



In March 2009, Noritz made a promise to Japan's Ministry of the Environment regarding its environmental preservation initiatives. Based on this "ECO FIRST" promise, Noritz will step up its environmental management activities going forward.

Outline of Financial and Business Performance for the Fiscal Year Ended December 31, 2009 (FY2009)

NORITZ CORP.

Statements contained in this presentation regarding business results and other forward-looking matters are forecasts prepared by the Company based on information currently available and may contain elements of risk and uncertainty. Therefore, these statements do not represent any guarantee that actual results will be the same as the forecasts contained herein.

Third-Phase Medium-Term Plan

Summary of Revisions to the Third-Phase Medium-Term Plan



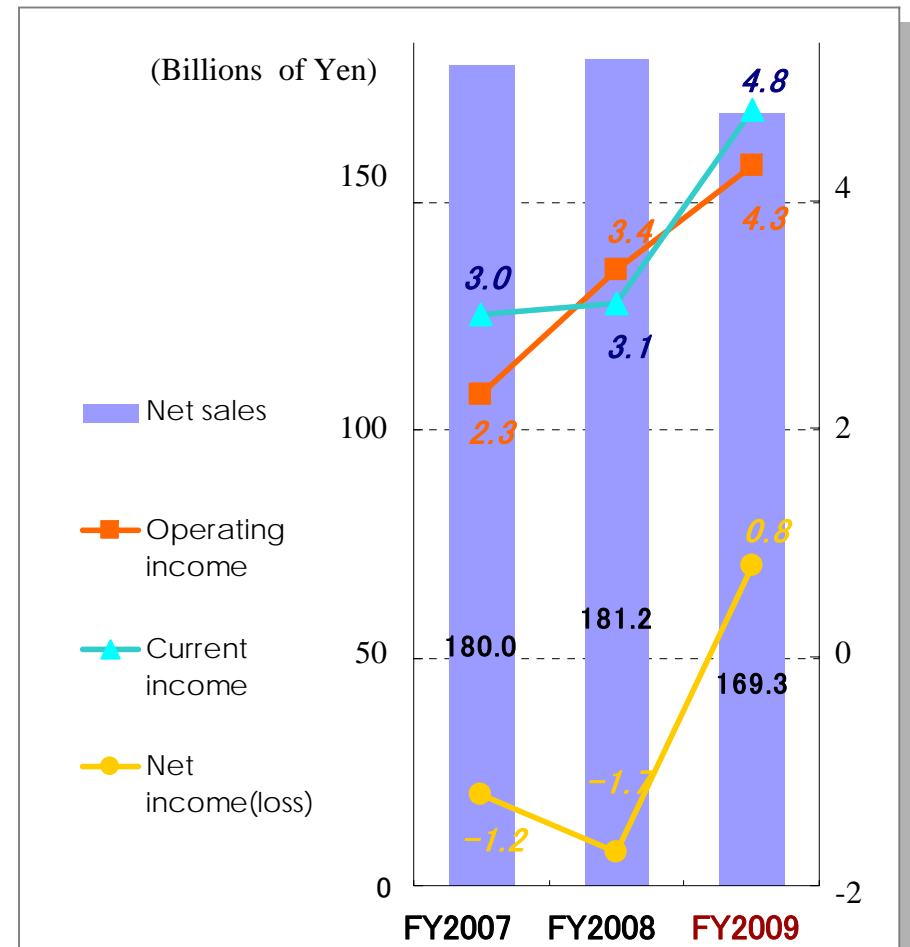
- **Cut operating costs through a review of the cost structure, and reform operating and financial positions to be competitive without relying on expansion in net sales**
- **Work to attain sustained growth in Japan and overseas through initiatives aimed at growth**

Basic Policies	Business Policies	Three Major Policies
<ol style="list-style-type: none"> 1. Change the ways of proceeding with work through reforms in values based on putting the three “Cs” (Change, Challenge, and Create) into practice 2. Promote quality assurance and symbiosis with the natural environment and aim for continued growth of the Noritz Group through the implementation of the “Three Initiatives for Growth” 	<ol style="list-style-type: none"> 1. Realize business growth in Japan and overseas 2. Develop demand in the midst of drastic change 	<ul style="list-style-type: none"> ▪ “Houresh” policy ▪ New value policy ▪ Global policy

Consolidated Performance for the Fiscal Year Ended December 31, 2009 (FY2009)

Increased profits for the full fiscal year, through the review of the cost structure, despite a severe operating environment caused by the sharp decline in the number of new housing starts and other factors

- ◆ **Net sales: ¥169.3 billion**
(-6.6% year on year)
- ◆ **Operating income: ¥4.3 billion**
(+26.8% year on year)
- ◆ **Current income: ¥4.8 billion**
(+55.4% year on year)
- ◆ **Net income: +0.8 billion**
(versus a net loss of ¥1.7 billion for the prior year)



Consolidated Performance for the Fiscal Year Ended December 31, 2009 (FY2009)

Quarterly Performance (For Reference)

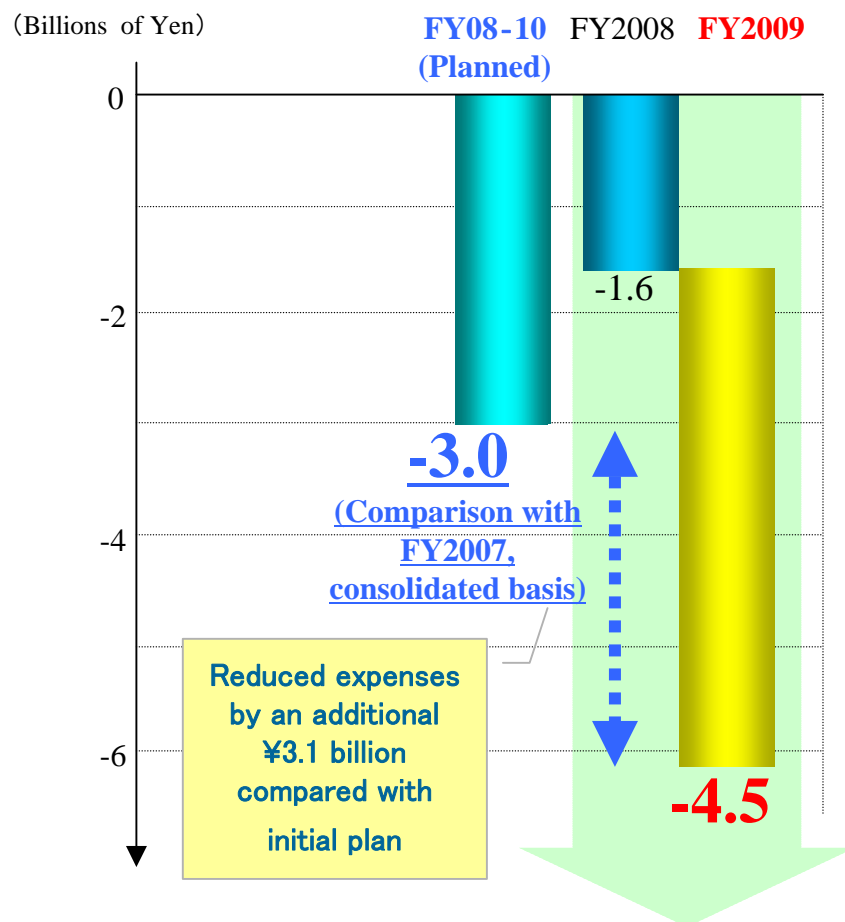
(Millions of Yen)

