

[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. 28

<Photo>

Contents

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

A lesson from the past at the end of a journey
Seishu Netsuke Art Museum

International tobacco business results for 2009

JTI's corporate philanthropy

Golf Nippon Series JT Cup

Bulletin Board

JT Group Products

- Roots "Roast One Grand Red" Released
- "Fruity White Peach Jelly Drink" Released
- "Mini Udon Packs (thin noodles) 6 servings" Released
- "Fried Rice with Shrimp and More" Released

Share Handling Procedures

<JT logo>

A Message from Management

In the earnings forecasts for the fiscal year ending March 31, 2010 (FY2009), both net sales and EBITDA (operating income + depreciation and amortization) were revised upwards in the projections at September 30, 2009. This was mainly attributable to the upward revision of the sales volume and the foreign exchange rate assumptions in the international tobacco business. Even in this severe economic environment, our market share is solidly increasing in major markets worldwide. By making necessary investments and organizing the business foundation, we aim to gain customer approval and achieve further growth in the economic recovery. In the domestic tobacco business, the sales volume projection was revised downward by 0.5 billion cigarettes due to a slight acceleration of the secular decline in overall demand, however, concerning profits, effects of a decrease in sales volume is expected to be offset by cost reduction efforts. We will continue strengthening our exposure to face-to-face sales channels and enhance our competitive advantages while introducing new products into the Mild Seven family, changing designs and effecting other brand fortification measures all with the aim of maintaining our market share.

In the consolidated financial results for the first nine months of the fiscal year ending March 31, 2010 (FY2009), a decrease in sales volume in the domestic tobacco business and negative effects from foreign exchange rate fluctuations in the international tobacco business resulted in decreases in sales and profits. In the domestic tobacco business, JT's market share stayed at the same level as that of the previous year. In the international tobacco business, assuming the same foreign exchange rates as last year, EBITDA on U.S. dollar base grew 9.0% as a result of proactive pricing strategies, thus indicating solid operations.

The year 2010 is a great turning point for the JT Group. In Japan, due to structural factors such as a contraction of the adult population and aging, the sales volume of tobacco is on a secular decline. Meanwhile, we are going to face a sharp, never-before-seen increase of tobacco excise taxes in October of this year. We expect a difficult business environment such as decrease in demand and intensified competition, in all a tough year. Nevertheless, through a concerted effort by all of us to further polish up our quality and service and provide the value of our brands to our customers, we strive to make our "Customer First" principle a reality.

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

February 2010

Hiroshi Kimura, President & CEO

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

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

In the consolidated financial results for the first nine months of the fiscal year ending March 31, 2010 (FY2009), JT saw decreases in sales and profits, as shown in Table 1. Net sales (tax excluded) fell ¥267.9 billion from the same period of the previous fiscal year to ¥1.4961 trillion due to a drop in sales volume in the domestic tobacco business and a negative impact from foreign exchange rate fluctuation in the international tobacco business. A decrease in net sales resulted in a ¥115.6 billion decline in EBITDA (operating income + depreciation and amortization) to ¥425.7 billion. Operating income decreased ¥77.1 billion from the same period of the previous fiscal year to ¥252.5 billion as a result of the decrease in sales partially offset by the completion of amortization of trademark rights relating to the former R.J. Reynolds International. Ordinary income declined ¥53.4 billion from the same period of the previous fiscal year to ¥215.6 billion as a result of the decrease in operating income partially offset by lower interest expenses and an improvement in foreign exchange gain/loss. Net income fell ¥24.5 billion from the same period of the previous fiscal year to ¥106.9 billion due to decline in ordinary income and a drop in gain on sales of noncurrent assets despite the absence of cost accompanying the change in the business scheme in the Philippines, introduction costs for vending machines with adult identification functions and losses related to the cost of demolishing an abandoned company-owned residential building for employees incurred during the previous fiscal year.

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

(Billions of yen)

	FY2008	FY2009	Change
Net sales (tax included)	5,346.1	4,651.8	-13.0%
Net sales (tax excluded) *1	1,764.1	1,496.1	-15.2%
EBITDA *2	541.3	425.7	-21.4%
Operating income	329.6	252.5	-23.4%
Ordinary income	269.0	215.6	-19.9%
Net income	131.4	106.9	-18.7%

*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 (Indicates a profit on a cash flow basis.)

Reference: Figures for major profit items before goodwill amortization

Operating income	410.1	326.9	-20.3%
Ordinary income	349.4	290.0	-17.0%
Net income	211.9	181.3	-14.4%

Domestic tobacco business

The sales volume of the domestic tobacco business in the first nine months of the fiscal year fell 5.0% from the same period of the previous fiscal year. This is due to a secular decline of approx. 4.6% as a result of structural factors such as a contraction of the adult population and a negative effect of approx. 0.4% from temporary lost purchase opportunities because of a lack of “taspo” cards by customers. The long recession and a psychological effect on customers the debate on tax increases effected in the latter half of the year had may have slightly accelerated the secular decline. Present circumstances dictate a downward revision of 0.5 billion cigarettes to 152.0 billion cigarettes for the FY2009 sales volume forecast. No revisions were made to EBITDA as cost reduction efforts are expected to offset the effects of a decline in sales volume.

