

FREDERICKSBURG REGIONAL ALLIANCE

Annual Report 2006-2007



Fredericksburg
Regional Alliance

AN EMERGING
EMPLOYMENT CENTER

CITY OF FREDERICKSBURG

CAROLINE COUNTY

KING GEORGE COUNTY

SPOTSYLVANIA COUNTY

STAFFORD COUNTY



Letter to Investors

October 29, 2007

DEAR INVESTOR,

Thank you for your continued support of regional economic development and the opportunity to present the Fredericksburg Regional Alliance's 2007 Annual Report.

We are pleased to report that Alliance staff, along with strong support from the board and private and public sector investors, successfully completed the 2007-2011 fundraising campaign, raising over \$2.7 million to support the mission of the firm. The Alliance added 20 new investors while 83% of existing investors re-invested in the organization, bringing the total number of investors to 89. Additionally, during FY-2007, 99.5% of all pledges were collected.

In addition to completing the fundraising campaign, we are very pleased to report that the Alliance and our economic development partners both at the local and state levels, helped 47 companies expand, relocate, or invest in the Fredericksburg Region. These projects collectively represent over \$84 million of capital investment into the regional economy and have the potential to create over 790 jobs. These and other projects in the future will help drive the regional economy at a strong rate of growth for several years to come.

During 2006, the volume of all goods and services produced in the region grew 8.8%, totaling over \$8.7 billion. Virginia's economy as a whole expanded at a rate of 3.2% while the national



economy grew at 3.4%. Furthermore, continued strong economic growth should maintain or decrease the region's impressive unemployment rate, which is currently 2.9%.

During the past year the Alliance employed several integrated marketing strategies aimed at increasing market exposure for the Region and attracting outside interest from companies, brokers, and real estate investors. The FRA sponsored and or attended five meetings with brokers in Richmond, Baltimore, Washington, D.C. and Northern Virginia, which gave the Region an audience and networking opportunities with over 180 commercial real estate brokers. The Alliance continues to focus on brokers and site consultants because 90% of all prospects utilize their services.

The 2006 Target Mail Campaign reached over 1,400 corporate executives, commercial brokers, site consultants, government agencies, and defense contractors. In addition, utilizing the services of CoStar Group, Inc., Alliance staff has identified over 630 firms throughout the Greater Washington Region whose leases are expiring over the next 24-36 months. These companies are within the Alliance's targeted industries and represent viable expansion and or relocation opportunities. Personal phone calls, email, and direct mail techniques are being incorporated to initiate contact with corporate executives. The Alliance also ran 8 ads promoting the region and assisted with 4 major editorials covering the regional economy.

During FY-2007, Alliance staff handled 64 commercial projects with 90% being generated through the Alliance office. In addition, Alliance staff personally responded to over 146 inquiries

from investors, corporate executives, brokers, real estate investment trusts, site consultants, and higher education institutions. These inquiries do not include information taken from the FRA website, which was completely redesigned this year and is currently receiving over 80,000 hits a month from interested clients. The Alliance strives to be a one-stop shop for regional economic statistics, demographics, and commercial real estate information vital to existing businesses and prospects alike.

During the past 12 months, as a component of the Alliance's fundraising campaign, staff completed 167 existing industry visits to diverse companies within the Fredericksburg Region. Information obtained from the visits is incorporated in the Alliance's business retention and expansion strategy and is very helpful when talking to corporate firms outside of the region. In addition, any issues that come up in the visit are brought to the attention of the appropriate people and or organizations both at the local and state level that are best suited to assist in solving the firm's problem.

The Alliance continues to partner with public utilities, the Virginia Economic Development Partnership, each area locality, and other organizations to increase regional name recognition through attendance at trade shows, face to face meetings with corporate decision makers, and direct contact with senior real estate managers at various federal agencies.

I would like to again thank the public and private sector investors, the Fredericksburg Regional Council, the George Washington Regional Commission, the Fredericksburg Regional Chamber of Commerce, the Virginia Employment Commission, our educational institutions, public utilities, our legal counsel, each member of the Alliance Board of Directors, and the Alliance staff for their hard work in promoting economic development in the region.

G. William Beale
Chairman of the Board

Mission Statement

The Fredericksburg Regional Alliance is an economic development organization that promotes and assists existing businesses and helps aggressively market the Fredericksburg Region to corporate decision makers who are planning to expand or relocate their company. The Alliance, which receives both

public and private funding, works in close partnership with officials from the City of Fredericksburg and the Counties of Caroline, King George, Spotsylvania and Stafford to provide a wide range of services designed to facilitate the creation of higher paying jobs while increasing the tax base.





