Overview of Consolidated Financial Results for 1H FY 03/2009 and Full-term Forecasts for FY 03/2009

Caution concerning forward-looking statements

Forward-Looking and Cautionary Statements

This presentation contains forward-looking statements about our industry, business, plans and objectives, financial conditions and results of operations based on current expectations, assumptions, estimates and projections. These statements reflect future expectations, identify strategies, discuss market trends, contain projections of operational results and financial conditions, and 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 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 related to the use of tobacco products;
(2) legal or regulatory developments and changes; including, without limitation, tax increases and restrictions on sales, marketing and use of tobacco products, 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 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.

Overview of Consolidated Financial Results for 1H FY 03/2009

Consolidated Financial Results for 1H FY 03/2009

Summary of Business Performance

Sales and EBITDA increased due to the continued top-line growth of the international tobacco business and the consolidation of Gallaher, while operating income declined because of the start of the goodwill amortization related to the international tobacco business and the foods business.

(Unit: JPY billion)

	1H FY 3/2008	1H FY 3/2009	Change
Sales incl. Tax	2,914.0	3,497.0	583.0 (+20.0%)
Sales excl. Tax	1,198.5	1,443.0	244.5 (+20.4%)
EBITDA	294.8	345.3	50.5 (+17.1%)
Operating Income	219.1	204.5	−14. 5 (-6.7%)
Recurring Profit	201.0	151.3	-49.6 (-24.7%)
Net Income	132.3	69.4	-62.8 (-47.5%)

【Reference: Figures for major profit items before goodwill amortization】

	1H FY 3/2008	1H FY 3/2009	Change
Operating Income	219.9	257.8	37.8 (+17.2%)
Recurring Profit	201.8	204.6	2.8 (+1.4%)
Net Income	133.1	122.7	- 10.3 (-7.8%)

Consolidated Financial Results for 1H FY 03/2009

Domestic Tobacco Business

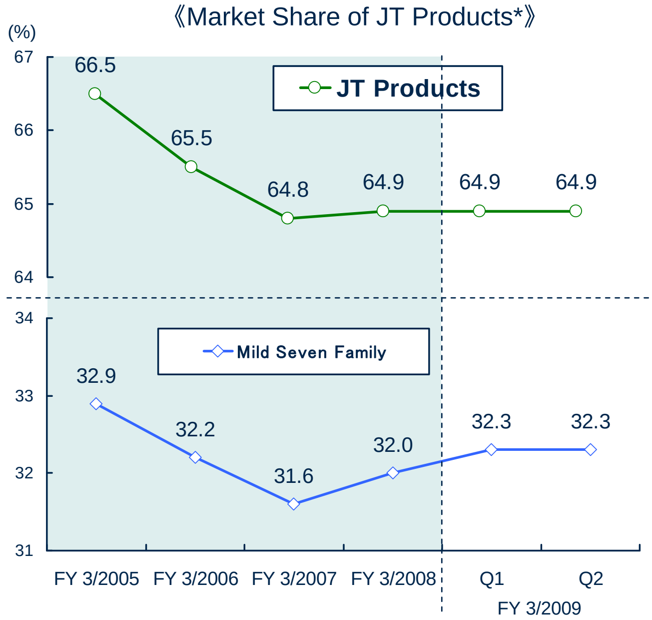
Both sales and profits declined due to a drop in the sales volume and increased sales promotion costs.

(Unit: JPY billion)

	1H FY 3/2008	1H FY 3/2009	Change
Sales incl. Tax	1,723.3	1,662.3	– 60.9 (-3.5%)
Sales excl. Tax (Excl. Imports)	365.1	351.6	–13.5 (-3.7%)
EBITDA	165.4	145.5	-19.9 (-12.0%)
Operating Income	124.5	105.6	-18.9 (-15.2%)

(Unit: billion cigarettes)

	1H FY 3/2008	1H FY 3/2009	Change
Sales Volume of JT Products	85.8	82.9	- 2.8 (-3.3%)
Total Demand	132.6	127.7	- 4.8 (-3.7%)
Market Share of JT Products (%)	64.7%	64.9%	0.2pt



* New basis=JT original brands ＋ JTI brands sold in Japan (Camel, Winston, Salem, etc.)

Consolidated Financial Results for 1H FY 03/2009

International Tobacco Business

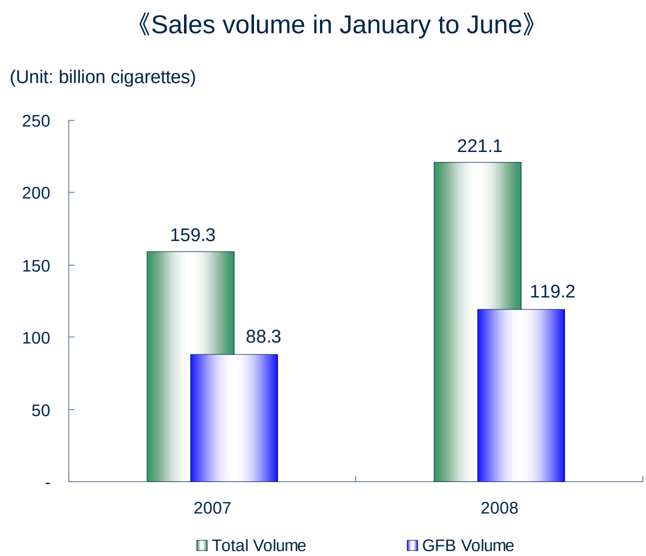
Sales and profits increased sharply year-on-year thanks to the continued top-line growth led by GFB and consolidation of Gallaher

(Unit: JPY billion)

	1H FY 3/2008	1H FY 3/2009	Change
Sales incl. Tax	1,005.4	1,564.1	558.6 (+55.6%)
Sales excl. Tax (Excl. distribution business)	402.9	545.2	142.3 (+35.3%)
EBITDA (JPY)	118.3	184.9	66.6 (+56.3%)
Operating Income	92.7	100.1	7.4 (+8.0%)
Total Volume (billion cigarettes)	159.3	221.1	61.8 (+38.8%)
GFB Volume (billion cigarettes)	88.3	119.2	30.8 (+34.9%)
Exchange Rate (JPY/USD)	120.15	104.89	-15.26

(Reference) Before royalty payment to JT (Unit: USD million)

EBITDA (USD)	1,058	1,860	802 (+75.8%)



Note: The results of the international tobacco business in January-June are included in the consolidated results.

International Tobacco Business Results for January - September 2008 (preliminary results)

International Tobacco Business

Sales and volume increased thanks to the continued growth momentum led by GFB

Sales volume and Net sales in January to September 2008 (preliminary results) (Like-for-like)

(Unit: billion cigarettes)

	FY 3/2008*				FY 3/2009			
	Jan.-March	April-June	July-Sep.	Total	Jan.-March	April-June	July-Sep.	Total
Total Volume	95.0	109.0	114.6	318.6	103.9 (+9.4%)	117.2 (+7.5%)	121.8 (+6.3%)	342.9 (+7.6%)
GFB Volume	46.7	55.1	57.6	159.3	55.6 (+19.1%)	63.5 (+15.4%)	66.3 (+15.2%)	185.5 (+16.4%)
Net Sales excl. Tax** (million of US$)	2,064	2,340	2,333	6,737	2,471 (+19.7%)	2,728 (+16.6%)	2,999 (+28.5%)	8,198 (+21.7%)
Net Sales Per 1,000 Cigarettes excl. Tax**(US$)	21.7	21.5	20.4	21.1	23.8 (+9.4%)	23.3 (+8.4%)	24.6 (+21.0%)	23.9 (+13.1%)

* FY 3/2008 (like-for-like basis): Includes the theoretical figure for Gallaher's full-year results
**Sales excluding distribution business

International Tobacco Business Results for January - September 2008 (preliminary results)

International Tobacco Business

The strong sales growth for GFB with well-balanced growth in each region

- **GFB sales volume growth rate in January – September 2008*(Preliminary results)**

Winston	+17.9%	Sales increased significantly due to the strong growth momentum in Russia, Ukraine, Turkey, Spain, etc.
Camel	+10.2%	Sales increased thanks to the growth in Italy, Russia, Spain, etc.
Mild Seven	+12.4%	Sales increased by thanks to the growth momentum in Korea, and the volume recovery from price increase in September 2006 in Taiwan.

- **Sales volume growth rate for each region in January – September 2008 *(preliminary results)**

South & West Europe	+9.2%
North & Central Europe	-1.8%
CIS+	+5.7%
Rest of the World	+15.4%

*Jan.-Sep. 2008 (like-for-like basis): Includes the theoretical figure for Gallaher's full-year results

Consolidated Financial Results for 1H FY 03/2009

■ Pharmaceutical Business

Sales increased, while improvement was also achieved on the profit front due to milestone revenues related to the progress made in the development of JTT-705, licensed to Roche, and JTK-303, licensed to Gilead Sciences.