The results for the first nine months of the fiscal year showed decreases in sales and EBITDA due to a decline in sales volume. The increase in operating income was due to the completion of the amortization of some trademark rights. The market share was 65.0%, same as the same period of the previous fiscal year. Especially in October to December, the market share recovered 0.2% comparing to that in July to September. This was mainly as a result of favorable performance of “Pianissimo Icene Menthol One” which was released nationwide in December. We aim to maintain the market share by implementing sales promotions mainly for our mainstay brands, strengthening our exposure at convenience stores and other face-to-face sales channels and introducing new products that answer to the various needs of customers.

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

(Table 2) Domestic tobacco business results for the first nine months

	(Billions of yen)		
	FY2008	FY2009	Change
Net sales (tax excluded) *1	501.7	476.4	-5.1%
EBITDA *2	213.2	205.1	-3.8%
Operating income	152.2	163.9	7.7%
JT sales volume (billions of cigarettes) *3	123.6	117.4	-5.0%

*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 (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 January to September 2009 grew steadily in Turkey, the U.K., Italy and France, however, effects from the continuation of an unstable business environment in Iran, the reinforcement of our sales policy in Ukraine, a fall in overall demand due to the economic slowdown in Romania and Kazakhstan, and the change in the business scheme in the Philippines have brought down the total sales volume by 3.7% to 325.6 billion cigarettes, with our mainstay Global Flagship Brands (GFB) sales volume down 1.7% to 182.4 billion cigarettes. Net sales (tax excluded) and EBITDA decreased due to a negative impact from foreign exchange rate fluctuation. On the other hand, assuming the same foreign exchange rates as last year, the hike in prices in each market surpassed the higher cost of raw materials, making net sales (tax excluded) and EBITDA grow by 5.7% and 9.0%, respectively.

<Figure 2> Sales volume of the international tobacco business for the first nine months

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

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

Sales results by area for the nine months ended September 30, 2009*

	Total sales volume	GFB sales volume
South and West Europe	-1.80%	-0.2%
North and Central Europe	+6.40%	+6.2%
CIS+	-3.50%	+0.6%
Rest of the World	-8.80%	-8.7%

* 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 for the first nine months

(Millions of U.S. dollars)

	FY2008	FY2009	Change
Net sales (tax excluded) *1	8,043	7,028	-12.6%
EBITDA *2	2,950	2,354	-20.2%
Sales volume (billions of cigarettes) *3	3,381	3,256	-3.7%
GFB sales volume (billions of cigarettes) *3	1,855	1,824	-1.7%

Reference: Results for the first nine months using last year's foreign exchange rates

(Millions of U.S. dollars)

	FY2008	FY2009	Change
Net sales (tax excluded) *1	8,043	8,500	5.7%
EBITDA *2	2,950	3,214	9.0%

*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
(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 ¥13.7 billion to ¥34.3 billion, while EBITDA slipped by ¥14.8 billion leading to a deficit of ¥6.2 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. However, we witnessed decreases in sales and profits compared to the same period of the previous fiscal year when lump-sum revenue from licensing and the milestone revenue related to the progress made in the development were recorded. The number of compounds developed in-house that are under clinical development is now 10, as anti-Hepatitis Compound JTK-853 has moved into the clinical trial stage. We will steadily advance compounds in the clinical development stage and enhance the R&D pipeline.

Pharmaceutical business: Clinical development (as of February 9, 2010)

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)
JTK-853 (oral)	Phase 1 (Overseas)	Hepatitis C	Treatment of Hepatitis C by inhibiting HCV RNA- polymerase which relates to viral proliferation	

Food business

The food business saw net sales fall ¥44.5 billion to ¥303.2 billion with an increase in EBITDA of ¥8.2 billion to ¥14.0 billion. The sales decrease was attributable to our withdrawal from chilled processed foods and the exclusion from the scope of consolidation of some subsidiaries, and the increase in EBITDA was due to the effects of the changes in the accounting standard for leases and cost reduction. From January 1 this year, Katokichi Co., Ltd., a subsidiary of JT, handling the processed foods and seasonings sectors, changed its name to “TableMark Co., Ltd.” We would appreciate your warm, continuing support even after this change of corporate name.

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

Concerning the earnings forecasts for the fiscal year ending March 31, 2010 (FY2009), an upward revision of the sales volume and a review of the foreign exchange rate assumptions for the international tobacco business resulted in an upward revision of profits. We downwardly revised the sales volume and net sales for the domestic tobacco business but no revision was made to EBITDA, as cost reduction efforts will offset the effects of the decrease. Regarding the international tobacco business, as a result of an upward revision of the sales volume and a review of foreign exchange rate assumptions, we upwardly revised the sales and EBITDA. In the pharmaceutical business, net sales and EBITDA were both revised upwards slightly. The net sales of the food business was revised downward due to sluggish consumption and the worsening conditions of the fishery market, and a slight downward revision was made to its EBITDA, as cost reduction efforts will partially offset the decrease in net sales.

