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FOR IMMEDIATE RELEASE

JT to Apply Impairment Loss on Fixed Assets According to “Accounting Standard Regarding Impairment Loss on Fixed Assets”

Tokyo, February 9, 2006 --- Japan Tobacco Inc. (JT) (TSE: 2914) announced today it plans to record an additional impairment loss in the fiscal year ending March 31, 2006, according to the “accounting standard regarding impairment loss on fixed assets” which was applied earlier in this fiscal year.

JT has already recorded an impairment loss of ¥600 million on a non-consolidated basis (¥1.3 billion on a consolidated basis) by the third quarter that ended December 31, 2005. In addition, the company plans to record an impairment loss of ¥9.5 billion both on a consolidated and non-consolidated basis for real estate that was previously used for employee housing, in the fourth quarter ending March 31, 2006.

This additional impairment loss on the fixed assets is already reflected on the consolidated financial forecasts for the fiscal year ending March 31, 2006 which was updated today.

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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 ¥4.664 trillion in the fiscal year ended March 31, 2005.

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

This document 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.