BALBOA, REPUBLIC OF PANAMA

MARKET VALUE REPORT

AS OF

MARCH 31, 2005

Engagement Number: 50002143

Valuation Research Corporation

330 E. Kilbourn Avenue
Milwaukee, WI 53202-3142
Fax 414 271-2294
414 271-8662

Austin
Boston
Chicago
Cincinnati

New York
Princeton
San Francisco
Tampa
International Affiliates

December 21, 2005

Autoridad del Canal de Panamá
Contracting Division
Building 710, Ground Floor
Balboa, Republic of Panamá

Ladies and Gentlemen:

In accordance with your request, Valuation Research Corporation ("VRC") has made an investigation and valuation of the aggregate business enterprise value ("BEV") of the Autoridad del Canal de Panamá ("ACP" or the "Company"), as of March 31, 2005 (the "Valuation Date"). The ACP, an autonomous entity of the Republic of Panama Government (the "Government"), has the exclusive charge of the operation, administration, management, preservation, maintenance, and modernization of the Panamá Canal (the "Canal"). VRC submits this letter and report relative to our findings and conclusions.

It is our understanding that our BEV of ACP, in accordance with the original requirements of Basic Item Number One[1], will be used to address potential financial reporting requirements pursuant to the sixth edition of the International Financial Reporting Standards ("IFRS"), published by the International Accounting Standards Committee ("IASC"), and for obtaining appropriate credit rating at the U.S. Securities and Exchange Commission ("SEC"). This BEV reflects an update on our previous BEV analysis of ACP, valued as of September 30, 2004, to incorporate the implementation of a new system for measuring and pricing full container vessels and other vessel types with on-deck container carrying capacity beginning in May of 2005. No other use of our investigation and valuation is intended or should be inferred.

For purposes of this analysis, our valuation[2] is based on the application of methodologies that are commonly used and accepted within the financial community for business appraisals. Market and income approaches were considered and used in some fashion. The BEV, specifically, was derived using discounted cash flow ("DCF") analyses[3]

[1] Defined in the Company's Request for Proposal Number SAA-220243 (Valuation Services for the ACP Business) and Amendment Number 1, both dated August 2004

[2] In accordance with the sixth edition of the International Valuation Standards' Valuation Guidance Note Number 6

[3] In accordance with the sixth edition of the International Valuation Standards' Valuation Guidance Note Number 9

(derivation of the income approach), which involves developing cash flow projections and determining their present value. The derived BEV represents marketable, control values.

The term "**Market Value**" is defined[4] as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. This value definition assumes the company continues to operate as a going concern and excludes any synergy adjustments or control premiums that might be associated with an acquisition by another company.

This report provides an explanation of the methodology used in this engagement and outlines the basis upon which our conclusion of value has been developed. The analysis has been made in accordance with the (i) Uniform Standards of Professional Appraisal Practice ("USPAP") adopted by the Appraisal Standards Board of the Appraisal Foundation and the requirements of the Standards of Professional Practice; (ii) Principles of Appraisal Practice and Code of Ethics, published by the American Society of Appraisers; and (iii) sixth edition of the International Valuation Standards Number 1 ("IVS-1").

This report is intended to comply with the reporting requirements set forth under (i) International Valuation Standards Number 3 ("IVS-3"); and (ii) IFRS. Supporting documentation concerning the data, reasoning, and analyses utilized in the valuation is retained in our files. The information contained in this report is specific to the needs of the client and for the intended use stated herein. The report comprises of:

1. This letter which identifies the assets appraised, summarizes the methods employed to arrive at our value conclusion, and provides a statement of our findings.

2. A narrative report containing a description of the Company, a presentation of the valuation approaches used in this appraisal, and the conclusions developed from our analysis.

[4] Source: International Valuation Standards, published by International Valuation Standards Committee, sixth edition 2003

3. Exhibits, (i) highlighting the consolidated financial statements of the Company, which were developed from audited statements prepared by PriceWaterhouseCoopers, LLC (FYEs 2003 and 2002) and Arthur Andersen, LLC (FYE 2001 and nine months ending September 30, 2000); and (ii) summarizing the valuation of the Company.

In connection with our valuations, we have reviewed, among other things, the historical and budgeted financial results, and operational data of ACP.

VRC also (i) made site visits[5] on November 11 and 12, 2004; and (ii) held discussions with the management of ACP regarding past and current business operations, market overview, financial condition, and future prospects for the Company. We have relied upon the accuracy and completeness of all information provided to us, without independent verification. This information has been accepted without investigation as a correct representation of the operations and conditions of ACP.

VRC does not conduct or provide environmental liability assessments of any kind in performing its valuations so that our opinion of values will not reflect any actual or contingent environmental liabilities except to the extent we are provided with a specific monetary assessment of such liabilities in writing. In any event, VRC will not verify such monetary assessment and will offer no warranty or representation as to its accuracy or completeness. For purposes of this engagement, our opinion of values excludes any actual or contingent environmental liabilities.

Based upon the investigation and analyses described above and detailed in the accompanying report, and subject to the limiting factors and assumptions presented therein, it is our opinion that the range of BEVs for the Company, as of the Valuation Date, is:

SIX BILLION FIVE HUNDRED MILLION DOLLARS TO
SEVEN BILLION THREE HUNDRED MILLION DOLLARS
\$6.5 to \$7.3 billion

VRC has investigated neither the title to nor any liabilities against the property appraised. Neither VRC nor any of its personnel have any material financial interest in the equity appraised, and we certify that the compensation received for this study is not contingent upon the conclusions stated.

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[5] In accordance with 5.1.2.3 of the sixth edition of the International Valuation Standards Number 3

This letter and the accompanying report, is intended solely for your benefit and use for the specific purpose as noted herein. This letter and report may not be used by any person or for any purpose other than as specified herein or otherwise reproduced, disseminated, quoted or referred to at any time, in any manner or for any purpose, without our prior written consent.

Respectfully submitted,

VALUATION RESEARCH CORPORATION

Valuation Research Corporation

Engagement Number: 50002143

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INTRODUCTION

PURPOSE OF VALUATIONS

The valuation expresses our opinion of the aggregate business enterprise value ("BEV") of the Autoridad del Canal de Panama ("ACP" or the "Company"), as of March 31, 2005 (the "Valuation Date").

It is our understanding that our BEV of ACP, in accordance with the original requirements of Basis Item Number One[1], will be used to address potential financial reporting requirements pursuant to the sixth edition of the International Financial Reporting Standards ("IFRS"), published by the International Accounting Standards Committee ("IASC"), and for obtaining appropriate credit rating at the U.S. Securities and Exchange Commission ("SEC"). This BEV reflects an update on our previous BEV analysis of ACP, valued as of September 30, 2004, to incorporate the implementation of a new system for measuring and pricing full container vessels and other vessel types with on-deck container carrying capacity beginning in May of 2005. No other use of our investigation and valuation is intended or should be inferred.

For purposes of this analysis, our valuation is based on the application of methodologies that are commonly used and accepted within the financial community for business appraisals. Market and income approaches were considered and used in some fashion. The BEV, specifically, was derived using a discounted cash flow ("DCF") analyses (derivation of the income approach), which involves developing cash flow projections and determining their present value. The derived BEV represents marketable, control values.

DEFINITION OF MARKET VALUE

The term "**Market Value**" is defined[2] as the estimated amount for which a property should exchange on the date of the valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. This value definition assumes the company continues to operate as a going concern and excludes any synergy adjustments or control premiums that might be associated with an acquisition by another company.

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[1] Defined in the Company's Request for Proposal Number SAA-220243 (Valuation Services for the ACP Business) and Amendment Number 1, both dated August 2004

[2] Source: International Valuation Standards, published by International Valuation Standards Committee, sixth edition 2003

VALUATION PROCESS

The appraisal process is a systematic and analytical procedure utilized in the valuation. This process begins with the definition of the appraisal objective. Then, the planning of the valuation along with the staffing is done. Next, the data necessary to execute the valuation is gathered, analyzed, and correlated into a final estimate of value.

In connection with our valuations, we have reviewed, among other things, the historical and budgeted financial results, and operational data of ACP.

The following summarizes the major information reviewed and analyzed:

1. ACP's Request for Proposal Number SAA-220243 (Valuation Services of the ACP Business) and associated Attachments, dated August 20, 2004;

2. Property Deed between the Republic of Panama Government (the "Government") and ACP (which transferred all of the real and personal properties necessary for the operation of the Canal to ACP) dated December 30, 1999;

3. ACP's presentation "Transiting the Panama Canal, A Journey of Quality and Service" to the Ministry of Shipping, Road Transport and Highways of India, dated November 8, 2004;

4. Independent Panama Canal Market Demand Study (the "Study") performed by Mercer Management Consulting, Inc. ("Mercer Consulting") dated June 20, 2004;

5. ACP's audited financial statements for nine months ending September 30, 2000 and fiscal year ended ("FYE") September 30, 2001 to 2003;

6. Internal financial statements:

    a. Consolidated income statements, balance sheets, and cash flow statements of ACP for six months ending March 31, 2005 and March 31, 2004;

    b. Consolidating income statements of ACP for period ending September 30, 2004 and October 31, 2004 (the "Monthly Periods");

    c. Consolidated balance sheets and cash flow statements of ACP for the Monthly Periods;

   d. Consolidated balance sheets of ACP for FYE September 30, 2000 through 2004; and

   e. Summary of ACP's fixed asset accounts for quarter ending March 30, 2000 through September 30, 2004;

7. Selected financial and statistical data of the Canal for FYE December 31, 1980 through 2000 (periods under U.S. Government agency control);

8. Budgeted and forecasted fiscal years ("FY") 2005 through 2015 income statements for ACP;

9. ACP's internal classification of canal traffic and revenue streams, segregated by vessel type, for FY 1995 through 2008[3];

10. Selected internal ACP traffic and booking trends for FY 2004; and

11. Various supporting documents and press releases.

VRC also (i) made site visits[4] on November 11 and 12, 2004; and (ii) held discussions with the management of ACP regarding past and current business operations, market overview, financial condition, and future prospects for the Company. We have relied upon the accuracy and completeness of all information provided to us, without independent verification. This information has been accepted without investigation as a correct representation of the operations and conditions of ACP.

COMPLIANCE

This report provides an explanation of the methodology used in this engagement and outlines the basis upon which our conclusion of value has been developed. The analysis has been made in accordance with the (i) Uniform Standards of Professional Appraisal Practice ("USPAP") as adopted by the Appraisal Standards Board of the Appraisal Foundation and the requirements of the Standards of Professional Practice; (ii) Principles of Appraisal Practice and Code of Ethics, published by the American Society of Appraisers; and (iii) sixth edition of the International Valuation Standards Number 1 ("IVS-1").

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[3] FY 2005 through 2008 reflects expected traffic and revenue streams impact from the new toll measurement system

[4] In accordance with 5.1.2.3 of the sixth edition of the International Valuation Standards Number 3

This report is intended to comply with the reporting requirements set forth under (i) International Valuation Standards Number 3 ("IVS-3"); and (ii) IFRS. Supporting documentation concerning the data, reasoning, and analyses utilized in the valuation is retained in our files. The information contained in this report is specific to the needs of the client and for the intended use stated herein.

ECONOMIC REVIEW

Valuation of equity securities and businesses requires a general understanding of current and projected economic conditions that affect the asset analyzed. A strong economic outlook will tend to increase value while a weak economic outlook will typically depress value, and restrict marketability and liquidity. To better understand the future economic trends (which impacts the Canal and the Company), it is appropriate to review the current global and Panamanian economic environments due to the Canal's dependence on global trade.

The following discussion is based on *"Country Forecast - Global Outlook": February 2004 by The Economist Intelligence Unit in the United Kingdom, and Country Analyses conducted by the Energy Information Administration,* a statistical agency of the U.S. Department of Energy.

GLOBAL MARKET

OVERVIEW

The global economy is growing rapidly and the world gross domestic product ("GDP") is expected to grow (on a purchasing power parity basis) an average of 4.3% in 2004 before slowing to a still robust four percent in 2005. These figures compare favorably with the estimated 3.5% growth experienced in 2003. Measured using GDP at market exchange rates, world GDP growth will accelerate from 2.5% in 2003 to 3.3% in 2004, before slowing marginally to 3.1% in 2005.

Although growth has slowed from the heady pace seen in the third quarter of 2003, latest data in many of the world's largest economies suggest that the expansion is continuing at a reasonable pace. On a year-on-year basis, the Organization for Economic Co operation and Development ("OECD") countries[5] has now returned to a trend pace of expansion for the first time since 2000. But with many of the world's largest economies still nursing significant debt levels or other economic imbalances left over from the boom years of the late 1990s, the recovery carries with it some significant risks. Policy stimulus, particularly, in the US, has much to do with the recent upturn in growth and there are still concerns about how the economy will perform when tax cuts come to an end and interest rates rise. There is also a risk that foreign-exchange movements depress growth prospects in some key markets.

[5] Includes US, Japan, Germany, France, Italy, UK, Canada, Australia, Austria, Belgium, Czech Republic, Denmark, Finland, Greece, Hungary, Iceland, Ireland, South Korea, Lexembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Spain, Sweden, Switzerland, and Turkey

UNITED STATES

In the US, economic growth has accelerated markedly as tax cuts feed through into consumer demand. Growth in the third quarter of 2003 was particularly strong, but the pace of expansion in more recent months has remained impressive, buoying sentiment and financial markets. Business investment is rising and job creation, albeit sluggish, has at least resumed. Economic growth, which is already fairly robust, will be further boosted in the months ahead by another round of personal and corporate tax cuts and rebates. This will be reinforced by the continued gradual improvement in the underlying economy, as business investment gradually broadens and the effects of the stronger job market feed through into consumer confidence and spending. But the personal sector is dogged by high debt levels, and companies in many sectors are still laboring under substantial excess capacity. This suggests that the underlying strength of demand will be softer than the headline GDP figures for 2004 suggest, with tax cuts once again providing the extra fillip. In 2005, when there is little scope for further tax cuts, the economy is expected to weaken. Despite the strong growth expected for 2004, there is unlikely to be any significant upward pressure on inflation, given the amount of slack in the economy, and interest rates are thus expected to remain low.

EUROPE

The euro zone also seems to be recovering – third quarter GDP data showed that the recession seen in some countries in the first half of 2003 had come to an end, while more recent monthly figures suggest a continued, albeit gradual, pick-up in economic growth. Business surveys suggest further improvements in the months ahead. But concerns of domestic demand weakness remain. The recent upturn seems to have been driven by exports (despite the strong euro), rather than stronger consumption or investment. The recovery is expected to broaden out into the domestic sector of the euro zone economy, but only slowly. Companies remain financially weak and burdened with spare capacity. This is damaging investment and employment prospects, and has resulted in a knock-on impact on consumer demand. Economic policy, while not an outright drag on demand, is not providing the scale of stimulus seen in the US. Growth is expected to accelerate more significantly from mid-2004 onwards, as capital expenditure starts to rise in the sectors that were least affected by the investment boom of the late 1990s, but performances will remain disappointing compared with the rates seen in late 1990s. The appreciation of the euro suggests that companies will be unable to take full advantage of the strength of demand in the US market, while cautious consumers, faced with rising pension and healthcare costs, will hold back domestically oriented sectors.

JAPAN

The Japanese economy remains far better than expected a year ago. GDP growth is expected to average 2.1% in 2003, but expect a slowdown to 1.3% in 2004 and one percent growth in 2005. Latest data suggest that growth was fuelled mainly by the export sector in the second half of 2003, but for the year as a whole private investment was surprisingly robust, underpinned by strong profit growth. However, the pace of growth in Japan is expected to decelerate in 2004, as recent improvements in profitability are eroded in continued deflation. Japanese structural difficulties, particularly overcapacity in the private sector and the weakness of the banking sector, have not been addressed. This suggests that, although the outlook for 2004 is reasonable, the long term picture remains one of economic weakness.

EMERGING MARKETS

Emerging market economies are benefiting from the pick-up in OECD demand, and performance will further improve during the rest of 2004. But import growth in the OECD will not match the pace seen in the late 1990s. Consequently, domestic demand will need to play more of a role than in the past in driving emerging world growth, along with export sales into other emerging countries. Interest rate spreads between emerging world and OECD borrowers have narrowed, as OECD investors move cash out of low-yielding assets in the developed world and into higher-yielding securities in the developing world. This is helping fuel government and private sector investment in parts of the emerging world, thereby supporting GDP growth. This suggests that economic growth in the emerging world will be more evenly balanced between exports, public sector demand and private sector demand than in the boom years of the late 1990s.

East European economies will gradually strengthen in 2004. Import demand in the euro zone will improve and this, combined with continued foreign investment by west European companies and continued loose policy, should ensure that performance in many east-central European countries is reasonable in 2004 and 2005. However, weaker oil prices will damage prospects in many countries in the Commonwealth of Independent States ("CIS").

ASIA

Among the economies of emerging Asia, sales into the OECD are rising, but at a far slower pace than in the late 1990s. Many countries are relying instead on exports to China and efforts to boost domestic demand. Strong growth in China is providing a significant boost to growth in the rest of the region, although this of course also makes regional performance vulnerable to any Chinese slowdown. More importantly for the long term, China's competitive advantages mean that other Asian countries are having to undergo a significant economic restructuring in order to be able to benefit fully from their fast-growing neighbor. The region as a whole is also managing to attract slightly more foreign capital than in the last two years, which is helping to underpin domestic demand growth. But trade with China and stronger domestic demand are not sufficient to offset the fact that OECD demand, particularly for technology products, is more sluggish than during the boom years of the late 1990s.

China, the regional growth driver, has problems of its own – there is a risk of an investment bubble in some sectors, which could pose problems for policy makers over the next few years. In other parts of the region, particularly the south-east, security concerns are mounting and this is likely to take its toll on foreign direct investment flows over the forecast period. Growth in India has improved markedly and, like China, the country is making a substantial contribution to the regional growth rate. However, lack of economic integration means that, unlike China, strong Indian growth is not substantially enhancing the performance of other countries in the region.

CENTRAL AMERICA

Central America (including Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Republic of Panama) is home to some of the world's poorest and most densely populated countries. Nicaragua and Honduras, for example, are considered two of the poorest countries in the Western Hemisphere, with large portions of their population living in poverty. Both of these countries are part of the World Bank and International Monetary Fund ("IMF") led Heavily Indebted Poor Countries ("HIPCs") initiative, which provides comprehensive debt relief to the world's poorest, mostly heavily indebted countries. The economic situation is not as dire in all Central American countries, such as in Costa Rica, where the population enjoys a relatively high standard of living, with the highest per capita income in the region and low unemployment.

Traditionally, Central American countries have been reliant on agricultural exports (coffee, sugar and bananas) to generate a large portion of their GDP. During the past decade, however, most Central American countries have been developing new growth sectors in order to diversify their economies, such as non-traditional exports and so-called maquila industries (assembly of products, mainly textiles and apparel, for re-export). This transition has been particularly evident in El Salvador, where, in 2003, only 3.4% of the country's export earnings came from coffee, compared to more than half in 1988. In place of traditional industries, Costa Rica has been able to attract private investment, including large companies like Intel Corporation and Proctor & Gamble. In addition, remittances from Central Americans working abroad have increasingly contributed to the region's economies. Although most Central American countries have made great strides to diversify, agriculture still plays an important role in their economies.

