

Dedicated to People Flow™



12:15 P.M. MARINA BAY SANDS, SINGAPORE

Changing Singapore's skyline.

Marina Bay Sands' towers are being served by 146 high-quality KONE elevators – ensuring smooth and safe people flow in these impressive landmark buildings.

KONE Q3

INTERIM REPORT
FOR JANUARY–SEPTEMBER 2011

KONE's Q3: Continued positive development

July–September 2011

- In July–September 2011, orders received totaled EUR 1,095 (7–9/2010: 865.2) million. Orders received increased by 26.6% at historical exchange rates and by 28.7% at comparable exchange rates.
- Net sales increased by 4.9% to EUR 1,296 (1,236) million. At comparable exchange rates the increase was 6.7%.
- Operating income was EUR 188.9 (184.8) million or 14.6% (15.0%) of net sales.
- Cash flow from operations was EUR 240.1 (242.8) million.
- KONE specifies its outlook for 2011. KONE's net sales is estimated to grow by 3–6% at comparable exchange rates as compared to 2010. The operating income (EBIT) is expected to be in the range of EUR 710–740 million, assuming that translation exchange rates do not deviate materially from the situation of the beginning of 2011. KONE previously estimated its net sales to grow by 0–5% at comparable exchange rates as compared to 2010. The previous operating income (EBIT) outlook was EUR 700–750 million, assuming that translation exchange rates do not deviate materially from the situation of the beginning of 2011.

January–September 2011

- In January–September 2011, orders received totaled EUR 3,366 (1–9/2010: 2,803) million. Orders received increased by 20.1% at historical exchange rates and by 20.9% at comparable exchange rates. The order book stood at EUR 4,143 (Dec 31, 2010: 3,598) million at the end of September 2011.
- Net sales increased by 4.0% to EUR 3,636 (3,498) million. At comparable exchange rates it increased by 4.8%.
- Operating income was EUR 492.1 (469.1) million or 13.5% (13.4%) of net sales.

KEY FIGURES

		7–9/2011	7–9/2010	1–9/2011	1–9/2010	1–12/2010
Orders received	MEUR	1,095.4	865.2	3,366.3	2,802.7	3,809.0
Order book	MEUR	4,143.2	3,657.9	4,143.2	3,657.9	3,597.8
Sales	MEUR	1,296.2	1,235.9	3,636.4	3,497.8	4,986.6
Operating income	MEUR	188.9	184.8	492.1	469.1	696.4
Operating income	%	14.6	15.0	13.5	13.4	14.0
Cash flow from operations (before financing items and taxes)	MEUR	240.1	242.8	607.3	662.1	857.2
Net income	MEUR	156.2	144.9	397.9	362.1	535.9
Total comprehensive income	MEUR	191.5	102.6	401.8	387.5	577.6
Basic earnings per share	EUR	0.61	0.57	1.56	1.42	2.10
Interest-bearing net debt	MEUR	-823.2	-610.7	-823.2	-610.7	-749.8
Total equity/total assets	%	50.4	45.3	50.4	45.3	49.3
Gearing	%	-47.2	-43.3	-47.2	-43.3	-46.8

Interim Report for January–September 2011

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

“The development in our markets is divided to the strongly growing Asia-Pacific region and to the European and North American regions where new equipment markets remain at a weak level in many countries. In this situation, I am very satisfied with the 27 percent growth in our order intake in the third quarter of the year. This has been made possible by the active work of our salespeople, the competitiveness of our products and the strong market positions we have built in the key growth markets in the past years. The development was clearly positive in all geographic areas.

Growth in our operating income continued. However, in line with what we forecasted already in the beginning of the year, the growth has been slower than last year. The growth in operating income was burdened by increased raw material costs, wage and salary costs in Asia as well as price pressures. In addition, we have continued to increase fixed costs in areas that support growth, in particular in Asia, research and development, and process development.

Cash flow returned to a very good level, and overall KONE’s situation in the current very uncertain economic environment is strong. Our objective is again to take this difficult market situation as an opportunity. We continue our active work with our development programs in order to continuously improve our competitiveness.”

Interim Report for January–September 2011

Accounting Principles

KONE Corporation's Interim Report for January–September 2011 has been prepared in line with IAS 34, "Interim Financial Reporting". KONE has applied the same accounting principles in the preparation of this Interim Report as in its Financial Statements for 2010, published on January 26, 2011. Additionally, the effective changes in IAS/IFRS standards during 2011 have been adopted. These changes have no material impact on the Interim Report. The information presented in this Interim Report has not been audited.

July–September 2011 review

Operating environment in July–September

In the third quarter of the year, KONE's operating environment remained divided to the strongly growing Asia-Pacific region and to the European and North American regions where new equipment markets remained at a weak level in many countries. In the Europe, Middle East and Africa (EMEA) region, activity in the new equipment markets in Central and North Europe declined slightly from a relatively good level, while South European markets remained stable at a weak level. The new equipment market in the Americas region continued to gradually recover but remained at a low level. In Asia-Pacific, rapid growth continued in all markets. Activity in major projects was at a high level in Asia-Pacific and the Middle East. Modernization markets grew slightly but with regional variations. Maintenance markets continued to develop favourably in all regions. The prolonged weakness in the new equipment markets in particular in South Europe and the Americas has further intensified price competition.

In the EMEA region, the overall new equipment market declined slightly in many Central and North European countries and remained weak in South Europe. The new equipment markets developed favourably in Sweden, Germany and Belgium. Activity in France grew slightly. In many South European markets, the office segment remained burdened by high vacancy rates, while the infrastructure, hotel, medical and educational segments offered selected opportunities. The overall activity in the Middle East was at a good level but the market situation varied across the region. The new equipment market grew the fastest in Saudi Arabia driven primarily by major projects in the infrastructure, medical and educational segments. The new equipment market in Russia continued to grow driven by the residential and office segments. Modernization markets developed positively in Central and North Europe with the highest activity level in the office segment and with growing modernization activity also in the residential segment. The modernization markets in South Europe were stable. Maintenance markets continued to develop well in the EMEA region, but the pricing environment remained challenging.

In the Americas region, the new equipment market continued to gradually recover from a low level. The overall new equipment market in the United States remained at a low level

although it has gradually recovered. The market situation varied significantly across the United States. The development was the most favorable on the East and West Coast as well as in Texas. Tendering activity in the office segment continued to grow in select markets. The infrastructure segment's activity remained at a low level in most parts of the United States. In Canada, the new equipment market remained stable at a good level. The growth of the new equipment market in Mexico was driven by the residential, office and multi-use building segments. Modernization markets grew slightly. Maintenance markets in the Americas developed well. Price competition remained intense.

