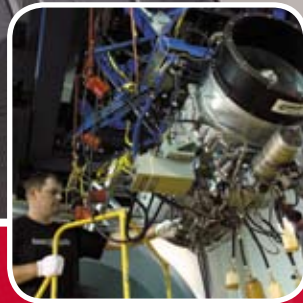


KPMG Business Study Results 2006
spotlights international business costs and
Atlantic Canada Comes Up Shining.



Atlantic Canada Advantage

Your Gateway to Success



Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique

Canada

Atlantic Canada's Winning Story



Doing business in Atlantic Canada is a winning strategy for investors—the region offers well-educated employees, proximity to lucrative international markets, world-class utilities and transportation networks as well as competitive business costs.

A compelling business case is found in KPMG's 2006 study *Competitive Alternatives: KPMG's Guide to International Business Costs*,* a comprehensive survey comparing business costs in North America, Europe and Asia-Pacific. The study clearly illustrates Atlantic Canada's advantages by measuring the combined impact of 27 significant cost components in 9 countries — Canada, France, Germany, Italy, Japan, the Netherlands, Singapore, the United Kingdom and the United States.

For the sixth consecutive time, Canada leads all G7 countries with the lowest overall business costs, offering a 5.5% advantage over U.S. baseline costs. And once again, **Atlantic Canada emerged as the most competitive region** examined by KPMG, recording a **8.5% cost advantage over the U.S. baseline**.

Compared to G7 countries, Atlantic Canada finished ahead of the cost leaders in 13 of the 17 industries surveyed. These include cutting-edge growth industries like R&D establishments, corporate services and precision manufacturing.

As in all previous KPMG international studies, Atlantic Canada's cities have rated among the very best! In the 2006 study of 95 featured cities, three Atlantic Canadian cities are ranked in the TOP 5! Moncton, Charlottetown, and Halifax are classified as 3 of the top 5 leading (lowest-cost) cities in which to do business.

More To The Story...

Costs are crucial. But it's not just low costs that define Atlantic Canada as an ideal location to invest and grow.

- Atlantic Canada is close to lucrative markets—strategically located between the United States and Europe.
- Atlantic Canada's infrastructure brings businesses even closer together with a world-class, high-speed digital telecommunications network, year-round ports, major air cargo routes and fast, high-bulk land transportation.
- Under the North American Free Trade Agreement (NAFTA), Atlantic Canada has access to the world's largest free-trade area—400 million consumers—and nearly a billion dollars of trade crosses the Canada-U.S. border every day.

All Part of the Atlantic Canada Advantage . . .



*This eight-month study covered 17 industry sectors, examining more than 2,000 individual business scenarios and combining more than 30,000 items of data. The basis for comparison was the after-tax cost of business start-up and operation over a 10-year horizon.

Atlantic Canada's Proven Cost Advantages



High-Quality Employees, Competitive Labour Costs

- For manufacturing operations, labour costs typically represent one-half to three-quarters of total location-sensitive costs. KPMG's survey shows that Atlantic Canada's costs for knowledge workers are among the **lowest** in the countries surveyed.
- The survey showed that Canadian labour costs—including wages, salaries and benefits—averaged **11.5% lower** than U.S. costs and ranked lowest of the G7 countries. Atlantic Canada's labour costs were lower still – a full **21% lower** than the U.S. average.
- Atlantic Canadian employees are loyal and dedicated. Their absenteeism and turnover rates are among the lowest in North America, resulting in lower recruitment and training costs.
- Canada boasts the highest percentage of citizens between 18 and 35 with a post-secondary education. And, Atlantic Canada has more university students per capita than any other region of Canada.



