

Rinnai

Securities code 5947

Rinnai Information
for Shareholders

Vol. 34

Business Results for
the 61th Term
(April 1, 2010 to March 31, 2011)



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

To Our Shareholders



Susumu Naito
Chairman



Hiroyasu Naito
President

On behalf of the Rinnai Group, we hereby express our heartfelt condolences to all people affected by the Great East Japan Earthquake.

In the fiscal year ended March 31, 2011, the Japanese economy continued facing difficult conditions, underscored by peak prices of crude oil and other raw materials and the limiting effect of the strong yen on corporate earnings. This was despite moderate recovery in the U.S. economy and the buoying effects of high economic growth rates among emerging nations. The Great East Japan Earthquake, which occurred on March 11, 2011, prompted a mood of restraint and a consequent slump in personal consumption, while the resulting electric power shortages had a constraining impact on people's lives. Accordingly, there are many reasons for uncertainty about the future economic direction.

In the domestic housing appliance industry, there were indications of a turnaround in starts of owner-occupier dwellings thanks to the government's eco-point system for housing and stimulus measures, including reduced taxes on home loans. Overall conditions failed to improve, however, in the absence of full-scale recovery, especially in the Tokyo Metropolitan Area.

Facing these challenges, the Rinnai Group entered the second year of its medium-term business plan, entitled "Reform and Breakthrough." During the period under review, we targeted major global advances as a comprehensive manufacturer of heating appliances. Specifically, we reinforced our product lineup—with a focus on the environment and saving energy, as well as safety and peace of mind—and delivered a broad range of heating products optimized to suit living environments in various world nations. At the same time, we pursued Group-wide reforms and reinforced our corporate foundation.

With respect to revenue, in Japan we reported healthy sales underpinned by solid replacement demand for tabletop and built-in stoves. Our Eco Jozu series of bathwater heaters, lighter and more compact than ever before, also benefited from the trend toward protecting the environment and saving energy.

Overseas, sales were generally firm. Highlights included increased sales of hot-water units in the United States and Australia and higher sales of gas appliances accompanying economic growth in emerging nations, such as China and Brazil.

On the earnings side, we sought to manufacture core kitchen appliances and hot-water units in-house and embarked on a rigorous Group-wide effort to cut fixed costs. These actions contributed to our bottom line. Earnings were also bolstered by higher revenue stemming from healthy overseas sales. More details of the Group's financial performance are given later in this report.

The Company declared a year-end cash dividend of ¥24.00 per share, up ¥2.00 from a year earlier, bringing total annual cash dividends to ¥48.00 per share, up ¥6.00 from the previous year.

The Group's corporate philosophy states that "Quality is Our Destiny (our livelihood depends on the quality of our products)." Guided by this philosophy, we place top priority on product safety above anything else in our product manufacturing activities. Tackling environmental issues has become a major objective shared by nations worldwide. In this context, the Rinnai Group recognizes that it plays an extremely important role in saving energy and reducing carbon dioxide emissions in people's households. As a comprehensive manufacturer of heat and energy appliances, we will embrace the challenge of innovating our environmental technologies and our product manufacturing methods.

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

June 2011

Susumu Naito
Chairman

Hiroyasu Naito
President

Employing cutting-edge technologies to support diversified energy resources as a comprehensive manufacturer of heat and energy appliances



Hiroyasu Naito
President

Overview of the Year Ended March 31, 2011 Further reinforcement of the Group's business

The Rinnai Group made steady progress on the three core policies of its three-year medium-term business plan, entitled "Reform and Breakthrough," which began in April 2009. One key policy calls for the relentless promotion of waste-elimination activities, and to this end we revised costs by deploying our distinctive manufacturing technologies. We also worked hard to ensure that the high-value-added strategy of Rinnai (the parent company) is permeating throughout domestic and overseas Group companies as well. The period under review, the second year of the medium-term business plan, saw heightened activity in manufacturing technologies and product planning and development owing to collaboration between divisions and Group companies in Japan and overseas. We made headway in the plan's second policy, which seeks reinforcement of Group operations. Here, Rinnai has developed capabilities for responding flexibly as an united Group to global market needs.

As a result of these efforts, in the year ended March 31, 2011, healthy sales in Japan and overseas contributed to consolidated net sales of ¥239.4 billion, and operating income of ¥25.2 billion.

