

Shareholders' Report

Vol. 39

64th Interim Term
(April 1 to September 30, 2013)



To Our Shareholders



Susumu Naito
Chairman



Hiroyasu Naito
President

In the two-quarter period under review (April 1–September 30, 2013), the world economy was characterized by a moderate recovery trend, driven mainly by increases in personal consumption and capital expenditures in the United States, as well as a turnaround in Europe, where concerns about economic recession due to shrinking finances were replaced by an improvement trend. In China, meanwhile, the economic growth rate began slowing, resulting in modest expansion. In Japan, expectations of economic recovery, stemming from growth strategies pursued by the government, led to depreciation of the yen and rising shares prices. However, the real economy failed to achieve full-fledged recovery, making the outlook going forward unclear.

By contrast, the domestic housing equipment industry was stimulated by healthy new housing starts owing to a rush in demand ahead of an expected hike in the consumption tax rate, as well as activity ahead of a projected increase in housing loan interest rates. The home renovation market also performed well, buoyed by healthy replacement demand for housing equipment.

In our domestic business, there was an ongoing shift towards high-end products for such items as built-in stoves and hot-water/heating systems, we generated higher year-on-year revenue and earnings thanks to efforts to cut basic costs, which resulted in lower overall outlays. We also enjoyed revenue and earnings growth overseas owing to higher sales of gas appliances in the United States, China, and elsewhere, as well as foreign exchange factors. More details of the Group's financial performance are given later in this report. The Company declared an interim cash dividend of ¥32.00 per share, up ¥2.00 year-on-year.

The Rinnai Group continues to implement its medium-term business plan, entitled Jump Up 2014, aimed at achieving dramatic progress in qualitative terms. Under the plan, we will reinforce our corporate constitution and build a foundation for long-term growth. We will also actively develop products that use the “best mix” of energy sources to foster protection of the environment, while instilling the unique features of gas appliances with respect to comfort and convenience. In the global arena, we will upgrade our product lineups in existing markets while tapping new markets. We will also supply products to overseas markets in a strategic manner, including by generating new demand in local communities.

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

December 2013

Susumu Naito
Chairman

Hiroyasu Naito
President

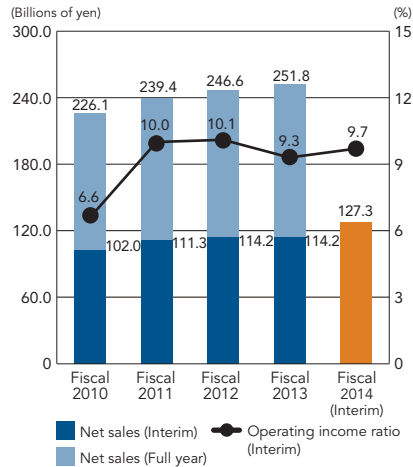
Consolidated Business Results

(First Two Quarters of the Fiscal Year ending March 2014)

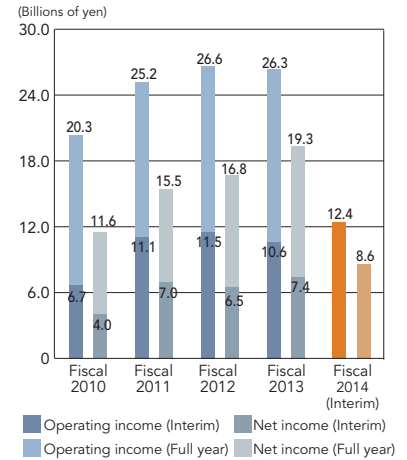
Performance Highlights

- Net sales, operating income, ordinary income, and net income all reached **record-high levels**.
- **Sales increased in all geographic regions** thanks to a sustained healthy performance in Japan and recovery overseas, as well as foreign exchange factors.
- We posted a **double-digit increase in operating income** on the back on higher sales centered on healthy results in Japan, United States, and China.
- The Company declared an interim dividend of ¥32.00 per share, marking **increases in interim dividends for four consecutive years**.

