[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.]

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Company name (Japanese):	日本たばこ産業株式会社 (*Nihon Tabako Sangyo Kabushiki-Kaisha*)
Company name (English):	JAPAN TOBACCO INC.
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Places where the document to be filed is available for public inspection:	Japan Tobacco Inc. Saitama Sales Office (55-1, Shimocho 1-chome, Omiya-ku, Saitama-shi, Saitama)
	Japan Tobacco Inc. Yokohama Sales Office (143, Hanasakicho 6-chome, Nishi-ku, Yokohama-shi, Kanagawa)
	Japan Tobacco Inc. Nagoya Sales Office (12-1, Iseyama 2-chome, Naka-ku, Nagoya-shi, Aichi)
	Japan Tobacco Inc. Osaka Sales Office (5-10, Oyodo-minami 1-chome, Kita-ku, Osaka-shi, Osaka)
	Japan Tobacco Inc. Kobe Sales Office (7-23, Nakayamate-dori 3-chome, Chuo-ku, Kobe-shi, Hyogo)
	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-kabutocho, Chuo-ku, Tokyo)
	Osaka Securities Exchange Co., Ltd. (8-16, Kitahama 1-chome, Chuo-ku, Osaka-shi, Osaka)
	Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya-shi, Aichi)
	Fukuoka Stock Exchange (14-2, Tenjin 2-chome, Chuo-ku, Fukuoka-shi, Fukuoka)
	Sapporo Securities Exchange (14-1, Minamiichijo-nishi 5-chome, Chuo-ku, Sapporo-shi, Hokkaido)

A. Company Information

I. Overview of the JT Group

1. Trends in principal management benchmarks

Term	Three months ended June 30, 2009 (First quarter of the 25th term)	Three months ended June 30, 2010 (First quarter of the 26th term)	25th term
Accounting period	From April 1, 2009 to June 30, 2009	From April 1, 2010 to June 30, 2010	From April 1, 2009 to March 31, 2010
Net sales (Millions of yen)	1,463,121	1,467,099	6,134,695
Ordinary income (Millions of yen)	78,814	71,586	255,377
Net income (Millions of yen)	42,869	22,840	138,448
Net assets (Millions of yen)	1,743,545	1,724,224	1,723,278
Total assets (Millions of yen)	3,940,033	3,861,632	3,872,595
Net assets per share (Yen)	174,606.49	172,076.95	172,139.61
Net income per share (Yen)	4,474.90	2,384.18	14,451.67
Diluted net income per share (Yen)	4,474.44	2,383.65	14,448.89
Equity ratio (%)	42.46	42.69	42.58
Net cash provided by (used in) operating activities (Millions of yen)	32,943	27,493	320,024
Net cash provided by (used in) investing activities (Millions of yen)	(13,074)	(29,393)	(84,057)
Net cash provided by (used in) financing activities (Millions of yen)	(74,726)	(35,258)	(250,398)
Cash and cash equivalents at end of period (Millions of yen)	118,668	117,773	154,368
Number of employees (Person)	48,911	49,640	49,665

Notes: 1. Filing company's trends in principal management benchmarks are not disclosed as JT prepares quarterly consolidated financial statements.

2. Net sales do not include consumption taxes.

2. Business description

During this first quarter, there were neither material changes in the business of the JT Group (JT, 257 consolidated subsidiaries and 16 affiliates accounted for by the equity method) mentioned in the previous fiscal year's Annual Securities Report nor changes in principal subsidiaries and affiliates.

3. Status of subsidiaries and affiliates

During this first quarter, there were no changes in significant subsidiaries and affiliates mentioned in the previous fiscal year's Annual Securities Report.

4. Status of employees

(1) Consolidated companies

(As of June 30, 2010)

Number of employees (Person)	49,640 [10,789]

Notes: 1. The number of employees indicates the number of working employees, and the average number of temporary employees during this first quarter is given in parentheses separately.

2. The number of employees in foreign subsidiaries in which the closing dates of the first quarter accounting period fall on March 31 is calculated using the number of employees as of March 31, 2010.

(2) Filing company (JT)

(As of June 30, 2010)

Number of employees (Person)	9,104 [1,380]

Notes: 1. The number of employees indicates the number of working employees, and the average number of temporary employees during this first quarter is given in parentheses separately.

2. The number of employees includes contract employees (94), employees on leave (72) and employees transferred to JT (72), but excludes employees transferred from JT and employees on long-term leave prior to retirement (Total 1,116).

II. Review of operations

1. Status of production, orders received and sales

The JT Group conducts production and sales of various products in the Japanese Domestic Tobacco Business, International Tobacco Business, Pharmaceutical Business and Food Business. Moreover, the types, formats, content volumes, packages, etc. of their products are broad, and major products are not based on a made-to-order basis. For this reason, size of production and orders received are presented neither in the amount of money nor in volume by segment.

Therefore, details of "production, orders received and sales" are presented in connection with the operating results by segment in "4. Analysis of financial position, operating results and cash flow position."

2. Business and other risks

During this first quarter, there were no new business or other risks.

There were no material changes to the items regarding business and other risks mentioned in the previous fiscal year's Annual Securities Report.

3. Important operational contracts, etc.

No important operational contracts were decided or entered into during this first quarter.

4. Analysis of financial position, operating results and cash flow position

Matters concerning the future in this document were determined by the JT Group as of the filing date of this Quarterly Securities Report.

Furthermore, following the application of the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17), effective April 1, 2010, a series of JT's segment information used by the management in decision making and other operational processes based on the management approach are disclosed.

Major changes resulting from the application of the new segment basis are as follows.

i) Reportable segments

Reportable segments were determined based on the management approach as the Japanese Domestic Tobacco Business, the International Tobacco Business, the Pharmaceutical Business and the Food Business.

ii) Indicating net sales excluding tobacco excise taxes

It was decided that segment net sales are to be newly disclosed as net sales excluding tobacco excise taxes, which excludes the amount equivalent to tobacco excise taxes. Regarding tobacco excise taxes, representing a substantial portion of the consolidated net sales of the JT Group, which is engaged in the tobacco business, because the object, reason and basis of taxation differ for each country where JT operates, net sales excluding tobacco excise taxes is used as the net sales per reportable segment as a basis of managerial decision making and other processes relating to the Japanese Domestic and International Tobacco Businesses.

iii) Indicating EBITDA

It was decided that segment profit is to be disclosed as EBITDA (operating income before depreciation and amortization (property, plant and equipment, intangible assets, and long-term prepaid expenses) and amortization of goodwill). This is because EBITDA is used for the JT Group's managerial decision making and as a key performance indicator for each segment.

iv) Revision of segment profit measurement method

A partial revision was effected of the segment profit measurement method. Foreign consolidated subsidiaries classified under the International Tobacco Business manufacture and sell tobacco products using the brand trademark rights for Camel, Winston and other brands owned by JT and pay a fee for the use of said rights (hereinafter, “royalties”). Previously, the segment disclosure of said royalties was effected by measuring royalties received in the segment profit of the Japanese Domestic Tobacco Business, while the segment profit of the International Tobacco Business was calculated after deducting royalties. However, because the profit of each segment is managed exclusive of effects from the receipt and payment of royalties, these effects are also excluded from the segment profits.

In addition, with the application of the management approach, the distributions of expenses common to all segments and capital expenditures to each reportable segment was partially revised.

v) Presentation of breakdown of adjusted net sales excluding tobacco excise taxes for the tobacco businesses

Net sales of the Japanese Domestic Tobacco Business consist of net sales of tobacco products of JT and net sales of tobacco products of other companies (imported tobacco products), including the wholesale. Similarly, net sales of the International Tobacco Business also include net sales relating to the distribution business and other activities that include the wholesale of tobacco products of other companies.

In order to provide the adequate information about the results of the Japanese Domestic Tobacco Business and International Tobacco Business, since we believe that net sales excluding the net sales of the tobacco products of other companies, including the wholesale is useful, adjusted net sales excluding tobacco excise taxes are disclosed for this reporting purpose.

Please refer to “(1) Operating results, Net sales (Note)” for the detail of the adjustments made to measure adjusted net sales excluding tobacco excise taxes.

(1) Operating results

The JT Group is effecting measures under our medium-term management plan “JT-11” established in April 2009 towards making of sustainable growth possible for the future by effecting future-oriented investments and constant operational improvements.

Please note that the closing date of the first quarter accounting period of the consolidated subsidiaries classified in the International Tobacco Business segment is March 31, and their financial results used for the consolidated first quarter results are for the three months from January 1 to March 31, 2010.

<Net sales>

The decrease in net sales due to the lower sales volume in the Japanese Domestic Tobacco Business was offset by effects in the International Tobacco Business including unit price increases and advantageous movements in the local currencies of major markets compared to the same period of the previous fiscal year resulting in net sales of ¥1.4670 trillion (up 0.3%), at the same level as the same period of the previous fiscal year. Net sales excluding tobacco excise taxes, also at the same level as the same period of the previous fiscal year, amounted to ¥601.4 billion (down 0.6%).

	First quarter ended June 30, 2009 (Billions of yen)	First quarter ended June 30, 2010 (Billions of yen)	Change (Billions of yen, %)	
Consolidated net sales	1,463.1	1,467.0	3.9	0.3
Japanese Domestic Tobacco Business	779.7	725.3	(54.3)	(7.0)
International Tobacco Business	568.3	628.8	60.4	10.6
Pharmaceutical Business	11.1	11.8	0.6	6.2
Food Business	98.8	96.2	(2.6)	(2.7)

* Net sales figures represent sales to customers.

* Consolidated net sales includes other net sales relating to rent of real estate in addition to the above. For details, please refer to “V. Accounting, 1. Quarterly consolidated financial statements, Notes to quarterly consolidated financial statements, Segment information, 3. .”

Net sales excluding tobacco excise taxes, resulting from deducting the amount equivalent to the tobacco excise taxes from consolidated net sales, is as follows.

	First quarter ended June 30, 2009 (Billions of yen)	First quarter ended June 30, 2010 (Billions of yen)	Change (Billions of yen, %)	
Consolidated net sales	1,463.1	1,467.0	3.9	0.3
Amount equivalent to tobacco excise taxes	858.2	865.6	7.3	0.9
Net sales excluding tobacco excise taxes	604.8	601.4	(3.4)	(0.6)

* Net sales excluding tobacco excise taxes for the first quarter ended June 30, 2009 is unaudited and for reference purposes only and they are not presented in the information for the three months ended June 30, 2009 in “V. Accounting, 1. Quarterly consolidated financial statements, Notes to quarterly consolidated financial statements, Segment information, etc.”

Information on net sales excluding tobacco excise taxes, etc. by the Japanese Domestic Tobacco Business and the International Tobacco Business is as follows.

