

Overview of Consolidated Financial Results

for Q1 FY 3/2010

*Please be reminded that the figures shown on these slides may be different from those shown in the financial statements as they are intended to facilitate understanding of individual businesses.

*For details, please refer to the footnotes on the slides.



Consolidated Financial Results for Q1 FY 3/2010: JT made a good start toward achieving forecasts

	FY3/2009	FY3/2010	(Unit: JPY Bn) Change
Net Sales excluding tax*	559.2	474.8	-15.1%
EBITDA	180.6	142.5	-21.1%
〈Before goodwill amortization〉			
Operating Income**	137.2	109.2	-20.4%
Recurring Profit**	99.3	103.7	+4.5%
Net Income**	43.6	67.8	+55.3%

➤ Domestic Tobacco Business

JT's market share remained unchanged from the previous fiscal year. Although sales and profits declined, results are on track to meet our forecasts

➤ International Tobacco Business

Net sales and profits increased at constant rates of exchange mainly driven by the effect of price increases. The negative impact of exchange rates was smaller than as disclosed in April

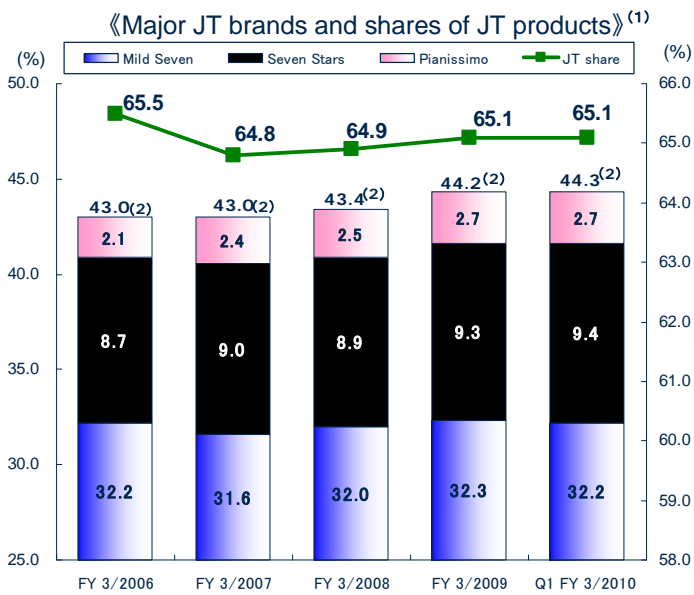
➤ We are not revising the full-term forecasts for FY3/2010

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

**Before good will amortization



Domestic Tobacco Business Results for Q1 FY 3/2010: Market share remained unchanged from the previous fiscal year and was up 0.2% from the same period of the pervious year



(1) New basis=JT original brands + JTI brands sold in Japan (Camel, Winston, Salem, etc.)
 (2) Total for major JT brands

- **Market share remained unchanged from the previous fiscal year and was up 0.2% from the same period of the previous year due to steady growth of major brands**
- **Although net sales and profits declined due to a drop in sales volume and increased costs, the results were in line with our expectations**

* Net sales excluding tax does not account for revenue from the imported tobacco, domestic duty free, the China Division, and other miscellaneous



Domestic Tobacco Business Results for Q1 FY 3/2010: Although the sales volume declined 7.2%, the results were in line with our forecasts excluding the impact of special factors

《Factors behind the decline in sales volume》

-7.2%: Sales Volume for Q1 FY 3/2010

.....

Approx.-2.3%: Impact of a rise in inventory before the FY 3/09 taspo introduction(1)

Approx. -0.7%: Impact of taspo-related loss of purchase opportunities(2)

.....

Approx. -4.2%⇒Excluding the above special factors, the results were in line with our forecasts

(1)A temporary factor that will fade away in the full year

(2) Its impact is gradually diminishing on a full-year basis

- **Excluding the impact of an increase in inventories before the introduction of the taspo card in FY 3/2009 and loss of purchase opportunities related to taspo, the results were in line with our forecasts**



International Tobacco Business Results for Q1 FY 3/2010: Net sales and profits increased at constant rates of exchange

<USD basis>

(Unit: USD MM)

	FY 3/2009	FY 3/2010	Change		Jan-Mar 08 Average rate	Jan-Mar 09 Average rate	Change	09 Assumed Average rate
Net Sales excluding tax*	2,421	2,148	-11.3%					
EBITDA **	948	789	-16.8%	RUB/USD	24.26	34.14	-28.9%	36.00
<at constant rates of exchange>				GBP/USD	0.50	0.68	-26.3%	0.73
Net Sales excluding tax*	2,421	2,611	+7.9%	EUR/USD	0.68	0.76	-10.0%	0.81
EBITDA **	948	1,016	+7.1%					
Total Volume (Bn cigarettes)***	102.4	100.9	-1.4%					
GFB Volume (Bn cigarettes)	55.6	57.1	+2.6%					

- Net sales and profits increased at constant rates of exchange mainly driven by the effect of price increases
- Although sales and profits declined due to adverse currency fluctuation, the magnitude was smaller than as disclosed in April

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

**Before royalty payment to JT

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***Total volume includes cigars, pipe tobacco and snus, but does not include private label and contract manufacturing products



Sales in the International Tobacco Business Jan-Jun 2009 (preliminary): Market shares in core markets show steady growth

【Sales Volume growth rate for each cluster】

	Total volume*	GFB volume
Total JTI	-0.9%	+1.8%
South & West Europe	+0.4%	+2.4%
North & Central Europe	+6.5%	+5.0%
CIS+	-1.8%	+3.7%
Rest of the World	-2.7%	-2.2%

【SOM of Core markets】

	2008 June**	2009 June**	excise tax change	price increase
Italy	16.5%	17.8%		Feb
France	13.9%	14.4%		
Spain	20.3%	20.7%	Jun	Jan, Jun
UK	38.8%	38.7%	Apr	Feb, Apr
Russia	35.2%	36.3%	Jan	Jan, Mar
Turkey	15.7%	18.0%	Jun	Mar, Jul
Taiwan	37.4%	39.4%	Jun	Jun

Source: AC Nielsen and JTI internal data

- The total volume is lower than the previous year due to a planned change in the business model in the Philippines, the unstable operating environment in the Near East, reinforcement of our sales policy in Ukraine and economic recession in some developing countries (Kazakhstan, Romania)
- Market shares in all core markets grew steadily with exception in the UK, but achieved a June spot share of 39.1% with an improvement of 0.4ppt compared with the same month last year in the UK
- While signs of down-trading began to surface in Russia including from sub-premium segment, JTI has a strong brand portfolio across all price segments and we can address the change in consumer trends

* Total volume includes cigars, pipe tobacco and snus, but does not include private label and contract manufacturing products

