

[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.]

To Our Shareholders

JT Business Report Vol. 27

<Photo>

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<JT logo>

A Message from Management

As the global economic downturn is keeping the business environment in a dire predicament, with significantly declining corporate earnings and a rapidly deteriorating employment situation, among others, the initial projections made regarding the earnings forecasts for the fiscal year ending March 31, 2010 have been reviewed resulting in an upward revision of EBITDA (operating income + depreciation and amortization), operating income, ordinary income and net income. This is mainly attributable to positive movements of foreign exchange rate compared to the initial assumptions in the international tobacco business.

In the consolidated financial results for the first six months of the fiscal year ending March 31, 2010, although a decrease in sales volume in the domestic tobacco business and negative effects from exchange rate fluctuations in the international tobacco business resulted in decreases in sales and profits, the domestic tobacco business saw its market share rise for the third straight fiscal year with financial results roughly as predicted. Meanwhile, in the international tobacco business, our mainstay Global Flagship Brands (GFB) grew 1.8% and unit prices rose in Russia, the U.K., Italy, Spain, Turkey and other major markets providing favorable business results as seen in the 9.1% growth in net sales (tax excluded) and the 11.7% growth in EBITDA, assuming the same foreign exchange rates as last year.

In the pharmaceutical business, the number of compounds developed in-house that are in the clinical trial stage is now nine and the “JTT-654” anti-diabetes mellitus compound has moved up to phase 2 overseas. These and other activities are steadily moving us towards the development of breakthrough, globally successful new drugs. We will continue to increase and advance compounds in a late phase of clinical trial and enhance the R&D pipeline.

In the food business, Katokichi Co., Ltd., which handles the processed foods and seasonings sectors under JT, will change its name to “TableMark Co., Ltd.” effective January 2010 with the aim of further developing its business. We appreciate your warm, continuing support even after this change of corporate name.

We will further make proactive investments in our brands and execute any necessary measures all in an effort to build a business base that will ensure future growth.

We humbly beseech all our valued shareholders to further their understanding and support for our business.

November 2009

Hiroshi Kimura, President & CEO

Report on the Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2010 (FY2009)

--- Overview of the Consolidated Financial Results for the First Six Months of FY 03/2010 ---

In the consolidated financial results for the first six months of the fiscal year ending March 31, 2010, JT saw decreases in sales and profits, as shown in Table 1. A decline in the sales volume as a result of a fall in overall demand in the domestic tobacco business and a negative impact from foreign exchange rate fluctuation in the international tobacco business resulted in a 13.5% decrease in net sales (tax excluded), from the same period of the previous fiscal year, to ¥986.7 billion and a 19.1% year-on-year decline in EBITDA (operating income + depreciation and amortization) to ¥279.3 billion, with operating income recorded at ¥163.7 billion, a 20.0% decrease. For ordinary income, an improvement in foreign exchange gain/loss and lower interest expenses improved non-operating income. This caused the amount of decrease in ordinary income to shrink compared to operating income resulting in a 10.7% decrease from the same period of the previous fiscal year to ¥135.1 billion. Moreover, net income fell 4.9% from last year to ¥66.0 billion due to an improvement in extraordinary income/loss resulting from the absence of losses from the cost of demolishing an abandoned company residential building as well as introduction costs for vending machines with adult identification functions incurred during the previous fiscal year.

(Table 1) Consolidated financial results for the first six months of the fiscal year ending March 31, 2010 (FY2009)

(Billions of yen)

	Six months ended September 30, 2008	Six months ended September 30, 2009	Change
Net sales (tax included)	3,497.0	3,054.2	-12.7%
Net sales (tax excluded) *1	1,141.3	986.7	-13.5%
EBITDA *2	345.3	279.3	-19.1%
Operating income	204.5	163.7	-20.0%
Ordinary income	151.3	135.1	-10.7%
Net income	69.4	66.0	-4.9%

*1. Adjusted net sales (tax excluded) does not account for imported tobacco, domestic duty free, business in 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: Figures for major profit items before goodwill amortization

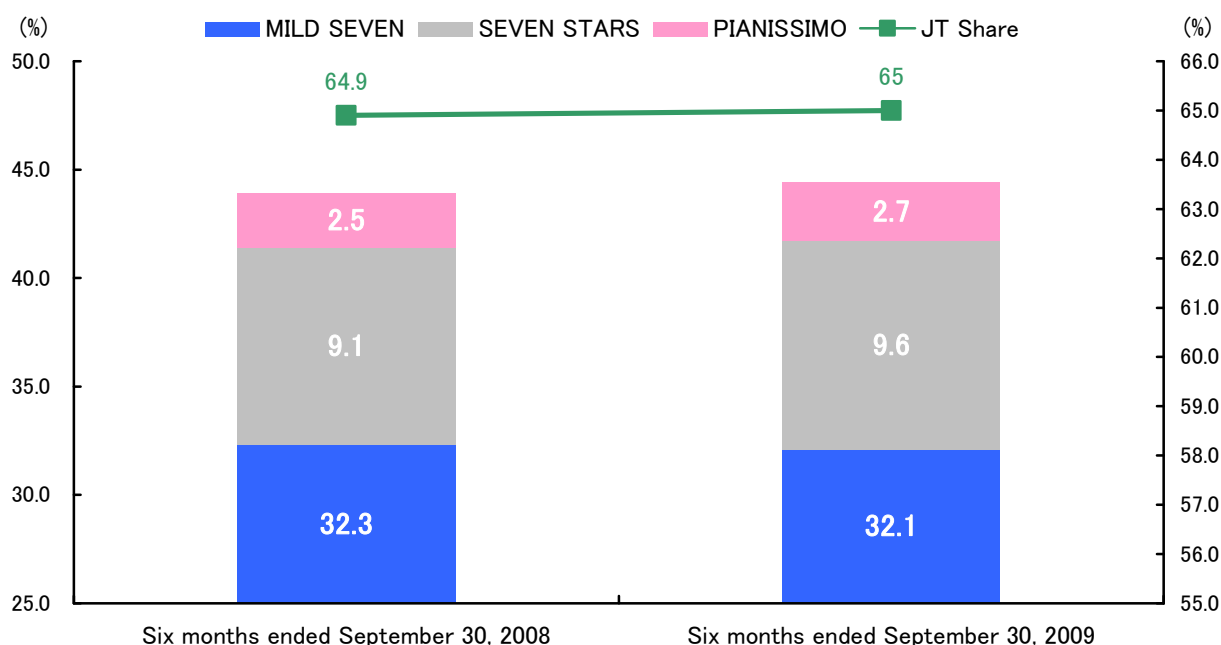
Operating income	257.8	213.3	-17.3%
Ordinary income	204.6	184.7	-9.7%
Net income	122.7	115.6	-5.8%

