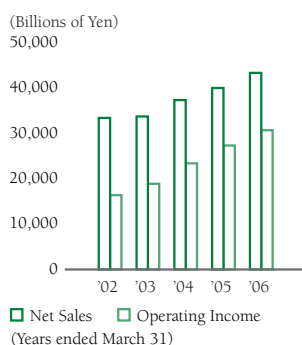


	Millions of yen					Millions of U.S. dollars
	2002 ⁽¹⁾	2003 ⁽²⁾	2004 ⁽³⁾	2005	2006 ⁽⁴⁾	2006
For the year:						
Net sales	¥ 4,544,175	¥ 4,492,264	¥ 4,625,151	¥ 4,664,514	¥ 4,637,657	\$ 39,480
EBITDA ^(Note 2)	334,119	337,296	373,435	400,115	433,391	3,689
Operating income	163,805	188,963	234,034	273,371	306,946	2,613
Net income (loss)	36,850	75,302	(7,603)	62,584	201,542	1,716
Free cash flow (FCF) ^(Note 3)	31,413	170,372	269,174	269,459	145,590	1,239
At year-end:						
Total assets	¥ 3,063,077	¥ 2,957,665	¥ 3,029,084	¥ 2,982,056	¥ 3,037,379	\$ 25,857
Total shareholders' equity	1,613,105	1,622,654	1,507,937	1,498,204	1,762,512	15,004
Ratios:						
Return on equity (ROE)	2.4%	4.7%	(0.5%)	4.2%	12.4%	—
Return on asset (ROA)	5.4%	6.4%	7.9%	9.2%	10.4%	—
Equity Ratio	52.7%	54.9%	49.8%	50.2%	58.0%	—
Amounts per share (in yen and U.S. dollars):						
Net income	¥ 18,425	¥ 37,528	¥ (3,967)	¥ 32,090	¥ 105,085	\$ 895
Shareholders' equity	806,552	811,204	771,516	781,814	919,780	7,830
Cash dividends applicable to the year	8,000	10,000	10,000	13,000	16,000	136

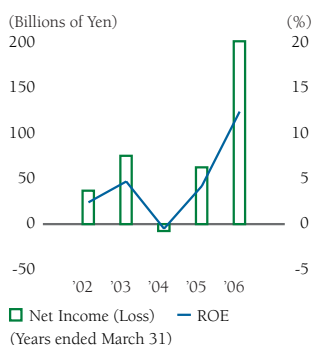
Financial Highlights

Japan Tobacco Inc. and Consolidated Subsidiaries
Years ended March 31

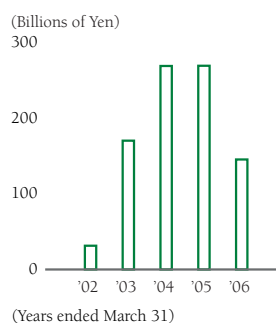
EBITDA and Operating Income



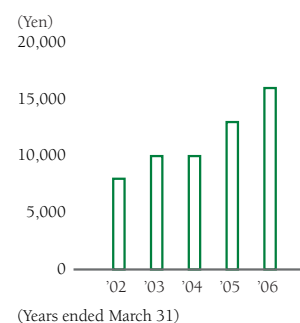
Net Income (Loss) and ROE



Free Cash Flow



Cash Dividends Applicable to the Year



Notes: 1. Figures stated in U.S. dollars in this report are translated solely for convenience at the rate of ¥117.47 per \$1, the rate of exchange as of March 31, 2006.

- (1) Effective from April 2000, the consolidated financial statements have been prepared in accordance with new accounting standards for financial instruments, foreign currency transactions and employees' retirement benefits.
 - (2) Effective from January 1, 2002, goodwill and other intangible assets of a foreign consolidated subsidiary have been accounted for in accordance with new accounting standards. Also, effective April 2002, the Company changed its method of accounting for the translation into Japanese yen of the revenue and expense accounts of foreign consolidated subsidiaries.
 - (3) As discussed in Note 3 o) to the consolidated financial statements, effective from April 2003, the Company changed its method of accounting for the Obligation under the Public Official Mutual Assistance Association Law.
 - (4) As discussed in Note 3 o) to the consolidated financial statements, effective from April 1, 2005, the consolidated financial statements have been prepared in accordance with new accounting standards for impairment of fixed assets.
2. EBITDA = operating income + depreciation and amortization
Depreciation and amortization = depreciation of tangible fixed assets + amortization of intangible fixed assets + amortization of long-term prepaid expenses + amortization of goodwill
3. FCF = (cash flow from operating activities + cash flow from investing activities) excluding the following items:
From "cash flow from operating activities": Dividends received / interest received and its tax effect / interest paid and its tax effect
From "cash flow from investing activities": Cash outflow from purchase of marketable securities / proceeds from sales of marketable securities / cash outflow from purchases of investment securities / proceeds from sales of investment securities / others (but not business-related investment securities, which are included in the investment securities item)