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FOR IMMEDIATE RELEASE

JT Reports Consolidated Financial Results For the Nine-Month Period that Ended December 31, 2007

TOKYO, February 7, 2008 --- Japan Tobacco Inc. (JT) (TSE: 2914) announced today its consolidated financial results for the nine-month period that ended December 31, 2007.

1. Overview of the Consolidated Nine-Month Financial Results

- JT's domestic tobacco business has increased its market share slightly compared to the same period in the previous year. However, due to a decline in overall cigarette consumption, net sales decreased 1.1 percent, and operating income decreased 7.4 percent.
- JT's international tobacco business¹, a driving force for profit growth for the JT Group, reported increases in net sales and operating income of 145.9 percent and 145.5 percent respectively, compared to the same period in the previous year. This was driven mainly by steady top-line growth in addition to the integration of the Gallaher business.
- Consolidated net sales for JT increased 29.3 percent. Operating income and net income increased 34.1 percent and 13.9² percent respectively compared to the same period in the previous year, reflecting the strong growth momentum in the international tobacco business.
- JT's management has revised its net sales and earnings forecasts for the fiscal year ending March 31, 2008, which are expected to achieve double digit growth. Forecasted net sales for the full year was revised upward from ¥6.36 trillion to ¥6.41 trillion, and forecasted operating income grew from ¥405.0 billion to ¥422.0 billion, while net income was revised downward from ¥256.0 billion to ¥246.0 billion.

"I am pleased to announce that the Mild Seven brand has continued to deliver a strong performance, and this achievement will contribute to increasing our overall market share in Japan throughout the fiscal year," said Hiroshi Kimura, President and CEO of JT. "Meanwhile our international tobacco business has seen organic top-line growth, due largely to robust sales of Winston and Camel, and a strengthened and well-balanced brand portfolio achieved through the integration of Gallaher."

¹ The results of the international tobacco business for the period between January and September 2007 were incorporated into JT's consolidated financial results for the nine-month period that ended December 31, 2007.

² JT found that the net income figure for the nine-month period that ended December 31, 2007, as reported in the previous financial results, was inaccurate due to an accounting error relating to the dividend income of a JT subsidiary, and was corrected as of May 1, 2008.



2. Consolidated Nine-Month Financial Results for the Period that Ended December 31, 2007

Units: Billions of Yen

	Apr. – Dec. 2006	Apr. – Dec. 2007	Net change (%)
Net Sales	3,637.4	4,704.2	29.3
Operating income	273.4	366.7	34.1
Net income	193.4	<u>220.3</u>	<u>13.9</u> ³

3. Results by Business Segment

➤ Domestic Tobacco Business

	Apr. – Dec. 2006	Apr. – Dec. 2007	Net change (%)
Net sales (billions of yen)	2,624.9	2,594.8	-1.1
Operating income (billions of yen)	196.7	182.1	-7.4
Total sales volume (billions of cigarettes)	135.5	129.5	-4.5

During the period, JT invested heavily in the Mild Seven brand, further strengthening its brand equity through intensified sales promotions and the national launch of “Mild Seven D-spec Super Lights Box.” Following these efforts, the Mild Seven brand’s market share increased 0.3 percent, while JT’s overall market share accounted for 64.9 percent, a slight increase compared to the same period in the previous year.

However, due to a decline in overall cigarette consumption, domestic tobacco sales volume decreased 4.5 percent compared to the same period in the previous year. As a result, net sales and operating income decreased by 1.1 percent and 7.4 percent respectively.

➤ International Tobacco Business

	Jan. – Sept. 2006	Jan. – Sept. 2007	Net change (%)
Net sales (billions of yen)	742.4	1,825.3	145.9
Operating income (billions of yen)	70.9	174.0	145.5
Total sales volume (billions of cigarettes)	178.2	274.0	53.8
GFB sales volume ⁴ (billions of cigarettes)	107.4	145.9	35.9

³ JT found that the net income figure for the nine-month period that ended December 31, 2007, as reported in the previous financial results, was inaccurate due to an accounting error relating to the dividend income of a JT subsidiary, and was corrected as of May 1, 2008.

⁴ Global Flagship Brands (GFB) were revised following the acquisition of Gallaher to include eight brands: Winston, Camel, Mild Seven, Benson & Hedges, Silk Cut, LD, Sobranie and Glamour. GFB sales volume figures in this press release are based on the current GFB definition. Please note that GFB sales volume figures prior to the acquisition of Gallaher include Winston, Camel and Mild Seven only.



