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**FOR IMMEDIATE RELEASE**

**JT to Close the Kanazawa Factory in Japan**

**TOKYO, April 10, 2008** --- Japan Tobacco Inc. (JT) (TSE: 2914) announced today that its Board of Directors has decided to close the Kanazawa Factory, located in the Ishikawa Prefecture in Japan. Cigarette manufacturing in the factory will cease at the end of March 2009.

The closure of the Kanazawa Factory reflects declining cigarette volumes in the Japanese domestic market. Decline in total demand has been accelerating due to factors such as an ageing society, increased health consciousness and stricter smoking regulations which also contributed to the decreases in JT's cigarette sales volumes in recent years. More intensified competition in the Japanese market is expected as well.

Facing this challenging environment, JT has been taking various measures, including the renewal of package design of existing brands and the launch of new cigarette products, to increase its market share in Japan. JT is also committed to continually improving the productivity of its domestic tobacco operations. The closure of the Kanazawa Factory is part of these initiatives to optimize production capacity in Japan and ensure competitive business structures in its Domestic Tobacco Business.

The final details are subject to consultation with the employee labor union and therefore the impact of the initiative on the company's financial position, which will be disclosed in due course, has not yet been established.



### **Factory Data of the Kanazawa Factory**

Address:	10-1, Yonaizumi-cho, Kanazawa-shi, Ishikawa Prefecture
Factory General Manager:	Mikio Komori
Operations Began:	October 1972
Major Brands Manufactured:	Cabin Super Mild Box, Mild Seven Super Lights Box
Production Volume:	approximately 7.4 billion cigarettes (in the fiscal year ended March 31, 2007)
Lot Area:	109,507 square meters
Number of Employees:	112 (as at December 31, 2007)

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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.*