

May 16, 2014

MODEC, INC.
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**Determination of Number of New Shares to be Issued as a Result of Capital Increase
through Third - Party Allotment**

MODEC, INC. (MODEC) hereby announces that, relating to the issuance of its new shares through third-party allotment (the “Third-Party Allotment”) which was resolved at its Board of Directors’ Meeting held on April 7, 2014 (at which meeting the issuance of its new shares through public offering and third-party allotment, and sales of shares were also resolved), MODEC has been notified that the SMBC Nikko Securities Inc. , the third-party allottee, will subscribe to all of the shares to be issued through the Third-Party Allotment, as set forth below.

1.	Number of shares to be issued		464,200 share (Number of shares scheduled to be issued : 464,200)
2.	Total Amount to be paid		897,669,960 yen (1,933.8 yen per share)
3.	Amount of stated capital and capital reserves to be increased	The amount of stated capital to be increased	448,834,980 yen
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4.	Subscription Period		Tuesday, May 20, 2014
5.	Payment Date		Wednesday, May 21, 2014

Reference

1. The capital increase through the Third-Party Allotment described above was resolved at the Board of Directors’ Meeting held on April 7, 2014, together with resolutions for the issuance of new shares through public offering and third-party allotment, and sales of shares.

For detailed information on the Third-Party Allotment, please refer to the notice of “Issuance of New Shares through Public Offering and Third Party Allotment, and Sales of Shares” announced on April 7, 2014 and the notice of “Determination of Issue Price and Offer Price” announced on April 15, 2014.

2. Change in the total number of issued shares as a result of the Third-Party Allotment.

Total number of issued shares at present:	55,943,800 shares (as of May 16, 2014)
Increase in number of shares as a result of the Third-Party Allotment:	464,200 shares
Total number of issued shares after the Third-Party Allotment	56,408,000 shares

3. Use of the procurement funds

All funds estimated 19,755,920,360 yen to be raised, consisting of the funds estimated 892,132,960 yen to be raised through the Third-Party Allotment and the funds estimated 18,863,787,400 yen through the public offering and third party allotment resolved on the same date as that of the Third-Party Allotment, are planned to be used for investments in and loans to special purpose companies established for the FPSO charter business. Specifically, in January 2015, 11,152,000,000 yen (an investment of 5,576,000,000 yen and a loan of 5,576,000,000 yen) will be given to Cernambi Sul MV24 B.V., and in January 2016, 8,603,920,360 yen (an investment of 5,850,000,000 yen and a loan of 2,753,920,360 yen) will be given to Cernambi Norte MV26 B.V.

The special purpose companies plan to use the investments and loans for the FPSO charter business.

Before the funds are allocated to the special purpose companies, they will be used for a short-term loan, which will be repaid by the end of December 2014, to Cernambi Sul MV24 B.V., which will use the loan for the construction of the FPSO. From the payoff date to the date of appropriation to the special purpose companies, MODEC will invest the funds in safe financial instruments.

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