



Tucson Economic Blueprint Strategic Analysis Report

Section 5: Cost of Doing Business Analysis

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Prepared for TREO

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I. Executive Summary

Selecting the best site for a business operation requires careful consideration of both cost-related and other factors. Although companies may weigh costs differently, it can be assured that a region's cost of doing business factors – taxes, labor, transportation, utilities and land – will be closely evaluated and are likely to be a key component of a company's final decision.

For this reason, the KMK Consulting Team engaged KPMG and Moody's Economy.com, two of the industry's top global business and research firms, to conduct an in-depth assessment of Tucson's cost factors and how they compare to pre-selected regional markets and national cost averages.

KPMG and Moody's Economy.com were selected to be a part of the KMK Consulting Team because of their depth of knowledge, resources, impeccable reputation and proven quality of work. Although both firms conducted their research separately and with their own proprietary methods, their individual conclusions revealed many of the same results.

II. Objectives & Methodology

A. Objective

The primary objectives for conducting a thorough assessment of Tucson's business costs is to determine 1) how economical the region is compared to pre-selected regional markets and national cost averages, and 2) to identify which location-sensitive cost factors – tax, utility, labor, and real estate costs – are most and least competitive. The conclusions from this assessment will provide a better understanding of Tucson's cost factors and how

they measure against other markets. They will serve as a primary resource for the development of cost-based strategies to advance Tucson's competitiveness.

For many organizations, the first step in locating or relocating a business is to perform a cost analysis of selected markets. In doing so, a company is able to determine which markets are worthy of visiting and should be considered for further assessment. Although there are multiple factors that impact a firm's expansion and relocation decisions, including labor availability, access to markets, transportation, regulatory environment, personal cost of living and quality of life, this exercise is solely focused on assessing Tucson's business costs relative to other markets and US averages. The other factors are discussed in the detailed Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis in Section 3.

Companies today are in search of locations where they can generate the greatest value from the investments they make. In this regard, business costs are seen as a part of the business' value chain. The key issue is whether existing and new companies in Tucson can create sufficient value for themselves and customers in their Tucson location. A key measure of value-creation is value-added per employee, or productivity. Both KPMG and Moody's Economy.com include the impact of productivity in their labor cost analysis.

B. Methodology

The results of this assessment are strictly based upon the results of Moody's Economy.com "North American Business Cost Review 2005 Edition" and KPMG and their research partner MMK Consulting's assessment of Tucson's cost competitiveness. It should also be noted that cost data used by Moody's Economy.com

was recently updated May 2006, and all results from KPMG were based upon data and exchange rates as of fourth quarter 2005.

1. Moody's Economy.com

Moody's Economy.com primary role in the development of the cost assessment was to provide an overview of Tucson's business costs vis-à-vis its major competitors. The markets benchmarked against Tucson include San Diego, California; Austin, Texas; Albuquerque, New Mexico; Riverside, California; Phoenix, Arizona; Salt Lake City, Utah; Denver, Colorado and Las Vegas, Nevada. To complete the cost of doing business assessment, the indices used include the Cost of Doing Business Index, Unit Labor Cost Index, Energy Cost Index and State & Local Tax Cost Index.

Moody's Economy.com uses indices that compare an area's average costs to that of the United States. For a metro area, labor, energy, tax and office rent costs are considered and assigned a specific weight to each index: 65% weight for unit labor costs, 15% weight for energy costs, 10% weight for tax burden and 10% weight for office rents.

It should also be noted that while each cost component is estimated for each year, the business cost index uses a three-year moving average. This process ensures a more consistent and reliable estimate cost of business. Note, that the data does not reflect current housing market volatility. The current relative business cost measure is the average of 2002 to 2004.

The most important expense for most firms is labor costs. For this reason Moody's Economy.com has assigned the Unit Labor Cost Index the greatest weight. It is also important to note that Moody's Economy.com adjusts wage data to the level of productivity to accurately assess a firms cost of labor. Therefore, the labor cost index developed by Moody's Economy.com calculates labor compensation per dollar of output.

Three-digit NAICS industry classifications were used by Moody's Economy.com to calculate the unit labor costs, excluding certain industries in retail trade, construction, real estate, services and government. Moody's Economy.com excluded these industries because they serve local demand and are not influenced by relative costs of doing business in other areas. Additionally, it is believed that businesses that relocate or expand their operations based on labor costs are not influenced by labor costs in the locally-oriented industries.

Total unit labor costs are constructed by the weighted average of unit labor costs in each 3-digit NAICS industry and weighted equal to the national share of employment in each industry. The energy cost index compares the average commercial and industrial electricity costs, in cents per kilowatt-hour, to the nation. The effective tax rates index is measured by the total tax burden as percent of total personal income in the area. It is also indexed to the national effective rate and includes measurement of personal, property and corporate taxes, corporate license taxes, education, hospital and intergovernmental transfers, unemployment, and workers compensation programs. Lastly, the office rent index compares average rent per square foot for class "A" office space in the metro area to the nation's average rent per square foot. Suburban and downtown rent data are combined to produce a single rental price with suburban rents equally two-thirds of the overall rent and one-third for downtown rent.

2. KPMG

KPMG, and their research partner MMK Consulting, were engaged by KMK Consulting to conduct a comprehensive and thorough assessment of Tucson's business costs relative other markets similar in size and/or geographic proximity. Their analysis also compares Tucson's business costs to the US average.

To ensure the results of KPMG's analysis accurately captured and reflected Tucson's regional business costs, a cross section of 27

location-sensitive cost factors for 17 business operations were analyzed and benchmarked against Albuquerque, NM, Las Vegas, NV, Phoenix, AZ, Riverside-San Bernardino, CA, Salt Lake City, UT, San Diego, CA and the United States.

Cost factors examined and in the assessment include:

- **Initial Investment Costs:** land, buildings, cash, inventory and fixed assets
- **Location-Sensitive Costs:** total labor - salary and wages, statutory plans, other benefits, productivity adjustments; facility lease; total transportation - continental freight – road & sea, intercontinental air freight, intercontinental sea freight; total utilities - electricity, gas, telecommunications; total operating costs - summation of total labor, total transportation, facility lease and total utilities; total taxes - national, regional and local income tax; national and regional capital tax; sales tax; property tax; gross receipts tax; business tax; grants and incentives.
- **Location-Insensitive Costs:** materials and other operating expenses

Seventeen business operations analyzed include:

Industry (17 Business Operations):¹	
Manufacturing	R&D
Aerospace	Biotechnology
Agri-food	Clinical trials
Automotive	Products testing
Chemicals	
Electronics	Software
Medical Devices	Software design
Metal components	Web and multimedia
Pharmaceuticals	
Plastics	Corporate Services
Precision manufacturing	Back office/call centers
Telecommunications	

All cost data and exchange rates used in this study are as of last quarter of 2005, and study results have been determined using a proprietary KPMG model that combines typical operating specifications for each industry with business cost data specific to Tucson. The result represents a snapshot of business costs during the establishment, ramp-up, and full operation phases faced by a new facility during its first 10 years of operation.

In presenting the results for Tucson, an index rating approach has been used. Index ratings are used to quantify the degree of

¹ Note: The terms healthcare, optics and environmental are all used in the KMK Target Industry Analysis but not so identified here. However, medical devices and biotechnology is the comparative cost categorizations used by KPMG. Similarly, KPMG’s categorization of electronics and of software captures optics and IT. There is no cost of business analysis by KPMG for environmental.

variation in overall business costs between communities. Index ratings vary around a baseline of 100.0, which represents an average for the United States based on costs for the following nine US cities:

- Atlanta, GA
- Boston, MA
- Colorado Springs, CO
- Dothan, AL
- Lewiston, ME
- St. Louis, MO
- Salt Lake City, UT
- San Diego, CA
- Saginaw, MI

Index ratings of less than 100.0 indicate overall costs below the US average, while index ratings of greater than 100.0 indicate overall costs above the US average.

III. Results - Moody’s Economy.com: Summary of Findings

The rankings below are based on Moody’s Economy.com’s *U.S. Metropolitan Area Relative Business Costs*, which ranks the top 361 metropolitan statistical areas in the United States based on Unit Labor Cost, Energy Cost, State & Local Tax Cost and Office Rent Cost. These categories are then individually weighted to make up the total Cost of Doing Business Index.

It should also be noted the rankings are listed from most to least expensive, meaning the lower the ranking, the higher the cost.

A. Labor Costs

Region	Unit Labor Cost Index	Rank
Denver, CO	108	22
Salt Lake City, UT	101	127
San Diego, CA	100	132
Austin, TX	100	146
Phoenix, AZ	97	213
Tucson	94	268
Las Vegas, NV	90	318
Riverside, CA	89	326
Albuquerque, NM	86	340

B. Energy Costs

Region	Energy Cost Index	Rank
San Diego, CA	235	1
Riverside, CA	153	42
Austin, TX	133	61
Tucson	129	72
Las Vegas, NV	128	73
Salt Lake City, UT	102	124
Phoenix, AZ	96	183
Albuquerque, NM	91	203
Denver, CO	88	234

C. Tax Costs

Region	State & Local Tax Cost Index	Rank
Riverside, CA	105	58
San Diego, CA	100	112
Salt Lake City, UT	94	169
Tucson	88	213
Las Vegas, NV	87	219
Phoenix, AZ	82	259
Austin, TX	81	262
Albuquerque, NM	81	266
Denver, CO	75	316

D. Office Rent Costs

Region	Office Rent Cost Index	Rank
Las Vegas, NV	111	10
San Diego, CA	105	16
Riverside, CA	102	20
Phoenix, AZ	93	36
Austin, TX	90	38
Salt Lake City, UT	87	46
Denver, CO	79	82
Tucson	79	89
Albuquerque, NM	75	111

E. Overall Costs

Region	Cost of Doing Business Index	Rank
San Diego, CA	123	4
Las Vegas, NV	99	30
Riverside, CA	106	48
Austin, TX	101	78
Salt Lake City, UT	99	96
Denver, CO	98	105
Tucson	97	114
Phoenix, AZ	96	141
Albuquerque, NM	86	317

IV. Results - KPMG: Summary of Findings

A. Location-Sensitive Costs: Comparative Rankings

With an overall cost index of 100.0, business costs in Tucson are exactly in-line with the US average. Relative to other pre-selected markets that frequently compete with Tucson for business attraction, the Tucson market is:

- Generally lower than comparable markets in labor, land, and total operating costs
- Generally higher than comparable markets and national average in tax and transportation costs; it should be noted that while Tucson's building costs rank favorably compared to markets analyzed in this assessment, they are higher than the national average
- Overall business costs are in-line with national averages

Among the 27 cost components examined, some general determinants of cost differentials for Tucson are as follows:

- **Labor costs** are lower than average causing a labor-cost advantage for Tucson in industries that are more dependent on human capital, such as the non-manufacturing operations examined.
- **Facility costs** vary for Tucson. Industrial land costs are significantly lower in Tucson which is generally to be expected in a smaller city. Industrial construction costs are roughly in-line with markets like Phoenix, but are above the national average.
- **Transportation costs** by road and sea are higher due to geographic location. This creates an advantage for other markets in industries with high-volume low-value products, such as food processing, metal components, and plastic product. For these types of industry, transportation

represents a relatively more significant cost factor due to the high-volume nature of the operations.

- **Utility costs** in Tucson are higher than in Phoenix overall, with electricity costs having the most significant variation – 27% higher than in Phoenix. At an average cost of 8.71¢/kwh, electric costs in Tucson are still lower than in some regional cities examined such as Las Vegas (9.52¢), San Diego (14.33¢) and Riverside-San Bernardino (20.28¢).
- **Property and sale tax** in Tucson are higher than all markets benchmarked, and even lower property values in Tucson are not sufficient to offset the property tax rate differential. As a result, Tucson is at a competitive disadvantage because of the current property and sales costs.

