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FOR IMMEDIATE RELEASE

Katokichi, JT and Nissin Agree to Integrate Frozen Foods Businesses

Aiming to be a leading global player centering on the frozen foods business

Tokyo, November 22, 2007 --- Japan Tobacco Inc. (JT) (TSE: 2914) announced today that Katokichi Co., Ltd. (Katokichi) (TSE: 2873), JT and Nissin Food Products Co., Ltd. (Nissin) (TSE: 2897) have reached an agreement to integrate their respective frozen foods businesses.

In accordance with today's agreement, JT will commence a takeover bid for all of the outstanding shares of Katokichi in order to make it a wholly-owned subsidiary of JT. Subsequently, subject to the successfully making Katokichi a wholly-owned subsidiary, JT will transfer 49 percent of the shares of Katokichi to Nissin. Finally, the respective frozen foods divisions of JT and Nissin will be merged into Katokichi (the Integration).

Following the completion of the Integration, the new Katokichi will become the leading frozen food manufacturer in Japan, with combined annual sales of approximately ¥260 billion¹. The operations after the Integration will create synergy opportunities quickly utilizing each company's individual strengths to establish a solid business foundation. Going forward, the new Katokichi will implement growth strategy, with a goal of becoming one of leading global food manufacturers.

In Japan's food industry, the operating environment has been drastically changing due to such factors as an aging population, soaring raw material prices and rising demand for food safety. Under these circumstances, Katokichi, JT and Nissin have discussed the feasibility of their foods businesses' integration as a way to enhance each company's corporate value and shareholders' value.

¹ Calculated based on the three companies' financial results for the fiscal year ended March 31, 2007.



The three companies' frozen foods operations are highly complementary. Katokichi leads the market in its raw materials procurement, as well as competitive manufacturing and distribution bases; JT is renowned for its research and development abilities which continue to generate value-added products; and Nissin has high quality product development operations, represented by its value-added instant noodles, and industry leading quality control.

The Integration will allow the companies to establish an ideal value-chain, from research and development to sales operations, which will increase the value of the combined business, leveraging enhanced management resources including capabilities of product development and sales and marketing. The expected synergies will arise in a number of areas including:

- Establishment of a value-chain which leverages the strengths of the respective companies;
- Enhancement of Katokichi's existing product range through utilization of JT and Nissin's competency in research and development and marketing;
- New product development based on the enhanced resources among the companies;
- Establishing a system for maintaining the highest level of food safety and consumer confidence in Japan;
- Ability to penetrate international markets.

The Integration allows JT and Nissin, as equal partners, to combine the companies' respective strengths into Katokichi, making it one of leading frozen foods companies in Japan. With a variety of frozen food products in its portfolio such as noodles, fries, snacks, meat products, Chinese dishes, desserts and cooked-rice products, the new Katokichi, while consolidating its leading position in the Japanese frozen foods market, will aim to be a global player through future organic growth, new investments and alliances with other domestic food manufacturers.

An integration committee consisting of representatives from the three companies will be established in order to evaluate the best way to smoothly implement the whole process and realize the optimum synergies at an early stage.

The schedule of the tender offer and related business restructuring activities is as follows:



[November 28, 2007]

JT is scheduled to launch its takeover bid for Katokichi share (¥710 per share, provided, however, that all shares offered may not be purchased if they total less than 99,777,000 shares) (Bid period (planned) : from November 28, 2007 to December 26, 2007). Additionally, Katokichi's board of directors resolved its recommendation of JT's takeover bid at the board meeting held today.

[Around March 2008]

When the takeover bid is complete, JT will acquire two-thirds (or more) of Katokichi's shares issued. However, if JT is unable to acquire all of Katokichi's shares (except for treasury shares), Katokichi plans to convert all its shares into class shares subject to wholly call and issue new shares in exchange for them, so that the number of new Katokichi shares issued for the existing shareholders other than JT will be less than one share. These shareholders will receive proceeds from the fractional share, whereby JT is planning to acquire and make Katokichi a wholly-owned subsidiary. In this case, the amount of money paid to such fractional shareholders will be calculated based on the takeover bid price except where extraordinary circumstances exist.

