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**FOR IMMEDIATE RELEASE**

**JT Upwardly Revises Forecasted Annual EBITDA by ¥30 billion  
and Net Income by ¥8 billion**

*Announces Consolidated Financial Results for the Six-Month Period that Ended September 30, 2009*

**TOKYO, October 29, 2009** --- Japan Tobacco Inc. (JT) (TSE:2914) announced today its upward revision of the consolidated financial forecast for the fiscal year ending March 31, 2010, and the consolidated financial results for the six-month period that ended September 30, 2009.

- The consolidated annual EBITDA forecast was revised upward by ¥30 billion to ¥505 billion, and consolidated annual net income forecast increased by ¥8 billion to ¥108 billion. The revisions were largely made taking into account a change in the exchange rate assumptions for the international tobacco business.
- JT's consolidated financial net sales excluding tax and EBITDA for the six-month period decreased by 13.5 percent to ¥986.7 billion and by 19.1 percent to ¥279.3 billion, respectively. Net income decreased by 4.9 percent to ¥66 billion.

**1. CEO Message**

“Our six-month results demonstrate that our fundamental performance remains solid in today’s challenging operating environment” said Hiroshi Kimura, President and CEO of JT. “Looking ahead, our annual EBITDA for the international tobacco business is projected to grow 13.0 percent at constant rates of exchange, due to favorable pricing and continued share of market growth. Sound performance of our domestic tobacco brands continues, as we aim for the third consecutive year of share of market growth.”

**2. Highlights of Consolidated Six-Month Financial Results**

- The international tobacco business recorded declines in net sales and EBITDA due to adverse currency fluctuation. However, at constant rates of exchange, net sales excluding tax<sup>1</sup> and EBITDA<sup>2</sup> increased by 9.1 percent and by 11.7 percent respectively, due to favorable pricing. Sales volume of Global Flagship Brands<sup>3</sup> increased by 1.8 percent, while total sales volume<sup>4</sup> declined by 0.9 percent. Overall, the company’s share of markets<sup>5</sup> in most of its key markets increased.
- Domestic tobacco business’ market share<sup>6</sup> for its key brands<sup>7</sup> remained solid. Sales volume<sup>8</sup> declined by 5.2 percent. Market share of JT brands was 65.0 percent, which remained sound and virtually unchanged, and the company is striving to achieve share of market growth for three consecutive years.

Units: Billions of Yen

	April – Sept. 2008(A)	April – Sept. 2009(B)	Difference (B)-(A)	Net Change (%)
Net sales including tax	3,497.0	3,054.2	-442.8	-12.7
Net sales excluding tax <sup>9</sup>	1,141.3	986.7	-154.6	-13.5
EBITDA <sup>10</sup>	345.3	279.3	-65.9	-19.1
Operating income <sup>11</sup>	204.5	163.7	-40.8	-20.0
Net income <sup>11</sup>	69.4	66.0	-3.4	-4.9



### 3. Results by Business Segment

#### ➤ Domestic Tobacco Business

Sales volume and net sales excluding tax<sup>12</sup> both declined by 5.2 percent to 78.6 billion cigarettes and 5.2 percent to ¥318.8 billion respectively, while EBITDA decreased by 4.6 percent to ¥138.8 billion. The “taspo” age verification system for cigarette vending machines, introduced in the previous year, caused an increase in retail inventory levels before its introduction and the loss of purchasing opportunities. The volume declines related to “taspo,” however, are expected to diminish during the fiscal year. Market share of JT brands was 65.0 percent, which remained sound and virtually unchanged. The company is striving to achieve share of market growth for three consecutive years.