In 2003, all Central American economies expanded year-on-year, with El Salvador and Guatemala growing at the slowest rates. In the short term, Central America will likely benefit from a resurgent economy in the United States, the region's main trading partner, and from an upswing in world commodity prices. The Dominican Republic-Central American Free Trade Agreement ("DR_CAFTA") with the US, signed on August 5, 2004, will also likely boost the region's economic prospects once it is ratified by participating governments and implemented.

Over the past few years, significant progress has been made in Central American economic integration. In May 2000, after four years of negotiations, the three "northern triangle" countries (El Salvador, Guatemala, and Honduras) signed a free trade agreement with Mexico. Since March 2000, the "northern triangle" countries have been negotiating a trade agreement with the Andean Community (Bolivia, Colombia, Ecuador, Peru, and Venezuela).

REPUBLIC OF PANAMA

Despite its small population and area (3.2 million and 30,193 square miles, respectively), Republic of Panama ("Panama") is an important center for international trade in the Western Hemisphere, as both a major shipping thoroughfare and a regional economic power. Since 1992, an average of 185 million long tons of cargo has passed annually through the Canal. Panama is also a financial and communications hub that sits at the crossroads of five international fiber-optic networks and hosts 110 international banks.

The Panamanian economy is one of Central America's most stable, with the Panamanian Balboa being pegged to the dollar since 1903. Panama's Colon Free Trade Zone ("CFZ"), established in 1953, is the largest in the Western Hemisphere and contributes substantially to the country's economy. The CFZ, located at the Atlantic gateway to the Canal, allows all goods (mainly from Far East and Europe), except firearms and petroleum products, to be imported, stored, modified, repacked and re-exported without being subject to any customs regulations. Although the country has consistently maintained one of Central America's highest per capita GDPs, there is a high level of income inequality, with a significant portion of the population living below the poverty line.

Panama's reliance on the Canal, shipping and port services makes Panama's economy highly dependent on world trade and economic trends. The global downturn in 2001 and in 2002 slowed the growth rate of the country's economy considerably, which has enjoyed an annual average real GDP of 5.1% through the 1990s. In 2002, canal transits and tonnage, for example, declined 2.3% and 2.8% respectively, over 2001. Activity at the CFZ, including export tonnage of some major commodities such as bananas (-5.2%) and shrimp (-16.5%), also decreased. Overall, Panama's real GDP growth rate slowed from 2.7% in 2000 to only 0.6% in 2001. In 2002, the economy began to recover slightly, with a growth rate of 2.2%. In 2003, a stronger global economy helped Panama post a growth rate of 4.1%, the highest since 1998. In the first half of 2004, Panama's economy has remained robust, boosted by increased canal traffic, tourism spending and investment, and CFZ activity.

INDUSTRY OVERVIEW

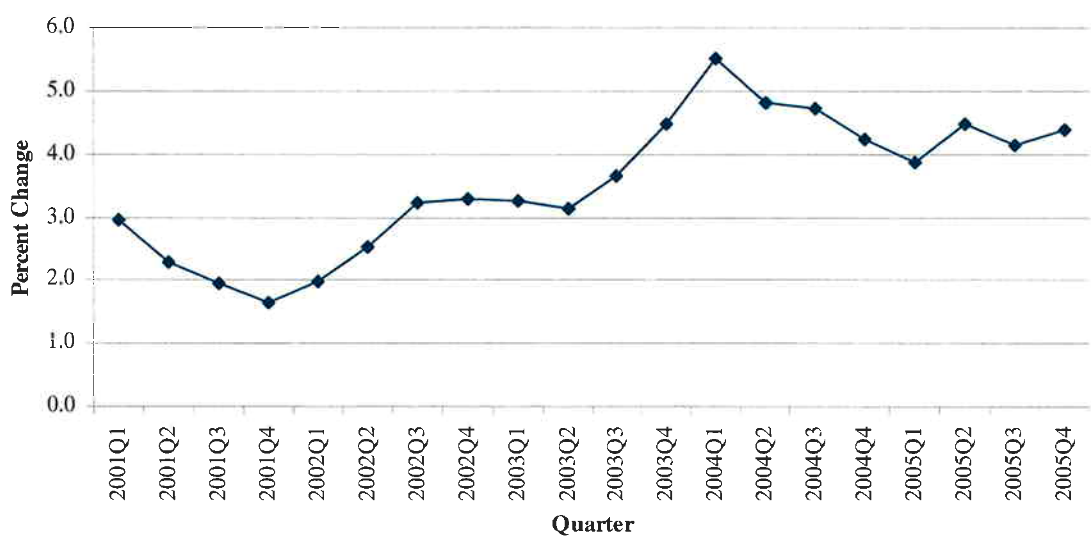
INTRODUCTION

Since the Canal is one of the essential seaways in the world, it is important to review the state of sea trade from and within the markets that utilize the Canal. The Canal is an essential part of connecting shipping routes (i) between the east coast of the US and North East Asia; (ii) between the west coast of South America and the east coast of the US and Europe; and (iii) the west coast of the US and Europe (collectively the "Canal Routes"). Before we specifically address the seaway shipping industry, it is important to understand the trends in world output and world trade with respect to the Canal Routes.

WORLD OUTPUT

World output is characterized by world-wide GDP. According to the *World Economic Outlook Database September 2004*[6], world-wide GDP, in billions of U.S. dollars, has grown from $29,870 to 36,238; representing a compound annual growth rate ("CAGR") of 2.8%. Near-term GDP growth is expected to continue and reach $42,213 billion in 2005. This represents a world-wide GDP near-term growth forecast of 5.0% in 2004 and 4.3% in 2005, indicating continued strength in overall economic activity. The percent change in world-wide GDP growth, by quarter, is illustrated below:

WORLD GDP GROWTH



Source: International Monetary Fund, World Economic Outlook Database September 2004

[6] Produced by the International Monetary Fund

The GDP growth for the economies representing the Canal Routes has been somewhat variable, but is expected to stabilize in the near-term. The Canal Route economies, as defined by the International Monetary Fund (the "IMF"), are represented by the US, Europe ("Euro Area"), Asia ("Developing Asia"), and Central and South America (the "Western Hemisphere") (collectively, the "Canal Route Regions"). According to the IMF, GDP grew and is expected to grow as follows for the Canal Route Regions:

GDP Growth Rates for Selected Regions

	2001	2002	2003	Average	Forecast[7]
United States	1.2	1.6	2.1	1.6	3.3
Euro Area	.8	1.9	3.0	1.9	3.9
Developing Asia	5.5	6.6	7.7	6.6	7.3
Western Hemisphere	.5	-.1	1.8	.7	4.1

As indicated above, GDP growth has been increasing for each segment of the Canal Route Regions and this growth is expected to continue in the near-term. Developing Asia has been and is expected to continue to be robust. This growth forecast is important to potential world trade and the markets served by the Canal.

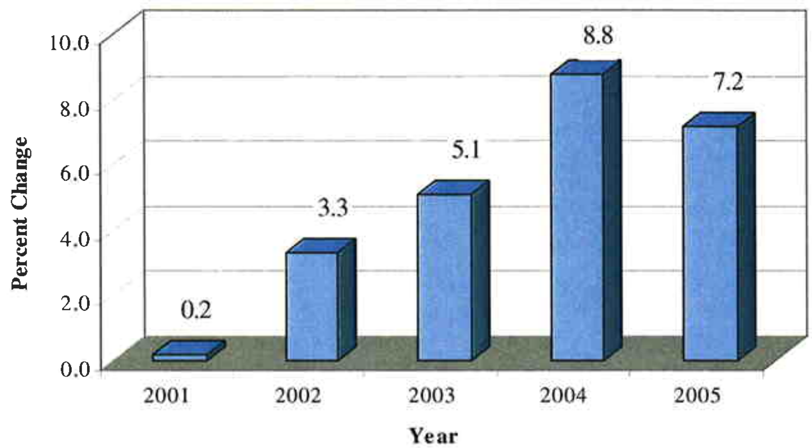
WORLD TRADE

World trade of goods and services is generally measured by the level of exports and imports over a specific time frame. World trade volume grew at an average rate of 6.2% between 1986 and 1995 and is expected to grow at an average rate of 6.5% between 1996 and 2005. Between 2001 and 2003, world trade volume grew each year and continued growth is expected.

[7] Average of 2004 and 2005

Annual world trade volume changes between actual 2001 and forecast 2005 are indicated below:

WORLD TRADE VOLUME



Source: International Monetary Fund, World Economic Outlook Database September 2004

As shown, world trade volume increased at 0.2% in 2001, 3.3% in 2002, and 5.1% in 2003. Significant growth is expected for 2004 and 2005 increasing 8.8% and 7.2%, respectively. According to IMF statistic, World exports, stated in US dollars, grew from $6,630 billion in 1996 to $9,201 billion in 2003. The IMF indicates that world exports are forecasted to reach $11,659 in 2005.

World trade has also been increasing as a percentage of world-wide GDP ("World GDP"). According to Mercer Consulting, global exports of goods and services have grown from 19.0% of World GDP in 1990 to a projected 26.0% of World GDP in 2004. This change indicates that international markets for goods and services are increasingly viewed in global terms and are becoming more and more interdependent.

Major exports transported, by type of product, consisted of agricultural products, food, fuels, chemicals, machinery and transport equipment, and other consumer products. According to the World Trade Organization ("WTO"), after several years of volatility, all major product exports grew in 2003. The value of exports, by market share and annual percentage change between 1995 and 2000, 2001, 2002, and 2003 are outlined below.

The highlighted product categories below are those often transported through the Canal.

World Exports by Product, 2003

(Billion dollars and percentage)

	Value	Share		Annual percentage change			
	2003	1995	2003	95-00	2001	2002	2003
Agricultural products	**674**	**11.7**	**9.2**	**-1**	**0**	**6**	**15**
Food	**543**	**9.0**	**7.5**	**-1**	**3**	**6**	**16**
Raw materials	**130**	**2.7**	**1.8**	**-3**	**-9**	**4**	**15**
Mining Products	960	10.9	13.2	10	-8	-1	21
Ores and other minerals	79	1.2	1.1	1	-4	3	24
Fuels	**754**	**7.5**	**10.3**	**12**	**-8**	**0**	**23**
Non-ferrous metals	127	2.1	1.7	3	-9	-3	13
Manufactures	5437	74.1	74.5	5	-4	5	14
Iron and steel	181	3.1	2.5	-2	-7	9	26
Chemicals	**794**	**9.7**	**10.9**	**4**	**3**	**11**	**19**
Other semi-manufactures	529	7.9	7.2	3	-3	6	14
Machinery & transport equipment	**2894**	**38.7**	**39.7**	**6**	**-6**	**3**	**13**
Textiles	**169**	**3.0**	**2.3**	**0**	**-5**	**4**	**11**
Clothing	**226**	**3.2**	**3.1**	**5**	**-2**	**4**	**12**
Other consumer goods	**644**	**8.6**	**8.8**	**5**	**-2**	**5**	**15**

(1) Includes unspecified products. They accounted for 3 per cent of world merchandise exports in 2003.

Source: World Trade Organization

The highlighted products above represent a market share of nearly 94% of total exports in 2003. Many of the products are well suited for seaway transportation and given the fact that aggregate exports in 2003 for the Canal Route Regions represented the vast majority of total world exports, future growth opportunities exist for the Canal.

SEAWAY SHIPPING INDUSTRY

Sea trade has been a significant mode of transportation for thousands of years. In recent years, waterway shipping has become global, multinational and vast. According to the United Nations Conference on Trade and Development ("UNCTAD"), seaborne trade has grown from transporting 2,466 million tons in 1970 to an estimated 5,888 million tons in 2002, a compound annual growth rate of 2.8%. Water shipments were divided into tanker cargo and dry cargo. In 2002, dry cargo and tanker cargo represented 58.0% and 42.0%

of total seaborne shipments, respectively. There are between 60,000 and 85,000 commercial vessels registered internationally with a shipping capacity of over 800 million deadweight tons. These vessels consist of oil tankers, dry bulk ships, general cargo ships, container ships and other miscellaneous ships. According to ACP records, the Canal transported nearly 235 million tons of goods in 2002, representing a market share of about 4.0% of total world-wide shipments. Approximately 10,600 transits were completed through the Canal in 2004.

As stated above, the forecasted growth in World GDP and world trade has continued to put capacity demands on the seaway shipping industry. The industry has responded to the increased demand for shipping services by increasing the size of the fleets, increasing the size and the capacity of the ships, improving technology and supply chain management, and becoming more efficient through consolidation. However, the international seaway shipping industry has been somewhat volatile over the last five years and grew at a compound annual rate of 4.8% between 1999 and 2003 according to Integra Information. Revenue growth ranged from a decline of 6.9% in 2001 after a significant increase of 18.2% in 2000. Revenue growth during the last two years was more stable. Revenue growth for the industry is forecasted to continue to be stable and grow at a compound annual rate of 4.5% through 2008.

In summary, general trends in World GDP within the Canal Route Regions, world exports, and the demand for seaway shipping services suggest a favorable outlook for the ACP and the Canal. However, the trend for larger ships will impact the Canal. The capacity of the largest ships increased from 1,700 TEUs[8] in 1960s to 4,500 TEUs for the Panamax ships introduced in the 1980s. In the late 1980s, post-Panamax ships were built with capacity of 7,500 TEUs. Currently, vessels with capacities of nearly 12,000 TEUs are being designed. At this time, the Canal cannot service vessels larger than the size of the Panamax. As a result, although we expect continued demand for Canal services, we do not expect any substantial increases in overall volume.

[8] Twenty-Foot Equivalent Units

COMPANY OVERVIEW[9]

AUTORIDAD DEL CANAL DE PANAMA

OVERVIEW

ACP, successor to the Panama Canal Commission (the "Canal Commission") and pursuant to the Panama Canal Treaty (the "Treaty"), is responsible for the operation, administration, management, preservation, maintenance, improvement, and modernization of the Canal, and its related activities and services; pursuant to the legal and constitutional regulations currently in force (which are designed to ensure safe, uninterrupted, efficient, and profitable Canal operations). ACP is also responsible for the management, maintenance, use and conservation of the water resources of the Canal watershed including lakes and their tributary streams.

- On September 7, 1977, the Treaty was signed between the Panama and the US (i) guaranteeing the eventually transfer (the "Transfer") of the Canal to Panama, who will assume full responsibility for its administration, operation and maintenance; and (ii) establishing a regime of neutrality which stipulates that the Canal shall remain open, safe, neutral, and accessible to vessels of all nations. The Transfer occurred on the expiration of the Treaty, which was agreed upon at noon on December 31, 1999 (the "Transfer Date").

- In accordance with the terms of the Treaty, the Panama Canal Company (the "Canal Company") and the Canal Zone Government ("Canal Government") were dissolved on September 30, 1979.

- On October 1, 1979, Panama gained jurisdiction over the former Canal Government and the Canal Commission, an agency of the US Government and under the supervision of a bi-national Board of Directors (comprised of five US citizens and four Panamanian citizens), assumed responsibility for managing, operating, maintaining, and improving the Canal until the Transfer Date.

- On December 27, 1997, in preparation of the Transfer, ACP was organized and established in conformity with Article 310 of the Political Constitution (the "Constitution") of the Republic of Panama ("Panama") and Organic Law Number 19 on June 11, 1997 (the "Organic Law"). The Organic Law furnished ACP with legislation for its organization and operation. Because of its importance and

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9 Based on information from the Company's public filings, website and marketing literature, other public information, and press releases

uniqueness, ACP became a financially autonomous entity of the Government with its own patrimony, and has the right to administer it.

- Pursuant to the Treaty, at the Transfer Date, ACP became the administrator of all personal and real estate property identified in the Organic Law as the patrimony necessary to operate and maintain the Canal. This patrimony is divided into two groups: the inalienable patrimony (comprised of land, lakes, rivers, dams, locks and anchorages, as established in Article 2 of the Organic Law) and the economic patrimony (comprised of installations, buildings, structures and equipment that support the operation of the Canal, as established by Article 33 of the Organic Law). As a result, the Canal became an inalienable patrimony of Panama (open to the peaceful and uninterrupted passage of all vessels) and will be subject to the requirements and conditions established by the Constitution, the Organic Law, and ACP management.

BOARD OF DIRECTORS

The ACP operates in compliance with the provisions of the Organic Law and the regulations approved by its Board of Directors (the "Board"), which consists of eleven appointed members (the "Members"). The criteria for the appointment of the Directors are:

- Nine Members are appointed by the President of Panama, with the consent of the Cabinet Council and ratified by the Legislative Assembly by absolute majority of its members.

- One Member is designated by the Legislative Branch, which may freely appoint and remove that Member.

- The last Member, who shall chair the Board and who shall have the rank of Minister of State for Canal Affairs (the "Minister"), is designated by the President of Panama. The Minister also has voice and voting rights in Cabinet Council meetings.

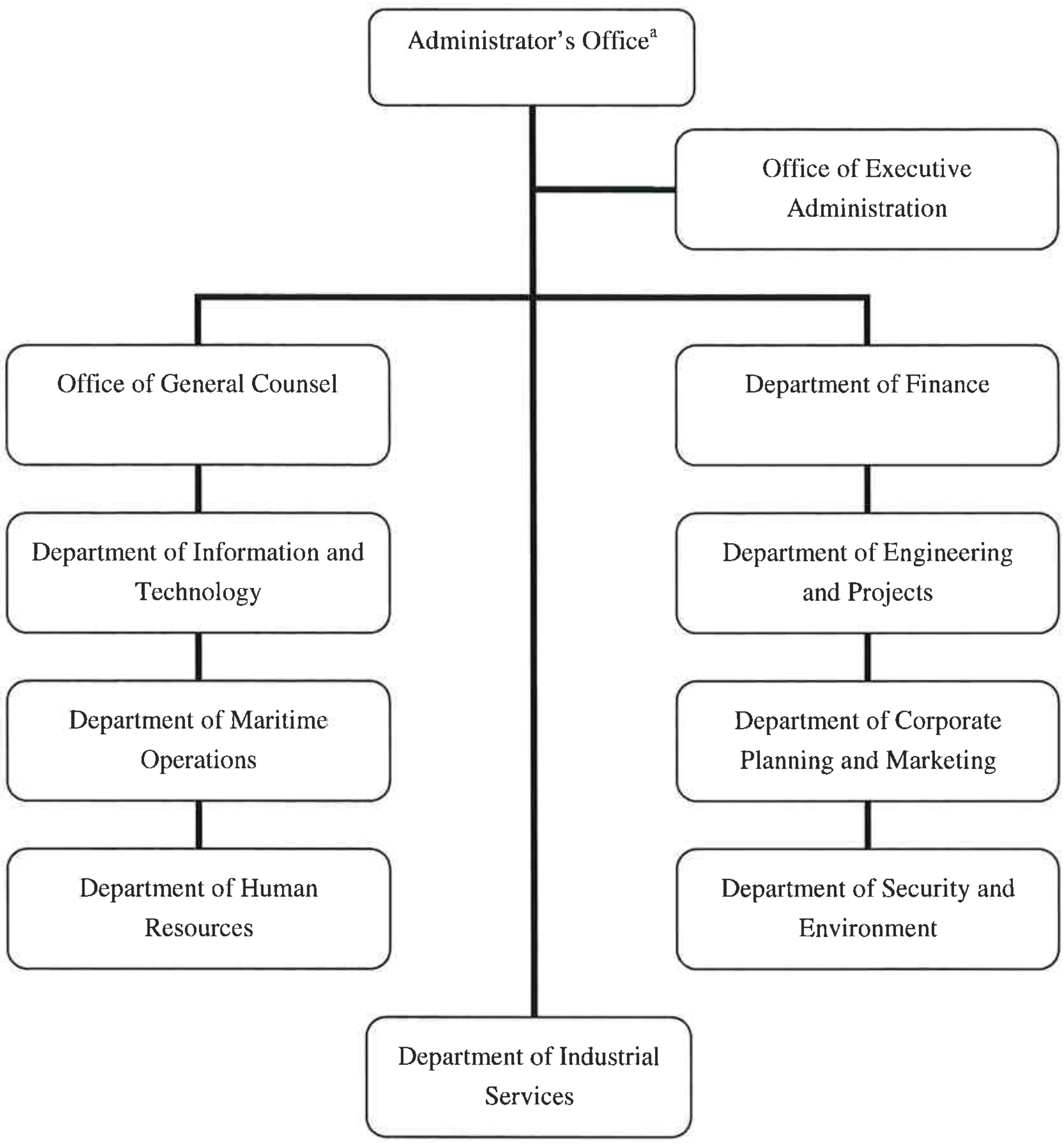
The first Members were appointed for staggered terms to ensure their independence from any given government administration.

