



Annual General Meeting  
February 25, 2008

# Agenda

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1. Opening of the meeting
2. Election of the Chairman and the Secretary for the meeting
3. List of votes

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4. Election of the person to check the minutes and persons to control the counting of the votes
  
  5. Legitimacy and quorum of the meeting

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6. President & CEO's review and presentation of the Financial Statements 2007 for both group and parent company including the Board Report and the Auditor's report



# Business review 2007

Matti Alahuhta, President & CEO

# Agenda

1. Business review 2007
2. Mega trends driving the business
3. Vision and strategy
4. New development programs
5. Outlook 2008

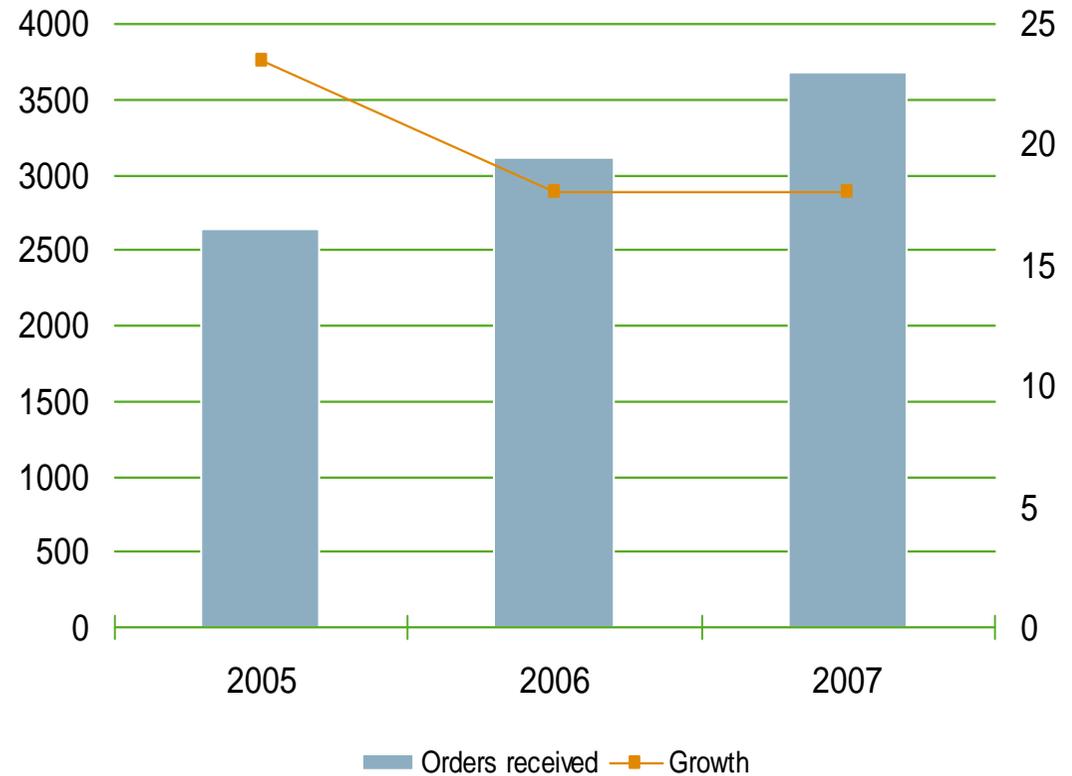


## 2007 in brief

- 2007 was a very good year both in terms of financial performance and development progress.
- Operating income development was best in the industry.
- KONE's market share increased from 11 to 12 percent.
- The otherwise excellent year was burdened by fines relating to anticompetitive practices in some European countries.

