

## **KONE Corporation Stock Option 2007 Terms**

The Board of Directors of KONE Corporation (Board of Directors) has on December 5, 2007 resolved to issue stock options to the key personnel of KONE Corporation (Company) and its subsidiaries (KONE Group) and to a wholly owned subsidiary KONE Capital Corporation (Subsidiary) on the following terms and conditions.

### **I STOCK OPTION TERMS AND CONDITIONS**

#### **1. Number of Stock Options**

The maximum total number of stock options issued shall be 2,000,000, and they entitle their holders to subscribe for a maximum total of 4,000,000 new class B shares in the Company.

#### **2. Stock Options**

1. The stock options shall be marked with the symbol “2007”.
2. The key personnel to whom stock options are issued shall be notified their entitlement to subscribe options in writing by the Board of Directors about the offer of stock options. The subscription period of stock options shall end on February 25, 2008 or on any earlier date determined by the Board of Directors. The Board of Directors shall decide on the approval of the subscriptions of stock options. Stock option certificates shall, upon request, be delivered to a stock option holder at the start of the relevant share subscription period, unless the stock options have been transferred to the book-entry account.

#### **3. Right to Stock Options**

The stock options shall, in deviation from the shareholders’ pre-emptive subscription rights, be gratuitously issued to the key personnel of the KONE Group (stock option recipients) and to the Subsidiary wholly owned by the Company. The shareholders’ pre-emptive subscription rights are deviated from since the stock options are intended to form part of the Group’s incentive and commitment program for the key personnel. There is a weighty financial reason for the Company for granting options.

#### **4. Granting of Stock Options**

1. The Board of Directors shall decide upon the granting of the stock options. The Subsidiary shall be granted stock options to the extent that the stock options are not granted to the key personnel of the KONE Group.
2. The Board of Directors shall later decide upon the further granting of the stock options subscribed by the Subsidiary, to the key personnel employed by or to be recruited by the KONE Group.

#### **5. Transfer of Stock Options and Obligation to Offer Stock Options**

1. The stock options are freely transferable, when the relevant share subscription period has begun. The Board of Directors may, however, permit the transfer of a stock option also before such date. The Company or the Subsidiary shall hold the stock options on behalf of the stock option recipient until the beginning of the share subscription period. The stock option recipient has the right to acquire possession of the stock options when the relevant share subscription period begins. Should the stock option recipient transfer his/her stock options, such person is obliged to inform the Company about the transfer in writing, without delay.

2. Should a stock option recipient cease to be employed by or in the service of the KONE Group, for any reason than the death of a stock option recipient, or the statutory retirement of a stock option recipient, such person or his/her legal successor shall, without delay, offer to the Company or its order, free of charge, the stock options for which the share subscription period specified in Section II.2 has not begun, on the last day of such person's employment or service. The Board of Directors can, however, in the above-mentioned cases, decide that the stock option recipient is entitled to keep such stock options, or a part of them, which are under the offering obligation.

3. Regardless of whether the stock option recipient or his/her legal successor has offered the stock options to the Company or not, the Company is entitled to inform the stock option recipient in writing that the stock option recipient has lost his/her stock options on the basis of the above-mentioned reasons. Should the stock options be transferred to the book-entry account, the Company has the right, whether or not the stock options have been offered to the Company, to request and get transferred all the stock options under the offering obligation from the stock option recipient's book-entry account to the book-entry account appointed by the Company, without the consent of the stock option recipient. In addition, the Company is entitled to register transfer restrictions and other respective restrictions concerning the stock options to the stock option recipient's book-entry account, without the consent of the stock option recipient.

## **II SHARE SUBSCRIPTION TERMS AND CONDITIONS**

### **1. Right to Subscribe for New Shares**

1. Each stock option entitles its holder to subscribe for two (2) new class B share in the Company. The book equivalent value of each share is EUR 0.25. As a result of the share subscriptions, the share capital of the Company may be increased by a maximum total of EUR 1,000,000 and the number of class B shares by a maximum total of 4,000,000 new class B shares. The Board of Directors has right to resolve to offer to the stock option holders' shares owned by the Company instead of the new class B shares. The Board of Directors has on March, 1 2010 resolved to offer to the stock option holders shares owned by the Company (treasury shares) in the share subscription instead of the new class B shares.

2. The Subsidiary shall not be entitled to subscribe for shares in the Company on the basis of the stock options.

### **2. Share Subscription and Payment**

1. The share subscription period for stock option shall be April 1, 2010 - April 30, 2012.

2. However, the share subscription period begins only if following criteria have been attained:

- the average Turnover growth of the KONE Group for financial years 2008 and 2009 exceeds market growth and
- the Earnings before Interest and Taxes (EBIT) of the KONE Group for the financial year 2008 exceeds the EBIT for the financial year 2007 and the EBIT for the financial year 2009 exceeds the EBIT for the financial year 2008. If the above mentioned criteria have not been attained, stock options expire based on the consideration and in the manner and extent decided by the Board of Directors. As determination of the Turnover and the Earnings before Interest and Taxes (EBIT) for years 2007, 2008 and 2009 the Board of Directors has right to adjust the Turnover and Earnings before Interest and Taxes (EBIT) in the approved financial statements with possible one-time or exceptional from the conventional business income and/or expenses. The Board of Directors has on January, 26 2010 confirmed that the criteria of stock option program 2007 have been attained and therefore resolved that the share subscription period shall begin on April 1, 2010 as stated in the terms.