JT's international tobacco business continued its strong growth momentum over the nine-month period⁵. In addition to the integration of the Gallaher business, the strong performance of Winston and Camel resulted in steady top line growth.

GFB sales volume grew 35.9 percent to 145.9 billion cigarettes compared to the same period last year, led by increased sales of Winston in Russia, Ukraine, Spain and Turkey; and Camel in Spain, France, Italy and Russia. The GFB performance also reflected the additional contribution of Benson & Hedges and Silk Cut in the United Kingdom and Ireland; and LD, Sobranie and Glamour in Russia, Ukraine and Kazakhstan.

As a result, total sales volume continued a strong and balanced growth of 53.8 percent to 274.0 billion cigarettes compared to the same period in the previous year. Net sales including tax grew 145.9 percent, and operating income increased by 145.5 percent.

➤ **Pharmaceutical Business**

Units: Billions of Yen

	Apr. – Dec. 2006	Apr. – Dec. 2007	Net change (%)
Net sales	36.0	39.7	10.3
Operating income	-7.3	-4.3	-

JT's net sales for the pharmaceutical business during the nine-month period that ended December 31, 2007, increased 10.3 percent compared to the same period in the previous year, due mainly to revenue from a milestone payment related to the development of "JTT-705," a compound for the treatment of dyslipidemia licensed to Roche for the overseas market, while operating income posted a ¥4.3 billion loss.

JT has been successful in enhancing its R&D pipeline, and currently has 10 compounds under clinical trial, including four newer compounds, "JTT-553," "JTT-651," "JTK-652" and "JTS-653," which have entered into their clinical trial, while the development of "JTT-551" was ceased in this fiscal year.

➤ **Foods Business**

Units: Billions of Yen

	Apr. – Dec. 2006	Apr. – Dec. 2007	Net change (%)
Net sales ⁶	218.5	227.7	4.2
Operating income	6.6	5.6	-14.9

Net sales for JT's foods business during the nine-month period that ended December 31, 2007, increased 4.2 percent compared to the same period last year. This was due mainly to enhanced vending machine channels and the expansion of the processed foods business. Operating income for the period decreased 14.9 percent, attributed to an increase in expenses.

⁵ The results of the international tobacco business for the period between January and September 2007 were incorporated into JT's consolidated financial results for the nine-month period that ended December 31, 2007. Please note that the financial results from the Gallaher business after April 18, 2007 were incorporated into JT's consolidated financial results.

⁶ Katokichi Co., Ltd. became a subsidiary of JT on January 8, 2008, following the successful tender offer for the shares of the company. Please note that Katokichi's business was not incorporated into JT's consolidated financial results for nine-month period that ended December 31, 2007.



4. Revised Outlook for the Fiscal Year Ending March 31, 2008 (consolidated)

JT's management has updated its forecasts for net sales and earnings for the fiscal year ending March 31, 2008, taking into account the consolidation of Katokichi Co., Ltd., revenue from a milestone payment related to the development of "JTT-705," and the steady top-line growth produced by the international tobacco business, while the forecasted sales volume for the domestic tobacco business were revised downward. Forecasted net sales and earnings for the fiscal year are estimated to achieve double digit growth.

Units: Billions of Yen

	FY03/2007 Actual	FY03/2008 Previous Forecast	FY03/2008 Updated Forecast	Change from FY03/2007 Actual	Change from FY03/2008 Previous Forecast
	(A)	(B)	(C)	(C-A)	(C-B)
Net sales	4,769.3	6,360.0	6,410.0	1,640.6	50.0
Operating income	331.9	405.0	422.0	90.0	17.0
Net income	210.7	256.0	246.0	35.2	-10.0

Note: This forecast does not incorporate the impact of amortization of goodwill related to the acquisition of Katokichi Co., Ltd. or any impact that may result from the recall related to the frozen processed foods business.

Please refer to the attached date sheet for additional details regarding the forecasts.

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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 ¥4.769 trillion in the fiscal year ended March 31, 2007.

