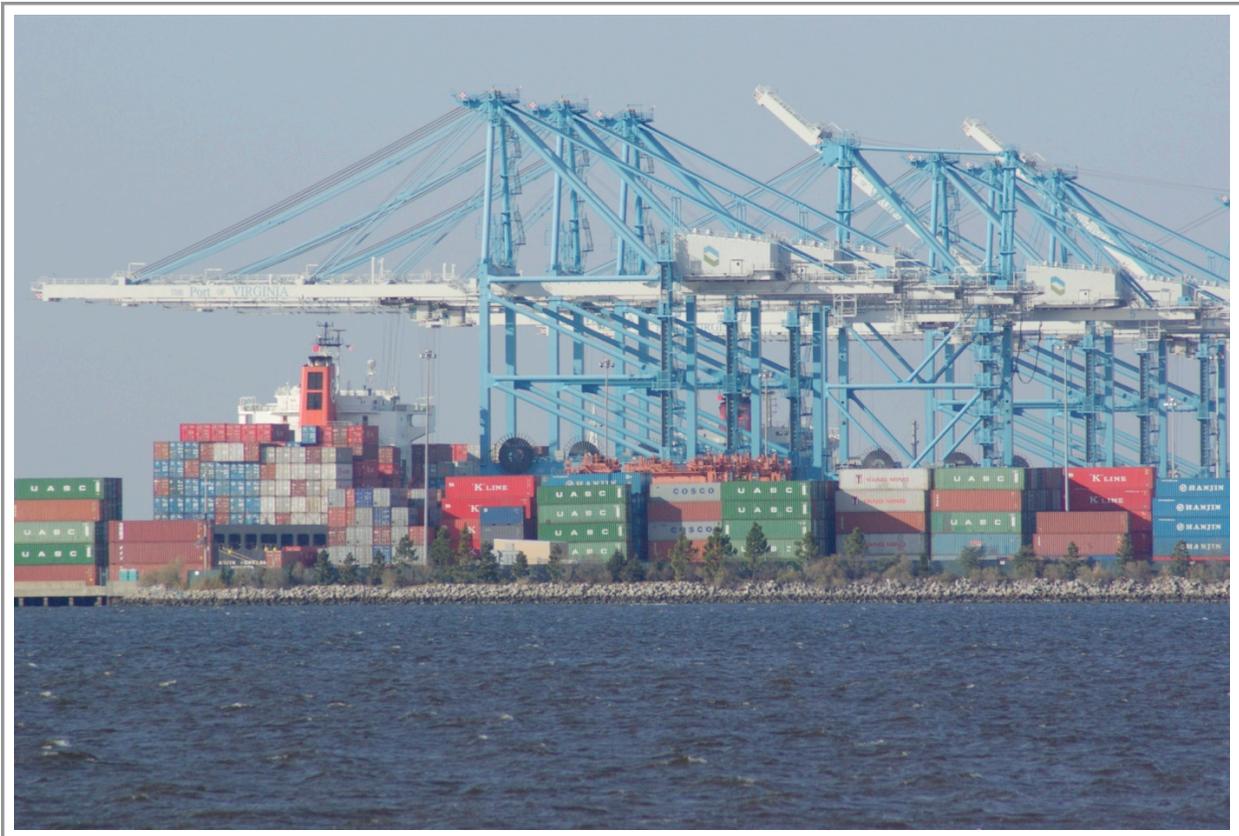


# Virginia International Terminals, Inc.

## Fiscal Year 2012

### Year in Review



Excerpt from VIT FY2012 Year End Report



## **Message from Joseph A. Dorto** **President & CEO**

This has been a very challenging time for VIT. While our company has a demonstrated thirty year history of providing excellent terminal management services to the Port of Virginia, the Commonwealth of Virginia's current port structure is being evaluated as a result of an unsolicited bid from APM terminals under the Public Private Transportation Act. With other bidders having emerged, this process, as it unfolds, can present a distraction from our day to day operating demands. Throughout this process, the employees of VIT have ensured that the company performs to the best of its abilities and lives up to its mission, vision, and values. A resounding thank you is in order.

