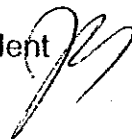


MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

DATE: March 13, 2007

TO: Michigan Economic Growth Authority

FROM: Jim Donaldson, Vice President
Business Development 

SUBJECT: Briefing Memo – FACTON, Inc.
High-Technology MEGA Credit

COMPANY NAME AND ADDRESS:

FACTON, Inc.
Tempowerkring 4
21079 Hamburg
Germany

HISTORY OF COMPANY:

Since 1998, FACTON GmbH has become a leading supplier of its cost process optimization (CPO) software in Europe. FACTON GmbH is expanding and introducing its CPO software into the North American market with the formation of an affiliate, FACTON Inc. Apart from the company's senior partners, Thoralf and Martin Nehls, the venture capital companies Hasso Plattner Ventures and EXTOREL have holdings in FACTON GmbH. They are using their expertise, capital and network to help FACTON develop its sales channels and bolster their presence in European and North American markets.

PROJECT DESCRIPTION:

FACTON Inc. is proposing to locate its new North American office in Auburn Hills, Michigan, Oakland County. The company's software allows the optimization of manufacturing costs in manufacturing companies - beginning in the product development phase. FACTON America is proposing to locate its new North American office in Auburn Hills, Michigan, Oakland County. This new operation will employ up to 59 people within 5 years, with an average hourly wage of \$44.90. The anticipated investment to lease and equip this new location is approximately \$1 million.

WASHINGTON SQ.
ANSING, MI 48913

STOMER
INTACT CENTER
7 373 9808

WWW.MICHIGAN.ORG

EXECUTIVE COMMITTEE
MATTHEW P. CULLEN
Chair
General Motors

BLIP H. POWER
Vice-Chair
HCN, Inc.

MES C. EPOLITO
President & CEO

CHARLES E. BLOUSE JR., CCE
Detroit Regional Chamber

JOHN W. BROWN
Stryker Corporation

DAVID E. COLE
Center for

itive Research
LIBRARY

Saginaw Future Inc.

HAIFA FAKHOURI
Arab American and
Chaldean Council

EVEN K. HAMP
Ann Arbor

RYDEN H. HARRIS
EDF Ventures

LUL HILLEGONDS
DTE Energy Company

ORGE JACKSON JR.
Detroit Economic Growth
Corporation

MICHAEL J. JANDERNOA
Bridge Street Capital
Partners, LLC.

BERT B. JONES
City of Kalamazoo

RGIT M. KLOHS
The Right Place, Inc.

THOMAS LEWAND
Bedman LLP

R. IRVIN D. REID
Wayne State University

MICHAEL B. STAEBLER
Pepper Hamilton LLP

BERT W. SWANSON
Michigan Department of Labor
& Economic Growth

ENNIS R. TOFFOLO
Oakland County

ETER S. WALTERS
an Industries Corp.

Briefing Memo
FACTON, Inc.
March 13, 2007
Page Two

BENEFIT TO STATE:

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 93 jobs in the state by the year 2011. Total state government revenues through the year 2011, net of MEGA costs and adjusted for inflation, would be increased by \$451,000 (2007 dollars) due to the presence of this facility.

BUSINESS CASE:

FACTON is also considering Charlotte, North Carolina for the location of its new North American office, where one of its investors currently has a business. When comparing the Michigan and North Carolina locations, the company estimates that wage rates in North Carolina are significantly lower.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Auburn has proposed a 50 percent abatement under PA 198 for 6 years for personal property. The estimated value of this abatement is \$11,000. The abatement is expected to be finalized in April 2007.

QUALIFYING HIGH TECHNOLOGY ACTIVITY:

The company is a qualified high-technology business, whose primary business activity is product advanced computing, as defined in the Act.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 5 years, for up to 59 net new employees.