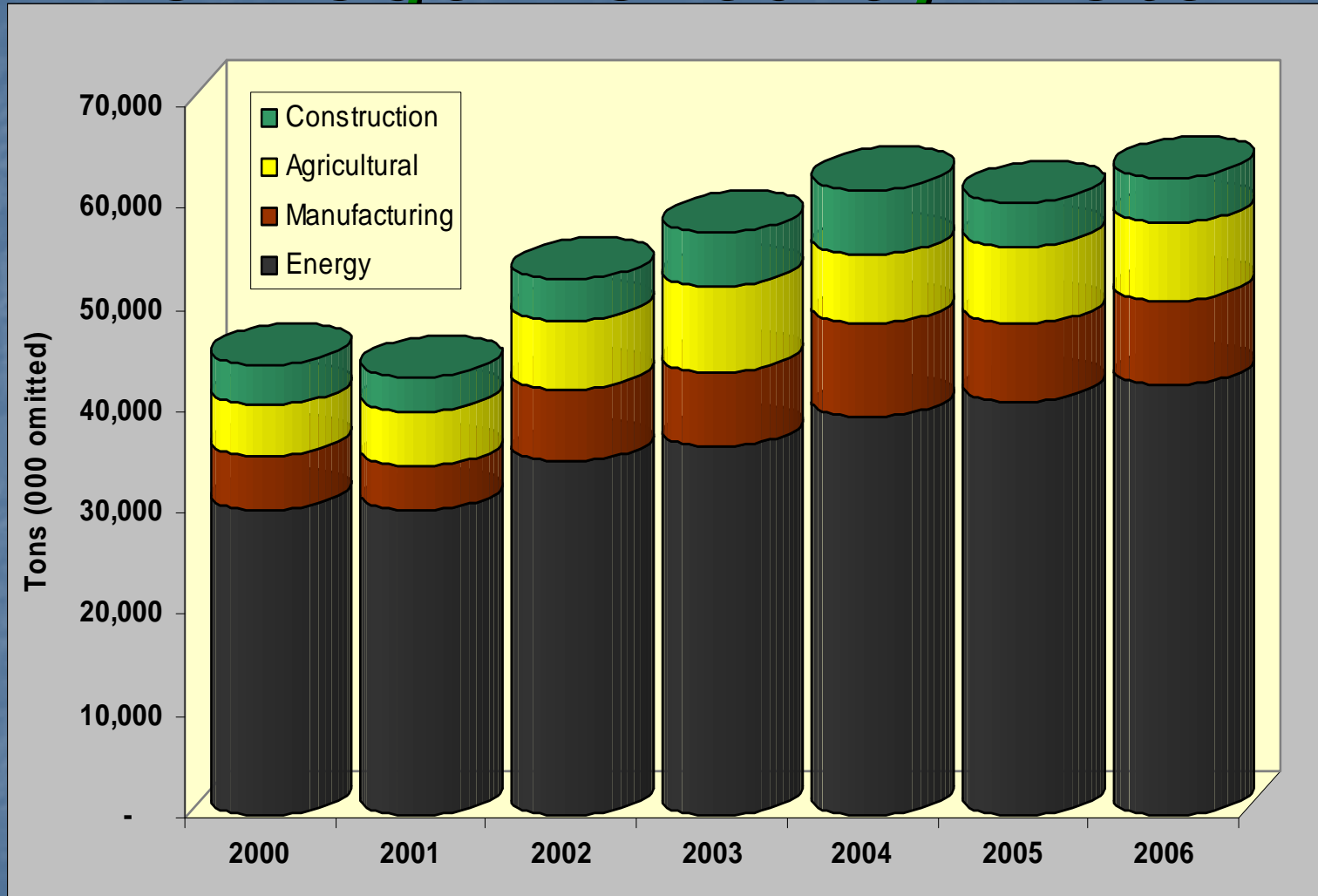


Hopper Barge Transportation in Today's Environment



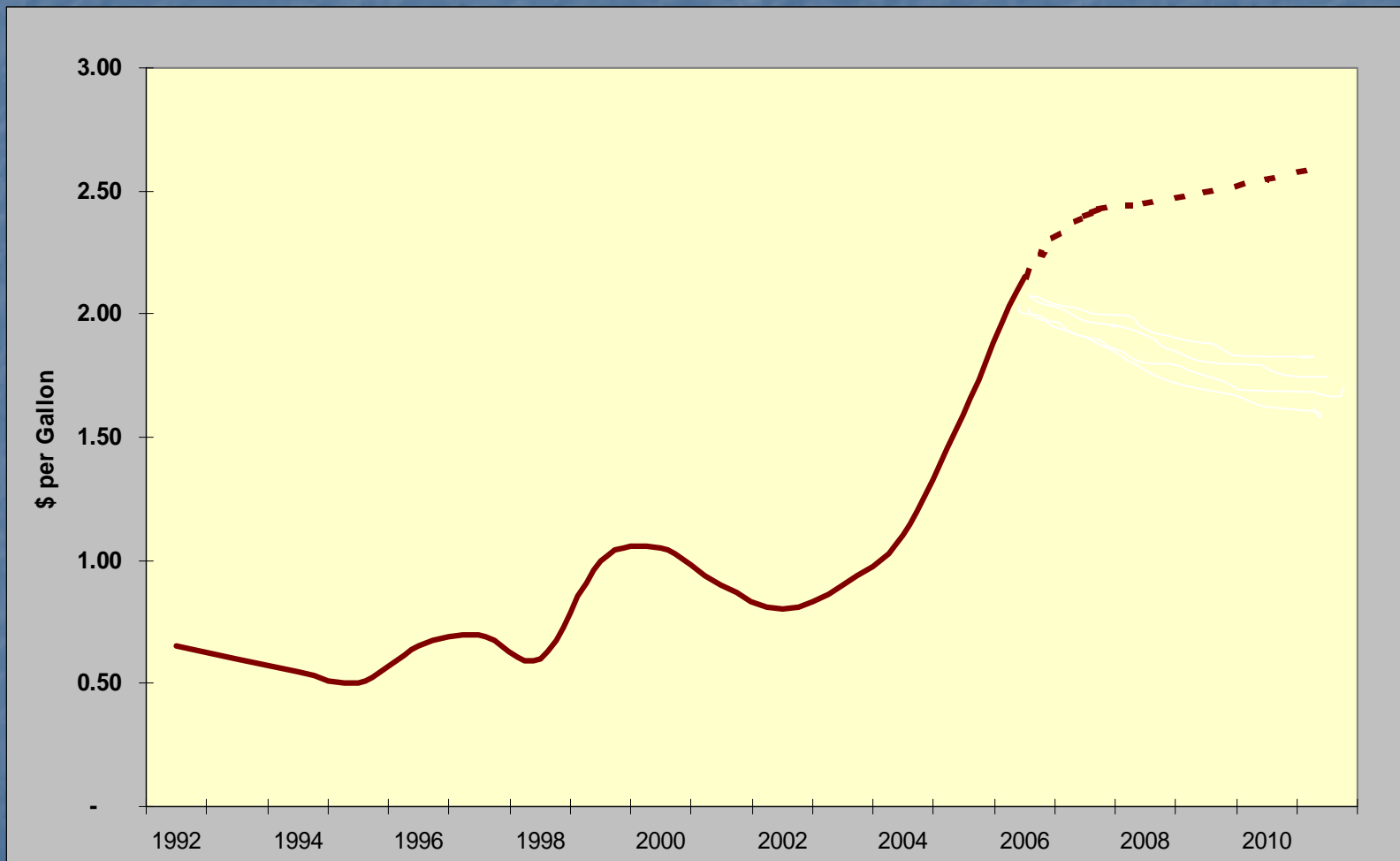
