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FOR IMMEDIATE RELEASE

**JT Reports Consolidated Financial Results
for the Full Fiscal Year that Ended March 31, 2007**

TOKYO, April 27, 2007 --- Japan Tobacco Inc. (JT) (TSE: 2914) announced today its consolidated financial results for the full fiscal year that ended March 31, 2007.

1. Overview of the Consolidated Full Year Financial Results

- JT achieved record highs in operating income and net income.
- While sales volume decreased in the domestic tobacco business due to a decline in total cigarette consumption, net sales for the business increased 0.3 percent. Operating income for the business increased 11.5 percent due mainly to an increase in the unit price and cost reduction in the business.
- JT's international tobacco business, the company's driving force for profit growth, continued its momentum driven by the steady growth of its Global Flagship Brand¹ (GFB) sales and achieved a net sales growth of 13.4 percent. Operating income increased 14.2 percent compared to the previous year.
- JT management forecasts an increase in net sales and a decrease in operating income and net income for the fiscal year ending March 31, 2008, over the previous year. This forecast does not incorporate Gallaher's business.

“I am pleased to announce that we have achieved new record highs in operating income and net income transcending the significance of the excise tax increases in the domestic market.” said Hiroshi Kimura, President and CEO of JT. “Now with Gallaher as part of the JT Group, to achieve sustainable growth as a leading company in the global tobacco industry, the international tobacco business will look to maximize synergies from the integration. In the domestic tobacco business, JT aims to secure its market share centering on the leading “Mild Seven” brand by enhancing its brand equity.”

¹ Global Flagship Brands include Camel, Winston, Mild Seven and Salem.



2. Consolidated Financial Results for the Full Fiscal Year that Ended March 31, 2007

Units: Billions of Yen

	Fiscal Year Ended March 31, 2006	Fiscal Year Ended March 31, 2007	Net change (%)
Net sales	4,637.6	4,769.3	2.8
Operating income	306.9	331.9	8.2
Net income	201.5	210.7	4.6

3. Results by Business Segment

➤ Domestic Tobacco Business

	Fiscal Year Ended March 31, 2006 ²	Fiscal Year Ended March 31, 2007 ³	Net change (%)
Net sales (billions of yen)	3,405.2	3,416.2	0.3
Operating income (billions of yen)	220.0	245.3	11.5
Sales volume ⁴ (billions of cigarettes)	189.4	174.9	-7.7

The domestic tobacco sales volume decreased by 7.7⁵ percent compared to the previous year due to a decline in total cigarette consumption, which was due in part to the tobacco retail price hike in July 2006 that followed increased tobacco excise taxes. Net sales of the business increased 0.3 percent and operating income increased 11.5 percent primarily due to an increase in unit price and cost reduction in the business.

➤ International Tobacco Business

	Jan – Dec 2005	Jan – Dec 2006	Net change (%)
Net sales (billions of yen)	881.1	999.6	13.4
Operating income (billions of yen)	71.0	81.0	14.2
Total sales volume (billions of cigarettes)	220.3	240.1	9.0
GFB sales volume (billions of cigarettes)	133.8	149.1	11.4

² JTI products for the Japan market have been incorporated into the domestic tobacco business since May 2005. Fiscal year that ended March 31, 2006 = JT original brands + Marlboro brand (April 2005) + JTI products (May 2005 – March 2006)

³ Fiscal year that ended March 31, 2007 = JT original brands + JTI products (April 2006 – March 2007)

⁴ Sales volume from both domestic duty free and the “China Division” were not incorporated in the above figures – these totaled 3.4 billion cigarettes for the full fiscal year that ended March 31, 2007.

⁵ The figure amounts to 6.4 percent on a like-for-like basis (when excluding the one-month sales of the Marlboro brand by JT in April 2005 and incorporating the one-month sales of JTI products sold in April 2005).



For the full year that ended December 31, 2006⁶, JT's international tobacco business continued its growth momentum, driven by its GFB sales volume growth.

GFB sales volume grew 11.4 percent to 149.1 billion cigarettes compared to the previous year, led mainly by the sales growth of Camel in Italy and France; Winston in Russia, Spain, Iran, Turkey, and Ukraine; and Mild Seven in Russia.

Total sales volume continued a strong and balanced growth of 9.0 percent to 240.1 billion cigarettes over the previous year.

