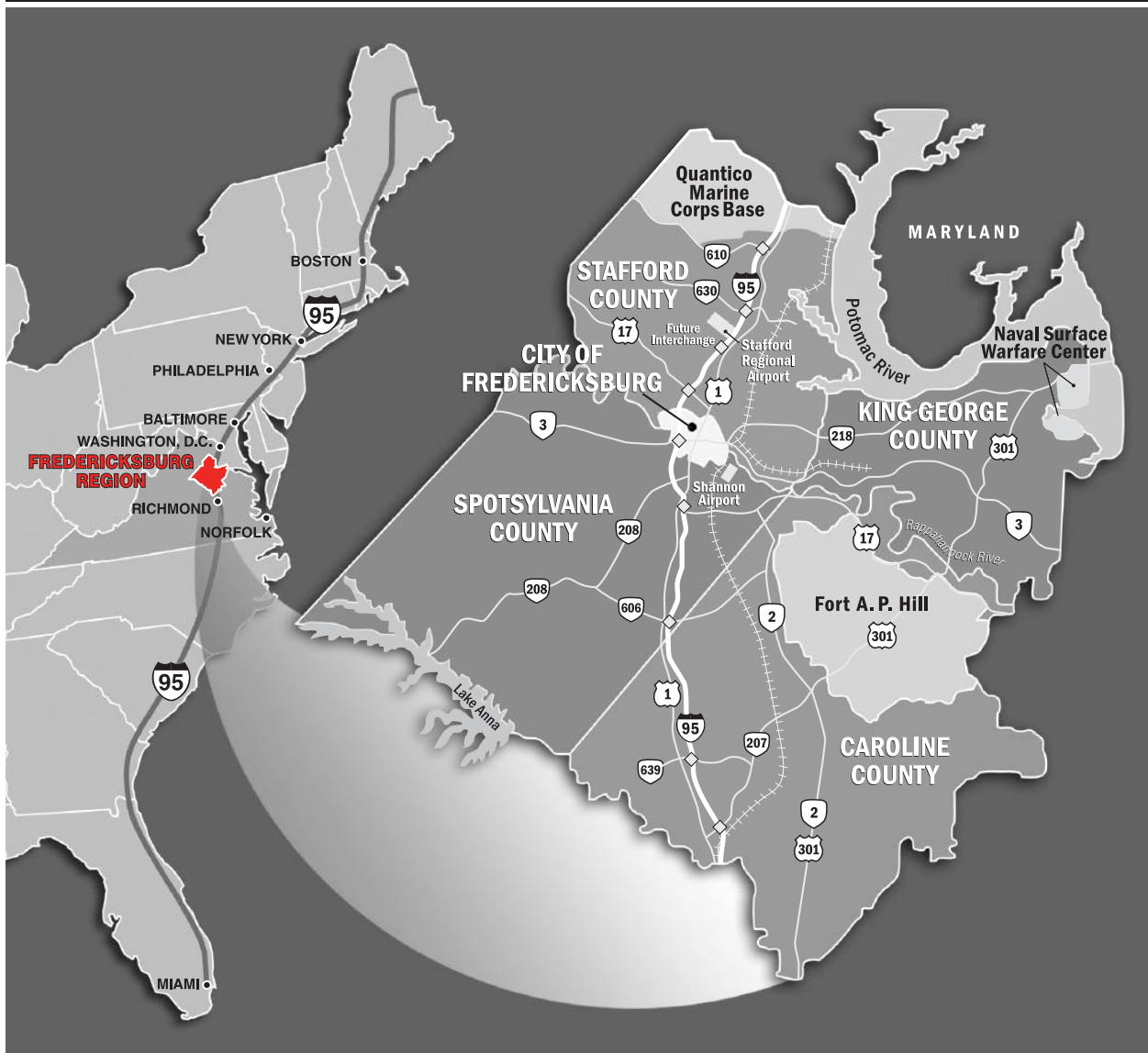


FREDERICKSBURG REGIONAL ALLIANCE

ANNUAL REPORT 2008-2009



City of Fredericksburg
Caroline County
King George County
Spotsylvania County
Stafford County



Letter to Investors

October 26, 2009

DEAR INVESTOR,

It is a pleasure to present our tenth annual report on the progress being made in promoting our regional economy. Much has happened in the last year! From the swings and volatility in the stock market, to newspaper headlines speaking of a depression, and now an “economic recovery.” Consumer confidence has declined and, therefore, the retail sector.

