



Volkswagen Awards Port

Volkswagen of America, Inc. has recently awarded a 5-year contract to the Port of Wilmington, Delaware, as its Mid-Atlantic homeport for imports of Volkswagen and Audi vehicles. This contract represents the longest term VW has committed to Wilmington. Its previous two contracts were limited to three years each.

Delaware Governor Ruth Ann Minner and Delaware's Congressional Delegation were closely involved in the Port's communications with VW and played an integral role in meeting the challenge to protect 300 desirable jobs in Wilmington's automobile trade.

"We are very pleased that Volkswagen has decided to keep its valuable business in the Port of Wilmington. Together with our partners in the automobile trade, we were able to develop a competitive package that fully meets VW's growth plans over the next five years," said Delaware Governor Ruth Ann Minner.

"VW's decision to keep its business in Wilmington underscores the competitiveness of our Port as a major distribution hub for a world class auto manufacturer and recognizes our excellent transportation infrastructure and the professionalism and productivity of our employees," noted Nathan Hayward III, Chairman of the Board of the Diamond State Port Corporation (DSPC) and Delaware's Secretary of Transportation.

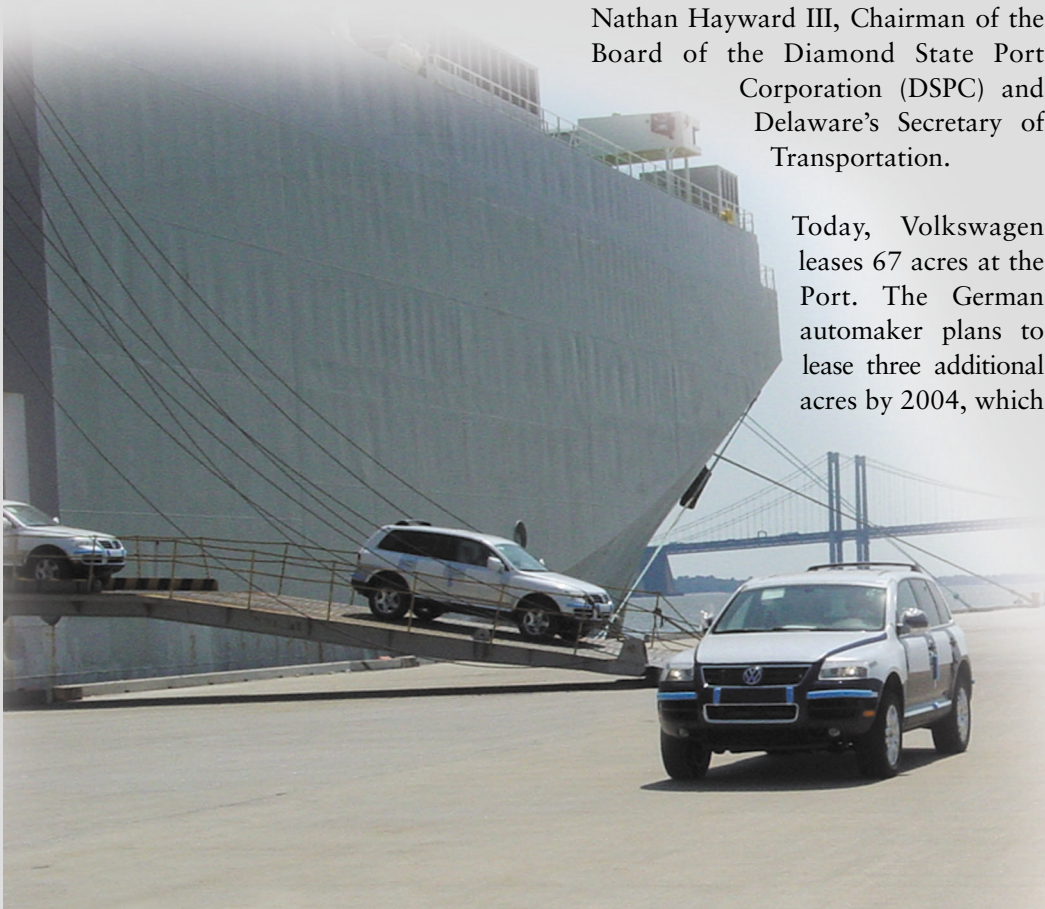
Today, Volkswagen leases 67 acres at the Port. The German automaker plans to lease three additional acres by 2004, which

will increase its storage capacity to 8,000 cars. In January 2006, VW will lease another 20 acres to reach a total storage capacity of 10,000 vehicles. With the availability of additional lots, VW projects an increase in its imports via Wilmington commencing in 2005. The Port will construct a new truck-away facility to accommodate the distribution of the increased volume.

