

## Consolidated Financial Results for Q3 FY 3/2008 and Full-term Forecasts for FY 3/2008



### Caution concerning forward-looking statements

#### Forward-Looking and Cautionary Statements

This presentation contains forward-looking statements about our industry, business, plans and objectives, financial conditions and results of operations based on current expectations, assumptions, estimates and projections. These statements reflect future expectations, identify strategies, discuss market trends, contain projections of operational results and financial conditions, and 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 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 related to the use of tobacco products;
- (2) legal or regulatory developments and changes; including, without limitation, tax increases and restrictions on sales, marketing and use of tobacco products, 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 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.



## Financial Results for Q3 FY 3/2008



### Results for Q3 FY 3/2008

#### ■ Summary of Performance

Despite a decline in the sales volume of the domestic tobacco business, sales and profits grew due to the continuing top-line growth of the international tobacco business as well as the consolidation of Gallaher's performance.

(Unit: JPY billion)

|                   | Q3 FY 3/2007 | Q3 FY 3/2008 | Change              |
|-------------------|--------------|--------------|---------------------|
| Sales incl. Taxes | 3,637.4      | 4,704.2      | 1,066.8<br>(+29.3%) |
| Sales excl. Taxes | 1,563.1      | 1,908.9      | 345.8<br>(+22.1%)   |
| EBITDA            | 371.1        | 486.2        | 115.1<br>(+31.0%)   |
| Operating Income  | 273.4        | 366.7        | 93.3<br>(+34.1%)    |
| Recurring Profit  | 276.0        | 327.1        | 51.0<br>(+18.5%)    |
| Net Income        | 193.4        | 220.3        | 26.8<br>(+13.9%)    |

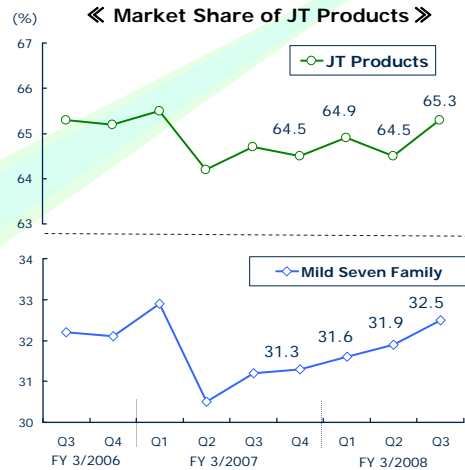


## Results for Q3 FY 3/2008

### Domestic Tobacco Business

Sales and profits declined due to a decline in the sales volume.

|  | Q3<br>FY 3/2007 | Q3<br>FY 3/2008 | Change           |
|--|-----------------|-----------------|------------------|
| (Unit: JPY billion)                              |                 |                 |                  |
| Sales incl. Taxes                                | 2,624.9         | 2,594.8         | -30.1<br>(-1.1%) |
| Sales excl. Taxes<br>(Excl. imported cigarettes) | 562.5           | 550.9           | -11.5<br>(-2.1%) |
| EBITDA   | 256.5           | 244.6           | -11.9<br>(-4.6%) |
| Operating Income                                 | 196.7           | 182.1           | -14.6<br>(-7.4%) |
| (Unit: billion cigarettes)                       |                 |                 |                  |
| Sales Volume of<br>JT Products                   | 135.5           | 129.5           | -6.0<br>(-4.5%)  |



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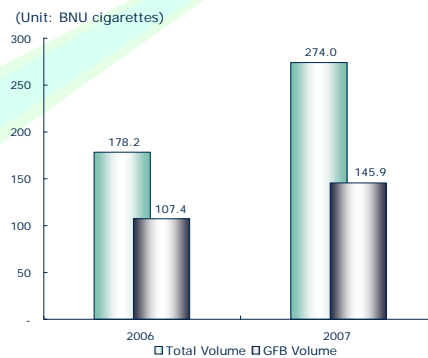
## Results for Q3 FY 3/2008

### International Tobacco Business

Results far exceeded the figures for the previous year due to the continuing top-line growth, as well as the Gallaher consolidation.

|  | Q3<br>FY 3/2007 | Q3<br>FY 3/2008 | Change               |
|--|-----------------|-----------------|----------------------|
| (Unit: JPY billion)                                |                 |                 |                      |
| Sales incl. Taxes                                  | 742.4           | 1,825.3         | 1,082.9<br>(+145.9%) |
| Sales excl. Taxes<br>(Excl. Distribution Business) | 408.5           | 679.1           | 270.6<br>(+66.2%)    |
| EBITDA   | 93.7            | 217.1           | 123.3<br>(+131.6%)   |
| Operating Income                                   | 70.9            | 174.0           | 103.1<br>(+145.5%)   |
| Exchange Rate (JPY/USD)                            | 115.90          | 119.41          | 3.51                 |
| (Reference) (Unit: USD million)                    |                 |                 |                      |
| EBITDA<br>(Before royalty payment to JT)           | 902             | 1,933           | 1,031<br>(+114.3%)   |

### « Total sales volume from January to September »



Note) GFBs in 2006: Winston, Camel, Mild Seven  
GFBs in 2007 (after April 18, 2007):  
Winston, Camel, Mild Seven, B&H, Silk Cut, LD, Sobranie, Glamour

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## Results for Q3 FY 3/2008

### ■ Pharmaceutical Business

Sales increased due to milestone revenue, while efforts were underway to ensure steady advance in clinical development and strengthen the R&D pipeline.

Clinical Development  
(as of February 7, 2008)

(Unit: JPY billion)

|                     | Q3<br>FY 3/2007 | Q3<br>FY 3/2008 | Change          |
|---------------------|-----------------|-----------------|-----------------|
| Sales               | 36.0            | 39.7            | 3.7<br>(+10.3%) |
| EBITDA              | -5.1            | -1.9            | 3.2             |
| Operating<br>Income | -7.3            | -4.3            | 3.0             |

| Code              | Indication                  | Stage                               |
|-------------------|-----------------------------|-------------------------------------|
| JTT-705<br>(oral) | Dyslipidemia                | Japan: Phase 1                      |
| JTT-130<br>(oral) | Hyperlipidemia              | Japan: Phase 2<br>Overseas: Phase 2 |
| JTK-303<br>(oral) | HIV infection               | Japan: Phase 1                      |
| JTT-302<br>(oral) | Dyslipidemia                | Overseas: Phase 2                   |
| JTT-305<br>(oral) | Osteoporosis                | Japan: Phase 2<br>Overseas: Phase 1 |
| JTT-552<br>(oral) | Hyperuricemia               | Japan: Phase 2                      |
| JTT-553<br>(oral) | Obesity                     | Overseas: Phase 1                   |
| JTT-651<br>(oral) | Type 2 diabetes<br>mellitus | Japan: Phase 1                      |
| JTK-652<br>(oral) | Hepatitis C                 | Overseas: Phase 1                   |
| JTK-653<br>(oral) | Pain<br>Overactive bladder  | Japan: Phase 1                      |

Stage advanced

Newly introduced into  
clinical development

\*JTT-705: Roche, to which JTT-705 was licensed, has decided to advance its clinical development to Phase 3.

