[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.]

To Our Shareholders and Investors
Business Report
Volume 56

<JT logo>

TOP MESSAGE

Achieved 11.3% profit growth at constant rates of exchange aided by all JT businesses
We aim to generate sustainable growth in profits over the mid- to long-term, upon having demonstrated a capacity for responding to change

Results for the fiscal year ended December 31, 2016 (FY2016)

We have achieved a double-digit rate of profit growth at constant rates of exchange exceeding our target. All JT businesses contributed to those results, amid a business environment that continues to pose challenges.

We achieved substantial growth in profits in our core tobacco business encompassing both domestic and international operations, having steadily invested in those operations taking a medium- to long-term perspective.

In addition, the pharmaceutical business returned to positive earnings upon having achieved an increase in profits of more than ¥10.0 billion, and the processed food business marked profit growth again for the fourth consecutive year. Both the pharmaceutical and the processed food businesses contributed in no small measure to the Group-wide growth in profits, which consequently seems to suggest that efforts taken with respect to our future-oriented business strategy have been successful, and gives me an even greater sense of confidence in our strategy.

As for shareholder returns, we increased the annual dividend for 2016 to ¥130, which has been raised by ¥2 over our initial estimate to reflect an upbeat outlook for profit growth going forward.

Business Plan 2017

On the other hand, in our Business Plan 2017 looking to the next three years, we expect to come up against further challenges and substantial uncertainties ahead with respect to the business environment facing our operations. For instance, we are poised to face the impact of full-scale implementation of tobacco regulations in Europe, intensifying competition in the realm of lower-end products amid ongoing economic instability in the CIS+ region encompassing Russia and its neighboring countries, and in Japan we expect total demand of T-Vapor (tobacco vapor) products* and conventional cigarettes to keep heading lower.

Despite these circumstances, under the Business Plan 2017 we will persist with our mid- to long-term objective of generating an average rate of annual growth on the basis of mid to high single-digit adjusted operating profit at constant rates of exchange.

The roles our respective businesses will take on in achieving these objectives are unchanged from those previously indicated. The domestic and international tobacco businesses combined will play role as the core business and profit growth engine for enabling the JT Group to achieve profit growth, while the pharmaceutical and processed food businesses will carry out their complementary roles at a higher level in terms of enabling the Group to achieve profit growth.

Our policy regarding management resource allocation also remains unchanged from that set forth in the previous business plan. Accordingly, each of our businesses will carry out its respective roles, as we place priority on undertaking proactive investment in business looking toward the medium to long term and then striking a balance between consequent profit growth and shareholder returns. As for shareholder returns, we aim to maintain a strong financial base, while also attaining stable and consistent growth in dividends per share in proportion to our mid- to long-term profit growth.

Forecasts for the fiscal year ending December 31, 2017 (FY2017)

As mentioned previously, we expect to face an extremely challenging business environment in 2017, the initial fiscal year of the current business plan. Yet even under such conditions we are still aiming to achieve year-on-year growth of 3.4% in adjusted operating profit at constant rates of exchange, a key performance indicator across the Group.

Meanwhile, although we expect foreign exchange to remain unfavorable with respect to our financial results forecast taking into account foreign currency effects, we project that this situation will adversely affect results to a lesser degree in comparison with the past two years. Revenue is likely to decrease, but by no more than 1.6%, while adjusted operating profit remains at previous-year level. We anticipate year-on-year decreases in both operating profit and profit for the year of 5.6% and 4.7%, respectively, largely due to substantially lower gains on sale of real estate in comparison with those generated in the previous year.

With respect to dividend per share for FY2017, under the policy of aiming to achieve consistent and sustainable growth of dividends while maintaining a strong financial base, we plan to pay an annual dividend of ¥140, increased by ¥10 over the previous year-end dividend.

It seems likely that the three-year period of the plan will unfold as a phase during which we are beset with uncertainties such that conventional wisdom no longer applies. Nevertheless, we are proud to have achieved sustainable growth stemming from our best efforts in adapting to changes thus far, and unwavering investment in business.

Finally, we are committed to meeting the expectations of our shareholders and will accordingly place top priority on undertaking business investment and providing even better shareholder returns in line with a rate of profit growth situated in the mid to high single digits over the medium- to long-term, even amid a business environment plagued by great uncertainty.

* A product category that uses tobacco leaf, but instead of burning it they use methods such as heating the leaf to generate vapor. The vapor includes compounds derived from the tobacco leaf.

Mitsuomi Koizumi, President, Chief Executive Officer and Representative Director
<Photo>

Results for FY2016

(Billions of yen)

	From January to December 2015	From January to December 2016	Year-on-year change
Revenue	2,252.9	2,143.3	-4.9%
Adjusted operating profit*1	626.7	586.8	-6.4%
Adjusted operating profit at constant rates of exchange	–	697.5	+11.3%
Profit for the year*2	398.5	421.7	+5.8%

Forecast for the fiscal year ending December 31, 2017 (FY2017)

(Billions of yen)

	FY2016 results	FY2017 forecasts	Difference from previous year	Year-on-year change
Adjusted operating profit at constant rates of exchange	586.8	607.0	+20.2	+3.4%
Revenue	2,143.3	2,110.0	-33.3	-1.6%
Adjusted operating profit	586.8	587.0	+0.2	+0.0%
Operating profit	593.3	560.0	-33.3	-5.6%
Profit for the year	421.7	402.0	-19.7	-4.7%

Dividend per share

(Yen)

	FY2016 results	FY2017 forecasts
Interim dividend	64	70
Year-end dividend	66	70
Annual dividend per share	130	140

1. Adjusted operating profit = operating profit + amortization cost of acquired intangibles arising from business acquisitions + adjustment items (income and costs)

* Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others

*2. Profit attributable to owners of the parent company

International Tobacco Business

Against a backdrop of growth in shipment volume of GFBs[*1] and effects of acquisitions, total shipment volume[*2] and GFB shipment volume increased by 1.2% and 3.7%, respectively. As a result of the growth in shipment volume, along with positive effects of robust pricing, we achieved firm growth of 8.5% in terms of core revenue[*3] and 13.4% in terms of adjusted operating profit, calculated on a U.S. dollar basis at constant rates of exchange.

