



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER ASSISTANCE
517 373 9808

WWW.MICHIGAN.ORG

DATE: December 17, 2002
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President
Michigan Business Development
SUBJECT: Briefing Memo – Akebono Corporation
High Tech Credit

COMPANY NAME AND ADDRESS:

Akebono Corporation
34385 West Twelve Mile Road
Farmington Hills, Michigan 48331

HISTORY OF COMPANY:

The parent company of Akebono Corporation was founded in 1929 as Akebono Sekimen Kogyosho, initially producing automotive woven linings and clutch facings. It now has a comprehensive involvement in all aspects of brake manufacturing and has the largest share of this market in Japan. Akebono entered the U.S. market in 1960, partnering with the Bendix Corporation. Since then Akebono has expanded in the U.S., first with a sales company, then with research and technical facilities and finally with manufacturing facilities. Akebono currently has 162 employees in Michigan.

PROJECT DESCRIPTION:

Akebono needs room to expand their engineering and testing facilities to accommodate growth in their U.S. markets. If Akebono decides to expand in Michigan, the company would relocate their current Farmington Hills staff and add up to 190 new employees to a facility in Northville Township. A site adjacent to one of Akebono's four production plants in Kentucky is also under consideration.

If Akebono selects Michigan for the project, the company plans to invest \$54 million, including \$21 million for building acquisition and improvements and \$33 million for new machinery and equipment

The project is expected to result in the creation of 190 jobs over the first five years paying an average weekly wage of \$1,139.

- EXECUTIVE COMMITTEE
GOVERNOR JOHN ENGLER
General Chair
MATTHEW P. CULLEN
Chair
General Motors
PHILIP H. POWER
Vice-Chair
HomeTown Communications
Network
FACUNDO BRAVO
Uni Boring Co., Inc.
JOHN W. BROWN
Stryker Corporation
DR. DAVID E. COLE
Center for
Automotive Research
JOANN CRAHY
Saginaw Future Inc.
STEVEN K. HAMP
Henry Ford Museum &
Greenfield Village
HAYDEN H. HARRIS
EDF Ventures
DEWITT J. HENRY
Wayne County
PAUL HILLEGONDS
Detroit Renaissance
MAYOR DAVID HOLLISTER
City of Lansing
MICHAEL J. JANDERNOA
Perrigo Company
BIRGIT M. KLOHS
The Right Place Program
DR. IRVIN D. REID
Wayne State University
S. MARTIN TAYLOR
DTE Energy Company
PETER S. WALTERS
Guardian Industries
Corporation
PRESIDENT & CEO
DOUG ROTHWELL

Briefing Memo
Akebono Corporation
December 17, 2002
Page Two

BENEFIT TO STATE:

According to the economic analysis done by the University of Michigan utilizing Regional Economic Models, Inc. software, we estimate that this facility will generate a total of 293 jobs in the state by the year 2013. Total state government revenues through the year 2013, net of MEGA costs and adjusted for inflation, would be increased by \$12.5 million (2002 dollars) due to the presence of this facility.

BUSINESS CASE:

Akebono has the option of locating this expansion in Northville Township or on property already owned in Springfield, Kentucky. The Kentucky location is attractive to the company due to lower property acquisition, labor and tax costs. This differential is estimated to be approximately \$1.5 million per year once the project is fully staffed.

OTHER STATE AND LOCAL ASSISTANCE:

The State of Michigan will offer an abatement of 100 percent of the six-mill State Education Tax for a length of time to match the local property tax abatement. The value of this abatement is estimated at \$996,432.

Northville Township has approved a 50 percent abatement of the company's new real and personal property for eight years. The Northville Township tax abatement has an estimated value of \$3.5 million.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a high-technology employment credit of 100 percent for ten years for up to 190 net new employees.