

## Rinnai Information for Shareholders

# Vol. 30

**Business Results for  
the 59th Term**  
(April 1, 2008 to March 31, 2009)



## To Our Shareholders



Susumu Naito  
*Chairman*



Hiroyasu Naito  
*President*

It is a pleasure to report on the Rinnai Group's performance in the fiscal year ended March 31, 2009, and to discuss the Group's future strategies.

During the period, financial instability, sparked by the subprime loan crisis in the United States, evolved into an unprecedented economic crisis. In Japan, equipment usage rates and other indicators of productivity declined, which impacted on corporate earnings. Meanwhile, deterioration of employment conditions and worker incomes caused personal consumption trends to worsen further, underscoring the extreme seriousness of the economic recession.

In the domestic housing appliance industry, new housing starts remained weak due to adoption of more stringent lending criteria by financial institutions and prolonged adjustments of condominium stocks.

Under these conditions, the Rinnai Group completed the third and final year of V-Shift Plan, its medium-term business plan. During the year under review, we sought to develop new products emphasizing convenience, attractive design, and energy efficiency while complying with legislation aimed at raising product safety levels. On the sales side, our products are relatively impervious to economic stagnation because of their positioning as necessary items that support people's lives. During the year, we proactively promoted our new products in ways that reflected customer needs and environmental awareness. Domestic demand for our offerings was firm as a result. Overseas, the image of Rinnai as a high-quality, environmentally responsive brand gradually proliferated in various world countries. This led to an increase in overall demand, but the sudden appreciation of the yen led to an unavoidable decline in overseas sales.

With respect to earnings, we pursued measures aimed at reinforcing our income base—a cornerstone element of the V-Shift Plan—while pushing for price reductions for raw materials. These efforts helped produce signs of earnings recovery both in Japan and overseas. However, operating income declined year-on-year because the Company increased its allowance for doubtful accounts as a way to bolster the financial health of its subsidiary in South Korea. We also incurred a major foreign exchange loss in South Korea, which was treated as a non-operating expense. More details of the Group's financial performance are given later in this report.

The Company declared a ¥20.00 year-end cash dividend, bringing total annual cash dividends to ¥40.00 per share, up ¥4.00 from the previous year. This decision was based on consideration of many factors, including consolidated performance and payout ratio.

The Rinnai Group has formulated a new medium-term business plan, entitled "Reform and Breakthrough." Under the plan, the Group seeks to become a comprehensive heat-energy appliance manufacturer that opens new paths to the future. Focusing on two key themes of the plan—safety and the environment—the Group will target qualitative breakthroughs on a global basis through its manufacturing activities. The year ending March 2010 is the first year covered by the plan. With business conditions remaining difficult in the short term, we will prepare for breakthroughs over the medium and long terms by reinforcing core businesses, especially in Japan, and establishing a foundation to support overseas growth. In these ways, we will advance the operations of the entire Group.

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

June 2009

Susumu Naito  
Chairman

Hiroyasu Naito  
President

## President Naito talks about Rinnai's business strategies

**Our corporate mission is to provide safety and peace of mind, and make a contribution to the environment.**

Hiroyasu Naito  
President

### Overview of the year ended March 31, 2009

#### > "Rinnai recorded firm domestic sales"

In the year ended March 31, 2009, Rinnai recorded consolidated net sales of ¥236.7 billion and operating income of ¥15.0 billion. Overseas sales declined due to lower sales in Asia, the second largest sales region following Japan, with sales down in South Korea due to the depreciation of the won and other factors. Meanwhile, sales in the Japanese market, which forms the foundation of Rinnai's business, remained firm owing to continued growth in demand for high added-value products. Overall, we were able to maintain fairly stable results despite the challenging operating environment, sparked by the downturn in the world economy since the second half of the fiscal year.

