



JAPAN TOBACCO INC.
2-1, Toranomon 2-chome, Minato-ku
Tokyo 105-8422 JAPAN
Phone:03-3582-3111

Contact: Yukiko Seto
General Manager
Media and Investor Relations Division
Japan Tobacco Inc.
Tokyo: +81-3-5572-4292

FOR IMMEDIATE RELEASE

JT's UK Subsidiary Received Statement of Objections from the OFT

Tokyo, April 25, 2008 – Japan Tobacco Inc. (JT) (TSE: 2914) announced today that on April 25, 2008 (GMT), the company's tobacco subsidiary in the United Kingdom, Gallaher Ltd. (Gallaher), together with several other companies, had received a statement of objections¹ from the Office of Fair Trading (OFT), the UK competition authority. The statement of objections addresses the possibility of anti-competitive behaviour with respect to retail prices for tobacco products in the UK market prior to JT's acquisition of Gallaher.

In August 2003, the OFT notified Gallaher of an inquiry into vertical agreements between manufacturers and retailers in the UK cigarette, tobacco and tobacco-related markets. Since that time Gallaher has been fully cooperating with the OFT regarding the inquiry.

The JT Group is reviewing the statement of objections, and will be responding to the OFT as required.

While the matter is still under review, an allowance of undisclosed amount, based on the company's current assumptions, has been booked as a liability in the purchase price allocation related to JT's acquisition of Gallaher.

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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.

¹ A "statement of objections" is a procedural step in the OFT's investigation into any possible infringement of UK competition law, allowing the agency to set out its preliminary views. The addressees of a statement of objections are invited to respond to issues raised in it, and the OFT is obliged to take their responses into account before reaching a final decision.