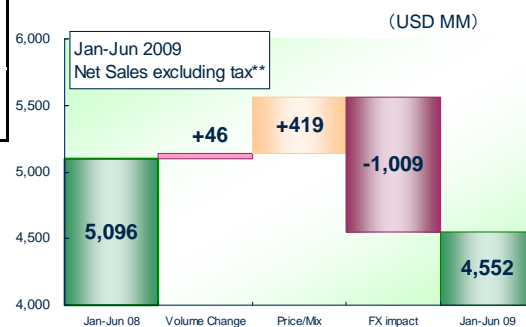
** 12-month rolling average share

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Sales in the International Tobacco Business Jan-Jun 2009 (preliminary): Forecasted EBITDA can be achieved, despite volume down-side risk

	FY 3/2010		
	Jan-Mar	Apr-Jun	Jan-Jun
Total Volume*	100.9	115.1	216.1
(Bn cigarettes)	(-1.4%)	(-0.4%)	(-0.9%)
GFB Volume	57.1	64.2	121.3
(Bn cigarettes)	(+2.6%)	(+1.1%)	(+1.8%)
Net Sales excluding tax**	2,148	2,404	4,552
(USD MM)	(-11.3%)	(-10.1%)	(-10.7%)
Net Sales per thousand cigarettes excluding tax***	21.5	21.1	21.3
(USD)	(-11.7%)	(-11.3%)	(-11.5%)
<at constant rates of exchange>			
Net Sales excluding tax**	2,611	2,950	5,561
(USD MM)	(+7.9%)	(+10.3%)	(+9.1%)
Net Sales per thousand cigarettes excluding tax***	26.1	25.8	26.0
(USD)	(+7.3%)	(+8.8%)	(+8.1%)



- The effect of price increases is the growth driver for net sales excluding tax. Net sales per thousand cigarettes excluding tax grew 8.1% at constant rates of exchange
- Despite volume down-side risk due to economic recession in some developing countries (Kazakhstan, Romania), the unstable operating environment in the Near East, and a planned change in the business model in the Philippines
- We can achieve the forecasted EBITDA at assumed exchange rates disclosed in April through the effect of price increases and continued cost optimization

* Total volume includes cigars, pipe tobacco and snus, but does not include private label and contract manufacturing products

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

***Net sales per thousand cigarettes based on total volume, including cigars, pipe tobacco, and snus, but excluding private label and contract manufacturing products, and joint ventures whose revenues are not accounted for



International Tobacco Business: Foreign Exchange Exposure

	Jan-Jun 09 Average rate	2009 Assumed average rate	Change
RUB/USD	33.18	36.00	+8.5%
GBP/USD	0.68	0.73	+7.4%
EUR/USD	0.76	0.81	+6.6%
JPY/USD	95.59	95.00	-0.6%

<Foreign Exchange Exposure*>

- 1% USD shift causes EBITA to move by USD 35 million**
- At the same average rate as first half of 2009, positive FX impact on the forecasted EBITDA at assumed exchange rates disclosed in April is estimated to be about USD 370 million for the full year
- JPY/USD rate confirms our previous assumption

* USD vs. all key currencies excluding JPY

** RUB and GBP account for 40% and 15%, respectively, of the EBITA sensitivity



Pharmaceutical & Food Businesses Financial Results for Q1 FY 3/2010: The results were almost in line with our forecasts

【Pharmaceutical Business】				【Food Business】			
	(Unit: JPY Bn)				(Unit: JPY Bn)		
	FY 3/2009	FY 3/2010	Change		FY 3/2009	FY 3/2010	Change
Net Sales	16.1	11.1	-31.0%	Net Sales	112.6	98.8	-12.2%
EBITDA	3.0	-2.3	-	EBITDA	1.8	3.8	+109.2%
Operating Income	2.1	-3.2	-	Operating Income	-2.7	-3.6	-

R&D pipeline remains unchanged from the one announced at the same time as the financial results for FY 3/2009



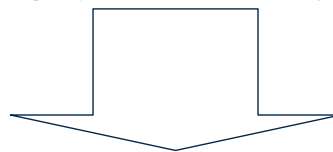
- **Pharmaceutical business:** Despite a sales increase for Torii Pharmaceutical, sales and profits declined in the absence of the milestone revenue that boosted the previous year's results
- **Food business:** Sales declined as a result of our withdrawal from the chilled processed foods business and the exclusion of some subsidiaries from the consolidated results. EBITDA declined by JPY 0.4 billion from the first quarter of the previous fiscal year excluding the impact of a change in the leasing accounting standards
- The results for both pharmaceutical and food businesses were almost in line with plans

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Shift to IFRS: Aiming to apply IFRS from FY 3/2012 at the earliest

- Adapting to the trend of increasing the ability to compare financial results internationally in capital markets around the world as JT operates globally.
- Improving the quality of financial reporting through the unification of the accounting policy throughout the JT Group.
- Enhancing the JT Group's fund-raising capabilities and diversifying the fund-raising instruments.



IFRS (International Financial Reporting Standards) should be applied voluntarily at an early date.

※However, as a revision to the IFRS has been planned, we will be mindful of the appropriate timing for making a final decision about the practical transition period.

- **Starting a full-scale project in August after competing preparations**
- **JT group as a whole will promote this project with the target of applying IFRS from FY 3/2012 (financial results for the full year) at the earliest**

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(Back Up Data)

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<Back Up Data No1> Consolidated Financial Results for Q1 FY 3/2010

	FY 3/2009	FY 3/2010	(Unit: JPY Bn) Change
Net Sales including tax	1,719.8	1,463.1	-256.6 (-14.9%)
Net Sales excluding tax*	559.2	474.8	-84.4 (-15.1%)
EBITDA	180.6	142.5	-38.0 (-21.1%)
Operating Income	110.4	84.2	-26.1 (-23.7%)
Recurring Profit	72.5	78.8	6.2 (+8.6%)
Net Income	16.9	42.8	25.9 (+153.5%)

- Non-operating results improved due to an improvement in the balance of exchange losses and profits and a decrease in interest payments.
- The balance of extraordinary profits and losses improved due to an improvement in the balance of profits and losses from the sale of fixed assets, decreases in write-downs and costs related to the demolition of company-owned residences and the absence of in costs related to the introduction of age-verifying vending machines.