Consolidated financial data	Fiscal year ended December 31, 2009 (FY2009)							
	First quarter	Change year on year	Second quarter	Change year on year	Third quarter	Change year on year	Fourth quarter	Change year on year
Net sales	42,661	-6.8%	37,373	-8.0%	39,659	-7.7%	49,656	-4.3%
Operating income	791	-30.3%	71	—	629	109.7%	2,878	10.0%
Current income	1,221	30.3%	203	194.2%	405	97.6%	2,992	58.2%
Net income(loss) for the quarter	981	305.4%	-274	—	-516	—	647	—

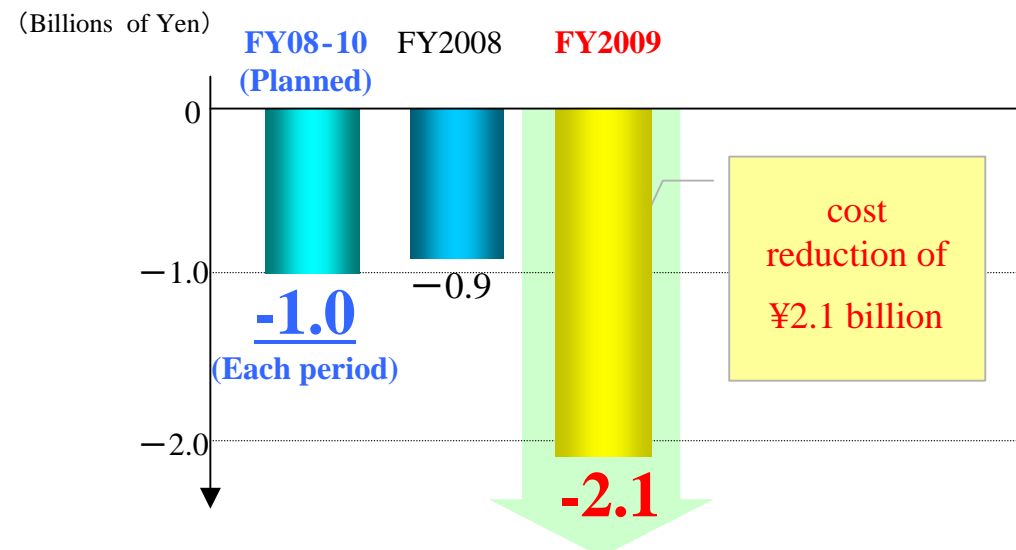
Review of the Cost Structure: Fixed Expenses and Raw Material Costs

Reduced Breakeven Point by about ¥14.0 Billion

◆ Fixed Expenses



◆ Raw Material Costs (Effects of Cost-Cutting)



Principal Measures

- Consolidation and relocation of sales offices
- Integration of production bases
- Revision of repair standards and ensuring compliance with these standards in all cases
- Promotion of the in-house production of parts at the Shanghai Factory

Factors Accounting for Increase (Decrease) in Operating Income (For reference)

(Billions of Yen)

Factors accounting for increase (decrease) in consolidated operating income (year on year)	Amount	
	Positive impact	Negative impact
Decrease in units, changes in the product mix, and other factors		-4.84
Changes in sales prices		-1.00
Changes in raw material costs	2.16	
Increase in manufacturing costs	1.66	
Increase in SG&A expenses	2.97	
Effect of foreign currency fluctuations		-0.03
Total	6.79	-5.87
Increase (decrease) in operating income	0.92	

◆ Decline in unit sales of gas water heaters and household system equipment due to the decrease in the number of new construction starts.

◆ Deterioration in the selling price ratio due to an increase in lower-priced household systems.

◇ Progress toward lowering raw material and manufacturing costs is above planned levels.

◇ Review of all SG&A expense items, including Group companies, resulted in total savings of ¥2.97 billion.

Factors Accounting for Increase (Decrease) in Current Income and Net Income

(For reference)

◆ Changes in Current Income

(Billions of Yen)

Factors accounting for increase (decrease) in net consolidated non-operating income (loss) (Comparisons with the previous fiscal year)	Amount	
	Positive impact	Negative impact
Foreign exchange gains (losses)	1.07	
Interest and dividends received, other		-0.27
Total	1.07	-0.27
Increase (decrease) in non-operating income	0.8	

◇ Net non-operating income posted an improvement of ¥0.8 billion compared with the previous year. Current income increased 55.4%.

◆ Changes in Net Income

◇ The Company reported valuation losses on investment securities of approximately ¥1.8 billion and impairment losses in the household system equipment business of about ¥0.9 billion. Total such extraordinary losses amounted to ¥3.2 billion. However, as a result of tax effects and other factors, net income amounted to ¥0.83 billion (versus a net loss of ¥1.79 billion in the previous fiscal year).

Segment Information for the Fiscal Year Ended December 31, 2009 (FY2009)

(Billions of Yen)

Consolidated financial data	Fiscal year ended December 31, 2008 (FY2008)		Fiscal year ended December 31, 2009 (FY2009)			
	Net sales	Operating income(loss)	Net sales	Change year on year	Operating income(loss)	Change year on year
Domestic water heater and air-conditioning equipment	111.9	4.2	103.1	-7.8%	3.4	-18.2%
Overseas water heater equipment	14.6	-0.6	15.1	3.3%	0.3	—
Household system equipment	20.1	-1.2	17.8	-11.3%	-1.3	—
Gas range equipment	25.0	0.1	25.0	0.1%	0.9	594.2%
Other	9.5	0.9	8.1	-14.7%	1.0	11.7%
Consolidated total	181.2	3.4	169.3	-6.6%	4.3	26.8%

◆ Domestic Water Heater and Air-conditioning Equipment

- Unit sales of water heaters were 94% of the level of the same period of the previous year owing to the decrease in aggregate demand for water heaters, especially as a result of the drop in the number of new construction starts. But sales of eco-friendly products increased.

◆ Household System Equipment

- Aggregate demand for household system equipment dropped, and unit sales of system kitchens were 90% of the level of the same period of the previous year. Unit sales of system baths also decreased, to 92% of the previous year's level.

◆ Gas Range Equipment

- As aggregate demand for gas range equipment dropped, unit sales to equipment manufacturers decreased, and unit sales were 94% of the previous year's level. On the other hand, since sales of replacement units were strong, sales of this segment were approximately level with those of the previous fiscal year, but operating income rose substantially.

