Shifting International Trade Routes

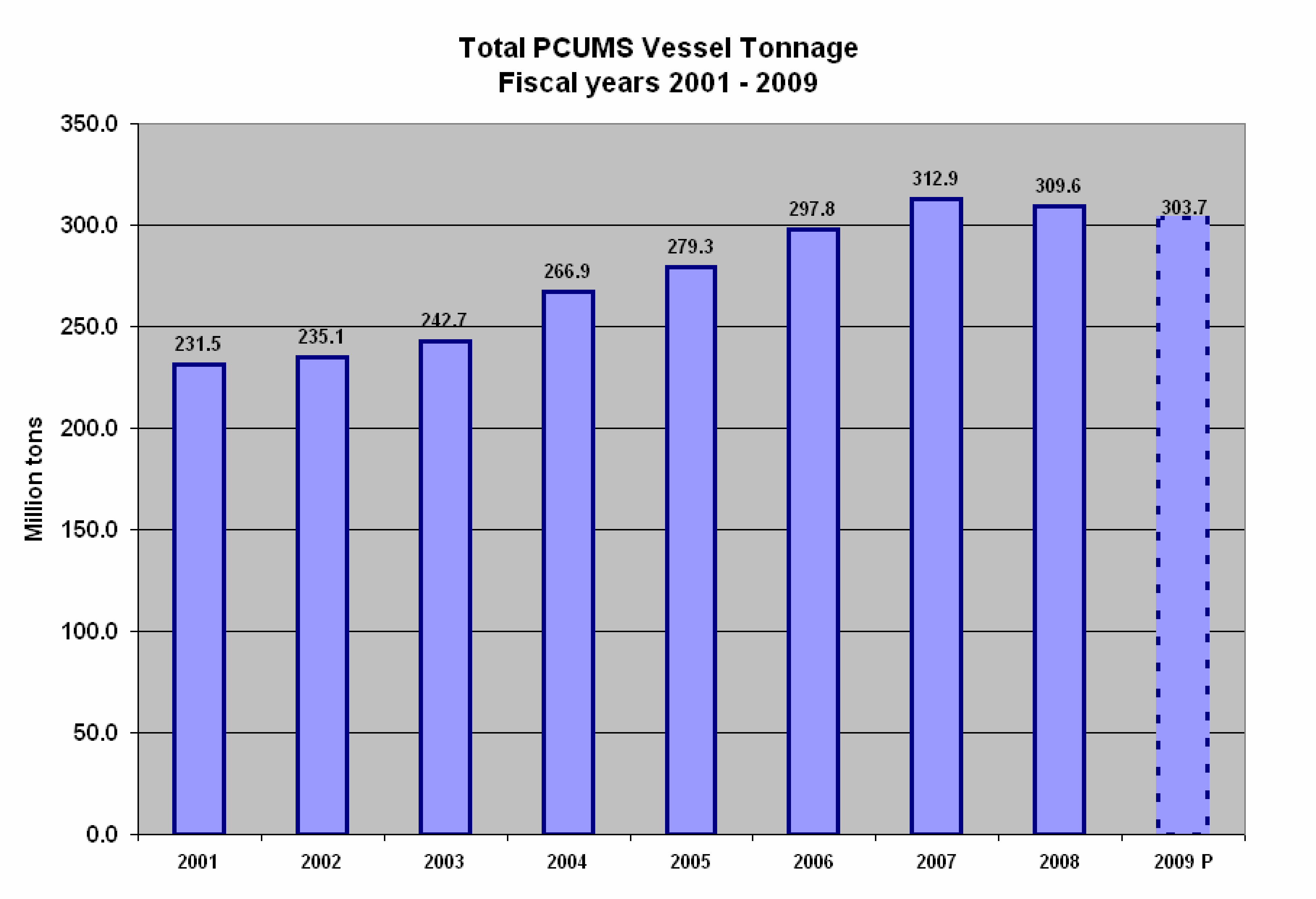
Update on the Panama Canal Expansion

Rodolfo Sabonge
Vicepresident Market
Research and Analysis

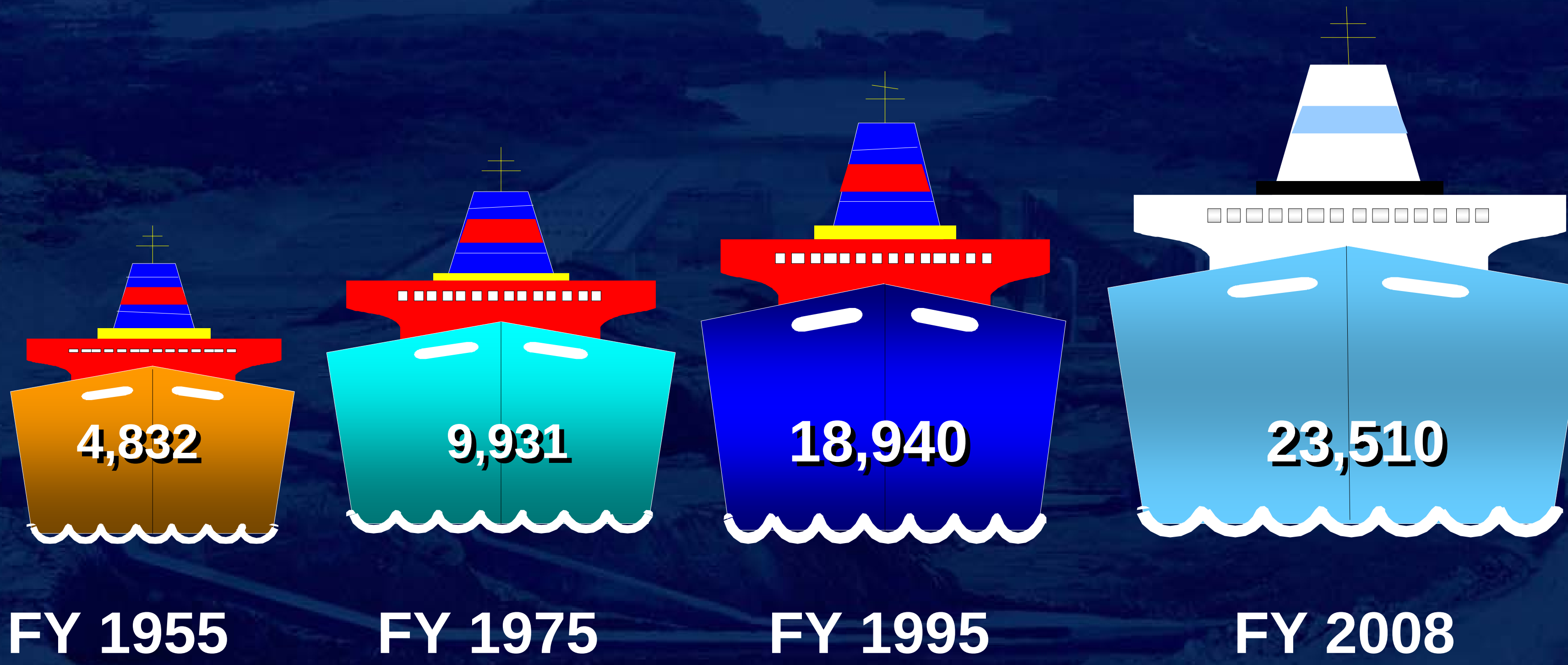
January 15, 2009

- **Canal Performance Indicators**
- **Canal Expansion Program**
- **Impact and Repercussions of The New Locks**

PCUMS TONNAGE



Average PC/UMS Tonnage for Commercial Transits

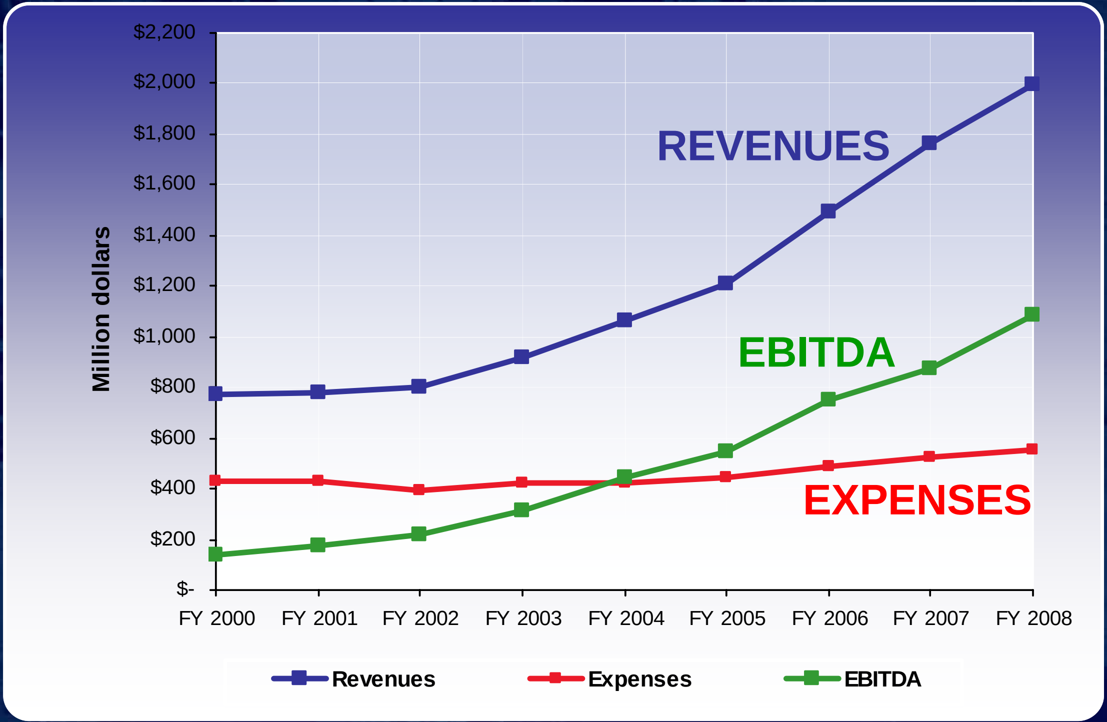


Traffic and Revenues

OPERATIONAL RESULTS FY-2008	
Transits	14,702
Cargo (millions of PC/UMS tons)	309.6
Canal Waters Time (hours) – booked	18.52
Canal Waters Time (hours) – regular	31.54

(B/. MM)	2000	2008*	Var.
Revenues	769	1,994	1,225
Expenses	427	555	128
EBITDA	140	1,082	942

*Estimated



Investment Program

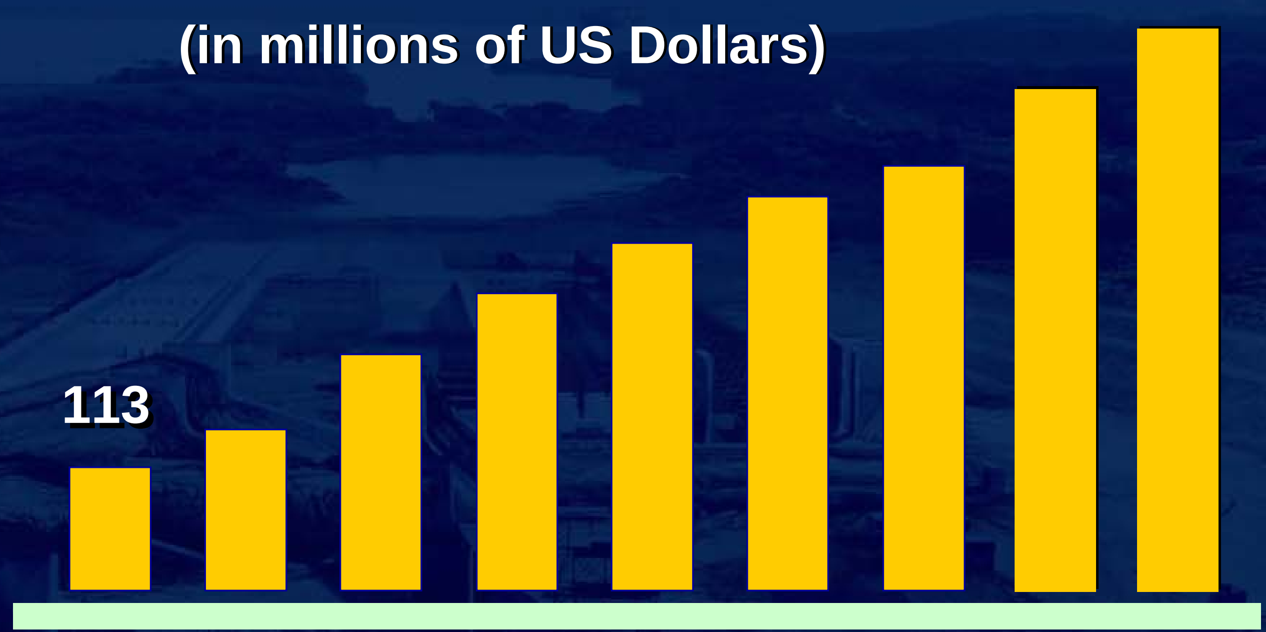
Dredging

Locomotives

Hydraulic System

Accumulated Investment

(in millions of US Dollars)



Per year	2000	2001	2002	2003	2004	2005	2006	2007	2008 Proj.
	113	142	126	207	115	144	233	92	397

Technology

Rail System

Tugboats

Project to improve locks chamber lighting

- Started in May 2005, completed in June 2008
- 92 high mast light fixtures were replaced, resulting in an increase in brightness as high as 300% between poles.
- 107 retractile luminaries installed in Miraflores Locks; 40 in Pedro Miguel; and 132 in Gatun.

New Tugboats

- Eight new tugboats arrived between January 2007 and August 2008 .
- Contracted 13 more tugboats, the first tugboat is scheduled to arrive by mid 2010.
- The contract also includes 2 options for 7 additional tugboats each, which will augment the current fleet to 42 tugboats by FY 2014.

- RFP for 2 new tender dredge tugboats in FY 2009, to assist dredging work for the Expansion Program.

Second Tie-Up Station North of Pedro Miguel Locks

- Completed in December 2008.
- 2 additional transits each day, important during fog season.

Merry-Go-Round System in Gatun Locks

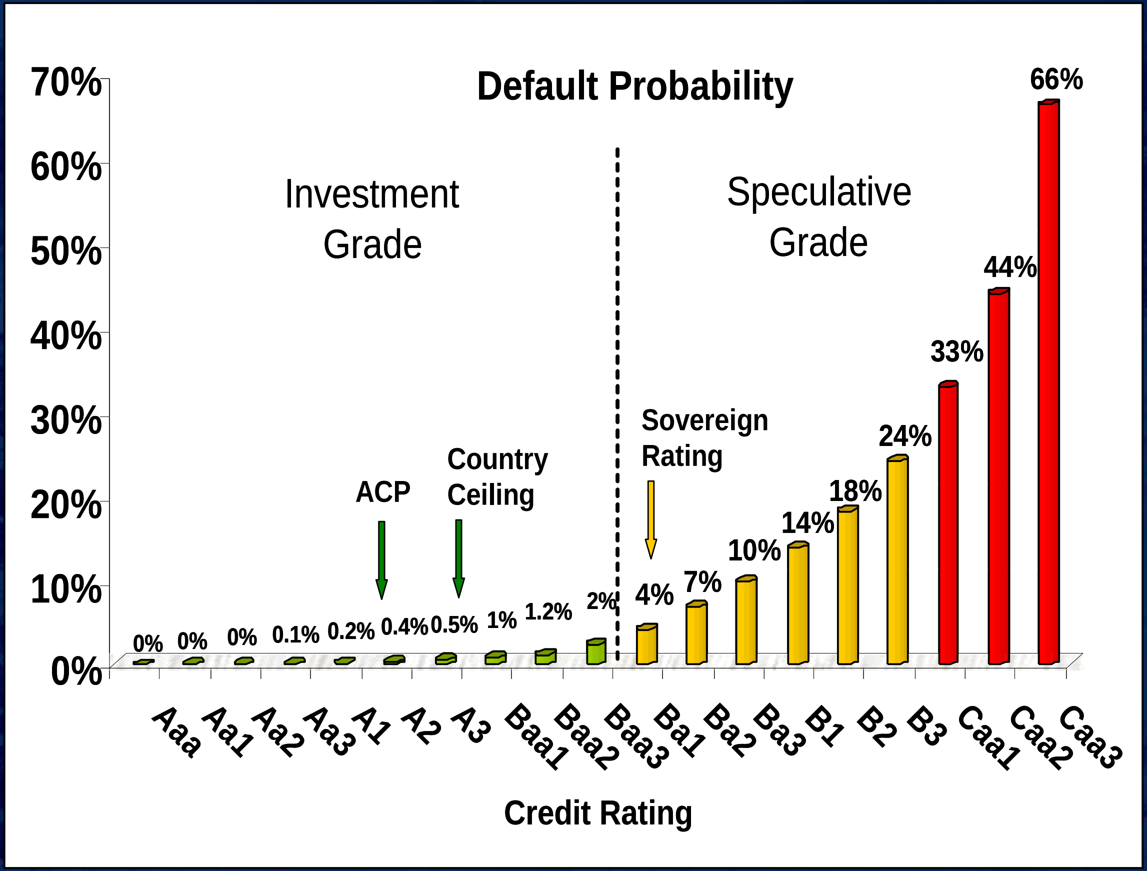
- Merry-Go-Round operations with the new turn tables began in October, 2008.
- The gain in throughput, together with the second tie-up station in Cartagena will increase capacity by two Panamax transits a day.

New Cutter Suction Dredge

RFP for new cutter suction dredge which will eventually replace the existing dredge, Mindi.

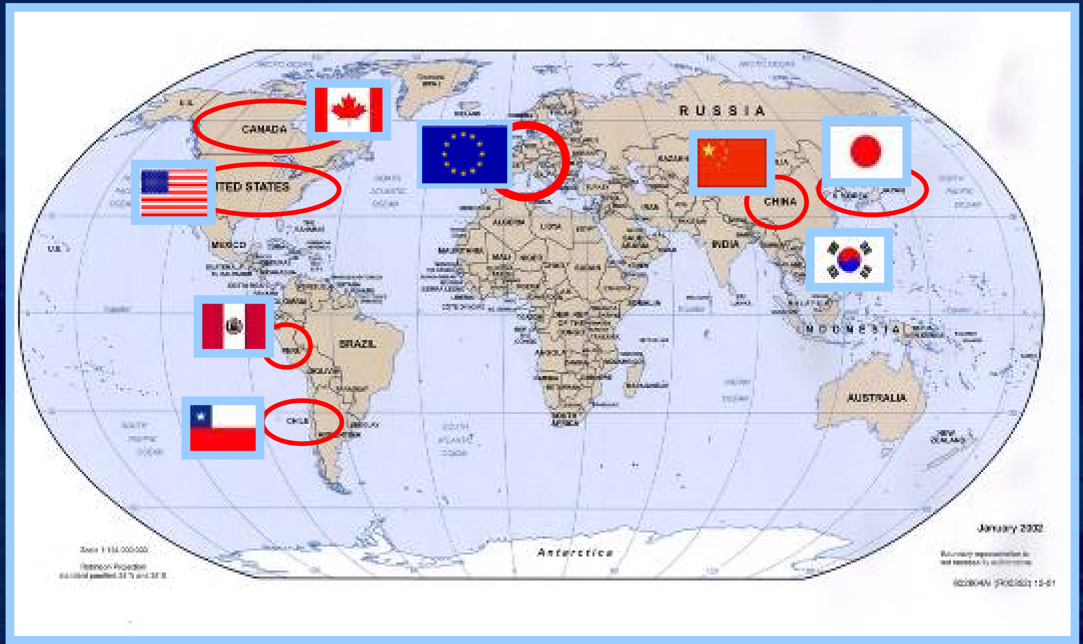
ACP PIERCES A3 PANAMA'S COUNTRY CEILING

- Moody's Investors Service rated A1 Government Related Issuer ("GRI")
- The Proposed Senior Unsecured Debt Obligations of approximately $2 Billion of the Panama Canal Authority received a Prospective (P) A2
- In Moody's view, the Panama Canal Expansion Program will likely be completed successfully given ACP's management experience



The Panama Canal Trade and Main Users

In the relevant routes (Asia-east coast of the United States) the Panama Canal transported 43.0% of the Panama Canal trade cargo in 2008.