To ensure our continued relationship as the Commonwealth's port terminal operator, we must continue to prove ourselves. VIT's success is measured by the:

- ❖ Quality of our customer service
- ❖ Safety of our work environment
- ❖ Productivity of our workforce
- ❖ Financial results we deliver to the Commonwealth of Virginia

The good news: business has rebounded and is trending in a positive direction. We believe this rebound is a reflection of an improving economy and VIT's having initiated a number of strategic initiatives that are now bearing fruit:

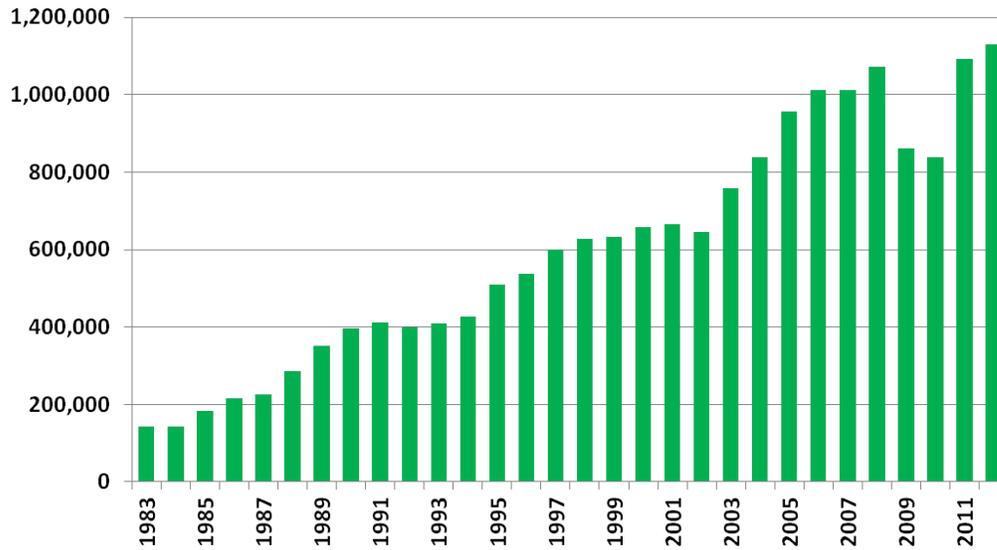
- ❖ Long term contracts that helped us weather the economic downturn;
- ❖ Implementation of technological innovations and productivity efficiencies;
- ❖ Leasing of the APM terminal and consolidation of the Commonwealth's port operations.
- ❖ A focus on safety and a skilled workforce;
- ❖ Working together to achieve results while being a solid partner in the local Hampton Roads maritime community and a good corporate citizen in the region.

We believe an evaluation of the Commonwealth's current operating structure will reveal that VIT has, and continues to be, an excellent terminal operator and that our results will validate our continuance in this role. Against this backdrop, we present the company's fiscal year 2012 operating performance and provide summary information on VIT's corporate history and contributions to the Commonwealth of Virginia.



# **VIT Fiscal Year 2012 & Historical Performance Snapshot**

## Virginia International Terminals, Inc. Container Volumes



## Operating Income

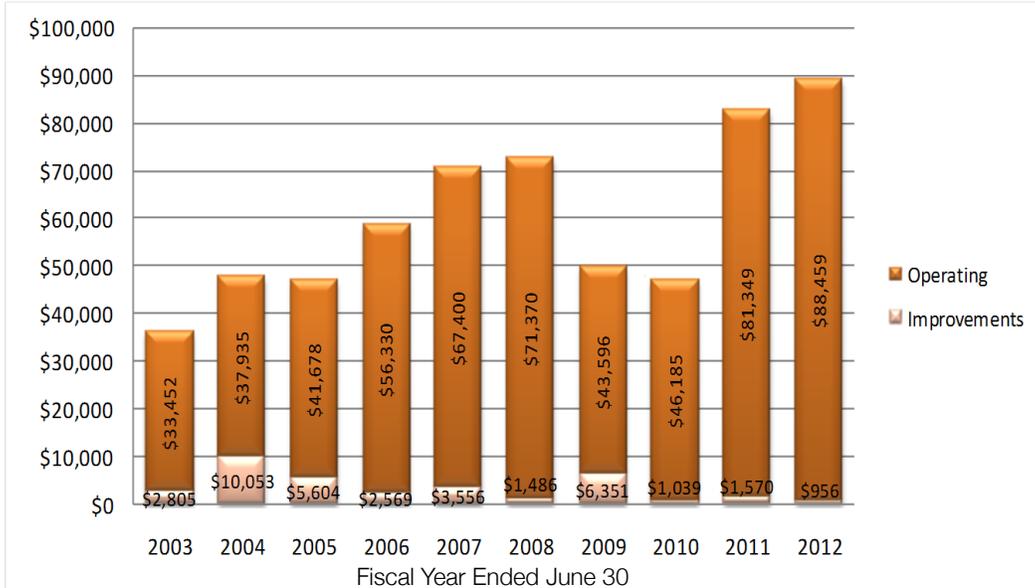
(Figures shown in thousands)



