

# Rinnai

Securities code 5947

Rinnai Information  
for Shareholders

Vol. 32

Business Results for  
the 60th Term  
(April 1, 2009 to March 31, 2010)



## 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, 2010, and outline the Group's strategies for the future.

In the year under review, the world economy showed moderate recovery in the wake of the global economic crisis, which began in the United States, boosted by economic expansion in China and economic stimulus measures taken by various national governments. The outlook for the Japanese economy remained unclear, however, due to difficult employment conditions and continued low levels of capital spending. This was despite some signs of economic buoyancy.

In the domestic housing appliance industry, new housing starts, which were weak for some time, began to firm thanks to government economic stimulus measures. Overall conditions remained severe, however, due to continued weakness in housing starts and low demand for home renovations.

The period under review was the first year of the Rinnai Group's new medium-term business plan, entitled "Reform and Breakthrough." During the year, we strove to reinforce the Group's overall foundation with a strong emphasis on the "Reform" aspect of the plan.

With respect to domestic sales, the Kitchen Appliances segment benefited from healthy replacement demand for both tabletop and built-in stoves. Also, the Hot-Water Units segment posted an increase in sales as the new E series of systems, more lightweight than before, generated widespread popularity in light of proliferation of high-efficiency systems and current trends.

Overseas, we enjoyed an increase in demand thanks to economic growth in China and Southeast Asia. We also received strong support for Rinnai as a "high-quality, environmentally friendly" brand. Meanwhile, our business in North America, which had been impacted by economic recession, began to recover in the second half of the year. In Australia, with tightening environmental regulations, the market for solar hot water systems and gas instant-heating systems expanded. Due to the prolonged appreciation of the yen, however, overseas sales declined year-on-year in yen terms.

On the earnings side, we reported a decrease in costs thanks to a decline in raw materials prices, together with our efforts to cut fixed costs and make new products in-house. During the year, we also promoted a rigorous Group-wide campaign aimed at eliminating waste. Thanks to these efforts, we reduced inventories which helped enhance investment efficiency and improve our financial position. Moreover, our South Korean subsidiary, which posted a loss in the previous year due to a large-scale increase in its allowance for doubtful accounts, took measures to strengthen its financial position—a strategy that boosted consolidated earnings.

The results of the aforementioned efforts are discussed later in this report. The Company declared a ¥22.00 year-end cash dividend, bringing total annual dividends to ¥42.00 per share. This decision was based on consideration of many factors, including consolidated performance and payout ratio, and reflects our basic policy for appropriation of earnings.

The Rinnai Group has positioned the year ending March 2011—the second year of its medium-term "Reform and Breakthrough" plan—as a year of full-scale progress toward becoming a comprehensive manufacturer of heating products. Going forward, we expect a further shift to high-efficiency products in industrialized nations due to government subsidy systems and environmental regulations. In new emerging economies, such as China, Southeast Asia, and Brazil, we look forward to further proliferation of our heating products as rising populations and living standards lead to higher demand.

Placing top priority on making safe, high-quality products, the Rinnai Group is committed to actively delivering optimal heating products to suit the environmental and energy situations of various world nations. We look forward to the ongoing support and cooperation of shareholders in these endeavors.

June 2010

Susumu Naito  
Chairman

Hiroyasu Naito  
President

## Supporting the “heat-energy and lifestyle” needs of people all over the world as a comprehensive heat-energy appliance manufacturer



Hiroyasu Naito  
President

### Overview of the year ended March 31, 2010 Steady reinforcement of the entire Group's base

The Rinnai Group is currently focusing on its three-year medium-term business plan, entitled “Reform and Breakthrough,” launched at the beginning of the fiscal year under review. Under the previous V-Shift Plan, we recorded stable achievements centered on the activities of Rinnai Corporation. These results are attributable to achieving the plan's objective of a shift “from quantity to quality,” which entailed a review of costs and the adoption of a high-value-added strategy that leverages Rinnai's manufacturing technologies. The aim of the current business plan is to make a further leap forward as a comprehensive heat-energy appliance manufacturer that produces mainly gas appliances. We will achieve this by ensuring that our high-value-added strategy permeates across all domestic and overseas Group companies.

