

To Our Shareholders
JT Business Report Vol.25

<Photo>
JT Shogi Japan Series (Tokyo)

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Share Handling Procedures

<JT logo>

A Message from Management

In the consolidated financial results for the fiscal year ended March 31, 2009, net sales and EBITDA (operating income + depreciation and amortization) increased, resulting in record figures, thanks mainly to growth in the international tobacco business as well as the consolidation of Gallaher and the Katokichi Group. Meanwhile, operating income, ordinary income and net income decreased due in part to the start of amortization of goodwill for Gallaher and the Katokichi Group. On a positive note, the domestic tobacco business achieved the second straight fiscal year of market share increase, while the international tobacco business made greater-than-expected contributions to the JT Group as its profit growth engine. Furthermore, we enhanced the development of compounds in the clinical trial phase in the pharmaceutical business and made steady achievements in the foods business, including the consolidation and integration of the processed foods and seasonings operations and enhancement of food safety control.

As for our earnings forecasts for the fiscal year ending March 31, 2010, we expect that total demand will likely to decline in the domestic tobacco business and that foreign currency exchange effects in the international tobacco business will likely push down both sales and profit. That having been said, tobacco is a product that is relatively resilient against economic effects and the business of tobacco itself is robust. We will actively invest in our brands and implement necessary measures to push forward the realization of a business base that will give us growth for the future.

Under a deepening global recessionary trend, drastic drops in corporate earnings and rapid deterioration of the employment situation bear witness to the unabating difficulties in our economy. Faced with such circumstances, JT formulated its medium-term management plan “JT-11” for the three year period up to fiscal 2011, which continues and further develops the strategies promoted in the past. During the three-year period of “JT-11,” we will promote our business with the aim of realizing our long-term vision of being “A company committed to global growth that provides consumers diversified value uniquely available from JT” and promote our businesses with “JT-11” covering a period during which the JT Group will secure strong business momentum through investment for the future and continuous improvement in business operations in anticipation of possible changes in the business environment.

The year-end dividend for the fiscal year ended March 31, 2009 is ¥2,800 per share, making the annual dividend of ¥5,400 per share including the interim dividend. We will strive to enhance the stability and continuity of our dividends aiming for a consolidated dividend payout ratio of 30%, excluding the impact of goodwill amortization over the medium term.

We humbly beseech all our valued shareholders to continue their strong support.

June 2009

Hiroshi Kimura, President & CEO

Report on the Consolidated Financial Results for the Fiscal Year Ended March 31, 2009 (FY2008)

--- Overview of the Consolidated Financial Results for the FY 03/2009 ---

In the consolidated financial results for the fiscal year ended March 31, 2009 (FY2008), we achieved historical growth in net sales and EBITDA (operating income + depreciation and amortization), as can be seen in Table 1. Although the sales volume declined as a result of a fall in overall demand on the domestic tobacco business and there was a negative impact on sales from yen-related currency exchange rates when consolidating overseas subsidiaries, the sales volume in the international tobacco business increased and the full-year operating results of Gallaher and the Katokichi Group in the foods business contributed to this figure. Meanwhile, due to the start of amortization of goodwill for the international tobacco business following the changes in accounting standards, operating income, ordinary income and net income fell. Income excluding effect of amortization of goodwill is shown as reference.

(Table 1) Consolidated financial results for the fiscal year ended March 31, 2009 (FY 2008)
(Billions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Change
Net sales (tax included)	6,409.7	6,832.3	422.5
Net sales (tax excluded) *1	2,068.3	2,295.1	226.7
EBITDA *2	602.0	646.2	44.1
Operating income	430.5	363.8	(66.7)
Ordinary income	362.6	307.5	(55.0)
Net income	238.7	123.4	(115.3)

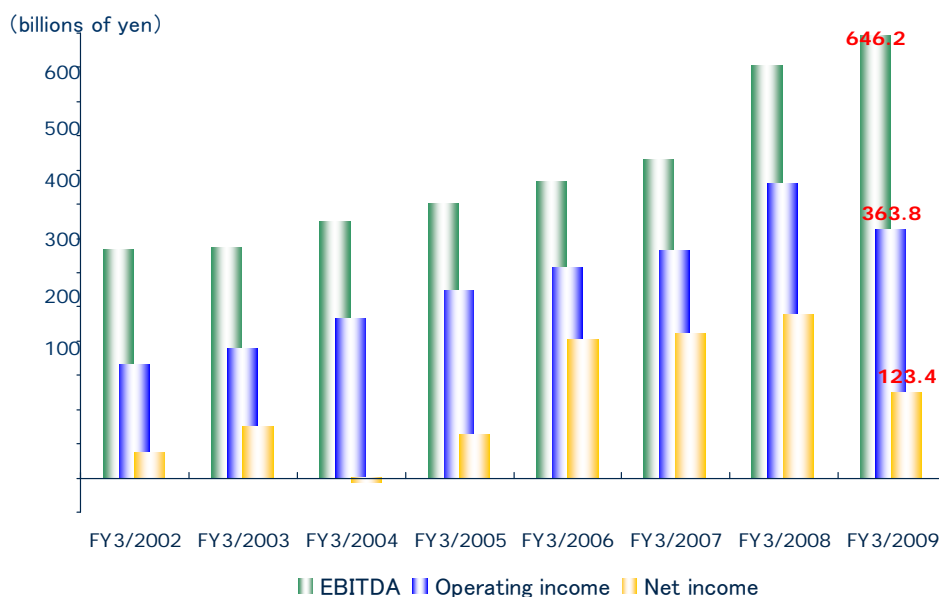
*1. Net sales (tax excluded) does not account for sales of imported tobacco in the domestic tobacco and revenue from the distribution business in the international tobacco.

*2. EBITDA = Operating income + depreciation and amortization It indicates a profit on a cash flow basis.

