

[REDACTED]  
[REDACTED]  
Jim McColl

By email: [REDACTED]

29 July 2019

Dear Sirs

**Ferguson Marine Engineering Limited (“FMEL”) and Ferguson Marine Engineering (Holdings) Limited (“FMEHL”) (together the “Group”)**

I refer to your letter of the afternoon of 19 July 2019, my letter of 20 July 2019 in which I explained that I would respond to your letter of 19 July 2019 in more detail, and your letter of 25 July 2019.

We disagree with your assertion that we have compromised FMEL’s position with its first ranking secured creditor. Given the circumstances it is right and proper that secured creditors engage in discussions with regards to solutions. Responsibility for the surety’s actions sit solely with them as an independent entity. More generally, we remain of the view that HCCI’s acceptance of any proposal is not an absolute condition of the solvent solution but we have a duty to ensure value for money for funds that we deploy.

We continue to progress discussions with HCCI to clarify their position which, whilst not an absolute condition of a solvent solution, does influence how we may conduct such a solution.

We appreciate the assistance of the directors in allowing us to carry out our diligence work.

Our intention remains to identify a solution that is achievable and we undertake to update you as soon as possible and certainly by 5pm on Wednesday 31 July 2019.

Please let me know if you have any further queries.

Yours faithfully

[REDACTED]

**LIZ DITCHBURN**

