 1000 megawatt-class wind turbine gear units per year.

Wind power market in 2008

In 2008 the demand for renewable en-

ergy was strong exceeding relatively the increased global energy consumption. In 2008 the organisations in the wind industry estimated that 24GW of new wind power capacity was installed, a 30% growth compared to previous year. North America (47%) and Asia (38%) presented the most extensive growth rates in 2008. In Europe the growth continued with a 10% increase.

The limiting resource for wind power installations during the first three

quarters in 2008 was the availability of wind turbine components, especially the gear units, and the supply defined demand growth. The last quarter of 2008 for wind power manufacturers was challenging due to the emerging global financial crisis.

Of commercial turbines, 85% are based on technology using mechanical power transmission. The gear unit

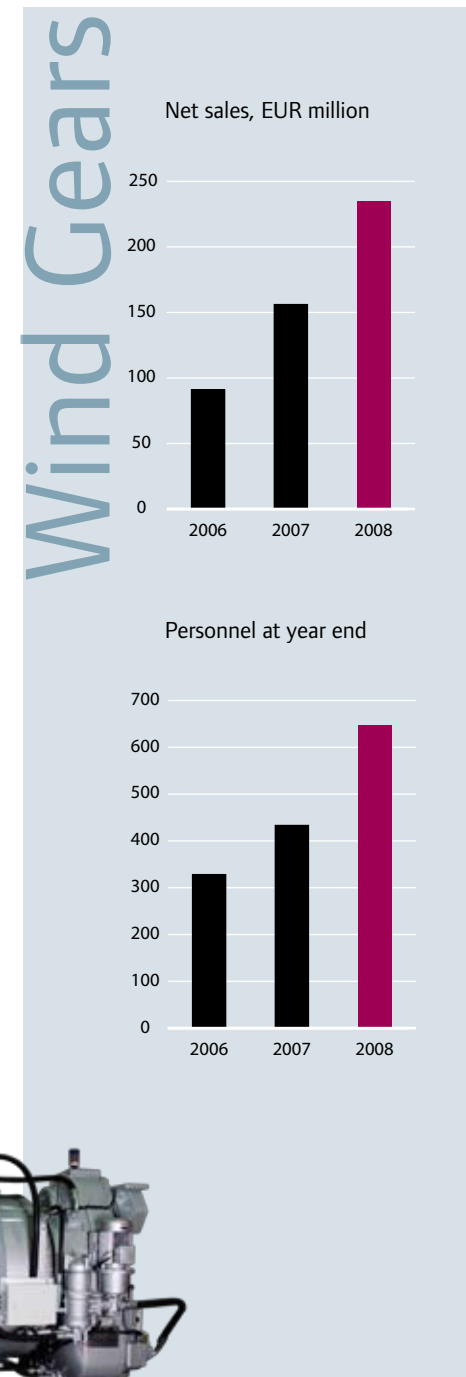
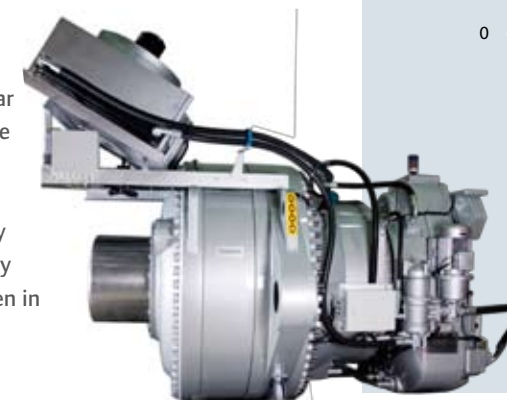
represents approximately 10–15% of the total costs of a wind turbine. The gearbox supplier market is concentrated in Europe, where four companies control 80% of the market. Moventas, with its estimated over 10% market share, is the 3rd biggest supplier. No significant changes in the competitive positions of the major players was seen in 2008.

