



2016 ANNUAL REPORT

ECONOMIC DEVELOPMENT PARTNERSHIP OF NORTH CAROLINA



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A LOOK AT 2016 AND THE ROAD AHEAD

Dear Partners, Investors and Stakeholders:

The Economic Development Partnership of North Carolina (EDPNC) recently concluded its second full calendar year of operation since opening its doors for business in late 2014.

Relying on both public and private funding for its mission, the EDPNC is proud to lead economic development efforts in the nation's ninth most-populous state, home to 100 counties and more than 10 million residents.

As a private nonprofit that performs under contract with state government, the EDPNC was formed to take on "marketing and sales" responsibilities previously housed within the North Carolina Department of Commerce, including:

- Recruiting new industry to the state
- Supporting the growth and expansion of existing industry
- Helping the state's small- and mid-sized manufacturers sell more exports to customers around the globe
- Counseling entrepreneurs on the first steps of starting a business in the state
- Attracting tourism and new spending, including from leisure travelers, film and television productions, sports groups and retirees.

Economic development in North Carolina depends on the successful execution of these functions, and the EDPNC is honored to serve in this role.

In this year's annual report, we discuss some of the many highlights for our organization in 2016. Notable accomplishments include:

Hitting or exceeding annual performance targets across all five of our core business units. Whether working to attract new jobs and investment to the state, connect existing employers with resources to support their growth, persuade overseas customers to buy products made in North Carolina, help would-be entrepreneurs navigate the first steps of starting a business, or lure visitors to spend their vacation dollars atop our mountains and along our beaches, the EDPNC team delivered strong results across key annual performance metrics. Furthermore, the organization achieved these results in a year that was not without its share of challenges.

Successfully expanding the scope of our existing industry support efforts. After realigning resources internally, the EDPNC ended 2016 in a much stronger position to identify and assist existing North Carolina employers with future growth plans. Given that many more jobs are created by the expansion of existing companies than those created by the recruitment of new employers, the organization is now better equipped to serve the needs of growing companies across the state, as well as the communities they call home.

Launching and implementing our first strategic plan. Although the EDPNC is an outgrowth of the statewide Jobs Plan adopted in 2014, the organization itself did not have a formal blueprint that specified division-by-division goals and strategies to achieve them. In early 2016, plans were developed for each business unit — including key strategies, performance metrics, and annual goals across each of those metrics. Development of these plans, as well as the implementation and tracking that also took place in 2016, marked an important milestone in fulfilling the original vision of the EDPNC as an organization focused on intentionality, accountability and, above all, results.

Carrying out our first annual cooperative marketing program focused on promoting the state for new business investment. In 2016, the EDPNC launched its new cooperative marketing effort for business promotion. (The Visit NC tourism promotion team within EDPNC has long utilized a similar cooperative marketing program for tourism promotion.) More than 40 local, regional and private-sector partners joined the EDPNC across a schedule of 20 targeted marketing initiatives in the first year of this program. The new cooperative marketing program not only generated revenues through participation fees paid by partners to join the EDPNC in these marketing activities, the broad buy-in from the partner community fostered a unified approach in how the state and its many partners sell North Carolina for new business investment.

Meeting our new private fundraising requirement, which increased significantly from the first contract year of operations. The annual requirement for the EDPNC to generate non-state funds to supplement its public funding rose from \$750,000 in its first contract year to \$1.25 million in its second year, a 67 percent increase. Thanks to the tireless work of our board of directors, which leads the charge on private fundraising for the EDPNC, the organization raised just over \$1.25 million from more than 70 different investors.

In noting the above accomplishments, we cannot overstate the importance of partnerships to the work of the EDPNC. Economic development — whether in the form of tourism destination marketing, export assistance, small-business counseling, or business recruitment and expansion — is the epitome of a team sport, one that relies on a well-coordinated symphony of efforts by a multitude of players. We remain extremely grateful for the honor of working with and supporting so many of these partners — from Murphy to Manteo and along all points in between.

In the coming year, the EDPNC will focus on executing its 2017 strategic plan, which further raises the bar on desired operating results across the entire organization.

Shoring up both our public funding and private funding resources will also be a priority, given how integral they remain to our ability to perform the important mission with which we have been entrusted. Though we are confident in the unrivaled quality of the "product" that we are tasked with promoting, we must continue to secure the necessary financial resources so that we can put in place a robust marketing and sales effort worthy of the product we represent.

We also look forward to serving as a consistent and credible authority on economic development matters affecting our state. Whether in service to the new Governor's administration or to the leadership of the North Carolina General Assembly, the EDPNC eagerly embraces its continued role as an apolitical, nonpartisan voice that provides valuable insight "from the front lines" of its work recruiting new companies, attracting more visitors and otherwise advancing the state's economic development agenda.

We are proud of what we achieved this past year, but we recognize that for our organization, the pursuit of continuous improvement — in our strategies, in our mindset and, most importantly, in our results — must always be the true north to which we constantly strive. On behalf of the board of directors and staff of the Economic Development Partnership of North Carolina, we remain grateful for the opportunity to serve the citizens and communities of our great state.

Sincerely,



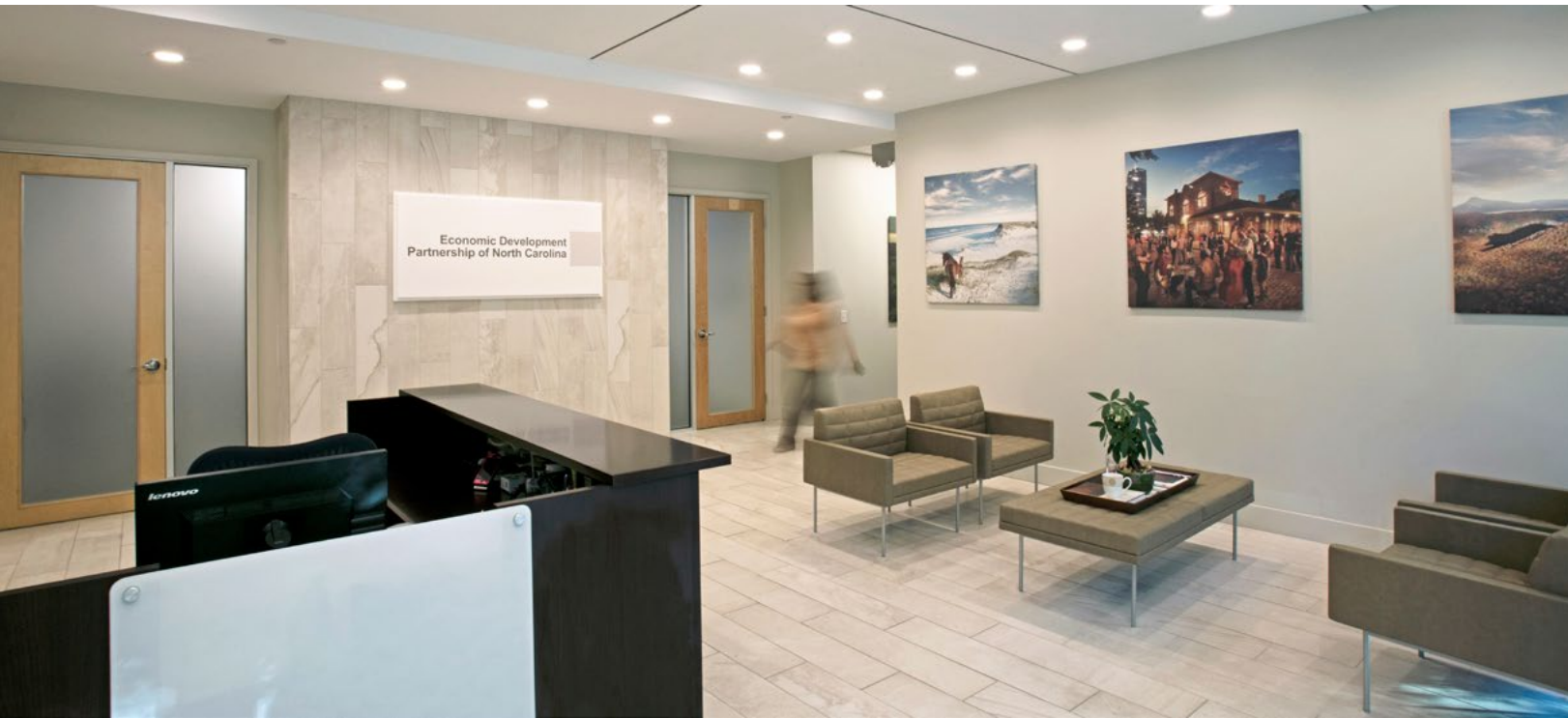
John Lassiter
Chairman of the Board



Jim Whitehurst
Vice Chairman of the Board



Christopher Chung
Chief Executive Officer



BOARD OF DIRECTORS

Seventeen business leaders from across the state serve on the Economic Development Partnership of North Carolina Board of Directors, providing critical strategic direction for the organization.

Board members, who are appointed by the Governor, Speaker of the House and Senate President Pro Tem, comprise business and industry leaders from throughout the state including corporate executives, family-owned business operators, entrepreneurs, and hospitality and economic development professionals.

Board members represent a mix of rural and urban counties including Wake, Mecklenburg, Onslow, Duplin, Moore, Guilford, Transylvania, Beaufort, Chowan, Forsyth, Randolph and Rockingham.

