

[This is an English translation prepared for reference purpose only. Should there be any inconsistency between the translation and the original Japanese text, the latter shall prevail.]

<JT logo>

To Our Shareholders and Investors

Business Report

<Logo> Results for FY2015 and forecasts for FY2016

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

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2015 International Tobacco Business results and 2016 forecasts

<Photo>

JT NEWS

Ploom TECH goes on sale

<Photo>

A lesson from the past at the end of a journey

Awa-Ikeda Udatsu House Tobacco Museum [Tokushima Prefecture]

Volume 52

TOP MESSAGE

Achieved profit growth in all business segments

Moving forward we continue fortifying investment focused on the mid- to long-term

Results for the fiscal year ended December 31, 2015 (FY2015)

In 2015, each of our businesses maintained strong growth momentum, despite an increasingly challenging operating environment. Moreover, the Company achieved its mid- to long-term “mid to high single digit” profit growth target, having attained 9.9% growth year on year in terms of adjusted operating profit at constant rates of exchange, a key performance indicator across the Group.

The international tobacco business exhibited robust performance again in 2015. The segment achieved double-digit growth of 10.8% in terms of adjusted operating profit at constant rates of exchange, as a result of our Global Flagship Brands (GFBs)* having extended their share of the market in Europe and steady pricing in respective countries, while at the same time we implemented ongoing investment geared to attaining profit growth over the mid- to long-term. We believe that achieving sustained growth calls for investment not only in markets where the Company already wields a presence, but also in those that hold promise of contributing to the bottom line in the future. Premised on that conviction, we will continue to invest in such markets in 2016 and beyond.

In the domestic tobacco business, we persisted in carrying out planned investment focused on building brand equity, specifically targeting Mevius, Winston and other brands representing each of the core price segments, amid intensifying competition against other companies. Among those efforts, we took steps to strengthen the Winston brand, by engaging in renewal initiatives involving brand integration, while also proactively launching new products.

Moreover, we are certain that going forward it will be possible for us to build a more solid brand portfolio, particularly with the addition of Natural American Spirit which maintains a strong presence in the prestige segment.

Both the pharmaceutical business and the processed food business continued to generate steady top-line growth, thereby exceeding respective financial results of the previous fiscal year. Meanwhile, we will continue to strengthen our business foundations with a focus on achieving further adjusted operating profit growth ahead.

We worked with a sense of timeliness with respect to enhancing shareholder returns. Dividends for the entire fiscal year of 2015 amounted to ¥118, resulting in a consolidated dividend payout ratio of 53.2% on a continuing operations basis, thereby exceeding the 50% target set in that regard. In addition, as a result of share buyback initiatives pursued in 2015, we succeeded in achieving competitive shareholder returns at a level on par with global FMCG (fast moving consumer goods) companies.

Business Plan 2016

In the Business Plan 2016, released earlier, we indicated a mid- to long-term objective of “mid to high single digit” profit growth in terms of adjusted operating profit at constant rates of exchange, as before.

In 2016, as in the previous year, we will pursue “sustainable profit growth” over the mid- to long term, even though conditions in the market in which the Company operates are likely to become exceedingly more severe.

We fully realize that sustained investment will be needed in order to achieve that objective. In line with the “4S” model that underlies the JT Group’s management principles, the policy for allocating resources calls for us to place top priority on business investment that leads to sustainable mid- to long-term profit growth, while continuing to place emphasis on maintaining a balance between profit growth derived from business investment and shareholder returns.

In the area of shareholder returns, it seems that we have embarked on a new stage of development after the success in 2015 at having achieved the targets so far. Going forward, the Group will maintain a strong financial base as it continues to proactively invest in business, while also aiming to achieve stable and consistent growth of dividend per share gains by taking steps to enhance shareholder returns in proportion to the mid- to long-term profit growth.

Forecasts for the fiscal year ending December 31, 2016 (FY2016)

With business momentum likely to remain strong in 2016, we anticipate 7.4% growth in adjusted operating profit at constant rates of exchange, which is in line with the mid- to long-term objective of achieving such growth in the “mid to high single digit.”

The outlook envisions operating profit and profit for the year holding to previous year levels, amid a likely situation on the one hand where currency exchange rates weigh negatively on results as was the case last year, but offset by factors underpinning higher earnings such as increased profit at constant rates of exchange and greater gain on sale of real estate.

We anticipate dividends per share in 2016 of ¥128, on the basis of growth amounting to 8.5% year on year.

The JT Group’s management principles are based on the “4S” model. Furthermore, because these principles are immutable, our balanced approach to enhancing the satisfaction of customers, shareholders, employees and wider society will remain unchanged. All of the decisions and actions are taken on the basis of these principles.

In today’s modern world where accurately forecasting the future is beyond the realm of possibility when it comes to projections three or five years hence, our approach involves continually looking toward the future over the mid- to long run, rather than focusing exclusively on short-term results, while accordingly addressing changes flexibly and taking bold action from time to time. We regard this approach as integral to the JT Group’s DNA, and are convinced that it is the one and only means of ensuring that we stay on track to achieving future growth.

We will unremittently persist in our efforts to achieve sustainable profit growth, even as we face a challenging business environment.

Mitsuomi Koizumi, President, Chief Executive Officer and Representative Director

<Photo>

*1 GFBs (Global Flagship Brands) consist of eight brands, which serve as flagships of the Group's brand portfolio - Winston, Camel, Mevius, LD, Benson & Hedges, Glamour, Silk Cut, and Sobranie. Starting from the fiscal year ending December 31, 2016, GFBs consist of nine brands including the existing eight brands and "Natural American Spirit," whose acquisition was completed in January 2016.