Tucson's Location-Sensitive Costs: Comparative Rankings

Cost Category	Location-Sensitive Costs: Comparative Rankings							US Avg.*
	Albuquerque	Las Vegas	Phoenix	Riverside CA	Salt Lake	San Diego	Tucson	
Total Land	3	6	4	5	1	7	2	Below
Total Building	5	2	4	6	1	7	3	Above
Total Labor	2	7	5	6	3	4	1	Below
Total Transportation	1	6	2	3	7	4	5	Above
Total Utilities	3	5	2	7	1	6	4	Below
Total Operating Cost	1	6	4	5	3	3	2	Below
Total Taxes	6	1	5	2	4	3	7	Above
Overall	1	7	4	6	2	5	3	Average

*reflects Tucson's cost of doing business status compared to US average: above average, below average or average

B. Industry Costs: Comparative Rankings

Although 17 industry categories were analyzed by KPMG, 10 were selected to be highlighted in this document because of their current or anticipated impact on Tucson's regional economy, including (note that KPMG does not categorize healthcare as separate cost comparative category):

Advanced Software
Aircraft Parts
Biomedical R & D
Clinical Trial Management
Electronic System Testing
Electronic Assembly
Medical Devices
Pharmaceuticals
Plastic Products
Shared Services Center

The diagram below ranks the overall cost competitiveness of each region in each industry category. Additionally, the diagram includes Tucson's index ratings – ratings used by KPMG to assess a market's overall costs compared to US average – which are

assigned an "above," "below" or "average" ranking compared to the US average.

Tucson's business costs are competitive in each of the 10 industries and are below average compared to the US average. A summary of KPMG's findings include:

- Tucson's overall costs are below US average in each analyzed industry
- Top three lowest-cost markets: 1) Albuquerque, NM 2) Salt Lake City, UT 3) Tucson, AZ
- Top three highest-cost markets: 1) Las Vegas, NV 2) Riverside-San Bernardino, CA 3) San Diego, CA
- Salt Lake City's costs are most similar to Tucson
- Tucson is fourth most expensive market in this assessment for Plastic Products; key factors contributing to Tucson's above average costs are mainly transportation (sea and air freight) and utility expenses (telecommunications and electricity).

Tucson's Industry Costs: Comparative Rankings

Cost Category	Industry Costs: Comparative Rankings							US Avg*
	Albuquerque	Las Vegas	Phoenix	Riverside CA	Salt Lake	San Diego	Tucson	
Advanced Software	2	7	4	6	3	5	1	Below
Aircraft Parts	2	5	4	7	1	6	3	Below
Biomedical R & D	1	7	4	5	3	6	2	Below
Clinical Trial Mngt	2	7	4	5	3	6	1	Below
Electronic System Testing	2	7	4	5	3	6	1	Below
Electronic Assembly	3	5	4	7	1	6	2	Below
Medical Devices	2	7	4	6	1	5	3	Below
Pharmaceuticals	2	7	4	6	1	5	3	Below
Plastic Products	1	5	2	7	3	6	4	Below
Shared Services Center	1	7	4	6	2	5	2	Below

*reflects Tucson's cost of doing business status compared to US average: above average, below average or average

For specific details on how Tucson's 27 cost factors ranked in each sector industry, please review the enclosed detailed industry comparison reports.

V. Summary

Moody's Economy.com and KPMG's cost of doing business assessments clearly demonstrate Tucson is a cost-competitive and cost-attractive market. And although both firms conducted their research separately with their own proprietary methods, their research concluded many of the same results, including:

Labor Costs: Both firms concluded Tucson's labor costs are very cost competitive. KPMG's research ranked Tucson as the least expensive of the seven labor markets examined. Additionally, Tucson's salary, wages and statutory plans were the lowest of the seven markets and below the national average. Benefits expenses were higher than US average.

Moody's Economy.com also ranked Tucson as having a very cost-competitive labor market. Their research indicated that Tucson is 268 out of 361 metropolitan statistical areas for labor expense, a ranking that places the region in the bottom third nationally. It should also be noted that Moody's Economy.com adjusts wage data to the level of productivity to accurately assess a firm's cost of labor. Therefore, the labor cost index developed by Moody's Economy.com calculates labor compensation per dollar of output.

Utility Costs: KPMG and Moody's Economy.com ranked Tucson as having overall below average utility costs compared to the US average, but above average costs when compared to the other regions benchmarked in their assessment. Telecommunications costs are above US average and are the second most expensive in KPMG's assessment. Tucson's electricity and gas costs are mid-level compared to competitive markets, but below the US average.

Tax Costs: KPMG and Moody's Economy.com both indicate Tucson has above average tax costs. KPMG's ratings conclude Tucson has the highest tax burden in their seven market assessment. Property tax is the highest of the seven markets and more than twice as high as the US average. Sales and regional income taxes are also higher than national average.

Transportation Costs: KPMG concludes that Tucson's overall transportation costs are higher than US average and trail only Las Vegas and Salt Lake City in their seven region cost assessment. Specifically, Tucson's road and freight costs are above average and sea freight is average with national costs.

Facility Costs: Land costs are below US average and much lower than most competing markets except for Salt Lake City. Building costs are higher than US average but lower than four of the analyzed markets: Phoenix, Albuquerque, Riverside-San Bernardino and San Diego. KPMG and Moody's Economy.com have different findings relative to office rent/facility lease expenses. KPMG ranked Tucson as the fifth highest cost among the seven examined markets and above US average, whereas Moody's Economy.com identified Tucson as the sixth-lowest office rent market in their nine-region assessment. However, both firms ranked Las Vegas and San Diego as the most expensive and Albuquerque as the least expensive facility cost markets.

It can be expected that companies seeking affordable labor, attractive operative costs and inexpensive land prices will continue to consider Tucson for their business operations. This is a key strength and competitive advantage that the region must continue to leverage.

While it is known and understood that cost-factors are not the only elements of company's decision, a region's cost competitiveness is certainly an essential component of making the "short list." By making the "short list," Tucson will then have the opportunity to demonstrate its ability to compete based upon other factors, including regulatory environment, personal living costs, labor

availability, access to markets, overall quality of life and financial incentives.

Many Tucsonans have a legitimate concern that their region will continue to be perceived by companies as a “cheap” market (a classification that Tucson’s external marketing efforts must change

to “good cost value”). This issue does present a potential challenge for Tucson. If the community strategy is to compete on “cheap” and not on value/quality, the region will be at risk of not attracting knowledge-based companies that produce high-value, high-paying jobs.

COMPETITIVE ALTERNATIVES.COM COST MODEL COST MODEL DETAILED COMPARISON REPORT

**Overall Average (12 operations)
(USD\$'000)**

City	Albuquerque	Las Vegas	Phoenix	Riverside-San Bernardino	Salt Lake City	San Diego	Tucson	United States Average
Region	NM	NV	AZ	CA	UT	CA	AZ	
Country	US	US	US	US	US	US	US	
Included in national average	Y				Y	Y		
User-defined values applied								
Exchange rate, per USD\$								
Initial Investment								
Land	809	1,883	898	1,668	497	3,358	561	828
Buildings	2,568	1,712	2,253	2,893	1,692	2,979	2,210	2,138
	<u>3,377</u>	<u>3,594</u>	<u>3,151</u>	<u>4,561</u>	<u>2,189</u>	<u>6,337</u>	<u>2,771</u>	<u>2,966</u>
<i>Rank, land</i>	3	6	4	5	1	7	2	1
<i>Rank, building</i>	5	2	4	6	1	7	3	1
<i>Rank, total investment</i>	4	5	3	6	1	7	2	1
Cash	238	238	238	238	238	238	238	238
Inventory	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125
Fixed assets	4,710	4,710	4,710	4,710	4,710	4,710	4,710	4,710
	<u>9,451</u>	<u>9,668</u>	<u>9,225</u>	<u>10,634</u>	<u>8,263</u>	<u>12,411</u>	<u>8,845</u>	<u>9,040</u>

Initial Financing

Debt	4,713	4,831	4,592	5,360	4,058	6,340	4,379	4,487
Equity	4,737	4,837	4,632	5,274	4,205	6,071	4,465	4,553
	9,451	9,668	9,225	10,634	8,263	12,411	8,845	9,040

10-Year Average Profit & Loss

Sales	16,055	16,322	16,153	16,209	16,083	16,263	16,067	16,098
Location-sensitive costs								
Salary and wages	4,761	5,182	4,977	5,312	4,837	5,241	4,736	5,004
Statutory plans	456	521	425	536	449	530	410	469
Other benefits	1,502	1,637	1,570	1,159	1,527	1,143	1,496	1,364
Productivity adjustment	—	—	—	—	—	—	—	—
<i>Total labor</i>	6,719	7,340	6,971	7,007	6,813	6,914	6,642	6,836
<i>Rank, salary</i>	2	5	4	7	3	6	1	1
<i>Rank, total labor</i>	2	7	5	6	3	4	1	1
Facility lease	236	376	296	285	269	410	302	264
<i>Rank, facility lease</i>	1	6	4	3	2	7	5	1
Road freight	460	547	523	537	595	552	535	506
Air freight	23	23	22	21	22	21	22	21
Sea freight	88	90	80	74	101	71	94	94
<i>Total transportation</i>	570	660	625	632	717	645	651	620
<i>Rank, transportation</i>	1	6	2	3	7	4	5	1
Electricity	202	246	177	525	170	371	225	231
Gas	80	104	98	101	78	101	98	110
Telecommunications	68	57	57	52	59	52	62	59
<i>Total utilities</i>	350	407	332	678	306	524	386	400

Rank, electricity	3	5	2	7	1	6	4	1
Rank, gas	2	7	3	5	1	5	3	1
Rank, telecommunications	7	4	3	1	5	1	6	1
Total operating costs	7,876	8,782	8,224	8,602	8,105	8,492	7,980	8,119
Rank, operating costs	1	7	4	6	3	5	2	1
Interest	102	165	112	192	65	242	91	96
Depreciation	762	705	741	783	704	789	738	733
Total interest, depreciation	864	869	853	975	769	1,031	829	830
Sundry expenses	–	–	–	–	–	–	–	–
Income tax, national	423	258	356	248	412	273	390	411
Income tax, regional	83	–	62	65	58	72	71	57
Income tax, local	–	–	–	–	–	–	–	3
Capital tax, national	–	–	–	–	–	–	–	–
Capital tax, regional	–	0	–	–	–	–	–	3
Sales tax	217	165	157	152	142	149	169	110
Property tax	127	72	138	85	81	100	195	96
Gross receipts tax	–	–	–	–	–	2	–	–
Business tax	–	29	–	–	–	–	–	–
Grants, incentives	(25)	–	–	–	–	–	–	–
Total taxes (net of grants)	823	524	714	550	693	597	824	679
Total location-sensitive costs	9,563	10,175	9,790	10,127	9,567	10,120	9,633	9,628
Location-insensitive costs								
Materials	4,081	4,081	4,081	4,081	4,081	4,081	4,081	4,081

Other operating expenses	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475
<i>Total location-insensitive costs</i>	<i>5,557</i>	<i>5,557</i>	<i>5,557</i>	<i>5,557</i>	<i>5,557</i>	<i>5,557</i>	<i>5,557</i>	<i>5,557</i>
<i>Total costs</i>	<i>15,119</i>	<i>15,732</i>	<i>15,347</i>	<i>15,684</i>	<i>15,124</i>	<i>15,677</i>	<i>15,190</i>	<i>15,185</i>
<i>Net profit after tax</i>	<i>935</i>	<i>590</i>	<i>806</i>	<i>526</i>	<i>960</i>	<i>586</i>	<i>877</i>	<i>913</i>
<i>% of sales</i>	<i>5.8%</i>	<i>3.6%</i>	<i>5.0%</i>	<i>3.2%</i>	<i>6.0%</i>	<i>3.6%</i>	<i>5.5%</i>	<i>5.7%</i>
Overall rank	1	7	4	6	2	5	3	1
Overall index	99.6	103.6	101.1	103.3	99.6	103.2	100.0	100.0

Summary Measures

Net profit before income tax	1,440	848	1,225	838	1,430	931	1,338	1,384
Effective income tax rate	35.1%	30.4%	34.2%	37.3%	32.9%	37.1%	34.5%	34.0%
<i>Rank</i>	<i>5</i>	<i>1</i>	<i>3</i>	<i>7</i>	<i>2</i>	<i>6</i>	<i>4</i>	<i>1</i>
Property-based taxes per sq.ft.	\$2.05	\$1.16	\$2.27	\$1.33	\$1.36	\$1.55	\$3.20	\$1.56
<i>Rank</i>	<i>5</i>	<i>1</i>	<i>6</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>7</i>	<i>1</i>
Capital tax, % of total assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other taxes, % of sales	1.4%	1.2%	1.0%	1.0%	0.9%	1.0%	1.1%	0.7%
Stat. plans as a % of wages	9.6%	10.0%	8.5%	10.1%	9.3%	10.1%	8.6%	9.4%
<i>Rank</i>	<i>4</i>	<i>5</i>	<i>1</i>	<i>6</i>	<i>3</i>	<i>7</i>	<i>2</i>	<i>1</i>
Tax & benefit burden, % of income before taxes & benefits	74.8%	82.0%	77.1%	81.0%	73.6%	79.5%	75.7%	73.3%
<i>Rank</i>	<i>2</i>	<i>7</i>	<i>4</i>	<i>6</i>	<i>1</i>	<i>5</i>	<i>3</i>	<i>1</i>
Land, US\$'000 per acre	\$199	\$469	\$231	\$392	\$122	\$816	\$138	\$201

Building, US\$ per sq.ft.