（Unit: JPY billion）

	1H FY 3/2008	1H FY 3/2009	Change
Sales	22.1	26.8	4.6 (+21.0%)
EBITDA	- 5.8	0.2	6 -
Operating Income	- 7.4	- 1.5	5.8 -

JTT-705：Advanced to Phase 3 at Roche, to which JTT-705 was licensed.
(announced in April by Roche)

JTK-303：Advanced to Phase 3 at Gilead Sciences, to which JTK-303 was licensed.
(announced in July by Gilead Sciences)

JTT-305: To be licensed to Merck.
(announced in September 2008)

Clinical Development (as of October 30, 2008)

Code	Indication	Stage
JTT-705（oral）	Dyslipidemia	Japan：Phase2
JTT-130（oral）	Dyslipidemia	Japan：Phase2 Overseas：Phase2
JTK-303（oral）	HIV infection	Japan：Phase1
JTT-302（oral）	Dyslipidemia	Overseas：Phase2
JTT-305（oral）	Osteoporosis	Japan：Phase2
JTT-552（oral）	Hyperuricemia	Japan：Phase2
JTT-651（oral）	Type 2 diabetes mellitus	Japan：Phase1
JTS-653（oral）	Pain Overactive bladder	Japan：Phase1
JTT-654(oral)	Type 2 diabetes mellitus	Overseas：Phase1
JTK-656（oral）	HIV infection	Overseas：Phase1

Entered clinical development

Consolidated Financial Results for 1H FY 03/2009

■ Foods Business

Although sales increased due to the consolidation of the Katokichi Group, the foods business posted operating loss because of increased general expenses, rising prices of raw materials and the goodwill amortization.

（Unit: JPY billion）

	1H FY 3/2008	1H FY 3/2009	Change
Sales	152	233.4	81.4 (+53.5%)
EBITDA	5.9	3.4	– 2.4 (-41.2%)
Operating Income	3.7	- 5.6	- 9.3 -

Consolidated Financial Results for 1H FY 03/2009

Foods Business

Future Direction

- Measures to be taken in the processed foods business
  - Unification of the corporate names and brands
  - Integration of product development, marketing, procurement and system
  - Pursuit the optimal manufacturing systems and consolidation of sales branches
- Integration of the domestic sales and product development functions of the seasoning business at Fuji Foods Corporation in April 2009

Progress in Efforts to Strengthen Safety Control System

- Efforts to reduce risks
  - Started operating a quality control center in China in September 2008
  - Signed a consulting contract with an outside agency regarding the "Food Defense" initiative
- Measures to enhance response to customers
  - Integration of the customer service function at Katokichi in January 2009(unification window: offer a full-year customer service)
- Organizational Enhancement
  - Appointed a third outside advisor regarding food safety

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Full-Term Forecasts for FY 03/2009

Full-Term Forecasts for FY 03/2009

Domestic Tobacco Business

Although the forecast of the sales volume remains unchanged, the forecast of profits has been revised upward due to an increase in royalty revenue and a decrease in the taspo-related running costs.

（Unit: JPY billion）

	FY 3/2008 Actual (A)	FY 3/2009 Initial Forecast (B)	FY 3/2009 Revised Forecast (C)	Change from Initial Forecast (C-B)	Change from FY 3/2008 Actual (C-A)
Sales incl. Tax	3,362.3	3,165.0	3,169.0	4.0 (+0.1%)	- 193.3 (-5.8%)
Sales incl. Tax （Excl. Imports）	2,169.2	2,049.0	2,052.0	3.0 (+0.1%)	- 117.2 (-5.4%)
EBITDA	306.7	261.0	264.0	3.0 (+1.1%)	- 42.7 (-13.9%)
Operating Income	222.3	173.0	180.0	7.0 (+4.0%)	- 42.3 (-19.0%)

【Major Assumptions】

（Unit: billion cigarettes）

Sales Volume of JT Products	167.7	159.0	159.0	0.0 (Unchanged)	- 8.7 (-5.2%)

Full-term Forecasts for FY 03/2009

International Tobacco Business

Upward revision for sales volume, sales and profits forecast, due to the continuing top-line growth.

(Unit: JPY billion)

	FY 3/2008 Actual (A)	FY 3/2009 Initial Forecast (B)	FY 3/2009 Revised Forecast (C)	Change from Initial Forecast (C-B)	Change from FY 3/2008 (C-A)
Sales incl. Taxes	2,639.9	2,896.0	3,155.0	259.0 (+8.9%)	515.0 (+19.5%)
Sales incl. Taxes (Excl. Distribution Business)	2,381.0	2,618.0	2,822.0	204.0 (+7.8%)	440.9 (+18.5%)
EBITDA (JPY)	270.7	301.0	334.0	33.0 (+11.0%)	63.2 (+23.4%)
Operating Income	205.3	144.0	169.0	25.0 (+17.4%)	-36.3 (-17.7%)

(Reference) Before royalty payment to JT (Unit: USD million)

EBITDA (USD)	2,452	3,180	3,430	250 (+7.9%)	978 (+39.9%)

【Major Assumptions】

Total Volume (billion cigarettes)	385.6	450.0	452.0	2.0 (+0.4%)	66.4 (+17.2%)
GFB Volume (billion cigarettes)	203.2	243.0	244.0	1.0 (+0.4%)	40.8 (+20.1%)
Exchange Rate (JPY/USD)	117.85	100.00	103.00	3.00	-14.85

(Reference) Like-for-like

Total Volume (billion cigarettes)	430.2	450.0	452.0	2.0 (+0.4%)	21.8 (+5.1%)
GFB Volume (billion cigarettes)	216.6	243.0	244.0	1.0 (+0.4%)	27.4 (+12.6%)

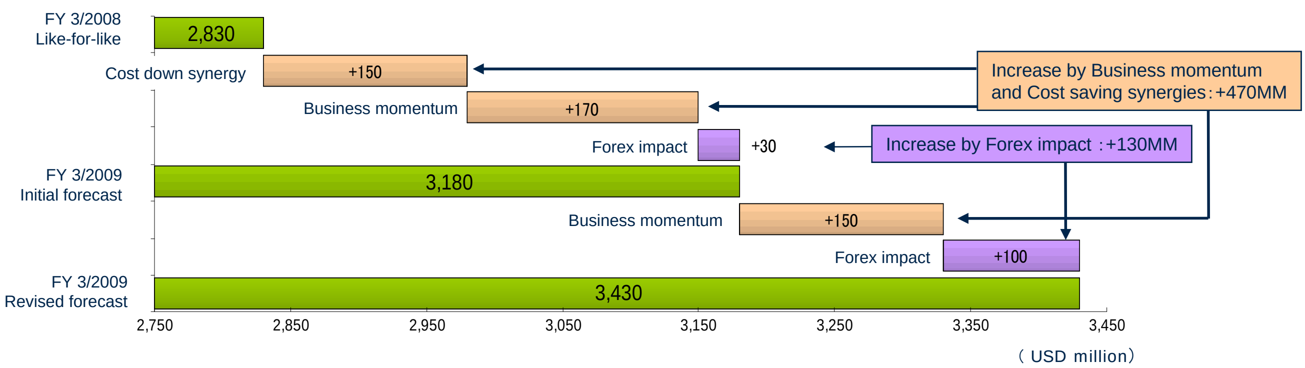
Note1: The consolidated results include those of JTI from January to December
Note2: The results for FY 3/2008 include those of Gallaher from April 18 to December 31., 2007

Full-term Forecasts for FY 03/2009

International Tobacco Business

Forex impact

◆ US$ against local currency



【Forex rate】

	2008 Jan.-Sep.	year-on -year Jan.-Sep.	2008 assumed forex rate
EUR	0.66	11.7% strong EUR	0.67
GBP	0.51	2.1% weak GBP	0.53
RUB	24.05	7.1% strong RUB	24.70

Full-Term Forecasts for FY 3/2009

Pharmaceutical Business

The earnings forecasts have been revised upward due to one time payment related to the licensing of JTT-305 to Merck.

(Unit: JPY billion)

	FY 3/2008 Actual (A)	FY 3/2009 Initial Forecast (B)	FY 3/2009 Revised Forecast (C)	Change from Initial Forecast (C-B)	Change from FY 3/2008 Actual (C-A)
Sales	49.0	44.5	54.5	10.0 (+22.5%)	5.4 (+11.1%)
EBITDA	- 6.2	- 8.0	1.0	9.0 -	7.2 -
Operating Income	- 9.6	- 12.0	-3.0	9.0 -	6.6 -

Foods Business

The earnings forecasts have been revised downward due to lower-than-expected sales of processed marine products and a decrease in sales of beverage products caused by unfavorable weather and intensified competition.

(Unit: JPY billion)

	FY 3/2008 Actual (A)	FY 3/2009 Initial Forecast (B)	FY 3/2009 Revised Forecast (C)	Change from Initial Forecast (C-B)	Change from FY 3/2008 Actual (C-A)
Sales	336.4	486.0	478.0	- 8.0 (-1.6%)	141.5 (+42.1%)
EBITDA	8.3	26.0	22.5	- 3.5 (-13.5%)	14.1 (+169.4%)
Operating Income	0.6	- 4.0	- 7.0	- 3.0 -	- 7.6 -

Full-Term Forecasts for FY 3/2009

Forecasts of Consolidated Financial Results

The forecasts of sales and profits have been revised upward due to the continued top-line growth of the international tobacco business, one time payment related to the licensing of a drug and other factors. As a result, sales and EBITDA are expected to hit record highs.