John Lassiter, a former member of the Charlotte City Council and president of Carolina Legal Staffing, serves as board chairman. Other officers include board Vice Chairman Jim Whitehurst, chief executive officer and president of Raleigh-based Red Hat, a global leader in providing open-source software solutions, and board Secretary and Treasurer John Kane, head

of Kane Realty Corp., the Raleigh development company behind North Hills and several other prominent Triangle projects.

The board, with expectations and expertise shaped by their private-sector endeavors, demands accountability from EDPNC's executive leadership and staff. To that end, the board in 2016 approved a strategic plan that implemented specific performance metrics for all of the EDPNC's business units and staff. The plan increases the EDPNC's responsibility for results while recognizing exceptional performance.

Also in 2016, EDPNC's board welcomed three new board members: Mark Bellissimo (Polk County), managing partner in Tryon Equestrian Partners, which opened the Tryon International Equestrian Center in 2014; David Craven (Randolph County), vice president for business development at Fidelity Bank; and Mark Zimmerman (Orange County), owner of the RE/MAX Winning Edge residential real estate office in Chapel Hill.

The board meets roughly six times a year at EDPNC offices in Cary or in other locations around the state.



John W. Lassiter
President
Carolina Legal Staffing



Jim Whitehurst
President and CEO
Red Hat



John Kane
Founder and CEO
Kane Realty Corporation



Marie Flow Arcuri
Dealer Principal
Flow Lexus



Mark Bellissimo
Managing Partner
Tryon Equestrian Partners



David Craven
Vice President
Fidelity Bank



Charles Creighton
Founder and CEO
Colony Tire



Mike Hawkins
President
Pisgah Enterprises



Sheila Pierce Knight
Executive Director
Jacksonville-Onslow Economic Development



Vimal Kolappa
Founder
East Coast Hospitality



Thomas Looney
Retired Vice President and GM
Lenovo North America



Pleas McMichael
Retired Textile Executive and Exporter



Melanie McNamara
Founder and CEO
Absolute Style Furniture



Caleb Miles
President and CEO
Convention & Visitors Bureau for Pinehurst, Southern Pines, Aberdeen Area



Robert Singer
Partner and Attorney
Brooks Pierce McLendon Humphrey & Leonard



Jeffrey Turner
Executive Vice President and COO
Murphy Family Ventures



Mark Zimmerman
Owner
RE/MAX Winning Edge

BUSINESS RECRUITMENT

CSX is building a massive intermodal rail terminal in Eastern North Carolina, similar to its Ohio hub pictured here. The project will have a significant economic impact. See page 12 for more details.

43%
INCREASE IN THE NUMBER
OF BUSINESS RECRUITMENT
AND EXPANSION DEALS THE
EDPNC AND ITS PARTNERS
HELPED CLOSE IN 2016

15%
INCREASE IN THE AMOUNT
OF CAPITAL INVESTMENT
EXPECTED FROM RECRUITMENT
AND EXPANSION PROJECTS
ANNOUNCED IN 2016

12%
INCREASE IN THE NUMBER
OF JOBS EXPECTED FROM
RECRUITMENT AND EXPANSION
PROJECTS ANNOUNCED IN 2016

Successful Steps to Support More Projects, Close More Deals

The EDPNC and its partners supported 139 announced business recruitment and expansion projects in 2016, resulting in 14,944 announced new jobs and \$3.8 billion in announced new investment in North Carolina.

That is a significant increase over 2015, when the EDPNC, collaborating with economic development partners at the state, regional and local levels, helped close deals on 97 projects that announced plans for 13,357 new jobs and \$3.3 billion in investment.

The EDPNC's business recruitment managers serve as a primary point of contact for growing companies. They work with partners, both public and private, to help companies locate sites in North Carolina, navigate financial incentives and permitting, and resolve infrastructure and workforce issues.

The EDPNC took steps in 2016 to better position itself to support more business recruitment and expansion projects, including fully staffing its business recruitment and existing industry support teams and formalizing greater integration of the efforts of these two divisions.

The existing industry support team — composed of eight regional industry managers who routinely interact with companies within each of the state's eight "prosperity zones" — assumed the role of assisting North Carolina companies with generally smaller expansions not eligible for larger state incentives. That shift enables EDPNC's business recruitment managers to focus more on industry recruitment and large expansion projects, while better utilizing the regional industry managers' relationships with existing local firms.

Also in 2016, the EDPNC ramped up efforts to increase foreign direct investment in North Carolina through its international business development team, which was established in 2015. The multilingual team proactively identifies foreign-based companies that aren't actively pursuing an expansion or relocation project but might be poised to do so, cultivates relationships with those firms to familiarize them with North Carolina's assets, and develops qualified project leads that are handed off to business recruitment managers.

The EDPNC also took to the road to network with partners in their own communities. EDPNC staff went on two- to three-day visits to multicounty regions across the state. These familiarization meetings build relationships and provide a venue for counties to share information about available local industrial sites and buildings, as well as other local business assets.

In the Elizabethtown meeting in 2016, local economic development officials from 16 counties made presentations to members of EDPNC's business recruitment, business development and research teams. Similarly, the EDPNC team heard from eight Piedmont Triad counties in a visit to Greensboro; nine southwestern counties in Charlotte; 14 counties during a visit to the Research Triangle; 26 western and northwestern counties during gatherings in Sylva, Asheville, Flat Rock and Boone; and 17 eastern and northeastern counties in visits to Little Washington and Edenton.

139 PROJECTS

The EDPNC and its partners helped close deals on 139 business recruitment and expansion projects in 2016. According to announcements by company and state officials, those projects are expected to create the following:

14,944
NEW JOBS

\$3.8 BILLION
IN NEW CAPITAL INVESTMENT

\$696 MILLION
IN NEW ANNUAL PAYROLL

2016 Recruitment Projects

8,118
OF NEW JOBS ARE CONNECTED TO COMPANIES ESTABLISHING NEW FACILITIES IN NORTH CAROLINA

\$2 BILLION
OF PLANNED INVESTMENT IS CONNECTED TO COMPANIES ESTABLISHING NEW FACILITIES

42%
OF PROJECT WINS ARE NEW FACILITIES IN THE STATE

2016 Expansion Projects

6,826
OF NEW JOBS ARE COMPANIES EXPANDING THEIR EXISTING NORTH CAROLINA OPERATIONS

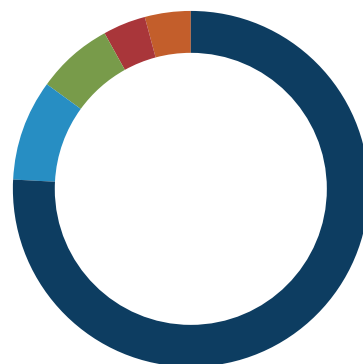
\$1.8 BILLION
OF PLANNED INVESTMENT IS CONNECTED TO EXPANDING EXISTING FACILITIES IN THE STATE

58%
OF PROJECT WINS ARE EXPANSIONS OF EXISTING FACILITIES IN THE STATE

Projects by Number

59 from new facilities and 80 from companies expanding existing facilities in North Carolina

- Manufacturing - 105
- Service & Sales - 13
- Warehouse & Distribution - 10
- Corporate Headquarters - 6
- Research & Development - 5



Investment by Industry

\$2 billion from new facilities and \$1.8 billion from companies expanding existing facilities in North Carolina

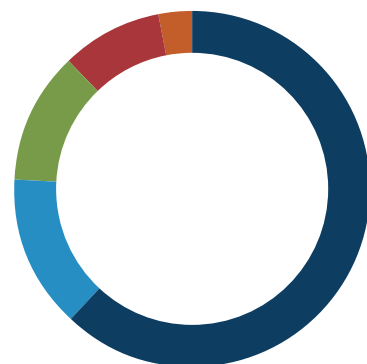
- Manufacturing - \$3.12B
- Service & Sales - \$319.9M
- Warehouse & Distribution - \$162.4M
- Corporate Headquarters - \$150.5M
- Research & Development - \$87.9M



Jobs by Industry

8,118 from new facilities and 6,826 from companies expanding existing facilities in North Carolina

- Manufacturing - 9,236
- Service & Sales - 2,043
- Warehouse & Distribution - 1,807
- Corporate Headquarters - 1,354
- Research & Development - 504



In 2016, Citrix announced plans for a 400-job expansion in Raleigh.

As of December 2016, North Carolina was actively being considered for:

\$11.3 BILLION
IN POTENTIAL CAPITAL INVESTMENT CONNECTED TO PIPELINE PROJECTS

38,385
POTENTIAL JOBS CONNECTED TO PIPELINE PROJECTS

206
POTENTIAL BUSINESS RECRUITMENT OR EXPANSION PROJECTS

Sales Pipeline by Percentage

Of the 206 potential projects in the pipeline as of Dec. 31, 2016, 70 percent involved various types of manufacturing, while corporate headquarters relocations made up 4 percent. Here is the percentage by industry:

- Advanced Manufacturing - 17.4%
- Food/Beverage - 13.6%
- Automotive/Transportation - 12.1%
- Other - 10.6%
- IT and Communication - 9.2%
- Plastics and Chemicals - 7.7%
- Textiles - 6.3%
- Pharma, Biotech, Life Sciences - 6.3%
- Business and Financial Services - 4.9%
- Aviation - 4.3%
- Metal Manufacturing - 3.9%
- Energy - 3.4%



WHAT'S THE BIG DEAL? THE CSX INTERMODAL RAIL TERMINAL



Local and state officials are calling CSX's decision to build a massive intermodal rail terminal in Rocky Mount a "game changer" because it is expected to attract manufacturers and distribution centers to Eastern North Carolina while stimulating more shipping at the Port of Wilmington.