Quarterly Segment Information for the Fiscal Year Ended December 31, 2009 (FY2009)

(For reference)

(Billions of Yen)

Consolidated financial data		Fiscal year ended December 31, 2009 (FY2009)							
		First quarter	Change year on year	Second quarter	Change year on year	Third quarter	Change year on year	Fourth quarter	Change year on year
Domestic water heater and air-conditioning equipment	Net sales	27.7	-7.6%	21.3	-9.5%	23.8	-8.1%	30.2	-6.5%
	Operating income(loss)	1.0	-39.4%	-0.1	—	0.1	-63.1%	2.2	0.8%
Overseas water heater equipment	Net sales	3.2	-10.5%	4.1	2.4%	4.0	11.5%	3.6	10.9%
	Operating income(loss)	0	—	0.2	—	0.2	—	-0.2	—
Household system equipment	Net sales	4.2	-8.5%	4.4	-14.9%	4.3	-12.7%	4.8	-8.9%
	Operating income(loss)	-0.5	—	-0.3	—	-0.3	—	-0.2	—
Gas range equipment	Net sales	5.4	5.6%	5.4	-1.4%	5.4	-8.9%	8.7	4.1%
	Operating income(loss)	-0.1	—	0	—	0.3	—	0.6	38.3%
Other	Net sales	1.9	-13.9%	1.9	-10.5%	2.0	-18.8%	2.1	-15.0%
	Operating income	0.2	50.6%	0.2	20.0%	0.2	-3.2%	0.3	0.0%
Consolidated total	Net sales	42.6	-6.8%	37.3	-8.0%	39.6	-7.7%	49.6	-4.3%
	Operating income	0.7	-30.3%	0	—	0.6	109.7%	2.8	10.0%

Unit Sales of Principal Products for the Fiscal Year Ended December 31, 2009 (FY2009)

(For reference)

(1,000 Units)

		Fiscal year ended December 31, 2008 (FY2008)		Fiscal year ended December 31, 2009 (FY2009)				
		Unit sales	Market share	Demand	Level vs. previous year	Unit sales	Level vs. previous year	Market share
Water heaters	Japanese-style gas-fired baths	626	40.4%	1,475	95.2%	579	92.6%	39.3%
	Gas-fired water heaters	385	34.0%	1,038	91.8%	360	93.7%	34.8%
	Oil-fired water heaters	121	38.5%	321	102.5%	124	103.6%	38.8%
	Sub-total	1,132	37.8%	2,835	94.7%	1,065	94.2%	37.6%
System baths (for unit housing)		29	4.0%	659	92.0%	26	92.1%	4.0%
System kitchens (for unit housing)		12	2.0%	557	91.0%	10	90.0%	1.9%
Bathroom washstands		94	5.6%	1,520	91.8%	97	103.7%	6.4%
Built-in gas stoves		380	34.8%	1,029	94.2%	358	94.7%	34.8%

※Figures for demand were estimated by Noritz.

※Figures for built-in stoves exclude single-burner stoves.

Overseas Business Activities for the Year Ended December 31, 2009 (FY2009)

(Billions of Yen)

Consolidated financial data	Fiscal year ended December 31, 2008 (FY2008)		Fiscal year ended December 31, 2009 (FY2009)	
	Net sales	Operating loss	Net sales	Operating income
North America	5.5 (US\$54 million)	—	5.4 (US\$58 million)	—
Asia	7.7	—	8.3	—
Others	1.7	—	1.7	—
Total	14.9	-0.6	15.5	0.3

◆ Net Sales

- North America: Unit sales of high-efficiency water heaters (condensing type) were approximately three times higher than in the previous fiscal year.
- China: Unit sales in retail stores and for installation in homes, etc., increased, and sales in value terms also rose.

◆ Operating Income

- Noritz worked to bolster sales prices by expanding sales of high-value-added products.
- Operating income moved back into the black due to progress in lowering manufacturing costs and SG&A expenses.

Capital Investment, Depreciation, and R&D Expenses (FY2009)

(Billions of Yen)

Consolidated financial data	Capital Investment		Depreciation		R&D Expenses	
	Fiscal year ended December 31, 2008 (FY2008)	Fiscal year ended December 31, 2009 (FY2009)	Fiscal year ended December 31, 2008 (FY2008)	Fiscal year ended December 31, 2009 (FY2009)	Fiscal year ended December 31, 2008 (FY2008)	Fiscal year ended December 31, 2009 (FY2009)
Domestic	5.2	4.0	6.1	5.5	—	—
Overseas	0.8	0.4	0.5	0.4		
Total	6.0	4.5	6.6	6.0	5.6	5.1
(Including investment in metal molds)	1.8	1.7				



In March 2009, Noritz made a promise to Japan's Ministry of the Environment regarding its environmental preservation initiatives. Based on this "ECO FIRST" promise, Noritz will step up its environmental management activities going forward.

Forecast for Financial and Business Performance for the Fiscal Year Ending December 31, 2010 (FY2010)

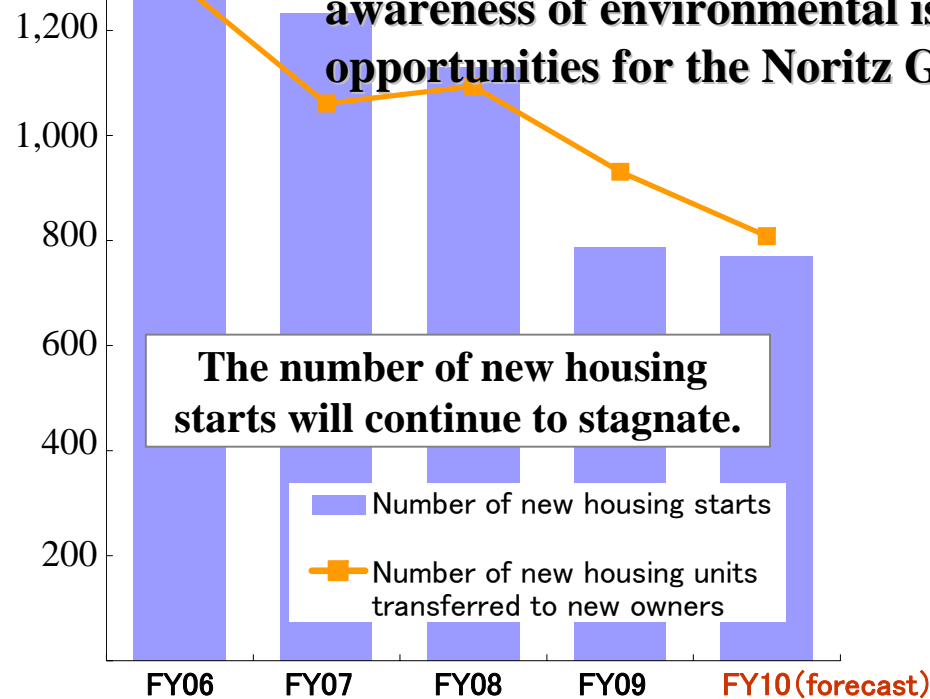
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External Operating Environment during the Fiscal Year Ending December 31, 2010

Domestic

(1,000 Units)

The goal for a 25% reduction in CO₂ emissions and a rising awareness of environmental issues will present major business opportunities for the Noritz Group.



The number of new housing starts will continue to stagnate.

