

February 26, 2010

MODEC, INC.
Kenji Yamada, Chairman & CEO
Code: TSE 6269
Contact: Yasuhiro Takano, General Manager
Corporate Planning & Strategies
TEL: +81-3-6203-0200

Issuance of New Shares Through Third-Party Allotment, Business Alliance with MITSUI & CO., LTD. and Change in Major Shareholders

MODEC, INC. (MODEC) hereby announces, as set forth below, that it resolved, at its Board of Directors' Meeting held on February 26, 2010, to: (i) issue new shares through a third-party allotment to Mitsui Engineering & Shipbuilding Co., Ltd. (MES); (ii) issue new shares through a third-party allotment to MITSUI & CO., LTD. (MITSUI) (the issuance of new shares set forth in (i) and the issuance of new shares set forth in (ii) are collectively referred to as the "Capital Increase Through the Third-Party Allotment"); and (iii) form a business alliance (the "Business Alliance") with MITSUI, and that MODEC entered into a business alliance agreement with MITSUI (hereinafter the "Business Alliance Agreement").

MODEC also hereby announces that MITSUI is expected to be a major shareholder of MODEC in accordance with the Capital Increase Through the Third-Party Allotment.

I. Issuance of New Shares Through Third-Party Allotment

1. Outline of Offering

(1) Issue Date	Tuesday, April 6, 2010
(2) Number of Shares to Be Newly Issued	9,000,000 shares of common stock
(3) Issue Price	1,732 yen per share
(4) Amount of Proceeds to Be Raised	15,588,000,000 yen
(5) Method of Offering or Allotment (Parties to Which Shares Will Be Allotted)	Third-party allotment (MES: 4,509,000 shares MITSUI: 4,491,000 shares)
(6) Others	Each of the items above shall be subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan. For the terms and conditions of issuance, please see "I. 12. Terms and Conditions of Issuance" below.

2. Purpose of and Reason for Offering

MODEC provides investments and loans to special purpose companies, established by MODEC, that engage in the lease, operation and charter business of the Floating Production System (hereinafter referred to as the “FPSO, etc.”) (FPSO: Floating Production, Storage and Offloading System) for the oilfield development promoted by MODEC. In recent years, lease, operation and charter projects of FPSO, etc. (the “Charter Projects”) have been growing in project size and the amount of funds required for the Charter Projects is drastically increasing; therefore, the funding requirements for the investments and loans for the special-purpose companies established by MODEC in the Charter Projects are increasing. In addition, the growth of the FPSO, etc. business can be expected as the development and production activities of offshore oilfields and gas fields in the deep sea area are expected to continue to be active in the future. In such environment, MODEC intends to strive for the expansion of this business, and for that reason, it is essential for MODEC to maintain and enhance its financial position.

MODEC has selected MES, a parent company holding 50.1% of issued shares of MODEC, as one of the parties to which the shares will be allotted in the Capital Increase Through the Third-Party Allotment, and MODEC has accepted one (1) Director and two (2) Corporate Auditors from MES for the purpose of receiving comprehensive advice on the management of the MODEC group. MODEC believes that it is important in terms of the business operation of MODEC that MES maintains its ratio of stock holding even after the Capital Increase Through the Third-Party Allotment so that MODEC and MES maintain the consolidated relationship.

In addition, in the situation where the funds required for the Charter Projects are drastically increasing, as mentioned above, it also has been becoming necessary to strengthen the creditworthiness of the Charter Projects and the fund-raising capability from financial institutions, by enhancing the cooperative relationship in the Charter Project with MITSUI, which has been making investments, etc., to the special purpose companies jointly with MODEC, through a business alliance with it. Furthermore, given it is expected that the development and production activities of offshore oilfields and gas fields in the deep sea area will continue to be active in the future and that the demand for FPSO, etc. will expand, it will become possible for MODEC to enhance its presence and competitiveness, being comparable to overseas contractors, by utilizing the management resources and customer base, etc. of MITSUI. Therefore, as of today, MODEC entered into the Business Alliance Agreement with MITSUI, concerning which an explanation is given in “II. Business Alliance with MITSUI” below. MODEC believes that it is necessary, in order for the improvement of its corporate value and shareholder value, to strengthen the cooperative relationship with MITSUI, by allotting its shares by way of a third-party allotment to MITSUI, the most important company to MODEC in terms of the operations strategy.

MODEC, upon considering this financing, examined various other options, taking into account the influence on the existing shareholders other than MES and MITSUI. However, as mentioned above, MODEC believes that (i) the maintenance of the consolidated relationship with MES, a parent company, (ii) the continued receipt of comprehensive advice from MES on the management of the MODEC group and (iii) the enhancement of the cooperative relationship with MITSUI pursuant to the Business Alliance Agreement are the best ways to improve the corporate value and shareholder value of MODEC, MODEC determined to issue new shares to both MITSUI and MES by way of the Capital Increase Through the Third-Party Allotment, which is a steady and prompt strategy of capital reinforcement.