*Net sales excluding tax does not account for revenue from the imported tobacco, domestic duty free, the China Division, and other miscellaneous in the domestic tobacco business and revenue from the distribution, private label, contract manufacturing, and other peripheral operations of the international tobacco business

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<Back Up Data No2> International Tobacco Business Results for Q1 FY 3/2010 (JPY basis)

<JPY basis / Disclosure basis>		(Unit: JPY Bn)		
	FY 3/2009	FY 3/2010	Change	
Net Sales including tax	743.3	568.3	-175.0	(-23.5%)
Net Sales excluding tax*	254.7	201.3	-53.4	(-21.0%)
EBITDA	94.7	67.9	-26.7	(-28.3%)
Operating Income	52.2	33.3	-18.8	(-36.1%)
JPY/USD	105.25	93.76	-11.49	(+12.3%)

Note: The results of the international tobacco business for January-March are included in the consolidated results

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

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<Back Up Data No3> Forecasts of Consolidated Results for FY 3/2010 (announced on April 30, 2009)

		(Units: JPY Bn)		
	FY 3/2009 Results	FY 3/2010 Forecasts	Change	
Net Sales including tax	6,832.3	6,000.0	-832.3	(-12.2%)
Net Sales excluding tax*	2,243.6	1,985.0	-258.6	(-11.5%)
EBITDA	646.2	475.0	-171.2	(-26.5%)
Operating Income	363.8	244.0	-119.8	(-32.9%)
Recurring Profit	307.5	227.0	-80.5	(-26.2%)
Net Income	123.4	100.0	-23.4	(-19.0%)
ROE(%)	6.8%	6.2%	-0.6%	
FCF	240.1	169.0	-71.1	
[Reference: Net income, EPS and Payout Ratio before goodwill amortization]				
Net Income (JPY Bn)	228.9	197.0	-31.9	(-13.9%)
EPS (JPY)	23,894.55	20,563.50	-3,331.05	
Per-share dividend (JPY)	5,400	5,600	200	
Payout Ratio (%)	22.6%	27.2%	4.6%	

*Net sales excluding tax does not account for revenue from imported tobacco, domestic duty free, the China Division, and other miscellaneous in the domestic tobacco business and revenue from distribution, private label, contract manufacturing, and other peripheral operations of the international tobacco business

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Clinical development (as of July 30, 2009)

Code	Key Indication	Stage
JTT-705(oral)	Dyslipidemia	Phase 2 (Japan)
JTT-130(oral)	Dyslipidemia	Phase 2 (Japan) Phase 2 (Overseas)
JTK-303(oral)	HIV infection	Phase 1 (Japan)
JTT-302(oral)	Dyslipidemia	Phase 2 (Overseas)
JTT-305(oral)	Osteoporosis	Phase 2 (Japan)
JTS-653(oral)	Pain Overactive bladder	Phase 1 (Japan)
JTT-654(oral)	Type 2 diabetes mellitus	Phase 1 (Japan) Phase 1 (Overseas)
JTK-656(oral)	HIV infection	Phase 1 (Overseas)
JTT-751(oral)	Hyperphosphatemia	Phase 2 (Japan)



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.



[Reference Material]

Analysis of Consolidated Financial Results for Q1 FY 3/2010



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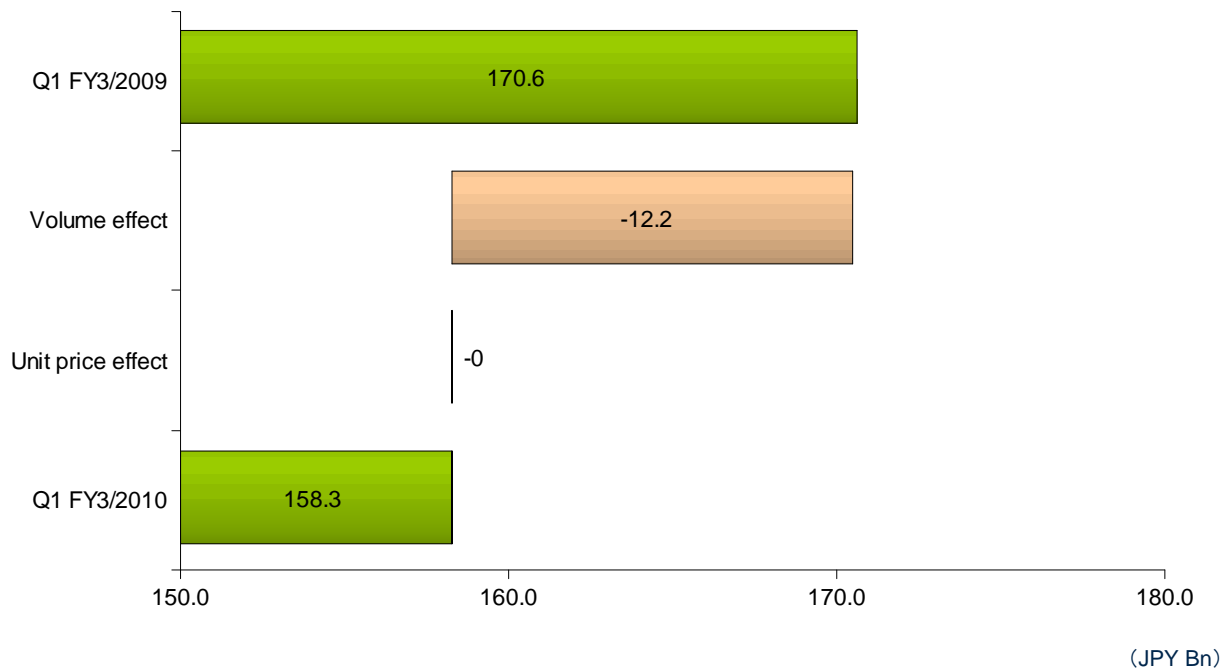
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- (7) the impact of any acquisitions or similar transactions;
- (8) local and global economic conditions; and
- (9) fluctuations in foreign exchange rates and the costs of raw materials.



Q1 Results for FY 3/2010

■ Domestic Tobacco Business - Net sales excluding tax*



* Net sales excluding tax does not account for revenue from the imported tobacco, domestic duty free, the China Division, and other miscellaneous