Housing Subsidies and Related Forms of Assistance

- Eco-point system for housing construction
Points are granted for the installation of high-efficiency water heaters in new houses.
- Subsidies for installing high-efficiency water heating equipment have been extended for six months beyond the previous deadline.
- The gas industry is promoting the standardization of ECO-JOES water heaters
- Interest rates on housing loans (Flat 35S) reduced
- Expansion in the non-taxable allowance applicable when gifts are made at the time of housing purchases

North America

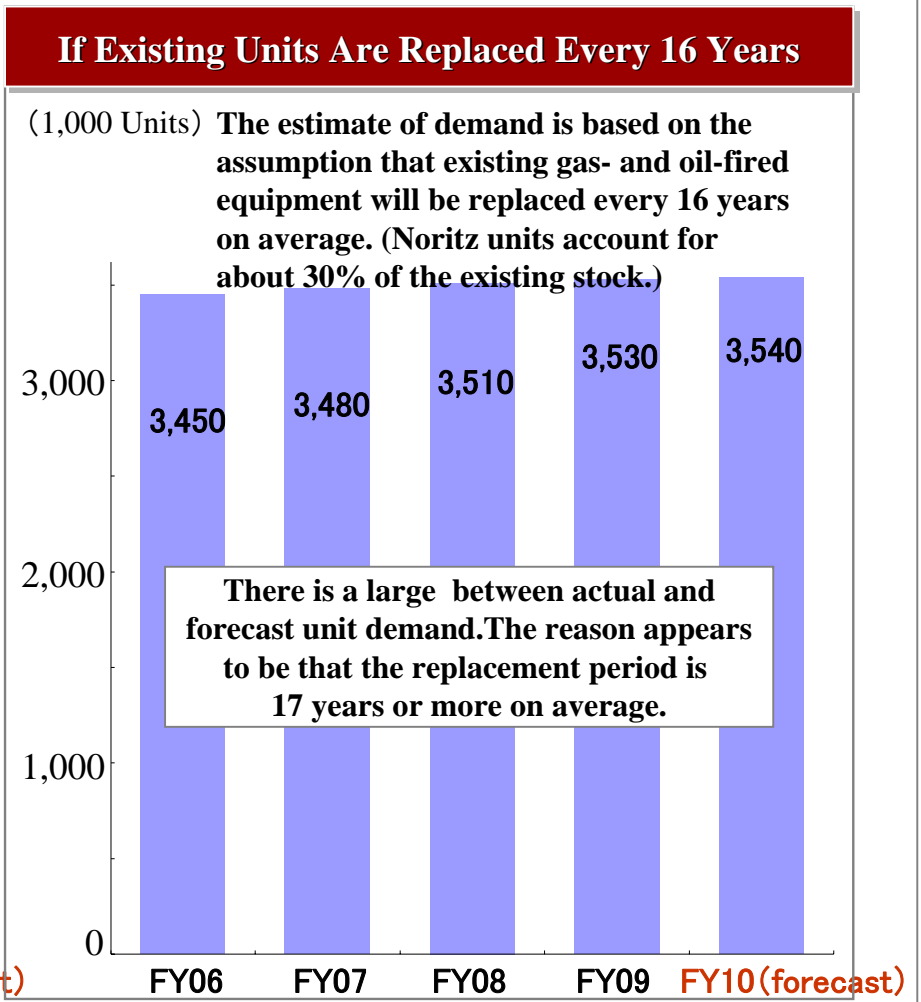
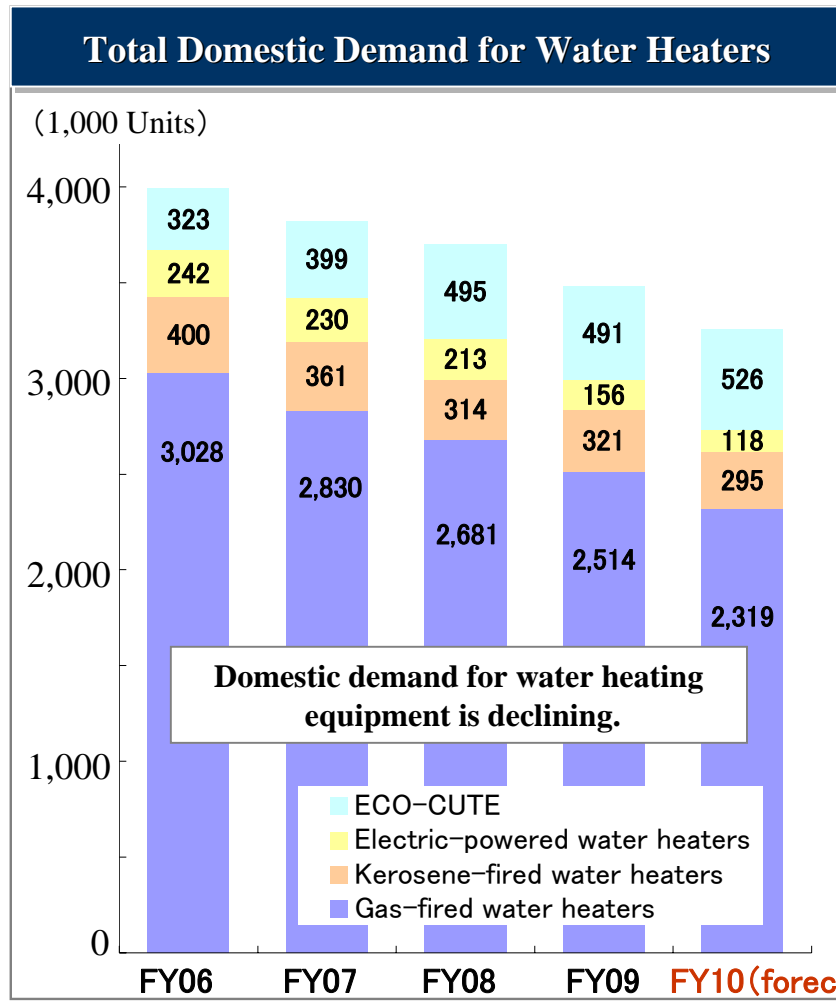
- **New housing starts in the United States are still stagnant.**
- **Subsidies for products eligible for “Energy Stars”**
- **Various states instituting rebate programs**

