

# Rinnai

Securities code 5947

Rinnai Information  
for Shareholders

Vol. 33

Interim Business Results  
for the 61th Term  
(April 1 to September 30, 2010)



<http://www.rinnai.co.jp/global/index.html>

DELICIA Gas Stoves

# DELICIA



**DELICIA receives  
2010 Good Design  
Award**



**DELICIA  
Morning  
Project!**

(September 1, 2010–January 6, 2011)

**500 lucky  
customers  
will win organic  
vegetables!**

<http://rinnai.jp/morning-project/>

**150,000 DELICIA Series gas stoves sold!**

**Rinnai's new DELICIA incorporates  
further innovations developed with  
the help of customer feedback.**



Easy to clean and prevents burning

**Heat-Resistant  
Glass Top**

**New  
Function**



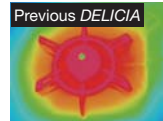
Control the surface  
temperature by heat  
dispersion and release

The temperature  
around the gas burner  
is approximately 66°C\*  
lower than previous  
DELICIA models. This  
lower temperature  
prevents scorching of  
the surface caused by  
spills and boilovers.

\* Based on heating tests held  
by Rinnai Corporation

**New DELICIA lowers the surface temperature of the glass cooktop**

Test comparison using thermography  
(thermal conduction in the glass top)



28 cm fry pan heated on high flame for approx. 10 minutes  
(Rinnai Corporation test)



Gets rid of smoke and smell  
**Smoke Elimination**

**New  
Function**



New burner  
function to  
eliminate smoke  
and smell

**Reduces smoke emitted  
from the vent by 81%\*  
and eliminates smell by  
more than 99%\*.**

\* Produces a little smoke and smell.  
\*1 Compared with previous Rinnai  
models. Measured smoke  
emitted when grilling both sides  
of four mackerel pike for 13  
minutes on high flame.  
\* Compared with previous Rinnai  
models (without smoke  
elimination grillers). Amount of  
smell emitted when both sides of  
two fillets of horse mackerel are  
grilled for seven minutes.  
(Notes) Amount of smell emitted:  
Amount of air required until  
collected grill exhaust can no  
longer be detected by human  
sense of smell. New model  
(equipped with smoke elimination  
grill) requires 20,000 (m<sup>3</sup>) of air;  
earlier model requires 8,700,000  
(m<sup>3</sup>) of air. (Joint research  
conducted by Toho Gas Co., Ltd.  
and Daito University.) Sense of  
smell varies among individuals.

**This much difference in the amount of smoke!  
Test comparison (amount of smoke produced  
when cooking fish)**



Four mackerel pike grilled using top and bottom  
grills on high flame (Rinnai Corporation test)

## To Our Shareholders



Susumu Naito  
*Chairman*



Hiroyasu Naito  
*President*

It is a pleasure to report on the Rinnai Group's performance in the two-quarter period ended September 30, 2010, and outline the Group's strategies for the future.

In the first two quarters under review (six months ended September 30, 2010), the Japanese economy remained in a state of uncertainty, due mainly to growing concern about slowdown stemming from the yen's sharp and continuous appreciation and other factors. This was despite signs of a turnaround owing to improved corporate earnings driven by exports on the back of recovery in the U.S. economy and growth in the economies of newly emerging nations.

In the domestic housing appliance industry, there were signs of a turnaround in starts of owner-occupier dwellings and subdivision housing projects thanks to the government's eco-point system for housing and stimulus measures, including reduced taxes on home loans. The overall market remained weak, however, in the absence of full-scale recovery in demand for condominiums.

With respect to revenue, the Rinnai Group reported healthy growth in domestic sales amid intensified price competition. This was due to solid replacement demand for tabletop stoves that are easier to clean than before, as well as for our *Eco Jozu* line of hot-water units, now lighter than ever. We also enjoyed healthy sales of new high-end built-in stoves, featuring upgraded functions over previous models. Overseas, sales of mainstream products in various regions were generally firm. Highlights included ongoing solid sales of hot-water units in North America, as well as sales growth on the back of higher demand for tabletop stoves and water heaters in Asian nations. Favorable foreign exchange rates in Australia and South Korea also contributed to increased revenue.

On the earnings side, we enjoyed the benefits of higher overseas sales and an extensive effort to cut fixed costs in Japan. Moreover, our projected increases in raw materials prices had only a limited impact in the second quarter, which provided a boost for profits. The results of the aforementioned efforts are discussed later in this report. The Company declared a term-end cash dividend of ¥24.00 per share, or ¥4.00 higher than for the previous corresponding period. This decision was based on consideration of many factors, including consolidated performance and payout ratio, and reflects our basic policy for appropriation of earnings.

