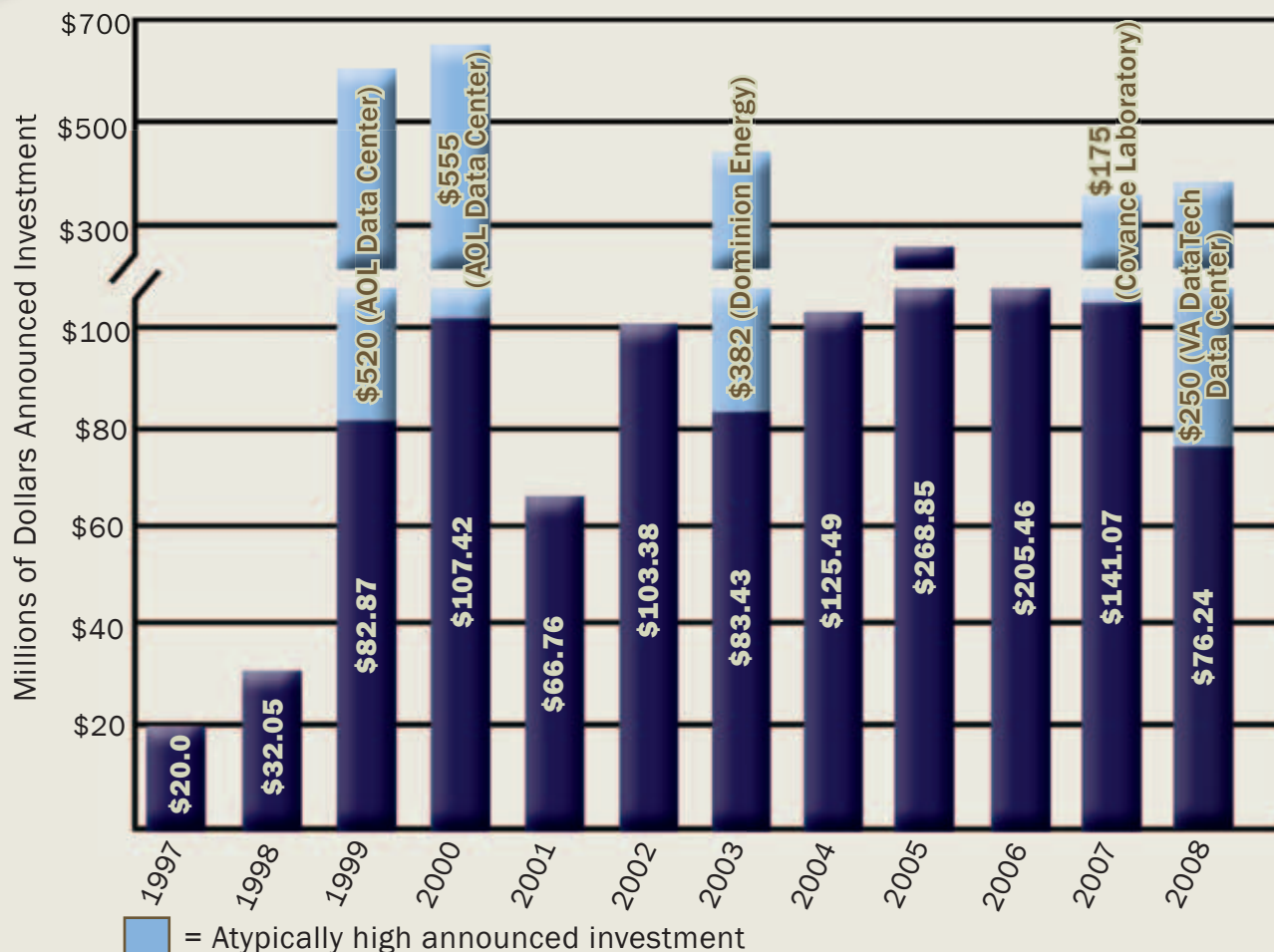


PRINCE WILLIAM COUNTY, VIRGINIA



2008 ANNUAL REPORT

ANNOUNCED INVESTMENT NEW & EXPANDING BUSINESSES



Executive Director's Message

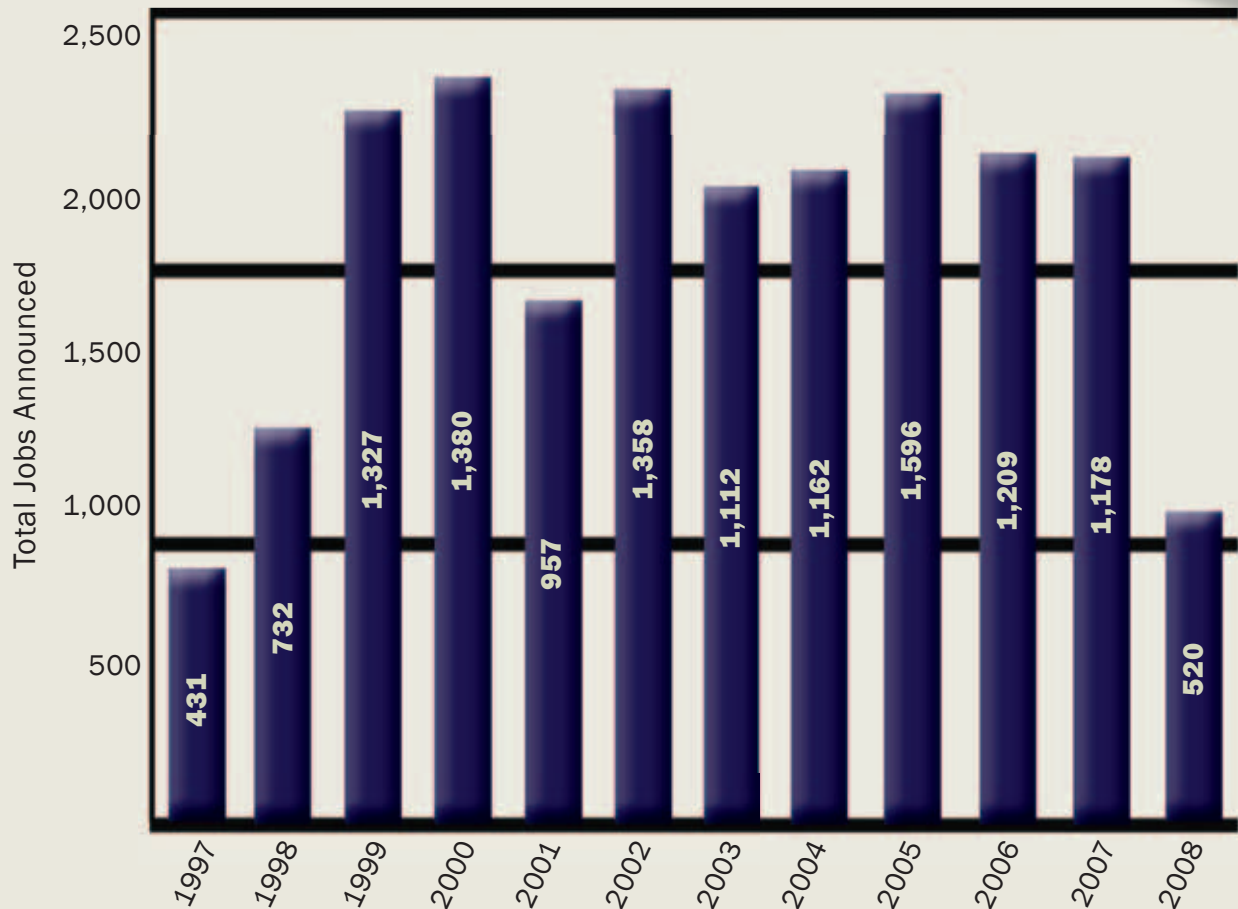
This past year was defined by the economic recession and uniquely characterized by its rapid acceleration during October, maintaining a velocity that has yet to pause and allow any credible projection for either the depth of contraction or a recovery time line. Given the consistent negative forecasts from each economic indicator, it is reasonable to assume that this recession not only will continue well into 2009, but that it is likely to introduce new and growing economic challenges along the way.

Locally, Prince William County has experienced these national economic challenges at varying degrees of impact. Home foreclosures, for example, are prominent in our community yielding an

increase in inventory and a correspondingly steep downward adjustment in home values. We have had contraction in some job sectors, most notably in construction and real estate. However, our overall job growth remained slightly positive due, in part, to the addition of new jobs in other employment categories such as "Professional, Technical, and Scientific Services."

