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JT to Conduct Ninth Afforestation Project

Japan Tobacco Inc. (JT) (TSE: 2914), in alignment with its ongoing commitment to environmental conservation, announced today the company's plans to initiate an afforestation project in the approximately 350 hectares of land owned by the town of Shakotan in Shakotan-gun of Hokkaido.

Since 2005, JT has entered into forest conservation partnerships with forest owners and regional governments to focus on conservation efforts. JT intends to conduct its ten-year afforestation project, "JT Forest Shakotan: Forests that Provide Rich Nurturing Water to the Sea" by participating in the "Hokkaido Corporate Afforestation Program" managed by the Hokkaido Government. This will be the ninth location in the JT Forest project, with the initiative covering the largest land area to date.

Shakotan Town, located at the tip of the Shakotan Peninsula facing the Sea of Japan, is a town known for fishery, agriculture and tourism. It is renowned for the beauty of its scenic locations, spectacular view of the sea designated as a quasi-national park and harvesting sea urchins, a local specialty. The JT Forest project will cover the town-owned forests located on the watershed area spanning three rivers, the Bikuni, Shakotan, and Yobetsu Rivers. The location, although deeply connected to the rivers and the sea, have long lacked enough maintenance due to low prices of timber, insufficient personnel, and accessibility problems. In addition to the issues posed by the forests themselves, in recent years, the town has been experiencing seaweed diminishing along the coastline, which has raised concerns of declining functionality of the forests affecting the watershed areas.

The decade-long project aims to cultivate "Forests that Provide Rich Nurturing Water to the Sea." JT will collaborate with local communities and related organizations in its endeavor to have the forests regain their richness and bring blessings to organisms that live in the watershed area encompassing the rivers and the sea. For the larch forest which had been planted approximately fifty years ago and has been insufficiently maintained, the project aims to cultivate a mixed forest through thinning and planting of broadleaf trees. As for second-growth forests that have grown back at sites once depleted of trees due to logging for firewood and charcoal, the project will preserve the broadleaf tree resources of Japanese oak and castor aralia, and strive to enrich these forests by nurturing them with consideration toward biodiversity conservation and enhancement of their multilateral functions. Furthermore, through this project, personnel in the town will be trained in knowledge and skills necessary for forest improvement.

Accordingly, a partnership signing ceremony for “JT Forest Shakotan: Hokkaido Corporate Afforestation Program” is scheduled to be held in Shakotan Town on November 30, 2010, with attendance by the Director of Hokkaido Government Shiribeshi General Subprefectural Bureau, Mayor of Shakotan Town and an Executive Deputy President of JT.

JT uses raw materials such as leaf tobacco, paper, vegetables and tea leaves in its businesses, primarily in the tobacco, pharmaceutical and food operations. Blessings of nature are thus integral to the company’s operations. As part of nature conservation, JT undertakes forest conservation activities with a sense of gratitude for nature that supports its businesses and to fulfill its corporate social responsibility.

JT will continue to proactively engage in endeavors to create a better environment so that a healthy and productive environment may be handed over to future generations.

* Overview of the Project

Location	Forests owned by Shakotan Town in Shakotan-gun of Hokkaido (Bikuni Town, Fumi Town, Yobetsu Town)
Area	349.98ha
Description of forest	Larch forest, second-growth forests of primarily broadleaf trees
Activities	Thinning, weeding, forest regeneration, work road construction, ecological survey, etc.
Duration	10 years starting December 1, 2010

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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 JPY 1.980 trillion (US\$21,291 million(**)) in the fiscal year ended March 31, 2010.*

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

*** Translated at the rate of JPY 93.04 per \$1, as of March 31, 2010*