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FOR IMMEDIATE RELEASE

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JT completes acquisition of a leading waterpipe tobacco (Shisha) company

Japan Tobacco Inc. (JT) (TSE: 2914) today announced that the JT Group has completed the acquisition of Al Nakhla Tobacco Company S.A.E. and Al Nakhla Tobacco Company – Free Zone S.A.E. (collectively, “Nakhla”). The acquisition was announced in the Company’s November 16, 2012 statement, “JT to acquire a leading waterpipe tobacco company.”

Nakhla, with headquarters and two factories in Cairo and Shebin El Kom, Egypt, is one of the world’s leading manufacturers of waterpipe tobacco (also known as Shisha or molasses) with an important presence in its home market. It exports to 85 countries, primarily in the Middle East and North Africa where such products have a deep rooted heritage. Nakhla’s total sales volume was approximately 24,000 tons in 2011.

The consideration to acquire Nakhla was at a high single digit multiple of Nakhla’s underlying earnings before interest, tax, depreciation and amortization in 2011, as initially announced. The acquisition is expected to have a minor effect on the Group’s consolidated performance, cash flow and balance sheet.

In the international tobacco business, the Group remains committed to strengthening Japan Tobacco International’s (JTI) business foundations with an overall strategy to foster growth.

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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 revenue was ¥2.034 trillion (US\$24,745 million()) in the fiscal year ended March 31, 2012.*

**Translated at the rate of ¥82.19 per \$1, as of March 30, 2012.*

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