Prince William County was quite fortunate during 2008 to welcome 28 new and expanding companies that announced their intent to invest \$326 million and add 530 new jobs in the County. This new job growth, while positive, is significantly below the job growth numbers of previous years. However, and importantly, the investment numbers are as strong

ANNOUNCED JOBS NEW & EXPANDING BUSINESSES



as ever, again confirming Prince William County as an ideal business location.

As we move into 2009, it is evident that the economic conditions significantly reduced market opportunities. Economic Development continues to evaluate market trends to identify ways in which we may assist our existing businesses and to locate new businesses.

Although we maintain a broad scope, our current focus includes the market areas of life sciences, data centers, and the Federal Government. George Mason University's world-class life sciences activities place Prince William County at the forefront of competition for related jobs and investment. Due to major tax restructuring by the Board of County

Supervisors, our community maintains a superior, cost-effective, regional location solution for the lucrative, high-capital investment of data centers. Finally, our labor-rich, cost-efficient location in relation to the Federal Government provides us with a substantial opportunity to attract agency and contractor expansions.

There is no reasonable expectation that economic growth during 2009 will emulate the extraordinary growth of the past decade. However, we do expect continued success from positioning Prince William County's many location advantages to those market opportunities that emerge.

–Martin J. Briley,
Executive Director

ADVANCING THE LIFE SCIENCES

Cancer Research Aims at Improving Treatment Options

George Mason University embarked on a research trial with partners Fairfax-Northern Virginia Hematology Oncology. The trial focuses on treatment procedures for multiple myeloma, a form of blood cancer affecting nearly 20,000 men and women each year. Codirectors of Mason's Center for Applied Proteomics and Molecular Medicine; Dr. Lance Liotta, MD, PhD and Dr. Emmanuel Petricoin, III, PhD are heading the research.

NVCC Announces New Biotechnology Degree

With the growing number of life science companies emerging in Prince William County and Northern Virginia, the Northern Virginia Community College launched a new Associate of Applied Science (AAS) in Biotechnology. The curriculum includes core courses in biology, chemistry, cell biology, and microbiology. It also provides specialty focus in biotechnology lab methods, DNA research, and protein analysis.

ATCC Earns \$16.9 Million Contract with CDC

The Centers for Disease Control (CDC) awarded ATCC a \$16.9 million annual contract to implement the CDC Influenza Reagent Resource. This is a secure, Web-based system that will improve access to influenza viruses, test kits, and other reagents for approved laboratories. This is particularly important in the event of an emerging pandemic, so that laboratories will be able to better detect and treat influenza outbreaks.



With primary funding from George Mason University and additional support from the National Institute of Mental Health and the Institute of Allergy and Infectious Diseases, Dr. Yuntao Wu (bottom right), and his research team published a study in the journal *Cell* that discloses how HIV attacks cells in the immune system. Their ground-breaking discovery provides great promise to future AIDS research.



As the leading life sciences community in the Commonwealth of Virginia, Prince William County hosted Governor Tim Kaine (right) and James C. Greenwood, BIO President & CEO, during the 2008 Biotechnology Industry Organization (BIO) International Convention - the largest biotech industry convention in the world.

Prince William County, as a part of the Northern Virginia Life Sciences Communities, sponsored the Governor's Reception during BIO week. Approximately 100 life sciences companies and related company representatives attended the event. These representatives had the opportunity to meet Governor Kaine and Prince William County representatives, developing key relationships for the County.

PROUD HOME TO THOSE WHO SERVE

Wounded Warrior Call Center Named in Memory of Fallen Hero



Photographer: Lance Cpl. Christine A. Shifflet

SERCO expanded its operations investing \$1.6 million and adding 35 new jobs to support a new contract awarded to operate the Marine Corps' Wounded Warrior Call Center. The facility is located in the Dumfries Town Center building. On December 4th, the Marine Corps dedicated the new facility naming it the "Sgt. Merlin German Wounded Warrior Call Center" in memory of the courageous and inspirational Marine who died from wounds sustained in Iraq.

German enlisted in the Marine Corps in September 2003. In September, 2004, German deployed to Iraq with the 2nd Battalion, 11th Marine Regiment as part of Weapons Platoon providing convoy security. While serving, German was severely wounded by an improvised explosive device during combat operations on February 21, 2005. With burns covering 97 percent of his body, doctors gave him only a three percent chance of survival. But survive he did. German dedicated the remaining years of his life inspiring others, and bringing promise that anything is possible. After succumbing to his injuries, he died of surgical complications on April 11, 2008 at the age of 22.