3. Share subscriptions shall take place at the head office of the Company or possibly at another location to be determined later. The subscriber shall transfer the respective stock option certificates with which he/she subscribes for shares, or, in the case of the stock options having been transferred to the book-entry account, the stock options with which shares have been subscribed for, shall be deleted from the subscriber's book-entry account. Upon subscription, payment for the shares subscribed for shall be made to the bank account designated by the Company. From the subscription price 0,25 euros representing the accounting par value will be entered to the share capital and rest to the paid-up unrestricted equity fund. The Board of Directors shall decide on all measures concerning the share subscription.

### **3. Share Subscription Price**

1. The share subscription price for the stock option is 50.89 euros per share representing the trade volume weighted average quotation of the Company class B share on the NASDAQ OMX Helsinki Ltd between November 7, 2007 - December 4, 2007. The subscription price in the beginning of the subscription period on April 1, 2010 and after the registration of the share issue without payment (split 1:2) on February 28, 2008 and dividends from the years 2007-2009 is EUR 22.845.

2. The subscription price of the stock option shall be reduced in special situations and at times specified hereinafter at Sections II.7.1 - II.7.2. The share subscription price shall, nevertheless, always amount to at least the book equivalent value of the share.

### **4. Registration of Shares**

Shares subscribed for and fully paid shall be registered in the book-entry account of the subscriber.

### **5. Shareholder Rights**

The dividend rights of the shares and other shareholder rights shall commence when the increase of the share capital has been entered into the Trade Register.

## **6. Share Issues, Stock Options and Other Special Rights for Shares before Share Subscription**

If the Company, prior to share subscription, decides to issue shares or new stock options or other special rights entitling to shares, a stock option holder shall have the same right as, or an equal right to, that of a shareholder. Equality is reached in the manner determined by the Board of Directors by adjusting the number of shares available for subscription, the share subscription price or both of these.

## **7. Rights in Certain Cases**

1. If the Company distributes dividends or funds from the reserve of invested non-restricted equity, from the subscription price of a stock option is deducted the amount of the dividend or distributable invested non-restricted equity decided after the beginning of the period for the determination of the subscription price but before the subscription as at the record date for each dividend distribution or other distribution of funds.
2. If the Company reduces its share capital by distributing share capital to shareholders, from the subscription price of a stock option is deducted the amount of distributable share capital decided after the beginning of the period for the determination of the subscription price but before the subscription, as at the record date of repayment of share capital.
3. If the Company is placed in liquidation before the share subscription, the stock option holder shall be given an opportunity to exercise his/her subscription right before the liquidation begins, within a period of time determined by the Board of Directors. If the Company is removed from the register prior to the share subscription, the option holder has the same or equal rights with a shareholder.
4. If the Company resolves to merge in another company as the company being acquired or in a company to be formed in a combination merger or if the Company resolves to be divided, the stock option owner shall, before the merger or division, be given the right to subscribe for the shares with his/her stock options, within a period of time determined by the Board of Directors. After such date no subscription right shall exist. The provisions of Chapter 16 Section 13 of the Finnish Companies Act shall be applied to the redemption of the stock options.
5. If the Company, after the beginning of the share subscription period, resolves to acquire or to redeem its own shares by an offer made to all shareholders, the stock option owners shall be made an equivalent offer. In other cases, acquisition or the redemption of the Company's own shares or stock options or other special rights entitling to shares by the Company, shall not affect the position of stock option holders.
6. If, before the end of the subscription period, a situation, as referred to in Chapter 18 Section 1 of the Finnish Companies Act, in which a shareholder possesses over 90% of the shares and the

votes of the shares of the Company, and therefore has the right and obligation to redeem the shares of the remaining shareholders, the stock option owners shall be entitled to use their right of subscription by virtue of the stock option within a period of time determined by the Board of Directors. A shareholder who possesses over 90% of the shares and the votes of the shares of the Company has the right to buy the stock option owner's stock options and when a shareholder exercises this right the stock option owner is under obligation to sell them to the shareholder for market value.

7. If the Company, prior to the share subscription, decides to combine its share series, stock option holders have equal rights with the owners of the Company's class B shares.

### **III OTHER MATTERS**

1. The laws of Finland shall be applied to these terms and conditions. Disputes arising in relation to the stock options shall be settled by arbitration, in accordance with the Arbitration Rules of the Central Chamber of Commerce by using one arbitrator.

2. The Board of Directors may decide on the transfer of the stock options to the book-entry account at a later date compared earlier mentioned and make also other such technical amendments and specifications, which are not considered essential, to these terms and conditions. Other matters related to the stock options shall be decided on by the Board of Directors and it may impose binding rules on stock option recipients. The stock option documentation shall be kept available for inspection at the head office of the Company.

3. If the stock option owner acts against these terms and conditions, or against any decisions, orders, or instructions given by the Company or against applicable laws and regulations of the authorities, the Company shall be entitled to withdraw the stock options which have not been transferred, or with which shares have not been subscribed for free of charge.

4. These terms and conditions have been made in Finnish and in English. In the case of any discrepancy between the Finnish and English terms and conditions, the Finnish terms and conditions shall prevail. The stock option terms and conditions have been updated according to the share issue without payment (split) on February 28, 2008.