

Kone Corporation

Annual General Meeting

18 May, 2005

Agenda

1. Opening of the meeting
2. Election of chairman and secretary for the meeting
3. Election of one person to audit the minutes

4. Legitimacy and quorum of the meeting

5. List of votes

6. Reviews

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- Financial period 1 Jan, 2004–31 Mar, 2005
Antti Herlin, Chairman & CEO
 - KONE Elevators & Escalators
Matti Alahuhta, President, KONE Corporation
 - Kone Cargotec
Carl-Gustaf Bergström, President, Kone Cargotec

Financial period
1 Jan, 2004–31 Mar, 2005

Antti Herlin
Chairman & CEO

Kone Corporation

Key Figures

		1 Jan,2004- 31 Mar, 2005	1 Jan, 2003- 31 Dec, 2003
Sales	MEUR	5,561.9	5,410.4
Operating income	MEUR	530.4	437.0
Equity per share	EUR	20.62	17.80
Interest bearing net debt	MEUR	335	747
Total equity/total assets	%	36.6	29.2
Gearing	%	25	67

Share Price Development 1/2000–3/2005

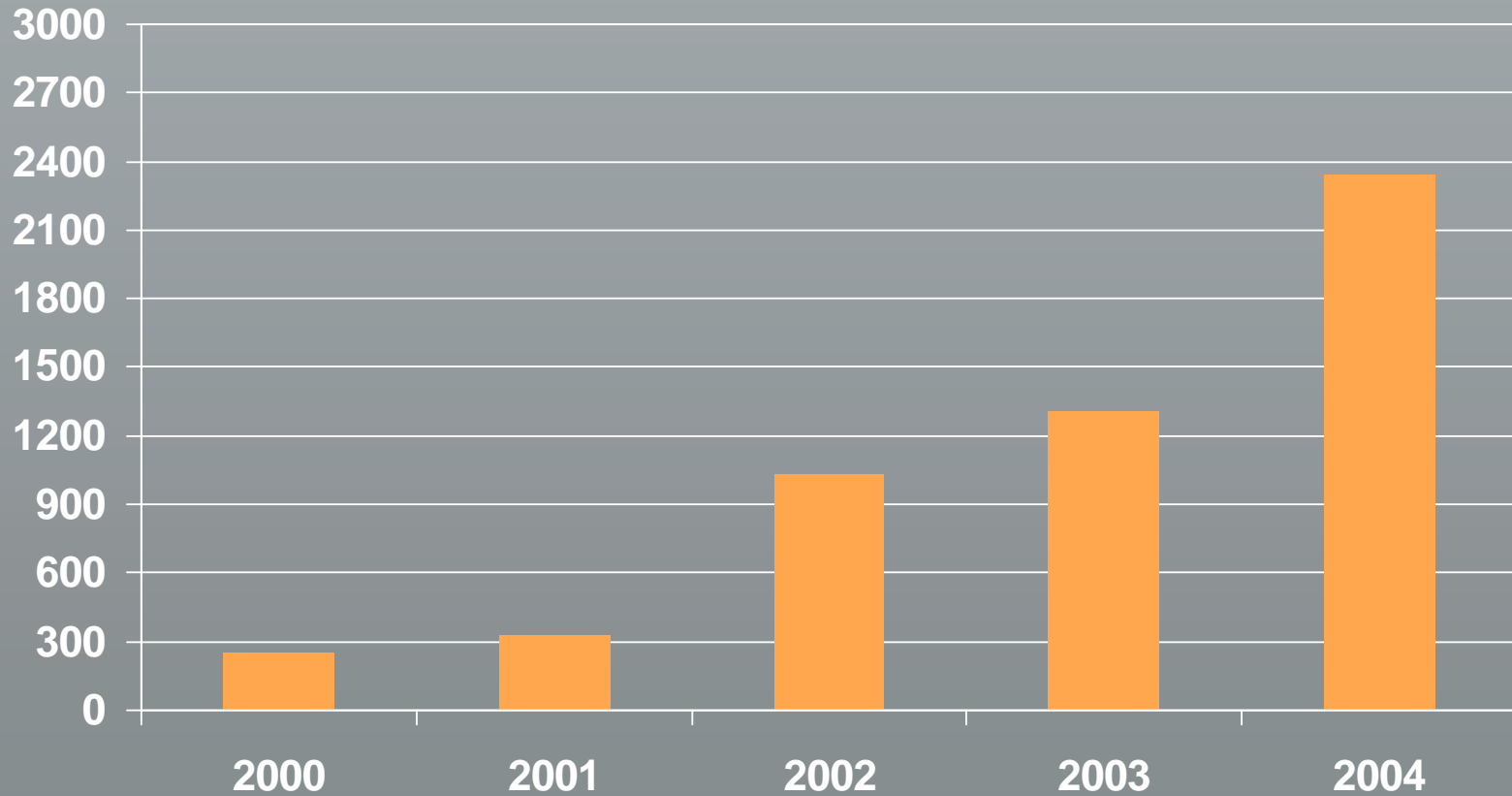
vs. HEX Portfolio Index



■ KONE Class B share ■ HEX Portfolio Index

Class B shares traded

MEUR

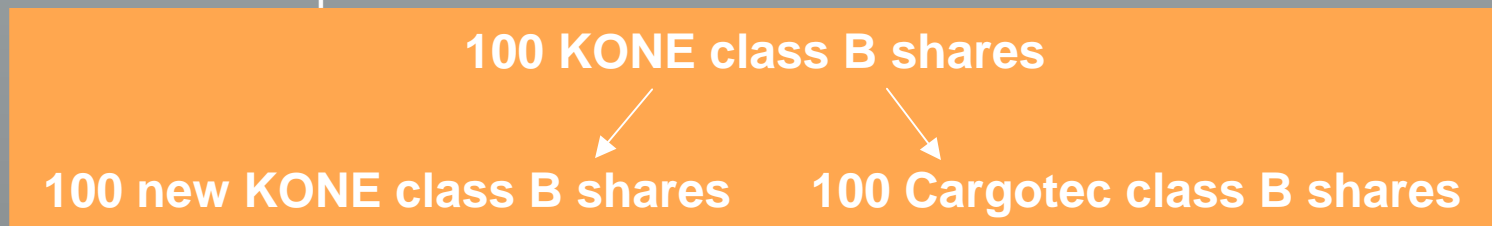


Key Events

- KONE's demerger to two corporations
 - Both divisions have been developed during the past two years