(Table 4) Earnings forecasts for FY2009 full year

(Billions of cigarettes, billions of yen)

	Previous projections	Revised projections	Change	FY2008 (results)
Domestic tobacco business sales volume	152.5	152.0	(0.5)	159.9
International tobacco business sales volume	432.0	434.9	2.9	445.9
Net sales	6,090.0	6,130.0	40.0	6,832.3
Net sales (tax excluded) *1	1,974.0	1,982.0	8.0	2,243.2
EBITDA *2	505.0	514.0	9.0	646.2
Operating income	272.0	283.0	11.0	363.8
Ordinary income	235.0	246.0	11.0	307.5
Net income	108.0	122.0	14.0	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 (Indicates a profit on a cash flow basis.)

Reference: Net income before goodwill amortization

Net income	205.0	219.0	14.0	228.9
------------	-------	-------	------	-------

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 December 31, 2009	Increase (Decrease)
Assets			
Current assets	1,095,682	1,249,837	154,155 *1
Noncurrent assets	2,784,121	2,668,018	(116,102)
Property, plant and equipment	668,742	667,122	(1,620)
Intangible assets	1,831,843	1,747,001	(84,842)
Goodwill	1,453,961	1,370,195	(83,765)*2
Right of trademark	347,372	348,756	1,384
Other	30,509	28,049	(2,460)
Investments and other assets	283,534	253,894	(29,640)
Total assets	3,879,803	3,917,855	38,052
Liabilities			
Current liabilities	1,093,403	1,161,769	68,365 *3
Noncurrent liabilities	1,162,111	1,087,789	(74,321)*4
Total liabilities	2,255,514	2,249,559	(5,955)
Net assets			
Shareholders' equity	1,986,810	2,040,098	53,287
Valuation and translation adjustments	(433,997)	(445,609)	(11,612)
Subscription rights to shares	364	507	143
Minority interests	71,109	73,298	2,188
Total net assets	1,624,288	1,668,296	44,007
Total liabilities and net assets	3,879,803	3,917,855	38,052

Note: Millions of yen with fractional amounts discarded.

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

*2. Due to amortization of goodwill, and effects of foreign exchange rate fluctuation.

*3. Due to the issuance of commercial papers and an increase in tobacco excise taxes payable caused by year end holidays despite the progress in the redemption of bonds and repayment of loans.

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

Consolidated statements of income

(Millions of yen)

	Nine months ended December 31, 2008	Nine months ended December 31, 2009	Increase (Decrease)
Net sales	5,346,145	4,651,891	(694,254) *1
Cost of sales	4,332,945	3,801,168	(531,777)
Gross profit	1,013,200	850,722	(162,477)
Selling, general and administrative expenses	683,545	598,179	(85,365)
Operating income	329,654	252,542	(77,111) *2
Non-operating income	16,769	10,528	(6,240)
Non-operating expenses	77,398	47,462	(29,936)
Ordinary income	269,024	215,609	(53,415) *3
Extraordinary income	41,785	27,510	(14,274)
Extraordinary loss	70,392	26,491	(43,901)
Income before income taxes and minority interests	240,417	216,628	(23,788)
Income taxes	104,511	104,565	53
Minority interests in income	4,451	5,136	685
Net income	131,454	106,926	(24,527) *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 and a negative impact from foreign exchange rate fluctuation in the international tobacco business.

*2. Operating income fell due to a decline 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 decline in operating income despite an improvement in non-operating income/loss attributable to decreases in interest expenses and foreign exchange loss.

*4. Gain on sales of noncurrent assets dropped, however, net extraordinary income/loss improved because of the absence of the cost accompanying the change in the business scheme in the Philippines and the introduction costs for vending machines with adult identification functions as well as the losses related to the cost of demolishing an abandoned company-owned residential building for employees recorded for the same period of the previous fiscal year. However, net income decreased by the effect of a decline in ordinary income.

Consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2008	Nine months ended December 31, 2009	Increase (Decrease)
Net cash provided by (used in) operating activities	358,722	283,340	(75,382)
Net cash provided by (used in) investing activities	(31,636)	(65,397)	(33,761)
Net cash provided by (used in) financing activities	(260,538)	(254,170)	6,368
Effect of exchange rate change on cash and cash equivalents	(23,511)	5,416	28,927
Net increase (decrease) in cash and cash equivalents	43,036	(30,812)	(73,848)
Cash and cash equivalents at beginning of period	215,008	167,257	(47,750)
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(953)	–	953
Cash and cash equivalents at end of period	257,091	136,445	(120,646)

Note: Millions of yen with fractional amounts discarded.

The Lure of Tobacco Smoke

A lesson from the past at the end of a journey

Seishu Netsuke Art Museum [Kyoto City, Kyoto]

<Photo>

Supreme works of art shown only four times a year
Elated by beautiful “Modern Netsuke”

“Seishu Netsuke Art Museum,” located in Nakagyo-ku in Kyoto City, is a museum that specializes in the collection and exhibition of “netsuke” invented in the Edo period. It is a privately-owned museum opened in the fall 2007 by Mr. Muneaki Kinoshita, the curator of the museum, to share the allure of netsuke. The building is the former residence of the “Kanzaki Family,” the only existing samurai residence in Kyoto City. This building is also a municipally-designated tangible cultural property of Kyoto.

Netsuke was invented out of the necessity of preventing items that were hung on the person and carried, such as cigarette cases and “inro” (a pillbox) from being lost. A very meticulous handiwork, netsuke is one of Japan’s traditional crafts that has also been called “little works of art that marvel Westerners.”

