

[This is an English translation prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.]

Securities Code: 2914

June 6, 2011

To Our Shareholders

Hiroshi Kimura
President, Chief Executive Officer and
Representative Director
Japan Tobacco Inc.
2-1, Toranomom 2-chome, Minato-ku, Tokyo

NOTICE OF CONVOCATION OF THE 26TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We all express our heartfelt sympathy to our shareholders who were affected by the Great East Japan Earthquake, and wish the reconstruction of the devastated areas as early as possible.

You are cordially invited to attend the 26th ordinary general meeting of shareholders of Japan Tobacco Inc. (“JT” or the “Company”) to be held as set forth below.

If you cannot attend the meeting, you may exercise your voting rights in written form or by electromagnetic means including the Internet. Please see the “Reference Documents for the General Meeting of Shareholders” hereinafter described and exercise your voting rights by 6:00 p.m., on Thursday, June 23, 2011, by returning to us by that time the Voting Rights Exercise Form enclosed herewith indicating whether you are for or against each of the items, or by accessing the web-site designated by us for the exercise of voting rights (<http://www.evote.jp/>).

Particulars

1. **Date and Time of the Meeting:** Friday, June 24, 2011, at 10:00 a.m.
2. **Place of the Meeting:** Tokyo Prince Hotel
3-1, Shibakoen 3-chome, Minato-ku, Tokyo
3. **Purpose of the Meeting:**
 1. **Matters to be Reported:**
 1. Report on the Business Report, the Consolidated Financial Statements, and the Independent Auditors’ Report and JT’s Audit Board Report on the Consolidated Financial Statements for the 26th Business Term (From April 1, 2010 to March 31, 2011)
 2. Report on the Non-Consolidated Financial Statements for the 26th Business Term (From April 1, 2010 to March 31, 2011)
 2. **Matters to be Resolved:**
 - Item 1:** Appropriation of Surplus
 - Item 2:** Partial Amendments to the Articles of Incorporation
 - Item 3:** Election of Four (4) Auditors

* For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.

* If there is any amendment to the “Reference Documents for the General Meeting of Shareholders,” Business Report (Japanese only), or Non-Consolidated and Consolidated Financial Statements (Japanese only), it will be published on our web-site (<http://www.jti.co.jp/>).

4. Other Decisions on the Convocation of the Meeting

- (1) If the voting right is exercised both by return of the Voting Rights Exercise Form and via the Internet, only the exercise of the voting right via the Internet shall be valid.
- (2) If the voting right is exercised more than once via the Internet, only the last exercise of the voting right shall be valid.

[Instructions for Exercising Your Voting Rights]

1. Exercise of the Voting Rights by post:

Please indicate whether you are for or against each of the items on the Voting Rights Exercise Form enclosed herewith and return it to us.

2. Exercise of the Voting Rights via the Internet:

Please access the designated web-site for the exercise of voting rights (<http://www.evote.jp/>) from your computer and indicate whether you are for or against each of the items following the directions on the web-site using the “Log-in ID” and “Temporary Password” described in the Voting Rights Exercise Form enclosed herewith. You are requested to refer to “Direction for Exercise of the Voting Rights via the Internet” (Japanese only).

3. JT participates in the electromagnetic voting rights exercise system (Voting Rights Exercise Platform) operated and administered by ICJ, Inc.

REFERENCE DOCUMENTS
FOR THE GENERAL MEETING OF SHAREHOLDERS

Items and Relevant Information

Item 1: Appropriation of Surplus

The surplus is proposed to be appropriated as follows:

Year-end dividends

The year-end dividends on shares of Common Stock for the 26th Business Term are proposed to be paid on the following terms, for the purpose of making a return to JT's shareholders while ensuring the internal reserve fund required for the future business development.

(1) Type of assets to be paid as dividends:

Cash

(2) Allotment of assets to be paid as dividends and their aggregate amount:

¥4,000 per share of Common Stock of JT Aggregate amount: ¥38,085,896,000

Together with the interim dividends of ¥2,800 per share paid in December 2010, the annual dividends for the 26th Business Term will be ¥6,800 per share.

