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FOR IMMEDIATE RELEASE

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JT to Acquire Leading Tobacco Company in the Republics of Sudan and South Sudan

Japan Tobacco Inc. (JT) (TSE: 2914) announced that today the JT Group has concluded an agreement to acquire all outstanding shares of Hagggar Cigarette & Tobacco Factory Ltd. (HCTF), with operations in the Republics of Sudan and South Sudan. The agreement has been entered into with Hagggar Holding Company Ltd., which controls HCTF. We expect to complete the acquisition in November 2011.

HCTF is the leading tobacco manufacturer in the Republic of Sudan with a market share of over 80% and a total volume of over 4.5 billion cigarettes in 2010. Its success in this growing cigarette market is anchored on the best selling brand 'Bringi'. The company is also well established in South Sudan.

Fadoul Pekhazis, JT International (JTI) Regional President of Middle East, Near East, Africa, Turkey and Worldwide Duty Free, commented: "This acquisition marks our confidence in the economic potential of both countries at this sensitive time of transition. JTI is excited about the opportunity to develop a strong business base in the Republics of Sudan and South Sudan, and is committed to working with all relevant local stakeholders in making this happen."

Through this acquisition the JT Group will further expand its geographic footprint and enhance its earnings base from developing markets. The group remains committed to strengthening JTI's business foundations with an overall strategy to foster growth in all markets with potential.

Total consideration is approximately \$450 million which values the transaction at 9.9 times HCTF's 2010 underlying earnings before interest, tax, depreciation and amortization. It is envisaged that the acquisition will be funded by a combination of the JT Group's existing funds and loan facilities.

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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 cigarette brands include Winston, Camel, Mild Seven and Benson & Hedges. With diversified operations, JT is also actively present in pharmaceuticals and foods. The company's adjusted net sales excluding tax() were ¥1.946 trillion (US\$23,415million(**)) in the fiscal year ended March 31, 2011.*

** Adjusted net sales excluding tax on a consolidated basis do not include revenue from the imported tobacco, domestic duty free, the China Division and other peripheral businesses in the Japanese domestic tobacco business. Nor does it include revenue from distribution, contract manufacturing and other peripheral businesses in the international tobacco business.*

***Translated at the rate of ¥83.15 per \$1, as of March 31, 2011*

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HCTF

Total:

Business description: Manufacture and sales of cigarettes and OTP (Other Tobacco Products) within Sudan
 Sales volume: 4.5 billion cigarettes (2010)
 Number of factories: Two
 Number of employees: 925 as of July 2011

Haggar Cigarette & Tobacco Factory Ltd. (North Sudan)

Established: 1965
 Office location: Khartoum, Republic of Sudan
 Representative: Anis George Mikhail Haggar
 Shareholdings: Unlisted
 Shareholders: Haggar Holding Company Ltd.
 Mohammed Khalil Osman Mahmoud
 Taha Ali El Bashir Garalla

Haggar Cigarette & Tobacco Factory Ltd. (South Sudan)

Established: 1948
 Office location: Juba, Republic of South Sudan
 Representative: Anis George Mikhail Haggar
 Shareholdings: Unlisted
 Shareholders: Haggar Holding Company Ltd.
 Mohammed Khalil Osman Mahmoud
 Taha Ali El Bashir Garalla

Outline of Sudan (The Republics of Sudan and South Sudan)

Area	Approx. 2.5 million km ² (was the largest in Africa before separation)
Population	Approx. 45 million (growing at over 2% per annum)
Real GDP growth	Est. 5.1% in 2010

(Source: The U.S. Central Intelligence Agency – The World Factbook)

Cigarette Market in Sudan

Market size	Approx. 5.5 billion cigarettes
Growth rate	8% per annum on average between 2003 and 2010
HCTF share	Total: 82% Bringi: 69%

(Source: Company estimate)