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Ontario Companies' Research Spending Trails National Average

RIM, Magna, IBM Canada lead Ontario R&D Spenders

Toronto, ON (October 30, 2012) Research Infosource Inc., Canada's Source of Research and Development Intelligence, today released its *Canada's Top 100 Corporate R&D Spenders List 2012*. Forty-eight Ontario firms on the Top 100 list managed a combined 5.4% increase in their total spending on research in Fiscal 2011 to \$5.66 billion, compared with the Top 100 national R&D spending increase of 6.1%.

Research in Motion Limited easily held on to 1st spot in Ontario and the national ranking, boosting its R&D spending by 10.8% to \$1.54 billion in Fiscal 2011. The second-largest Ontario spender was Magna International Inc. #4, with an R&D spending increased of 12.0% to \$519.3 million. IBM Canada Ltd. fell to 5th place nationally from 3rd place last year, reducing R&D spending by -9.3% to \$500.0 million.

The top 4 companies in Canada that posted the greatest increases in R&D spending in Fiscal 2011 were from Ontario: Celestica Inc. (341.7%), Martinrea International (225.7%), Canadian Solar Inc. (178.4%) and Neo Material Technologies Inc. (135.6%).

"Although R&D spending in Ontario slightly under-performed the national trend, on the positive side 20 of the 48 Ontario Top 100 firms had double-digit increases in spending and 4 others had triple-digit increases", said Ron Freedman, CEO of Research Infosource. Looking ahead, what is worrisome is that the lowering of federal research tax credits that begins in 2012 will weigh heavily on Ontario's corporate research performance in the coming years."

Total research spending for Canada's Top 100 R&D Corporations jumped by 6.1% to \$10.9 billion in Fiscal 2011, up from \$10.3 billion in Fiscal 2010. This result reverses a 5-year decline in spending.

"The Fiscal 2011 data comes as quite a surprise – a pleasant one at that", said Ron Freedman, CEO, Research Infosource. "We were expecting at best flat performance. What really propelled the results was a 7.2% combined spending increase among the \$100 Million Club – the 24 leading firms that spent at least \$100 million on research in Fiscal 2011. The results for the other 76 firms expanded at a more modest rate of 2.9% overall. The overall picture is a bit more muted, however, because while total Top 100 R&D spending rose by more than 6%, revenues increased even faster, by 10.4% among the companies that provided their revenue. So, R&D spending growth did not keep pace with income growth. By the same token, it's great to see companies such as RIM and Bombardier maintaining their commitment to research, in the face of revenue pressure. In some respects each is betting the farm that today's spending will translate into future sales."

\$100 Million Club

Twenty-four companies qualified for Research Infosource's elite \$100 Million Club - firms that reported \$100 million or more in research spending in Fiscal 2011. Together these companies spent \$8.14 billion in Fiscal 2011, accounting for 74% of total Top 100 spending, up from \$7.59 billion the year before.

The \$100 Million Club			
Rank	Company	R&D Expenditures	
2011		FY2011 (\$Million)	% Change 2010-2011
1	Research In Motion	\$1,542.0	10.8
2	Bombardier	\$1,336.3	27.0
3	BCE	\$569.1	-30.7
4	Magna International	\$519.3	12.0
5	IBM Canada (fs)	\$500.0	-9.3
6	Pratt & Whitney Canada (fs)	\$473.0	19.7
7	Atomic Energy of Canada	\$441.9	-7.2
8	Ericsson Canada (fs)	\$323.0	-8.5
9	AMD Canada (fs)	\$283.3	17.2

The \$100 Million Club			
Rank	Company	R&D Expenditures	
2011		FY2011 (\$Million)	% Change 2010-2011
10	Alcatel-Lucent (fs)	\$237.0	1.7
11	Cenovus Energy	\$200.0	48.1
12	TELUS	\$183.0	47.6
13	Apotex	\$174.0	-2.7
14	Imperial Oil	\$163.0	52.3
15	Sanofi (fs) ^(a)	\$151.7	-4.7
16	Open Text	\$144.4	8.4
17	Ontario Power Generation	\$125.0	-1.6
18	GlaxoSmithKline Canada (fs)	\$118.4	-26.6
19	CAE	\$117.0	0.1
20	Pfizer Canada (fs)	\$113.5	-22.0
21	Rogers Communications	\$109.0	-14.2
21	Vale Canada (fs)	\$109.0	62.7
23	Constellation Software	\$107.6	17.9
24	Hydro-Québec	\$100.0	0.0

fs = Foreign subsidiary (includes R&D spending for Canadian operations only)

^(a) Includes Sanofi Canada and Sanofi Pasteur Limited

Gainers and Losers

The 10 leading firms in R&D spending growth in Fiscal 2011 all increased their spending by 55.0% or more. The largest gainer was Celestica, which recorded a 341.7% gain in R&D spending. Martinrea International posted an impressive increase of 225.7% in its R&D spending, followed by Canadian Solar (178.4%), Neo Material Technologies (135.6%) and Dorel Industries (127.2%) rounding out the Top 5. Overall, 63 companies posted increases in their research spending compared with 37 firms where R&D spending remained the same or dropped in Fiscal 2011.

Regional Results

Thirteen Top 100 companies in Alberta increased their R&D spending by 33.4% to a total of \$824.8 million, far in excess of the 6.1% national R&D spending increase. Eleven B.C. companies on the list expanded their spending by 14.3% to \$596.3 million, while 48 Ontario firms managed only a 5.4% R&D spending growth, totaling \$5.66 billion. In spite of some large individual increases, 25 Quebec companies managed only a combined 1.4% total R&D spending increase, to \$3.77 billion in Fiscal 2011.

Industry Sectors

Thirteen Top 100 performers in the Communications/Telecom Equipment sector spent a total of \$2.48 billion on research in Fiscal 2011, accounting for 23% of the total. However, 5 Aerospace firms were not far behind, spending a total of \$2.01 billion or 18% of Top 100 R&D spending. Twenty-one Pharmaceuticals/Biotechnology firms spent a total of \$1.27 billion in Fiscal 2011, down from \$1.39 billion in Fiscal 2010, a significant drop of -8.3%. All ICT sectors combined accounted for 46% of the Top 100 total, which indicates the importance of the sector in gauging overall Canada's R&D performance.

Canada's Top 100 Corporate R&D Spenders List 2012 is available on the Research Infosource website, www.researchinfosource.com.

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About Research Infosource Inc.

Research Infosource Inc., a division of The Impact Group, is Canada's source of R&D intelligence. Drawing from proprietary databases, Research Infosource Inc. publishes Canada's Top 100 Corporate R&D Spenders List, Canada's Top 50 Research Universities List and Canada's Top 40 Research Hospitals List. As well, Research Infosource publishes specialized reports and The Innovation Atlas of Canada™ – a web-based research and innovation mapping and data information product.

For additional information or to schedule an interview, please contact:

Janet Sandor

Media Relations Specialist

Telephone: 416-802-5526

Email: jsandor@impactg.com

Ron Freedman
CEO, Research Infosource
Telephone: 416-481-7070, ext. 31
Email: ron@impactg.com, Cell: 416- 879-9000