The most notable feature of the “Seishu Netsuke Art Museum” is its vast collection and exhibit of “modern netsuke” made after World War II. Generally, many of the netsuke works shown at museums and resource centers are “classic netsuke,” for those created during the Edo period, and so-called “early modern netsuke,” for works made between the Meiji Era and beginning of the Showa Era.

Compared to these netsuke works, “modern netsuke” employs a variation of materials and show many different design motifs while keeping with traditional techniques. Modern netsuke is a new beauty of form that meets the changing times.

At the “Seishu Netsuke Art Museum,” which opens only four times a year, there are over 800 pieces of such modern netsuke and there are special exhibits by modern netsuke artists based on the seasons or other themes. One step into the museum and you will be truly astonished by the varied netsuke works that speak volumes on the incredible skill of grand master craftsmen.

<Photo>

The first floor, which is a venue for special exhibits, also shows tools and other implements used to make netsuke. You can get to know not only modern netsuke but also the artists who make them.

<Photo> <Photo>

(Right) “Spirit in an Orb,” by Mr. Kiho Takagi, modern netsuke artist

(Left) “Simian Mother and Child,” a piece of classic netsuke made during the Edo period

<Photo>

Structure that once was a samurai residence built in the Edo period. Viewing netsuke in this silent samurai residence takes the beholder back in time to the Edo period.

<Photo>

“Mibu Temple front gate”

<Photo>

“Isami Kondo Bust”

The area around the “Seishu Netsuke Art Museum” is called “Mibu.” In front of the Museum, there is the “Mibu Temple,” which is associated with the Shinsengumi police, which was formed here in 1863. They used Mibu Temple as a training ground for the art of warfare where members would hone their skills at the military arts and artillery. Inside the temple walls, you’ll find the gravestones of Shinsengumi members called “Mibuzuka” and the bust of Isami Kondo, their commander, with a monument housing his hair. Even today, many people visit this site to honor the Shinsengumi. Mibu boasts not only the “Seishu Netsuke Art Museum” but many other vestiges of the Edo period. Its old townscape of bygone days fills the heart of every visitor with grace.

Seishu Netsuke Art Museum

Location

46-1 Mibu-Kayogosho-cho, Nakagyo-ku, Kyoto City, Kyoto 604-8811, Japan

(2-minute walk from Mibudera-michi Bus Stop on City Bus Route #26, #28 or #71 from JR Kyoto Station.

Approx. 15-minute walk from Shijo Omiya Station of the Keifuku Electric Railroad Arashiyama Line and Omiya Station of the Hankyu Kyoto Line)

Inquiries

+81-75-802-7000

Admission fees

Adults: ¥1,200 / Junior high and high school students: ¥600

* Opening periods

4 times annually

Spring: April 1 to 30 / Summer: July 1 to 31 / Fall: November 1 to 30 / Winter: February 1 to 28

Opening hours are 10 a.m. to 5 p.m. (Admission accepted until 4:30 p.m.)

<http://www.netsukekan.jp/English/index.html>

<Map>

JAPAN TOBACCO INTERNATIONAL

International tobacco business results for 2009 (flash report)

<Box>

On February 10, 2010, “JT International Business Results for 2009” was held for institutional investors at JT Art Hall “Affinis.” JT International’s President & Chief Executive Officer, Pierre de Labouchere, and Chief Financial Officer, Roland Kostantos, presented on the business results for 2009. The summary of the presentation is as follows. Please note that this information is a flash report.

(Presentation materials are available on JT website: <http://www.jti.co.jp/investors/explain/index.html>)

<2009 (January to December) results>

JT International (“JTI”) performed favorably in 2009 amidst a gravely worsening economic environment.

The total sales volume and the sales volume of the Global Flagship Brands (GFB) decreased 2.5% and 0.9% from last year to 434.9 billion and 243.4 billion cigarettes, respectively. However, excluding the special factors such as the unstable business environment in Iran, the reinforcement of our sales policy in Ukraine, and the change in the business scheme in the Philippines, strong business growth continues as shown by the total sales volume growth of 1.5% and the GFB sales volume growth of 2.4%.

Net sales (tax excluded) decreased 7.3% to US\$9,682 million, but excluding the effects from foreign exchange rate fluctuations, it grew 7.2% to US\$11,192 million. As a result of the economic downturn and sharp increases in tobacco excise taxes, the overall demand decreased in many markets leading to an increase in customers seeking lower priced products in 2009. Moreover, we were greatly affected by the depreciation of local currencies in emerging markets. Aggressive hikes in prices and increased volume in Europe to compensate for this effect resulted in net sales growth on a foreign exchange rate neutral basis.

EBITDA (operating income + depreciation and amortization) decreased 14.1%, but excluding the effects from foreign exchange rate fluctuations, it grew 14.9%. The business results for 2008 was approx. US\$3.5 billion, however, business growth generated US\$0.5 billion and EBITDA excluding the effects from foreign exchange rate fluctuations in FY2009 was approx. US\$4.0 billion. Against this US\$4.0 billion, the negative effects from foreign exchange rate fluctuations cost approx. US\$1.0 billion, however, this effect is much less than estimated at the beginning of the fiscal year and, as a result, EBITDA on a reported basis was approx. US\$3.0 billion.