The Leadership: A Public/Private Partnership

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Alliance Investors

A-Long Realty Advisors
Anderson & Strudwick
Appraisal Group of Fredericksburg and Northern Virginia
Banker's Insurance
BB&T
Birchwood Power Partners, L.P.
Brandywine Company Properties
Bryce Reeves Insurance & Financial Services
Cardinal Press, Inc.
Carlson Wagonlit Travel
Caroline County
Carter Bank & Trust
Chismarr Commercial Properties
City of Fredericksburg
City of Fredericksburg EDA
CorpComm, Inc.
CoStar, Inc.
Cox Communications
CVS, Inc.
Dickinson Equipment, Inc.
Dominion Virginia Power
Downtown Retail Marketing, Inc.
ECS Mid-Atlantic, LLC
English Construction Company, Inc.
Fredericksburg Area Association of Realtors
Fredericksburg Auto Auction
Fredericksburg Expo and Conference Center
Fredericksburg Regional Council
Free—Lance Star
Freeman Beverage Co., Inc.
G.L.M.G., Inc.
The Garrett Companies
GEICO Direct
George Washington Regional Commission

Greenhorne & O'Mara, Inc.
GVA Advantis Worldwide
Hazel Land Companies
HCA, Inc.
Hilldrup Moving & Storage
Hilldrup Properties
Intuit, Inc.
Jabberwocky Books & Albertine Properties
Johnson Realty Advisors
KBS, Inc.
King George County
The Kloke Group
LoopNet, Inc.
Luck Stone, Inc.
Maryland Development Group
MediCorp Health System
Mercedes Benz of Fredericksburg
Mid-Atlantic Foam
MITCO Land Development Company
Municipal Government of Changzou, China
Municipal Government of Xiyang, China
Old Dominion Electric Cooperative
P. C. Goodloe & Son, Inc.
PBGH
PermaTreat Inc.
PNC Bank
Pohanka Nissan Cadillac
Quarles Petroleum Inc.
Rappahannock Electric Cooperative
RE/MAX Commonwealth Real Estate Commercial Division
REDCO
Robert B. Payne, Inc.
The Roseman Company LLC

Rosner Motors
Sands Anderson Marks & Miller
Scheer Partners, Inc.
Second Bank & Trust
SG Development Partners, LLC
Silver Companies
Spangler Erkert & Associates
Spotsylvania County
Spotsylvania County EDA
Stafford County
Stafford County EDA
Sullivan Properties
Taskforce Staffing, Inc.
Tommy Mitchell Real Estate
Tricord Inc.
Ukrop's/First Market Bank
Ultimate Pontiac, Buick, GMC, Isuzu
Union Bank & Trust
Universal Stones
University of Mary Washington
Verizon
Virginia Commerce Bank
Virginia Community Bank
Virginia Credit Union
Virginia Economic Development Partnership
Vulcan Materials Company
W.J. Vakos & Company
W.M. Jordan Company
Wachovia Bank
WEB Equipment
The Write Touch

THANK YOU

The Alliance would like to thank all of our public and private sector investors, without whose participation none of our activities would be possible. We are pleased to announce that the Alliance achieved a 99.5% collection rate on all pledges in fiscal year 2007. Thank you for your continued support.





Strategic Marketing Activities at Home and Abroad

INTERNATIONAL MARKETING: CHINA

In an effort to maintain and increase the region's relations with China, the Fredericksburg Regional Alliance welcomed, for the second time in two years, our friends from Changzou, China. The reception, held at the Jepson Alumni Center at the University of Mary Washington, was an important opportunity for local business executives and government officials to welcome and network with 25 members of the trade delegation. Both Chinese and American attendees learned about the economic opportunities available in both countries and vital contacts and relationships were established. As a result of the Alliance's continued dialogue with members of the delegation, several Chinese investors are interested in doing business in the region and are actively pursuing viable options.

ISRAEL

The Alliance, in partnership with the Virginia Economic Development Partnership and the Virginia Israel Advisory Board, is actively marketing the Fredericksburg Region to Israeli defense and technology firms interested in expanding into the U.S. market. As a result of this partnership, Alliance staff is currently working with an Israeli defense contractor interested in locating to the region. The company would occupy roughly 40,000 sq. ft. and employ 60-80 employees. Average annual salaries are estimated to range from \$75,000-90,000 and the potential capital investment could be as high as \$1 million.

