

Rinnai

Securities code 5947

Shareholders' Report

Vol. 38

63rd Fiscal Year

(April 1, 2012 to March 31, 2013)



Gas Clothes Dryer

はやい
乾太くん *Speedy Kanta-kun*

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

To Our Shareholders



Susumu Naito
Chairman



Hiroyasu Naito
President

In the fiscal year ended March 31, 2013, the Japanese economy was mixed. In the second half of the year, signs of a turnaround began to appear as stock prices rose and the yen weakened, reflecting a sense of anticipation about economic recovery measures adopted by the new government administration.

The domestic housing appliance industry has been in recovery mode, reflected in three consecutive years of growth in housing starts. The home renovation market was also healthy thanks to increased use of renewable energy and heightened energy-saving awareness caused by energy-related issues. Overseas, the U.S. economy benefited from upturns in the housing market and the employment situation, while the Chinese economy firmed, indicating gradual recovery due to government economic stimulus measures. In Europe, however, the outlook remained unclear as ongoing fiscal austerity and deterioration of employment conditions and worker incomes led to continued negative growth.

Against this background, the Rinnai Group pursued its new medium-term business plan, entitled Jump Up 2014, covering the three-year period from April 2012 to March 2015. Under the plan, we advanced global business initiatives as a comprehensive manufacturer of heating appliances that contributes to society and the global environment.

With respect to revenue, in Japan we enjoyed healthy sales of hot-water/heating systems and related products, reflecting the growing popularity of systems with multiple functions. Sales of hot-water/heating system-related products were also firm. Overseas, however, sales of tankless hot-water units in the United States declined due to stagnation in the housing market. In Australia, our performance was weak as we were unable to compensate for a decline in sales compared with the previous fiscal year, when we benefited from special demand for heaters for schools. Nevertheless, total Group net sales were up year-on-year, bolstered by higher domestic demand.

On the earnings side, the ratio of sales of highly functional, high-value-added products to net sales has been growing. Although we worked hard to translate this trend into earnings, we incurred expenses from inspecting and repairing faulty dishwashers, leading to a decline in operating income. More details of the Group's financial performance are given later in this report. The Company declared a year-end cash dividend of ¥30.00 per share, up ¥2.00 year-on-year. This brought annual cash dividends to ¥60.00 per share, up ¥4.00 from the previous year.

The Rinnai Group is currently implementing its medium-term business plan, entitled Jump Up 2014, aimed at reinforcing its corporate constitution and building a foundation for long-term growth. A core priority of the plan is to promote products that can make a contribution to global environmental protection. These include *ECO ONE*, a hybrid hot-water/heating system that realizes the world's best environmental performance levels, and the *Eco Jozu* series of high-efficiency hot-water units. With respect to our global strategy, we will further upgrade our product lineups in existing markets while tapping new priority markets, in order to help local communities enjoy more abundant lifestyles.

We look forward to the renewed support and cooperation of all shareholders.

June 2013

Susumu Naito
Chairman

Hiroyasu Naito
President

Rinnai's business strategies

We will reinforce the high-quality Rinnai brand in the global market as a comprehensive manufacturer of heat and energy appliances.



Hiroyasu Naito President

Medium-Term Business Plan, "Jump Up 2014"

The fiscal period ended March 31, 2013 was the inaugural year of Jump Up 2014, our medium-term business plan that targets further dramatic progress as a comprehensive global manufacturer of heat and energy appliances.

Overview of the Year Ended March 31, 2013

In the year under review, domestic sales were strong, although overseas sales were sluggish in the first half of the period on the back of a stalled world economy. As a result, we posted consolidated net sales of ¥251.8 billion, up 2.1% from the previous year. However, operating income slipped 1.1%, to ¥26.3 billion. This was due to the discovery of a fault in dishwashers in August 2013 and associated inspection and repair expenses. By contrast, net income climbed 15.3%, to ¥19.3 billion. In line with the projection made at the beginning of the term, we paid annual cash dividends of ¥60.00 per share, up from ¥56.00 in the previous year.

Outlook for the Year Ending March 2014

In Japan, there is growing demand for gas appliances, such as our *Eco Jozu* series of high-efficiency hot-water units. Contributing factors are an increase in domestic housing starts and the ongoing shift since the Great East Japan Earthquake in March 2011 away from going all-electric products to greater use of gas appliances. Overseas, Rinnai products optimized to suit the needs of various countries are becoming more and more established in each market. Accordingly, we will continue focusing on raising the profile of the Rinnai brand. Taking the above into account, we will work hard to reinforce the Group's strengths without changing the initial targets of the medium-term business plan.

