

## FISKARS CORPORATION CAPITAL LOAN 2004

The Board of Directors of Fiskars Corporation (hereinafter the "Company") resolved on 9 November 2004 that the Company will issue a capital loan in accordance with Chapter 5, Section 1 of the Companies Act. The capital loan is also a subordinated bond as referred to in Section 34, Paragraph 2 of the Promissory Notes Act. An application will be made for listing the loan on the Main List of the Helsinki Stock Exchange. The quotation is estimated to commence on 23 December 2004.

### I TERMS AND CONDITIONS

1. Loan Amount
 

The preliminary amount of the loan shall be not more than thirty million (30,000,000) euro. In case of oversubscription, the Board of Directors of the Company may increase the loan amount to not more than sixty million (60,000,000) euro. The loan will be issued through the book-entry securities system maintained by the Finnish Central Securities Depository Ltd (hereinafter "FCSD").

The loan will be issued in loan units with a nominal value of one thousand (1,000) euro each, known as subordinated bonds ("debentuuri" under Finnish law).
2. Right to Subscription
 

The loan will be offered for subscription to the shareholders of Fiskars Corporation. Shareholders shall have the right to subscribe for the loan in an amount not higher than the euro amount corresponding to the number of shares held by them in the shareholder register of the Company as of 23 November 2004 rounded up to the nearest full thousand euro. The right to subscription cannot be surrendered or transferred.

Should the subscriptions made exceed the full loan amount, the Board of Directors of Fiskars Corporation shall have the right to increase the loan amount so that the shareholders who have subscribed for the loan receive the full amount subscribed by them.

The Board of Directors shall have the right to decide on the procedure to be followed in the event of undersubscription by either giving the unsubscribed portion of the loan for subscription to a party decided by the Board of Directors or by reducing the loan amount.
3. Issue Price
 

The issue price of the loan shall be 100 per cent.
4. Period and Place of Subscription
 

The period of subscription for the loan shall commence on 7 December 2004 at 9.30 a.m. Finnish time and end on 13 December 2004 at 4.30 p.m. Finnish time.

Subscriptions can be made at the branch offices of Sampo Bank plc and Mandatum Private Bank. Subscriptions can also be made in accordance with instructions provided by book-entry account operators.

Subscriptions can also be made at the telephone bank of Sampo Bank and Mandatum Private Bank, tel. 358 200 2000, provided that the subscriber has a valid telephone banking agreement.

#### 5. Payment of Subscriptions

Payment for the subordinated bonds shall be made on 17 December 2004 in accordance with instructions provided by the place of subscription.

After the payment date, the Company shall have the right to sell the subordinated bonds left unpaid in a manner it deems appropriate.

#### 6. Loan Period

The loan shall be dated and issued on 17 December 2004.

The loan period shall be from 17 December 2004 to 17 June 2010. The loan shall be repaid in a single instalment on 17 June 2010, provided that the conditions of repayment as specified in Section 7 are met.

#### 7. Repayment

The principal of the loan and interest accrued up to the date of repayment shall be repaid in full at maturity on 17 June 2010 at a rate of 100 per cent.

The issuer shall reserve the right to purchase subordinated bonds in the market prior to maturity at any time during the loan period, provided that the conditions of repayment are met.

The principal of the loan may be repaid only if the Company and the consolidated Group are left with full cover on restricted equity and other non-distributable items according to the balance sheet approved for the preceding financial year.

Should the conditions for repayment of the loan not be met at maturity, the repayment of the loan shall continually be deferred to the corresponding date in the following year until the loan and accrued interest shall have been repaid in full.

Should the repayment of the loan not be possible at maturity, the principal of the loan shall accrue variable annual interest from maturity until the date of repayment in accordance with Section 8 c, paragraph 5.

The principal of a subordinated bond shall not accrue interest after the announced repayment date.

Notice of the repayment of the loan shall be given to the holders of subordinated bonds in writing on the basis of information recorded in the book-entry register not later than 30 days prior to repayment.

The principal of the loan shall be repaid to the bondholder who is entitled to the repayment according to information recorded in the relevant book-entry account at the commencement of the repayment date. If a book-entry unit representing a subordinated bond is subject to temporary registration at the commencement of the maturity date as specified in these Terms and Conditions or if a book-entry unit has been recorded in a consignment account at the commencement of the maturity date, the repayment shall be made according to information recorded in the book-entry account. If repayment is not possible on the basis of information recorded in the bondholder register, payment shall be made to a party who can demonstrate that the book-entry unit representing a subordinated bond has been in his ownership at the commencement of the maturity date as specified in these Terms and Conditions.

## 8. Interest

## (a) fixed interest

A fixed annual interest of 6.25 per cent shall be paid on the principal of the loan. The basis of calculating the fixed interest shall be the actual days of the interest period divided by the actual days of the particular year ("actual days/actual days - ISMA").