In the year ended March 31, 2010, the plan's inaugural year, Rinnai reported consolidated net sales of ¥226.1 billion, partly due to the impact of foreign exchange rates on overseas sales. Operating income amounted to ¥20.3 billion, a solid result that reflects the gradual reinforcement of the Group's overall business base.

## 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

- |   |   |
|---|---|
| 1 | Relentlessly promote waste-elimination activities                       |
| 2 | Reinforce Group operations  |
| 3 | Solidify our position as a comprehensive heating appliance manufacturer |

### Consolidated targets (fiscal year ending March 31, 2012)

Net sales	¥257.0 billion
Operating income	¥24.0 billion
Operating margin	9.3%

## Environment-Oriented Manufacturing Making *Eco-Jozu* the de facto industry standard

Adhering to its mission of “using heat to provide society with comfortable lifestyles,” Rinnai endeavors to develop products that meet global environmental requirements underpinned by the “Three Es” concept of “Ecology,” “Economy,” and “Evolution.”

The gas appliance industry in Japan is supporting a global warming initiative that will see the highly efficient *Eco-Jozu* series of hot-water/heating systems adopted as the industry standard by 2013. Rinnai's *Eco-Jozu* “E-Series” delivers not only high energy efficiency, but has received considerable acclaim for its enhanced functionality, stylish design, and its small lightweight body measuring just 600mm in height.

## Launch of Hybrid Hot-Water Unit a World First

The Japanese government has set a 25% reduction in greenhouse gases (compared with 1990 levels) as an urgent medium-term target for the entire country. Faced with this challenge, Rinnai has combined gas and an electric heat pump to develop a hybrid hot-water unit that boasts world-leading environmental performance. Rinnai released this new product in the domestic market in April 2010.

Overseas, Rinnai Australia Pty., Ltd. has already launched a gas-solar hot-water System. This system has

been popular not only in Australia, but is also sold by Rinnai (Malaysia) Sdn Bhd. We will continue taking advantage of the cutting-edge technologies we have accumulated as a comprehensive heat-energy appliance manufacturer to meet worldwide demand for diversified energy resources.

## Domestic and Overseas Strategies Kitchen appliances realize excellent quality and economy

Since launching our previous medium-term plan, we have embraced a core policy of relentlessly promoting waste-elimination activities. One outcome of this initiative is our expanded lineup of kitchen appliances. We are proud of our achievements in Japan, where Si sensors (oil overheating prevention and flame failure safety devices) have already been made the industry standard for all gas stoves. We also created the best selling *Delicia* and *Mytone* series. These easy-to-clean kitchen products offer functionality and stylish design on top of safety and peace of mind. Furthermore, in recent years Rinnai has released a succession of standard new products that offer customers high added value in a variety of price brackets. These products feature both good quality and excellent economy—thanks to Rinnai's comprehensive revamp of its production systems using cutting-edge know-how and cost

## Rinnai's Total Solutions Address Global Environmental Needs



reduction efforts—and are the culmination of Rinnai’s unparalleled manufacturing technologies.

In Japan, Rinnai is channeling efforts into the development of “universal design” products in order to address the needs of the country’s aging society.

### Rinnai Brand Rapidly Penetrating Overseas Markets

Targeting a medium-term ratio of 6:4 for domestic and overseas sales, Rinnai views the United States and China as strategic overseas markets. In the United States, the convenience of gas instant-heating hot-water units has seen the rapid proliferation of this type of tankless hot-water system. The economic effects of the late 2008 financial crisis have gradually waned, contributing to strong demand and healthy sales for tankless systems, mainly Rinnai-brand units, as replacements for traditional tank-based units.

In China, where hot-water units with a heat-efficiency rating of less than 84% have been banned since 2008, Rinnai has expanded its sales channels through an alliance with Hong Kong Gas. As a result, consumer recognition of the excellent safety and peace of mind offered by Rinnai products is growing.