With respect to financial results taking into account foreign currency effects, on the other hand, gains in U.S. dollar-based core revenue were limited to 1.5%, and adjusted operating profit decreased by 5.0%, against a backdrop of a weak Russian ruble and pound sterling against the U.S. dollar. Moreover, strength of the yen resulted in a 9.1% decrease in yen-based core revenue, along with a 14.7% decrease in adjusted operating profit.

Strategic investment carried out thus far with the aim of expanding our business foundations helped underpin the robust profit growth at constant rates of exchange generated in 2016. At the same time, we have been fortifying investment geared to generating even higher profits in the future.

In 2017, although the business environment is likely to pose further challenges brought on by increasingly stringent regulations and price competition, we expect to once again achieve robust profit growth, with adjusted operating profit at constant rates of exchange increasing by 9.1%, due to positive effects of cost cutting resulting from initiatives we have been taking for some time geared to optimizing our production framework. Meanwhile, we will also keep fortifying business investment aimed at achieving sustainable growth in profits.

Market share (12 months moving average)

	December 2015	December 2016	Year-on-year change
France	21.4%	22.0%	+0.6%pt
Italy	21.1%	22.7%	+1.6%pt
Russia (GFB share)	33.8% (24.2%)	32.8% (24.7%)	-1.0%pt (+0.5%pt)
Spain	22.3%	22.8%	+0.5%pt
Taiwan	39.2%	39.9%	+0.7%pt
Turkey	30.3%	29.4%	-0.9%pt
U.K.	41.9%	41.7%	-0.2%pt

Market share over the period from January 2016 to December 2016.

*1. Global Flagship Brands (GFBs) consist of nine brands, which serve as flagships of the Group’s brand portfolio -Winston, Camel, Mevius, LD, Benson & Hedges, Glamour, Sobranie, Silk Cut and Natural American Spirit.

Shipment volume

(Billions of cigarettes)

	From January to December 2015	From January to December 2016	Year-on-year change
Total shipment volume[*2]	393.9	398.7	+1.2%
GFB shipment volume	273.6	283.7	+3.7%

*2. Total shipment volume includes fine cut, cigars, pipe tobacco and snus but excludes contract manufactured products, waterpipe tobacco and emerging products.

Results

(Millions of dollar)

	From January to December 2015	From January to December 2016	Year-on-year change
Core revenue[*3]	10,338	10,490	+1.5%
Core revenue at constant rates of exchange	–	11,215	+8.5%
Adjusted operating profit	3,257	3,095	-5.0%
Adjusted operating profit at constant rates of exchange	–	3,693	+13.4%
Yen-based adjusted operating profit	¥394.4 billion	¥336.2 billion	-14.7%

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

Domestic Tobacco Business

Total sales volume[*4] decreased by 2.8% from the previous fiscal year. The lower figure is a result of a situation where positive effects of having acquired the Natural American Spirit (NAS) business outside the U.S. in January 2016 partially offset negative factors such as an increasing rate of decline in overall cigarette demand stemming from a downward trend in that business, along with the effect of growing demand for T-Vapor products, combined with a decrease in sales volume due to retail price amendment of the MEVIUS brand. On the other hand, JT's share of the market increased by 1.2 percentage points from the previous fiscal year due to the addition of the NAS business outside the U.S.

Despite adverse effects of the downturn in sales volume, core revenue[*5] increased by 1.2% from the previous fiscal year due to positive effects of adding NAS, and also due to the retail price amendment of the MEVIUS brand implemented in April 2016.

Adjusted operating profit also increased, rising by 2.4% from the previous fiscal year, due to an increase in core revenue along with positive effects of measures to strengthen competitiveness emerging in the first three months of the fiscal year.

In 2017, further substantial negative effects of T-Vapor products are likely bring about decreases of revenue and profit amid a severe outlook in terms of both overall cigarette demand and total sales volume. Even amid that environment, we will continue steadily ramping up investment needed in order to achieve growth in 2018 and beyond, particularly in terms of investing in the T-Vapor area and our core brands.

Sales volume

(Billions of cigarettes)

	From January to December 2015	From January to December 2016	Year-on-year change
Total sales volume[*4]	109.2	106.2	-2.8%

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

Market share of JT and Mevius

	From January to December 2015	From January to December 2016	Year-on-year change
Market share of JT	59.9%	61.1%	+1.2%pt
Market share of Mevius	32.1%	31.4%	-0.7%pt

Results

(Billions of yen)

	From January to December 2015	From January to December 2016	Year-on-year change
Core revenue[*5]	642.2	649.7	+1.2%
Adjusted operating profit	254.1	260.2	+2.4%

*5. Includes revenue from domestic duty free, the China business and emerging products, but excludes revenue from distribution of imported tobacco in the Japanese domestic tobacco business, among others

Pharmaceutical Business

The pharmaceutical business returned to profitability, with revenue and adjusted operating profit having increased by ¥11.6 billion and ¥12.0 billion from the previous fiscal year. This is a result of higher royalty revenue due to favorable sales of original anti-HIV drug compounds that has been out-licensed and one-off milestone revenue related to R&D progress.