In the Asia-Pacific region, the rapid growth in the new equipment markets continued during the third quarter. In China, all segments except the infrastructure segment continued to grow strongly. The residential segment grew rapidly driven by the affordable housing segment as well as the other residential segments in the inland lower-tier cities. The retail, office, hotel and medical segments continued to develop well, while the public transport segment was impacted negatively by the re-evaluation of high-speed rail investments. The overall new equipment market activity in India remained at a good level, in particular in the residential and hotel segments, but due to financing constraints the market growth rate was not as high as during the first half of the year. In Australia, the new equipment market remained active and the positive development of the modernization market continued. The Southeast Asian markets remained strong with the new equipment markets in Malaysia, Singapore and Indonesia growing the fastest. The growth was primarily driven by the residential and multi-use building segments. Maintenance markets in Asia-Pacific continued to develop favorably. The pricing environment remained intense in all markets.

Financial performance in July–September

KONE's orders received increased by 26.6% as compared to July–September 2010, and totaled EUR 1,095 (7–9/2010: 865.2) million. At comparable exchange rates, orders received increased by 28.7%. Orders received grew in all geographical areas as well as in both the new equipment and modernization businesses. Growth was particularly strong in Asia-Pacific, the Middle East and North America. In Asia-Pacific, orders received grew in all markets with China and India growing the fastest. Orders received grew significantly also in the EMEA region with the best performance in the Middle East, Russia, Belgium, Sweden, Finland and the United Kingdom. The orders received growth in the Middle East and the United Kingdom was due in particular to strong performance in the major projects business. Order intake grew strongly in the Americas, in the United States in particular. Maintenance contracts are not included in orders received.

The largest orders received in July–September 2011 included an order to supply 122 elevators, 60 escalators, and 39 autowalks to the redevelopment of Muscat International Airport's passenger terminal in Oman, as well as an order to

KONE's January–September 2011 review

SALES BY GEOGRAPHICAL REGIONS, MEUR

	7-9/2011	%	7-9/2010	%	1-9/2011	%	1-9/2010	%	1-12/2010	%
EMEA ¹⁾	697.9	54	674.9	55	2,004.5	55	1,999.3	57	2,911.5	58
Americas	231.6	18	259.1	21	661.4	18	746.5	21	1,018.3	21
Asia-Pacific	366.7	28	301.9	24	970.5	27	752.0	22	1,056.8	21
Total	1,296.2		1,235.9		3,636.4		3,497.8		4,986.6	

¹⁾ EMEA = Europe, Middle East, Africa

supply 139 elevators to Hong Kong's Express Rail Link project by the MTR Corporation. KONE was also selected to deliver 42 elevators and 60 escalators to the Eton Place Dalian complex in the city of Dalian in China. In the United States, KONE was awarded an order to supply nine escalators and two custom-inclined elevators as part of a line extension with the New York City Transit Authority.

KONE's net sales increased by 4.9% as compared to July–September 2010, and totaled EUR 1,296 (1,236) million. At comparable exchange rates, the increase was 6.7%.

New equipment sales was EUR 599.4 (585.3) million which represented an increase of 2.4% over the comparison period. At comparable currency rates, the increase was 4.5%.

Service sales (maintenance and modernization) increased by 7.1% and totaled EUR 696.8 (650.6) million. At comparable currency rates, the increase was 8.6%. Sales grew clearly in both maintenance and modernization.

The operating income for the July–September 2011 period totaled EUR 188.9 (184.8) million or 14.6% (15.0%) of net sales. The growth in operating income was burdened by increased material and wage and salary costs as well as intensified price competition. In addition, KONE continued to increase fixed costs in areas that support growth, in particular in Asia, research and development and process development.

Cash flow from operations in July–September 2011 was strong at EUR 240.1 (7-9/2010: 242.8) million. Cash flow from operations was strong due to the improved operating income and a reduction in net working capital (before financing items and taxes).

January–September 2011 review

Orders received and Order book in January–September

The overall new equipment market situation improved gradually in Central and North Europe during the first half of the year followed by a slight decline in market activity in the third quarter of the year, whereas the markets in South Europe were at a low level throughout the reporting period. The development in the Americas was slightly positive, improving gradually from a low level. Asia-Pacific continued to grow rapidly throughout the reporting period. Modernization markets grew slightly. The global maintenance markets continued to grow.

In January–September 2011, orders received increased by 20.1% and totaled EUR 3,366 (1-9/2010: 2,803) million. At comparable exchange rates, the increase was 20.9%. Maintenance contracts are not included in orders received.

The order book grew from the end of 2010 by 15.2% and stood at a record high level of EUR 4,143 (Dec 31, 2010: 3,598) million at the end of September 2011. At comparable exchange rates, the increase was 17.4%. The margin of the order book remained at a healthy level, although it declined slightly due to increasing material and wage and salary costs as well as growing price pressures. Cancellations of orders have remained at a very low level.

In the EMEA region, orders received grew clearly as compared to January–September 2010. The new equipment order intake growth was the fastest in the United Kingdom, Russia, the Middle East, Belgium, Finland and Sweden. New equipment orders received declined in some European markets such as Spain, Austria, the Netherlands, Italy and Switzerland. Modernization order intake in the EMEA region grew slightly as compared to January–September 2010. The development was the best in Sweden and Belgium, whereas modernization orders received declined in France, Spain, Austria and the Netherlands.

In the Americas, orders received increased significantly as compared to January–September 2010 due to a strong increase in the order intake in the United States in particular. New equipment orders received increased in the United States and Canada, and decreased in Mexico. Modernization order intake grew clearly in the Americas.

In the Asia-Pacific region, orders received grew very strongly in all markets. In new equipment orders received, India and China had the highest growth rates. Orders received in China grew strongly from an already high level in January–September 2010. Orders received grew strongly also in modernization in Asia-Pacific.

Net sales

In January–September 2011, KONE's net sales increased by 4.0% as compared to last year, and totaled EUR 3,636 (1-9/2010: 3,498) million. At comparable exchange rates the increase was 4.8%.

New equipment sales was EUR 1,628 (1,608) million and represented an increase of 1.2% over the comparison period

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in 2010. At comparable exchange rates the increase was 2.3%.