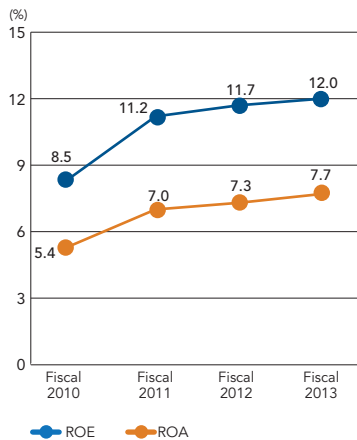
Net sales, operating income ratio



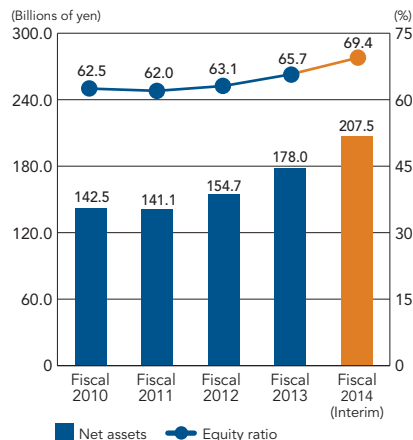
Operating income, net income



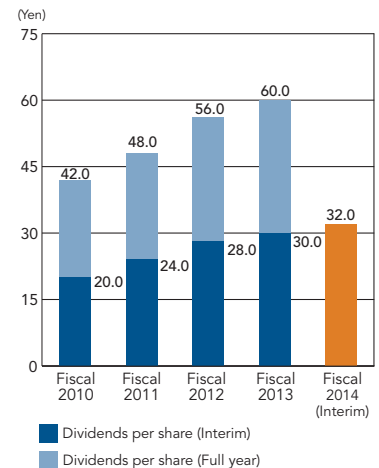
ROE, ROA



Net assets, equity ratio



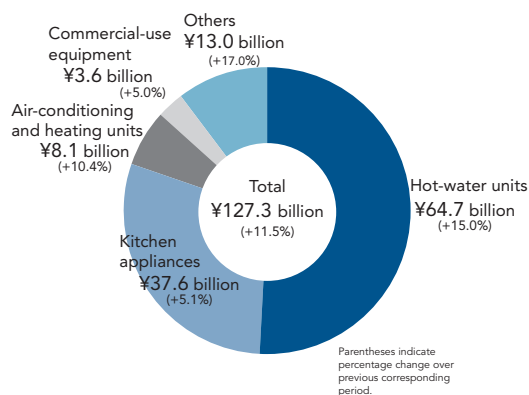
Dividends per share



Consolidated Business Results by Product/Region

(First Two Quarters of the Fiscal Year ending March 2014)

Net sales by product

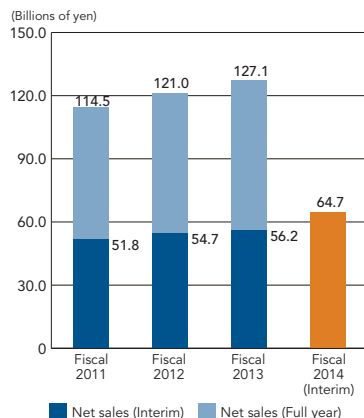


Highlights by Product Segment

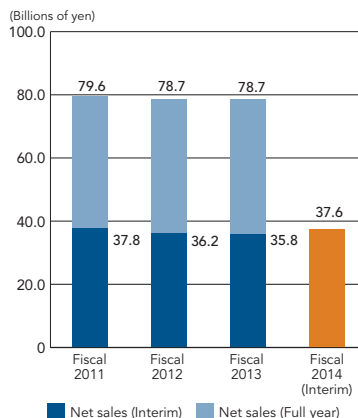
- **Hot-water units:** Continued healthy demand for hot-water/heating systems in Japan, plus sales recovery in the United States and China, **helped drive up sales in this segment.**
- **Kitchen appliances:** Segment sales were boosted by a shift to **high-value-added products** in Japan, coupled with **increased units prices in South Korea.**
- **Air-conditioning and heating units:** Healthy demand in Japan for new **gas clothes dryers** led to **increased sales in this segment.**

Product Segment	Principal Products
Hot-water units	Hot-water units, Japanese-style bath heating systems, hot-water/heating units, and hybrid hot-water/heating systems
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	Professional-use grillers, ranges and rice cookers
Others	Clothes dryers, infrared burners and components

