

[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.]

## Business Report

To Our Shareholders            Volume 29

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<Photo>

<JT logo>

## A Message from Management

Although net sales and EBITDA (operating income + depreciation and amortization) decreased during the fiscal year ended March 31, 2010 (FY2009), results exceeded initial projections thanks to strong business growth in the international tobacco business and better than estimated foreign currency translation rates. Our medium-term management plan “JT-11” has started off on the right foot.

Concerning the fiscal year ending March 31, 2011, a greater decrease in total tobacco demand than those seen after previous tax increases is expected in the domestic tobacco business due to the unprecedentedly large increase in the tobacco excise tax of ¥70 per 20-cigarette pack starting from October. Through cost reductions, we have been making efforts to maintain product quality and price levels. In order to provide the quality and services which will satisfy our consumers, JT has applied for an amendment of its retail prices in April 2010 which exceed the excise tax hike, given our cost reduction efforts alone will not be sufficient. Whilst our valued consumers will be bearing a great burden, we will strive to improve quality and services in order to meet the higher consumer satisfaction. Regarding the international tobacco business, we will use market share increase and effects from unit price hikes as growth drivers, make appropriate investments toward realizing high-quality top-line growth and pursue solid profit growth. In the pharmaceutical business, we will continue to enhance the pipeline, aiming towards development of world-class innovative drugs. Concerning the food business, we will concentrate our forces to further strengthen the business foundation for future growth on key areas: beverages, processed foods and seasonings.

For the fiscal year ending March 31, 2011, despite some signs of a reemergence, we are only halfway to any full-fledged recovery in the global economy and the domestic tobacco business will continue to experience a severe business environment due partly to an unprecedented sharp increase in tobacco excise taxes. It is because we are experiencing such a stringent business environment that we must keep a fixed eye on opportunities for future growth and strengthen the business foundation aiming to be “A company committed to global growth that provides consumers diversified value uniquely available from JT.”

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

June 2010

Hiroshi Kimura, President & CEO

Report on the Consolidated Financial Results for the Fiscal Year Ended March 31, 2010 (FY2009)

● Overview of the Consolidated Financial Results for the Fiscal Year Ended March 31, 2010 (FY2009)

In the fiscal year ended March 31, 2010, as shown in (Table 1), net sales (tax excluded) fell 11.7% from the previous fiscal year to ¥1.9809 trillion due to a drop in sales volume resulting from decline in total tobacco demand 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 an 18.5% decline in EBITDA (operating income + depreciation and amortization) to ¥526.7 billion. Operating income decreased 18.5% from the previous fiscal year to ¥296.5 billion due to effects on profit from the non-recurrence of lump-sum revenue from licensing in the pharmaceutical business recorded in the previous fiscal year despite 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 17.0% to ¥255.3 billion from the previous fiscal year as a result of the decrease in operating income partially offset by lower interest expenses and an improvement in foreign exchange loss. Contrastingly, despite declines in gain on sales of noncurrent assets, EBITDA, operating income and ordinary income, net income increased 12.2% to ¥138.4 billion due to 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 resulting in an improvement in extraordinary loss as well as an increase in extraordinary income resulting from a gain from the reversal of liabilities following the determination of the fine imposed pursuant to the Competition Law in the U.K.

<Figure 1>

(Table 1) Consolidated financial results for the fiscal year ended March 31, 2010 (FY2009)

(Billions of yen)

	FY2008 (results)	FY2009 (results)	Change
Net sales (tax included)	6,832.3	6,134.6	-10.2%
Adjusted net sales excluding tax *1	2,243.1	1,980.9	-11.7%
EBITDA *2	646.2	526.7	-18.5%
Operating income	363.8	296.5	-18.5%
Ordinary income	307.5	255.3	-17.0%
Net income	123.4	138.4	12.2%
Net income (before goodwill amortization)	228.9	235.8	3.0%

- \*1. Adjusted net sales (tax excluded) does not account for sales from imported tobacco, domestic duty free markets, 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.)

● Review of Operations                      Domestic tobacco business

In the domestic tobacco business, the sales volume decreased by 5.0% from the previous fiscal year due to acceleration of decline trend in total tobacco demand. As a result, net sales (tax excluded) and EBITDA decreased, however, operating income increased by 8.0% due to the completion in April 2009 of the amortization of trademark rights relating to the former R.J. Reynolds International. While the domestic tobacco business faces an increasingly tough business environment as total tobacco demand in Japan continues to decline and competition with other tobacco manufacturers intensifies, JT's market share stayed at 64.9%, approximately the same level as that of the previous year. Concerning the market share of key brands ("Mild Seven," "Seven Stars" and "Pianissimo"), the introduction of new products and improvement of product designs, etc. resulted in robust sales.

<Figure 2> Domestic tobacco business results

\*1. Actual results excluding results from imported tobacco, domestic duty free markets, business in China and others of the domestic tobacco business.

<Figure 3> Total tobacco demand and sales volume results

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

<Figure 4> Market share of JT products

## International tobacco business

The sales volume of the international tobacco business for January to December 2009 grew steadily in Turkey, the U.K., Italy and France, however, effects from the continuation of an unstable business environment in Iran and the change in the business scheme in the Philippines have brought down the total sales volume by 2.5% to 434.9 billion cigarettes, with our mainstay Global Flagship Brands (GFB) sales volume down 0.9% to 243.4 billion cigarettes. Net sales (tax excluded) and EBITDA both decreased from a negative impact from currency exchange, but they would have been grown by 7.2% and 14.9%, respectively, thanks to effects from unit price hikes due to aggressive increases in prices and to the acquisition of market share in main markets serving as a growth driver, assuming the same foreign exchange rates as last year.