In the final year of the medium-term business plan, Rinnai will further advance the various measures being adopted under the plan to solidify its position as a comprehensive manufacturer of heat and energy appliances.

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	¥248.0 billion
Operating income	¥27.0 billion
Operating margin	10.9%

Global Strategies with Emphasis on the "Environment"

Hot-water units that meet demand in environmentally conscious countries

Adhering to its mission of "using heat to provide society with comfortable lifestyles," Rinnai endeavors to develop products that deliver second-to-none "safety and peace of mind," "comfort," and "environmental friendliness" from a global perspective.

In Europe, the United States, and other environmentally conscious regions, regulations protecting the environment are becoming increasingly stringent. For example, governments continue to offer subsidies for high-efficiency hot-water units, although not for electric storage-type hot water systems, and also impose selling restrictions on electric storage-type hot water systems. Against this backdrop, sales of Rinnai's products, including tankless hot-water units and gas-solar hot-water systems, are growing amid recognition of their strong environmental performance.

Significant demand growth for kitchen appliances in Asian countries

In Asia, meanwhile, higher standards of living in emerging markets are contributing to strong demand for kitchen appliances. In emerging markets, financial- and environmental-related considerations are seeing higher demand for appliances that use energy sources, such as gas instead of electricity, and the accompanying costs of constructing electric power plants. As a result, Group companies such as P.T. Rinnai Indonesia and Rinnai Vietnam Co., Ltd. are strengthening their sales channels.

Targeting a ratio of 6:4 for domestic and overseas sales

Rinnai's overseas businesses are firmly rooted in the cultures and lifestyles of the countries in which they are based, where they engage in local production and sales activities. With the United States and China positioned as strategic markets, Rinnai seeks to seize the top market share in each country while placing the financial side of operations on a sound footing. Rinnai's target is for its overseas businesses to account for 40% of the Group's total sales.

Domestic Strategies: Pursuing "Safety and Peace of Mind," "Comfort," and "Environmental Friendliness"

Eco-Jozu becoming the de facto industry standard

The gas appliance industry in Japan is supporting an initiative to prevent global warming that will see the highly efficient series of *Eco-Jozu* hot-water/heating systems adopted as the industry standard by 2013. Since 2009, Rinnai has augmented its product lineup by releasing the *Eco-Jozu "E-Series,"* which delivers high energy efficiency and stylish design along with a small lightweight body.

In April 2010, Rinnai released the *ECO ONE* hybrid hot-water/heating system in the domestic market. Boasting world-leading environmental friendliness, the *ECO ONE* combines the *Eco-Jozu* gas water-heater and an electric heat pump.

Manufacturing technologies realize myriad products

Rinnai has expanded its range of kitchen appliances by focusing on the development of standard products with high added value targeting different price brackets while pursuing stylish designs, functionality, and ease of cleaning. Prominent among these are the best-selling *DELICIA* and Mytone series, as well as the Udea series of "universal design" built-in stoves. More recent releases include a tabletop stove without drip tray that makes cleaning up spills easy, and built-in dishwashers that feature Plasmacluster* technology and are equipped with a baking soda wash mode. Offerings such as these incorporate product planning that draws on customer feedback, as well as the dual demands for "high quality" and "economy" made possible by cutting-edge manufacturing technologies. By combining know-how and technology, Rinnai will continue supporting the "heat-energy and lifestyle" needs of people all over the



world underpinned by the development of optimal environmentally responsive and energy-saving products.

* Plasmacluster is a trademark of Sharp Corporation.

For ongoing protection of safety and peace of mind

In February 2011, Rinnai took the step of offering free inspections and repair of some hot-water units. We did so after determining that on rare occasions a faulty circuit component on the electric substrate could raise the temperature of the hot water in the bathtub. Since Rinnai's founding, it has pursued "safety and peace of mind" in line with the tenet that "our livelihood depends on the quality of our products." At this point in time, the two cases of burns that have come to light were not serious enough to warrant medical treatment. Nonetheless, Rinnai takes this kind of matter extremely seriously and will do its utmost to prevent a recurrence.

Fulfilling Our Social Responsibilities and Role Impact of the Great East Japan Earthquake and disaster relief

The Rinnai Group offers its sincere condolences to all people who have suffered as a consequence of the recent Great East Japan Earthquake. Since the Group does not have any production centers in either the Tohoku or Kanto regions, no production has been affected by damage to facilities, or by subsequent rolling power outages.

