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JT's Consolidated Financial Results for the 9 months ended December 31, 2011

- **Japanese Domestic Tobacco Business: Targeting 60% market share in March 2012. Volume declined due to the effects of the tax and price increase and the earthquake.**
- **International Tobacco Business: Solid profit growth driven by strong pricing and GFB[1] shipment volume increase. Market share[2] gains in all key markets.**
- **Consolidated Forecast: Upwardly revised adjusted net sales, EBITDA and net income forecasts. EBITDA and net income are forecast to grow year on year.**

Results for the 9 months ended December 31, 2011

- **Adjusted net sales**[3] decreased by 1.3% due to the volume decline of the Japanese domestic tobacco business. **EBITDA**[4] increased by 9.5% as a result of improved margins in the domestic and international tobacco businesses. **Net income**[5] grew 33.7% due to improved non-operating profits and losses.
- **Japanese Domestic Tobacco Business** increased EBITDA by 14.6% because of improved margin and lower sales promotion expenses in the first half of this fiscal year. Adjusted net sales[6] decreased 4.2% due to the volume decline following the October 2010 tax and price increase and the March 2011 earthquake. Market share is steadily recovering from the effects of the earthquake, attaining 59.1% in December 2011.
- **International Tobacco Business** continued to grow, with EBITDA and core net sales[7] increases of 17.3% and 12.8% respectively in US dollars driven by strong pricing, GFB shipment volume and favourable currency exchange movements. At constant rates of exchange, EBITDA and core net sales increased 13.5% and 8.4% respectively.

Consolidated financial results for the 9 months ended December 31, 2011 Units: Billions of Yen

	Apr-Dec 2010[8] (A)	Apr-Dec 2011 (B)	Difference (B)-(A)	Net Change (%)
Adjusted net sales	1,480.0	1,460.5	-19.5	-1.3
EBITDA	425.7	466.0	40.3	9.5
Operating income	268.1	309.9	41.7	15.6
Net income	119.9	160.4	40.4	33.7

Forecast for the fiscal year ending March 31, 2012

The **adjusted net sales**, **EBITDA** and **net income** forecasts have been revised upwards, reflecting an increase in the domestic tobacco sales volume forecast and the favourable currency movements in the international tobacco business. Year-on-year, **EBITDA, operating income** and **net income** are now forecast to grow 5.6%, 9.5% and 30.0% respectively. The company's board is recommending a fiscal year-end **dividend payment** of ¥5,000 per share, making a total annual dividend of ¥9,000 per share, compared with ¥6,800 in the previous fiscal year.

Hiroshi Kimura, President and Chief Executive Officer of JT, commented:

"We are revising upwards the full-year forecast given the stronger performance of the Japanese domestic and international tobacco businesses. The domestic tobacco business has been steadily recovering market share toward the 60% target for March this year through initiatives to strengthen our competitiveness after the earthquake. The international tobacco business delivered strong financial results despite the challenging ongoing environment. As we approach the end of our "JT-11" mid-term management plan period this March, I am confident we will exceed the 5% compound annual EBITDA growth plan objective. "

Results by Business Segment

➢ Japanese Domestic Tobacco Business

Adjusted net sales and total sales volume[9] decreased by 4.2% and 24.3% respectively due to the effects of the October 2010 tax and price increase and the earthquake. EBITDA grew 14.6% because of improved margin and lower sales promotion expenses in the first half of this fiscal year.

The business is recovering from the effects of the earthquake, reaching 59.1% market share in December 2011, with the goal of improving to 60% market share in March 2012. A number of product, packaging and sales initiatives are being undertaken, including launches of seven re-designed Pianissimo products in mid-January and two new super slim-sized "Mild Seven Style Plus" products in mid-January. Additional launches include "The Peace", a premium product using the best selection of ingredients, blending, processing, flavours and packaging, starting February 2012, and "Mild Seven Impact Menthol Box", featuring menthol thread filters for a strong and clear menthol experience, in early March 2012.

Units: Billions of Yen, Billions of Cigarettes

	Apr-Dec 2010	Apr-Dec 2011	Net change (%)
Adjusted net sales	464.1	444.8	-4.2
EBITDA	185.1	212.3	14.6
Operating income	151.4	180.8	19.4
Total sales volume	106.8	80.8	-24.3

➢ International Tobacco Business

Financial results for January 1 – September 30, 2011

Solid growth was achieved, with core net sales and EBITDA increases of 12.8% and 17.3% respectively in US dollars, driven by strong pricing, GFB shipment volume and favourable currency exchange rates. At constant rates of exchange, core net sales and EBITDA increased 8.4% and 13.5% respectively. Due to the strong appreciation of the Japanese yen against the US dollar, the growth of core net sales and EBITDA was 1.6% and 5.6% respectively.

GFB shipment growth of 4.1% was driven by Russia, the Middle East, Italy and Turkey. Total shipment volume[10] remained stable at 319.6 billion cigarettes. Growth momentum in the Middle East, Italy, Romania and Taiwan was offset by lower shipments in Ukraine and Spain. In Russia, GFB volumes continued to increase, compensating for volume decline for our low-end local brands.

Market share increased in all key markets.

Units: Billions of Yen, Billions of Cigarettes

	Jan-Sep 2010[8]	Jan-Sep 2011	Net change (%)
Core net sales	671.7	682.3	1.6
EBITDA	240.5	254.0	5.6
Operating income	143.0	156.2	9.2
Total shipment volume	319.5	319.6	0.0
GFB shipment volume	185.1	192.7	4.1

Pharmaceutical Business

Net sales increased to ¥39.3 billion mainly due to Torii Pharmaceutical's performance, driven by REMITCH® CAPSULES, an anti-pruritus drug for hemodialysis patients, and an anti-HIV drug, Truvada® Tablets, while sales of Futhan® declined. EBITDA decreased to -¥7.8 billion primarily due to an increase in R&D expenditure in Torii Pharmaceutical.

