

Minister for Business, Energy and Tourism
Fergus Ewing MSP

T: 0300 244 4000
E: scottish.ministers@gov.scot



Sir David Murray
Murray Capital Limited
26 Charlotte Square
EDINBURGH
EH2 4ET



11 December 2015

Dear Sir David,

I am most grateful for your letter and for the earlier proposal which you have put forward.

At our first meeting I was struck by your enormous commitment to the steel industry in Scotland - and that impression has been confirmed in our subsequent conversations. I am very grateful for your proposal, and the structure of it is of interest to us. As explained, in confidence, we are hopeful that an offer will be forthcoming which will be agreed. If that takes place, then I hope it will secure the future of the industry in Scotland for the foreseeable future which would be a tremendous outcome.

But of course that will only happen with a huge commitment from us all, public and private sector. We are ready to do our bit in full to ensure the success so far as within our power.

I will keep in close touch and have greatly appreciated your advice on the sector, and will continue to value it as time moves on.

Fergus Ewing
Fergus Ewing

From: Macdonald R (Roddy) <Roddy.Macdonald@gov.scot>
Sent: 02 December 2015 18:26
To: [Redacted]< [Redacted]@gov.scot>; Minister for Business, Energy and Tourism <MinisterBET@gov.scot>
Cc: [redacted - s38(1)(b)]
Subject: 8.30am call with Sir David Murray

[Redacted]

Note of last call below and proposal attached for ease.

Key points for tomorrow are:

- Reassure Sir David his proposal is being given due consideration
- Stress, however, we are currently engaged in looking at commercial buyers and there is serious interest (Mr Ewing should not disclose information on Liberty)
- (If pressed) Mr Ewing could highlight that TATA said at the Task Force two were industrial (one being Murray we assume) and two were private equity.
- Highlight we are putting out a press statement tomorrow to stress work on-going despite the 45 days ending on Friday
- Ask him about his engagement with TATA on his proposal
- Ask him about concerns about customers slipping away

NOTES FROM RHONA ALLISON CALL WITH SIR DAVID 30/11/15

- He has spoken to TATA regarding his proposition to SG but has not shared the letter he sent to Mr Ewing with TATA. He reported that TATA has stated they could see the proposal working.
- He is aware customers are placing orders elsewhere
- [Redacted]
- [Redacted]
- He asked if we had received any other interest. I talked through the promotional work and that this had resulted in some initial serious interest expressed, albeit at an early stage. He found this encouraging.
- He would welcome an update and follow-up discussion regarding his proposal with SG. He was very keen to understand where thinking was

at, state aid investigations (as referenced in his call with Mr Ewing) and really with a view to is this going to progress? He indicated he would like a discussion but also would appreciate a written response to his letter. Roddy as you know, he asked if you were the right person for him to contact.

- My sense is he is interested to discuss the approach used for 'Prestwick Airport' as a potential parallel here.
- We had a good discussion around the importance and need for a 'turnaround' business plan which showed a sustainable viable future for the sites, the timescales for this and the way forward. He agreed this was important.





Murray Capital Limited 26 Charlotte Square Edinburgh EH2 4ET
Tel: +44 (0) 131 243 2100 Fax: +44 (0) 131 243 2101
www.murraycapital.co.uk

19 November 2015

Private & Confidential

Fergus Ewing MSP
Minister for Business, Energy and Tourism
by email: MinisterBET@gov.scot

Further to our discussion this morning, I take on board your stated concern on the funding gap required at Dalzell/Clydebridge through a State Aid route or other Government agency support plus the content of the soon to be published Finance Spending Review.

I have received an email from Andrew Checketts at Tata on how matters are progressing and I will speak with him tomorrow to discuss the basis of my proposal and revert after his input.

Outwith our ongoing discussions, I must re-confirm my noted concerns.

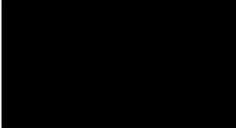
- a. Lead time for change.
- b. Setting up the Newco plus management/financial/sales and workforce.
- c. Forward slab purchase commitments and continuity of supply.
- d. Working capital requirement from day one.
- e. Sales campaign presently going on with competitors and clear evidence of orders being placed elsewhere.
- f. Discussions with Tata regarding plant and workforce flexibility for going forward.

As previously, I am always available for a meeting or telephone conversation to discuss further.

Yours sincerely



Sir DAVID MURRAY
Chairman



From: [Redacted]
Sent: 19 November 2015 11:34
To: Minister for Business, Energy and Tourism
Cc: [redacted - s38(1)(b)]; Macdonald R (Roddy); [redacted - s38(1)(b)]
Subject: RE: Lines for t/c at 1730 tonight with Mr Murray

[Redacted]

Brief notes of the telephone conversation between Mr Ewing and Mr Murray this morning:

Mr Ewing commented as follows:

- The collaboration model proposed by Mr Murray is of interest to us
- Unhelpful to have press coverage at this stage – keen to keep discussions confidential. Mr Murray confirmed that he had not shared any detail of previous discussions
- Some difficulties around state aid rules – SG definitely cannot provide grant support
- If looking at equity support:
 - there would need to be a clear exit strategy for the public sector
 - getting state aid clearance would take time
 - £50 million was a significant amount to find from SG's budget – the Chancellor was expected to announce significant cuts in public expenditure in the Autumn Statement next week
- There may be scope for reductions in the rates bill for the sites – he was hoping to hear for the assessor next week.

Mr Murray stated that:

- He was keep to be open with people and had spoken to a range of interested parties before writing to Mr Ewing
- [Redacted]
- Tata's internal transfer cost for slab was much higher than the price on the open market
- [Redacted]
- On being asked by Mr Ewing, he confirmed that he had not shared his proposal with Tata Steel at this stage. He also noted that Tata had gone out of their way to be helpful
- [Redacted]
- On being asked by Mr Ewing, Mr Murray confirmed that his proposal did not involve his putting any capital into the deal – he would be providing “sweat and orders”
- He also noted that he was aware Liberty had visited ‘again’

Conclusion

Mr Ewing suggested a meeting in December to discuss the proposal further, to allow SG to do more work around state aid implications. In the meantime he did not want press involvement. Mr Murray confirmed that he was happy for Mr Ewing to ring him at any time.

[Redacted] | *Head of Manufacturing & Construction | Innovation, Investment & Industries Division | The Scottish Government*
4th Floor, Atlantic Quay | 150 Broomielaw | Glasgow | G2 8LU | t: 0300 24[Redacted]