Reference: Figures for major profit items before goodwill amortization

Operating income	434.4	469.3	34.8
Ordinary income	366.5	413.0	46.5
Net income	242.5	228.9	(13.6)

<Figure 1>

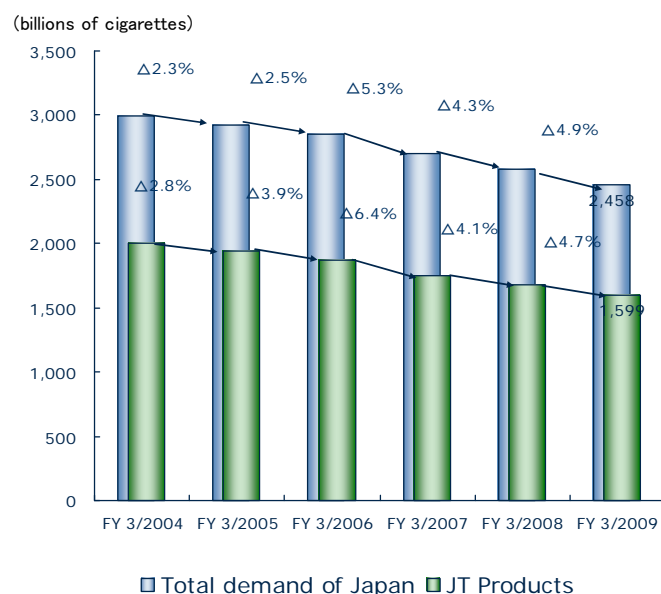


Domestic tobacco business

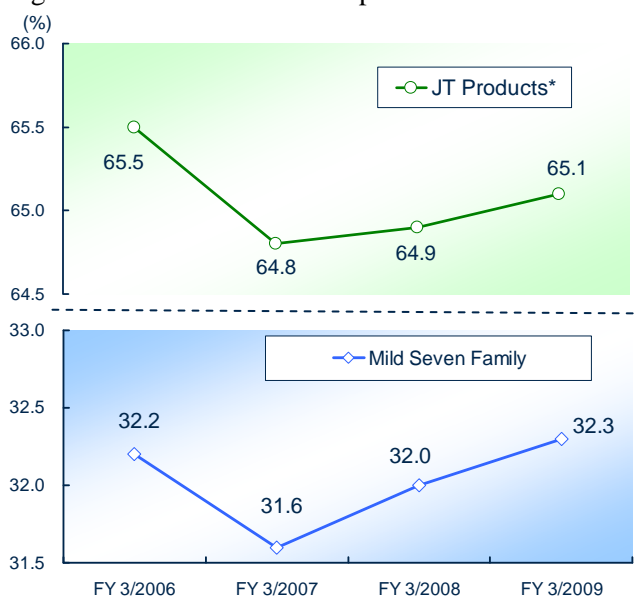
In the domestic tobacco business, the sales volume of the products declined 4.7% because of the downward trend in the total demand due to structural factors as well as the temporary loss of purchase opportunities following the introduction of the “taspo*” card. Meanwhile, we achieved market share gains for the second straight year primarily due to efforts to increase the exposure of the Mild Seven Family and other JT products at retail stores, mainly convenience stores, whose importance as our sales outlets has grown since the introduction of the taspo card. Other favorable factors include the launch of new products, mainly flagship brands, and improvement in the package design of products.

* “taspo,” which stands for “tobacco passport,” is the age verification card used for the purchasing of cigarettes from vending machines with adult identification functions. “taspo” is only available to aged 20 and over.

<Figure 2> Aggregate demand and sales volume



<Figure 3> Market share of JT products



(Table 2) Domestic tobacco business results

(Billions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Change
Net sales (excluding tobacco excise taxes; imported cigarettes)	715.0	679.3	(35.7)
Operating income	222.3	188.2	(34.0)

International tobacco business

Net sales in the international tobacco business substantially exceeded the results of the previous fiscal year thanks to sales growth mostly in Global Flagship Brands (GFB) and the inclusion in full-year results of the operating results of Gallaher. Operating income fell due to the amortization of goodwill.

(Table 3) International tobacco business results*

(Billions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Change
Net sales (excluding tobacco excise taxes; distribution business)	945.9	1,102.3	156.3
Operating income	205.3	174.7	(30.5)

*International tobacco business results from January 1 to December 31, 2008 were consolidated.

Pharmaceutical business

In the pharmaceutical business, we achieved a sales increase and an improvement in profits due to the receipt of lump-sum payments from Merck following the licensing of JTT-305, an oral calcium sensing receptor (CaSR) antagonist, and milestone revenue related to the progress made in the development of JTT-705, a drug to treat dyslipidemia licensed to Roche.

(Table 4) Pharmaceutical business result

(Billions of yen)

	Fiscal year ended March 31, 2008 (result)	Fiscal year ended March 31, 2009 (result)	Change
Net sales	49.0	56.7	7.6
Operating income	(9.6)	1.0	10.6

Pharmaceutical business: Clinical development (as of April 30, 2009)

Code	Stage	Key Indication	Characteristics	Rights
JTT-705 (oral)	Phase 2 (Japan)	Dyslipidemia	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”)	JT granted to Roche (Switzerland) 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	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 which works by blocking integrase, an enzyme that is involved in the replication of HIV - HIV: Human Immunodeficiency Virus	JT granted to Gilead Sciences (U.S.) 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	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	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	JT granted to Merck (U.S.) the rights to develop and commercialize this compound worldwide, with the exception of Japan.
JTS-653 (oral)	Phase 1 (Japan)	Pain Overactive bladder	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	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 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	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 Pharmaceutical)

Updates since the previous announcement on February 9, 2009:

JTT-751 entered into clinical trial in Japan.

Development of JTT-651 was terminated.

Additional Note:

Glaxo SmithKline (U.K.) obtained the exclusive, worldwide rights to manufacture, develop and commercialize certain MEK inhibitors from JT on April 18, 2006.

In March 2009 GSK updated its external pipeline chart showing the lead MEK inhibitor in Phase 1 clinical development.

Foods business

Net sales for our foods business rose due to the consolidation of the Katokichi Group and other factors despite declines in sales from the processed food sector, as a result of the impact of the frozen foods products contamination, and others, and from the beverages sector, due to seasonal weather factors and intensified competition as well as the impact of sluggish consumption accompanying the sudden drastic economic recession. Concerning profits, however, the foods business had an operating loss because of increased in expenses, the soaring prices of raw materials and the impact of amortization of goodwill following the consolidation of the Katokichi Group.