Cut Costs Across the Board

In addition, Atlantic Canada offers savings on numerous business costs. Competitive advantages include:



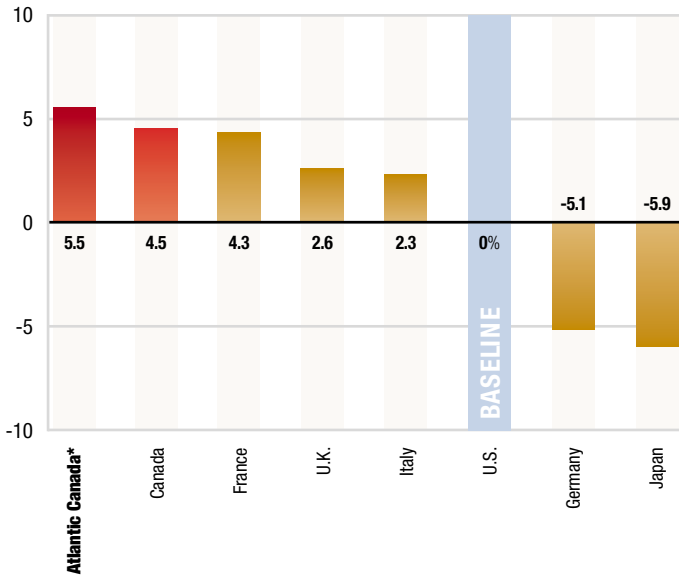
- **Electricity costs** in Atlantic Canada are the lowest within the G7 countries and are, on average, 20% lower than those in the United States. Atlantic Canada has a competitive, reliable and plentiful energy supply (hydro, nuclear, coal, gas and oil) with a capacity of more than 14,000 MW.
- **Effective corporate income tax rates** in Atlantic Canada are 4.8% lower than the U.S. average.
- **Research and development incentives** in Canada, in the form of tax credits, can eliminate taxation.
- **Construction costs** in Atlantic Canada are lower than in any G7 country.
- **Land costs** in Atlantic Canada are on average 65% lower than those of the U.S., while facility and rental costs were also found to be low. Atlantic Canada provides businesses with the kind of reasonably priced, high-quality infrastructure that leads to optimal production and profitability.

KPMG Business Study 2006

Results by Industry Sector

Relative Atlantic Canada cost advantage over G7 countries using the U.S. average as a baseline.

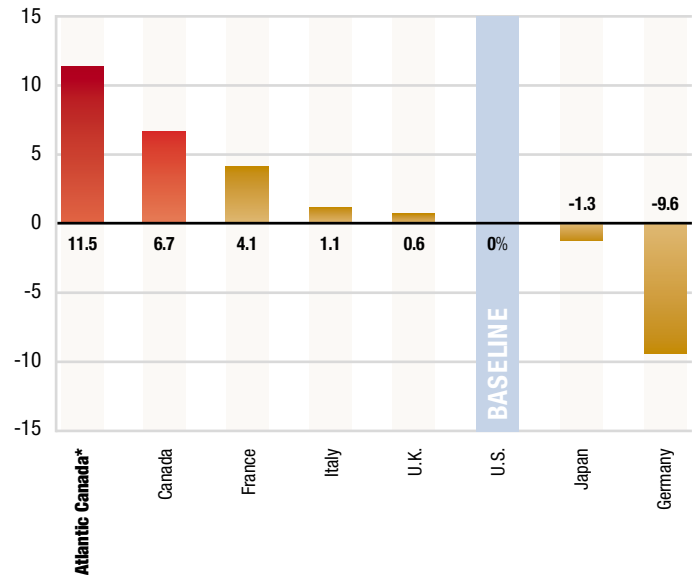
Manufacturing: Atlantic Canadian Advantage 5.5%



Analysis includes the following operations:

- Aircraft parts
- Auto parts
- Electronics assembly
- Food processing
- Medical device manufacturing
- Metal machining
- Pharmaceutical production
- Plastic products
- Precision components
- Specialty chemicals
- Telecom equipment