Building the facility is expected to create roughly 250 to 300 short-term jobs in engineering, technical services and construction. Once completed, the terminal itself will bring 149 well-paying permanent jobs to a region that has struggled with higher unemployment rates in the state. Over time, the terminal will have a multiplier effect of spurring 1,500 new jobs statewide, officials say.

The so-called Carolina Connector, or CCX, which is on track to open in late 2019, will transfer large freight containers of consumer goods such as food, furniture and appliances between trains and trucks before shipping them to East Coast destinations and elsewhere across the U.S.

CSX is counting on its intermodal rail system to convert a share of the 9 million loads of freight now carried by trucks in the East to rail, because shipping by rail is cheaper and more environmentally friendly over long distances. The Rocky Mount hub "will increase access to national and global markets for North Carolina ports and businesses through CSX's extensive

intermodal rail network and lower shipping costs by up to 40 percent by converting freight from highway to rail," said CSX spokeswoman Kristin Seay.

But it took much more than North Carolina's strategic central East Coast location to win — and then hold on to — the competitive project both Virginia and South Carolina aggressively pursued.

When CSX was considering sites for its new hub, EDPNC Business Recruitment Manager Ellen Tai was North Carolina's primary point of contact for the Florida-based railroad company.

"I thought Ellen from Day One understood the power of this project and was very helpful in helping us navigate doing business in North Carolina and the opportunities that come with it," said Louis Renjel, vice president of strategic infrastructure at CSX.

That navigation became tricky when the first announced choice for the site fell through after opposition from property owners who did not want to sell their land for the project.

About a week later, CSX heard from Norris Tolson, president and chief executive officer of the Carolinas Gateway Partnership, which is dedicated to economic development in Edgecombe and

Nash counties.

Tolson said he was told the company's preference would be locating the terminal in a county closer to the Triangle region, a targeted and fast-growing market for the terminal's local service. Nonetheless, CSX gave him the project specifications.

After first raising a possible site that proved inadequate, Tolson suggested the Rocky Mount location across U.S. Highway 301 from North Carolina Wesleyan College.

Tolson also met with Wesleyan College's president to make sure he was on board. Then the local partnership successfully obtained purchase options on total acreage that was more than adequate for the planned 450-acre terminal.

With options and the neighboring college's support in hand, important pieces had fallen into place.

What sealed the deal, CSX's Renjel said, "was assembling the project, it was thinking about incentives, it was our confidence that the Carolina Gateways Partnership and the Rocky Mount public officials had the ability to bring the project from concept to reality."

"The North Carolina DOT (Department of Transportation) was great," he added. "They are cutting-edge in the way they



WHEN THE CCX TERMINAL IS BUILT, IT WILL BE THE MOST TECHNOLOGICALLY ADVANCED RAIL TERMINAL IN THE WORLD.

think about rail, the way they think about distribution."

CSX must meet hiring commitments and retain its current employment in North Carolina to take advantage of \$122 million in state incentives approved to support the terminal and its infrastructure needs, including up to \$110 million from the state Department of Transportation, \$4.3 million in Job Development Investment Grants, and \$7.8 million in intermodal tax credits.

The CCX terminal will be able to handle up to 400,000 containers a year when it opens, with room to grow to more than 1 million, Renjel said. It will be environmentally friendly, he said, eliminating more than 16 million truck miles annually from North Carolina highways and operating with near-silent robotic cranes and directional lighting to reduce light on surrounding areas.

"When the CCX terminal is built, it will be the most technologically advanced rail terminal in the world," he said.

2016 Recruitment and Expansion Projects

Here are highlights of announced projects supported by EDPNC business recruitment and regional industry managers in 2016. (Recruitment projects, defined as companies locating new facilities in the state, are marked by an asterisk.)

Company	County Location	Jobs	Capital Investment
RSI Home Products*	Richmond	175	\$18.3M
Avadim Technologies	Buncombe	551	\$20.4M
Everest Textile Co.*	Rutherford	610	\$18.5M
JELD-WEN*	Mecklenburg	210	\$38M
Grifols Therapeutics	Johnston	390	\$210M
Aurobindo Pharma USA*	Durham	275	\$31.7M
Prescient Company*	Alamance	205	\$18.8M
Relias Learning	Wake	470	\$4.5M
GF Linamar Automotive*	Henderson	350	\$217M
Corning Optical	Cabarrus, Catawba, Forsyth	355	\$205M
HAECO Americas	Guilford	500	\$60M
INC Research	Wake	550	\$51.5M
Everest Textile Co.*	Rutherford	610	\$18.5M
Snyder's-Lance	Mecklenburg	200	\$38M
Citrix	Wake	400	\$5M
Mountaire Farms	Chatham	600	\$50M
Uniquetex*	Cleveland	150	\$31M
Alamac America Knits	Robeson	189	\$1.1M
CSX*	Edgecombe	149	\$160M
King Charles Industries*	Anson	100	\$12.5M
Altec Industries Inc.	Yancey	150	\$15M
GKN Driveline	Sanford, Alamance, Catawba, Lee, Person	302	\$206.6M

The North Carolina table at the 2016 Southeast U.S.-Japan Association Annual Conference in Tokyo

Business Development Team Identifies and Cultivates Companies Poised to Expand

The EDPNC's international business development team creates and executes strategies to increase job-creating investment in North Carolina, primarily by generating new foreign-direct investment leads for the business recruitment team.

The business development team actively seeks out foreign-based and domestic companies that could be ready to locate or expand operations in North Carolina.

Team members cultivate relationships with executives of identified companies and make them aware of specific opportunities in North Carolina for their business model.

If a company's potential growth develops into a proposal to locate or expand in the U.S., the team introduces the company to EDPNC's business recruitment team to present options in North Carolina.

In 2016, the team identified 329 leads. Thirty-nine of those became "qualified leads" for the business recruitment team to pursue.

Business development team members, including a newly created position focused on the defense industry, operate out of the EDPNC's Cary headquarters. But the team also includes EDPNC international directors located in five geographic markets important to North Carolina's economy: Europe, China, Japan, Canada and South Korea.

The team connects with companies through industry presentations, trade show events, onsite company visits and other strategies.

In 2016, the team attended 164 events, made 70 conference presentations and

conducted 177 visits to companies.

Those activities included joining with local partners to host a North Carolina investment seminar held in Tokyo in September, just before and augmenting the Southeast U.S.-Japan Association Annual Conference there. Executives from more than 80 Japanese companies participated in the EDPNC seminar, which presented North Carolina's business assets to Japanese corporations that may someday consider locating or expanding operations in the U.S.

In May 2017, the business development team plans to present another North Carolina investment seminar in Japan, this time focusing on automotive industry opportunities in North Carolina. The event is timed to tap into the corporate crowd participating in the Automotive Engineering Exposition in Yokohama.

In 2016, business development team members also participated in the SelectUSA Investment Summit in Washington, D.C., and Hannover Messe in Germany, the world's largest industrial fair. The event draws more than 200,000 visitors and 65,000 exhibitors representing the entire industrial supply chain.

At the Farnborough International Air Show in England, a major trade exhibition for the aerospace and defense industries, business development team staff and the North Carolina Secretary of Commerce secretary met with executives of a dozen Fortune 100 companies from 70 countries.

NORTH CAROLINA ノースカロライナ

329

THE NUMBER OF BUSINESS RECRUITMENT AND EXPANSION LEADS GENERATED BY THE INTERNATIONAL BUSINESS DEVELOPMENT TEAM IN 2016

39

THE NUMBER OF QUALIFIED LEADS THAT THE BUSINESS DEVELOPMENT TEAM IDENTIFIED AND REFERRED TO BUSINESS RECRUITERS TO PURSUE FOR NORTH CAROLINA

COOPERATIVE MARKETING

The EDPNC's cooperative marketing initiatives included attending the Farnborough International Air Show in England with local partners in 2016.

19

THE NUMBER OF COOPERATIVE MARKETING ACTIVITIES SUCH AS JOINT PARTICIPATION IN TRADE SHOWS, SITE CONSULTANT MEETINGS AND HOSPITALITY EVENTS LED BY THE EDPNC IN 2016

48

THE NUMBER OF LOCAL, REGIONAL AND PRIVATE-SECTOR PARTNERS WHO PARTICIPATED IN ONE OR MORE EDPNC COOPERATIVE MARKETING ACTIVITIES IN 2016

21

THE NUMBER OF COOPERATIVE MARKETING OPPORTUNITIES THE EDPNC PLANS TO OFFER PARTNERS IN 2017

New Cooperative Marketing Program Engages Local Partners

In 2016, more than 45 regional, local and private-sector partners participated in EDPNC cooperative marketing events and activities focused on promoting North Carolina's assets to companies that may be considering where to locate or expand operations.

The cooperative marketing program is modeled after a similar program conducted by the EDPNC's Visit North Carolina division to promote tourism. Partners cost-share with the EDPNC, resulting in significant savings over what they would pay if signing up individually for such activities.