(Table 5) Foods business result

(Billions of yen)

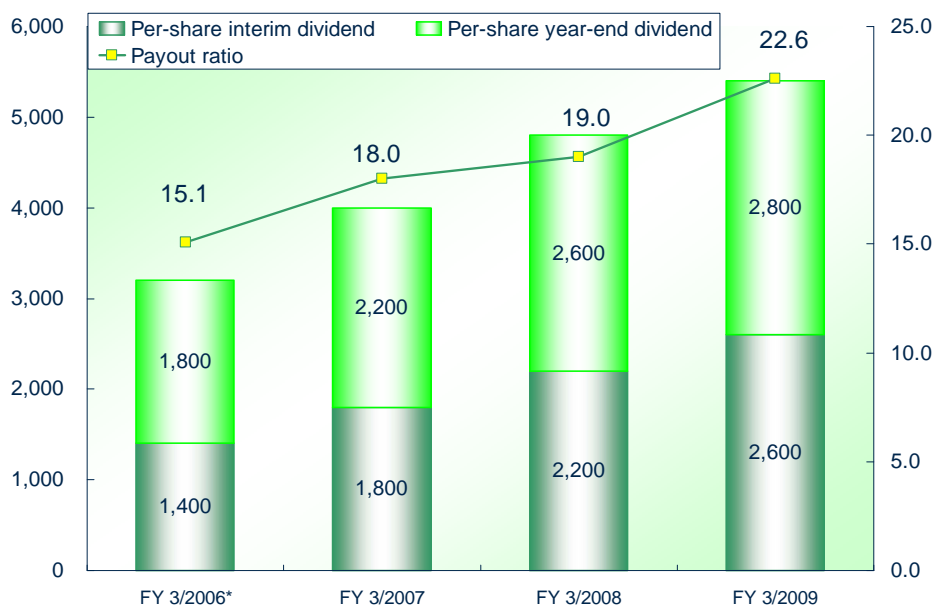
	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Change
Net sales	336.4	435.9	99.5
Operating income	0.6	(11.4)	(12.1)

--- Dividends ---

The year-end dividend for the fiscal year ended March 31, 2009 is ¥2,800 per share, making the annual dividend of ¥5,400 per share including the interim dividend.

We have been continuously raising the level of our dividend so that we can achieve a consolidated dividend payout ratio of 20%. The dividend payout ratio for the fiscal year ended March 31, 2009 exceeded 20%, excluding the impact of goodwill amortization.

<Figure 4> Transition of dividend payout ratio excluding the impact of goodwill amortization and dividends per share*



* A 5-for-1 stock split occurred effective April 1, 2006, therefore, results for fiscal years 2005 and before were amended retroactively.

--- Earnings Forecasts for FY 03/2010 ---

Concerning the earnings forecast for the fiscal year ending March 31, 2010, despite favorable sales in the international tobacco business, we forecast the decrease in sales volume of cigarettes in the domestic tobacco business due to depressed total demand and the significant negative impact from foreign currency exchange in the international tobacco business to result in a decrease in sales and profits.

(Table 6) Earnings forecasts for the fiscal year ending March 31, 2010

	(Billions of yen)		
	Fiscal year ended March 31, 2009 (result)	Fiscal year ending March 31, 2010 (forecasts)	Change
Net sales (tax included)	6,832.3	6,000.0	(832.3)
Adjusted net sales (tax excluded) *1	2,243.6	1,985.0	(258.6)
EBITDA *2	646.2	475.0	(171.2)
Operating income	363.8	244.0	(119.8)
Ordinary income	307.5	227.0	(80.5)
Net income	123.4	100.0	(23.4)

*1. *Adjusted net sales (tax excluded) does not account for imported tobacco, domestic duty free, business in the China and others in the domestic tobacco business, in addition to the distribution, private label, contract manufacturing and other peripheral businesses in the international tobacco business.

*2. EBITDA = Operating income + depreciation and amortization It indicates a profit on a cash flow basis.

Reference: Net income excluding effect of amortization of goodwill

Net income	228.9	197.0	(31.9)
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Caution concerning forward-looking statements

This material 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 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.

Consolidated Financial Statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009	Increase (Decrease)
Assets			
Current assets	1,234,695	1,095,682	(139,013)
Noncurrent assets	3,852,518	2,784,121	(1,068,397)
Property, plant and equipment	763,332	668,742	(94,589)
Buildings and structures	281,742	234,853	(46,888)
Machinery, equipment and vehicles	218,973	188,993	(29,980)
Land	157,380	147,219	(10,161)
Other	105,234	97,676	(7,558)
Intangible assets	2,759,407	1,831,843	(927,563)
Goodwill	2,106,887	1,453,961	(652,925) *1
Right of trademark	613,496	347,372	(266,124)
Other	39,023	30,509	(8,513)
Investments and other assets	329,778	283,534	(46,243)
Total assets	5,087,214	3,879,803	(1,207,410) *2
Liabilities			
Current liabilities	1,284,396	1,093,403	(190,992)
Noncurrent liabilities	1,648,188	1,162,111	(486,077)
Total liabilities	2,932,584	2,255,514	(677,069) *2
Net assets			
Shareholders' equity	2,106,311	1,986,810	(119,501) *1
Valuation and translation adjustments	(30,238)	(433,997)	(403,758) *3
Subscription rights to shares	185	364	179
Minority interests	78,370	71,109	(7,260)
Total net assets	2,154,629	1,624,288	(530,340)
Total liabilities and net assets	5,087,214	3,879,803	(1,207,410)

Note: Millions of yen with fractional amounts' discarded.

*1: Decrease as a result of amortization of goodwill. The amount equivalent to the amortization of past fiscal years was adjusted at the beginning of the current fiscal year. The beginning-of-term adjustment of amortization resulted in the adjustment of the retained earnings included in shareholders' equity.

*2: Effects of a strong yen have constricted the end-of-term valuation of the assets and liabilities of overseas subsidiaries.

*3: Effects of a strong yen resulted in the recording of a large negative figure for foreign currency translation adjustment included in valuation and translation adjustments.

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Increase (Decrease)
Net sales	6,409,726	6,832,307	422,580 *1
Cost of sales	5,228,925	5,554,398	325,473
Gross profit	1,180,801	1,277,908	97,107
Selling, general and administrative expenses	750,247	914,102	163,854
Operating income	430,553	363,806	(66,747) *2
Non-operating income	21,533	30,335	8,802
Non-operating expenses	89,405	86,555	(2,849)
Ordinary income	362,681	307,586	(55,095) *3
Extraordinary income	68,964	48,377	(20,587)
Extraordinary loss	59,032	93,819	34,786
Income before income taxes and minority interests	372,614	262,143	(110,470) *4
Income taxes	128,379	134,972	6,593
Minority interests in income	5,532	3,771	(1,761)
Net income	238,702	123,400	(115,302)

Note: Millions of yen with fractional amounts discarded.

*1: Despite decrease in sales volume, etc. in the domestic tobacco business, revenue increased thanks to continued sales growth in the international tobacco business and the inclusion in full-year results of the operating results of Gallaher, which is part of the international tobacco business, and of the Katokichi Group, which is engaged in the foods business.

*2: Decrease in operating income due in part to the start of amortization of goodwill for the international tobacco business following the changes in accounting standards and an increase in promotion expenses in the domestic tobacco business.

*3: Decrease in ordinary income due to the effects from the inclusion in full-year results of interest expenses relating to the increase in loans following the acquisition of Gallaher despite a decrease of foreign exchange losses.

