

Caution concerning Forward-Looking Statements

Forward-Looking and Cautionary Statements

This presentation contains forward-looking statements about our industry, business, plans and objectives, financial conditions and results of operations based on current expectations, assumptions, estimates and projections. These statements reflect future expectations, identify strategies, discuss market trends, contain projections of operational results and financial conditions, and 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 from those suggested by any forward-looking statement; these forward looking statements are not intended to be construed as our assurance for it to materialize in the future. 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 related to the use of tobacco products;
(2) legal or regulatory developments and changes; including, without limitation, tax increases and restrictions on sales, marketing and use of tobacco products, 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 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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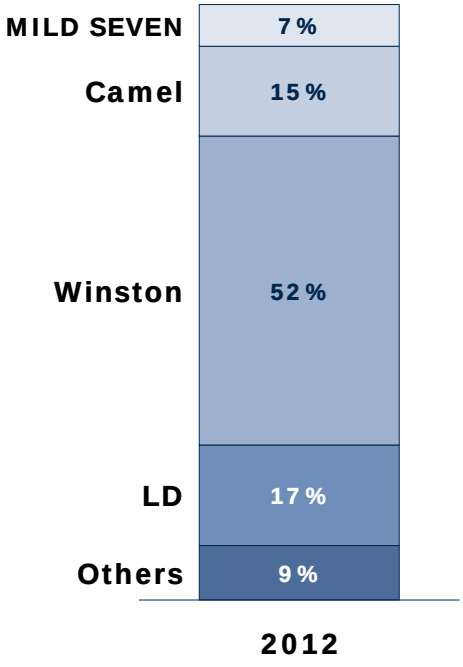
To be the number one global premium brand

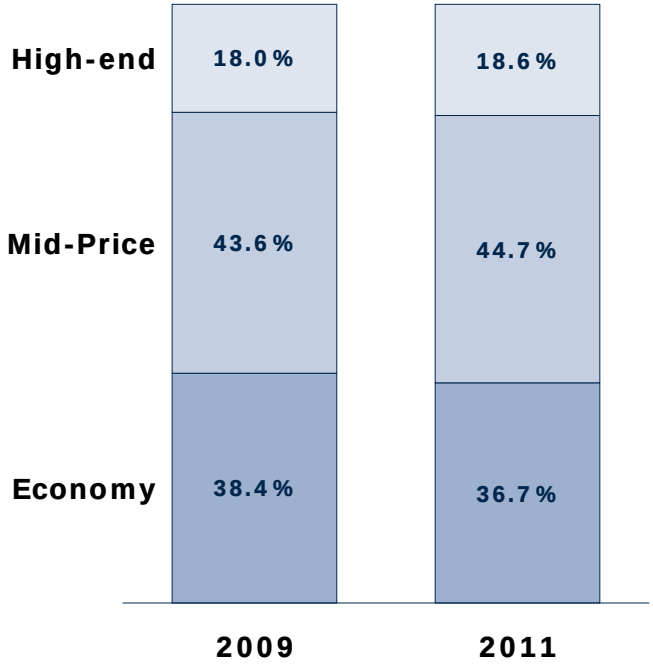
■ Enhance premium segment

GFB Shipment Volume Composition Note)



Note: JTI shipment volume only

Emerging markets Industry volumes by price segment



Source: Euromonitor

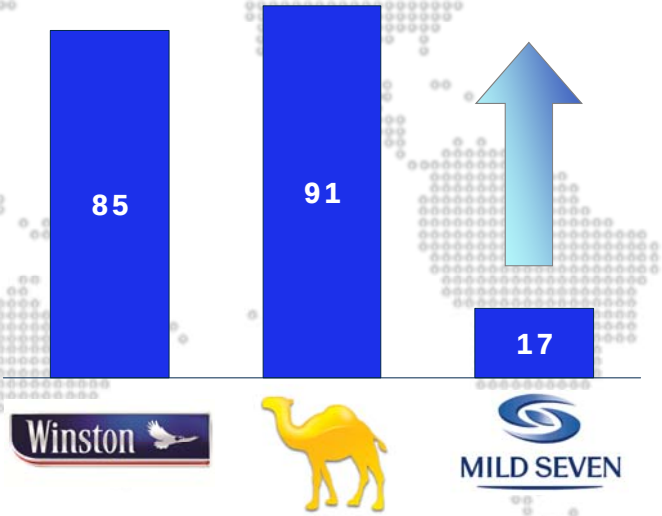
To be the number one global premium brand

■ Potential for geographic expansion
- ✓ Strong presence particularly in Asia
- ✓ In comparison to Winston or Camel, Mild Seven has more opportunities of new market entry

