1. **Transit Slot Allocations.** The 21 authorized reserved transit slots will be allocated among booking periods and size of vessels as set forth in the following table:

<table>
<thead>
<tr>
<th>Vessel</th>
<th>1st Period Booking</th>
<th>2nd Period Booking</th>
<th>3rd Period Booking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large vessels - 91ft. (27.74m) in beam and over</td>
<td>5</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Small vessels – under 91ft. (27.74m) in beam</td>
<td>2</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Total of 21</td>
<td>7</td>
<td>5</td>
<td>9</td>
</tr>
</tbody>
</table>

2. **Passenger Vessel Allocations.** From October 1 to May 31, three of the seven reserved transit slots allocated to the first booking period are available exclusively for commercial passenger vessels on a first come, first served basis and without regard to vessel size or impact on vessel size allocations reflected in the above table. However, requests for the use of these reserved slots will only be accepted 365 – 335 days prior to the day being reserved. When the three slots for passenger vessels in the first booking period have been assigned or after the 30-day period has expired, no distinction will be made between commercial passenger vessels and other vessels, when assigning any remaining reserved transit slots in any of the three booking periods.

3. **Unused Slots.** Upon expiration of a booking period, if a reserved transit slot allocated to that booking period was not utilized for whatever reason, the unused transit slot will be assigned to vessels seeking reserved transits in the booking period(s) that follow(s).

4. **Transit Condition Changes.** When due to operational factors sustained Canal capacity is expected to be reduced, a corresponding reduction in the number of available reserved transit slots may be ordered by the Canal Authority, as set forth in the following table:

<table>
<thead>
<tr>
<th>Condition</th>
<th>Capacity</th>
<th>Large</th>
<th>Small</th>
<th>Total</th>
</tr>
</thead>
</table>

COPY OF ALL ADVISORIES ARE AVAILABLE IN THE PANAMA CANAL WEB PAGE AT [http://www.pancanal.com](http://www.pancanal.com) FOR ETAS OR DIRECT COMMUNICATION WITH OUR OFFICES: REFER TO NOTICE N-3-2004
<table>
<thead>
<tr>
<th>Condition</th>
<th>Capacity</th>
<th>Large</th>
<th>Small</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Normal operations</td>
<td>34-42</td>
<td>12</td>
<td>9</td>
<td>21</td>
</tr>
<tr>
<td>2. Significant reduction in capacity (for example, lane outages)</td>
<td>Less than 34</td>
<td>9</td>
<td>7</td>
<td>16</td>
</tr>
<tr>
<td>3. Backlog for at least 2 days of 90 or more vessels awaiting transit at both Canal terminals</td>
<td>N/A</td>
<td>8</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>4. Severe reduction in Canal capacity (slides, vessel accidents or other critical circumstances)</td>
<td>N/A</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

5. Condition 3/ Premium Booking Fee. The Authority may invoke Condition 3 whenever the total number of vessels awaiting transit at both Canal terminals is projected by Canal Authorities to be, within two days, 90 or more vessels for at least two consecutive days. **NOTE:** Invoking Condition 3 automatically triggers the higher booking fee prescribed by the Panama Canal Authority Official Tariff. Condition 3 will be revoked whenever the number of vessels awaiting transit is projected to decrease, within two days, to 80 or fewer vessels.

6. Notice of Changes. Whenever transit conditions are to be upgraded to a less restrictive condition, and when feasible, Canal authorities will give vessel agents a two days notice.

7. Same Direction Transits/Large Vessels

   (a) During normal conditions, no more than six large vessels will be booked for transit in the same direction and, of these, no more than four large vessels with "full daylight-hour restrictions" will be booked for transit in the same direction.

   (b) During Condition 2 no more than five large vessels will be booked for transit in the same direction and, of these, no more than three large vessels restricted to full daylight hours will be booked for transit in the same direction;

   (c) During Condition 3 no more than four large vessels will be booked for transit in the same direction and, of these, no more than three large vessels restricted to full daylight hours be booked for transit in the same direction.

   (d) Exceptions to these rules may only be made with the express authorization of the Marine Director or his designee, and then only in such case that it be necessary to guarantee operational efficiency.

8. Same Direction Transits/Small Vessels.
(a) During normal conditions, no more than five small vessels will be booked for transit in the same direction and, of these, no more than two shall be small vessels transiting under restrictions (for example, clear-Cut, daylight hours or daylight hours in the Cut).

(b) During Condition 2 no more than four small vessels will be booked for transit in the same direction and, of these, only one may be a small vessel with transit restrictions (for example: clear-Cut, daylight hours or daylight hours in the Cut);

(c) During Condition 3 no more than two small vessels will be booked for transit in the same direction and, of these, only one may be a small vessel with transit restrictions (for example: clear-Cut, daylight hours or daylight hours in the Cut).

(d) Exceptions to these rules may only be made with the express authorization of the Marine Director or his designee, and then only in such case that it be necessary to guarantee operational efficiency.

9. No Re-Assignments. Once a vessel is assigned a reserved transit slot, that slot will not be re-assigned to any other vessel, unless the vessel’s reserved transit is subsequently canceled by the vessel’s agent or, as permitted herein, the vessel is substituted or swaps its reserved transit slot with that of another vessel booked for transit.

FURTHER IMPLEMENTATION OF ACP NAVIGATION REGULATIONS, ARTICLES 14 AND 20

1. Dead Tows. Dead tows and vessels that do not meet all transit and safety requirements cannot be booked for transit.

2. Payment Authorization. To participate in the Transit Reservation System, the vessel agent must furnish the Authority a letter containing the names and sample signatures of persons designated to authorize payment of the vessel's transit costs (including booking fees).