Japanese Domestic Tobacco Business

	First quarter ended June 30, 2009 (Billions of yen)	First quarter ended June 30, 2010 (Billions of yen)	Change (Billions of yen, %)	
Net sales including tobacco excise taxes	779.7	725.3	(54.3)	(7.0)
Net sales excluding tobacco excise taxes	259.9	242.3	(17.5)	(6.8)
Of which, adjusted net sales excluding tobacco excise taxes (Note)	158.3	146.1	(12.2)	(7.7)

Note: Net sales relating to imported tobacco, duty-free shops in Japan and the China Division are mainly excluded from the Japanese Domestic Tobacco Business.

International Tobacco Business

	First quarter ended June 30, 2009 (Billions of yen)	First quarter ended June 30, 2010 (Billions of yen)	Change (Billions of yen, %)	
Net sales including tobacco excise taxes	568.3	628.8	60.4	10.6
Net sales excluding tobacco excise taxes	229.8	246.1	16.3	7.1
Of which, adjusted net sales excluding tobacco excise taxes (Note)	201.3	215.1	13.7	6.8

Note: Net sales relating to the distribution business, leaf tobacco sales and contract manufacturing are mainly excluded from the International Tobacco Business.

* Net sales excluding tobacco excise taxes and adjusted net sales excluding tobacco excise taxes for the first quarter ended June 30, 2009 in the Japanese Domestic Tobacco Business and the International Tobacco Business are unaudited and for reference purposes only and they are not presented in the information for the three months ended June 30, 2009 in "V. Accounting, 1. Quarterly consolidated financial statements, Notes to quarterly consolidated financial statements, Segment information, etc."

<Cost of sales / selling, general and administrative expenses>

Cost of sales increased by ¥11.4 billion, or 1.0%, from the same period of the previous fiscal year to ¥1.1973 trillion and selling, general and administrative expenses decreased by ¥2.3 billion, or 1.2%, from the same period of the previous fiscal year to ¥190.6 billion.

<Operating income / EBITDA>

Mainly caused by effects from decreased sales in the Japanese Domestic Tobacco Business, and partly affected by higher cost of sales in the wake of an increase in the price of leaf tobacco in the International Tobacco Business, operating income fell ¥5.1 billion, or 6.1%, from the same period of the previous fiscal year to ¥79.1 billion. EBITDA was ¥132.6 billion, a decrease of ¥9.8 billion, or 6.9%, from the same period of the previous fiscal year as a result of a ¥4.7 billion decrease in amortization expenses following the completion of the amortization of some trademark rights in the Japanese Domestic Tobacco Business.

	First quarter ended June 30, 2009 (Former accounting standard) (Billions of yen)	First quarter ended June 30, 2009 (New accounting standard) (Billions of yen)	First quarter ended June 30, 2010 (New accounting standard) (Billions of yen)	Change (New accounting standard) (Billions of yen, %)	
Operating income	84.2	84.2	79.1	(5.1)	(6.1)
EBITDA	142.5	142.5	132.6	(9.8)	(6.9)
Japanese Domestic Tobacco Business	69.6	67.0	58.3	(8.6)	(12.9)
International Tobacco Business	67.9	74.0	72.8	(1.1)	(1.5)
Pharmaceutical Business	(2.3)	(2.3)	(2.0)	0.2	–
Food Business	3.8	3.8	4.0	0.1	5.1

* EBITDA includes EBITDA relating to other net sales in addition to the above. For details, please refer to "V. Accounting, 1. Quarterly consolidated financial statements, Notes to quarterly consolidated financial statements, Segment information, 3. Differences between total amounts for reportable segments and amounts in the quarterly consolidated statements of income and main details of these differences."

* EBITDA = operating income + depreciation and amortization (including property, plant and equipment, intangible assets and long-term prepaid expenses, and amortization of goodwill)

* The figures for the first quarter ended June 30, 2009 for each segment based on the new accounting standard for segment information are unaudited and for reference purposes only and they are not presented in the information for the three months ended June 30, 2009 in "V. Accounting, 1. Quarterly consolidated financial statements, Notes to quarterly consolidated financial statements, Segment information."

<Ordinary income>

The decrease in interest expenses due to the repayment of loans payable and redemption of bonds, etc. exceeded the decrease in interest income resulting in an improvement in financial income/loss, however, despite this, non-operating income/loss deteriorated by ¥2.0 billion due to the recording of foreign exchange losses, among others. With the ¥5.1 billion decrease in operating income, ordinary income fell ¥7.2 billion, or 9.2%, from the same period of the previous fiscal year to ¥71.5 billion.

<Net income>

In addition to a lower gain on sales of noncurrent assets, the recording of a loss from the payment for regulatory fine in Canada resulted in the deterioration of extraordinary income/loss by ¥22.4 billion. With the ¥7.2 billion decline in ordinary income, income before income taxes and minority interests fell ¥29.6 billion, from the same period of the previous fiscal year to ¥53.9 billion. Net income, affected by a ¥9.7 billion decline in the amount of income taxes recorded due to lower profit, among other factors, dropped ¥20.0 billion, or 46.7%, from the same period of the previous fiscal year to ¥22.8 billion.

Operating results by segment are as follows.

Japanese Domestic Tobacco Business

The sales volume of cigarettes for the Japanese Domestic Tobacco Business during this first quarter decreased by 3.0 billion cigarettes, or 7.9%, from the same period of the previous fiscal year to 35.9 billion cigarettes (Note). Our market share declined to 64.5%, or by 0.6 point, and net sales per 1,000 cigarettes (tax excluded) was ¥4,054.

These were due to a decrease in demand from the effects of the planned tobacco excise tax hike and the retail price amendment to be implemented in October 2010 in addition to the decreasing birth rate, aging population and other structural factors. Effects also include temporary factors such as the increase in inventories at retail outlets following brand enhancement policies aimed at the Mild Seven family implemented at the end of the previous fiscal year. However, among brands of particular focus, the Seven Stars family and Pianissimo family is showing robust performance thanks to the introduction of new products in the previous fiscal year along with brand fostering efforts and active promotional activities. In the Mild Seven family, we launched the Mild Seven Aqua Squash Menthol 7 Box in July 2010 and continued other efforts to enhance the value of our brands.

In addition, JT released in limited regions Zerostyle Mint, an all-new style of smokeless tobacco which does not require a flame as part of its commitment to increasing customer satisfaction by meeting a diverse range of consumer needs, including the development of many new tobacco products not limited to cigarettes as well as improving product taste and flavor so that people can enjoy their favorite tobacco products more.

As a result, due to a decline in the sales volume, net sales excluding tobacco excise taxes decreased by ¥17.5 billion, or 6.8%, from the same period of the previous fiscal year to ¥242.3 billion, adjusted net sales excluding tobacco excise taxes decreased by ¥12.2 billion, or 7.7%, from the same period of the previous fiscal year to ¥146.1 billion, and EBITDA decreased by ¥8.6 billion, or 12.9%, from the same period of the previous fiscal year to ¥58.3 billion.

The volume of cigarettes manufactured in Japan during this first quarter increased by 1.2 billion cigarettes, or 2.7%, from the same period of the previous fiscal year to 48.1 billion cigarettes.

Note: In addition to the figure stated above, during this first quarter, 0.9 billion cigarettes were sold at duty-free shops in Japan, as well as at markets in China, Hong Kong and Macau that are under the control of JT's China Division.

International Tobacco Business

The sales volume of the GFB (Note 1) in this first quarter decreased by 2.5 billion cigarettes, or 4.4%, from the same period of the previous fiscal year to 54.6 billion cigarettes. This was mainly due to a decrease in total tobacco demand in Russia and the effects from an unstable business environment in Iran, despite the steady sales growth of Winston in the Philippines and France and Camel in Turkey and Ukraine. The volume of our International Tobacco Business's cigarette sales including GFB decreased by 6.9 billion cigarettes, or 6.8%, from the same period of the previous fiscal year to 94.1 billion cigarettes (Note 2).

In this first quarter, despite a decline in sales volume, because of advantageous movements of the local currencies of major markets compared to the same period of the previous fiscal year against the U.S. dollar, which is used by the subsidiary which consolidates the accounts of the subsidiaries in the International Tobacco Business, in addition to effects from higher unit sales, U.S. dollar-based net sales excluding tobacco excise taxes increased by $263 million, or 10.7%, from the same period of the previous fiscal year to $2,715 million while adjusted net sales excluding tobacco excise taxes increased by $224 million, or 10.4%, from the same period of the previous fiscal year to $2,372 million. On the other hand, EBITDA was $804 million, a slight increase of $15 million, or 1.8%, compared to the same period of the previous fiscal year. This was mainly due to an increase in cost of sales resulting from higher leaf tobacco price.

In addition to the above, due to the effects of a high yen when making conversions to that currency, net sales excluding tobacco excise taxes increased by ¥16.3 billion, or 7.1% from the same period of the previous fiscal year to ¥246.1 billion with an increase in adjusted net sales excluding tobacco excise taxes of ¥13.7 billion, or 6.8%, to ¥215.1 billion and a decrease in EBITDA of ¥1.1 billion, or 1.5%, to ¥72.8 billion.

The volume of cigarettes manufactured overseas during this first quarter decreased by 6.4 billion cigarettes, or 6.9%, from the same period of the previous fiscal year to 87.2 billion cigarettes (Note 3).

Notes: 1. We have identified eight brands which serve as flagships of the brand portfolio, Winston, Camel, Mild Seven, Benson & Hedges, Silk Cut, LD, Sobranie and Glamour, which we collectively call the Global Flagship Brands (GFB).

2. In addition to the figure stated above, the sales volume of private label products, mainly for the German market, was 0.2 billion for this first quarter.

3. In addition to the figure stated above, the production volume of private label products, mainly for the German market, was 0.1 billion for this first quarter.

* The foreign exchange rate in this first quarter was ¥90.69 per U.S. dollar, representing a ¥3.07 year-on-year yen appreciation, compared with ¥93.76 per U.S. dollar in the same period of the previous fiscal year.

Pharmaceutical Business

In the Pharmaceutical Business, we focused our efforts on increasing and advancing compounds in a late phase of clinical trial and enhancing the research and development pipeline. The number of compounds developed in-house that are under clinical development is now 10.

Net sales in this first quarter increased by ¥0.6 billion, or 6.2%, from the same period of the previous fiscal year to ¥11.8 billion with EBITDA at negative ¥2.0 billion (compared to negative ¥2.3 billion in the same period of the previous fiscal year) due to growth in sales from REMITCH CAPSULES, an oral antiprutitus drug for hemodialysis patients, and Truvada Tablets, an anti-HIV drug at our subsidiary Torii Pharmaceutical Co., Ltd.

