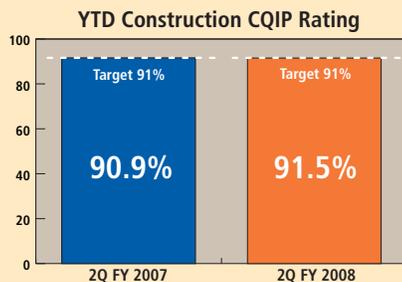


HIGHWAY SAFETY CHALLENGE

In October 2007, VDOT, DMV and State Police joined forces to improve traffic safety in Virginia through a partnership to put the brakes on highway fatalities. The Highway Safety Challenge has since drawn new partners, including AAA Mid-Atlantic, Va. Dept. of Alcoholic Beverage Control, and Pocahontas 895. For more details go to www.safevahighways.org.

Statewide Construction Quality Compliance



Construction quality, as evaluated by VDOT's Construction Quality Improvement Program (CQIP), measures project compliance with contract quality requirements. The evaluation is made through a critical assessment, guided by a checklist of more than 1,100 construction quality checkpoints. The results show VDOT's commitment to building quality roads and bridges while seeking opportunity for continuous improvement. In FY07, the second quarter result of 90.9 percent narrowly met the 91 percent target. In the second quarter of FY08, the 91.5 percent result surpassed the 91 percent target.

OVERVIEW

VDOT employees are justifiably proud of their work planning, delivering, operating and maintaining, on time and on budget, the best possible transportation system for Virginia's traveling public. In 2007, the employees won more than 50 awards affirming that their efforts are among the best in the country. You can read more about the awards under the Quarterly Notes in this report.

Their hard work is also reflected in the continuing solid performance figures you'll see in this report covering October through December 2007. Also during this quarter, we launched a major effort to reduce highway deaths.

Are you Virginia's next traffic fatality? It's a terrible reality that any of us could be. By the end of 2007, 1,022 people died from crashes on Virginia's roads. The Highway Safety Challenge, a partnership among VDOT and other concerned groups, seeks to reduce annual highway deaths by 100 by the year 2010 by influencing the driving behavior that is the leading factor in whether you will get to your destination safely each time you turn

the key. Five simple steps that can save lives are to buckle up, avoid distractions, share the road, drive drug- and alcohol-free, and obey the speed limits.

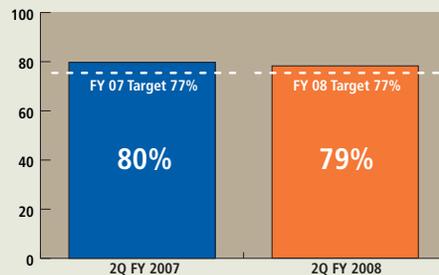
VDOT's commitment to improving our highway system, our business and our workforce continue to evolve as we set clear goals and measure our performance each day. The unifying factor driving our success is our willingness to show our customers how well we are achieving our mission.

We are taking that commitment another step further by launching the next generation of the Dashboard this month. Dashboard 3.0 will let Virginia citizens see the commitments we are making to improve their lives every day. It will expand our performance management beyond on-time, on-budget project delivery into areas of safety, customer feedback, finance and management.

Citizens will be able to watch and participate as VDOT continues on its journey to become a leading 21st century transportation agency.

David S. Ekern, P.E.
Commissioner

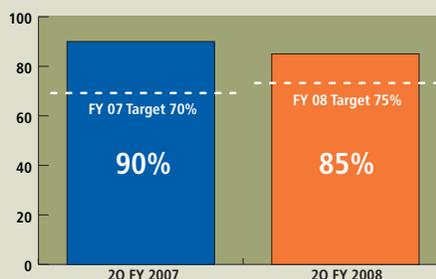
ALL CONTRACTS COMPLETED BOTH ON TIME AND WITHIN BUDGET



185 construction and maintenance contracts were due for completion by the end of the second quarter. Of those contracts, 146 (79%) were completed both on time and within budget.

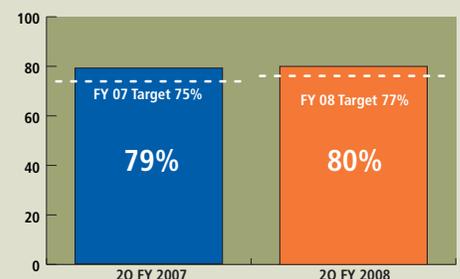
SCHEDULED CONTRACTS COMPLETED ON TIME

CONSTRUCTION ON-TIME PERFORMANCE



95 construction contracts were due for completion by the end of the second quarter. Of those contracts, 81 (85%) were completed on time.

MAINTENANCE ON-TIME PERFORMANCE



90 maintenance contracts were due for completion by the end of the second quarter. Of those contracts, 72 (80%) were completed on time.

QUARTERLY NOTES

Commissioner David S. Ekern signed all agreements with Virginia's federal and private partners on the **Interstate 495 Capital Beltway High Occupancy Toll (HOT) Lanes project** in December, ensuring that construction will begin on the 14-mile project this spring. With this partnership, we will deliver the first-ever dedicated HOV and transit services to the Capital Beltway and address congestion on Virginia's busiest highway. This agreement will serve as a national model. For more details, go to www.virginia.gov/news/resources/CO-0792.pdf.