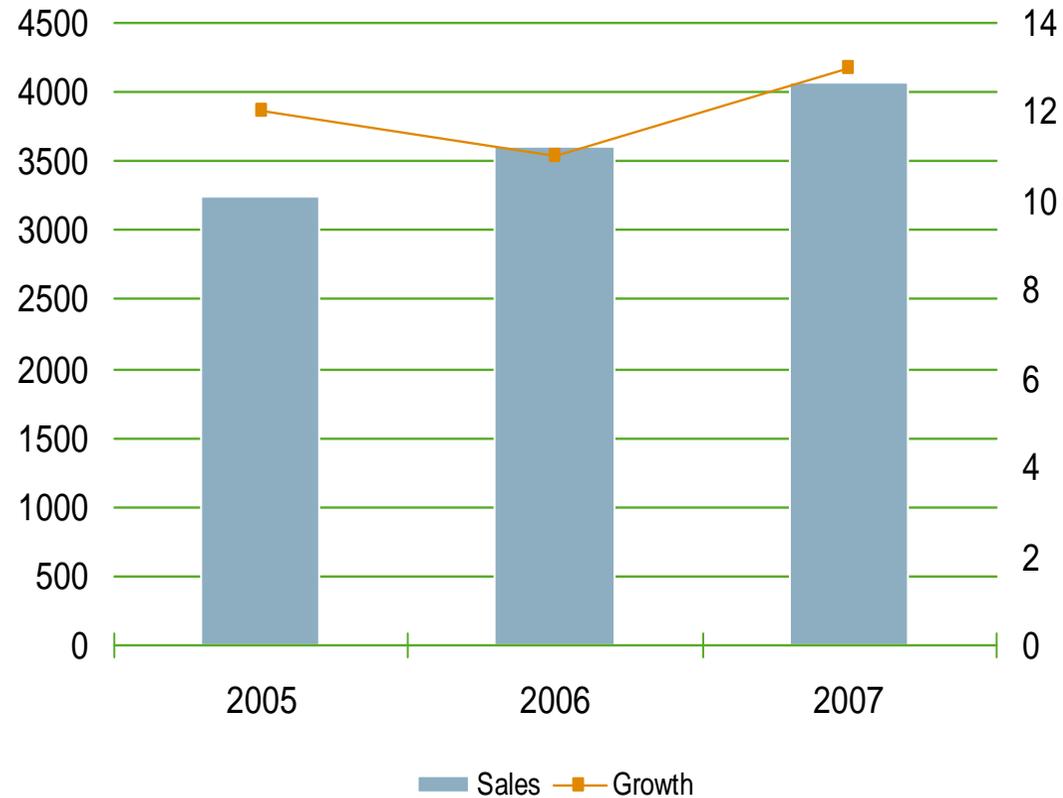


Orders received increased by 18% - the growth accelerated towards the end of the year

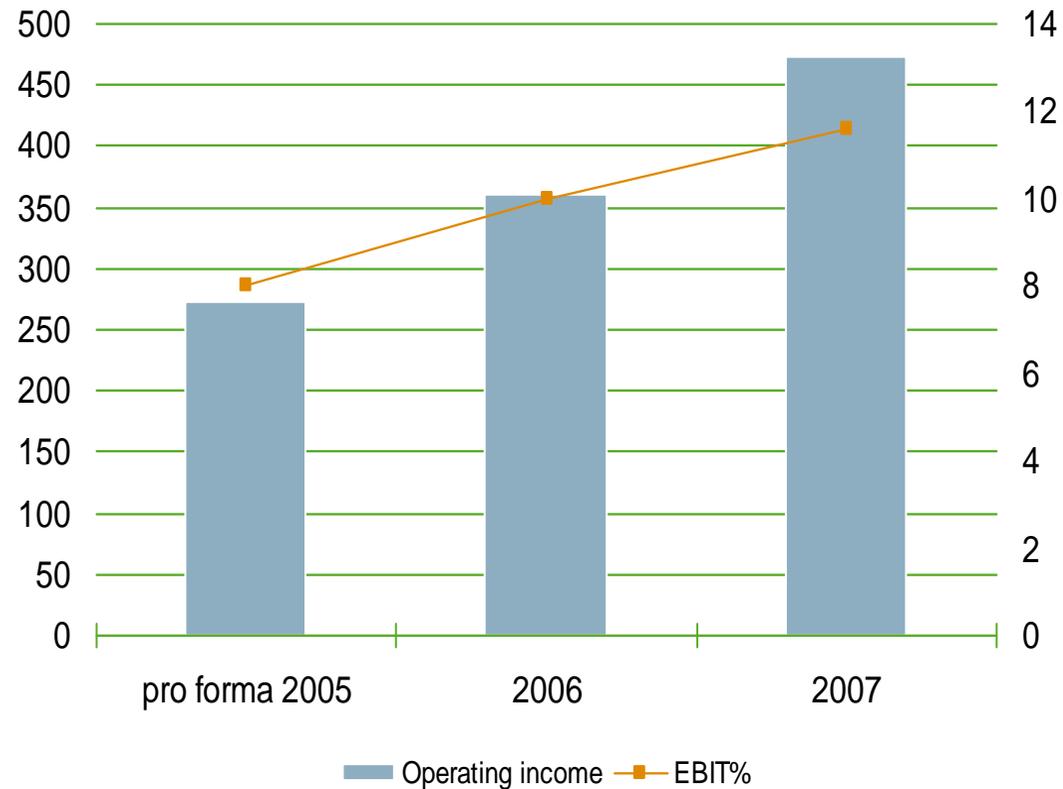




Sales have developed evenly –  
in 2007 growth was 13%



# Operating income (EBIT) margin reach almost 12%

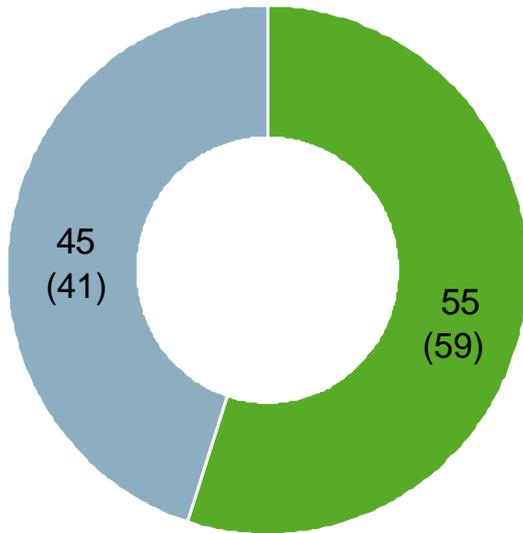


- 2005 excluding MEUR 89.2 provision for the development and restructuring program.
- Excluding EUR 152.4 million (which includes the European Commission's fine, the Austrian Cartel Court's fine and the sales profit from the sale of the KONE Building)



