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FOR IMMEDIATE RELEASE

JT Forecasts Record Net Sales and EBITDA for Full Fiscal Year Ending March 2009 Following Robust Nine-Month Consolidated Financial Results

TOKYO, February 9, 2009 --- Japan Tobacco Inc. (JT) (TSE: 2914) announced today that the company upwardly revised its EBITDA[1] and operating income forecasts, and projects record net sales and EBITDA for the full fiscal year ending March 31, 2009. Growth in the international tobacco business contributed to the strong nine-month financial results for the period ending December 31, 2008.

1. CEO Message

"Even in the midst of this recession and the foreign exchange fluctuations, our international tobacco business continues to be a growth engine of the JT Group, significantly contributing to its strong performance through a well-balanced brand portfolio and geographical footprint," said Hiroshi Kimura, President and CEO of JT. "Considering our recent accomplishments in the domestic market, I'm confident that we will achieve an increase in our overall market share for two consecutive years."

2. Forecasts for the Fiscal Year Ending March 31, 2009 (Consolidated)

- Taking into account the top-line growth momentum in the international tobacco business and revenue relating to licensing agreements in the pharmaceutical business, JT is forecasting record full-year net sales of ¥6,830 billion, and EBITDA of ¥638 billion, amounting to an increase of 6.6 percent and 6.0 percent, respectively, over the results of the previous year. Forecasted net income declined to ¥138 billion due to extraordinary losses including business restructuring costs. Although foreign exchange markets have been volatile, the extent of their impact on JT's forecasted consolidated results has been in line with its earlier forecasts.

- JT management updated its forecasts for net sales and earnings for the fiscal year ending March 31, 2009, taking into account the following factors:

  - Forecasted sales volume in the domestic tobacco business was upwardly revised by one billion cigarettes to 160 billion cigarettes.
  - Forecasted sales volume in the international tobacco business is in line with the previous forecast.
  - Net sales and earnings forecasts for the pharmaceutical business were upwardly revised, accounting for additional revenue expected in relation to its compound "JTT-305."
  - The foods business downwardly revised its forecasted net sales and earnings in view of reduced sales in its frozen processed foods business and an anticipated decline in beverage sales, due to reduced market consumption caused by the current economic downturn.

[1] EBITDA was calculated as: operating income + depreciation of tangible fixed assets + amortization of intangible fixed assets + amortization of long-term prepaid expenses + amortization of goodwill.

Forecasts for the Fiscal Year Ending March 31, 2009 (Consolidated)

Units: Billions of Yen

	FY03/2008 Actual (A)	FY03/2009 Previous Forecast in October (B)	FY03/2009 Updated Forecast (C)	Change from FY03/2009 Previous Forecast (C-B)	Change from FY03/2008 Actual (C-A)
Net sales	6,409.7	6,870.0	6,830.0	-40.0 (-0.6%)	420.2 (6.6%)
EBITDA	602.0	634.0	638.0	4.0 (0.6%)	35.9 (6.0%)
Operating income	430.5	348.0	355.0	7.0 (2.0%)	-75.5 (-17.5%)
Net income	238.7	160.0	138.0	-22.0 (-13.8%)	-100.7 (-42.2%)

3. Nine-Month Financial Results (Consolidated)

- JT achieved its highest recorded consolidated net sales figures for the period. Net sales increased 13.6 percent compared to the same period last year, due mainly to the strong performance of the international tobacco business as well as the consolidation of Gallaher and the Katokichi Group, while sales volume of the domestic tobacco business decreased mainly due to the decline of total market consumption.

- JT also achieved a record high in consolidated EBITDA. Solid top-line growth in the international tobacco business helped JT to overcome the negative impact from fluctuating foreign exchange markets, and contributed to an increase in its yen-based EBITDA of 11.3 percent.

- Operating income decreased 10.1 percent due to goodwill amortization related to the international tobacco business and the foods business. Net income decreased 40.3 percent due mainly to foreign exchange appraisal losses at the end of the period related to euro-denominated bonds and the impact of extraordinary expenses, including business restructuring costs.

