

JT Group's Response to the Great East Japan Earthquake

We would like to express our sincere sympathy for the people affected by the Great East Japan Earthquake that occurred on March 11, 2011, and we pray for an early recovery from the disaster.

The JT Group, too, was significantly affected by this unprecedented disaster, as some tobacco factories and other business facilities were damaged.

Below, we report on the impact on our businesses and the measures that we have taken and are planning take to deal with the disaster.

(As of May 12, 2011)

The impact of the Great East Japan Earthquake and the JT Group's disaster response

URL www.jti.co.jp

Damage and Effects on the JT Group

On March 11, the day when the earthquake occurred, the JT Group set up a group-wide crisis management task force headed by President and CEO Hiroshi Kimura. Since then, we have been providing support for restoration work in the disaster zones, gathering information and considering countermeasures while giving the priority to the safety of employees. Moreover, to minimize financial losses that the JT Group may incur, we have taken necessary measures to continue business operations, including the restoration of the product supply capability.

1 Tobacco Business

Buildings and equipment at some factories, sales offices, the Accepting Order Center and distribution depots that handle tobacco products suffered damage and lost some functions.

Regarding manufacturing operations, damage was inflicted on the Kita-Kanto and Koriyama factories, which are major production centers, the Tomobe factory, which makes semi-finished products, the East-Japan Regional Leaf Tobacco Headquarters, and the Tagajo Factory of Japan Filter Technology, Ltd., a JT Group company. The property damage, coupled with the disruptions caused to distribution and the effects of rolling blackouts, forced us to take

the temporary step of reducing the number of brands shipped and restricting the shipment volume on a nationwide basis. However, as we have strived to quickly restore the damaged business facilities and secure alternative production and sourcing, we will be able to increase the number of brands shipped to 58 in early July and resume the shipment of the full lineup of 73 brands in early August.

2 Pharmaceutical Business

Regarding the pharmaceutical business, JT's laboratories and Torii Pharmaceutical Co., Ltd., a JT Group company, suffered only minor damage. Torii Pharmaceutical's Sakura Plant in Chiba Prefecture is operating normally.

3 Food and Beverage Businesses

Regarding the processed foods and seasonings business of TableMark Co., Ltd. and its subsidiaries, a processing factory of a fishery business subsidiary in Ibaraki Prefecture was damaged and halted operations. However, other manufacturing facilities remain mostly intact and maintain normal production capacity. The beverage business was affected by damage to its suppliers and rolling blackouts but its operations have returned to normal.

Expected Power Shortage in Summer

Because of the devastation inflicted by the Great East Japan Earthquake, we need to deal with an expected power shortage this summer in the areas served by Tokyo Electric Power and Tohoku Electric Power. To this end, the JT Group has launched an energy saving project and developed countermeasures. In this project, we are working on a voluntary action plan to deal with the power shortage. We are considering shifting production to off-peak hours and holidays, shutting down some production lines and promoting the use of internally generated electricity. Other measures under consideration include changing the temperature setting of air conditioners at all business facilities, reducing lighting and introducing energy-efficient LED lighting.

Meanwhile, the period of the "Cool Biz" casual dress code campaign (intended to promote energy saving by making it easier to endure reduced air conditioning), which is in place in June through September in usual years, has been extended to from May 10 to October 31. In addition, energy consumption by cigarette vending machines owned by JT and beverage vending machines owned by group companies including the Japan Beverage Group is reduced by turning off their lighting.

The JT Group has already been promoting energy conservation from the perspective of the fight against global warming, and it is resolved to step up such efforts.

Disaster Relief

JT donated ¥300 million and group companies including Torii Pharmaceutical Co. Ltd., also made monetary donations.

A total of around 7,100 JT Group employees in Japan participated in fundraising activity. Including the money provided by JT through the matching-gift program, the total donation amount came to approximately ¥121 million. Japan Tobacco International, which is responsible for the international tobacco business, set up the Japan Disaster Relief Fund, and in response to invitation for donations, JTI employees in about 120 countries around the world donated a total of some \$1.9 million (approx. ¥160 million*) to this fund. In addition, suppliers donated some \$3.6 million (approx. ¥294 million*) to this fund.

Immediately after the earthquake occurred, the JT Group donated relief goods from among its products, including drinking water and cup-type instant noodles as well as daily necessities. TableMark Co. Ltd., a JT Group company, is operating an on-site meal program in the disaster zones.

Regarding volunteer activity by employees, for a

period after the earthquake, we concentrated on gathering information and providing information to employees willing to work as volunteers. With the needs for volunteer support growing in the disaster zones, we started dispatching employee volunteers in cooperation with disaster relief volunteer centers and other relevant organizations. As the needs for volunteer support are expected to remain strong for an extended period of time, we are committed to continuous support in this respect.

In conducting disaster relief activities in the future, it is essential to consider providing support for post-disaster reconstruction work from a long-term perspective while paying increased attention to the needs of the disaster zones. The JT Group will continue to extend necessary relief and support in cooperation with local governments and relevant organizations while keeping track of the circumstances of the disaster zones and victims.

*At the rate of 82 yen / dollar

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Activity for the Great East Japan Earthquake