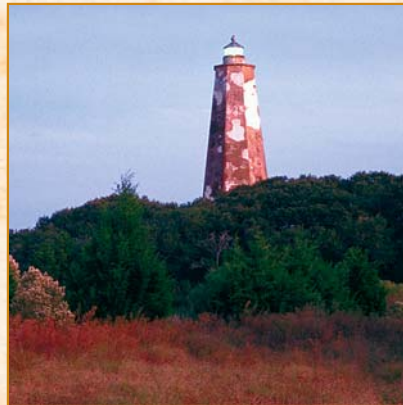


North Carolina's Southeast Commission



NORTH CAROLINA'S
UTHEAST™

A N N U A L R E P O R T
2007-08

Dear friends of Southeastern North Carolina

FEW OF US can resist a bargain when we see it, especially one that brings meaningful, lasting value to how we live and work.

Since 1994, North Carolina's Southeast Commission has provided assertive, innovative economic development solutions to every corner of our region. The work is far from easy. We've logged thousands of man-hours in designing strategic plans, readying printed and electronic promotional materials, and compiling customized proposals for firms interested in bringing new jobs and wealth here. Our marketing staff, local developers and board have journeyed thousands of miles spreading the message about our region's attractiveness to modern industry. Working hard, working smart and working together with our allies and partners, we've created real results over the past 14 years. By June 2008, we had effected – either opened or closed – some 93 industrial relocations. Those efforts have led to the creation of jobs for 8,408 of the region's residents – a number roughly equal to the current population of the City of Mount Airy, N.C.

During the 2007-2008 fiscal year, the region surpassed its projects targets, spurring the arrival of seven new companies. All told, our work helped draw nearly \$239 million in business investment here and the absorption of over three-quarters of a million square-feet of industrial space, creating almost 1,000 new jobs. And here's the bargain: every dollar the State of North Carolina invested in North Carolina's Southeast Commission yielded \$41 in capital spending by the private sector: most money managers would tell you that's a handsome return.

We are deeply grateful to everyone that made these outstanding results possible: our trusted local development partners, our wise and generous allies, our dedicated N.C. Department of Commerce counterparts in Raleigh and Fayetteville, and our tireless supporters in the North Carolina General Assembly. Their support has been critical to our success, and that success continues to bring real results to the people of our region.

JANE SMITH
Chairman, Board of Directors



NCSE MISSION

“To aggressively market the eleven counties of North Carolina's Southeast as the ideal destination for globally-oriented businesses interested in expanding or relocating all or part of their operations. Added to this mission is a long-term goal to diversify the region's economy in order to recruit high quality jobs for our people and build a stronger tax base for our communities.

Simply stated, our role is to generate leads that will consider Southeastern NC as a viable business destination, thereby creating opportunities for local developers to showcase their communities and close the deal.”

An international honor for Chairman Smith



Jane Smith receiving award at IEDC Conference.

NORTH CAROLINA Southeast Commission's Chairman Jane W. Smith was a recipient of the 2007 Citizen Leader Award presented by the Washington, D.C.-based International Economic Development Council (IEDC), the world's largest professional society of economic developers. The honor was presented at IEDC's annual meeting in Phoenix, Ariz., on September 17, 2007.

“IEDC's Annual Citizen Leader Award recognizes exceptional contributions to our profession by those with lives and day-jobs outside our profession,” explained IEDC chairman Ronnie Bryant, who presented Ms. Smith with the award. “It is an important opportunity to honor the leaders who make personal and professional sacrifices in the name of economic development and ask for nothing in return but a chance to make a difference in their communities,” said Mr. Bryant.

Ms. Smith has chaired the Southeast Commission since 2001 and is a founding member of its board. The IEDC award also acknowledged her service as chairman of the North Carolina Partnership for Economic Development (NCPED) from 2004 through 2007. “Her competence, credibility and steady hand helped North Carolina successfully navigate a myriad of challenges and opportunities facing its innovative network of regional economic development organizations,” said Mr. Bryant, whose own organization is an NCPED member. “She won the trust of North Carolina's top governmental officials, as well as county economic developers and private sector allies.”

Marketing leads to strong results for the region

Investors agree: Southeast is a top spot for distribution operations

DRIVEN BY centrally positioned geography, multi-modal transportation assets and reliable supply of skilled manpower, Southeastern North Carolina is the ideal backdrop for distribution operations – the warehousing and logistics centers that channel goods from producers to their end-users. While the Port of Wilmington makes the region’s coastal communities an obvious destination for such facilities, inland counties west of I-95 also are making the short list.