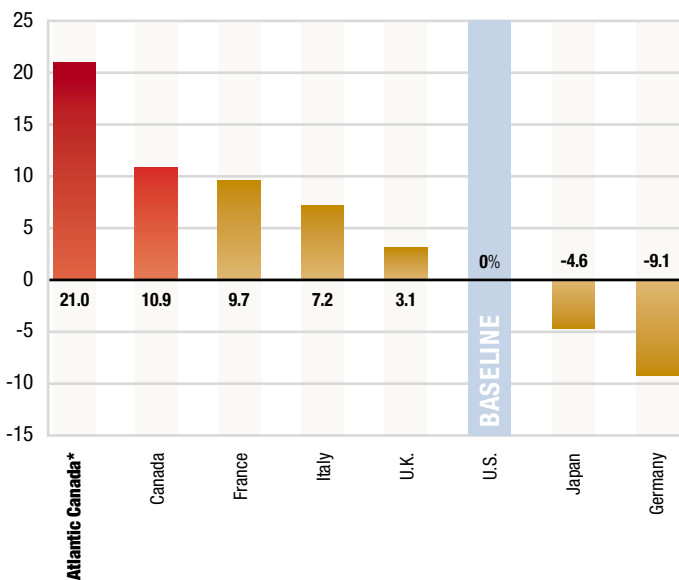
Software: Atlantic Canada Advantage 11.5%



Analysis includes the following operations:

- Advanced software
- Content development

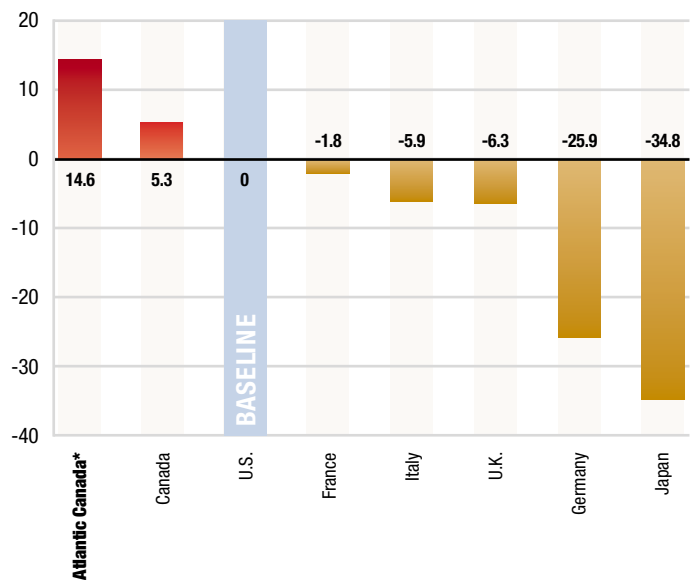
R&D: Atlantic Canadian Advantage 21.0%



Analysis includes the following operations:

- Biomedical R&D
- Clinical trials management
- Electronics systems development/testing

Corporate Services: Atlantic Canada Advantage 14.6%



Analysis includes the following operation:

- Shared services centre

* Atlantic Canada total represents a seven-city average.

KPMG Business Study 2006

Business Cost Index Ratings (U.S. = 100%)

Relative Atlantic Canada cost advantage over G7 countries using the U.S. average as a baseline.