## (b) interest payment dates

The interest shall be paid annually in arrears on 17 June (hereinafter the "Interest Payment Date"), for the first time on 17 June 2005 and for the last time at maturity. If the Interest Payment Date is not a banking day, the interest shall be paid on the following banking day.

Interest shall accrue for each interest period on the basis of actual days inclusive of the first and exclusive of the last day of the interest period. The first interest period shall commence on the date of issue and end on the first Interest Payment Date. Each subsequent interest period shall commence on the previous Interest Payment Date and end on the following Interest Payment Date.

## (c) preconditions for the payment of interest on the capital loan and deferred interest payment

Interest on the loan can be paid annually only if the amount payable can be used for the distribution of profits according to the balance sheet of the Company and the consolidated Group as approved for the preceding financial year.

Interest left unpaid shall remain a liability of the Company and shall earn annual interest of 2 percentage points in excess of the interest rate payable on the loan. The Company shall be permitted to pay interest, the payment of which it has previously deferred, as well as any accrued interest on such outstanding balances in full or in part at a date announced by the Company. If payment is made in part, interest accrued on the original interest shall be payable first. Interest left unpaid and the interest accrued on such a balance outstanding must, however, be paid in full (a) on the banking day following approval of the consolidated balance sheet, provided that such payment is possible according to the balance sheet on the conditions set out in the previous paragraph or (b) on repayment of the principal of the loan. Deferred interest shall earn no further interest after the repayment date announced by the Company.

In accordance with Section 13, the Company shall notify holders of subordinated bonds of the deferral of interest payment and the payment of deferred interest not later than five (5) banking days prior to the Interest Payment Date.

Interest accrued on interest left unpaid shall rank senior, after which unpaid interest balances shall be paid and then the interest earned for the previous year.

If the loan cannot be repaid at maturity, the principal of the loan shall accrue variable annual interest from maturity until the payment date as follows: two banking days prior to 17 June 2010, the Company shall determine the interest to be paid from maturity until the payment date so that the interest shall be 5 percentage points in excess of the 12-month Euribor interest rate published by the Bank of Finland on that particular day.

If the 12-month Euribor interest rate or a corresponding rate is not available, an interest rate determined based on the interest rate level prevailing in Finland for a corresponding period shall be used.

The basis of calculating the variable interest shall be the actual days of the interest period divided by 360.

The interest shall be paid to a party who has the right to such payment on the basis of information recorded in the bondholder register at the commencement of the maturity date as specified in these Terms and Conditions.

If a book-entry unit representing a subordinated bond is subject to temporary registration at the commencement of the maturity date as specified in these Terms and Conditions or if book-entry units representing subordinated bonds have been recorded in a consignment account at the commencement of the maturity date, repayment shall be made on the basis of information recorded in the book-entry account. If repayment is not possible on the basis of information recorded in the book-entry account, payment shall be made to a party who can demonstrate that the book-entry unit representing the subordinated bond has been in his ownership at the commencement of the maturity date as specified in these Terms and Conditions.

The Company can distribute dividends and pay Group contribution if, and only if, all interest payments due to holders of this loan, as well as any unpaid interest and interest accrued on it, have been taken into account as an imputed reduction in distributable non-restricted equity.

#### 9. Priority Ranking of the Loan

Should Fiskars Corporation be placed in liquidation, the loan shall fall due 90 days after the notice of liquidation has been entered in the Trade Register.

The loan is a capital loan, the principal, interest and any other yield of which shall be payable on the dissolution or bankruptcy of the Company solely at a priority ranking inferior to that of all other debt.

This loan shall have the same priority ranking as any capital loans or comparable instruments which the Company may issue in the future.

Receivables based on the loan may not be used to offset counterclaims.

The loan is not secured by a guarantee or other collateral.

#### 10. Power of Decision of the Board of Directors

The Board of Directors of Fiskars Corporation shall decide on any other terms and measures relating to the capital loan.

### II OTHER TERMS AND CONDITIONS

#### 11. Technical Amendments

The Board of Directors of Fiskars Corporation shall have the right to amend the technical procedures connected to the loan in respect of payments or other similar matters without the approval of the holders of subordinated bonds or a Bondholders' Meeting.

Fiskars Corporation shall notify holders of subordinated bonds of any amendments in accordance with Section 13.

