



Grayway

DRIVING TO BE NO. 1

Volkswagen Positioning to Lead International Car Sales

01
POSITIONING FOR NO. 1

Manufacturing in the U.S. Part of Aggressive Sales Strategy

03
GRAY...WE'RE BUILDING

Clarks Companies, N.A.
Hanover, Pa.

04
RAISING THE BAR

Volkswagen Setting New Standard for Green Manufacturing in America

05
GRAY MATTER

Volkswagen's Vote of Confidence

06
SHADES OF GRAY

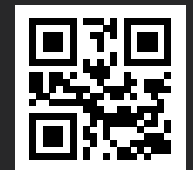
Gray Builds Dramatic Pedestrian Bridge for Volkswagen



At Gray, every project is unique and special, but once in a while, we help build something that is truly “history in the making.” There is no question Volkswagen’s new manufacturing plant in Chattanooga, Tennessee qualifies as one of those buildings. We are enormously proud to have played a role in helping Volkswagen build its new home, and that is why we have chosen to dedicate an entire *GrayWay* to Volkswagen and its investment in America. This newsletter will illustrate why and how Volkswagen entered the U.S. manufacturing arena, and what it means for its customers, the economy and for the future of automotive manufacturing in America.

A handwritten signature in black ink that reads 'Chris Allen'.

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VOLKSWAGEN



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POSITIONING FOR NO. 1

Manufacturing in the U.S. Part
of Aggressive Sales Strategy

Opening manufacturing plants in the U.S. is nothing new to the international automotive market—Asian manufacturers like Toyota, Nissan, Hyundai and Honda have been manufacturing in the U.S. for decades. But European automotive manufacturers have been more hesitant to manufacture in America... until now.

In May of 2011, German-based Volkswagen held its grand opening of a massive manufacturing campus in Chattanooga, Tennessee where 150,000 Volkswagen Passats, specifically designed for the U.S. market, can be produced annually. This plant joins just one other Volkswagen facility in the Americas, the company's plant in Mexico. According to Dr. Jan Spies, general manager of project engineering, Volkswagen AG, the decision to begin manufacturing in the U.S. was a part of Volkswagen's aggressive new international sales strategy.



Dr. Jan Spies

“The Volkswagen Group has committed to a strategy to increase sales worldwide to more than 10 million cars by 2018,” said Dr. Spies. “Part of this strategy is to increase sales in the U.S. to more than one million Volkswagen and Audi cars by 2018. Volkswagen decided to locate an additional production plant in the U.S. to increase acceptance for its products as an American manufacturer

“The Volkswagen Group has committed to a strategy to increase sales worldwide to more than 10 million cars by 2018.”

Dr. Jan Spies
General Manager of Project Engineering
Volkswagen AG

that is investing in the economy and creating jobs and business in America. In addition, close contacts to the American customer base and independence from currency fluctuations played a major role in the decision.”

And it seems this move is already paying off. In July, Volkswagen announced sales in the U.S. had increased by 22 percent, which the company sees as a sign of increasing enthusiasm for its cars.

Volkswagen's new presence in the U.S. means at least one American city is thriving despite a shaky U.S. economy. According to the Volkswagen Group of America, the company's \$1 billion investment in Chattanooga has created more than 2,000 new jobs for the Volkswagen plant alone. Some 9,500 additional jobs are expected to be created by the company's suppliers, resulting in an estimated \$12 billion in income growth. To date, \$686 million local and state contracts have been awarded and an astounding \$1.4 billion is predicted to be generated in total tax revenues for the state.



Aerial view of Volkswagen's 1,400-acre campus in Chattanooga, Tenn.

What enticed Volkswagen to choose Chattanooga? According to Dr. Spies, the area possessed the most “optimal combination” of site-related factors, such as a good business climate, easy access to workforce, supply and transportation, as well as effective support from public and private sectors.

“I personally was very impressed by the flexibility and support we received from public and private representatives after the decision had been made and we started to put up the plant,” said Spies.

Volkswagen joins a long list of automotive manufacturers and suppliers that call Tennessee home. In fact, *Business Facilities*, a national economic development publication, has named Tennessee the No. 1 state in the nation for automotive manufacturing strength for the second year in a row. According to Tennessee Governor Bill Haslam, it is no accident so many global automotive manufacturers and suppliers are choosing Tennessee for new plant locations and expansions.



