

[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:	February 25, 2013
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:	Mitsuomi Koizumi President, Chief Executive Officer and Representative Director
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Contact person:	Yasuyuki Tanaka Senior Vice President and Chief Communications Officer
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Contact person:	Yasuyuki Tanaka Senior Vice President and Chief Communications Officer
Places where the document to be filed is available for public inspection:	Japan Tobacco Inc. Saitama Sales Office (55-1, Shimochō 1-chome, Omiya-ku, Saitama-shi, Saitama) Japan Tobacco Inc. Yokohama Sales Office (3-1, Kinkochō, 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 (1-30, Hamabe-dori 2-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

Secondary offerings of shares of common stock of Japan Tobacco Inc. (JT) in overseas markets (provided that in the U.S. the shares will be offered exclusively to qualified institutional investors as defined under Rule 144A of the U.S. Securities Act of 1933) (hereinafter referred to as the “International Secondary Offering”) started, therefore, this document is filed pursuant to the provisions of Article 24-5(4) of the Financial Instruments and Exchange Act and Article 19(1) and Article 19(2)(i) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

2. Content of report

(1) Class of shares

Common stock of JT

(2) Number of shares to be offered

141,666,600 shares of common stock of JT (planned)

(At the same time as the International Secondary Offering, secondary offerings of JT’s shares of common stock in Japan by the selling shareholder stated in (7) below (hereinafter referred to as the “Selling Shareholder”) are planned (this secondary offering in Japan and the secondary offering combined with the International Secondary Offering will be hereinafter referred to as the “Japanese Secondary Offering” and the “Secondary Offering,” respectively). The total of the number of shares to be offered through the Japanese Secondary Offering (hereinafter referred to as the “Japanese Secondary Offering Number”) and the number of shares to be offered through the International Secondary Offering (hereinafter referred to as the “International Secondary Offering Number”) is 333,333,200 shares, which comprises of 191,666,600 shares planned for the Japanese Secondary Offering and 141,666,600 shares planned for the International Secondary Offering. A final decision on the respective numbers of shares to be offered will be made by the Selling Shareholder on any date between Monday, March 11 and Wednesday, March 13, 2013 (hereinafter referred to as the “Pricing Date”), taking into consideration factors including market demand. Furthermore, JT resolved at a meeting of the Board of Directors held on Monday, February 25, 2013 the matter regarding the repurchase of its common stock up to an aggregate number of 118,000,000 shares and an amount of 250,000,000,000 yen respectively, through the Tokyo Stock Exchange, Inc.’s off-auction own share repurchase trading (ToSTNeT-3), during the period between Wednesday, February 27 and Friday, March 8, 2013. The Japanese Secondary Offering Number and the International Secondary Offering Number may be reduced in the event a decision to proceed with the share repurchase is made by JT in accordance with this resolution, due to a possibility of disposal of a portion of JT’s common stock held by the Selling Shareholder in response to this repurchase.)

(3) Offer price

To be determined.

(The offer price will be determined by the Selling Shareholder after consultation with the joint global coordinators (Daiwa Securities Co., Ltd. and Goldman Sachs Japan Co., Ltd.) on the Pricing Date based on the provisional price, taking into consideration factors including market demand. The provisional price is calculated in accordance with the method stipulated in Article 25 of the Regulations Concerning Underwriting of Securities, etc., which is issued by the Japan Securities Dealers Association, multiplying the closing price of JT’s common stock on the Tokyo Stock Exchange, Inc. on the Pricing Date (the closing price of an immediately preceding day in case no closing price is quoted on that date), by a figure in the range of 0.90 and 1.00 with the multiplied figure rounded down to the nearest yen.)

- (4) Total value of offer
To be determined.
- (5) Nature of shares
Shares with complete voting rights, which are JT's standard shares with any restriction on rights.
The number of shares constituting one share unit is 100 shares.
- (6) Offering method
The aggregate shares will be jointly and severally purchased and underwritten by the underwriters stated in (8) below.
- (7) Name of Selling Shareholder
The Minister of Finance of Japan
- (8) Names of underwriters
Goldman Sachs International (lead manager)
Daiwa Capital Markets Europe Limited (lead manager)
J.P. Morgan Securities plc (lead manager)
Merrill Lynch International
Mizuho International plc
Morgan Stanley & Co. International plc
Nomura International plc
UBS Limited
Barclays Bank PLC
Citigroup Global Markets Limited
Deutsche Bank AG, London Branch
SMBC Nikko Capital Markets Limited
- (9) Areas in which secondary offerings are conducted
In overseas markets (provided that in the U.S. the shares will be offered exclusively to qualified institutional investors as defined under Rule 144A of the U.S. Securities Act of 1933)
- (10) Delivery date
Any date between Friday, March 15 and Tuesday, March 19, 2013; provided, however, the date shall be four business days after the Pricing Date
- (11) Names of financial instruments exchanges in the event of listing the subject securities on financial instruments exchanges
Common stock subject to the International Secondary Offering is planned to be additionally listed on Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd. JT has no plan to list its common stock on overseas securities exchanges in connection with the Secondary Offering.
- (12) Other matters
- (i) Total number of shares issued and amount of capital (as of Monday, December 31, 2012)
Total number of shares issued: 2,000,000,000 shares
Amount of capital: 100,000,000,000 yen
- (ii) Delivery of shares of common stock subject to the International Secondary Offering is contingent upon delivery of shares of common stock subject to the Japanese Secondary Offering being made

on the delivery date.

Matters concerning stabilizing transactions

1. With regard to listed shares issued by JT in line with the Secondary Offering, stabilizing transactions set forth in Article 20(1) of the Order for Enforcement of the Financial Instruments and Exchange Act may be conducted if necessary according to the trend of its market price.
2. The financial instruments exchanges that have established financial instruments exchange markets in which stabilizing transactions will be conducted in the above case are Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd., of which the financial instruments exchange that has established financial instruments exchange markets in which principal stabilizing transactions will be conducted is Tokyo Stock Exchange, Inc.