Results for FY2015

(Billions of yen)

	From January to December 2014	From January to December 2015	Year-on-year change
Revenue	2,259.2	2,252.9	-0.3%
Adjusted operating profit ^{*3}	661.0	626.7	-5.2%
Adjusted operating profit ^{*3} at constant rates of exchange	–	726.5	+9.9%
Profit for the year from discontinued operations	-2.4	87.2	–
Profit for the year from continuing operations	391.4	398.5	–
Profit for the year ^{*4}	389.1	485.7	+24.8%

The Group classified “Beverage Business” as discontinued operations from the current fiscal year. As a result, profit (loss) from discontinued operations is presented as “profit for the year from discontinued operations.” The result for the same period of the previous fiscal year has also been reclassified in the same manner.

Figures for revenue, adjusted operating profit and adjusted operating profit at constant rates of exchange have been calculated on the basis of continuing operations.

Forecasts for FY2016 ^{*2}

(Billions of yen)

	FY2015 results	FY2016 forecasts	Year-on-year change
Revenue	2,252.9	2,200.0	-2.3%
Adjusted operating profit ^{*3}	626.7	562.0	-10.3%
Adjusted operating profit at constant rates of exchange	–	673.0	+7.4%
Profit for the year ^{*4}	398.5	399.0	+0.1%

(Yen)

	FY2015 results	FY2016 forecasts	Year-on-year change
Interim dividend	54	64	–
Year-end dividend	64	64	–
Annual dividend per share	118	128	–

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

3. 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

*4. Attributable to owners of the parent company

International Tobacco Business

Solid financial performance driven by favorable results from GFBs and pricing

GFBs shipment volume gained substantially, increasing by 4.3% year on year, as a result of having extended the share of national markets mainly in Europe, achieving solid performance in Turkey and other such factors. Total shipment volume declined, but growth achieved with GFBs kept the decrease from exceeding 1.0% even in the face of negative factors that included a downturn in overall demand mainly in Russia. Moreover, core revenue of the Company and adjusted operating profit at constant rates of exchange increased by 7.0% and 10.8%, respectively, due to favorable results from GFBs and robust pricing. However, yen-based adjusted operating profit decreased by 11.8% despite positive effects of a weaker yen, due to negative effects of U.S. dollar exchange rates against local currencies.

The outlook is for 9% growth in adjusted operating profit at constant rates of exchange, driven by GFBs growth and robust pricing again in 2016. At the same time, we will continue to fortify business investment geared to developing a stronger presence, expanding product portfolio and geographic footprint.

(Millions of dollar)

	From January to December 2014	From January to December 2015	Year-on-year change
Core revenue at constant rates of exchange ^{*1}	11,911	12,739	+7.0%
Adjusted operating profit at constant rates of exchange	4,253	4,712	+10.8%
Yen-based adjusted operating profit	¥447.1 billion	¥394.4 billion	-11.8%

Shipment volume

(Billions of cigarettes)

	From January to December 2014	From January to December 2015	Year-on-year change
Total shipment volume ^{*2}	398.0	393.9	-1.0%
GFBs shipment volume	262.2	273.6	+4.3%

*1. Includes revenue from waterpipe tobacco and emerging products, but excludes revenues from distribution, contract manufacturing and other peripheral businesses

*2. Includes fine cut, cigars, pipe tobacco and snus but excludes contract manufactured products, waterpipe tobacco and emerging products

Domestic Tobacco Business

Solid brand equity led to resilient market share of JT and Mevius

The Company continued to invest in sales promotion and brand equity enhancement, primarily with respect to Mevius and Winston, amid intensifying competition against rival companies. As a result, sales

volume decreased by 2.8% year on year, which was largely as expected, while market shares of both JT and Mevius have been holding steady.

Despite a decline in sales volume, adjusted operating profit increased by 6.4% and profits grew steadily due to effects of implementing robust pricing along with other factors such as the effects of measures to strengthen competitiveness.

In 2016, the Company will maintain focus on Mevius while taking steps to further build brand equity centered on four brands which also include Winston, Seven Stars and Natural American Spirit. To that end, the Company will increase investment to promote those brands with the aim of achieving top-line growth over the mid- to long term. The Company forecasts a 2.7% increase in adjusted operating profit primarily as a result of making additional investment along with other factors such as the prospect of revenue gains and positive outcomes from the measures to strengthen competitiveness over the full year.

(Billions of yen)

	From January to December 2014	From January to December 2015	Year-on-year change
Core revenue ^{*3}	649.8	642.2	-1.2%
Adjusted operating profit	238.7	254.1	+6.4%

Sales volume

(Billions of cigarettes)

	From January to December 2014	From January to December 2015	Year-on-year change
Total sales volume ^{*4}	112.4	109.2	-2.8%

JT market share

	From January to December 2014	From January to December 2015	Year-on-year change
JT market share	60.4%	59.9%	-0.4%pt

*3. Excludes revenue from distribution of imported tobacco in the Japanese domestic tobacco business, among others

*4. Excludes sales volume of domestic duty free and the China business

Pharmaceutical Business

Revenue increased due to higher royalty revenue and growth at Torii Pharmaceutical Co., Ltd.

Revenue increased by ¥9.8 billion year on year to ¥75.6 billion due to an increase in royalty revenue and strong sales of “Riona® Tablets 250mg,” etc. in Torii Pharmaceutical Co., Ltd. Adjusted operating loss improved by ¥5.0 billion from the amount posted in the same period of the previous fiscal year to adjusted operating loss of ¥2.3 billion, due mainly to the gain in revenue. In the area of product development, nine compounds are currently in clinical development at the Company.

In 2016, the Company anticipates ongoing gains in royalty income and furthermore expects to attain the long-held objective of achieving positive earnings. The Company expects to see an increase in adjusted operating profit at constant rates of exchange on a company-wide basis of ¥46.3 billion year on year, with ¥9.3 billion, roughly 20% of that amount, contributed by the pharmaceutical business.

