JAPAN TOBACCO INC.
2-1, Toranomon 2-chome, Minato-ku
Tokyo 105-8422 JAPAN
Phone:03-3582-3111

Contacts: Hideyuki Yamamoto, General Manager
Yuka Kin, Manager
Media and Investor Relations Division
Japan Tobacco Inc.
Tokyo: +81-3-5572-4292
E-mail: jt.media.relations@jt.com

FOR IMMEDIATE RELEASE

JT Posts Record Net Sales and EBITDA for the Fiscal Year that Ended March 2009

TOKYO, April 30, 2009 --- Japan Tobacco Inc. (JT) (TSE: 2914) announced today that the company posted record net sales and EBITDA[1] for the fiscal year that ended March 31, 2009. Top-line growth achieved by the international tobacco business and consolidation of Gallaher contributed to strong results for the period.

1. CEO Message

"Growth in our Global Flagship Brands[2] in the international tobacco business, in addition to two consecutive years of increased domestic market share, has contributed to a strong year of achievement," said Hiroshi Kimura, President and CEO of JT. "We aim to carry our growth momentum into another year of progress, both with the continued success of our international tobacco business, and further gains in market share domestically."

2. Consolidated Financial Results for the Fiscal Year that Ended March 31, 2009

- Net sales and EBITDA increased to ¥6,832.3 billion and ¥646.2 billion, respectively, as a result of top-line growth by the international tobacco business and the consolidation of Gallaher and the Katokichi Group.
- Operating income[3] and net income[4] decreased to ¥363.8 billion and ¥123.4 billion, respectively, largely due to goodwill amortization related to acquisition of Gallaher and the Katokichi Group.
- The company's board is recommending a year-end dividend of ¥2,800 to an annualized rate of ¥5,400 per share. The annualized payout ratio excluding the goodwill amortization exceeds 20 percent.

Units: Billions of Yen

	Fiscal Year Ended March 31, 2008	Fiscal Year Ended March 31, 2009	Net change (%)
Net sales including tax	6,409.7	6,832.3	6.6
EBITDA	602.0	646.2	7.3
Operating income	430.5	363.8	- 15.5
Net income	238.7	123.4	- 48.3

[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.
[2] Global Flagship Brands (GFB) consist of eight brands: Winston, Camel, Mild Seven, Benson & Hedges, Silk Cut, LD, Sobranie, and Glamour.
[3] Operating income excluding goodwill amortization related to the international tobacco business and the foods business was ¥469.3 billion yen.
[4] Net income excluding goodwill amortization related to the international tobacco business and the foods business was ¥228.9 billion yen.

3. Results by Business Segment

➢ **Domestic Tobacco Business**

Due to the continuing market decline and the introduction of the "taspo" age verification system for cigarette vending machines, sales volume[5] for the domestic tobacco business decreased 4.7 percent to 159.9 billion cigarettes, and net sales declined to ¥3,200.4 billion, compared to the previous year. EBITDA decreased to ¥272.2 billion, due in part to increased sales promotions with a focus on over-the-counter sales channels, which recorded a rise in sales following the introduction of "taspo."

JT posted increases in market share for two consecutive years to 65.1 percent. This was achieved through focused investment in building the equity of the company's key brands, including Mild Seven, and in programs supporting sales in over-the-counter channels. Market share for Mild Seven grew robustly to 32.3 percent.

	Fiscal Year Ended March 31, 2008	Fiscal Year Ended March 31, 2009	Net change (%)
Net sales including tax (billions of yen)	3,362.3	3,200.4	- 4.8
Net sales excluding tax[6] (billions of yen)	715.0	679.3	- 5.0
EBITDA (billions of yen)	306.7	272.2	- 11.2
Operating income (billions of yen)	222.3	188.2	- 15.3
Sales volume (billions of cigarettes)	167.7	159.9	- 4.7

[5] Sales volume from both domestic duty free and the "China Division" were not incorporated in the above figures, which totaled 3.6 billion cigarettes in the full year that ended March 31, 2009.
[6] Net sales excluding tax does not account for sales of imported tobacco by TS Network Co., Ltd.

