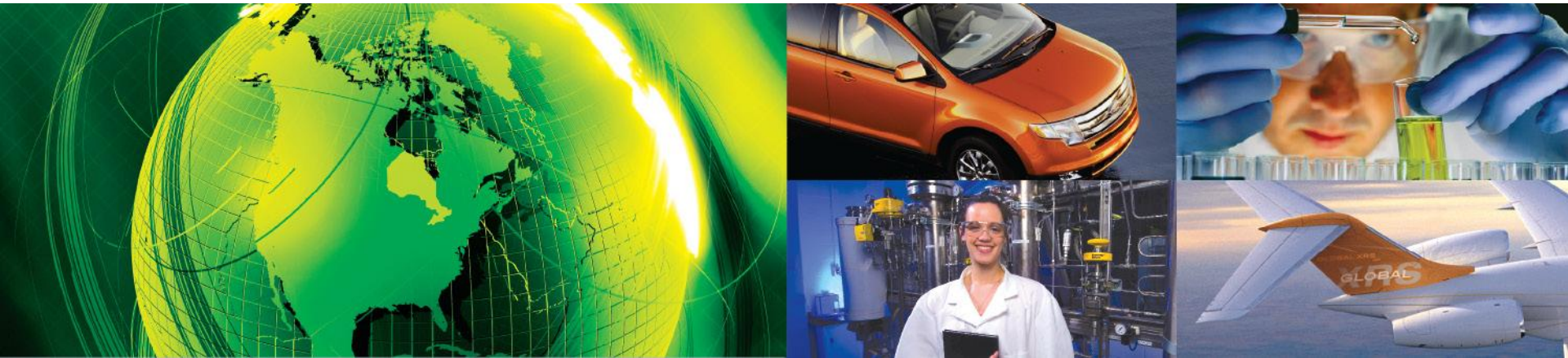


Introducing Ontario

Ministry of International Trade & Investment



Eric Hochstein
June 2009

Canada's Economic Powerhouse





Ontario: A North American hub for global business

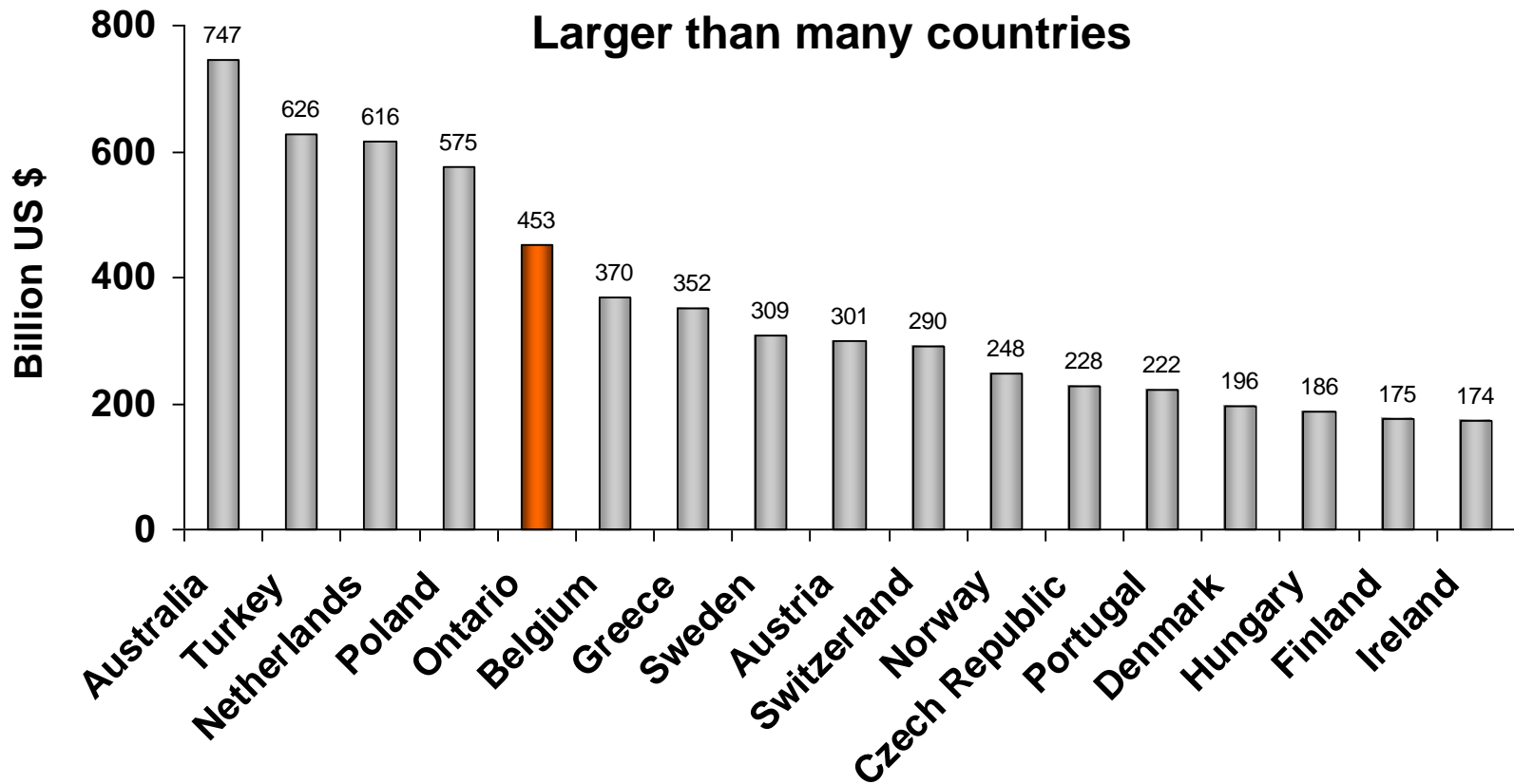
- Diverse, stable economy
- Skilled, talented workforce
- Support for innovation
- Low risk, high quality
- Competitive costs
- Access to markets
- Connected to the world
- Quality of life to attract the best