Pharmaceutical business: Items in clinical development (as of February 4, 2016)

<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 fumarate	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-052	Autoimmune/allergic diseases/Oral, Topical	Phase 2 (Japan)	In-house
JTE-051	Autoimmune/ allergic diseases/Oral	Phase 1 (Overseas)	In-house
JTE-151	Autoimmune/ allergic diseases/Oral	Phase 1 (Overseas)	In-house
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.

<Licensed compounds>

Compound (JT's code)	Licensee	Note
trametinib	Novartis	Metastatic melanoma: NDA filed (Japan and EU)
Anti-ICOS monoclonal antibody	MedImmune	
JTE-052	LEO Pharma	

Updates since the previous announcement on November 4, 2015:

<Licensed compounds>

- Gilead Sciences announced that U.S. and European approvals have been obtained for the use of Genvoya (elvitegravir/cobicistat/emtricitabine/tenofovir alafenamide), an anti-HIV drug (November 5 and November 23, 2015).

Processed Food Business

Achieved steady top-line growth

The Company actively promoted sales of strong staple food products with established market shares including frozen noodles, frozen rice, packed rice and baked frozen bread. Revenue increased by ¥4.7 billion year on year to ¥165.8 billion due to strong sales centered on frozen and ambient processed foods. Adjusted operating profit increased by ¥1.3 billion to ¥2.7 billion due to the gain in revenue. Again in 2016, the Company aims to achieve steady increases in adjusted operating profit, on the basis of top-line growth primarily of the staple food products along with unremitting cost-cutting efforts.

Processed food business

(Billions of yen)

	From January to December 2014	From January to December 2015	Year-on-year change
Revenue	161.2	165.8	+4.7
Adjusted operating profit	1.4	2.7	+1.3

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 management with respect to 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 the Company operates, 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 the Company operates;
- (3) increases in excise, consumption or other taxes on tobacco products in markets in which the Company operates;
- (4) litigation around the world alleging adverse health and financial effects resulting from, or relating to, tobacco products;
- (5) ability of the Company to realize anticipated results of acquisition or other similar investments;
- (6) competition in markets in which the Company operates or into which the Company seeks to expand;
- (7) deterioration in economic conditions in areas that matter to the Company;
- (8) economic, regulatory and political changes, such as nationalization, terrorism, wars and civil unrest, in countries in which the Company operates;
- (9) fluctuations in foreign exchange rates and the costs of raw materials; and
- (10) catastrophes, including natural disasters.

Consolidated Financial Statements

The Company changed its accounting period, with the closing date moving from March 31 to December 31, in 2014. The same change has been made to consolidated subsidiaries with fiscal year ends other than December 31. As a consequence of this change, the comparable period was the 9-month period from April 1, 2014 to December 31, 2014. 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 12-month period from January 1, 2014 to December 31, 2014 have been consolidated into the results for the fiscal year ended December 31, 2014.

Beverage Business has been classified as discontinued operations in the current fiscal year. As a result, profit (loss) from discontinued operations is presented separately from that from continuing operations as “profit for the year from discontinued operations.” The comparative information has also been reclassified in the same manner.

Note: Yen amounts are rounded to the nearest million.

Consolidated statement of financial position

	(Millions of yen)		
	As of December 31, 2014	As of December 31, 2015	Increase (Decrease)
Assets			
Current assets	1,696,874	1,798,217	101,343 ^{*1}
Non-current assets	3,007,832	2,760,017	(247,815)
Property, plant and equipment	756,127	681,865	(74,262)
Goodwill	1,539,376	1,429,287	(110,089) ^{*2}
Intangible assets	364,912	332,478	(32,434)
Investment property	17,870	23,614	5,744
Retirement benefit assets	35,402	38,954	3,552
Investments accounted for using the equity method	76,825	59,523	(17,303)
Other financial assets	91,959	101,727	9,768
Deferred tax assets	125,361	92,570	(32,792)
Total assets	4,704,706	4,558,235	(146,472)

(Millions of yen)

	As of December 31, 2014	As of December 31, 2015	Increase (Decrease)
Liabilities and equity			
Liabilities			
Current liabilities	1,360,098	1,265,920	(94,178)
Non-current liabilities	722,106	770,790	48,685
Total liabilities	2,082,204	2,036,710	(45,493)
Equity			
Equity attributable to owners of the parent company	2,536,838	2,451,596	(85,242)
Share capital	100,000	100,000	–
Capital surplus	736,400	736,400	–
Treasury shares	(344,447)	(444,333)	(99,886)
Other components of equity	142,425	(137,122)	(279,547) ^{*3}
Retained earnings	1,902,460	2,196,651	294,191 ^{*4}
Non-controlling interests	85,665	69,929	(15,736)
Total equity	2,622,503	2,521,524	(100,978)
Total liabilities and equity	4,704,706	4,558,235	(146,472)

*1. Current assets:

Cash and cash equivalents increased.

*2. Goodwill:

Decreased due to the effect of fluctuations in foreign exchange rates, despite having recognized goodwill regarding new acquisitions.

*3. Other components of equity:

Decreased due to the foreign exchange effects.

*4. Retained earnings:

Increased due to the inclusion of earnings from the parent company interests.

