

**From:** Page, Kevin  
**Sent:** February 18, 2011 4:33 PM  
**To:** 'ROBERT.FONBERG@forces.gc.ca'; 'MIEKE.BOS@forces.gc.ca'  
**Cc:** Khan, Sahir; Weltman, Peter; Yalkin, Tolga; Brown, Patricia  
**Subject:** RE: F35

Rob

Many thanks for the email

The government announced its intention to acquire 65 F-35 Lightning II aircraft for \$9 billion, with maintenance and support costs estimated at \$250-300 million per year. With regards to the unit cost of the aircraft, DND has suggested that 'the current estimate is in the low-to-mid \$70M per aircraft. Canada is buying at the cheapest price point on the production curve.'

With respect to the \$9 billion acquisition cost, please provide a per unit cost and basis upon which the figure is arrived at with respect to:

- Aircraft
- Engine
- Modification:
  - o Drag chute for northern airfields
  - o Installation for probe-and-drogue refuelling system
- Research, development, testing and evaluation
- Initial logistics, consumable and capital spares
- Simulators
- Infrastructure
- Weapons
- Program management and contingency
- Any other relevant costs

With respect to the \$250-300 million per year, please provide a per unit cost and basis upon which the figure is arrived at with respect to:

- Operating and support
- Capital spares
- Ongoing research, development, testing and evaluation
- Upgrades (including software and hardware and a mid-life upgrade)
- Disposal
- Any other relevant costs

Please also provide:

- the projected delivery schedule for the aircraft
- the exchange rate forecasts used for the purpose of budgeting and an assessment of the impact this would have on price
- the estimated production volume at the time of Canada's first and last purchase
- the rate of production learner expected for the aircraft
- confirmation that all 65 aircraft will be in active fleet
- replacement and attrition forecasts and associated costs

- the inflation rate or index that is used to deflate costs

Rob, as noted earlier, we are working to release a PBO paper on the F35 over the next two weeks, so if it is possible to provide a response in a timely manner that would be much appreciated.

As always, wishing you and your family the very best

Kevin