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FOR IMMEDIATE RELEASE

JT to Acquire a Leaf Tobacco Supplier Group and Establish a New Leaf Tobacco Sourcing Company with US Leaf Tobacco Suppliers

TOKYO, June 12, 2009 --- Japan Tobacco Inc. (JT) (TSE: 2914) announced today that the JT Group has concluded an agreement with Tribac Leaf Limited and its affiliates (Tribac), a leaf tobacco supplier, to acquire Tribac's business. Tribac operates in several parts of the world, including Malawi, Zambia, China and India. In addition the JT Group will enter into a long-term agreement with Tribac for the supply of leaf tobacco from Zimbabwe.

In a separate transaction, the JT Group has today signed an agreement with U.S.-based leaf tobacco suppliers Hail & Cotton and J.E.B to form a joint venture company JTI Leaf Services LLC (JTILS) for the procurement and processing of U.S. leaf tobacco. JTILS will supply directly contracted U.S. leaf tobacco, renowned globally for its high quality and rich flavor characteristics, exclusively for the JT Group's needs.

In the past few years, sharp price increases of various crops have caused leaf tobacco costs to stay high and induced volatility in the supply sources. Under these circumstances, the acquisition of Tribac and the establishment of JTILS will offer the JT Group enhanced stability and capability in procurement of high quality leaf tobacco and allow it to grow its tobacco business in a sustainable manner.

Specifically, through these transactions, the JT Group will:

- 1) manage actively the leaf tobacco supply chain with an aim of stabilizing its sourcing;
- 2) work more directly with tobacco growers, leading to further improvements in quality of leaf tobacco sourced by the Group, and;
- 3) enhance the Group's talent pool and expertise in the area of leaf tobacco procurement.

With the exception of the Japanese leaf, all other procurement for the JT Group will be continued by its Global Leaf Procurement Group based in Geneva. Tribac's organization will be integrated progressively into the Global Leaf Procurement Group which will oversee JTILS' operations.

Cash payable for these transactions will be funded by a combination of JT Group's existing funds and loan facilities. The JT Group will not change its financial forecast announced on 30th April 2009.

Tribac Leaf Limited

Established:	1995
Office location:	Oxfordshire, UK
Representative:	John Victor Brown, Executive Chairman
Shareholdings:	Unlisted

JTI Leaf Services LLC

Established:	July 2009 (Scheduled)
Capital:	5,000,000USD (Scheduled)
JT Group capital contribution:	60% (Scheduled)
Office location:	Virginia, USA
Representative:	TBA

Hail & Cotton, Inc

Established:	1902
Office location:	Tennessee, USA
Representative:	Warren Lester Corbin
Shareholdings:	Unlisted

J.E.B International

Established:	1991
Office location:	Virginia, USA
Representative:	Jay Edward Barker
Shareholdings:	Unlisted

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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 ¥ 6.832 trillion in the fiscal year ended March 31, 2009.