



Annual Report 2000





KONE 2000

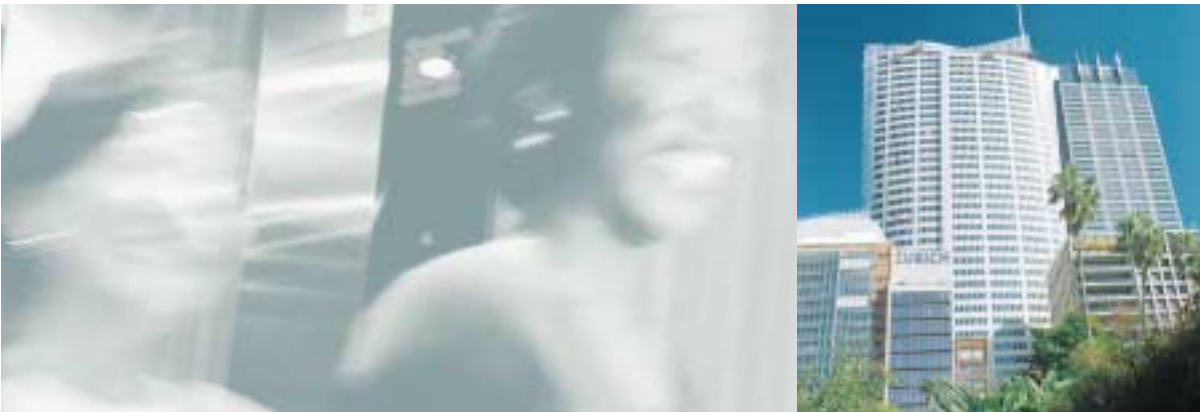
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KONE In 2000

- Net income nearly doubled, totaling a record EUR 106 million. Profitability is expected to continue to develop favorably.
- Orders received and sales increased by 8%, order book by 11%. Orders in hand corresponding to more than a year's worth of production and a growing service base create a solid foundation for the coming year.
- In conjunction with the favorable development of the result, the dividend paid by class B shares increased by half to EUR 1.50. The share price for class B shares rose on the Helsinki Exchanges during 2000 by 53%.
- KONE is pursuing growth through acquisitions and organic growth. A possible decline in traditional markets is to be offset by promising new business activities. Approximately 20 acquisitions were carried out in 2000.
- A strong balance sheet, good financial position and steady cash flow create favorable conditions for growth.
- KONE's products and services are now more competitive than ever. The range of elevators based on KONE EcoDisc® technology has been expanded to cover all sizes and kinds of buildings. KONE Alta™ systems for skyscrapers and KONE TranSys™ freight elevators were among the innovations.
- The KONE ECO3000™ escalator was developed in cooperation with our alliance partner, Toshiba. A version designed for transit applications will be introduced in the near future.
- Markets warmly welcomed the KONE Optimum™ service model and KoneXion™ remote monitoring system.



Highlights

		2000	1999	Change %
Sales	MEUR*	2,602	2,412	8
Orders received	"	1,854	1,723	8
Order book as of 31 December	"	1,656	1,492	11
Operating income after depreciation	"	186	118	58
Income after financing items	"	183	111	64
Net income	"	106	58	83
Total assets	"	1,829	1,580	
Earnings/share**	EUR	5.39	2.86	88
Dividend/share, class B share	EUR	1.50	1.00	50
Equity/share**	"	33	29	
Return on equity**	%	17.2	9.7	
Return on capital employed**	"	23.5	14.9	
Economic value added**	MEUR	71	39	
Total equity/total assets**	%	35.9	37.4	
Gearing**	"	15	8	
Number of employees as of 31 December		22,978	22,630	

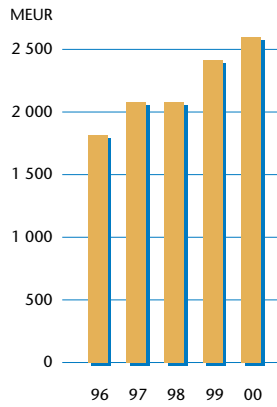
*MEUR = millions of euros; EUR 1.00 = approx. US \$0.93 (as of 31 December, 2000).

**The principles of calculating key figures can be found on page 39.

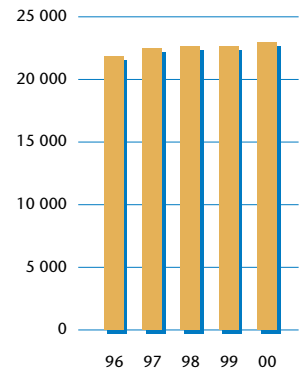
On 1 November, 1999 the shares were split at a ratio of one to three.



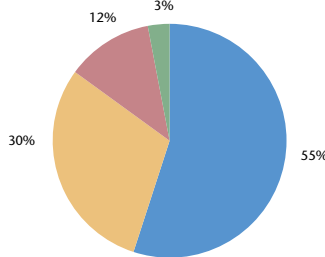
Sales



Employees as of 31/12

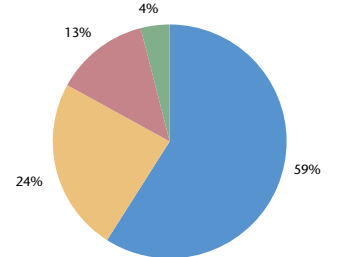


Sales by Market



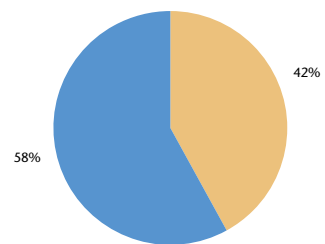
- Europe
- North America
- Asia-Pacific
- Other countries

Employees by Market



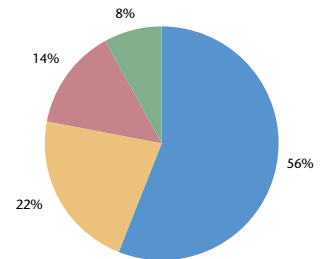
- Europe
- North America
- Asia-Pacific
- Other countries

Division of Sales



- Maintenance and Modernization
- New Equipment

Employees by Job Category



- Maintenance and Modernization
- New Equipment Sales and Installation
- Manufacturing
- Administration

Message to Stakeholders

Antti Herlin, Deputy Board Chairman:

KONE Corporation has a well-deserved reputation for being a traditional company in a relatively conservative and stable industry. As such we have been able to pay a reliable dividend regardless of highs and lows in the business cycle and keep our focus on the long-term interests of all our various stakeholders.

Sometimes, however, it takes a traditional company, with a Board of Directors that is comfortable in its position and role, to be able to make radical decisions. When KONE's Board recognized the need in the 1990s to transform our company into a leaner and better-performing organization, we were able to focus clearly on what we needed to do and move rapidly to implement change. We could act decisively because we have always been an active Board with members who are well informed about company affairs.

The changes KONE is undergoing are making us a more profitable, market-responsive and customer-oriented company than we were in the past. We have also taken a more aggressive approach to generating shareholder value and introduced the first option incentive plan in our company's history. The Board is pleased to note that the stock market has rewarded these efforts by making us



one of the few companies in the Nordic engineering sector to see its share prices increase dramatically during the past year.

Finally, I would like to thank all KONE employees

for the good work they have done during the last year. Especially I would like to mention president Jean-Pierre Chauvarie and his team.

They have brought vigor and decisiveness to our enterprise.

KONE is continuing to create the conditions necessary for sustainable profitability and growth. That can only be good news for all KONE stakeholders.

Jean-Pierre Chauvarie, President:

KONE's performance in 2000 confirmed that we are reaping the benefits of many initiatives that were set in motion during previous years. This progress is reflected in the value of our sales and orders received, improved profitability for the fourth straight year, and our continuing ability to come up with innovative responses to customers' requirements and anticipate market trends.

KONE established a new industry standard when we introduced the first KONE MonoSpace® machine-room-less elevator in 1996. Our success in applying its revolutionary KONE EcoDisc® technology to a complete range of speed, height and load requirements has been met with enthusiasm by the market in 2000. Today, almost 70% of our new elevator orders are for units powered by EcoDisc®, and in some markets the total is almost 100%.

KONE's role as the leading escalator company in the world was strengthened during 2000 by the successful launch of our first truly global product, the KONE ECO3000™ escalator for commercial markets including department stores and shopping centers. We will be introducing a heavy-duty transit version and an autowalk to complete the range in the near future.

The greatest changes in the way we do business -

though probably less visible than changes in our product lines - are in our maintenance operations. Instead of traditional maintenance contracts based on a fixed number of site visits per year, we have successfully launched KONE Optimum™, an offering that guarantees optimum performance, availability and reliability for our customers' escalators and elevators according to the age, condition and usage of each piece of equipment.

During the past year KONE and Toshiba took several significant steps to deepen and strengthen our strategic alliance. Many of these efforts required close cooperation in product development between our companies.

Toshiba's SPACEL machine-room-less elevator, based on KONE EcoDisc® technology, became the hottest-selling model in Japan. During the period under review, KONE delivered over 3,000 EcoDisc® hoisting machines to Toshiba. KONE is also supplying EcoDisc® technology for Toshiba's flagship project, delivery of elevators for the world's tallest building, the 101-story Taipei Financial Center in Taiwan. Delivery will take place in 2001. The combination of KONE EcoDisc® and Toshiba drive technology has already proven highly successful in KONE Alta™ high-rise installations in many

parts of the world. And at the end of 2000, KONE and Toshiba completed the installation and hand-over of 57 MonoSpace® elevators to the Tokyo Metro.

The process of focusing more on our core competencies and outsourcing component production to strong partners who are leaders in their own fields continued in 2000 with the sale of several production units. Strategic component manufacturing remains in our hands and will continue to be a KONE priority in the future. We believe that strategic global partnerships, supporting the efforts of our own strong and streamlined organization, will reinforce our efforts to ensure the complete, on-time delivery of defect-free equipment to our customers.

We have made great strides in creating a strong, global KONE brand. We have also made progress in the challenging task of business process integration. Both these harmonization efforts will continue to make KONE effective as a true global company.

A strategic decision to go for growth was made in 2001 with the announcement that KONE is expanding its automatic building door service business. Several door service companies were acquired during 2000, and we will continue to look at opportunities for additional

acquisitions in the coming year. However, we feel the greatest growth will be realized through our ability to extend the skills and resources already dedicated to elevator and escalator service to the maintenance of automatic building doors. Building owners can hand over responsibility for all their access and internal transportation equipment to KONE, a company with round-the-clock service centers, a sophisticated communication network, highly trained personnel and nearly a century of maintenance experience.

We enter the new century with nearly half a million elevators and escalators and 120,000 automatic doors under maintenance contract, outstanding product ranges based on industry-leading technology, and a strong partnership with Toshiba. I would like to thank our dedicated KONE personnel for their initiative and hard work in reaching this point in our development. I am sure that our new Long Term Incentive Plan will increase the commitment of our management to achieving our mutual targets.

We are moving in the right direction. We believe that most of the conditions necessary for growth and profitability have been met. Our challenge is to achieve them in a way that can be sustained in the long run.

Business Environment

Global markets

The value of worldwide elevator and escalator markets is estimated to be around EUR 25 billion a year. Sales and installation of new equipment account for 40% of the total while the maintenance and modernization of existing elevators and escalators account for the remainder. With its approximate 9% market share KONE is the fourth largest elevator manufacturer in the world.

Today there are six million elevators in use around the world, slightly over half of which are in Europe, 20% in the Asia-Pacific area, and 10% in North America.



Global sales of new elevators annually total 220,000-230,000 units. European elevators, primarily in low- and mid-rise residential buildings, account for 40% of market totals. Some 35% of new elevators are sold in



the Asia-Pacific area, which is traditionally characterized by high-rise buildings and includes the largest national elevator market in the world, China. The North American market, characterized by both mid- and high-rise buildings, accounts for slightly less than 10% of new elevator sales.

Sales of new equipment for high-rise office buildings and mid-rise buildings such as hotels and hospitals, as well as the modernization of existing installations for both types of buildings, are global in nature. The maintenance and modernization of elevators for low-rise residential buildings are typically carried out on a local basis, and the market is characterized by intense competition.

Firm grip on escalator markets

Worldwide escalator markets are valued at EUR 1 billion. The Asia-Pacific area, Europe and North America account for 45%, 35% and a good 10% of the total escalator markets, respectively. Escalator and autowalk markets can be divided into heavy-duty transit and standard commercial segments. Transit units are primarily designed for

subway stations and airports whereas commercial escalators lend themselves to department store, shopping center and other indoor applications. KONE is a leading global escalator company with a 20% market share in both transit and commercial market segments.

Elevators aging around the world

Demand for new equipment varies according to fluctuations in the economy and construction industry business cycles as well as by geographic area. In the past couple of years, demand has been growing briskly.

Existing elevator and escalator installations require regular maintenance to stay in good operating condition and perform efficiently throughout the entire service life of a building. The normal life cycle of elevators is generally estimated to be about 40 years. The world's elevator and escalator population is aging: more than a third of all units are over twenty years old. This aging of the installed equipment base has had a favorable impact on modernization business, which has been growing by 5-10%

during recent years regardless of general economic trends. The modernization business is most active in the more mature elevator and escalator markets of Europe and North America.

Growth in service contracts

The scheduled maintenance of elevators and escalators on a regular basis has traditionally been governed by legislation in most countries. The trend is now toward deregulation. Instead of merely fulfilling



statutory requirements, service companies are expected to ensure the reliable operation of their equipment, be able to react quickly in the event of problems, and take responsibility for the safety of the users of the equipment they maintain. Another major trend involves the bulking together by customers of all the maintenance operations for their buildings and contracting for comprehensive service from a reduced number of service suppliers.

It is a priority for elevator and escalator companies to book maintenance contracts for as much as possible of the equipment they install. Large real estate companies and government agencies,

however, may employ their own maintenance teams.

