



Caledonian Maritime Assets Ltd
Municipal Buildings
Fore St
Port Glasgow PA14 5EQ



Mr Gerry Marshall
Ferguson Marine Engineering Limited
Orbital House
3 Redwood Crescent
East Kilbride
G74 5PA

2 February 2018

Dear Gerry

(1) NEWBUILDCON between Ferguson Marine Engineering Limited ("FMEL") and Caledonian Maritime Assets Limited ("CMAL") dated 16 October 2015, as amended, in relation to FMEL hull no. 801

(2) NEWBUILDCON between FMEL and CMAL dated 16 October 2015, as amended, in relation to FMEL hull no. 802 (together, the "Contracts")

Thank you for your letter dated 25 January 2018 which was discussed fully at our Board meeting held on 30 January 2018, at which representatives from Transport Scotland and also the Minister for Transport and the Islands were in attendance.

We are grateful for your without-prejudice confirmation that the basis of certain of the claims may be non-contractual in nature.

That does raise some hurdles as to the extent to which our Board may approve our representatives at the Mediation to settle such claims, but we remain in principle willing to progress towards what might be achieved in a day that is dedicated to explore where there is common ground.

We should note however that our Board expressed concerns about both the time resource and the cost of Mediation and the potential for meaningful resolution of matters given that there seems to be no obvious contractual basis of the claim. The preference of the Board is that FMEL management focused their entire efforts on the planning and timely delivery of the vessels in accordance with the Contracts.

We are not, for the record, agreeable to what may be an attempt to re-visit the essential commercial parameters of the Contracts under the guise of a confidential procedure. We require some transparency of outcome (if not the process) from a public procurement and an accountability for public funds perspectives.

We prefer to mediate before [REDACTED], as soon as that might happen and in April if need be. The others suggested do not appear to have any shipbuilding disputes track record, which





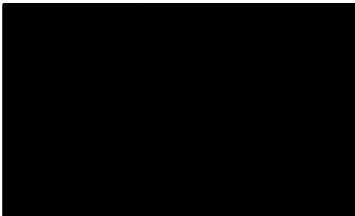
Caledonian Maritime Assets Ltd
Municipal Buildings
Fore St
Port Glasgow PA14 5EQ



although we appreciate is not essential to the mediator's role we believe would benefit the discussions considerably. Given the time needed for the parties fully to prepare and agree the joint bundle and exchange their respective submissions, if we were to fix dates with [REDACTED] now then April will be with us soon enough.

On this basis we will accept the suggested mediation terms and your proposed definition of Disputes. We would welcome your preparation of a final version of the Mediation Agreement for signature with relevant dates proposed.

Yours sincerely



Kevin Hobbs
Chief Executive Officer

for and on behalf of
Caledonian Maritime Assets Limited

