

EDUCATION

REGIONAL HEADQUARTERS

At all levels Swiss schools, both public and private, enjoy an excellent reputation around the globe. Language training plays an important part, as does the proven dual approach to education and vocational training. Italian is the primary language spoken in the Ticino's schools. Compulsory or optional Language courses (mainly German, French and English) are taught from primary school onward, especially in private schools.

Two internationally renowned private institutions offer American and international curricula. A university and college-preparatory academic year program as well as other courses (e.g. International Baccalaureate) and summer programs are taught to boarding and day students of more than 52 nationalities at TASIS, The American School in Switzerland. TASIS also offers the first English-language elementary school in Ticino, grades K-6.

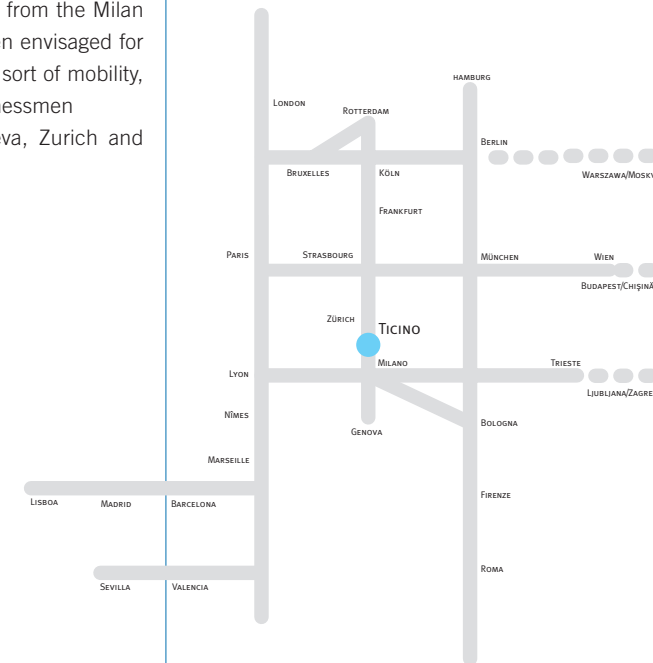
Franklin College provides its multicultural student body with a four-year college experience distinctly international in perspective and cross-cultural in content.

Ticino's main attractions are thus corporate tax advantages combined with a well developed infrastructure, central location, quality of life, support by the authorities and a large, well qualified and motivated human resources pool. These features will be even more relevant in the future, given the trend toward lean headquarters, virtual and distributed organization and value creation through shared services. Other factors linked to the existence of specific industry clusters make it particularly attractive for business activities linked to

- Fashion and luxury goods
- Electronics and electrical engineering
- Logistics, trading and supply chain management
- Design and new materials
- Drugs and life sciences, chemicals
- Banking and financial services
- Trading and distribution across Europe

TICINO POSITION

- Gateway on the North-South European axis, at 100 km from Milan and 200 Km from Zurich
- At the centre of the future European high speed network (Gothard AlpTransit and East – West Corridor 5)
- Lugano Airport: at only 6 km from the centre of Lugano and at only 70 km from the Milan airport of Malpensa, has been envisaged for a smooth, efficient and rapid sort of mobility, especially well-suited to businessmen
- Daily connections with Geneva, Zurich and Rome



BUSINESS LOCATION **TICINO** Switzerland

BEYOND TRADITIONAL FRONTIERS

LIFESTYLE BUSINESS LOCATION

Ticino is Switzerland's Italian-speaking region with a wide array of business activities. It is geographically close to the Northern Italian regions ranking among Europe's most dynamic in terms of industrial and commercial activities. More marked economic integration with the latter, which follows as a result of the Bilateral Agreements between Switzerland and the European Union, brings added benefits in terms of market access and supply of skilled labor force.

At the same time, Ticino has all the typical traits associated with Swiss quality, reliability, preference for decentralized structures and knowledge-based economy. Doing business in Ticino means operating in an international environment, from a stable and efficient base that is well connected with Europe's large and growing markets, established as well as new one.

Milan, the Lombardy region's capital and itself a metropolis with some 4 million inhabitants, lies within less than one hour's car drive from Lugano (Ticino's largest urban area). With Baden-Württemberg (Germany), Cataluña (Spain) and Rhône-Alpes (France), Lombardy (9.1 million inhabitants) is among the European Union's richest regions; its per capita GDP is 35% higher than the European average.

Nested between the cities of Milan and Zurich, Ticino's landscapes offer Mediterranean vegetation as well as breathtaking alpine beauty with a gentle climate. One of its special attractions is the nonexistence of large cities, making it particularly suited to tourism, events, architecture, arts and entertainment. The region also offers a variety of styles in terms of accommodation, housing and leisure activities in a multicultural and multilingual setting, with short commuting distances and exceptionally low rates of crime and corruption. The nearest winter resort's snow and mountains may be reached in less than one hour drive, while the nearest Mediterranean Sea ports are about two hours' car drive away.

