



KITO CORPORATION
Corporate Management Division
Tel: +81-(0)3-5908-0161

**Announcement Regarding a (Simplified, Short-form)
Merger by Absorption of a Subsidiary**

KITO Corporation announces that its board of directors approved a resolution on October 24, 2011 to merge with KITO HOISTS SERVICES CORPORATION (hereinafter "KHS"), its wholly owned subsidiary, pursuant to a merger by absorption effective December 1, 2011. As this merger is a simple merger through the absorption of a wholly owned subsidiary, the contents of this release have been partially abbreviated and disclosed.

1. Purpose of the merger

KITO, as part of the business and capital alliance agreement concluded with KONESCRANES PLC of Finland on March 23, 2010, entered into a basic agreement with KONESCRANES PLC to succeed a portion of the business of MHS KONECRANES (currently KONESCRANES Co., Ltd.). To this end, KITO, on June 25, 2010, established KHS, a new wholly-owned consolidated subsidiary to assume said business.

However, recognizing that the integration of the sales channels of rope hoist products, which are the major products of KHS, and the sales channels of the existing products of KITO; and the establishment of a system that will provide consistent service from sales to maintenance/ and service of both products would significantly contribute to the convenience of the customers as well as the further enhancement of its enterprise value, KITO has decided to execute a merger by absorption of KHS.

2. Summary of the merger

(1) Schedule of the merger

Resolution by the board of directors to approve the merger agreement:	October 24, 2011 (KITO)
Determination by the director to approve the merger agreement:	October 24, 2011 (KHS)
Signing of the merger agreement:	October 24, 2011
Merger date (effective date):	December 1, 2011 (tentative)

(Note) This merger will be conducted as a simplified merger by KITO pursuant to Paragraph 3, Article 796 of the Companies Act of Japan, and as a short-form merger by KHS pursuant to Paragraph 1, Article 784 of the Companies Act of Japan; and accordingly a general meeting of shareholders will not be held.

(2) Method of merger

Using the merger by the absorption method, KITO will become the surviving entity and KHS will be dissolved as the non-surviving entity.

- (3) Allotment of shares relating to the merger
No new shares will be issued by KITO in regard to this merger, as KHS is a wholly owned subsidiary of KITO.
- (4) Handling of stock acquisition rights and bonds with stock acquisition rights of the non-surviving company
There are no stock acquisition rights or bonds with stock acquisition rights issued by KHS.

3. Overview of the merging companies

	Surviving company	Non-surviving company
(1) Company name	KITO CORPORATION	KITO HOISTS SERVICES CORPORATION
(2) Business	1. Design, manufacture, construction, sales and maintenance service of material handling machinery and equipment, and the buildings and facilities associated therewith 2. Design, manufacture, construction, sales and maintenance service of machinery and equipment for the safekeeping, storage and loading/unloading of goods and the buildings and facilities associated therewith 3. All businesses incidental to each of the preceding paragraphs	1. Design, manufacture, construction, sales and maintenance service of material handling machinery and equipment, and the buildings and facilities associated therewith 2. Design, manufacture, construction, sales and maintenance service of machinery and equipment for the safekeeping, storage and loading/unloading of goods and the buildings and facilities associated therewith 3. All businesses incidental to each of the preceding paragraphs
(3) Established	July 28, 1944	June 25, 2010
(4) Head Office	2000, Tsuijjarai, Showa-cho, Nakakoma-gun, Yamanashi, Japan	2-4-1, Nishi-Shinjuku, Tokyo, Japan
(5) Representative	Yoshio Kito, President & CEO	Toshio Kono, President & CEO
(6) Capital	3,976,656,575 yen	100 million yen
(7) Outstanding shares	135,241 shares	10,000 shares
(8) Net assets	15,706 million yen (consolidated)	90 million yen
(9) Total assets	28,151 million yen (consolidated)	382 million yen
(10) Net assets per share	117,767.89 yen	9,061.27 yen
(11) Fiscal year end	March 31	March 31

(12) Major shareholders and their shareholding ratios	CBLDN KONECRANES FINANCE OY 23.11% The Master Trust Bank of Japan, Ltd. (Trust account) 4.33% CREDIT SUISSE SECURITIES (USA) LLC-SPCL FOR EXCEL, BENE 3.22% Yoshio Kito 3.11% GOLDMAN SACHS INTERNATIONAL 2.71% Sumitomo Mitsui Banking Corporation 2.60% BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) 1.83% KITO Employee Shareholders' Association 1.77% Nippon Life Insurance Company 1.55% Japan Trustee Services Bank, Ltd. (Trust Account) 1.41%	KITO CORPORATION 100%
(13) Sales	28,095 million yen (consolidated)	310 million yen
(14) Operating profit	1,119 million yen (consolidated)	(14 million yen)
(15) Ordinary profit	885 million yen (consolidated)	(14 million yen)
(16) Net income	423 million yen (consolidated)	(9 million yen)
(17) Net income per share	3,470.30 yen (consolidated)	(938.73 yen)

(Note)

1. The quantitative information is as of March 31, 2011.
2. Major shareholders and their shareholding ratios are as of March 31, 2011. Although KITO Corporation, as of the same date, held 4.82% of its treasury shares, it has been excluded from the above major shareholders.

4. Status after the merger

- (1) After the merger, there will be no change to KITO's company name, business, head office location, representative, capital and fiscal year end.

(2) Future outlook

As this merger will be a merger by absorption of KITO's wholly owned subsidiary, it is expected to have a negligible effect on KITO's consolidated business performance.