Units: Billions of Yen

	Apr.-Dec. 2007	Apr.-Dec. 2008	Net change (%)
Net sales	4,704.2	5,346.1	13.6
EBITDA	486.2	541.3	11.3
Operating income	366.7	329.6	-10.1
Net income	220.3	131.4	-40.3

4. Nine-Month Financial Results by Business Segment

➢ **Domestic Tobacco Business**

During the nine-month period that ended December 31, 2008, JT worked to enhance in-store displays for its core brands, including Mild Seven, at over-the-counter sales channels, with focus on convenience stores. In addition, the company redesigned the packaging for its Seven Stars brand and introduced a number of new products centering on its core brands, namely Mild Seven, Seven Stars and Pianissimo. As a result, the company increased its overall domestic market share by 0.1 percentage points to 65.0 percent, and gained market share for its Mild Seven brand by 0.3 percentage points to 32.3 percent, compared to the same period in the previous year.

In addition to a decrease in total cigarette consumption due to demographic factors, transitory losses in sales following the introduction of "taspo" affected total sales volume, which dropped 4.5 percent compared to the same period in the previous year.

Net sales decreased by 4.5 percent, and EBITDA decreased 12.9 percent, due in part to increased costs related to sales promotions.

	Apr.-Dec. 2007	Apr.-Dec. 2008	Net change (%)
Net sales including tax (billions of yen)	2,594.8	2,478.1	-4.5
Net sales excluding tax[2] (billions of yen)	550.9	526.8	-4.4
EBITDA (billions of yen)	244.6	213.2	-12.9
Operating income (billions of yen)	182.1	152.2	-16.4
Sales volume[3] (billions of cigarettes)	129.5	123.6	-4.5

[2] Excluding sales of imported tobacco by TS Network Co., Ltd.
[3] Sales volume from both domestic duty free and the "China Division" were not incorporated in the above figures, which totaled 3.1 billion cigarettes in the nine-month period that ended December 31, 2008.

International Tobacco Business

In the nine-month period that ended September 30, 2008[4], total sales volume for JT's international tobacco business showed solid growth momentum, led by the strong performances of GFBs[5], represented by Winston, Camel and Mild Seven. Total sales volume increased 25.2 percent and GFB sales volume increased 27.1 percent compared to the same period last year.

Sales volume of Winston grew significantly by 17.9 percent led by increased sales, mainly in Russia, Ukraine, Turkey, Spain, the Near East, France and Italy. Sales volume of Camel rose by 10.2 percent due mainly to growth in Italy, Russia and Spain. Mild Seven sales climbed 12.4 percent attributed to increases in Korea, Taiwan, Russia and Malaysia. In addition, GFB performance reflected the contribution of B&H and Silk Cut in the United Kingdom and Ireland. LD, Sobranie and Glamour showed robust performance in Russia, Ukraine and Kazakhstan.

As a result, net sales excluding tax and revenue from the distribution business grew 27.8 percent, and EBITDA increased by 36.9 percent compared to the same period in the previous year.

	Jan. – Sept. 2007[6]	Jan. – Sept. 2008	Net change (%)
Net sales including tax (billions of yen)	1,825.3	2,456.9	34.6
Net sales excluding tax[7] (billions of yen)	679.1	867.6	27.8
EBITDA (billions of yen)	217.1	297.3	36.9
Operating income (billions of yen)	174.0	170.5	-2.0
Total sales volume (billions of cigarettes)	274.0	342.9	25.2
GFB sales volume (billions of cigarettes)	145.9	185.5	27.1

[4] The results of the international tobacco business for the nine-month period - from January to September 2008 - were incorporated into JT's consolidated financial results for the period that ended December 31, 2008.

[5] Global Flagship Brands (GFB) consist of eight brands: Winston, Camel, Mild Seven, Benson & Hedges, Silk Cut, LD, Sobranie, and Glamour. GFB sales volume figures prior to the acquisition of Gallaher included Winston, Camel and Mild Seven only.

[6] Gallaher's business results were incorporated into JT's international tobacco business results as of April 18, 2007.