HUNGARY

Alliance staff is continuing an open dialogue with the Hungarian Technology Council, which represents over 350 technology firms based throughout Hungary. Since meeting with the President and briefing the council leadership in Budapest in 2005, Alliance staff has continued discussions with several member companies in the U.S. and one firm has visited with the Alliance to discuss the region's technology industry. Recently, the Alliance has obtained all the relevant contact information for each firm and will soon begin an email and phone campaign promoting the Fredericksburg Region as an ideal location to break into the U.S. market.

UNITED KINGDOM

The Alliance is continuing to actively pursue a British-based defense firm interested in the Fredericksburg Region for their first U.S. based facility. The firm's business is related to the homeland security and law enforcement industries and the company already has several contracts with the Department of Defense. The Alliance has been working this project since 2005 and hopes to visit again with company officials sometime in early 2008.

REGIONAL BRIEFINGS TO COMMERCIAL REAL ESTATE FIRMS

Since 2002, the Fredericksburg Regional Alliance has held or attended 25 commercial real estate briefings reaching over 540 commercial brokers in target markets such as Northern Virginia, Washington, D.C., Maryland, and Richmond. This Alliance initiative has allowed staff and local economic development officials to effectively increase relations with key players in the corporate real estate community while at the same time highlighting the tremendous growth and opportunities available within the Fredericksburg Region. These relationships have proven to be very helpful as companies look to expand or relocate in the region and hire a broker to head the search.

Additionally, several firms from Northern Virginia, Richmond, and Maryland have increased their presence within the region and some are beginning to set up local offices. This is a positive sign that the region is maturing and beginning to attract the attention of large national and global real estate firms. The Alliance will continue to market itself as a one-stop shop for comprehensive demographic, economic, and commercial real estate data vital to decision makers in the corporate real estate industry.

BROKER REAL ESTATE BRIEFINGS

Event	Location	Date	Attendees
Broker Luncheon	Washington, D.C.	September 19, 2006	18
REIT Briefing	Reston, VA	November 28, 2006	15
Broker Briefing*	Washington, D.C.	January 10, 2007	120
Broker Briefing	Richmond, VA	May 8, 2007	15
Broker Briefing	Richmond, VA	June 26, 2007	20

Total Attendees 188

**Grubb and Ellis Washington, D.C. Metro Area Economic Forecast 2007*

GLOBAL MARKETING REACH

Since October 2005, individuals and/or companies within the following countries have requested information from the Alliance website:

United Kingdom, Canada, China, Russia, Hungary, Germany, Switzerland, Seychelles, Netherlands, Singapore, Israel, Lithuania, Romania, Argentina, Australia, Philippines, Japan, Italy, Belgium, Trinidad & Tobago, Spain, Hungary, Brazil, South Korea, South Africa, France.

Collectively these 26 countries represent over 3,500 requests for information. The Fredericksburg Regional Alliance will continue to aggressively market the region both at home and abroad in an effort to attract jobs and investment to the Fredericksburg Region.

NEW FRA WEBSITE PROMOTION CAMPAIGN

In an effort to promote the newly redesigned Regional Website, FRA postcards were mailed to nearly 1,000 commercial real estate brokers, developers, and REIT executives in the Greater Washington Metro Market. The postcard highlighted information and resources available on the website, noted that the Alliance is a FREE resource for both brokers and their clients, and indicated that we stand ready to assist them with their expansion needs. Since the new website launched in April 2007, website traffic has averaged nearly 80,000 a month; this represents nearly a 100% increase compared to average activity before the redesign.

NEW REGIONAL ECONOMIC DEVELOPMENT WEBSITE

The Fredericksburg Regional Alliance recently partnered with CorpComm, Inc., an award-winning, professional communications firm adept at providing affordable, tailored marketing campaigns for federal government and commercial business clients, to assist with the development of the Alliance's regional economic development website. Located at the same web address, www.fra-yes.org, visitors have immediate access to regional demographics, economic statistics, commercial real estate information, and local news affecting the region's economy. Additionally, many interactive features are incorporated to provide further insight into the greater Fredericksburg Market and customized reports and studies on the region are available for download as well.

The goal of the redesigned website is to allow visitors the ability to quickly find pertinent information on the Fredericksburg Region while at the same time providing a visual glimpse into the culture, character, and quality of life available in the area. Online video testimonials featuring local business leaders and elected officials are available for viewing and provide fresh perspective from both the public and private sector regarding the business climate in the region.