Medium-Term Business Plan "Jump UP 2014"

(From April 1, 2012 to March 31, 2015)

Aims

Contribute to people's lives worldwide and the global environment as a comprehensive heat-energy appliance manufacturer

- ▶ **Product vision:** Comprehensive heating appliance manufacturer that delivers environmentally responsible products
- ▶ **Regional vision:** Global company that improves the lifestyles of people all over the world
- ▶ **Business vision:** Company with a unique business model that attracts people and business partners

"Three Jump Up" Priorities

1. **Raise product quality** in pursuit of zero defects
2. **Raise versatility** through reforms of development, production, and sales processes
3. **Raise organizational strength** through human resource development and Groupwide interaction

	Mar. 2013 (actual)	Mar. 2014 (plan)	Mar. 2015 (plan)
Net Sales	¥251.8 billion	¥268.0 billion	¥280.0 billion
Operating income	¥26.3 billion	¥30.0 billion	¥33.0 billion
Operating income ratio	10.5%	11.2%	11.8%

Rinnai's business strategies

Domestic Strategy: Become leading provider of energy savings, advanced functions, and convenient solutions

Rinnai's basic business strategy is to deliver products with advanced functions that address people's needs for "safety and peace of mind," "comfort," and "environmental friendliness."

Hot-water/heating systems that deliver energy savings and comfort

One of Rinnai's main aims is to produce a full lineup and increase the adoption of high-efficiency *Eco Jozu* hot-water units. In recent years, there has been growing demand not only for standalone products, such as hot-water units, but also for hot-water/heating systems and other products with high-performance functions, which are making a contribution to earnings. One offering generating increasing sales is a hot-water/heating system that reheats bath water and provides hot water for room heating purposes. A growing number of consumers buying this system are also purchasing floor heating systems and bathroom heater/dryers. In addition to comfort, another reason why they are buying these products is to prevent heat shock by reducing the temperature difference between outside and inside the bath.

Rinnai's *ECO ONE* hybrid hot-water/heating system, which combines *Eco Jozu* with an electric heat pump, contains a hot-water unit that was recently recognized in Japan as consuming the lowest amount of energy*.

Guided by its corporate mission, Rinnai will continue making a direct contribution to reducing the burden placed on the

environment. Looking ahead, we will boost research and development aimed at creating more comfortable living environments, with a view to collaborating with projects related to smart houses and home energy management systems (HEMS).

* Please see page 7 "Rinnai Topics" for references.

Addressing market needs through high added value

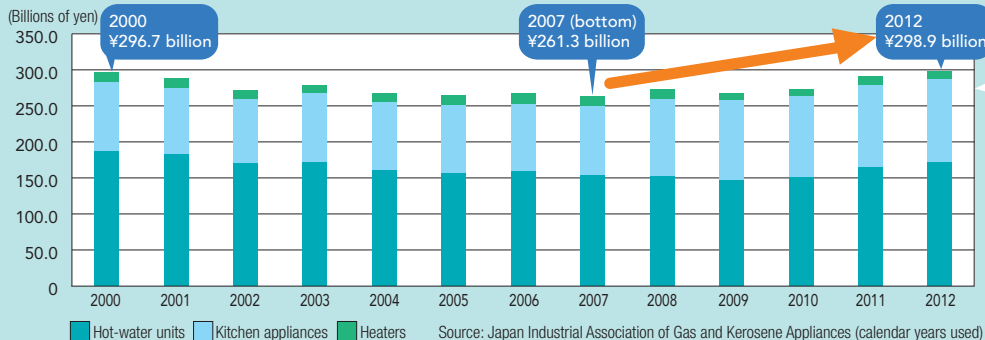
In the kitchen appliances segment, our expanded lineup has helped drive up sales. Our high-value-added *DELICIA* and *Verie* built-in stoves have been extremely well received since their launch, and they are increasingly being purchased as replacements for tabletop stoves.

Sales are also growing for new products that meet market needs for enhanced features and convenience that only gas can deliver. Two products enjoying healthy sales are a range hood that is functionally linked to our built-in stove and the *Jikabi-No-Takumi*—the first completely new model rice cooker introduced by Rinnai in 21 years. We have also emphasized measures that enhance safety, such as the fitting of Si temperature sensors to all burners in our gas stoves. Going forward, we will continue developing and providing products with advanced functions finely tuned to meet market needs.

Full-scale operation at the new Akatsuki Plant

Rinnai has started reorganizing its domestic manufacturing plants to enhance production capacity and efficiency for the *Eco Jozu* series, its mainstay offerings in the hot-water units segment, and products with advanced functions, such as the

Size of Domestic Gas Appliance Market



- Firm replacement demand in the domestic gas appliance industry
- Continuing shift from all-electric to gas appliances since March 2011 disaster
- The addition of advanced functions to appliances, such as Si sensors and Eco Jozu, has driven up the value of sales

ECO ONE hot-water/heating system. With the commencement of full-scale operations at the Akatsuki Plant in May 2013, we are currently reviewing the roles of our main domestic plants and we are also relocating our Parts Center to the Aichi Plant.

Overseas Strategy: Deliver heating products tailored to local needs with the themes of “heat” and “lifestyles”

Rinnai’s global strategy calls for the provision of strategic products in each market that address the environmental policies and economic growth stage of each country.

