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FOR IMMEDIATE RELEASE

JT Announces the Results of its Voluntary Retirement Plan Application

Tokyo, February 17, 2005 --- Japan Tobacco Inc. (JT) (TSE: 2914) announced today that a total of 5,796 employees applied for the voluntary retirement plan, which was offered during the current fiscal year ending March 31, 2005. In line with its mid-term management plan "JT PLAN-V," the company is streamlining its business structure to achieve enhanced cost competitiveness, which led to the offering of the voluntary retirement program.

JT employees, between 40 and 59 years old, with at least 15 years of service at the company, were eligible for this program. In addition, those who work at sites that would be closed down and those in divested businesses, regardless of age, were also offered a voluntary retirement package, or the chance to work within the transferred organization. In total, 11,980 employees were asked about their willingness to leave the company consequently. The number of those who chose to apply for the voluntary retirement plan numbered 5,796, including 502 employees in divested businesses who agreed to work within the transferred businesses under new owners. The majority of the applicants will leave JT on March 31, 2005, though some will leave on different dates, with the process being completed by March 31, 2006.

Due to this measure, JT will book about ¥206 billion of extraordinary charges for the current fiscal year ending March 31, 2005, and this factor is already incorporated in the updated forecast for this fiscal year announced today. The cost reduction effects for this measure will be achieved in phases, depending on the timing of the applicants' actual retirement date, and will amount to approximately ¥55 billion from the fiscal year ending March 31, 2007 onward, as all applicants will have left the company by that point.

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Japan Tobacco Inc. is the world's third largest international manufacturer of tobacco products. The company manufactures internationally recognized cigarette brands including Camel, Winston, Mild Seven and Salem. Since its privatization in 1985, JT has actively diversified its operations into pharmaceuticals and foods. The company's net sales were ¥4.625 trillion in the fiscal year ended March 31, 2004.

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

This presentation contains forward-looking statements about our industry, business, plans and objectives, financial condition and results of operations that are based on our current expectations, assumptions, estimates and projections. These statements discuss future expectations, identify strategies, discuss market trends, contain projections of results of operations or of our financial condition or state other forward-looking information. These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from those suggested by any forward-looking statement. We assume no duty or obligation to update any forward-looking statement or to advise of any change in the assumptions and factors on which they are based.

Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation:

1. health concerns relating to the use of tobacco products;
2. legal or regulatory developments and changes, including, without limitation, tax increases and restrictions on the sale, marketing and usage of tobacco products , and governmental investigations and privately imposed smoking restrictions;
3. litigation in Japan and elsewhere;
4. our ability to further diversify our business beyond the tobacco industry;
5. our ability to successfully expand internationally and make investments outside of Japan;
6. competition and changing consumer preferences;
7. the impact of any acquisitions or similar transactions;
8. local and global economic conditions; and
9. fluctuations in foreign exchange rates and the costs of raw materials.