



FOR IMMEDIATE RELEASE

February 4, 2016

Notice of Partial Amendment to the Articles of Incorporation

Japan Tobacco Inc. (JT) (TSE: 2914) announces that the Board of Directors has made a resolution today to submit a partial amendment to the Company's Articles of Incorporation (the "Proposed Amendment") at the 31st ordinary General Meeting of Shareholders scheduled for March 23, 2016.

1. Reason for the Proposed Amendment

- (1) The Proposed Amendment is designed to build an optimal framework for executing business by allowing the selection of the President and Executive Vice President not only from among Members of the Board, but also from among Executive Officers who are not Members of the Board (Articles 23 of Proposed Amendment). In conjunction with this, other necessary amendments are proposed regarding provisions for convening a General Meeting of Shareholders or a Board of Directors and the chairing of such meetings (Articles 15, 16, and 24 of Proposed Amendment).
- (2) The Company introduced the Executive Officer System in 2001. In conjunction with the above amendments, a certain provision will be newly created to clarify the selection method and roles of Executive Officers, and the title of the Chapter containing the said article will be revised (Article 27 of Proposed Amendment).
- (3) In light of the fact that the partial revisions of the Companies Act No.90 of 2014 enacted on May 1, 2015, allowing the execution of an agreement on limitation of liability with Members of the Board who do not execute business and Audit & Supervisory Board Members (previously allowed solely with Outside Directors and Outside Audit & Supervisory Board Members), certain amendments are proposed to enable the said Members of the Board and the said Audit & Supervisory Board Members to fully perform their expected roles, and to allow the Company to secure appropriate personnel from a larger pool of resources whether inside or outside the Company (Articles 26 and 32 of Proposed Amendment).

In addition, the Audit & Supervisory Board Members have unanimously agreed to the amendment to the provision on limitation of liability for Members of the Board (Article 26 of Proposed Amendment).

(4) In connection with the newly created provisions on Executive Officers (Article 27 of Proposed Amendment), subsequent numbering of Articles will be adjusted accordingly.

2. Details of Proposed Amendment

Please refer to the Attachment.

3. Planned Timeline

The Proposed Amendment will be effective upon approval on the proposal “The Partial Amendment to the Company’s Articles of Incorporation” at the 31st ordinary General Meeting of Shareholders of the Company scheduled for March 23rd, 2016 and approval on the same from the Minister of Finance in accordance with the Japan Tobacco Inc. Act.

<Proposed Amendment to Articles of Incorporation>

* Underline indicates amended portions

Current	Proposed Amendment
<p>(Convocation)</p> <p>Article 15</p> <p>1. The ordinary General Meeting of Shareholders of the Company shall be convened in March of every year and the extraordinary General Meeting of Shareholders may be convened at any time when deemed necessary by the <u>President</u> pursuant to the resolution of the Board of Directors.</p> <p>2. If the <u>President</u> is prevented from so acting, one of the other Members of the Board shall convene the General Meeting of Shareholders in his/her place in the order previously determined by the resolution of the Board of Directors.</p> <p>3. (Omitted)</p>	<p>(Convocation)</p> <p>Article 15</p> <p>1. The ordinary General Meeting of Shareholders of the Company shall be convened in March of every year and the extraordinary General Meeting of Shareholders may be convened at any time when deemed necessary by the <u>Member of the Board previously appointed by the Board of Directors</u> pursuant to the resolution of the Board of Directors.</p> <p>2. If the <u>Member of the Board appointed pursuant to the preceding paragraph</u> is prevented from so acting, one of the other Members of the Board shall convene the General Meeting of Shareholders in his/her place in the order previously determined by resolution of the Board of Directors.</p> <p>3. (Same as current version)</p>
<p>(The Chairman of General Meeting of Shareholders)</p> <p>Article 16</p> <p>1. The <u>President of the Company</u> shall act as chairman at the General Meeting of Shareholders.</p> <p>2. If the <u>President</u> is prevented from so acting, one of the other Members of the Board shall act on his/her behalf in the order previously determined by the</p>	<p>(The Chairman of General Meeting of Shareholders)</p> <p>Article 16</p> <p>1. The <u>Member of the Board previously appointed by the Board of Directors</u> shall act as chairman at the General Meeting of Shareholders.</p> <p>2. If the <u>Member of the Board appointed pursuant to the preceding paragraph</u> is prevented from so acting, one of the other Members of the Board shall act on his/her</p>