In order to better provide brokers and companies alike with accurate and updated commercial real estate information, the Fredericksburg Regional Alliance (FRA) has partnered with LoopNet Inc. to "power" our Regional Site and Building Database. This



strategic alliance will assist local brokers, owners, and investors to increase national exposure of their listings. By leveraging the resources of LoopNet, local real estate professionals can increase exposure of their listings through LoopNet's national database of over 1,000 commercial real estate firms and 2 million registered users. This innovative partnership has enabled the Alliance to add over 400 listings to the Regional Sites and Building Database, representing over 3.2 million sq. ft. of commercial property for lease and over \$690 million of properties for sale. Most importantly, any premium listing utilizing LoopNet's online service will be automatically added and updated to the FRA Regional Site and Building Database.

This strategic partnership will fundamentally expand exposure of the region's com-

mercial inventory to interested companies looking at the Fredericksburg Region for expansion opportunities and provide an integrated and region-wide online marketing solution to brokers, owners, and investors with property in the Fredericksburg Region.

The Alliance staff is extremely confident the new website will be a very significant asset in promoting the Fredericksburg Region. Since launching the new website in April 2007, the site has experienced a 100% increase in traffic and is currently receiving roughly 80,000 hits monthly from interested parties. This activity provides excellent 24/7/365 global exposure for both our public and private sector investors and allows interested users the ability to quickly find the information, the resources, and the local professionals they need to complete their business objective.



Fredericksburg
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AN EMERGING
EMPLOYMENT CENTER

Supporting Local Industry

2007 REGIONAL ECONOMIC PROFILE

In an effort to provide local businesses continued insight and analysis on the economy of the Fredericksburg Region, the Alliance is proud to present the 2nd Annual Fredericksburg Region Economic Profile produced by Chmura Economics and Analytics. The report contains valuable demographic and economic information needed by local businesses in order to make informed business decisions regarding their current and future operations. The Alliance staff will continue to track current and future trends impacting the region's economic development and future growth and will make every effort to provide investors, local elected officials, and the general business community with the data they need to grow and compete in today's globally competitive business environment.

EXISTING INDUSTRY VISITS

The Alliance continues to visit existing businesses in an effort to assist local firms where possible and to better gauge the existing regional business climate. During the past 12 months, as a component of the Alliance's fundraising campaign, staff completed 167 existing industry visits to diverse companies within the Fredericksburg Region. Information obtained from the visits is incorporated in the Alliance's business retention and expansion strategy and is very helpful when talking to corporate firms outside of the region. In addition, any issues that come up in the visit are brought to the attention of the appropriate people and or organizations both at the local and state level that are best suited to assist in solving the firm's problem.

GM POWERTRAIN

The Alliance is proud to have participated in the Ribbon Cutting Ceremony at the GM Plant in Spotsylvania County to celebrate the addition of a new product line to their platform. According to Dave Clarkson, General Manager of the facility, the plant competed with several other GM powertrain facilities to win the new "six-speed" technology that promises to increase performance while at the same time increasing fuel efficiency. The new powertrain systems are already in some 2007 models and by 2009 will be in the majority of GM brands. This product addition is testament to the hard working employees at the GM Powertrain plant and the excellent corporate leadership exhibited by local management.

ALLIANCE HOSTS VIRGINIA MANUFACTURERS ASSOCIATION

The Fredericksburg Regional Alliance, in partnership with the Virginia Manufacturers Association, held an industry roundtable meeting at the Fredericksburg Country Club on June 21, 2007. The event provided attendees with an update on current legislation and initiatives affecting the manufacturing industry in Virginia. In addition, several issues such as tight labor markets, transportation, and environmental regulations affecting local manufacturing companies were discussed. The Alliance will continue to provide forums for local industry to voice their concerns regarding the regional business climate to those organizations, such as VMA, best positioned to address their issues.

THANK YOU

From its earliest days as a thriving Colonial seaport, the Fredericksburg Region has excelled in commerce and industry. Today, the Fredericksburg Region is home to over 9,000 businesses. These businesses account for over 70% of all jobs created in the region and are the driving force behind our region's strong industrial tax base.



While the importance of these factors is clear, the contributions of our region's existing businesses go far beyond statistical measure. Local businesses enrich our daily lives with the thousands of products and services they provide, and are excellent stewards, giving back to our community each year through volunteerism and charitable donations.

During National Business Appreciation Week, the Fredericksburg Regional Alliance, the City of Fredericksburg and the Counties of Caroline, King George, Spotsylvania and Stafford wish to thank the local businesses that help make the Fredericksburg Region such an enviable place to live and work. **And remember, the next time you need a product or service, look to an existing local business. Support the local companies that do so much for our community.**

The Fredericksburg Regional Alliance
540-361-7373 • www.fra-yes.org

FRA WEBSITE: IN THE NEWS SECTION

New technology, including an in-house administrative tool, has allowed FRA staff the ability to quickly add breaking news to the region's only regional economic development website. In addition to posting local news from area newspapers, the Alliance is adding national, international, and industry news affecting the national, regional, and local business environment.