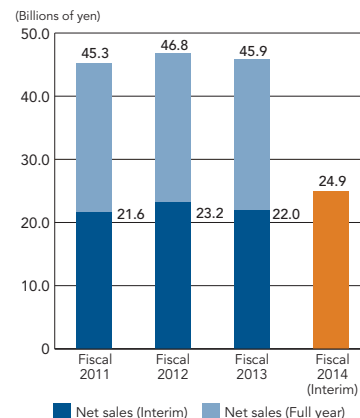
Sales of hot-water units



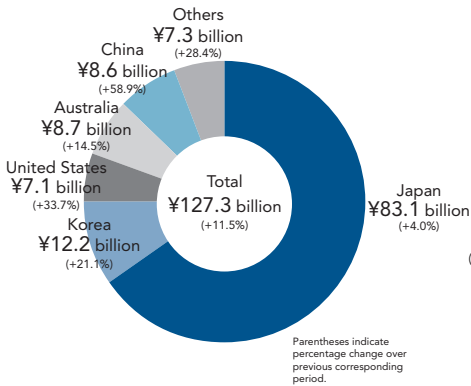
Sales of kitchen appliances



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



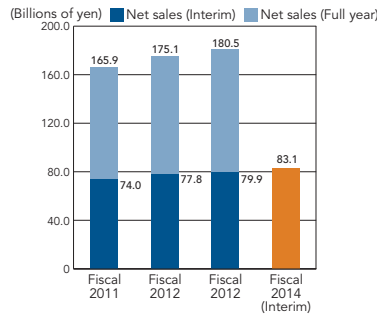
Net sales by region



Japan



Acceleration in the shift toward hot-water/heating systems and other high-value-added products led to increases in both revenue and earnings.

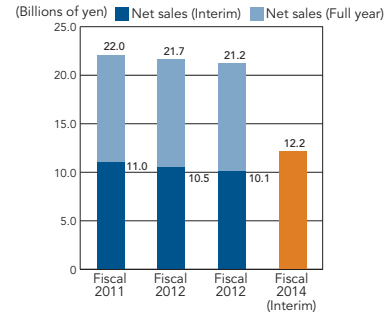


South Korea

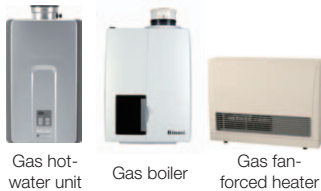


Tabletop stove Gas boiler Steam oven

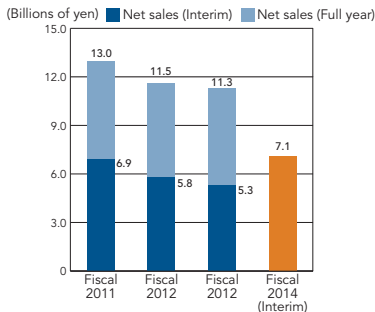
Despite an increase in revenue stemming from higher stove sales, there was a one-time increase in costs, resulting in a small operating loss.



United States



Recovery in the housing market and personal consumption, together with sales promotion efforts, led to increases in both revenue and earnings.

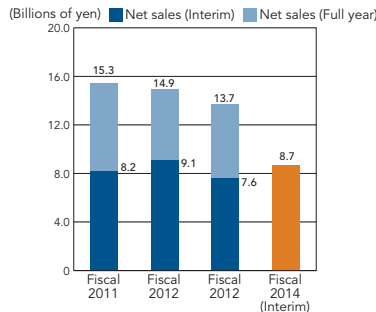


Australia



Gas hot-water unit Gas fan-forced heater Gas hot-water unit for commercial facility

Despite a stalled economy, sales of heaters turned around after recouling in the previous year, resulting in higher revenue and earnings.

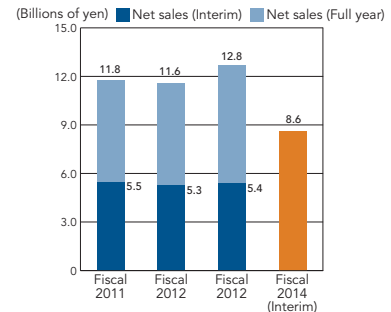


China



Gas hot-water unit Built-in stoves Range hoods

Sales recovery in cities and strong marketing efforts in interior regions led to growth in both revenue and earnings.