(Table 1) Financial results

	2008	2009	Change	
Currency neutral (millions of U.S. dollars)				
Net sales (tax excluded)	10,445	11,192	747	7.2%
EBITDA	3,452	3,966	514	14.9%
Reported (millions of U.S. dollars)				
Net sales (tax excluded)	10,445	9,682	-762	-7.3%
EBITDA	3,452	2,964	-488	-14.1%
Sales volume (billions of cigarettes)				
Total sales volume	445.9	434.9	-11.0	-2.5%
GFB sales volume	245.5	243.4	-2.1	-0.9%

<Figure 1> EBITDA and adjusted EBITDA

<Market share growth in major markets>

In 2009, growth in market share was achieved in all markets except for the Taiwanese market. In Taiwan, where JTI is a leading company, an aggressive price strategy adopted in June brought market share down temporarily, but it soon entered a recovery trend thereafter. In other major markets, our advantageous product mix backed by sub-premium price and mid-price propositions strongly pulled our market share up. This reinforced the rigidity of our business foundation and justified all the investments we made up to now in our brands. We believe this strong brand lineup will continue to bestow great benefits on our business.

<Figure 2> Market share in major markets

	2008	2009	Change
Russia	35.7%	36.8%	1.1
France	14.2%	14.8%	0.6
Italy	17.1%	18.5%	1.4
Spain	20.5%	20.6%	0.1
U.K.	39.1%	40.4%	1.3
Turkey	17.0%	18.8%	1.8
Taiwan	38.7%	38.0%	-0.7

* Data sourced from AC Nielsen, Core EPOS and JTI internal data. 12 months moving average market share.

<Continued focus on top-line growth / FY2010 forecast>

As a result of aiming for top-line growth (business scale expansion and increased net sales), despite the worsening of the economic environment, we saw approx. 15% growth of 2009 EBITDA on U.S. dollar base excluding the effects from foreign exchange rate fluctuations as well as increased market share in almost all the major markets. The key to market share growth lies in the sustenance of a strong product lineup. This is why we continued investments in important brands that allow for individual price propositions. Furthermore, 2009 was a year during which we never missed an opportunity in pursuit of an aggressive price strategy.

EBITDA in 2010 is expected to be able to reach double digit growth on a reported basis, assuming the January foreign exchange rate continues at the same levels throughout the year. On a foreign exchange rate neutral basis, this represents more than 5% but less than 10% growth. Nevertheless, our goal to reach double digit growth over the medium term has not changed. For FY2010, we will focus more than ever before on global economic movements and customer trends to operate our company appropriately.

<Figure 4> EBITDA and EBITDA margin growth

JAPAN TOBACCO INTERNATIONAL

Business results by area

JTI results are divided in 4 areas. A review by area is as follows.

<CIS+>

In the CIS+ area, the financial crisis pushed down immensely almost all local currencies. The overall market size of the CIS+ area contracted and consumer shifts to value price propositions such as the mid-price proposition and the low price proposition occurred. Although the CIS+ area overall saw a decrease in sales volume of 2.4%, most of this decline was due to efforts for the elimination of illicit trade in Ukraine and, if we disregard this effect, the sales volume decrease was merely 0.4% despite the tough business environment.

In Russia, whose market leads the CIS+ area, there occurred a consumer shift to value price propositions and a sharp growth in the mid-price proposition, to which most consumers turned to. Although JTI has brands backed by all the strong price propositions, because this growth trend in the mid-price proposition was favorable, market share rose 1.1% to 36.8% and the Russian market strengthened further its position as market leader. “Winston” maintained its top rank on the market with a share growth of 0.6% to 10.2%. “LD,” a brand pulling forth the mid-price proposition, saw its market share grow to 5.0%. For the value price proposition, our market share of all our brands grew, further buttressing our leadership position in this price proposition. This is especially true for “Peter I,” which greatly advanced to the 5th position on the market. Having three of the top five brands on the market, including No. 1 and No. 2, JTI is convinced that, by further strengthening its business foundation, it will be able to recover comfortably from the economic crisis.

Market share in Russia by JTI core brand

<Graph>

* Data sourced from AC Nielsen

<South and West Europe>

In the South and West Europe area, despite the acceleration of the demand decline, JTI’s sales volume increased 0.4%. The driving force behind growth was the GFB, which represent 86% of our sales volume and grew by 2.5%. Investment in the GFB brought growth to the major markets of Italy, Spain and France.

In the South and West Europe area, Italy is considered a typical success story for JTI. “Camel” and “Winston” continuously boast the highest growth rate in Italy among cigarettes and, thanks to the favorable performance of both brands, JTI’s market share went from 5.4% in 2001 to 18.5% in 2009. In 2009, while the overall demand contracted 3.0%, JTI’s sales volume grew 10%. The sub-premium price proposition makes up 16% of the whole market, JTI continues to remain in the leadership position in such price proposition. “Camel” is the top brand in this price proposition and its market share increased 0.8% to 9.8%. In the popular price proposition, “Winston” had the highest growth rate increasing 0.6% to 5.5%.

Market share in Italy by JTI core brand

<Graph>

* Data sourced from AC Nielsen

<North and Central Europe>

In the North and Central Europe area, both the total sales volume and the GFB sales volume achieved progress and went up 7.6% and 9.4%, respectively. Major contributors were the 10% volume growth in the U.K. and 22% sales volume growth in Poland.