*4: Decrease in income before income taxes and minority interests due to a decrease in gain on sales of noncurrent assets and losses resulting from the cost of demolishing abandoned company residential building as well as, in the international tobacco business, costs accompanying restructuring in the license business in the Philippines and for reorganizing the business structure of the Katokichi Group.

Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Increase (Decrease)
Net cash provided by (used in) operating activities	145,030	275,271	130,241
Net cash provided by (used in) investment activities	(1,668,634)	(65,008)	1,603,626 *1
Net cash provided by (used in) financing activities	519,000	(217,470)	(736,470) *2
Effect of exchange rate change on cash and cash equivalents	40,090	(39,590)	(79,680)
Net increase (decrease) in cash and cash equivalents	(964,513)	(46,797)	917,715
Cash and cash equivalents at beginning of period	1,179,522	215,008	(964,513)
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(953)	(953)
Cash and cash equivalents at end of period	215,008	167,257	(47,750)

Note: Millions of yen with fractional amounts discarded.

*1: Attributable mainly to the acquisition of Gallaher shares in the previous fiscal year.

*2: Attributable mainly to the partial repayment during the current fiscal year of a loan taken out from a financial institution for the purpose of funding the acquisition of Gallaher shares in the previous fiscal year.

Medium Term Management Plan “JT-11”

Aiming to maintain sustainable growth in anticipation of possible changes in the business environment

JT Group Long-Term Vision

JT formulated its medium-term management plan “JT-11” for the three year period up to fiscal 2011. As the impact of the global financial crisis has spread to the real economy, recession has deepened in Asia, as well as in the United States and Europe. As a result of the global recession, Japan’s economic conditions have also become difficult as shown by a sharp drop in corporate earnings and a rapid deterioration in the employment situation.

Despite these difficult circumstances, we are sticking with our basic principles and maintaining our long-term vision of becoming “A company committed to global growth that provides consumers diversified value uniquely available from JT.”

JT Group Long-Term Vision

“A company committed to global growth that provides consumers diversified value uniquely available from JT”

◆ **Domestic tobacco business**

Overwhelm the competition in the home country market as “the core source of profits.”

◆ **International tobacco business**

Attain a sustainable leadership position in profitability and or market-share within a growing number of markets, and continue to be “the driving force for profit growth.”

◆ **Pharmaceutical business**

Pursuing high-value added business by developing world-class innovative drugs

◆ **Foods business**

Increasing profits by achieving sustainable growth based on the combined strength of group companies with world-class competitiveness

Objective and directionality of “JT-11”

We expect that the business environment surrounding us will become more and more difficult at an increasing speed.

The theme of “JT-11” is to “secure strong business momentum through investment for the future and continuous improvement in business operations in anticipation of various changes in the business environment that may occur in the future so that we can maintain sustainable growth in the long term.” Specifically, we have set a company-wide medium-term objective, objectives by business segment and allocation of resources under “JT-11.”

“JT-11” Company-Wide Business Segment Objectives

【Company-Wide Objective】

Through growth momentum across the Group’s businesses, achieve a CAGR of 5% for consolidated EBITDA, based on the forecasted figure for FY 3/2010

【Objectives by Business Segment】

Domestic Tobacco business

Maintain the EBITDA forecasted for FY 3/2010

International Tobacco business

Continue to achieve EBITDA CAGR of at least 10% at constant rates of exchange, based on the forecasted figure for FY 3/2010 as base

Pharmaceutical business

Increase and advance compounds in late phase of clinical trials and enhance R&D pipeline

Foods business

Generate an additional JPY 10 billion in EBITDA based on the forecasted figure for FY 3/2010

“JT-11” Allocation of Resources

◆ Business investment

- Capital expenditures, R&D investment and investment for the enhancement of the brand equity
- Acquisition of external resources

◆ Return of profits to shareholders

Aim to ensure a competitive level of return of profits to shareholders in the capital market with due consideration of the implementation status of the medium- to long-term growth strategies and forecasts for consolidated financial results

- Dividends: Strive to increase dividend payments in a steady and sustainable manner, aiming for a consolidated dividend payout ratio of 30% (excluding the impact of goodwill amortization) in the medium term
- Stock repurchases : Expand the scope of management options

◆ Reduce interest-bearing debts while securing liquidity

JT Group Mission & JT Group WAY

We have adopted a new JT Group Mission and the JT Group WAY, which is an action plan for achieving this mission, to coincide with the start of “JT-11.”

The JT Group has set itself a mission to “create, develop and nurture its unique brands to win consumer trust, while understanding and respecting the environment, and the diversity of societies and individuals.” We aim to increase cash flow and enhance corporate value by fulfilling the expectations of our consumers, behaving responsibly, striving for quality in everything we do through continuous improvement and leveraging diversity across the JT Group so that we can gain the trust of all of our stakeholders.

JT Group Mission & JT Group WAY

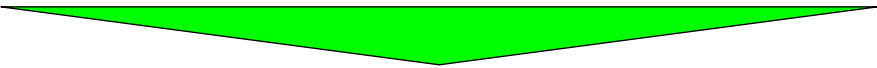
JT Group Mission

“The mission of the JT Group is to create, develop and nurture its unique brands to win consumer trust, while understanding and respecting the environment, and the diversity of societies and individuals.”

New communication word <Logo>

JT Group WAY

“In achieving this, we are committed to fulfilling the expectations of our consumers and behaving responsibly, striving for quality in everything we do, through continuous improvement, and leveraging diversity across the JT Group.”



“A company committed to global growth that provides consumers diversified value uniquely available from JT”

Introducing a JT Group Company

Japan Filter Technology, Ltd.

Aiming to be the No. 1 filter manufacturer in the world

Since its establishment in 1958 as a manufacturer specialized in filters, a key component of tobacco products, Japan Filter Technology, Ltd. (JFT) has always worked steadily through the years as a core company of the JT Group.

Presently, in addition to producing tobacco filters for products made by JT and its overseas group companies, it is developing other business leveraging its filter making technology and experience.

Providing filters for all JT products

JFT makes approximately 50 billion tobacco filters* annually for over 100 types of products at its four factories in Japan. It currently provides filters for all JT products made in Japan and exports to JT Group companies in Germany, Russia and Ukraine as well as client companies in South Korea and China, among others.

The characteristics of tobacco products require that filter development generally take into consideration the relationship of the filter with the blend of the leaf tobacco, the paper it is rolled in, its flavor and aroma, etc. Joint research and development efforts with JT at JFT's Technological Development Center allow for the development of products at the desired level of quality and at a low cost, while realizing their timely supply.