Consolidated statement of income

(Millions of yen)

	Nine months ended December 31, 2014	Fiscal year ended December 31, 2015	Increase (Decrease)
Continuing operations			
Revenue	2,019,745	2,252,884	233,139
Cost of sales	(822,538)	(920,056)	(97,519)
Gross profit	1,197,208	1,332,828	135,620
Other operating income	47,419	15,367	(32,052)
Share of profit in investments accounted for using the equity method	7,812	6,381	(1,431)
Selling, general and administrative expenses	(752,559)	(789,346)	(36,787)
Adjusted operating profit*	588,684	626,657	37,973
Operating profit	499,880	565,229	65,349
Financial income	13,808	15,016	1,208
Financial costs	(11,162)	(15,132)	(3,970)
Profit before income taxes	502,526	565,113	62,587
Income taxes	(132,811)	(162,386)	(29,575)
Profit for the year from continuing operations	369,715	402,727	33,012
Discontinued operations			
Profit for the year from discontinued operations	(1,088)	87,515	88,604
Company-wide basis (Continuing and discontinued operations combined)			
Profit for the year	368,626	490,242	121,616
Attributable to:			
Owners of the parent company	362,919	485,691	122,772
Non-controlling interests	5,708	4,551	(1,157)
Profit for the year	368,626	490,242	121,616

Note: 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)

	Nine months ended December 31, 2014	Fiscal year ended December 31, 2015	Increase (Decrease)
Profit for the year	368,626	490,242	121,616
Other comprehensive income	(123,759)	(282,534)	(158,776)
Comprehensive income for the year	244,868	207,708	(37,160)
Attributable to:			
Owners of the parent company	240,363	203,257	(37,105)
Non-controlling interests	4,505	4,450	(55)
Comprehensive income for the year	244,868	207,708	(37,160)

Note: Yen amounts are rounded to the nearest million.

Consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2014	Fiscal year ended December 31, 2015	Increase (Decrease)
Cash flows from operating activities	543,696	468,432	(75,264) ^{*5}
Cash flows from investing activities	(49,110)	(63,271)	(14,160)
Cash flows from financing activities	(388,859)	(254,852)	134,007 ^{*6}
Net increase (decrease) in cash and cash equivalents	105,727	150,309	44,583
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	26,874	(9,365)	(36,239)
Cash and cash equivalents at the end of the year	385,820	526,765	140,945

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

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

JTI FY 2015 Results & 2016 Forecasts

Double-digit profit growth achieved by strengthening brand equity and adopting robust pricing

On February 5, 2016, JT International's (JTI) President & Chief Executive Officer Thomas A. McCoy presented JTI's 2015 results and its forecasts for 2016 for institutional investors at Grand Hyatt Tokyo. The summary of the presentation is as follows.

<Photo>

President & Chief Executive Officer Thomas A. McCoy giving the presentation

The presentation is available on JT website:

<https://www.jt.com/investors/results/index.html>

<Business result for 2015 (January to December)>

JTI achieved firm profit growth once again in 2015.

Although our total shipment volume has declined, Global Flagship Brand (GFBs) shipment volume increased by 4.3% due to our solid brand equity along with successes so far with respect to business investment.

We have achieved remarkable growth with our GFBs in many markets and market share of the GFBs increased by 1.2 percentage points to 17.8%.

JTI's core revenue and adjusted operating profit increased by 7% and 10.8%, respectively, on a constant rate of exchange basis. Consequently, we have achieved growth in profits at constant rates of exchange exceeding 10% over five consecutive years.

I am convinced that our ongoing business investment made with the aim of strengthening brand equity has enabled us to achieve firm profit growth by helping to increase GFBs shipment volume and market share, while also making it possible for us to seize opportunities to adopt robust pricing.

We also implemented high qualitative and quantitative standards in our efforts to expand our business foundations, in line with our goals set for 2015. Our efforts have extended beyond measures contributing to our prevailing growth in profits, to also include making proactive investment in new markets holding promise in terms of contributing to future profits.

In the field of emerging products, we are upgrading our product portfolio through initiatives that include our acquisition of Logic and rolling out new concept products, and at the same time we are actively expanding our geographic footprint.

■ Market share

	December 2014	December 2015	Year-on-year change
France	20.8%	21.4%	0.6%pt
Italy	19.9%	21.1%	1.2%pt
Russia	34.9%	33.6%	-1.2%pt
(GFBs share)	23.9%	24.1%	0.2%pt
Spain	21.7%	22.3%	0.6%pt
Taiwan	38.4%	39.2%	0.8%pt
Turkey	29.0%	30.2%	1.1%pt
U.K.	41.3%	42.0%	0.7%pt

■ Initiatives for building leadership in emerging products

E-VAPOR

<Logo> <Logo>

TOBACCO-VAPOR

<Logo>

* 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.

■ Increased investment to broaden our business footprint

Distribution expansion ==> <Flag> Brazil <Flag> Thailand <Flag> Myanmar

Business building initiatives ==> <Flag> Philippines <Flag> Korea <Flag> Hungary <Flag> Egypt <Flag> Bulgaria <Flag> Vietnam

New market entries ==> <Flag> Bangladesh <Flag> Nepal

<2016 forecasts (January to December)>

In 2016, we expect to keep achieving high levels of growth on the order of a 9% year-on-year increase in adjusted operating profit at constant rates of exchange. Nevertheless, signs of improvement with respect to the economic climate in Europe aside, we are fully aware that the business environment surrounding the Group continues to pose challenges, such that include global regulatory trends, adverse effects of exchange rates, geopolitical risk in the Middle East, Russia's flagging economy and slumping overall demand. Amid this situation, we hold to the notion of striving to generate mid- to long-term profit growth by strengthening our business foundations through sustained investment, mergers and acquisitions geared to achieving organic growth. Although the business environment in 2016 is likely to continue posing challenges, we will maintain our positive momentum by continuing to strengthen brand equity, forging ahead with efforts to expand our geographic footprint, and increasing investment in the field of emerging products. We will continue to fulfill our role as the JT Group's driver of profit growth, by increasing business investment with the aim of continuing to drive mid- to long-term sustained growth, rather than focusing exclusively on short-term earnings.

