

BOARD OF DIRECTORS

The remuneration of the Members of the Board of Directors is decided on by the Annual General Meeting.

The Annual General Meeting held on 8 April 2011 approved the Board's proposal for the fees paid to the Board of Directors in 2011. The fees were:

Fees to the Board of Directors (EUR)		
	2011	2010
Chairman of the Board, annually	40 000	40 000
Members of the Board, annually	25 000	25 000
Attendance allowance	250	250

Remuneration for the Members of the Board will be paid so that 40% of the specified annual amount will be company shares and the rest will be remitted in money.

Fees paid in 2010	Fees in €,	out of which in company shares, pcs
Marjo Miettinen, Chairman	47 000	3521
Pertti Ervi, Board member	30 500	2201
Tero Laaksonen, Board member	30 250	2201
Pertti Raatikainen, Board member	30 500	2201
Kai Telanne, Board member	30 250	2201
Petteri Walldén, Board member	30 250	2201

PRESIDENT AND CEO

The Board of Directors of Teleste Corporation decides on the compensation of the President and CEO. Based on a proposal by the President and CEO, the Board also decides on the Management Group compensation.

Salary, remuneration and other benefits paid in 2010 to the CEO of Teleste Corporation totalled EUR 498 931.

Fees to the CEO	2010	2009
Salary	341 260	269 137
Fringe benefits	14 424	4 980
Paid compensation	143 247	37 055
Total	498 931	311 172

On 31.12.2010 Rinnevaara owned 35 357 pcs of Teleste shares.

The contractual age of retirement of CEO Jukka Rinnevaara is 60. The insurance premium of the voluntary retirement insurance policy of the Managing Director was EUR 55 289, which amount is not included in the paid salary and remuneration.

As to the contract of CEO Rinnevaara, his term of notice has been specified as six (6) months in case the President and CEO decides to withdraw, and eighteen (18) months should the contract be terminated by the company.

If the company terminates his contract, the CEO shall be paid a compensation amounting to 18 months' salary without benefits.

MANAGEMENT GROUP

Salary for all Members of the Management Group consists of a fixed basic salary and a results-based bonus. The amount of results-based bonus is determined by the company performance, the business area in question and other key operative objectives.

The Management Group including the CEO have a group pension insurance policy on the basis of which the age of retirement of the Management Group members is 60 years. According to plans this pension amounts to 60% as counted on the basis of paid regular annual earnings gained in the last four years preceding the retirement. Any pensions due by virtue of the Employees' Pensions Act will be taken into account in the basis of calculation.

Teleste Management II Oy

The Board of Directors of Teleste Corporation decided on December 5th 2012 on two new share-based incentive plans directed to the members of the Teleste Management Group and to key employees. The purpose of the new plans is to combine the objectives of the owners and members of the Management Group and key employees in order to increase the value of the Company, to commit the members of the Management Group and key employees to Teleste Corporation ("Teleste") by encouraging them to acquire and hold Teleste's shares, as well as to offer them competitive reward plans based on long-term holding the Company's shares.

For the purpose of the share ownership, some of the members of the Management Group have established a limited liability company named Teleste Management II Oy ("Teleste Management II"), whose entire capital stock they or corporations over which they exercise control own. The plan will be valid until summer 2015, at which time the plan is intended to be dissolved in a manner to be determined later.

During the validity of the plan, the transfer of the Teleste's shares held by Teleste Management II has been restricted. The share ownership in Teleste Management II by the members of the Management Group will be valid until the plan is dissolved.

Upon establishment of the plan, four members of the Management Group will be included in the incentive plan directed to members of the Management Group.

[Stock exchange release of Dec.5th, 2011](#)

Teleste Management Oy

The Board of Directors of Teleste Corporation decided on March 2010 on a new incentive plan directed to the members of the Teleste Management Group. The purpose of the plan is to commit the members of the Management Group to Teleste Corporation by encouraging them to acquire and hold Teleste's shares and this way increase Teleste's shareholder value in the long run. For the purpose of the share ownership, the members of the Management Group established a limited company named Teleste Management Oy

The plan will be valid until summer 2013, at which time the plan is intended to be dissolved in a manner to be determined later. During the validity of the plan, the transfer of the Teleste's shares held by Teleste Management has been restricted.

The share ownership in Teleste Management by the members of the Management Group will be valid until the plan is dissolved.

[Stock exchange release of March 3, 2010](#)

Option Programs

Teleste Corporation had one option program in operation on 31 December 2010: Stock Options 2007. The scheme was approved by Teleste's Annual General Meeting in 2007. The stock options have an average maturity of 6 years from the plan launch including a waiting period and a two-year share subscription period.

[Detailed information in the Annual Report, pages 57-59](#)

AUDIT FEES

On 8 April 2011 the Teleste Annual General Meeting selected KPMG Oy Ab as the company auditor and decided that the auditor's fee will be paid as invoiced. The company's chief auditor is Esa Kailiala, KHT auditor (authorised public accountant).

In 2010, Teleste Group's auditing expenses totaled EUR 200 000 in which the share of KPMG was EUR 164,000. Moreover, auditing units of KPMG have supplied Teleste Group companies with other consultation worth, in total, EUR 44,000 and other than KPMG auditors for EUR 21,000.