In accordance with the Constitution and the Organic Law, the primary responsibility of the Board is (i) establishing policies for the Canal operation, improvement, and modernization; and (ii) supervising ACP management.

MANAGEMENT

An Administrator and Deputy Administrator, under the supervision of the Board, are responsible for management of ACP and its approximately 9,000 employees. The Administrator, considered the Canal's Chief Executive Officer and legal representative, is responsible for implementing policies and decisions of the Board. The appointment of the Administrator is for a seven-year term, after which the person may be re-elected for an additional term.

The following depicts the organization structure of the ACP:



a Includes the Administrator and Deputy Administrator

PANAMA CANAL

OVERVIEW

The Canal, inaugurated on August 15, 1914, is widely considered one of the world's great engineering achievements. The US construction of the Canal started in 1904 after the purchase of the rights from a French company by the US and the execution of the Hay-Bunau-Varilla Treaty (the "Canal Treaty") between Panama and the US. It took ten years, over 75,000 men and women, and almost $400.0 million to complete the Canal due to unprecedented obstacles including (i) tropical diseases; (ii) constant landslides (caused by prolonged rainfalls and fragile soil); (iii) complexity of excavating massive volumes of earth; (iv) enormous lock size; (v) establishment of new communities; (vi) importation of construction materials; and (vii) organizational and logistical challenges.

The Canal Treaty, executed in 1903, (i) allowed US to build and operate a canal connecting the Pacific Ocean with the Atlantic Ocean through the Isthmus of Panama (the "Isthmus"); and (ii) granted the US the use, occupation, and control of a Canal Zone (approximately ten miles wide), in which the US possessed full sovereign rights. In return, the US guaranteed the independence of Panama and paid the Government an initial sum of $10 million with an annuity of $250,000 (increased at a rate far beyond inflation). The Canal Treaty was eventually terminated with the execution of the Treaty on September 7, 1997.

The Canal extends approximately 50 miles, through the Isthmus, from the twin ports of Critobal-Colón on the Atlantic Ocean side to the port of Balboa (near Panama City) on the Pacific Ocean side. It traversed through one of the narrowest and lowest saddles (consisting of malarial swamps, virgin jungle and a range of hills) of the long, mountainous Isthmus that joins the North and South American continents. The path shortened the oceanic distance between the Atlantic and Pacific by up to 9,000 miles, saving ships from the long and stormy journey around Cape Horn, Africa.

OPERATION

The Canal operates 24 hours a day, 365 days a year. A vessel traveling on the Atlantic Ocean side, for example, enters from Limon Bay through the approach channel, a section just over ten kilometers long, into the Gatun Locks. This water lock set raises the boat in three consecutive chambers to the Gatun Lake, which is situated 26 meters above sea level. A large and heavily loaded ship needs up to two hours to complete its passage through the Gatun Locks. Next, the ship crosses the Gatun Lake, a thirty kilometer winding course ringed with thick topical forest, to the Gaillard Cut (the narrowest part of the waterway). During this part of the journey, a vessel typically navigates through Gaillard Cut (the "Cut") with the assistance of seasoned ACP pilots and tugboats. The ship covers about fourteen kilometers before reaching the Pedro Miguel Locks, where the ship is lowered 9.5 meters (in a one chamber lock) to the level of Lake Miraflores. By crossing this small lake of about 1,600 meters, the ship reaches the Miraflores Locks, where the ship is lowered (in a two consecutive chamber lock) to the level of the Pacific Ocean. Then, the ship travels a small section of the approach channel and passes under the Bridge of the Americas before entering the open sea. The entire journey through the Canal takes approximately eight to ten hours for an average ship. However, the ship will be in the Canal waters for an average of 24 to 30 hours.

- *Gatun Lake:* The Gatun Lake, once the largest artificial lake in the world, was created by building a dam (the "Gatun Dam") near the mouth of the Chagres River and diverting its water into a man-made area spanning 436 square kilometers. The Gatun Lake, containing over 775 cubic meters of water, (i) is the main waterway to traverse the Continental Divide; (ii) stores the water needed for all the lock operations; and (iii) supplies water for generation of potable water. In March of 2002, ACP began deepening the navigation channel in order to increase (i) the water storage capacity of the Gatun Lake; and (ii) the Canal Watershed output.

- *Gaillard Cut:* The Cut, approximately 13.7 kilometers long and 14.0 meters deeps, was craved through the solid rock and shale of the Culebra Mountain. The Cut, the narrowest part of the Canal, forms the southeast section of the Canal stretching from the Gatun Lake in the west to the Pedro Miguel locks in the south. Recently, the Cut (originally 92 meters wide) was widened to accommodate simultaneous crossing of large tonnage ships (Panamax type) in opposite directions. Also, plans are continuing to straighten the Cut to increase visibility and safety. The original project, which began in 1992, consists of three phases: dry excavation, drilling and blasting, and wet excavation.

- *Locks:* The Canal's system of three lock sets (chambers with entrance and exit miter water gates, and two independent vessel lanes) operates as water elevators that either (i) lifts ships (entering the Canal from either the Atlantic or Pacific side) 26 meters above sea level to the summit level of the Gatun Lake; or (ii) lowers ships (exiting the Canal on either the Atlantic or Pacific side) to sea level, thereby enabling ships to cross the Continental Divide. The lock sets are formed by 88 sluice gates and a total of almost 250 valves that control and channel the water (supplied from the Chagres River). Each lock set bears the name of the town where it was built: Gatun (on the Atlantic side), and Pedro Miguel and Miraflores (on the Pacific side). The lock set chambers, measuring 33.53 meters wide and 304.80 meters long, were built to accommodate the largest ships at the time, which constrains vessels transiting the Canal to a maximum size: 32.30 meters in beam, 12.00 meters of draft-deepness in tropical fresh water, and 294.1 meters long (equivalent to vessels of about 65,000 tons deadweight).

- *Dams:* The Canal has three water dams (Gatun, Madden, and Miraflores), which guarantee a minimum draught of water in the Gatun Lake for uninterrupted transit of vessels. The Gatun Dam is situated across the Chagres River and was instrumental in the creation of the Gatun Lake. The Madden Dam, upwater of the Chagres River, was built between 1932 and 1935. It gave rise to Lake Alajuela on the upper course of the Chagres River. The Miraflores Dam, the smallest of the three, was built in 1914.

MODERNIZATION PROGRAM

Currently, the ACP is at the last stages of a modernization and improvement program (the "Program") of more than $1.0 billion, which was approved by the Board in July of 1996 and started in 1997. The Program is aimed at guaranteeing safe and efficient Canal operations, increasing the waterway's daily operating capacity, and includes an average annual investment of over $100 million. The Program follows the original US Army Corps of Engineers review (the "Review") of the Canal's physical plan, which began in August of 1995 and ended in June of 1996. The Review (i) documented Canal infrastructure conditions; (ii) evaluated maintenance and infrastructure investment programs; (iii) analyzed potential ways to improve processes and technology; (iv) identified parts that required replacing or major repair; and (v) evaluated major maintenance projects. The Review was later expanded to include analysis of additional areas such as telecommunication systems and information management systems.

Specifically, the entire Program (of which a major of the projects have been completed) consisted of (i) deepening, widening, and straightening selected portions of the Cut; (ii) increasing and replacing its towboat fleet; (iii) purchasing new and more powerful locomotives; (iv) periodic overhauling of locks and equipment; (v) ongoing dredging throughout the waterway; (vi) modernizing its data and telecommunications (Enhanced Vessel Traffic Management System); (vii) updating its lock machinery from mechanical to hydraulic technology; (viii) replacing lock control panels with a fully computerized operating system; and (ix) replacing 50,000 feet of tow tracks.

TOLLS

The completion of the Canal shortened oceanic travel between the Atlantic and Pacific Oceans, particularly for international trade. Ships, loaded with goods, bound for Japan from the East Coast of US save about 3,000 miles by going through the Canal while cargo ships sailing from Ecuador to Europe save about 5,000 miles. As a means to extract part of the time and cost savings, a toll is charged to any ship traversing the Canal. The initial, flat toll rate was determined by the cargo volume and ship measurements, following the rules of the 1969 International Convention on Tonnage Measurement of Ships.

For the first 60 years of its operation, the Canal was able to meet its operational requirements and non-profit status without any toll rate increases due to:

- Operating cost reduction resulting from its reorganization by Congress in 1951;
- Work force reductions from 16,963 in June 30, 1952 to 11,654 in June 30, 1973, representing a 31.3% decline; and
- Increased shipping volumes of approximately 270% from the temporary closure of the Suez Canal in the 1970s.

Thereafter, the Canal's operating expenses exceeded its revenues due to various factors including slower traffic growth, inflation, and modernization needs. The following highlights toll history.

- The first toll increase of 19.7% was approved by President Nixon on July 8, 1974 due to escalating operating costs and slow traffic growth;
- In November 17, 1976, President Ford approved a 19.5% increase to recover from continuing inflationary operating cost growth, economic recession of various countries using the Canal, and loss traffic from the re-opening of the Suez Canal;
- President Carter approved a 29.3% increase on September 29, 1979 due to increased cost arising from increased payments to Panama and implementation of a new government agency (the Canal Commission), both arising from the Treaty;
- A rate increase of 9.8% was approved by President Reagan on February 7, 1983 to offset the projected revenue loss from the Trans-Panama pipeline opening;
- To overcome anticipated profit deficit, President Bush approved 9.8% and 9.9% increases on August 15, 1989 and August 11, 1992, respectively;

- On October 1, 1994, a new system of vessel measurement rules (Panama Canal Measurement System Net Ton) establishing the tonnage necessary for toll assessment became effective;

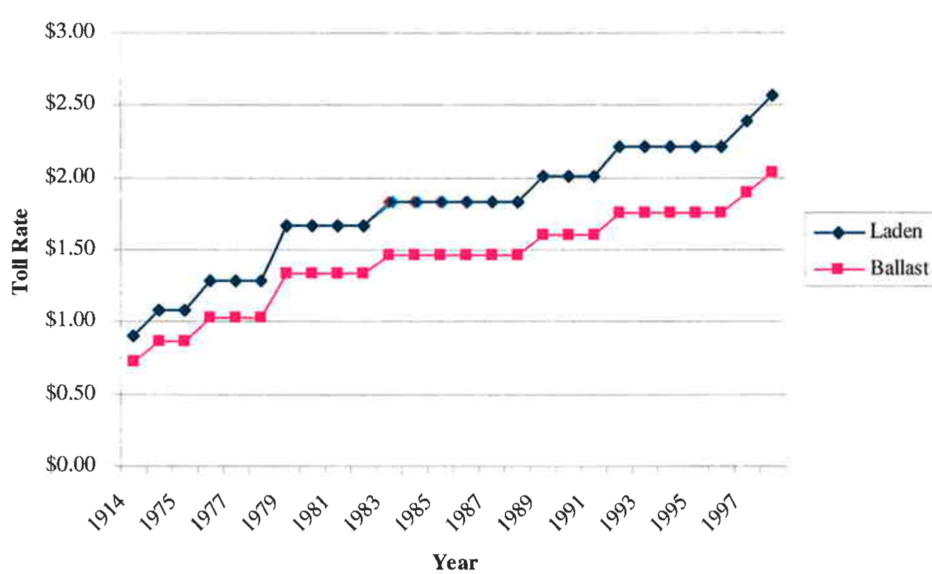
- Pursuant to an amendment (in February 1996) to the Public Law 96-70, assigning rate change authority to the Board, two rate increases (to defray some of the Program costs) were implemented: 8.2% effective January 1, 1997 and 7.5% effective January 1, 1998;

- In October 2002, ACP adopted a new toll structure, segmented by vessel type and size, and separating the cost for the use of locomotives. After ample and open consultations, the new toll structure was implemented in two stages: 8.0% on October 1, 2002 and 4.5% on July 1, 2003.

Currently, ACP is evaluating additional strategies for future rate increases and implementing a new system for measuring and pricing full container vessels and other vessel types with on-deck container carrying capacity. The new system, starting in May of 2005, will replace the existing measurement system, based on the Universal System of Arching of Ships of the Panama Canal ("CP/SUAB"), to the standard used by the marine industry, which is based on the TEU.

The following graph portraits laden (carrying cargo or passengers) and ballast (not carrying cargo or passengers "empty" ship) vessel toll rates per net tonnage through January 1, 1998.

HISTORICAL TOLL RATES



CANAL TRAFFIC

The US East Coast – Far East route (42.2% in 2003 based in commercial cargo) is the dominant trade route for the Canal due to increasing US – China trade. Movements between US East Coast and West Coast South America (8.3% in 2003), between Europe and West Coast South America (6.7% in 2003), and between Europe, US West Coast and Canada (6.5% in 2003) are the next major trade routes through the Canal. Recently, North – South trade has been increasing, as Latin America evolves into an increasingly important trading partner of North America.

Petroleum is one of the larger commodities (by tonnage) shipped through the Canal, accounting for about 11.2% of total principal commodities shipped through the Canal in 2003. It biggest contributor, oil[10] (approximately 50% of total petroleum), has been steadily decreasing from 8.4% of total tonnage in 2001 to 5.0% of total tonnage in 2003. The decrease is partially due to the Canal's physical constraints as the trend is toward larger ships for transiting oil products. In 2003, an estimated 444,000 barrels / day of crude oil and petroleum products passed through the Canal, with around 65% of total oil shipments moving south from the Atlantic to the Pacific. Overall, petroleum products far outweighed crude oil, accounting for an estimated 78% of all oil-related shipments through the Canal in 2003.

Ships from all parts of the world transit daily through the Canal, totaling approximately 13 to 14 thousand per year. Commercial transportation activities through the Canal currently represent approximately 5% of the world trade.

The Canal is designed to accommodate about 50 ships per day (the maximum has been 65 transits per day). Total oceangoing vessel transits increased to 12,518 in FY 2004 (or an average of 34.3 vessels per day) from 11,725 in FY 2003, representing a growth rate of 6.8%. However, transits for FY 2003 declined from the prior year by 1.1%. Overall, there were 13,154 transits in 2003 (including small commercial vessels).

[10] Including crude, diesel and fuel oil

The following table summarizes transit trends, by market segments, over the past ten years.

Market Segment	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Full Container Ships	2,536	2,369	2,012	1,780	1,704	1,628	1,640	1,377	1,402	1,311
Bulk Carriers	2,543	2,353	2,684	2,922	3,117	3,463	3,596	3,630	4,016	3,912
Refrigerated Cargo	2,316	2,207	2,135	2,076	2,004	2,038	2,074	2,451	2,504	2,580
Tankers	1,620	1,332	1,611	1,838	1,933	1,916	1,960	2,010	2,065	1,854
General Cargo	882	827	985	1,110	1,000	1,100	1,321	1,371	1,415	1,493
Vehicle Carriers	794	816	773	738	723	609	545	519	563	624
Passenger Ships	256	203	206	235	273	296	313	289	273	311
Liquid Gas	252	249	191	215	200	206	191	189	184	236
Container - Breakbulk	597	576	429	405	446	359	360	387	325	350
Roll-on Roll-off Ships	151	130	137	178	191	247	182	179	222	252
Other	2,088	2,092	2,015	1,992	2,060	2,505	2,083	2,388	2,235	2,233
Total	14,035	13,154	13,178	13,489	13,651	14,367	14,265	14,790	15,204	15,156

FINANCIAL REVIEW

INTRODUCTION

The purpose of the financial review is to identify inconsistencies, trends, and comparabilities. This information is then used to project cash flows, to establish comparability, and to estimate relevant risk levels. The financial review consisted of an analysis of the balance sheets, income statements, and financial ratios for the consolidated operations of ACP. Exhibit 1 presents financial results for (i) the transition nine months ending September 30, 2000; (ii) the four FYs ended September 30, 2001 through 2004; and (iii) the six months ending March 31, 2005. In the next two sections, we will discuss a general interpretation of financial statements and ratios and specifically review the Company's financial statements. It should be noted that the Transfer on December 31, 1999 resulted in only a nine month financial period for 2000 and made financial income statement comparisons with subsequent years inconsistent. However, for purposes of this review, the financial results of 2000 will be annualized to portray a representative full fiscal year performance. As a result, our Company financial review will focus on the results of the annualized period ending September 30, 2000 ("AY 2000") through FY 2004 (the "Review Period").

BALANCE SHEETS

The balance sheet is used to evaluate a company's financial position on a particular day. Our analysis of the balance sheet begins with a review of current assets, which are expected cash inflows during a normal operational cycle. Sufficient current assets are required to retire liabilities and to sustain operations. The most efficient composite of current assets will vary among companies, but a company's current asset position should be relatively liquid because a high percentage of illiquid assets could cause a cash squeeze. For the FYE September 30, 2004, ACP's current assets were $840.5 million and represented 29.5% of total assets. Over the Review Period, current assets have ranged from 16.2 to 29.5% of total assets. The variation was primarily due to fluctuations in the relative proportion of cash & investments, account receivable and inventories. The relative mix between account receivable and inventory was comparatively stable over the Review Period while cash & investments steadily increased, mainly due to strong profit growth from increased tolls, ship capacity, and transit volumes. Other current assets represented 0.2% of total assets as of Valuation Date.