#### > "The high-value-added business concept is permeating throughout the Group"

The year under review was the third and final year of V-Shift Plan, Rinnai's medium-term business plan launched in April 2006. Looking back over the past three years, I am very conscious that the high-value-added business concept, underpinned by the shift "from quantity to

quality," has permeated the entire Rinnai Group. Product development is one such example. Instead of imitating other companies' hit products, Rinnai has recently created its own best sellers, including dishwashers and the *Delicia* and *Mytone* series of kitchen offerings. Rinnai's success is attributable to our focus on new products with unique features. The RVD-E *Eco-Jozu* series of hot-water/heating systems, launched earlier in 2009, has been warmly received. Products such as these, which stand out for their functionality and design qualities, are the result of a Company ethos that gives employees the freedom to be creative. By eschewing the more traditional hierarchical model in this way, each individual employee understands and takes part in guiding Rinnai toward its future.

#### ■ Hit products developed based on Rinnai's unique perspective

Recipient of a Good  
Design award



The *Delicia* series combines functionality and stylish design



Dishwasher with the world's first baking soda wash mode

Medium- and Long-Term Business Strategies

▶“Safety and the environment are Rinnai’s chief focuses and symbolize its corporate mission”

With “safety” and the “environment” as its keywords, Rinnai’s ongoing medium- and long-term challenge is to further shore up the foundation of its core Japanese market and increase growth in overseas markets. Thanks to constant customer feedback that commends the safety and environmental friendliness of our products, we know what we must keep on doing.

Water heating and room heating/cooling account for roughly 60% of household energy consumption. Today, when the global environment is a serious social issue, Rinnai has an extremely important role to play as a comprehensive manufacturer of heating appliances. With regard to safety, since our founding we have adhered to the philosophy that “Quality is our destiny.” We have implemented measures voluntarily to ensure that the safety of our products exceeds mandatory safety standards, which has earned the trust of our customers. At the same time, I am convinced that the resulting decrease in business risk faced by Rinnai has contributed to enhanced corporate value.

Domestic Strategies

▶“We are promoting the *Eco-Jozu* series as the de facto industry standard”

Amid a campaign in Japan calling for a shift to electrically powered appliances, it is vital that consumers are fully aware of the high heat efficiency and safety of gas appliances. To this end, Rinnai’s strategy is to make our highly efficient *Eco-Jozu* series of hot-water/heating systems the de facto industry standard by 2015 for all new products sold by the domestic gas appliance industry. This is but one example of Rinnai leading the way in the creation of an industry standard.

The Japanese government and the gas appliance industry have been working together to introduce safety initiatives for gas appliances. In October 1, 2008, it became mandatory for all gas burners to be fitted with safety Si sensors (oil overheating prevention and flame failure safety devices). In a separate safety-related initiative, Rinnai set up its Customer Department in preparation for the enactment in April 1, 2009, of a system that requires the safety testing of specified consumer products that have the potential to cause serious personal injury due to long-term use and deterioration.

Rinnai undertakes its own measures to ensure the safe use of gas appliances. For example, we are continuing advertisements that issue safety warnings following an incident with a small hot-water heater in February 2007, even though Rinnai’s product was found not to be at fault.

Medium-Term Business Plan “Reform and Breakthrough”

(April 2009–March 2012)

Aims	Supporting peoples’ lifestyles all over the world 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 core policies		Targets (fiscal year ended March 31, 2012)	
1	Relentlessly promote waste-elimination activities	Net sales	¥265.0 billion
2	Reinforce Group operations	Operating income	¥21.5 billion
3	Solidify our position as a comprehensive heating appliance manufacturer	Operating margin	8%

## Overseas Strategies

### > “Our tankless hot-water units are becoming increasingly popular in the United States”

Rinnai continues to view the United States and China as strategic overseas markets. In the United States, where it is feared the worldwide financial crisis will have a significant impact, the popularity of Rinnai-brand instant-heating hot-water (tankless) units is growing amid rising demand for this Japanese water-heating system. Tankless hot-water units still account for just 300,000 or so of the nine million hot-water units (gas and electric) sold annually in the U.S. market. Nonetheless, we expect to see strong growth owing to several factors. One is the strengthening of environmental policy, such as a tax credit for 30% of the full purchase and installation price (up to a maximum of \$1,500) of water heaters and other energy-efficient appliances. There is also the positioning of tankless hot-water units as high-value-added products. This places them in a different category to products targeting lower-income people who are more likely to be affected by the subprime mortgage crisis.

