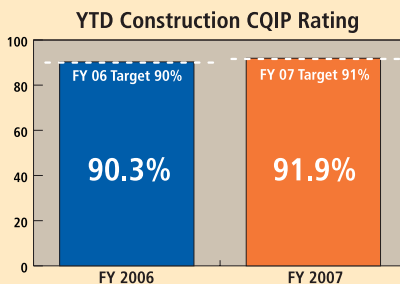




This spring VDOT and its public safety partners successfully tested the I-64 hurricane evacuation lane reversal plan.

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 FY 2007, the full-year 91.9 percent result exceeded the 91 percent goal and favorably compares to the FY 2006 percent target.

OVERVIEW

VDOT has reached a major new milestone in achievement for the 2007 fiscal year, which ended June 30. For the first time in our agency's history, we have met or exceeded all of our performance goals in delivering projects on-time and on-budget.

Overall, 79.8 percent of all our construction and maintenance contracts were completed both on-schedule and on-budget—a 4.7 percent increase from FY 06. We continue to seek opportunities to top quality compliance requirements on every VDOT project. This quarter we also surpassed the statewide construction quality compliance goal to achieve an overall 91.9 percent rating.

I applaud our staff for these significant achievements, and can attribute their success to a deliberate focus on project management and improved collaboration with our vendors and local municipalities.

VDOT also marked this quarter with other significant initiatives. The CTB substantially increased the state's available transportation funding, including approving the first six-year funding program for maintenance and operations projects. In April, VDOT "went green" by opening a new, environmentally and traveler-friendly safety rest area on I-64, which will

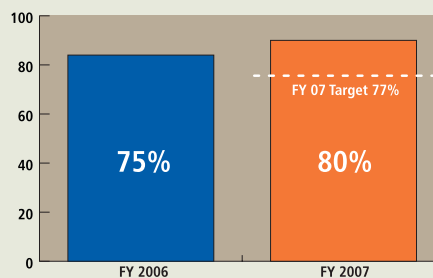
ultimately save the state in operating costs. VDOT also partnered with other state and federal public safety agencies to test the state's I-64 lane reversal plan that would be activated in the event of a mandatory evacuation of the Hampton Roads region.

Moving forward, VDOT will continue in our commitment to fiscal responsibility and quality. Additionally, we are renewing our pledge to saving lives and preventing crashes by reinventing our safety practices and focusing on what works. VDOT will team up with our key partners, including the Department of Motor Vehicles and the Virginia State Police, to collectively meet the strategic highway safety plan goal to save 100 lives and prevent 4,000 injuries on Virginia's roadways by 2010. We, along with our partners, will concentrate on four areas to make the biggest impact: public awareness, program investment, legislative initiatives and accountability.

Though we celebrate a successful year, VDOT is already focused on the year ahead and moving forward in our shared goals and obligations to taxpayers. We aim to have fiscal year 2008 marked with even greater achievements and accountability.

David S. Ekern, P.E.
Commissioner

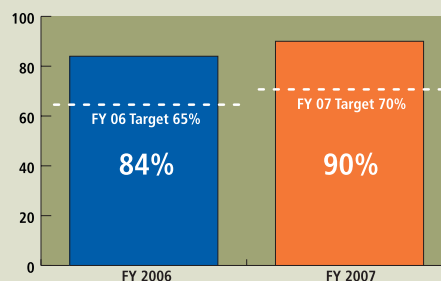
ALL CONTRACTS COMPLETED BOTH ON-TIME AND WITHIN BUDGET



243 contracts were due for completion by the end of the fiscal year. Of those, 194 contracts (80%) were completed both on-schedule and on-budget.

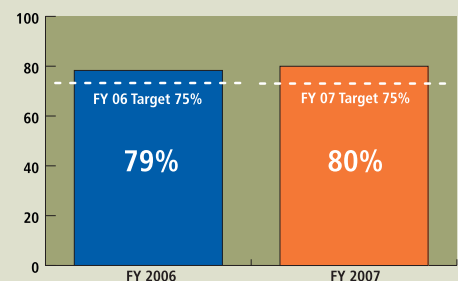
SCHEDULED CONTRACTS COMPLETED ON-TIME

CONSTRUCTION ON-SCHEDULE PERFORMANCE



153 contracts were due for completion by the end of the fiscal year. Of those, 137 contracts (90%) were completed on-schedule.

MAINTENANCE ON-SCHEDULE PERFORMANCE



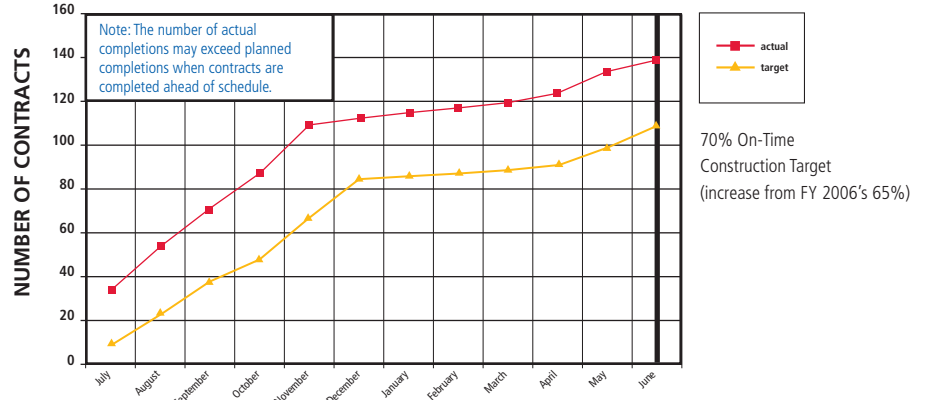
90 contracts were due for completion by the end of the fiscal year. Of those, 72 contracts (80%) were completed on-schedule.