In order to restore gas services in affected areas, Rinnai

has responded swiftly to requests from gas companies by establishing its own teams to work in collaboration with those companies. At present, construction of temporary housing is under way in affected areas. Rinnai recognizes its social role of providing gas appliances, which play an indispensable part in the daily lives of the Japanese people. Accordingly, we have responded by making the provision of products as requested by local authorities our top priority.

Development of heating appliances that address diverse energy resources

The recent earthquake and nuclear power plant accident have triggered lively debate in Japan on the government's energy policy, which is dependent on nuclear power generation. There has even been a government request for the shutdown of the Hamaoka Nuclear Power Plant. Rinnai recognizes that it is not simply a question of choosing between electricity and gas. Rather, we have a social responsibility to undertake development of heating appliances that rely on a variety of energy resources.

It goes without saying that legal compliance in all activities is a key component of corporate social responsibility. Today, at a time when Japan is confronted with a national crisis, the Rinnai Group will forge ahead with its core business as a comprehensive manufacturer of heating appliances while ensuring legal compliance throughout the Group. We will support demand for diverse energy resources from not only Japan, but also around the world.

Disaster Relief

Rinnai Corporation has made a donation of ¥50 million in financial aid to help people affected by the Great East Japan Earthquake and the reconstruction of affected areas. In addition, Rinnai has decided to donate a total of 10,000 tabletop stoves, rice cookers, and ovens.

Use of Gas Appliances during a Power Outage

Rinnai has posted on its website instructions on the use of gas appliances during a power outage.

- Always use ventilation when using an indoor gas appliance
- Empty the water from your hot-water heaters if there is a possibility that it will freeze
- 100V appliances cannot be used

The website also contains advice on using an appliance when it comes back after turning off due to a power outage [In Japanese only]





Contributing to the Global Environment by Promoting *Eco-Jozu* as the De Facto Industry Standard

Rinnai is engaged in a campaign to make *Eco-Jozu* the de facto industry standard for all gas hot-water units in Japan by April 2013. To promote its adoption, since 2009 Rinnai has expanded its product lineup with the introduction of the *Eco-Jozu* “E-Series.”



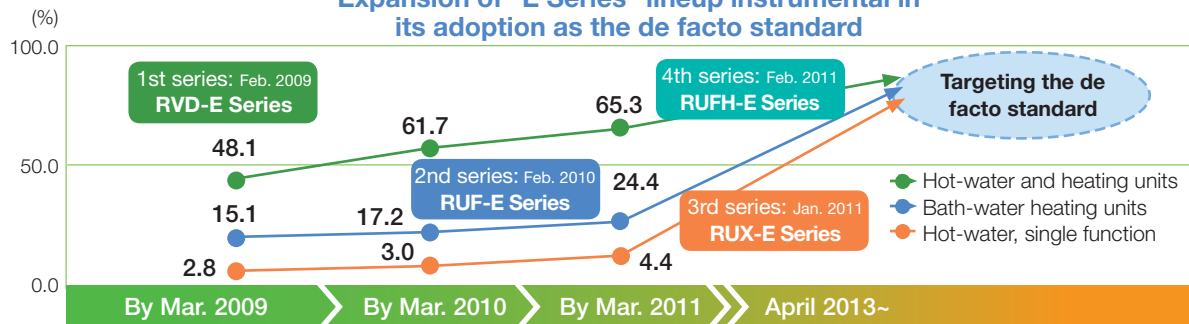
エコジョーズ化宣言
2013

2013年、ガス給湯器はエコジョーズへ。
The Eco-Jozu Declaration

The gas appliance industry in Japan will adopt the highly efficient Eco-Jozu series of hot-water units as the voluntary industry standard for all hot-water units produced in Japan by the end of March 2013.

Eco-Jozu ratio

Expansion of “E Series” lineup instrumental in its adoption as the de facto standard



カエッコ
kaecco
集合住宅を変えるエコジョーズ



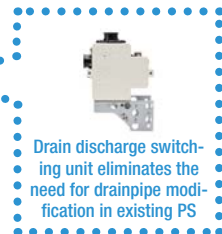
5th series of the *Eco-Jozu* “E Series” “kaecco” (RUF-TE Series)

Released April 2011

This replacement-type *Eco-Jozu* designed for existing apartments has simple plumbing requirements while delivering eco-friendly, comfortable bathing experiences

- Easy-to-install “drain discharge switchover system”
(Uses bath reheating pipes to deliver bathwater to bathroom drain)
- 92% bathwater heat efficiency (highest in the industry*1)
- “Eco Signal” chimes when bathwater reaches optimal level

*1 Rinnai survey current as of April 2011



Drain discharge switchover unit eliminates the need for drainpipe modification in existing PS



ECO ONE Hybrid Hot-Water Unit's Energy Efficiency Certified by the Top Runner Program!

