

[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.]

<JT logo>

To Our Shareholders and Investors

Business Report

<Logo> Consolidated Financial Results for the Fiscal Year Ended March 31, 2014

<Logo> JT Topics

<Logo> JT Group Products

<Logo> CLOSE UP! (JT Group Companies / Business Divisions)

<Logo> JT NEWS

<Logo> A lesson from the past at the end of a journey

<Photo>

JT Group company

Fuji Foods Corporation

<Photo>

JT Thunders (male volleyball team)

Second place in 2013/14 V Premier League!

<Photo>

A lesson from the past at the end of a journey

Ohasama Cultural Heritage Center, Iwate Prefecture

Volume 45

TOP MESSAGE

Commitments achieved and record profit reached amid a challenging business environment

Results for fiscal year ended March 31, 2014 (FY2013)

In FY2013, all indicators rose year on year, mainly driven by top-line growth in the international tobacco business and growth in market share in the domestic tobacco business. As a result, JT achieved record profit, while adjusted EBITDA at constant rates of exchange, which JT has promised to grow at a mid to high single digit rate in the medium to long term as a key performance indicator across the JT Group, grew by 7.5% year on year.

The international tobacco business faced a challenging business environment characterized by industry contraction in the key markets of Russia and Europe. Despite this, adjusted EBITDA at constant rates of exchange (U.S. dollar-based) continued to show double-digit growth at 11.3% as a result of steady market share growth and favorable pricing.

The domestic tobacco business posted strong results driven by Mevius and other key brands, with market share growing by 1.4 percentage points to 61.0%.

In the pharmaceutical business, the fruits of the research and development undertaken hitherto have been demonstrated by a steady stream of market launches of new drugs since the approval of JTK-303 in 2012.

Furthermore, the beverage and processed food businesses are steadily making investments with the aim of strengthening their business foundations to generate future profits.

Business Plan 2014

FY2014 is an irregular fiscal period in which domestic operations are consolidated for nine months and overseas operations are consolidated for 12 months. In addition, as a principal management benchmark, adjusted EBITDA has been changed to adjusted operating profit. Through this change, JT will implement more appropriate management of business investments and returns after recognizing depreciation and amortization resulting from each year's business investment.

On an actual basis following adjustment to a 12-month basis from January to December for both FY2013 and FY2014, adjusted operating profit at constant rates of exchange is expected to grow by 6.0% year on year.

With respect to shareholder returns, even in the irregular fiscal period JT will increase the annual dividend per share by ¥4 to ¥100.

JT will maintain its medium- to long-term growth targets of mid to high single digit annual average growth in the medium to long term for adjusted operating profit at constant rates of exchange and high single digit annual average growth in the medium to long term adjusted EPS at constant rates of exchange. In the area of shareholder returns, JT's first goal is to achieve a consolidated dividend payout ratio of 50% in FY2015 under its policy of aiming for a level on par with global FMCG players of at least 50%.

The business environment is expected to remain challenging going forward. On the other hand, JT has a track record in achieving profit growth in the medium to long term by giving the highest priority to business investment, and this is a source of confidence. Looking ahead, JT will continue to strive for medium- and long-term profit growth by pursuing its unchanging “4S model,” further refining its adaptability to changes, and seizing whatever varied changes may happen in the future as opportunities.

Mitsuomi Koizumi, President, Chief Executive Officer and Representative Director

<Photo>

Fiscal Year Ended March 31, 2014 (FY2013)

Results for the fiscal year ended March 31, 2014

(Billions of yen)

	Fiscal year ended March 31, 2014	Year-on-year change
Revenue	2,399.8	+13.2%
Adjusted EBITDA ^{*1} at constant rates of exchange	668.3	+7.5%
Adjusted EBITDA ^{*1}	751.7	+20.9%
Profit for the year ^{*2}	428.0	+24.6%

Expected full-year results for FY2014 (January to December basis)

(Billions of yen)

	FY2013 results	FY2014 forecasts	Change
Revenue	2,372.2	2,430.0	+2.4%
Adjusted operating profit ^{*3} constant rates of exchange	613.0	650.0	+6.0%
Adjusted operating profit ^{*3}	613.0	623.0	+1.6%
Profit for the year ^{*2}	443.6	370.0	-16.6%
Interim dividend (yen)	46	50	–
Year-end dividend (yen)	50	50	–
Annual dividend per share (yen)	96	100	–
Dividend payout ratio (IFRS) (%)	40.8	52.8	–

1. Adjusted EBITDA = operating profit + depreciation and amortization ± adjustment items (income and costs)

* Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

*2. Attributable to owners of the parent company

3. Adjusted operating profit = operating profit + amortization of acquired intangibles + adjustment items (income and costs)

* Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

Domestic Tobacco Business

Achieved profit growth driven by share increase and temporary demand ahead of consumption tax hike

Market share increased by 1.4 percentage points year on year to 61.0% reflecting the continued contribution from sales of Mevius and other key brands. Sales volume increased by 3.3% year on year as a result of temporarily heightened demand ahead of the consumption tax hike in April 2014 in addition to the rise in market share. As a result, revenue and adjusted EBITDA both increased.

(Billions of yen)

	Fiscal year ended March 31, 2014	Year-on-year change
Core revenue	676.2	+3.4%
Adjusted EBITDA	302.1	+7.4%

Total sales volume

(Billions of cigarettes)

	Fiscal year ended March 31, 2014	Year-on-year change
Total sales volume	120.1	+3.3%

JT market share

(%)

	Fiscal year ended March 31, 2014	Year-on-year change
JT market share	61.0	+1.4%pt

* “%pt” is an abbreviation of “percentage point.”

