



Completion of the Gallaher Acquisition

Appendix for the Release

Caution concerning forward-looking statements

Forward-Looking and Cautionary Statements

This presentation contains forward-looking statements about our industry, business, plans and objectives, financial conditions and results of operations based on current expectations, assumptions, estimates and projections. These statements discuss future expectations, identify strategies, discuss market trends, contain projections of operational results and financial condition and 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 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, 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.

The acquisition of Gallaher Group Plc has been completed

- **All necessary procedures under UK law have been completed, and Gallaher Group Plc has now been acquired by the JT Group.**

December 15, 2006: Approval granted at Gallaher's board meeting

March 9, 2007: Approval granted at Gallaher shareholders' meeting

April 17, 2007: Final court approval granted

April 18, 2007: Acquisition completed

- **Regulatory approvals in the EU and in other countries**

JT has obtained the unconditional approval of the relevant anti-trust authorities in the EU, Russia, South Africa, Ukraine, Turkey, Serbia, Albania, and Taiwan.

- **Acquisition Price: Approx. £7.5 billion (approx. ¥1.78 trillion)**

Acquisition Price incl. net debt: Approx. £9.4 billion (approx. ¥2.25 trillion)

Note: FX rate: 238.04 ¥/£ (as of April 17, 2007)

**JT will continue to deliver sustainable growth
as a leading global tobacco company.**

Significance of the JT Group acquisition

Greater Scale

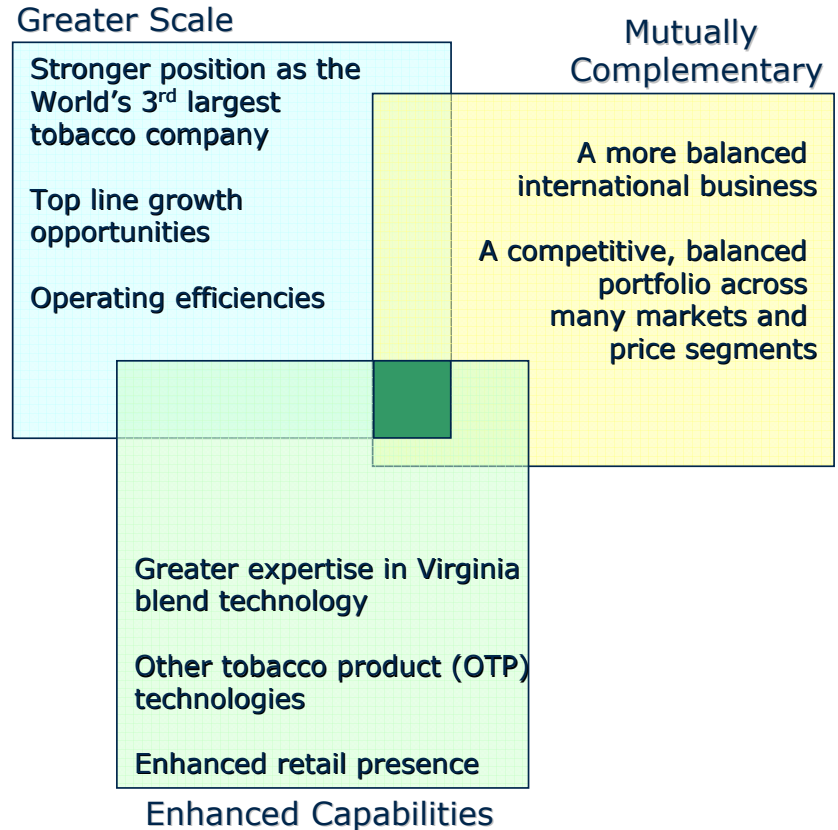
- Enhances position as the world's 3rd largest global cigarette manufacturer
- Greater economies of scale in a number of Europe and CIS markets