China

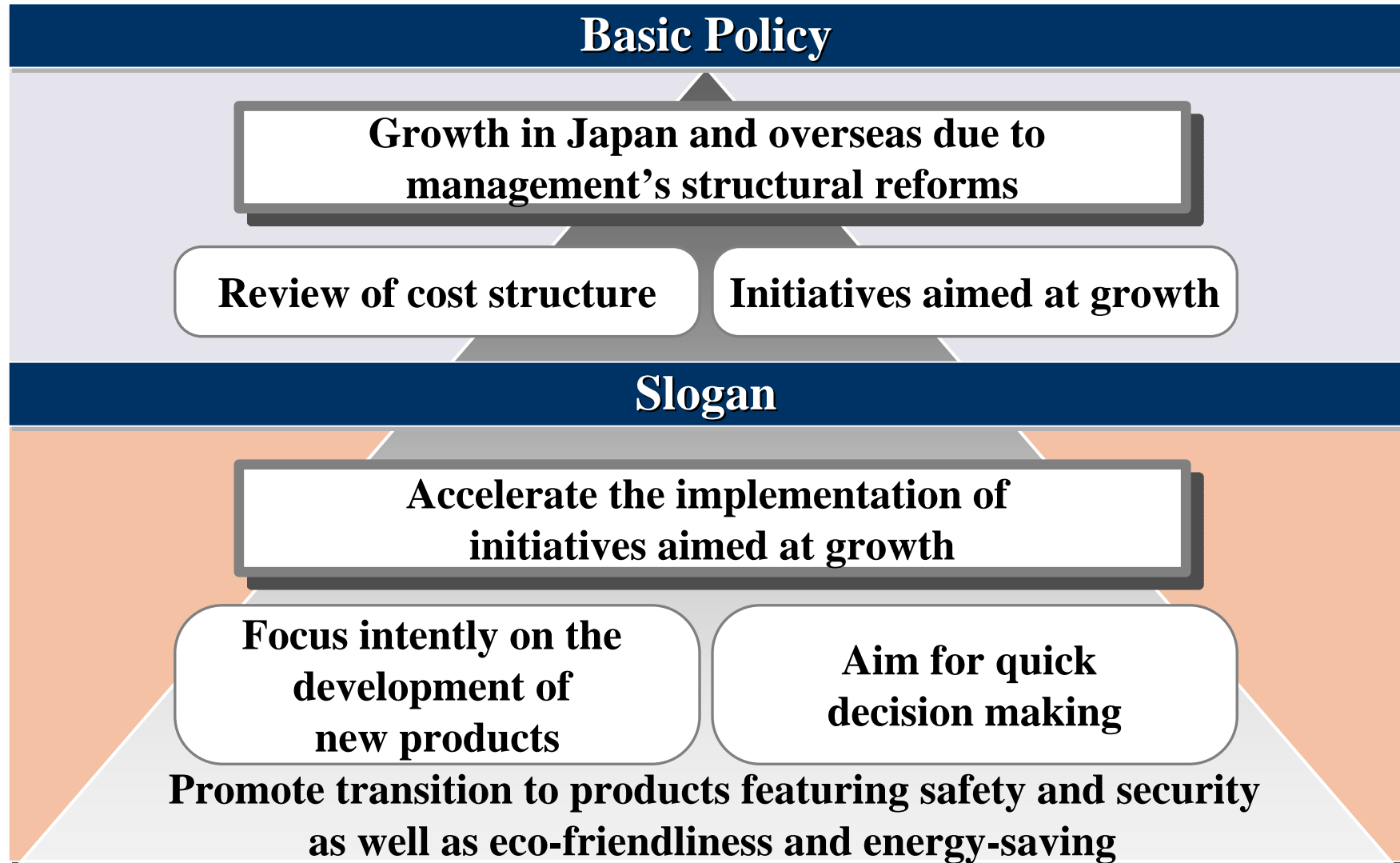
- **China’s GDP on rising trend**
- **Regulatory systems: Program for energy-saving equipment**

External Operating Environment during the Fiscal Year Ending December 31, 2010

**The latent demand on a stock basis is about 3.5 million units.
Promoting new installations for environmental reasons will be a key point.**



Management Policy for the Fiscal Year Ending December 31, 2010



Forecast for Consolidated Management Performance for the Fiscal Year Ending December 31, 2010

Increase Earnings by Insisting on the Implementation of Initiatives Aimed at Growth

(Millions of Yen)

Consolidated financial data	Fiscal year ended December 31, 2009 (FY2009)	Fiscal year ending December 31, 2010 (FY2010)	Change year on year
Net sales	169,350	169,000	-0.2%
Operating income	4,369	4,500	3.0%
Current income	4,821	4,900	1.6%
Net income	838	2,000	138.4%

Forecasts by Business Segment for the Fiscal Year Ending December 31, 2010

Increases in Sales and Income in Overseas Water Heater Equipment Segment and Improved Profit Position in Household System Equipment

(Billions of Yen)

Consolidated financial data	Fiscal year ended December 31, 2009 (FY2009)		Fiscal year ending December 31, 2010 (FY2010)			
	Net sales	Operating income(loss)	Net sales	Change year on year	Operating income(loss)	Change year on year
Domestic water heater and air-conditioning equipment	103.1	3.4	100.0	-3.1%	2.7	-22.0%
Overseas water heater equipment	15.1	0.3	16.0	5.8%	0.5	74.8%
Household system equipment	17.8	-1.3	19.5	9.1%	-0.3	—
Gas range equipment	25.0	0.9	25.0	0.0%	0.8	-16.4%
Other	8.1	1.0	8.5	4.6%	0.8	-23.6%
Consolidated total	169.3	4.3	169.0	-0.2%	4.5	3.0%

Forecasts of Unit Sales by Principal Product Group for FY2010 (For reference)

(1,000 Units)

		Fiscal year ended December 31, 2009 (FY2009)		Fiscal year ending December 31, 2010 (FY2010)				
		Unit sales	Market share	Demand	Level vs. previous year	Unit sales	Level vs. previous year	Market share
Water heaters	Japanese-style gas-fired baths	579	39.3%	1,353	91.7%	541	93.4%	40.0%
	Gas-fired water heaters	360	34.8%	965	93.0%	338	93.8%	35.1%
	Oil-fired water heaters	124	38.8%	295	92.0%	117	94.4%	39.9%
	Sub-total	1,065	37.6%	2,614	92.2%	997	93.7%	38.2%
System baths (for unit housing)		26	4.0%	631	95.7%	28	105.9%	4.4%
System kitchens (for unit housing)		10	1.9%	527	94.5%	11	101.3%	2.1%
Bathroom washstands		97	6.4%	1,425	93.7%	100	103.1%	7.1%
Built-in gas stoves		358	34.8%	1,000	97.2%	348	97.1%	34.8%

※Figures for demand were estimated by Noritz.

※Figures for built-in stoves exclude single-burner stoves.

Forecasts for Overseas Operations for the Fiscal Year Ending December 31, 2010

Expand Sales of Products Featuring Safety and Security as well as Eco-Friendliness and Energysaving to Increase Overall Sales and Income

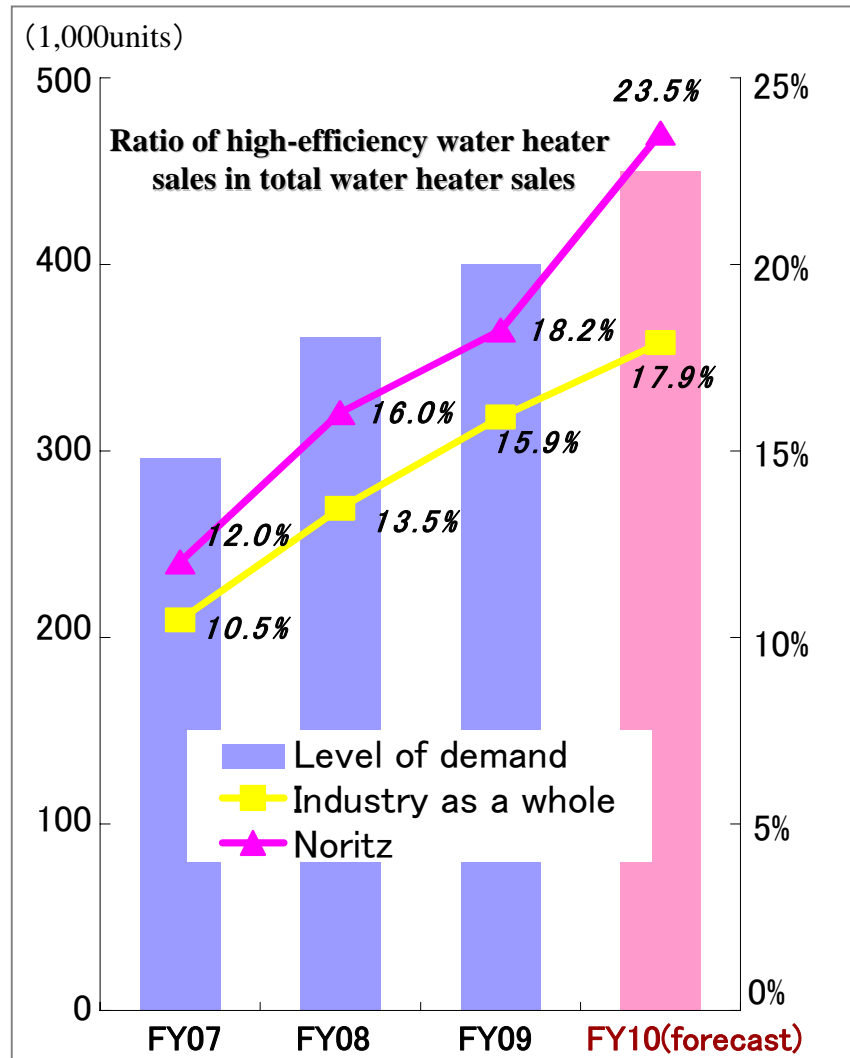
(Billions of Yen)