Food Business

Net sales for our Food Business in this first quarter declined by ¥2.6 billion, or 2.7%, from the same period of the previous fiscal year to ¥96.2 billion due to a decrease in sales of commercial use products mainly for restaurants in our processed foods business, as well as effects from the exclusion from the scope of consolidation of some subsidiaries. EBITDA increased by ¥0.1 billion, or 5.1%, from the same period of the previous fiscal year to ¥4.0 billion thanks to earnings capability improvement by a concentration of our forces with respect to our flagship Roots brand, staples (frozen noodles, rice, frozen bread) and seasonings (yeast extract products, etc.).

(2) Operational and financial issues to be addressed

During this first quarter, there were no material changes in issues to be addressed by the JT Group mentioned in the previous fiscal year's Annual Securities Report.

(3) Research and development activities

Research and development expenses for the entire JT Group during this first quarter were ¥12.3 billion.

During this first quarter, there were no material changes in the status of the JT Group's research and development activities mentioned in the previous fiscal year's Annual Securities Report.

(4) Analysis of capital resources and liquidity of funds

a. Funding requirements

Funds are allocated for capital expenditure, working capital and acquiring external capital resources as well as the repayment of loans and the payment of interest, dividends and income taxes.

b. Resources of funds

The necessary funds are mainly procured from cash flow provided by operating activities, loans from financial institutions and bond and commercial paper issuances.

c. Cash flows

Cash and cash equivalents at the end of this first quarter stood at ¥117.7 billion, representing a ¥36.5 billion decrease from the end of the previous fiscal year. (Cash and cash equivalents at the end of the first quarter of the previous fiscal year were ¥118.6 billion.)

Cash flows from operating activities

Net cash provided by operating activities during this first quarter was ¥27.4 billion, compared with ¥32.9 billion provided in the same period of the previous fiscal year. While we recorded ¥132.6 billion in EBITDA mostly in the tobacco business, this is due to the payment for regulatory fine in Canada, a temporary increase in working capital in response to hikes in tobacco excise taxes in overseas markets, the payment of income taxes and bonuses, etc.

Cash flows from investing activities

Net cash used in investing activities during this first quarter was ¥29.3 billion, compared with ¥13.0 billion used in the same period of the previous fiscal year. This was mainly due to the purchase of property, plant and equipment, despite proceeds from sales of securities.

Cash flows from financing activities

Net cash used in financing activities during this first quarter was ¥35.2 billion, compared with ¥74.7 billion used in the same period of the previous fiscal year. This was mainly due to redemption of commercial papers and payment of cash dividends, despite proceeds from long-term loans payable.

d. Liquidity of funds

To ensure liquidity of funds, not only does the JT Group keep cash on hand, it also has alternate sources of funds by establishing commitment lines and others.

III. Facilities

(1) Main facilities

During this first quarter, there were no material changes in main facilities mentioned in the previous fiscal year’s Annual Securities Report.

(2) Plans for new installation and retirement of facilities

During this first quarter, there were no material changes in the new installation and expansion of facilities that were planned as of the end of the previous fiscal year.

IV. Filing company

1. Information on the Company (JT)'s shares

(1) Total number of shares authorized, etc.

a. Total number of shares authorized

Class	Total number of shares authorized (Share)
Common stock	40,000,000
Total	40,000,000

b. Number of shares issued

Class	Number of shares issued (Share; as of June 30, 2010)	Number of shares issued (Share; as of the date of filing: August 13, 2010)	Name of financial instruments exchange where the stock of JT is traded or the name of authorized financial instruments firms association where JT is registered	Details
Common stock	10,000,000	10,000,000	Tokyo Stock Exchange (First Section) Osaka Securities Exchange (First Section) Nagoya Stock Exchange (First Section) Fukuoka Stock Exchange Sapporo Securities Exchange	(Note 2)
Total	10,000,000	10,000,000	–	–

Notes: 1. The provisions of Article 2 of the Japan Tobacco Inc. Act prescribes that the Japanese government must continue to hold at least one-half of all JT shares that the government acquired by voluntary conveyance upon JT's establishment, as adjusted for any subsequent stock split or consolidation of shares, and that the government must continue to hold more than one-third of all JT shares issued.

2. JT's standard class of shares with no rights limitations. No unit share system is adopted.

(2) Status of subscription rights to shares

Subscription rights to shares issued pursuant to the Companies Act are as follows.

a. Resolutions of the Annual General Meeting of Shareholders on June 22, 2007 and a meeting of the Board of Directors on December 21, 2007

	As of June 30, 2010
Number of subscription rights to shares	409 units
Of which, the number of treasury subscription rights to shares	–
Class of shares to be issued upon exercise of subscription rights to shares	Common stock (JT's Standard class of shares with no rights limitations. No unit share system is adopted.)
Number of shares to be issued upon exercise of subscription rights to shares	409 shares (Note 1)
Paying due upon exercise of subscription rights to shares	¥1 per share
Exercise period of subscription rights to shares	From January 9, 2008 to January 8, 2038
Issue price of shares in cases where shares will be issued as a result of exercise of subscription rights to shares	¥581,269 per unit
Additional paid-in capital in issue price in cases where shares will be issued as a result of exercise of subscription rights to shares	a. Capital amount that will be increased in cases where shares will be issued as a result of the exercise of subscription rights to shares must be a half of the maximum capital increase amount obtained by the calculation pursuant to Article 17, paragraph (1) of the Corporate Accounting Rules. If the obtained figure has a fraction less than one yen, the figure is rounded up to the nearest yen above. b. Capital reserves that will be increased in cases where shares will be issued as a result of the exercise of subscription rights to shares must be the amount obtained by subtracting the capital amount to be increased as specified in a. above from the maximum capital increase amount described in a. above.
Conditions for exercising subscription rights to shares	a. The person who is a holder of subscription rights to shares and is recorded in the registry of subscription rights to shares (hereinafter, "Subscription rights to shares Holder") may exercise his/her subscription rights to shares only if he/she forfeit his/her all position as director (including *sikkoyaku* at a company with committees), auditor and executive officer (*sikkoyakuin*). b. In cases where Subscription rights to shares Holders waive their subscription rights to shares, they cannot exercise those subscription rights to shares.
Assignment of subscription rights to shares	The approval of the Board of Directors is required for the assignment of subscription rights to shares.
Matters regarding surrogate payments	–
Provisions for acquiring subscription rights to shares	(Note 2)
Matters regarding deliver of subscription rights to shares accompanied by reorganization	(Note 3)

Notes: 1. The class of shares to which subscription rights to shares apply shall be common stock. The number of shares to which each stock acquisition right applies (hereinafter, "Number of Shares Granted") shall be one.

However, in cases where JT conducts stock split (including stock allotment without contribution; hereinafter, the same shall apply to description of stock split) or stock consolidation of common stock after the date on which JT allots subscription rights to shares (hereinafter, "Allotment Date"), the Number of Shares Granted shall be adjusted according to the following formula.

$$\text{Number of Shares Granted after adjustment} = \text{Number of Shares Granted before adjustment} \times \text{Ratio of stock split or stock consolidation}$$

Any fraction of less than one share that occurs as a result of the above adjustment shall be rounded off to two decimal places.

In the case of a stock split, the Number of Shares Granted after adjustment shall be applied on and after the date following the base date (if the base date is not specified, on or after the effective date), while in the case of stock consolidation, it shall be applied on and after the effective date. However, in cases where stock split is conducted subject to approval of the proposal to reduce surplus and increase capital or reserve fund at the General Meeting of Shareholders of JT and where the base date for stock split is set on or before the date of conclusion of that General Meeting of Shareholders, the Number of Shares Granted after adjustment shall be applied retroactively to the date following that base date, on and after the date following the date of conclusion of that General Meeting of Shareholders.

In addition, in cases where the adjustment of the Number of Shares Granted is proper, JT shall conduct adjustments deemed necessary after the Allotment Date.

When adjusting the Number of Shares Granted, JT shall notify Subscription rights to shares Holders or make public notice of necessary information by the date before the date on which the Number of Shares Granted after adjustment is applied. However, in cases where the notice or public notice by the date before the date of the application is impracticable, JT shall later do so as soon as possible.

2. In cases where proposal a., b. or c. below is approved at the General Meeting of Shareholders of JT (if a resolution by the General Meeting of Shareholders is not necessary, it is read as “in cases where the resolution of a meeting of the Board of Directors or the decision by the representative executive officer *(sikkoyaku* at a company with committees) is made”), JT may acquire subscription rights to shares on the date separately provided for by the Board of Directors.

   In this case, JT shall, in exchange for acquiring each stock acquisition right, deliver money at the amount obtained by multiplying the value per share calculated according to the following formula by the Number of Shares Granted (if adjusted pursuant to the Note 1 above, the Number of Shares Granted after adjustment) to the Subscription rights to shares Holders of respective such subscription rights to shares.

   Value per share = Closing price for regular transactions of common stock of JT on the Tokyo Stock Exchange (if there is no closing price, the base price thereof on the following business day) on the date on which such proposal is approved at the General Meeting of Shareholders of JT (if a resolution by the General Meeting of Shareholders is not necessary, the resolution by a meeting of the Board of Directors or the decision by the representative executive officer *(sikkoyaku* at a company with committees)) – ¥1

   a. Proposal to ask approval of a contract of merger where JT is not to be the surviving company
   b. Proposal to ask approval of a contract or plan of company split where JT would be the split company
   c. Proposal to ask approval of a share exchange contract or share transfer plan where JT becomes a wholly-owned subsidiary

3. In cases where JT merges (limited to cases where JT is to be extinguished as a result of the merger), splits and absorbs or splits and incorporates (limited to cases where JT becomes the split company in either case) or exchanges or transfers shares (limited to cases where JT becomes a wholly-owned subsidiary in either case) (collectively, hereinafter, “Reorganization”), JT shall, in each case, deliver subscription rights to shares of the companies as listed in Article 236, paragraph (1), item (viii), sub-items (a) to (e) inclusive of the Companies Act (hereinafter, the “Company Subject to Reorganization”) to the Subscription rights to shares Holders that have subscription rights to shares existing immediately before the effective date of the Reorganization, which is either the effective date of absorption-type merger when it is an absorption-type merger, the consolidation date of a company as a result of the consolidated-type merger when it is a consolidated-type merger, the effective date of absorption-type company split when it is an absorption-type company split, the incorporation date of a company as a result of the incorporation-type company split when it is an incorporation-type company split, the effective date of share exchange when it is a share exchange, or the incorporation date of a wholly-owning parent company as a result of the share transfer when it is a share transfer (hereinafter, “Remaining Subscription rights to shares”). However, it is subject to a condition that the provision that the subscription rights to shares of the Company Subject to Reorganization shall be delivered pursuant to the provisions of the items below, is specified in the absorption-type merger contract, consolidated-type merger contract, absorption-type company split contract, incorporation-type company split plan, share exchange contract or share transfer plan.

