



FOR IMMEDIATE RELEASE

Tokyo, July 29, 2010

JT's Consolidated Financial Results **Continued growth in International Tobacco Business** **Consolidated Financial Results for the 3 months ended June 30, 2010**

Highlights

- **Key Figures:** Adjusted net sales excluding tax¹ was ¥474.1 billion (FY2009: ¥474.8 billion), as growth in the international tobacco business offset lower net sales in the Japanese domestic tobacco business. EBITDA² declined 6.9% to ¥132.6 billion (FY2009: ¥142.5 billion). Whilst net income³ decreased 46.7% to ¥22.8 billion (FY2009: ¥42.8 billion) primarily due to a downturn in this quarter's extraordinary profits and losses, the company has implemented a number of initiatives which are aimed at achieving this fiscal year's forecast.
- **Japanese Domestic Tobacco Business:** The all brands' market share was 64.5% (FY 2009: 64.9%). Despite challenging local market conditions, the key brands' market share was stable at 45.1%. Sales volume⁴, adjusted net sales excluding tax⁵ and EBITDA declined.
- **International Tobacco Business:** Market share⁶ continued to increase year on year in most key markets. Strong pricing and favourable currency drove core net sales excluding tax⁷ to increase by 10.4% and EBITDA⁸ by 1.8% in US dollars. As a result of industry volume contraction in a number of markets, total sales volume⁹ was 6.8% lower.
- **Forecast:** The company maintains its forecast for the fiscal year ending March 31, 2011.

Consolidated financial results for the 3 months ended June 30, 2010

Units: Billions of Yen

	1Q FY03/2010 (A)	1Q FY03/2011 (B)	Difference (B)-(A)	Net Change (%)
Net sales including tax	1,463.1	1,467.0	3.9	0.3
Adjusted net sales excluding tax	474.8	474.1	-0.6	-0.1
EBITDA	142.5	132.6	-9.8	-6.9
Operating income ³	84.2	79.1	-5.1	-6.1
Net income	42.8	22.8	-20.0	-46.7

Hiroshi Kimura, President and Chief Executive Officer of JT, commented:

“Our international tobacco business once again demonstrated its underlying resilience, delivering increased net sales and share growth in most key markets despite the difficult operating environment. Our key brands' share in our Japanese domestic tobacco business continued to perform steadily notwithstanding market volume was down and the forthcoming unprecedented tobacco excise increase. Across our businesses, we will continue to enhance our brand equity through focus on quality, innovations and improvements.”

¹ Adjusted net sales excluding tax do not include revenue from the imported tobacco, domestic duty free, the China Division and other peripheral businesses in the 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.

² 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.

³ Net income and operating income before amortization of goodwill were ¥46.2 billion and ¥102.5 billion, respectively.

⁴ Sales volume from both domestic duty free and the China Division were not incorporated in the above figures.

⁵ Adjusted net sales excluding tax does not include revenue from the imported tobacco, domestic duty free, the China Division and other peripheral businesses.

⁶ Source: AC Nielsen, Core EPOS and JTI internal data on the 12-month rolling average, March 2010.

⁷ Core net sales excluding tax (which were previously designated “adjusted net sales excluding tax”) do not include revenue from distribution, leaf tobacco, private label, contract manufacturing and other peripheral businesses.

⁸ EBITDA for the international tobacco business is before royalty payments.

⁹ Total sales volume includes cigars, pipe tobacco and snus, but does not include private label and contract manufacturing.



Results by Business Segment

➤ Japanese Domestic Tobacco Business

Sales volume decreased 7.9% to 35.9 billion cigarettes. This volume decline was primarily due to the on-going declining trend in consumption and was further depressed by the announcement of a forthcoming price increase to take account of the unprecedented tobacco excise hike.

Adjusted net sales excluding tax and EBITDA declined by 7.7% to ¥146.1 billion and 12.9% to ¥58.3 billion, respectively, due mainly to the declining sales volume.