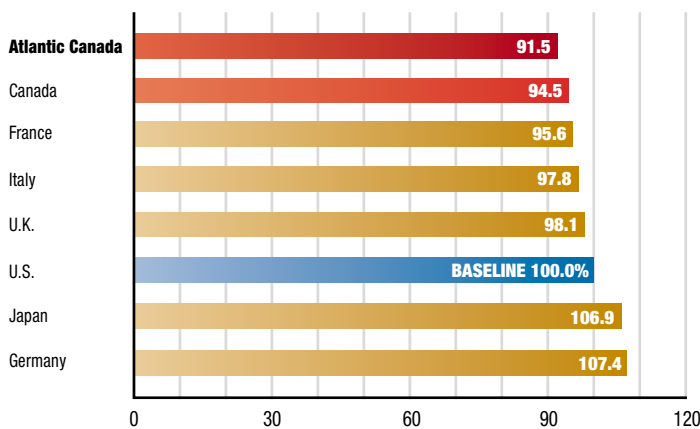
Industry	North America			Europe			Asia Pacific		
	Atlantic Canada*	Canada	U.S.	France	Germany	Italy	U.K.	Japan	
Manufacturing									
Aircraft Parts	3.1%	90.6	93.5	100.0	94.8	106.5	97.3	97.5	108.5
Food Processing	-2.2%	97.4	96.0	100.0	95.3	101.2	96.9	95.9	104.5
Auto Parts	-0.7%	94.3	94.9	100.0	93.7	105.3	95.9	95.5	108.7
Specialty Chemicals	2.2%	93.4	95.5	100.0	97.8	106.3	98.9	99.2	101.2
Electronics Assembly	3.6%	93.1	96.6	100.0	99.9	111.8	102.1	103.4	111.0
Medical Device Manufacturing	2.9%	93.1	95.9	100.0	96.6	107.2	98.5	98.4	106.1
Metal Machining	-1.2%	94.5	94.8	100.0	93.4	105.2	95.6	94.9	109.3
Pharmaceutical Products	2.6%	93.2	95.6	100.0	96.6	105.4	98.1	98.2	105.1
Plastic Products	-5.2%	97.0	95.5	100.0	92.2	103.7	95.5	93.6	106.5
Precision Components	3.3%	88.9	92.0	100.0	92.5	104.5	95.2	95.3	110.8
Telecom Equipment	1.8%	95.8	97.5	100.0	98.7	104.6	100.1	99.9	104.6
R&D									
Biomedical R&D	11.0%	80.1	89.9	100.0	94.2	113.4	97.0	100.2	108.2
Clinical Trials	14.4%	71.9	84.0	100.0	85.9	116.2	94.0	91.8	95.5
Electronic Systems Dev't & Testing	10.1%	78.0	88.5	100.0	86.7	105.1	89.0	93.9	101.3
Software									
Advanced Software	4.9%	88.4	93.0	100.0	97.0	109.6	101.0	99.7	100.7
Content Development	5.5%	88.7	93.8	100.0	94.7	109.5	96.5	99.0	102.0
Corporate Services									
Shared Services Centre	9.9%	85.3	94.7	100.0	101.8	125.9	105.9	106.3	134.8

* Totals for Atlantic Canada represent a seven-city average.

% Savings for Atlantic Canada as a region over the #1 country in each industry.

Comparison of Annual Costs — 12 Industry Average

Overall business operation average in 12 industries.[†]
Relative cost advantage using the U.S. average as a baseline.



[†] Total business costs comprise the sum of location-sensitive costs and location-insensitive costs. Atlantic Canada total represents a seven-city average.

Atlantic Canada's Cost Advantage

Relative cost advantage using the U.S. average as a baseline. (Includes 95 featured cities and 33 additional sponsored cities.)

Charlottetown, PE	8.3%
Halifax, NS	7.8%
Moncton, NB	8.9%
Pictou, NS	10.1%
St. John's, NL	5.7%
Sydney, NS	7.8%
Truro, NS	10.6%

Atlantic Canada: A Great Place to Live. A Profitable Place to do Business.

“Our critical success factors demanded access to world-class talent, a powerful telecommunications infrastructure and a supportive government enterprise to assist us in a smooth transition. We found all of this within New Brunswick. Today, we have over 100 employees supporting clients in 18 countries on four continents and consistently delivering 95% client satisfaction. We are absolutely thrilled with the results.”

A. Kevin Francis, President and Chief Executive Officer
CenterBeam Inc.
Saint John, New Brunswick



“Prince Edward Island has proven to be a great place to do business. With a pipeline of productive, hard-working people, Honeywell has competitively been able to provide products and services to the worldwide market for repair and overhaul of aircraft components and accessories. In the last two years, we have quadrupled the size of our operation on the Island and look forward to continued confidence from our customers and corporation to expand our capabilities and product offerings.”