Currently JT has nine compounds in clinical trial. JTE-051, a treatment for autoimmune/allergic diseases, has entered the clinical development stage. All compounds are listed in the attachment to this release. JT's partner, Gilead Sciences, Inc., has announced that a New Drug Application (NDA) for an anti-HIV single-tablet regimen containing a novel HIV integrase inhibitor, JT's original compound JTK-303 (elvitegravir), was submitted in October 2011 to the U.S. Food and Drug Administration for approval.

Units: Billions of Yen

	Apr-Dec 2010 (A)	Apr-Dec 2011 (B)	Difference (B) - (A)
Net sales	35.9	39.3	3.3
EBITDA	-6.4	-7.8	-1.4
Operating income	-9.4	-10.6	-1.1

Food Business

Overall net sales decreased by ¥11.7 billion to ¥281.9 billion due to the closure of the rice wholesale business in the previous fiscal year, partly offset by the solid sales of our flagship coffee brand Roots and growth of staple food product[11] sales. EBITDA increased by ¥2.2 billion to ¥16.5 billion as a result of increased sales of higher-margin staple food products and reduced fixed costs, partly offset by increased advertisement expenses aimed at enhancing the Roots brand.

Units: Billions of Yen

	Apr-Dec 2010 (A)	Apr-Dec 2011 (B)	Difference (B) - (A)
Net sales	293.6	281.9	-11.7
EBITDA	14.2	16.5	2.2
Operating income	-5.5	-4.2	1.2

Non-Operating Results, Extraordinary Profits and Losses & Net Income

Non-operating profits and losses improved to -¥8.2 billion (3Q FY03/2011: -¥18.8 billion).

Extraordinary profits and losses also improved to -¥24.7 billion (3Q FY03/2011: -¥25.4 billion). This change includes gains on disposal of real estate of ¥19.1 billion, compensation payment of ¥12.3 billion for leaf tobacco growers voluntarily ceasing cultivation, the earthquake related cost of ¥12.2 billion, business restructuring costs related to Austria, and a favourable comparison due to the absence of an agreement payment to the Canadian authorities in the prior fiscal year.

Net income grew 33.7% to ¥160.4 billion (3Q FY03/2011: ¥119.9 billion) in spite of increased corporate tax payments.

Forecast for the Fiscal Year Ending March 31, 2012 (consolidated)

Adjusted net sales, EBITDA and net income have been revised upwards, reflecting an increase in the domestic tobacco sales volume forecast and favourable currency exchange movements[12] in the international tobacco business.

On a year-on-year basis, EBITDA and net income[13] are now forecast to grow 5.6% and 30.0% respectively despite challenges surrounding our businesses including the effects of the earthquake, the October 2010 tax and price increase in the Japanese domestic tobacco business, and volatile currency fluctuations. The growth is forecast because of improved margin in the Japanese domestic tobacco business, favourable currency movements and the strong growth momentum of the international tobacco business.

Units: Billions of Yen

	FY03/2011 Actual[8] (A)	FY03/2012 Previous Forecast (B)	FY03/2012 Updated Forecast (C)	Change from FY03/2012 Previous Forecast (C)-(B)	Change from FY03/2011 Actual (C)-(A)
Adjusted net sales	1,946.9	1,895.0	1,924.0	29.0	-23.0 (-1.2%)
EBITDA	542.5	537.0	573.0	36.0	30.4 (5.6%)
Operating income	333.2	329.0	365.0	36.0	31.8 (9.5%)
Net income	145.3	161.0	189.0	28.0	43.6 (30.0%)

- **Japanese Domestic Tobacco Business:** The adjusted net sales and EBITDA forecasts have been revised upwards to ¥594.0 billion and ¥266.0 billion respectively, reflecting an increase in total sales volume of 5.0 billion cigarettes to 108.0 billion, taking into consideration the latest sales trend.

- **International Tobacco Business:** Following completion of the full year ended December 2011[14], core net sales of ¥894.5 billion and EBITDA of ¥312.5 billion have exceeded the previous forecast announced in October 2011, driven by favourable currency exchange movements and cost containment.

- **Pharmaceutical Business:** The net sales forecast has been increased by ¥0.5 billion to ¥50.5 billion due to an increase in milestone revenue related to progress in R&D of an original JT compound that has been out-licensed. The EBITDA forecast has been revised upward by ¥1.5 billion to -¥12.5 billion as result of a re-examined R&D expenditure in Torii Pharmaceutical.

- **Food Business:** While solid sales of Roots is forecast, net sales forecast is revised downwards by ¥4.0 billion to ¥369.0 billion primarily due to lower out-of-home product sales in the processed foods business. The EBITDA forecast remains unchanged at ¥20.0 billion through continuous efforts to reduce fixed costs.

- **Dividends:** The company's board is recommending a fiscal year-end dividend of ¥5,000 per share, for a total dividend in this fiscal year of ¥9,000 compared with ¥6,800 in the previous fiscal year, thereby increasing it to the level required to meet the "JT-11" mid-term management plan target of a 30% dividend payout ratio, excluding the impact of goodwill amortisation.

The next Medium-Term Management Plan Development

The company intends to introduce annual rolling plans, instead of setting a fixed target in the final third year for the next medium-term management plan, in order to respond effectively to changes in the increasingly uncertain environment.

An improvement of the dividend payout ratio by at least 10% in the medium-term, from the 30% JT-11 medium-term management plan target, is under consideration. The company will also focus attention on the earnings per share growth.

The next medium-term management plan will be issued when the full-year financial results are announced.

Response to the Disposal of the Government-owned JT shares

The government's obligation to hold JT shares has been reduced to in excess of one third as a result of the enactment of the law related to financing Japan's reconstruction following the earthquake.

In the event of the disposal of JT shares by the government, the company will consider buying back some of the shares in order to mitigate market impact and contribute to the smooth disposal of the government held shares.