<Photo>

Some of the filters JFT makes

JFT focuses its strengths on new product development based on its experience spanning many years and its filter manufacturing technology.

* Filters are cut into four pieces at the tobacco factory. In terms of cigarette count, this is equivalent to approximately 200 billion cigarettes.

Business development using filter manufacturing technology

Business development in areas other than filters includes the export of its uniquely developed filter manufacturing equipment to Italy, Russia and other countries. At its Hamura Plant, it also applies its filter making technology to produce paper towels for cooking that provide superior oil absorbency and moisture retention both under its own brand and as OEM.

<Photo>

Filter manufacturing equipment developed uniquely by JFT and exported overseas

<Photo>

Cooking paper towels produced using filter making technology

Company Profile

Name: JAPAN FILTER TECHNOLOGY, LTD.

Location: 3F, JT Shibuya Building, 5-1 Nanpeidai-cho, Shibuya-ku, Tokyo

Established: September 1958

Net sales: ¥30.4 billion (FY2008)

Representative: Seigo Nishizawa, President and Representative Director

Employees: 830

Description of Business

Manufacturing and sale of tobacco filter plugs (Japan and overseas)

Manufacturing and sale of filter manufacturing equipment (overseas)

Manufacturing and sale of cooking paper towels, etc. (Japan)

< Chart of JFT's position in the JT Group >

What's a Filter?

With pulp as its main raw material, filters control smoke constituents by moderately filtering tobacco smoke and softening its flavor. They also keep tobacco shards from entering the mouth and their solidity make tobacco easier to smoke.

There are various types of filters to meet the characteristics of the products they are made for. Acetate filters are the most widely used in the world and the dual-charcoal filter is used for most tobacco products in Japan. There are also special types such as neo-filters, scented filters, recessed filters, etc. Filters have always served to broaden the possibilities for cigarettes ever since the release of "Hope" brand cigarettes, the first filtered cigarettes in Japan.

The Lure of Tobacco Smoke

A lesson from the past at the end of a journey

Hakodate City Museum of Northern Peoples [Hokkaido]

<Photo>

Smoking articles rooted in the northern climate, born of superior woodworking techniques

Located in Hakodate, Hokkaido, the Hakodate City Museum of Northern Peoples houses a large number of cultural material with a historical significance from people living their lives in the northern region including Hokkaido. A tour of the Museum will shed light on the way of life of not only the Ainu of Hokkaido but also the Uilta of Sakhalin, the Koryak of Northern Russia and other peoples of frigid lands. Among the exhibits, the daily implements of the Ainu stand out as marvels in woodworking techniques. Wood is given shape with the aid of a “makiri,” or small blade, and the item is then decorated with an intricate geometric pattern.

These wooden implements include the “kiseru,” or pipe, and many other smoking articles most notably a 3-piece set that includes a kiseru, its holder and a tobacco case. These objects were essential for occasions such as welcoming visitors to their homes or ceremonial rites. Men made their own, which they always kept with them and used with the utmost care.

Tobacco culture was brought to the Ainu both from Japan’s Honshu, or mainland, and from the continent, namely China and Russia. Beholding these many smoking articles with a design and function of Japanese origin with components from the continent is a glimpse into a smoking culture unique to the northern region.

<Photo>

“Kiseru” used by the Ainu. The mouthpiece is metal but the stem all the way to the bowl is made of wood.

<Photo>

3-piece set including a kiseru, its holder and a tobacco case which are carried by tying to the hip.

<Photo>

Smoking articles are displayed among the work-related tools used by men such as “makiri,” arrows, etc. on the second floor of the Museum in the daily implements exhibit.

<Photo>

Hakodate is a town with an old time flare. The red brick warehouses lining Hakodate Bay and the colorful trams running between the Bay and Mount Hakodate backed by the Tsugaru Channel give a feel of bygone days. From the observation deck on the summit of Mount Hakodate, which is reachable by ropeway, not only can the entire peninsular city be seen but you’ll get a great feeling of vast openness. The Hakodate City Museum of Northern Peoples was set up in the former Bank of Japan Hakodate Branch building built in 1926. Nearby are many other structures built in the Meiji and Taisho Periods giving the area a nostalgic feel.

Hakodate City Museum of Northern Peoples

Location

21-7 Suehiro-cho, Hakodate-shi, Hokkaido

(1-minute walk from the Suehiro-cho Station of the Hakodate Tram)

Inquiries

0130-22-4128 (toll-free-number/ available only in Japan)

Opening hours

April 1 to October 31, 9 a.m. to 7 p.m. daily

November 1 to March 31, 9 a.m. to 5 p.m. daily

Museum is closed on

December 31 to January 3 and periodically for interior rearrangements

Admission fee

General ¥300 (Museum tickets)

Students ¥150 (Museum tickets)

<http://www.zaidan-hakodate.com/hoppominzoku/min.htm>

<Map>

Aiming to be a good corporate citizen coexisting with society

JT Social Contribution Activities

www.jti.co.jp/csr/contribution/ (Japanese)

www.jt.com/csr/social/index.html (English)

NPO Support Projects for Youth Development

As part of its social contribution activities, JT supports programs associated with youth development made by nonprofit organizations.

Toward the sound development of young people that will support the society of the next generation

Aiming to be a good corporate citizen that coexists with society, the JT Group established its Social Contribution Policy for performing various social contribution activities.

JT recognizes the importance of the sound development of human resources, particularly younger generation, who will make up the society of tomorrow, in promoting local community revitalization and activation to build a better society. From this perspective, JT focuses some of its social contribution activities to support the programs of NPOs effected with those communities with the aim of attaining sound development.

Our selection of organizations to support involves accepting applications from NPOs for their projects every year between October and mid-November followed by a document screening, interviews and deliberations by JT's NPO Support Program Promotion Committee, which mainly consists of outside experts who make selections from a broad and fair perspective taking into consideration the state of society and its needs.

For fiscal 2009, JT started accepting applications in October 2008 and received 176 programs cross-country. After our screening procedures, 43 NPOs were selected representing approximately ¥54 million in aid.

Aid Results

Results of support from fiscal 1999 to 2008

706 programs totaling ¥853 million

Fiscal 2009 support programs

43 programs totaling ¥54 million

Example of a Fiscal 2008 NPO Support Program

Child Rearing Workshop (Kusatsu, Shiga)

Nature challenge for kids with developmental disorders

The goal of these activities is to bring kids of elementary to high school ages with developmental disorders in contact with nature. Here, we let them use ropes to climb trees under the theme, "Tree Climbing Challenge: *Let's Treeing!*" On the day of the event, employees from JT branches in Kyoto and Osaka participated to support the activity.