In addition, as a result of the Capital Increase Through the Third-Party Allotment, the stock value of MODEC will be diluted. However, as mentioned above, MODEC believes that the Capital Increase Through the Third-Party Allotment will contribute to the enhancement of the corporate value and

shareholder value of MODEC, and will result in the improvement of the benefit to the existing shareholders.

3. Amount, Use and Scheduled Timing of Expenditure of Proceeds to Be Raised

(1) Amount of Proceeds to Be Raised (Approximate Net Amount)

Aggregate amount to be paid:	15,588,000,000 yen
Approximate costs of issuance:	70,000,000 yen
Approximate net amount:	15,518,000,000 yen

(2) Use of Proceeds to Be Raised

MODEC plans to use 14,000,000,000 yen out of 15,518,000,000 yen which is the approximate net amount described above for the investments and loans to the special purpose companies, established or to be established by MODEC, that engage in or will engage in the lease, operation or charter business of FPSO, etc. The balance is planned to be used either for investments and loans to the special purpose companies, established or to be established by MODEC, that engage in or will engage in the lease, operation or charter business of FPSO, etc., or for the repayment of the long-term borrowings that MODEC borrowed as the funds for investments and loans to the special purpose companies, established by MODEC, that engage in the similar lease, operation or charter business of FPSO, etc. However, as of today, it is not yet determined for which the balance will be used.

The proceeds described above are scheduled to be paid out by the end of June 30, 2011.

As to the fund management until the time of expenditure, the funds will be managed in bank deposits and applied for the repayment of the short-term borrowings pursuant to the commitment-line agreements (which shall be limited to such agreements the terms and conditions of which enable the borrowing of the amount equal to or more than the amount of expenditure upon request by MODEC, at the above-mentioned time when the expenditure of the funds for the capital increase is scheduled).

4. Rationale for the Use of Proceeds to Be Raised

MODEC considers that (i) securing (a) the funds for the investments and loans to the lease, operation and charter services of FPSO, etc., (the investments and loans to the special purpose companies, established or to be established by MODEC, that engage in or will engage in the lease, operation and charter business of FPSO, etc.) that are the important business fields for the development of the business activities of the MODEC group, and (b) the funds for repayment of the long-term borrowings that MODEC borrowed as the funds for such investments and loans, and (ii) enabling the smooth and steady implementation of the Charter Project, by the Capital Increase Through the Third-Party Allotment, will contribute to enhance the corporate value and shareholder value through the improvement of profitability of MODEC. Therefore, MODEC believes that the use of the proceeds described above is reasonable for the existing shareholders.

5. Rationale for Conditions of Issuance

(1) Basis of Calculation of the Amount to Be Paid and Details Thereof

Referring to 1,786 yen, the average of the closing prices of shares of the common stock of MODEC

on the Tokyo Stock Exchange, Inc. for the latest three (3) months until the business day immediately preceding the day on which the Capital Increase Through the Third-Party Allotment was resolved at its Board of Directors' Meeting (from November 26, 2009, to February 25, 2010), the amount to be paid is determined to be 1,732 yen per share (discount rate is 3.00%). The amount to be paid described above represents the amount obtained by adding a 9.41% premium to 1,583 yen, the closing price of the shares of common stock of MODEC on the Tokyo Stock Exchange, Inc. on February 25, 2010, the business day immediately preceding the day on which the Capital Increase Through the Third-Party Allotment was resolved at its Board of Directors' Meeting.

The reason for using the average share price during the latest three (3) months as the basis of the calculation is that MODEC considers that using an average share price for a certain period, which is a leveled price, as the basis of calculation is more objective and reasonable, rather than using the closing price of the business day immediately preceding the day on which the Capital Increase Through the Third-Party Allotment was resolved at its Board of Directors' Meeting, which is a temporary share price, taking into consideration the recent volatile stock market, fluctuation in the value of stock of MODEC and trading volume thereof, etc. In addition, the discount rate was determined upon consultation between MODEC and MES or MITSUI, as the case may be, taking into consideration the financial condition, the expectations concerning performance and the business environment, etc. of MODEC.

MODEC considers that the amount to be paid described above is not considered to be the amount especially favorable to MES or MITSUI, because, among other things, as mentioned above, such amount is equal to or more than the amount obtained by multiplying 0.9 by the closing price of the shares of common stock of MODEC on the Tokyo Stock Exchange, Inc. on the business day immediately preceding the day on which the Capital Increase Through the Third-Party Allotment was resolved at its Board of Directors' Meeting and complies with the "Guidelines Concerning Treatment Such As the Capital Increase Through Third-Party Allotment, Etc." stipulated by the Japan Securities Dealers Association.