International Tobacco Business

The international tobacco business achieved solid growth in the full year that ended December 31, 2008[7], as a result of GFB-driven top-line growth and the consolidation of the Gallaher acquisition. Net sales excluding tax and revenue from the distribution business grew 16.5 percent to ¥1,102.3 billion. EBITDA increased by 24.8 percent to ¥337.9 billion. Due to goodwill amortization related to the acquisition of Gallaher, operating income decreased by 14.9 percent to ¥174.7 billion. Operating income showed an increase of 31.0 percent to ¥269.0 billion, when the impact of amortization is excluded. Sales volume grew 17.3 percent to 452.3 billion cigarettes and GFB sales increased 20.8 percent to 245.5 billion cigarettes.

Sales volume for Winston grew 13.8 percent due to robust sales in Russia, Turkey, Ukraine, Spain, France, Italy and the Near East. Camel sales volume rose 10.3 percent, supported by strong results in Italy, Russia and Spain. Mild Seven posted a sales volume increase of 11.4 percent during the period with gains in Korea, Taiwan, Russia and Malaysia. In addition, LD and Glamour had robust performances in Russia.

	Jan. – Dec. 2007[8]	Jan. – Dec. 2008	Net change (%)
Net sales including tax (billions of yen)	2,639.9	3,118.3	18.1
Net sales excluding tax[9] (billions of yen)	945.9	1,102.3	16.5
EBITDA (billions of yen)	270.7	337.9	24.8
Operating income (billions of yen)	205.3	174.7	-14.9
Total sales volume (billions of cigarettes)	385.6	452.3	17.3
GFB sales volume (billions of cigarettes)	203.2	245.5	20.8

For Reference Only: Like-for-Like Performance[10]

	Jan. – Dec. 2007	Jan. – Dec. 2008	Net change (%)
Net sales excluding tax[11] (millions of US$)	9,076	10,652	17.4
EBITDA (before royalty payment to JT) (millions of US$)	2,830	3,452	22.0
Total sales volume (billions of cigarettes)	430.2	452.3	5.1
GFB sales volume (billions of cigarettes)	216.6	245.5	13.3

[7] The results of the international tobacco business for the full year (from January to December 2008) were incorporated into JT's consolidated financial results that ended March 31, 2009

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

[9] Net sales excluding tax does not account for revenue from the distribution business in JT's international tobacco business.

[10] The like-for-like comparison discussed in this press release is based on a theoretical assumption that incorporates results for the Gallaher business from January 1, 2007 to April 17, 2007, despite Gallaher's having become a consolidated JT subsidiary as of April 18, 2007.

[11] Net sales excluding tax does not account for revenue from the distribution business in JT's international tobacco business.

JT

➢ Pharmaceutical Business

Net sales for JT's pharmaceutical business increased to ¥56.7 billion, and EBITDA improved to ¥4.8 billion. This was 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 drug licensed to Roche for the treatment of dyslipidemia.

The company currently has nine compounds in clinical trial, including "JTK-656," for the treatment of HIV infection, and "JTT-751" for the treatment of hyperphosphatemia, both of which entered clinical trial within the past year. The development of four compounds[12] was terminated during the fiscal year.

Units: Billions of Yen

	Fiscal Year Ended March 31, 2008	Fiscal Year Ended March 31, 2009	Net change (%)
Net sales	49.0	56.7	15.7
EBITDA	- 6.2	4.8	-
Operating income	- 9.6	1.0	-

➢ Foods Business

While increases were recorded in net sales and EBITDA for the foods business, attributed to the consolidation of the Katokichi Group and the introduction of lease accounting, respectively, an operating loss was incurred primarily due to goodwill amortization related to the acquisition of the Katokichi Group. Excluding the impact of goodwill amortization, operating loss was contained to ¥1.2 billion

The processed foods and seasonings businesses were restructured around the Katokichi Group, and the integration was completed on April 1, 2009, as previously scheduled. In line with JT's continued efforts to improve its food safety measures, the company has implemented proactive policies to initiate pesticide testing of imported frozen food products, and to disclose ingredient information.

Units: Billions of Yen

	Fiscal Year Ended March 31, 2008	Fiscal Year Ended March 31, 2009	Net change (%)
Net sales	336.4	435.9	29.6
EBITDA	8.3	17.0	103.9
Operating income	0.6	- 11.4	-

[12] Development was discontinued for "JTT-553" for the treatment of obesity, "JTK-652" for the treatment of hepatitis C, "JTT-552" for the treatment of hyperuricemia, and "JTT-651" for the treatment of diabetes.

4. Outlook for the Fiscal Year Ending March 31, 2010 (consolidated)

For the fiscal year ending March 31, 2010, net sales and EBITDA are forecasted to decline, largely due to decreasing sales volume by the domestic tobacco business and adverse currency effects on the international tobacco business.