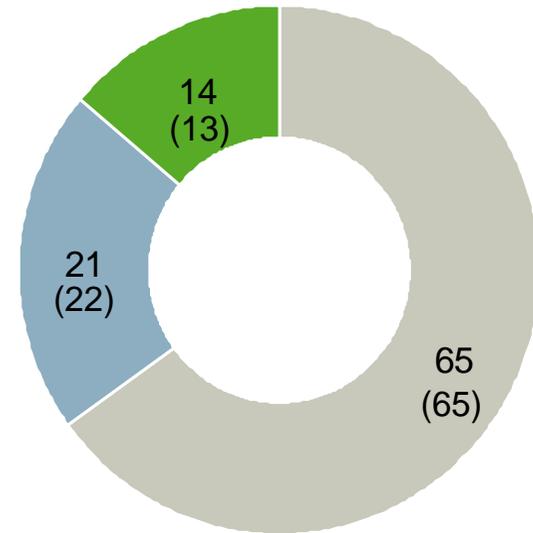
# The share of sales of the Asia-Pacific region continued to grow

## Sales by business



■ Service ■ New equipment

## Sales by market



■ EMEA ■ Americas ■ Asia-Pacific

Note: 2006 in brackets



In the EMEA region, the operating environment was favorable

- The markets for new equipment experienced growth in Central, North and Eastern Europe and in the Middle East.
- In Southern Europe, the markets for multi-family residential buildings weakened, while other segments experienced growth.
- Demand for modernizations continued to be good.



In the Americas, the market growth was fairly strong

- In the North American market, demand was driven by large investments in office, hotel and retail segments.
- Demand for multi-family residential buildings weakened somewhat.
- Demand for modernizations remained good.

## In the Asia-Pacific, strong growth continued

- The new equipment markets developed well driven by economic growth and urbanization.
- In China, construction activity continued to expand to tier 2 and 3 cities.
- The Indian markets also developed strongly.
- The Australian markets continued to develop well.

