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Completion of the Acquisition of Gallaher Group Plc by JT

Tokyo, April 18, 2007 -- Japan Tobacco Inc. (JT) (TSE: 2914) is pleased to announce that the scheme of arrangement has today become effective¹ and that Gallaher Group Plc (Gallaher) is now part of the JT Group. Accordingly, the listing of Gallaher shares has now been cancelled.

JT also announces the appointment of a new Executive Committee of JT International (JTI), JT's international tobacco operation, which continues to be headed by Pierre de Labouchere. The Executive Committee is leading the integration of Gallaher into JTI, ensuring realization of the full benefits of the acquisition. The new Executive Committee includes two former Gallaher executives, Stefan Fitz and Eddy Pirard, who will manage the Central Europe / Nordic region and the United Kingdom / Ireland, respectively.

The development of an integration plan is underway and should be completed in August.

“I am pleased to welcome Gallaher and its employees into the JT Group. We have already enjoyed excellent support and co-operation from the Gallaher team which promises well for a successful future together,” said Hiroshi Kimura, President and CEO of JT. “This acquisition is a significant milestone in the development of JT's international tobacco business, which was built upon the expertise and commitment of its management and workforce. Gallaher will provide JTI with significant economies of scale, better geographical balance and stronger market positions, as well as further growth opportunities.”

¹ In addition to the unconditional anti-trust clearances for the EU, Russia and South Africa, which JT announced earlier this year, similar clearances have been obtained for Ukraine, Turkey, Serbia, Albania and Taiwan.



JT's forecast financial results for the fiscal year ending March 31, 2008, which are expected to be announced on April 27, 2007, will not incorporate Gallaher's forecast results for the consolidated period. The company's forecast financial results for the year, including Gallaher's results, will be developed in the course of the formulation of the integration plan.

Supplemental material relating to the acquisition of Gallaher can be found on JT's website (http://www.jti.co.jp/JTI/IR/GLH/070418_Gallaher_Acquisition_Appendix.pdf).

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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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Reference

New Executive Committee of JTI

(effective as of April 18)

President and Chief Executive Officer	Pierre de Labouchere
Executive Vice President & Assistant to CEO	Yasushi Shingai
Chief Operating Officer	Thomas A. McCoy
Senior Vice President, Research & Development	Masaharu Abe
Senior Vice President, Consumer & Trade Marketing	David Aitken
Senior Vice President, Legal / Corporate Affaires	Paul Bourassa
Senior Vice President, Finance / Information Technology & Chief Financial Officer	Jean-Francois Leroux
Senior Vice President, Human Resources	Jorg Schappei
Senior Vice President, Global Supply Chain / Global Leaf Procurement	Bill Schulz
Senior Vice President, Business Development	Frits Vranken
Regional President, CIS / Adriatica / Romania & WWDF	Martin Braddock
Regional President, Central Europe / Nordic	Stefan Fitz
Regional President, Asia Pacific	Hans-Gerd Hesse
Regional President, Middle East / Africa / Iran / Turkey	Fadoul Pekhazis
Regional President, United Kingdom / Ireland / OTP	Eddy Pirard
Regional President, Americas	Michel Poirier
Regional President, Western & Southern Europe / Baltics	Roberto Zanni