Market share of all brands was 64.5% (FY2009: 64.9%). Market share of key brands¹⁰, which consist of Mild Seven, Pianissimo and Seven Stars, remained stable at 45.1%¹¹. In order to address diversified consumer needs, the company launched an innovative smokeless tobacco Zerostyle Mint in Tokyo.

Units: Billions of Yen, Billions of Cigarettes

	1Q FY03/2010	1Q FY03/2011	Net change (%)
Net sales including tax	779.7	725.3	-7.0
Adjusted net sales excluding tax	158.3	146.1	-7.7
EBITDA	67.0	58.3	-12.9
Operating income	52.6	47.2	-10.2
Total sales volume	39.0	35.9	-7.9

➤ International Tobacco Business

Financial results relate to the period between January 1 and March 31, 2010

Core net sales excluding tax increased by 10.4% to US\$ 2,372 million (2009: US\$2,148 million), driven by strong pricing in Russia, the United Kingdom and Turkey, as well as favourable currency exchange movements, whereas the increase was 6.8% when reported in Japanese Yen. Whilst EBITDA grew 1.8% in US dollars, it declined 1.5% in Japanese Yen.

Market share continued to grow in most key markets including Russia, Italy, France and Turkey demonstrating JTI's well balanced portfolio.

Total sales volume and GFB¹² sales volume decreased by 6.8% to 94.1 billion cigarettes and 4.4% to 54.6 billion cigarettes respectively due to the contraction of industry volumes in many markets. The ongoing unstable operating environment in Iran also led to lower volumes.

Units: Billions of Yen, Billions of Cigarettes

	January – March 2009	January – March 2010	Net change (%)
Net sales including tax	568.3	628.8	10.6
Core net sales excluding tax	201.3	215.1	6.8
EBITDA	74.0	72.8	-1.5
Operating income	39.4	39.1	-0.9
Total sales volume	100.9	94.1	-6.8
GFB sales volume	57.1	54.6	-4.4

¹⁰ Key brands for the Japanese domestic tobacco business consist of three brands: Mild Seven, Seven Stars and Pianissimo.

¹¹ The market share figure for key brands is inclusive and retrospective of market share figures for 'icene' and 'Lucia', which were integrated into Pianissimo family on January 2010.

¹² Global Flagship Brands (GFB) consist of eight brands: Winston, Camel, Mild Seven, Benson & Hedges, Silk Cut, LD, Sobranie, and Glamour.



➤ **Pharmaceutical Business**

Net sales increased to ¥11.8 billion, as REMITCH[®] CAPSULES and Truvada[®] Tablets of Torii Pharmaceutical continued to perform well. JTS-653, for the treatment of pain relief and also potentially the treatment of overactive bladder, advanced into phase two of the clinical development stage. Torii's sublingually administered hyposensitisation drug for the treatment of cedar pollen allergies, which will reduce the burden on patients in comparison to injections, is projected to advance into phase three of the clinical development stage. JT currently has 10 compounds in clinical trial, all of which are listed in the attachment to this release.

Units: Billions of Yen

	1Q FY03/2010 (A)	1Q FY03/2011 (B)	Difference (B) - (A)
Net sales	11.1	11.8	0.6
EBITDA	-2.3	-2.0	0.2
Operating income	-3.2	-3.0	0.2

➤ **Food Business**

Net sales decreased mainly due to lower food service product sales and the exclusion of certain subsidiaries from the consolidated accounts. EBITDA improved from the previous year, as the focus on Roots, the company's flagship coffee brand, staple food products¹³ and seasonings (eg. yeast extract) resulted in increased earnings.

Units: Billions of Yen

	1Q FY03/2010 (A)	1Q FY03/2011 (B)	Difference (B) - (A)
Net sales	98.8	96.2	-2.6
EBITDA	3.8	4.0	0.1
Operating income	-3.6	-2.3	1.3

Non-Operating Results & Extraordinary Profits and Losses

Despite improvements in finance income and expenditure, non-operating profits and losses were ¥-7.5 billion (FY2009: ¥-5.4 billion) primarily because of foreign exchange valuation losses. Extraordinary profits and losses were ¥-17.6 billion (FY2009: ¥4.7 billion). This change was principally due to an agreement payment between JTI-Macdonald Corp., our Canadian subsidiary, and the Canadian authorities relating to the illicit trade of cigarettes in Canada prior to the acquisition by JT. Additionally, when compared to the prior year, fewer non-current assets were sold resulting in a reduced gain, which also affected extraordinary profits and losses.