"His positive attitude and outright refusal to let his injuries affect his soul and how he lived were an inspiration to everyone who came in contact with him" Boyle said. During the dedication ceremony, Lt. Gen. Ronald Coleman, Deputy Commandant for Manpower and Reserve Affairs, and the German family unveiled the Sgt. Merlin German plaque engraved with German's image. The plaque now hangs in the main entrance to the call center.

The Call Center began operations in December 2007, and maintains 24/7 capability. In its first year of operation, the call center has handled more than 35,000 calls. It enables the Corps to extend support to Marines through a variety of services to include advocacy, resource identification and referral, information distribution, and care coordination for wounded, ill, or injured Marines and their family members. The toll-free number is 1-877-487-6299 (4 USMC WW).

For more information about the Wounded Warrior Regiment, visit the Web site at www.woundedwarriorregiment.org or contact Capt. Leticia Reyes, the regiment public affairs officer, at (703) 432-1845 or leticia.reyes1@usmc.mil.

BUILDING UPDATES



From left, Coles District Supervisor Martin E. Nohe; Hamid Ghassemi, developer; Chairman Corey A. Stewart and Neabsco District Supervisor John D. Jenkins celebrate the ground-breaking of the Government Center Professional Building. This four-story 24,000 square foot office building will open April 2009, and is centrally located in Prince William County across from the County Government office complex.

Innovation@Prince William Continues Growth



George Mason University continues to serve Innovation@Prince William Technology Park as a catalyst for economic development. Pictured in the lower left is the Hylton Performing Arts Center. Planned for opening in 2010, it will be the focal point of the planned Innovation Town Center, which itself will be ready for development in 2011.

North of the university are two labs under construction. The Virginia Forensics Laboratory is scheduled to open in 2009, joining the Prince William Western District Police Station and the FBI Northern Virginia Resident Agency as a growing cluster of forensic science facilities begin locating in Innovation. The Biomedical Research Lab is the latest life science facility in Innovation and is scheduled to open in 2011.

New Construction Delivered in 2008

Dumfries Town Center



Peter Singh developed this 40,000 sf office building one mile from the front gate of Quantico Marine Corps base at 17739 Main Street. The second floor is the location of the Marine Corps' Sgt. Merlin German Wounded Warrior Call Center. Remaining space is available from 1,000 to 20,000 sf.

Quantico Center III



Standard Properties delivered the 100,000 sf office building located at 3700 Fettle Park Drive as part of the Quantico Center Office Complex, which is located at the interchange of I-95 and Hwy 234. With a hotel, restaurant, and available flex space on-site, this complex is a prime location for government contractors.

Caton's Crossing



The Engineering Groupe developed this 63,000 sf office building located at 13580 Groupe Drive in Woodbridge. It is part of a planned mixed-use development. Home to The Engineering Groupe, Inc. headquarters, the remaining 28,000 sf is ideal for businesses looking for office space with easy access to I-95.

Gateway Business Center



Buchanan Partners developed Gateway Business Center with four flex buildings totaling 190,000 sf on Limestone Drive across from the Virginia Gateway Shopping Center. The location provides easy access to I-66 and a number of retail, restaurant, and specialty shops in Gainesville, VA.

Heritage Hunt Corporate Park



Buchanan Partners delivered this 76,000 sf office building located at 13575 Heathcote Blvd., as part of Heritage Hunt Corporate Park, which will include four office buildings with a total of more than 350,000 sf. The business park provides easy access to I-66 and the amenities of Gainesville, VA.



RELOCATIONS & EXPANSIONS



Heritage Hunt Professional Building

Companies Choose Gainesville, VA Location to Reduce Employee Commute Times

AHC, Inc., a company specializing in health care reimbursements, located its corporate headquarters in the new Heritage Hunt Corporate Park office complex. Mark Larsen, representing Buchanan Partners on the deal, stated that “Many forward-thinking companies are creatively seeking to benefit their employees by reducing commute times and saving them money.”

Sodexo America, LLC, embraced Larsen’s message and leased 1,500 sf of space to serve as a satellite office to recruit the highly educated and highly skilled Northern Virginia workforce. This provides them the opportunity to work closer to home and avoid the otherwise lengthy commutes to their headquarters in Gaithersburg, MD.

Silverback7 Expands in Occoquan

Silverback7, a Service Disabled Veteran-Owned Small Business providing specialized training services, labor, and strategic communications and intelligence support for the federal government and government contractors, expanded its Occoquan office adding \$350,000 of investment.