### <Figure 5> International tobacco business results

Note) The result from January 1 to December 31, 2009 was consolidated.

- \*1 JV sales volume deducted from total sales volume excluding private label and contract manufacturing, and including cigars, pipes and snus (chewing tobacco)
- \*2 Prior to royalty payments to JT

### <Figure 6> Sales volume of the international tobacco business

- \*3 Excluding private label and contract manufacturing, and including cigars, pipes and snus (chewing tobacco)

### <Figure 7> Market share in major markets

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

## Pharmaceutical business

In the pharmaceutical business, net sales fell ¥12.6 billion to ¥44.0 billion, while EBITDA slipped by ¥14.5 billion leading to a deficit of ¥9.6 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 previous fiscal year when lump-sum revenue from licensing and the milestone revenue were recorded. Meanwhile, among compounds in clinical development, the “JTT-654” anti-type-2-diabetes mellitus compound has moved up to phase 2 overseas and the “JTK-853” anti-Hepatitis C compound has moved into the clinical trial stage. Currently, there are 10 compounds in clinical development.

### <Figure 8> Pharmaceutical business results

#### Pharmaceutical business: Clinical development (as of April 28, 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 from JT, 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 from JT, 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 from JT, 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	

In March 2010, Glaxo Smithkline (U.K.) announced that the MEK inhibitors, for which they have obtained the exclusive, worldwide rights to manufacture, develop and commercialize from JT, has entered into Phase 2 clinical development stage from Phase 1.



## Food business

In the food business, net sales decreased by ¥41.3 billion to ¥394.6 billion due 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 downturn and unseasonable weather in the beverage sector. Regarding EBITDA, although key businesses, namely beverages, processed foods and seasonings, saw a slight increase from last year partly due to lower raw material prices and cost reductions, temporary losses in the fisheries business, among other factors, led to an overall decrease of ¥2.5 billion to ¥14.4 billion.

Going forward, the food business continues to focus on three areas: beverages, processed foods and seasonings. In the beverage sector, we are further strengthening our flagship Roots brand and expanding our sales channels, mainly through our subsidiary, Japan Beverage Inc., a vending machine operator, steadily expanding our business through these measures and promoting efforts to bolster our earning capabilities. Regarding the processed foods and seasonings sectors, we are working to bolster our earning capabilities and establish a strong business foundation by propping up each value chain function within the TableMark Group.

<Figure 9> Food business results

Lineup of JT Group products

<Photo> <Photo> <Photo> <Photo> <Photo> <Photo> <Photo>

## Dividends

The year-end dividend for the fiscal year ended March 31, 2010 was ¥3,000 per share, made up of ¥2,800 ordinary dividend and ¥200 commemorative dividend to celebrate the 25th anniversary of JT's foundation. Together with the interim dividend, the annual dividend was ¥5,800 per share.

The consolidated dividend payout ratio for FY2009 exceeded that of the previous fiscal year's 22.6% to 23.6% as a result of our continuous efforts toward improving dividend levels aiming to achieve a consolidated dividend payout ratio of 30% after deducting the goodwill amortization effect.

<Figure 10> Trends in cash dividend per share

### ● Earnings Forecasts for FY 03/2011 (FY2010)

Regarding consolidated performance for the fiscal year ending March 31, 2011, we project stringent results including decreases in sales and profits from a significant drop in sales volume mainly in the domestic tobacco business following a large increase in tobacco excise taxes. The international tobacco business expects increases in sales and profits thanks to market share acquisitions in each market, higher unit prices and positive foreign currency exchange effects and bigger profits at TableMark Co., Ltd. in the food business, however, we project these to be exceeded by decreases in the domestic tobacco business. Meanwhile, ordinary income is expected to go up because foreign exchange losses are not factored into results of overseas subsidiaries, and net income will likely fall slightly due to a decrease in gain on sales of noncurrent assets and worsening extraordinary income/loss due partly to the non-recurrence of the reversal of liabilities related to the fine imposed pursuant to the Competition Law in the U.K. recorded in FY2009 and the payment of settlement costs to the Canadian government.

(Table 2) Earnings forecasts for FY 03/2011 (FY2010)

(Billions of yen)

	FY2009 (results)	FY2010 (projection)	Change
Net sales (tax included)	6,134.6	5,980.0	-154.6
Adjusted net sales excluding tax <sup>*1</sup>	1,980.9	1,973.0	-7.9
EBITDA <sup>*2</sup>	526.7	513.0	-13.7
Operating income	296.5	295.0	-1.5
Ordinary income	255.3	276.0	20.6
Net income	138.4	133.0	-5.4

\*1. Adjusted net sales (tax excluded) does not account for sales from imported tobacco, domestic duty free markets, 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

(Billions of yen)

Net income	235.8	226.0	-9.8
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Dividends

(Yen)