Service (maintenance and modernization) sales increased by 6.3% and totaled EUR 2,009 (1,889) million. At comparable exchange rates, the increase was 7.0%. Both maintenance and modernization sales grew.

Sales in the EMEA region was stable as compared to January–September 2010. New equipment sales declined, whereas modernization sales was stable and maintenance sales increased.

Sales in the Americas decreased as compared to the January–September 2010 due to a decline in the new equipment sales. Modernization and maintenance sales grew.

Sales in Asia-Pacific grew strongly in January–September 2011. Sales grew in all businesses.

The geographical distribution of net sales was 55 (57%) EMEA, 18% (21%) Americas and 27% (22%) Asia-Pacific.

Financial result

In January–September 2011, KONE's operating income was good at EUR 492.1 (1–9/2010: 469.1) million or 13.5% (13.4%) of net sales. The growth in operating income was the result of good business progress in Asia-Pacific as well as improved overall quality and productivity. Net financing items were EUR 17.6 (4.7) million.

KONE's income before taxes for January–September 2011 was EUR 517.2 (482.8) million. Taxes totaled EUR 119.3 (120.7) million. This represents an effective tax rate of 23.6% for the full financial year including certain prior year tax benefits, which were recorded during the reporting period. Excluding these benefits the estimated full-year effective tax rate from operations would be 25.0%. Net income for the period under review was EUR 397.9 (362.1) million.

Earnings per share was EUR 1.56 (1.42). Equity per share was EUR 6.84 (5.51).

Consolidated statement of financial position and Cash flow

KONE's financial position remained very strong and the company had a significantly positive net cash position at the end of September. Cash flow generated from operations (before financing items and taxes) in January–September 2011 was EUR 607.3 (1–9/2010: 662.1) million.

Cash flow from operations in the January–September 2011 period remained at a very good level, although it was lower than in the comparison period in 2010 in particular due to an increase in the net working capital (before financing items and taxes) in the second quarter relative to the comparison period. In the third quarter, net working capital (before financing items and taxes) improved and reached a good level. Net working capital, including financing items and taxes, was EUR -369.6 million (December 31, 2010: -394.3).

Interest-bearing assets exceeded interest-bearing debts and the net cash position totaled EUR 823.2 (December 31, 2010: 749.8) million at the end of September. Gearing was

-47.2%, compared with -46.8% at the end of 2010. KONE's total equity/total assets ratio was 50.4% (December 31, 2010: 49.3%) at the end of September.

Capital expenditure and acquisitions

KONE's capital expenditure, including acquisitions, totaled EUR 92.5 (1–9/2010: 181.8) million. Capital expenditure, excluding acquisitions, was mainly related to facilities and equipment in R&D, IT and production. Acquisitions accounted for EUR 57.0 (149.5) million of this figure.

During January–September 2011, KONE acquired the assets related to the elevator and escalator service business of CNIM Canada Inc. including all of their maintenance contracts in Canada. KONE also acquired Long Elevator & Machine Co., Inc. in the United States, an independent elevator company with operations in Missouri, Indiana and Illinois. These acquisitions, as well as smaller acquisitions completed during the reporting period, do not individually or as a whole have a material impact on the result or financial position of the Group.

During the reporting period, KONE also agreed to acquire a further 40% stake in its Chinese joint venture GiantKONE Elevators Co., Ltd, increasing its shareholding in GiantKONE from 40% to 80%. Through this acquisition KONE further strengthens its position in the Chinese market. The completion of the transaction is subject to approval by relevant Chinese authorities. The transaction is expected to be completed within a few months from the end of the reporting period.

Research and development

Research and development expenses totaled EUR 59.0 (1–9/2010: 46.6) million, representing 1.6% (1.3%) of net sales. R&D expenses include the development of new product and service concepts and further development of existing products and services. KONE's elevators and escalators are based on energy efficient technology.

In accordance with its vision of delivering the best People Flow™ experience, KONE focuses on understanding the needs of the users of its products and services in order to ease people flow in buildings and improve the user experience. One of KONE's five new development programs introduced in the beginning of 2011, Innovative Solutions for People Flow™, is targeted to developing innovative products for an increasingly urbanizing world with a focus on eco-efficiency, ride comfort and visual design.

During January–September 2011, in order to further improve KONE's industry-leading offering in the field of energy efficiency, solutions improving the energy efficiency of escalators and autowalks were compiled into easy-to-adopt product packages. The key benefits that KONE's customers derive from the product packages are major savings in energy costs, an extended equipment lifetime, less carbon emissions and an improved adherence to the requirements of green building certificates. KONE further extended its regenerative drive offering in elevators, making regenerative drives a standard

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feature in all mid- and high-rise elevator applications. KONE's regenerative drives enable recovery of up to 30% of the total energy consumption of the elevator system and they also improve ride comfort. In addition, KONE further extended its offering of elevators with class A energy efficiency according to the VDI standards.

During the January–September 2011 period, KONE also released a wide range of other product offering extensions and quality improvements for both the new equipment and the modernization markets. These enhancements included extensions to elevator and escalator offering and also improvements for installation and delivery processes. In order to strengthen its positioning in the fast growing Asian markets, KONE introduced extensions to its destination control system (DCS) offering. In addition, the offering specifically targeted to the affordable residential segment in China was further extended.

Other important events during the financial period

KONE announced in March 2010 that certain municipalities, public authorities and companies in Austria had filed civil damage claims against leading elevator and escalator companies, including KONE's Austrian subsidiary KONE AG. The claims relate to the 2007 decision of the Austrian Cartel Court concerning practices prior to mid-2004. Some further claims have been served since the announcement and the total capital amount claimed jointly and severally from all of the defendants together amounted to EUR 171 million at the end of September 2011. KONE's position is that the claims are without merit. No provision has been made.

KONE announced in January 2011 that certain companies and public entities had filed civil damage claims against KONE's German subsidiary KONE GmbH and certain other elevator and escalator companies operating in Germany. The claims relate to activities on the German market and are a result of the decision by the European Commission in 2007 on the respective companies concerning alleged anticompetitive practices in the local markets before early 2004. The total capital amount claimed jointly and severally from all of the defendants together amounted to EUR 79 million at the end of September 2011. KONE's position is that the claims are without merit. No provision has been made.