Demand for modernization and maintenance services is strongest in the maturest elevator and escalator markets. The maintenance sector's annual growth rate of 4% parallels that of new equipment deliveries. Competition for the maintenance and modernization of products based on older and less sophisticated technology is especially tough.

Opening the door to big markets

The value of automatic building door service worldwide, which is KONE's latest business initiative, is

estimated at EUR 5 billion a year or 10 million doors. This market segment is growing rapidly, thanks to the lifestyle of a society that appreciates automation.

The life cycle of the typical automatic building door is significantly shorter than that of an elevator or escalator, which is why KONE sees substantial opportunity for replacement business growth. As in the elevator and escalator sector, automatic building door maintenance and modernization business is less dependent than new equipment sales on economic cycles.

Sustainable construction

In industrial countries, buildings and construction activity typically cause more than 40% of all carbon dioxide emissions and are responsible for more than 30% of all energy consumption. Climatic changes and international treaties aimed at the reduction of emissions will force the construction industry to make operating methods and products more environmentally responsible. Increased emissions, population growth, aging populations and buildings, and

spreading urbanization will also have an impact on elevator and escalator markets and customer expectations.

The established approach to sustainable construction and city planning favors optimum land use and densely-built areas with high-rise buildings served by elevators and escalators, which provide vertical transportation at the hub of building and public transport systems. KONE's space- and energy-saving products already offer a sustainable and environmentally sound solution for the vertical transportation of people and goods.

KONE – A Strong Global Expert

KONE is one of the leading companies in the global elevator and escalator business. We develop, manufacture, install, modernize and service elevators, escalators and autowalks. Our company is also seeking growth from servicing automatic doors.

KONE Corporation was founded in Finland in 1910. Class B KONE shares have been quoted on the Helsinki Exchanges since 1967. An international expansion strategy based on business acquisitions, adopted in the 1960s, fueled KONE's development into a worldwide organization with over 23,000 employees and operations in some 800 locations in about 50 countries. KONE supplies more than 20,000 new elevators and escalators annually and services almost 500,000 elevators and



escalators as well as 120,000 automatic doors.

KONE is a service company: maintenance and modernization business accounts for more than half of net sales. KONE's 13,000 field



professionals are dedicated to ensuring that our customers' elevators and escalators are safe and reliable. Our service centers are open 24 hours a day, ready to solve any problems at a moment's notice.

Close cooperation with customers

KONE provides planners, architects, developers and building owners with products and services that

increase the value of their buildings over time. KONE cooperates closely with customers from the earliest planning stages of projects, helping to determine the best means of ensuring the smooth flow of people and goods throughout their buildings.

KONE elevators, escalators and automatic doors are the heart of a building. Without them it would not be possible for modern buildings and cities to function the way they do. KONE facilitates the movement of people and goods through airports, tall buildings, shopping centers and subway systems. In Hong Kong KONE elevators and escalators carry more people every day - 2.5 million passengers - than the city's entire subway system.

Effective alliances

To improve the service we offer customers worldwide, KONE has entered into global alliances, the most important of which was made with Toshiba of Japan in 1998. Toshiba sells KONE MonoSpace® elevators under its own SPACEL brand in Japan. Cooperation with

Toshiba also played an important role in developing the KONE ECO3000™ escalator and some of the world's most advanced high-speed elevators.

KONE and MacGREGOR work closely together to create elevators that are ideally suited for marine conditions and handling passenger traffic on modern cruise ships. This cooperation has earned the alliance the leading position in the highly specialized marine elevator market.

An open-minded product development culture

Among KONE's significant strengths are our open-minded approach to and strong investment in research and development, which are behind our pioneering role as the creator of innovative products.

Located in Finland, Italy, Germany and the United States, KONE R&D centers develop new elevator and escalator products as well as maintenance and service solutions. The work of global R&D teams is based on harmonized processes and plans. Product research and development are carried out in cooperation with different customer groups, suppliers, strategic allies, research institutes and KONE units.

KONE has secured several thousand patents globally for inventions such as the KONE MonoSpace® elevator concept and installation method. We actively monitor what happens in our industry to ensure that these patents are respected. About a quarter of KONE's patents are related to products based on new technologies.

The manufacture of elevators and escalators has

been concentrated in modern and efficient production plants in Europe, Asia and North America. During the last few years, KONE has focused on the production of strategically important products while outsourcing other component production to partners who are leaders in their own specialized industries.



No machine room means space and cost savings

In 1996, KONE was the first elevator manufacturer to introduce the concept of a machine-room-less elevator, which has become the new standard for the elevator industry, quickly replacing traditional types of elevators. The KONE MonoSpace® elevator concept for residential buildings, based on KONE EcoDisc® technology, gave KONE a clear head start on competitors. KONE is also the only company in the business that can offer technologically consistent solutions for all sizes of buildings. Elevators based on the KONE EcoDisc® technology include KONE Alta™, designed for skyscrapers, KONE MiniSpace™ for office buildings, and the first machine-room-less freight elevator in the world, KONE TranSys™. All require



considerably less space and energy than conventional elevators and bring cost-savings both to the builder and building owners.

The KONE ECO3000™ escalator offers many of the same space- and energy-saving advantages as elevators using EcoDisc® technology. Powered by the KONE TransVario™ direct drive, the ECO3000™ is KONE's first truly global product. Production will be based on uniform processes all over the world, including Toshiba's factory in Japan.

A new service concept guarantees reliable use

To meet future challenges and exploit the opportunities offered by new technology, KONE has developed a new service concept. KONE Optimum™ maintenance is based on the usage and performance of elevators and escalators and aims to ensure the safety and reliability of the equipment under maintenance contract. Customer reaction to the



young architects at EXPO 2000 in Hanover, Germany.

Safety and Quality

KONE strives to offer both a safe working place for employees and safe products and services to customers. To achieve this goal, we have set high occupational safety targets for ourselves. Thanks to determined efforts, the



new service concept has been very positive. The KoneXion™ remote monitoring system with both voice and data communication capability automatically records key elevator performance information. The local KONE service organization analyzes the performance data and delivers services that are appropriate for that installation. The global organization adds that information to a data bank that supports the development of the next generation of maintenance methods.

KONE has developed pre-engineered solutions for the step-by-step modernization of elevators and escalators. These standard packages can be produced and installed efficiently and cost-effectively. Customers benefit from fast installation and ease of planning repairs.

Career-long learning

We at KONE believe that people keep learning

throughout their careers, not just in training classes but in their daily work as well. KONE's Technical Training Center provides appropriate technical training for KONE sales and service units' customer service personnel. Management training programs are developed in cooperation with the world's leading universities and academies such as the London Business School.

Commitment to sustainable construction

KONE helps customers achieve their environmental objectives by providing environmentally responsible products and services as well as information about their environmental impact. Many KONE units have already been awarded or are completing the requirements for ISO 14000 certification. In October, 2000 KONE organized a workshop on sustainable construction for an international group of

number of work-site injuries has been halved over the last six years.

KONE has created procedures, organizations and tools for the continuous development of process and product quality in all units. The objective is to identify customer expectations and requirements and ensure that they are met during all phases of business. Quality improvement efforts boost our company's competitiveness and stimulate the constant replacement of old ways of working in a rapidly changing business environment.

Growth Opportunities for KONE

KONE intends to grow faster than elevator and escalator markets in general while keeping operations profitable. We believe that profitable growth is the key to future success, enabling us to provide more attractive

career opportunities and increasing our company's value in an optimal way. KONE's strong balance sheet and cash flow create a platform for rapid development through business acquisitions and

investment in the organic growth of our organization.

The aftersales service market for elevators, escalators and automatic building doors includes a large number of small, local companies that focus primarily on equipment

maintenance and repair. In the next few years, we are aiming to grow at an accelerating pace by acquiring a number of these companies, especially in countries where we already have extensive operations.



Growing markets and products

As elevator and escalator markets in many industrial countries are mature, deliveries of new KONE equipment alone will not enable us to achieve our long-term growth targets. Industry consolidation and KONE's already large market share also impose limitations on growth in certain areas. On the other hand, strongly developing preconsolidation markets, such as China, offer higher potential for growth and achieving economies of scale than do other areas.

Innovative, global KONE products and services provide a strong foundation for growth. We have introduced new technology into all our products and can now offer customers a comprehensive, progressive product range. The KONE ECO3000™ escalator and new versions of KONE EcoDisc®-technology-based products will be launched during 2001 in North America, where machine-room-less elevators are poised for a market breakthrough. In many areas, the growth potential for escalators exceeds that of elevators. In Japan, the volume of Toshiba elevator and escalator products based on KONE technology to be delivered in 2001 is expected

to be considerably larger than in 2000.

Service business

The starting points for maintenance and modernization business growth are the almost 500,000 elevators and escalators that KONE currently has under maintenance contract and the 20,000 new units we deliver every year, most of which are taken into maintenance by our local subsidiaries. The average age for equipment under maintenance contract is rising, which increases the potential for modernization business growth. Maintenance and modernization business has consistently accounted for more than half of KONE's net sales since the late 1970s.

At the beginning of 2001, KONE announced a strategic decision to go for growth through the systematic global expansion of automatic door service. Safety and maintenance requirements for automatic doors are similar to those for elevators and escalators. Customers requiring automatic door maintenance also tend to be the same as those whose elevators and escalators we have serviced for years through our 800

service centers in over fifty countries.

We intend to build our automatic door service business into a well-organized operation like our elevator and escalator maintenance business. KONE's automatic door business will grow organically, supported by our existing sales and service organization and company acquisitions.

Growth in major projects

By adapting our new technology to the most demanding applications in high-rise buildings and improving the efficiency of our delivery processes, we have strengthened KONE's competitive position as a supplier for major projects.

ECO3000™ technology, will be a popular choice for high-traffic applications such as infrastructure projects and sport stadiums. KONE's expertise in selecting the most suitable vertical transportation solutions, designing control systems that optimize buildings' traffic flow, and other special major-project skills, such as project management, help reduce project-related risks and increase customer satisfaction.



Through the concentration of our global resources, we are aiming for greater sales volume in major projects, a sector which is experiencing significant growth in, among other places, Asia and some European countries.

The new KONE Alta™ is today's most advanced elevator for high-rise buildings. Its operating system was developed by KONE in cooperation with Toshiba. The soon-to-be-launched heavy-duty escalator for public transit facilities, based on KONE

Review by Market Area

Europe

General economic development was favorable in Europe, boosting construction activity in nearly every part of the continent. Only Germany experienced a slight decline in construction volume. In France residential construction activity subsided as a consequence of the removal of tax advantages, but the market otherwise developed positively.

Good growth prospects for the economy were overshadowed in some areas by accelerating inflation as a result of a rise in energy prices and interest costs. In addition, the price levels of real estate and rents have increased in some countries to record highs. In many countries housing starts experienced a slight downturn at the end of the year.

Major industrial and real estate investment boosted construction activity in Italy. In Spain construction volume increased significantly. In France foreign investors returned after a number of years to the growing market for offices and shopping centers on the outskirts of Paris. The CityPoint office tower project, which was the U.K.'s first project to install KONE Alta™ high-rise elevators, was completed. In the Netherlands construction of Breitner Tower, the first office building in continental Europe to be served by KONE Alta™ elevators, is underway. At the end of 2000, KONE signed a framework agreement with BAA, the British airport owner

and operator, covering the supply of new elevators, escalators and autowalks as well as service for all existing units at seven of the U.K.'s most important airports.

During 2000, sales of elevators based on KONE's EcoDisc® technology, which has proven successful all over Europe, continued to grow. In most EU countries EcoDisc® elevators accounted for over 80% of KONE's new orders, reaching nearly 100% in some countries. In France we improved our position to become the country's second biggest elevator company as a result of the success of KONE products and company acquisitions. KONE's market share also grew in other countries. In Germany machine-room-less elevators have significantly increased their share of the total elevator market. The KONE ECO3000™ escalator was also well received in Europe, strengthening KONE's position in the commercial escalator market sector.

Orders for new elevators and escalators grew in Europe by 11% from the previous year. In Spain, elevator orders nearly doubled. Growth in this sector was also especially strong in Sweden and France.

Modernization orders increased by nearly 10% from the 1999 figure. The introduction of KONE EcoDisc® technology has also increased the number of renovations involving the full replacement of installations. A significant cut in the value-added tax levied on this

kind of business gave an additional boost to demand for modernizations in France.

In Europe the number of elevators and escalators under KONE maintenance contracts exceeded 360,000 units. Our new KONE Optimum™ maintenance model has been widely introduced in European countries. Customer reaction has been favorable. Price competition continues to be intense in all market areas. Service business in the U.K. grew as a consequence of the transfer to KONE's service base of equipment delivered to the London Underground's new Jubilee Line stations.

Automatic door service operations grew in Europe, especially in France, the U.K. and Belgium, during 2000. At the end of 2000, KONE acquired a number of companies in Belgium and the U.K., and the number of automatic doors under service contract in Europe now totals 120,000. This figure is expected to increase significantly during 2001.

In most European countries, it is anticipated that construction activity will maintain its present level or increase slightly during 2001. KONE's products are expected to prosper even in an intensifying competitive environment. Residential construction volumes are likely to stabilize in a number of European countries. Office, hotel and infrastructure project activity, on the other hand, may increase in many

areas during the next year. Market prospects for the maintenance and modernization business sector are very good.

North and South America

Strong economic growth continued in the United States during 2000 despite a number of interest-rate increases and a sharp rise in the price of oil. Construction of medium-sized office buildings and apartment blocks in particular remained buoyant.

Orders for new elevators and escalators increased by 5% from 1999 when adjusted for the impact of currency exchange rates. The volume of orders based on KONE EcoDisc® technology increased during 2000 although machine-room-less elevators still represent a tiny minority of all units sold. During 2001 KONE will expand the range of elevators and escalators based on new technology available to customers in the North American markets. During the year under review, escalator order volume suffered somewhat from an absence of large projects. Nevertheless, North America gave the new KONE ECO3000™ escalator a warm reception.

