

Virginia Port Authority
600 World Trade Center
Norfolk, VA 23510
(757) 683-8000
www.vaports.com

News Release
Feb. 16, 2007

Contact: Joe Harris, Media Relations Manager
Tel: (757) 683-2137 / (800) 446-8098
Cell: (757) 617-0006
Fax: (757) 683-2897
jharris@vaports.com

Linda Ford, Director of Port Promotion
Tel: (757) 683-2140 / (800) 446-8098
Cell: (757) 615-7704
lford@vaports.com

Independent Bond Rating Agencies Give VPA Bonds High Marks

NORFOLK, VA – Three of the nation’s leading bond rating agencies have, for the second consecutive year, given very high marks to the Virginia Port Authority (VPA) revenue bonds. Fitch Ratings, Moody’s Investor’s Service and Standard & Poor’s have given the VPA bonds an “A+”, “Aa3” and “A-positive” respectively.

In fall 2006, following an extensive, independent reviews by the three agencies, the VPA became the first major port owner/operator on the U.S. East Coast to carry a double-A bond rating. Those reviews led all three firms to upgrade their already solid ratings of the VPA revenue bonds.

“The proceeds from our bond sales are, in part, what give the port the capacity it needs to expand. This is an affirmation that our business plans are sound, that our financial future is on a solid footing and that there is a real commitment to our long-term goals,” said VPA Executive Director Jerry A. Bridges. “This also sends out a larger, very positive message to our customers about the fiscal health and overall future of this port.”

These comprehensive reviews were undertaken in advance of a scheduled sale of \$88 million in port facilities revenue refunding bonds; the bond sale is scheduled for March 13. The

bond sale proceeds will refinance the 1997 port revenue bonds. Fitch, Moody's and S&P also affirmed their respective "A+", "Aa3" and "A" ratings of the VPA's \$142.8 million of outstanding port facilities revenue bonds.

In their analyses, the rating firms highlighted the VPA's sound financial track record, the port's overall growth/expansion plans, its long-term contracts with primary customers, improvements to rail service – the Heartland Corridor – strong support in state government and the seasoned leadership at Virginia International Terminals Inc. (VIT), the VPA's non-stock operating company. In addition, the port's natural assets such as deep shipping channels, a geographically strategic position on the East Coast and a natural harbor that is 18 miles from open ocean were all cited as factors for the port's continued strength.

Fitch: "The upgrade to A+ reflects the Authority's consistently sound financial performance, growing container-based trade activity, a balanced level of activity between imports and exports and its diverse mix of both shipping lines and trading partners. It also incorporates the port's favorable geographic location and facilities, which offer several advantages over competing East Coast ports.

The VPA's conservative approach to leverage and forecasting the continued support of the Commonwealth (the state) via the Transportation Trust Fund should allow the port to maintain its sound financial performance. The port also benefits from the region's growth as a distribution center, enhancing the port's importance in the logistical operations of prominent national retailers."

Moody's: "The VPA benefits from three competitive advantages:

- 1) A harbor depth of 50 feet (permitted to 55 feet), which allows it to accommodate the largest container ships currently in production.
- 2) A distribution network that includes private warehouses throughout the state and extensive rail service provided by Norfolk Southern and CSX. We expect a rail project (called the Heartland Corridor) led by Norfolk Southern to facilitate the movement of double-stack freight trains from [the port] to the Midwest to have positive impact in the medium term.
- 3) The availability of land for terminal expansion. The VPA is now doing the preparatory groundwork for the construction of a 600-acre terminal called the Craney Island Marine Terminal."

S&P: "Standard & Poor's Ratings Services revised its rating outlook on Virginia Port Authority facilities revenue bonds to positive from stable based on the port's long history of robust cargo trends, strong historical performance and favorable competitive position.

"The positive outlook reflects the likelihood of an upgrade if the port continues to exhibit favorable container volume growth, maintain strong debt service coverage based on pledged net revenues... The outlook also reflects the authority's prudent management of its capital program and maintenance of strong debt service coverage."

The Virginia Port Authority (VPA) is an agency of the Commonwealth of Virginia, reporting to the state Secretary of Transportation. The VPA owns and operates four general cargo facilities on behalf of the state: Norfolk International Terminals, Portsmouth Marine Terminal, Newport News Marine Terminal and the Virginia Inland Port in Warren County. The terminals are operated by Virginia International Terminals, Inc. (VIT) the non-stock, non-profit operating company. The VPA, through terminal earnings generated by VIT, is operationally self-sufficient. The VPA and correlating maritime industry is responsible for 165,000 jobs, \$762 million in business revenues and \$61 million in state and local taxes throughout the Commonwealth.