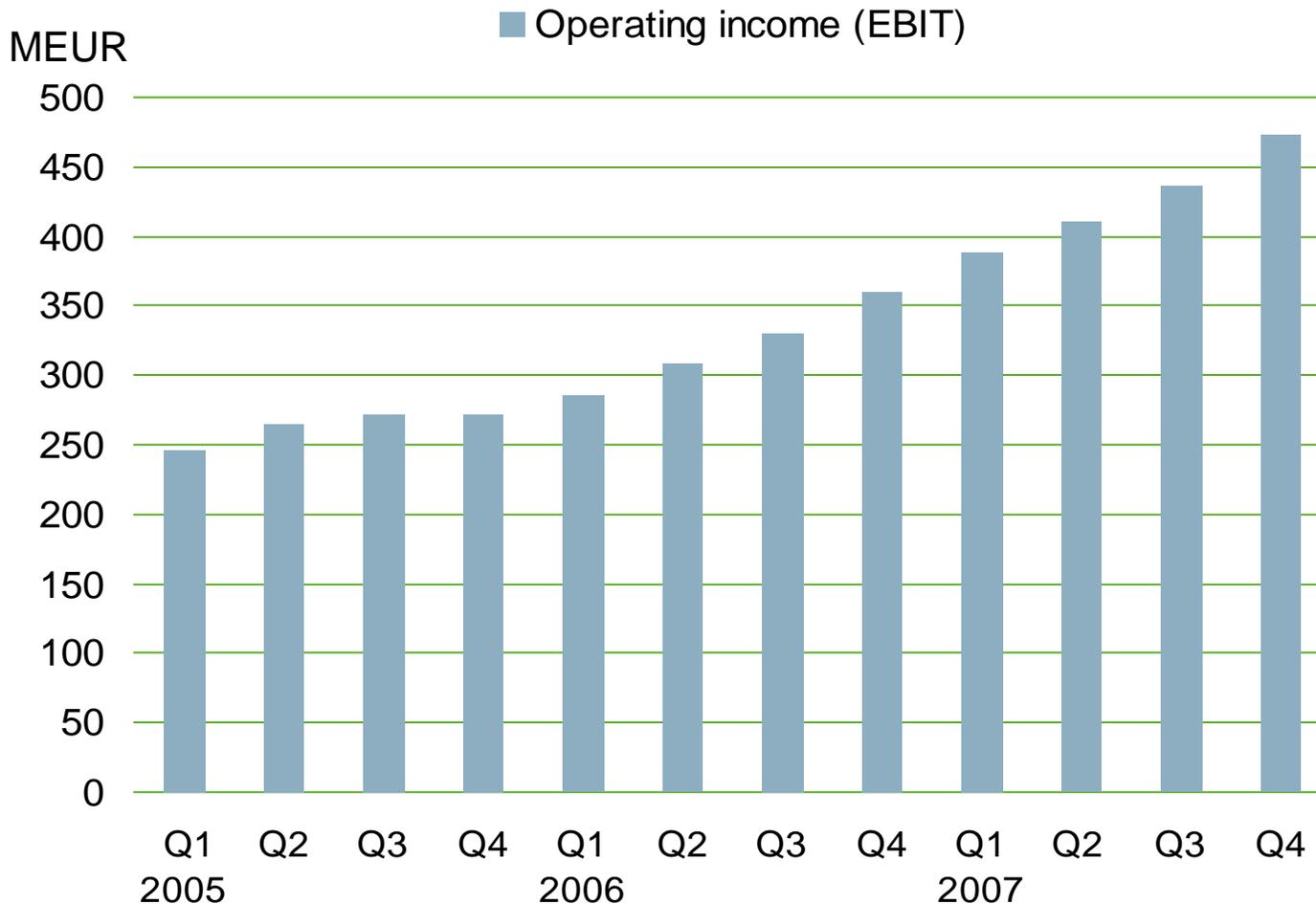


## Development programs continued to bring results

- Customer Focus
- Product and Service Competitiveness
- Operational Excellence
- Sourcing Power
- Presence in Asia



# Rolling twelve months EBIT by quarter

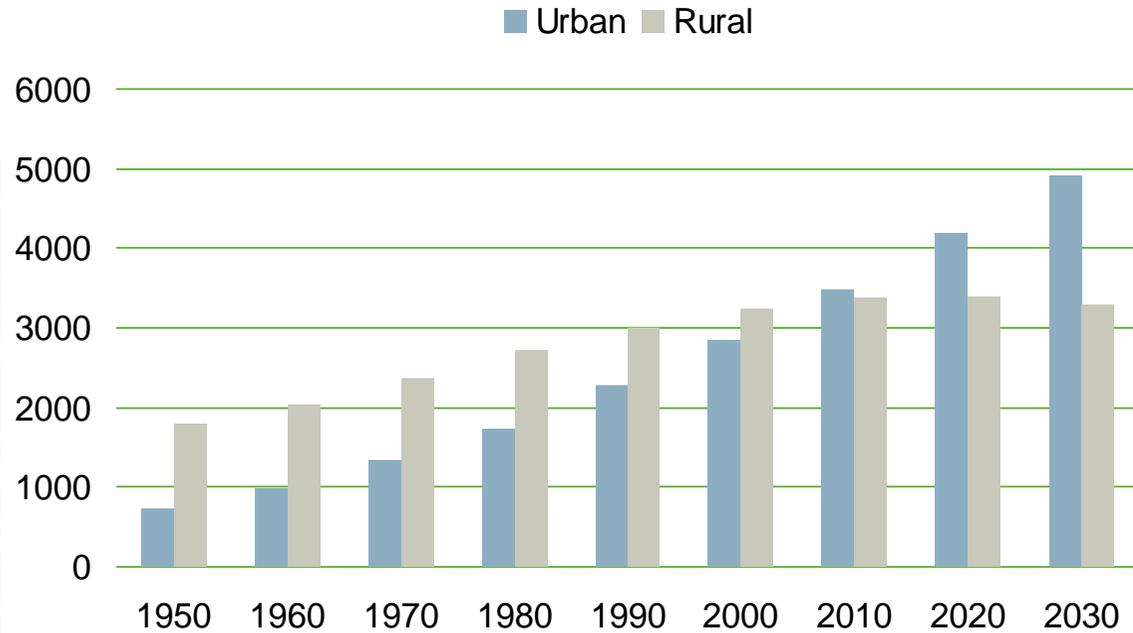


Note: Q4/2004 disregarding MEUR 15.3 non-recurring income due to a provision reversal regarding disability pensions, Q1/2005 excluding MEUR 89.2 provision for the development and restructuring program. Q1/2007 excluding EUR 142 million, which includes the European Commission's fine. Q4/2007 excluding EUR 22.5 million provision for the Austrian Cartel Court's fine and the sales profit of EUR 12.1 million for the sale of the KONE Building.