Pharmaceutical business: Items in clinical development (as of February 6, 2017)

<In-house development>

Code (generic name)	Potential indication/ dosage form	Mechanism		Phase	Note
JTZ-951	Anemia associated with chronic kidney disease/Oral	HIF-PHD inhibitor	Increases red blood cells by stimulating production of erythropoietin, an erythropoiesis-stimulating hormone, via inhibition of HIF-PHD.	Phase 2 (Japan) Phase 1 (Overseas)	In-house
JTE-052	Autoimmune/ allergic diseases/ Oral, Topical	JAK inhibitor	Suppresses overactive immune response via inhibition of Janus kinase (JAK) related to immune signal.	Phase 2 (Japan)	In-house Co-development with Torii
JTE-051	Autoimmune/ allergic diseases/ Oral	Interleukin-2 inducible T cell kinase inhibitor	Suppresses overactive immune response via inhibition of the signal to activate T cells related to immune response.	Phase 2 (Overseas)	In-house
JTT-251	Type 2 diabetes mellitus/Oral	PDHK inhibitor	Decreases blood glucose by activation of pyruvate dehydrogenase (PDH) related to carbohydrate metabolism.	Phase 1 (Overseas)	In-house
JTK-351	HIV infection/ Oral	HIV integrase inhibitor	Suppresses blood HIV levels by inhibiting the activity of integrase, an enzyme involved in the replication of HIV.	Phase 1 (Japan)	In-house
JTE-451	Autoimmune/ allergic diseases/ Oral	RORγ antagonist	Suppresses overactive immune response via inhibition of RORγ related to Th 17 activation.	Phase 1 (Overseas)	In-house
JTT-751 (ferric citrate)	Iron-deficiency anemia/Oral	Oral iron replacement	Corrects iron-deficiency anemia by using absorbed Iron for synthesis of hemoglobin.	Phase 2 (Japan)	In-license (Keryx Biopharmaceuticals) Co-development with Torii *additional indication

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

<Licensed compounds>

Compound (JT's code)	Licensee	Mechanism		Note
trametinib	Novartis	MEK inhibitor	Inhibits cellular growth by specifically inhibiting the activity of MAPK/ERK Kinase (MEK1/2).	NSCLC, trametinib + dabrafenib; U.S., EU and Japan marketing approvals submitted
Anti-ICOS monoclonal antibody	MedImmune	ICOS antagonist	Suppresses overactive immune response via inhibition of ICOS which regulates activation of T cells.	
JTE-052	LEO Pharma	JAK inhibitor	Suppresses overactive immune response via inhibition of Janus kinase (JAK) related to immune signal.	
JTZ-951	JW Pharmaceutical	HIF-PHD inhibitor	Increases red blood cells by stimulating production of erythropoietin, an erythropoiesis-stimulating hormone, via inhibition of HIF-PHD.	

Updates since the previous announcement on October 31, 2016:
<In-house development>

- Descovy® Combination Tablets LT and HT (emtricitabine/tenofovir alafenamide): obtained manufacturing and marketing approval in Japan (December 9, 2016)
- JTE-051: Moved up to Phase 2 in overseas
- JTT-851: Terminated

Processed Food Business

Despite ongoing firm results in the priority area of staple food products, revenue overall decreased by ¥1.8 billion from the previous fiscal year due to a downturn in sales in product categories other than staple foods. Adjusted operating profit increased by ¥2.3 billion from the previous fiscal year due to improvements in the product mix and a better cost of sales ratio against a backdrop of developments that included cost cuts and positive effects of a stronger yen.

Results

(Billions of yen)

	From January to December 2015	From January to December 2016	Year-on-year change
Revenue	165.8	164.1	-1.8
Adjusted operating profit	2.7	5.0	+2.3

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 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 Group classified the Beverage Business as discontinued operations in the previous fiscal year. As a result, profit (loss) from discontinued operations for the fiscal year ended December 31, 2015 is presented separately from that from continuing operations as “profit for the year from discontinued operations.”

Note: Yen amounts are rounded to the nearest million.

Consolidated statement of financial position

(Millions of yen)

	As of December 31, 2015	As of December 31, 2016	Increase (Decrease)
Assets			
Current assets	1,798,217	1,605,990	(192,227)[*1]
Non-current assets	2,760,017	3,138,384	378,366
Property, plant and equipment	681,865	680,835	(1,030)
Goodwill	1,429,287	1,601,987	172,699[*2]
Intangible assets	332,478	423,970	91,492[*2]
Investment property	23,614	18,184	(5,430)
Retirement benefit assets	38,954	23,680	(15,274)
Investments accounted for using the equity method	59,523	123,753	64,231
Other financial assets	101,727	99,358	(2,369)
Deferred tax assets	92,570	166,617	74,047[*2]
Total assets	4,558,235	4,744,374	186,139

(Millions of yen)

	As of December 31, 2015	As of December 31, 2016	Increase (Decrease)
Liabilities and equity			
Liabilities			
Current liabilities	1,265,920	1,356,574	90,654
Non-current liabilities	770,790	859,759	88,969
Total liabilities	2,036,710	2,216,333	179,623
Equity			
Equity attributable to owners of the parent company	2,451,596	2,456,091	4,496
Share capital	100,000	100,000	–
Capital surplus	736,400	736,400	–
Treasury shares	(444,333)	(443,822)	512
Other components of equity	(137,122)	(303,554)	(166,431)*3
Retained earnings	2,196,651	2,367,067	170,415*4
Non-controlling interests	69,929	71,950	2,021
Total equity	2,521,524	2,528,041	6,517
Total liabilities and equity	4,558,235	4,744,374	186,139

*1. Current assets: Decreased due to the effect of lower cash and cash equivalents.

