

[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> Report on the Consolidated Financial Results for the First Six Months of the Fiscal Year Ending December 31, 2015

<Logo> JT NEWS

<Logo> JT Group Products

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

<Logo> JT Topics

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

<Photo>

JT TOPICS

Integration of Cabin and Caster with Winston

<Photo>

CSR initiatives of the JT Group

Forest conservation activities “JT Forest”

<Photo>

A lesson from the past at the end of a journey

Monument at the former site of Japan Tobacco Inc.

Volume 50

TOP MESSAGE

Robust business performance and steady profit growth

Results for the first six months of the fiscal year ending December 31, 2015 and forecast

In the first six months of the fiscal year ending December 31, 2015, we achieved substantial growth of 14.1% in terms of adjusted operating profit at constant rates of exchange, a key performance indicator across the JT Group. This is due to robust pricing in the international tobacco business combined with results exceeding prior-year levels in all of our business areas.

In the international tobacco business, adjusted operating profit at constant rates of exchange increased by 14.6% due in part to firm shipment volume of Winston, Camel and other Global Flagship Brands (GFBs) to markets such as France, Spain and Italy, and also due to positive results from steady unit price increases.

As for yen-based adjusted operating profit, momentum in business growth and the weakening yen offset the negative effects of U.S. dollar exchange rates against the ruble and other local currencies.

In the domestic tobacco business, JT's sales volume decreased by 3.7% year on year. This mainly reflected a downturn in total demand due to a trend toward decline and the impact of the consumption tax hike implemented in April 2014.

Meanwhile, adjusted operating profit increased by 6.8% due to increases in unit pricing and other factors such as the effect of initiatives to strengthen competitiveness that emerged in the April-June quarter.

Performance of both the pharmaceutical business and the processed food business exceeded previous fiscal year results. For the pharmaceutical business, this mainly reflected an increase in royalty income and higher revenue generated by Torii Pharmaceutical Co., Ltd., and for the processed food business, this mainly reflected firm sales primarily of frozen and room-temperature processed foods.

Next, I turn to our earnings outlook.

Our forecast of 6.8% year-on-year growth in adjusted operating profit at constant rates of exchange for the fiscal year ending December 31, 2015 remains unchanged. Our adjusted operating profit forecast has been revised upward, largely due to a positive effect from revisions to assumed exchange rates.

Our forecasts for operating profit and profit for the period have been revised significantly upward based on our outlook for expected gains from transfers of shares in our vending machine operation business, even taking into consideration the costs of withdrawal from operations involving manufacture and sale of beverage products.

With respect to shareholder returns, the interim dividend has been set at ¥54, increased by ¥4 over the previous year-end dividend.

Heading toward the latter half of the fiscal year, we expect to come up against an increasingly challenging business environment amid decreasing overall demand in the international tobacco business, particularly in Russia, and an ongoing situation of an intensely competitive climate in the domestic tobacco business. Amid these conditions, we will steadily undertake business investment geared toward achieving more substantial profit growth in the future.

Going forward, we will keep working toward developing our ability to adapt to changes, which is our strength, on the basis of our “4S” model, while pursuing our aim of achieving “mid to high single digit growth” in adjusted operating profit at constant rates of exchange.

Mitsuomi Koizumi, President, Chief Executive Officer and Representative Director

<Photo>

January through June 2015

Results for the first six months of the fiscal year ending December 31, 2015

(Billions of yen)

	January through June 2014	January through June 2015	Year-on-year change
Revenue	1,172.0	1,171.7	-0.0%
Adjusted operating profit* ¹ at constant rates of exchange	321.8	367.1	+14.1%
Adjusted operating profit* ¹	321.8	327.9	+1.9%
Profit for the period* ²	202.0	211.5	+4.7%

2015

Revenue forecast

Note: Figures indicating increases/decreases in forecasts are presented as percentage of change on a year-on-year basis.

(Billions of yen)

	Initial forecast	Revised forecast	Change
Revenue	2,380.0	2,350.0	-3.4%
Adjusted operating profit* ¹	585.0	613.0	-7.1%
Adjusted operating profit* ¹ at constant rates of exchange	705.0	705.0	+6.8%
Profit for the period* ²	387.0	471.0	+21.1%
Interim dividend (yen)	50	54	–
Year-end dividend (yen)	50	54	–
Annual dividend per share (yen)	100	108	–

1. Adjusted operating profit = operating profit + amortization cost of acquired intangibles + 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

International Tobacco Business

Increases in both revenue and profit at constant rates of exchange due to unit price increases

Total shipment volume and GFB^{*1} shipment volume increased by 0.3% and 7.2% year on year, respectively, amid a scenario where market share increases in France, Spain, Italy and other economies of Western Europe, along with positive effects of trade inventory enhancements, offset adverse effects that included industry contraction in Russia. Moreover, JT's core revenue and adjusted operating profit at constant rates of exchange increased by 6.7% and 14.6%, respectively, due to higher shipment volume and unit price increases. Yen-based adjusted operating profit decreased by 3.2% amid a scenario of the weaker yen's positive effect when exchanging currencies partially offsetting unfavorable foreign exchange effects involving the ruble and some other local currencies.

(Millions of dollar)

	Six months ended June 30, 2014	Six months ended June 30, 2015	Year-on-year change
Core revenue	5,876	6,272	+6.7%
Adjusted operating profit	2,147	2,461	+14.6%
Yen-based adjusted operating profit	¥219.9 billion	¥212.9 billion	-3.2%

Shipment volume

(Billions of cigarettes)

	Six months ended June 30, 2014	Six months ended June 30, 2015	Year-on-year change
JTI shipment volume	190.6	191.2	+0.3%
GFB ^{*1} shipment volume	123.0	131.9	+7.2%

Market share

	June 2014	June 2015	Year-on-year change
France	20.4%	21.1% ^{*2}	+0.7%pt ^{*3}
Italy	20.9%	20.0%	-0.9%pt
Russia	35.8%	34.2%	-1.5%pt
(GFB share)	23.5%	23.8%	+0.3%pt
Spain	21.3%	22.0% ^{*2}	+0.7%pt
Taiwan	38.7%	39.0%	+0.3%pt
Turkey	26.9%	30.8%	+3.9%pt
U.K.	41.1%	41.6% ^{*2}	+0.5%pt

^{*1} We have identified eight brands which serve as flagships of the JT Group's brand portfolio, Winston, Mevius, Camel, Glamour, LD, Benson & Hedges, Silk Cut, and Sobranie which we collectively call

the Global Flagship Brands (GFBs).

