

News Release

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For Immediate Release

Port of Galveston and Port of Victoria to Cooperate on Agricultural Exports

Galveston, Texas...March 2, 2004...The Port of Galveston and the Port of Victoria, Texas announce a new cooperative arrangement in support of the export of Texas-grown agricultural products. The cooperation between the two ports involves the development of agricultural storage facilities at the Port of Victoria and the export of agricultural products through the new Galveston Bulk Terminal at Pier 35 at the Port of Galveston.

“We are truly excited about this new cooperative arrangement with the Port of Victoria,” stated Steven M. Cernak, Galveston Port Director. “This is an excellent opportunity for an inland port to work hand-in-hand with a deep water port to facilitate economic growth in our state. The port cooperation will provide an outlet for agricultural products grown in Texas that has not previously existed. It will also be a means to support the further development of Galveston Bulk Terminal, the diversification of the products handled there and the creation of additional cargo volume moving through this facility. The partnership between the two ports will ultimately result in reduced transportation costs for Texas farmers in delivering their goods to market. Additionally, and importantly, it will help to create new jobs and economic impact for the communities in which the ports are located.”

Galveston Bulk Terminal (GBT) at Pier 35 at the Port of Galveston became available at the end of 2003, having operated previously as the Imperial Sugar Company bulk sugar import terminal. GBT is directly served by both the Burlington Northern and Santa Fe Railway Company and the Union Pacific Railroad, and is located on the Gulf Intracoastal Canal - Intracoastal Waterway. GBT operates the highest-speed water-to-rail transfer facility on the U.S. Gulf Coast. Currently, export bulk cargo can be transloaded at the facility from barges to ship and import bulk cargoes can be unloaded from vessel direct to railcars, to barge or to the GBT warehouse for storage and onward transport via rail.

The Port of Victoria and the Farmer's Co-op of El Campo signed an agreement to build and manage an export facility on the port rail line near the barge loading dock. When this phase is completed, two 200,000 bushel bins with a capacity to load at 50,000

bushels per hour will occupy the five-acre site. A rice bin of 95,000 bushels will also be constructed so that all grains grown in the region will have a place for export loading. The cost of the entire facility will be over two million dollars. The work will be completed in time to move this year's crop.

Future plans call for expansion to 1.6 million bushel capacity, the ability to load 100 car shuttle trains and a conveyor system for direct barge loading. This export facility will be the largest, most modern in the region and will allow area farmers to participate in the ever-expanding world marketplace.

"The Port of Victoria is proud and privileged to partner with a co-op of El Campo's reputation. With the ability to export by rail or water, we can expect significant tonnage to move through the port," stated Howard Hawthorne, Port of Victoria Executive Director. "The new relationship between the Port of Victoria and the Port of Galveston is the next step of this development. We can load barges here at the Port of Victoria for shipment to Galveston Bulk Terminal (GBT) at the deepwater Port of Galveston. There these Texas-grown commodities can be transloaded straight from barge to vessel for export to countries that can use them. This is a great opportunity for the Port of Victoria to support regional economic growth in cooperation with the Port of Galveston."

The Port of Galveston, owned by the City of Galveston, is located on the upper Texas coast at the mouth of Galveston Bay, just 30 minutes steaming time from the open sea. The Port is a significant contributor to the strong economy of the Galveston-Houston marketplace. Annual business through the Port totals approximately \$12 million, with an estimated economic contribution to the region of over \$500 million. This ideal location boasts facilities to handle all types of cargo including dry and liquid bulk, breakbulk, Ro/Ro, refrigerated and project cargoes, containers, and cruise passengers.

For information on how the Port of Galveston can help open the foreign markets to your business, please contact John Peterlin, Senior Director of Marketing and Administration, phone: 409-766-6112; fax: 409-766-6171 or by email at jpeterlin@portofgalveston.com.

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