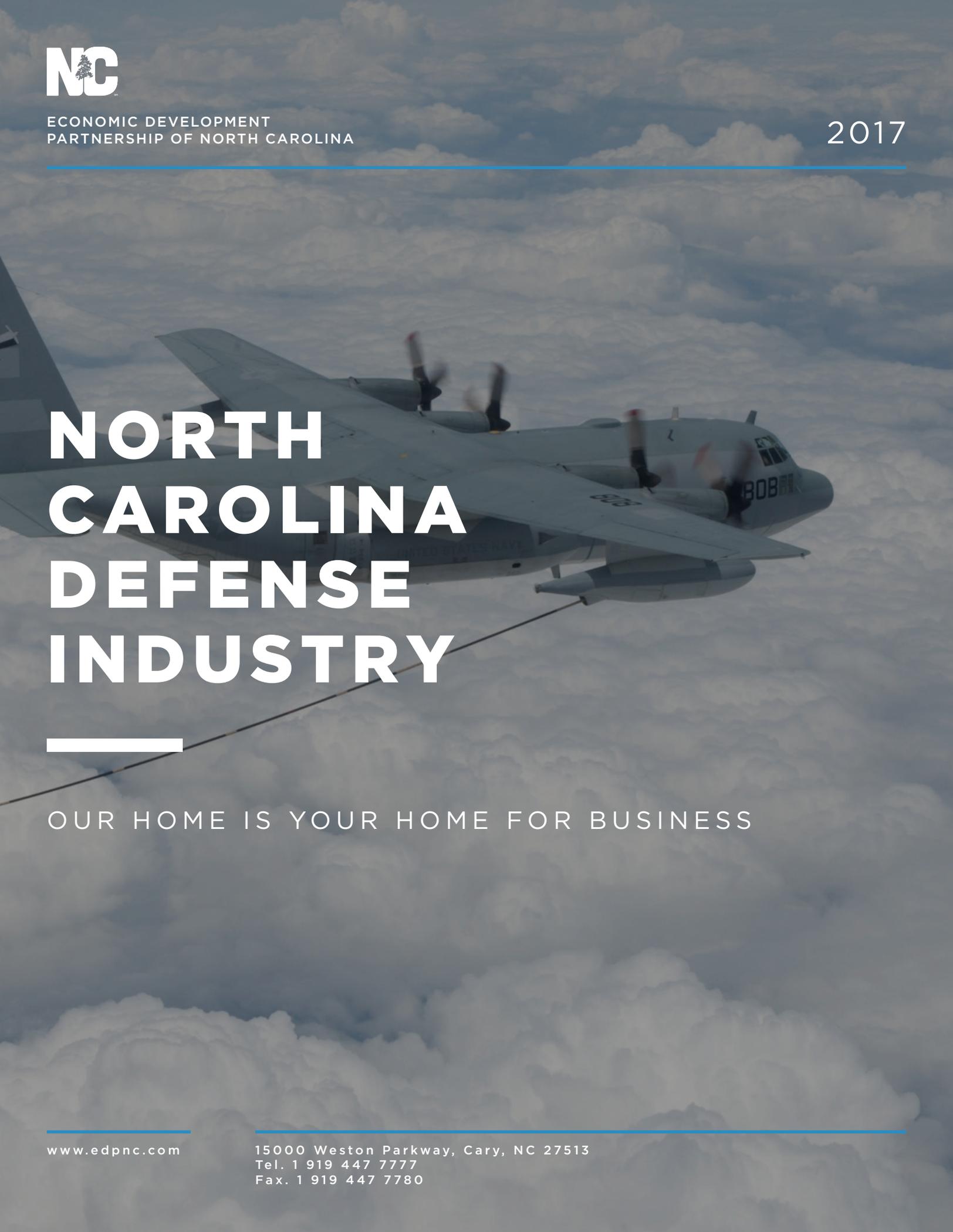




ECONOMIC DEVELOPMENT
PARTNERSHIP OF NORTH CAROLINA

2017

A large, grey military transport aircraft, likely a C-17 Globemaster III, is shown in flight from a high-angle perspective. The aircraft is positioned in the upper right quadrant of the frame, flying towards the right. It has four engines mounted on its wings and is carrying a large, dark object (possibly a pallet load) suspended from its cargo bay. The aircraft's tail number '30871' is visible. The background is a vast, textured expanse of white and grey clouds, creating a sense of depth and scale. The overall lighting is soft and diffused, typical of an overcast sky.

