

**BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING TO AUTHORISE THE BOARD OF DIRECTORS TO DECIDE ON THE REPURCHASE OF THE COMPANY'S OWN SHARES**

The Board of Directors proposes that the Annual General Meeting shall authorise the Board of Directors to resolve on the acquisition of up to 2,000,000 own shares by using funds in the unrestricted equity taking into account, however, the provisions of the Finnish Companies Act on the maximum amount of own shares held by a company. The proposed number of shares corresponds to less than 10 per cent of all shares in the company. The shares may be repurchased to develop the company's capital structure. In addition, the shares may be repurchased to finance or carry out business acquisitions or other arrangements, to settle the company's equity-based incentive plans, to be transferred for other purposes or to be cancelled. The shares may be repurchased in deviation from the proportion of the shares held by the shareholders. The shares will be repurchased through public trading arranged by NASDAQ OMX Helsinki Oy at the market price of the acquisition date. The shares will be acquired and paid in pursuance of the rules of NASDAQ OMX Helsinki Oy and applicable rules regarding the payment period and other terms of the payment. It is proposed that the authorisation be effective until the end of the next Annual General Meeting.

15 March 2012

RAPALA VMC CORPORATION  
Board of Directors

**AUTHORIZING THE BOARD OF DIRECTORS TO DECIDE ON THE ISSUANCE OF SHARES AS WELL AS THE ISSUANCE OF OPTIONS AND SPECIAL RIGHTS ENTITLING TO SHARES**

The Board of Directors proposes to the General Meeting that the Board of Directors be authorized to decide on the issuance of new shares, transfer of the Company's own shares and the issuance of options and special rights entitling to shares referred to in Chapter 10 Section 1 of the Companies Act.

The amount of new shares which may be issued or transferred by the Board of Directors by one or several decision shall not exceed 10,000,000 shares. The new shares may be issued and the Company's own shares may be transferred against payment or without payment. The Board of Directors is furthermore authorized to issue options and special rights referred to in Chapter 10 Section 1 of the Companies Act for the holder to receive new shares or the Company's own shares against payment. The amount of shares which may be issued or transferred based on the option and special rights are included in the above mentioned aggregate numbers of shares.

The new shares and the options and special rights referred to in Chapter 10 Section 1 of the Companies Act may be issued and the Company's own shares transferred to the shareholders in proportion to their current shareholdings in the Company or in deviation from the shareholders' pre-emptive rights by way of a directed issue if there is a weighty financial reason for the Company to do so. The deviation from the shareholders' pre-emptive rights may be carried out for example in order to develop the Company's capital structure, in order to finance or carry out acquisitions, investments or other business transactions, or in order to use the shares for incentive schemes. A directed share issue may be executed without payment only if there is an especially weighty financial reason for the Company to do so, taking the interests of all shareholders into account.

The Board of Directors decides on all other matters related to the issuance of shares and special rights entitling to shares referred to in Chapter 10 Section 1 of the Companies Act. The authorization would be effective until 31 March 2017.

15 March, 2012

RAPALA VMC CORPORATION