



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



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

20 February 2019

Dear Gerry

"GLEN SANNOX" and Hull 802 – outstanding reissued CDP

I refer again to your letter of 14 February 2019 and to your letter of 19 February 2019 also received.

As I advised you in my letter on Friday 15 February, we will shortly be able to issue a detailed response to your letter of claim. In relation to the alleged changes, interference and delays, which you mention again in your letter yesterday we believe that the Contracts contain sufficient and detailed mechanisms as to how any such events are to be managed during the build phase and there is no ground for your suggestion that CMAL must now make an undertaking somehow effectively dis-applying those provisions.

In respect of the other issues raised in your letter of 14 February 2019, our position is as follows:

- 1 The fact that you issued a claim letter on 20 December 2018 has no bearing on your obligations to complete the vessels in accordance with the Contracts.
- 2 That being the case, it follows that your assertion that by disputing your claim we are in some way responsible for the timing of the completion of the vessels is quite wrong. It remains a matter for you to complete the works in accordance with the Contracts.
- 3 Since CMAL will respond in detail to your letter of claim shortly, I do not propose to discuss technical matters in this letter. Nevertheless, the points you raise in respect of additional costs which you say we caused to be incurred are quite wrong.
- 4 You raise the issue of the technology associated with the vessels. With respect, that is quite irrelevant to the matters at issue and, in any event, is not a matter for you. Your only obligation is to carry out the work as contracted.
- 5 Finally and most importantly, your recent letters might be said to contain the thinly veiled threat that unless we commit to payment of the additional costs which you have claimed (and make an undertaking upon subjects already dealt with in the Contracts) you will not provide clarity on the expected delivery dates and, indeed, may even withdraw your services and refuse to complete the vessels. The legal advice that I have is that unless you state unequivocally your intention to adhere to the terms of the Contracts, your letters could be interpreted as constituting an anticipatory breach of contract.



I therefore call upon you to confirm that you remain committed to completing the contractual works as agreed and that you will, without further delay, confirm the revised programme of works and the expected delivery date for each vessel. If you are unwilling to do so, we may be entitled to consider the terms of your letters and subsequent refusal to confirm that you will adhere to the contracts as constituting anticipatory breach, with all of the adverse consequences for you which that will entail.

I look forward to hearing from you.

Yours sincerely



Kevin Hobbs
Chief Executive Officer

for and on behalf of
Caledonian Maritime Assets Limited