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NOTICE OF TERMINATION OF CONTRACT

Keppel Corporation Limited (“**KCL**” or the “**Company**”) refers to its media release on 11 March 2018 on the contract Keppel FELS Limited (“**Keppel FELS**”) secured from Awilco Drilling PLC for the construction of a mid-water semisubmersible drilling rig for harsh environment use, worth about US\$425 million (the “**Contract**”).

The Company wishes to announce that Keppel FELS has, on 8 June 2020, received a notice from Awilco Rig 1 Pte. Ltd. (“**Awilco**”), a wholly-owned subsidiary of Awilco Drilling PLC, purporting to terminate the Contract (“**Notice**”), alleging certain breaches relating to the project management, schedule, resourcing and compliance. This Notice came shortly before the next payment instalment of US\$31.875 million due from Awilco under the Contract on 9 June 2020 (“**9 June Instalment**”), which was previously deferred in March 2020 at Awilco’s request.

Under the terms of the Contract, an effective termination of the Contract by Awilco might entitle it to the return of payments already made (approximately US\$54 million) with interest, or to pay for the work done by Keppel FELS and take over the rig.

Keppel FELS denies the allegations by Awilco in the Notice and has rejected the purported termination of the Contract. Keppel FELS is currently considering its legal options and evaluating potential financial impact in consultation with its advisors. Keppel FELS has further reserved all its rights under the Contract, including the right to retain the instalments already received and to seek compensation for the work done to date in the event that Awilco defaults in the payment of the 9 June Instalment.

The Company will provide updates on material developments on this matter.

9 June 2020