The U.K. market was impacted in two significant ways by the financial crisis. One is the never-before-seen advance in the consumer shift to value price brands, and the other is the increase in domestic overall demand due to a decline in overseas trips. As a result, the cigarette market grew 1.1% and the RYO (roll-your-own) cigarette market expanded 17.8% in 2009. “Sterling,” the U.K.’s top brand in the low price proposition, caught the accelerating consumer shift to value price brands and its market share went up 1.3% to 40.4%. “Sterling” achieved a rapid growth with its market share increase of 3.3%. In the RYO cigarette segment, “Amber Leaf” secured the rank of No. 1 brand in the fast growing low price category, and “Benson & Hedges RYO,” introduced in the premium RYO cigarette segment, also enjoyed robust performance. “Mayfair” acquired a 14.3% market share and continued to hold the No. 2 spot for sales results in the U.K.

Market share in the U.K. by JTI core brand

<Graph>

* Data sourced from Core EPOS

<Rest of the World>

For the rest of the world, the sales volume and the GFB sales volume both declined due to special factors in Iran and the Philippines but strong growth was seen in Turkey and the Middle East.

In the Turkish market, the overall demand of cigarettes remained stable even in a difficult economic environment. However, after the July tax increases, the low price proposition grew on the heels of the value price brand consumer shift. This price proposition’s share expanded from 10.1% in 2008 to 14.0% in 2009. In Turkey, there were also tax increases in January 2010 and this trend is expected to continue. JTI achieved the highest volume growth rate among tobacco manufacturers in Turkey in 2009. The sales volume grew 12.5% and the market share went up 1.8% to 18.8%. Growth was seen in all the core brands in 2009. Also, “Winston” still remains as the leading brand and its share increased to 11.3%. “Monte Carlo” experienced strong growth thanks to the introduction of new products and its market share increased 1.1% to 4.4%. “LD,” which benefited most from the consumer shift to value price brands, saw a market share increase of 0.7% to 1.6%.

Market share in Turkey by JTI core brand

<Graph>

* Data sourced from AC Nielsen

JAPAN TOBACCO INTERNATIONAL

JTI's corporate philanthropy

The JT Group engages in a variety of philanthropic activities around the world, contributing to the development of the local communities in which it operates.

JT International (JTI), the international arm of the JT Group that controls the Group's international tobacco business, believes that its corporate philanthropy programs are essential to fulfill its responsibilities to the communities in which it operates. JTI's Corporate Philanthropy Policy and Guidelines are aligned with the JT Group's Social Contribution Policy. JTI focuses its activities in three key areas: social welfare (charity), arts & culture, and disaster relief.

<Social welfare (charity)>

JTI supports numerous projects focusing on the care of senior citizens and supporting adults with literacy difficulties.

<Arts and culture>

JTI continues to play an active role, supporting numerous cultural projects and exhibitions across the globe.

<Disaster relief>

In 2001, JTI established the JTI Foundation. The Foundation supports underprivileged people around the world, with a particular focus on providing relief aid to victims of earthquakes and other natural disasters. The work of the Foundation is conducted in cooperation with major relief organizations as well as governments and non-governmental agencies.

Social contributions activities

<Social welfare (charity)>

JTI has a long history of supporting senior citizen projects in Romania to improve their daily quality of life. In 2009, we continued our work of actively engaging our employees to support the provision of meals, clothing donations and transport assistance to those in need.

<Photo>

JTI Romania supports elderly citizens

In Ireland, a group of professional actors and musicians, with JTI's support, performed live theatrical entertainment to enrich the lives of those living in residential care. The Company also funded a program of year-round literacy education and computer skills, targeted at disadvantaged adults to improve social inclusion and employment opportunities.

<Photo>

JTI Ireland Open Learning Centre

Following the theme of adult literacy, JTI has implemented a similar project relating to computer training in the Gostkow region of Poland—close to the JTI factory. In a region that has traditionally suffered from high unemployment, the project has allowed participants to improve their employment

opportunities thanks to enhanced computer skills.

<Photo>

JTI Poland computer course participants

<Disaster relief>

In 2009, the Foundation continued its support to develop a computerized modeling technique to estimate rapidly and precisely casualties and infrastructure damage caused by earthquakes. This ongoing work will significantly enhance the capability of international rescue missions. In tandem, the Foundation continues to support a specialist Turkish organization spearheading search and rescue missions across the globe. As in the previous year, the Foundation made a donation to the Vietnamese Red Cross to build houses for underprivileged people who lost their homes due to disasters in Vietnam.

<Photo>

JTI Foundation Vietnam Red Cross houses

<Arts and culture>

Since 1993, JTI has supported the Prado Museum in Spain to allow visitors to experience its great masterpieces. As part of this longstanding commitment, we continue to fund additional translations of the Prado's Gallery Guides into multiple languages. The guides became available in Japanese in 2008 and in Italian in 2009. The guides in multiple languages give visitors in-depth information in their native language.

<Photo>

JTI Iberia Prado Museum Gallery Guides

JTI in the U.K. entered into a five year partnership with the London Philharmonic Orchestra from 2008. Its residencies include the Royal Festival Hall in London, the Glyndebourne Festival Opera, as well as performing over fifty concerts internationally each year. Our support has safeguarded the future of the "Friday Series" set of concerts, enabling the orchestra to maintain affordable ticket prices and ensure accessibility to a wide audience.