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. Breakdown of net sales

(unit: JPY billion)

	9 months ended Dec. 2006	9 months ended Dec. 2007	Change
Net sales including excise tax ^{*1}	3,637.4	4,704.2	1,066.8
Domestic tobacco	2,624.9	2,594.8	-30.1
Excluding imported tobacco	1,691.5	1,673.5	-18.0
International tobacco ^{*1}	742.4	1,825.3	1,082.9
Excluding distribution business	742.4	1,649.4	907.0
Net sales excluding excise tax ^{*1 *2}	1,241.1	1,514.2	273.0
Domestic tobacco ^{*2}	562.5	550.9	-11.5
International tobacco ^{*1 *2}	408.5	679.1	270.6
Pharmaceutical	36.0	39.7	3.7
Foods	218.5	227.7	9.2
Beverages	146.2	150.4	4.1
Processed foods	72.2	77.3	5.0
Others	15.5	16.5	1.0

^{*1} International tobacco: 9 months ended Sep. 2007^{*2} Net sales excluding excise tax: Excluding imported tobacco in domestic tobacco and distribution business in international tobacco, respectively.

2. Leaf tobacco reappraisal profit / loss *

(unit: JPY billion)

	9 months ended Dec. 2006	9 months ended Dec. 2007	Change
Leaf tobacco reappraisal profit / loss	-7.0	-3.1	3.9

* Profit when denoted negative

3. Breakdown of SG&A expenses

(unit: JPY billion)

	9 months ended Dec. 2006	9 months ended Dec. 2007	Change
SG&A	433.4	516.1	82.7
Personnel *	114.5	142.1	27.6
Advertising and general publicity	16.7	16.4	-0.2
Sales promotion	93.7	111.8	18.0
R&D	31.1	32.8	1.6
Depreciation and amortization	42.8	57.3	14.5
Others	134.4	155.4	21.0

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

4. EBITDA by business segment ^{*1}

(unit: JPY billion)

	9 months ended Dec. 2006	9 months ended Dec. 2007	Change
Consolidated EBITDA	371.1	486.2	115.1
Operating income	273.4	366.7	93.3
Depreciation and amortization ^{*2}	97.6	119.4	21.8
Domestic tobacco EBITDA	256.5	244.6	-11.9
Operating income	196.7	182.1	-14.6
Depreciation and amortization ^{*2}	59.8	62.5	2.7
International tobacco EBITDA ^{*3}	93.7	217.1	123.3
Operating income	70.9	174.0	103.1
Depreciation and amortization ^{*2}	22.8	43.0	20.2
Pharmaceutical EBITDA	-5.1	-1.9	3.2
Operating income	-7.3	-4.3	3.0
Depreciation and amortization ^{*2}	2.2	2.4	0.2
Foods EBITDA	10.7	9.0	-1.6
Operating income	6.6	5.6	-0.9
Depreciation and amortization ^{*2}	4.0	3.4	-0.6
Others EBITDA	15.9	17.5	1.6
Operating income	6.7	8.8	2.0
Depreciation and amortization ^{*2}	9.1	8.7	-0.4

(Reference)

(unit: USD million)

International tobacco EBITDA (Before royalty payment)	902	1,933	1,031
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^{*1} EBITDA=operating income + depreciation and amortization²^{*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: 9 months ended Sep. 2007

5. Amortization relating to major acquisitions

(unit: JPY billion)

	9 months ended Dec. 2006	9 months ended Dec. 2007	Years to amortize	Termination
Former RJRI				
Trademark rights	21.9	22.0	10	Apr-09
Patents	3.0	0.5	8	Apr-07

JT International

(unit: USD million)

	9 months ended Sep. 2006	9 months ended Sep. 2007	Years to amortize
Former RJRI and Gallaher			
Trademark rights *	46	147	mainly 20
Goodwill	-	-	20 est.

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

6. Capital expenditure

(unit: JPY billion)

	9 months ended Dec. 2006	9 months ended Dec. 2007	Change
Capital expenditures	71.0	84.4	13.3
Domestic tobacco	39.3	43.8	4.5
International tobacco *	20.9	27.7	6.7
Pharmaceutical	2.2	2.3	0.1
Foods	3.1	3.9	0.7
Others	6.1	7.8	1.7

* International tobacco: 9 months ended Sep. 2007

7. Cash and cash equivalents *

(unit: JPY billion)

	As of end of Mar. 2007	As of end of Dec. 2007	Change
Cash and cash equivalents	1,185.6	262.0	-923.5

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

8. Interest-bearing debt *

(unit: JPY billion)

	As of end of Mar. 2007	As of end of Dec. 2007	Change
Interest-bearing debt	219.2	1,217.7	998.4

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

9. Business data

	9 months ended Dec. 2006	9 months ended Dec. 2007	Change
<Domestic tobacco business>			
JT sales volume* (billion cigarettes)	135.5	129.5	-6.0
Total demand (billion cigarettes)	208.9	199.6	-9.3
JT market share	64.9%	64.9%	0.0%pt
JT net sales before tax per 1,000 cigarettes (JPY)	12,276	12,699	423
JT net sales after tax per 1,000 cigarettes (JPY)	3,971	4,057	86

* Sales volume of domestic duty-free and China division is excluded, which was 2.5 billion for 9 months ended Dec. 2006 and 2.7 billion for 9 months ended Dec. 2007, respectively.

