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COMP/M.4424-JAPAN TOBACCO / GALLAHER

SECTION 1.2

Description of the concentration

On 15 December 2006, the boards of Japan Tobacco Inc. (**JT**) and Gallaher Group Plc. (**Gallaher**) announced they had reached agreement on the terms of a recommended cash offer to be made by JTI (UK) Management Ltd (**JTI (UK)**) (a wholly-owned subsidiary of JT) for the entire issued and to be issued share capital of Gallaher.

Upon completion of the proposed concentration, JT will exercise sole control over Gallaher in the sense of Article 3.1 (b) of the ECMR.

The relevant business activities of the undertakings concerned are:

- for JT: manufacturing and sale of cigarettes and other tobacco products
- for Gallaher: manufacturing and sale of cigarettes and other tobacco products; wholesale distribution of tobacco products; retail distribution of tobacco products.

The proposed concentration has a Community dimension.