(Unit: JPY billion)

	FY 3/2008 Actual (A)	FY 3/2009 Initial Forecast (B)	FY 3/2009 Revised Forecast (C)	Change from Initial Forecast (C-B)	Change from FY 3/2008 Actual (C-A)
Sales incl. Tax	6,409.7	6,610.0	6,870.0	260.0 (+3.9%)	460.2 (+7.2%)
EBITDA	602.0	593.0	634.0	41.0 (+6.9%)	31.9 (+5.3%)
Operating Income	430.5	311.0	348.0	37.0 (+11.9%)	- 82.5 (-19.2%)
Recurring Profit	362.6	278.0	290.0	12.0 (+4.3%)	-72.6 (-20.0%)
Net Income	238.7	148.0	160.0	12.0 (+8.1%)	- 78.7 (-33.0%)
ROE(%)	11.8	7.7	9.3	1.6pt	- 2.5pt
FCF	- 1,493.7	265.0	229.0	- 36.0	1,722.0

【Reference: Net income and EPS excluding the impact of goodwill amortization】

Net Income	242.5	250.0	264.0	14.0 (+5.6%)	21.4 (+8.8%)
EPS	25321.86	26095.82	27557.18	1461.36	2235.32

Note: Results for the fiscal year ending in March 2008 include those of Gallaher between April 18 and December 31 and those of Katokichi between January 1 and March 31.

[Reference Material]

Analysis of Consolidated Financial Results for 1H FY 3/2009 and Full-term Forecast for FY 3/2009

The Delight Factory

Caution concerning forward-looking statements

Forward-Looking and Cautionary Statements

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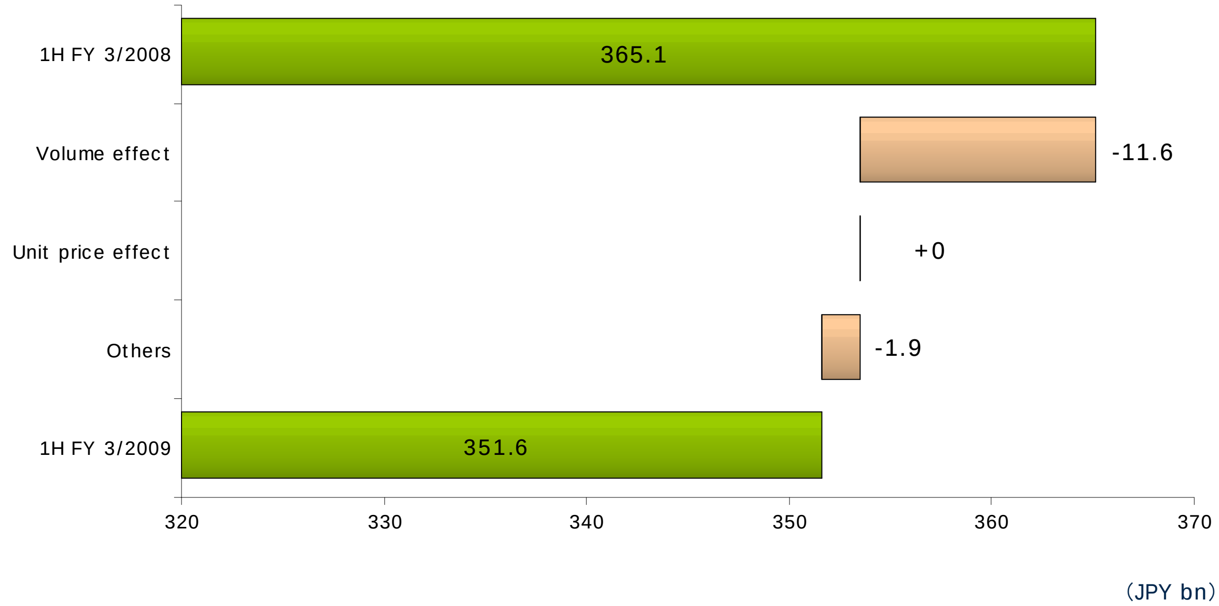
Results for 1H FY 3/2009

Domestic Tobacco Business – Net sales excl. tobacco excise tax*

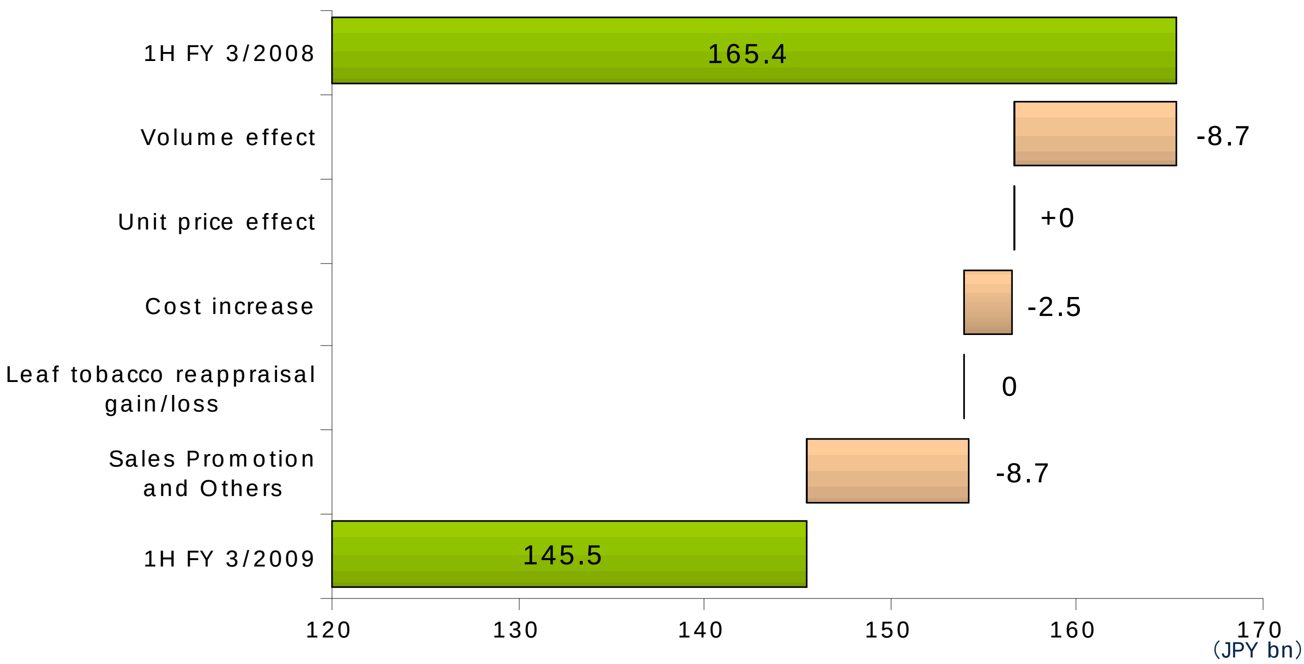


*Excluding imported tobacco

The Delight Factory

Results for 1H FY 3/2009

Domestic Tobacco Business – EBITDA



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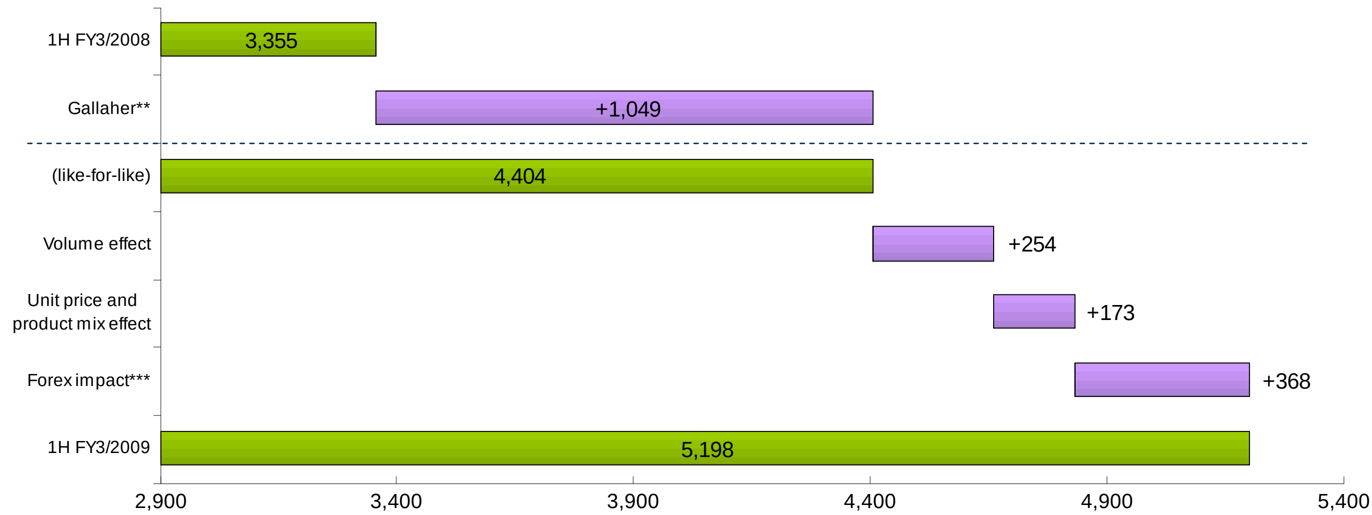
Results for 1H FY 3/2009

International Tobacco Business – Net sales excl. tobacco excise tax*



(US$ MM)

(Reference) Industry segment information basis

International Tobacco Business - Net sales excluding tobacco excise tax * :

From JPY 402.9 bn to JPY 545.2 bn (up JPY 142.3 bn)

* Sales of distribution business, which was formally handled by Gallaher is excluded from the result.