Cash dividend per share	5,800	5,600	-200
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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) an increase in 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 of businesses;
  - (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 March 31, 2010	Increase (Decrease)
<b>Assets</b>			
Current assets	1,095,682	1,195,843	100,161 *1
Noncurrent assets	2,784,121	2,676,752	(107,368)
Property, plant and equipment	668,742	679,561	10,818
Buildings and structures	234,853	231,039	(3,813)
Machinery, equipment and vehicles	188,993	212,870	23,877
Land	147,219	138,702	(8,516)
Other	97,676	96,947	(728)
Intangible assets	1,831,843	1,769,064	(62,779)
Goodwill	1,453,961	1,387,397	(66,564) *2
Right of trademark	347,372	350,900	3,528
Other	30,509	30,766	256
Investments and other assets	283,534	228,127	(55,407) *3
<b>Total assets</b>	<b>3,879,803</b>	<b>3,872,595</b>	<b>(7,207)</b>
<b>Liabilities</b>			
Current liabilities	1,093,403	1,101,535	8,132
Noncurrent liabilities	1,162,111	1,047,782	(114,329) *4
<b>Total liabilities</b>	<b>2,255,514</b>	<b>2,149,317</b>	<b>(106,197)</b>
<b>Net assets</b>			
Shareholders' equity	1,986,810	2,072,501	85,690
Valuation and translation adjustments	(433,997)	(423,387)	10,610
Subscription rights to shares	364	564	200
Minority interests	71,109	73,599	2,489
<b>Total net assets</b>	<b>1,624,288</b>	<b>1,723,278</b>	<b>98,990</b>
<b>Total liabilities and net assets</b>	<b>3,879,803</b>	<b>3,872,595</b>	<b>(7,207)</b>

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.

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

\*3. Deferred tax assets decreased.

\*4. Repayments of interest-bearing debt are ongoing.

## Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Increase (Decrease)
Net sales	6,832,307	6,134,695	(697,612) *1
Cost of sales	5,554,398	5,022,637	(531,761)
Gross profit	1,277,908	1,112,057	(165,850)
Selling, general and administrative expenses	914,102	815,552	(98,549)
Operating income	363,806	296,504	(67,301) *2
Non-operating income	30,335	15,608	(14,727)
Non-operating expenses	86,555	56,736	(29,819)
Ordinary income	307,586	255,377	(52,208) *3
Extraordinary income	48,377	58,516	10,139
Extraordinary loss	93,819	37,838	(55,980)
Income before income taxes and minority interests	262,143	276,054	13,911
Income taxes-current	134,972	131,303	(3,669)
Minority interests in income	3,771	6,302	2,531
Net income	123,400	138,448	15,048 *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 and the effects on profit from the non-recurrence of lump-sum revenue from licensing in the pharmaceutical business recorded in the previous fiscal year, 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. Despite a decline in gain on sales of noncurrent assets, net income increased due to 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 as well as a gain from the reversal of liabilities related to the fine imposed pursuant to the

Competition Law in the U.K. resulting in an improvement in extraordinary income/loss.



Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Increase (Decrease)
Net cash provided by (used in) operating activities	275,271	320,024	44,752
Net cash provided by (used in) investing activities	(65,008)	(84,057)	(19,048)
Net cash provided by (used in) financing activities	(217,470)	(250,398)	(32,928)
Effect of exchange rate change on cash and cash equivalents	(39,590)	1,542	41,132
Net increase (decrease) in cash and cash equivalents	(46,797)	(12,888)	33,908
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	167,257	154,368	(12,888)

Note: Millions of yen with fractional amounts discarded.

<Picture> <Logo> Introducing International Tobacco Market

Series 1

Russia

Centerpiece of emerging markets and an important future growth driver for the JT Group

<Flag> Basic knowledge about Russia <Map>

Population: 141.90 million (as of November 2009)

GDP: 3.9 trillion rubles

Smoking rate: 38.8% (Male: 63.0% Female: 18.0%) (as of 2007)

Exchange rate: 10 rubles = ¥31 (as of April 2010)

Sales volume

- Sales volume more than doubled as a result of the acquisition of Gallaher (2007)
- Steady growth continuing since

Market share

- No. 1 domestic market share (36.8%) in Russia
- Market share increased sharply as a result of the acquisition of Gallaher (2007)
- Continued growth attributable to favorable sales of Winston and LD
- Solid improvement of market share driven by effective marketing measures

Note) 100 set as FY2006

Sales volume

Market share

Annual average of 20.7% growth

<Graph>

Trends in market sales

In the international markets, consumer shift to products that are cheaper in price occurs when the economy turns down and to the products that are higher in price occurs when the economy recovers. Currently in Russia, a drastic consumer shift to the mid-price proposition is taking place due to economic turn down, causing a rapid growth of the products in the mid-price proposition.

Sales trend in JTI products for FY2009

- 16.2% increase in the sales volume for LD, compared to the previous fiscal year
- Market share of Winston improved despite weakening of its sales volume
- Glamour grew by 10.9% in sales volume despite sub-premium prices, where we are experiencing a

consumer shift.

Share transition of JTI sales brands

<Graph>

\* Data sourced from AC Nielsen

## Marketing measures

JTI is implementing innovative marketing measures to achieve continued growth as a market leader

- Strengthen communications with customers in convenience stores and supermarkets experiencing sharp growth
- Maintain No. 1 exposure at traditional retailers (kiosks and tobacco shops)
- Accelerate marketing at Horeca (hotels, restaurants and cafes)

<Photo>

Sales promotion activities at supermarkets

<Photo>

<Photo>

Brand promotion at Horeca

<Photo>

Brand promotion activities

<Photo>

<Photo>

Advertising activities

## Products innovation

JTI has powerful brands in all the price propositions to meet the preferences and needs of various customers.