Long-term assets are held for more than a normal operating cycle and often consist primarily of property and equipment. A high percent of property and equipment is generally indicative of high fixed costs and correspondingly high operating risk. The Company's gross property and equipment account increased from $1.5 billion in 2000 to $2.3 billion in 2004 indicating continued fixed asset additions. Fixed assets were 11.4% depreciated in FY 2004, indicating relatively newer assets and reflecting the impact of opening the balance sheet afresh as of the Transfer Date. Net property and equipment represented about 70.5% of total assets for FY 2004 and primarily consisted of land, machinery and equipment, and major structures. Capital expenditures are expected to be approximately $305.5 million in FY 2005. Other long-term assets did not exist during the Review Period.

Increasing assets are usually characteristic of a growing, profitable business; current assets increase with sales, and long-term assets increase with capacity expansion. Decreasing assets are often reflective of a declining business that is not replacing capital assets and is liquidating current assets through dividends and operating losses. ACP's total assets increased steadily from $2.1 billion in FY 2000 to $2.8 billion in FY 2004, representing a CAGR of approximately 7.8%. The increase is driven by the Company growing cash & investment balance over the Review Period, as mentioned above.

Liabilities represent claims against assets. To avoid insolvency, a company should try to match asset and liability maturities. Current assets should be sourced with short-term liabilities while long-term assets should be sourced with long-term liabilities. The Company's current liabilities increased from $69.0 million (3.3% of total assets) in FY 2000 to $170.5 million (6.0% of total assets) in FY 2004. During the Review Period, current liabilities remained below current assets. Current liability variation was primarily due to changes in accounts payable and accrued liabilities (accumulated salaries and vacation). Other current liabilities represented 0.1% of total assets in 2004.

Long-term liabilities and equity are the company's long-term capital sources. If the capital structure is heavily leveraged, the company's financial risk increases. If the capital structure is mostly equity, less financial risk exists. Most companies maintain a consistent balance between debt and equity. The Company's long-term debt (provision for indemnification) represented 0.4% of total assets in fiscal 2004. Since the Transfer, the Company has not relied on debt financing to fund its growth and capital investments. The current capital funding, primarily, has been from increased toll rates.

Equity comes from two sources, investors and earnings. Common stock is the investor's contribution while retained earnings is the accumulation of earnings net of dividends. A profitable business is able to generate capital internally. The Company's total equity increased from $2.0 billion in 2000 to $2.7 billion in 2004 due, mainly, to strong profit growth, as discussed above.

INCOME STATEMENTS

The income statement is used to evaluate a company's operating results for a particular time period. Analysis of income statements is a helpful tool for projections because trends and changes provide a basis for the prospective viewpoint.

Sales or revenue changes are composed of both price and quantity changes. Analysis of sales requires tacit consideration of price and quantity. Since the Transfer, the Company's revenues increased from $747.8 million in AY 2000 to $1.0 billion in FY 2004, an overall 8.8% CAGR. The majority of the sales growth occurred in the last two FYs due to increased toll rates and new toll structure. The Company's cost of sales (including fee per ton, material and supplies, fuel, and capitalized material and supplies) as a percent of revenues and excluding depreciation, ranged from 17.4% to 23.0% over the Review Period, which was relatively consistent as a percentage of revenues.

Relative expenses are an important indicator of expense behavior in the short run. For a company with no fixed expenses, the proportion of operating expenses to sales will be constant between periods; however, for a company with high fixed expenses, the proportion of operating expenses to sales will vary inversely with sales. Over the Review Period, the Company's operating expense (consisting of mainly personnel costs) have steadily improved from a high of 57.7% of total revenues in 2001 to 42.0% of total revenues in 2004, reflecting economies of scale benefits from a relatively fixed workforce and increasing revenue base.

Profit margins are used to identify changes in efficiency. Gross, operating, and pretax income margins represent profits at different levels; this format helps to identify the source of profitability changes. The Company's profit margins at all levels have been steadily increasing since 2001 with the strongest gains occurring in FY 2003 (first toll increase since 1996 and adaptation of new toll structure).

Our analysis included growth rate calculations for sales and profit levels between periods and during the entire comparative period. Growth-rate changes between periods help identify specific inconsistencies. Comparisons between sales and profit growth rates may give information about a company's ability to grow profitably. For example, if the sales growth rate exceeds the profit growth rates, the company may have limited economies of scale. Economical expansion may be limited by operational structure, distribution, plant size, technology, or resource availability. If the sales growth is less than the profit growth, the company may be experiencing economies of scale. Beginning in FY 2002, ACP's costs increased at a greater rate than sales indicating economics of scale benefits.

VALUATION THEORY

INTRODUCTION

The appraised Market Values as set forth in this report is supported with consideration and use of standard accepted appraisal practices and valuation procedures and is in accordance with IVS-1. Under USPAP, the appraiser is required to consider three basic approaches to value: (i) the cost approach, based on the cost to reproduce assets; (ii) the market approach, which considers market exchange for comparable assets; and (iii) the income approach, which relies on capitalization of potential future income. The approaches are briefly summarized below.

MARKET APPROACH

The market approach is a valuation technique in which the estimated value is based on market prices in actual transactions. When this approach is employed, data is collected regarding sales of comparable transactions in which comparable tangible or intangible assets have been sold or where one to two tangible or intangible assets represent most of the observed value in a transaction. After studying the market consensus, the appraiser makes value adjustments for comparability factors such as location, time of sale, physical characteristics, and conditions of sale. This process is essentially that of comparison and correlation.

INCOME APPROACH

The income approach is a valuation technique that capitalizes the anticipated income stream from the appraised asset. This approach is predicated on developing either cash flow or income projections which are then discounted for risk and time value. Additionally, the present value of a projected residual value is estimated and added to the present value of the income stream.

COST APPROACH

The cost approach or adjusted statement of condition is a valuation technique that uses the concept of replacement as a value indicator and is based on the principle of substitution. That is, a prudent investor would pay no more for an asset than the cost to reproduce or replace the assets with an identical or similar unit of equal utility. Reproduction/replacement cost new ("CRN") establishes the highest amount a prudent investor would pay for the assets. To the extent that the assets we are valuing will provide less utility than new assets, we adjust for losses in value due to physical deterioration, functional obsolescence and economic obsolescence.

In conjunction with the cost approach, it is appropriate to define the following terminology:

Replacement Cost New – The cost of replacing a property with a modern new unit of the nearest equivalent utility, using current rates for material and labor.

Reproduction Cost New – The cost of creating a new duplicate of the property from the same or highly similar materials, using current rates for material and labor.

Depreciation – Loss in value from all causes, including factors of physical deterioration, functional obsolescence and economic obsolescence.

Physical Deterioration – Reduction in utility resulting from impairment of physical condition brought about by such factors as age, wear and tear, structural defects, and exposure to damaging elements.

Functional Obsolescence – Impairment of functional capacity or efficiency caused by factors inherent in the property. This is brought about by such factors as overcapacity, inadequacy, excess operating costs, and changes in the art that affect the machine unit or its relation to other items comprising a larger property. The term also refers to an asset's inadequacies in performing the function for which it is currently employed.

Economic Obsolescence – Impairment of desirability or useful life arising from factors external to the property, such as economic forces or environmental changes that affect supply-demand relationships in the market. Among the causes of economic obsolescence are changes in optimum use, legislative enactments, and social trends.

Normal Life – The mean or average expected life of the equipment.

Effective Age – The number of years of apparent age based upon the observed condition and amount of wear and tear experience during its life.

Remaining Useful Life – The number of years into the future that the equipment is expected to be in use based upon the equipment's effective age.

Probable Useful Life – The number of years the equipment is expected to be in service from date of installation to the forecasted date of retirement based upon the survivor curves.

APPROACHES USED

The use of more than one approach is desirable because it provides a check on the other approaches of value. In some cases all three approaches are applicable, but normally one or two approaches are utilized. Weights given to each approach vary directly with the amount of information available.

For the valuation of ACP, we have specifically employed the income approach. The market approach was not used due to the lack of publicly trade comparable companies. However, the betas and capital structures of publicly traded shipping companies, port operators, and power and water utilities were analyzed and weighted to arrive at the appropriate discount rate for the income approach. The cost approach was not formally presented because this approach involves an extensive appraisal of each asset class and because the aggregate value of assets is ultimately dependent on income potential.

BUSINESS ENTERPRISE VALUATION

OVERVIEW

The BEV is the total value of the company. This value is often shared by long-term debt holders and stockholders. By definition, the BEV is equal to either total capitalization (equity plus long-term debt) or net working capital plus tangible and intangible assets. This may be stated algebraically in the following way:

$$BEV = SE + LTD = NWC + FA + IA$$

Where:

BEV	=	Business Enterprise Value
SE	=	Shareholders' Equity Value
LTD	=	Long-Term Debt
NWC	=	Net Working Capital (Current Assets Less Current Liabilities)
FA	=	Fixed Assets Value
IA	=	Intangible Assets Value

METHODOLOGY

For the BEV valuation[11] of ACP, we have specifically employed discounted cash flow ("DCF") analyses[12] (a derivation of the income approach), which involves developing future cash flow projections and determining their present value. For purposes of this engagement, the DCF analysis was applied to two separate, independent scenarios with varying expense and growth assumptions: current business structure ("Current Scenario") and Market Value business structure[13] ("MV Scenario") (collectively the "Scenarios"). For the Current Scenario, ACP would continue to function as a government operated entity. For the MV Scenario, ACP (under the assumed business structure) would be subject to Panamanian taxes and competitive market forces (for expenses and costs). The resultant BEV indications, from each Scenario and varying assumption, were weighted and summed to arrive at the respective BEV indications. All the BEV values represent control value and include certain benefits associated with the consolidated operations of ACP.

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[11] In accordance with the sixth edition of the International Valuation Standards' Valuation Guidance Note Number 6

[12] In accordance with the sixth edition of the International Valuation Standards' Valuation Guidance Note Number 9

[13] The structure is consistent with the Market Value definition and guidelines set forth by the sixth edition of the International Valuation Standards

EARNINGS ADJUSTMENT

To derive the true economic value of ACP, it is often necessary to adjust assets, income, and expenses (i) to reasonable economic levels; (ii) for unusual items; and (iii) for inconsistencies.

Balance sheet adjustments, under both Scenarios, consisted of removing cash and investments. As a result, the retained earnings account is recalculated to maintain balance sheet integrity.

The income statement was adjusted to remove extraordinary income and expenses. Under both Scenarios, other income and expenses (including provisions for investment programs and equity reserves) were removed to reflect a normalized, ongoing operating income stream.

Exhibit 2 contains the adjusted balance sheet and income statement for the Company.

NONOPERATIONAL ADJUSTMENTS

When valuing a company's BEV, it is important to isolate assets that are not essential to the company's operations. Isolation of these non-operational assets avoids mixing low-risk, non-operational assets and high-risk operational assets. It would be erroneous to discount low-risk, nonoperational assets at the higher discount rate used for high-risk operational assets. We avoid this error by adding the value of nonoperational assets to the BEVs derived from the income approach, under both Scenarios.

Our investigation revealed $776.5 million (consisting of cash & investments) in nonoperational assets as of the Valuation Date.

INCOME APPROACH - DISCOUNTED CASH FLOW ANALYSIS

OVERVIEW

The income approach valuation is based on the premise that value is equal to the present value of all future ownership benefits. With the income approach, the anticipated future benefits of the company are discounted at a rate commensurate with the particular risk characteristics.

The DCF method was used to derive the income approach value. This valuation method begins with a sales forecast and then develops pro forma cash flow statements. Sales, cost, expense, depreciation, capital expenditure, and working capital projections are based on financial analysis, industry and market studies, and management opinion. For the purpose of this study, six and a half year cash flow forecasts ("Forecast Period") have been used because this projection period encompasses at least one business cycle.

The DCF value has two components. The first component equals the sum of the present value of cash flows over the Forecast Period. Mid-year discounting was used to reflect continuous cash flows. The second component, a residual or terminal value, equals the present value of net income in the last year of the Forecast Period capitalized into perpetuity with the appropriate discount rate. The residual reflects the company's ongoing potential after the last year of the Forecast Period.

The reliability of the DCF method rests directly with the accuracy of the sales forecasts, the income-expense relationships, the amount and timing of capital expenditures and depreciation, and the discount rate.

When using the income approach to value a company's BEV, we must consider the cash flows available to shareholders. Cash flows available to shareholders are generally equal to the sum of net income and depreciation minus capital expenditures and working capital increases.

Exhibit 3 are the DCF analyses presentation of ACP's BEV. In subsequent paragraphs, the assumptions used in this analysis are summarized.

GENERAL

The Company's BEV was estimated by applying the DCF analysis to each Scenario. The main difference between the two scenarios is income taxes over the Forecast Period. For the Current Scenario, it is assumed that the Company would continue to operate as an autonomous agency of the Government. For the MV Scenario, it is assumed that the Company would operate as a business entity, where its income is subject to the Panamanian corporate tax rate of 30.0%, initially, and 27.0%, after February 2006 due to recent changes in corporate tax laws.

The financial forecasts utilized in the DCF analyses (under both Scenarios) are based on company provided financial projections through 2008 ("Management Period"), management discussions, industry trends, and the Study.

REVENUES

Under both Scenarios, total revenue was, individually, forecasted by toll, services, power generation, and water utility. The resultant revenue forecasts are summed to arrive at the overall revenue for the Company.

TOLL REVENUES

Under both Scenarios, toll revenues for the Forecast Period are based on growth assumptions for transit volume, toll rates (per net tonnage) and net tonnage (measured based on the Panama Canal / Universal Measurement System and after May 2005 based on TEU for vessels with containers above deck[14]) by the Canal's major market segments (bulk carriers [graneleros][15], full container ships [porta-contenedores], vehicle carriers [porta-vehiculos], tankers [tanqueros], general cargo ships [cargo general], passenger ships [pasajeros], refrigerated ships [refrigerados], liquid gas carriers [gaseros], container/breakbulk ships, roll-on/roll-off ships, and, and other ships[16]). Exhibit 4 presents the detailed toll revenue assumption by each major market segment (collectively the "Segments" or individually the "Segment").

- *Transit Volume:* Over the Management Period, transit volume forecasts for the Segments were based on management's expected levels. Note that volume forecasts for the container ships were adjusted slightly to portray a linear annual decline. Thereafter, for the remainder of the Forecast Period, each Segment's transit volume is expected to gradually decline to a stabilized annual rate based on historical and forecasted trends.

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[14] Expected to impact full container, refrigerated, general cargo, container/breakbulk, and roll-on/roll-off ships

[15] Consist of dry bulk carriers, woodships, and vehicle /dry bulk carriers

[16] Consist of naval vessels and barges, dredges, drydocks, tugs, dry/liquid bulk carriers, fishing vessels, and others

The following table summarizes VRC's transit volume assumptions.

	2005	2006	2007	2008	2009	2010	2011
Bulk Carriers	3.1%	2.3%	1.8%	1.9%	1.5%	1.0%	1.0%
Container Ships	6.0%	4.5%	4.0%	3.5%	3.0%	1.5%	1.5%
Vehicle Carriers	-4.8%	2.4%	1.2%	1.1%	1.0%	1.0%	1.0%
Tankers	3.3%	0.6%	1.5%	1.6%	1.5%	1.5%	1.5%
Refrigerated	3.5%	0.4%	1.3%	2.4%	2.0%	2.0%	2.0%
Passenger Ships	-13.3%	0.5%	0.9%	0.4%	0.0%	0.0%	0.0%
General Cargo	1.6%	1.7%	1.0%	0.4%	0.0%	0.0%	0.0%
Liquid Gas	-31.0%	0.6%	2.3%	1.7%	1.0%	1.0%	1.0%
Breakbulk	5.9%	1.6%	1.9%	1.5%	1.0%	1.0%	1.0%
Rollon Rolloff	13.9%	2.9%	4.0%	3.3%	2.0%	2.0%	2.0%
Other Ships	3.5%	4.4%	4.6%	4.3%	2.0%	2.0%	2.0%

- *Toll Rates:* As discussed in the Company Overview section, toll rate increases were not administered on an annual basis. They were mainly based on profitability shortfalls and capital needs. Over the 10 year historical period, toll rates grew at a CAGR of 3.0% for all Segments, individually and collectively. However, over the Management Period, toll rates, for the Segments impacted by the new toll system, are expected to increase at a greater rate than historical trends. While toll rates for the remaining Segments are expected to be consistent with historical trends. Thereafter, overall toll rates are expected to increase at inflationary expectations.

- *Net Tonnage:* Similar to the transit volume forecasts, net tonnage per transit projections are based on management's expectations during the Management Period and gradually declining to stabilized rates for the remainder of the Forecast Period.

SERVICE REVENUES

Under both Scenarios, service related revenue is forecasted to grow as a constant percentage at 30.0% of forecasted toll revenue. This rate is consistent with management's 2005 expectations and historical averages. Over the Review Period, service revenue has steadily become a bigger percentage of the overall revenue stream, starting at 23.9% in

2000 to 32.9% in the six months 2005, resulting in an average growth 28.1% and a weighted average rate of 29.8%. The recent growth can be attributed to improved utilization of the Transit Reservation System and additional fees from industrial shipyard and maritime services.

UTILITY REVENUES

Under both Scenarios, utility (power generation and potable water) revenue expectations are based on historical performance, generation capacity, management discussions, and market demand. In general, market demand is expected to exceed each utility's maximum generating capacity and any fuel expense spikes could be passed onto the consumer. As a result, only annual inflationary growth of 1.5% is expected for the revenues of the utilities throughout the Forecast Period. Refer to each Utility's valuation analysis for further details. Since the utilities remain operating entities of ACP, the revenue forecasts do not include any internal consumption between the utilities and ACP. Therefore, the revenue forecasts are lower than the projections used in the valuation of the individual utilities.

MISCELLANEOUS REVENUES

Miscellaneous revenues for 2005 is forecasted at 1.0% of toll revenues, which is consistent with its actual 2004 ongoing operating results. Based on an analysis of the actual 2004 results, nonrecurring, one-time revenues (consisting of excess property sales, special course sales, rehabilitation and recoveries in the area of Gaillard Cut, and half of miscellaneous sales) were eliminated to arrive at the ongoing operating results. Thereafter, miscellaneous revenues are grown at an annual inflationary rate of 1.5%.

TOTAL COST OF SALES

Under both Scenarios, total cost of sales, excluding depreciation, for the remaining six months of 2005 are projected at 17.0% of revenues, which is consistent with the Company's six months ended March 2005 results. Thereafter, cost of sales is expected to gradually increase to 19.2% of revenues, which is consistent with the Company's five year average results.

OPERATING EXPENSES

For the both Scenarios, operating expense, over the Forecast Period, was projected under two independent assumptions: fixed at the Company's 2005 budgeted level of 43.6% of revenues ("Budgeted Expense") and gradually improving from the budgeted level to 41.0% of revenues by 2010 ("Improving Expense").

- The budgeted percentage is consistent with the Company's average expense level over the past two FYs (2003 and 2004). Note that the prior three FYs (2000 to 2002) were not included in the comparison because they did not reflect the impact of the latest toll rate increases (implemented in October 2002).