Modernization business volume remained at the previous year's level in the United States. The value of the contract for upgrades on the 39 elevators and 12 escalators at the Cayuga County Justice Center, an office complex in Cleveland, Ohio, was the largest ever received by KONE in the United States for a single modernization project.

Service business developed favorably during the year under review, and the number of elevators and escalators under KONE maintenance contract in

North America stood at over 80,000 units at the end of 2000. KONE Inc. introduced its KONE First Service maintenance model at the start of the year under review. The national service center in Moline, Illinois, which opened in 1999, began full-scale operations during 2000. The center offers KONE customers in the United States 24-hour on-call service as well as spare parts and other support services to KONE branches and sub-branches throughout the entire country.

The SAP enterprise resource system was introduced throughout KONE's U.S. operations in 2000. In August KONE Inc. signed an agreement with Captivate Network Inc. for a wireless Internet connection suitable for elevator cars. KONE will install and service flat-screen computer displays in elevator cars in major U.S. cities.

In Canada strong economic growth continued. The value of new equipment orders received by KONE nearly doubled, and market share increased. KONE will deliver 22 escalators and 9 autowalks to Montreal Airport. The number of units under maintenance contract rose significantly as a result of partnership agreements - based on the KONE Optimum™ maintenance contract model - concluded with major customers such as Sears, Wal-Mart, GO Transit and Zellers. Positive development is expected to continue in 2001.

U.S. economic growth is expected to slow during 2001. The volume of new construction industry business is also expected to show a slight decline.

Asia-Pacific

The Asia-Pacific market followed a gently rising trend

during 2000. Orders for elevators and escalators increased by approximately 2%. Growth was particularly strong in China, where the volume of new orders almost doubled and first-phase targets set for operations were achieved. In Australia construction industry volume readjusted to normal levels after the Sydney Olympic Games. In Taiwan demand declined in the absence of large projects.

In China the economy continued to grow, and construction volume remained at a healthy level. Residential construction and demand for elevators in apartment blocks developed favorably. Orders received by KONE nearly doubled from the previous year, and the company increased its market share. Operations went well at our Kunshan factory, which manufactures global products. During the year under review, we delivered 112 KONE MonoSpace® elevators to the Beautiful Garden residential area in Beijing and two 100-meter-long autowalks to the city of Chongqing. Demand for elevators is expected to increase in China during 2001.

The volume of KONE's orders received in Hong Kong increased as did the number of units under maintenance contract. In general, our business activities continued to develop favorably.

In the Japanese market, cooperation with Toshiba progressed according to plan. During the year under review, KONE delivered nearly 3,000 EcoDisc® machines to Toshiba for its SPACEL elevators. This figure is expected to increase in 2001. During the year under review, KONE and Toshiba jointly completed the installation of 57 KONE

MonoSpace® elevators for the Tokyo Metro.

The Asia-Pacific area was the venue for an historic event when the world's first KONE Alta™ elevators were delivered to the Aurora Place skyscraper in Sydney. The building, designed by the Italian architect Renzo Piano, consists of a 42-floor office tower and a 17-floor residential section. In addition, Australia's fastest elevators, with a speed of 8.0 m/s, were installed at 2 Park Street. Demand in the

service sector remained strong in Australia, and the number of modernizations increased in the latter part of the year.

In India demand for new equipment picked up at the end of 2000. During the year under review, KONE delivered elevators to the Tidel Park computer software development center in Chennai. The center is one of India's most notable economic development projects.

The market outlook in Asia is clearly improving,

but large differences among countries are still evident.

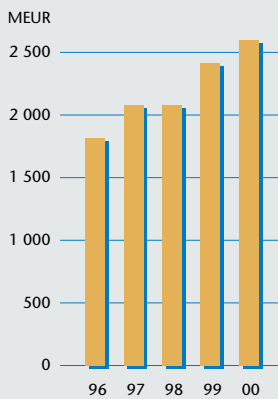
KONE's MonoSpace® elevator for residential buildings and KONE Alta™ for high-rise towers will provide KONE with good opportunities in a growing market. Competition is expected to intensify in China's expanding market. KONE anticipates continued growth in both the service business and new equipment orders throughout the entire Asia-Pacific area.

Sales and Personnel by Country 2000

	Sales		Number of employees	
	MEUR	%	as of 31 December, 2000	%
United States	723	24.9	5,138	22.4
France	298	10.3	2,844	12.4
Italy	292	10.0	2,185	9.5
Finland	272	9.3	1,457	6.3
Germany	243	8.3	1,799	7.8
United Kingdom	205	7.0	1,295	5.6
China	124	4.3	1,071	4.7
Netherlands	118	4.0	738	3.2
Australia	109	3.8	741	3.2
Sweden	96	3.3	714	3.1
Belgium	65	2.2	651	2.8
Canada	58	2.0	481	2.1
Austria	48	1.6	326	1.4
Spain	38	1.3	395	1.7
Denmark	35	1.2	269	1.2
Norway	25	0.8	201	0.9
Brazil	20	0.7	394	1.7
Mexico	20	0.7	246	1.1
Malaysia	18	0.6	99	0.4
India	17	0.6	732	3.2
Singapore	13	0.5	98	0.4
Switzerland	10	0.3	47	0.2
Japan	10	0.3	6	0.0
Taiwan	8	0.3	94	0.4
Turkey	8	0.3	96	0.4
South Africa	6	0.2	113	0.5
Czech Republic	6	0.2	138	0.6
Poland	6	0.2	40	0.2
Venezuela	5	0.2	148	0.6
Philippines	5	0.2	76	0.3
Russia	2	0.1	197	0.9
Hungary	2	0.1	23	0.1
Argentina	1	0.1	23	0.1
Slovakia	1	0.0	41	0.2
Indonesia	1	0.0	68	0.3
Total	2,908	100.0	22,978	100.0
Intracorporate sales	306			
Corporate net sales	2,602			

Report on Operations

Sales



KONE, which celebrated its 90th year of operations in October, enjoyed a successful year in 2000. The company met its operating targets and improved its result, with earnings development being more uniform throughout the year. The impact of measures to improve profitability, which were initiated in the mid-1990s, is apparent in the company's result. The current result is reasonable but not yet sufficient to reach the company's profit target.

Net sales in the period under review totaled EUR 2,602 million, about 8% higher than a year earlier (EUR 2,412 million). Real growth, when adjusted for changes in currency exchange rates, exceeded 5%.

The value of orders received increased by nearly 8% and totaled EUR 1,854 million, compared to EUR 1,723 million a year earlier. This figure excludes maintenance contracts. Adjusted for changes in currency exchange rates, the increase from 1999 was nearly 7%. The value of orders in hand was EUR 1,656 million at the end of 2000 (EUR 1,492 million a year earlier). The value of the order book grew by 11% during the period under review, corresponding to real growth of over 5%. In addition, KONE has nearly 500,000 elevators and escalators and 120,000 automatic doors under maintenance contract.

KONE's operating income (EBIT) for 2000 was

EUR 186.3 million (EUR 117.7 million in 1999), representing an increase on nearly 60% during the year and 7.2% of net sales (4.9% in 1999). Income before taxes improved 65% from the previous year, reaching EUR 182.8 million (EUR 111.2 million in 1999). Net income for the period under review was EUR 105.6 million (EUR 57.6 million in 1999), and earnings per share equaled EUR 5.39 (EUR 2.86 in 1999). At the Annual General Meeting on 23 February, 2001, KONE Corporation's Board of Directors will propose that EUR 30.0 million (EUR 19.9 million in 1999) be made available for distribution, with a dividend of EUR 1.44 (EUR 0.94 in 1999) per class A share and EUR 1.50 (EUR 1.00 in 1999) per class B share to be declared for 2000.

Acquisitions and Changes in Group Structure

In April 2000 KONE acquired the French elevator company Soulier S.A., thereby becoming France's second largest elevator and escalator company. KONE purchased about 20 other, smaller service companies in several countries in 2000.

At the beginning of 2001 KONE announced a strategic decision to embark on a worldwide expansion of its automatic door service operations. During 2000 KONE strengthened its automatic door service operations in Europe by acquiring a number of

notable companies, including Overdoor N.V. in Belgium and its Dutch subsidiary as well as Chiltern Industrial Doors Limited, Bolton Brady Repair and Service Ltd, and Broughton Controls Ltd. in the U.K.

During 2000 KONE continued its strategy of outsourcing production, particularly component manufacturing and products based on old technology, and sold several production facilities to strong partners.

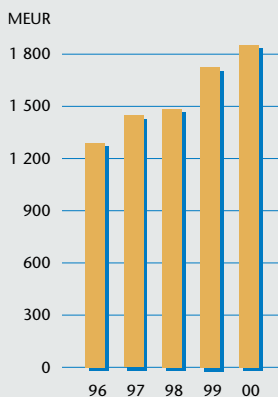
To increase the internal and external harmonization of KONE's worldwide operations and strengthen KONE's brand image, all KONE subsidiaries changed their names to KONE at the beginning of 2000, including KONE Inc. in the U.S.A., KONE GmbH (including O&K Escalators) in Germany, and KONE AG in Austria.

Products and Markets

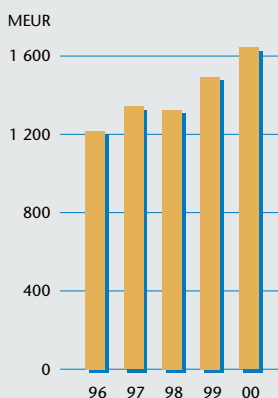
Net sales for the period under review totaled EUR 2,602 million, representing real growth of more than 5% compared to 1999. The figure was lower than earlier projections due to a strengthening of the euro and completion delays of certain projects. Net sales by market area are shown in the table on the facing page and by country in the table on page 13. The latter indicates that the 15 largest countries in terms of net sales account for over 90% of the KONE's total net sales.

The value of new equipment orders in the

Orders received



Order book



period under review totaled EUR 1,092 million (EUR 1,009 million in 1999), representing 42% of KONE's total net sales in both years. Sales from the maintenance and modernization side of the business amounted to EUR 1,510 million (EUR 1,403 million in 1999) or 58% of KONE's net sales in both years. The parent company, KONE Corporation, recorded sales totaling EUR 320.8 million in 2000 compared to EUR 276.7 million in 1999. The value of exports from Finland was EUR 180.2 million (EUR 152.3 million the previous year).

Sales by market area

	2000		1999	
	MEUR	%	MEUR	%
Europe	1,428	55	1,293	53
North America	773	30	768	32
Asia and Australia	320	12	284	12
Others	81	3	67	3
Total	2,602	100	2,412	100

Demand for KONE's products developed positively in all of the company's markets. Orders for new elevators and escalators grew by approximately 10% from 1999, adjusted for changes in currency exchange rates. Modernization orders showed a corresponding increase of 4%. Total orders received grew by nearly 7%, not including maintenance orders nor considering the impact of currency exchange rates.

The success of products based on KONE EcoDisc® technology continued during the period under review,

particularly in Europe. The company expanded its product family based on this technology to cover buildings of all sizes. KONE is still years ahead of competitors as a designer and supplier of machine-room-less elevators, which accounted for almost 70% of all new KONE elevator orders in 2000. EcoDisc® products have sold well in Asia and been successfully piloted in North America. Elevator and escalator products based on KONE's new technology will be marketed heavily in 2001 in North America. The KONE ECO3000™ escalator,

launched in spring 2000, has been well received in the market.

KONE's service operations made significant progress during 2000. The KONE Optimum™ maintenance contract model has been successfully introduced. Under this model, the KONE service organization guarantees efficient operation and maintenance with fast reaction times.

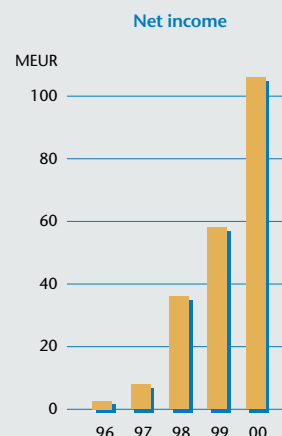
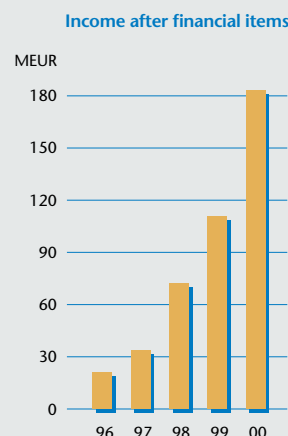
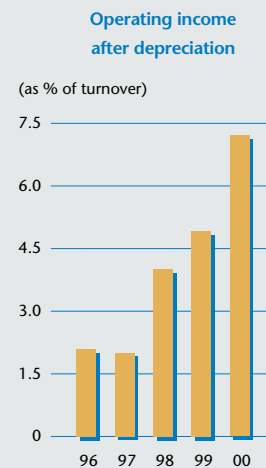
In September KONE brought to the market a substantially more efficient and cost-effective version of the KoneXion™ remote

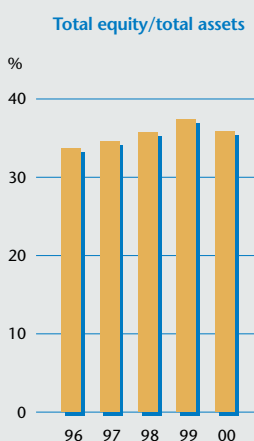
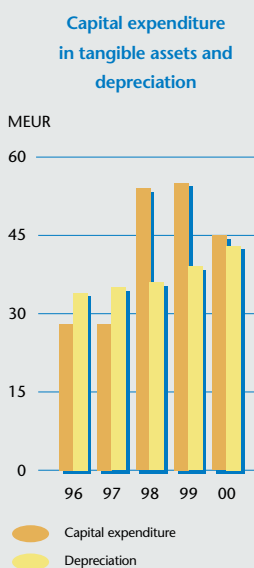
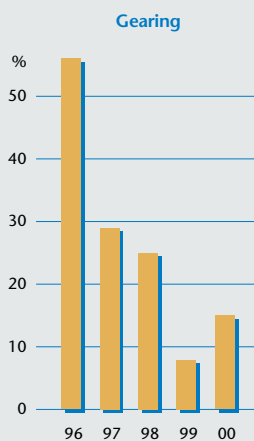
monitoring device for elevators and escalators. This technology is helping the company increase the number of elevators and escalators linked to KONE service centers.