Consolidated financial data	Fiscal year ended December 31, 2009 (FY2009)		Fiscal year ending December 31, 2010 (FY2010)	
	Net sales	Operating income	Net sales	Operating income
North America	5.4 (US\$58 million)	—	6.2 (US\$68 million)	—
Asia	8.3	—	8.5	—
Others	1.7	—	1.8	—
Total	15.5	0.3	16.5	0.5

※Forecasts assume an exchange rate of ¥90 to US\$1.

Initiatives Aimed at Growth: Domestic Water Heater Business (Eco-Friendly and Energysaving)

Increase Ratio of High-Efficiency Water Heater Sales by 5.3 Percentage Points to Support Performance



◆ Expand Ratio of High-Efficiency Water Heaters in Total Water Heater Sales

● Strengthen ECO-JOES lineup during the first half

- March: Launching of the first “double ECO” GT Series in the industry
- April: Introduction of the first No. 16 GQ Series in the industry, for apartment use



● Promote transition to eco-friendly products based on extensive stock of units in use

- March: Campaign to promote switch to eco-friendly items making use of Noritz showrooms

《Industry trends》

- Gas industry: Issued proclamation to make ECO-JOES water heaters standard equipment by 2015
- Gas equipment manufacturers: Issued proclamation to suspend production of previous products for use in new housing (single-unit and multi-unit dwellings) and existing single-unit housing (during FY2012)

Initiatives Aimed at Growth: Domestic Water Heater Business (Eco-Friendly and New Energy)

Moving Ahead with Creating the Basis for New Energy Fields

◆ Advanced Use of Solar Energy (solar power-generation, solar water heating equipment)

● Creating base for installation, sales, and after-sales service

- February 2008: Acquired power controller technology
- June 2009: Began sales of solar water heating equipment incorporating gas-fired water heating units
- July 2009: Established a department specializing in promotion of new types of energy
- October 2009: Began marketing and installation through procurement of units from Mitsubishi
- 2010

- ◆ Shifting personnel to new energy fields (sales, installation, development)
- ◆ Expanding sales areas for marketing of solar power generation equipment
- ◆ Undertaking joint development, with Tokyo Gas, of solar-powered water heaters for industrial use
- ◆ Creating annual capacity for installing units with a total output capacity of about 10,000kW
- ◆ Making upgrades in production systems for solar-power generation



◆ New Energy Initiatives (Fuel Cells)

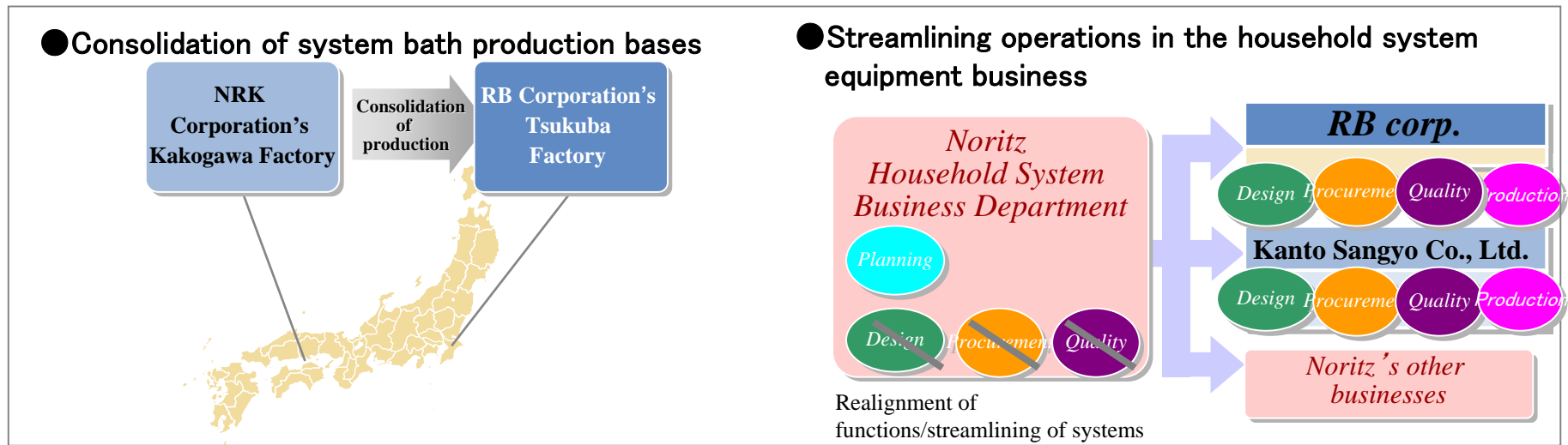
● Move ahead with alliances with other companies making use of production technology for hot water storage units and related items

- Sales of hot water storage units for household fuel cell systems (polymer electrolyte fuel cell types)
- Engaging in joint development of household fuel cell systems (solid oxide fuel cell types) with TOTO

Initiatives Aimed at Growth: Household System Equipment

Breakeven in Sight

◆ Reducing Manufacturing Costs



◆ Strengthening New Products and Developing Systems Specializing in Household System Equipment

- System baths equipped with water-saving bathtubs based on acrylic technology
Water-saving bathtubs meet customer needs, and sales are above planned levels.
- “Precise renovation” kitchens that can be ordered to specifications in 1cm increments
Enables Noritz to seize demand for renovation of existing multi-unit housing developments, and sales are robust
- Increase personnel specializing in household systems equipment in three subsidiaries (in Kanto, Kansai, and Chubu regions)