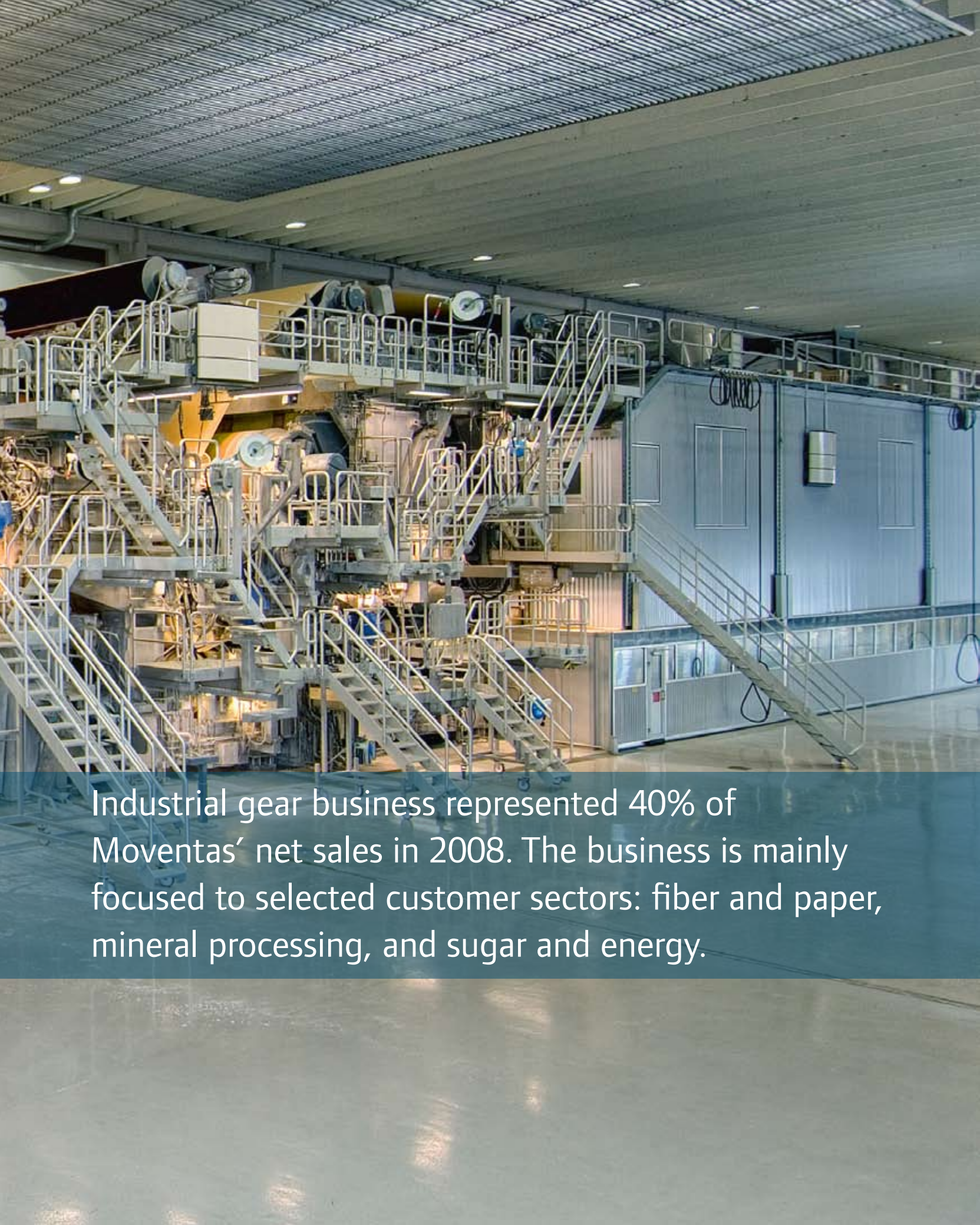
A 3MW main gear unit is the largest

model by its power rate of Moventas' serial gear unit production. It is a combination of planetary and helical gearing with low noise and vibration levels. Designed for the most extreme conditions, Moventas 3MW wind gear unit can be used widely in various wind power parks. The materials used in the production of 3MW main gear unit are traceable all the way back to the original metal batch. The long experience in numeric calculation, case hardening and up to date testing facilities complete the quality of Moventas gear units.

The continuous growth of turbine sizes poses technical challenges to wind gear product development. Components of wind turbines face ever increasing technological requirements and they must operate reliably for decades in the extreme weather conditions in remote locations.

Moventas' CMaS (Condition Management System) is developed to monitor the performance of gear unit and other drive train components. The CMaS detects failures before they occur and necessary actions can be taken in advance.

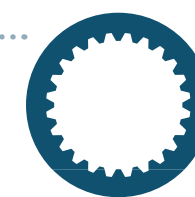




Industrial gear business represented 40% of Moventas' net sales in 2008. The business is mainly focused to selected customer sectors: fiber and paper, mineral processing, and sugar and energy.

Expert solutions for process industries

Moventas is one of the leading global suppliers of complete mechanical drives for the process industries. The Industrial Gear business provides solutions tailored to meet the customers' needs.



The mechanical drive transmits the power of the electric motor to the driven machine.

Process industry machinery typically includes several drive points of which every single unit is essential to the operations of the process. Because of that requirement, the reliable operation of mechanical drives in the harsh conditions is extremely important for the efficient performance and maximum availability of the process industry machinery.

The development of our business

Industrial Gear net sales grew 9% in 2008 reaching 153 million euros. The order back-

log at year-end was 92 meur. The increase in sales was based mainly on the higher delivery volumes of gear units to the mineral processing industry. The expansion of the business resulted from the strong order intake during the first half of the year in addition to the strong order backlog at the end of 2007. The majority of capital expenditure in 2008 was spent on the expansion of Karkkila factory in Finland.

Improved production capabilities

In October 2008 the main project of Industrial Gears, the expansion of its production capacity in the Karkkila factory, started production. The investment improved the capability of the Karkkila factory to deliver larger, high torque units

to more powerful customer applications. Also other units improved their production by upgrading machinery. Moventas decided to invest in Wuppertal to improve capability of producing larger planetary gear units.

The Opex program (Operational Excellence) was continued in Karkkila and the factory was able to improve productivity. Due to the good experience, the process will be expanded to the whole company in 2009. With Opex, the Lean manufacturing method will be applied to all functions and all locations.

New products for customer needs

R&D developed new products in cooperation with customers. The target has

Key figures	2008
Net sales, m€	153
Growth, %	9
Order backlog at year end, m€	92
Personnel at year end	753

been to upgrade the efficiency of customer machinery. In 2008 Moventas broadened its multi-segmented ring gear offering by developing a multi-segmented helical ring gear. The new product is a continuation of the multi-segmented ring gear concept originally developed by Moventas. Multi-segmented ring gears are used in heavy-duty applications such as large drums, kilns and grinding mills. This innovation helps customer to reduce lead time of projects and enables fast and easy installation as well as cost-effective transportation. It also reduces life-cycle costs as individual segments are easy to replace compared to traditional large castings.

Our customers

The clients of Moventas Industrial Gears are OEM-customers (original equipment manufacturers) and end-users in the process industry. Our selected business sectors are fiber and paper, mineral processing, and sugar and energy. Long-term clients include major global OEM's in all of these sectors as well as global major end users of the equipment.