## Megatrend Urbanization

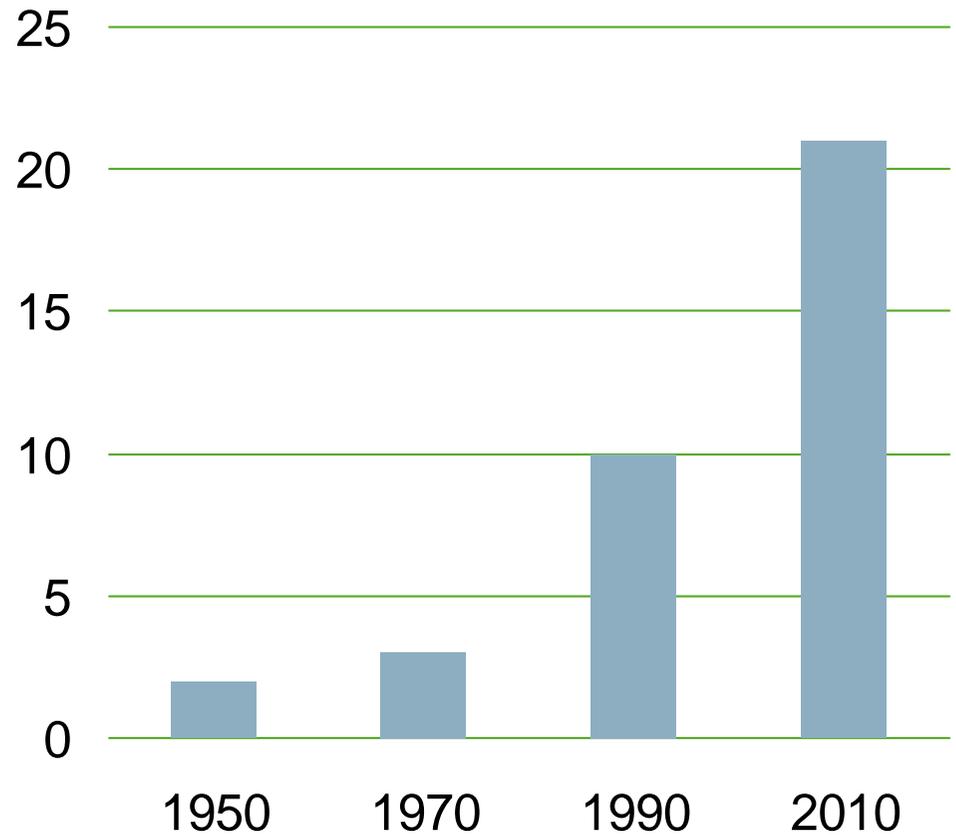
# The urban and rural population of the world



