



FOR IMMEDIATE RELEASE

Tokyo, October 14, 2016

**JT Signs Exclusive License Agreement with JW Pharmaceutical
for Development and Commercialization of
HIF-PHD inhibitor in Republic of Korea**

Japan Tobacco Inc. (JT) (TSE:2914) announced today that the company has signed an exclusive license agreement for the development and commercialization of a new experimental hypoxia inducible factor - prolyl hydroxylase domain containing protein (HIF - PHD) inhibitor, JTZ-951 in Republic of Korea with JW Pharmaceutical CORPORATION(JW). JTZ-951 is discovered and developed by JT for the treatment of anemia associated with chronic kidney disease (CKD).

JTZ-951 is expected to inhibit HIF-PHD and contributes to ensure appearance of HIF. The candidate compound works by accelerating the production of endogenous erythropoietin (EPO), controlling expression of molecules responsible for iron metabolism and promoting the production of red blood cells.

JTZ-951 is currently in phase 2 trials in Japan. Under the terms of the agreement, JW will be responsible for clinical and commercial activities in Republic of Korea. The conclusion of the agreement is expected to have minor impact on the consolidated business performance of JT in the fiscal year ending December 2016.

ABOUT Anemia Associated with CKD

Anemia is one of the serious complications in patients CKD. The major cause of anemia in patients with CKD is considered to be a decreased ability to produce EPO in the kidney associated with renal dysfunction.

Insufficient oxygen supply due to decreased erythrocyte counts associated with anemia decreases the energy production in organs and induces reduction in the motor performance and activities in daily life, which leads to a poor quality of life (QOL). In addition, based on large-scale observational research, anemia is considered to be an independent risk factor for the progression of CKD and heart failure.

ABOUT JW Pharmaceutical CORPORATION

JW Pharmaceutical CORPORATION has been leading Korean medicine and medical supplies market over its 70 years of history. The company focuses on the field of research and development of anti-cancer drug among others and the manufacture and sales of hospital fluid, antibiotics and other ethical pharmaceuticals.

JW Pharmaceutical CORPORATION was founded in 1945, and trades on the Korea Exchange Market under the symbol "001060".

More information is available at <http://www.jw-pharma.co.kr/pharma/en/main.jsp>

###

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 ¥2.253 trillion (US\$18,679 million()) in the fiscal year ended December 31, 2015.*

**Translated at the rate of ¥120.61 per \$1, as of December 31, 2015*

Contact for Japan Tobacco Inc.:

Ryohei Sugata, General Manager
Media and Investor Relations Division
Japan Tobacco Inc. Tokyo: +81-3-5572-4292
E-mail: jt.media.relations@jt.com