64% of Canal cargo traffic originates in or is destined to the United States

Total Cargo Movement FY 2008

USERS	FY 2007*	FY 2008*	2008 (%)
United States	136.8	133.7	64
China	43.7	43.7	21
Chile	22.0	26.7	13
European Union	26.5	26.1	12
Japan	29.2	24.7	12
South Korea	17.3	17.3	8
Peru	13.1	14.1	7

** Measured in Million of Long Tons*

Importance of the Panama Canal Countries of America (in millions of metric tons) CY 2007

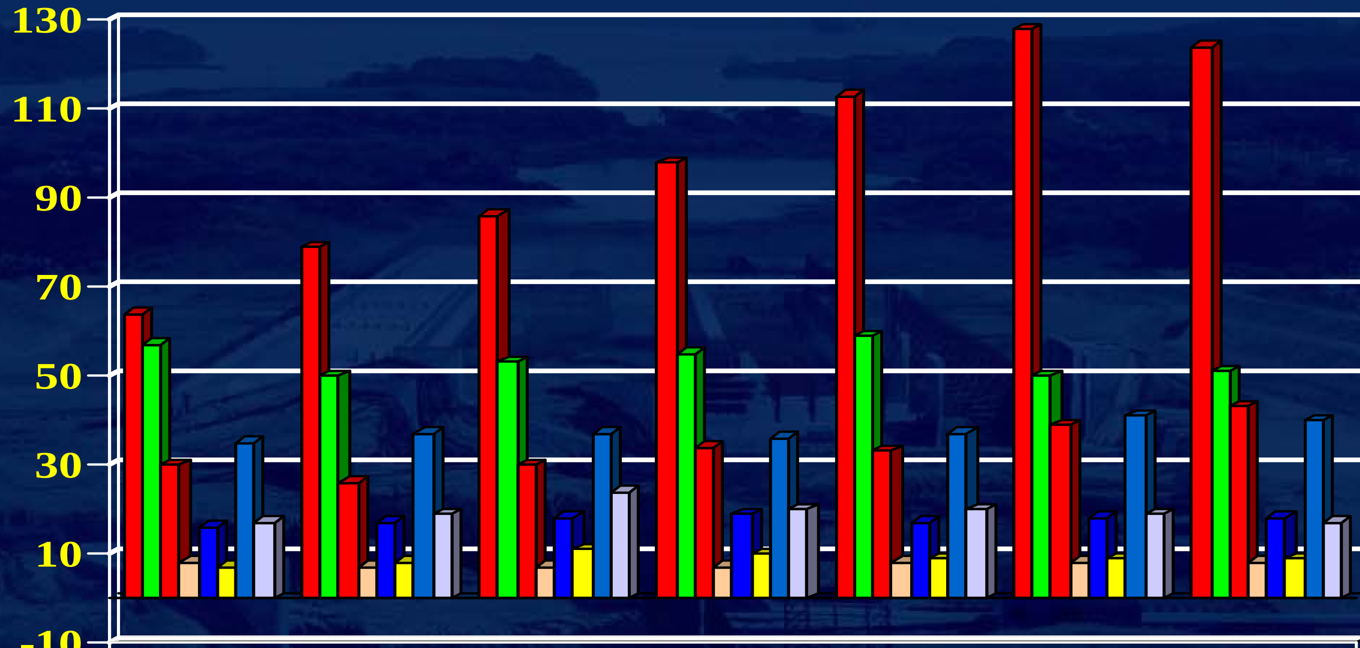
País	Carga a través del Canal Origen	Importancia origen/Total %	Exportaciones	Importancia del Canal para las exportaciones %	Carga a través del Canal Destino	Importancia Destino/Total %	Importaciones	Importacia del Canal para las importaciones %
Argentina	0.2	0.1	93.1	0.2	0.1	0.0	14.4	0.5
Brasil	3.0	1.4	445.7	0.7	0.8	0.4	87.1	0.9
Canadá	7.5	3.6	233.1	3.2	2.3	1.1	151.5	1.5
Caribe	7.3	3.5	76.8	**9.5**	7.8	3.7	86.2	**9.0**
América Central y Panamá	5.1	2.5	19.4	**26.5**	16.3	7.8	41.1	**39.8**
Chile	12.4	5.9	42.3	**29.3**	10.7	5.1	20.4	**52.6**
Colombia	6.1	2.9	90.4	**6.7**	4.9	2.3	18.2	**26.8**
México	4.9	2.3	133.4	3.7	5.7	2.7	63.5	8.9
Otros países CE Suramérica	0.1	0.0	14.8	0.5	0.1	0.0	13.4	0.4
Ecuador	7.6	3.6	24.7	**30.9**	6.7	3.2	8.1	**82.0**
Perú	6.9	3.3	26.9	**25.8**	6.6	3.1	12.8	**51.4**
Venezuela	5.1	2.4	304.5	**1.7**	2.0	1.0	14.8	**13.6**
Estados Unidos	71.8	34.4	449.2	**16.0**	66.0	31.6	985.7	**6.7**
Total carga del Canal	208.9				208.9			

Sorce: ACP with maritime trade projections of Global Insight ("Global Trade Navigator"), Jun 2008.

ACP

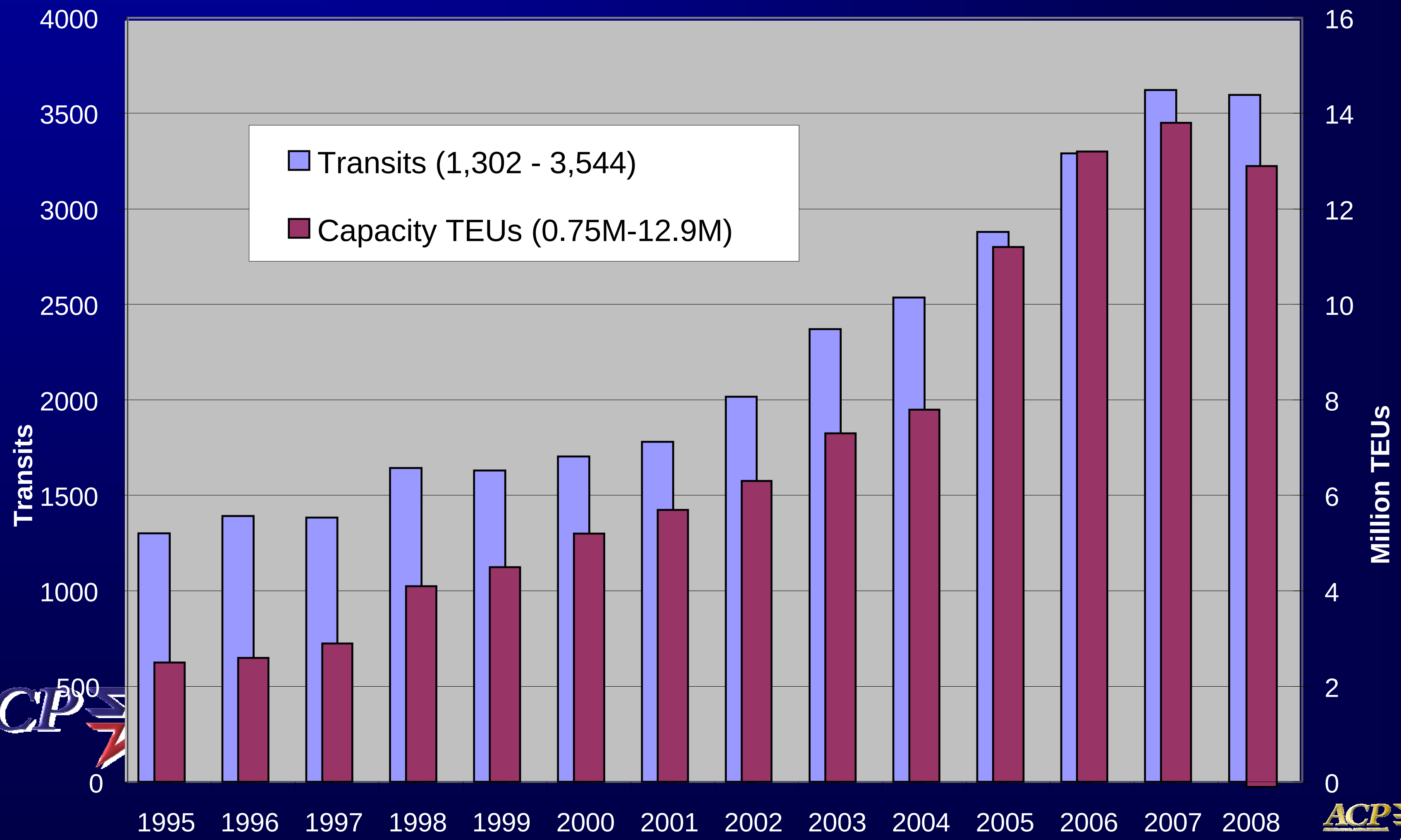
PC/UMS by Market Segment

(in millions - FY 2002-2008)



	2002	2003	2004	2005	2006	2007	2008
Container	64	79	86	98	113	128	124
Dry Bulk	57	50	53	55	59	50	51
Liquid Bulk	30	26	30	34	33	39	43
General Cargo	8	7	7	7	8	8	8
Refrigerated Cargo	16	17	18	19	17	18	18
Passenger	7	8	11	10	9	9	9
Vehicle Carrier	35	37	37	36	37	41	40
Others	17	19	24	20	20	19	17

Growth of container traffic through the Panama Canal (1995 - 2008)



Based on the capacity of transiting vessels – Source: ComPair Data

IMPACT OF U.S. ECONOMIC SLOWDOWN ON CONTAINER SERVICES THROUGH THE PANAMA CANAL

	Oct. 2001	Oct. 2002	Oct. 2003	Oct. 2004	Oct. 2005	Oct. 2006	Oct. 2007	Oct. 2008
Capacity (M. TEUs)	2.9	3.3	4.0	4.2	5.1	6.5	6.3	6.4
Vessels Deployed	181	198	256	264	270	324	290	299
Average Vessel Size (TEUs)	2,816	2,942	3,189	3,201	3,298	3,516	3,559	3,595
Number of Services Through the Canal	20	23	32	33	34	42	38	37

ACP

- **Canal Performance Indicators**

Short-term Forecast

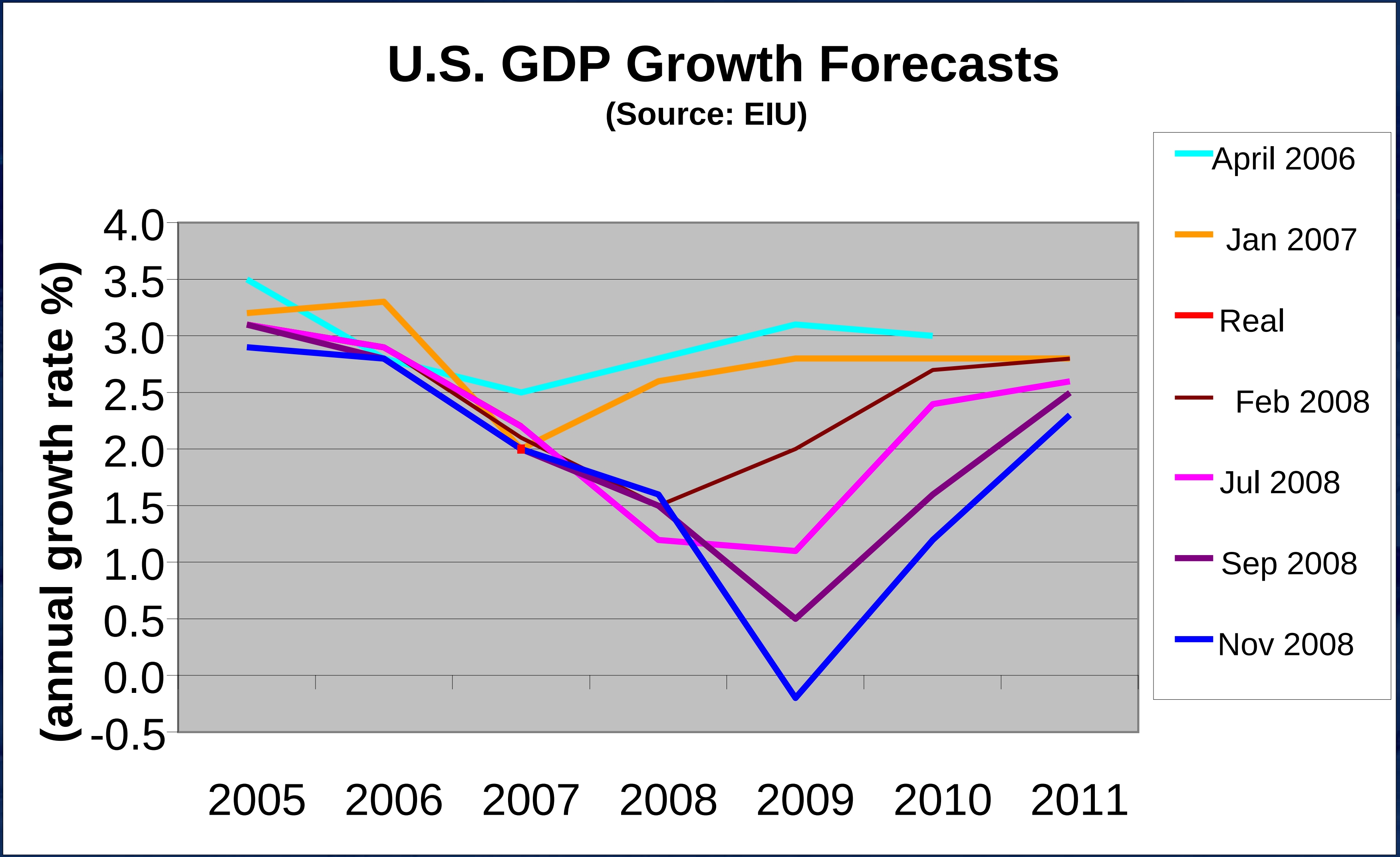
World Economic Outlook

Economist Intelligence Unit
January, 2009

	2006	2007	2008	2009	2010	2011
Real GDP growth (%)						
World (market exchange rates)	4.1	3.9	2.4	-0.4	1.5	2.7
US	2.8	2.0	**1.1**	**-2.0**	**0.7**	**2.1**
Japan	2.0	2.4	0.1	-1.7	0.5	0.9
Euro area	2.9	2.6	1.1	-1.2	0.5	1.4
China	11.6	11.9	9.4	7.0	7.4	8.0
World trade growth (%)						
Goods	9.1	7.4	4.9	-1.5	2.5	4.2

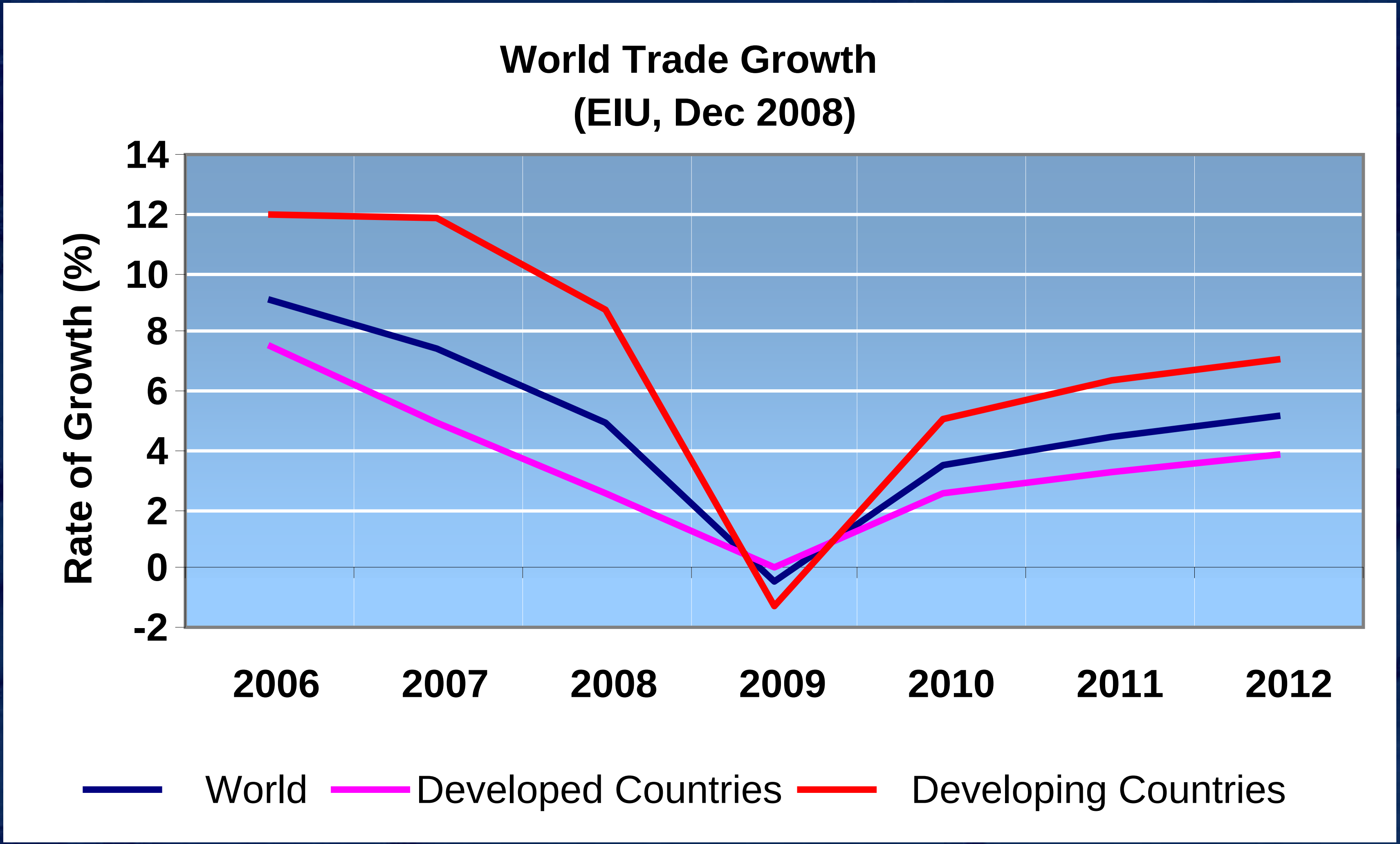
IHS Global Insight
January, 2009

	Quarterly				Annual				
	08:4	09:1	09:2	09:3	2007	2008	2009	2010	2011
US Real GDP (percent change)	-5.6	-5.4	-1.8	0.5	2.0	**1.2**	**-2.5**	**2.2**	**3.2**
Federal Funds Rate (percent)	**0.54**	0.13	0.13	0.13	5.02	1.93	0.13	0.94	3.34
Ten-Year Treasury Yield (percent)	3.26	2.18	2.22	2.34	4.63	3.67	2.33	3.36	4.86
Oil Price, WTI (Dollars/barrel)	58.45	32.67	30.00	35.00	72.18	99.59	34.25	51.25	77.38
Consumer Price Index (% change y/y)	-9.3	-6.9	-0.9	2.2	2.9	3.8	-2.2	2.4	3.4
Housing Starts (Millions)	0.670	0.566	0.561	0.602	1.341	0.906	0.604	0.976	1.339
Consumer Sentiment (Univ. Of Michigan)	57.7	58.0	55.2	57.2	85.6	63.7	57.1	65.1	69.0
Unemployment Rate (percent)	6.8	7.6	8.4	8.8	4.6	5.8	8.5	9.1	8.5



Source: ACP with information from *The Economist Intelligence Unit*.