Domestic tobacco business

The sales volume of the domestic tobacco business during the first half of the fiscal year fell 5.2% from the last year (a 4.6% full-year decrease predicted), however, this includes the effect of a temporary increase in sales volume last year generated by the introduction of taspo. This effect is expected to disappear over the course of the fiscal year and results are considered to be at par with full-year projections. EBITDA fell due to lower net sales despite a reduction in costs, among others. Operating income rose as a result of a decrease in expenses following the completion of the amortization of some rights of trademark.

Market share was maintained at a favorable level with a 0.1% hike compared to the first half of the previous fiscal year. We aim to increase market share for the third straight fiscal year by implementing sales promotions for our mainstay brands, mainly in the Mild Seven family and strengthening our exposure at convenience stores and other face-to-face sales channels.

<Figure 1> Market share of major JT brands and JT products



(Table 2) Domestic tobacco business results

	(Billions of yen)		
	Six months ended September 30, 2008	Six months ended September 30, 2009	Change
Net sales (tax excluded) *1	336.3	318.8	-5.2%
EBITDA *2	145.5	138.8	-4.6%
Operating income	105.6	110.8	5.0%
JT sales volume (billions of cigarettes) *3	82.9	78.6	-5.2%

*1. Adjusted net sales (tax excluded) does not account for imported tobacco, domestic duty free, business in China and others.

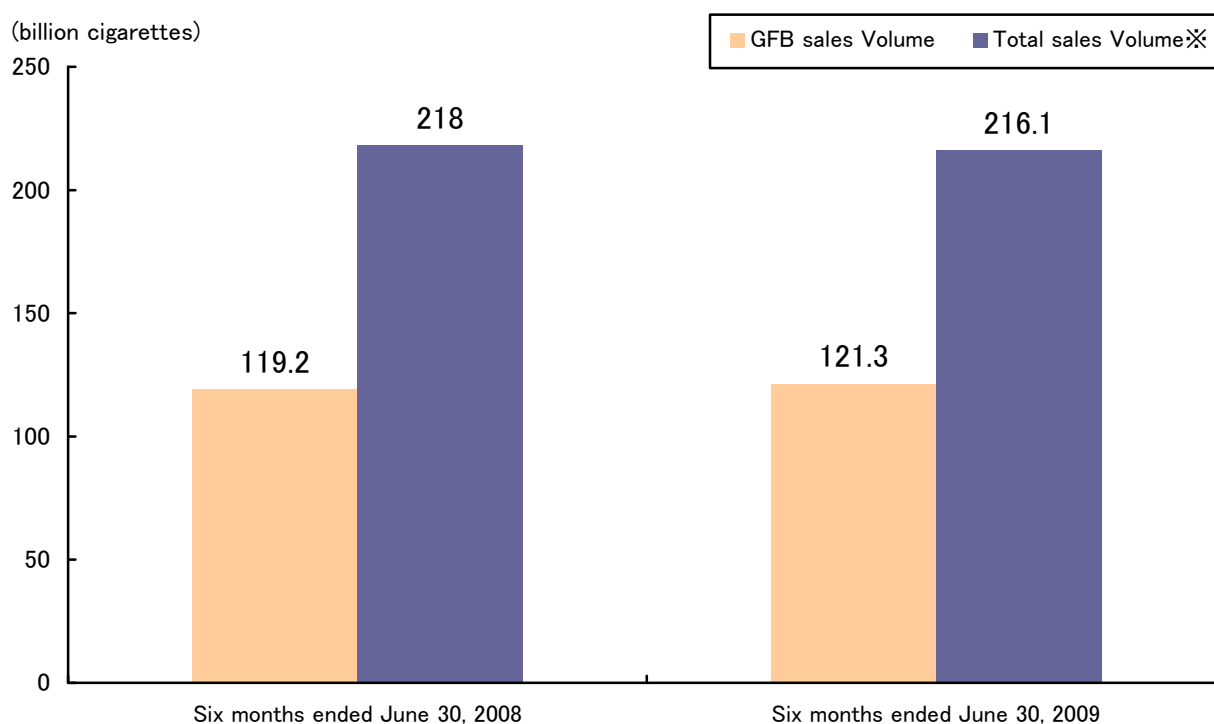
*2. EBITDA = Operating income + depreciation and amortization It indicates a profit on a cash flow basis.

*3. Excluding imported tobacco, domestic duty free and business in China

International tobacco business

The sales volume of the international tobacco business for the six months ended June 30, 2009, grew steadily in Russia, the U.K., France, Italy, Turkey and Korea, however, effects from the replacement of a license agreement with outsourced manufacturing in the Philippines, the continuation of an unstable business environment in Iran and higher taxes and economic deceleration in some emerging countries such as Ukraine, Romania and Kazakhstan have brought down the total sales volume by 0.9% to 216.1 billion cigarettes, with the GFB sales volume up 1.8% to 121.3 billion cigarettes. Despite decreases in net sales (tax excluded) and EBITDA due to a negative impact from foreign exchange rate fluctuation, if on a foreign exchange rate neutral basis (identical foreign exchange rate level as the previous fiscal year), both grew 9.1% and 11.7% (a double-digit increase), respectively, maintaining continued strong growth momentum thanks to effects from unit price increases in each markets.