Improving logistics efficiency

Construction of new Iwakura Logistics Center

Rinnai built the new Iwakura Logistics Center as part of its effort to establish an efficient logistics network that operates in coordination with production and sales activities. Opened in August 2013, the Center stores and ships relatively small products, such as remote controls and various components. It also serves as a transit point for components procured from affiliated companies for delivery to Rinnai's factories. Thanks to the role of the Iwakura Logistics Center in combination with the Integrated Logistics Center, which collects products made at the four main domestic plants, Rinnai will pursue further increases in logistics efficiency.



Iwakura Logistics Center
(Yatsurugi-cho, Iwakura City, Aichi Prefecture)



Contributing to local communities

Nakagawa Canal Restoration Project

The Nakagawa Canal, which flows near Rinnai's Head Office, supported the economic development of Nagoya City for many years as an important distribution route. Recently, Rinnai announced that it will donate a total of ¥100 million over a ten-year period to the Nakagawa Canal Restoration and Culture/Art Activity Assistance Project starting in fiscal 2013. In fiscal 2013, Granting institution decided to award grants to the three projects listed below. Two of the projects—the Canal Markt Festa and the Video Archive Project—held a variety of art events between the end of September and mid-November 2013, which were enjoyed by many people.



Art event held at Canal Markt Festa

Recipient Projects

Organization name

- Nakagawa Canal Art Foundation
- Cinema Skhole
- Kei Fushiki

Project details

- Canal Markt Festa (holding of art events along the Nakagawa Canal)
- Moosic in Nakagawa Canal (short film production)
- Nakagawa Canal Video Archive Project (video archiving, displaying, and distribution)



Gas appliances with advanced functions

Rinnai Korea promotes tabletop gas stoves with sensors

In South Korea, tabletop gas stoves used in the home are now legally required to have temperature sensors to detect if burners have been left on unattended. Amid growing awareness of the need to improve the safety of heat appliances, in April 2013 it became legally mandatory for one burner in a tabletop stove to be fitted with a sensor. From January 2014, all burners will require sensors. Japan was the first country in the world to bring in the mandatory fitting of sensors to all burners on tabletop stoves. Rinnai Korea began selling products fitted with sensors in April 2012. Making full use of Group technology amassed in Japan, Rinnai Korea sees this as an excellent opportunity to infiltrate the market with Rinnai-brand products known for their high quality.



Home-use tabletop gas stove fitted with sensors
(Rinnai Korea)

Largest environmental exhibition in Japan

Rinnai participates in eco-products exhibition

Rinnai will take part in “Eco-Products 2013”—Japan’s largest exhibition of environmentally friendly products, services, and technologies—which will be held at Tokyo Big Sight from December 12 to 14, 2013.

As a comprehensive manufacturer of heat and energy appliances, Rinnai will introduce to visitors its efforts and contributions to people’s lives under the theme “Hybrid Eco Life.”

Our aim is to raise consumer understanding concerning the environment by making visitors aware of energy use—something we take for granted in our daily lives—and methods for decreasing energy consumption, as well as providing information about our environmental activities.

At the Rinnai booth, we will hold quizzes as a fun way for visitors to learn about the environment and saving energy. We will present those who take part in this activity with a commemorative gift. We look forward to seeing you at Eco-Products 2013!



Dates: Thursday, December 12 to Saturday, December 14, 2013
10:00am–6:00pm
(closes at 5:00pm on December 14)

Venue: Tokyo Big Sight
Booth No. 5-016, East 5 Hall

Admission: Free

Fund-Raising through Disposal of Treasury Stock

As a comprehensive manufacturer of heating appliances, the Rinnai Group is committed to reinforcing existing businesses and advancing its operations globally.

At its meeting held on June 5, 2013, the Board of Directors made resolutions regarding retirement of treasury stock, cancellation of treasury stock, and sale of Company shares. The resolutions were implemented as shown on the right.