(2) Rationale for the Judgment that the Number of Shares to Be Issued and the Level of Dilution of Shares are Reasonable

The number of shares to be issued is 24.1% (the percentage of voting rights is 24.1%) of the total number of issued shares of common stock of MODEC before the implementation of the Capital Increase Through the Third-Party Allotment, which is 37,408,000 shares (the total number of voting rights is 374,039); this represents 19.4% (the the percentage of the voting rights is 19.4%) of the total issued shares of common stock of MODEC after the implementation of the Capital Increase Through the Third-Party Allotment, which is 46,408,000 shares (the total number of voting rights is 464,039). Therefore, the stock value of MODEC will be diluted. However, MODEC believes that (i) the maintenance and enhancement of the relationships with MES and MITSUI and (ii) the prompt securement of (a) the funds for the investments and loans for the lease, operation and charter business of FPSO, etc. (the investments and loans to the special purpose companies, established or to be by MODEC, that engage in or will engage in the lease, operation and charter business of FPSO, etc.) that are the important business fields for the future development of the business activities of the MODEC group and (b) the funds for repayment of the long-term borrowings that MODEC borrowed as the funds for such investments and loans will be essential in order to maximize the benefit of the existing shareholders, to improve the corporate value of MODEC and to increase shareholder value. Therefore, MODEC considers that the number of shares to be issued and the level of dilution in the Capital Increase Through the Third-Party Allotment are reasonable for the existing shareholders.

The Board of Directors' Meeting of MODEC has resolved the capital increase through the third-party allotment to both MES and MITSUI in the Capital Increase Through the Third-Party Allotment by the unanimous approval of all the Directors who participated in the deliberation and resolution after sufficient discussion and consideration. In light of avoiding conflict of interest in the Board of Directors' Meeting of MODEC, neither one (1) External Director of MODEC who is concurrently serving as a Director of MES nor one (1) External Director of MODEC who was concurrently serving as a Director of MES until June 26, 2009, did participate in the deliberation or resolution made at the Board of Directors' Meeting of MODEC with respect to the capital increase through the third-party allotment to MES in the Capital Increase Through the Third-Party Allotment, and neither one (1) External Corporate Auditor of MODEC who is concurrently serving as a Corporate Auditor of MES nor one (1) External Corporate Auditor of MODEC who is concurrently serving as an employee of MES did participate in the deliberation made at the Board of Directors' Meeting of MODEC with respect to the capital increase through the third-party allotment to MITSUI in the Capital Increase Through the Third-Party Allotment. Also in light of avoiding conflict of interest in the Board of Directors' Meeting of MODEC, one (1) External Director of MODEC who is concurrently serving as an Executive Officer of MITSUI did not participate in the deliberation or resolution made at the Board of Directors' Meeting of MODEC with respect to the capital increase through the third-party allotment to MITSUI in the Capital Increase Through the Third-Party Allotment.

6. Reasons for Selecting MES and MITSUI, and Other Related Matters

(1) Outline of MES and MITSUI

(i) Trade name	Mitsui Engineering & Shipbuilding Co., Ltd.
(ii) Number of shares to be allotted	4,509,000 shares
(iii) Amount to be paid	7,809,588,000 yen
(iv) Location	6-4, Tsukiji 5-chome, Chuo-ku, Tokyo, Japan
(v) Representative	Yasuhiko Katoh President and Representative Director
(vi) Principal business	Design, manufacturing and engineering, etc. of ships and vessels, steel constructions, machinery, plants, etc.
(vii) Stated capital (Note 1)	44,384 million yen
(viii) Date of incorporation	July 31, 1937
(ix) Total number of issued shares (Note 1)	830,987,176 shares
(x) Fiscal term end	March 31
(xi) Number of employees (Note 1)	10,324 (consolidated)
(xii) Major business partners	MITSUI & CO., LTD., Mitsui O.S.K. Lines, Ltd.
(xiii) Major banks having transaction with MES	Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank, Ltd., The Chuo Mitsui Trust and Banking Company, Limited, The Hyakujushi Bank, Ltd., The Sumitomo Trust and Banking Co., Ltd.