# Transfers to Virginia Port Authority

## Virginia International Terminals, Inc.

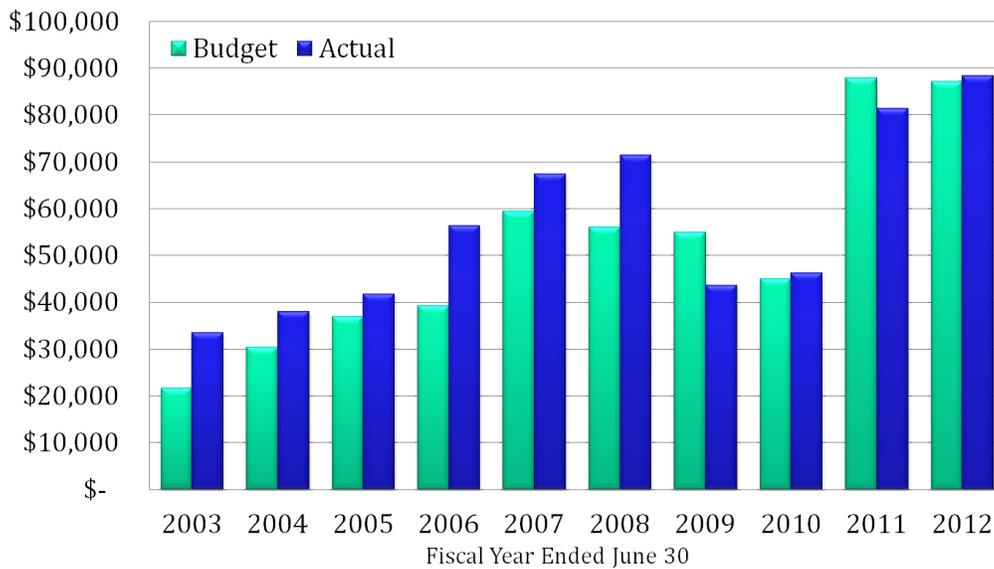
Figures shown in thousands



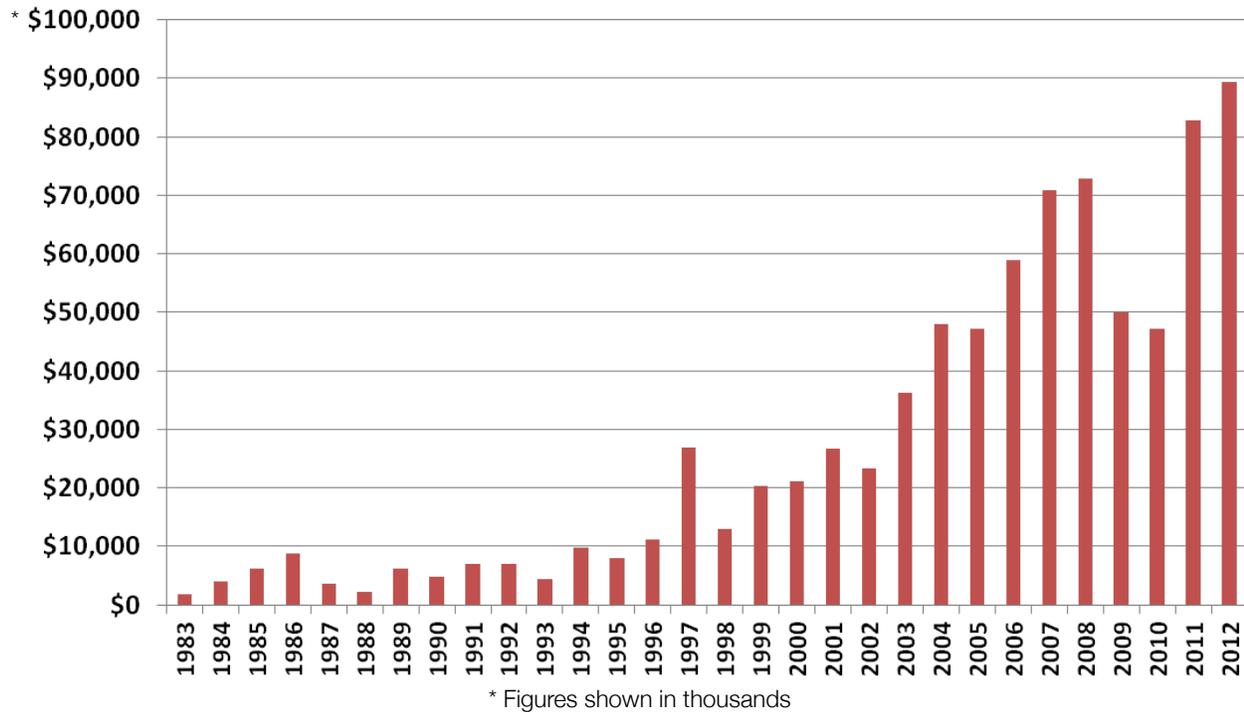
# Transfers to Virginia Port Authority

## Budgeted transfers to Actual

Figures shown in thousands



## Virginia International Terminals, Inc. Transfers to the VPA



**Total Transfer Amount = \$820,869,000**

All of VIT's operating income, after payment of its operating expenses, is transferred to the VPA. Within that transfer payment, VIT also funds the operations of the Virginia Port Authority. VIT's revenues provide backing for bonds issued by the Port Authority to improve port facilities.

## Snapshots

### VIT Corporate History

- ❖ In 1982 the Virginia Port Authority created VIT as a non-stock, non-profit company. As noted in a 2006 report issued by the Port of Virginia Structural Review Committee, “the structure was deliberate and reflected input from Virginia’s Attorney General and key legislators. The legislators’ intent was to create a private entity that could operate in a competitive business environment.”
- ❖ VIT serves exclusively the Commonwealth of Virginia and operates no other maritime terminals.
- ❖ VIT operates under a service agreement which gives VIT primary responsibility for the management, operation, and conduct of the business of the public terminals of Virginia. VIT is also responsible for the maintenance of the terminals and for sales and marketing.
- ❖ VIT’s Board of Directors is appointed by the VPA Board of Commissioners and its budget is approved by both the VIT and VPA Boards.
- ❖ All of VIT’s operating income after payment of its operating expenses is transferred to the VPA. Within that transfer payment, VIT also funds the operations of the Virginia Port Authority. VIT’s revenues provide backing for bonds issued by the Port Authority to improve port facilities.

### Benchmarks & Milestones

- ❖ Under VIT’s tenure, the Port of Virginia has grown to the 3rd largest port on the east coast and is the 6th largest U.S. port.
- ❖ VIT is ranked #2 for intermodal market share at 40%, just behind New York at 41%.
- ❖ Container volumes grew from 141,890 in 1983 to 1,130,999 in 2012.
- ❖ VIT is ranked #2 within Signal Mutual portfolio, the premier insurance provider for maritime industry longshore mutual in the United States, in the stevedore category, with regard to Lost Time Incident Rate.