<Figure 2> Sales volume results of the international tobacco business



* Excluding private label and contract manufacturing, and including cigars, pipes and snus (chewing tobacco)

Note: The results from January 1 to June 30, 2008 and 2009 were consolidated for the international tobacco business.

Sales results by area for the six months ended June 30, 2009*

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

* Excluding private label and contract manufacturing, and including cigars, pipes and snus (chewing tobacco)

* Sales volume growth rate compared to the same period in the previous fiscal year

(Table 3) International tobacco business results

(Millions of U.S. dollars)

	Six months ended June 30, 2008	Six months ended June 30, 2009	Change
Net sales (tax excluded) *1	5,096	4,552	-10.7%
EBITDA *2	1,860	1,505	-19.1%
Sales volume (billions of cigarettes) *3	218.0	216.1	-0.9%
GFB sales volume (billions of cigarettes) *3	119.2	121.3	1.8%

Reference: Results using last year's foreign exchange rates

(Millions of U.S. dollars)

	Six months ended June 30, 2008	Six months ended June 30, 2009	Change
Net sales (tax excluded) *1	5,096	5,561	9.1%
EBITDA *2	1,860	2,078	11.7%

*1. Adjusted net sales (tax excluded) does not account for the distribution, private label, contract manufacturing and other peripheral businesses.

*2. EBITDA = Operating income + depreciation and amortization It indicates a profit on a cash flow basis, prior to royalty payments to JT.

*3. Excluding private label and including cigars, pipes and snus (chewing tobacco).

Pharmaceutical business

In the pharmaceutical business, net sales fell ¥4.6 billion to ¥22.1 billion, while EBITDA slipped by ¥5.1 billion leading to a deficit of ¥4.9 billion. In addition to a growth in sales of Truvada Tablets, an anti-HIV drug, and Serotone, an agent used for the treatment of emesis, on the part of Torii Pharmaceutical Co., Ltd. (“Torii”), a JT Group company, steady progress was made by REMITCH CAPSULES, an oral antipruritus drug for hemodialysis patients launched in March 2009. However, we witnessed decreases in sales and profits compared to the same period of the previous fiscal year when the milestone revenue recorded related to the progress made in the development of anti-dyslipidemia compound JTT-705 licensed to Roche. Meanwhile, among compounds in clinical development, the “JTT-654” anti-diabetes mellitus compound has moved up to phase 2 overseas. We will steadily advance compounds in the clinical development stage and enhance the R&D pipeline.

Pharmaceutical business: Clinical development (as of October 29, 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”)	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	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	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

Code	Stage	Key indication	Characteristics	Rights
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	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	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 2 (Overseas)	Type 2 diabetes mellitus	Improves type 2 diabetes through reducing excessive glucocorticoid action by inhibiting HSD-1 - HSD1: 11 beta-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)

Food business

The food business saw net sales fall ¥32.6 billion to ¥200.8 billion with an increase in EBITDA of ¥4.9 billion to ¥8.4 billion. The sales decrease was attributable to our withdrawal from chilled processed foods and the exclusion from the scope of consolidation of some subsidiaries as well as effects from sluggish consumption due to the economic slowdown and unseasonable weather in the beverage sector. On the other hand, we were able to maintain EBITDA substantially at about the same level as the previous fiscal year with cost reduction and other efforts, and increased it thanks to changes in accounting standards. We will focus on three areas, beverages, processed foods and seasonings, promoting efforts to achieve the highest level of safety control and strengthening the business foundation for future substantial growth.

--- Earnings Forecasts for FY 03/2010 (FY2009) ---

Concerning the earnings forecasts for the fiscal year ending March 31, 2010 (FY2009), a review of mainly the foreign exchange rate assumptions for the international tobacco business resulted in an upward revision of net sales and profit indicators. The domestic tobacco business progressed at par with initial projections with no changes in net sales and EBITDA. Regarding the international tobacco business, a change in foreign exchange rate assumptions caused net sales and EBITDA to be revised upwards. We predict two-digit EBITDA growth of 13.0% assuming the same foreign exchange rates as last year. In the pharmaceutical business, net sales and EBITDA were both revised upwards thanks to favorable results from Torii. The net sales and EBITDA of the food business were revised downward.

(Table 4) Earnings forecasts for the fiscal year ending March 31, 2010

	Earnings Forecasts for FY 03/2010 (initial projections)	Earnings Forecasts for FY 03/2010 (projections at June 30, 2009)	Change	(Billions of yen)
				Fiscal year ended March 31, 2009 (results)
Net sales (tax included)	6,000.0	6,090.0	90.0	6,832.3
Net sales (tax excluded) *1	1,985.0	1,974.0	(11.0)	2,243.6
EBITDA *2	475.0	505.0	30.0	646.2
Operating income	244.0	272.0	28.0	363.8
Ordinary income	227.0	235.0	8.0	307.5
Net income	100.0	108.0	8.0	123.4

*1. Adjusted net sales (tax excluded) does not account for imported tobacco, domestic duty free, business in 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 before goodwill amortization

Net income	197.0	205.0	8.0	228.9
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Caution Concerning 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 reflect 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 related to the use of tobacco products;
- (2) legal or regulatory developments and changes, including, without limitation, tax increases and governmental restrictions on the sales, marketing and usage of tobacco products, and privately