Questions still remain on the ability of the consumer to take on additional debt and resume spending... which means the recovery will take several more quarters to return to good health. In a changing economy the Fredericksburg region is still very much alive and well-positioned to excel as the national

economy recovers from the recession. Regionally, we have been fortunate. Government contracting, tourism and health care sectors have remained strong. Additionally, our regional unemployment rate has averaged 3% lower than that of the national average. It is not surprising that the construction and retail sectors account for the two major contributors in unemployment claims.

Even though construction employment fell significantly, between 2007-2008, the industry continues to capitalize and to improve with developments at Quantico Corporate Center, the University of Mary Washington’s Eagle Village, Spotsylvania Courthouse Village and the arrival of the Virginia State Fair in Caroline County, to mention just a few.

The region’s health care sector grew 53% from 2001-2008. HCA’s construction of a new hospital in Spotsylvania County, along with MediCorp’s new Stafford Regional Medical Center, support that claim.

During the past year, the Fredericksburg Regional Alliance has recognized the evolving state of the economy and was still able to assist 13 companies to relocate or expand into the Fredericksburg region. These announcements have resulted in approximately 1,075 new jobs,

the absorption of 814,000 square feet of commercial space and nearly \$161 million in capital investment.

In addition, the Fredericksburg region has seen an increase in the number of total existing properties to 2,184 with a Rentable Base Area (RBA) of 34,310,722 SF. The region’s office space market hosts an RBA of 6,950,053 SF with an average lease rate of \$21.44/SF per year.

Included with the year’s annual report is the 2009 Economic Profile of the Fredericksburg Region. In this report, the Alliance has again partnered with Chmura Economics & Analytics to showcase the strengths of the Fredericksburg region and provide statistical insight into how the area is positioned for the economic upturn.

As we look to the future, our region is well positioned to prosper based on our location, a strong infrastructure and strong fundamentals of the business climate.

As always, thank you to all of our investors, members of our Board of Directors and supporters for your continued support of regional economic development.

Sincerely,

G. William Beale, Chairman

Mission Statement

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 Leadership: A Public/Private Partnership

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President, PermaTreat, Inc.

MS. LINDA WORRELL

Silver Companies

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Manager of Strategic Initiatives

and Technology

Investors

A-Long Realty Advisors

Anderson & Strudwick

Appian Realty Advisors

Appraisal Group of Virginia

BB&T

Birchwood Power Partners, L.P.

Carter Bank & Trust

City of Fredericksburg EDA

City of Fredericksburg

County of Caroline

Cox Business Services

CVS Distribution

Design Craft Homes

Dickinson Equipment, Inc.

Dominion Virginia Power

ECS Mid-Atlantic, LLC

English Construction Company, Inc.

Fredericksburg Area Assoc. of REALTORS®

Fredericksburg Auto Auction

Freeman Beverage Company, Inc.

G.L.M.G.

GEICO

GVA Advantis Worldwide

GWRC

Hilldrup Moving & Storage

Jabberwocky Books & Albertine Prop.

Johnson Realty Advisors

King George County

King George EDA

Luck Stone

MediCorp

Mid-Atlantic Foam

MITCO Land Development Co.

Old Dominion Electric Cooperative

P.C. Goodloe & Son, Inc.

PBGH, LLP

PermaTreat Inc. - Corporate Office

Peoples Community Bank

PNC Bank

Pohanka Nissan Cadillac

Quarles Petroleum, Inc.

Rappahannock Electric Cooperative

Robert B. Payne, Inc.

Rosner Motors

Sands, Anderson, Marks & Miller

Silver Companies

Spangler Erkert & Associates

Spotsylvania County

Spotsylvania County EDA

Stafford County

Stafford County EDA

Stellar One

Thalhimer/Cushman & Wakefield

The Garrett Company

The Roseman Company

The Wardman Companies

Tommy Mitchell Real Estate

Tricord Inc.

Ultimate Pontiac, Buick, GMC, Isuzu

Union Bank & Trust

Universal Stone & Supplies

University of Mary Washington

VA Commerce Bank

Vanderpool, Frostick & Nishanian, P.C.

Verizon

Virginia Credit Union

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 98% collection rate on all pledges in fiscal year 2009. Thank you for your continued support.

