

**PROPOSAL BY THE BOARD OF DIRECTORS CONCERNING COMBINATION OF THE SHARE SERIES BY AMENDING THE ARTICLES OF ASSOCIATION, AND RELATED DIRECTED FREE SHARE ISSUE**

In accordance with the Articles of Association the Company's shares are divided in common shares and preferred shares, which differ in that common shares carry twenty (20) votes while preferred shares carry one (1) vote and that each preferred share shall collect a two (2) percentage units higher dividend than a common share, calculated on the accounting par value. The total number of common shares is 10,119,198 and preferred shares 17,444,766. Both common and preferred shares are traded publicly on the NASDAQ OMX Helsinki Ltd.

The Board of Directors proposes to the General Meeting of Shareholders that the two share series be combined by amending the Articles of Association so that following the measures taken to combine the share series the Company would have only a single class of shares that is traded publicly and whose shares carry one (1) vote each and have in all other respects equal rights. The combination of share series involves a directed free share issue for holders of common shares.

The approval of the proposal of the Board of Directors requires the adoption of all its individual items.

The Board of Directors of the Company has obtained a fairness opinion from Alexander Corporate Finance Oy, and according to the opinion, the exchange rate is fair from a financial point of view to the Company's shareholders. The auditors of the Company, Mr Jari Paloniemi, Authorized Public Accountant, and Mr Veikko Terho, Authorized Public Accountant, have given a statement confirming that the grounds for deviating from the pre-emptive rights of the shareholders in the directed free share issue are in accordance with the Finnish Companies Act.

The Board of Directors proposes to the General Meeting of Shareholders the following measures:

**Combination of share series**

The Board of Directors proposes that the Company's share series be combined by removing the relevant sections in the Articles of Association pertaining to the different share series as described below. Following the combination of the share series, the Company would have only one single class of shares and each share would have one (1) vote and equal rights. The shares converted in connection with combining the share series would be incorporated in the book-entry securities system and are estimated to become traded publicly as of 4 September 2009. The record date for the combination of share series is estimated to be 3 September 2009. The combination of share series approved by the General Meeting of Shareholders would not require any separate actions by shareholders.

**Directed free share issue**

The Board of Directors proposes that, in connection with the combination of share series, a free share issue be directed to holders of common shares in such a way that, differing from the preemptive right of the shareholders, holders of common shares will receive one (1) new share free of charge for each four (4) common shares. Based on the combination of the share series and the directed free share issue, the ownership of four (4) common shares will change to be the ownership of five (5) shares of the Company.

Each holder of common shares as of the record date 3 September 2009 would have the right to receive new shares. The new shares would be distributed among holders of common shares in the above-mentioned proportion (4:1) and recorded directly to the holder's book-entry account on the basis of information on the record date and in accordance with the regulations and procedures of the book-entry securities system.

If the number of common shares held by the holder of common shares is not divisible by four (4), the remaining shares will be given to Nordea Bank Finland Plc to sell for the account of the holders of common shares whose number of common shares is not divisible by four (4), as specified in more detail by the Board of Directors and in accordance with the agreement between the Company and Nordea Bank Finland Plc. The directed free share issue approved by the General Meeting of Shareholders would not require any separate actions by shareholders.

A maximum of 2,529,799 new shares would be issued in directed free share issue. The new shares will carry full shareholder rights from the moment they are entered into the Trade Register. The Board of Directors is authorized to resolve about other terms and practical aspects of the directed free share issue.

In considering the grounds for a directed free share issue, the Board of Directors has taken into consideration also the following factors: that (i) listed companies in both Finland and internationally are increasingly switching to the practice of having just one class of shares, and combining the two share series is expected to improve the liquidity of the Company's share when trading is focused on one class of shares; (ii) the turnover of common shares has been just 7% that of preferred shares over the past 12 months; (iii) the combination of share series as proposed by the Board of Directors would decrease the voting rights of current common shares from approximately 92.1% to approximately 42.0% and increase the voting rights of current preferred shares correspondingly from approximately 7.9% to approximately 58.0%; (iv) the premium that would be given to holders of common shares in connection with the combination of share series is reasonable and corresponds to the large difference between the market prices of common shares and preferred shares in long-term; and (v) the dilution effect of the proposed directed share issue on the ownership proportion for holders of preferred shares would be approximately 8.41%, which is higher than customary due to slight difference between the number of common shares and preferred shares and large difference between the market prices of common shares and preferred shares.

The combination of share series and the connected directed free share issue would clarify the Company's ownership structure and standardize the rights connected with the shares. This arrangement is expected to increase interest in the Company's share and lead to an increase in the liquidity of the Company's share. In addition, the clarification of the ownership structure is expected to improve the opportunities to use the Company's shares for raising financing.

It is the view of the Board of Directors that combining share series is in the interests of the Company and all its shareholders. The Board of Directors considers that, taking into consideration the above, there is a weighty financial reason for a directed share issue connected to the combination of share series, in terms of the Company and taking into consideration the interests of all its shareholders.

The Board of Directors believes that the combination of share series and the connected directed free share issue would create benefits for holders of preferred shares and for the Company that are equal to those for holders of common shares through the directed free share issue. It is the view of the Board of Directors that combining share series and the connected directed free share issue can be considered reasonable in terms of the overall benefit for the Company and all its shareholders.

