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FOR IMMEDIATE RELEASE

JT to Acquire a Brazilian Leaf Tobacco Supplier Group

TOKYO, July 22, 2009 --- Japan Tobacco Inc. (JT) (TSE: 2914) announced today that the JT Group has entered into an agreement to acquire all outstanding shares of Kannenberg & Cia. Ltda. (Kannenberg) and Kannenberg, Barker, Hail & Cotton Tabacos Ltda. (KBH&C). This acquisition is subjected to required procedures, and is expected to be completed by October 2009.

KBH&C processes and sells Brazilian tobaccos, sourced principally from Kannenberg, a leaf producer of flue-cured and burley tobaccos operating in the Brazilian market for over 60 years.

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. In order to ensure the JT Group's sustainable growth of its tobacco business, JT announced the acquisition of Tribac and the establishment of JTI Leaf Services (US) LLC on June 12, 2009, for an enhanced stability and capability in procurement of African and U.S. leaf tobaccos respectively. The acquisition of Kannenberg and KBH&C is intended to globalize the JT Group's scope of procurement capability by adding Brazil, which is second only to China in tobacco leaf production worldwide.

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. Kannenberg's and KBH&C's organizations will be integrated progressively into the Global Leaf Procurement Group.

On a consolidated basis, the two acquisitions and U.S. joint venture represent an investment by JT Group of estimated US\$ 230 million. The Brazilian acquisition will be funded by a combination of JT Group's existing funds and loan facilities.

Kannenberg & Cia. Ltda.

Established:	1945
Office location:	Rio Grande do Sul, Brazil
Representative:	Flavio Bock
Shareholdings:	Unlisted

Kannenberg, Barker, Hail & Cotton Tabacos Ltda.

Established:	1999
Office location:	Rio Grande do Sul, Brazil
Representative:	Claus Kannenberg
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.