As a result, net sales including tax grew 13.4 percent and operating income increased by 14.2 percent compared to previous year.

➤ **Pharmaceutical Business**

Units: Billions of Yen

	Fiscal Year Ended March 31, 2006	Fiscal Year Ended March 31, 2007	Net change (%)
Net sales	49.2	45.4	-7.7
Operating income	-5.0	-11.2	-

In the full fiscal year that ended March 31, 2007, a one-time sales income from the licensing of a new drug candidate and a new antibody drug candidate in preclinical study to GlaxoSmithKline and MedImmune, Inc. respectively, had a positive impact on the net sales of the business. However, there was a negative impact on net sales, due to the absence of a one-time sales income related to the licensing of "JTK-303" to Gilead Sciences, Inc. in the previous year, and a decline in sales at Torii Pharmaceuticals Co., Ltd.

As a result, net sales of the business decreased by 7.7 percent compared to the previous year while the business posted a ¥11.2 billion operating loss due mainly to an increase in R&D expenses.

➤ **Foods Business**

Units: Billions of Yen

	Fiscal Year Ended March 31, 2006	Fiscal Year Ended March 31, 2007	Net change (%)
Net sales	278.3	286.5	2.9
Operating income	6.3	6.7	6.0

In the beverage business, vending machine sales channels expanded steadily and the company's flagship coffee brand, "Roots," achieved a solid performance. In the processed foods business, sales of frozen processed foods and chilled processed foods increased.

As a result, net sales and operating income for JT's foods business for the full fiscal year that ended March 31, 2007, increased by 2.9 percent and 6.0 percent respectively, compared to the previous year.

⁶ The results of the international tobacco business from January to December 2006 were incorporated into JT's consolidated financial results for the full fiscal year that ended March 31, 2007.



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

JT completed the acquisition of the Gallaher Group Plc on April 18, 2007. However, as the company is in the process of developing the integration plan, forecasts for the financial results for the year ending March 31, 2008 do not incorporate Gallaher's business for the consolidated period.

JT management forecasts for net sales and earnings for the fiscal year ending March 31, 2008, excluding the Gallaher business, are as follows:

Units: Billions of Yen

	Fiscal Year Ended March 31, 2007 <i>Actual</i>	Fiscal Year Ending March 31, 2008 <i>Estimate</i>	Difference
Net sales	4,769.3	4,890.0	120.6
Operating income	331.9	312.0	-19.9
Net income	210.7	186.0	-24.7

The forecasted financial results, including Gallaher's business, will be announced as soon as they are available.

Please refer to the attached data sheet for the details of the assumptions for the forecasts.

5. Dividends for the Fiscal Year that Ended March 31, 2007

The company's basic dividend policy aims to provide a competitive level of return to shareholders in the capital market, while considering the status of implementation of the medium/long-term growth strategies and our consolidated financial results outlook. We intend to enhance the dividend level and, for the time being, aim to achieve a consolidated dividend payout ratio of 20 percent.

From the fiscal year ending March 31, 2009 onward, the company will apply regular goodwill amortization to its consolidated financial results. The above mentioned "consolidated dividends payout ratio" is based on the before goodwill amortization basis.

The company's board of directors has revised the forecast for its year-end dividend per share* to ¥2,200, an increase of ¥400 over the earlier forecast of ¥1,800, in consideration of the company's overall performance in the previous fiscal year. As a result, JT's expected dividend per share for the full fiscal year that ended March 31, 2007, totals ¥4,000, including the interim dividend of ¥1,800.

In addition, the company's annual dividend per share for the full fiscal year ending March 31, 2008, is expected to be ¥4,400, including ¥2,200 for the interim and ¥2,200 for the year-end dividend.

*Note: Shares of common stock were split five for one on April 1, 2006



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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 Camel, Winston, Mild Seven and Salem. 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)

	FY ended Mar. 2006	FY ended Mar. 2007	Change
Net sales including excise tax	4,637.6	4,769.3	131.7
Domestic tobacco	3,405.2	3,416.2	10.9
Excluding imported tobacco	2,244.5	2,200.0	-44.5
International tobacco *	881.1	999.6	118.4
Net sales excluding excise tax (Excluding imported tobacco)	1,596.1	1,633.1	37.0
Domestic tobacco	760.6	729.3	-31.2
International tobacco *	484.3	550.3	66.0
Pharmaceutical	49.2	45.4	-3.8
Foods	278.3	286.5	8.1
Beverages	185.3	190.7	5.4
Processed foods	93.0	95.7	2.7
Others	23.5	21.4	-2.1