JT market share and market share of Mevius

(%)

	Jan.-Mar. 2013	Apr.-Jun. 2013	Jul.-Sep. 2013	Oct.-Dec. 2013	Jan.-Mar. 2014
JT market share	59.5	60.5	60.7	61.1	61.5
Key brands*	42.2	43.0	43.2	43.7	44.4
Market share of Mevius	31.4	32.2	32.6	32.8	33.4

* Key brands: Mevius, Seven Stars and Pianissimo

International Tobacco Business

Achieved double digit profit growth driven by top line growth

Despite the effects of developments including industry contraction in Russia and Europe and unstable business environments in the Middle East, core revenue at constant rates of exchange grew by 6.1% year on year and adjusted EBITDA grew by 11.3%. This reflected growth in market share in key markets and a steady increase in favorable pricing. Yen-based adjusted EBITDA grew by 31.6%.

(Millions of dollar)

	Fiscal year ended March 31, 2014	Year-on-year change
Core revenue	12,273	+3.9%
Adjusted EBITDA	4,623	+7.5%
Yen-based adjusted EBITDA	¥451.6 billion	+31.6%

* Results for the international tobacco business are for the period from January 1 to December 31, 2013.

* Key brands: Mevius, Seven Stars and Pianissimo

Shipment volume

(Billions of cigarettes)

	Fiscal year ended March 31, 2014	Year-on-year change
JTI shipment volume	416.4	-4.6%
GFB shipment volume	266.6	-0.8%

Market share

	December 2012	December 2013	Year-on-year change
France	17.6%	20.1%	+2.5%pt
Spain	20.3%	20.9%	+0.6%pt
Italy	21.4%	21.6%	+0.2%pt
Russia	36.4%	36.3%	-0.1%pt
(GFB ^{*1} share)	21.9%	23.2%	+1.3%pt
Taiwan	38.9%	39.4%	+0.5%pt
Turkey	26.3%	26.7%	+0.4%pt
U.K.	39.3%	40.7%	+1.3%pt

*1 We have identified eight brands which serve as flagships of the JT Group's brand portfolio, Winston, Camel, Mevius, Benson & Hedges, Silk Cut, LD, Sobranie and Glamour, which we collectively call the Global Flagship Brands (GFBs).

* Data sourced from Nielsen, Logista and Altadis.

* "%pt" is an abbreviation of "percentage point."

Pharmaceutical Business

Continued revenue and profit improvement due to progress in compound development and product sales expansion

Revenue increased by ¥11.3 billion year on year to ¥64.4 billion, mainly due to the increased sales of products of Torii Pharmaceutical Co., Ltd. including REMITCH® CAPSULES, an oral antipruritus drug for hemodialysis patients, and Truvada® Tablets, an anti-HIV drug, which enjoyed temporarily heightened demand ahead of the consumption tax hike in April 2014, as well as an increase in milestone revenue related to progress in development of an original JT compound that has been out-licensed and an increase in royalty income accompanying sales expansion. Adjusted EBITDA improved by ¥7.3 billion to negative ¥5.4 billion mainly due to the increase in revenue.

Pharmaceutical business: Clinical development (as of April 24, 2014)

<In-house development>

Code (generic name)	Potential indication/ dosage form	Phase	Note
JTK-303 (elvitegravir)	HIV infection/Oral	Standalone-Agent Preparing to file (Japan)	In-house
		New Single Table Regimen (Global Study*) (elvitegravir/cobicistat/ emtricitabine/tenofovir alafenamide) Phase 3 (Japan)	Elvitegravir; In-house Cobicistat, Emtricitabine, Tenofovir Alafenamide; In-license (Gilead Sciences)
JTT-851	Type 2 diabetes mellitus/Oral	Phase 2 (Japan) Phase 2 (Overseas)	In-house
JTZ-951	Anemia associated with chronic kidney disease/Oral	Phase 2 (Japan) Phase 1 (Overseas)	In-house
JTE-051	Autoimmune/ allergic diseases/Oral	Phase 1 (Overseas)	In-house
JTE-052	Autoimmune/allergic diseases/Oral, Topical	Phase 1 (Japan)	In-house
JTE-151	Autoimmune/ allergic diseases/Oral	Phase 1 (Overseas)	In-house
JTE-350** (histamine dihydrochloride)	Diagnostic product /Positive control solution in the skin prick test	Preparing to file (Japan)	In-license (ALK-Abelló) Co-development with Torii
JTT-251	Type 2 diabetes mellitus/Oral	Phase 1 (Overseas)	In-house

Note: Clinical trial phase presented above is based on the first dose.

* Part of global study conducted by Gilead Sciences.

** One of the medical products publicly offered for a development company by the Study Group on Unapproved and Off-label Drugs of High Medical Need, set up by the Ministry of Health, Labour and Welfare.

<Licensed compounds>

Compound (JT's code)	Licensee	Note
elvitegravir (JTK-303)	Gilead Sciences	<u>Elvitegravir</u> : U.S. marketing approval submitted <u>New Single Tablet Regimen</u> : Phase 3 (elvitegravir/cobicistat/emtricitabine/tenofovir alafenamide)
trametinib	GlaxoSmithKline	<u>Metastatic melanoma</u> : EU marketing approval submitted
Anti-ICOS monoclonal antibody	MedImmune	

Updates since the previous announcement on January 30, 2014:

<In-house development>

- JTT-251 has entered into the clinical trial stage (Phase1) overseas.
- Topical formulation has been added to the potential dosage form of JTE-052.
- JTE-350 has advanced from Phase 3 to “preparing to file” in Japan.

