

September 20, 2018

Company Name: JAPAN TOBACCO INC.
Representative: Masamichi Terabatake, Representative Director and President,
Chief Executive Officer
(Stock Code: 2914; Stock Exchange: Tokyo First Section)
Contact: Media and Investor Relations Division
Tel: +81-3-3582-3111 (Main)

Notice Concerning Issuance of Foreign Currency Denominated Straight Bonds
by JT Foreign Subsidiary

Japan Tobacco Inc. (“JT”) (TSE: 2914) announced today that a JT foreign subsidiary has determined to issue U.S. dollar-denominated straight bonds, euro-denominated straight bonds and pound-denominated straight bonds (individually or collectively the “Bonds”) in the international securities markets as described below.

The JT foreign subsidiary issuing the Bonds is JT International Financial Services B.V. JT believes that the issuance of the Bonds will enable the JT Group to diversify its funding source and enhance its capability to fulfill future funding needs.

U.S. Dollar-Denominated Straight Bonds (5 Years)

- | | |
|---------------------------|--|
| 1. Issuer | JT International Financial Services B.V. |
| 2. Total amount of issue | US\$525 million |
| 3. Maturity date | September 28, 2023 (5 years) |
| 4. Issuance program | Euro MTN program |
| 5. Interest rate | 3.500% per annum |
| 6. Interest payment dates | March 28 and September 28 of each year |
| 7. Amount to be paid | US\$99.478 per face value of US\$100 |
| 8. Payment date | September 28, 2018 |
| 9. Method of offering | The Bonds will be offered in international securities markets including Europe and Asia. The Bonds will not be offered within the U.S. or for the account of any U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act). |
| 10. Guarantor | JAPAN TOBACCO INC. |
| 11. Listing and trading | Luxembourg Stock Exchange Euro MTF |
| 12. Expected bond ratings | Aa3 (Moody’s), AA- (S&P) |
| 13. Use of proceeds | Funds are to be used for repayment of short-term borrowings. |

This press release has been prepared to publicly disclose by conventional methods the information regarding a JT foreign subsidiary’s issuance of securities. It does not constitute an offer of securities for sale in the U.S. nor has it been created to solicit investment or engaging in any other similar activities within or outside Japan. Securities may not be offered or sold in the U.S. unless the securities are either registered pursuant to the U.S. Securities Act of 1933 or an exemption from the registration requirements of the Act is obtained. If the securities are offered in the U.S., the detailed information relating to the issuer and its senior management and the financial statements of the issuer will be presented in a prospectus that the issuer will make available. Note that the Bonds will not be offered in the U.S. Moreover, as the Bonds have not been filed or registered in accordance with the Financial Instruments and Exchange Act of Japan or applicable acts of other jurisdictions, if filing or registration of the Bonds is required pursuant to these laws and regulations, the Bonds may not be offered or sold in Japan or those other jurisdictions unless the Bonds are filed or registered or an exemption for such is acquired.

U.S. Dollar-Denominated Straight Bonds (10 Years)

1. Issuer JT International Financial Services B.V.
2. Total amount of issue US\$500 million
3. Maturity date September 28, 2028 (10 years)
4. Issuance program Euro MTN program
5. Interest rate 3.875% per annum
6. Interest payment dates March 28 and September 28 of each year
7. Amount to be paid US\$99.067 per face value of US\$100
8. Payment date September 28, 2018
9. Method of offering The Bonds will be offered in international securities markets including Europe and Asia. The Bonds will not be offered within the U.S. or for the account of any U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act).
10. Guarantor JAPAN TOBACCO INC.
11. Listing and trading Luxembourg Stock Exchange Euro MTF
12. Expected bond ratings Aa3 (Moody's), AA- (S&P)
13. Use of proceeds Funds are to be used for repayment of short-term borrowings.

