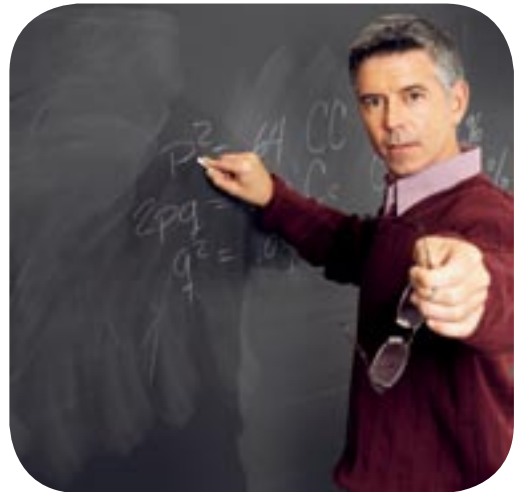


North Carolina:

The State of Minds



One day in September, just as the school year was starting, dozens of students stood outside a building at North Carolina State University in Raleigh, waiting to meet recruiters at a job fair. From biotech companies? Financial services? Aerospace? No, but good guesses. This particular group of students will graduate with degrees in textile apparel and technology management, textile technology, textile engineering, or polymer and color chemistry. And if the recruiters' enthusiasm is any indication, these graduates will be hired for advanced textile projects at organizations such as the Naval Air Systems Command and firms such as Milliken & Co., Abercrombie & Fitch, and Colgate-Palmolive.

An emphasis on high-tech textile manufacturing (which these days encompasses more than socks and pantyhose) is just one of the ways North Carolina has made the transition from traditional labor-intensive

industries to the knowledge-based jobs the 21st century demands. Diversity is another key to the state's recent economic acceleration; top industries now include life sciences, financial services, aerospace, and plastics. Add visionary education and workforce-development strategies to the state's highly rated quality of life, and you have an environment where businesses thrive and employees love to live.

Manufacturing remains among the top three largest employment sectors, accounting for 13% of the state's workforce. But the types of manufacturing are changing dramatically, as North Carolina companies adjust to the demands of today's globally competitive marketplace. In textiles, for example, North Carolina know-how is now part of everything from fire-

In Partnership With:





UNC-Chapel Hill's Wilson Library (far left), Charlotte skyline (above), plus scenes of natural beauty and a robust economy.

retardant outerwear for troops in the field to carbon-fiber kayaks for weekend adventurers.

Nucor, the world's largest steel recycler, is headquartered in Charlotte (with manufacturing locations in 19 states). The steel producer last year melted more than 22 million tons of scrap, which came back to life as major appliances, automotive components, and sophisticated sheet steel for pre-engineered metal buildings, new bridges, schools, churches, and a variety of other uses. SPX is another North Carolina business; it moved its headquarters to Charlotte in 2002 and employs more than 14,000 people in 20-plus countries. The company engineers environmentally friendly products that support global growth and infrastructure, such as cooling systems for power plants. Its new Asia Pacific

Center in Shanghai is a hub for worldwide research and development.

All told, North Carolina has the tenth-largest international presence among U.S. states, with firms hailing from more than 30 countries, including Japan and China. In 2004, direct foreign investment in the state amounted to \$23.9 billion. North Carolina's two deep-water ports, two inland terminals, and four major airports link consumers, businesses, and industry to world markets. A third deep-water port will open in 2015.

One notable area of international investment has been aviation. More than 100 years after the first flights at Kitty Hawk in North Carolina, the French flight-engine manufacturer Turbomeca is building a facility near Charlotte, London-based Smiths Aerospace (which recently became part of GE Aviation) is growing in Asheville and West Jefferson, and Honda has selected Greensboro as corporate headquarters for its aerospace subsidiary, with plans to build aircraft in Greensboro and jet engines in Burlington. American aerospace giant Goodrich moved to Charlotte in 1999, and smaller U.S. companies such as the military-aircraft parts supplier Commerce Overseas Corp. are also migrating to North Carolina. "It's a small industry when you get down to it," says Marshall O. Larsen, Goodrich chairman, president, and CEO. "Having other companies come into this robust aerospace and defense presence in North Carolina—even if competitive—is healthy for our environment."

Thanks to the state's foresight, aviation is only one sector in a diverse group of growing industries that are replacing lost labor-intensive industry jobs. "Visionary leadership in public and private sectors goes back well over 50 years, creating this strong climate for smart growth," says D. Jordan "Jordy" Whichard III, chairman

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**Thomas E. Skains
Chairman, President, and CEO**

of the North Carolina Economic Development Board. "It runs from investments in public education when that wasn't so popular to investments in transportation infrastructure and the state's early commitment to establishing a platform for the growth of biotech."