(3) Effective date for distribution of surplus:

June 27, 2011

Item 2: Partial Amendments to the Articles of Incorporation

1. Reasons for amendments

- (1) It is proposed newly establish provisions permitting exemption of liability of the Directors and the Statutory Auditors to the extent provided by the Companies Act and permitting execution of liability limitation contracts with Outside Directors and Outside Statutory Auditors in advance, so that they can fully exercise expected roles and the Company may appoint appropriate persons with broader choice within and outside the Company. (Articles 23 and 28)
 In addition, the Statutory Auditors have unanimously agreed on the proposed provision on exemption of liability of the Directors. (Article 23)

- (2) Following the insertion of the provisions described above, Articles 23 to 26 and Articles 27 to 29 will be renumbered accordingly.

2. Details of amendments

Details of amendments are as follows:

(Underlined portions to be amended.)

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p>	<p><u>(Limitation of Liability of Directors)</u></p> <p><u>Article 23. In accordance with the provisions of Article 426, paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt any Director (including any former Director) from the liabilities under Article 423, paragraph 1 of the Companies Act, to the extent permitted by laws and ordinances.</u></p> <p><u>2. In accordance with the provision of Article 427, paragraph 1 of the Companies Act, the Company may enter into an agreement with Outside Directors to limit the liability under Article 423, paragraph 1 of the Companies Act to the amount provided by laws and ordinances.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>Article <u>23</u>. to Article <u>26</u>. (Provisions omitted)</p> <p>(Newly established)</p>	<p>Article <u>24</u>. to Article <u>27</u>. (Same as at present)</p> <p><u>(Limitation of Liability of Statutory Auditors)</u></p> <p><u>Article 28. In accordance with the provisions of Article 426, paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt any Statutory Auditor (including any former Statutory Auditor) from the liabilities under Article 423, paragraph 1 of the Companies Act, to the extent permitted by laws and ordinances.</u></p> <p><u>2. In accordance with the provisions of Article 427, paragraph 1 of the Companies Act, the Company may enter into an agreement with Outside Statutory Auditors to limit liability under Article 423, paragraph 1 of the Companies Act to the amount provided by laws and ordinances.</u></p>
<p>Article <u>27</u>. to Article <u>29</u>. (Provisions omitted)</p>	<p>Article <u>29</u>. to Article <u>31</u>. (Same as at present)</p>

Item 3: Election of Four (4) Auditors

The term of office of all four (4) present Auditors will expire at the conclusion of this ordinary general meeting of shareholders. Accordingly, the election of four (4) Auditors is proposed.

The Board of Auditors has approved this proposition.

The candidates for the office of Auditor are as follows:

Candidate Number	Name (Date of Birth)	Brief Personal History, Positions in the Company, and Significant Concurrent Positions outside the Company	Number of the Company's Shares Held
1	Hisao Tateishi (December 23, 1946)	Apr. 1971 Jul. 1997 Jul. 1999 Jan. 2001 Jul. 2001 Jul. 2003 Sep. 2005 Jun. 2007 Joined Ministry of Finance Commissioner of Kanto Shinetsu Regional Taxation Bureau, National Tax Agency Deputy Director-General of Personnel Affairs Bureau, Management and Coordination Agency Deputy Director-General of Personnel Affairs and Pension Bureau, Ministry of Internal Affairs and Communication Standing Director, Japan Foundation for Regional Vitalization Standing Director, Federation of National Public Service Personnel Mutual Aid Associations Senior Director, Federation of National Public Service Personnel Mutual Aid Associations Standing Auditor of the Company (Current Position)	25
2	Gisuke Shiozawa (April 18, 1952)	Apr. 1976 Aug. 1995 Sep. 1999 Apr. 2002 Jun. 2003 Jun. 2005 Jun. 2008 Joined the Company (Japan Tobacco and Salt Public Corporation) Head of Treasury Division Assistant to Director in Food Business Planning Division, Food Business Senior Manager in Soft Drink Business Division, Food Business Senior Vice President, Head of Food Business Planning Division, Food Business Senior Vice President, Head of Soft Drink Business Division, Food Business Standing Auditor (Current Position)	67
3	Koichi Ueda (December 17, 1943)	Apr. 1967 Apr. 1969 Jun. 2006 Dec. 2006 Jan. 2007 Apr. 2007 Jan. 2009 Mar. 2009 Jun. 2009 (Significant Concurrent Positions outside the Company) President and Representative Director, The Resolution and Collection Corporation Attorney at Law, Koichi Ueda Law Office Judicial Apprentice Appointed as Public Prosecutor Superintending Public Prosecutor, the Tokyo High Public Prosecutors Office Took mandatory retirement Registered as an attorney at law Specially Appointed Professor of Meiji University Law School (Current Position) Representative Director, The Resolution and Collection Corporation President and Representative Director, The Resolution and Collection Corporation (Current Position) Auditor of the Company (Current Position)	6