Building Character with Shogi

JT Shogi Japan Series

Kids Tournament / Official Pro Tournament

The 2009 JT Shogi Japan Series has begun!

This year's JT Shogi Japan Series, our 30th, started with the Tokai Tournament on June 13. There will be 11 such meets cross-country up to the Tokyo Tournament on November 22.

Under the theme "Building Character with Shogi," this Series features the "Kids Tournament" for hands-on learning and the "Official Pro Tournament" for watching held on the same day and at the same venue. The traditional Japanese game of Shogi is used by JT to develop the character of children by allowing them to experience various emotions. The 2009 "JT Shogi Japan Series," our 30th, started on June 13 with the Tokai Tournament and will finish on November 22 at the Tokyo Tournament, for a total of 11 meets.

Kids Tournament

With over 6,000 participants last year, the "Kids Tournament" is the largest kids' shogi competition in Japan. This year being our 9th, any elementary school child who knows the rules can apply for a seat at the tournament. If a child makes it up to the final rounds, he or she wears the traditional "haori" and "hakama" robes and faces their opponent on the same stage as the pros.

Official Pro Tournament

The "Official Pro Tournament," which follows the "Kids Tournament," is a competition between 12 of the top professional shogi players who face off on stage accompanied by commentary. Children who competed in the "Kids Tournament" can stay and watch the pros go at it. The super-fast, 10-minute game time per player allows for great matches.

Shogi Lessons by Visiting Pros

At each area before tournaments, JT sponsors shogi lessons by pro players who visit local elementary schools and other locations to give tips directly to kids. Aside from learning matches, pros teach the fun and thrill of shogi as well as the importance of etiquette and tell kids about their experiences.

Tournament Schedule (from July)

Tournament			Date	Venue
Round 1	Third Match	Tohoku	July 4 (Sat)	Yume Messe Miyagi
	Fourth Match	Shikoku	July 11 (Sat)	Sun Messe Kagawa
Round 2	First Match	Hokkaido	July 18 (Sat)	Hokkaido Prefectural Sports Center Kitayell
	Second Match	Shizuoka	Aug. 29 (Sat)	Twin Messe Shizuoka
	Third Match	Fukuoka	Sept. 12 (Sat)	Fukuoka Convention Center
	Fourth Match	Chugoku	Sept. 19 (Sat)	Hiroshima Sunplaza
Semifinal	First Match	Kumamoto	Oct. 3 (Sat)	Grand Messe Kumamoto
	Second Match	Osaka	Oct. 31 (Sat)	Osaka Municipal Central Gymnasium
Final		Tokyo	Nov. 22 (Sun)	Tokyo Big Sight

For details on the schedule and venues, please access our website at the following:
<http://www.jti.co.jp/knowledge/shogi/> (Japanese only)

Tobacco & Salt Museum Remodeled!

The Tobacco & Salt Museum was established by JT in 1978 for the purpose of collecting, studying and researching data on tobacco and salt and broadly disseminating their history and culture to the public. It has recently been renovated to enhance the enjoyment of visitors and reopened its doors on April 18.

The Museum underwent a great refurbishment mostly on the first floor, where a new cafe was built in the entrance hall and front terrace area. The cafe is not only for Museum visitors but for everyone to enjoy as a new place to relax on Koen-dori St. The Museum Shop, which was before only open to visitors, can now be accessed by the public free of charge. In the Museum's Audio-visual Hall, where lectures and movies are presented, new equipment and a wide screen were installed to enable hi-vision quality images. We warmly invite all of you to come and enjoy the renewed Tobacco & Salt Museum.

<Photo>

A new open-air cafe at the entrance

<Photo>

Newly remodeled Museum Shop open to the public separately from the Museum

Tobacco & Salt Museum

Tobacco and salt...one is a luxury cherished by people around the world, the other is an essential nutrient for life deeply associated with human beings. The Tobacco & Salt Museum collects, studies and researches data on tobacco and salt and disseminates their history and culture to the public through exhibits and events.

Opening hours

10 a.m. to 6 p.m. (entry allowed up to 5:30 p.m.)

Museum is closed on

Mondays (except when a national holiday, substitution day falls on a Monday, in which case the Museum may be closed on the following Tuesday)

During the New Year holidays (from December 29 to January 3)

Admission fees

Adults and students over high-school level: ¥100 (¥50 per person)

School pupils to high-school level: ¥50 (¥20 per person)

() in groups of 20 or more

Free for seniors 70 or over with valid ID

Jinnan 1-16-8, Shibuya-ku, Tokyo, Japan 150-0041 (10 minutes walk from the Shibuya Station)

Inquiries: + 81-3-3476-2041

<http://www.jti.co.jp/Culture/museum/WelcomeJ.html> (Japanese)

<http://www.jti.co.jp/Culture/museum/Welcome.html> (English)

<Map>

Complimentary Gifts for Shareholders

JT offers complimentary gifts to shareholders comprised of items made by the JT Group so that they may get to know our products and increase their understanding of our businesses.

For all shareholders owning one or more shares of the Company as of March 31, 2009, we have enclosed a “Complimentary Gift Selection Brochure” and “Complimentary Gift Order Form” with the notice of convocation of the general meeting of shareholders and sent them on June 1, 2009.

If all necessary items on the “Complimentary Gift Order Form” were filled out and it was sent back to us by the June 22 deadline, you will receive your choice of gift by the end of July. If we receive your Order Form past the deadline, or if no Order Form was sent out, you will receive a “Beverage Assortment Gift Set.”

Complimentary gifts will be received by the end of July

*only if the necessary items are filled out correctly and the Order Form is received before the deadline

[Course A] Shareholders owning one to four shares of the Company Amount equivalent to ¥2,000

1 Beverage Assortment Gift Set

Japan Tobacco Inc.

(Sales company: JT Beverage Inc.)

<Photo>

Carefully selected beverage products featuring our strong, flavourful “Roots” brand canned coffee

2 Rice Assortment Gift Set

(12 pack)

Katokichi Co., Ltd.

<Photo>

A combination of Niigata Koshihikari Rice made using pristine Echigo water and fluffy, sticky Red Rice made with 100% glutinous rice

3 Gentry Soup Set

Fuji Foods Corporation

<Photo>

Made to bring out the delicious taste of its natural ingredients, just add hot water and enjoy

[Course B] Shareholders owning more than five shares of the Company Amount equivalent to ¥3,000

1 Beverage and Niigata Uonuma Koshihikari Rice Assortment Gift Set

Japan Tobacco Inc. (sales company: JT Beverage Inc.) and Katokichi Co., Ltd.