In Russia, the demand for super slims (slim rolls) products is high. For popular brands, both regular products and super slims products are sold, receiving supports from many customers.

<Photos>

Super slims product

Most popular brand “Winston”

<Photos>

Super slims product

Fast growing brand “LD”

<Photo>

Super slims brand “Glamour”

<Photos>

Premium brand “Camel”

Japan Beverage Inc. <Logo>

No. 1 Vending Machine Specialty Operator in the Industry (\*1)

Japan Beverage Inc. (hereinafter “JB”) is “No. 1 specialty operator” in the business of beverage sales through vending machines nationwide.

Based on JB’s business philosophy, “providing people with affluence through attractive products and superior services and creating scenes filled with joy,” we will reaffirm our already solid position in the vending machine operation business and steadily expand our efforts toward the environment.

\* Based on the number of vending machines in operation (as of March 31, 2009), data sourced from Fuji Research Center Co., Ltd.

Collaboration of JT’s product development abilities and JB’s operation ability

While JT is further strengthening our flagship brand “Roots” as well as developing and launching products developed with a focus on differentiation and high quality, JB will use its distinguished operational strengths and overwhelming location (vending machine installation sites) data as tools to find new locations, build an effective operational system and focus on proposals for optimal sales venues. JT and JB will firmly fulfill their roles and, through their partnership, aim to establish the JT brand, amplify our sales network and provide meticulous services while working to establish a strong profit base by pursuing efficiency.

<Photo> <Photo> <Photo> <Photo>

Providing attractive products and best service

Route sales support JB on the front lines

JB handles various vending machines and many products including those of JT in an effort to meet the needs of its valued customers. Route sales consist of systematically patrolling locations to replenish products, collect empty containers and clean and inspect vending machines.

Aiming to be No. 1 in efforts toward to the environment

JB operates its own facilities to recycle empty containers that are collected. Also, JB has built an eco office and factory with rooftop greening which is 1,000m<sup>2</sup> in size, the biggest in Koto-ku, Tokyo. These are energy conservation design with LED lightings, etc. which is identified as the office and factory model for the future.

<Photo>

JB route sales car

<Photo>

Replenishing products in vending machine

<Photo>

Recycle facility

<Photo>

Eco office and factory with rooftop greening

#### Company History

July 1958	Established United Steel Company Conducted import and export, and sales services of steel and nonferrous metal, etc.
September 1963	Started operator services for vending machines
April 1994	Spin off of the vending machine business division to create Unimat Corporation
March 1998	Business expansion through a business tie-up with Mission Group, a vending machines operator
September 1998	Became JT's subsidiary
September 1999	Changed its trading name to Japan Beverage Inc.
January 2001	Received ISO14001 certification
May 2003	Established Recycle Plaza JB
July 2006	Capital increased to ¥10,471 million

#### Company Profile

Name:	Japan Beverage Inc.
Head office:	STEC Joho Building, 7F, 24-1, Nishi Shinjuku 1-chome, Shinjuku-ku, Tokyo
Established:	July 1958
Paid-in capital:	¥10,471 million
Net sales:	¥156.7 billion (results for the fiscal year ended March 2009)
Representative:	Akiyoshi Yokohara, President & CEO
Employees:	3,791 (as of March 31, 2010)

