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**FOR IMMEDIATE RELEASE**

**JT Has Extended a Guarantee to the Outstanding Gallaher Bonds**

**Tokyo, September 11, 2007** --- Japan Tobacco Inc. (JT) (TSE: 2914) announced today that it has extended a guarantee to the five outstanding Gallaher Group Plc (Gallaher) bonds denominated in Euro and Sterling. The guarantee is effective immediately and is terminable at JT's option with 60 days notice. The bonds benefiting from this guarantee are:

EUR375m 5.875% due 2008 (ISIN XS0089315930);  
STG300m 6.625% due 2009 (ISIN XS0097233075);  
EUR800m 4.625% due 2011 (ISIN XS0193805214);  
STG250m 5.75% due 2013 (ISIN XS0161361828); and  
EUR500m 4.50% due 2014 (ISIN XS0269190533).

This guarantee has been extended to show the support of JT for the Gallaher obligations and is part of the ongoing integration process of Gallaher into the JT Group following the completion of the acquisition on April 18, 2007. A copy of the deed of guarantee has been placed with the trustees: HSBC Trustee (C.I.) Limited in respect of the 2011, 2013 and 2014 bonds, HSBC Bank plc in respect of the 2009 bonds and BNY Corporate Trustee Services Limited in respect of the 2008 bonds.

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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 Winston, Camel, Mild Seven and Benson & Hedges. 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.*