Candidate Number	Name (Date of Birth)	Brief Personal History, Positions in the Company, and Significant Concurrent Positions outside the Company	Number of the Company's Shares Held
4	Yoshinori Imai (December 3, 1944)	<p>Apr. 1968 Joined Japan Broadcasting Corporation</p> <p>Jun. 1995 Bureau Chief of General Bureau for Europe</p> <p>May 2000 Director General, Planning & Broadcasting Department, Japan Broadcasting Corporation</p> <p>Jun. 2003 Executive Editor and Programme Host, Japan Broadcasting Corporation</p> <p>Jan. 2008 Executive Vice President, Japan Broadcasting Corporation</p> <p>Jan. 2011 Retired from Executive Vice President, Japan Broadcasting Corporation</p> <p>Apr. 2011 Visiting Professor, Ritsumeikan University (Current Position)</p>	0

- (Notes) 1. No conflict of interest exists between the Company and each of the above candidates.
2. Hisao Tateishi, Koichi Ueda, and Yoshinori Imai are candidates for the office of Outside Statutory Auditor.
3. Relevant matters concerning the candidates for the office of Outside Statutory Auditor are described as follows:
- (1) For Hisao Tateishi
- We comprehensively judged that he is suitable to be an Outside Statutory Auditor considering his considerable experience and extensive insight obtained from his many years of administrative practice and execution of his duties at the Federation of National Public Service Personnel Mutual Aid Associations.
- While having not been involved in corporate management, it is judged that he would be able to appropriately execute his duty as Outside Statutory Auditor for the above-mentioned reasons and based on the fact that he has sufficiently performed his duty as the Company's Statutory Auditor. The period during which Hisao Tateishi has held the office of Statutory Auditor is four (4) years as at the conclusion of this ordinary general meeting of shareholders.
- (2) For Koichi Ueda
- We comprehensively judged that he is suitable to be an Outside Statutory Auditor considering his considerable experiences and extensive insight obtained from his legal career.
- The period during which Koichi Ueda has held the office of Statutory Auditor is two (2) years as at the conclusion of this ordinary general meeting of shareholders.
- (3) For Yoshinori Imai
- We comprehensively judged that he is suitable to be an Outside Statutory Auditor considering his abundant experiences and broad insights into global politics and economics gained from performing responsibilities as Executive Vice President of Japan Broadcasting Corporation (NHK).
- While he has not been involved in corporate management, it is judged that he would be able to appropriately execute his duty as Outside Statutory Auditor for the above-mentioned reasons.
4. Should Item 2 (the partial amendments to the Articles of Incorporation) and the election of Hisao Tateishi, Koichi Ueda, and Yoshinori Imai be approved at this Ordinary General Meeting of Shareholders, pursuant to the provision of Article 28 of the amended Articles of Incorporation, the Company intends to enter into an agreement with each of them to limit their liabilities stipulated in Article 423, Paragraph 1 of the Companies Act to the extent permitted by the laws and ordinances.
5. Hisao Tateishi, Koichi Ueda, and Yoshinori Imai meet the requirements for independent auditor provided under the stock exchange rules.