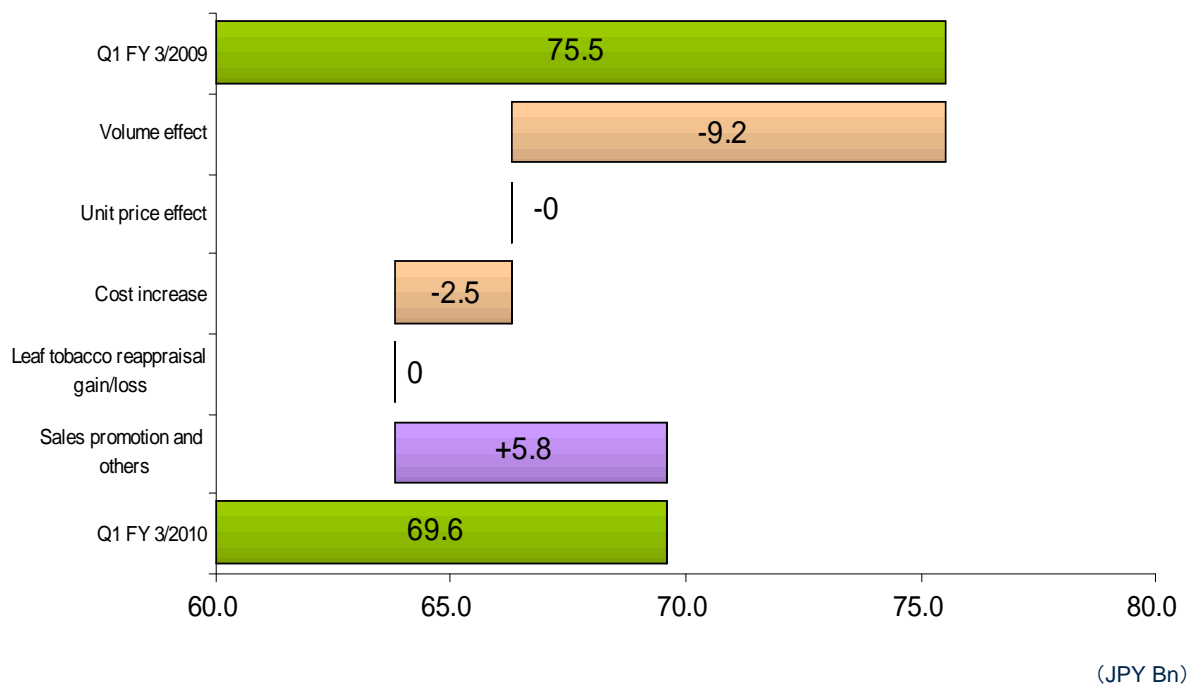
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(JPY Bn)



Q1 Results for FY 3/2010

■ Domestic Tobacco Business - EBITDA



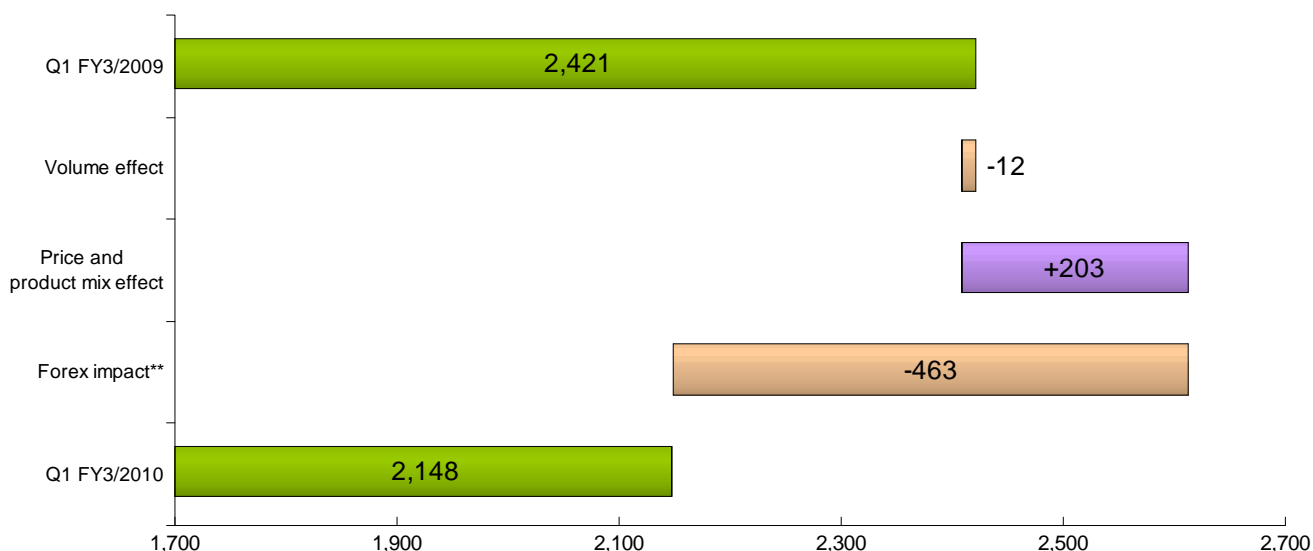
(JPY Bn)

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Q1 Results for FY 3/2010

International Tobacco Business - Net sales excluding tax*



(Reference) Business segment information basis

International Tobacco Business - Net sales excluding tax *

(USD million)

From JPY 254.7 Bn to JPY 201.3 bn (down JPY 53.4 Bn)

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

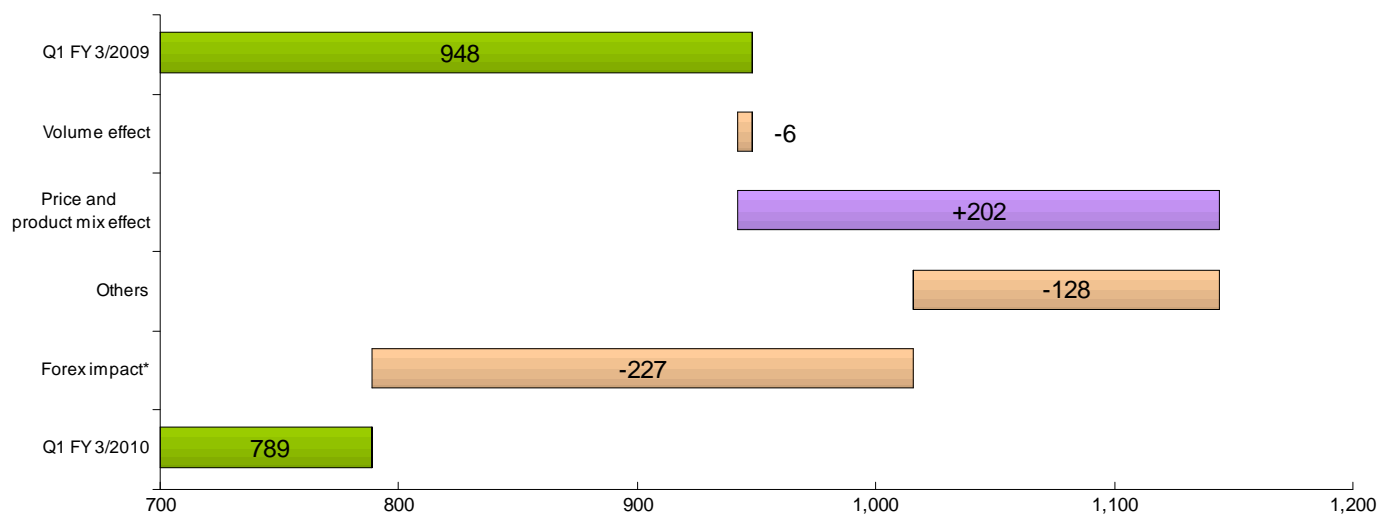
** Forex impact is the fluctuation between USD and other currencies

