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Small Increase of 1.4% in Quebec Top 100 Companies' R&D Spending

Bombardier moves into 2nd place with over \$1 billion in spending

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*. Total research spending by the 25 leading Quebec companies on the Top 100 rose by only 1.4% to \$3.77 billion, compared with a 6.1% increase for all Top 100 firms.

Bombardier Inc. moved into 2nd place in the national ranking with a 27.0% increase in R&D spending to \$1.34 billion in Fiscal 2011, and is now the province's leading R&D spender. BCE Inc. dropped to 3rd place this year posting a -30.7% decrease in spending to \$569.1 million. Pratt & Whitney Canada Corp. maintained 6th place, posting an impressive 19.7% increase in its research spending to \$473.0 million. R&D spending at Ericsson Canada Inc. fell by -8.5% to \$323.0 million.

"The Quebec firms' result was somewhat disappointing in light of the national Top 100 spending increase of 6.1%", said Ron Freedman, CEO of Research Infosource. "R&D spending was down in Fiscal 2011 at 3 out of 5 of the largest firms on the list and this really affected the provincial result. Over spending fell at 11 of the 25 Quebec firms", Mr. Freedman pointed out.

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.

Research In Motion Limited retained its hold on first place in the national ranking, spending \$1.54 billion on research, a 10.8% improvement over Fiscal 2010. Bombardier Inc. jumped 8 positions in the ranking to second place overall with a 27.0% increase and total spending of over \$1.34 billion.

"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
10	Alcatel-Lucent (fs)	\$237.0	1.7
11	Cenovus Energy	\$200.0	48.1

The \$100 Million Club			
Rank	Company	R&D Expenditures	
2011		FY2011 (\$Million)	% Change 2010-2011
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