In addition, the Alliance has the ability to create "FRA exclusive" press releases and we welcome the opportunity to partner with our investors and existing industry companies to help share their important news with the global business community. Currently there are over 115 stories, press releases, and articles on the FRA website which is currently averaging over 80,000 hits a month. Alliance staff will continue to promote this valuable resource to businesses, brokers, and site consultants around the world interested in quickly learning more about the economy of the Fredericksburg Region.

www.fra-yes.org

FREDERICKSBURG REGION COMMERCIAL REAL ESTATE SNAPSHOT

Total # of Commercial Buildings: 1,419

Total Rentable Base Area (RBA): 27,916,231 SF

Office Market

RBA: 4,759,695 SF ■ Avg. Lease Rate: \$23.31

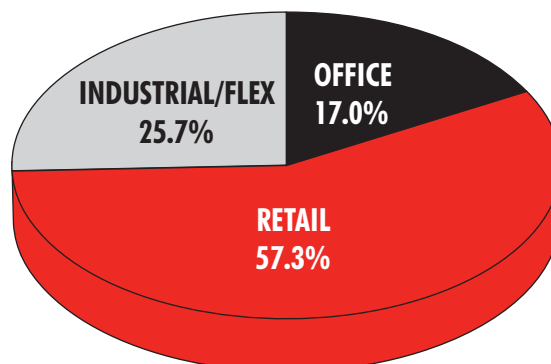
Retail Market

RBA: 15,978,347 SF ■ Avg. Lease Rate: \$20.07

Industrial/Flex Market

RBA: 7,178,197 SF ■ Avg. Lease Rate: \$6.50

Source: CoStar Group, Inc.



Total Rentable Base Area

Return on Investment: Alliance Reaches Broader Market

FY-2007 MARKETING CALENDAR OF EVENTS

Marketing Events

VEDP Briefing*
 Washington, DC Broker Briefing*
 IEDC Global Summit*
 Texas Marketing Mission
 VCU Real Estate Trends Conference*
 SEUS-Japan Global Conference*
 Florida Marketing Mission* (IEDC)
 Waterford Development LLC*
 British Embassy Reception
 Grubb and Ellis Annual Real Estate Conference*
 Maryland Marketing Mission* (IEDC)
 IEDC Federal Forum Conference*
 VEDP Project Manager Visit*
 Federal Lab Consortium Technology
 Transfer Conference*
 Hungarian Technology Council*
 NVTC Annual Spring Gala*
 CoreNet Global Real Estate Annual Conference*
 GVA Advantis Broker Briefing*
 Navy Opportunity Forum*
 VA Business Appreciation Breakfast*
 VHSR Annual Meeting*
 Executive Pulse Existing Industry Briefing
 Virginia Nippon Classic*
 Virginia Chamber of Commerce
 Executive Reception*
 Pine Creek Partners, LLC*
 Virginia Manufacturer's Association*
 Thalhimer Broker Briefing*
 China Delegation Visit*
 American Canoe Association Annual Meeting

Places/Dates

Richmond, VA: August 22, 2006
 Washington, DC: September 19, 2006
 Chicago, IL: September 25-28, 2006
 Dallas, TX: October 9-12, 2006
 Richmond, VA: October 17, 2006
 Orlando, FL: October 22-24, 2007
 Tampa, FL: November 12-17, 2006
 Reston, VA: November 28, 2006
 Washington, DC: December 12, 2007
 Washington, DC: January 10, 2007
 Baltimore, MD: January 25-26, 2007
 Arlington, VA: March 15-17, 2007
 Fredericksburg Region: March 21-23, 2007

 Williamsburg, VA: April 24, 2007
 Fairfax, VA: April 26, 2007
 Tyson's Corner, VA: April 26, 2007
 Denver, CO: April 29-May 2, 2007
 Richmond, VA: May 8, 2007
 Washington, DC: May 7-9, 2007
 Richmond, VA: May 14, 2007
 Washington, DC: May 15, 2007
 Richmond, VA: May 24, 2007
 Newport News, VA: June 4, 2007

 Atlanta, GA: June 5-6, 2007
 Georgetown, DC: June 14, 2007
 Fredericksburg, VA: June 21, 2007
 Richmond, VA: June 26, 2007
 Fredericksburg, VA: July 15, 2007
 Fredericksburg, VA: July 20-22, 2007

As a result of these events and activities, the Alliance has established 224 long-term contacts which will be cultivated going forward in an effort to increase the region's global presence and quality network of people, companies, and countries interested in the Fredericksburg Region.