In 2016, the industry-focused cooperative marketing program included:

Site consultant meetings

The EDPNC traveled with small groups of local and regional, public and private economic development partners for one-on-one meetings with premier site consultants in markets including: Phoenix, Los Angeles, Atlanta, Dallas, Chicago, Cleveland, Columbus and cities in New York and New Jersey. Twenty local and private-sector partners participated.

Targeted industry gatherings

The EDPNC set aside spots for partners in events focusing on specific industry sectors, including the Farnborough Air Show in England, an aerospace industry trade event that attracts more than 100,000 visitors and 1,500 exhibitors from 39 countries; the Hannover Messe industrial technology trade fair in Germany; the Craft Brewers Conference and Brew Expo in Philadelphia, whose attendees represent more than 10,000 brewing industry professionals; and the SelectUSA Investment Summit in Washington, D.C., which showcases the U.S. for foreign direct investment and

draws more than 2,600 people from 70 international markets. In 2016, 30 local economic development partners and three utility companies attended nine targeted industry events with the EDPNC.

Hospitality and VIP functions

The EDPNC brought site selection consultants and other corporate influencers together with partners at hospitality events including a North Carolina investment seminar held just before the opening of the Southeast U.S.-Japan Association Annual Conference in Tokyo, a conference that brings seven Southeast U.S. states and Japanese corporations together; VIP dinner events at the Industrial Management Asset Council's twice-annual forums; and a dinner and reception at the Institute for Professionals in Taxation's Credits and Incentives Symposium in Denver. More than two-dozen local and private-sector partners participated in four different hospitality events in 2016.

Cooperative advertising

The EDPNC completed its first cooperative print advertising effort, which invited local economic development organizations to place ads in a 16-page advertorial insert published in the October 2016 issue of *Food Processing* magazine, a trade publication distributed to tens of thousands of food industry decision makers in North America. The insert highlighted North Carolina's assets for food and beverage manufacturers and profiled a number of companies in the state. Local economic development organizations were able to purchase ads in the insert for significantly less than the standard advertising rates in *Food Processing* magazine.

Port of Wilmington
Photo courtesy of the North Carolina State Ports Authority.

558
NUMBER OF COMPANIES RECEIVING
EDPNC EXPORT ASSISTANCE
SUPPORT IN 2016

\$832.2M
TOTAL VALUE OF EXPORTS
REPORTED BY COMPANIES
ASSISTED BY THE EDPNC IN 2016

311
NUMBER OF COMPANIES NEW TO EDPNC
EXPORT ASSISTANCE SERVICES IN 2016

International Trade Team Helps More Companies with Exports in 2016

Helping more companies enter and navigate export markets is more important than ever, because slowed economic growth globally and the strengthening U.S. dollar may continue to have a negative impact on exports nationwide in 2017.

In 2016, the EDPNC's international trade team helped more North Carolina companies enter foreign markets and increase their income from exports.

The EDPNC's trade specialists assisted 558 companies last year, and those companies reported exporting \$832.2 million worth of products in 2016. By comparison, EDPNC trade staff supported 501 companies in 2015, and those businesses exported \$739 million worth of merchandise during the year.

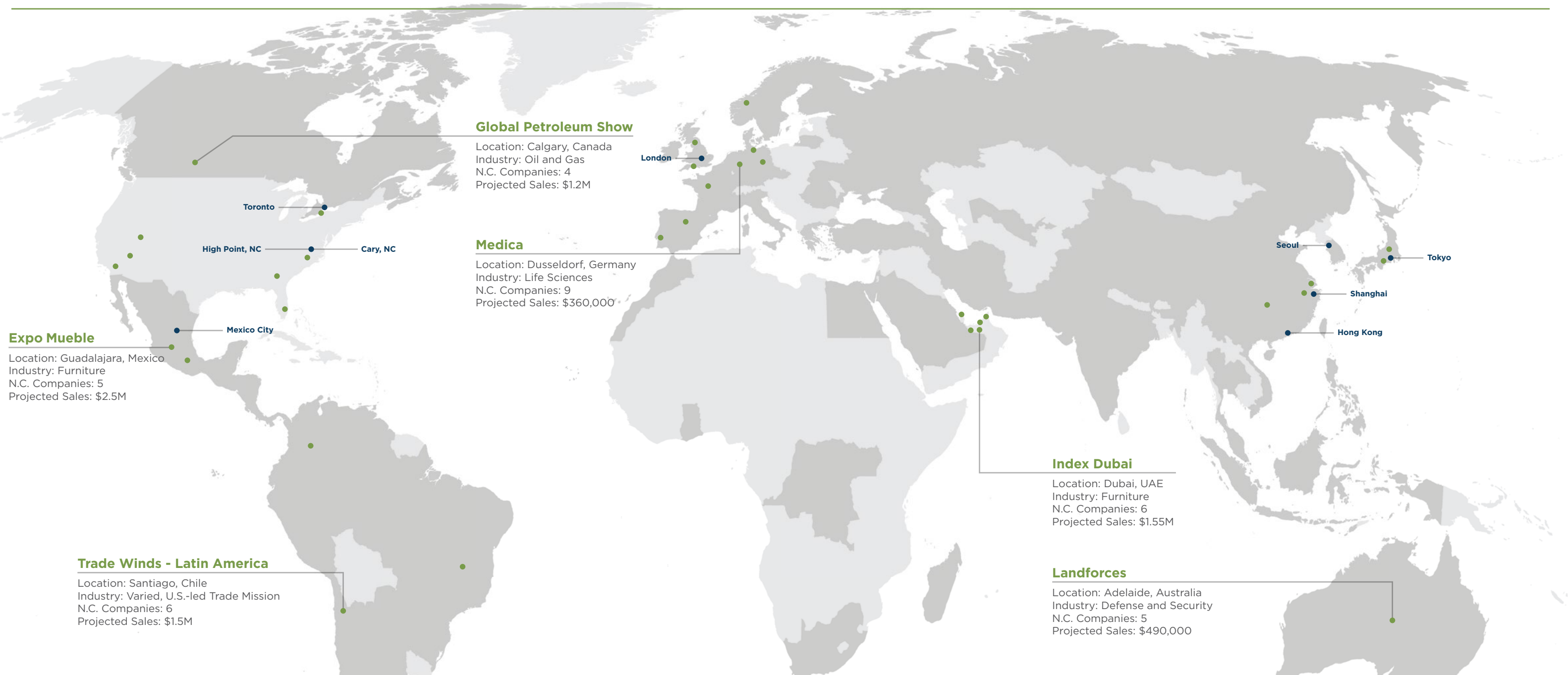
Also in 2016, the trade team reached out to companies in counties where there had been little interaction with EDPNC international trade staff the year before. The goal was to make those companies better aware of the EDPNC's export promotion services.

The strategic outreach helped the international trade team increase the number of counties where it supported companies — from 77 in 2015 to 89 in 2016.

The international trade team's services to North Carolina's small- to medium-sized businesses enable them to identify and develop overseas sales opportunities. The services are free of charge, which is essential to smaller businesses that often don't have staff dedicated to exploring and developing export markets.

International trade team services include providing export education programs, customized searches for new distributors or agents, and market research on international markets. The team also leads delegations of North Carolina companies to international trade shows, sets up meetings with potential buyers and distributors at shows, and provides overseas market intelligence including economic, social and political data.

The EDPNC's international trade division employs multilingual trade experts located in North Carolina (each of whom specializes in specific industry sectors) and seven foreign offices in Canada, Mexico, Europe, South Korea, Japan, China and Hong Kong.



2016: A Few Key Points

The EDPNC's international trade division, which employs trade specialists located in North Carolina, Canada, Mexico, Europe, South Korea, Japan, China and Hong Kong, coordinates and leads the participation of North Carolina companies in international trade shows. The division's services include introducing businesses to potential buyers and distributors of their products or services. More than 200 companies attended 36 international trade events with the EDPNC in 2016. This map highlights several of those events and the companies' estimates of sales they expected to close by attending.

Global Connections: By The Numbers

201 The number of companies that attended international trade events with the EDPNC in 2016

\$832.2M Total value of exports reported by companies assisted by the EDPNC in 2016

\$415.5M Companies' total projected amount of sales from participating in trade shows with the EDPNC in 2016

36 Major trade shows attended by groups of companies led by the EDPNC

● EDPNC international trade team office locations

● Trade shows attended by EDPNC-led groups of North Carolina businesses

● Countries where EDPNC-assisted companies reported export sales

SUCCESS STORIES

Power Cord Maker Dives Deep into Overseas Markets

In 2013, Stay Online Corp. attended its first international trade show outside the U.S., just as it was beginning to explore overseas markets for its products. What a difference three years makes.

The end assembly manufacturer of power cords, plug adapters and other power connectivity products has attended many more trade events, increased its exports from 5 percent to 20 percent of company sales, opened a warehouse and distribution center in Czech capital, Prague, and expanded the demand for its products well beyond its initial foreign markets in Canada and Latin America.

“Now we ship to more than 100 countries a year,” said Bellinda Higgins, Stay Online co-owner with her husband, Jim. And exporting has contributed to the company’s ability to grow from 30 to 85 employees since 2013.

The connection between exports and job creation is the core reason federal agencies annually name Exporters of the Year and President’s “E” for Exports Award winners in each state. Stay Online won both recognitions in 2016.