*² Market share in France, Spain and the U.K. from June 2014 to May 2015.

*³ “%pt” is an abbreviation of “percentage point.”

Domestic Tobacco Business

Mevius firms up market share amid intensifying competition

Sales volume for the six months ended June 30, 2015 decreased by 3.7% year on year. This mainly reflected a trend toward decline in volume coupled with a downturn in overall demand due to the adverse effect of the consumption tax hike. Steps taken to reinforce sales promotions of Mevius and other key brands helped us achieve a market share for Mevius of 32.3% amid persisting firm results particularly from the “Mevius Premium Menthol Option” series.

(Billions of yen)

	January through June 2014	January through June 2015	Year-on-year change
Core revenue	315.3	312.2	-1.0%
Adjusted operating profit	117.7	125.8	+6.8%

Sales volume

(Billions of cigarettes)

	January through June 2014	January through June 2015	Year-on-year change
Total sales volume	55.1	53.1	-3.7%

JT market share and market share of Mevius

(%)

	Oct.-Dec. 2013	Jan.-Mar. 2014	Apr.-Jun. 2014	Jul.-Sep. 2014	Oct.-Dec. 2014	Jan.-Mar. 2015	Apr.-Jun. 2015
JT market share	61.1	61.5	59.6	60.1	60.0	59.9	60.0
Market share of Mevius	32.8	33.4	31.3	31.7	31.9	32.1	32.3

Pharmaceutical Business

Ten compounds under clinical development

Revenue increased by ¥3.4 billion from the same period of the previous year to ¥34.8 billion due to an increase in royalty income and higher revenue generated by Torii Pharmaceutical Co., Ltd. Adjusted operating loss improved by ¥2.0 billion from the amount posted in the same period of the previous fiscal year to adjusted operating loss of ¥2.1 billion, due mainly to the gain in revenue. There are currently 10 compounds under clinical development at JT.

Pharmaceutical business: Clinical development (as of August 3, 2015)

<In-house development>

Code (generic name)	Potential indication/ dosage form	Phase	Note
JTK-303 (elvitegravir)/ cobicistat/ emtricitabine/ tenofovir alafenamide	HIV infection/Oral	Preparing to file (Japan)	JTK-303 (elvitegravir); In-house Cobicistat, Emtricitabine, Tenofovir Alafenamide; In-license (Gilead Sciences)
emtricitabine/ tenofovir alafenamide	HIV infection/Oral	Preparing to file (Japan)	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 2 (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	NDA filed (Japan)	In-license (ALK-Abelló) Co-development with Torii
JTT-251	Type 2 diabetes mellitus/Oral	Phase 1 (Overseas)	In-house
JTK-351	HIV infection/Oral	Phase 1 (Japan)	In-house

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

* 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	(elvitegravir/cobicistat/emtricitabine/tenofovir alafenamide): U.S. and EU marketing approvals submitted
trametinib	Novartis	<u>Metastatic melanoma</u> : NDA filed (Japan and EU)
Anti-ICOS monoclonal antibody	MedImmune	
JTE-052	LEO Pharma	

Updates since the previous announcement on April 30, 2015:

<In-house development>

- JTE-052 has moved up to Phase 2 in Japan.
- Development of JTT-252 was halted

Beverage Business/Processed Food Business

In the processed foods business, we continued to actively promote sales of staple food products including frozen noodles, frozen rice and baked frozen bread, along with packed rice which is marking the 20th anniversary since its launch. Revenue increased by ¥3.4 billion year on year to ¥79.3 billion due to strong sales centered on frozen and room-temperature processed foods. Adjusted operating profit increased by ¥0.8 billion to ¥1.1 billion due to the gain in revenue.

In the beverage business, we have made a decision to withdraw from the manufacture and sale of JT beverage products targeting the end of September 2015. In addition, on July 31, 2015, we transferred shares of subsidiaries conducting vending machine operation business, and also completed the transfer of JT beverage brands. Revenue decreased by ¥4.7 billion from the same period of the previous fiscal year to ¥82.0 billion. Adjusted operating loss was ¥0.8 billion, which was improved by ¥1.2 billion.

Processed food business

(Billions of yen)

	January through June 2014	January through June 2015	Year-on-year change
Revenue	76.0	79.3	+3.4
Adjusted operating profit	0.3	1.1	+0.8

Beverage business

(Billions of yen)

	January through June 2014	January through June 2015	Year-on-year change
Revenue	86.7	82.0	-4.7
Adjusted operating profit	-2.0	-0.8	+1.2

* The Company has decided to withdraw from the manufacture and sale of JT beverage products,

targeting the end of September 2015.

- * On July 31, 2015, a definitive agreement has been concluded, relating to both the transfer of shares of subsidiaries conducting vending machine operation business, and the transfer of JT Beverage brands. Accordingly, the beverage business is classified as a discontinued operations starting in the third quarter ending September 30, 2015.

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;
- (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

The Company and its subsidiaries with fiscal year-end dates other than December 31 have changed those dates from March 31 to December 31. The fiscal year-end date of the consolidated subsidiaries belonging to the International Tobacco Business segment remains December 31, as before. Therefore, results of those companies for the six-month period from January 1, 2014 to June 30, 2014 have been consolidated into the results for the first six months of the fiscal year ended December 31, 2014.