 - From here onwards it will benefit both the two operations and shareholders to develop KONE and Cargotec as independent corporations
 - KONE Corporation and Cargotec Corporation will be listed on the Helsinki Stock Exchange on 1 June, 2005
- Purchase and sale of own shares – financing acquisition of MacGREGOR
- Matti Alahuhta new President as of 1 January, 2005
- Separation of new KONE's and Cargotec's shareholder structure

Shareholders' position in demerger

- No tax effects
- Does not require any procedure
- Will automatically be done in the share register
 - The KONE B shares in the register at the end of trading on 31 May, 2005 will be unulled and replaced with the equivalent amount of new KONE and Cargotec shares
 - For example



- The new shares are at the owners' disposal when the listing is initiated on 1 June, 2005

The heart of your building™



KONE Elevators & Escalators: January 2004–March 2005

Matti Alahuhta, President, KONE



Market development during the financial period under review

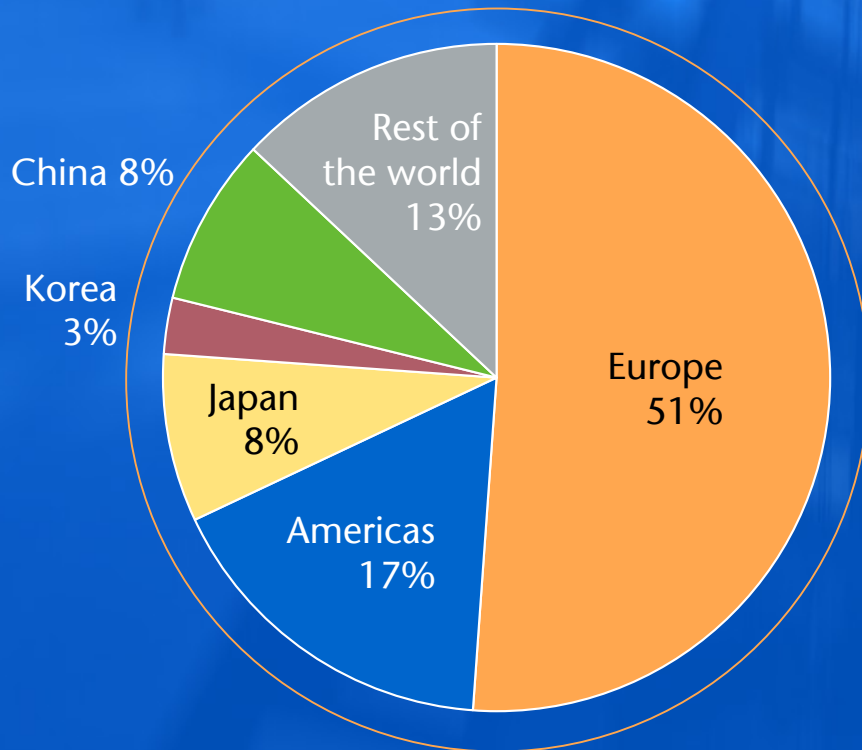


- Increasingly global competition
- Production growth in China
- New equipment market growth in Asia
- Modernization growth in Europe and North America
- Growth in the machine-room-less elevator market segment