Units: Billions of Yen, Billions of Cigarettes

	April – Sept. 2008	April – Sept. 2009	Net change (%)
Net sales including tax	1,662.3	1,575.7	-5.2
Net sales excluding tax <sup>12</sup>	336.3	318.8	-5.2
EBITDA	145.5	138.8	-4.6
Operating profit	105.6	110.8	5.0
Total sales volume	82.9	78.6	-5.2

#### ➤ International Tobacco Business

The following financial results for the international tobacco business relate to the period between January 1 and June 30, 2009. Net sales and EBITDA declined due to adverse currency fluctuation. However, at constant rates of exchange, net sales excluding tax increased by 9.1 percent and EBITDA increased by 11.7 percent, due to favorable pricing. Sales volume of Global Flagship Brands increased by 1.8 percent, while total sales volume declined by 0.9 percent. Growth in the United Kingdom, France, Italy and Turkey was offset by declines in the Philippines, Iran, Ukraine, Romania and Kazakhstan. In Russia, Winston slowed down marginally, LD showed a strong performance, and the company’s share of market grew from 35.2 percent to 36.3 percent. Overall, the company’s share of market in most of its key markets increased.

Units: Billions of Yen, Billions of Cigarettes

	January – June 2008	January – June 2009	Net change (%)
Net sales including tax	1,564.1	1,245.7	-20.4
Net sales excluding tax <sup>1</sup>	534.5	435.0	-18.6
EBITDA	184.9	130.2	-29.6
Operating income	100.1	59.8	-40.2
Total sales volume	218.0	216.1	- 0.9
GFB sales volume	119.2	121.3	1.8

<sup>1</sup> Net sales excluding tax does not account for revenue from the distribution, private label, contract manufacturing and other peripheral businesses.

<sup>2</sup> EBITDA at constant rates of exchange for the international tobacco business was calculated as operating income before royalty payment + depreciation of tangible fixed assets + amortization of intangible fixed assets + amortization of long-term prepaid expenses + amortization of goodwill.

<sup>3</sup> Global Flagship Brands (GFB) consist of eight brands: Winston, Camel, Mild Seven, Benson & Hedges, Silk Cut, LD, Sobranie, and Glamour.

<sup>4</sup> Total sales volume includes cigars, pipe tobacco and snus, but does not include private label and contract manufacturing products.

<sup>5</sup> Source: AC Nielsen, Core EPOS and JTI internal data on the 12-month rolling average.

<sup>6</sup> Source: Tobacco Institute of Japan.



### ➤ **Pharmaceutical Business**

Net sales and EBITDA decreased to ¥22.1 billion and ¥-4.9 billion respectively, due to the absence of milestone revenue related to JTT-705, a drug licensed to Roche for the treatment of dyslipidemia, and JTK-303, an anti-HIV agent licensed to Gilead Sciences. REMITCH<sup>®</sup> CAPSULES and Truvada<sup>®</sup> Tablets by Torii Pharmaceutical performed well. JT currently has nine compounds in clinical trial.

Units: Billions of Yen

	April-Sept. 2008 (A)	April – Sept. 2009 (B)	Difference (B) - (A)
Net sales	26.8	22.1	-4.6
EBITDA	0.2	-4.9	-5.1
Operating income	-1.5	-6.8	-5.2

### ➤ **Food Business**

The food business recorded declining net sales of ¥200.8 billion, while EBITDA recorded ¥8.4 billion, an increase of ¥4.9 billion in comparison to the same period last year. Net sales were affected by the company's withdrawal from the chilled processed food business and exclusion of select subsidiaries from consolidated accounts. Gains in EBITDA were largely due to changes in lease accounting, and excluding this effect, EBITDA remained stable at last year's level.

Units: Billions of Yen

	April-Sept. 2008 (A)	April-Sept. 2009 (B)	Difference (B) - (A)
Net sales	233.4	200.8	-32.6
EBITDA	3.4	8.4	4.9
Operating income	-5.6	-5.6	0.0

## **4. Non-Operating Results & Extraordinary Profits and Losses**

Non-operating losses improved by ¥24.6 billion compared to the same period of last year to ¥-28.5 billion. This was primarily as a result of a decrease in valuation loss, arising from foreign exchange loss related to euro-denominated bonds and loans by consolidated overseas subsidiaries. Extraordinary profits and losses improved by 14.9 billion to ¥2.2 billion, primarily due to the absence of expenditures related to the disposal of assets and expenditures associated with the introduction of “taspo,” in comparison to the same period of last year.

<sup>7</sup> Key brands for the domestic tobacco business consist of three brands: Mild Seven, Seven Stars and Pianissimo.

<sup>8</sup> Sales volume from both domestic duty free and the China Division were not incorporated in the above figures.