(xiv) Major shareholders and their shareholding ratio (Note 1)	MITSUI & CO., LTD. (Standing proxy: Trust & Custody Services Bank, Ltd.)	5.16%
	Japan Trustee Services Bank, Ltd. (Trust account 4G)	3.77%
	The Hyakujushi Bank, Ltd.	3.40%
	Japan Trustee Services Bank, Ltd. (Trust account)	3.25%
	Japan Trustee Services Bank, Ltd. (The Chuo Mitsui Trust and Banking Company, Limited retirement benefit trust account)	2.80%
	The Master Trust Bank of Japan, Ltd. (Trust account)	2.72%
	Citibank Hong Kong PBG Client Hong Kong (Standing Proxy: Citibank Japan Ltd.)	2.71%
	Mitsui Life Insurance Company Limited (Standing Proxy: Japan Trustee Services Bank, Ltd.)	2.28%
	Sumitomo Mitsui Banking Corporation	1.64%
	Mitsui Sumitomo Insurance Company, Limited	1.62%
(xv) Relationship between MODEC and MES	Capital relationship	MES holds 18,742,000 shares (50.1%) of the common stock of MODEC.
	Personnel relationship (Note 1)	Out of ten (10) executive officers (six (6) Directors and four (4) Corporate Auditors) of MODEC, one (1) Director and two (2) Corporate Auditors concurrently serve as executive officers and employees of MES. In addition, two (2) employees of MES have been seconded to MODEC.
	Business relationship	There is no business relationship between MODEC and MES to be described herein. In addition, there is no business relationship between the related persons and the related companies of MODEC and the related persons and the related companies of MES to be described herein.
	Related party relationship	Since MES is a parent company of MODEC, MES is considered a related party of MODEC.

(xvi) Results of operations and financial conditions for the last three (3) years

(Million yen, unless otherwise specified)

Fiscal term	Year ended/As of March 31		
	2007	2008	2009
Consolidated net assets	165,824	175,642	160,744
Consolidated total assets	703,436	711,545	739,302
Consolidated net assets per share (yen)	171.07	182.60	169.59
Consolidated net sales	622,800	659,215	686,655
Consolidated operating profit	20,712	36,118	26,854
Consolidated ordinary income	18,614	32,232	23,415
Consolidated net income	19,416	16,560	10,641
Consolidated net income per share (yen)	23.42	19.98	12.84
Dividend per share (yen)	3.50	4.00	4.00

Note: 1. Stated capital, total number of issued shares, number of employees, and major shareholders and their

shareholding ratio described above are current as of March 31, 2009. In addition, the personnel relationship described above is current as of December 31, 2009.

(i) Trade name	MITSUI & CO., LTD.	
(ii) Number of shares to be allotted	4,491,000 shares	
(iii) Amount to be paid	7,778,412,000 yen	
(iv) Location	2-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo, Japan	
(v) Representative	Masami Iijima President and Chief Executive Officer	
(vi) Principal business	(i) Distribution, import and export, offshore trading and manufacturing of products in the business areas of iron and steel products, mineral and metal resources, machinery and infrastructure projects, chemicals, energy, food and retail, consumer services, information industry, etc., (ii) provision of retail services, information-communication services, technology services, transportation services, financial services and other services, and (iii) industrial investment in new businesses such as resource development, IT, renewable energy and environmental business.	
(vii) Stated capital (Note 1)	339,626 million yen	
(viii) Date of incorporation	July 25, 1947	
(ix) Total number of issued shares (Note 1)	1,824,928,240 shares	
(x) Fiscal term end	March 31	
(xi) Number of employees (Note 1)	39,864 (consolidated)	
(xii) Major business partners	Major companies, etc. engaging in business related to resources and energy, logistics network, consumer services or infrastructure.	
(xiii) Major banks having transaction with MITSUI	Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., The Chuo Mitsui Trust and Banking Company, Limited, Japan Bank for International Cooperation	
(xiv) Major shareholders and their shareholding ratio (Note 1)	The Master Trust Bank of Japan, Ltd. (Trust account)	9.03%
	Japan Trustee Services Bank, Ltd. (Trust account)	8.58%
	Japan Trustee Services Bank, Ltd. (Trust account 4G)	5.88%
	Sumitomo Mitsui Banking Corporation	2.10%
	Nippon Life Insurance Company	1.92%
	The Chuo Mitsui Trust and Banking Company, Limited (Standing proxy: Japan Trustee Services Bank, Ltd.)	1.68%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.66%
	The Chase Manhattan Bank N.A. London secs lending omnibus account (Standing proxy: Mizuho Corporate Bank, Ltd.)	1.63%
	Mitsui Sumitomo Insurance Company, Limited	1.35%
	Mizuho Corporate Bank, Ltd. (Standing proxy: Trust & Custody Services Bank, Ltd.)	1.31%
(xv) Relationship between MODEC and MITSUI	Capital relationship	MITSUI holds 2,466,500 shares (6.59%) of the common stock of MODEC.

