

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

Business Report

To Our Shareholders Volume 36

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<Photo>

Leaf tobacco field

<JT logo>

A Message from Management

For the nine months ended December 31, 2011, consolidated adjusted net sales declined due to the challenging environment, while consolidated EBITDA, operating income, ordinary income and net income all increased.

In the Japanese Domestic Tobacco Business, due to damages to our factories from the Great East Japan Earthquake, our shipments were temporarily suspended. However, we were able to normalize shipments early. Our market share has been recovering steadily, and we will aim to recover our market share to 60% for the single month of March at fiscal year end. With the launch of new products mainly from key brand families and implementation of active sales promotions, all our forces will be devoted to strengthen our competitiveness.

In the International Tobacco Business, we delivered strong results, achieving profit growth by focusing on GFB growth and improvements in price and product mix due to robust pricing strategies, despite the ongoing challenging environment. Our market share performance this year has been strong despite the challenging environment, with gains in most key markets.

In the Pharmaceutical Business, one compound advanced to Phase 1, while two compounds in Phase 1 in Japan also advanced to Phase 1 overseas. JTE-051 for the treatment of autoimmune/allergic disease has entered Phase 1 overseas. We will continue our efforts to elevate the stages of our compound development and to deliver a solid R&D pipeline.

In the Food Business, profit increased for the nine months ended December 31, 2011, as the flag ship brand “Roots” in the beverage business and high-margin staple food products (frozen noodles, packed cooked rice, baked frozen bread) in the processed food business continued to deliver solid performances. We will strengthen competitiveness and profitability by concentrating resources to those businesses.

The fiscal year ending March 31, 2012 is the final year of JT-11, our medium-term management plan. European sovereign debt crisis is worsening while there have been substantial tax increases both internationally and in Japan, and the Great East Japan Earthquake has been affecting us. Despite the challenging environment, with the revised forecast, we expect to exceed the JT-11 target of a compound annual growth rate of 5% for consolidated EBITDA.

February 2012

Hiroshi Kimura, President & CEO

Report on the Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2012 (FY2011)

- Overview of the Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2012 (FY2011)

For the nine months ended December 31, 2011, consolidated adjusted net sales declined, while consolidated EBITDA, operating income, ordinary income and net income all increased as shown in Table 1.

Adjusted net sales declined by 1.3% to ¥1,460.5 billion as a result of lower total sales volume in the Japanese Domestic Tobacco Business due to effect from tax and price increase and the earthquake impact, and the negative impact of the strong yen and other reasons in the International Tobacco Business.

EBITDA increased 9.5% to ¥466.0 billion, as pricing effects in the Japanese Domestic Tobacco Business and the International Tobacco Business. Operating income increased 15.6% to ¥309.9 billion.

Ordinary income increased 21.0% to ¥301.6 billion due to a decrease in interest expenses.

Net income increased 33.7% to ¥160.4 billion as net extraordinary income/loss improved due to an increase in gain on sales of noncurrent assets.

<Figure 1>

(Table 1) Consolidated financial results for the first nine months of the fiscal year ending March 31, 2012 (FY2011)

(Billions of yen)

	Nine months ended December 31, 2010 (results)	Nine months ended December 31, 2011 (results)	Change
Adjusted net sales *1, *2	1,480.0	1,460.5	-1.3%
EBITDA *3	425.7	466.0	9.5%
Operating income	268.1	309.9	15.6%
Ordinary income	249.2	301.6	21.0%
Net income	119.9	160.4	33.7%

*1. The former name “adjusted net sales excluding tobacco excise taxes” has been changed to “adjusted net sales.”

*2. Adjusted net sales do not account for tobacco excise taxes, as well as imported tobacco, domestic duty free, business in China and others in the Japanese Domestic Tobacco Business, and the distribution business, contract manufacturing, among others in the International Tobacco Business.

*3. EBITDA = Operating income + depreciation and amortization (Indicates a profit on a cash flow basis.)

Reference: Figures for major profit items before goodwill amortization

(Billions of yen)

Operating income	335.1	372.8	11.2%
Ordinary income	316.2	364.6	15.3%
Net income	187.0	223.3	19.5%

In the Japanese Domestic Tobacco Business, sales volume declined by 24.3%. This was due to the adverse effect of temporary demand ahead of the tax hike in the same period of the previous fiscal year, effect from tax and price increase, and the earthquake impact. Although pricing effects partially offset the volume decline, adjusted net sales declined due to lower total sales volume. EBITDA and operating income both increased due to pricing effects as well as lower sales promotion expenses as a result of the earthquake impact, as we were unable to carry out promotional activities.

Market share of JT declined due to the impact of earthquake. However, monthly market share has recovered consistently, with share of JT products for the single month of December at 59.1%. We will continue to recover market share with the launch of new products mainly from key brand families and implementation of active sales promotions. Through these initiatives, we will aim to achieve our target market share of 60% for the single month of March at the fiscal year end.

In order to satisfy the diversifying needs of our customers, we will be providing our customers with an interesting line-up of products. As for the Mild Seven family, our core brand, a new super slim cigarette “Mild Seven Style Plus One” and “Mild Seven Style Plus 6” were launched in mid-January. In early March, we plan to launch “Mild Seven Impact Menthol Box” with strong, clear menthol flavor and fulfilling smoking taste. From the Peace family, “The Peace,” the most finely fragranced and expertly blended cigarette in the history of Peace, was launched in early February. We will continue to provide appealing products to our customers.

<Figure 2> Japanese Domestic Tobacco Business results

(Table 2) JT sales volume

	(Billions of cigarettes)		
	Nine months ended December 31, 2010	Nine months ended December 31, 2011	Change
JT sales volume	106.8	80.8	-24.3%

<Figure 3> Market share of JT products

International Tobacco Business

In January to September FY2011, the Global Flagship Brands (GFB) shipment volume increased 4.1% to 192.7 billion cigarettes, as positive performance of Winston in Russia, Turkey and Italy and of LD in Russia and Poland. Total shipment volume including GFB increased 0.0% to 319.6 billion cigarettes despite the industry contraction in Ukraine and Spain.

The share of market continued to grow year on year in all of our key markets.

Dollar-based core net sales increased 12.8% and EBITDA increased 17.3% due to pricing effects and favorable currency exchange effects on the local currencies of major markets. Yen-based EBITDA increased 5.6% despite the negative impact of strong yen.

