

Highlights of 2007 and Outlook 2008

- In 2007, orders received growth was 18 percent, or 21 percent at comparable exchange rates. Orders received totaled EUR 3,675 (3,116) million.
- Net sales increased by 13 percent and was EUR 4,079 (3,601) million. At comparable exchange rates, growth was 16 percent.
- Operating income was EUR 320.8 (360.1) million. Excluding EUR 152.4 million (which includes the European Commission's fine, the Austrian Cartel Court fine and the profit from the sale of the KONE Building), operating income was EUR 473.2 million or 11.6 (10.0) percent of net sales.
- Earnings per share were EUR 1.44 (1.86).
- KONE's target for 2008 is to achieve, at comparable exchange rates, a growth of about 10 percent in net sales, compared to 2007. The operating income (EBIT) target is to achieve a growth close to 20 percent compared to the 2007 figure of EUR 473 million. This corresponds to an operating income (EBIT) margin of at least 12.0 percent.
- The Board proposes a dividend of EUR 1.30 per class B share.

Highlights of the last quarter of 2007

- In October-December, orders received growth was 27 percent, or 31 percent at comparable exchange rates. Orders received was strong in all geographical regions and totaled EUR 901.9 (712.1) million.
- Net sales increased by 13 percent to EUR 1,294 (1,146) million. At comparable exchange rates, the growth was 16 percent.
- Operating income was EUR 150.4 (123.4) million. Excluding the Austrian Cartel Court's fine and the profit from the sale of the KONE Building, operating income was EUR 160.8 million or 12.4 (10.8) percent of net sales.

Key Figures

		10-12/ 2007	10-12/ 2006	change%	1-12/ 2007	1-12/ 2006	change%
Orders received	MEUR	901.9	712.1	26.7	3,674.7	3,116.3	17.9
Order book	MEUR	3,282.3	2,762.1	18.8	3,282.3	2,762.1	18.8
Sales	MEUR	1,294.2	1,145.6	13.0	4,078.9	3,600.8	13.3
Operating income	MEUR	160.8	123.4	30.3	473.2	360.1	31.4
Operating income	%	12.4	10.8		11.6	10.0	
Cash flow from operations (before financing items and taxes)	MEUR	116.0	97.7		380.0	371.7	
Net income	MEUR	100.6	80.2		180.3	234.4	
Interest-bearing net debt	MEUR	91.7	124.9		91.7	124.9	
Total equity/total assets	%	31.7	30.5		31.7	30.5	
Gearing	%	12.2	17.9		12.2	17.9	
Basic earnings per share	EUR	0.80	0.64		1.44	1.86	

1) Excluding a EUR 22.5 million provision for the Austrian Cartel Court's fine decision and a EUR 12.1 million sales profit from the sale of KONE Building

2) Excluding a EUR 142.0 million fine for the European Commission's decision, a EUR 22.5 million provision for the Austrian Cartel Court's fine decision and a EUR 12.1 million sales profit from the sale of KONE Building

KONE President & CEO, Matti Alahuhta, in conjunction with the review:

"2007 was a very good year for KONE Corporation both in terms of operational financial performance and change progress. We achieved a high growth both in orders received and in operating income. I am particularly pleased that our year-on-year growth in orders received accelerated in Q4. KONE's business performance development outperformed the industry overall, which is a sign of our improving competitiveness. This is in line with our long term goal, which is to develop KONE into a very strong company in its industry both in terms of market position and operating income," says Matti Alahuhta, President and CEO of KONE Corporation

KONE's outlook for 2008 is also positive. According to Alahuhta, the most significant mega trend of the next decades impacting KONE is urbanization. "The expanding urban environments need an increasing number of solutions to move a growing number of people smoothly, safely, comfortably and efficiently."

"We are pleased with our accomplishments and at the same time, we see great potential to develop KONE further in order to fully exploit the changes in our operating environment. Our 3-year-long first phase of change will continue to bring results. Now we will move into the next phase to make KONE a truly market-driven company," Alahuhta notes.

KONE'S Annual Report is available on the company's website at www.kone.com. The Annual Report includes Financial Statements condensed from the audited Financial Statements of KONE Corporation.

Analyst and Media Conference and Conference Call

A meeting for the press, conducted in Finnish, will be held on January 25, 2008 at 2:00 PM in the KONE Building, Keilasatama 3, Espoo.

A combined analyst meeting and conference call/web cast, conducted in English, will be held on January 25, 2007 at 15:30 PM in the KONE Building, Keilasatama 3, Espoo. Conference call participants may access the conference directly with the following telephone numbers:

US callers: +1 334 323 6201
Non-US callers: +44 (0)20 7162 0025
Participant code: KONE

The conference call will also be available as a web cast on KONE's website. An on demand version of the conference will be available at www.kone.com later the same day.

About KONE

KONE is one of the world's leading elevator and escalator companies. It provides customers with industry-leading elevators, escalators and innovative solutions for maintenance and modernization. KONE also provides maintenance services for automatic building doors. In 2007, KONE had annual net sales of EUR 4.1 billion and approximately 32,500 employees. Its class B shares are listed on the OMX Nordic Exchange in Helsinki, Finland.

www.kone.com

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Financial Statement Bulletin 2007

Accounting Principles

KONE Corporation's financial statement bulletin has been prepared in line with IAS 34, 'Interim Financial Reporting'. The financial statement bulletin is based on the audited financial statement for 2007. The accounting principles for the financial statements have been presented in the Annual Report 2007 published on January 25, 2008.