Strategic Marketing Initiatives At Home and Abroad



2009 Virginia Chamber of Commerce Executive Reception with Governor Kaine

Alliance staff attended the Virginia Executive Reception on June 2 at the St. Regis Hotel in New York City hosted by the Virginia Chamber of Commerce. The purpose of the event is to showcase the exceptional business advantages of the Commonwealth to executives in the New York area. Governor Tim Kaine led the Virginia delegation and delivered featured remarks at the event. Bill Gilbert, Vice President and General Manager – Human Resources for Canon U.S.A., Inc., served as the corporate speaker and provided an overview of the company's operating experience in Virginia.

The Virginia Executive Reception is a joint marketing effort with numerous corporations and business development organizations to court New York-area companies as well as to demonstrate appreciation to those who already have a presence in Virginia. The FRA served as a partial sponsor, while Dominion, Old Dominion Electric Cooperative,

Silver Companies and the Virginia Economic Development Partnership served as signature sponsors of the event.

International Consumer Electronics Showcase

Alliance staff attended the 2009 International Electronics Showcase (CES) in Las Vegas, NV on January 8-12, 2009. CES is the largest electronics conference and showcase in the world and promotes the rapidly growing field of consumer electronics for both civilian and military users. There were over 2,300 different exhibitors at the show with approximately 300 first time participants. Over the course of the showcase, CES hosted over 100,000 attendees. There was a large presence of defense and military officials and contractors looking into the progression of mobile storage, satellite video equipment and the growing capacity of secured servers. Staff also attended various networking receptions and participated in discussions on the future of consumer technology development, where many business contacts were made. We will continue to follow up with these new contacts and business prospects.

Marketing Mission to Southern California

The Fredericksburg Regional Alliance and V.E.D.P. traveled to Los Angeles, California on a marketing mission during February 2-5, 2009. The Alliance and V.E.D.P. had 16 set appointments with companies that have showed interest in moving all or part of their business to Virginia. Although we expected positive feedback it was overwhelming the response received by corporations that had already done a reasonable amount

of research on the State. Virginia is a relatively easy sell in Southern California where land cost, infrastructure, and tax rates, along with workers compensation and utility costs are an unbelievable burden on corporations and individual business owners. Many of those we meet with also noted Virginia's central location on the eastern seaboard as a key benefit for adding distribution and manufacturing centers to already existing infrastructure in California.

Virginia Chamber of Commerce Legislative Reception

The Fredericksburg Regional Alliance helped sponsor the Virginia Chamber of Commerce Legislative Reception on Wednesday, January 9, 2009 at the Omni Hotel in Richmond, Virginia. Guest included Hugh Keogh, President and CEO of the Virginia Chamber of Commerce and Jeff Anderson, Executive Director of V.E.D.P. The networking event had a very strong showing from key leaders in the Fredericksburg Region also. Board members, Linda Worrell, Tom Bricken, and Kent Farmer were on hand as well as Charles McDaniel, and Xavier Richardson.

2009 Navy Opportunity Forum

Alliance staff attended this event which focused on 180 presenting firms. Attendees networked with small firms that provided research for the Navy and the transfer of new technology to the fleet. The 2009 event in Crystal City was attended by approximately 900 government acquisition offices, investors, and prime contractors.

Global Marketing Reach

Since January 2004, individuals and or companies within the following countries have requested information from the Alliance website:

United Kingdom, Canada, China, Russia, Germany, Switzerland, Seychelles,

Netherlands, Singapore, Lithuania, Romania, Argentina, Australia, Philippines, Japan, Italy, Belgium, Trinidad & Tobago, Spain, Hungary, Brazil, South Korea, South Africa, France.

Collectively these 24 countries represent

over 9,500 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.

Belgian Embassy

On Friday, April 17, 2009 the Fredericksburg Regional Alliance met with the Mr. Bart Deleen, Business Development Manager for the Belgian Embassy in Washington, D.C. The meeting was set up as one of several marketing

strategies to bring attention to our region on a global platform. We also discussed ways we could work together in bringing awareness to our region from a Belgian business perspective. Overall, the trip was a success. We have

already been added to their business development database and have also been offered the opportunity to have the Belgian Ambassador to the United States speak in Fredericksburg on a future date.

Economic Partnership with Germanna

In cooperation with Germanna Community College, Alliance Staff traveled to India July 28 - August 7, 2008 to explore economic development opportunities benefitting Germanna, the regional labor force, and corporate marketing opportunities. Numerous meetings were held with college Presidents, Presidents of global companies and regional Chambers of Commerce. The trip focused on Bangalore, the Silicon Valley of India.