While expanding our business overseas, we plan to establish a Monozukuri (Innovation) Center in Japan by the end of the year. Its primary role will be to maintain and enhance the quality of the Rinnai brand by sharing Japanese technology and serving as a training center for overseas employees.

#### ■ Overseas business expansion

In addition to expanding showrooms and sales activities, Rinnai trains not only its own staff, but also staff at local installation companies, including product demonstration at the roadside.



Rinnai America



In China, Rinnai has a network of sales offices and factories located on and near the east coast. We are also strengthening alliances with local gas companies, including Hong Kong Gas. We plan to reinforce our foundation in the Chinese market by increasing our lineup of highly efficient hot-water units in the mid-price range. At the same time, we will expand our network of sales offices and factories to include inland locations.

### > “We will continue innovative initiatives as a comprehensive manufacturer of heating appliances”

In Europe, where there is a high level of awareness regarding environmental issues, interest in products powered by natural energy and hybrid electric-gas systems is growing. Rinnai has received high praise for the technological capabilities it has employed over the years in the joint development of environmentally friendly heat energy appliances with overseas partners. Recently, Rinnai began production of “Stirling engines,” a next-generation cogeneration system developed jointly with a European company for the European market. We are also prototyping an electric heat pump that will operate with a solar water heater, and we are developing a hybrid hot-water unit that uses gas and other forms of energy. We will continue using every opportunity to engage in active research and product development in heat energy appliances that make a positive contribution to the environment.



Rinnai Australia







Height  
**60cm**

## Compact body!

### Launch of the RVD-E Series hot-water/heating units

A decade after developing the “Eco-Jozu” highly efficient hot-water units, Rinnai has launched a new series to offer consumers an even more “eco-friendly” and “economic” system that is indispensable for a comfortable lifestyle.

#### Lightest

Weighing 34kg, the unit is lighter than a bath-water heater!

#### Smallest

With a small body just 600 mm high, the unit can be installed in a variety of sites

#### Suitable for all walls

Stylish design

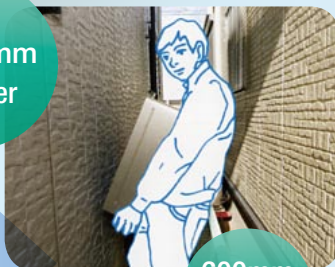
### Good living begins with “E”

ECOLOGY

ECONOMY

EVOLUTION

**150mm**  
shorter



**600mm**  
high

lighter  
**11 kg**



**470mm**  
wide

**265mm**  
deep

Compared with earlier models:

## Domestic Offices

### New building for Kanto Branch

In March 2009, employees began work at the new premises of Rinnai's Kanto Branch upon the completion of the 4,130-square-meter, six-floor building with penthouse situated in Tokyo's Shinagawa Ward. The Kanto Branch and Tokyo sales office share their new premises with the Tokyo Customer Center, Rinnai Net Co., Ltd. and RG Co., Ltd. This will boost the efficiency of sales activities and strengthen ties between sales companies in the Rinnai Group, thus enabling us to provide even better services.



Kanto Branch

## New Products

### Malaysia's first Hybrid Solar Hot Water System

In March 2009, Malaysia-based Rinnai (M) Sdn Bhd held a launching ceremony for its new Hybrid Solar Hot Water System, which uses gas and solar energy. The system, the first of its kind unveiled in Malaysia, was developed with the cooperation of Rinnai Australia Pty., Ltd, which sells a solar energy hot water system in that country. The advantage of the hybrid gas-solar system is that gas can be used as a backup heating source when solar energy is insufficient, such as in bad weather or when using large quantities of water.



