[Translation]
The following statements are an English-language translation of the original Japanese-language document for your convenience. In the case that there is any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct.

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To whom it may concern

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Financial Loss incurred in US Oil and Gas Field Development Project, and Revision of Earnings Forecasts for Fiscal Year Ending March 2010

JGC Corporation today announces that the financial loss incurred in the Little Lake oil and gas field development and production project, operated in Louisiana by our wholly-owned subsidiary, JGC Energy Development (USA) Inc. (headquartered in Houston, Texas), will be balanced up as detailed below in our third-quarter accounting (October 1, 2009 to December 31, 2009) for fiscal 2009 ending March, 2010.

We also announce revisions to our full-year earnings forecasts for the fiscal year.

1. Background and Situation

In August, 2006, our US subsidiary, JGC Energy Development (USA) Inc., acquired 50% of the concession for a mining area in Louisiana, including the Little Lake oil and gas field, and the remaining 50% was subsequently acquired in August, 2007. At present, the subsidiary has been operating the oil and gas development and production in its wholly-owned mining area as the sole operator.

However, the oil and gas reserves added by additional drilling have fallen short of the originally expected reserves, and the company is expected to show a sizeable loss in its financial statements for fiscal 2009. As a result of this, it has turned out that we have difficulty in recovering a considerable amount of our total investment in and loans to this subsidiary. Therefore, the loss incurred in this connection will be balanced up in our third-quarter accounting for fiscal 2009 ending March, 2010.

The present policy of JGC Energy Development (USA) Inc. is to continue the production and sale of crude oil and natural gas already in commercial operation.

2. Loss Balancing in Our Accounting

(1) Non-Consolidated accounting

For the estimated loss in the total amount of our investment and loans (134 million dollars or approx. 13.3 billion yen) to JGC Energy Development (USA) Inc., our balance sheet will list an extraordinary loss of 6,364 million yen as a “loss on valuation of stocks of subsidiaries and affiliates” and a non-operating loss of 1,936 million yen as an “provision of allowance for doubtful accounts”.

(2) Consolidated accounting

Due to the increased importance accorded to JGC Energy Development (USA) Inc. within the JGC Group, it will newly join our consolidated subsidiaries from our third-quarter accounting for fiscal 2009 ending March, 2010, and its estimated loss of 4,968 million yen (including an impairment loss of 3,867 million yen) declared in its accounting for fiscal 2009 will be listed as our loss. In addition, its accumulated loss of 3,546 million yen up to the previous fiscal year will be balanced up by directly reducing “retained earnings” in the “Total net assets” in our consolidated balance sheet.

3. Full-Year Financial Performance Forecast for Fiscal 2009 Ending March, 2010

(1) Revised forecast of the fiscal 2009 full-year Consolidated financial performance
(April 1, 2009 to March 31, 2010)

(in million yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings per Share
Previous Forecast (A)	450,000	35,500	34,000	21,500	85.05 yen
Revised Forecast (B)	430,000	40,000	39,000	24,500	96.92 yen
Difference (B-A)	-20,000	4,500	5,000	3,000	
Percentage Change (%)	-4.4%	12.7%	14.7%	14.0%	
(Reference) Actual Result for Fiscal 2008	450,911	52,003	49,388	31,543	124.76 yen

(2) Revised forecast of the fiscal 2009 full-year Non-Consolidated financial performance
(April 1, 2009 to March 31, 2010)

(in million yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings per Share
Previous Forecast (A)	350,000	27,000	30,000	21,000	83.07 yen
Revised Forecast (B)	330,000	32,000	34,500	21,000	83.07 yen
Difference (B-A)	-20,000	5,000	4,500	―	
Percentage Change (%)	-5.7%	18.5%	15.0%	―	
(Reference) Actual Result for Fiscal 2008	349,924	41,356	44,176	30,213	119.50 yen

4. Reasons for the Revisions of Our Financial Forecasts

(1) Consolidated

The financial loss attributable to JGC Energy Development (USA) Inc. will be balanced up in our third-quarter accounting. However, our operating income, ordinary income, and net income will increase in comparison with our previous announcement on November 5, 2009 as a result of increases in operating income due to smooth project execution, increases in profits in some of our equity-method subsidiaries and affiliates, and decreases in our corporate tax expenses due to a review of tax calculations.

(2) Non-Consolidated

Notwithstanding the above-mentioned loss balanced up in our current accounting, our net income, which is the same figure as previously announced on November 5, 2009, remains unchanged as a result of increases in operating income due to smooth project execution, increases in dividends received, and decreases in our corporate tax amount due to a review of tax calculations.