

July 29,  
2008

  


## Breaking News

### Chattanooga Chosen For \$1 Billion Volkswagen Plant Plant At Enterprise South To Have 2,000 Jobs

posted July 15, 2008

Volkswagen AG has chosen Chattanooga for its new \$1 billion U.S. plant, the European carmaker announced today.

Gov. Phil Bredesen and Volkswagen President Stefan Jacoby made the official announcement at a press conference at 11:30 a.m. at the Hunter Museum. Others attending included Sens. Bob Corker and Lamar Alexander and Rep. Zach Wamp.



**Photo by Wes Schultz**  
Claude Ramsey, Stefan Jacoby, Gov. Phil Bredesen and Ron Littlefield

The Chattanooga plant will begin production of a mid-size sedan in early 2011. Officials hope to have the plant ready by the end of 2010.

Mr. Jacoby said he called Sens. Corker and Alexander as well as Gov. Bredesen on Friday morning to tell them that management chose Chattanooga. He said the decision was not official until it was ratified by the Volkswagen board at a meeting in Germany on Tuesday morning.

Earlier reports had a location in Huntsville, Ala., in the lead for the \$1 million prize. Mr. Jacoby said he called the governors of Michigan and Alabama just prior to the press conference.

Hamilton County officials, who have worked tirelessly for the project, had remained optimistic. County Mayor Claude Ramsey was cited by several speakers as being the workhorse on the project. Mr. Ramsey said he had been working on it for 15 years.

Volkswagen Group of America, Inc. said it will produce a car designed specifically for the North American consumer and invest \$1 billion in the economy. The announcement is "an important element of the company's overall U.S. strategy of connecting with its customers, increasing its competitiveness and tripling its U.S. customer base in the next decade," officials said.

"The U.S. market is an important part of our volume strategy and we are now very resolutely accessing that market," said Prof. Martin Winterkorn, CEO of Volkswagen AG. "Volkswagen will be extremely active there. This plant represents a milestone in Volkswagen's growth strategy. We

will be selling 800,000 Volkswagens in the U.S. by 2018, and this new site will play a key role. This, along with our growth strategy, is a prerequisite for the economic success of the company in the dollar region. We look forward to establishing an important mainstay for ourselves when we become the biggest European carmaker there."

"This is a significant step forward in achieving our goals in the U.S. market and a clear sign of the Volkswagen Group's commitment to the North American consumer. Today's decision is a fundamental part of our new strategic direction in the U.S. and our five-pillar strategy," said Mr. Jacoby, president and CEO of Volkswagen Group of America.

"Chattanooga is an excellent fit for the Volkswagen culture, having an exceptional quality of life and a long manufacturing tradition."

The company will build the facility in the Enterprise South Industrial Park, located 12 miles northeast of downtown Chattanooga. The 1,350-acre site is 100 percent owned by the city of Chattanooga and Hamilton County and is certified as an industrial megasite by the Tennessee Valley Authority. **Enterprise South is adjacent to Interstate 75.** Initial production capacity for the facility is anticipated to be 150,000 vehicles, including a new midsize sedan designed specifically for the North American market. Production is scheduled to begin in early 2011.

"I'm enormously pleased by the announcement from Volkswagen Group of America and grateful for the company's investment in Chattanooga and in the people of Tennessee," said Gov. Bredesen. "I believe Volkswagen chose Tennessee because of our shared values, our commitment to innovation and our strong respect for the environment. This project will have a significant impact on the economy of Tennessee and the region for decades to come."

"I couldn't be more pleased that the spirit of partnership between the state of Tennessee, Volkswagen and the government and business leadership of Chattanooga and Hamilton County has resulted in this significant investment in Enterprise South," said Matt Kisber, commissioner of the Tennessee Department of Economic and Community Development. "Volkswagen's investment in this community means the hard work and dedication demonstrated by people at the state and local level to create one of the best business climates in the country is paying off."

"We started with a vision of transforming an idle Army facility into the source of thousands of family-wage jobs," said County Mayor Ramsey. "Over the last 14 years, I've worked with four different city mayors as well as county commissioners, city councilmen and countless others in overcoming barriers and objections to that plan. Today, we stand with our new friends from Volkswagen to make a historic announcement that will create new opportunities for our community for years to come."

"Volkswagen and Chattanooga have a lot in common," said Mayor Ron Littlefield. "Both are serious about environmental sustainability and 21st Century manufacturing."