Source: U.N. World Urbanisation Prospects 2007

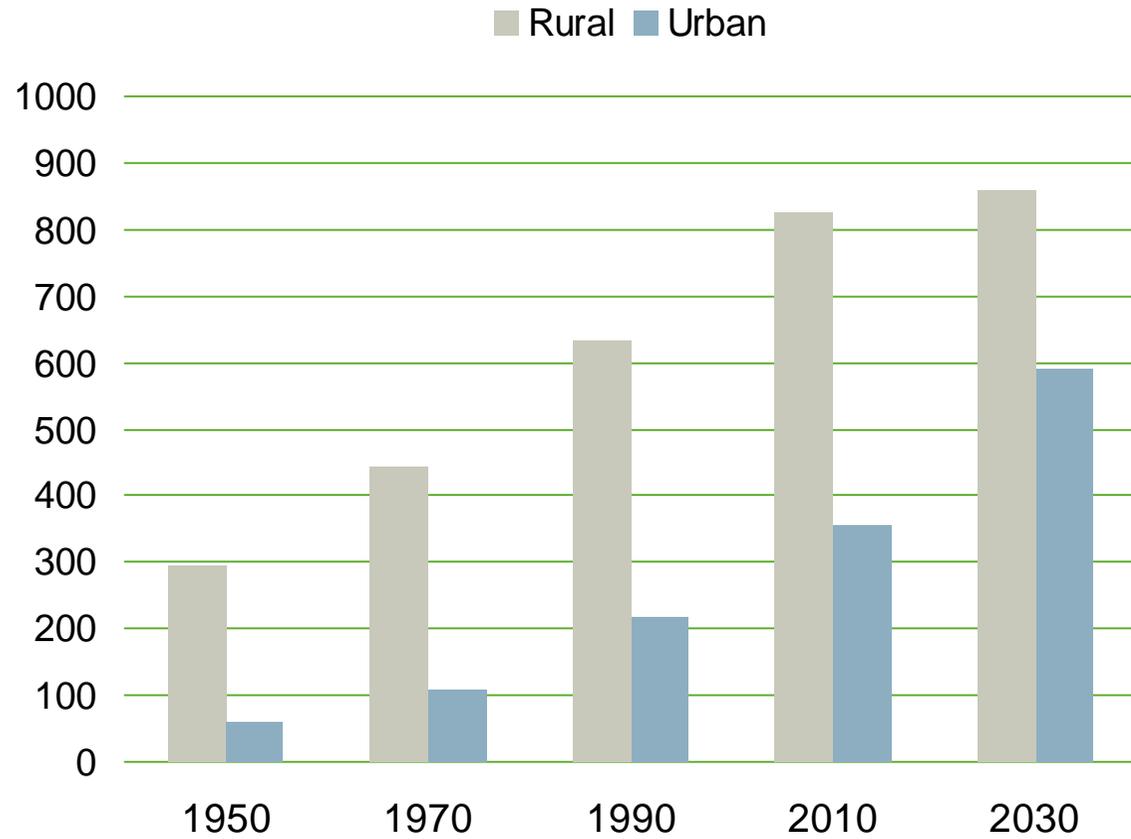


## Number of mega cities over 10 million people



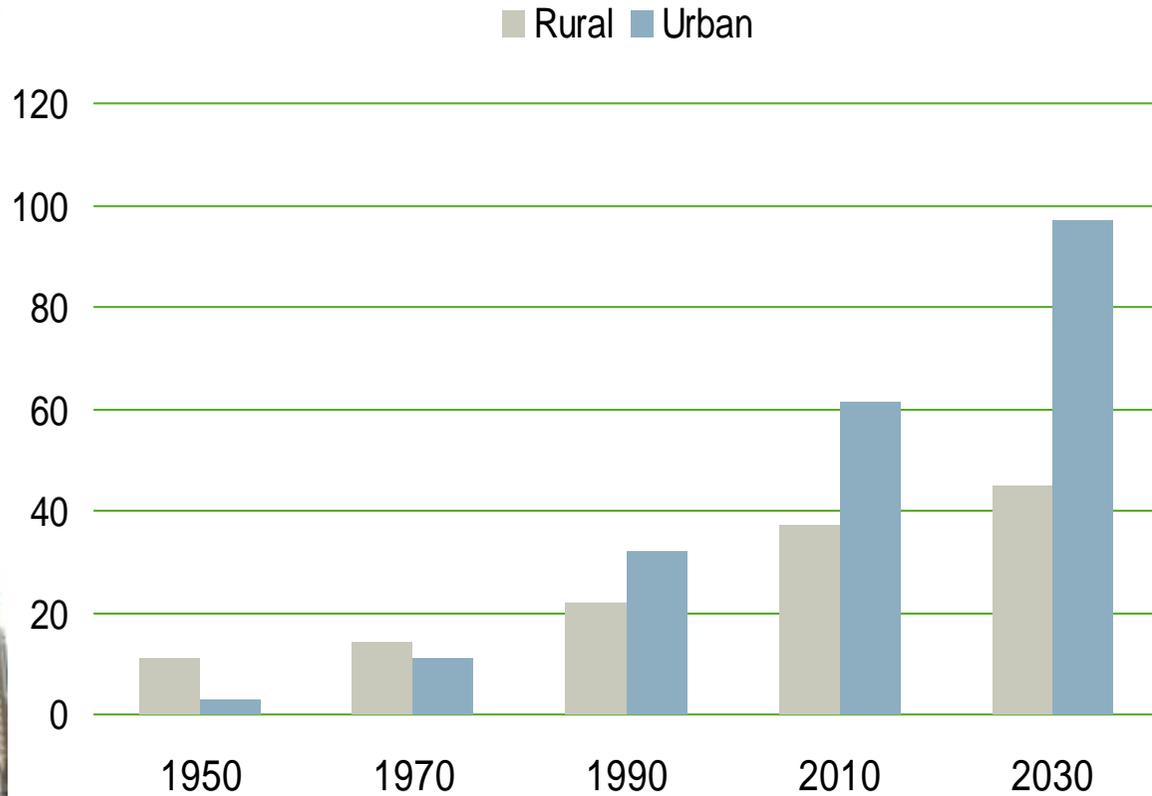
Source: U.N. World Urbanisation Prospects 2007