■ Expanding geographic footprint

<Map>

Number of No. 1 market positions 17

Countries where the Group maintained top market share in 2015

*JT's research

Brand portfolio

This section profiles performances of the brands regarded as the core GFBs: Winston, Camel and LD.
(Figures based on JT's research)

Winston

Investing in equity, innovation and global expansion

<Logo>

	2014	2015	Change
Shipment volume (Billions of cigarettes)	129.6	132.1	+1.9%
Market share	8.8%	9.1%	—

- Double-digit volume growth in 40 markets
- Record market share in 23 markets

- Robust performance of fine cut
- Continued roll-out of innovations
- Increased global reach to 121 markets

Camel

Highest historical volume

<Logo>

	2014	2015	Change
Shipment volume (Billions of cigarettes)	46.4	50.9	+9.7%
Market share	2.7%	3.2%	–

- Significant contribution to GFB volume growth
- Record high market share in Czech Republic, Italy, Netherlands, Turkey and Spain
- Packaging upgrade rolled out in 35 markets
- First to market double capsule in 15 markets

LD

Double-digit volume growth

<Logo>

	2014	2015	Change
Shipment volume (Billions of cigarettes)	44.9	49.5	+10.2%
Market share	2.9%	3.3%	–

- LD Club Compact driving volume growth
- Record market share in 12 markets
- Expanded global reach to 46 markets, with new entries in 8 markets

* 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

Ploom TECH tobacco vapor device and 3 types of “MEVIUS for Ploom TECH” tailor-made tobacco capsules launched in early March

In early March, the Company launched its Ploom TECH tobacco vapor device, which enables consumers to enjoy clear tobacco taste in the form of tobacco vapor^(*1), and three types of “MEVIUS for Ploom TECH” tailor-made tobacco capsules at selected retail stores in Fukuoka City and via the Ploom online shop^(*2).

Ploom TECH is a new way of enjoying tobacco by placing a tailor-made tobacco capsule filled with granulated tobacco leaves into a device, composed of a battery and cartridge. Vapor is generated from the liquid in the cartridge and passes through the tobacco capsule. With this innovative technology, the Company has created a clear tobacco taste without ash or smoke.

For the tobacco capsule, the Company has developed "MEVIUS for Ploom TECH" – named after the No. 1 cigarette brand in Japan, “MEVIUS”. This capsule provides a smooth taste. To allow the consumers to choose according to their preferences, a lineup of three new products – one regular and two menthol types – has been created.

Since there is no combustion, Ploom TECH tobacco vapor does not produce tobacco smoke smell or ash, making it a new way to enjoy tobacco that helps to avoid annoying those nearby. This is JT’s latest offering toward realizing a society where smokers and non-smokers can coexist harmoniously.

*1. The Company refers to the mist-like substance that contains ingredients derived from tobacco leaves as “tobacco vapor.”

*2. Online sales will be conducted by JT Creative Service Co., Ltd., a subsidiary of the Company (<https://shop.ploom.jp>).

<Logo>

Exhaustive quest to develop a convenient product offering clear tobacco taste through proprietary technology

Product information

<Ploom TECH (vaporizer)>

Ploom TECH starters kit (with carry case)

Price: ¥4,000 (suggested retail price, tax inclusive)

* Ploom TECH tailor-made tobacco capsule sold separately

<Tobacco capsule (tobacco product)> * The tobacco capsule products come with 5 tobacco capsules and one cartridge.

Mevius Regular For Ploom TECH

Taste: Regular type

Mevius Cooler Green For Ploom TECH

Taste: Menthol type

Mevius Cooler Purple For Ploom TECH

Taste: Menthol type

Retail price: ¥460

The Group completes acquisition of Natural American Spirit business outside the U.S.

In January 2016, the JT Group has completed the acquisition of the Natural American Spirit business outside the U.S., as announced on September 29, 2015.

Thanks to Natural American Spirit's strong international presence in the premium priced category, its acquisition will allow the JT Group to further extend its brand portfolio and further develop its competitive strengths. At the same time, the new arrangement will make it possible to hasten growth of the brand by fully leveraging the mutual strengths of the operating company acquired and the JT Group. The JT Group's consolidated forecast for the FY2016, which was disclosed at the announcement of the consolidated financial results for the FY2015, incorporates the effects of this acquisition based on certain premises. The impact of the acquisition on the consolidated financial results for FY2016 will be examined during the course of the formulation of the business plan regarding the acquired business.

* 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.

How to receive your complimentary gift

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

Beginning in late April, the Company will give shareholders holding at least 100 shares of the Company as of December 31, 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 March 22. 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.

Since the complimentary gifts will be forwarded to the addresses of shareholders recorded in the shareholder registry as of December 31, 2015, we would like to request any shareholders who changed their address in January 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 complimentary gifts

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

Donations through the Shareholder Special Benefit Plan to support reconstruction in the aftermath of the Great East Japan Earthquake

In the Shareholder Special Benefit Plan for shareholders June 30, 2015, we provided an option in which shareholders can opt to forego the complimentary gift and instead make a donation to reconstruction support in response to the Great East Japan Earthquake. 2,898 shareholders chose to make a donation through this option.

These donations totaled ¥5,638,000, which were contributed by JT to NPOs taking part in efforts to support recovery from the disaster, through the Central Community Chest of Japan's "2nd Red Feather Disaster Relief Volunteer & NPO Support Fund" on December 18, 2015.

We would like to express our sincere gratitude to all of the shareholders who chose to make a donation.

<Logo>

The Central Community Chest of Japan

The Central Community Chest of Japan is an alliance of community chests in all 47 prefectures of Japan. Under its Red Feather symbol, the organization carries out planning community chest campaigns nationwide, awareness enhancing advertising, research and study, and supporting community chest activities in prefectures.

The organization has a large role in the promotion of public welfare business in the private sector through such means as the acceptance and coordination of donation money for use from a broad perspective nationwide and donation money for use by several prefectures, and management of private grant funds, charitable trusts and other such funding.

Change in frequency of providing a printed version of the Business Report

Although we have been providing the printed version of the Business Report to shareholders on a quarterly basis, we have decided instead to furnish the printed version on a twice-yearly basis, sending out one report for the first six months of respective fiscal years and another for the full fiscal year, with the aim of helping to protect the global environment by cutting back on our volume of printing.