*2. Goodwill, intangible assets and deferred tax assets: Increased due to the acquisition of the Natural American Spirit business outside the U.S.

*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)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016	Increase (Decrease)
Continuing operations			
Revenue	2,252,884	2,143,287	(109,597)
Cost of sales	(920,056)	(872,433)	47,623
Gross profit	1,332,828	1,270,854	(61,974)
Other operating income	15,367	70,101	54,734
Share of profit in investments accounted for using the equity method	6,381	6,489	108
Selling, general and administrative expenses	(789,346)	(754,115)	35,231
Adjusted operating profit (Note)	626,657	586,777	(39,880)
Operating profit	565,229	593,329	28,100
Financial income	15,016	6,618	(8,398)
Financial costs	(15,132)	(21,710)	(6,577)
Profit before income taxes	565,113	578,237	13,124
Income taxes	(162,386)	(152,464)	9,922
Profit for the year from continuing operations	402,727	425,773	23,047
Discontinued operations			
Profit for the year from discontinued operations	87,515	–	–
Company-wide basis			
(Continuing and discontinued operations combined)			
Profit for the year	490,242	425,773	(64,469)
Attributable to:			
Owners of the parent company	485,691	421,695	(63,996)
Non-controlling interests	4,551	4,078	(473)
Profit for the year	490,242	425,773	(64,469)

Note: Adjusted operating profit = operating profit + amortization cost of acquired intangibles arising from business acquisitions ± 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)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016	Increase (Decrease)
Profit for the year	490,242	425,773	(64,469)
Other comprehensive income	(282,534)	(190,523)	92,011
Comprehensive income for the year	207,708	235,250	27,542
Attributable to:			
Owners of the parent company	203,257	231,590	28,333
Non-controlling interests	4,450	3,660	(791)
Comprehensive income for the year	207,708	235,250	27,542

Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016	Increase (Decrease)
Cash flows from operating activities	468,432	376,549	(91,883)
Cash flows from investing activities	(63,271)	(687,509)	(624,239)*5
Cash flows from financing activities	(254,852)	91,318	346,170*6
Net increase (decrease) in cash and cash equivalents	150,309	(219,643)	(369,952)
Cash and cash equivalents at the beginning of the year	385,820	526,765	140,945
Effect of exchange rate changes on cash and cash equivalents	(9,365)	(12,965)	(3,601)
Cash and cash equivalents at the end of the year	526,765	294,157	(232,608)

*5. Cash flows from investing activities: Cash outflows increased due to acquisition of the Natural American Spirit business outside the U.S.

*6. Cash flows from financing activities: Increased due to short-term borrowings and issuance of bonds related to the acquisition of the Natural American Spirit business outside the U.S.

International Tobacco Business results for FY2016 and forecasts for FY2017

On February 7, 2017, JT held an institutional investors' meeting in Hotel Okura Tokyo's Ascot Hall. Thomas A. McCoy, President & Chief Executive Officer of JT International (JTI), presented International Tobacco Business' 2016 results and its forecasts for 2017.
Upon conclusion of the presentation, Mr. Eddy Pirard who is slated to become JTI President & Chief Executive Officer as successor of McCoy as of April 1, 2017, extended his greetings in acknowledgement of that appointment.
The summary of the presentation by McCoy is as follows.
<Photo> <Photo>
Current JTI President and CEO Thomas A. McCoy (left) pictured with his successor Eddy Pirard (right).

<Business result for 2016 (January to December)>

JTI achieved remarkably firm profit growth in 2016.
The figure for total shipment volume marked its most substantial upturn since 2012, having increased by 1.2%, as a result of growth in GFB shipment volume, market share gains, and positive effects of acquisitions. The gain in GFB shipment volume amounted to an increase of approximately 10.0 billion cigarettes from the previous fiscal year.
Against a backdrop of positive effects of pricing initiatives in addition to the higher shipment volume, at constant rates of exchange, core revenue increased by 8.5% from the previous fiscal year, and adjusted operating profit increased by 13.4%, thereby achieving double-digit growth for the sixth consecutive year.
In addition, 2016 was also a year during which JTI made progress with respect to strategic investment. JTI's efforts have extended beyond measures contributing to its near-term growth in profits to also include expanding its geographic footprint and investing in the field of emerging products. As such, we are convinced that these efforts have resulted in development of more robust business foundations that will contribute to generating future profits.

Steadily fortifying business investment

Brand equity enhancement <Logo> <Logo>

Seeding Markets* investment
*Markets that hold promise of contributing to the bottom line in the future
Bangladesh
Brazil
Egypt
Indonesia
Korea
Myanmar
Mexico

Philippines
Thailand
Vietnam

Competitive cost base
UK
Russia

Winston: Driving the GFB robust momentum <Logo>

Winston volume and SoM*

	2014	2015	2016
SoM(Note)	8.6%	8.8%	9.1%
Volume (BnU(Note))	129.6	132.1	139.3

Source: Internal estimates. * SoM on 12-month rolling average to November, based on JTI's top-40 markets

Robust growth in shipment volume and market share

- Performance exceeding overall demand in core markets
- Double-digit volume growth in 34 markets
- Reached record share in 20 markets

Sales of Aqua Filter cigarettes launched worldwide for the first time on January 2017

Winston SoM evolution (2016 vs. 2015)

(%pt)

France	Italy	Russia	Turkey	Taiwan
+0.6	+0.5	+0.4	+0.2	+3.0

Notes: SoM: Share of Market
BnU: Billion Units (billions of cigarettes)

Camel: Highest historical volume <Logo>

Camel volume and SoM

	2014	2015	2016
SoM*	2.6%	3.2%	3.3%
Volume (BnU)	46.4	50.9	52.2

Source: Internal estimates. * SoM on 12-month rolling average to November, based on JTI's top-40 markets

- Shipment volume and market share increased in core markets, Europe in particular
- Seeding markets such as Brazil and the Philippines driving volume growth
- Growth achieved in shipment volume of capsule products, including double-digit growth of Camel Active

Camel SoM evolution (2016 vs. 2015)

(%pt)

Brazil	Spain	France	Italy	Philippines
+0.2	+0.3	+0.2	+0.5	+0.3

* This page is intended as an explanation of the Group's business for shareholders. As such, it is not intended to promote product sales to customers or to encourage them to smoke.