Japan Tobacco Inc. is a leading international tobacco product company. Its products are sold in over 120 countries and its internationally recognized cigarette brands include Winston, Camel, Mild Seven and Benson & Hedges. With diversified operations, JT is also actively present in pharmaceuticals and foods. The company's adjusted net sales were ¥1.946 trillion (US$23,415 million) in the fiscal year ended March 31, 2011.*

**Translated at the rate of ¥83.15 per $1, as of March 31, 2011*

Footnotes:

[1] Global Flagship Brands (GFB) for the international tobacco business consist of eight brands: Winston, Camel, Mild Seven, Benson & Hedges, Silk Cut, LD, Sobranie and Glamour.
[2] Source: AC Nielsen, Logista, Altadis and JTI estimates on a 12-month rolling average, September 2011.
[3] Adjusted net sales on a consolidated basis do not include excise tax and revenue from the imported tobacco, domestic duty free, the China Division and other peripheral businesses in the Japanese domestic tobacco business. Nor does it include excise tax and revenue from distribution, contract manufacturing and other peripheral businesses in the international tobacco business.
[4] EBITDA was calculated as operating income + depreciation of tangible fixed assets + amortization of intangible fixed assets + amortization of long-term prepaid expenses + amortization of goodwill.
[5] Net income and operating income before amortization of goodwill were ¥223.3 billion and ¥372.8 billion, respectively.
[6] Adjusted net sales in the Japanese domestic tobacco business does not include excise tax and revenue from the imported tobacco, domestic duty free, the China Division and other peripheral businesses.
[7] Core net sales do not include excise tax and revenue from distribution, contract manufacturing and other peripheral businesses.
[8] Beginning with its fiscal year ending December 31, 2011, JTI has adopted the International Financial Reporting Standards (IFRS), replacing U.S.GAAP; accordingly, 2010 actual amounts have been restated to conform to this change.
[9] Sales volume from both domestic duty free and the China Division in the Japanese domestic tobacco business is not incorporated in the figures.
[10] Total shipment volume includes cigars, pipe tobacco and snus, excluding contract manufactured products.
[11] Staple food products are: frozen noodles, packed cooked rice and frozen baked bread.
[12] The exchange rate assumption for US $1.00 has been revised from ¥79.00 to ¥79.80. For other currencies, the exchange rate assumptions for US $1.00 have been revised to reflect recent exchange movements as follows; from Ruble 30.00 to 29.40, from UK Sterling 0.62 to 0.63, from Euro 0.71 to 0.72, from Swiss Franc 0.90 to 0.89 and from Taiwan Dollar 29.00 to 29.44. Appreciation of the Japanese yen and the Swiss Franc against the US dollar negatively affects the consolidated financial result numbers. Conversely, appreciation of the other currencies against the US dollar has a positive effect.
[13] Net income before amortization of goodwill is forecast to be ¥272.0 billion for the fiscal year ending March 31, 2012.
[14] The results of the international tobacco business for January to December 2011 will be incorporated into JT's consolidated financial results for the 12-month period ending March 31, 2012.

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

This document contains forward-looking statements about our industry, business, plans and objectives, financial condition and results of operations that are based on our current expectations, assumptions, estimates and projections. These statements discuss future expectations, identify strategies, discuss market trends, contain projections of results of operations or of our financial condition or state other forward-looking information. These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from those suggested by any forward-looking statement. We assume no duty or obligation to update any forward-looking statement or to advise of any change in the assumptions and factors on which they are based.
Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation:

1. health concerns relating to the use of tobacco products;
2. legal or regulatory developments and changes, including, without limitation, tax increases and restrictions on the sale, marketing and usage of tobacco products, and governmental investigations and privately imposed smoking restrictions;
3. litigation in Japan and elsewhere;
4. our ability to further diversify our business beyond the tobacco industry;
5. our ability to successfully expand internationally and make investments outside of Japan;
6. competition and changing consumer preferences;
7. the impact of any acquisitions or similar transactions;
8. local and global economic conditions; and
9. fluctuations in foreign exchange rates and the costs of raw materials.

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Data sheets for 9 months ended Dec 2011

*This guidance is made in accordance with the Japanese accounting standards.
*For the international tobacco business, financial results for the fiscal year-ended March 2011 are disclosed on US GAAP basis, whereas for the fiscal year ending March 2012, the figures will be disclosed on IFRS basis, after making the necessary conversion to the Japanese accounting standards (for example, amortization of goodwill). Due to this change, according to the accounting standards of retroactive adjustment, we disclose the adjusted data of the FY 3/2011 as the new base.
・For the international tobacco business, as its fisical period is January to December, all of the date for "Data sheets for 9 months ended Dec 2011" is the result of January to September period.

1. Summary of Business Performance

(unit: JPY billion,%)

	Apr - Dec 2010 (Former)	Apr - Dec 2010 (New)	Apr - Dec 2011 (New)	Change (New)	Rates of Change
Net sales *1	1,881.1	1,840.1	1,947.1	+106.9	+5.8%
Adjusted net sales *1*2	1,487.6	1,480.0	1,460.5	-19.5	- 1.3%
EBITDA	424.5	425.7	466.0	+40.3	+9.5%
Operating Income	264.5	268.1	309.9	+41.7	+15.6%
Recurring Profit	248.4	249.2	301.6	+52.4	+21.0%
Net Income	119.5	119.9	160.4	+40.4	+33.7%

*1 Net sales and adjusted net sales do not include excise tax.
*2 Excluding revenues from the imported tobacco, domestic duty free, the China Division and other peripheral businesses in the Japanese domestic tobacco business, as well as distribution, contract manufacturing and other peripheral businesses in the internat

FCF	259.4	259.4	391.5	+132.0	+50.9%

(Reference: Figures for major profit items before goodwill amortization)

Operating Income	334.0	335.1	372.8	+37.6	+11.2%
Recurring Profit	317.8	316.2	364.6	+48.3	+15.3%
Net Income	188.9	187.0	223.3	+36.3	+19.5%

2. Breakdown of net sales

(unit: JPY billion,%)