Electricity, US¢ per kWh

Gas, US\$ per 100 cu.ft.

Interest rate, debt

Interest rate, cash

NPV discount rate

NPV of cash flows (US\$'M)

Rank

Total incentives: US\$ per job,
after estimated tax effects

	7.80¢	9.52¢	6.85¢	20.28¢	6.56¢	14.33¢	8.71¢	8.92¢
	\$0.73	\$0.95	\$0.89	\$0.92	\$0.71	\$0.92	\$0.89	\$1.00
	6.72%	6.72%	6.72%	6.72%	6.72%	6.72%	6.72%	6.72%
	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%
	6.72%	6.72%	6.72%	6.72%	6.72%	6.72%	6.72%	6.72%
	\$4.87	\$2.19	\$3.99	\$1.68	\$5.22	\$1.76	\$4.54	\$4.76
	2	5	4	7	1	6	3	1
	1,501	974	1,365	1,223	1,245	1,248	1,344	1,450

**COMPETITIVE ALTERNATIVES.COM COST MODEL DETAILED
COMPARISON REPORT**

**OPERATION: ADVANCED SOFTWARE
(USD\$'000)**

City	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Region	NM	NV	AZ	CA	UT	CA	AZ	Average
Country	US	US	US	US	US	US	US	
Included in national average	Y	Y	Y	Y	Y	Y	Y	
User-defined values applied								
Exchange rate, per USD\$	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000

Initial Investment

Land ²	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<i>Rank, land</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Rank, building</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Rank, total investment</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
Cash	100	100	100	100	100	100	100	100

² Note: KPMG categorizes sectors as either service based or manufacturing based. Advanced software is a service based sector. Service based companies are most likely to incur facility lease expenses because KPMG categorizes service based companies as not owning their land or building as opposed to manufacturing based companies which they consider to generally own the land and building. Thus, KPMG ranks facility lease expenses, not land/building expenses. Therefore there are not costs assigned which forces a uniform number one ranking across all cities as shown above.

Inventory	500	500	500	500	500	500	500	500
Fixed assets	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>

Initial Financing

Debt	700	700	700	700	700	700	700	700
Equity	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>

10-Year Average Profit & Loss

	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Sales	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100
Location-sensitive costs								
Salary and wages	7,683	8,229	8,008	8,514	7,740	8,422	7,525	8,017
Statutory plans	634	706	620	710	644	706	595	659
Other benefits	1,887	2,021	1,967	1,447	1,901	1,430	1,848	1,786
Productivity adjustment	–	–	–	–	–	–	–	–
<i>Total labor</i>	<u>10,203</u>	<u>10,956</u>	<u>10,595</u>	<u>10,671</u>	<u>10,285</u>	<u>10,558</u>	<u>9,968</u>	<u>10,462</u>

<i>Rank, salary</i>	2	5	4	7	3	6	1	1
<i>Rank, total labor</i>	2	7	5	6	3	4	1	1
Facility lease	405	644	507	489	461	702	518	532
<i>Rank, facility lease</i>	1	6	4	3	2	7	5	1
Continental freight (road/sea)	39	50	48	53	47	55	49	49
Intercontinental air freight	111	111	107	103	106	103	107	107
Intercontinental sea freight	–	–	–	–	–	–	–	–
<i>Total transportation</i>	149	161	155	156	153	158	156	155
<i>Rank, transportation</i>	1	7	3	4	2	6	4	1
Electricity	126	136	107	313	92	201	124	157
Gas	–	–	–	–	–	–	–	–
Telecommunications	47	42	42	40	43	40	45	43
<i>Total utilities</i>	173	178	149	353	135	241	169	200
<i>Rank, electricity</i>	4	5	2	7	1	6	3	1
<i>Rank, gas</i>	1	1	1	1	1	1	1	1
<i>Rank, telecommunications</i>	7	3	3	1	5	1	6	1
<i>Total operating costs</i>	10,930	11,939	11,406	11,669	11,034	11,659	10,811	11,350
<i>Rank, operating costs</i>	2	7	4	6	3	5	1	1
	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Interest	(133)	(42)	(93)	(66)	(125)	(66)	(139)	(95)

Depreciation	206	206	206	206	206	206	206	206
<i>Total interest, depreciation</i>	73	164	113	140	81	140	67	111
Sundry expenses	–	–	–	–	–	–	–	–
Income tax, national	741	389	572	464	714	469	774	589
Income tax, regional	150	–	70	93	100	95	121	90
Income tax, local	–	–	–	–	–	–	–	–
Capital tax, national	–	–	–	–	–	–	–	–
Capital tax, regional	–	–	–	–	–	–	–	–
Sales tax	141	144	154	163	133	154	162	150
Property tax	16	9	17	9	13	9	28	15
Gross receipts tax	–	–	–	–	–	3	–	–
Business tax	–	46	–	–	–	–	–	7
Grants, incentives	(31)	–	–	–	–	–	–	(4)
<i>Total taxes (net of grants)</i>	1,017	588	813	729	960	730	1,085	846
<i>Total location-sensitive costs</i>	12,020	12,691	12,332	12,538	12,075	12,529	11,963	12,307
Location-insensitive costs								
Materials	–	–	–	–	–	–	–	–
Other operating expenses	1,510	1,510	1,510	1,510	1,510	1,510	1,510	1,510
<i>Total location-insensitive costs</i>	1,510	1,510	1,510	1,510	1,510	1,510	1,510	1,510
<i>Total costs</i>	13,530	14,201	13,842	14,048	13,585	14,039	13,473	13,817
<i>Net profit after tax</i>	1,570	899	1,258	1,052	1,515	1,061	1,627	1,283

% of sales	10.4%	6.0%	8.3%	7.0%	10.0%	7.0%	10.8%	8.5%
Overall rank	2	7	4	6	3	5	1	1
Overall index	97.9	102.8	100.2	101.7	98.3	101.6	97.5	100.0

Summary Measures

	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Net profit before income tax	2,461	1,288	1,900	1,609	2,329	1,625	2,522	1,962
Effective income tax rate	36.2%	30.2%	33.8%	34.6%	35.0%	34.7%	35.5%	34.6%
<i>Rank</i>	<i>7</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>4</i>	<i>6</i>	<i>1</i>

Property-based taxes per sq.ft.	\$0.73	\$0.40	\$0.77	\$0.41	\$0.57	\$0.40	\$1.23	\$0.64
<i>Rank</i>	<i>5</i>	<i>1</i>	<i>6</i>	<i>3</i>	<i>4</i>	<i>1</i>	<i>7</i>	<i>1</i>

Capital tax, % of total assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other taxes, % of sales	0.9%	1.3%	1.0%	1.1%	0.9%	1.0%	1.1%	1.0%

Stat. plans as a % of wages	8.3%	8.6%	7.7%	8.3%	8.3%	8.4%	7.9%	8.2%
<i>Rank</i>	<i>3</i>	<i>7</i>	<i>1</i>	<i>5</i>	<i>4</i>	<i>6</i>	<i>2</i>	<i>1</i>

Tax & benefit burden, % of income before taxes & benefits	69.3%	78.7%	73.0%	73.3%	69.8%	73.0%	68.4%	72.2%
<i>Rank</i>	<i>2</i>	<i>7</i>	<i>5</i>	<i>6</i>	<i>3</i>	<i>4</i>	<i>1</i>	<i>1</i>

Land, US\$'000 per acre	-	-	-	-	-	-	-	-
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Building, US\$ per sq.ft.	\$18.00	\$28.62	\$22.53	\$21.73	\$20.49	\$31.20	\$23.02	\$23.66
Electricity, US¢ per kWh	9.13¢	9.76¢	7.70¢	22.59¢	6.64¢	14.52¢	8.94¢	11.33¢
Gas, US\$ per 100 cu.ft.	–	–	–	–	–	–	–	–
Interest rate, debt	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%
Interest rate, cash	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%
NPV discount rate	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%
NPV of cash flows (US\$'M)	\$9.41	\$4.87	\$7.33	\$5.97	\$9.04	\$6.01	\$9.78	\$7.49
Rank	2	7	4	6	3	5	1	1
Total incentives: US\$ per job, after estimated tax effects	\$891	\$625	\$1,261	\$1,160	\$737	\$1,135	\$1,098	\$987

**COMPETITIVE ALTERNATIVES.COM COST MODEL DETAILED
COMPARISON REPORT**

**OPERATION: AIRCRAFT PARTS
(USD\$'000)**

City	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Region	NM	NV	AZ	CA	UT	CA	AZ	Average
Country	US	US	US	US	US	US	US	
Included in national average	Y	Y	Y	Y	Y	Y	Y	
User-defined values applied								
Exchange rate, per USD\$	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Initial Investment								
Land	1,394	3,152	1,394	3,140	871	5,931	958	2,406
Buildings	4,437	2,984	3,825	5,049	2,938	5,126	3,825	4,026
	5,831	6,136	5,219	8,189	3,809	11,057	4,783	6,432
<i>Rank, land</i>	3	6	3	5	1	7	2	1
<i>Rank, building</i>	5	2	3	6	1	7	3	1
<i>Rank, total investment</i>	4	5	3	6	1	7	2	1
Cash	280	280	280	280	280	280	280	280
Inventory	1,585	1,585	1,585	1,585	1,585	1,585	1,585	1,585
Fixed assets	5,356	5,356	5,356	5,356	5,356	5,356	5,356	5,356
	13,052	13,357	12,440	15,410	11,030	18,278	12,004	13,653

Initial Financing

Debt	6,493	6,645	6,189	7,666	5,487	9,093	5,972	6,792
Equity	6,559	6,712	6,251	7,744	5,543	9,185	6,032	6,861
	13,052	13,357	12,440	15,410	11,030	18,278	12,004	13,653

10-Year Average Profit & Loss

	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Sales	12,950	12,950	12,950	12,950	12,950	12,950	12,950	12,950
Location-sensitive costs								
Salary and wages	3,534	3,884	3,704	3,960	3,621	3,891	3,579	3,739
Statutory plans	377	442	331	426	346	419	323	380
Other benefits	1,249	1,373	1,309	968	1,280	951	1,266	1,200
Productivity adjustment	—	—	—	—	—	—	—	—
Total labor	5,160	5,699	5,344	5,353	5,247	5,261	5,168	5,319
<i>Rank, salary</i>	1	5	4	7	3	6	2	1
<i>Rank, total labor</i>	1	7	5	6	3	4	2	1
Facility lease	—	—	—	—	—	—	—	—
<i>Rank, facility lease</i>	1	1	1	1	1	1	1	1
Continental freight (road/sea)	696	821	835	852	734	884	872	813
Intercontinental air freight	55	56	52	52	49	52	52	52
Intercontinental sea freight	86	96	89	84	102	82	99	91
Total transportation	837	973	975	988	885	1,018	1,023	957