- imposed smoking restrictions and governmental investigations in Japan and elsewhere;
- (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, 2009	As of September 30, 2009	Increase (Decrease)
Assets			
Current assets	1,095,682	1,224,760	129,078 *1
Noncurrent assets	2,784,121	2,823,901	39,780
Property, plant and equipment	668,742	668,665	(77)
Intangible assets	1,831,843	1,894,173	62,329 *2
Goodwill	1,453,961	1,480,329	26,367
Right of trademark	347,372	383,721	36,349
Other	30,509	30,121	(387)
Investments and other assets	283,534	261,063	(22,471)
Total assets	3,879,803	4,048,662	168,858
Liabilities			
Current liabilities	1,093,403	1,131,984	38,581 *3
Noncurrent liabilities	1,162,111	1,172,012	9,901 *4
Total liabilities	2,255,514	2,303,997	48,482
Net assets			
Shareholders' equity	1,986,810	2,026,064	39,253
Valuation and translation adjustments	(433,997)	(353,977)	80,020 *5
Subscription rights to shares	364	394	29
Minority interests	71,109	72,183	1,073
Total net assets	1,624,288	1,744,664	120,376
Total liabilities and net assets	3,879,803	4,048,662	168,858

Note: Millions of yen with fractional amounts discarded.

*1: Due to an increase in raw material inventories from a rise in tobacco leaf prices and purchase amounts in the international tobacco business, and a hike in accounts receivable-trade attributable to holidays.

*2: Effects of foreign exchange rate fluctuation pushed up the period-end valuation of assets and liabilities.

*3: Due to the issuance of commercial papers and an increase in tobacco excise tax payable from the timing of payments made on some overseas markets, despite ongoing repayments of interest-bearing debt.

*4: Due to the issuance of domestic bonds in Japan, despite ongoing repayments of interest-bearing debt.

*5: Effects of foreign exchange rates fluctuation resulted in the reduction of a negative figure for foreign currency translation adjustment included in valuation and translation adjustments.

Consolidated statements of income

(Millions of yen)

	Six months ended September 30, 2008	Six months ended September 30, 2009	Increase (Decrease)
Net sales	3,497,087	3,054,254	(442,832) *1
Cost of sales	2,846,037	2,494,239	(351,798)
Gross profit	651,049	560,015	(91,034)
Selling, general and administrative expenses	446,464	396,287	(50,176)
Operating income	204,584	163,727	(40,857) *2
Non-operating income	11,450	7,722	(3,728)
Non-operating expenses	64,649	36,317	(28,332)
Ordinary income	151,385	135,133	(16,252) *3
Extraordinary income	22,946	14,457	(8,489)
Extraordinary loss	35,574	12,158	(23,416)
Income before income taxes and minority interests	138,757	137,432	(1,325)
Income taxes	66,596	68,147	1,551
Minority interests in income	2,681	3,216	534
Net income	69,479	66,068	(3,411) *4

Note: Millions of yen with fractional amounts discarded.

*1: Net Sales fell due to a decline in the sales volume as a result of a fall in overall demand in the domestic tobacco business, a negative impact from foreign exchange rate fluctuation in the international tobacco business.

*2: Operating income fell due to a fall in net sales despite lower amortization expenses following the completion of the amortization of some rights of trademark in the domestic tobacco business.

*3: Ordinary income fell due to a decrease in operating income despite an improvement in non-operating income/loss attributable to decreases in foreign exchange loss and interest expenses.

*4: Ordinary income fell bringing down net income despite the absence of losses from the cost of demolishing an abandoned company residential building as well as introduction costs for vending machines with adult identification functions incurred in the same period of the previous fiscal year.

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2008	Six months ended September 30, 2009	Increase (Decrease)
Net cash provided by (used in) operating activities	140,643	105,179	(35,463) *1
Net cash provided by (used in) investing activities	(28,598)	(39,578)	(10,979)
Net cash provided by (used in) financing activities	(135,423)	(93,914)	41,508 *2
Effect of exchange rate change on cash and cash equivalents	(16,572)	10,015	26,587
Net increase (decrease) in cash and cash equivalents	(39,950)	(18,298)	21,652
Cash and cash equivalents at beginning of period	215,008	167,257	(47,750)
Cash and cash equivalents at end of period	175,057	148,959	(26,098)

Note: Millions of yen with fractional amounts discarded.

*1: Stable cash flows generated by the tobacco businesses.

*2: Although issuing commercial papers and bonds, we are also continuing to repay interest-bearing debt as the previous fiscal year.

The Lure of Tobacco Smoke

A lesson from the past at the end of a journey

Sakai HAMONO Museum [Osaka]

<Photo>

“Tobacco knives” of a sharpness created by gunsmiths

“Tobacco knives” were used to cut tobacco leaves during the Edo period of Japan. With its origins in old “tobacco knife” making, Sakai, a city in Osaka Prefecture, even now has a blossoming knife, scissor and other sharp-edged tool manufacturing sector. It is here that, behind the development of edged-tool making, flourished the smoking culture of the Edo period.

The industry of Sakai, which had prospered as an autonomous municipality and commercial and industrial center, focused on the production of matchlock rifles, an essential tool of war. The matchlock was an important weapon during the ceaseless wars waged between the Warring States and the Azuchi-Momoyama periods, during which there was an abundance of work for gunsmiths. However, as the Edo period began, Japan entered an era of peace and demand for matchlocks waned forcing many gunsmiths to lose their livelihoods.

One of the ways gunsmiths fought unemployment was to start making edged tools. That era of Japanese history saw the spread and establishment of a smoking culture that gave way to a rise in the demand for knives for the cutting of tobacco leaves. Sakai workmen who saw this trend applied gun making techniques to tobacco knives. Then the Edo Shogunate designated Sakai-made tobacco knives, given the “Sakaikiwame” brand, to be sold exclusively and their popularity spread across the land.

This is how Sakai earned its reputation in the edged-tool industry. The “Sakai HAMONO Museum” proudly tells the story of Sakai’s edged-tool making. Come have a look at all the knives made with techniques passed down from the gunsmiths of olden times and you’ll envision the tradition of “Sakai cutlery” as well as the smoking culture that bloomed during the Edo period.

