May 14, 2019

To whom it may concern:

Company name: JGC CORPORATION
Representative: Masayuki Sato
Chairman and Chief Executive Officer (CEO)
(Code number: 1963, Stock Exchange: Tokyo)
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Notice on Signing of Absorption-Type Corporate Separation Agreement Accompanying Transition to a Holding Company Structure through a Corporate Separation and Amendment to the Articles of Incorporation

JGC CORPORATION (hereinafter referred to as “the Company”) announced that it would start preparations for transition to a holding company structure on October 1, 2019 in “Review Now Underway Toward Reforming JGC Group Management Structure” dated November 8, 2018.

The Company resolved at the Board of Directors held on May 14, 2019 to enter an absorption-type corporate separation agreement with Nikki Global Kabushiki Kaisha (established on April 8, 2019, and its English company name to be registered as “JGC CORPORATION” on October 1, 2019) to succeed the overseas EPC business the Company is engaged in. In addition, it was resolved to enter an absorption-type corporate separation agreement with JGC Plant Innovation Co., Ltd. (its Japanese company name to be changed to “Nikki Kabushiki Kaisha” and English company name to be changed to “JGC JAPAN CORPORATION” on October 1, 2019) to succeed the domestic EPC business the Company is engaged in.

Following this absorption-type corporate separation, the Company will change its company name to JGC HOLDINGS CORPORATION and change its business purpose in line with the business after transition to a holdings company structure on October 1, 2019 (planned). Note that this absorption-type company split and amendment to the Articles of Incorporation assume a resolution as prescribed at the general meeting of shareholders to be held on June 27, 2019 and acquisition of approval from government agencies.

I. Transition to a holding company structure through a corporate separation

1. Background and purpose of transition to a holding company structure

Within our group’s main business of EPC operations, the Beyond the Horizon medium-term business plan for fiscal 2016–2020 calls for an ongoing focus on the oil and gas sector while expanding further into the field of infrastructure. In non-EPC operations, the plan calls for stronger involvement in manufacturing, among other types of business. Further growth and expansion are sought in both areas of operations.

To pursue this vision of a corporate group with greater corporate value steadily, but with a sense of speed, we have decided to transition to a holding company as the group's new management structure.

The Company is seeking to grant more independence to future primary business operating companies, enable more proactive, agile business operations, and bring about globally optimal resource allocation and accurate governance of group management.

1) Strengthening group management and governance

Separation of corporate management from executive organizations will enable the holding company to fulfill the functions of establishing management policy and coordinating our operating companies, based on a medium to long-term perspective for the JGC Group, as we seek maximum corporate value and group-minded allocation of management resources. By clarifying the division of holding company and operating company roles and responsibilities, and by reinforcing coordinating functions, this separation also supports greater transparency of corporate management and stronger governance of the group as a whole.

2) Building a market-responsive framework for EPC operations

More proactive, agile business operations will be sought by building an operations framework attuned to the respective characteristics of the domestic market and the overseas market for EPC business—specifically, separate operating companies in charge of domestic EPC and overseas EPC.

(1) Overseas oil and gas

Further growth in this core JGC Group business is sought by demonstrating accumulated engineering technologies and project management capabilities, and responding promptly in the overseas oil and gas business where market volatility is high and projects have become larger and more complex.

(2) Overseas infrastructure

Greater expansion by means of a new pillar of EPC business is sought through the appropriate allocation of management resources by an independent business unit within the overseas EPC operating company, established to venture further into infrastructure as identified in the medium-term business plan.

(3) Domestic EPC

In the domestic market (which is in a relatively stable business environment, compared to overseas markets), expansion of business areas and market share in both oil and gas and infrastructure is sought by consolidating the management resources of the Company's domestic EPC operations and those of JPI, yielding greater efficiency and competitiveness.

3) Clarifying the position of manufacturing business

The status of manufacturing—positioned as one of the core group businesses—will be clarified, and optimal management resources as a group will be allocated, as we promote technical development that can meet next-generation social and industrial needs and step up the supply of high-performance materials.

4) Bolstering manager training

Delegating authority to operating companies will expand the roles and responsibilities of managers at each company. We will seek to build the foundation to develop managers to lead these operations.