CANADA'S ECONOMIC POWERHOUSE

38%	GDP
39%	Population (12.5 Million)
40%	Personal Income
40%	Corporate Head Offices
59%	Foreign-Controlled Head Offices
49%	High-tech employment
48%	Manufacturing shipments
42%	Goods exports



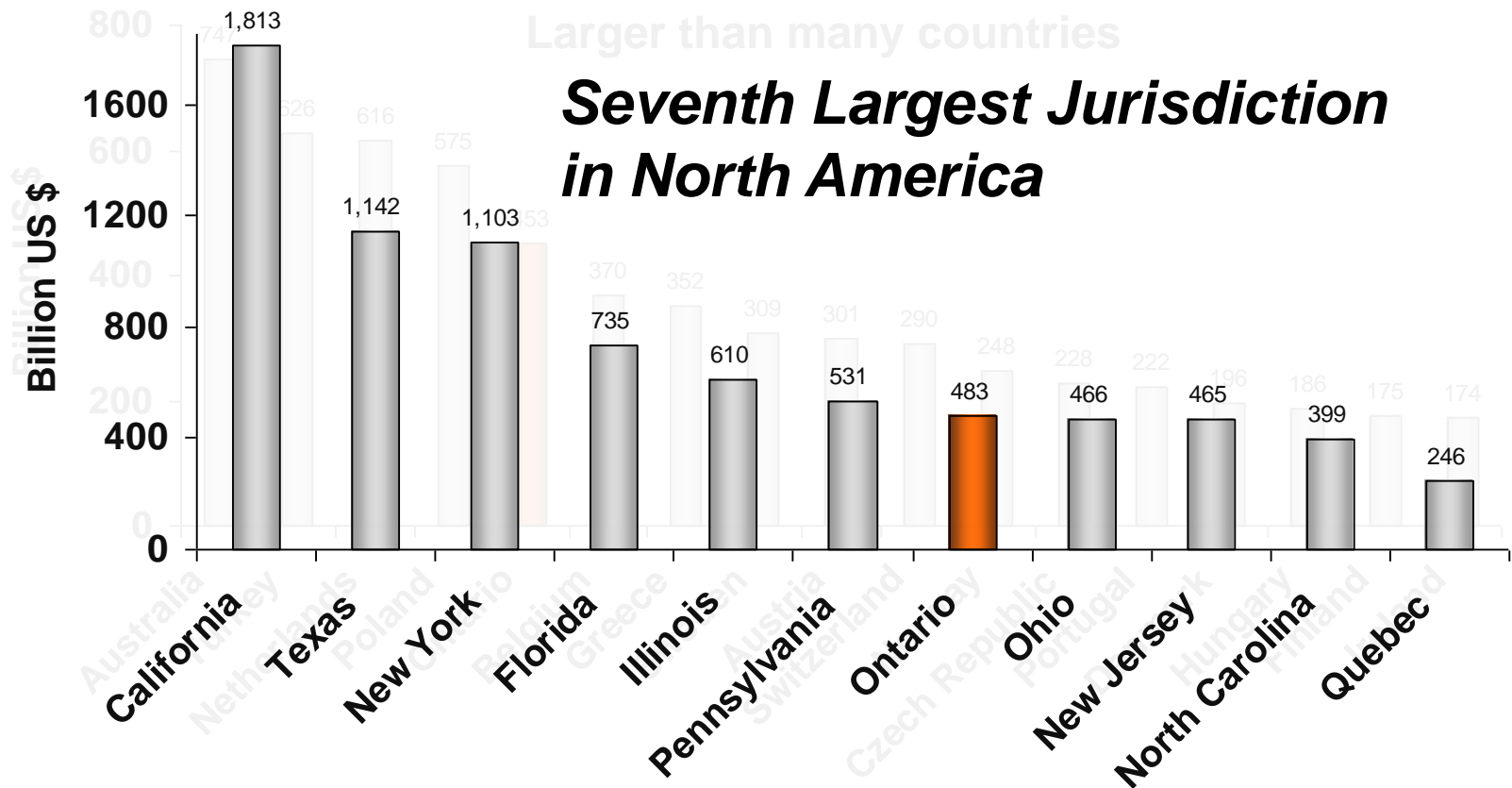
Ontario's GDP compared to other jurisdictions