Keith Wheeler, Plant Manager
Honeywell Engines and Systems
Slemon Park, Prince Edward Island



“In Nova Scotia, we’re extremely pleased with the business resources the region of Cape Breton has to offer, and especially with the calibre of the workforce. The results from our Sydney Customer Interaction Centre have far exceeded our expectations.”

David Carrigan, VP, Atlantic Region
EDS Canada
Sydney, Nova Scotia



“We came to Newfoundland in February of 1999 after having no luck finding programmers in the U.S. because of the Y2K scare. Here we are over seven years later with the best IT staff ever in our 21-year history. We are very pleased to be a part of the Atlantic Canadian business community. Because of the support and help of the governments and people, coming here was probably our best business decision ever.”

Carol Owens, Founder and President
DP Solutions, Inc. (DPSI)
St. John's, Newfoundland and Labrador



Atlantic Canadian Cities: Cost Leaders

The seven Atlantic Canadian cities analyzed for the KPMG study are home to some of the most innovative companies in the world—companies like **Keane** (Halifax), **Convergys** (Truro), **Consilient Technologies** (St. John's), **Diagnostic Chemicals** (Charlottetown), **Michelin** (Pictou), **OAO Technology Solutions** (Moncton), and **EDS Canada** (Sydney).



HALIFAX, Nova Scotia

(pop. 380,800)

NEW GROWTH STRENGTHS: Aerospace, Biotechnology, Software Design and Development. Home of Institute for Marine Biosciences and Brain Repair Centre.

TRADITIONAL STRENGTHS: Defence Equipment/Services, Distribution/Logistics, Health/Education.

COST ADVANTAGE: (relative to U.S.) Aerospace: 8.8%; Biotechnology: 18.6%; Software Design: 10.3%; Clinical Trials: 28.0%; Web & Multimedia: 9.7%.

OVERALL COST SAVINGS: 7.8% over U.S. city average. Ranked 5th among 95 featured cities worldwide.



MONCTON, New Brunswick

(pop. 117,727)

NEW GROWTH STRENGTHS: Agri-food products/services, High-Tech Manufacturing, Software Design/Development. Strong English/French bilingual capacity and home of National Research Council's e-Learning group.

TRADITIONAL STRENGTHS: Metal Manufacturing, Shared Services/Contact Centres and Transportation Services.

COST ADVANTAGE: (relative to U.S.) Agri-food: 4%; Precision Manufacturing: 11.1%; Back Office/Call Centres: 12.8%; Aerospace: 9.5%; Software Design: 11.7%.

OVERALL COST SAVINGS: 8.9% over U.S. city average. Ranked 3rd among 95 featured cities worldwide.



SYDNEY, Nova Scotia

(pop. 109,330)

NEW GROWTH STRENGTHS: Engineering/ Environmental Technologies, Information/Communications Technology, Shared Services/Contact Centres. Home to National Research Council's Wireless Systems and the University College of Cape Breton's Information Technology Innovation Centre.

TRADITIONAL STRENGTHS: Health/Education, Insurance/Financial Services, Specialty Manufacturing.

COST ADVANTAGE: (relative to U.S.) Back Office/Call Centres: 14.4%; Precision Manufacturing: 10.3%; Software Design: 10.8%; Web & Multimedia: 10.4%.

OVERALL COST SAVINGS: 7.8% over U.S. city average.



TRURO, Nova Scotia

(pop. 44,276)

NEW GROWTH STRENGTHS: Agri-foods Products/ Services, Chemicals/Plastics, Life Sciences.

TRADITIONAL STRENGTHS: Equipment/Machinery Manufacturing, Forestry/Wood Products, Textiles/Apparel Design/Manufacturing.

COST ADVANTAGE: (relative to U.S.) Biotechnology: 23.8%; Chemicals: 7.4%; Pharmaceuticals: 8.1%; Clinical Trials: 32.8%.