### What is the Rinnai Spirit?

**“Quality” is always our top business priority**

Rinnai is proud of its cutting-edge technological capabilities

as a comprehensive heat-energy appliance manufacturer and a world leader in gas appliances. Efficient and high-quality manufacturing activities are possible only when there is constant and close cooperation between production and the various other stages, including the planning and design phases of product development. The pursuit of manufacturing technologies is not merely a matter of reducing costs. The belief that “Quality is our destiny” is the cornerstone of Rinnai’s operations. Guided by this belief, in March 2010 we established the Production Technology Center, in Japan. The center serves as a base for establishing new elemental technologies, and for training staff from domestic and overseas Group companies.

In order to protect the safety of customers, we continue to tell our employees that quality takes priority over everything else. For example, we provide free nationwide inspections of small hot-water/heating systems for our customers as a preventative measure. This is despite the fact that, following an accident in February 2007, Rinnai’s product was judged not to be at fault by the Yokohama District Public Prosecutors Office.

Rinnai will continue combining know-how and technology in its quest to become the world leader in quality. We also continue supporting the “heat-energy and lifestyle” needs of people all over the world by developing optimal environmentally responsive and energy-saving products.

### Products incorporating Rinnai’s unique manufacturing technologies



Tabletop stove without drip tray convenient for cleaning up spills (released July 2010)



Bathroom heater/dryer offers a safe and relaxing bathing experience

**Rinnai**



Udea series of “universal design” built-in stoves

World Leader in Energy-Saving!

## Release of Hybrid Hot-Water Unit with lowest CO<sub>2</sub> emissions!

Rinnai has developed the world's first\* Hybrid Hot-Water Unit that combines the highly efficient *Eco-Jozu* gas water heater and an air-source heat pump. Called *ECO ONE*, the unit went on sale in Japan in April 2010.

(\*Rinnai survey current as of January 2010)

ハイブリッド給湯器 エコワン  
**ECO ONE**

### Hybrid Hot Water Unit *ECO ONE*

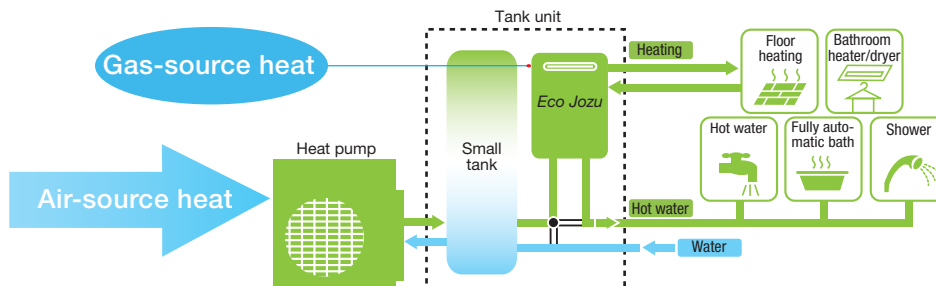
Hybrid Hot Water Unit takes technology one step further. Optimum mix of "gas" and "air-source heat" achieved by combining the Eco Jozu and a heat pump.



## Configuration of Hybrid Hot-Water Unit

Hot water and room heating using optimal method depending on use

- Normal hot water usage → Heat pump boils water in small tank
- Bath or use of large amount of hot water → Both *Eco Jozu* and heat pump operate.
- Room heating → *Eco Jozu* operates.

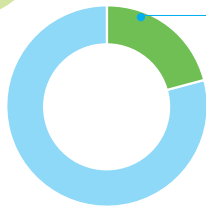


## Hybrid Hot Water Heater's Strength: Outscores All Hot-Water/Heating Systems in Four Key Areas

No. 1 in  
Environmental  
Friendliness

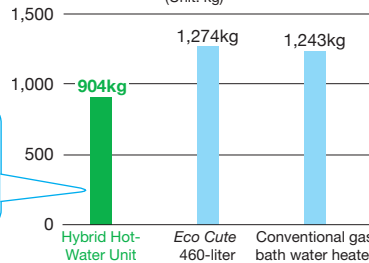
### Hot-water unit with the lowest CO<sub>2</sub> emissions!