United States and China identified as medium-term strategic markets

United States: Japanese-style tankless systems that heat water instantaneously are becoming more prominent in the U.S. market, where storage-type systems (with tanks) are mainstream*. The recovery in that country’s economy has seen a steady increase in sales of tankless gas systems. Going forward, we plan to increase the size of our leading share in the tankless gas system market. To this end, we will establish a marketing and sales framework adapted to meet the specific needs of that market.

China: Thanks mainly to demand for its mainstay gas hot-water units, Rinnai continues to perform well in China, with no impact from changes in the external environment, such as Sino-Japanese relations. Going forward, we will expand sales channels to boost the scale of business in regional cities.

* In 2012, 8.16 million hot-water systems were sold in the United States, 96% of which were storage-type systems (with tanks).

Delivering diverse products as a comprehensive manufacturer of heat and energy appliances

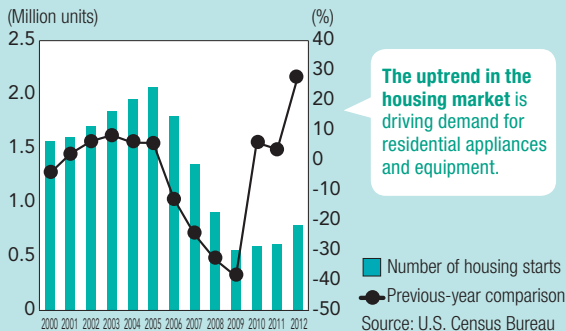
Rinnai responds to local needs in its various overseas markets by providing heating appliances that use diverse energy sources.

In New Zealand, for example, we boosted revenue with the acquisition of a local manufacturer of electric storage-type hot-water systems. In South Korea, the fitting of sensors to gas burners will become legally mandatory in 2013. Rinnai sees this as an excellent opportunity to introduce new sensors developed using technology amassed in Japan. In emerging nations in Southeast Asia and elsewhere, we will work to improve the quality of life and boost market size in each country through phased-in delivery of advanced functional and environmental technologies and products developed over many years in Japan.

Long-term vision targets improved corporate value

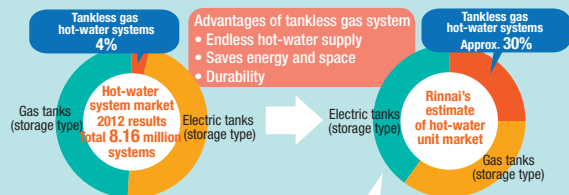
Since its founding, Rinnai has developed and grown its businesses by placing top priority on three areas: “heat and lifestyles,” “contributing to local communities,” and “product quality.” In the case of the dishwasher recall in August 2012, we spared no resources in taking remedial measures and preventing a recurrence. We promptly informed consumers of the fault, ascertained the cause, and provided ongoing customer service. Under our long-term vision, we will pursue business activities and maintain and boost our brand power in the global market under the “Rinnai = Quality” slogan, with the aim of improving corporate value.

U.S. Housing Starts



The uptrend in the housing market is driving demand for residential appliances and equipment.

Estimated Structural Changes in U.S. Hot-Water System Market



- Tankless systems are already common in Australia
- In the enormous U.S. market—where 8 million systems are sold annually—there is strong latent demand for highly convenient tankless hot-water systems (demand for replacing storage-type systems).

Source: Air-Conditioning, Heating, and Refrigeration Institute
* Margin for growth based on Rinnai estimates

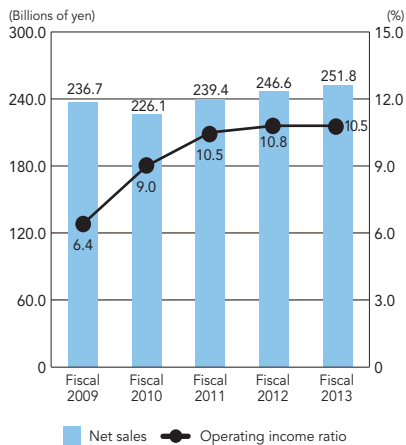
Consolidated Business Results for Fiscal 2013

(Year ended March 31, 2013)

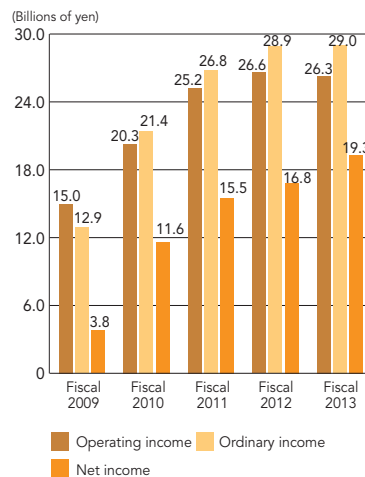
Performance Highlights

- Stronger demand in Japan compensated for lower overseas revenue, leading to **record-high Groupwide net sales and third consecutive year-on-year increase**.
- **Operating income declined** due to expenses incurred in recalling and repairing faulty dishwashers.
- Both ordinary income and net income increased for the **fourth consecutive year, to record-high figures**.
- The Company paid annual cash dividends of ¥60.00 per share, representing **11 consecutive years of dividend increases**.