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## Results for Q3 FY 3/2008

### ■ Foods Business

Despite sales growth in the beverage and processed foods businesses, profits declined due to increasing materials and labor costs.

(Unit: JPY billion)

|                     | Q3<br>FY 3/2007 | Q3<br>FY 3/2008 | Change           |
|---------------------|-----------------|-----------------|------------------|
| Sales               | 218.5           | 227.7           | 9.2<br>(+4.2%)   |
| EBITDA              | 10.7            | 9.0             | -1.6<br>(-15.2%) |
| Operating<br>Income | 6.6             | 5.6             | -0.9<br>(-14.9%) |



Roots "Aroma  
Black Hot Blend"



Green Tea  
"Tsuji"

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## Full-term Forecasts for FY 3/2008



## Full-term Forecasts for FY 3/2008

### Domestic Tobacco Business

Amid the increasingly tough business environment, the forecasts of profits remain at the same levels as those estimated in October. Meanwhile, we aim to achieve the first upturn in our full-year market share since our privatization.

(Unit: JPY billion)

|   | FY 3/2007<br>Actual<br>(A) | FY 3/2008<br>Forecast in Oct.<br>(B) | FY 3/2008<br>Revised Forecast<br>(C) | Change from<br>Forecast in Oct.<br>(C-B) | Change from<br>2007 Actual<br>(C-A) |
|---|----------------------------|--------------------------------------|--------------------------------------|--|-------------------------------------|
| Sales incl. Taxes                             | 3,416.2                    | 3,368.0                              | 3,353.0                              | -15.0<br>(-0.4%)                         | -63.2<br>(-1.9%)                    |
| Sales incl. Taxes<br>(Excl. Imported Tobacco) | 2,200.0                    | 2,171.0                              | 2,158.0                              | -13.0<br>(-0.6%)                         | -42.0<br>(-1.9%)                    |
| EBITDA  | 326.4                      | 300.0                                | 300.0                                | 0.0<br>(No Change)                       | -26.4<br>(-8.1%)                    |
| Operating Income                              | 245.3                      | 213.0                                | 214.0                                | 1.0<br>(+0.5%)                           | -31.3<br>(-12.8%)                   |

【Major assumptions】

(Unit: billion cigarettes)

|                             | 174.9 | 168.0 | 167.0 | -1.0<br>(-0.6%) | -7.9<br>(-4.5%) |
|-----------------------------|-------|-------|-------|-----------------|-----------------|
| Sales Volume of JT Products |       |       |       |                 |                 |



## Full-term Forecasts for FY 3/2008

### International Tobacco Business

Upward revision, due to the continuing top-line growth.

(Unit: JPY billion)

|  | FY 3/2007<br>Actual<br>(A) | FY 3/2008<br>Forecast in Oct.<br>(B) | FY 3/2008<br>Revised Forecast<br>(C) | Change from<br>Forecast in Oct.<br>(C-B) | Change from<br>2007 Actual<br>(C-A) |
|--|----------------------------|--------------------------------------|--------------------------------------|--|-------------------------------------|
| Sales incl. Taxes                                  | 999.6                      | 2,630.0                              | 2,640.0                              | 10.0<br>(+0.4%)                          | 1,640.3<br>(+164.1%)                |
| Sales incl. Taxes<br>(Excl. Distribution Business) | 999.6                      | 2,370.0                              | 2,410.0                              | 40.0<br>(+1.7%)                          | 1,410.3<br>(+141.1%)                |
| EBITDA   | 112.6                      | 254.0                                | 267.0                                | 13.0<br>(+5.1%)                          | 154.3<br>(+137.0%)                  |
| Operating Income                                   | 81.0                       | 193.0                                | 202.0                                | 9.0<br>(+4.7%)                           | 120.9<br>(+149.1%)                  |

(Reference)

(Unit: USD million)

|  |       |       |       |                |                    |
|--|-------|-------|-------|----------------|--------------------|
| EBITDA<br>(Before royalty payment to JT) | 1,090 | 2,310 | 2,428 | 118<br>(+5.1%) | 1,338<br>(+122.7%) |
|--|-------|-------|-------|----------------|--------------------|

[Major Assumptions]

|  |        |        |        |                |                   |
|--|--------|--------|--------|----------------|-------------------|
| Total Sales Volume<br>(billion cigarettes) | 240.1  | 385.0  | 385.6  | 0.6<br>(+0.2%) | 145.5<br>(+60.6%) |
| GFB Sales Volume<br>(billion cigarettes)   | 145.2  | 203.0  | 203.2  | 0.2<br>(+0.1%) | 58.0<br>(+40.0%)  |
| Exchange Rate (JPY/USD)                    | 116.38 | 118.00 | 117.85 | -0.15          | 1.47              |

Note 1: FY 3/2008 forecasts include f-JTI results from Jan.-Dec. 2007 and approx. 8.5 months of f-Gallaher results.  
Note 2: GFB: Winston, Camel, Mild Seven, B&H, Silk Cut, LD, Sobranie, Glamour

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## Full-term Forecasts for FY 3/2008

### Pharmaceutical Business

The forecasts of sales and profits have been revised upward.

(Unit: JPY billion)

|                  | FY 3/2007<br>Actual<br>(A) | FY 3/2008<br>Forecast in Oct.<br>(B) | FY 3/2008<br>Revised Forecast<br>(C) | Change from<br>Forecast in Oct.<br>(C-B) | Change from<br>2007 Actual<br>(C-A) |
|------------------|----------------------------|--------------------------------------|--------------------------------------|--|-------------------------------------|
| Sales            | 45.4                       | 43.5                                 | 49.0                                 | 5.5<br>(+12.6%)                          | 3.5<br>(+7.8%)                      |
| EBITDA           | -8.1                       | -13.0                                | -7.5                                 | 5.5                                      | 0.6                                 |
| Operating Income | -11.2                      | -16.5                                | -11.0                                | 5.5                                      | 0.2                                 |

### Foods Business

The forecasts of sales and profits have been revised upward to reflect Katokichi's forecast.