Personnel relationship (Note 1)	Out of ten (10) executive officers (six (6) Directors and four (4) Corporate Auditors), one (1) Director of MODEC is concurrently serving as an Executive Officer of MITSUI. In addition, two (2) employees of MITSUI have been seconded to MODEC.
Business relationship	Jointly with MODEC, MITSUI has made equity contributions, etc. to the special purpose companies established by MODEC for the purpose of holding, leasing, operating and chartering FPSO, etc. in the lease, operation and charter business of FPSO, etc. for oilfield development promoted by MODEC.
Related party relationship	MITSUI is not considered a related party of MODEC. Also, the related persons and related companies of MITSUI are not considered related parties of MODEC.

(xvi) Results of operations and financial condition for the last three (3) years (US GAAP)
(Million yen, unless otherwise specified) (Note 2)

Fiscal term	Year ended/As of March 31		
	2007	2008	2009
Consolidated shareholder equity	2,110,279	2,183,660	1,881,663
Consolidated total assets	9,813,312	9,537,829	8,364,243
Consolidated shareholder equity per share (yen)	1,182.48	1,202.03	1,033.22
Consolidated net sales	15,271,649	17,009,056	15,347,925
Consolidated operating profit	282,801	374,828	394,671
Pre-tax net income from continuing operations	309,174	402,004	247,307
Consolidated net income	301,502	410,061	177,607
Consolidated net income per share (yen)	174.26	227.20	97.59
Dividend per share (yen)	34	46	25

- Notes: 1. Stated capital, total number of issued shares, number of employees, major shareholders and their shareholding ratio, and personnel relationship described above are current as of March 31, 2009.
2. The consolidated net sales and consolidated operating income are presented in accordance with the accounting practices of Japan, for the convenience of investors in Japan. The consolidated net sales represent the total amount of (i) transactions conducted by MITSUI and its consolidated subsidiaries as contracting parties and (ii) transactions conducted by MITSUI and its consolidated subsidiaries as proxies.

(2) Reason for Selecting MES and MITSUI.

(i) Reason for Selecting MES as a party to which shares will be allotted

MES is a parent company of MODEC holding 50.1% of issued shares of MODEC, and MODEC has accepted one (1) Director and two (2) Corporate Auditors from MES for the purpose of receiving comprehensive advice on the management of the MODEC group. MODEC has selected MES as the party to which the shares will be allotted, considering that it is important in terms of the business operation of MODEC that MES maintains its ratio of stock holding even after the Capital Increase Through the Third-Party Allotment so that MODEC and MES maintain the consolidated

relationship.

(ii) Reason for Selecting MITSUI as a party to which shares will be allotted

MITSUI has been making investments etc., jointly with MODEC, to the special purpose companies established by MODEC for the purpose of holding, leasing, operating and chartering FPSO etc., in the lease, operation and charter business of FPSO etc., for oilfield development promoted by MODEC. Given it is expected that the development and production activities of offshore oilfields and gas fields in the deep sea area will continue to be active in the future and that the demand for FPSO etc., will expand, it will become possible for MODEC to enhance its presence and competitiveness, being comparable to overseas contractors, by utilizing the management resources and customer base, etc. of MITSUI. In addition, in recent years, the Charter Projects have been growing in project size and the amount of funds required for the Charter Projects is drastically increasing; therefore, it is necessary to strengthen the creditworthiness of the Charter Projects and the fund raising capability from financial institutions, by enhancing the cooperative relationship in the Charter Project with MITSUI through a business alliance with it. Therefore, as of today, MODEC entered into the Business Alliance Agreement with MITSUI, concerning which an explanation is given in “II. Business Alliance with MITSUI” below. MODEC judged that the best way to improve its corporate value and shareholder value was to strengthen the cooperative relationship with MITSUI, by allotting its shares by way of a third-party allotment to MITSUI, which is very important in connection with our business strategy mentioned above.

(3) Policy of MES and MITSUI for Holding Shares of MODEC

Each of MES and MITSUI will hold the shares of MODEC for the medium- and long-term. MODEC will execute a written confirmation with each of MES and MITSUI, which states that, (i) if all or a part of the new shares to be allotted are assigned by MES or MITSUI within two years of the issuance of the new shares, a report on such assignment shall be made, in writing, to MODEC, and (ii) MES and MITSUI shall agree that the substance of the relevant report shall be reported by MODEC to the Tokyo Stock Exchange, Inc. and that the substance of the relevant report shall be made available to the general public.

(4) Details of Confirmation of Payment Capacity of MES and MITSUI in Respect of Payment for the Third-Party Allotment

MODEC received an explanation, from each of MES and MITSUI, which states that the payment for the capital increase through the third-party allotment on this occasion, will be made from the cash on hand. MODEC confirmed the results of operations and financial conditions described in the latest Annual Securities Report and the latest Quarterly Report that were filed by each of MES and MITSUI, and has confirmed that each of MES and MITSUI has the sufficient assets for the payment for the Capital Increase Through the Third-Party Allotment.