KONE's Fourth Quarter 2007 Review

Operating environment in October-December

In the fourth quarter, overall demand for new equipment continued to be at a good level. The global maintenance market remained very competitive while the modernization market continued to provide good growth opportunities for KONE.

In the European, Middle East and African region (EMEA), the business environment was good. The North European market (i.e. United Kingdom, Germany, Benelux and the Nordic Countries) experienced no major changes compared to the previous quarter. The overall Southern European market activity remained on the same level as before, even though the residential sector slowed down particularly in Spain. The Eastern European and Middle East construction markets continued to experience strong growth.

The North American new equipment market was solid in the fourth quarter. The office and lodging segment remained quite strong giving KONE a good opportunity to strengthen its position. Multi-family residential demand continued to weaken. The single family housing market again suffered from very low activity, but this is not a market in which KONE participates.

In the Asia-Pacific region, growth was strong in most markets. In China, the construction activity continued to expand to 2nd and 3rd tier cities. Furthermore, the Indian and Australian markets developed well.

Financial performance in October-December

KONE's orders received in the last quarter of 2007 increased by approximately 27 percent and totaled EUR 901.9 (712.1) million. At comparable exchange rates, the growth was approximately 31 percent. The growth in orders was strongest in the Asia-Pacific region. At the same time, orders received growth continued to be very strong in the Americas and was also very good in Europe and the Middle East. Only new equipment orders and modernization orders are included in orders received.

The largest orders received in October-December included orders to supply and install elevators and escalators for the new Shanghai International Finance Centre (IFC) in China, a new multi-purpose development in Australia, a high-end commercial development in Mumbai, India, and for the design, supply and installation of all elevators for Royal Caribbean International's Genesis 2 luxury passenger cruise ship.

KONE's net sales grew by 13 percent compared with October-December 2006 and totaled EUR 1,294 (1,146) million. At comparable exchange rates, the growth was 16 percent. Growth was strongest in Asia-Pacific.

Operating income for the October-December period totaled EUR 150.4 (123.4). Excluding the Austrian Cartel Court's fine and the profit from the sale of the KONE Building, the operating income was EUR 160.8 million or 12.4 (10.8) percent

of net sales. The intensive work with the development programs continued to contribute to the good development.

In November, KONE sold the KONE Building. The selling price was EUR 35 million. In December, the Austrian cartel court announced its decision regarding anticompetitive practices in the local elevator and escalator markets. It found KONE's Austrian subsidiary and four other companies operating in the elevator and escalator industry to have been involved in anticompetitive practices, and consequently imposed a fine of EUR 22.5 million on KONE's Austrian subsidiary.

Sales by geographical areas, MEUR

	10-12/2007	%	10-12/2006	%	1-12/2007	%	1-12/2006	%
EMEA 1)	867.1	67	762.1	67	2,675.3	65	2,319.4	65
Americas	245.2	19	232.1	20	840.8	21	805.1	22
Asia- Pacific	181.9	14	151.4	13	562.8	14	476.3	13
Total	1,294.2		1,145.6		4,078.9		3,600.8	

1) EMEA = Europe, Middle East, Africa

Review January-December 2007

KONE's Operating Environment

The market situation was strong for new equipment and modernization in most markets and continued to create favorable conditions for KONE's growth. The overall demand for maintenance was good, but price competition was tough.

In the European, Middle East and African region (EMEA), the business environment was favorable in 2007. The new equipment market was strong in Central, Northern and Eastern Europe as well as in the Middle East. The biggest growth was seen in the Middle East and Russia. The Southern European new equipment market activity remained fairly stable due to the office market activity, despite that the residential market slowed down somewhat. Modernization demand continued to grow, mainly driven by the European Safety Norms (SNEL) and the need for upgrades, due to the aging of the equipment base.

In the Americas, market growth was good. The North American new equipment demand was driven mainly by high investment activity in office, hospital and commercial developments. The multi-family residential market weakened somewhat in the United States. The significant deterioration in the single-house market in the United States did not affect KONE's business in 2007.

In the Asia-Pacific region, market growth was strong in most markets. The new equipment market continued to grow fast, driven by strong urbanization and economic growth. The Chinese market continued to grow fast. The Indian and Australian markets continued to develop well. In Australia, both the volume and major project markets developed favorably.

Orders Received and Order Book

KONE's market position continued to strengthen in 2007. KONE's orders received increased by approximately 18 percent on 2006 and totaled EUR 3,675 (2006: 3,116) million. At comparable exchange rates, the growth was approximately 21 percent. Only new equipment and modernization orders are included in orders received. The growth in orders was strongest in the Asia-Pacific region. At the same time, orders received growth was very good in Europe and the Middle East, and also in the Americas during the second half of the year.

The order book increased from the end of 2006 by 19 percent and stood at EUR 3,282 (2,762) million at the end of December 2007. At comparable exchange rates, the growth was about 24 percent. As earlier, the margin of the order book continued to be at a good level.

In the EMEA region, most markets continued to contribute very positively to KONE's orders received in 2007. KONE received several major orders during the year, especially from the United Kingdom, Russia and the Middle East. During 2007, KONE was also able to further strengthen its position in the modernization market.