[7] Net sales information excludes revenue from the distribution businesses in JT's international tobacco business.

- **Pharmaceutical Business**

JT's net sales for the pharmaceutical business during the nine-month period increased 21.0 percent compared to the same period last year. This was mainly due to revenue received as an upfront payment for "JTT-305," a compound for the treatment of osteoporosis licensed to Merck, and milestone revenue related to the development of "JTT-705," a compound for the treatment of dyslipidemia licensed to Roche. EBITDA improved by ¥10.5 billion compared to the same period last year, due mainly to revenue relating to the above-mentioned licensing agreements, while profit decreased by Torii Pharmaceutical Co., Ltd., a subsidiary of JT.

JT continues to enhance its R&D pipeline. The company's compound "JTT-654" entered into clinical trial in Japan since the previous financial results announcement on October 31, 2008, following its entry into clinical trial overseas during the previous fiscal year. Currently the company has nine compounds under clinical trial, including "JTK-656"which entered clinical trial, while development of "JTT-553," "JTK-652" and "JTT-552"were terminated during the fiscal year.

Units: Billions of Yen

	Apr.-Dec. 2007	Apr.-Dec. 2008	Net change (%)
Net sales	39.7	48.1	21.0
EBITDA	-1.9	8.5	-
Operating income	-4.3	5.8	-

- **Foods Business**

In addition to the impact of the decline in market consumption due to the current economic downturn, sales from the processed foods business decreased due to factors that include the impact of a voluntary product recall related to the company's frozen foods products. Sales in the beverage business declined during the period mainly due to weather conditions and increased market competition. However net sales for JT's foods business increased 52.7 percent during the period, reflecting consolidation of the business, including Katokichi Co., Ltd.

EBITDA for the foods business decreased 36.4 percent to ¥5.7 billion, due mainly to increased costs and the rising prices of raw materials. At the same time, operating income posted a loss of ¥7.8 billion resulting from goodwill amortization related to the acquisition of Katokichi.

Units: Billions of Yen

	Apr.-Dec. 2007	Apr.-Dec. 2008[8]	Net change (%)
Net sales	227.7	347.7	52.7
EBITDA	9.0	5.7	-36.4
Operating income	5.6	-7.8	-

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[8] Katokichi Co., Ltd. became a subsidiary of JT on January 8, 2008, following a successful tender offer for the shares of the company. Katokichi's business results were incorporated into JT's consolidated financial results from January 1, 2008 onward.

Japan Tobacco Inc. is the world's third largest international manufacturer of tobacco products. The company manufactures internationally recognized cigarette brands including Winston, Camel, Mild Seven and Benson & Hedges. Since its privatization in 1985, JT has actively diversified its operations into pharmaceuticals and foods. The company's net sales were ¥6.409 trillion in the fiscal year ended March 31, 2008.

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

This document contains forward-looking statements about our industry, business, plans and objectives, financial condition and results of operations that are based on our current expectations, assumptions, estimates and projections. These statements discuss future expectations, identify strategies, discuss market trends, contain projections of results of operations or of our financial condition or 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 materially from those suggested by any forward-looking statement. 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 relating to the use of tobacco products;
2. legal or regulatory developments and changes, including, without limitation, tax increases and restrictions on the sale, marketing and usage of tobacco products, and 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 of 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.

1. Summary of Business Performance

	9 months ended Dec. 2007	9 months ended Dec. 2008	Change
Sales including excise tax	4,704.2	5,346.1	641.8
Sales excluding excise tax	1,908.9	2,220.3	311.3
EBITDA	486.2	541.3	55.1
Operating Income	366.7	329.6	-37.1
Recurring Profit	327.1	269.0	-58.0
Net Income	220.3	131.4	-88.8

(Reference:Figures for major profit items before goodwill amortization)

Operationg Income	368.0	410.1	42.0
Recurring Profit	328.3	349.4	21.0
Net Income	221.6	211.9	-9.6

2. Breakdown of net sales

(unit: JPY billion)