<Licensed compounds>

- March 26, 2014—GlaxoSmithKline announced that it has withdrawn its Marketing Authorization Application to the European Medicines Agency for the use of trametinib in combination with dabrafenib for the treatment of patients with metastatic melanoma.

Beverage Business

JT products sales grew in beverage business

Processed Food Business

Staple food contributed to revenue & profit growth in processed food business

In the beverage business, revenue decreased by ¥1.0 billion from the previous fiscal year to ¥184.5 billion due to a decline in revenue from vending machines sales channel, despite an increase in sales volume of JT's products. Adjusted EBITDA decreased by ¥3.7 billion from the previous fiscal year to ¥8.7 billion. This was mainly due to increased investments for efforts to further strengthen high-quality vending machine operations and enhance our brands, in addition to the decrease in revenue.

Revenue in the processed food business decreased by ¥11.8 billion from the previous fiscal year to ¥156.9 billion, despite sales growth in staple food products, mainly due to a decrease in the processed fishery products business, from which we withdrew in December 2012. If the impact of our withdrawal from the processed fishery products business is excluded, revenue increased by ¥4.3 billion year on year. There was a year-on-year increase in adjusted EBITDA of ¥0.1 billion to ¥7.5 billion, mainly due to growth in sales of staple food products, despite the impact of a rise in cost prices in line with the yen's depreciation.

Beverage business

(Billions of yen)

	Fiscal year ended March 31, 2014	Year-on-year change
Revenue	184.5	-1.0
Adjusted EBITDA	8.7	-3.7

Processed food business

(Billions of yen)

	Fiscal year ended March 31, 2014	Year-on-year change
Revenue	156.9	-11.8
[excluding processed fishery products business]		[+4.3]
Adjusted EBITDA	7.5	+0.1

FORWARD-LOOKING STATEMENTS

This material contains forward-looking statements. These statements appear in a number of places in this presentation and include statements regarding the intent, belief, or current and future expectations of our management with respect to our business, financial condition and results of operations. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “would,” “expect,” “intend,” “project,” “plan,” “aim,” “seek,” “target,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or the negative of these terms or other similar terminology. These statements are not guarantees of future performance and are subject to various risks and uncertainties. Actual results, performance or achievements, or those of the industries in which we operate, may differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. In addition, these forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks and uncertainties. Forward-looking statements regarding operating results are particularly subject to a variety of assumptions, some or all of which may not be realized. 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) decrease in demand for tobacco products in key markets;
- (2) restrictions on promoting, marketing, packaging, labeling and usage of tobacco products in markets in which we operate; and
- (3) increases in excise, consumption or other taxes on tobacco products in markets in which we operate;
- (4) litigation around the world alleging adverse health and financial effects resulting from, or relating to, tobacco products;
- (5) our ability to realize anticipated results of our acquisition or other similar investments;
- (6) competition in markets in which we operate or into which we seek to expand;
- (7) deterioration in economic conditions in areas that matter to us;
- (8) economic, regulatory and political changes, such as nationalization, terrorism, wars and civil unrest, in countries in which we operate;
- (9) fluctuations in foreign exchange rates and the costs of raw materials; and
- (10) catastrophes, including natural disasters.

Consolidated Financial Statements

Consolidated statement of financial position

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014	Increase (Decrease)
Assets			
Current assets	1,213,146	1,484,391	271,245 *1
Non-current assets	2,639,421	3,127,053	487,632
Property, plant and equipment	672,316	779,987	107,671
Goodwill	1,316,476	1,584,432	267,956 *2
Intangible assets	348,813	385,101	36,288
Investment property	58,995	61,421	2,427
Retirement benefit assets	14,825	16,530	1,705
Investments accounted for using the equity method	22,940	106,107	83,167
Other financial assets	71,781	92,596	20,815
Deferred tax assets	133,276	100,880	(32,396)
Total assets	3,852,567	4,611,444	758,877
Liabilities and equity			
Liabilities			
Current liabilities	1,112,968	1,250,512	137,544
Non-current liabilities	847,168	764,842	(82,327)
Total liabilities	1,960,137	2,015,354	55,217
Equity			
Equity attributable to owners of the parent company	1,806,543	2,505,610	699,067
Share capital	100,000	100,000	-
Capital surplus	736,411	736,400	(11)
Treasury shares	(344,573)	(344,463)	110
Other components of equity	(155,420)	251,107	406,527 *3
Retained earnings	1,470,125	1,762,566	292,441
Non-controlling interests	85,887	90,481	4,593
Total equity	1,892,431	2,596,091	703,660
Total liabilities and equity	3,852,567	4,611,444	758,877

Note: Yen amounts are rounded to the nearest million.

*1. Current assets: Increased as a result of rises in cash and cash equivalents and inventories.

*2. Goodwill: Increased due to the effect of foreign currency movement.

*3. Other components of equity: Increased due to the effect of foreign currency movement.

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Increase (Decrease)
Revenue	2,120,196	2,399,841	279,645 *4
Cost of sales	(899,437)	(979,975)	(80,537)
Gross profit	1,220,759	1,419,866	199,108
Other operating income	42,165	55,634	13,469
Share of profit in investments accounted for using the equity method	2,775	1,702	(1,074)
Selling, general and administrative expenses	(733,486)	(828,942)	(95,457)
Operating profit	532,213	648,260	116,047 *5
Financial income	5,493	8,351	2,858
Financial costs	(28,351)	(20,408)	7,942
Profit before income taxes	509,355	636,203	126,848
Income taxes	(157,907)	(200,912)	(43,004)
Profit for the year	351,448	435,291	83,843
Attributable to:			
Owners of the parent company	343,596	427,987	84,391
Non-controlling interests	7,852	7,304	(548)
Profit for the year	351,448	435,291	83,843

Note: Yen amounts are rounded to the nearest million.