NORTH CAROLINA DEFENSE INDUSTRY

OUR HOME IS YOUR HOME FOR BUSINESS

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INVEST IN NORTH CAROLINA

Again and again, defense companies choose to invest in North Carolina. Some like North Carolina for its central East Coast location and concentrated supply chain. Others cite the state's young, ready-made workforce as part of their investment decision. Internationally recognized business rankings consistently identify North Carolina as a top state for business-friendly taxes and policies.

North Carolina is a national leader in advanced manufacturing, information technology, and research and development. Leveraging these cluster assets, both defense industry giants and smaller, niche businesses have enjoyed significant growth in the state.

Whatever a defense company needs, North Carolina has the resources to support it, including:

- **Experienced military workforce**
- **Business-friendly environment**
- **Convenient market access**
- **Exceptional quality of life**

Consider **North Carolina** for your next investment decision, and find out why ***Nothing Compares.***

NORTH CAROLINA'S DEFENSE INDUSTRY ADVANTAGE



The positive business environment and employee work ethic in the region were key factors in the selection of Union County [North Carolina] for the expansion.

*- Richard Harshman,
CEO, ATI Specialty Material*



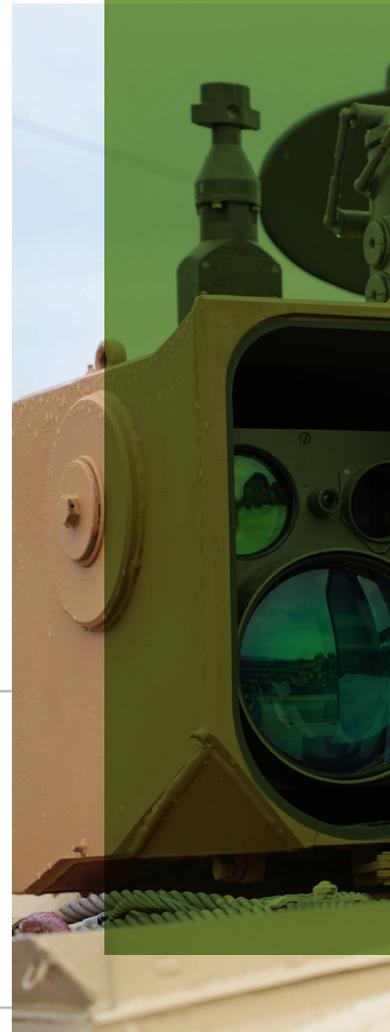
North Carolina is home to defense industry leaders engaged in product and process innovation. From jet propulsion and unmanned aerial systems to hardware and software development, North Carolina companies flourish in the state's unique ecosystem of collaborative research and development. In fact, North Carolina has the second fastest-growing aerospace product and parts manufacturing sector in the U.S. The state also has one of the largest and fastest-growing information technology sectors in the U.S. In 2014, Department of Defense prime military contracts performed in NC totaled nearly \$2.5 billion. Subcontracts totaled billions more.

Military Workforce

North Carolina has the fourth largest active duty military population in the U.S. This significant military presence yields a skilled labor pipeline for the defense industry. More than 78,000 military personnel will re-enter the civilian workforce through 2018, and 82 percent of those re-entering will be 30 years or younger. These future employees have in-demand occupation skills and active duty specialization in areas such as aerospace propulsion and ground equipment.

Defense Research and Development

In addition to its having a workforce with military expertise, North Carolina also offers a high concentration of research and development activity. North Carolina's public university system (UNC) consistently ranks in the top five university systems in the nation for federal research expenditures. In fact, the UNC system sponsors over \$1 billion per year in defense research. Nine universities in the UNC system have defense-specific research and development programs, including partnerships with the Army Research Laboratory. Research topics include human-machine system engineering, nanosystems engineering, textile performance, and forensic science. The National Security Agency (NSA) partnered with North Carolina State University in Raleigh, NC to create the Laboratory for Analytic Sciences.





Aircraft Engine and Parts



Software and Information Technology



Electronics and Weapons Manufacturing



Military Presence in North Carolina

Army

- U.S. Army Fort Bragg
- Pope Army Airfield

Marine Corps

- Marine Corps Base, Camp Lejeune
- Marine Corps Air Station, Cherry Point (FRC-East)
- Marine Corps Air Station, New River

Air Force

- Seymour Johnson Air Force Base
- Coast Guard
- U.S. Coast Guard Air Station

NC National Guard

- National Guard 449th Aviation
- National Guard 145th Airlift Wing

Research and Development



INDUSTRY SUPPORT & SKILLED WORKFORCE



There is a phenomenal work force in the area. We've had two job fairs. The response has been tremendous and the caliber of the potential employees is really impressive.