	9 months ended Dec. 2007	9 months ended Dec. 2008	Change
Net sales including excise tax [*1]	4,704.2	5,346.1	641.8
Domestic tobacco	2,594.8	2,478.1	-116.6
Excluding imported tobacco	1,673.5	1,598.7	-74.7
International tobacco [*1]	1,825.3	2,456.9	631.5
Excluding distribution business	1,649.4	2,196.7	547.2
Net sales excluding excise tax [*1 *2]	1,514.2	1,805.6	291.3
Domestic tobacco [*2]	550.9	526.8	-24.0
International tobacco [*1 *2]	679.1	867.6	188.4
Pharmaceutical	39.7	48.1	8.3
Foods	227.7	347.7	120.0
Beverages	150.4	145.1	-5.2
Processed foods	77.3	202.6	125.3
Others	16.5	15.1	-1.4

*1 International tobacco business: 9 months ended Sep. 2008

*2 Net sales excluding excise tax: Excluding imported tobacco in domestic tobacco and distribution business in international tobacco, respectively.

3. Leaf tobacco reappraisal profit / loss *

(unit: JPY billion)

	9 months ended Dec. 2007	9 months ended Dec. 2008	Change
Leaf tobacco reappraisal profit / loss	-3.1	-3.1	-

* Profit when denoted negative

4. Breakdown of SG&A expenses

(unit: JPY billion)

	9 months ended Dec. 2007	9 months ended Dec. 2008	Change
SG&A	516.1	683.5	167.4
Personnel *	142.1	177.5	35.3
Advertising and general publicity	16.4	19.7	3.3
Sales promotion	111.8	126.6	14.8
R&D	32.8	35.3	2.5
Depreciation and amortization	57.3	66.0	8.6
Others	155.4	258.2	102.7

* Personnel expense is the sum of compensation, salaries, allowances, provision for retirement benefit, legal welfare, employee bonuses and accrual of employee bonuses.

5. EBITDA by business segment [*1]

(unit: JPY billion)

	9 months ended Dec. 2007	9 months ended Dec. 2008	Change
Consolidated EBITDA	486.2	541.3	55.1
Operating income	366.7	329.6	-37.1
Depreciation and amortization [*2]	119.4	211.6	92.2
Domestic tobacco EBITDA	244.6	213.2	-31.4
Operating income	182.1	152.2	-29.9
Depreciation and amortization [*2]	62.5	60.9	-1.5
International tobacco EBITDA [*3]	217.1	297.3	80.1
Operating income	174.0	170.5	-3.5
Depreciation and amortization [*2]	43.0	126.8	83.7
Pharmaceutical EBITDA	-1.9	8.5	10.5
Operating income	-4.3	5.8	10.1
Depreciation and amortization [*2]	2.4	2.7	0.3
Foods EBITDA	9.0	5.7	-3.3
Operating income	5.6	-7.8	-13.4
Depreciation and amortization [*2]	3.4	13.6	10.1
Others EBITDA	17.5	15.3	-2.2
Operating income	8.8	7.3	-1.5
Depreciation and amortization [*2]	8.7	7.9	-0.7

(Reference) (unit: USD million)

International tobacco EBITDA (Before royalty payment)	1,933	2,949	1,015

*1 EBITDA=operating income + depreciation and amortization[*2]

*2 Depreciation and amortization = depreciation of tangible fixed assets + amortization of intangible fixed assets + amortization of long-term prepaid expenses + amortization of goodwill

*3 International tobacco business: 9 months ended Sep. 2008

6. Amortization relating to major acquisitions

(unit: JPY billion)

JT	9 months ended Dec. 2007	9 months ended Dec. 2008	Years to amortize	Termi-nation
Former RJRI				
Trademark rights	22.0	22.0	10	Apr-09
Patents	0.5	-	8	Apr-07
Katokichi				
Goodwill	-	6.9	5	Dec-12

(unit: USD million)

JT International	9 months ended Sep. 2007	9 months ended Sep. 2008	Years to amortize
Former RJRI and Gallaher			
Trademark rights *	147	213	mainly 20
Goodwill	-	680	20

* Termination of trademark rights amortization: Former RJRI Apr-19, Former Gallaher Mar-27