KONE has worked to raise an already high level of customer satisfaction. A new training program was initiated in 2000 to develop the customer relations skills of personnel working in maintenance positions. Customer satisfaction has clearly improved, and fewer maintenance contracts were lost by KONE in 2000.

To improve the quality and profitability of service operations, KONE has continued the development of its service processes. One particularly effective action has been to centralize spare parts delivery activities, locating them in single distribution centers on three continents.

Economic growth boosted construction activity throughout most of Europe, keeping demand for new elevators and escalators strong. Orders for new equipment and modernizations increased in Europe by 11% compared to 1999, adjusted for changes in currency exchange rates. KONE EcoDisc® elevators accounted for over 80% of European new elevator orders. At the end of 2000, KONE signed an exclusive, ten-year frame agreement with BAA plc covering all seven of the UK's most important airports. In most





European countries, construction activity is expected to maintain its present level or increase slightly during 2001.

In the United States during 2000, the economy and construction volumes continued to grow despite interest-rate increases and a strong rise in oil prices. Orders for new equipment in the US again exceeded the previous year's level. Taking changes in currency exchange rates into account, growth in North and South America was 3%, including modernization orders. Machine-room-less elevators are expected to account for an increasing share of orders in North America during 2001. Economic growth, on the other hand, is expected to slow during the coming year.

In China, orders for KONE's new elevators and escalators continued to grow strongly, nearly doubling compared to the previous year. The first-phase targets set for operations were achieved, and KONE booked orders for approximately 1,500 new units, representing a 5% share of China's elevator market. The Chinese market is expected to grow strongly during 2001.

The Asia-Pacific market followed a gently rising trend during 2000. Orders for new equipment and modernizations remained at last year's level when the impact of exchange rates is considered. The share of new elevator orders based on KONE

EcoDisc® technology continued to grow. The market outlook in Asia is clearly improving, but large differences between countries remain.

KONE's alliance partner, Toshiba, continued to enjoy excellent demand in Japan for elevators based on KONE EcoDisc® technology. During the period under review, KONE delivered to Toshiba over 3,000 KONE EcoDisc® hoisting machines.

KONE strengthened its automatic door service business in 2000. Already the market leader in France and Belgium, KONE acquired several automatic door service companies to become the market leader in the U.K. KONE's service-base covered around 120,000 automatic doors of different types from a wide variety of manufacturers at year end. During 2001, the company expects new operations to generate sales of around EUR 100 million. Growth is expected to intensify in the near future as the company expands its operations in this significant yet undeveloped market. KONE's aim is to build its automatic door service operations into a well-organized global business comparable to its operations already dedicated to the maintenance of elevators and escalators.

The situation and prospects in different markets are outlined in the "Review by Market Area" section, on pages 11-13.

Financial Result, Balance Sheet and Finance

KONE has set a target for operating income (EBIT) as a percentage of net sales, after goodwill depreciation, of 10%. Earnings before interest and taxes rose during 2000 to EUR 186.3 million (EUR 117.7 million in 1999), representing 7.2% of group net sales (4.9% in 1999). EBIT plus goodwill depreciation totaled EUR 223.9 million (EUR 152.2 million in 1999), equal to 8.6% of group net sales (6.3% in 1999).

Income before taxes improved 65% from the previous year, reaching EUR 182.8 million (EUR 111 million in 1999). Net income for the period was EUR 105.6 million (EUR 58 million in 1999). Earnings per share almost doubled: EUR 5.39 in 2000 compared to EUR 2.86 in 1999.

KONE's improved profitability in recent years is largely due to the market success of new products featuring the most advanced technology in the industry. Other important reasons for the improved results are the centralization and outsourcing of production, cost-savings in component development, and improved efficiency in the installation side of the business. The company has also maintained the profitability of its service operations despite intense competition. The increased popularity of pre-engineered packages has improved the profitability of modernization operations.

Achieving a negative level of working capital is another KONE financial target. To reach this target the cash flow from operating activities, before interest and taxes, must exceed operating income (EBIT) plus depreciation (EBITDA). Net working capital tied to operations stood at approximately EUR 80 million at the end of 2000, an increase of EUR 40 million from a year before. Delays in certain projects, a temporary increase in receivables and fluctuations in exchange rates led to this unhealthy growth.

Cash flow from operating activities during the period under review was EUR 171.3 million in 2000 (EUR 163.4 million in 1999). Cash flow from operating activities before interest and taxes was EUR 237.2 million (EUR 234.7 million), which was EUR 30 million below operating income plus depreciation (EBITDA). Cash flow from operating activities was mainly used to finance company acquisitions. The depreciation of tangible assets was on the same level as capital expenditures. Interest-bearing net debt totaled EUR 100 million at the end of the year (EUR 48 million).

The group's equity ratio ended the year at 36% (37%). Gearing was 15% (8%). Goodwill increased through company acquisitions to EUR 415 million (EUR 335 million). Tangible fixed asset items totaled EUR 217 million (EUR

236 million). Shareholders' equity totaled EUR 676 million (589 million), of which retained earnings and net income accounted for EUR 445 million (EUR 437 million).

The group's financial position is very solid. Good profitability as well as a strong positive cash flow present excellent opportunities for acquisitions.

Most of KONE's production facilities are situated within the euro and dollar zones. The introduction of the euro has simplified risk management within Europe. Currency exchange rate risks are mainly connected with deliveries directed outside the euro zone. In accordance with the company's hedging policy, delivery agreements are hedged immediately after they are signed and cover six-month currencies needs for component deliveries. Foreign subsidiaries take out loans in their respective domestic currency. Risk related to the translation of foreign subsidiaries' assets and debts has been hedged so that fluctuations in currency exchanges rates do not affect the company's equity structure.

Board of Directors and Shareholders' Meetings

Ilkka Herlin resigned as a member of the Board of Directors of KONE Corporation in April. Deputy member and company president Jean-Pierre Chauvarie filled the board vacancy. In May, KONE

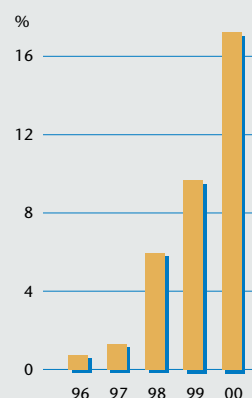
announced arrangements for the transfer of authority within the company's largest associated companies, and as a consequence within KONE Corporation, from Pekka Herlin to Antti Herlin.

An Extraordinary Shareholders' Meeting of the parent company was held on 17 November, 2000. The meeting approved the company's profit-related option program for the next three years, directed at approximately 200 key personnel. More detailed terms and conditions of the option program can be found on page 37 of this Annual Report.

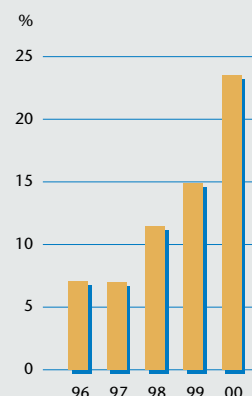
In a meeting held on 22 December, 2000, the Board of Directors of KONE Corporation extended until 31 December, 2003 the opportunity presented earlier to holders of class A shares to exchange their class A shares into class B shares at a ratio of 1:1.

In January, 2001 the Board of Directors of KONE Corporation proposed that shareholders extend the authority of the Board of Directors to purchase the company's own shares at the Annual General Meeting to be convened on 23 February, 2001. Under the proposal, funds available for profit distribution will be used. Repurchased shares shall constitute less than 5% of the company's total number of shares and votes, to be used as compensation in company acquisitions and/or other arrangements as well

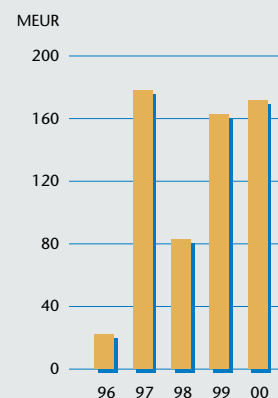
Return on equity



Return on capital employed



Cash flow from operating activities



as to improve the company's capital structure.

KONE's distributable equity stands at EUR 428.5 million. The parent company's non-restricted equity from previous years totals EUR 703.4 million and net income EUR 99.0 million. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.44 be paid for each class A share and EUR 1.50 for each class B share from retained earnings. The date of record for dividend distribution is 1 March, 2001, and it is proposed that dividends be paid on 8 March, 2001. If the Annual General Meeting on 23 February, 2001 approves the Board of Directors' proposal on profit distribution, the dividends will total EUR 30.0 million (EUR 19.9 million in 1999).

At the end of the financial year, the Board of Directors of KONE Corporation had no authority to increase the share capital nor to issue convertible or warrant loans.

Own Shares

Based on a decision of the Annual General Meeting 2000, KONE Corporation began to repurchase its own shares on 16 March, 2000. Between 16 March, and 31 December, 2000 KONE Corporation purchased 478,770 of the company's class B shares on the Helsinki Exchanges at an average price of EUR 66.13. The total purchase price of the

shares acquired was EUR 31.7 million, and the total nominal value was EUR 1,436,310. The shares are entered as assets in the company's balance sheet. Shares in the possession of the company represent 2.38% of the share capital and 0.93% of the voting rights attached to the shares.

Key figures pertaining to the Report on Operations as well as share and shareholder information can be found on pages 20 and 38.

Personnel

The number of KONE employees at the end of 2000 was 22,978. A year earlier the comparable figure was 22,630. The distribution of employees by geographical region is 59% in Europe, 24% in North America, 13% in Asia-Pacific and 4% in other countries.

The distribution of employees by job category is 56% in maintenance and modernization, 22% in new equipment sales and installation, 14% in manufacturing and 8% in administration or R&D.

The country with the most KONE employees was the United States, with 5,138 employees. The average number of employees during 2000 was 22,804 (1999: 22,661).

Capital Expenditure, Product Development and Development Programs

Capital expenditure in production facilities, field operations, information technology and data transmission totaled EUR 46

million. Capital expenditures included EUR 7 million for buildings, EUR 21 million for machinery and equipment, and EUR 18 million for information technology. Investments are increasingly focused on systems and equipment that support business processes.

Group product development expenditure totaled EUR 37 million in 2000 (EUR 36 million in 1999).

In elevator product development, the focus has been to expand the scope and geographical coverage of the KONE EcoDisc® product line. During 2000, the company launched KONE Alta™ high-rise elevators and KONE TranSys™ freight elevators as well as new versions of KONE MonoSpace® and KONE MiniSpace™.

In escalator product development, the focus has been to design a heavy-duty version of the KONE ECO3000™ escalator. The heavy-duty version will be launched during 2001.

During 2000, the company introduced new pre-engineered packages for the KONE modular modernization system™ (MMS). Service concepts, maintenance methods and remote monitoring systems have been developed to support the maintenance business.

Recently, the R&D efforts and investments have been shifted from product development to research. Research activities will explore

emerging technologies from other industries and disciplines and address changing markets, customer needs and ways of working to develop the next generation of products and services.

Outlook

The market outlook in KONE's main markets is good. Growth is expected to continue in Europe and in Asia. Competition is expected to intensify in China's expanding market. In North America, on the other hand, economic growth is expected to slow, which will affect the volume of construction activity during 2001. Given the nature of the business and an order book equivalent to over one year's production, the impact of slower growth in 2001 on KONE's turnover would be more noticeable in 2002. There is uncertainty, however, related to fluctuations in

currency exchange rates, interest rates, oil prices and rising labor costs.

In recent years KONE has significantly improved its position in all major markets as a result of its innovative global products and services, which are now more competitive than ever before. We believe that sufficient demand for these products and services will be sustained even in a more difficult economic climate.

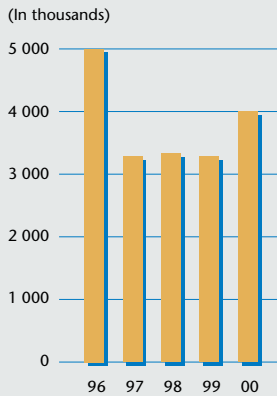
KONE's maintenance base consists of nearly 500,000 elevators and escalators under contract. Most of the approximately 20,000 new units delivered each year by KONE join that maintenance base, which forms the foundation for the growth of the company's maintenance and modernization operations. The extension of KONE technology into high and large-scale building

applications as well as improved delivery processes have enhanced KONE's prospects as a player in major projects.

KONE will continue the programs it has already initiated to improve profitability. Savings can still be achieved in material, manufacturing and installation costs as well as by refining the company's internal processes. KONE will also continue its projects to improve the profitability of maintenance operations. In addition to organic growth, KONE plans to grow through company acquisitions and expansion of its automatic door service operations. Profitability is expected to continue developing favorably during 2001.

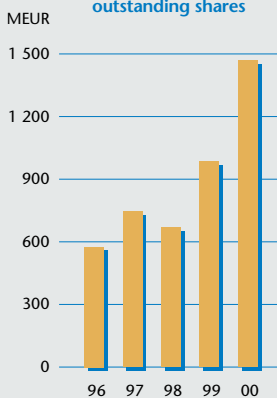
Shares and Shareholders

Class B shares trading*



*On 1 November, 1999 the shares were split at a ratio of one to three.

Market value** of all outstanding shares



**At the Helsinki Exchanges market rate at the last trading day of each year.

KONE Share Price development



KONE Corporation's share capital consists of the following:

	Number of shares	EUR
Class A	3,484,941	10,454,823
Class B	16,669,599	50,008,797
Total	20,154,540	60,463,620

Each class A share is assigned one vote as is each block of 10 class B shares, with the proviso that each shareholder is entitled to at least one vote. At the end of 2000 the total number of votes was 5,151,261. The par value of the shares is EUR 3.00. In accordance with the Articles of Association, class B shares are preferred for a dividend, which is at least two percent and no more than five percent higher than the dividend paid to the holders of class A shares, calculated from the par value of the share. The dividends for 2000 are EUR 1.44 (EUR 0.94) for each class A share and EUR 1.50 (EUR 1.00) for each class B share. The year 2000 taxation value of the shares in

Finland was EUR 50.75. On 1 November, 1999 the shares were split at a ratio of one to three.