# India - urbanization accelerates



Source: U.N. World Urbanisation Prospects 2007

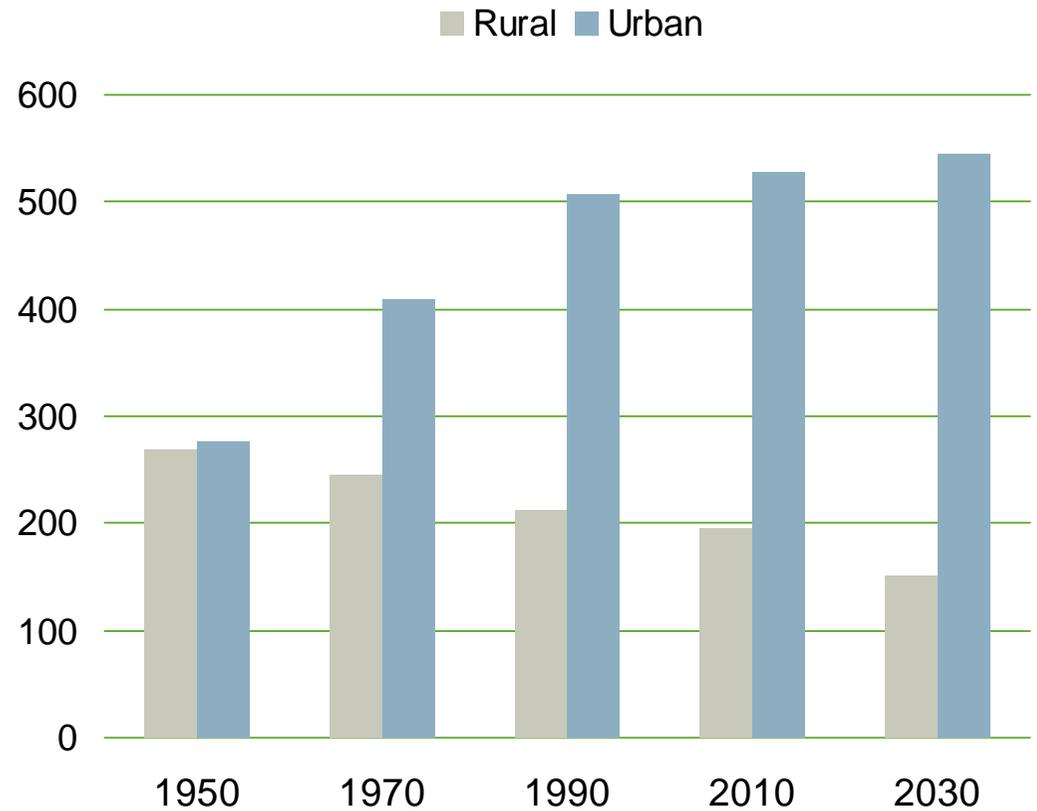
# Middle East\* - strong urbanization



\*Including Bahrain, Israel, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen.

Source: U.N. World Urbanisation Prospects 2007

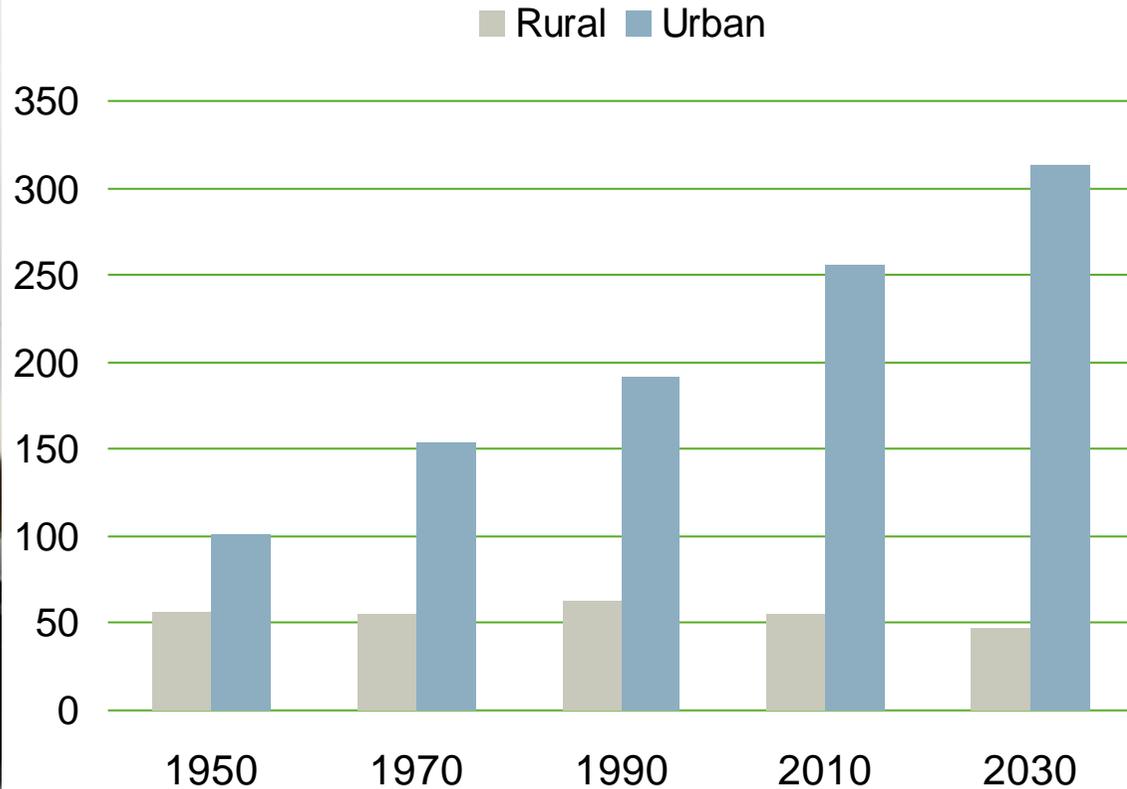
# Europe - growing dynamics between cities



Source: U.N. World Urbanisation Prospects 2007



# USA - all growth is seen in urban areas



Source: U.N. World Urbanisation Prospects 2007



## A challenge and an opportunity

### Challenge

- More buildings and more people in them
- Congestion and crowding
- Environmental issues
- Successful urbanization is a prerequisite for economic growth

### Opportunity

- Market volume growth
- Creating the best solutions for smooth people flow



## The best people flow experience

We want to deliver solutions that enable people to move smoothly, safely, comfortably and without waiting from one place to another.





## Vision

KONE delivers  
the best people flow  
experience



KONE delivers a performance edge to its customers by creating the best user experience with innovative people flow solutions

Simultaneously, KONE's people leadership and processes enable operational excellence and cost competitiveness

## New development programs

- Customer focus
- People flow solutions
- Operational excellence
- Environmental excellence
- People leadership



## 2008 Outlook

- KONE's target for 2008 is to achieve, at comparable exchange rates, a growth of about 10 percent in net sales compared to 2007.
- The operating income (EBIT) target is to achieve a growth close to 20 percent compared to the 2007 figure of EUR 473 million.
- This corresponds to an operating income (EBIT) margin of at least 12.0 percent.