(Unit: JPY billion)

|                  | FY 3/2007<br>Actual<br>(A) | FY 3/2008<br>Forecast in Oct.<br>(B) | FY 3/2008<br>Revised Forecast<br>(C) | Change from<br>Forecast in Oct.<br>(C-B) | Change from<br>2007 Actual<br>(C-A) |
|------------------|----------------------------|--------------------------------------|--------------------------------------|--|-------------------------------------|
| Sales            | 286.5                      | 297.0                                | 352.5                                | 55.5<br>(+18.7%)                         | 65.9<br>(+23.0%)                    |
| EBITDA           | 12.0                       | 11.5                                 | 13.5                                 | 2.0<br>(+17.4%)                          | 1.4<br>(+12.3%)                     |
| Operating Income | 6.7                        | 7.0                                  | 7.5                                  | 0.5<br>(+7.1%)                           | 0.7<br>(+11.9%)                     |

Note 1: FY 3/2008 forecasts do not incorporate the amount of goodwill amortization, accompanied by the acquisition of Katokichi.  
Note 2: FY 3/2008 forecasts do not incorporate any impacts from the recall related to the frozen processed foods business.

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## Full-term Forecasts for FY 3/2008

### # Consolidated Financial Forecasts

Double-digit growth is expected for all major profit indicators.

(Unit: JPY billion)

|                   | FY 3/2007<br>Actual<br>(A) | FY 3/2008<br>Forecast in Oct.<br>(B) | FY 3/2008<br>Revised Forecast<br>(C) | Change from<br>Forecast in Oct.<br>(C-B) | Change from<br>2007 Actual<br>(C-A) |
|-------------------|----------------------------|--------------------------------------|--------------------------------------|--|-------------------------------------|
| Sales incl. Taxes | 4,769.3                    | 6,360.0                              | 6,410.0                              | 50.0<br>(+0.8%)                          | 1,640.6<br>(+34.4%)                 |
| EBITDA            | 464.6                      | 572.0                                | 593.0                                | 21.0<br>(+3.7%)                          | 128.3<br>(+27.6%)                   |
| Operating Income  | 331.9                      | 405.0                                | 422.0                                | 17.0<br>(+4.2%)                          | 90.0<br>(+27.1%)                    |
| Recurring Profit  | 312.0                      | 370.0                                | 363.0                                | -7.0<br>(-1.9%)                          | 50.9<br>(+16.3%)                    |
| Net Income        | 210.7                      | 256.0                                | 246.0                                | -10.0<br>(-3.9%)                         | 35.2<br>(+16.7%)                    |

Note1: FY 3/2008 forecasts do not incorporate the amount of goodwill amortization, accompanied by the acquisition of Katokichi.  
 Note2: FY 3/2008 forecasts do not incorporate any impacts from the recall related to the frozen processed foods business.



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## [Reference Material]

### Analysis of Consolidated Financial Results for Q3 FY 3/2008 and Full-term Forecast for FY 3/2008



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### Forward-Looking and Cautionary Statements

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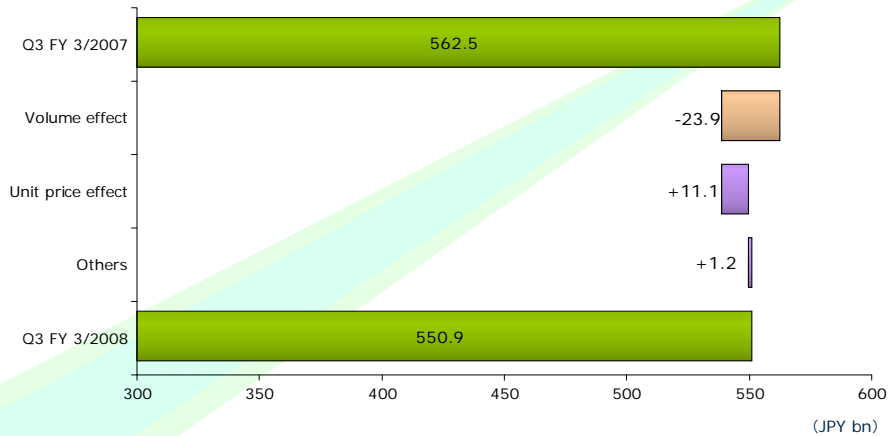
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- (2) legal or regulatory developments and changes; including, without limitation, tax increases and restrictions on the sale, marketing and usage of tobacco products, governmental investigations and privately imposed smoking restrictions;
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- (5) our ability to successfully expand internationally and make investments outside of Japan;
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- (9) fluctuations in foreign exchange rates and the costs of raw materials.