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Q1 Results for FY 3/2010

International Tobacco Business - EBITDA before royalty payment to JT



(Reference) Business segment information basis

International Tobacco Business EBITDA

(USD million)

From JPY 94.7 Bn to JPY 67.9 Bn (down JPY 26.7 Bn)

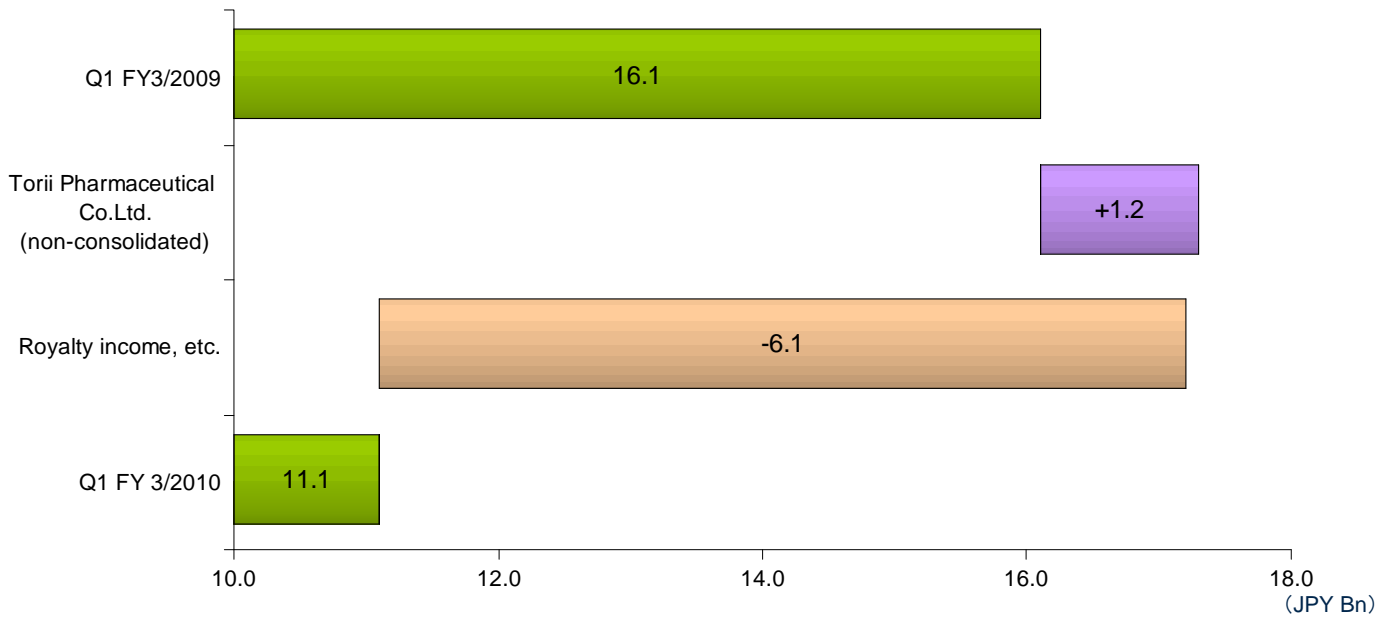
* Forex impact is the fluctuation between USD and other currencies