Germanna Community College – Workforce Technology Center

Online Marketing and Print Advertising

Site Location Partnership

The Alliance has partnered with Site Location Partnership (SLP) to increase the Fredericksburg Region's exposure to site consultants and decision-making executives. The Alliance has an online listing with SLP's Hot Spot program, currently receiving over 35,000 hits per month, which includes the Alliance's contact information as well as an active link to the website. Along with the online listing, SLP has posted one of the FRA Video Testimonials (Billy Beale's) on their website. In addition to the web exposure, SLP will be sending e-mail newsletters to over 470,000 site consultants and decision-making executives in various industries including information technology, computer sciences, engineering and other targeted industries.

FRA e-Newsletter—In continuing efforts to actively market and promote the Fredericksburg Region, the Alliance has created an online e-newsletter that will highlight the current economic climate as well as provide up to date news regarding marketing and business recruitment strategies. The Alliance has contracted the services of OnLetterhead, a leader in mass e-mailing capabilities, to effectively implement and utilize an effective online marketing program.

The organization currently has a very strong e-mail distribution list that includes local businesses, Northern VA and Richmond commercial real estate brokers, potential new businesses in the targeted industries and various other industry leaders. The e-newsletter will be sent out every quarter and will include dynamic links to the website.

Targeting Expiring Leases in Northern Virginia

Staff is continuing efforts to target and identify companies located in the Northern VA/D.C. Metro area whose leases expire within the next 18-36 months. This list of companies will continue to change, as time progresses and

market conditions influence corporate decision making and marketing strategies. Targeted industries in this search include business services, computer and data processing, government contractors and manufacturing. Alliance

staff has sent out an initial marketing letter along with a copy of the regional Economic Profile during the 1st quarter of 2008. Follow-up phone calls and postcards are continuing to be pursued to increase interest in the Fredericksburg Region.

FRA Video Testimonials

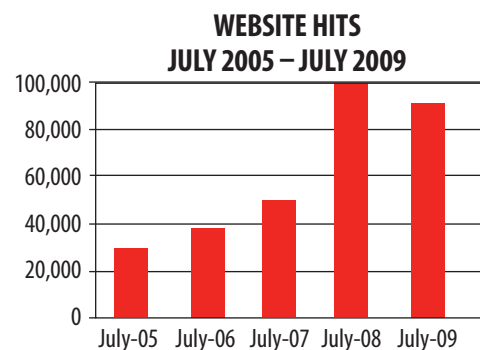
The Alliance has, once again, partnered with Dominion Virginia Power to capture the successful business climate of the Fredericksburg Region by interviewing more of its local business leaders. Participants of the latest filming included Neil Sullivan, Senior VP

of Thalheimer/Cushman Wakefield, Joe Grzeika, King George County Board of Supervisors, Mike Jones, Principle Owner of The Tricord Companies, Mark Gentry, Property Manager for Spotsylvania Towne Centre, and Hon. Tom Tomzak, Mayor of the City of Fredericksburg.

David Allen, Dominion's Economic Development Manager, visited the office to film interviews with the participants as well as toured the Fredericksburg area filming various quality of life features that will be presented on the website along with the new video testimonials.

FRA Website Promotion Campaign

In an effort to promote the regional website, FRA postcards were mailed to over 1,100 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. Web traffic remains strong at an average of 98,000 hits per month.



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 to help share their important news with the global business community. The 50 most re-

cent articles are available on the FRA website, with over 170 archived publications. The website is currently averaging nearly 100,000 hits a month and Alliance staff will continue to promote this valuable resource to businesses, brokers, and site consultants around the world. <http://www.fra-yes.org>

Washington Business Journal: OnSite Magazine

In efforts to continually and aggressively market the region, the Alliance has placed an informative ad highlighting the region's attributes in the Winter, 2008-09 edition of the *Washington*

Business Journal's OnSite Magazine. *OnSite Magazine* provides key insight to new business developments, economic practices and social infrastructure of the Washington, D.C./Northern Virginia

area. The Alliance has increased advertising by 50% over the past 6-9 months with focuses on print and online advertisements.

Supporting Local Industry

Eagle Village, UMW Groundbreaking

On February 20, 2009 staff attended the University of Mary Washington groundbreaking ceremony for their newest

addition to the campus, Eagle Village, a \$106 million commercial mixed use and student housing development.