World trade could decrease for the first time in more than 20 years



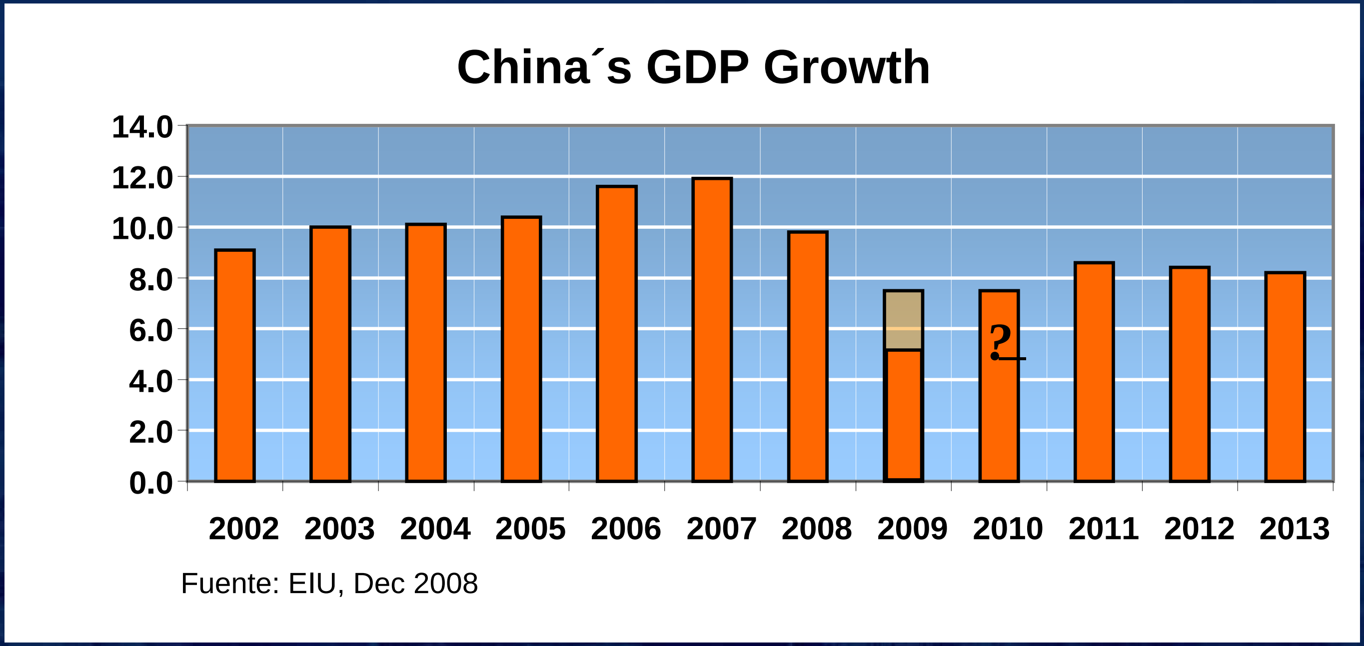
US Containerized Imports from North East Asia

(in million TEUs)

	2007				2008				% Var			
	Q1	Q2	Q3	Total	Q1	Q2	Q3	Total	Q1	Q2	Q3	Total
US East Coast	.6	.6	.7	2.0	.6	.6	.7	2.0	3.5%	3.7%	-3.9%	**0.8%**
Us Gulf Coast	.0	.0	.1	.1	.0	.0	.0	.1	9.6%	3.7%	-15.7%	**-2.2%**
US East C. Total	.7	.7	.8	2.1	.7	.7	.8	2.1	3.9%	3.7%	-4.7%	**0.6%**
US West Coast	2.0	2.2	2.3	6.4	1.8	1.9	2.0	5.7	-8.6%	-10.8%	10.0%	**-9.9%**
Total	2.6	2.8	3.0	8.5	2.5	2.6	2.8	7.9	-5.5%	-7.4%	-8.6%	**-7.3%**

Source: PIERS

China´s Growth



UPDATE 1-IMF: lower China growth, unprecedented slowdown

Mon Dec 15, 2008 7:22am EST

*MADRID, Dec 15 (Reuters) - The IMF could cut its forecast for Chinese 2009 economic growth to around **5 percent** in its next revision as the global economy suffers an unprecedented slowdown, IMF Managing Director Dominique Strauss-Kahn said on Monday.*

In its last forecast released in November, the International Monetary Fund had predicted that China's growth would fall to 8.5 percent in 2009 from 9.7 percent this year. November's forecast for 2009 was 0.8 percentage points lower than the IMF's previous forecast.

"We started with China at 11 pct growth, then 8, then 7 then China will probably grow at 5 or 6 percent. The possibility of a global recession is real, we realize something must be done," " said Strauss-Kahn during a conference in the Spanish capital.

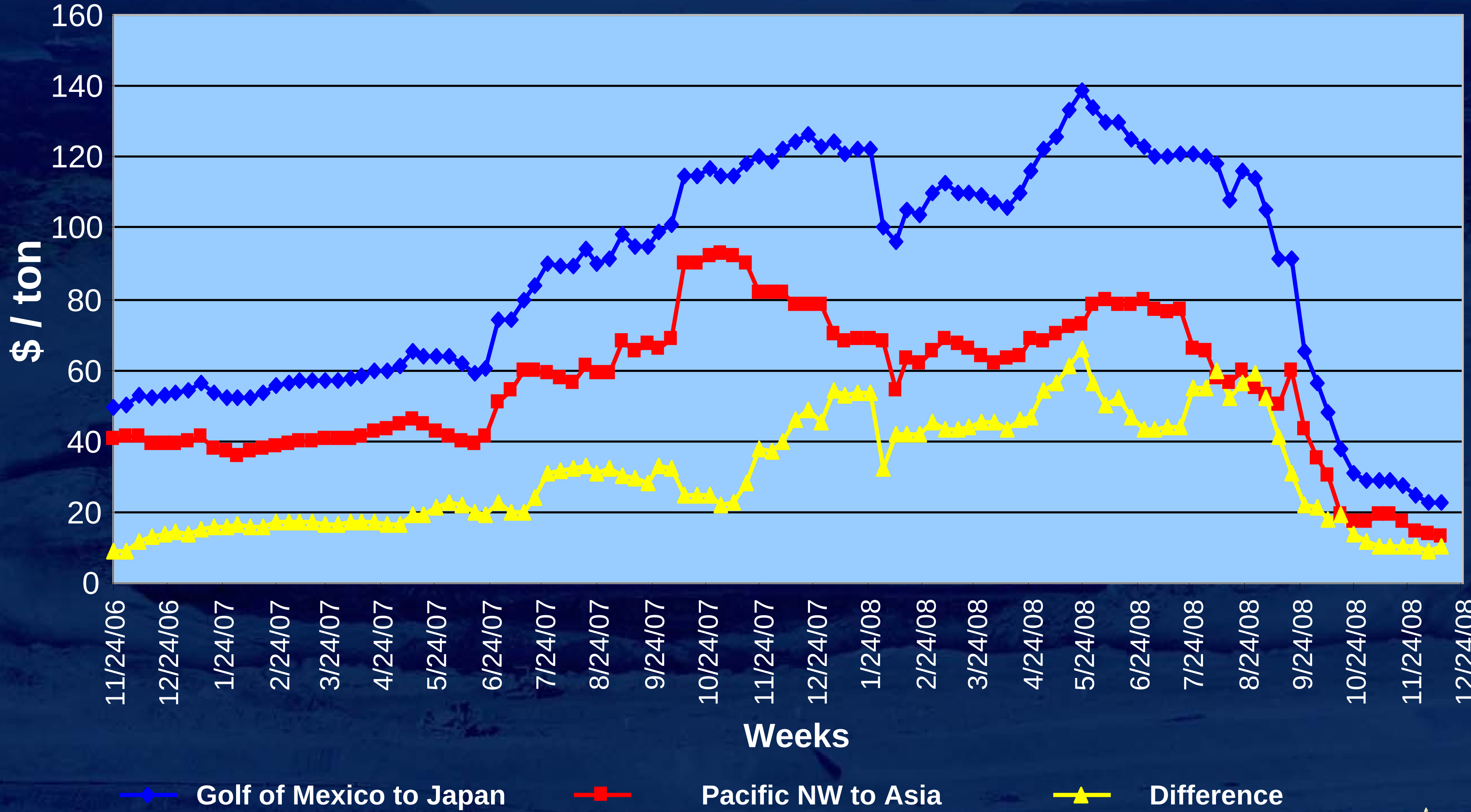
"We are facing an unprecedented decline in output and we have evidence of substantial uncertainty limiting the effectiveness of some fiscal policy measures," he said.

"We anticipate that the gross effect will last some time. We need large and diversified stimulus support that will last longer than one or two quarters."

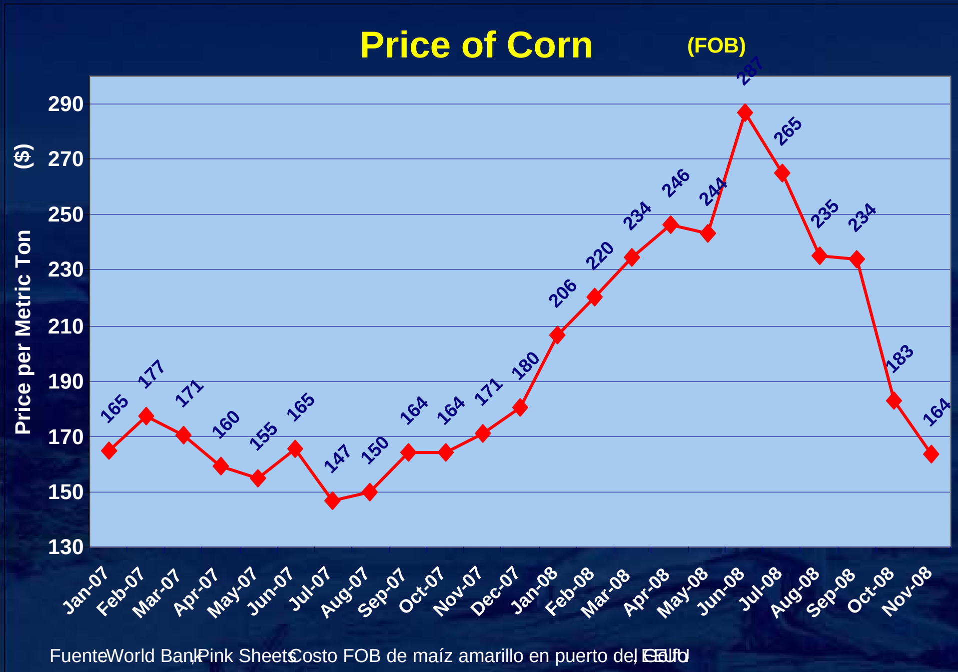
"An adequate level will be around 2 percent of (world) GDP -- $1.2 trillion -- and this may make a sizeable difference and reduce the risk of a damaging global recession," he said.

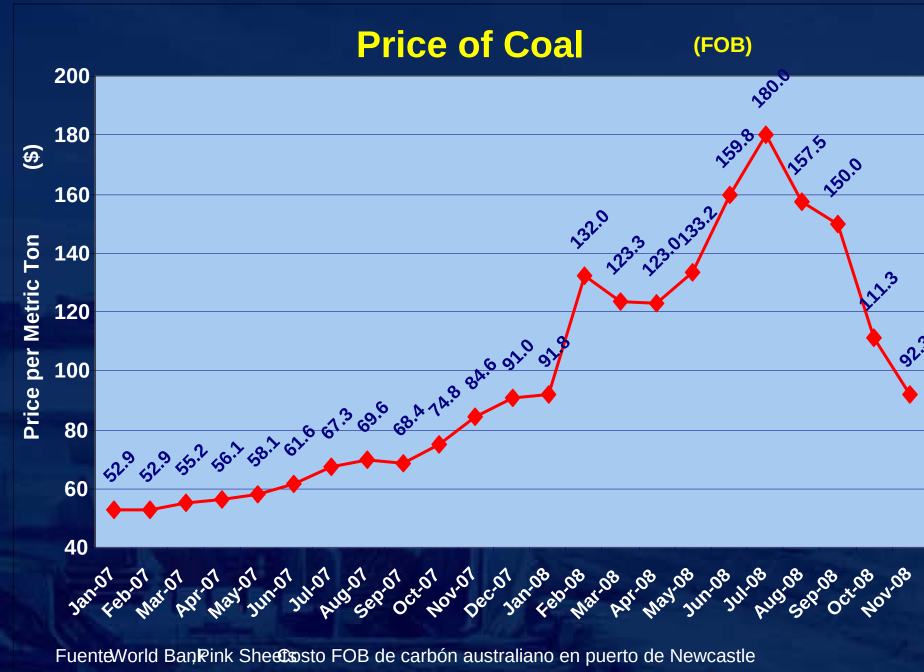
"The good news, with some exceptions, maybe a lot of exceptions, we can see the beginning of the recovery end of 2009, beginning of 2010, but there are a lot of downside risks," he added. (Reporting by Andrew Hay; Editing by Jason Webb and Christian Lowe)

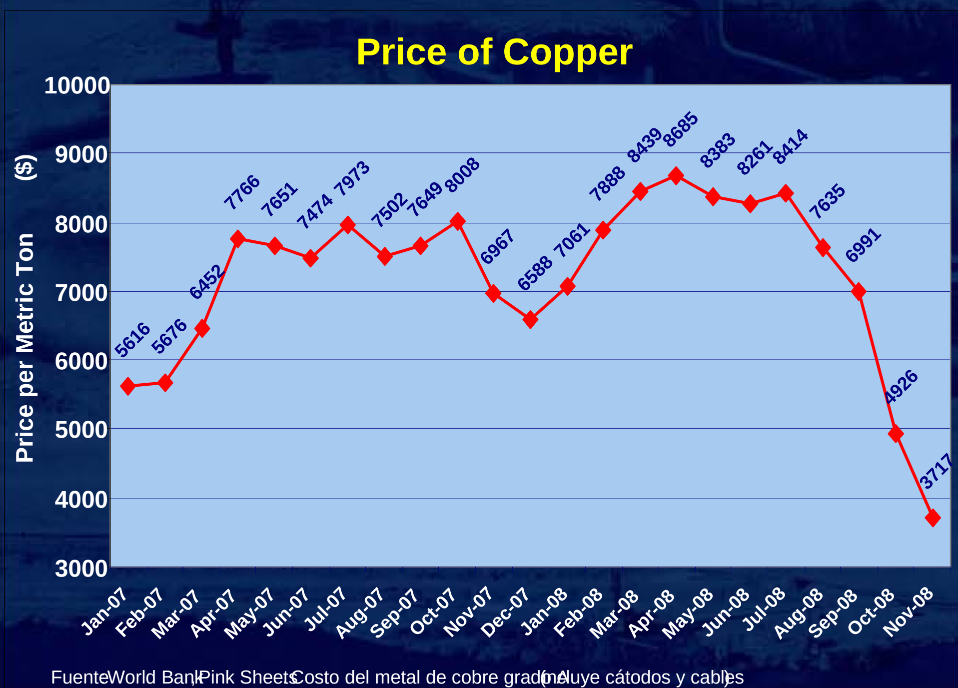
Freight Rates for Dry Bulk Carries by Route
(Nov 2007 through Dec 2008)



Fuente: Clarkson Research Services Limited 2008

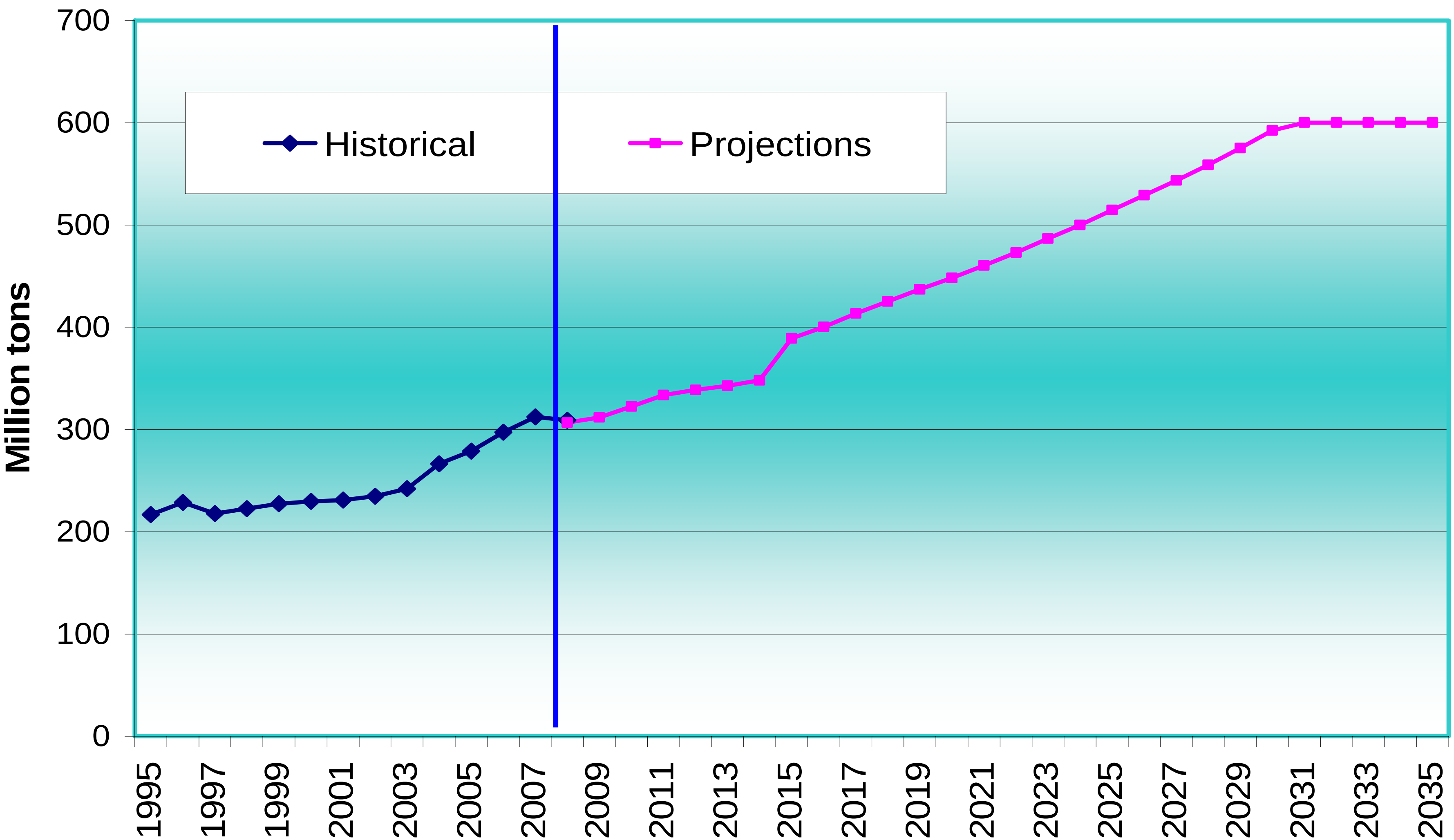

Price of Corn
(FOB)
($)
Price per Metric Ton
130
150
170
190
210
230
250
270
290
165 177 171 160 155 165 147 150 164 164 171 180 206 220 234 246 244 287 265 235 234 183 164
Jan-07 Feb-07 Mar-07 Apr-07 May-07 Jun-07 Jul-07 Aug-07 Sep-07 Oct-07 Nov-07 Dec-07 Jan-08 Feb-08 Mar-08 Apr-08 May-08 Jun-08 Jul-08 Aug-08 Sep-08 Oct-08 Nov-08
Fuente World Bank, Pink Sheets. Costo FOB de maíz amarillo en puerto del Golfo, EEUU


Price of Coal
(FOB)
($)
Price per Metric Ton
40
60
80
100
120
140
160
180
200
52.9 52.9 55.2 56.1 58.1 61.6 67.3 69.6 68.4 74.8 84.6 91.0 91.8 132.0 123.3 123.0 133.2 159.8 180.0 157.5 150.0 111.3 92.3
Jan-07 Feb-07 Mar-07 Apr-07 May-07 Jun-07 Jul-07 Aug-07 Sep-07 Oct-07 Nov-07 Dec-07 Jan-08 Feb-08 Mar-08 Apr-08 May-08 Jun-08 Jul-08 Aug-08 Sep-08 Oct-08 Nov-08
Fuente World Bank, Pink Sheets. Costo FOB de carbón australiano en puerto de Newcastle