Latest figures at PPP for all OECD countries are available for 2006. Estimates for Australia, Ontario and Ireland
 North American Figures for 2007, Ontario's at PPP.
 Source: US Bureau of Economic Analysis, Ontario Ministry of Finance, OECD



Ontario's GDP compared to other jurisdictions



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Gateway to NAFTA

158 million consumers within a day's drive



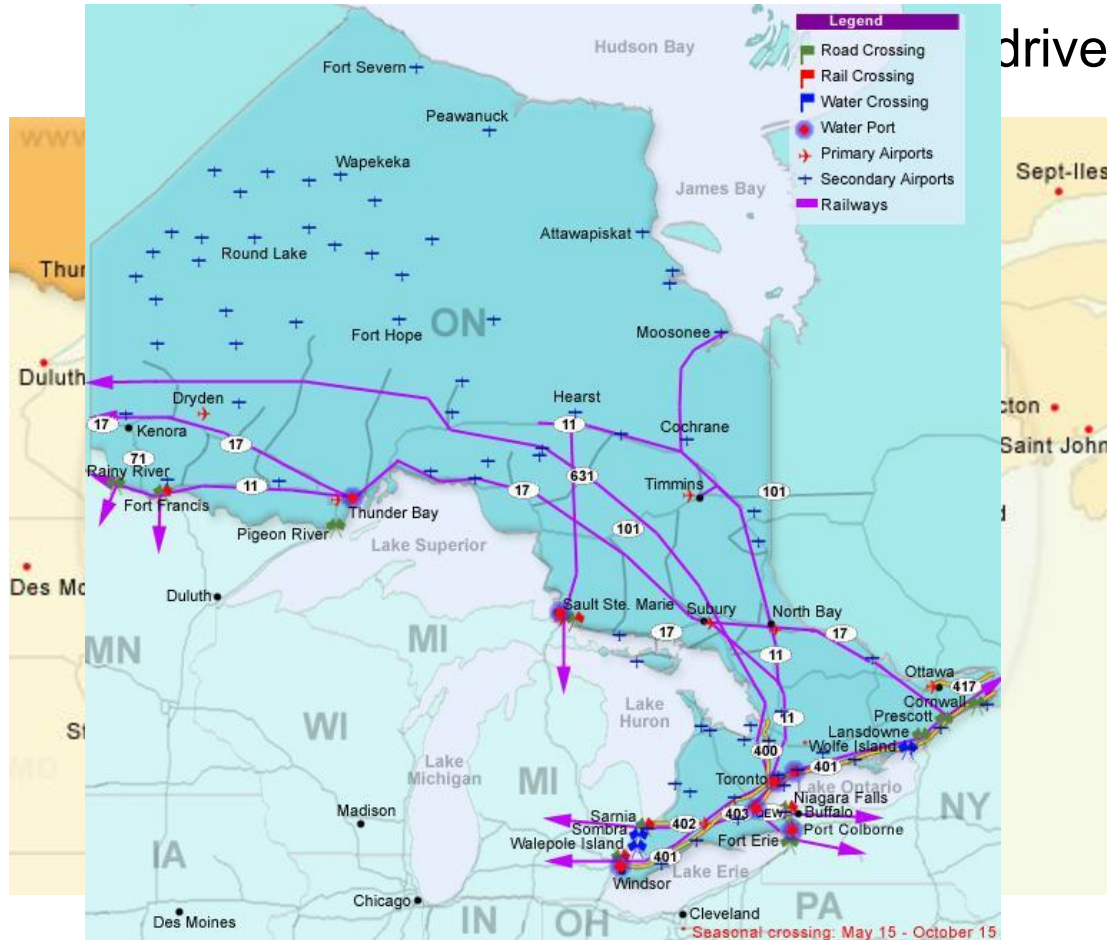
NAFTA access

Access is duty-free if product meets 62.5% content requirement



Gateway to NAFTA

15 border crossings with US, 5 international airports



NAFTA access

Access is duty-free if product meets 62.5% content requirement



Skilled, talented workforce

- A network of 20 universities, 24 colleges
- Apprenticeship programs with 26,000 new registrants annually
- Highly educated workforce
- Dependable – average 8 years with same employer
- Diverse – language skills for global markets
- Immigration policies extend the workforce



59% of Ontario's population has a post-secondary education

University: 26%

College: 25%

Apprenticeship: 8%

17.5% of the population, (~2million people) speak a language other than English and French at home.

Approximately 235k people immigrate to Canada annually.
51% go to Ontario
43% go to Toronto

ONTARIO
CANADA



Ontario's regional strengths

Northwestern Ontario:

2% of total employment
18% of forestry employment



Northeastern Ontario:

4% of total employment
60% of mining employment

Eastern Ontario:

13% of total employment
35% of computers and electronics manufacturing employment

Southwestern Ontario:

12% of total employment
27% of transportation equipment employment

Greater Toronto Area:

46% of total employment
68% of finance employment

Central Ontario:

23% of total employment
28% of manufacturing employment

Source: Statistics Canada, Labour Force Survey, 2008

Notes: Figures for total employment and sector employment are shares of Ontario's. Figures for 2007



Ontario's regional strengths

Northwestern Ontario:

Ontario:

2% of total employment
18% of forestry employment

Northeastern Ontario:

4% of total employment
60% of mining employment

Eastern Ontario:

13% of total employment
35% of computers and electronics manufacturing employment

• **Home to a broad range of multinationals**

• **Global leaders in IT, communications, biotech, chemicals, aerospace, financial services**

Southwestern Ontario:

Ontario:

12% of total employment
27% of transportation equipment employment

• **Six of the world's largest automakers**

Greater Toronto Area:

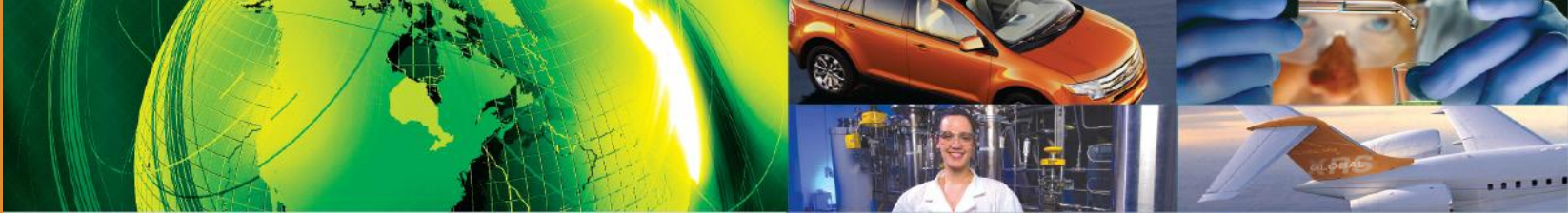
17% of total employment
68% of finance employment

Central Ontario:

23% of total employment
28% of manufacturing employment

Source: Statistics Canada, Labour Force Survey, 2008

Notes: Figures for total employment and sector employment are shares of Ontario's. Figures for 2007