Units: Billions of Yen

	Fiscal Year Ended March 31, 2009 Actual (A)	Fiscal Year Ending March 31, 2010 Forecast (B)	Difference (B)-(A)	Net Change (%)
Net Sales including Tax	6,832.3	6,000.0	- 832.3	- 12.2
Net sales excluding Tax[13]	2,243.6	1,985.0	-258.6	-11.5
EBITDA	646.2	475.0	- 171.2	- 26.5
Operating Income	363.8	244.0	- 119.8	- 32.9
Net Income	123.4	100.0	- 23.4	- 19.0

➢ **Domestic Tobacco Business**

Net sales excluding tax and EBITDA are projected to decrease to ¥619.0 billion and ¥246.0 billion, respectively. This is due to a reduction in forecasted sales volume, of 4.6 percent to 152.5 billion cigarettes, as a result of declining overall market volume and the remaining effects of the "taspo" age verification system for cigarette vending machine purchases. In order to mitigate the effects, the company aims to achieve another year of growth in market share through aggressive brand and sales channel strategies, with a focus on Mild Seven, Seven Stars and Pianissimo, and over-the-counter channels.

➢ **International Tobacco Business**

With forecasted net sales excluding tax and EBITDA of ¥890.0 billion and ¥209.0 billion, respectively, the international tobacco business is expected to be affected by the strengthening of the dollar and the yen against the company's key currencies. The company is forecasting the dollar denominated EBITDA in the international tobacco business to be negatively impacted by US$1.6 billion for the year ending March 31, 2010. Further, when the forecasted EBITDA is stated in yen, there is an adverse currency impact amounting to ¥21 billion. The international tobacco business will continue to contribute as the growth engine to the JT Group, through its well-balanced brand portfolio and geographical footprint, aiming to significantly exceed 10 percent EBITDA growth at constant rates of exchange.

[13] Net sales excluding tax does not account for imported tobacco, domestic duty free and the "China Division," in JT's domestic tobacco business, in addition to the distribution business, private label products, contract manufacturing and other peripheral businesses in the international tobacco business.

➢ Pharmaceutical Business

The pharmaceutical business forecasted a decline in net sales to ¥43.0 billion, and EBITDA is forecasted at negative ¥12.5 billion, primarily due to the absence of an upfront payment and milestone revenue that was received in the previous fiscal year that ended on March 31, 2009.

➢ Foods Business

Net sales for JT's foods business are projected to decline to ¥413.0 billion due to the company's withdrawal from the chilled processed foods business, in spite of the company's strengthening of the "Roots" flagship coffee brand. EBITDA is forecasted to grow to ¥18.0 billion, due to anticipated increases in efficiencies and synergies among the processed foods business units.

➢ Projected Half-Year and Year-end Dividend

The company is projecting half-year and year-end dividends per share of ¥2,800 each for the fiscal year ending in March 31, 2010, at an annualized rate of ¥5,600. The annualized payout ratio excluding goodwill amortization is projected to reach 27.2 percent.

###

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 ¥ 6.832 trillion in the fiscal year ended March 31, 2009.

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.

Data sheets for FY ended Mar.31, 2009

1. Summary of Business Performance (unit: JPY billion)

	FY ended Mar. 2008	FY ended Mar. 2009	Change
Net sales including tax	6,409.7	6,832.3	422.5
Net sales excluding tax	2,587.3	2,827.1	239.7
EBITDA	602.0	646.2	44.1
Operating Income	430.5	363.8	-66.7
Recurring Profit	362.6	307.5	-55.0
Net Income	238.7	123.4	-115.3

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

Operationg Income	434.4	469.3	34.8
Recurring Profit	366.5	413.0	46.5
Net Income	242.5	228.9	-13.6

2. Breakdown of net sales (unit: JPY billion)

	FY ended Mar. 2008	FY ended Mar. 2009	Change
Net sales including tax *1	6,409.7	6,832.3	422.5
Domestic tobacco	3,362.3	3,200.4	-161.9
Excluding imported tobacco	2,169.2	2,065.1	-104.0
International tobacco *1	2,639.9	3,118.3	478.3
Excluding distribution business	2,381.0	2,787.9	406.8
Net sales excluding tax *1 *2	2,068.3	2,295.1	226.7
Domestic tobacco *2	715.0	679.3	-35.7
International tobacco *1 *2	945.9	1,102.3	156.3
Pharmaceutical	49.0	56.7	7.6
Foods	336.4	435.9	99.5
Beverages	194.9	187.3	-7.5
Processed foods	141.4	248.6	107.1
Others	21.8	20.7	-1.1