Consolidated statement of financial position

(Millions of yen)

	As of December 31, 2014	As of June 30, 2015	Increase (Decrease)
Assets			
Current assets	1,696,874	1,602,920	(93,954) ^{*1}
Non-current assets	3,007,832	2,935,996	(71,836)
Property, plant and equipment	756,127	734,474	(21,653)
Goodwill	1,539,376	1,491,609	(47,767) ^{*2}
Intangible assets	364,912	352,144	(12,767)
Investment property	17,870	19,917	2,047
Retirement benefit assets	35,402	36,080	678
Investments accounted for using the equity method	76,825	75,504	(1,321)
Other financial assets	91,959	106,892	14,933
Deferred tax assets	125,361	119,376	(5,986)
Total assets	4,704,706	4,538,916	(165,790)
Liabilities and equity			
Liabilities			
Current liabilities	1,360,098	1,252,891	(107,207)
Non-current liabilities	722,106	699,115	(22,991)
Total liabilities	2,082,204	1,952,005	(130,198)
Equity			
Equity attributable to owners of the parent company	2,536,838	2,500,338	(36,500)
Share capital	100,000	100,000	—
Capital surplus	736,400	736,405	5
Treasury shares	(344,447)	(444,429)	(99,982) ^{*3}
Other components of equity	142,425	99,944	(42,481)
Retained earnings	1,902,460	2,008,418	105,958 ^{*4}
Non-controlling interests	85,665	86,573	908
Total equity	2,622,503	2,586,911	(35,592)
Total liabilities and equity	4,704,706	4,538,916	(165,790)

Note: Yen amounts are rounded to the nearest million.

- *1. Current assets: Decreased due to the effect of lower cash and cash equivalents.
 *2. Goodwill: Decreased due to the effect of fluctuations in foreign exchange rates on overall goodwill.
 *3. Treasury shares: Decreased due to an acquisition of treasury shares.
 *4. Retained earnings: Increased due to the inclusion of earnings from the parent company interests.

Consolidated statement of income

(Millions of yen)

	Six months ended September 30, 2014	Six months ended June 30, 2015	Increase (Decrease)
Revenue	1,174,450	1,171,718	(2,732)
Cost of sales	(473,936)	(474,450)	(514)
Gross profit	700,514	697,268	(3,246)
Other operating income	10,387	2,615	(7,772)
Share of profit in investments accounted for using the equity method	3,518	2,844	(674)
Selling, general and administrative expenses	(407,353)	(412,730)	(5,377)
Adjusted operating profit*	328,306	327,856	(451)
Operating profit	307,065	289,997	(17,068)
Financial income	5,956	8,917	2,960
Financial costs	(10,069)	(7,610)	2,460
Profit before income taxes	302,952	291,305	(11,648)
Income taxes	(79,803)	(77,628)	2,176
Profit for the period	223,149	213,677	(9,472)
Attributable to:			
Owners of the parent company	219,340	211,466	(7,875)
Non-controlling interests	3,809	2,211	(1,598)
Profit for the period	223,149	213,677	(9,472)

- Notes: 1. Yen amounts are rounded to the nearest million.
 2. Adjusted operating profit = operating profit + amortization cost of acquired intangibles ± adjustment items (income and costs)*
 * Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

Consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2014	Six months ended June 30, 2015	Increase (Decrease)
Profit for the period	223,149	213,677	(9,472)
Other comprehensive income	(131,265)	(56,382)	74,883
Comprehensive income for the period	91,884	157,295	65,411
Attributable to:			
Owners of the parent company	87,992	155,343	67,351
Non-controlling interests	3,893	1,952	(1,941)
Comprehensive income for the period	91,884	157,295	65,411

Note: Yen amounts are rounded to the nearest million.

Consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2014	Six months ended June 30, 2015	Increase (Decrease)
Cash flows from operating activities	204,376	43,145	(161,231) ^{*5}
Cash flows from investing activities	(55,198)	(66,595)	(11,397)
Cash flows from financing activities	(219,075)	(23,001)	196,074 ^{*6}
Net increase (decrease) in cash and cash equivalents	(69,897)	(46,451)	23,446
Cash and cash equivalents at the beginning of the year	253,219	385,820	132,601
Effect of exchange rate changes on cash and cash equivalents	(11,378)	4,268	15,647
Cash and cash equivalents at the end of the year	171,943	343,637	171,694

Note: Yen amounts are rounded to the nearest million.

*5. Cash flows from operating activities: Decreased due to a decrease in trade payables and a decrease in tobacco excise tax payable.

*6. Cash flows from financing activities: Cash outflows decreased due to redemptions of bonds in the six months ended September 30, 2014.

JT NEWS

Transfer of JT's beverage vending machine operator business and JT Beverage brands

The Company concluded a definitive agreement with Suntory Beverage & Food Limited regarding the transfer of all Company shareholdings in its subsidiaries conducting vending machine operation business, including those of Japan Beverage Holdings Inc. ("JB") and JT A-Star Co., Ltd. ("JTA"), and the transfer of the "Roots" and "Momono Tennen Sui" beverage brands.

Subjects of transfer include shares of JB held by JT (70.5%), all shares of JTA, shares of Japan Beverage Ecology Inc. held by JT (49.7%), and the "Roots" and "Momono Tennen Sui" beverage brands.

■ Transfer value

Approximately ¥150.0 billion

■ Schedule

Date of definitive agreement: July 7, 2015

Date of transfer: July 31, 2015

Tomoko Yoshihara appointed as new coach of the JT Marvelous volleyball team

<Logo>

<Photo>

Coach Yoshihara's background

1992 Competed in the Barcelona Olympic Games

1996 Competed in the Atlanta Olympic Games

2004 Competed in the Athens Olympic Games (captain)

Club teams

Hitachi Belle Fille (1988 to 1994)

Italian Volleyball League Serie A, Ancona (1995)

Italian Volleyball League Serie A, Rome (1995)

Daiei Orange Attackers (1995 to 1999)

Toyobo Orchis (1999 to 2002)

Pioneer Red Wings (2002 to 2006)

On June 1, Tomoko Yoshihara was appointed as the new coach of the JT Marvelous volleyball team as it aspires to gain promotion into Japan's V Premier League.

Over her career, Coach Yoshihara has accumulated some spectacular accomplishments which include playing in an overseas league as the first-ever Japanese national in professional volleyball, with every team she has belonged to in Japan having won the league championship.

She has competed in the Olympic Games as a member of Japan's national team three times. Most notably, when she was selected to play in the 2004 Athens Olympic Games, which was her third time representing

Japan in seven years, she was selected as the team captain and led her team with her aggressive, out-front style of play in the final qualifying round of play. The spectacular performance in the Athens Olympic Games wowed Japan.

In reference to her appointment to lead JT Marvelous, Coach Yoshihara commented that this is her first time to lead a team as its coach, and that she is fired up to oversee a team with such a notable legacy. She also remarked that she will work closely with the athletes and members of supporting staff in doing whatever it takes to move the team forward. She went on to ask for wholehearted support and encouragement to such ends.

JT hopes to see fans cheer on JT Marvelous as the team progresses further by drawing on Coach Yoshihara's extensive experience, achievements and leadership skills.

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.

Beginning in late September, JT will give shareholders holding at least 100 JT shares as of June 30, 2015, their preferred complimentary gift in accordance with respective numbers of shares held. The complementary gifts to be provided include merchandise from TableMark Co., Ltd., Fuji Foods Corporation and Saint-Germain Co., Ltd.

The deadline for application to the complimentary gifts is August 31, 2015. 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.

In addition, we plan to send out the JT calendar from early- to mid-December, exclusively to those shareholders who have requested one via a JT Shareholder Special Benefit Plan application form submitted to us on or before the application deadline of August 31, 2015.

<Logo>

Cup-type instant noodles and rice assortment set

<Photo>

<Logo>

Frozen Sanuki *Udon* Noodles (10 servings) (requires freezer storage)

<Photo>

<Logo>

Soup and seasonings assortment set

<Photo>

* The photographs show products with values equivalent to ¥3,000 (shareholders with 1,000 to 1,999 shares).

Since the complimentary gifts will be forwarded to the addresses of shareholders recorded in the shareholder registry as of June 30, 2015, we would like to request any shareholders who changed their address in July 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.

Inquiries regarding complementary gift delivery and other such matters

JT Shareholder Special Benefit Plan Office

Complimentary gifts distribution agent: JT Creative Service Co., Ltd.

0120-791-187

Business hours: 9 a.m. to 5 p.m. on weekdays, excluding public holidays and the New Year holidays (December 30 - January 4)

JT Group Products

Introducing New Tobacco Products

Now on sale!

Cigarettes for rich and elegant after-mealtime enjoyment

“Pianissimo Precia Temore”

Sold only in selected geographic regions

Price: ¥490 each (containing 20 cigarettes)

<Logo>

Pianissimo Precia Temore 6

Tar: 6mg / Nicotine: 0.4mg

<Logo>

Pianissimo Precia Temore One

Tar: 1mg / Nicotine: 0.1mg

To provide the enjoyment of the “Pianissimo” brand to a wider range of customers, we have released our first non-menthol “Pianissimo” product only in Tokyo, Aichi Prefecture and Toyama Prefecture. These super slim products are designed with the utmost attention given to every detail, from aroma to packaging.

The product concept is geared toward sophisticated adults who desire a cigarette suited to quality relaxation time. The filters have a built-in capsule which allows consumers to enjoy a smooth and full sensation before crushing the capsule, while crushing the capsule brings out a rich, graceful aroma that spreads out over the palate.

The product also incorporates LSS technologies* to reduce the smoke smell. It is perfectly suited to consumers who wish to savor a brief moment of luxury while relaxing after mealtimes and on other such occasions.

* LSS, an abbreviation for “Less Smoke Smell,” is the collective name for products for which JT technology is used to reduce the bothersome smoke smell when a product is smoked. Previously called “D-spec,” the name was changed to LSS in March, 2015.

Comments from person in charge

“Precia Temore” is the first “Pianissimo” brand product in the prestige pricing category (¥490), and has been designed to cater to customers who primarily smoke non-menthol brands and seek richness and elegance in their cigarettes and smoking experience.

What distinguishes “Precia Temore” is its direct mail campaign which involves marketing that draws on an unprecedented product concept portraying it as an “after-mealtime cigarette” that a smoker can turn to

as a second brand, along with his or her current brand, as a new means of cigarette enjoyment. This is indeed a product that is filled with new challenges for JT's Tobacco Business, both in terms of product specifications and promotions.

Natsuki Kawaguchi, Brand Manager, Marketing Strategy Division, Tobacco Business, Japan Tobacco Inc.

* 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.

Introducing New Food Products

Released in September!

<Photo>

Japanese-style rice

Soboro rice bowl with Naruto Kintoki sweet potatoes and chicken

Limited edition

400g

> Made using Japanese Koshihikari rice, and offering the sweetness of premium Naruto Kintoki sweet potatoes in a chicken *soboro* rice bowl.

> Infused with succulent *dashi* stock made with kelp grown in Hokkaido and *iriko* anchovies from Nagasaki Prefecture.

Comments from person in charge

Of TableMark's frozen rice items, we place particular focus on products offered under the Japanese-style "wa" food concept. We have launched sales of the "*Soboro* rice bowl with Naruto Kintoki sweet potatoes and chicken" product, following on sales of our well-received "Rice with *asari* clams and bamboo shoots" product offered for a limited time only in the spring season. This chicken *soboro* rice bowl product combines freshly-cooked, fluffy and silky smooth Koshihikari rice grown in Japan with premium-quality Naruto Kintoki sweet potatoes with a freshly baked texture. This is a true Japanese-style rice product brimming with autumn flavors.

Mayu Bando, Product Development Division, Marketing & Sales Division, TableMark Co., Ltd.

<Photo>

Released in September!

<Photo>

Sanuki *Udon* Noodles 5 packs

5 servings/900g

> Featuring full-bodied sanuki *udon* noodles with a smooth and springy texture.