<Figure 4> International Tobacco Business results

<Figure 5> Market share in key markets

	September 2010	September 2011
Italy	19.4%	20.5%
France	15.8%	16.3%
Spain	20.7%	20.9%
U.K.	38.8%	39.0%
Russia	36.9%	37.0%
Turkey	21.8%	23.6%
Taiwan	37.7%	38.4%

* Data sourced from AC Nielsen, Logista, Altadis and JTI data. 12 months moving average market share.

(Table 3) Shipment volume results

(Billions of cigarettes)

Total shipment volume *3	Three months ended March 31, 2011	Six months ended June 30, 2011	Nine months ended September 30, 2011
FY 03/2011	94.1	204.7	319.5
FY 03/2012	94.5	204.9	319.6
Change	0.5%	0.1%	0.0%

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

(Billions of cigarettes)

GFB shipment volume	Three months ended March 31, 2011	Six months ended June 30, 2011	Nine months ended September 30, 2011
FY 03/2011	54.6	118.3	185.1
FY 03/2012	55.8	122.0	192.7
Change	2.1%	3.2%	4.1%

Pharmaceutical Business

In the Pharmaceutical Business, net sales grew ¥3.3 billion to ¥39.3 billion. This was due to robust sales of the Remitch Capsule and Truvada at Torii Pharmaceutical Co., Ltd., a JT Group company. EBITDA declined due to an increase in R&D expenses at Torii Pharmaceutical. There is a solid line-up of compounds in late stages of development with one compound in Phase 3 at JT, and three out-licensed compounds overseas in Phase 3 or later.

In addition to these developments, JTE-051 for the treatment of autoimmune/allergic disease has entered Phase 1 overseas. Moreover, two new compounds already in Phase 1 in Japan, JTT-851 for the treatment of type 2 diabetes, and JTZ-951 for the treatment of anemia associated with chronic kidney disease, also entered the clinical development stage overseas. We will continue to strive to make steady progress in clinical development and reinforce the R&D pipeline.

Pharmaceutical Business: Clinical development (as of February 6, 2012)

Code (generic name)	Stage	Key indication	Characteristics	Rights
JTK-303 (elvitegravir) (oral)	In preparation for NDA filing of single-tablet regimen containing JTK-303 (Japan)	HIV infection	Integrase inhibitor which works by blocking integrase, an enzyme that is involved in the replication of HIV - HIV: Human Immunodeficiency Virus	Gilead Sciences (U.S.) obtained the rights to develop and commercialize this compound worldwide from JT, with the exception of Japan. * Development stage by Gilead Sciences: The company has submitted the single-tablet regimen containing JTK-303 (elvitegravir) to the U.S. FDA for approval.
JTT-705 (dalcetrapib) (oral)	Phase 2 (Japan)	Dyslipidemia	Decreases LDL and increases HDL by modulation of CETP activity - CETP: Cholesteryl Ester Transfer Protein, facilitates transfer of cholesteryl ester from HDL to LDL - HDL: High-density lipoprotein ("good cholesterol") - LDL: Low-density lipoprotein ("bad cholesterol")	Roche (Switzerland) obtained the rights to develop and commercialize the compound worldwide from JT, with the exception of Japan. * Development stage by Roche: Phase 3
JTT-130 (granotapide) (oral)	Phase 2 (Japan) Phase 2 (Overseas)	Dyslipidemia	Treatment of dyslipidemia by reducing absorption of cholesterol and triglycerides via inhibition of MTP - MTP: Microsomal Triglyceride Transfer Protein	
JTT-302 (oral)	Phase 2 (Overseas)	Dyslipidemia	Decreases LDL and increases HDL by inhibition of CETP - CETP: Cholesteryl Ester Transfer Protein, facilitates transfer of cholesteryl ester from HDL to LDL - HDL: High-density lipoprotein ("good cholesterol") - LDL: Low-density lipoprotein ("bad cholesterol")	

Code (generic name)	Stage	Key indication	Characteristics	Rights
JTT-751 (ferric citrate) (oral)	Phase 3 (Japan)	Hyperphosphatemia	Decreases serum phosphorous level by binding phosphate derived from dietary in the gastrointestinal tract	JT obtained the rights to develop and commercialize this compound in Japan from Keryx Biopharmaceuticals (U.S.) (Developed jointly with Torii Pharmaceutical)
JTK-853 (oral)	Phase 1 (Overseas)	Hepatitis C	Treatment of Hepatitis C by inhibiting HCV RNA- polymerase which relates to viral proliferation	
JTT-851 (oral)	Phase 1 (Japan) Phase 1 (Overseas)	Type 2 diabetes	Promotes glucose-dependent insulin secretion and corrects high blood sugar	
JTZ-951 (oral)	Phase 1 (Japan) Phase 1 (Overseas)	Anemia associated with chronic kidney disease	Increases red blood cells by accelerating production of erythropoietin, an erythropoiesis-stimulating hormone, via inhibition of HIF-PHD. HIF-PHD: Hypoxia Inducible Factor-Prolyl Hydroxylase Domain containing protein	
JTE-051 (oral)	Phase 1 (Overseas)	Autoimmune/ allergic diseases	Suppresses overactive immune response via inhibition of the signal to activate T cells related to immune response	

* The beginning of a development stage is based on when the administration of the drug commences. Changes since the previous announcement on October 31, 2011: JTT-851, JTZ-951 and JTE-051 entered the clinical development stage overseas.

Food Business

In the Food Business, sales for the flagship brand “Roots” continued to deliver strong results for the beverage business, so did the staple food products such as frozen noodles, packed cooked rice and baked frozen bread for the processed food business. However, net sales for the overall Food Business declined ¥11.7 billion to ¥281.9 billion due to, among others, the closure of the white rice wholesale business in the previous fiscal year.

EBITDA grew ¥2.2 billion to ¥16.5 billion due to improved profitability achieved through the concentration of resources on high-margin staple food products, and through reduction in fixed costs.

● Earnings Forecasts for FY 03/2012

On a consolidated basis for the fiscal year ending March 31, 2012, we have upwardly revised our forecasts for adjusted net sales, EBITDA and net income, mainly due to the upward revision to total sales volume in the Japanese Domestic Tobacco Business.

