

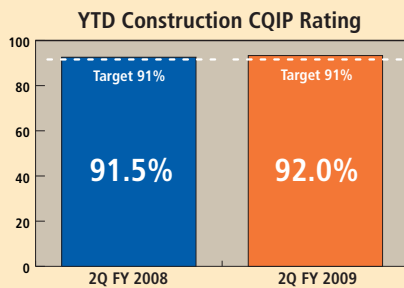


Highway Deaths Drop Significantly in 2008 - Each year, too many people die in highway crashes. Early reports show 819 highway-related deaths were reported in the commonwealth in 2008. That's 200 fewer deaths than in 2007 when 1,026 individuals lost their lives.

The decline is encouraging. However, VDOT is still committed to preventing highway deaths and promoting safety.

No matter what the statistics say, Virginians must continue to make safe driving a priority.

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. Year-to-date second quarter compliance results for both years surpassed the 91 percent target, with FY 2008 achieving 91.5 percent and FY 2009 attaining a 92.0 percent rating.

OVERVIEW

The Virginia Department of Transportation (VDOT) continues to witness an evolution in the transportation industry and weather a weakening economy. Though the past quarter brought us more bad financial news, VDOT is making aggressive changes to address these challenges and ensure our vitality in the coming years.

During the second quarter, the commonwealth announced that state and federal transportation revenues are projected to decrease by \$2.6 billion throughout the next six years. This required the Commonwealth Transportation Board (CTB) to further reduce the state's Fiscal Years 2009-2014 Six-Year Improvement Program in a rare mid-year revision. The CTB removed \$2 billion in highway construction funding, impacting more than 800 projects.

VDOT leaders continued to work on the Blueprint for Our Future – a comprehensive plan in address the weakening economy and long-term changes in our business. This initiative is one of the agency's most significant undertakings in the past 20 years.

While emphasizing our commitment to safety and emergency response, the Blueprint focuses on three legs of VDOT's business – restructuring our construction program, restructuring our services and customer programs and reshaping our organization while streamlining staffing.

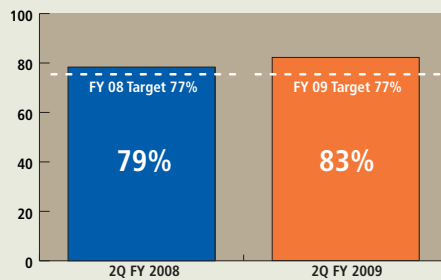
As we move toward the future, VDOT will clearly be focused on safety and taking care of our existing highway network. We will set clear, consistent and reasonable levels of service on which citizens can depend.

Our organizational structure also will change. We will have fewer work units and combined functions throughout the agency, and how we work together will be significantly different.

Throughout the next couple of months, we will transition to the implementation phase of our Blueprint. Our new roadmap will enable us to respond to the current economy and operate a viable, successful agency for years to come. We have an opportunity to build a better VDOT, and we are well on our way.

David S. Ekern, P.E.
Commissioner

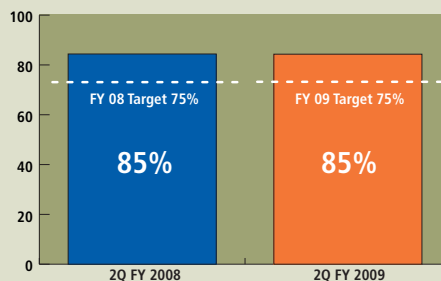
ALL CONTRACTS COMPLETED BOTH ON TIME AND WITHIN BUDGET



318 construction and maintenance contracts were due for completion by period-end. Of those 318 contracts, 265 (83.3 percent) were completed both on time and within budget.

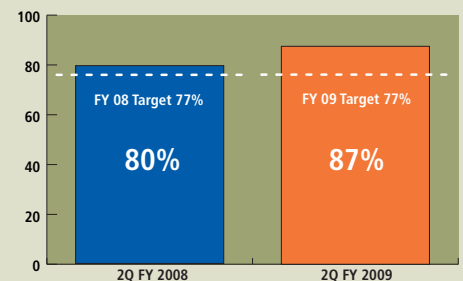
SCHEDULED CONTRACTS COMPLETED ON TIME

CONSTRUCTION ON TIME PERFORMANCE



88 construction contracts were due for completion by period-end. Of those 88 contracts, 75 (85.2 percent) were completed on time.

MAINTENANCE ON TIME PERFORMANCE



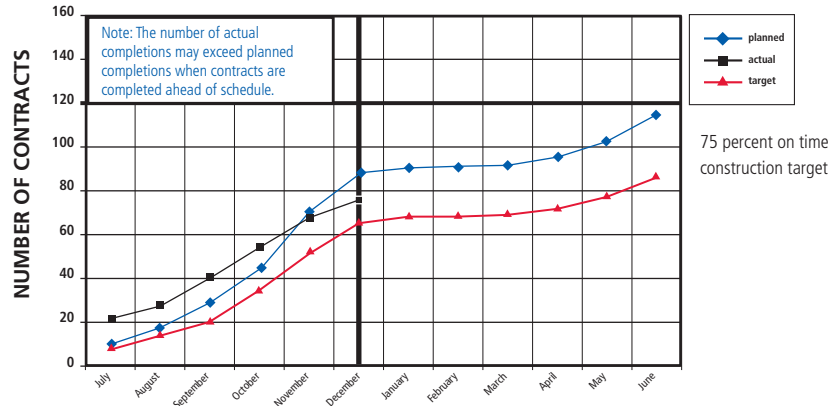
230 maintenance contracts were due for completion by period-end. Of those 230 contracts, 200 (87 percent) were completed on time.