**Events completely sponsored by the Alliance or where the Alliance was a strong financial sponsor.*

BUSINESS RECRUITMENT ACCOMPLISHMENTS

- 791 new primary jobs in targeted industry
- \$84,750,000 in new capital investment
- Majority of targeted job growth occurred in the Professional and Business Services, Financial, and Healthcare industries, which on average pay \$45,000 or more per year in salaries, 25% above the Region's average annual salary.
- Virginia Business Magazine, The Washington Business Journal, On Site Magazine, and The Free-Lance Star ran feature stories on the region.
- 8 ads
- 4 feature stories
- 11 tradeshows/industry events
- 2 direct mail campaigns
- 5 broker/developer briefings
- 5 marketing trips/events
- 7 other FRA sponsored marketing activities

DIRECT MAIL CAMPAIGN

Target Audience	# of Pieces	Market Description
Accounting Firms	32	Top ranked* accounting firms in the Washington, D.C. Metro area.
Advertising Agencies	25	Top ranked* advertising agencies in the Washington, D.C. Metro area.
Architecture Firms	25	Top ranked* architecture firms in the Washington, D.C. Metro area.
Associations	50	Top ranked* associations in the Washington, D.C. Metro area.
Construction Firms	26	Top ranked* construction firms in the Washington, D.C. Metro area.
CoreNet Mailer	260	Fortune 500 Corporate Real Estate Executives and National/International Site Consultants.
Defense Contractors	110	Defense Firms located in Northern VA, Maryland, and D.C.
Electrical Contractors	25	Top ranked* electrical contractors in the Washington, D.C. Metro area.
Engineering Firms	25	Top ranked* engineering firms in the Washington, D.C. Metro area.
General Contractors	25	Top ranked* general contractors in the Washington, D.C. Metro area.
Graphic Design	26	Top ranked* graphic design companies in the Washington, D.C. Metro area.
Home Mortgage Lenders	21	Top ranked* home mortgage lenders in the Washington, D.C. Metro area.
Insurance Brokers	15	Top ranked* insurance brokers in the Washington, D.C. Metro area.
Interactive Designers	23	Top ranked* interactive designers in the Washington, D.C. Metro area.
Mechanical Contractors	16	Top ranked* mechanical contractors in the Washington, D.C. Metro area.
Medical Supply	25	Top ranked* medical supply companies in the Washington, D.C. Metro area.
Navy Forum Mailer	75	Small/Medium Sized highly advanced defense technology companies.
Property Management	25	Top ranked* property management companies in the Washington, D.C. Metro area.
Real Estate Investment Trusts	17	Top ranked* real estate investment firms in the Washington, D.C. Metro area.
Site Consultants	330	National and International site consultants and site selection firms. The majority of their clients are Fortune 500 companies and other nationally recognized corporations.
Technology	25	Top ranked* technology companies in the Washington, D.C. Metro area.
Broker Postcard Mailing	280	Brokers in Richmond, Northern VA, Wash., D.C., and Baltimore, MD were mailed the FRA Postcard.

TOTAL 1,481

**Top ranked companies and firms as listed in the Washington Business Journal's 2007 Book of Lists.*

PRINT ADVERTISING & MEDIA COVERAGE

Print Medium	Date of Publication	Ad Category	Description
Washington Business Journal	September 2006	Feature Story	3-Page Article
The Free-Lance Star	November 2006	Feature Story	2-Page Article
VA Business Magazine	March 2007	Feature Story	5-Page Article
VA Business Magazine	March 2007	Business Recruitment	1-Page Ad
Washington Business Journal	April 2007	Business Recruitment	2-Page Ad Center Spread
Free-Lance Star	May 2007	Business Appreciation Ad	Two 1-page Ads
Caroline Progress	May 2007	Business Appreciation Ad	1-page Ad
King George Journal	May 2007	Business Appreciation Ad	1-page Ad
Stafford Sun	May 2007	Business Appreciation Ad	1-page Ad
Virginia High Speed Rail	May 2007	Business Recruitment	Qtr. Page Ad
On Site Magazine	June 2007	Feature Story	3-Page Article



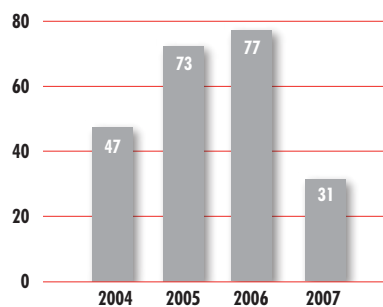
Project Activity

Between January and September 2007, the Alliance has worked on 31 projects. This represents a decline of 60% over the same time period in 2006.