* International tobacco business: Year ended Dec. 2006

2. Leaf tobacco reappraisal profit / loss *

(unit: JPY billion)

	FY ended Mar. 2006	FY ended Mar. 2007	Change
Leaf tobacco reappraisal profit / loss	9.5	-9.5	-19.1

* Profit when denoted negative

3. Breakdown of SG&A expenses

(unit: JPY billion)

	FY ended Mar. 2006	FY ended Mar. 2007	Change
SG&A	596.6	592.6	-4.0
Personnel *	150.8	158.5	7.7
Advertising and general publicity	23.9	23.4	-0.4
Sales promotion	142.1	128.0	-14.0
R&D	37.5	41.2	3.7
Depreciation and amortization	53.4	57.4	3.9
Others	188.7	183.8	-4.8

* 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)

	FY ended Mar. 2006	FY ended Mar. 2007	Change
Consolidated EBITDA	433.3	464.6	31.2
Operating income	306.9	331.9	25.0
Depreciation and amortization ²	126.4	132.6	6.1
Domestic tobacco EBITDA	305.7	326.4	20.7
Operating income	220.0	245.3	25.2
Depreciation and amortization ²	85.6	81.0	-4.5
International tobacco EBITDA ³	94.0	112.6	18.5
Operating income	71.0	81.0	10.0
Depreciation and amortization ²	23.0	31.5	8.5
Pharmaceutical EBITDA	-1.8	-8.1	-6.3
Operating income	-5.0	-11.2	-6.1
Depreciation and amortization ²	3.2	3.0	-0.2
Foods EBITDA	11.8	12.0	0.1
Operating income	6.3	6.7	0.3
Depreciation and amortization ²	5.5	5.3	-0.2
Others EBITDA	22.1	21.5	-0.5
Operating income	8.6	9.3	0.6
Depreciation and amortization ²	13.4	12.2	-1.2

(Reference)

(unit: USD million)

	FY ended Mar. 2006	FY ended Mar. 2007	Change
International tobacco EBITDA (Before royalty payment)	975	1,090	115

¹ EBITDA=operating income + depreciation and amortization ²² Depreciation and amortization = depreciation of tangible fixed assets + amortization of intangible fixed assets + amortization of long-term prepaid expenses + amortization of goodwill³ International tobacco business: Year ended Dec. 2006

5. Amortization relating to major acquisitions

(unit: JPY billion)

	FY ended Mar. 2006	FY ended Mar. 2007	Years to amortize	Termination
JT International	34.4	34.1	-	-
Trademark rights (owned by JT)	29.3	29.3	10	Apr-09
Patents (owned by JT)	4.0	4.0	8	Apr-07
Goodwill*	1.0	0.8	20	Mar-25
Japan Beverage				
Goodwill	0.2	0.3	5	Mar-07

* Effective from the fiscal year ended Mar. 2002, amortization of goodwill of JT International ceased due to the adoption of a new accounting pronouncement by JT International. Since then, the goodwill is subject to being tested for impairment annually. From the fiscal year ended Mar. 2006, amortization of a part of this goodwill allocated to the domestic tobacco business started over 20 years.

6. Capital expenditure

(unit: JPY billion)

	FY ended Mar. 2006	FY ended Mar. 2007	Change
Capital expenditures	98.9	102.1	3.2
Domestic tobacco	75.0	55.2	-19.7
International tobacco *	24.9	32.0	7.0
Pharmaceutical	2.1	3.0	0.9
Foods	4.5	4.8	0.2
Others	19.3	8.0	-11.2

* International tobacco business: Year ended Dec. 2006

7. Cash and cash equivalents *

(unit: JPY billion)

	As of end of Mar. 2006	As of end of Mar. 2007	Change
Cash and cash equivalents	979.6	1,185.6	206.0

* 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. 2006	As of end of Mar. 2007	Change
Interest-bearing debt	216.6	219.2	2.6

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

9. Business data

(unit: JPY billion)

	FY ended Mar. 2006	FY ended Mar. 2007	Change
<Domestic tobacco business>			
JT sales volume* (billion cigarettes)	189.4	174.9	-14.5
Total demand (billion cigarettes)	285.2	269.9	-15.2
JT market share	66.4%	64.8%	-1.6%pt
JT net sales before tax per 1,000 cigarettes (JPY)	11,674	12,371	697
JT net sales after tax per 1,000 cigarettes (JPY)	3,864	3,990	126

* Sales volume of domestic duty-free and China division is excluded, which was 3.2 billion for FY ended Mar. 2006 and 3.4 billion for FY ended Mar. 2007, respectively.