<Photo>

JTI U.K. London Philharmonic Orchestra supported by JTI U.K.

(© Benjamin Ealovega)

In Russia, JTI has renewed for a further three-year term its partnership with the Mariinsky Theatre in 2008. As the oldest music theater in the country, it has been a national opera and ballet academy for more than two centuries. JTI has built a partnership with the Theatre during which we have contributed financially to the construction of a new concert hall. As part of the new commitment, JTI will be the principal sponsor of the Theatre's two major performances. Our partnership will also enable the orchestra of the theater to hold over 100 concerts with the goal of "bringing music to everyone," including charitable concerts for the elderly and socially disadvantaged groups.

<Photo>

The Mariinsky Theatre supported by JTI Russia

Appearing amidst the finest golf in Japan

Golf Nippon Series JT Cup <Logo>

Overcoming a fierce playoff with rival Kim, Maruyama posed triumphantly the instant his win was confirmed. The dramatic battle was befitting the tournament's last fight to the finish.

<Photo>

Two of the most promising young players, Ryo Ishikawa (left) and Yuta Ikeda (right), are raising many eyebrows. Their performance drew attention all the way to the final round.

Golf Nippon Series JT Cup 2009 report December 3, 2009 (Thu) ~ December 6, 2009 (Sun)

<Photo>

Maruyama's first Japan Tour win in 10 years!

The youngest annual prize winning championship hopeful in history, Ryo Ishikawa, and the third-year pro who stands in his way, Yuta Ikeda, took part in the "Golf Nippon Series JT Cup 2009" held in December of last year. During that tournament, the outcome of their rivalry, which animated men's golf all through 2009, took center stage. Their fight gathered 32,810 onlookers to the gallery, the largest crowd ever, hoping to catch a glimpse of the young pros.

However, from the very first day of the tournament, Ishikawa and Ikeda had a stormy beginning as they both greatly fell behind. In the end, neither of them were given a chance to use their strength to go on to the last round. Ishikawa finished 19th, trailed by Ikeda in the 23rd spot. Having triumphed over Ikeda, Ishikawa shined as the youngest ever annual prize winner.

Meanwhile, the final championship battle was fought by Kyung-Tae Kim of Korea and Shigeki Maruyama, who hasn't made it to last rounds of the Japan tour in a decade (this tournament was his 8th in the Japan series, his last appearance was 8 years ago). Maruyama took 5th place on the first day, however, he easily shot up to first on the second day. He fell back to No. 4 on the third day, but in the first and second half of the final day, Maruyama showed fantastic progress and overcame Kim at the fourth hole of the last 18, after being neck and neck in 1st place, for a spectacular win. At an interview after winning the tournament, Maruyama showed tears of joy and many were indeed moved by the words of a true champion who conquered various hardships.

Future JT Cup tournaments, which bring to a close the men's golf tour, will continue to provide drama and memorable scenes.

<Photo>

At 18 years and 80 days, the grinning Ryo Ishikawa, darling of the annual prize winning championship, beat Masashi Ozaki for the title of youngest player in history.

----- Step into the “JT PLAZA” during the golf spectacle -----

<Photo>

Event booths were set up for the whole family to enjoy, all under a large “Roots” billboard.

This year’s tournament goers could sample some “Norikko Chicken” and “Fluffy Fresh Egg Omelet,” two popular products from Katokichi (now “TableMark”).

<Photo>

<Photo>

The “SmoCar2” event car at the smoking space with onboard monitors that announced tournament results in real time.

The “Golf Nippon Series JT Cup” is among the top four major golf tournaments in Japan along with the Japan PGA Championship, Japan Golf Tour Championship and Japan Open Golf Championship, and boasts a long history and traditions. Past winners include big names such as Masashi Ozaki, Isao Aoki and Shingo Katayama. Every year, the winning round of the JT Cup is held at the well-known “Tokyo Yomiuri Country Club” in Inagi City, Tokyo (4 days in total). JT has been sponsoring this venerable tournament for 12 years.

The Tokyo Yomiuri Country Club, the stage of this event, hosted in the past the “Yomiuri International Open,” the “World Ladies Championship,” and other traditional pro tours. It is renowned as a foremost country club adored by golfers.

The JT Cup is one of the premier tournaments in Japan where only the winners of the tournaments held during the year and the very best players who have passed grueling requirements such as ranking in the top 25 in annual prize winning championships can participate. The tournament, where you can see an animated competition replete with beautiful plays by the best golfers, brings together not only avid fans who come to watch year after year, but more recently younger people and families. With the total cash award ¥130 million, the highest cash award in Japan, the JT Cup is garnishing more and more attention as the final round of the men’s tour and the tournament that decides the best player for the year.

Because the JT Cup is the final battle of the tour in Japan, and also determines the winner of the annual prize competition, eyes are drawn from every major media outlet such as television stations, sports newspapers and golf magazines. Recently, men’s golf has put on quite a show with promising young players and other draws. The tournament’s popularity is demonstrated by its high television viewership ratings and wide variety of watchers. Last year’s tournament faced off Ryo Ishikawa and Yuta Ikeda for a battle to the final round and garnered attention not only from golf fans but also general TV viewers.