However, we will continue to prepare the Business Report on a quarterly basis to ensure that investors still receive information in a timely manner. Accordingly, access to the Business Report for the first and

third quarters will be available online through the JT Group's website
(<https://www.jti.co.jp/investors/library/report/>).

JT Group Products

Introducing New Tobacco Products

Introducing new taste genres of cigarettes — Winston menthol
Bitter-type “Spirits Menthol” and sweet-type “Sparkling Menthol”

In line with the aim of continuously satisfying the diverse preferences of consumers, under the renewed Winston brand the Company has prepared regular products under the three product lines: bitter-type, straight-type, and sweet-type. As such, the launch of these new products enables consumers to enjoy menthol products, as well as the three flavors of the regular product line.

<Diagram>

Triangle depicting flavor achieved through the menthol lineup

“Refreshing yet mellow” bitter-type

“Fizzy, refreshing and sumptuous sweetness” sweet-type

“Powerful and refreshing” straight-type

<Logo>

Winston XS Spirits Menthol 8 Box

Tar: 8mg / Nicotine: 0.7mg

Winston XS Spirits Menthol 5 Box

Tar: 5mg / Nicotine: 0.4mg

Winston XS Spirits Menthol One 100's Box

Tar: 1mg / Nicotine: 0.1mg

Price: ¥420 each (containing 20 cigarettes)

Refreshing yet mellow sensation, for a new taste genre — bitter-type menthol

A capsule is built into the filter of the new bitter-type “XS Spirits Line” menthol genre of cigarettes. Crushing the capsule enables smokers to enjoy the product’s bitter, rich and mellow taste, which combines with a refreshing sensation of strong menthol, thereby enabling smokers to experience a menthol product like none before.

A fizzy, refreshing flavor combined with a sumptuous sweetness, for a completely new sensation — sweet-type menthol

The sweet-type menthol products of the “XS Sparkling Line” employ the unique “sparkling blend” and with filters embedded with capsules. Crushing the capsules enables smokers enjoy a new fizzy sensation combined with a refreshing and sumptuous sweetness.

<Logo>

Winston XS Sparkling Menthol 8 Box

Tar: 8mg / Nicotine: 0.6mg

Winston XS Sparkling Menthol 5 Box

Tar: 5mg / Nicotine: 0.4mg

Winston XS Sparkling Menthol One 100's Box

Tar: 1mg / Nicotine: 0.1mg

Price: ¥420 each (containing 20 cigarettes)

* 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

<Photo>

Home Run - Ken [Reintroduced]

Chicken Soup (soy sauce flavor)

Made with Mixed Miso (miso flavor)

> Reintroduced to commemorate 30 years of the product line, available for sale only in the six prefectures of the Tohoku area

* On sale from March 1 via the TableMark online store

Comments from person in charge

This year marks 30 years since we initially began selling the Home Run - Ken product line, which was conceived based on the concept of a ramen shop that serves delicious soup. In commemoration, we have brought back the product's original flavor at the time it was first launched. More than anything, it offers the flavor of a straightforward soup. Because the product is meticulously prepared using ingredients that were carefully selected to remain true to the original recipe, this product is sure to bring back memories of those who remember its original flavor. It also comes in memorable packaging with retro illustrated comic book-like motifs closely resembling designs of that era. Both of these items fully depict the true sense of the Home Run - Ken, so we hope that it becomes possible for many more people to try products from the Home Run - Ken series.

Shingo Urakami, Product Development Division, Marketing & Sales Division, TableMark Co., Ltd.

<Photo>

<Photo>

Abura Soba (ramen noodles with oil-based sauce)

1 serving/229g

> Charred soy sauce flavor combined with appealing ingredients that draw out the flavor of the product

> This item should be served piping hot with the sauce and noodles thoroughly mixed together

<Photo>

Imadoki Wazen, *Yoseage*-style deep-fried bamboo shoots with *wakame* seaweed from the Sanriku Coast
Pack of 4/116g

> This fluffy, deep-fried item features large bamboo shoots and *wakame* seaweed in a *surimi* paste of white fish

> Seasonal ingredients in a Japanese-style sauce containing juice of *sudachi* citrus grown in Tokushima Prefecture

CSR initiatives of the JT Group

The JT Group is committed to resolving social issues in the communities in which it operates with the aim of realizing sustainable society on the basis of the management principles stating that “we will balance the interests of customers, shareholders, employees and wider society, and fulfill our responsibilities towards them, 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.

Engaging in activities that contribute to the advancement of culture and the arts in facilities that are unique to JT

JT Biohistory Research Hall acts as a venue for pondering nature, life and humanity

JT Biohistory Research Hall was established in 1993 with the aim of providing opportunities for all people to enjoy biohistory like they do music and painting. Biohistory focuses on a new form of knowledge with respect to exploring ways of life of humanity on the basis of living things, asserts Keiko Nakamura, director general of the facility. The facility is designed for visitors to tour as they like, and features some 20 exhibits designed to convey the allure of living things. This includes a “cell exhibition” depicting the role of cells in everyday life, and the “stairway of biohistory” exhibit which enables visitors to experience the thrill of 3.8 billion years of history as they climb the staircase, with each step representing 100 million years of history.

In addition to the exhibits, the facility holds a “biohistory day” where visitors ponder biohistory by listening to talks on the latest biohistorical studies given by researchers of JT Biohistory Research Hall, and by learning about living creatures and their evolution. The facility also hosts various other events such as its “laboratory tour” three times a year where visitors can observe laboratory facilities which are generally not open to the public, as well as a “summer school” where visitors can take part in research and presentations of the facility.