OVERALL COST SAVINGS: 10.6% over U.S. city average.



CHARLOTTETOWN, Prince Edward Island

(pop. 58,358)

NEW GROWTH STRENGTHS: Aerospace, Biotechnology, Shared Services/Contact Centres. Home of the Atlantic Technology Centre and Atlantic Veterinary College.

TRADITIONAL STRENGTHS: Agri-food, Fishing/Aquaculture, Tourism.

COST ADVANTAGE: (relative to U.S.) Aerospace: 9.9%; Precision Manufacturing: 11.6%; R&D average: 15.8%; Back Office/Contact Centres: 14.0%.

OVERALL COST SAVINGS: 8.3% over U.S. city average. Ranked 4th among 95 featured cities worldwide.



PICTOU, Nova Scotia

(pop. 46,965)

NEW GROWTH STRENGTHS: Distribution/Logistics, Information/Communications Technology, Tourism.

TRADITIONAL STRENGTHS: Fishing/Aquaculture, Forestry/Wood Products, Specialty Manufacturing.

COST ADVANTAGE: (relative to U.S.) Web and Multimedia: 13.1%; Clinical Trials: 31.6%; Electronic: 7.2%.

OVERALL COST SAVINGS: 10.1% over U.S. city average.



ST. JOHN'S, Newfoundland & Labrador

(pop. 185,200)

NEW GROWTH STRENGTHS: Engineering/ Environmental Technologies, Information/Communications Technology, Petrochemicals. Home of Canadian Centre for Marine Communications and massive Hibernia offshore reserves.

TRADITIONAL STRENGTHS: Fishing/Aquaculture, Marine Services, Tourism.

COST ADVANTAGE: (relative to U.S.) Web and Multimedia: 9.9%; Chemicals: 6.7%; Software Design: 10.4%; Precision Manufacturing: 8.4%.

OVERALL COST SAVINGS: 5.7% over U.S. city average.

Compelling Reasons to Invest in Atlantic Canada

Atlantic Canada Features

- The closest ports to Europe along the North American seaboard
- A stable economy and political structure
- Medical benefits savings for employers under Canada's national health care plan
- A competitive, reliable and plentiful energy supply (gas, oil and electricity)
- Secure environment for corporate assets and information
- One of North America's fastest growing offshore oil and gas industries
- More post-secondary graduates per capita than the Canadian and U.S. averages
- A straight-forward and expedient system for setting up a business
- Attractive government incentive programs
- A cost of living 25% to 65% lower than other North American regions
- An enhanced quality of life and a safe environment in which to raise a family



A Great Investment Tool

For in-depth analysis of the Atlantic Advantage and other components of the survey, go to www.competitivealternatives.com, punch in the numbers, use your own comparative criteria, and pick potential spots to locate or expand.

The Atlantic Canada Opportunities Agency (ACOA) is the Government of Canada department responsible for helping to build economic capacity in the Atlantic Canadian provinces.

For more information on investment opportunities in Atlantic Canada, please contact the ACOA Trade and Investment Unit at:

ACOA

P.O. Box 6051
644 Main Street
Moncton, New Brunswick
Canada
E1C 9J8

Phone: 1-800-561-7862

or 506-851-2573

Fax: 506-851-7403

E-mail: invest@acoa-apeca.gc.ca

www.acoa.gc.ca/invest

Atlantic Canadian provinces:

Prince Edward Island

www.investpei.com

Newfoundland and Labrador

www.nlbusiness.ca

Nova Scotia

www.novascotiabusiness.com

New Brunswick

www.newbrunswick.ca

At ACOA, we believe that a healthy environment is essential to the development of a strong, growing and sustainable economy. We are committed to protecting the environment of this region by promoting sustainable businesses and communities in Atlantic Canada and by setting an example in the environmental management of ACOA's own operations.



Printed with vegetable inks