	Apr - Dec 2010 (Former)	Apr - Dec 2010 (New)	Apr - Dec 2011 (New)	Change (New)	Rates of Change
Net sales *1	1,881.1	1,840.1	1,947.1	+106.9	+5.8%
Japanese domestic tobacco *1	766.5	766.5	877.3	+110.8	+14.5%
International tobacco *1	770.4	729.4	736.3	+6.8	+0.9%
Adjusted net sales *1 *2 *3	1,487.6	1,480.0	1,460.5	-19.5	-1.3%
Japanese domestic tobacco *1*2	464.1	464.1	444.8	-19.3	-4.2%
International tobacco *1 *3	679.3	671.7	682.3	+10.5	+1.6%
Pharmaceutical	35.9	35.9	39.3	+3.3	+9.4%
Food	293.6	293.6	281.9	-11.7	-4.0%
Beverages	149.3	149.3	151.6	+2.3	+1.5%
Processed foods	144.3	144.3	130.3	-14.0	-9.7%
Others	14.4	14.4	12.0	-2.4	-16.8%

（Reference : International tobacco business Dollar base） (unit: USD million,%)

Adjusted net sales *1 *3	7,591	7,507	8,466	+960	+12.8%
at constant FX rate	7,591	7,507	8,136	+629	+8.4%

*1 Net sales, adjusted net sales and core net sales do not include excise tax.
*2 Excluding revenue from the imported tobacco, domestic duty free, the China
*3 Excluding revenue from the distribution, contract manufacturing and other peripheral businesses.

3. Breakdown of SG&A expenses

(unit: JPY billion,%)

	Apr - Dec 2010 (Former)	Apr - Dec 2010 (New)	Apr - Dec 2011 (New)	Change (New)	Rates of Change
SG&A	581.4	578.4	573.2	-5.1	-0.9%
Personnel *	157.3	156.8	165.6	+8.8	+5.6%
Advertising and general publicity	14.7	14.7	13.8	-0.8	-6.0%
Sales promotion	101.2	101.2	97.9	-3.3	-3.3%
R&D	37.4	37.4	39.6	+2.2	+6.0%
Depreciation and amortization	45.8	45.8	42.0	-3.8	-8.4%
Others	224.6	222.2	214.1	-8.1	-3.6%

* Personnel expense is the sum of compensation, salaries, allowances, provision for retirement benefit, legal welfare, employee bonuses and accrual of employee bonuses.

4. EBITDA by business segment *1

(unit: JPY billion,%)

	Apr - Dec 2010 (Former)	Apr - Dec 2010 (New)	Apr - Dec 2011 (New)	Change (New)	Rates of Change
Consolidated EBITDA	424.5	425.7	466.0	+40.3	+9.5%
Operating income	264.5	268.1	309.9	+41.7	+15.6%
Depreciation and amortization *2	160.0	157.5	156.1	-1.4	-0.9%
Japanese domestic tobacco EBITDA	185.1	185.1	212.3	+27.1	+14.6%
Operating income	151.4	151.4	180.8	+29.3	+19.4%
Depreciation and amortization *2	33.6	33.6	31.4	-2.2	-6.7%
International tobacco EBITDA	236.7	240.5	254.0	+13.5	+5.6%
Operating income	136.8	143.0	156.2	+13.1	+9.2%
Depreciation and amortization *2	99.8	97.4	97.8	+0.3	+0.4%
Pharmaceutical EBITDA	-6.4	-6.4	-7.8	-1.4	-
Operating income	-9.4	-9.4	-10.6	-1.1	-
Depreciation and amortization *2	3.0	3.0	2.8	-0.2	-8.1%
Food EBITDA	14.2	14.2	16.5	+2.2	+16.1%
Operating income	-5.5	-5.5	-4.2	+1.2	-
Depreciation and amortization *2	19.7	19.7	20.7	+0.9	+5.1%
Other/Elimination and corporate EBITDA	-5.1	-7.7	-9.0	-1.2	-
Operating income	-8.8	-11.4	-12.3	-0.9	-
Depreciation and amortization *2	3.6	3.6	3.3	-0.2	-7.8%

（Reference : International tobacco business Dollar base） (unit: USD million,%)

EBITDA	2,646	2,687	3,153	+465	+17.3%
at constant FX rate	2,646	2,687	3,051	+363	+13.5%

*1 EBITDA=operating income + depreciation and amortization *2
*2 Depreciation and amortization = depreciation of tangible fixed assets + amortization of intangible fixed assets + amortization of long-term prepaid expenses + amortization of goodwill

5. Amortization relating to major acquisitions

Goodwill Amortization relating to major acquisitions

(unit: USD million)

International tobacco business	Jan-Sep 2010	Jan-Sep 2011	Years to amortize
Former RJRI and Gallaher	659	684	20

* Including former RJRI, Gallaher and others
* Termination of goodwill amortization: Former RJRI Apr/19, Former Gallaher Mar/27

(unit: JPY billion)

Food business	Apr-Dec 2010	Apr-Dec 2011	Years to amortize
TableMark (Former Katokichi)	68	68	5

* Termination of goodwill amortization: Dec/12

Trademark amortization relating to major acquisitions

(unit: USD million)

International tobacco business	Jan-Sep 2010	Jan-Sep 2011	Years to amortize
Former RJRI and Gallaher	180	191	mainly20

* Termination of trademark rights amortization: Former RJRI Apr/19, Former Gallaher Mar/27

6.Capital expenditure

(unit: JPY billion,%)

	Apr - Dec 2010 (Former)	Apr - Dec 2010 (New)	Apr - Dec 2011 (New)	Change (New)	Rates of Change
Capital expenditures	104.5	104.5	77.9	-26.5	-25.4%
Japanese domestic tobacco	36.7	36.7	35.3	-1.4	-3.9%
International tobacco *	42.6	42.6	25.7	-16.8	-39.5%
Pharmaceutical	2.3	2.3	1.8	-0.4	-18.3%
Food	20.8	20.8	12.0	-8.7	-41.9%
Other/Elimination and corporate	2.0	2.0	2.9	+0.9	+45.5%

7. Cash and cash equivalents *

(unit: JPY billion)

	As of end of Mar. 2011	As of end of Dec. 2011	Change
Cash and cash equivalents	276.5	401.7	+125.1

* Cash and cash equivalents = cash and deposits + marketable securities + securities purchased under repurchase agreements