Eligible for new "Home Eco-Points!"*

Greater interest reduction
Flat 35S
(20-year interest reduction type)
eligible!

Main Certified Features

- 1 Primary energy efficiency approximately 20% higher than conventional high-efficiency gas hot-water units
- 2 Primary energy efficiency exceeds 100% nationwide (except Hokkaido)
- 3 World-class in terms of CO₂ emission reduction
- 4 Meets fiscal 2013 home energy-saving targets even if floor heating adopted

Top Runner standard equivalents

"Next-generation energy-saving standard"
Home insulation performance

Energy-efficient cooling, heating, and water-heating equipment



* New home builds or renovations completed or under construction by July 31, 2011; Applies to home insulation performance and new homes fitted with highly efficient equipment that meet Top Runner standards

ハイブリッド給湯暖房機 エコワン
ECO ONE



Launch of New Model with High Heating Specifications for Colder Regions

Released April 2011

- World's first* hybrid hot-water/heating unit featuring optimal combination of gas and electricity
- Maximum 47% reduction in CO₂ emissions helps protect the environment
- System can supply an average of 10 panel heaters

* Rinnai survey current as of August 2010

* Applies to hot-water/heating system that combines a gas hot-water heater and a CO₂ heat pump



Launch of New Built-in Dishwasher with Plasmacluster Technology & Baking Soda Wash Mode!

Released April 2011

Rinnai has released a new model of its environmentally friendly dishwasher with baking soda wash mode that is equipped with Plasmacluster technology to eliminate mold, bacteria, and unpleasant smells from inside the dishwasher. This latest model delivers enhanced cleanliness and peace of mind.

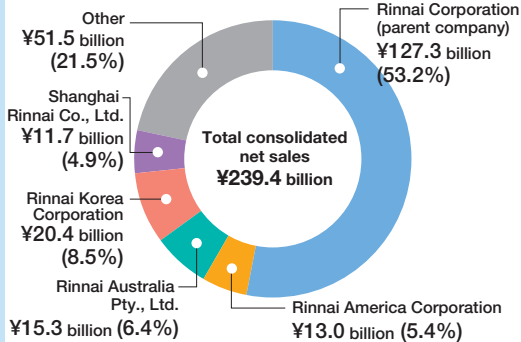


* Plasmacluster is registered trademark of Sharp Corporation.

As of March 31, 2011, the Global Rinnai Group expand its network in 16 countries outside Japan (manufacturing/sales companies in ten countries and sales companies in seven countries). In these countries, we develop and supply high-quality heating appliances optimized for the lifestyles, climates, and energy resources of each country.

Consolidated Net Sales by Company

(Year ended March 31, 2011)



Note: The above amounts exclude inter-regional transactions

Rinnai Corporation

Mainstay products



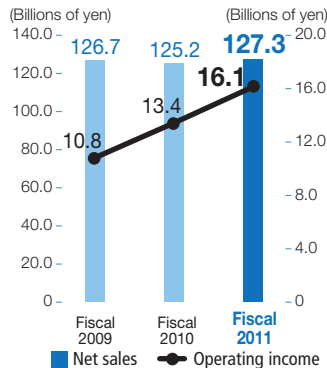
Eco Jozu highly efficient hot-water unit



DELICIA Series

Consolidated net sales and operating income

Higher revenue owing to firm replacement demand; considerable increase in earnings as a result of cost-reduction efforts



Rinnai America Corporation

Mainstay products



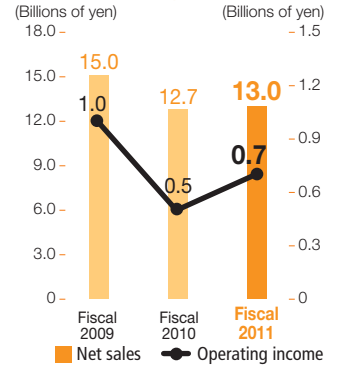
Hot-water unit



Fan-forced heater

Consolidated net sales and operating income

Sales growth in hot-water units and fan-forced heaters; significant increase in earnings owing to lower sales promotion costs