Gov. Bill Haslam

“As part of our Jobs4TN economic development plan, Tennessee has centered its recruitment efforts on six key clusters in which the state has a clear competitive advantage, with the automotive industry being one of them,” said Governor Haslam. “We are working to make sure we strike the right balance between serving Tennessee's existing business and aggressively recruiting new companies to our state.”

“A company's decision to expand or relocate is based on a number of factors,” Haslam continued. “Tennessee ranks 46th out of the 50 U.S. states in per capita tax burden, meaning Tennessee's taxes are among the lowest in the U.S. We also offer competitive incentives based on a company's capital investment and jobs created.”



2012 Volkswagen Passat.

THE 2012 PASSAT NOW MADE IN THE U.S.A.

As part of Volkswagen's strategy to gain more market share in America, in January of this year the company introduced an all-new Passat, which promises to appeal to the tastes and budgets of more Americans.



Mark Gillies

"Americans like bigger cars," explained Mark Gillies, manager of product & technology for Volkswagen of America, Inc. "And they don't like paying quite as much money as Europeans do for their cars. So we redesigned the Passat that's being sold in America—it's bigger both externally and internally, and it's also a lot lower in price than it was before."

According to Gillies, the Passat was previously sold in America at a starting price of \$27,000 but now starts at less than \$20,000. This, in large part, is due to it being manufactured at the new Chattanooga, Tenn. plant, eliminating expensive international shipping costs and duties. The Passat's price point also benefits from the lower cost of doing business

in the United States. Despite the lower price, Gillies says the new Passat will include the same quality and safety features people from across the globe have come to expect from Volkswagen.

"We haven't gotten rid of all the things that people like about German cars, so it has a German-engineered ride and handling, for instance, and it has a very refined interior quality," explained Gillies.

Beyond its sturdy passenger compartment, the Passat features an intelligent crash response system that unlocks the doors, shuts off the fuel pump, and turns on the hazard lights in the event of an accident.

The Passat offers three drivetrain options: a 2.5L gasoline engine, an eco-friendly 2.0L TDI Clean Diesel and a powerful 3.6L VR6. The four-cylinder 2.0L TDI Clean Diesel has the power of a six-cylinder gasoline engine and the fuel economy of a hybrid and is expected to deliver 43 miles per gallon on the highway. This engine also comes with a NOx storage catalytic converter, fulfilling emissions requirements in all 50 states.

GRAY...WE'RE BUILDING

Clarks Companies, N.A.
Hanover, Pa.

Gray was selected by Clarks Companies, N.A. to design and build a 450,000 s.f. logistics center in Hanover, Pennsylvania. The facility will include 110,000 s.f. of mezzanine space, a three-story, 40,000 s.f. office building and a highly automated storage and retrieval system.

Upon completion, Gray will seek LEED® certification on behalf of Clark Companies, N.A. The building grounds will feature a sophisticated rainwater harvesting system and porous concrete pavement that will allow the permeation of stormwater into the earth. To improve the aesthetic appeal of the 70-foot-tall building, berms are being built around the facility to reduce the apparent building height.

Clarks has been making classic footwear since 1825 and owns and operates over 250 retail stores in the United States and Puerto Rico.



Clarks Companies, N.A. South and West Walls / Hanover, Pa.

RAISING THE BAR

Volkswagen Setting New Standard for Green Manufacturing in America

“This class of corporate conscientiousness is setting the standard for our community.”

Chattanooga Mayor Ron Littlefield



This innovative dry-scrubber system in Volkswagen Chattanooga’s paint shop significantly reduces power and heat energy use.

When Volkswagen committed to investing about \$1 billion to build its new manufacturing plant in Chattanooga, the company also made a commitment to operate it responsibly, with as little impact to the environment as possible. Now, just a few months into operations, Volkswagen Chattanooga is considered to be one of the greenest automotive factories in the world, and has even been given an “environmental stewardship” award by Tennessee’s Governor, Bill Haslam.



Frank Fischer

“This award reflects Volkswagen’s company-wide focus on our obligation to be thoughtful stewards of the environment, both with our vehicles and even our buildings,” said Frank Fischer, CEO and chair of Volkswagen Chattanooga.

Volkswagen will seek U.S. LEED® (Leadership in Energy and Environmental Design) certification, which sets new benchmarks for eco-friendly and resource-efficient plant structures and production processes.