In the Japanese Domestic Tobacco Business, we have upwardly revised our forecasts for adjusted net sales, EBITDA, and operating income, as the sales volume forecast has been revised up 5.0 billion cigarettes. In the International Tobacco Business, we have upwardly revised our forecasts for adjusted net sales, EBITDA, and operating income, driven by favorable currency exchange movements. In the Pharmaceutical Business, we have upwardly revised the net sales and profit forecasts in light of an expected increase in milestone revenue and the review of R&D expenses of JT and Torii Pharmaceutical. In the Food Business, we have downwardly revised the net sales forecast due to projected decline in net sales of the processed food business, while EBITDA forecast remains unchanged.

(Table 4) Earnings forecasts for FY 03/2012 (FY2011)

				(Billions of yen)
	Projections at end of first half for fiscal year ending March 31, 2012	Projections at end of third quarter for fiscal year ending March 31, 2012	Change	Fiscal year ended March 31, 2011 (results)
Adjusted net sales *1 *2	1,895.0	1,924.0	29.0	1,946.9
EBITDA *3	537.0	573.0	36.0	542.5
Operating income	329.0	365.0	36.0	333.2
Ordinary income	318.0	353.0	35.0	313.0
Net income	161.0	189.0	28.0	145.3

*1. The former name “adjusted net sales excluding tobacco excise taxes” has been changed to “adjusted net sales.”

*2. Adjusted net sales do not account for tobacco excise taxes, as well as imported tobacco, domestic duty free, business in China and others in the Japanese Domestic Tobacco Business, and the distribution business, contract manufacturing, among others in the International Tobacco Business.

*3. EBITDA = Operating income + depreciation and amortization (Indicates a profit on a cash flow basis.)

Reference: Net income before goodwill amortization (projection)

				(Billions of yen)
Net income	242.0	272.0	30.0	233.3

● Caution Concerning Forward-Looking Statements

This material contains forward-looking statements about our industry, business, plans and objectives, financial condition and results of operations that are based on our current expectations, assumptions, estimates and projections. These statements reflect future expectations, identify strategies, discuss market trends, contain projections of results of operations or of our financial condition, or state other forward-looking information. These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from those suggested by any forward-looking statement. We assume no duty or obligation to update any forward-looking statement or to advise of any change in the assumptions and factors on which they are based. Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation:

- (1) an increase in health concerns related to the use of tobacco products;
- (2) legal or regulatory developments and changes, including, without limitation, tax increases and governmental restrictions on the sales, marketing and usage of tobacco products, and privately imposed smoking restrictions and governmental investigations in Japan and elsewhere;
- (3) litigation in Japan and elsewhere;
- (4) our ability to further diversify our business beyond the tobacco industry;
- (5) our ability to successfully expand internationally and make investments outside Japan;
- (6) competition and changing consumer preferences;
- (7) the impact of any acquisitions or similar transactions of businesses;
- (8) local and global economic conditions; and
- (9) fluctuations in foreign exchange rates and the costs of raw materials.

Consolidated Financial Statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2011	As of December 31, 2011	Increase (Decrease)
Assets			
Current assets	1,240,943	1,364,713	123,770 *1
Noncurrent assets	2,303,163	2,164,577	(138,586)
Property, plant and equipment	663,550	631,229	(32,320)
Intangible assets	1,408,037	1,283,203	(124,833)
Goodwill	1,094,366	993,120	(101,245) *2
Right of trademark	286,435	261,804	(24,631)
Other	27,234	28,277	1,042
Investments and other assets	231,576	250,143	18,567
Total assets	3,544,107	3,529,290	(14,816)
Liabilities			
Current liabilities	1,057,892	1,214,144	156,252 *3
Noncurrent liabilities	914,464	760,108	(154,355) *4
Total liabilities	1,972,356	1,974,253	1,896
Net assets			
Shareholders' equity	2,137,768	2,222,020	84,252
Accumulated other comprehensive income	(642,928)	(747,060)	(104,132) *5
Subscription rights to shares	763	956	192
Minority interests	76,146	79,120	2,973
Total net assets	1,571,750	1,555,037	(16,713)
Total liabilities and net assets	3,544,107	3,529,290	(14,816)

Note: Millions of yen with fractional amounts discarded.

*1. Other assets increased as a result of asset management activities on the Gensaki (repo) market.

*2. Goodwill declined because of amortization and the appreciation of the yen against the U.S. dollar.

*3. Tobacco excise taxes payable increased because of the effect of holidays.

*4. Interest-bearing debt decreased as a result of redemption of bonds.

*5. The negative value of the foreign currency translation adjustment increased because of weaker local currencies and the appreciation of the yen against the U.S. dollar.

Consolidated statements of income

(Millions of yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011	Increase (Decrease)
Net sales	1,840,191	1,947,122	106,931
Cost of sales	993,603	1,063,937	70,333
Gross profit	846,587	883,185	36,597
Selling, general and administrative expenses	578,422	573,278	(5,143)
Operating income	268,165	309,906	41,740 *1
Non-operating income	8,095	11,994	3,899
Non-operating expenses	26,992	20,229	(6,763) *2
Ordinary income	249,268	301,671	52,402
Extraordinary income	6,685	23,463	16,778
Extraordinary loss	32,150	48,231	16,081
Income before income taxes and minority interests	223,803	276,903	53,099
Income taxes	99,102	110,983	11,881
Net income before minority interests	124,700	165,919	41,218
Minority interests in income	4,714	5,495	780
Net income	119,986	160,424	40,438 *3

Note: Millions of yen with fractional amounts discarded.

*1. Operating income increased because of the favorable pricing effects in the Japanese Domestic Tobacco Business and the International Tobacco Business.

*2. Non-operating expenses improved because of decreases in interest expenses and interest on bonds.

*3. An improvement in net extraordinary income/loss contributed to the increase in net income.

Consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011	Increase (Decrease)
Net cash provided by (used in) operating activities	345,695	464,019	118,324 *1
Net cash provided by (used in) investing activities	(104,423)	(73,699)	30,724
Net cash provided by (used in) financing activities	(164,054)	(246,098)	(82,043) *2
Effect of exchange rate change on cash and cash equivalents	(5,742)	(9,373)	(3,630)
Net increase (decrease) in cash and cash equivalents	71,474	134,848	63,374
Cash and cash equivalents at beginning of period	154,368	244,240	89,871
Increase in cash and cash equivalents from newly consolidated subsidiary	194	–	(194)
Cash and cash equivalents at end of period	226,038	379,088	153,050

Note: Millions of yen with fractional amounts discarded.

- *1. Net cash provided by operating activities increased because of increases in operating income and tobacco excise taxes payable.
- *2. Net cash used in financing activities increased as the result of redemption of bonds, payment of dividends and repayment of long-term loans payable.

