



■ Third U.S. Office Established in Dallas

On February 2, 2007, Noritz America Corporation set up its third marketing base in the United States, the Dallas Branch, located in Dallas, Texas. This will be one of the major areas of operations for Noritz America in the southwest region of North America.

In addition to marketing, technical support, and customer service, the Dallas Branch will also have a delivery center for storing inventories and making shipments, making it possible to shorten delivery times compared to the past. The branch will also serve as a training center, exhibition hall for products, and conference hall, thus strengthening Noritz America's capabilities for making proposals to current and potential customers. Sales in this area have expanded rapidly since 2005, buoyed by the sales of institutional water heating equipment to large residences and restaurants. A number of leading pizza restaurant chains and other restaurant businesses have their head offices in Texas. The branch is working to further consolidate its position in the United States. These activities include active marketing of institutional gas water heater equipment based on qualifications the branch has obtained from the U.S. Machinery Academic Association for boiler and pressure vessels.

■ Investment in Taiwanese Company Hosun Universal and Commencement of Production of Noritz Brand Water Heaters

In December 2006, Noritz made an investment in Hosun Universal Co., Ltd., one of the leading gas stove manufacturers in Taiwan (based in Taichu Province). Noritz purchased a

third-party distribution of five million shares issued by Hosun Universal for a total of NT\$60 million (approximately ¥210 million), representing 10% of the issued shares of that company. This investment by Noritz in Hosun Universal resulted from common interests, with Noritz aiming to expand its position in the water heater business in China, including Hong Kong, and then the rest of Asia and Hosun Universal desiring to strengthen its position in the Taiwan market where expansion in demand for safer gas water heater equipment is anticipated as a result of revisions in the fire protection laws. The gas water heater manufacturing and sales company of the Noritz Group in Shanghai, Shanghai Noritz Co., Ltd., has offered production technology, equipment, and parts for gas water heaters to Hosun Universal, and that company has begun production and marketing of Noritz brand gas water heaters.



■ Third Harima Plant of Taisei Kogyo Goes into Operation

Subsidiary Taisei Kogyo Corporation's new plant, the third Harima plant, has been completed, and volume production of plate-type heat exchange equipment for use in water heating equipment has begun. The plant is dedicated to supplying an increased volume of such equipment outside the Noritz Group and will work to expand sales. In addition, the new plant has press equipment, ultrasonic cleaning equipment, and a large-scale vacuum furnace, along with automation equipment developed by Taisei Kogyo that is installed at various points along the production line to maintain high quality standards. Taisei Kogyo has focused on the development of technology for plate-type heat exchange units using a vacuum furnace for about six years. Taisei Kogyo has been highly evaluated not only for its high product quality and performance but also for its design capabilities that allow it to respond swiftly to



requests from users of its equipment, and it is expanding its sales to companies outside the Noritz Group.