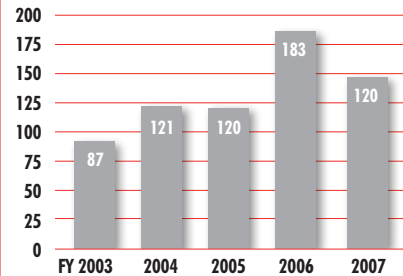
Some reasons for project pipeline slowdown likely include the following factors:

- More regional commercial real estate data available online through resources such as CoStar Group, LoopNet, and Locality Websites
 - Increase in the number of Northern VA and Richmond Brokerage firms active in the market and therefore more in tune to local product information, market activity, and local governments
 - Slowing national as well as regional housing market affecting corporate expansions and the corporate outlook on the U.S. economy
 - Inflationary concerns and the risk of higher interest rates influencing corporate borrowing costs
- Increased number of projects being located overseas
 - Depressed levels of corporate capital spending on new locations as firms choose to buy back shares, increase dividends, or increase cash on their balance sheets
 - Faster economic growth abroad shifting corporate focus on International operations and markets

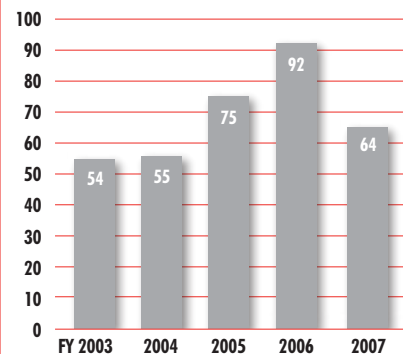
JANUARY TO SEPTEMBER PROJECTS



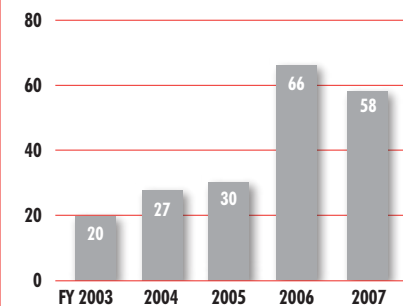
INQUIRIES



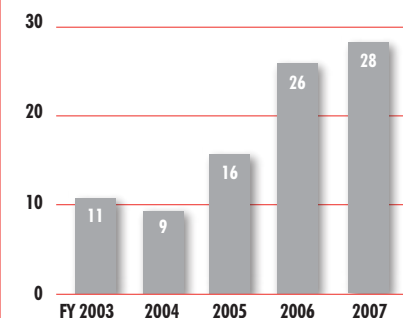
PROJECTS



VISITS



ANNOUNCEMENTS



ON-GOING PROJECTS*

The Alliance continues to work closely with and aggressively promote the following projects:

Company	Employment	Investment	Status	Source
Grocery Store Distribution Company	320	\$75,000,000	Region	VEDP
VA Based REIT	TBD	\$100,000,000	Region	FRA
Consumer Goods Distribution Center	50	\$15,000,000	Region	FRA
Convenience Store Distribution	100	\$20,000,000	Region	FRA
Aircraft Service Company	200	\$40,000,000	Region	FRA
Financial Services Customer Support Center	1,000	\$5,000,000	Region	VEDP
Fortune 500 Defense Related Firm	30	\$8,000,000	Region	FRA
High Tech Electronics Manufacturer	80	\$60,000,000	Region	VEDP
228 Mid-Size Projects	8,720	\$1,477,000,000	Region	FRA/VEDP/Localities

Totals: 10,500 jobs with over \$1.8 Billion in potential Capital Investment

*A number of projects may be listed in more than one annual report due to projects sometimes taking 24-36 months to move to fruition.