<i>Rank, transportation</i>	1	3	4	5	2	6	7	1
Electricity	166	200	162	424	141	311	188	228
Gas	38	50	47	48	37	48	47	45
Telecommunications	18	15	15	14	15	14	16	15
<i>Total utilities</i>	222	264	223	486	193	373	251	287
<i>Rank, electricity</i>	3	5	2	7	1	6	4	1
<i>Rank, gas</i>	2	7	3	5	1	5	3	1
<i>Rank, telecommunications</i>	7	3	3	1	5	1	6	1
<i>Total operating costs</i>	6,219	6,936	6,542	6,827	6,325	6,652	6,442	6,563
<i>Rank, operating costs</i>	1	7	4	6	2	5	3	1
	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Interest	227	295	230	358	152	443	216	274
Depreciation	973	876	932	1,014	873	1,019	932	946
<i>Total interest, depreciation</i>	1,200	1,171	1,162	1,372	1,025	1,462	1,148	1,220
Sundry expenses	–	–	–	–	–	–	–	–
Income tax, national	412	234	324	212	458	229	331	314
Income tax, regional	74	–	66	72	69	77	68	61
Income tax, local	–	–	–	–	–	–	–	–
Capital tax, national	–	–	–	–	–	–	–	–
Capital tax, regional	–	–	–	–	–	–	–	–
Sales tax	169	113	124	97	94	97	134	118

Property tax	188	106	200	133	117	158	284	170
Gross receipts tax	–	–	–	–	–	1	–	–
Business tax	–	22	–	–	–	–	–	3
Grants, incentives	(12)	–	–	–	–	–	–	(2)
<i>Total taxes (net of grants)</i>	<u>831</u>	<u>474</u>	<u>713</u>	<u>514</u>	<u>737</u>	<u>562</u>	<u>817</u>	<u>664</u>
<i>Total location-sensitive costs</i>	<u>8,250</u>	<u>8,581</u>	<u>8,417</u>	<u>8,713</u>	<u>8,087</u>	<u>8,676</u>	<u>8,407</u>	<u>8,447</u>
Location-insensitive costs								
Materials	3,302	3,302	3,302	3,302	3,302	3,302	3,302	3,302
Other operating expenses	554	554	554	554	554	554	554	554
<i>Total location-insensitive costs</i>	<u>3,856</u>	<u>3,856</u>	<u>3,856</u>	<u>3,856</u>	<u>3,856</u>	<u>3,856</u>	<u>3,856</u>	<u>3,856</u>
<i>Total costs</i>	<u>12,106</u>	<u>12,437</u>	<u>12,273</u>	<u>12,569</u>	<u>11,943</u>	<u>12,532</u>	<u>12,263</u>	<u>12,303</u>
<i>Net profit after tax</i>	<u>844</u>	<u>514</u>	<u>677</u>	<u>379</u>	<u>1,007</u>	<u>417</u>	<u>687</u>	<u>646</u>
<i>% of sales</i>	6.5%	4.0%	5.2%	2.9%	7.8%	3.2%	5.3%	5.0%
Overall rank	2	5	4	7	1	6	3	1
Overall index	98.4	101.1	99.8	102.2	97.1	101.9	99.7	100.0

Summary Measures

	Albuquerque	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Net profit before income tax	1,330	748	1,067	663	1,533	723	1,086	1,021
Effective income tax rate	36.5%	31.3%	36.6%	42.8%	34.3%	42.3%	36.7%	36.7%

<i>Rank</i>	3	1	4	7	2	6	5	1
Property-based taxes per sq.ft.	\$2.46	\$1.39	\$2.62	\$1.74	\$1.53	\$2.06	\$3.72	\$2.22
<i>Rank</i>	5	1	6	3	2	4	7	1
Capital tax, % of total assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other taxes, % of sales	1.3%	1.0%	1.0%	0.7%	0.7%	0.8%	1.0%	0.9%
Stat. plans as a % of wages	10.7%	11.4%	8.9%	10.8%	9.6%	10.8%	9.0%	10.2%
<i>Rank</i>	4	7	1	5	3	6	2	1
Tax & benefit burden, % of income before taxes & benefits	74.4%	81.7%	77.7%	83.4%	70.1%	82.3%	77.8%	78.2%
<i>Rank</i>	2	5	3	7	1	6	4	1
Land, US\$'000 per acre	\$174	\$394	\$174	\$392	\$109	\$741	\$120	\$301
Building, US\$ per sq.ft.	\$58.00	\$39.00	\$50.00	\$66.00	\$38.40	\$67.00	\$50.00	\$52.63
Electricity, US¢ per kWh	8.03¢	9.69¢	7.83¢	20.54¢	6.84¢	15.09¢	9.07¢	11.01¢
Gas, US\$ per 100 cu.ft.	\$0.77	\$0.99	\$0.94	\$0.97	\$0.74	\$0.97	\$0.94	\$0.90
Interest rate, debt	6.34%	6.34%	6.34%	6.34%	6.34%	6.34%	6.34%	6.34%
Interest rate, cash	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%
NPV discount rate	6.34%	6.34%	6.34%	6.34%	6.34%	6.34%	6.34%	6.34%
NPV of cash flows (US\$'M)	\$3.52	\$0.79	\$2.44	(\$0.34)	\$5.04	(\$0.78)	\$2.64	\$1.90

Rank

	2	5	4	6	1	7	3	1
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Total incentives: US\$ per job,
after estimated tax effects

	\$1,063	\$649	\$859	\$685	\$917	\$691	\$860	\$818
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COMPETITIVE ALTERNATIVES.COM COST MODEL DETAILED COMPARISON REPORT

OPERATION: BIOMEDICAL R&D

(USD\$'000)

	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
City	NM	NV	AZ	CA	UT	CA	AZ	Average
Region	US	US	US	US	US	US	US	
Country	Y	Y	Y	Y	Y	Y	Y	
Included in national average								
User-defined values applied								
Exchange rate, per USD\$	1	1	1	1	1	1	1	1
Initial Investment								
Land	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Rank, land	1	1	1	1	1	1	1	1
Rank, building	1	1	1	1	1	1	1	1
Rank, total investment	1	1	1	1	1	1	1	1
Cash	30	30	30	30	30	30	30	30
Inventory	-	-	-	-	-	-	-	-
Fixed assets	3,525	3,525	3,525	3,525	3,525	3,525	3,525	3,525

	3,555	3,555	3,555	3,555	3,555	3,555	3,555	3,555
Initial Financing								
Debt	—	—	—	—	—	—	—	—
Equity	3,555	3,555	3,555	3,555	3,555	3,555	3,555	3,555
	3,555	3,555	3,555	3,555	3,555	3,555	3,555	3,555
10-Year Average Profit & Loss								
	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Sales	9,300	10,383	9,704	9,808	9,443	10,145	9,398	9,740
Location-sensitive costs								
Salary and wages	3,666	3,944	3,801	4,034	3,678	3,999	3,558	3,811
Statutory plans	305	353	297	344	308	342	281	319
Other benefits	1,266	1,362	1,313	964	1,271	956	1,229	1,195
Productivity adjustment	—	—	—	—	—	—	—	—
Total labor	5,237	5,659	5,411	5,342	5,257	5,296	5,068	5,324
Rank, salary	2	5	4	7	3	6	1	1
Rank, total labor	2	7	6	5	3	4	1	1
Facility lease	810	1,287	1,015	977	922	1,404	1,035	1,064
Rank, facility lease	1	6	4	3	2	7	5	1
Continental freight (road/sea)	—	—	—	—	—	—	—	—
Intercontinental air freight	—	—	—	—	—	—	—	—
Intercontinental sea freight	—	—	—	—	—	—	—	—

Total transportation	-	-	-	-	-	-	-	-	-
Rank, transportation	1	1	1	1	1	1	1	1	1
Electricity	89	119	87	230	71	162	105	123	
Gas	-	-	-	-	-	-	-	-	
Telecommunications	35	31	31	30	31	30	33	32	
Total utilities	124	150	117	260	102	192	138	155	
Rank, electricity	3	5	2	7	1	6	4	1	
Rank, gas	1	1	1	1	1	1	1	1	
Rank, telecommunications	7	3	3	1	5	1	6	1	
Total operating costs	6,171	7,096	6,543	6,579	6,281	6,892	6,241	6,543	
Rank, operating costs	1	7	4	5	3	6	2	1	
	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S	
Interest	-151	-163	-157	-159	-154	-161	-154	-157	
Depreciation	398	398	398	398	398	398	398	398	
Total interest, depreciation	247	235	241	239	244	237	244	241	
Sundry expenses	-	-	-	-	-	-	-	-	
Income tax, national	160	199	183	180	178	191	179	181	
Income tax, regional	41	-	-	-	1	-	-	6	
Income tax, local	-	-	-	-	-	-	-	-	
Capital tax, national	-	-	-	-	-	-	-	-	
Capital tax, regional	-	-	-	-	-	-	-	-	

Sales tax	198	171	111	186	140	180	117	158
Property tax	24	13	26	14	19	13	40	21
Gross receipts tax	—	—	—	—	—	2	—	—
Business tax	—	23	—	—	—	—	—	3
Grants, incentives	-86	—	—	—	—	—	—	-12
Total taxes (net of grants)	337	406	320	380	338	386	336	358
Total location-sensitive costs	6,755	7,737	7,104	7,198	6,863	7,515	6,821	7,142
Location-insensitive costs								
Materials	—	—	—	—	—	—	—	—
Other operating expenses	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Total location-insensitive costs	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Total costs	8,655	9,637	9,004	9,098	8,763	9,415	8,721	9,042
Net profit after tax	645	746	700	710	680	730	677	698
% of sales								
Overall rank	1	7	4	5	3	6	2	1
Overall index	95.7	106.6	99.6	100.6	96.9	104.1	96.4	100
Summary Measures								
	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Net profit before income tax	846	945	883	890	859	921	856	886
Effective income tax rate								

Rank	7	6	2	1	4	3	5	1
Property-based taxes per sq.ft.	0.53	0.29	0.58	0.3	0.42	0.29	0.9	0.47
Rank	5	1	6	3	4	1	7	1
Capital tax, % of total assets								
Other taxes, % of sales								
Stat. plans as a % of wages								
Rank	3	7	1	5	4	6	2	1
Tax & benefit burden, % of income before taxes & benefits								
Rank	7	6	4	2	5	1	3	1
Land, US\$'000 per acre	0	0	0	0	0	0	0	0
Building, US\$ per sq.ft.	18	28.6	22.56	21.71	20.49	31.2	23	23.65
Electricity, US¢ per kWh	6.98	9.25	6.76	17.94	5.56	12.58	8.21	9.61
Gas, US\$ per 100 cu.ft.	0	0	0	0	0	0	0	0
Interest rate, debt	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%
Interest rate, cash	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%
NPV discount rate	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%
NPV of cash flows (US\$'M)	3.55	4.2	3.89	3.98	3.76	4.11	3.73	3.89
Rank	7	1	4	3	5	2	6	1

Total incentives: US\$ per job,
after estimated tax effects

4587 3192 4156 4656 3726 4690 3992 4143

**COMPETITIVE ALTERNATIVES.COM COST MODEL DETAILED
COMPARISON REPORT**

**OPERATION: CLINICAL TRIALS MGMT
(USD\$'000)**

City	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S Average
Region	NM	NV	AZ	CA	UT	CA	AZ	
Country	US	US	US	US	US	US	US	
Included in national average	Y	Y	Y	Y	Y	Y	Y	
User-defined values applied								
Exchange rate, per USD\$	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Initial Investment								
Land	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<i>Rank, land</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Rank, building</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Rank, total investment</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
Cash	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Inventory	-	-	-	-	-	-	-	-
Fixed assets	150	150	150	150	150	150	150	150

1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150
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Initial Financing

Debt	172	172	172	172	172	172	172	172
Equity	978	978	978	978	978	978	978	978
	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150

10-Year Average Profit & Loss

	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Sales	4,520	4,520	4,520	4,520	4,520	4,520	4,520	4,520
Location-sensitive costs								
Salary and wages	2,608	2,786	2,705	2,855	2,614	2,831	2,509	2,701
Statutory plans	227	258	221	255	228	253	207	235
Other benefits	901	963	934	682	903	676	867	847
Productivity adjustment	—	—	—	—	—	—	—	—
Total labor	3,736	4,007	3,859	3,792	3,745	3,760	3,583	3,783
<i>Rank, salary</i>	2	5	4	7	3	6	1	1
<i>Rank, total labor</i>	2	7	6	5	3	4	1	1
Facility lease	190	306	226	239	205	360	240	252
<i>Rank, facility lease</i>	1	6	3	4	2	7	5	1
Continental freight (road/sea)	—	—	—	—	—	—	—	—