7.Capital expenditure

(unit: JPY billion)

	9 months ended Dec. 2007	9 months ended Dec. 2008	Change
Capital expenditures	84.4	85.0	0.5
Domestic tobacco	43.8	30.1	-13.7
International tobacco *	27.7	36.7	8.9
Pharmaceutical	2.3	2.2	-0.1
Foods	3.9	10.8	6.8
Others	7.8	4.9	-2.8

* International tobacco business: 9 months ended Sep. 2008

8. Cash and cash equivalents *

(unit: JPY billion)

	As of end of Mar. 2008	As of end of Dec. 2008	Change
Cash and cash equivalents	218.8	260.8	42.0

* Cash and cash equivalents = cash and deposits + marketable securities + securities purchased under repurchase agreements

9. Interest-bearing debt *

(unit: JPY billion)

	As of end of Mar. 2008	As of end of Dec. 2008	Change
Interest-bearing debt	1,389.2	1,083.3	-305.9

* Interest-bearing debt = short-term bank loans + bonds + long-term borrowings

10. Business data

<Domestic tobacco business>	9 months ended Dec. 2007	9 months ended Dec. 2008	Change
JT sales volume* (billion cigarettes)	129.5	123.6	-5.8
Total demand (billion cigarettes)	199.6	190.2	-9.3
JT market share	64.9%	65.0%	0.1%pt
JT net sales before tax per 1,000 cigarettes (JPY)	12,699	12,697	-2
JT net sales after tax per 1,000 cigarettes (JPY)	4,057	4,057	0

* Sales volume of domestic duty-free and China division is excluded, which was 2.7 billion for FY ended Dec. 2007 and 3.1billion for FY ended Dec. 2008, respectively.

<International tobacco business>	9 months ended Sep. 2007	9 months ended Sep. 2008	Change
Total sales volume (billion cigarettes)	274.0	342.9	68.9
GFB sales volume (billion cigarettes)	145.9	185.5	39.5
JPY/USD rate for consolidation (JPY)	119.41	105.84	-13.57

<Pharmaceutical business>	9 months ended Dec. 2007	9 months ended Dec. 2008	Change
R&D expenses (parent company) (JPY billion)	16.8	17.8	0.9

<Foods business - Beverage business>	As of end of Mar. 2008	As of end of Dec. 2008	Change
Number of beverage vending machines *	257,000	257,000	0
JT-owned	35,500	33,000	-2,500
Combined	71,500	76,000	4,500

* Beverage vending machines include vending machines for cans and packs, etc. and for cups owned by other companies and operated by our subsidiary. "JT-owned" vending machines are owned by JT. "Combined" vending machines are owned by our subsidiaries or affiliates ,and focus on selling JT brand beverages but also sell non-JT brand beverages.

Data sheets for 9 months ended Dec 2008

1. Consolidated financial outlook for fiscal year ending March 31, 2009 compared to the forecast as of October 2008

(JPY billion)

	Previous forecast	Revised forecast	Change
Net sales including excise tax	6,870.0	6,830.0	-40.0
EBITDA	634.0	638.0	4.0
Operating income	348.0	355.0	7.0
Recurring profit	290.0	302.0	12.0
Net income	160.0	138.0	-22.0
Return on equity	9.3%	8.4%	-0.9%pt
Free cash flow	229.0	247.0	18.0

(Reference: Net income before goodwill amortization)

Net income	264.0	243.0	-21.0

(JPY billion)

	Previous forecast	Revised forecast	Change
Capital expenditures	154.0	140.0	-14.0
Domestic tobacco	62.0	55.0	-7.0
International tobacco	65.0	60.0	-5.0
Pharmaceutical	3.5	3.5	0.0
Foods	21.0	19.5	-1.5
Other businesses	2.5	2.0	-0.5

Consolidated financial outlook by business segment (JPY billion)