Hybrid Solar Hot Water System

## Services

### Updated R.Style website for Internet shopping

For some time, Rinnai's R.Style website has sold replacement parts, care products, and accessories to enable customers to use their Rinnai products longer and with added convenience. Rinnai updated R.Style in February 2009 to make it even more user-friendly. The site now contains more lifestyle and product information, as well as new features, such as extra payment options (including electronic payment) and the ability for non-members to make purchases.



<http://www.rinnai-style.jp/>

## Global Network

As of March 31, 2009, the Rinnai Group consisted of the parent company, 39 subsidiaries (13 domestic and 26 overseas), and three overseas affiliated companies, for a total of 43 companies.



3 Rinnai America Corporation



6 Rinnai UK Ltd.



8 Rinnai Italia S.r.l.



16 Equipamentos NGK-Rinnai Ltda.

**Americas**  
Subsidiaries  
and affiliates: 3

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

### Domestic Subsidiaries

#### Manufacture of Products

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

#### Sale of Products

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

#### Other Business

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

### Overseas Subsidiaries and Affiliates

#### Holding Company/Sale of Products

- 1 Rinnai Holdings (Pacific) Pte Ltd.

#### Sale of Products

- 2 Rinnai Australia Pty., Ltd.
- 4 Rinnai Hong Kong Ltd.
- 6 Rinnai UK Ltd.
- 8 Rinnai Italia S.r.l.
- 9 Rinnai SE Corporation
- 3 Rinnai America Corporation
- 5 Rinnai Canada Holdings Ltd.
- 7 Guangzhou Rinnai Gas and Electric Appliance Co., Ltd.
- 10 Rinnai Plus Corp.





### Manufacture and Sale of Products

- 9** Rinnai New Zealand Ltd.
- 11** Rinnai Korea Corporation
- 13** Rinnai (Thailand) Co., Ltd.
- 15** P.T. Rinnai Indonesia
- 17** Rinnai (Malaysia) Sdn. Bhd.
- Guangzhou Minghai Gas & Electrical Appliance Co., Ltd.
- Fine ST.Well Co.
- 10** Rinnai Taiwan Corporation
- 12** Shanghai Rinnai Co., Ltd.
- 14** Rinnai Viet Nam Co., Ltd.
- 16** Equipamentos NGK-Rinnai Ltda.
- RBS Thermo Technology Co., Ltd.

### Manufacture and Sale of Components

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

### Other Business

- 18** Rinnai Services (MS) Corporation
- Rinnai CS Corporation

### Performance

In the year under review, consolidated net sales amounted to ¥236,741 million, down 4.8% from the previous year. Operating income edged down 0.4%, to ¥15,069 million, and ordinary income declined 15.8%, to ¥12,958 million. Net income fell 53.5%, to ¥3,847 million.

### Results by Business Segment

#### Kitchen Appliances

In Japan, we innovated our lineup of gas cookers by fitting temperature sensors to all burners (in cookers with two or more burners) as a safety improvement initiative. Demand for the Delicia series of built-in gas cookers and the Mytone series of gas cookers remained firm. The effect of new products in Japan helped bolster overall segment sales. Total sales in this segment reached ¥81,166 million, up 3.3% from the previous year.

#### Hot-Water Units

In Japan, our highly efficient “Eco-Jozu” series of hot-water/heating systems, which we are promoting as the de facto industry standard, achieved steady market penetration. In February 2009, we launched the RVD-E series of hot-water/heating systems featuring major advances over previous models in terms of being lightweight and compact. These products have been warmly received. In the United States, sales of our tankless hot-water units languished temporarily,

affected by inventory adjustments in the wake of economic downturn. However, demand has since shown gradual recovery. Sales in Japan and overseas were solid, but the rising yen had a major impact on the segment's performance. Total segment sales declined 4.5%, to ¥106,567 million.