Stratford University Expands Woodbridge Campus

Stratford University, a private university, expanded its Woodbridge campus to accommodate its growing student body. Stratford offers Associate, Bachelor and Master Degrees. Primary areas of study include: information technology, culinary arts, hospitality and business administration.

Survive Engineering Expands at Quantico Center

Survive Engineering, a combat systems developer for the Department of Defense, leased 25,000 square feet of office space at Quantico Center III. Survive plans to spend \$8.74 million in the expansion and increase its staff by 30.

Singer Associates Expands, Opens New Headquarters and Service Center

Singer Associates, who sells and services emergency vehicles, equipment, parts and gear, celebrated the grand opening of its new corporate headquarters and Northern Virginia emergency vehicle service center.

Neabsco Supervisor John T. Jenkins (second from left) and Virginia Senator Charles Colgan (far right), joined company leaders and dignitaries in welcoming Singer Associates to their new facility.



RELOCATIONS & EXPANSIONS

New Headquarters Opens Near Quantico

The Marine Toys for Tots Foundation, which raises funds and provides support to the US Marine Corps Toys for Tots program, dedicated its new corporate headquarters building – The Cooper Center. The 21,000 square foot office building was built adjacent to the Quantico Gateway Office Complex in Triangle, Virginia by Mike Garcia Construction.

The facility was named in honor of the 14 years of service and dedication of retired Lt. General Matthew T. Cooper (pictured far left), to the Marine Toys for Tots Foundation. General James T. Conway, Commandant of the US Marine Corps (center) was on hand and bestowed Cooper with the Department of the Navy Distinguished Public Service Award.

Also joining in welcoming the new headquarters were Maureen S. Caddigan, Dumfries District Supervisor, Retired General H.P. Osman (second from right), and Neabsco District Supervisor John T. Jenkins (right).



Tech Solutions, Inc., a veteran minority owned small business, opened its 1,500 square foot corporate headquarters in Woodbridge. The IT integration company invested \$45,000 in this location and added 12 new jobs with plans to add eight more jobs through 2009.



American Public University System (APUS) leased an additional 25,000 square feet at Battlefield Business Park to expand its administrative headquarters for the American Military University (AMU) division with the intent to invest \$4 million and add 50 new jobs.



Interior Building Systems Corporation located its new headquarters in Firestone Park Business Center off Wellington Road. IBS plans to invest \$7 million in this new facility and bring 50 new jobs to the County.

Owens Corning Basement Finishing Systems leased 8,000 square feet in Gateway Business Center off Balls Ford Road. The company plans to invest \$500,000 in this new facility and bring 25 new jobs to Prince William County.



Brentsville District Supervisor Wally Covington joined employees of Metris in a ribbon cutting ceremony for the company's new 30,000 square foot facility located in Innovation@Prince William Technology Park. The new facility merges two former Metris locations and centralizes the company's large scale manufacturing operations bringing 60 jobs to the County.

ECONOMIC INDICATORS

Positioning Prince William County

This past year, the Department of Economic Development embarked on a series of bus tours and engagements to enhance the public and private sectors understanding of Prince William County as a premier community that is well positioned to support the needs of companies of all sizes and a variety of industries.



VA Senate Finance Committee



Virginia Economic
Development Partnership



Aneesh Chopra, VA
Secretary of Technology



National Association of Industrial
& Office Properties (NAIOP)

The Macro Economy

The National Bureau of Economic Research, the organization responsible for dating the US business cycle, determined that the economy hit its most recent peak in December 2007. Therefore, since that time the United States' economy has been in a recession.

The economy has dominated the dialogue since September 2008. Almost all economic indicators that the Prince William County Department of Economic Development continually tracks are either negative or significantly negative. The Philadelphia FED's Business Outlook Survey's diffusion index of current activity declined from -24.3 in January to -41.3 this month, its lowest reading since October 1990.

The Institute for Supply Management's Non-Manufacturing Index ended 2008 at 40.6 – 9% lower than the level it began the year – indicating contraction in the services sectors. According to the Bureau of Labor Statistics, over the last 12 months the number of unemployed persons increased by 4.1 million and the national unemployment rate has risen by 2.7 percentage points. The Richmond FED reported the first year over year decrease in Virginia payroll since 2003.

