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### **A Receipt of the Notification of a Lawsuit**

MODEC, Inc. has received a notification letter that a lawsuit was filed in Rio de Janeiro, Brazil by Petroleo Brasileiro S.A.. This lawsuit names as defendants Maritima Petroleo e Engenharia LTDA, Maritima Overseas, Inc. and MODEC, Inc.

MODEC, Inc. participated in 1997 as a technical consultant to the Maritima's FPSO project. The lawsuit alleges that a Brazilian joint venture associate, Maritima failed to make certain payments to their Subcontractors on the project.

The amounts being sought by the plaintiff are USD42,465,429.13 along with legal fees and interest.

MODEC, Inc. had no direct involvement in the actual construction of the project and has no knowledge of the factual allegations of non-payment alleged in the lawsuit since this work was undertaken by Maritima. MODEC, Inc. also did not receive any payments from Petrobras under this contract. As such, MODEC, Inc. denies the allegations made by the plaintiff and intends to vigorously defend against this lawsuit.

To this end, MODEC, Inc. has retained Brazilian counsel to assist and represent MODEC, Inc. in this case.