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Results of Application for Voluntary Retirement Program

Japan Tobacco Inc. (JT) (TSE: 2914) announced today the results of applications for the voluntary retirement program and the financial impact of the set of measures to strengthen the competitiveness and profitability of the Japanese domestic tobacco business announced on October 30, 2013. The voluntary retirement program was offered in the framework of the measures.

1. Outline and results of applications for voluntary retirement program

- The program was offered to JT's employees between 50 and 59 years old in the Japanese domestic tobacco business and corporate functions, as well as those who work at the sites that would be closed down, in order to rightsize the workforce in the framework of the measures. In principle, the majority of the applicants will leave JT at the end of March 2015. However, at a number of operations, the program has yet to be offered and the date of voluntary retirement will be set for the end of March 2016.
- A total of 1,754 employees have applied for the voluntary retirement program.

2. Financial impact

- The Company expects to book a total of ¥59.1 billion as a one-off expense relating to the measures, which includes compensation for early retirement for all voluntary retirement program applicants; and payments to 161 employees who will retire in accordance with the Company's policy for managerial personnel. It has booked ¥56.6 billion for the fiscal year 2014, and the remaining ¥2.5 billion has been incorporated in the consolidated forecast for the fiscal year 2015 announced today.
- The effects of the measures in the Japanese domestic tobacco business will accrue from April 2015, and will amount to approximately ¥26.0 billion per annum from the fiscal year 2017 onwards, as all applicants will have left the Company by that point.

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Japan Tobacco Inc. is a leading international tobacco company. Its products are sold in over 120 countries and its internationally recognized brands include Winston, Camel, Mevius and LD. With diversified operations, JT is also actively present in pharmaceuticals and processed foods. The company's revenue was ¥2,154 trillion (US$17,867 million(*)) in the fiscal year ended December 31, 2014(**).

**Translated at the rate of ¥120.55 per $1, as of December 31, 2014*
***Due to a change in the accounting period from March 31 to December 31, the fiscal year 2014 covered nine months for Japanese domestic businesses and 12 months for the consolidated subsidiaries which operate the Group's international tobacco business. On a comparable full calendar year basis, revenue was ¥2,433 trillion (US$20,186 million(*)).*

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