JAPAN TOBACCO INC.
2-1, Toranomon 2-chome, Minato-ku
Tokyo 105-8422 JAPAN
Phone:03-3582-3111

FOR IMMEDIATE RELEASE

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JT acquires leading e-cigarette brand E-Lites

Agreement further extends emerging products portfolio

Japan Tobacco Inc. (JT) (TSE: 2914) announced today that it has concluded an agreement to acquire all outstanding shares of Zandera Ltd. ("Zandera"), a leader in e-cigarettes and best known for its E-Lites brand. Founded in 2009, Zandera sells the most recognized range of high quality rechargeable and ready-to-use e-cigarettes in the United Kingdom.

"Our investment in Zandera provides the JT Group with an excellent entry-point into the fast-growing e-cigarette category," commented Masamichi Terabatake, JTI's (Japan Tobacco International) Executive Vice President and Deputy CEO. "With E-Lites' well-established brand and product portfolio, we are able to offer adult consumers another important extension to our growing range of emerging and innovative products such as tobacco vapor pods (Ploom)."

The executive management team of Zandera will remain with the JT Group post-acquisition in order to leverage upon their extensive knowledge and experience of the e-cigarette industry, their understanding of the product, technology and regulatory landscape.

"With access to the JT Group's global distribution muscle as well as their research & development expertise, proven commitment to quality assurance and vision for emerging products, we look forward to growing the business and further enhancing E-Lites' product offering," said Adrian Everett, Zandera's co-founder and CEO.

This transaction will be funded by the Group's existing cash and loan facilities and is expected to have a minor effect on the Group's consolidated performance and cash flows for the fiscal year 2014. JT expects to complete the acquisition in the second quarter of the fiscal year 2014 following regulatory clearance.

BACKGROUND INFORMATION

Zandera Ltd.

Established:	2009
Headquarters:	Bromsgrove, Worcestershire, United Kingdom
Representative:	Adrian Everett
Shareholding:	Private, founders
Number of Employees:	Approximately 70 as of June 2014
Business description:	Sales of electronic cigarettes through retails and online channels mainly in the United Kingdom.
Brand Portfolio:	E-Lites brand of rechargeable e-cigarettes with starter kit and refills in 3 flavor variants, and accessories
Share capital:	£1,000
Company's websites:	www.e-lites.co.uk

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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 ¥2.399 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*

Contact: Ryohei Sugata, General Manager
Media and Investor Relations Division
Japan Tobacco Inc. Tokyo: +81-3-5572-4292
E-mail: jt.media.relations@jt.com