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FOR IMMEDIATE RELEASE

JT Reports International Tobacco Business Results for January – September 2009

Tokyo, October 29, 2009 -- Japan Tobacco Inc. (JT) (TSE: 2914) today announced its international tobacco business results for the nine-month period from January 1, 2009 to September 30, 2009.

(1) International Tobacco Business' Top-Line Performance

In the nine months ended September 30, 2009, the sales volume of Japan Tobacco International (JTI), JT's international tobacco business operations, decreased by 3.7 percent to 325.6 billion cigarettes¹ compared to the same period last year. In a number of markets where JTI operates, total cigarette markets are contracting, down-trading is accelerating and governments are increasing excise taxes. In spite of these tougher market conditions, JTI grew share of market² in most of its key markets including Italy, Spain, France, the United Kingdom, Russia, Taiwan and Turkey.

Global Flagship Brands

Sales volume of Global Flagship Brands (GFB³) decreased 1.7 percent to 182.4 billion cigarettes in relation to the same period last year.

Total sales volume for Winston decreased by 5.3 percent. Continued growth in Italy, France and Turkey was offset by declines in the Philippines where the business model has changed, in Iran where an unstable operating environment continued, in Ukraine with excise-led market contraction, and in Russia due to down-trading coupled with market contraction.

Camel sales volume decreased by 3.2 percent with good performances in Italy and Ukraine being offset by decreases in Russia, the Philippines and Spain. Mild Seven's sales volume went down 2.4 percent as growth in Korea was offset by a decline in Taiwan after a price increase following the tax raise.

Total sales volume for LD grew by 18.7 percent, reflecting down-trading, with solid performances in Russia, Poland, Ukraine and Turkey. Glamour's sales volume went up 10.9 percent with a strong performance in Russia.

¹ Total sales volume includes cigars, pipe tobacco and snus, but does not include private label and contract manufactured products.

² Source: AC Nielsen, Core EPOS and JTI internal data on the 12-month rolling average

³ Global Flagship Brands consist of eight brands: Winston, Camel, Mild Seven, Benson & Hedges, Silk Cut, LD, Sobranie and Glamour.



Net Sales Excluding Tax⁴

Net sales excluding tax amounted to US\$ 7.028 billion, a decrease of 12.6 percent from the previous year. Net sales per thousand cigarettes⁵, excluding tax, amounted to US\$ 21.8, down 10.7 percent. Compared with the same period last year, net sales excluding tax increased 5.7 percent and net sales per thousand cigarettes rose 8.0 percent, at constant rates of exchange, mainly driven by pricing.

(2) Sales Volume by Cluster⁶

While total sales volume declined in relation to the same period last year, growth in share of market was achieved in most of JTI's key markets.

In South and West Europe, JTI's total sales volume decreased by 1.8 percent. Growth in Italy driven by Winston and Camel, and in France by Winston, was offset by a decline in sales volume in Spain due to a price increase following the tax raise in June and accelerated market contraction in response to the economic downturn. JTI's share of market grew in all key markets including in Italy from 16.8 percent to 18.1 percent, and in France from 14.0 percent to 14.6 percent. GFB sales volume in South and West Europe marginally decreased by 0.2 percent compared to the same period last year.

In North and Central Europe, total sales volume increased by 6.4 percent mainly as a result of continued growth of LD in Poland and Sterling in the United Kingdom. JTI's share of market in the United Kingdom rose from 39.2 percent last year to 40.2 percent. GFB sales volume increased 6.2 percent in North and Central Europe.

In the CIS+, total sales volume decreased by 3.5 percent. In Russia, despite accelerated market contraction and down-trading, JTI's sales volume grew 1.1 percent with continued share of market gains. LD performed strongly, which resulted in growth of its total sales volume for the nine-month period. While down-trading has continued, JTI's market share in Russia grew from 35.5 percent to 36.5 percent, attributed to its well-balanced brand portfolio. Elsewhere in this Cluster, volume was affected by JTI's continued enforcement of its sales policy in Ukraine, market contraction in Ukraine and Romania due to price increases following the tax raises and economic recession, as well as Kazakhstan. GFB sales volume in the CIS+ increased 0.6 percent.

In the Rest of the World, total sales volume decreased 8.8 percent. Growth in Turkey for Winston and LD, and Korea for Mild Seven, was insufficient to compensate for declines in Iran, the Philippines and Taiwan. In Turkey, JTI's share of market grew from 16.5 percent to 18.4 percent. GFB sales volume in the Rest of the World declined by 8.7 percent.

⁴ Net sales excluding tax does not account for revenue from the distribution, private label, contract manufacturing and other peripheral businesses.

⁵ Net sales per thousand cigarettes is based on total sales volume, which include cigars, pipe tobacco and snus, but exclude private label, contract manufacturing and joint ventures (whose revenues are not accounted for). Please note that the company has been including revenue from cigars, pipe tobacco and snus into its net sales figure, while sales volume for those products has been accounted for as of January 1, 2009.

⁶ JT divides international markets in which it operates into four distinct clusters: South and West Europe, North and Central Europe, CIS+, and the Rest of the World. Please note that these four clusters are specifically designed to provide insight into our business for guidance purposes only and do not reflect JTI's management structure.



International Tobacco Business Results for January – September 2009

(July-September results for 2009 are preliminary)

	2008				2009			
	Jan-Mar	Apr-Jun	Jul-Sep	Total	Jan-Mar	Apr-Jun	Jul-Sep	Total
Total sales volume (billions of cigarettes)	102.4	115.6	120.1	338.1	100.9	115.1	109.6	325.6
GFB sales volume (billions of cigarettes)	55.6	63.5	66.3	185.5	57.1	64.2	61.0	182.4
Net sales excluding tax (millions of US\$)	2,421	2,675	2,947	8,043	2,148	2,404	2,476	7,028
Net sales per thousand cigarettes, excluding tax (US\$)	24.3	23.7	25.1	24.4	21.5	21.1	22.8	21.8

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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.