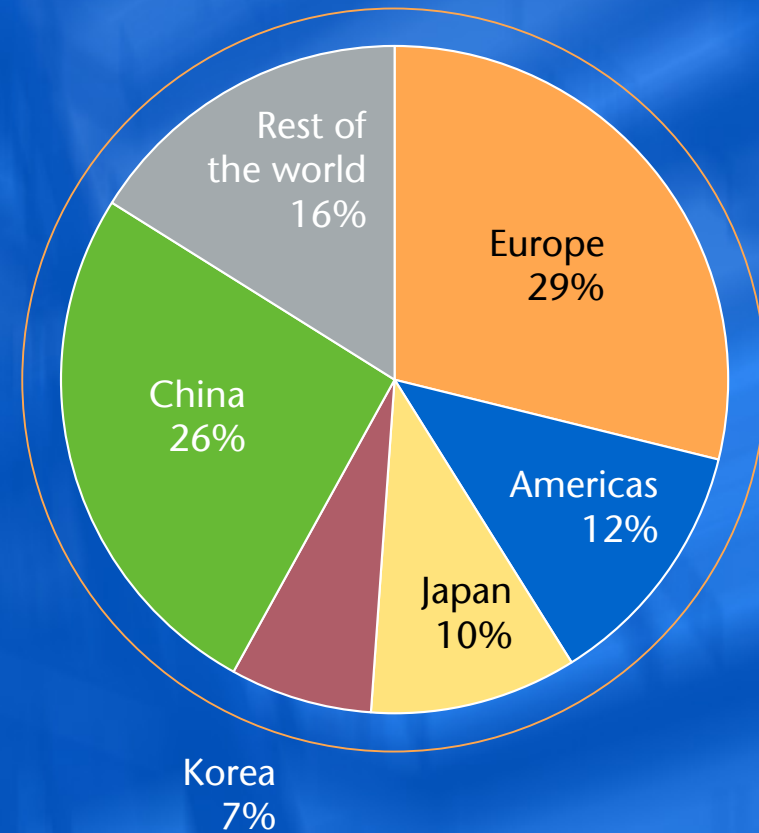
Global elevator market 2004



Elevators in operation
(7.4 million units)



New elevator market
(335,000 units)



Summary of KONE's performance



- KONE achieved its targets in many markets
- We, however, also encountered disappointing growth and profits
 - KONE's growth rate in Asia was not sufficient
 - Our U.S. operations did not progress as planned

Annual comparison (Pro forma)



		1-12/2004	1-12/2003	Change*
Orders	M€	2,136	2,052	4%
Order book 31 Dec.	M€	1,796	1,667	8%
Sales	M€	2 895	2,891	
Operating income	M€	235	283	-17%
Operating income margin	%	8.1	9.8	
Cash flow from operations	M€	289	325	-11%

* official closing currency rates

Quarterly comparison (Pro forma)



- KONE's order intake, order book and income increased in the first quarter of 2005

		Q1/2005	Q1/2004	Change*
Orders	M€	604	518	17%
Order book	M€	2,023	1,908	6%
Sales	M€	649	557	17%
Operating income**	M€	39.0	27.4	42%
Operating income margin**	%	6.0	4.9	
Cash flow from operations	M€	69	69	

* official closing currency rates

** excluding the MEUR 89.2 provision for the development and restructuring program

The current year is a transition period



The aim is to create prerequisites for improving profits and faster-than-market growth from 2006 onwards.

- Improving customer focus
- Clarifying product portfolio
- Increasing cost competitiveness
- Improving productivity
- Strengthening presence in growth markets

Core of KONE strategy



- *KONE gives a performance edge to its customers with innovative services and solutions.*
- *Simultaneously, KONE's products and services are cost-competitive and its processes characterized by globally aligned operational excellence.*

Operational mode to support strategy



- Clarity and strength to matrix structure and new responsibilities



Actions boosting growth



- Asia
 - Thai Lift Industries Plc
 - Giant Kone Elevator Company Ltd
 - KONE Toshiba joint venture in escalator production
- Europe
 - Karacharovo Mechanical Factory (KMZ) in Moscow



Strategy based on KONE strengths



- Leading technology and strong customer base for service business
- Strong cash flow
- Straightforward and operationally oriented corporate culture
- Motivated, intelligent, committed personnel

Current operational trends



- Strong construction growth in Asia and in the Middle East
- Demand for modernization and replacement of existing product base in Europe and North America
- Increasing demand for elevators and escalators due to the aging population



Outlook for 2005



- KONE reiterates its outlook for unchanged operative profitability for the calendar year 2005, disregarding the EUR 89.2 million costs of the development and restructuring program.
- KONE's focus is on implementing the necessary changes to enable faster-than-market growth and improving profitability from 2006.



