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

FOR IMMEDIATE RELEASE

Tokyo, July 31, 2015

JT to Optimize its Manufacturing Structure in Russia

Japan Tobacco Inc. (JT) (TSE: 2914) today announced that the Company has decided to close its Moscow factory by mid-2016 due to the serious contraction of the tobacco market in Russia. This measure will be taken in order to optimize the manufacturing structure for greater efficiency in Russia, responding to a changing operating environment.

The operating environment has changed dramatically in Russia, with significant declines in tobacco demand driven by tax increases, tighter regulations and a challenging economic situation. The Company came to this conclusion following a thorough analysis of the situation and of all available options.

The Moscow factory will cease to operate by mid-2016, with production moving to the Company's St. Petersburg factory. This move will affect 573 jobs. Impacted employees will be offered generous compensation, significantly above the labor legislation requirements in Russia.

The Company is committed to maintaining a strong market presence in Russia and will continue to invest for sustainable business growth in the mid to long-term.

This measure is expected to have minor effect on the Group's consolidated performance for the fiscal year 2015.

Outline of the factory:

Moscow Factory

Location:	Moscow, Russia
Key brands production:	LD, Troyka
Annual production:	Cigarette approx. 40 billion units in 2014

###

Japan Tobacco Inc. is a leading international tobacco company. Its products are sold in over 120 countries and its internationally recognized brands include Winston, Camel, Mevius and LD. With diversified operations, JT is also actively present in pharmaceuticals and processed foods. The company's revenue was ¥2.154 trillion (US$17,867 million(*)) in the fiscal year ended December 31, 2014(**).

**Translated at the rate of ¥120.55 per $1, as of December 31, 2014*
***Due to a change in the accounting period from March 31 to December 31, the fiscal year 2014 covered nine months for Japanese domestic businesses and 12 months for the consolidated subsidiaries which operate the Group's international tobacco business. On a comparable full calendar year basis, revenue was ¥2.433 trillion (US$20,186 million(*)).*

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