<sup>9</sup> Net sales excluding tax does not account for revenue from the imported tobacco, domestic duty free, the China Division and other peripheral businesses in the domestic tobacco business, in addition to distribution, private label, contract manufacturing and other peripheral businesses in the international tobacco business.

<sup>10</sup> EBITDA was calculated as operating income + depreciation of tangible fixed assets + amortization of intangible fixed assets + amortization of long-term prepaid expenses + amortization of goodwill.

<sup>11</sup> Operating income and net income before amortization of goodwill were ¥213.3 billion and ¥115.6 billion, respectively.

<sup>12</sup> Net sales excluding tax does not account for revenue from the imported tobacco, domestic duty free, the China Division and other peripheral businesses.



## 5. Outlook for the Fiscal Year Ending March 31, 2010 (consolidated)

The consolidated annual EBITDA forecast was revised upward by ¥30 billion to ¥505 billion, and the forecast for the consolidated annual net income increased by ¥8 billion to ¥108 billion.

Units: Billions of Yen

	FY/09 Actual	FY/10 Previous Forecast	FY/10 Updated Forecast	Change from FY/10 Initial Forecast (C-B)	Change from FY/09 Actual (C) – (A)
	(A)	(B)	(C)		
Net sales including tax	6,832.3	6,000.0	6,090.0	90.0 (1.5%)	-742.3 (-10.9%)
Net sales excluding tax	2,243.2	1,985.0	1,974.0	-11.0 (-0.6%)	-269.2 (-12.0%)
EBITDA	646.2	475.0	505.0	30.0 (6.3%)	-141.2 (-21.9%)
Operating income	363.8	244.0	272.0	28.0 (11.5%)	-91.8 (-25.2%)
Net income	123.4	100.0	108.0	8.0 (8.0%)	-15.4 (-12.5%)

- Sales volume, net sales excluding tax and EBITDA for the domestic tobacco business remain in line with the previous forecast at 152.5 billion cigarettes, ¥619 billion and ¥246 billion, respectively.
- For the international tobacco business, forecasted EBITDA was revised upward by ¥31 billion to ¥240 billion. The revisions were largely made taking into account a change in the exchange rate assumptions<sup>13</sup>. EBITDA is projected to grow 13.0 percent at constant rates of exchange.
- The pharmaceutical business' forecasted net sales and EBITDA have been revised upward by ¥1 billion to ¥44 billion and by ¥1.5 billion to ¥-11 billion, respectively, due to strong performance of Torii Pharmaceuticals.
- In the food business, forecasted net sales were revised downward by ¥4 billion to ¥409 billion due to effects from continued sluggish consumer spending. While the company aims to maintain the level of EBITDA through cost reductions, the annual EBITDA forecast was revised downward by ¥2.5 billion to ¥15.5 billion, taking into account a sharp decline in the market prices of select products and an increase in allowance for doubtful debts due to delays in the collection of some debts.
- The company is projecting half-year and year-end dividends per share of ¥2,800 each for the fiscal year ending March 31, 2010, at an annual sum of ¥5,600.

<sup>13</sup> The initial exchange rate assumptions for US 1 dollar were; 36.00 ruble, 0.73 UK sterling, 0.81 euro and 95 yen. The revised exchange rate assumptions for US 1 dollar are; 32.25 ruble, 0.65 UK sterling, 0.73 euro and 93 yen.



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*Japan Tobacco Inc. is one of the leading international tobacco product companies. It markets internationally recognized cigarette brands including Winston, Camel, Mild Seven and Benson & Hedges. With diversified operations, JT is actively present in pharmaceuticals and foods. The company's net sales were ¥ 6.832 trillion in the fiscal year ended March 31, 2009.*

#### **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.

Data sheets for 6 months ended Sep 2009

1. Summary of Business Performance

(unit: JPY billion)

	6 months ended Sep. 2008	6 months ended Sep. 2009	Change
Sales including excise tax	3,497.0	3,054.2	-442.8
Sales excluding excise tax	1,141.3	986.7	-154.6
EBITDA	345.3	279.3	-65.9
Operating Income	204.5	163.7	-40.8
Recurring Profit	151.3	135.1	-16.2
Net Income	69.4	66.0	-3.4