KONE's class B shares are quoted on the Helsinki Exchanges. The minimum trading lot is 20 shares. In international share dealing the ISIN code is FI0009000566. KONE Corporation's shares belong to the book-entry system.

Trading codes:

Helsinki Exchanges	KONBS
Reuters	KONBS.HE
Bloomberg	KONSB FH

In accordance with a decision made by the Board of Directors on 22 December, 2000, class A shareholders have the right to exchange the shares they own for class B shares at a ratio of one to one. This offer is valid until 31 December, 2003.

Market Value

The price of a KONE class B share rose 53% during 2000 from EUR 48.9 to EUR 74.5. During the same period the Helsinki Exchanges HEX Index fell 11%, the HEX Portfolio Index 25% and the Metal and Engineering Sector Index 16%. The highest share price during the year was EUR 77.0 and the lowest EUR 47.8.

The company's market value, in which the unlisted class A shares are valued at the closing price of the class B shares on the last trading day of the year, was EUR 1,466 million (EUR 986 million). KONE shares held by the company are not included in this figure.

During the year under review 3,996,899 KONE Corporation class B shares were traded on the Helsinki Exchanges, 21% more than in 1999 (3,290,961 shares). The value of shares traded was EUR 247 million (EUR 126 million). The average daily turnover was 15,924 shares and the relative turnover 24%.

Share Capital

KONE Corporation's Articles of Association state that the minimum share capital is EUR 54 million and the maximum share capital EUR 216 million. At the end of 2000 the share capital was EUR 60.5 million. The share capital can be raised or reduced within these limits without an amendment to the Articles of Association.

Authority to Raise Share Capital and Stock Option Program

At the end of the financial year, the Board of Directors of KONE Corporation had no valid authority to increase the share capital or to issue convertible or warrant loans, nor were any convertible or warrant loans issued during 2000. An Extraordinary Shareholders' Meeting on 17

November, 2000 approved a stock option program directed at the company's key personnel. The stock option program is explained in greater detail on page 37 of this Annual Report.

Authority to Purchase and Surrender Own Shares

On 25 February, 2000 the Annual General Meeting authorized the Board of Directors to purchase the company's own shares using funds available for profit distribution. The shares shall be acquired for use as compensation in possible company acquisitions or other arrangements as well as for the development of the company's capital structure. In addition, the Annual General Meeting authorized

the Board of Directors to decide to whom and in what order the shares are to be surrendered.

The total amount of KONE shares to be acquired can be at most five percent of the company's total number of shares and votes, which corresponds to 174,247 class A shares and 833,479 class B shares. Up to 31 December, 2000 the company had purchased 478,770 class B shares. The shares in the company's possession represent 2.38% of the total number of shares and 0.93% of the total number of votes attached to the shares. The Board of Directors has proposed to the Annual General Meeting that the authorization be extended.

Shareholders

At the end of 2000 KONE had 4,319 shareholders. A breakdown of shareholders is given in the enclosed table. The number of shares owned and controlled by Antti and Pekka Herlin has increased by 26,260 class B shares. KONE Corporation has become the seventh largest shareholder as a consequence of its purchase of the company's own shares.

At the end of 2000 the ownership of approximately 30% of KONE shares was in non-Finnish hands, corresponding to around 18% of votes. Foreign-owned shares can be registered in the name of Finnish nominees. Only shares registered in shareholders' own names are entitled to a vote in shareholders'

Shareholdings in KONE Corporation as of 29 December, 2000

By number of shares

Shares	Number of owners	Percentage of owners	Number of shares	Percentage of shares
1 - 10	199	4.61	1,136	0.01
11 - 100	1,874	43.39	94,410	0.47
101 - 1,000	1,874	43.39	621,198	3.08
1,001 - 10,000	308	7.13	770,625	3.82
10,001 - 100,000	42	0.97	1,311,399	6.51
100,001 -	22	0.51	17,353,579	86.10
Total	4,319	100.00	20,152,347	99.99

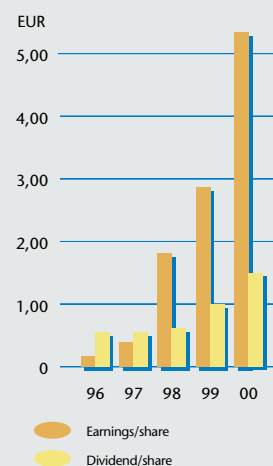
Foreign-owned shares registered by Finnish nominees	9	0.21	4,108,567	20.39
Shares which have not been transferred to the paperless book entry system			2,193	0.01
Total			20,154,540	100.00

Shareholders by group, %

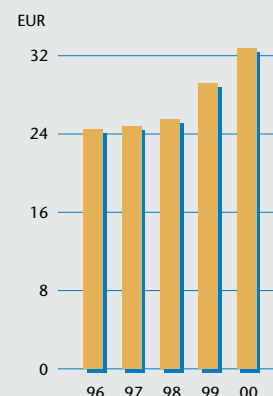
	Class A shares	Class B shares	Total
1. Companies	75.0	29.6	37.5
2. Foreign shareholders*	10.0	34.8	30.5
3. Financial institutions and insurance companies	0.0	15.5	12.8
4. Individuals	8.2	9.3	9.1
5. Public institutions	0.0	6.4	5.3
6. Non-profit organizations	6.8	4.4	4.8
Total	100.0	100.0	100.0

*Includes foreign-owned shares registered by Finnish nominees.

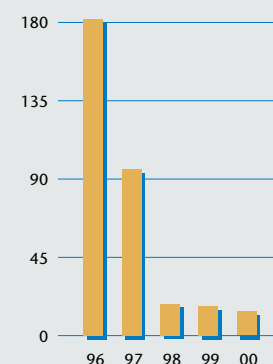
Earnings and dividend/share



Equity/share



Price/earnings



meetings. There were 4,108,567 foreign-owned shares (4,435,126) - representing 20.4% of the shares and 8.0% of the votes - registered in the name of Finnish nominees at the end of 2000.

Chairman of the Board of Directors of KONE Corporation, Pekka Herlin, granted ownership of shares in Security Trading Oy and Holding Manutas Oy to his son, Antti Herlin, KONE Corporation's Deputy Chairman and CEO, while retaining life-time control over the granted shares. In practice this transfer of shares, when added to Antti Herlin's existing shareholding ensures the eventual transfer of a controlling interest in the above-mentioned companies, and through them to a controlling interest in KONE Corporation, from Pekka Herlin to Antti Herlin.

Shareholdings of the President and Members of the Board of Directors

KONE Corporation's President and members of the Board of Directors owned a total of 286,578 class A and 104,647 class B shares on 29

December, 2000, representing 5.8% of votes.

Corporate Governance

Duties and Responsibilities of the Board of Directors

The Board of Directors' duties and responsibilities are laid down primarily in accordance with the company's Articles of Association and the Companies Act of Finland. All matters of far-reaching importance in terms of the group's operations are handled by the company's Board of Directors. These include, among other things, the approval and confirmation of strategic guidelines, ratification of budgets and action plans, decisions about the corporate structure, and significant company acquisitions and investments. The Board of Directors held seven meetings during 2000.

Election of Members of the Board of Directors

The Annual General Meeting elects 4-7 members of KONE Corporation's Board of Directors for one year at a time. The Annual General

Meeting also elects the Chairman of the Board of Directors. Of the Board of Directors' five current members, the company's CEO and President are employed by the group.

Remuneration to Members of the Board

Membership remuneration is paid to those members of the Board of Directors who are not employed by the group, such that the chairman receives FIM 180,000 and other members FIM 84,000 per year.

Permanent Committees

The Board of Directors has created two permanent committees to assist its work.

The Audit Committee directs and supervises KONE's internal auditing. Director of Internal Auditing Urpo Paasovaara reports on audit results to the committee. The members of the committee are Chairman Antti Herlin, Committee Secretary Tapio Hakakari and KONE Corporation's auditor, Mauno Tervo.

The Executive Resources Committee's responsibilities include making decisions

about senior management appointments and remuneration. The members of the committee are Chairman Antti Herlin, Committee Secretary Tapio Hakakari and consultant Urpo Kauranne.

Insider Rules

KONE Corporation has enforced the insider guidelines approved by the Helsinki Exchanges as of 1 January, 2000. On the basis of their position, the members of the Board of Directors, the President and the auditors belong to KONE's permanent inner circle. In addition to these, KONE's extended inner circle includes the Board Secretary, the members of the Corporate Executive Committee, the Finance Director, the Communications Director and the Communications Planner. The shareholdings of members of the inner circle are outlined in the enclosed table. The company maintains its insider register in the Sire system of the Finnish Central Securities Depository.

Persons subject to disclosure requirement by KONE Corporation

Insider	Position in KONE Corporation	A share	B share
Herlin Pekka*	Chairman of the Board	286,578	80,459
Herlin Antti*	Deputy Chairman of the Board		15,538
Chauvarie Jean-Pierre	Member of the Board, President		8,650
Hakakari Tapio	Secretary of the Board		20,000
Kempainen Pekka	Member of the Executive Committee		390
Mäkinen Heimo	Member of the Executive Committee		3,360

* The other holdings of Pekka and Antti Herlin can be found in the table Largest Shareholders. The other insiders do not own shares in KONE Corporation.

Largest Shareholders as of December 29, 2000

	Number of Class A shares	Number of Class B shares	Total number of shares	% of shares	% of votes
1. Ownership by Antti and Pekka Herlin					
Security Trading Oy*	363,714	3,874,763	4,238,477	21.0	14.6
Holding Manutas Oy**	2,250,858	48,630	2,299,488	11.4	43.8
Pekka Herlin	286,578	80,459	367,037	1.8	5.7
Antti Herlin		15,538	15,538	0.1	0.0
Total	2,901,150	4,019,390	6,920,540	34.3	64.1
2. Thyssen-Krupp AG	348,495	1,666,959	2,015,454	10.0	10.0
3. The KONE Foundation	235,296	417,498	652,794	3.2	5.4
4. Pohjola Group					
Pohjola Group Insurance Corporation		658,530	658,530	3.3	1.3
Pohjola Non-Life Insurance Company Ltd		594,370	594,370	3.0	1.2
Pohjola Life Assurance Company Ltd		144,000	144,000	0.7	0.3
Total		1,396,900	1,396,900	6.9	2.7
5. Suomi Mutual Life Assurance Company		548,900	548,900	2.7	1.1
6. Ilmarinen Mutual Pension Insurance Company		497,920	497,920	2.5	1.0
7. KONE Corporation		478,770	478,770	2.4	0.9
8. Tapiola Insurance Group					
Tapiola General Mutual Insurance Company		194,146	194,146	1.0	0.4
Tapiola Mutual Pension Insurance Company		148,070	148,070	0.7	0.3
Tapiola Mutual Life Assurance Company		59,720	59,720	0.3	0.1
Tapiola Corporate Life Insurance Company		26,000	26,000	0.1	0.1
Total		427,936	427,936	2.0	0.8
9. MET, Federation of Finnish Metal, Engineering and Electrotechnical Industries		221,700	221,700	1.1	0.4
10. Sampo Industrial Insurance Company Ltd		145,500	145,500	0.7	0.3
11. The Local Government Pension Institution		129,500	129,500	0.6	0.3
12. Merita Life Assurance Ltd.		122,610	122,610	0.6	0.2
13. Aktia					
Mutual Fund Aktia Capital		82,720	82,720	0.4	0.2
Mutual Fund Aktia Secura		10,000	10,000	0.1	0.0
Total		92,720	92,720	0.5	0.2
14. The Pension fund Polaris		72,840	72,840	0.4	0.1
15. Mutual Insurance Company Pension-Fennia		64,970	64,970	0.3	0.1
Nominee registered***		4,108,567	4,108,567	20.4	8.0
Other shareholders		2,282,919	2,282,919	11.4	4.4
TOTAL	3,484,941	16,669,599	20,154,540	100.0	100.0

* Antti and Pekka Herlin's ownership in Security Trading Oy represents 21% of shares and 54% of voting rights.

** Antti and Pekka Herlin's ownership in Holding Manutas Oy represents 56% of shares and 91% of voting rights.

***The American investment fund company Tweedy Browne Company LLC has notified KONE Corporation that its holdings of KONE Corporation as of 1 April, 1999 were 1,285,629 publicly-quoted class B shares representing 6.38% of shares and of 2.5% of voting rights.

Principles of Consolidation

The consolidated accounts include the parent company and those companies in which the parent company held directly or indirectly more than 50% of the voting power at the end of the year. Subsidiaries acquired during the financial year have been included in the consolidated financial statements from the date of acquisition. Holdings in housing and real estate companies whose consolidation is not relevant to providing a true and fair view of KONE's net income and financial position have not been included in the consolidated financial statements.

Investments in associated companies have been accounted for in the consolidated financial statements under the equity method. An associated company is a company in which the group holds 20-50% of the voting power and has a participating interest of at least 20%.

Investments in other companies are stated at cost. The book value of investments has been reduced, where necessary, to estimated net realizable value.

Intracorporate transactions have been eliminated in the consolidated financial statements.

Intracorporate shareholdings have been eliminated by deducting the amount of each subsidiary's equity at the time of acquisition from the acquisition cost of its shares. The difference between a subsidiary's acquisition cost and its equity at the time of acquisition has been entered as goodwill. The value of elevator and escalator maintenance contracts acquired is also included as goodwill.

KONE's share of the profit or loss of an associated company is shown in the Consolidated Statement of Income as a separate item. KONE's share of the associated companies' shareholders' equity at the date of acquisition, adjusted by changes in the associated companies' equity after the date of acquisition, is shown in the Balance Sheet under "Shares and Participating Interests".