<Photo>

The historic and traditional “Tokyo Yomiuri Country Club” has been staging this event since the very first tournament in 1963. Its most famous hole is its 18th, a 227 yard, par 3 staging ground where a medley of drama unfolds every year.

Bulletin Board

NEWS

Enhancing the core JT brand “Mild Seven”

Launch of 15 core products redesigned packages and new product

Aiming for continued growth and the strengthening and enhancement of the brand value of its No. 1 *¹ brand in terms of domestic market share, “Mild Seven,” JT renewed the designs for 15 core products packages and added a new product, “Mild Seven Impact One Menthol Box,” which was released in early February 2010.

Since its launch in June 1977, the “Mild Seven” brand has been loved by many customers. It became the No. 1 brand in terms of domestic market share in 1978 and remained for over 30 years one of the best major brands in Japan. It is one of our crucial, core brands along side “Seven Star” and “Pianissimo.”

These current measures will further strengthen the position of “Mild Seven” as the No. 1 brand in domestic market share.

*1. According to market research conducted by JT.

—Continuously evolving with the changing trends and times—

Redesigned packages for 15 core products of “Mild Seven”

With the package redesign for 15 core products of “Mild Seven,” we aim to improve our customer approval by continuously evolving with the changing trends and times. The new designs incorporate a motif of a “breeze,” aiming to visually convey a refreshing and upbeat sensation.

15 products redesigned packages

Mild Seven	Mild Seven, Mild Seven Box, Mild Seven 100’s Box
Mild Seven Lights	Mild Seven Lights, Mild Seven Lights Box, Mild Seven Lights 100’s Box
Mild Seven Super Lights	Mild Seven Super Lights, Mild Seven Super Lights Box, Mild Seven Super Lights 100’s Box
Mild Seven Extra Lights	Mild Seven Extra Lights, Mild Seven Extra Lights Box, Mild Seven Extra Lights 100’s Box
Mild Seven One	Mild Seven One, Mild Seven One Box, Mild Seven One 100’s Box

<Photos>

New packages of 15 products

—Satisfying menthol-flavored 1mg-tar product—
Nationwide release of “Mild Seven Impact One Menthol Box”

The newest product of the Mild Seven family, “Mild Seven Impact One Menthol Box” is a satisfying menthol-flavored 1mg-tar product developed in response to diversifying consumer needs. It utilizes a Flavor Thread Filter *² containing natural menthol flavor and a unique blending process that provides more satisfying flavor and impact as a 1mg-tar product.

*2. Filter embedded with threading flavored with menthol and other flavors.

<Photo>

“Mild Seven Impact One Menthol Box”

Size: King size filter

Filter type: Flavor Thread Filter

Tar value: 1mg per cigarette

Nicotine value: 0.1mg per cigarette

Packaging: Hard pack containing 20 cigarettes

Price: ¥300

JT Group Products (available only in Japan)

Roots “Roast One Grand Red”

Released

185g can/¥115 (tax not included)

<Photo>

The longer the coffee beans ripen on the tree, the fruitier the aroma. We use richly scented and flavored Brazilian beans roasted at three different depths and then mixed to create a fruity aroma and a full bodied taste.

Its motif features the Sun, creator of the rich aroma and taste, accentuated with red undertones. The large lid that lets you enjoy the fruity aroma every time you open it.

A taste full of the Sun’s bounty!

Fruity White Peach Jelly Drink

Released

350g pet bottle/¥140 (tax not included)

<Photo>

A beverage made with pureed white peaches grown in Japan whose jelly feel is like actually biting into a peach. You get a totally different sensation depending on how you shake the bottle. Shake well for a smoother feel. Don’t shake it for a thick jelly.

The package features a juicy peach with the new “jelly sensation” icon that lets consumers know clearly that it is a new type of peach beverage.

New “jelly within a jelly” sensation!

Mini Udon Packs (thin noodles) 6 servings

Released

6 servings (600g)

<Photo>

Contains 6 packs of thin udon noodles half the size of normal servings. Have one pack for a snack, two for a regular meal and three when you’re really hungry. Increase or decrease the amount you want to eat as you like.

Each serving is individually packaged so you can put one right in the microwave for tasty chewy thin noodles that go down well.

Serve up any amount you like!

Fried Rice with Shrimp and More

Released

1 serving (450g)

<Photo>

We use rice made in Japan fried using our unique “Bakucha” method for a loose, fluffy feel. Enjoy real fried rice anytime.

It contains seven delicious and colorful ingredients: juicy shrimp, eggs, onions, green onions, bamboo shoots, roast pork and shiitake mushrooms.

* Our new “Bakucha” method involves quick frying at a high temperature over a short period to cook each grain of rice separately leaving them fluffy on the inside. An ideal way to fry rice.

Taste the real China at home!

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.

Inquiries concerning special accounts

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 accounts

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 January 2010 (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 they have accounts.

How to Receive Your Complimentary Gift

In November, JT forwarded to all shareholders registered as of the end of September 2009 instructions on how to receive their complimentary gift. Those shareholders who have sent us an application by the deadline should have received their gift from the end of December. However, if the gift has not yet arrived, please contact us at the toll-free number below.

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)

Complimentary gifts for shareholders are forwarded to the address recorded in the shareholder registry. 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.

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.