*1 International tobacco business: Year ended Dec.2008

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

3. Leaf tobacco reappraisal profit / loss * (unit: JPY billion)

	FY ended Mar. 2008	FY ended Mar. 2009	Change
Leaf tobacco reappraisal profit / loss	-4.1	-4.1	-

* Profit when denoted negative

4. Breakdown of SG&A expenses (unit: JPY billion)

	FY ended Mar. 2008	FY ended Mar. 2009	Change
SG&A	750.2	914.1	163.8
Personnel *	206.0	231.5	25.4
Advertising and general publicity	22.9	25.6	2.7
Sales promotion	163.6	162.3	-1.3
R&D	45.1	47.2	2.1
Depreciation and amortization	80.3	113.0	32.6
Others	232.0	334.1	102.1

* 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)

	FY ended Mar. 2008	FY ended Mar. 2009	Change
Consolidated EBITDA	602.0	646.2	44.1
Operating income	430.5	363.8	-66.7
Depreciation and amortization *2	171.5	282.4	110.8
Domestic tobacco EBITDA	306.7	272.2	-34.4
Operating income	222.3	188.2	-34.0
Depreciation and amortization *2	84.3	84.0	-0.3
International tobacco EBITDA *3	270.7	337.9	67.2
Operating income	205.3	174.7	-30.5
Depreciation and amortization *2	65.3	163.1	97.7
Pharmaceutical EBITDA	-6.2	4.8	11.1
Operating income	-9.6	1.0	10.6
Depreciation and amortization *2	3.3	3.8	0.4
Foods EBITDA	8.3	17.0	8.6
Operating income	0.6	-11.4	-12.1
Depreciation and amortization *2	7.6	28.4	20.7
Others EBITDA	22.0	13.1	-8.9
Operating income	10.4	9.6	-0.7
Depreciation and amortization *2	11.6	3.4	-8.1

(Reference) (unit: USD million)

International tobacco EBITDA (Before royalty payment)	2,452	3,452	1,000

*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: Year ended Dec.2008

6. Amortization relating to major acquisitions (unit: JPY billion)

JT	FY ended Mar. 2008	FY ended Mar. 2009	Years to amortize	Termi-nation
Former RJRI				
Trademark rights	29.3	29.4	10	Apr-09
Patents	0.5	0.0	8	Apr-07
Katokichi				
Goodwill	2.0	9.2	5	Dec-12

(unit: USD million)

JT International	Year ended Dec. 2007	Year ended Dec. 2008	Years to amortize
Former RJRI and Gallaher			
Trademark rights *	220	273	mainly 20
Goodwill	-	910	20

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

7.Capital expenditure (unit: JPY billion)

	FY ended Mar. 2008	FY ended Mar. 2009	Change
Capital expenditures	129.5	134.2	4.7
Domestic tobacco	57.2	46.5	-10.6
International tobacco *	48.4	59.7	11.3
Pharmaceutical	4.2	3.4	-0.8
Foods	6.0	23.2	17.1
Others	14.7	1.1	-13.6

* International tobacco business: Year ended Dec.2008

8. Cash and cash equivalents * (unit: JPY billion)

	As of end of Mar. 2008	As of end of Mar. 2009	Change
Cash and cash equivalents	218.8	169.8	-48.9

* 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 Mar. 2009	Change
Interest-bearing debt	1,389.2	996.0	-393.2

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

10. Business data

<Domestic tobacco business>	FY ended Mar. 2008	FY ended Mar. 2009	Change
JT sales volume* (billion cigarettes)	167.7	159.9	-7.8
Total demand (billion cigarettes)	258.4	245.8	-12.6
JT market share	64.9%	65.1%	0.2%pt
JT net sales before tax per 1,000 cigarettes (JPY)	12,699	12,698	-1
JT net sales after tax per 1,000 cigarettes (JPY)	4,057	4,057	0

* Sales volume of domestic duty-free and the China division is excluded, which was 3.5 billion for FY ended Mar. 2008 and 3.6billion for FY ended Mar. 2009, respectively.

