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KEPPEL FELS SIGNS SETTLEMENT AGREEMENT AND SALE CONTRACT

Keppel Corporation Limited (the "**Company**" or "**KCL**") refers to its announcement on 2 August 2013 on the construction contract ("**Construction Contract**") entered between Keppel FELS Limited ("**KFELS**"), a wholly-owned subsidiary of Keppel Offshore & Marine Limited ("**KOM**"), and Parden Holding S.R.L. ("**Parden**") for the construction of a KFELS B Class jackup rig (the "**Jackup Rig**").

Following Parden's failure to take delivery of the Jackup Rig and make payment for the balance 80% of the contract value, among others, KFELS has today, following discussion with the guarantor of Parden's obligations under the construction contract, entered into a Settlement Agreement with the guarantor. The Settlement Agreement provides for the concurrent execution of a sale contract ("**Sale Contract**") with 361 Projects Pte. Ltd. ("**Purchaser**"), which is an associate of the guarantor, for the purchase of the Jackup Rig at a price equivalent to the balance contract value of the Construction Contract. Under the terms of the Sale Contract, the rig is scheduled for delivery in 4Q 2017.

Pursuant to the Sale Contract, a replacement corporate guarantee will be issued by the guarantor to secure the Purchaser's obligations under the Sale Contract.

The above transactions are not expected to have any material impact on the earnings per share or net tangible assets per share of the Company for the year ending 31 December 2016.