In March, officials in Richmond County announced that SRB Holdings LLC would construct a 300,000 sq.-ft. distribution center on a 29-acre site at Richmond County Industrial Park in Hamlet. The company is investing \$12 million in the venture, where it will employ 150 in the distribution of its recreational products. In adjacent Scotland County, logistics jobs are going far to replace the manufacturing employment lost when WestPoint Stevens, a consumer textile mainstay, moved its production to Asia two years ago. By mid-summer 2008, WestPoint will have launched a partnership with Hellmann Worldwide, a Germany-based third-party logistics provider, to consolidate WestPoint’s distributions at its shuttered manufacturing site in Wagram. The facility currently employs 120, a workforce set to expand to 200 by the end of 2008. In time, other tenants will work with Hellmann in basing distribution operations at the 1.6 million-square-foot complex.

Source of industry leads

Our primary mission is to generate leads of industries and companies and to encourage them to consider locating in the southeast region. The past year was very strong for quality companies visiting the region. This is a highly competitive process that takes various forms. Leads were generated by the following methods:

Total qualified industry leads	94
Internet	21
Allies	10
Call-in	2
NCSE	2
Realtor/Consultant	13
Trade Show	42
Other	4

Of these leads, the following occurred with recommendations and visits to the region:

New Company Locations	7
Individual Client Visits	27
Building/Site Recommendations	165
Building/Site Visits	48

How North Carolina's Southeast supported the creation of new jobs and investment (2007-2008)

Company	Industry Sector	County	Jobs	Investment	NCSE Role
SRB Holdings	Distribution	Richmond	150	\$12,000,000	Generated Lead
Tactronics	Military	Robeson	50	\$2,000,000	Generated Lead
Fibrowatt	Energy	Sampson	100	\$200,000,000	Assisted
Palmer Marine	Boatbuilding	Bladen	120	\$3,000,000	Generated Lead
Brunswick Corp.	Boatbuilding	Brunswick	500	\$20,000,000	Assisted
Polymer Technologies	Rubber	Hoke	49	\$2,000,000	Assisted
Advanced Recovery	Recycling	Robeson	30	\$175,000	Generated Lead
TOTAL			999	\$239,175,000	

Marketing Activities

NORTH CAROLINA'S Southeast again executed an aggressive marketing agenda that led to strong lead generation, new projects for the region, and announced company locations. Marketing is done in conjunction with local economic developers in the region, allied organizations, the North Carolina Department of Commerce, and Friends of North Carolina. All marketing events are evaluated and scheduled based on targeted industry sectors.

- Association of Woodworking Furnishings and Suppliers Trade Show (AWFS) (Industry Sector – Building Products)
- International Boat Expo (IBEX) (Industry Sector – Boat building and marine products)
- Process/Pack Expo Trade Show (Industry Sector – food distribution and packaging)
- Fabrication Technology Trade Show (FABTECH) (Industry Sector – metalworking)
- Retail Industry Leaders Association (RILA) (Industry Sector – distribution)
- International Poultry Trade Show (Industry Sector – Food processing and agri-industry)
- Warehouse/Logistics Real Estate Forum (Industry Sector – Distribution)
- Industry Recruiting Mission, Atlanta
- Industry site consultant mission, Chicago
- Industrial Realtor Presentations/luncheons, Raleigh and Charlotte
- Direct Mail Campaign to Boatbuilding/Marine industry
- Presentations on distribution marketing initiative to national and global level development groups

Remarks from Donald L. Porter, Chairman

Technical Advisory Committee North Carolina's Southeastern Commission

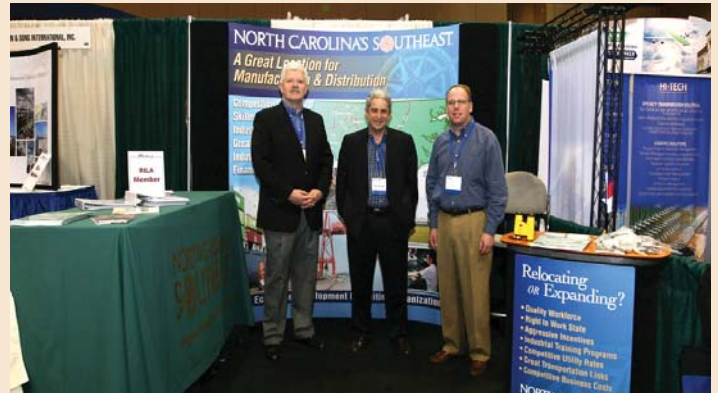
WAYNE GRETZKY, arguably the greatest-ever hockey player, once explained his success on the ice by saying: "I don't skate to where the puck is; I skate to where the puck is going." In charting out a marketing vision for our 11-county region, North Carolina's Southeast's Technical Advisory Group (TAG) applies similar logic. We use our imagination and common sense in forging a vision for how our region's economy fits into the fast-moving global marketplace.