	Previous forecast	Revised forecast	Change
Net sales including excise tax	6,870.0	6,830.0	-40.0
Domestic tobacco	3,169.0	3,202.0	33.0
Excluding imported tobacco	2,052.0	2,063.0	11.0
International tobacco	3,155.0	3,118.0	-37.0
Excluding distribution business	2,822.0	2,787.0	-35.0
Pharmaceutical	54.5	56.0	1.5
Foods	478.0	442.0	-36.0
EBITDA	634.0	638.0	4.0
Domestic tobacco	264.0	267.0	3.0
International tobacco	334.0	338.0	4.0
Pharmaceutical	1.0	3.0	2.0
Foods	22.5	17.0	-5.5
Operating income	348.0	355.0	7.0
Domestic tobacco	180.0	183.0	3.0
International tobacco	169.0	174.0	5.0
Pharmaceutical	-3.0	-1.0	2.0
Foods	-7.0	-11.0	-4.0
Depreciation and amortization	286.0	283.0	-3.0
Domestic tobacco	84.0	84.0	0.0
International tobacco	165.0	164.0	-1.0
Pharmaceutical	4.0	4.0	0.0
Foods	29.5	28.0	-1.5

Major assumptions

(1) Domestic tobacco business (billions of cigarettes)

	Previous forecast	Revised forecast	Change
Sales volume	159.0	160.0	1.0

Excluding sales of domestic duty-free and China division

(2) International tobacco business (billions of cigarettes, JPY)

	Previous forecast	Revised forecast	Change
Total sales volume	452.0	452.3	0.3
GFB sales volume*	244.0	245.5	1.5
JPY/USD rate	103.00	103.48	0.48

2. Consolidated financial outlook for fiscal year ending March 31, 2009 compared to the results of previous fiscal year

(JPY billion)

	FY 03/2008	Revised forecast	Change
Net sales including excise tax	6,409.7	6,830.0	420.2
EBITDA	602.0	638.0	35.9
Operating income	430.5	355.0	-75.5
Recurring profit	362.6	302.0	-60.6
Net income	238.7	138.0	-100.7
Return on equity	11.8%	8.4%	-3.4%pt
Free cash flow	-1,493.7	247.0	1,740.7

(Reference: Net income before goodwill amortization)

Net income	242.5	243.0	0.4

(JPY billion)

	FY 03/2008	Revised forecast	Change
Capital expenditures	129.5	140.0	10.4
Domestic tobacco	57.2	55.0	-2.2
International tobacco	48.4	60.0	11.5
Pharmaceutical	4.2	3.5	-0.7
Foods	6.0	19.5	13.4
Other businesses	14.7	2.0	-12.7

Consolidated financial outlook by business segment (JPY billion)

	FY 03/2008	Revised forecast	Change
Net sales including excise tax	6,409.7	6,830.0	420.2
Domestic tobacco	3,362.3	3,202.0	-160.3
Excluding imported tobacco	2,169.2	2,063.0	-106.2
International tobacco	2,639.9	3,118.0	478.0
Excluding distribution business	2,381.0	2,787.0	405.9
Pharmaceutical	49.0	56.0	6.9
Foods	336.4	442.0	105.5
EBITDA	602.0	638.0	35.9
Domestic tobacco	306.7	267.0	-39.7
International tobacco	270.7	338.0	67.2
Pharmaceutical	-6.2	3.0	9.2
Foods	8.3	17.0	8.6
Operating income	430.5	355.0	-75.5
Domestic tobacco	222.3	183.0	-39.3
International tobacco	205.3	174.0	-31.3
Pharmaceutical	-9.6	-1.0	8.6
Foods	0.6	-11.0	-11.6
Depreciation and amortization	171.5	283.0	111.4
Domestic tobacco	84.3	84.0	-0.3
International tobacco	65.3	164.0	98.6
Pharmaceutical	3.3	4.0	0.6
Foods	7.6	28.0	20.3

Major assumptions

(1) Domestic tobacco business (billions of cigarettes)

	FY 03/2008	Revised forecast	Change
Sales volume	167.7	160.0	-7.7

Excluding sales of domestic duty-free and China division

(2) International tobacco business (billions of cigarettes, JPY)