Environmental responsibility is a core value of the Volkswagen Group, it was stated. The company's focus on sustainable mobility and environmentally responsible manufacturing are right in line with Chattanooga's strong environmental commitment, officials said. As an expression of this shared commitment, the state of Tennessee, Volkswagen and Chattanooga-area organizations are partnering to distribute two saplings for every tree displaced by the project. The new trees will be planted by local school children.

According to Sen. Corker, who was mayor of Chattanooga when the city and Hamilton County acquired the land and established Enterprise South as an industrial park, the Volkswagen announcement represents a new chapter in Chattanooga's success story. "Through twists and turns, our community has maintained focus, invested wisely and exercised tremendous effort and energy in recruiting a major employer to Enterprise South. The breaking of this final barrier and the realization of the vision to which we have held true will take us to levels we can only begin to imagine," said Corker.

He continued, "Volkswagen is the very best manufacturer and partner we could possibly have in terms of our shared values, and as a result of their enormous investment, not only will Chattanooga be forever changed, but our entire state will reap great benefits from the new suppliers that this facility will attract to the region. I am proud to have been part of a dedicated team that has worked seamlessly on this effort and celebrate this outstanding achievement for our city and our state."

Sen. Alexander praised Volkswagen's decision to locate at Enterprise South, saying, "Volkswagen and Chattanooga, the ideal marriage: one of the world's most admired companies and one of America's most livable cities. This decision keeps Tennessee on the road to becoming the No. 1 state in auto jobs. Congratulations especially to Gov. Bredesen, Sen. Corker and Mayors Ramsey and Littlefield for their leadership," Alexander concluded.

"Over the past seven months, more than 100 Tennesseans at the local, state and federal level have worked odd hours on short deadlines to help us reach this day," said Trevor Hamilton, vice president of economic development for the Chattanooga Area Chamber of Commerce. "From this day forward, we dedicate ourselves to partnering with Volkswagen to move from construction to production as quickly as possible. We will unify our team with Volkswagen's to ensure long-term success for the company, our community and the state of Tennessee."

With the new plant, Volkswagen will bring about 2,000 direct jobs to the area, and will add a significant number of jobs in related sectors. It is expected that these **jobs will come from the Tri-State area, pulling from the labor force of Tennessee as well as Georgia and Alabama.** Volkswagen of America received an attractive, comprehensive package of incentives for the new facility from Gov. Bredesen's office and the Tennessee Department of Economic and Community Development, it

was stated. The statutory incentives are tied to job creation and capital investment. Additional support includes assistance for public infrastructure and job training, each designed to ensure the local economy best leverages Volkswagen's investment to benefit the local work force and ensure the facility's success.

"This area has a deep base of well-trained labor, with excellent engineering and manufacturing programs at the universities and technical colleges," added Mr. Jacoby. "Thanks to the visionary leaders and people of Chattanooga, we're confident that the values of this area are compatible with our own, and we envision a long and productive partnership."

Last year, Volkswagen outlined a new strategic direction in the U.S. based on five pillars: product, brand positioning, dealer network, organization and local production. As it moved forward to assess the potential for local production, the company considered many other site options and earlier this year had narrowed its search to Alabama, Michigan and Tennessee.

"We reviewed three excellent sites, all of which had the specific qualities necessary to build a plant in the United States," said Mr. Jacoby. "Both Gov. Granholm and Gov. Riley were strong advocates on behalf of their states and the citizens they represent. This was a difficult decision, but we look forward to continuing our relationships with both states. I thank both governors and their staffs."

About Volkswagen Group of America, Inc.

Volkswagen Group of America, Inc. is a wholly-owned subsidiary of Volkswagen AG, the world's fourth largest automaker and the largest carmaker in Europe. It houses the U.S. operations of a worldwide family of distinguished and exciting brands including Audi, Bentley, Bugatti, Lamborghini and Volkswagen, as well as VW Credit, Inc. Founded in 1955, the company's headquarters are in Herndon, Va.

Volkswagen Group of America brings to the U.S. vehicles that marry the science of engineering and the art of styling, with the goal of offering attractive, safe, and environmentally sound automobiles that are competitive and set world standards in their respective classes.

The company has approximately 2,500 employees in the United States and sells its vehicles through an 800-strong dealer network. With increasing popularity for its brands in the U.S., the company has set the goal of reaching one million car sales in the country by 2018.

The Volkswagen AG board met in Germany on the decision today.

It will be Volkswagen's first in the U.S. since the late 1980s.

Plans for the facility were boosted by the continued decline of the dollar against the euro. The new model will be priced in between the Jetta and Passat sedans.

Officials said Chattanooga won because of better infrastructure and more attractive tax incentives and tax breaks.