## Results for Q3 FY 3/2008

### ■ Domestic Tobacco Business – Net sales excl. tobacco excise tax\*

\*Excluding imported tobacco

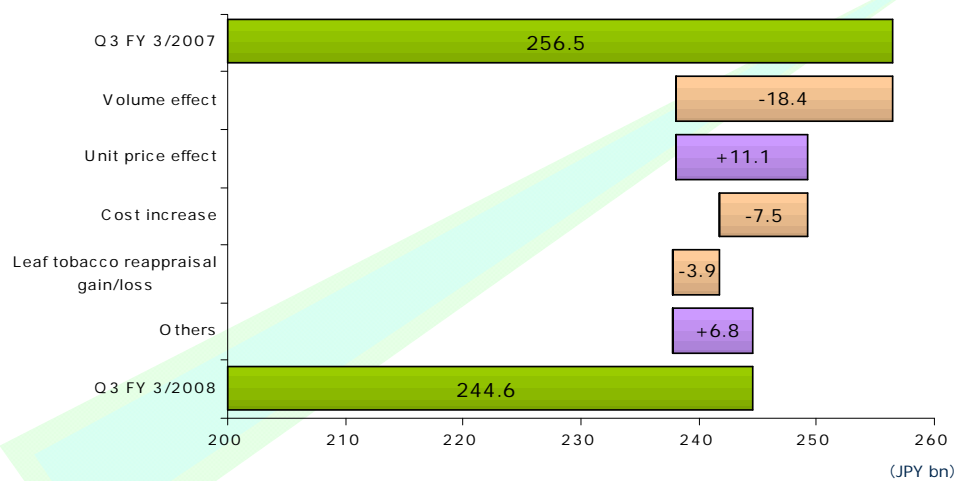


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## Results for Q3 FY 3/2008

### ■ Domestic Tobacco Business – EBITDA

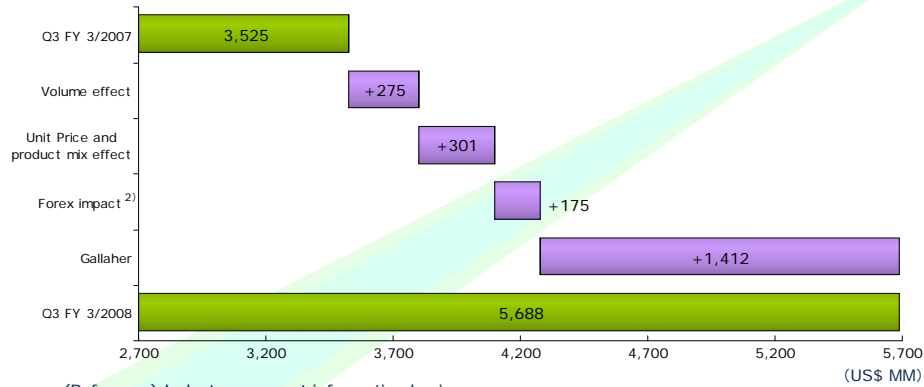


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## Results for Q3 FY 3/2008

### International Tobacco Business – Net sales excl. tobacco excise tax <sup>1)</sup>



(Reference) Industry segment information basis

International Tobacco Business

- Net sales excluding tobacco excise tax <sup>1)</sup> : From JPY 408.5 bn to 679.1 bn (up 270.6 bn)

*Note1: Sales of distribution business, which was formally handled by Gallaher is excluded from the result.*

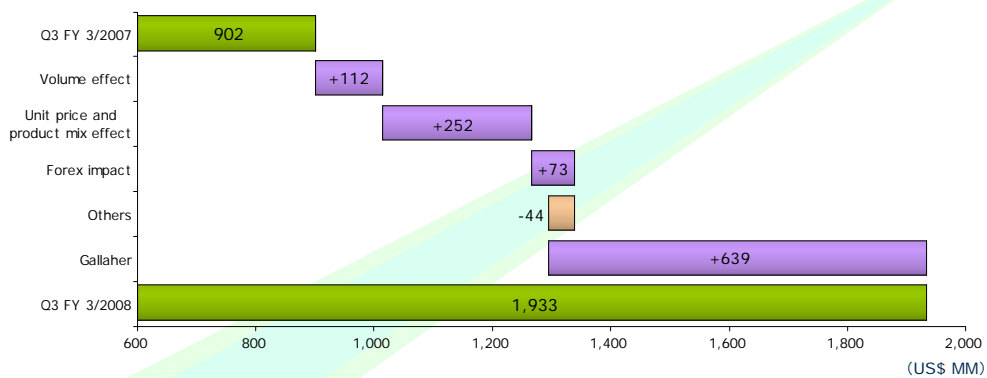
*Note2: "Forex impact" is the impact between US\$ and each local currency.*

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## Results for Q3 FY 3/2008

### International Tobacco Business - EBITDA (before royalty payment to JT)



(Reference) Industry segment information basis

International Tobacco Business – EBITDA: From JPY 93.7 bn to 217.1 bn (up 123.3 bn)

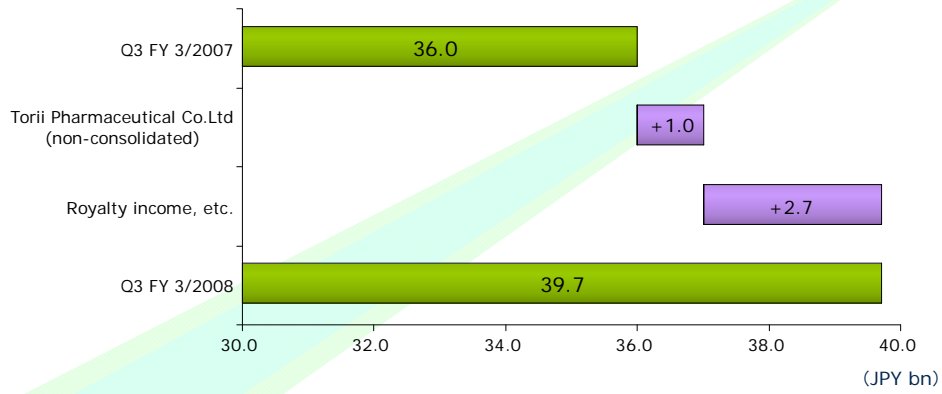
*Note: "Forex impact" is the impact between US\$ and each local currency.*