QUARTERLY NOTES

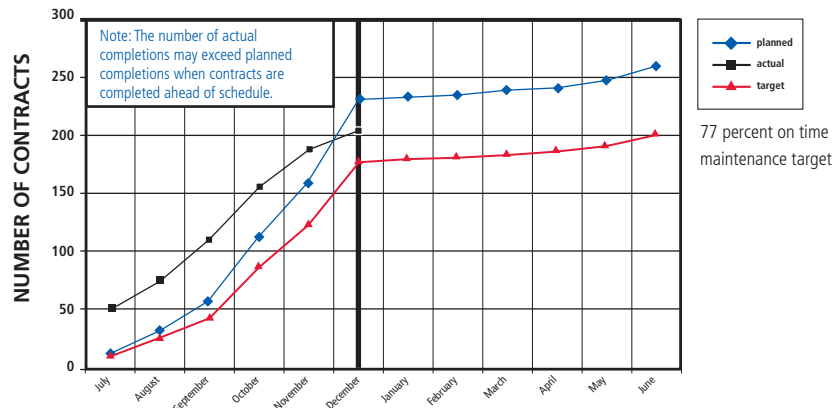
- Six States Sign Interstate 81 Agreement** – Last fall, the Commonwealth of Virginia and five other Interstate 81 Regional Commerce Corridor states signed a memorandum of understanding to ensure the economic vitality of the I-81 corridor. Maryland, New York, Pennsylvania, Tennessee, Virginia and West Virginia, have committed to ensuring a coordinated direction for public investment in both rail and highway infrastructure for the corridor. The states also have agreed to work together in planning and federal advocacy efforts for corridor improvements.
- Interstate 81 Bridges Over Buffalo Creek Project Receives National Honor** – VDOT was recognized by the National Partnership for Highway Quality for its innovative jointless bridge deck and abutment design on the Interstate 81 Bridges over Buffalo Creek Project. The project was presented with the Break the Mold Award in November 2008, for its strides in safety, mobility and environmental protection. The award identifies champions of new ideas in hopes that similar gains will be made by others.
- VDOT Promotes Winter Weather Safety** – On Nov. 10, VDOT held news conferences in all nine districts to familiarize media and constituents with the agency's preparedness efforts for snow season. The events were well attended and VDOT received positive coverage in most major media markets. As part of this initiative, VDOT launched a Web page devoted to winter weather safety.
- Highway Safety Challenge Liquor Bag Initiative** – The Highway Safety Challenge launched a liquor bag initiative at Virginia Department of Alcoholic Beverage Control stores statewide in December 2008. More than one million bags were printed with safety messages reminding customers to drink responsibly during the holiday season. Customers were encouraged to drive drug- and alcohol- free, buckle up, avoid distractions, share the road and obey speed limits.
- Blueprint for our Future** – Agency leaders have been working to finalize the blueprint for the future of VDOT. Plans have been shared with employees, the secretary of transportation, the Commonwealth Transportation Board and legislative committees in both the House of Delegates and Senate. A series of briefings for VDOT personnel also have begun. Agency leaders are now beginning to shift to the implementation phase and will soon provide employees with a timeline for those efforts.

SECOND QUARTER FISCAL YEAR 2009 PERFORMANCE

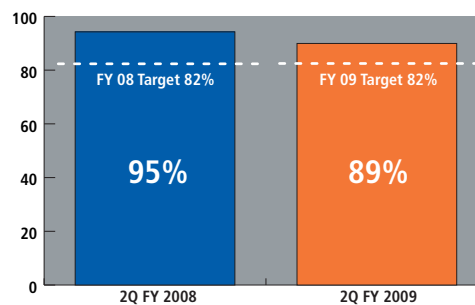
FY 2009 CONSTRUCTION CONTRACTS COMPLETED ON TIME



FY 2009 MAINTENANCE CONTRACTS COMPLETED ON TIME

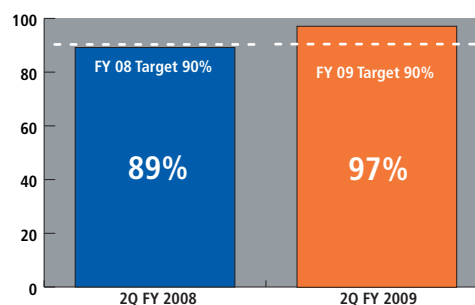


CONSTRUCTION CONTRACTS COMPLETED WITHIN BUDGET



84 construction contracts were completed by period-end. Of those 84 contracts, 75 (89.3 percent) were completed within budget.

MAINTENANCE CONTRACTS COMPLETED WITHIN BUDGET



224 maintenance contracts were completed by period-end. Of those 224 contracts, 218 (97.3 percent) were completed within budget.