There are a host of issues to consider when gauging the course of the modern business world. But, in the end, we simply don't know what the future holds. That's why it's critical that the region maintain the strategic planning capacity we've developed in recent years – skills and procedures that enable us to adjust to the shifting winds that whip across our economic landscape.

Collaboration is a key theme in the region's strategic planning. Local and state economic developers sit at the heart of this process, contributing a rich, diverse range of perspectives. We rely extensively on input from faculty experts at the business schools of our universities, workforce development professionals from our community colleges, and trusted consultants and real estate professionals with decades of collective experience on the front lines of site selection. Our planning includes input from utility and banking industry allies who share our hopes for making the region everything it can possibly be.

Leadership is central to a forward-looking development program. On that score, the Southeast Commission takes second place to no one. The Commission's exceptional officers, board and staff have always displayed an uncanny knack for looking down the road and anticipating the opportunities and obstacles ahead.

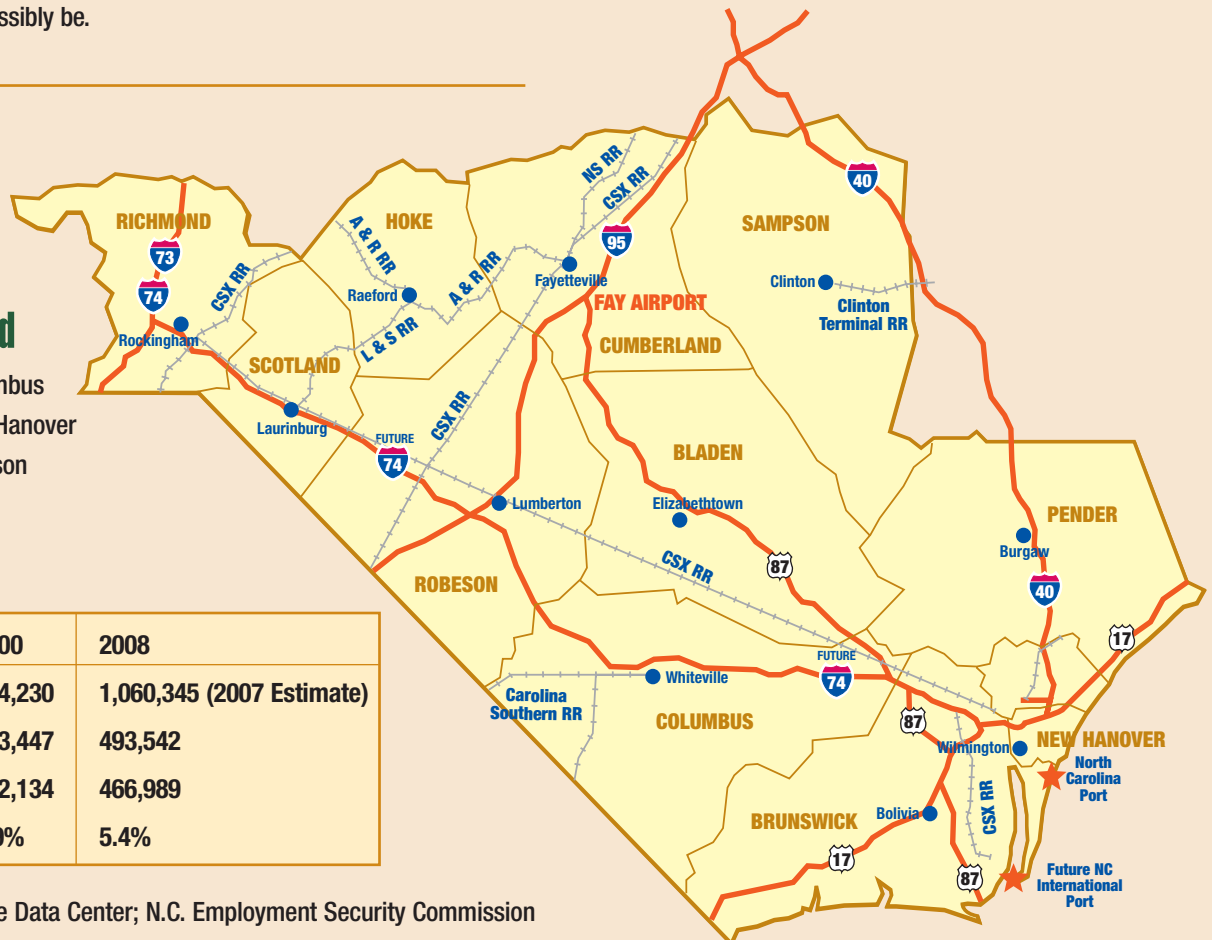
Typically, economic development agencies base marketing efforts on a checklist of physical and institutional assets that make their communities attractive. While it's tempting to credit the Southeast Region's success to unique geography, excellent transportation systems and outstanding campuses, I truly believe our results are derived from our regional economic development program's greatest single asset: its people.



