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FOR IMMEDIATE RELEASE

**JT Reports International Tobacco Business Results for
January - June 2007**

Tokyo, August 9, 2007 -- Japan Tobacco Inc. (JT) (TSE: 2914) announced today its international tobacco business results for the six-month period between January 1 and June 30, 2007.

In the first half that ended June 30, 2007, JT International (JTI), JT's international tobacco business operation, increased its sales volume by 40.2 percent to 159.3 billion cigarettes compared to the same period last year. These results include Gallaher business acquired on April 18, 2007.

The organic growth momentum of JTI's pre-acquisition business continued, achieving 10.9 percent growth in sales volume compared to the same period last year.

Following the acquisition of Gallaher, JTI's Global Flagship Brands (GFB) now consist of eight brands - Winston, Camel, Mild Seven, Benson & Hedges, Silk Cut, LD, Sobranie, and Glamour. Total GFB sales volume for the first half year amounted to 88.3 billion units.

Winston, Camel and Mild Seven registered a combined growth of 13.9 percent compared to the same period last year. This increase was driven by Winston in Russia, Spain, Turkey and Ukraine; Camel in Spain, France, Ukraine, Russia and Italy; and Mild Seven in Korea and Russia.

GFB performance also reflects the additional contribution of Benson & Hedges and Silk Cut in the UK and Ireland; LD in Russia and Kazakhstan; Sobranie in Kazakhstan; and Glamour in Russia, Ukraine and Kazakhstan following the acquisition.

Net sales including tax increased 90.4 percent to US\$7.705 billion, and net sales excluding tax amounted to US\$3.362 billion, an increase of 51.8 percent from the previous year. Net sales per thousand cigarettes, excluding tax, rose 8.3 percent to US\$21.1.



International Tobacco Business Results for January – June 2007

(2007 Apr-Jun results are preliminary)

	2006			2007		
	Jan-Mar	Apr-Jun	Total	Jan-Mar	Apr-Jun	Total
Total sales volume (billions of cigarettes)	52.1	61.6	113.7	57.7	101.6	159.3
GFB sales volume (billions of cigarettes)	31.6	36.7	68.3	35.5	52.8	88.3
Net sales, including tax (millions of US\$)	1,860	2,187	4,047	2,282	5,423	7,705
Net sales, excluding tax (millions of US\$)	1,018	1,197	2,214	1,258	2,104	3,362
Net sales per thousand cigarettes, excluding tax (US\$)	19.5	19.4	19.5	21.8	20.7	21.1

Note:

1. Gallaher results are incorporated from April 18, 2007 onward.
2. All net sales information excludes the distribution businesses acquired as part of the Gallaher transaction.
3. In the above table, GFB sales volumes are based on the new GFB definition. Accordingly, GFB sales volumes during the pre-acquisition period include Winston, Camel and Mild Seven only.

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Japan Tobacco Inc. is the world's third largest international manufacturer of tobacco products. The company manufactures internationally recognized cigarette brands including Winston, Camel, Mild Seven and Benson & Hedges. Since its privatization in 1985, JT has actively diversified its operations into pharmaceuticals and foods. The company's net sales were ¥4.769 trillion in the fiscal year ended March 31, 2007.