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Agencies Rate Short-Term Notes Highly; Long-Term Bond Rating Upgraded

NORFOLK, VA – Two international bond-rating agencies this month gave their highest ratings to the short-term notes the Virginia Port Authority [VPA] sold to finance projects at Norfolk International Terminals [NIT], Portsmouth Marine Terminal [PMT] and Craney Island.

Moody's Investors Service and Standard & Poor's Ratings Services rated these short-term bonds as *MIG 1*, and *SP-1+*, respectively. During a wider review of the VPA outstanding port revenue bonds, Moody's confirmed the health of those bonds as Aa3 – its highest rating for an East Coast port. S&P also reviewed the VPA's port revenue bonds and upgraded its rating to *A+* from *A*.

In fall 2006, following an extensive, independent review by the ratings agencies, the VPA became the first major port owner/operator on the U.S. East Coast to carry a double-A bond rating.

“To have your bond rating upgraded in this uncertain economic climate says a lot about the job we're doing here and how the future of The Port of Virginia is viewed by independent

experts,” 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 a \$65 million short-term revenue bond anticipation note; the note closing was completed on June 24 and the note will reach maturity on July 1, 2009. The proceeds will finance the final phase of work on the container yard at NIT South; improvements to the Central Rail Yard at NIT; acquisition of property adjacent to NIT and PMT; relocation of a fuel line at Craney Island; and preliminary engineering for road and rail projects at Craney Island.

In their analyses, the rating agencies 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.

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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 343,000 jobs, \$41 billion in total revenues throughout the Commonwealth.

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