Kuldip Wasson, EDPNC director of global operations, and partners such as the Small Business and Technology Development Center (SBTDC) in Raleigh have been with the Higginses for their entire exporting journey — creating a network that has connected them to export education classes, funding to attend trade shows, foreign market analysis, help with developing a strategic export plan and assistance in finding the Prague location for their new warehouse and distribution center, which opened in 2015.

“The distribution center in Prague has changed the landscape in the customers we have been able to attract,” Bellinda Higgins said. “We can stock our inventories in Europe and have it shipped from Prague.”

The Prague location supports a Stay Online edge — its ability to draw on a large inventory or quickly customize products before shipping. The company also has no required minimum-order quantity (MOQ).

“Through our immense inventory and no MOQ, we can offer same-day shipping,” Higgins said. “If something isn’t in stock,

*Stay Online owners Joe and Bellinda Higgins
Photo courtesy of the Small Business
Technology and Development Center*

we can choose from our root cords, cut off an end and mold in-house the necessary plug, according to the customer’s needs. Our in-house molding capabilities have increased sales opportunities for us around the globe.”

The EDPNC’s Wasson coordinated Stay Online’s participation in its first international trade show, as part of the North Carolina pavilion at the 2013 CeBIT in Hannover, Germany, the largest information technology trade show for industry professionals. The show was a good fit, since Stay Online’s products cater to the needs of businesses such as original equipment manufacturers, technical businesses, data centers and hospitals.

“Kuldip was instrumental,” Higgins said. “He made sure we had an interpreter. And he made sure we had all the services we needed to rev up for the show.”

The EDPNC has also assisted the Higginses

with federal grant funds to offset travel costs of some of the many international trade shows it has attended since CeBIT 2013. Wasson also introduced them to SBTDC international trade counselor Alex Viva, who helped Stay Online develop a strategic export plan.

The EDPNC’s help hasn’t stopped at export assistance. In 2016, Wasson and Harry Swendsen of the EDPNC’s existing industry support team visited Stay Online’s Creedmoor plant and learned a portion of it had HVAC and roofing issues that were keeping the company from expanding production and hiring new personnel. Swendsen encouraged the Higginses to apply to a state grant program that could help renovate the building.

In December 2016, the state approved a \$499,190 grant to help renovate the Creedmoor building, contingent upon the company committing to a 50-job expansion.

Trade Show Helps Waste Bin Manufacturer Increase Sales in Latin America

Otto Environmental Systems North America, a manufacturer of plastic waste bins for residential and commercial use, has turned to the EDPNC in recent years for assistance in expanding its foreign markets in Latin America.

Otto employs roughly 300 people in Charlotte, where it opened its North American headquarters in 1988. The company, which traces its roots to a family business that began in Germany in the 1930s, is a subsidiary of the Otto Group based in Roermond, Netherlands.

The company, which also provides services including container logistics, servicing, repair, design and custom molding, currently sells throughout the U.S. and exports to nations around the world. But in recent years, it has focused on expanding sales in markets closest to North Carolina — particularly Central America, South America and Caribbean nations.

Attending key trade events is one way to do that. In September 2016, EDPNC International Trade Manager Mike Hubbard assisted Otto with obtaining State Trade and Export Promotion Grant funds to reimburse its travel costs to Trade Winds – Latin America.

The U.S. Department of Commerce-sponsored trade forum held in Santiago, Chile, enabled U.S. companies to participate in their choice of trade mission stops in Chile, Peru, Bolivia, Paraguay, Uruguay, Argentina and Mexico. Over two days in Chile and Peru, Otto participated in meetings with foreign distributors and buyers who had been pre-screened by Commerce’s U.S. Commercial Services unit as possible matches for the company’s products and services.

“It was our first Trade Winds, and it was extremely good for us,” said Travis Dowell, director of international sales at Otto Environmental Systems North America in Charlotte. “All the meetings were pretty serious and well-coordinated.”

The company made a sale to a Peruvian distributor at Trade Winds, Dowell said, and is actively working with five new prospects it met there.

“We came back to North Carolina from the event with five very solid leads, not to mention more connections, more knowledge, and more confidence in doing business in this area of our world,” he said.

“The EDPNC was very critical to our part in Trade Winds,” Dowell added. “It’s a very good resource. They also support local export training. I attended an export compliance seminar that was sponsored by the EDPNC in Asheville recently. I was able to take away a lot of good nuggets from that.”

Dowell expects to continue working with the EDPNC and its partners as the company focuses on growing its exports in Latin America and the Caribbean, and even explores possibilities in Africa. While the percentage of the Charlotte company’s sales attributable to exports is relatively small today, Dowell said, “we would like to double that every year.”



BUSINESS LINK NORTH CAROLINA



Small Business Counselors Help Startups with Permitting and More

Whether your ambition is to open a restaurant or an IT consulting firm, you'll have to comply with regulations common to all startups in North Carolina and a few that are particular to your type of small business.

The EDPNC's Business Link North Carolina (BLNC) team should be your first call. Through its toll-free number, BLNC provides free one-on-one counseling to would-be entrepreneurs and startups navigating the legal requirements of establishing a small business in North Carolina. Find out more about this critical resource on Page 26.

20,152

NUMBER OF CALLS AND CASES ASSISTED BY BLNC COUNSELORS IN 2016

14%

INCREASE IN NUMBER OF CALLS HANDLED BY BLNC OVER 2015

71%

OF CALLS CAME FROM STARTUPS

100

BLNC ASSISTED CALLERS FROM ALL 100 COUNTIES IN NORTH CAROLINA

OUTREACH HELPS INCREASE CALLS TO SMALL-BUSINESS COUNSELORS

A campaign to broaden awareness of the EDPNC's small-business help-line contributed to a nearly 14 percent increase in the number of calls in 2016.

The partnership's Business Link North Carolina (BLNC) team provides free one-on-one counseling to would-be entrepreneurs and startups on navigating the legal requirements of establishing a business in North Carolina, primarily through its toll-free number.

The BLNC team responded to 20,152 calls in 2016, a large increase over the 17,746 calls BLNC handled in 2015.

The team not only addressed 2,406 more calls without expanding its staff of three full-time and one part-time counselor, its survey of a representative sampling of callers indicated that 90 percent of clients in the first half of 2016 would have rated their customer service experience as "above average" or "excellent."

A surveyed caller in the medical supply business said the BLNC counselor "was very helpful, very knowledgeable and made sure I had all the help I needed to expand one of our companies into North

Carolina." The counselor "not only told me where to get additional information I needed," the caller said, "she also took the time to take me to the sources, find the appropriate channels and then walked me through the steps."

A surveyed bookstore owner said: "Several years ago we lived in Illinois and started a small business. If there was something like Business Link, it would have made all the difference in the world... My startup process would never have gone so smoothly without [the counselor's] help."

BLNC callers range from restaurant owners and innkeepers to biotech enterprises and web-design consultants. In English and Spanish, BLNC counselors answer questions about licensing and permit requirements, access to forms for business structures, tax ID numbers and more.

Counselors also make referrals to local, federal and state agencies, state occupational licensing boards and programs that can help new businesses find grants, alternative lending institutions, mentoring and more.

While BLNC took calls from all 100 North



Holly Yanker, right, BLNC senior small business counselor, and Jonetta Appling, left, of the North Carolina Department of Revenue, were among speakers at a July event targeting minority- and women-owned small businesses at Guilford Technical Community College.

Carolina counties in both 2015 and 2016, last year BLNC strategically campaigned to raise awareness of its services by reaching out directly to counties with the least call volume. Under the campaign, EDPNC's research team identified small businesses in counties where fewer calls originate. BLNC counselors then called those businesses directly to build awareness and ask where they might need support.

Also in 2016, BLNC expanded its marketing and outreach to minority-owned, women-owned, and veteran-owned businesses, to better support those often underserved small businesses.



SEVERAL YEARS AGO WE LIVED IN ILLINOIS AND STARTED A SMALL BUSINESS. IF THERE WAS SOMETHING LIKE BUSINESS LINK, IT WOULD HAVE MADE ALL THE DIFFERENCE IN THE WORLD. MY STARTUP PROCESS WOULD NEVER HAVE GONE SO SMOOTHLY WITHOUT [THE BLNC COUNSELOR'S] HELP.

— BLNC caller and bookstore owner from Mecklenburg County

Case Study: Phone Call Clears Potholes on the Road to China

What must a small North Carolina business navigate in order to ship a container of valuable technical textiles to China? Besides more than 6,000 nautical miles of ocean?

Paperwork.

In February 2016, Scott Hay, owner of Mooresville-based Davy Textiles, called the Business Link North Carolina (BLNC) toll-free line seeking more than the typical guidance on establishing a small business in the state. He wanted assistance with his China-bound container of technical textiles, which had been delayed in a U.S. port for months as Hay worked to address questions raised by U.S. officials.

Holly Yanker, BLNC senior small business counselor, connected Hay to resources that expedited release of his container, helped him get a three-year export license from Chinese authorities and introduced him to new distributors for his product in China.

Yanker helped Hay obtain documents from the North Carolina Secretary of State's Office that satisfied Chinese requirements for proof his company was legally registered in the state. She also introduced Hay to Glenn Jackman, EDPNC senior international trade manager specializing in the textile industry.

Jackman, in turn, connected Hay with Annabel Rong, EDPNC trade director in Shanghai, and export compliance trainer Mike Alloca of Alloca Enterprises, who advised Hay on ways to resolve questions holding up his container.