Price of Copper
($)
Price per Metric Ton
3000
4000
5000
6000
7000
8000
9000
10000
5616 5676 6452 7766 7651 7474 7973 7502 7649 8008 6967 6588 7061 7888 8439 8685 8383 8261 8414 7635 6991 4926 3717
Jan-07 Feb-07 Mar-07 Apr-07 May-07 Jun-07 Jul-07 Aug-07 Sep-07 Oct-07 Nov-07 Dec-07 Jan-08 Feb-08 Mar-08 Apr-08 May-08 Jun-08 Jul-08 Aug-08 Sep-08 Oct-08 Nov-08
Fuente World Bank, Pink Sheets. Costo del metal de cobre grado A (incluye cátodos y cables)


Price of Steel Bars
(FOB)
($)
Price per Metric Ton
400
500
600
700
800
900
1000
1100
485 488 515 533 545 545 493 475 545 545 569 557 575 599 745 790 790 933 980 1030 793 760 683
Jan-07 Feb-07 Mar-07 Apr-07 May-07 Jun-07 Jul-07 Aug-07 Sep-07 Oct-07 Nov-07 Dec-07 Jan-08 Feb-08 Mar-08 Apr-08 May-08 Jun-08 Jul-08 Aug-08 Sep-08 Oct-08 Nov-08
Fuente World Bank, Pink Sheets. Costo FOB de barras de acero (steel rebar) en Japón

PC/UMS Tonnage Projections



- Canal Performance Indicators

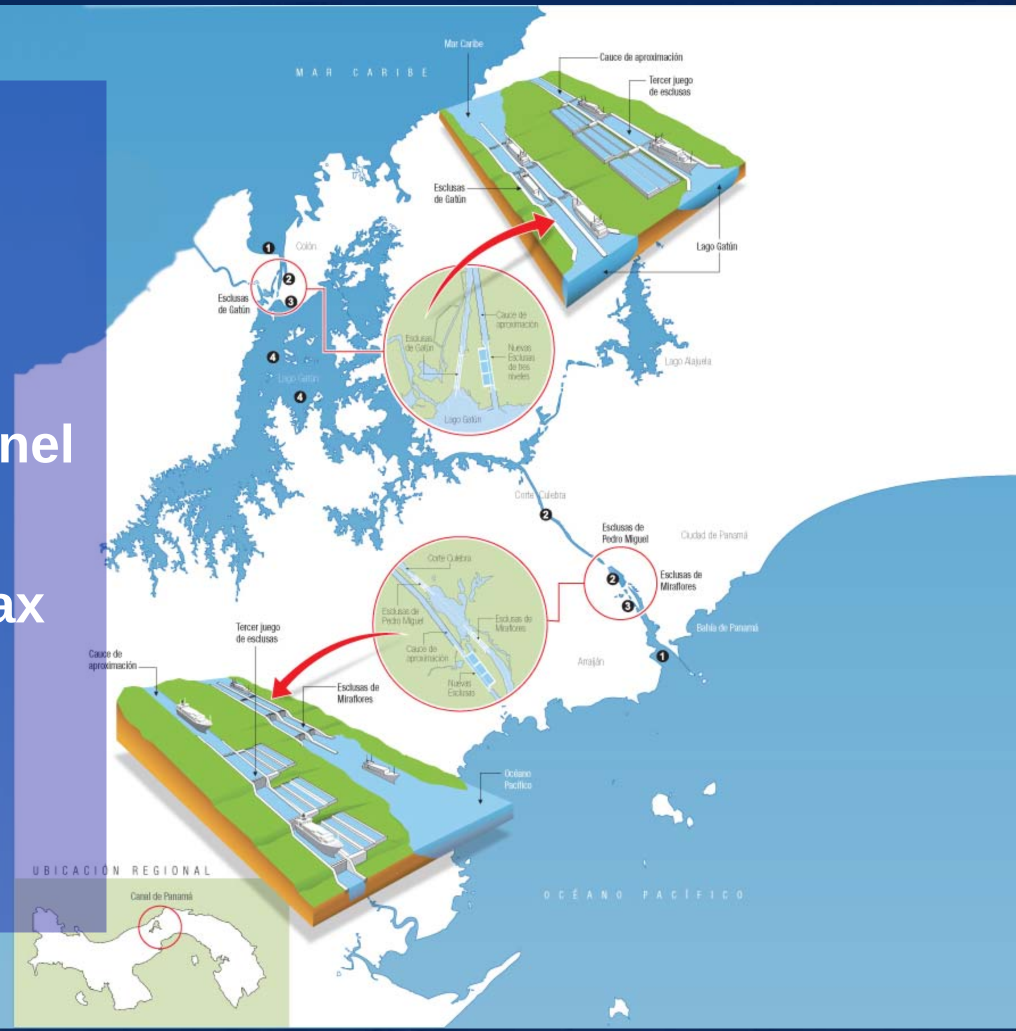
- Canal Expansion Program

Panama Canal Expansion Program Objectives

- Maintain Canal competitiveness as well as the value of the route
- Increase capacity and allow the transit of larger ships
- Reduce water consumption
- Improve safety and efficiency
- Sustain tonnage and profitability growth

Canal Expansion Program Components

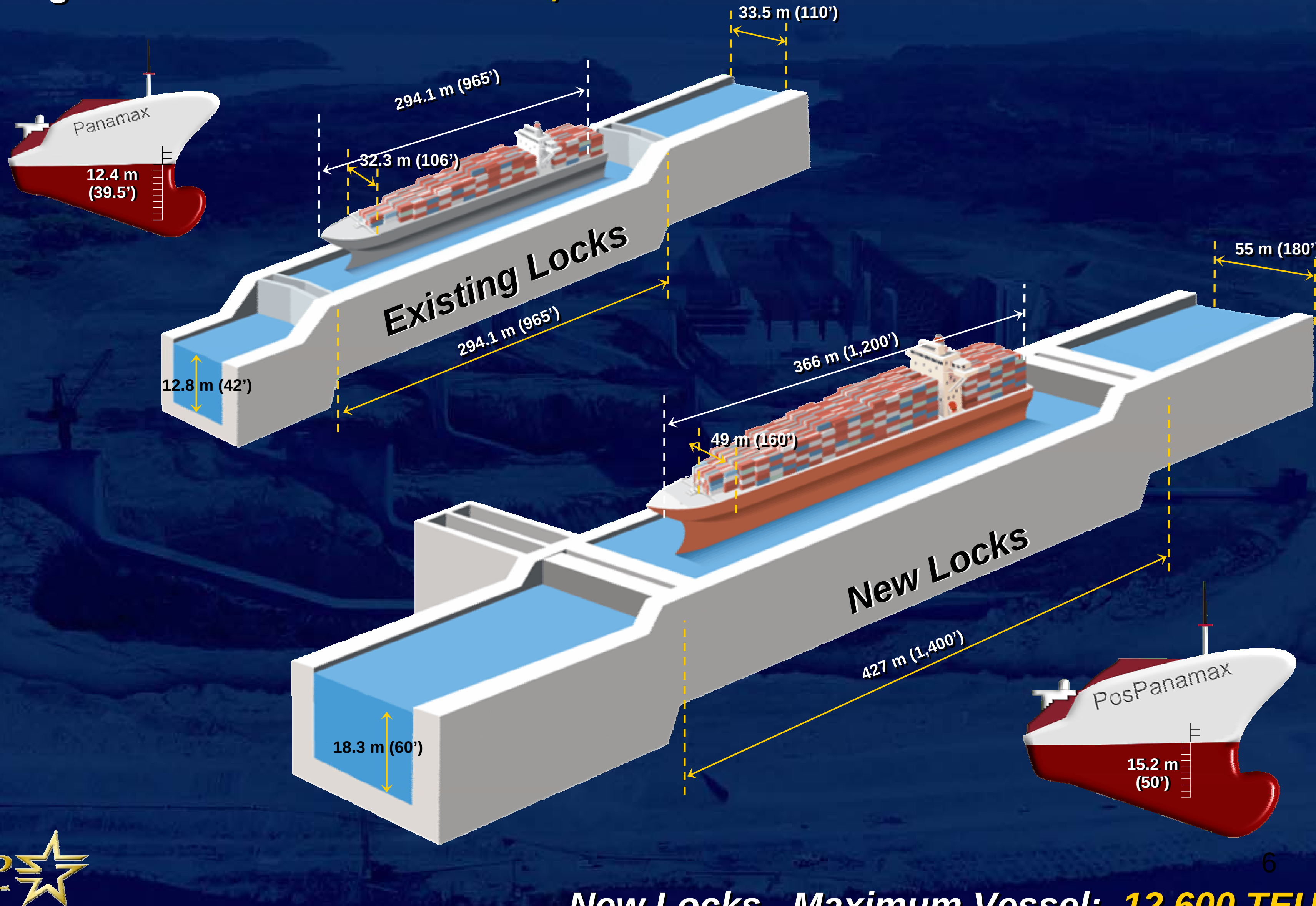
- Deepening of Pacific and Atlantic entrance channels
- Deepening and widening of the Gatun Lake navigation channel
- Construction of new access channel for Pacific Locks
- Construction of new Post Panamax Locks and water saving basins in the Atlantic and the Pacific
- Increase the maximum operating level of Gatun Lake



ACP

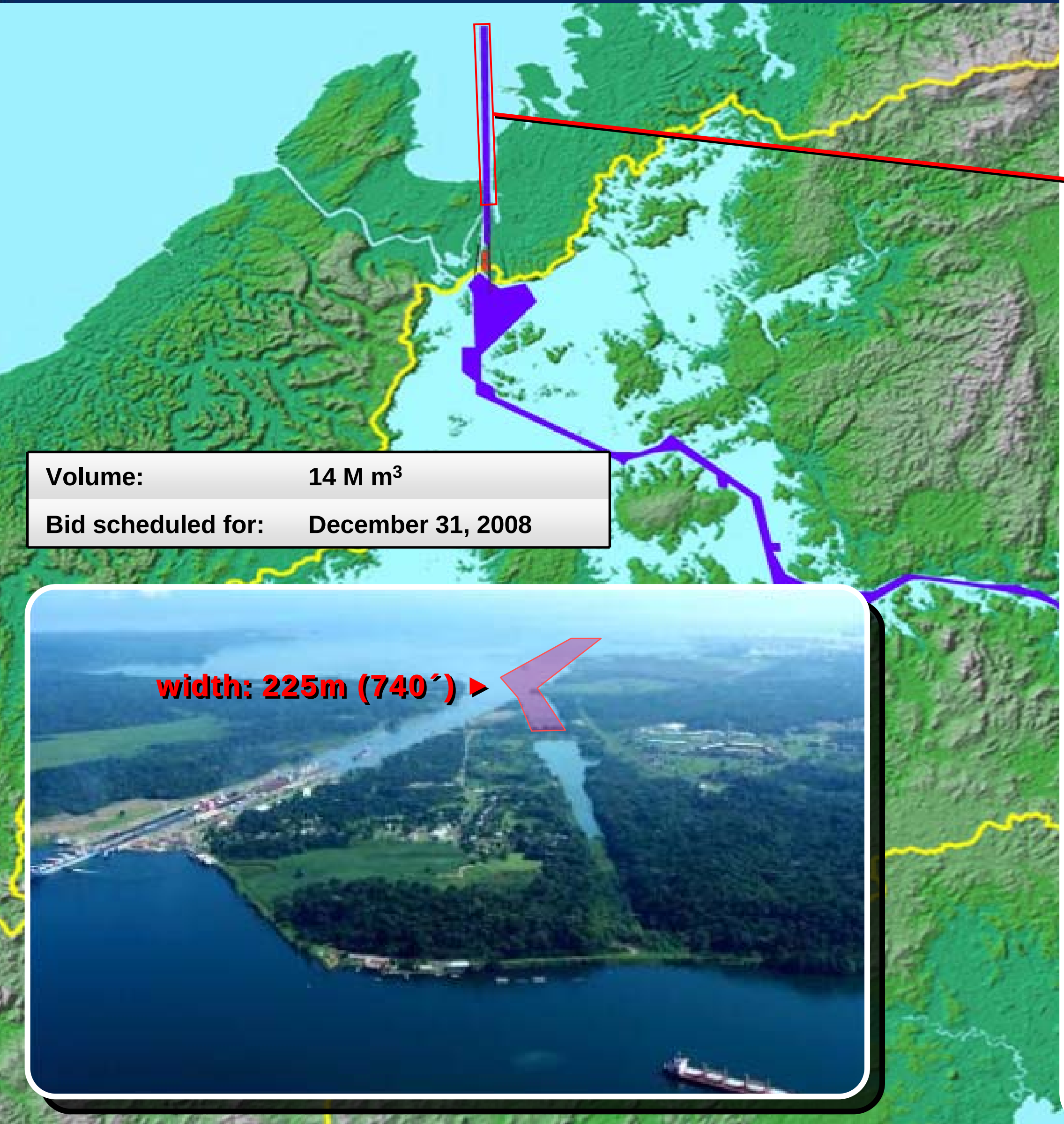
Dimensions of the Locks and Post-Panamax Ships

Existing Locks –Maximum Vessel: ***4,400 TEUs***



New Locks –Maximum Vessel: ***12,600 TEUs***

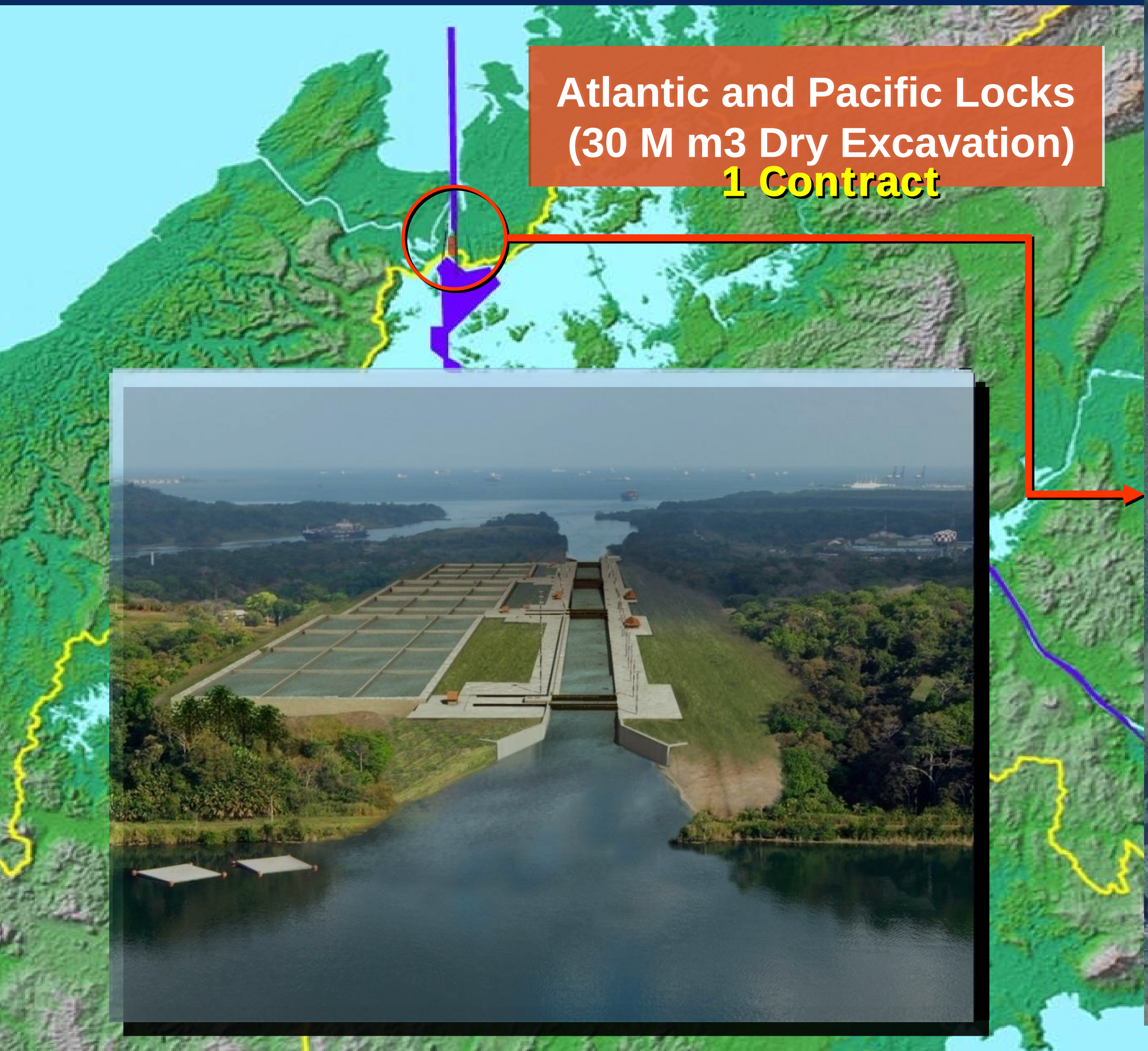
Atlantic Entrance Deepening & Widening



Volume:	14 M m^3
Bid scheduled for:	December 31, 2008

Post-Panamax Locks

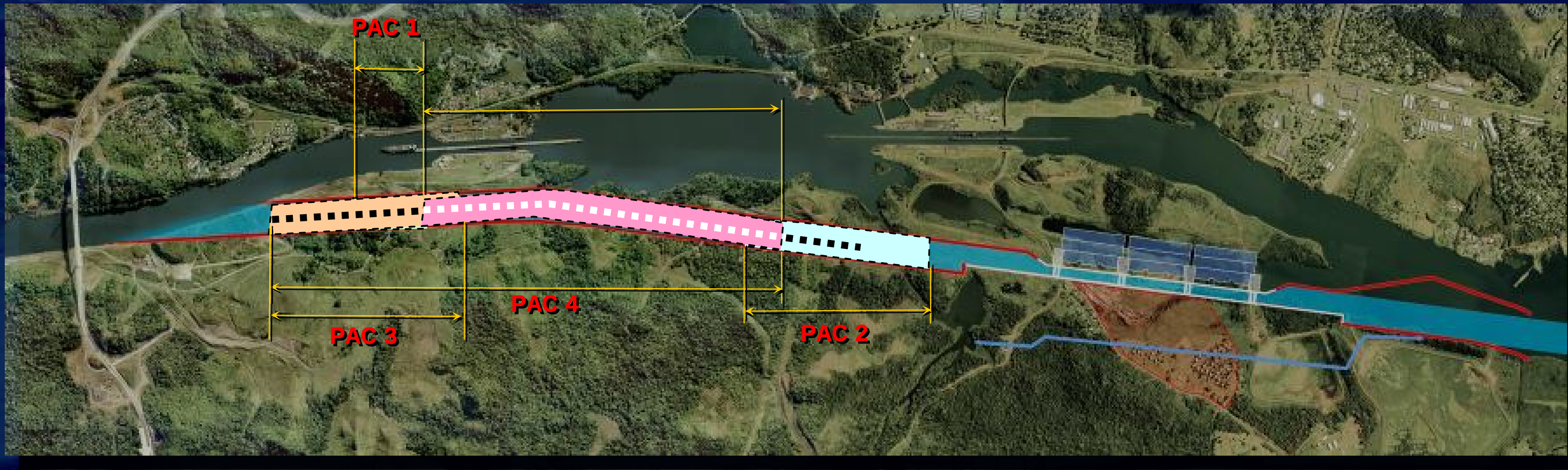
Atlantic and Pacific Locks
(30 M m3 Dry Excavation)
1 Contract

