

REPORT CARD

First Quarter FY05

October 22, 2004



"Make a commitment to safety each day before you leave home for work. Make a commitment to safety as you do your job. And, make a commitment to safety each time you talk to a loved one so you can be around to talk to them again. You can't think about safety too much. But thinking about it isn't enough. You have to do it."

Commissioner Philip Shucet's message to employees

OVERVIEW

Portions of major highway projects in Northern, Central and Tidewater Virginia were completed in the first quarter, easing travel for thousands.

- At the Springfield Interchange, a second exit lane on an interstate 95 flyover opened in September, months ahead of schedule, making it easier for motorists to descend from the ramp directly onto I-95.
 - In Portsmouth, a portion of the Western Freeway on the Pinners Point project opened in late September, providing motorists direct access to and from the Midtown Tunnel on I-164 and removing truck traffic from the nearby historic Port Norfolk neighborhood.
 - In metropolitan Richmond, another section of Route 288 was opened to connect Route 6 in Goochland County with Route 60 in Chesterfield County. Route 288 provides a partial beltway around the region.
- Private-sector proposals for future construction were also advanced. VDOT entered into negotiations with Fluor Daniel for a comprehensive agreement to improve the Capital Beltway (I-495) in Northern Virginia under the Public-Private Transportation Act (PPTA). Fluor proposes to build two high-occupancy toll (HOT) lanes in

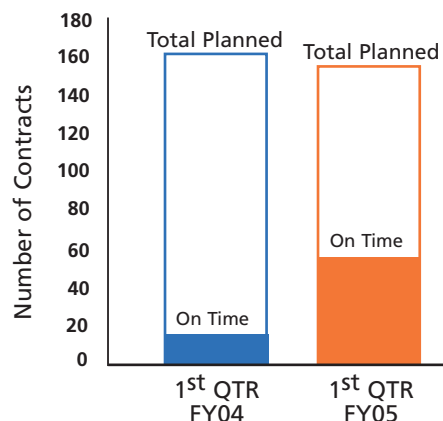
each direction on a 14-mile segment of the Capital Beltway, from north of the Springfield Interchange to north of the Dulles Toll Road. In Hampton Roads, VDOT has received unsolicited competing proposals under PPTA to design, build, finance and operate a new crossing of the Hampton Roads waterways. The department is evaluating the proposals.

After one quarter, we are on track to deliver 60 percent of our construction projects on time (see charts below and on page 2). By the end of next quarter, where we have the most construction contract deadlines, we will know if our annual goals can be reached.

There's no rest in our pursuit of project efficiency. The report from Deloitte on our Hampton Roads District performance has broad implications for our district management structure. An internal task force is developing ideas for how these recommendations could be implemented. The intent will be to further align our organization with the outcomes critical to our customers, which will ensure greater responsiveness and promote sustained excellence.

Philip Shucet

MEETING CONSTRUCTION CONTRACT DEADLINES: LAST YEAR VS. THIS YEAR



What a difference a year makes. At this point last year, only 18 of 168 (10.7%) construction contracts had been completed on time. For all of FY04, 36% were completed on time. Through the first quarter of the new fiscal year we have already completed 58 construction contracts on time, which is 37% of the 156 planned for all of FY05.

How VDOT is Measuring Up

First Quarter Notes

VDOT received nearly half of the \$50 million in August bonus redistribution federal funds it requested. The funds allow projects that were scheduled for advertisement later this year to be accelerated, and it will allow other projects to be more quickly funded in future years.

In the past quarter the infrastructure has taken a beating from hurricanes and storms. At one time, 435 roads across the state were closed because of them. Damages to roads and bridges are likely to cost \$20 million to repair.