   a. Number of subscription rights to shares to be delivered of the Company Subject to Reorganization
      Subscription rights to shares whose number is identical to the number of the Remaining Subscription rights to shares held by Subscription rights to shares Holder
   b. Class of shares of the Company Subject to Reorganization to which subscription rights to shares apply
      Common stock of the Company Subject to Reorganization
   c. Number of shares of the Company Subject to Reorganization to which subscription rights to shares apply
      To be determined in the same manner as Note 1 above, taking into consideration terms and other conditions of the Reorganization.
   d. Value of property to be contributed when subscription rights to shares are exercised
      The value of the property to be contributed when each stock acquisition right to be delivered is exercised shall be the amount obtained by multiplying the paid-in amount after Reorganization as specified below by the number of shares of the Company Subject to Reorganization to which each stock acquisition right applies, which is decided pursuant to c. above. The paid-in amount after Reorganization shall be ¥1 per share of the shares of the Company Subject to Reorganization that would be delivered by exercising the delivered subscription rights to shares.
   e. Period during which subscription rights to shares can be exercised
      From the effective date of the Reorganization to the expiration date of the period during which such subscription rights to shares can be exercised as specified in the “Exercise period of subscription rights to shares” mentioned above
   f. Matters regarding capital and capital reserves that will be increased in cases where shares will be issued as a result of the exercise of subscription rights to shares
      To be determined in the same manner as the “Additional paid-in capital in issue price in cases where shares will be issued as a result of exercise of subscription rights to shares” mentioned above.
   g. Restrictions on transferring of subscription rights to shares
      Transferring the subscription rights to shares is subject to approval of the Board of Directors of the Company Subject to Reorganization.
   h. Provision for acquisition of subscription rights to shares
      To be determined in the same manner as Note 2 above.
   i. Other conditions for exercising subscription rights to shares
      To be determined in the same manner as “Conditions for exercising subscription rights to shares” mentioned above.

b. Resolutions of a meeting of the Board of Directors on September 19, 2008

	As of June 30, 2010
Number of subscription rights to shares	547 units
Of which, the number of treasury subscription rights to shares	–
Class of shares to be issued upon exercise of subscription rights to shares	Common stock (JT's Standard class of shares with no rights limitations. No unit share system is adopted.)
Number of shares to be issued upon exercise of subscription rights to shares	547 shares (Note 1)
Paying due upon exercise of subscription rights to shares	¥1 per share
Exercise period of subscription rights to shares	From October 7, 2008 to October 6, 2038
Issue price of shares in cases where shares will be issued as a result of exercise of subscription rights to shares	¥285,904 per unit
Additional paid-in capital in issue price in cases where shares will be issued as a result of exercise of subscription rights to shares	a. Capital amount that will be increased in cases where shares will be issued as a result of the exercise of subscription rights to shares must be a half of the maximum capital increase amount obtained by the calculation pursuant to Article 17, paragraph (1) of the Corporate Accounting Rules. If the obtained figure has a fraction less than one yen, the figure is rounded up to the nearest yen above. b. Capital reserves that will be increased in cases where shares will be issued as a result of the exercise of subscription rights to shares must be the amount obtained by subtracting the capital amount to be increased as specified in a. above from the maximum capital increase amount described in a. above.
Conditions for exercising subscription rights to shares	a. The person who is a holder of subscription rights to shares and is recorded in the registry of subscription rights to shares (hereinafter, "Subscription rights to shares Holder") may exercise his/her subscription rights to shares only if he/she forfeit his/her all position as director (including *sikkoyaku* at a company with committees), auditor and executive officer (*sikkoyakuin*). b. In cases where Subscription rights to shares Holders waive their subscription rights to shares, they cannot exercise those subscription rights to shares.
Assignment of subscription rights to shares	The approval of the Board of Directors is required for the assignment of subscription rights to shares.
Matters regarding surrogate payments	–
Provisions for acquiring subscription rights to shares	(Note 2)
Matters regarding deliver of subscription rights to shares accompanied by reorganization	(Note 3)

Notes: 1. The class of shares to which subscription rights to shares apply shall be common stock. The number of shares to which each stock acquisition right applies (hereinafter, "Number of Shares Granted") shall be one.

However, in cases where JT conducts stock split (including stock allotment without contribution; hereinafter, the same shall apply to description of stock split) or stock consolidation of common stock after the date on which JT allots subscription rights to shares (hereinafter, "Allotment Date"), the Number of Shares Granted shall be adjusted according to the following formula.

$$\text{Number of Shares Granted after adjustment} = \text{Number of Shares Granted before adjustment} \times \text{Ratio of stock split or stock consolidation}$$

Any fraction of less than one share that occurs as a result of the above adjustment shall be rounded off to two decimal places.

In the case of a stock split, the Number of Shares Granted after adjustment shall be applied on and after the date following the base date (if the base date is not specified, on or after the effective date), while in the case of stock consolidation, it shall be applied on and after the effective date. However, in cases where stock split is conducted subject to approval of the proposal to reduce surplus and increase capital or reserve fund at the General Meeting of Shareholders of JT and where the base date for stock split is set on or before the date of conclusion of that General Meeting of Shareholders, the Number of Shares Granted after adjustment shall be applied retroactively to the date following that base date, on and after the date following the date of conclusion of that General Meeting of Shareholders.

In addition, in cases where the adjustment of the Number of Shares Granted is proper, JT shall conduct adjustments deemed necessary after the Allotment Date.

When adjusting the Number of Shares Granted, JT shall notify Subscription rights to shares Holders or make public notice of necessary information by the date before the date on which the Number of Shares Granted after adjustment is applied. However, in cases where the notice or public notice by the date before the date of the application is impracticable, JT shall later do so as soon as possible.

2. In cases where proposal a., b. or c. below is approved at the General Meeting of Shareholders of JT (if a resolution by the General Meeting of Shareholders is not necessary, it is read as "in cases where the resolution of a meeting of the Board of Directors or the decision by the representative executive officer *(sikkoyaku* at a company with committees) is made"), JT may acquire subscription rights to shares on the date separately provided for by the Board of Directors.
   In this case, JT shall, in exchange for acquiring each stock acquisition right, deliver money at the amount obtained by multiplying the value per share calculated according to the following formula by the Number of Shares Granted (if adjusted pursuant to the Note 1 above, the Number of Shares Granted after adjustment) to the Subscription rights to shares Holders of respective such subscription rights to shares.

   Value per share = Closing price for regular transactions of common stock of JT on the Tokyo Stock Exchange (if there is no closing price, the base price thereof on the following business day) on the date on which such proposal is approved at the General Meeting of Shareholders of JT (if a resolution by the General Meeting of Shareholders is not necessary, the resolution by a meeting of the Board of Directors or the decision by the representative executive officer *(sikkoyaku* at a company with committees)) – ¥1

   a. Proposal to ask approval of a contract of merger where JT is not to be the surviving company
   b. Proposal to ask approval of a contract or plan of company split where JT would be the split company
   c. Proposal to ask approval of a share exchange contract or share transfer plan where JT becomes a wholly-owned subsidiary

3. In cases where JT merges (limited to cases where JT is to be extinguished as a result of the merger), splits and absorbs or splits and incorporates (limited to cases where JT becomes the split company in either case) or exchanges or transfers shares (limited to cases where JT becomes a wholly-owned subsidiary in either case) (collectively, hereinafter, "Reorganization"), JT shall, in each case, deliver subscription rights to shares of the companies as listed in Article 236, paragraph (1), item (viii), sub-items (a) to (e) inclusive of the Companies Act (hereinafter, the "Company Subject to Reorganization") to the Subscription rights to shares Holders that have subscription rights to shares existing immediately before the effective date of the Reorganization, which is either the effective date of absorption-type merger when it is an absorption-type merger, the consolidation date of a company as a result of the consolidated-type merger when it is a consolidated-type merger, the effective date of absorption-type company split when it is an absorption-type company split, the incorporation date of a company as a result of the incorporation-type company split when it is an incorporation-type company split, the effective date of share exchange when it is a share exchange, or the incorporation date of a wholly-owning parent company as a result of the share transfer when it is a share transfer (hereinafter, "Remaining Subscription rights to shares"). However, it is subject to a condition that the provision that the subscription rights to shares of the Company Subject to Reorganization shall be delivered pursuant to the provisions of the items below, is specified in the absorption-type merger contract, consolidated-type merger contract, absorption-type company split contract, incorporation-type company split plan, share exchange contract or share transfer plan.
   a. Number of subscription rights to shares to be delivered of the Company Subject to Reorganization
      Subscription rights to shares whose number is identical to the number of the Remaining Subscription rights to shares held by Subscription rights to shares Holder
   b. Class of shares of the Company Subject to Reorganization to which subscription rights to shares apply
      Common stock of the Company Subject to Reorganization
   c. Number of shares of the Company Subject to Reorganization to which subscription rights to shares apply
      To be determined in the same manner as Note 1 above, taking into consideration terms and other conditions of the Reorganization.
   d. Value of property to be contributed when subscription rights to shares are exercised
      The value of the property to be contributed when each stock acquisition right to be delivered is exercised shall be the amount obtained by multiplying the paid-in amount after Reorganization as specified below by the number of shares of the Company Subject to Reorganization to which each stock acquisition right applies, which is decided pursuant to c. above. The paid-in amount after Reorganization shall be ¥1 per share of the shares of the Company Subject to Reorganization that would be delivered by exercising the delivered subscription rights to shares.
   e. Period during which subscription rights to shares can be exercised
      From the effective date of the Reorganization to the expiration date of the period during which such subscription rights to shares can be exercised as specified in the "Exercise period of subscription rights to shares" mentioned above
   f. Matters regarding capital and capital reserves that will be increased in cases where shares will be issued as a result of the exercise of subscription rights to shares
      To be determined in the same manner as the "Additional paid-in capital in issue price in cases where shares will be issued as a result of exercise of subscription rights to shares" mentioned above.
   g. Restrictions on transferring of subscription rights to shares
      Transferring the subscription rights to shares is subject to approval of the Board of Directors of the Company Subject to Reorganization.
   h. Provision for acquisition of subscription rights to shares
      To be determined in the same manner as Note 2 above.
   i. Other conditions for exercising subscription rights to shares
      To be determined in the same manner as "Conditions for exercising subscription rights to shares" mentioned above.