<Photo>

A combination of carefully selected beverage products featuring our strong, flavourful “Roots” brand canned coffee and highest quality Niigata Uonuma Koshihikari Rice

2 Rice Assortment Gift Set

(16 pack)

Katokichi Co., Ltd.

<Photo>

A combination of highest quality Niigata Uonuma Koshihikari Rice with IkiIki Rice, a specified health food with dietary fiber and fluffy, sticky Red Rice made with 100% glutinous rice

3 Gentry Soup and Chinese Seasonings Assortment Gift Set
Fuji Foods Corporation

<Photo>

A combination of Gentry Soup in different flavors, which can be enjoyed just by adding hot water, with Chinese seasonings for any meal large or small

Contact Information for Complimentary Gift

JT Shareholder Special Benefit Plan Office
(Merchandise distribution agent: JT Creative Service Co., Ltd.)
0120-791-187 (toll-free number/available only in Japan)
(Business hours: 9 a.m. to 5 p.m. on weekdays excluding public holidays)

Bulletin Board
NEWS

New communication word

JT established a new communication word for its new medium-term management plan “JT-11.”

This new slogan expresses our desire as a Group to continue to provide value that only we can create envisioning moments of relaxation and delicious feelings, moments that give fulfillment and once-in-a-lifetime moments and other important moments in time. We hope that this will bring delight to the hearts of every customer.

With this change in our slogan, we also changed the title of our business report. Thank you for your patronage.

< Old Logo >

< New Logo >

Eighth JT afforestation and forest conservation project
Start of “JT Forest Tsuruoka” forest conservation project

As part of its natural environment conservation efforts, JT began an afforestation and forest conservation project called “JT Forest Tsuruoka” comprising of 25 hectares of rented forest in Tsuruoka-shi, located in Yamagata Prefecture, Japan. This is the 8th such “JT Forest” afforestation and forest conservation project in Japan and the first in the Tohoku region.

The target of this project is an erosion control forest composed mostly of black pine that needed improvement due to aging, sparseness of trees, damage from pine sawyer beetles and the proliferation of non-indigenous acacia trees. For the next five years, JT will work jointly with the local area in forest rearrangement to enhance its function as an erosion control forest to protect residential and agricultural areas, preserve the environment and allow visitors to commune with nature.

Rich, roasted flavor
Cabin Roast Blend 100’s Box launched cross-country in April

JT’s new concept product based on the Cabin family, the “Cabin Roast Blend 100’s Box,” was launched cross-country in the beginning of April, having been sold only in limited areas.*

The “Cabin Roast Blend 100’s Box” was made even more flavorful, rich and deep than its predecessors in the Cabin series. We focused on creating the right flavor and package design to meet the needs of customers desiring a feeling of relaxed smoking even during busy days.

The rich flavor and aroma of the Cabin family was replicated with an added bitter-sweetness, lush fragrance and deep taste to realize a “rich, roasted flavor.”

*Limited to Hokkaido in July 2008.

<Photo>

“Cabin Roast Blend 100’s Box”

Size: Super king size filter

Filter type: Charcoal

Tar value: 8mg per cigarette

Nicotine value: 0.6mg per cigarette

Packaging: Hard pack containing 20 cigarettes

Price: ¥300

JT Group Products (available only in Japan)

Roots “Aroma Black”

Renewal

300g aluminum bottle/¥130 (suggested retail price/tax not included)

<Photo>

We renewed the taste and package of our popular Roots “Aroma Black.” As an addition to our “new slow roast” method, we’ve introduced the “aroma roast” method for a deeper aroma. It’s the blended roasted coffee beans that give a richer, deeper aroma and taste.

The bottle’s slip-less cap was enhanced for greater slip prevention by adding bumps to the sides.

Taste the rich aroma even more!

Roots “Aroma Revolut”

May 25 on sale

275g aluminum bottle/¥140 (suggested retail price/tax not included)

<Photo>

Using 100% arabica coffee beans mainly from Central and South America, this product is made with our “new slow roast” method for a rich aroma that stands out well above the added sugar and milk. More distinctive coffee flavor has been achieved owing to “JT Creamy*” which is made from plants and added to this product together with milk.

The bottle design is gold and brown motif that represents the added sugar and milk.

*JT’s unique vegetable oil that resists deterioration from heat.

Never-before-seen revolutionary aroma!

“Octopus Balls”

Renewal

23 balls (460g)

<Photo>

The combination of ingredients is improved for a melt-in-your-mouth feel and the bonito broth makes them all the more delicious. They are great even without sauce! In addition to the octopus, whose delicious taste is preserved, there is also cabbage, onions and pickled ginger.

The large pack is perfect for family meals and parties. Eat them anyway you like as light snacks or even in your lunchbox!

Melt-in-your-mouth feel makes them more delicious!

Lunch Box Series

“Mini Spring Rolls”

Now on Sale

6 rolls (150g)

<Photo>

Its five ingredients, pork from Japanese black hogs, crunchy bamboo sprouts, carrots, cabbage and shiitake mushrooms, come together deliciously wrapped in a crispy fried spring roll wrapper.

Better taste thanks to Chinese seafood sauce, sesame paste, sweet soy paste and specially made oyster sauce. Enjoy the taste of China!

Just put them in the microwave for a crispy, delicious snack!

You can shop online for JT Group products anytime, right from your own home.

JT Online Shop (Beverage) <http://www.shopjt.com/> (Japanese only)

Katokichi Delicious Deliveries (Food) <http://www.rakuten.co.jp/katokichi/> (Japanese only)

Share Handling Procedures

(1) Where do I inquire about share handling procedures?

Generally, we ask that you inquire about all matters pertaining to handling the shares of the Company at the securities company where you have your account. For those shareholders with special accounts, please inquire at Mitsubishi UFJ Trust and Banking Corporation, the special-account managing institution.

Change of Address

Notices of convocation of general meeting of shareholders, dividend warrants or statements, complimentary gifts, etc. will be forwarded to the registered address. In the event of a change of address as a result of moving, etc., we ask that you please immediately notify the securities company where you have your account. For those shareholders using special accounts, we ask that you please immediately notify Mitsubishi UFJ Trust and Banking Corporation, the special-account managing institution.

(2) How to receive dividends

Methods to receive dividends

Dividends can be received in cash or by bank remittance. If selecting bank remittance, dividends can be received safely and securely. Shareholders wishing to receive dividends in cash will be forwarded a dividend warrant. Please retrieve it at your earliest convenience at any Japan Post Bank or Post Office. Shareholders wishing to receive dividends by bank remittance will have dividends remitted to the bank, Japan Post Bank or other account designated in advance. In addition, a year-end (interim) dividend statement will be forwarded.