The heart of your building™

Cargotec



World's Leading Provider of Cargo Handling Solutions for Ships, Ports, Terminals and Local Distribution

Annual Shareholders' Meeting, May 18, 2005

President Carl-Gustaf Bergström



Increasing world trade requires efficient cargo handling



Cargotec's key strengths

Global market leader
with strong brands

Operating in
growth markets

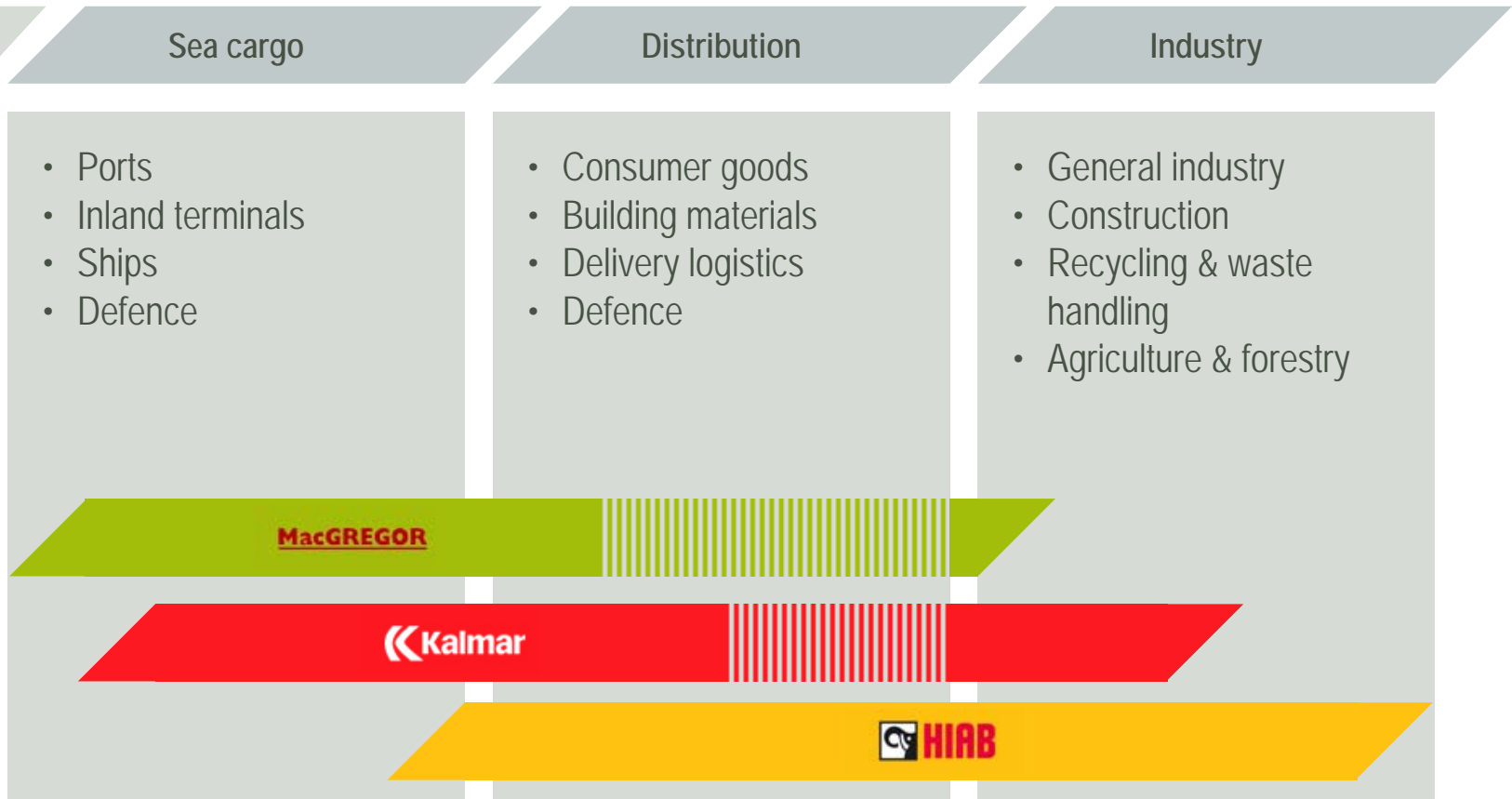
Broad
distribution and
service network

Large and growing
service revenue base

Capital efficient
business model

Financial strength to
pursue acquisitions

Cargotec – three global market leaders



Recent strategic actions

Growth

- MacGREGOR acquisition
- Acquisition of two service companies Peinemann Kalmar CV and Peinemann Kalmar Rental BV