Purpose

● **Retirement of treasury stock** ▶ Procurement of stable, long-term funds to reinforce the Group’s constitution and permit timely investments in facilities essential for long-term strategies

● **Cancellation of treasury stock** ▶ Provision of return for shareholders

● **Sale of shares** ▶ Sale of shares to large shareholder aimed at improving share distribution status and raising liquidity of shares

Through the above-mentioned fund procurements, the Group will expedite growth-oriented initiatives and establish a more stable business foundation. We will also be better prepared for diversified risks as we target sustained business advancement.

Retirement of treasury stock	Funds raised: ¥17.6 billion (¥5,979.80 per share)		
	Payment date	Number of shares	Payment amount
Retirement of treasury stock via public offering (general offering)	June 24, 2013	2,600 thousand shares	¥15,547 million
Retirement of treasury stock via private placement (over-allotment)	July 9, 2013	350 thousand shares	¥2,092 million

Cancellation of treasury stock	Cancellation of treasury stock	
	Cancellation date	Number of shares
Cancellation of treasury stock	July 12, 2013	2,000 thousand shares

Sale of shares	Sale of shares	
	Settlement date	Number of shares
Sale via purchase by underwriter	June 25, 2013	300 thousand shares
Sale via over-allotment	June 25, 2013	350 thousand shares

	Share counts	
	At September 30, 2013	At March 31, 2013
Total shares outstanding	52,216 thousand shares	54,216 thousand shares
Treasury shares	209 thousand shares	5,158 thousand shares
Total shares outstanding (excluding treasury shares)	52,006 thousand shares	49,057 thousand shares

Energy-efficient gas hot-water/heating systems

Rinnai offers comfortable and convenient lifestyles.

There has been an increase in households choosing hot-water/heating systems in recent years owing to the convenience of such systems. In addition to offering systems that enhance the comfort of home, our aim is to help realize environmentally friendly and economic lifestyles.

Bathroom



- **Panel heater**
Reduces body stress by lessening the temperature difference between the bathroom and living room
- **Heated towel rail**
One unit combines the dual functions of drying towels and room heating

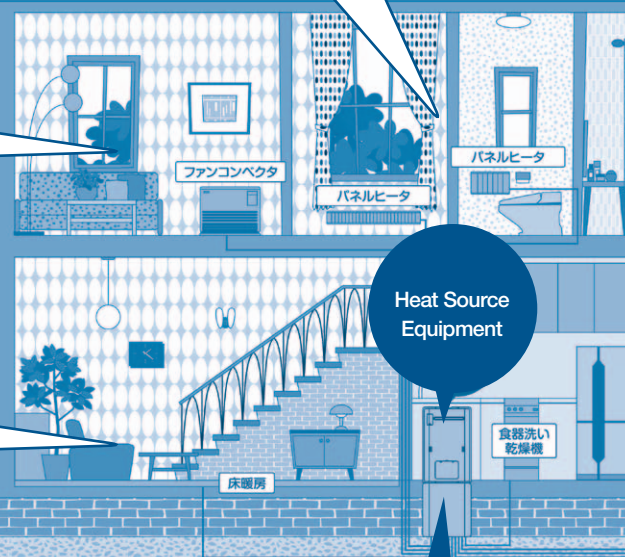


- **Fan convection heater**
The heater's use of hot water keeps the air clean

Living room



- **Floor heating**
The hot-water floor heating warms you from the feet up



Heat Source Equipment

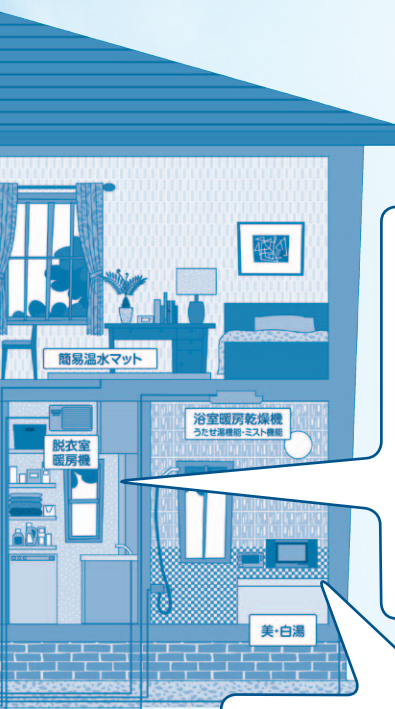


Eco Jozu
highly efficient hot-water unit



ECO ONE
hybrid hot-water/heating system

A single heat source delivers comfort and heat in a variety of situations by supplying not only hot water, but also using a hot water/heating system to provide home heating.