The Rinnai Group has entered the second year of its medium-term business plan, entitled "Reform and Breakthrough." Going forward, we will pursue reforms in order to reinforce our corporate foundation. Amid growing interest in environmental protection and energy-saving, we will also target major global advances as a comprehensive manufacturer of heating appliances. To this end, we will work to deliver next-generation products aimed at creating new markets, with the goal of contributing to improved lifestyles of people in various regions.

We look forward to the ongoing support and cooperation of shareholders in these endeavors.

December 2010

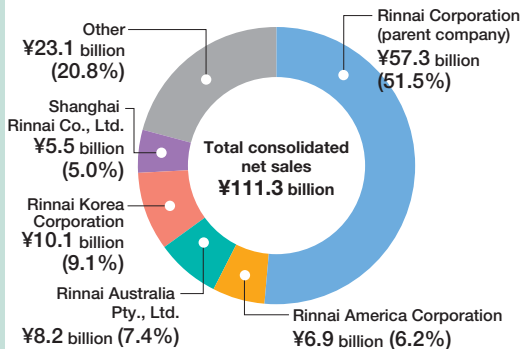
Susumu Naito  
Chairman

Hiroyasu Naito  
President

As of September 30, 2010, the Global Rinnai Group expand its network in 16 countries outside Japan (manufacturing/ sales companies in ten countries and sales companies in seven countries). In these countries, we develop and supply high-quality heating appliances optimized for the lifestyles, climates, and energy resources of each country.

### Consolidated Net Sales by Company

(First two quarters ended September 2010)



Note: The above amounts exclude inter-regional transactions

### Rinnai Corporation

Mainstay products

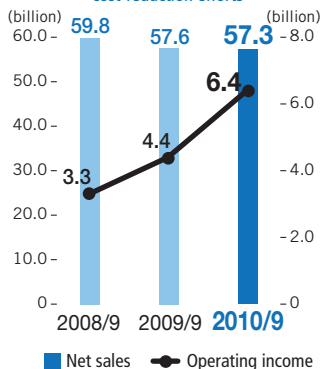


Eco Jozu highly efficient hot-water unit

DELICIA Series

### Consolidated net sales and operating income

Considerable increase in earnings owing to firm replacement demand and cost-reduction efforts



### Rinnai America Corporation

Mainstay products

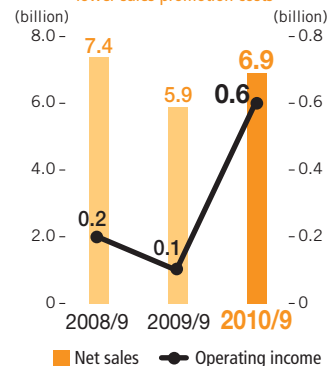


Hot-water unit

Fan-forced heater

### Consolidated net sales and operating income

Sales growth in mainstay products; significant increase in earnings owing to lower sales promotion costs



### Rinnai wins H&V News Award for condensing water heater

At the April 2010 H&V News Awards—the most prestigious awards for the heating and ventilation industries—Rinnai’s highly efficient condensing hot-water unit marketed in that region received the “Product of the Year” award in the Industrial/ Commercial category. The award recognizes the high regard that British consumers have for the high quality and technological capabilities of the Rinnai brand.



**Rinnai Australia Pty., Ltd.**

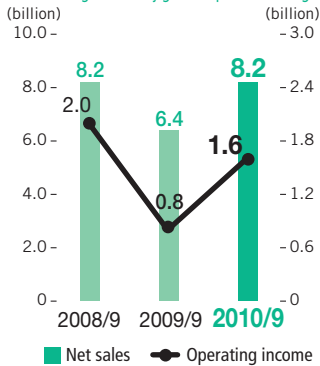
Mainstay products



Solar hot-water system    Gas hot-water unit    Fan-forced heater

**Consolidated net sales and operating income**

Sales growth and a favorable foreign exchange rate contribute to higher revenue; lower procurement costs owing to currency gains help boost earnings



**Rinnai Korea Corporation**

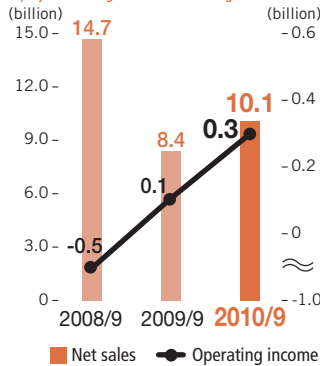
Mainstay products



Tabletop gas stove    Gas boiler    Steam oven

**Consolidated net sales and operating income**

Increased revenue thanks to recovery in local demand and favorable exchange rate; earnings higher than projected owing to successful management reforms