Tonnage Moved by Water



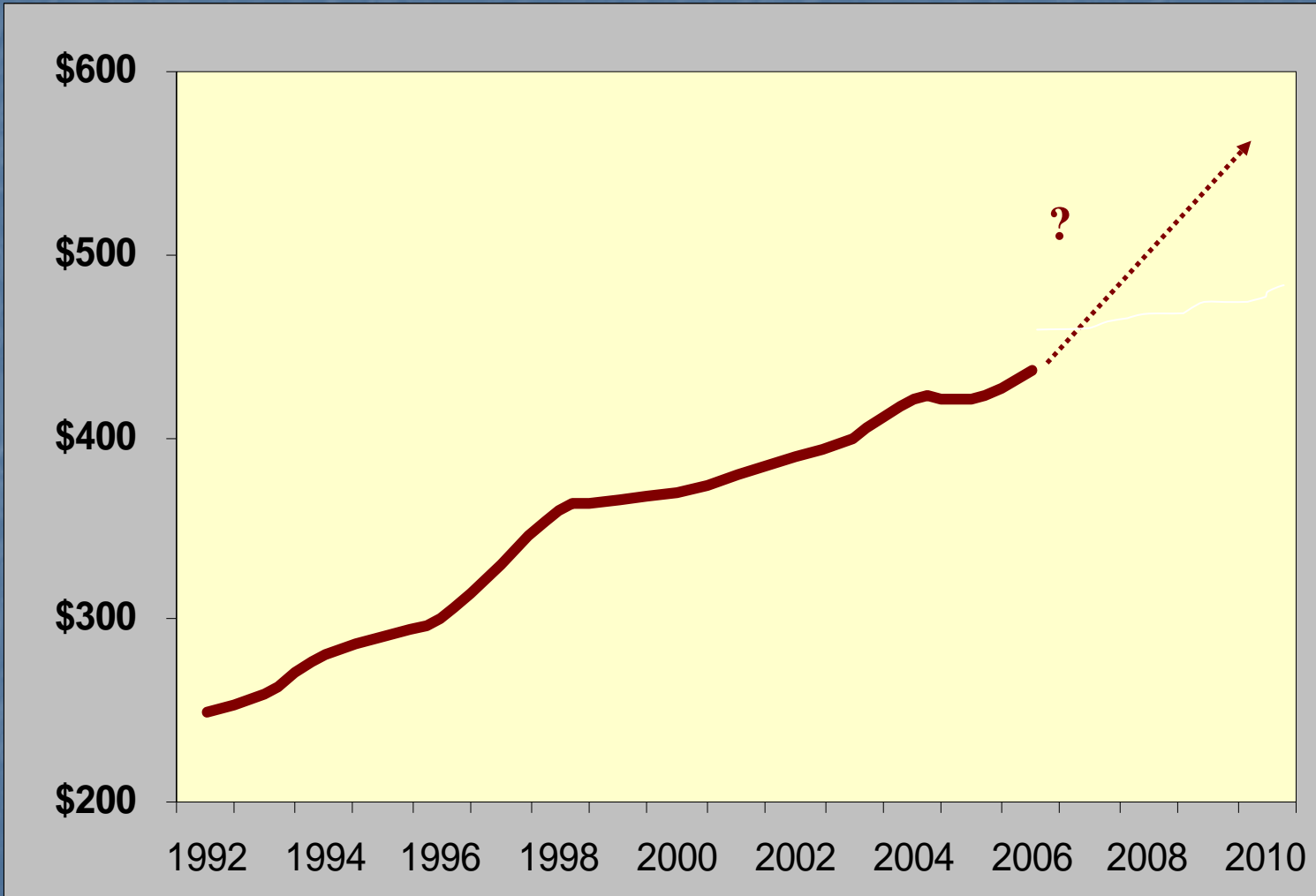
How did you get to be the way you are?!?!?!?