2011 International Tobacco Business results

<Photo>

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Scene at the presentation

On February 7, 2012, “JT International Business Results for 2011” was held for institutional investors at JT Art Hall “Affinis.” JT International’s President & Chief Executive Officer, Pierre de Labouchere, Deputy Chief Executive Officer, Mutsuo Iwai, and Chief Financial Officer, Roland Kostantos, presented the business results for 2011. The summary of the presentation is as follows.

(The presentation is available on JT website:

<http://www.jt.com/investors/results/tobaccobusiness/index.html>)

<Business result for 2011 (January to December)>

In 2011, JT International (hereafter “JTI”) again achieved strong business results, which were boosted by improvements in price and product mix. This was thanks to a solid price rise and GFB shipment volume growth. EBITDA grew 17.3% compared with the previous year on a financial reporting basis. EBITDA grew 15.6% on a constant exchange rate basis, which well exceeded the double-digit growth expectation announced as a guide in February last year. We attribute this strong performance to our quality top-line growth and thorough efforts towards cost optimization.

Specifically, amid an industry contraction, we continued to direct our investments to brands. As a result of the strategy, GFB shipment volume grew 2.6% compared with the previous year, and the total shipment volume declined by a slight 0.6%.

In terms of market share, the 2010 performance was repeated in 2011 with market share growing in nearly all the key markets. Backed by stronger brand equity, innovation and excellent marketing power, we were able to strike a balance in our brand portfolio that enabled us to target both up-trading and down-trading.

As a result of our focus on achieving continual top-line growth through solid price rises, growth in GFB shipment volume and expanded market share, core net sales grew by 10.9% on a financial reporting basis or 8.0% on a constant exchange rate basis.

Since 2000, JTI has been realizing an average annual EBITDA growth of 25%. Although our outlook for

2012 continues to be clouded and we expect to face a difficult business environment characterized by economic slowdown and a sense of insecurity regarding the political situation, JTI remains committed to achieving strong business results and aims for EBITDA growth of 10% on a constant exchange rate basis.

(Table 1) Financial results

	2010	2011	Change	
			Reported	At a constant rate of exchange
Total shipment volume*1	428.4	425.7	-0.6%	–
GFB shipment volume*1	249.8	256.5	2.6%	–
Core net sales*2	10,113	11,211	10.9%	8.0%
EBITDA*2	3,338	3,916	17.3%	15.6%

*1. Billions of cigarettes

*2. Millions of U.S. dollars

<Figure 1>Change in core net sales

<Figure 2> EBITDA and adjusted EBITDA

<Figure 3> Market share in key markets (cigarette)

	2010	2011	Change
Russia	36.9%	36.9%	0.0%
France	16.0%	16.4%	0.4%
Italy	19.7%	20.7%	1.0%
Spain	20.8%	21.2%	0.4%
U.K.	38.9%	38.8%	-0.1%
Turkey	22.6%	24.1%	1.5%
Taiwan	38.2%	38.2%	0.0%

* Data sourced from AC Nielsen, Logista, Altadis and JTI data. 12 months moving average market share.

<Expanding the revenue base>

In 2011, aiming for future expansion of the revenue base, JTI acquired a tobacco company in Sudan and formed a strategic agreement with the U.S. company Ploom, which develops and sells next-generation alternative tobacco products.

In Sudan, JTI acquired a leading tobacco company Haggar Cigarette & Tobacco Factory Ltd., which boasted 80% market share and shipment volume of 4.5 billion cigarettes in 2010. The formulation of an integration plan is progressing steadily.

Headquartered in San Francisco, Ploom develops and sells next-generation pocket-sized alternative tobacco products that heat leaf tobacco contained in pods to a constant temperature, vaporizing nicotine and aroma without burning leaf tobacco. Through this agreement, JTI has acquired worldwide commercial rights, excluding the U.S., for the product.

In 2012 and beyond, we expect the revenue base tied to these ventures to expand as the businesses gain momentum, and we look forward to this being reflected in our business results.

<Photo>

Haggar Cigarette & Tobacco Factory Ltd. (Sudan)

<Photo>

Ploom's product

Business results by area

JTI results are divided in four areas. A review of business results by area is as follows.

<CIS+>

The total shipment volume in CIS+ cluster declined by 2.8% due to the difficult business environment, particularly in the Ukraine and Belarus. However, the brand market share of Winston and LD grew strongly in Russia, Kazakhstan and Romania, which helped increase the GFB shipment volume by 6.5%. Thanks to this growth in GFB shipment volume and price rises in the same three markets, core net sales rose by 14.1% on a constant exchange rate basis.

In Russia, whose market leads the CIS+ cluster, the industry contraction associated with the economic slowdown became gentler, and up-trading continued. Winston, a GFB, regained its position as No. 1 brand in the market, and LD rose to become No. 2 brand. More significantly, retaining our position as market leader again in 2011, we raised our prices to offset a tax increase and improve our margin, which helped our top-line growth and, rather than losing market share, we achieved a 1 percentile point increase in core net sales share.

<North and Central Europe>

In North and Central Europe, total shipment volume and GFB shipment volume remained firm in Czech Republic, Germany, Hungary, and Poland increasing 0.3% and 4.7%, respectively. In each of the countries' markets, the GFB growth and price rises helped bring about a core net sales growth of 4.2% on a constant exchange rate basis.

In the U.K., the largest market in this cluster, overall demand is continuing to decline due to the economic slowdown and the price increases resulting from frequent tax increases. Consumers are shifting to low-price brands, and the shipment volume of roll your own tobacco is increasing. In the roll your own tobacco category, JTI has Amber Leaf, which has excellent brand strength, and in 2011, JTI gained No. 1 share in this market in the U.K. and revenues from this category are continuing to grow.

<South and West Europe>

In 2011, South and West Europe were under the effect of the public debt crisis in the eurozone. Total shipment volume fell 3.8% while GFB shipment volume declined by 3.2%. In Spain in particular, overall demand fell significantly, there was fierce competition in the low-price category that occurred during the year, and total shipment volume substantially declined.

Excluding the effect of Spain's results, total shipment volume and GFB shipment volume grew 2.1% and 2.2%, respectively. In this cluster, we benefitted from growth in market share in Italy, France and Spain. As a result of market share growth, and of price rises in nearly every market, including Italy and France, core net sales increased by 0.5% on a constant exchange rate basis.

