

[Translation]

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January 31, 2011

To whom it may concern

Name of listed company : JGC Corporation  
Representative : Chairman and Chief Executive Officer  
Keisuke Takeuchi  
(Code number : 1963 Stock exchange : Tokyo)  
Contact : Senior Manager, PR & IR Department  
Hideyuki Mizuno  
(TEL : 81-45-682-1111)

**Notice on Loss and Revision of Earnings Forecasts**  
**for Fiscal Year Ending March 2011**

JGC CORPORATION today announced that financial loss will be reported in our 3<sup>rd</sup> quarter accounting period (October 1, 2010 through December 31, 2010). The loss is in connection with the Nigeria LNG Project reported in the Company's Consolidated Financial Statements for the Fiscal Year 2009 dated May 14, 2010, and that, for this reason, its full year earnings for the Fiscal Year ending March 31, 2011 will be revised as follows.

**1. Situation**

In or around 1995, JGC joined a consortium formed by M.W. Kellogg Company (a U.S. company that later became KBR), Technip (a French company), and Snamprogetti (an Italian company) in order to i) bid for the construction of liquefied natural gas plant in Bonny Island, Nigeria ("Project") and ii) implement the Project if awarded. The consortium was called "TSKJ". TSKJ was awarded the contract for the first stage of the Project (trains 1 & 2) in 1995, and thereafter up to 2004 three additional contracts to build 4 additional trains.

In or around 2002, French authorities initiated investigations into TSKJ after allegations that in relation to the Project bribery payments were made to Nigerian government officials, and, in 2004, the U.S. Department of Justice ("DOJ") and Securities and Exchange Commission ("SEC") initiated investigations in respect of the alleged breach of the U.S. Foreign Corrupt Practices Act.

As publicly reported, in 2009, KBR reached the settlements with DOJ and SEC as a result of the aforesaid investigations. In 2010, Technip and Snamprogetti also reached the settlements with DOJ and SEC.

JGC and DOJ have been engaged in discussions about a potential resolution of the investigation relating to JGC. It was confirmed at the meeting of JGC's board of directors held on January 31, 2011 that the Board has approved of a potential resolution of the investigation. Based on this approval, JGC recognized a provision for the cost estimated for such a resolution,

which will be appropriated as a financial loss in the 3<sup>rd</sup> Quarter Financial Result. The amount of such loss is 17.8 billion Japanese yen.

As announced recently, KBR and Snamprogetti reached the settlement with the Nigerian authority in relation with the Project. We hereby report that JGC also reached the settlement with the Nigerian authority in January 2011 and the amount of 2.3 billion Japanese Yen will be also reported as a loss in the 3<sup>rd</sup> Quarter Financial Result.

## 2. Loss to be recorded

(Consolidated and Non-Consolidated)

In our 3<sup>rd</sup> quarter accounting period (October 1, 2010 through December 31, 2010), Extraordinary Losses of 17.8 billion Japanese Yen will be accrued as “Provision for Settlement Package” to DOJ, and 2.3 billion Japanese Yen will be accrued as “Settlement Package” to the Nigerian authority.

## 3. Revised Full-year Earnings Forecasts for Fiscal 2010

(1) Revised Full-year Consolidated Earnings Forecasts for Fiscal 2010

(April 1, 2010 to March 31, 2011)

(Millions of Japanese yen, Yen, %)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
Previous Forecasts (A)	480,000	49,500	49,000	33,000	130.56yen
Revised Forecasts (B)	480,000	57,000	57,000	23,500	92.98yen
Difference (B) – (A)	0	7,500	8,000	△9,500	—
Percentage Change (%)	—	15.2	16.3	△28.8	—
(Reference) Full-year for Fiscal 2009	414,257	41,919	40,829	27,112	107.25yen

(2) Revised Full-year Non-consolidated Earnings Forecasts for Fiscal 2010

(April 1, 2010 to March 31, 2011)

(Millions of Japanese yen, Yen, %)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
Previous Forecasts (A)	390,000	39,000	42,000	30,000	118.69yen
Revised Forecasts (B)	390,000	46,500	50,000	20,500	81.11yen
Difference (B) – (A)	0	7,500	8,000	△9,500	—
Percentage Change (%)	—	19.2	19.0	△31.7	—
(Reference) Full-year for Fiscal 2009	317,597	32,145	33,921	21,271	84.15yen

### (3) Reasons for Revision of the Forecasts

Forecasts for both consolidated and non-consolidated Operating Income and Ordinary Income are expected to increase above the previously announced level due to our efficient project execution. In addition to an increase in Operating Income and Ordinary Income, we have also recorded Extraordinary Gain through sales of JGC shares in our U.K. affiliate company, which was disclosed on the 6<sup>th</sup> of January 2011. However, due to the recognition of Extraordinary Loss from this settlement package, consolidated and non-consolidated Net Income are expected to decrease from previously announced levels.

### 4. Dividends

JGC announced on 5<sup>th</sup> of November 2010 that it has forecasted 30 billion Japanese Yen of Net Income and 30 Japanese Yen of annual dividends per share (both non-consolidated) for the fiscal year ending March 2011, based on our target payout ratio of 25% of our non-consolidated Net Income. The forecasts of annual dividends per share will remain unchanged, although our non-consolidated Net Income is expected to decrease to 20.5 billion Japanese Yen, as a result of the revision on our earnings forecasts.

\*The forecasts given above are based on information available at the time of compilation, and are inherently subject to a variety of uncertainties. Actual results may vary significantly from forecasts.

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