



[REDACTED]

Name : Jim McColl  
for the Directors of FMEL

By email: [REDACTED]

09 July 2019

By Email

Dear Jim,

**Scottish Government  
Ferguson Marine Engineering Limited (“FMEL”)**

Thank you for meeting with our representatives yesterday to explain your concerns as Directors in connection with the current situation of FMEL and to understand more around the option that Scottish Ministers have to take public ownership of Ferguson Marine Engineering (Holdings) Limited (“FMELH”), and, indirectly, ownership of FMEL (together the “Group”).

I understand that during the meeting the FMEL directors stated that, in the absence of additional funding by Scottish Government, the Group would be technically insolvent. We therefore ask you to confirm to us by return that neither FMEL nor FMELH are able to pay their debts as they fall due for the purposes of section 123 of the Insolvency Act 1986, and that in fact both companies in the Group are insolvent at this time, without the support of Scottish Government or other sources of funding, along with the basis upon which you have reached this conclusion.

It is essential that we have your confirmation regarding this insolvent status, or otherwise, of the Group without Scottish Government or other funding support before we can respond fully to your letter of last night.

[REDACTED]

**LIZ DITCHBURN**