- Operating Costs
- Demand for Barges
- Supply of Barges
- Open Market Considerations

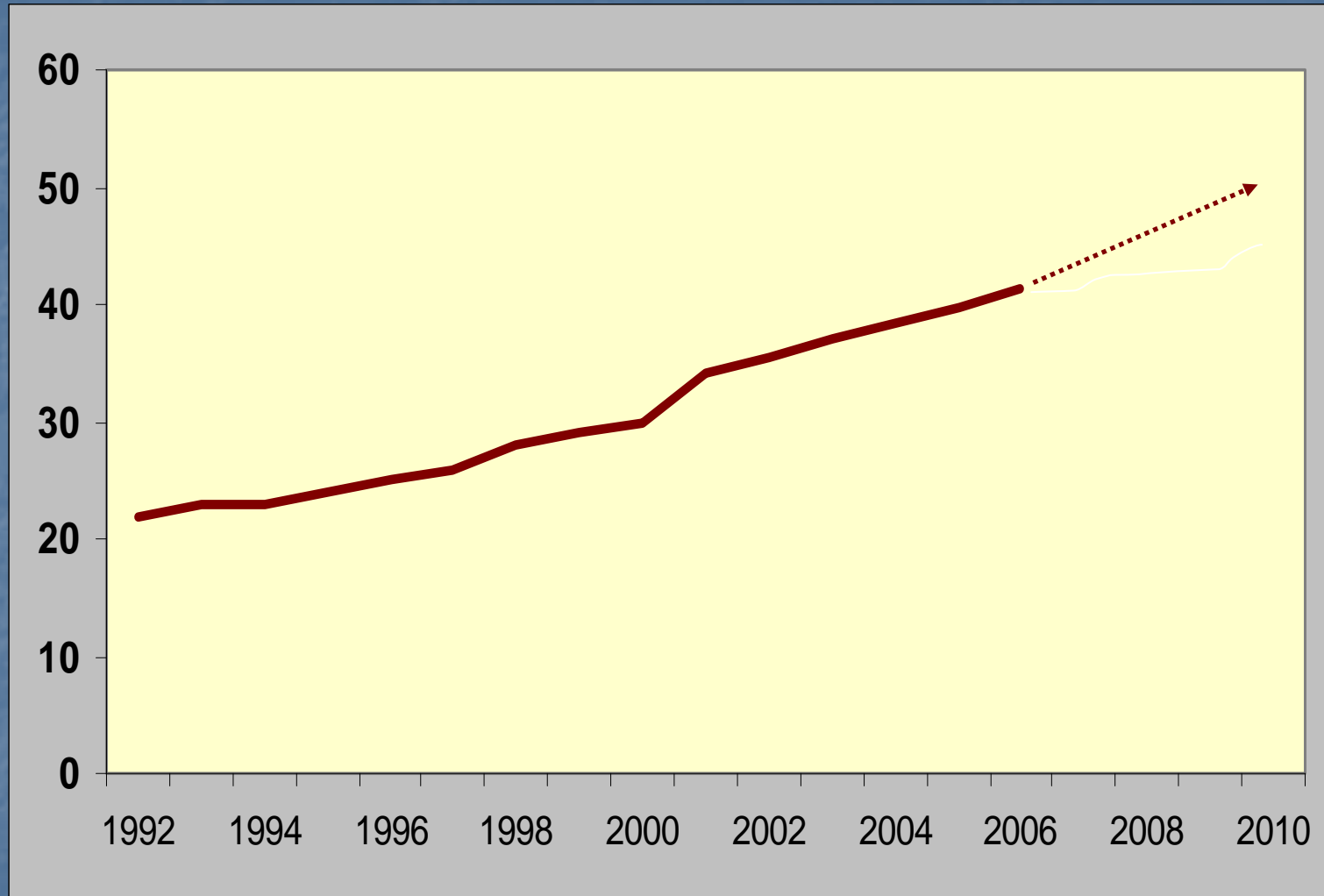
FUEL COST HISTORY



Wheelhouse Wage History



Benefit Rates

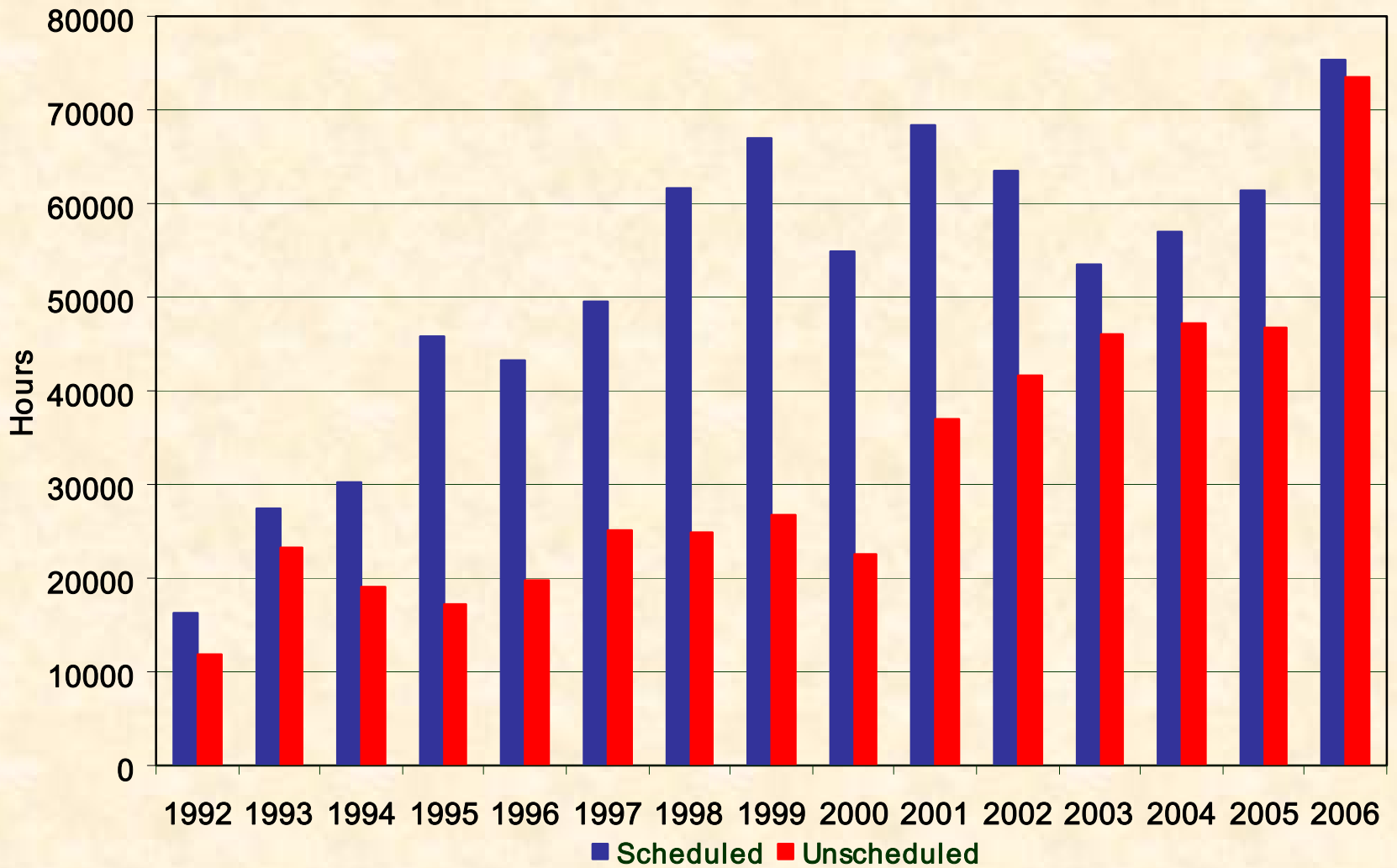


- Port costs, wages and benefits on boats and vendors, fuel costs, replacement steel, insurance, and towing costs are all contributors to the values needed to pay the out of pocket costs to operate. These factors establish the lowest levels that barge freight values can fall to before operators start to lose \$\$\$. As a rough approximation, "break even" cost is roughly double what it was 3 years ago.