New Western Japan Customer Center

In May 2011, Rinnai opened its new Western Japan Customer Center, built in the grounds of the Aichi Plant in Nagoya City. The functions of our four existing customer centers covering western Japan (Chubu, Kansai, Hiroshima, Kyushu) are currently being transferred in stages to the new Center. The Western Japan Customer Center, which will be fully operational by the end of March 2012, joins the Eastern Japan Customer Center, opened in 2009. This will consolidate operator education and command structures, thus improving service efficiency and boosting customer support.



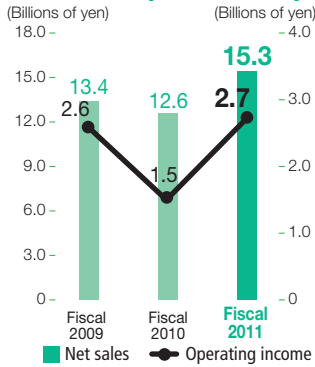
Rinnai Australia Pty., Ltd.

Mainstay products



Consolidated net sales and operating income

Sales growth in fan-forced heaters and lower procurement costs owing to a favorable foreign exchange rate contribute to higher revenue and earnings



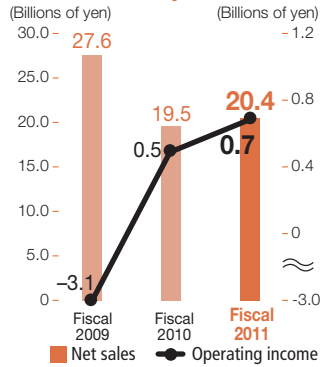
Rinnai Korea Corporation

Mainstay products



Consolidated net sales and operating income

Increased revenue thanks to recovery in demand and a favorable exchange rate; earnings growth owing to successful management reforms



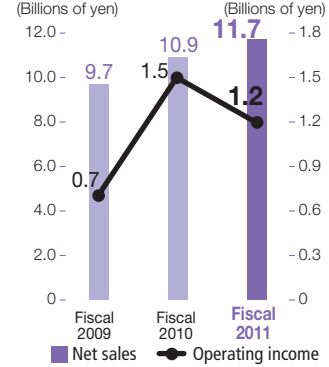
Shanghai Rinnai Co., Ltd.

Mainstay products



Consolidated net sales and operating income

Steady sales buoyed by strong internal demand; lower earnings due to higher costs of materials

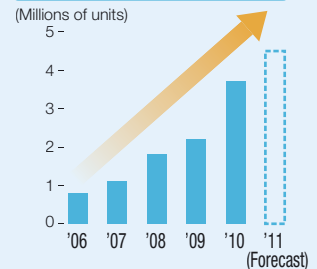


New Rinnai Indonesia Plant Swings into Operation



In Indonesia, demand for gas appliances is growing as a result of a state-run project to switch from petroleum to LPG as the main energy source for household appliances. This trend has contributed to a sharp increase in sales of tabletop stoves made by P.T. Rinnai Indonesia. Against this backdrop, the commissioning of its new plant in April 2011 will enable Rinnai Indonesia to boost production to meet rising demand.

Sales units of Rinnai Indonesia's tabletop stoves



Performance

Consolidated net sales for the period amounted to ¥239,436 million, up 5.9% from the previous year. Operating income increased 23.8%, to ¥25,238 million, and ordinary income rose 24.9%, to ¥26,824 million. Despite incurring inspection costs and providing for a reserve for the free replacement of parts in rice cookers and hot-water/heating systems, net income jumped 33.2%, to ¥15,510 million.

Results by Geographical Segment

Japan

In hot-water units, we reported healthy sales of the RUF-E series, launched in February 2010, which contributed to increased sales. In kitchen appliances, we reported steady sales, with the addition of new items to the premium-grade DELICIA series of built-in stoves, featuring enhancements with respect to ease of cleaning and elimination of smoke and odors. We also benefited from steady replacement demand for the Mytone lineup of stoves, which incorporate the high performance of top-end models into medium-grade and general-market offerings. In addition, we enjoyed increased sales of the Flat & Clean series of tabletop models, featuring exceptional ease of cleaning. As a result, sales in Japan totaled ¥165,976 million, up 2.7% from the previous year. Operating income rose 14.9%, to ¥18,187 million.

