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MODEC, Inc.
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A Receipt of the Notification of a Lawsuit

MODEC, Inc. has received information that a lawsuit was filed in the United States District Court for the Southern District of Texas by Petroleo Brasileiro S.A. (Petrobras). This lawsuit names as defendant a subsidiary, MODEC (U.S.A.), Inc. (MUSA).

The lawsuit makes certain allegations associated with the Maritima's FPSO project which MODEC (U.S.A.), Inc. participated in 1997 as a technical consultant.

The amounts being sought by Petrobras are unspecified.

MODEC, Inc. had no direct involvement in the actual construction of the project and has no knowledge of the factual allegations being made by Petrobras in this lawsuit. Neither MODEC, Inc. nor MUSA received any payments from Petrobras under this contract. As such, MUSA denies the allegations made by Petrobras and intends to vigorously defend against this lawsuit.