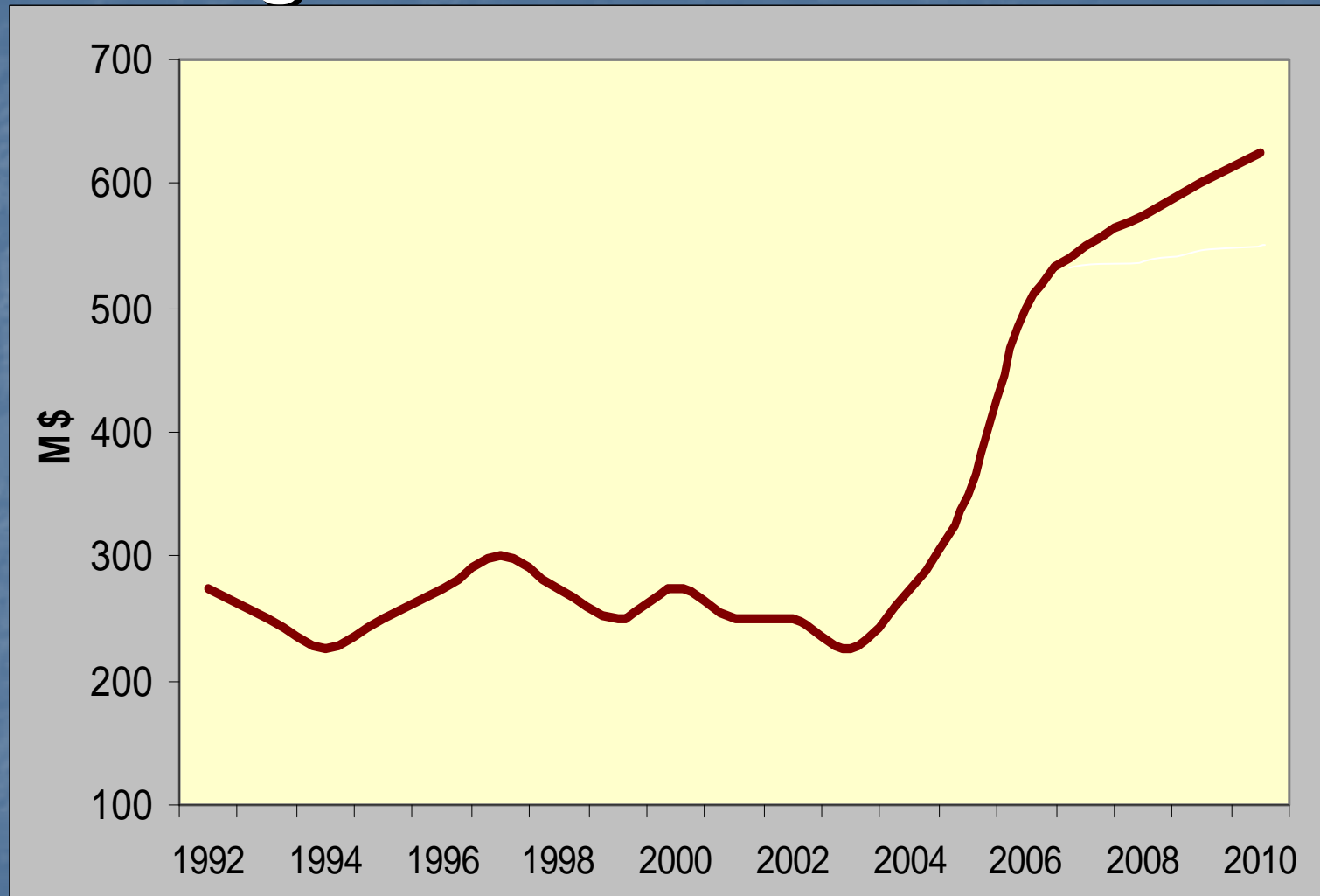
What are some major considerations for the future of barge transportation values?

- Lock renovations and new lock construction/funding of these projects.
- Current new barge construction is only keeping pace with old barge retirements.
- Non Ag commodities are a huge part of the demand picture. However, export of Ag products are the primary method of getting covered barges back to the gulf to load import tonnage.
- Ethanol/corn exports/DDG exports-???