In the Americas, KONE experienced a strong order intake in the new equipment and modernization markets. KONE's advanced elevator and escalator modernization solutions increased customer demand.

In the Asia-Pacific region, KONE's new equipment order intake continued to develop very strongly in most markets. The company's success in strengthening its position in major projects was also encouraging. KONE was one of the fastest growing elevator and escalator companies in China and became the market leader in the machine-room-less (MRL) segment in 2007. In Australia and India, KONE also continued to perform very well.

Net Sales

KONE's net sales rose by approximately 13 percent, compared to last year, and totaled EUR 4,079 (3,601) million. Growth at comparable currency rates was approximately 16 percent. The increase was due to both the company's strengthened competitiveness and good conditions in almost all markets. Net sales growth was almost entirely organic. The amount of sales consolidated from the companies acquired in 2007 did not have a material impact on the Group sales of the financial period.

New equipment sales accounted for EUR 1,821 (1,491) million of the total and represented an approximate 22 percent growth over the comparison period. At comparable currency rates, the growth was approximately 25 percent. Service sales increased by 7 percent and totaled EUR 2,258 (2,110) million. At comparable currency rates the growth was approximately 10 percent.

Of the sales, 65 (65) percent were generated from EMEA, 21 (22) percent by the Americas and 14 (13) percent by Asia-Pacific. The weakened US dollar had an impact on the geographical sales mix. The largest individual countries in terms of net sales in 2007 were the United States, France, the United Kingdom and Italy.

Financial Result

KONE's operating income was EUR 320.8 (360.1) million. Excluding the net cost of EUR 152.4 million (which includes the European Commission's fine, the Austrian Cartel Court fine and the profit from the sale of the KONE Building), operating income improved by approximately 31.4 percent in comparison to 2006 and was EUR 473.2 million or 11.6 (10.0) percent of net sales. The strong growth was the result of sales growth, healthy sales margins and improved productivity. The five development programs started in 2005 contributed significantly to the positive performance development. Net financing items were EUR -8.5 (-3.5) million.

KONE's income before taxes was EUR 314.0 (356.3) million. Taxes totaled EUR 133.7 (121.9) million. Excluding the result impact of the EUR -164.5 million fines, this represents a tax rate of 27.9 (2006: 34.2) percent. Net income for the financial period was EUR 180.3 (234.4) million.

The profit attributable to shareholders was EUR 180.1 (234.8) million, corresponding to earnings per share of EUR 1.44 (1.86). Equity per share was EUR 5.96 (5.55).

Cash Flow and Financing

Cash flow generated from operations (before financing items and taxes) was EUR 380.0 (371.7) million. Net working capital was negative at EUR -121.8 (December 31, 2006: -139.5) million, including financing items and taxes. The EUR 142.0 million fine for the European Commission's decisions was booked into interest-bearing debts in the balance sheet. The Austrian cartel court's fine of EUR 22.5 million was recognized as a provision.

Interest-bearing net debt totaled EUR 91.7 (December 31, 2006: 124.9) million. Gearing was 12.2 (17.9) percent. KONE's total equity/total assets ratio was 31.7 (30.5) percent.

Capital Expenditure, Acquisitions and Divestments

KONE's capital expenditure, including acquisitions, totaled EUR 116.9 (150.5) million. Capital expenditure, excluding acquisitions, was mainly related to new capacity and replacement investments. Acquisitions accounted for EUR 49.6 (90.1)

million of this figure. Acquisitions made during the accounting period had no material effect on the 2007 full year figures.

In 2007, the most notable acquisitions was the acquisition of MIRO Elevators Limited, a Canadian service company. The ownership of the shares of MIRO Elevators Limited was transferred to KONE in January. In July, KONE signed an agreement to acquire UAB Elektros Pavara ir Ko, a Lithuanian elevator company. The ownership of the shares of Elektros Pavara was transferred to KONE immediately. The company installs, maintains and modernizes elevators and escalators. Furthermore, KONE acquired Cierma, a French service company. The ownership of the shares was transferred in July. Cierma is active mainly in the areas of Nice and Cannes. KONE also acquired the remaining 90 percent of a St. Petersburg based elevator service company called RSU5. Since 2006, KONE has had a holding of 10 percent in the company. KONE now has full ownership. At the end of the year, KONE acquired an American elevator company, Florida Coast Elevator, which operates in the areas of Fort Lauderdale, Miami and Dade County.

Organizational Development

KONE implemented an organizational change in the United States during the second half of the year. The objective is to improve customer focus, increase cross-functional synergies and raise productivity. In addition, as part of the development, KONE will establish its Americas headquarters in Chicago at the beginning of 2008.

Research and Development

Research and product development expenses totaled EUR 50.7 (50.3) million, representing 1.2 (1.4) percent of net sales. R&D expenses include development of new product concepts and further developments of existing products and services. During 2007, new solutions to expand KONE's accessible markets and to strengthen its competitiveness in both volume and high-rise were released.

In Europe, a new release of the KONE MonoSpace® elevator was launched to improve the offering. This release added further flexibility to the product. The solution now complies with new regulations on fire fighting elevators. Renewed accessibility features have also been added. A radical visual restyling of the car's finishing, design, ceiling and accessories were undertaken. In addition, better space efficiency (pit reduction) for freight elevators was achieved.