*4. Revenue: Increased due to favorable pricing and yen depreciation in the international tobacco business, and market share growth and temporarily heightened demand ahead of the consumption tax hike in the domestic tobacco business.

*5. Operating profit: Increased as a result of rise in revenue in addition to gain on sales of non-current assets.

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Increase (Decrease)
Profit for the year	351,448	435,291	83,843
Other comprehensive income	192,959	414,970	222,011
Comprehensive income for the year	544,407	850,261	305,854
Attributable to:			
Owners of the parent company	536,119	842,867	306,748
Non-controlling interests	8,288	7,394	(894)
Comprehensive income for the year	544,407	850,261	305,854

Note: Yen amounts are rounded to the nearest million.

Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Increase (Decrease)
Cash flows from operating activities	466,608	396,496	(70,112)
Cash flows from investing activities	(147,928)	(163,473)	(15,545) *6
Cash flows from financing activities	(569,473)	(145,189)	424,284 *7
Net increase (decrease) in cash and cash equivalents	(250,793)	87,834	338,627
Cash and cash equivalents at the beginning of the year	404,740	142,713	(262,028)
Effect of exchange rate changes on cash and cash equivalents	(11,235)	22,672	33,906
Cash and cash equivalents at the end of the year	142,713	253,219	110,506

Note: Yen amounts are rounded to the nearest million.

- *6. Cash flows from investing activities: Decreased due to purchases of a minority stake in a leading Russian distribution company.
- *7. Cash flows from financing activities: Increased due to a comparative reduction in repayments of borrowings, and the absence in the current fiscal year of acquisition of treasury shares or redemption of bonds.

JT Topics

How to receive your complimentary gift

JT offers complimentary gifts to shareholders comprised of items made by the JT Group so that they may get to know our products and increase their understanding of our businesses.

JT will give shareholders holding at least 100 JT shares as of March 31, 2014, their preferred complimentary gift in accordance with the number of shares held.

The deadline for application to the complimentary gifts is June 23. Shareholders who wish to apply are kindly requested to contact the JT Shareholder Special Benefit Plan Office using the contact details shown below as early as possible.

<JT logo>

<TableMark logo>

Beverage and rice assortment set

<Photo>

<TableMark logo>

Rice assortment set

<Photo>

<Fuji logo>

Soup and seasonings assortment set

<Photo>

* The photographs of complimentary gifts show a selection of products with values equivalent to ¥3,000.

Similarly, since the complimentary gifts were forwarded to the addresses of shareholders recorded in the shareholder registry as of March 31, 2014, we would like to request any shareholders who changed their address in April or later as a result of moving, etc. to inform the JT Shareholder Special Benefit Plan Office.

Please also carry out the address change procedures at the securities company where you have your account.

For those shareholders using special accounts, we ask that you carry out the procedures at Mitsubishi UFJ Trust and Banking Corporation, the special-account managing institution.

JT Shareholder Special Benefit Plan Office

(Complimentary gifts 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)

JT Group Products

Introducing New Tobacco Products

The aesthetics of Japan's No. 1 brand*, a product made with ripened tobacco leaves and featuring a deep aroma and a rich taste

Three "Seven Stars Menthol" products launched nationwide

Price: ¥460 each (containing 20 cigarettes)

*Based on sales figures for the top 20 products from the Tobacco Institute of Japan (TIOJ) for the year ended March 31, 2013.

Released

<Photo>

Seven Stars Menthol 12 Box

Tar: 12mg / Nicotine: 0.9mg

Seven Stars Menthol 8 Box

Tar: 8mg / Nicotine: 0.7mg

Seven Stars Menthol 5 Box

Tar: 5mg / Nicotine: 0.5mg

The Seven Stars brand is known for its "robust smoking sensation" and "deep flavor." These three newly launched "Seven Stars Menthol" products feature a blend that includes ripened tobacco leaves, which are ripened to a more advanced degree and are only available in limited quantities compared with ordinary tobacco leaves. The ripened leaves are characterized by their deep roasted aroma, sharp flavor and rich smoke sensation, adding depth to the product's flavor and aroma as well as enhancing its menthol taste. The package design is based on Seven Stars design. A gradation of deep green tones representing the enhanced menthol taste and robust tobacco flavor with golden hues symbolizing the refined flavor of rare ripened tobacco leaves heighten the sophistication and brightness of the package.

Comments from person in charge

These new products are authentic menthol cigarettes that will enable us to reach an even wider range of customers in addition to those who have enjoyed "Seven Stars" over a long period of years.

By using ripened leaves, we have realized deep scent, sharp tobacco taste and rich smoke sensation with these products.

We will continue to provide new value and customer satisfaction to meet a wide range of customer needs.

Yoshihiro Taniguchi, Brand Planning Division, Marketing & Sales Group, Tobacco Business, Japan

Tobacco Inc.

<Photo>

* This page is intended as an explanation of JT's business for shareholders. As such, it is not intended to promote product sales to customers or to encourage them to smoke.

JT Group Products

Introducing New Beverage Products

<Photo>

Released

- > Luxurious golden pineapple drink that is perfect for the summer
- > Made with special method that prevents the fruit pulp from sinking to the bottom

Chopped Pineapple providing sensation of real fruit

375g aluminum bottle/¥150 (tax not included)

Comments from person in charge

We have launched a full-flavored, sweet and fresh pineapple drink that is perfect for the summer. It is a drink full of chopped fruit pulp that provides the sensation of real fruit and is made from carefully selected golden pineapple. The drink is made with a process that prevents the fruit pulp from sinking to the bottom (*patented), and one taste provides the sensation of real pineapple. Please give its luxurious fruity flavor a try!