## 12. Bondholders' Meeting

- (A) The Board of Directors of Fiskars Corporation shall have the right to convene a meeting of holders of these subordinated bonds (hereinafter "Bondholders' Meeting") to decide on amendments to the Terms and Conditions of the loan.
- (B) Notice of a Bondholders' Meeting shall be published no later than 10 days prior to the meeting in accordance with Section 13. The notice shall specify the time, place and agenda of the meeting, as well as the procedure for registering to attend the meeting.
- (C) The Bondholders' Meeting shall be held in Helsinki and its chairman shall be appointed by Fiskars Corporation.
- (D) The Bondholders' Meeting shall have a quorum only if two or more persons together representing at least 50 % of the outstanding principal amount of the loan are present. However, the Bondholders' Meeting shall only have a quorum for passing an extraordinary resolution pursuant to Section 12 (I) if two or more persons together representing at least 75 % of the outstanding principal amount of the loan are present.
- (E) If the Bondholders' Meeting does not have a quorum within 30 minutes of the time for starting the meeting as set forth in the notice, consideration of the agenda of the meeting can be deferred to a new Bondholders' Meeting at the request of the Company, the said meeting to be held within no less than 14 days and no more than 28 days at a place designated by the Company. The new Bondholders' Meeting shall have a quorum if two or more persons together representing at least 10 % of the outstanding principal amount of the loan are present. However, the new Bondholders' Meeting shall have a quorum for passing an extraordinary resolution pursuant to Section 12 (I) only if two or more persons together representing at least 67 % of the outstanding principal amount of the loan are present.
- (F) Notice of a new Bondholders' Meeting to be held owing to an adjournment shall be published in the same manner as the notice convening the original meeting. The notice shall furthermore state the conditions under which a quorum shall be constituted.
- (G) Voting rights of the holders of subordinated bonds shall be determined on the basis of the principal amount of subordinated bonds held. The Company and the consolidated companies of the Group shall not hold voting rights at the Bondholders' Meeting. Resolutions of the Bondholders' Meeting shall be passed by a simple majority of votes cast. Should the voting result in a tie, the chairman shall have the casting vote. An extraordinary resolution pursuant to Section 12 (I) shall, however, be passed only if approved by at least three-quarters of the votes cast.
- (H) A representative of the Company and a person authorised to act for the Company shall have the right to attend and speak at a Bondholders' Meeting.

- (I) A Bondholders' Meeting shall have the right to decide on the following matters set forth in a proposal of the Company's Board of Directors, subject to an extraordinary resolution supported by a minimum of three-quarters of the votes cast:
  - (a) altering the basis of calculating the interest on the loan;
  - (b) changing the currency of the loan;
  - (c) amending the conditions under which a Bondholders' Meeting shall have a quorum or amending the qualified majority requirement for passing an extraordinary resolution;
  - (d) amending Section 9 of the Terms and Conditions of the loan.
- (J) Resolutions passed by a Bondholders' Meeting shall be binding upon all holders of subordinated bonds, regardless of whether they are present at the meeting and of whether an entry of the resolution of the Bondholders' Meeting has been made in their book-entry accounts.
 

An entry concerning the resolution of the Bondholders' Meeting shall be made in the relevant book-entry accounts. In addition, holders of subordinated bonds are obliged to inform subsequent transferees of the subordinated bonds of the resolution of the Bondholders' Meeting.
- (K) Where, in accordance with the Terms and Conditions of the loan, the Company has the right to unilaterally decide on a measure, such a decision shall not require the approval of a Bondholders' Meeting.
- (L) A reduction of the principal amount or interest of the loan or an amendment to the last paragraph of Section 8 of these Terms and Conditions shall require the consent of all the holders of subordinated bonds as given at a Bondholders' Meeting or in some other certifiable manner.

### 13. Notices

Holders of subordinated bonds shall be advised of matters pertaining to the loan by means of a notice published in Helsingin Sanomat or in another national daily newspaper designated by the Board of Directors of the Company. Holders of subordinated bonds shall be considered to have received notification when the notice has been published in Helsingin Sanomat or in another national daily newspaper designated by the Board of Directors of the Company.

Instead of the procedure described in the previous paragraph, the Company shall have the right to deliver notifications concerning the loan in writing directly to holders of subordinated bonds, making the said delivery to the addresses recorded in their book-entry accounts.

The Company shall have the right to obtain information on the list of creditors from the FCSD.

### 14. Statute of Limitations

Where payment of the principal or interest has not been possible, due to missing contact information, within three years of the date on which payment was first due under the Terms and Conditions of this loan, the right to any and all payment shall be forfeit.

15. Applicable Law            This loan shall be subject to and governed by Finnish law, and any disputes arising in respect of the loan shall be resolved in a competent court in Finland.
16. Force Majeure            The Company, managers, places of subscription, payment agents or book-entry account operators cannot be held responsible for the unreasonable impairment of operations due to a case of force majeure or a similar cause.
17. Information                Copies of documents pertaining to the loan shall be available for public inspection at the Head Office of the Company, Mannerheimintie 14 A, 00100 Helsinki.

*This document is an unofficial English translation of the original Finnish language Terms and Conditions of the Loan and in the event of any inconsistency, reference should be made to the Finnish language Terms and Conditions of the Loan.*

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