c. Resolutions of a meeting of the Board of Directors on September 28, 2009

	As of June 30, 2010
Number of subscription rights to shares	1,153 units
Of which, the number of treasury subscription rights to shares	–
Class of shares to be issued upon exercise of subscription rights to shares	Common stock (JT's Standard class of shares with no rights limitations. No unit share system is adopted.)
Number of shares to be issued upon exercise of subscription rights to shares	1,153 shares (Note 1)
Paying due upon exercise of subscription rights to shares	¥1 per share
Exercise period of subscription rights to shares	From October 14, 2009 to October 13, 2039
Issue price of shares in cases where shares will be issued as a result of exercise of subscription rights to shares	¥197,517 per unit
Additional paid-in capital in issue price in cases where shares will be issued as a result of exercise of subscription rights to shares	a. Capital amount that will be increased in cases where shares will be issued as a result of the exercise of subscription rights to shares must be a half of the maximum capital increase amount obtained by the calculation pursuant to Article 17, paragraph (1) of the Corporate Accounting Rules. If the obtained figure has a fraction less than one yen, the figure is rounded up to the nearest yen above. b. Capital reserves that will be increased in cases where shares will be issued as a result of the exercise of subscription rights to shares must be the amount obtained by subtracting the capital amount to be increased as specified in a. above from the maximum capital increase amount described in a. above.
Conditions for exercising subscription rights to shares	a. The person who is a holder of subscription rights to shares and is recorded in the registry of subscription rights to shares (hereinafter, "Subscription rights to shares Holder") may exercise his/her subscription rights to shares only if he/she forfeit his/her all position as director (including *sikkoyaku* at a company with committees), auditor and executive officer (*sikkoyakuin*). b. In cases where Subscription rights to shares Holders waive their subscription rights to shares, they cannot exercise those subscription rights to shares.
Assignment of subscription rights to shares	The approval of the Board of Directors is required for the assignment of subscription rights to shares.
Matters regarding surrogate payments	–
Provisions for acquiring subscription rights to shares	(Note 2)
Matters regarding deliver of subscription rights to shares accompanied by reorganization	(Note 3)

Notes: 1. The class of shares to which subscription rights to shares apply shall be common stock. The number of shares to which each stock acquisition right applies (hereinafter, "Number of Shares Granted") shall be one.

However, in cases where JT conducts stock split (including stock allotment without contribution; hereinafter, the same shall apply to description of stock split) or stock consolidation of common stock after the date on which JT allots subscription rights to shares (hereinafter, "Allotment Date"), the Number of Shares Granted shall be adjusted according to the following formula.

$$\text{Number of Shares Granted after adjustment} = \text{Number of Shares Granted before adjustment} \times \text{Ratio of stock split or stock consolidation}$$

Any fraction of less than one share that occurs as a result of the above adjustment shall be rounded off to two decimal places.

In the case of a stock split, the Number of Shares Granted after adjustment shall be applied on and after the date following the base date (if the base date is not specified, on or after the effective date), while in the case of stock consolidation, it shall be applied on and after the effective date. However, in cases where stock split is conducted subject to approval of the proposal to reduce surplus and increase capital or reserve fund at the General Meeting of Shareholders of JT and where the base date for stock split is set on or before the date of conclusion of that General Meeting of Shareholders, the Number of Shares Granted after adjustment shall be applied retroactively to the date following that base date, on and after the date following the date of conclusion of that General Meeting of Shareholders.

In addition, in cases where the adjustment of the Number of Shares Granted is proper, JT shall conduct adjustments deemed necessary after the Allotment Date.

When adjusting the Number of Shares Granted, JT shall notify Subscription rights to shares Holders or make public notice of necessary information by the date before the date on which the Number of Shares Granted after adjustment is applied. However, in cases where the notice or public notice by the date before the date of the application is impracticable, JT shall later do so as soon as possible.

2. In cases where proposal a., b. or c. below is approved at the General Meeting of Shareholders of JT (if a resolution by the General Meeting of Shareholders is not necessary, it is read as "in cases where the resolution of a meeting of the Board of Directors or the decision by the representative executive officer *(sikkoyaku* at a company with committees) is made"), JT may acquire subscription rights to shares on the date separately provided for by the Board of Directors.

   In this case, JT shall, in exchange for acquiring each stock acquisition right, deliver money at the amount obtained by multiplying the value per share calculated according to the following formula by the Number of Shares Granted (if adjusted pursuant to the Note 1 above, the Number of Shares Granted after adjustment) to the Subscription rights to shares Holders of respective such subscription rights to shares.

   Value per share = Closing price for regular transactions of common stock of JT on the Tokyo Stock Exchange (if there is no closing price, the base price thereof on the following business day) on the date on which such proposal is approved at the General Meeting of Shareholders of JT (if a resolution by the General Meeting of Shareholders is not necessary, the resolution by a meeting of the Board of Directors or the decision by the representative executive officer *(sikkoyaku* at a company with committees)) – ¥1

   a. Proposal to ask approval of a contract of merger where JT is not to be the surviving company
   b. Proposal to ask approval of a contract or plan of company split where JT would be the split company
   c. Proposal to ask approval of a share exchange contract or share transfer plan where JT becomes a wholly-owned subsidiary

3. In cases where JT merges (limited to cases where JT is to be extinguished as a result of the merger), splits and absorbs or splits and incorporates (limited to cases where JT becomes the split company in either case) or exchanges or transfers shares (limited to cases where JT becomes a wholly-owned subsidiary in either case) (collectively, hereinafter, "Reorganization"), JT shall, in each case, deliver subscription rights to shares of the companies as listed in Article 236, paragraph (1), item (viii), sub-items (a) to (e) inclusive of the Companies Act (hereinafter, the "Company Subject to Reorganization") to the Subscription rights to shares Holders that have subscription rights to shares existing immediately before the effective date of the Reorganization, which is either the effective date of absorption-type merger when it is an absorption-type merger, the consolidation date of a company as a result of the consolidated-type merger when it is a consolidated-type merger, the effective date of absorption-type company split when it is an absorption-type company split, the incorporation date of a company as a result of the incorporation-type company split when it is an incorporation-type company split, the effective date of share exchange when it is a share exchange, or the incorporation date of a wholly-owning parent company as a result of the share transfer when it is a share transfer (hereinafter, "Remaining Subscription rights to shares"). However, it is subject to a condition that the provision that the subscription rights to shares of the Company Subject to Reorganization shall be delivered pursuant to the provisions of the items below, is specified in the absorption-type merger contract, consolidated-type merger contract, absorption-type company split contract, incorporation-type company split plan, share exchange contract or share transfer plan.

   a. Number of subscription rights to shares to be delivered of the Company Subject to Reorganization
      Subscription rights to shares whose number is identical to the number of the Remaining Subscription rights to shares held by Subscription rights to shares Holder
   b. Class of shares of the Company Subject to Reorganization to which subscription rights to shares apply
      Common stock of the Company Subject to Reorganization
   c. Number of shares of the Company Subject to Reorganization to which subscription rights to shares apply
      To be determined in the same manner as Note 1 above, taking into consideration terms and other conditions of the Reorganization.
   d. Value of property to be contributed when subscription rights to shares are exercised
      The value of the property to be contributed when each stock acquisition right to be delivered is exercised shall be the amount obtained by multiplying the paid-in amount after Reorganization as specified below by the number of shares of the Company Subject to Reorganization to which each stock acquisition right applies, which is decided pursuant to c. above. The paid-in amount after Reorganization shall be ¥1 per share of the shares of the Company Subject to Reorganization that would be delivered by exercising the delivered subscription rights to shares.
   e. Period during which subscription rights to shares can be exercised
      From the effective date of the Reorganization to the expiration date of the period during which such subscription rights to shares can be exercised as specified in the "Exercise period of subscription rights to shares" mentioned above
   f. Matters regarding capital and capital reserves that will be increased in cases where shares will be issued as a result of the exercise of subscription rights to shares
      To be determined in the same manner as the "Additional paid-in capital in issue price in cases where shares will be issued as a result of exercise of subscription rights to shares" mentioned above.
   g. Restrictions on transferring of subscription rights to shares
      Transferring the subscription rights to shares is subject to approval of the Board of Directors of the Company Subject to Reorganization.
   h. Provision for acquisition of subscription rights to shares
      To be determined in the same manner as Note 2 above.
   i. Other conditions for exercising subscription rights to shares
      To be determined in the same manner as "Conditions for exercising subscription rights to shares" mentioned above.

(3) Exercise of bond certificates with subscription rights to shares with exercise price amendment clause

No items to report

(4) Details of rights plan

No items to report

(5) Trends in total number of shares issued, capital stock, etc.

Date	Fluctuation in the number of shares issued (Thousands of shares)	Balance of shares issued (Thousands of shares)	Fluctuation in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Fluctuation in capital reserves (Millions of yen)	Balance of capital reserves (Millions of yen)
April 1, 2010 to June 30, 2010	–	10,000	–	100,000	–	736,400

(6) Status of major shareholders

A verification of the shareholder registry at June 30, 2010 revealed that “State Street Bank and Trust Company (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)” and “HSBC BANK PLC A/C THE CHILDRENS INVESTMENT MASTER FUND (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch),” both of which were in the top ten major shareholders at March 31, 2010, ceased to be major shareholders with “State Street Bank and Trust Company 505225 (Standing proxy: Mizuho Corporate Bank, Ltd., Settlement Sales Department)” and “The Chase Manhattan Bank 385036 (Standing proxy: Mizuho Corporate Bank, Ltd., Settlement Sales Department)” newly ascended to the top ten major shareholders.

(As of June 30, 2010)

Name of shareholders	Address	Number of shares held (Share)	Percentage of number of shares held in the total number of shares issued (%)
State Street Bank and Trust Company 505225 (Standing proxy: Mizuho Corporate Bank, Ltd., Settlement Sales Department)	P.O.BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo, Japan)	69,941	0.70
The Chase Manhattan Bank 385036 (Standing proxy: Mizuho Corporate Bank, Ltd., Settlement Sales Department)	360 N.CRESCENT DRIVE BEVERLYHILLS, CA 90210 U.S.A. (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo, Japan)	61,356	0.61

(7) Status of voting rights

a. Shares issued

(As of June 30, 2010)

Classification	Number of shares (Share)	Number of voting rights	Details
Shares without voting rights	–	–	–
Shares with restricted voting rights (Treasury stock, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury stock, etc.)	Common stock 419,903	–	(Note 2)
Shares with full voting rights (Other)	Common stock 9,580,097	9,580,097	(Note 2)
Odd shares	–	–	–
Total number of shares issued	10,000,000	–	–
Total number of voting rights	–	9,580,097	–

Notes: 1. The number of "Shares with full voting rights (Other)" includes 168 shares in the name of Japan Securities Depository Center, Inc. "Number of voting rights" includes 168 units of voting rights related to shares with full voting rights in its name.