The latest employment data available for Prince William County showed that total employment remained steady; increasing 0.17% during the last four quarters. This is relatively good news considering 4% unemployment is positive during economic highs, and even more so during economic lows. The silver lining of the economic-data cloud is that housing affordability is on the rise and that Prince William County remains a strategic location for growing a business.

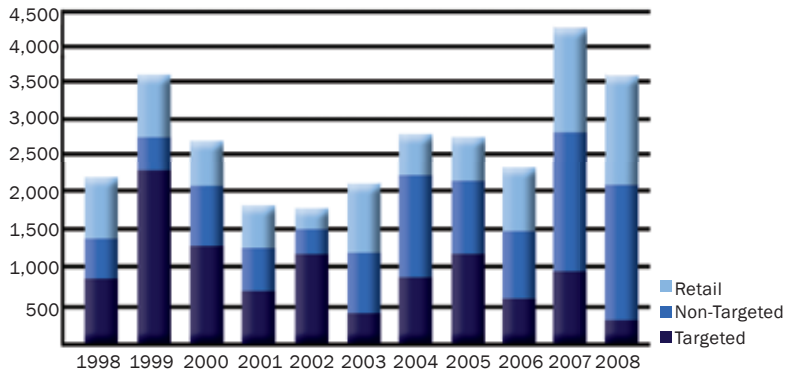
National Economic Indicators:

Productivity	Q4 08	Q4 07	Change
US Gross Domestic Product	-3.8	-0.2	-3.6
	Dec 08	Dec 07	Change
Industrial Prod. & Capacity	103.2	112.4	-9.2
Business Activity	Dec 08	Dec 07	Change
Philadelphia FED Bus. Outlook	-36.1	-1.6	-34.5
Inventory to Sales Ratio	1.44	1.26	0.18
ISM Purch. Managers Index	32.4	48.4	-16.0
*ISM Non-Manufacturing Index	40.6	-	
Consumer Confidence	Dec 08	Dec 07	Change
Consumer Expectations	54.0	65.6	-11.6
Consumer Sentiment	60.1	75.5	-15.4

* Historical data only available from January 2008.

ECONOMIC INDICATORS

Total New Jobs Reported



At Place Employment

104,892 (Q2 2008) - 0.2% Increase from Q2 2007

Unemployment Rate (Dec 08)

Prince William County - 4.3%

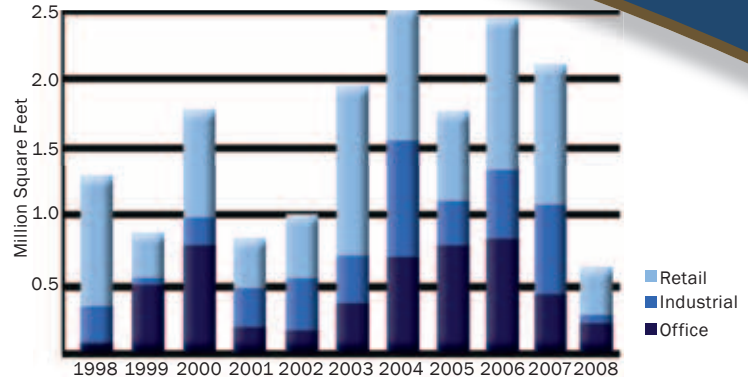
Virginia - 5.2%

National - 7.1%

Average Wage Rate

64.0% increase from Q1 1997

New Commercial Construction Permitted



New Commercial Construction Permitted

640,442 square feet

Office - 228,253

Industrial - 15,750

Retail - 396,439

Commercial Vacancy Rates (Q4 2008)