<Rest of the World>

In the Middle East and Africa, volume growth led to the total shipment volume growing strongly by 4.7%. In addition to the firm trend in shipment volume, JTI implemented price rises in Canada, South Korea and Taiwan, which contributed to a core net sales growth of 8.9% on a constant exchange rate basis, as well as an improved profit margin.

In Turkey, which is included in the Rest of the World cluster, as a result of brand-strengthening investment, the market share of Winston grew to become the No. 1 brand in Turkey. JTI's core net sale share in Turkey is 25% and its market share is 25.1%, placing it as a contender for No. 2 market position.

(Table 2) Financial results by area

Change	CIS+		South and West Europe	Change
-2.8%	197.8	Total shipment volume*1	60.8	-3.8%
6.5%	112.2	GFB shipment volume*1	53.5	-3.2%
14.1%	365.8	Core net sales*2	204.5	0.5%
0.3%	49.1	Total shipment volume*1	118.0	4.7%
4.7%	23.4	GFB shipment volume*1	67.4	0.7%
4.2%	187.5	Core net sales*2	334.7	8.9%
	North and Central Europe		Rest of the World	

*1. Billions of cigarettes

*2. At a constant rate of exchange; millions of U.S. dollars

Brand portfolio

Winston, Camel, Mild Seven, Benson & Hedges, Silk Cut, LD, Sobranie and Glamour. These eight GFB brands are driving the quality top-line growth. Below, we introduce the trends in sales for four of these brands.

Winston

<Logo>

Winston is currently the No. 1 brand in Russia and Turkey. In 2011, it increased its shipment volume in nearly all markets and achieved its best ever results.

To add further strength to this growth momentum, we are actively coming up with new packaging innovations and enhanced product lineup, which is attracting even more customers.

<Figure>

● Winston shipment volume

Camel

<Logo>

Aiming to maximize Camel's brand impact in each country, we have been introducing innovative new products and actively entering new markets. In 2011, we started selling Camel in Lebanon and South Korea.

In 2011, even though down-trading was occurring as a result of the economic slowdown, Camel showed solid operating results.

Looking ahead in 2012, we shall globally develop innovative new packaging, which we believe will present a more premium classiness to customers.

<Figure>

● Camel shipment volume

Mild Seven

<Logo>

Mild Seven, which is much loved by many customers in Japan, belongs in the premium price range. Amid the difficult economic situation, it achieved solid operating results and its market share grew strongly in Malaysia.

As part of measures to further strengthen the Mild Seven brand, in Russia we plan to launch Mild Seven Revo, a revolutionary new product in a super-slim and slide-box format that adopts technology that suppresses the less-desirable tobacco odors.

<Figure>

● Mild Seven shipment volume

LD

<Logo>

LD is JTI's international value brand. Its shipment volume is growing strongly in Poland, Kazakhstan and, in particular, Russia, where the fast growing LD has achieved No. 2 brand position next to Winston. LD has strengthened its brand equity and competitiveness through brand innovation and by enhancing the brand portfolio, etc. It is therefore in a strong position to flexibly respond to the shift that customers are making to the low-price brands.

<Figure>

● LD shipment volume

The Lure of Tobacco Smoke

A lesson from the past at the end of a journey

Printing Museum, Tokyo [Tokyo]

<Photo>

Early developments in the printing industry provides glimpse of charming Meiji-era tobacco advertising

Tokyo's Bunkyo ward, once the hangout for literati, is now home to many academic institutions including Tokyo University. One of the ward's primary industries is the book publishing industry encompassing printing companies and publishing houses, and the fundamental technology of this industry is "printing." The Printing Museum, Tokyo is the place to visit for a comprehensive presentation of the various aspects of printing.

The General Exhibition Zone of this museum is divided into five exhibition blocks spread throughout the first basement floor. This exhibition presents and interprets "printing" from its origins through to the latest technology. Of particular interest is the fourth block, which is entitled "Faster and Broad Reaching." The themes of this block are the huge developments in the printing industry of the world as a result of the industrial revolution. Exhibited in this block are advertising materials produced by two privately run tobacco companies. These are provided to show examples of the early period of advertising in Japan.

The two companies were Iwaya Shokai, which became widely known because of its Tengu Cigarette, a cigarette with a mouthpiece, and Murai Brothers Shokai, which sold Western-style cigarettes such as its Hero brand. Both vying for No. 1 status, the two companies engaged in a fierce advertising battle. Many advertising materials were created using the latest printing technology of that time.

The Printing Museum, Tokyo cleverly exhibits the representative advertising materials of both companies, including flyers and packages side-by-side so that the characteristics of each can be compared.

<Photo>

Poster and package of Tengu Cigarette, made by Iwaya Shokai. These printed materials were created by a method that employed the Erhört letterpress (galvanoglyph), which was used in the Meiji era for banknotes and securities.

<Photo>

Product package and poster by Murai Brothers Shokai. This company quickly adopted the latest printing technology from the U.S. and established its own directly-managed printing company.

<Photo>

The role of printed materials and their importance started to be recognized in the Meiji era. In addition to

the tobacco companies, a broad range of companies began creating color-printed materials.

<Photo>

The Printing Museum, Tokyo provides the public with broad insight into printing. In addition to the General Exhibition Zone, which presents and interprets the history and technology of printing, it also has the Printing Workshop “Printing House,” which allows visitors to actually try out printing for themselves, and the Temporary Exhibition Zone, which holds a wide range of temporary exhibitions. The Museum’s exhibition space is spread over two floors: the first basement floor and the first floor. Its collection of printed material is richly varied and includes not only old posters, flyers and documents, but also tobacco-company advertising of the Meiji era.

Bunkyo ward, in which this museum is located, still holds numerous traces of the literary luminaries that once hung out there, and it is a place imbued with culture. Why not seek out these historic remains, wander through the parks located close to the Printing Museum, Tokyo such as Koishikawa Korakuen Gardens and Koishikawa Botanical Gardens and stroll along your own personally chosen route, pursuing the romantic remnants of Bunkyo.

■ Printing Museum, Tokyo

Location

Toppan Koishikawa Building 1-3-3 Suido, Bunkyo-ku, Tokyo 112-8531

(Walk for 8 minutes from Edogawabashi station of the Yurakucho Line, Tokyo Metro, or 10 minutes from Korakuen station of the Marunouchi Line and Namboku Line, Tokyo Metro. Walk for 13 minutes from Idabashi station of the Sobu Line, JR and other lines.)

