

*January 20, 2011***KITO CORPORATION**

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KITO Midterm Management Plan**~Five-year plan from 2011 to 2015~**

KITO Corporation (KITO) announced today its new midterm management plan that covers the next five years from 2011 to 2015. KITO has set a vision of becoming “Truly global No.1 hoist manufacturer.” KITO formulated the management plan for the next five years to achieve its vision.

1. Background of the new midterm management plan

KITO listed its shares on the first section of the Tokyo Stock Exchange in August 2007 and announced a five-year midterm management plan in May 2008. However, the company was forced to revise this plan because of the global economic recession caused by the financial crisis that began in September 2008. After serious efforts supported by public policy and spending in 2009 and 2010, the world economy has begun to recover. Emerging markets such as China, Asian countries and other regions have been driving the world-wide economic recovery. Thus, companies around the world are enhancing their focus on these growing regions as their primary growth drivers for future. As a result, competition in those regions is expected to be more intense.

KITO is dedicated to becoming the “Truly global No.1 hoist manufacturer” as the most trustworthy company for our customers worldwide. Accomplishing this vision will require building a global infrastructure and diverse talent pool for business operations. Scale expansion is also needed for the global infrastructure and talent to overcome the intense competition in growing markets around the world. Therefore, KITO has formulated a new midterm management plan with actions that will transform KITO from a Japan-centric Japanese company into a global organization that can utilize and integrate resources and skills around the world as a collaborative multi-nationally integrated organization. The plan sets a target of business scale to JPY100 billion sales in 2015.

KITO has been in a favorable position to capitalize on the enormous opportunity for market growth in China, India and other Asian nations. KITO believes that the potential in these countries continues to be an exceptional opportunity for KITO to grow aggressively over the next several years. With organic growth along with mergers and acquisitions KITO plans to increase its scale of operations to achieve the JPY 100 billion target level by further penetrating the KITO brand in major markets and growing new markets for the future.

2. Overview of the midterm management plan

KITO aims to increase sales to JPY100 billion by fiscal year 2015 through organic growth in current operations, which is expected to grow sales to JPY58 billion, and an aggressive M&A program. Increasing sales to more than ¥100 billion will firmly establish the KITO brand as a leader in the major markets around the world. Sales of this scale will also make it possible to build a resilient corporate structure that can overcome intense competition and minimize macro-economic challenges such as fluctuations in exchange rates, local economy and other economic factors. KITO aspires to be the best partner for customers by delivering

significant value and further enhancing safety and productivity at our customers' operations. KITO will also enhance its supply chain into a highly competitive global one and provide customers with products and services of the highest quality at each region. KITO will maintain its market leader position in the Japanese market but believes that its business growth should not materially depend on an economic recovery and subsequent growth in Japan. Having established a presence in North America and China, KITO will concentrate next on growing markets in other Asian countries, South America and other regions. The goal is to become the market leader not only in Japan, but throughout Asia as well as the Americas.

[Targets for Consolidated Performance from fiscal 2011 to 2015]

| | <u>FY3/11 (est.)</u> | <u>FY3/15 targets</u> |
|--------------------------------------|-----------------------|-----------------------|
| Consolidated net sales | JPY28 billion | JPY58 billion |
| Consolidated operating income | JPY1.1 billion | JPY7 billion |
| Operating margin | 4% | 12% |

[Regional Sales Plan]

JPY in millions

| | FY2010 | | FY2015 | |
|---------------|---------------|---------------|---------------|---------------|
| | Forecast | Pct. | Target | Pct. |
| Americas | 7,100 | 25.4% | 15,000 | 25.9% |
| China | 7,100 | 25.4% | 15,000 | 25.9% |
| Japan | 9,950 | 35.5% | 13,500 | 23.3% |
| Asia | 1,700 | 6.0% | 10,000 | 17.2% |
| Europe | 1,150 | 4.1% | 2,500 | 4.3% |
| Other regions | 1,000 | 3.6% | 2,000 | 3.4% |
| Total | 28,000 | 100.0% | 58,000 | 100.0% |

[Key Organic Strategies]

- **Regional strategy:** North America and China will be the primary sources of growth for KITO over the next few years. KITO continues to improve supply chains with more localization in these regions. In addition, KITO will make substantial investment in India, Thailand, Indonesia and Vietnam, which are regarded as the next sources of growth. The goal is to become the market leader in all of these countries. At the same time, KITO will build operational footprints in South America and other potential regions.
- **Product strategy:** KITO keeps providing products and services of the highest quality that can deliver outstanding value for customers at each region including the growing markets. KITO plans to become a more comprehensive hoist manufacturer by expanding our full-scale operations in wire rope hoists, electric chain hoists and manual chain hoists as well as expanding its lineup to address volume segments in the emerging countries. KITO will also expand its crane system business and rebuild its service operations. By delivering these high value added products and services, KITO helps customers improve

productivity and safety at the workplace. Furthermore, KITO will strengthen R&D activities to develop new products and explore new business fields for long-term growth.

- **Manufacturing strategy:** KITO will reorganize its manufacturing network into a more globally distributed and balanced one that matches its sales demand by region. Currently KITO has full scale manufacturing bases in Japan and China, and plans to add two full scale manufacturing bases, one in North America and another in Asia other than Japan and China. Through this global manufacturing network consisting of four different regions KITO can improve delivery to customers worldwide while rationalizing manufacturing costs and improving profit margins. As a part of these measures, the Yamanashi factory will be transformed into a global skill and technology center. In this role, the Yamanashi factory will develop and define KITO's manufacturing technology and foster the global method of manufacturing and delivery. It will provide manufacturing assistance to all KITO's factories worldwide. The skill and technology center will also strengthen KITO's R&D activities for new technologies and products.
- **Management:** To transform KITO into the globally integrated multi-national organization, KITO will enhance its global management framework and skilled talent in each region. By focusing on creating a diverse talent base, KITO will accelerate its globalization and consequently improve management productivity and quality. In addition, KITO will enhance an M&A team and enact financial measures to ensure the necessary support for this key element of our business plan.

The plan in this document includes forecasts based on judgments that use information that is currently available. These forecasts include risks and other uncertainties. Consequently, actual performance may differ from these forecasts for a number of reasons. In addition, this document was not prepared for the purpose of soliciting investments in KITO. Investors are urged to use their own judgment to reach investment decisions.