MODEC, INC.
Toshiro Miyazaki, President & CEO
Code: TSE 6269
Contact: Yasuhiro Takano, Executive Officer
Corporate Planning & Strategies Dept.
TEL: +81-3-5290-1200

Recording of Extraordinary Losses and Revision of Financial Forecast

MODEC, INC. revised today the consolidated financial forecast for the fiscal year ended December 31, 2013, which was announced on February 15, 2013 and revised on August 8, 2013.

Consolidated Financial Forecast

(Millions of Japanese yen)

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Operating Profit</th>
<th>Ordinary Profit</th>
<th>Net Income</th>
<th>Net Income per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous Forecast (A)</td>
<td>220,000</td>
<td>4,000</td>
<td>11,000</td>
<td>6,500</td>
<td>140.06</td>
</tr>
<tr>
<td>Revised Forecast(B)</td>
<td>250,000</td>
<td>4,000</td>
<td>15,500</td>
<td>4,900</td>
<td>105.59</td>
</tr>
<tr>
<td>Variance (B-A)</td>
<td>30,000</td>
<td>-</td>
<td>4,500</td>
<td>△1,600</td>
<td></td>
</tr>
<tr>
<td>Variance (%)</td>
<td>13.6</td>
<td>-</td>
<td>40.9</td>
<td>△24.6</td>
<td></td>
</tr>
<tr>
<td>2012 financial results</td>
<td>186,891</td>
<td>3,470</td>
<td>9,296</td>
<td>5,130</td>
<td>110.56</td>
</tr>
</tbody>
</table>

Reasons for the revision

1. Revision for the forecast
Because of well progressed FPSO construction works and the Japanese yen depreciated against the US dollar more than the revised assumption (95 yen per US dollar), MODEC made an upward revision to revenue of Full-year financial forecast. MODEC also made an upward revision to ordinary profit of Full-year financial forecast because, due to foreign exchange rate fluctuations, approximately 4 billion yen gain of assets denominated in foreign currency is anticipated.

Net income of Full-year financial forecast is anticipated to be lower because of extraordinary losses explained in below.

2. Recording of extraordinary losses
   (1) Impairment of fixed assets
As for [skwid], Floating wind & Current Hybrid Power Generation, MODEC conservatively assessed the future cash flow of [skwid] and realized it is below the book value because forecast of purchase price of electricity is unpredictable.
As a result, MODEC needs to record an extraordinary loss of approximately 2.3 billion yen for the year ended December 2013 in accordance with Accounting Standard for Impairment of Fixed Assets.

(2) Allowance for accounts receivables
MODEC has signed an EPCI contract with OSX 3 Leasing B.V., subsidiary of OSX Brasil S.A., for the supply of an FPSO, but, due to the bankruptcy filing of its parent company, MODEC decided to record an allowance for accounts receivables of approximately 1.6 billion yen for the year ended December 2013.