Phase one of this project will consist of 454,456 square feet of residential and mixed-use space plus a 2,544 square

foot pedestrian bridge that connects the current campus with Eagle Village. A total of 723 surface and parking deck spaces will replace the existing 280. Jeff Rountree, President Judy Hample, Mayor Tom Tomzak and Rick Hurley, Vice

President for Administration, Finance, and Legislative Affairs were several of the keynote speakers that helped ring in the most recent addition for the City of Fredericksburg and the University of Mary Washington. Rick Hurley, Vice

President for Administration, Finance and Legislative Affairs is a current board member who has been involved with this project for many years now and has been instrumental in bringing Eagle Village to the City.



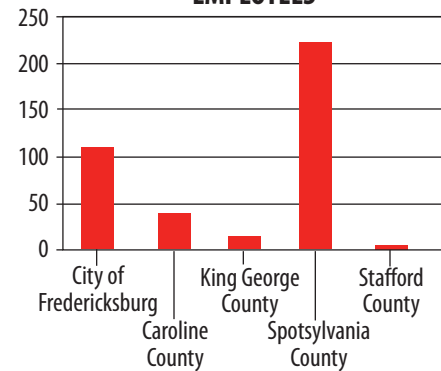
University of Mary Washington – Eagle Village

Potential Future Impact on Local Economy:

As we look to the future there are some positive signs of growth and development in our region. Over 400 people in the Fredericksburg Region currently work for Dominion Virginia Power. The proposed 1400 kilowatt nuclear powered generator at North Anna would translate into over 2 billion dollars in direct investments injected into the local economy creating in excess of 500 new

jobs. Even though this investment will be located outside our region many of our citizens employed at North Anna spend their salaries locally contributing to the multiplier effect of economic theory. The construction of the additional reactor will create hundreds of construction jobs that will last several years.

DOMINION VIRGINIA POWER EMPLOYEES



FRA Sponsors Breakfast with Governor Kaine To Promote Tourism

On the morning of Saturday, December 6th, 2008 the Fredericksburg Regional Alliance sponsored the breakfast and ribbon cutting at the Grand Opening of the Catherine W. Jones McKann Center of the Fredericksburg Area Museum and Cultural Center. The breakfast was held in the Mansard Gallery and the Governor of the Commonwealth was the honored guest for the ceremony. The new museum is a wonderful addition to Historic Fredericksburg and regional tourism which shows just how far the area has come both culturally and economically.

International Delegation Visit

On Wednesday, December 3rd, 2008 the Fredericksburg Regional Alliance met with an economic development team from Incheon, South Korea. They came to learn about the Fredericksburg Region and to discuss how we can work together to help grow our International business relationship. The group was given a briefing on what we are doing locally as well as a tour of some of the key historic sites in the Greater Washington Area. The Alliance believes that we should focus not only on regional and national projects but we must branch out to be prepared for the expansion of a global economy. Mr. David Lee, of the George Washington Regional Commission, served as a significant organizer of this event.

VEDP: Fredericksburg Regional Visits

Key members of the Virginia Economic Development Partnership (VEDP) visited the Fredericksburg region on two separate occasions during the fourth quarter of 2008. The first visit, taking place on October 3, began at Union Bankshares' corporate headquarters and focused on the many assets of Caroline County. Members of the meeting included Gary Wilson, Mike Manns, Billy Beale, Judy McClenny, Warren Hammer, John Loftus, Brent Sheffler and Alliance staff.

VEDP re-visited the Fredericksburg Region on November 25, 2008 with a key interest in the U.S. Route 1 corridor. Alliance staff lead the tour with an agenda aimed at highlighting the numerous business development opportunities located within the targeted area. Members with the VEDP delegation included Judy McClenny, Michael MacNeilly, Maria Prince and Michelle Poe. The same delegation has expressed high interest in visiting King George County, with a key focus on Dahlgren, in the early part of the first quarter of 2009.

Virginians for High Speed Rail Luncheon

On Friday, December 12th, 2008 the Fredericksburg Regional Alliance hosted a luncheon at Claiborne's restaurant for the Board of Directors of Virginians for High Speed Rail. The luncheon focused on the future of high speed rail service between Charlotte, North Carolina and Union Station with a scheduled stop in Fredericksburg. The featured guest speaker was Dale Zehner who is the CEO of VRE. He led a very informative discussion on the economic advantages that high speed rail would create for the Fredericksburg Region. Danny Plaughter, Executive Director for Virginians for High Speed Rail also briefed those attending about the cost advantages of using the rail. He also discussed the recently passed bill that authorizes \$2 billion dollars for investment in infrastructure for passenger rail corridors along the eastern seaboard with a special focus on highly congested areas between Richmond and Washington. In all, the Fredericksburg Region is in a prime position to take advantage of this future economic development. Gene Bailey has served as a board member of VHSR for the past 7 years.

