

October 21, 2009

Company Name: JAPAN TOBACCO INC.
Representative: Hiroshi Kimura, President, Chief Executive Officer and Representative Director
Stock Code: 2914
(Stock Exchanges: Tokyo/Osaka/Nagoya First Section; Fukuoka and Sapporo)
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Ontario Government Sues JT Subsidiary

Japan Tobacco Inc. (JT) announced today, as follows, that the Government of Ontario, Canada filed a lawsuit against 13 tobacco manufacturers including JT subsidiary JTI-Macdonald Corp. (JTI-Mac) and 1 industry organization.

1. Filing date and court receiving the lawsuit

- (1) Date September 29, 2009 (The date described in the complaint)
- (2) Court Ontario Superior Court of Justice (Canada)

2. Parties to the lawsuit

- (1) Plaintiff Her Majesty the Queen in Right of Ontario (Canada)
- (2) Defendants JTI-Mac,
Rothmans Inc.,
Rothmans, Benson & Hedges Inc.,
Carreras Rothmans Limited,
Altrira Group, Inc.,
Philip Morris U.S.A. Inc.,
Philip Morris International, Inc.,
R.J. Reynolds Tobacco Company,
R.J. Reynolds Tobacco International Inc.,
Imperial Tobacco Canada Limited,
British American Tobacco p.l.c.,
B.A.T Industries p.l.c.,
British American Tobacco (Investments) Limited
(13 tobacco manufacturers)
Canadian Tobacco Manufactures' Council
(1 industry organization)

3. Brief Summary of the Claim

(1) Claim

To seek compensation amongst 13 tobacco manufacturers and 1 industry organization for damages for the cost of health care benefits, resulting from tobacco related disease or the risk of tobacco related disease, which have been paid or will be paid by the government of Ontario for insured persons.

(2) Amount

CAD50.0 billion (approx. ¥4,170.0 billion: CAD1=approx. ¥83)

* The statement of claim in this case contains allegations of joint and several liabilities amongst all the defendants but does not specify any individual amount or percentages, within the total amount of the claim, which is claimed from any individual defendant.

4. Future prospects

JT and JTI-Mac believe that the claim shall be groundless and will take appropriate measures, including refuting in court..

Although it is difficult to estimate as of this time the financial impact to be arisen from this case, JT will disclose further information in this regard when available and as necessary and appropriate.

Overview of JTI-Mac

Name	JTI-Macdonald Corp.
Representative	Michel A. Poirier, President & CEO
Location of head office	Mississauga, Ontario, Canada
Type of business	Manufacture and sale of tobacco products (cigarettes, RYO, cigars, etc.)
Established	1999
Capital	CAD125 million
Main products	Export A, Macdonald Special, Camel, Winston, etc.