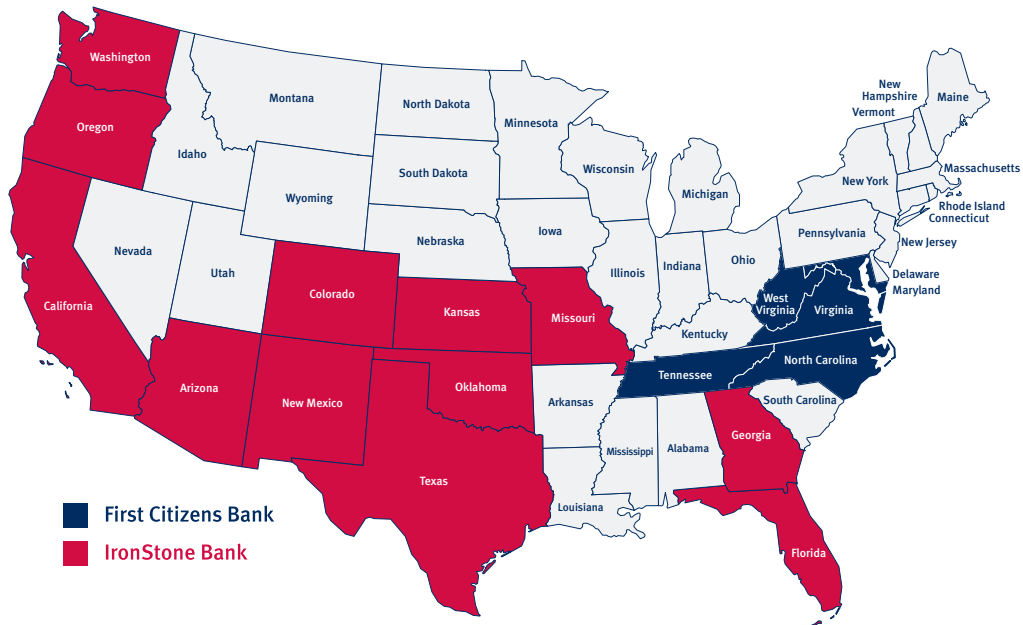
The state was the first public body to create an organization that supported biotechnology: the North Carolina Biotechnology Center. The Center is nestled in the 7,000-acre Research Triangle Park (RTP), America's largest and longest continuously operating research park. In 2006, the state was named the third-leading biotech state. With the North Carolina Research Campus in Kannapolis, near Charlotte, and life-sciences companies spanning the state from the Atlantic to the Appalachians, North Carolina will continue to lead in this key area. Pharmaceuticals and clinical research organizations share the life-sciences stage and include a long list of industry leaders, such as Merck, Novartis, Wyeth, GlaxoSmithKline, Quintiles, and PPD.

The Tar Heel State is also home to the country's second-largest banking and financial sector, which has traditionally been centered in Charlotte. But Fidelity Investments and Credit Suisse recently opened large offices in the RTP, signaling a true statewide banking and finance hub.

For more than a century, First Citizens BancShares has played a leading role as North Carolina has gained prominence in the banking industry. "In many ways, First Citizens' development from a regional bank to a \$16 billion financial services company mirrors the progress of North Carolina," says Lewis R. Holding, chairman and CEO. "From our beginnings in the eastern part of the state, we now provide comprehensive financial services to customers in 17 states from North Carolina

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to California. Along the way, we have clearly benefited from our focus on developing long-term customer relationships. North Carolina's dynamic business climate and skilled labor force have been instrumental in helping our bank grow and expand."

Other knowledge-based industries in North Carolina include information technology, with IBM, Microsoft, Google, and Dell leading a pack that also features Network Appliance, SAS, and Red Hat. North Carolina also is the seventh-largest plastics manufacturing state in the nation.

One of the big reasons these companies choose North Carolina is education. The University of North Carolina—the country's first public university—was chartered in Chapel Hill in 1789, and North Carolina is known as "The State of Minds." The education system, from kindergarten through internationally renowned universities, has been a top investment, and companies have reaped the rewards of the talent acquired through the educational pipeline. "The world is changing," says Governor Mike Easley, "and whether it is the motor-sports industry, aviation, or finance, our state



NCSU is recognized globally for science, technology, and engineering.

must provide the education so our people are ready to seize the economic opportunities the 21st century offers."

In a changing world, North Carolina companies stay ahead in part because of an extensive community college system and workforce training programs. Customized training for business and industry, introduced in 1958, remains a major mission of the state's 58 community colleges. Among the newest programs is a Career Readiness Certification, which helps employers find workers who match their job openings.

The state has become known for its partnership with existing and incoming businesses in tailoring training programs for any workforce. "Much of our ability to recruit and retain quality companies depends on the very fundamental work of making our state a good place to live, work, and invest. And at the very foundation of those efforts is the need for a quality, well-trained workforce," says North Carolina Secretary of Commerce Jim Fain.



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It's Our Nature. 

That emphasis on worker training has not only resulted in thousands of new jobs coming into the state each year; it also has helped some home-grown companies thrive and expand. Lowe's Home Improvement began in 1946 as a small hardware store in Wilkesboro, N.C. In 2003, it moved to Mooresville, where it is now the city's largest employer and a FORTUNE 50 company. Like most Mooresville businesses, Lowe's is also a partner in community efforts, including donations to the library and an involvement in Habitat for Humanity. "We ask companies here to choose a passion and ask their employees to become a true part of the community," says Melanie O'Connell Underwood, executive director of the Mooresville-South Iredell Economic Development Corp.

Partnerships have also driven motorsports growth in Mooresville, often referred to as "Race City USA." After Riley Technologies—which designs, manufactures, and develops racing cars—decided to move from Indianapolis to North Carolina, it asked two companies to give presentations about how they could make their

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partnership work there. DeBotech, a home-grown carbon-fiber composites company, got the nod and built a building next to Riley's, which now lets employees of the two companies communicate by walking next door instead of using a phone, let alone overnight mail.

For workers, it helps that the weather is milder in North Carolina than in many other parts of the country; residents enjoy an outstanding quality of life. In addition, the state offers a low tax burden, the highest credit rating in the country, performance-based incentives and—as one of the fastest-growing states in the nation—a substantial workforce ready to meet employers' needs.

With economic advantages of this sort, it's a good bet that North Carolina's knowledge-based economy will keep growing. As Secretary Fain puts it: "The way forward hasn't changed. We started by emphasizing education, and we still do." —Heidi Ernst

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