Announcement：April 25, 2013
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Achievements for the fiscal year 2012 and Business Plan 2013

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President and CEO

Caution concerning Forward-Looking Statements

Forward-Looking and Cautionary Statements

This presentation contains forward-looking statements. These statements appear in a number of places in this presentation and include statements regarding the intent, belief, or current and future expectations of our management with respect to our business, financial condition and results of operations. In some cases, you can identify forward-looking statements by terms such as “may”, “will”, “should”, “would", "expect”, “intend”, “project”, “plan”, “aim”, “seek”, “target”, “anticipate”, “believe”, “estimate”, “predict", "potential” or the negative of these terms or other similar terminology. These statements are not guarantees of future performance and are subject to various risks and uncertainties. Actual results, performance or achievements, or those of the industries in which we operate, may differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. In addition, these forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks and uncertainties. Forward-looking statements regarding operating results are particularly subject to a variety of assumptions, some or all of which may not be realized.

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 decrease in demand for tobacco products in key markets;
② restrictions on promoting, marketing, packaging, labeling and usage of tobacco products in markets in which we operate;
③ increases in excise, consumption or other taxes on tobacco products in markets in which we operate;
④ litigation around the world alleging adverse health and financial effects resulting from, or relating to, tobacco products ;
⑤ our ability to realize anticipated results of our acquisition or other similar investments;
⑥ competition in markets in which we operate or into which we seek to expand;
⑦ deterioration in economic conditions in areas that matter to us;
⑧ economic, regulatory and political changes, such as nationalization, terrorism, wars and civil unrest, in countries in which we operate;
⑨ fluctuations in foreign exchange rates and the costs of raw materials; and
⑩ catastrophes, including natural disasters.

* Please be reminded that the figures shown on these slides may differ from those shown in the financial statements as they are intended to facilitate the understanding of individual businesses.
* For details, please refer to the footnotes on the slides.

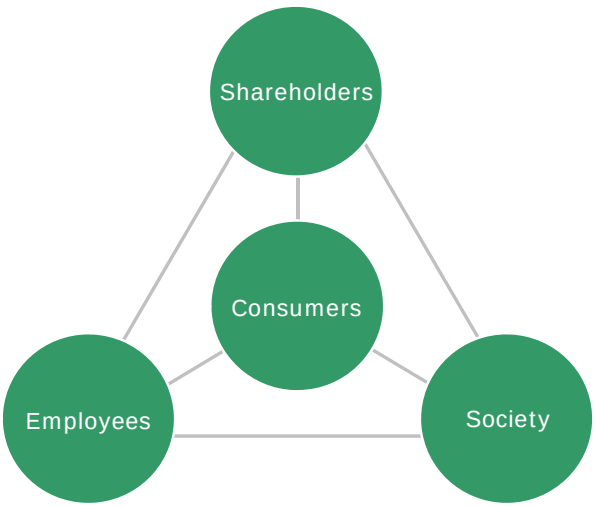
Management Principles and Resource Allocation Policy

Our management principles center on the “4S” model

- Pursuit of the “4S” model enables sustainable profit growth in the mid- to long-term by:
  - Continuously offering additional value to consumers and exceeding their expectations
  - Prioritizing business investment for future profit growth with a mid- to long-term perspective
- Firm belief that the “4S” model will increase the company’s value in the mid- to long-term, and is consequently in the best interest of all stakeholders, including our shareholders

Management principles

We will balance the interests of consumers, shareholders, employees and wider society, and fulfill our responsibilities towards them, aiming to exceed their expectations



Resources will be allocated based on the “4S” model

- Prioritize business investment for sustainable profit growth in the mid- to long-term

Business investment

- Pursue quality top-line growth by continuously offering additional value to consumers and exceeding their expectations
- Prioritize investment for growth in the tobacco business