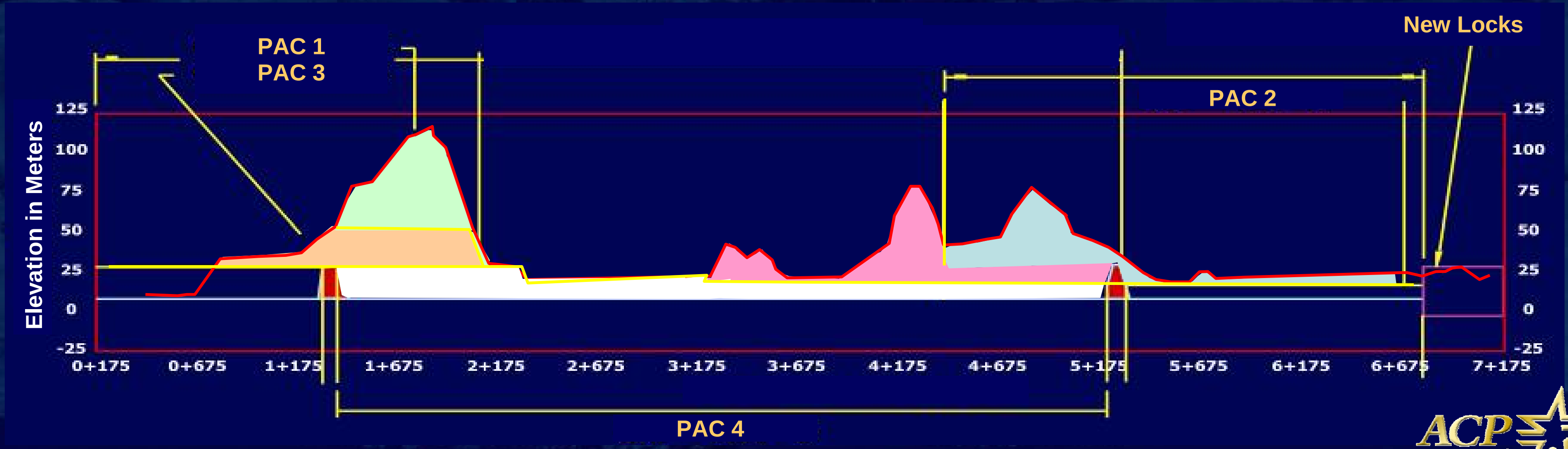


Atlantic Locks

Pacific Locks

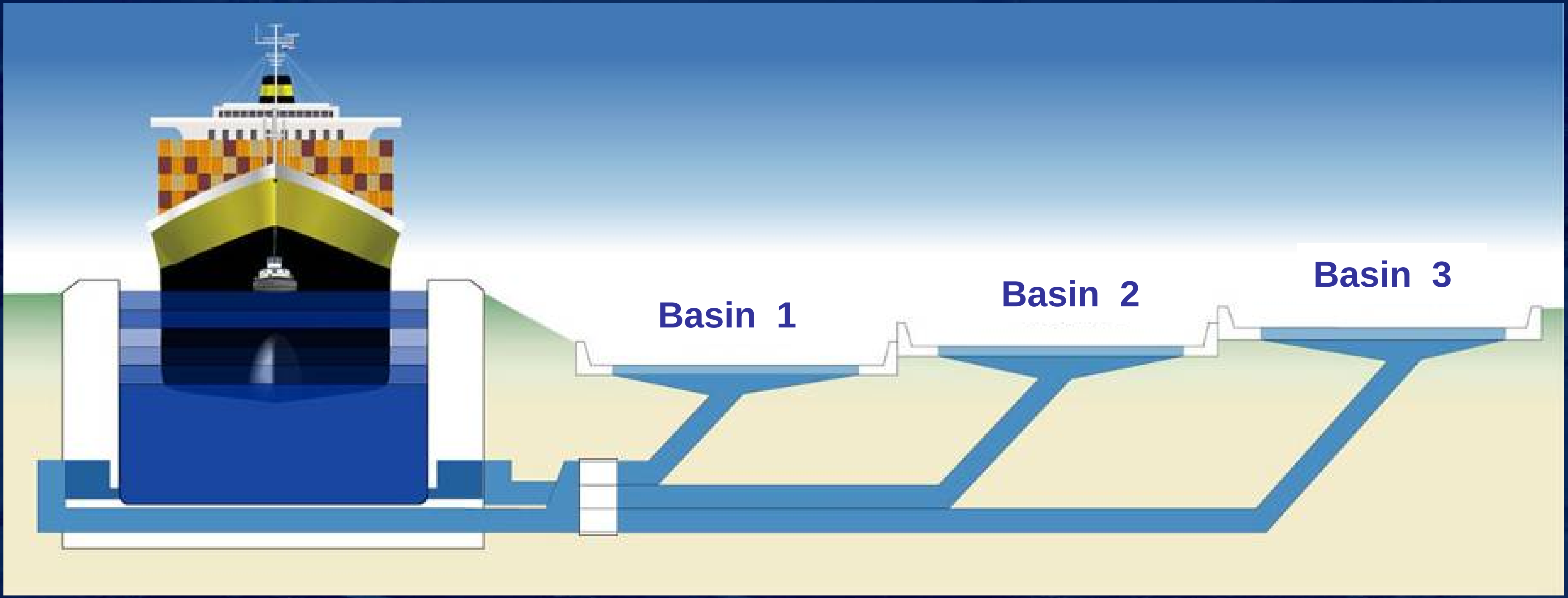
North Access Channel to New Pacific Locks
46M m3 of Dry Excavation - 4 Contracts



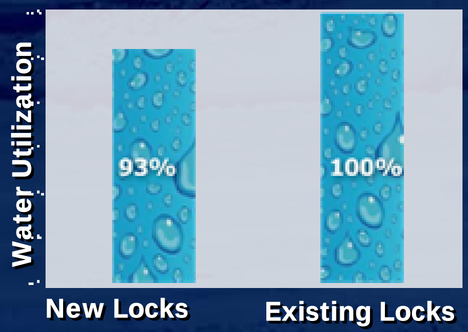


ACP

Post-Panamax Water Saving Bassins
Locks Operation

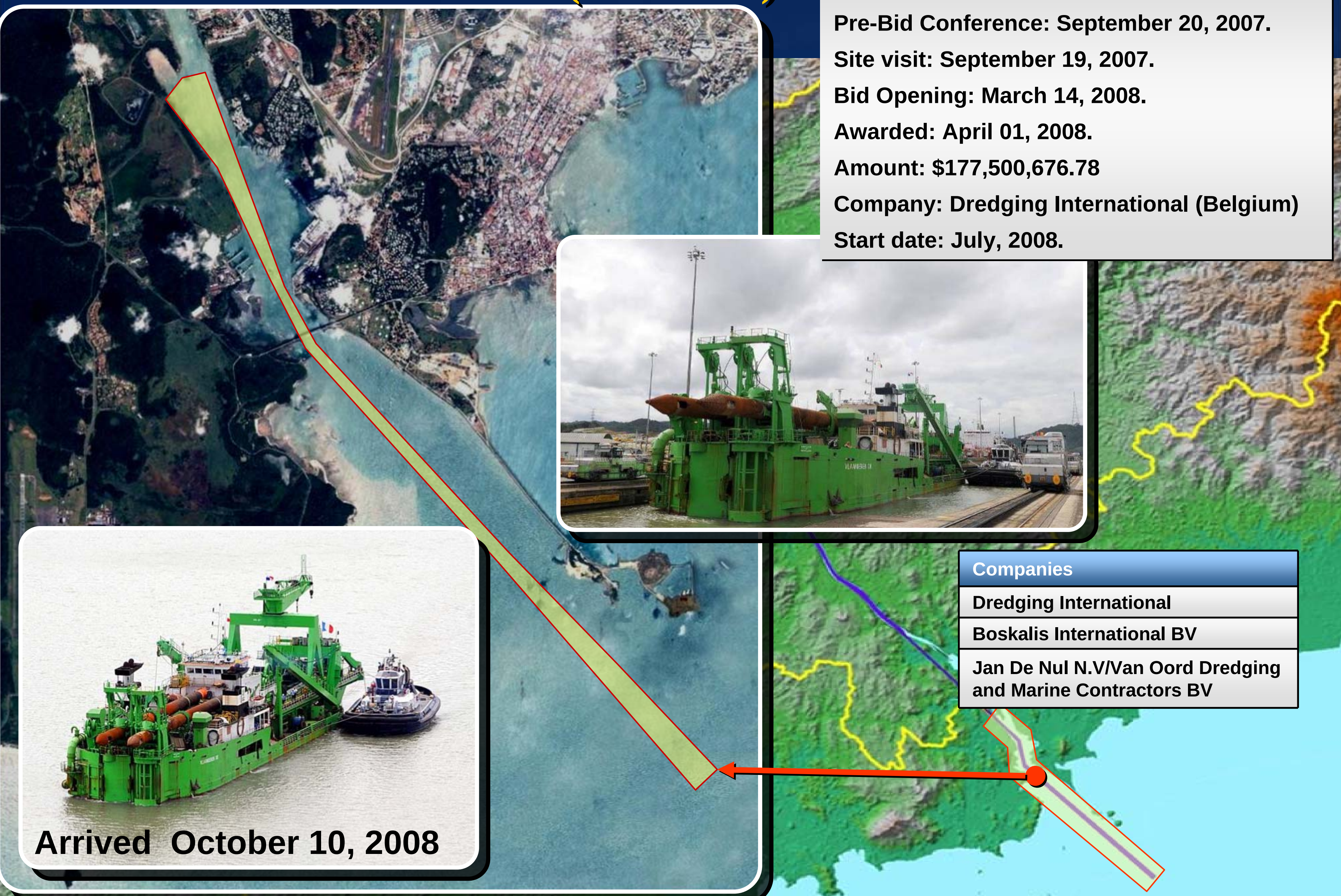


With the reutilization water basins the new Locks will use <u>7% less</u> water than the existing Locks



Pacific Entrance Deepening and Widening (9.1 M m3)

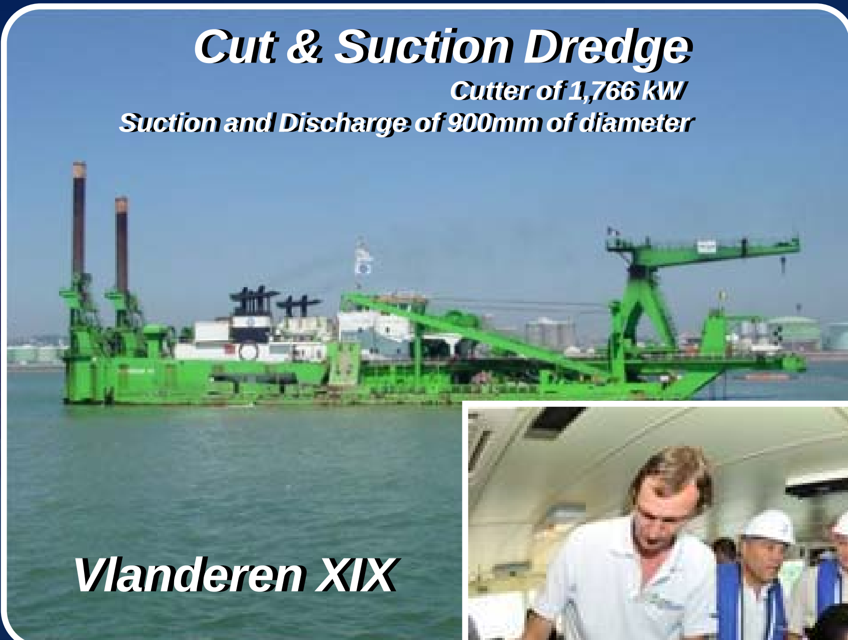
RFP issued: August 30, 2007.
Pre-Bid Conference: September 20, 2007.
Site visit: September 19, 2007.
Bid Opening: March 14, 2008.
Awarded: April 01, 2008.
Amount: $177,500,676.78
Company: Dredging International (Belgium)
Start date: July, 2008.



Arrived October 10, 2008

Companies
Dredging International
Boskalis International BV
Jan De Nul N.V/Van Oord Dredging and Marine Contractors BV

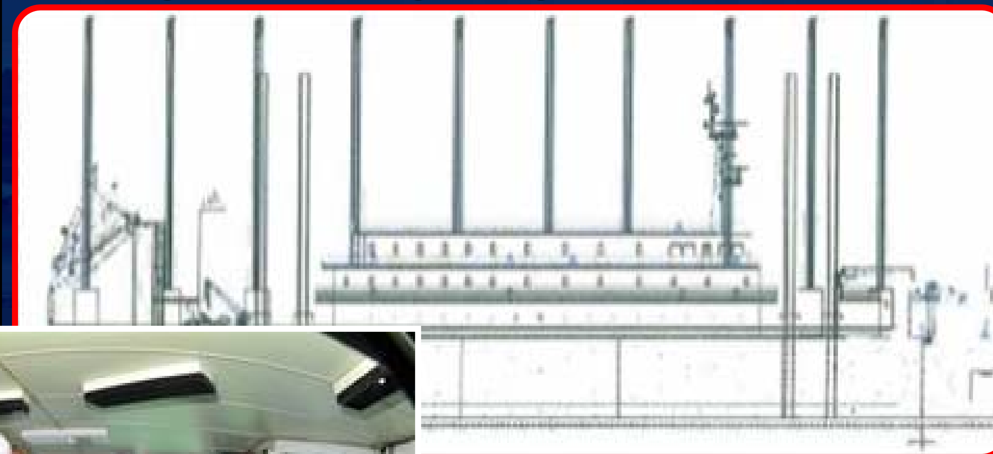
Contractor’s Equipment and the Pacific Entrance Dredging Works begins



Cut & Suction Dredge
Cutter of 1,766 kW
Suction and Discharge of 900mm of diameter

Vlanderen XIX

Drilling & Blasting Barge of 10 Towers



Hopper Dredge
Capacity: 5,200 m3 / 11,650m3

Cut & Suction Dredge
Cutter of 8,160 hp / 6,000 Kw
Suction and Discharge of 1,000mm of diameter

Locks Design-Build Project Procurement Schedule

Prequalified Consortia

Consortio	Members	Designers	Gate Frabricators
C.A.N.A.L.	ACS Servicios, Comunicaciones y Energía, S.L. – Lí	Sener Ingeniería y Sistemas	ACS Servicios, Comunicaciones y Energía S.L.
	Acciona Infraestructuras, S.A.	Haskoning Nederland BV	
	Fomento de Construcciones y Contratas, S.A.	Mott Macdonald Limited	
	Hochtief Construction AG	Hochtief Consult	
	Constructoras ICA S.A. de C.V.		
Atlántico-Pacífico de Panamá	Bouygues Travaux Publics – Líder	AECOM – Líder	ALSTOM Hydro Energia Brasil
	Bilfinger Berger		
	VINCI Construction Grands Projets		
	Construcoes e Comercio Camargo Correa S.A.		
	Construtora Andrade Gutierrez S.A.		
	Construtora Queiroz Galvao S.A.		
	ALSTOM Hydro Energia Brasil		
	BARDELLA Ind. Mecánicas		
Bechtel, Taisei, Mitsubishi Corporation	Bechtel Internacional, Inc. – Líder	Bechtel Internacional, Inc. – Líder	Wuchang Shipyard
	Taisei Corporation		
	Mitsubishi Corporation		
Grupo Unidos por el Canal	Sacyr Vallehermoso S.A. – Líder	Montgomery Watson Harza (MWH) – Líder	Heerema Fabrication Grou
	Impregilo S.p.A.	IV-Groep	
	Jan de Nul n.v.	Tetra Tech	
	Constructora Urbana, S.A.		

Expansion Program Financing Structure

Multilateral Agencies	Amount
European Investment Bank (EIB)	$ 500 million
Japan Bank for International Cooperation (JBIC)	$ 800 million
Inter-American Development Bank (IDB)	$ 400 million
International Finance Corporation (IFC)	$ 300 million
Corporación Andina de Fomento (CAF)	$ 300 million

Terms and Conditions of the Proposal

	EIB	JBIC	IADB	IFC	CAF	Commercial Banks with NEXI guarantee
Amount up to (millions)	$500	$800	$400	$400	$400	$400
Tenor /Grace (years)	20/10	20/10	20/10	20/10	20/10	20/10
Fees range	5.55% (Fixed) L + 48 bps	L + 75 bps	L+ 120 bps	L+ 135 bps	L+ 140 bps (3)	6.35% (Fixed) L+ (120 + 42) bps
Commitment Fee	Not Applicable	0.25%	0.25%	0.25%	0.25%	0.40%
Initial Commission	Not Applicable	0.50%	0.50%	0.50%	0.50%	0.85%
Agency Commission						0.02%
As of October 8, 2008 - Libor 6M =	4.1075%					