Today, Japan is targeting a 25% reduction in CO<sub>2</sub> emissions compared with 1990 levels.



By significantly reducing CO<sub>2</sub> emissions, the *Eco One* has the lowest level of CO<sub>2</sub> emissions of all domestic hot water heaters, realizing world-leading environmental performance

Comparison of annual CO<sub>2</sub> emissions (Based on thermal power plant)  
(Unit: kg)

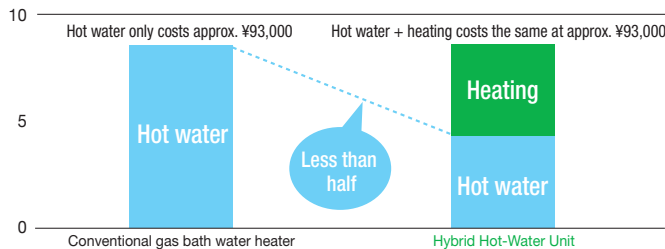


**Four-person household:** Annual hot water load of 3.97Gcal based on operating mode of the Japan Industrial Association of Gas and Kerosene Appliances. LPG/CO<sub>2</sub> emission coefficient: 6.01 kg CO<sub>2</sub>/m<sup>2</sup>; Electricity (thermal)/CO<sub>2</sub> emission coefficient: 0.69 kg CO<sub>2</sub>/kWh; Electricity (all sources)/CO<sub>2</sub> emission coefficient: 0.41 kg CO<sub>2</sub>/kWh  
Source: Energy Conservation Center of Japan, December 28, 2007

No. 1 in  
Economy

### Low running costs Cost of hot water more than halved!

Comparison of running costs for hot water and heating  
(Unit: ¥10,000)



**Four-person household:** Average hot water usage plus floor heating for a 12-mat area for eight hours/day, bathroom heating used once a day for four months during winter. Gas charges (LPG); ¥450/m<sup>2</sup> throughout the year for both the Hybrid Hot-Water Unit and a conventional gas bath water heater

No. 1 in  
Energy-Saving

121% primary energy efficiency!

No. 1 in  
Comfort

Heating function comes as standard feature!

As of March 31, 2010, the Rinnai Group consisted of the parent company, 41 subsidiaries (14 domestic and 27 overseas), and two overseas affiliated companies, for a total of 44 companies.

## Domestic

### Domestic Subsidiaries

#### Manufacture of Products

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

#### Manufacture of Components

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

#### Sale of Products

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

#### Other Business

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

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

## Overseas

### Overseas Subsidiaries and Affiliates

#### Holding Company/Sale of Products

- Rinnai Holdings (Pacific) Pte Ltd.

#### Sale of Products

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

#### Manufacture and Sale of Products

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

#### Manufacture and Sale of Components

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

#### Other Business

- Rinnai Services (MS) Corporation
- Rinnai CS Corporation



## R I N N A I T O P I C S

## Japan

**Construction of Production Technology Center**

In March 2010, Rinnai established the Production Technology Center in the southern sector of the Oguchi Factory in Aichi Prefecture. With a total floor area of 4,877m<sup>2</sup>, the center consists of a three-story production technology department and a one-story production technology plant. The Center is tasked with the development of high-precision processing technologies and advanced automated technologies to raise the level of the core technologies used in Rinnai's cutting-edge manufacturing activities. The Center will also provide manufacturing-related training to staff from both domestic and overseas Group companies. Through its activities, the Center will facilitate the Rinnai Group's global development of production technologies as a manufacturer of comprehensive heat-energy appliances.