** The theoretical figure of Gallaher before integration.

*** Forex impact is the impact between US$ and each local currency.

JT The Delight Factory

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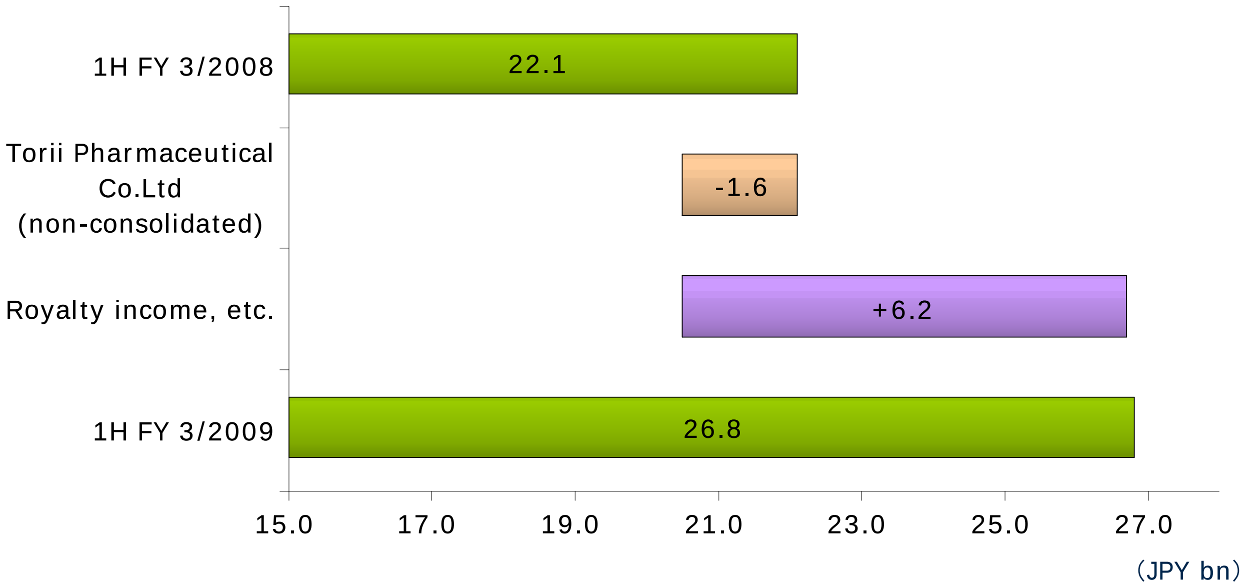
JT The Delight Factory