**Shanghai Rinnai Co., Ltd.**

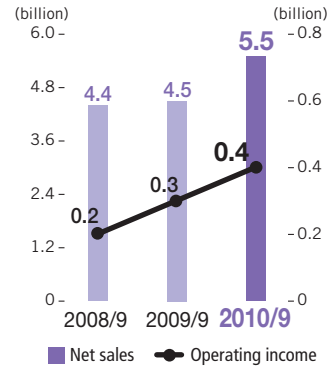
Mainstay products



Tabletop gas stove    Hot-water unit    Range hood

**Consolidated net sales and operating income**

Steady sales buoyed by strong economy; earnings higher than projected thanks to increase in sales volume



**Rinnai Brasil Heating Technology Ltd. Celebrates 35th Anniversary**

In July 2010, Rinnai Brasil Heating Technology celebrated its 35th anniversary at its main factory in the state of Sao Paulo. The company has its own factory that produces the only hot-water units in Brazil. Within Brazil, the Rinnai brand is widely recognized among distributors and customers alike as a trusted brand with a reputation for high quality.



**World Firsts!<sup>1</sup>**

Both gas heat and air-source heat used to for heating water and heating Optimum mix of energy realizes world-leading environmental friendliness

Hybrid hot-water/heating unit *Eco One* with Hokkaido specifications and superior heating functions!

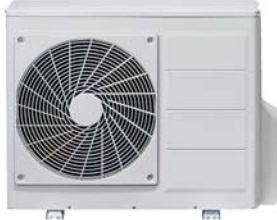
*Eco One* has been very popular in Japan since its release in April 2010. In the autumn of 2010, Rinnai began selling sample products of a new model made specifically for conditions in Hokkaido. Full market release is scheduled for April 2011.

**ECO ONE**

Air-source heat Heat pump Gas *Eco Jozu*

Superior energy efficiency of a heat pump

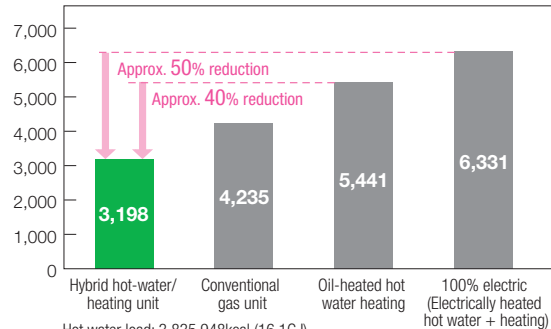
Hot water **270%** Heating **200%**



**No.1** in Environmental Friendliness<sup>\*2</sup>

*Eco One* hybrid hot-water/heating unit is the hot-water/heating system with the lowest level of CO<sub>2</sub> emissions.

CO<sub>2</sub> emissions for hot water + heating (kg/year)



Hot water load: 3,835.948kcal (16.1GJ)  
Heating load: 8,385,933kcal (35.1GJ) for panel heater  
CO<sub>2</sub> emissions for electricity based on 100% electric power source

World's first\* hybrid hot-water/heating unit that combines the highly efficient *Eco Jozu* gas water-heater and an air-source heat pump.

**No.1** in Comfort<sup>\*3</sup>

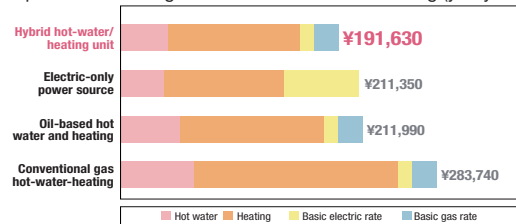
There is no risk of running out of hot water when using the hybrid hot-water/heating unit. You can also use hot water as the heat source for panel heaters and bathroom heaters. The warmth provided by *Eco One* delivers a comfortable home environment at any time.



**No.1** in Economy<sup>\*2</sup>

The *Eco One* hybrid hot-water/heating unit is the hot-water/heating system with lowest<sup>\*2</sup> running costs.

Comparison of running costs for hot water and heating (yen/year)



Four-person household

Hot water load: 3,835.948kcal (16.1GJ); Heating load: 8,385,933kcal (35.1GJ) for panel heater  
Gas charges (LPG): Hybrid unit and *Eco Jozu* ¥350m<sup>3</sup>; Kerosene: ¥80/l  
Electricity charges: Hybrid electricity ¥28.38/kWh (daytime), ¥8.37/kWh (nighttime); 100% electric ¥28.38/kWh (daytime), ¥8.37/kWh (nighttime)  
Snow-melting heater charges: ¥9.47 (Hokkaido Electric Power Company)

\*1 Rinnai survey of a hot-water/heating system that combines a gas hot-water heater and a CO<sub>2</sub> heat pump (current as of August 2010)

\*2 Rinnai survey (current as of August 2010) \*3 Comparison made with Rinnai gas hot-water/heating



FTSE4Good

**Rinnai Corporation added to DJS Indexes**

In September 2010, Rinnai Corporation was added to the 2010 Dow Jones Sustainability Asia-Pacific Index, which covers the leading companies in sustainability in the region. Rinnai has been a member of the FTSE 4 Good Index Series since 2004. Rinnai will continue striving to achieve a sustainable society based on “peace of mind, comfort, and the environment.”

