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### **Dismissal of a Lawsuit**

On March 31, 2006, a United States Federal judge dismissed a lawsuit filed in January, 2006 in the United States District Court for the Southern District of Texas by Petroleo Brasileiro S.A. ("Petrobras"). This lawsuit was filed against one of MODEC's subsidiary companies, MODEC (U.S.A.), Inc. and involved certain allegations associated with an FPSO project undertaken by Maritima in 1997.

MODEC is very pleased with the court's disposition of this case and feels fully vindicated by the court's actions.