> Contains freshly kneaded noodles that have been flash-frozen after boiling in a large cauldron, for a

freshly made taste that can be enjoyed at home.

Released in September!

<Photo>

Gourmet lifestyle

Niigata Prefecture Koshihikari rice with added dietary fiber

3 servings/540g

> One serving contains dietary fiber equivalent to roughly two heads of lettuce (approximately 9g).

> Made using the popular Koshihikari brand of rice grown in Niigata Prefecture.

JT TOPICS

<Logo>

Integration of Cabin and Caster with Winston

<Photo>

JT President Mitsuomi Koizumi delivers presentation at a press conference on May 20

■ Aiming to become global No. 1 brand

At a press conference held on May 20, JT announced that in the Japanese market the Cabin and Caster brands will be integrated with Winston, which is one of the Company's Global Flagship Brands ("GFBs"^{*1}), and beginning in early August, the two brands will be referred to as "Winston Cabin" and "Winston XS Caster."

This initiative is being undertaken on the basis of the JT Group's brand strategy, the basic premise of which is to "enhance JT's product portfolio" by selecting certain brands on which to focus our business resources, while taking a balanced approach to risk diversification.

So far, based on this concept, the JT Group has selected 8 GFBs to act as key drivers of profit generation, and has been focusing its business resources on those GFBs. This has enabled us to expand our sales territory in overseas markets, and thereby achieve strong sales and profit growth.

In the increasingly competitive tobacco market, we will continue to pursue further brand selection and resource focus initiatives, and position the four brands Mevius, Winston, LD and Camel respectively in different price segments. Accordingly, Mevius will be positioned in the previous category to act as a profit driver, and Winston will be positioned under Mevius in the sub-premium category. Then, LD will be positioned in the pricing segment under that of Winston. Meanwhile, Camel will provide sweeping coverage ranging from the premium category to the value category, in tune with respective market environments.

Positioned in the sub-premium category, Winston is currently sold in some 111 different countries and regions^{*2}, and now ranks second^{*3} among global brands with sales exceeding 130 billion cigarettes annually. We aim to achieve further growth with the brand acting as a driver of sales volume, pursuing the ultimate goal of it achieving the top global ranking in the mid- to long-term.

■ Developing flavor expertise in offering brands that satisfy diversifying tobacco preferences

Entering new markets particularly in Asia is the key to our achieving the aim of Winston becoming the top global brand. In 2014, JT introduced new Winston brand products to 15 nations in the Asian region, including Cambodia, Indonesia and Malaysia, and achieved shipment volume growth of 12% compared with the previous year. Nevertheless, boosting our market share in nations where we lack a strong presence remains a pressing issue with respect to Winston and our goal of making it the top global brand. Even from a global perspective, achieving future growth in today's climate of increasingly diverse

tobacco preferences will require an approach involving premium quality and technologies in response to the extensive range of customer tastes.

The Cabin and Caster brands, which we have decided to integrate with Winston, feature taste and aroma that is indicative of Japanese quality standards as a result of many years of ongoing and painstaking efforts to satisfy preferences of Japanese consumers who take pleasure in delicate flavors. Cabin is distinguished by its body and aroma, while Caster stands out for its mellow flavor and aroma not available with other cigarette varieties.

By integrating the flavors and aromas of the Cabin and Caster brands into the Winston brand, we will bring about a transformation in terms of developing flavor expertise in offering brands with extensive flavor variation.

First off, we will heighten Winston's presence in the Japanese market and increase its market share. Doing so will then enable us to develop new markets in the Asian region and expand our operations there.

Indeed, it is no exaggeration to say that succeeding at such challenges is the key to achieve the Group vision of hastening the JT Group's growth and becoming the top manufacturer of tobacco products globally.

We sincerely hope that all of our shareholders will take notice of the new challenges the JT Group is pursuing, particularly those involving the Winston brand. We look forward to their ongoing support in that regard.

New Winston product packaging to feature unified worldwide designs

Japan will lead the world in switching over to the new designs at around October 2015.

<Photo>

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

*2 As of December 2014

*3 Data sourced from Euromonitor

* 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.

Winston Cabin

Winston Cabin 8 Box

Winston Cabin 8 100's Box

Winston Cabin 5 Box

Winston Cabin 2 Box

Winston Cabin One 100's Box

Winston XS Caster

Winston XS Caster 5

Winston XS Caster 5 Box

Winston XS Caster 3

Winston XS Caster 3 Box

Winston XS Caster FR One Box

Winston XS Caster One 100's Box

Winston XS

Winston XS 6 100's Box

Winston XS One 100's Box*

* XS 6 Box products to change to the 100 mm size in conjunction with the design change

Winston XS Inazma Menthol

Winston XS Inazma Menthol 8 Box

Winston XS Inazma Menthol One Box

CSR initiatives of the JT Group

The JT Group is committed to resolving social issues in the communities in which we operate with the aim of realizing sustainable society on the basis of our management principles stating that “we will balance the interests of customers at the center, those of shareholders, employees and wider society, and fulfill our responsibilities towards them to a higher level, aiming to exceed their expectations.”

This page showcases some of the JT Group’s initiatives relating to corporate social responsibility (CSR) in Japan and abroad.

JT Forest — Cultivating abundant woodlands and other forest conservation activities with local communities

The JT Group continues to engage in activities of the JT Forest initiative as part of its commitment to preservation of the natural environment. Launched in March 2005, the JT Forest initiative currently operates in eight forest locations, including those of the JT Group (as of August 31, 2015).

Through the JT Forest initiative, we lease woodlands across Japan for certain periods of time in our efforts to assist with forestation endeavors.

While we contract with forestry professionals through local forestry cooperatives to perform day-to-day upkeep of woodlands, we also run Forestry Program days where JT Group employees, their family members and local residents come together to work on forest preservation. Held twice per year, once in the spring and again in the autumn, the program enables participants to gain first-hand experience in forest conservation through tasks that include planting saplings and taking part in thinning operations to facilitate sapling growth.