Our offering

Industrial Gears offers its customers the complete drive solutions for rebuilds, modernizations and new installations. All needs throughout the life-cycle are part of the Moventas offering including planning, engineering, manufacturing, service, and technical support. Moventas offers application based engineering from modular units to custom made designs. The focus is on life time cost savings stemming from the reliability of the equipment, that makes it possible to maximise the availability and full potential of the drive system.

Close to customer

Long-term customer relationships and close cooperation in the R&D and design phases are typical of the customer relationships with Moventas. End users are the process owners at the sites, for example paper mills or pulp mills. Since Moventas' products are operating in factories all over the world, it is of specific importance to create a global service network to be close to customer and learn the conditions and requirements of the drives. In 2008 Moventas

tailored numerous gear units to meet specific demands of various locations.

The market

The growth of the Industrial Gear business was solid during the first half of the year, but the pace varied between the customer sectors. The fastest growing sector was the mineral processing business, which benefited from the strong raw materials demand driven by Asia and specifically China. Several new projects in the southern hemisphere: Australia, Southern Africa and South America were carried through. In the last quarter of the year many projects were either halted or postponed and the amount of new orders reduced. Moventas was able to strengthen its position in the minerals processing industry by presenting new products to both existing and new customers.

The fiber and paper market growth was driven by a significant increase in demand in China and other Asian countries, at the same time South America built pulp capacity to fulfill the fiber need in Asia. In Europe and the USA, paper and board demand weakened leading to significant closures of existing capacity. The global demand of drives in fiber and paper applications turned to negative figures during the last quarter of the year. Despite the tightened competition Moventas maintained its position as the leading supplier of mechanical power transmission solutions to fiber and paper industry.

The sugar and energy sector provides significant market potential. The demand is driven by the interest towards renewable energy. Many companies are studying the technologies of producing ethanol from sugar. The need for new machinery in the sugar industry offers good opportunities for Moventas. The demand is relative to the prices of oil and the emissions. The process develop-

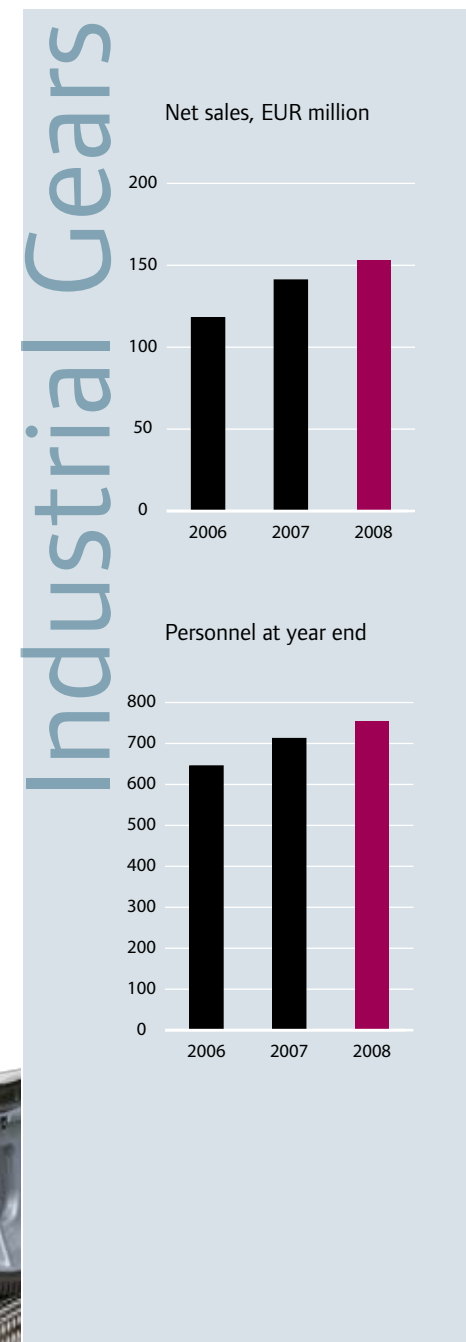
ment of more efficient coal energy and storage systems also provides potential for future demand.

The service market grows on a continuous basis. Currently Moventas' industrial gears has an installed base of more than 100,000 units globally. Moventas is also capable to maintain and service the mechanical transmission equipment of other suppliers.

Multi-segmented ring gears for heavy-duty applications

Moventas specializes in the design and manufacture of multi-segmented ring gears for industrial applications in fiber & paper, minerals processing, steel, cement, chemicals, and sugar. With more than three decades of experience in large multi-segmented spur gears, Moventas now offers helical designs (in picture) where preferred. Designed to meet individual customer needs, multi-segmented ring gears are engineered using

advanced design tools and optimized for each application whether in new installations or replacements. Moventas delivers the complete package, including auxiliary drives, main reducers/gearboxes and bedplates as well as service support.



We serve

Our aim is to build a life time partnership with our customers. We take care of the gear units and provide expert services throughout the product life cycle.

Life time partnership

For us, life time partnership means close cooperation with the customer. It provides an opportunity to continuously learn more about our customers and their business operations. This helps us to provide constantly improved customer service.

We concentrate on serving selected customer sectors in the wind, fiber and paper, minerals processing and sugar and energy industries. Typically, our customers are either OEM's (original equipment manufacturers) or end users.

We build our customer service on responsiveness, reliability and expertise. Like our products, also our services are solutions to customer needs using the expertise gathered during decades of history.

Life cycle service offering

Moventas' life cycle service offering covers needs of a customer, from design, engineering and maintenance to upgrades and modernization projects.

In addition to the traditional repair and maintenance services, we focus on proactive services. This means that we follow the condition of the equipment and take necessary maintenance actions when it best suits the customer, before any damage occurs.

In 2008, Moventas continued to develop and expand the life cycle

“ Our services are solutions to customer needs using the expertise gathered during decades.

service offering in both of its business areas. Additionally, the competence development of our service personnel continued to be the focus of attention.