	9 months ended Sep. 2006	9 months ended Sep. 2007	Change
<International tobacco business>			
Total sales volume (billion cigarettes)	178.2	274.0	95.8
GFB sales volume (billion cigarettes)	107.4	145.9	38.6
JPY/USD rate for consolidation (JPY)	115.90	119.41	3.51

	9 months ended Dec. 2006	9 months ended Dec. 2007	Change
<Pharmaceutical business>			
R&D expenses (parent company) (JPY billion)	16.4	16.8	0.4

	As of end of Mar. 2007	As of end of Dec. 2007	Change
<Foods business - Beverage business>			
Number of beverage vending machines *	250,500	258,000	7,500
JT-owned	38,000	37,000	-1,000
Combined	66,000	71,000	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.

1. Consolidated financial outlook for fiscal year ending March 31, 2008 compared to the forecast as of October 2007

(JPY billion)

	October forecast	Revised forecast	Change
Net sales including excise tax	6,360.0	6,410.0	50.0
EBITDA	572.0	593.0	21.0
Operating income	405.0	422.0	17.0
Recurring profit	370.0	363.0	-7.0
Net income	256.0	246.0	-10.0
Return on equity	12.5%	11.7%	-0.8%pt

(JPY billion)

	October forecast	Revised forecast	Change
Capital expenditures	142.0	138.0	-4.0
Domestic tobacco	67.0	63.0	-4.0
International tobacco	50.0	49.0	-1.0
Pharmaceutical	4.5	4.5	0.0
Foods	6.0	6.5	0.5
Other businesses	15.5	16.0	0.5

Consolidated financial outlook by business segment

(JPY billion)

	October forecast	Revised forecast	Change
Net sales including excise tax	6,360.0	6,410.0	50.0
Domestic tobacco	3,368.0	3,353.0	-15.0
Excluding imported tobacco	2,171.0	2,158.0	-13.0
International tobacco	2,630.0	2,640.0	10.0
Excluding distribution business	2,370.0	2,410.0	40.0
Pharmaceutical	43.5	49.0	5.5
Foods	297.0	352.5	55.5
EBITDA	572.0	593.0	21.0
Domestic tobacco	300.0	300.0	0.0
International tobacco	254.0	267.0	13.0
Pharmaceutical	-13.0	-7.5	5.5
Foods	11.5	13.5	2.0
Operating income	405.0	422.0	17.0
Domestic tobacco	213.0	214.0	1.0
International tobacco	193.0	202.0	9.0
Pharmaceutical	-16.5	-11.0	5.5
Foods	7.0	7.5	0.5

Major assumptions**(1) Domestic tobacco business (billions of cigarettes)**

	October forecast	Revised forecast	Change
Sales volume	168.0	167.0	-1.0

Excluding sales of domestic duty-free and China division

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

	October forecast	Preliminary results	Change
Total sales volume	385.0	385.6	0.6
GFB sales volume*	203.0	203.2	0.2
JPY/USD rate	118.00	117.85	-0.15

*GFB of FY 3/2008: Winston, Camel, Mild Seven, B&H, Silk Cut, LD, Sobranie, Glamour

2. Consolidated financial outlook for fiscal year ending March 31, 2008 compared to the results of previous fiscal year

(JPY billion)

	FY 03/2007	Revised forecast	Change
Net sales including excise tax	4,769.3	6,410.0	1,640.6
EBITDA	464.6	593.0	128.3
Operating income	331.9	422.0	90.0
Recurring profit	312.0	363.0	50.9
Net income	210.7	246.0	35.2
Return on equity	11.3%	11.7%	0.4%pt

(JPY billion)

	FY 03/2007	Revised forecast	Change
Capital expenditures	102.1	138.0	35.8
Domestic tobacco	55.2	63.0	7.7
International tobacco	32.0	49.0	16.9
Pharmaceutical	3.0	4.5	1.4
Foods	4.8	6.5	1.6
Other businesses	8.0	16.0	7.9

