

[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:	Amendment Report of Extraordinary Report
Filing to:	Director-General of the Kanto Local Finance Bureau
Date of filing:	August 4, 2015
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
Location of head office:	2-1, Toranomom 2-chome, Minato-ku, Tokyo, Japan
Telephone number:	+81-3-3582-3111 (Main)
Contact person:	Yuki Maeda, Senior Vice President and Chief Communications Officer
Place of contact:	2-1, Toranomom 2-chome, Minato-ku, Tokyo, Japan
Telephone number:	+81-3-3582-3111 (Main)
Contact person:	Yuki Maeda, Senior Vice President and Chief Communications Officer
Place where the document is available for public inspection:	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-kabutocho, Chuo-ku, Tokyo)

## 1. Reason for filing

Among the items stated in the Extraordinary Report submitted as of July 17, 2015, the “issue price” and “total issue price” have been determined, therefore, this document is filed pursuant to the provisions of Article 24-5, paragraph (5) of the Financial Instruments and Exchange Act.

## 2. Amendments

(Note) Underlined portions were amended.

(3) Issue price

(Before amendment)

The amount to be paid in for each subscription right to share shall be equal to the amount obtained by multiplying the option price per share calculated based on the basic figures described in 2) through 7) below in accordance with the following Black-Scholes model by the number of shares to be granted, with any amount less than ¥1 resulting from the calculation rounded up to the nearest yen.

$$C = Se^{-qT} N(d) - Xe^{-rT} N(d - \sigma\sqrt{T})$$

In this formula,

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

- 1) C = Option price per share
- 2) S = Share price: the closing price of the regular trading of the shares of JT's common stock on the Tokyo Stock Exchange on August 3, 2015 (or the basic price on the trading day immediately following that date, if there is no closing price on that date)
- 3) X = Exercise price: ¥1
- 4) T = Expected time to maturity: 15 years
- 5)  $\sigma$  = Volatility: share price volatility rate calculated based on the closing price of the regular trading of the shares of JT's common stock on each transaction date from August 3, 2000 through August 3, 2015.
- 6) r = Risk-free interest rate: interest rate on Japanese government bonds for the remaining years to the maturity corresponding to the expected time to maturity.
- 7) q = Dividend yield: dividend per share (actual dividends paid over the last 12 months (dividends with September 30, 2014 and December 31, 2014 as record dates) of JT's common stock) divided by the share price defined in 2) above.
- 8)  $N(\cdot)$  = Cumulative distribution function of the standard normal distribution

(After amendment)

¥711,200 per subscription right to share (¥3,556 per share)

(4) Total issue price

(Before amendment)

To be determined

(After amendment)

¥409,766,400