In the North American market, product enhancements and installation improvements made KONE's products even more attractive for its customers. The KONE EcoSpace® elevator continued to experience strong growth and opened a good market opportunity for machine-room-less technology (MRL) in the modernization of hydraulic elevators.

In the Asia-Pacific region, new functional and cost effective solutions were introduced, especially for the residential market. Designed solutions for the hotel and high-end commercial segments were also launched. In addition, a collection of different designs and feature options were released to increase the flexibility in visual offerings and product enhancements.

To support customer service, new eBusiness tools such as a KONE Architect Toolbox on Internet and an electronic 3D Car Designer were launched. In addition, a number of service products were released. For example, an updated modernization package offering customers improved flexibility in electrification, space optimization, a new parallel signalization family and a new version of a hoisting modernization package.

Noteworthy Events During the Financial Period

In 2004, the European Commission started an investigation concerning anticompetitive practices in the elevator and escalator market in Europe. The outcome of the three-year process was announced on February 21, 2007. The Commission found KONE's subsidiaries in Belgium, Luxembourg, Germany and the Netherlands to have been involved in local anticompetitive practices prior to early 2004. The Commission imposed a EUR 142 million fine on KONE. The fine was imposed for anticompetitive practices in Germany and the Netherlands. KONE did not receive a fine in relation to Belgium and Luxembourg, as KONE was the first company to cooperate with the Commission regarding these countries.

In May, KONE appealed the European Commission's decision. EUR 142.0 million for the European Commission's decision was booked into interest-bearing debts in the balance sheet. The amount of the fine may change due to the appeal.

In February, KONE's Austrian subsidiary was notified by the Austrian cartel court of the initiation of proceedings for the imposition of fines against companies operating in the Austrian elevator and escalator market, including KONE's Austrian subsidiary. The case relates to alleged anticompetitive practices in the local market before mid-2004. KONE immediately initiated a thorough internal investigation.

In December, the Austrian cartel court announced its decision regarding the anticompetitive practices in the local elevator and escalator markets. It found KONE's Austrian subsidiary and four other companies operating in the elevator and escalator industry to have been involved in anticompetitive practices. Consequently, the cartel court imposed a fine of EUR 22.5 million on KONE's Austrian subsidiary. The Austrian cartel court's fine was recognized as a provision.

In November, KONE sold the KONE Building. The selling price was EUR 35 million. KONE will stay in the building as a tenant under a long-term lease agreement.

Personnel

The objective of KONE's personnel strategy is to help the company meet its business targets. The main goals of the strategy are to further increase the interest in KONE as an employer and to secure the availability, commitment and continuous development of its personnel. KONE's activities are also guided by ethical principles. The personnel's rights and responsibilities include the right to a safe and healthy working environment, personal wellbeing as well as the prohibition of discrimination.

KONE had 32,544 (December 31, 2006: 29,321) employees at the end of 2007. The average number of employees was 30,796 (28,366). Also in 2007, most of the personnel growth was in the fastest growing markets, such as Asia-Pacific and the Middle East. Additional recruitment in other markets was carried out mainly in installation and modernization operations due to growing volumes.

The geographical distribution of KONE employees was 56 (58) percent in EMEA, 18 (18) percent in the Americas and 26 (24) percent in Asia-Pacific.

Environment

The biggest environmental impact of an elevator is generated by its use. Consequently, reducing the environmental impact of equipment is most effective when the product is being developed and the optimal solution for each building is being planned. Therefore, KONE continuously strives to improve the eco-efficiency of its solutions through effective research and development.

KONE takes care of the environment not only by its own proactive initiatives, but also by continuously monitoring the changes made to laws and recommendations

related to its business. Environmental issues are coordinated on a corporate level; however KONE's country organizations and production facilities are responsible for handling local environmental issues.

Capital and Risk Management

The ultimate goal of capital and risk management in the KONE Group is to contribute to the creation of shareholder value.

Capital is managed in order to maintain a strong financial position and to ensure that the Group's funding needs can be optimized at all times in a cost-efficient way. KONE's philosophy is to take an aggregated view of share price development, dividends and the possible purchase of own shares as components of the total shareholder return.

KONE's business activities are exposed to risks, of which the most significant are increases in personnel costs and raw material costs, fluctuations in currency and changes in the development of the world economy.

A rise in raw material prices is reflected directly in the production costs of components made by KONE, such as doors and cars, and indirectly in the prices of purchased components. The price of oil also affects maintenance costs. As a global group, KONE is exposed to foreign currency fluctuations and currencies. The Group Treasury function manages currency and other financial risks centrally based on principles approved by the Board of Directors. As the expenses and income of the elevator and escalator business occur mainly in the same currency, exchange rate movements are reflected mostly in the translation of the achieved result into euros.

Appointment to the Executive Board

KONE appointed Vance Tang as the Executive Vice President and Area Director responsible for the Americas and member of the Executive Board as of February 19, 2007.

Decisions of the Annual General Meeting

KONE Corporation's Annual General Meeting in Helsinki on February 26, 2007 confirmed the number of members of the Board of Directors to be seven and it was decided to elect one deputy member. Re-elected as full members of the Board were Matti Alahuhta, Reino Hanhinen, Antti Herlin, Sirkka Hämäläinen-Lindfors, Sirpa Pietikäinen, Masayuki Shimono and Iiro Viinanen. Jussi Herlin was elected as deputy member. The term of the Board ends at the next Annual General Meeting. At its meeting held after the Annual General Meeting, the Board of Directors elected Antti Herlin as its Chairman and Sirkka Hämäläinen-Lindfors as Vice Chairman of the Board.

