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FOR IMMEDIATE RELEASE

JT Announces Realignment in Its Foods Business

Tokyo, May 1, 2008 --- Japan Tobacco Inc. (JT) (TSE: 2914) announced today the company's decision for the realignment of the Group's foods business including Katokichi Co., Ltd. (Katokichi).

Following the announcement of the dissolution of the alliance with Nissin Food Products Co., Ltd. in the integration of their frozen foods businesses, JT assessed its plans for realignment of the Group's entire foods business including Katokichi. With its 100 percent voting rights of Katokichi effective April 18, 2008, JT has concluded that it will consolidate its processed foods business; including both the JT and Katokichi frozen foods businesses and JT's seasoning business, to operate under Katokichi.

Specifically, JT will transfer the function of the Food Business Division from its Food Business Headquarters, and consolidate its affiliate subsidiaries¹ both in the processed foods business and in the seasoning business, including JT Foods Co., Ltd. (JT Foods), into Katokichi by stock transfer.

The realignment allows Katokichi to have a processed foods business, including a leading frozen foods business in Japan, and a seasoning business, which employs the highest standards of technical capabilities. Through the business realignment, the company aims for the establishment of a further solidified foundation as a foods manufacturer.

JT will maintain its beverage business with product development functions, while its sales and distribution operations, currently conducted by JT Foods, will be transferred to the newly established subsidiary, JT Beverage Inc., with the aim of further business expansion.

¹ Affiliate subsidiaries are comprised of 16 companies: JT Foods Co., Ltd., Nihon Shokuzai Kako Co., Ltd., Sunburg Co., Ltd., Ipingshang Foods Corporation, Saint-Germain Co., Ltd. and 11 other companies. Please note that three chilled processed foods business subsidiaries in Australia are not consolidated in this alignment.



While JT and Katokichi will continue to develop the details of the realignment plan, consolidation of the processed foods business and seasoning business to Katokichi, and stock transfer of affiliate subsidiaries in these businesses, are scheduled for implementation on July 1, 2008. In addition, both companies expect to fully integrate their operation processes in the fourth quarter of this fiscal year ending March 31, 2009.

Mr. Minoru Oyama was newly appointed as Director, Total Quality Management, Foods Business on March 1, 2008. He will continue to be responsible for food safety throughout the Group's foods business, including the beverage business and Katokichi, and reports directly to the President of the Food Business Headquarters.

In addition, JT has appointed Mr. Kunio Morita² and Mr. Kenji Isshiki³ as advisers to evaluate and oversee the company's food safety measures. JT is fully committed to the continued improvement of its food safety measures, which will be revisited and updated, through regular consultation with outside sources.

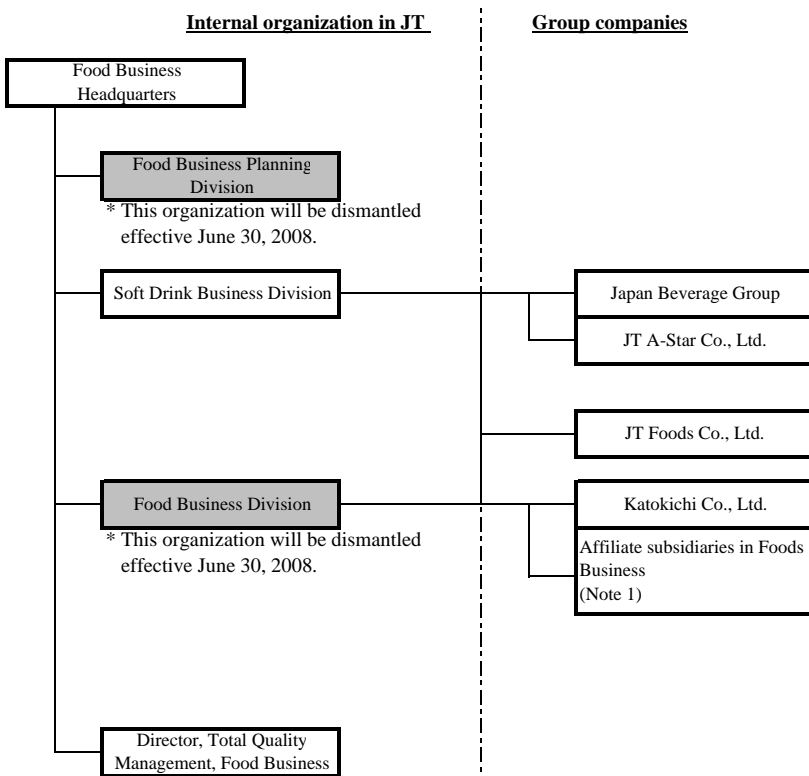
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Japan Tobacco Inc. is the world's third largest international manufacturer of tobacco products. The company manufactures internationally recognized cigarette brands including Winston, Camel, Mild Seven and Benson & Hedges. Since its privatization in 1985, JT has actively diversified its operations into pharmaceuticals and foods. The company's net sales were ¥6.409 trillion in the fiscal year ended March 31, 2008.