All told, the documents and discussions contributed to release of the valuable container, which carried roughly 10 percent of Hay's total China sales in 2016. They also helped Hay develop an export compliance manual specific to his company and acquire his Chinese exporting license.

"It's a license that gives you authority to export waste material into their country," Hay said. "It's very difficult to obtain, even for large corporations." Hay's business reprocesses technical textiles out of waste from cut and sew operations, textile mills and decommissioned military goods.

Rong continued to help in October 2016, when Hay attended the Cinte Techtexil China trade show for technical textile and nonwoven products in Shanghai. She walked the floor with Hay, translated and introduced him to five new distributors. "I didn't know this free service existed," Hay said.

EXISTING INDUSTRY SUPPORT

The Bark House in Spruce Pine, N.C., which manufactures wall covering from recycled tree bark, received the Leadership Award in Sustainable Manufacturing in 2016, after being nominated by the EDPNC. From left, company owners Marty and Chris McCurry and yard manager Travis Oglesby watch recycled Appalachian wood waste going through its first grading process at the company's intake yard.

1,056
COMPANIES WERE ASSISTED
BY REGIONAL INDUSTRY
MANAGERS IN 2016

14%
YEAR-OVER-YEAR INCREASE IN
COMPANIES ASSISTED BY REGIONAL
INDUSTRY MANAGERS IN 2016

2,304
JOBS CREATED BY GROWTH OF COMPANIES
ASSISTED BY REGIONAL MANAGERS IN 2016

Team Assists More Companies, Takes on New Role in 2016

The EDPNC's existing industry support team connects manufacturers and other companies already operating in the state to a wide variety of services designed to fuel business growth and expansion.

Each of the team's regional industry managers is assigned to one of eight multicounty regions, or "prosperity zones," where they visit companies, build relationships with their leadership and become familiar with what the companies need to grow. The managers then connect businesses to resources that can help them find qualified workers, access funds to renovate buildings and buy new equipment, train their workforce and more.

In 2016, the regional industry team supported 1,056 businesses from all over the state, compared to 927 the prior year, a nearly 14 percent increase.

In addition, the regional industry managers assumed full responsibility for assisting existing companies in North Carolina with expansions not eligible for the largest state incentives. Those projects were previously managed by the EDPNC's business recruitment team.

The change has enabled the EDPNC to take advantage of the regional industry managers' existing relationships with businesses operating in their regions and poised to grow. It has also provided the business recruitment team more time to focus on attracting new companies to the state and supporting larger expansions of existing companies.

The shift has contributed to the EDPNC's ability to assist more companies with expansions in Tier 1 and Tier 2 counties, often rural counties designated by the North Carolina Department of Commerce as more economically distressed than Tier 3 counties such as Mecklenburg and Wake.

The combined efforts of the EDPNC's business recruitment and existing industry team supported 139 announced recruitment and expansion projects in 2016. Ninety-four of those projects, or 68 percent, were in Tier 1 and Tier 2 counties, and they called for 5,877 new jobs and \$2.5 billion in capital investment. In 2015 by comparison, the EDPNC supported 60 recruitment and expansion projects in Tier 1 and Tier 2 counties, 62 percent of the total, and those Tier 1 and 2 projects called for 6,403 new jobs and \$1.5 billion in capital investment.



WE CANNOT OFFER ENOUGH THANKS TO THE FOLKS AT EDPNC FOR BRINGING THIS GRANT OPPORTUNITY TO OUR ATTENTION.

— Tom Caudle,
President of Unifi



Baled bottles and a bale breaker at the Unifi plant in Reidsville

CASE STUDY

RECYCLING AND GROWING

Your favorite jacket may have had its start in a bale of plastic water bottles recycled into fiber by a North Carolina yarn maker.

In addition to being made in an environmentally responsible way, that jacket could be highly water repellent and offer superior moisture-wicking and odor control.

The domestic and global market for high-performance apparel is one reason Greensboro, N.C.-based Unifi has invested \$130 million over the past three years to expand production of its REPREVE fibers and other premium value-added (PVA) yarns.

REPREVE, made out of plastic bottles and other polyester waste, is already a success story. Introduced in 2007, the REPREVE brand was part of Unifi's move from producing commodity yarns to making high-tech performance fibers. The transition helped Unifi survive dire times for textile companies in the 2000s, and be consistently profitable in subsequent years.

REPREVE-based materials are now found in high-profile brands including Patagonia, Fossil, The North Face and Haggard. They are even part of the seat covers in Ford's Fusion hybrid car and F-150 truck.

The company expects demand for its flagship REPREVE and other PVA yarns to grow, as "customers and consumers increasingly prefer products that are

environmentally responsible," said Tom Caudle, president of Unifi, Inc.

Unifi's recently completed expansions of its Reidsville and Yadkinville facilities in North Carolina are important parts of meeting that demand. The EDPNC supported those job-creating projects by making Unifi aware of available grant funding that could help them expand their existing facilities.

"We cannot offer enough thanks to the folks at EDPNC for bringing this grant opportunity to our attention," Caudle said. "The team provided an abundance of much-appreciated counsel and assistance in completing the grant process."

In September 2016, Unifi opened a \$28 million bottle processing center at its Reidsville plant, which will add 87 new jobs to bring employment there to nearly 350. Earlier in the year, Unifi finished a \$10 million expansion of its REPREVE recycling center in Yadkinville, which added 19 new jobs at the yarn-manufacturing plant with roughly 1,000 employees. The projects helped REPREVE bring its entire recycling process in house.

As part of the Reidsville project, Unifi received a \$500,000 state grant that supported adding 80,000 square feet to a 47-year-old facility. That addition created space for the new 150,000-square-foot bottle processing center where plastic water and soda bottles are cleaned, sorted, de-labeled and chopped into plastic flakes.

The small flakes are sent to Unifi's recycling center in Yadkinville, where they are further chopped, melted, reformulated and textured into yarns. Unifi received a \$190,000 state grant to support its 47,000-square-foot addition to the plant, which was built in 1997.

Since REPREVE was introduced, Unifi has transformed more than 5 billion plastic bottles into REPREVE fiber. In addition, demand for Unifi's REPREVE and other PVA fibers has grown from just 20 percent of the company's consolidated sales in fiscal year 2010 to 35 percent of sales in fiscal year 2016.

"The expansions in both Reidsville and Yadkinville help to fulfill Unifi's goal of vertical integration for our REPREVE recycled product line, adding flexibility, expanding production capabilities and supporting volume growth," Caudle said. "The growth and expansion of REPREVE has helped transform our business."

Garrett Wyckoff, EDPNC senior business recruitment manager, assisted Unifi with the Reidsville expansion. Tracy Dellinger, EDPNC regional industry manager, supported the company's expansion in Yadkinville.

"We truly could not have completed this process without the dedicated efforts of Tracy and the EDPNC," Caudle said.

State Attracts Record Lodging Demand and Revenue in 2016

Record hotel room bookings and revenues in 2016 attest to the success of creative marketing by Visit North Carolina and its public and private partners at the state, regional and local levels.

Visit NC executes marketing programs that advance North Carolina's standing as a major destination for leisure travel, group tours, meetings and conventions, sports events, film production and retirees.

In 2016, North Carolina tourism generated \$3.52 billion in hotel and motel room revenue, an 8.9 percent increase over 2015 and a percentage that outpaced the 2 percent average growth nationally.

Room demand in North Carolina also increased, with more than 35 million room nights booked in 2016, up 5.1 percent over 2015. Over the past 10 years, room demand has grown 22 percent.

Visit NC also tracks the number of consumer inquiries it receives. In 2016, consumer inquiries totaled 7.1 million, 9.2 percent more than the 2015 total. Consumer inquiries are the combined number of visitors to the VisitNC.com family of websites, consumer calls to Visit NC's toll-free number, and state Welcome Center visitors who request to be added to the VisitNC e-newsletter distribution list.

Additional important measures for 2016 include the number of people visiting the state, how much they spent and state and local tax revenue that spending generated. While those figures weren't available in time for this report, Visit NC is confident they will be higher than 2015 totals.

In 2015, an estimated 54.6 million domestic visitors (those who live in the U.S.) came to North Carolina and spent \$21.96 billion, an all-time high for the state and a 3 percent increase over 2014.

State tax receipts from domestic visitor spending in 2015 rose 7 percent, to more than \$1.1 billion, while local tax receipts grew 3.9 percent, to \$660.8 million.

The state tourism industry directly employed more than 211,400 in 2015, increasing 3.2 percent over the prior year. The industry supported more than 45,000 businesses in the state.

\$3.5B
HOTEL AND MOTEL ROOM REVENUE
GENERATED BY DOMESTIC VISITORS
TO NORTH CAROLINA IN 2016

9%
INCREASE IN COMMERCIAL LODGING
REVENUE FROM DOMESTIC VISITORS
TO NORTH CAROLINA IN 2016

5%
INCREASE IN COMMERCIAL
LODGING DEMAND IN NORTH
CAROLINA IN 2016

CREATIVE AND COOPERATIVE MARKETING SUPPORTS TOURISM ACROSS STATE

Visit North Carolina markets the state in a variety of ways, including participating in trade shows and tourism conferences, taking travel writers on tours of the state's attractions, developing relationships with tour operators, placing paid advertisements and utilizing its varied websites and social media outlets to attract more visitors.

Visit NC offers cooperative tourism marketing and advertising opportunities to communities from all over North Carolina. Under the Visit NC cooperative program, local tourism offices pay to join the state's advertising and marketing campaigns and get additional exposure for less cost.

