

[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:	September 30, 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

On September 29, 2015, the JT Group decided to acquire the Natural American Spirit tobacco business outside the U.S., which includes the trademarks related to the Natural American Spirit tobacco business outside the United States and all the outstanding shares of Reynolds American Inc. (“RAI”)’s subsidiaries outside the U.S. that sell the aforesaid brand tobacco products, and on the same date, the JT Group reached an agreement with the RAI group of companies and concluded a contractual agreement in relation to this. 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 8 of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.

## 2. Content of report

- (1) Name, address, name of representative, amount of paid-in capital and description of business of transferor

Name	REYNOLDS AMERICAN INC.
Address	401 NORTH MAIN ST, WINSTON SALEM, NC 27101 U.S.A.
Name of representative	Susan M. Cameron (CEO)
Amount of paid-in capital	USD 6,200 million (as of December 31, 2014)
Description of business	Holding company that operates in the tobacco business

- (2) Purpose for acquiring the business

Since its launch in the U.S. in 1982 by Santa Fe Natural Tobacco Company, Inc., a tobacco manufacturing and sales company, the Natural American Spirit brand has provided a unique product offering and established a special brand positioning as an additive free, premium cigarette with a unique marketing theme. The brand has enjoyed strong growth momentum in the U.S., Japan, Germany, Switzerland, Italy, Spain, the U.K. and others.

It is expected that the acquisition of the business of Natural American Spirit, which has a strong and international presence in a premium priced category, will allow the JT Group to further extend its brand portfolio and strengthen its competitiveness in the market. It is also expected that the growth of the brand will be accelerated by maximizing the strengths of the target companies and the JT Group.

Notably in Japan, which now accounts for the majority of the sales volume worldwide excluding the U.S., the brand has experienced significant growth in the sales volume. This investment will underpin the JT Group’s sustainable long-term profit growth in Japan, which is one of the key markets for the JT Group.

The existing operations of the acquired companies will be expected to remain unchanged in order to fully benefit from their extensive knowledge and experience.

(3) Contractual coverage of the acquisition

Business to be transferred	<ul style="list-style-type: none"><li>- Trademarks for Natural American Spirit outside the U.S.</li><li>- RAI's nine subsidiaries selling Natural American Spirit outside the U.S.</li></ul>	
Amount of assets and liabilities to be transferred	Assets: JPY 14.9 billion; Liabilities: JPY 4.3 billion (Translated at exchange rate of 119.68, the prevailing year-end rate. Business year ending December 2014, management basis)	
Acquisition price	Approx. JPY 600 billion (tentative)	
Schedule	Date of decision	September 29, 2015
	Agreement date	September 29, 2015
	Business transfer date (planned)	Early 2016