MEDIA INFORMATION

JTI to Consult on Proposal to Restructure Manufacturing Facilities in Europe

Geneva, October 7, 2014 – Japan Tobacco International (JTI) today announced a proposal to restructure its manufacturing facilities as a result of significant and sustained changes impacting its global business.

The challenging economic environment, excise tax pressure coupled with illegal trade 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 JTI's manufacturing operations.

JTI will undertake appropriate consultations on proposals to change its product sourcing, which could lead to the closure of some of its manufacturing sites. JTI'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 Ploom[2]-related production.

Consultation with employees' representatives and the European Works Council will be appropriately conducted. 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 European Union.

This restructuring proposal will allow JTI to optimize its operations, strengthen its competitive position and achieve its financial commitments in a challenging operating environment. Its implementation is to be phased, recognizing the needs of each country, with factory closures completed between 2016 and 2018.

JTI will not provide comments on financials during the consultation period.

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JTI, a member of the Japan Tobacco Group of Companies, is a leading international tobacco manufacturer. It markets world-renowned brands such as Camel, Winston and Mevius (Mild Seven). Other global brands include Benson & Hedges, Silk Cut, Sobranie, Glamour and LD. With headquarters in Geneva, Switzerland, and about

[1] OTP are tobacco products other than ready-made cigarettes.
[2] Ploom is a new generation smoking alternative product.

27,000 employees worldwide, JTI has operations in more than 120 countries. Its core revenue in the fiscal year ended December 31, 2013, was USD 12.3 billion. For more information, visit www.jti.com.