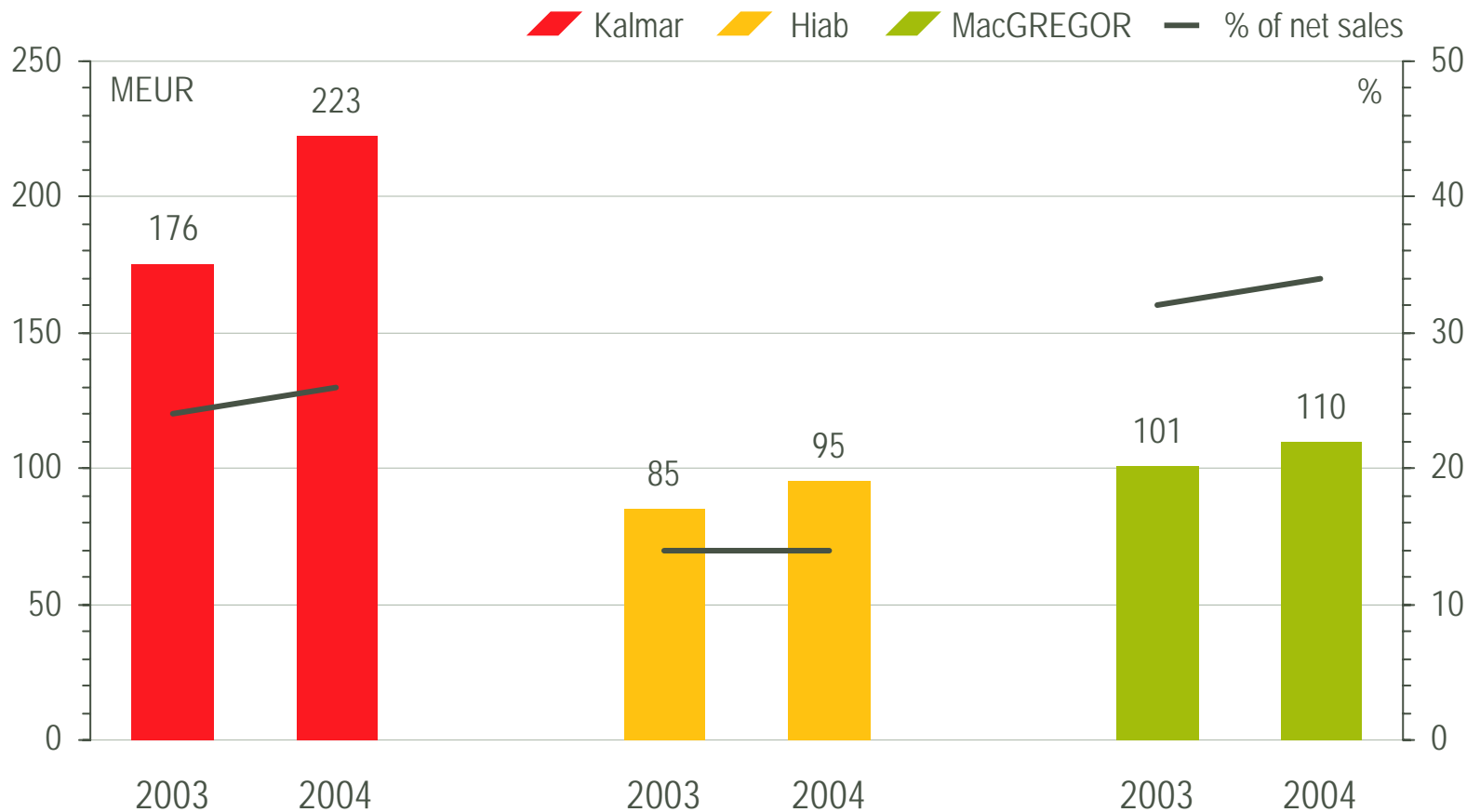
Assembly closer to customers

- New assembly plants being built in Shanghai, China for both Kalmar container handling equipment and Hiab demountables
- Expansion of Hiab's truck-mounted fork lift assembly in Ohio, USA
- Heavy forklift truck assembly to start at Kalmar's Kansas, USA plant