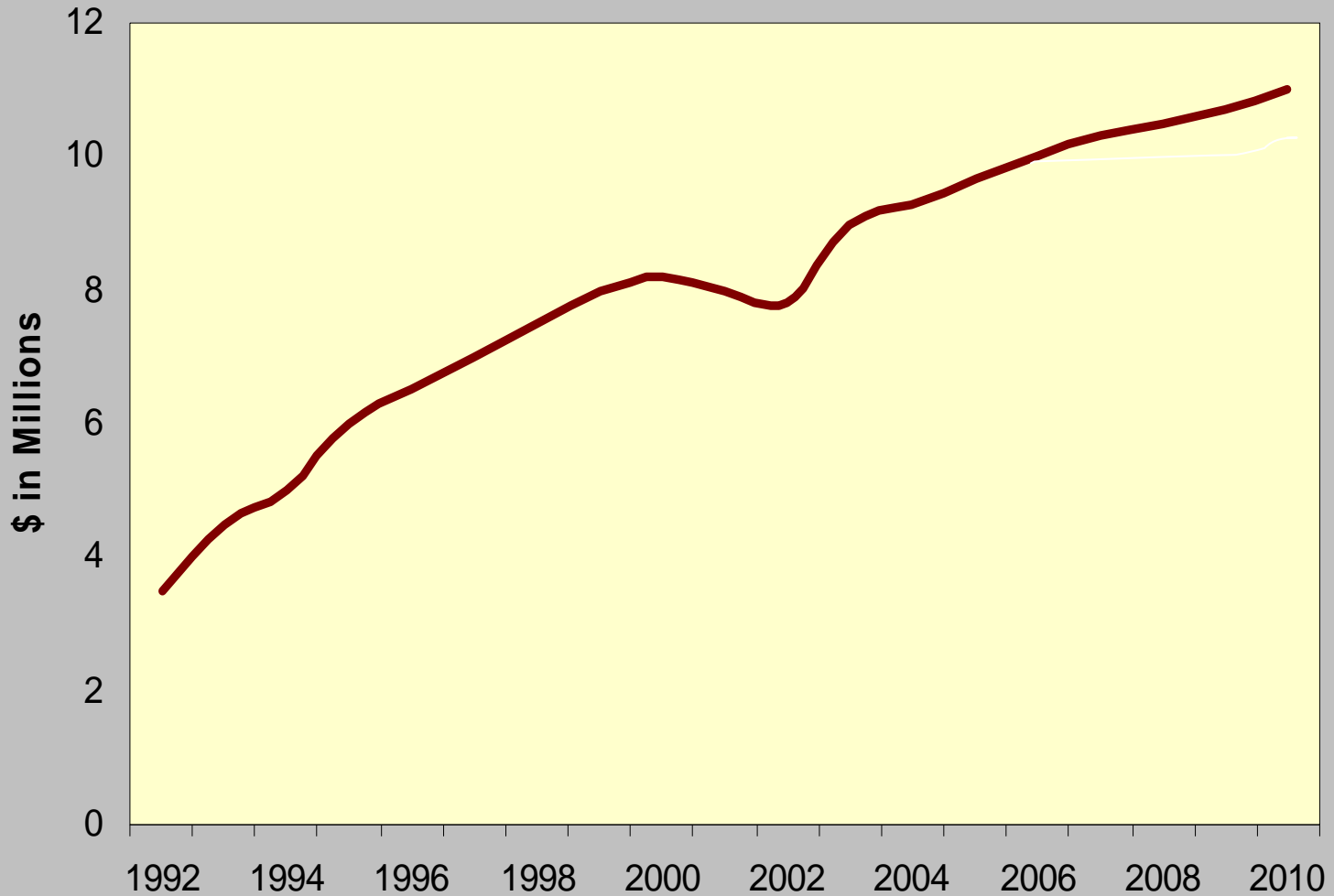
Lock Outages – 1992-2005



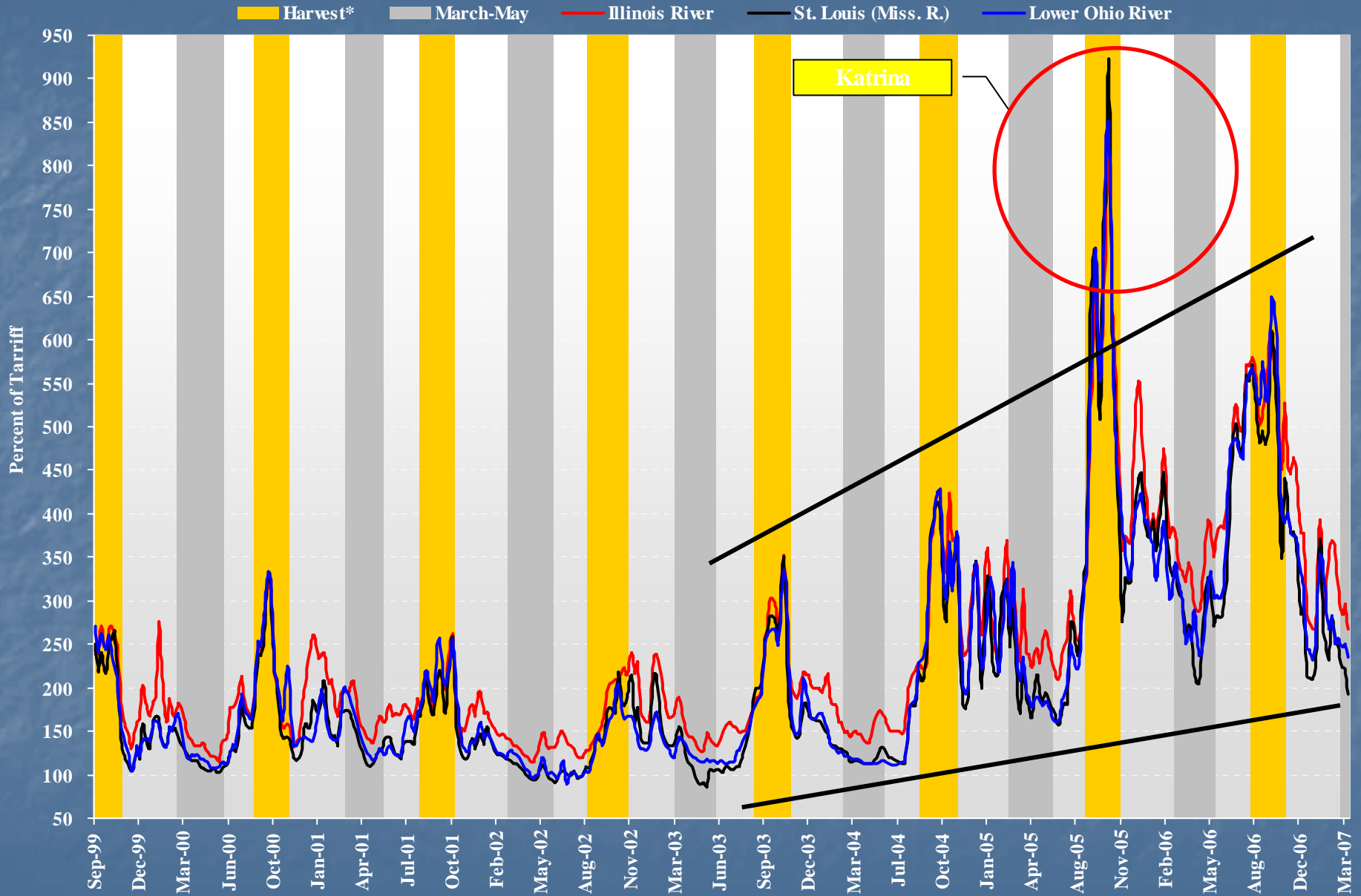
Barge Construction Costs



Towboat Construction Costs