Bank remittances may be effectuated in the following three methods.

1. Method whereby dividends are received by designating a deposit account at a bank, etc. for each issue held

Deposit accounts held at banks, etc. to which dividends are to be remitted may be divided for each issue held.

2. Method whereby dividends for all issues held are received in a lump-sum at a deposit account held at a bank, etc.

Dividends for all issues held are received in a lump-sum in the registered remittance account (held at a bank, etc.). Remittance account designation is limited to one (1) financial institution.

3. Method whereby dividends are received in securities company trading accounts

Dividends may be received in a trading account held at a securities company (if a balance exists at several securities companies, allocation as per said balances). This method is not available for shareholders using special accounts.

Changing the dividend payment method

Please contact the securities company where you have your account. Even if accounts are held at several securities companies, procedures may be effectuated at a single securities company. We ask shareholders using special accounts to please contact Mitsubishi UFJ Trust and Banking Corporation, the special-account managing institution.

(3) In the event dividend related documents were not received, the dividend warrant has been lost or the dividend payment period has lapsed

We ask that shareholders who have not received dividends due to the abovementioned or other reasons to please contact Mitsubishi UFJ Trust and Banking Corporation, the shareholder registry administrator.

Inquiry concerning special account

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

0120-232-711 (toll-free number/available only in Japan)

(Business hours: 9 a.m. to 5 p.m. on weekdays excluding public holidays)

Mailing address

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081 Japan

Request for procedure forms related to special account

0120-244-479 (toll-free number/available only in Japan)

(24-hour automatic answering service operated by Mitsubishi UFJ Trust and Banking Corporation)

Members of the Board, Auditors, and Executive Officers

Members of the Board

Chairman of the Board	Yoji Wakui
Representative Director, President	Hiroshi Kimura
Representative Director, Executive Deputy President	Munetaka Takeda
Representative Director, Executive Deputy President	Masaaki Sumikawa
Representative Director, Executive Deputy President	Mitsuomi Koizumi
Representative Director, Executive Deputy President	Masakazu Shimizu
Member of the Board	Noriaki Okubo
Member of the Board	Sadao Furuya
Member of the Board	Yasushi Shingai

Auditors

Standing Auditor	Hisao Tateishi
Standing Auditor	Gisuke Shiozawa
Auditor	Takanobu Fujita
Auditor	Koichi Ueda

Executive Officers

President, Chief Executive Officer	Hiroshi Kimura
Executive Deputy President, Assistant to CEO in Compliance, Finance and Foods Business	Munetaka Takeda
Executive Deputy President, Assistant to CEO in Strategy, HR, Legal, Operational Review and Business Assurance	Masaaki Sumikawa
Executive Deputy President, President, Tobacco Business	Mitsuomi Koizumi
Executive Deputy President, Chief Communications Officer, Assistant to CEO in CSR and General Administration	Masakazu Shimizu
Senior Executive Vice President, President, Pharmaceutical Business	Noriaki Okubo
Senior Executive Vice President, Chief Legal Officer	Ryuichi Shimomura
Executive Vice President, Chief Marketing & Sales Officer, Tobacco Business	Yoshihisa Fujisaki
Executive Vice President, Chief R&D Officer, Tobacco Business	Tadashi Iwanami
Executive Vice President, Head of Manufacturing General Division, Tobacco Business	Kenji Iijima
Executive Vice President, President, Foods Business	Sadao Furuya
Executive Vice President, Chief Strategy Officer	Mutsuo Iwai
Senior Vice President, Deputy R&D Officer, Tobacco Business	Hirotoshi Maejima
Senior Vice President, Head of Domestic Leaf Tobacco General Division, Tobacco Business	Shinichi Murakami
Senior Vice President, Head of China Division, Tobacco Business	Atsuhiko Kawamata
Senior Vice President, Head of Tobacco Business Planning Division and Chief Corporate, Scientific & Regulatory Affairs Officer, Tobacco Business	Akira Saeki
Senior Vice President, Head of Central Pharmaceutical Research Institute, Pharmaceutical Business	Junichi Haruta
Senior Vice President, Head of Beverages Business Division, Foods Business	Ryoko Nagata
Senior Vice President, Chief Human Resources Officer	Satoshi Matsumoto
Senior Vice President, Chief Financial Officer	Hideki Miyazaki
Senior Vice President, Chief General Affairs Officer	Ryoji Chijiwa

Trends in Share Price

Share prices of JT, from IPO on October 27, 1994 to May 2009 (closing prices on the TSE, monthly basis)

<Chart of JT's share price>

First sale

Sale by bidding

Contract price ¥1,362,000 to ¥2,110,000 (fixed date of the contract price August 29, 1994)

Sale without bidding

Sale price ¥1,438,000 (fixed date of the sale price August 31, 1994)

Second sale

Sale price ¥815,000 (fixed date of the sale price June 17, 1996)

Third sale

Sale price ¥843,000 (fixed date of the sale price June 7, 2004)

* The Company implemented stock split of 5-for-1 on April 1, 2006. The share prices listed above as the sales price for first sale through third sale has not been revised to reflect such split.

Memo for Shareholders

Closing date: March 31 of each year

Annual General Meeting of Shareholders: June of each year

Record date for year-end dividend: March 31 of each year

Record date for interim dividend: September 30 of each year

Method of public notice:

Electronic public notice

Public notices will be posted on JT's website: <http://www.jti.co.jp/>

* If JT is unable to make electronic public notice due to an accident or any other compelling reason, it will make an alternative public notice in "The Nikkei" newspaper.

Shareholder registry administrator/special-account managing institution:

Mitsubishi UFJ Trust and Banking Corporation

(Office for handling business)

4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

(Inquiry/mailing address)

10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081 Japan

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

0120-232-711 (toll-free number/available only in Japan)

(Business hours: 9 a.m. to 5 p.m. on weekdays excluding public holidays)

(Request for procedure forms related to special account)

The special-account managing institution accepts requests for administrative procedure for shareholders using special accounts (including notification of change of address, forms for designation or change of direct deposit of dividends, and forms for requesting procedures for inheritance of shares) at toll-free number (0120-244-479) 24 hours a day.

Concerning share handling procedures:

Shareholders are asked to contact the securities company where you have your account.

Japan Tobacco Inc.

JT Building

2-1, Toranomom 2-chome, Minato-ku, Tokyo 105-8422 Japan

Tel.: +81-3-3582-3111

URL: <http://www.jti.co.jp/>

This Report was printed using soy inks along with FSC approved paper (chlorine-free bleach) to protect our forests.