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FOR IMMEDIATE RELEASE

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JT to Consult on Proposal to Restructure Manufacturing Facilities in Europe

Japan Tobacco Inc. (JT) (TSE: 2914) today announced a proposal to restructure its manufacturing facilities in the European Union (EU) for the purpose of optimizing its operations and strengthening its competitive position in a challenging operating environment. The Company will undertake appropriate consultations with employees' representatives and the European Works Council on the proposal to change its product sourcing, which could lead to the closure of some of its manufacturing sites.

The prolonged challenging economic environment and excise tax pressure has triggered industry volume contraction in a number of key European countries. This is compounded by the need to comply with legislation, including the revised EU Tobacco Products Directive (TPD2), which will significantly reduce the number of pack formats to be produced for various markets. This inevitably has led to the need to review its manufacturing operations.

Consultation on the proposal with employees' representatives and the European Works Council will be appropriately conducted. The Company's facilities in Lisnafillan (Northern Ireland) and Wervik (Belgium) would cease to operate, with production moving to other facilities, potentially in Poland and Romania. Other tobacco product (OTP)¹ manufacturing in Trier (Germany) would also be relocated, with the exception of Ploom²-related production.

Support for affected employees will be discussed as part of the consultation process. This proposal would affect approximately 1,100 full-time jobs across the EU.

Implementation of this restructuring proposal is to be phased, recognizing the needs of each country, with factory closures completed between 2016 and 2018.

The effects of this proposal on our financial performance have not been confirmed at present.

¹ OTP is mainly Make Your Own tobacco products.

² Ploom is a new generation smoking alternative product.

Outline of the factories:

Lisnafillan Factory

Location: Ballymena, Antrim, Northern Ireland
Key brands produced: B&H, Silk Cut, Amber Leaf and others
Annual production: Cigarette approx. 19 billion units, RYO and pipe tobacco approx. 7,100 tons, Cigars approx. 120 million units (in 2013)

Wervik Factory

Location: Wervik, Belgium
Key brands produced: Fleur du Pays, Domingo and others
Annual production: RYO/MYO approx. 4,400 tons (in 2013)

Trier Factory

Location: Trier, Germany
Key brands produced: Camel, Winston and others
Annual production: Cigarette approx. 44 billion units, MYO approx. 4,500 tons (in 2013)

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Japan Tobacco Inc. is a leading international tobacco product company. Its products are sold in over 120 countries and its internationally recognized brands include Winston, Camel, Mevius and Benson & Hedges. With diversified operations, JT is also actively present in pharmaceuticals, beverages and processed foods. The company's revenue was ¥2.400 trillion (US\$23,318 million()) in the fiscal year ended March 31, 2014.*

**Translated at the rate of ¥102.92 per \$1, as of March 31, 2014*

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