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FOR IMMEDIATE RELEASE

Notice Concerning Stock Acquisition Rights for Stock Options

Tokyo April 27, 2007 --- Japan Tobacco Inc. (JT) (TSE: 2914) announced today that its Board of Directors has passed a resolution to propose an agenda asking for authorization to grant the Members of the Board stock acquisition rights for stock options as a stock-linked compensation plan (hereinafter the “stock acquisition rights”) at its 22nd Annual General Meeting of Shareholders (hereinafter the “AGM”) to be held on June 22, 2007.

1. Reason for Issuing Stock Acquisition Rights

The company will issue stock acquisition rights to the Members of the Board in order to develop incentive and morale for corporate value enhancement. The exercise price of each stock acquisition right shall be ¥1. The rights are only exercisable after their retirement.

2. Terms of the Issuance of Stock Acquisition Rights

i) Aggregate Number of Stock Acquisition Rights to be Issued:

The number of stock acquisition rights issued within a single year from the date of every AGM shall be no more than 800 per annum.



ii) Class and Number of Shares to be Issued upon Exercise of the Stock Acquisition Rights:

The number of shares per stock acquisition right (hereinafter, “the number of shares granted”) shall be one share of common stock. Provided, however, that in the event that the company splits (including any gratis allotment of the shares in the company’s ordinary share) or consolidates its ordinary shares, the aggregate number of stock acquisition rights to be issued and the number of shares granted might be adjusted accordingly.

iii) Total Amount Due upon Exercise of Stock Acquisition Rights:

The total amount to be paid upon exercise of stock acquisition rights shall be the amount calculated by ¥1 per share, multiplied by the number of shares which were granted upon the exercise of the rights.

iv) Exercise Period for Stock Acquisition Rights:

Within 30 years after the next day of the date on which the stock acquisition rights are granted.

v) Restrictions on Acquiring Stock Acquisition Rights by Transfer:

Acquiring stock acquisition rights by transfer requires the approval of the Board of the Directors by resolution.

vi) Matters Pertaining to Exercising Stock Acquisition Rights:

Terms other than i) to v), above, and other terms for exercising stock acquisition rights will be determined at the meeting of the Board of Directors.

Note 1: Up to 450 stock acquisition rights are planned to be granted to Executive Officers of the company who are not appointed as Members of the Board. Executive Officers will receive stock acquisition rights within one year from this year’s AGM, with the same conditions as stock acquisition rights granted to the Members of the Board, subject to the resolution of the Board of Directors.



Note 2: The details of the specific issuance and allotment of the stock acquisition rights provided in the above will be subject to approval at the 22nd AGM to be held on June 22, 2007, and determined by resolution of the Company's Board of Directors which shall be held after the AGM on condition that it gets the approval of the Minister of Finance.

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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 ¥4,769 trillion in the fiscal year ended March 31, 2007.