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PORT OF HOUSTON SETS REVENUE RECORD IN 2001; CONTAINER VOLUME EXCEEDS 1 MILLION TEUS FOR THIRD STRAIGHT YEAR

Bulk Materials Handling Has Strongest Showing Since 1979

HOUSTON, March 5, 2002 – The Port of Houston Authority posted record operating revenues in 2001, driven by the highest-ever volumes of containerized cargo, a surge in intermodal rail activity, strong auto imports and growth among key customers.

Operating revenues increased to a record \$107.2 million from \$106.6 million in 2000. Operating income for the year was \$17.3 million compared to \$21.5 million in 2000.

“Business trends for the Port continue to be strong, despite a weak economy, which is a testament to the important economic role the Port serves in the Houston region,” said Port Authority Chairman James T. Edmonds. “Our operations are efficient, our facilities are in excellent shape and our people are committed to our customers.”

Operating income dipped below the previous year primarily because of a decline in steel imports as a result of heightened steel import restrictions. Steel imports have been impacted by new trade regulations and as a result, Port of Houston steel imports are down 29 percent.

The Port’s total container volume reached a record 1,071,601 million TEUs (twenty-foot-equivalent units), marking the third consecutive year that more than a million containers have moved through the Port. In addition, TEU tonnage grew to a record 9.99 million tons, a 2.5 percent increase over 2000.

“Despite increased container volume, the rate of growth in the Port’s container traffic is actually slowing because we are running out of space,” Edmonds continued. “We simply do not have the capacity to serve everyone who wants to come to the Port of Houston. The need for the

proposed Bayport Container and Cruise Terminal, which would triple the Port's container handling capacity and add more than 39,000 new jobs at full build out, is abundantly clear."

In 2001, bulk materials handling made the strongest showing since 1979 with 2.979 million tons moving through the Port of Houston Authority's facilities, an increase of 31 percent over 2000. Auto imports totaled 76,496, a 40 percent increase over 2000.

During the year, the Port added eight new shipping services reaching 30 ports from Antwerp and Odessa, Russia to Buenos Aires and Freeport in the Bahamas. No shipping line decreased service out of Houston in 2001. The Port also participated in five major projects moving nearly 9,000 tons of fabricated machinery to locations in Yemen, the Ivory Coast, Kuwait, Nigeria and the Peoples Republic of China. And the Port of Houston last year became the exclusive import point for all Rolls Royces and Bentleys shipped into the U.S.

To help counter ongoing economic effects from the events of September 11, the Port of Houston Authority imposed a freeze in 2001 on the tariffs charged for shipments in and out of the Port of Houston, marking the first time in more than 20 years that fees charged Port of Houston shippers will not increase in 2002.

Other key 2001 highlights include:

- Release of the Draft Environmental Impact Statement by the Corps of the Engineers on the Port's proposed Bayport facility, which the Port believes shows that the Bayport site is the preferred location for a Gulf Coast container terminal, and that it can be built and operated in an environmentally responsible manner.
- Heightened security at Port facilities and the Houston Ship Channel
- Adoption of a new Small Business Development Program with new participation guidelines aimed at creating increased contracting and procurement opportunities for Houston-region small businesses.
- Congressional approval of \$33.8 million in federal funding to continue a five-year, \$511 million project to widen and deepen the Houston Ship Channel in order to accommodate larger ships, reduce shipping costs and improve Channel safety.
- Continuation of more than a dozen environmental projects in Galveston Bay that involve beneficial use of dredge material.

- Amendment of the Texas Constitution to end ad valorem taxes on stored coffee and cocoa in Harris County, paving the way for the Port of Houston to become the nation's fourth coffee exchange port.
- Agreements that opened the way for the return of cruise ships to the Port of Houston. Beginning this March, Royal Olympic Cruises will offer a variety of 7, 10 and 12-day Gulf of Mexico cruises from Houston visiting ports of call in Mexico, Honduras and Belize.

“The Port of Houston is on a sound course, building on its strengths to serve existing customers and cultivate new business relationships,” Edmonds said. “As we move forward into the future, we will continue to be guided by our customers, our financial health, our reputation, our people and our environment.”

About the Port of Houston Authority

The Port of Houston Authority owns and operates the public facilities along the Port of Houston, a 25-mile-long complex of diversified public and private facilities that handle more than 175 million short tons of freight worth more than \$60 billion annually. The Port Authority plays a vital role in ensuring navigation safety along the Houston Ship Channel, a key economic catalyst for the city since the Port of Houston first opened to deep-water vessels in 1914. The Port is the source of more than 200,000 direct and related jobs and generates about \$525 million annually in state and local taxes. The Port of Houston ranks first in the U.S. in foreign waterborne commerce and second in total tonnage. Each year, more than 7,000 vessels from around the world call at the Port.

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