2. Summary of the transition to a holding company structure

(1) Schedule of absorption-type corporate separation

- Board of directors to approve the absorption-type corporate separation agreement (the Company, Nikki Global Kabushiki Kaisha, JPI) May 14, 2019
- Signing of the absorption-type corporate separation agreement (the Company, Nikki Global Kabushiki Kaisha, JPI) May 14, 2019
- General meeting of shareholders to approve the absorption-type corporate separation agreement (the Company, JPI) June 27, 2019 (planned)
- Extraordinary meeting of shareholders to approve the absorption-type corporate separation agreement (Nikki Global Kabushiki Kaisha) June 27, 2019 (planned)
- Effective date of absorption-type corporate separation October 1, 2019 (planned)

(2) Absorption-type corporate separation method

Absorption-type corporate separation with the Company as the splitting company and the Company wholly owned subsidiaries Nikki Global Kabushiki Kaisha and JPI as the successor companies.

(3) Details of allocation related to this absorption-type corporate separation

Along with the absorption-type corporate separation, the successor companies will issue the following number of shares of common stock as consideration for the rights and obligations related to the succeeded businesses, and allocate all of these shares to the Company.

Successor company	Number of shares of common stock
Nikki Global Kabushiki Kaisha	5,000 shares
JGC Plant Innovation Co., Ltd.	2,000 shares

(4) Handling of subscription rights and bonds with subscription rights accompanying the absorption-type corporate separation

Not applicable.

(5) Change in capital through the absorption-type corporate separation

There will be no change in the Company's capital from this absorption-type corporate separation.

(6) Rights and obligations succeeded by successor companies

With this absorption-type corporate separation, the successor companies will succeed the assets, liabilities, contractual status, and other rights and obligations related to the domestic EPC business and overseas EPC business belonging to the Company as of the effective date, excluding rights and obligations specifically provided for in the absorption-type corporate separation agreement.

Note that the obligations succeeded by the successor companies are based on the concomitant assumption method.

(7) Expectations towards performance of obligations

Following this absorption-type company split, the assets of the Company and the successor companies are project to exceed liabilities, and in terms of the profit projections following this absorption-type company split, an event that would interfere with the performance of obligations to be assumed by the Company and the successor companies is not projected at this point in time. Accordingly, it has been determined that there are no issues with the Company and the successor companies performing on their obligations after the absorption-type company split.

3. Overview of the companies in the absorption-type corporate separation

(1) Splitting company (as of March 31, 2019)

(1) Company name	JGC CORPORATION
(2) Address	2-3-1 Minatomirai, Nishi Ward, Yokohama, Kanagawa Prefecture
(3) Position and name of representative	Masayuki Sato, Chairman and Chief Executive Officer (CEO)
(4) Description of business	EPC business, etc. for various plants and facilities
(5) Capital	23,511 million yen
(6) Date of establishment	October 25, 1928
(7) Number of issued shares	259,052,929 shares
(8) Fiscal year end	March 31
(9) Major shareholders and ownership ratio	The Master Trust Bank of Japan, Ltd. (Trust Account) 14.64% Japan Trustee Services Bank, Ltd. (Trust Account) 9.46% JGC Trading & Services Co., Ltd. 4.67% JGC-S SCHOLARSHIP FOUNDATION 3.25% Japan Trustee Services Bank, Ltd. (Trust Account 9) 2.13%
(10) Financial position and business results in the most recent fiscal year (fiscal year ended March 31, 2019 [consolidated])	
Net assets	410,350 million yen
Total assets	708,855 million yen
Net assets per share	1,622.55 yen
Net sales	619,241 million yen

Operating income	23,249 million yen
Ordinary income	32,304 million yen
Profit attributable to owners of the parent	24,005 million yen
Earnings per share	95.14 yen

(2) Successor companies

(1) Company name	Nikki Global Kabushiki Kaisha	JGC Plant Innovation Co., Ltd.
	As of establishment on April 8, 2019	As of March 31, 2019
(2) Address	2-3-1 Minatomirai, Nishi Ward, Yokohama City, Kanagawa Prefecture	2-3-1 Minatomirai, Nishi Ward, Yokohama City, Kanagawa Prefecture
(3) Position and name of representative	Representative Director Kiyotaka Terajima	Representative Director and President Kenichi Yoshida (Shoji Yamada was appointed to Representative Director and President on April 1, 2019)
(4) Description of business	EPC business, etc. for various plants and facilities overseas	EPC business and maintenance business for various plants and facilities in Japan
(5) Capital	50 million yen	830 million yen
(6) Date of establishment	April 8, 2019	April 19, 2000
(7) Number of issued shares	5,000 shares	8,000 shares
(8) Fiscal year end	March 31	March 31
(9) Major shareholders and ownership ratio	JGC CORPORATION 100%	JGC CORPORATION 100%
(10) Financial position and business results in the most recent fiscal year		
	As of establishment on April 8, 2019	As of March 31, 2018
Net assets	50 million yen	26,069 million yen
Total assets	50 million yen	38,939 million yen
Net assets per share	10,000 yen	3,258,646.80 yen
Net sales	―	49,448 million yen
Operating income	―	5,001 million yen
Ordinary income	―	5,214 million yen
Net profit	―	3,644 million yen
Net income per share	―	455,514.98 yen