● **What are the DJS Indexes?**

The Dow Jones Sustainability Indexes formulated by Dow Jones and the SAM (Sustainability Assessment Module) Group of Switzerland track the performance of the leading sustainability-driven companies worldwide. A company's sustainability is measured in terms of economic, social, and environmental criteria. In 2010, the Asia Pacific Index covered 119 companies, including Rinnai.

Please refer to the Rinnai website for more information on our CSR activities. <http://www.rinnai.co.jp/csr/index.html>



**Good Design Awards Received for Five Rinnai Products in Heating and Hot-Water Unit Ranges**

Rinnai's products offer convenient and safe functions coupled with superior design

■ **DELICIA**



100V type



Dry-cell type

■ **Udea ef**



■ **Built-in gas stoves for the ASEAN region**



■ **Soramo solar-energy water heating system built into balcony handrails**



\* Rinnai won the award jointly with Tokyo Gas Co., Ltd., Sanyo Tateyama Aluminium Inc., Yazaki Corporation, and Gastor Co., Ltd.

As of September 30, 2010, the Rinnai Group consisted of the parent company, 41 subsidiaries (14 domestic and 27 overseas), and three overseas affiliated companies, for a total of 45 companies.

## Domestic

### Domestic Subsidiaries

#### Manufacture of Products

- Yanagisawa Manufacturing Co., Ltd.
- Rinnai Technica Co., Ltd.

#### Manufacture of Components

- RB Controls Co., Ltd.
- RT Engineering Co., Ltd.
- Noto Tech Co., Ltd.
- RB Techno Co., Ltd.
- Rinnai Precision Co., Ltd.
- Japan Ceramics Co., Ltd.
- Techno Parts Co., Ltd.

#### Sale of Products

- Rinnai Net Co., Ltd.
- RG Co., Ltd.

#### Other Business

- Rinnai Enterprises
- Rinnai Tech Hokuriku Co., Ltd.
- Rinnai Kogyo Co., Ltd.

- Consolidated subsidiary
- Nonconsolidated subsidiary
- Affiliated company (equity method applied)
- Affiliated company (equity method not applied)

## Overseas

### Overseas Subsidiaries and Affiliates

#### Holding Company/Sale of Products

- Rinnai Holdings (Pacific) Pte Ltd.

#### Sale of Products

- Rinnai Australia Pty., Ltd.
- Rinnai Hong Kong Ltd.
- Guangzhou Rinnai Gas and Electric Appliance Co., Ltd.
- Rinnai UK Ltd.
- Rinnai America Corporation
- Rinnai Canada Holdings Ltd.
- Rinnai Italia S.r.l.
- Rinnai SE Corporation
- Rinnai Plus Corp.

#### Manufacture and Sale of Products

- Rinnai New Zealand Ltd.
- Rinnai Korea Corporation
- Rinnai (Thailand) Co., Ltd.
- RCE Korea Corporation
- P.T. Rinnai Indonesia
- RBS Thermo Technology Co., Ltd.
- Rinnai Taiwan Corporation
- Shanghai Rinnai Co., Ltd.
- Rinnai Viet Nam Co., Ltd.
- Rinnai Brasil Heating Technology Ltd.
- Rinnai (Malaysia) Sdn. Bhd.
- Rinnai Ming Hai Gas & Electrical Appliance Co., Ltd.

#### Manufacture and Sale of Components

- RB Korea Ltd.
- RS Korea Ltd.
- Mikuni RK Corporation
- RK Precision Co., Ltd.
- Shanghai RB Controls Co., Ltd.

#### Other Business

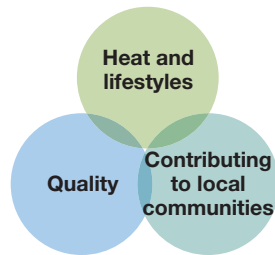
- Rinnai Services (MS) Corporation
- Shanghai Rinnai Thermo Energy Engineering Co., Ltd.
- Rinnai CS Corporation



# Rinnai's 90th Anniversary

Using cutting-edge technology to support the lives of people worldwide

Three constant commitments since our founding



2010

World's first hybrid hot-water unit released



Solar hot water systems sold in Australia boast superior energy-saving and environmental performance



*Eco One* hybrid hot-water unit combines the highly efficient *Eco Jozu* gas water heater with a heat pump