Greater Toronto Area - Canada's leading business centre


- Ranked 5th in North America in competitiveness ratings of global financial centres
- Home to the 8th largest stock exchange in the world based on market capitalization
- Home to approximately 39% of Canada's head offices
- Headquarters for Canada's 5 largest banks
- Headquarters for 6 of Canada's Top 10 insurers who manage more than 90% of the industry's assets
- Ranks 6th in terms of Fortune Global 500 Cities





Ontario's Technology Clusters:

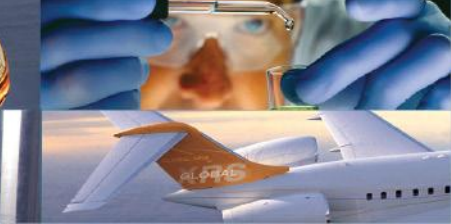
Over 240 000 IT workers clustered in 3 major centres

	<p><u>Ottawa</u></p> <p>1,800 high-tech companies: telecom equipment and networking, computer software, photonics.</p>	<p><u>Greater Toronto Area</u></p> <p>Over 3,300 high-tech companies with leaders in every sector and national dominance in digital media.</p>	<p><u>Waterloo Region and London</u></p> <p>400 high-tech companies with particular strength in microelectronics, software and telecommunications.</p>
<p>Universities / (Enrolments)*</p> <p>(* 2006 - Math, Computer Science and Engineering)</p>	<p>University of Ottawa / (1700)</p> <p>Carleton University / (3125)</p>	<p>Univ. of Toronto / (7 663)</p> <p>York University / (2 488)</p> <p>Ryerson / (3 240)</p> <p>UOIT / (1 173)</p>	<p>Univ. of Waterloo / (11 398)</p> <p>Wilfred Laurier Univ./ (316)</p> <p>Univ. of Western Ontario (London)</p>
<p>IT labour force</p>	<p>79 486</p>	<p>144 929</p>	<p>23 585*</p> <p><i>London labour force not included in total</i></p>

Source: Canada's Tech Triangle (CTT), Ottawa Centre for Research and Innovation

Ministry of Economic Development and Trade 2007



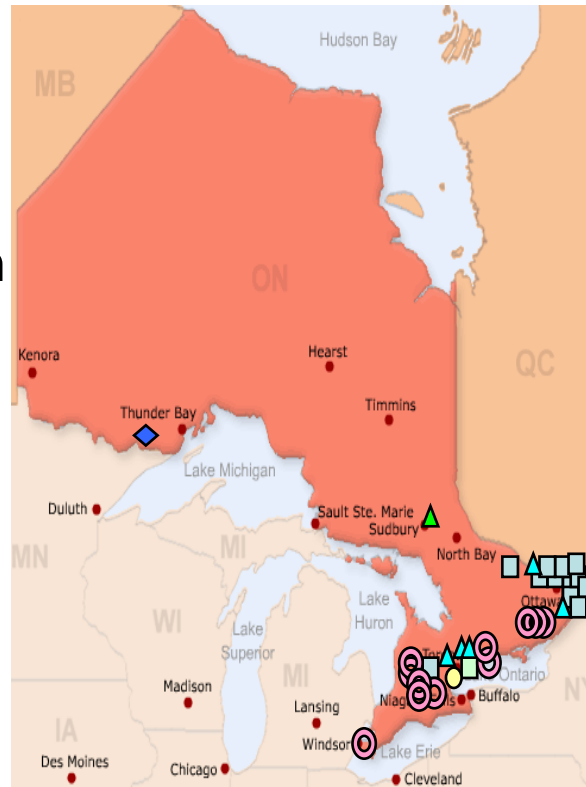


A North American hub for R&D

- More than \$12.5 billion in public and corporate R&D annually
- R&D tax incentives that are among the most generous in the world
- Ontario gov't investing \$3 billion for research & commercialization, including

\$625 million Ontario Research Fund

\$160 million Ideas-to-Market Strategy



A wealth of R&D centres

- National Research Council Institutes
- National Research Council Institute – Announced 2006
- Medical and Related Services (MaRS)
- ▲ Ontario Centres of Excellence
- National – Networks of Centres of Excellence
- ◆ Bio-Energy Research Centre
- ▲ Centre of Excellence for Mining Innovation