Intercontinental air freight	-	-	-	-	-	-	-	-
Intercontinental sea freight	-	-	-	-	-	-	-	-
<i>Total transportation</i>	-	-	-	-	-	-	-	-
<i>Rank, transportation</i>	1	1	1	1	1	1	1	1
Electricity	52	56	43	114	39	83	54	63
Gas	-	-	-	-	-	-	-	-
Telecommunications	-	-	-	-	-	-	-	-
<i>Total utilities</i>	52	56	43	114	39	82	54	63
<i>Rank, electricity</i>	3	5	2	7	1	6	4	1
<i>Rank, gas</i>	1	1	1	1	1	1	1	1
<i>Rank, telecommunications</i>	1	1	1	1	1	1	1	1
<i>Total operating costs</i>	3,978	4,369	4,128	4,145	3,989	4,202	3,877	4,098
<i>Rank, operating costs</i>	2	7	4	5	3	6	1	1
	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Interest	(12)	106	19	24	(7)	43	(24)	21
Depreciation	35	35	35	35	35	35	35	35
<i>Total interest, depreciation</i>	23	141	54	59	28	78	11	56
Sundry expenses	-	-	-	-	-	-	-	-
Income tax, national	-	-	-	-	-	-	-	-

Income tax, regional	-	-	-	-	-	-	-	-
Income tax, local	-	-	-	-	-	-	-	-
Capital tax, national	-	-	-	-	-	-	-	-
Capital tax, regional	-	-	-	-	-	-	-	-
Sales tax	23	20	18	25	18	23	19	21
Property tax	2	1	1	1	2	1	4	2
Gross receipts tax	-	-	-	-	-	1	-	-
Business tax	-	16	-	-	-	-	-	2
Grants, incentives	(17)	-	-	-	-	-	-	(2)
Total taxes (net of grants)	8	37	19	26	20	25	23	23
Total location-sensitive costs	4,009	4,547	4,201	4,230	4,037	4,305	3,911	4,177
Location-insensitive costs								
Materials	-	-	-	-	-	-	-	-
Other operating expenses	226	226	226	226	226	226	226	226
Total location-insensitive costs	226	226	226	226	226	226	226	226
Total costs	4,235	4,773	4,427	4,456	4,263	4,531	4,137	4,403
Net profit after tax	285	(253)	93	64	257	(11)	383	117
% of sales	6.3%	-5.6%	2.1%	1.4%	5.7%	-0.2%	8.5%	2.6%
Overall rank	2	7	4	5	3	6	1	1
Overall index	96.2	108.4	100.5	101.2	96.8	102.9	94.0	100.0

Summary Measures

	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Net profit before income tax	285	(253)	93	64	257	(11)	383	117
Effective income tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Rank</i>	1	1	1	1	1	1	1	1
Property-based taxes per sq.ft.	\$0.20	\$0.13	\$0.09	\$0.13	\$0.17	\$0.13	\$0.37	\$0.17
<i>Rank</i>	6	2	1	2	5	2	7	1
Capital tax, % of total assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other taxes, % of sales	0.5%	0.8%	0.4%	0.6%	0.4%	0.5%	0.4%	0.5%
Stat. plans as a % of wages	8.7%	9.3%	8.2%	8.9%	8.7%	8.9%	8.2%	8.7%
<i>Rank</i>	3	7	1	5	4	6	2	1
Tax & benefit burden, % of income before taxes & benefits	79.9%	125.2%	92.7%	93.8%	81.7%	101.2%	74.1%	92.7%
<i>Rank</i>	2	7	4	5	3	6	1	1
Land, US\$'000 per acre	—	—	—	—	—	—	—	—
Building, US\$ per sq.ft.	\$19.00	\$30.60	\$22.60	\$23.90	\$20.50	\$36.00	\$24.00	\$25.23
Electricity, US¢ per kWh	9.75¢	10.28¢	7.95¢	21.11¢	7.22¢	15.37¢	10.06¢	11.68¢
Gas, US\$ per 100 cu.ft.	—	—	—	—	—	—	—	—

Interest rate, debt	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%
Interest rate, cash	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%
NPV discount rate	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%
NPV of cash flows (US\$'M)	\$1.22	(\$2.24)	(\$0.03)	(\$0.22)	\$1.04	(\$0.72)	\$1.84	\$0.13
Rank	2	7	4	5	3	6	1	1

Total incentives: US\$ per job, after estimated tax effects	\$3,606	–	\$1,114	\$729	\$2,914	(\$11)	\$4,518	\$1,839
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COMPETITIVE ALTERNATIVES.COM COST MODEL DETAILED COMPARISON REPORT

OPERATION: ELECTRONICS ASSEMBLY (USD\$'000)

City	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Region	NM	NV	AZ	CA	UT	CA	AZ	Average
Country	US	US	US	US	US	US	US	
Included in national average	Y	Y	Y	Y	Y	Y	Y	
User-defined values applied								

Exchange rate, per USD\$	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
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Initial Investment

Land	2,439	5,517	2,439	5,495	1,525	10,379	1,677	4,210
Buildings	6,960	4,680	6,000	7,920	4,608	8,040	6,000	6,315
	9,399	10,197	8,439	13,415	6,133	18,419	7,677	10,526

<i>Rank, land</i>	3	6	3	5	1	7	2	1
<i>Rank, building</i>	5	2	3	6	1	7	3	1
<i>Rank, total investment</i>	4	5	3	6	1	7	2	1
Cash	100	100	100	100	100	100	100	100
Inventory	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Fixed assets	9,020	9,020	9,020	9,020	9,020	9,020	9,020	9,020
	19,519	20,317	18,559	23,535	16,253	28,539	17,797	20,646

Initial Financing

Debt	7,808	8,127	7,424	9,414	6,501	11,416	7,119	8,258
Equity	11,711	12,190	11,135	14,121	9,752	17,123	10,678	12,387
	19,519	20,317	18,559	23,535	16,253	28,539	17,797	20,646

10-Year Average Profit & Loss

	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Sales	16,640	16,640	16,640	16,640	16,640	16,640	16,640	16,640
Location-sensitive costs								
Salary and wages	4,192	4,592	4,384	4,686	4,266	4,626	4,181	4,418
Statutory plans	415	455	382	473	416	468	368	425
Other benefits	1,327	1,455	1,388	1,026	1,352	1,014	1,324	1,269
Productivity adjustment	–	–	–	–	–	–	–	–
Total labor	5,934	6,502	6,154	6,185	6,034	6,108	5,873	6,113

<i>Rank, salary</i>	2	5	4	7	3	6	1	1
<i>Rank, total labor</i>	2	7	5	6	3	4	1	1
Facility lease	–	–	–	–	–	–	–	–
<i>Rank, facility lease</i>	1	1	1	1	1	1	1	1
Continental freight (road/sea)	168	226	217	239	209	244	218	217
Intercontinental air freight	146	146	141	136	140	136	141	141
Intercontinental sea freight	–	–	–	–	–	–	–	–
<i>Total transportation</i>	314	372	358	375	349	380	359	358
<i>Rank, transportation</i>	1	5	3	6	2	7	4	1
Electricity	195	246	198	523	162	370	227	274
Gas	50	65	61	63	49	63	61	59
Telecommunications	28	24	24	23	25	23	26	25
<i>Total utilities</i>	273	335	283	609	236	456	314	358
<i>Rank, electricity</i>	2	5	3	7	1	6	4	1
<i>Rank, gas</i>	2	7	3	5	1	5	3	1
<i>Rank, telecommunications</i>	7	3	3	1	5	1	6	1
<i>Total operating costs</i>	6,521	7,209	6,795	7,169	6,619	6,944	6,546	6,829
<i>Rank, operating costs</i>	1	7	4	6	3	5	2	1
	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Interest	142	214	132	302	43	414	104	193

Depreciation	1,610	1,458	1,546	1,674	1,454	1,682	1,546	1,567
<i>Total interest, depreciation</i>	1,752	1,672	1,678	1,976	1,497	2,096	1,650	1,760
Sundry expenses	–	–	–	–	–	–	–	–
Income tax, national	678	528	624	439	768	458	663	594
Income tax, regional	132	–	122	147	114	153	131	114
Income tax, local	–	–	–	–	–	–	–	–
Capital tax, national	–	–	–	–	–	–	–	–
Capital tax, regional	–	1	–	–	–	–	–	–
Sales tax	186	171	84	153	70	153	89	129
Property tax	307	177	329	219	192	262	464	279
Gross receipts tax	–	–	–	–	–	2	–	–
Business tax	–	26	–	–	–	–	–	4
Grants, incentives	(24)	–	–	–	–	–	–	(3)
<i>Total taxes (net of grants)</i>	1,278	902	1,158	958	1,144	1,027	1,346	1,116
<i>Total location-sensitive costs</i>	9,551	9,783	9,631	10,103	9,260	10,067	9,542	9,705
Location-insensitive costs								
Materials	4,992	4,992	4,992	4,992	4,992	4,992	4,992	4,992
Other operating expenses	624	624	624	624	624	624	624	624
<i>Total location-insensitive costs</i>	5,616	5,616	5,616	5,616	5,616	5,616	5,616	5,616
<i>Total costs</i>	15,167	15,399	15,247	15,719	14,876	15,683	15,158	15,321
<i>Net profit after tax</i>	1,474	1,241	1,394	921	1,765	957	1,482	1,319

% of sales	8.9%	7.5%	8.4%	5.5%	10.6%	5.8%	8.9%	7.9%
Overall rank	3	5	4	7	1	6	2	1
Overall index	99.0	100.5	99.5	102.6	97.1	102.4	98.9	100.0

Summary Measures

	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Net profit before income tax	2,284	1,769	2,140	1,507	2,647	1,567	2,276	2,027
Effective income tax rate	35.5%	29.8%	34.9%	38.9%	33.3%	38.9%	34.9%	34.9%
<i>Rank</i>	<i>5</i>	<i>1</i>	<i>3</i>	<i>6</i>	<i>2</i>	<i>7</i>	<i>4</i>	<i>1</i>

Property-based taxes per sq.ft.	\$2.56	\$1.47	\$2.74	\$1.82	\$1.60	\$2.19	\$3.87	\$2.32
<i>Rank</i>	<i>5</i>	<i>1</i>	<i>6</i>	<i>3</i>	<i>2</i>	<i>4</i>	<i>7</i>	<i>1</i>

Capital tax, % of total assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other taxes, % of sales	1.1%	1.2%	0.5%	0.9%	0.4%	0.9%	0.5%	0.8%

Stat. plans as a % of wages	9.9%	9.9%	8.7%	10.1%	9.8%	10.1%	8.8%	9.6%
<i>Rank</i>	<i>4</i>	<i>5</i>	<i>1</i>	<i>6</i>	<i>3</i>	<i>7</i>	<i>2</i>	<i>1</i>

Tax & benefit burden, % of income before taxes & benefits	67.2%	69.4%	67.7%	72.7%	62.3%	72.4%	67.2%	68.4%
<i>Rank</i>	<i>2</i>	<i>5</i>	<i>4</i>	<i>7</i>	<i>1</i>	<i>6</i>	<i>3</i>	<i>1</i>

Land, US\$'000 per acre	\$174	\$394	\$174	\$392	\$109	\$741	\$120	\$301
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Building, US\$ per sq.ft.	\$58.00	\$39.00	\$50.00	\$66.00	\$38.40	\$67.00	\$50.00	\$52.63
Electricity, US¢ per kWh	7.40¢	9.33¢	7.51¢	19.88¢	6.16¢	14.09¢	8.64¢	10.43¢
Gas, US\$ per 100 cu.ft.	\$0.76	\$0.99	\$0.93	\$0.96	\$0.74	\$0.96	\$0.93	\$0.90
Interest rate, debt	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%
Interest rate, cash	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%
NPV discount rate	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%
NPV of cash flows (US\$'M)	\$6.37	\$4.07	\$6.02	\$1.29	\$9.22	\$0.16	\$6.85	\$4.85
Rank	3	5	4	6	1	7	2	1
Total incentives: US\$ per job, after estimated tax effects	\$1,533	\$1,134	\$1,427	\$982	\$1,402	\$1,015	\$1,475	\$1,281