Innovations in environmental technologies  
~ Comfortable lifestyles that are friendly to the environment ~



Hot-water/heating system delivers comfortable living space while supporting total household heating needs



Highly efficient *Eco Jozu* raises heat efficiency to 95% by utilizing waste heat

R-3GI tabletop gas stove equipped with a grilling oven has compact Schwank gas burners



Innovations in electronic control technology  
~ Optimal safety and comfortable lifestyles ~



*DELICIA* series of built-in gas stoves are a big hit thanks to their many advanced cooking options and sophisticated design

World's first open-flame high-speed convection oven



Innovations in combustion technology  
~ Using heat to enrich people's lives ~



Tabletop gas stove with a temperature sensor to make cooking easier through enhanced safety and automatic heat control functions



Oil-gas stove marks Rinnai's beginning



Gas infrared heater with a Schwank ceramic burner

Founded 1920

Rinnai will continue improving the lives of people around the world and contributing to the future of the planet by offering superior appliances with a focus on safety, peace of mind, comfort, and the environment.

### Performance

Consolidated net sales for the period amounted to ¥111,359 million, up 9.1% from the previous corresponding period. Operating income jumped 65.8%, to ¥11,109 million, and ordinary income surged 68.4%, to ¥11,806 million. Net income surged 73.5%, to ¥7,015 million.

### Results by Geographical Segment

#### Japan

In hot-water units, we reported healthy sales growth for the RUF-E series. These are mainstay products in our high-efficiency Eco Jozu range, which we are promoting as the de facto standard. In kitchen appliances, we enjoyed healthy demand for new offerings in the DELICIA series that are easier to clean than before and feature improved smoke and odor elimination capabilities. Our solid performance was also sustained by firm replacement demand for My Tone, a broad lineup of stoves ranging from mid-level to high-end models. As a result, sales in Japan totaled ¥74,067 million, and operating income was ¥7,205 million.

#### South Korea

In hot-water units, growth in replacement demand and a cold snap at the beginning of the year helped boost sales of gas boilers. In commercial-use equipment, sales of steam ovens increased on the back of government subsidy measures. Accordingly, sales in South Korea amounted to ¥11,033 million. During the period, we posted improved earnings, reflecting the

success of steady business reforms. Operating income in South Korea totaled ¥505 million.

#### North America

In North America, where the market is mostly occupied by storage-type (tank-based) hot-water units, we enjoyed healthy sales of our tankless models, which feature superlative environmental and energy-saving performance and eliminate the worry of hot water running out. This was due to growing environmental awareness in the market and proliferation of the Rinnai brand. Sales in North America totaled ¥6,934 million, and operating income was ¥615 million.

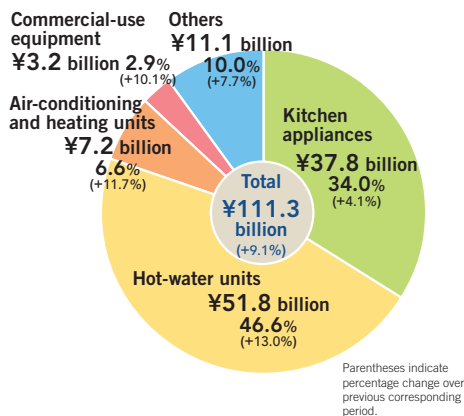
#### Australia

In Australia, the adoption of progressive environmental measures has led to solid sales of gas and solar hot-water units featuring exceptional environmental and energy-saving performance. In air-conditioning and heating units, we enjoyed steady sales of the Fan-forced heaters thanks to government measures to stimulate replacement demand for open-type heaters. Sales in Australia amounted to ¥8,209 million, and operating income totaled ¥1,613 million.

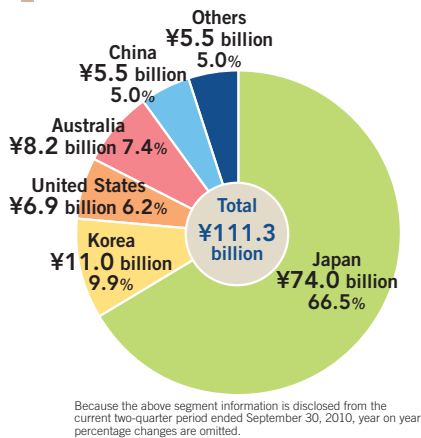
#### China

Amid continuous growth in the Chinese economy, demand for household appliances increased thanks to improved living standards and an expanding housing market. Accordingly, we reported higher sales of mainstay gas water heaters, stoves, and range hoods. Accordingly, sales in China totaled ¥5,597 million, and operating income was ¥338 million.