Potential Cost Savings for R&D Conducted in Ontario

2009 - Small and medium-sized non-manufacturers, public, private, or foreign-owned (1)	R&D Conducted @ Company	R&D Conducted @ Research Institution (2)
GROSS RESEARCH EXPENDITURE	\$100.00	\$100.00
Ontario Innovation Tax Credit (OITC) – 10%	(10.00)	(10.00)
Ontario Business-Research Institute Tax Credit (OBRITC) – 20%		(20.00)
Ontario Research and Development Tax Credit -4.5%	(4.05)	(3.15)
Federal Investment Tax Credit – 20%	(17.19)	(13.37)
Tax Deduction (\$68.76* 33%) (\$53.48* 33%)	(22.68)	(17.64)
ACTUAL COST OF \$100 EXPENDED ON R&D (AFTER TAX CREDITS)	\$46.07	\$35.83

Example Notes:

- (1) Taxable income less than \$500,000 and taxable capital of less than \$25 million)
- (2) Eligible Ontario research institutes include universities, colleges, research hospitals, and other entities in Ontario.
- (3) Tax rates for non-manufacturers:
 - Federal – 19%
 - Ontario – 14%

Sources: Ontario Ministry of Finance, Canada Revenue Agency,



Ontario R&D Tax Credit Programs

- **Ontario Innovation Tax Credit (OITC)** 10% refundable
- **Ontario Business Research Institute Tax Credit** 20% refundable
- **Ontario New Technology Tax Incentive (ONTTI)**
A 100% income tax write-off of the eligible cost of qualifying intellectual properties acquired by a corporation from an unrelated person for the purpose of implementation in a business of the corporation that is carried on in Ontario.
- **Retail Sales Tax Exemption on R&D and Manufacturing Equipment**



Next Generation of Jobs Fund Jobs & Investment Program (JIP)

- The **\$1.15B Next Generation of Jobs Fund** strategy stimulates economic growth and prosperity in Ontario while helping to create the next generation of jobs.
- **JIP will provide up to 15% of the total eligible project costs.** Approved funding will be provided in the form of a conditional grant.
- **Eligible projects must meet thresholds of \$25M in investment or create/retain 100 jobs within 5 years.**
- The program will help support companies involved in:
 - green auto research,
 - parts production and assembly;
 - clean fuels research, development and commercialization;
 - environment technologies,
 - clean industries and bio-economy;
 - advanced health technologies;
 - digital media and ICT;
 - pharmaceutical research and manufacturing;
 - financial services: and,
 - opportunity based/unique investments.



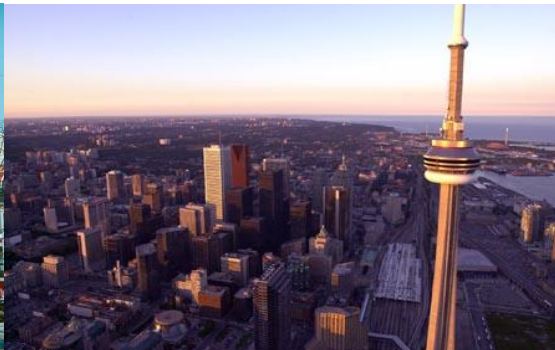
Digital Media Tax Credits

- The Ontario Interactive Digital Media Tax Credit (OIDMTC) refunds 40% of a company's costs of labour, marketing and distribution for digital media created in Ontario
 - No per project or annual corporate limit on the amount that can be claimed
 - *35% refundable credit for qualifying corporations that develop eligible products under a fee-for-service arrangement*
- The Ontario Computer Animation and Special Effects Tax Credit (OCASE) refunds 20% of the labour costs for computer animation and special effects activities and is in addition to the OIDMTC.
- The Sound Recording Tax Credit refunds 20% of production and marketing costs of sound recording.



And...Quality of life to attract the best

- A vast and varied province -- sophisticated urban centres, remote wilderness areas, wine regions
- Family-friendly – safe, welcoming communities and excellent education system
- After-work pleasures – live theatre, music, golf, pro sports, casinos, shopping, fine dining





Questions?



Eric Hochstein

Business Development Consultant

Midwest US and Financial Services

Investment and Trade Division

Ontario Ministry of International Trade and Investment

5th Floor, Hearst Block, 900 Bay Street

900 Bay Street, Toronto, Ontario

M7A 2E1

127 E. Main Street

Barrington, IL 60010

Phone:847-277-0240

Eric.hochstein@investinontario.com

www.investinontario.com

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