EXPANSION PROGRAM´S PROGRESS COMUNICATION

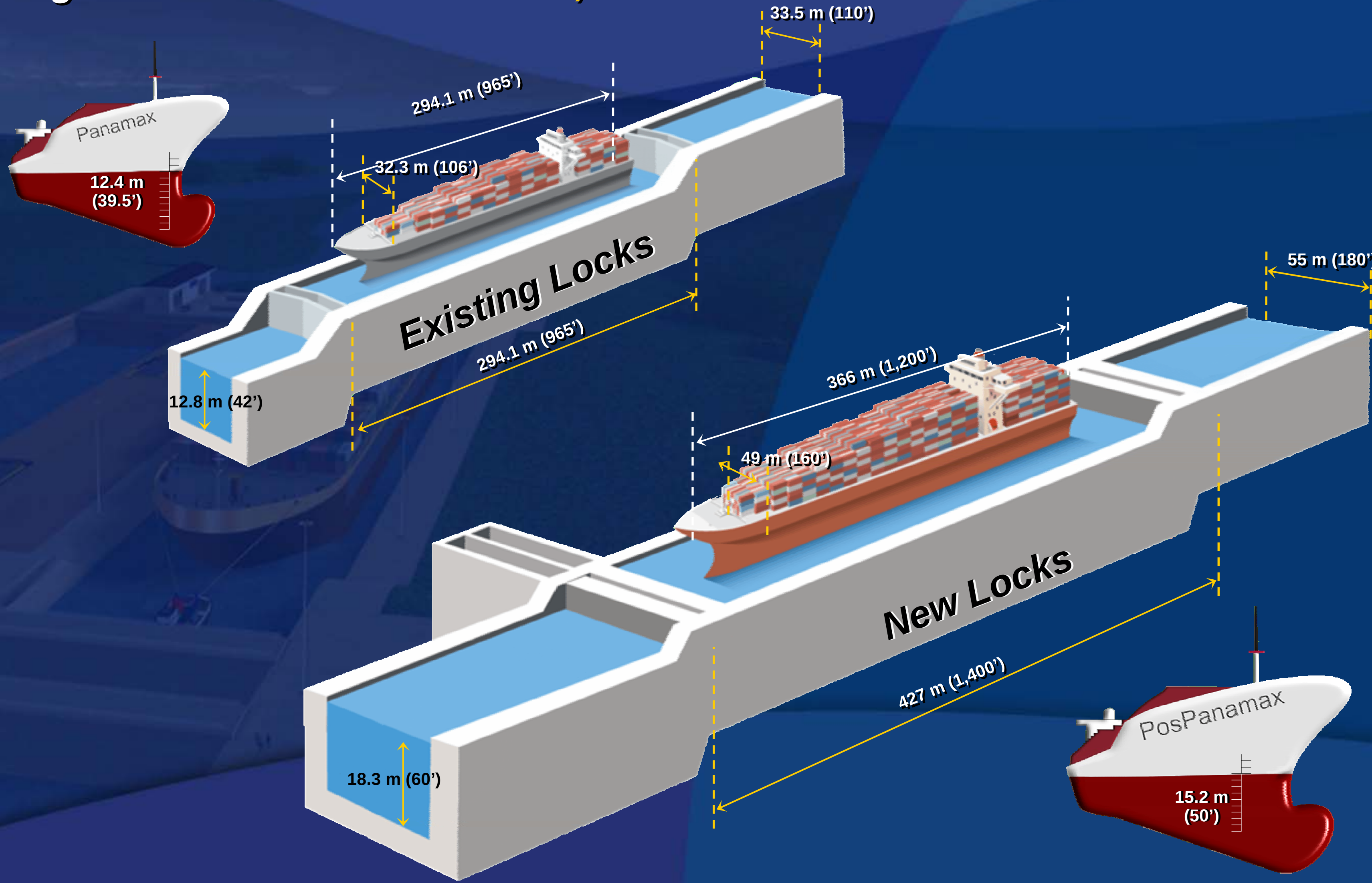
- Canal Performance Indicators

- Canal Expansion Program

- Impact and Repercussions of The New Locks
    - In Panama
    - Trade Patterns

Dimensions of the Locks and Post-Panamax Ships

Existing Locks –Maximum Vessel: 4,400 TEUs



New Locks –Maximum Vessel: 12,600 TEUs

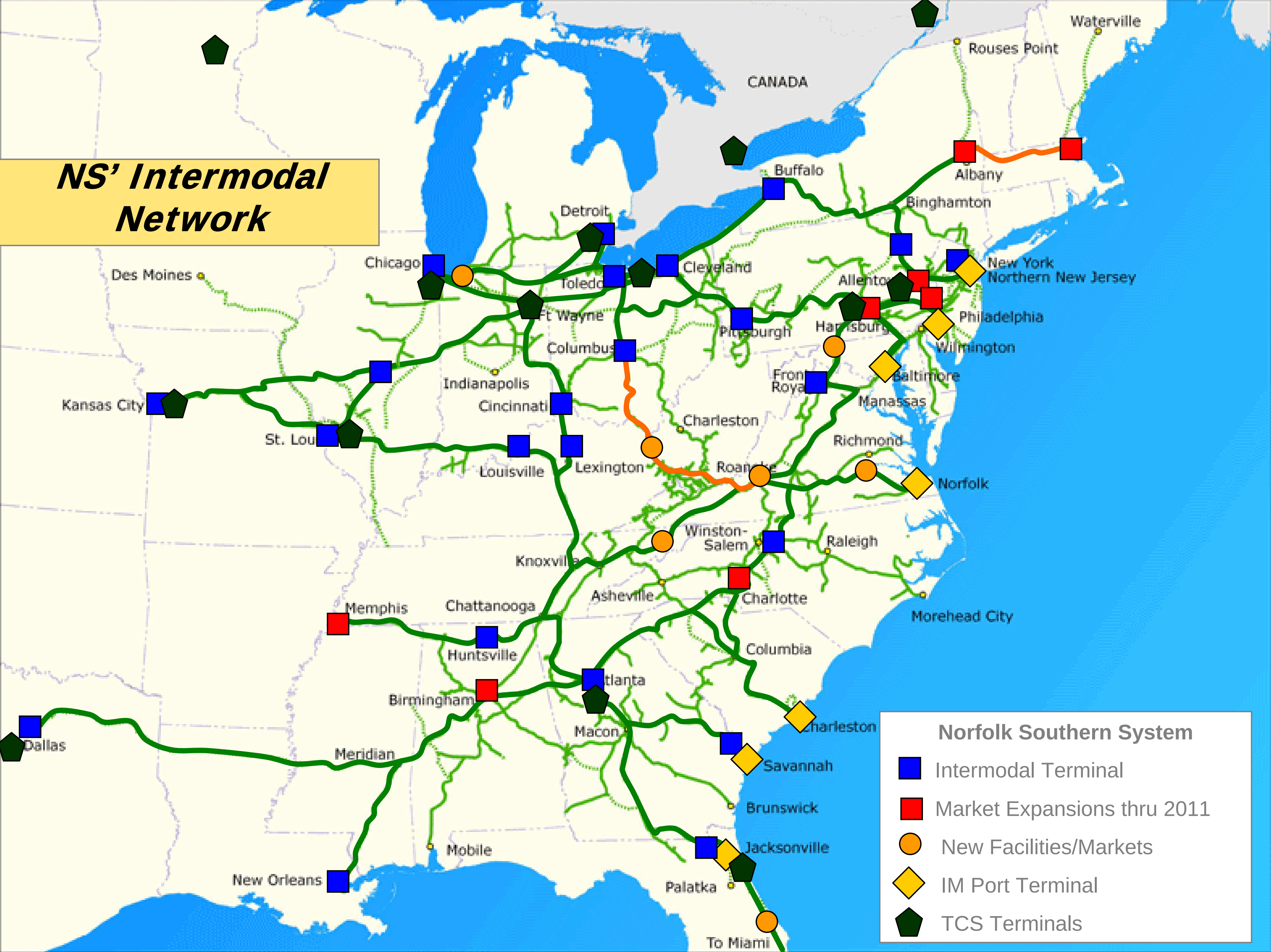
U.S. Port Working Depths

Depths at Mean Low Water (MLW)

U.S. East Coast	MLW
Boston	38’
New York / New Jersey	43’
Philadelphia	38’
Baltimore	40’
Norfolk	48’
Wilmington	42’
Charleston	47’
Savannah	42’
Jacksonville	38’
Miami	39’

U.S. Gulf	MLW
Houston	40’
New Orleans	35’
Tampa	43’

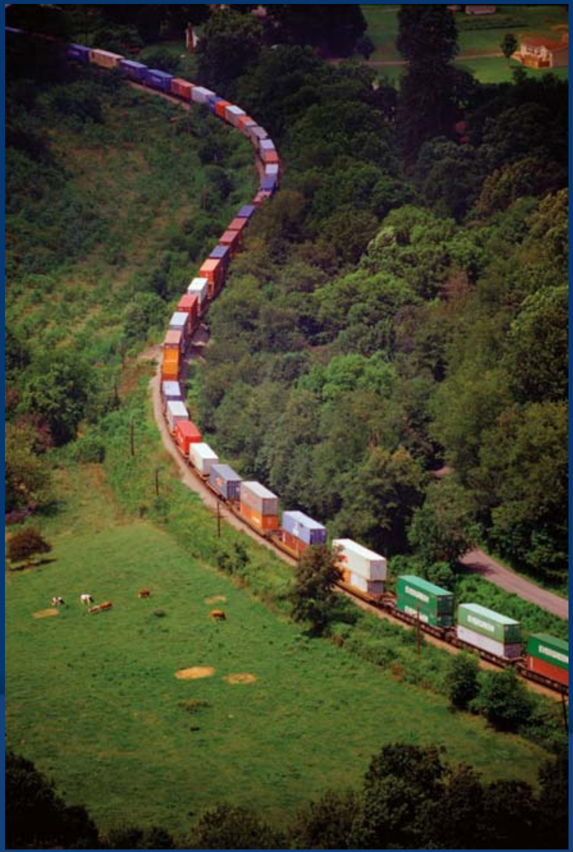
U.S. West Coast	MLW
Los Angeles / Long Beach	50’
Oakland	50’
Portland	35’
Seattle / Tacoma	50’



NS' Intermodal Network
Norfolk Southern System
Intermodal Terminal
Market Expansions thru 2011
New Facilities/Markets
IM Port Terminal
TCS Terminals
CANADA
Waterville
Rouses Point
Albany
Binghamton
Buffalo
Detroit
Cleveland
Toledo
Chicago
Des Moines
Ft Wayne
Columbus
Pittsburgh
New York
Northern New Jersey
Philadelphia
Wilmington
Baltimore
Manassas
Indianapolis
Cincinnati
Kansas City
Charleston
Richmond
Norfolk
Louisville
Lexington
Winston-
Salem
Raleigh
Asheville
Charlotte
Morehead City
Memphis
Chattanooga
Huntsville
Columbia
Birmingham
Macon
Dallas
Meridian
Savannah
Brunswick
Jacksonville
Mobile
New Orleans
Palatka
To Miami

NS Is Currently Engaged in Over $3 billion in Network improvements Targeting Intermodal

- Meridian Speedway: $300mm
  - Complete 2010
- Heartland Corridor: $250mm
  - Complete 2010
- Patriot Corridor: $140mm
  - Complete 2010*
- Crescent Corridor: $2.4bb
  - Completion tbd



*Still under review by STB

NS' Core Intermodal Network

4 Corridor Strategy

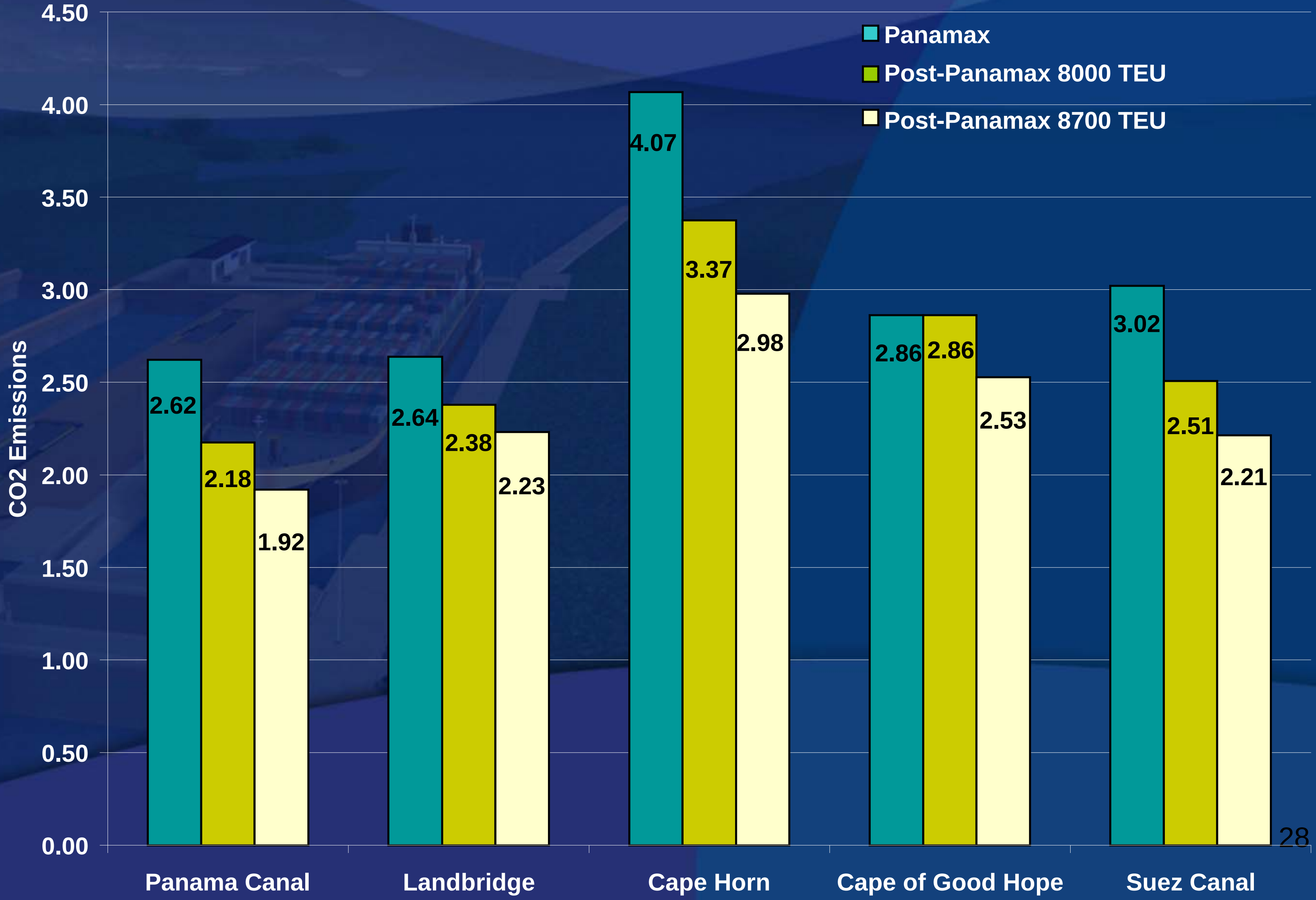
Dry Bulk Carriers Additional Cargo Capacity in the Expanded Panama Canal

Concept	Existing Canal	Expanded Canal			
	Typical Panamax vessel Maximum size	Size Range for Dry Bulkers carrying Coal in the expanded canal			
Vessel data:					
Cargo carrying Capacity (tons)	**80,238**	**100,000 - 119,000**	**120,000 – 150,000**	**151,000 – 169,000**	**170,000 – 200,000**
Utilization rate via the Panama Canal	**78%**	**98%**	**78%**	**76%**	**74%**
Cargo (Metric Tons)	62,430	107,310	105,300	121,600	136,900
Length (meters)	272.5	260.5	273	289	292
Beam (meters)	32.3	43.9	43	43.1	48
Salt Water Draft (meters)	14.1	13.8	17.5	17.4	18
Panama Canal Restrictions:					
Length (meters)	294.1	365.8	365.8	365.8	365.8
Beam (meters)	32.3	48.8	48.8	48.8	48.8
Tropical Fresh Water Draft (meters)	12	15.3	15.3	15.3	15.3
Utilization rate via the Panama Canal without restrictions	100%	100%	100%	100%	100%
Cargo without restrictions (Metric Tons)	80,238	107,310	132,300	156,800	181,300

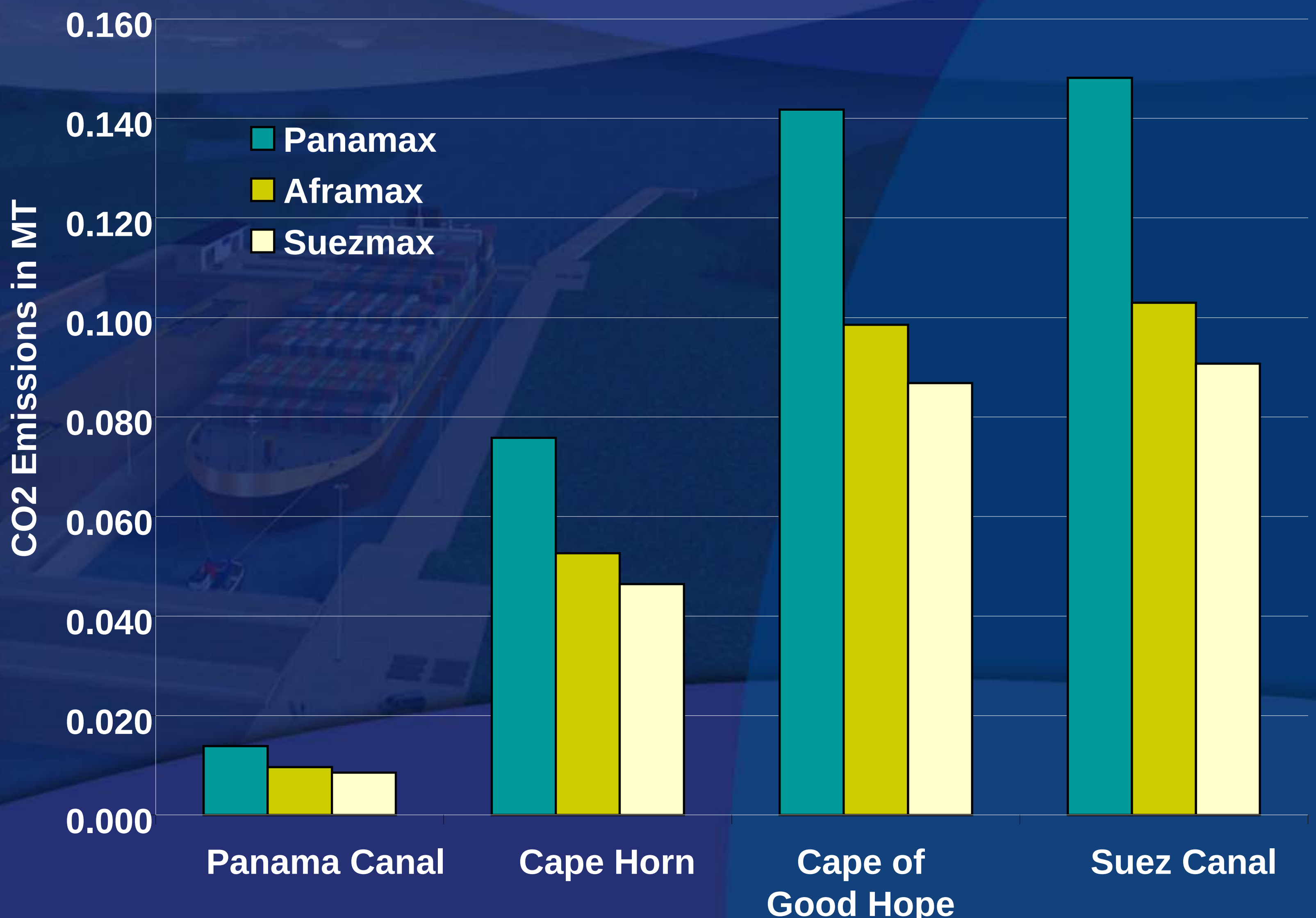
Tankers Additional Cargo Capacity in the Expanded Panama Canal

	Existing Canal	Expanded Canal		
	Tanker Vessel with Maximum Dimensions	Size Range for Tanker Vessels in Expanded Canal		
Vessel Data		Aframax	Suezmax	VLCC
Total Cargo Capacity of vessel	88,170	100 - 119,999	120 - 199,999	> 200,000
Utilization percentage of vessel through the Canal	**70.0%**	**94.7%**	**89.6%**	**73.9%**
Cargo in metric tons	64,257	107,520	146,316	226,205
LOA (m)	272.5	269	267	326
Beam (m)	32.2	39.3	46.3	49
Fresh water draft (m)	15.5	16.0	17.02	20.64
Dimensions allowed by the Panama Canal				
LOA (m)	294.2	366	366	366
Beam (m)	32.2	49	49	49
Fresh water draft (m)	12	15.2	15.2	15.2
Unrestricted vessel utilization percentage	100%	100%	100%	100%
Cargo carrying capacity with maximum draft of 15.2 m	88,170	101,818	131,107	167,064
Additional cargo allowed with expanded Canal (in MT)	**23,913**			

CO_2 Footprints per TEU: Container Route Shanghai - New York



CO_2 Footprints per MT: Tanker Route Esmeraldas, Ecuador – Houston, U.S.

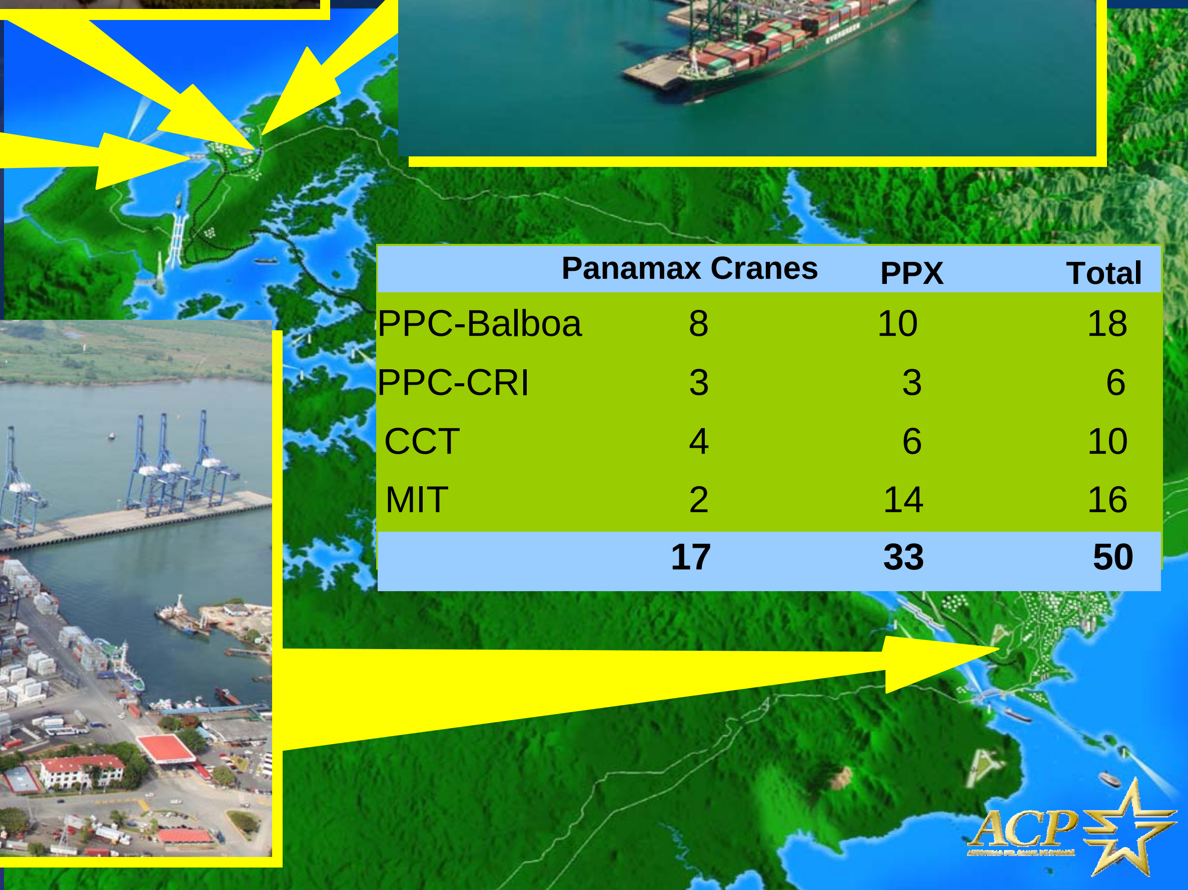


International Ports Connected through the Panama Canal every Week

Source: ACP and ComPairData, 2007


Manzanillo International Terminal (MIT)
Colon Container Terminal
Panama Ports Company – Cristobal
Panama Ports Company - Balboa
Port Development in Panama
ACP

Source: Panama Maritime Authority (AMP).