¹³ Staple food products are: frozen noodles, frozen and packed cooked rice, frozen bread.

**Forecast for the Fiscal Year Ending March 31, 2011 (consolidated)¹⁴**

The company maintains its financial outlook for the fiscal year ending March 31, 2011.

Units: Billions of Yen

	Fiscal Year Ended March 31, 2010 Actual (A)	Fiscal Year Ending March 31, 2011 Forecast (B)	Difference (B)-(A)	Net Change (%)
Net sales including tax	6,134.6	5,980.0	-154.6	-2.5
Adjusted net sales excluding Tax	1,980.9	1,973.0	-7.9	-0.4
EBITDA	526.7	513.0	-13.7	-2.6
Operating income	296.5	295.0	-1.5	-0.5
Net income	138.4	133.0	-5.4	-3.9

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 tax¹ were ¥1.980 trillion (US\$21,291 million) in the fiscal year ended March 31, 2010.*

**Translated at the rate of ¥93.04 per \$1, as of March 31, 2010*

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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.

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¹⁴ The exchange rate assumptions for US 1 dollar remain unchanged; 29.50 ruble, 0.65 UK sterling, 0.68 euro and 90.00 yen.

1. Summary of Business Performance

(unit: JPY billion)

	3 months ended Jun. 2009	3 months ended Jun. 2010	Change
Sales including excise tax	1,463.1	1,467.0	3.9
Sales excluding excise tax *	474.8	474.1	-0.6
EBITDA	142.5	132.6	-9.8
Operating Income	84.2	79.1	-5.1
Recurring Profit	78.8	71.5	-7.2
Net Income	42.8	22.8	-20.0

* Excluding revenues from the imported tobacco, domestic duty free, the China Division and other peripheral businesses in the Japanese domestic tobacco business, as well as distribution, leaf tobacco, private label, contract manufacturing and other peripheral businesses in the international tobacco business

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

	3 months ended Jun. 2009	3 months ended Jun. 2010	Change
Operating Income	109.2	102.5	-6.7
Recurring Profit	103.7	95.0	-8.7
Net Income	67.8	46.2	-21.5

2. Breakdown of net sales

(unit: JPY billion)

	3 months ended Jun. 2009	3 months ended Jun. 2010	Change
Net sales including excise tax ^{*1}	1,463.1	1,467.0	3.9
Japanese domestic tobacco	779.7	725.3	-54.3
International tobacco ^{*1}	568.3	628.8	60.4
Adjusted net sales excluding excise tax ^{*1 *2 *3}	474.8	474.1	-0.6
Japanese domestic tobacco ^{*2}	158.3	146.1	-12.2
International tobacco ^{*1 *3}	201.3	215.1	13.7
Pharmaceutical	11.1	11.8	0.6
Food	98.8	96.2	-2.6
Beverages	46.9	46.8	-0.1
Processed foods	51.9	49.3	-2.5
Others	4.9	4.8	-0.1

*1 International tobacco business: 3 months ended March

*2 Excluding revenue from the imported tobacco, domestic duty free, the China Division and other peripheral businesses

*3 Excluding revenue from the distribution, leaf tobacco, private label, contract manufacturing and other peripheral businesses

(Reference) (unit: USD million)

	3 months ended Jun. 2009	3 months ended Jun. 2010	Change
International tobacco	2,148	2,372	224
Core net sales excl. excise tax ^{*1 *3}			

3. Leaf tobacco reappraisal profit / loss *

(unit: JPY billion)

	3 months ended Jun. 2009	3 months ended Jun. 2010	Change
Leaf tobacco reappraisal profit / loss	-1.0	-	1.0

* Profit when denoted negative

4. Breakdown of SG&A expenses

(unit: JPY billion)