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## Results for Q3 FY 3/2008

### # Pharmaceutical Business – Net sales

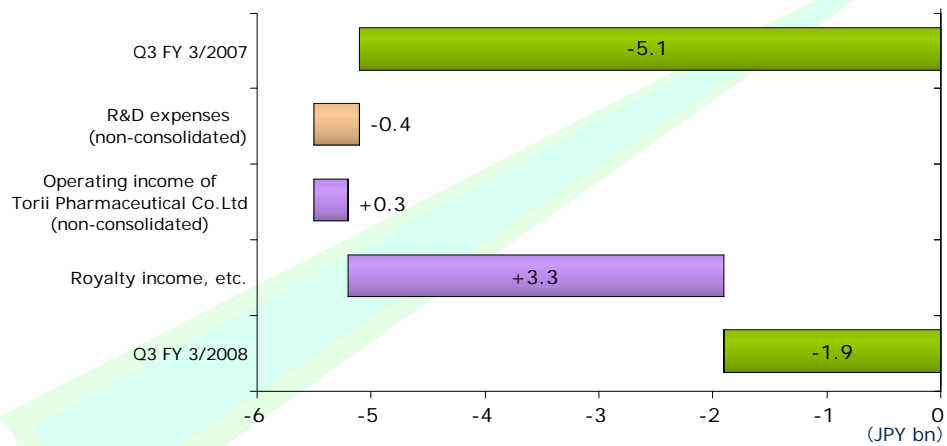


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## Results for Q3 FY 3/2008

### # Pharmaceutical Business – EBITDA

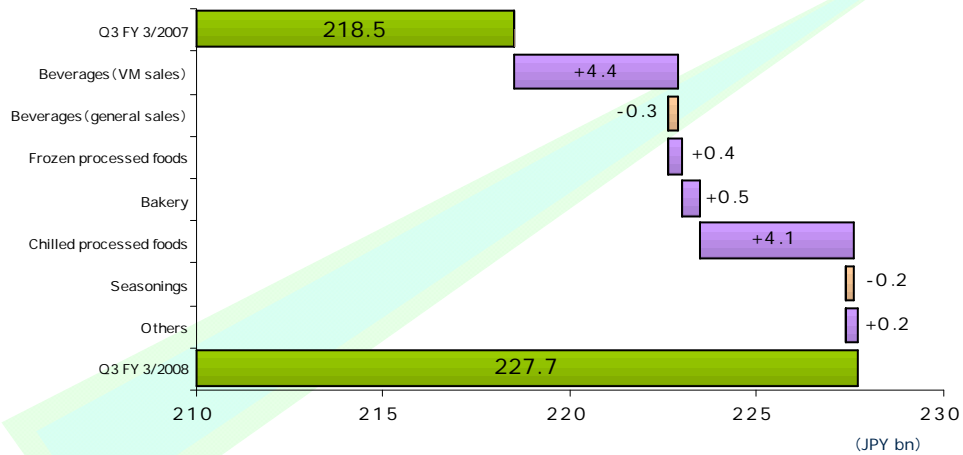


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## Results for Q3 FY 3/2008

### # Food Business – Net Sales

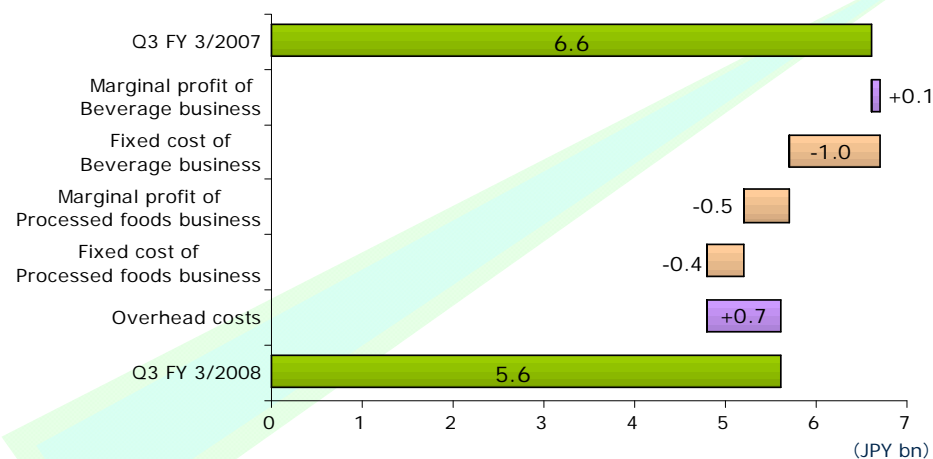


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## Results for Q3 FY 3/2008

### # Food Business – Operating Income

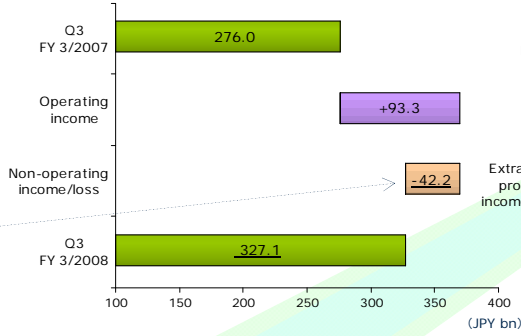


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## Results for Q3 FY 3/2008

### Recurring profit



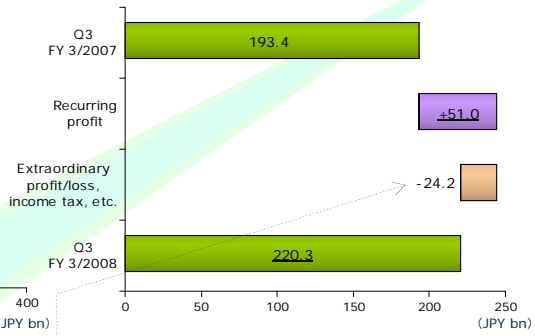
#### Positive factors:

- Increase of interest income (3.5bn)
- Increase of dividend income (0.3bn)
- Decrease of financial support for domestic leaf tobacco growers (1.5bn)
- Decrease of periodic mutual assistance association cost (0.2bn), etc.

#### Negative factors:

- Decrease of profit on foreign exchange (5.7bn)
- Increase of interest payment (25.1bn)
- Increase of loss on foreign exchange (16.3bn), etc.

### Net income



#### Positive factors:

- Decrease of loss on sale of property, plant and equipment (0.5bn), etc.

#### Negative factors:

- Decrease of gain on sale of property, plant and equipment (0.3bn)
- Increase of write-down of investment securities (6.9bn)
- Increase of impairment loss (0.8bn)
- Increase of introduction costs for vending machines with adult identification functions (5.0bn)
- Increase of income tax and others (10.2bn), etc.



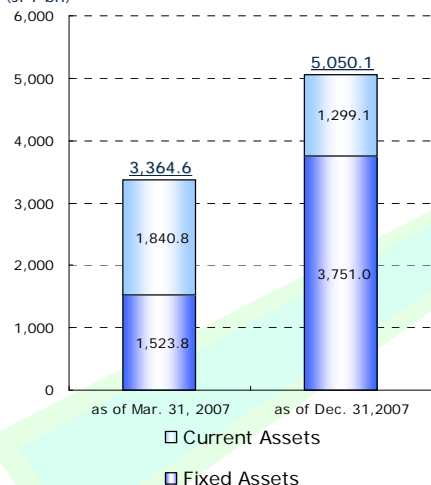
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## Summary of Consolidated B/S as of Dec. 31, 2007

### ASSETS

(JPY bn)



Compared to B/S as of Mar. 31, 2007

#### Current Assets – down JPY 541.6 bn

- Cash and cash equivalents\*: down JPY 923.5 bn  
\*Cash and cash equivalents = cash and deposits + marketable securities + securities purchased under repurchase agreements

- Operating receivables\*: up JPY 205.5 bn  
\*Operating receivables = Trade notes and accounts receivable

