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JT Receives Approval to Amend Retail Prices of Japanese Domestic Tobacco Products in Conjunction with an Impending Excise Increase

Tokyo, July 16, 2010- Japan Tobacco Inc. (JT) (TSE: 2914) announced today that it has received an approval from the Minister of Finance* on its April 28 application to amend retail prices of Japanese domestic tobacco products in conjunction with the planned tobacco excise tax hike on October 1, 2010.

In the Japanese domestic tobacco market, sales volume continues to decrease due to structural factors including aging and declining adult population as well as increasingly stringent smoking restrictions. In addition, cost per pack has been increasing as a reflection of recent sharp increases in raw material costs. Under these circumstances, JT had been maintaining the quality and price levels through cost reducing efforts.

However, this planned tobacco excise tax hike of ¥3.5 per cigarette is unprecedented whereby we are projecting a sales volume decline that is unparalleled to any of the excise tax increases of the past.

In order to continue providing the quality and services which will satisfy our consumers as we face substantial declines in sales volume, JT has applied for an amendment of its retail prices which exceed the excise tax hike, given our cost reduction efforts alone will be insufficient to absorb the impact.

Further, retail price increases will vary among different brands and products, in order to ensure the quality of each brand and product will be maintained, consumer expectations will be met and their support will be secured.

Retail prices of 103 products, including 100 cigarette products, two snuff products (including refill cartridges) and one cut tobacco product, will be amended effective October 1, 2010.

We will strive to meet the higher consumer expectations through improving quality and services.

Retail Price Amendment of Representative Cigarette Brands

Number of Products	Representative Brands	Current Prices		New Prices
33	Mild Seven	300	→	410
18	Pianissimo	320	→	440
14	Seven Stars and Peace	300	→	440
10	Caster	290	→	410
5	Hope	150	→	220

* In Japan, under the Tobacco Business Law, list prices for JT's and imported tobacco products must be approved by the Minister of Finance. Tobacco retailers are only permitted to sell tobacco products at list prices that have been approved by the Minister of Finance.

(Attachment)

No.	Category	Name	Current Price	New Price	Units/pack
1	Cigarettes	Mild Seven	300	410	20
2	Cigarettes	Mild Seven Box	300	410	20
3	Cigarettes	Mild Seven 100's Box	300	410	20
4	Cigarettes	Mild Seven Lights	300	410	20
5	Cigarettes	Mild Seven Lights Box	300	410	20
6	Cigarettes	Mild Seven Lights 100's Box	300	410	20
7	Cigarettes	Mild Seven Super Lights	300	410	20
8	Cigarettes	Mild Seven Super Lights Box	300	410	20
9	Cigarettes	Mild Seven Super Lights 100's Box	300	410	20
10	Cigarettes	Mild Seven Extra Lights	300	410	20
11	Cigarettes	Mild Seven Extra Lights Box	300	410	20
12	Cigarettes	Mild Seven Extra Lights 100's Box	300	410	20
13	Cigarettes	Mild Seven One	300	410	20
14	Cigarettes	Mild Seven One Box	300	410	20
15	Cigarettes	Mild Seven One 100's Box	300	410	20
16	Cigarettes	Mild Seven D-spec Super Lights Box	300	410	20
17	Cigarettes	Mild Seven Aqua Menthol Super Lights Box	300	410	20
18	Cigarettes	Mild Seven Aqua Menthol One Box	300	410	20
19	Cigarettes	Mild Seven Aqua Menthol One 100's Box	300	410	20
20	Cigarettes	Mild Seven Impact One Menthol Box	300	410	20
21	Cigarettes	Mild Seven Impact One 100's Box	300	410	20
22	Cigarettes	Mild Seven Special Lights Box	300	410	20
23	Cigarettes	Mild Seven FK	300	410	20
24	Cigarettes	Mild Seven Prime Super Lights Box	320	440	20
25	Cigarettes	Seven Stars	300	440	20
26	Cigarettes	Seven Stars Box	300	440	20
27	Cigarettes	Seven Stars Medium Box	300	440	20
28	Cigarettes	Seven Stars Lights Box	300	440	20
29	Cigarettes	Seven Stars Menthol Box	300	440	20
30	Cigarettes	Seven Stars Lights Menthol	300	440	20
31	Cigarettes	Seven Stars Lights Menthol Box	300	440	20
32	Cigarettes	Seven Stars Black Impact	300	440	20