7. Major Shareholders and Their Shareholding Ratio after subscription

Before the subscription (as of June 30, 2009)		After the subscription	
Mitsui Engineering & Shipbuilding Co., Ltd.	50.10%	Mitsui Engineering & Shipbuilding Co., Ltd.	50.10%

MITSUI & CO., LTD.	6.59%	MITSUI & CO., LTD.	14.99%
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	3.18%	Japan Trustee Services Bank, Ltd. (Trust Account 4G)	2.56%
DnB NOR Bank ASA (Standing proxy: Clearance Business Department of The Bank of Tokyo-Mitsubishi UFJ,Ltd.)	2.67%	DnB NOR Bank ASA (Standing proxy: Clearance Business Department of The Bank of Tokyo-Mitsubishi UFJ,Ltd.)	2.15%
Japan Trustee Services Bank, Ltd. (Trust Account)	2.21%	Japan Trustee Services Bank, Ltd. (Trust Account)	1.78%
Trust & Custody Services Bank, Ltd. (Pension Trust Account)	1.78%	Trust & Custody Services Bank, Ltd. (Pension Trust Account)	1.43%
Master Trust Bank of Japan, Ltd. (Trust Account)	1.65%	Master Trust Bank of Japan, Ltd. (Trust Account)	1.32%
The Chase Manhattan Bank, N.A. London SL Omnibus Account (Standing proxy: Clearance Business Department of the Mizuho Corporate Bank, Ltd.)	1.24%	The Chase Manhattan Bank, N.A. London SL Omnibus Account (Standing proxy: Clearance Business Department of the Mizuho Corporate Bank, Ltd.)	1.00%
Euroclear Bank SA/NV (Standing proxy: Clearance Business Department of The Bank of Tokyo-Mitsubishi UFJ,Ltd.)	1.20%	Euroclear Bank SA/NV (Standing proxy: Clearance Business Department of The Bank of Tokyo-Mitsubishi UFJ,Ltd.)	0.97%
Sojitz Corporation	1.15%	Sojitz Corporation	0.92%

Notes: 1. The shareholding ratio before the subscription is based on the register of shareholders as of June 30, 2009.
2. The shareholding ratios concerning the trust business of the Japan Trustee Services Bank, Ltd. (Trust Account 4G), the Japan Trustee Services Bank, Ltd. (Trust Account), the Trust & Custody Services Bank, Ltd. (Pension Trust Account) and the Master Trust Bank of Japan, Ltd. (Trust Account), as of June 30, 2009, are not described, because it is impossible for MODEC to gain reliable information on them.

8. Future Prospects

MODEC believes that the Capital Increase Through the Third-Party Allotment will have an insignificant direct impact on the business results for the year ending on December 31, 2010. With respect to the future prospects concerning the Business Alliance, please see “II. Business Alliance with MITSUI 5. Future Prospects” below.

9. Matters concerning Procedures in the Code of Corporate Conduct

MODEC is not required to obtain the opinion of an independent third party or to confirm the intent of each shareholder concerning the Capital Increase Through the Third-Party Allotment, as provided for in Rule 432 of the Securities Listing Regulations by the Tokyo Stock Exchange, Inc. since (i) the dilution rate of the Capital Increase Through the Third-Party Allotment is less than 25% and (ii) the Capital Increase Through the Third-Party Allotment does not involve any change in the controlling shareholder.

10. Matters concerning Transaction with Controlling Shareholder etc.

The capital increase through the third-party allotment to MES in the Capital Increase Through the Third-Party Allotment, falls under the category of a transaction with the controlling shareholder, etc. The situation as to how such capital increase through the third-party allotment is in compliance with the “Guidelines concerning Protection of Minor Shareholders upon Transaction with Controlling

Shareholders, etc.” which was stated in the corporate governance report disclosed by MODEC as of May 15, 2009, is as follows:

At the Board of Directors’ Meeting of MODEC held on February 26, 2010, MODEC deliberated the substance and fairness of the capital increase through the third-party allotment to MES in the Capital Increase Through the Third-Party Allotment, and, upon a resolution of the Board of Directors’ Meeting of MODEC, decided the conditions of issuance to MES, pursuant to the “Standard of Corporate Conduct for Compliance” of MODEC and in the same manner as with the decision in respect of the conditions of issuance to MITSUI. Accordingly, the capital increase through the third-party allotment to MES in the Capital Increase Through the Third-Party Allotment is in compliance with the above mentioned “Guidelines concerning Protection of Minor Shareholders upon Transaction with Controlling Shareholder, etc.”