KONE announced in July 2011 that the General Court of the European Union had rendered its judgment concerning KONE's appeal against the European Commission's 2007 decision to impose fines on the major elevator and escalator companies, including KONE, for local anticompetitive practices in Belgium, Luxemburg, Germany and the Netherlands prior to mid-2004. KONE's appeal was rejected by the court. KONE has in September 2011 appealed this judgment to the Court of Justice of the European Union. The EUR 142 million fines imposed on KONE in 2007 were recognized as a cost in the first quarter of 2007 and paid in 2009.

Personnel

The objective of KONE's personnel strategy is to help the company meet its business targets. The main goals of this strategy are to further secure the availability, engagement, motivation and continuous development of its personnel. All of KONE's activities are guided by ethical principles. The personnel's rights and responsibilities include the right to a safe and healthy working environment, personal well-being as well as the prohibition of any kind of discrimination.

KONE defined Employee Engagement as one of its five new development programs in the beginning of 2011. The Employee Engagement development program builds on the earlier People Leadership program, focusing on the further improvement of leadership capabilities, on providing growth and development opportunities for KONE employees, and on ensuring well-being and safety at work. During January–September 2011, KONE actively implemented its action plan for the Employee Engagement program by building an integrated framework for employee well-being, by completing a feasibility study on flexible working practices, by kicking off an employee benefit audit, by completing a redesign of the global leadership development programs, by delivering training on mentoring, and by taking several measures targeted to facilitate job rotation.

The implementation of the action plans based on the results of the annual employee survey continued during the reporting period. The delivery of learning programs such as the Supervisor Development Program and KONE Leader continued as planned. The annual leadership and talent review round was completed for review by the Executive Board. Preparation work for a new top management development program continued, and a recruitment training package was finalized for launch.

KONE had 35,117 (December 31, 2010: 33,755) employees at the end of September 2011. The average number of employees was 34,386 (1–9/2010: 33,594).

The geographical distribution of KONE employees was 53% (December 31, 2010: 55%) in EMEA, 15% (15%) in the Americas and 32% (30%) in Asia-Pacific.

Environment

KONE's aim is to be the eco-efficiency leader in its industry. The focus in the development of eco-efficient elevator and escalator solutions is on further improving energy-saving in stand-by and operation modes.

The most significant environmental impact of KONE's business globally relates to the amount of electricity used by KONE solutions in their lifetime. This underlines the importance of energy-efficient innovations for elevators and escalators. The most significant impact on KONE's carbon footprint from its own operations relates to the company's car fleet, electricity consumption and logistics.

KONE announced in late 2010 that it had reached its ambitious target set in 2008 of reducing the electricity consumption of its volume elevators by 50%. During January–Septem-

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ber 2011, KONE continued to work on further decreasing the energy consumption of its solutions and further increasing energy efficient references globally.

KONE continuously works on minimizing its carbon footprint and on ensuring that its suppliers comply with corresponding requirements and environmental targets. During the reporting period, KONE continued to work to further reduce the energy consumption of its manufacturing and logistics operations as well as that of its facilities and car fleet.

KONE has published a Corporate Responsibility Report for the year 2010, which follows the application level B of the Global Reporting Initiative guidelines. KONE has identified new environmental targets to further improve the energy efficiency of the next generation KONE elevators and escalators. The other ambitious targets in the Environmental Excellence program for 2011–2013 focus on reducing carbon dioxide emissions from KONE's operations. KONE also continues to focus on the environmental aspects of its supply chain.

Capital and risk management

KONE is exposed to risks, which may arise from its operations or changes in the business environment. The risk factors described below can potentially have an adverse effect on KONE's business operations and financial position and hence the value of the company. Other risks, which are currently either unknown or considered immaterial to KONE, may, however, become material in the future.

The uncertainty and weakening of the economic situation in Europe and North America or a disruption in the growth in the Asia-Pacific region could result in a decrease in the new equipment and modernization orders received, cancellations of agreed deliveries, delays in the commencement of projects and as a result negatively affect KONE's profitability.

KONE's business activities are dependent on the uninterrupted operation and reliability of sourcing channels, production plants, logistics processes and the IT systems used. These risks are controlled by analyzing and improving the fault tolerance of processes, accurate forecasting, close cooperation with KONE's suppliers and by increasing the readiness for transferring the manufacturing of critical components from one production line or supplier to another. KONE actively monitors the operations and financial strength of its key suppliers. The aim is also to secure the availability of alternative sourcing channels for critical services. Additionally, KONE has a global property damage and business interruption insurance program in place.

Changes in raw material prices are 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 most important raw materials for KONE have increased significantly during the year. In particular, the price of rare earths which are required in the manufacturing of permanent magnets for KONE's hoisting machines, have increased dramatically since the beginning of the year. In addition, these materials remain in short supply. The increases

in raw material prices have had and may have an increasing negative impact on KONE's profitability. In order to reduce the fluctuation of raw material prices and their impact on the price of components, KONE aims to enter into fixed price contracts for its significant materials purchases. The maintenance business deploys a significant fleet of service vehicles, and fuel price fluctuations therefore have an effect on the cost of maintenance.

KONE operates in certain markets with high growth rates, where there are challenges in the availability of skilled technicians. This can lead to delays in deliveries and increases in costs, which can have an adverse impact on the profitability of the company. KONE manages this risk by proactive project and resource planning in order to ensure that required resources are available.

The introduction of new custom duties, tariffs or other forms of trade barriers could impact KONE's competitiveness in cross-border deliveries. Although a significant part of component suppliers and KONE's supply capacity are located in the Asia-Pacific region, KONE has supply operations in all major continents where it operates, which increases its ability to shift production from one continent to another in order to adapt to changes in the business environment.

The continued uncertain global economic environment could affect the liquidity and payment schedules of KONE's customers and lead to credit losses. KONE has defined rules for tendering, authorizations and credit control. Advance payments, documentary credits and guarantees are used in the payment terms to minimize the risks related to accounts receivable. KONE's customer base consists of a large number of customers in several market areas and no individual customer represents a material share of its sales.

A significant part of KONE's sales consists of services which are less susceptible to the effects of economic cycles, but which are very labor-intensive. The profit development of KONE could be adversely affected if its productivity improvement targets were not met, in particular if salaries and costs increased more than KONE would be able to increase its prices or if it were not possible to adapt its resources in response to changing business opportunities and environments. These risks are managed by proactive planning and forecasting processes, by the constant development of productivity as well as by the outsourcing of certain activities.