Mutually Complementary

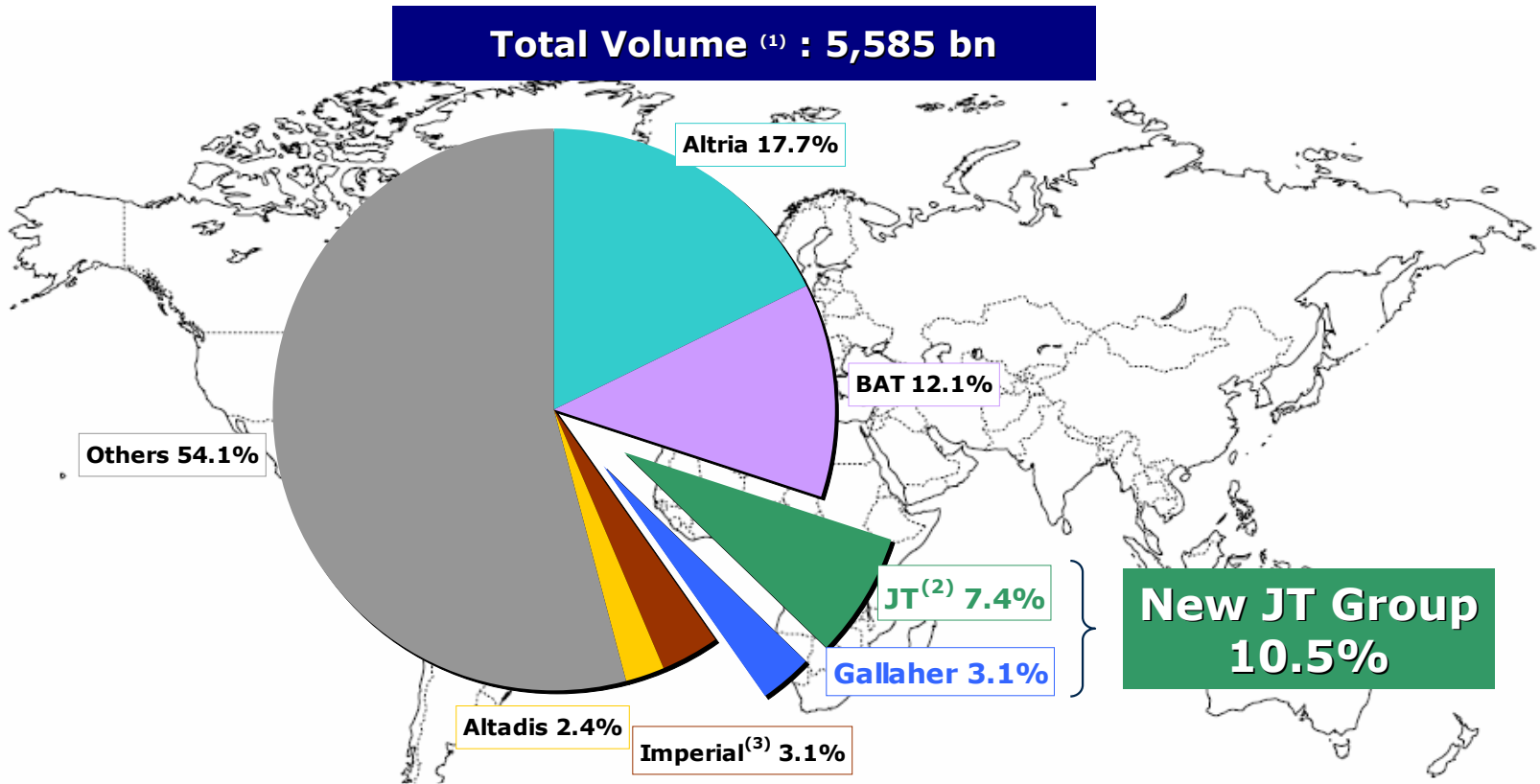
- A more geographically balanced group with enhanced growth opportunities
- A competitive, balanced brand portfolio

Enhanced Capabilities

- Greater Virginia blend expertise and other tobacco products, including snus
- A more competitive, balanced portfolio will result in stronger retail presence



Major Tobacco Companies' Share (2005)