(Note) “Guidelines concerning Protection of Minor Shareholders upon Transaction with Controlling Shareholders, etc.” as appeared in the corporate governance report disclosed by MODEC as of May 15, 2009, are as follows:

MODEC sets forth the provisions for conduct of fair transactions in the “Standards of Corporate Conduct for Compliance,” and, even upon the transaction with MES, the parent company, reasonably decides the price and terms of agreement, pursuant to these standards and in the same manner as with the decisions in respect of transactions with ordinary business partners. In addition, the compliance committee, which includes outside lawyers among its members and which is held twice a year, confirms that no problems exists with respect to the compliance situation of the MODEC group, including the conduct of fair transactions.

11. Business Results for and Equity Finance Executed in the Last Three Years

(1) Consolidated Business Results for the Last Three Years

	(Million yen, unless otherwise specified)		
	Year ended/As of December 31		
	2006	2007	2008
Consolidated net sales	99,149	144,040	143,669
Consolidated operating profit	3,494	6,959	1,973
Consolidated ordinary income	4,664	7,828	2,529
Consolidated net income	3,305	4,499	1,357
Consolidated net income per share (yen)	88.37	120.28	36.30
Dividend per share (yen)	12.50	15.00	17.50
Consolidated net assets per share (yen)	1,092.01	1,153.39	993.70

(2) Current Number of Issued Shares and Dilutive Shares

	Number of shares	Ratio to total number of issued shares

Total number of issued shares	37,408,000 shares (including treasury stock)	100.0%
Number of dilutive shares at current conversion price (exercise price)	0 shares	0.0%
Number of dilutive shares at minimum conversion price (exercise price)	-	-
Number of dilutive shares at maximum conversion price (exercise price)	-	-

(3) Recent Stock Prices

(i) Stock Prices for the Last Three Years

(In yen)

	Year ended/As of December 31		
	2007	2008	2009
Opening	2,890	2,895	1,810
High	5,070	4,190	2,050
Low	2,610	1,040	985
Closing	2,975	1,710	1,780

(ii) Stock Prices for the Last Six Months

(In yen)

	2009		2010			
	September	October	November	December	January	February
Opening	1,840	1,866	1,758	1,660	1,800	1,725
High	2,050	2,020	1,822	1,875	2,029	1,800
Low	1,813	1,738	1,620	1,655	1,738	1,576
Closing	1,836	1,847	1,654	1,780	1,743	1,583

Note: The stock prices in February 2010 are the stock prices as of February 25, 2010.

(iii) Stock Price on the Business Day Immediately Preceding the Date of the Resolution Authorizing the Issuance

(In yen)

	February 25, 2010
Opening	1,667
High	1,668
Low	1,576
Closing	1,583

(4) Equity Finance in the Last Three Years

Not applicable

12. Terms and Conditions of Issuance

(1) Terms and conditions of issuance for the capital increase through the third-party allotment to MES

in the Capital Increase Through the Third-Party Allotment

- (i) Type/Number of Shares: common stock 4,509,000 shares
- (ii) Amount to be paid: 1,732 yen per share
- (iii) Total amount of issue price: 7,809,588,000 yen.
- (iv) Amount of Stated Capital and Additional Paid-in Capital to be increased:
Both the amount of stated capital and amount of the additional paid-in capital to be increased are 3,904,794,000 yen
- (v) Method of Subscription or Allotment:
Issuance of new shares through third-party allotment
- (vi) Subscription Date: Tuesday, April 6, 2010
- (vii) Payment Date: Tuesday, April 6, 2010
- (viii) Each of the items above shall be subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan.

(2) Terms and conditions of issuance for the capital increase through the third-party allotment to MITSUI in the Capital Increase Through the Third-Party Allotment

- (i) Type/Number of Shares common stock 4,491,000 shares
- (ii) Amount to be paid: 1,732 yen per share
- (iii) Total amount of issue price: 7,778,412,000 yen.
- (iv) Amount of Stated Capital and Additional Paid-in Capital to be increased:
Both the amount of stated capital and amount of the additional paid-in capital to be increased are 3,889,206,000 yen
- (v) Method of Subscription or Allotment:
Issuance of new shares through third-party allotment
- (vi) Subscription Date: Tuesday, April 6, 2010
- (vii) Payment Date: Tuesday, April 6, 2010
- (viii) Each of the items above shall be subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan.

