THE STORM RESOURCE

Ike Agriculture Sector Impacts

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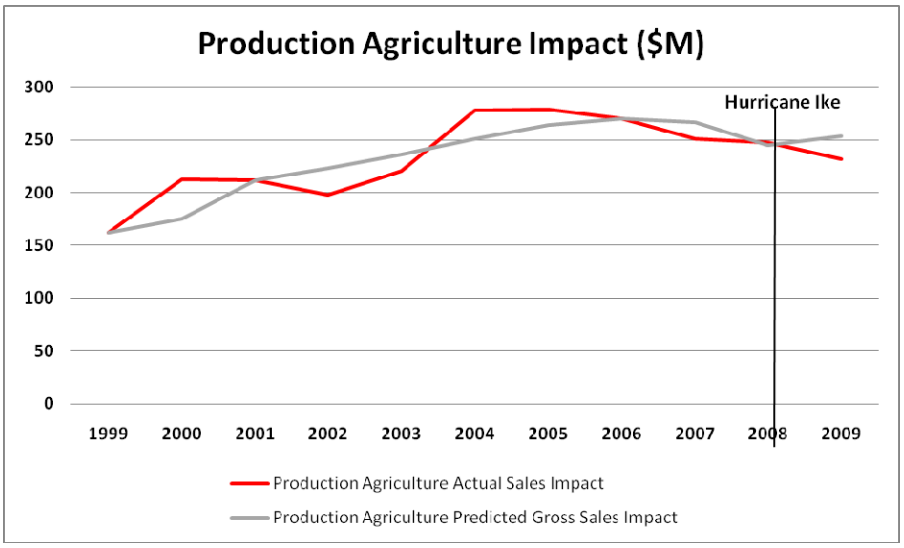
HURRICANE IKE IMPACT REPORT

Impact on Agriculture Production

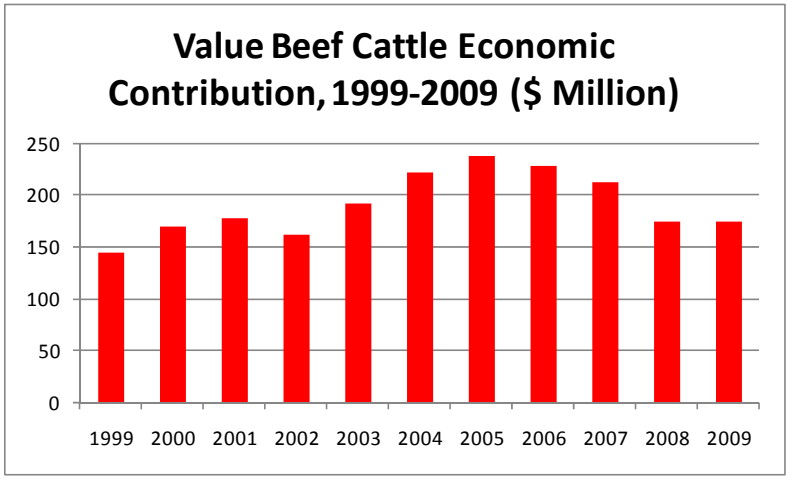
For the agricultural sectors, production and price data were obtained from the USDA National Agricultural Statistics Service. Annual production of each commodity by county was modeled. Deviations from the expected production levels account for losses to that crop. For most crops and livestock, the deviation is noted for 2009. The first livestock inventory after the hurricane occurred in January 2009. Crop losses thus include the loss of production capacity, and livestock losses include animal deaths and decreased livestock inventories.

Agricultural Commodities:

- Corn
- Cotton
- Grain Sorghum
- Rice
- Soybeans
- Wheat
- Beef Cattle
- Goats
- Sheep



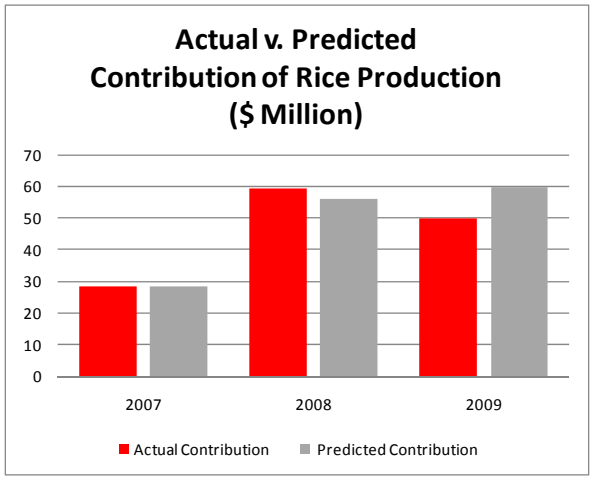
The sales and economic contribution of production agriculture has declined slightly in recent years. Weather and world-wide supply and demand conditions result in highly volatile agricultural production and prices, complicating sales and contribution predictions. Most crops were harvested when Hurricane Ike hit the study area. Thus, 2008 sales were largely unaffected. Hurricane-induced changes to soil conditions can continue to affect crop production for several years. The economic contribution of production agriculture was 9 percent below predictions for 2009.



Although many livestock animals were destroyed by the storm and others were sold due to lack of grazing areas, livestock inventories were relatively stable from 2008 to 2009. Regional livestock herds had been shrinking since peaking in 2005. The hurricane sustained that trend.

Beef numbers rose through the early 2000s but declined after prices peaked. Goat and sheep numbers followed a similar trend. Many livestock were lost in the storm, devastating producers in some locations. However, other counties gained livestock, offsetting those losses.

In 2009, the contribution of rice production was approximately $10 million less than predicted by the Disaster Impact Model



2009 rice production was lower than 2008 values and 2009 predictions, partially as a result of high salinity in rice paddies resulting from Ike pushing saline water inland. However, rice generated a significantly larger contribution than in most other years of the 2000s.