## China

**Completion of the Rinnai Xiwang Elementary School in Anhui Province, China**

Recently, the Rinnai Xiwang Elementary School was completed in Huoshan County in the western part of Anhui Province. Built as part of the Shanghai City Xiwang (Wish) Project funded by Shanghai Rinnai Co., Ltd., the new school offers a greatly improved learning environment for local children. With a capacity for around 300 children, and dormitory facilities for 100 or more pupils, the school also has an IT classroom with computers, projectors, and other equipment worth around 80,000 yuan. Representatives from Shanghai Rinnai attended the opening ceremony held on April 13, 2010. They presented the children with gifts, including mathematics textbooks and aids and other useful school supplies.

## Europe

**Rinnai Italia S.r.l. Exhibits in MCE 2010 in Milan**

In March 2010, Rinnai Italia S.r.l. exhibited in Mostra Convegno Expocomfort (MCE) 2010, a leading international fair for air conditioning and heating equipment and appliances, sanitary ware, and plumbing technology. A total of 2,300 companies took part in this year's exhibition, which adopted "Energy saving and efficiency" as its main theme. Rinnai Italia displayed its new product lineup, centering on the Hybrid Hot-Water Unit and Condensing Water Heater. Many visitors stopped by the stylish Rinnai booth and showed great interest in the items on display.

### Performance

Consolidated net sales for the year amounted to ¥226,117 million, down 4.5% from the previous year. Operating income increased 35.3%, to ¥20,392 million, and ordinary income jumped 65.8%, to ¥21,481 million, owing to the extinguishment of a foreign exchange loss on yen-denominated liabilities posted by our South Korean subsidiary in the previous fiscal year. Net income surged 202.6%, to ¥11,642 million.

### Results by Business Segment

#### Kitchen Appliances

In Japan, where our business was affected by a decline in new construction-related demand, we sought to meet replacement demand by renewing our lineup of tabletop and built-in stoves. Accordingly, domestic sales in this segment remained mostly unchanged. Overseas, we benefited from higher demand in China and healthy sales in Southeast Asia, but foreign exchange factors had a major impact on our performance in South Korea. As a result, sales in this segment amounted to ¥78,669 million, down 3.1% from the previous year.

#### Hot-Water Units

In Japan, where new housing starts were weak, we expedited our shift to high-efficiency systems with the introduction of the new E Series, achieving a solid performance. Overseas, unit sales in the United States declined due to economic recession. By

contrast, we posted an increase in sales in China, supported by powerful economic growth. Meanwhile, sales in Australia remained healthy thanks to environmental measures implemented by the government. However, foreign exchange factors had a major negative impact on sales in various overseas nations. Accordingly, total sales in this segment edged down 0.6%, to ¥105,906 million.

#### Air-Conditioning and Heating Units

Domestic sales of our mainstay fan heaters were weak due to the warm winter in Japan. Overseas, as well, sales in Australia were affected by the second consecutive warm winter, as well as inventory adjustments. Consequently, total sales in this segment fell 15.4%, to ¥14,635 million.

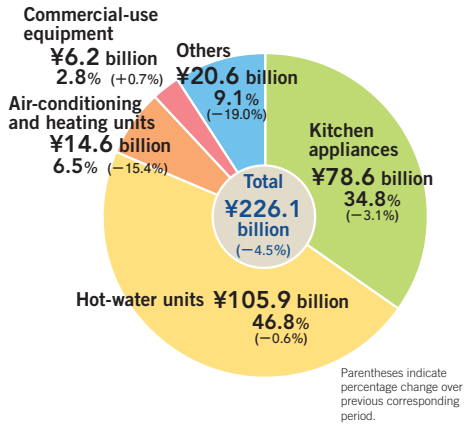
#### Commercial-Use Equipment

In Japan, we enjoyed healthy sales of convection ovens and rice cookers. In South Korea, where commercial-use equipment accounts for high share of total sales, we posted an increase in sales. Total segment sales edged up 0.7%, to ¥6,268 million.

