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OFFICE OF INTERNATIONAL  
CORPORATE FINANCE

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April 18, 2007



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BY HAND DELIVERY

Office of International Corporate Finance  
Division of Corporation Finance  
Securities and Exchange Commission  
100 F. Street, N.E.  
Washington, D.C. 20549-0302

Re: Japan Tobacco Inc. (File No. 82-4362)  
Information Furnished Pursuant to  
Rule 12g3-2 under the Securities Exchange Act of 1934

**SUPL**  
**PROCESSED**  
**APR 23 2007**  
**THOMSON**  
**FINANCIAL**

Ladies and Gentlemen:

We are counsel to Japan Tobacco Inc., a corporation incorporated under the laws of Japan (the "Company"), in connection with this filing made pursuant to the exemption provided under Rule 12g3-2 (the "Rule") promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Attached as an Annex to this letter is a list of information, certain items of which are enclosed herewith, that the Company has made public pursuant to the laws of Japan, has filed with stock exchanges or has distributed to its security holders, subsequent to the information furnished under cover of the letter, dated May 25, 2004, from Mori Hamada & Matsumoto to the Securities and Exchange Commission (the "Commission"), and subsequent to the information previously furnished to the Commission by this firm on behalf of the Company.

The information set forth herein is being furnished to the Commission pursuant to subparagraph (b)(1)(iii) of the Rule. In accordance with subparagraphs (b)(4) and (b)(5) of the Rule, the information and documents furnished herewith are being, and any information or documents furnished in the future by the Company pursuant to the Rule will be, furnished with the understanding that they shall not be deemed "filed" with the Commission or otherwise subject to Section 18 of the Exchange Act, and that neither this letter nor the furnishing of any such information or documents pursuant to the Rule shall constitute an admission for any purpose that the Company is subject to the Exchange Act.

*Jlw 4/19*

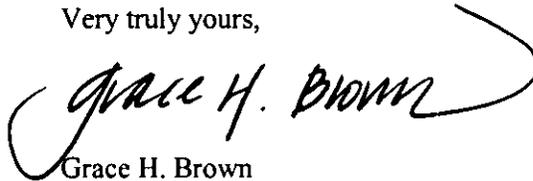
Securities and Exchange Commission

April 18, 2007

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If you have any questions regarding this filing, please do not hesitate to call me at (202) 457-7036 or, in my absence, Neal N. Beaton of the New York office at (212) 513-3470 or Lance D. Myers of the New York office at (212) 513-3217. We would appreciate it if you would date stamp the enclosed copy of this letter and return it to our waiting messenger.

Very truly yours,

A handwritten signature in black ink that reads "Grace H. Brown". The signature is written in a cursive style with a large, sweeping flourish at the end.

Grace H. Brown  
Holland & Knight LLP

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ANNEX  
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**INFORMATION DISTRIBUTED**

OFFICE OF INTERNATIONAL  
CORPORATE FINANCIAL

A. JAPANESE LANGUAGE DOCUMENT  
(brief description of Japanese language documents listed below are set out in EXHIBIT A hereto)

1. Disclosure material dated April 18, 2007 regarding the completion of the acquisition of Gallaher Group plc by the Company and its supplemental material.

B. ENGLISH LANGUAGE DOCUMENT  
(English documents listed below is included in EXHIBIT B hereto)

1. Press Release (with an appendix for the release)

<u>Date</u>	<u>Title</u>
1) 04/18/2007 (04/18/2007)	Completion of the Acquisition of Gallaher Group Plc by JT

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Note: The dates in parentheses are the dates of the releases in Japan

## **EXHIBIT A**

### **BRIEF DESCRIPTION OF JAPANESE LANGUAGE DOCUMENT**

1. Disclosure material dated April 18, 2007 regarding the completion of the acquisition of Gallaher Group plc by the Company and its supplemental material.

Disclosure material regarding the completion of the acquisition of Gallaher Group plc, filed with the listed Stock Exchanges of Tokyo Osaka, Nagoya, Fukuoka and Sapporo. The supplemental material includes the Company's announcement regarding the appointment of a new Executive Committee of JT International, the Company's international tobacco operation.

**EXHIBIT B**

**ENGLISH LANGUAGE DOCUMENT**

Set out below is the English documents referred to in ANNEX, Section B, item

1.

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JAPAN TOBACCO INC.  
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Tokyo 105-8422 JAPAN  
Phone:03-3582-3111

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(PR adviser to JT)  
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## Completion of the Acquisition of Gallaher Group Plc by JT

**Tokyo, April 18, 2007** -- Japan Tobacco Inc. (JT) (TSE: 2914) is pleased to announce that the scheme of arrangement has today become effective<sup>1</sup> and that Gallaher Group Plc (Gallaher) is now part of the JT Group. Accordingly, the listing of Gallaher shares has now been cancelled.