<Photo>

“Tobacco knife” made from the Tensho era (1573-1593). One of the reasons why Sakai cutlery spread throughout Japan is its designation by the Tokugawa Shogunate as exclusive products.

<Photo>

Display of items used to make edged-tools. The Museum offers a reservation-only workshop during weekends where people can experience the finishing work, or sharpening, of edged-tools.

<Photo>

Exhibit of matchlocks. Here, the history of gunsmiths, the root of Sakai cutlery, is meticulously explained.

<Photo>

Gate of Nanshuji Temple

Photo provided by Sakai City

<Photo>

Tobacco Knifsmith Lantern

Osaka Prefecture's Sakai City...a deeply historic place. Its most famous landmark is the Mozu Kofun Group of ancient tumuli, among which is the "Tumulus of Emperor Nintoku" boasting the largest superficies in the world. In the same area is Nanshuji Temple, renown as the training place of Sen-no-Rikyu, who perfected a type of tea ceremony called "Wabicha." Within its grounds is a Buddhist sanctum and temple gate designated as important national cultural assets. Also, at the Shukuin Intersection near the "Sakai HAMONO Museum" lies a stone lantern that was donated to Sumiyoshi-Taisha Shrine by the knifsmiths who were engaged in manufacturing tobacco knives during the Edo period. Here, one can behold Sakai's long edged-tool history and truly feel the spirit of the workers who went from making rifles to making knives.

Sakai HAMONO Museum

Location

1-30, Zaimoku-cho-Nishi 1-chome, Sakai-ku, Sakai-shi, Osaka 590-0941, Japan
(3 minutes walk from the Myogokujimae Station of the Hankai Line)

Inquiries

+81-72-227-1001

Opening hours

10 a.m. to 5 p.m.

Museum is closed on

Tuesdays

During the New Year holidays and O-bon holidays (mid-August)

Admission fees

Free

<http://www.sakaihamono.or.jp/museum01.html> (Japanese only)

<Map>

Introducing a JT Group Company

Katokichi Co., Ltd.

Katokichi Co., Ltd. (“Katokichi”), based on the concept “providing products that your loved ones would want to eat,” manufactures products “for its valued customers, who can delight in their foods with peace of mind.”

In July 2008, Katokichi began integration of its business with the Food Business Division of Japan Tobacco Inc. (JT) to establish a basis for further business growth leveraging complementary management resources that up to then represented their individual strengths. From January, 2010, that company will be known as “TableMark Co., Ltd.” and food safety management will continue to be promoted as it aims to become the food manufacturer with the “highest customer approval.”

The Katokichi Group handles JT’s crucial food business

The processed food business provides unique products for any meal

Katokichi’s frozen foods products business is one of the largest in Japan. They have many products such as “Frozen *Udon* Noodles” that boast the highest market share in the country through which it meets the various needs of valued customers. Katokichi not only provides frozen foods products for household consumption, but also actively develops frozen foods for commercial use.

Meanwhile, it also focuses on room temperature processed foods and is expanding sales of “sterile-package prepared rice products.”

For its bakery business, Saint-Germain Co., Ltd. develops and markets high value-added bread using its own unique technology. Efforts will be made to strengthen these businesses further as well as improve taste.

The seasoning business works to create a new Japanese taste using unique advanced technologies

In the seasonings sector, Katokichi is fortifying and expanding its business base for seasonings made from natural ingredients as well as developing bouillon/soup stock.

As for natural seasonings, Katokichi will devote its efforts to producing and expanding sales of high value-added yeast products based on in-house technology and extract products of kelp and bonito extracts, among others, using superior raw materials.

In the area of bouillon/soup stock, Fuji Foods Corporation, a JT Group company that has been leading the market with pioneering products, is playing the central role in the development of a broad range of seasonings products for a diverse range of foods, including Japanese, Western and Chinese foods.

Developing the Highest Standard of Safety Management

Measures to strengthen food safety management

Katokichi Co., Ltd. is implementing measures to drastically strengthen the management of food safety on a group-wide basis in order to develop the highest standard of safety management, with the three pillars of “Actions for reducing risks,” “Improving consumer response” and “Creating stronger organization and operating base.”

Up to now, Katokichi has conducted strict audits on factories, strengthened testing functions, acquired ISO 22000 certification, established a 365-day a year system for customer service center and disclosed information mainly on raw material production sites, etc. In China, the “China Quality Control Center” was founded to inspect all products made in China shoring up its system of checks on factories and products.

In addition, to further strengthen its food safety management, the “Tokyo Quality Control Center” was newly established on the grounds of the “Food R&D Center,” its R&D and product development hub. Katokichi will work to fortify even more the links between its quality control functions and R&D and product development functions in hopes of advancing carefully conceived tasks to further enhance its safety controls from the product planning and development stages as well as offer “delicious products that customers can eat safely.”

<Company History>

1956	Established Katokichi Suisan Co. Ltd. to manufacture and sell frozen fishery products
1962	Began production of frozen fried shrimp
1964	Changed its corporate name to “Katokichi Co., Ltd.”
1974	Began manufacture and sale of frozen <i>udon</i> noodles
1984	Listed on Second Section of Osaka Securities Exchange
1986	Listed on Second Section of Tokyo Stock Exchange
1987	Assigned to First Sections of both Tokyo Stock Exchange and Osaka Securities Exchange
1996	Established mass production system for sterile-package prepared rice products
2000	Began business tie-up with JT for frozen foods products
January 2008	Became JT’s subsidiary
July 2008	Integrated JT’s processed food business and seasoning business
January 2010	Change its corporate name to “TableMark Co., Ltd.” (scheduled)

<Main Business Portfolio>

Processed food business

Frozen foods products

[Frozen foods products for household consumption]

<Photo> <Photo>

<Photo> <Photo>

<Photo> <Photo>

[Frozen foods for commercial use]

<Photo> <Photo>

Bakery

<Photo>

<Photo>

Room temperature processed foods

<Photo> <Photo>

Seasoning business

For retail use

<Photo> <Photo>

For commercial use

<Photo> <Photo> <Photo>

Fisheries business

Other business

From January 2010, “Katokichi Co., Ltd.” will become “TableMark Co., Ltd.”

