

NEW ECONOMY CLUSTERS GET A HOME



MARKHAM CONVERGENCE CENTRE

HOME TO “WHAT IF?”™

MARKHAM

- Located within the largest medical device and life sciences cluster in Canada (44%)
- Sales in global medical devices market expected to reach USD \$250 billion by 2011
- Canada and the US together account for 1/3 of the global medical devices market followed by EU with 25%



THE CONCEPT

- Provide hard and soft infrastructure
- Maximize potential of technology convergence
- Increase and strategically support cluster in and around Markham, ON
- Build continental relationships, i.e. Salt Lake City
- Forge shared competencies through alliances
- Utah and Ontario both engaged in growing medical device sector



THE SECTOR

- 1,000 firms, mostly SMEs, employ 26,000 people in Canada
- Revenues of \$4 billion and exports of \$2.4 billion in 2007 – 76% to the U.S.
- Large, productive, highly-skilled and highly-educated workforce
- Medical device manufacturing costs are the lowest in the G7
- 2nd among OECD countries in tax relief per R&D dollars spent

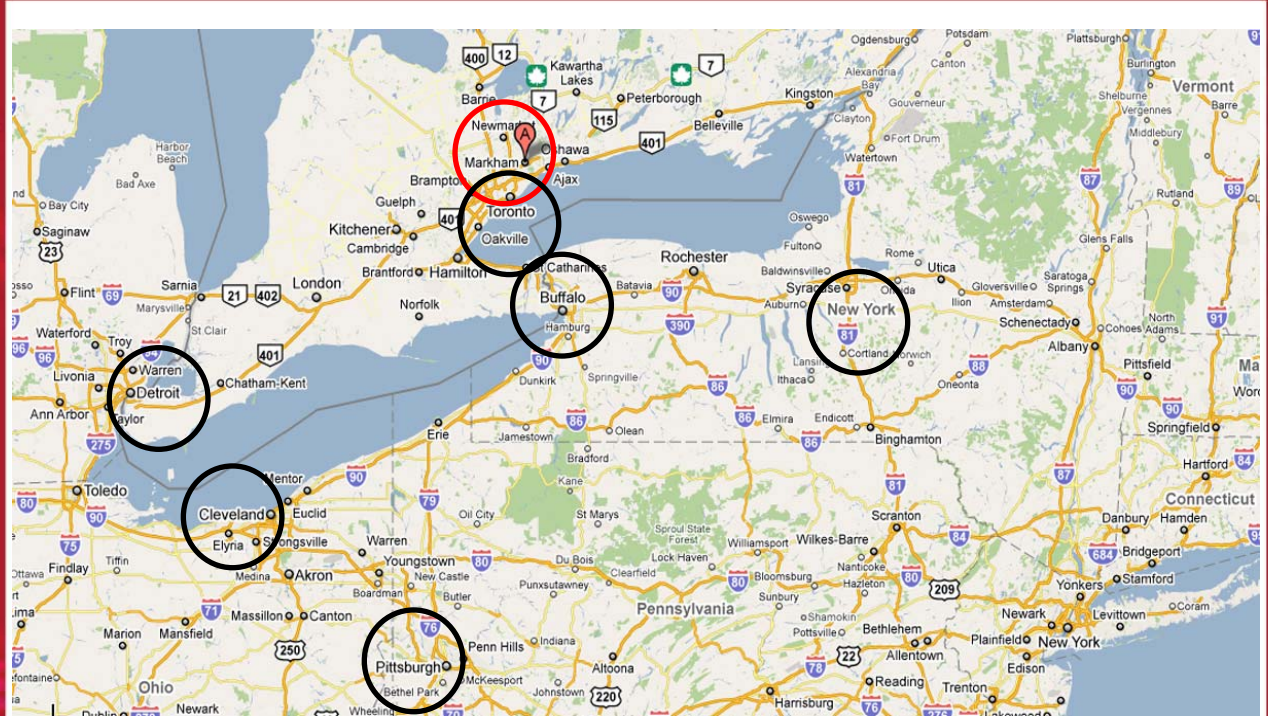
*Source: Industry Canada



THE TEAM



THE LOCATION



2.4 km from Buttonville Airport (Markham)
37.3 km from Pearson International Airport
34.1 km from proposed Pickering Airport
1.1 km from Highway 407
8.7 km from Highway 401
27.3 km from Downtown Toronto
405 km from Detroit
190 km from Buffalo

7271 Warden Avenue
Markham, ON

THE CENTRE



- 30,000 sq ft (Phase I)
- Two floors occupied
- Working lab & collaboration centre
- Prototype and manufacturing expertise
- R&D commercialization



THE OPPORTUNITIES

- Contract R&D and commercialization
- Collaboration with impressive range of organizations and individuals
- “Pull” innovations already in pipeline
- Clinical trials at participating hospitals
- Health Canada regulatory process
- Convergence culture



WHY HERE?