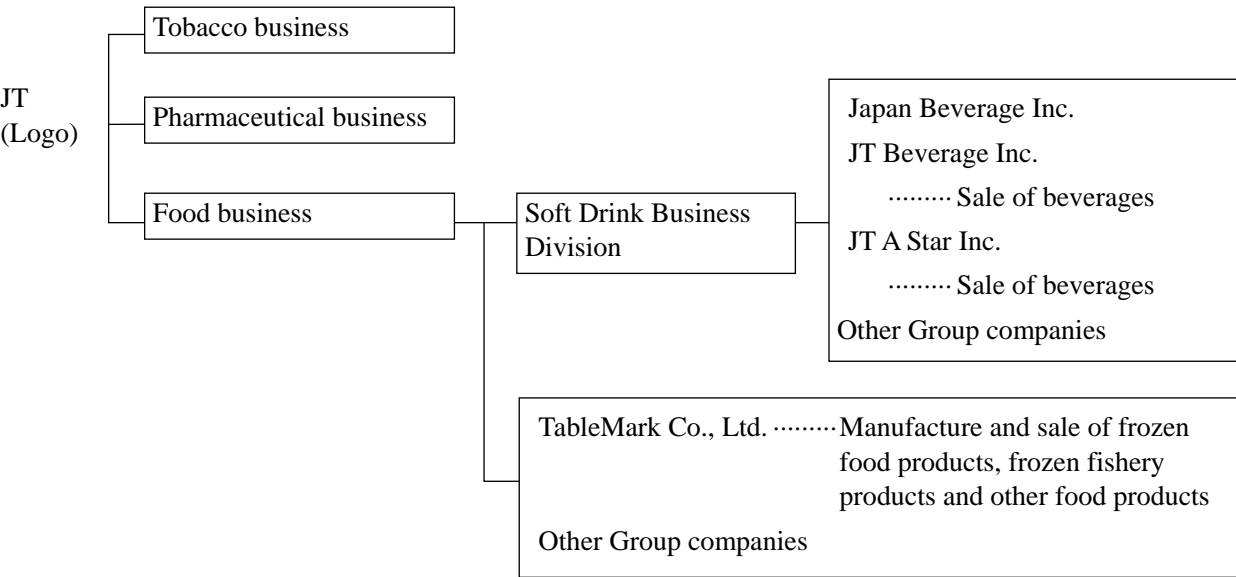
#### Description of Business

Sale of various foods and beverages through vending machines

#### URL

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

<Chart of Japan Beverage's Position in the JT Group>





## The Lure of Tobacco Smoke

A lesson from the past at the end of a journey

Edo-Tokyo Museum [Tokyo]

<Photo>

Smoking implements seeped in the culture of the Edo Period, alive and well on the kabuki stage

The Edo-Tokyo Museum features a “Theater and Amusement District” corner demonstrating the culture and lifestyle of the Edo Period’s theater and Amusement district. The kabuki stage installed in this corner provides knowledge about the smoking culture particular to the Edo Period.

The kabuki stage recreated in the style of the late Edo Period presents the tale of revenge “*Sukeroku Yukari no Edo Zakura*” taking place at the Amusement district “Yoshiwara” and starring five characters represented as dolls. It is important to focus on the two girls, called “*kamuro*,” attending to the highest-class courtesan, called “*tayu*,” in the play.

The *kamuro* are servants to the *tayu* and usually work in pairs. We can see on the stage the two *kamuro* close to the *tayu*. In Amusement districts of the time, it was customary for all of the *tayu*’s belongings to be carried by her servants. This is why the *kamuro* on stage are seen holding the *kiseru* (pipe) bag, which holds the *tayu*’s favorite *kiseru*, and the tobacco tray as they prepare the smoking implements for the *tayu*.

The Edo-Tokyo Museum demonstrates not only an Edo Period kabuki stage, but also various other Tokyo traditions through exhibits and models. We can see some 400 years of Tokyo history and daily life and also get a glimpse at its smoking culture.

<Photo>

The Nakamura-za recreated as the symbol of the “Theater and Amusement District” corner. It was one of the three designated theater playhouses of the Edo Shogunate, along side Ichimura-za and Morita-za.

<Photo>

The *tayu* “Agemaki” and her two *kamuro* appearing in “*Sukeroku Yukari no Edo Zakura*.” The *tayu*’s kimono is the costume worn on the kabuki stage.

<Photo>

The *kiseru* bag used by the *tayu* is made of gorgeous silk weave. From the size of the bag, we know that the *kiseru* the *tayu* used was close to 50cm.

<Photo>

Row house of a woodcraftsman

Edo-Tokyo Museum shows smoking implements used at various places in addition to the “*Sukeroku Yukari no Edo Zakura*” stage. Inside the life-size models of the homes built within the Museum are various smoking implements that represent the period of each home. For example, the Edo Period woodcraftsman’s row house contains a simple tobacco tray, while the middle- to upper-class semi-European style residence of the Taisho Era (1912–1926) features a tobacco set with three items: a cigarette holder, lighter and ashtray.

At the “Edo-Tokyo Excavation” corner, where Edo’s ruins are explained, we learn that the shape of a *kiseru* is how we know which period of history it was made. Looking at the excavated *kiseru* shown in the exhibit reveals how the shape of the bowl changes depending on its year of fabrication. The shape of the excavated *kiseru* gives us a general understanding of the period.

Edo-Tokyo Museum

Location

4-1, Yokoami 1-chome, Sumida-ku, Tokyo 130-0015, Japan  
(3-minute walk from Ryogoku Station of JR Sobu Line  
1-minute walk from Ryogoku Station of Toei Oedo Line)

Inquiries

+81-3-3626-9974

Opening hours

9:30 to 17:30 (19:30 only on Saturdays)

Closed on

Mondays and during the New Year holidays

Admission fees

Adults: ¥600 / Age over 65: ¥300

University students: ¥480 / Junior high and high school students: ¥300

Junior high school students (enrolled or reside in Tokyo), elementary school students and preschoolers:

Free

<http://www.edo-tokyo-museum.or.jp/>

<Map>

Volleyball

*2009/10 V Premier League!*

JT Marvelous Comes Second!!

JT Thunders

Heated battles took place for approximately 4 months since the opening on November 28 last year, JT Marvelous (Women's) finished the "2009/10 V Premier League" in 2nd place and JT Thunders (Men's) in 6th.

<JT Marvelous Logo>

Maximum Radiant

Raw Emotion

Giant leap from 9th position in the previous season!!

JT Marvelous made it to the final round of "2009/10 V Premier League" for the first time in 3 years after finishing the regular round with 26 wins and 2 losses.

Although the team lost a close game to TORAY Arrows, they finished the League in 2nd place for the second time.

Thank you for your encouragement and support.

Keeping the momentum from this season, the team, united as one, will aim to conquer the "V Premier League" for the first time in the next season.