Kentaro Okada, Brand Planning Department, Beverage Business Division, Japan Tobacco Inc.

<Photo>

<Photo>

Recommended

- > Contains no artificial sweeteners, preservatives or colors!
- > Bottle design expresses the drink's high quality and great taste

Momo no Tennensui

490ml pet bottle/¥140 (tax not included)

<Photo>

Recommended

- > Design renewed to fully express the drink's characteristic flavor
- > Even fuller aroma through use of new roasting method!

Roots "Aroma Black"

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

Introducing New Food Products

Released

<Photo>

Cool Noodles No. 1 Chilled *Ramen*

1 serving/320g

- > Chilled noodles can be prepared simply without boiling water or using ice
- > A lightly flavored soup and full-bodied noodles

Comments from person in charge

We have launched a new product with a completely new preparation method. This dish can be prepared in just two minutes. These noodles, which contain other ingredients, have been created using our original technology in which frozen soup is melted and chilled. They feature a soy sauce soup featuring the savory taste of chicken combined with the refreshing aroma of *yuzu* orange juice. The light yet rich soup goes well with the full-bodied noodles.

Ryosuke Takahashi, Product Development Division, TableMark Co., Ltd.

<Photo>

<Photo>

- > Crispy batter with fluffy chicken. Can be thawed naturally for simple preparation
- > Containing beautifully colored plum and plum leaves, can be used in sophisticated packed lunches

Released

Deep-fried Chicken and *Shiso* Plum

Pack of 6 / 108g

<Photo>

- > Cooked to the perfect degree of softness with naturally developed water from the rice-producing region of Uonuma
- > 10 servings useful for stocking up for future use. Also popular as a stock food

Released

Fukkuratsuyadaki Steamed Rice 10 servings

Pack of 10 servings/1,800g (180g per bag)

CLOSE UP!

Introducing JT Group companies and business divisions to our shareholders.

Fuji Foods Corporation

Continuing to take the challenge of making new tastes for Japan as the core of the food business

Fuji Foods Corporation functions as the core of the JT Group's Food Business and the TableMark Group's seasonings business under its basic philosophy of "a world food culture and a smile for all." In this report we will introduce initiatives in the seasonings business in which we are continuing to make great strides from new perspectives.

Shinichi Komatsu, President and Representative Director, Fuji Foods Corporation

<Photo>

Fuji Foods Corporation

Location of head office

94 Mamedo-cho, Kohoku-ku, Yokohama-shi, Kanagawa

Representative

Shinichi Komatsu, President and Representative Director

Established August 1, 1958

Paid-in capital ¥37.35 million

Number of employees Approx. 400

<Photo>

Head office

<Photo>

Building for liquid seasonings, Kanaya factory in Shizuoka Prefecture

<Photo>

Building for powdered and granulated seasonings, Kanaya factory in Shizuoka Prefecture

Since its foundation in 1958, Fuji Foods Corporation has been engaged in the development and sale of various types of seasonings as the bases of flavors, and has established a strong position in the food industry not only in the field of products for general consumers such as oyster sauce and GENTRY Soup, but also in the field of professional standard, commercial-use seasonings.

In April 2008, Fuji Foods Corporation formed an equity and business alliance with Japan Tobacco Inc. (JT), becoming a JT Group company. With this alliance, the breadth of products and customers has been expanded by combining the Chinese-style seasonings that are a traditional strength of Fuji Foods Corporation with the basic seasonings that are the pride of TableMark, such as yeast extract. Looking

forward, this company will continue to pursue great-tasting, quality products with the aim of providing a richer dining experience by offering seasonings that haven't been seen before in all types of food scenarios.

As the “oyster sauce pioneer”

Fuji Foods Corporation has consistently led the market as a pioneer in Japanese food with innovations including the first product commercialization in Japan of soup cubes, soup powder for noodles, and oyster sauce.

In particular, home-use oyster sauce is a flagship product for the company set to reach its 40th anniversary in 2015. This set of products is driving the Chinese-style seasonings market mainly with Oyster Sauce *Kiwami*, which is made with high-quality oyster extract from Japan.

<Photo>

Oyster Sauce

<Photo>

Oyster Sauce *Kiwami*

<Photo>

Shanron Chinese-style flavoring mix

<Photo>

Gentry Soup (various types)

Strengthening production and sales capabilities on a global level

Beginning with the establishment of the Greensboro factory (North Carolina, U.S.A.) of Fuji Foods Inc. in 1982, the company has established production and sales bases in various areas around the world. By independently procuring raw materials and producing and selling products in local areas, the company is strengthening the production and sales capabilities of the whole of the JT Group.

In particular, with the yeast extract produced in Thailand making use of the superiority of the raw materials based on the company's fermentation technology, the company sells products in countries around the world as well as Japan. As a food material, yeast extract has a positive image not just in Japan but also overseas, where there is high awareness of natural ingredients, and is attracting a great deal of attention in the food industry. With the aim of expanding global sales, in 2012 the company launched an overseas sales department. In this way, the delicious taste of natural ingredients is being delivered to customers' dining tables around the world.

<Photo>

- 1 Bangkok
- 2 Suzhou
- 3,4 North Carolina

<Photo>

- 1 Thai Foods International Co., Ltd.

<Photo>

- 2 Fuji Foods (Suzhou) Co., Ltd.

<Photo>

- 3 Fuji Foods Inc., Greensboro factory

<Photo>

- 4 Fuji Foods Inc., Burlington factory

Factual snippet about Fuji Foods Corporation

Although the company's products for the restaurant sector have hitherto been focused on Chinese-style products such as *ramen* soup, it also launched *Yokshokubo*, a group of western food products, in the spring and summer of 2014. The company is expanding its sales channels to venues such as Italian restaurants.