Consolidated financial outlook by business segment

(JPY billion)

	FY 03/2007	Revised forecast	Change
Net sales including excise tax	4,769.3	6,410.0	1,640.6
Domestic tobacco	3,416.2	3,353.0	-63.2
Excluding imported tobacco	2,200.0	2,158.0	-42.0
International tobacco	999.6	2,640.0	1,640.3
Excluding distribution business	999.6	2,410.0	1,410.3
Pharmaceutical	45.4	49.0	3.5
Foods	286.5	352.5	65.9
EBITDA	464.6	593.0	128.3
Domestic tobacco	326.4	300.0	-26.4
International tobacco	112.6	267.0	154.3
Pharmaceutical	-8.1	-7.5	0.6
Foods	12.0	13.5	1.4
Operating income	331.9	422.0	90.0
Domestic tobacco	245.3	214.0	-31.3
International tobacco	81.0	202.0	120.9
Pharmaceutical	-11.2	-11.0	0.2
Foods	6.7	7.5	0.7

Major assumptions**(1) Domestic tobacco business (billions of cigarettes)**

	FY 03/2007	Revised forecast	Change
Sales volume	174.9	167.0	-7.9

Excluding sales of domestic duty-free and China division

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

	2006	Preliminary results	Change
Total sales volume	240.1	385.6	145.5
GFB sales volume*	145.2	203.2	58.0
JPY/USD rate	116.38	117.85	1.47

*GFB of FY 3/2007: Winston, Camel, Mild Seven

GFB of FY 3/2008: Winston, Camel, Mild Seven, B&H, Silk Cut, LD, Sobranie, Glamour

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

* **Original measurement Basis** = JT original products + Marlboro cigarettes (until April 2005) + JTI products for the Japan market from May 2005 onward

* **New measurement Basis** = JT original products + JTI products for the Japan market

Domestic Tobacco Business Results

1. Quarterly Sales Volume (billions of cigarettes)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2006	50.5	48.5	48.1	42.2	189.4
FY 03/2007	54.0	36.8	44.6	39.3	174.9
FY 03/2008	42.7	43.0	43.7		

* The above mentioned figures include sales of Marlboro cigarettes until April 2005 and JTI products (Camel, Winston, Salem etc.) for the domestic market from May 2005 onward.

2. Quarterly Retail Price Sales (billions of JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2006	694.7	664.2	658.2	578.0	2,595.2
FY 03/2007	740.3	547.5	664.6	587.0	2,539.5
FY 03/2008	636.7	641.4	651.6		

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

* The above mentioned figures include sales of Marlboro cigarettes until April 2005 and JTI products (Camel, Winston, Salem etc.) for the domestic market from May 2005 onward.

3. Quarterly Net Sales Per Thousand Cigarettes (JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2006	11,715	11,653	11,657	11,667	11,674
FY 03/2007	11,663	12,677	12,688	12,699	12,371
FY 03/2008	12,698	12,694	12,704		

* Net sales per thousand cigarettes

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

* The above mentioned figures include sales of Marlboro cigarettes until April 2005 and JTI products (Camel, Winston, Salem etc.) for the domestic market from May 2005 onward.

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

Original Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2006	3,901	3,845	3,849	3,857	3,864
FY 03/2007	3,852	4,050	4,050	4,056	3,990
FY 03/2008	4,056	4,053	4,063		
New Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2006	3,845	3,846	3,849	3,857	3,849
FY 03/2007	3,852	4,050	4,050	4,056	3,990
FY 03/2008	4,056	4,053	4,063		

* 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 (%)

Original Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2006	69.6	65.4	65.3	65.2	66.4
FY 03/2007	65.5	64.2	64.7	64.5	64.8
FY 03/2008	64.9	64.5	65.3		
New Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2006	66.1	65.5	65.3	65.2	65.5
FY 03/2007	65.5	64.2	64.7	64.5	64.8
FY 03/2008	64.9	64.5	65.3		

Market Share in Growing Segments

1. 1mg Tar

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

Original Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2006	10.6	11.7	12.2	12.5	11.7
FY 03/2007	12.4	12.5	13.3	13.6	12.9
FY 03/2008	13.9	13.7	14.0		
New Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2006	11.3	11.7	12.2	12.5	11.9
FY 03/2007	12.4	12.5	13.3	13.6	12.9
FY 03/2008	13.9	13.7	14.0		