II. Business Alliance with MITSUI

1. Reason for the Business Alliance

MITSUI has made equity contributions, etc., jointly with MODEC, to the special purpose companies established by MODEC for the purpose of holding, leasing, operating and chartering FPSO, etc. in the lease, operation and charter business of FPSO, etc. for oilfield development promoted by MODEC. Given the expectation that the development and production activities of offshore oilfields and gas fields in the deep sea area will continue to be active in the future and that the demand for FPSO, etc. will expand, by utilizing the management resources and customer base, etc. of MITSUI, it will become possible for MODEC to enhance its presence and competitiveness, being comparable to overseas contractors. In addition, in recent years, the Charter Projects have been growing in project size and the amount of funds required for the Charter Projects is drastically increasing. It is necessary for MODEC to strengthen the creditworthiness of the Charter Projects and the fund raising capability from financial institutions, by enhancing the cooperative relationship in the Charter Project with MITSUI through a business alliance with it. As mentioned so far, the purpose of the Business Alliance is to improve the corporate value of MODEC and MITSUI through the enhancement of the competitiveness of MODEC and through the continuous endeavor to enter

into contracts for new projects.

2. Details of the Business Alliance, etc.

(1) Details of the Business Alliance

With respect to the details of the business alliance, MODEC and MITSUI will position themselves as each other's strategic partner and by mutually utilizing the management resources, know-how, brand and customer base, etc., will jointly promote the FPSO, etc. related business. In particular, it is expected that the following items will be conducted, upon mutual consultations regarding the details thereof, such as the content, conditions, and timing. Either of MODEC and MITSUI may terminate the Business Alliance if MITSUI fails to conduct the payment for the Capital Increase Through the Third-Party Allotment, by April 6, 2010.

- Provision, by MODEC, of the know-how as to the engineering, construction, lease and operation, etc. of FPSO, etc.;
- Provision, by MITSUI, of its global network, and of the know-how as to the business development, financing and characteristics of each region;
- Assistance, by MITSUI, in enhancing MODEC's system concerning business operation;
- Support, by MITSUI, with respect to the human resources of MODEC.

(2) Number of shares to be newly acquired by MITSUI, and ratio to number of issued shares

MITSUI will subscribe for 4,491,000 shares of the common stock to be issued by MODEC, by way of the Capital Increase Through the Third-Party Allotment. MITSUI is expected, as a result of such subscription, to hold common stocks accounting for 14.99% of the total number of issued shares, after the Capital Increase Through the Third-Party Allotment, of MODEC.

3. Outline of MITSUI

Please see the part for MITSUI in "I. Issuance of New Shares Through Third-Party Allotment 6. Reasons for Selecting MES and MITSUI, and Other Related Matters (1) Outline of MES and MITSUI" above.

4. Schedule

- | | |
|---|---------------------------|
| (i) Board of Directors' Meeting | Friday, February 26, 2010 |
| (ii) Execution of Business Alliance Agreement | Friday, February 26, 2010 |

5. Future Prospects

Although MODEC believes that the Business Alliance will have an insignificant direct impact on the business results for the year ending on December 31, 2010, further enhancement of competitiveness of MODEC is expected through the Business Alliance.

In addition, it is expected that each item regarding the Business Alliance will be conducted, upon consultations with MITSUI as to the details thereof, such as the content, conditions, and timing.

With respect to the future prospects concerning the Capital Increase Through the Third-Party Allotment, please see "I. Issuance of New Shares Through Third-Party Allotment 8. Future Prospects" above.

III. (Expected) Change in Major Shareholders

1. Reason for change

MITSUI's holding ratio of voting rights of MODEC is expected to be 14.99%, as a result of the Capital Increase Through the Third-Party Allotment, and accordingly, MITSUI is expected to become a major shareholder of MODEC.

2. Outline of shareholder to be changed

Please see the part for MITSUI in "I. Issuance of New Shares Through Third-Party Allotment 6. Reasons for Selecting MES and MITSUI, and Other Related Matters (1) Outline of MES and MITSUI" above

3. Number of shares held (number of voting rights) by relevant shareholder and ratio to total number of voting rights of shareholders

	Number of voting rights (Number of shares held)	Ratio to total number of voting rights of shareholders ※	Rank in major shareholders
Before Change (As of June 30, 2009)	24,665 units (2,466,500 shares)	6.59%	Second
After Change	69,575 units (6,957,500 shares)	14.99%	Second

※ The number of shares without voting rights that is deducted from the total number of issued shares: 4,100 shares
Total number of issued shares as of June 30, 2010: 37,408,000 shares

4. Future Prospects

The above mentioned change in major shareholders will have no impact on the business results for the year ending on December 31, 2010. With respect to the future prospects concerning the Capital Increase Through the Third-Party Allotment and the Business Alliance, respectively please see "I. Issuance of New Shares Through Third-Party Allotment 8. Future Prospects" and "II. Business Alliance with MITSUI 5. Future Prospects" above.