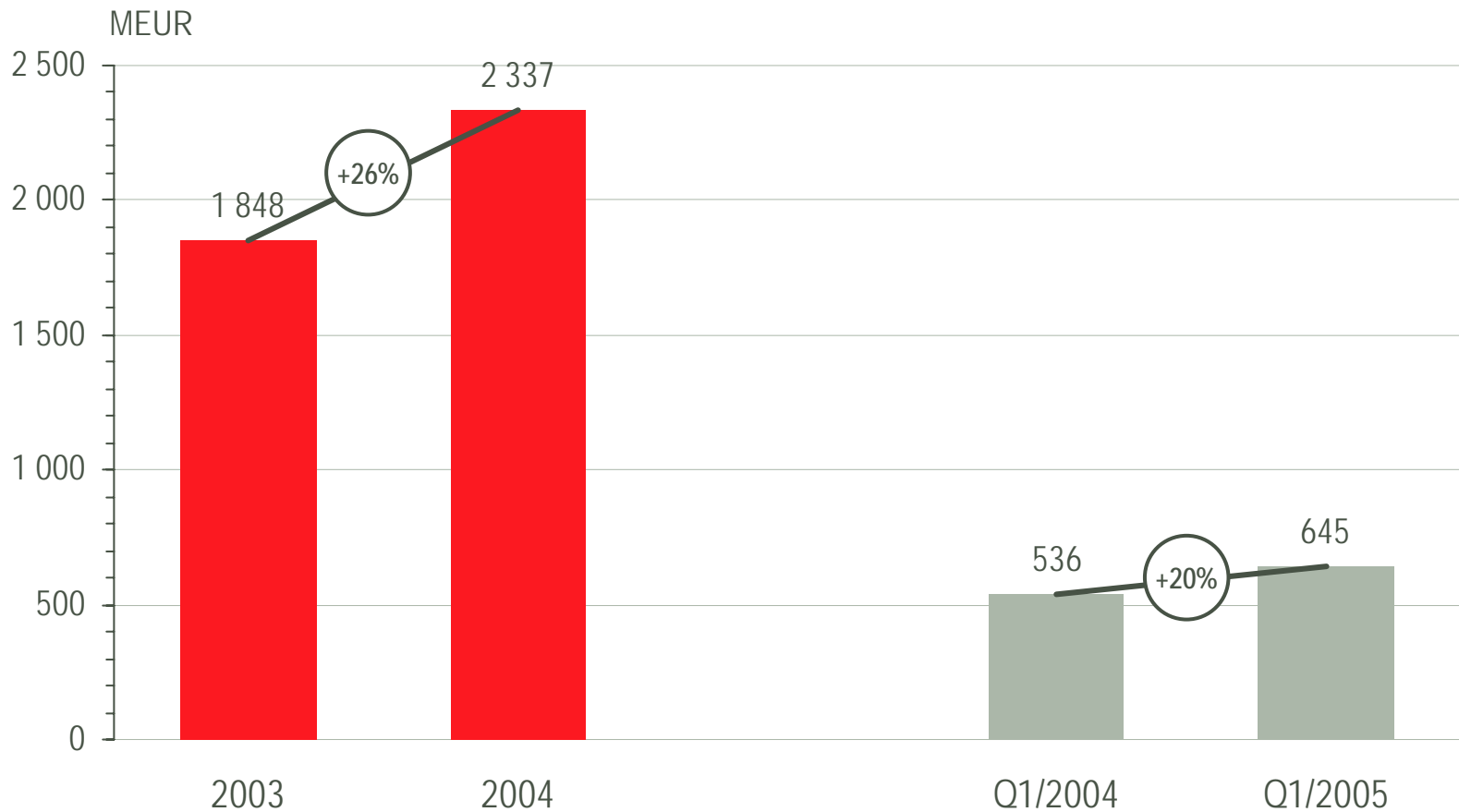
Outsourcing and focusing on core

- Finmec divested in March
- Zetterbergs divestment finalized in April

Large and growing service revenue

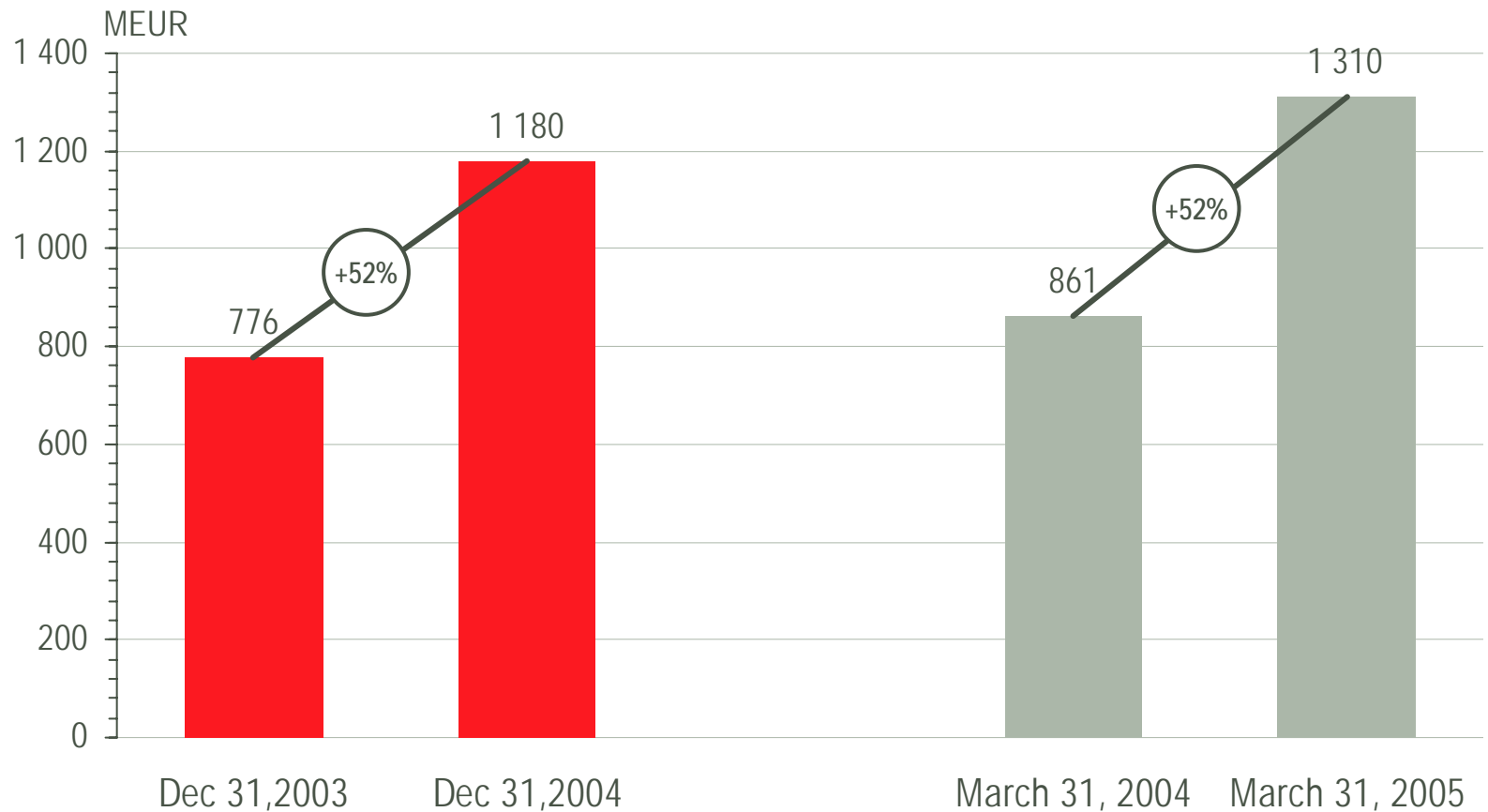


Orders received continued strong



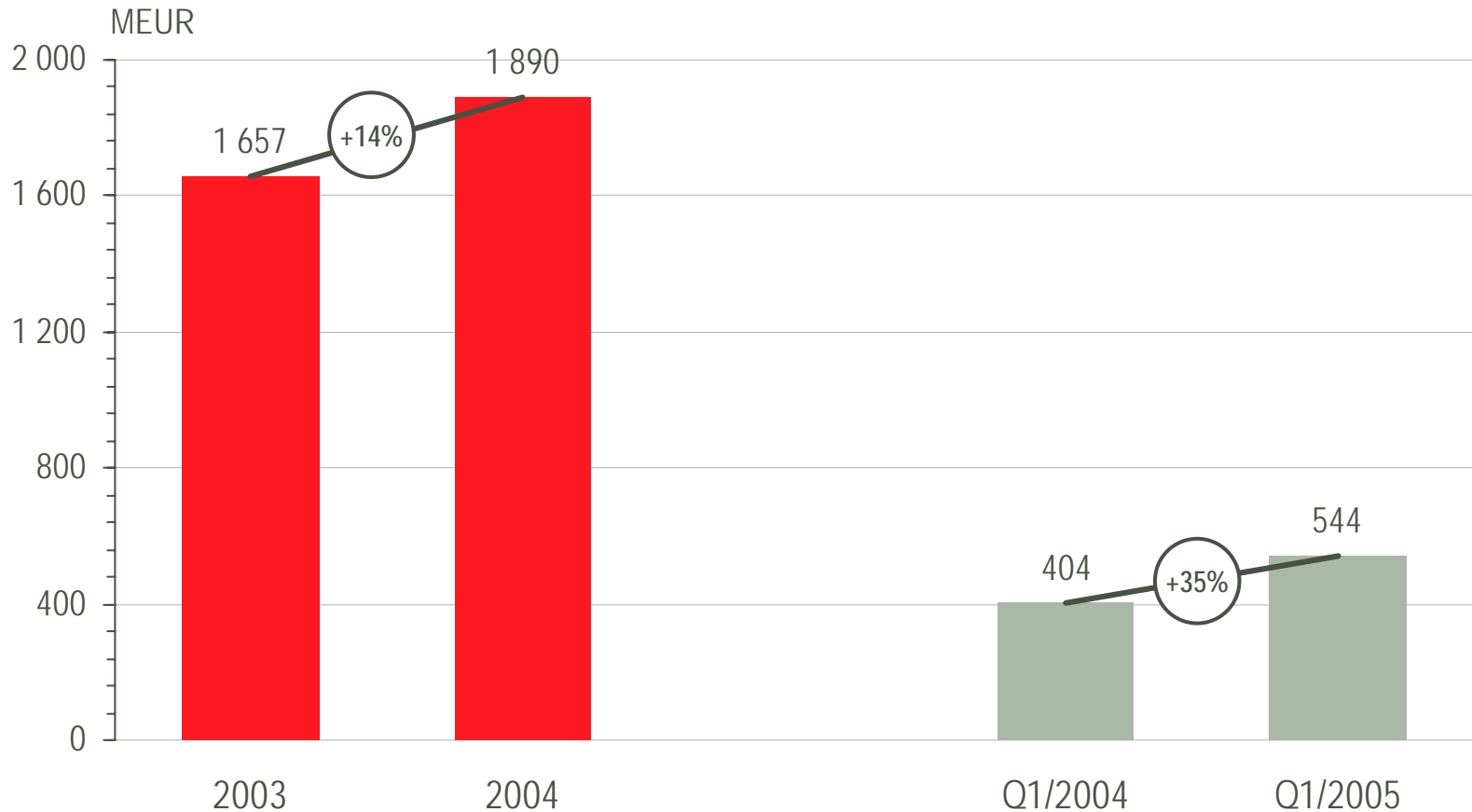
Pro forma figures

Order book continued to grow



Pro forma figures

High delivery volumes supported sales growth



Pro forma figures

Operating income by business area

MEUR	Q1/2005	Q1/2004	2004	2003
Kalmar	20.7	13.3	66.4	52.1
%	7.8%	7.3%	7.7%	7.2%
Hiab	14.2	8.7	44.6	29.4
%	7.2%	5.6%	6.4%	4.7%
MacGREGOR	3.0	0.4	19.9	13.2
%	3.7%	0.6%	6.1%	4.2%
Cargotec total	35.2	19.8	122.9	85.6
%	6.5%	4.9%	6.5%	5.2%

Pro forma figures

Outlook

- Cargotec's outlook is based on figures including MacGREGOR.
- Order intake during the rest of the year is expected to return to a normalized level from the record levels experienced during the past twelve months.
- However, the current strong order backlog supports expectations of Cargotec's net sales clearly exceeding EUR 2 billion in 2005.