	Panamax Cranes	PPX	Total
PPC-Balboa	8	10	18
PPC-CRI	3	3	6
CCT	4	6	10
MIT	2	14	16
	17	**33**	**50**

Inventory of gantry cranes (Ship-to-Shore gantry cranes) in Latin America and the Caribbean

50 – Panama (21%)

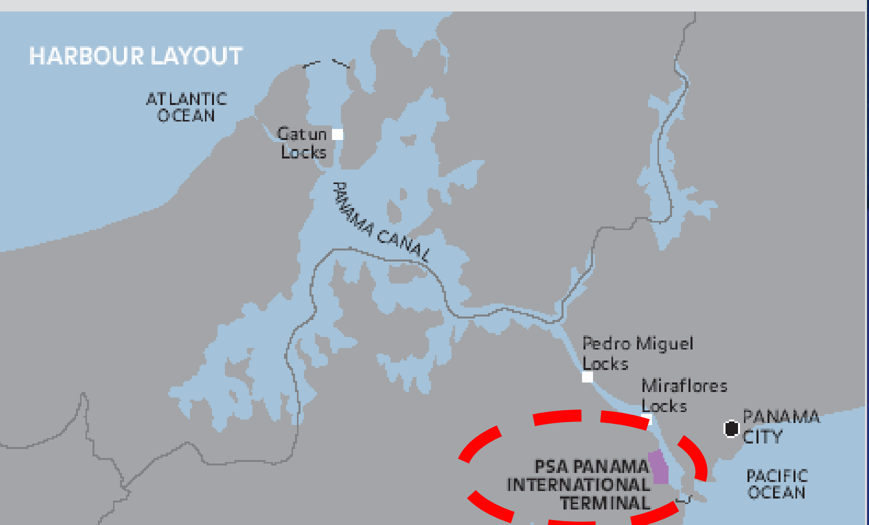
<u>187</u> – LA & the Caribbean

237 – Total

Source: Containerization International Yearbook 2008


Forecast
2010: 6.6 millions TEUs
2015: 8.4 millions TEUs
Source: Panama Maritime Authority (AMP).

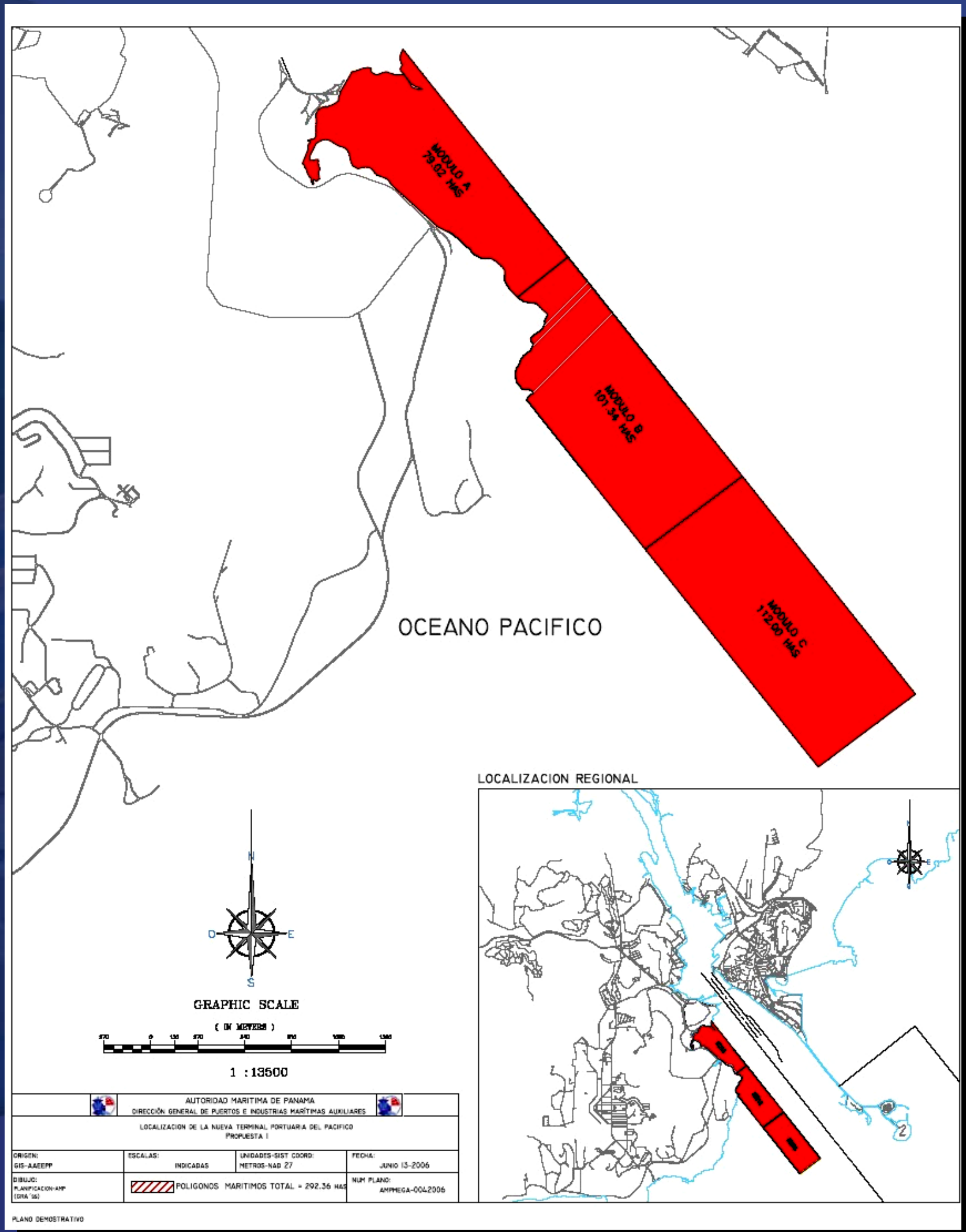
PSA Panama International Terminal



- ½ million TEUs capacity
- USD$ 70 million investment
- 20 yr concession agreement

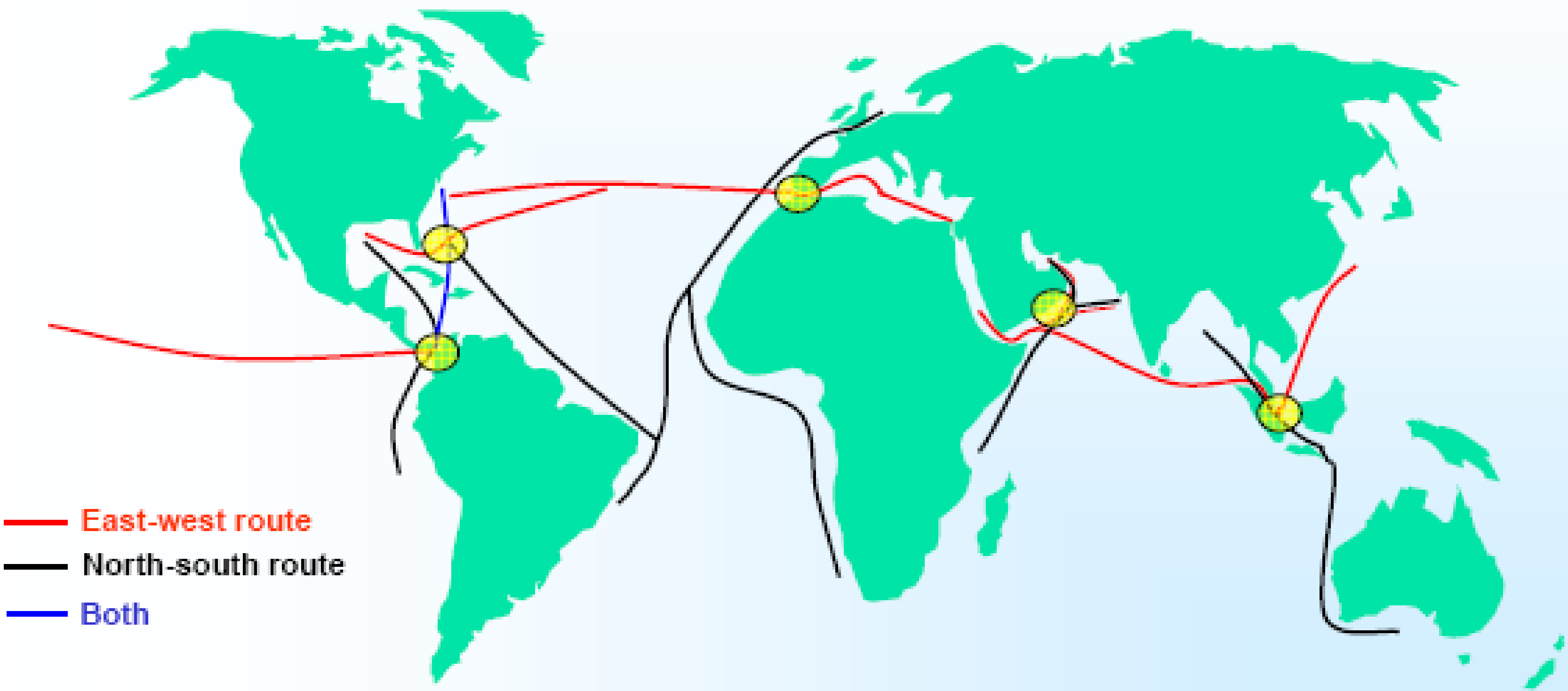
Facilities*	
Container berths	1
Quay length (m)	330
Area (ha)	12
Max depth at Chart Datum (m)	14
Quay cranes	3
Designed capacity ('000 TEUs)	450

** Terminal will commence operations in 2010*



NEW PORT FACILITY: FARFAN LOCATION?

Trade route cross-roads



A major advantage for developing relay traffic, as it provides the possibility of linkages between multiple services on both east-west and north-south routes.

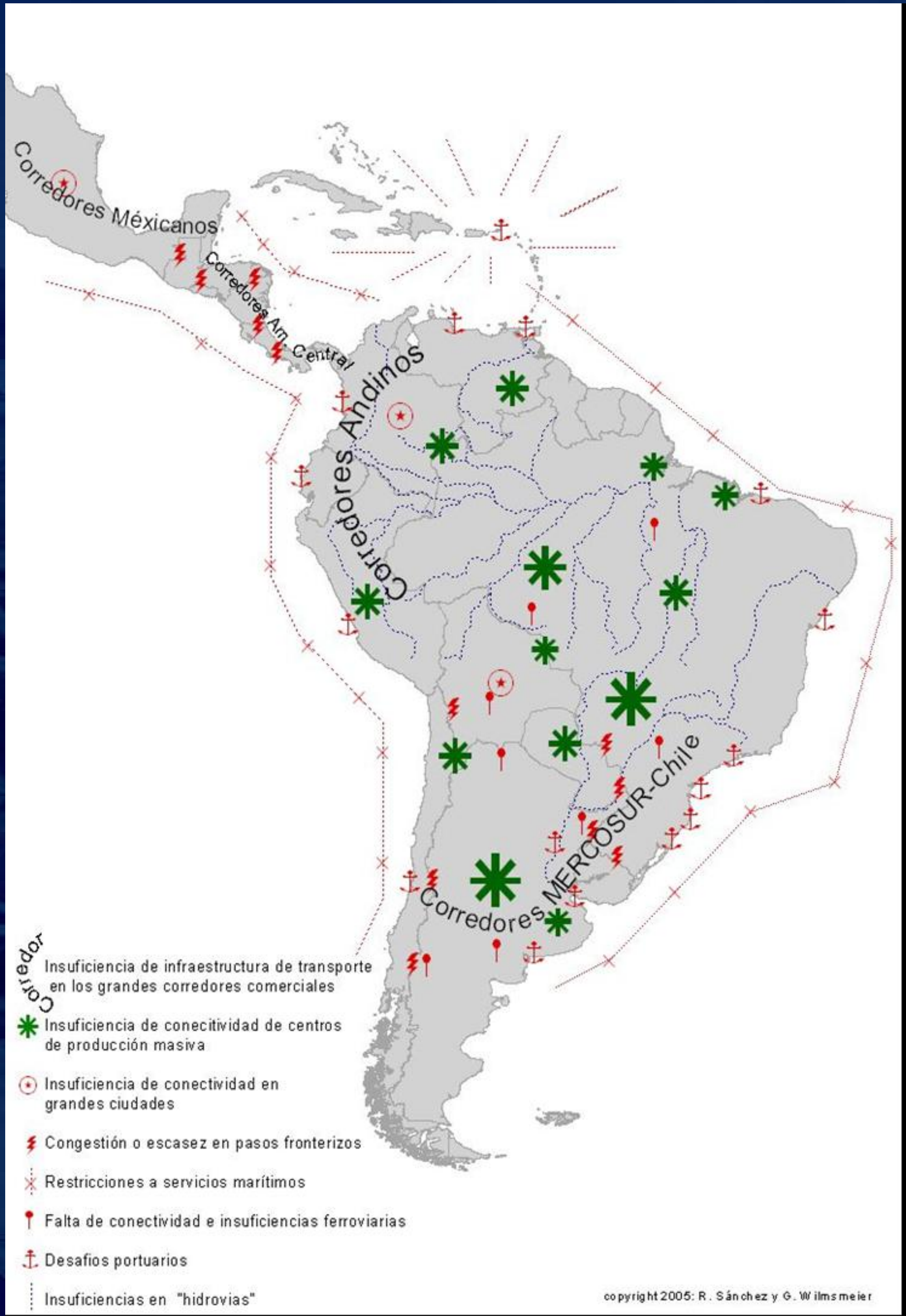
Drewry

Population Source: International Monetary Fund, World Economic Outlook Database, October 2007

Map of insufficiencies in transportation and logistics in Latin America and the Caribbean

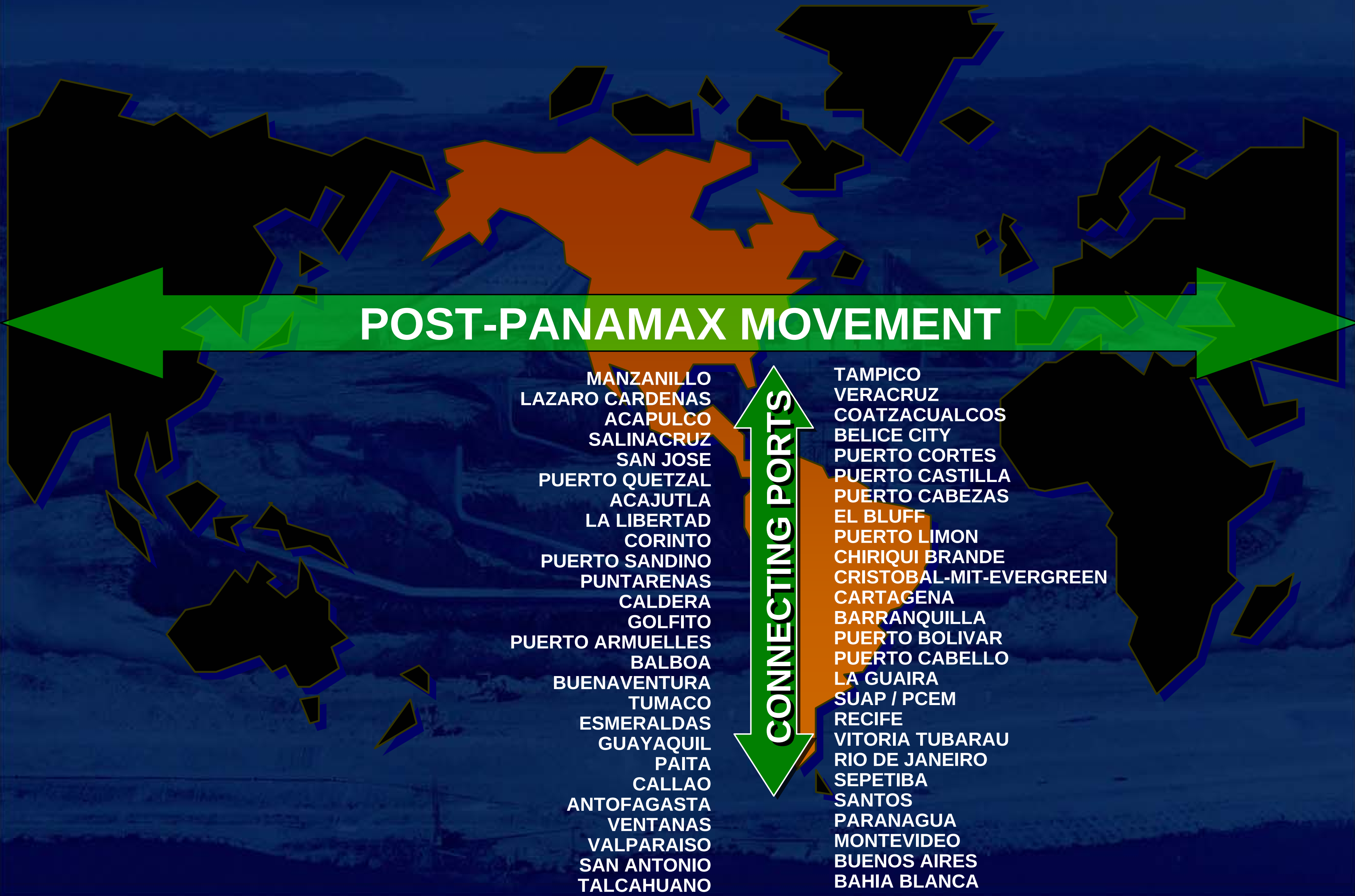
- Demand dispersion
- Insufficiency in cargo requirements in density and frequency
- Deficient transportation infrastructure
- Investments difficult to justify
- Topographical problems
- Congestion or shortage at borders
- Population dispersion
- Shipping services restrictions
- Waterway insufficiencies
- Deficiencies in connectivity among production and consumption centers

This is a graphic approximation



Sources: R. J. Sánchez , G. Wilmsmeier, CEPAL, DRNI, ACP

Short Sea Shipping Network

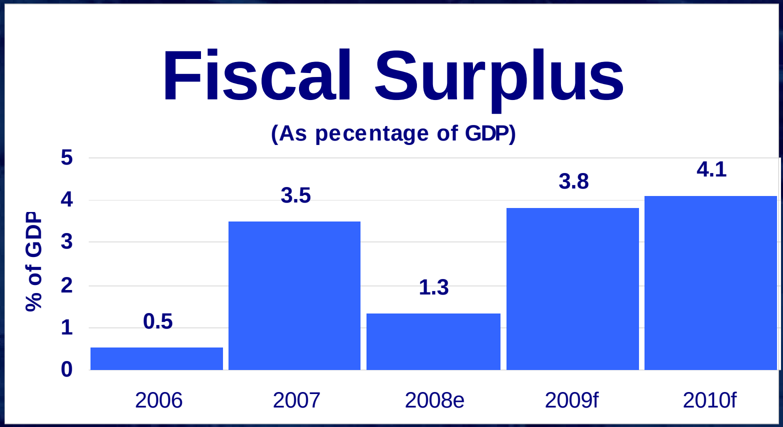


Panama key indicators

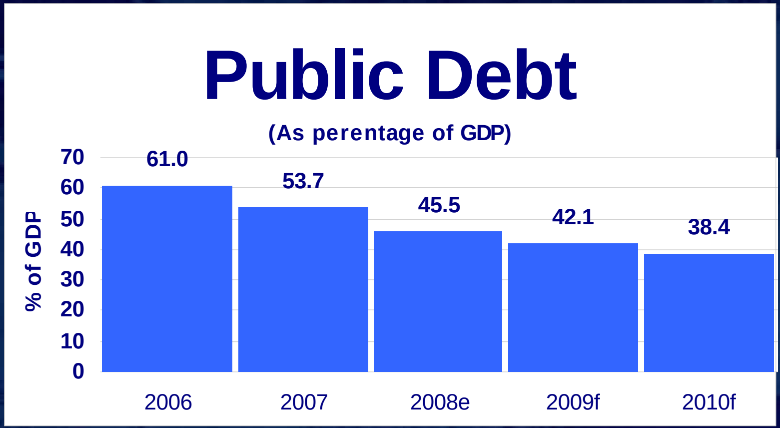
Indicator	2006	2007	2008e	2009f	2010f
Real GDP (% change, annual rate)	8.5	11.5	9.3	5.2	7.5
Inflation rate (% change, annual rate)	2.5	4.2	8.7	4.0	2.5
Unemployment rate (As % of Economically active population)	7.1	4.9	4.2	4.0	4.0
Fiscal surplus (or deficit) (Non Financial Public Sector as % of GDP)	0.5	3.5	1.3	3.8	4.1
Total public debt (As % of GDP)	61.0	53.7	45.5	42.1	38.4

Source: ACP with data of Indesa.