Inquiries: Tel 03-5840-2300

Opening hours: 10 a.m. to 6 p.m. (Admission until 5:30 p.m.)

Closed: Mondays (or the next day if Monday is a public holiday) and during the New Year holidays

Admission: Adults: ¥300, College students: ¥200, Middle and high school students: ¥100, Elementary school students, younger children and seniors: Free

<http://www.printing-museum.org/en/index.html>

<Map>

<Logo> JT CUP

<Photo>

JAPAN TOUR FINAL

2011 Golf Nippon Series JT Cup

Only the truly strong gathered at this season's final showdown of Japan's major championship.

The 2011 Golf Nippon Series JT Cup, the final event on the men's 2011 Japan Golf Tour, was held at Tokyo Yomiuri Country Club (Inagi, Tokyo) from December 1 to 4, 2011. This series is one of Japan's Four Majors, the other three being the Japan PGA Championship, the Japan Open Golf Championship, and the Japan Golf Tour Championship. The event is the pinnacle of the season, and to join the field, players must pass the stringent conditions of being current-year major tournament winners or in the top 25 players from the money list.

<Photo> Ryo Ishikawa

<Photo> Toru Taniguchi

<Photo> Hiroyuki Fujita

Report of the 2011 Golf Nippon Series JT Cup

Hiroyuki Fujita clinches remarkable
back-to-back victory

For the first time in 24 years, play was cancelled due to bad weather on the third day of the cup. As a result, the championship was reduced to a 54-hole shootout, which unfolded as a riveting spectacle from start to finish. In the battle for victory, defending champion Hiroyuki Fujita once again locked horns with Toru Taniguchi in a bitter battle that was carried through to a play-off. Clinching the crown for the second year running, Fujita's back-to-back victory was the first in 15 years, and he was only the fifth person to achieve such a feat. Fujita also had cause to celebrate as the cup allowed him to surpass ¥1.0 billion in career earnings, only the eighth person to achieve such a feat.

<Photo>

Fujita wins for the second year running. The trophy was awarded by Hiroshi Kimura, President & CEO of JT.

<Photo>

Prize money and additional "Roots" prizes for the hole-in-one prize on the famous 18th hole were provided.

<Photo>

Enlivening the atmosphere was the star lineup of players from young bloods to veterans. Eyes were particularly on Ryo Ishikawa and Hideki Matsuyama, who became only the second amateur to compete.

Post-earthquake reconstruction support efforts

“JT Charity Drink” fundraising event held!

At this year’s JT Cup, a fundraising event called “JT Charity Drink” was held. A donation matching the total sales amount of JT drinks sold at the site was provided in order to support efforts to rebuild after the Great East Japan Earthquake. Over the days of the event, many of the spectators cooperated, and a donation of ¥1,390,960 was provided via the Hochi Shakai Fukushi Jigyodan, Foundation to the afflicted region through the assistance of the Japanese Red Cross Society.

<Photos>

The numerous spectators who attended each day strongly supported the charity event.

● JT PLAZA

A popular fixture at the JT Cup each year, JT PLAZA has a variety of booths including a quiz competition and a booth to sample popular TableMark products. Throughout the tournament, it was filled with spectators.

<Photos>

JT TOPICS

Saint-Germain's new Yokohama factory begins operations

Saint-Germain Co., Ltd., member of the TableMark Group and operator of an “oven fresh bakery business,” completed its new Yokohama factory in Kohoku-ku, Yokohama. The manufacturing functions were transferred from the former Tamagawa factory (Takatsu-ku, Kawasaki), and operations started on November 22, last year.

While carrying on the bread-making knowledge and skills gained up until now, the new factory has a compact urban design, state-of-the-art technology and its measures to ensure food safety are even more enhanced. Through this measure, Saint-Germain is aiming to take a further step towards “leading the world of bakeries with No. 1 customer approval rating.”

<Photos>

<Logo>

The Yokohama factory commenced operation on November 22, last year. By effectively utilizing the site of the former Nippa factory of Fuji Foods Corporation, also of the TableMark Group, it was possible to transfer the functions while continuing manufacturing at the former Tamagawa factory.

Factory profile

- Name: Saint-Germain Co., Ltd., Yokohama factory
- Location: Nippa-cho 688, Kohoku-ku, Yokohama, Kanagawa
- Structure: Steel reinforced construction, 4 stories. (Annex: Steel reinforced construction, 2 stories.)
- Manufactured items: Bread, frozen dough, sweet foods, sandwiches
- Manufacturing lines: 5 lines

Birth of choice new bread loaf made at the new factory

<Photo>

- Saint-Germain Premium ¥330

Characteristic rich taste of fresh cream and subtle aroma of browned butter. Made from high quality flour, this bread loaf is suitably named “Premium.” It is for customers who want to treat themselves to a little bit of luxury.

<Photo>

- Family Excellent Yumugi ¥300

This soft and chewy bread loaf, full of the natural sweetness of wheat flour, is a new, tastier version of the Family Excellent series.

* The prices do not include consumption tax.

Bulletin Board

NEWS

Launch of The Peace, the most expertly blended cigarette in the history of Peace

The latest member of the Peace lineup, a brand that focuses on quality aroma, “The Peace,” the most expertly blended cigarette in the history of Peace, was launched at selected retail stores throughout Japan* in early February. The Peace is made from 100 percent select Virginia tobacco, which is known among the different types of leaf tobacco for its particularly mellow but rich aroma. The full aroma of the select tobacco leaves of this Virginia blend is brought out by expert blenders. The Peace is also the first brand in Japan to employ a process called “new trimming” whereby unpleasant aroma and taste are eliminated by flash heating the fine cut tobacco. As for the flavor ingredients, a more stringent selection process than with ordinary Peace was used, resulting in more tobacco aromas being brought out. A sealed flat tin has been adopted for the package. It is the first time this type of package has been used for cigarette. The aim is to ensure maximum enjoyment of aromas at the time of opening.

*Approximately 3,500 stores that do face-to-face sales

<Photo>

The Peace

Size: Super king size filter

Filter type: Plain filter

Tar value: 10 mg per cigarette

Nicotine value: 1.0 mg per cigarette

Packaging: Sealed flat tin containing 20 cigarette

Price: ¥1,000

Exhibition of “Photographic Works of Tadahiko Hayashi – Portraits of Showa Literati in Purple Tobacco Smoke” on show at the Tobacco & Salt Museum until March 18

The photographic works of prominent Showa-era photographer Tadahiko Hayashi (1918–1990) are on show at the Tobacco & Salt Museum. Tadahiko Hayashi left behind many works in a wide range of fields including popular culture, landscape and portraiture. Of these, his most appreciated works were his portraits of the Burai-ha (the school of decadence) writers that enlivened the postwar literary world. The photographic works are so widely known that it is these images that most people visualize when they hear mention of any of the writers’ names.