\* Excluding revenue from imported tobacco, domestic duty free, the China Division and other miscellaneous in the domestic tobacco business, the distribution, private label, contract manufacturing and other peripheral businesses in the international tobacco business

(Reference: Figures for major profit items before goodwill amortization)

Operating Income	257.8	213.3	-44.5
Recurring Profit	204.6	184.7	-19.9
Net Income	122.7	115.6	-7.0

2. Breakdown of net sales

(unit: JPY billion)

	6 months ended Sep. 2008	6 months ended Sep. 2009	Change
Net sales including excise tax <sup>1</sup>	3,497.0	3,054.2	-442.8
Domestic tobacco	1,662.3	1,575.7	-86.6
International tobacco <sup>1</sup>	1,564.1	1,245.7	-318.4
Net sales excluding excise tax <sup>1,2,3</sup>	1,141.3	986.7	-154.6
Domestic tobacco <sup>2</sup>	336.3	318.8	-17.4
International tobacco <sup>1,3</sup>	534.5	435.0	-99.4
Pharmaceutical	26.8	22.1	-4.6
Foods	233.4	200.8	-32.6
Beverages	98.3	96.4	-1.8
Processed foods	135.1	104.3	-30.7
Others	10.2	9.8	-0.4

<sup>1</sup> International tobacco business: 6 months ended June, 2009

<sup>2</sup> Excluding revenue from the imported tobacco, domestic duty free, the China Division, and other miscellaneous.

<sup>3</sup> Excluding revenue from the distribution, private label, contract manufacturing and other peripheral businesses.

(Reference)

(unit: USD million)

International tobacco	5,096	4,552	-544
Net sales excluding tax <sup>1,3</sup>			

3. Leaf tobacco reappraisal profit / loss \*

(unit: JPY billion)

	6 months ended Sep. 2008	6 months ended Sep. 2009	Change
Leaf tobacco reappraisal profit / loss	-2.0	-2.0	-

\* Profit when denoted negative

4. Breakdown of SG&A expenses

(unit: JPY billion)

	6 months ended Sep. 2008	6 months ended Sep. 2009	Change
SG&A	446.4	396.2	-50.1
Personnel *	117.2	108.4	-8.7
Advertising and general publicity	12.4	8.8	-3.6
Sales promotion	80.7	66.5	-14.1
R&D	25.2	24.5	-0.6
Depreciation and amortization	43.9	37.6	-6.2
Others	166.8	150.1	-16.6

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

5. EBITDA by business segment<sup>1</sup>

(unit: JPY billion)

	6 months ended Sep. 2008	6 months ended Sep. 2009	Change
Consolidated EBITDA	345.3	279.3	-65.9
Operating income	204.5	163.7	-40.8
Depreciation and amortization <sup>2</sup>	140.7	115.5	-25.1
Domestic tobacco EBITDA	145.5	138.8	-6.6
Operating income	105.6	110.8	5.2
Depreciation and amortization <sup>2</sup>	39.9	28.0	-11.9
International tobacco EBITDA <sup>3</sup>	184.9	130.2	-54.7
Operating income	100.1	59.8	-40.2
Depreciation and amortization <sup>2</sup>	84.8	70.3	-14.4
Pharmaceutical EBITDA	0.2	-4.9	-5.1
Operating income	-1.5	-6.8	-5.2
Depreciation and amortization <sup>2</sup>	1.8	1.8	0.0
Foods EBITDA	3.4	8.4	4.9
Operating income	-5.6	-5.6	0.0
Depreciation and amortization <sup>2</sup>	9.1	14.0	4.9
Others EBITDA	10.4	6.6	-3.7
Operating income	5.0	5.5	0.4
Depreciation and amortization <sup>2</sup>	5.3	1.1	-4.1

(Reference)

(unit: USD million)

International tobacco EBITDA (Before royalty payment)	1,860	1,505	-354
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<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 business: 6 months ended June, 2009

6. Amortization relating to major acquisitions

(unit: JPY billion)