## **Innovations & Productivity**

- ❖ Virginia Inland Port created to reach into the Baltimore market while creating economic benefit for Frederick County, Virginia.
- ❖ VIT was the first U.S. port to develop and deploy dual hoist elevating platform cranes which now have become a standard.
- ❖ Portsmouth & Norfolk Container Yards created to remove congestion from the marine terminals while allowing the motor carrier community to become more efficient.
- ❖ In 2011, VIT had one of the highest crane productivity ratings in the world.
- ❖ Installation of the NAVIS N4 Terminal Operating System, currently recognized as the most advanced terminal operating system.
- ❖ Along with the Virginia Maritime Association, launched Ports Plus program in 2011 which is designed to achieve maximum productivity and customer service.

## **Accomplishments & Recognition**

- ❖ VIT was rated by the US Department of Transportation Maritime Administration (MARAD), under its Cargo Handling Cooperative Program, as one of the most productive container ports in the U.S. in 2010.
- ❖ VIT was awarded the Logistics Management Quest for Quality – August 2012 – Number 1 in the Northeast/Mid Atlantic Ports Category and for the combined Mid-Atlantic and South categories, VIT is ranked number 2.

## Mission

- ❖ To provide a safe workplace and operating environment for our employees and our customers.
- ❖ To render a productive and competitive service for our customers.
- ❖ To enhance the Port of Virginia as an economic engine for the Commonwealth.

## Vision

VIT will be recognized as a model for maritime terminal operations and as one of the best places to work in the region.

## Values

- ❖ We provide a safe working environment for our employees and customers, promoting safety as our number one priority.
- ❖ We value our employees as our number one asset and promote workforce readiness through wellness and ongoing professional development.
- ❖ We strive for continuous improvement, making use of technology, processes, and infrastructures to promote efficiency, profitability, and customer service.
- ❖ We are a good corporate citizen and engage in activities that support the quality of life of our surrounding communities.
- ❖ We are ethical and fair in our business affairs.