Final ranking

- |     |                            |
|-----|----------------------------|
| 1st | TORAY Arrows               |
| 2nd | JT Marvelous               |
| 3rd | DENSO AIRYBEEES            |
| 4th | Hisamitsu springs          |
| 5th | NEC Red Rockets            |
| 6th | Okayama Seagulls           |
| 7th | Toyota Auto Body Queenseis |
| 8th | Pioneer RED WINGS          |

History of Marvelous

In 1956, at the time of establishment of Ibaraki Factory of Japan Tobacco and Salt Public Corporation, 9-player team was born as a club. In 1969, the 1st Japan Volleyball League consisting of corporate teams was held and the team was recommended to join the League. In 1996, the team came 2nd (12 wins and 2

losses) in “Japan Volleyball League.” After a long qualifying battle, the Marvelous moved up to the ranks of the coveted “V League.” In 2007, they took second place at the “2006/07 V Premier League” recording the best team performance. They were second again at this year’s “2009/10 V Premier League,” their second win in three years.

One step short of reaching the final round

A thrilling regular round of the “2009/10 V Premier League” has ended.

The Thunders battled it out for a chance at a rematch of the last season. Sadly, they did not make it to the final round, finishing 6th place with 14 wins and 14 losses.

We thank all of our fans for rooting for us and cheering us on.

We will further strengthen the team with a firm eye on next season’s goals.

<JT Thunders Logo>

Maximum Courage

Raw Emotion

Final ranking

1st	Panasonic PANTHERS
2nd	SAKAI Blazers
3rd	TORAY Arrows
4th	TOYOTA GOSEI Trefuerza
5th	SUNTORY SUNBIRDS
6th	JT Thunders
7th	OITA MIYOSHI WEISSE ADLER
8th	F.C.TOKYO

History of Thunders

In 1931, the team was established as the volleyball team of the Hiroshima Monopoly Bureau of Ministry of Finance. In 1952, the Thunders participated in the “All-Japan Businessmen Athletics Competition.” Katsutoshi Nekoda, who was our team member and played at four consecutive Olympic Games since 1964, winning the gold, silver and bronze medals as a skillful setter, later became team leader. Since 1996, the Thunders have placed second four times at the “V League.” They also recorded a great performance at this season’s “Emperor’s Cup,” finishing second place. Despite being 6th at the “2009/10 V Premier League,” they are the only men’s team active since the days of “The 1st Japan League.”

JT Marvelous Official Homepage      <http://www.jti.co.jp/knowledge/marvelous/index.html>

JT Thunders Official Homepage      <http://www.jti.co.jp/knowledge/thunders/index.html>

## JT Topics

Aiming to coexist with society as a “good corporate citizen”

JT’s corporate philanthropy [www.jti.cp.jp/csr/contribution/](http://www.jti.cp.jp/csr/contribution/)

- 44 programs selected cross-country, representing approximately ¥52 million in aid  
NPO support projects for youth development

JT recognizes the importance of the sound development of human resources, particularly younger generations, who will make up the society of tomorrow, in promoting local community revitalization and activation to build a better society. From this perspective, JT focuses some of its social contribution activities to support the programs of NPOs effected with those communities with the aim of attaining sound development. Since the fiscal 2007 subscription, we are recommending environmental beautification and preservation programs under the theme “youth development.”

For fiscal 2010, JT received 181 programs cross-country and after our screening procedures, 44 programs were selected representing approximately ¥52 million in aid.

### Aid results

- Fiscal 1999 to 2009 748 programs totaling approx. ¥905 million
- Fiscal 2010 44 programs totaling approx. ¥52 million

<Photo>

Fiscal 2009 grant recipient NPO Forest and Environment Network Association (Tokyo)  
“Kids Waku-Waku Project” for elementary school students, passing on the attraction of natural environment

<Photo>

- Cross-country subscription from fiscal 2010

### JT Asia Scholarship Program

JT Asia Scholarship Program, whose goal is the promotion of international exchanges and human resource development in Asian countries, has been active for 13 consecutive years since fiscal 1998 with recipients totaling 147. In fiscal 2010, we have expanded the subscription area to all of Japan in an effort to provide more scholarship opportunities to exchange students who study in Japan at their own expense.

The Program targets exchange students from Asian countries paying their own way who are either already at the graduate or post-graduate level at the 37 universities designated by JT, or whose admission has already been decided. Around 10 winners are selected annually to receive ¥150,000 per month for a maximum of two years. JT is currently supporting 22 students in their second year.

JT is not only supporting graduate studies and research in Japan but also providing opportunities to deepen people's understanding of Japan's culture and history, as well as of JT, by experiencing Japanese culture first hand, make exchanges with young JT employees and plan tours of factories and other facilities.

<Photo>

Experience of Japanese culture

<Photo>

Exchange event with JT's younger employees

<Photo>

Visit to Tobacco & Salt Museum

## Close Up

— All-New Style of Smokeless Tobacco which does not Require a Flame —  
“Zerostyle Mint” Released!!

In the middle of May 2010, JT released “Zerostyle Mint,” an all-new style of smokeless tobacco which does not require a flame and “refill cartridges” exclusively in Tokyo.

Tobacco has rich history and is available in a large number of varieties. In different parts of the world, smokeless tobacco including snuff and chewing tobacco are consumed in addition to cigarettes.

“Zerostyle Mint” is a new style snuff\* tobacco product. The new product does not require a flame, and thus is smokeless, allowing consumers to use it in a variety of locations, being considerate to neighbors at the same time. The new product combines the fresh and sweet scent of peppermint with the aroma and flavor of tobacco, which can be consumed without using a flame.