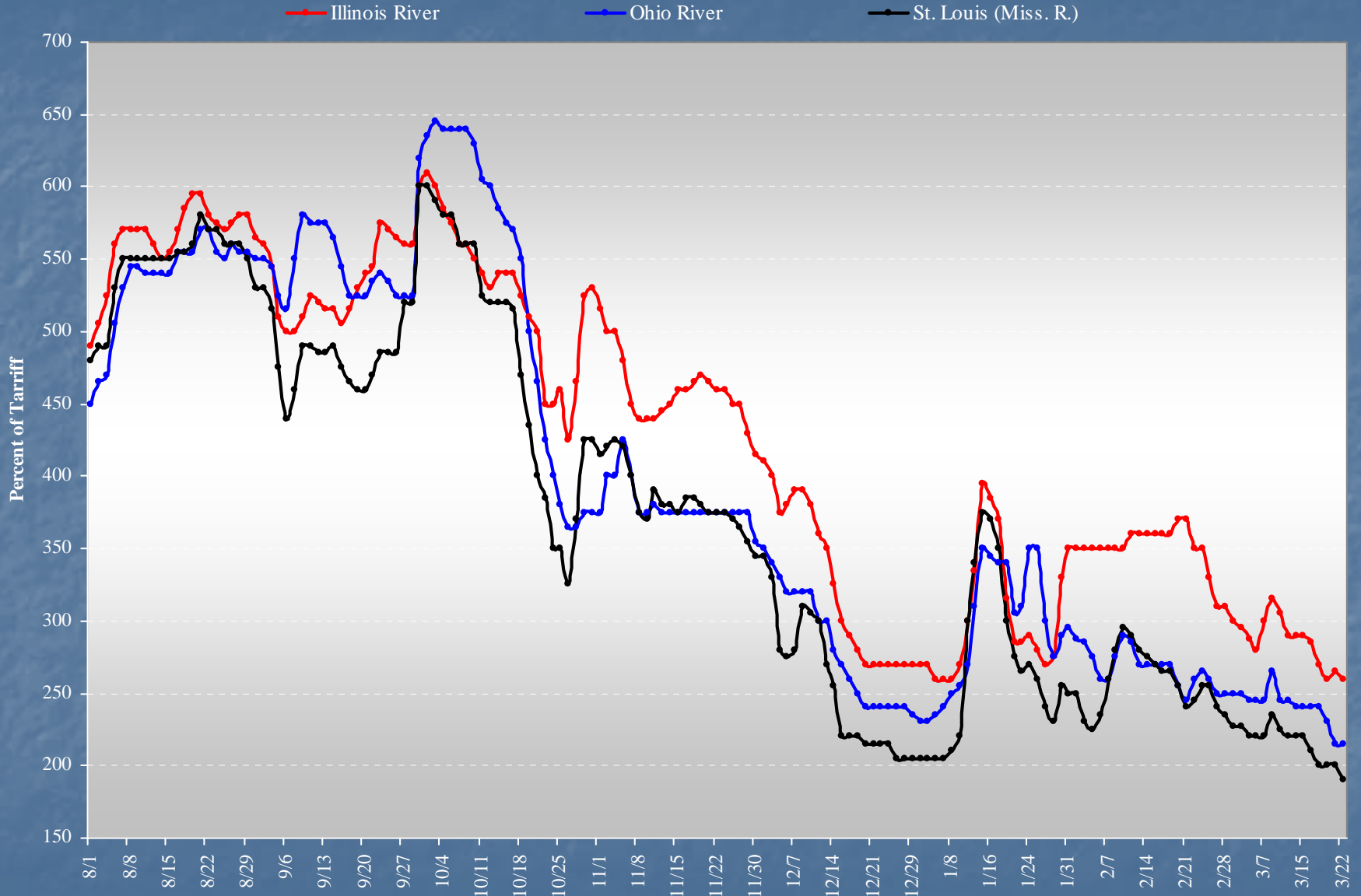
Southbound Freight Rates: 1999-2007



Source: USDA Transportation Report

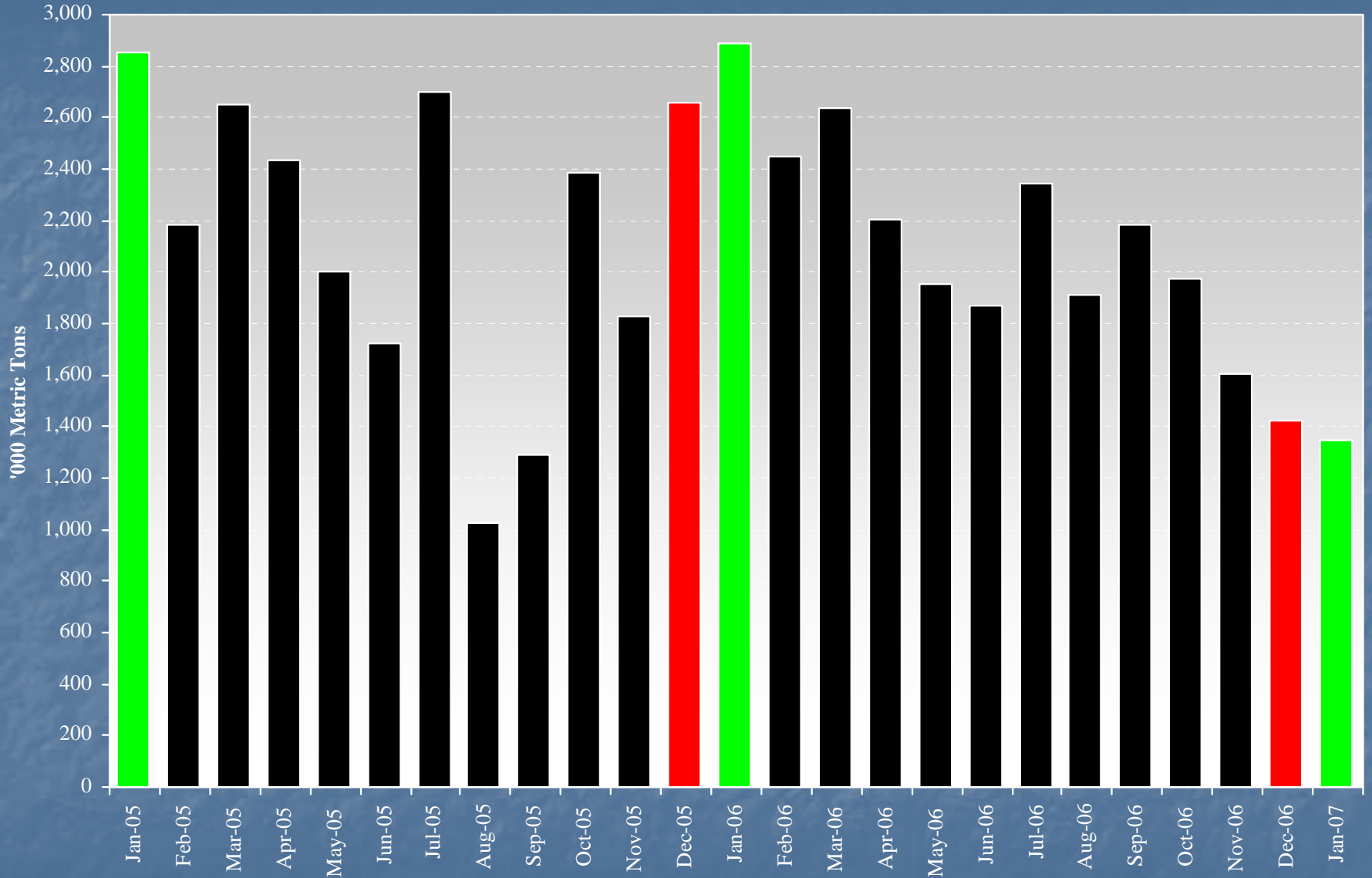
* Early August to Late October