Teamwork by the Port of Wilmington's automobile group attracted VW to extend its contract and stay in Wilmington. "Everyone stepped up to the plate and did everything that was in their power to make it work," explained Tom Keefer, DSPC Deputy Executive Director.

The logistics team at the Port includes: TransWorld Port & Distribution Services, the vehicle processor; Teamsters Local 326, whose members work with both TransWorld and Allied System, the domestic delivering carrier; Murphy Marine Services, the stevedoring company which hires longshoremen from ILA Local 1694 to discharge VW and Audi vehicles; Wilmington Tug, which has provided tug service to Volkswagen Transport's ships since its first call to Wilmington in 1977; and the DSPC staff.

"VW benefits from Wilmington's excellent location, state-of-the-art infrastructure and personal service. However, the high-level quality control service was one of the key factors in our decision to stay here. The laborers' longevity, experience and expertise in



A New 5-Year Contract

handling and processing our cars are outstanding,” explained David Valentovich, VW Port Manager in Wilmington. According to Valentovich, most of the workers have handled VW and Audi vehicles for more than 10 years – some for 27 years. Through the years, VW invested in training the processor’s Teamsters Local 326 workforce in the U.S. and in the assembly plants overseas. “The result is highly qualified and detail-oriented processors who can diagnose and repair our vehicles if necessary,” explained Valentovich.

Volkswagen of America began shipping vehicles through the Port in 1974 and, except for a brief absence in 1996, has been a tenant at the Port for over 27 years. In September 2002, Governor Minner inaugurated the Port’s new state-of-the-art auto and RoRo berth on the Delaware River, which was constructed to further develop Wilmington’s automobile handling quality and capabilities. The new berth and its dedicated roadway leading to VW storage and processing facilities were instrumental to retaining VW business at the Port and will increase the Port’s potential for acquiring new accounts.

“We are certain that our location, state-of-the-art automobile facilities, excellent and cost-effective service, and strong relationship with Volkswagen of America, and Volkswagen in Germany, will enable VW to further develop its business on the U.S. East Coast,” said Keefer.



New VW Models Arrive

Volkswagen began shipping its two newest models to the Port of Wilmington this summer. The Touareg, an upscale sport utility vehicle (SUV), and the Phaeton, a full-size luxury sedan, were introduced to the industry last year and are the first VW luxury models to be produced.

The Touareg is already receiving accolades from the automotive industry. *MOTOR TREND* magazine just named it the 2004 Sport/Utility of the Year. Editor-in-Chief Kevin Smith cited its "combination of refinement and sheer capability." The editorial staff rates vehicles on Significance (of innovation and market impact), Superiority (in performance and style) and Value. The Touareg was also named 2004 SUV of Texas by the Texas Auto Writers Association.

Volkswagen hopes to sell more than 20,000 Touaregs in North America by the end of 2003 and about 32,500 in 2004. Sales forecasts for the Phaeton will be published in the near future.

Volkswagen, or, translated, "people's car", has been known since the 1960s for its economical compact cars, like the Beetle, Golf and Jetta. Adding the two new models has extended the VW product line to the luxury car market. The base model Touareg starts at US\$34,900 – much lower than other SUVs in its class, like Porsche Cayenne and Lexus RX300. The manufacturer's suggested retail prices for the Phaeton were unavailable, but Car and Driver reportedly expects the V8 entry-level model to be around US\$55,000.

Wilmington is the second largest discharge port for VWOA on the U.S. East Coast, discharging up to 100,000 vehicles per year. The Port of Wilmington also receives the Audi A8L, A6, A4, A4 Cabrio, RS6, TT and TT Coupe models and the Volkswagen Golf, Jetta, Jetta Wagon, New Beetle, New Beetle Convertible and Passat models. All arrive on dedicated pure car carrier ships from manufacturing facilities in Germany, Slovakia, Brazil and Mexico.