	6 months ended Sep. 2008	6 months ended Sep. 2009	Years to amortize	Termination
JT				
Former RJRI				
Trademark rights	14.6	2.8	10	Apr-09
Katokichi				
Goodwill	4.6	5.5	5	Dec-12

\* Katokichi Goodwill amortization in FY2009 includes one-time goodwill amortization of Katokichi's subsidiary

(unit: USD million)

	Year ended Jun. 2008	Year ended Jun. 2009	Years to amortize
JT International			
Former RJRI and Gallaher			
Trademark rights *	143	116	mainly 20
Goodwill	453	452	20

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

7. Capital expenditure

(unit: JPY billion)

	6 months ended Sep. 2008	6 months ended Sep. 2009	Change
Capital expenditures	48.8	55.4	6.5
Domestic tobacco	19.4	19.5	0.1
International tobacco *	18.6	23.8	5.2
Pharmaceutical	1.6	1.3	-0.3
Foods	5.6	10.3	4.7
Others	3.3	0.2	-3.0

\* International tobacco business: 6 months ended June, 2009

8. Cash and cash equivalents \*

(unit: JPY billion)

	As of end of Mar. 2009	As of end of Sep. 2009	Change
Cash and cash equivalents	169.8	159.1	-10.7

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

9. Interest-bearing debt \*

(unit: JPY billion)

	As of end of Mar. 2009	As of end of Sep. 2009	Change
Interest-bearing debt	996.0	1,004.7	8.6

\* Interest-bearing debt = short-term bank loans + commercial paper + bonds + long-term borrowings + lease obligation

10. Business data

	6 months ended Sep. 2008	6 months ended Sep. 2009	Change
<Domestic tobacco business>			
JT sales volume* (billion cigarettes)	82.9	78.6	-4.3
Total demand (billion cigarettes)	127.7	121.0	-6.7
JT market share	64.9%	65.0%	0.1%pt
JT net sales before tax per 1,000 cigarettes (JPY)	12,696	12,691	-5
JT net sales after tax per 1,000 cigarettes (JPY)	4,055	4,055	0

\* Sales volume of domestic duty-free and China division is excluded, which was 1.9 billion for FY ended Sep. 2008 and 1.8 billion for FY ended Sep. 2009, respectively.

	Year ended Jun. 2008	Year ended Jun. 2009	Change
<International tobacco business>			
Total sales volume* (billion cigarettes)	218.0	216.1	-1.9
GFB sales volume (billion cigarettes)	119.2	121.3	2.2
JPY/USD rate for consolidation (JPY)	104.89	95.59	-9.30

\* Including cigars, pipe tobacco and snus, excluding private label and contract manufacturing products

	6 months ended Sep. 2008	6 months ended Sep. 2009	Change
<Pharmaceutical business>			
R&D expenses (parent company) (JPY billion)	12.1	11.1	-0.9

	As of end of Mar. 2009	As of end of Sep. 2009	Change
<Foods business - Beverage business>			
Number of beverage vending machines *	254,000	255,000	1,000
JT-owned	32,000	32,000	0
Combined	76,500	81,000	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.

Data sheets for 6 months ended Sep 2009

1. Consolidated financial outlook for fiscal year ending March 31, 2010 compared to the forecast as of April 2009

(JPY billion)

	Previous forecast	Revised forecast	Change
Net sales including excise tax	6,000.0	6,090.0	90.0
EBITDA	475.0	505.0	30.0
Operating income	244.0	272.0	28.0
Recurring profit	227.0	235.0	8.0
Net income	100.0	108.0	8.0
Return on equity	6.2%	6.8%	0.6%pt
Free cash flow	169.0	169.0	0.0
(Reference: Net income before goodwill amortization)			
Net income	197.0	205.0	8.0

(JPY billion)

	Previous forecast	Revised forecast	Change
Capital expenditures	166.0	162.0	-4.0
Domestic tobacco	65.0	59.0	-6.0
International tobacco	64.0	62.0	-2.0
Pharmaceutical	3.0	3.0	0.0
Foods	32.0	35.0	3.0
Other businesses	1.0	1.0	0.0

Consolidated financial outlook by business segment (JPY billion)