In certain countries, tax legislation allows allocations to be made to untaxed reserves. These allocations are not subject to taxation on condition that the

corresponding deductions have also been made in the accounts.

In the consolidated financial statements, the yearly allocations - reserves as well as the difference between the depreciation according to plan and depreciation accepted by tax laws - have been added to net income, excluding the change in the calculative deferred tax liability. The deferred tax liability is determined from the accumulation of untaxed reserves. The accumulation of untaxed reserves, excluding the calculative deferred tax liability, is included in the shareholders' equity in the Consolidated Balance Sheet.

Minority shares are shown as a separate item in the Consolidated Statement of Income and Balance Sheet. The minority share in the Statement of Income is calculated from the income before allocation to untaxed reserves but after taxes, adjusted by the change in the calculative deferred tax liability. The minority share in the Balance Sheet is calculated from the sum of shareholders' equity and accumulation of untaxed reserves, of which the calculative deferred tax liability has been deducted.

The financial statements of foreign subsidiaries have been converted into Finnish markkas at the rates current on the last day of the year. Translation differences resulting from translation of assets and liabilities in the financial statements of foreign subsidiaries have been included as a separate item under shareholders' equity.

Foreign currency items

Foreign exchange items and derivatives made to cover foreign exchange and interest rate risks have been valued at the 31 December rates. The changes in value of foreign currency items have been included in the Statement of Income as interest or exchange rate differences according to the periodizing of the hedged item. Exchange rate differences resulting from derivatives and loans intended as hedges on assets and liabilities in foreign subsidiaries have been entered as translation differences under shareholders' equity.

Debiting principle

The sale of products is debited at the time they have been handed over to the customer and the sale of services when they have been carried out.

Research and development costs

Research and development costs are charged to income during the year in which they are incurred.

Pension settlements and costs

Pensions are generally handled for KONE companies by outside pension insurance companies. Pension costs and changes in pension obligations are charged to the Statement of Income.

Leasing

Leasing charges are entered as rental costs in the Statement of Income. Remaining leasing contract charges are entered in section 18 of Notes on the Consolidated Financial Statements under "Contingent Liabilities and Pledged Assets". Leasing contract conditions do not differ from normal conditions.

Extraordinary items

One-time items of significance that arise from other than ordinary activities are shown under "Extraordinary Items".

Taxes

The provision for income taxes includes current income taxes payable according to local tax regulations as well as changes in deferred taxes using current tax rates. All potential deferred tax liabilities are reported, but as a prudent measure only those deferred tax assets which seem certain to be realized are stated. Taxes also include dividend-related taxes and taxes from previous years.

Valuation and depreciation of fixed assets

Fixed assets are stated at cost. In addition, certain land and buildings can be stated at revalued amounts. These values are regularly reviewed. A predetermined plan is used in carrying out depreciation of fixed assets. Depreciation is based on the estimated useful economic life of various assets as follows:

- Buildings	5 - 40	years
- Machinery and equipment	4 - 10	years
- Goodwill	5 - 20	years
- Other long-term expenses	4 - 5	years

Depreciation of goodwill is generally carried out over five years. When considerable goodwill is created by the acquisition of a subsidiary or creation of an associated company which results in KONE's acquiring significant market share, the depreciation period can be greater than five but no more than twenty years.

Inventories

Inventories are valued at no more than the likely sales price according to FIFO principles. Raw materials and supplies, however, are valued at standard costs. Semi-manufactures have been valued at variable production costs. Work in progress includes direct labor and material costs as of 31 December, as well as a proportion of indirect costs related to production and installation of orders included in work in progress.

Provision for liabilities and charges

Future expenses to which companies have committed themselves and which will produce no future income are charged against income as a provision for liabilities and charges. The same concerns those future losses which seem certain to be realized.

Consolidated Statement of Income

MEUR		2000	%	1999	%
Sales		2,602.4		2,411.7	
Costs and expenses	Note 1	(2,335.5)		(2,215.8)	
Depreciation	Note 2	(80.6)		(78.2)	
Operating Income		186.3	7.2	117.7	4.9
Share of associated companies' net income		1.4		1.7	
Financing income and expenses	Note 3	(4.9)		(8.1)	
Income after Financing Items		182.8	7.0	111.3	4.6
Extraordinary items		0.0		-	
Income before Taxes		182.8	7.0	111.3	4.6
Taxes	Note 4	(77.1)		(57.4)	
Minority share		(0.1)		3.7	
Net Income		105.6	4.1	57.6	2.4

Consolidated Balance Sheet

Assets MEUR		31/12/2000	31/12/1999
Fixed Assets and Other Long-term Investments			
Intangible assets			
Goodwill	Note 5	414.5	335.4
Other long-term expenditures	Note 6	23.9	16.4
		438.4	351.8
Tangible assets			
Land	Note 7	15.4	19.2
Buildings	Note 8	113.9	118.3
Machinery and equipment	Note 9	85.2	94.1
Advance payments		2.3	3.9
		216.8	235.5
Investments			
Shares and participating interests	Notes 10	11.8	12.4
Own shares		31.7	0.0
		43.5	12.4
Total Fixed Assets and Other Long-term Investments		698.7	599.8
Current Assets			
Inventories			
Raw materials, supplies and semi-manufactured goods		86.7	76.0
Work in progress		447.7	417.0
Advance payments		2.9	3.1
Advance payments received		(383.6)	(335.8)
		153.7	160.3
Receivables			
Accounts receivable		545.5	481.9
Loans receivable		7.2	7.0
Other receivables		8.7	5.7
Deferred assets		233.6	183.1
	Note 11	795.0	677.7
Short-term investments	Note 12	134.5	85.9
Cash and bank		47.4	56.3
		181.9	142.2
Total Current Assets		1,130.6	980.2
Total Assets		1,829.3	1,580.0

Shareholders' Equity and Liabilities MEUR		31/12/2000	31/12/1999
Shareholders' Equity			
Share capital		60.5	60.5
Share premium account		95.9	95.9
Reserve for own shares		31.7	0.0
Legal reserves		0.0	4.5
Translation differences		42.9	(9.4)
Retained earnings		339.0	379.8
Net income		105.6	57.6
Total Shareholders' Equity	Note 13	675.6	588.9
Minority Shares		1.1	2.4
Provision for Liabilities and Charges	Note 14	195.4	190.7
Debt			
Deferred tax liability	Note 15	16.9	27.1
Long-term debt			
Loans from financial institutions	Note 16	70.2	102.1
Current liabilities			
Loans from financial institutions		26.7	26.8
Accounts payable		149.6	127.1
Accruals		501.2	446.9
Other current liabilities		192.6	68.0
		870.1	668.8
Total Debt		957.2	798.0
Total Shareholders' Equity and Liabilities		1,829.3	1,580.0

Consolidated Statement of Cash Flows

MEUR	2000	1999
Cash receipt from customers	2,604.0	2,370.3
Cash paid to suppliers and employees	(2,366.8)	(2,135.5)
Cash flow from financial items	(5.6)	(11.3)
Cash flow from taxes and other items	(60.3)	(60.0)
Cash Flow from Operating Activities	171.3	163.4
Capital expenditure	(46.0)	(54.2)
Proceeds from sale of fixed assets	13.1	3.4
Fixed assets of new subsidiaries	(125.4)	0.0
Fixed assets of sold subsidiaries	5.1	0.0
Purchase of own shares	(31.7)	0.0
Cash Flow from Investing Activities	(184.9)	(50.8)
Cash Flow after Investing Activities	(13.6)	112.6
Change in current creditors, net	108.3	(85.1)
Change in long-term debt, net	(38.5)	17.5
Dividends paid	(19.9)	(12.3)
Other financing activities	(49.7)	(2.4)
Cash Flow from Financing Activities	0.2	(82.2)
Change in Net Cash	(13.4)	30.3
Cash and bank as of 31 December	47.4	56.3
Exchange difference	(4.5)	(1.9)
Cash and bank as of 1 January	56.3	24.1
Change in Net Cash	(13.4)	30.3
Reconciliation of Net Income to Cash Flow from Operating Activities		
Net Income	105.6	57.6
Depreciation	80.6	78.2
Minority interest	0.1	(3.7)
Income before Change in Working Capital	186.3	132.1
Change in receivables	(74.0)	(33.6)
Change in payables	68.2	56.2
Change in inventories	(9.2)	8.8
Cash Flow from Operating Activities	171.3	163.4

In drawing up the Cash Flow Statement, the impact of variations in exchange rates has been eliminated by adjusting the beginning balance to reflect the exchange rates prevailing at the time of the closing of the books for the period under review.

Notes on the Consolidated Financial Statement

Consolidated Statement of Income (MEUR)

1. Cost and Expenses

	2000	1999
Change of work in progress	(25.8)	36.8
Materials and supplies	713.0	607.7
External services	110.9	105.6
Salaries of boards of directors and managing directors	10.6	10.0
Wages and other salaries	728.5	674.9
Pension costs	110.3	104.2
Other personnel expenses	270.3	259.7
Other expenses	430.7	423.0
Other business income	(13.0)	(6.1)
Total	2,335.5	2,215.8

2. Depreciation

	2000	1999
Goodwill	37.6	34.6
Other long-term expenditures	4.6	4.4
Buildings	7.6	7.5
Machinery and equipment	30.8	31.7
Total	80.6	78.2

3. Financing Income and Expenses

	2000	1999
Dividends received	0.4	0.7
Interest received	13.9	8.1
Other financing income	0.8	0.0
Interest paid	(18.8)	(16.2)
Other financing expenses	(1.2)	(0.7)
Total	(4.9)	(8.1)

4. Taxes

	2000	1999
Revenue-based taxes	84.3	53.5
Change in deferred tax liabilities and assets	(2.4)	4.9
Tax credit on dividends	(4.8)	(1.1)
Total	77.1	57.3

Consolidated Balance Sheet (MEUR)

5. Goodwill

	2000	1999
Acquisition cost as of 1 January	630.1	624.5
Increase	111.1	0.1
Accumulated depreciation	(326.7)	(289.2)
Total as of 31 December	414.5	335.4

6. Other Long-term Expenditures

	2000	1999
Acquisition cost as of 1 January	59.0	51.7
Increase	9.5	4.7
Decrease	(0.1)	(0.1)
Accumulated depreciation	(44.5)	(39.9)
Total as of 31 December	23.9	16.4

7. Land

	2000	1999
Acquisition cost as of 1 January	23.0	22.4
Accumulated revaluation	0.8	0.8
Decrease	(8.4)	(4.0)
Total as of 31 December	15.4	19.2

8. Buildings

	2000	1999
Acquisition cost as of 1 January	188.3	181.0
Accumulated revaluation	12.7	12.7
Increase	6.9	9.2
Decrease	(7.1)	(5.3)
Accumulated depreciation	(86.9)	(79.3)
Total as of 31 December	113.9	118.3

9. Machinery and Equipment

	2000	1999
Acquisition cost as of 1 January	391.5	349.6
Increase	29.6	40.8
Decrease	(13.3)	(4.5)
Accumulated depreciation	(322.6)	(291.8)
Total as of 31 December	85.2	94.1

10. Shares and Participating Interests

	2000	1999
Total as of 1 January	12.3	10.2
Change in the share in associated companies	1.4	1.7
Increase	0.0	0.5
Decrease	(1.9)	0.0
Total as of 31 December	11.8	12.4

11. Receivables

Receivables falling due after one year:	2000	1999
Accounts receivable	2.3	2.9
Loans receivable	0.5	2.1
Total	2.8	5.0

Receivables from associated companies:	2000	1999
Accounts receivable	0.5	2.8
Loans receivable	3.1	4.1
Total	3.6	6.9

Deferred assets:	2000	1999
Income taxes and VAT	37.8	48.4
Deferred tax assets	78.9	73.0
Other	116.9	61.8
Total	233.6	183.2

12. Short-term Investments

	2000	1999
Short-term deposits	8.6	46.0
Bonds	125.4	39.6
Other	0.5	0.3
Total	134.5	85.9

13. Shareholders' Equity and Its Changes

	Share capital	Share premium account	Legal reserves	Reserve for own shares	Translation differences	Retained earnings	Net income for the year	Total equity
As of 1 January	60.5	95.9	4.5		(9.4)	437.4		589.0
Purchase of own shares				31.7		(31.7)		0.0
Translation differences			(4.5)		52.3	(46.8)		1.0
Dividend						(19.9)		(19.9)
Net income for the year							105.6	105.6
As of 31 December	60.5	95.9	0.0	31.7	42.9	339.0	105.6	675.6

The accumulation of untaxed reserves, excluding the calculative deferred tax liability, is included in retained earnings and totaled EUR 16.1 million (1999: EUR 18.9 million). Accumulated untaxed reserves are not distributable equity. The translation difference row includes the impact of the use of the euro in the consolidation currency.

14. Provision for Liabilities and Charges

	2000	1999
Provision for guarantees	17.2	15.0
Provision for general and product liability claims	76.3	75.1
Provision for business reorganizing	10.4	11.1
Provision for loss contracts	23.4	20.0
Other provisions	68.1	69.5
Total	195.4	190.7

15. Deferred Tax Assets and Liabilities

	2000	1999
Deferred tax assets		
Consolidation adjustments	15.2	14.3
Timing differences	63.7	58.7
Deferred tax assets, total	78.9	73.0

Deferred tax liabilities	2000	1999
Consolidation adjustments	4.4	7.8
Timing differences	12.5	19.3
Total deferred tax liabilities	16.9	27.1

In the Consolidation Balance Sheet deferred tax liabilities have been presented as a separate category and deferred tax assets included in deferred assets.