	FY 03/2008	Revised forecast	Change
Total sales volume	385.6	452.3	66.7
GFB sales volume*	203.2	245.5	42.3
JPY/USD rate	117.85	103.48	-14.37

Goodwill amortization relating to major acquisitions

International tobacco business (unit: USD million)

	Goodwill amount as the basis for the amortization	FY ending Mar.2009	Years to amortize
Former RJRI and Gallaher	18,159	908	20

* Termination of goodwill amortization: Former RJRI Apr-19, Former Gallaher Mar-27

Foods Business (unit: JPY billion)

	Goodwill amount as the basis for the amortization	FY ending Mar.2009	Years to amortize
Katokichi	45.0	9.0	5

* Termination of goodwill amortization: Dec-12

Trademark rights amortization relating to major acquisitions

JT (unit: JPY billion)

	FY ended Mar. 2008	FY ending Mar. 2009	Years to amortize
Former RJRI	29.3	29.3	10

* Termination of trademark rights amortization: Former RJRI Apr-09

JT International (unit: USD million)

	Year ended Dec. 2007	Year ending Dec. 2008	Years to amortize
Former RJRI and Gallaher	220	284	mainly 20

* Termination of trademark rights amortization: Former RJRI Apr-19, Former Gallaher Mar-27

Data of JT products in Japanese market

* Excludes sales from the China, Hong Kong, and Macau markets and domestic duty-free sales.

Domestic Tobacco Business Results

1. Quarterly Sales Volume (billions of cigarettes)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	54.0	36.8	44.6	39.3	174.9
FY 03/2008	42.7	43.0	43.7	38.2	167.7
FY 03/2009	42.0	40.8	40.7		

2. Quarterly Retail Price Sales (billions of JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	740.3	547.5	664.6	587.0	2,539.5
FY 03/2008	636.7	641.4	651.6	570.0	2,499.8
FY 03/2009	626.9	608.6	607.3		

* Retail price sales = sales volume * fixed retail price.

3. Quarterly Net Sales Per Thousand Cigarettes (JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	11,663	12,677	12,688	12,699	12,371
FY 03/2008	12,698	12,694	12,704	12,702	12,699
FY 03/2009	12,699	12,693	12,699		

* Net sales per thousand cigarettes
= (retail price sales - retailer margins - consumption tax) / sales volume * 1,000

4. Quarterly Net Sales Excluding Excise Tax Per Thousand Cigarettes (JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	3,852	4,050	4,050	4,056	3,990
FY 03/2008	4,056	4,053	4,063	4,057	4,057
FY 03/2009	4,056	4,054	4,060		

* Net sales excluding excise tax per thousand cigarettes
= (retail price sales - retailer margins - consumption tax - excise taxes) / sales volume * 1,000

5. Quarterly JT Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	65.5	64.2	64.7	64.5	64.8
FY 03/2008	64.9	64.5	65.3	65.0	64.9
FY 03/2009	64.9	64.9	65.2		

Market Share in Growing Segments

1. 1mg Tar

(1) JT 1mg Tar Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	12.4	12.5	13.3	13.6	12.9
FY 03/2008	13.9	13.7	14.0	14.3	14.0
FY 03/2009	14.5	14.5	14.9		

(2) JT Share in 1mg Tar Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY 03/2007	61.3	60.9	62.4	62.2
FY 03/2008	62.0	61.6	62.1	62.0
FY 03/2009	62.4	63.0	63.3	

2. Menthol

(1) JT Menthol Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	6.7	6.9	6.7	7.1	6.8
FY 03/2008	7.2	7.5	7.2	7.5	7.4
FY 03/2009	7.5	7.4	7.8		

(2) JT Share in Menthol Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY 03/2007	35.0	34.1	33.8	34.8
FY 03/2008	34.9	35.2	34.0	34.4
FY 03/2009	34.3	33.5	35.0	

3. JPY 320 or above*

(1) JT JPY 320 or above Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	5.7	5.4	5.2	5.5	5.5
FY 03/2008	5.6	5.2	5.4	5.3	5.4
FY 03/2009	5.2	5.0	5.4		

(2) JT Share in JPY 320 or above Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY 03/2007	24.3	22.5	22.6	23.2
FY 03/2008	23.5	22.0	22.5	21.9
FY 03/2009	21.7	20.7	22.2	

* JPY 300 or above until Apr-Jun. 2006

4. Quarterly D-spec Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	4.12	3.84	3.85	4.34	4.04
FY 03/2008	4.41	4.10	4.77	5.13	4.59
FY 03/2009	5.10	4.82	5.04		

* Pianissimo and Premier have been sold as D-spec products since March 2006.
Bevel Flair have been sold as D-spec products since December 2006.