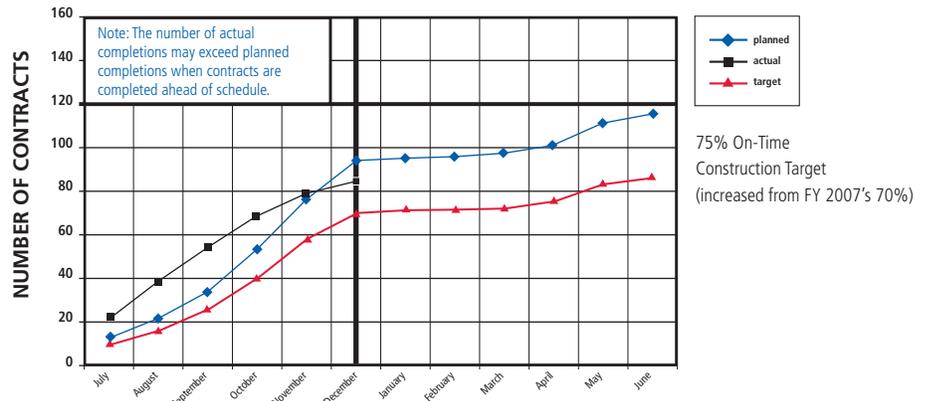
VDOT received 51 state, regional and national awards in 2007 from industry, government and professional organizations. Among them: the 2007 Green Leadership Award, Government Category, from the James River Green Building Council for the **new I-64 West Safety Rest Area in New Kent County**. The facility is the first Virginia state government building to win the award. The new facility's design improves energy efficiency, reduces use of non-sustainable resources and minimizes environmental impact. These energy-savings efforts will also significantly save operating costs. The **new Fredericksburg Welcome Center** was built to meet the same U.S. Green Building Council's Green Leadership in Energy and Environmental Design standards. For more details, go to www.virginia.gov/news/statewide/2007/vdot_receives_2007_green.asp.

Also, VDOT's **Wounded Veterans Internship Program**, the first of its kind among state DOTs, received the Federal Highway Administration's (FHWA) Strive for Excellence Team Award. The program offers wounded veterans who can't or don't wish to return to jobs held before serving in combat an opportunity to work at VDOT and develop or improve job skills. Since the program's inception, three interns have graduated; one works for VDOT full-time. Eighteen interns are working in positions across the state as they restart their civilian working lives. The program is funded through an FHWA grant. VDOT continues to accept applications based on available funding. For more details, go to www.virginia.gov/jobs/WoundedVetProgram.asp.

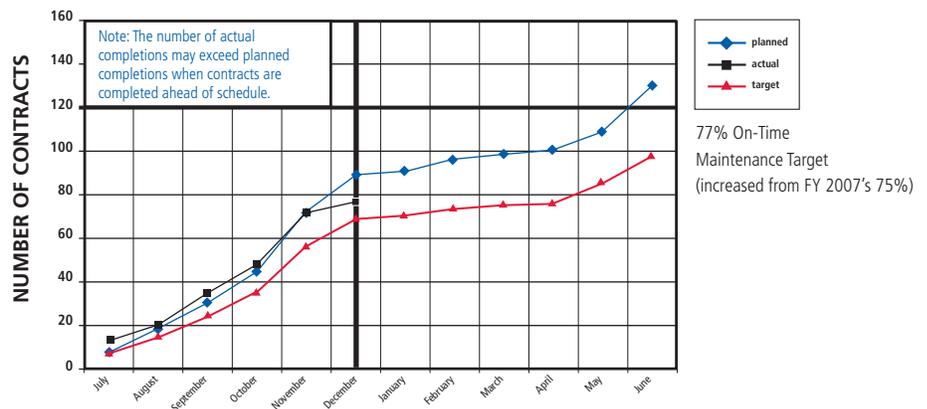
In November, VDOT opened its newest **Traffic Management Center**, completing a network of five such centers across Virginia. The new facility in Salem is the hub for VDOT's highway safety and emergency response programs for motorists traveling in 34 counties from the North Carolina, Kentucky, Tennessee, and West Virginia state lines, east to Farmville and north to Lynchburg. VDOT's Traffic Management Centers are its focal point for managing traffic flow and coordinating emergency response when incidents clog the state's highways. They help travelers get to their destinations safely and without unexpected delays. For more details, go to www.virginia.gov/news/salem/2007.

SECOND QUARTER FISCAL YEAR 2008 PERFORMANCE

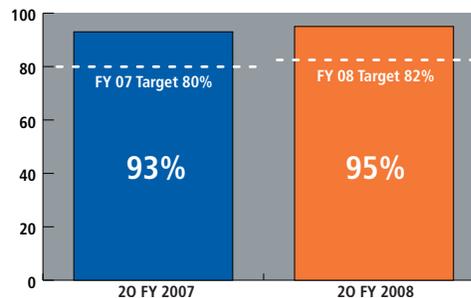
FY 2008 CONSTRUCTION CONTRACTS COMPLETED ON TIME



FY 2008 MAINTENANCE CONTRACTS COMPLETED ON TIME

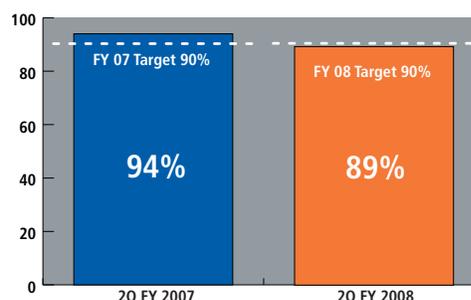


CONSTRUCTION CONTRACTS COMPLETED WITHIN BUDGET



95 construction contracts were completed by the end of the second quarter. Of those contracts, 90 (95%) were completed within 110% of their original contract award amount.

MAINTENANCE CONTRACTS COMPLETED WITHIN BUDGET



84 maintenance contracts were completed by the end of the second quarter. Of those contracts, 75 (89%) were completed within 110% of their original contract award amount.