

Rinnai to Raise Its Investment in Rinnai America Corp.

Rinnai Corporation hereby announces that in June 2009 it will increase its investment in consolidated subsidiary Rinnai America Corporation by US\$10 million (approx. ¥1.0 billion).

In the United States where storage-type hot-water units have been mainstream¹, there is growing consumer demand for appliances boasting environmentally friendly operation and energy-saving features. The rapid increase² in demand for Rinnai's gas tankless hot-water unit³ in the United States also benefited from its qualification for federal tax credits in 2006 and 2007 under that nation's Energy Policy Act.

Rinnai America's sales volume has fallen temporarily since the autumn of 2008 due to the worldwide economic recession. However, there are signs of a recovery in sales owing to the February 2009 announcement by the U.S. administration that it will reintroduce and extend the tax credit system to the gas tankless hot-water units through 2010, and also increase the total available tax credit.

By raising its investment in Rinnai America, which for the past several years has consistently recorded double-digit annual growth on a local currency basis, Rinnai Group aims to expand sales of gas tankless hot-water units and further strengthen that subsidiary's foundation.

Notes:

1. The U.S. hot-water unit market stood at around 8.69 million units in 2008, consisting of 4.43 million gas water heaters and 4.26 electric water heaters.
2. Year-on-year growth was around 3% in fiscal 2008 (compared with 29% year-on-year growth in fiscal 2007).
3. Known as "tankless water heaters" in the United States.

Outline of Rinnai America

1. Name: Rinnai America Corporation
2. Head office: Peachtree (near Atlanta)
Three branches: California, Florida, and Texas
3. President: Yuzo Yoshida
4. Capital: US\$1 million (scheduled to increase to \$11 million in June 2009)
5. Net sales: ¥15,220 million (fiscal 2008)
6. Employees: 142
7. Main business: Sales of appliances, such as gas hot-water units and FF-type gas room heaters
8. Established: July 1974