8. Interest-bearing debt *

(unit: JPY billion)

	As of end of Mar. 2011	As of end of Dec. 2011	Change
Interest-bearing debt	708.7	540.6	-168.0

* Interest-bearing debt = short-term bank loans + CP + bonds + long-term borrowings + lease obligation

9. Business data

<Japanese domestic tobacco business>	Apr - Dec 2010	Apr -Dec 2011	Change	Rates of change	
JT sales volume*	106.8	80.8	-25.9	-24.3%	BNU
Total demand	165.8	150.9	-14.8	-9.0%	BNU
JT market share	64.4%	53.6%	-10.8%ppt	0.0%	
JT net sales after tax per 1,000 cigarette	4,335	5,497	+1,162	26.8%	JPY

* Sales volume of domestic duty-free and China division is excluded, which was 2.7 billion for 9 months ended Dec. 2010 and 2.8billion for 9 months ended Dec. 2011, respectively.

<International tobacco business>	Jan - Sep 2010	Jan - Sep 2011	Change	Rates of change	
Total shipment volume*	319.5	319.6	+0.1	+0.0%	BNU
GFB shipment volume	185.1	192.7	+7.6	+4.1%	BNU
JPY/USD rate for consolidation	89.49	80.59	-8.90	+11.0%	JPY
RUB/USD rate for consolidation	30.24	28.79	-1.45	+5.0%	RUB
GBP/USD rate for consolidation	0.65	0.62	-0.03	+4.3%	GBP
EUR/USD rate for consolidation	0.75	0.72	-0.03	+4.7%	EUR
CHF/USD rate for consolidation	1.07	0.89	-0.18	+20.7%	CHF
TWD/USD rate for consolidation	31.96	29.16	-2.80	+9.6%	TWD

* Total shipment (which was previously designated “sales volume”) includes cigars, pipe tobacco and snus, but does not include contract manufacturing.

<Pharmaceutical business>	Apr - Dec 2010	Apr -Dec 2011	Change	Rates of change	
R&D expenses (parent company)	16.3	16.2	0.0	- 0.3%	JPY billion

<Food business - Beverage business>	As of end of Mar. 2011	As of end of Dec. 2011	Change
Number of beverage vending machines	265,000	266,000	+1,000
JT-owned	33,000	33,000	+0
Combined	83,000	86,000	+3,000

* Beverage vending machines include vending machines for cans and packs, etc. and for cups owned by other companies and operated by our subsidiary. "JT-owned" vending machines are owned by JT. "Combined" vending machines are owned by our subsidiaries or affiliates ,and focus on selling JT brand beverages but also sell non-JT brand beverages.Number of vending machines as of end March 2011 does not reflect the damages from the Great East Japan Earthquake and is therefore total number of vending machiens before the earthquake.

Consolidated financial outlook for the fiscal year ending Mar. 31, 2012 compared to the forecast as of July 2011

*This guidance is made in accordance with the Japanese accounting standards.
*For the international tobacco business, financial results for the fiscal year ending March 2012 are disclosed on IFRS basis, after making the necessary conversion to the Japanese accounting standards (for example, amortization of goodwill).

(JPY billion)

	Previous forecast	Revised forecast	Change	Rates of Change
Net sales *1	2,497.0	2,540.0	+43.0	+1.7%
Adjusted net sales *2*3*4	1,895.0	1,924.0	+29.0	+1.5%
EBITDA	537.0	573.0	+36.0	+6.7%
Operating income	329.0	365.0	+36.0	+10.9%
Recurring profit	318.0	353.0	+35.0	+11.0%
Net income	161.0	189.0	+28.0	+17.4%
Return on Equity	10.4%	12.6%	+2.2ppt	
Free cash flow	312.0	434.0	+122.0	+39.1%

(Reference: Before goodwill amortization) (JPY billion)

	Previous forecast	Revised forecast	Change	Rates of Change
Net income	242.0	272.0	+30.0	+12.4%
EPS (JPY)	25,416.23	28,567.01	+3,150.78	+12.4%
Cash dividends per share (JPY)	8,000	9,000	+1,000	+12.5%
Payout Ratio	31.5%	31.5%	+0.0ppt	

Consolidated financial outlook by business segment (JPY billion)

	Previous forecast	Revised forecast	Change	Rates of Change
Net sales *1*2	2,497.0	2,540.0	+43.0	+1.7%
Japanese domestic tobacco *1	1,100.0	1,138.0	+38.0	+3.5%
International tobacco *1*2	958.0	966.0	+8.0	+0.8%
Adjusted net sales *2*3*4	1,895.0	1,924.0	+29.0	+1.5%
Japanese domestic tobacco *3	569.0	594.0	+25.0	+4.4%
International tobacco *2*4	887.0	894.5	+7.5	+0.8%
Pharmaceutical	50.0	50.5	+0.5	+1.0%
Food	373.0	369.0	-4.0	-1.1%
Others	16.0	16.0	+0.0	+0.0%
EBITDA *2*5	537.0	573.0	+36.0	+6.7%
Japanese domestic tobacco	244.0	266.0	+22.0	+9.0%
International tobacco *2	302.0	312.5	+10.5	+3.5%
Pharmaceutical	-14.0	-12.5	+1.5	-
Food	20.0	20.0	+0.0	+0.0%
Others/Elimination and corporate	-15.0	-13.0	+2.0	-
Operating income *2	329.0	365.0	+36.0	+10.9%
Japanese domestic tobacco	199.0	222.0	+23.0	+11.6%
International tobacco *2	176.0	184.5	+8.5	+4.8%
Pharmaceutical	-18.0	-16.5	+1.5	-
Food	-8.5	-8.0	+0.5	-
Others/Elimination and corporate	-19.0	-17.0	+2.0	-
Depreciation and amortization *2*6	208.0	208.0	+0.0	+0.0%
Japanese domestic tobacco	45.0	44.0	-1.0	-2.2%
International tobacco *2	126.0	128.0	+2.0	+1.6%
Pharmaceutical	4.0	4.0	+0.0	+0.0%
Food	28.5	28.0	-0.5	-1.8%
Others/Elimination and corporate	4.0	4.0	+0.0	+0.0%