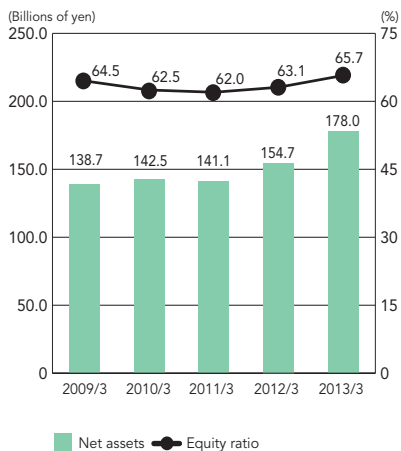
Net sales, operating income ratio



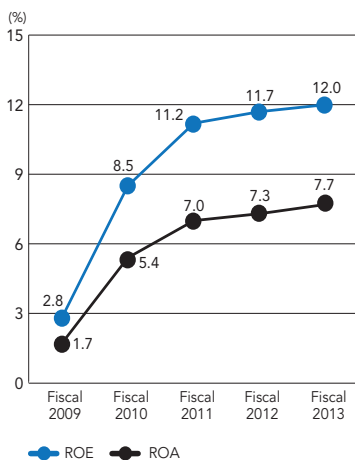
Operating income, ordinary income, net income



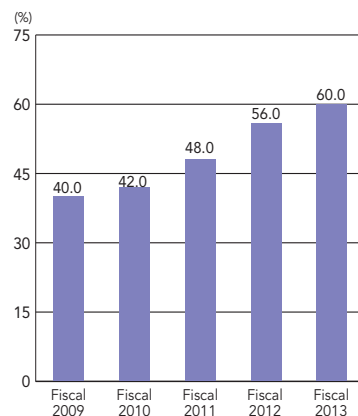
Net assets, equity ratio



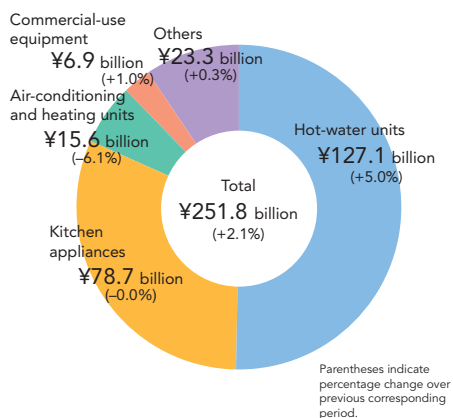
ROE, ROA



Dividends per share (annual)



Net sales by product

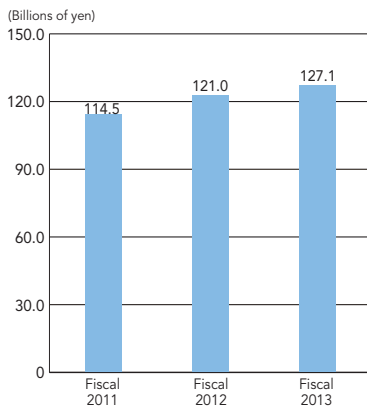


Highlights by Product Segment

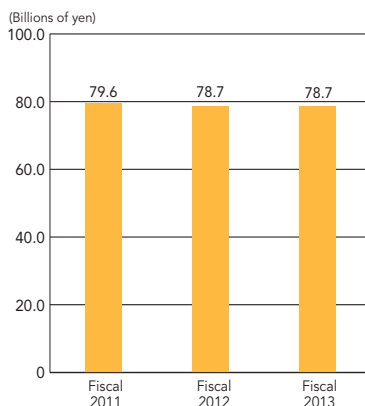
- **Hot-water units:** Firm domestic demand for highly functional units, plus recovery in overseas sales, **helped drive up sales in this segment.**
- **Kitchen appliances:** Increase in domestic sales of built-in stoves and range hoods thanks to ongoing **trend towards system-based kitchens.**
- **Air conditioning and heating units:** Recoil effect following special demand for heaters in schools in Australia led to a **decline in segment sales.**

Principal products	Principal Products
Hot-water units	Hot-water units, Japanese-style bath heating systems, hot-water/heating units, and hybrid hot-water units
Kitchen appliances	Tabletop stoves, built-in stoves, built-in ranges, dishwashers, and rice cookers
Air-conditioning and heating units	Fan heaters, fanned flue heaters and infrared heaters
Commercial-use equipment	Industrial ceramics machines, commercial-use ranges and rice cookers
Others	Clothes dryers, infrared burners and components