Katokichi Co., Ltd. will change its corporate name to TableMark Co., Ltd. effective January 1, 2010.

The origin of the company’s business is based on “providing products that your loved ones would want to eat.” With that in mind, and through examination of motifs that are easily recognized by customers, the concept of a “table,” as the “center stage” for food, was selected to be the most appropriate name for the company. As the “table” becomes the company’s new distinction, the aim is to be at the center of the world of food. In other words, the company aims to “explore the possibilities that food offers, bearing in mind the requirements of the times, and be the ‘trademark’ that brings smiles to people around the table.” The new corporate name also reflects the company’s commitment to “making the maximum efforts to becoming the food manufacturer with the highest customer approval.”

A number of the company’s products will still bear the Katokichi brand name, including frozen noodles sold direct to consumers, such as *Udon* noodles which represent one of the company’s main products, frozen *Okonomiyaki*, frozen *Takoyaki*, and sterile-package prepared rice products, in maintaining and further enhancing customer recognition.

The company will continue to promote food safety management while striving to be the food manufacturer with the highest customer approval.

<Origin and concept behind new name>

“Trademark” of a new “table”

	Dining table, Meal		
	<table border="1"><tr><td><u>Table</u></td></tr></table>	<u>Table</u>	<u>Mark</u>
<u>Table</u>			
T	ability, possibility	sign, symbol	
Traceability			
Taste			
Trendy			

The new name is based on the concept of “Table,” meaning a dining table, a meal, a feast, cooking and people around the table, and “Mark,” or a sign or symbol, to provide various products with a trademark that brings smiles to people around the table.

The first letter “T” of the word “table” signifies the three “T’s” of Traceability, Taste and Trendy, the remaining letters “able” signifies that we are capable of realizing those three “T’s.”

<New Logo Mark>

<Logo>

The design is based on a tablecloth motif in harvest orange denoting our desire to provide various products to your table.

Company Profile

Name: Katokichi Co., Ltd.
Head office: 18-37, Sakamoto-cho 5-chome, Kanonji-shi, Kagawa 768-0067, Japan
Tokyo head office: Katokichi Tsukiji Building
4-10, Tsukiji 6-chome, Chuo-ku, Tokyo 104-0045, Japan
Established: September 1, 1956
Paid-in capital: ¥47,502.63 million
Net sales: ¥227,300 million (full year results for the financial year ended March 2009)
Representative: Ryoichi Yamada, President, Chief Executive Officer and Representative Director
Employees: 1,135 (as of June 30, 2009)

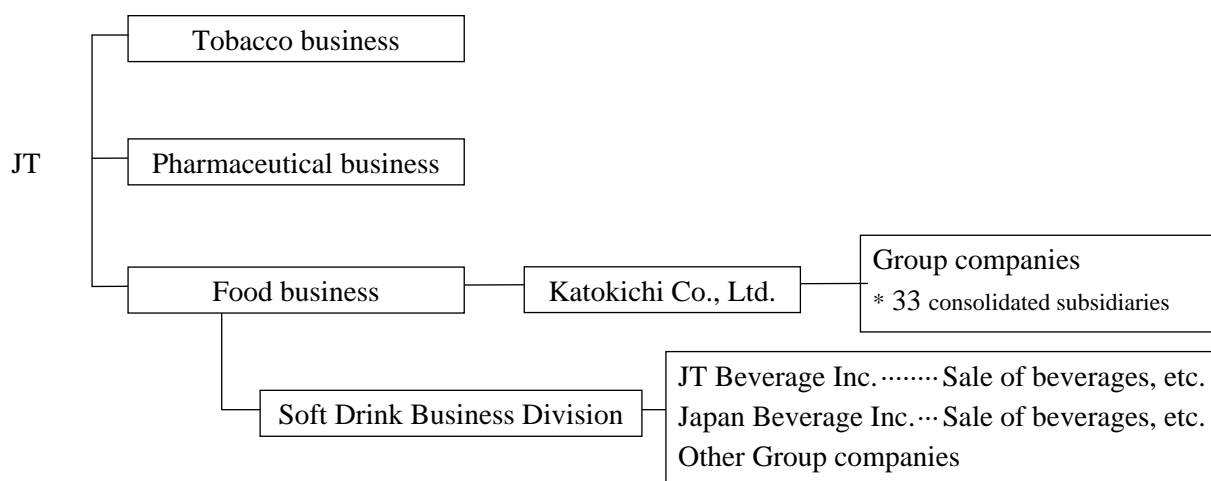
Description of Business

Manufacturing and sale of frozen food, frozen fishery products and other food products

URL

<http://www.katokichi.co.jp/> (Japanese only)

<Chart of Katokichi's Position in the JT Group>



Afforestation and forest conservation project

“JT Forest Tsuruoka” Project Launched!

In September 2009, our first afforestation and forest conservation project began at “JT Forest Tsuruoka,” located in Tsuruoka City, Yamagata Prefecture.

“JT Forest Tsuruoka” is the 8th “JT Forest” afforestation and forest conservation project conducted in Japan by JT to conserve the natural environment. This is the first such project in the Tohoku Region.

Aiming to enhance its function as an erosion control forest to protect residential and agricultural areas Tsuruoka, located in western Yamagata Prefecture, Japan, offers a wondrous natural environment that includes flat lands, coastline and mountains. Tsuruoka is well-known as an agricultural area growing an abundance of melons, rice and other foods and, for over three hundred years, an erosion control forest has been maintained on the Shonai Dune, which faces the Sea of Japan, to protect residents and crops from strong ocean winds, sand blown from the beaches and other aspects of nature.

