

July 8, 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)
Contact: Takeshi Endo
General Manager, PR & IR Department
(TEL: 81-45-682-8026)

Notice on Issuance of New Shares as Restricted Stock Compensation

JGC CORPORATION announces that at the Board of Directors meeting held on July 8, 2019 it was resolved to issue new shares as restricted stock compensation (hereafter, the “issuance of new shares”) as follows:

1. Overview of the issue

(1) Payment date	August 5, 2019
(2) Type and number of shares from issue	57,932 common shares of JGC
(3) Issue price	1,508 yen per share
(4) Issue amount	87,361,456 yen
(5) Scheduled recipients	- JGC’s directors(*) : 14,723 shares for 6 directors *Excluding outside directors - JGC’s executive officers : 40,828 shares for 27 executive officers - Directors of JGC’s subsidiary : 2,381 shares for 3 directors
(6) Other matters	A Written Notice of Securities based on the Financial Instruments and Exchange Act has been submitted for the issuance of new shares.

2. Purpose and reasons for issuance

JGC resolved at its Board of Directors meeting held on May 14, 2019 to introduce a restricted stock compensation system (hereafter, the system) for the purpose of enabling JGC’s directors (excluding outside directors, hereafter “applicable directors”) to share the benefits and risks of stock price fluctuations with shareholders and even further expanding incentives toward an increase in the stock price and medium to long-term improvements in corporate value of the JGC Group. In addition, at JGC’s 123rd general shareholders meeting held on June 27, 2019, approval was given to setting the total amount of monetary compensation claims paid as compensation, etc. related to restricted stock to the applicable directors under the system at up to 25 million yen per year, setting 19,800 shares as the limit for the total number of restricted stock allocated to applicable directors in each fiscal year, and setting the restricted period for restricted stock as a period of time prescribed by JGC’s Board of Directors from 3 years to 30 years, etc.

It was resolved at the meeting of JGC’s Board of Directors held on July 8, 2019 that as restricted stock compensation for the period from JGC’s 123rd general meeting of

shareholders held on June 27, 2019 to JGC's 124th general meeting of shareholders scheduled to be held in June 2020 for applicable directors, as restricted stock compensation for fiscal year 2019 (April 1, 2019 to March 31, 2020) for JGC's executive officers, and as restricted stock compensation for the period from the 19th general meeting of shareholders of JGC's subsidiary held on June 27, 2019 to the 20th general meeting of shareholders of JGC's subsidiary scheduled to be held in June 2020 for directors of JGC's subsidiary, 57,932 common shares of JGC would be allocated as special restricted stock to the scheduled recipients consisting of 6 applicable directors, 27 of JGC's executive officers, and 3 directors of JGC's subsidiary (hereafter, "applicable recipients") in response to the applicable recipients' investment in kind to JGC of a total of 87,361,456 yen in all of the monetary compensation claims provided by JGC. The amount of monetary compensation claims for the applicable recipients shall be determined after taking into comprehensive consideration the degree of contribution by each applicable recipient at the JGC Group. Note that the monetary compensation claims will be provided under the condition that the applicable recipient signs a restricted stock allocation agreement (hereafter, "allocation agreement") with JGC that generally includes the contents prescribed below.

In addition, the restricted period shall be 30 years so that the purpose of the introduction of the system of enabling applicable recipients to share the benefits and risks of stock price fluctuations with shareholders and even further expanding incentives toward an increase in the stock price and medium to long-term improvements in corporate value of the JGC Group can be achieved for as long as possible.

3. Overview of the allocation agreement

(1) Restricted period : August 5, 2019 to August 4, 2049

During the restricted period prescribed above (hereafter, the "restricted period"), an applicable recipient cannot transfer to a third party, establish the right of pledge on, assign as mortgage, provide as an inter vivos gift, bequeath, or conduct any other disposition with the restricted stock allocated to that applicable recipient (hereafter, "allocated stock").

