

BOARD OF DIRECTORS**Remuneration statement 2014**

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

The Annual General Meeting held on 1 April 2014 approved the Board's proposal for the fees paid to the Board of Directors in 2014:

Fees to the Board of Directors (EUR)	2014	2015 *
Chairman of the Board, annually	40 000	40 000
Members of the Board, annually	28 000	28 000
Attendance allowance	-	-

* Board proposal to the Annual General Meeting to be held on April 9, 2015.

Out of the annual remuneration to be paid to the Board members, 40 % of the total gross remuneration amount will be used to purchase Teleste's shares in public trading through NASDAQ OMX Helsinki Ltd, or alternatively by using the own shares held by the Company, and the rest will be paid in cash. The shares will be purchased and/or disposed as soon as possible after the Annual General Meeting.

Fees paid in 2014	Fees in €,	out of which in company shares, pcs
Marjo Miettinen, Chairman	41 000	3 572
Pertti Ervi, Board member	28 000	2 500
Jannica Fagerholm, Board member	28 000	2 500
Esa Harju, Board member	28 000	2 500
Kai Telanne, Board member	28 000	2 500
Petteri Walldén, Board member	28 000	2 500

On the balance sheet date, the Members of the Board and CEO owned 125,652 (111,079) Teleste Corporation shares equalling to 0.66% (0.59%) of all shares and votes.

The members of the Board and the President and CEO had no subscription rights based on stock options.

PRESIDENT AND CEO

The Board of Directors of Teleste Corporation decides on the compensation of the President and CEO.

Salary, remuneration and other benefits paid in 2014 to the CEO of Teleste Corporation:

Fees to the CEO	2014	2013
Salary	345 605,40	345 605,40
Fringe benefits	13 878,00	13 740,00
Paid compensation	78 807,00	129 286,79
Sharebased benefits	0,00	44 100,00
Total	438 290,40	532 732,19

The contractual age of retirement of CEO Jukka Rinnevaara is 60. Charges resulting from additional voluntary pension scheme are included in the post-employment benefits. A voluntary pension fee for CEO amounted 50 thousand euro (49 thousand euro in 2013), which amount is not included in the paid salary and remuneration. Pension liability of EUR 70 000 related to this additional pension plan is included in Teleste Corporation's balance sheet.

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

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

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.

OWNERSHIP BY MANAGEMENT AND MEMBERS OF THE GOVERNING BODIES ON 31 DECEMBER 2014

Share Ownership and Options of the Management Group

On December 31, 2014, Teleste Corporation's CEO owned 44 436 Teleste Corporation's shares. Other members of the Management Group owned 11 627 Teleste Corporation's shares.

On 31 December, 2014, Teleste did not have any running stock option programs and the CEO and the members of Teleste Corporation's Management Group did not hold any Teleste options.

Teleste Management II Oy

On 5 December, 2011, Teleste Corporation's Board of Directors decided on two new share-based incentive schemes for the members of the Management Group and for the key personnel. The new systems are designed to unify the objectives of the owners, members of the Management Group, and the key personnel to increase the company's value, as well as to commit the members of the Management Group and the key employees by encouraging them to acquire and hold shares of the company and to offer them competitive compensation systems based on the long-term ownership of the company's shares. For such shareholding, some members of the Management Group established a company by the name of Teleste Management II Oy, the entire share capital of which they or their controlled corporations own.

This system is valid until the spring of 2015, when the system is intended to be dissolved in a manner decided later. Transfer of shares owned by Teleste Management II Oy is restricted during the system's period of validity. Holdings in Teleste Management II Oy by the members of the Management Group will be, as a rule, valid until the dissolution.

On 31 December, 2014, Teleste Management II Oy was in possession of 542 000 Teleste Corporation's shares. CEO's holding in the Teleste Management II Oy shares stands at 31.25% while the ownership by other members equals 68.75%.

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. On May 7th 2013, the shareholders of Teleste Management Oy and Teleste Corporation agreed on a share swap where the management's ownership became a direct ownership in Teleste Corporation.

Teleste Management Oy was merged with the parent company on 28 February 2014.

AUDIT FEES

On 1 April 2014 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 2014, Teleste Group's auditing expenses totaled EUR 210 000 in which the share of KPMG was EUR 150 000. Moreover, auditing units of KPMG have supplied Teleste Group companies with other consultation worth total EUR 73 000 and other than KPMG auditors for EUR 37 000.