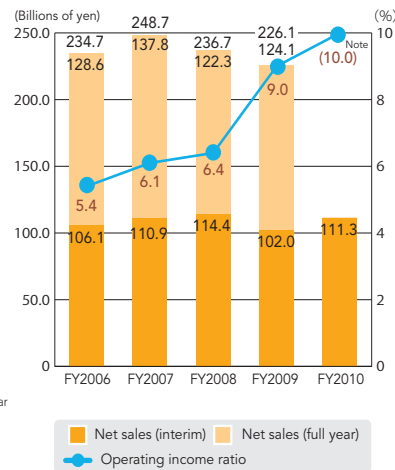
### Net sales by product



### Net sales by region



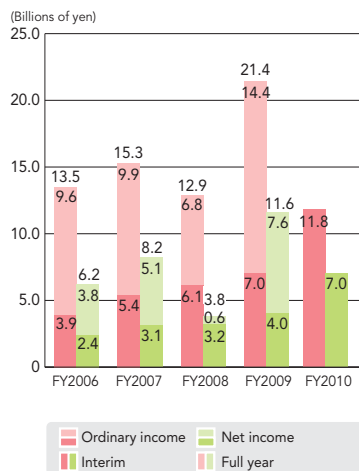
### Sales, operating income ratio



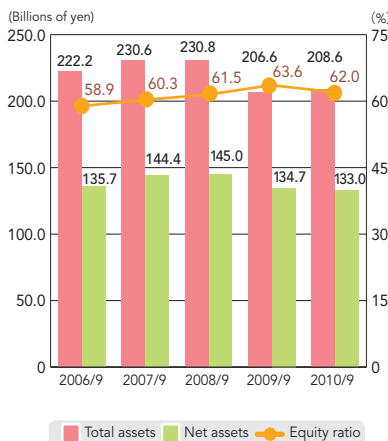
Note: The above amounts exclude inter-regional transactions.

Note: Operating income ratio of FY2010 indicates percentage at interim term-end.

### Ordinary income, net income



### Total assets, net assets, equity ratio



### ROE, ROA

	ROE (%)		ROA (%)	
	Interim	Full year	Interim	Full year
FY2006	1.9	4.7	1.1	2.9
FY2007	2.3	6.0	1.4	3.6
FY2008	2.3	2.8	1.4	1.7
FY2009	3.0	8.5	1.9	5.4
FY2010	5.2		3.3	

**Consolidated Balance Sheets** (Millions of yen)

Current Term (As of September 30, 2010)

Previous Term (As of March 31, 2010)

	Current Term	Previous Term
<b>Assets</b>		
<b>Current assets</b>	<b>124,179</b>	<b>133,522</b>
Cash and deposits	24,132	25,248
Notes and accounts receivable	50,317	53,133
Marketable securities	20,657	29,242
Goods and products	16,020	13,336
Materials and supplies	9,648	9,381
Other	4,396	3,906
Less allowance for doubtful accounts	(993)	(725)
<b>Fixed assets</b>	<b>84,510</b>	<b>88,802</b>
<b>Property, plant and equipment</b>	<b>42,668</b>	<b>43,416</b>
<b>Intangible fixed assets</b>	<b>1,600</b>	<b>1,490</b>
<b>Investments and advances</b>	<b>40,241</b>	<b>43,895</b>
Investments in securities	27,913	31,888
Other	13,066	12,828
Less allowance for doubtful accounts	(737)	(821)
<b>Total assets</b>	<b>208,690</b>	<b>222,324</b>

	Current Term	Previous Term
<b>Liabilities</b>		
<b>Current liabilities</b>	<b>65,550</b>	<b>69,851</b>
Notes and accounts payable	37,624	39,092
Short-term debt	8,017	8,123
Accrued income taxes	2,940	5,344
Accrued employees' bonuses	3,014	2,706
Other allowances	1,519	1,580
Other	12,434	13,003
<b>Long-term liabilities</b>	<b>10,051</b>	<b>9,971</b>
Long-term debt	2,809	2,859
Accrued employees' retirement benefits	4,577	4,553
Accrued officers' retirement benefits	49	45
Other	2,616	2,513
<b>Total liabilities</b>	<b>75,602</b>	<b>79,822</b>
<b>NET ASSETS:</b>		
<b>Shareholders' equity:</b>	<b>132,162</b>	<b>139,356</b>
Common stock	6,459	6,459
Capital surplus	8,719	8,719
Earned surplus	140,440	134,563
Treasury stock	(23,457)	(10,386)
<b>Other adjustments:</b>	<b>(2,734)</b>	<b>(402)</b>
Unrealized gain on marketable securities	(441)	176
Foreign exchange translation adjustment	(2,293)	(578)
<b>Minority interests</b>	<b>3,660</b>	<b>3,547</b>
<b>Total net assets</b>	<b>133,087</b>	<b>142,502</b>
<b>Total liabilities and net assets</b>	<b>208,690</b>	<b>222,324</b>