(JPY billion)

Capital expenditures *2	134.0	124.0	-10.0	-7.5%
Japanese domestic tobacco	63.5	59.0	-4.5	-7.1%
International tobacco *2	43.0	39.0	-4.0	-9.3%
Pharmaceutical	3.0	3.0	+0.0	+0.0%
Food	20.0	19.0	-1.0	-5.0%
Others/Elimination and corporate	4.0	3.0	-1.0	-25.0%

(Reference) International Tobacco Business (unit: USD million)

	Previous forecast	Revised forecast	Change	Rates of Change
Core net sales *2*4	11,230	11,211	-19	-0.2%
Core net sales at constant rate *2*4*7	10,930	10,925	-5	-0.0%
EBITDA *2	3,830	3,916	+86	+2.2%
EBITDA at constant rate *2*7	3,810	3,859	+49	+1.3%

*1 Excluding tobacco excise taxes
*2 International tobacco business: Year ended Dec.2010 and Year ending Dec.2011
*3 Excluding revenue from the imported tobacco, domestic duty free, the China Division and other peripheral businesses
*4 Excluding revenue from the distribution, contract manufacturing and other
*5 EBITDA=operating income + depreciation and amortization*6
*6 Depreciation and amortization = depreciation of tangible fixed assets + amortization of intangible fixed assets + amortization of long-term prepaid expenses + amortization of goodwill
*7 Assuming the exchange rates for fiscal year ended March 2011 and year ending March 2012 remain the same.

Major assumptions

(1) Japanese domestic tobacco business (billions of cigarettes)

	Previous forecast	Revised forecast	Change	Rates of Change
Sales volume	103.0	108.0	+5.0	+4.9%

*Excluding sales of domestic duty-free and China division

(2) International tobacco business

(billions of cigarettes, JPY, RUB, GBP, EUR, CHF, TWD)

	Previous forecast	Revised forecast	Change	Rates of Change	
Total shipment volume*	426.0	425.7	-0.3	-0.1%	BNU
GFB shipment volume	257.0	256.5	-0.5	-0.2%	BNU
JPY/USD rate	79.00	79.80	+0.80	-1.0%	JPY
RUB/USD rate	30.00	29.40	-0.60	+2.0%	RUB
GBP/USD rate	0.62	0.63	+0.01	-1.1%	GBP
EUR/USD rate	0.71	0.72	+0.01	-1.5%	EUR
CHF/USD rate	0.90	0.89	-0.00	+0.5%	CHF
TWD/USD rate	29.00	29.44	+0.44	-1.5%	TWD

*Total shipment includes cigars, pipe tobacco and snus, but does not include contract manufacturing products.

Goodwill amortization relating to major acquisitions

International tobacco business (unit: USD million)

	Previous forecast	Revised forecast	Year to amortize
Former RJRI and Gallaher	930	903	20

* Termination of goodwill amortization: Former RJRI Apr/19, Former Gallaher Mar/27
Goodwill includes Former RJRI, Former Gallaher and others.

Food Business (unit: JPY billion)

	Previous forecast	Revised forecast	Year to amortize
TableMark	9.0	9.0	5

* Termination of goodwill amortization: Dec/12

Trademark rights amortization relating to major acquisitions

International tobacco business (unit: USD million)

	Previous forecast	Revised forecast	Year to amortize
Former RJRI and Gallaher	250	250	20

* Termination of trademark rights amortization: Former RJRI Apr/19, Former Gallaher Mar/27

Consolidated financial outlook for the fiscal year ending Mar. 31, 2012 compared to the results of previous fiscal year

*This guidance is made in accordance with the Japanese accounting standards.
*For the international tobacco business, financial results for the fiscal year-ended March 2011 are disclosed on US GAAP basis, whereas for the fiscal year ending March 2012, the figures will be disclosed on IFRS basis, after making the necessary conversion to the Japanese accounting standards (for example, amortization of goodwill). Due to this change, according to the accounting standards of retroactive adjustment, we disclose the adjusted data of the FY 3/2011 as the new base.

(JPY billion,%)

	FY 03/2011 (Former Standard)	FY 03/2011 (New Standard)	FY 03/2012 (Revised Forecast)	Change	Rate of change
Net sales*1	2,486.1	2,432.6	2,540.0	+107.4	+4.4%
Adjusted net sales*2*3*4	1,956.6	1,946.9	1,924.0	-23.0	-1.2%
EBITDA	541.1	542.5	573.0	+30.4	+5.6%
Operating income	328.6	333.2	365.0	+31.8	+9.5%
Recurring profit	312.4	313.0	353.0	+39.9	+12.8%
Net income	144.9	145.3	189.0	+43.6	+30.0%
Return on Equity	9.2%	9.2%	12.6%	+3.4ppt	
Free cash flow	299.7	299.7	434.0	+134.3	+44.8%
(Reference: Before goodwill amortization)					
Net income	236.0	233.3	272.0	+38.6	+16.5%
EPS (JPY)	24,657.57	24,378.59	28,567.01	+4,188.42	+17.2%
Cash dividends per share (JPY)	6,800	6,800	9,000	+2,200	+32.4%
Payout Ratio	27.6%	27.9%	31.5%	+3.6ppt	

Consolidated financial outlook by buisiness segment (JPY billion, %)