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Q1 Results for FY 3/2010

■ Pharmaceutical Business - Net sales

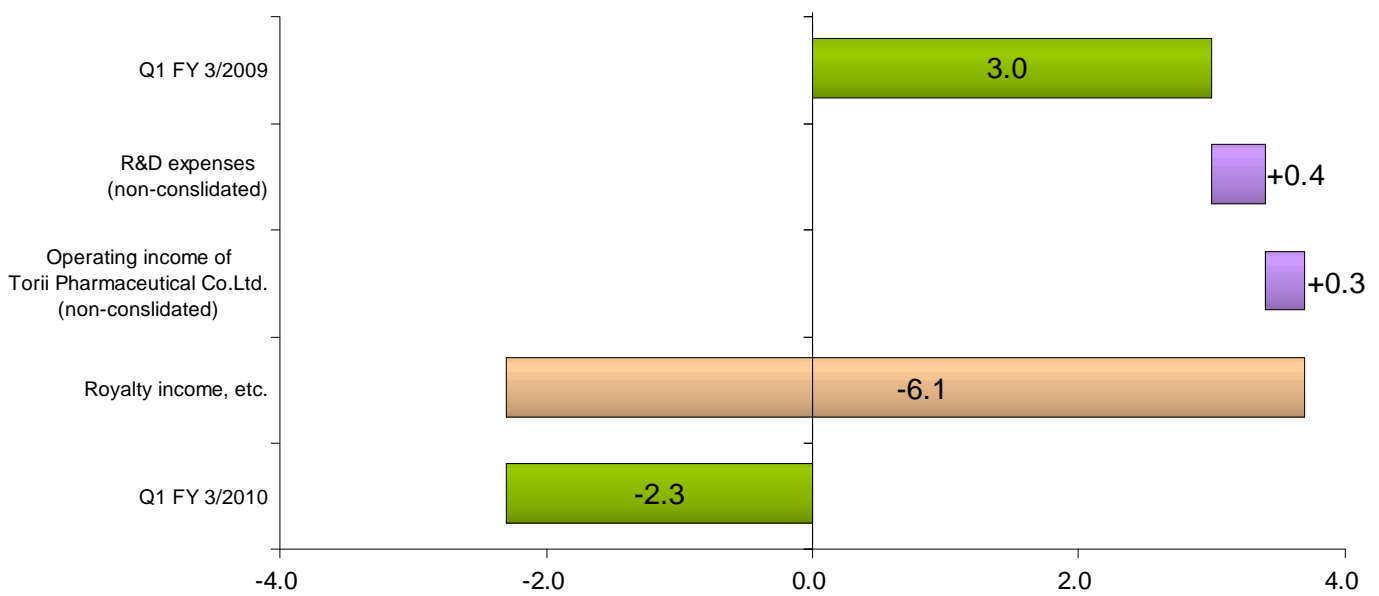


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Q1 Results for FY 3/2010

■ Pharmaceutical Business - EBITDA



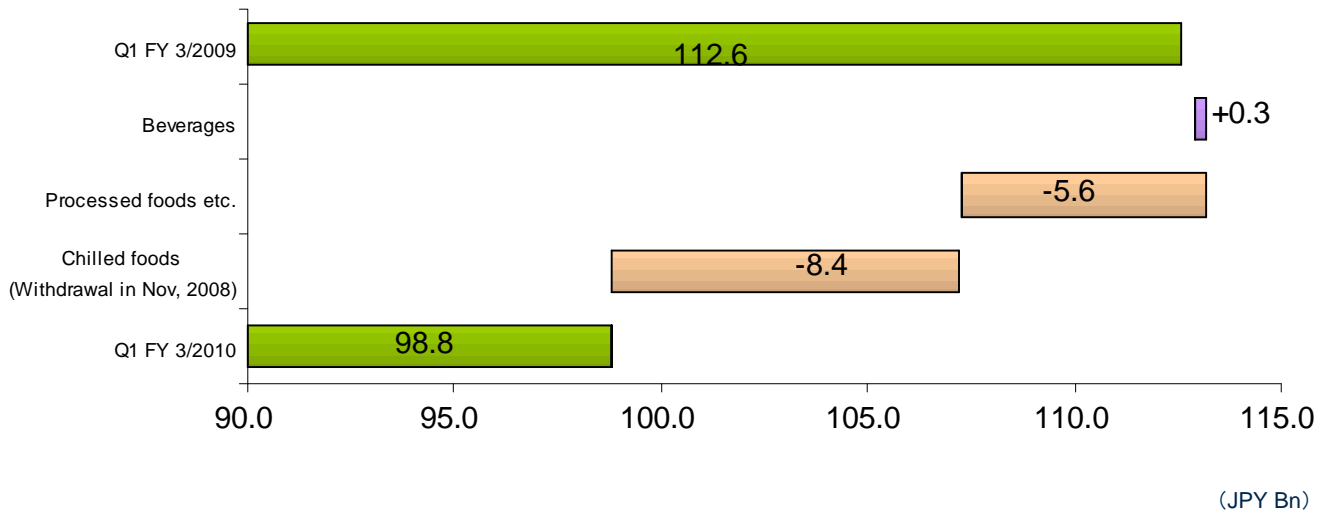
(JPY Bn)

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Q1 Results for FY 3/2010

Food Business - Net sales

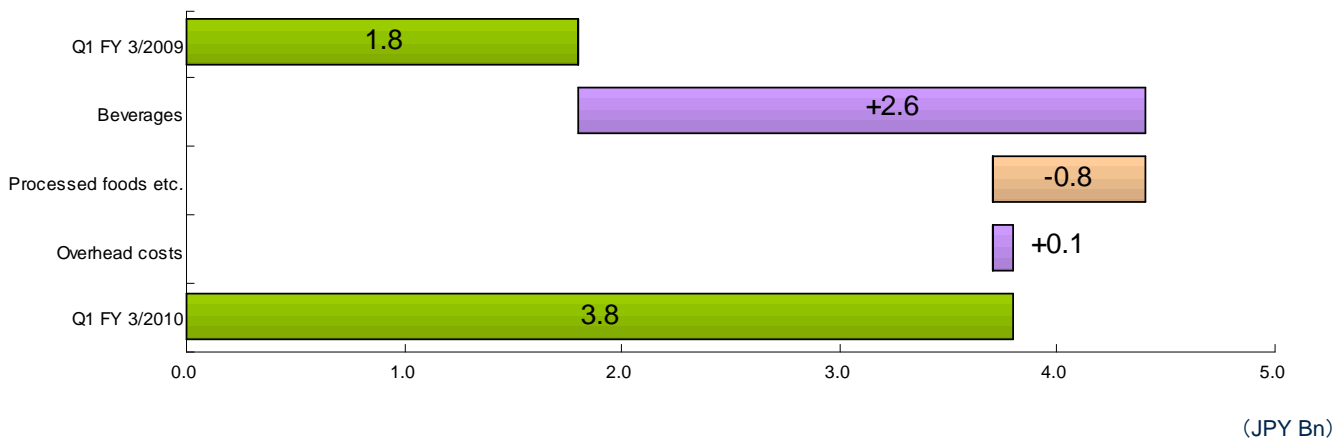


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Q1 Results for FY 3/2010

Food Business - EBITDA

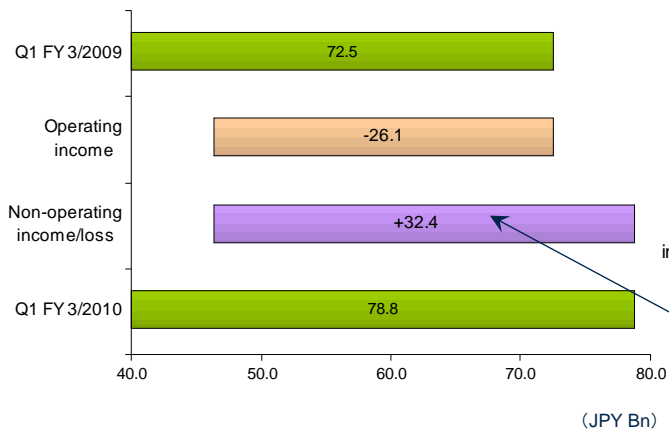


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Q1 Results for FY 3/2010

Recurring profit



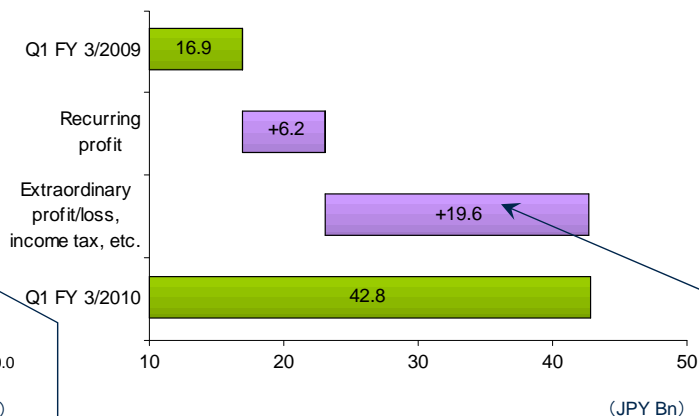
Positive factors:

- Decrease in loss on foreign exchange (30.8Bn)
- Decrease in interest payment (3.1Bn)

Negative factors:

- Decrease in interest income(0.5Bn)
- Decrease in dividend income(0.2Bn) etc.

Net income



Positive factors:

- Decrease in impairment loss(10.2Bn)
- Increase in profit on sale of property, plant and equipment (8.4Bn)
- Decrease in introduction costs for vending machines with adult identification functions (7.7Bn)
- Decrease in loss on disposition of property, plant and equipment (3.8Bn) etc.