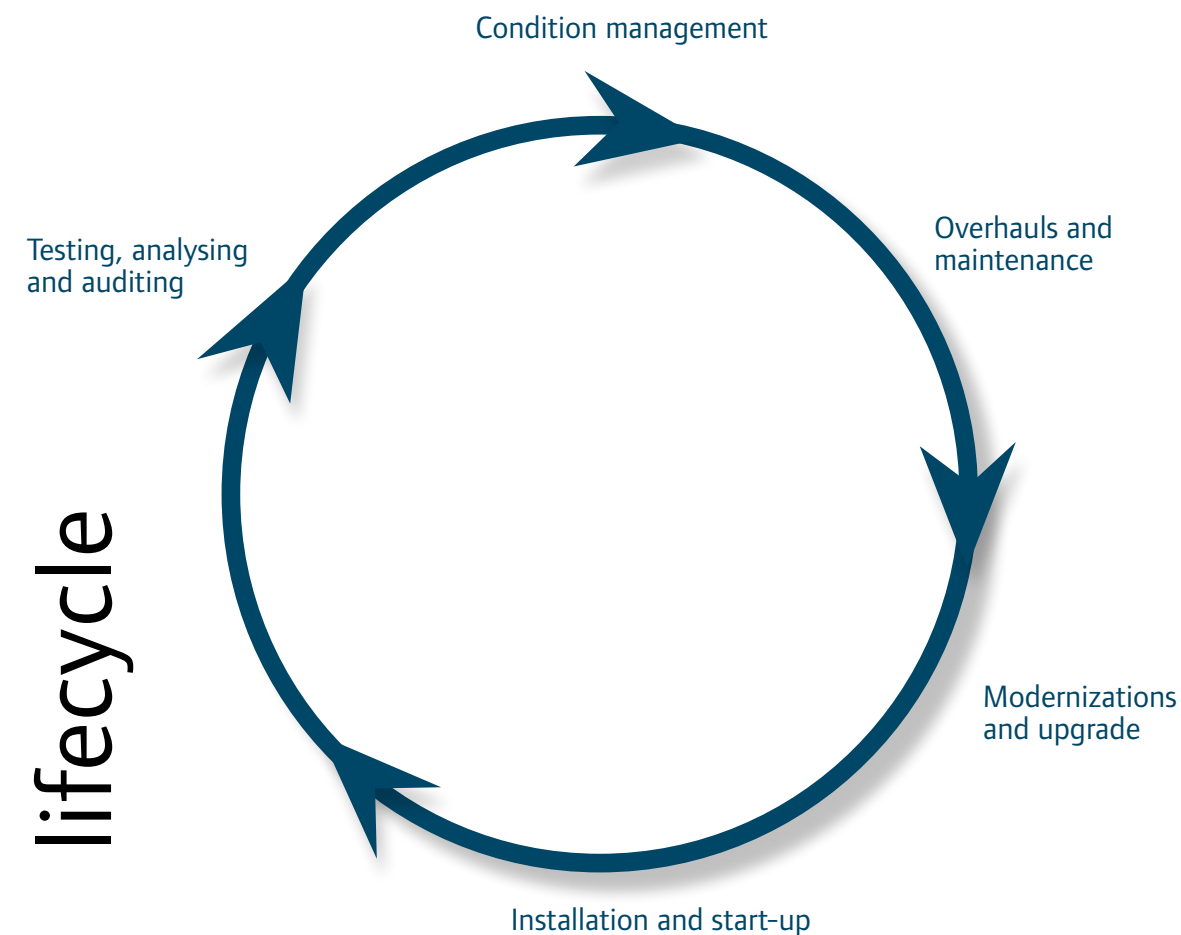
Creating customer value

We create value for our customers by improving the performance of their

machinery and process. This means reducing equipment downtime through proactive maintenance. The modernization services and replacement units we provide enable process upgrades and maximized production. The value is created through proven cost savings to increased output. The major benefit is that our customers can concentrate on

their core business while we take care of the mechanical power transmission equipment.

Our strength as service provider is in the specific expertise of mechanical power transmission and project work. Our product and application know-how, maintenance and testing capabilities,



as well as quality systems all meet the highest standards.

Growing globally

We actively develop our service network to be close to the customer. Moventas Competence Centers form a global network for our expert services according to customer needs.

In 2008 we opened a new Competence center in Suzhou, China and launched another in Texas, USA. We also created sales representation in Brazil,

Chile and Australia and broadened our agent network. These complement our existing presence in Northern Europe, North America, Asia and Africa.

Wide Installed base

During the decades, we have supplied more than 200 000 gear units worldwide with as many as 100 000 still up and running. Moventas is the original equipment manufacturer for the brand names e.g. Sauerwald, Valmet, Santasalo and Metso Drives. We are capable of provid-

ing expert services not only for our own gear units, but also for equipment of other manufacturers.

During a product lifetime, the value of service sales often reach and even exceed the value of capital sales. In 2008, over 20% of our net sales was created from the service business. Moventas continues to increase emphasis on the service business as it is the fastest growing area and has reached a significant share of the total sales.

We grow

Key areas of Moventas strategy are business growth and profitability. During 2008, our net sales grew by 31% to 382 million euros and EBITDA by 22% to 42 million euros. The majority of the growth came from the Wind Gears business, but Industrial Gears also improved its sales, especially in the minerals processing sector. Within the two sectors growth of the service business continued.

Production expansions

In 2008, Moventas proceeded with two major expansion projects. In Jyväskylä, Finland a new wind gears factory started operations in October. The ramp up and finishing will continue during 2009 and the factory will reach full capacity at the end of the year. It employs approximately 200 people. Thanks to the new factory, Moventas will be able to optimize its megawatt-class production.

