

supporting PDVSA operations in the Lake Maracaibo region, (b) the company's shore-based facility adjacent to Lake Maracaibo and (c) certain other related assets. The company has also previously reported that in July 2009, Petrosucre, S.A. (Petrosucre), a subsidiary of PDVSA, took control of four additional company vessels. As a consequence of these measures, the company (i) no longer has possession or control of those assets, (ii) no longer operates them or provides support for their operations, and (iii) no longer has any other vessels or operations in Venezuela.

As a result of the May 2009 seizure of the 11 vessels and other assets discussed above, the company recorded a charge of \$3.75 million (\$2.9 million after tax, or \$0.06 per common share), during the quarter ended June 30, 2009, to write off the net book value of the assets seized. As a result of the July 2009 vessel seizures, the company recorded a charge of \$0.5 million (\$0.4 million after tax, or \$0.01 per common share) during the quarter ended September 30, 2009, to write off the net book value of those assets. Both of these charges are included in the provision for Venezuelan operations in the accompanying consolidated statement of earnings.

As a result of the asset seizures referred to above, the lack of further operations in Venezuela, and the continuing uncertainty about the timing and amount of the compensation that the company may collect in the future (including compensation for the taking of the accounts receivable payable by PDVSA and Petrosucre), the company recorded a \$44.8 million (\$44.8 million after tax, or \$0.87 per common share) provision during the quarter ended June 30, 2009, to fully reserve accounts receivable payable by PDVSA and Petrosucre.

As the company has previously reported on Form 8-K, on February 16, 2010, the company filed with the International Centre for Settlement of Investment Disputes (ICSID) a Request for Arbitration against the Republic of Venezuela seeking compensation for the expropriation of the company's Venezuelan investments. That request has been registered by ICSID and the company continues diligently to prosecute the arbitration. While the company believes, based on consultations with its advisors, that it is entitled to full reparation for the losses suffered as a result of the actions taken by the Republic, there can be no assurances that the company will prevail in the arbitration.

On March 31, 2010, the company entered into a Settlement and Release with its marine underwriters to resolve the claim the company had made under its marine insurance policy for the total loss of the 15 vessels seized by the Republic. Under the Settlement and Release, the underwriters paid, subject to certain conditions, \$8.2 million (the Settlement Payment) in full and final settlement of the claim. Those conditions include, among others, that the company must continue to prosecute the ICSID arbitration and must reimburse the underwriters the Settlement Payment (less certain expenses) if and when the company receives payment from the Republic. Under the Settlement and Release, the company continues to retain legal title to the claims in arbitration and the underwriters have waived any and all subrogation rights. The Settlement Payment does not represent full reparation of the losses suffered by the company as a consequence of the expropriation of its investments in Venezuela. The \$8.2 million payment by the underwriters triggered an obligation by the company under the company's insurance program to pay an additional \$2.8 million in insurance premium to its underwriters and the company has paid that amount. Both the \$8.2 million payment from the underwriters and the \$2.8 million payment to the underwriters were made in fiscal 2011.

Legal Proceedings. Various legal proceedings and claims are outstanding which arose in the ordinary course of business. In management's opinion, the amount of ultimate liability, if any, with respect to these actions will not have a material adverse effect on the company's financial position, results of operations, or cash flows. Information related to various commitments and contingencies, including legal proceedings, is disclosed in Note 10 of Notes to Consolidated Financial Statements included in Item 8 of this report.

Internal Investigation

For a full discussion on the company's internal investigation into certain FCPA matters on its Nigerian and selected other countries operations, refer to Item 3 of this report.