

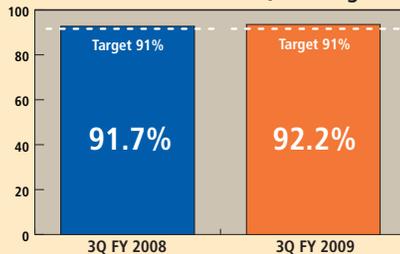


Panel to Evaluate Downtown Tunnel/Midtown Tunnel/MLK Extension Conceptual Proposal – Secretary of Transportation Pierce Homer named an Independent Review Panel to examine the private-sector conceptual proposal to finance, design, construct, operate and maintain the Downtown Tunnel/Midtown Tunnel/MLK Extension Project located in the cities of Norfolk and Portsmouth.

The panel will solicit input from localities and the general public and evaluate the conceptual proposal to design and construct a parallel Midtown Tunnel and an extension of the MLK Freeway between Interstate 264 and London Boulevard, and make improvements to the existing Midtown and Downtown tunnels.

Statewide Construction Quality Compliance

YTD Construction CQIP Rating



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 third quarter compliance results for both years surpassed the 91 percent target, with FY 2008 achieving 91.7 percent and FY 2009 attaining a 92.2 percent rating.

OVERVIEW

The Virginia Department of Transportation (VDOT) continues to move ahead with implementation of the Blueprint for Our Future, the agency's comprehensive plan to address the projected \$2.6 billion shortfall in transportation revenues during the next six years.

I announced in February that the agency would seek to reduce overall staffing levels by 1,000 full-time employees and 450 wage, temporary and hourly staff during the next 18 months. That process has begun and it has been difficult.

In April, affected wage employees were given the schedule for elimination of their positions and information on transition services and available assistance including job search and resume writing training.

We are working to achieve an organization of 7,500 classified staff, and the reduction in wage employees was necessary prior to beginning the process of evaluating our classified employment levels.

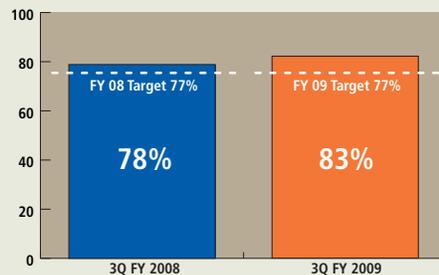
We traveled across the commonwealth in March and early April presenting our plan for service reductions, and we received an enormous amount of feedback. I appreciate the candor of citizens, elected officials and employees. The comments received were extremely valuable and insightful.

In the coming weeks, we will continue to implement our new road map and put into action measures designed to position the agency to be successful and viable in the future.

Our proposed changes will most certainly affect all levels of our organization. These changes will be felt by the citizens of the commonwealth and our entire workforce. I continue to offer support to those individuals directly affected by our staffing reductions.

David S. Ekern, P.E.
Commissioner

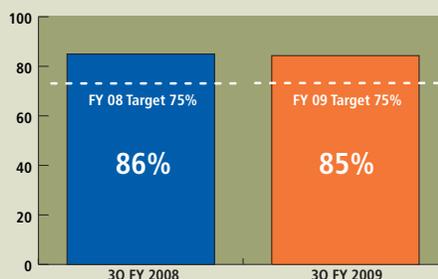
ALL CONTRACTS COMPLETED BOTH ON TIME AND WITHIN BUDGET



333 construction and maintenance contracts were due for completion by period-end. Of those 333 contracts, 277 (83.2 percent) were completed both on time and within budget.

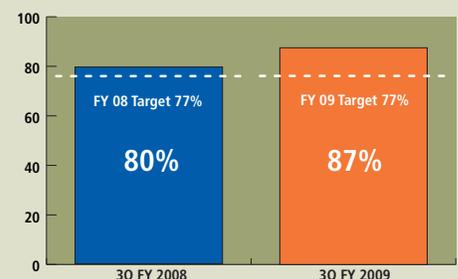
SCHEDULED CONTRACTS COMPLETED ON TIME

CONSTRUCTION ON TIME PERFORMANCE



92 construction contracts were due for completion by period-end. Of those 92 contracts, 78 (84.8 percent) were completed on time.

MAINTENANCE ON TIME PERFORMANCE



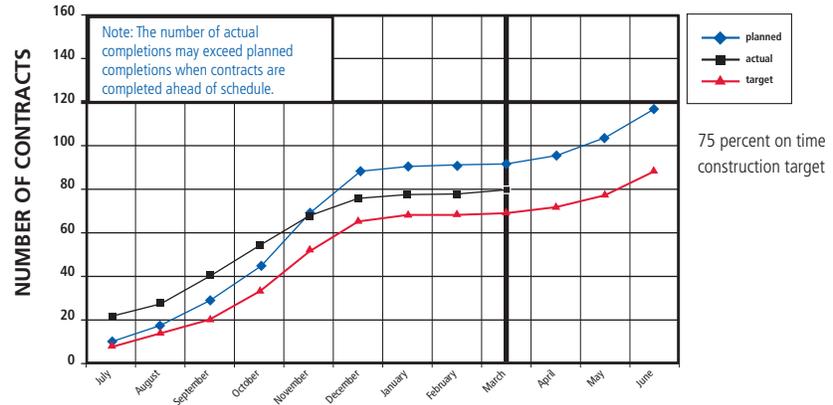
241 maintenance contracts were due for completion by period-end. Of those 241 contracts, 209 (86.7 percent) were completed on time.