<Photo>

CLOSE UP!

Introducing JT Group companies and business divisions to our shareholders.

Japan Tobacco Imex Co., Ltd.

Aiming to pass on Japan's tobacco culture and expand it widely with specialist tobacco

Japan Tobacco Imex Co., Ltd. imports and sells specialist non-cigarette tobacco products such as pipe tobacco and cigars and also outsources their production to overseas manufacturers. In recent years, the company has been working to pass on tobacco culture after starting the wholesale of finely cut tobacco that is smoked in Japanese traditional *kiseru* pipes and the sale of smoking implements.

Satoyuki Aburaya, General Manager, General Administration Division, Japan Tobacco Imex Co., Ltd.

<Photo>

Japan Tobacco Imex Co., Ltd.

Location of head office

5th floor, JT Shibuya Building, 5-1 Nanpeidai-cho, Shibuya-ku, Tokyo

Representative

Hikaru Kamachi, President & CEO

Established August 3, 1987

Paid-in capital ¥50 million

Number of employees 11 persons, 11 other non-permanent sales employees (as of April 1, 2014)

JT Shibuya Building

<Photo>

In Japan, Japan Tobacco Imex Co., Ltd. has operated a business importing tobacco leaves from overseas since its foundation in 1987.

With JT's discontinuation of domestic manufacture of non-cigarette tobacco products, the specialist brands it had been manufacturing, including "KEITH," "Asuka" and "Momoyama," were transferred to Japan Tobacco Imex in 2004. With this change, Japan Tobacco Imex made a new start, focusing on outsourcing the manufacture of pipe tobacco and cigars and the like.

At present, the company outsources the manufacture of ex-JT specialist tobacco brands overseas and sells them under its own name. With respect to the other products it handles, the company imports and sells overseas brands as a distributor.

A lesson from the past: focusing on things to be preserved in line with changing times

From 2009, the company has turned its attention to the cultural aspects of specialist tobacco, focusing on activities to maintain specialist tobacco culture and pass it on to new generations. The company carries out promotion activities in collaboration with cultures other than tobacco, and these are garnering an ever wider response, from smokers and non-smokers alike. In addition, the company operates a smoking implements business (“SMOKE & COMPANY” brand) with the aim of stimulating interest in the fascinating nature of specialist smoking implements and smoking styles.

Factual snippet about Japan Tobacco Imex Co., Ltd.

TOKI Robusto is a limited edition product under the TOKI brand of Japan-originated premium cigars, which contains a blend of indigenous Japanese ingredients.

The company is also launching a number of new specialist tobacco products including Joker Chaos, which is a revival, in little cigar form, of a popular sweet, maple chocolate flavored cigarette with an easy-to-smoke flavor that was on sale from 1978 to 2001.

TOKI Robusto

¥1,860/1 cigar

Joker Chaos

¥500/pack of 20

Proposing new ways of enjoying tobacco

The company produces “IKI-BA,” a concept shop combining a salon space and a restaurant space as a venue to freely experience Japanese traditions and culture such as specialist tobacco culture. The place, which is aimed at providing a more profound experience of the spirit of the stylishness of Japan and creating a new sense of value, functions as a venue where men and women of all ages can gather together and talk every day in Harajuku, Tokyo.

Japan Tobacco Imex Co., Ltd. provides a taste of the relaxed and rich spirit that people of the present day tend to forget through specialist tobacco and smoking implements.

<Photo>

“IKI-BA” salon space

<Photo>

“IKI-BA” aiming to provide an experience of the spirit of the stylishness of Japan

<Photo>

Items on display include traditional Japanese items and objects unrelated to tobacco

* This page is intended as an explanation of JT's business for shareholders. As such, it is not intended to promote product sales to customers or to encourage them to smoke.

JT NEWS

The Volleyball 2013/14 V Premier League Comes to a Close

Thank you for all of your support!

JT Thunders secured second place in the V Premier League, in which Japan's top volleyball teams vie for supremacy. The team also secured second place in the "63rd Kurowashiki Tournament," which was held from May 1 to 6. Although the team narrowly missed out on first place in both competitions, the season was a productive one, with all team members, from the veterans to the younger players and the new signings, combining effectively to deliver solid results.

JT Thunders

<Photo>

Anticipating an even better performance next season!

This season, JT Thunders returned to the final round of the V Premier League (playoff game) for the first time in ten years. The team fought to achieve its first league victory in a long and hard match with Panasonic Panthers but lost by three sets to two. Although JT Thunders narrowly missed out on first place, their performance in the league gives hope for further progress next season.

The team also came second in the "63rd Kurowashiki All Japan Volleyball Tournament." JT Thunders got through the group stage by winning all three of their matches and went on to win 3-0 against TOYODA GOSEI Trefuerza in the quarterfinal. Maintaining this momentum, the team went on to have another consecutive victory, beating SAKAI Blazers in the semifinal. In the final they faced Panasonic Panthers, as in the final round of the league competition. Although they were unable to avenge their league defeat, JT Thunders reached second place in this competition for the first time since 2010.

JT Marvelous

<Photo>

Using this experience for the next challenge!

JT Marvelous, who finished the regular round of this season in seventh place, faced Ageo Medics in the "V Challenge Match" (league promotion and relegation match). They fought to stay in the V Premier League but narrowly lost out. The team wasn't in the best shape, with problems including having a large number of injuries, but the players continued to fight. The team will work toward its next challenge with the aim of returning to the V Premier League in the next year.

At the "63rd Kurowashiki Tournament," the team got through their group. Defeated by Hitachi Rivale at the end of a hard-fought quarterfinal match, JT Marvelous ended the tournament with a place in the top 8.