Among the plant’s more innovative green features is a dry-scrubber system in the paint shop. This system collects overspray—traditionally collected by water—in powdered limestone which can then be recycled for use by a local concrete company. What’s more, the system enables 85 percent of the air in spray booths to be recycled, resulting in significant savings of power and heat energy.

The dry-scrubber system is but one way the Chattanooga plant is saving energy. An additional 1.26 million kilowatt hours are expected to be saved annually through the plant’s highly efficient lighting system.

Up to 1.77 million gallons of fresh water will be saved annually through a sophisticated rainwater harvesting system and native and adapted plants have been used for landscaping, eliminating the need for permanent irrigation.



Mayor Ron Littlefield

“Chattanooga is the most transformed city in America,” said Chattanooga Mayor Ron Littlefield. “Volkswagen is contributing to that transformation with its commitment to sustainable manufacturing and in anticipation of attaining Leadership in Energy and Environmental Design designation. This class of corporate conscientiousness is setting the standard for our community.”



Volkswagen Chattanooga's Arrival Building.

VOLKSWAGEN CHATTANOOGA'S GREEN INNOVATIONS

- Volkswagen's "Process 2010" saves an entire heating step in the paint shop, reducing energy consumption and CO2 emissions by 20%.
- Rainwater is collected from the roof for use inside the plant and to cool welding guns.
- Smart insulation contains no VOCs or CFCs and is 100% recyclable.
- Energy-efficient lighting system that utilizes continuous-line lighting, T5 light bulbs, mirror reflectors and motion detectors save about 900,000 kilowatt hours annually.
- Energy-efficient exterior LED lighting provides a 68% energy savings.

GRAY MATTER

Volkswagen's Vote of Confidence

Being No. 1 does not come easy, especially on an international level. Sometimes it takes billions of dollars to come out on top and that is obvious to those leading the world's automotive manufacturing companies.

Volkswagen's desire to be No. 1 has led the company into the American manufacturing world, and we welcome them with open arms. In a day and age when manufacturers are sending jobs overseas by the thousands, Volkswagen has illustrated to the world that international companies still believe in the U.S. labor force and our economy. Even when U.S. economic conditions became less than favorable, Volkswagen remained confident and continued with its plan to expand its manufacturing operations to the U.S.

And there is no better fit for a country dedicated to environmental stewardship. Volkswagen's Chattanooga plant has created a new benchmark for green automotive manufacturing and sustainability in the U.S. and will surely inspire others to follow suit.

Stephen Gray
President and Chief Executive Officer



Stephen Gray

SHADES OF GRAY

GRAY BUILDS DRAMATIC PEDESTRIAN BRIDGE FOR VOLKSWAGEN

When Volkswagen asked Gray to build a dramatic, yet cost-effective, pedestrian bridge connecting the Volkswagen parking area to the building's main entrance, we jumped at the chance. Working from a design provided by an architectural design competition for students from six regional universities and a German/American architectural firm, our team came up with a solution that not only fit within Volkswagen's budget but solved several obstacles in the bridge's path, along with architectural interfaces that were problematic for constructability.

The first obstacle was a 100-foot-wide conservation area with a rerouted biostream that our team was required to protect during construction. The second was the facility's vehicle testing track, which Volkswagen requested to be visible from the bridge's crosswalk. The Gray team was challenged with not only working around these obstacles, but also ensuring two freestanding structures—Volkswagen's

arrival building and pedestrian bridge—were visually and structurally merged.

All employees and visitors enter the plant by crossing the bridge so its aesthetic appeal was vitally important to Volkswagen. The resulting design balanced the heavy aesthetic of the bridge with lightweight flowing arches, adding a bit of drama and appeal to the structure.



Watch pedestrian bridge video

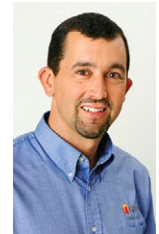
Volkswagen Chattanooga's pedestrian bridge connects the parking area to the plant.



MAINTENANCE TIPS

The great outdoors can be tough on a building's exterior, especially during the harsh winter months. Service Team Manager Steve Higgins offers these maintenance tips to help reduce exterior damage and costly repairs for the life of your building:

- **Observe parking lot drains and site catch basins to ensure they are clear of debris. This will prevent flooding and ice build-up in parking lots.**
- **Weather-exposed piping should be checked for rust, deterioration, loss of paint, poor insulations, etc. to prevent leaks and frozen pipes that could ultimately lead to costly plumbing repairs.**



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