



JAPAN TOBACCO INC.  
2-1, Toranomon 2-chome, Minato-ku  
Tokyo 105-8422 JAPAN  
Phone:03-3582-3111

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

## **FOR IMMEDIATE RELEASE**

### **JT Issues the Second, Third and Fourth Series Straight Bonds**

**Tokyo, July 18, 2007** --- Japan Tobacco Inc. (JT) (TSE: 2914) announced today that it has determined the terms of the three tranches of its straight bonds with general mortgage, to be released by the company in Japan.

The terms of the bonds are as follows:

#### **The Second Series Straight Bond with General Mortgage (hereinafter “Bond”)**

1. Total amount of issue: 50 billion yen
2. Denomination of each Bond: 100 million yen
3. Interest rate: 1.34 % per annum
4. Issue price: 99.99 yen per face value of 100 yen
5. Redemption price: 100 yen per face value of 100 yen
6. Final redemption date: July 23, 2010 (Three years)
7. Redemption prior to maturity: The company may, at any time after the date of payment, purchase the Bonds and have such purchased Bonds canceled.
8. Interest payment dates: July 24 and January 24 of each year
9. Offering period: July 18, 2007
10. Payment date: July 24, 2007
11. Method of offering: Public offering in Japan
12. Mortgage: General mortgage
13. Underwriters: Syndicate headed by Nomura Securities Co., Ltd. and Daiwa Securities SMBC Co., LTD.
14. Place of application: Head and branch offices of underwriters in Japan
15. Book-entry transfer institution: Japan Securities Depository Center Inc.
16. Fiscal, issuing and paying agent: The Bank of Tokyo-Mitsubishi UFJ, Ltd.
17. Ratings: The Bonds have been given ratings of “AA” from Rating and Investment Information, Inc.
18. Purpose of funds: Funds are to be used for repayment of loans



The Third Series Straight Bond with General Mortgage (hereinafter “Bond”)

1. Total amount of issue: 40 billion yen
2. Denomination of each bond: 100 million yen
3. Interest rate: 1.53 % per annum
4. Issue price: 100 yen per face value of 100 yen
5. Redemption price: 100 yen per face value of 100 yen
6. Final redemption date: July 22, 2011 (Four years)
7. Redemption prior to maturity: The company may, at any time after the date of payment, purchase the Bonds and have such purchased Bonds canceled.
8. Interest payment dates: July 24 and January 24 of each year
9. Offering period: July 18, 2007
10. Payment date: July 24, 2007
11. Method of offering: Public offering in Japan
12. Mortgage: General mortgage
13. Underwriters: Syndicate headed by Nomura Securities Co., Ltd. and Daiwa Securities SMBC Co., LTD.
14. Place of application: Head and branch offices of underwriters in Japan
15. Book-entry transfer institution: Japan Securities Depository Center Inc.
16. Fiscal, issuing and paying agent: The Bank of Tokyo-Mitsubishi UFJ, Ltd.
17. Ratings: The Bonds have been given ratings of “AA” from Rating and Investment Information, Inc.
18. Purpose of funds: Funds are to be used for repayment of loans



The Fourth Series Straight Bond with General Mortgage (hereinafter “Bond”)

1. Total amount of issue: 60 billion yen
2. Denomination of each Bond: 100 million yen
3. Interest rate: 1.68 % per annum
4. Issue price: 99.99 yen per face value of 100 yen
5. Redemption price: 100 yen per face value of 100 yen
6. Final redemption date: July 24, 2012 (Five years)
7. Redemption prior to maturity: The company may, at any time after the date of payment, purchase the Bonds and have such purchased Bonds canceled.
8. Interest payment dates: July 24 and January 24 of each year
9. Offering period: July 18, 2007
10. Payment date: July 24, 2007
11. Method of offering: Public offering in Japan
12. Mortgage: General mortgage
13. Underwriters: Syndicate headed by Nomura Securities Co., Ltd. and Daiwa Securities SMBC Co., LTD.
14. Place of application: Head and branch offices of underwriters in Japan
15. Book-entry transfer institution: Japan Securities Depository Center Inc.
16. Fiscal, issuing and paying agent: The Bank of Tokyo-Mitsubishi UFJ, Ltd.
17. Ratings: The Bonds have been given ratings of “AA” from Rating and Investment Information, Inc.
18. Purpose of funds: Funds are to be used for repayment of loans

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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.*

Note: This press release is intended as general information regarding Japan Tobacco Inc.'s issuance of straight bonds with general mortgage and shall not be considered an offering of securities. This press release shall not be construed as an offering of securities in any region including the United States or Canada. The securities will not be or have not been registered under the Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements under the Securities Act.