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UPDATE ON SETE BRASIL CONTRACTS

We refer to the contracts for the design and construction of six semisubmersible drilling rigs entered into with the respective Sete Brasil Participações S.A.'s entities (Sete Brasil).

Keppel has been informed by Sete Brasil that the shareholders of Sete Brasil had, on 20 April 2016, approved a resolution for Sete Brasil to file for a judicial recovery.

Keppel has stopped work on the rigs since last year and will not resume construction until payment re-commences.

Keppel had made a provision of about S\$230 million for these contracts in the last financial year. We continue to believe that the provisions are sufficient.

We have been monitoring and will continue to monitor and evaluate the situation with our advisers to best protect Keppel's interests. We will provide further updates as appropriate.

For more information, please contact:

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