QUARTERLY NOTES

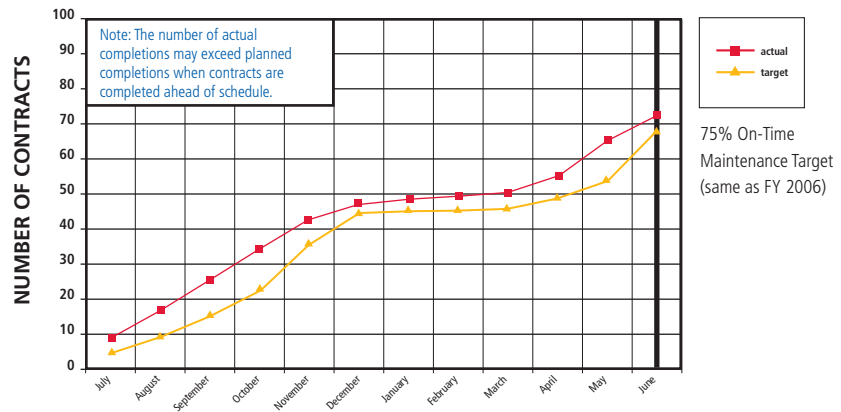
- The Commonwealth Transportation Board (CTB) approved an \$11 billion funding program for public transportation, rail and highway projects for the next six fiscal years that began July 1. It also approved the first six-year funding program for highway maintenance and operations projects. The final Fiscal Years 2008-2013 Six-Year Improvement Program is \$3.1 billion larger than the program approved in 2006, and it is the first to show a sustainable increase in available transportation funding since 1986.
- The establishment of the Hampton Roads Transportation Authority was approved by seven local governments in June. Beginning Jan. 1, the authority will have the ability to set taxes and raise revenues for transportation facilities in Hampton Roads. Authority members will include representatives from General Assembly, the Commonwealth Transportation Board and VDOT.
- VDOT, in collaboration with the Virginia Department of Emergency Management, Virginia State Police and the National Guard, successfully conducted the first I-64 lane reversal exercise in the early hours of May 20. The emergency preparedness exercise tested the agencies' ability to reverse lanes between Hampton Roads and Richmond should a category 3 hurricane or greater hit Virginia's coast and requires a mass evacuation.
- VDOT's new I-64 west safety rest area, located in New Kent County, opened on April 26. The facility meets the United States Green Building Council's Leadership in Energy and Environmental (LEED®) standards. Environmentally friendly features include a system to collect rainwater from the roof to use for flushing restroom facilities, a storm-water collection and treatment center to control runoff from parking lots, and a geothermal system that reduces the need for supplemental heating and air condition.
- Gov. Timothy M. Kaine awarded a \$5 million Transportation Opportunity Fund grant to the town of Leesburg in May. The grant will be combined with other local, state and federal funding to make \$35 million worth of design-build improvements to Battlefield Parkway. The project includes construction of a four-lane divided highway with two bridges and a 10-foot shared-use path for pedestrian and bicycle traffic.
- The Asphalt Pavement Alliance awarded VDOT with its annual Perpetual Pavement Award for the section of I-81 between mile markers 314.8 and 324.9 in Frederick County. The award recognizes pavement sections that exemplify quality design, construction and maintenance.

FISCAL YEAR 2007 PERFORMANCE

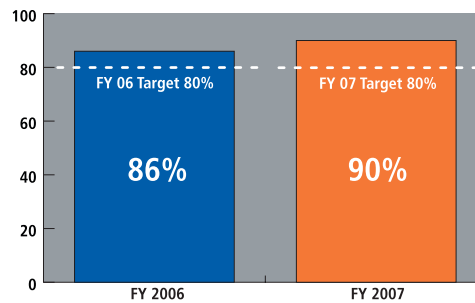
FY 2007 CONSTRUCTION CONTRACTS COMPLETED (ON TIME)



FY 2007 MAINTENANCE CONTRACTS COMPLETED (ON TIME)

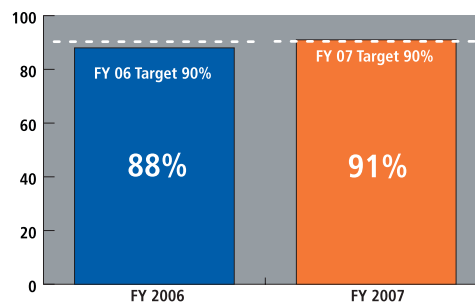


CONSTRUCTION CONTRACTS COMPLETED WITHIN BUDGET



153 contracts were due for completion by the end of the fiscal year. Of those, 138 contracts (90%) were completed within 110% of their original contract award amount.

MAINTENANCE CONTRACTS COMPLETED WITHIN BUDGET



90 contracts were due for completion by the end of the fiscal year. Of those, 82 contracts (91%) were completed within 110% of their original contract award amount.