NCSE and its exhibition booth at the Retail Industry Leaders Association Conference.

Counties represented

- Bladen • Brunswick • Columbus
- Cumberland • Hoke • New Hanover
- Pender • Richmond • Robeson
- Sampson • Scotland



	2000	2008
Population	964,230	1,060,345 (2007 Estimate)
Laborforce	433,447	493,542
Employed	412,134	466,989
Unemployment rate	4.9%	5.4%

Sources: North Carolina State Data Center; N.C. Employment Security Commission

Military base growth brings business opportunities

THE PENTAGON'S latest round of Base Realignment and Closure Commission (BRAC) measures is adding new programs and personnel at Fort Bragg, already a formidable economic engine for Southeastern North Carolina in addition to its crucial national security role. By 2011, the massive installation will also house the headquarters of the U.S. Army Forces Command ("FORSCOM") and the headquarters of the U.S. Army Reserve Command ("USARC"). Adjacent Pope Air Force Base will welcome a new active-duty Air Operations Group, the 440th Air Reserve Component Wing and a newly established Air Force reserve/active-duty associate unit.

Proximity to military buyers has forward-looking defense manufacturers considering sites in Southeastern North Carolina. That was certainly the case for Tactronics Holdings, which announced in November 2007 that it would be expanding its presence in the region with 50 new workers at a vacant industrial building in Lumberton. The Westhampton, N.Y.-based company makes armored vehicles and specialized electronics systems for buyers in military units. Since 2002, it has been a major supplier of such equipment to Ft. Bragg.

Privately-held Tactronics purchased an existing 70,000 sq.-ft. building within view of the Lumberton Airport. The building offered the specifications the company was seeking, and was available at an attractive price. Better still, it is just minutes from Fort Bragg, and the site's convenience to the Lumberton Airport enables company executives to visit the plant and return to their New York headquarters inside a single day. Tactronics officials found their way to the building via North Carolina's Southeast's extensive online catalogue of industrial real estate in the region.



Local and State Officials Welcome Tactronics to Robeson County.

Product development

SUCCESSFUL economic development in any region is very dependent on having available tools that can be offered to companies that are exploring the region for a potential facility location. This includes infrastructure, industrial buildings, industrial sites, and highways.

In the past year, North Carolina's Southeast has facilitated a planning effort involving Columbus and Brunswick Counties to develop a two-county industrial park encompassing 1,100 acres, land which is situated 16 miles from the Wilmington International Port. State statute allows for multi-jurisdictional parks, and communities are authorized to share infrastructure, utilities, and tax revenue within these parks. North Carolina's Southeast helped to evaluate the feasibility and support for the project. The two-county park will capitalize on the close proximity to the Wilmington Port by providing a class A industrial park environment for distribution and logistics operations.



Aerial photo layout of two-county park.

WHAT EXPERTS SAY

“The regions serve as a catalyst for collaboration across local entities to address economic development needs. In interviews and focus groups, this fostering of collaboration was attributed to a reduction in intra-regional competition in the business of economic development. Through the regions, neighboring counties have found a unifying voice.”

Improving Regional Economic Development through Structural Changes and Performance Measurement Incentives.

**Report of the N.C. General Assembly Program Evaluation Division
May 8, 2008**

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AT&T North Carolina

BB&T Corporation

Electric Membership Cooperatives of Southeastern N.C.

ElectriCities

First Citizens Bank

Harold W. Wells & Sons, Inc.

Piedmont Natural Gas

Progress Energy

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Fayetteville State University

North Carolina Boating Services

North Carolina Center for Geographic Information & Analysis

North Carolina Community College System

North Carolina Department of Agriculture

North Carolina Department of Commerce

North Carolina Ports Authority

North Carolina Small Business Technology Development Center

Southeastern Economic Development Commission

University of North Carolina Pembroke

University of North Carolina Wilmington

N.C. SOUTHEAST COMMISSION STAFF

Paul G. Butler, Jr., Director

Steve Yost, Marketing Manager

Marty King, Office Manager

Joe Melvin, Assistant Marketing Manager

Marie McKoy, Technology Specialist

Kim Tibbs, Office Assistant



Local developers, staff, and allies at planning session (100% attendance)



North Carolina's Southeast Commission

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