Market share and Key market positions (Note)

Japan	SOM:29.5% Market position:No. 1
Taiwan	SOM:24.6% Market position:No. 1
Korea	SOM:6.8% Market position:No. 7
Malaysia	SOM:4.5% Market position: No. 6

Number of markets



Source:TIOJ,Nielsen
(Note)
•Year-to-date data for fiscal year ended March 2012 are used for market share in Japan and for market positions.
•Year-to-date data for 2012 is used for market share in Taiwan/Korea/Malaysia,

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New global growth strategy

To be the number one global premium brand

Evolve into a brand that can address a wide-range of consumer expectations

- New Brand Name
- Unified and evolved package design
- Expand product portfolio

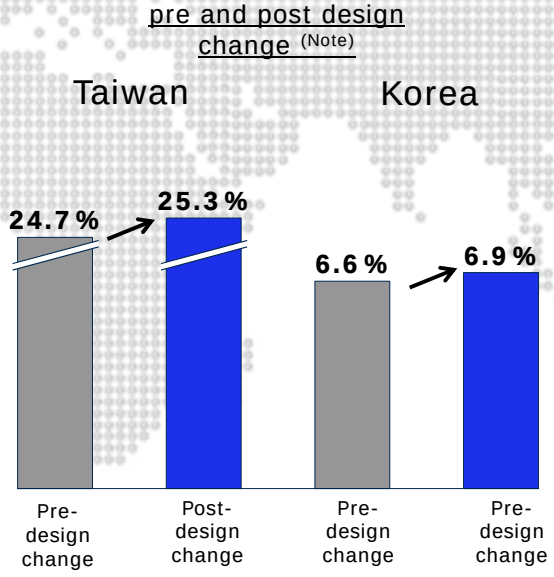
Further strengthen brand equity

- **Maintain or grow existing market share**
- **Expand geographically**

Consumer response to design change in the international market

■ Market share progression, post design change

Market share progression, pre and post design change (Note)



■ High appraisal in each market



Source:Nielsen
Note)MILD SEVEN SOM only

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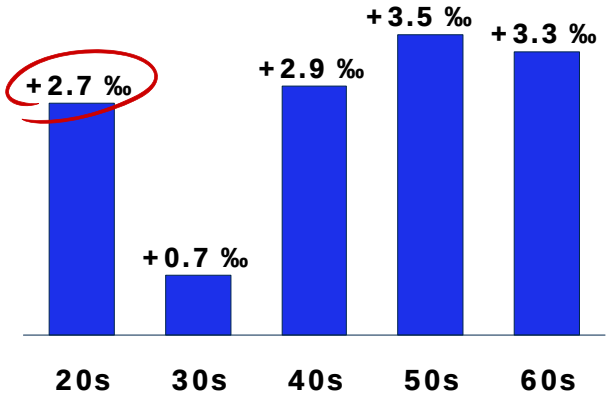
Consumer response in the domestic Japanese market

New package design (November)

- Monthly market share increase
  - ✓ Oct:30.7% Nov:31.5% Dec:31.7%
- Capturing market share, also from consumers in their 20s

Market share progression by age group, post design change Note)



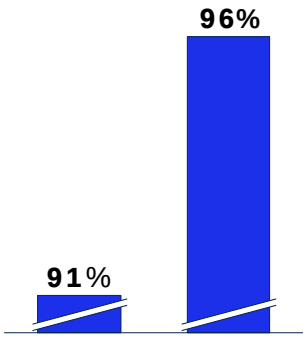
Source: JT's own survey
Note) Market Share for MILD SEVEN only

New brand name

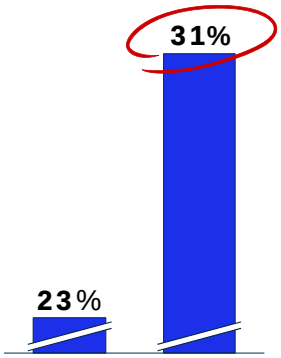
- Internet survey conducted

Existing MILD SEVEN Consumers	Consumers of brands other than Mild Seven

Willingness to continue the use of Mild Seven post brand name change Note)



Willingness to try Mild Seven post brand name change Note)



Source:JT own survey
Note) Survey was made with users who recognizes the brand name change

MEVIUS rolled out from February 2013

■Extensive promotional activities
- Priority show-casing at 40,000 convenience stores
- Event booth, sampling, promotions at point of sales and promotional materials





■Enhanced line-up
- Taste & flavor extensions
- Value-added extensions
- Variations in packaging

Premium Menthol Introduction



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