**Consolidated Statements of Income** (Millions of yen)Current Term (From April 1, 2010, to September 30, 2010)  
Previous Term (From April 1, 2009, to September 30, 2009)

	Current Term	Previous Term
<b>Net sales</b>	<b>111,359</b>	<b>102,030</b>
Cost of sales	76,213	71,847
Gross profit	35,145	30,182
Selling, general and administrative expenses	24,036	23,481
<b>Operating income</b>	<b>11,109</b>	<b>6,701</b>
Other income	1,209	1,008
Other expenses	513	700
<b>Ordinary income</b>	<b>11,806</b>	<b>7,009</b>
Extraordinary income	46	141
Extraordinary loss	867	164
Income before income taxes	10,984	6,985
Income taxes: current	3,398	3,075
Income taxes	283	(336)
Income before minority interests	7,302	—
Minority interests	287	203
<b>Net income</b>	<b>7,015</b>	<b>4,043</b>

**Consolidated Statements of Cash Flows** (Millions of yen)Current Term (From April 1, 2010, to September 30, 2010)  
Previous Term (From April 1, 2009, to September 30, 2009)

	Current Term	Previous Term
<b>Cash flows provided by operating activities</b>	<b>7,256</b>	<b>8,190</b>
<b>Cash flows provided by investing activities</b>	<b>(4,113)</b>	<b>(5,060)</b>
<b>Cash flows provided by financing activities</b>	<b>(13,644)</b>	<b>(10,919)</b>
<b>Cash and cash equivalents at end of term</b>	<b>35,163</b>	<b>36,773</b>

## Corporate Data

**Directory** (As of September 30, 2010)

<b>Incorporated</b>	September 1, 1920
<b>Established</b>	September 2, 1950
<b>Paid-in capital</b>	¥6,459,746,974
<b>Head office</b>	2-26, Fukuzumi-cho, Nakagawa-ku, Nagoya 454-0802 TEL: +81-52-361-8211
<b>Number of employees</b>	3,505

**Domestic Network** (As of September 30, 2010)**Factories and related centers**

Technology Development Center, Production Technology Center, Integrated Logistics Center, Oguchi Factory, Seto Factory, Asahi Factory, Aichi Factory,

**Branches**

Tohoku, Kanto, Chubu, Kansai, Kyushu

**Domestic sales offices**

Sapporo, Sendai, Niigata, Tokyo, Kita-Kanto, Higashi-Kanto, Minami-Kanto, Shizuoka, Nagoya, Osaka, Kyoji, Hyogo, Hiroshima, Takamatsu, Fukuoka

**Domestic satellite offices** (76 offices)**Other domestic offices**

10 Training Centers, 5 Customer Centers

**Board of Directors** (As of September 30, 2010)

Chairman	Susumu Naito
Vice Chairman	Kenji Hayashi
President*	Hiroyasu Naito
Director and Executive Vice President	Tsunenori Narita
Director and Managing Executive Officer	Masao Kosugi
Director and Managing Executive Officer	Yuji Kondo
Director	Kozo Masuoka
Managing Executive Officer	Takashi Nagasaka
Managing Executive Officer	Yuzo Yoshida
Managing Executive Officer	Sadao Yoshimura
Executive Officer	Takeshi Iwata
Executive Officer	Tadanobu Netsu
Executive Officer	Katsuhiko Shinji
Executive Officer	Terumasa Kaneko
Executive Officer	Kinji Mori
Executive Officer	Yasuo Koketsu
Executive Officer	Izuka Suzuki
Executive Officer	Takashi Sonoda
Corporate Auditor (Standing Auditor)	Katsuhiko Warita
Corporate Auditor (Standing Auditor)	Yasuhiko Goto
Corporate Auditor	Ken Yazaki
Corporate Auditor	Kiyoakira Fukui

Notes: 1. President (\*) doubles as Executive Officer.

2. Ken Yazaki and Kiyoakira Fukui (Corporate Auditors) serves as an outside auditor.

Share Information (As of September 30, 2010)

Share Composition

Number of shares

Authorized:

200,000,000

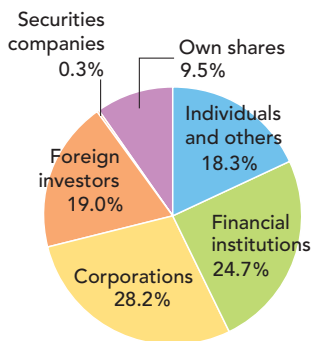
Outstanding:

54,216,463 (Including treasury stock)