In addition, the Board of Directors' proposal that the Annual General Meeting authorize it to repurchase KONE's own shares with assets distributable as profit was approved. Altogether, no more than 12,785,000 shares may be repurchased, of which no more than 1,905,000 are to be class A shares and 10,880,000 class B shares, taking into consideration the provisions of the Companies Act regarding the maximum amount of treasury shares the Company is allowed to possess. The proposed amount corresponds to nearly 10 percent of the share capital of the Company and the total voting rights.

In addition, the Board of Directors was authorized to decide on the distribution of any shares repurchased by the company. The authorization is limited to a maximum of 1,905,000 class A shares and 10,880,000 class B shares. The Board of Directors is authorized to decide to whom and in which order the repurchased shares are distributed. The Board of Directors may decide on the distribution of

repurchased shares otherwise than in proportion to the existing pre-emptive right of shareholders to purchase the Company's own shares.

The repurchased shares may be used as compensation in acquisitions and in other arrangements, as well as to implement the Company's share-based incentive plans in the manner and to the extent decided by the Board of Directors. The Board of Directors also has the right to decide on the distribution of the shares in public trading on the OMX Nordic Exchange Helsinki in Finland for the purpose of financing possible acquisitions. The shares shall be distributed at least at the market price at the moment of their transfer determined on the basis of the trading price for class B shares determined in public trading on the OMX Nordic Exchange Helsinki.

These authorizations shall remain in effect for a period of one year from the date of decision of the Annual General Meeting.

In addition, the Board of Directors was authorized to grant options. On the basis of this authorization, the Board of Directors may decide to grant to key personnel of the group or to the company's wholly owned subsidiary, Kone Capital Oy, options which entitle them to subscribe for a maximum of 2,000,000 new class B shares. The company has a valid financial reason to grant options, because the options are intended to form a part of the group's incentive and commitment plan for key personnel. This authorization will remain in force for one year following the decision of the Annual General Meeting.

PricewaterhouseCoopers Oy, Authorized Public Accountants, was re-elected as the Company's auditor, with Heikki Lassila, APA, as the principally responsible auditor.

The Annual General Meeting decided to pay a dividend of EUR 0.99 per class A share and EUR 1.00 per class B share for the financial year which ended December 31, 2006. The date of the dividend payment was set for March 8, 2007.

Share Capital and Market Capitalization

The KONE 2005A and 2005B options based on the KONE Corporation option program 2005 were listed on the main list of the OMX Nordic Exchange Helsinki on June 1, 2005. Each option entitles its holder to subscribe for six (6) class B shares at a price of EUR 8.04 per share.

As of December 31, 2007, 843,084 shares have been subscribed for with the options, raising KONE's share capital to EUR 64,176,297.00, comprising 109,300,416 listed class B shares and 19,052,178 unlisted class A shares. During 2007, 142,920 shares were subscribed for with the 2005A options and 143,046 with the 2005B options.

The remaining 2005A options entitle their holders to subscribe for 83,652 class B shares, while the remaining 2005B options entitle their holders to subscribe for 381,774 class B shares. The share subscription period for series A options and series B options ends on March 31, 2008 and March 31, 2009 respectively. The remaining number of shares that can be subscribed for is 465,426. The subscription price is EUR 8.04 per share.

In 2005, KONE also granted a conditional option program, 2005C, and a conditional share-based incentive plan. The share subscription period of the 2005C option program will begin April 1, 2008, only if the average net sales growth of the group for the 2006 and 2007 financial years exceeds market growth, the operating income (EBIT) of the 2006 financial year exceeds EBIT for the 2005 financial year, and EBIT for the 2007 financial year exceeds EBIT for the 2006 financial year. The achievement of these criteria shall be confirmed at the Annual Shareholder Meeting on February 25, 2008.

In April 2007, 129,000 class B shares assigned to the share-based incentive plan for the company's senior management were transferred to the participants due to achieved targets for the 2006 financial year.

In December, KONE Corporation's Board of Directors decided at its meeting to grant stock option rights to approximately 350 employees of its global organization. The decision was based on the authorization received from the Shareholders meeting on February 26, 2007. A maximum of 2,000,000 options in total will be granted. The share subscription period for stock option 2007 will be April 1, 2010-April 30, 2012. The share subscription period begins only if the average turnover growth of the KONE Group for 2008 and 2009 financial years exceeds market growth and if the earnings before interest and taxes (EBIT) of the KONE Group for the financial year 2008 exceeds the EBIT for the 2007 financial year, and the EBIT for the 2009 financial year exceeds the EBIT for the 2008 financial year.

At the end of the financial year, the Board of Directors had no valid authorization to increase the share capital or to issue stock options after the Board of Directors' decision made December 5, 2007 to grant new stock options. KONE's market capitalization grew by approximately 12 percent during 2007 and was EUR 6,027 million on December 31, 2007, disregarding own shares in the Group's possession.

Repurchase of KONE Shares

On the basis of the Annual General Meeting's authorization, KONE Corporation's Board of Directors decided to commence repurchasing shares at the earliest on March 8, 2007.