Kitchen



● **Gas built-in stove, hot-water unit, and dishwasher**
As you would expect, the system brings comfort and convenience to the kitchen

- Comfort
- Eco-friendly
- Economy

Popular product spotlight

Proprietary system achieves energy savings!

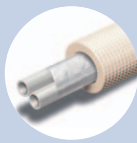


Gas hot-water type floor heating system

Natural heat from a conventional floor heater achieves **monthly savings on lighting and heating expenses of around 37%***

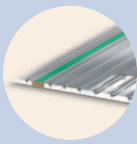
* Using Rinnai's proprietary Yuka Hotto E Hybrid energy efficient floor heating system, which minimizes total heat loss by combining the ECO ONE hybrid hot-water/heating system, heat-insulating piping, and REM hot-water mat.

Hybrid hot-water/heating system, combining electricity and gas, excels in environmental friendliness and economy!



● **Minimizes heat loss!**

Adoption of heat-insulating piping makes it easy to maintain hot water temperature.



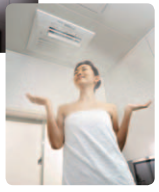
● **Sufficient heat release even at low hot-water temperatures**

The hot-water mat quickly heats up even at low hot-water temperatures.

● **Suppresses air dehumidification, making it gentle on the skin**

Warming by radiant heat prevents the air from becoming dry, which in turn is gentle on children's skin. Since a flame is not used, there's no need to worry about the risk of fire.

Bathroom and clothes dryer



● **Bath filling and reheating**

Fully automatic and easy to use; contributes to higher energy savings compared with conventional models

● **Bathroom heater/dryer**

Great for drying clothes indoors in winter and heating the bathroom before bath time

● **Mist Sauna**

Choose from the "Micro Steam" and "Splash Mist" settings

● **Gas clothes dryer**

Gives you fluffy dry clothes quickly, reducing drying time by around one third compared with electric dryers

Released August 2013

Built-in stove

New
DELICIA

GOOD DESIGN
AWARD 2013



Total sales exceed 300,000 units
Further advances in DELICIA Series

The NEW DELICIA Series features enhanced functionality, operability, and cleanability, retaining its refined style and popular heat-resistant glass top and smoke elimination function.

New functions enhance convenience!

- **World first!**
Enables continuous use of the convenient automatic grill function
- **World first!**
Adoption of environmentally friendly glass

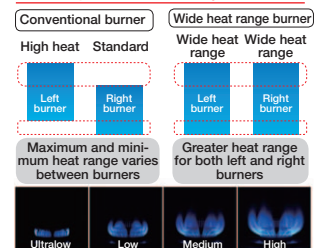
Functions unique to Rinnai!

- **Top-plate heat control**
Controls surface temperature of top plate to facilitate cleaning
- **Smoke elimination**
Reduces smell and smoke when grilling fish



New color: Clear white gold

Comparison of heat adjustment



New function: Wide Heat Range Burner

Released August 2013

Tabletop stove

LAKUCIE



Greatly improve the convenience
LAKUCIE is a new tabletop stove

that features functionality and design based on the concept of effortless and enjoyable cooking.

Enhanced features make cooking pleasurable

- **Pearl crystal top plate**
Resilient to spills and shocks; cleaning is as simple as a quick wipe
- **Top-plate heat control**
Control of top-plate temperature prevents food from sticking, keeping it cleaner for longer
- **Automatic griller**
Automatic control of grilling time and heat
- **Easy-to-clean grill**
Features a flat fluorine-coated grill that is easy to wash

Available in three colors:
Pink, brown, and red



Top-plate heat control (image)

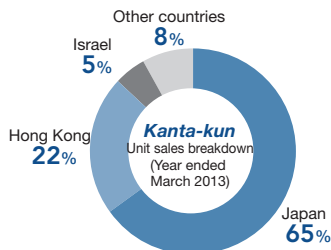
Popular Product Spotlight

Gas Clothes Dryer
Speedy
Kanta-kun
 はやい
乾太くん



Works hard year-round
Kanta-kun popular overseas too!

