

Jim McColl For the Directors of FMEL and FMEL Holdings

By email:

5 July 2019

Dear Jim,

Scottish Government Ferguson Marine Engineering Limited ("FMEL") and Ferguson Marine Engineering (Holdings) Limited ("FMELH") (together the "Group")

I refer to the letter sent today on behalf of the Directors of FMEL and FMELH.

We welcome your willingness to explore what would be entailed if Scottish Ministers were to take ownership of the Group and we wish to meet with you on the morning of Monday 8th July to discuss this and the points raised in your letter with you.

Your letter includes matters that are relevant to CBC as shareholder, such as confirmation of the price Scottish Ministers would pay for CBC's shares. We will discuss this directly with CBC.

Other matters in the letter are relevant to your director duties, which we will discuss with you on Monday. In particular we are keen to understand in detail the current requirements for interim funding, mentioned in your letter.

We confirm that Scottish Ministers have taken advice regarding the provision of funding in connection with taking ownership of the Group and we confirm that we are satisfied that a solution that secures the business and jobs is achievable.

As a critical separate matter, however, HCC and Scottish Ministers, as first and second ranking secured creditors, wish you to agree to an extension of the refund guarantee for 801 to give time to resolve matters (which we understand will be given by the Surety at no cost to FMEL). We see no linkage between the extension of the bond and the matters set out in your letter relating to your duties as directors. We are concerned that if the 801 bond is not extended then the customer may seek to take action early next week which could result in an unplanned insolvency of FMEL which would be detrimental to all creditors. We consider this would mean that the directors have not fulfilled their statutory duties towards creditors.

We note execution of the extension in counterparts is possible and we ask you do so over the



weekend, or at least before 9.30am on Monday morning and to share with us. For ease, the documentation is attached.

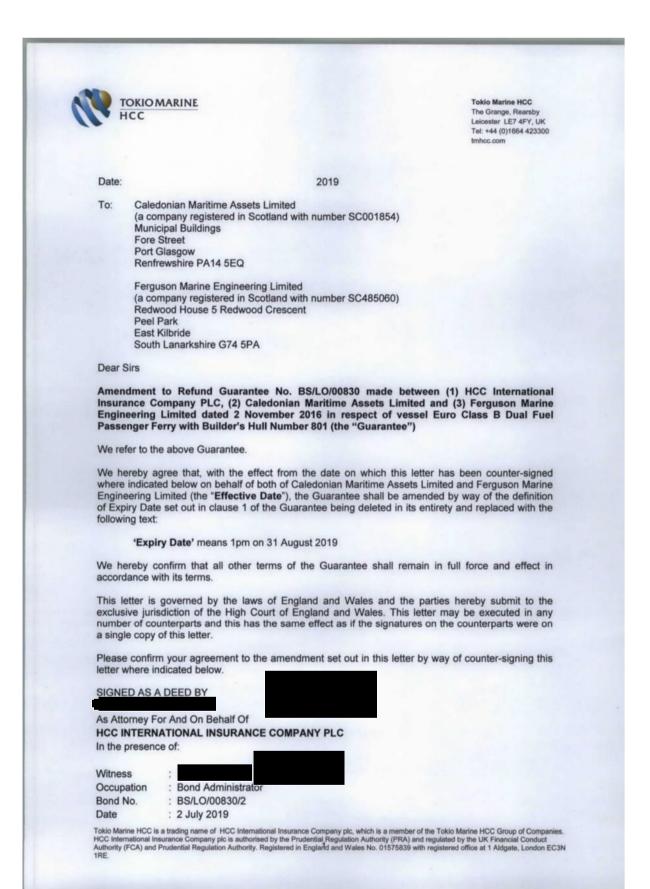
We would also be grateful if you could formally confirm the professional advisers appointed by the Directors of FMEL and FMELH to deal with this matter, in order that our advisers can engage with them. Our advisers (MacRoberts and PwC) are available over the weekend as required.

We look forward to meeting on Monday.



LIZ DITCHBURN







We, Caledonian Maritime Assets Limited, hereby confirm our agreement to the amendment to the Guarantee as set out above with effect from the Effective Date.

Signed and delivered as a Deed By Caledonian Maritime Assets Lin Acting by In the presence of:	nited , a director)))
Signature Of Witness		
Address of witness		
Occupation Of Witness		
Date:		

We, Ferguson Marine Engineering Limited, hereby confirm our agreement to the amendment to the Guarantee as set out above with effect from the Effective Date.

Signed and delivered as a Deed By Ferguson Marine Engineering I Acting by In the presence of:) Limited) , a director))
Signature Of Witness	
Address of witness	
Occupation Of Witness	
Date:	

2