\* Snuff refers to tobacco products composed of ground or shredded tobacco for use in the oral and nasal cavities.

<Photo>

“Zerostyle Mint”

Packaging: Box with side opening

Contents: One product unit and two refill cartridges

Taste: Menthol

Price: ¥300

<Photo>

“Zerostyle Mint, Refill Cartridges”

Contents: Four refill cartridges

Taste: Menthol

Price: ¥400

Newly developed smokeless tobacco! What makes it so popular!?

<Picture>

Body

Refill cartridge containing tobacco

As conventional “snuff” products are relatively new to Japanese consumers, the design of “Zerostyle Mint” was developed adopting a replaceable cartridge which contains tobacco leaves. The product is



fitted with a tapered mouthpiece and removable cap, and consumers can use the product for approximately half to one full day on a single refill cartridge, depending on the individual.

## Bulletin Board

### NEWS

#### Tobacco & Salt Museum

##### Visit by Crown Prince Naruhito, and the President of Mexico and First Lady

On February 1, His Imperial Highness Crown Prince Naruhito and President Calderon and First Lady of the United Mexican States visited Tobacco & Salt Museum (Shibuya-ku, Tokyo) and viewed the 400th Anniversary of Exchange between Japan and Mexico Special Exhibition “A Dream of Friendship Brought by Spanish Galleons” (January 23 to February 28).

Crown Prince Naruhito and President Calderon assumed the Honorary Presidency on the Japanese side and on the Mexican side, respectively, of the Japan-Mexico Friendship 400th Anniversary Commemorative Project, which took place from last year to this year.

At the Commemorative Ceremony, President Calderon made the opening pronouncements followed by Crown Prince Naruhito, who said “with this special exhibition and various other events, I very much hope to see the mutual exchanges and friendship between Mexico and Japan deepen further in the future.” After the Ceremony, Crown Prince Naruhito and Mexican President Calderon and First Lady toured the exhibition looking with great interest at each of the portraits and materials that demonstrate exchanges between Japan and Mexico.

<Photo>

President Calderon (Left) and Crown Prince Naruhito shake hands at the Commemorative Ceremony.

<Photo>

President Calderon and First Lady viewing the Special Exhibition (Left) and Crown Prince Naruhito (Third from the left)

#### “Pick Up, and You’ll Love Your City Campaign” Over 1,000 Events So Far!

JT’s citizen participation clean-up campaign called “Pick Up, and You’ll Love Your City,” which we have been promoting throughout Japan since May 2004, has now exceeded 1,000 events with the four done on April 17 this year.

This campaign aims to foster awareness to stop littering through trash pick up activities. Since starting activities in May 2004, 1,046,722 people and 1,987 organizations have participated in all prefectures of Japan. Events held countrywide were supported with the cooperation of local governments, schools,

volunteers and executive committees of events and participating organizations and other organizations. We will continue to hold activities that teach manners with the hope of “increasing more and more the number of people who don’t litter.”

<Photo>

“Pick Up, and You’ll Love Your City Campaign” is supported by many people.

<Photo>

Alpinist Ken Noguchi attends since October 2006

Vancouver 2010 Paralympic Winter Games

Mikio Annaka wins Silver!

At the Ice Sledge Hockey\* event of the Vancouver 2010 Paralympic Winter Games held March 12 to 21, Mikio Annaka of JT’s Tachikawa Sales Office, Hachioji Sales Team, who joined the Japan Team, won the silver medal.

The Ice Sledge Hockey Japan Team ranked 5th in three consecutive games since first participating in the 1998 Nagano Games. This silver medal is a historic achievement for Japan. The Team particularly fought hard against the favored Canadian representatives for a big 3-1 upset in the semifinals.

This is Mr. Annaka’s second participation in the Paralympic Games since having competed in the Torino Games in 2006.

\* Sport similar to ice hockey played by individuals with leg disabilities

<Photo>

Ice Sledge Hockey Japan Team member, Mikio Annaka

Simultaneous release of 3 products from Winston, the JT Group’s No. 1 global brand

From Winston, the JT Group’s No. 1 global brand, we launched the all new Winston Lights 6 Box, Winston Extra 3 Box and Winston Ultra One 100’s Box in early June across Japan.

Winston is a brand with history. It was created in 1954 in the United States and named after leaf tobacco growing regions Winston-Salem, North Carolina. Today, it is sold in over 80 countries and is a major brand worldwide which ranks 2nd globally in sales volume (\*1) in 2009.

This simultaneous release of 3 regular products from Winston with tar value of 6 mg, 3 mg and 1 mg is our attempt to strengthen the JT brand lineup in Japan and respond to our valued customers' varied needs.

