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FOR IMMEDIATE RELEASE

Tokyo, July 17, 2013

JT Issues U.S. Dollar Denominated Senior Notes (with Statutory Preferential Right)

Japan Tobacco Inc. (JT) (TSE: 2914) announced today that it has determined to issue U.S dollar denominated senior notes (the “Notes”) in international securities markets. The key terms of the Notes are described below.

JT believes that the issuance of the Notes will enable the company to diversify its funding sources in international capital markets and enhance its funding capability for future funding needs, which was one of the purposes of its voluntary adoption of International Financial Reporting Standards (IFRS). In addition, JT also believes that the Notes contribute to mitigating foreign exchange risk to which JT is exposed as the company has grown its international tobacco business.

Key Terms of the Notes

1. Total amount of issue: US\$ 500 million
2. Maturity date: July 23, 2018 (5 years)
3. Interest rate: 2.100% per annum
4. Interest payment dates: January 23 and July 23 of each year
5. Offering price: US\$ 99.891 per face value of US\$ 100
6. Settlement date: July 23, 2013
7. Method of offering: The Notes are offered in foreign markets including the United States, Europe and Asia. Within the United States, the Notes are offered only to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the United States Securities Act of 1933, as amended (the “Securities Act”).
8. Status of the Notes: Under the Japan Tobacco Inc. Act, the holders of the Notes have the preferential right to be paid prior to other unsecured indebtedness of JT.

This press release has been prepared for the sole purpose of publicly announcing JT's issuance of the Notes, and not for the purpose of soliciting investment or engaging in any other similar activities within or outside Japan. This press release is not an offer of securities for sale in the United States. The Notes have not been, and will not be, registered under the Financial Instruments Exchange Act of Japan, the Securities Act or any other applicable securities laws. The Notes may not be offered or sold in Japan, the United States or any other jurisdictions where registration is required for the offering of the Notes absent registration or an exemption from registration under the Financial Instruments Exchange Act of Japan, the Securities Act or any other applicable securities laws. The Notes will not be publicly offered or sold in the United States.

9. Listing: Singapore Exchange Securities Trading Limited
10. Use of proceeds: Proceeds are to be used for the refinancing of short-term debts.

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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/Mild Seven and Benson & Hedges. With diversified operations, JT is also actively present in pharmaceuticals, beverages and processed foods. The company's revenue was ¥2.120 trillion (US\$22,543 million()) in the fiscal year ended March 31, 2013.*

**Translated at the rate of ¥94.05 per \$1, as of March 29, 2013*

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