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PANAMA VOTES “SÍ” TO PANAMA CANAL EXPANSION

*NEW LANE WILL DOUBLE CANAL CAPACITY, IMPROVE SERVICE FOR WORLD TRADE,
SPUR MARITIME AND ECONOMIC GROWTH IN PANAMA*

PANAMA CANAL AUTHORITY HUMBLLED BY VOTE AND RESPONSIBILITY AHEAD

PANAMA CITY, Panama, October 22, 2006 – Panamanians voted “Sí” (“Yes” in Spanish) today in a national referendum on Panama Canal expansion. The voting began on a quiet Sunday morning at 7 a.m. The enthusiasm and energy was apparent as each voter played their part in this historic event that determined the direction and future of the Canal and Panama. By law, expansion, or the “third set of locks project,” must be put to a vote in a popular referendum. The Panama Canal Authority (ACP) presented its formal proposal to the Panamanian government in April. In the end, 78 percent voted for expansion, as of 9:30 p.m. EDT.

“Today, Panamanians made history. We are honored by their trust and humbled by the responsibility in front of us,” said Dr. Ricaurte Vásquez Morales, chairman of the ACP’s board of directors and concurrent minister for Canal affairs. “We spent years studying, researching and preparing and we are ready. This project will be done efficiently and transparently. With this vote, the Canal will be able to grow with demand, improve service, spur economic growth in Panama and maintain the Canal’s competitive advantage,” Vásquez concluded.

After 92-years of serving world commerce, the Canal will have a major expansion. This expansion will accommodate surging demand for the Canal’s routes and services, particularly the rapid growth in traffic from Asia, through the Canal, to the United States and back – known as the “All-Water Route.”

Expansion will build a new lane of traffic along the Panama Canal through the construction of a new set of locks, which will double capacity and allow more traffic and wider ships. The Panama Canal is nearing maximum capacity and needs to grow with demand. The result of comprehensive analyses and studies by the ACP, expansion is estimated to cost \$5.25 billion and will be paid by Canal customers through a system of graduated toll increases. An expanded Canal would benefit the people of Panama and world trade, and would help maximize Panama’s strategic location to become the great maritime hub of the Americas.

“We are proud and energized by the confidence in us that Panamanians showed today. The project will benefit the people of Panama, the shipping/maritime industry and world trade. Panama’s geographic location is its destiny – we aim to be at the

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center of global trade and become a great maritime hub,” said Alberto Alemán Zubieta, ACP administrator/CEO. “Expansion will be a principles-driven project – we are committed to transparency, efficiency and environmental sustainability. This will guide our vision and direction.”

The ACP will provide regular updates on expansion and the contracting process, and will continue its environmental conservation efforts along the Canal Watershed to protect this precious water resource for the city of Panama and the Canal.

The ACP has successfully managed and operated the Canal since the U.S. handover in 1999. Canal operations have broken several records and have set the bar high for efficiency, safety and reliability, while bringing more revenue to the country. “We are up to the task to take on Canal expansion, to add more capacity and to ensure reliable service years to come,” said Alemán Zubieta.

The project will not interfere with or disrupt current Canal traffic.

Expansion

Expansion will build a new lane of traffic along the Canal through the construction of a new set of locks. Environmentally sound water-saving basins will be built next to the new locks, reusing 60 percent of the water in each transit. This technology eliminates the need for constructing dams, flooding or displacing communities along the Canal’s Watershed. The ACP is committed to sustainable development and adhering to environmental management best practices.

Economics

An expanded Canal will benefit the people of Panama and world trade. The expansion will help maximize Panama’s strategic geographic location by helping it become an international maritime hub at the center of global trade. Expansion will improve the flow of international commerce and facilitate the movement of goods through several important markets. It will increase capacity at one of the world’s critical trade arteries; allow the vital “All-Water Route” to continue to grow; create more efficient service at the Canal, which would tighten the global supply chain and help goods get to market faster, thus saving time and money for producers and consumers.

Financing

Expansion will be paid for by Canal customers through a system of graduated toll increases. As always, the ACP will consult with customers on the new tolls pricing system.

About the Panama Canal Authority

The Panama Canal Authority (ACP) is the autonomous agency of the Government of Panama in charge of managing, operating and maintaining the Panama Canal. The operation of the ACP is based on its organic law and the regulations approved by its Board of Directors. For more information, please refer to the ACP’s Web site: www.pancanal.com.

The Authority’s responsibility to the Panamanian people is paramount. The Canal belongs to the people and benefits from the Canal should accrue to as many Panamanians as possible. The Authority will plan its future so that it will continually contribute to the economic development and welfare of the citizens of Panama.

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