#### Air-Conditioning and Heating Units

We reported firm sales in Australia of our fan heaters and stove heaters, but demand for our fan-forced heaters in New Zealand was weak. In Japan, the warm winter had a negative impact on demand. Consequently, total sales in this segment fell 20.2%, to ¥17,309 million.

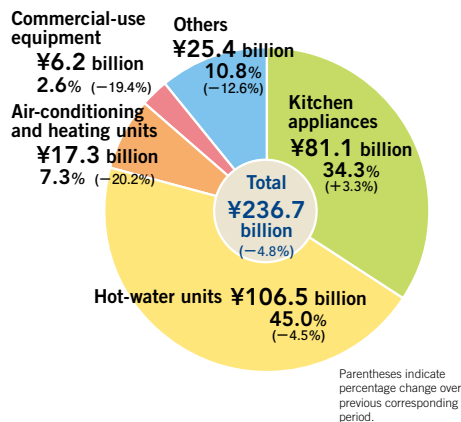
#### Commercial-Use Equipment

In South Korea, where commercial-use equipment accounts for high share of local sales, the restaurant industry stagnated due to retraction of the local economy. Sales of rice cookers and other commercial-use kitchen appliances in South Korea were also weak. Total segment sales declined 19.4%, ¥6,226 million.

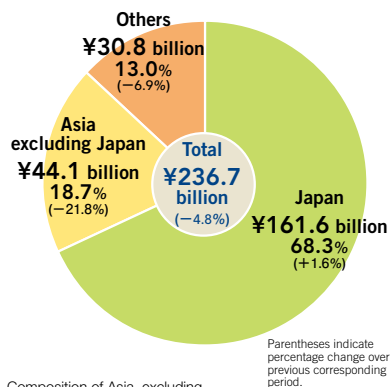
#### Others

In Australia, we reported increased sales of solar systems in Australia thanks to a local arrangement subsidizing purchase of such systems. In South Korea, however, we streamlined and rearranged our lineup of commercial-use products, causing sales in that market to decline. Total sales in this segment decreased 12.6%, to ¥25,470 million.

## Net sales by business segment



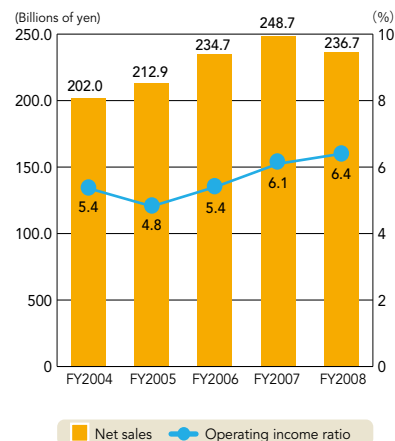
## Net sales by region



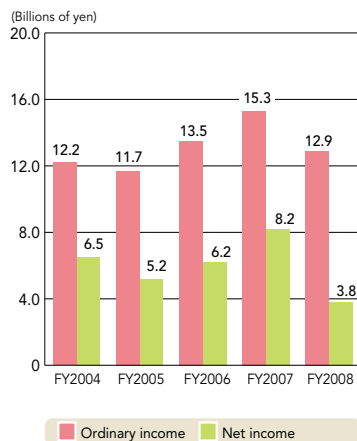
Composition of Asia, excluding Japan: South Korea, China, Taiwan, Thailand, Singapore and Vietnam  
Composition of Others: Australia, New Zealand, and United States.

Note: The above amounts exclude inter-regional transactions.