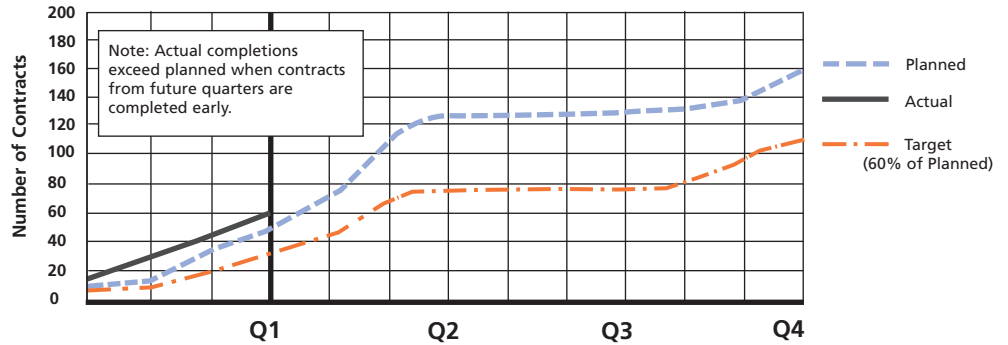
The Environmental Protection Agency named VDOT's Northern Virginia District as one of the best workplaces for commuters. VDOT was listed among nearly 190 employers offering commuting options to their workers to help Washington, D.C. area's traffic flow and air quality.

The VDOT Workers' Memorial was dedicated Sept. 17, after VDOT employees and supporters raised approximately \$168,000 for the memorial. No public monies were used to build the monument at a scenic overlook on I-64 east near Afton Mountain. The memorial honors more than 120 employees who died as a result of job-related causes.

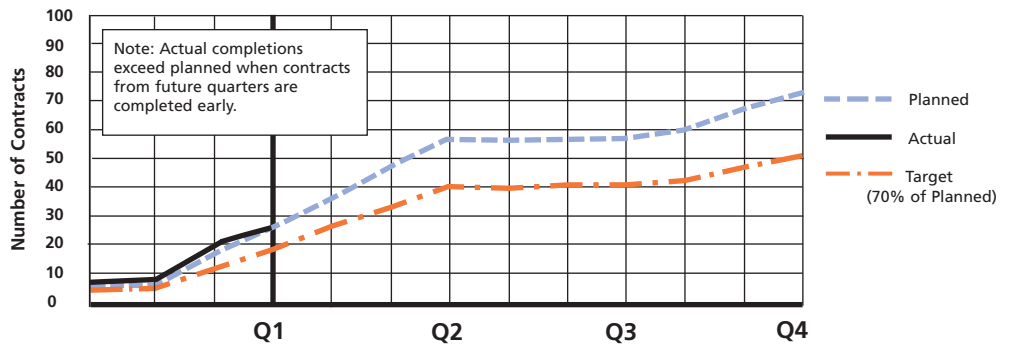
More businesses have a chance to be on interstate "logo" signs and other signs after significant changes were made to VDOT's directional sign programs. For example, qualifying wineries, farmers' markets and bed and breakfasts can now be on the signs. Also, signs will be included on certain primary and secondary highways to direct motorists to more tourist destinations.

A project to widen and improve Route 17 in Chesapeake received a 2004 Exemplary Ecosystem Initiative award from the Federal Highway Administration for protecting wildlife and preserving the ecosystem along the Great Dismal Swamp.

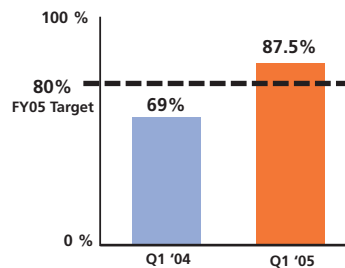
CONSTRUCTION CONTRACTS COMPLETED ON TIME



MAINTENANCE CONTRACTS COMPLETED ON TIME

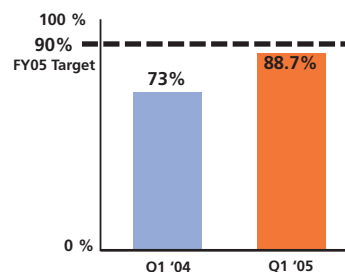


CONSTRUCTION CONTRACTS COMPLETED WITHIN BUDGET



For the first quarter, 42 (87.5%) construction contracts were within 110% of contract award amount, and 6 (12.5%) were over.

MAINTENANCE CONTRACTS COMPLETED WITHIN BUDGET



For the first quarter, 47 (88.7%) maintenance contracts were within 110% of contract award amount, and 6 (11.3%) were over.