*- Mike Fifer,
Former President & CEO, Sturm, Ruger, & Company*



Young, Fast-Growing Workforce

Twenty six percent of North Carolina's population is millennials, and one in five NC adults will be gen Z by 2035. Publications such as Business Insider and Forbes rank NC cities among the top destinations for millennials. In addition, North Carolina has ranked as a top state for domestic immigration for 24 consecutive years.

Top Market for STEM Talent

More than 20,500 North Carolina residents graduated from STEM programs in 2014, the second most of any Southeastern state. In 2016, CBRE ranked Raleigh-Durham and Charlotte among the top tech talent markets in the U.S. In fact, Charlotte is the second-fastest growing tech market (>50,000 labor pool) with 75% growth in the last five years.

Organizational Support

The North Carolina Military Business Center (NCMBC) NCMBC is a statewide organization that helps recruit, support, and increase federal revenues for defense industry businesses in North Carolina. The NCMBC has helped businesses win nearly 2,400 contracts valued up to \$25.2 billion. The NCMBC also has a technology transition office, DEFTECH, to provide a liaison between NC innovative technologies and the Department of Defense.

BioDefense BioDefense, the North Carolina Biotechnology Center's defense program, facilitates connections between the defense industry and the life science industry to support bioscience research and development such as vaccines for soldiers, preserving food supplies, and shortened wound-healing time.

Other support organizations include: NC Military Foundation, North Carolina Defense Business Association, and many more.



Defense Industry



Universities

Elite higher education institutions across the state support North Carolina's workforce.

North Carolina has 53 colleges and universities. From Appalachian State University in the West to East Carolina University near the coast, the publicly-funded University of North Carolina System draws students from all over the world to its 17 campuses. The state's three Tier 1 research universities: North Carolina State University, Duke University, and the University of North Carolina at Chapel Hill, are at the forefront of education and R&D. North Carolina State University offers degree programs in aerospace engineering and has multiple research projects with the Department of Defense. Projects range from IED detection technology to barnacle resistant paint for ship hulls.

Community Colleges

Pioneering the nation's most advanced programs in vocational and technical education.

The North Carolina Community College System (NCCCS) offers some of the most comprehensive and advanced vocational and technical programs in the U.S. More than 800,000 students enroll at one of NCCCS's 58 campuses each year. NCCCS offers degrees and certificates relevant to the defense industry such as aviation electronics, computer engineering, aviation systems technology, and welding to name a few. The ten community colleges making up the NC Advanced Manufacturing Alliance provide specialized workforce training on state-of-the-art equipment for the advanced manufacturing sector. Spirit Aerosystems' Composite Center of Excellence at Lenoir Community College is a training center designed to serve the growing aerospace industry in North Carolina.

NCWorks

Providing customized training and recruiting services for North Carolina businesses.

NCWorks is a free, customized job training and recruiting program for new and expanding businesses. NCWorks offers comprehensive training via community college programs as well as customized curricula tailored to address specific business and industry needs. In fact, NCWorks has trained nearly 37,000 employees from 861 companies across the state. Ninety-two percent of the companies served have been advanced manufacturers.



UNMATCHED BUSINESS ENVIRONMENT



North Carolina is one of the most promising business regions in the U.S., and it's gratifying to play a role in its continued growth. We look forward to continued collaboration and investment in the region for years to come.

- John Gaunt,
Vice President, HCL Technologies



#1

Top Competitive State

- Site Selection (2015 Prosperity Cup)

#1

Lowest State & Local Business Tax Burden in the U.S.

- Ernst & Young (2016)

#2

Best State for Business

- Forbes (2016)

#3

Most Competitive Labor Climate

- Area Development (2016)

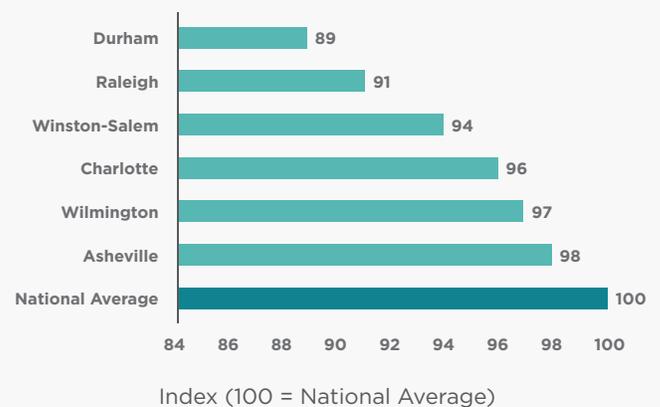
Highly Skilled Workforce

North Carolina offers one of the nation's most renowned education systems, supplying companies a pipeline of skilled workers.