Initiatives Aimed at Growth: Gas Range Equipment Business

Developing Mass Retailer Sales Routes

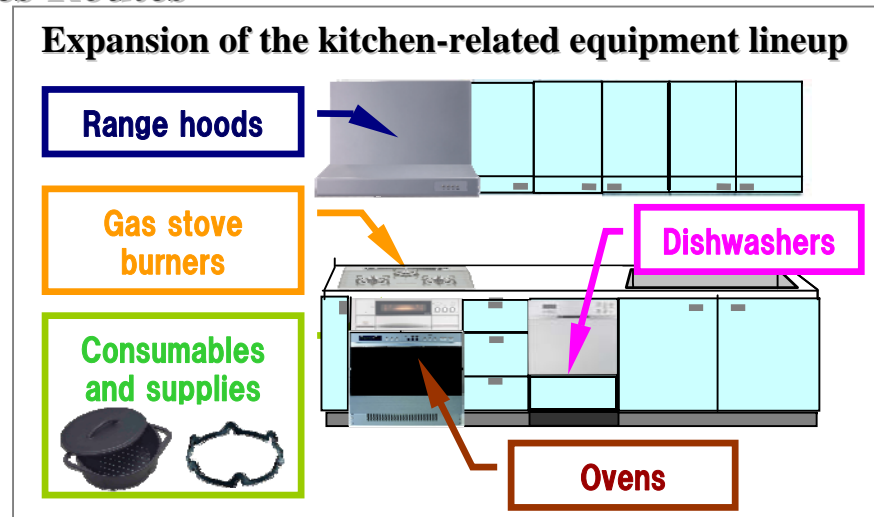
◆ Development of New Products and New Sales Routes

● Development of new products

- Table-type gas stove burners for mass retailers
- Expansion of the kitchen-related equipment lineup to include dishwashers and other items

● Opening up new sales routes

- Strengthening marketing systems for the mass retail route



◆ Stepping Up Activities to Reduce Manufacturing Costs

● Expanding in-house value added

- Shift to in-house production of grills and front panels
- Stepping up initiatives in the field of paint technology to cover hydrophilic paints and plastic resin-based paints

● Promoting use of common parts

- Reduce the number of parts through changes in design specifications

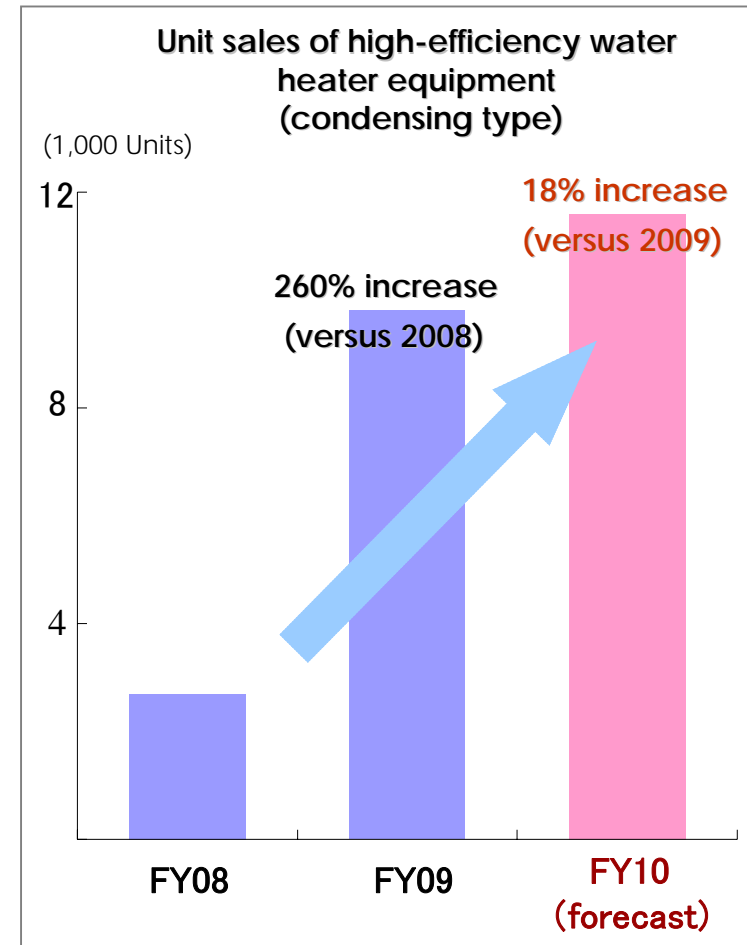
● Improving productivity in production through use of the NRPS method (Noritz new production system)

Initiatives Aimed at Growth: Overseas Business Activities

Expand Sales of High-Efficiency Water Heaters (Condensing Type)

North America

- **Develop new geographical areas**
 - Strengthen sales systems in Canada
- **Develop new sales routes**
 - Make full-scale entry into the commercial gas water heater market, including stationing of teams specializing in sales into this market
- **Expand sales of products with safety and security as well as eco-friendliness and energy-saving features**
 - Take appropriate action regarding regulatory changes coming into effect in 2012 (lowering NOx emissions)
 - Expand sales of high-efficiency water heater equipment (condensing type)



Initiatives Aimed at Growth: Overseas Business Activities

Increase Efficiency through Consolidation of Production into the Shanghai Factory and Implement Measures to Expand Sales in Targeted Cities

China

● Development of new geographic areas

- Following on from activities in Shanghai, develop sales routes and deepen market penetration in targeted cities

● Develop new sales routes and increase the number of specialized retailers

- Develop routes to reach leading appliance mass retailers, gas companies, and leading real estate developers as well as routes via other manufacturers (including OEMs)
- Expand number of specialized retailers to 100 by the end of 2010

● Expand the lineup of high-value-added products

- Expand sales of high-value-added products, such as high-efficiency water heaters (condensing type)

● Increase productivity and lower manufacturing costs

- Increase the utilization rate of the new Shanghai Factory, where production was concentrated at the end of 2009
- Increase value added and raise quality through in-house production of key parts
- Promote procurement of parts from local suppliers



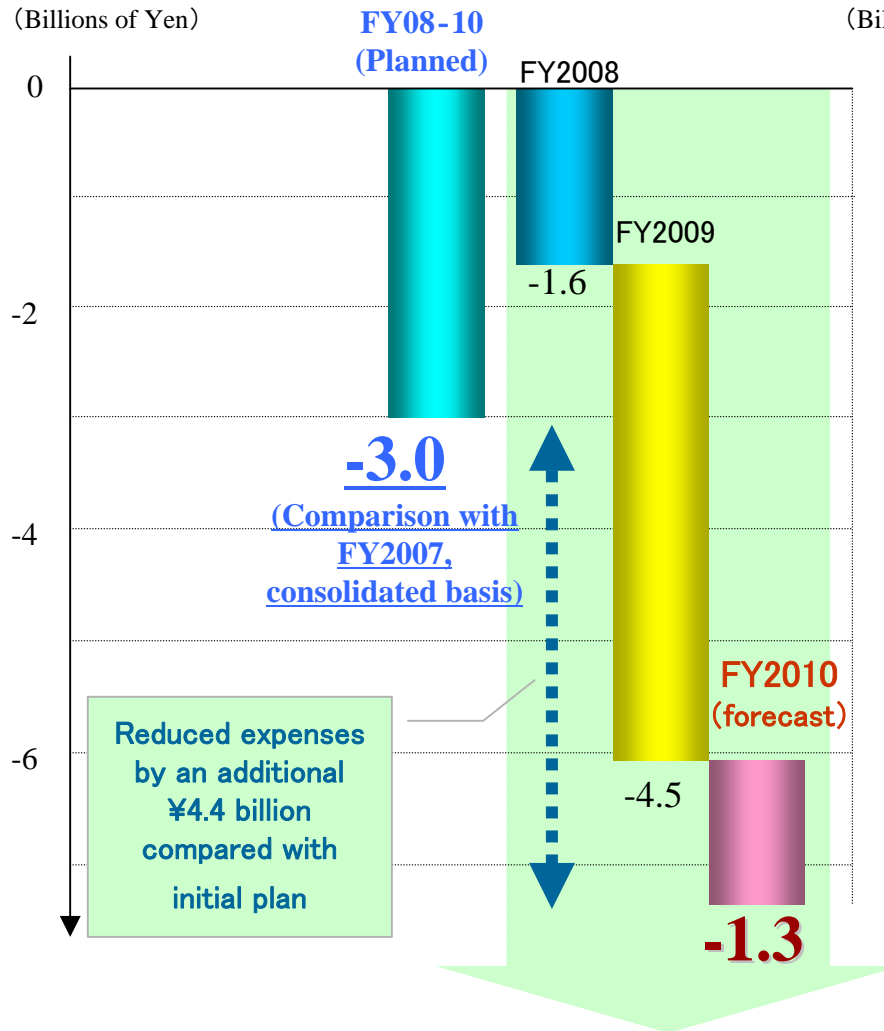
High-efficiency water heater (condensing type) made in China