The sites of cooperative efforts for “JT Forest Tsuruoka” consist of a forest owned by Yamagata Prefecture, another by Tsuruoka City and a privately owned forest that together make an erosion control forest totaling approx. 25 hectares. Primarily consisting of Japanese black pine planted after World War II that needed rapid intervention because of continuing dilapidation caused by various factors including aging, sparseness of trees and excessive growth blocking sunlight from the nearby farms. There is also drying caused by disease carrying 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 afforestation, preservation and other activities involved 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.

<Photo>

Erosion control forest prior to intervention. Non-indigenous acacia trees and weeds invade and climbing plants block the growth of black pine.

<Photo>

“JT Forest Tsuruoka” afforestation cooperation agreement signing ceremony held in March at the Yamagata Prefectural Office.

From left: Mr. Yoichi Tomizuka, Mayor of Tsuruoka City, Masaaki Sumikawa, Executive Deputy President of JT, Ms. Mieko Yoshimura, Governor of Yamagata Prefecture, Mr. Tomitaro Abe, President and Director of Shimogawa Production Forest Cooperative

Let’s All Protect the Black Pine Erosion Control Forest!

On September 19, participants mostly consisting of local residents of Tsuruoka as well as JT Group employees and others took part in their first forest conservation project. On that day, volunteers not only from Tsuruoka but also from other parts of Yamagata as well as Miyagi and Iwate Prefectures were there to lend a hand. Counting coordinators and management staff, there were some 190 individuals wanting to help preserve the coastal erosion control forest.

Today’s work involves clearing, or cutting the non-indigenous acacia trees, weeds and climbing plants that block the growth of black pine. There were many first-timers among the volunteers who learned the ropes from Yamagata Prefecture and Forest Cooperative staff as well as volunteer leaders. They toiled to arrange some 3 hectares and, by the time the work was done, the inside of the forest was brighter, looking quite different from when they had started.

“JT Forest Tsuruoka” Fall 2009 Report

<Photo>

Remove all non-indigenous acacia trees and leave some evergreen!

<Photo>

Cutting non-indigenous acacia trees, which hinder the growth of black pine. Be careful of falling trees!

<Photo>

Climbing plants tangled here and there are very tough to remove.

<Photo>

Cut down trees and branches are carried out of the forest.

<Photo>

Commemorative photograph in front of the now beautiful forest with everyone smiling.

<Photo>

As more and more weeds and trees are removed, more sunlight comes into the forest.

You can encounter many living things inside the forest!

<Photo>

Overview of “JT Forest Tsuruoka”

Location:	Ryugazaki and Nanakubo in Shimogawa-aza, Tsuruoka-shi, Yamagata
Area:	24.7 hectares (consisting of 3 forests, one owned by Yamagata Prefecture, another by Tsuruoka City and a privately owned forest)
Activities:	Planting, weeding, clearing, stem-cutting, setting up storm barriers, etc.
Collaboration:	Yamagata Prefecture, Tsuruoka City, Shimogawa Production Forest Cooperative and JT
Contractee:	Dewa Shonai Forest Cooperative Employee volunteers are also to participate

JT’s afforestation and forest conservation projects

JT has been conducting afforestation and forest conservation projects both in Japan and overseas in an effort to express our appreciation of the benefits Mother Nature brings to our business, and fulfill our corporate responsibilities. Here in Japan, we have provided support for forest care that needs our assistance, based on our forest revival plan in step with the needs of local communities. Overseas, in Malawi and Tanzania, which are leading leaf tobacco producing countries in Africa, JT has not only promoted afforestation and natural forest preservation efforts but also worked to systematically decrease lumber consumption, secure safe water supplies and improve public hygiene, among other activities.

<Japan>

JT Forest Locations

* As of September 2009

“JT Forest Nakatsugawa”

Nakatsugawa, Gifu

“JT Forest Chizu”
Chizu, Tottori

“JT Forest Yunomae”
Yunomae, Kumamoto

“JT Forest Tsuruoka”
Tsuruoka, Yamagata

“JT Forest Kosuge”
Kosuge, Yamanashi

“JT Forest Nakahechi”
Nakahechi, Wakayama

“JT Forest Nahari”
Nahari, Kochi

“JT Forest Shigetomi”
Shigetomi, Kagoshima

<Overseas>

Tanzania
Malawi

<Photo>

Approx. 7.7 million saplings were planted in both countries over two years

Volleyball

2009/10 V Premier League Open!

Women's Starting Saturday, November 28

Men's Starting Saturday, December 5

Soon Japan's top volleyball teams will face off at this year's V Premier League.

JT Thunders and JT Marvelous will fight passionately for their first league championship!

JT Thunders

Maximum Courage...

Raw emotion...

<Photo>

Fighting together as one!

JT Thunders

Momentum is building for the JT Thunders, who made it to their third consecutive V Summer League championship. The team brings together rookies, mid-level players and veterans centered on team captain Tokumoto and greats such as Gomez, who won the title for most scores achieved at last year's V Premier League, and key defender libero Sakai to fight over a period of five months at the V Premier League.

<Photo> <Photo> <Photo>

Revenge by combination play!

JT Marvelous

The JT Marvelous, who did not perform well at last year's V Premier League, will find new strength by turning their frustrations into raw power. Setter Takeshita, who is attracting attention at All-Japan, along with new ace player Sakashita and new team captain Inden will lead the team right to the top with their signature combination plays.

<Photo> <Photo> <Photo>

JT Marvelous

Maximum Radiant...

Raw emotion...

<Photo>

Volleyball School

With the idea of sharing the fun, excitement and joy of sports to many people, the JT Thunders and JT Marvelous conduct a volleyball school not only for elementary and middle schoolers but also high schoolers and mothers both to promote sports in local communities and foster a healthy youth.

