

## To Our Stakeholders

Looking back at the fiscal year ended March 2011, the JT Group performed strongly despite a difficult business environment both in Japan and abroad. In the Japanese domestic tobacco business, we secured revenue and profit growth through strategic pricing and brand-loyalty enhancing measures, more than offsetting a significant volume decline due to a tax increase of unprecedented scale. In the international tobacco business, we achieved another year of remarkable results, driving the profit growth of the JT Group. We maintained our focus on top-line growth led by global flagship brands (GFB), despite industry contraction in many countries due to the prolonged global recession and tighter regulation.

The new fiscal year ending March 2012 began with severe challenges to our product supply in the Japanese domestic market following the Great East Japan Earthquake. While we will take more vigorous and proactive measures to minimize the impact of natural disasters in the future, we are now focusing our efforts towards overcoming the current situation in order to recover our market share as quickly as possible. Furthermore, we will continue to invest in our product quality and services in order to withstand the increased retail prices. In the international tobacco business, we are seeing encouraging signs in the business environment along with a slowdown of industry contraction in some key markets since the second half of 2010. We aim to achieve 10% growth in EBITDA at constant rates of exchange through quality topline growth and strict cost-control, but without compromising on investments to strengthen our business.

Overall, we will strive to achieve the company-wide objectives under the JT-11 medium-term management plan by combining the diverse domestic and overseas resources of the JT Group. In addition, we will further strengthen our business foundations with a view to seizing future growth opportunities.

June 2011

Hiroshi Kimura

President and CEO and Representative Director