JT also announces the appointment of a new Executive Committee of JT International (JTI), JT's international tobacco operation, which continues to be headed by Pierre de Labouchere. The Executive Committee is leading the integration of Gallaher into JTI, ensuring realization of the full benefits of the acquisition. The new Executive Committee includes two former Gallaher executives, Stefan Fitz and Eddy Pirard, who will manage the Central Europe / Nordic region and the United Kingdom / Ireland, respectively.

The development of an integration plan is underway and should be completed in August.

"I am pleased to welcome Gallaher and its employees into the JT Group. We have already enjoyed excellent support and co-operation from the Gallaher team which promises well for a successful future together," said Hiroshi Kimura, President and CEO of JT. "This acquisition is a significant milestone in the development of JT's international tobacco business, which was built upon the expertise and commitment of its management and workforce. Gallaher will provide JTI with significant economies of scale, better geographical balance and stronger market positions, as well as further growth opportunities."

<sup>1</sup> In addition to the unconditional anti-trust clearances for the EU, Russia and South Africa, which JT announced earlier this year, similar clearances have been obtained for Ukraine, Turkey, Serbia, Albania and Taiwan.



JT's forecast financial results for the fiscal year ending March 31, 2008, which are expected to be announced on April 27, 2007, will not incorporate Gallaher's forecast results for the consolidated period. The company's forecast financial results for the year, including Gallaher's results, will be developed in the course of the formulation of the integration plan.

Supplemental material relating to the acquisition of Gallaher can be found on JT's website ([http://www.jti.co.jp/JTI/IR/GLH/070418\\_Gallaher\\_Acquisition\\_Appendix.pdf](http://www.jti.co.jp/JTI/IR/GLH/070418_Gallaher_Acquisition_Appendix.pdf)).

###

*Japan Tobacco Inc. is the world's third largest international manufacturer of tobacco products. The company manufactures internationally recognized cigarette brands including Camel, Winston, Mild Seven and Salem. Since its privatization in 1985, JT has actively diversified its operations into pharmaceuticals and foods. The company's net sales were ¥4.637 trillion in the fiscal year ended March 31, 2006.*

The distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this announcement comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdictions.



Reference

**New Executive Committee of JTI** (effective as of April 18)

President and Chief Executive Officer	Pierre de Labouchere
Executive Vice President & Assistant to CEO	Yasushi Shingai
Chief Operating Officer	Thomas A. McCoy
Senior Vice President, Research & Development	Masaharu Abe
Senior Vice President, Consumer & Trade Marketing	David Aitken
Senior Vice President, Legal / Corporate Affaires	Paul Bourassa
Senior Vice President, Finance / Information Technology & Chief Financial Officer	Jean-Francois Leroux
Senior Vice President, Human Resources	Jorg Schappei
Senior Vice President, Global Supply Chain / Global Leaf Procurement	Bill Schulz
Senior Vice President, Business Development	Frits Vranken
Regional President, CIS / Adriatica / Romania & WWDF	Martin Braddock
Regional President, Central Europe / Nordic	Stefan Fitz
Regional President, Asia Pacific	Hans-Gerd Hesse
Regional President, Middle East / Africa / Iran / Turkey	Fadoul Pekhazis
Regional President, United Kingdom / Ireland / OTP	Eddy Pirard
Regional President, Americas	Michel Poirier
Regional President, Western & Southern Europe / Baltics	Roberto Zanni



## **Completion of the Gallaher Acquisition**

Appendix for the Release

### **Caution concerning forward-looking statements**

#### **Forward-Looking and Cautionary Statements**

This presentation contains forward-looking statements about our industry, business, plans and objectives, financial conditions and results of operations based on current expectations, assumptions, estimates and projections. These statements discuss future expectations, identify strategies, discuss market trends, contain projections of operational results and financial condition and state other forward-looking information.

These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ from those suggested by any forward-looking statement. We assume no duty or obligation to update any forward-looking statement or to advise of any change in the assumptions and factors on which they are based. Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation:

- (1) health concerns relating to the use of tobacco products;
- (2) legal or regulatory developments and changes; including, without limitation, tax increases and restrictions on the sale, marketing and usage of tobacco products, governmental investigations and privately imposed smoking restrictions;
- (3) litigation in Japan and elsewhere;
- (4) our ability to further diversify our business beyond the tobacco industry;
- (5) our ability to successfully expand internationally and make investments outside of Japan;
- (6) competition and changing consumer preferences;
- (7) the impact of any acquisitions or similar transactions;
- (8) local and global economic conditions; and
- (9) fluctuations in foreign exchange rates and the costs of raw materials.