KONE has significant amounts of liquid funds deposited with financial institutions in Europe and in China. KONE is therefore exposed to counterparty risks with such institutions. In order to diversify the financial credit risk KONE uses several banks and counterparties and approves only counterparties with high creditworthiness. The size of each counterparty limit reflects the creditworthiness of the counterparty and KONE constantly evaluates such limits. In addition, KONE operates internationally and is thus exposed to risks arising from foreign exchange rate fluctuations related to currency flows from revenues and expenses and from the translation of income statement and statement of financial position items of foreign

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subsidiaries into euros. The Group Treasury is responsible for the centralized management of financial risks in accordance with the Group Treasury Policy approved by the Board of Directors. For further information regarding financial risks, please refer to note 2 in the consolidated Financial Statements 2010 published on January 26, 2011.

Decisions of the Annual General Meeting

KONE Corporation's Annual General Meeting was held in Helsinki on February 28, 2011. The meeting approved the financial statements and discharged the responsible parties from liability for the January 1–December 31, 2010 financial period.

The number of Members of the Board of Directors was confirmed as eight and it was decided to elect one deputy Member. Re-elected as Members of the Board were Matti Alahuhta, Anne Brunila, Reino Hanhinen, Antti Herlin, Sirkka Hämäläinen-Lindfors, Juhani Kaskeala, Shunichi Kimura and Sirpa Pietikäinen and as deputy Member Jussi Herlin.

At its meeting held after the Annual General Meeting, the Board of Directors elected from among its members Antti Herlin as its Chair and Sirkka Hämäläinen-Lindfors as Vice Chair.

Antti Herlin was elected as Chairman of the Audit Committee. Sirkka Hämäläinen-Lindfors and Anne Brunila were elected as independent Members of the Audit Committee.

Antti Herlin was elected as Chairman of the Nomination and Compensation Committee. Reino Hanhinen and Juhani Kaskeala were elected as independent Members of the Nomination and Compensation Committee.

The Annual General Meeting confirmed an annual compensation of EUR 54,000 for the Chairman of the Board, EUR 44,000 for the Vice Chairman, EUR 33,000 for Board Members and EUR 16,500 for the deputy Member. In addition, a compensation of EUR 500 was approved for attendance at Board and Committee meetings.

The General Meeting approved the authorization for the Board of Directors to repurchase KONE's own shares. Altogether no more than 25,570,000 shares may be repurchased, of which no more than 3,810,000 may be class A shares and 21,760,000 class B shares, taking into consideration the provisions of the Companies Act regarding the maximum amount of own shares that the Company is allowed to possess. The minimum and maximum consideration for the shares to be purchased is determined for both class A and class B shares on the basis of the trading price for class B shares determined on the NASDAQ OMX Helsinki Ltd. on the time of purchase. The authorization will remain in effect for a period of one year from the date of decision of the General Meeting.

Authorized public accountants Heikki Lassila and Price-waterhouseCoopers Oy were re-nominated as the Company's auditors.

The Annual General Meeting approved the Board's proposal for dividends of EUR 0.895 for each of the 38,104,356 class A shares and EUR 0.90 for the 217,283,894 outstanding class B shares. The date of record for dividend distribution was

March 3, 2011, and the dividends were paid on March 10, 2011.

Share capital and Market capitalization

The Annual General Meeting in 2010 authorized the Board of Directors to decide on the issuance of options and other special rights entitling to shares. The authorization is limited to a maximum of 3,810,000 class A shares and 21,760,000 class B shares. The authorization concerns both the issuance of new shares as well as the transfer of treasury shares, and the issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights. The authorization will remain in effect for a period of five years from the date of the decision of the General Meeting.

In 2007, KONE granted a conditional option program. The 2007 stock options were listed on the NASDAQ OMX Helsinki Ltd. as of April 1, 2010. The total number of stock options was 2,000,000 of which 888,000 are owned by a subsidiary of KONE Corporation. On September 30, 2011, the number of options outstanding was 1,009,800. Each option right entitles its owner to subscribe for two (2) existing class B shares held by the company at a price of, as per March 1, 2011, EUR 21.945 per share. The subscription period for the 2007 stock options is April 1, 2010–April 30, 2012.

In 2010, KONE granted a conditional option program. A maximum total of 3,000,000 options can be granted. Each option entitles its holder to subscribe for one (1) new or existing class B KONE share held by the company at a price of, as per March 1, 2011, EUR 34.10 per share. The share subscription period for the stock options 2010 will be April 1, 2013–April 30, 2015. The share subscription period begins only if the financial performance of the KONE Group for the financial years 2010–2012 based on the total consideration of the Board of Directors is equal to or better than the average performance of key competitors of KONE. If the above-mentioned prerequisite is not fulfilled, stock options expire based on the consideration and in the extent and manner decided by the Board of Directors and the terms of the stock options.

On September 30, 2011, KONE's share capital was EUR 65,134,030.00, comprising 222,431,764 listed class B shares and 38,104,356 unlisted class A shares.

KONE's market capitalization was EUR 9,129 million on September 30, 2011, disregarding own shares in the Group's possession. Market capitalization is calculated on the basis of both the listed B shares and the unlisted A shares excluding treasury shares. Class A shares are valued at the closing price of the class B shares at the end of the reporting period.

Shares in KONE's possession

On the basis of the Annual General Meeting's authorization, KONE Corporation's Board of Directors decided to commence the possible repurchasing of shares at the earliest on March 8, 2011.

KONE's January–September 2011 review

During January–September 2011, KONE used its previous authorization to repurchase own shares in February, and bought back in total 298,835 of its class B shares. In April KONE assigned 219,000 of its own class B shares to a share-based incentive plan. In July, 200,000 class B shares owned by KONE were subscribed with 2007 option rights. During August, KONE used its current authorization to repurchase own shares and bought back in total 799,250 of its class B shares.

At the end of September, the Group had 5,528,120 class B shares in its possession. The shares in the Group's possession represent 2.5% of the total number of class B shares. This corresponds to 0.9% of the total voting rights.

Shares traded on the NASDAQ OMX Helsinki Ltd.

The NASDAQ OMX Helsinki Ltd. traded 118.2 million KONE Corporation's class B shares in January–September 2011, equivalent to a turnover of EUR 4,724 million. The daily average trading volume was 622,287 shares (1–9/2010: 575,628). The share price on September 30, 2011 was EUR 35.80. The volume weighted average share price during the period was EUR 39.98. The highest quotation during the period under review was EUR 44.37 and the lowest EUR 34.35.

