

[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.]

[Cover]

Document to be filed:	Extraordinary Report
Filing to:	Director-General of the Kanto Local Finance Bureau
Date of filing:	June 19, 2012
Company name (Japanese):	日本たばこ産業株式会社 (<i>Nihon Tabako Sangyo Kabushiki-Kaisha</i>)
Company name (English):	JAPAN TOBACCO INC.
Title and name of representative:	Hiroshi Kimura, President, Chief Executive Officer and Representative Director
Location of head office:	2-1, Toranomom 2-chome, Minato-ku, Tokyo, Japan
Telephone number:	+81-3-3582-3111 (Main)
Contact person:	Yasuyuki Tanaka, Senior Vice President, Chief Communication Officer
Place of contact:	2-1, Toranomom 2-chome, Minato-ku, Tokyo, Japan
Telephone number:	+81-3-3582-3111 (Main)
Contact person:	Yasuyuki Tanaka, Senior Vice President, Chief Communication Officer
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 (3-1, Kinkocho, Kanagawa-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)

1. Reason for filing

JT subsidiary JTI-Macdonald Corp. was sued in Canada by the Government of Québec, Canada, therefore, this document is filed pursuant to the provisions of Article 24-5, paragraph (4) of the Financial Instruments and Exchange Act and Article 19, paragraph (2), item (xiv) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. Québec's claim has been served with JTI-Macdonald Corp.. In addition, JT understands that the Provinces of Alberta, Manitoba and Saskatchewan also filed similar lawsuits while JTI-Macdonald Corp. has not yet been served in these three cases as of June 19, 2012.

2. Content of report

a. Name, address and representative of the consolidated subsidiary

- (i) Name JTI-Macdonald Corp.
- (ii) Address Mississauga, Ontario, Canada
- (iii) Representative Michel A. Poirier

b. Filing date

- (i) Québec June 8, 2012
- (ii) Alberta June 8, 2012
- (iii) Manitoba May 31, 2012
- (iv) Saskatchewan June 8, 2012

c. Name, address and representative of the party who filed the lawsuit

(1) Québec

- (i) Name Attorney General of Québec (Canada)
- (ii) Address Québec city, Québec, Canada
- (iii) Representative Jean Charest, Premier

(2) Alberta

- (i) Name Her Majesty in Right of Alberta (Canada)
- (ii) Address Edmonton, Alberta, Canada
- (iii) Representative Alison Redford, Premier

(3) Manitoba

- (i) Name Her Majesty the Queen in Right of the Province of Manitoba (Canada)
- (ii) Address Winnipeg, Manitoba, Canada
- (iii) Representative Greg Selinger, Premier

(4) Saskatchewan

- (i) Name The Government of Saskatchewan (Canada)
- (ii) Address Regina, Saskatchewan, Canada
- (iii) Representative Brad Wall, Premier

d. Outline of lawsuit and amount of claim for damages

(1) Québec

- (i) Claim: To seek recovery of the health care costs the Province of Québec has incurred and will incur, resulting from tobacco related disease.
Defendants : 10 tobacco manufacturers including JTI-Macdonald Corp. and 1 industry organization^{*1}
- (ii) Amount: CAD 60.7 billion (approx. ¥4,690.0 billion: CAD 1=approx. ¥77.4)

* Plaintiff seeks joint and several liabilities for the aforesaid amount amongst all the defendants and does not specify any amount or percentages for individual defendant.

- (2) Alberta
- (i) Claim: To seek recovery of the health care costs the Province of Alberta has incurred and will incur, resulting from tobacco related disease.
Defendants : 13 tobacco manufacturers including JTI-Macdonald Corp. and 1 industry organization^{*1}
- (ii) Amount: CAD 10.0 billion (approx. ¥770.0 billion: CAD 1=approx. ¥77.4)
* Plaintiff seeks joint and several liabilities for the aforesaid amount amongst all the defendants and does not specify any amount or percentages for individual defendant.
- (3) Manitoba
- (i) Claim: To seek recovery of the health care costs the Province of Manitoba has incurred and will incur, resulting from tobacco related disease.
Defendants : 13 tobacco manufacturers including JTI-Macdonald Corp. and 1 industry organization^{*1}
- (ii) Amount: Not specified
- (4) Saskatchewan
- (i) Claim: To seek recovery of the health care costs the Province of Saskatchewan has incurred and will incur, resulting from tobacco related disease.
Defendants : 13 tobacco manufacturers including JTI-Macdonald Corp. and 1 industry organization^{*1}
- (ii) Amount: Not specified

e. Response:

JT and JTI-Macdonald Corp. will examine the claims made in these lawsuits and will take appropriate measures, including refuting in court.

*1 Defendants in lawsuits filed by the Provinces of Québec, Alberta, Manitoba and Saskatchewan
 JTI-Mac
 Philip Morris International, Inc.
 Rothmans Inc. (*)
 Rothmans, Benson & Hedges Inc. (*)
 Carreras Rothmans Limited
 Altria Group, Inc.
 Philip Morris U.S.A. Inc.
 British American Tobacco p.l.c. (*)
 B.A.T Industries p.l.c.
 British American Tobacco (Investments) Limited
 Imperial Tobacco Canada Limited
 R.J. Reynolds Tobacco Company
 R.J. Reynolds Tobacco International, Inc.
 (13 tobacco manufacturers)
 Canadian Tobacco Manufacturers' Council
 (1 industry organization)

Those companies marked with (*) are not named as defendants in the lawsuit filed by the Province of Québec, where the number of tobacco manufacturers defendants is 10.