	3 months ended Jun. 2009	3 months ended Jun. 2010	Change
SG&A	192.9	190.6	-2.3
Personnel *	54.4	57.4	3.0
Advertising and general publicity	4.1	4.3	0.2
Sales promotion	29.2	29.8	0.5
R&D	12.1	12.3	0.1
Depreciation and amortization	20.1	16.1	-3.9
Others	72.8	70.5	-2.3

* 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)

	3 months ended Jun. 2009 (Former standard)	3 months ended Jun. 2009 (New standard)	3 months ended Jun. 2010 (New standard)	Change (New standard)
Consolidated EBITDA	142.5	142.5	132.6	-9.8
Operating income	84.2	84.2	79.1	-5.1
Depreciation and amortization ^{*2}	58.2	58.2	53.4	-4.7
Japanese domestic tobacco EBITDA	69.6	67.0	58.3	-8.6
Operating income	54.6	52.6	47.2	-5.3
Depreciation and amortization ^{*2}	14.9	14.4	11.1	-3.2
International tobacco EBITDA ^{*3}	67.9	74.0	72.8	-1.1
Operating income	33.3	39.4	39.1	-0.3
Depreciation and amortization ^{*2}	34.5	34.5	33.7	-0.7
Pharmaceutical EBITDA	-2.3	-2.3	-2.0	0.2
Operating income	-3.2	-3.2	-3.0	0.2
Depreciation and amortization ^{*2}	0.9	0.9	0.9	0.0
Food EBITDA	3.8	3.8	4.0	0.1
Operating income	-3.6	-3.6	-2.3	1.3
Depreciation and amortization ^{*2}	7.5	7.5	6.4	-1.1
Other/Elimination and corporate EBITDA	3.4	0.0	-0.6	-0.5
Operating income	3.2	-0.8	-1.8	-0.9
Depreciation and amortization ^{*2}	0.2	0.7	1.1	0.4

(Reference)

(unit: USD million)

	3 months ended Jun. 2009	3 months ended Jun. 2010	Change
International tobacco EBITDA (Before royalty payment)	789	804	15

*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: 3 months ended March

6. Amortization relating to major acquisitions

Goodwill Amortization relating to major acquisitions

(unit: USD million)

	3 months ended Mar. 2009	3 months ended Mar. 2010	Years to amortize
International tobacco business			
Former RJRI and Gallaher	227	229	20

* Including former RJRI, Gallaher and others

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

	3 months ended Jun. 2009*	3 months ended Jun. 2010	Years to amortize
Food business			
TableMark (Former Katokichi)	3.2	2.2	5

* Including one-time goodwill amortization of TableMark's subsidiary

* Termination of goodwill amortization: Dec-12

Trademark amortization relating to major acquisitions

(unit: JPY billion)

	3 months ended Jun. 2009	3 months ended Jun. 2010	Years to amortize
Japanese domestic tobacco business			
Former RJRI	2.9	-	10

* Terminated in Apr-09

	3 months ended Mar. 2009	3 months ended Mar. 2010	Years to amortize
International Tobacco Business			
Former RJRI and Gallaher	57	61	mainly 20

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

7. Capital expenditure

(unit: JPY billion)

	3 months ended Jun. 2009 (Former standard)	3 months ended Jun. 2009 (New standard)	3 months ended Jun. 2010 (New standard)	Change (New standard)
Capital expenditures	26.3	26.3	31.2	4.9
Japanese domestic tobacco	8.7	7.7	8.4	0.6
International tobacco *	11.8	11.8	14.6	2.8
Pharmaceutical	0.6	0.6	0.9	0.3
Food	4.6	4.6	6.6	2.0
Other/Elimination and corporate	0.3	1.4	0.5	-0.9

* International tobacco business: 3 months ended March

8. Cash and cash equivalents *

(unit: JPY billion)

	As of end of Mar. 2010	As of end of Jun. 2010	Change
Cash and cash equivalents	167.3	134.6	-32.6

* 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. 2010	As of end of Jun. 2010	Change
Interest-bearing debt	874.3	852.4	-21.8