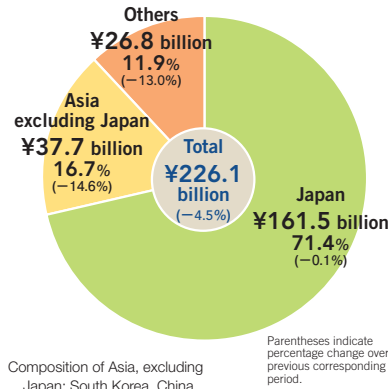
#### Others

In South Korea, We reported a decline in sales of other products, mainly due to the reorganization of our business in South Korea, and change of accounting treatment which shifted our solar system business to the Hot-Water Units segment. As a result, sales in the Others segment fell 19.0%, to ¥20,636 million.

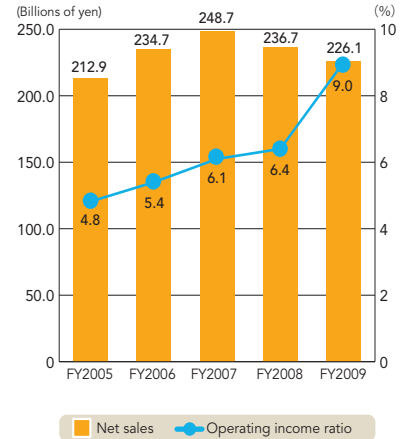
### Net sales by business segment



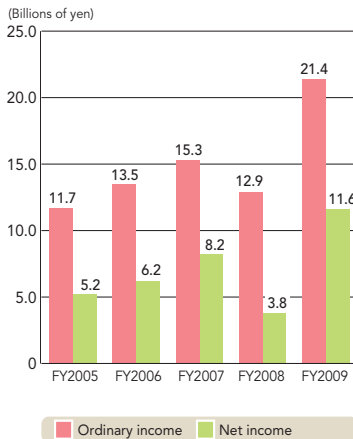
### Net sales by region



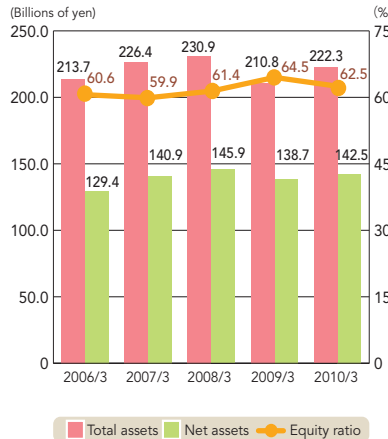
### Sales, operating income ratio



### Ordinary income, net income



### Total assets, net assets, equity ratio



### ROE, ROA

	ROE (%)	ROA (%)
FY2005	4.2	2.5
FY2006	4.7	2.9
FY2007	6.0	3.6
FY2008	2.8	1.7
FY2009	8.5	5.4

Notes: 1. The above net assets graph indicates the amount of total shareholders' equity at "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, 2010)

Previous Term (As of Marh 31, 2009)

	Current Term	Previous Term
<b>Assets</b>		
<b>Current assets</b>	<b>133,522</b>	<b>131,517</b>
Cash and deposits	25,248	21,728
Notes and accounts receivable	53,133	51,972
Marketable securities	29,242	30,633
Products	13,336	16,213
Raw materials and stores	9,381	9,224
Deferred taxes assets	2,541	2,379
Other	1,364	1,239
Less allowance for doubtful accounts	(725)	(1,875)
<b>Fixed assets</b>	<b>88,802</b>	<b>79,308</b>
<b>Property, plant and equipment</b>	<b>43,416</b>	<b>41,332</b>
Buildings and structures	16,310	14,581
Machinery and vehicles	8,718	8,672
Tools and fixtures	4,043	4,363
Land	13,507	12,643
Leased assets	134	72
Construction in progress	701	998
<b>Intangible fixed assets</b>	<b>1,490</b>	<b>1,409</b>
<b>Investments and advances</b>	<b>43,895</b>	<b>36,567</b>
Investments in securities	31,888	25,376
Investments	—	959
Long-term loans	—	3
Deferred income taxes	1,445	2,663
Other	11,383	8,613
Less allowance for doubtful accounts	(821)	(1,048)
<b>Total assets</b>	<b>222,324</b>	<b>210,825</b>

