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FOR IMMEDIATE RELEASE

JT Announces Plans to Close Linz Factory

Tokyo, September 28, 2007 --- Japan Tobacco Inc. (JT) (TSE: 2914) announced today that JT International (JTI), JT's international tobacco subsidiary, plans to close its Linz factory, located in Austria. This follows an extensive review of the manufacturing operations in Austria conducted as part of the integration plan for Gallaher, which was acquired by JT in April.

The current Linz factory was established in 1935, and today manufactures popular brands such as Memphis and Benson & Hedges with an annual production volume of approximately 20 billion cigarettes.

Based on current plans, the factory will cease operations by the end of 2009. The plans will affect approximately 300 jobs in Linz and Vienna. All production in Austria will be focused in the Hainburg factory, which will be upgraded to a mid-size factory producing JTI's strategic Global Flagship Brands, including Camel and Winston.

Employees of the Linz and Hainburg factories were advised of the company's plans today. Consultations with the local Works Council and other relevant bodies also began today. As per standard JTI practice, all affected employees will be offered fair and generous treatment.

Once realized, the closure of the Linz factory would reduce the number of JTI factories worldwide to 31. The JT Group will continue to enhance its operational efficiency to deliver maximum corporate value.

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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.