“Individual Awards” given to players who performed well in this season’s V Premier League have been awarded to players Yu Koshikawa, Daisuke Sakai, Mai Okumura!

Of JT Thunders, Yu Koshikawa received the “Fighting Spirit Award,” the “Top 6 Award,” the “Serve Award” and the “V League Japanese Record Award” and Daisuke Sakai received the “Receive Award” and the “V League Honor Award,” while Mai Okumura of JT Marvelous received the “Best New Player Award” and the “Block Award.”

<Photo>

Yu Koshikawa

I think my awards are the result of the team securing second place because of all the team members, and everyone else had the ability to get these awards. I feel that Daisuke Sakai and I just happen to have been chosen to represent our team. I’ll continue to work to get results for the team so that the “individual award” received is an MVP award for the team itself.

<Photo>

Daisuke Sakai

It is a great honor to be awarded the Receive Award. Even so, my personal feeling is that being able to compete in the final was a greater achievement than receiving my individual awards. The real test of how much we’ve grown will occur next season. All of us intend to firmly take on board the regrets and problems we have experienced in the league and proof that we have grown as a team.

<Photo>

Mai Okumura

I am surprised because I didn’t imagine that I’d receive not only the Block Award but also the Best New Player Award. Although the season wasn’t all enjoyable experiences, we played with a determination to do the simple things properly right to the end. I’m very pleased to win awards in the V Premier League, a competition I’ve always longed to participate in.

The Lure of Tobacco Smoke

A lesson from the past at the end of a journey

Ohasama Cultural Heritage Center [Iwate]

<Photo>

A glimpse of the materials left behind in a leaf tobacco producing region and the cultural background of the land

The Ohasama area in Hanamaki City, Iwate Prefecture, is a leaf tobacco producing region with a long history. Opened in 2011 in this area, the Ohasama Cultural Heritage Center hosts a collection, in one place, of archaeological cultural properties and materials that were previously kept separately around Hanamaki City. The center is not only a storage place for the collection of materials but also carries out such work as investigative research and arranging the materials, and functions as a base for distributing information on the city's cultural properties and protecting the properties.

Various items are displayed and made available in the Ohasama Cultural Heritage Center, giving visitors a glimpse of the area's long history. These consist of mountain climbing equipment exhibited at one time in the past in the Alpine Museum that was previously in Ohasama, precious materials pertaining to the history of the international relations in the area, and materials and images relating to the *Hayachine Kagura*, a folk performing art that has been handed down from generation to generation in Ohasama and was registered as a UNESCO intangible cultural heritage in 2009. Materials relating to leaf tobacco production, which is essential to Ohasama, are also exhibited in the center. In 2013, there was a special exhibition on "*Nanbuha*," a type of leaf tobacco that was famous as Japan's only raw material for cigars and was cultivated only in Ohasama.

Ohasama Cultural Heritage Center is a museum where visitors can get a glimpse, from various perspectives, of the area's historical and cultural background through exhibits that are unique to a tobacco producing region.

<Photo>

Exhibits including masks and musical instruments used in the *Hayachine Kagura* dance

<Photo>

A recreation of "*hanoshisagyō*" work that was carried out after "*Nanbuha*" was collected and dried

<Photo>

Exhibits regarding tobacco cultivation in the special exhibition held in 2013

<Photo>

Ohasama's tobacco fields in Hanamaki City, Iwate Prefecture ("Burley" variety)

Located at the starting point of the climbing path on Mount Hayachine, Ohasama is a small mountain town that is visited by a large number of mountain climbers in the summer. In the Edo period, however, the town became known as a place for gold mining. As a result, while it is a small town, it is also a historical area that developed as a site where various types of people gathered.

Hayachine Kagura has its roots in mountain worship of Mount Hayachine, has been handed down from generation to generation in the two areas of Dake and Otsugunai, and a great number of people pay visits to see performances. In addition, Ohasama, where tobacco has been cultivated since the Edo period, is currently the site of production of "Burley" tobacco, which is an essential ingredient in cigarettes.

■ Ohasama Cultural Heritage Center

Location

Dai 3 Chiwari-39-1 Ohasama, Ohasama-machi, Hanamaki-shi, Iwate 028-3203, Japan

Inquiries: Tel. +81-198-29-4567

Opening hours: 9 a.m. to 5 p.m. (Admission until 4:30 p.m.)

Closed: During the New Year holidays (December 28 - January 3)

Admission: Adults: ¥200

Elementary, junior high, and high school students: ¥100

https://www.city.hanamaki.iwate.jp/bunkasports/501/503/p_004426.html

<Map>

Company Profile

Trade name: Japan Tobacco Inc.

Location of head office: JT Building, 2-1, Toranomom 2-chome, Minato-ku, Tokyo 105-8422, Japan

Tel.: +81-3-3582-3111 (Main)

Fax: +81-3-5572-1441

Established: April 1, 1985

Paid-in capital: ¥100 billion

Common Stock (as of March 31, 2014)

Composition of shareholders (excluding shares held as treasury shares)

The Minister of Finance: 36.69%

Financial institutions: 17.48%

Individuals and others: 4.74%

Securities companies: 1.49%

Other institutions: 0.94%

Foreign institutions and others: 38.65%

Total number of shares authorized: 8,000,000,000 shares

Total number of shares issued: 2,000,000,000 shares

(Number of treasury shares: 182,451,988 shares)

Number of shareholders: 134,059

How to receive dividends

Shareholders can receive dividends safely and securely by opting to receive them by bank remittance.

