



FOR IMMEDIATE RELEASE

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**JTI grows both sales and volumes
 Market share growth continues in most key markets**

Japan Tobacco International (JTI) business results for January – March 2011

Highlights

- Core net sales excluding tax¹ increased by 4.4% primarily driven by pricing and volume increases.
- At constant rates of exchange, core net sales excluding tax grew by 6.5%. Core net sales excluding tax per thousand cigarettes² increased by 6.0% to US\$26.7 at constant rates of exchange.
- GFB³ and total shipment volume⁴ increased by 2.1% and 0.5% respectively. GFB growth was driven by Russia, Turkey, Taiwan and Korea.
- Year-on-year market share⁵ continued to grow in most key markets including Turkey, Taiwan, Italy, France and Russia.

January-March results for 2010 & 2011⁶

	2010 Results Jan-Mar	2011 Results Jan-Mar	Net Change (%)
Total shipment volume (billions of cigarettes)	94.1	94.5	0.5
GFB shipment volume (billions of cigarettes)	54.6	55.8	2.1
Core net sales, excluding tax (millions of US\$)	2,343	2,447	4.4
Core net sales per thousand cigarettes, excluding tax (US\$)	25.2	26.1	3.9

[Reference]

January-March results for 2010 and 2011 at constant rates of exchange

	2010 Results Jan-Mar	2011 Results Jan-Mar	Net Change (%)
Core net sales, excluding tax (millions of US\$)	2,343	2,495	6.5
Core net sales per thousand cigarettes, excluding tax (US\$)	25.2	26.7	6.0

Shipment Volume by Cluster⁷

- **South and West Europe:** Both total and GFB shipment volume decreased by 9.7% and 9.1% respectively compared to the same period of the prior year. The volume decrease was a result of significant industry contraction in Spain and in Greece, which was slightly off-set by a volume increase in Italy. Market share increased in the key markets of Italy and France.
- **North and Central Europe:** Total shipment volume increased by 1.1%, driven by a volume increase ahead of a tax hike in March in the UK. GFB shipments increased by 4.1%. Market share grew in Sweden and Poland.
- **CIS+:** GFB shipment volume grew by 7.3% and total shipment volume increased by 0.7%. The volume increase was due to solid growth in Russia where GFB shipment volume grew by 9.2% compared to the previous year, strengthening our No.1 position. This improved performance was off-set by continued industry contraction in Ukraine, resulting from numerous tax hikes. Market share increased in Russia.
- **Rest-of-the-World:** Total shipment volume increased by 5.3% driven by growth in the Middle East, Taiwan, Korea and Turkey. GFB volume increased by 3.9%. Market share increased in Turkey, Taiwan, Korea and Malaysia.

Global Flagship Brands (GFB)

- **Winston:** Shipment volume increased by 3.1%, driven by strong performances in Russia, Turkey and Italy which compensated for declines in Spain and Ukraine.
- **Camel:** Shipment volume declined by 5.7% due to significant industry contraction in Spain.
- **Mild Seven:** Shipment volume increased by 16.4% with particularly strong growth in Taiwan and Korea.
- **LD:** In spite of continued industry contraction in Ukraine, shipment volume increased by 5.5% due to growth in Russia.

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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 excluding tax() were ¥1.956 trillion (US\$23,531 million(**)) in the fiscal year ended March 31, 2011.*

** Adjusted net sales excluding tax on a consolidated basis do not include 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 revenue from distribution, leaf tobacco, private label, contract manufacturing and other peripheral businesses in the international tobacco business.*

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

Footnotes:

- ¹ Core net sales excluding tax do not include revenue from distribution, leaf tobacco, private label, contract manufacturing and other peripheral businesses. 2010 core net sales excluding tax have been reclassified to conform to current year presentation, as certain amounts are now reflected as a reduction to core net sales excluding tax, with no impact on gross margin.
- ² Core net sales per thousand cigarettes are based on total shipment volume as defined in footnote 4 excluding shipment volume of joint ventures, and core net sales as defined in footnote 1.
- ³ Global Flagship Brands (GFB) consist of eight brands: Winston, Camel, Mild Seven, Benson & Hedges, Silk Cut, LD, Sobranie and Glamour.
- ⁴ Total shipment volume includes cigars, pipe tobacco and snus, but does not include private label and contract manufacturing.
- ⁵ Source: AC Nielsen, Logista, Altadis and JTI estimates on a 12-month rolling average, March 2011.
- ⁶ Beginning with its fiscal year ending December 31, 2011, JTI has adopted the International Financial Reporting Standards (IFRS), replacing U.S.GAAP; accordingly, 2010 amounts have been restated to conform to IFRS and are presented on a like-for-like basis with no impact on core net sales excluding tax.
- ⁷ JT divides its international markets into four distinct clusters: South and West Europe, North and Central Europe, CIS+, and Rest-of-the-World. Please note that these four clusters are specifically designed to provide insight into our business for guidance purposes only and do not reflect JTI's management structure.

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