During the financial year, KONE used its authorization and bought back 6,000 of its own shares in February. In April 2007, 129,000 class B shares assigned to the share-based incentive plan for the company's senior management were transferred to the participants due to achieved targets for the financial year 2006. At the end of the reporting period, the group had 2,615,753 class B shares in its possession (at an average price of EUR 33.58). The shares in the group's possession represent 2.4 percent of the total number of class B shares. This corresponds to 0.9 percent of the total voting rights.

Shares traded on the OMX Nordic Exchange Helsinki

The OMX Nordic Exchange Helsinki traded 95.9 million KONE Corporation's class B shares in 2007, equivalent to a turnover of EUR 4,487 million. The share price on December 31, 2007 was EUR 47.93. The highest quotation was EUR 59.80 and the lowest 39.52.

Flagging Notifications

On March 8, 2007 Morgan Stanley Investment Management Limited disclosed to KONE Corporation pursuant to the Securities Markets Act, chapter 2, section 9, that its holding in KONE Corporation had exceeded five (5) percent of the share capital. The date of change in the holdings was November 29, 2005.

On September 13, 2007 Morgan Stanley Investment Management Limited disclosed to KONE Corporation pursuant to the Securities Markets Act, chapter 2, section 9, that its holding in KONE Corporation was less than five (5) percent of the share capital. The date of change in the holdings was September 11, 2007.

Outlook

We estimate that the market will continue to create favorable opportunities for KONE to continue to grow in 2008 although market growth will not be equally strong in all markets this year as in 2007, due to the weakened economic outlook.

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

The Board's Proposal for the Distribution of Profit

The parent company's non-restricted equity on December 31, 2007 is EUR 1,429,280,929.29 of which net profit from the financial year is EUR 283,670,898.83.

The Board of Directors proposes to the Annual general Meeting that a dividend of EUR 1.29 be paid on the 19,052,178 class A shares and EUR 1.30 on the outstanding 106,955,663 class B shares.

The total amount of proposed dividends will be EUR 163,619,671.52. The Board of Directors further proposes that the rest, EUR 1,265,661,257.77 be retained and carried further.

The dividend record date for the proposed dividend is February 28, 2008 and the dividend will be paid on March 6, 2008. All the shares existing on the dividend record date are entitled to dividend for the year 2007, except for the own shares held by the parent company.

Annual General Meeting 2008

KONE Corporation's Annual General Meeting will be held at 11.00 a.m. on Monday, February 25, 2008 at Finlandia Hall, Mannerheimintie 13, in Helsinki, Finland

Helsinki, January 25, 2008

KONE Corporation's Board of Directors

This bulletin contains forward-looking statements that are based on the current expectations, known factors, decisions and plans of the management of KONE. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions and fluctuations in exchange rates.

Consolidated Statement of Income

MEUR	10-12/ 2007	%	10-12/ 2006	%	1-12/ 2007	%	1-12/ 2006	%
Sales	1,294.2		1,145.6		4,078.9		3,600.8	
Costs, expenses and depreciation	-1,143.8		-1,022.2		-3,758.1		-3,240.7	
Operating Income	150.4	11.6	123.4	10.8	320.8	7.9	360.1	10.0
Share of associated companies' net income	0.8		0.2		1.7		-0.3	
Financing income	4.8		4.8		16.6		16.1	
Financing expenses	-6.2		-4.5		-25.1		-19.6	
Income before Taxes	149.8	11.6	123.9	10.8	314.0	7.7	356.3	9.9
Taxes	-49.2		-43.7		-133.7		-121.9	
Net Income	100.6	7.8	80.2	7.0	180.3	4.4	234.4	6.5

Net Income attributable to:

Shareholders
of the
parent
company

100.7	80.1	180.1	234.8
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Minority
interests

-0.1	0.1	0.2	-0.4
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Total

100.6	80.2	180.3	234.4
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Earnings per share for profit attributable to the shareholders of the parent company, EUR

Basic
earnings per
share, EUR

0.80	0.64	1.44	1.86
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Diluted
earnings per
share, EUR

0.79	0.63	1.42	1.85
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Consolidated Balance Sheet

Assets MEUR	Dec 31, 2007	Dec 31, 2006
Non-Current Assets		
Goodwill	577.2	557.3
Other intangible assets	53.2	58.4
Property, plant and equipment	201.0	217.7
Investments in associated companies	10.9	7.7
Shares Available-for-sale investments	114.5	116.5
Non-current loans and receivables	5.9	5.4
Deferred tax assets	1.7	5.1
	I	
	118.6	134.1
Total Non-Current Assets	1,083.0	1,102.2
Current Assets		
Inventories	773.2	668.8
Advance payments received	-694.6	-552.1
Accounts receivable	706.3	622.0
Deferred assets	174.1	126.0
Income tax receivables	44.1	57.1
Current loans and receivables	118.9	158.9
	I	
Cash and cash equivalents	154.9	109.5
Total Current Assets	1,276.9	1,190.2
Total Assets	2,359.9	2,292.4
Equity and Liabilities MEUR		
	Dec 31, 2007	Dec 31, 2006
Capital and reserves attributable to the shareholders of the parent company		
Share capital	64.2	64.0
Share premium account	100.2	98.0
Fair value and other reserves	5.5	-0.5
Translation differences	-31.3	-14.0
Retained earnings	610.3	547.6
Total Shareholders' Equity	748.9	695.1
Minority interests	0.3	3.5
Total Equity	749.2	698.6
Non-Current Liabilities		
Loans	175.8	100.2
Deferred tax liabilities	25.9	30.3
Employee benefits	131.9	145.0
Total Non-Current Liabilities	333.6	275.5
Provisions	86.6	71.8