Spot Barge Freight: August 2006 to March 2007



Source: CGB Freight Desk

US Gulf Imports*: 2005-2007



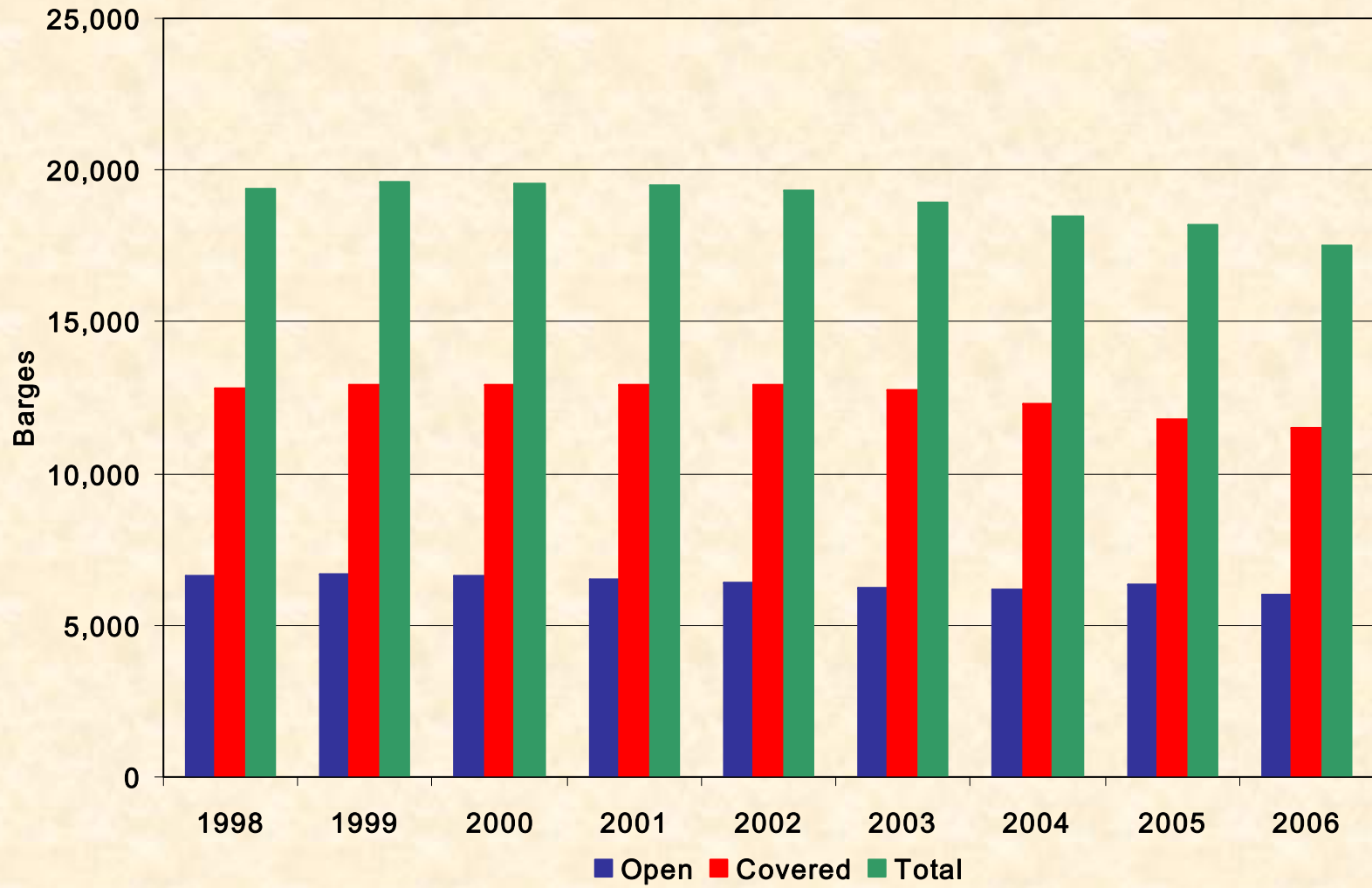
Source: Mississippi Valley Trade and Transport Council