In Karkkila, Finland, facilities of an existing factory were expanded to increase the large gear manufacturing and assembly capacity through expansions in housing and assembly. Additionally the project included expansion of the office premises.

New Wind Gear Factories to Jyväskylä, Finland and Faribault, USA

In September Moventas announced a plan to expand wind gears business by constructing a new factory for ring gears in Jyväskylä, Finland and another for assembly in Faribault, Minnesota, USA. Due to the weakened demand in the last quarter, the projects were postponed in December.

Global network of Competence Centers

In 2008, Moventas strengthened its presence in China and established a new Competence Center in Suzhou. The network for improved customer support was also strengthened through agency agreements. Moventas' presence now covers all continents, serving as a

platform for expansion of both industrial gears and wind gears.

Supplier Network Management

Global sourcing plays a significant role for Moventas. It is essential for company profitability to ensure availability of critical components that constitute a majority of group costs. Approximately 2/3, of purchases are sourced from Finland, Germany and North America. Moventas Competence Centers, especially Suzhou, have an important role in supporting global sourcing in China and Asia, which has become an increasingly more important area for cost efficient sourcing.

Moventas actively seeks strategic partnerships with its suppliers. In 2008, the company initiated some additional

long-term agreements. Co-operation with our long term partners enabled higher than market average sales growth of the Moventas wind gear business in 2008. The investments in the supply chain improved growth possibilities.

The quick market change in the fourth quarter decreased the urgency for long term commitments to secure availability of components. Instead of securing availability, competitiveness on total cost level became the main driver for Moventas' supplier network actions.

Product quality and production efficiency are highly dependent on the quality of the supply chain. Moventas carefully certifies and audits, not only

the quality of the purchased item, but also the entire production processes of our sub-suppliers. Transparency through the value chain is required. This is achieved by frequent visits to supplier facilities and continuous quality reporting by suppliers.

New employees

One of the key success factors for Moventas growth strategy is the competent personnel. In 2008 Moventas was

able to reach the recruitment targets and hired 255 new employees. In addition to recruitments the focus has been on the professional training of the new personnel and on leadership development.



We care

The Moventas' Code of Conduct documents standards for the ethical conduct of the entire company. It is approved by the Board of Directors and is applicable for all companies and employees of the Moventas.

For Moventas, corporate social responsibility means caring. We care and take responsibility for the economic, environmental and social impacts that our operations have on our stakeholders and us. Moventas operations are guided by ethical principles of human dignity, sustainable development, good corporate citizenship and safe working environment.

We follow the law

Moventas is committed to full compliance with all applicable laws and regulations; for example, with those relating to antitrust and promoting fair competition, corporate governance, safety of our products, labor laws, the environment and human rights laws as well as in work safety.

Violations of general or internal regulations are not accepted at Moventas. To prevent abuse, it is important that we all ensure that the interests of Moventas on the one hand and the employee's

interests on the other, do not come into conflict.

We respect each other

Moventas and its employees shall respect and comply with human rights, which are based on highly accepted international declarations, such as made by the UN, the ILO and the OECD.

Moventas and its employees shall respect the principles of equal opportunity and treatment without regard to race, birth, gender, creed, political persuasion, social status or origin. Any kind of harassment or discrimination in the work environment is strictly forbidden.

We also expect our suppliers to follow and respect the international ethical standards of the ILO and the UN, according to local laws and best practices. The use of child labor or forced labor is prohibited.

We believe in equality

Moventas applies equality of opportu-

nity in its recruitment and employment practices and procedures. All employment must be offered and provided based on the merits of the applicant. Employees and applicants for employment shall be treated and evaluated according to job-related skills.

We respect personal integrity

Moventas acquires and retains personal information only for the need of business and to carry out personnel administration. Access to personal data is limited to company personnel, who have appropriate authorization and need for the information. Moventas and Moventas employees shall comply with all applicable laws and rules relating to privacy.

We do not approve bribery in any form

Moventas employees shall always act with integrity and shall not engage in fraudulent activity of any kind, even if such would benefit Moventas. Moventas and its employees shall never offer,

solicit or accept a bribe of any form. No Moventas employee shall accept or offer any personal benefits or business courtesies except items given in the ordinary course of business. The accepted benefits and provided business courtesies shall be of moderate value. It is strictly prohibited and against Moventas policies to pay or even offer to pay bribes or illicit payments to government officials or other parties, in order to obtain or retain business.

We respect confidential information

Non-public information about Moventas shall be kept secret and protected against unauthorized access. Moventas employees shall not disclose nor use non-public information about Moventas for personal profit of the employee or anyone else other than Moventas.

We report accurately

Moventas applies generally accepted Finnish accounting standards (FAS). Otherwise in the financial accounting and reporting, all business and legal entities follow their local standards and regulations. All business transactions shall be reflected accurately and fairly in the accounts of the company according to established procedures.

We comply with the regulations on competition

In no circumstances should any Moventas employee enter into agreements or become involved in any form of activity that may infringe any applicable competition law. Our aim is to compete strongly and effectively and to refrain from entering into any illegal exchange of information, practices or agreements on pricing, market shares or production capacities among competitors, suppliers or customers.

We care for the Environment, Health and Safety

Environment, Health and Safety is given priority in all Moventas operations.

Moventas develops and provides environmentally preferred products and solutions to its customers. Moventas is committed to minimize negative impacts from its activities on the environment,

people and property. Our operations follow the environmental criteria of ISO 14001. Moventas continuously develops its production methods and practices. A healthy and safe working environment as well the health and wellbeing of employees are important factors for the success of Moventas in its day-to-day operations, as well as in achieving its long term vision of being the preferred brand.