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

10. Business data

	3 months ended Jun. 2009	3 months ended Jun. 2010	Change
<Japanese domestic tobacco business>			
JT sales volume* (billion cigarettes)	39.0	35.9	-3.0
Total demand (billion cigarettes)	59.9	55.7	-4.2
JT market share	65.1%	64.5%	- 0.6%pt
JT net sales before tax per 1,000 cigarettes (JPY)	12,693	12,686	-7
JT net sales after tax per 1,000 cigarettes (JPY)	4,056	4,054	-2

* Sales volume of domestic duty-free and China division is excluded, which was 0.9 billion for 3 months ended Jun. 2009 and 0.9 billion for 3 months ended Jun. 2010, respectively.

	3 months ended Mar. 2009	3 months ended Mar. 2010	Change
<International tobacco business>			
Total sales volume* (billion cigarettes)	100.9	94.1	-6.9
GFB sales volume (billion cigarettes)	57.1	54.6	-2.5
JPY/USD rate for consolidation (JPY)	93.76	90.69	-3.07
RUB/USD rate for consolidation (RUB)	34.14	29.85	-4.29
GBP/USD rate for consolidation (GBP)	0.68	0.62	-0.06
EUR/USD rate for consolidation (EUR)	0.76	0.70	-0.06

* Including cigars, pipe tobacco and snus, excluding private label and contract manufacturing products

	3 months ended Jun. 2009	3 months ended Jun. 2010	Change
<Pharmaceutical business>			
R&D expenses (parent company) (JPY billion)	5.4	5.5	0.0

	As of end of Mar. 2010	As of end of Jun. 2010	Change
<Food business - Beverage business>			
Number of beverage vending machines *	257,000	264,000	7,000
JT-owned	33,000	33,000	0
Combined	82,000	85,000	3,000

* 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.

Consolidated financial outlook for the fiscal year ending Mar. 31, 2011 compared to the results of previous fiscal year

(JPY billion)			
	FY ended Mar. 2010 (Actual)	FY ending Mar. 2011 (Forecast)	Change
Net sales including excise tax	6,134.6	5,980.0	-154.6
EBITDA	526.7	513.0	-13.7
Operating income	296.5	295.0	-1.5
Recurring profit	255.3	276.0	20.6
Net income	138.4	133.0	-5.4
Return on Equity	8.6%	8.0%	-0.6%pt
Free cash flow	250.7	135.0	-115.7

(Reference: Before goodwill amortization)

(JPY billion)			
Net income	235.8	226.0	-9.8
EPS (JPY)	24,621.42	23,590.59	-1,030.83
Cash dividends per share (JPY)	5,800	5,600	-200
Payout Ratio	23.6%	23.7%	0.1%

(JPY billion)			
	FY ended Mar. 2010 (New standard) ¹⁴	FY ending Mar. 2011 (New standard) ¹⁴	Change
Capital expenditures	137.1	172.0	34.8
Japanese domestic tobacco	42.6	62.0	19.3
International tobacco ¹	64.5	68.0	3.4
Pharmaceutical	2.6	2.5	-0.1
Food	23.4	35.0	11.5
Others/Elimination and corporate	3.8	4.5	0.6

(unit: USD million)			
International tobacco			
Core net sales excl. excise tax ^{1 3}	9,682	10,480	798
International tobacco EBITDA ¹	2,965	3,330	365

¹ International tobacco business: Year ended Dec.2009 and Year ending Dec.2010² Excluding revenue from the imported tobacco, domestic duty free, the China Division and other peripheral businesses³ Excluding revenue from the distribution, leaf tobacco, private label, contract manufacturing and other peripheral businessesConsolidated financial outlook by business segment¹⁴

