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JT Updates Progress of Competition Clearance for Gallaher Acquisition

Tokyo, March 6, 2007 -- Japan Tobacco Inc. (JT) (TSE: 2914) updated today the progress of competition clearances in relation to its proposed acquisition of Gallaher Group Plc (Gallaher) (LSE: GLH.L).

In addition to the unconditional clearance by the EU, announced on February 21, Russia (The Federal Antimonopoly Service) and South Africa (The Competition Commission) have approved JT's proposed acquisition of Gallaher without any conditions.

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.

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

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