	Previous forecast	Revised forecast	Change
Net sales including excise tax <sup>*1</sup>	6,000.0	6,090.0	90.0
Domestic tobacco	3,048.0	3,048.0	0.0
International tobacco <sup>*1</sup>	2,475.0	2,577.0	102.0
Net sales excluding excise tax <sup>**2,3</sup>	1,985.0	1,974.0	-11.0
Domestic tobacco <sup>2</sup>	619.0	619.0	0.0
International tobacco <sup>**3</sup>	890.0	882.0	-8.0
Pharmaceutical	43.0	44.0	1.0
Foods	413.0	409.0	-4.0
EBITDA	475.0	505.0	30.0
Domestic tobacco	246.0	246.0	0.0
International tobacco	209.0	240.0	31.0
Pharmaceutical	-12.5	-11.0	1.5
Foods	18.0	15.5	-2.5
Operating income	244.0	272.0	28.0
Domestic tobacco	188.0	190.0	2.0
International tobacco	71.0	100.0	29.0
Pharmaceutical	-16.5	-15.0	1.5
Foods	-8.0	-12.5	-4.5
Depreciation and amortization	231.0	233.0	2.0
Domestic tobacco	58.0	56.0	-2.0
International tobacco	138.0	140.0	2.0
Pharmaceutical	4.0	4.0	0.0
Foods	26.0	28.0	2.0

(Reference) (unit: USD million)

International tobacco	9,370	9,480	110
Net sales excluding tax <sup>*1,3</sup>			
International tobacco EBITDA <sup>*1</sup> (Before royalty payment)	2,500	2,880	380

\*1 International tobacco business: Year ended Dec.2009

\*2 Excluding revenue from the imported tobacco, domestic duty free, the China Division, and other miscellaneous.

\*3 Excluding revenue from the distribution, private label, contract manufacturing and other peripheral businesses

Major assumptions

(1) Domestic tobacco business (billions of cigarettes)

	Previous forecast	Revised forecast	Change
Sales volume	152.5	152.5	0.0

Excluding sales of domestic duty-free and China division

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

	Previous forecast	Revised forecast	Change
Total sales volume	456.0	432.0	-24.0
GFB sales volume*	262.0	242.0	-20.0
JPY/USD rate	95.00	93.00	-2.00

2. Consolidated financial outlook for fiscal year ending March 31, 2010 compared to the results of previous fiscal year

(JPY billion)

	FY 03/2009	Revised forecast	Change
Net sales including excise tax	6,832.3	6,090.0	-742.3
EBITDA	646.2	505.0	-141.2
Operating income	363.8	272.0	-91.8
Recurring profit	307.5	235.0	-72.5
Net income	123.4	108.0	-15.4
Return on equity	6.8%	6.8%	0.0%pt
Free cash flow	240.1	169.0	-71.1
(Reference: Net income before goodwill amortization)			
Net income	228.9	205.0	-23.9

(JPY billion)

	FY 03/2009	Revised forecast	Change
Capital expenditures	134.2	162.0	27.7
Domestic tobacco	46.5	59.0	12.4
International tobacco	59.7	62.0	2.2
Pharmaceutical	3.4	3.0	-0.4
Foods	23.2	35.0	11.7
Other businesses	1.1	1.0	-0.1

Consolidated financial outlook by business segment (JPY billion)

	FY 03/2009	Revised forecast	Change
Net sales including excise tax <sup>*1</sup>	6,832.3	6,090.0	-742.3
Domestic tobacco	3,200.4	3,048.0	-152.4
International tobacco <sup>*1</sup>	3,118.3	2,577.0	-541.3
Net sales excluding excise tax <sup>**2,3</sup>	2,243.2	1,974.0	-269.2
Domestic tobacco <sup>2</sup>	648.8	619.0	-29.8
International tobacco <sup>**3</sup>	1,080.8	882.0	-198.8
Pharmaceutical	56.7	44.0	-12.7
Foods	435.9	409.0	-26.9
EBITDA	646.2	505.0	-141.2
Domestic tobacco	272.2	246.0	-26.2
International tobacco	337.9	240.0	-97.9
Pharmaceutical	4.8	-11.0	-15.8
Foods	17.0	15.5	-1.5
Operating income	363.8	272.0	-91.8
Domestic tobacco	188.2	190.0	1.7
International tobacco	174.7	100.0	-74.7
Pharmaceutical	1.0	-15.0	-16.0
Foods	-11.4	-12.5	-1.0
Depreciation and amortization	282.4	233.0	-49.4
Domestic tobacco	84.0	56.0	-28.0
International tobacco	163.1	140.0	-23.1
Pharmaceutical	3.8	4.0	0.1
Foods	28.4	28.0	-0.4

