May 24, 2012

JT to Acquire Leading Roll your Own / Make your Own Tobacco Company

Japan Tobacco Inc. (JT) announced that today the JT Group has concluded an agreement to acquire all outstanding shares of the family-owned company, Gryson NV and its related group companies ("Gryson"). The agreement has been entered into with GT&Co BVBA, which directly controls Gryson.

Headquartered in Houthulst, with a production facility in Wervik, Belgium, Gryson has established an important presence in the Roll your Own ("RYO") and Make your Own ("MYO") market across several European countries, in particular in France, Belgium, Luxembourg, Spain and Portugal, as well as in a number of small, but promising export markets. The cornerstone of Gryson's presence is its strong and diverse brand portfolio comprising the key brands Fleur du Pays, Orlando and Domingo. Fleur du Pays, a heritage French brand, leads the RYO/MYO market in France holding a share of 11% on sales of approximately 900 tons in 2011.

"Our investment in Gryson presents Japan Tobacco International ("JTI") with an attractive opportunity to enhance its position in the growing and profitable RYO/MYO market in Europe, anchored on this well-managed, innovative and successful company" commented Eddy Pirard, Regional President, Western Europe for JTI. "Today's announcement reflects JTI's strategy to acquire and further build outstanding brands across all tobacco product categories addressing today's adult consumers' needs, and to capitalize on Gryson's unique expertise."

"We are confident that JTI is the best match to promise a bright future to Gryson, its brands and even more importantly, to its people. Like Gryson, JTI has in its DNA the core values of responsibility, ethics and utmost commitment to quality. They intend to maintain and further expand the production facilities in Wervik, and I am confident that our valuable assets and employees will be well nurtured under JTI's leadership." said Guido Vandermarliere, Chairman of Gryson.

We expect to complete the acquisition within the current year upon obtaining necessary regulatory clearances.

Gryson Overview

Organization:	Modern factory and office facilities in Wervik, Belgium Independent salesforces in France, Spain and Belgium.
Sales volume:	Approximately 3,900 tons or approximately 5.2 billion units of cigarette equivalent (2011)
Number of employees:	151 as of March 2012
Brand portfolio:	*Fleur du Pays* (leading brand in France), *Orlando*, *Domingo*, *Arizona* and *Utah* (leading brand in Portugal)
Geographies* (2011):	France: #2 position in RYO/MYO market with 20.8% share of market (SoM). Combined with JTI, to be #1 with 34.6% SoM Portugal: #2 position with 22.9% SoM. Combined with JTI, to be #1 with 34.9% SoM Spain: #5 position with 9.6% SoM. Combined with JTI, to be #2 with 20.8% SoM Belgium: #5 position with 5.9% SoM (excluding Private Labels). Combined with JTI, to be #3 with 20.3% SoM Export sales to some 65 countries worldwide

**Source: JTI estimates*