LD: Market share continued to increase <Logo>

LD volume and SoM

	2014	2015	2016
SoM*	3.0%	3.3%	3.4%
Volume (BnU)	44.9	49.5	47.6

Source: Internal estimates. *SoM on 12-month rolling average to November, based on JTI's top-40 markets

- Reached record share in 12 markets including Canada, Kazakhstan, Romania, Russia and Taiwan
- Robust momentum of LD Compact
  Share expanded 58% year on year mainly driven by Kazakhstan and Russia

LD SoM evolution (2016 vs. 2015)

(%pt)

Canada	Kazakhstan	Romania	Russia	Taiwan
+1.1	+3.4	+1.8	+0.1	+0.3

Shipment volume of Mevius and Natural American Spirit increased.

<Logo>

Mevius volume (BnU)

2015	2016	Year-on-year change
17.1%	17.9%	+4.7%

<Logo>

NAS volume (BnU)

2015*	2016	Year-on-year change
1.9%	2.0%	+6.7%

* Natural American Spirit 2015 volume is related to SFR Tobacco International

E-Vapor*: Logic drove growth in core markets

E-Vapor industry value

U.S.	38%
U.K.	11%
France	11%
Germany	5%
Other countries	35%

Up to $6 billion in 2016

Source: Internal estimates

- Solid position in the top three E-Vapor markets
  U.S.: Logic's full line-up holds 12.4% share of value
  U.K.: Market share increased driven by Logic Curve and Logic Pro (share of value was 12.3%)
  France: Logic Pro showed strong performance and was ranked No. 1 in the closed tank segment
- Markets newly entered in 2016: Austria, Germany, Italy, Korea and duty-free markets

* E-Vapor products do not use tobacco leaf, instead using electrical heating of a liquid inside a device or specialized cartridge to generate vapor for the user to enjoy.

2017 forecasts (January to December)

As of the outset of the year 2017, we have confidence in the business foundations we have built through investment up to this point. Moreover, we anticipate continuing favorable performance of our GFBs and will persist in carrying out focused investment in that regard.

Nevertheless, our outlook envisages a scenario of shipment volume and core revenue at constant rates of exchange remaining on par with previous-year levels, amid a likelihood of an extremely challenging business environment amid tightening regulations in Europe and Russia, price competition involving lower-end products, and other such factors. On the other hand, we foresee continued robust growth of 9.1% with respect to adjusted operating profit at constant rates of exchange, amid factors that include positive effects of initiatives we have been taking for some time geared to optimizing our production framework.

Even under such difficult circumstances, we will continue working to strengthen our business foundations for sustainable growth while not compromising on investments, and continue to fulfill our role as the JT Group's driver of profit growth.

<Logo>

* This page is intended as an explanation of the Group's business for shareholders. As such, it is not intended to promote product sales to customers or to encourage them to smoke.

JT NEWS

TableMark announced production system restructure including establishment of new factory

TableMark Co., Ltd. is moving forward in pursuing initiatives geared to boosting productivity and ramping up production capacity, which involves building a second plant, at the site of its Uonuma Mizunosato Factory by March 2021, introducing new production lines at existing JT Group plants in Japan and relocating existing lines.

Going forward TableMark will establish a framework for supplying products in line with demand and will work to further enhance cost competitiveness.

Outline of the production system restructure

- Establishment of a new plant to manufacture frozen udon noodles in the site of Uonuma Mizunosato Factory
- Introduction of new lines at existing plants of the Group in Japan and relocation of existing lines
- Total investment amounts to approximately ¥16.0 billion

<Photo>

Profile of new factory

- Name: Uonuma Mizunosato Factory No. 2 (temporary name)
- Location: 1687-7, Aza-Yairohara, Tokamachi, Uonuma-shi, Niigata
- Construction area: Approx. 11,600 m^2
- Manufactured items: Frozen udon noodles
- Production capability: 36,000 servings/hour (total of 4 lines)

  *Construction company and other details are to be determined.

Upcoming schedule

- March 2017: Commencement of construction of Uonuma Mizunosato Factory No. 2 (temporary name)
- Latter half of 2017: Commencement of introduction of new lines and relocation of existing lines
- March 2018: Completion and commencement of operation of Uonuma Mizunosato Factory No. 2 (temporary name)
- March 2021: Completion of introduction of new lines and relocation of existing lines (completion of production system restructure)

In addition to the above, TableMark's ongoing capital expenditure plans will include investment of approximately ¥19.0 billion in aggregate total from 2017 to 2021, earmarked for upgrading to refrigeration equipment that uses non-CFC refrigerant in our current factories in Japan pursuant to Japan's Ozone Layer Protection Act (this involves switching to non-CFC based models that use natural refrigerants, and away from use of certain CFCs) and addressing issues involving deterioration of buildings.

*Information indicated in this document is as of the date of announcement on December 16, 2016. Also, please be aware that details presented here are subject to change without notice going forward.