	FY 03/2011 (Former Standard)	FY 03/2011 (New Standard)	FY 03/2012 (Revised Forecast)	Change	Rate of change
Net sales*1*2	2,486.1	2,432.6	2,540.0	+107.4	+4.4%
Japanese domestic tobacco*1	1,027.8	1,027.8	1,138.0	+110.1	+10.7%
International tobacco*1*2	1,017.0	963.5	966.0	+2.5	+0.3%
Adjusted net sales*2*3*4	1,956.6	1,946.9	1,924.0	-23.0	-1.2%
Japanese domestic tobacco*3	617.9	617.9	594.0	-23.9	-3.9%
International tobacco*2*4	897.4	887.7	894.5	+6.7	+0.8%
Pharmaceutical	46.9	46.9	50.5	+3.5	+7.5%
Food	375.0	375.0	369.0	-6.0	-1.6%
Others	19.2	19.2	16.0	-3.2	-16.8%
EBITDA*2*5	541.1	542.5	573.0	+30.4	+5.6%
Japanese domestic tobacco	257.6	257.6	266.0	+8.3	+3.2%
International tobacco*2	288.1	293.0	312.5	+19.5	+6.7%
Pharmaceutical	-13.2	-13.2	-12.5	+0.7	-
Food	17.2	17.2	20.0	+2.7	+15.8%
Others/Elimination and corporate	-8.7	-12.1	-13.0	-0.9	-
Operating income*2	328.6	333.2	365.0	+31.8	+9.5%
Japanese domestic tobacco	212.9	212.9	222.0	+9.1	+4.3%
International tobacco*2	156.1	164.0	184.5	+20.5	+12.5%
Pharmaceutical	-17.4	-17.4	-16.5	+0.9	-
Food	-9.4	-9.4	-8.0	+1.4	-
Others/Elimination and corporate	-13.5	-16.8	-17.0	-0.1	-
Depreciation and amortization*2*6	212.4	209.3	208.0	-1.4	-0.6%
Japanese domestic tobacco	44.7	44.7	44.0	-0.8	-1.7%
International tobacco*2	132.0	128.9	128.0	-1.0	-0.7%
Pharmaceutical	4.1	4.1	4.0	-0.1	-3.5%
Food	26.6	26.6	28.0	+1.3	+4.9%
Others/Elimination and corporate	4.7	4.7	4.0	-0.8	-16.3%

(JPY billion, %)

Capital expenditures*2	146.0	146.0	124.0	-22.0	-15.1%
Japanese domestic tobacco	55.9	55.9	59.0	+3.0	+5.4%
International tobacco*2	60.9	60.9	39.0	-21.9	-36.0%
Pharmaceutical	2.8	2.8	3.0	+0.1	+3.9%
Food	25.0	25.0	19.0	-6.0	-24.0%
Others/Elimination and corporate	1.2	1.2	3.0	+1.8	+143.5%

(Reference)International Tobacco Business (unit: USD million, %)

	2010 (Former standard)	2010 (New standard)	2011 (Revised Forecast)	Change	Rate of change
Core net sales*2*4	10,223	10,113	11,211	+1,098	+10.9%
Core net sales at constant rate*2*4*7	10,223	10,113	10,925	+812	+8.0%
EBITDA*2	3,282	3,338	3,916	+578	+17.3%
EBITDA at constant rate*2*7	3,282	3,338	3,859	+522	+15.6%

*1 Excluding tobacco exercise tax

*2 International tobacco business: Year ended Dec.2010 and Year ending Dec.2011

*3 Excluding revenue from the imported tobacco, domestic duty free, the China Division and other peripheral businesses

*4 Excluding revenue from the distribution, contract manufacturing and other peripheral businesses

*5 EBITDA=operating income + depreciation and amortization *6

*6 Depreciation and amortization = depreciation of tangible fixed assets + amortization of intangible fixed assets + amortization of long-term prepaid expenses + amortization of goodwill

*7 Assuming the exchange rates for fiscal year ended March 2011 and year ending March 2012 remain the same

Major assumptions

(1) Japanese domestic tobacco business (billions of cigarettes,%)

	FY 03/2011 (Actual)	FY 03/2012 (Revised Forecast)	Change	Rate of change
Sales volume	134.6	108.0	-266.0	-19.8%

*Excluding sales of domestic duty-free and China division

(2) International tobacco business

	2010 (Actual)	2011 (Revised Forecast)	Change	Rate of change	
Total shipment volume*	428.4	425.7	-2.7	-0.6%	BNU
GFB shipment volume	249.8	256.5	+6.6	+2.6%	BNU
JPY/USD rate	87.79	79.80	-7.99	+10.0%	JPY
RUB/USD rate	30.36	29.40	-0.96	+3.3%	RUB
GBP/USD rate	0.65	0.63	-0.02	+3.1%	GBP
EUR/USD rate	0.75	0.72	-0.03	+3.5%	EUR
CHF/USF rate	1.05	0.89	-0.16	+17.5%	CHF
TWD/USD rate	31.73	29.44	-2.29	+7.8%	TWD

*Total shipment includes cigars, pipe tobacco and snus, but does not include contract manufacturing products.

Goodwill amortization relating to major acquisitions

International tobacco business (unit: USD million)

	2010(Actual) (NewStandard)	2011 (Revised Forecast)	Years to amortize
Former RJRI and Gallaher	881	903	20

* Termination of goodwill amortization: Former RJRI Apr /19, Former Gallaher Mar/27
Goodwill includes Former RJRI, Former Gallaher and others
Data for 2010, Formar Standard:916MM, New Standard:881MM

Food Business (unit: JPY million)

	FY 03/2011 (Actual)	FY 03/2012 (Revised Forecast)	Years to amortize
Tablemark	9.0	9.0	5

* Termination of goodwill amortization: Dec /12

Trademark rights amortization relating to major acquisitions

International tobacco business (unit: USD million)

	2010(Actual)	2011 (Revised Forecast)	Years to amortize
Former RJRI and Gallaher	242	250	mainly20

* Termination of trademark rights amortization: Former RJRI Apr /19, Former Gallaher Mar/27

Data of JT products in Japanese market

* Excludes sales from the China, Hong Kong, and Macau markets and domestic duty-free sales.

Japanese Domestic Tobacco Business Results

1. Quarterly Sales Volume (billions of cigarettes)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	39.0	39.5	38.8	34.3	151.8
FY 03/2011	35.9	50.6	20.3	27.7	134.6
FY 03/2012	18.4	32.4	29.9		

2. Quarterly Retail Price Sales (billions of JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	581.7	589.1	578.5	512.3	2,261.7
FY 03/2011	535.4	753.1	413.3	566.9	2,268.9
FY 03/2012	373.6	662.5	610.0		

* Retail price sales = sales volume * fixed retail price.

