

Smiths Aerospace, LLC
Economic and Fiscal Effects on Michigan - Net Benefits with the Incentive Package

Economic/Fiscal Indicator	2006	2007	2008	2009	2010	2011	Total
Total Employment							
Manufacturing	40	60	65	72	74	76	
Non-Manufacturing	2	2	2	2	2	2	
Retail Trade	38	58	63	70	72	74	
Services	3	5	5	5	5	6	
Other	27	41	44	49	49	49	
Other	8	12	14	16	18	19	
In Current Dollars (Thousands):							
Personal Income	\$1,465	\$2,533	\$2,960	\$3,479	\$3,784	\$4,059	\$18,280
Gross State Revenue	113	195	228	268	291	313	1,408
Mega Cost	89	149	168	94	97	101	696
State Revenue Net of MEGA Cost*	\$24	\$46	\$60	\$174	\$194	\$212	\$712
Adjusted for Inflation (Thousands of 2005 Dollars):							
Personal Income	\$1,431	\$2,422	\$2,773	\$3,193	\$3,403	\$3,577	\$16,799
Gross State Revenue	110	186	214	246	262	276	1,294
Mega Cost	87	142	157	86	87	89	648
State Revenue Net of MEGA Cost*	\$23	\$44	\$57	\$160	\$175	\$187	\$646

* These estimates do not include any state government revenue losses due to the Investment Tax Credit, the Renaissance Zone Credit or the property tax abatement.

REMI Terms and Definitions

Benefits Estimated by the Model - The total number of jobs created in Michigan (by major industry, including indirect jobs), and the associated personal income and state government revenue generated due to the gain in economic activity resulting from the project.

Direct Jobs - The jobs created at the project facility itself, as estimated at the end of the incentive period.

Employment Multiplier - The total number of jobs created (direct plus indirect) for every direct job introduced constitutes the employment multiplier. The numerator of the employment multiplier is generally based on the average of direct and indirect jobs created over the course of the incentive. The denominator of the employment multiplier represents the direct jobs created by the end of the incentive.

Indirect Jobs – The spin-off jobs that are generated from two sources: increased purchases from Michigan suppliers; and spending by people who receive income due to the increased economic activity. Indirect jobs created after major investment activity has been completed are likely to have a permanent impact on the economy. Some indirect jobs are generated by investment activity, but almost all of these jobs are temporary.

Personal Income - The income of Michigan residents from all sources, after deduction of contributions to social insurance programs but before deduction of income tax and other personal taxes.

Total Employment Effects - Direct jobs created at the facility itself plus indirect jobs, as estimated at the end of the incentive period.

REMI estimates do not include the nonmeasurable effects that would produce additional economic and fiscal benefits for Michigan, such as the intangible advantages of influencing other location and