※ Because Nikki Global Kabushiki Kaisha was established on April 8, 2019 and it does not have a most recent fiscal year, only net assets, total assets, and net assets per share on the establishment date are stated in "(10) Financial position and business results in the most recent fiscal year."

4. Summary of business of split division

(1) Description of business of split division

Successor company	Description of business of split division
Nikki Global Kabushiki Kaisha	Overseas EPC business
JGC Plant Innovation Co., Ltd.	Domestic EPC business

(2) Business results of split division (fiscal year ended March 31, 2019)

(1) Overseas EPC business

	Overseas EPC business (a)	JGC's results (non-consolidated) (b)	Ratio (a/b)
Net sales	313,966 million yen	434,323 million yen	72.3%

(2) Domestic EPC business

	Domestic EPC business (a)	JGC's results (non-consolidated) (b)	Ratio (a/b)
Net sales	119,930 million yen	434,323 million yen	27.6%

(3) Items and amounts of assets and liabilities to be split off (as of March 31, 2019)

(1) Overseas EPC business

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	101,518 million yen	Current liabilities	46,209 million yen
Fixed assets	10,444 million yen	Fixed liabilities	4,496 million yen
Total	111,963 million yen	Total	50,705 million yen

(2) Domestic EPC business

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	62,151 million yen	Current liabilities	62,858 million yen
Fixed assets	2,178 million yen	Fixed liabilities	1,301 million yen
Total	64,330 million yen	Total	64,160 million yen

(Note) Because the amounts above are calculated based on the balance sheets as of March 31, 2019, the amounts actually succeeded will be amounts adjusted for changes up to the effective date.

5. Status of JGC after the absorption-type corporate separation (as of October 1, 2019 [planned])

	Splitting company
(1) Company name	JGC HOLDINGS CORPORATION (A change in the English company name from the current JGC CORPORATION is scheduled on October 1, 2019.)
(2) Address	2-3-1 Minatomirai, Nishi Ward, Yokohama, Kanagawa Prefecture
(3) Position and name of representative	TBD (an announcement will be made once decided)
(4) Description of business	Proposal of Group strategy, supervision, and management, etc. of operating companies
(5) Capital	23,511 million yen
(6) Fiscal year end	March 31

6. Status of successor companies after the absorption-type corporate separation (as of October 1, 2019 [planned])

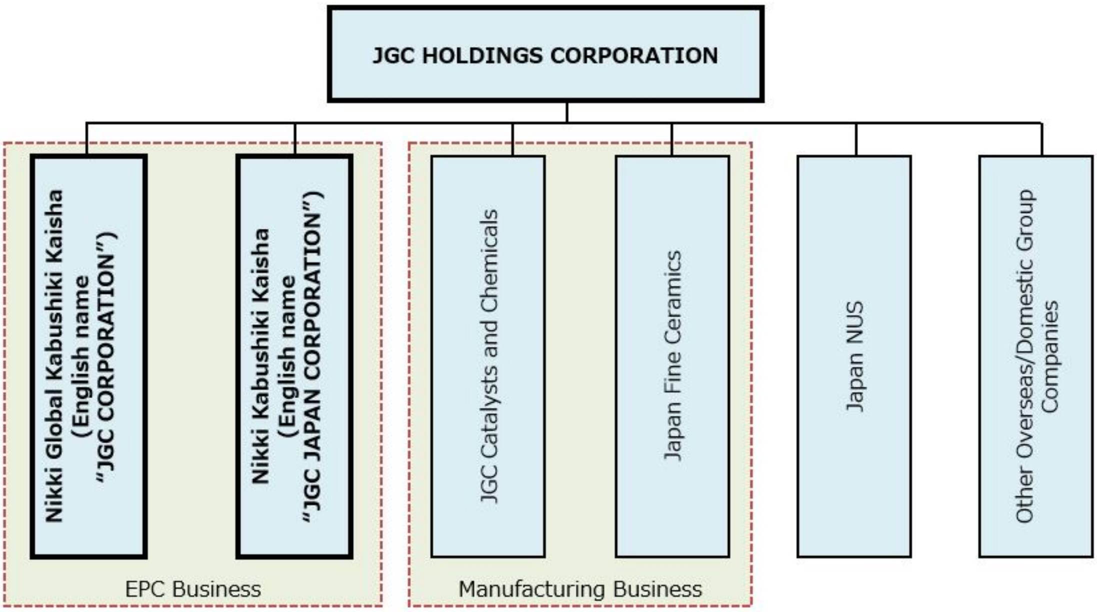
	Successor company
(1) Company name	"Nikki Global Kabushiki Kaisha" (A registration of the English company name as "JGC CORPORATION" is scheduled on October 1, 2019)
(2) Address	2-3-1 Minatomirai, Nishi Ward, Yokohama, Kanagawa Prefecture
(3) Position and name of representative	TBD (an announcement will be made once decided)
(4) Description of business	EPC business for various plants and facilities overseas
(5) Capital	1,000 million yen
(6) Fiscal year end	March 31