The Non-Financial Public Sector (NFPS) had a fiscal surplus in 2006 and 2007. In the following years, the NFPS surplus is expected to be between 1.3% and 4.1 %, which will reduce the public debt as percentage of GDP.



Source: ACP with data of Indesa.



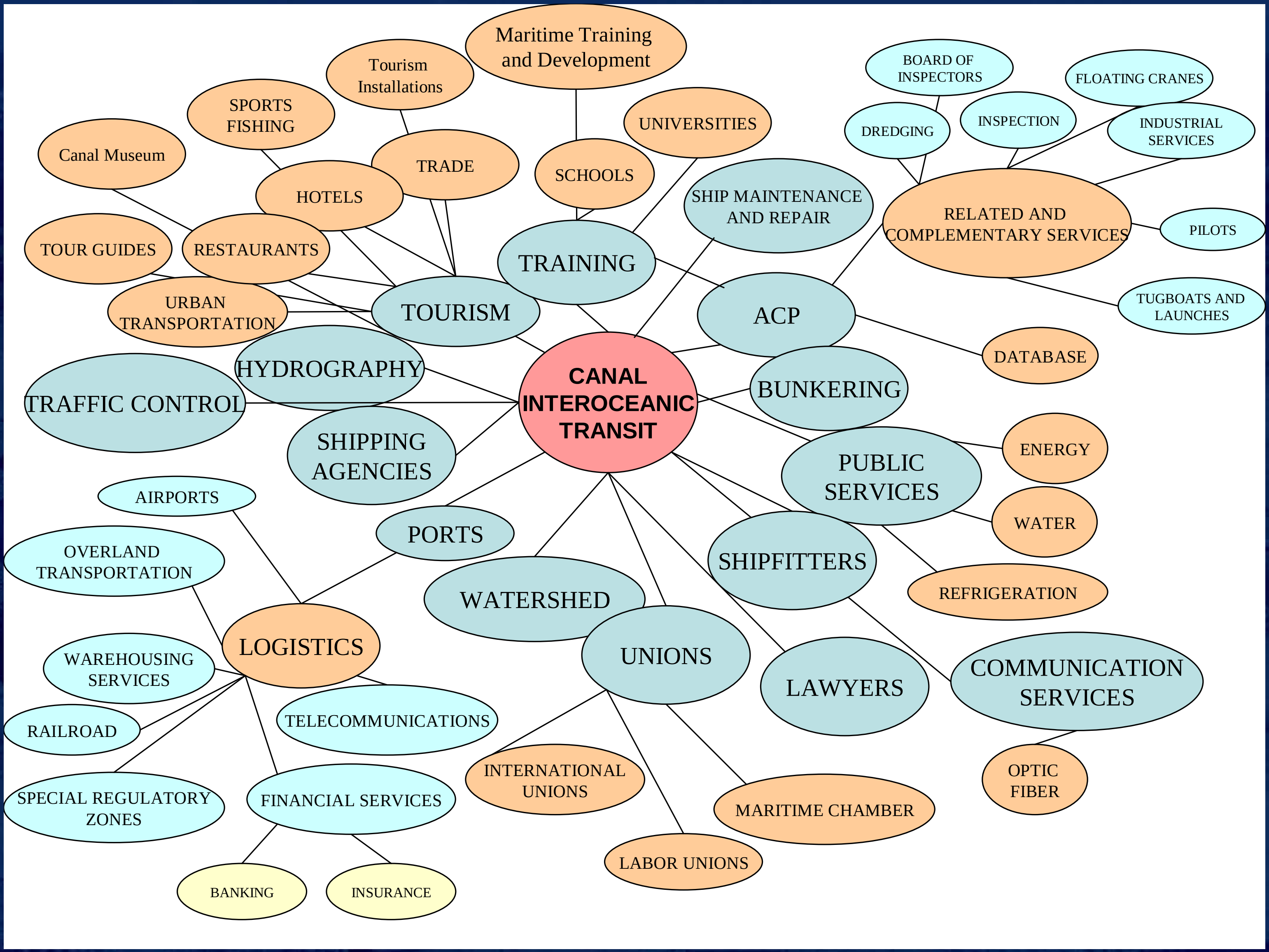
Source: ACP with data of Indesa.

Transport and logistics cluster indicators

Indicator	2001	2002	2003	2004	2005	2006	2007
Canal							
Revenues	774.5	829.3	953.5	1,086.3	1,262.5	1,588.1	1,786.2
(% change, annual rate)	-1.4%	7.1%	15.0%	13.9%	16.2%	25.8%	12.5%
Trans-shipment ports							
TEU's	1,591,472	1,672,315	1,991,659	2,428,836	2,774,579	3,029,872	4,074,178
(% change, annual rate)	17.1%	5.1%	19.1%	22.0%	14.2%	9.2%	34.5%
Railway							
TEU's	3,709	28,240	41,550	60,354	142,920	168,229	303,003
(% change, annual rate)		661.5%	47.1%	45.3%	136.8%	17.7%	80.1%
Colon Free Trade Zone							
Re-exports (Thousands of dollars)	5,410.1	4,837.1	4,566.9	5,469.8	6,664.3	7,666.1	8,523.3
(% change, annual rate)	1.7%	-10.6%	-5.6%	19.8%	21.8%	15.0%	11.2%
Passenger air hub							
Tourist and transiting passenger	2,103,861	1,938,933	2,077,657	2,364,756	2,710,857	3,164,582	3,764,854
(% change, annual rate)	8.8%	-7.8%	7.2%	13.8%	14.6%	16.7%	19.0%
International air cargo							
Air cargo	74,370	84,361	83,488	92,847	100,063	79,648	93,633
(% change, annual rate)	1.1%	13.4%	-1.0%	11.2%	7.8%	-20.4%	17.6%

Source: ACP with data of *Contraloría General de la República* and *Dirección Nacional de Aeronáutica Civil*.

Panama Transport & Logistic Cluster



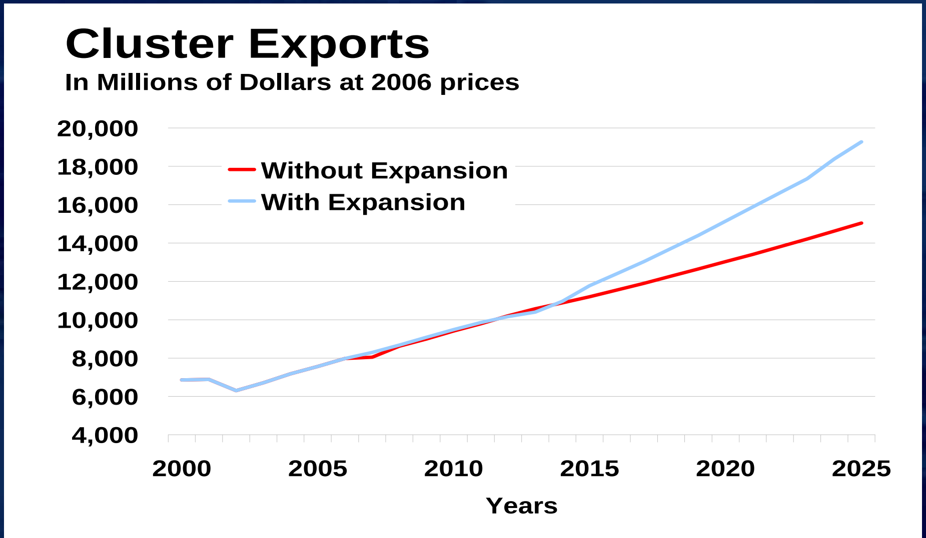
Source: ACP with information of the Panama Canal Impact.

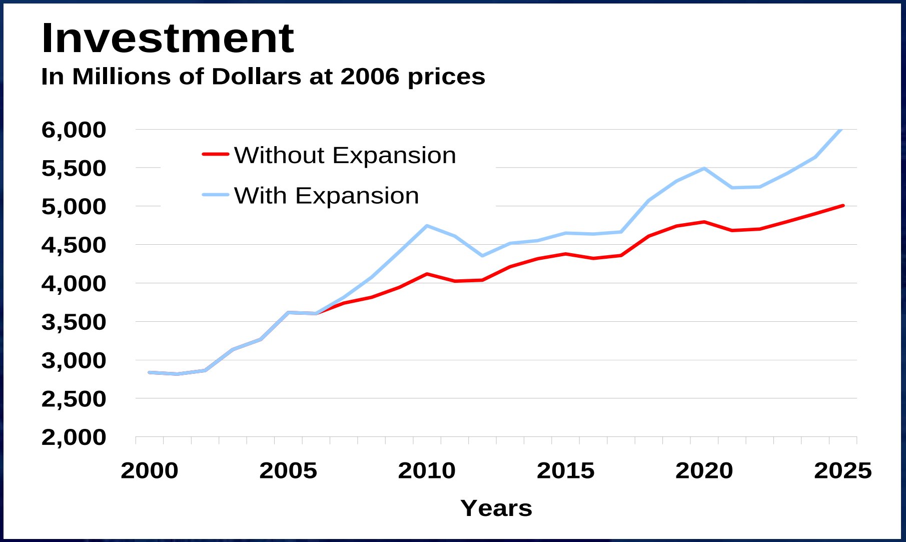
Transport and Logistics Cluster Investment

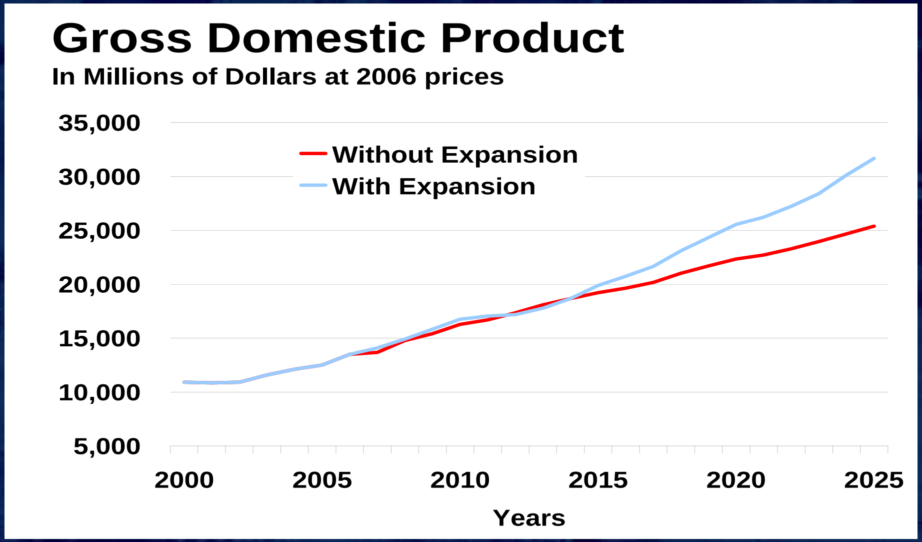
Project	US$ (Millions)	Start date	End date
Cluster: TRANSPORT AND LOGISTICS	**9,762**		
Canal expansion	5,250	2007	2014
Trans-shipment Ports and railway	**2,391**		
Panama Port Company terminal (Balboa and Cristobal)	1,000	2008	2010
Manzanillo International Terminal	211	2008	2010
Colon Container Terminal	450		
Rodman container terminal (Singapur -PSA Internacional)	100		
Palo Seco Container Terminal	600		
Panama Canal Railway Company	30	2008	2008
Cruiseship terminal	**18**		
Colón 2000 Home Port cruiseship terminal	14		
Farfan terminal for ship chandlering and others services	4	2009	2010
Panama-Pacific Economic Area (Howard)	**477**		
Howard Development Master Plan	405	2008	2016
Caterpillar and Hewlett Packard regional distribution and logistic center	72		
Bunker terminal-Colon Oil and Services, S.A. (COASSA)	**22**		
Passenger and cargo air hub	**652**		
COPA passenger and cargo air hub	582	2007	2008
Tocumen air port	70	2009	2010
Colon Free Trade Zone (Infrastructure, warehousing, etc.)	**200**	2009	
Pipeline expansion (Pumping Capability: Atlantic to Pacific)	**150**		
Other projects in Canal area	**770**		
Real estate in Canal area	700		
Gehry Museum	70		

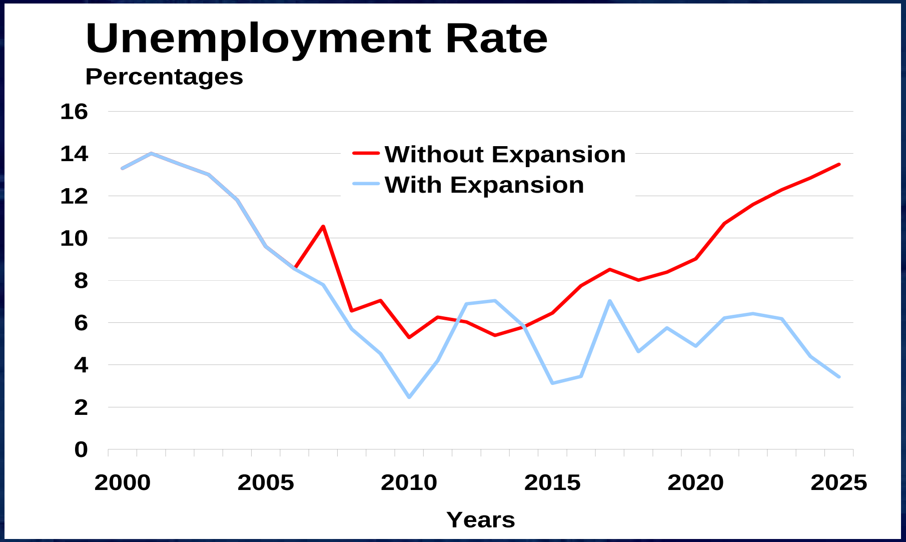
Source: ACP with information of Capital Financiero, La Prensa and Panama Commerce Chamber.

Economic Impact of the Panama Canal Expansion



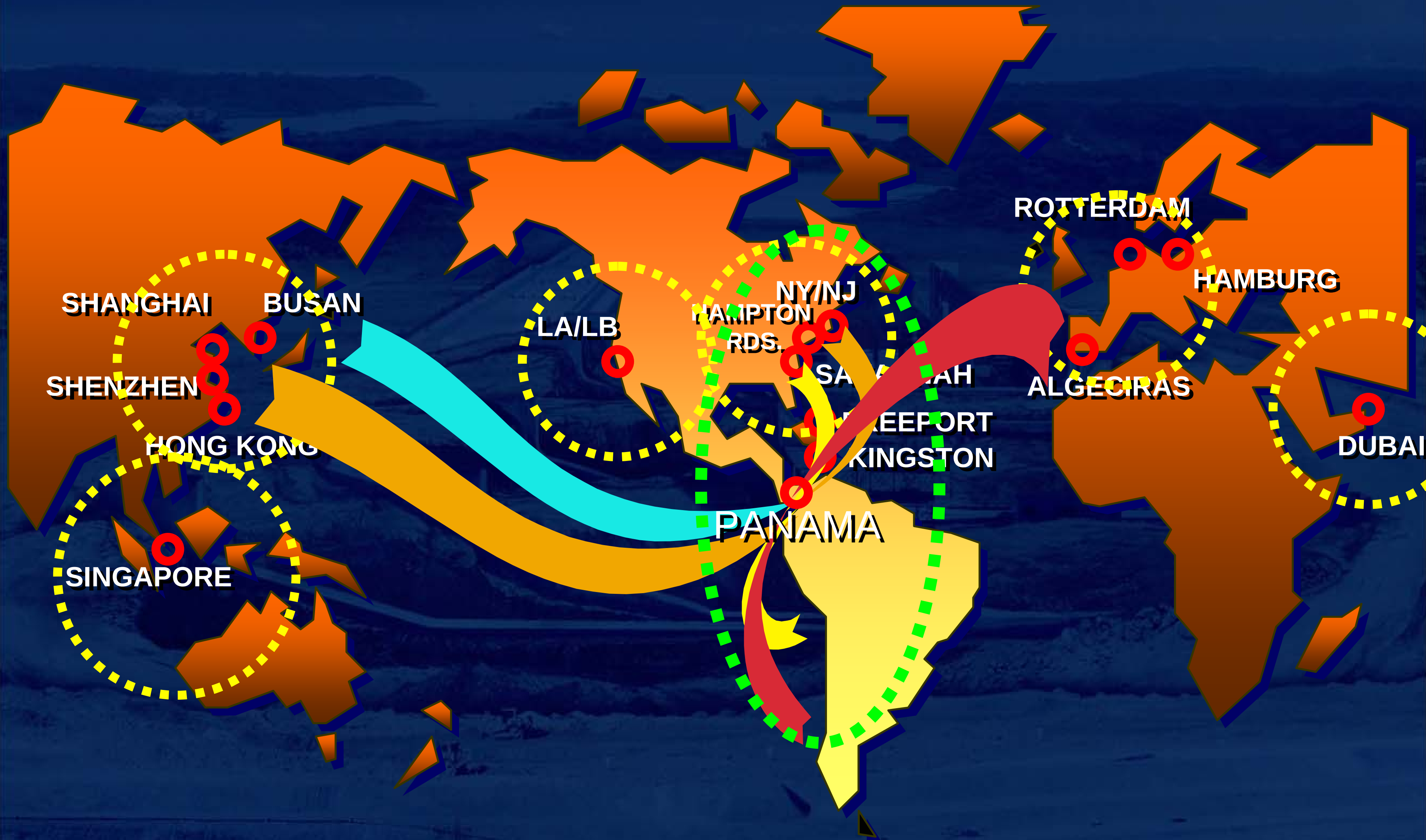






Source: ACP.

Main Logistics Hubs



Thank You!

Rodolfo Sabonge
Vice president, Market Research and Analysis
rsabonge@pancanal.com