2. JT's standard class of shares with no rights limitations. No unit share system is adopted.

b. Treasury stock, etc.

(As of June 30, 2010)

Name of shareholders	Address	Number of shares held under own name (Share)	Number of shares held under the name of others (Share)	Total number of shares held (Share)	Percentage of number of shares held in the total number of shares issued (%)
Japan Tobacco Inc.	2-1, Toranomon 2-chome, Minato-ku, Tokyo, Japan	419,903	–	419,903	4.20
Total	–	419,903	–	419,903	4.20

2. Trends in share price

Monthly highest and lowest share prices during the three months ended June 30, 2010

Month	April 2010	May 2010	June 2010
Highest (Yen)	350,500	327,500	306,500
Lowest (Yen)	305,000	275,000	275,100

Note: The monthly highest and lowest share prices were those recorded on the first section of the Tokyo Stock Exchange.

3. Status of officers

There were no personnel changes of officers between the filing date of the Annual Securities Report for the previous fiscal year and that of this Quarterly Securities Report.

V. Accounting

1. Preparation policy of the quarterly consolidated financial statements

JT prepares quarterly consolidated financial statements in accordance with the Regulation for Terminology, Forms and Preparation of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007, hereinafter, the "Regulation for Quarterly Consolidated Financial Statements").

The quarterly consolidated financial statements for the first quarter of the previous fiscal year (from April 1, 2009 to June 30, 2009) and for the three months ended June 30, 2009 were prepared in accordance with the pre-revised Regulation for Quarterly Consolidated Financial Statements while those for this first quarter (from April 1, 2010 to June 30, 2010) and for the three months ended June 30, 2010 were prepared in accordance with the revised Regulation for Quarterly Consolidated Financial Statements.

2. Audit attestation

The quarterly consolidated financial statements for the first quarter of the previous fiscal year (from April 1, 2009 to June 30, 2009) and for the three months ended June 30, 2009, as well as those for this first quarter (from April 1, 2010 to June 30, 2010) and for the three months ended June 30, 2010 were reviewed by Deloitte Touche Tohmatsu LLC pursuant to the first clause of Article 193-2 of the Financial Instruments and Exchange Act.

1. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

		As of June 30, 2010		As of March 31, 2010 (Summary)
Assets				
Current assets				
Cash and deposits		119,210		155,444
Notes and accounts receivable–trade		306,699		296,884
Short-term investment securities		15,486		11,950
Merchandise and finished goods		159,661		151,062
Semi-finished goods		93,336		109,621
Work in process		5,757		5,522
Raw materials and supplies		299,556		288,893
Other		231,413		180,086
Allowance for doubtful accounts		(3,151)		(3,622)
Total current assets		1,227,970		1,195,843
Noncurrent assets				
Property, plant and equipment	*	679,758	*	679,561
Intangible assets				
Goodwill		1,377,162		1,387,397
Right of trademark		336,938		350,900
Other		29,470		30,766
Total intangible assets		1,743,572		1,769,064
Investments and other assets				
Investment securities		73,113		83,760
Other		168,192		179,061
Allowance for doubtful accounts		(30,974)		(34,695)
Total investments and other assets		210,331		228,127
Total noncurrent assets		2,633,661		2,676,752
Total assets		3,861,632		3,872,595
Liabilities				
Current liabilities				
Notes and accounts payable–trade		145,561		149,462
Short-term loans payable		125,315		109,263
Commercial papers		68,000		119,000
Current portion of bonds		50,390		50,395
Current portion of long-term loans payable		22,600		23,024
National tobacco excise tax payable		245,615		212,066
National tobacco special excise tax payable		9,918		10,490
Local tobacco excise tax payable		81,813		85,238
Income taxes payable		33,535		54,057
Provision		21,682		39,610
Other		280,620		248,926
Total current liabilities		1,085,052		1,101,535

(Millions of yen)

	As of June 30, 2010	As of March 31, 2010 (Summary)
Noncurrent liabilities		
Bonds payable	397,756	409,014
Long-term loans payable	174,603	149,569
Provision for retirement benefits	248,483	251,902
Other provision	727	763
Other	230,784	236,532
Total noncurrent liabilities	1,052,355	1,047,782
Total liabilities	2,137,408	2,149,317
Net assets		
Shareholders’ equity		
Capital stock	100,000	100,000
Capital surplus	736,406	736,406
Retained earnings	1,304,892	1,310,669
Treasury stock	(74,575)	(74,575)
Total shareholders’ equity	2,066,724	2,072,501
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8,180	12,043
Pension liability adjustment of foreign consolidated subsidiaries	(26,150)	(26,269)
Foreign currency translation adjustment	(400,240)	(409,160)
Total valuation and translation adjustments	(418,210)	(423,387)
Subscription rights to shares	621	564
Minority interests	75,088	73,599
Total net assets	1,724,224	1,723,278
Total liabilities and net assets	3,861,632	3,872,595

(2) Quarterly consolidated statements of income (cumulative)

(Millions of yen)

		Three months ended June 30, 2009		Three months ended June 30, 2010
Net sales		1,463,121		1,467,099
Cost of sales		1,185,876		1,197,370
Gross profit		277,244		269,728
Selling, general and administrative expenses	*1	192,970	*1	190,606
Operating income		84,273		79,122
Non-operating income				
Interest income		1,472		277
Dividends income		1,181		433
Foreign exchange gains		1,055		–
Other		1,759		1,668
Total non-operating income		5,469		2,379
Non-operating expenses				
Interest expenses		8,194		4,568
Foreign exchange losses		–		2,652
Financial support for domestic leaf tobacco growers		73		154
Other		2,659		2,539
Total non-operating expenses		10,928		9,915
Ordinary income		78,814		71,586
Extraordinary income				
Gain on sales of noncurrent assets		9,117		361
Gain on sales of investment securities		–		1,658
Other		1,125		400
Total extraordinary income		10,243		2,421
Extraordinary loss				
Loss on sales of noncurrent assets		1,601		27
Loss on retirement of noncurrent assets		1,187		732
Impairment loss		229		788
Loss on liquidation of business		1,335		–
Regulatory fine in Canada		–	*2	13,267
Other		1,088		5,276
Total extraordinary losses		5,443		20,092
Income before income taxes and minority interests		83,614		53,915
Income taxes		39,292		29,554
Income before minority interests		–		24,360
Minority interests in income		1,452		1,520
Net income		42,869		22,840

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	83,614	53,915
Depreciation and amortization	33,256	30,071
Impairment loss	229	788
Loss (gain) on sales and retirement of noncurrent assets	(6,982)	134
Regulatory fine in Canada	–	13,267
Amortization of goodwill	24,975	23,418
Increase (decrease) in provision for retirement benefits	(3,075)	(1,253)
Interest and dividends income	(2,653)	(710)
Interest expenses	8,194	4,568
Decrease (increase) in notes and accounts receivable–trade	9,907	(11,763)
Decrease (increase) in inventories	(26,363)	(33,569)
Increase (decrease) in notes and accounts payable–trade	(7,392)	(6,624)
Increase (decrease) in accounts payable–other	(6,245)	(9,463)
Increase (decrease) in tobacco excise taxes payable	21,663	32,499
Other, net	(54,173)	(623)
Subtotal	74,954	94,654
Interest and dividends income received	2,936	1,257
Interest expenses paid	(7,966)	(3,530)
Payment for regulatory fine in Canada	–	(13,267)
Income taxes paid	(36,980)	(51,620)
Net cash provided by (used in) operating activities	32,943	27,493
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	–	(8,799)
Proceeds from sales and redemption of securities	903	3,926
Purchase of property, plant and equipment	(25,162)	(28,329)
Proceeds from sales of property, plant and equipment	12,539	745
Purchase of intangible assets	(765)	(1,921)
Purchase of investments in subsidiaries	(979)	–
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	–	(646)
Other, net	390	5,631
Net cash provided by (used in) investing activities	(13,074)	(29,393)

(Millions of yen)

		Three months ended June 30, 2009		Three months ended June 30, 2010
Net cash provided by (used in) financing activities				
Increase (decrease) in short-term bank loans and commercial papers		22,970		(34,615)
Proceeds from long-term loans payable		315		30,000
Repayment of long-term loans payable		(17,263)		(616)
Proceeds from issuance of bonds		99,804		–
Redemption of bonds		(150,000)		(50)
Cash dividends paid		(26,454)		(28,416)
Proceeds from stock issuance to minority shareholders		–		219
Cash dividends paid to minority shareholders		(2,446)		(303)
Repayments of finance lease obligations		(1,650)		(1,476)
Net cash provided by (used in) financing activities		(74,726)		(35,258)
Effect of exchange rate change on cash and cash equivalents		6,268		368
Net increase (decrease) in cash and cash equivalents		(48,589)		(36,789)
Cash and cash equivalents at beginning of period		167,257		154,368
Increase in cash and cash equivalents from newly consolidated subsidiary		–		194
Cash and cash equivalents at end of period	*	118,668	*	117,773

Changes in significant matters in preparing quarterly consolidated financial statements

	First quarter ended June 30, 2010
1. Changes in scope of consolidation	(1) Changes in scope of consolidation From this first quarter, a total of 7 companies, including JT International Zagreb d.o.o. za trgovinui usluge, were newly included in the scope of consolidation. Also, a total of 8 companies, including FOOD INCLUVE CO., .LTD. were excluded from the scope of consolidation due to transfer of shares or other reasons. (2) Number of consolidated subsidiaries after changes 257 companies
2. Changes in scope of equity method	(1) Changes in application of the equity method From this first quarter, Senichi Foods Co., Ltd. was excluded from the scope of the equity method due to transfer of shares. (2) Number of affiliates accounted for by the equity method after changes 16 companies
3. Changes in accounting policies	Application of Accounting Standard for Asset Retirement Obligations Effective from this first quarter, JT applied the “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 18, March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008). The impact of this change on operating income, ordinary income and income before income taxes and minority interests is immaterial.