In June 2013, Rinnai released a completely new model of its *Kanta-kun* gas clothes dryer. The heat produced by gas dries clothes quickly and economically while making them fluffy and clean. Sales of the gas clothes dryer are steadily growing in overseas markets as well as in Japan.



Diverse needs in Japan and overseas

In recent years, demand for clothes dryers has been rising in Japan due to protracted periods when it is hard to dry clothes outdoors. This caused by such factors as pollen, sudden localized downpours, and elevated levels of toxic airborne PM2.5 particles.

Overseas, too, various climactic conditions make it difficult to dry clothes, leading to growing use of clothes dryers. Conditions include high humidity levels, such as in Hong Kong—where the annual average humidity stands at 80% compared with Japan's mid-summer average high of 75%—and a wet winter season in Israel.



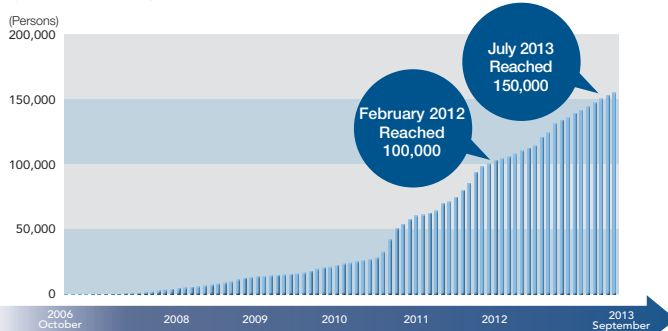
R.STYLE リンナイスタイル Membership Surpasses 150,000

R. Style (Rinnai Style)—Rinnai's official merchandise online shopping site—was launched in 2006 to sell replacement parts for Rinnai products. Since then, the site has handled more than 5,000 different items as its lineup of offerings has expanded to meet customer demand. Goods sold via the site include cleaning products, selected cooking utensils, and items limited to R. Style sales. This has provided a broad spectrum of customers with increased opportunities to use Rinnai products, leading to growth in registered site members, which topped 150,000 in July 2013. At the same time, customer comments and opinions received via the site have also risen. Rinnai will draw on this valuable customer feedback as it continues striving to develop products and improve services.

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

R. Style Members

(Source: Rinnai)



Financial Data

Consolidated Balance Sheets (Millions of yen)

Previous Term (As of March 31, 2013) Current Term (As of September 30, 2013)

	Current Term	Previous Term		Current Term	Previous Term
Assets			Liabilities		
Current assets	183,919	177,766	Current liabilities	68,854	73,073
Cash and deposits	49,345	47,691	Notes and accounts payable	42,385	44,446
Notes and accounts receivable	58,540	59,699	Short-term debt	3,892	3,748
Marketable securities	41,784	39,479	Accrued income taxes	3,674	5,931
Goods and products	18,686	16,467	Accrued employees' bonuses	3,236	3,153
Materials and supplies	10,839	9,855	Other allowances	1,998	1,895
Other	5,266	5,059	Other	13,666	13,897
Less allowance for doubtful accounts	(543)	(487)	Long-term liabilities	12,882	11,508
Fixed assets	105,417	84,823	Long-term debt	2,500	2,550
Property, plant and equipment	43,344	41,121	Accrued employees' retirement benefits	5,275	4,625
Intangible fixed assets	2,659	1,526	Other allowances	38	39
Investments and advances	59,413	42,176	Other	5,069	4,293
Investments in securities	45,024	30,665	Total liabilities	81,737	84,582
Other	14,862	11,980	NET ASSETS:		
Less allowance for doubtful accounts	(473)	(470)	Shareholders' equity:	195,363	170,240
Total assets	289,337	262,590	Common stock	6,459	6,459
			Capital surplus	8,719	8,720
			Earned surplus	181,139	178,540
			Treasury stock	(954)	(23,480)
			Other comprehensive income:	5,302	2,252
			Unrealized gain on marketable securities	2,388	1,919
			Foreign exchange translation adjustment	2,914	332
			Minority interests	6,933	5,515
			Total net assets	207,599	178,007
			Total liabilities and net assets	289,337	262,590