## The acquisition of Gallaher Group Plc has been completed

- ✦ **All necessary procedures under UK law have been completed, and Gallaher Group Plc has now been acquired by the JT Group.**

December 15, 2006: Approval granted at Gallaher's board meeting  
 March 9, 2007: Approval granted at Gallaher shareholders' meeting  
 April 17, 2007: Final court approval granted  
 April 18, 2007: Acquisition completed

- ✦ **Regulatory approvals in the EU and in other countries**

JT has obtained the unconditional approval of the relevant anti-trust authorities in the EU, Russia, South Africa, Ukraine, Turkey, Serbia, Albania, and Taiwan.

- ✦ **Acquisition Price: Approx. £7.5 billion (approx. ¥1.78 trillion)**

Acquisition Price incl. net debt: Approx. £9.4 billion (approx. ¥2.25 trillion)

*Note: FX rate: 238.04 ¥/£ (as of April 17, 2007)*

**JT will continue to deliver sustainable growth  
 as a leading global tobacco company.**

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## Significance of the JT Group acquisition

### Greater Scale

- ✦ Enhances position as the world's 3<sup>rd</sup> largest global cigarette manufacturer
- ✦ Greater economies of scale in a number of Europe and CIS markets

### Mutually Complementary

- ✦ A more geographically balanced group with enhanced growth opportunities
- ✦ A competitive, balanced brand portfolio

### Enhanced Capabilities

- ✦ Greater Virginia blend expertise and other tobacco products, including snus
- ✦ A more competitive, balanced portfolio will result in stronger retail presence

### Greater Scale

Stronger position as the World's 3<sup>rd</sup> largest tobacco company

Top line growth opportunities

Operating efficiencies

### Mutually Complementary

A more balanced international business

A competitive, balanced portfolio across many markets and price segments

Greater expertise in Virginia blend technology

Other tobacco product (OTP) technologies

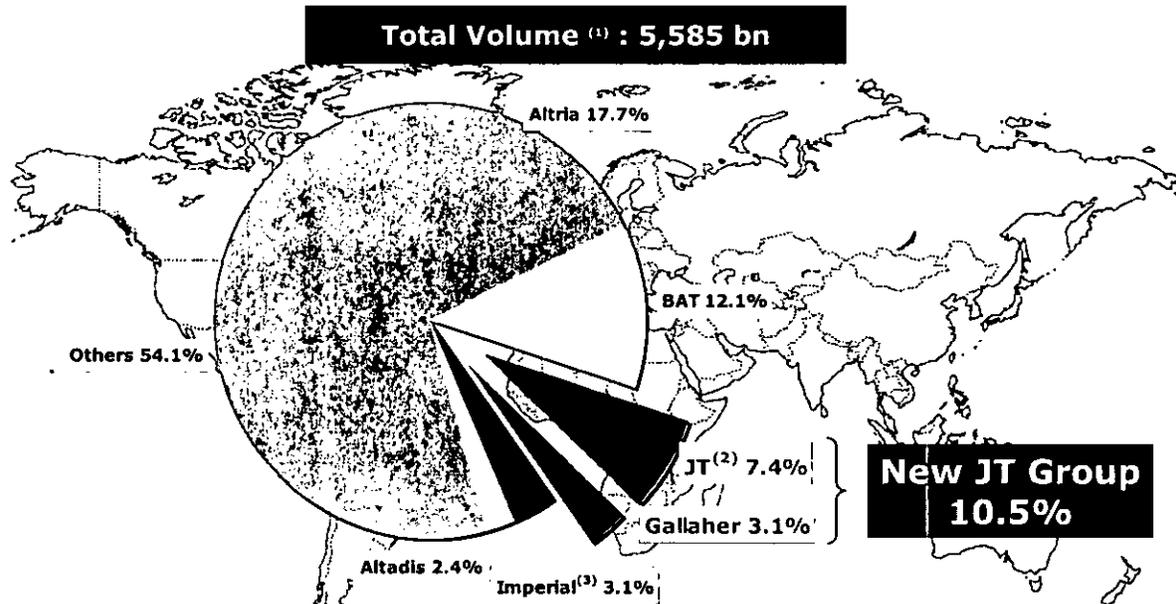
Enhanced retail presence

Enhanced Capabilities

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## Major Tobacco Companies' Share (2005)



Source: Companies' reports, The Maxwell Report  
 (1): The Maxwell Report "Top World Cigarette Market Leaders"  
 (2): FY 3/2006  
 (3): FY 9/2005