	Successor company
(1) Company name	JGC JAPAN CORPORATION (A change in the English company name from the current JGC Plant Innovation Co., Ltd.is scheduled on October 1, 2019.)
(2) Address	2-3-1 Minatomirai, Nishi Ward, Yokohama, Kanagawa Prefecture
(3) Position and name of representative	TBD (an announcement will be made once decided)
(4) Description of business	EPC business and maintenance business for various plants and facilities in Japan
(5) Capital	1,000 million yen
(6) Fiscal year end	March 31

7. Future outlook

The absorption-type corporate separation will have a minimal impact on the Company's consolidated results. Note that as a result of the absorption-type corporate separation, the Company's revenues will mainly consist of dividend income, etc. from JGC Group companies and the Company's expenses will mainly consist of functions as a holding company.

8. Group's structure after transition to a holding company structure (image)



(Reference) Consolidated earnings forecasts for the current fiscal year (announced May 14, 2019) and business results for the previous fiscal year

(Unit: million yen)

	Consolidated net sales	Consolidated operating income	Consolidated ordinary income	Profit attributable to owners of the parent
Consolidated earnings forecasts for the current fiscal year (Fiscal year ending March 31, 2020)	500,000	19,000	26,000	10,000
Business results for the previous fiscal year (Fiscal year ended March 31, 2019)	619,241	23,249	32,304	24,005

II. Amendments to Articles of Incorporation

1. Reason for amendments

(1) The Company has plans to transition to a holding company structure. As a result, Article 1 (Company Name) of the current Articles of Incorporation will be changed, and Article 2 (Purpose) of the current Articles of Incorporation will also be changed in anticipation of the business the Company and its subsidiaries will be engaged in after the transition to a holding company structure. In addition, a supplementary provision stating that these changes will be effective on October 1, 2019 will be established at the same time.

(2) In an effort to further enhance and stimulate discussions by the Board of Directors, the number of directors prescribed in Article 19 (Number of Directors) of the current Articles of Incorporation will be changed from 15 to 10.

(3) A portion of Article 22 (Directors with Specific Titles) of the current Articles of Incorporation will be deleted in accordance with the actual state of the business execution system through corporate officers.

(4) Because consultants and advisors as prescribed in the Articles of Incorporation will be abolished for the purpose of further strengthening and enhancing corporate governance, Article 24 (Consultants and Advisors) of the current Articles of Incorporation will be deleted.

(5) With the enactment of the Act Partially Amending the Companies Act (Law No.90, 2014), the scope of directors and auditors with whom a liability limitation agreement can be entered with has been expanded. So that it is possible to continually promote talented human resources as directors and auditors and allow them to sufficiently fulfill the role expected of them in the performance of duties accompanying these changes, Article 31 (Exemption of Directors from Liability) and Article 39 (Exemption of Auditors from Liability) of the current Articles of Incorporation will be changed. Note that the approval of the auditors has been gained for the changes to Article 31 of the current Articles of Incorporation.

(6) Accompanying the deletion of an article in (4) above, each article starting from Article 25 of the current Articles of Incorporation will be moved up one article.

(7) Other modifications will also be made to phrasing and wording.

(A comparison table of the new and old Articles of Incorporation is omitted.)