We report non-compliance

Moventas has a procedure for reporting of any non-compliance of law, unethical activity or non-conformity with Moventas Code of Conduct.



We innovate

Moventas focuses on reliability and the most competitive mechanical power transmission technology. The focused innovations combined with new technological opportunities is the key to providing the most valuable solutions for our customers.

In 2008, Moventas strengthened its technological performance in processes and products by developing and implementing new manufacturing concepts and techniques, and next generation gear platforms. Moventas used approximately 2% of its net sales on research and development. Product development processes were improved as well in order to meet the future challenges. This work continues in 2009 and beyond.

Research network

Opportunity identification together with research oriented competence networks, and close relations with universities and research institutes are essential for global technological leadership. Moventas continuously seeks ways to strengthen our co-operation with the selected key universities in the field, particularly in Germany and Finland. We also actively co-operate with German Forschungsvereinigung Antriebstechnik e.V. (FVA).

Key technology projects 2008

The key projects of future technological performance, Innogear and The Best Manufacturing System, were started in 2008. Innogear is dedicated to the progress of next generation gears and their development. It relates with new gear and transmission concepts, condi-

were designed, tested and already partially implemented. The level of automation increased in several areas. Further, the component feeds by well prepared sets directly to sub- and main-assembly stations were studied and tested. Major universities and the VTT Technical Research Centre of Finland

“ **Innogear is a project targeted at developing the next generation gears and advanced development tools.**

tion monitoring, preventive maintenance, and the integration of virtual prototyping in the product development process. Development actions were also ongoing in heat treatment and surface finishing. Within The Best Manufacturing System, some new concepts for assembly and test run, gear manufacturing and quality inspection, as well as for total logistics with precise material handling

contribute in the key projects. Based on our continuous studies in surface technology, we have improved gear features and durability. Screening of technological development world wide and identifying new opportunities is a continuous process in Moventas Technology.

Focus on employee wellbeing

The theme and guideline of Moventas for 2008 in all operations was employee wellbeing. One of the main challenges was conducting the recruitments that were needed for securing growth. Other focus areas of human resources included the development of employee wellbeing and competences, and creating a safe place to work. Additionally the organisation adapted to a changing market environment and HR facilitated the implementation of best practices throughout the organization.

In 2008, realization of major investments in Moventas posed a challenge to the human resources. A new wind gear factory in Jyväskylä, Finland and service business center in Suzhou, China were creating most of the 213 recruitments in the wind gear business unit and 42 new employees in the industrial gear business unit. At the end of the year, Moventas employed a total of 1 434 employees globally.

In order to ensure sufficient resources in Jyväskylä, Moventas guided the creation of a career changing education program together with local education authorities. The program aimed at direct-

ing a potentially competent workforce to specific areas with a shortage of skilled workers.

included a global personnel survey, improvement on health and safety issues reporting, introduction of local

“ **Moventas has unified and developed reporting and monitoring of safety related issues.**

Theme year to promote employee wellbeing

As part of the employee wellbeing theme year, Moventas performed a number of initiatives. The initiatives

wellbeing plans and creation of an organisation-wide safety policy, which communicates the main principles for creating a safe workplace for all Moventas personnel and subcontractors.

The role of leadership in ensuring employee wellbeing was emphasized and due to that, training programs to support managers were arranged. Training on personal performance reviews was a special focus area which aimed at improving the quantity and quality of held discussions.

Other events such as Moventas' 70-year anniversary and the roofing celebration at the new factory in Jyväskylä were also part of the employee wellbeing plan for 2008.

A safe workplace for all

Moventas initiated a major project in cooperation with safety consultancy firm Jorma Rinta Oy to create an organisation-wide safety policy. As a result, Moventas has unified and developed the reporting and monitoring of safety related issues. The new safety policy was finalized at the end of the year. It announces the main principles of how to reach the set "safety at work" targets. The project will be implemented and trained in Finland and other countries before the end of year 2009.

Competence development

Moventas wants to support continuous development of skills and expertise of the personnel. Annual performance reviews play a central part in competence development. The aim of the discussions is to create a mutual understanding between the employee and the manager regarding individual performance, targets, actions and development needs.

Moventas continued its competence excellence training program (COMPEX). The program is being further developed, by introducing policies learned in COMPEX more extensively in everyday work. 180 Moventas employees had completed the COMPEX training by the end of 2008.

Among other things, Moventas' leadership principles are strengthened by developing a coaching-style leadership, by more accurate job descriptions of individuals and by strengthening the employee's performance.

Adapting to the global economic slowdown

The change in Moventas' business environment during the last quarter of 2008 forced Moventas to estimate the impact of the global economic slowdown also on the personnel of Moventas. As a response Moventas slowed down recruitments towards the end of the year.

Focus areas in 2009

In 2009, the main focus is on supporting managers and continuous improvement of employee wellbeing and safety processes in all units. Also ensuring the adaptation of Moventas business operations to the economic slowdown will be of vital importance.

Daily work is guided by our values

Our values have been defined on the basis of conversations with Moventas people globally. As a result of these discussions, the Moventas values, the CORE, were established.

What does the CORE mean?

Commitment

We commit ourselves to mutually shared targets. We perform with initiative.