**COMPETITIVE ALTERNATIVES.COM COST MODEL DETAILED
COMPARISON REPORT**

**OPERATION: ELECTRONIC SYSTEM TESTING
(USD\$'000)**

City	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Region	NM	NV	AZ	CA	UT	CA	AZ	Average
Country	US	US	US	US	US	US	US	
Included in national average	Y	Y	Y	Y	Y	Y	Y	
User-defined values applied								
Exchange rate, per USD\$	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000

Initial Investment

Land	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<i>Rank, land</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Rank, building</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Rank, total investment</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
Cash	30	30	30	30	30	30	30	30
Inventory	-	-	-	-	-	-	-	-
Fixed assets	3,630	3,630	3,630	3,630	3,630	3,630	3,630	3,630
	3,660	3,660	3,660	3,660	3,660	3,660	3,660	3,660

Initial Financing

Debt	-	-	-	-	-	-	-	-
Equity	3,660	3,660	3,660	3,660	3,660	3,660	3,660	3,660
	3,660	3,660	3,660	3,660	3,660	3,660	3,660	3,660

10-Year Average Profit & Loss

	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Sales	10,193	11,256	10,647	10,816	10,337	11,121	10,204	10,653
Location-sensitive costs								

Salary and wages	4,738	5,028	4,932	5,211	4,767	5,153	4,597	4,918
Statutory plans	513	493	454	574	463	570	429	499
Other benefits	1,501	1,593	1,563	1,142	1,511	1,129	1,456	1,413
Productivity adjustment	–	–	–	–	–	–	–	–
<i>Total labor</i>	<u>6,752</u>	<u>7,114</u>	<u>6,949</u>	<u>6,927</u>	<u>6,740</u>	<u>6,852</u>	<u>6,482</u>	<u>6,831</u>
<i>Rank, salary</i>	2	5	4	7	3	6	1	1
<i>Rank, total labor</i>	3	7	6	5	2	4	1	1
Facility lease	810	1,287	1,015	977	922	1,404	1,035	1,064
<i>Rank, facility lease</i>	1	6	4	3	2	7	5	1
Continental freight (road/sea)	–	–	–	–	–	–	–	–
Intercontinental air freight	–	–	–	–	–	–	–	–
Intercontinental sea freight	–	–	–	–	–	–	–	–
<i>Total transportation</i>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<i>Rank, transportation</i>	1	1	1	1	1	1	1	1
Electricity	89	119	87	230	71	162	105	123
Gas	–	–	–	–	–	–	–	–
Telecommunications	28	24	24	23	25	23	26	24
<i>Total utilities</i>	<u>117</u>	<u>143</u>	<u>110</u>	<u>253</u>	<u>96</u>	<u>185</u>	<u>131</u>	<u>148</u>
<i>Rank, electricity</i>	3	5	2	7	1	6	4	1
<i>Rank, gas</i>	1	1	1	1	1	1	1	1
<i>Rank, telecommunications</i>	7	3	3	1	5	1	6	1
<i>Total operating costs</i>	<u>7,679</u>	<u>8,544</u>	<u>8,074</u>	<u>8,157</u>	<u>7,758</u>	<u>8,441</u>	<u>7,648</u>	<u>8,043</u>

<i>Rank, operating costs</i>	2	7	4	5	3	6	1	1
	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Interest	(164)	(176)	(170)	(173)	(167)	(175)	(166)	(170)
Depreciation	410	410	410	410	410	410	410	410
<i>Total interest, depreciation</i>	246	234	240	237	243	235	244	240
Sundry expenses	—	—	—	—	—	—	—	—
Income tax, national	152	190	176	174	171	184	171	174
Income tax, regional	43	—	—	—	—	—	—	6
Income tax, local	—	—	—	—	—	—	—	—
Capital tax, national	—	—	—	—	—	—	—	—
Capital tax, regional	—	—	—	—	—	—	—	—
Sales tax	166	152	79	166	119	161	83	132
Property tax	25	13	27	14	19	13	42	22
Gross receipts tax	—	—	—	—	—	2	—	—
Business tax	—	29	—	—	—	—	—	4
Grants, incentives	(109)	—	—	—	—	—	—	(16)
<i>Total taxes (net of grants)</i>	277	383	282	354	308	360	295	323
<i>Total location-sensitive costs</i>	8,202	9,161	8,596	8,748	8,309	9,036	8,187	8,606
Location-insensitive costs								
Materials	—	—	—	—	—	—	—	—
Other operating expenses	1,259	1,259	1,259	1,259	1,259	1,259	1,259	1,259

<i>Total location-insensitive costs</i>	1,259	1,259	1,259	1,259	1,259	1,259	1,259	1,259
<i>Total costs</i>	9,461	10,420	9,855	10,007	9,568	10,295	9,446	9,865
<i>Net profit after tax</i>	732	836	792	809	769	826	758	789
<i>% of sales</i>	7.2%	7.4%	7.4%	7.5%	7.4%	7.4%	7.4%	7.4%
Overall rank	2	7	4	5	3	6	1	1
Overall index	95.9	105.6	99.9	101.4	97.0	104.4	95.8	100.0

Summary Measures

	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Net profit before income tax	927	1,026	968	983	940	1,010	928	969
Effective income tax rate	21.0%	18.5%	18.2%	17.7%	18.2%	18.2%	18.3%	18.6%
<i>Rank</i>	<i>7</i>	<i>6</i>	<i>2</i>	<i>1</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>1</i>
Property-based taxes per sq.ft.	\$0.55	\$0.30	\$0.60	\$0.31	\$0.43	\$0.30	\$0.92	\$0.49
<i>Rank</i>	<i>5</i>	<i>1</i>	<i>6</i>	<i>3</i>	<i>4</i>	<i>1</i>	<i>7</i>	<i>1</i>
Capital tax, % of total assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other taxes, % of sales	1.6%	1.6%	0.7%	1.5%	1.1%	1.5%	0.8%	1.3%
Stat. plans as a % of wages	10.8%	9.8%	9.2%	11.0%	9.7%	11.1%	9.3%	10.1%
<i>Rank</i>	<i>5</i>	<i>4</i>	<i>1</i>	<i>6</i>	<i>3</i>	<i>7</i>	<i>2</i>	<i>1</i>

Tax & benefit burden, % of income before taxes & benefits	75.8%	74.7%	74.4%	71.9%	74.8%	71.4%	74.2%	73.9%
<i>Rank</i>	7	5	4	2	6	1	3	1
Land, US\$'000 per acre	–	–	–	–	–	–	–	–
Building, US\$ per sq.ft.	\$18.00	\$28.60	\$22.56	\$21.71	\$20.49	\$31.20	\$23.00	\$23.65
Electricity, US¢ per kWh	6.98¢	9.25¢	6.76¢	17.94¢	5.56¢	12.58¢	8.21¢	9.61¢
Gas, US\$ per 100 cu.ft.	–	–	–	–	–	–	–	–
Interest rate, debt	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%
Interest rate, cash	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%
NPV discount rate	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%
NPV of cash flows (US\$'M)	\$4.10	\$4.76	\$4.49	\$4.60	\$4.33	\$4.72	\$4.25	\$4.47
<i>Rank</i>	7	1	4	3	5	2	6	1
Total incentives: US\$ per job, after estimated tax effects	\$5,504	\$3,843	\$4,866	\$5,387	\$4,413	\$5,410	\$4,636	\$4,866

**COMPETITIVE ALTERNATIVES.COM COST MODEL DETAILED
COMPARISON REPORT**

**OPERATION: MEDICAL DEVICES
(USD\$'000)**

City	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Region	NM	NV	AZ	CA	UT	CA	AZ	Average
Country	US	US	US	US	US	US	US	
Included in national average	Y	Y	Y	Y	Y	Y	Y	
User-defined values applied								
Exchange rate, per USD\$	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Initial Investment								
Land	1,307	3,152	1,641	2,355	784	5,233	915	2,198
Buildings	4,060	2,730	3,500	4,620	2,688	4,690	3,500	3,684
	5,367	5,882	5,141	6,975	3,472	9,923	4,415	5,882
<i>Rank, land</i>	3	6	4	5	1	7	2	1
<i>Rank, building</i>	5	2	3	6	1	7	3	1
<i>Rank, total investment</i>	4	5	3	6	1	7	2	1
Cash	100	100	100	100	100	100	100	100
Inventory	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Fixed assets	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
	11,167	11,682	10,941	12,775	9,272	15,723	10,215	11,682

Initial Financing

Debt	5,025	5,257	4,923	5,749	4,172	7,075	4,597	5,257
Equity	6,142	6,425	6,018	7,026	5,100	8,648	5,618	6,425
	11,167	11,682	10,941	12,775	9,272	15,723	10,215	11,682

10-Year Average Profit & Loss

	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Sales	16,600	16,600	16,600	16,600	16,600	16,600	16,600	16,600
Location-sensitive costs								
Salary and wages	4,218	4,632	4,413	4,719	4,304	4,647	4,252	4,455
Statutory plans	370	449	397	431	412	426	387	410
Other benefits	1,481	1,627	1,550	1,146	1,511	1,129	1,494	1,420
Productivity adjustment	–	–	–	–	–	–	–	–
<i>Total labor</i>	6,069	6,708	6,360	6,295	6,227	6,202	6,133	6,285
<i>Rank, salary</i>	1	5	4	7	3	6	2	1
<i>Rank, total labor</i>	1	7	6	5	4	3	2	1
Facility lease	–	–	–	–	–	–	–	–
<i>Rank, facility lease</i>	1	1	1	1	1	1	1	1
Continental freight (road/sea)	287	385	371	406	355	414	372	370
Intercontinental air freight	–	–	–	–	–	–	–	–
Intercontinental sea freight	275	305	279	263	336	257	315	290

<i>Total transportation</i>	562	690	650	669	691	671	687	660
<i>Rank, transportation</i>	1	6	2	3	7	4	5	1
Electricity	141	176	141	373	118	267	163	197
Gas	8	10	10	10	8	10	10	9
Telecommunications	31	27	27	26	28	26	29	28
<i>Total utilities</i>	180	213	178	409	154	303	202	234
<i>Rank, electricity</i>	2	5	3	7	1	6	4	1
<i>Rank, gas</i>	1	3	3	3	1	3	3	1
<i>Rank, telecommunications</i>	7	3	3	1	5	1	6	1
<i>Total operating costs</i>	6,811	7,611	7,188	7,373	7,072	7,176	7,022	7,179
<i>Rank, operating costs</i>	1	7	5	6	3	4	2	1
	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Interest	122	202	143	211	80	282	113	165
Depreciation	679	589	641	715	587	721	641	653
<i>Total interest, depreciation</i>	801	791	784	926	667	1,003	754	818
Sundry expenses	—	—	—	—	—	—	—	—
Income tax, national	470	254	372	291	453	319	409	367
Income tax, regional	87	—	53	78	65	87	63	62
Income tax, local	—	—	—	—	—	—	—	—
Capital tax, national	—	—	—	—	—	—	—	—

