

R&D Spending Stagnates Down -0.2% in 2008
According to Canada's Top 100 Corporate R&D Spenders List

Toronto - October 20, 2009 – For the third year in a row, corporate research and development (R&D) spending dropped among Canada's Top 100 Corporate R&D Spenders, from \$10.10 billion in 2007 to \$10.09 billion in fiscal 2008. This is a decrease of -0.2% according to *Canada's Top 100 R&D Spenders List* released today by Research Infosource Inc. (www.researchinfosource.com). In fiscal 2008, 59 companies increased their R&D spending, 40 posted declines and one firm remained static.

“It's disappointing that even as corporate revenues were growing, many firms opted not to increase their investments in research and development”, says Ron Freedman, CEO of Research Infosource. “The poor performance of companies based in Québec held back the national total. With Nortel Networks demise on the horizon, total corporate R&D spending is set to deteriorate further. Fiscal 2008 results took the pulse of industry prior to the financial turndown. I hope that companies manage to hold the line next year”.

In fiscal 2008, 19 companies qualified for Research Infosource's elite \$100 Million Club, firms that spent \$100 million or more on R&D. The Club included familiar names such as Nortel Networks, BCE, Magna International, Pratt & Whitney Canada and IBM Canada holding the top 5 positions. New to the Club was Aastra Technologies. Club members accounted for \$6.8 billion in R&D expenditures, representing 67% of total Top 100 spending in 2008.

The \$100 Million Club		
2008 Rank	Company	R&D Expenditures 2008
1	Nortel Networks	\$1.68 billion
2	BCE	\$985 million
3	Magna International	\$692.9 million
4	Pratt & Whitney Canada	\$442 million
5	IBM Canada	\$397 million
6	Research In Motion	\$383. 6 million
7	Atomic Energy of Canada	\$329.4 million
8	Alcatel-Lucent	\$237 million
9	Apotex	\$218.9 million
10	sanofi-aventis Group	\$211.5 million
11	TELUS	\$210 million
12	Bombardier	\$182.3 million
13	GlaxoSmithKline Canada	\$149.8 million

14	Ericsson Canada	\$126 million
15	Pfizer Canada	\$122.9 million
16	CAE	\$113. 1 million
17	Open Text	\$112.9 million
18	Aastra Technologies	\$105.5 million
19	Hydro-Québec	\$100 million

Regional Picture

Looking at R&D spending by region for 2008, British Columbia's 13 firms spent \$664.5 million, up 5.6% from \$629.3 million in 2007. In Alberta, 11 companies on the Top 100 list posted R&D expenditures of \$490 million in 2008, up 5.9% from \$462.9 million in 2007. Two Manitoba based companies (Cangene Corporation and Medicago Inc.) made the list together posting \$90.9 million in R&D spending in 2008 compared to \$53.7 million in 2007, an increase of 69.2%. In Ontario, 42 companies made the list, spending \$5.68 billion on R&D in 2008, up 2.3% from 2007's figure of \$5.56 billion. R&D spending declined in Québec, with their 31 firms down -7.5% from \$3.38 billion in 2007 to \$3.12 billion in 2008. New Brunswick-based Bell Aliant was the only firm from the Atlantic Provinces to make the list, posting \$33.8 million in R&D spending an increase of 42.7% in fiscal 2008.

Industry Sectors

The Communications/telecommunication sector dominated Top 100 spending again in fiscal 2008. Together these eleven firms accounted for 27% of total R&D spending, an increase of 1.5%. Leaving Nortel Networks out of the equation, the remaining 10 firms posted a very impressive 26.3% increase in R&D expenditures. The Pharmaceuticals/biotechnology sector was next in total spending with their 31 firms accounting for 19% of total R&D spending. Four companies in the Telecommunications services sector were responsible for 13% of Top 100 spending. The Aerospace sector accounted for 8% of spending, Automotive 7% and Software and computer services 7%.

Gainers and Losers

Ten companies on the Top 100 list posted increases of over 60% in R&D spending in fiscal 2008. Leading the pack was Allen-Vanguard with a whopping 263.5% jump in R&D spending, followed by ArcelorMittal Dofasco with a 151.9% increase in 2nd place, TELUS with 147.1 % in 3rd, Husky Energy at 122.2% in 4th and rounding out the top 5 is Cangene with 104.7%. Several well-know firms posted significant declines in R&D spending, including Ballard Power Systems, down -37.0%, QLT down -36.8%, Tembec down -29.9% and Teck Resources down -28.1%.

The complete *Canada's Top 100 Corporate R&D Spenders List 2009* is available on the Research Infosource website, www.researchinfosource.com. Research Infosource Inc., a division of The Impact Group, is Canada's source of R&D intelligence. Drawing from an extensive database, Research Infosource Inc. publishes *Canada's Top 100 Corporate R&D Spenders List*, *Canada's Top 50 Research Universities List*, and specialized reports.

Information:

Ron Freedman, CEO, Research Infosource, 416-481-7070 ext. 31

Janet Sandor, Director of Communications, 416-481-7070 ext. 25