Ticino represents a comprehensive infrastructure gateway for companies operating in the greater European area and beyond. The region lies on the main North - South transport axis route and handles vast quantities of traffic by rail, road and air. 40 million tones of goods are moved each year on that route (35% by road, 65% by rail). Whereas Zurich international airport is just 25 minutes flight from Lugano City airport (or 3 hours by car or rail), the intercontinental hub of Milan-Malpensa is only about 40 minutes from Lugano.

HELPING PEOPLE AND GOODS MOVE AROUND THE GLOBE

TICINO QUICK FACTS

Area 2,812 sq.km 1'085.7 sq. miles
Population 328,000 (4% of the Swiss total)
Yearly GDP around 15 billion Swiss francs (\$10 bn)
Per capita GDP 40,600 Swiss francs (\$32,480)
20,000 registered companies
Total employed 165,000
Unemployment rate 4.5%

Road travel distances from Lugano

Table with 3 columns: City, Distance in km, Distance in miles. Rows include Milan, Zurich, Basel, Turin, Genova (sea port), and Venice (sea port).

Air travel distances from Lugano

Table with 3 columns: City, Distance in km, Distance in miles. Rows include Zurich ZRH, Geneva GVA, Rome FCO, and Paris CDG.

Air travel distances from Zurich and Milan (km)

Table with 3 columns: City, Distance from Zurich (km), Distance from Milan (km). Rows include London LHR, Berlin THF, Madrid MAD, New York JFK, and Los Angeles LAX.

KEY INDUSTRIES

TAX ENVIRONMENT

Services account for three quarters of regional GDP: banks, insurance, corporate consultancy services, commerce and logistics as well as tourism attract new customers and businesses from all corners of the globe each year. Strong expertise and support is available thanks to the large presence of national and international financial companies, whose services include loans to finance local projects as well as international financial advisory and management services.

Ticino's exports also include highly specialized machine tools, electronic components, chemicals, medical equipment, as well as luxury and fashion goods. Annual exports of goods and services amount to almost 8.5 billion Swiss francs, 70% of which go to the European Union, 10% to the USA and Canada and another 10% to Asia.

On the basis of an overall index for the year 2006 combining sub-indices for personal and corporate income taxes as well as taxes on motor vehicles, the Ticino has the third-lowest tax burden in Switzerland, corresponding to 74.3% of the Swiss national average. In terms of personal and corporate income taxes, the Ticino's tax levy is only 64.6% (incl. wealth tax) and 96.7%, respectively of the national average. Companies registered in the Ticino as well as residents benefit from Switzerland's comprehensive network of double taxation treaties encompassing more than 60 countries.

In a wider context of 143 regions of eight European countries and the United States, the Canton is also well placed. Its 2007 effective average corporate tax rate of 18.9% compares favourably with e.g. Geneva (21.5%), Milan (30.8%) and London (28.6%).

Effective average tax rates (200,000.- Swiss francs disposable income) were 16.1% for families (employee with a non-working spouse and two children) and 22.5% for individuals. Non-Swiss residents with no income from employment may agree on an advantageous permanent lumpsum tax with the tax authorities.

TRAINING AND RESEARCH

INVESTMENT PROMOTION AND INCENTIVES

For a country with very limited natural resources like Switzerland, superior education and training is essential. In trade and industrial vocations and many professions of the services sector, the unique dual training system ensures the availability of highly qualified employees. Proximity to neighboring Italy combined with the implementation of the Bilateral Agreements with the EU grants companies in the Ticino easy access to a world class human resources pool in fashion, textiles, engineering, design etc. Non-residents make up about 50% of the workforce, and almost half of the non-Swiss workers live in Italy and commute across the border every day.

According to the balance of net technology transfer, Switzerland ranks as the one of the most important exporter of technology. Swiss universities are among the most renowned elite training and research centers that actively cooperate and interact with the business world via national research programs.

In the Ticino, the University of Southern Switzerland (USI) offers diploma and post-diploma courses in business and economics, communication sciences, architecture and information technology.

The Institute of Technology of Southern Switzerland (SUPSI) conducts full-time professional training and post-graduate courses for executives alongside applied research, development and technology transfer mainly for small and medium-sized companies. The most important research centers in the Ticino are the Swiss Center for Scientific Calculation, the Institute for Computer Integrated Manufacturing, the Institute for Biomedical Research and the Banking Formation Center.

As part of a business-friendly, knowledge-based and unbureaucratic environment and a regional business development program, government agencies at all levels and other organizations are equipped to advise and support business ventures at their various stages.

In addition, cantonal and federal financial incentives may be available depending on a company's location and innovative contents. Direct financial support from the Canton may take the form of incentives for projects which are considered highly innovative (in terms of products, services, processes or organization), as well as an exemption on cantonal corporate tax (on income and capital, but not real estate).

Municipalities may grant tax relief from local tax to industrial companies. The Federal government may grant guarantees and federal tax relief to innovative manufacturers and service providers located in specially designated economic development zones.