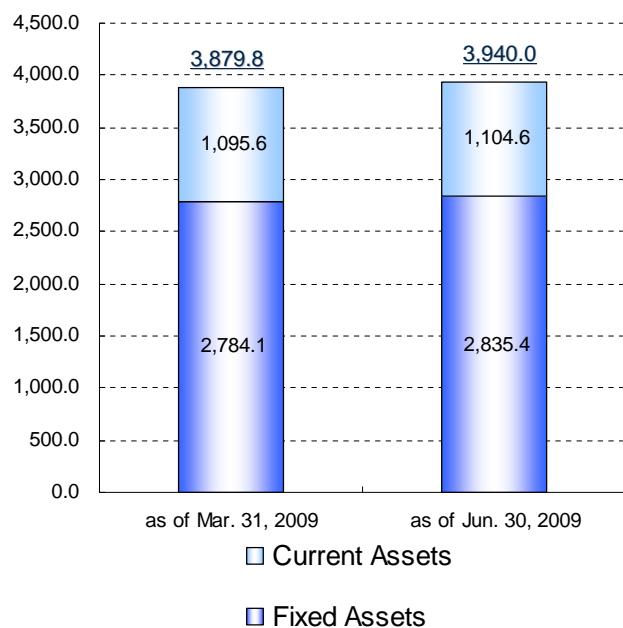
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Summary of Consolidated B/S as of Jun. 30, 2009

Assets

(JPY Bn)



Compared to B/S as of Mar. 31, 2009

Current Assets : up JPY 8.9 Bn

Fixed Assets : up JPY 51.2 Bn

- ◆ Increase in Goodwill : up JPY 85.7 Bn
- ◆ Increase in Trademarks : up JPY 9.1 Bn

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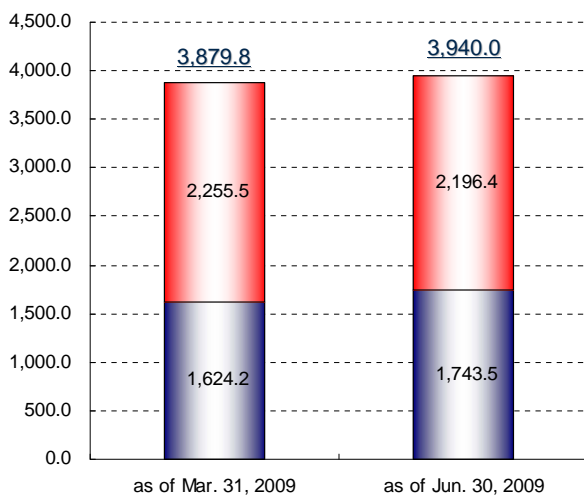


Summary of Consolidated B/S as of Jun. 30, 2009

▣ Liabilities & Net Assets

(JPY Bn)

Compared to B/S as of Mar. 31, 2009



▣ Total Liabilities
▣ Total Net Assets

▣ Total Liabilities : down JPY 59.0 Bn

◆ Interest-Bearing Liabilities : down JPY 23.8 Bn

▣ Total Net Assets : up JPY 119.2 Bn

◆ Foreign Currency Translation Adjustments:
up JPN 103.0 Bn

➤ Ratio of Equity Capital: From 40.0% to 42.5%

1. Summary of Business Performance

(unit: JPY billion)

	3 months ended Jun. 2008	3 months ended Jun. 2009	Change
Sales including excise tax	1,719.8	1,463.1	-256.6
Sales excluding excise tax [*]	559.2	474.8	-84.4
EBITDA	180.6	142.5	-38.0
Operating Income	110.4	84.2	-26.1
Recurring Profit	72.5	78.8	6.2
Net Income	16.9	42.8	25.9

* 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)

	3 months ended Jun. 2008	3 months ended Jun. 2009	Change
Operating Income	137.2	109.2	-27.9
Recurring Profit	99.3	103.7	4.4
Net Income	43.6	67.8	24.1

2. Breakdown of net sales

(unit: JPY billion)

	3 months ended Jun. 2008	3 months ended Jun. 2009	Change
Net sales including excise tax ^{*1}	1,719.8	1,463.1	-256.6
Domestic tobacco	842.6	779.7	-62.8
International tobacco ^{*1}	743.3	568.3	-175.0
Net sales excluding excise tax ^{*1 *2 *3}	559.2	474.8	-84.4
Domestic tobacco ^{*2}	170.6	158.3	-12.2
International tobacco ^{*1 *3}	254.7	201.3	-53.4
Pharmaceutical	16.1	11.1	-4.9
Foods	112.6	98.8	-13.7
Beverages	46.6	46.9	0.3
Processed foods	65.9	51.9	-14.0
Others	5.0	4.9	0.0

*1 International tobacco business: 3 months ended March, 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.

3. Leaf tobacco reappraisal profit / loss *

(unit: JPY billion)

	3 months ended Jun. 2008	3 months ended Jun. 2009	Change
Leaf tobacco reappraisal profit / loss	-1.0	-1.0	-

* Profit when denoted negative

4. Breakdown of SG&A expenses

(unit: JPY billion)

	3 months ended Jun. 2008	3 months ended Jun. 2009	Change
SG&A	214.8	192.9	-21.8
Personnel *	57.9	54.4	-3.5
Advertising and general publicity	5.3	4.1	-1.1
Sales promotion	36.0	29.2	-6.7
R&D	11.2	12.1	0.9
Depreciation and amortization	22.4	20.1	-2.3
Others	81.8	72.8	-9.0

* 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^{*1}

(unit: JPY billion)

	3 months ended Jun. 2008	3 months ended Jun. 2009	Change
Consolidated EBITDA	180.6	142.5	-38.0
Operating income	110.4	84.2	-26.1
Depreciation and amortization ^{*2}	70.1	58.2	-11.9
Domestic tobacco EBITDA	75.5	69.6	-5.9
Operating income	55.8	54.6	-1.2
Depreciation and amortization ^{*2}	19.7	14.9	-4.7
International tobacco EBITDA ^{*3}	94.7	67.9	-26.7
Operating income	52.2	33.3	-18.8
Depreciation and amortization ^{*2}	42.4	34.5	-7.9
Pharmaceutical EBITDA	3.0	-2.3	-5.4
Operating income	2.1	-3.2	-5.4
Depreciation and amortization ^{*2}	0.8	0.9	0.0
Foods EBITDA	1.8	3.8	2.0
Operating income	-2.7	-3.6	-0.9
Depreciation and amortization ^{*2}	4.5	7.5	2.9
Others EBITDA	5.1	3.2	-1.8
Operating income	2.5	2.9	0.4
Depreciation and amortization ^{*2}	2.6	0.3	-2.2

(Reference)

(unit: USD million)

	948	789	-159
International tobacco EBITDA (Before royalty payment)			

*1 EBITDA=operating income + depreciation and amortization

*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: 3 months ended March, 2009

6. Amortization relating to major acquisitions

(unit: JPY billion)

	3 months ended Jun. 2008	3 months ended Jun. 2009	Years to amortize	Termination
JT				
Former RJRI				
Trademark rights	7.3	2.7	10	Apr-09
Katokichi				
Goodwill	2.2	3.2	5	Dec-12

(unit: USD million)

	Year ended Mar. 2008	Year ended Mar. 2009	Years to amortize
JT International			
Former RJRI and Gallaher			
Trademark rights *	71	56	mainly 20
Goodwill	226	227	20