	Year ended Dec. 2005	Year ended Dec. 2006	Change
<International tobacco business>			
Total sales volume (billion cigarettes)	220.3	240.1	19.8
GFB sales volume (billion cigarettes)	133.8	149.1	15.3
JPY/USD rate for consolidation (JPY)	110.26	116.38	6.12

	FY ended Mar. 2006	FY ended Mar. 2007	Change
<Pharmaceutical business>			
Royalty revenue of Viracept (USD million)	50	41	-8
R&D expenses (parent company) (JPY billion)	19.3	21.9	2.5

	As of end of Mar. 2006	As of end of Mar. 2007	Change
<Foods business - Beverage business>			
Number of beverage vending machines *	237,000	250,500	13,500
JT-owned	40,500	38,000	-2,500
Combined	61,500	66,000	4,500

* 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.

10. Number of employees*

	As of end of Mar. 2006	As of end of Mar. 2007	Change
Number of employees (consolidated basis)	31,476	33,428	1,952
Domestic tobacco	11,795	11,534	△ 261
International tobacco	11,943	12,401	458
Pharmaceutical	1,532	1,554	22
Foods	5,232	7,084	1,852
Other businesses	604	461	-143
Corporate	370	394	24
Number of employees (parent company)	8,855	8,930	75
Number of employees based on enrollment (parent company)	9,931	9,984	53

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

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

(JPY billion)

	FY ended Mar. 2007 (Actual)	FY ending Mar. 2008 (Forecast)	Change
Net sales including excise tax	4,769.3	4,890.0	120.6
Excluding imported tobacco	3,553.1	3,661.0	107.8
EBITDA	464.6	449.0	-15.6
Operating income	331.9	312.0	-19.9
Recurring profit	312.0	282.0	-30.0
Net income	210.7	186.0	-24.7
Return on Equity	11.3%	9.3%	-2.0%pt
Free Cash Flow*	223.0	-1,553.0	-1,776.0

*Free Cash Flow is cash flow from operating activities plus cash flow from investing activities less the items below:

<From cash flow from operating activities>

- Interest received, dividend received and tax implication by deducting the items (assumption of corporate tax rate: 42%)

- Interest paid and the tax implication by deducting the item (assumption of corporate tax rate: 42%)

<From cash flow from investing activities>

- Purchases of and proceeds from sale of marketable securities

- Purchases of and proceeds from sale of investment securities and others

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

(JPY billion)

	FY ended Mar. 2007	FY ending Mar. 2008	Change
Capital expenditures	102.1	126.0	23.8
Domestic tobacco	55.2	64.0	8.7
International tobacco	32.0	35.0	2.9
Pharmaceuticals	3.0	3.0	0.0
Foods	4.8	6.5	1.6
Other businesses	8.0	17.0	8.9

Consolidated financial outlook by business segment

(JPY billion)

	FY ended Mar. 2007	FY ending Mar. 2008	Change
Net sales including excise tax	4,769.3	4,890.0	120.6
Domestic tobacco	3,416.2	3,398.0	-18.2
Excluding imported tobacco	2,200.0	2,169.0	-31.0
International tobacco	999.6	1,130.0	130.3
Pharmaceuticals	45.4	44.0	-1.4
Foods	286.5	298.0	11.4
EBITDA	464.6	449.0	-15.6
Domestic tobacco	326.4	300.0	-26.4
International tobacco	112.6	127.0	14.3
Pharmaceuticals	-8.1	-11.5	-3.3
Foods	12.0	12.5	0.4
Operating income	331.9	312.0	-19.9
Domestic tobacco	245.3	213.0	-32.3
International tobacco	81.0	96.0	14.9
Pharmaceuticals	-11.2	-15.0	-3.7
Foods	6.7	8.0	1.2

(JPY)

	FY ended Mar. 2007	FY ending Mar. 2008	Change
Dividend per share	4,000	4,400	400
Pay-out Ratio	18.2%	22.7%	4.5%pt

<FORWARD LOOKING STATEMENTS>

This material contains forward-looking statements about our industry, business, plans and objectives, financial condition and results of operations that are based on our current expectations, assumptions, estimates and projections. These statements discuss future expectations, identify strategies, discuss market trends, contain projections of results of operations or of our financial condition, or state other forward-looking information. These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from those suggested by any forward-looking statement. We assume no duty or obligation to update any forward-looking statement or to advise of any change in the assumptions and factors on which they are based.

Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation:

1. health concerns relating to the use of tobacco products;
2. legal or regulatory developments and changes, including, without limitation, tax and restrictions on the sale, marketing and usage of tobacco products, and private restrictions relating to the use of tobacco products and the impact of government stimulus;
3. litigation in Japan and elsewhere;
4. our ability to successfully diversify our business beyond the tobacco industry;
5. our ability to successfully expand internationally and make investments outside of Japan;
6. competition and changing consumer preferences;
7. the impact of any acquisitions or similar transactions;
8. local and global economic conditions; and
9. fluctuations in foreign exchange rates and the costs of raw materials

Major assumptions
Domestic tobacco business (billions of cigarettes)

	FY ended Mar. 2007	FY ending Mar. 2008	Change
Sales volume	174.9	168.0	-6.9

*Excludes sales of domestic duty-free and China division

International tobacco business (billions of cigarettes, JPY)

	FY ended Dec. 2006	FY ending Dec. 2007	Change
Total sales volume	240.1	258.0	17.9
GFB sales volume	149.1	162.0	12.9
JPY/USD rate	116.38	115.00	-1.38

(Note) JT has allocated financial costs associated with the cash offer made to Gallaher. The forecast for FY 3/2008 does not factor in the Gallaher business.

* 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 03/2005	54.2	55.6	55.6	47.7	213.2
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

* 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 03/2005	748.0	767.0	767.5	658.9	2,941.6
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

* 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 03/2005	11,754	11,755	11,752	11,765	11,756
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

* 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 03/2005	3,940	3,942	3,937	3,946	3,941
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
New Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2005	3,844	3,844	3,840	3,845	3,843
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

* 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 03/2005	73.0	73.0	72.7	72.7	72.9
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
New Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2005	66.7	66.6	66.4	66.1	66.5
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

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 03/2005	8.3	8.2	8.6	8.9	8.5
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
New Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2005	10.4	10.3	10.7	11.1	10.6
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

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

Original Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY 03/2005	47.5	46.9	47.3	47.5
FY 03/2006	55.7	60.4	60.8	61.6
FY 03/2007	61.3	60.9	62.4	62.2
New Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY 03/2005	59.6	58.6	59.0	59.4
FY 03/2006	59.7	60.4	60.8	61.6
FY 03/2007	61.3	60.9	62.4	62.2

2. Menthol

(1) JT Menthol Product Share (%)

Original Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2005	8.6	8.6	9.0	9.3	8.9
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
New Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2005	5.6	5.5	5.8	6.1	5.7
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

(2) JT Share in Menthol Segment (%)

Original Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY 03/2005	51.7	51.1	52.0	52.5
FY 03/2006	45.1	34.4	34.9	35.1
FY 03/2007	35.0	34.1	33.8	34.8
New Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY 03/2005	33.2	32.4	33.8	34.4
FY 03/2006	34.7	34.4	34.9	35.1
FY 03/2007	35.0	34.1	33.8	34.8

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 03/2005	11.7	11.8	11.5	12.1	11.8
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
New Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2005	5.0	5.1	4.8	5.1	5.0
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

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

Original Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY 03/2005	53.9	53.8	52.8	53.6
FY 03/2006	39.1	22.2	23.1	24.5
FY 03/2007	24.3	22.5	22.6	23.2
New Basis	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY 03/2005	23.2	23.0	22.2	22.8
FY 03/2006	22.6	22.3	23.2	24.5
FY 03/2007	24.3	22.5	22.6	23.2

* JPY 300 or above until Apr-Jun. 2006

4. Quarterly D-spec Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2005	0.91	0.95	0.90	0.94	0.93
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

* Pianissimo and Premier have been sold as D-spec products since March 2006. Bevel Flair have been sold as D-spec products since December 2006.