How to receive your complimentary gift

The Company 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, 2016, 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 23. 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, 2016, 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
0120-791-187
Administrative agent: Mitsubishi UFJ Trust and Banking Corporation
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 and the 2016 Kumamoto Earthquake

In the Shareholder Special Benefit Plan for shareholders as of June 30, 2016, 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 and the 2016 Kumamoto Earthquake. 1,699 shareholders chose to make a donation through this option.
These donations totaled ¥3,160,000, which were contributed through the Central Community Chest of Japan's "2nd Red Feather Disaster Relief Volunteer & NPO Support Fund" and "The Disaster Relief Volunteer & NPO Support Fund Kyushu" on December 9, 2016. 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.

JT Group Products

Introducing New Tobacco Products

A new style of cigarette for 380 yen to make it easier to select
"Winston mini"

In late February, JT launched sales of three new Winston brand products under the "Winston mini" lineup. Priced at 380 yen, these mini palm-sized products make it possible for even more consumers to enjoy the brand.

Enjoyment of three different taste types

"Winston mini Bitter Red 12" features a deep, authentic tobacco taste; "Winston mini Straight Blue 8" offers a clean, sharp taste; and "Winston mini Sweet White One" features a rich, mellow taste.

<Logo>

"Winston mini Bitter Red 12"	"Winston mini Straight Blue 8"	"Winston mini Sweet White One"
Tar: 12mg	Tar: 8mg	Tar: 1mg
Nicotine: 0.8mg	Nicotine: 0.6mg	Nicotine: 0.1mg

Price: ¥380 each (containing 20 cigarettes)

Comments from person in charge:
Ryo Hasegawa, Brand Manager, Marketing Strategy Division, Japan Tobacco Inc.
<Photo>

"Winston mini" products are attuned to the needs and expectations of price-conscious customers. As such, JT has rolled out these products at the 380 yen price point, thereby placing them in the fiercely competitive value-price segment (of products priced up to 390 yen) where its competitors have released products at a price of 390 yen.
Obviously however, this product line delivers beyond the reasonable price.
For instance, because the products adhere to Winston's three-taste profile of bitter, straight and sweet flavors, while reflecting a firm focus on quality, products of the Winston mini line are regarded as cigarettes that consumers enthusiastically choose because the lineup offers good value at a reasonable price, and not because consumers are making a compromise for the sake of low price.

* This page is intended as an explanation of the Group'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>

Inaniwa-fu Udon Thin Noodles made with Hokkaido-Wheat 3 packs

Preparation: Microwave or hot pot cuisine

3 servings / 540g

■ Thin noodles perfect for hot summer days, made with meticulous attention to ingredients

Comments from person in charge:

Yurika Tsukihara, Product Development Division, Marketing & Sales Division, TableMark Co., Ltd.

Consumer demand for *udon* noodles tends to drop in the summer given that such foods are strongly associated with the cold winter season. As such, we have developed a frozen *udon* noodle product, a TableMark strength, so that consumers can enjoy such dishes during the hot days of summer.

The product is meticulously made with wheat grown in Hokkaido, which lends it even more of an authentic wheat flavor and savoriness. Also, we have adjusted the width and thickness of the noodles, and shaped them at an angle using a production process that involves cutting the noodles crosswise with a knife to ensure that they offer a smooth and firm texture ideal for consumption during the hot days when people tend to have less of an appetite for food.

<Photo>

<Photo>

Japanese-style rice

Shirasu fish and green nozawana vegetable rice made with Japanese Koshihikari rice (Limited edition)

Preparation: Microwave or fry pan

360g

■ Made with health-consciousness in mind, using Koshihikari rice from Japan fused with *mochi mugi* barley

<Photo>

Japanese poultry tender chicken cutlets, 320g

Preparation: Microwave or thawed at room temperature

320g

■ A versatile product perfect as part of a family meal, in takeout lunches or as a topping for other dishes

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.

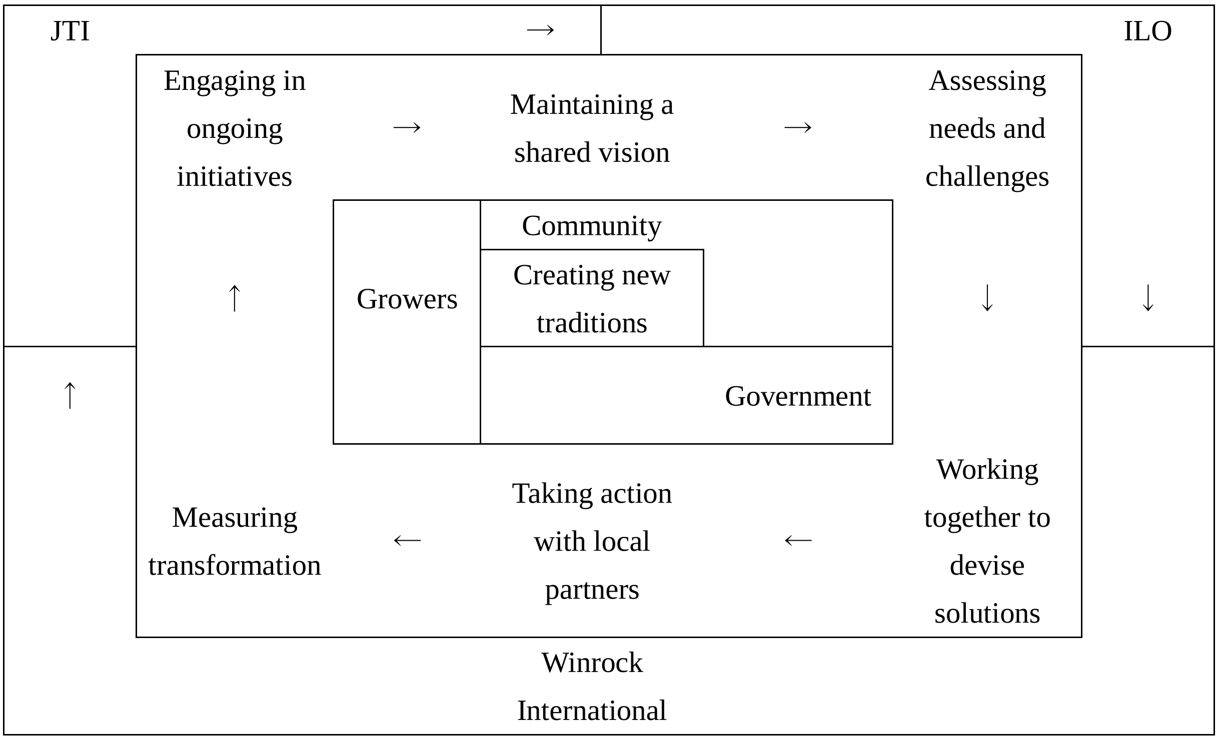
The 10th forest conservation activity “JT Forest Koigakubo Niimi”
Forest conservation agreement concluded with Niimi City, Okayama Prefecture
Over the five year period beginning on November 15, 2016, JT will engage in forest conservation activities under the “JT Forest in Koigakubo Niimi” project involving approximately 52 hectares of woodland owned by Niimi City, Okayama Prefecture. The activity is our 10th JT Forest initiative in Japan, and the 22nd instance of an initiative involving the “forest development in collaboration with the corporate sector” project promoted by Okayama Prefecture