Japan Tobacco Inc. Clinical development (as of February 9, 2009)

Code	Stage	Key Indication	Mechanism	Characteristics	Rights
JTT-705 (oral)	Phase 2 (Japan)	Dyslipidemia	CETP inhibitor	Decreases LDL and increases HDL by inhibition of CETP -CETP: Cholesteryl Ester Transfer Protein, facilitates transfer of cholesteryl ester from HDL to LDL -HDL: High-density lipoprotein ("good cholesterol") -LDL: Low-density lipoprotein ("bad cholesterol")	Roche (Switzerland) obtained the rights to develop and commercialize the compound worldwide, with the exception of Japan. *Development stage by Roche: Phase 3
JTT-130 (oral)	Phase 2 (Japan) Phase 2 (Overseas)	Dyslipidemia	MTP inhibitor	Treatment of dyslipidemia by reducing absorption of cholesterol and triglycerides via inhibition of MTP -MTP: Microsomal Triglyceride Transfer Protein	
JTK-303 (oral)	Phase 1 (Japan)	HIV infection	Integrase inhibitor	Integrase inhibitor which works by blocking integrase, an enzyme that is involved in the replication of HIV -HIV: Human Immunodeficiency Virus	Gilead Sciences (U.S.) obtained the rights to develop and commercialize this compound worldwide, with the exception of Japan. *Development stage by Gilead Sciences: Phase 3
JTT-302 (oral)	Phase 2 (Overseas)	Dyslipidemia	CETP inhibitor	Decreases LDL and increases HDL by inhibition of CETP -CETP: Cholesteryl Ester Transfer Protein, facilitates transfer of cholesteryl ester from HDL to LDL -HDL: High-density lipoprotein ("good cholesterol") -LDL: Low-density lipoprotein ("bad cholesterol")	
JTT-305 (oral)	Phase 2 (Japan)	Osteoporosis	CaSR antagonist	Increases BMD and decreases new vertebral fractures by accelerating endogenous PTH secretion via antagonism of circulating Ca on CaSR in parathyroid cells -BMD: Bone Mineral Density -PTH: Parathyroid Hormone -CaSR: Calcium-Sensing Receptor	Merck (U.S.) obtained the rights to develop and commercialize this compound worldwide, with the exception of Japan.
JTT-651 (oral)	Phase 1 (Japan)	Type 2 diabetes mellitus	GP inhibitor	Decreases blood glucose by suppression of glucose output from liver via inhibition of GP -GP: Glycogen Phosphorylase	
JTS-653 (oral)	Phase 1 (Japan)	Pain Overactive bladder	TRPV1 antagonist	Improves pain and overactive bladder via antagonism of TRPV1 on sensory neurons - TRPV1: Transient Receptor Potential Vanilloid subtype 1	
JTT-654 (oral)	Phase 1 (Japan) Phase 1 (Overseas)	Type 2 diabetes mellitus	HSD-1 inhibitor	Improves type 2 diabetes through reducing excessive glucocorticoid action by inhibiting HSD-1 - HSD1: 11beta-hydroxysteroid dehydrogenase type 1	
JTK-656 (oral)	Phase 1 (Overseas)	HIV infection	Integrase inhibitor	Integrase inhibitor which works by blocking integrase, an enzyme that is involved in the replication of HIV - HIV: Human Immunodeficiency Virus	

Updates since the previous announcement on October 30, 2008: JTT-654 entered into clinical trial in Japan.
Development of JTT-552 was terminated.