3. Quarterly Net Sales Excluding Excise Tax Per Thousand Cigarettes (JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	4,056	4,055	4,057	4,058	4,056
FY 03/2011	4,054	4,052	5,539	5,533	4,582
FY 03/2012	5,444	5,516	5,509		

* Net sales excluding excise tax per thousand cigarettes
= (retail price sales-retailer margins-consumption tax-excise taxes)/sales volume×1,000

4. Quarterly JT Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	65.1	64.8	65.0	64.8	64.9
FY 03/2011	64.5	65.1	62.7	62.6	64.1
FY 03/2012	40.8	59.3	58.7		

Market Share in Growing Segments

1. 1mg Tar

(1) JT 1mg Tar Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	14.9	14.8	15.2	15.6	15.1
FY 03/2011	15.7	15.2	15.2	15.4	15.4
FY 03/2012	9.8	14.1	14.1		

(2) 1mg Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	23.9	23.8	24.1	24.5	24.1
FY 03/2011	24.7	23.7	24.0	24.3	24.2
FY 03/2012	24.7	23.9	24.1		

(3) JT Share in 1mg Tar Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	62.3	62.2	63.0	63.8	62.8
FY 03/2011	63.6	64.1	63.3	63.5	63.7
FY 03/2012	39.6	58.8	58.5		

2. Menthol

(1) JT Menthol Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	7.6	7.9	8.0	8.5	8.0
FY 03/2011	8.4	8.0	8.7	8.4	8.3
FY 03/2012	3.2	6.3	6.6		

(2) Menthol Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	22.6	23.2	23.0	23.5	23.1
FY 03/2011	23.9	23.3	25.7	25.3	24.3
FY 03/2012	26.1	24.2	25.1		

(3) JT Share in Menthol Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	33.8	34.2	34.7	36.2	34.7
FY 03/2011	35.2	34.1	33.8	33.3	34.2
FY 03/2012	12.4	26.2	26.4		

3. JPY 440 or above*

(1) JT JPY 440 or above Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	5.1	5.0	5.2	5.2	5.1
FY 03/2011	5.1	4.7	17.4	16.7	9.3
FY 03/2012	8.1	15.1	14.9		

(2) JPY 440 or above Product Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	23.9	23.8	24.1	24.8	24.6
FY 03/2011	24.7	24.4	38.3	37.4	29.4
FY 03/2012	37.6	36.4	37.0		

(3) JT Share in JPY 440 or above Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	21.3	21.0	21.4	21.1	20.7
FY 03/2011	20.7	19.5	45.5	44.7	29.1
FY 03/2012	21.5	41.3	40.2		

* JPY 320 or above, before Oct 2010

4. Quarterly D-spec Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2010	4.76	4.66	5.25	5.31	5.21
FY 03/2011	10.91	10.47	10.44	11.02	10.70
FY 03/2012	5.41	9.19	9.29		

* Caster have been sold as D-spec products since April 2010.

Japanese Tobacco Inc. Clinical development (as of February 6, 2012)

Code(Generic Name)	Stage*	Key Indication	Mechanism /dosage form	Characteristics	Rights
JTK-303 (elvitegravir)	In preparation for NDA filing of single-tablet regimen containing JTK-303 (Japan)	HIV infection	Integrase inhibitor /oral	Integrase inhibitor which works by blocking integrase, an enzyme that is involved in the replication of HIV	Gilead Sciences (U.S.) obtained the rights to develop and commercialize this compound worldwide, with the exception of Japan. The company has submitted the single-tablet regimen containing JTK-303 (elvitegravir) to the U.S. Food and Drug Administration (F
JTT-705 (dalcetrapib)	Phase 2 (Japan)	Dyslipidemia	CETP modulator /oral	Decreases LDL and increases HDL by modulation of CETP activity -CETP: Cholesteryl E	Roche (Switzerland) obtained the rights to develop and commercialize the compound worldwide, with the exception of Japan. >Development stage by Roche: Phase 3
JTT-130 (granotapide)	Phase 2 (Japan) Phase 2 (Overseas)	Dyslipidemia	MTP inhibitor /oral	Treatment of dyslipidemia by reducing absorption of cholesterol and triglycerides via inhibition of MTP	
JTT-302	Phase 2 (Overseas)	Dyslipidemia	CETP inhibitor /oral	Decreases LDL and increases HDL by inhibition of CETP	
JTT-751 (Ferric Citrate)	Phase 3 (Japan)	Hyperphosphatemia	Phosphate binder /oral	Decreases serum phosphorous level by binding phosphate derived from dietary in the gastrointestinal tract	JT obtained the rights to develop and commercialize this compound in Japan from Keryx Biopharmaceuticals (U.S.) (Developed jointly with Torii)
JTK-853	Phase 1 (Overseas)	Hepatitis C	HCV RNApolymerase inhibitor /oral	Treatment of Hepatitis C by inhibiting HCV RNA- polymerase which relates to viral proliferation	
JTT-851	Phase 1 (Japan) Phase 1 (Overseas)	Type 2 diabetes mellitus	G protein-coupled receptor 40 agonist /oral	Decreases blood glucose by stimulation of glucose-dependent insulin secretion	
JTZ-951	Phase 1 (Japan) Phase 1 (Overseas)	Anemia associated with chronic kidney disease	HIF-PHD inhibitor /oral	Increases red blood cells by accelerating production of erythropoietin, an erythropoiesis-stimulating hormone, via inhibition of HIF-PHD. -HIF-PHD: Hypoxia Inducible Factar-Prolyl Hydroxylase Domain containing protein	
JTE-051	Phase 1 (Overseas)	Autoimmune/allergic diseases	Interleukin-2 inducible T cell kinase/oral	Suppresses overactive immune response via inhibition of the signal to activate T cells related to immune response	

*Based on the first dose

Updates since the previous announcement on October 31, 2011:

JTE-051 has entered the clinical trial stage overseas.
JTT-851 and JTZ-951 have now entered the clinical trial stage overseas, in addition to Japan.