

News Release

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For Immediate Release

GALVESTON DOUBLES BUSINESS WITH WORLD'S #1 CRUISE LINE

CARNIVAL TO HOMEPORT A SECOND FUN SHIP

MS Jubilee Begins Galveston Cruises in mid-summer 2002

Galveston, Texas...June 22, 2001...The Port of Galveston strengthened its position as the number one cruise port in the western Gulf of Mexico today with the announcement that Carnival Cruise Lines will double its business here. Carnival, whose "Fun Ships" are the top choice among cruising passengers worldwide, will homeport a second ship, the *Jubilee*, in Galveston next summer.

Carnival began its investment in Galveston by homeporting the *MS Celebration* here late last September. In less than 10 months, *Celebration* has attracted nearly 100,000 cruising tourists to Galveston. Every cruise has sailed at 100% capacity.

"The vision of the current Galveston Wharves Board of Trustees, the strong backing of the Galveston business community and the investment of the Galveston City Council make this great news possible," said Recy L. Dunn, Chairman of the Board of Trustees of the Port of Galveston. "Globally successful businesses like Carnival look for vision and leadership when they make this kind of investment decision. Carnival likes what it sees in Galveston. And, they've doubled their investment here to prove it."

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This announcement by Carnival represents a near-immediate payoff for the Port's almost \$11-million investment in a new cruise terminal, further diversifying the business base of the 175-year old port and providing a boon to the burgeoning Galveston tourism trade.

Carnival's *Jubilee* is scheduled to make its first sailing from the Texas Cruise Ship Terminal on Galveston Island® in the summer of 2002. *Jubilee* will sail every other Monday, Thursday and Saturday. The added schedule compliments the current schedule of the *MS Celebration*.

Berthed in downtown, the big, white Fun Ships provide a festive backdrop for the restaurants and shops of the flourishing Galveston waterfront and historic shopping district. The new cruise schedule will add an additional 72 cruises annually. Four-day cruises will call at Playa del Carmen/Cozumel, Mexico and five-day cruises will feature two port-of-call visits at Cozumel and Celica/Cancun, Mexico.

Return On Investment

The financial story of the Port's growing cruise business would make today's Wall Street warrior proud. The Port has delivered Galveston taxpayers an almost 8 percent return on its \$10.6-million investment in less than a year.

The Port identified the exploding U. S. cruise industry as an attractive and potentially profitable market opportunity in 1999. The Port's vision complimented plans of the City Council and the local business community. The combined investment of financial and human resources paid off with Carnival's announcement in June 1999 to homeport the Fun Ship *MS Celebration* here, with the first sailing then set for late September 2000.

"Carnival's investment in Galveston is a direct result of focused teamwork by a determined group of business and City government leaders," said Katherine D. Moore, Galveston Port Director. "Businesses in this community provided an advertising and promotional incentive package that had a major impact on landing this deal for Galveston. We particularly recognize the efforts of Mr. George Mitchell and MBP Corporation, Mr. Tillman Fertitta and Landry's Corporation, and Mr. Robert Moody and Moody interests. And we commend the City Council and the Park Board of Trustees on their leadership and commitment to the Galveston cruise project."

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To prepare for the new business, the Port transformed an idle 1927 terminal into a modern, custom designed cruise terminal with an emphasis on customer convenience.

The Port broke ground for the new terminal on March 28, 2000, completed the project in just 178 days, and celebrated the first sailing by a Carnival vessel during the last week of September. The terminal is situated at the foot of a major Galveston downtown artery, with the Gulf of Mexico at its other end.

Convenience and security were part of the terminal design. Cruising passengers drive right to the terminal entrance where uniformed stevedores check their bags for a direct trip to the passenger's stateroom. Secure parking is provided nearby for the majority of passengers who drive to Galveston. More than 1,100 parking spaces and state-of-the-art buses provide transportation.

Local merchants are benefiting from the growing cruise trade. Galveston is unique among American cruising ports, with restaurants, shops and other tourist attractions literally next door to the cruise terminal.

Cruise ships, and their crews, are big buyers, too. Galveston area businesses supplying everything from fuel to flowers are enjoying increased sales.

The port is located on the upper Texas coast at the mouth of Galveston Bay, just 30 minutes steaming time from the open sea. This ideal location boasts facilities to handle all types of cargo including containers, dry and liquid bulk, breakbulk, Ro/Ro, refrigerated and project cargoes, and cruise passengers. The Port is a significant contributor to the strong economy of the Galveston-Houston, Texas marketplace. Annual business through the Port totals approximately \$12 million with an estimated economic contribution to the region of over \$125 million.

The Port of Galveston is a landlord port, owned by the City of Galveston and managed by a City Council-appointed Board of Trustees.