This exhibition includes works of the early post-war era that Tadahiko Hayashi is most well-known for, featuring such writers as Osamu Dazai, Sakunosuke Oda, and Ango Sakaguchi. The main photographic

works are from his collections “Bunshi no Jidai” and “Bunshi to Shosetsu no Jidai.” In addition to the photographic exhibition, lectures and films in relation to the exhibition are being presented.

<Photo>

Tobacco & Salt Museum

Opening hours: 10 a.m. to 6 p.m. (Admission until 5:30 p.m.)

Closed: Mondays

For details, please visit the follow webpage:

http://www.jti.co.jp/Culture/museum_e/exhibition/2011/1201jan/index.html

Easy Recipe with
<TableMark Logo>

Enjoy the hot-pot style!
Udon hot-pot with pickled Chinese cabbage and pork rib slices

In this popular Shanghai recipe, the hot pot with pickled Chinese cabbage has a rich savory flavor from the salty, sour and fermented taste of pickles.

Once you get a taste of this, you're hooked.

<Photo>

They can be put in after microwaving or while still frozen!

<Photo>

Ingredients (serves 2 people)

TableMark "Frozen Sanuki *Udon* Noodles" 2 bundles (200g × 2)

Sliced pork rib (Mouthful sized pieces) 100g

Pickled Chinese cabbage (Mouthful sized pieces) 100g

Sliced ginger 2-3 slices

Chicken stock (powder) 1 tablespoon

Sesame oil 1 teaspoon

Salt and pepper to taste

Directions

1. Put water (800cc) in a pot, add chicken stock and ginger, and heat it up.
2. When the stock boils, add the sliced pork rib, and while still boiling it, remove the scum off the top.
3. Wring excess juice from the Chinese cabbage and add it to the pot. Bring the pot to boil again.
4. Add the still-frozen "Frozen Sanuki *Udon* Noodles," and when the pot begins to boil again, use the salt and pepper and the Chinese cabbage juice to adjust the flavor to your liking.
5. Finally, add sesame oil for extra flavor and it is ready to serve.

Many more great recipes online! (Japanese only)

www.tablemark.co.jp/

<Picture>

JT Group Products (available only in Japan)

Renewal

Roots “Aroma Impact Low Sugar SPECIAL”

185g tumbler can/¥115 (tax not included)

Extravagant transportation of beans to improve taste!

- We use “Brazil No. 2” high-grade beans that are kept fresh by keeping them in 15°C controlled-temperature environment. Enjoy the excellent balance of fine taste and strong aroma.
- Using the “Aromazip Method,” the level of aroma, depth of flavor and pleasant aftertaste have all been enhanced.

<Photo>

Renewal

Roots “Aroma Black”

300g aluminum bottle/¥130 (tax not included)

Enjoy a rich aroma and clear aftertaste

- The fragrant, richer aroma, the key point of Roots “Aroma Black,” has been further enhanced.
- The same method of roasting is still used to extract ample aroma and flavor from the coffee, but now the aroma and flavor has been made even richer by using a new combination of roasted beans.

<Photo>

Released on March 1, 2012

“Sanuki Menkobo Stir-fry Beef Tendon *Udon* Noodles”

1 serving (343g)

<Photo>

Create a simple dish by heating it by microwave in its original tray!

- A special Gochujang-based Korean sweet chili sauce is mixed into a generous serving of chewy noodles.
- This stir-fry *udon* noodles contains tender, stewed beef tendon, cabbage, carrot, and green onion.

Released on March 1, 2012

“Shitamachi Shokudo Fried Rice”

1 pack (400g)

<Photo>

Even when tasting it for the first time, it tastes like a familiar dish that you have always known.

- It has an aromatic flavor of soy sauce and fish sauce. As it is a simple dish, it also recommended to be combined with additional ingredients of choice.
- Using a unique stir-fry method, the outside of the rice is non-sticky while the inside remains fluffy and soft. You can enjoy this difficult-to-achieve cooking technique in a dish that is heated by microwave.

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

JT Online Shop (beverage) <http://www.shopjt.com/> (Japanese only)

Share Handling Procedures

(1) Where do I inquire about share handling procedures?

Generally, we ask that you inquire about all matters pertaining to handling the shares of the Company at the securities company where you have your account. For those shareholders using special accounts, please inquire at Mitsubishi UFJ Trust and Banking Corporation, the special-account managing institution.

Change of address

Notices of convocation of general meeting of shareholders, dividend warrants or statements, complimentary gifts, etc. will be forwarded to the registered address. In the event of a change of address as a result of moving, etc., we ask that you please immediately notify the securities company where you have your account. For those shareholders using special accounts, we ask that you please immediately notify Mitsubishi UFJ Trust and Banking Corporation, the special-account managing institution.

(2) How to receive dividends

Methods to receive dividends

Dividends can be received in cash or by bank remittance. If selecting bank remittance, dividends can be received safely and securely. Shareholders wishing to receive dividends in cash will be forwarded a dividend warrant. Please retrieve it at your earliest convenience at any Japan Post Bank office or post office. Shareholders wishing to receive dividends by bank remittance will have dividends remitted to the bank, Japan Post Bank or other account designated in advance. In addition, a year-end (interim) dividend statement will be forwarded.

Bank remittances may be effectuated in the following three methods.

1. Method whereby dividends are received by designating a deposit account at a bank, etc. for each issue held

Deposit accounts held at banks, etc. to which dividends are to be remitted may be divided for each issue held.

2. Method whereby dividends for all issues held are received in a lump-sum at a deposit account held at a bank, etc.

Dividends for all issues held are received in a lump-sum in the registered remittance account (held at a bank, etc.). Remittance account designation is limited to one (1) financial institution.

3. Method whereby dividends are received in securities company trading accounts

Dividends may be received in a trading account held at a securities company (if a balance exists at several securities companies, allocation as per said balances). This method is not available for

shareholders using special accounts.

Changing the dividend payment method

Please contact the securities company where you have your account. Even if accounts are held at several securities companies, procedures may be effectuated at a single securities company. We ask shareholders using special accounts to please contact Mitsubishi UFJ Trust and Banking Corporation, the special-account managing institution.