The number of registered shareholders was 29,772 at the beginning of the review period and 30,573 at its end. The number of private households holding shares totaled 27,974 at the end of the period, which corresponds to approximately 13% of the listed B shares.

According to the nominee registers, 44.8% of the listed class B shares were owned by foreigners as per September 30, 2011. Other foreign ownership at the end of the period totaled 6.3%. Thus a total of 51.2% of KONE's listed class B shares were owned by international investors, corresponding to approximately 18.9% of the total votes in the company.

Market outlook 2011

The new equipment markets in Asia-Pacific are expected to continue to develop positively, albeit at a lower rate than during January–September 2011. The overall activity level in the new equipment markets in Central and North Europe is expected to remain relatively stable. Markets in South Europe are expected to remain weak. The new equipment markets in North America are expected to continue to gradually recover from a low level, but the outlook remains uncertain. The modernization markets are expected to grow slightly. The maintenance markets are expected to continue to develop well.

Outlook 2011

KONE specifies its outlook for 2011.

KONE's net sales is estimated to grow by 3–6% at comparable exchange rates as compared to 2010.

The operating income (EBIT) is expected to be in the range of EUR 710–740 million, assuming that translation exchange rates do not deviate materially from the situation of the beginning of 2011.

Previous outlook

KONE's net sales is estimated to grow by 0–5% at comparable exchange rates as compared to 2010.

The operating income (EBIT) is expected to be in the range of EUR 700–750 million, assuming that translation exchange rates do not deviate materially from the situation of the beginning of 2011.

Helsinki, October 20, 2011

KONE Corporation's Board of Directors

Consolidated statement of income

MEUR	7-9/2011	%	7-9/2010	%	1-9/2011	%	1-9/2010	%	1-12/2010	%
Sales	1,296.2		1,235.9		3,636.4		3,497.8		4,986.6	
Costs and expenses	-1,091.4		-1,035.3		-3,096.7		-2,981.3		-4,226.7	
Depreciation and amortization	-15.9		-15.8		-47.6		-47.4		-63.5	
Operating income	188.9	14.6	184.8	15.0	492.1	13.5	469.1	13.4	696.4	14.0
Share of associated companies' net income	3.2		4.5		7.5		9.0		12.3	
Financing income	14.1		4.3		22.3		11.5		14.7	
Financing expenses	-1.0		-1.2		-4.7		-6.8		-9.0	
Income before taxes	205.2	15.8	192.4	15.6	517.2	14.2	482.8	13.8	714.4	14.3
Taxes	-49.0		-47.5		-119.3		-120.7		-178.5	
Net income	156.2	12.1	144.9	11.7	397.9	10.9	362.1	10.4	535.9	10.7
Net income attributable to:										
Shareholders of the parent company	156.0		144.8		397.3		361.4		535.3	
Non-controlling interests	0.2		0.1		0.6		0.7		0.6	
Total	156.2		144.9		397.9		362.1		535.9	
Earnings per share for profit attributable to the shareholders of the parent company, EUR										
Basic earnings per share, EUR	0.61		0.57		1.56		1.42		2.10	
Diluted earnings per share, EUR	0.61		0.56		1.55		1.41		2.09	

Consolidated statement of comprehensive income

MEUR	7-9/2011	7-9/2010	1-9/2011	1-9/2010	1-12/2010
Net income	156.2	144.9	397.9	362.1	535.9
Other comprehensive income, net of tax:					
Translation differences	32.2	-48.0	-6.8	29.4	45.5
Hedging of foreign subsidiaries	3.8	-1.2	5.3	-1.2	0.5
Cash flow hedges	-0.7	6.9	5.4	-2.8	-4.3
Other comprehensive income, net of tax	35.3	-42.3	3.9	25.4	41.7
Total comprehensive income	191.5	102.6	401.8	387.5	577.6
Total comprehensive income attributable to:					
Shareholders of the parent company	191.3	102.5	401.2	386.8	577.0
Non-controlling interests	0.2	0.1	0.6	0.7	0.6
Total	191.5	102.6	401.8	387.5	577.6

Condensed consolidated statement of financial position

Assets MEUR	Sep 30, 2011	Sep 30, 2010	Dec 31, 2010
Non-current assets			
Intangible assets	899.8	838.7	859.6
Tangible assets	210.7	203.8	204.9
Loans receivable and other interest-bearing assets	7.7	1.7	1.8
Deferred tax assets	179.2	177.9	176.5
Investments	181.7	163.5	180.6
Total non-current assets	1,479.1	1,385.6	1,423.4
Current assets			
Inventories	874.0	889.2	765.9
Advance payments received	-977.7	-1,012.0	-902.7
Accounts receivable and other non interest-bearing assets	1,232.4	1,160.4	1,141.2
Current deposits and loan receivables	705.3	481.8	624.9
Cash and cash equivalents	147.5	208.2	192.5
Total current assets	1,981.5	1,727.6	1,821.8
Total assets	3,460.6	3,113.2	3,245.2

Equity and liabilities MEUR	Sep 30, 2011	Sep 30, 2010	Dec 31, 2010
Equity	1,745.8	1,409.0	1,600.6
Non-current liabilities			
Loans	23.2	30.0	28.7
Deferred tax liabilities	58.5	51.3	60.8
Employee benefits	108.9	113.3	113.4
Total non-current liabilities	190.6	194.6	202.9
Provisions	86.0	94.0	99.4
Current liabilities			
Loans	14.1	51.0	40.7
Accounts payable and other liabilities	1,424.1	1,364.6	1,301.6
Total current liabilities	1,438.2	1,415.6	1,342.3
Total equity and liabilities	3,460.6	3,113.2	3,245.2

Consolidated statement of changes in equity

MEUR	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Own shares	Retained earnings	Net income for the period	Non-controlling interests	Total equity
Jan 1, 2011	65.1	100.3	35.0	-3.9	21.5	-91.4	1,472.7		1.3	1,600.6
Net income for the period								397.3	0.6	397.9
Other comprehensive income:										
Translation differences					-6.8					-6.8
Hedging of foreign subsidiaries				5.3	0.0					5.3
Cash flow hedges				5.4						5.4
Transactions with shareholders and non-controlling interests:										
Profit distribution							-229.7			-229.7
Increase in equity			4.4							4.4
Purchase of own shares						-40.7				-40.7
Sale of own shares										-
Change in non-controlling interests							-0.3		0.1	-0.2
Option and share-based compensation						12.5	-2.9			9.6
Sep 30, 2011	65.1	100.3	39.4	6.8	14.7	-119.6	1,239.8	397.3	2.0	1,745.8