Current	Proposed Amendment
<p>resolution of the Board of Directors.</p> <p>Chapter 4 Members of the Board <u>and</u> Board of Directors</p> <p>(Representative Director <u>and</u> Executive Director)</p> <p>Article 23</p> <ol style="list-style-type: none"> 1. The Company shall elect one President and, as the needs arise, <u>one Chairman of the Board</u>, and a certain number of Executive Vice Presidents, from among the Members of the Board, by the resolution of the Board of Directors. 2. <u>The President has the authority to represent the Company.</u> 3. <u>In addition to the President</u>, the Company <u>may</u> appoint by the resolution of the Board of Directors a certain number of Members of the Board who have the authority to represent the Company. 4. ~ 5. (Omitted) 6. If the President is prevented from performing his/her duty, the other Members of the Board shall act on his/her behalf in the order previously determined by the resolution of the Board of Directors. 	<p>behalf in the order previously determined by the resolution of the Board of Directors.</p> <p>Chapter 4 Members of the Board, Board of Directors, <u>Etc.</u></p> <p>(Representative Director, Executive Director, <u>Etc.</u>)</p> <p>Article 23</p> <ol style="list-style-type: none"> 1. The Company shall elect one President and, as the needs arise, a certain number of Executive Vice Presidents from among the Members of the Board <u>and the Executive Officers</u>, by the resolution of the Board of Directors. 2. <u>The Company shall elect, as the needs arise, one Chairman of the Board from among the Members of the Board by the resolution of the Board of Directors.</u> 3. The Company shall appoint by the resolution of the Board of Directors a certain number of Members of the Board who have the authority to represent the Company. 4. ~ 5. (Same as current version) 6. If the President is prevented from performing his/her duty, the other Members of the Board <u>or Executive Officers</u> shall act on his/her behalf in the order previously determined by the resolution of the Board of Directors.
<p>(Board of Directors)</p> <p>Article 24</p> <ol style="list-style-type: none"> 1. The <u>President</u> shall convene the meeting of the Board of Directors and shall act as chairman of the meeting. 	<p>(Board of Directors)</p> <p>Article 24</p> <ol style="list-style-type: none"> 1. The <u>Member of the Board previously appointed by the Board of Directors</u> shall convene the meeting of the Board of

Current	Proposed Amendment
<p>2. Notwithstanding the provision of the preceding paragraph, any meeting of the Board of Directors shall be convened by the Chairman of the Board if such officer is appointed, and the Chairman of the Board shall act as chairman thereof; provided, however, that if the Chairman of the Board is prevented from so acting, the <u>President</u> shall convene the meeting and act as its chairman.</p> <p>3. ~ 5. (Omitted)</p> <p>(Limitation of Liability for Members of the Board)</p> <p>Article 26</p> <p>1. (Omitted)</p> <p>2. In accordance with the provision of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with <u>Outside Directors</u> to limit the liability under Article 423, Paragraph 1 of the Companies Act to the amount provided by laws and regulations.</p> <p>(Newly Established)</p>	<p>Directors and shall act as chairman of the meeting.</p> <p>2. Notwithstanding the provision of the preceding paragraph, any meeting of the Board of Directors shall be convened by the Chairman of the Board if such officer is appointed, and the Chairman of the Board shall act as chairman thereof; provided, however, that if the Chairman of the Board is prevented from so acting, the <u>other Members of the Board</u> shall convene the meeting and act as its chairman <u>in the order previously determined by the resolution of the Board of Directors.</u></p> <p>3. ~ 5. (Same as current version)</p> <p>(Limitation of Liability for Members of the Board)</p> <p>Article 26</p> <p>1. (Same as current version)</p> <p>2. In accordance with the provision of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with <u>Members of the Board (excluding those are Executive Directors, etc.)</u> to limit the liability under Article 423, Paragraph 1 of the Companies Act to the amount provided by laws and regulations.</p> <p><u>(Executive Officers)</u></p> <p><u>Article 27</u></p> <p><u>The Company may, by the resolution of the Board of Directors, appoint Executive Officers, set forth their duties and responsibilities, and cause them to execute business of the Company.</u></p>

Current	Proposed Amendment
<p>Article <u>27</u>~Article <u>30</u> (Omitted)</p> <p>(Limitation of Liability for Audit & Supervisory Board Members)</p> <p>Article <u>31</u></p> <ol style="list-style-type: none"> 1. (Omitted) 2. In accordance with the provision of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with <u>Outside</u> Audit & Supervisory Board Members to limit liability under Article 423, Paragraph 1 of the Companies Act to the amount provided by laws and regulations. 	<p>Article <u>28</u>~Article <u>31</u> (Same as current Article 27~Article 30)</p> <p>(Limitation of Liability for Audit & Supervisory Board Members)</p> <p>Article <u>32</u></p> <ol style="list-style-type: none"> 1. (Same as current version) 2. In accordance with the provision of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with Audit & Supervisory Board Members to limit liability under Article 423, Paragraph 1 of the Companies Act to the amount provided by laws and regulations.
<p>Article <u>32</u>~Article <u>34</u> (Omitted)</p>	<p>Article <u>33</u>~Article <u>35</u> (Same as current Article 32~Article 34)</p>

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Japan Tobacco Inc. is a leading international tobacco company. Its products are sold in over 120 countries and its globally recognized brands include Winston, Camel, Mevius, LD and Natural American Spirit. With diversified operations, JT is also actively present in pharmaceuticals and processed foods. The company's revenue was ¥2.253 trillion (US\$18,679 million()) in the fiscal year ended December 31, 2015.*

**Translated at the rate of ¥120.61 per \$1, as of December 31, 2015*

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