Euro-Denominated Straight Bonds (7 Years)

1. Issuer JT International Financial Services B.V.
2. Total amount of issue €50 million
3. Maturity date September 28, 2025 (7 years)
4. Issuance program Euro MTN program
5. Interest rate 1.125% per annum
6. Interest payment dates September 28 of each year
7. Amount to be paid €9.220 per face value of €100
8. Payment date September 28, 2018
9. Method of offering The Bonds will be offered in international securities markets including Europe and Asia. The Bonds will not be offered within the U.S. or for the account of any U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act).
10. Guarantor JAPAN TOBACCO INC.
11. Listing and trading Luxembourg Stock Exchange Euro MTF
12. Expected bond ratings Aa3 (Moody's), AA- (S&P)
13. Use of proceeds Funds are to be used for repayment of short-term borrowings.

This press release has been prepared to publicly disclose by conventional methods the information regarding a JT foreign subsidiary's issuance of securities. It does not constitute an offer of securities for sale in the U.S. nor has it been created to solicit investment or engaging in any other similar activities within or outside Japan. Securities may not be offered or sold in the U.S. unless the securities are either registered pursuant to the U.S. Securities Act of 1933 or an exemption from the registration requirements of the Act is obtained. If the securities are offered in the U.S., the detailed information relating to the issuer and its senior management and the financial statements of the issuer will be presented in a prospectus that the issuer will make available. Note that the Bonds will not be offered in the U.S. Moreover, as the Bonds have not been filed or registered in accordance with the Financial Instruments and Exchange Act of Japan or applicable acts of other jurisdictions, if filing or registration of the Bonds is required pursuant to these laws and regulations, the Bonds may not be offered or sold in Japan or those other jurisdictions unless the Bonds are filed or registered or an exemption for such is acquired.

Pound-Denominated Straight Bonds (15 Years)

- | | |
|---------------------------|--|
| 1. Issuer | JT International Financial Services B.V. |
| 2. Total amount of issue | £400 million |
| 3. Maturity date | September 28, 2033 (15 years) |
| 4. Issuance program | Euro MTN program |
| 5. Interest rate | 2.750% per annum |
| 6. Interest payment dates | September 28 of each year |
| 7. Amount to be paid | £98.550 per face value of £100 |
| 8. Payment date | September 28, 2018 |
| 9. Method of offering | The Bonds will be offered in international securities markets including Europe and Asia. The Bonds will not be offered within the U.S. or for the account of any U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act). |
| 10. Guarantor | JAPAN TOBACCO INC. |
| 11. Listing and trading | Luxembourg Stock Exchange Euro MTF |
| 12. Expected bond ratings | Aa3 (Moody's), AA- (S&P) |
| 13. Use of proceeds | Funds are to be used for repayment of short-term borrowings. |

<Overview of JT International Financial Services B.V., the issuer>

- | | |
|------------------------------|---|
| (1) Country of incorporation | Netherlands |
| (2) Name | JT International Financial Services B.V. |
| (3) Shareholders | JAPAN TOBACCO INC. (Indirect holding rates: 100%) |
| (4) Date of establishment | February 15, 2016 |
| (5) Paid-in capital | US\$1 |
| (6) Business description | Securing of financing for the JT Group and financial management within JT Group |

* * * * *

This press release has been prepared to publicly disclose by conventional methods the information regarding a JT foreign subsidiary's issuance of securities. It does not constitute an offer of securities for sale in the U.S. nor has it been created to solicit investment or engaging in any other similar activities within or outside Japan. Securities may not be offered or sold in the U.S. unless the securities are either registered pursuant to the U.S. Securities Act of 1933 or an exemption from the registration requirements of the Act is obtained. If the securities are offered in the U.S., the detailed information relating to the issuer and its senior management and the financial statements of the issuer will be presented in a prospectus that the issuer will make available. Note that the Bonds will not be offered in the U.S. Moreover, as the Bonds have not been filed or registered in accordance with the Financial Instruments and Exchange Act of Japan or applicable acts of other jurisdictions, if filing or registration of the Bonds is required pursuant to these laws and regulations, the Bonds may not be offered or sold in Japan or those other jurisdictions unless the Bonds are filed or registered or an exemption for such is acquired.