Current Liabilities

Current portion of long-term loans	I	62.1	48.6
Other liabilities	I	129.3	249.6
Accounts payable		274.6	231.5
Accruals		632.5	619.2
Income tax payables		92.0	97.6
Total Current Liabilities		1,190.5	1,246.5
Total Equity and Liabilities		2,359.9	2,292.4

Items designated "I" comprise interest-bearing net debt

Consolidated Statement of Changes in Equity

- 1) Share capital
- 2) Share premium account
- 3) Fair value and other reserves
- 4) Translation differences
- 5) Own shares
- 6) Retained earnings
- 7) Minority interests
- 8) Total equity

MEUR	1)	2)	3)	4)	5)	6)	7)	8)
Jan 1, 2007	64.0	98.0	-0.5	-14.0	-91.2	638.8	3.5	698.6
Net income for the period						180.1	0.2	180.3
Items booked directly into equity:								
Transactions with shareholders and minority shareholders:								
Dividends paid						-125.1		-125.1
Issue of shares (option rights)	0.2	2.2						2.4
Purchase of own shares					-0.3			-0.3
Sale of own shares								-
Change in minority interests							-3.4	-3.4
Cash flow hedge Translation differences			6.0					6.0
Hedging of foreign subsidiaries				-18.4				-18.4
Tax impact of hedging				1.5				1.5
Option and				-0.4				-0.4
					3.7	4.3		8.0

share-based compensation								
Dec 31, 2007	64.2	100.2	5.5	-31.3	-87.8	698.1	0.3	749.2

MEUR	1)	2)	3)	4)	5)	6)	7)	8)
Jan 1, 2006	63.9	96.4	-5.1	9.9	-21.9	523.2	2.8	669.2
Net income for the period						234.8	-0.4	234.4
Items booked directly into equity:								
Transactions with shareholders and minority shareholders:								
Dividends paid						-126.9		-126.9
Issue of shares (option rights)	0.1	1.6						1.7
Purchase of own shares					-69.3			-69.3
Sales of own shares								-
Change in minority interests							1.1	1.1
Cash flow hedge Translation differences			4.6		-30.4			4.6
Hedging of foreign subsidiaries				8.8				8.8
Tax impact of hedging				-2.3				-2.3
Option and share-based compensation						7.7		7.7
Dec 31, 2006	64.0	98.0	-0.5	-14.0	-91.2	638.8	3.5	698.6

Consolidated Statement of Cash Flow

MEUR	Jan 1-Dec 31, 2007	Jan 1-Dec 31, 2006
Cash receipts from customers	4,168.1	3,656.1
Cash paid to suppliers and employees	-3,788.1	-3,284.4
Cash Flow from Operations	380.0	371.7
Interest received	13.9	12.5
Interest paid	-18.8	-15.6
Dividends received	3.3	2.2
Other financial items	-12.5	-4.7
Income taxes paid	-119.9	-100.3
Cash Flow from Operating Activities	246.0	265.8
Capital expenditure	-66.0	-62.2
Proceeds from sales of fixed assets	42.8	0.6
Acquisitions, net of cash	-71.4	-44.1
Proceeds from divested operations, net of cash	-	9.3
Cash Flow from Investing Activities	-94.6	-96.4
Cash Flow after Investing Activities	151.4	169.4
Change in loans receivable	42.0	-14.3
Change in current creditors, net	-113.9	47.7
Proceeds from long-term borrowings	149.0	-
Repayments of long-term borrowings	-59.1	-9.5
Purchase of own shares	-0.3	-69.3
Sale of own shares	-	-
Issue of shares	2.4	1.7
Dividends paid	-125.1	-126.8
Cash Flow from Financing Activities	-105.0	-170.5
Change in Cash and Cash Equivalents	46.4	-1.1
Cash and cash equivalents at end of period	154.9	109.5
Translation differences	1.0	2.9
Cash and cash equivalents at beginning of period	109.5	113.5
Change in Cash and Cash Equivalents	46.4	-1.1
Reconciliation of Net Income to Cash Flow from Operating Activities		
Net income	180.3	234.4

Depreciation and impairment	70.2	61.3
Income before Change in Working Capital	250.5	295.7
Change in receivables	-101.2	-102.4
Change in payables	58.8	70.5
Change in inventories	37.9	2.0
Cash Flow from Operating Activities	246.0	265.8

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

Change in Interest-bearing Net Debt

MEUR	Jan 1-Dec 31, 2007	Jan 1-Dec 31, 2006
Interest-bearing net debt at beginning of period	124.9	99.3
Interest-bearing net debt at end of period	91.7	124.9
Change in interest-bearing net debt	-33.2	25.6

The EUR 142.0 million fine for the European Commission's decision is included in the interest-bearing net debt of December 31, 2007. KONE has appealed the decision and therefore the amount of the fine may change.