South Korea

A record-breaking cold snap at the beginning of the year helped boost sales of gas boilers. Steam ovens and other commercial-use equipment also performed well. Accordingly, sales in South Korea increased 5.3%, to ¥22,088 million, and operating income declined 16.9%, to ¥713 million.

North America

Amid moderate recovery of the local economy, there was a turnaround in demand for housing appliances. Also, sales of instant-heating (tankless) hot-water units were firm, with only limited impact from the termination of reduced housing tax rates. Sales in North America, increased 1.8%, to ¥13,000 million. Thanks to cuts in sales promotion and other operating expenses, operation income jumped 43.8%, to ¥796 million.

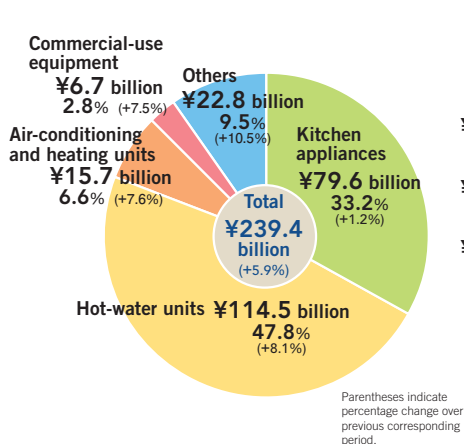
Australia

As part of its environmental protection measures, the Australian government has enforced a termination of sales of electric storage-type (tank-based) hot-water units. Against this background, replacement of old units with energy-efficient ones has progressed smoothly, leading to firm sales of our hot-water units. We reported increased sales of fan-forced heaters thanks to government subsidies aimed at stimulating replacement demand for open-type heaters. Sales in Australia rose 21.9%, to ¥15,364 million, and operating income surged 70.5%, ¥2,720 million.

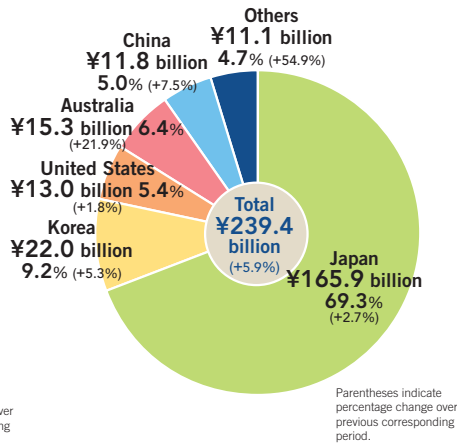
China

In addition to the Shanghai area, where sales have grown steadily, we enjoyed increased sales of gas appliances in interior regions of China. Due to heightened prices of raw materials and falling unit prices stemming from the increased share of sales in regional areas, however, earnings in China declined. Sales in China rose 7.5%, to ¥11,863 million, and operating income decreased 20.0%, to ¥1,201 million.

Net sales by business segment

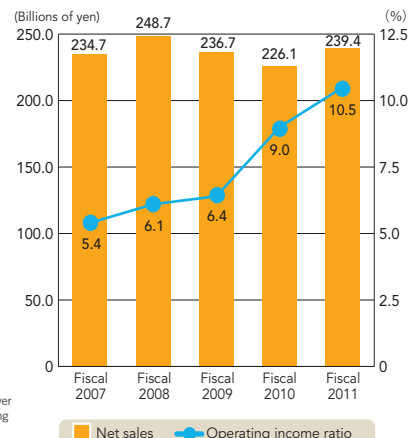


Net sales by region

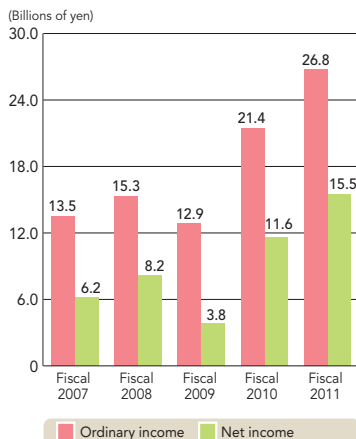


Note: The above amounts exclude inter-regional transactions.