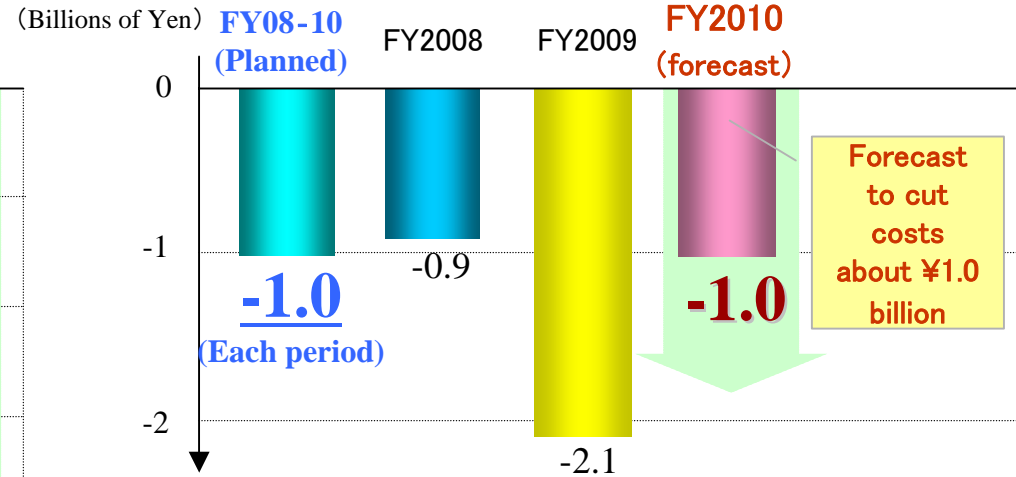
New Shanghai Factory

Review of Cost Structure

◆ Fixed Costs



◆ Raw Material Costs (Cost-Cutting Effects)



Principal Measures

- Achieve positive effects from consolidating system bath production bases
- Achieve positive effects from consolidating water heater production bases
- Promotion of in-house production of parts
- Reduction of quality-related expenses

Forecast for Change in Operating Income by Principal Factor

(Billions of Yen)

Factors accounting for increase (decrease) in consolidated operating income (year on year)	Fiscal year ended December 31, 2009 (FY2009)		Fiscal year ending December 31, 2010 (FY2010)	
	Positive impact	Negative impact	Positive impact	Negative impact
Increase (decrease) in units, changes in the product mix, and other factors		-4.84		-1.73
Changes in sales prices		-1.00		-0.50
Changes in raw material costs	2.16		1.00	
Increase (decrease) in manufacturing costs	1.66		0.63	
Increase (decrease) in SG&A expenses	2.97		0.77	
Effect of foreign currency fluctuations		-0.03		-0.04
Total	6.79	-5.87	2.40	-2.27
Increase (decrease) in operating income	0.92		0.13	

Forecast for Capital Investment, Depreciation, and R&D Expenses in FY2010

(Billions of Yen)

Consolidated financial data	Capital Investment		Depreciation		R&D Expenses	
	Fiscal year ended December 31, 2009 (FY2009)	Fiscal year ending December 31, 2010 (FY2010)	Fiscal year ended December 31, 2009 (FY2009)	Fiscal year ending December 31, 2010 (FY2010)	Fiscal year ended December 31, 2009 (FY2009)	Fiscal year ending December 31, 2010 (FY2010)
Domestic	4.0	5.3	5.5	5.6	—	—
Overseas	0.4	0.4	0.4	0.4		
Total	4.5	5.8	6.0	6.1	5.1	5.1
(Including investment in metal molds)	1.7	1.9				

Noritz and the Community

● CSR Initiatives



In March 2009, Noritz made a promise to Japan's Ministry of the Environment regarding its environmental preservation initiatives. Based on this "ECO FIRST" promise, Noritz will step up its environmental management activities going forward.

By the end of September 2009, Noritz had obtained ISO 14001 certification for all its business locations. As a result, Noritz became the first company in the gas-fired and oil-fired equipment industry to receive such ISO certifications for all its business locations. In addition to these activities related to its products, Noritz is working to train and develop human resources who sell eco-friendly and energy-saving products.

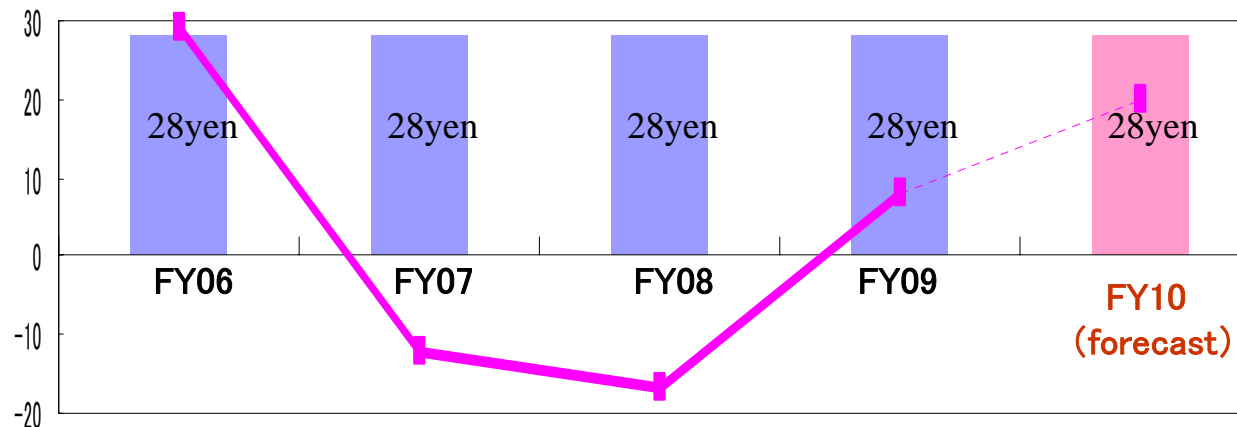


The recycling center for water heater parts of subsidiary S-CORE Harts

Noritz is working to expand its employment of persons with physical disabilities, principally through S-CORE Harts, a wholly owned subsidiary that has received special status. The percentage of employees in this category at Noritz has reached Japan's legally specified minimum of 1.8%.

● Return to Shareholders

(Billions of Yen)



■ Dividends paid per share(yen)
 + Net income (loss)

Noritz's basic policy is to pay continuing and stable dividends.