Key Figures

		1-12/2007	1-12/2006
Basic earnings per share	EUR	1.44	1.86
Diluted earnings per share	EUR	1.42	1.85
Equity per share	EUR	5.96	5.55
Interest bearing net debt	MEUR	91.7	124.9
Total equity/total assets	%	31.7	30.5
Gearing	%	12.2	17.9
Return on equity	%	24.9	34.3
Return on capital employed	%	30.4	35.4
Total assets	MEUR	2,359.9	2,292.4
Assets employed	MEUR	840.9	823.5
Working capital (including financing and tax items)	MEUR	-121.8	-139.5

Sales by Geographical Areas

MEUR	1-12/2007	%	1-12/2006	%
EMEA 1)	2,675.3	65	2,319.4	65
Americas	840.8	21	805.1	22
Asia Pacific	562.8	14	476.3	13
Total	4,078.9		3,600.8	

1) EMEA = Europe, Middle East, Africa

Orders Received

MEUR	1-12/2007	1-12/2006
	3,674.7	3,116.3

Order Book

MEUR	31.12.2007	31.12.2006
	3,282.3	2,762.1

Capital Expenditure

MEUR	1-12/2007	1-12/2006
In fixed assets	58.1	51.3
In leasing agreements	9.2	9.1
In acquisitions	49.6	90.1
Total	116.9	150.5

Expenditure for R&D

MEUR	1-12/2007	1-12/2006
	50.7	50.3
Expenditure for R&D as percentage of sales	1.2	1.4

Number of employees

	1-12/2007	1-12/2006
Average	30,796	28,366
In the end of the period	32,544	29,321

Commitments

	Dec 31, 2007	Dec 31, 2006
Mortgages		
Group and parent company	0.7	30.7
Pledged assets		
Group and parent company	4.8	5.4
Guarantees		
Associated companies	5.3	1.8
Others	6.3	3.4
Operating leases	148.9	115.8
Total	166.0	157.1

Possible unidentified debts and liabilities of the demerged Kone Corporation were transferred to the new KONE Corporation according to the demerger plan.

KONE leases cars, machinery & equipment and buildings under non-cancelable operating leases. The leases have varying terms and renewal rights.

The future minimum lease payments under non-cancelable operating leases	Dec 31, 2007	Dec 31, 2006
Less than 1 year	39.0	34.6
1-5 years	91.2	72.5
Over 5 years	18.7	8.7
Total	148.9	115.8

The aggregate operating lease expenses totaled EUR 44.7 (37.1) million.

Derivatives

	Derivative assets 31 Dec, 2007	Derivative liabilities 31 Dec, 2007	Net fair value 31 Dec, 2007	Net fair value 31 Dec, 2006
Fair values of derivative financial instruments, MEUR				
FX Forward contracts				
Cash flow hedges under IAS 39 hedge accounting	7.1	0.4	6.7	0.4
Net investment hedges under IAS 39 hedge accounting	0.9	0.5	0.4	0.5
Other hedges	4.1	5.2	-1.1	0.3
Currency options	0.0	0.0	0.0	0.0
Cross-currency swaps, due under one year				
Under IAS 39 hedge accounting	2.9	-	2.9	-
Other net investment hedges	-	-	-	43.2
Cross-currency swaps, due in 1-3 years				
Under IAS 39 hedge accounting	2.6	-	2.6	2.8
Other net investment hedges	6.3	-	6.3	-
Electricity derivatives	0.9	-	0.9	0.3
Total	24.8	6.1	18.7	47.5

Nominal values of derivative financial instruments, MEUR	31 Dec, 2007	31 Dec, 2006
FX Forward contracts		
Cash flow hedges under IAS 39 hedge accounting	159.4	119.3
Net investment hedges under IAS 39 hedge accounting	47.4	68.9
Other hedges	320.5	204.6
Currency options	15.6	32.3
Cross-currency swaps, due under one year		
Under IAS 39 hedge accounting	20.0	-
Other net investment hedges	-	153.8
Cross-currency swaps, due in 1-3 years		
Under IAS 39 hedge accounting	23.6	43.6
Other net investment hedges	113.1	-
Electricity derivatives	2.5	2.9
Total	702.1	625.4

IAS 39 hedge accounting is not applied to currency options and electricity derivatives. Derivatives are hedging transactions in line with KONE hedging policy.

In the balance sheet, derivative assets and liabilities are included in current assets' deferred assets and current liabilities' accruals according to their principal nature.

Share and shareholders December 31, 2007	Class A shares	Class B shares	Total
Number of shares	19,052,178	109,300,416	128,352,594
Own shares in possession 1)		2,615,753	
Share capital, EUR			64,176,297
Market capitalization, MEUR			6,027
Number of shares traded, million, 2007		95.9	
Value of shares traded MEUR, 2007		4,487	
Number of shareholders	3	13,650	13,650
	Close	High	Low
Class B share price, EUR, Jan-Dec, 2007	47.93	59.80	39.52

1) During the fourth quarter of 2007, the authorization to repurchase shares was not used. During the second quarter of 2007, 129,000 shares were assigned to the share-based incentive plan. During the first quarter of 2007, KONE Corporation repurchased 6,000 own class B shares. During the reporting period January 1-December 31, 2006, KONE Corporation repurchased a total of 1,963,913 own class B shares. During the accounting period June 1-December 31, 2005, KONE Corporation repurchased a total of 374,840 own class B shares. In addition, relating to the share-based incentive plan, a company included in the consolidated financial statements acquired 400,000 KONE class B shares in December 2005.