

November 2, 2004

MODEC, Inc.
Kenji Yamada, President & CEO
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New Share Issue by Third Party Allotment

MODEC, Inc. announced today that the Board of Directors' Meeting held today made a resolution regarding the New Share Issue by Third Party Allotment.

1. Outline of New Share Issue

(1)	Number of Newly Issued Shares	Common Stock: 1,416,000 shares
(2)	Issue Price	2,150 yen per share
(3)	Total Amount of Issue Price	3,044,400,000 yen
(4)	Amount to be Booked to Capital	1,522,200,000 yen (1,075 yen per share)
(5)	Application Period	From November 19, 2004 Till November 22, 2004
(6)	Payment Date	November 24, 2004
(7)	Date of Record for Dividends	July 1, 2004
(8)	Allotment Grantee and Number of Allotted Shares	Mitsui Engineering & Shipbuilding Co., Ltd. 1,416,000 shares
(9)	[Agreement concerning owing of new issued shares] Mitsui Engineering & Shipbuilding Co., Ltd. will submit to MODEC, Inc. a Guarantee Letter stating that if Mitsui Engineering & Shipbuilding Co., Ltd. will transfer the allotted shares to the third party within two years from the date of new share issue, it will report to Tokyo Stock Exchange without delay.	

2. Change in Number of Total Issued Shares

Current Number of Total Issued Shares (Current Capital)	32,592,000 shares 5,636,800,000 yen
Number of Newly Issued Shares by Third Party Allotment (Increase in Capital)	1,416,000 shares 1,522,200,000 yen
Number of Total Issued Shares after New Share Issue (Capital after Capital Increase)	34,008,000 shares 7,159,000,000 yen

3. Issue Price

Issue Price of 2,150 yen (discount ratio 5.9%) was calculated using MODEC, Inc.'s average stock price at 15:00 p.m. (2,286 yen) in the latest three months from the previous date of the Board of Directors' Meeting held on November 2, 2004 (from August 2, 2004 to November 1, 2004).

4. General Information of Allotment Grantee

Company Name	Mitsui Engineering & Shipbuilding Co., Ltd. (TSE: 7003)		
Number of Allotted Shares	1,416,000 shares		
Paid-in Amount	3,044,400,000 yen		
Head Office Location	6-4, Tsukiji 5-chome, Chuo-ku, Tokyo 104-8439, Japan		
President & CEO	Takao Motoyama		
Paid-in Capital	44,384 million yen ^(Note)		
Major Shareholders	Japan Trustee Services Bank, Ltd. (Trust Account)	8.2%	^(Note)
	Mitsui & Co., Ltd.	5.2%	

(Note) As of March 31, 2004

5. Major Shareholders after Capital Increase

	Name	Number of Shares Held	Ratio of Shareholding
1	Mitsui Engineering & Shipbuilding Co., Ltd.	17,116,000	50.32%
2	FMC TECHNOLOGIES, INC.	2,600,000	7.64%
3	Mitsui & Co., Ltd.	2,466,500	7.25%
4	The Master Trust Bank of Japan, Ltd. (Trust Account)	2,108,300	6.19%
5	Japan Trustee Services Bank, Ltd. (Trust Account)	1,410,700	4.14%

(Note) Above list is made by adding shares issued by Stock Option Exercise to the Shareholders List as of June 30, 2004.