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Ferguson Marine Engineering (Holdings) Limited  
3 Redwood Crescent  
East Kilbride,  
Glasgow, G2 5PA; and

Clyde Blowers Capital Fund III LP  
Orbital House  
3 Redwood Crescent  
Peel Park  
East Kilbride  
G74 5PA

Your ref:  
Our ref:

June 2018

Dear Sirs,

**The Scottish Ministers**  
**Ferguson Marine Engineering Limited ("FMEL")**  
**Ferguson Marine Engineering (Holdings) Limited ("Holdings")**  
**Clyde Blowers Capital Fund III LP ("CBC")**

We refer to (i) the loan agreement (the "**FMEL Loan Agreement**") between The Scottish Ministers and FMEL dated 6 September 2017 (as amended from time to time), (ii) the loan agreement (the "**Holdings Loan Agreement**") to be entered into on or around the date hereof between the Scottish Ministers, Holdings and FMEL (as amended from time to time) (the FMEL Loan Agreement and the Holdings Loan Agreement being the "**Loan Agreements**") and (iii) the subscription and shareholders' agreement (the "**Subscription and Shareholders' Agreement**") to be entered into on or around the date hereof amongst the Scottish Ministers, Holdings and CBC.

Capitalised terms in this letter shall have the meanings ascribed to them in the Holdings Loan Agreement.

The Scottish Ministers are providing this letter in connection with their providing support to FMEL and other group companies for [REDACTED] the long term viability and enhanced capabilities of the businesses carried on at Newark Works, Castle Road, Port Glasgow, all with the intention of supporting a thriving shipyard within the legal parameters.

Through the provision of funding to the Group, the Scottish Ministers have supported and will continue to support FMEL in its delivery of its Business Plan, on the terms set forth in the Loan Agreements and we write to confirm our intentions which will drive our behaviour in determining certain matters requiring our consent under the Loan Agreements and the Subscription and Shareholders' Agreement.

We refer to the restrictions contained in (i) clause 10.8 and clause 10.11 of the FMEL Loan Agreement, (ii) clause 11.9 and clause 11.12 of the Holdings Loan Agreement, and (iii) the definitions of "Permitted Financial Indebtedness" and "Permitted Security Rights" in each of the Loan Agreements and confirm our current intentions in the event that FMEL and/or Holdings seek our consent to incur further financial indebtedness in respect of any third party bond, guarantee or debt facilities required to support the award of a material new order for the Group or the delivery of the Business Plan and proposed intercreditor terms in relation thereto, (i) to enter into negotiations with the Group in good faith without undue delay and (ii) in the course of discussions around consent to those matters, to give due regard to the support necessary for FMEL in order to deliver the

Business Plan, it being recognised that the Scottish Ministers are supportive of commercially acceptable additional funding, Security and intercreditor arrangements being made available to and entered into by the Group and/or the Scottish Ministers to help achieve the Business Plan.

[REDACTED]

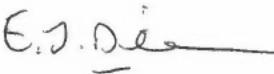
We refer to clause 5.1 of the FMEL Loan Agreement and confirm that we will enter into negotiations with the Group in good faith with a view to agreeing amendments to the FMEL Loan Agreement without undue delay (and in any event within 10 Business Days) in relation to [REDACTED] in the event that FMEL secures material new vessel orders, taking into account any improvements in the risk profile of the overall position of the group [REDACTED]

We refer to clause 14.1 of the Subscription and Shareholders' Agreement and confirm that we will [REDACTED]

[REDACTED]

This letter shall be governed and construed in accordance with Scots law.

Yours sincerely



**LIZ DITCHBURN**