	Current Term	Previous Term
<b>Liabilities</b>		
<b>Current liabilities</b>	<b>69,851</b>	<b>62,456</b>
Notes and accounts payable	39,092	37,696
Short-term debt	8,123	6,807
Other payables	8,759	8,327
Accrued consumption taxes	1,009	629
Accrued income taxes	5,344	3,240
Accrued employees' bonuses	2,706	2,448
Allowance for product guarantee	1,347	—
Allowance for inspection cost	233	271
Other	3,235	3,035
<b>Long-term liabilities</b>	<b>9,971</b>	<b>9,575</b>
Long-term debt	2,859	3,000
Deferred taxes liabilities	—	3
Accrued employees' retirement benefits	4,553	4,242
Accrued officers' retirement benefits	45	62
Other	2,513	2,266
<b>Total liabilities</b>	<b>79,822</b>	<b>72,031</b>
<b>Net Assets:</b>		
<b>Shareholders' equity:</b>	<b>139,356</b>	<b>140,364</b>
Common stock	6,459	6,459
Capital surplus	8,719	8,719
Earned surplus	134,563	125,336
Treasury stock	(10,386)	(151)
<b>Other adjustments:</b>	<b>(402)</b>	<b>(4,377)</b>
Unrealized gain on marketable securities	176	(1,471)
Foreign exchange translation adjustment	(578)	(2,905)
<b>Minority interests</b>	<b>3,547</b>	<b>2,806</b>
<b>Total net assets</b>	<b>142,502</b>	<b>138,794</b>
<b>Total liabilities and net assets</b>	<b>222,324</b>	<b>210,825</b>

**Consolidated Statements of Income** (Millions of yen)Current Term (From April 1, 2009, to March 31, 2010)  
Previous Term (From April 1, 2008, to March 31, 2009)

	Current Term	Previous Term
<b>Net sales</b>	<b>226,117</b>	<b>236,741</b>
Cost of sales	158,748	168,667
Gross profit	67,368	68,073
Selling, general and administrative expenses	46,976	53,003
<b>Operating income</b>	<b>20,392</b>	<b>15,069</b>
Other income	1,926	2,407
Other expenses	837	4,519
<b>Ordinary income</b>	<b>21,481</b>	<b>12,958</b>
Extraordinary income	193	62
Extraordinary loss	1,337	1,917
Income before income taxes	20,337	11,103
Income taxes: current	7,892	6,522
Income taxes	(10)	1,214
Minority interests (deduction)	812	(481)
<b>Net income</b>	<b>11,642</b>	<b>3,847</b>

**Consolidated Statements of Cash Flows** (Millions of yen)Current Term (From April 1, 2009, to March 31, 2010)  
Previous Term (From April 1, 2008, to March 31, 2009)

	Current Term	Previous Term
<b>Cash flows provided by operating activities</b>	<b>29,687</b>	<b>15,198</b>
<b>Cash flows used in investing activities</b>	<b>(15,865)</b>	<b>(9,278)</b>
<b>Cash flows provided by (used in) financing activities</b>	<b>(12,203)</b>	<b>446</b>
<b>Cash and cash equivalents at end of year</b>	<b>46,570</b>	<b>42,943</b>

## Corporate Data

**Directory** (As of March 31, 2010)

<b>Incorporated</b>	September 1, 1920
<b>Established</b>	September 2, 1950
<b>Paid-in capital</b>	¥6,459,746,974
<b>Head office</b>	2-26, Fukuzumi-cho, Nakagawa-ku, Nagoya 454-0802 TEL: +81-52-361-8211
<b>Number of employees</b>	3,507

**Domestic Network** (As of March 31, 2010)**Factories and related centers**

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

**Branches**

Tohoku, Kanto, Chubu, Kansai, Kyushu

**Domestic sales offices**

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

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

15 Training Centers\*, 6 Customer Centers

\* Include Hot Labs which conduct experiments and have showrooms where customers can try our products.