- The gradual expense improvements reflect ACP's intention to stabilize the workforce at its current levels while continuing to drive revenue growth through volume and toll increases.

TAXES

For the Current Scenario, as an autonomous entity of the Government, corporate income is not subject to taxation. For the MV Scenario, Panamanian corporate tax rates of 30.0%, initially, and 27.0%, after February 2006 were used and is consistent with typical corporate operations and anticipated tax rule changes.

DEPRECIATION AND CAPITAL EXPENDITURES

Under both Scenarios, depreciation and capital expenditures projections are consistent with historical levels, accumulated tax depreciation, management expectations, and expected volume growth. Capital expenditures, based on management projections, were projected at $231.1[17] million for the remaining six months of 2005. Thereafter, capital expenditures are expected to gradually decline to a stabilized, maintenance level of $50.0 million in 2011. The higher expenditures in the earlier years of the Forecast Period reflect continued expenditures related to the Program.

WORKING CAPITAL

Working capital requirements, under both Scenarios, are projected initially at -7.3% of revenues (current six months ending March 31, 2005 levels) and gradually improving to the five year weighted average historical level of -6.8% by 2011.

DISCOUNT RATE

The discount rate affects the enterprise value. This rate, an approximation of the cost of capital, is used to present value income and cash flow streams. A company's cost of capital is equal to the weighted average, after-tax cost of equity and debt. Each company's cost of capital varies with differences in financial and operating risk.

The cost of capital affects the valuation of a business enterprise. A company with a high cost of capital will compute lower present value cash flows for its business than a similar company with a lower cost of capital primarily due to higher risk. Since this is a market valuation, value relates not to a particular company, but rather, is a consensus of the entire market with consideration given to specific risk levels. In order to estimate a

[17] Based on the difference between management's budgeted 2005 level of $305.5 million and actual expenditures for six months ending March 31, 2005

market's cost of capital, we need to approximate three components -- cost of debt, cost of equity and capital structure.

The cost of debt is approximated by the average rate for Brady Bonds, based on the data compiled by *Bloomberg, LLC* ("Bloomberg"). This rate is a proxy for corporate risk in the Panama. Typically, economic decisions are based on an after-tax basis. For the Current Scenario, the estimated cost of debt is not adjusted for tax implications due its tax exemption status. For the MV Scenario, the estimated cost of debt is adjusted for the assumed tax implications.

The average bond rate is calculated through the following equation:

$$R_d = (r)(1 - t)$$

Where:

R_d = Cost of Debt
r = 10 year Panamanian Bond rate as of the Valuation Date
t = Tax Rate @ the appropriate corporate rate

Like debt, the cost of equity is consistent with particular risk levels. To derive an approximation of risk level, we examined publicly traded companies operating within the Canal's major revenue sources: shipping companies, port operators, and power and water utilities (individually the "Sector").

Beta values for the selected comparable companies (collectively the "Comparables") were used to quantify the respective equity risk. The beta is a measure of correlation between the particular security (given industry) and the total equity market (Standard & Poor's 500). For example, a security with a beta of 1.0 has a risk level equal to the market, a beta of 0.5 has a risk level less than the market, and a beta of 1.5 has a risk level greater than the market.

The beta value for each Comparable was derived from data compiled by Bloomberg. The derived beta values are unlevered based on each Comparables' capital structures. Within each Sector, the unlevered betas are averaged to arrive at their respective average beta values. The derived average beta value, for each Sector, is weighted[18] and relevered to arrive at the appropriate beta value, for ACP, in aggregate.

[18] Weights are based on 2004 ACP revenue percentages for the utilities (3.3% for power generation and 1.6% for water utility), and the remaining weight is split between shipping (45.1%) and port operations (50.0%). The weight is skewed slightly toward port operations due to the Canal's operating characteristics.

Using the resultant beta value, the expected world market return[19], and the risk-free rate[20], a risk premium for the Company, under each Scenario, was computed. The premiums represent the increment of risk that exceeds the risk-free rate for the respective industry, in aggregate.

The resultant risk premiums are applied in the following equation to calculate the cost of equity for each Scenario.

$$R_e = R_f + (ERP)\ Beta + R_o$$

Where:

R_e = Equity Return
ERP = Expected World Equity Risk Premium
R_f = Risk-Free Return (U.S. 20 year treasury bond)*
(ERP) Beta = Risk Premium
R_o = Other Risk Adjustments

*on the Valuation Dates

According to portfolio diversification theory, a stock's aggregate risk level is comprised of two major components, systematic or market risk and unsystematic or company-specific risk. Beta adjustments reflect the systematic risk portion. Specific risk factors such as country risk premium[21], country independence ("Other"), and size premium were considered to derive the level of unsystematic for each Scenario. The size premium adjustment represents the return on small company stocks in excess of that predicted by the traditional application of the capital asset pricing model. It is the additional return that cannot be explained by the betas of small companies. The annual returns and the corresponding size premium from the entire universe of New York Stock Exchange / American Stock Exchange / Nasdaq National Market listed securities over the 1926 to 2003 timeframe are compiled and segregated into ten equally populated groups or deciles by *Ibbotson Associates*. Since the implied market capitalization of ACP falls within the second decile, the appropriate size premium for ACP is 0.50%. Although the size premium was derived from publicly traded U.S. companies by *Ibbotson Associates*, it remains the best available representative size adjustment for foreign domiciled companies.

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[19] Based on data presented in Ibbotson Associates International Cost of Capital Perspective Report 2004
[20] Based on the current yield on the U.S. 20 year treasury bond, as of the Valuation Date
[21] Represents an estimate of the premium return required to compensate for the extra perceived risk taken by investing in a particular country

The capital structure is the basis for weighing the combination of equity and debt costs. The average capital structure of debt and equity, for each Sector, was based on data from Bloomberg and, similar to the beta value, weighted accordingly. We used the concluded capital structure to approximate the appropriate market capital structure for ACP.

All components necessary to compute the cost of capital, under each Scenario, are available. Given below is the equation and computation of the weighted average cost of capital ("WACC").

$$R_c = W_e R_e + W_d R_d$$

Where:

R_c = Weighted Average Cost of Capital
W_e = Weight of Equity in Capital Structure
W_d = Weight of Debt in Capital Structure

The following table summarizes all the components utilized to compute the cost of capital and the resultant WACC under each Scenario:

	Current Scenario	**MV Scenario**
10 Yr Panamanian Bond	7.25%	7.25%
Taxes	0.00%	1.96%
Cost of Debt:	7.25%	5.29%
US Risk Free Rate	4.88%	4.88%
Weighted Beta Value[d]	0.54	0.59
World Equity Risk Premium	7.78%	7.78%
Subtotal	9.08%	9.47%
Country Risk Premium[a]	1.28%	1.28%
Size Premium[b]	0.50%	0.50%
Other[c]	-2.00%	-2.00%
Total Cost of Equity	8.86%	9.25%
Debt/Capital Structure	36.04%	36.04%
Equity/Capital Structure	63.96%	63.96%
WACC (rounded to the tenth)	**8.30%**	**7.80%**

Notes:

a) Based on a study conducted by Professor Aswath Damodaran from the New York University Stern School of Business, the estimated country risk premium, for an equity investment in Panama, is 1.28%.

b) Based on data presented in Ibbotson Associates Stocks, Bonds, Bills and Inflations 2004 Yearbook.

c) Reflects ACP's lower risk profile relative to Panama's economy and government.

d) The weighted beta under the Current Scenario is lower than the one under the MV Scenario due to the effects of no taxation on the unlevering and relevering of the comparable betas.

RESIDUAL VALUE CALCULATION

The residual value calculation, in the DCF approach, is based on the present value of the net cash flows, beyond the specific Forecast Period, into perpetuity. The first step is to calculate the residual cash flow by applying the long-term annual growth rate ("g") to the expected net cash flows in last year[22] of the Forecast Period. The resultant residual cash flow is divided by the residual divisor to arrive at the residual value of the company at the end of the Forecast Period. To arrive at the residual value, the calculated residual value is present valued to the current value equivalent. The residual divisor is based on the application of the Gorden Growth Model (i.e., residual divisor = k-g. where k is the risk adjusted discount rate and g is the long-term annual growth rate).

Independent long-term growth rates of 1.5% ("Inflation Growth") and 2.0% ("Real Growth") were assumed, under both Scenarios.

- Inflation Growth reflects (i) the expected long-term growth rate after the specific Forecast Period; (ii) the going trend of larger cargo ships; (iii) maximum transit volume; and (iv) ACP's declining margins due to operating leverage losses. By the end of the Forecast Period, it is assumed that the Canal reaches the maximum amount of transits that can traverse the channel safely and efficiently, during the day and night. Without expanding the locks to accommodate larger ships and adding more locks, the Canal revenue is expected to remain stable, with the exception of inflationary growth.

- Real Growth reflects minimal nominal growth in addition to the inflationary growth.

SUMMARY OF VALUES

The DCF analysis estimates the total BEV of the Company, under two Scenarios with varying assumptions. After careful review of the Scenarios, we weighted the Current Scenario (75%) greater than the MV Scenario (25%) because the Current Scenario (i) is a better approximation of the business enterprise's *highest and best use*, in accordance with IVS-1; and (ii) represents the current and anticipated future corporation operations and infrastructure.

The table on the next page summarizes the value indications derived under the DCF analyses.

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[22] For purposes of this analysis, expected net cash flow is derived by summing net income and changes in working capital, assuming depreciation and capital expenditures will equalize in the long term

($ thousands)	Value Indication	Weight	Weighted Market Value
Budgeted Expense, Inflation Rate			
Current Scenario	$6,792,915.1	75.0%	$5,094,686.3
MV Scenario	$5,449,000.6	25.0%	$1,362,250.2
		BEV Indication	$6,456,936.5
Budgeted Expense, Real Rate			
Current Scenario	$7,198,372.2	75.0%	$5,398,779.2
MV Scenario	$5,804,970.1	25.0%	$1,451,242.5
		BEV Indication	$6,850,021.7
Improving Expense, Inflation Rate			
Current Scenario	$7,237,711.5	75.0%	$5,428,283.6
MV Scenario	$5,805,149.6	25.0%	$1,451,287.4
		BEV Indication	$6,879,571.0
Improving Expense, Real Rate			
Current Scenario	$7,675,769.6	75.0%	$5,756,827.2
MV Scenario	$6,189,674.1	25.0%	$1,547,418.5
		BEV Indication	$7,304,245.7

CONCLUSION – BUSINESS ENTERPRISE VALUE

Based on the DCF analyses described above and subject to the limiting conditions and assumptions presented herein, it is our opinion that the range of BEVs for the Company, as of the Valuation Date, is:

SIX BILLION FIVE HUNDRED MILLION DOLLARS TO
SEVEN BILLION THREE HUNDRED MILLION DOLLARS
$6.5 to $7.3 billion

VRC does not conduct or provide environmental liability assessments of any kind in performing its valuations so that our opinion of values will not reflect any actual or contingent environmental liabilities except to the extent we are provided with a specific monetary assessment of such liabilities in writing. In any event, VRC will not verify such monetary assessment and will offer no warranty or representation as to its accuracy or completeness. For purposes of this engagement, our opinion of values excludes any actual or contingent environmental liabilities.

VRC has investigated neither the title to nor any liabilities against the property appraised. Neither VRC nor any of its personnel have any material financial interest in the equity appraised, and we certify that the compensation received for this study is not contingent upon the conclusions stated.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions.

1. This report and the conclusions arrived at can only be relied upon by the parties to whom the transmittal letter is addressed for the sole and specific purposes as noted and as of the appraisal date specified. Furthermore, the report and conclusions are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusions reached represent the considered opinion of VRC, based upon information furnished to them by the Company and other sources.

2. In accordance with recognized professional standards as generally practiced in the valuation industry, the fee for these services is not contingent upon the conclusions of value contained in the report. VRC has determined to the best of its knowledge and in good faith that neither it nor any of its agents or employees has a material financial interest in the Company.

3. VRC assumes that all laws, statutes, ordinances, zoning and use regulations, other regulations, or regulations of any governmental authority relevant to and in connection with this engagement are complied with unless express written noncompliance is brought to the attention of VRC by those relied on by VRC, including the Company and its management, and stated and defined in the appraisal report.

4. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

5. VRC has relied on certain public information and statistical information furnished by others, including, but not limited to, the Company, without verification. VRC believes such information to be reliable as to accuracy and completeness but offers no warranty or representation to that effect; however, nothing has come to our attention in the course of this engagement that would cause us to believe that any furnished information is inaccurate in any material respect or that it is unreasonable to utilize and rely upon such information.

6. In the event this report is used for a sale price, financing, or tax purposes, no responsibility is assumed for the inability to negotiate favorably on the basis of the values expressed herein.

7. VRC has not made a specific compliance survey or analysis of the subject property to determine whether it is subject to or in compliance with the Americans with Disability Act of 1990 (ADA) and this report does not consider the impact, if any, of non-compliance in estimating the value of the property.

8. Material changes in the industry or in market conditions that might affect the Company's business from and after the appraisal date, which are not reasonably foreseeable, are not taken into account.

9. The issuance of this report by VRC does not represent an assurance, guarantee, or warranty that the Company will not default on any debt obligations, if any, associated with the values stated in the report, nor does VRC make any assurance, guarantee, or warranty that the covenants for any financing will not be broken in the future.

10. Future services regarding the subject matter of this report, including, but not limited to, testimony or attendance in court, shall not be required of VRC, unless previous arrangements have been made in writing.

11. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of any appraiser or appraisers, or the company with which such appraisers are connected, or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other public means of communication, without the prior written consent and approval of VRC.

12. No representation is made as to the legal sufficiency for any purpose of the definitions contained in the body of the report; such definitions are used solely for setting forth the scope of this report and VRC believes such definitions to be reasonable for the purposes of rendering this report.

13. Neither VRC, nor its agents or employees assume any responsibility for matters legal in nature, nor do they render any opinion as to any title to, or legal status of, property, which may be involved, both real and personal, tangible and intangible. Title is assumed to be good and marketable.

14. The Company agrees to reimburse VRC for any expenses that VRC may incur, as a party, witness or participant in connection with any litigation or dispute involving this engagement. This includes, unless it resulted from VRC's gross negligence or willful misconduct, all reasonable out-of-pocket costs such as travel expenses, attorney fees and, if necessary, costs of enforcing this agreement.

15. Where there may be real property involved, and unless specifically stated, VRC has not made a land survey of the property and has assumed that the Company has clear title to the property. VRC assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such unapparent conditions or for arranging for engineering studies that may be required to discover such unapparent conditions or any such unapparent conditions, which may exist.

16. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless otherwise specified within the report. The property is appraised and conclusions of value are based upon the assumption that responsible ownership and competent management will continue.

17. Our opinion is necessarily based on economic, market, financial and other conditions as they exist on the date of this report. While various judgments and estimates which we consider reasonable and appropriate under the circumstances were made by us in the determination of value, no assurance can be given by us that the sale price which might ultimately be realized in any actual transaction, if and when effected, will be at the Market Value indicated.

18. Material changes in the industry or in market conditions that might affect the Company's business from and after the appraisal date, which are not reasonably foreseeable, are not taken into account.

19. The conclusions of value are based upon the assumption that the current level of management expertise and effectiveness would continue to be maintained and that the character and integrity of the enterprise through any sale, reorganization, exchange, or diminution of the owners participation would not be materially or significantly changed.

20. The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocation of value for land and improvements must not be used in conjunction with any other appraisal and is invalid if so used.

21. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non compliance is stated, defined, and considered in the appraisal report. It is further assumed that any mechanical and electrical equipment, which is considered part of the real estate, is in proper operating condition except when noted herein. These include, but are not limited to, such items as the heating, air conditioning, plumbing, sprinkler, and electrical systems.

22. Detailed architectural and engineering drawings were not always available to the appraisers. Construction details are based on the property inspections, available drawings, tax records, and interviews with the plant managers. However, some construction details in this report may differ from the actual construction.

23. No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Sketches in this report are included only to assist the reader in visualizing the property.

24. In this report, the existence of potentially hazardous material used in the construction or maintenance of any structures, such as the presence of urea-formaldehyde foam insulation, and/or the existence of toxic waste, which may or may not be present on the property, was not observed by VRC, its employees or contractors, nor do they have any knowledge of the existence of such materials on or in the property except as noted. The appraisers, however, are not qualified to detect such substances. The existence of such substances may have an effect on the value of the property or properties appraised. VRC urges the client to retain an expert in this field if so desired.

25. It is assumed that the utilization of any land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the report.

26. VRC is not an environmental consultant or auditor, and it takes no responsibility for any actual or potential environmental liabilities. Any person entitled to rely on this report wishing to know whether such liabilities exist, or their scope, and the effect on the value of the property is encouraged to obtain a professional environmental assessment. VRC does not conduct or provide environmental assessments and has not performed one for this report.

27. VRC has not determined independently whether the Company is subject to any present or future liability relating to environmental matters, including but not limited to CERCLA/ Superfund liability. VRC's report takes no such liabilities into account. To the extent such information has been reported to us, VRC has relied on it without verification and offers no warranty or representation as to its accuracy or completeness.

CERTIFICATION

The undersigned certifies that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the report of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation and with the Codes of Ethics of the Appraisal Institute and the American Society of Appraisers.
- I have made a personal inspection of certain properties that are the subject of this report.

