

Automotive Industry

Alabama is the home to Mercedes-Benz, Honda and Hyundai assembly plants. Other automakers have chosen Alabama to build their engines, including International Diesel, which produces advanced technology diesel engines here. When Toyota built its first V-8 engine facility outside of Japan in 2003, it selected Alabama. Over the last 10 years, the automotive industry has invested over \$7 billion and created more than 35,000 new jobs in Alabama.

Summary

- In 1998, the first full year of production, Mercedes produced 68,800 units in Alabama. In 2006, automakers made 698,086 cars and light-trucks in Alabama.
- Motor vehicles were Alabama's top export in 2006 at over \$4.9 billion – equivalent to 35 percent of the state's total exports.
- Alabama's automotive industry represents thirteen percent of the state's manufacturing gross domestic product.
- Prior to 1997 when the first M-Class rolled off Mercedes' production line, Alabama produced no passenger vehicles. In 2006, Alabama built its 2,000,000th automobile.
- There are more than 90 automotive suppliers in Alabama that serve either Honda, Hyundai, or Mercedes.
- Alabama ranks 6th in U.S. car and light-truck production (minivans-pickups-SUVs).

Source: Alabama Development Office Int'l. Trade Div., 2006
Automotive News Data Center, 2007
Economic Development Partnership of Alabama, 2007
U.S. Dept. of Commerce, Bureau of Economic Analysis, 2005

Employment

- The auto industry in Alabama accounted for 44,834 direct jobs and 79,356 indirect jobs in 2005 with a total payroll of \$4.8 billion.
- Average Weekly Wage: 2005

Alabama Motor Vehicle Mfg.:	\$1,349
All Alabama Mfg Industries:	\$782
All Alabama Industries:	\$665

Source: Alabama Automotive Manufacturers Assn., 2006
U.S. Department of Labor, Bureau of Labor Statistics, 2006

Trends

- In 1997, the first year of automotive manufacturing in Alabama, 1,800 persons were employed. In 2005, vehicle assembly employment grew to 11,400 in the state.
- When the first car made in Alabama rolled off the assembly line in 1997, production capacity was 80,000 vehicles. In 2005, Alabama's production capacity reached 760,000 vehicles annually.
- Car and truck engine manufacturing in Alabama began in 2001. By 2006, combined engine production capacity at Honda, Hyundai, Toyota and International Diesel had risen to 1.2 million engines annually.

Overview- *Southern Business and Development* magazine has four times in a row named Alabama "State of Year" most recently in 2006, based on its record of job growth and economic development. Growth in the automotive industry is only one example of Alabama's successful corporate investments. The state has long been home to many world class companies including Mercedes, Wellborn Cabinets, Honda, 3M, Boeing and more recently EADS, Toyota and Hyundai.

Alabama has recorded strong economic growth numbers. Its economic cycles have mirrored those of the United States, though on a more moderate scale. Manufacturing is at the center of the Alabama economy. The manufacturing sector accounts for almost 20 percent of the gross domestic product and 15 percent of the state's nonagricultural employment. A major contributor to the state's success is AIDT, the state's workforce training program ranked #1 in the nation by *Expansion Management* in 2006, helps to train a capable workforce for new and expanding companies.

Alabama is a state with great economic growth. The state's pro-business climate allows its corporate citizens to grow, prosper and profit. At the center of the United States' fastest growing, most populous region, and with 11 metropolitan areas and a variety of industry sectors, Alabama's economy is characterized by great diversity and a bright future for success.

An Alabama Industry Profile

Recent Expansions and New Projects (Selected)

Company	County	Product	Jobs Created	Investment (Millions)
2007				
Hyundai Motor Mfg Alabama	Montgomery	Four-cylinder engines for Hyundai and Kia assembly plants	522	\$270 (Expansion)
Alabama Cullman Yutaka Technologies	Cullman	Exhaust systems, catalytic converters	200	\$50 (New)
TWB Company	Autauga	Laser welding of body parts	20	\$6 (New)
KTNA	Jackson	Interior components	20	N.A. (New)
Seohan Auto USA/Seohan Driveshaft USA	Lee	Front and rear axles	200	\$40 (New)
2006				
Yachiyo Manufacturing of Ala.	St. Clair	Roof and spare tire assemblies	42	\$28 (Expansion)
Daewon America	Lee	Suspension bars and coils	170	N.A. (New)
Kwang-Sung America	Tallapoosa	Plastic hoses and sun visors	150	N.A. (New)
Prince Metal Stampings USA	Etowah	Stampings; engine/structural parts	60	\$25 (Expansion)
Cumberland Plastic Systems	Lee	Injection-molded plastic parts	35	\$5 (New)
Hanil E-Hwa Interior Systems	Dallas	Interior trims; head linings	150	N.A. (Expansion)
Alto Products Corporation	Escambia	Clutches	17	\$1 (Expansion)
2005				
Maxforma Plastics	Lee	Bumper cores/back beams	100	\$14 (New)
American Trim	Cullman	Powder coatings; roll-formed trim	24	\$2 (Expansion)
Richway Transportation Svcs.	Butler	Auto steel transportation terminal	15	\$2 (New)
Topre America Corporation	Cullman	Metal stampings	80	\$15 (Expansion)
North American Lighting	Colbert	Automotive tail lamps	320	\$22 (New)
Precoat Metals	Jefferson	Metal coil coating/laminating/slitting	80	\$34 (New)
Hanil E-Hwa Interior Systems	Dallas	Interior trims; head linings	240	\$38 (New)
Brose Tuscaloosa	Tuscaloosa	Door systems	72	\$5 (Expansion)
Hyundai Polytech America Co.	Barbour	Anti-vibration rubber/plastic parts	35	\$1 (New)
Confederate Motor Company	Jefferson	High-performance motorcycles	100	\$10 (New)
2004				
Toyota Motor Mfg., Alabama	Madison	V-8 Tundra & Sequoia engines	300	\$250 (Expansion)
Ai3	Tuscaloosa	Sequencing; logistics	223	\$13 (New)
Mando America Corporation	Lee	Brakes, steering, suspension	170	\$35 (Expansion)
Cullman Casting Corporation	Cullman	Industrial gray iron castings	50	\$60 (New)
Honda Manufacturing of Ala.	Talladega	Machined V-6 engine parts	100	\$70 (Expansion)
Electricfil Automotive	Limestone	Ignition & transmission sensors	75	\$5 (New)
Renosol Corporation	Dallas	Polyurethane seating	120	\$9 (New)
Teksid Aluminum Components	Talladega	Aluminum V-6 cylinder blocks	93	\$43 (Expansion)
Mobis Alabama	Montgomery	Plastics; parts' distribution	515	\$90 (Expansion)
Collins & Aikman - Mobis	Montgomery	Instrument panels	49	\$7 (New)
2003				
Ogihara America Corp.	Jefferson	Stamped auto body parts	20	\$180 (Expansion)
Bridgewater Interiors	Calhoun	Seating systems	250	\$13 (New)
HS R&A Co., Ltd.	Coffee	Weather stripping, hoses	350	\$20 (New)
Halla Climate Control	Macon	Bumpers, lights, radiators	150	\$28 (New)
SMART Alabama	Crenshaw	Stamped metal parts	400	\$110 (New)
Lear Corporation	Montgomery	Wire harnesses	285	\$16 (New)
Daehan Solution Co.	Lowndes	Sun visors; interiors; insulation	180	\$25 (New)
Hwashin America Corp.	Butler	Chassis & drive trains	400	\$70 (New)
Decoma Systems Integration	Jefferson	Exterior plastics; bumpers	80	\$3 (New)
Plastech Engineered Products	Jefferson	Interior/exterior plastic parts	400	\$50 (New)

N.A. Not available

Automotive Assembly Plants

STARS FELL ON ALABAMA: MERCEDES-BENZ



Since Mercedes-Benz U.S. International (MBUSI) selected Alabama to be the home of its first North American manufacturing facility in 1993, the company has enjoyed continued success and growth. The plant manufactures the second-generation M-Class All Activity Vehicle and the new four-wheel drive, six-passenger R-Class Grand Sports Tourer sports wagon. In April 2006, Mercedes-Benz introduced its third new Alabama-made automobile – the GL-Class, a seven-seat, full-sized, luxury sports utility vehicle. MBUSI has expanded twice at their Tuscaloosa County site - the most recent addition is a \$600 million investment completed in early 2005 to double

plant size and production to 160,000 units. The total investment in the Alabama facility now represents \$1 billion and 4,500 team members.

HONDA DECLARES, "SWEET HOME, ALABAMA"



Honda Manufacturing of Alabama announced in May 1999 that it would construct a \$440 million, 1,500-employee comprehensive automobile manufacturing facility in Lincoln. Mass production began in November 2001 – six months ahead of schedule. After two plant expansions, Honda has doubled production capacity to 300,000 engines and vehicles per year and raised the company's investment in Alabama to \$1.2 billion. Complementing the award-winning Odyssey minivan, a second assembly line began mass production of the Honda Pilot sport utility vehicle and engine in April 2004. With the startup of

production of the '05 model in August 2004, all Odyssey production in North America shifted to Alabama, making the state the exclusive North American production source for the top-rated Odyssey. In November 2004, Honda assigned its Alabama plant even greater responsibility for engine production. Billing itself as "an engine company", Honda announced a \$70-million, 100-job expansion to enable the 3-year old Lincoln facility to machine low-tolerance engine components, now made by decades-old Honda factories in Ohio and Japan. Total plant employment currently stands at 4,500 associates. In October 2006 it was announced that Honda Manufacturing Alabama would also become the sole production source of the Honda Pilot sport utility vehicle.

HYUNDAI STATES, "ALABAMA IS INDEED THE EXCELLENT CHOICE"



On April 1, 2002, Alabama firmly established its position as the leader in the Southern Automotive Corridor when Hyundai Motor Manufacturing Alabama announced that it chose a 1,744-acre site in Montgomery, Alabama for the company's first U.S. automotive manufacturing facility. The \$1.1 billion, 2-million square-foot complex, which employs 2,700 team members, produces the Sonata sedan and the next generation Santa Fe sport utility vehicle. The new Hyundai subsidiary, Hyundai Motor Manufacturing Alabama, includes a general assembly facility, as well as, an engine machining and assembly plant, stamping shop, welding shop, paint shop, and a 2.3-mile test

track. At peak production, 300,000 vehicles and engines will be produced each year. In March 2007, Hyundai announced plans to build its second engine plant in Montgomery, Alabama. The \$270 million, 349,440-square-foot facility will produce four-cylinder engines for Hyundai and the new Kia plant in West Point, Georgia. The engine plant, estimated to create about 520 jobs, will begin mass output in September 2008.

