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May 6, 2016

MODEC, INC.	
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Recording of Gain on Valuation of Derivatives and Foreign Exchange Loss

MODEC, INC. announced today that it recorded gain on valuation of derivatives and foreign exchange loss for the first quarter of 2016 (from January 1, 2016 to March 31, 2016).

1. Recording of Gain on Valuation of Derivatives and Foreign Exchange Loss

Japanese yen appreciated from approximately120 yen to 1 US dollar as of December 31, 2015 to approximately 112yen as of March 31, 2016. In accordance with yen appreciation, 2,012 million yen of foreign exchange loss was recognized for foreign currency denominated loans to affiliated companies, and 1,242 million yen of gain on valuation of derivatives was recognized for the principal of cross-currency interest rate swap arranged for yen-denominated borrowings which were used for aforementioned foreign currency denominated loans, respectively.

2. Financial Forecast

Since there are many uncertainties, the Company has not revised the financial forecast.