#### Fixed Assets – up JPY 2,227.1 bn

- Increased by capital expenditure:

up JPY 84.4 bn

- Decreased by depreciation and amortization\*: down JPY 119.4 bn

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

- Increase of Goodwill: up JPY 1,691.1 bn

- Increase of Trademarks: up JPY 479.4 bn

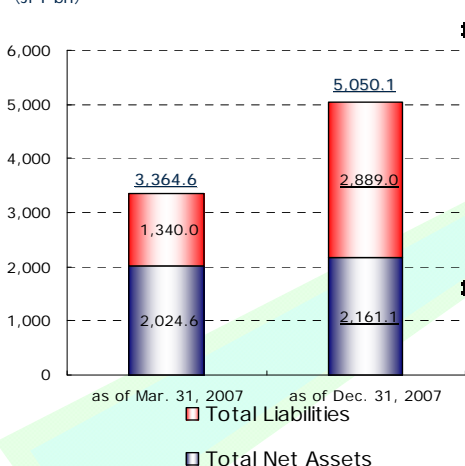
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## Summary of Consolidated B/S as of Dec. 31, 2007

### LIABILITIES & NET ASSETS

(JPY bn)



Compared to B/S as of Mar. 31, 2007

#### Total Liabilities – up JPY 1,548.9 bn

- Interest-bearing debt\*: up JPY 998.4 bn  
\* Interest-bearing debt = short-term bank loans + bonds + long-term bank loans

- Tobacco excise taxes payable\*: up JPY 168.1 bn

\* Tobacco excise taxes payable = national tobacco excise taxes payable + national special tobacco excise taxes payable + local tobacco excise taxes payable

#### Total Net Assets – up JPY 136.4 bn

- Retained earnings: up JPY 167.9 bn

- Foreign currency translation adjustments: down JPY 19.6 bn

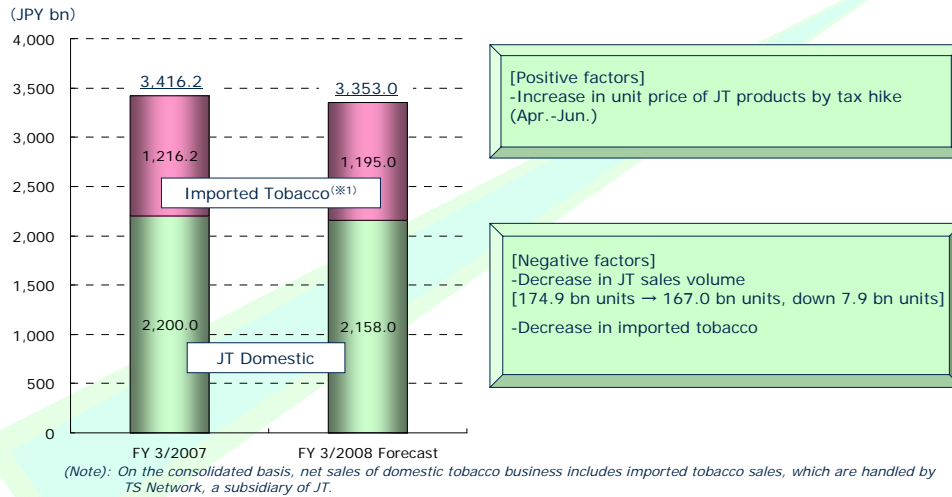
> Ratio of equity capital: 58.3% → 41.4%

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## Forecast for FY 3/2008 compared to results of the previous fiscal year

### # Domestic Tobacco Business – Net sales incl. tobacco excise tax

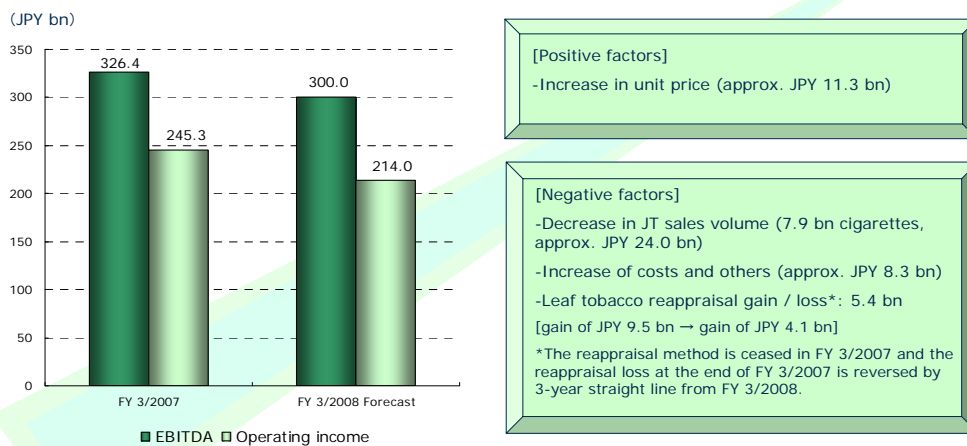


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## Forecast for FY 3/2008 compared to results of the previous fiscal year

### # Domestic tobacco business - EBITDA / Operating income

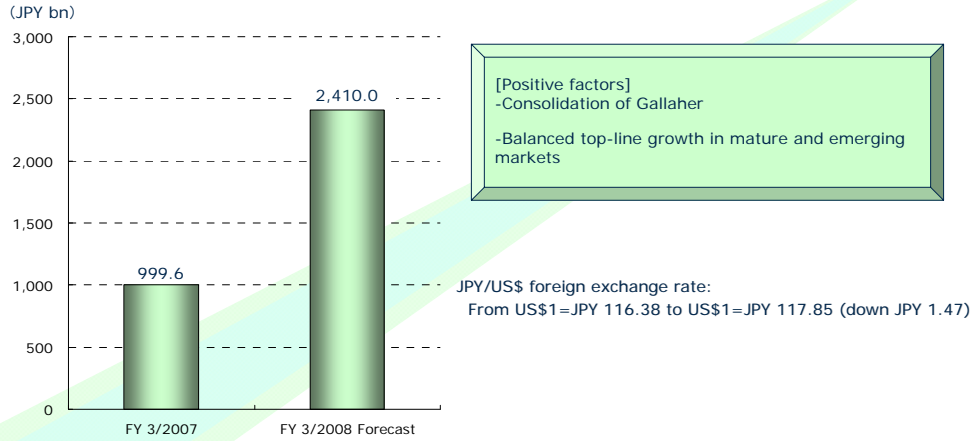


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## Forecast for FY 3/2008 compared to results of the previous fiscal year