Maintaining forests and protecting ecosystems of the Koigakubo wetlands, a Natural Monument of Japan neighboring the forests
With woodlands making up some 86% of Niimi City’s total area, this forest conservation agreement applies to planted forest that act as home to coniferous and broadleaved trees located around the upstream area of Takahashi River, where the matter of maintenance of such forest falling behind schedule has become a concern due to sluggish timber prices and other such factors. In addition, decaying pine trees and windfall trees of the woodland area threaten to adversely affect living creatures and the landscape of the adjacent Koigakubo wetland, which is home to hygrophyte vegetation (plants that thrive in wet or very moist ground) and has been designated as a Natural Monument of Japan.
JT is engaging in activities at the Koigakubo site premised on the notion that this is a significant initiative in terms of the necessity and importance of maintaining and managing Niimi’s woodlands, and in terms of conserving the Koigakubo wetlands and its precious ecosystem.
Over the five years of this initiative, we will work with relevant organizations and communities with tasks that involve thinning and clearing the woodlands to ensure healthy growth of the forest, thereby helping to better ensure the forest’s ability to recharge water sources of forests that support abundant water resources of the area, and preventing soil erosion. Moreover, in order to ensure that the Koigakubo wetlands remain in place for the next generation, we will also engage in efforts geared to maintaining the natural wetland environment and preserving its biodiversity by removing windfall trees and other woodland matter. Through such initiatives, we aim to help develop forest land that is conducive to ensuring that wetlands remain home to diverse forms of life.
Premised on our aim of working hand-in-hand with local communities, JT Group employees and their family members are lending their support by taking part in this initiative, with Niimi City taking on the

task of handling forest management operations on a daily basis.
<Photo>
<Photo>
Sometimes referred to as the Oze wetlands of western Japan, the Koigakubo wetlands are home to a variety of hygrophyte vegetation (plants that thrive in wet or very moist ground), and act as one of most academically significant marsh areas in western Japan.

The ARISE program for eradicating child labor practices in tobacco-producing nations
<Photo>
Year after year we face growing expectations from the public with respect to our responsibilities to society as a corporation, extending above and beyond the need to comply with laws and regulations, and efforts geared to environmental conservation. This particularly holds true with respect to the substantial challenges we face as a corporation in terms of ensuring that we respect human rights in the course of conducting business.
In emerging economies, exploitation of child labor is seen as posing substantial risk in the realm of human rights, such that is often less likely in developed nations. With that in mind, the JT Group aims to help eradicate child labor practices through the Achieving Reduction of Child Labor in Support of Education (ARISE) program, particularly given that the JT Group procures much of its leaf tobacco used as a raw material for cigarettes from overseas sources.

Aiming to help eradicate child labor practices and lending support to communities that grow leaf tobacco through collaborative initiatives with NGOs and other entities
JTI launched the ARISE program in 2012, in conjunction with U.S.-based NGO Winrock International and other entities. Currently active in the nations of Brazil, Malawi, Zambia and Tanzania, the program aims to help eradicate child labor practices by establishing environments conducive to enabling children to receive educations. This involves lending support to educating children in terms of both tangible and intangible factors, with respect to initiatives such as providing educational materials and ensuring availability of supplementary classes and vocational training. This also entails initiatives to help open people’s eyes to the importance of education.
In addition, the program provides means of household support for parents as alternatives to child labor, and at the same time encouraging local governments to change policies in that regard.



