Notice Regarding Increase in Production Capacity to Meet Demand for High-Efficiency Hot-Water Units

Rinnai Corporation recently purchased land and buildings near its Seto Plant (located in Anada, Seto City, Aichi Prefecture), which is its main production facility for hotwater units in Japan, with the aim of expanding and upgrading its production system for high-efficiency *Eco Jozu* hot-water units and *Eco One* hybrid hot-water/heating systems. The new facility, to be named the Seto Akatsuki Plant, will be commissioned in stages from October 2012 while its buildings are renovated and its equipment upgraded.

In the fight against global warming, Japan's gas industry is currently recommending a switchover to high-efficiency *Eco Jozu* hot-water units, with <u>all systems produced</u>* being *Eco Jozu* systems by March 2013. This will effectively make *Eco Jozu* the de facto industry standard. To prepare for growing demand in the wake of the *Eco Jozu* switchover, the Rinnai Group will increase its production capacity for hot-water units.

With the commissioning of the new plant, we plan to increase Groupwide production of *Eco Jozu* hot-water systems to 700,000 units annually by fiscal 2015 (ending March 2015), from the current level of 300,000 units. In addition, we will expand and upgrade our production system for *Eco One* hybrid hot-water/heating systems, featuring the top-level energy-saving performance in the industry. We will also upgrade an office building on the site and transform it into a training facility.

* Applies to roof-top flue (RF) external units and forced-draft-balanced flue (FF) internal units with hot-water capacity of 16 or higher.

Overview of Seto Akatsuki Plant

- 1. Location: Akatsuki, Seto City, Aichi Prefecture (within Akatsuki Industrial Park)
- 2. Land area: 33,333m²
- 3. Building floor space: 8,440 m² (total of 3 levels)
- 4. Employees: Approx. 150 (in fiscal 2015, ending March 31, 2015)
- 5. Items produced: *Eco Jozu* high-efficiency gas hot-water units, *Eco One* hybrid hot-water/heating systems, etc.
- 6. Investment amount: ¥3.5 billion (total for land, buildings, equipment, etc.)
- 7. Commencement of operation: In stages from October 2012



Seto Akatsuki Plant

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