Changes in methods of presentation

First quarter ended June 30, 2010
(Quarterly consolidated statements of income) 1. In the three months ended June 30, 2009, “Gain on sales of investment securities” (¥278 million recorded in the three months ended June 30, 2009) was included in “Other” in “Extraordinary income,” however, it is now presented separately due to its increased materiality. 2. In the three months ended June 30, 2009, “Loss on liquidation of business” (¥984 million recorded in the three months ended June 30, 2010) was presented separately in “Extraordinary loss,” however, in the three months ended June 30, 2010, it is included in “Other” in “Extraordinary loss” due to its immateriality. 3. Following the application of the “Cabinet Office Ordinance for Partial Revision of the Regulation for Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No. 5, March 24, 2009) based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), an accounting item of “Income before minority interests” is included in the quarterly consolidated statements of income for the three months ended June 30, 2010. (Quarterly consolidated statements of cash flows) 1. In the three months ended June 30, 2009, “Purchase of short-term investment securities” (-¥0 million recorded in the three months ended June 30, 2009) was included in “Other, net” in “Net cash provided by (used in) investing activities,” however, it is now presented separately due to its increased materiality. 2. In the three months ended June 30, 2009, “Purchase of investments in subsidiaries” (-¥0 million recorded in the three months ended June 30, 2010) was presented separately in “Net cash provided by (used in) investing activities,” however, in the three months ended June 30, 2010, it is included in “Other, net” in “Net cash provided by (used in) investing activities” due to its immateriality.

Special accounting applied in preparing quarterly consolidated financial statements

	First quarter ended June 30, 2010
Calculation of tax expenses	Tax expenses are calculated by: using rational means to obtain an estimate of the effective tax rate after tax effect accounting to be applied to income before income taxes and minority interests of the fiscal year including this first quarter; and then by multiplying quarterly income before income taxes and minority interests by the aforesaid estimated effective tax rate. Note that deferred income taxes are included in "Income taxes."

Notes to quarterly consolidated financial statements

(Notes to quarterly consolidated balance sheets)

As of June 30, 2010	As of March 31, 2010
* Accumulated depreciation of property, plant and equipment amounted to ¥957,489 million.	* Accumulated depreciation of property, plant and equipment amounted to ¥952,070 million.

(Notes to quarterly consolidated statements of income)

Three months ended June 30, 2009		Three months ended June 30, 2010	
*1. Major items and their amounts of selling, general and administrative expenses are as follows:		*1. Major items and their amounts of selling, general and administrative expenses are as follows:	
Advertising expenses	¥4,134 million	Advertising expenses	¥4,362 million
Promotion expenses	¥29,269 million	Promotion expenses	¥29,812 million
Compensation, salaries and allowances	¥31,497 million	Compensation, salaries and allowances	¥34,210 million
Retirement benefit expenses	¥4,616 million	Retirement benefit expenses	¥4,153 million
Legal welfare expenses	¥6,322 million	Legal welfare expenses	¥6,480 million
Employees' bonuses	¥369 million	Employees' bonuses	¥281 million
Provision for bonuses	¥11,651 million	Provision for bonuses	¥12,353 million
Depreciation	¥20,104 million	Depreciation	¥16,134 million
Amortization of goodwill	¥24,983 million	Amortization of goodwill	¥23,423 million
Research and development expenses	¥12,161 million	Research and development expenses	¥12,300 million
–––		*2. On April 13, 2010, JTI-Macdonald Corp. ("JTI-Mac"), JT's Canadian consolidated subsidiary, entered into a comprehensive agreement with the Government of Canada and all provinces and territories to establish a cooperation mechanism in combating cigarette smuggling and contraband. In addition, JTI-Mac pleaded to a regulatory offense for its involvement in the illicit trade of cigarettes prior to JT's acquisition of non-US tobacco operations of RJR Nabisco Inc. and paid CAD150 million. The payment amount is recorded in extraordinary loss as "Regulatory fine in Canada."	

(Notes to quarterly consolidated statements of cash flows)

Three months ended June 30, 2009		Three months ended June 30, 2010	
* Cash and cash equivalents at the end of the period are reconciled to items on the quarterly consolidated balance sheets as follows:		* Cash and cash equivalents at the end of the period are reconciled to items on the quarterly consolidated balance sheets as follows:	
	(As of June 30, 2009) (Millions of yen)		(As of June 30, 2010) (Millions of yen)
Cash and deposits	113,745	Cash and deposits	119,210
Time deposits with a deposit period of over three months	(2,212)	Time deposits with a deposit period of over three months	(6,376)
Short-term investments with an investment period within three months, which are readily convertible to cash and represent less value fluctuation risk (Short-term investment securities)	7,136	Short-term investments with an investment period within three months, which are readily convertible to cash and represent less value fluctuation risk (Short-term investment securities)	4,940
Cash and cash equivalents	118,668	Cash and cash equivalents	117,773

(Shareholders' equity)

As of June 30, 2010 and three months ended June 30, 2010

1. Class and total number of shares issued
   Common stock 10,000 thousand shares

2. Class and number of treasury shares
   Common stock 419 thousand shares

3. Balance of subscription rights to shares as of June 30, 2010
   Subscription rights to shares as stock options Parent company ¥621 million

4. Cash dividends
   Dividend payments

(Resolution)	Class of shares	Total amount of dividends (Millions of yen)	Cash dividend per share (Yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders held on June 24, 2010	Common stock	28,740	3,000	March 31, 2010	June 25, 2010	Retained earnings

(Segment information, etc.)

Business segment information

Three months ended June 30, 2009

(Millions of yen)

	Domestic Tobacco	International Tobacco	Pharmaceuticals	Foods	Others	Total	Elimination and corporate	Consolidated total
Net sales								
(1) Sales to customers	779,769	568,334	11,142	98,889	4,985	1,463,121	–	1,463,121
(2) Intersegment sales or transfers	14,737	8,816	–	36	2,694	26,284	(26,284)	–
Total	794,506	577,151	11,142	98,925	7,680	1,489,405	(26,284)	1,463,121
Operating income (loss)	54,617	33,395	(3,269)	(3,695)	2,901	83,949	324	84,273

Notes: 1. Business segments are set with consideration of types of products, characteristics and markets.

2. Main products or services under each segment are as follows:
   - a. Domestic Tobacco: Tobacco products (These include tobacco products sold at duty-free shops in Japan, as well as at markets in China, Hong Kong and Macau, markets that are under the control of JT's China Division.)
   - b. International Tobacco: Tobacco products
   - c. Pharmaceuticals: Prescription drugs
   - d. Foods: Beverages and processed foods
   - e. Others: Rent of real estate, leasing and others

3. The following tables show the amounts of "Depreciation and amortization" and the ones of "Goodwill amortization" by business segment which are included in operating expenses.

Depreciation and amortization (Property, plant and equipment/Intangible assets other than goodwill/ Long-term prepaid expenses)

(Millions of yen)

	Domestic Tobacco	International Tobacco	Pharmaceuticals	Foods	Others	Total	Elimination and corporate	Consolidated total
Three months ended June 30, 2009	14,711	13,207	928	4,163	362	33,372	(116)	33,256

Goodwill amortization

(Millions of yen)

	Domestic Tobacco	International Tobacco	Pharmaceuticals	Foods	Others	Consolidated total
Three months ended June 30, 2009	272	21,318	–	3,393	–	24,983

4. The Domestic Tobacco segment includes the sales by TS Network Co., Ltd., JT's consolidated subsidiary. TS Network Co., Ltd. distributes domestic tobacco products and sells imported tobacco products by wholesale. Net sales of imported tobacco products via TS Network Co., Ltd. were as follows:

   Three months ended June 30, 2009: ¥276,767 million

5. With respect to the International Tobacco segment, as the closing date of the accounting period of foreign consolidated subsidiaries is set on December 31, operating results from January 1, 2009 to March 31, 2009 have been included in the three months ended June 30, 2009.

Geographical segment information

Three months ended June 30, 2009

(Millions of yen)

	Japan	Western Europe	Others	Total	Elimination and corporate	Consolidated total
Net sales						
(1) Sales to customers	889,982	368,281	204,857	1,463,121	–	1,463,121
(2) Intersegment sales or transfers	16,211	51,414	11,118	78,744	(78,744)	–
Total	906,194	419,696	215,975	1,541,866	(78,744)	1,463,121
Operating income (loss)	50,011	(6,900)	40,774	83,884	388	84,273

Notes: 1. Geographical segments are set with consideration of geographical proximity.

2. Countries or regions belonging to the segments other than Japan
   a. Western Europe: Switzerland, United Kingdom, Germany
   b. Others: Canada, Russia, Malaysia
3. The following table shows the amounts of goodwill amortization by geographical segment which are included in operating expenses for the three months ended June 30, 2009.

(Millions of yen)

	Japan	Western Europe	Others	Consolidated total
Three months ended June 30, 2009	3,665	21,318	–	24,983

Overseas sales

Three months ended June 30, 2009

		Western Europe	Others	Total
I. Overseas sales	(Millions of yen)	358,456	215,110	573,566
II. Consolidated sales	(Millions of yen)			1,463,121
III. Percentage of overseas sales	(%)	24.5	14.7	39.2

Notes: 1. Overseas sales figures consist of sales of JT and its consolidated subsidiaries in countries or regions outside Japan.

2. Geographical segments are set with consideration of geographical proximity.
3. Countries or regions belonging to each segment
   a. Western Europe: Switzerland, United Kingdom, Germany
   b. Others: Canada, Russia, Malaysia

Segment information

1. Overview of reportable segments

   Reportable segments of the JT Group are determined as segments whose separate financial information is accessible from among the constituent units of the JT Group and that are subject to periodical examination, in order for the management to determine the allocation of management resources.

   The JT Group is mainly engaged in the manufacture and sale of tobacco products, prescription drugs and foods. With respect to tobacco products, operations are managed separately for domestic and overseas.

   The reportable segments of the JT Group are composed of four segments, “Japanese Domestic Tobacco Business,” “International Tobacco Business,” “Pharmaceutical Business” and “Food Business.” They are determined based on types of products, characteristics and markets.

   The “Japanese Domestic Tobacco Business” manufactures and sells tobacco products in domestic areas (which includes duty-free shops in Japan and markets in China, Hong Kong and Macau where JT’s China Division operates). The “International Tobacco Business” manufactures and sells tobacco products overseas mainly through JT International S.A., which controls manufacturing and sales operations. The “Pharmaceutical Business” consists of the research and development, manufacture and sale of prescription drugs. The “Food Business” consists of the manufacture and sale of beverages, processed foods and seasonings.

2. Information regarding net sales and profit or loss by reportable segment

Three months ended June 30, 2010

(Millions of yen)

	Japanese Domestic Tobacco	International Tobacco (Note 3)	Pharmaceutical	Food	Total
Net sales					
(1) Sales (Note 1)	242,399	246,190	11,828	96,215	596,632
(2) Intersegment sales or transfers	7,228	11,879	–	36	19,144
Total	249,627	258,070	11,828	96,251	615,776
Segment profit (loss) (Note 2)	58,390	72,896	(2,092)	4,059	133,253

Notes: 1. Under the JT Group's business management practices, net sales excludes the amount equivalent to tobacco excise taxes (net sales excluding tobacco excise taxes).
Details of net sales including tobacco excise taxes and net sales excluding tobacco excise taxes in sales of the Japanese Domestic Tobacco Business and International Tobacco Business are as follows.

