

NATIONAL TRANSPORTATION RESEARCH CENTER, INC

2003 ANNUAL REPORT



The economy of a region functions only as well as its transportation systems. Recognizing this principle, the University of Tennessee, Oak Ridge National Laboratory, the Development Corporation of Knox County and Battelle collaborated to create the National Transportation Research Center, Inc (NTRCI) to promote transportation-related technological advances and research in the private sector.

NTRCI's goal is to conduct transportation research and development to accelerate, encourage and facilitate deployment of improved transportation technologies to support private industry, and federal, state, local and regional governments and the economy in general.

NTRCI, located in an 83,000 square-foot building dedicated to transportation research and development, offers private businesses and local governments of all sizes practical, economical access to the United States' most exceptional collection of transportation-focused scientists, engineers, researchers, laboratories and equipment. NTRCI's confidential partnerships with industry offer its clients state-of-the-art hardware and computing technologies, world-class scientists specializing in a variety of disciplines, and, under some circumstances, grant funds for acquisition of specialized equipment to explore innovative solutions to many, complex problems or conduct commercial product testing and evaluation.

NTRCI, serving as a conduit and project-partner, brings this huge array of research talent and laboratory facilities to its clients, whether from the private sector or from federal, state, regional and local governments and agencies. In some cases, NTRCI also arranges partnerships with Federal Government agencies to provide funding and shared responsibilities.



PRESIDENT'S REPORT

These past two years have been a time of improvement and accomplishment for NTRCI. Mr. Benjamin J. Ritchey, my predecessor, laid the strategic groundwork with our Board of Directors and Partners to develop a clear corporate mission and sharpen our Business Plan focus. On July 1, 2003 I assumed the full-time responsibilities of President/CEO and found the organization on firm operational footing with a committed, involved Board of Directors. Ben continues to contribute his welcomed, effective leadership abilities and wisdom as a very active member of the Board of Directors.

NTRCI's fiscal year ended September 30, 2003, witnessed a plethora of significant accomplishments:

- Pershing Yoakley & Associates, the corporation's accountants, issued another unqualified audit report.
- NTRCI successfully completed its first US Department of Transportation compliance audit.
- Projects were initiated with funding received from both the US Department of Transportation and the Knoxville Regional Transportation Planning Organization.
- Projects have been defined with work planned to start in 2004 with additional funding from the US Department of Transportation.
- The ability to attract private industry and merge public and private sector funding and in-kind contributions to accomplish research tasks was demonstrated
- We initiated technology consulting on Radio Frequency Identification
- Expanded our voluntary Board of Directors to 13 members to include additional private sector expertise and insight.
- We have initiated an aggressive marketing effort with visits by team members to truck manufacturers, tier one and two suppliers, heavy truck industry trade associations and have also initiated discussions with officials in major cities in Tennessee to offer assistance with local transportation and clean air issues.

In 2004 we will build on our accomplishments by:

- Establishing a heavy vehicle industrial consortia
- Expanding marketing to regional and national transportation clients
- Increasing our on-going clean air and traffic management services across the state
- Increasing our technology consulting services
- Cultivating the growing Southeastern Automotive Cluster

I look forward to the challenges of forging innovative partnerships with both public and private clients, and enhancing collaboration among our partners as NTRCI moves to the future.

Joseph A. Petrolino
President/CEO
NTRC, Inc.



CHAIRMAN'S LETTER

To the Members and Constituents of NTRCI:

It is my pleasure and honor to be writing this, the first Chairman's Letter, to those interested and supportive of the crucial position that NTRCI, plays in promoting the National Transportation Research Center and its vital role in research, development and deployment of advanced transportation technologies.

Chartered in 1999, NTRCI experienced some very important and notable accomplishments and events in its 2003 fiscal year, foretelling the remarkable potential of the National Transportation Research Center user-facility on Hardin Valley Road here in Knox County, Tennessee.

On July 1, 2003, the Board of Directors hired NTRCI's, first full-time President and Chief Executive Officer, Joseph A. Petrolino, who brings to our organization over three decades of leadership, transportation management, technical and engineering development, as well as sales, marketing and distribution experience. Mr. Petrolino, a retired United States Army officer, graduated from the United States Military Academy (BSE), Purdue University (MSE), the United States Army War College and the Defense Systems Management College. Before moving to East Tennessee with his wife, Kathy, and daughter, Laura, Joe was most recently with Freightliner Corp., in Portland, Oregon, where he filled a series of senior management positions.

NTRCI's thirteen-member Board of Directors is comprised of two representatives nominated by the University of Tennessee, two by Oak Ridge National Laboratory, and two by the Development Corporation of Knox County. The remaining six Director seats are designated as "Outside" by the Corporate By-Laws. One Seat is currently open. The Board of Directors seeks to be a model of corporate governance, integrity and above reproach ethics. These Directors have voluntarily and energetically fulfilled the many fiduciary duties incumbent on corporate directors in setting policy and giving sound management guidance. These community-minded individuals will continue to contribute immensely to NTRCI's future, and I wish to thank them for their significant efforts.

The Board of Directors also thanks Mr. Benjamin J. Ritchey, one of the "ORNL" designated directors, for his immeasurable, selfless contributions to NTRCI, while serving as interim president for approximately eighteen months preceding Mr. Petrolino's engagement. Mr. Ritchey also has served as interim CEO, head of the Presidential Search Committee, advisor to the current Chairman of the Board and probably, more than anyone else, has been the driving force in the development of a vision to move NTRC and NTRCI, forward. Thank you, Ben.

The Board of Directors and all of NTRC's constituents wish to thank the East Tennessee Congressional delegation for its staunch support. Congressman Jimmy Duncan is our greatest advocate in Washington; while Senators Bill Frist and Lamar Alexander and Congressman Zach Wamp also continue to provide leadership, support and wise counsel to the organization's mission and goals.

Finally, the thriving growth in the automotive industry and its supply chain partners in the Southeast present a tremendous opportunity for NTRCI, and its partners to achieve the goal of improving the efficiency and safety of our nation's complex transportation systems and industry. NTRCI has initiated, in collaboration with its corporate partners, marketing efforts to ensure these organizations first turn to NTRC whenever in need of product research or development.

Watch us grow!

C. Howard Capito
Chairman of the Board



VISION AND BUSINESS FOCUS

Our vision for NTRCI is to become recognized as a preeminent Center for Transportation Technology with emphasis on research, development, deployment, test, evaluation and commercialization for the Transportation Industry.

We have identified several areas of focus to achieve our vision:

- Heavy Vehicle Safety
- Evaluation of Sources and Solutions to attain clean air
- Technology solutions for Supply Chain Logistics problems
- Low Cost Traffic Management technologies
- Applying telematics to improve efficiency of operations for fleets and weigh stations
- Industry Client Services

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The National Transportation Research Center, Inc. (NTRC, Inc.), is nonprofit organization incorporated in June, 1999 in conjunction with the provisions of the Tennessee Nonprofit Corporation Act and Section 501(c)(3) of the Internal Revenue Code. Subject to prior transaction-level approval by its Board of Directors, NTRCI accepts contributions of equipment useful in enhancing its research mission and for which the donor may take tax deductions. Additionally, the NTRCI Board will accept cash contributions and in the future will perfect and implement plans for endowment and venture capital funding.

NTRCI

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