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

Tomb of chief priest Genko [Nagano Prefecture]
<Photo>

Remnants of dried “Genko-ba” tobacco leaf are among the artifacts of the Sakai Meijo sake brewery’s Brewery Collection, located in Chikuma City’s Togura area which is in the northern part of the town of Sakaki-machi. According to Sakai Meijo, the dried tobacco leaf was discovered when the sake brewery’s storehouse was being put into order in 1982, along with a written record noting that the leaf had been purchased in 1875 from Shingo Kotaki of the Yokoo district of Minamijomura village. The Kotaki family sold leaf tobacco in close proximity to where the stone monument to Genko Oumi is located today. The Brewery Collection features a permanent display of such “Genko-ba” tobacco leaf.
<Photo>
<Photo>
“Genko-ba” tobacco leaf and Brewery Collection of “Sakai Meijo”

Local residents helping to preserve tomb of Buddhist monk credited with introducing tobacco production to the area

Among agricultural areas that long engaged in tobacco cultivation, there are several locations that saw the emergence of tobacco cultivation, which got its start from tobacco seeds brought by monks who had come back to this land after having embarked on apprenticeships elsewhere or who had visited this land. Although no longer home to tobacco production, Sakaki-machi of the Hanishina-gun of Nagano Prefecture is one such location.
It is said that around the end of Japan’s Genna era (1615–1624), a monk from Musashi Province (which included present-day Saitama Prefecture) named Genko Oumi gained possession of seeds of the “kokubu-ba” tobacco leaf variety at Osumi-no-kuni Province (part of present-day Kagoshima Prefecture) which he had visited as part of his ascetic training. He then built a monastery in the former Yokoomura village in Sakaki-machi and first planted the seeds. The tobacco’s reputation apparently spread swiftly, and came to be referred to as “Genko-ba” tobacco leaf and “Genko cigarettes,” named after the monk.
Genko Oumi’s tomb remains to this day, but the tombstone which was crafted in the beginning of Japan’s Edo period (1603–1868) is in poor condition, having greatly deteriorated and broken in some places.
Amid such concerns, residents of the former village of Yokoomura (present-day Machiyokoo district) have decided to undertake the task of maintaining the tomb which has involved building a structure to cover the tombstone in order to prevent further deterioration, and putting up a panel explaining the history surrounding Genko Oumi.
Although the “Genko” tobacco leaf cultivation initiated by Genko Oumi was halted in 1902, people still

honor his legacy as a former resident who is credited as having brought the practice of growing tobacco leaf as a cash crop to the area.

<Photo>
Genko Oumi's tombstone is a "*muhoto*" grave marker specifically for monks and bears the inscription, "Tomb of Genko Oumi who passed away on April 21, 1663 during the Kanbun era (1661–1673)."

Standing next to the tombstone is a small stone monument with the weathered and consequently somewhat illegible inscription, "In memory of high priest Genko Oumi, the man who introduced Genko tobacco to this locality."
<Photo>

<Photo>
The monument to Genko Oumi stands along the Old Hokkoku Road, 300 meters to the west of Genko Oumi's tomb.

<Photo>
The reverse side of the monument contains the inscription "Tobacco pioneer." The monument faces the Old Hokkoku Road.

<Map>
■ Tomb of Genko Oumi
Location: Minamijo 4693, Sakaki-machi, Hanishina-gun, Nagano, 389-0603, Japan
Access: Approx. 20 minutes' walk from Tekuno Sakaki Station, Shinano Railway Line
■ Monument to Genko Oumi
Location: Minamijo 4744, Sakaki-machi, Hanishina-gun, Nagano, 389-0603, Japan
Access: Approx. 15 minutes' walk from Tekuno Sakaki Station, Shinano Railway Line
■ Brewery Collection, Sakai Meijo Co., Ltd.
Location: 1855-1 Oaza Togura, Chikuma-shi, Nagano, 389-0804, Japan
Telephone: 026-275-2923
Opening hours: 9 a.m. to 5 p.m.
Closed: January 1
Access: Approx. 3 minutes' walk from Togura Station, Shinano Railway Line

Company Profile

Trade name: Japan Tobacco Inc.

Location of head office: JT Building, 2-1, Toranomon 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, 2016)

Composition of shareholders

Public sector: 33.35%

Financial institutions: 17.33%

Individuals and others: 14.79%

Securities companies: 2.77%

Other institutions: 0.83%

Foreign institutions and others: 30.92%

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

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

(Number of treasury shares: 209,044,267 shares)

Number of shareholders: 154,377

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
		Dividends <===	JT
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 24, 2017)

■ 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

Standing Audit & Supervisory Board Member	Futoshi Nakamura
Standing 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.
* The Company 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, HR, Corporate Strategy, IT, Business Development 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 Chijiiwa
Senior Vice President, President, Japanese Tobacco Business, Tobacco Business	Chito Sasaki
Senior Vice President, Head of China Division, Tobacco Business	Kazuhito Yamashita
Senior Vice President, Chief Marketing & Sales Officer, Tobacco Business	Shiroji Maeda
Senior Vice President, Corporate, Scientific & Regulatory Affairs Division, Tobacco Business	Junichi Fukuchi

Senior Vice President, Head of Tobacco Business Planning Division, Tobacco Business	Koji Shimayoshi
Senior Vice President, Chief R&D Officer, Tobacco Business	Takehisa Shibayama
Senior Vice President, Manufacturing Group, Tobacco Business	Hirakazu Otomo
Senior Vice President, Head of Leaf Procurement Group, Tobacco Business	Kenji Ogura
Senior Vice President, President, Pharmaceutical Business	Muneaki Fujimoto
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, Human Resources	Kiyohide Hirowatari
Senior Vice President, Corporate Strategy and IT	Yuki Maeda
Senior Vice President, Business Development	Takehiko Tsutsui
Senior Vice President, Communications	Kei Nakano
Senior Vice President, General Affairs	Takanori Kikuchi

Trends in Share Price
Share prices of the Company, from IPO on October 27, 1994 to February 2017 (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.

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.jti.co.jp/
* 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
- Notification of My Number identification number of shareholders whose shares are managed by securities companies*

  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
- 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, Toranomon 2-chome, Minato-ku, Tokyo 105-8422, Japan
Tel.: +81-3-3582-3111
URL: https://www.jt.com/