<International tobacco business>	Year ended Dec. 2007	Year ended Dec. 2008	Change
Total sales volume (billion cigarettes)	385.6	452.3	66.7
GFB sales volume (billion cigarettes)	203.2	245.5	42.3
JPY/USD rate for consolidation (JPY)	117.85	103.48	-14.37

<Pharmaceutical business>	FY ended Mar. 2008	FY ended Mar. 2009	Change
R&D expenses (parent company) (JPY billion)	22.9	23.2	0.3

<Foods business - Beverage business>	As of end of Mar. 2008	As of end of Mar. 2009	Change
Number of beverage vending machines *	257,000	254,000	-3,000
JT-owned	35,500	32,000	-3,500
Combined	71,500	76,500	5,000

* 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.

11. Number of employees*

	As of end of Mar. 2008	As of end of Mar. 2009	Change
Number of employees (consolidated basis)	47,459	47,977	518
Domestic tobacco	11,548	11,281	-267
International tobacco	22,324	23,227	903
Pharmaceutical	1,569	1,616	47
Foods	11,169	10,975	-194
Other businesses	441	429	-12
Corporate	408	449	41
Number of employees (parent company)	8,999	8,908	-91
Number of employees based on enrollment (parent company)	10,010	9,973	-37

* Number of employees is counted at working base, unless otherwise indicated.

Consolidated financial outlook for the fiscal year ending Mar. 31, 2010 compared to the results of previous fiscal year

(JPY billion)

	FY ended Mar. 2009 (Actual)	FY ending Mar. 2010 (Forecast)	Change
Net sales including tax	6,832.3	6,000.0	-832.3
EBITDA	646.2	475.0	-171.2
Operating income	363.8	244.0	-119.8
Recurring profit	307.5	227.0	-80.5
Net income	123.4	100.0	-23.4
Return on Equity	6.8%	6.2%	-0.6%pt
Free Cash Flow*	240.1	169.0	-71.1

*Free Cash Flow is cash flow from operating activities plus cash flow from investing activities less the items below:
<From cash flow from operating activities>
- Interest received, dividend received and tax implication by deducting the items (assumption of corporate tax rate: 42%)
- Interest paid and the tax implication by deducing the item (assumption of corporate tax rate: 42%)

<From cash flow from investing activities>
- Purchases of and proceeds from sale of marketable securities
- Purchases of and proceeds from sale of investment securities and others

FCF calculated according to the above adjustment may not be equal to FCF shown on the above table. The difference comes from purchases of and proceeds from sale of business investment securities which are included in investment securities on the Cash flow statement but excluded from the adjustment above.

(Reference: Net income before goodwill amortization)

Net income	228.9	197.0	-31.9

Consolidated financial outlook by business segment (JPY billion)

	FY ended Mar. 2009	FY ending Mar. 2010	Change
Net sales including tax *1	6,832.3	6,000.0	-832.3
Domestic tobacco	3,200.4	3,048.0	-152.4
International tobacco *1	3,118.3	2,475.0	-643.3
Net sales excluding tax *1*2*3	2,243.6	1,985.0	-258.6
Domestic tobacco *2	648.8	619.0	-29.8
International tobacco *1*3	1,081.2	890.0	-191.2
Pharmaceutical	56.7	43.0	-13.7
Foods	435.9	413.0	-22.9
EBITDA	646.2	475.0	-171.2
Domestic tobacco	272.2	246.0	-26.2
International tobacco	337.9	209.0	-128.9
Pharmaceutical	4.8	-12.5	-17.3
Foods	17.0	18.0	0.9
Operating income	363.8	244.0	-119.8
Domestic tobacco	188.2	188.0	-0.2
International tobacco	174.7	71.0	-103.7
Pharmaceutical	1.0	-16.5	-17.5
Foods	-11.4	-8.0	3.4
Depreciation and amortization	282.4	231.0	-51.4
Domestic tobacco	84.0	58.0	-26.0
International tobacco	163.1	138.0	-25.0
Pharmaceutical	3.8	4.0	0.1
Foods	28.4	26.0	-2.4

(Reference) (unit: USD million)

International tobacco Adjusted net sales excluding tax *1*3	10,449	9,370	-1,079
International tobacco EBITDA *1 (Before royalty payment)	3,452	2,500	-951

*1 International tobacco business: Year ended Dec.2009
*2 Excluding imported tobacco, domestic duty free, the China division, and others in the domestic tobacco business.
*3 Excluding distribution business, private label products, contract manufacturing and other peripheral businesses in the international tobacco business, respectively.
* Please note that the company has been including revenue from cigars, pipe tobacco and snu into its net sales figure, while sales volume for those products is accounted for as of January 1,