### International Tobacco Business – Net sales incl. tobacco excise tax



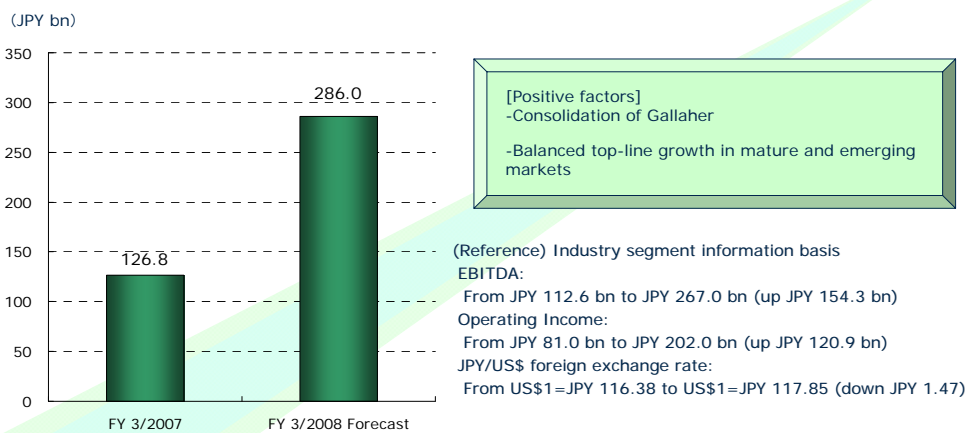
Note) Sales of distribution business, which was formally handled by Gallaher is excluded from the result.  
 This revised forecast includes approx. 8.5 months of the f-Gallaher business.

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## Forecast for FY 3/2008 compared to results of the previous fiscal year

### International Tobacco Business - EBITDA before royalty payment to JT



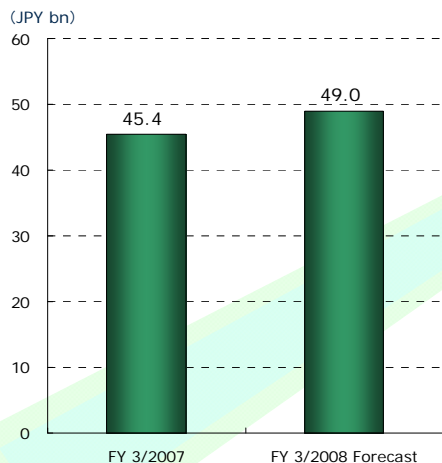
Note: This revised forecast includes approx. 8.5 months of the f-Gallaher business.

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Forecast for FY 3/2008 compared to results of the previous fiscal year

■ Pharmaceutical Business – Net sales



[Positive factors]

- Milestone revenue relating to JTT-705
- Increase in net sales of Torii Pharmaceutical Co. Ltd. [JPY 39.5 bn → JPY 40.5 bn (up JPY 0.9 bn)]

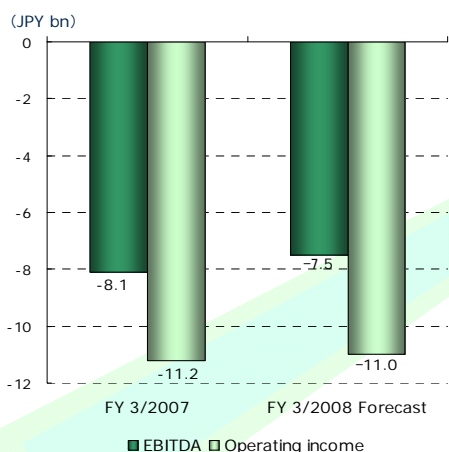
[Negative factors]

- Decrease in Viracept royalty
- FY 3/2007: One-time revenue from licensing-out of a new compound to GlaxoSmithKline Inc. and a new drug antibody candidate to MedImmune Inc.



Forecast for FY 3/2008 compared to results of the previous fiscal year

■ Pharmaceutical Business - EBITDA / Operating income



[Positive factors]

- Milestone revenue relating to JTT-705

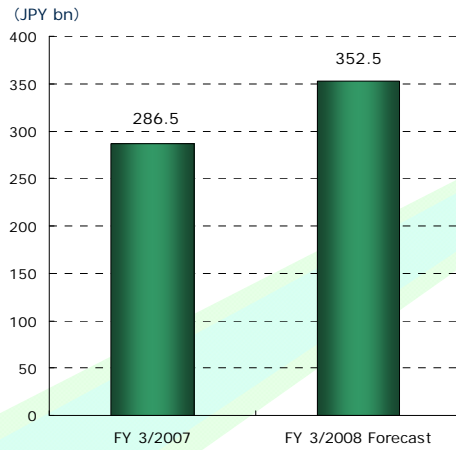
[Negative factors]

- Decrease in Viracept royalty
- Increase in R&D expenses (Including contract lump-sum payment to Keryx Biopharmaceuticals for the introduction of a compound for hyperphosphatemia)
- FY 3/2007: One-time revenue from licensing-out of a new compound to GlaxoSmithKline Inc. and a new drug antibody candidate to MedImmune Inc.
- Decrease in operating income of Torii Pharmaceutical Co. Ltd. [JPY 5.3 bn → JPY 4.5 bn (down JPY 0.8 bn)]



Forecast for FY 3/2008 compared to results of the previous fiscal year

■ Foods Business – Net sales



[Positive factors]

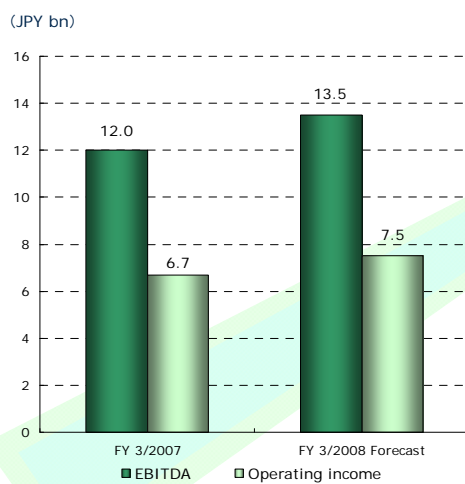
- Consolidation of Katokichi
- Steady expansion centering on vending machine sales channels in Beverage business
- Expansion in bakery business

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Forecast for FY 3/2008 compared to results of the previous fiscal year

■ Foods Business - EBITDA / Operating income



[Positive factors]

- Consolidation of Katokichi
- Decrease in amortization of goodwill

[Negative factors]

