

[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.]

April 2015

**Minutes of the Ordinary Meeting of
the Board of Directors**

(Certified Extract)

Minutes of the Ordinary Meeting
of the Board of Directors in April 2015

- 1. Date and Time of the Meeting:** Thursday, April 30, 2015, at 10:30 a.m.
- 2. Place of the Meeting:** 2-1, Toranomom 2-chome, Minato-ku, Tokyo
Executive Committee Room of the
Company's principal office
- 3. Attendee:** 8 Directors
(among 8 Directors)

4 Audit & Supervisory Board Members
(among 4 Audit & Supervisory Board
Members)
- 4. Chairman:** Yasutake Tango, Chairman of the Board
- 5. Matters Reported:**
- | | |
|--------|---------|
| Item 1 | Omitted |
| Item 2 | Omitted |
| Item 3 | Omitted |
- 6. Matters Resolved:**
- | | |
|--------|---------|
| Item 4 | Omitted |
|--------|---------|
- 7. Matters Reported:**
- | | |
|--------|---------|
| Item 5 | Omitted |
| Item 6 | Omitted |
- 8. Matters Resolved:**
- | | |
|--------|-------------------------------------|
| Item 7 | Issuance of Domestic Straight Bonds |
|--------|-------------------------------------|

Following the instructions of the Chairman, Director Miyazaki provided an explanation concerning the issuance of domestic straight bonds, as shown in Attached 7. Director Kohda asked about the relationship between this issuance of domestic straight bonds and last year's cancelation of an issuance of U.S. dollar-denominated senior notes, and whether these domestic straight bonds will have a single redemption date. Director Miyazaki answered that, in comparison with U.S. dollar-denominated senior notes, the preparation period for domestic straight bonds is shorter and it is possible to issue them flexibly. He also explained that the issuance amount of these domestic straight bonds would have been different if last year's U.S. dollar-denominated senior notes had been

issued. About the redemption date, Director Miyazaki explained that the bonds will mainly be 5-year and 10-year bonds, with some 7-year bonds issued. Following deliberations, the Chairman asked for the matter to be approved as proposed and all Directors in attendance did so unanimously.

Item 8	Omitted
Item 9	Omitted
Item 10	Omitted
Item 11	Omitted
Item 12	Omitted

9. Closure: 1:31 p.m.

These Minutes were drafted in an effort to articulate the above deliberation and outcomes of the meeting, with every Director and Audit & Supervisory Board Member in attendance affixing their names as follows.

April 30, 2015

Japan Tobacco Inc. Board of Directors

Chairman	Chairman of the Board	Yasutake Tango
	President, Chief Executive Officer and Representative Director	Mitsuomi Koizumi
	Representative Director and Executive Deputy President	Yasushi Shingai
	Representative Director and Executive Deputy President	Noriaki Okubo
	Representative Director and Executive Deputy President	Akira Saeki
	Member of the Board and Executive Deputy President	Hideki Miyazaki
	Member of the Board (Outside director)	Motoyuki Oka
	Member of the Board (Outside director)	Tokuko Sawa (Main Kohda)
	Standing Auditors & Supervisory Board Member	Futoshi Nakamura
	Standing Auditors & Supervisory Board Member	Tomotaka Kojima
	Audit & Supervisory Board Member	Yoshinori Imai
	Audit & Supervisory Board Member	Hiroshi Obayashi

Details of Bond Issuance

- (1) Issuance of bonds in accordance with the following conditions
- 1) Bond class: Domestic straight bonds
 - 2) Maximum total amount of bonds: Maximum ¥150.0 billion
 - 3) Redemption period: 5 - 10 years
 - 4) Interest rate: Fixed interest. Redemption maturity JGB yield + 0.50% maximum
 - 5) Paid-in amount: 100% of the amount of the bonds
 - 6) Redemption method: Bullet maturity redemption; retirement by purchase possible at any time after issuance
 - 7) Issuing period: From May, 2015 to December 31, 2015
No issuance during this period is possible due to conditions in financial and capital markets
 - 8) Security: General security in accordance with Article 6 of the Japan Tobacco Inc. Act
 - 9) Underwriters: To be determined by the date of determination of conditions
 - 10) Trust company, etc.: To be determined by the date of determination of conditions
 - 11) Use of proceeds: Refunding short-term borrowings

- (2) Delegation of powers regarding above bond issuance to the Executive Deputy President in charge of finance

The Company intends to delegate the powers for the following matters regarding the above-mentioned issuance of domestic straight bonds to the Executive Deputy President in charge of finance: determination of the redemption date and issuance amount; determination of detailed issuance conditions; selection of underwriting securities companies and contracted financial institutions such as bond administrators; and conclusion of contracts regarding issuance of bonds. The Executive Deputy President in charge of finance may re-delegate the whole or part of the powers to a person selected by the Executive Deputy President in charge of finance.

In addition, after issuance, matters such as the issuance conditions will be reported promptly to the Board of Directors.