Successful conclusion of forest conservation agreement pertaining to JT Forest in Chizu

On August 21, the term of our JT Forest conservation agreement on woodlands in the Chizu area of Tottori Prefecture was concluded, after having completed initiatives that involved developing the woodlands and establishing an infrastructure for their maintenance and administration. In August 2007, we engaged in efforts that included restoring hillsides which had been laid bare after trees fell over during storms and thinning out cypress trees in the backcountry, through our forestation program which was launched in response to the wishes of local citizens who aspire to regenerate and protect woodlands that have been passed down by their forefathers. Over the last eight years, we have had 13 Forestry Program days which have attracted 1,600 participants in total.

The JT Group is committed to ongoing forestation initiatives, drawing on the support of members of local communities and municipal governments.

JT Forest locations across Japan

<Map>

<Photo>

In her opening remarks, JT Senior Vice President Ryoko Nagata who took part in the Forestry Program day remarked, “we have made great strides in restoring this forest thanks to the tireless efforts of members of the local community.”

The ARISE program for prohibiting child labor practices in tobacco-producing regions

<Photo>

The JT Group procures much of its leaf tobacco used as a raw material for cigarettes from overseas. In such tobacco-growing regions with many small-scale farms, we sometimes face serious issues of child labor. Since 2012, the JT Group has been working with NGOs and the International Labour Organization (ILO) in its efforts to implement the ARISE* program which aims to eradicate child labor practices by establishing environments conducive to enabling children to receive educations.

The ARISE program gives children opportunities to gain educations through efforts that include making after-school tutoring and vocational training available, and also undertakes initiatives to promote understanding among local residents regarding the long-term value of education to their respective communities by providing them with informative materials to build awareness. We have also established a family support fund geared toward enabling families to subsist without having to put their children to work in the labor market so that the children are able to keep attending schools.

Initially launched in Brazil and Malawi, the program has been extended to other geographic locations including Zambia in 2013 and Tanzania in 2015, and has been otherwise gradually making progress. Still, bringing about change in farming communities with respect to conventions that perpetuate child labor and deeply entrenched views of different cultures is bound to take time. The JT Group remains committed to the long-term success of this program, and as such will endeavor to enable children and their families to lead fruitful lives.

* ARISE: Achieving Reduction of Child Labor in Support of Education

Introducing the JT Group’s global CSR initiatives

On June 11, we released the JT Group Sustainability Report for FY2014. It profiles a wide range of the JT Group’s worldwide CSR initiatives, with content provided under the seven section headings, “JT Group and sustainability,” “How we do business,” “Our people,” “Responsible supply chain,” “Environment,” “Product and consumer impacts,” and “The bigger picture.” We encourage our stakeholders to read through our sustainability report.

<Photo>

The report can be viewed in JT’s official website:

<http://www.jt.com/csr/report/index.html>

Refer to the JT website for further details on the JT Group’s CSR initiatives.

CLOSE UP!

Introducing JT Group companies and business divisions to our shareholders.

Torii Pharmaceutical Co., Ltd.

Torii Pharmaceutical Co., Ltd. aims to contribute to the improvement of human health and to fulfill its responsibilities to customers, shareholders, society and employees, by supplying world-class pharmaceutical products

Since its founding in 1872, Torii Pharmaceutical Co., Ltd. has contributed to advancements in the field of medicine and improvements in human health by providing superior ethical pharmaceutical products. While striving to maintain the trust it has earned over its long history, Torii Pharmaceutical Co., Ltd. has been creating new strengths as it became a member of the JT Group since 1998.

<Photo>

Shoichiro Takagi, Representative Director, President and Chief Executive Officer, Torii Pharmaceutical Co., Ltd.

<Logo>

Torii Pharmaceutical Co., Ltd.

Location of head office

Torii Nihonbashi Bldg., 4-1, Nihonbashi-Honcho 3-chome, Chuo-ku, Tokyo

Representative

Shoichiro Takagi, Representative Director, President and Chief Executive Officer

Paid-in capital ¥5,190 million

Established November 1, 1921

Number of employees 1,061 persons (as of the June 30, 2015)

<Photo>

Head office

<Photo>

Sakura Plant

■ Effective segregation of duties achieved through a collaborative business framework with JT

<Logo>

The pharmaceutical business of the JT Group draws on a collaborative framework whereby JT handles research and development of new drugs while Torii Pharmaceutical is in charge of manufacturing and sales. In addition, Torii Pharmaceutical also engages in proprietary research and development in the skin diseases and allergens field, which is one of its areas of focus.

Operating in the pharmaceutical industry calls for large sums of capital for pursuing research and

development of drugs, combined with significant amounts of time and substantial procedures in order to bring such drugs to market. Accordingly, we are able to efficiently get pharmaceutical products to patients by fully leveraging synergies, with our individual members performing their respective roles.

■ Three priority fields established with the aim of achieving sustainable growth

The renal diseases and hemodialysis field accounts for 40% of Torii Pharmaceutical's sales. In this field, the company mainly handles pharmaceutical products related to hemodialysis treatment. The medicine generating the highest net sales from among those drugs is REMITCH® CAPSULES (oral antipruritus drug) which was the result of joint development involving the three companies Toray Industries, Inc., JT and Torii Pharmaceutical. The product has earned high marks from the medical community as an oral drug to treat refractory itching which impedes ongoing treatments of hemodialysis patients.

Also, in May 2014 Torii Pharmaceutical began marketing Riona® Tablets, which is an oral medication developed jointly by JT and Torii Pharmaceutical to improve symptoms of hyperphosphatemia in patients suffering from chronic kidney disease, and is now supplying the drug to medical practices.

Torii Pharmaceutical also controls Japan's top market share in its HIV field of business where it handles therapeutic agents for treating human immunodeficiency virus (HIV) infection which can ultimately lead to acquired immune deficiency syndrome (AIDS). The company also markets Truvada® Combination Tablets and Stribild® Combination Tablets which contain an original JT compound, and is the first once-daily, single tablet regimen to be commercialized in Japan.