Meeting with the President of New York City Economic Development

On Monday, December 15th, 2008 staff met with Seth Pinsky, President of Economic Development for New York City. Seth was appointed by and reports directly to Mayor Michael Bloomberg and has an extensive resume during his career in Economic Development. A graduate of Harvard Law, Seth has worked to structure and negotiate some of the larger commercial real estate deals in all 5 boroughs of New York City. Although on an entirely different platform as the Fredericksburg Region the goal of the trip was to better understand what activities and strategies are working in Economic Development and what things can be done better. From this meeting, Seth provided the Alliance with some great insight into what they are seeing as well as what they are doing in a down market to generate leads.

Return on Investment: Alliance Reaches Broader Market

DATE	MEETING/EVENT
7/8/08	Meeting with Judy McClenny – VEDP Representation for Fredericksburg Region
7/9/08	Ground Breaking for Free-Lance Star
7/11/08	Regional Economic Development meeting in King George
8/7/08	Hosted Meeting of Habitat for Humanity in Alliance Conference Room
8/12/08	Dedication of Data Center at GEICO with Chairman Tony Nicely
8/15/08	Meeting with Wachovia Executives
9/5/08	Attended Chamber Golf Match at Mattaponi Springs
9/12/08	Conference Call with Executive Director of Virginian's for High Speed Rail (VHSR)
9/20/08	Attended Riverfest
9/23/08	FredTech Breakfast
9/23/08	Meeting with Fredericksburg Area Builders Association
9/25/08	Tricord Reception at Germanna Community College
10/3/08	VEDP Tour of Caroline County Properties
10/15/08	Meeting with UMW Regarding GIS
10/19/08	International Economic Development Council Annual Meeting in Atlanta, GA
10/24/08	Germanna Foundation Board Reception
10/28/08	Military Affairs Council Networking Breakfast
11/3/08	Staff Served as Visiting Lecturer at UMW - Economics of Community Development
11/4/08	Speaker at Kiwanis Club - "Regional Economy"
11/5/08	Military Affairs Council Reception - Jepson Center
11/10/08	Annual Luncheon of REDCO
11/10/08	Report to Fredericksburg Economic Development Authority
11/18/08	Germanna Annual Fundraising Dinner
11/20/08	FredTech Council Annual Meeting Title Sponsor
12/5/08	Black Tie Gala at Opening of Fredericksburg Area Museum
12/10/08	President UMW - President's Roundtable
12/10/08	Virginia Free Luncheon in Richmond with Silver Companies
12/11/08	New Board Member Orientation - Fredericksburg Regional Chamber of Commerce
12/17/08	Report on State of Regional Chamber
12/18/08	Meeting with Matt Erskin, Executive Director, Greater Washington Initiative

- 1/6/09 Spotsylvania Regional Medical Center Site Preparation Ceremony
- 1/13/09 Fredericksburg Regional Alliance helps sponsor 2009 Old Dominion Legislative Reception, Omni Hotel, Richmond, VA
- 1/30/09 Black Tie Chamber Gala, Marine Corps Museum, Quantico, VA
- 2/19/09 MediCorp Grand Opening Chamber Mixer
- 2/20/09 Eagle Village Ground Breaking Ceremony & Reception
- 2/21/09 MediCorp Grand Opening and black tie reception, Stafford Hospital Center
- 3/4/09 Chamber of Commerce Military Affairs Council with Admiral Gary Roughead, USN, Chief of Naval Operations, Jepson Alumni Executive Center
- 3/12/09 State of the Chamber Briefing and Reception
- 3/16-3/17/09 IEDC Conference, Alexandria, VA
- 3/18/09 Luncheon with Michael MacNeilly, Senior Manager VEDP, Data Center Project
- 3/31/09 Meeting with executives of Silver Companies
- 4/2/09 VEDA Statewide meeting of Economic Professionals, Glen Allen, VA
- 4/22/09 Meeting with Board of Directors of Fredericksburg Regional Chamber of Commerce
- 4/23/09 UMW President's Roundtable
- 5/7/09 Military Affairs Council at Fort A.P. Hill
- 5/8/09 Chamber of Commerce SpringFest
- 5/12/09 PNC Regional Economic Forecast
- 5/27/09 Promotional Event for Luck Stone