(2) Gratuitous acquisition of restricted stock

Should an applicable recipient resign or retire from the position of director, executive officer, or employee of JGC or a subsidiary of JGC from the start date of the restricted period until the day prior to the date of the first general shareholders meeting of JGC held after that (if the applicable recipient is an executive officer of JGC, until the day prior to the end of JGC's first fiscal year after that; if the applicable recipient is a director of JGC's subsidiary, until the day prior to the date of the first general shareholders meeting of JGC's subsidiary held after that), JGC shall gratuitously acquire all allocated stock as a matter of course as of the date of resignation or retirement, excluding cases in which JGC's Board of Directors deems there to be a legitimate reason.

In addition, if there is allocated stock for which restrictions have not been removed based on reasons for removal of restrictions stipulated in (3) below as of the completion of the restricted period (hereafter, "completion of the restricted period"), JGC shall gratuitously acquire this stock as a matter of course immediately following the completion of the restricted period.

(3) Removal of restrictions

JGC shall remove any restrictions on all allocated stock held by the applicable recipient at that time as of the completion of the restricted period, under the condition that the applicable recipient occupies the position of director, executive officer, or employee of JGC or a subsidiary thereof from the start date of the restricted period continuously until the date of the first general shareholders meeting of JGC held after that (if the applicable recipient is a executive officer of JGC, until the end of JGC's first fiscal year after that; if the applicable recipient is a director of JGC's subsidiary, until the date of the first general shareholders meeting of JGC's subsidiary held after that). However, should the applicable recipient resign or retire from the position of director, executive officer, or employee of JGC or a subsidiary thereof before the completion of the restricted period for a reason deemed legitimate by JGC's Board of Directors, restrictions shall be released immediately following resignation or retirement for the amount of allocated stock calculated by dividing the number of months from July 2019 (from April 2019 if the applicable recipient is a executive officer of JGC; from July 2019 if the applicable recipient is a director of JGC's subsidiary) to the month including the day the applicable recipient resigned or retired from the position of director, executive officer, or employee of JGC or a subsidiary thereof by 12 (if, however, the result of calculation is greater than 1, 1 shall be used), and multiplying that figure by the number of allocated shares held by the applicable recipient at that time (fractions of less than one share that arise as a result of this calculation are to be rounded down to the nearest share).

(4) Stipulations on the management of shares

An applicable recipient shall open an account stating or registering the allocated shares through a method designated by JGC at SMBC Nikko Securities Inc., and the allocated shares shall be stored and retained in that account until the restrictions are released.

(5) Handling of organizational restructuring, etc.

If a proposal regarding a merger agreement in which JGC is the non-surviving entity, a stock exchange agreement or stock transfer plan in which JGC becomes a wholly owned subsidiary, or other organizational restructuring, etc. is approved by the general shareholders meeting of JGC (of JGC's Board of Directors if the approval of the general shareholders meeting of JGC is not required for the organizational restructuring, etc.) during the restricted period, the restrictions shall be removed immediately before the business day prior to the effective date of the organizational restructuring, etc. based on a resolution by JGC's Board of Directors for the amount of allocated stock calculated by dividing the number of months from July 2019 (from April 2019 if the applicable recipient is an executive officer of JGC; from July 2019 if the applicable recipient is a director of JGC's subsidiary) to the month including the approval date by 12 (if, however, the result of calculation is greater than 1, 1 shall be used) and multiplying that figure by the number of allocated shares held by the applicable recipient at that time (fractions of less than one share that arise as a result of this calculation are to be rounded down to the nearest share).

In that case, JGC shall gratuitously acquire as a matter of course all of the allocated stock

on which the transfer restrictions have not been released as of the business day prior to the date on which the reorganization, etc. becomes effective based on the provisions above.

4. Basis for calculation of payment amount and the specific details

The issue price for the issuance of new shares shall be the closing price of 1,508 yen of the common shares of JGC at the Tokyo Stock Exchange as of the business day immediately prior to the date of the resolution by JGC's Board of Directors (July 5, 2019) for a price that eliminates arbitrariness. As this is the market stock price immediately prior to the date of the resolution by JGC's Board of Directors, it is believed to be reasonable and to not constitute a particularly favorable price.