MEUR	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Own shares	Retained earnings	Net income for the period	Non-controlling interests	Total equity
Jan 1, 2010	64.6	100.3	13.1	0.4	-24.5	-80.1	1,264.6		0.8	1,339.2
Net income for the period								361.4	0.7	362.1
Other comprehensive income:										
Translation differences					29.4					29.4
Hedging of foreign subsidiaries					-1.2					-1.2
Cash flow hedges				-2.8						-2.8
Transactions with shareholders and non-controlling interests:										
Profit distribution						1.3	-334.0			-332.7
Increase in equity	0.5		21.8							22.3
Purchase of own shares						-16.9				-16.9
Sale of own shares										-
Change in non-controlling interests									-0.1	-0.1
Option and share-based compensation						4.3	5.4			9.7
Sep 30, 2010	65.1	100.3	34.9	-2.4	3.7	-91.4	936.0	361.4	1.4	1,409.0

Consolidated statement of changes in equity

MEUR	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Own shares	Retained earnings	Net income for the period	Non-controlling interests	Total equity
Jan 1, 2010	64.6	100.3	13.1	0.4	-24.5	-80.1	1,264.6		0.8	1,339.2
Net income for the period								535.3	0.6	535.9
Other comprehensive income:										
Translation differences					45.5					45.5
Hedging of foreign subsidiaries					0.5					0.5
Cash flow hedges				-4.3						-4.3
Transactions with shareholders and non-controlling interests:										
Profit distribution						1.3	-334.5			-333.2
Increase in equity	0.5		21.8							22.3
Purchase of own shares						-16.9				-16.9
Sale of own shares										-
Change in non-controlling interests							-1.1		-0.1	-1.2
Option and share-based compensation			0.1			4.3	8.4			12.8
Dec 31, 2010	65.1	100.3	35.0	-3.9	21.5	-91.4	937.4	535.3	1.3	1,600.6

Condensed consolidated statement of cash flows

MEUR	7-9/2011	7-9/2010	1-9/2011	1-9/2010	1-12/2010
Operating income	188.9	184.8	492.1	469.1	696.4
Change in working capital before financial items and taxes	35.3	42.2	67.6	145.6	95.3
Depreciation, amortization and impairment	15.9	15.8	47.6	47.4	65.5
Cash flow from operations	240.1	242.8	607.3	662.1	857.2
Cash flow from financing items and taxes	-42.5	-11.4	-141.3	-124.7	-174.2
Cash flow from operating activities	197.6	231.4	466.0	537.4	683.0
Cash flow from investing activities	-81.2	-80.9	-119.6	-131.1	-142.2
Cash flow after investing activities	116.4	150.5	346.4	406.3	540.8
Purchase, sale and distribution of own shares	-28.9	-	-40.7	-16.9	-16.8
Increase in equity	4.4	-	4.4	22.3	22.3
Profit distribution	-	-	-229.7	-332.7	-333.2
Change in deposits and loans receivable, net	-117.7	-94.1	-83.0	-45.7	-182.7
Change in loans payable	-32.4	-9.7	-37.2	-38.3	-54.1
Cash flow from financing activities	-174.6	-103.8	-386.2	-411.3	-564.5
Change in cash and cash equivalents	-58.2	46.7	-39.8	-5.0	-23.7
Cash and cash equivalents at end of period	147.5	208.2	147.5	208.2	192.5
Translation difference	1.0	5.3	5.2	-8.3	-11.3
Cash and cash equivalents at beginning of period	206.7	166.8	192.5	204.9	204.9
Change in cash and cash equivalents	-58.2	46.7	-39.8	-5.0	-23.7

CHANGE IN INTEREST-BEARING NET DEBT

MEUR	7-9/2011	7-9/2010	1-9/2011	1-9/2010	1-12/2010
Interest-bearing net debt at beginning of period	-715.6	-487.6	-749.8	-504.7	-504.7
Interest-bearing net debt at end of period	-823.2	-610.7	-823.2	-610.7	-749.8
Change in interest-bearing net debt	-107.6	-123.1	-73.4	-106.0	-245.1

Notes for the interim report

KEY FIGURES

		1-9/2011	1-9/2010	1-12/2010
Basic earnings per share	EUR	1.56	1.42	2.10
Diluted earnings per share	EUR	1.55	1.41	2.09
Equity per share	EUR	6.84	5.51	6.25
Interest-bearing net debt	MEUR	-823.2	-610.7	-749.8
Total equity/total assets	%	50.4	45.3	49.3
Gearing	%	-47.2	-43.3	-46.8
Return on equity	%	31.7	35.1	36.5
Return on capital employed	%	31.1	33.3	34.8
Total assets	MEUR	3,460.6	3,113.2	3,245.2
Assets employed	MEUR	922.6	798.3	850.8
Working capital (including financing and tax items)	MEUR	-369.6	-407.7	-394.3

SALES BY GEOGRAPHICAL REGIONS

MEUR	1-9/2011	%	1-9/2010	%	1-12/2010	%
EMEA ¹⁾	2,004.5	55	1,999.3	57	2,911.5	58
Americas	661.4	18	746.5	21	1,018.3	21
Asia-Pacific	970.5	27	752.0	22	1,056.8	21
Total	3,636.4		3,497.8		4,986.6	

¹⁾ EMEA = Europe, Middle East, Africa

QUARTERLY FIGURES

		Q3/2011	Q2/2011	Q1/2011	Q4/2010	Q3/2010	Q2/2010	Q1/2010
Orders received	MEUR	1,095.4	1,226.2	1,044.7	1,006.3	865.2	1,042.8	894.7
Order book	MEUR	4,143.2	3,947.7	3,737.5	3,597.8	3,657.9	3,933.7	3,638.5
Sales	MEUR	1,296.2	1,286.4	1,053.8	1,488.8	1,235.9	1,258.9	1,003.0
Operating income	MEUR	188.9	184.5	118.7	227.3	184.8	175.7	108.6
Operating income	%	14.6	14.3	11.3	15.3	15.0	14.0	10.8