ASSISTED COMPANIES: NEW AND EXPANDED*

Computer Sciences Corporation	Metropole Products, Inc.	Acritech Corp	SDS International, Inc.
Massaponax Business Center	Virginia Medical Imaging	Community Home Health	Bearing Point, Inc.
Class A Office Building	Lockheed Martin	Corvel Corporation	VA Dept. of Health
Specialty Clinic Office Park	RND Technologies	Distributive Software Inc.	L3 Communications
Simes Office Building	Kalman & Company, Inc.	Lee's Park Commercial Site	Vickers & Nolan Enterprises
A & A Environmental Services	DBX Imaging, Inc.	McCormick Group, Inc.	SAIC
AOT Company	LVI Environmental Services, Inc.	Rt. 3 Office Building	Favor Networks LLC
Covenant Financial Group	Washington Post	Motisi Building	National Retina Institute LLC
MKI Systems	Acme Technical Group, Inc.	Lansdowne Business Park	Raytheon
Systems Technology Forum	Anasec LLC	Compliant Networks, Inc.	Allen, Allen, Allen, and Allen
Strayer University	Coastal Healthcare Consulting	Web and Associates	Remuda Ranch
Professional Software Engineering	Vitatech Engineering LLC	Raymond James Company	American Canoe Association National HQ

Totals: 47 Projects representing \$84,750,000 in capital investment and 791 new jobs.

The Alliance assisted with demographic information through office visits, conference calls for 38 projects related to retail and the need for office space. We are unable to measure the dollar value of investment and jobs created by this activity due to a degree of confidentiality associated with these types of projects and the difficulty in obtaining complete information from brokers, consultants, and research associates who asked for assistance during the site location process, but failed to follow up with the Alliance.

*Announcement information was obtained from conversations with corporate executives, brokers, from press releases or news coverage.



Accomplishments

RETENTION/EXPANSION ACCOMPLISHMENTS

- The Alliance continues to visit existing businesses as part of the Existing Industry Visitation Program. During the past 12 months, the Alliance has completed 167 existing industry visits to companies within the Fredericksburg Region in conjunction with our fundraising campaign. Information obtained from the visits is incorporated in the Alliance's marketing and business retention strategy.
- To help promote Existing Industry Week, the Alliance placed 4 print ads in local newspapers thanking local employers for their continued investment in the Fredericksburg Regional Economy.
- Alliance staff attended business appreciation events in each locality and the Governor's Kick-Off Breakfast in Richmond.

WORKFORCE DEVELOPMENT ACCOMPLISHMENTS

- Fredericksburg Region Workforce Resource Center (FRWRC): The FRWRC website is operational and available to both employers and employees as a "one-stop" online employment resource center. Currently there are 8 organizations listed on the website that are striving to improve the local workforce by providing employment assistance and workforce resources to employers and employees in the Fredericksburg Region. www.frwrc.com
- The Alliance continues to partner with ten local and state agencies, including Germanna Community College and the Virginia Employment Commission, to operate a "one-stop" information center to assist existing businesses and the local workforce. The center became operational in 2005. This organization provides an umbrella of services available through one contact point. The concept of this program has already caught the attention of the State Workforce Investment Board, who has agreed to provide some financial assistance and who will be using the program as a model for other areas.

INFRASTRUCTURE DEVELOPMENT ACCOMPLISHMENTS

- Assisted CoStar Group's Expansion into the Fredericksburg Commercial Real Estate Market
- Partnered with LoopNet, Inc. to "power" the Alliance's Regional Site and Building Database
- The FRA Site and Building Database currently has over 380 properties for sale or lease. These listings represent over 2.8 million square feet for lease and nearly \$750 million of properties for sale. This is estimated to represent 95% of the commercial product available in the region.
- Expanded brokers network to over 1,000 including developers and REIT executives located in the Greater Washington Metro and Richmond Markets.

REGIONAL COOPERATION ACCOMPLISHMENTS

- Member of Chamber's Military Affairs Council (MAC Council)
- Trailblazer Member of the Chamber of Commerce
- Virginia Applied Research and Development Institute Board Member (VARDI)
- Annual report on trends affecting the regional economy
- Single source for regional demographic, commercial real estate, and economic data

THE STRENGTH OF PARTNERSHIP

The Fredericksburg Regional Alliance (FRA) is a public/private economic development marketing partnership created to provide CEOs, presidents, corporate real estate executives, and site selection consultants with a single source for comprehensive demographic, economic, and commercial real estate information on the Fredericksburg, Virginia Region – which includes the City of Fredericksburg and the counties of Caroline, King George, Spotsylvania, and Stafford – while also providing a wide range of services designed to facilitate the creation of jobs and capital investment while diversifying the economy and increasing the tax base.

The Alliance works in cooperation with local economic development offices, the Virginia Employment Commission (VEC), the Virginia Economic Development Partnership (VEDP), the Fredericksburg Regional Chamber of Commerce, the George Washington Regional Commission, educational institutions, the public utilities, and other regional groups. FRA offers a comprehensive range of services and information, including: demographic, economic, and commercial real estate data; community tours; site selection services; industry-specific wage, workforce and labor availability information; tax and cost of living comparisons; financing options; and confidential project-specific proposals from Alliance localities.



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