The Board of Directors of the Company has obtained a fairness opinion from Alexander Corporate Finance Oy, and according to the opinion, the exchange rate is fair from a financial point of view to the Company's shareholders. The auditors of the Company, Mr Jari Paloniemi, Authorized Public Accountant, and Mr Veikko Terho, Authorized Public Accountant, have given a statement confirming that the grounds for deviating from the pre-emptive rights of the shareholders in the directed free share issue are in accordance with the Finnish Companies Act.

### **Amendments to the Articles of Association**

The Board of Directors proposes that the stipulations in the Articles of Association concerning the different share series from Article 3 of the Articles of Association are removed in such a way that Article 3 would read as follows:

“Article 3

Shares

The shares of the Company are incorporated in the book-entry securities system.”

The Board of Directors proposes that the General Meeting of Shareholders would remove Article 3 a of the Articles of Association concerning the conversion of common shares.

Furthermore, the Board of Directors proposes that the General Meeting of Shareholders would remove references to different share series included in Article 12 concerning the obligation to redeem the shares in such a way that Article 12 would read as follows:

“Article 12

Obligation to redeem shares

A shareholder whose percentage of the aggregate stock or number of votes equals or exceeds  $33 \frac{1}{3}$ , shall be obliged to redeem shares held by other shareholders, in so far as other shareholders demand their right of redemption.

In calculating shareholdings producing a redemption obligation, the following shall be included: shares held by an entity, pension foundation or pension fund forming part of the same group of companies as the shareholder subject to redemption obligation, as well as shares held by the shareholder jointly with another shareholder.

An entity forming part of the same group of companies as the shareholder refers to a domestic or a foreign juristic person exercising authority in the shareholder subject to redemption obligation, or such juristic person in which the shareholder subject to redemption obligation exercises authority, and/or in which authority is exercised by the same juristic or natural person as exercises authority in the shareholder subject to redemption obligation.

A juristic or a natural person shall be deemed to exercise such authority in an entity when such a person

1. holds more than a half of the votes carried by all shares and membership or partnership interests,
2. has the right, conferred by the Articles of Association, Memorandum of Association or another similar agreement, to appoint part of the members of the other entity's Board of Directors or comparable governing body, or part of the members of a body appointing such governing body; and such right, together with the voting right based on ownership or membership, entitle the person to appoint the majority of members to such governing body, or,
3. exercises by agreement such authority as is referred to above in clause 1. or 2.

The redemption price for a share shall be the same to all shareholders, and not less than either

(1) the weighted average of the prices paid for a share of the Company in public trading on the NASDAQ OMX Helsinki Ltd over ten days prior to the date on which the redemption obligation arose, or,

(2) the average price paid by the shareholder subject to redemption obligation for a share of the Company over six months prior to the date on which the redemption obligation arose, if this price is higher than the average of the prices as is referred to above in clause (1). The redemption obligation shall be deemed to have arisen as soon as the shareholder's percentage of the Company stock exceeds one-third, as defined above.

When redemption obligation has arisen in the above manner, the shareholder subject to redemption obligation shall, without delay and not later than seven days of the date on which the obligation arose, send a written notification to the Board of Directors of the Company at the Company address advising that the threshold producing a redemption obligation has been exceeded.

The notification shall specify the number and prices of shares acquired by the shareholder over six months prior to the date on which the obligation arose.

The notification shall also contain the address to which the redemption claim, as hereinafter defined, can be sent to the shareholder subject to redemption obligation.

The Board of Directors of the Company shall, within 30 days of receipt of the notification or the date on which it was otherwise advised about the redemption obligation, inform the shareholders entitled to redemption accordingly. The information shall include a copy of the notification, details of the rights of shareholders entitled to redemption as defined in this section, and instructions as to how the shareholders shall proceed if they wish to have their shares redeemed. The information shall be communicated to the shareholders entitled to redemption in the same manner as summons to a General Meeting of Shareholders.

A shareholder entitled to and desiring redemption shall present a claim to this effect to the shareholder subject to redemption obligation by sending a letter to the address given by the latter without delay and not later than 30 days of the expiry of the 30-day period provided in the previous clause. The claim shall include the name and address of the shareholder entitled to redemption as well as the number of shares involved. A copy of the claim shall be sent within the same period of time to the Board of Directors of the Company. If no claim has been sent to the shareholder subject to redemption obligation within the specified period of time, the right of redemption shall be forfeit. A shareholder entitled to redemption shall have the right to cancel his or her claim until the redemption price has been paid.

If the redemption obligation referred to in this section involves several shareholders, the obligation shall incur in the proportion of their existing shareholding at the time the obligation arose.

A shareholder subject to redemption obligation shall pay the shareholders entitled to redemption the price corresponding to the shares claimed for redemption against the delivery of the shares within 30 days of the date on which the claim was presented by the shareholder

entitled to redemption. The redemption price shall be paid in cash, unless otherwise is agreed between the shareholder subject to redemption obligation and the shareholder entitled to redemption.

If a shareholder subject to redemption obligation fails to comply with the provisions of this section, his or her shareholding, including the shares that shall be counted in calculating the shareholding producing the redemption obligation as defined above, shall entitle to voting at General Meetings of Shareholders of the Company only in so far as the voting right carried by the shares is less than one-third (1/3) of the voting right of the aggregate stock.

Any disputes potentially arising out of the redemption and the redemption obligation shall be settled by arbitration, in accordance with the Arbitration Rules of the Central Chamber of Commerce.”

Juankoski 5 August 2009

The Board of Directors