



*****PANAMA CANAL UPDATE*****

April 3rd, 2006

RE: Canal Congestion

2400 hrs April 2nd backlog of vessels awaiting transit continues at more than 75.
Projection next 48 hrs - 78 vessels. Delays to non-booked vessels (all categories) ranging minimum 4 to 5 days.

For the moment no indication as to when / if normal Canal operations will be restored.
Daily booking applications far exceeding slots available.

RE: Transit Reservation System (Booking)

Last Week the Panama Canal Authority (ACP) convened a meeting with local agents to announce their intention to implement April 1st the following change / addition to the existing booking rules:

- To make available one (1) additional pre-booking slot.
- The booking slot will be auctioned and awarded to the highest bidder. (Not according to the customer weighted ranking).
- The slot is non restricted, any vessel (super or regular / northbound or southbound).
- The auction will be triggered when all slots in the 3rd booking period have been exhausted.
- The auction will commence on the first day of the 3rd period at 1400 hrs, running for 23 hours, ending at 1300 hrs the next day (i.e. ending 2 days prior to transit).
- Bidding will take place online. Agents to be assigned user name / password to access the bidding process.
- The value of the opening bid will be equal to the highest pre-booking fee paid during the past month. (approx. US\$ 30,000.00). (Cancellation charges of a booking secured through the bidding process at 90%).
- When bidding online, the system will accept a minimum opening bid, as well as a maximum bid. The maximum bid will serve as a proxy bid, automatically increasing one's bid by \$100 increments until the max bid value is achieved. However, in practice there is no maximum bid, demand will determine the booking fee on any given date.

By this new feature the Canal Authority considers they are extending an opportunity to customers who cannot secure a booking under the present rules.

The ACP were requested to postpone the effective date in order to provide customers and their agents time to comprehend and accommodate to this change. This was taken under advisement.

An official Advisory is expected to be issued shortly.

We shall keep you informed as information becomes available.



Thanks...