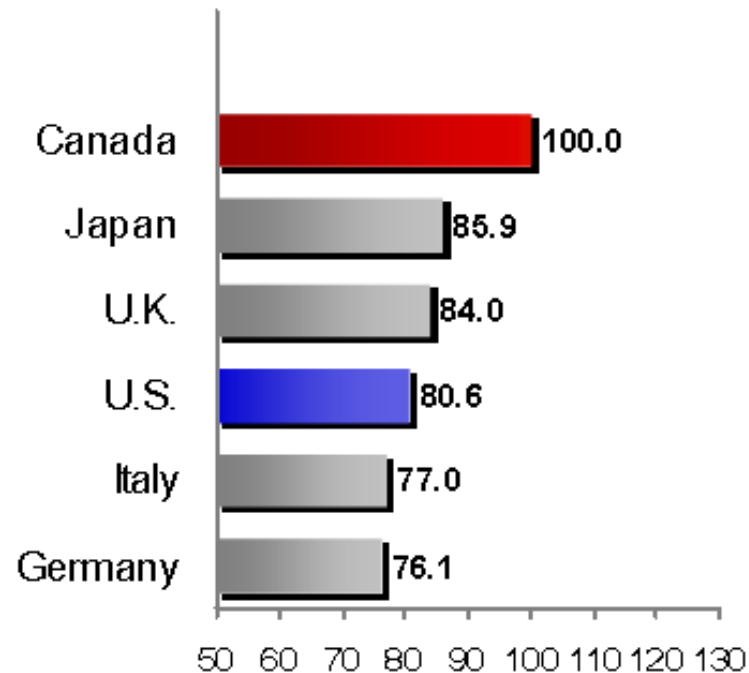
- Patch into MNEs' worldwide marketing and market intelligence
- \$20M Technology Development Fund
- Lowest input costs in G-7**
- Best tax regime in G-7**
- Multi-lingual and multi-cultural labour pool
- Access to high quality personnel
- NAFTA implications

**Source: KPMG's Guide to International Business Costs



WHY NOW?

Relative Generosity of R&D Tax Incentives



Source: Warda, Jacek, Rating Measuring Canada's R&D Tax Incentives: May 22, 2009

Note: Relative generosity is determined by dividing the after tax cost of performing \$1.00 of R&D by 1 less the corporate tax rate.

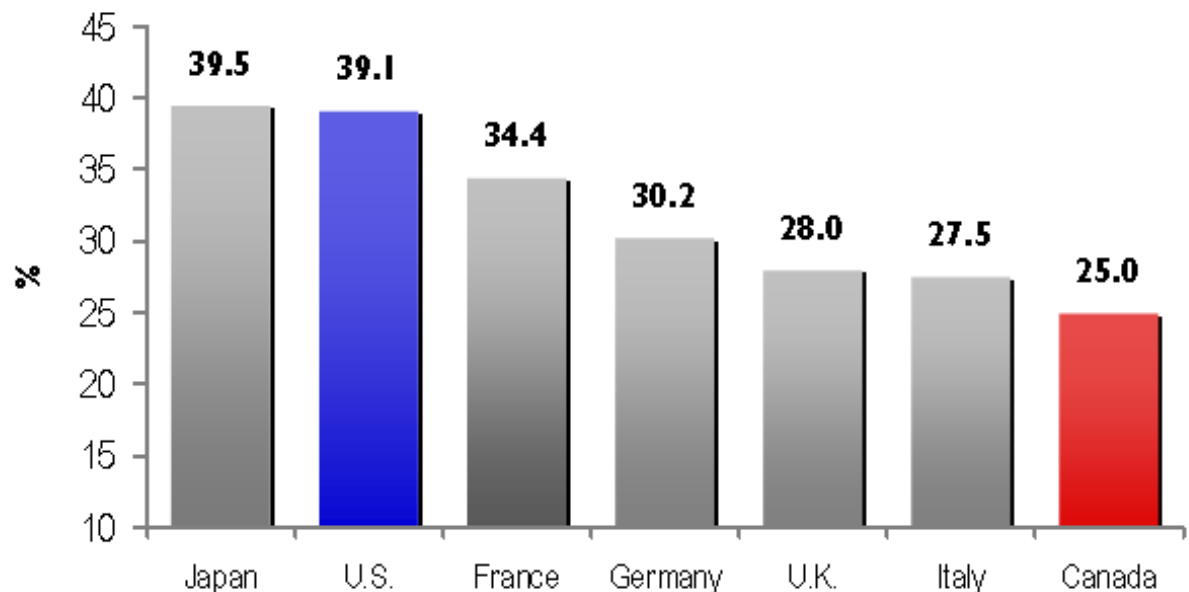
Results are indexed to the relative generosity of Canada's system of tax-based support for R&D. The higher the ratio the more competitive the tax system.

* Calculations based on large firms



WHY CANADA?

International Comparison of METRs (Marginal Effective Tax Rates) by 2012



METR includes federal and provincial corporate income tax rates, deductions and credits available and other taxes paid by corporations including provincial capital taxes and retail sales taxes and business inputs.

Source: Industry Canada



WHY COLLABORATE?



UTAH

- focused on supporting life sciences sector
- medical devices comprise 50% of industry
- home to 150 medical device companies

Salt Lake City

- 88 medical device companies
- 58 %

ONTARIO

- focused on supporting life sciences sector
- medical devices comprise 57% of industry
- home to 463 medical device companies

Markham

- 74 medical device companies
- 16 %

THE END GAME

- New collaborations between Salt Lake City and Markham
- Establish working relationships
- Encourage partnerships
- Schedule delegations and exchanges

www.business.markham.ca

