



FOR IMMEDIATE RELEASE

Tokyo, February 6, 2017

Notice concerning retained earnings dividend payments

Japan Tobacco Inc. (JT) (TSE: 2914) has announced the Board of Directors' resolution today concerning dividend payments of retained earnings as set forth below. The record date thereof is December 31, 2016.

1. Dividends

	Amount	Most recent forecast Announced on February 4, 2016	FY12/2015 Actual
Record date	December 31, 2016	December 31, 2016	December 31, 2015
Dividend per share	¥66	¥64	¥64
Total dividend amount	¥118,203 million	-	¥114,606 million
Effective date	March 27, 2017	-	March 24, 2016
Source of dividends	Retained earnings	-	Retained earnings

2. Reason

The Company's resource allocation policy is that we prioritize business investments for sustainable profit growth in the mid- to long-term, and will continue to strike a balance between profit growth through business investment and shareholder returns. Additionally, according to the shareholder return policy, we aim to enhance shareholder returns considering the Company's mid- to long-term profit growth trend, while maintaining a solid balance sheet*. Specifically, we will pursue the following:

- Deliver consistent dividend per share growth;
- Consider implementing a share buy-back program, taking into account the Company's mid-term operating environment and financial outlook; and
- Continue to closely monitor shareholder returns of global FMCG companies**.

* As its financial policy, the Company maintains a solid balance sheet. This provides the capacity to withstand any adversity arising out of a volatile environment, such as an economic crisis. It also allows for sufficient flexibility to capture attractive investment opportunities.

** The Company monitors global FMCG companies which have a stakeholder model similar to our "4S" model, and have realized strong business growth.

Based on the above policies, the Company's Board is recommending a year-end dividend of ¥66 per share. Accordingly, the annualized sum will be ¥130 per share which includes ¥64 of the retained earnings dividend payments made at the end of the half year.

The resolution will be submitted at the 32nd Ordinary General Meeting of Shareholders of the Company scheduled for March 24, 2017.

(Reference) Breakdown of annual dividends

Record date	Half year-end	Year-end	Annualized
FY12/2015 Actual	¥54	¥64	¥118
FY12/2016 Actual	¥64	¥66	¥130
FY12/2017 Forecast	¥70	¥70	¥140

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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 ¥2.143 trillion (US\$19,703million()) in the fiscal year ended December 31, 2016.*

**Translated at the rate of ¥108.78 per \$1, as of December 31, 2016*

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