Capital tax, regional	-	-	-	-	-	-	-	-
Sales tax	248	181	170	173	177	173	182	186
Property tax	148	86	163	102	88	129	220	134
Gross receipts tax	-	-	-	-	-	2	-	-
Business tax	-	26	-	-	-	-	-	4
Grants, incentives	(26)	-	-	-	-	-	-	(4)
<i>Total taxes (net of grants)</i>	<u>927</u>	<u>547</u>	<u>759</u>	<u>644</u>	<u>783</u>	<u>708</u>	<u>873</u>	<u>749</u>
<i>Total location-sensitive costs</i>	<u>8,539</u>	<u>8,949</u>	<u>8,731</u>	<u>8,943</u>	<u>8,522</u>	<u>8,887</u>	<u>8,649</u>	<u>8,746</u>
Location-insensitive costs								
Materials	4,980	4,980	4,980	4,980	4,980	4,980	4,980	4,980
Other operating expenses	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075
<i>Total location-insensitive costs</i>	<u>7,055</u>	<u>7,055</u>	<u>7,055</u>	<u>7,055</u>	<u>7,055</u>	<u>7,055</u>	<u>7,055</u>	<u>7,055</u>
<i>Total costs</i>	<u>15,594</u>	<u>16,004</u>	<u>15,786</u>	<u>15,998</u>	<u>15,577</u>	<u>15,942</u>	<u>15,704</u>	<u>15,801</u>
<i>Net profit after tax</i>	<u>1,006</u>	<u>596</u>	<u>813</u>	<u>601</u>	<u>1,023</u>	<u>658</u>	<u>896</u>	<u>799</u>
<i>% of sales</i>	6.1%	3.6%	4.9%	3.6%	6.2%	4.0%	5.4%	4.8%
Overall rank	2	7	4	6	1	5	3	1
Overall index	98.7	101.3	99.9	101.2	98.6	100.9	99.4	100.0

Summary Measures

Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
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Net profit before income tax	1,563	850	1,238	970	1,541	1,062	1,367	1,227
Effective income tax rate	35.6%	29.9%	34.3%	38.0%	33.6%	38.0%	34.5%	34.9%
Rank	5	1	3	6	2	7	4	1
Property-based taxes per sq.ft.	\$2.11	\$1.23	\$2.33	\$1.46	\$1.25	\$1.84	\$3.14	\$1.91
Rank	5	1	6	3	2	4	7	1
Capital tax, % of total assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other taxes, % of sales	1.5%	1.2%	1.0%	1.0%	1.1%	1.1%	1.1%	1.1%
Stat. plans as a % of wages	8.8%	9.7%	9.0%	9.1%	9.6%	9.2%	9.1%	9.2%
Rank	1	7	2	4	6	5	3	1
Tax & benefit burden, % of income before taxes & benefits	73.4%	81.5%	76.9%	78.7%	72.6%	77.5%	75.5%	76.6%
Rank	2	7	4	6	1	5	3	1
Land, US\$'000 per acre	\$218	\$525	\$274	\$392	\$131	\$872	\$152	\$366
Building, US\$ per sq.ft.	\$58.00	\$39.00	\$50.00	\$66.00	\$38.40	\$67.00	\$50.00	\$52.63
Electricity, US¢ per kWh	7.58¢	9.48¢	7.60¢	20.08¢	6.36¢	14.40¢	8.82¢	10.62¢
Gas, US\$ per 100 cu.ft.	\$0.84	\$1.09	\$1.03	\$1.06	\$0.81	\$1.06	\$1.03	\$0.99
Interest rate, debt	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%
Interest rate, cash	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%

NPV discount rate	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%
NPV of cash flows (US\$'M)	\$4.90	\$1.53	\$3.51	\$1.60	\$5.36	\$1.26	\$4.30	\$3.21
Rank	2	6	4	5	1	7	3	1

Total incentives: US\$ per job, after estimated tax effects	\$1,265	\$823	\$1,284	\$1,041	\$1,036	\$1,033	\$1,292	\$1,111
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**COMPETITIVE ALTERNATIVES.COM COST MODEL DETAILED
COMPARISON REPORT**

**OPERATION: PHARMACEUTICALS
(USD\$'000)**

City	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Region	NM	NV	AZ	CA	UT	CA	AZ	Average
Country	US	US	US	US	US	US	US	
Included in national average	Y	Y	Y	Y	Y	Y	Y	
User-defined values applied								
Exchange rate, per USD\$	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000

Initial Investment

Land	1,307	3,152	1,641	2,355	784	5,233	915	2,198
Buildings	4,060	2,730	3,500	4,620	2,688	4,690	3,500	3,684
	5,367	5,882	5,141	6,975	3,472	9,923	4,415	5,882
Rank, land	3	6	4	5	1	7	2	1
Rank, building	5	2	3	6	1	7	3	1

<i>Rank, total investment</i>	4	5	3	6	1	7	2	1
Cash	100	100	100	100	100	100	100	100
Inventory	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Fixed assets	6,700	6,700	6,700	6,700	6,700	6,700	6,700	6,700
	<u>14,167</u>	<u>14,682</u>	<u>13,941</u>	<u>15,775</u>	<u>12,272</u>	<u>18,723</u>	<u>13,215</u>	<u>14,682</u>

Initial Financing

Debt	7,083	7,341	6,971	7,887	6,136	9,361	6,607	7,341
Equity	7,084	7,341	6,970	7,888	6,136	9,362	6,608	7,341
	<u>14,167</u>	<u>14,682</u>	<u>13,941</u>	<u>15,775</u>	<u>12,272</u>	<u>18,723</u>	<u>13,215</u>	<u>14,682</u>

10-Year Average Profit & Loss

	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Sales	22,400	22,400	22,400	22,400	22,400	22,400	22,400	22,400
Location-sensitive costs								
Salary and wages	4,752	5,241	4,979	5,334	4,860	5,252	4,803	5,032
Statutory plans	434	534	416	538	440	530	405	471
Other benefits	1,893	2,087	1,983	1,470	1,936	1,447	1,913	1,818
Productivity adjustment	—	—	—	—	—	—	—	—
Total labor	<u>7,079</u>	<u>7,862</u>	<u>7,378</u>	<u>7,342</u>	<u>7,236</u>	<u>7,229</u>	<u>7,121</u>	<u>7,321</u>
<i>Rank, salary</i>	1	5	4	7	3	6	2	1
<i>Rank, total labor</i>	1	7	6	5	4	3	2	1

Facility lease	–	–	–	–	–	–	–	–
<i>Rank, facility lease</i>	1	1	1	1	1	1	1	1
Continental freight (road/sea)	361	486	468	513	449	523	470	467
Intercontinental air freight	–	–	–	–	–	–	–	–
Intercontinental sea freight	331	368	336	317	405	309	379	349
<i>Total transportation</i>	692	854	804	829	853	832	849	816
<i>Rank, transportation</i>	1	7	2	3	6	4	5	1
Electricity	141	176	141	374	118	268	164	198
Gas	8	10	10	10	8	10	10	9
Telecommunications	36	32	32	30	32	30	34	32
<i>Total utilities</i>	185	218	183	414	158	308	208	239
<i>Rank, electricity</i>	2	5	2	7	1	6	4	1
<i>Rank, gas</i>	1	3	3	3	1	3	3	1
<i>Rank, telecommunications</i>	7	3	3	1	5	1	6	1
<i>Total operating costs</i>	7,956	8,934	8,365	8,585	8,247	8,369	8,178	8,376
<i>Rank, operating costs</i>	1	7	4	6	3	5	2	1
	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Interest	236	340	255	336	179	414	224	283
Depreciation	1,121	1,032	1,083	1,158	1,029	1,163	1,083	1,096

<i>Total interest, depreciation</i>	1,357	1,372	1,338	1,494	1,208	1,577	1,307	1,379
Sundry expenses	–	–	–	–	–	–	–	–
Income tax, national	375	127	280	193	377	224	314	270
Income tax, regional	65	–	45	59	57	69	53	50
Income tax, local	–	–	–	–	–	–	–	–
Capital tax, national	–	–	–	–	–	–	–	–
Capital tax, regional	–	–	–	–	–	–	–	–
Sales tax	438	319	304	316	290	316	322	329
Property tax	198	114	220	130	126	156	303	178
Gross receipts tax	–	–	–	–	–	2	–	–
Business tax	–	30	–	–	–	–	–	4
Grants, incentives	(26)	–	–	–	–	–	–	(4)
<i>Total taxes (net of grants)</i>	1,051	589	848	698	850	767	991	828
<i>Total location-sensitive costs</i>	10,364	10,895	10,551	10,777	10,305	10,713	10,476	10,583
Location-insensitive costs								
Materials	6,720	6,720	6,720	6,720	6,720	6,720	6,720	6,720
Other operating expenses	4,480	4,480	4,480	4,480	4,480	4,480	4,480	4,480
<i>Total location-insensitive costs</i>	11,200	11,200	11,200	11,200	11,200	11,200	11,200	11,200
<i>Total costs</i>	21,564	22,095	21,751	21,977	21,505	21,913	21,676	21,783
<i>Net profit after tax</i>	837	305	649	424	895	487	723	617
<i>% of sales</i>	3.7%	1.4%	2.9%	1.9%	4.0%	2.2%	3.2%	2.8%

Overall rank	2	7	4	6	1	5	3	1
Overall index	99.0	101.4	99.9	100.9	98.7	100.6	99.5	100.0

Summary Measures

	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Net profit before income tax	1,277	431	973	676	1,329	780	1,089	936
Effective income tax rate	34.5%	29.2%	33.3%	37.3%	32.7%	37.6%	33.6%	34.1%
<i>Rank</i>	5	1	3	6	2	7	4	1
Property-based taxes per sq.ft.	\$2.82	\$1.62	\$3.14	\$1.86	\$1.80	\$2.22	\$4.33	\$2.54
<i>Rank</i>	5	1	6	3	2	4	7	1
Capital tax, % of total assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other taxes, % of sales	2.0%	1.6%	1.4%	1.4%	1.3%	1.4%	1.4%	1.5%
Stat. plans as a % of wages	9.1%	10.2%	8.3%	10.1%	9.1%	10.1%	8.4%	9.3%
<i>Rank</i>	4	7	1	5	3	6	2	1
Tax & benefit burden, % of income before taxes & benefits	80.1%	91.3%	83.3%	86.5%	78.3%	84.9%	82.1%	83.8%
<i>Rank</i>	2	7	4	6	1	5	3	1
Land, US\$'000 per acre	\$218	\$525	\$274	\$392	\$131	\$872	\$152	\$366
Building, US\$ per sq.ft.	\$58.00	\$39.00	\$50.00	\$66.00	\$38.40	\$67.00	\$50.00	\$52.63

Electricity, US¢ per kWh	7.58¢	9.48¢	7.60¢	20.08¢	6.36¢	14.40¢	8.82¢	10.62¢
Gas, US\$ per 100 cu.ft.	\$0.84	\$1.09	\$1.03	\$1.06	\$0.81	\$1.06	\$1.03	\$0.99

Interest rate, debt	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%
Interest rate, cash	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%
NPV discount rate	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%
NPV of cash flows (US\$'M)	\$3.26	(\$1.10)	\$1.90	(\$0.17)	\$4.01	(\$0.36)	\$2.62	\$1.45
Rank	2	7	4	5	1	6	3	1

Total incentives: US\$ per job, after estimated tax effects	\$1,110	\$769	\$936	\$857	\$837	\$838	\$992	\$906
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**COMPETITIVE ALTERNATIVES.COM COST MODEL DETAILED
COMPARISON REPORT**

**OPERATION: PLASTIC PRODUCTS
(USD\$'000)**

City	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Region	NM	NV	AZ	CA	UT	CA	AZ	Average
Country	US	US	US	US	US	US	US	
Included in national average	Y	Y	Y	Y	Y	Y	Y	
User-defined values applied								
Exchange rate, per USD\$	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000

Initial Investment

Land	1,742	3,940	1,742	3,925	1,089	7,413	1,198	3,007
Buildings	5,800	3,900	5,000	6,600	3,840	6,700	5,000	5,263
	7,542	7,840	6,742	10,525	4,929	14,113	6,198	8,270
<i>Rank, land</i>	3	6	3	5	1	7	2	1
<i>Rank, building</i>	5	2	3	6	1	7	3	1
<i>Rank, total investment</i>	4	5	3	6	1	7	2	1
Cash	100	100	100	100	100	100	100	100
Inventory	700	700	700	700	700	700	700	700
Fixed assets	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
	10,542	10,840	9,742	13,525	7,929	17,113	9,198	11,270

Initial Financing

Debt	7,906	8,130	7,306	10,144	5,947	12,835	6,898	8,452
Equity	2,636	2,710	2,436	3,381	1,982	4,278	2,300	2,818
	10,542	10,840	9,742	13,525	7,929	17,113	9,198	11,270