(3) In the event dividend related documents were not received, the dividend warrant has been lost or the dividend payment period has lapsed

We ask that shareholders who have not received dividends due to the abovementioned or other reasons to please contact Mitsubishi UFJ Trust and Banking Corporation, the shareholder registry administrator.

Inquiries concerning special accounts

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

0120-232-711 (toll-free number/available only in Japan)

(Business hours: 9 a.m. to 5 p.m. on weekdays excluding public holidays)

Mailing address

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081, Japan

Request for procedure forms related to special accounts

0120-244-479 (toll-free number/available only in Japan)

(24-hour automatic answering service operated by Mitsubishi UFJ Trust and Banking Corporation)

Members of the Board, Auditors, and Executive Officers

Members of the Board

Chairman of the Board	Yoji Wakui
Representative Director, President	Hiroshi Kimura
Representative Director, Executive Deputy President	Munetaka Takeda
Representative Director, Executive Deputy President	Mitsuomi Koizumi
Representative Director, Executive Deputy President	Masakazu Shimizu
Representative Director, Executive Deputy President	Yasushi Shingai
Member of the Board	Noriaki Okubo
Member of the Board	Mutsuo Iwai

Auditors

Standing Auditor	Hisao Tateishi
Standing Auditor	Gisuke Shiozawa
Auditor	Koichi Ueda
Auditor	Yoshinori Imai

Executive Officers (*shikkoyakuin*)

President, Chief Executive Officer	Hiroshi Kimura
Executive Deputy President, Assistant to CEO in Compliance, Finance, Operational Review and Business Assurance	Munetaka Takeda
Executive Deputy President, President, Tobacco Business	Mitsuomi Koizumi
Executive Deputy President, Assistant to CEO in CSR, Communications and General Administration	Masakazu Shimizu
Executive Deputy President, Assistant to CEO in Strategy, HR, Legal, and Food Business	Yasushi Shingai
Senior Executive Vice President, Chief Marketing & Sales Officer, Tobacco Business	Kenji Iijima
Senior Executive Vice President, President, Pharmaceutical Business	Noriaki Okubo
Senior Executive Vice President, Chief Legal Officer	Ryuichi Shimomura
Executive Vice President, Chief R&D Officer, Tobacco Business	Tadashi Iwanami
Executive Vice President, Head of Tobacco Business Planning Division, Tobacco Business	Akira Saeki
Executive Vice President, Chief Financial Officer	Hideki Miyazaki
Executive Vice President, Chief General Affairs Officer	Ryoji Chijiwa
Senior Vice President, Chief Corporate, Scientific & Regulatory Affairs Officer, Tobacco Business	Kazuhito Yamashita

Senior Vice President, Head of Domestic Leaf Tobacco General Division, Tobacco Business	Shinichi Murakami
Senior Vice President, Head of China Division, Tobacco Business	Atsuhiro Kawamata
Senior Vice President, Head of Manufacturing General Division, Tobacco Business	Masahiko Sato
Senior Vice President, Head of Central Pharmaceutical Research Institute, Pharmaceutical Business	Junichi Haruta
Senior Vice President, Head of Soft Drink Business Division	Ryoko Nagata
Senior Vice President, Chief Human Resources Officer	Satoshi Matsumoto
Senior Vice President, Chief Communications Officer	Yasuyuki Tanaka
Senior Vice President, Chief Strategy Officer, in charge of Food Business and Head of Corporate Strategy Division	Masamichi Terabatake

Trends in Share Price

Share prices of JT, from IPO on October 27, 1994 to January 2012 (closing prices on the TSE, monthly basis)

<Chart of JT's share price>

First sale

Sale by bidding

Contract price ¥1,362,000 to ¥2,110,000 (fixed date of the contract price August 29, 1994)

Sale without bidding

Sale price ¥1,438,000 (fixed date of the sale price August 31, 1994)

Second sale

Sale price ¥815,000 (fixed date of the sale price June 17, 1996)

Third sale

Sale price ¥843,000 (fixed date of the sale price June 7, 2004)

* The Company implemented stock split of 5-for-1 on April 1, 2006. The share prices before that date are retroactively adjusted although the share prices listed above as the sales price for first sale through third sale have not been revised to reflect such split.

Memo for Shareholders

Closing date: March 31 of each year

Annual General Meeting of Shareholders: June of each year

Record date for year-end dividend: March 31 of each year

Record date for interim dividend: September 30 of each year

Method of public notice:

Electronic public notice

Public notices will be posted on JT's website: <http://www.jti.co.jp/>

* If JT is unable to make electronic public notice due to an accident or any other compelling reason, it will make an alternative public notice in "The Nikkei" newspaper.

Shareholder registry administrator/special-account managing institution:

Mitsubishi UFJ Trust and Banking Corporation

(Office for handling business)

4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

(Inquiry/mailing address)

10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081, Japan

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

0120-232-711 (toll-free number/available only in Japan)

(Business hours: 9 a.m. to 5 p.m. on weekdays excluding public holidays)

(Request for procedure forms related to special account)

The special-account managing institution accepts requests for administrative procedure for shareholders using special accounts (including notification of change of address, forms for designation or change of direct deposit of dividends, and forms for requesting procedures for inheritance of shares) at toll-free number (0120-244-479) 24 hours a day.

Concerning share handling procedures:

Shareholders are asked to contact the securities company where they have accounts.

How to Receive Your Complimentary Gift

In November 2011, JT forwarded to all shareholders registered as of September 30, 2011 instructions on how to receive their complimentary gift. Those shareholders who have sent us an application by the deadline should have received their gift from the end of December. However, if the gift has not yet arrived, please contact us at the toll-free number below.

JT Shareholder Special Benefit Plan Office

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

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

(Business hours: 9 a.m. to 5 p.m. on weekdays excluding public holidays)

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

In the event of a change of address as a result of moving, etc., we ask that you please immediately notify the securities company where you have your account. For those shareholders using special accounts, we ask that you please immediately notify Mitsubishi UFJ Trust and Banking Corporation, the special-account managing institution.

Japan Tobacco Inc.

JT Building

2-1, Toranomom 2-chome, Minato-ku, Tokyo 105-8422, Japan

Tel.: +81-3-3582-3111

URL: <http://www.jti.co.jp/>

This Report was printed using vegetable oil inks along with FSC approved paper to protect our forests.