

The Schahin Group and MODEC, Inc. land Iracema North FPSO for Petrobras and the companies of Consortium BM-S-11

Tokyo, November 13, 2012 - MODEC announced today that Petróleo Brasileiro S.A. ("Petrobras"), through its subsidiary Tupi B.V., on behalf of Consortium BM-S-11, has signed a Letter of Intent (LoI) for the supply, charter, and operations of a Floating, Production, Storage, and Offloading (FPSO) vessel for the BM-S-11 block (Lula – Iracema Area) Block in the giant "pre-salt" region of the Santos Basin with its water depth of 2,240m. The BM-S-11 block is under concession to a consortium formed by Petrobras (65%), BG Group (25%), Petrogal Brasil S.A – Galp Energia SGPS, S.A. (7%) and China Petrochemical Corporation (3%). The LoI was issued to the Schahin Group and MODEC, Inc., who have partnered for the latest leased FPSO. This is the third venture between the Schahin Group and MODEC, Inc.

The Schahin Group and MODEC, Inc. are responsible for the engineering, procurement, construction, mobilization, installation and operation of the FPSO, including topsides processing equipment as well as hull and marine systems. SOFEC who is subsidiary of MODEC will design and provide the spread mooring.

MODEC will convert the VLCC Alga into the FPSO Cidade de ITAGUAÍ MV26. The FPSO will be capable of processing 150,000 barrels of oil per day, 280 MM standard cubic feet of gas per day and has storage of 1,600,000 barrels of total fluids.

Scheduled for delivery during the 4th quarter of 2015, the FPSO will be installed in the Lula - Iracema North area.

This is the ninth vessel MODEC will provide and operate in Brazil. MODEC is currently operating the FPSO Fluminense, the FPSO Cidade de Rio de Janeiro MV14, the FPSO Cidade de Macae MV15, the FPSO Cidade de Niteroi MV18, the FPSO Cidade de Santos MV20 and the FPSO Cidade de Angra dos Reis MV22. The FPSO Cidade de São Paulo MV23 and the FPSO Cidade de Mangaratiba MV24 are currently under construction and scheduled to be installed in the 4th quarter of 2012 and 3rd quarter of 2014 respectively.

"We are very honored to be awarded the fourth FPSO for the pre-salt discoveries. And we are committed to carry out the project along with Schahin Group by maximizing Brazilian local content in order to contribute foundation for the development of heavy industry in Brazil," said Toshiro Miyazaki, President and CEO of MODEC, Inc.

The Schahin Group has a significant presence in the drilling services market and has been working with Petrobras Group and Consortia of which Petrobras has been participating since

1982. The Schahin Group is pleased to expand in to production services via the partnership with MODEC and Petrobras Group and Consortia in which Petrobras participates.

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