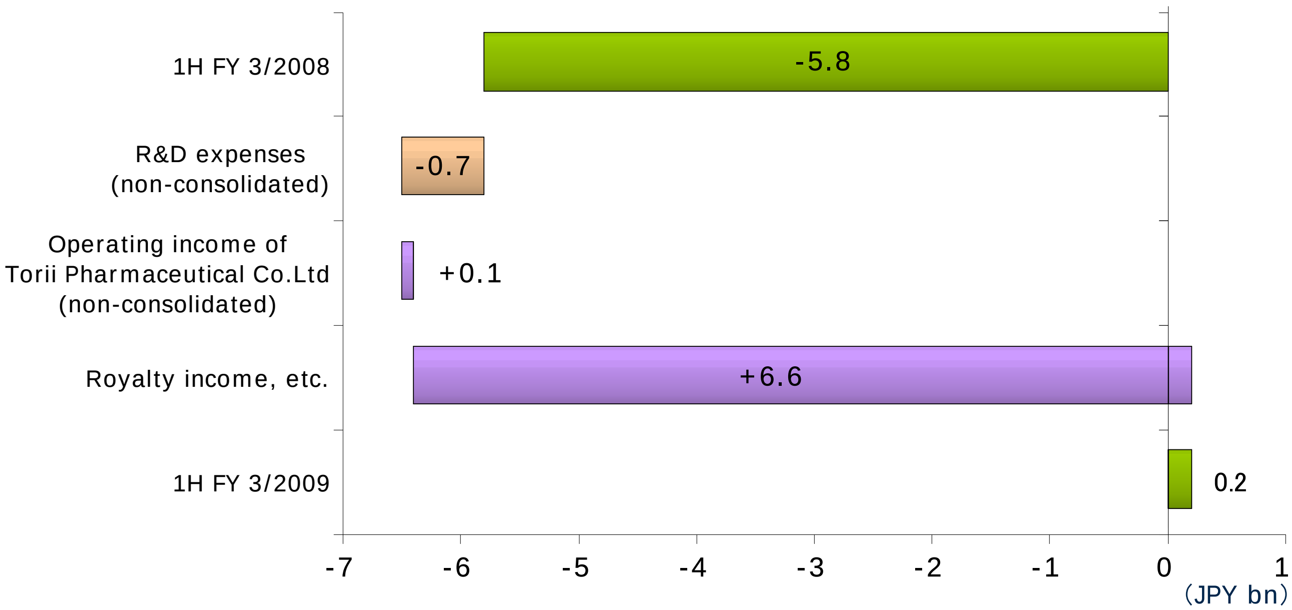
Results for 1H FY 3/2009

Pharmaceutical Business – Net sales



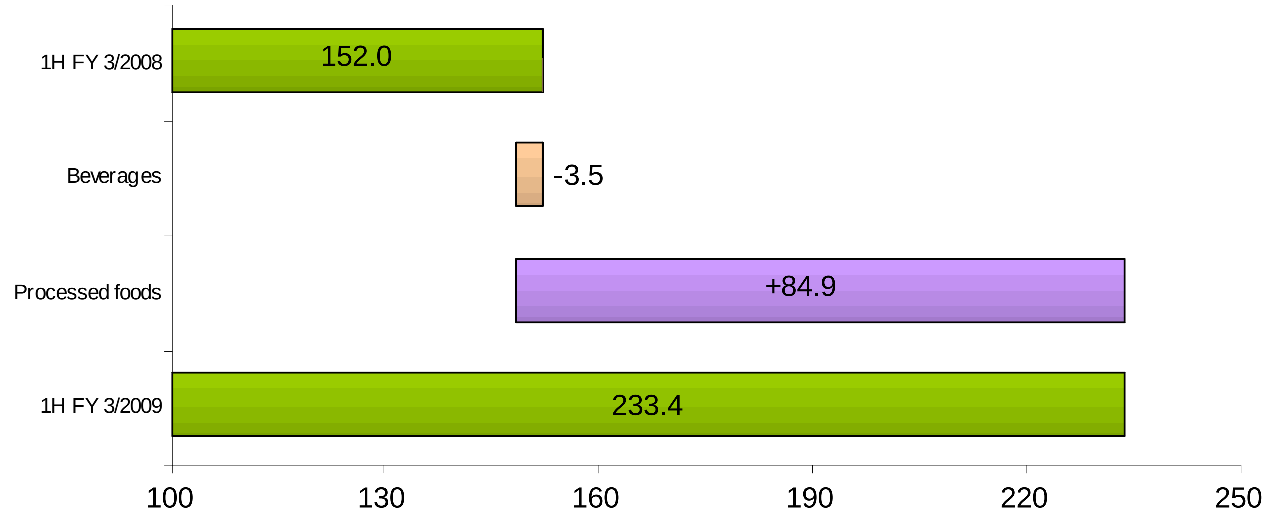
Results for 1H FY 3/2009

Pharmaceutical Business – EBITDA



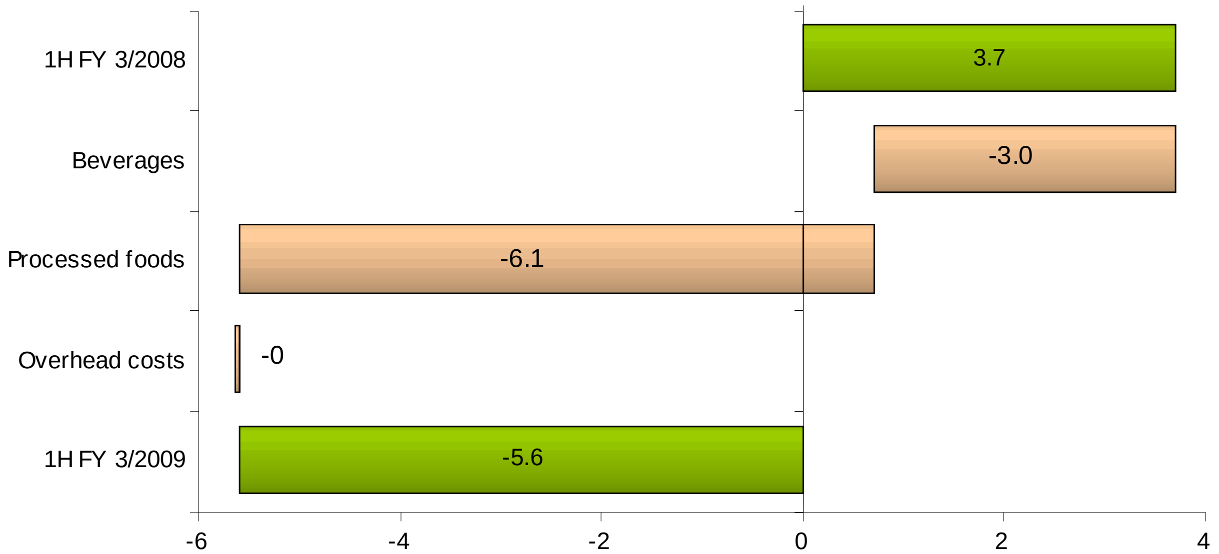
Results for 1H FY 3/2009

⌗ Foods Business – Net Sales



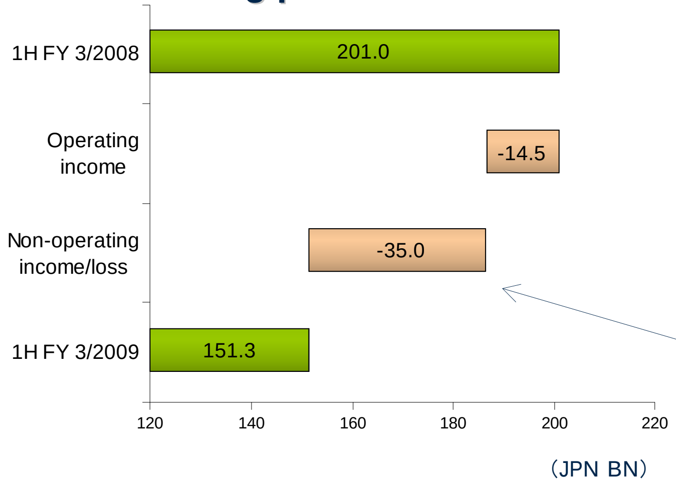
Results for 1H FY 3/2009

⌗ Foods Business – Operating income



Results for 1H FY 3/2009

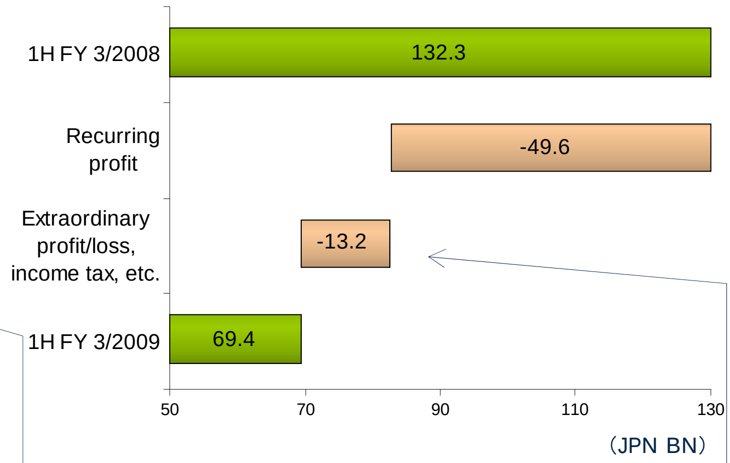
⌗ Recurring profit



Positive factors:
-Decrease of financial support for domestic leaf tobacco growers (1.5bn) etc.

Negative factors:
-Increase of loss on foreign exchange (30.5bn)
-Increase of interest payment (5.5bn)
-Decrease of interest income(2.4bn) etc.

⌗ Net income



Positive factors:
-Increase of profit on sale of property, plant and equipment (9.9bn) etc.

Negative factors:
-Increase of impairment loss(9.3bn)
-Increase of introduction costs for vending machines with adult identification functions (8.4bn)
-Increase of loss on disposition of property, plant and equipment (3.7bn), etc.

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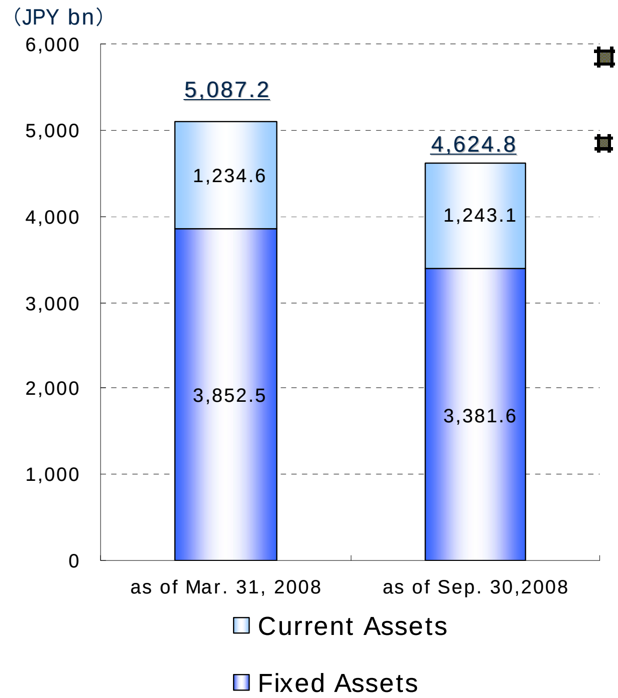
Summary of Consolidated B/S as of Sep. 30, 2008

ASSETS

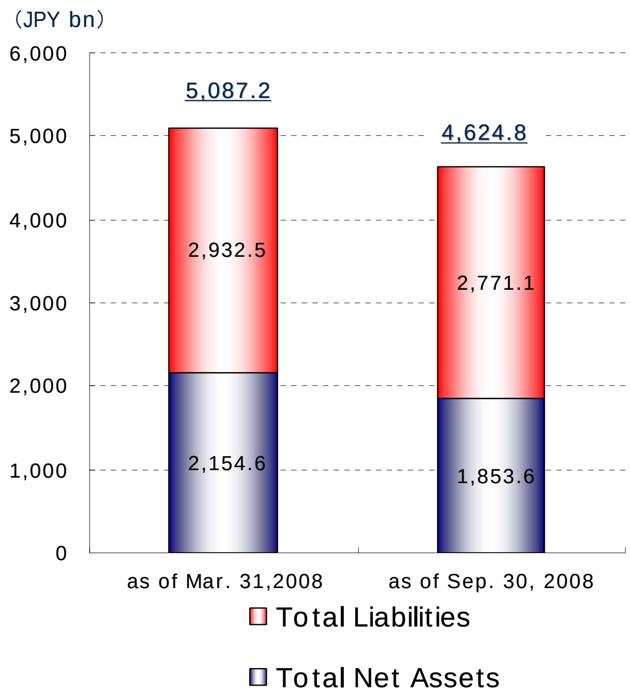


Compared to B/S as of Mar. 31, 2008

- **Current Assets – up JPY 8.4 bn**
- **Fixed Assets – down JPY 470.8 bn**
  - ◆ Decrease of Goodwill: down JPY 366.0 bn
  - ◆ Decrease of Trademarks: down JPY 64.1 bn

Summary of Consolidated B/S as of Sep. 30, 2008

LIABILITIES & NET ASSETS



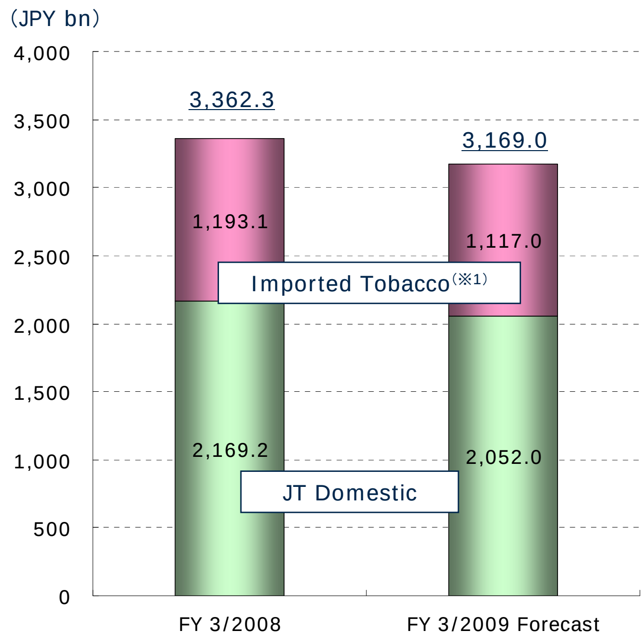
Compared to B/S as of Mar. 31, 2008

- **Total Liabilities – down JPY 161.4 bn**
- **Total Net Assets – down JPY 300.9 bn**
  - ◆ Retained earnings: down JPY 148.5 bn
  - ◆ Foreign currency translation adjustments: down JPY 146.9 bn

➢ **Ratio of equity capital: 40.8% → 38.5%**

Forecast for FY 3/2009 compared to results of the previous fiscal year

⌗ Domestic Tobacco Business – Net sales incl. tobacco excise tax



[Negative factors]

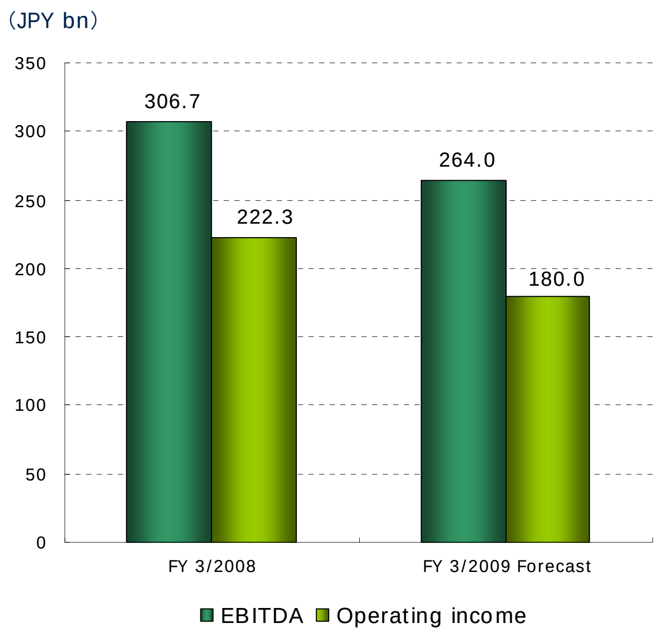
-Decrease in JT sales volume
[167.7 bn units → 159.0 bn units, down 8.7 bn units]

-Decrease in imported tobacco

(Note): On the consolidated basis, net sales of domestic tobacco business includes imported tobacco sales, which are handled by TS Network, a subsidiary of JT.