16. Long-term Debt

Long-term debt falls due as follows:	MEUR	%
2002	5.9	8.4
2003	32.8	46.7
2004	5.7	8.1
2005	5.7	8.1
Later	20.1	28.6
Total	70.2	100.0

17. Current Liabilities

Liabilities owed to associated companies:	2000	1999
Accounts payable	1.5	1.0
Other current liabilities	1.1	2.1
Total	2.6	3.1
Deferred liabilities:	2000	1999
Accrued income taxes and VAT	108.2	89.8
Accrued salaries, wages and employment costs	187.5	181.9
Other deferred liabilities	205.5	175.2
Total	501.2	446.9

19. Derivatives

The value of contingent liability derivatives made to cover currency and interest risks was as follows:

	2000	1999
Forward contracts	211.2	213.6
Interest rate agreements	-	-
Currency options	150.2	68.2
Interest options	-	-
Currency swaps	32.4	32.4
Interest rate swaps	-	-
Total	393.8	314.2

18. Contingent Liabilities and Pledged Assets

	Group		Parent company	
	2000	1999	2000	1999
Assets pledged to secure loans				
Group and parent company	1.4	2.3	0.9	1.7
Others	-	-	-	-
Pledged assets				
Group and parent company	20.1	50.2	-	-
Subsidiaries	-	-	-	30.5
Guarantees				
Subsidiaries	-	-	648.7	559.5
Associated companies	2.6	4.3	2.6	4.3
Others	1.4	7.7	1.2	1.4
Leasing liabilities				
Falling due in the next year	31.3	27.1	1.8	1.6
Falling due after one year	74.6	62.0	1.9	1.8
Total	131.4	153.6	657.1	600.8
Value of guaranteed debt	122.3	224.8	49.3	55.9
Book value of assets pledged	14.7	52.1	0.9	32.2

Parent Company: Statement of Income

MEUR		2000	%	1999	%
Sales	Note 1	320.8		276.7	
Change of work in progress		7.5		(2.6)	
Cost and expenses	Note 2	(287.1)		(265.7)	
Depreciation	Note 3	(7.6)		(7.6)	
Operating Income		33.6	10.5	0.8	0.3
Financing income and expenses	Note 4	83.8		210.9	
Income After Financing Items		117.4	36.6	211.7	76.5
Extraordinary items	Note 5	1.9		1.7	
Income Before Taxes and Allocations		119.3	37.2	213.4	77.1
Depreciation difference	Note 6	1.9		1.4	
Taxes		(22.2)		(6.3)	
Net Income		99.0	30.9	208.5	75.3

Parent Company: Balance Sheet

Assets	MEUR	31/12/2000	31/12/1999
Fixed Assets and Other Long-term Investments			
Intangible assets			
Intangibles	Note 7	14.1	16.9
Other long-term expenditures	Note 8	1.3	1.5
		15.4	18.4
Tangible assets			
Land	Note 9	1.5	1.5
Buildings	Note 10	17.9	18.3
Machinery and equipment	Note 11	9.7	12.5
		29.1	32.3
Investments			
Shares in subsidiaries	Note 12	424.5	524.1
Other stocks and shares	Notes 13, 22	4.1	4.1
Own shares	Note 14	31.7	-
		460.3	528.2
Total Fixed Assets and Other Long-term Investments		504,8	578,9
Current Assets			
Inventories			
Raw materials and supplies		12.5	7.0
Work in progress		39.8	32.3
		52.3	39.3
Receivables			
Accounts receivable	Note 15	63.4	64.7
Loans receivable		623.9	398.3
Deferred assets		49.5	21.9
		736.8	484.9
Short-term investments			
Short-term investments	Note 16	26.3	54.8
Cash and bank		0.7	1.9
		27.0	56.7
Total Current Assets		816.1	580.9
Total Assets		1,320.9	1,159.8

Parent Company: Statement of Cash Flows

Shareholders' Equity and Liabilities MEUR		31/12/2000	31/12/1999
Shareholders' Equity			
Share capital		60.5	60.5
Share premium account		95.9	95.9
Reserve for own shares		31.7	-
Retained earnings		703.4	546.5
Net income		99.0	208.5
Total Shareholders' Equity			
	Note 17	990.5	911.4
Untaxed Reserves	Note 18	3.3	5.2
Provision for Liabilities and Charges	Note 19	10.2	9.9
Liabilities	Note 20		
Long-term debt	Note 21		
Loans from financial institutions		43.2	52.4
Current liabilities			
Loans from financial institutions		11.6	8.2
Advances received		29.1	24.5
Accounts payable		22.9	26.5
Other current liabilities		171.8	91.2
Accruals		38.3	30.5
		273.7	180.9
Total Debt			
		316.9	233.3
Total Shareholders' Equity and Liabilities			
		1,320.9	1,159.8

MEUR	2000	1999
Cash receipt from customers	329.0	282.7
Cash paid to suppliers and employees	(307.7)	(268.6)
Cash flow from financial items	80.9	205.2
Cash flow from taxes and other items	(28.4)	(14.3)
Cash Flow from Operating Activities	73.8	205.0
Capital expenditure	(52.2)	(199.6)
Proceeds from sale of fixed assets	3.0	6.1
Repayment of equities of subsidiaries	116.6	0.0
Cash Flow from Investing Activities	67.3	(193.5)
Cash Flow After Investing Activities	141.1	11.5
Change in current creditors (net)	83.9	50.6
Change in long-term debt (net)	(9.1)	51.5
Dividends paid	(19.9)	(12.3)
Other financing activities	(197.2)	(100.9)
Cash Flow from Financing Activities	(142.3)	(11.1)
Change in Net Cash	(1.2)	0.4
Cash and bank as of 31 December	0.7	1.9
Cash and bank as of 1 January	1.9	1.5
Change in Net Cash	(1.2)	0.4
Reconciliation of Net Income to Cash Flow from Operating Activities		
Net Income	99.0	208.5
Depreciation	7.6	7.6
Other adjustments	(10.8)	(4.5)
Income Before Change in Working Capital	95.8	211.6
Change in receivables	(16.8)	(10.8)
Change in payables	7.8	2.2
Change in inventories	(13.0)	2.0
Cash Flow from Operating Activities	73.8	205.0

Notes on the Parent Company Financial Statement

Statement of Income (MEUR)

1. Sales

Sales to subsidiaries totaled EUR 180.2 million (1999: EUR 152.3 million) corresponding to a share of 56% (1999: 55%) of net sales.

2. Cost and Expenses

Cost and expenses were spread as follows:	2000	1999
Materials and supplies	117.8	97.8
External services	46.4	37.6
Salaries of board of directors and managing directors	1.0	1.0
Wages and other salaries	42.9	45.3
Pension expenses	5.9	7.9
Other personnel expenses including vacation pay	14.9	16.1
Other expenses	75.9	67.5
Other business income	(17.7)	(7.5)
Total	287.1	265.7

The average number of employees was 1,475 (1999: 1,612).

3. Depreciation

	2000	1999
Intangible assets	2.8	2.8
Other long-term expenditures	0.5	0.4
Buildings	0.5	0.5
Machinery and equipment	3.8	3.9
Total	7.6	7.6

4. Financing Income and Expenses

	2000	1999
Dividends received from subsidiaries	58.5	196.5
Other dividends received	5.3	3.9
Interest received from subsidiaries	26.9	15.3
Other interest received	3.8	2.2
Interest paid to subsidiaries	(5.4)	(3.0)
Other interest paid	(6.7)	(4.9)
Other financing income and expenses	1.4	0.9
Total	83.8	210.9

5. Extraordinary Items

	2000	1999
Group contributions received	1.9	2.2
Group contributions granted	-	(0.5)
Total	1.9	1.7

6. Depreciation Difference

	2000	1999
Other long-term expenditures	-	(0.1)
Buildings	0.1	0.2
Machinery and equipment	1.8	1.3
Total	1.9	1.4

Balance Sheet (MEUR)

7. Intangible Assets

	2000	1999
Acquisition cost as of 1 January	28.0	28.0
Accumulated depreciation	(13.9)	(11.1)
Total as of 31 December	14.1	16.9

8. Other Long-term Expenditures

	2000	1999
Acquisition cost as of 1 January	3.2	2.3
Increase	0.3	0.9
Accumulated depreciation	(2.2)	(1.7)
Total as of 31 December	1.3	1.5

9. Land

	2000	1999
Acquisition cost as of 1 January	0.7	0.7
Accumulated revaluation	0.8	0.8
Total as of 31 December	1.5	1.5

10. Buildings

	2000	1999
Acquisition cost as of 1 January	14.1	14.2
Accumulated revaluation	11.7	11.7
Increase	0.2	0.1
Decrease	(0.1)	(0.2)
Accumulated depreciation	(8.0)	(7.5)
Total as of 31 December	17.9	18.3

11. Machinery and Equipment

	2000	1999
Acquisition cost as of 1 January	49.5	43.1
Increase	2.3	6.0
Decrease	(1.3)	(0.3)
Accumulated depreciation	(40.8)	(36.3)
Total as of 31 December	9.7	12.5

12. Shares in Subsidiaries

	2000	1999
Total as of 1 January	524.1	523.8
Increase	343.6	0.7
Decrease	(443.2)	(0.4)
Total as of 31 December	424.5	524.1

13. Other Stocks and Shares

	2000	1999
Total as of 1 January	4.1	5.3
Increase	0.0	0.1
Decrease	0.0	(1.3)
Total as of 31 December	4.1	4.1

14. Own Shares

During the year company reacquired a total of 478,770 class B shares at an average price of EUR 66.13, total value EUR 31.7 million. A complete list of daily acquisitions can be found in the KONE corporation balance sheet book as of 31 December, 2000.

15. Receivables

Receivables falling due after one year:	2000	1999
Loans receivable	0.4	1.7
Deferred assets	0.3	-
Total	0.7	1.7

Receivables from group companies:	2000	1999
Accounts receivable	36.7	45.1
Loans receivable	618.4	368.0
Deferred assets	8.0	7.7
Total	663.1	420.8

Receivables from associated companies:	2000	1999
Accounts receivable	0.4	2.7
Loans receivable	2.6	3.6
Total	3.0	6.3

Deferred assets:	2000	1999
Corporate income taxes	-	0.3
Interest receivable	1.0	1.0
Receivables from subsidiaries	8.0	7.7
Exchange rate gains	16.3	5.7
Other deferred assets	24.3	7.2
Total	49.6	21.9

16. Short-term Investments

	2000	1999
Short-term deposits	-	34.9
Other investments	26.3	19.9
Total	26.3	54.8

18. Untaxed Reserves

Cumulative depreciation differences:	2000	1999
Intangible assets	(2.7)	(2.7)
Other long-term expenditures	0.3	0.3
Buildings	1.8	1.9
Machinery and equipment	3.9	5.7
Total	3.3	5.2

19. Provision for Liabilities and Charges

	2000	1999
Provision for guarantees	1.7	0.8
Other provisions	8.5	9.1
Total	10.2	9.9

20. Liabilities Owed to Group and Associated Companies

Liabilities owed to group companies:	2000	1999
Other long-term debt	125.6	88.4
Advances received	2.9	5.9
Accounts payable	7.1	10.1
Accruals	2.9	0.7
Total	138.5	105.1

Liabilities owed to associated companies:	2000	1999
Advances received	0.6	0.2
Accounts payable	1.0	0.5
Total	1.6	0.7

Accruals:	2000	1999
Accrued income taxes	9.6	5.6
Accrued salaries, wages and employment costs	11.0	9.8
Accruals to subsidiaries	2.9	0.7
Other accruals	14.8	14.4
Total	38.3	30.5

21. Long-term Debt

Long-term debt falling due after five years:	2000	1999
Loans from financial institutions	20.0	29.1

17. Shareholders' Equity and Its Changes

	Share capital	Share premium account	Reserve for own shares	Retained earnings	Net income for the year	Total equity
As of 1 January	60.5	95.9	0.0	755.0		911.4
Dividend				(19.9)		(19.9)
Acquisition of own shares			31.7	(31.7)		0.0
Net income for the year					99.0	99.0
As of 31 December	60.5	95.9	31.7	703.4	99.0	990.5

22. Group Shares and Participations as of 31 December, 2000 (EUR 1,000)

Subsidiaries

Company	Country	Book value	Shareholding (%)	
			Parent company	Group
KONE Finance Oy	Finland	377,388	100	100
KONE Italia S.p.A	Italy	230,850		100
Société Française des Ascenseurs KONÉ S.A.	France	191,635		99.97
KONÉ France S.A.	France	190,617		99.99
KONE Holland B.V.	Netherlands	156,689		100
KONE Inc.	United States	147,930		100
KONE GmbH	Germany	132,270		100
KONE Holdings, Inc.	United States	90,380		100
Ascenseurs Soulier S.A.	France	84,960		100
KoMont Investment B.V.	Netherlands	70,993		100
KONE Elevators Pty Ltd	Australia	64,016	30	100
KONE B.V.	Netherlands	52,698		100
KONE Elevadores, S.A.	Spain	37,224	0.7	100
KONE Escalators Limited	United Kingdom	30,710		100
KONE Liften B.V.	Netherlands	27,985		100
KONE Inc.	Canada	24,509		100
KONE plc	United Kingdom	23,565		100
KONE Holding GmbH	Germany	20,892		100
KONE Elevator A/S	Denmark	20,885		100
KONE AB	Sweden	18,268		100
Konematic	United Kingdom	17,328	100	100
KONE Holdings (Australia) Limited	Australia	13,706		100
Bennie Lifts Limited	United Kingdom	12,174		100
Sabiem S.p.A.	Italy	10,775		100
Other subsidiaries (155 companies)		188,451		

Associated Companies

Company	Country	Book value	Shareholding (%)	
			Parent company	Group
Ternitz Druckguss Ges.mbH	Austria	1,725		20
Fabrimetal S.A.	Chile	609	40	40
Marryat & Scott Egypt-SAE	Egypt	585	49	49
Shan On Engineering Company Limited	China	354		30
KONE Garant Aufzug GmbH	Germany	338		49
KONE M-Lift RT	Hungary	172		48
Other associated companies (6 companies)		325		

Other Stock and Shares

Company	Country	Book value	Shareholding (%)	
			Parent company	Group
Arabian Elevator & Escalator Co. Ltd	Saudi-Arabia	64	10	10
Thai Lift Industries Public Co. Limited	Thailand	1,760		8
Housing and real estate companies held by the parent company (20 companies)		927		
Others		3,823		

A complete list of shares and participations can be found in the KONE Corporation balance sheet book as of 31 December, 2000.

