



Jim McColl
for the Directors of FMEL and FMEL Holdings

By email:

10 July 2019

Dear Jim,

**Scottish Government
Ferguson Marine Engineering Limited (“FMEL”) and Ferguson Marine Engineering
(Holdings) Limited (“FMELH”) (together the “Group”)**

We refer to our letter of yesterday and the subsequent conversations with your advisers.

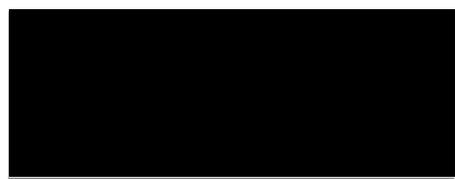
You may now be aware that CMAL has not yet signed the extension of the refund guarantee for 801 due to concerns regarding the extension wording, and is therefore in conversation with the Surety regarding proposed changes to the wording. We hope this can be resolved today such that the guarantee can be extended.

I want to reiterate that Scottish Ministers continue to pursue a solvent solution through the option of exercising their right to buy the Group through acquiring the shares held by CBC (“Solvent Solution”) and that we and our advisers continue to strive to work to achieve this outcome.

In the event of a scenario where the FMEL directors consider that they must look at the possibility of appointing an administrator, I would confirm that it would still remain our intention to pursue the Solvent Solution.

With this in mind, we would urge the FMEL directors to focus on helping our advisers to complete the due diligence necessary to progress the Solvent Solution.

We confirm that we are in dialogue with CBC regarding the Solvent Solution.


LIZ DITCHBURN

