

April 8, 2016

Company Name: JAPAN TOBACCO INC.
Representative: Mitsuomi Koizumi, President, Chief Executive Officer and Representative Director
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JT Issues U.S. Dollar-Denominated Senior Notes
(with Statutory Preferential Right)

Japan Tobacco Inc. (“JT”) (TSE: 2914) announced today that it has determined to issue U.S. dollar-denominated senior notes (the “Notes”) in the international securities markets. The key terms of the Notes are described below.

JT believes that the issuance of the Notes will enable the company to diversify its funding source, and enhance its capability to fulfill future funding needs. JT also believes that the Notes will contribute to mitigating foreign exchange risk to which JT is exposed as the company continues to expand its international tobacco business.

Key Terms of the Notes

U.S. Dollar-Denominated Senior Notes (5 Years)

1. Issuer: Japan Tobacco Inc.
2. Total amount of issue: US\$ 750 million
3. Maturity date: 13 April 2021 (5 years)
4. Issuance Programme: Euro MTN Programme
5. Interest rate: 2.00% per annum
6. Interest payment dates: 13 April and 13 October of each year
7. Offering price: US\$ 99.976 per face value of US\$100
8. Settlement date: 13 April, 2016
9. Method of offering: The Notes will be offered in international markets including Europe and Asia. The Notes will not be offered within the United States or for the account of any U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act).
10. Status of the Notes: Under the Japan Tobacco Inc. Act, the holders of the Notes have the preferential right to be paid prior to other unsecured creditors of JT.
11. Listing and Trading: Luxembourg Euro MTF
12. Expected Bond Ratings: Aa3 (Moody’s), AA- (S&P)
13. Use of proceeds: Repayment of bridge loans related to the acquisition of Natural American Spirit business outside the United States.

This press release has been prepared for the sole purpose of publicly announcing JT’s issuance of the Notes, and not for the purpose of soliciting investment or engaging in any other similar activities within or outside Japan. This press release is not an offer of securities for sale in the United States. The Notes have not been, and will not be, registered under the Financial Instruments Exchange Act of Japan, the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) or any other applicable securities laws. The Notes may not be offered or sold in Japan, the United States, to or for the account or benefit of U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) or in any other jurisdictions where registration is required for the offering of the Notes absent registration or an exemption from registration under the Financial Instruments Exchange Act of Japan, the U.S. Securities Act or any other applicable securities laws. The Notes will not be publicly offered or sold in the United States.

U.S. Dollar-Denominated Senior Notes (10 Years)

1. Issuer: Japan Tobacco Inc.
2. Total amount of issue: US\$ 500 million
3. Maturity date: 13 April 2026 (10 years)
4. Issuance Programme: Euro MTN Programme
5. Interest rate: 2.80% per annum
6. Interest payment dates: 13 April and 13 October of each year
7. Offering price: US\$ 99.879 per face value of US\$100
8. Settlement date: 13 April, 2016
9. Method of offering: The Notes will be offered in international markets including Europe and Asia. The Notes will not be offered within the United States or for the account of any U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act).
10. Status of the Notes: Under the Japan Tobacco Inc. Act, the holders of the Notes have the preferential right to be paid prior to other unsecured creditors of JT.
11. Listing and Trading: Luxembourg Euro MTF
12. Expected Bond Ratings: Aa3 (Moody's) 、 AA- (S&P)
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