(JPY billion)

	FY ended Mar. 2009	FY ending Mar. 2010	Change
Capital expenditures	134.2	166.0	31.7
Domestic tobacco	46.5	65.0	18.4
International tobacco	59.7	64.0	4.2
Pharmaceutical	3.4	3.0	-0.4
Foods	23.2	32.0	8.7
Other	1.1	1.0	-0.1

(JPY)

	FY ended Mar. 2009	FY ending Mar. 2010	Change
Dividend per share	5,400	5,600	200
Pay-out Ratio	41.9%	53.6%	11.7%pt
(goodwill amortization adjusted)	22.6%	27.2%	4.6%pt

Major assumptions

Domestic tobacco business (billions of cigarettes)

	FY ended Mar. 2009	FY ending Mar. 2010	Change
Sales volume	159.9	152.5	-7.4

*Excluding sales of domestic duty-free and China division

International tobacco business (billions of cigarettes, JPY)

	FY ended Mar. 2009	FY ending Mar. 2010	Change
Total sales volume*	445.9	456.0	10.1
GFB sales volume	245.5	262.0	16.5
JPY/USD rate	103.48	95.00	-8.48

*Excluding private label, including cigars,pipe tobacco and snus.

Goodwill amortization relating to major acquisitions

International tobacco business (unit: USD million)

	FY ended Mar. 2009	FY ending Mar. 2010	Years to amortize	Termination
Former RJRI and Gallaher	910	910	20	Mar-27

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

Foods Business (unit: JPY billion)

	FY ended Mar. 2009	FY ending Mar. 2010	Years to amortize	Termination
Katokichi	9.2	9.2	5	Dec-12

Trademark rights amortization relating to major acquisitions

JT (unit: JPY billion)

	FY ended Mar. 2009	FY ending Mar. 2010	Years to amortize	Termination
Former RJRI	29.4	2.4	10	Apr-09

JT International (unit: USD million)

	FY ended Mar. 2009	FY ending Mar. 2010	Years to amortize	Termination
Former RJRI and Gallaher	273	220	mainly 20	Mar-27

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

<FORWARD LOOKING STATEMENTS>

This material 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 private restrictions relating to the use of tobacco products and the impact of government studies;
3. litigation in Japan and elsewhere;
4. our ability to successfully 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

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	36.2	159.9

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	539.9	2,382.8

* 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	12,699	12,698

* 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	4,058	4,057

* 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	65.2	65.1

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	14.9	14.7

(2) 1mg Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	20.3	20.5	21.3	21.8	20.9
FY 03/2008	22.4	22.3	22.5	23.0	22.5
FY 03/2009	23.2	23.0	23.5	23.7	23.3

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	61.3	60.9	62.4	62.2	61.7
FY 03/2008	62.0	61.6	62.1	62.0	61.9
FY 03/2009	62.4	63.0	63.3	62.8	62.9

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	7.7	7.6

(2) Menthol Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	19.0	20.2	19.7	20.5	19.8
FY 03/2008	20.7	21.4	21.2	21.8	21.3
FY 03/2009	21.9	22.1	22.2	22.4	22.1

(3) JT Share in Menthol Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	35.0	34.1	33.8	34.8	34.4
FY 03/2008	34.9	35.2	34.0	34.4	34.6
FY 03/2009	34.3	33.5	35.0	34.5	34.3

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	5.2	5.2

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	23.6	23.9	23.2	23.9	23.6
FY 03/2008	23.7	23.7	24.1	24.0	23.9
FY 03/2009	23.9	24.0	24.6	24.5	24.2

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	24.3	22.5	22.6	23.2	23.2
FY 03/2008	23.5	22.0	22.5	21.9	22.5
FY 03/2009	21.7	20.7	22.2	21.4	21.5

* 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	4.85	4.96

* 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 April 30, 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.
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	
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)

Updates since the previous announcement on February 9, 2009: JTT-751 entered into clinical trial in Japan.
Development of JTT-651 was terminated.

Additional Note:
Glaxo SmithKline(U.K.) obtained the exclusive, worldwide rights to manufacture,develop and commercialize certain MEK inhibitors from JT on April 18, 2006.
In March 2009 GSK updated its external pipeline chart showing the lead MEK inhibitor in Phase 1 clinical development.