

Overview of business description and trends in principal management benchmarks

1. Overview of business description

The main business activities operated by JT, its 246 consolidated subsidiaries and 14 companies accounted for by the equity method, and the relationship of each company to the Group's business activities as of March 31, 2011 are stated below.

Japanese Domestic Tobacco Business

The Japanese Domestic Tobacco Business consists of the manufacture and sale of tobacco products. JT manufactures and sells tobacco products, and TS Network Co., Ltd. conducts distribution-related operations such as distribution of JT's tobacco products and wholesale of foreign tobacco products (imported tobacco products). Japan Filter Technology Co., Ltd. and other subsidiaries manufacture materials.

Major subsidiaries and affiliates

TS Network Co., Ltd., JT Logistics Co., Ltd., Japan Filter Technology Co., Ltd., Fuji Flavor Co., Ltd., JT Engineering Inc.

Besides the companies named above, there are 11 consolidated subsidiaries and 2 companies accounted for by the equity method.

International Tobacco Business

The International Tobacco Business consists of the manufacture and sale of tobacco products with JT International S.A. controlling the manufacture and sale as the core company.

Major subsidiaries and affiliates

JT International S.A., JTI-Macdonald Corp., LLC Petro, JT International Germany GmbH, JTI Tütün Urunleri Sanayi A.S., Gallaher Ltd., Austria Tabak GmbH, Liggett-Ducat CJSC

Besides the companies named above, there are 157 consolidated subsidiaries and 6 companies accounted for by the equity method.

Pharmaceutical Business

The Pharmaceutical Business consists of research and development, manufacture and sale of prescription drugs.

JT concentrates on research and development while Torii Pharmaceutical Co., Ltd. manufactures and promotes sales of drugs (including JT's products).

Major subsidiaries and affiliates

Torii Pharmaceutical Co., Ltd., JT Pharma Alliance Co., Ltd., Akros Pharma Inc.

Besides the companies named above, there is 1 consolidated subsidiary.

[This is an English translation prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.]

Food Business

The Food Business consists of the manufacture and sale of beverages, processed foods and seasonings. In the beverages business, JT develops products while JT Beverage Inc., Japan Beverage Holdings Inc. (Note) and certain other subsidiaries sell them. In the processed food business and seasonings business, TableMark Co., Ltd. and certain other subsidiaries are engaged in manufacturing, selling and other activities.

Major subsidiaries and affiliates

JT Beverage Inc., Japan Beverage Holdings Inc., TableMark Co., Ltd.

Besides the companies named above, there are 47 consolidated subsidiaries and 4 companies accounted for by the equity method.

In addition to the reportable segments mentioned above, the JT Group runs businesses, etc. relating to the rent of real estate, etc. and there are subsidiaries and affiliates with respect to these businesses (11 consolidated subsidiaries and 2 companies accounted for by the equity method).

[This is an English translation prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.]

2. Trends in principal management benchmarks

Trends in principal management benchmarks regarding the last five business terms

(1) Management benchmarks (consolidated)

Term	22nd term	23rd term	24th term	25th term	26th term
Accounting period	From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
Net sales (Millions of yen)	4,769,387	6,409,726	6,832,307	6,134,695	6,194,554
Ordinary income (Millions of yen)	312,044	362,681	307,586	255,377	312,487
Net income (Millions of yen)	210,772	238,702	123,400	138,448	144,961
Comprehensive income (Millions of yen)	–	–	–	–	(54,427)
Net assets (Millions of yen)	2,024,615	2,154,629	1,624,288	1,723,278	1,591,202
Total assets (Millions of yen)	3,364,663	5,087,214	3,879,803	3,872,595	3,571,927
Net assets per share (Yen)	204,617.68	216,707.27	162,087.74	172,139.61	159,039.71
Net income per share (Yen)	22,001.10	24,916.51	12,880.90	14,451.67	15,141.31
Diluted net income per share (Yen)	–	24,916.26	12,879.77	14,448.89	15,136.79
Equity ratio (%)	58.26	40.81	40.02	42.58	42.39
Return on equity (ROE) (%)	11.32	11.83	6.80	8.65	9.16
Price earnings ratio (PER) (Times)	26.32	20.03	20.33	24.08	19.85
Net cash provided by (used in) operating activities (Millions of yen)	435,958	145,030	275,271	320,024	399,638
Net cash provided by (used in) investing activities (Millions of yen)	(149,692)	(1,668,634)	(65,008)	(84,057)	(119,406)
Net cash provided by (used in) financing activities (Millions of yen)	(32,634)	519,000	(217,470)	(250,398)	(184,950)
Cash and cash equivalents at end of period (Millions of yen)	1,179,522	215,008	167,257	154,368	244,240
Number of employees [Separately, average number of temporary employees] (Person)	33,428 [10,353]	47,459 [14,986]	47,977 [11,736]	49,665 [11,870]	48,472 [11,611]

Notes: 1. Net sales do not include consumption taxes.

2. Diluted net income per share for the 22nd term is not presented because there were no potential shares.

[This is an English translation prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.]

(2) JT's management benchmarks (non-consolidated)

Term	22nd term	23rd term	24th term	25th term	26th term
Accounting period	From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009	From April 1, 2009 to March 31, 2010	From April 1, 2010 to March 31, 2011
Net sales (Millions of yen)	2,330,453	2,302,704	2,173,552	2,052,654	2,066,340
Ordinary income (Millions of yen)	189,730	177,757	160,200	161,606	182,818
Net income (Millions of yen)	132,456	131,145	89,637	107,361	32,216
Capital stock (Millions of yen)	100,000	100,000	100,000	100,000	100,000
Total number of shares issued (Thousands of shares)	10,000	10,000	10,000	10,000	10,000
Net assets (Millions of yen)	1,753,067	1,816,727	1,845,443	1,901,759	1,854,401
Total assets (Millions of yen)	2,561,865	2,902,509	2,857,330	3,027,503	2,879,353
Net assets per share (Yen)	182,990.92	189,616.56	192,595.36	198,452.58	194,679.73
Cash dividends per share (Yen)	4,000	4,800	5,400	5,800	6,800
[Interim dividends per share] (Yen)	[1,800]	[2,200]	[2,600]	[2,800]	[2,800]
Net income per share (Yen)	13,826.19	13,689.35	9,356.60	11,206.74	3,365.00
Diluted net income per share (Yen)	–	13,689.21	9,355.78	11,204.58	3,364.00
Equity ratio (%)	68.4	62.6	64.6	62.8	64.4
Return on equity (ROE) (%)	7.80	7.35	4.90	5.73	1.72
Price earnings ratio (PER) (Times)	41.88	36.45	27.99	31.05	89.30
Dividend payout ratio (%)	28.9	35.1	57.7	51.8	202.1
Number of employees [Separately, average number of temporary employees] (Person)	8,930 [1,195]	8,999 [1,209]	8,908 [1,164]	8,961 [1,349]	8,928 [1,387]

Notes: 1. Net sales do not include consumption taxes.

2. Diluted net income per share for the 22nd term is not presented because there were no potential shares.

3. Cash dividend per share for the 25th term of ¥5,800 includes the 25th anniversary commemorative dividend of ¥200.