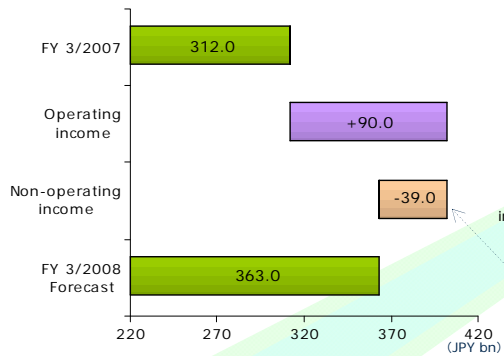
- Increase in fixed costs by scale expansion
- Decrease in profit margin by rise in cost of raw materials

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## Forecast for FY 3/2008 compared to results of the previous fiscal year

### # Recurring Profit



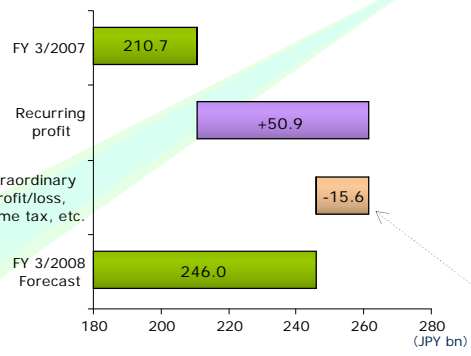
**Positive factors:**

-Decrease of currency hedging costs and the formation costs of bridge-loans related to the acquisition of Gallaher, etc.

**Negative factors:**

-Increase in interest payment and decrease of interest income related to the acquisition of Gallaher  
 -Increase in interest payment related to the existing debt of Gallaher, etc.

### # Net income



**Negative factors:**

-Increase of write-down of investment securities  
 -Increase of introduction costs for vending machines with adult identification functions  
 -Increase of income tax, etc. etc.

## 1. Breakdown of net sales

(unit: JPY billion)

|   | 9 months ended Dec. 2006 | 9 months ended Dec. 2007 | Change  |
|---|--------------------------|--------------------------|---------|
| Net sales including excise tax <sup>*1</sup>    | 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 <sup>*1</sup>             | 742.4                    | 1,825.3                  | 1,082.9 |
| Excluding distribution business                 | 742.4                    | 1,649.4                  | 907.0   |
| Net sales excluding excise tax <sup>*1 *2</sup> | 1,241.1                  | 1,514.2                  | 273.0   |
| Domestic tobacco <sup>*2</sup>                  | 562.5                    | 550.9                    | -11.5   |
| International tobacco <sup>*1 *2</sup>          | 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     |

<sup>\*1</sup> International tobacco: 9 months ended Sep. 2007<sup>\*2</sup> 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&amp;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 <sup>\*1</sup>

(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 <sup>*2</sup> | 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 <sup>*2</sup> | 59.8                     | 62.5                     | 2.7    |
| International tobacco EBITDA <sup>*3</sup>  | 93.7                     | 217.1                    | 123.3  |
| Operating income                            | 70.9                     | 174.0                    | 103.1  |
| Depreciation and amortization <sup>*2</sup> | 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 <sup>*2</sup> | 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 <sup>*2</sup> | 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 <sup>*2</sup> | 9.1                      | 8.7                      | -0.4   |

(Reference) (unit: USD million)

|   |     |       |       |
|---|-----|-------|-------|
| International tobacco EBITDA (Before royalty payment) | 902 | 1,933 | 1,031 |
|---|-----|-------|-------|

<sup>\*1</sup> EBITDA=operating income + depreciation and amortization<sup>2</sup><sup>\*2</sup> Depreciation and amortization = depreciation of tangible fixed assets + amortization of intangible fixed assets + amortization of long-term prepaid expenses + amortization of goodwill<sup>\*3</sup> 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&amp;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&amp;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<br>(oral) | Phase1(JPN)                     | Dyslipidemia               | CETP inhibitor      | Decreases LDL and increases HDL by inhibition of CETP<br>-CETP:Cholesteryl Ester Transfer Protein, facilitates transfer of cholesteryl ester from HDL to LDL<br>-HDL:High density lipoprotein, Good Cholesterol<br>-LDL:Low density lipoprotein, Bad Cholesterol | Roche (Switzerland) obtains the rights to develop and commercialize this compound worldwide, with the exception of Japan.<br>Roche has decided to move into phase 3. |
| JTT-130<br>(oral) | Phase2(JPN)<br>Phase2(Overseas) | Hyperlipidemia             | MTP inhibitor       | Treatment of hyperlipidemia by reducing absorption of cholesterol and triglyceride via inhibition of MTP<br>-MTP:Microsomal Triglyceride Transfer Protein  |  |
| JTK-303<br>(oral) | Phase1(JPN)                     | HIV infection              | Integrase inhibitor | Integrase inhibitor which works by blocking integrase, an enzyme that is involved in the replication of HIV<br>-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<br>(oral) | Phase2(Overseas)                | Dyslipidemia               | CETP inhibitor      | Decreases LDL and increases HDL by inhibition of CETP<br>-CETP:Cholesteryl Ester Transfer Protein, facilitates transfer of cholesteryl ester from HDL to LDL<br>-HDL:High density lipoprotein, Good Cholesterol<br>-LDL:Low density lipoprotein, Bad Cholesterol |  |
| JTT-305<br>(oral) | Phase2(JPN)<br>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<br>-BMD: Bone Mineral Density<br>-PTH: Parathyroid Hormone<br>-CaSR: Calcium-Sensing Receptor         |  |
| JTT-552<br>(oral) | Phase2(JPN)                     | Hyperuricemia              | URAT1 inhibitor     | Decreases serum urate concentration by increasing urinary urate excretion via inhibition of URAT1.<br>-URAT 1: Urate Transporter 1   |  |
| JTT-553<br>(oral) | Phase1(Overseas)                | Obesity                    | DGAT1 inhibitor     | Reduces fat absorption from the small intestine and inhibits fat synthesis in adipose tissue via inhibition of DGAT1<br>-DGAT1: Acyl CoA: diacylglycerol acyltransferase 1   |  |
| JTT-651<br>(oral) | Phase1(JPN)                     | Type 2 diabetes mellitus   | GP inhibitor        | Decreases blood glucose by suppression of glucose output from liver via inhibition of GP<br>-GP:Glycogen Phosphorylase   |  |
| JTK-652<br>(oral) | Phase1(Overseas)                | Hepatitis C                | Entry inhibitor     | Treatment of hepatitis C by inhibiting the infection process of HCV into hepatocytes<br>-HCV:Hepatitis C Virus   |  |
| JTS-653<br>(oral) | Phase1(JPN)                     | Pain<br>Overactive Bladder | TRPV1 antagonist    | Improves pain and overactive bladder via antagonism of TRPV1 on sensory neurons<br>- 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.