



JAPAN TOBACCO INC.
2-1, Toranomon 2-chome, Minato-ku
Tokyo 105-8422 JAPAN
Phone:01-3582-3111

Contact: Yukiko Seto
General Manager
Media and Investor Relations Division
Japan Tobacco Inc.
Tokyo: +81-3-5572-4292

Philip Gawith / Suzanne Barch /
Peter Ogden
(PR adviser to JT)
The Maitland Consultancy
London: +44-20-7379-5151

JT Receives Unconditional EU Competition Clearance for Gallaher Acquisition

Tokyo, February 21, 2007 -- Japan Tobacco Inc. (JT) (TSE: 2914) announced today that on February 21, 2007 (CET), the company received unconditional clearance from the European Commission in relation to its proposed acquisition of Gallaher Group Plc (Gallaher) (LSE: GLH.L).

The European Commission's announcement can be found at

[\[http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/218&format=HTML&aged=0&language=EN&guiLanguage=en\]](http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/218&format=HTML&aged=0&language=EN&guiLanguage=en)

The Court meeting and Gallaher's extraordinary general meeting of shareholders to approve the scheme are both scheduled to be held on March 9, 2007, and JT expects the scheme of arrangement to become effective on April 18, 2007, subject to the satisfaction or waiver of any outstanding conditions.

###

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 ¥4.637 trillion in the fiscal year ended March 31, 2006.

The distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this announcement comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdictions.