



MICHAEL STONE

What a great time to be at the helm of Virginia's Gateway Region Economic Development Organization (VGR). This past year has been especially exciting as I have been able to witness firsthand the overwhelming growth and future potential of the Gateway Region. It is my pleasure to share with you our 2007 Annual Report that highlights VGR's activities and achievements this past year.

2007 was an unprecedented year with many exciting developments in the Gateway Region. The most recent being the announcement that aerospace industry giant Rolls-Royce will open a turbine engine plant in the region. We continue to strive to bring world class companies into the region knowing they will provide great employment opportunities and strengthen the economic stability of the region. We work hard to attract exceptional companies that will offer high paying jobs, job security and provide a better quality of life to residents making our region even more desirable.

I am personally grateful for the overwhelming show of support we have received in 2007 and the many new friends of Virginia's Gateway Region. I personally look forward to working with each of you to assure a brighter future for all the citizens of the region. Collaborative efforts this past year were at an all time high. We have had the good fortune of doubling our investment base in 2007 and creating an even stronger group of allies to support our regional economic development efforts.

We realize what a tremendous region we live in and through your investment we are able to continue the good work of creating jobs and investment: leveraging opportunities to provide the highest return on investment for the region. I hope you enjoy reflecting on the many highlights of 2007 within this publication. As we move into 2008, I would like to thank each of you for being our partner in progress.

Sincerely,

C. Rem' Weatt-Chapl

C. Renee Wyatt-Chapline Executive Director



Building the Reputation

Accolades

UNPARALLELED INFRASTRUCTURE

Ranked as a 5-Star Logistics Metro according to the October 2007 edition of *Expansion Management*.

TOP LOCATION FOR HEADQUARTERS

Business Facilities ranked the region as the third hottest metro area for corporate head-quarters and the metro ranked number eight for overall Best Large Metro according to Expansion Management in their December 2007 issue. The area was also ranked as one of America's hottest metro area for business expansions and relocations for the second year in a row according to Expansion Management.

QUALITY OF LIFE QUOTIENT

The region was ranked as the number one place in North America for the best quality of life in Foreign Direct Investment Magazine and tenth

in standard of living out of 362 MSAs according to Expansion Magazine, June 2007. Education Week ranks Virginia number one for the state where a child has the best chance for success in life.

HEALTHY HOME OWNERSHIP

Ranked number one in lowest foreclosure rates for the top 100 cities by *RealtyTrac*, August 2007. *Expansion Management* ranked the metro area in the top 20 Real Estate Markets for Expanding Companies in their October 2007 issue.

SMART REGION

Kiplinger's Personal Finance ranked the region 26th in the nation's 50 smartest places to live.

BEST FOR BUSINESS

Virginia was named the best state for business



two years in a row by *Forbes* and as well by *CNBC* this year. Also the region was ranked as a fourstar business opportunity metro by *Expansion Management* (October 2007 issue), as the eighth best region to do business by *Expansion Magazine*, and as the 14th best large city for business by *Inc. Magazine*.

TECHNOLOGY SAVVY

Communications Workers of America Union listed Virginia as the 11th fastest state for downloading files off the Internet.

ENVIRONMENTLY CONSCIOUS

Virginia is fifth in the nation for the sales of gasoline-electric hybrid vehicles as ranked by *R.L. Polk & Co.*

Marketing Activity

TRADE & INDUSTRY EXPOS WITH VEDP & ALLIES

- ▶ Automotive News World Congress
- ► I/ITSEC Conference

▶ MODSIM World Conference MARKETING MISSIONS ▶ Chicago - Spring 2007 Denver - Spring 2007Upstate NY - Fall 2007 ▶ Toyko, Japan - Fall 2007 November 26-29, 2007 ~ The Interservice **Industry Training, Simulation and Education** Conference promotes cooperation among the Armed Services, Industry, Academia and various government agencies in pursuit of improved training and education programs, identification of common training issues and development of multi-service programs.

DINWIDDIE HIRES ECONOMIC DEVELOPMENT DIRECTOR Dinwiddie County made significant strides this year, hiring their first Economic Development Director, VGR's own Tammie Collins. Tammie was previously employed by Virginia's Gateway Region for over three years and served as Project Manager.

"As we continue to grow and prosper, I remain positive that Tammie will be able to attract new businesses and retain existing ones that will ultimately provide the County with an improved, viable tax base," said County Administrator Kevin Massengill.

Marketing Virginia's Gateway Region

NEW FACES AND PLACES OF GATEWAY

2007 saw significant change for Virginia's Gateway Region not only moving into a new office building but also welcoming Emily Gupton, Project Manager, and Lisa Schwalm, Marketing Associate to the staff.

In May 2007, VGR moved from their shared offices with the Crater Planning District Commission to a new spacious facility to accomodate the growth of the organization. The move still permits the VGR office to

be at the heart of the Gateway Region.



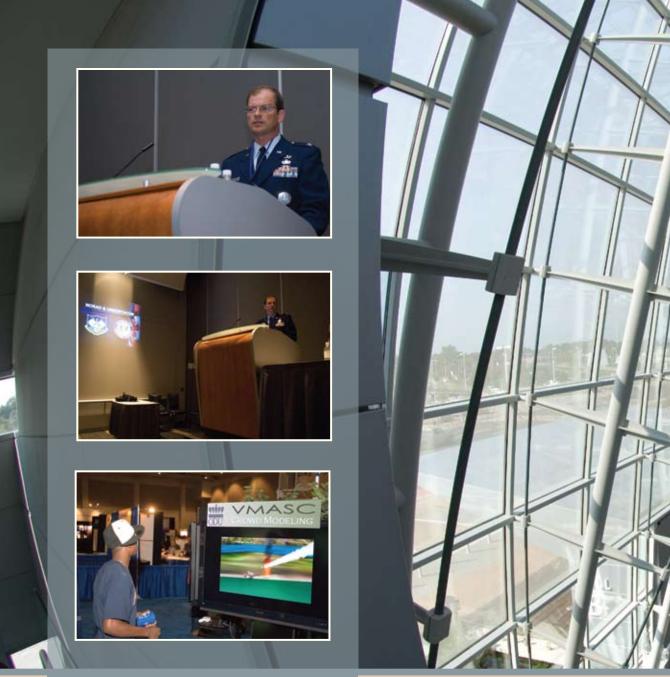


BUSINESS COUNCIL HIGHLIGHTS

Outgoing President of Virginia's Gateway Region Business Council, Paul Brown (right), was honored at the October VGR Board meeting for his many years of outstanding leadership and service, not only to the VGR organization but to the Gateway Region as a whole. Long-time Gateway Region resident and Bank of Southside Virginia Commercial Loan Officer Vice President, Paul Brown thanked the board for the opportunity given to him to serve the organization and wished newly elected Business Council President, Bud Yerly, continued success in the years to come. Paul will continue to be active with the business council.



Left: VGR President Charles E. Townes, Sr. Right: Outgoing Business Council President, Paul Brown



Modeling and Simulation

With the Fort Lee expansion, a strong existing Distribution / Logistics industry cluster in the region and the recent \$4 million Maersk terminal expansion at the Port of Virginia, VGR is positioning itself as a premier location for Modeling and Simulation related industries. At the MODSIM World Conference in Hampton Roads this past fall, VGR forged new relationships with key players in the industry.

In addition to these new relationships, VGR partnered with the Crater Planning District Commission, Hampton Regional Alliance and other partners for the WIRED Initiative Grant. This three-year grant fosters the region's economic diversification capitalizing on growth opportunities with the Port of Virginia. The program will integrate, enhance, and build talent development partnerships between the emerg-

ing Modeling and Simulation sector and the expanding Transportation, Warehousing and Distribution sector. As part of this initiative, VGR met with grant manager, Megan Robinson to provide a joint tour of the region with the Crater PDC. The tour showcased the Fort Lee expansion activities and existing Warehousing-Distribution industrial facilities in the region.

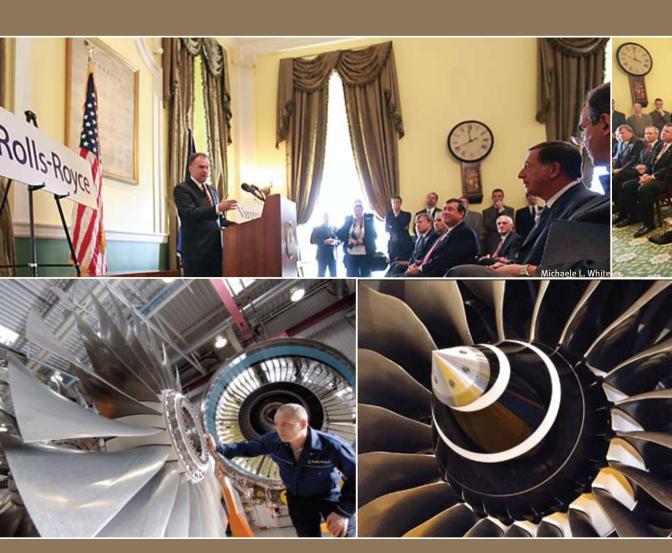
Further regional momentum to develop this new cluster was generated through the continued efforts of Virginia State University to develop a modeling and simulation curriculum based on that of Old Dominion University. This comes in conjunction with the curriculum for distribution and logistics that VSU will administer for Fort Lee in addition to its own student body.



VGR marked the end of the year with another opportunity to develop relationships with key players in the Modeling and Simulation industry through participation in the Interservice-Industry Training, Simulation and Education Conference (I/ITSEC) this November as an Ally with the Virginia Economic Development Partnership. The modeling and simulation industry is a growing field and has changed significantly from being merely the development of game-based technologies used for defense training. Other industry sectors using this technology include, the Medical, Transportation, Homeland Security, and Education sectors.







Rolls-Royce Chooses Gate

Prospect Activity

ROLLS-ROYCE CHOOSES PRINCE GEORGE COUNTY FOR STATE-OF-THE-ART PRODUCTION FACILITY Governor Kaine announced on November 20th-that Rolls-Royce plans to invest in a new high-tech aero engine facility in Virginia's Gateway Region, specifically Prince George County.

In London, England. The company has a broa customer base comprising 600 airlines, 4,00 corporate and utility aircraft and helicopter operators, 160 armed forces, more than 2,00

Initially, the company will invest \$100 million to establish an assembly and test facility for its civil aerospace operations; however this investment is anticipated to build to \$500 million and 500 new jobs as production volume increases. The facility is anticipated to be fully operational by the end of 2009. Virginia's Gateway Region successfully competed against Georgia, Indiana, Mississippi, North Carolina, Ohio, South Carolina and Texas in addition to several world-class foreign locations to win this project. Rolls-Royce, founded in 1884, is headquartered

in London, England. The company has a broad customer base comprising 600 airlines, 4,000 corporate and utility aircraft and helicopter operators, 160 armed forces, more than 2,000 marine customers including 70 navies, and energy customers in 120 countries. The company is ranked second in the world for the design and manufacture of both civil and defense aerospace engines, and is a global leader in the design of marine propulsion and energy solutions.

The new facility in Prince George County will assemble and test the RB282, the engine selected in June by Dassault to power its new super midsize corporate jet and potentially the first in





"I am pleased that Virginia has been selected as the location for this important work. From the beginning of this competition, Virginia understood our business needs and worked hard to put forward a world class proposal. Rolls-Royce has had a strong relationship with Virginia since 1990 and this new facility builds on that partnershi."

Sir John Rose, Rolls-Royce Chief Executive



way Region

a family of small engines for the corporate and regional jet market. Currently, more than 90 percent of corporate aircraft are manufactured in the US, which is today the most significant market for these products, the company said. In addition to production of the RB282, the new facility will also have the capability to undertake blisk manufacture for the F136 engine for the Joint Strike Fighter (JSF) and will provide the company with options for future advanced manufacturing activities as opportunities arise. The investment in the Prince George facility further builds on Rolls-Royce's strong presence in North America and the company's commitment to the Commonwealth of Virginia.

"Roll-Royce's investment is transformational for the Commonwealth of Virginia and the future of our economy. The company, which operates in four global markets, will bring international focus to our state's aerospace industry as well as the research and development capabilities of our universities. Rolls-Royce's decision to locate these operations here is strong affirmation of the talent and professionalism of our educated, high-tech workforce and Virginia's competitiveness globally."

Governor Kaine, Commonwealth of Virginia



第31回 日本·米国南 THE 31ST ANNU JAPAN-U.S. SOUTHEAST & SOUTH



CHINA IEDC

In October, the International Economic Development Council (IEDC) organized an event in Washington, D.C. to bring together members of the U.S. economic development community and key persons involved in the U.S. - Chinese trade. Virginia's Gateway Region, including Charles E. Townes, Board President, Renee Wyatt-Chapline, Executive Director and Christian Booty, Research/IT Manager were all in attendance taking full advantage of the opportunity to forge relationships with many persons linked to U.S.-Chinese trade.

Chen Jian, the Assistant Minister of Commerce of the People's Republic of China gave the keynote address expressing his continued committment to strengthening opportunities for Chinese companies in the U.S.



Left: Director of DBA, Louisa M. Strayhorn Middle: Director of VGR, Renee Wyatt-Chapline Right: VGR President, Charles E. Townes, Sr.

東部会 日米合同会議 AL JOINT MEETING THEAST U.S./JAPAN ASSOCIATIONS



Over 30 people representing Virginia, including VGR representation, traveled to Tokyo, Japan for three days to attend the 31st Annual Japan-U.S. Southeast Association & Southeast U.S./ Japan Association (SEUS) conference. SEUS was created as a way to cultivate relations between Japan and the Southeastern United States, particularly in the fields of international trade, culture, industry, technology and commerce.

As a result of the SEUS partnership, close to 100 Japanese companies have invested more than \$1 billion in Virginia companies, and are employing more than 8,500 Virginians. In return, Virginia exported more than \$820 million in products to Japan.

DIGITAL MARKETING CONTINUES TO PERFORM

Our award winning web site continues to be a viable marketing tool for VGR. Web activity has exponentially increased since VGR's new web site was launched in the summer of 2006. By October 2007, VGR's web site had surpassed 800,000 hits and it is expected to reach one million hits before the end of the year. The web site, its custom reports, site selection report capabilities and translated materials have been a main driver for direct leads in 2007. Consistently in the top ten searchs have been inquries for regionally based international businesses, Fort Lee and BRAC.

The majority of international hits on VGR's web site for the year originated from Western Europe and Canada, with the Netherlands and Germany accounting for almost three quarters of all international hits. Other countries from which substantial web activity originated included: China, Australia, Italy, India and Turkey.



HOLLINGSWORTH MARKS A DECADE

October 2007 marked ten years since the initial conception of Southpoint Business Park in Prince George County. Since that time, Southpoint has become one of the most successful industrial parks for manufacturing and distribution companies in Virginia. In ten years, eight companies have located in the park occupying more than one million square feet of industrial space.

The event marked the celebration of the park, its successful partnership with Prince George County and the Gateway Region, and the success of the businesses that call it "home" which include Service Center Metals and Goya Foods. Luis Ramos of Goya Foods and Scott Kelley of Service Center Metals were among the guest speakers.

Other keynote speakers included: Warren Green, Industrial Development Manager for Southpoint, Joe Hollingsworth, the Honorable Patrick O. Gottschalk, Secretary of Commerce and Trade, and Chairman of the Prince George County Board of Supervisors, Dr. Joseph Leming. After the brief remarks, attendees dined in the latest Hollingsworth Spec Building, currently for sale.



Left: CEO of the Hollingsworth Companies, Joe Hollingsworth
Right: Secretary of Commerce and Trade, the Honorable Patrick O. Gottschalk

AN ENTERPRISING WOMAN OF EXCELLENCE

In November, Mary Rudisill, Vice President and Chief Operating Officer of Capital Relocation Group and an ardent supporter of Virginia's Gateway Region was named as a finalist in the annual Enterprising Women of Excel-

lence Awards in the category of Entrepreneur of the Year 2007, sponsored by the National Association of Women in Business (NAWBO). Mary is an active member on the VGR Business Council.



Hot off the Press

Just this past month Alstom Power, Inc. announced a new facility to be opened in Chesterfield County. The new facility will employe around 20 people with an investment of \$14 million dollars.

Alstom Power is a global leader in equipment and services for power generation and rail transport. They are present in over 70 countries with over \$20 billion in sales. One in every four lightbulbs in the world is powered by Alstom Power technologies.



BRAC SUMMIT

Attendees lined the walls of the Richmond Convention Center ballroom in September to learn all they could about the impact of BRAC at Fort Lee and how they might grow their respective businesses. With Renee Wyatt-Chapline, Executive Director and Christian Booty, Research/IT Manager in attendance as plenary speakers, VGR was given the opportunity to delineate the many advantages of doing business in the region, providing a wealth of economic data, including a detailed retail/commercial gap analysis.

The purpose of the summit was to reach out to small- and mid-sized business owners

in the region to help them understand the BRAC process and how they might benefit from the \$1.9 billion that is slated to be spent on the Fort Lee realignment process over the next six years.

Four breakout sessions were available to attendees focusing on such issues as: retail and entrepreneurship opportunities, the essentials of joint ventures and partnerships, workforce development, and hospitality expansion opportunities. The event was deemed a huge success and a follow-up session is planned for 2008.



FORT LEE SUSTAINMENT CENTER GROUND-BREAKING On June 25th 2007, Fort Lee officially kicked-off their expansion with a ground-breaking event at the installation. Over the next seven years, the number of military personnel will double as will the square footage on post, with almost \$2 billion in construction projects slated to occur.

BRAC WEB PORTAL GOES LIVE

The reporting of BRAC related activities at VGR culminated in a web portal devoted solely to the activities surrounding the expansion of Fort Lee. The new portal went live in early October and resulted in the most web visits to VGR's site since its launch in the summer of 2006; up by 20,000 hits from the previous month. The portal is updated regularly, serving as an electronic clearinghouse for press releases, news articles, studies and analyses as well as providing general facts and figures about the expansion.

BRAC PRIME CONTRACTORS MATCH-MAKING EVENTS VGR has been successful in working to actively market the Crater Planning District Commission's Procurement services. These match-making services are pre-scheduled appointments to meet with prime contractors and State and Federal agencies that subcontract with small businesses for a variety of construction related contracts. There are millions of dollars in contract opportunities available at Fort Lee as a result of BRAC.

KEEPING YOU INFORMED

The Crater Planning District Commission, held a meeting in March to inform the citizens of the various counties and cities adjacent to Fort Lee of the upcoming impact of BRAC on their respective communities. RKG and Associates, the consulting firm hired to perform the Fort Lee Growth Management Plan, presented their preliminary findings.

In late November, Congressman Forbes formally presented the Fort Lee Economic Impact Analysis, a study prepared by the Economic Information Services Division of the Virginia Employment Commission. This study assesses the economic benefits to the area from Fort Lee's recent expenditures and unprecedented military and civilian growth. Utilizing REMI modeling, RKG and Associ-

ates presented the first draft of the Fort Lee Growth Management Plan in early December. The plan was created through a specialized task force with a focus on housing, education, transportation, child care and employment opportunities for trailing spouses. A steering committee led by Congressman Forbes provided overall guidance, while the Office of the Secretary of Defense provided funding for this initiative through the Office of Economic Adjustment.

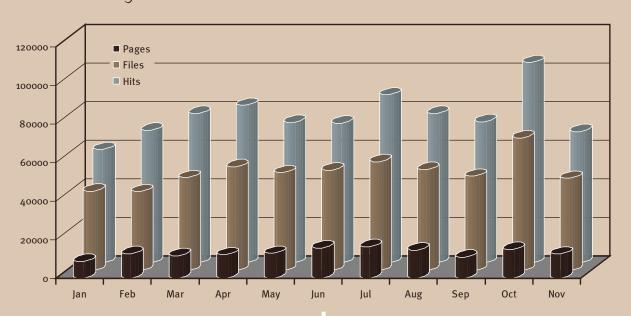
All of these documents are available for review on Virginia's Gateway Region web site at the following address:

www.gatewayregion.com/brac_news.htm



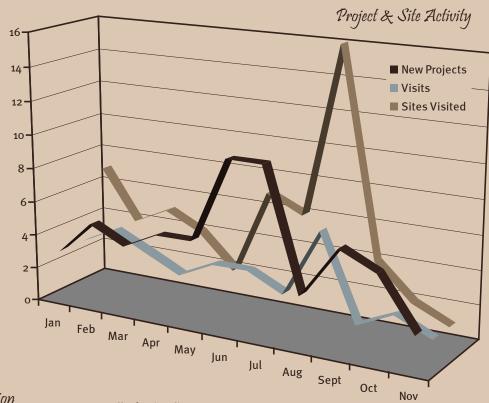
As demonstrated by the chart to the right, new project activity steadily increased from the beginning of the year, peaking in June and July with nine new projects each month. With this increased activity 16 sites visited in the month of August. There were a total of 58 new projects in 2007.

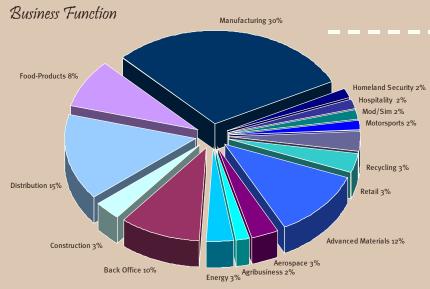
Web Site Activity



Our web site: www.gatewayregion.com has seen a predominantly steady increase in activity since the beginning of 2006, culminating in over 100,000 hits for the month of October, the most hits in a single month since the inception of the site.







Project activity remained strong in the general manufacturing and distribution sectors however, 2007 also saw the emergence of project activity in the progressive Homeland Security, Modeling and Simulation, Recycling and Aerospace sectors. Prospect activity in the Advanced Materials sector saw a three-fold increase over last year.



Above and Beyond

2007 New & Expanded Companies

New & Expanded Companies	Jobs	9nvestment	Locality	Date Announced
Equustock, LLC	14	\$1,400,000	Chesterfield Co.	January 2007
Keating Gravure	8	\$8,000,000	Chesterfield Co.	January 2007
Precision Engineering	0	\$1,900,000	Chesterfield Co.	April 2007
Bleach Tech LLC	20	\$15,500,000	Petersburg	April 2007
Metal Building Components, L.P.	30	\$5,000,000	Chesterfield Co.	June 2007
Velocity Micro, Inc.	46	\$300,000	Chesterfield Co.	June 2007
Joe Ragan Coffee Roasting Company			Chesterfield Co.	July 2007
Mountanos Coffee	10		Petersburg	July 2007
HCA Health Services of VA	120	\$1,200,000	Chesterfield Co.	July 2007
Knight Transportation, Inc.	22	\$2,400,000	Chesterfield Co.	August 2007
Rolls-Royce	500	\$500,000,000	Prince George Co.	November 2007
Electro-LuminX	49	\$200,000	Chesterfield Co.	November 2007
Alstom Power, Inc.	20	\$14,000,000	Chesterfield Co.	December 2007
2007 Annual Total	839*	\$549,900,000**		

^{*}Not including the impact of Joe Ragan Coffee Roasting Company

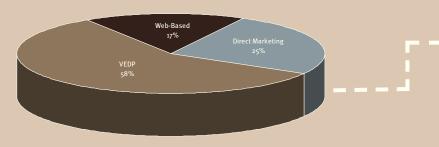
^{**} Not including the impact of Joe Ragan Coffee Roasting Company and Mountanos Coffee



Annual Goals

Annual Goals	2006 Annual	Percent of 5-Year Goal	2007 Annual	Percent of 5-Year Goal	Total Percentage of 5-Year Goal Met
Conduct 75 Existing Business / Industry Visits	119	32%	114	30%	62%
Launch 2 Targeted Industry & Sector Marketing Campaigns	7	70%	7	70%	140%
Host 2 Forums for Municipalities, Prospects & Developers	2	20%	4	40%	60%
Secure 3 or More Placements in Regional & National Media	10	67%	12	80%	147%
Increase New Prospect Contacts by 5% Annually	20%	80%	26%	104%	184%
Create 400 New Direct Jobs	382	19.1%	839	41.6%	60.7%

Source of Leads



As a result of increased web site activity, Virginia's Gateway Region saw a two percent increase in web-based, direct leads over last year. We anticipate that this trend will continue with our award winning web site becoming a significant lead-generation tool.

2007 Overview

	2004 Annual	2005 Annual	2006 Annual	2007 Annual	Total
Announcements	11	25	16	13	65
Jobs	627	2,553	382	839	4,401
Investment	\$38,600,000	\$256,950,000	\$55,990,000	\$549,900,000	\$901,440,000

Building Momentum

2007 Investors

PUBLIC SECTOR
City of Colonial Heights
City of Hopewell
City of Petersburg
Chesterfield County
Dinwiddie County
Prince George County
Surry County
Sussex County

PRIVATE SECTOR AdvantaStaff Alliance Engineering, Inc. Bank of America Binswanger Boar's Head Provisions Company, Inc. Bon Secours St. Francis Medical Center Branch Banking & Trust Company of Virginia C. Renee Wyatt-Chapline **Cameron Foundation** Capital Relocation Group Caudle-Hyatt, Inc Century 21 C. F. Scott, Inc. Charles E. Townes Cleveland A. Wright **CMA Properties** Coldwell Banker Advantage **Colonial Heights Chamber of Commerce** Colonial Honda Columbia Gas of Virginia Crossroads Ford

Delta Oil Company Dinwiddie County Chamber of Commerce Dominion Southpark, Inc. Dominion Virginia Power Draper Aden Associates **Dunmar Moving Systems** ECS, Ltd. Ernest H. "Bud" Yerly, Jr. First Capital Bank of Virginia First Federal Savings Bank of Virginia Ford Agency, Inc. Fort Lee Federal Credit Union Froehling & Robertson Gerald Petersen Gilbane Building Company Goodman & Company, LLP **Gray Construction** Gray Lumber Co. Gregg W. Beck Grubb & Ellis / Harrison & Bates Inc. Hale's Electrical Service Hampton Inn / Sleep Inn & Suites of Stony Creek Harlan Construction HCA Richmond Division - John Randolph Medical Center Heritage Chevrolet High Street Lofts - Miller & Associates Hollingsworth Companies Hopewell-Prince George Chamber of Commerce

If It's Printed J. T. Morriss & Son, Inc. J. W. Enochs, Inc. Jeffrey A. Cooke John M. Seward John O. Newby KBS Inc. Kings Korner Enterprises, Inc. Larry Tucker Leete Tire & Auto Center Lenasa Foundation, Inc. Mark Bric Display McKinney and Company Media General, Inc. Mitchell, Wiggins & Company Norfolk Southern Corporation **Old Dominion Electric Cooperative** Owen Printing Company Petersburg Chamber of Commerce Poplar Springs Hospital Porter Realty Company, Inc. Pre Con, Inc. Prince George Electric Cooperative **Priority Corporate Housing** Richmond Economic Development Corp. Roper Brothers Lumber Company Roslyn Farm Corporation Ryan Homes South Street Lofts - S & S Construction, Inc. **Southgate Square Shopping Center**

- Roslyn Farm Associates LLC Southside Electric Cooperative Southside Regional Medical Center Specter Properties, Inc. SunTrust Bank, Central Virginia **Swaders Sports Park Telephone & Data Services** Thalhimer Commercial Real Estate The Bank of Southside Virginia The Progress-Index **Timmons Group Townes Site Engineering** Tubular Fabricators Industry, Inc. Ukrop's / First Market Bank **Verizon Communications** Virginia Credit Union, Inc. Virginia Diner W. M. Jordan Company Wachovia Foundation Weinstein Management Company, Inc. William H. Talley & Son, Inc. William J. Collins, Jr. Williams Media Williams Mullen

Recently Virginia's Gateway Region lost one of our active partners. Mr. Jay Morriss, a long-time member of the Virginia's Gateway Region's Board of Directors, passed away on January 4th, 2008. Mr. Morriss most recently served as VGR's Board Secretary. He was a long-time supporter of Petersburg and the Gateway Region as a whole. His personal commitment to VGR and lifelong efforts to enhance the region will certainly be missed.

About Us

Virginia's Gateway Region exists to enhance the economic development opportunities for the cities of Colonial Heights, Hopewell and Petersburg, and the counties of Chesterfield, Dinwiddie, Prince George, Surry and Sussex. Virginia's Gateway Region is a private, nonprofit organization that is publicly and privately funded to facilitate new business opportunities, work with existing businesses, advance resources that will enhance the economic viability of the region and foster regional cooperation among the public and private entities that are involved in economic development activities.

Virginia's Galeway Region 256 East Ellerslie Ave, Suite D Colonial Heights, VA 23834

www.gatewayregion.com

toll-free 800.386.8925 office 804.732.8971 fax 804.518.0530