Here are highlights of Visit NC marketing activities in 2016, including some national recognition they received.

Travel South Domestic Showcase

For the first time in nearly 20 years, North Carolina hosted the Travel South Domestic Showcase, a regional event focused on increasing travel to and within Southern states. The March 2016 show in Winston-Salem set a record, with more than 450 attendees. It offered the perfect opportunity for Visit NC and more than 40 local tourism partners from the state's Coastal Plain, Piedmont and Mountain regions to meet with domestic group tour operators and media. Six pre-showcase trips enabled operators and journalists to experience various regions of North Carolina before returning to Winston-Salem for the Travel South Showcase. The number of participants in these trips — 38 tour operators and 28 journalists — also set a record for any state hosting the showcase.

Adrian Awards

Out of more than 1,200 entries submitted for 2016, Visit NC was honored by the Hospitality Sales and Marketing Association International for its outstanding work on three campaigns: a Gold Adrian Award for the Vacation Big Campaign, a Gold Adrian Award for the Vacation Big "Scroll" TV spot, and a Bronze Adrian Award for the Project 543 website redesign. The Adrian Awards

recognize exceptional work and achievement in hospitality, travel, tourism and media.

"Beauty Here" Campaign

In fall 2016, Visit NC released a new television commercial, titled "Beauty Here," to strengthen awareness of North Carolina and increase interest in travel to the state. The "Beauty Here" TV spot presents a more intimate look at the state's core attributes, allure and uplifting spirit. Visit NC website traffic from media markets where the commercial aired grew 76 percent year-over-over. That included 131 percent growth from Atlanta and 123 percent growth from Nashville, the two largest target markets. The Visit NC social media team promoted six advertisements in October across Facebook and Twitter to drive awareness and extend the reach of the "Beauty Here" campaign. The ads reached 796,000 people across Facebook and Twitter in out-of-state markets alone.

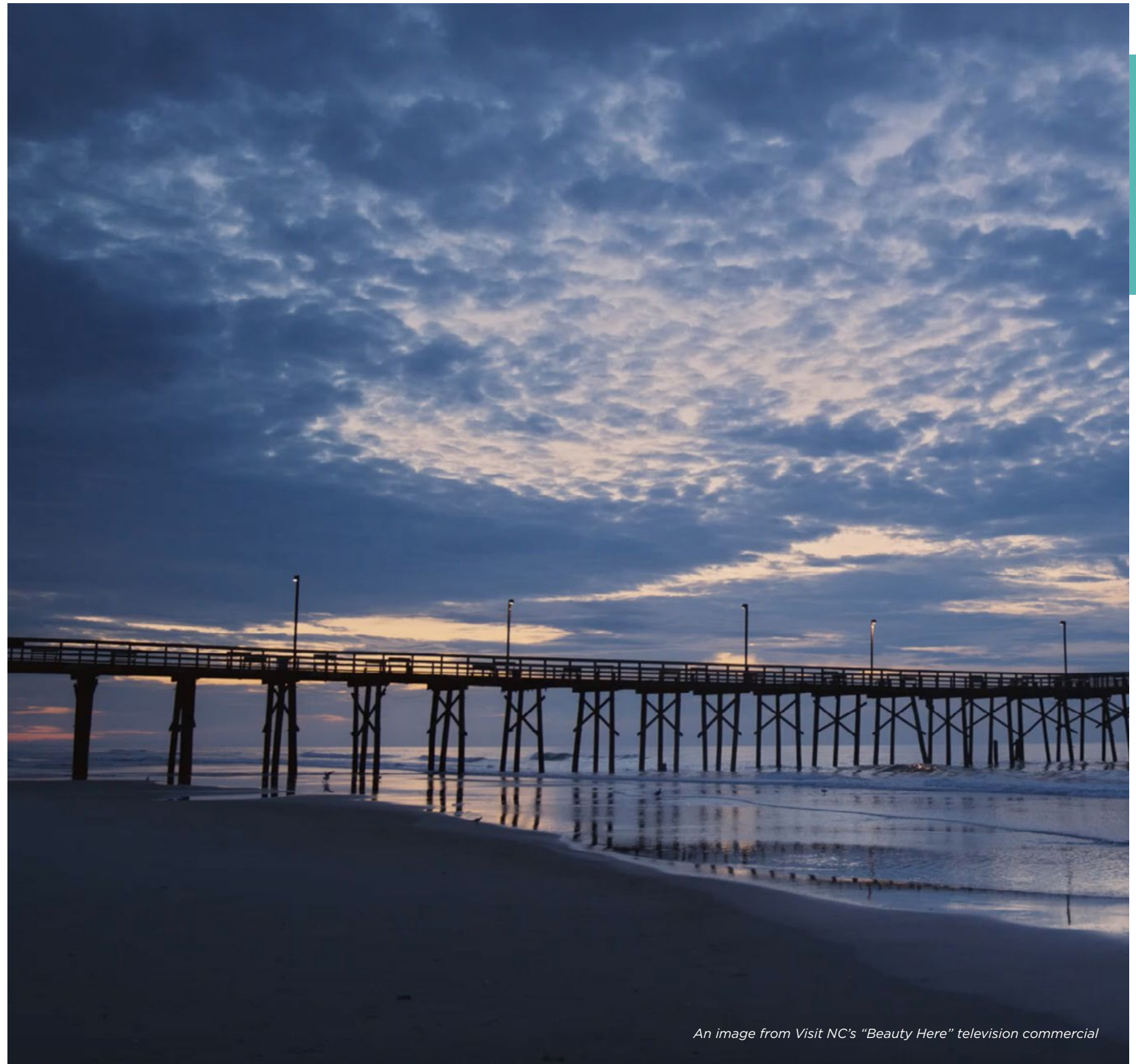
Annual New York Media Mission

In January 2016, more than 40 Visit NC partners mingled with representatives from top national media outlets at Visit NC's New York media mission. The 91 media guests included staffers from *Architectural Digest*, *Brides* magazine, *Condé*

Nast Traveler, the Cooking Channel, *CountryLiving.com*, *Rachael Ray Every Day*, *Inside Hook*, *Martha Stewart Living*, *Men's Journal*, *Travel + Leisure*, and *Wine Spectator* as well as contributors to other top brands such as Skift, The Daily Meal, The Today Show, *The Huffington Post* and Zagat. Several stories were published as a result. They included a feature in *US News & World Report* highlighting Wilmington, Wrightsville Beach, Carolina Beach and Kure Beach and reaching more than 960,000 readers. Separate articles in *The New York Post* and *amNew York* spotlighted Durham and reached a combined total of more than 16.7 million readers.

Response to Natural Disasters

In the wake of several devastating natural events in North Carolina in 2016, Visit NC created several free co-op marketing opportunities for businesses in areas impacted by Hurricane Matthew and the Appalachian wildfires. The program, meant to help tourism partners who lost business during recovery from the disasters, includes complimentary VisitNC.com display advertising, enhanced partner listings on VisitNC.com, featured events, travel deals and social media placements. During the first three months of the program, which was



An image from Visit NC's "Beauty Here" television commercial



The Visit NC team works the booth at the U.S. Travel Association's IPW trade show, the travel industry's premier international marketplace and the largest generator of visitors to the U.S.

announced in November 2016, Visit NC donated more than \$5,300 in advertising space. The program is available through June 30, the end of fiscal year 2017.

#NCFallOfFame Campaign

Visit NC's second annual #NCFallOfFame campaign drew on user-generated content and leveraged relationships with digital influencers to promote fall travel to the state. This year's campaign included eight weekly themes. Travelers accessed a wealth of Fall of Fame content on the Visit NC website, including winning content submissions, a stream of user-generated photos and videos, and links to relevant travel planning content. Fall reports from North Carolina state parks rangers and other partners supplemented the content. Social media efforts aimed at generating use of the #NCFallOfFame hashtag resulted in 3,319 hashtag mentions. In addition, Visit NC's public relations team worked with Michael Lanza of The Big Outside travel blog on a weeklong October visit as part of #NCFallOfFame. His time in North Carolina led to five pieces on his website, The Big Outside, and other channels, reaching 250,000 people.

"Reclaim Your Weekend" Campaign

Both U.S. National Parks Service and North Carolina's state parks system celebrated their centennials in 2016. So Visit NC sought to drive visitation to all its parks, complementing state and national efforts. Visit NC partnered with in-state media groups (the North Carolina Association of Broadcasters, North Carolina Press Foundation and North Carolina Outdoor Advertising Association) to inspire park visitation by residents who, in turn, can encourage visits by out-of-state friends and family. The "Reclaim Your Weekend" campaign reinforced that weekends are fleeting — too valuable for doing chores. Campaign channels included television, radio and print and integrated messaging about the state's parks. The \$250,000 media investment by Visit NC and its partners was projected to generate approximately \$4 million in advertising exposure over a 12-month period. In the months following campaign's launch, the

state parks landing page had a strong surge in visits.

Expanded International Outreach

Chinese visitors represent the fastest-growing segment of travel to North Carolina. In addition, China ranks third overall in overseas visitation to the state, but first in spending by visitors from overseas. So in 2016, Visit NC began its first-ever marketing campaign in China. Visit NC participated in the U.S.-China Travel Leadership Summit, a trade show and seminar hosted by Brand USA and the China National Travel Association, as well as the Travel South China Sales Mission to Beijing and Shanghai. Through Travel South, Visit NC has contracted with East-West Marketing to represent North Carolina to the travel trade in China. In a separate effort, Visit NC celebrated a new flight from Raleigh-Durham International Airport to Paris by working with Delta Air Lines to host French journalists and tour operators on a trip around the state.