(Reference) (unit: USD million)

International tobacco	10,445	9,480	-965
Net sales excluding tax <sup>*1,3</sup>			
International tobacco EBITDA <sup>*1</sup> (Before royalty payment)	3,452	2,880	-571

\*1 International tobacco business: Year ended Dec.2009

\*2 Excluding revenue from the imported tobacco, domestic duty free, the China Division, and other miscellaneous.

\*3 Excluding revenue from the distribution, private label, contract manufacturing and other peripheral businesses

Major assumptions

(1) Domestic tobacco business (billions of cigarettes)

	FY 03/2009	Revised forecast	Change
Sales volume	159.9	152.5	-7.4

Excluding sales of domestic duty-free and China division

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

	FY 03/2008	Revised forecast	Change
Total sales volume	445.9	432.0	-13.9
GFB sales volume*	245.5	242.0	-3.5
JPY/USD rate	103.48	93.00	-10.48

Goodwill amortization relating to major acquisitions

International tobacco business (unit: USD million)	Year ended Dec.2008	Year ending Dec.2009	Years to amortize
Former RJRI and Gallaher	910	910	20

\* Termination of goodwill amortization: Former RJRI Apr-19, Former Gallaher Mar-27

Foods Business (unit: JPY billion)	FY ended Mar. 2009	FY ending Mar. 2010**	Years to amortize
Katokichi	9.2	10.2	5

\* Termination of goodwill amortization: Dec-12

\*\* Including one-time goodwill amortization of Katokichi's subsidiary (1billion yen)

Trademark rights amortization relating to major acquisitions

JT (unit: JPY billion)	FY ended Mar. 2009	FY ending Mar. 2010	Years to amortize
Former RJRI	29.4	2.4	10

\* Termination of trademark rights amortization: Former RJRI Apr-09

JT International (unit: USD million)	Year ended Dec.2008	Year ending Dec.2009	Years to amortize
Former RJRI and Gallaher	273	240	mainly 20

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

Data of JT products in Japanese market

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

**Domestic Tobacco Business Results**

**1. Quarterly Sales Volume** (billions of cigarettes)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2008	42.7	43.0	43.7	38.2	167.7
FY 03/2009	42.0	40.8	40.7	36.2	159.9
FY 03/2010	39.0	39.5			

**2. Quarterly Retail Price Sales** (billions of JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2008	636.7	641.4	651.6	570.0	2,499.8
FY 03/2009	626.9	608.6	607.3	539.9	2,382.8
FY 03/2010	581.7	589.1			

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

**3. Quarterly Net Sales Per Thousand Cigarettes** (JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2008	12,698	12,694	12,704	12,702	12,699
FY 03/2009	12,699	12,693	12,699	12,699	12,698
FY 03/2010	12,693	12,689			

\* Net sales per thousand cigarettes

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

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2008	4,056	4,053	4,063	4,057	4,057
FY 03/2009	4,056	4,054	4,060	4,058	4,057
FY 03/2010	4,056	4,055			

\* 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** (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2008	64.9	64.5	65.3	65.0	64.9
FY 03/2009	64.9	64.9	65.2	65.2	65.1
FY 03/2010	65.1	64.8			

**Market Share in Growing Segments**

**1. 1mg Tar**

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2008	13.9	13.7	14.0	14.3	14.0
FY 03/2009	14.5	14.5	14.9	14.9	14.7
FY 03/2010	14.9	14.8			

(2) 1mg Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2008	22.4	22.3	22.5	23.0	22.5
FY 03/2009	23.2	23.0	23.5	23.7	23.3
FY 03/2010	23.9	23.8			