<Photo>

A “biohistory mandala” conveying the beauty and a deeper consciousness of biohistory fundamentals in a readily understandable format

“Butterfly Nursery,” a garden for butterflies

Located on the rooftop of the facility, Butterfly Nursery enables visitors to experience the world of butterflies and seasonal changes. It is also a place that brings everyday life and research together. In 2003, caretakers began planting nectar-rich flowers and plants that act as food for butterfly larvae in the garden, and have since been gradually adding more types of vegetation. Eggs laid by butterflies

visiting the garden develop from the larval stage into healthy, mature butterflies that leave the garden to the sky. Gazing at the butterflies day after day, one begins to wonder why it is that butterflies lay their eggs on certain plants, and why they develop certain colors. Indeed, there are many questions to be answered, and the garden offers a good place to give thought to the biohistory of butterflies in that regard.

Admission to the JT Biohistory Research Hall is free of charge, and no reservations are required. Please feel free to visit the facility.

<Photo>

“Butterfly Nursery” on the 4th floor of the JT Biohistory Research Hall

■JT Biohistory Research Hall

URL: <http://www.brh.co.jp/en/>

Location: 1-1 Murasaki-cho, Takatsuki-shi, Osaka, 569-1125, Japan

Telephone: +81-72-681-9750 (Main switchboard)

Access: 10 minutes' walk from Takatsuki Station on the JR Kyōto Line

Opening hours: 10:00 a.m. to 4:30 p.m. Tuesday to Saturday

Closed: Sundays, Mondays and Year-end holidays (December 29 through January 4 the following year).

The Hall may be closed on days other than the ones mentioned above due to preparations for new exhibits, etc.

Promoting initiatives for achieving a harmonious relationship between business activities and the environment

The JT Group regards the task of helping to protect the global environment as one of its key managerial challenges, and accordingly aims to help ensure a sustainable society on the basis of the JT Group's Environment Charter which sets forth the basic principles of environmental management.

Formulated with the aim of ensuring that the Group engages in environmental conservation activities with a longer-range perspective, the JT Group's Long-term Environment Plan sets goals, which the Group is now pursuing, looking toward 2020 in the four key areas of preventing global warming, protecting water resources, protecting biodiversity, and reducing waste.

<Photo>

Waste reduction part of daily business activities

To more effectively use resources and curb waste generated, the JT Group promotes “3R” reduce, reuse and recycle practices. For instance, the Group reuses packaging materials in factories, and engages in ongoing initiatives to review disposal methods and consistently separate waste in respective business

locations.

In Japan, the JT Group engages in initiatives to reduce volumes of container and packaging materials used for products, and aims to curb the amount of waste generated in society overall. For instance, TableMark Co., Ltd. reworked the container and packaging formats of some of its packaged rice products which has resulted in a roughly 10% reduction in volume of packaging material used in comparison with the products before and a roughly 45% reduction in that regard with respect to some of its frozen baked breads. This has helped bring about decreases in terms of both amounts of energy used in logistics and garbage generated by households.

Initiatives of TableMark Co., Ltd.

Compact trays requiring less packaging material

<Photo>

Roughly 10% reduction in volume of packaging material used

<Photo>

Roughly 45% reduction in volume of packaging material used

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

The Lure of Tobacco Smoke

A lesson from the past at the end of a journey

Awa-Ikeda Udatsu * House Tobacco Museum [Tokushima Prefecture]

* An *udatsu* is a type of firewall built between neighboring houses.

<Photo>

Bygone days of the flourishing tobacco business conveyed by the *udatsu*-wall townscape

The town of Ikeda-cho in Miyoshi City, Tokushima Prefecture, developed as a tobacco manufacturing town. Meanwhile production of “Awa” leaf tobacco used as a raw material flourished in the neighboring town. Remaining records show that as many as 67 structures were engaged in tobacco manufacturing, according to a book of Tokushima prefectural statistics that was compiled in 1904 when the Japanese government established its monopoly on the manufacture and sales of tobacco products. Also, many buildings featuring *udatsu* walls still remain in the town of Ikeda-cho. The *udatsu* walls were a symbol of wealth, and nowadays many of the so-called “*udatsu* houses” remaining in Ikeda-cho are said to have once been residences and factories of tobacco manufacturers.

The Awa-Ikeda Udatsu House Tobacco Museum is located in what was once a privately-owned tobacco factory. Exhibits of the museum center on a “*kanna kizamiki*” tobacco cutting machine which is said to have originated in the area. The museum also has many items in storage and on display, such as instruments and materials used to manufacture tobacco during the days when the industry consisted of private entities. The museum also exhibits materials from the JT Ikeda Factory, which was a large facility of the Ministry of Finance’s Monopoly Bureau built in Ikeda-cho after the Japanese government established its monopoly on the tobacco manufacturing industry. The factory remained in operation until 1990.

Scenes of the days when the area was a flourishing tobacco town come to mind when taking stroll around the historic townscape of the Awa-Ikeda Udatsu House Tobacco Museum.

<Photo>

Museum interior. Visitors are able to view and handle “Awa” leaf tobacco and other varieties of leaf tobacco used as ingredients of fine-cut tobacco.

<Photos>

In 1999, a replica of a “*kanna kizamiki*” tobacco cutting machine was created in conjunction with the museum’s opening, and in 2012 the device was modified so that visitors could see it in operation.

<Photo>

A monument inscribed with a poem by Ujou Noguchi remains at the former site of the JT Ikeda Factory. The inscription reads, “Ikeda is the home of cut tobacco leaf, Awa’s fine-cut tobacco of old.”

<Photo>

Exhibit displaying cigarette packages once made at the factory

Held every year in February in the town of Ikeda-cho, the Shikoku Sake Festival is a big event which attracts over 40 sake breweries from Shikoku's four prefectures. In conjunction with the festival, the Awa-Ikeda Udatsu House Tobacco Museum has been demonstrating the fine-cut tobacco manufacturing process using its "*kanna kizamiki*" tobacco cutting machine since 2012. This is a somewhat rare opportunity to see manufacturing methods in use from Japan's Edo Era (1603–1868) until the middle of the Meiji Era (1868–1912), using "Awa" leaf tobacco produced in the neighboring area.