Japan Tobacco Inc. Clinical development (as of April 27, 2007)

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.
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	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-551 (oral)	Phase1(JPN) Phase1(Overseas)	Type 2 diabetes mellitus	PTP1B inhibitor	Decreases blood glucose by enhancing insulin signal via inhibition of PTP1B. -PTP1B:Protein Tyrosine Phosphatase 1B This enzyme negatively regulates insulin signaling pathway.	
JTT-552 (oral)	Phase1(JPN)	Hyperuricemia	URAT1 (Urate Transporter 1) inhibitor	Decreases serum urate concentration by increasing urinary urate excretion via inhibition of URAT1. -URAT 1: Urate Transporter 1	

Changes from the previous announcement on February 8, 2007:

JTT-302 advanced from phase1 to phase2 overseas.

Supplementary Material

JT's New Executive Appointments

Members of the Board

Subject to approval at the Annual General Meeting of Shareholders, to be held on June 22, 2007.

Chairman of the Board	Yoji Wakui
Representative Director	Hiroshi Kimura
Representative Director	Kazuei Obata
Representative Director	Munetaka Takeda
Representative Director	Ichiro Kumakura
Representative Director	Ryoichi Yamada
Member of the Board	Noriaki Okubo
Member of the Board	Mutsuo Iwai
Member of the Board	Mitsuomi Koizumi
Member of the Board	Yasushi Shingai
Member of the Board, Corporate Counselor	Katsuhiko Honda

Auditors

Subject to approval at the Annual General Meeting of Shareholders, to be held on June 22, 2007.

Standing Auditor	Masaaki Sumikawa
Standing Auditor	Hisao Tateishi
Auditor	Hiroyoshi Murayama
Auditor	Takanobu Fujita

Executive Officers

Subject to approval at the meeting of the Board of Directors, to be held on June 22, 2007.

President	Chief Executive Officer	Hiroshi Kimura
Executive Deputy President	Assistant to CEO in Planning, CSR, HR and Operational Review and Business Assurance	Kazuei Obata
Executive Deputy President	Chief Financial Officer and Assistant to CEO in Compliance and Food Business	Munetaka Takeda
Executive Deputy President	President, Tobacco Business and Assistant to CEO in Vending Machinery	Ichiro Kumakura
Executive Deputy President	Assistant to CEO in Communications, General Administration and Legal	Ryoichi Yamada
Senior Executive Vice President	Chief Legal Officer	Ryuichi Shimomura
Executive Vice President	Deputy President, Tobacco Business	Zenjiro Watanabe
Executive Vice President	Chief Marketing & Sales Officer, Tobacco Business	Mitsuomi Koizumi
Executive Vice President	Head of Manufacturing General Division, Tobacco Business	Kenji Iijima
Executive Vice President	Head of Domestic Leaf Tobacco General Division, Tobacco Business	Tatsuya Hisano
Executive Vice President	Chief Corporate, Scientific & Regulatory Affairs Officer, Tobacco Business	Seiki Sato
Executive Vice President	President, Pharmaceutical Business	Noriaki Okubo
Executive Vice President	Head of Central Pharmaceutical Research Institute, Pharmaceutical Business	Shigeo Ishiguro

Executive Vice President	President, Food Business	Mutsuo Iwai
Executive Vice President	Chief Human Resources Officer	Yoshiyuki Murai
Executive Vice President	Chief Communications Officer	Masakazu Shimizu
Senior Vice President	Head of Research & Development General Division, Tobacco Business	Hirotooshi Maejima
Senior Vice President	Head of Brand General Division, Tobacco Business	Yoshihisa Fujisaki
Senior Vice President	Head of Blending & Product Development General Division, Tobacco Business	Tadashi Iwanami
Senior Vice President	Head of Tobacco Business Planning Division, Tobacco Business	Akira Saeki
Senior Vice President	Head of Soft Drink Business Division, Food Business	Gisuke Shiozawa
Senior Vice President	Head of Food Business Division, Food Business	Miyoharu Hino
Senior Vice President	Chief Strategy Officer	Sadao Furuya
Senior Vice President	Chief General Affairs Officer	Kazuhiro Nishino

Remarks:

* Takao Hotta, who is presently Member of the Board and Executive Deputy President, is expected to retire on April 30, 2007.

* Hisashi Tanaka, who is presently Standing Auditor, is expected to retire on June 22, 2007.