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2008	62.0	61.6	62.1	62.0	61.9
FY 03/2009	62.4	63.0	63.3	62.8	62.9
FY 03/2010	62.3	62.2			

**2. Menthol**

(1) JT Menthol Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2008	7.2	7.5	7.2	7.5	7.4
FY 03/2009	7.5	7.4	7.8	7.7	7.6
FY 03/2010	7.6	7.9			

(2) Menthol Market Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2008	20.7	21.4	21.2	21.8	21.3
FY 03/2009	21.9	22.1	22.2	22.4	22.1
FY 03/2010	22.6	23.2			

(3) JT Share in Menthol Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2008	34.9	35.2	34.0	34.4	34.6
FY 03/2009	34.3	33.5	35.0	34.5	34.3
FY 03/2010	33.8	34.2			

**3. JPY 320 or above\***

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2008	5.6	5.2	5.4	5.3	5.4
FY 03/2009	5.2	5.0	5.4	5.2	5.2
FY 03/2010	5.1	5.0			

(2) JPY 320 or above Product Market Share320 (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2008	23.7	23.7	24.1	24.0	23.9
FY 03/2009	23.9	24.0	24.6	24.5	24.2
FY 03/2010	23.9	23.8			

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2008	23.5	22.0	22.5	21.9	22.5
FY 03/2009	21.7	20.7	22.2	21.4	21.5
FY 03/2010	21.3	21.0			

\* JPY 300 or above until Apr-Jun. 2006

**4. Quarterly D-spec Product Share** (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2008	4.41	4.10	4.77	5.13	4.59
FY 03/2009	5.10	4.82	5.04	4.85	4.96
FY 03/2010	4.76	4.66			

\* 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 October 29, 2009)

Code	Stage	Key Indication	Mechanism	Characteristics	Rights
JTT-705 (oral)	Phase 2 (Japan)	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) obtained the rights to develop and commercialize the compound worldwide, with the exception of Japan.  *Development stage by Roche: Phase 3
JTT-130 (oral)	Phase 2 (Japan) Phase 2 (Overseas)	Dyslipidemia	MTP inhibitor	Treatment of dyslipidemia by reducing absorption of cholesterol and triglycerides via inhibition of MTP  -MTP: Microsomal Triglyceride Transfer Protein	
JTK-303 (oral)	Phase 1 (Japan)	HIV infection	Integrase inhibitor	Integrase inhibitor which works by blocking integrase, an enzyme that is involved in the replication of HIV  -HIV: Human Immunodeficiency Virus	Gilead Sciences (U.S.) obtained the rights to develop and commercialize this compound worldwide, with the exception of Japan.  *Development stage by Gilead Sciences: Phase 3
JTT-302 (oral)	Phase 2 (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)	Phase 2 (Japan)	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	Merck (U.S.) obtained the rights to develop and commercialize this compound worldwide, with the exception of Japan.
JTS-653 (oral)	Phase 1 (Japan)	Pain Overactive bladder	TRPV1 antagonist	Improves pain and overactive bladder via antagonism of TRPV1 on sensory neurons  - TRPV1: Transient Receptor Potential Vanilloid subtype 1	
JTT-654 (oral)	Phase 1 (Japan) Phase 2 (Overseas)	Type 2 diabetes mellitus	HSD-1 inhibitor	Improves type 2 diabetes through reducing excessive glucocorticoid action by inhibiting HSD-1  - HSD1: 11beta-hydroxysteroid dehydrogenase type 1	
JTK-656 (oral)	Phase 1 (Overseas)	HIV infection	Integrase inhibitor	Integrase inhibitor which works by blocking integrase, an enzyme that is involved in the replication of HIV  - HIV: Human Immunodeficiency Virus	
JTT-751 (oral)	Phase 2 (Japan)	Hyperphosphatemia	Phosphate binder	Decreases serum phosphorous level by binding phosphate derived from dietary in the gastrointestinal tract	JT obtained the rights to develop and commercialize this compound in Japan from Keryx Biopharmaceuticals (U.S.) (Developed jointly with Torii)

Updates since the previous announcement on July 30, 2009:

JTT-654 advanced from Phase 1 to Phase 2 clinical trial overseas.