



Trading Address: Newark Works
Castle Road, Port Glasgow
Renfrewshire, PA14 5NG



Liz Ditchburn
Director General Economy
St Andrew's House
Regent Road
Edinburgh
EH1 3DG

8 July 2019

Dear Liz

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

We refer to the meeting which took place earlier today with the Scottish Ministers (represented by Chris Wilcock and [REDACTED] and their advisors.

We thought that it would be helpful, given that a wide range of matters were discussed at the meeting, to set out the questions which FMEL require the answers to as a matter of urgency, to enable the directors of FMEL (the "**Directors**") to give further consideration to the solvent proposal being put forward by the Scottish Ministers (the "**Proposal**").

1. Are the Scottish Ministers willing, in principle, to provide interim funding to cover the potential prejudice to creditors arising during their period of diligence? Clearly the level of any such funding request will be determined by FMEL and we will attend to that once we have your confirmation.
2. Can the Scottish Ministers confirm in writing that there are no barriers, legal or otherwise (including without limitation, any state aid barriers) to them providing any form of funding to FMEL either now or in the future as part of the Proposal (with appropriate detailed supporting justification)?
3. Can the Scottish Ministers confirm that their Proposal involves a solvent solution for the Group and that the further diligence being proposed is for the purposes of determining what form that solvent solution will take?



Ferguson Marine Engineering Ltd
Registered in Scotland No: SC485060
Registered office: 3 Redwood Crescent,
East Kilbride, Glasgow, G74 5PA
Vat No: 197 101 802

4. Can the Scottish Ministers' advisors tailor their due diligence questions to suit the Proposal and send this on to FMEL?
5. Can the Scottish Ministers confirm the targeted transaction date?

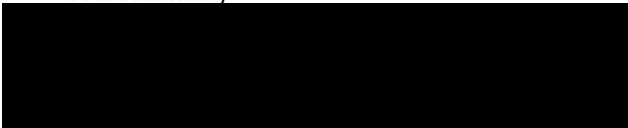
As we have advised on several occasions in correspondence and at the meeting today, the Directors require to ensure that the position of the creditors is not in any way worsened by any decision to continue to trade.

On receipt of your response FMEL will give due consideration to whether it is appropriate to open up communications with HCC International Insurance Company PLC ("HCCI") with regards to the implications of the Directors continuing to trade (assuming that this is the conclusion that is reached). We would like to emphasise again, that any initial dialogue with HCCI in this regard should be made by FMEL and not the Scottish Ministers.

Given the urgency of the situation, we require that you respond to this letter with the requested information and in particular, confirmation of your intention to provide the necessary interim funding by no later than 12 noon on 9 July 2019.

We look forward to hearing from you.

Yours faithfully



Director, Ferguson Marine Engineering Limited



Ferguson Marine Engineering Ltd
Registered in Scotland No: SC485060
Registered office: 3 Redwood Crescent,
East Kilbride, Glasgow, G74 5PA
Vat No: 197 101 802