10-Year Average Profit & Loss

	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Sales	16,350	16,350	16,350	16,350	16,350	16,350	16,350	16,350
Location-sensitive costs								
Salary and wages	3,512	3,875	3,692	3,948	3,618	3,871	3,583	3,728

Statutory plans	405	461	346	503	369	494	339	417
Other benefits	1,145	1,263	1,204	890	1,179	873	1,168	1,103
Productivity adjustment	–	–	–	–	–	–	–	–
<i>Total labor</i>	5,062	5,599	5,242	5,341	5,166	5,238	5,090	5,248
<i>Rank, salary</i>	1	6	4	7	3	5	2	1
<i>Rank, total labor</i>	1	7	5	6	3	4	2	1
Facility lease	–	–	–	–	–	–	–	–
<i>Rank, facility lease</i>	1	1	1	1	1	1	1	1
Continental freight (road/sea)	1,460	1,736	1,634	1,675	1,971	1,721	1,667	1,695
Intercontinental air freight	–	–	–	–	–	–	–	–
Intercontinental sea freight	437	428	375	342	517	329	446	410
<i>Total transportation</i>	1,897	2,164	2,009	2,017	2,487	2,049	2,113	2,105
<i>Rank, transportation</i>	1	6	2	3	7	4	5	1
Electricity	355	441	302	938	309	670	406	489
Gas	79	102	97	99	76	99	97	93
Telecommunications	17	15	15	14	15	14	16	15
<i>Total utilities</i>	451	558	413	1,051	400	783	518	596
<i>Rank, electricity</i>	3	5	1	7	2	6	4	1
<i>Rank, gas</i>	2	7	3	5	1	5	3	1
<i>Rank, telecommunications</i>	7	3	3	1	5	1	6	1
<i>Total operating costs</i>	7,410	8,321	7,664	8,409	8,053	8,070	7,721	7,950

<i>Rank, operating costs</i>	1	6	2	7	4	5	3	1
	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Interest	275	350	259	489	195	636	247	350
Depreciation	662	536	608	716	532	722	608	626
<i>Total interest, depreciation</i>	937	886	867	1,205	727	1,358	855	976
Sundry expenses	–	–	–	–	–	–	–	–
Income tax, national	581	382	512	268	466	312	469	427
Income tax, regional	112	–	113	89	73	103	104	85
Income tax, local	–	–	–	–	–	–	–	–
Capital tax, national	–	–	–	–	–	–	–	–
Capital tax, regional	–	–	–	–	–	–	–	–
Sales tax	241	110	236	71	211	71	262	172
Property tax	177	100	184	134	100	166	256	159
Gross receipts tax	–	–	–	–	–	2	–	–
Business tax	–	22	–	–	–	–	–	3
Grants, incentives	–	–	–	–	–	–	–	–
<i>Total taxes (net of grants)</i>	1,111	614	1,045	562	849	654	1,091	847
<i>Total location-sensitive costs</i>	9,458	9,821	9,576	10,176	9,629	10,082	9,667	9,773
Location-insensitive costs								
Materials	4,905	4,905	4,905	4,905	4,905	4,905	4,905	4,905
Other operating expenses	899	899	899	899	899	899	899	899
<i>Total location-insensitive costs</i>	5,804	5,804	5,804	5,804	5,804	5,804	5,804	5,804

<i>Total costs</i>	15,262	15,625	15,380	15,980	15,433	15,886	15,471	15,577
<i>Net profit after tax</i>	1,087	725	971	370	918	464	879	773
<i>% of sales</i>	6.6%	4.4%	5.9%	2.3%	5.6%	2.8%	5.4%	4.7%
Overall rank	1	5	2	7	3	6	4	1
Overall index	98.0	100.3	98.7	102.6	99.1	102.0	99.3	100.0

Summary Measures

	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Net profit before income tax	1,780	1,107	1,596	727	1,456	879	1,452	1,285
Effective income tax rate	38.9%	34.5%	39.2%	49.1%	37.0%	47.2%	39.5%	39.8%
<i>Rank</i>	3	1	4	7	2	6	5	1
Property-based taxes per sq.ft.	\$1.77	\$1.00	\$1.84	\$1.34	\$1.00	\$1.66	\$2.56	\$1.59
<i>Rank</i>	5	2	6	3	1	4	7	1
Capital tax, % of total assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other taxes, % of sales	1.5%	0.8%	1.4%	0.4%	1.3%	0.4%	1.6%	1.1%
Stat. plans as a % of wages	11.5%	11.9%	9.4%	12.7%	10.2%	12.8%	9.5%	11.1%
<i>Rank</i>	4	5	1	6	3	7	2	1

Tax & benefit burden, % of income before taxes & benefits	71.0%	76.3%	72.8%	84.1%	72.3%	81.3%	74.7%	76.1%
Rank	1	5	3	7	2	6	4	1
Land, US\$'000 per acre	\$174	\$394	\$174	\$392	\$109	\$741	\$120	\$301
Building, US\$ per sq.ft.	\$58.00	\$39.00	\$50.00	\$66.00	\$38.40	\$67.00	\$50.00	\$52.63
Electricity, US¢ per kWh	7.58¢	9.43¢	6.47¢	20.05¢	6.61¢	14.33¢	8.67¢	10.45¢
Gas, US\$ per 100 cu.ft.	\$0.76	\$0.98	\$0.93	\$0.96	\$0.73	\$0.96	\$0.93	\$0.89
Interest rate, debt	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%
Interest rate, cash	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%
NPV discount rate	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%
NPV of cash flows (US\$'M)	\$7.33	\$4.38	\$6.49	\$1.85	\$6.16	\$2.12	\$5.88	\$4.89
Rank	1	5	2	7	3	6	4	1
Total incentives: US\$ per job, after estimated tax effects	\$723	\$450	\$651	\$318	\$575	\$391	\$625	\$533

COMPETITIVE ALTERNATIVES.COM COST MODEL DETAILED COMPARISON REPORT

OPERATION: SHARED SERVICES CENTER (USD\$'000)

City Region	Albuquer NM	Las Vega NV	Phoenix AZ	Riversid CA	Salt Lak UT	San Dieg CA	Tucson AZ	United S Average
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Country	US	US	US	US	US	US	US	US
Included in national average	Y	Y	Y	Y	Y	Y	Y	Y
User-defined values applied								
Exchange rate, per USD\$	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000

Initial Investment

Land	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<i>Rank, land</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Rank, building</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Rank, total investment</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
Cash	100	100	100	100	100	100	100	100
Inventory	-	-	-	-	-	-	-	-
Fixed assets	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900

Initial Financing

Debt	-	-	-	-	-	-	-	-
Equity	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900

10-Year Average Profit & Loss

	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Sales	11,347	12,406	11,672	12,072	11,404	12,069	11,388	11,765
Location-sensitive costs								
Salary and wages	5,819	6,405	6,107	6,589	5,929	6,519	5,836	6,172
Statutory plans	506	605	491	582	531	577	473	538
Other benefits	1,429	1,573	1,500	1,119	1,456	1,107	1,433	1,374
Productivity adjustment	–	–	–	–	–	–	–	–
<i>Total labor</i>	7,754	8,583	8,098	8,290	7,916	8,203	7,742	8,084
<i>Rank, salary</i>	1	5	4	7	3	6	2	1
<i>Rank, total labor</i>	2	7	4	6	3	5	1	1
Facility lease	405	644	507	489	461	702	518	532
<i>Rank, facility lease</i>	1	6	4	3	2	7	5	1
Continental freight (road/sea)	–	–	–	–	–	–	–	–
Intercontinental air freight	–	–	–	–	–	–	–	–
Intercontinental sea freight	–	–	–	–	–	–	–	–
<i>Total transportation</i>	–	–	–	–	–	–	–	–
<i>Rank, transportation</i>	1	1	1	1	1	1	1	1
Electricity	134	145	114	336	97	215	133	168
Gas	–	–	–	–	–	–	–	–
Telecommunications	469	376	374	336	390	336	423	386
<i>Total utilities</i>	603	521	488	672	487	551	556	554

<i>Rank, electricity</i>	4	5	2	7	1	6	3	1
<i>Rank, gas</i>	1	1	1	1	1	1	1	1
<i>Rank, telecommunications</i>	7	4	3	1	5	1	6	1
<i>Total operating costs</i>	8,762	9,748	9,093	9,451	8,864	9,456	8,816	9,170
<i>Rank, operating costs</i>	1	7	4	5	3	6	2	1
	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Interest	(113)	(127)	(115)	(115)	(115)	(115)	(113)	(116)
Depreciation	270	270	270	270	270	270	270	270
<i>Total interest, depreciation</i>	157	143	155	155	155	155	157	154
Sundry expenses	–	–	–	–	–	–	–	–
Income tax, national	339	399	349	353	349	353	341	355
Income tax, regional	74	–	75	100	53	100	73	68
Income tax, local	–	–	–	–	–	–	–	–
Capital tax, national	–	–	–	–	–	–	–	–
Capital tax, regional	–	–	–	–	–	–	–	–
Sales tax	130	92	97	110	86	101	104	103
Property tax	16	9	16	9	12	9	27	14
Gross receipts tax	–	–	–	–	–	2	–	–
Business tax	–	36	–	–	–	–	–	5
Grants, incentives	–	–	–	–	–	–	–	–
<i>Total taxes (net of grants)</i>	559	536	537	572	499	565	545	545

<i>Total location-sensitive costs</i>	9,478	10,427	9,785	10,178	9,518	10,176	9,518	9,869
Location-insensitive costs								
Materials	–	–	–	–	–	–	–	–
Other operating expenses	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
<i>Total location-insensitive costs</i>	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
<i>Total costs</i>	10,728	11,677	11,035	11,428	10,768	11,426	10,768	11,119
<i>Net profit after tax</i>	619	729	637	644	636	643	620	647
<i>% of sales</i>	5.5%	5.9%	5.5%	5.3%	5.6%	5.3%	5.4%	5.5%
Overall rank	1	7	4	6	2	5	2	1
Overall index	96.5	105.0	99.2	102.8	96.8	102.8	96.8	100.0

Summary Measures

	Albuquer	Las Vega	Phoenix	Riversid	Salt Lak	San Dieg	Tucson	United S
Net profit before income tax	1,032	1,128	1,061	1,097	1,037	1,096	1,034	1,069
Effective income tax rate	40.0%	35.4%	40.0%	41.3%	38.7%	41.3%	40.0%	39.5%
<i>Rank</i>	4	1	3	6	2	7	5	1
Property-based taxes per sq.ft.	\$0.69	\$0.38	\$0.71	\$0.40	\$0.54	\$0.38	\$1.18	\$0.61
<i>Rank</i>	5	1	6	3	4	1	7	1
Capital tax, % of total assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Other taxes, % of sales	1.1%	1.0%	0.8%	0.9%	0.8%	0.9%	0.9%	0.9%
Stat. plans as a % of wages	8.7%	9.4%	8.0%	8.8%	9.0%	8.9%	8.1%	8.7%
Rank	3	7	1	4	6	5	2	1
Tax & benefit burden, % of income before taxes & benefits	80.1%	78.8%	79.9%	77.9%	79.6%	77.8%	79.8%	79.1%
Rank	7	3	6	2	4	1	5	1
Land, US\$'000 per acre	–	–	–	–	–	–	–	–
Building, US\$ per sq.ft.	\$18.00	\$28.62	\$22.53	\$21.73	\$20.49	\$31.20	\$23.02	\$23.66
Electricity, US¢ per kWh	8.91¢	9.68¢	7.63¢	22.39¢	6.48¢	14.30¢	8.85¢	11.18¢
Gas, US\$ per 100 cu.ft.	–	–	–	–	–	–	–	–
Interest rate, debt	6.89%	6.89%	6.89%	6.89%	6.89%	6.89%	6.89%	6.89%
Interest rate, cash	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%
NPV discount rate	6.89%	6.89%	6.89%	6.89%	6.89%	6.89%	6.89%	6.89%
NPV of cash flows (US\$'M)	\$3.94	\$4.72	\$4.07	\$4.11	\$4.06	\$4.11	\$3.96	\$4.14
Rank	7	1	4	2	5	3	6	1
Total incentives: US\$ per job, after estimated tax effects	–	–	–	(\$14)	–	(\$14)	–	(\$4)