Openness

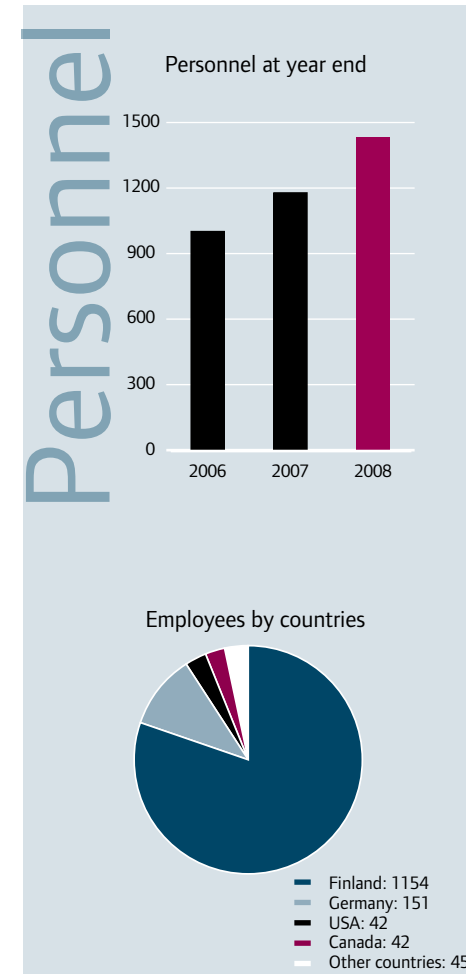
We share what we know and what we learn. We operate openly and honestly in the spirit of fair play.

Reliability

We keep our promises. We manage the entire delivery chain with excellence.

Excellence

We are committed to sustainable development of our know-how and skills. We are all key persons and result makers.



CORE



Moventas Board of Directors



Michael Rosenlew

Chairman

Partner
IK Investment Partners
b. 1959, Finnish citizen
M.Sc. (Econ.)

Primary working experience:

IK Investment Partners from 1993, prior e.g. Amer Group

Date when board membership began:

March 21, 2007

Simultaneous key positions of trust:

Chairman of the board in Suomen lähikauppa Oy; Board member in Dynea Oy, Time System Holding AG

Juha Rantanen

Vice Chairman

CEO and President
Outokumpu Group
b. 1952, Finnish citizen
M.Sc. (Econ.)

Primary working experience:

Ahlstrom Corporation 1998–2004; Borealis A/S 1994–1997; Neste Oy 1986–1994

Date when board membership began:

April 2, 2007

Simultaneous key positions of trust:

Chairman of Association of Finnish Steel and Metal Producers; Vice President of European Confederation of Iron and Steel Industries Eurofer; Chairman of the board of Fennovoima Ltd.; Chairman of the board in Finpro Association; Member of the board of Stora Enso Oyj; Member of the board of Technology Industries of Finland; Member of the supervisory board of Varma Mutual Pension Insurance Company

Jukka Jäämaa

President & CEO

b. 1965, Finnish citizen
Licentiate of Technology (Eng.)

Primary working experience:

Elcoteq SE 1998–2008; Perlos Oyj 1990–1998

Date when board membership began:

January 23, 2009

Kristian Kempainen

Deputy Director

IK Investment Partners
b. 1974, Finnish citizen
M.Sc. (Econ.)

Primary working experience:

IK Investment Partners from 2001, prior Mandatum & Co

Date when board membership began:

January 19, 2007

Simultaneous key positions of trust:

Board member in Suomen Lähikauppa Oy

Vilhelm Laurén

Private Advisor

b. 1943, Swedish citizen
M.B.A., Executive training
IMEDE, INSEAD

Primary working experience:

ABB Sweden 1992–1996; ABB Fläkt Group 1986–1991;

Ahlsell Ventilation 1983–1985

Date when board membership began:

April 2, 2007

Simultaneous key positions of trust:

Board member and advisor to Nobia AB, Euromaint AB, Ostnor AB and Swedestart Life Science

Orvo Siimestö

Senior Advisor

CapMan Plc.
b. 1943, Finnish citizen
M.Sc. (Econ.)

Primary working experience:

Finnish Export Credit, Leonia Corporate Bank, Sampo Bank 1998–2001; A. Ahlstrom Group, Kone Corporation, Wilhelm Schaudman Ltd 1980–1998; Kone Cranes, Varkaus Engineering Works, A. Ahlstrom Corporation 1970–1980

Date when board membership began:

March 1, 2005

Simultaneous key positions of trust:

Chairman of the Board in Komax Oy; Chairman of the Board in Osmar Oy

Moventas Management



Jukka Jäämaa

President & CEO
b. 1965, Finnish citizen
Licentiate of Technology (Eng.)

Primary working experience:
Elcoteq SE 1998–2008; Perlos Oyj
1990–1998

Year when joined the company: 2008

Ahti Ahonen

Executive Vice President
Industrial Gear Business
b. 1951, Finnish citizen
M.Sc. (Eng.)

Primary working experience:
Valmet Power Transmission Oy and its suc-
cessors 1980–; Valmet Oy 1975–1980

Year when joined the company: 1980

Mikael Laine

Senior Vice President
Business Development and
Corporate Functions
b. 1964, Finnish citizen
M.Sc. (Econ.)

Primary working experience:
YAP Solutions 2005–2008; Telia Sonera
1996–2005

Year when joined the company: 2008

Veli Kronqvist

Chief Financial Officer
b. 1954, Finnish citizen
M.Sc. (Econ.)

Primary working experience:
Glaston Oyj Abp 1999–2005;
Sandvik-Tamrock Corp. 1994–1999;
Tamrock Canada Ltd 1989–1994
Tampella Corp. 1980–1989

Year when joined the company: 2005

Olli Välimäki

Vice President
Competence Centers
b. 1955, Finnish citizen
M.B.A., B. Sc. (Eng.)