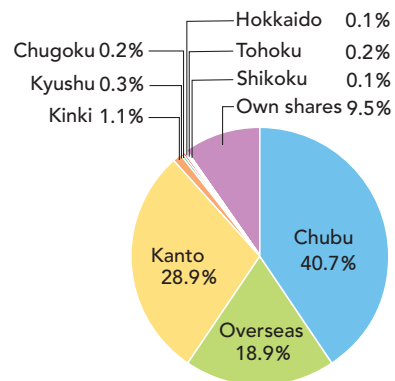
Number of shareholders:

3,757

Composition of shareholders



Shareholders by region

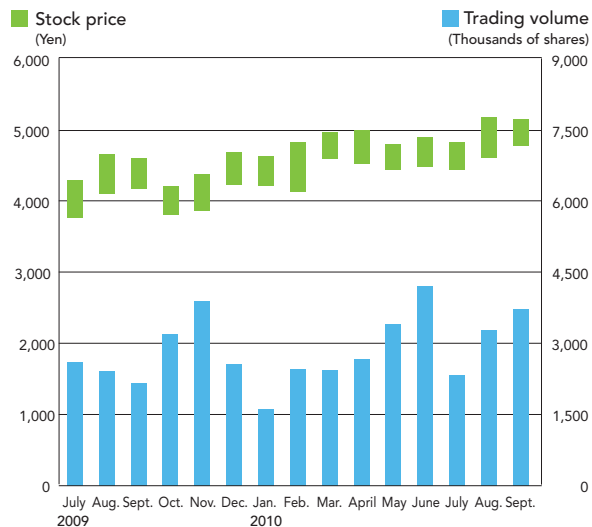


Major Shareholders

Name	Shares held (Thousands)
Naito Co., Ltd.	6,215
Yoshikane Shoji Co., Ltd.	4,002
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,467
Japan Trustee Services Bank, Ltd. (Trust Account)	3,086
Kenji Hayashi	2,652
Susumu Naito	1,478
Nippon Life Insurance Company	900
Tokyo Gas Company, Limited	784
Deutsche Bank AG London PB Non-treaty Clients 613	783
The Chase Manhattan Bank NA London SL Omnibus Account	746

Note: Above figures exclude number of treasury stock held by the Company, 5,154 thousand shares.

Stock Price Range



## Memorandum for Shareholders

### Financial year

From April 1 to March 31

### Annual meeting of shareholders

Every June

### Dates of record

Annual meeting of shareholders,  
year-end dividend: March 31  
Interim dividend: September 30

### Minimum trading unit

100 shares

### Public notice

Public notices by the Company will be announced online.

<http://www.rinnai.co.jp>

However, if due to accident or some other unavoidable reason that prevents the Company from completing an online announcement should arise, a public notice will be made by posting in the *Nihon Keizai Shimbun*.

### Transfer agent

The Chuo Mitsui Trust & Banking Company, Limited.  
33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574

### Mailing and contact

The Chuo Mitsui Trust & Banking Company, Limited.  
Stock Transfer Agency Department  
8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063

### (Telephone)

Freedial 0120-78-2031

Transfer administration offices:

The Chuo Mitsui Trust & Banking Company, Limited.;

Head office, and branches throughout Japan

Japan Securities Agents, Ltd.;

Head office, and branches throughout Japan

### Stock Listings:

Tokyo Stock Exchange, First Section

Nagoya Stock Exchange, First Section

### Inquiries Pertaining to Share-Related Procedures

#### 1. Non-Payment of Dividends

Please contact the transfer agent (Chuo Mitsui Trust & Banking; contact details above).

#### 2. Change of address, purchases (or increases in purchases) of fractional shares, designation of dividend payment method, etc.

Please contact the securities company handling your account.

With respect to shares for which a special account has been opened (due to absence of account with a securities company), please contact the transfer agent, which is in charge of handling special accounts.

### Dividend Calculation Notice

The Dividend Calculation Notice, sent to shareholders at the time of dividend payment, also functions as the Payment Notice according to regulations under the Act on Special Measures Concerning Taxation. This document can be used as a reference attachment when preparing final tax returns. From this

year, the Company will issue a Dividend Calculation Notice to shareholders who receive dividends by presenting the Year-End Dividend Receipt.

\* Shareholders who prepare their own final tax returns are asked to the Dividend Calculation Notice in a safe place.

### Notice regarding text to be used for shareholders' names and addresses

With the conversion to electronic stock certificates, shareholder names and addresses that include *kanji* characters not contained in JASDEC's giro system are converted, in whole or in part, to *kanji* characters recognized by JASDEC or to *katakana* text for inclusion in the Shareholder Register. Shareholders are asked to understand that notification documents sent to them may include characters in the name and/or address that have been converted to JASDEC-recognized text.

For inquiries about characters used in registration of shareholder names and addresses, please contact your securities company (or the transfer agent, in the case of shareholders with special accounts).