Bryan H. Browning

Bryan H. Browning, CFA, ASA

12-21-05

Date

EXHIBITS

PANAMA CANAL AUTHORITY - CONSOLIDATED

BALANCE SHEET SUMMARY
AS OF SEPTEMBER 30 (1)
($ MILLION)

	Mar 31 (3) 2005	%	2004	%	2003	%	2002	%	2001	%	2000	%
CURRENT ASSETS:												
Cash & Investments	$776.5	26.8%	$771.4	27.1%	$550.4	21.5%	$416.9	17.7%	$355.9	15.9%	$280.9	13.3%
Accounts Receivable	38.5	1.3%	37.3	1.3%	36.7	1.4%	31.6	1.3%	39.5	1.8%	36.7	1.7%
Inventories	26.9	0.9%	26.3	0.9%	27.9	1.1%	27.7	1.2%	22.8	1.0%	19.7	0.9%
Deferred Tax Benefit	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Other	5.5	0.2%	5.4	0.2%	4.0	0.2%	2.6	0.1%	2.8	0.1%	4.5	0.2%
Total	847.3	29.2%	840.5	29.5%	619.0	24.2%	478.9	20.3%	421.0	18.8%	341.8	16.2%
LONG-TERM ASSETS:												
Gross Property and Equipment	2,338.6	80.6%	2,265.8	79.6%	2,137.8	83.6%	2,027.1	85.9%	1,911.5	85.3%	1,810.2	85.7%
Accumulated Depreciation	-285.1	-9.8%	-258.3	-9.1%	-199.2	-7.8%	-145.1	-6.1%	-91.7	-4.1%	-39.9	-1.9%
Net Property and Equipment	2,053.5	70.8%	2,007.6	70.5%	1,938.6	75.8%	1,882.0	79.7%	1,819.8	81.2%	1,770.2	83.8%
Other	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total	2,053.5	70.8%	2,007.6	70.5%	1,938.6	75.8%	1,882.0	79.7%	1,819.8	81.2%	1,770.2	83.8%
TOTAL ASSETS	$2,900.8	100.0%	$2,848.0	100.0%	$2,557.7	100.0%	$2,360.8	100.0%	$2,240.8	100.0%	$2,112.1	100.0%
CURRENT LIABILITIES												
Accounts Payable	$75.0	2.6%	$69.3	2.4%	$61.8	2.4%	$55.0	2.3%	$63.9	2.9%	$41.6	2.0%
Provision for Marine Accident Claims	25.8	0.9%	24.9	0.9%	21.3	0.8%	15.9	0.7%	5.5	0.2%	2.3	0.1%
Accrued Liabilities	74.3	2.6%	73.4	2.6%	62.1	2.4%	48.0	2.0%	35.6	1.6%	21.0	1.0%
Other (2)	3.1	0.1%	2.9	0.1%	4.5	0.2%	2.8	0.1%	8.3	0.4%	4.2	0.2%
Total	178.2	6.1%	170.5	6.0%	149.6	5.8%	121.7	5.2%	113.3	5.1%	69.0	3.3%
LONG TERM LIABILITIES:												
Deferred Taxes	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Long-Term Debt	10.0	0.3%	10.0	0.4%	10.0	0.4%	10.0	0.4%	10.0	0.4%	10.0	0.5%
Other	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total	10.0	0.3%	10.0	0.4%	10.0	0.4%	10.0	0.4%	10.0	0.4%	10.0	0.5%
EQUITY:												
Common Stock	1,904.6	65.7%	1,904.6	66.9%	1,908.7	74.6%	1,908.9	80.9%	1,928.5	86.1%	1,931.4	91.4%
Retained Earnings	228.7	7.9%	183.7	6.5%	106.8	4.2%	88.8	3.8%	35.8	1.6%	30.8	1.5%
Preferred Stock	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Additional Paid-in Capital	579.2	20.0%	579.2	20.3%	382.6	15.0%	231.4	9.8%	153.3	6.8%	70.8	3.4%
Total	2,712.5	93.5%	2,667.5	93.7%	2,398.1	93.8%	2,229.1	94.4%	2,117.5	94.5%	2,033.0	96.3%
TOTAL LIABILITIES & EQUITY	$2,900.8	100.0%	$2,848.0	100.0%	$2,557.7	100.0%	$2,360.8	100.0%	$2,240.8	100.0%	$2,112.1	100.0%

Notes
(1) Except 2005
(2) Includes reserves for marine accidents and occasional loss
(3) Latest Interim Period

PANAMA CANAL AUTHORITY - CONSOLIDATED

INCOME STATEMENT SUMMARY
AS OF SEPTEMBER 30 (8)
($ MILLION)

	Mar 31 (8) 2005	%	2004	%	2003	%	2002	%	2001	%	9 Months 2000	%
Net Revenues (1)	$560.8	100.0%	$1,052.5	100.0%	$910.7	100.0%	$787.9	100.0%	$760.5	100.0%	$566.1	100.0%
Cost of Sales (2)	95.3	17.0%	182.2	17.3%	171.7	18.8%	158.0	20.0%	173.9	22.9%	121.4	21.4%
Gross Profit	465.5	83.0%	870.4	82.7%	739.1	81.2%	630.0	80.0%	586.6	77.1%	444.7	78.6%
Operating Expenses (3):												
Sales & Marketing	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Administration	203.8	36.3%	411.2	39.1%	407.2	44.7%	391.4	49.7%	406.5	53.4%	295.4	52.2%
Other	14.5	2.6%	29.0	2.8%	29.0	3.2%	29.0	3.7%	29.0	3.8%	24.0	4.2%
Total	218.3	38.9%	440.2	41.8%	436.2	47.9%	420.4	53.4%	435.5	57.3%	319.4	56.4%
EBITDA (4)	247.2	44.1%	430.2	40.9%	302.9	33.3%	209.6	26.6%	151.1	19.9%	125.3	22.1%
Depreciation	28.3	5.1%	60.8	5.8%	55.0	6.0%	54.6	6.9%	53.6	7.0%	38.7	6.8%
EBIT (5)	218.9	39.0%	369.4	35.1%	247.9	27.2%	155.0	19.7%	97.6	12.8%	86.6	15.3%
Interest Expense	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Loss (Gain) on Sale of Assets	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Other Expense (Income)	74.0	13.2%	199.6	19.0%	-10.1	1.1%	-11.9	1.5%	-20.7	2.7%	-15.0	2.6%
Pretax Profit	144.8	25.8%	169.8	16.1%	258.0	28.3%	166.9	21.2%	118.3	15.5%	101.6	17.9%
Taxes	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Net Income	$144.8	25.8%	$169.8	16.1%	$258.0	28.3%	$166.9	21.2%	$118.3	15.5%	$101.6	17.9%
Capital Expenditures	$74.4		$252.8		$112.6		$138.9		$109.4		$77.3	

Notes:

(1) Excludes Interest and Nonrecurring Misc Income, included in "Other Expense (Income)" category
(2) Includes fee per ton, material and supplies, fuel, and capitalized material and supplies
(3) Excludes Depreciation
(4) Earnings Before Interest, Taxes, Depreciation, and Amortization
(5) Earnings Before Interest and Taxes
(6) "NM" = No Meaningful Figure
(7) Reflects growth between annualized 2005 and annualized 2000 results
(8) Except 2005 which is based on latest interim results

GROWTH RATE ANALYSIS

	Annualized 2005	2004	2003	2002	2001	(7) Compound Annualized Growth Rate
Revenues	6.6%	15.6%	15.6%	3.6%	0.7%	8.2%
Gross Profit	7.0%	17.8%	17.3%	7.4%	-1.1%	9.4%
EBITDA	14.9%	42.0%	44.5%	38.7%	-9.5%	24.2%
EBIT	18.5%	49.0%	59.9%	58.9%	-15.5%	30.5%
Net Income	70.6%	-34.2%	54.6%	41.1%	-12.7%	16.4%
Capital Expenditures	-41.2%	124.5%	-19.0%	27.0%	6.1%	7.6%

PANAMA CANAL AUTHORITY - CONSOLIDATED

RATIO ANALYSIS
AS OF SEPTEMBER 30

	TTM Mar 05	2004	2003	2002	2001	Annualized 2000	Five-Year Average (1)
LIQUIDITY RATIOS:							
Current	4.8	4.9	4.1	3.9	3.7	5.0	4.3
Quick	4.6	4.8	4.0	3.7	3.5	4.7	4.1
Working Capital / Revenues	61.5%	63.7%	51.5%	45.3%	40.5%	48.2%	49.8%
ASSET MANAGEMENT RATIOS:							
Inventory Turnover (COGS)	6.9	6.9	6.2	5.7	7.6	6.2	6.5
Average Collection Period	13	13	15	15	19	24	17.0
Net Fixed Asset Turnover	0.5	0.5	0.5	0.4	0.4	0.3	0.4
Total Asset Turnover	0.4	0.4	0.4	0.3	0.3	0.3	0.3
DEBT MANAGEMENT RATIOS:							
Liabilities / Total Assets	6.5%	6.3%	6.2%	5.6%	5.5%	3.7%	5.5%
Long-Term Debt / Equity	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%	0.4%
Times Interest Earned	NA	NA	NA	NA	NA	NA	NA
PROFITABILITY RATIOS:							
Return on Total Assets	6.5%	6.0%	10.1%	7.1%	5.3%	4.8%	6.6%
Pretax Profit / Total Assets	6.5%	6.0%	10.1%	7.1%	5.3%	4.8%	6.6%
Return on Equity	6.9%	6.4%	10.8%	7.5%	5.6%	5.0%	7.0%
Pretax Profit / Equity	6.9%	6.4%	10.8%	7.5%	5.6%	5.0%	7.0%

Notes

(1) *Does not include TTM results*

PANAMA CANAL AUTHORITY - CONSOLIDATED

ADJUSTED OPERATING BALANCE SHEET
AS OF SEPTEMBER 30
($ MILLIONS)

	As of Mar 31 2005	%	2004	%	2003	%	2002	%	2001	%	2000	%
CURRENT ASSETS:												
Cash & Investments (1)	$0.0	0%	$0.0	0%	$0.0	0%	$0.0	0%	$0.0	0%	$0.0	0%
Accounts Receivable	38.5	2%	37.3	2%	36.7	2%	31.6	2%	39.5	2%	36.7	2%
Inventories	26.9	1%	26.3	1%	27.9	1%	27.7	1%	22.8	1%	19.7	1%
Deferred Tax Benefit	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Other	5.5	0%	5.4	0%	4.0	0%	2.6	0%	2.8	0%	4.5	0%
Total	70.9	3%	69.0	3%	68.6	3%	61.9	3%	65.2	3%	60.9	3%
LONG-TERM ASSETS:												
Gross Property and Equipment	2,338.6	110%	2,265.8	109%	2,137.8	107%	2,027.1	104%	1,911.5	101%	1,810.2	99%
Accumulated Depreciation	-285.1	-13%	-258.3	-12%	-199.2	-10%	-145.1	-7%	-91.7	-5%	-39.9	-2%
Net Property and Equipment	2,053.5	97%	2,007.6	97%	1,938.6	97%	1,882.0	97%	1,819.8	97%	1,770.2	97%
Other	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Total	2,053.5	97%	2,007.6	97%	1,938.6	97%	1,882.0	97%	1,819.8	97%	1,770.2	97%
TOTAL ASSETS	$2,124.3	100%	$2,076.6	100%	$2,007.2	100%	$1,943.9	100%	$1,885.0	100%	$1,831.1	100%
CURRENT LIABILITIES												
Accounts Payable	$75.0	4%	$69.3	3%	$61.8	3%	$55.0	3%	$63.9	3%	$41.6	2%
Provision for Marine Accident Claims	25.8	1%	24.9	1%	21.3	1%	15.9	1%	5.5	0%	2.3	0%
Accrued Liabilities	74.3	3%	73.4	4%	62.1	3%	48.0	2%	35.6	2%	21.0	1%
Other	3.1	0%	2.9	0%	4.5	0%	2.8	0%	8.3	0%	4.2	0%
Total	178.2	8%	170.5	8%	149.6	7%	121.7	6%	113.3	6%	69.0	4%
LONG TERM LIABILITIES:												
Deferred Taxes	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Long-Term Debt	10.0	0%	10.0	0%	10.0	0%	10.0	1%	10.0	1%	10.0	1%
Other	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Total	10.0	0%	10.0	0%	10.0	0%	10.0	1%	10.0	1%	10.0	1%
EQUITY:												
Common Stock	1,904.6	90%	1,904.6	92%	1,908.7	95%	1,908.9	98%	1,928.5	102%	1,931.4	105%
Retained Earnings (2)	-547.8	-26%	-587.7	-28%	-443.7	-22%	-328.2	-17%	-320.1	-17%	-250.1	-14%
Preferred Stock	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Additional Paid-in Capital	579.2	27%	579.2	28%	382.6	19%	231.4	12%	153.3	8%	70.8	4%
Total	1,936.1	91%	1,896.1	91%	1,847.6	92%	1,812.2	93%	1,761.7	93%	1,752.1	96%
TOTAL LIABILITIES & EQUITY	$2,124.3	100%	$2,076.6	100%	$2,007.2	100%	$1,943.9	100%	$1,885.0	100%	$1,831.1	100%

Notes:

(1) Adjusted for Nonoperational Assets - Cash

(2) Adjusted Retained Earnings for Nonoperational Asset Adjustments in Order to Balance Accounts

(3) Latest Interim Period

SUMMARY OF NONOPERATIONAL ASSETS

	2005	2004	2003	2002	2001	2000
Cash & Investments	$776.5	$771.4	$550.4	$416.9	$355.9	$280.9
Notes Receivables	0.0	0.0	0.0	0.0	0.0	0.0
Cash Value of Life Insurance	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total Nonoperational Assets	$776.5	$771.4	$550.4	$416.9	$355.9	$280.9

PANAMA CANAL AUTHORITY - CONSOLIDATED

ADJUSTED INCOME STATEMENT SUMMARY
AS OF SEPTEMBER 30
($ MILLIONS)

	Annualized (4) 2005	%	TTM 2005	%	2004	%	2003	%	2002	%	2001	%
Net Revenues	$1,121.6	100%	$1,088.7	100%	$1,052.5	100%	$910.7	100%	$787.9	100%	$760.5	100%
Adjustment	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Adjusted Net Sales	1,121.6	100%	1,088.7	100%	1,052.5	100%	910.7	100%	787.9	100%	760.5	100%
Cost of Sales (1)	190.7	17%	186.2	17%	182.2	17%	171.7	19%	158.0	20%	173.9	23%
Adjustment	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Adjusted Cost of Sales	190.7	17%	186.2	17%	182.2	17%	171.7	19%	158.0	20%	173.9	23%
Gross Profit	931.0	83%	902.6	83%	870.4	83%	739.1	81%	630.0	80%	586.6	77%
Operating Expenses												
Sales & Marketing	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Adjustment	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Adjusted Sales & Marketing	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Administration	407.6	36%	420.2	39%	411.2	39%	407.2	45%	391.4	50%	406.5	53%
Adjustment	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Adjusted Administration	407.6	36%	420.2	39%	411.2	39%	407.2	45%	391.4	50%	406.5	53%
Other	29.0	3%	29.7	3%	29.0	3%	29.0	3%	29.0	4%	29.0	4%
Adjustment One	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Adjustment Two	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Adjusted Other	29.0	3%	29.7	3%	29.0	3%	29.0	3%	29.0	4%	29.0	4%
Adjusted Total	436.6	39%	449.9	41%	440.2	42%	436.2	48%	420.4	53%	435.5	57%
EBITDA (2)	494.4	44%	452.6	42%	430.2	41%	302.9	33%	209.6	27%	151.1	20%
Depreciation & Amortization	56.7	5%	59.8	5%	60.8	6%	55.0	6%	54.6	7%	53.6	7%
EBIT (3)	437.7	39%	392.8	36%	369.4	35%	247.9	27%	155.0	20%	97.6	13%
Other Expense (Income)	148.1	13%	205.6	19%	199.6	19%	-10.1	-1%	-11.9	-2%	-20.7	-3%
Adjustment	-148.1	-13%	-205.6	-19%	-199.6	-19%	10.1	1%	11.9	2%	20.7	3%
Adjusted Other	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Pretax Earnings	$437.7	39%	$392.8	36%	$369.4	35%	$247.9	27%	$155.0	20%	$97.6	13%
Adjusted Five-Year Average EBITDA (5)					$317.6							
Adjusted Five-Year Average EBIT (5)					$261.5							

Notes:

(1) Excludes depreciation

(2) Earnings Before Interest Taxes Depreciation and Amortization

(3) Earnings Before Interest and Taxes

(4) Annualized for Interim Period

(5) Excludes TTM 2005

PANAMA CANAL AUTHORITY - CONSOLIDATED

ADJUSTED OPERATING RATIOS
AS OF SEPTEMBER 30 (1)

	Annualized 2005	TTM 2005	2004	2003	2002	2001	Five-Year Average (2)	Weighted Average (2)
COST AND EXPENSE ANALYSIS:								
COGS / Revenues	17.0%	17.1%	17.3%	18.8%	20.0%	22.9%	19.2%	18.2%
Sales & Marketing Expenses / Revenues	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Administrative Expenses / Revenues	36.3%	38.6%	39.1%	44.7%	49.7%	53.4%	44.6%	41.7%
Other Expenses / Revenues	2.6%	2.7%	2.8%	3.2%	3.7%	3.8%	3.2%	3.0%
Total Operating Expenses / Revenues	38.9%	41.3%	41.8%	47.9%	53.4%	57.3%	47.9%	44.6%
Other Expenses / Revenues	13.2%	18.9%	19.0%	1.1%	1.5%	2.7%	7.5%	10.1%
Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ADJUSTED COST AND EXPENSE ANALYSIS:								
COGS / Revenues	**17.0%**	**17.1%**	**17.3%**	**18.8%**	**20.0%**	**22.9%**	19.2%	18.2%
Sales & Marketing Expenses / Revenues	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Administrative Expenses / Revenues	36.3%	38.6%	39.1%	44.7%	49.7%	53.4%	44.6%	41.7%
Other Expenses / Revenues	2.6%	2.7%	2.8%	3.2%	3.7%	3.8%	3.2%	3.0%
Operating Expenses / Revenues	**38.9%**	**41.3%**	**41.8%**	**47.9%**	**53.4%**	**57.3%**	47.9%	44.6%
CAPITAL REPLACEMENT ANALYSIS:								
Capital Expenditure / Revenues	13.3%	24.7%	24.0%	12.4%	17.6%	14.4%	16.3%	16.6%
WORKING CAPITAL ANALYSIS (1):								
Accounts Receivable / Revenues	3.4%	3.5%	3.5%	4.0%	4.0%	5.2%	4.0%	3.8%
Inventory / Revenues	2.4%	2.5%	2.5%	3.1%	3.5%	3.0%	2.9%	2.7%
Other Current Assets / Revenues	0.5%	0.5%	0.5%	0.4%	0.3%	0.4%	0.4%	0.5%
Accounts Payable / Revenues	6.7%	6.9%	6.6%	6.8%	7.0%	8.4%	7.1%	6.8%
Other Current Liabilities / Revenues	6.9%	7.1%	7.2%	7.3%	6.5%	5.8%	6.7%	6.9%
Net Working Capital / Revenues	-7.3%	-7.5%	-7.3%	-6.6%	-5.6%	-5.6%	-6.5%	-6.8%
MARGIN ANALYSIS:								
EBITDA / Revenues	44.1%	41.6%	40.9%	33.3%	26.6%	19.9%	32.9%	37.1%
EBIT / Revenues	39.0%	36.1%	35.1%	27.2%	19.7%	12.8%	26.8%	31.3%
Net Income / Revenues	25.8%	17.2%	16.1%	28.3%	21.2%	15.5%	21.4%	22.4%
EBITDA / Assets	17.0%	15.6%	15.1%	11.8%	8.9%	6.7%	11.9%	13.7%
EBIT / Assets	15.1%	13.5%	13.0%	9.7%	6.6%	4.4%	9.7%	11.6%
Net Income / Assets	10.0%	6.5%	6.0%	10.1%	7.1%	5.3%	7.7%	8.2%
ADJUSTED MARGIN ANALYSIS:								
EBITDA / Revenues	44.1%	41.6%	40.9%	33.3%	26.6%	19.9%	32.9%	37.1%
EBIT / Revenues	39.0%	36.1%	35.1%	27.2%	19.7%	12.8%	26.8%	31.3%
EBITDA / Assets	23.3%	21.3%	20.7%	15.1%	10.8%	8.0%	15.6%	18.3%
EBIT / Assets	20.6%	18.5%	17.8%	12.4%	8.0%	5.2%	12.8%	15.5%

Notes:

(1) Excludes Cash and Short-Term Debt

(2) Excludes TTM 2005 results

PANAMA CANAL AUTHORITY - CONSOLIDATED

DISCOUNTED CASH FLOW ANALYSIS

CURRENT SCENARIO: BUDGETED EXPENSE - INFLATION RATE

AS OF MARCH 31, 2005

($ THOUSANDS)

	6 Months 2005	2006	2007	2008	2009	2010	2011
Revenues	$560,554	$1,261,250	$1,377,383	$1,478,696	$1,534,962	$1,581,495	$1,629,721
Cost of Sales	95,290.0	220,718.7	247,928.9	273,558.9	291,642.8	303,865.6	313,131.7
Gross Profit	465,263.6	1,040,531.2	1,129,453.9	1,205,137.6	1,243,319.3	1,277,629.1	1,316,589.1
Operating Expenses	244,140.8	549,318.8	599,898.7	644,024.4	668,530.0	688,796.6	709,800.7
EBITDA (1)	221,122.8	491,212.5	529,555.2	561,113.3	574,789.3	588,832.5	606,788.3
Depreciation	14,595.9	82,307.8	93,592.0	97,780.7	97,319.3	94,990.4	92,497.3
EBIT (2)	206,526.9	408,904.7	435,963.3	463,332.6	477,470.0	493,842.1	514,291.0
Income Taxes 0.0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income	206,526.9	408,904.7	435,963.3	463,332.6	477,470.0	493,842.1	514,291.0
Depreciation	14,595.9	82,307.8	93,592.0	97,780.7	97,319.3	94,990.4	92,497.3
Capital Expenditures	(231,139.0)	(268,951.0)	(174,182.0)	(102,051.0)	(58,830.0)	(51,120.0)	(50,000.0)
Working Capital Changes	(25,826.3)	6,720.8	5,282.6	6,882.6	3,822.3	3,161.1	3,276.2
Net Cash Flows	(35,842.5)	228,982.2	360,655.8	465,944.8	519,781.6	540,873.6	560,064.5
PV Factor at 8.3%	0.9803	0.9234	0.8526	0.7873	0.7269	0.6712	0.6198
PV of Net Cash Flows	(35,135.1)	211,433.3	307,493.5	366,816.7	377,839.2	363,039.2	347,110.1

Sum of PV of Net Cash Flows	1,228,447.7
PV of Residual Value	4,787,988.4
Operating BEV (3)	6,016,436.1
Nonoperational Asset	776,479.0
Total Enterprise Value	$6,792,915.1

Residual Calculation	
Net Cash Flow @ 2011	517,567.1
1 + Long Term Growth	1.015
Residual Cash Flow	525,330.6
Residual Divisor	6.8%
Residual Value	7,725,450.7
PV Factor	0.6198
PV of Residual Value	4,787,988.4

Assumption Highlights	2005	2006	2007	2008	2009	2010	2011
Revenue Growth	6.5%	12.5%	9.2%	7.4%	3.8%	3.0%	3.0%
Gross Margin	83.0%	82.5%	82.0%	81.5%	81.0%	80.8%	80.8%
Operating Expenses - % of sales	43.6%	43.6%	43.6%	43.6%	43.6%	43.6%	43.6%
EBITDA Margin	39.4%	38.9%	38.4%	37.9%	37.4%	37.2%	37.2%
Income Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Working Capital - % of sales	-7.3%	-7.0%	-6.8%	-6.8%	-6.8%	-6.8%	-6.8%

Notes

(1) Earnings Before Interest, Taxes, Depreciation, and Amortization

(2) Earnings Before Interest and Taxes

(3) Operating Business Enterprise Value

PANAMA CANAL AUTHORITY - CONSOLIDATED

DISCOUNTED CASH FLOW ANALYSIS

MV SCENARIO: BUDGETED EXPENSE - INFLATION RATE

AS OF MARCH 31, 2005

($ THOUSANDS)

	6 Months 2005	2006	2007	2008	2009	2010	2011
Revenues	$560,554	$1,261,250	$1,377,383	$1,478,696	$1,534,962	$1,581,495	$1,629,721
Cost of Sales	95,290.0	220,718.7	247,928.9	273,558.9	291,642.8	303,865.6	313,131.7
Gross Profit	465,263.6	1,040,531.2	1,129,453.9	1,205,137.6	1,243,319.3	1,277,629.1	1,316,589.1
Operating Expenses	244,140.8	549,318.8	599,898.7	644,024.4	668,530.0	688,796.6	709,800.7
EBITDA (1)	221,122.8	491,212.5	529,555.2	561,113.3	574,789.3	588,832.5	606,788.3
Depreciation	14,595.9	82,307.8	93,592.0	97,780.7	97,319.3	94,990.4	92,497.3
EBIT (2)	206,526.9	408,904.7	435,963.3	463,332.6	477,470.0	493,842.1	514,291.0
Income Taxes 27%	61,958.1	110,404.3	117,710.1	125,099.8	128,916.9	133,337.4	138,858.6
Net Income	144,568.8	298,500.4	318,253.2	338,232.8	348,553.1	360,504.7	375,432.4
Depreciation	14,595.9	82,307.8	93,592.0	97,780.7	97,319.3	94,990.4	92,497.3
Capital Expenditures	(231,139.0)	(268,951.0)	(174,182.0)	(102,051.0)	(58,830.0)	(51,120.0)	(50,000.0)
Working Capital Changes	(25,826.3)	6,720.8	5,282.6	6,882.6	3,822.3	3,161.1	3,276.2
Net Cash Flows	(97,800.6)	118,578.0	242,945.7	340,845.0	390,864.7	407,536.2	421,205.9
PV Factor at 7.8%	0.9814	0.9276	0.8605	0.7983	0.7405	0.6869	0.6372
PV of Net Cash Flows	(95,981.3)	109,998.1	209,060.4	272,082.6	289,435.2	279,944.8	268,399.6

Sum of PV of Net Cash Flows	784,595.0
PV of Residual Value	3,887,926.7
Operating BEV (3)	4,672,521.6
Nonoperational Asset	776,479.0
Total Enterprise Value	$5,449,000.6

Residual Calculation	
Net Cash Flow @ 2011	378,708.6
1 + Long Term Growth	1.015
Residual Cash Flow	384,389.2
Residual Divisor	6.3%
Residual Value	6,101,415.9
PV Factor	0.6372
PV of Residual Value	3,887,926.7

Assumption Highlights	2005	2006	2007	2008	2009	2010	2011
Revenue Growth	6.5%	12.5%	9.2%	7.4%	3.8%	3.0%	3.0%
Gross Margin	83.0%	82.5%	82.0%	81.5%	81.0%	80.8%	80.8%
Operating Expenses - % of sales	43.6%	43.6%	43.6%	43.6%	43.6%	43.6%	43.6%
EBITDA Margin	39.4%	38.9%	38.4%	37.9%	37.4%	37.2%	37.2%
Income Tax Rate	30.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
Working Capital - % of sales	-7.3%	-7.0%	-6.8%	-6.8%	-6.8%	-6.8%	-6.8%

Notes

(1) Earnings Before Interest, Taxes, Depreciation, and Amortization

(2) Earnings Before Interest and Taxes

(3) Operating Business Enterprise Value

PANAMA CANAL AUTHORITY - CONSOLIDATED

DISCOUNTED CASH FLOW ANALYSIS

CURRENT SCENARIO: BUDGETED EXPENSE - REAL RATE

AS OF MARCH 31, 2005

($ THOUSANDS)

	6 Months 2005	2006	2007	2008	2009	2010	2011
Revenues	$560,554	$1,261,250	$1,377,383	$1,478,696	$1,534,962	$1,581,495	$1,629,721
Cost of Sales	95,290.0	220,718.7	247,928.9	273,558.9	291,642.8	303,865.6	313,131.7
Gross Profit	465,263.6	1,040,531.2	1,129,453.9	1,205,137.6	1,243,319.3	1,277,629.1	1,316,589.1
Operating Expenses	244,140.8	549,318.8	599,898.7	644,024.4	668,530.0	688,796.6	709,800.7
EBITDA (1)	221,122.8	491,212.5	529,555.2	561,113.3	574,789.3	588,832.5	606,788.3
Depreciation	14,595.9	82,307.8	93,592.0	97,780.7	97,319.3	94,990.4	92,497.3
EBIT (2)	206,526.9	408,904.7	435,963.3	463,332.6	477,470.0	493,842.1	514,291.0
Income Taxes 0.0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income	206,526.9	408,904.7	435,963.3	463,332.6	477,470.0	493,842.1	514,291.0
Depreciation	14,595.9	82,307.8	93,592.0	97,780.7	97,319.3	94,990.4	92,497.3
Capital Expenditures	(231,139.0)	(268,951.0)	(174,182.0)	(102,051.0)	(58,830.0)	(51,120.0)	(50,000.0)
Working Capital Changes	(25,826.3)	6,720.8	5,282.6	6,882.6	3,822.3	3,161.1	3,276.2
Net Cash Flows	(35,842.5)	228,982.2	360,655.8	465,944.8	519,781.6	540,873.6	560,064.5
PV Factor at 8.3%	0.9803	0.9234	0.8526	0.7873	0.7269	0.6712	0.6198
PV of Net Cash Flows	(35,135.1)	211,433.3	307,493.5	366,816.7	377,839.2	363,039.2	347,110.1

Sum of PV of Net Cash Flows	1,228,447.7
PV of Residual Value	5,193,445.5
Operating BEV (3)	6,421,893.2
Nonoperational Asset	776,479.0
Total Enterprise Value	$7,198,372.2

Residual Calculation	
Net Cash Flow @ 2011	517,567.1
1 + Long Term Growth	1.020
Residual Cash Flow	527,918.5
Residual Divisor	6.3%
Residual Value	8,379,658.5
PV Factor	0.6198
PV of Residual Value	5,193,445.5

Assumption Highlights	2005	2006	2007	2008	2009	2010	2011
Revenue Growth	6.5%	12.5%	9.2%	7.4%	3.8%	3.0%	3.0%
Gross Margin	83.0%	82.5%	82.0%	81.5%	81.0%	80.8%	80.8%
Operating Expenses - % of sales	43.6%	43.6%	43.6%	43.6%	43.6%	43.6%	43.6%
EBITDA Margin	39.4%	38.9%	38.4%	37.9%	37.4%	37.2%	37.2%
Income Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Working Capital - % of sales	-7.3%	-7.0%	-6.8%	-6.8%	-6.8%	-6.8%	-6.8%

Notes

(1) Earnings Before Interest, Taxes, Depreciation, and Amortization

(2) Earnings Before Interest and Taxes

(3) Operating Business Enterprise Value

PANAMA CANAL AUTHORITY - CONSOLIDATED

DISCOUNTED CASH FLOW ANALYSIS

MV SCENARIO: BUDGETED EXPENSE - REAL RATE

AS OF MARCH 31, 2005

($ THOUSANDS)

	6 Months 2005	2006	2007	2008	2009	2010	2011
Revenues	$560,554	$1,261,250	$1,377,383	$1,478,696	$1,534,962	$1,581,495	$1,629,721
Cost of Sales	95,290.0	220,718.7	247,928.9	273,558.9	291,642.8	303,865.6	313,131.7
Gross Profit	465,263.6	1,040,531.2	1,129,453.9	1,205,137.6	1,243,319.3	1,277,629.1	1,316,589.1
Operating Expenses	244,140.8	549,318.8	599,898.7	644,024.4	668,530.0	688,796.6	709,800.7
EBITDA (1)	221,122.8	491,212.5	529,555.2	561,113.3	574,789.3	588,832.5	606,788.3
Depreciation	14,595.9	82,307.8	93,592.0	97,780.7	97,319.3	94,990.4	92,497.3
EBIT (2)	206,526.9	408,904.7	435,963.3	463,332.6	477,470.0	493,842.1	514,291.0
Income Taxes 27%	61,958.1	110,404.3	117,710.1	125,099.8	128,916.9	133,337.4	138,858.6
Net Income	144,568.8	298,500.4	318,253.2	338,232.8	348,553.1	360,504.7	375,432.4
Depreciation	14,595.9	82,307.8	93,592.0	97,780.7	97,319.3	94,990.4	92,497.3
Capital Expenditures	(231,139.0)	(268,951.0)	(174,182.0)	(102,051.0)	(58,830.0)	(51,120.0)	(50,000.0)
Working Capital Changes	(25,826.3)	6,720.8	5,282.6	6,882.6	3,822.3	3,161.1	3,276.2
Net Cash Flows	(97,800.6)	118,578.0	242,945.7	340,845.0	390,864.7	407,536.2	421,205.9
PV Factor at 7.8%	0.9814	0.9276	0.8605	0.7983	0.7405	0.6869	0.6372
PV of Net Cash Flows	(95,981.3)	109,998.1	209,060.4	272,082.6	289,435.2	279,944.8	268,399.6

Sum of PV of Net Cash Flows	784,595.0
PV of Residual Value	4,243,896.2
Operating BEV (3)	5,028,491.1
Nonoperational Asset	776,479.0
Total Enterprise Value	$5,804,970.1

Residual Calculation	
Net Cash Flow @ 2011	378,708.6
1 + Long Term Growth	1.020
Residual Cash Flow	386,282.7
Residual Divisor	5.8%
Residual Value	6,660,047.3
PV Factor	0.6372
PV of Residual Value	4,243,896.2

Assumption Highlights	2005	2006	2007	2008	2009	2010	2011
Revenue Growth	6.5%	12.5%	9.2%	7.4%	3.8%	3.0%	3.0%
Gross Margin	83.0%	82.5%	82.0%	81.5%	81.0%	80.8%	80.8%
Operating Expenses - % of sales	43.6%	43.6%	43.6%	43.6%	43.6%	43.6%	43.6%
EBITDA Margin	39.4%	38.9%	38.4%	37.9%	37.4%	37.2%	37.2%
Income Tax Rate	30.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
Working Capital - % of sales	-7.3%	-7.0%	-6.8%	-6.8%	-6.8%	-6.8%	-6.8%

Notes

(1) Earnings Before Interest, Taxes, Depreciation, and Amortization

(2) Earnings Before Interest and Taxes

(3) Operating Business Enterprise Value

PANAMA CANAL AUTHORITY - CONSOLIDATED

DISCOUNTED CASH FLOW ANALYSIS

CURRENT SCENARIO: IMPROVING EXPENSE - INFLATION RATE

AS OF MARCH 31, 2005

($ THOUSANDS)

	6 Months 2005	2006	2007	2008	2009	2010	2011
Revenues	$560,554	$1,261,250	$1,377,383	$1,478,696	$1,534,962	$1,581,495	$1,629,721
Cost of Sales	95,290.0	220,718.7	247,928.9	273,558.9	291,642.8	303,865.6	313,131.7
Gross Profit	465,263.6	1,040,531.2	1,129,453.9	1,205,137.6	1,243,319.3	1,277,629.1	1,316,589.1
Operating Expenses	244,140.8	542,337.5	585,387.7	621,052.5	637,009.3	648,412.8	668,185.5
EBITDA (1)	221,122.8	498,193.7	544,066.2	584,085.1	606,310.0	629,216.2	648,403.6
Depreciation	14,595.9	82,307.8	93,592.0	97,780.7	97,319.3	94,990.4	92,497.3
EBIT (2)	206,526.9	415,885.9	450,474.3	486,304.5	508,990.7	534,225.9	555,906.2
Income Taxes 0.0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income	206,526.9	415,885.9	450,474.3	486,304.5	508,990.7	534,225.9	555,906.2
Depreciation	14,595.9	82,307.8	93,592.0	97,780.7	97,319.3	94,990.4	92,497.3
Capital Expenditures	(231,139.0)	(268,951.0)	(174,182.0)	(102,051.0)	(58,830.0)	(51,120.0)	(50,000.0)
Working Capital Changes	(25,826.3)	6,720.8	5,282.6	6,882.6	3,822.3	3,161.1	3,276.2
Net Cash Flows	(35,842.5)	235,963.5	375,166.8	488,916.7	551,302.3	581,257.4	601,679.7
PV Factor at 8.3%	0.9803	0.9234	0.8526	0.7873	0.7269	0.6712	0.6198
PV of Net Cash Flows	(35,135.1)	217,879.5	319,865.5	384,901.4	400,752.3	390,145.1	372,901.9

Sum of PV of Net Cash Flows	1,288,263.6
PV of Residual Value	5,172,968.9
Operating BEV (3)	6,461,232.5
Nonoperational Asset	776,479.0
Total Enterprise Value	$7,237,711.5

Residual Calculation	
Net Cash Flow @ 2011	559,182.4
1 + Long Term Growth	1.015
Residual Cash Flow	567,570.1
Residual Divisor	6.8%
Residual Value	8,346,619.3
PV Factor	0.6198
PV of Residual Value	5,172,968.9

Assumption Highlights	2005	2006	2007	2008	2009	2010	2011
Revenue Growth	6.5%	12.5%	9.2%	7.4%	3.8%	3.0%	3.0%
Gross Margin	83.0%	82.5%	82.0%	81.5%	81.0%	80.8%	80.8%
Operating Expenses - % of sales	43.6%	43.0%	42.5%	42.0%	41.5%	41.0%	41.0%
EBITDA Margin	39.4%	39.5%	39.5%	39.5%	39.5%	39.8%	39.8%
Income Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Working Capital - % of sales	-7.3%	-7.0%	-6.8%	-6.8%	-6.8%	-6.8%	-6.8%

Notes

(1) Earnings Before Interest, Taxes, Depreciation, and Amortization

(2) Earnings Before Interest and Taxes

(3) Operating Business Enterprise Value

PANAMA CANAL AUTHORITY - CONSOLIDATED

DISCOUNTED CASH FLOW ANALYSIS

MV SCENARIO: IMPROVING EXPENSE - INFLATION RATE

AS OF MARCH 31, 2005

($ THOUSANDS)

	6 Months 2005	2006	2007	2008	2009	2010	2011
Revenues	$560,554	$1,261,250	$1,377,383	$1,478,696	$1,534,962	$1,581,495	$1,629,721
Cost of Sales	95,290.0	220,718.7	247,928.9	273,558.9	291,642.8	303,865.6	313,131.7
Gross Profit	465,263.6	1,040,531.2	1,129,453.9	1,205,137.6	1,243,319.3	1,277,629.1	1,316,589.1
Operating Expenses	244,140.8	542,337.5	585,387.7	621,052.5	637,009.3	648,412.8	668,185.5
EBITDA (1)	221,122.8	498,193.7	544,066.2	584,085.1	606,310.0	629,216.2	648,403.6
Depreciation	14,595.9	82,307.8	93,592.0	97,780.7	97,319.3	94,990.4	92,497.3
EBIT (2)	206,526.9	415,885.9	450,474.3	486,304.5	508,990.7	534,225.9	555,906.2
Income Taxes 27%	61,958.1	112,289.2	121,628.0	131,302.2	137,427.5	144,241.0	150,094.7
Net Income	144,568.8	303,596.7	328,846.2	355,002.3	371,563.2	389,984.9	405,811.5
Depreciation	14,595.9	82,307.8	93,592.0	97,780.7	97,319.3	94,990.4	92,497.3
Capital Expenditures	(231,139.0)	(268,951.0)	(174,182.0)	(102,051.0)	(58,830.0)	(51,120.0)	(50,000.0)
Working Capital Changes	(25,826.3)	6,720.8	5,282.6	6,882.6	3,822.3	3,161.1	3,276.2
Net Cash Flows	(97,800.6)	123,674.3	253,538.7	357,614.5	413,874.8	437,016.4	451,585.0
PV Factor at 7.8%	0.9814	0.9276	0.8605	0.7983	0.7405	0.6869	0.6372
PV of Net Cash Flows	(95,981.3)	114,725.7	218,175.9	285,468.9	306,474.2	300,195.3	287,757.7