Strategic Emphasis

Quality top-line growth × Competitive cost base × Robust business foundations*

** Continuous improvement, collaboration by leveraging diversity, and human resources development*

- Target a competitive shareholder return compared to global FMCG players

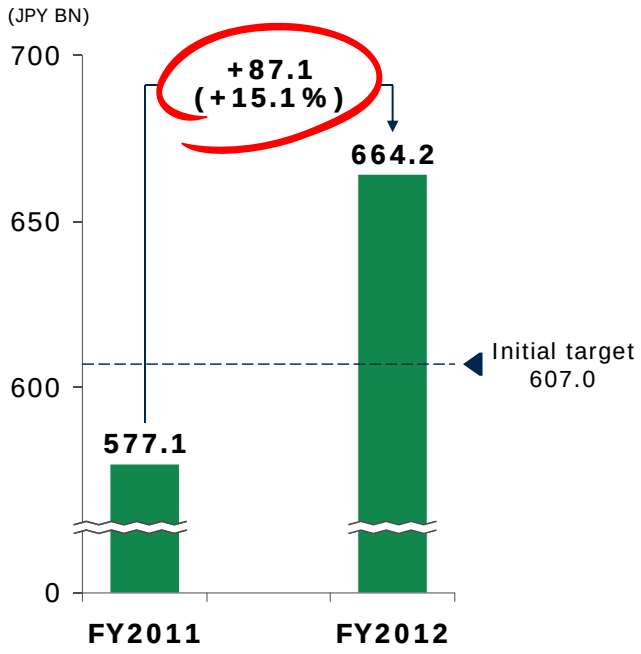
Shareholder return

- Aim for a dividend payout ratio comparable to global FMCG players
- Consider share buy-back as a complementary initiative for adjusted EPS growth

FY2012 Key Achievements

Strong profit growth exceeding initial target despite challenging environment

Group Adjusted EBITDA
(at constant rates of exchange)



- Group adjusted EBITDA grew 15.1% at constant rates of exchange
- Tobacco business drove the profit growth
  - The international tobacco business continued to deliver double-digit adjusted EBITDA growth driven by volume and pricing
  - The Japanese domestic tobacco business continued solid recovery, achieving monthly market share of 60% in February and March
- Other businesses strengthened their platforms to enhance profitability
  - Pharmaceutical: launched our first original drug
  - Beverage: achieved record sales volume
  - Processed food: built growth momentum
- Investments for future sustainable profit growth were not compromised

*Adjusted EBITDA = Operating profit + depreciation and amortization ± adjustment items (income and costs)**
**Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others*

Launching MEVIUS, aiming to become the No.1 global premium brand



THIS SLIDE HAS BEEN DEVELOPED TO EXPLAIN JT'S PERFORMANCE TO OUR INVESTORS. IT IS NOT INTENDED TO PROMOTE THE PURCHASE OF OUR PRODUCTS OR INDUCE SMOKING

Expanding the product portfolio through Gryson and Nakhla acquisitions

GRYSON

- Gryson acquisition
  - Broadened our consumer base in the growing fine cut category in Europe
  - Added complementary brands





NAKHLA TOBACCO
SINCE 1913

- Nakhla acquisition
  - Entered shisha, a new category for our tobacco business
  - Acquired a platform to launch our cigarette brands in Egypt

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Creating a new tobacco category for future growth

- Collaboration with Ploom Inc.
  - Taking our partnership with Ploom to the next level
  - Aiming to launch Ploom in several markets in 2013

ploom





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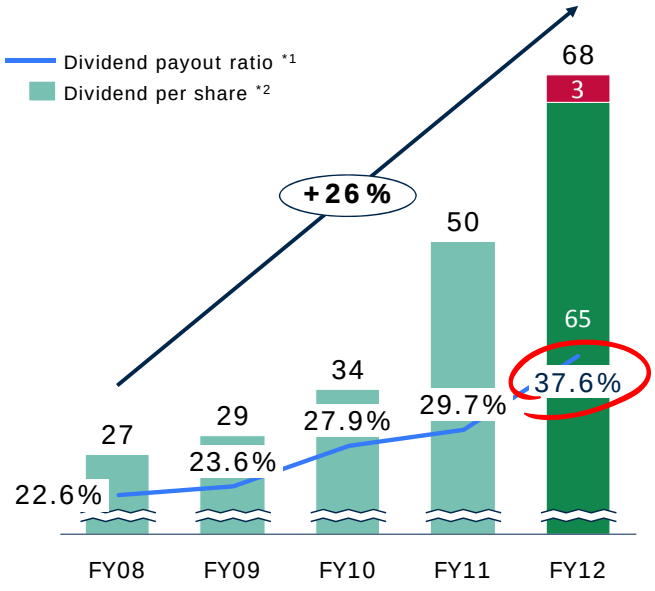
Launching our first original drug, a significant milestone to establish a profitable pharmaceutical platform

- "Stribild", an anti-HIV single-tablet regimen containing JT's first original drug (JTK-303) was approved and launched
  - Licensing partner: launched in the U.S. and filed new drug application (NDA) in EU
  - JT: NDA approved in Japan and launch expected on May 14th
- MEK inhibitor (melanoma): NDA filed by licensing partner
- NDA filed in Japan for two compounds
  - JTT-751 (hyperphosphatemia)
  - TO-194SL (Japanese cedar pollinosis) by Torii Pharmaceutical Co, Ltd.