12.5% - office, flex & industrial

Office - 15.0%

Flex - 20.3%

Industrial - 4.7%

Prince William County Local Economic Indicators

PWC Population	Q4 2008	Q4 2007	% Change
	390,771	386,047	1.2
Employment Situation	Dec 08	Dec 07	Change
Civilian Labor Force	205,151	205,045	1.9%
Employed	196,293	195,986	0.2%
Unemployment Rate			
Prince William County	4.3%	2.7%	1.6
Virginia	5.2%	3.2%	2.0
United States	7.1%	4.8%	2.3
PWC At-place Employment	Q2 2008	Q2 2007	% Change
Total All Industries	104,892	104,719	0.2
Agriculture & Natural Resources	201	223	-9.9
Utilities	701	641	9.4
Construction	11,907	13,420	-11.3
Manufacturing	2,032	2,168	-6.3
Wholesale Trade	2,456	2,390	2.8
Retail Trade	20,356	19,728	3.2
Transportation & Warehousing	2,293	2,298	-0.2
Information	1,652	1,757	-6.0
Finance & Insurance	1,685	1,795	-6.1
Real Estate	1,391	1,477	-5.8
Prof/Tech/Scientific Services	7,533	7,236	4.1
Management of Companies	965	907	6.4
Administrative & Waste Services	5,267	5,712	-7.8
Health care & Social Assistance	8,736	8,447	3.4
Arts, Entertainment, Recreation	3,613	3,429	5.4
Accommodation & Food Service	10,617	10,214	3.9
Other Services, Except Pub Admin.	3,321	3,497	-5.0
Public Administration	5,535	5,136	7.8
New Jobs (cumulative for year)	Q4 2008	Q4 2007	Change
New Jobs Total	3,574	4,255	-15.9%
New Jobs Non-Retail	2,061	2,765	-25.4%
Non-Retail as a % of Total	57.7	65.0	-7.3
New Jobs Targeted	296	953	-94.9%
Targeted Jobs as a % of Total	8.3	22.4	-14.1
Retail Jobs	1,513	1,490	1.7%
Retail Jobs as a % of Total	42.3	35.0	2.7
New Jobs by Quarter	Q4 2008	Q4 2007	Change
New Jobs Total	610	1,585	-61.1%
New Jobs Non-Retail	305	1,206	-74.7%
Non-Retail Jobs as % of Total	50.0	55.9	-6.4
New Jobs Targeted	30	590	-94.9%
Targeted Jobs as a % of Total	5.0	8.3	-5.0
Retail Jobs	308	379	-17.9%
Retail Jobs as a % of Total	50.0	40.7	9.8

Direct Vacancy Rates	Q4 2008	Q4 2007	Change
Office	15.0%	16.9%	-11.2
Flex	20.3%	13.6%	49.3
Industrial	4.7%	4.9%	-15.3
Total	12.5%	9.8%	27.55
New Comm. Construction Permitted (sf)	Q1-Q4 2008	Q1-Q4 2007	% Change
Office	228,253	156,772	45.6
Industrial	15,750	319,091	-95.1
Retail	396,439	854,730	-53.6
Total	640,442	1,330,593	-39.0
New Residential Construction Permitted (total value)	Q4 2008	Q4 2007	% Change
Single Family	31,069,600	40,219,900	-22.8
Townhouse	4,598,000	8,525,000	-46.1
All Units	49,897,000	54,444,900	-8.4
New Residential Construction Permitted (unit value)	Q4 2008	Q4 2007	% Change
Single Family	153,052	172,617	-11.3
Townhouse	99,956	131,154	-23.8
All Units	132,183	157,355	-16.0
New Non-Residential Construction Permitted (total value)	Q4 2008	Q4 2007	% Change
Stores/Mercantile	7,529,962	4,941,200	52.4
Schools/Educational	50,000	15,700,000	-99.7
Office/Professional	15,155,000	14,183,000	6.9
Industrial/Warehouse	665,000	23,751,000	-97.2
Amusement/Recreation	1,625,000	637,056	155.1
All New Non-Residential	28,224,962	83,057,056	-66.0
Assessed Landbook Values (billions)	2008	2007	% Change
Residential	43.71	47.97	-8.9
Commercial	7.59	6.57	15.5
Total	51.52	56.29	-8.5
Ave. Assessed Housing Value	2008	2007	% Change
Single Family	367,488	468,079	-21.5
Townhouse	243,873	318,980	-23.5
Condominium	216,841	260,084	-16.6
Total	300,450	413,870	-27.4

Sources: PWC Office of Information Technology, Virginia Workforce Connection, CoStar vacancy rated adjusted by DED, PWC Department of Public Works, PWC Office of Assessments. Jobs are estimated based on the number of employees per square footage for each business type identified.

PRINCE WILLIAM COUNTY, VA



Prince William Board of County Supervisors

Back Row: **Michael C. May** – Occoquan District; **John D. Jenkins** – Neabsco District;
Corey A. Stewart, Chairman; **John T. Stirrup**, Vice Chair – Gainesville District

Front Row: **Frank Principi** – Woodbridge District; **Martin E. Nohe** – Coles District;
Maureen S. Caddigan – Dumfries District; **Wally Covington** – Brentsville District

County Executive
Craig S. Gerhart