Sum of PV of Net Cash Flows	828,863.4
PV of Residual Value	4,199,807.1
Operating BEV (3)	5,028,670.6
Nonoperational Asset	776,479.0
Total Enterprise Value	$5,805,149.6

Residual Calculation	
Net Cash Flow @ 2011	409,087.7
1 + Long Term Growth	1.015
Residual Cash Flow	415,224.0
Residual Divisor	6.3%
Residual Value	6,590,857.4
PV Factor	0.6372
PV of Residual Value	4,199,807.1

Assumption Highlights	2005	2006	2007	2008	2009	2010	2011
Revenue Growth	6.5%	12.5%	9.2%	7.4%	3.8%	3.0%	3.0%
Gross Margin	83.0%	82.5%	82.0%	81.5%	81.0%	80.8%	80.8%
Operating Expenses - % of sales	43.6%	43.0%	42.5%	42.0%	41.5%	41.0%	41.0%
EBITDA Margin	39.4%	39.5%	39.5%	39.5%	39.5%	39.8%	39.8%
Income Tax Rate	30.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
Working Capital - % of sales	-7.3%	-7.0%	-6.8%	-6.8%	-6.8%	-6.8%	-6.8%

Notes

(1) Earnings Before Interest, Taxes, Depreciation, and Amortization

(2) Earnings Before Interest and Taxes

(3) Operating Business Enterprise Value

PANAMA CANAL AUTHORITY - CONSOLIDATED

DISCOUNTED CASH FLOW ANALYSIS

CURRENT SCENARIO: IMPROVING EXPENSE - REAL RATE

AS OF MARCH 31, 2005

($ THOUSANDS)

	6 Months 2005	2006	2007	2008	2009	2010	2011
Revenues	$560,554	$1,261,250	$1,377,383	$1,478,696	$1,534,962	$1,581,495	$1,629,721
Cost of Sales	95,290.0	220,718.7	247,928.9	273,558.9	291,642.8	303,865.6	313,131.7
Gross Profit	465,263.6	1,040,531.2	1,129,453.9	1,205,137.6	1,243,319.3	1,277,629.1	1,316,589.1
Operating Expenses	244,140.8	542,337.5	585,387.7	621,052.5	637,009.3	648,412.8	668,185.5
EBITDA (1)	221,122.8	498,193.7	544,066.2	584,085.1	606,310.0	629,216.2	648,403.6
Depreciation	14,595.9	82,307.8	93,592.0	97,780.7	97,319.3	94,990.4	92,497.3
EBIT (2)	206,526.9	415,885.9	450,474.3	486,304.5	508,990.7	534,225.9	555,906.2
Income Taxes 0.0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income	206,526.9	415,885.9	450,474.3	486,304.5	508,990.7	534,225.9	555,906.2
Depreciation	14,595.9	82,307.8	93,592.0	97,780.7	97,319.3	94,990.4	92,497.3
Capital Expenditures	(231,139.0)	(268,951.0)	(174,182.0)	(102,051.0)	(58,830.0)	(51,120.0)	(50,000.0)
Working Capital Changes	(25,826.3)	6,720.8	5,282.6	6,882.6	3,822.3	3,161.1	3,276.2
Net Cash Flows	(35,842.5)	235,963.5	375,166.8	488,916.7	551,302.3	581,257.4	601,679.7
PV Factor at 8.3%	0.9803	0.9234	0.8526	0.7873	0.7269	0.6712	0.6198
PV of Net Cash Flows	(35,135.1)	217,879.5	319,865.5	384,901.4	400,752.3	390,145.1	372,901.9

Sum of PV of Net Cash Flows	1,288,263.6
PV of Residual Value	5,611,027.0
Operating BEV (3)	6,899,290.6
Nonoperational Asset	776,479.0
Total Enterprise Value	$7,675,769.6

Residual Calculation	
Net Cash Flow @ 2011	559,182.4
1 + Long Term Growth	1.020
Residual Cash Flow	570,366.0
Residual Divisor	6.3%
Residual Value	9,053,429.0
PV Factor	0.6198
PV of Residual Value	5,611,027.0

Assumption Highlights	2005	2006	2007	2008	2009	2010	2011
Revenue Growth	6.5%	12.5%	9.2%	7.4%	3.8%	3.0%	3.0%
Gross Margin	83.0%	82.5%	82.0%	81.5%	81.0%	80.8%	80.8%
Operating Expenses - % of sales	43.6%	43.0%	42.5%	42.0%	41.5%	41.0%	41.0%
EBITDA Margin	39.4%	39.5%	39.5%	39.5%	39.5%	39.8%	39.8%
Income Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Working Capital - % of sales	-7.3%	-7.0%	-6.8%	-6.8%	-6.8%	-6.8%	-6.8%

Notes

(1) Earnings Before Interest, Taxes, Depreciation, and Amortization

(2) Earnings Before Interest and Taxes

(3) Operating Business Enterprise Value

PANAMA CANAL AUTHORITY - CONSOLIDATED

DISCOUNTED CASH FLOW ANALYSIS

MV SCENARIO: IMPROVING EXPENSE - REAL RATE

AS OF MARCH 31, 2005

($ THOUSANDS)

	6 Months 2005	2006	2007	2008	2009	2010	2011
Revenues	$560,554	$1,261,250	$1,377,383	$1,478,696	$1,534,962	$1,581,495	$1,629,721
Cost of Sales	95,290.0	220,718.7	247,928.9	273,558.9	291,642.8	303,865.6	313,131.7
Gross Profit	465,263.6	1,040,531.2	1,129,453.9	1,205,137.6	1,243,319.3	1,277,629.1	1,316,589.1
Operating Expenses	244,140.8	542,337.5	585,387.7	621,052.5	637,009.3	648,412.8	668,185.5
EBITDA (1)	221,122.8	498,193.7	544,066.2	584,085.1	606,310.0	629,216.2	648,403.6
Depreciation	14,595.9	82,307.8	93,592.0	97,780.7	97,319.3	94,990.4	92,497.3
EBIT (2)	206,526.9	415,885.9	450,474.3	486,304.5	508,990.7	534,225.9	555,906.2
Income Taxes 27%	61,958.1	112,289.2	121,628.0	131,302.2	137,427.5	144,241.0	150,094.7
Net Income	144,568.8	303,596.7	328,846.2	355,002.3	371,563.2	389,984.9	405,811.5
Depreciation	14,595.9	82,307.8	93,592.0	97,780.7	97,319.3	94,990.4	92,497.3
Capital Expenditures	(231,139.0)	(268,951.0)	(174,182.0)	(102,051.0)	(58,830.0)	(51,120.0)	(50,000.0)
Working Capital Changes	(25,826.3)	6,720.8	5,282.6	6,882.6	3,822.3	3,161.1	3,276.2
Net Cash Flows	(97,800.6)	123,674.3	253,538.7	357,614.5	413,874.8	437,016.4	451,585.0
PV Factor at 7.8%	0.9814	0.9276	0.8605	0.7983	0.7405	0.6869	0.6372
PV of Net Cash Flows	(95,981.3)	114,725.7	218,175.9	285,468.9	306,474.2	300,195.3	287,757.7

Sum of PV of Net Cash Flows	828,863.4
PV of Residual Value	4,584,331.7
Operating BEV (3)	5,413,195.1
Nonoperational Asset	776,479.0
Total Enterprise Value	$6,189,674.1

Residual Calculation	
Net Cash Flow @ 2011	409,087.7
1 + Long Term Growth	1.020
Residual Cash Flow	417,269.5
Residual Divisor	5.8%
Residual Value	7,194,300.9
PV Factor	0.6372
PV of Residual Value	4,584,331.7

Assumption Highlights	2005	2006	2007	2008	2009	2010	2011
Revenue Growth	6.5%	12.5%	9.2%	7.4%	3.8%	3.0%	3.0%
Gross Margin	83.0%	82.5%	82.0%	81.5%	81.0%	80.8%	80.8%
Operating Expenses - % of sales	43.6%	43.0%	42.5%	42.0%	41.5%	41.0%	41.0%
EBITDA Margin	39.4%	39.5%	39.5%	39.5%	39.5%	39.8%	39.8%
Income Tax Rate	30.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
Working Capital - % of sales	-7.3%	-7.0%	-6.8%	-6.8%	-6.8%	-6.8%	-6.8%

Notes

(1) Earnings Before Interest, Taxes, Depreciation, and Amortization

(2) Earnings Before Interest and Taxes

(3) Operating Business Enterprise Value

PANAMA CANAL AUTHORITY - CONSOLIDATED

DISCOUNTED CASH FLOW ANALYSIS
REVENUE FORECAST DETAILS
AS OF MARCH 31, 2005
($ THOUSANDS)

	2005	2006	2007	2008	2009	2010	2011
Bulk Carriers (Graneleros)							
Transits	2,621.0	2,681.0	2,730.0	2,783.0	2,825.0	2,853.0	2,882.0
Growth Rate	3.1%	2.3%	1.8%	1.9%	1.5%	1.0%	1.0%
Net Tonnage / Transit (000s)	21.2	21.2	21.2	21.2	21.2	21.2	21.2
Growth Rate	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Tonnage (000s)	55,532.0	56,825.0	57,847.0	58,954.0	59,827.4	60,404.0	61,001.4
Rate / Tonnage	2.89	2.89	2.89	2.89	2.89	2.89	2.89
Total Carrier Tolls	160,734.0	164,476.5	167,434.6	170,638.8	173,166.9	174,835.7	176,564.8
Container Ships (Porta-contenedores)							
Transits	2,689.0	2,809.0	2,921.0	3,023.0	3,114.0	3,161.0	3,208.0
Growth Rate	6.0%	4.5%	4.0%	3.5%	3.0%	1.5%	1.5%
Net Tonnage / Transit (000s)	34.8	35.0	35.7	36.4	36.8	37.2	37.5
Growth Rate	2.2%	0.6%	2.0%	2.0%	1.0%	1.0%	1.0%
Net Tonnage (000s)	93,650.0	98,390.0	104,359.3	110,163.5	114,614.5	117,507.8	120,447.6
Rate / Tonnage	3.23	3.98	4.49	4.85	4.95	5.05	5.15
Total Container Tolls	302,144.0	391,489.0	468,652.3	534,338.4	567,046.2	592,987.9	619,979.4
Vehicle Carriers (Porta-vehiculos)							
Transits	756.0	774.0	783.0	792.0	800.0	808.0	816.0
Growth Rate	-4.8%	2.4%	1.2%	1.1%	1.0%	1.0%	1.0%
Net Tonnage / Transit (000s)	45.8	46.0	46.5	47.1	47.5	48.0	48.5
Growth Rate	-0.5%	0.5%	1.1%	1.1%	1.0%	1.0%	1.0%
Net Tonnage (000s)	34,613.0	35,631.0	36,436.0	37,277.0	38,030.1	38,794.5	39,570.4
Rate / Tonnage	2.71	2.72	2.72	2.72	2.72	2.72	2.72
Total Vehicle Carrier Tolls	93,851.0	97,008.0	99,198.0	101,478.0	103,528.1	105,609.0	107,721.2
Tank Ships (Tanqueros)							
Transits	1,673.0	1,683.0	1,709.0	1,736.0	1,762.0	1,788.0	1,815.0
Growth Rate	3.3%	0.6%	1.5%	1.6%	1.5%	1.5%	1.5%
Net Tonnage / Transit (000s)	18.4	18.5	18.5	18.5	18.5	18.5	18.5
Growth Rate	-1.6%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Net Tonnage (000s)	30,842.0	31,067.0	31,579.0	32,099.0	32,601.2	33,104.0	33,626.0
Rate / Tonnage	2.77	2.77	2.77	2.77	2.77	2.77	2.77
Total Tanker Tolls	85,436.0	86,058.0	87,476.0	88,918.0	90,309.1	91,701.9	93,147.9

PANAMA CANAL AUTHORITY - CONSOLIDATED
DISCOUNTED CASH FLOW ANALYSIS
REVENUE FORECAST DETAILS
AS OF MARCH 31, 2005
($ THOUSANDS)

	2005	2006	2007	2008	2009	2010	2011
Refrigerated Ships							
Transits	2,397.0	2,406.0	2,438.0	2,497.0	2,547.0	2,598.0	2,650.0
Growth Rate	3.5%	0.4%	1.3%	2.4%	2.0%	2.0%	2.0%
Net Tonnage / Transit (000s)	8.0	7.9	8.0	8.0	8.0	8.1	8.1
Growth Rate	1.7%	-1.3%	0.2%	0.5%	0.5%	0.5%	0.5%
Net Tonnage (000s)	19,292.0	19,114.0	19,415.0	19,981.0	20,479.7	20,990.7	21,514.4
Rate / Tonnage	2.85	3.01	3.04	3.06	3.09	3.12	3.15
Total Refrigerated Tolls	54,994.0	57,443.0	59,049.0	61,088.0	63,238.7	65,465.0	67,769.2
Passenger Ships (Pasajeros)							
Transits	222.0	223.0	225.0	226.0	226.0	226.0	226.0
Growth Rate	-13.3%	0.5%	0.9%	0.4%	0.0%	0.0%	0.0%
Net Tonnage / Transit (000s)	44.1	44.7	45.7	46.0	46.2	46.5	46.7
Growth Rate	2.1%	1.3%	2.3%	0.7%	0.5%	0.5%	0.5%
Net Tonnage (000s)	9,797.0	9,967.0	10,283.0	10,396.0	10,448.0	10,500.2	10,552.7
Rate / Tonnage	2.87	2.88	2.88	2.88	2.88	2.88	2.88
Total Passenger Tolls	28,157.0	28,663.0	29,572.0	29,898.0	30,047.5	30,197.7	30,348.7
General Cargo (Carga General)							
Transits	896.0	911.0	920.0	924.0	924.0	924.0	924.0
Growth Rate	1.6%	1.7%	1.0%	0.4%	0.0%	0.0%	0.0%
Net Tonnage / Transit (000s)	8.4	8.1	8.1	8.1	8.1	8.1	8.1
Growth Rate	0.6%	-3.3%	0.0%	-0.1%	0.0%	0.0%	0.0%
Net Tonnage (000s)	7,505.0	7,379.0	7,453.0	7,475.0	7,475.0	7,475.0	7,475.0
Rate / Tonnage	2.96	3.05	3.07	3.07	3.07	3.07	3.07
Total General Cargo Tolls	22,243.0	22,531.0	22,864.0	22,971.0	22,971.0	22,971.0	22,971.0
Liquid Gas (Gaseros)							
Transits	174.0	175.0	179.0	182.0	184.0	186.0	188.0
Growth Rate	-31.0%	0.6%	2.3%	1.7%	1.0%	1.0%	1.0%
Net Tonnage / Transit (000s)	13.7	13.7	13.6	13.6	13.6	13.6	13.6
Growth Rate	13.8%	0.1%	-0.6%	0.0%	0.0%	0.0%	0.0%
Net Tonnage (000s)	2,386.0	2,403.0	2,443.0	2,483.0	2,510.3	2,537.6	2,564.9
Rate / Tonnage	2.66	2.66	2.66	2.66	2.66	2.66	2.66
Total Liquid Gas Tolls	6,346.0	6,392.0	6,497.0	6,604.0	6,676.6	6,749.1	6,821.7

PANAMA CANAL AUTHORITY - CONSOLIDATED
DISCOUNTED CASH FLOW ANALYSIS
REVENUE FORECAST DETAILS
AS OF MARCH 31, 2005
($ THOUSANDS)

	2005	2006	2007	2008	2009	2010	2011
Container (Breakbulk)							
Transits	632.0	642.0	654.0	664.0	671.0	678.0	685.0
Growth Rate	5.9%	1.6%	1.9%	1.5%	1.0%	1.0%	1.0%
Net Tonnage / Transit (000s)	19.6	19.6	19.6	19.6	19.6	19.6	19.6
Growth Rate	-2.2%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Net Tonnage (000s)	12,368.0	12,559.0	12,810.0	13,003.0	13,140.1	13,277.2	13,414.2
Rate / Tonnage	3.11	3.39	3.45	3.48	3.52	3.55	3.59
Total Breakbulk Tolls	38,485.0	42,578.0	44,237.0	45,288.0	46,223.1	47,172.3	48,136.0
Rollon Rolloff Ships							
Transits	172.0	177.0	184.0	190.0	194.0	198.0	202.0
Growth Rate	13.9%	2.9%	4.0%	3.3%	2.0%	2.0%	2.0%
Net Tonnage / Transit (000s)	32.8	32.7	32.8	32.8	32.8	32.8	32.8
Growth Rate	-6.4%	-0.2%	0.0%	0.2%	0.0%	0.0%	0.0%
Net Tonnage (000s)	5,643.0	5,794.0	6,026.0	6,237.0	6,368.3	6,499.6	6,630.9
Rate / Tonnage	2.70	2.73	2.74	2.74	2.74	2.74	2.74
Total Ro-ro Tolls	15,213.0	15,817.0	16,495.0	17,095.0	17,454.9	17,814.8	18,174.7
Other Ships							
Transits	2,161.0	2,256.0	2,359.0	2,461.0	2,510.0	2,560.0	2,611.0
Growth Rate	3.5%	4.4%	4.6%	4.3%	2.0%	2.0%	2.0%
Net Tonnage / Transit (000s)	1.3	1.4	1.4	1.4	1.4	1.4	1.4
Growth Rate	-13.5%	9.8%	-0.7%	-0.6%	0.0%	0.0%	0.0%
Net Tonnage (000s)	2,768.0	3,172.0	3,293.0	3,416.0	3,484.0	3,553.4	3,624.2
Rate / Tonnage	3.06	3.18	2.94	2.95	2.95	2.95	2.95
Total Other Ship Tolls	8,481.0	10,098.0	9,697.0	10,063.0	10,263.4	10,467.8	10,676.3
Total Toll Revenues	**816,084**	**922,554**	**1,011,172**	**1,088,380**	**1,130,925**	**1,165,972**	**1,202,311**
Other Revenues							
Transit Revenues	244,825	276,766	303,352	326,514	339,278	349,792	360,693
% of Toll Revenues	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Electric	35,175	35,702	36,238	36,781	37,333	37,893	38,461
Water	19,891	20,750	21,061	21,377	21,697	22,023	22,353
Miscellaneous Income	5,398	5,479	5,561	5,644	5,729	5,815	5,902
Total Revenues	**1,121,372**	**1,261,250**	**1,377,383**	**1,478,696**	**1,534,962**	**1,581,495**	**1,629,721**