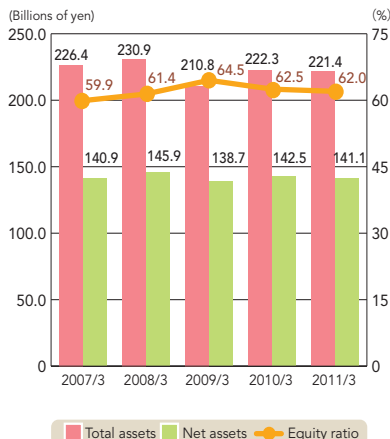
Sales, operating income ratio



Ordinary income, net income



Total assets, net assets, equity ratio



ROE, ROA

	ROE, ROA (%)	
	ROE	ROA
	Full year	Full year
Fiscal 2007	4.7	2.9
Fiscal 2008	6.0	3.6
Fiscal 2009	2.8	1.7
Fiscal 2010	8.5	5.4
Fiscal 2011	11.2	7.0

Consolidated Balance Sheets (Millions of yen)

Current Term (As of Marh 31, 2011)

Previous Term (As of Marh 31, 2010)

	Current Term	Previous Term
Assets		
Current assets	136,145	133,522
Cash and deposits	28,338	25,248
Notes and accounts receivable	53,155	53,133
Marketable securities	28,663	29,242
Products	11,545	13,336
Raw materials and stores	9,478	9,381
Deferred taxes assets	3,566	2,541
Other	1,847	1,364
Less allowance for doubtful accounts	(449)	(725)
Fixed assets	85,350	88,802
Property, plant and equipment	41,997	43,416
Buildings and structures	15,558	16,310
Machinery and vehicles	8,728	8,718
Tools and fixtures	3,330	4,043
Land	13,300	13,507
Leased assets	203	134
Construction in progress	875	701
Intangible fixed assets	1,581	1,490
Investments and advances	41,771	43,895
Investments in securities	29,604	31,888
Deferred income taxes	1,173	1,445
Other	11,430	11,383
Less allowance for doubtful accounts	(437)	(821)
Total assets	221,495	222,324

	Current Term	Previous Term
Liabilities		
Current liabilities	70,301	69,851
Notes and accounts payable	40,781	39,092
Short-term debt	6,277	8,123
Other payables	9,283	8,759
Accrued consumption taxes	798	1,009
Accrued income taxes	5,034	5,344
Accrued employees' bonuses	2,765	2,706
Allowance for product guarantee	1,770	1,347
Allowance for inspection cost	1,155	233
Other	2,434	3,235
Long-term liabilities	10,083	9,971
Long-term debt	2,763	2,859
Accrued employees' retirement benefits	4,547	4,553
Accrued officers' retirement benefits	53	45
Other	2,718	2,513
Total liabilities	80,384	79,822
Net Assets:		
Shareholders' equity:	139,471	139,356
Common stock	6,459	6,459
Capital surplus	8,719	8,719
Earned surplus	147,757	134,563
Treasury stock	(23,465)	(10,386)
Other adjustments:	(2,197)	(402)
Unrealized gain on marketable securities	(394)	176
Foreign exchange translation adjustment	(1,803)	(578)
Minority interests	3,836	3,547
Total net assets	141,110	142,502
Total liabilities and net assets	221,495	222,324

Consolidated Statements of Income (Millions of yen)Current Term (From April 1, 2010, to March 31, 2011)
Previous Term (From April 1, 2009, to March 31, 2010)

	Current Term	Previous Term
Net sales	239,436	226,117
Cost of sales	165,867	158,748
Gross profit	73,569	67,368
Selling, general and administrative expenses	48,330	46,976
Operating income	25,238	20,392
Other income	2,477	1,926
Other expenses	892	837
Ordinary income	26,824	21,481
Extraordinary income	209	193
Extraordinary loss	2,728	1,337
Income before income taxes	24,306	20,337
Income taxes: current	8,381	7,892
Income taxes	(369)	(10)
Income before minority interests	16,293	—
Minority interests	783	812
Net income	15,510	11,642

Consolidated Statements of Cash Flows (Millions of yen)Current Term (From April 1, 2010, to March 31, 2011)
Previous Term (From April 1, 2009, to March 31, 2010)

	Current Term	Previous Term
Cash flows provided by operating activities	27,536	29,687
Cash flows used in investing activities	(10,634)	(15,865)
Cash flows used in financing activities	(16,958)	(12,203)
Cash and cash equivalents at end of year	46,145	46,570

Corporate Data

Directory (As of March 31, 2011)

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	8,394 (Consolidated) 3,565 (Nonconsolidated)

Domestic Network (As of June 1, 2011)

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

Domestic satellite offices (77 offices)

Other domestic offices 10 Training Centers, 4 Customer Centers

Board of Directors (As of June 29, 2011)

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

Notes: 1. President (*) doubles as Executive Officer.
2. Ken Yazaki and Kiyoakira Fukui (Corporate Auditors) serves as an outside auditor.