QUARTERLY NOTES

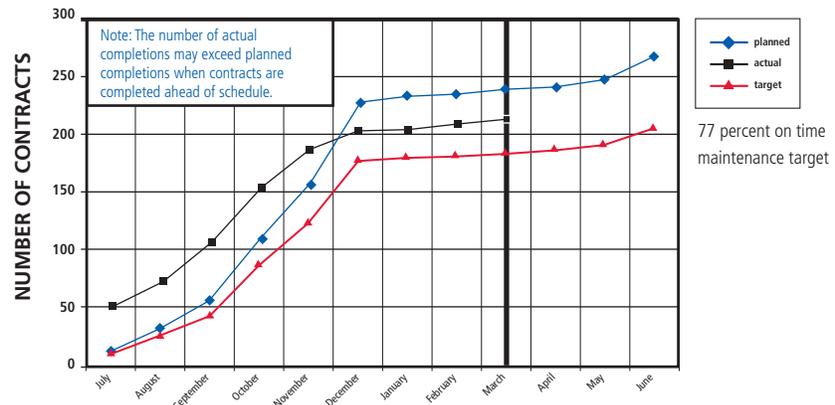
- 2009 Presidential Inauguration** – VDOT worked closely with the Virginia State Police, Virginia Department of Emergency Management, Virginia Department of Rail and Public Transportation and other local and federal agencies to coordinate inaugural events. Traffic flowed more smoothly than expected and key messages remained consistent. The outstanding collaboration was acknowledged in an editorial in *The Washington Post*: "Mention must be made of the good coordination among D.C., Virginia and Maryland officials and the wisdom of many of their transportation decisions."
- VDOT Cuts 230 Hourly Jobs** – VDOT announced it would reduce hourly and wage positions by 450 across the commonwealth as a first step in reducing staffing costs. VDOT will dismiss 230 wage employees June 6 to meet the targeted hourly staffing reduction. The remaining positions have been addressed through attrition and retirement. The cuts were designed to help address the projected \$2.6 billion shortfall in transportation revenues. The agency also seeks to reduce full-time staffing levels by 1,000 positions during the next 18 months. VDOT estimates it will have 7,500 employees total by July 1, 2010, and is making reductions through retirements and attrition as much as possible.
- VDOT Discusses Service Reductions at Statewide Meetings** – Public meetings were held across the commonwealth in March to collect input on VDOT's comprehensive plan to address long-term funding reductions. During the meetings, VDOT provided brief presentations regarding the proposed changes in Safety Service Patrols, rest areas, mowing and roadside maintenance, ferry services and VDOT residency offices. Overall, 1,264 citizens and elected officials attended the sessions and 280 attendees spoke.
- Agency Earns Top Honors for Innovation, Engineering and Professional Achievement** – VDOT is an industry leader and employs many of the best and brightest transportation professionals in the business. VDOT employees continue to receive high praise for their work, earning 44 top honors in 2008 from industry, government and professional associations. The awards recognized individual and project team accomplishments in business and highway system innovation, construction design, research and professional achievements.
- Five States Partner to Improve Interstate 95** – The Commonwealth of Virginia, U.S. Department of Transportation (USDOT), Florida, Georgia, South Carolina and North Carolina formally agreed to work together to improve and expand a 1,054-mile stretch of Interstate 95 as part of the Corridors of the Future Program. The states have signed a development agreement that calls for a coordinated regional approach to reducing congestion and increasing the safety and reliability of the interstate. The I-95 corridor was selected by the USDOT as a "Corridor of the Future," through a program aimed at reducing congestion and improving efficiencies on U.S. interstates.

THIRD QUARTER FISCAL YEAR 2009 PERFORMANCE

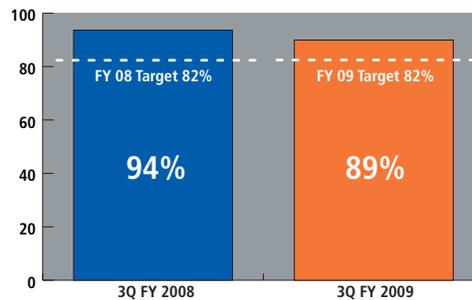
FY 2009 CONSTRUCTION CONTRACTS COMPLETED ON TIME



FY 2009 MAINTENANCE CONTRACTS COMPLETED ON TIME

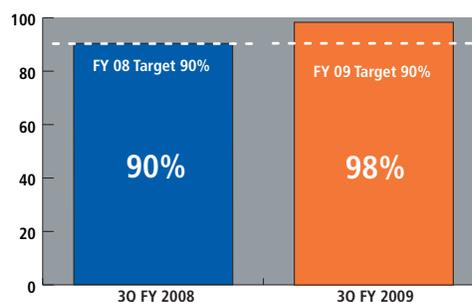


CONSTRUCTION CONTRACTS COMPLETED WITHIN BUDGET



91 construction contracts were actually completed by period-end. Of those 91 contracts, 81 (89 percent) were completed within budget.

MAINTENANCE CONTRACTS COMPLETED WITHIN BUDGET



240 maintenance contracts were actually completed by period-end. Of those 240 contracts, 234 (97.5 percent) were completed within budget.