In the skin diseases and allergens field, Torii Pharmaceutical handles products related to the treatment of skin conditions that include atopic dermatitis and other eczema variants, and trichophytosis (athlete's foot). It also handles allergen-related products. In October 2014, Torii Pharmaceutical launched CEDARTOLEN® SUBLINGUAL DROP – Japanese Cedar Pollen, which is the first sublingual immunotherapy drug for Japanese cedar pollinosis approved in Japan, and relieves symptoms through a process of administering low concentrations/doses of an allergen until the body becomes habituated to the allergen. The company is now working to bring about more widespread acceptance and establishment of sublingual immunotherapy treatments, drawing on its allergen product marketing experience spanning some 50 years. Going forward, Torii Pharmaceutical will work with JT with the aim of achieving sustainable growth through efforts to contribute to the medical profession.

■ Torii Pharmaceutical medical representatives (MRs) distribute precise information on pharmaceutical products to medical professionals

MRs employed by Torii Pharmaceutical provide medical information to medical professionals with the aim of ensuring appropriate use of medications and their further dissemination. Torii Pharmaceutical employs MRs who are HIV infection specialists in its HIV field which requires a great deal of expert knowledge. While providing information on the company's own pharmaceuticals, the MRs also play a key role in facilitating research and development for new products by collecting information on drug safety and efficacy from medical practices and then making it available within the company. The company also furnishes medical professionals with information on pharmaceutical products via the Torii

Pharmaceutical corporate website and its website geared toward healthcare practitioners.

■ Net sales by field of business

(Millions of yen)

	January through December 2014	Earnings forecast for 2015
Net sales	58,089	62,200
Sales of products	57,864	61,990
Renal diseases and hemodialysis	24,437	27,520
Skin diseases and allergens	11,687	12,230
HIV	15,527	15,840
Other	6,210	6,400
Rent income of real estate	225	210

Sales of products: 99.7%

Renal diseases and hemodialysis: 44.2%

Skin diseases and allergens: 19.7%

HIV: 25.5%

Other: 10.3%

Rent income of real estate: 0.3%

Factual snippet about Torii Pharmaceutical Co., Ltd.

<Photo>

Let me explain!

Torii-san will help you navigate the information

■ Website providing information on allergen immunotherapy

In April, the Torii-san allergen immunotherapy guide website launched an online medical institution search page designed to link medical institutions capable of fielding questions about sublingual immunotherapy treatments with potential patients who are seeking advice.

Only a limited number of medical institutions are capable of providing sublingual immunotherapy treatments. As such, individuals previously had no choice but to directly approach medical institutions to ask whether or not they provide such treatments. With the launch of this search page, however, individuals are now able to perform simple searches of medical institutions in this regard. In addition, the website also provides information on allergies to Japanese cedar pollen and allergen immunotherapy treatments.

<Photo>

The allergen immunotherapy website can be accessed via the link below.

<http://www.torii-alg.jp/> (in Japanese only)

The Lure of Tobacco Smoke

A lesson from the past at the end of a journey

Monument at the former site of Japan Tobacco Inc. [Kagoshima Prefecture]

<Photo>

Imparting the history of manufacturing in Kagoshima and its profound link with tobacco

Long produced in Kagoshima Prefecture, leaf tobacco is even mentioned in the folk song “Kagoshima Ohara Bushi” which symbolizes the prefecture in the song’s lyrics, “*beautiful flowers from Kirishima, tasty tobacco from Kokubu, and the volcano on Sakurajima is erupting.*” Given the area’s tobacco production at the time, Japan Tobacco even had a production facility there (the Kagoshima Factory) beginning in the era of JT Group’s precursor, the Ministry of Finance’s Monopoly Bureau. In 1904 when the Japanese government shifted from a system of private sector manufacturing and sales of tobacco products to one of a government monopoly on such activity, the Kagoshima Factory stood as one of our five tobacco plants set up across Japan.

That factory had been repurposed in 1880 by the Kagoshima Prefecture vocational training center, set up by Kagoshima Prefecture in Yamashita City to promote employment of members of the former samurai class (*shizoku*). Tobacco production was then initiated at that vocational training center in 1884. Before establishment of the government tobacco monopoly, products made at the site became popular to the point where the company ranked 4th in the industry, behind Murai Brothers Shokai of Kyoto, Iwaya Shokai of Tokyo, and Chiba Shoten.

With such origins, the Kagoshima Factory was relocated to Uearata-cho in 1930, where it was rebuilt and remained as a symbol of the city until closure of the facility in 2005. In April 2015, a monument was erected at the former factory site in the Uearata-cho in order to help preserve Kagoshima Prefecture’s history of tobacco production.

<Photo>

JT employees, JT retirees and representatives of the City of Kagoshima who worked together to erect the monument on a corner of the former factory site, which now serves as a park, at the unveiling ceremony held in April.

<Photo>

Photo of the Kagoshima Regional Bureau of the Japan Tobacco and Salt Public Corporation, circa 1973, located on the same site as the Kagoshima Factory, looking out over Sakurajima Island

<Photo>

Trademark and product registration certificates for package designs of the Kagoshima Prefecture vocational training center (from the archives of the Tobacco & Salt Museum)

<Photo>

Tobacco plantation with Mt. Kaimondake in the background

Although it is not certain exactly when tobacco was first introduced to Japan or when cultivation began in the nation, one theory supported by documents is that it was first grown in the vicinity of Ibusuki City in Kagoshima Prefecture. During Japan's Edo Era, Kokubu tobacco cultivated in the Kokubu region of Osumi Province (currently Kirishima City) which was then governed by the Satsuma Domain was one of the most popular varieties of tobacco in Japan. As such, Kagoshima Prefecture's cultivation and production of tobacco is an important part of Japan's history with respect to tobacco, while flue-cured tobacco for use as the main ingredient in cigarettes is still produced in the prefecture today.

The photo to the left is of a tobacco plantation in the Yamagawa district of Ibusuki City. The region lies at the foot of Mt. Kaimondake, which is known as "the Mt. Fuji of Satsuma," and is a leading producer of the flue-cured tobacco in Kagoshima Prefecture.