(JPY billion)				
	FY ended Mar.2010 (Former standard)	FY ended Mar.2010 (New standard)	FY ending Mar.2011 (New standard)	Change from FY Mar.2010 to FY Mar.2011 (New standard)
Net sales including excise tax ¹	6,134.6	6,134.6	5,980.0	-154.6
Japanese domestic tobacco	3,042.8	3,042.8	2,832.0	-210.8
International tobacco ¹	2,633.6	2,633.6	2,699.0	65.3
Adjusted net sales excl. excise tax ^{1 2 3}	1,980.9	1,980.9	1,973.0	-7.9
Japanese domestic tobacco ²	615.9	615.9	576.0	-39.9
International tobacco ^{1 3}	906.7	906.7	944.0	37.2
Pharmaceutical	44.0	44.0	44.5	0.5
Food	394.6	394.6	390.0	-4.6
Others	19.5	19.5	18.5	-1.0
EBITDA ^{1 5}	526.7	526.7	513.0	-13.7
Japanese domestic tobacco	257.6	251.2	219.0	-32.2
International tobacco ¹	249.8	277.6	300.0	22.3
Pharmaceutical	-9.6	-9.6	-14.5	-4.8
Food	14.4	14.4	18.5	4.0
Others/Elimination and corporate	14.3	-7.0	-10.0	-2.9
Operating income ¹	296.5	296.5	295.0	-1.5
Japanese domestic tobacco	203.3	198.7	172.0	-26.7
International tobacco ¹	109.1	136.9	166.0	29.0
Pharmaceutical	-13.5	-13.5	-18.5	-5.0
Food	-13.6	-13.6	-9.0	4.6
Others/Elimination and corporate	11.3	-11.8	-15.5	-3.6
Depreciation and amortization ^{1 6}	230.1	230.1	218.0	-12.1
Japanese domestic tobacco	54.3	52.5	47.0	-5.5
International tobacco ¹	140.7	140.7	134.0	-6.7
Pharmaceutical	3.9	3.9	4.0	0.0
Food	28.1	28.1	27.5	-0.6
Others/Elimination and corporate	3.0	4.8	5.5	0.6

¹⁴ With the change of accounting standard for disclosures about Segments of an Enterprise and related information, we changed the definition of the index according to the business segment. EBITDA and OP of Japanese domestic business is before royalty acceptance EBITDA and OP of international business is before royalty payment. In addition we have changed the allocation method of the overhead expenses and CAPEX.⁵ EBITDA=operating income + depreciation and amortization⁶⁶ Depreciation and amortization = depreciation of tangible fixed assets + amortization of intangible fixed assets + amortization of long-term prepaid expenses + amortization of goodwill

Major assumptions

(1) Japanese domestic tobacco business (billions of cigarettes)

	FY ended Mar.2010	FY ending Mar.2011	Change
Sales volume	151.8	127.5	-24.3

*Excluding sales of domestic duty-free and China division

(2) International tobacco business (billions of cigarettes, JPY, RUB, GBP, EUR)

	FY ended Mar.2010	FY ending Mar.2011	Change
Total sales volume*	434.9	433.0	-1.9
GFB sales volume	243.4	250.0	6.6
JPY/USD rate	93.65	90.00	-3.65
RUB/USD rate	31.77	29.50	-2.27
GBP/USD rate	0.65	0.65	0.00
EUR/USD rate	0.73	0.68	-0.05

*Total volume includes cigars, pipe tobacco and snus, but does not include private label and contract manufactured products

Goodwill amortization relating to major acquisitions

International tobacco business (unit: USD million)

	Year ended Dec.2009	Year ending Dec.2010	Years to amortize
Former RJRI and Gallaher	904	915	20

* Termination of goodwill amortization: Former RJRI Apr-19, Former Gallaher Mar-27
Goodwill includes Former RJRI, Former Gallaher and others.

Food Business (unit: JPY billion)

	FY ended Mar. 2010**	FY ending Mar. 2011	Years to amortize
TableMark (Former Katokichi)	10.4	9.1	5

* Termination of goodwill amortization: Dec-12

** Including one-time goodwill amortization of TableMark's subsidiary

Trademark rights amortization relating to major acquisitions

Japanese domestic tobacco (unit: JPY billion)

	FY ended Mar. 2010	FY ending Mar. 2011	Years to amortize
Former RJRI	2.9	-	10

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

International tobacco business (unit: USD million)

	Year ended Dec.2009	Year ending Dec.2010	Years to amortize
Former RJRI and Gallaher	242	240	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.