Engine Plants in Alabama

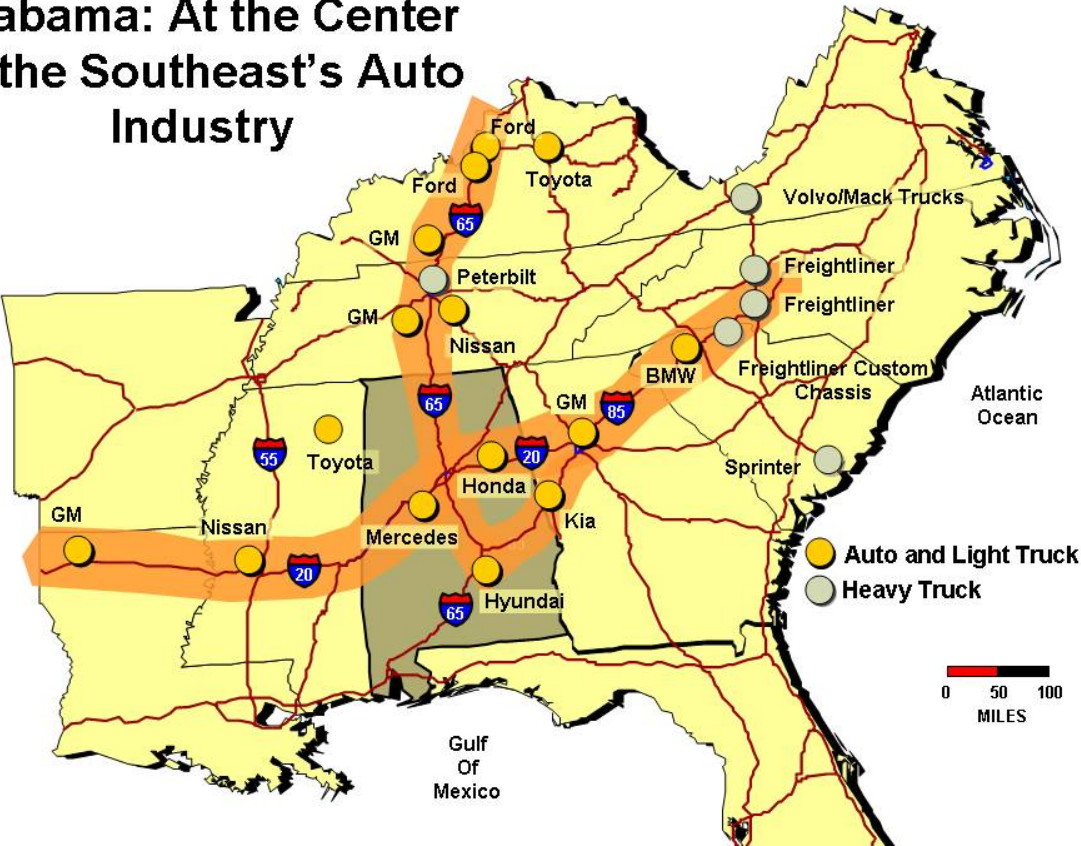


INTERNATIONAL DIESEL OF ALABAMA announced in April 1999 that it would open a \$350 million facility in Huntsville's Jetplex Industrial Park to build a new generation of advanced technology V-6 and V-8 diesel engines. International Diesel, a wholly-owned subsidiary of International Truck and Engine Corporation, launched production at the 700,000 square-foot plant in May 2002. Five hundred ten (510) V-8 engines are made daily for International Truck and Engine, International School Bus, and Ford Motor Company. V-6 engine production began in early 2005 with the start-up of the Low Cab Forward Joint Venture with Ford. In 2007, the Huntsville plant will manufacture "Clean Diesel" technology engines to meet strict, new environmental emission standards. International Truck & Engine announced in October 2006 an expansion in Huntsville to build new, modern class 8 "big bore" diesel engines. The new facility will employ 175 people at full production in 2008.



TOYOTA MOTOR CORPORATION announced in February 2001 that it had selected a 200-acre site in Huntsville for its first plant outside of Japan to build 120,000 V-8 engines annually for its full-size Tundra pickup truck. Toyota Motor Manufacturing, Alabama, Inc. invested \$220 million in the 400,000 square-foot machining and assembly plant that employed 350. The facility began production in spring 2003. The company announced a \$20 million expansion project in July 2003 that brought 150 new jobs to Huntsville with the additional capacity to build 130,000 V-6 engines annually for the Tacoma and Tundra pickup trucks. In 2004, Toyota announced a second major expansion for the Huntsville facility. The \$250 million project will add 300 jobs and more than double V-8 production while increasing the annual capacity to 400,000 units. The move will supply all of Toyota's planned V-8 engine needs for North America.

Alabama: At the Center of the Southeast's Auto Industry



An Alabama Industry Profile

Major Milestones

1960s-1990s: Alabama's automotive sector grew from 15 companies to 86 in 1991.

1993: Mercedes-Benz announced its new M-Class would be built in Tuscaloosa, Alabama.



1998: Mercedes produced 68,800 units in the first full year of production.

1999: Honda chose Alabama to build the Odyssey minivan and engines.



International Diesel selected Huntsville, Alabama to produce a new generation of V-6 and V-8 diesel engines.

2000: Mercedes announced a \$600 million expansion.

2001: Honda announced a production increase for its Alabama plant and addition of a second \$425 million assembly line bringing Honda's total investment to \$1 billion.



Toyota Motor Corporation announced that it would produce 120,000 V-8 engines annually in Huntsville, Alabama.

2002: Hyundai selected Montgomery, Alabama as home for its first U.S. automotive manufacturing facility, investing \$1.1 billion.



Mercedes announced that its new plant expansion would produce the new Grand Sports Tourer.

Combined production at Mercedes and Honda was 230,000 units.

2003: Honda announced consolidation of all North American production of Odyssey to Alabama and that its second assembly line would produce the Honda Pilot.



Mercedes celebrated 10 years in Alabama.

Toyota announced expansion plans to build a V-6 engine for the Tacoma and Tundra pickup trucks raising the company's total investment in Alabama to \$240 million.

2004: Toyota Motor Corporation will nearly double the size of its Huntsville engine plant with a \$250 million expansion that will supply all of Toyota's planned V-8 engine needs for North America.

Honda will invest an additional \$70 million in its Alabama V-6 engine facility to machine engine crankshafts and connecting rods, currently made by Honda in Japan and Ohio.

Major Milestones

- 2005:** Combined vehicle production capacity at Mercedes, Honda and Hyundai reached 760,000 vehicles per year in Alabama with Hyundai's U.S. manufacturing launch at Montgomery.
- Car and truck engine production capacity in Alabama rose to 1,000,000 units annually at Honda, International Diesel, Toyota and Hyundai.
- 2006:** With the roll-out of the Hyundai Santa Fe model in Montgomery and Mercedes' GL Class in Tuscaloosa, Alabama automakers now manufacture seven different vehicles, barely 10 years after first beginning production.
- Honda celebrated production of the 1 millionth vehicle made in Alabama.
- 2007:** Hyundai announced it will construct a second engine plant at its Montgomery production facility.

*Source: Alabama Development Office International Trade Division
Alabama Automotive Manufacturers Association
Automotive News
Bureau of Economic Analysis, U.S. Department of Commerce
Economic Development Partnership of Alabama*

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