**Board of Directors** (As of June 29, 2010)

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

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

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

Share Information (As of March 31, 2010)

Share Composition

Number of shares

Authorized:

200,000,000

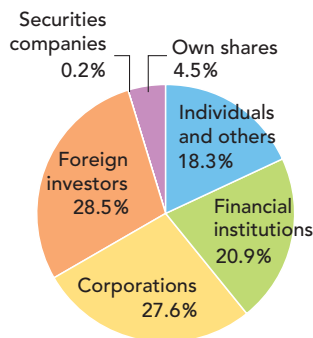
Outstanding:

54,216,463 (Including treasury stock)

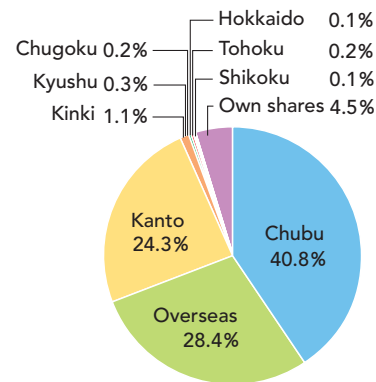
Number of shareholders:

3,670

Composition of shareholders



Shareholders by region

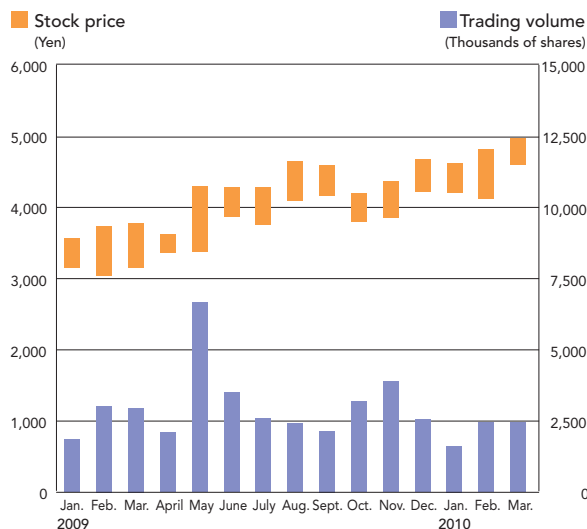


Major Shareholders

Name	Shares held (Thousands)
Naito Co., Ltd.	6,715
Robert Bosch Investment Nederland B.V.	4,781
Yoshikane Shoji Co., Ltd.	4,002
Deutsche Bank AG Frankfurt Domestic Custody Services	3,617
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,001
Kenji Hayashi	2,652
Japan Trustee Services Bank, Ltd. (Trust Account)	2,014
Susumu Naito	1,478
Nippon Life Insurance Company	1,000
Rinnai Kyoshinkai	650

Note: Above figures exclude number of treasury stock held by the Company, 2,453 thousand shares.

Stock Price Range



## Memorandum for Shareholders

### Financial year

From April 1 to March 31

### Annual meeting of shareholders

Every June

### Dates of record

Annual meeting of shareholders,

year-end dividend:	March 31
Interim dividend:	September 30

### Minimum trading unit

100 shares

### Public notice

Public notices by the Company will be announced online.

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

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

### Transfer agent

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

### Mailing and contact

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

### (Telephone)

Freedial 0120-78-2031

Transfer administration offices:

The Chuo Mitsui Trust & Banking Company, Limited.;  
Head office, and branches throughout Japan  
Japan Securities Agents, Ltd.;  
Head office, and branches throughout Japan

### Stock Listings:

Tokyo Stock Exchange, First Section  
Nagoya Stock Exchange, First Section

### Inquiries Pertaining to Share-Related Procedures

#### 1. Non-Payment of Dividends

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

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

Please contact the securities company handling your account.

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

### Dividend Calculation Notice

The Dividend Calculation Notice, sent to shareholders at the time of dividend payment, also functions as the Payment Notice according to regulations under the Act on Special Measures Concerning Taxation. This document can be used as a reference attachment when preparing final tax returns. From this year, the Company will issue a Dividend Calculation Notice to shareholders who receive dividends by presenting the Year-End Dividend Receipt.

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

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

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

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