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## 7. Approval of the Financial Statements, the Income Statement, Balance Sheet, the Consolidated Income Statement and Consolidated Balance Sheet

## 8. Board of Directors' Dividend Proposal

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The Board of Directors proposes to the Annual General Meeting that a dividend of:

- EUR 1.29 be paid for each class A share
- EUR 1.30 be paid for each outstanding class B share

Total of proposed dividends: EUR 163,619,671.52

Date for dividend distribution: February 28, 2008

Date of dividend payments: March 6, 2008

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9. Granting of discharge from liability for the Board Members, the deputy Member and the President & CEO.

## 10. Number of Board Members

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The Nomination and Compensation Committee proposes that seven (7) ordinary members and one (1) deputy member be elected.

# 11. Remuneration of the Board of Directors

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The Nomination and Compensation Committee proposes the following remunerations:

- an annual compensation of EUR 54,000 for the Chairman of the Board
- an annual compensation of EUR 42,000 for the Vice Chairman
- an annual compensation of EUR 30,000 for Board Members
- an annual compensation of EUR 15,000 for the Deputy Board Member
- a compensation of EUR 500 for attendance at Board and Committee meetings

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## 12. Election of the Board Members and Deputy Members

# The Nomination and Compensation Committee's Proposal for Board Members

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**Matti Alahuhta**  
Member of the  
Board since 2003.



**Reino Hanhinen**  
Member of the  
Board since 2005.



**Antti Herlin**  
Member of the  
Board since 1991.



**Sirkka Hämäläinen-Lindfors**  
Member of the  
Board since 2004.

# The Nomination and Compensation Committee's Proposal for Board Members

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**Sirpa Pietikäinen**  
Member of the  
Board since 2006.



**Masayuki Shimono**  
Member of the  
Board since 2004.



**Iiro Viinanen**  
Member of the  
Board since 1997.



**Jussi Herlin**  
Deputy Board  
Member  
since 2007.

## 13. Number of Auditors

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The Audit Committee of the Board of Directors proposes that two (2) Auditors be elected.

## 14. Remuneration of Auditors

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The Audit Committee proposes that the Auditors be reimbursed according to their invoice based on the performed Audit Proposal process.

## 15. Election of Auditors

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Audit Committee's proposal for auditors

Authorized public accountant PricewaterhouseCoopers Ltd

Authorized public accountant Heikki Lassila

## 16. Amendments to the Articles of Association

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- the stipulations on the minimum and maximum amount of the company's capital and number of shares and on the nominal value of the shares will be abolished, and the wording otherwise specified without amending the content (3 and 4 §)
- the stipulations concerning the record date will be abolished (5 §)
- the terminology concerning the representation of the company will be specified (8 §)
- references to the delivery dates for summons to General Meetings will be amended to correspond to the new Companies Act (11 §)
- the agenda of the Annual General Meeting of Shareholders will be amended to correspond to the new Companies Act (13 §)
- Articles 3, 4 and 5 as well as 8 and 9 of the Articles of Association will be combined so that the amended Articles of Association will consist of 12 Articles in total, and the numbering of the entire Articles of Association will be amended correspondingly.

## 17. Share split, i.e. increasing the number of shares through a share issue without payment

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The company's Board of Directors proposes that the number of shares in the company be increased by issuing new shares to the shareholders without payment in proportion to their holdings as follows:

- one class A share for each class A share
- one class B share for each class B share

The new shares are to be admitted to public trading and entered into the book-entry system on February 29, 2008.

The share issue without payment does not increase the company's share capital.

## 18. Option terms and conditions for 2005C, 2005A, 2005B, 2005C and 2007 option rights

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### Option rights 2005C

The Board of Directors proposes that the share subscription period for the 2005C option rights be confirmed to begin on April 1, 2008.

### Option rights 2005A, 2005B, 2005C ja 2007

The Board of Directors proposes that EUR 0.5 (0.25) of the subscription price to be paid for the new shares issued based on the 2005A, 2005B, 2005C, and 2007 option rights be credited to the share capital, and that the remaining part be credited to the paid-up unrestricted equity reserve.

## 19. The Board of Directors' Authorization to Decide to Repurchase KONE's Own Shares

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The authorization covers:

- 1,905,000 (3,810,000) class A shares and
- 10,880,000 (21,760,000) class B shares

The shares may be repurchased in order to:

- develop the capital structure of the company
- finance or carry out possible acquisitions
- implement the company's share-based incentive plans
- be transferred for other purposes or be cancelled

## 20. The Board of Directors' Authorization to Distribute Shares Repurchased by KONE

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The authorization covers maximum:

- 1,905,000 (3,810,000) class A shares and
- 10,880,000 (21,760,000) class B shares

The repurchased shares may be:

- used as compensation in acquisitions and in other arrangements
- employed in implementing the Company's share-based incentive plans in the manner and to the extent decided by the Board of Directors
- sold in public trading on the Helsinki Stock Exchange to finance possible acquisitions

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## 21. Closing of the meeting

**KONE.com**