(\*1) According to market research conducted by JT (\*2) products other than menthol

<Photo>

Winston Lights 6 Box

Size: King size filter

Filter type: Charcoal filter

Tar value: 6 mg per cigarette

Nicotine value: 0.5 mg per cigarette

Packaging: Hard pack containing 20 cigarettes

Price: ¥290

<Photo>

Winston Extra 3 Box

Size: King size filter

Filter type: Charcoal filter

Tar value: 3 mg per cigarette

Nicotine value: 0.3 mg per cigarette

Packaging: Hard pack containing 20 cigarettes

Price : ¥290

<Photo>

Winston Ultra One 100's Box

Size: Super king size filter

Filter type: Charcoal filter

Tar value: 1 mg per cigarette

Nicotine value: 0.1 mg per cigarette

Packaging: Hard pack containing 20 cigarettes

Price: ¥290

Easy Recipe with  
<TableMark Logo>

“Sour flavor gives an edge! Udon Hot and Sour Soup”

Sour and spicy udon noodle soup that is great for early summer  
Refreshingly good even when served hot  
A fun recipe for an easy-to-make meal with simple ingredients found in your kitchen

<Photo>

Quick and easy cooking with TableMark’s “Frozen *Udon* Noodles”!

#### Ingredients

1 serving (200g × 1 bundle) TableMark “Frozen Sanuki *Udon* Noodles”

150g thin pork rib slices

Salt and pepper to taste

1 tablespoon sake

1 tablespoon starch

2 shiitake mushrooms (thinly sliced)

2 leaves of cabbage (chopped)

1 tablespoon sesame oil

[a]

4 cups water

4 teaspoons chicken stock (powder)

1 tablespoon Sake

1 to 2 teaspoons soy source

2 tablespoons vinegar

Salt and pepper to taste

Chili oil to taste

[b]

1 tablespoon starch (mixed with 2 tablespoons of water for thickening)

1 egg (beaten)

#### Preparation

1. Put “Frozen Sanuki *Udon* Noodles” in the microwave (600W) for 3 minutes.
2. Season thin pork rib slices with salt, pepper and sake, then coat thin pork rib slices with starch.

#### Directions

1. Heat sesame oil in a pan, lightly fry shiitake mushrooms and cabbage.

2. Add [a] and bring to boil.
3. Add pork slices prepared earlier one by one to cook thoroughly. Adjust the flavor as necessary.
4. Add [b] to thicken the soup then pour in beaten egg.
5. Serve hot Udon in a pot, pour 4. over udon.

JT Group Products (available only in Japan)

Roots “Aroma Black”

Renewal

400g aluminum bottle/¥140 (tax not included)

Taste and Package Renewal!

- Blended with two types of roasted beans, “new slow roast” and “aroma roast,” that bring out the coffee’s rich aroma and full-bodied taste. We changed the extraction temperature for a sharper aftertaste.
- Sides of the “slip-less cap” was indented to makes it easier to open.

<Photo>

Roots “Aroma Revolute Low Sugar”

Released

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

A rich aroma coffee with 50% less sugar!\*

- Coffee beans are roasted using the “new slow roast” method based on Roots “Aroma Black” to bring out a rich, pleasant aroma not drowned out by sugar and milk.
- The package was designed to give a strong impression with audacious gold undertones.

\* 50% less sugar compared to regular coffee beverages (7.5g sugar per 100ml)

<Photo>

“Inaniwa-fu *Udon* Noodles”

Now on Sale

3 servings (600g)

<Photo>

Chewy noodles that go down smoothly!

- Using carefully selected wheat flour and underground water from the Tanigawa Mountains, we further revised our manufacturing method to create thin noodles that are supple and translucent with a soft and chewy texture that goes down well.
- They can be boiled either on the stove or in the microwave.

“Steaming Niigata Koshihikari Rice (Divided)”

Now on Sale

2 servings (300g)

<Photo>

Introducing 1 Serving Portion “Divided Tray”!

- Niigata Koshihikari Rice cooked with pristine underground water from Uonuma lets you enjoy steamed rice anytime thanks to our unique pressure heated steam cooking manufacturing method.
- Introducing the newly developed “divided tray” containing rice bowl 1 serving portion (150g × 2).

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	Mutsuo Iwai

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 and Finance	Munetaka Takeda
Executive Deputy President, Assistant to CEO in Strategy, HR, Legal, Operational Review and Business Assurance, and Food Business	Masaaki Sumikawa
Executive Deputy President, President, Tobacco Business	Mitsuomi Koizumi
Executive Deputy President, Assistant to CEO in CSR, Communications and General Administration	Masakazu Shimizu
Senior Executive Vice President, Head of Manufacturing General Division, Tobacco Business	Kenji Iijima
Senior Executive Vice President, President, Pharmaceutical Business and Vice President of Business Planning Dept, Pharmaceutical Division	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 Tobacco Business Planning Division	Akira Saeki
Executive Vice President, Chief Strategy Officer, Assistant to CEO in Food Business	Mutsuo Iwai
Executive Vice President, Chief Financial Officer and Vice President of Treasury Division	Hideki Miyazaki
Senior Vice President, Head of Domestic Leaf Tobacco General Division, Tobacco Business	Shinichi Murakami
Senior Vice President, Head of China Division, Tobacco Business	Atsuhiro Kawamata
Senior Vice President, Chief Corporate, Scientific & Regulatory Affairs Officer, Tobacco Business	Kazuhiro Yamashita
Senior Vice President, Head of Central Pharmaceutical Research Institute, Pharmaceutical Business	Junichi Haruta
Senior Vice President, Head of Soft Drink Business Division	Ryoko Nagata
Senior Vice President, Chief Human Resources Officer	Satoshi Matsumoto
Senior Vice President, Chief General Affairs Officer	Ryoji Chijiwa

### Trends in Share Price

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

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.