Option Program

The Extraordinary General Meeting of shareholders of KONE Corporation approved the Board of Directors' proposal for creation of an option incentive program tied to the achievement of global earnings targets. This option plan is part of a new long-range incentive system, which motivates an expanded number of key employees to commit themselves to attaining KONE's global growth and profitability goals.

The main contents of the proposal are as follows:

1. KONE Corporation will issue a maximum of 350,000 option rights, entitling the holders to subscribe for a maximum of 350,000 KONE class B shares. The shares available for subscription on the basis of the option rights will represent 1.7 per cent of the shares of the company and 0.7 per cent of the votes carried by all the shares of the company.
2. Each option right shall give its holder the right to subscribe for one (1) class B share in KONE Corporation with a nominal value of three (3) euros. The maximum increase in the share capital of the company as a result of subscriptions shall be 1,050,000 euros corresponding to 350,000 new shares.
3. The option rights have been marked either A or B. The number of A option rights is 180,000, and the number of B option rights is 170,000. A and B options are further divided into 5 categories. Each category of A options has 36,000 option rights and each category of B options 34,000 option rights.

Option rights entitle the holders to subscribe for shares subject to the development of the Corporation's cumulative net income (after taxes) as shown in the Consolidated Statement of Income over a three-year (3) period (2001-2003) as follows:

Minimum accumulated income level for exercising the option rights and bonuses	Cumulative number of option rights in use
EUR 330 million	70,000
EUR 350 million	140,000
EUR 380 million	210,000
EUR 420 million	280,000
EUR 470 million	350,000

Where income targets are not achieved, the option rights shall expire without value.

4. Each A option right entitles the holder to a separate cash bonus of 40 euros when the income targets have been reached. The cash bonus will be paid during April, 2004.

5. Holders of A option rights can subscribe for KONE B shares starting on 1 April, 2004 and ending on 31 March, 2008. Holders of B option rights can subscribe for KONE B shares starting on 1 April, 2005 and ending on 31 March, 2009. The annual subscription period will fall between 2 January and 30 November on dates to be determined by the company.
6. The subscription price of a share shall be the trade volume weighted average price of class B shares on the Helsinki Exchanges between 1 August, 2000 and 23 October, 2000 increased by 10 per cent and rounded off to the nearest euro. In other words, the subscription price is EUR 74.

Should a subscriber's employment by KONE be terminated prior to the commencement of the share subscription period, he or she shall lose the right to subscribe for shares.

The Board of Directors' approved proposal can be found in its entirety at the Internet address: www.kone.com/news.

Five-year Summary in Figures 1996 - 2000

Consolidated Statement of Income	2000	1999	1998	1997	1996
Sales, MEUR	2,602	2,412	2,082	2,082	1,818
- sales outside Finland, MEUR	2,509	2,324	2,019	2,021	1,752
Depreciation, MEUR	81	78	78	79	72
Operating income after depreciation, MEUR	186	118	83	42	38
- as percentage of sales, %	7.2	4.9	4.0	2.0	2.1
Income after financing items, MEUR	183	111	72	34	21
- as percentage of sales, %	7.0	4.6	3.5	1.6	1.1
Income before taxes, MEUR	183	111	72	34	21
- as percentage of sales, %	7.0	4.6	3.5	1.6	1.1
Net income, MEUR	106	58	36	8	3
Consolidated Balance Sheet	2000	1999	1998	1997	1996
Fixed assets, MEUR	699	600	596	647	661
Inventories, MEUR	154	160	156	140	155
Receivables, cash and cash equivalents, MEUR	976	820	701	709	650
Shareholders' equity + minority shares, MEUR	677	591	519	517	493
Long-term debt, MEUR	70	102	78	113	175
Provisions and tax liability, MEUR	212	218	191	190	147
Current liabilities, MEUR	870	669	665	676	650
Total assets, MEUR	1,829	1,580	1,453	1,496	1,465
Other Data	2000	1999	1998	1997	1996
Orders received, MEUR	1,854	1,723	1,483	1,449	1,291
Order book, MEUR	1,656	1,492	1,325	1,340	1,215
Capital expenditure, MEUR	46	55	54	28	28
- as percentage of sales, %	1.8	2.3	2.6	1.3	1.5
Expenditure for research and development, MEUR	37	36	30	29	25
- as percentage of sales, %	1.4	1.5	1.5	1.4	1.4
Average number of employees	22,804	22,661	22,596	22,153	21,338
Number of employees as of 31 December	22,978	22,630	22,692	22,499	21,806
Key Ratios	2000	1999	1998	1997	1996
Return on equity, %	17.2	9.7	6.0	1.3	0.7
Return on capital employed, %	23.5	14.9	11.5	7.0	7.1
Total equity/total assets, %	35.9	37.4	35.7	34.6	33.7
Gearing, %	15	8	25	29	56
Key Figures per Share**	2000	1999	1998	1997	1996
Earnings per share, EUR	5.39	2.86	1.81	0.39	0.16
Equity per share, EUR	32.73	29.22	25.45	24.80	24.43
Dividend per class B share, EUR	1.50*	1.00	0.62	0.56	0.56
Dividend per class A share, EUR	1.44*	0.94	0.56	0.50	0.50
Dividend per earnings, class B share, %	27.8*	35.0	34.1	145.4	358.8
Dividend per earnings, class A share, %	26.7*	32.9	31.0	130.9	322.9
Effective dividend yield, class B share, %	2.0*	2.0	1.9	1.5	2.0
Price per earnings, class B share	14	17	18	96	182
Market value of class B share, average, EUR	62	38	40	33	25
- high, EUR	77	49	49	40	34
- low, EUR	48	31	27	28	18
- as of 31/12, EUR	75	49	33	37	28
Market capitalization as of 31/12, MEUR	1,466	986	667	746	574
Number of class B shares traded, '000	3,997	3,291	3,337	3,285	5,000
Class B share traded, %	24.0	19.7	20.0	19.7	31.6
Average number of class A shares, '000	3,485	3,485	3,485	3,485	3,309
Number of class A shares as of 31/12, '000	3,485	3,485	3,485	3,485	3,485
Average number of class B shares, '000	16,670	16,670	16,670	16,670	15,837
Number of class B shares as of 31/12, '000	16,670	16,670	16,670	16,670	16,670

*Board's proposal

**On 1 November, 1999 the shares were split at a ratio of one to three.

Calculation of Key Figures

Average Number of Employees	=		the average number of employees from the beginning to the end of the period under review
Return on Capital Employed (%)	=	100 x	$\frac{\text{income after financing items + interest + other financing costs}}{\text{total assets - non-interest-bearing-debt (average of the figures for the financial year)}}$
Gearing (%)	=	100 x	$\frac{\text{interest-bearing-debt - liquid assets - loans receivable}}{\text{shareholders' equity + minority shares}}$
Equity/Share	=		$\frac{\text{shareholders' equity}}{\text{number of shares (issue adjusted)}}$
Dividend/Earnings (%)	=	100 x	$\frac{\text{dividend/share}}{\text{earnings/share}}$
Price/Earnings	=		$\frac{\text{price of class B shares as of 31/12}}{\text{earnings/share}}$
Market Value of All Outstanding Shares	=		the number of shares (A + B) at the end of the accounting period times the price of class B shares as of 31/12
Shares Traded (%)	=	100 x	$\frac{\text{number of class B shares traded}}{\text{average weighted number of class B shares}}$
Return on Equity (%)	=	100 x	$\frac{\text{income after financing items - taxes}}{\text{equity + minority shares (average of the figures for the financial year)}}$
Total Equity/Total Assets (%)	=	100 x	$\frac{\text{shareholders' equity + minority shares}}{\text{total assets}}$
Earnings/Share	=		$\frac{\text{income after financing items - taxes - minority share}}{\text{average number of shares (issue adjusted)}}$
Dividend/Share	=		$\frac{\text{payable dividend for the accounting period}}{\text{number of shares (issue adjusted)}}$
Effective Dividend Yield (%)	=	100 x	$\frac{\text{dividend/share}}{\text{price of class B shares as of 31/12}}$
Average Price	=		$\frac{\text{total EUR value of all class B shares traded}}{\text{average number of class B shares traded during the accounting period}}$
Shares Traded	=		number of class B shares traded during the accounting period
Economic Value Added	=		operating income + goodwill depreciation - revenue-based taxes - WACC* x capital employed

*WACC = weighted average cost of capital

Board of Directors' Proposal to the Annual General Meeting

KONE's distributable equity as of 31 December, 2000 is EUR 428.5 million. The parent company's distributable equity on 31 December, 2000 is EUR 802,384,755.68 of which net profit from the accounting period under review is EUR 99,010,468.58.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.44 be paid on the 3,484,941 class A shares and EUR 1.50 on the 16,669,599 class B shares, for a total of EUR 30,022,713.54. The Board of Directors further proposes that the rest, EUR 772,362,042.14, be retained and carried forward.

The Board proposes that the dividends be payable from 8 March, 2001.

Helsinki, 1 February, 2001

Pekka Herlin

Antti Herlin

Gerhard Wendt

Iiro Viinanen

Jean-Pierre Chauvarie

Auditor's Report

To the shareholders of KONE Corporation

We have audited the accounting, the financial statements and the corporate governance of KONE Corporation for the financial year 2000. The financial statements prepared by the Board of Directors and the Managing Director include, both for the group and the parent company, a report on operations, an income statement, a balance sheet and notes to the financial statements. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies' Act.

In our opinion the financial statements have been prepared

in accordance with the Accounting Act and other rules and regulations relevant to the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and the parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the financial year audited by us. The proposal by the Board of Directors regarding the distributable profits is in compliance with the Companies' Act.

Helsinki, February 1, 2001

SVH Pricewaterhouse Coopers Oy
Authorised Public Accountants

Jukka Ala-Mello
Authorised Public Accountant

Mauno Tervo
Authorised Public Accountant

Board of Directors



Pekka Herlin, 68

*D.Sc. (Econ.) H.C.
Chairman, July 1996-
Chairman & CEO of KONE,
1987-June 1996
President & CEO of KONE,
1964-1986
Member of the Board, 1954-*

Antti Herlin, 44

*Deputy Chairman & CEO of
KONE, July 1996-
Member of the Board, 1991-*

Gerhard Wendt, 66

*Ph.D.
President of KONE, 1989-1994
Member of the Board, 1979-*

Jiro Viinanen, 57

*M.Sc. (Tech.)
Member of the Board, 1997-*

Jean-Pierre Chauvarie, 65

*President of KONE, 1999-
Member of the Board 2000-
Deputy Member of the Board 1999-
2000*

Tapio Hakakari, 47

*(not in the picture)
LLM
Secretary to the Board of
Directors 1998-*

Auditors

*Mauno Tervo,
Authorized Public Accountant
SVH Pricewaterhouse Coopers Oy,
Authorized Public Accountants*

Deputies

*Tauno Haataja,
Authorized Public Accountant
Barbro Löfqvist,
Authorized Public Accountant*

Corporate Executive Committee



Jean-Pierre Chauvarie
President



Klaus Cawén
General Counsel & Acquisition
Toshiba Alliance



Pekka Kemppainen
New Elevator Business
Technology



Heimo Mäkinen
Escalator Business
Area Director, Asia-Pacific



Michel Chartron
Service Business
Area Director, Americas



Jussi Itävuori
Human Resources & Communication



Aimo Rajahalme
Finance

Information to Shareholders

Annual General Meeting

The Annual General Meeting of KONE Corporation will be held at the Kalastajatorppa Hotel, Helsinki, on Friday, 23 February, 2001 at 11:00 a.m. Shareholders wishing to attend the meeting must have their KONE shareholdings registered on the KONE shareholder list at Suomen Arvopaperikeskus Oy no later than Tuesday, 13 February, 2001, and must notify the company's head office by telephone (+358 204 75 4215) or in writing (address KONE Corporation, P.O. Box 8, FIN-00331 Helsinki) no later than Monday, 19 February, 2001.

A shareholder may attend and vote at the meeting in person or by proxy. However, in accordance with Finnish practice, the company does not send proxy forms to its shareholders. Shareholders wishing to vote by proxy should submit their own proxy forms to the company.

Payment of Dividends

The Board of Directors' proposal for distribution of profits can be found on page 40. Only those who have been registered as shareholders at Suomen Arvopaperikeskus Oy by Thursday, 1 March, 2001, the date of record of dividend distribution, are entitled to dividends. The date proposed by the Board of Directors for payment of dividends is Thursday, 8 March, 2001.

Announcements to Shareholders

In accordance with the decision of the Board of Directors, announcements to shareholders are published in the following daily Finnish newspapers: Helsingin Sanomat, Kauppalehti and Hufvudstadsbladet.

Financial Reporting

KONE Corporation will publish the following financial reports during 2001:

- Annual Report 2000 in February
- Interim Report covering the period January-March, 2001 on Wednesday, 25 April, 2001
- Interim Report covering the period January-June, 2001 on Wednesday, 25 July, 2001
- Interim Report covering the period January-September, 2001 on Wednesday, 24 October, 2001

KONE Corporation publishes financial reports and Stock Exchange Bulletins in Finnish and in English. The English-language versions are available on the Internet at www.kone.com from their date of publication.

Annual reports are mailed to all shareholders and to those who are on the company's mailing list. The company sends interim reports in paper form only to those who have requested them. Shareholders are requested to inform the bank that holds their book-entry account of any change of address. Changes of address relating to the company's mailing list should be sent to the company.

Financial reports may be ordered from KONE Corporation, Corporate Communications:

Internet: www.kone.com
E-mail: corporate.communications@kone.com
Fax: +358 204 75 4515
Telephone: +358 204 751



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