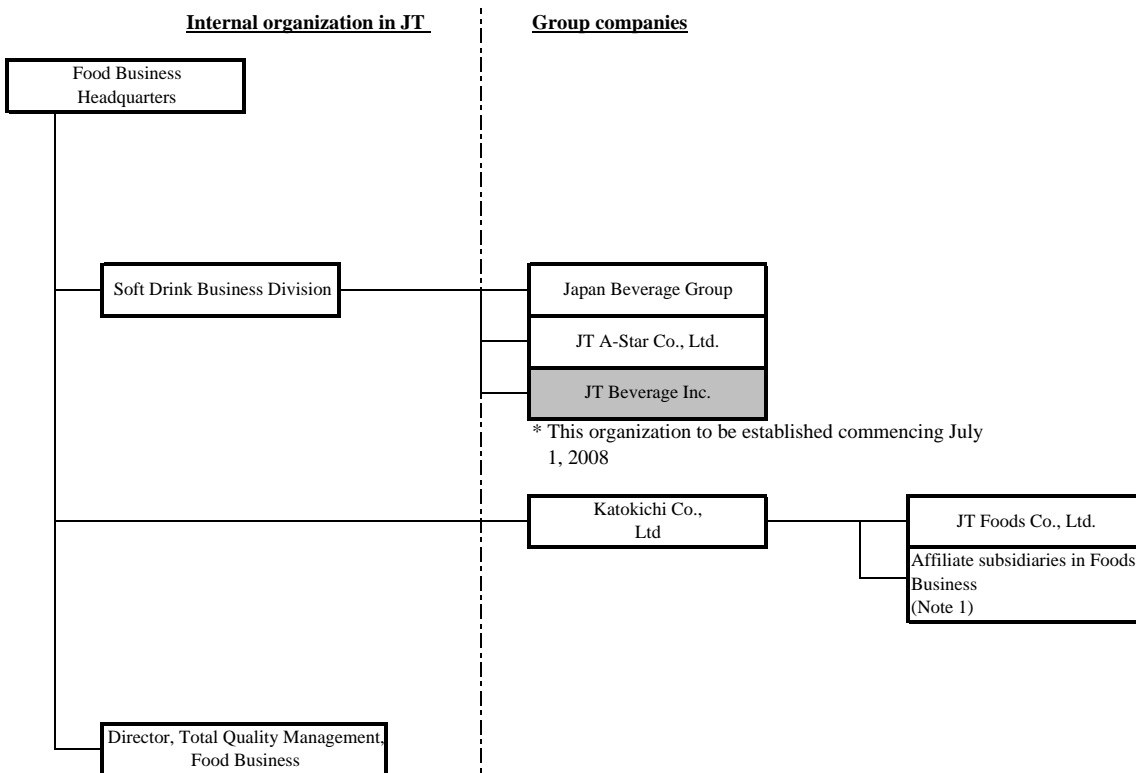
² Managing Director, Japan Dairy Industry Association

³ Professor in Marine Life Science, Graduate School of Fisheries Science, Hokkaido University, specializing in Food Safety and Food Protection

Current Organization (through the end of June 2008)



New Organization (commencing July 1, 2008)



Note 1: Nihon Shokuzai Kako Co., Ltd., Sunburg Co., Ltd. and Ipingshang Foods Corporation, Saint-Germain Co., Ltd. and 11 other companies.

Note 2: Director, Total Quality Management, Foods Business, is responsible for food safety throughout the Group's foods business, including the beverage business and Katokichi.