In addition, should this takeover bid turn out successful or Katokichi become a wholly-owned subsidiary of JT, Katokichi shares may be delisted from the stock exchanges following the standard procedures in accordance with the delisting criteria of the exchanges which could be seen in early as March.

And on the condition that Katokichi becomes a wholly-owned subsidiary of JT by means of the takeover bid or acquisition of the class shares subject to wholly call, a share transfer agreement shall be made separately. Under this agreement, 49 percent of Katokichi shares held by JT shall be transferred to Nissin at the per-share price which is substantively the same as the takeover bid price. As a result, JT will own 51 percent voting rights of Katokichi and Nissin 49 percent.

[Around April 2008]

As a condition of the share transfer from JT to Nissin, it is planned that both JT and Nissin will transfer their respective frozen foods businesses to Katokichi in such a manner that will not change their shareholding ratios described above.

Additionally, Katokichi will not submit a proposal on year-end dividends payable to the shareholders of record on March 31, 2008, at the annual general meeting of shareholders for the financial year ending March 2008. Also, it will not provide any shareholder benefits to the shareholders and beneficial shareholders of record as of March 31, 2008, when takeover bid has been successfully completed.



Company Information

Katokichi Co., Ltd.

Headquarters: 5-18-37 Sakamoto Cho, Kanonji City, Kagawa, Japan
Established: September 1956
President: Tetsuji Kanamori
Capital: 34 billion yen
Consolidated Net Sales for the year that ended March 31, 2007: 348.6 billion yen (including net sales for frozen food business [196 billion yen])

Japan Tobacco Inc.

Headquarters: 2-1, Toranomom 2-chome, Minato-ku, Tokyo, Japan
Established: April 1985
President: Hiroshi Kimura
Capital: 100 billion yen
Consolidated Net Sales for the year that ended March 31, 2007: 4,769.3 billion yen (including net sales for frozen food business [50 billion yen])

Nissin Food Products Co., Ltd.

Headquarters: 1-1, 4-chome, Nishinakajima, Yodogawa-ku, Osaka, Japan
Established: September 1948
President: Koki Ando
Capital: 25.1 billion yen
Consolidated Net Sales for the year that ended March 31, 2007: 358.2 billion yen (including net sales for frozen food business in the Japan market [15 billion yen])

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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.

Katokichi, JT and Nissin agree to integrate frozen foods businesses

Reference



Integration of frozen foods business

To be a global player centering on frozen foods business

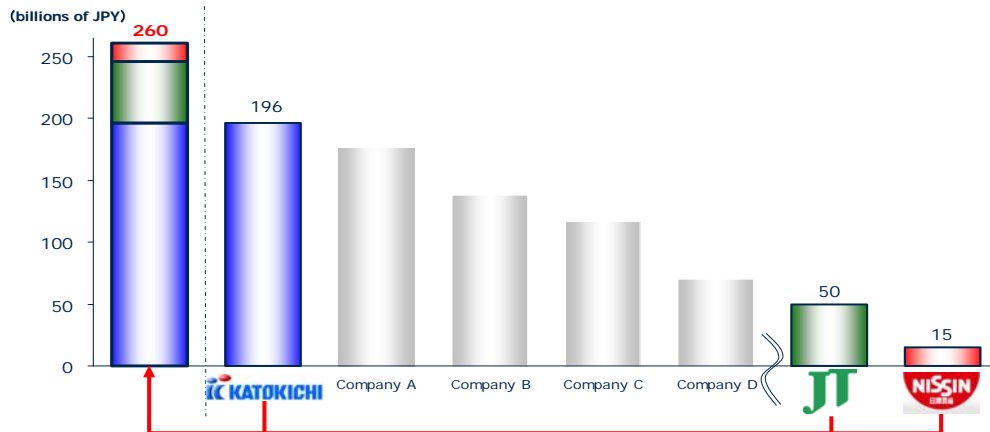
Sales of frozen foods: approx. JPY 260 billion