* New Orleans District: selected imports.

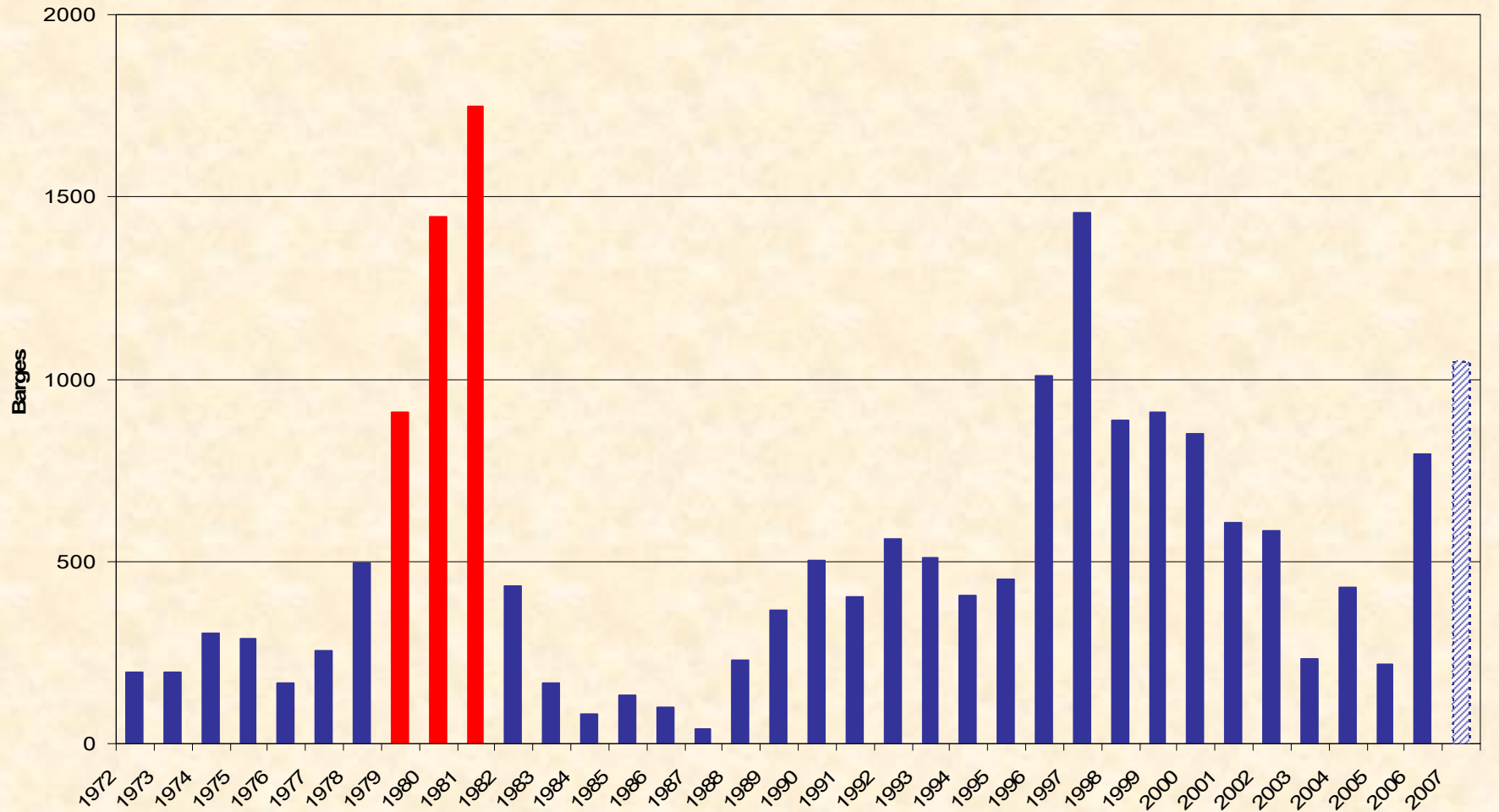


Overall Barge Fleet

The Inland Hopper Fleet, 1998-2006



Dry Cargo Fleet Construction, 1972-2007



Open Market Considerations

- US and World economies
- The U.S. grain market is changing dramatically. Is corn a food crop or a fuel crop?
- Earnings must remain firm to keep capital flowing into new barge construction.
- Risk- barges are 20 to 25 year assets operating in a rapidly changing demand market.