Nowadays, Miyoshi City where Ikeda-cho is located has four sake breweries, and has sites where fine-cut tobacco was manufactured until the Japanese government established its monopoly on the tobacco manufacturing industry in 1904. After that, many of the former tobacco manufacturers shifted their operations over to sake brewing businesses and soy sauce and miso paste brewing businesses. Many people think of the famous former coach of the Ikeda High School baseball team, Fumiya Tsuta, when Ikeda-cho is mentioned. The house where Coach Tsuta was born had previously been used in tobacco manufacturing, and still stands to this day nearby the Awa-Ikeda Udatsu House Tobacco Museum.

■ Awa-Ikeda Udatsu House Tobacco Museum

Location: 2465-1 Ikeda-cho Machi, Miyoshi-shi, Tokushima Prefecture, 778-0002, Japan

Access: 10 minutes' walk from Awa-Ikeda Station on the JR Dosan Line

Contact: +81-883-72-3450

<Photo>

The town of Yamashiro-cho adjacent to Ikeda-cho is said to be the birthplace of "Awa" leaf tobacco which is used as a raw material in fine-cut tobacco and is purported to have been introduced by the Edo era ascetic monk Chikugo-bo.

<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

Ordinary Shares (as of December 31, 2015)

Composition of shareholders

Public sector: 33.35%

Financial institutions: 17.15%

Individuals and others: 14.02%

Securities companies: 2.79%

Other institutions: 0.59%

Foreign institutions and others: 32.10%

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

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

(Number of treasury shares: 209,285,431 shares)

Number of shareholders: 121,931

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
(as of March 23, 2016)

Members of the Board

Chairman of the Board	Yasutake Tango
President and Representative Director	Mitsuomi Koizumi
Executive Vice President and Representative Director	Yasushi Shingai
Executive Vice President and Representative Director	Mutsuo Iwai
Executive Vice President, Member of the Board	Hideki Miyazaki
Member of the Board	Motoyuki Oka *
Member of the Board	Main Kohda *

* Mr. Motoyuki Oka and Ms. Main Kohda are Outside Directors provided for in Article 2, item 15 of the Companies Act.

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 Obayashi *

* Mr. Yoshinori Imai and Mr. Hiroshi Obayashi are Outside Audit & Supervisory Board Members provided for in Article 2, item 16 of the Companies Act.

* JT has appointed Mr. Michio Masaki as a Substitute for Audit & Supervisory Board Member, in preparation against a situation where the number of Audit & Supervisory Board Members falls below the statutory required number.

Executive Officers

President, Chief Executive Officer	Mitsuomi Koizumi
Executive Vice President, Deputy Chief Executive Officer, Compliance, General Affairs, Legal, Corporate Strategy, IT, Business Development, HR and Operation Review & Business Assurance	Yasushi Shingai
Executive Vice President, President, Tobacco Business	Mutsuo Iwai
Executive Vice President, Finance, CSR and Communications	Hideki Miyazaki
Senior Vice President, Compliance and General Affairs	Ryoji Chijiwa
Senior Vice President, Head of China Division, Tobacco Business	Kazuhito Yamashita
Senior Vice President, Chief Marketing & Sales Officer, Tobacco Business	Chito Sasaki
Senior Vice President, Head of Tobacco Business Planning Division, Tobacco Business	Kiyohide Hirowatari
Senior Vice President, Corporate, Scientific & Regulatory Affairs Division, Tobacco Business	Junichi Fukuchi

Senior Vice President, Head of Leaf Procurement Group, Tobacco Business	Yasushi Hasegawa
Senior Vice President, Chief R&D Officer, Tobacco Business	Takehisa Shibayama
Senior Vice President, Manufacturing Group, Tobacco Business	Hirakazu Otomo
Senior Vice President, President, Pharmaceutical Business	Muneaki Fujimoto
Senior Vice President, Deputy President, Pharmaceutical Business	Goichi Matsuda
Senior Vice President, Head of Central Pharmaceutical Research Institute, Pharmaceutical Business	Shigenori Ohkawa
Senior Vice President, Chief Financial Officer	Naohiro Minami
Senior Vice President, CSR	Ryoko Nagata
Senior Vice President, Legal	Haruhiko Yamada
Senior Vice President, Corporate Strategy and IT	Yuki Maeda
Senior Vice President, Business Development	Takehiko Tsutsui
Senior Vice President, Human Resources	Koji Shimayoshi
Senior Vice President, Communications	Kei Nakano

Trends in Share Price

Share prices of the Company, from IPO on October 27, 1994 to February 2016 (closing prices on the TSE, monthly basis)

<Chart of 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 ¥2,949 (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.

Delivery of Business Reports

From now on, printed versions of the Business Report will be delivered twice per year. The next Business Report will be delivered after the Company has concluded settlement of the second quarter financial results.

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 the Company's website: <https://www.jt.com/>

* If the Company 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
- Notification of My Number identification number of shareholders whose shares are managed by securities companies*

=> 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
- Notification of My Number identification number of shareholders not transacting business with a securities company*
- 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)

* My Number identification number furnished by a shareholder's municipal government is required for tax-related procedures in relation to shareholdings. As such, we ask that shareholders provide their respective My Number identification number to securities companies and other entities handling transactions.

Japan Tobacco Inc.

JT Building

2-1, Toranomom 2-chome, Minato-ku, Tokyo 105-8422, Japan

Tel.: +81-3-3582-3111

URL: <https://www.jt.com/>

This Report was printed using vegetable oil inks along with FSC approved paper to protect the forests.