- ◆ Establishing highest level of food safety and consumer confidence in Japan
- ◆ Establishing high profitability
- ◆ Ability to penetrate international markets



Leaders in Japanese frozen foods business

Sales: approx. JPY 260 billion
To be a leading frozen foods manufacturer in Japan



Source: Actual results of Katokichi, JT and Nissin in addition to Shokuryo Sangyo Shinbun etc. (2006)

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To be a leading frozen foods manufacturer with various product categories

	Dumpling	Spring Roll	Meatball	Steamed dumpling	Tempura	Okonomi-yaki and Tako-yaki	Croquette	Deep Fried Pork	Fried fishes (shrimp, calamari, oyster, etc.)	Fried Chicken	Frozen Cakes	IQF Rice	Noodles (Soba and Udon)	Noodles (Ramen)	Noodles (Spaghe IT)
No.1			★			★			★				★	★	
No.2	★	★					★			★					★
No.3					★										
No.4											★	★			
No.5				★				★							

Note: Based on sales in 2005
 Source: Estimated with public information

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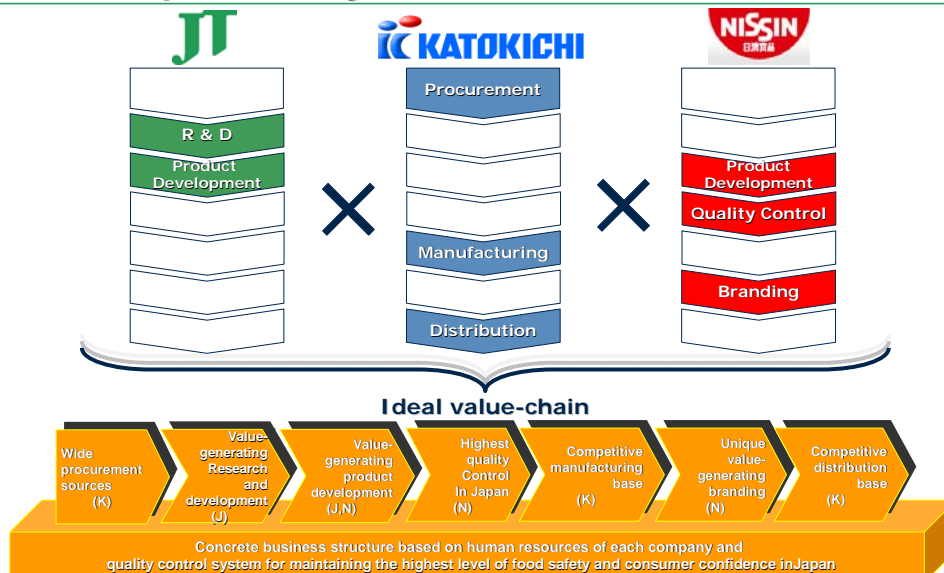


Variety of frozen foods products



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Ideal complementary (outstanding strength of each company)



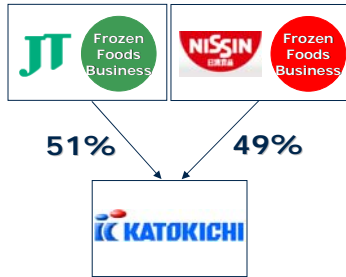
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Scheme and schedule of integration

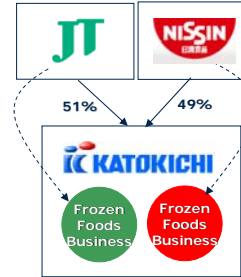
I. Tender offer
 -Class share subject to wholly call:
 [From November 28th, 2007
 To March, 2008 (expected)]



II. Share transfer between JT and Nissin: [March, 2008 (target)]



III. Merger of frozen foods businesses to Katokichi: [April, 2008 (target)]



IV. Integration to realize optimum synergies at an early stage: [April, 2009 (expected)]

