

Irving Shipbuilding Inc.

May 19, 2017

Via Email: pierre@bourque.com

Pierre Bourque
Bourque Newswatch

Re: Irving Shipbuilding Inc.

On May 19, 2017, we observed a statement authored by you on the homepage of Bourque Newswatch (bourque.org) titled "*The world according to 'Big Bad Jim' Irving – A Tall Ships Tale, Indeed*", a copy of which is attached hereto.

Your statement contains a number of inaccuracies. It suggests that Irving Shipbuilding received hundreds of millions of dollars from the Government of Canada for work that was already complete, which it did not. Further, it suggests that Irving Shipbuilding is overcharging the Government of Canada for the construction of the Arctic and Offshore Patrol Ships (AOPS), when in fact the value to Canadians has been confirmed by an independent third party. Furthermore, the AOPS vessels that Irving Shipbuilding designed and is constructing are materially different from any of the comparators presented in your statement.

Examples of the inaccuracies include the following:

- Irving Shipbuilding was not paid "*USD\$ 228m just to design an already designed ship*". Irving Shipbuilding was paid approx. CAD\$220M to take an existing initial 'concept design' and then incorporate significant design changes and enhancements to meet the Navy's specific requirements. In addition, the work included producing a 3D model of the design, procurement of long-lead items, and the physical construction of initial units.
- No other country, including Norway, Denmark and Ireland, has built a ship using the AOPS design. It is true that some early, initial concept designs were loosely based on a similar ship; however, these were changed and significantly enhanced to meet the Royal Canadian Navy's requirements, which are considerably greater than the ships to which you compared AOPS.

- The contract between the Government of Canada and Irving Shipbuilding for the construction of AOPS is approx. CAD \$2.3B, not \$3.5B. The price was reviewed by the Government of Canada and an independent third party that concluded that it represented good value for Canadians.

We request that your statement be corrected immediately.

Yours truly,

Irving Shipbuilding Inc.

A handwritten signature in black ink, appearing to read 'S. Jamieson', with a long horizontal flourish extending to the right.

Scott Jamieson
Vice President - Programs

Encl.: Screen capture of bouque.org [8:47 AM (ADT) - 19 May 2017]



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The world according to 'Big Bad Jim' Irving A TALL SHIPS TALE, INDEED

Psst, hmm .. interesting that the local press in Halifax has a perfunctory piece about the latest & greatest from 'Big Bad Jim' & Co. But that Arctic and Offshore Patrol Ships (AOPS) program has certainly turned into a head-scratcher. For starters, is it true the Canadian program is \$3.5 billion for 6 ships = \$583m per ship in Canadian dollars, which in US Dollars is \$ 429m per ship ? And what did other countries pay for EXACTLY the same design ? Well, is this true: Norway = US\$100m to design and build an entire AOPS design, Denmark = spent US\$105m to then build two ships of the same design Ireland = spent US\$125m to also build two entire ships of the same design ? Is it true the average price abroad is USD \$57.5m (not including Norway because the design was also included in that price of USD \$100m) ? If so, can it be that Irving's cost to build the AOPS is approx. 746% of the cost of the average price to build abroad ? Worse, is it true that Irving got paid US\$ 288m just to design an already designed ship ? Where is Treasury Board Prez Scott Brison, Nova Scotia's favourite banana, on all of this ?

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