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

Original Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY 03/2006	55.7	60.4	60.8	61.6
FY 03/2007	61.3	60.9	62.4	62.2
FY 03/2008	62.0	61.6	62.1	
New Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY 03/2006	59.7	60.4	60.8	61.6
FY 03/2007	61.3	60.9	62.4	62.2
FY 03/2008	62.0	61.6	62.1	

2. Menthol

(1) JT Menthol Product Share (%)

Original Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2006	8.1	6.5	6.6	6.7	7.0
FY 03/2007	6.7	6.9	6.7	7.1	6.8
FY 03/2008	7.2	7.5	7.2		
New Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2006	6.3	6.5	6.6	6.7	6.5
FY 03/2007	6.7	6.9	6.7	7.1	6.8
FY 03/2008	7.2	7.5	7.2		

(2) JT Share in Menthol Segment (%)

Original Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY 03/2006	45.1	34.4	34.9	35.1
FY 03/2007	35.0	34.1	33.8	34.8
FY 03/2008	34.9	35.2	34.0	
New Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY 03/2006	34.7	34.4	34.9	35.1
FY 03/2007	35.0	34.1	33.8	34.8
FY 03/2008	34.9	35.2	34.0	

3. JPY 320 or above*

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

Original Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2006	8.8	5.1	5.4	5.9	6.3
FY 03/2007	5.7	5.4	5.2	5.5	5.5
FY 03/2008	5.6	5.2	5.4		
New Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2006	5.1	5.2	5.4	5.9	5.4
FY 03/2007	5.7	5.4	5.2	5.5	5.5
FY 03/2008	5.6	5.2	5.4		

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

Original Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY 03/2006	39.1	22.2	23.1	24.5
FY 03/2007	24.3	22.5	22.6	23.2
FY 03/2008	23.5	22.0	22.5	
New Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY 03/2006	22.6	22.3	23.2	24.5
FY 03/2007	24.3	22.5	22.6	23.2
FY 03/2008	23.5	22.0	22.5	

* JPY 300 or above until Apr-Jun. 2006

4. Quarterly D-spec Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2006	0.91	1.24	1.78	3.12	1.72
FY 03/2007	4.12	3.84	3.85	4.34	4.04
FY 03/2008	4.41	4.10	4.77		

* 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 7, 2008)

Code	Stage	Indication	Mechanism	Characteristics	Rights
JTT-705 (oral)	Phase1(JPN)	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) obtains the rights to develop and commercialize this compound worldwide, with the exception of Japan. Roche has decided to move into phase 3.
JTT-130 (oral)	Phase2(JPN) Phase2(Overseas)	Hyperlipidemia	MTP inhibitor	Treatment of hyperlipidemia by reducing absorption of cholesterol and triglyceride via inhibition of MTP -MTP:Microsomal Triglyceride Transfer Protein	
JTK-303 (oral)	Phase1(JPN)	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.) obtains the rights to develop and commercialize this compound worldwide, with the exception of Japan.
JTT-302 (oral)	Phase2(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)	Phase2(JPN) Phase1(Overseas)	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	
JTT-552 (oral)	Phase2(JPN)	Hyperuricemia	URAT1 inhibitor	Decreases serum urate concentration by increasing urinary urate excretion via inhibition of URAT1. -URAT 1: Urate Transporter 1	
JTT-553 (oral)	Phase1(Overseas)	Obesity	DGAT1 inhibitor	Reduces fat absorption from the small intestine and inhibits fat synthesis in adipose tissue via inhibition of DGAT1 -DGAT1: Acyl CoA: diacylglycerol acyltransferase 1	
JTT-651 (oral)	Phase1(JPN)	Type 2 diabetes mellitus	GP inhibitor	Decreases blood glucose by suppression of glucose output from liver via inhibition of GP -GP:Glycogen Phosphorylase	
JTK-652 (oral)	Phase1(Overseas)	Hepatitis C	Entry inhibitor	Treatment of hepatitis C by inhibiting the infection process of HCV into hepatocytes -HCV:Hepatitis C Virus	
JTS-653 (oral)	Phase1(JPN)	Pain Overactive Bladder	TRPV1 antagonist	Improves pain and overactive bladder via antagonism of TRPV1 on sensory neurons - TRPV1:Transient Receptor Potential Vanilloid subtype 1	

Changes from the previous announcement on October 31, 2007:

JTS-653 entered into clinical trial stage in Japan.

JTT-552 advanced from phase 1 to phase 2 in Japan.

Roche, licensee of JTT-705, decided to move into phase 3, therefore this information is added in the "Rights" column above.