<Photo> <Photo>

Complimentary Gift 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 of the Company as of September 30, 2009, we have enclosed a “Complimentary Gift Selection Brochure” and “Complimentary Gift Order Form” with the “Notice of Board of Directors’ Resolution Regarding Payment of Interim Dividends” and sent them on November 4, 2009. For those who have filled in all necessary items on the “Complimentary Gift Order Form” and have sent it back to us by the November 24 deadline, we will dispatch your choice of gift by the end of December. If we receive your Order Form past the deadline, or if no Order Form was sent out, we will dispatch a “Beverage Assortment Gift Set.”

Scheduled delivery of complimentary gift: End of December

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

Course A

Shareholders owning one to four shares of the Company: Products equivalent to ¥2,000

This timing’s gifts will come with a JT calendar.

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

Katokichi Co., Ltd.

<Photo>

A combination of Niigata Koshihikari Rice made using pristine Echigo water and “Barley Rice,” a blend of 25% barley rich in dietary fiber, with Japanese “uruchi” rice.

3. GENTRY Soup Gift Set

Fuji Foods Corporation

<Photo>

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

Course B

Shareholders owning five or more shares of the Company Products equivalent to ¥3,000

This timing’s gifts will come with a JT calendar.

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 Niigata Uonuma Koshihikari Rice, made using Uonuma’s “Koshihikari” rice famous for its delicious taste.

2. Rice Assortment Gift Set

Katokichi Co., Ltd.

<Photo>

A combination of Niigata Uonuma Koshihikari Rice, made using Uonuma's "Koshihikari" rice famous for its delicious taste, and Niigata Koshihikari Rice made using pristine Echigo water.

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 0120-791-187 (toll-free number/available only in Japan)

(Products distribution agent: JT Creative Service Co., Ltd.)

Business hours: 9 a.m. to 5 p.m. on weekdays excluding public holidays and the New Year holidays

Bulletin Board

NEWS

“Affinis Music Festival 2009 Hiroshima” Held

From August 17 to 25, the Affinis Arts Foundation held its “Affinis Music Festival in summer 2009 Hiroshima.” The Affinis Music Festival is held each year to give an opportunity to Japanese professional orchestra members to make exchanges and improve their skills.

This year’s event, which is the 21st, was held for the first time in Hiroshima City, Hiroshima Prefecture. All 20 prior festivals were held in Iida City, Nagano Prefecture. The program included seminars, workshops, performances and other highlights.

Top artists from Germany, the United States and other countries as well as Japan were invited as instructors. These included music director Kyoko Shikata and conductors Kazuyoshi Akiyama and Peter Csaba.

Seminars and workshops were open to the public and chamber music performances were given on August 21 and 22 along with a joint orchestra performance on August 23 with the Hiroshima Symphony Orchestra. Musicians applied what they learned at the seminars to give wonderful performances.

<Photo>

Joint performance by the Hiroshima Symphony Orchestra and Affinis Music Festival members

<Photo>

Horn workshop

More and more ways by which smokers and non-smokers are separated

With the aim of creating an “environment where smokers and non-smokers live in harmony,” JT is working to widely diffuse its efforts at separating smokers and non-smokers through a “Smoker Separation Communication” advertising campaign started during the summer of last year. Presently, it is running four television commercial series entitled “Smoker Separation Policy,” “Commercial Facilities,” “You Choose,” and “More and more facilities where smokers and non-smokers are separate.”

The concept of smoker separation takes on various forms depending on the conditions of the restaurant or other facility. These commercials feature various smoker separation scenes at restaurants, bars and other commercial establishments as well as JT’s smoker separation trial areas to show the public our vision for the promotion of separate smoker environments in society, and, in doing so, the creation of a comfortable environment for smokers and non-smokers alike.

<Photo> <Photo> <Photo>

These signs show how a facility is laid out without having to go inside.

JT Group Products (available only in Japan)

Roots “Aroma Black Hot Blend”

Renewal

275g/¥130 (tax not included)

<Photo>

Our signature “new slow roast” method, which brings out richness, and our “aroma roast” method used to deepen the aroma are effected together with coffee extracted at a lower temperature than before to create an aroma specifically for hot coffee.

The bottle’s “NEW slip-less cap” with a grip enhanced by adding bumps to the sides makes it easier to open.

Taste the rich aroma even more by drinking it hot!

Roots “Real Blend Royal Mix”

Now on Sale

190g/¥115 (tax not included)

<Photo>

Distinctive coffee taste and aroma realized by using a generous heap of the best, carefully selected beans. JT’s unique milk technology is applied to create a mellow milky texture to give the coffee a deep, meaningful flavor.

The bottle design is a simple logo and name on a gold and brown motif that represents a “deep, luxurious richness” and “exquisite blend.”

Canned coffee for men

“Sanuki Best *Udon* Noodles with Meat”

Renewal

1 serving (336g)

<Photo>

Soft beef with onions simmered in sweet and salty broth topped with green onions. The rich, sweet and savory broth brings out the flavor of the chewy noodles.

The broth was made with a deep and rich taste by adding the flavor of beef with kelp, mackerel and bonito flakes and dried sardines.

We mastered broth making for a better taste!

“Super Delish *Okonomiyaki*”

Renewal

1 serving (294g)

<Photo>

A popular meal for ten years! This Kansai-style “*okonomiyaki*” is made with lots of squid, shrimp and octopus as well as cabbage and onions produced in Japan.

Just put the paper tray in the microwave for a real restaurant taste in the comfort of your own home.

A better balanced heap of ingredients!

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

JT Online Shop (beverage)

<http://www.shopjt.com/> (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 Food 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, Food Business	Sadao Furuya
Executive Vice President, Chief Strategy Officer	Mutsuo Iwai
Senior Vice President, Deputy R&D Officer, Tobacco Business	Hirotohi 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 Soft Drink Business Division, Food Business	Ryoko Nagata
Senior Vice President, Chief Human Resources Officer	Satoshi Matsumoto
Senior Vice President, Chief Financial Officer	Hideki Miyazaki

Trends in Share Price

Share prices of JT, from IPO on October 27, 1994 to October 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.