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Kevin Hobbs, Chief Executive Officer
Caledonian Maritime Assets Ltd ("CMAL")
Municipal Buildings
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3 April 2017

Dear Kevin

'NEWBUILDCON' Standard Newbuilding Contract between the Ferguson Marine Engineering Limited (the "Company") and CMAL dated 16 October 2016 as amended on 2 November 2016 for the construction of a Euro Class B Dual Fuel Passenger Ferry with Builder's Hull Number 801 (the "801 Build Contract")

'NEWBUILDCON' Standard Newbuilding Contract between the Company and CMAL dated 16 October 2016 as amended on 2 November 2016 for the construction of a Euro Class B Dual Fuel Passenger Ferry with Builder's Hull Number 802 (the "802 Build Contract")

Thank you letter dated 30 March 2017. We appreciate your prompt response in respect of the formal requests set out in our letter of 24 March 2017.

As was outlined to you in recent communication from  the requests for acceleration of the £14.55m and the release/underwrite of the refund guarantees are intrinsically linked. The acceleration of the £14.55m alone does not address the cash pressure issues on the Company previously outlined. The re-profiling of the cash as proposed to you is conditional on and assumes the refund guarantee request will be met, such that (a) the cash collateral of £15.4m which is being used to secure the refund guarantees can be released immediately and used by the Company and (b) the other assets secured to HCCI will also be released and then used to secure working capital facilities from alternative funders.

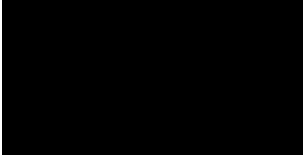
Whilst we appreciate your positive consideration of our request to accelerate £14.55m of the final payments under the Contracts, we also need to receive positive confirmation from the Ministers regarding their ability to underwrite the refund guarantees. Should that not be received, we will require to revisit our request to you regarding the payment milestones.

As you are aware, we have made significant investment into the Company to establish a modern shipbuilding capability on the Clyde, which is of huge strategic importance and benefit for Scotland and its ferry fleet. The build of 801 and 802 and the accompanying contract terms must therefore be considered against that backdrop and not merely compared to "usual market practice". We, the Scottish Government and CMAL, all need to work together to ensure the continued success of the Company.



As regards the request for the Company to meet your legal fees in respect of any amendments, this is of course a reasonable and acceptable request.

Yours Sincerely



Jim McColl
Chairman & CEO