A Dynamic Market

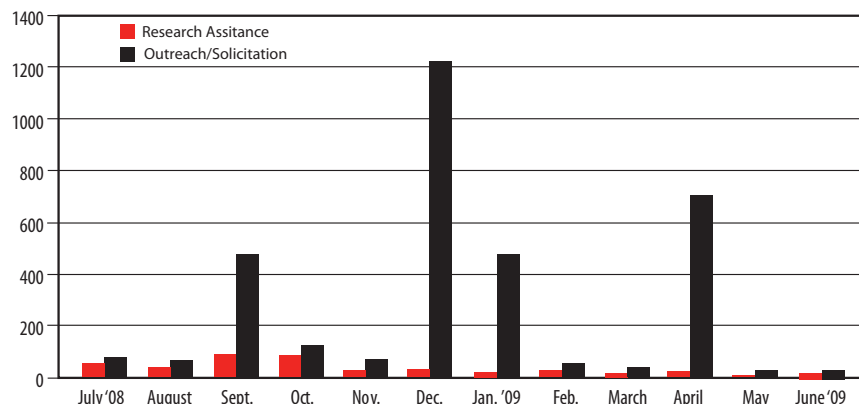
Regional Demographics

- 2009 Population Estimate: 325,000
- 2.31% Annual Growth projected 2009-2014
365,000 projected by 2014
- 173,000 Local Workforce
- Over 30% of workers have a bachelor's degree or higher within the region
- Nearly 65% of workers are employed in office-based jobs

Economic Overview

- 8.8 Billion GRP in 2007
9.3% Annual Growth since 2001
- Unemployment (August 2009)
Fredericksburg Region – 5.7%
Virginia – 6.5%
USA – 9.6%
- Average Annual Wages (All Industries, 1st Qtr 2009)
Fredericksburg Region - \$39,104
Virginia - \$47,580
- \$845 Million Taxable Sales (1st Qtr 2009)
8.6% Avg. Annual Growth since 2001

RESEARCH ASSISTANCE & OUTREACH

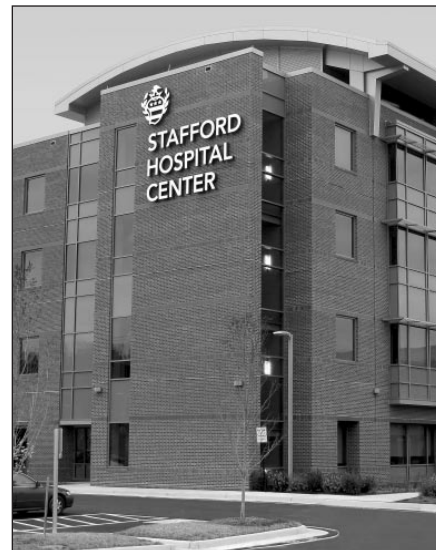


- Over \$3.3 Billion in Bank Deposits (June 30, 2008)
8.8% Avg. Annual Growth since 2001

Sources: Chmura Economics, VA Dept. of Taxation, FDIC, VEC

New Construction

- Two New Hospitals
MediCorp Stafford Hospital Center
HCA Spotsylvania Regional Medical Center
- Total Impact
\$310 Million Capital Investment
Over 700 high paying jobs
Increased demand for quality office space



Announcements

Cellofoam North America, a national leader in building and packaging products and plastic conversion technology, has leased 65,000 square feet of manufacturing/warehouse space in Spotsylvania County. The facility, which has the potential to employ over 130 workers, will host Cellofoam's only fabrication operation in the state of Virginia. The facility will be responsible for the creation of many plastic conversion and rotational molding products as well as the formation of new and innovative products that will continue to keep the company as an industry leader.

Northrop Grumman (expansion), this global leader in defense and technology has recently expanded its information and services operations into Stafford County's Aquia Towne Center. Northrop Grumman has leased approximately 68,000 square feet of office space to continue its development of systems and solutions that deliver timely, enabling information where it is needed most for its military, intelligence, federal, state and local government, and commercial customers.

With over 120,000 existing employees worldwide, the expansion into Stafford County has the potential to employ over 200 jobs with salaries ranging from \$35,000-240,000+.