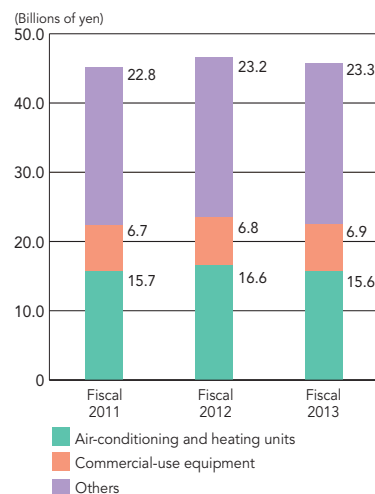
Sales of hot-water units



Sales of kitchen appliances

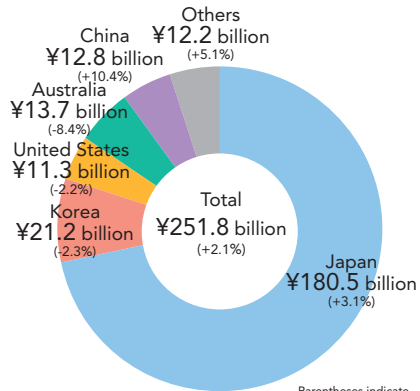


Sales of air-conditioning and heating units, commercial-use equipment, and others



Consolidated Business Results for Fiscal 2013 (Year ended March 31, 2013)

Net sales by region



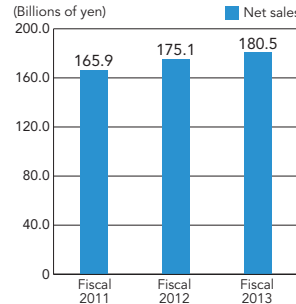
Parentheses indicate percentage change over previous corresponding period.

Japan



Eco Jozu highly efficient hot-water unit Built-in stoves

Growth in sales of high-value-added products compensated for expenses for repairing dishwashers, leading to increases in both revenue and earnings.

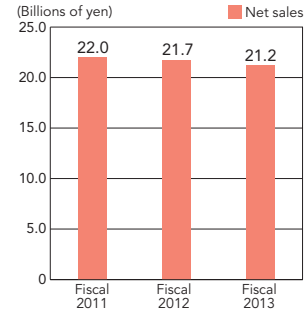


South Korea



Tabletop gas stove Gas boiler Steam oven

Despite firm demand for boilers, lower stove sales pushed revenue down. However, effective control of costs led to increased earnings.

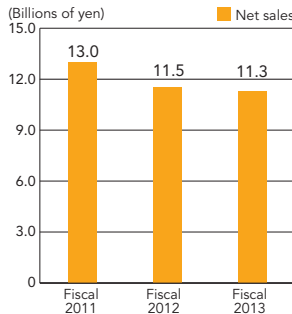


United States



Hot-water unit Fan-forced heater

Improved profitability through the launch of new products compensated for a decline in revenue, resulting in increased earnings.

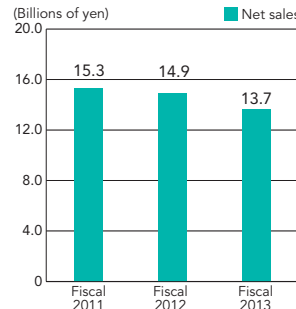


Australia



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

Despite a healthy performance by hot-water units, a recoil in special demand for heaters led to declines in both revenue and earnings.

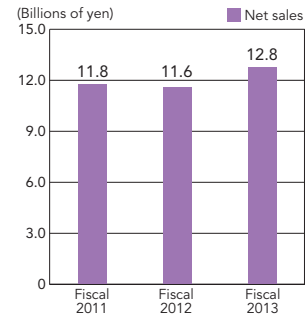


China



Built-in stoves Hot-water unit Range hood unit

Reinforced sales efforts in interior regions and a sales recovery in the Shanghai area resulted in increases in both revenue and earnings.



Boosts energy-saving in the home

Rinnai's *ECO ONE* hybrid hot-water/heating system is the No. 1 hot-water unit for energy-saving performance!

A national energy-saving standards based assessment**1 of the hot-water unit in *ECO ONE* hybrid hot-water/heating system has shown that it consumes the lowest amount of primary energy*1 of all hot-water units—even significantly outperforming the *ECO CUTE* electric heat pump/hot-water system. Compared with existing hot-water systems, it achieved a 40% reduction in primary energy consumption.

In Japanese homes, hot-water units account for around 30% of energy usage. Installation of an *ECO ONE* system helps reduce carbon dioxide emissions from the home and contributes to prevention of global warming.

*1: Standards for construction clients and owners of specified buildings based on the Act on the Rational Use of Energy.

**2: Single hybrid series (100-liter type; RTU-R1000 used for tank unit) as of February 2013. Calculation results of hot-water unit primary energy consumption based on a program to determine energy-saving performance for homes conducted by the Building Research Institute in cooperation with the National Institute for Land and Infrastructure Management.



ECO ONE

Primary energy consumption
40% reduction,
compared with existing
hot-water systems



Reorganization of domestic manufacturing facilities

Commissioning of Akatsuki Plant and Parts Center

Rinnai is restructuring its domestic manufacturing plants to expand production capacity and improve production efficiency to meet projected growth in demand for its high-performance products. These include the Eco Jozu series of high-efficiency hot-water units, the *ECO ONE* hybrid hot-water/heating system, and hot-water/heating system terminal units.

As part of the restructuring, production of bathroom heater/dryers has been relocated from the Asahi Plant to the Akatsuki Plant, where heater/dryer production commenced in May 2013. Production of room heaters is being relocated in stages from the Aichi Plant to the Oguchi Plant. The storage and shipment of spare parts is being shifted from the Parts Center to within the grounds of Aichi Plant. The parts center will start operating in July 2013 under its new name, Rinnai Parts Center.