■ Monument at the former site of Japan Tobacco Inc.

Location

37-19 Uearata-cho, Kagoshima-shi, Kagoshima 890-0055, Japan (Inside Uearata no mori Park)

Access

5 minutes by car from Kagoshima interchange, Kyushu Expressway

<Photo>

Former factory site after the maintenance

<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 June 30, 2015)

Composition of shareholders

Public sector: 33.35%

Financial institutions: 16.30%

Individuals and others: 14.07%

Securities companies: 2.09%

Other institutions: 0.59%

Foreign institutions and others: 33.60%

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

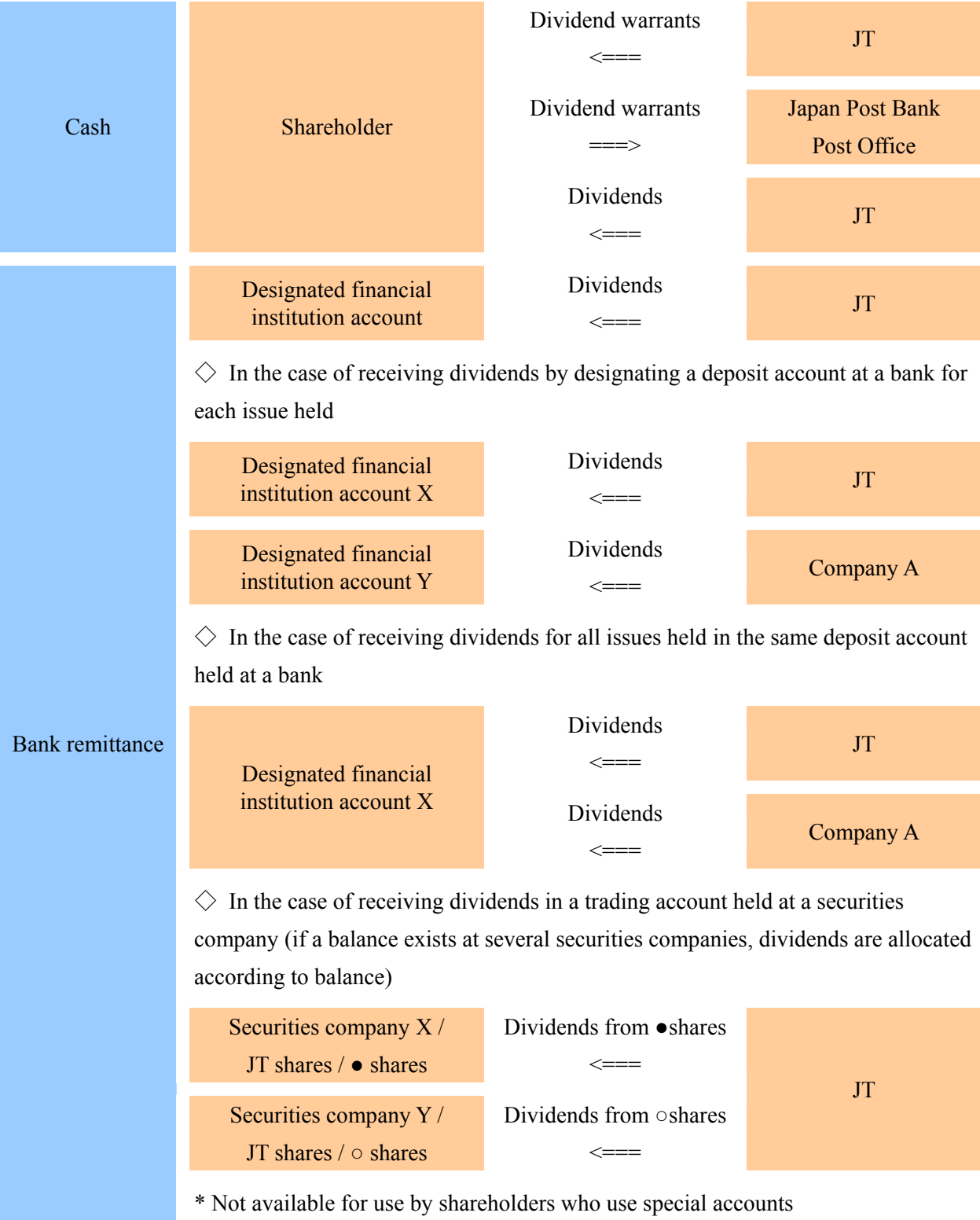
Total number of shares issued: 2,000,000,000 shares

(Number of treasury shares: 209,330,431 shares)

Number of shareholders: 123,001

How to receive dividends

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



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	Yoshinori Imai
Audit & Supervisory Board Member	Hiroshi Ohbayashi

Executive Officers (*shikkoyakuin*)

President	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 Businesses	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 Chief General Affairs Officer	Ryoji Chijiiwa
Senior Executive Vice President, Chief Strategy Officer	Mutsuo Iwai
Senior Executive Vice President, Head of China Division, Tobacco Business	Kazuhito Yamashita
Senior Vice President, Corporate, Scientific & Regulatory Affairs Division, Tobacco Business	Junichi Fukuchi
Senior Vice President, Chief R&D Officer, Tobacco Business	Yasuyuki Yoneda
Senior Vice President, Manufacturing Group, Tobacco Business	Masahiko Sato
Senior Vice President, Head of Tobacco Business Planning Division, Tobacco Business	Kiyohide Hirowatari

Senior Vice President, Head of Leaf Procurement Group, Tobacco Business	Yasushi Hasegawa
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 Beverage Business	Goichi Matsuda
Senior Vice President, CSR	Ryoko Nagata
Senior Vice President, Business Development and Corporate Strategy	Takehiko Tsutsui
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 Legal Officer	Haruhiko Yamada

Trends in Share Price

Share prices of JT, from IPO on October 27, 1994 to July 2015 (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 stock split of 5-for-1 on April 1, 2006, and a stock split of 200-for-1 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: June 30 of each year

Share trading 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.