Source: Companies' reports, The Maxwell Report

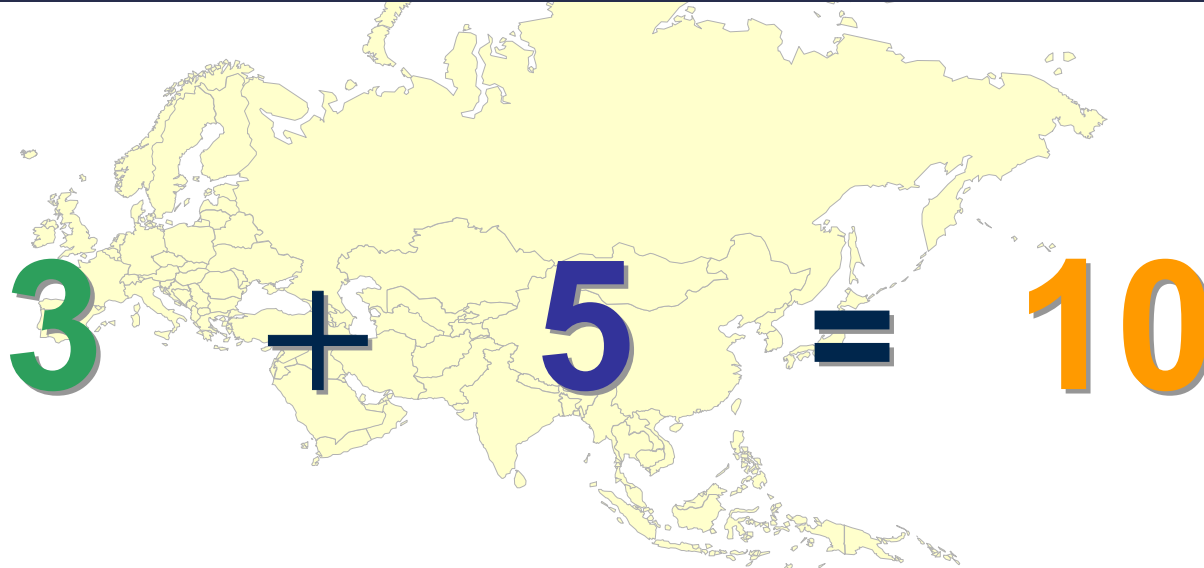
(1): The Maxwell Report "Top World Cigarette Market Leaders"

(2): FY 3/2006

(3): FY 9/2005

Complementary Geographies

Substantial increase in number of markets with No.1 or No.2 market share



JT: 3 Markets

Japan
Taiwan
Malaysia


















Gallaher: 5 Markets

UK
Ireland
Austria
Sweden
Kazakhstan

JT + Gallaher: 2 Markets

Russia
Ukraine

Opportunities to strengthen JT's global brand portfolio

	Gallaher				JT	
Cigarettes						
						
OTP	Hand Rolling tobacco	Snus	Cigars	Pipe		
	 					

Information on Gallaher Group Plc

- ✦ **World's 5th largest global tobacco company**

[2006 Financial Highlights]

- ◆ **Sales Volume: 182.4 BN cigarettes**
- ◆ **Total Sales: £8,401m (¥1,802.3bn)**
- ◆ **Net Sales excl. excise: £2,734m (¥586.5bn)**
- ◆ **EBITA: £692m (¥148.5bn)**

Source: Company's report

Note: FX rate: 214.53 ¥/£ (2006 average rate)

- ✦ **Position in United Kingdom, Ireland, Austria, Sweden, Russia, Ukraine, and Kazakhstan**
- ✦ **Strong brand portfolio includes Benson & Hedges, Silk Cut, Mayfair, Memphis, Sobranie, LD, Ronson, and Sovereign**
- ✦ **Also manufactures RYO tobacco, cigars, pipe tobacco, and snus**

Business Integration Policy

- ✦ **One management team, one company**
- ✦ **Sense of urgency – complete integration plans by August**
- ✦ **Strictly minimize disruptions to existing business**
- ✦ **Maintain focus on consumers and customers**
- ✦ **Capture synergies in a disciplined and systematic manner**

One JTI Management team

- The new JTI Executive Committee has been announced, and is effective from April 18th.
- The JTI Integration Steering Committee will be chaired by Pierre de Labouchere.
- Nigel Northridge, the former CEO of Gallaher Group Plc, will serve on the Integration Steering Committee and will support the integration process for a period of 12 months.

<Reference>
New Executive Committee of JTI

President & Chief Executive Officer	Pierre de Labouchere
Executive Vice President & Assistant to the 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 Affairs	Paul Bourassa
Senior Vice President Finance / Information Technology & Chief Financial Officer	Jean-François Leroux
Senior Vice President Human Resources	Jörg Schappei
Senior Vice President Global Supply Chain Global Leaf Procurement	Bill Schulz
Senior Vice President Business Development & IMO	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