Akatsuki Plant

Location: Akatsuki Industrial Park, Akatsuki-cho,
Seto City, Aichi Prefecture
Land area: 33,333 m²

Raising the profile of tankless hot-water units in the U.S. market

Rinnai America exhibits at AHR Expo 2013, the world's largest air-conditioning, heating, and refrigeration exposition

In January 2013, Rinnai America exhibited at the AHR Expo 2013, held in Dallas, Texas. A total of 1,951 companies participated in the 65th AHR Expo, reputed to be the largest air-conditioning, heating, and refrigeration trade show in the world, attracting around 34,000 visitors. The U.S. market continues to see a shift from conventional storage-type hot-water systems to more convenient tankless systems. A popular display at the Rinnai booth was the internal componentry of a tankless water heater to help visitors gain a better understanding of how this system works.



Rinnai booth at AHR Expo 2013

Launched June 2013

Gas Clothes Dryer

はやい
乾太くん Speedy
Kanta-kun

Completely new model!

High quality and simple design

- **Fluffy dry clothes** even on wet days or in the rainy season
- **Clothes dry quickly** and quietly, perfect for night-time
- **Comfortable drying** with no worry about atmospheric pollution or pollen
- Reduced static electricity owing to adoption of **Plasmacluster Ion* technology**



* The Plasmacluster Ion logo and name (in Japanese and English) are registered trademarks of Sharp Corporation.

Use of gas makes drying quick and economical, leaving clothes fluffy and clean!



Benefits of a gas clothes dryer

- **Drying time is about half that of an electric dryer**
- **Heat produced by gas dries clothes gently, making them fluffy**

Comparison of drying times when drying 5.0kg of laundry in gas and electric dryers (using RDT-51SA/51SUA dryer)

* 5.00kg load in RDT-51SA dryer



Towel dried using a gas clothes dryer



Towel dried outdoors

Second model of limited Internet-only tabletop stove

Seiso

Launched April 2013

Seiso セイソ

Seiso is a simple yet stylish tabletop stove. It combines enhanced functions with a fashionable white design. The name Seiso was chosen to convey the product's clean lines. Through Internet sales, Rinnai will continue marketing offerings developed to meet the diverse needs of consumers.

- **Convenient and clever cooking functions**

Comes with an automatic shut-off "water boiling function," a "rice cooking function" that produces delicious rice, and a grill that cooks on both sides without using water that is big enough to grill lots of food at once.

- **Easy-to-clean top plate means spills can be removed in an instant**
- **Fitted with Si sensors for enhanced safety and peace of mind**



<http://www.howaro.jp/seiso> (Japanese only)



Popular Product Spotlight

Especially effective in humid weather

バスほっと

Gas hot-water-type bathroom heater/dryer

In addition to its energy-saving performance, Rinnai's gas hot-water-type bathroom heater/dryer is popular for its diverse range of functions that cover every season.

Diverse range of functions!

- **Dries clothes** Perfect for when you need to dry clothes indoors, such as pollen seasons or rainy days
- **Heats the bathroom** Helps prevent heat shock*2 among Japan's increasing elderly population
- **Dries the bathroom** Prevents bathroom mold and makes cleaning easy
- **Mist Sauna** (RBHM Series only) heats the body to the core in around ten minutes in the bath
- **Plasmacluster Ion technology*1** Purifies air in the bathroom



*1 The Plasmacluster Ion logo and name (in Japanese and English) are registered trademarks of Sharp Corporation.

*2 Heat shock is when the heart, brain, or other organs go into shock due to a sudden change in temperature. A Japanese bathroom, where there is a huge difference between the air temperature in the washing space outside the bath and the water temperature in the bathtub, is an accident-prone environment.



Universal design



The remote control featuring a universal design is highly user-friendly.

VERMICULAR  ×  .STYLE

Limited release of the popular Waterless Cooker, Rinnai-VERMICULAR collaboration

Rinnai teamed up with Aichi Dobby Ltd. to produce *VERMICULAR*, a cast-iron pot that cooks delicious dishes without using water. A limited edition of *VERMICULAR* is available via R. Style (Rinnai Style), Rinnai's online shopping site.

- Manufactured and sold by Aichi Dobby, *VERMICULAR* is a hand-made waterless cooking pot that maximizes food flavors. There is a 13-month waiting list for *VERMICULAR*, which was launched in 2010.
- *VERMICULAR* is available via R. Style and comes in a choice of colors in a set that includes a recipe book and a traditional Japanese wooden spoon called a *shamoji*.