(Millions of yen)

Three months ended June 30, 2010	Japanese Domestic Tobacco	International Tobacco
Net sales including tobacco excise taxes	725,373	628,822
Net sales excluding tobacco excise taxes	242,399	246,190
Of which, adjusted net sales excluding tobacco excise taxes (*)	146,140	215,135

(*) Net sales of the Japanese Domestic Tobacco Business consist of net sales of tobacco products of JT and net sales of tobacco products of other companies (imported tobacco products), including the wholesale. Similarly, net sales of the International Tobacco Business also include net sales relating to the distribution business and other activities that include the wholesale of tobacco products of other companies. In order to provide the adequate information about the results of the Japanese Domestic Tobacco Business and International Tobacco Business, since we believe that net sales excluding the net sales of the tobacco products of other companies, including the wholesale, are useful, which are disclosed as adjusted net sales excluding tobacco excise taxes for this reporting purpose. The following adjustments are made to calculate adjusted net sales excluding tobacco excise taxes.

Net sales relating to imported tobacco, duty-free shops in Japan and the China Division are mainly excluded from the Japanese Domestic Tobacco Business.

Net sales relating to the distribution business, leaf tobacco sales and contract manufacturing are excluded from the International Tobacco Business.

2. Segment profit or loss is based on operating income before depreciation and amortization (property, plant and equipment, intangible assets, and long-term prepaid expenses) and amortization of goodwill (EBITDA).

Depreciation and amortization and amortization of goodwill by reportable segment are as follows.

(Millions of yen)

Three months ended June 30, 2010	Japanese Domestic Tobacco	International Tobacco	Pharmaceutical	Food	Total
Depreciation and amortization	10,890	13,001	972	4,018	28,882
Amortization of goodwill	272	20,753	–	2,397	23,423

3. With respect to the International Tobacco Business segment, as the closing date of the accounting period of foreign consolidated subsidiaries including JT International S.A., the core company of this segment, is set on December 31, operating results from January 1, 2010 to March 31, 2010 have been included in the three months ended June 30, 2010.

3. Differences between total amounts for reportable segments and amounts in the quarterly consolidated statements of income and main details of these differences (matters relating to difference adjustments)

Three months ended June 30, 2010

(Millions of yen)

Net sales	Amount
Reportable segments total	615,776
Other net sales (Note 1)	7,432
Elimination of intersegment transactions	(21,716)
Amount equivalent to tobacco excise taxes	865,606
Net sales recorded in quarterly consolidated statements of income	1,467,099

(Millions of yen)

Profit	Amount
Reportable segments total	133,253
Other profits (Note 1)	3,319
Head office expenses (Note 2)	(4,621)
Elimination of intersegment transactions	(295)
Other adjustments	959
Subtotal (Note 3)	132,616
Depreciation and amortization	(30,071)
Amortization of goodwill	(23,423)
Operating income recorded in quarterly consolidated statements of income	79,122

Notes: 1. Other net sales and other profits include business activities relating to rent of real estate.

2. Head office expenses are mainly general and administrative expenses not attributable to any reportable segment and mainly advertising expenses and operating expenses for the head office corporate division are included.

3. The subtotal is based on company-wide operating income before depreciation and amortization (property, plant and equipment, intangible assets, and long-term prepaid expenses) and amortization of goodwill (EBITDA).

(Additional information)

Effective from this first quarter, JT applied the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and the “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008).

(Derivative transactions)

As of June 30, 2010

Derivative transactions, whose types of underlying products are currency and interest rates, are increasingly important in JT’s operations, and substantial changes have been recognized compared with the end of the previous fiscal year.

Regarding “Contract / notional amounts” below for the following derivative transactions, the amounts themselves do not indicate the volume of market risk relating to derivative transactions.

The fair value is based on information provided by financial institutions with which the companies do business.

(Millions of yen)

Type of products	Type of derivative transactions	Contract / notional amount	Fair value	Unrealized gain (loss)
Foreign currency	Foreign currency forward contracts	369,063	(5,241)	(5,241)
	Currency swaps	61,775	(462)	(462)
Interest rate	Interest rate swaps	35,050	1,903	1,903
	Interest rate caps options	282,941	41	(1,342)

Note: Items that qualify for hedge accounting are omitted.

(Per share information)

1. Net assets per share

As of June 30, 2010		As of March 31, 2010	
Net assets per share	¥172,076.95	Net assets per share	¥172,139.61

2. Net income per share, etc.

Three months ended June 30, 2009		Three months ended June 30, 2010	
Net income per share	¥4,474.90	Net income per share	¥2,384.18
Diluted net income per share	¥4,474.44	Diluted net income per share	¥2,383.65

Note: Basis for computing basic and diluted net income per share is as follows:

	Three months ended June 30, 2009	Three months ended June 30, 2010
Net income per share		
Net income (Millions of yen)	42,869	22,840
Amounts not attributable to common shareholders (Millions of yen)	–	–
Net income related to common stock (Millions of yen)	42,869	22,840
Average number of common stocks during the period (Thousands of shares)	9,580	9,580
Diluted net income per share		
Dilutive effects (Millions of yen)	–	–
Number of increased common stocks (Thousands of shares)	0	2
Dilutive shares which are not included in the calculation of diluted net income per share as they have no dilutive effects and in which there were significant changes after the end of the previous fiscal year	–	–

(Additional information)

First quarter ended June 30, 2010
On September 29, 2009, the Government of Ontario, Canada filed a lawsuit against 13 tobacco manufacturers including JT's Canadian consolidated subsidiary JTI-Macdonald Corp. ("JTI-Mac") and 1 industry organization. The detail is as follows. (1) Parties to the lawsuit Plaintiff Government of Ontario (Canada) Defendants 14 parties of tobacco manufacturers and other including JTI-Mac (2) Content of the complaint To seek compensation against 13 tobacco manufacturers and 1 industry organization for damages for the cost of health care benefits, resulting from tobacco related disease or the risk of tobacco related disease, which have been paid or will be paid by the government of Ontario for insured persons. (3) Amount of the claim CAD50.0 billion (approximately ¥4,188.0 billion) * The statement of claim in this case contains allegations of joint and several liabilities amongst all the defendants, but does not specify any individual amount or percentages, within the total amount of the claim, which is claimed from any individual defendant. JTI-Mac has valid grounds to defend the action which it will pursue by all appropriate means with the full support of JT. There are similar pending lawsuits against tobacco manufacturers and others including a JT Group company filed in Canada by the Government of British Columbia and the Government of New Brunswick claiming the recovery of health care costs, however, the amounts of claims have not been specified in these lawsuits.

2. Other

No items to report

B. Information on Guarantee Companies, etc. of Filing Company

No items to report

[The following represents a translation, for convenience only, of the original report issued in the Japanese language.]

INDEPENDENT AUDITORS' REVIEW REPORT

July 30, 2009

To the Board of Directors of
Japan Tobacco Inc.:

Deloitte Touche Tohmatsu LLC

Designated Limited Partner,
Engagement Partner,
Certified Public Accountant: Tatsuo Igarashi (Seal)

Designated Limited Partner,
Engagement Partner,
Certified Public Accountant: Shuichi Momoki (Seal)

Designated Limited Partner,
Engagement Partner,
Certified Public Accountant: Satoshi Iizuka (Seal)

Pursuant to the first clause of Article 193-2 of the Financial Instruments and Exchange Act, we have reviewed the quarterly consolidated financial statements included in the Accounting Section, namely, the quarterly consolidated balance sheets of Japan Tobacco Inc., and consolidated subsidiaries as of June 30, 2009 and the related quarterly consolidated statements of income for the three-month period then ended, and the quarterly consolidated statements of cash flows for the three-month period then ended. These quarterly consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these quarterly consolidated financial statements based on our review.

We conducted our review in accordance with quarterly review standards generally accepted in Japan. A review consists principally of making inquiries, primarily of management and persons responsible for financial and accounting matters, and applying analytical procedures and other quarterly review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.

Based on our review, nothing has come to our attention that causes us to believe that the quarterly consolidated financial statements referred to above do not present fairly, in all material respects, the consolidated financial position of Japan Tobacco Inc. and consolidated subsidiaries as of June 30, 2009, and the results of their operations for the three-month period then ended and their cash flows for the three-month period then ended in conformity with accounting principles for quarterly consolidated financial statements generally accepted in Japan.

As discussed in Additional information, JTI-Macdonald Corp. ("JTI-Mac"), JT's Canadian consolidated subsidiary, received a Notice of Assessment from the Quebec Ministry of Revenue on August 11, 2004, demanding payment of approximately 1.36 billion Canadian dollars (approximately ¥113.2 billion). JTI-Mac filed an application for protection with the Ontario Superior Court of Justice on August 24, 2004, under the Companies' Creditors Arrangement Act, to make it possible for JTI-Mac to continue business operations with its assets safeguarded.

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

Notes: 1. The document presented above is a digitized copy of the original version of the "INDEPENDENT AUDITORS' REVIEW REPORT." The original report is kept separately by JT (the filing company of the Quarterly Securities Report).

2. The section of quarterly consolidated financial statements of this report does not contain their XBRL data.

[The following represents a translation, for convenience only, of the original report issued in the Japanese language.]

(TRANSLATION)

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

July 29, 2010

To the Board of Directors of
Japan Tobacco Inc.:

Deloitte Touche Tohmatsu LLC

Designated Limited Partner,
Engagement Partner,
Certified Public Accountant: Tatsuo Igarashi (Seal)

Designated Limited Partner,
Engagement Partner,
Certified Public Accountant: Satoshi Iizuka (Seal)

Designated Limited Partner,
Engagement Partner,
Certified Public Accountant: Koji Ishikawa (Seal)

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have reviewed the consolidated financial statements included in the Accounting Section, namely, the consolidated balance sheet of Japan Tobacco Inc. and subsidiaries as of June 30, 2010 and the related consolidated statement of income for the three-month period then ended, and the consolidated statement of cash flows for the three-month period then ended. These interim consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

We conducted our review in accordance with quarterly review standards generally accepted in Japan. A review consists principally of making inquiries, primarily of management and persons responsible for financial and accounting matters, and applying analytical procedures and other quarterly review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements referred to above do not present fairly, in all material respects, the consolidated financial position of Japan Tobacco Inc. and subsidiaries as of June 30, 2010, and the results of their operations for the three-month period then ended and their cash flows for the three-month period then ended in conformity with accounting principles for interim consolidated financial statements generally accepted in Japan.

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Law.

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