## Complementary Geographies

**Substantial increase in number of markets with No.1 or No.2 market share**

$$3 + 5 = 10$$

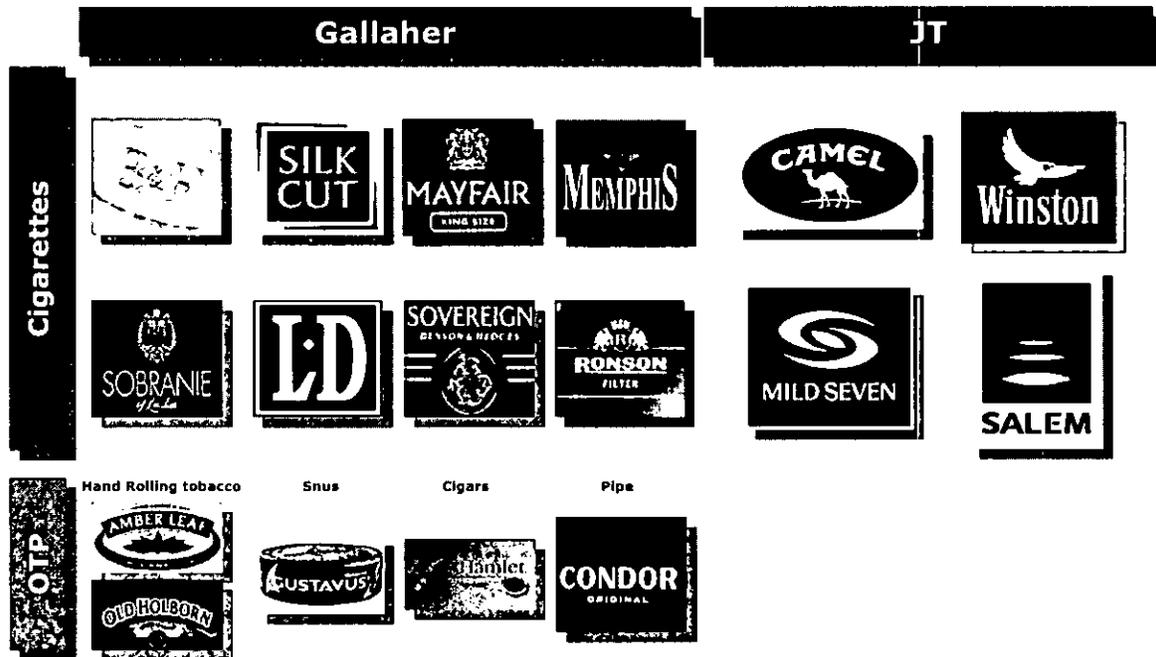
JT: 3 Markets
Japan
Taiwan
Malaysia

Gallaher: 5 Markets
UK
Ireland
Austria
Sweden
Kazakhstan

JT + Gallaher: 2 Markets
Russia
Ukraine



## Opportunities to strengthen JT's global brand portfolio



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JT

## Information on Gallaher Group Plc

- ✦ World's 5<sup>th</sup> largest global tobacco company

### [2006 Financial Highlights]

- ◆ Sales Volume: 182.4 BN cigarettes
- ◆ Total Sales: £8,401m (¥1,802.3bn)
- ◆ Net Sales excl. excise: £2,734m (¥586.5bn)
- ◆ EBITA: £692m (¥148.5bn)

Source: Company's report

Note: FX rate: 214.53 ¥/£ (2006 average rate)

- ✦ Position in United Kingdom, Ireland, Austria, Sweden, Russia, Ukraine, and Kazakhstan
- ✦ Strong brand portfolio includes Benson & Hedges, Silk Cut, Mayfair, Memphis, Sobranie, LD, Ronson, and Sovereign
- ✦ Also manufactures RYO tobacco, cigars, pipe tobacco, and snus

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JT

## Business Integration Policy

- # **One management team, one company**
- # **Sense of urgency – complete integration plans by August**
- # **Strictly minimize disruptions to existing business**
- # **Maintain focus on consumers and customers**
- # **Capture synergies in a disciplined and systematic manner**



## One JTI Management team

- # The new JTI Executive Committee has been announced, and is effective from April 18<sup>th</sup>.
- # The JTI Integration Steering Committee will be chaired by Pierre de Labouchere.
- # Nigel Northridge, the former CEO of Gallaher Group Plc, will serve on the Integration Steering Committee and will support the integration process for a period of 12 months.

<Reference>  
New Executive Committee of JTI

President & Chief Executive Officer	Pierre de Labouchere
Executive Vice President & Assistant to the CEO	Yasushi Shingal
Chief Operating Officer	Thomas A. McCoy
Senior Vice President Research & Development	Masaharu Abe
Senior Vice President Consumer & Trade Marketing	David Aitken
Senior Vice President Legal & Corporate Affairs	Paul Bourassa
Senior Vice President Finance / Information Technology & Chief Financial Officer	Jean-François Leroux
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END