Steady improvement of shareholder return

Dividend Payout Ratio and Dividend per Share (%, JPY)

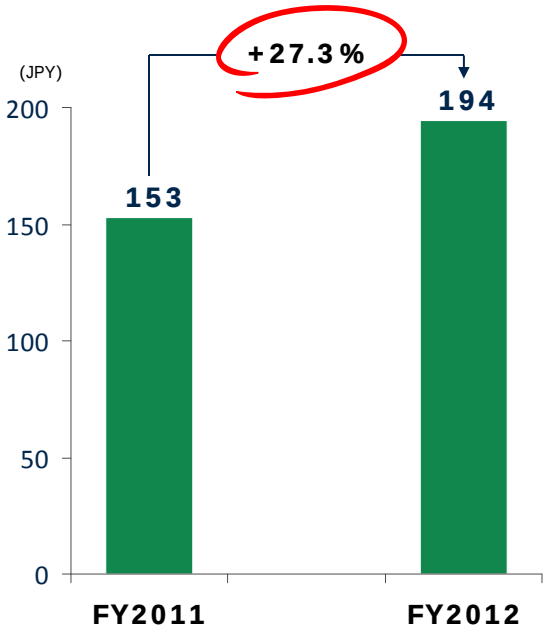


- Dividend payout ratio to reach 37.6%, steadily improving toward the mid-term target of 50%
- Dividend per share now projected to be 68 yen
  - A 18 yen growth versus previous year, or a further 3 yen increase from our latest forecast
  - Dividend per share set to grow at 26% CAGR over the past five years

*1: Consolidated dividend payout ratio for FY2010 and prior fiscal years are calculated in JGAAP based on earning before goodwill amortization. FY2011 and fiscal years thereafter are calculated in IFRS.
*2: A 200 for 1 stock split took place, effective as of July 1, 2012. Figures prior to the stock split have been adjusted to reflect the stock split.

Achieved double-digit adjusted EPS growth

Adjusted EPS
(at constant rates of exchange)



- Adjusted EPS grew 27% at constant rates of exchange, primarily driven by strong business performance
- Share buy-back program of JPY 250 billion was executed in response to the secondary share offering by the Government

Adjusted EPS = (Profit or loss attributable to owners of the parent company ± adjustment items (income and costs) ± tax and minority interests adjustments) / (weighted-average common shares + increased number of ordinary shares under subscription rights to shares)*
**Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others*

Business Plan 2013

Aiming to achieve sustainable profit growth in the mid- to long-term

- Group profit target remains unchanged
- Dividend payout ratio of 50% is now targeted for the fiscal year 2015, one year earlier than previously planned

Group profit target

Adjusted EBITDA growth rate at constant rates of exchange
Mid to high single-digit growth per annum over the mid- to long-term

Shareholder return targets

Dividend payout ratio
40% for this fiscal year, then aiming to reach 50% for the fiscal year 2015

Adjusted EPS growth rate at constant rates of exchange
High single-digit growth per annum in the mid- to long-term

*Adjusted EBITDA = Operating profit + depreciation and amortization ± adjustment items (income and costs)**
Adjusted EPS = (Profit or loss attributable to owners of the parent company ± adjustment items (income and costs) ± tax and minority interests adjustments) / (weighted-average common shares + increased number of ordinary shares under subscription rights to shares)*
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Earnings forecast to reach new record level

- Adjusted EBITDA is forecast to grow 6.1% at constant rates of exchange
- Dividend payout ratio is forecast to reach 40% with a 24 yen increase in dividend per share

• Group profit target

	FY2012 Actual	FY2013 Forecast	Growth rate	at constant rates of exchange
Adjusted EBITDA (JPY BN)	622.1	730.0	+17.3%	+6.1%

• Shareholder return target

	FY2012 Actual	FY2013 Forecast	Change
Dividend payout ratio	37.6%	40.3%	+2.7ppt
Dividend per share (JPY)	68	92	+24 (+35.3%)

*Adjusted EBITDA = Operating profit + depreciation and amortization ± adjustment items (income and costs)**
**Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others*

Way forward

- Further reinforce confidence that the “4S” model enables sustainable profit growth

- With an aim to exceed stakeholders’ expectations, balance the interests of stakeholders and fulfill our responsibilities towards them by:
  - Creating and delivering additional value supported by business investments for **consumers**
  - Achieving competitive **shareholder** return
  - Offering development opportunities to **employees**
  - Expanding CSR activities for **society**

- Continue to achieve sustainable profit growth by further enhancing our ability to adapt to changes in the environment and overcome uncertainties