MTC Services Corp. (expansion), this leader in engineering and systems integration has recently expanded its 46,000 square foot facility in Stafford County by occupying an additional 16,000 square feet to strengthen its Integrated Team Solutions (ITSFAC) program. The Integrated Team Solutions Facility (ITSFACTM) was established by MTCSC in the fall of 2002, with the concept to provide both the physical and virtual environment to improve the intelligence system integration and inter-operability with other intelligence and Command and Control (C2) systems both inside and outside of the Marine Corps. Today the ITSFACTM consists of more than 200 personnel and 17 partner companies, supporting over 20 Programs of Record/Projects for Marine Corps Systems Command (MCSC), Product Group 12 (PG12), Communication, Intelligence and Networking Systems (CINS). This expansion will create an additional 40-50 new jobs with salaries ranging from \$35,000-\$80,000.

Company	Jobs	Capital Investment *	Total Sq Ft
SRA International	30	\$2,500,000	9,000
Harris-Teeter	25	\$1,000,000	17,000
Cellofoam North America	130	\$7,000,000	65,000
Internal Revenue Service	40	\$1,500,000	9,000
Northrup Grumman (exp.)	200	\$12,000,000	68,000
Kaiser-Permanente	60	\$4,000,000	30,000
Zenith Aviation (exp.)	30	\$1,600,000	20,000
The Learning Experience	30	\$1,500,000	10,000
BAE Systems	80	\$7,000,000	33,000
MTC Services Corp. (exp.)	40	\$3,000,000	16,000
General Dynamics	50	\$4,000,000	25,000
Harris-Teeter	335	\$113,730,000	500,000
BAE Systems (exp.)	25	\$1,750,000	12,000
Total	1,075	\$160,580,000	814,000

*Projections as of October 1, 2009



Fredericksburg Region Commercial Real Estate Market OFFICE MARKET LEASE RATE*

Office Market	Avg. Lease Rate per SF (1st Qtr 09)	Market Size (Sq. Ft.)
Fredericksburg VA Region	\$21.44	6,746,390
Washington DC (CBD)	\$49.13	116,800,837
Richmond VA	\$18.53	25,126,779
Northern VA	\$29.70	177,350,450
Baltimore MD	\$22.90	60,628,146
Suburban MD	\$27.30	79,386,745
Charlotte NC	\$22.89	34,960,702
Atlanta GA	\$20.19	127,430,650
Philadelphia PA	\$26.39	143,871,156
Chicago IL	\$32.51	121,519,677
Dallas/Fort Worth TX	\$18.98	196,683,872
Los Angeles CA	\$31.80	203,217,355
Boston MA	\$20.93	105,072,666
Nashville TN	\$19.07	30,942,366

*Rates reflect comparable space with suburban locations. Source: CBRE Market Report, 1st Qtr. 2009

2,184 Existing Properties - 34,310,722 SF Rentable - Base Area (RBA)

Retail

- 1,297 Buildings: 18,300,344 SF
- Average: \$17.43 SF Year
- Vacancy: 6%

Industrial/Flex

- 295 Buildings: 9,060,325 SF
- Average: \$4.97 SF Year
- Vacancy: 23%

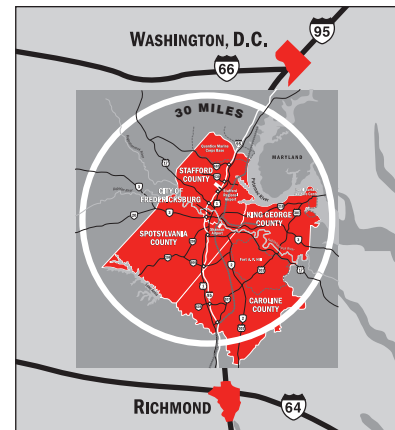
Office

- 592 Buildings: 6,950,053 SF
- Average: \$21.44 SF Year
- Vacancy: 13% (includes sublet space)

Source: CoStar Group, Inc. October 2009



Power of Information USING DATA TO REFINE STRATEGY



- Households over \$100,000 Income: 32.4% (77,340 Households)
- White Collar Jobs: 66.3%
- Percentage of Age 25+ who have earned a Bachelor's degree or higher: 24.9%



- I-95 Traffic Count: 170,000 vehicles per day
- Trade Area: 525,000
- Within one day's drive of 17% of the world's economic output
- Part of the fourth largest market in the U.S.

W. J. Vakos –
Spotsylvania Courthouse Village

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.



**Fredericksburg
Regional Alliance**
AN EMERGING
EMPLOYMENT CENTER

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