		Q4/2009	Q3/2009	Q2/2009	Q1/2009	Q4/2008	Q3/2008	Q2/2008	Q1/2008
Orders received	MEUR	813.5	766.5	953.9	898.5	845.2	892.4	1,092.4	1,117.5
Order book	MEUR	3,309.1	3,603.4	3,754.1	3,753.1	3,576.7	4,002.8	3,838.7	3,617.4
Sales	MEUR	1,426.8	1,127.3	1,168.6	1,021.0	1,431.6	1,123.8	1,142.1	905.3
Operating income	MEUR	202.7	160.1	146.3	¹⁾ 91.2	189.2	146.0	136.7	86.5
Operating income	%	14.2	14.2	12.5	¹⁾ 8.9	13.2	13.0	12.0	9.6

		Q4/2007	Q3/2007	Q2/2007	Q1/2007	Q4/2006	Q3/2006	Q2/2006	Q1/2006
Orders received	MEUR	901.9	926.3	944.4	902.1	712.1	742.0	821.9	840.3
Order book	MEUR	3,282.3	3,473.6	3,318.0	3,105.7	2,762.1	2,951.0	2,818.0	2,654.0
Sales	MEUR	1,294.2	971.6	1,001.9	811.2	1,145.6	879.8	840.4	735.0
Operating income	MEUR	160.8	²⁾ 126.7	116.4	69.3	³⁾ 123.4	101.1	83.9	51.7
Operating income	%	12.4	²⁾ 13.0	11.6	8.5	³⁾ 10.8	11.5	10.0	7.0

¹⁾ Excluding a EUR 33.6 million one-time restructuring cost related to the fixed cost adjustment program.

²⁾ Excluding a EUR 22.5 million provision for the Austrian cartel court's fine decision and a MEUR 12.1 sales profit from the sale of KONE Building.

³⁾ Excluding a EUR 142.0 million fine for the European Commission's decision.

Notes for the interim report

ORDERS RECEIVED

MEUR	1-9/2011	1-9/2010	1-12/2010
	3,366.3	2,802.7	3,809.0

ORDER BOOK

MEUR	Sep 30, 2011	Sep 30, 2010	Dec 31, 2010
	4,143.2	3,657.9	3,597.8

CAPITAL EXPENDITURE

MEUR	1-9/2011	1-9/2010	1-12/2010
In fixed assets	24.3	22.4	32.0
In leasing agreements	11.2	9.9	11.5
In acquisitions	57.0	149.5	167.2
Total	92.5	181.8	210.7

R&D EXPENDITURE

MEUR	1-9/2011	1-9/2010	1-12/2010
	59.0	46.6	70.9
R&D Expenditure as percentage of sales	1.6	1.3	1.4

NUMBER OF EMPLOYEES

	1-9/2011	1-9/2010	1-12/2010
Average	34,386	33,594	33,566
At the end of the period	35,117	33,626	33,755

Notes for the interim report

COMMITMENTS

MEUR	Sep 30, 2011	Sep 30, 2010	Dec 31, 2010
Mortgages			
Group and parent company	-	-	-
Pledged assets			
Group and parent company	0.1	2.0	2.0
Guarantees			
Associated companies	3.4	3.8	3.5
Others	8.2	10.1	6.0
Operating leases	178.5	175.6	179.0
Total	190.2	191.5	190.5

Banks and financial institutions have guaranteed obligations arising in the ordinary course of business of KONE companies up to a maximum of EUR 708.0 (September 30, 2010: 705.0) million as of September 30, 2011.

Possible unidentified debts and liabilities of the in 2005 demerged Kone Corporation were transferred to the new KONE Corporation according to the demerger plan.

KONE leases cars, machinery & equipment and buildings under operating leases with varying terms.

The future minimum lease payments under non-cancellable operating leases

MEUR	Sep 30, 2011	Sep 30, 2010	Dec 31, 2010
Less than 1 year	48.1	45.4	44.5
1–5 years	106.1	101.3	100.7
Over 5 years	24.3	28.9	33.8
Total	178.5	175.6	179.0

DERIVATIVES

Fair values of derivative financial instruments	positive fair value	negative fair value	net fair value	net fair value	net fair value
MEUR	Sep 30, 2011	Sep 30, 2011	Sep 30, 2011	Sep 30, 2010	Dec 31, 2010
Foreign exchange forward contracts and swaps	17.5	8.3	9.2	-5.8	-2.9
Cross-currency swaps	-	27.1	-27.1	-13.4	-20.2
Electricity price forward contracts	0.4	0.3	0.1	-0.1	0.9
Total	17.9	35.7	-17.8	-19.3	-22.2

Nominal values of derivative financial instruments

Me	Sep 30, 2011	Sep 30, 2010	Dec 31, 2010
Foreign exchange forward contracts and swaps	782.7	583.8	534.7
Cross-currency swaps	139.3	139.3	139.3
Electricity price forward contracts	4.5	4.5	5.6
Total	926.5	727.6	679.6

Shares and shareholders

Sep 30, 2011	Class A shares	Class B shares	Total
Number of shares	38,104,356	222,431,764	260,536,120
Own shares in possession ¹⁾		5,528,120	
Share capital, EUR			65,134,030
Market capitalization, MEUR			9,129
Number of B-shares traded (millions), 1–9/2011		118.2	
Value of B-shares traded, MEUR, 1–9/2011		4,724	
Number of shareholders	3	30,573	30,573

	Close	High	Low
Class B share price, EUR, Jan–Sep 2011	35.80	44.37	34.35

¹⁾ During January–September 2011, KONE used its previous authorization to repurchase own shares in February, and bought back in total 298,835 of its class B shares. In April KONE assigned 219,000 of its own class B shares to a share-based incentive plan. In July, 200,000 class B shares owned by KONE were subscribed with 2007 option rights. During August, KONE used its current authorization to repurchase own shares and bought back in total 799,250 of its class B shares.

KONE Corporation

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KONE is one of the global leaders in the elevator and escalator industry. The company has been committed to understanding the needs of its customers for the past century, providing industry-leading elevators, escalators and automatic building doors as well as innovative solutions for modernization and maintenance. The company's objective is to offer the best people flow experience by developing and delivering solutions that enable people to move smoothly, safely, comfortably and without waiting in buildings in an increasingly urbanizing environment. In 2010, KONE had annual net sales of EUR 5.0 billion and approximately 33,800 employees. KONE class B shares are listed on the NASDAQ OMX Helsinki Ltd in Finland.

This Interim Report 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.