Excursions for Cyclers

In an effort to extend the economic impact and reach of the annual seven-day Cycle NC Mountains to Coast Ride, Visit NC teamed with the North Carolina Amateur Sports organization to create Visit NC Excursions during the ride. These daily excursions gave participants and those traveling with them the opportunity to take a break and experience attractions throughout the state. Participants paid to have a motorcoach take them from the overnight host city in the morning, stop at attractions and a destination for lunch and then arrive at the next overnight host city in the late afternoon.

Super Bowl, Super Exposure

Visit NC's public relations team, in partnership with the Charlotte Regional Visitors Authority and marketing firm Luquire George Andrews, organized and supported a visit by "CBS This Morning" in January 2016, prior to the Super Bowl matchup between the Carolina Panthers and the Denver Broncos. "Charlotte vs. Denver: Which is the Real Super City?" was a nearly seven-minute segment broadcast

during "CBS This Morning." The segment showcased what Charlotte and North Carolina have to offer. It reached 3 million viewers and generated \$4.7 million in advertising value.

Inaugural Snapchat Campaign

In 2016, Visit NC wanted to show potential visitors and residents it doesn't take a lot of planning to take a day or weekend trip in North Carolina. The goal was to create Snapchat stories that would inspire travel by a younger target audience. Visit NC traveled to different destinations each week during the summer to capture a mix of videos and photos at places such as The Gorge Zip Line in Saluda and the Karen Beasley Sea Turtle Rescue in Surf City. The newly launched Snapchat channel posted 182 original snaps and had more than 53,000 views during the 10-week campaign, resulting in a gain of more than 750 followers. Visit NC team will be looking for more opportunities to engage audiences through the unique Snapchat platform.

Charlotte Champions Award

Visit NC received a Local Champions Award from the Charlotte Regional Visitors Authority/Visit Charlotte in February 2016. Visit NC was recognized for its efforts to bring international tour operators and the Travel South International Showcase to Charlotte. Held in November 2015, the showcase brought close to 350 delegates to Charlotte, including about 90 international buyers and tour operators.

Visit NC 365

Visit NC hosted its annual state tourism conference, Visit NC 365, at Harrah's Cherokee Resort in Cherokee in March. The location was the farthest west the conference has ever been held. The event drew near record attendance. Roughly 600 tourism, business and government leaders from across the state gathered for sessions on subjects including reaching digital influencers and millennials, creating destination-quality trails in rural North Carolina, customer service, and unconventional sports marketing.



FINANCIALS

Red Hat, a multinational open-source software company based in Raleigh, invested \$100,000 in the EDPNC during its 2015-16 fundraising campaign. For more information about our private investors and the important role they play in supporting the EDPNC's mission of advancing economic development across the state, see Page 40.

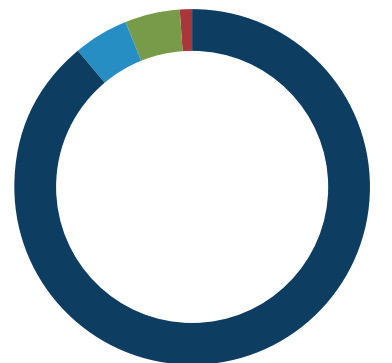
A By-the-Numbers Look at a Public-Private Partnership

The Economic Development Partnership of North Carolina receives state funding through its contract with the North Carolina Department of Commerce and private dollars through investors — companies, individuals and foundations supporting EDPNC's mission to foster sustainable job creation and capital investment across North Carolina.

In fiscal year 2016, running from July 1, 2015, through June 30, 2016, the partnership received a total of \$18,994,075 in revenue and had expenses totaling \$18,672,260, including contracts with foreign trade and investment offices.

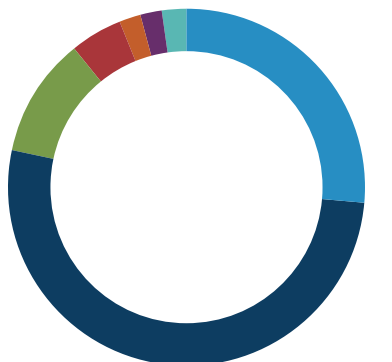
FY 2016 Funding Sources

State Contract Revenue	\$16,994,549	89%
Federal Grants	\$900,013	5%
Private Funding	\$933,640	5%
Other	\$165,873	1%



FY 2016 Expenses

Advertising and Promotion	\$9,778,229	53%
Personnel	\$5,058,630	27%
Professional Fees (including contracts with foreign trade offices)	\$1,960,481	11%
Travel and Prospect Hospitality	\$831,356	5%
Facilities and Utilities	\$370,215	2%
Information Technology	\$402,571	2%
General Office Expenses	\$270,778	2%



HITTING OUR PRIVATE INVESTMENT GOALS

DUKE ENERGY: \$200,000 INVESTOR

In 2016, the Economic Development Partnership of North Carolina reached its annual goal of raising at least \$1.25 million in private funding between October 6, 2015, and October 5, 2016.

More than 70 companies and organizations invested, nearly twice the total of the fundraising year when the goal was \$750,000.

October 6 is a key date for the EDPNC because it is the effective date of the partnership's operating contract with the state. That agreement currently requires the EDPNC raise at least \$1.25 million each contract year in private dollars to supplement its public funding for marketing the

state for business relocations and expansions, tourism and film production, as well as other responsibilities the EDPNC assumed when the state privatized its economic development efforts. In the contract year ending in October 2016, the EDPNC raised \$1,277,579 in private investment.

Sixteen states have embraced public-private partnerships such as the EDPNC to carry out economic development functions at the state level, with Illinois being the latest.

Access to private funding — a key benefit of the public-private partnership model — has enabled the EDPNC to significantly enhance the business marketing

responsibilities it assumed from Commerce in 2014.

For example, the ability to raise targeted private funding enabled the EDPNC to revamp AccessNC, the state's online database of available industrial buildings and sites. The database is a critical resource for quickly identifying the real estate options best-suited to a company considering where to locate or expand. In 2016, the EDPNC launched the newly dubbed SelectNC platform, which utilizes updated technology and provides easier navigation.

The EDPNC's private fundraising efforts are currently focusing on securing five-year commitments from investors, which will

provide more predictability in resources and planning. All private investors in the EDPNC will be invited to sign up for an informative e-newsletter, attend the partnership's annual meeting and participate in certain events with the EDPNC's board of directors.

In addition, investors making five-year commitments at the highest annual level will be asked to participate in a new business advisory council that will meet with EDPNC leadership twice a year to hear about the partnership's progress in supporting new jobs and investment in North Carolina and in promoting tourism. The council will also provide advice and feedback on the EDPNC's strategic planning.

2016 Private Investors

The EDPNC is grateful to the private companies and individuals who helped the organization meet its \$1.25 million fundraising goal during the contract year ending in October 2016. The following list includes investors who supported the EDPNC's mission in 2016.

Want to invest in the EDPNC? Email Patrick Coughlin at pcoughlin@convergentnonprofit.com or call him at 1-800-886-0280.

\$100,000 or More

Duke Energy
Red Hat

\$50,000-\$99,999

Piedmont Natural Gas
North Carolina Railroad Company
ElectriCities of North Carolina
Martin Marietta
MetLife

\$10,000 - \$49,999

Alex Lee Inc.
AT&T
Balfour Beatty Construction
BB&T
Biltmore Farms
Bissell Companies
Chatham Park / Preston Development Company
Childress Klein
Choate Construction
Crescent Communities
Flow Lexus
Joseph M. Bryan Foundation
Kane Realty
Medical Mutual of North Carolina

Moore & Van Allen
North Carolina's Electric Cooperatives
NC Realtors
Ogletree, Deakins, Nash, Smoak & Stewart
Orange County Economic Development
Parker Poe Adams & Bernstein
PNC Bank
PSNC Energy
Railway Association of North Carolina
Shelco
SunTrust
SteelFab
Walbridge
Womble Carlyle Sandridge & Rice

Under \$10,000

Aberdeen & Rockfish Railroad Co.
Kimley-Horn
Absolute Style Furniture
Koury Corporation
Allegacy Federal Credit Union
Lenovo
Allen Tate Corporate Services
Pisgah Enterprises Inc.
Barnhill Contracting Company
NAI Beverly-Hanks Commercial, Asheville
CaptiveAire Systems
NAI Carolantic Realty, Raleigh
CAPTRUST
NAI Piedmont Triad, Greensboro
Carolina Legal Staffing
NAI Southern Real Estate, Charlotte
CenturyLink
PwC (PricewaterhouseCoopers)

Clancy & Theys Construction Company
Robert Singer (EDPNC board member)
Colliers International
Samet Corporation
Deloitte
Sheila P. Knight (EDPNC board member)
Foundry Commercial
Southern Industrial Constructors
Grubb Properties
SREE Hotels
Hatteras Venture Partners
Thomas Looney (EDPNC board member)
Timmons Group
Jeffrey & Linda Turner Charitable Fund
Truliant Federal Credit Union
Johnson Automotive
WK Dickson & Co.
K&L Gates
Wells Fargo

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