<http://www.rinnai-style.jp/> (Japanese only)

Financial Data

Consolidated Balance Sheets (Millions of yen)

Current Term (As of Marh 31, 2013)

Previous Term (As of Marh 31, 2012)

	Current Term	Previous Term
Assets		
Current assets	177,766	156,300
Cash and deposits	47,691	34,596
Notes and accounts receivable	59,699	56,776
Marketable securities	39,479	35,651
Products	16,467	14,530
Raw materials and stores	9,855	9,402
Deferred taxes assets	3,577	3,364
Other	1,482	2,439
Less allowance for doubtful accounts	(487)	(461)
Fixed assets	84,823	82,553
Property, plant and equipment	41,121	43,040
Buildings and structures	14,212	14,988
Machinery and vehicles	8,516	8,398
Tools and fixtures	3,751	3,724
Land	13,094	13,620
Leased assets	212	245
Construction in progress	1,332	2,064
Intangible fixed assets	1,526	1,489
Investments and advances	42,176	38,023
Investments in securities	30,665	26,966
Deferred income taxes	1,157	806
Other	10,823	10,670
Less allowance for doubtful accounts	(470)	(419)
Total assets	262,590	238,853

	Current Term	Previous Term
Liabilities		
Current liabilities	73,073	72,757
Notes and accounts payable	44,446	43,895
Short-term debt	3,748	4,254
Other payables	9,630	9,478
Accrued consumption taxes	1,128	776
Accrued income taxes	5,931	6,064
Accrued employees' bonuses	3,153	3,131
Allowance for product guarantee	1,895	1,857
Other	3,138	3,299
Long-term liabilities	11,508	11,358
Long-term debt	2,550	3,325
Accrued employees' retirement benefits	4,625	4,554
Other	4,332	3,479
Total liabilities	84,582	84,116
Net Assets:		
Shareholders' equity:	170,240	153,722
Common stock	6,459	6,459
Capital surplus	8,720	8,720
Earned surplus	178,540	162,014
Treasury stock	(23,480)	(23,471)
Other comprehensive income:	2,252	(3,103)
Unrealized gain on marketable securities	1,919	518
Foreign exchange translation adjustment	332	(3,622)
Minority interests	5,515	4,119
Total net assets	178,007	154,737
Total liabilities and net assets	262,590	238,853


Consolidated Statements of Income (Millions of yen)

 Current Term (From April 1, 2012, to March 31, 2013)
 Previous Term (From April 1, 2011, to March 31, 2012)

	Current Term	Previous Term
Net sales	251,832	246,636
Cost of sales	175,990	171,475
Gross profit	75,842	75,161
Selling, general and administrative expenses	49,490	48,527
Operating income	26,351	26,634
Other income	3,183	2,827
Other expenses	470	554
Ordinary income	29,064	28,907
Extraordinary income	988	—
Extraordinary loss	543	1,356
Income before income taxes	29,509	27,550
Income taxes	9,254	10,220
Income before minority interests	20,254	17,330
Minority interests	882	522
Net income	19,371	16,807

Consolidated Statements of Cash Flows (Millions of yen)

 Current Term (From April 1, 2012, to March 31, 2013)
 Previous Term (From April 1, 2011, to March 31, 2012)

	Current Term	Previous Term
Cash flows provided by operating activities	22,872	23,074
Cash flows used in investing activities	(12,607)	(16,222)
Cash flows used in financing activities	(5,002)	(3,937)
Cash and cash equivalents at end of year	55,030	48,618

Corporate Data

Directory (As of March 31, 2013)

Incorporated	September 1, 1920
Established	September 2, 1950
Paid-in capital	¥6,459,746,974
Head office	2-26, Fukuzumi-cho, Nakagawa-ku, Nagoya 454-0802 TEL: +81-52-361-8211
Number of employees	8,824 (Consolidated) 3,628 (Nonconsolidated)

Domestic Network (As of May 1, 2013)

Factories and related centers Technology Development Center, Production Technology Center, Integrated Logistics Center, Parts Center, Oguchi Factory, Seto Factory, Asahi Factory, Aichi Factory

Branches Tohoku, Kanto, Chubu, Kansai, Kyushu

Domestic sales offices Hokkaido, Sendai, Niigata, Tokyo, Kita-Kanto, Higashi-Kanto, Minami-Kanto, Nagoya, Shizuoka, Hokuriku, Nagano, Osaka, Keji, Hyogo, Chugoku, Shikoku, Fukuoka

Domestic satellite offices (76 offices)

Other domestic offices 10 Training Centers, 2 Customer Centers

Board of Directors (As of June 27, 2013)

Chairman	Susumu Naito	Managing Executive Officers	Takashi Nagasaka	Corporate Auditors (Standing Auditors)	Yasuhiko Goto
Vice Chairman	Kenji Hayashi		Yuzo Yoshida		Toshinori Tsutsumi
President*	Hiroyasu Naito	Executive Officers	Sadao Yoshimura	Corporate Auditors	Kiyokira Fukui
Director and Executive Vice President	Tsunenori Narita		Terumasa Kaneko		Kinya Nankan
Director and Managing Executive Officers	Masao Kosugi		Kinji Mori		
	Yuji Kondo		Yasuo Koketsu		
			Izuka Suzuki		
			Kazuhiko Yamada		
			Takashi Sonoda		
			Katsuhiko Shinji		

Notes: 1. President (*) doubles as Executive Officer.
2. Kiyokira Fukui and Kinya Nankan (Corporate Auditors) serve as an outside auditor.