- Comparable operating income (EBIT) is estimated to somewhat improve from the previous year despite the negative effects of changes in product mix, cost increases in raw materials and components, and currency effects.

7. Presentation of Closing Documents of the accounting period 1 January, 2004–31 March, 2005 including the Statement of Income, Balance Sheet and Board Report

8. Presentation of the Independent Auditor's report concerning KONE Group and parent company

9. Acceptance of the Statement of Income and the Balance Sheet

10. Board of Directors' Dividend Proposal

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

EUR 1.98 be paid for each class A shares and EUR 2.00 for each class B shares.

In addition the Board of Directors proposes that shares that were subscribed during 1 April–27 April, 2005 with option rights, in total 78,300 class B shares, are entitled to dividend for the accounting period 1 January, 2004–31 March, 2005. The proposed dividends total EUR 127,318,988.22. The Board of Directors further proposes that the rest of distributable equity, EUR 1,899,124,826.00, be retained and carried forward.

11. Release from responsibility for the Board Members and the President

Nomination Committee's proposal for number of Board Members and their remuneration

- Chairman and six (6) ordinary members, no deputy members
- Chairman's monthly salary 3,500 euro and ordinary members' monthly salaries 2,000 euro, with the exception that Board Members employed by KONE do not receive remuneration for serving on the Board.

Nomination Committee's proposal for Chairman and Members of the Board

- Chairman
Antti Herlin

- Ordinary members
Matti Alahuhta
Jean-Pierre Chauvarie
Sirikka Hämäläinen-Lindfors
Masayuki Shimono
Gerhard Wendt
Iiro Viinanen

Audit Committee's proposal for number of auditors and their remuneration

- Two ordinary auditors and two deputy auditors
- Auditors' fees will be paid upon invoicing

Audit Committee's proposal for auditors

- Auditors:
 - Authorized public accountant Jukka Ala-Mello
 - Authorized public accountant PricewaterhouseCoopers Oy
- Deputy Auditors:
 - Authorized public accountant Niina Raninen
 - Authorized public accountant Pasi Karppinen

Kone Corporation

Annual General Meeting

18 May, 2005