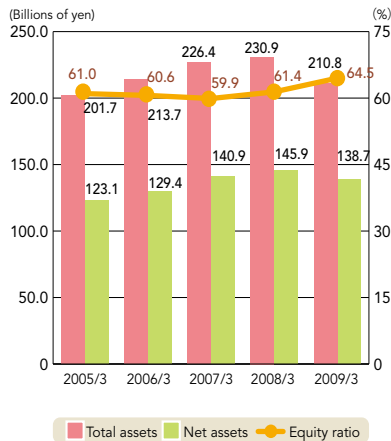
## Sales, operating income ratio



## Ordinary income, net income



## Total assets, net assets, equity ratio



## ROE, ROA

	ROE (%)	ROA (%)
FY2004	5.4	3.3
FY2005	4.2	2.5
FY2006	4.7	2.9
FY2007	6.0	3.6
FY2008	2.8	1.7

Notes: 1. The above net assets graph indicates the amount of total shareholders' equity at "2005/3" and "2006/3", and the amount of net assets from "2007/3" in accordance with the enforcement of Corporate Law.  
2. From "2007/3", the equity ratio is calculated using net assets excluding minority interests.

# Consolidated Balance Sheets (Millions of yen)

Current Term (As of Marh 31, 2009)  
Previous Term (As of Marh 31, 2008)

	Current Term	Previous Term
<b>Assets</b>		
<b>Current assets</b>	<b>131,517</b>	<b>147,077</b>
Cash and deposits	21,728	24,217
Notes and accounts receivable	51,972	65,811
Marketable securities	30,633	28,144
Inventories	—	26,388
Products	16,213	—
Raw materials and stores	9,224	—
Deferred taxes assets	2,379	3,426
Other	1,239	2,387
Less allowance for doubtful accounts	(1,875)	(3,299)
<b>Fixed assets</b>	<b>79,308</b>	<b>83,846</b>
<b>Property, plant and equipment</b>	<b>41,332</b>	<b>45,224</b>
Buildings and structures	14,581	14,279
Machinery and vehicles	8,672	9,841
Tools and fixtures	4,363	6,486
Land	12,643	13,304
Leased assets	72	—
Construction in progress	998	1,312
<b>Intangible fixed assets</b>	<b>1,409</b>	<b>1,447</b>
<b>Investments and advances</b>	<b>36,567</b>	<b>37,174</b>
Investments in securities	25,376	25,319
Investments	959	1,121
Long-term loans	3	7
Deferred income taxes	2,663	1,884
Other	8,613	9,574
Less allowance for doubtful accounts	(1,048)	(733)
<b>Total assets</b>	<b>210,825</b>	<b>230,923</b>

	Current Term	Previous Term
<b>Liabilities</b>		
<b>Current liabilities</b>	<b>62,456</b>	<b>73,973</b>
Notes and accounts payable	37,696	44,873
Short-term debt	6,807	7,574
Other payables	8,327	10,530
Accrued consumption taxes	629	565
Accrued income taxes	3,240	4,340
Accrued employees' bonuses	2,448	2,263
Allowance for inspection cost	271	585
Other	3,035	3,240
<b>Long-term liabilities</b>	<b>9,575</b>	<b>10,954</b>
Long-term debt	3,000	5,360
Deferred taxes liabilities	3	4
Accrued employees' retirement benefits	4,242	3,016
Accrued officers' retirement benefits	62	1,485
Other	2,266	1,087
<b>Total liabilities</b>	<b>72,031</b>	<b>84,927</b>
<b>Net Assets:</b>		
<b>Shareholders' equity:</b>	<b>140,364</b>	<b>139,659</b>
Common stock	6,459	6,459
Capital surplus	8,719	8,719
Earned surplus	125,336	124,609
Treasury stock	(151)	(129)
<b>Other adjustments:</b>	<b>(4,377)</b>	<b>2,036</b>
Unrealized gain on marketable securities	(1,471)	(466)
Foreign exchange translation adjustment	(2,905)	2,502
<b>Minority interests</b>	<b>2,806</b>	<b>4,299</b>
<b>Total net assets</b>	<b>138,794</b>	<b>145,995</b>
<b>Total liabilities and net assets</b>	<b>210,825</b>	<b>230,923</b>