No.	Category	Name	Current Price	New Price	Units/pack
33	Cigarettes	Seven Stars Black Impact Box	300	440	20
34	Cigarettes	Seven Stars Black Charcoal Menthol Box	300	440	20
35	Cigarettes	Seven Stars Revo Super Lights Box	320	440	20
36	Cigarettes	Seven Stars Revo Lights Menthol Box	320	440	20
37	Cigarettes	Caster	290	410	20
38	Cigarettes	Caster Mild	290	410	20
39	Cigarettes	Caster Mild Box	300	410	20
40	Cigarettes	Caster Super Mild	290	410	20
41	Cigarettes	Caster Super Mild Box	300	410	20
42	Cigarettes	Caster One	290	410	20
43	Cigarettes	Caster One Box	290	410	20
44	Cigarettes	Caster One 100's Box	290	410	20
45	Cigarettes	Caster Menthol Box	290	410	20
46	Cigarettes	Cabin Mild Box	300	410	20
47	Cigarettes	Cabin Super Mild Box	300	410	20
48	Cigarettes	Cabin Ultra Mild Box	300	410	20
49	Cigarettes	Cabin One Tasty 100's Box	300	410	20
50	Cigarettes	Cabin Prestige	350	470	20
51	Cigarettes	Cabin Roast Blend 100's Box	300	410	20
52	Cigarettes	Peace(20)	300	440	20
53	Cigarettes	Peace Medium Box	300	440	20
54	Cigarettes	Peace Lights Box	300	440	20
55	Cigarettes	Peace Super Lights Box	300	440	20
56	Cigarettes	Peace(10)	150	220	10
57	Cigarettes	Peace (50)	800	1100	50
58	Cigarettes	Peace Infinity	350	470	20
59	Cigarettes	Hope(10)	150	220	10
60	Cigarettes	Hope Lights	150	220	10
61	Cigarettes	Hope Super Lights	150	220	10
62	Cigarettes	Hope Menthol	150	220	10
63	Cigarettes	Pianissimo Ultra Lights	320	440	20
64	Cigarettes	Pianissimo One	320	440	20
65	Cigarettes	Pianissimo Petil Menthol One	320	440	20
66	Cigarettes	Pianissimo Fram Menthol One	160	220	10

No.	Category	Name	Current Price	New Price	Units/pack
67	Cigarettes	Pianissimo Lucia Menthol	320	440	20
68	Cigarettes	Pianissimo Icene Menthol	320	440	20
69	Cigarettes	Pianissimo Icene Menthol One	320	440	20
70	Cigarettes	Bevel Lights	320	440	20
71	Cigarettes	Bevel Flair Menthol	320	440	20
72	Cigarettes	Camel Filters Box	320	440	20
73	Cigarettes	Camel Mild Box	320	440	20
74	Cigarettes	Camel Menthol Box	320	440	20
75	Cigarettes	Camel Menthol Mini	160	220	10
76	Cigarettes	Winston Filters	290	400	20
77	Cigarettes	Winston Lights Box	300	400	20
78	Cigarettes	Winston One 100's Box	290	400	20
79	Cigarettes	Winston Lights 6 Box	290	400	20
80	Cigarettes	Winston Extra 3 Box	290	400	20
81	Cigarettes	Winston Ultra One 100's Box	290	400	20
82	Cigarettes	Premier One Box	320	440	20
83	Cigarettes	Salam Lights Box	320	440	20
84	Cigarettes	Salam Alaska Menthol	320	440	20
85	Cigarettes	Frontier Lights Box	300	410	20
86	Cigarettes	Frontier Lights 100's Box	320	440	20
87	Cigarettes	Frontier Menthol Box	300	410	20
88	Cigarettes	Sometime Lights	290	410	20
89	Cigarettes	Sakura	350	470	20
90	Cigarettes	Hi-Lite	290	410	20
91	Cigarettes	Hi-Lite Menthol	290	410	20
92	Cigarettes	Cherry	300	410	20
93	Cigarettes	Wakaba	190	250	20
94	Cigarettes	Echo	180	240	20
95	Cigarettes	Shinsei	180	240	20
96	Cigarettes	Golden Bat	140	200	20
97	Cigarettes	Hi-Tone	250	390	20
98	Cigarettes	Uruma	190	250	20
99	Cigarettes	Violet	180	240	20
100	Cigarettes	Steam Hot One	350	440	14

No.	Category	Name	Current Price	New Price	Units/pack
101	Cigarettes	Sobranie Cocktail 100's	750	750	20
102	Cigarettes	Sobranie Black Russian 100's	750	750	20
103	Cut Tobacco	Koiki	330	360	10
104	Snuff	Zerostyle Mint	300	410	2.8
105	Snuff	Zerostyle Mint Refill Cartridges	400	600	5.7

* Units for cut tobacco and snuff represent total grams per pack.

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

**Excluding revenues from the imported tobacco, domestic duty free, the China Division and other peripheral businesses in the Japanese domestic tobacco business, as well as distribution, sale of leaf tobaccos, contract manufacturing, private label and other peripheral businesses in the international tobacco business.*

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