Forecast for FY 3/2009 compared to results of the previous fiscal year

⌗ Domestic tobacco business - EBITDA / Operating income



[Negative factors]

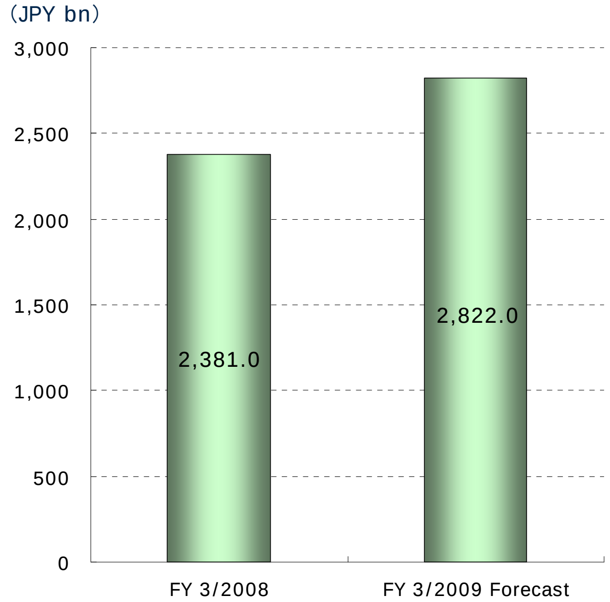
-Decrease in JT sales volume (down 8.7 bn cigarettes, approx. JPY 27.0 bn)

-Increase of costs and others (approx. JPY 11.7 bn)

-taspo running cost (approx. JPY 4.0 bn)

Forecast for FY 3/2009 compared to results of the previous fiscal year

International Tobacco Business – Net sales incl. tobacco excise tax



Note1) International tobacco results consolidates Jan.-Dec.
Note2) FY 3/2008 results consolidates 8.5 months of Gallaher.
Note3) Sales of distribution business, which was formally handled by Gallaher is excluded.

[Positive factors]

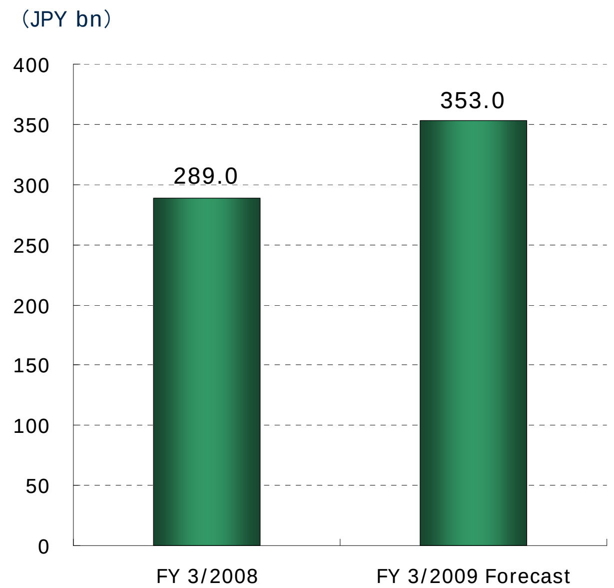
-top line growth, mainly by GFB

-Full year consolidation of Gallaher

JPY/US$ foreign exchange rate:
From US$1=JPY 117.85 to US$1=JPY 103.00 (up JPY 14.85)

Forecast for FY 3/2009 compared to results of the previous fiscal year

International Tobacco Business - EBITDA before royalty payment to JT



[Positive factors]

-top line growth, mainly by GFB

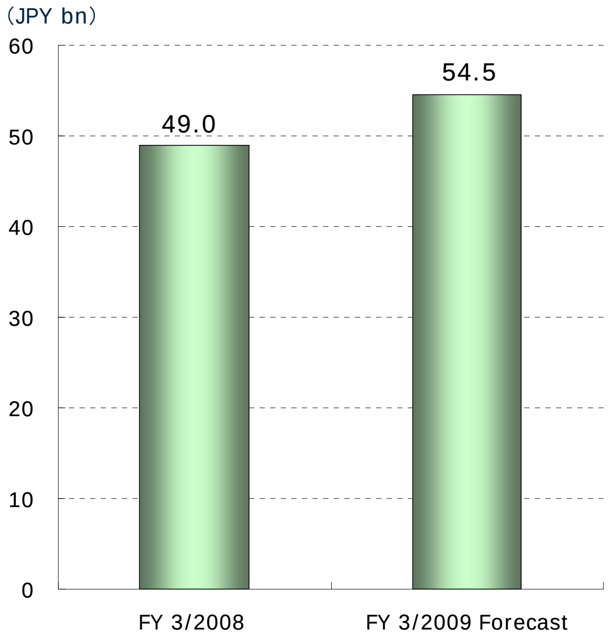
-Full year consolidation of Gallaher

(Reference) Industry segment information basis
EBITDA:
From JPY 270.7 bn to JPY 334.0 bn (up JPY 63.2 bn)
Operating Income:
From JPY 205.3 bn to JPY 169.0 bn (down JPY 36.3 bn)
JPY/US$ foreign exchange rate:
From US$1=JPY 117.85 to US$1=JPY 103.00 (up JPY 14.85)

Note1) International tobacco results consolidates Jan.-Dec.
Note2) FY 3/2008 includes approx. 8.5 months of the f-Gallaher business.

Forecast for FY 3/2009 compared to results of the previous fiscal year

Pharmaceutical Business – Net sales



[Positive factors]

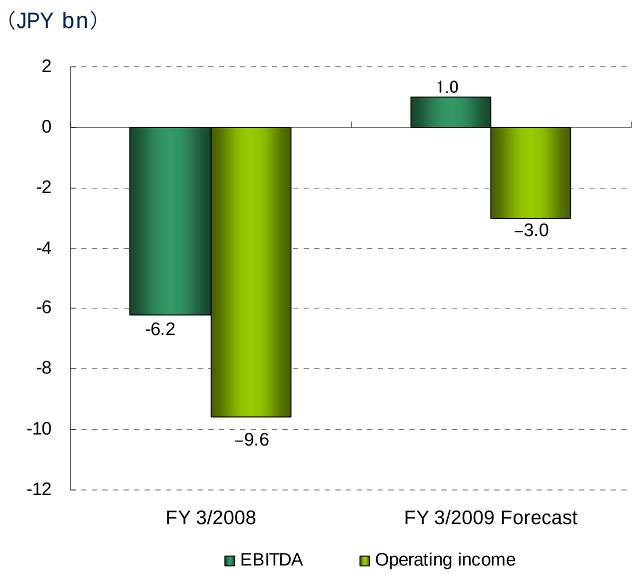
-One-time revenue from licensing of “JTT-305”

-Revenue received as milestone payments related to the development of “JTK-303”

[Negative factors]

-Decrease in net sales of Torii Pharmaceutical Co. Ltd. [JPY 40.8 bn → JPY 36.7 bn (down JPY 4.1 bn)]

Pharmaceutical Business - EBITDA / Operating income



[Positive factors]

-One-time revenue from licensing of “JTT-305”

-Revenue received as milestone payments related to the development of “JTK-303”

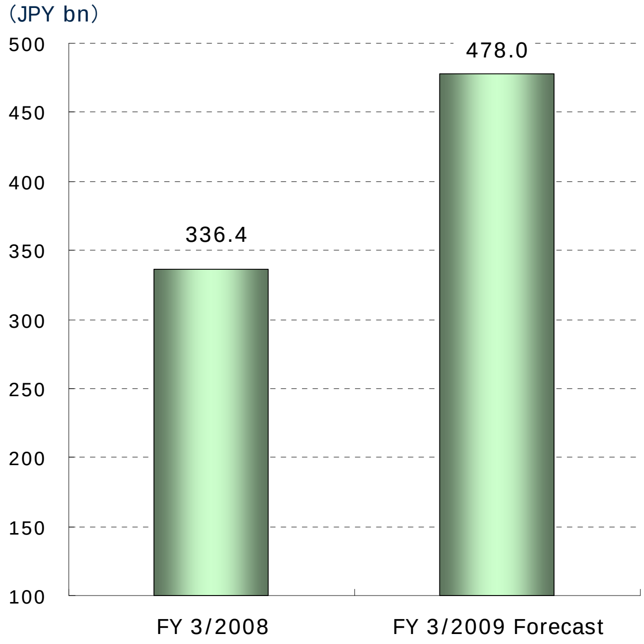
[Negative factors]

-Increase in R&D expenses (non-consolidated)

-Decrease in operating income of Torii Pharmaceutical Co. Ltd.
[JPY 5.1 bn → JPY 4.2 bn (down JPY 0.9 bn)]

Forecast for FY 3/2009 compared to results of the previous fiscal year

Foods Business – Net sales



[Positive factors]

