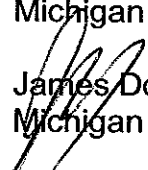


MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

DATE: May 16, 2006
TO: Michigan Economic Growth Authority
FROM:  James Donaldson, Vice President
Michigan Business Development
SUBJECT: Briefing Memo – Comau Pico, Inc.
Standard Credit

COMPANY NAME AND ADDRESS:

Comau Pico, Inc.
21000 Telegraph Road
Southfield, Michigan 48034

HISTORY OF COMPANY:

Comau Pico, Inc. is the innovative leader in industrial automation and assembly systems serving customers in the automotive, defense, aerospace, heavy truck, agricultural and construction industries. The company was founded in 1939 as Progressive Industries Company ("PICO") in Detroit and relocated to Southfield in 1965. In 1999, Comau, a wholly-owned subsidiary of Fiat S.p.A. acquired PICO and renamed the company "Comau Pico". The company currently has 18 facilities in Michigan which employ nearly 1,900 associates.

PROJECT DESCRIPTION:

Comau Pico is considering consolidation of 13 of its locations across Metro Detroit as part of Comau Pico's commitment to continuous improvement. In order to accommodate the consolidation, the company is working with a developer who would construct four new buildings totaling up to 1.4 million square feet on 77 acres in Plymouth Township. Comau Pico will enter into a long-term lease for the buildings, creating a campus setting which will include office, manufacturing and integration space. The project will lead to the creation of 120 new jobs and the retention of approximately 1,360 jobs. The new jobs would pay an average weekly wage of \$960 and mainly focus on Comau Pico's aerospace and defense business.

The project would require an investment of \$90.4 million, including \$70.1 million for land and building costs, \$10.8 million for infrastructure and leasehold improvements, and \$9.5 million for new machinery and office equipment.



300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
CONTACT CENTER
517 373 9808

WWW.MICHIGAN.ORG

EXECUTIVE COMMITTEE

MATTHEW P. CULLEN

Chair
General Motors

PHILIP H. POWER

Vice-Chair
HCN, Inc.

JAMES C. EPOLITO

President & CEO

RICHARD E. BLOUSE JR., CCE

Detroit Regional Chamber

JOHN W. BROWN

Stryker Corporation

DR. DAVID E. COLE

Center for
Automotive Research

JOANN CRARY

Saginaw Future Inc.

DR. HAIFA FAKHOURI

Arab American and
Chaldean Council

STEVEN K. HAMP

Ford Motor Company

HAYDEN H. HARRIS

EDF Ventures

PAUL HILLEGONDS

DTE Energy Company

DAVID C. HOLLISTER

Michigan Department of
Labor & Economic Growth

GEORGE JACKSON JR.

Detroit Economic Growth
Corporation

MICHAEL J. JANDERNOA

Bridge Street Capital
Partners, LLC.

ROBERT B. JONES

City of Kalamazoo

MIRGIT M. KLOHS

The Right Place, Inc.

DR. IRVIN D. REID

Wayne State University

DENNIS R. TOFFOLO

Oakland County

MARY TORGOW

Sterling Group

PETER S. WALTERS

Guardian Industries Corp.



Comau Pico, Inc.
Briefing Memo
May 16, 2006
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 create a total of 197 jobs in the state by the year 2022. We also estimate that the project would increase total state government revenues through the year 2022, net of MEGA cost and adjusted for inflation, of \$11.8 million (2006 dollars) due to the location of this facility.

BUT FOR:

In addition to Plymouth Township, Comau Pico is also considering a site near Birmingham, Alabama for this project. A location in Northern Alabama would place the company in the center of the southeastern U.S., where Asian and European auto manufacturers have located 9 assembly facilities. In addition, the company estimates that they could save approximately \$3 million per year in operating expenses due to lower wages, utilities and property taxes.

OTHER STATE AND LOCAL ASSISTANCE:

The State of Michigan will provide a 100 percent abatement of the six-mill State Education Tax for a period of time to match the local real property tax abatement. The value of this abatement is estimated at \$2.5 million.

Plymouth Township approved a 12-year PA 198 property tax abatement for all new real and personal property related to this project on March 14, 2006. The estimated value of the PA 198 abatement is \$8.6 million.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent personal employment credit for 15 years, for up to 120 net new jobs, and a 100 percent business activity credit for 15 years.