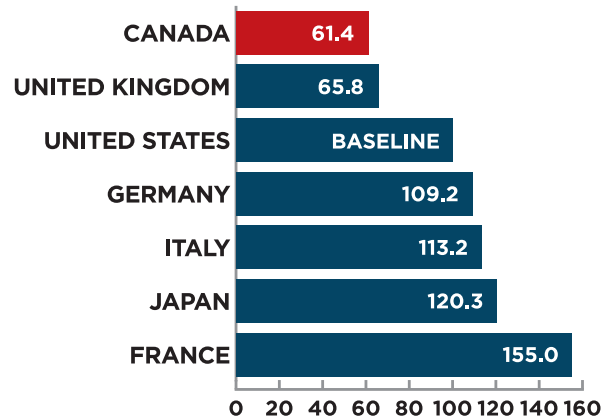




MEDICAL DEVICES MANUFACTURING TOTAL TAX INDEX³, G-7 RESULTS (U.S. = 100.)



LOW-COST HOT SPOTS

Business cost index of select Canadian cities (U.S. = 100):

A	Charlottetown	91.6
B	Moncton	91.9
C	Fredericton	92.6
D	Winnipeg	93.2
E	Montréal	94.2
F	Saskatoon	94.3
G	Toronto	95.0

CANADA'S TAX HIGHLIGHTS²

- This production-oriented medical device firm makes modest investments in both product and process-related R & D. Canada's generous R & D tax credits cause its effective rate of corporate income tax to drop to 15.3 percent, the second lowest rate in the G-7.
- Canada's costs for statutory labour costs and other corporate taxes are also low, ranking third among the G-7 countries in both of these tax categories.
- Overall, Canada's total tax index for the model medical device firm is 61.4—lower than in all other G-7 countries and reflecting total tax costs 38.6 percent lower than in the United States.

SUMMARY OF OPERATING PARAMETERS

BUSINESS OPERATION: MEDICAL DEVICES MANUFACTURING	
Facilities requirements	
Leased industrial site (16,187 m ²)	4 acres
Size of factory (6,503 m ²)	70,000 ft ²
Workforce	
Management	6
Sales and administration	15
Production/non-dedicated product development	
• Professional, technical	32
• Operators	34
• Unskilled labourers	10
Other	3
Total employees	100
Other initial investment requirements	
Machinery and equipment - U.S. \$'000	\$14,500
Office equipment - U.S. \$'000	\$200
R & D equipment - U.S. \$'000	\$300
Inventory - U.S. \$'000	\$3,400
Equity financing - % of project costs	55%
Energy requirements	
Electricity: monthly consumption	140,000 kWh
Gas: monthly consumption (20,538 m ³)	2,400 CCF
Other annual operating characteristics	
Sales at full production - U.S. \$'000	\$25,000
Materials and other direct costs - % of sales	30%
Other operating costs - % of sales	5%
Investment in tax-eligible R & D - % of sales	3.4%

² Calculations by MMK Consulting Inc. based on detailed data from *Competitive Alternatives, Special Report: Focus on Tax* as that report only published sector-level tax results.

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