**Consolidated Statements of Income** (Millions of yen)

Current Term (From April 1, 2008, to March 31, 2009)  
 Previous Term (From April 1, 2007, to March 31, 2008)

	Current Term	Previous Term
<b>Net sales</b>	<b>236,741</b>	<b>248,761</b>
Cost of sales	168,667	181,089
Gross profit	68,073	67,671
Selling, general and administrative expenses	53,003	52,547
<b>Operating income</b>	<b>15,069</b>	<b>15,124</b>
Other income	2,407	2,328
Other expenses	4,519	2,054
<b>Ordinary income</b>	<b>12,958</b>	<b>15,398</b>
Extraordinary income	62	918
Extraordinary loss	1,917	1,940
Income before income taxes	11,103	14,375
Income taxes: current	6,522	5,827
Prior corporate taxes of overseas subsidiaries	—	1,080
Income taxes	1,214	(334)
Minority interests (deduction)	(481)	(467)
<b>Net income</b>	<b>3,847</b>	<b>8,269</b>

**Consolidated Statements of Cash Flows** (Millions of yen)

Current Term (From April 1, 2008, to March 31, 2009)  
 Previous Term (From April 1, 2007, to March 31, 2008)

	Current Term	Previous Term
<b>Cash flows provided by operating activities</b>	<b>15,198</b>	<b>23,398</b>
<b>Cash flows used in investing activities</b>	<b>(9,278)</b>	<b>(8,209)</b>
<b>Cash flows provided by (used in) financing activities</b>	<b>446</b>	<b>(6,263)</b>
<b>Cash and cash equivalents at end of year</b>	<b>42,943</b>	<b>39,178</b>



## Corporate Data

**Directory** (As of March 31, 2009)

<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>	3,434

**Domestic Network** (As of March 31, 2009)**Factories**

Oguchi Factory, Seto Factory, Asahi Factory, Aichi Factory, Components Center

**Research centers**

Technology Development Center

**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**

Kitami, Kushiro, Obihiro, Asahikawa, Hakodate, Aomori, Hachinohe, Akita, Morioka, Yamagata, Sakata, Koriyama, Iwaki, Fukushima, Joetsu, Niigata, Nagaoka, Mito, Tsuchiura, Chiba, Matsudo, Tama, Utsunomiya, Saitama, Tokorozawa, Koshigaya, Kumagaya, Takasaki, Ota, Tokyo, Yokohama, Atsugi, Yokohama-kita, Yamanashi, Numazu, Hamamatsu, Nagano, Matsumoto, Ueda, Toyama, Kanazawa, Fukui, Toyohashi, Okazaki, Aichi, Tono, Gifu, Mie, Yokkaichi, Shiga, Nara, Wakayama, Tanabe, Kyoto, Fukuchiyama, Kobe, Himeji, Okayama, Tottori, Yonago, Hiroshima, Fukuyama, Yamaguchi, Takamatsu, Matsuyama, Kochi, Tokushima, Kitakyushu, Saga, Nagasaki, Sasebo, Oita, Kumamoto, Miyazaki, Kagoshima, Okinawa

**Board of Directors** (As of June 26, 2009)

Chairman	Susumu Naito
Vice Chairman	Kenji Hayashi
President*	Hiroyasu Naito
Director and Executive Vice President	Tsunenori Narita
Director and Executive Officer	Masao Kosugi
Director and Executive Officer	Yuji Kondo
Director	Kozo Masuoka
Executive Officer	Takashi Nagasaka
Executive Officer	Yuzo Yoshida
Executive Officer	Takeshi Iwata
Executive Officer	Sadao Yoshimura
Executive Officer	Masayuki Iijima
Executive Officer	Tadanobu Netsu
Executive Officer	Katsuhiko Shinji
Executive Officer	Terumasa Kaneko
Executive Officer	Takashi Sonoda
Executive Officer	Toshinori Kozawa
Corporate Auditor (Standing Auditor)	Katsuhiro 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 March 31, 2009)