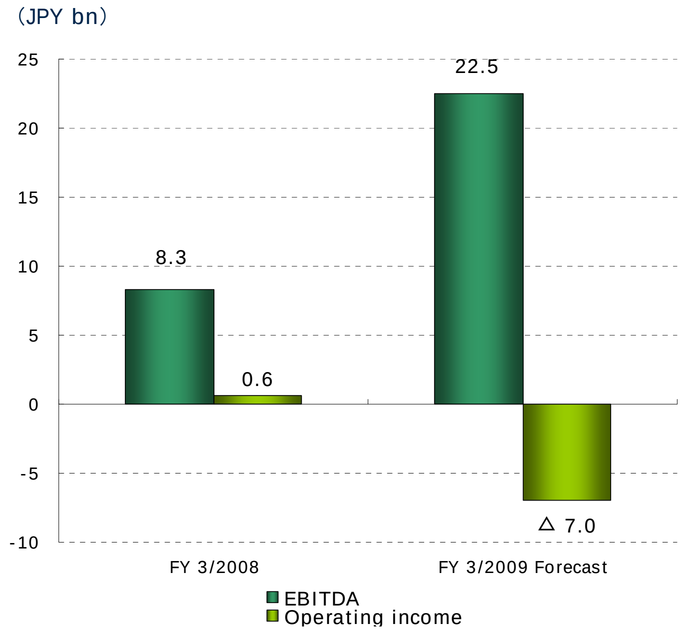
-Full year consolidation of Katokichi and newly consolidation of Fuji Foods

[Negative factors]

-Decrease of sales in former JT's processed foods business

Forecast for FY 3/2009 compared to results of the previous fiscal year

Foods Business - EBITDA / Operating income



[Positive factors]

-Full year consolidation of Katokichi

*EBITDA: Increase of amortization cost by the change of lease accounting disposition

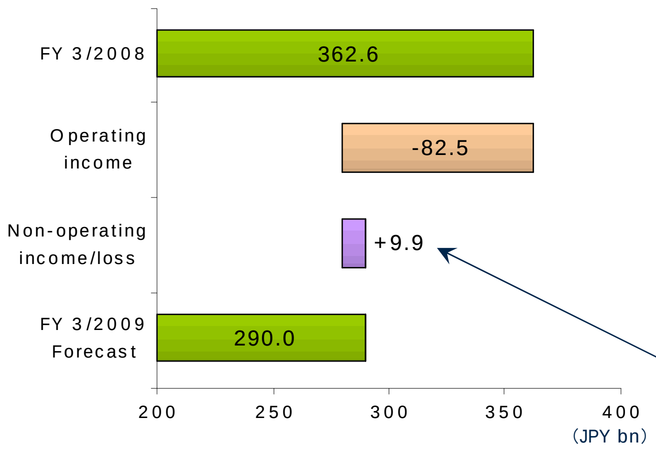
[Negative factors of Operating income]

-Increase of amortization of goodwill (Katokichi and Fuji Foods)

-Decrease of former JT's processed foods business etc.

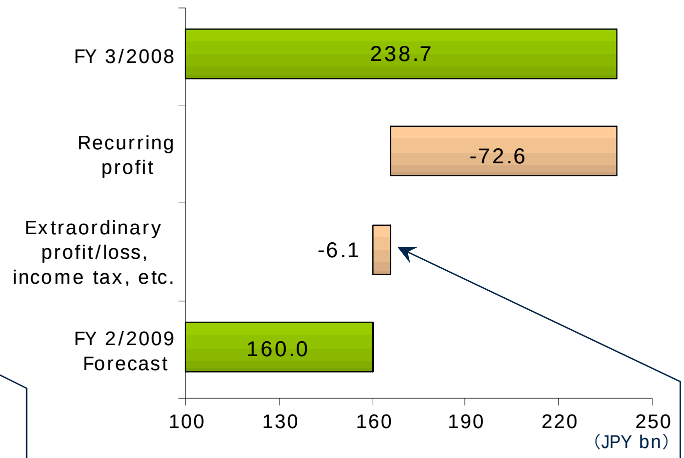
Forecast for FY 3/2009 compared to results of the previous fiscal year

Recurring Profit



Positive factors:
-Improvement of loss on foreign exchange
(Cost for currency option contract and Euro dominated bonds) etc.
Negative factors:
-Increase of interest payment
(Full year consolidation of overseas bank loans interest related to the acquisition of Gallaher) etc.

Net income



Positive factors:
-Decrease of costs related to the recall of frozen foods products
-Decrease of write-down of investment securities (ABCP in Canada) etc.
Negative factors:
-Decrease of profit on sale of property, plant and equipment
(Decrease of the sales from large scaled properties)
-Increase of loss due to impairment (Demolition of the former company condominium) etc.

1. Breakdown of net sales (unit: JPY billion)

	6 months ended Sep. 2007	6 months ended Sep. 2008	Change
Net sales including excise tax *1	2,914.0	3,497.0	583.0
Domestic tobacco	1,723.3	1,662.3	-60.9
Excluding imported tobacco	1,108.8	1,070.4	-38.4
International tobacco *1	1,005.4	1,564.1	558.6
Excluding distribution business	925.7	1,398.1	472.4
Net sales excluding excise tax *1 *2	953.2	1,167.4	214.1
Domestic tobacco *2	365.1	351.6	-13.5
International tobacco *1 *2	402.9	545.2	142.3
Pharmaceutical	22.1	26.8	4.6
Foods	152.0	233.4	81.4
Beverages	101.8	98.3	-3.5
Processed foods	50.2	135.1	84.9
Others	10.9	10.2	-0.6

*1 International tobacco business: 6 months ended June. 2008

*2 Net sales excluding excise tax: Excluding imported tobacco in domestic tobacco and distribution business in international tobacco, respectively.

2. Leaf tobacco reappraisal profit / loss * (unit: JPY billion)

	6 months ended Sep. 2007	6 months ended Sep. 2008	Change
Leaf tobacco reappraisal profit / loss	-2.0	-2.0	-

* Profit when denoted negative

3. Breakdown of SG&A expenses (unit: JPY billion)

	6 months ended Sep. 2007	6 months ended Sep. 2008	Change
SG&A	326.7	446.4	119.7
Personnel *	90.3	117.2	26.9
Advertising and general publicity	10.0	12.4	2.4
Sales promotion	69.8	80.7	10.8
R&D	21.8	25.2	3.3
Depreciation and amortization	35.4	43.9	8.5
Others	99.1	166.8	67.6

* 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)

	6 months ended Sep. 2007	6 months ended Sep. 2008	Change
Consolidated EBITDA	294.8	345.3	50.5
Operating income	219.1	204.5	-14.5
Depreciation and amortization *2	75.6	140.7	65.0
Domestic tobacco EBITDA	165.4	145.5	-19.9
Operating income	124.5	105.6	-18.9
Depreciation and amortization *2	40.9	39.9	-0.9
International tobacco EBITDA *3	118.3	184.9	66.6
Operating income	92.7	100.1	7.4
Depreciation and amortization *2	25.5	84.8	59.2
Pharmaceutical EBITDA	-5.8	0.2	6.0
Operating income	-7.4	-1.5	5.8
Depreciation and amortization *2	1.5	1.8	0.2
Foods EBITDA	5.9	3.4	-2.4
Operating income	3.7	-5.6	-9.3
Depreciation and amortization *2	2.2	9.1	6.8
Others EBITDA	11.7	10.4	-1.3
Operating income	5.9	5.0	-0.8
Depreciation and amortization *2	5.8	5.3	-0.5

(Reference) (unit: USD million)

International tobacco EBITDA (Before royalty payment)	1,058	1,860	802

*1 EBITDA=operating income + depreciation and amortization*2

*2 Depreciation and amortization = depreciation of tangible fixed assets + amortization of intangible fixed assets + amortization of long-term prepaid expenses + amortization of goodwill

*3 International tobacco business: 6 months ended June. 2008

5. Amortization relating to major acquisitions (unit: JPY billion)

JT	6 months ended Sep. 2007	6 months ended Sep. 2008	Years to amortize	Termi-nation
Former RJRI				
Trademark rights	14.6	14.6	10	Apr-09
Patents	0.4	-	8	Apr-07
Katokichi				
Goodwill	-	4.6	5	Dec-12

(unit: USD million)

JT International	6 months ended June. 2007	6 months ended June. 2008	Years to amortize
Former RJRI and Gallaher			
Trademark rights *	75	143	mainly 20
Goodwill	-	453	20

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

6.Capital expenditure (unit: JPY billion)

	6 months ended Sep. 2007	6 months ended Sep. 2008	Change
Capital expenditures	57.0	48.8	-8.2
Domestic tobacco	29.5	19.4	-10.0
International tobacco *	20.2	18.6	-1.6
Pharmaceutical	1.5	1.6	0.0
Foods	2.4	5.6	3.1
Others	4.3	3.3	-1.0

* International tobacco business: 6 months ended June. 2008

7. Cash and cash equivalents * (unit: JPY billion)

	As of end of Mar. 2008	As of end of Sep. 2008	Change
Cash and cash equivalents	218.8	179.1	-39.7

* 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. 2008	As of end of Sep. 2008	Change
Interest-bearing debt	1,389.2	1,264.5	-124.7

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

9. Business data

<Domestic tobacco business>	6 months ended Sep. 2007	6 months ended Sep. 2008	Change
JT sales volume* (billion cigarettes)	85.8	82.9	-2.8
Total demand (billion cigarettes)	132.6	127.7	-4.8
JT market share	64.7%	64.9%	0.2%pt
JT net sales before tax per 1,000 cigarettes (JPY)	12,696	12,696	0
JT net sales after tax per 1,000 cigarettes (JPY)	4,054	4,055	1

* Sales volume of domestic duty-free and China division is excluded, which was 1.7 billion for FY ended Sep. 2007 and 1.9billion for FY ended Sep. 2008, respectively.

