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JT Applies to Amend Retail Prices of Certain Tobacco Products in Japan

Japan Tobacco Inc. (JT) (TSE: 2914) announced today that it has applied to the Minister of Finance for approval to amend retail prices of six products including Wakaba and Echo of the former third class cigarettes* which would become effective on April 1, 2018.

1. Six products including Wakaba and Echo

Following the revision of the tobacco tax law under the FY2015 tax reform, the preferential tax treatment for former third class cigarettes was abolished as of April, 2016, and the tax rate for the cigarettes will be increased in stages until April 1, 2019. As the tax for the cigarettes will be raised by ¥1.5 per stick on April 1, 2018 based on the revision, JT has decided to apply to amend the retail prices of the cigarettes. Retail prices that the Company has proposed in this application reflect the amount of the tax rate increase as well as the expected impact on demand. JT plans to amend the retail prices of all six products, the former third class cigarettes, in stages each time the scheduled tax rate hike is conducted. Retail prices of the cigarettes will be considered carefully, taking into account the market situation.

According to the FY 2018 Tax Reform, the increased rate is expected to be applied until September 30, 2019, instead of March 31, 2019 initially announced.

2. Schedule of retail price amendment

The retail price amendment will take effect on April 1, 2018, and is subject to approval by the Minister of Finance.

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

*Details of the retail price amendment are shown in the Appendix

(Appendix)

Name	Tar	Nicotine	Stick/pack	Current Price	New Price
Wakaba	19mg	1.4mg	20	¥320	¥360
Echo	15mg	1.0mg	20	¥310	¥350
Uruma*	17mg	1.2mg	20	¥320	¥360
Violet*	17mg	1.2mg	20	¥310	¥350
Shinsei	15mg	1.0mg	20	¥310	¥350
Golden Bat	15mg	1.0mg	20	¥290	¥330

*Uruma and Violet sales are limited to the Okinawa prefecture

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Japan Tobacco Inc. is a leading international tobacco company. Its products are sold in over 120 countries and its globally recognized brands include Winston, Camel, Mevius, LD and Natural American Spirit. With diversified operations, JT is also actively present in pharmaceuticals and processed foods. The Company's revenue was ¥2.143 trillion (US\$19,703 million()) in the fiscal year ended December 31, 2016.*

*Translated at the rate of ¥108.78 per \$1

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