

[This is an English translation prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.]

[Cover]

Document to be filed:	Extraordinary Report
Filing to:	Director-General of the Kanto Local Finance Bureau
Date of filing:	October 23, 2009
Company name (Japanese):	日本たばこ産業株式会社 (<i>Nihon Tabako Sangyo Kabushiki-Kaisha</i>)
Company name (English):	JAPAN TOBACCO INC.
Title and name of representative:	Hiroshi Kimura, President, Chief Executive Officer and Representative Director
Location of head office:	2-1, Toranomom 2-chome, Minato-ku, Tokyo, Japan
Telephone number:	+81-3-3582-3111 (Main)
Contact person:	Yuki Maeda, Vice President, Media & Investor Relations Division
Place of contact:	2-1, Toranomom 2-chome, Minato-ku, Tokyo, Japan
Telephone number:	+81-3-3582-3111 (Main)
Contact person:	Yuki Maeda, Vice President, Media & Investor Relations Division
Places where the document to be filed is available for public inspection:	Japan Tobacco Inc. Saitama Sales Office (55-1, Shimocho 1-chome, Omiya-ku, Saitama-shi, Saitama) Japan Tobacco Inc. Yokohama Sales Office (143, Hanasakicho 6-chome, Nishi-ku, Yokohama-shi, Kanagawa) Japan Tobacco Inc. Nagoya Sales Office (12-1, Iseyama 2-chome, Naka-ku, Nagoya-shi, Aichi) Japan Tobacco Inc. Osaka Sales Office (5-10, Oyodo-minami 1-chome, Kita-ku, Osaka-shi, Osaka) Japan Tobacco Inc. Kobe Sales Office (7-23, Nakayamate-dori 3-chome, Chuo-ku, Kobe-shi, Hyogo) Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-kabutocho, Chuo-ku, Tokyo) Osaka Securities Exchange Co., Ltd. (8-16, Kitahama 1-chome, Chuo-ku, Osaka-shi, Osaka) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya-shi, Aichi) Fukuoka Stock Exchange (14-2, Tenjin 2-chome, Chuo-ku, Fukuoka-shi, Fukuoka) Sapporo Securities Exchange (14-1, Minamiichijo-nishi 5-chome, Chuo-ku, Sapporo-shi, Hokkaido)

1. Reason for filing

JT subsidiary JTI-Macdonald Corp. was sued in Canada by the Government of Ontario, Canada, therefore, this document is filed pursuant to the provisions of Article 24-5, paragraph (4) of the Financial Instruments and Exchange Act and Article 19, paragraph (2), item (xiv) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

2. Content of report

a. Name, address and representative of the consolidated subsidiary

- (i) Name JTI-Macdonald Corp.
- (ii) Address Mississauga, Ontario, Canada
- (iii) Representative Michel A. Poirier

b. Filing date

September 29, 2009

c. Name, address and representative of the party who filed the lawsuit

- (i) Name Her Majesty the Queen in Right of Ontario (Canada)
- (ii) Address Toronto, Ontario, Canada
- (iii) Representative Dalton McGuinty, Premier

d. Outline of lawsuit and amount of claim for damages

- (i) Claim: To seek compensation against 13 tobacco manufacturers and 1 industry organization for damages for the cost of health care benefits, resulting from tobacco related disease or the risk of tobacco related disease, which have been paid or will be paid by the government of Ontario for insured persons.
- (ii) Amount: CAD50.0 billion (approx. ¥4,170.0 billion)
* The statement of claim in this case contains allegations of joint and several liabilities amongst all the defendants but does not specify any individual amount or percentages, within the total amount of the claim, which is claimed from any individual defendant.
- (iii) Response: JTI-Mac has valid grounds to defend the action which it will pursue by all appropriate means with the full support of JT.