<International tobacco business>	6 months ended June. 2007	6 months ended June. 2008	Change
Total sales volume (billion cigarettes)	159.3	221.1	61.8
GFB sales volume (billion cigarettes)	88.3	119.2	30.8
JPY/USD rate for consolidation (JPY)	120.15	104.89	-15.26

<Pharmaceutical business>	6 months ended Sep. 2007	6 months ended Sep. 2008	Change
R&D expenses (parent company) (JPY billion)	11.4	12.1	0.7

<Foods business - Beverage business>	As of end of Mar. 2008	As of end of Sep. 2008	Change
Number of beverage vending machines *	257,000	257,000	0
JT-owned	35,500	34,000	-1,500
Combined	71,500	75,000	3,500

* 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 2008

1. Consolidated financial outlook for fiscal year ending March 31, 2009 compared to the forecast as of May 2008

(JPY billion)

	Previous forecast	Revised forecast	Change
Net sales including excise tax	6,610.0	6,870.0	260.0
EBITDA	593.0	634.0	41.0
Operating income	311.0	348.0	37.0
Recurring profit	278.0	290.0	12.0
Net income	148.0	160.0	12.0
Return on equity	7.7%	9.3%	1.6%pt
Free cash flow	265.0	229.0	-36.0

(JPY billion)

	Previous forecast	Revised forecast	Change
Capital expenditures	149.0	154.0	5.0
Domestic tobacco	63.0	62.0	-1.0
International tobacco	56.0	65.0	9.0
Pharmaceutical	3.0	3.5	0.5
Foods	23.0	21.0	-2.0
Other businesses	4.0	2.5	-1.5

Consolidated financial outlook by business segment (JPY billion)

	Previous forecast	Revised forecast	Change
Net sales including excise tax	6,610.0	6,870.0	260.0
Domestic tobacco	3,165.0	3,169.0	4.0
Excluding imported tobacco	2,049.0	2,052.0	3.0
International tobacco	2,896.0	3,155.0	259.0
Excluding distribution business	2,618.0	2,822.0	204.0
Pharmaceutical	44.5	54.5	10.0
Foods	486.0	478.0	-8.0
EBITDA	593.0	634.0	41.0
Domestic tobacco	261.0	264.0	3.0
International tobacco	301.0	334.0	33.0
Pharmaceutical	-8.0	1.0	9.0
Foods	26.0	22.5	-3.5
Operating income	311.0	348.0	37.0
Domestic tobacco	173.0	180.0	7.0
International tobacco	144.0	169.0	25.0
Pharmaceutical	-12.0	-3.0	9.0
Foods	-4.0	-7.0	-3.0
Depreciation and amortization	282.0	286.0	4.0
Domestic tobacco	88.0	84.0	-4.0
International tobacco	157.0	165.0	8.0
Pharmaceutical	4.0	4.0	0.0
Foods	30.0	29.5	-0.5

Major assumptions

(1) Domestic tobacco business (billions of cigarettes)

	Previous forecast	Revised forecast	Change
Sales volume	159.0	159.0	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	450.0	452.0	2.0
GFB sales volume*	243.0	244.0	1.0
JPY/USD rate	100.00	103.00	3.00

2. Consolidated financial outlook for fiscal year ending March 31, 2009 compared to the results of previous fiscal year

(JPY billion)

	FY 03/2008	Revised forecast	Change
Net sales including excise tax	6,409.7	6,870.0	460.2
EBITDA	602.0	634.0	31.9
Operating income	430.5	348.0	-82.5
Recurring profit	362.6	290.0	-72.6
Net income	238.7	160.0	-78.7
Return on equity	11.8%	9.3%	-2.5%pt
Free cash flow	-1,493.7	229.0	1,722.7

(JPY billion)

	FY 03/2008	Revised forecast	Change
Capital expenditures	129.5	154.0	24.4
Domestic tobacco	57.2	62.0	4.7
International tobacco	48.4	65.0	16.5
Pharmaceutical	4.2	3.5	-0.7
Foods	6.0	21.0	14.9
Other businesses	14.7	2.5	-12.2

Consolidated financial outlook by business segment (JPY billion)

	FY 03/2008	Revised forecast	Change
Net sales including excise tax	6,409.7	6,870.0	460.2
Domestic tobacco	3,362.3	3,169.0	-193.3
Excluding imported tobacco	2,169.2	2,052.0	-117.2
International tobacco	2,639.9	3,155.0	515.0
Excluding distribution business	2,381.0	2,822.0	440.9
Pharmaceutical	49.0	54.5	5.4
Foods	336.4	478.0	141.5
EBITDA	602.0	634.0	31.9
Domestic tobacco	306.7	264.0	-42.7
International tobacco	270.7	334.0	63.2
Pharmaceutical	-6.2	1.0	7.2
Foods	8.3	22.5	14.1
Operating income	430.5	348.0	-82.5
Domestic tobacco	222.3	180.0	-42.3
International tobacco	205.3	169.0	-36.3
Pharmaceutical	-9.6	-3.0	6.6
Foods	0.6	-7.0	-7.6
Depreciation and amortization	171.5	286.0	114.4
Domestic tobacco	84.3	84.0	-0.3
International tobacco	65.3	165.0	99.6
Pharmaceutical	3.3	4.0	0.6
Foods	7.6	29.5	21.8

Major assumptions

(1) Domestic tobacco business (billions of cigarettes)

	FY 03/2008	Revised forecast	Change
Sales volume	167.7	159.0	-8.7

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	385.6	452.0	66.4
GFB sales volume*	203.2	244.0	40.8
JPY/USD rate	117.85	103.00	-14.85

Goodwill amortization relating to major acquisitions

International tobacco business (unit: USD million)

	Goodwill amount as the basis for the amortization	FY ending Mar.2009	Years to amortize
Former RJRI and Gallaher	18,159	908	20

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

Foods Business (unit: JPY billion)

	Goodwill amount as the basis for the amortization	FY ending Mar.2009	Years to amortize
Katokichi	45.0	9.0	5

* Termination of goodwill amortization: Dec-12

Trademark rights amortization relating to major acquisitions

JT (unit: JPY billion)

	FY ended Mar. 2008	FY ending Mar. 2009	Years to amortize
Former RJRI	29.3	29.3	10

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

JT International (unit: USD million)

	Year ended Dec. 2007	Year ending Dec. 2008	Years to amortize
Former RJRI and Gallaher	220	284	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 03/2007	54.0	36.8	44.6	39.3	174.9
FY 03/2008	42.7	43.0	43.7	38.2	167.7
FY 03/2009	42.0	40.8			

2. Quarterly Retail Price Sales (billions of JPY)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	740.3	547.5	664.6	587.0	2,539.5
FY 03/2008	636.7	641.4	651.6	570.0	2,499.8
FY 03/2009	626.9	608.6			

* 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 03/2007	11,663	12,677	12,688	12,699	12,371
FY 03/2008	12,698	12,694	12,704	12,702	12,699
FY 03/2009	12,699	12,693			

* 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 03/2007	3,852	4,050	4,050	4,056	3,990
FY 03/2008	4,056	4,053	4,063	4,057	4,057
FY 03/2009	4,056	4,054			

* 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 03/2007	65.5	64.2	64.7	64.5	64.8
FY 03/2008	64.9	64.5	65.3	65.0	64.9
FY 03/2009	64.9	64.9			

Market Share in Growing Segments

1. 1mg Tar

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	12.4	12.5	13.3	13.6	12.9
FY 03/2008	13.9	13.7	14.0	14.3	14.0
FY 03/2009	14.5	14.5			

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY 03/2007	61.3	60.9	62.4	62.2
FY 03/2008	62.0	61.6	62.1	62.0
FY 03/2009	62.4	63.0		

2. Menthol

(1) JT Menthol Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	6.7	6.9	6.7	7.1	6.8
FY 03/2008	7.2	7.5	7.2	7.5	7.4
FY 03/2009	7.5	7.4			

(2) JT Share in Menthol Segment (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY 03/2007	35.0	34.1	33.8	34.8
FY 03/2008	34.9	35.2	34.0	34.4
FY 03/2009	34.3	33.5		

3. JPY 320 or above*

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	5.7	5.4	5.2	5.5	5.5
FY 03/2008	5.6	5.2	5.4	5.3	5.4
FY 03/2009	5.2	5.0			

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

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
FY 03/2007	24.3	22.5	22.6	23.2
FY 03/2008	23.5	22.0	22.5	21.9
FY 03/2009	21.7	20.7		

* JPY 300 or above until Apr-Jun. 2006

4. Quarterly D-spec Product Share (%)

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
FY 03/2007	4.12	3.84	3.85	4.34	4.04
FY 03/2008	4.41	4.10	4.77	5.13	4.59
FY 03/2009	5.10	4.82			

* 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 30, 2008)

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) obtains 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 triglyceride via inhibition of MTP -MTP: Microsomal Triglyceride Transfer Protein	
JTK-303 (oral)	Phase1 (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)	Phase2 (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.) obtains the rights to develop and commercialize this compound worldwide, with the exception of Japan.
JTT-552 (oral)	Phase2 (Japan)	Hyperuricemia	URAT1 inhibitor	Decreases serum urate concentration by increasing urinary urate excretion via inhibition of URAT1. -URAT 1: Urate Transporter 1	
JTT-651 (oral)	Phase1 (Japan)	Type 2 diabetes mellitus	GP inhibitor	Decreases blood glucose by suppression of glucose output from liver via inhibition of GP -GP: Glycogen Phosphorylase	
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 (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 type1	
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	

Updates since the previous announcement on July 31, 2008:

1. JTK-656 entered into clinical trial overseas.
2. Exclusive worldwide rights were licensed to Merck (excluding Japan) for the development and commercialization of JTT-305.