3. Booking Form. To request a reserved transit slot, the vessel agent must complete a Request for Transit Booking form (a sample copy is attached). The completed form may be faxed to (507) 272-5137, or personally delivered to Marine Traffic Control (MTC), Building 910, La Boca, 24 hours a day.

4. Processing Requests. Requests for reservations for the beginning of any period will be received beginning at 0900 hours, but processing will not begin until 0930 hours. Requests received between 0900 and 0930 hours will be treated as having been received at the same time. Thereafter, requests will be processed in the order they are received. If after 0930 hours a faxed request and a personally delivered request are logged simultaneously, the faxed request will be deemed to have been first.
5. **Tie-Breaker Criteria.** If, at the time processing begins, transit reservation requests exceed the number of available reserved transit slots for any given period, assignment of available slots to vessels competing for reserved transits will be made in the following order of preference:

   (a) To customers with the highest ranking of Panama Canal business. This ranking will be determined as the result of the weighted average of the ranking of total transits (40%) and the ranking of tolls paid (60%) during the preceding 12-month period ending the last day of the month preceding the month of the transit request. This customer ranking will be calculated and published each month by the ACP Marketing Department. The vessel’s SIQD form will be used to apply proper credit to customers for the transit of each of their booked vessels;

   (b) To vessels in the order of frequency they transited booked during the preceding 12-month period ending the last day of the month preceding the month of the transit request;

   (c) To vessels in the order of frequency they transited, whether booked or regular transits, during the preceding 12-month period ending the last day of the month preceding the month of the transit request;

   (d) To vessels in the order of their most recent transit, whether booked or regular;

   (e) To vessels carrying primarily *perishable cargo*, defined as cargo that is at least 50 percent and a minimum of 700 tons non-frozen, perishable goods; and

   (f) To vessels which, on at least the two previous consecutive days, requested but failed to obtain reserved transit slots because they did not win under the preceding tie-breaker criteria.

6. **Incomplete Booking Request Forms.** Transit booking request forms that are incomplete (to specifically include not furnishing the vessel’s ETA), not signed by the vessel's agent, faxed to the wrong number, or personally delivered to someone other than the designated MTC reservation clerk cannot be processed.

7. **Acknowledgments.** Vessel agents will be furnished acknowledgments of receipt of transit booking requests as soon as possible following receipt.

8. **Notifications.** Notification of approval or disapproval of a transit booking requests will be furnished to the vessel agent at the conclusion of daily processing.

9. **Substitutions.** A vessel already booked may be substituted by another vessel, subject to the following conditions:

   (a) Both vessels are registered with the same operator, and

   (b) The new vessel is subject to the same or lesser conditions than the original one.

If the change is requested at least 60 days in advance of the booked arrival date, there will be no cancellation charge.

If the change is requested less than 60 days in advance of the booked arrival date, the cancellation fee will be assessed.
Booking fee will be charged in accordance with the higher PC/UMS tonnage of the two vessels.

10. Swapping of reserved transit slots between two vessels booked for transit is permissible, subject to the following conditions:

(a) Both vessels must be booked for transit within six days;

(b) Both vessels must be transiting in the same direction;

(c) Both vessels must be similar in size and be subject to the same transit restrictions and arrival requirements;

(d) Vessel operators must be the same for both vessels;

(e) A request for swapping must be received by Marine Traffic Control no later than 24 hours prior to the earliest required arrival time of the vessels. Such request must be made in writing; and

(f) Vessels may swap reserved transit slots only once per booking, without being assessed a cancellation charge.

Booking fee will be charged in accordance with the higher PC/UMS tonnage of the two vessels.

11. Change in transit date. A change in transit date will be allowed without a cancellation charge, provided it is requested at least 60 days prior to the reserved arrival date. The new transit date shall not exceed 364 days from the day of the request.

FURTHER IMPLEMENTATION OF ACP NAVIGATION REGULATIONS,
ARTICLE 22

Cancellations

(a) A vessel agent may cancel the transit reservation of a vessel by giving notice prescribed by the Canal Authority. In such event, except as otherwise provided, a cancellation fee will be charged in accordance with the Panama Canal Authority Official Tariff. The amount of the fee will depend on the notice period (days or hours) received by the Authority in advance of the vessel's required arrival time according to this schedule:

<table>
<thead>
<tr>
<th>Notice Period (in advance of required arrival time)</th>
<th>Cancellation Fee (the greater of)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 to 364 days ........................................</td>
<td>10% of booking fee or $600</td>
</tr>
<tr>
<td>22 to 30 days ..........................................</td>
<td>40% of booking fee or $900</td>
</tr>
<tr>
<td>4 to 21 days ...........................................</td>
<td>60% of booking fee or $1200</td>
</tr>
<tr>
<td>3 days to 36 hours ....................................</td>
<td>80% of booking fee or $1,500</td>
</tr>
<tr>
<td>Less than 36 hours .....................................</td>
<td>100% of booking fee</td>
</tr>
</tbody>
</table>
(b) Receipt of notice of cancellation of a transit reservation by the Canal Authority after the vessel's required arrival time will result in levy of a cancellation fee equal to the entire prescribed booking fee.

(c) Slots cancelled during the 3\textsuperscript{rd} period will be offered, subject to the same transit restrictions, first to those vessels that failed to secure a slot during tie breaker competition, followed by subsequent rejections- in the order of rejection- and last to any other interested vessels- on a first-come, first-served basis- following ACP notification of availability.