Consolidated Statements of Income (Millions of yen)

Current Term (From April 1, 2013, to September 30, 2013) Previous Term (From April 1, 2012, to September 30, 2012)

	Current Term	Previous Term
Net sales	127,322	114,216
Cost of sales	88,310	79,709
Gross profit	39,011	34,507
Selling, general and administrative expenses	26,605	23,904
Operating income	12,406	10,602
Other income	1,587	1,305
Other expenses	196	393
Ordinary income	13,797	11,514
Extraordinary loss	—	157
Income before income taxes	13,797	11,357
Income taxes	4,637	3,513
Income before minority interests	9,159	7,843
Minority interests	519	369
Net income	8,639	7,473

Consolidated Statements of Cash Flows (Millions of yen)

Current Term (From April 1, 2013, to September 30, 2013) Previous Term (From April 1, 2012, to September 30, 2012)

	Current Term	Previous Term
Cash flows provided by operating activities	6,467	3,173
Cash flows provided by investing activities	(19,809)	(2,792)
Cash flows provided by financing activities	15,876	(1,652)
Cash and cash equivalents at end of term	58,778	47,468

Corporate Data

Directory (As of September 30, 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	8,896 (Consolidated) 3,571 (Nonconsolidated)

Domestic Network (As of September 30, 2013)

Factories and related centers Technology Development Center, Production Technology Center, Integrated Logistics Center, Parts Center, Oguchi Factory, Seto Factory, Asahi Factory, Akatsuki 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 September 30, 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	Notes: 1. President (*) doubles as Executive Officer. 2. Kiyokira Fukui and Kinya Nankan (Corporate Auditors) serve as an outside auditor.	
	Yuji Kondo		Yasuo Koketsu		
			Izuka Suzuki		
			Kazuhiko Yamada		
			Takashi Sonoda		
			Katsuhiko Shinji		

Share Composition (As of September 30, 2013)

Number of shares

Authorized:

200,000,000

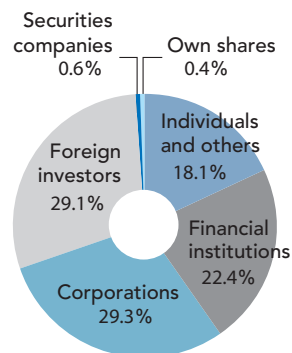
Outstanding:

52,216,463 (Including treasury stock)

Number of shareholders:

4,915

Composition of shareholders





Rinnai Group (As of September 30, 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)

29 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 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.
- Shanghai Rinnai Thermo Energy Engineering 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

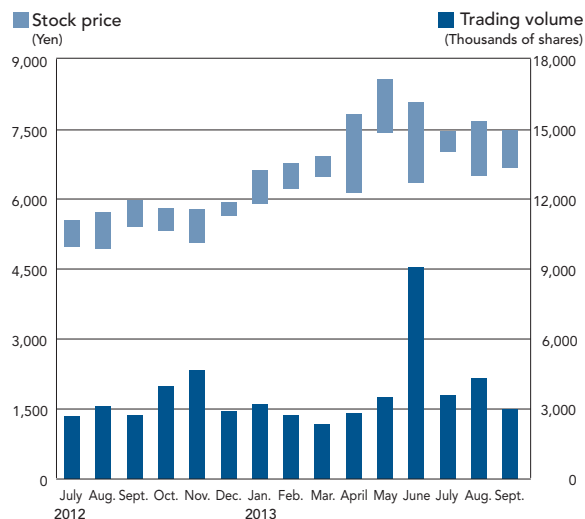
Other Business

- Rinnai Services (MS) Corporation

Major Shareholders (As of September 30, 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)	2,996
Kenji Hayashi	2,502
Japan Trustee Services Bank, Ltd. (Trust Account)	2,382
Susumu Naito	1,250
NORTHERN TRUST CO. (AVFC) SUB A/C AMERICAN CLIENTS	1,065
NOMURA BANK (LUXEMBOURG) S.A. S/A NOMURA MULTI CURRENCY JAPAN STOCK LEADERS FUND	842
Tokyo Gas Company, Limited	784
Nippon Life Insurance Company	765

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).