Japanese Domestic Tobacco Business Results

1. Quarterly Sales Volume (billions of cigarettes)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2009	42.0	40.8	40.7	36.2	159.9
FY 03/2010	39.0	39.5	38.8	34.3	151.8
FY 03/2011	35.9				

2. Quarterly Retail Price Sales (billions of JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2009	626.9	608.6	607.3	539.9	2,382.8
FY 03/2010	581.7	589.1	578.5	512.3	2,261.7
FY 03/2011	535.4				

* 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 03/2009	12,699	12,693	12,699	12,699	12,698
FY 03/2010	12,639	12,689	12,691	12,696	12,692
FY 03/2011	12,686				

* 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 03/2009	4,056	4,054	4,060	4,058	4,057
FY 03/2010	4,056	4,055	4,057	4,058	4,056
FY 03/2011	4,054				

* 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 03/2009	64.9	64.9	65.2	65.2	65.1
FY 03/2010	65.1	64.8	65.0	64.8	64.9
FY 03/2011	64.5				

Market Share in Growing Segments

1. 1mg Tar

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2009	14.5	14.5	14.9	14.9	14.7
FY 03/2010	14.9	14.8	15.2	15.6	15.1
FY 03/2011	15.7				

(2) 1mg Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2009	23.2	23.0	23.5	23.7	23.3
FY 03/2010	23.9	23.8	24.1	24.5	24.1
FY 03/2011	24.7				

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2009	62.4	63.0	63.3	62.8	62.9
FY 03/2010	62.3	62.2	63.0	63.8	62.8
FY 03/2011	63.6				

2. Menthol

(1) JT Menthol Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2009	7.5	7.4	7.8	7.7	7.6
FY 03/2010	7.6	7.9	8.0	8.5	8.0
FY 03/2011	8.4				

(2) Menthol Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2009	21.9	22.1	22.2	22.4	22.1
FY 03/2010	22.6	23.2	23.0	23.5	23.1
FY 03/2011	23.9				

(3) JT Share in Menthol Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2009	34.3	33.5	35.0	34.5	34.3
FY 03/2010	33.8	34.2	34.7	36.2	34.7
FY 03/2011	35.2				

3. JPY 320 or above*

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2009	5.2	5.0	5.4	5.2	5.2
FY 03/2010	5.1	5.0	5.2	5.2	5.1
FY 03/2011	5.1				

(2) JPY 320 or above Product Market Share320 (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2009	23.9	24.0	24.6	24.5	24.2
FY 03/2010	23.9	23.8	24.1	24.8	24.6
FY 03/2011	24.7				

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2009	21.7	20.7	22.2	21.4	21.5
FY 03/2010	21.3	21.0	21.4	21.1	20.7
FY 03/2011	20.7				

4. Quarterly D-spec Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2009	5.10	4.82	5.04	4.85	4.96
FY 03/2010	4.76	4.66	5.25	5.31	5.21
FY 03/2011	10.91				

* 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.

Caster have been sold as D-spec products since April 2010.

Japan Tobacco Inc. Clinical development (as of July 29, 2010)

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.
JTS-653 (oral)	Phase 2 (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 2 (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	
JTT-751 (oral)	Phase 2 (Japan)	Hyperphosphatemia	Phosphate binder	Decreases serum phosphorous level by binding phosphate derived from dietary in the gastrointestinal tract	JT obtained the rights to develop and commercialize this compound in Japan from Keryx Biopharmaceuticals (U.S.) (Developed jointly with Torii)
JTK-853 (oral)	Phase 1 (Overseas)	Hepatitis C	HCV RNA polymerase inhibitor	Treatment of Hepatitis C by inhibiting HCV RNA- polymerase which relates to viral proliferation	

*Based on the first dose

Updates since the previous announcement on April 29, 2010: JTS-653 advanced from Phase 1 to Phase 2 clinical trial in Japan.