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JT Announces the Revision of JT's Subsidiary's Earnings Forecasts

Japan Tobacco Inc. (JT) announced today that its consolidated subsidiary, Green Foods Co., Ltd., has revised its earnings forecasts for the fiscal year ending March 31, 2009, as per the attached documents. The impact that this revision will have on JT's consolidated earnings is slight.

(Attached materials)

Disclosure material of Green Foods Co., Ltd.

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Green Foods Revises Non-consolidated Earnings Forecasts for Fiscal Year Ending March 31, 2009

Green Foods Co., Ltd. announced today that it has revised its non-consolidated earnings forecasts for the fiscal year ending March 31, 2009, which were announced October 17, 2008, as follows.

1. Revision etc. of non-consolidated earnings forecasts for fiscal year ending March 31, 2009

(1) Fiscal year forecasts (April 1, 2008 to March 31, 2009)

	(Millions of yen)			
	Net sales	Operating income	Ordinary income	Net income
Previous forecast (A)	16,813	151	42	(955)
Revised forecast (B)	13,990	(326)	(432)	(1,379)
Change (B-A)	(2,823)	(477)	(474)	(424)
Change (%)	(16.8)	-	-	-

(2) Reason for revision

Green Foods previously announced non-consolidated earnings forecasts for the fiscal year ending March 31, 2009, on October 17, 2008. At that time, Green Foods took into consideration the declining demand, and forecasted ¥16,813 million in net sales, ¥151 million in operating income, ¥42 million in ordinary income and ¥955 million in net loss.

The previous earnings forecasts is now being revised because of the following. The consumers' reluctance to spend, which was expected to recover during the third quarter, has become more drawn-out than was originally assumed on October 17, 2008. Moreover, there has been a loss of sales opportunities due to a greater-than-expected drop in supply capacity of purchased goods following stricter measures placed on Green Foods' inspection system. This has led to Green Foods' conger eel product sales, the company's flagship product, declining by ¥1,950 million and hen egg product sales declining by ¥747 million. As a result, the forecast for net sales has been revised to ¥13,990 million. Also, selling, general and administrative expenses are expected to be generally the same as initially forecast, but because conger eel products have a higher profitability compared with other products, the decline in conger eel product sales will significantly impact profit. Consequently, Green Foods forecasts an operating loss of ¥326 million, ordinary loss of ¥432 million and a net loss of ¥1,379 million.

As announced in a separate release, "Green Foods Announces Rescheduling Regarding Changes in Subsidiaries (Acquisition)," released on December 26, 2008, the acquisition price of shares of Ocean Rose Co., Ltd. ("Ocean Rose"), Kawaman Suisan Co., Ltd. ("Kawaman"), and Fnet Co., Ltd. ("Fnet") are undetermined, and the impact of their acquisition are not included in Green Foods' non-consolidated

earnings forecasts of the fiscal year ending March 31, 2009.

2. Regarding consolidated earnings forecasts for fiscal year ending March 31, 2009

With regard to the consolidated earnings forecasts for the fiscal year ending March 31, 2009, it is still unclear what impact on consolidated earnings will be made by Ocean Rose, Kawaman, and Fnet, all of which Green Foods plans to acquire, and Zhoushan Gulin Foods Co., Ltd. Moreover, because there is a possibility that earnings will change significantly in the future, Green Foods continues to keep the consolidated earnings forecasts undisclosed. Green Foods will announce the consolidated earnings forecasts when the circumstances are clearer.

3. Other (regarding the dividend forecast)

As mentioned above in “2. Regarding consolidated earnings forecasts for fiscal year ending March 31, 2009” Green Foods shall continue to keep the consolidated earnings forecasts undisclosed because of the possibility of significant change in earnings. Green Foods plans to carefully decide on the dividend amount while closely observing the progress of earnings, which constitutes the primary consideration when forecasting the dividend amount. At this stage, Green Foods continues to keep the forecast of the dividend amount undisclosed. The dividend policy of Green Foods is described in the “Non-consolidated Financial Results for the Fiscal Year ended March 31, 2008” (Kessan-Tanshin).

Note: The figures provided in the above forecasts are forward looking estimates based on information that was available at the time. Making such estimates involves many uncertainties. Actual earnings etc. may be different to the figures stated here as a result of a change of circumstances etc.