Share Composition (As of March 31, 2011)

Number of shares

Authorized:

200,000,000

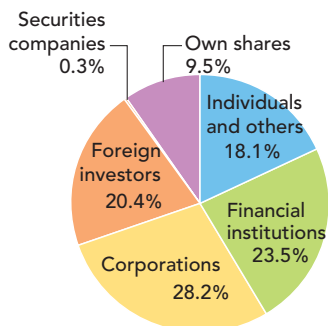
Outstanding:

54,216,463 (Including treasury stock)

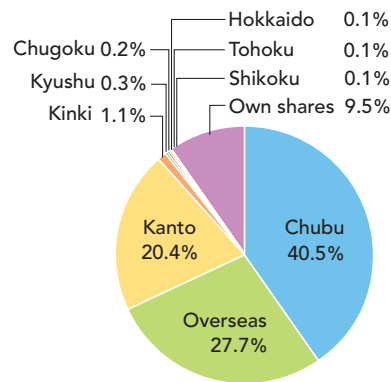
Number of shareholders:

3,750

Composition of shareholders



Shareholders by region



Rinnai Group (As of March 31, 2011)

14 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.
- 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 SE Corporation
- Rinnai Plus Corp.
- Guangzhou Rinnai Gas and Electric Appliance Co., Ltd.
- Rinnai (Malaysia) Sdn. Bhd.
- Rinnai UK Ltd.
- Rinnai Italia S.r.l.
- Hainan Rinnai Minsheng Kitchen Appliances Sales Co., Ltd.

Manufacture and Sale of Products

- Rinnai Australia Pty., Ltd.
- Rinnai New Zealand Ltd.

- Rinnai Taiwan Corporation
- Rinnai Korea Corporation
- Shanghai Rinnai Co., Ltd.
- Rinnai (Thailand) Co., Ltd.
- Rinnai Viet Nam Co., Ltd.
- Rinnai Brasil Heating Technology Ltd.
- 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

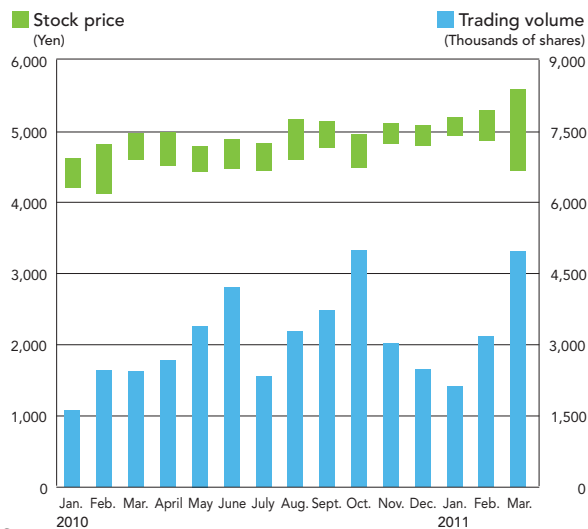
- Rinnai Services (MS) Corporation
- Rinnai CS Corporation
- Shanghai Rinnai Thermo Energy Engineering Co., Ltd.

Major Shareholders

Name	Shares held (Thousands)
Naito Co., Ltd.	6,215
Yoshikane Shoji Co., Ltd.	4,002
The Master Trust Bank of Japan, Ltd.	2,993
Japan Trustee Services Bank, Ltd.	2,723
Kenji Hayashi	2,652
Susumu Naito	1,400
The Chase Manhattan Bank N.A London SL Omnibus Account: Standing proxy (Settlement & Clearing Services Division, Mizuho Corporate Bank, Ltd.)	906
Nippon Life Insurance Company	900
Tokyo Gas Co., Ltd.	784
Rinnai Kyoshinkai (employee's association)	635

* The above list does not include the treasury stock held by the Corporation, which amounts to 5,156 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. 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).