- **53 colleges and universities**, including three Tier 1 research universities
- Nationally recognized, **58-campus community college system**
- **108,000+ post-secondary degrees** awarded in 2014

Low Cost of Living

The cost of living in many of North Carolina's metropolitan areas is **well below the national average**.



Low Unionization

At **3%** North Carolina has the **second lowest unionization rate** in the United States.

Low Electricity Costs

North Carolina's electricity costs run nearly **6% below the national average**.

Source:
U.S. Energy Information Administration, 2016

Source: Council for Community and Economic Research

Taxes

Corporate Income Tax

3.0%

North Carolina has the lowest corporate income tax rate in the U.S. (of the states that levy the tax). The state will fully phase in single sales factor apportionment in 2018.

Personal Income Tax

5.499%

(flat rate)

The standard deduction is \$17,500 for married couples, \$14,000 for heads of household, and \$8,750 for single taxpayers.

Sales & Use Tax

6.75% - 7.50%

The statewide sales tax is 4.75%. Counties levy an additional 2-2.75%. Aviation gasoline and jet fuel are exempt. North Carolina also has exemptions for manufacturing companies.

Property Tax

The state does not levy property tax.

Real and personal property is taxed by local governments.

North Carolina has exemptions for inventories and recycling.

Incentives

Targeted, performance-based incentive programs complement North Carolina's competitive business cost structure. The Economic Development Partnership of North Carolina helps companies navigate the incentive process.

Job Development Investment Grant (JDIG)

JDIG is a performance-based, discretionary incentive program that provides cash grants to new and expanding businesses to help offset the cost of locating or expanding a business facility in North Carolina. Companies can qualify for a JDIG based on the project location, number of jobs, and average wage. The grant amount is based on a percentage of the personal income tax withholdings associated with the new jobs. For high-yield projects that invest \$500+ million and create 1,750+ jobs, JDIG can provide a grant worth up to 100% of personal income tax withholdings for 20 years. A company can use JDIG funds for any purpose.

One North Carolina Fund (One NC)

One NC is a discretionary cash-grant program that allows the Governor to respond quickly to competitive job-creation projects. The local government must provide an incentive to match the One NC funding. Awards are based on the number of jobs created, level of investment, location of the project, economic impact of the project, and the importance of the project to the state and region. Awards may be used for installation or purchase of equipment, structural repairs and renovations, and construction or improvements to utility lines and associated equipment in new or existing buildings.

Public Infrastructure & Transportation Programs

North Carolina offers a number of different programs to fund public infrastructure development, including:

- Community Development Block Grant Economic Development Program
- Utility Account
- Rural Division's Economic Infrastructure Program
- NC Department of Transportation's Rail Industrial Access Program
- NC Department of Commerce & NC Department of Transportation's Joint Economic Development Program

Building Reuse Programs

North Carolina offers two different programs that provide grants to renovate and upfit vacant industrial and commercial buildings including:

- Community Development Block Grant Building Reuse Program
- Rural Division's Building Reuse Program

Other Incentive Programs

- NCWorks Customized Training Program
- Foreign Trade Zones
- Golden LEAF Foundation Grants
- Building Demolition Programs

MARKET ACCESS & INFRASTRUCTURE

North Carolina's robust transportation infrastructure enables companies to domestic and international markets. Ten airports offer commercial services, including four international airports that connect North Carolina to major cities in the U.S. and abroad. North Carolina also has the second largest state-owned

highway system and major controlled-access arteries such as I-95 (running the length of the East Coast), I-85, and I-40 (running from N.C. to California). Two deepwater seaports and an integrated rail system ensure that North Carolina companies can reach connected to suppliers and customers.



North Carolina was chosen for the location, for the utility and transportation advantages, and the state contains an exceptional workforce. In addition, we can service our customer base quicker and provide more cost-effective transportation.

*Gerardo Muraira,
Operations Director, Nutec Group*

