



300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER ASSISTANCE
517 373 9808

WWW.MICHIGAN.ORG

MEMORANDUM

DATE: November 19, 2002

TO: Michigan Economic Growth Authority

FROM: James Donaldson, Vice President
Michigan Business Development

SUBJECT: Briefing Memo – TRW Automotive Inc.
Standard Credit

COMPANY NAME AND ADDRESS:

TRW Automotive Inc.
12025 Tech Center Drive
Livonia, MI 48150

HISTORY OF COMPANY:

TRW Automotive Inc. is a global "Tier I" supplier of automotive products including chassis systems, occupant safety systems and other automotive components. The company has annual sales of approximately \$10 billion, over 64,000 employees, and operates 152 production facilities in 22 countries around the world. The Company has developed or introduced numerous automotive innovations including anti-lock braking systems, remote keyless entry systems, electrically-assisted steering systems, and radar based active cruise control systems.

Presently, the company is wholly owned by TRW Inc., which is headquartered in Cleveland, Ohio. Earlier this year, TRW Inc. agreed to be acquired by Northrop Grumman, a leading aerospace and defense company. As part of the acquisition, TRW Automotive will become an independent company.

PROJECT DESCRIPTION:

TRW Automotive Inc. is considering two options for the location of its headquarters operations: relocation of headquarters staff to the company's Tech Center campus in Livonia, Michigan; or to remain as a tenant at the current TRW headquarters in Cleveland, Ohio.

If the TRW Automotive headquarters is located in Michigan, the company will construct a new 120,000 square foot facility at a cost of approximately \$14 million (including building, land and site

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 CRARY

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
TRW Automotive Inc.
November 19, 2002
Page Two

improvements) on a 7-acre parcel owned by TRW Automotive at the company's Tech Center campus in Livonia. The project is expected to result in the creation of approximately 165 jobs over the next five years with an average weekly wage of \$1,565. Investment of approximately \$2.0 million in new furniture and fixtures, computers and other personal property is also expected.

BENEFIT TO STATE:

According to the economic analysis done by the University of Michigan, we estimate this facility will generate a total of 272 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 \$12.8 million (2002 dollars) due to the presence of this facility.

BUT FOR:

As part of the company decision-making process, TRW Automotive compared the costs of the project in Livonia and Cleveland, Ohio. The major cost gaps being faced by the company include employee relocation costs, training of new employees, and the cost of building a new facility instead of remaining a tenant in their current headquarters. These costs add approximately \$20 million to the project budget.

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 \$497,138.

The City of Livonia has approved a 50 percent abatement of the company's new real and personal property for twelve years. The City of Livonia tax abatement, approved on October 28, 2002, has an estimated value of \$1.5 million.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years and a 50 percent employment tax credit for 1 year, for up to 165 net new employees.