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

7. Capital expenditure

(unit: JPY billion)

	3 months ended Jun. 2008	3 months ended Jun. 2009	Change
Capital expenditures	20.3	26.3	5.9
Domestic tobacco	8.2	8.7	0.4
International tobacco *	6.4	11.8	5.3
Pharmaceutical	0.8	0.6	-0.1
Foods	2.8	4.6	1.7
Others	1.7	0.0	-1.7

* International tobacco business: 3 months ended March, 2009

8. Cash and cash equivalents *

(unit: JPY billion)

	As of end of Mar. 2009	As of end of Jun. 2009	Change
Cash and cash equivalents	169.8	122.5	-47.2

* 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 Jun. 2009	Change
Interest-bearing debt	996.0	972.2	-23.8

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

10. Business data

(unit: JPY billion)

	3 months ended Jun. 2008	3 months ended Jun. 2009	Change
<Domestic tobacco business>			
JT sales volume* (billion cigarettes)	42.0	39.0	-3.0
Total demand (billion cigarettes)	64.8	59.9	-4.8
JT market share	64.9%	65.1%	0.2%pt
JT net sales before tax per 1,000 cigarettes (JPY)	12,699	12,693	-6
JT net sales after tax per 1,000 cigarettes (JPY)	4,056	4,056	0

* Sales volume of domestic duty-free and China division is excluded, which was 1.0 billion for FY ended Mar. 2008 and 0.9 billion for FY ended Mar. 2009, respectively.

	Year ended Mar. 2008	Year ended Mar. 2009	Change
<International tobacco business>			
Total sales volume* (billion cigarettes)	102.4	100.9	-1.4
GFB sales volume (billion cigarettes)	55.6	57.1	1.5
JPY/USD rate for consolidation (JPY)	105.25	93.76	△11.49

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

	3 months ended Jun. 2008	3 months ended Jun. 2009	Change
<Pharmaceutical business>			
R&D expenses (parent company) (JPY billion)	5.8	5.4	-0.4

	As of end of Mar. 2009	As of end of Jun. 2009	Change
<Foods business - Beverage business>			
Number of beverage vending machines *	254,000	255,000	1,000
JT-owned	32,000	31,000	-1,000
Combined	76,500	80,000	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.

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

	(JPY billion)		
	FY ended Mar. 2009 (Actual)	FY ending Mar. 2010 (Forecast)	Change
Net sales including excise tax	6,832.3	6,000.0	-832.3
EBITDA	646.2	475.0	-171.2
Operating income	363.8	244.0	-119.8
Recurring profit	307.5	227.0	-80.5
Net income	123.4	100.0	-23.4
Return on Equity	6.8%	6.2%	-0.6%pt
Free Cash Flow*	240.1	169.0	-71.1

*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.

(Reference: Net income before goodwill amortization)

Net income	228.9	197.0	-31.9
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Consolidated financial outlook by business segment (JPY billion)

	FY ended Mar. 2009	FY ending Mar. 2010	Change
Net sales including excise tax ^{*1}	6,832.3	6,000.0	-832.3
Domestic tobacco	3,200.4	3,048.0	-152.4
International tobacco	3,118.3	2,475.0	-643.3
Net sales excluding excise tax ^{*1*2*3}	2,243.6	1,985.0	-258.6
Domestic tobacco ^{*2}	648.8	619.0	-29.8
International tobacco ^{*1*3}	1,081.2	890.0	-191.2
Pharmaceutical	56.7	43.0	-13.7
Foods	435.9	413.0	-22.9
EBITDA	646.2	475.0	-171.2
Domestic tobacco	272.2	246.0	-26.2
International tobacco	337.9	209.0	-128.9
Pharmaceutical	4.8	-12.5	-17.3
Foods	17.0	18.0	0.9
Operating income	363.8	244.0	-119.8
Domestic tobacco	188.2	188.0	-0.2
International tobacco	174.7	71.0	-103.7
Pharmaceutical	1.0	-16.5	-17.5
Foods	Δ 11.4	-8.0	3.4
Depreciation and amortization	282.4	231.0	-51.4
Domestic tobacco	84.0	58.0	-26.0
International tobacco	163.1	138.0	-25.0
Pharmaceutical	3.8	4.0	0.1
Foods	28.4	26.0	-2.4

(Reference) (unit: USD million)

International tobacco	10,445	9,370	Δ 1,075
Adjusted net sales excluding tax ^{*1*3}			
International tobacco EBITDA ^{*1} (Before royalty payment)	3,452	2,500	Δ 951

*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

* 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 is accounted

	(JPY billion)		
	FY ended Mar. 2009	FY ending Mar. 2010	Change
Capital expenditures	134.2	166.0	31.7
Domestic tobacco	46.5	65.0	18.4
International tobacco	59.7	64.0	4.2
Pharmaceutical	3.4	3.0	-0.4
Foods	23.2	32.0	8.7
Other	1.1	1.0	-0.1

	(JPY)		
	FY ended Mar. 2009	FY ending Mar. 2010	Change
Dividend per share	5,400	5,600	200
Pay-out Ratio	41.9%	53.6%	11.7%
(goodwill amortization adjusted)	22.6%	27.2%	4.6%pt

Major assumptions

	(billions of cigarettes)		
	FY ended Mar. 2009	FY ending Mar. 2010	Change
Sales volume	159.9	152.5	-7.4

*Excludes sales of domestic duty-free and China division

	(billions of cigarettes, JPY)		
	FY ended Mar. 2009	FY ending Mar. 2010	Change
Total Sales volume [*]	445.9	456.0	10.1
GFB sales volume	245.5	262.0	16.5
JPY/USD rate	103.48	95.00	-8.48

*Includes cigars, pipe tobacco and snus, excludes private label and contract manufacturing products

Goodwill amortization relating to major acquisitions

	(unit: USD million)			
	FY ended Mar. 2009	FY ending Mar. 2010	Years to amortize	Termination
Former RJRI and Gallaher	910	910	20	Mar-27

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

	(unit: JPY billion)			
	FY ended Mar. 2009	FY ending Mar. 2010	Years to amortize	Termination
Katokichi	9.2	9.2	5	Dec-12

Trademark rights amortization relating to major acquisitions

	(unit: JPY billion)			
	FY ended Mar. 2009	FY ending Mar. 2010	Years to amortize	Termination
Former RJRI	29.4	2.4	10	Apr-09

	(unit: USD million)			
	FY ended Mar. 2009	FY ending Mar. 2010	Years to amortize	Termination
Former RJRI and Gallaher	273	220	mainly 20	Mar-27

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

<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 increases 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 studies;
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

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				

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				

* 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				

* 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				

* 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				

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				

(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				

(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				

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				

(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				

(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				

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				

(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				

(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				

* 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				

* 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 July 30, 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 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 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 April 30, 2009: none