Cash	Shareholder	Dividend warrants	JT
		←===	
		Dividend warrants	Japan Post Bank Post Office
		===>	
Bank remittance	Designated financial institution account	Dividends	JT
		←===	
	◇ In the case of receiving dividends by designating a deposit account at a bank for each issue held		
	Designated financial institution account X	Dividends	JT
		←===	
	Designated financial institution account Y	Dividends	Company A
		←===	
	◇ In the case of receiving dividends for all issues held in the same deposit account held at a bank.		
	Designated financial institution account X	Dividends	JT
		←===	
Dividends		Company A	
←===			
◇ In the case of receiving dividends in a trading account held at a securities company (if a balance exists at several securities companies, dividends are allocated according to balance)			
Securities company X / JT shares / ● shares	Dividends from ● shares	JT	
	←===		
Securities company Y / JT shares / ○ shares	Dividends from ○ shares		
	←===		
* Not available for use by shareholders who use special accounts			

Members of the Board, Audit & Supervisory Board Members, and Executive Officers

Members of the Board

Chairman of the Board	Yasutake Tango
President, Chief Executive Officer and Representative Director	Mitsuomi Koizumi
Representative Director, Executive Deputy President	Yasushi Shingai
Representative Director, Executive Deputy President	Noriaki Okubo
Representative Director, Executive Deputy President	Akira Saeki
Member of the Board, Executive Deputy President	Hideki Miyazaki
Member of the Board	Motoyuki Oka
Member of the Board	Main Kohda

Audit & Supervisory Board Members

Audit & Supervisory Board Member	Futoshi Nakamura
Audit & Supervisory Board Member	Tomotaka Kojima
Audit & Supervisory Board Member	Koichi Ueda
Audit & Supervisory Board Member	Yoshinori Imai

Executive Officers (*shikkoyakuin*)

President, Chief Executive Officer	Mitsuomi Koizumi
Executive Deputy President, Compliance, Strategy, HR, General Administration, Legal and Operation Review & Business Assurance	Yasushi Shingai
Executive Deputy President, Pharmaceutical, Beverage, and Processed Food Business	Noriaki Okubo
Executive Deputy President, President, Tobacco Business	Akira Saeki
Executive Deputy President, CSR, Finance and Communications	Hideki Miyazaki
Senior Executive Vice President, Chief Marketing & Sales Officer, Tobacco Business	Kenji Iijima
Senior Executive Vice President, Compliance and General Affairs	Ryoji Chijiwa
Senior Executive Vice President, Chief Strategy Officer	Mutsuo Iwai
Executive Vice President, Head of Domestic Leaf Tobacco General Division, Tobacco Business	Shinichi Murakami
Senior Vice President, Chief Corporate, Scientific & Regulatory Affairs Officer, Tobacco Business	Kazuhito Yamashita
Senior Vice President, Chief R&D Officer, Tobacco Business	Yasuyuki Yoneda
Senior Vice President, Head of Manufacturing General Division, Tobacco Business	Masahiko Sato
Senior Vice President, Head of China Division, Tobacco Business	Atsuhiro Kawamata

Senior Vice President, Head of Tobacco Business Planning Division, Tobacco Business	Junichi Fukuchi
Senior Vice President, President, Pharmaceutical Business	Muneaki Fujimoto
Senior Vice President, Head of Central Pharmaceutical Research Institute, Pharmaceutical Business	Shigenori Ohkawa
Senior Vice President, Head of Beverages Business	Goichi Matsuda
Senior Vice President, CSR	Ryoko Nagata
Senior Vice President, Chief Human Resources Officer	Chito Sasaki
Senior Vice President, Chief Financial Officer	Naohiro Minami
Senior Vice President, Chief Communications Officer	Yuki Maeda
Senior Vice President, Chief General Affairs Officer	Haruhiko Yamada
Senior Vice President, Chief Legal Officer	Kiyohide Hirowatari
Senior Vice President, Business Development and Corporate Strategy	Takehiko Tsutsui

Trends in Share Price

Share prices of JT, from IPO on October 27, 1994 to May 2014 (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)

Fourth sale

Sale price ¥2,924 (fixed date of the sale price March 11, 2013)

* Due to a 5 for 1 stock split on April 1, 2006, and a 200 for 1 stock split on July 1, 2012, stock prices reflect post-split levels.

Memo for Shareholders

Closing date: December 31 of each year

Ordinary General Meeting of Shareholders: March of each year

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

Record date for interim dividend: September 30, 2014 (June 30 in 2015 and after)

Share trade unit: 100 shares

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; 9 a.m. to 5 p.m. on weekdays)

■ 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

0120-244-479 (toll-free number available only in Japan) 24 hours a day.

Concerning share handling procedures:

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

Share Handling Procedures

Shareholders holding accounts with securities companies

[Procedures and contents of inquiries]

- Change in registered address, name
- Change in method to receive dividends or remittance account
- Requests for purchase or sale of shares less than one unit and similar matters

=> The securities company where the account is opened

- Shipment / return of mail items
- Dividends after the payment period has passed
- Problems including non-receipt of documents and loss of dividend warrants and similar matters

=> Mitsubishi UFJ Trust and Banking Corporation

Shareholders using special accounts

[All procedures and inquiries]

- Change in registered address, name
- Change in method to receive dividends or remittance account
- Requests for purchase or sale of shares less than one unit
- Shipment / return of mail items
- Dividends after the payment period has passed
- Other general inquiries on business concerning shares and similar matters

=> Inquiries

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

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

0120-232-711 (toll-free number available only in Japan; 9 a.m. to 5 p.m. on weekdays)

Requests for procedure forms

- Requests by interactive voice response telephone service

0120-244-479 (toll-free number available only in Japan; 24 hours)

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.