Primary working experience:
Outokumpu Technology Oy 2004–2006;
Sandvik Mining and Construction, Sandvik
Tamrock Corp. 1985–2004

Year when joined the company: 2006

Tomi Koskinen

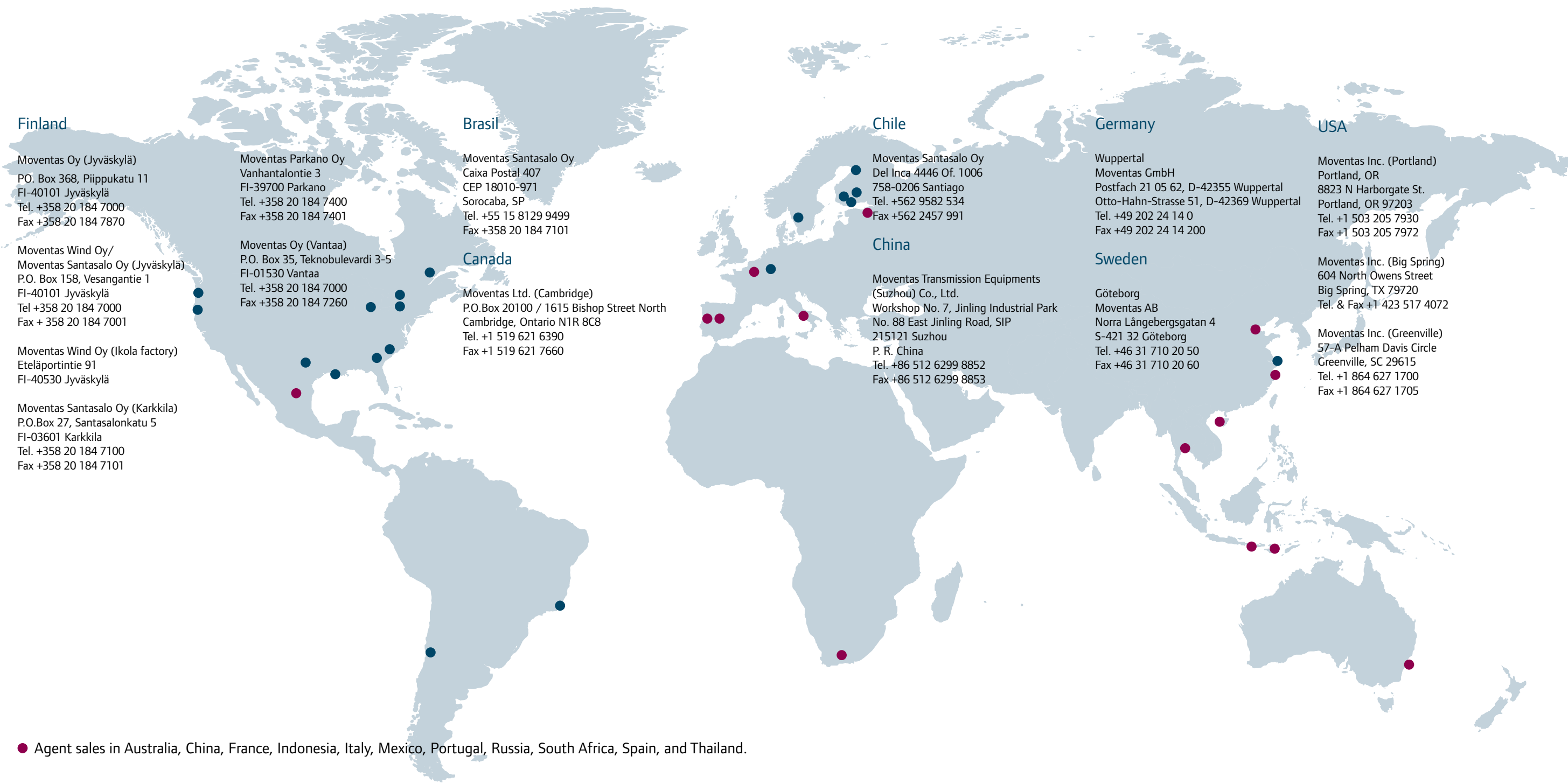
New member appointed to the
management team as of April 1, 2009

Senior Vice President
Supplier Network
b. 1972, Finnish citizen
M.Sc. (Eng.)

Primary working experience:
Valmet Power Transmission Oy and its
successors 1999 –; Nordberg-Lokomo Oy
Parkano Works 1997–1999

Year when joined the company: 1999

Locations



● Agent sales in Australia, China, France, Indonesia, Italy, Mexico, Portugal, Russia, South Africa, Spain, and Thailand.

Glossary

Blade A part of wind turbine rotor that typically has three blades.

Competence Center A unit in Moventas' global network, providing local support for the customer need. At a minimum, a Competence Center is a sales unit, but often also includes technical support and service resources depending on the market.

Compex "Competence Excellence", Moventas' internal training program for interactive consultative approach.

End user An industrial company using production machinery, the mechanical power transmission equipment often being a part of such machinery.

Forex "Foreman Excellence", Moventas' internal training program for improving leadership and management skills.

Gearbox Mechanical power transmission unit, consisting of gearwheels, shafts and housing. Transmits rotational force.

Gear unit see gearbox

Gigawatt GW A unit of measure consisting of 1 000 000 000 Watts, a Watt being a unit of measure for electric power.

Kilowatt kW A unit of measure consisting of 1 000 Watts, a Watt being a unit of measure for electric power.

Mechanical drive A system between the electric motor and driven machine, consisting of a gear unit and key components, such as couplings, brakes, bearings.

Megawatt MW A unit of measure consisting of 1 000 000 Watts, a Watt being a unit of measure for electric power.

Nacelle The structure on top of the wind turbine tower, housing the generating components of a wind turbine, such as gearbox, drive train and generator.

OEM Original Equipment Manufacturer, an industrial company supplying machinery where mechanical power transmission equipment is needed.

Opex Operational Excellence, Moventas' program for improving the operational efficiency by applying lean manufacturing philosophy throughout the organization.