Share Composition (As of March 31, 2013)

Number of shares

Authorized:

200,000,000

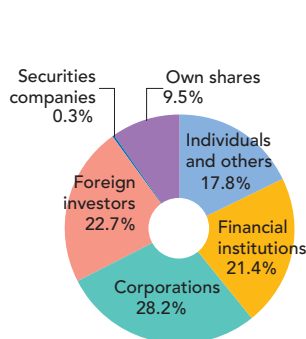
Outstanding:

54,216,463 (Including treasury stock)

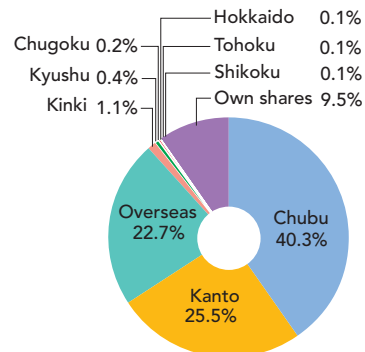
Number of shareholders:

3,871

Composition of shareholders



Shareholders by region



Rinnai Group (As of March 31, 2013)

14 Domestic Subsidiaries

Manufacture of Products

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

Manufacture of Components

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

Major Shareholders (As of March 31, 2013)

Name	Shares held (Thousands)
Naito Co., Ltd.	6,215
Yoshikane Shoji Co., Ltd.	4,002
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,092
Kenji Hayashi	2,652
Japan Trustee Services Bank, Ltd. (Trust Account)	1,951
Susumu Naito	1,400
Nippon Life Insurance Company	810
Tokyo Gas Company, Limited	784
Japan Trustee Services Bank, Ltd. (Trust Account 9)	680
Rinnai employee's association	607

* The above list does not include the treasury stock held by the Corporation, which amounts to 5,158 thousand shares.

30 Overseas Subsidiaries and Affiliates

Holding Company/Sale of Products

- Rinnai Holdings (Pacific) Pte Ltd.

Sale of Products

- Rinnai America Corporation
- Rinnai Hong Kong Ltd.
- Rinnai Canada Holdings Ltd.
- Rinnai SE Corporation
- Rinnai Plus Corp.
- Guangzhou Rinnai Gas and Electric Appliance Co., Ltd.
- Rinnai (Malaysia) Sdn. Bhd.
- Rinnai UK Ltd.
- Rinnai Italia S.r.l.
- Guangzhou Rishangsheng Gas and Electric Appliances Sales Co.
- Hainan Rinnai Minsheng Kitchen Appliances Sales Co., Ltd.

Manufacture and Sale of Products

- Rinnai Australia Pty., Ltd.

- Rinnai New Zealand Ltd.
- Rinnai Taiwan Corporation
- Rinnai Korea Corporation
- Shanghai Rinnai Co., Ltd.
- Rinnai (Thailand) Co., Ltd.
- Rinnai Viet Nam Co., Ltd.
- Rinnai Brasil Heating Technology Ltd.
- H J Cooper Limited
- P.T. Rinnai Indonesia
- Guangzhou Ming Hai Gas & Electrical Appliance Co., Ltd.

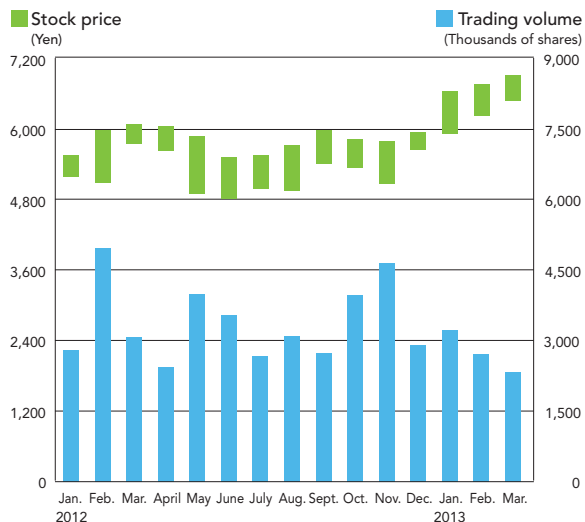
Manufacture and Sale of Components

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

Other Business

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

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

Sumitomo Mitsui Trust Bank, Limited

4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005

Special account administrator

Sumitomo Mitsui Trust Bank, Limited

4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005

Mailing and contact

Sumitomo Mitsui Trust Bank, Limited

Stock Transfer Agency Department

8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063

(Telephone)

Freedial 0120-782-031(9:00 am~17:00 pm on weekdays)

Transfer administration offices:

Sumitomo Mitsui Trust Bank, Limited

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 (Sumitomo Mitsui Trust Bank, Limited; contact details above).

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

(1) Shareholders with account at a securities company

Please contact the securities company handling your account.

(2) Shareholders with a special account opened due to absence of account at a securities company

Please contact Sumitomo Mitsui Trust Bank, Limited

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. 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 keep 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).