## Share Composition

### Number of shares

#### Authorized:

200,000,000

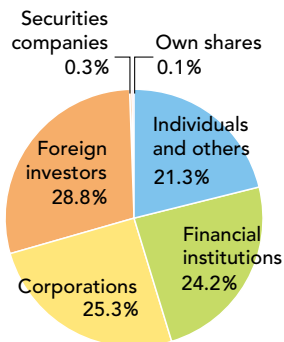
#### Outstanding:

54,216,463 (Including treasury stock)

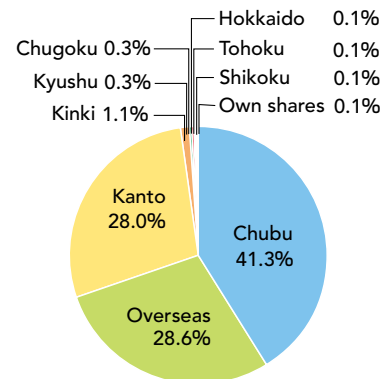
#### Number of shareholders:

3,444

### Composition of shareholders



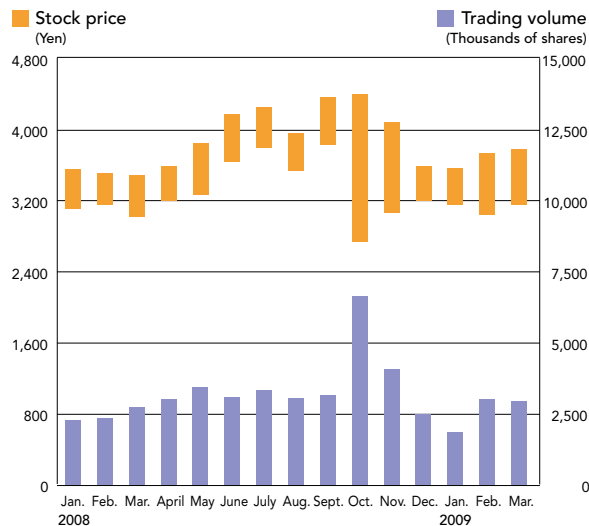
### Shareholders by region



## Major Shareholders

Name	Shares held (Thousands)
Deutsche Bank AG Frankfurt Domestic Custody Services	6,006
Naito Co., Ltd.	5,415
Robert Bosch Investment Nederland B.V.	4,781
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,188
Yoshikane Shoji Co., Ltd.	4,002
Kenji Hayashi	2,652
Susumu Naito	2,478
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	1,902
Japan Trustee Services Bank, Ltd. (Trust Account)	1,672
Nippon Life Insurance Company	1,000

## 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. ;  
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

### Contact details related to dematerialization of stock certificates

On Monday, January 5, 2009, the shares of all listed companies in Japan were dematerialized (converted to electronic stock certificates). Paper stock certificates are now invalid, and the rights of shareholders are administered electronically via accounts of the relevant securities company or other financial institution. Accordingly, the contact details for some processes have changed.

#### 1. Non-payment of dividends after electronic conversion

As before, [please contact the transfer agent](#).

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

- (a) Shares in custody of Japan Securities Depository Center, Inc. (JASDEC): [Relevant securities company](#)
- (b) Shares not in custody of JASDEC: [Chuo Mitsui Trust & Banking \(which will open a special account\)](#)

### Notice regarding dividend payments related to listed shares

Following a revision of the Special Taxation Measures Law (Article 23, April 30, 2008), from January 2009 companies are obliged to send Payment Notice, containing details about cash dividends, withholding tax, and other items, to all shareholders.

With respect to acceptance of Dividend Receipt, shareholders are asked to read the Payment Notice, which Rinnai will send at end of each fiscal year or the beginning of the subsequent fiscal year. Shareholders receiving dividend payments by bank transfer will receive a Dividend Calculation Notice, which serves as the Payment Notice. Both documents can be used as official documents for income tax filing purposes.

### 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.