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

FOR IMMEDIATE RELEASE

Tokyo, January 22, 2016

JT Applies to Amend Retail Prices of Certain Tobacco Products in Japan

Japan Tobacco Inc. (JT) (TSE: 2914) announced today that it has applied to the Minister of Finance for approval to amend retail prices of all 35 cigarette products in the Mevius family as well as all six products of the former third class cigarettes[1] which would become effective on April 1, 2016.

1. Mevius

Since its introduction as Mild Seven in 1977, Mevius has enjoyed consumer popularity with its smooth flavor and aroma and has been the top-selling brand in Japan for more than 30 years. In 2013, Mild Seven was rebranded to Mevius. JT has taken a number of initiatives including improvement of product quality and package designs, introduction of new product features such as the aroma-changing capsule, to better satisfy consumers.

On the other hand, JT has continued to take cost reduction initiatives including rationalization measures as sales volume continues to decrease in the Japanese domestic tobacco market, due to structural factors including aging and declining adult population as well as increasingly stringent smoking restrictions. In addition, the Company has made greater efforts to realize a society in which smokers and non-smokers can coexist harmoniously.

Under these circumstances, JT has decided to apply to amend the retail prices of all 35 cigarette products in the Mevius family in order to further satisfy consumers with the quality and services of the brand, as the No.1 brand in Japan as well as toward the global No.1 premium brand. The Company will commit to evolving the brand further in order to meet the higher consumer expectations through improving quality and services.

2. Former third class cigarettes

Following revision of the tobacco tax law under the FY2015 tax reform, the preferential tax treatment for former third class cigarettes will be abolished as of April, 2016, and the tax rate for the cigarettes will be increased in stages until April 1, 2019. As the tax for the cigarettes will be raised by ¥1 per stick on April 1, 2016 based on the revision, JT has decided to apply for amendment of retail prices of the cigarettes. Retail prices that the Company has proposed in this application reflect the amount of the tax rate increase as well as expected impact on demand.

---

[1] Details of the retail price amendment are shown in the Appendix

JT plans to amend retail prices of the former third class cigarettes in stages each time the scheduled tax rate hike is conducted. Retail prices of the cigarettes will be considered carefully, taking into account the market situation.

3. Schedule of retail price amendment

The retail price amendment will take effect on April 1, 2016, which is subject to approval by the Minister of Finance.

JT will strive to meet the higher consumer expectations through improving quality and services.

###

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

(Appendix)

- **Mevius**

Name	Tar	Nicotine	Sticks /pack	Current Price	New Price
Mevius	10mg	0.8mg	20	¥430	¥440
Mevius Box	10mg	0.8mg	20	¥430	¥440
Mevius 100’s Box	10mg	0.8mg	20	¥430	¥440
Mevius Lights	8mg	0.7mg	20	¥430	¥440
Mevius Lights Box	8mg	0.7mg	20	¥430	¥440
Mevius Lights 100’s Box	8mg	0.7mg	20	¥430	¥440
Mevius Super Lights	6mg	0.5mg	20	¥430	¥440
Mevius Super Lights Box	6mg	0.5mg	20	¥430	¥440
Mevius Super Lights 100’s Box	6mg	0.5mg	20	¥430	¥440
Mevius Extra Lights	3mg	0.3mg	20	¥430	¥440
Mevius Extra Lights Box	3mg	0.3mg	20	¥430	¥440
Mevius Extra Lights 100’s Box	3mg	0.3mg	20	¥430	¥440
Mevius One	1mg	0.1mg	20	¥430	¥440
Mevius One Box	1mg	0.1mg	20	¥430	¥440
Mevius One 100’s Box	1mg	0.1mg	20	¥430	¥440
Mevius Impact One 100’s Box	1mg	0.1mg	20	¥430	¥440
Mevius Mode 6	6mg	0.5mg	20	¥430	¥440
Mevius Mode 6 100’s	6mg	0.6mg	20	¥430	¥440
Mevius Mode 3 100’s	3mg	0.3mg	20	¥430	¥440
Mevius Mode One 100’s	1mg	0.1mg	20	¥430	¥440
Mevius Mode Style Plus 6	6mg	0.4mg	20	¥430	¥440
Mevius Mode Style Plus One	1mg	0.1mg	20	¥430	¥440
Mevius Premium Menthol 8	8mg	0.7mg	20	¥430	¥440
Mevius Premium Menthol 5	5mg	0.5mg	20	¥430	¥440
Mevius Premium Menthol One	1mg	0.1mg	20	¥430	¥440
Mevius Premium Menthol One 100’s	1mg	0.1mg	20	¥430	¥440
Mevius Premium Menthol Option 8	8mg	0.7mg	20	¥430	¥440
Mevius Premium Menthol Option 5	5mg	0.5mg	20	¥430	¥440
Mevius Premium Menthol Option One 100’s	1mg	0.1mg	20	¥430	¥440
Mevius Premium Menthol Option Yellow 8	8mg	0.7mg	20	¥430	¥440
Mevius Premium Menthol Option Yellow 5	5mg	0.5mg	20	¥430	¥440
Mevius Premium Menthol Option Yellow One 100’s	1mg	0.1mg	20	¥430	¥440
Mevius Premium Menthol Spread 8	8mg	0.7mg	20	¥430	¥440
Mevius Premium Menthol Spread 5	5mg	0.5mg	20	¥430	¥440
Mevius Premium Menthol Spread One 100’s	1mg	0.1mg	20	¥430	¥440

- **Former third class cigarettes**

Name	Tar	Nicotine	Sticks /pack	Current Price	New Price
Wakaba	19mg	1.4mg	20	¥260	¥290
Echo	15mg	1.0mg	20	¥250	¥280
Uruma	17mg	1.2mg	20	¥260	¥290
Violet	17mg	1.2mg	20	¥250	¥280
Shinsei	22mg	1.4mg	20	¥250	¥280
Golden Bat	18mg	1.1mg	20	¥210	¥260