

ANNEX E-1 – FORM OF PARENT COMPANY GUARANTEE
IN RESPECT OF JOINT AND SEVERAL GUARANTEE OBLIGATIONS OF A MEMBER

Dated [●] [200_]

- (1) GUARANTOR
- (2) AUTORIDAD DEL CANAL DE PANAMÁ

GUARANTEE IN RESPECT OF THE THIRD SET OF
LOCKS CONTRACT
relating to the realization of the Panama Canal Expansion
Program

THIS GUARANTEE is dated [●] and made between:

- (1) [●] a company incorporated in [●] [relevant parent company details] [address] ("**Guarantor**"); and
- (2) **AUTORIDAD DEL CANAL DE PANAMÁ** an autonomous entity of the Panamanian Government established under Title XIV of the Panamanian National Constitution whose principal place of business is at Edificio de la Administración, Altos de Balboa, Balboa, Republic of Panamá (which term shall include permitted assigns) ("**Employer**").

BACKGROUND:

- (A) [●] [Name of Member being guaranteed by Guarantor] ("**Relevant Member**"), [insert names of all other Members and Lead Member] and the Employer have entered into a Joint and Several Guarantee, dated [●] (as amended, modified or supplemented, "**JS Guarantee**"), in respect of the obligations of the Contractor under a contract for the design and construction of a third set of locks dated [●] (as amended, modified or supplemented, "**Contract**"), by which the Contractor agreed and undertook to design and construct certain works in relation to the Panama Canal expansion project ("**Works**").
- (B) The Relevant Member is a [direct] [indirect] wholly-owned subsidiary of the Guarantor.
- (C) The Contractor is obligated, pursuant to Sub-Clause 1.7A.5 of the Contract, to execute and deliver this Guarantee to the Employer.
- (D) The Guarantor has agreed to guarantee the obligations of the Relevant Member on the terms set out in this Guarantee.

1. GUARANTEE AND INDEMNITY

1.1 The Guarantor:

- (a) as primary obligor and not as surety, unconditionally, jointly and severally guarantees to the Employer the due and punctual performance by the Relevant Member of each and all the obligations, warranties, duties and undertakings of the Relevant Member under and pursuant to the JS Guarantee according to the terms of the JS Guarantee; and
- (b) if the Relevant Member is in breach of any of its obligations, warranties, duties and undertakings as set out in sub-paragraph (a), shall upon demand by the Employer from time to time, forthwith perform the obligations, warranties, duties and undertakings of which the Relevant Member is in breach in the same manner that the Relevant Member is required to perform such obligations, warranties, duties and undertakings according to the terms of the JS Guarantee.

- 1.2 The Guarantor unconditionally agrees, as a separate and distinct obligation to its obligations set out in paragraph 1.1, to indemnify on demand the Employer against all losses, damages, costs and expenses which the Employer may suffer or incur arising out of or in any way in connection with (a) any breach by the Relevant Member of any of its obligations, warranties, duties and undertakings under the JS Guarantee, or (b) any proceedings taken by the Employer for the enforcement of any claim under this Guarantee or the JS Guarantee.

2. PROTECTIVE CLAUSES

2.1 This Guarantee cannot be revoked without the prior written consent of the Employer, and the Guarantor shall not in any way be released or discharged or otherwise absolved of liability hereunder by reason of, and the Guarantor hereby waives notice of, any of the following:

- (a) any suspension of the Works or Maintenance Services (as defined in the Contract) or variation to or amendment of the Works or the Contract, or any variation to or amendment of the JS Guarantee;
- (b) any extension of time for performance by the Contractor under the Contract, or for performance of the Relevant Member under the JS Guarantee;
- (c) any adjustment to the amounts payable to the Contractor under the Contract;
- (d) the termination of the Contractor's right to complete the Contract, or of the Contract or of the JS Guarantee;
- (e) any forbearance, variation or waiver of any right or remedy the Employer may have against the Contractor or any Member (including without limitation the Relevant Member) or negligence by the Employer in enforcing any right or remedy afforded under the Contract or the JS Guarantee or granting of time, indulgence or concession;
- (f) any bond, security, insurance, surety or guarantee (other than this Guarantee) held or obtained by the Employer, including any actions taken pursuant to such instruments, in respect of the obligations of the Contractor or any Member (including without limitation the Relevant Member) under the Contract, or any release or waiver thereof;
- (g) any act or omission of the Contractor or any Member (including without limitation the Relevant Member) pursuant to any other arrangement with the Guarantor, any change in the relationship between the Guarantor and the Contractor and/or any Member (including without limitation the Relevant Member) or dispute or disagreement between them under or in relation to the Contract or otherwise;
- (h) any change in status or constitution of the Contractor, any Member (including without limitation the Relevant Member), the Guarantor or the Employer;
- (i) the issuance of the Performance Certificate (as defined in the Contract) or any other certificate under the Contract;
- (j) any breach of the Contract by or other default of the Employer;
- (k) the Contract or the JS Guarantee or any provision thereof being or becoming illegal, invalid, void, voidable or unenforceable including (without limitation) any liquidated damages under the Contract;
- (l) the Dissolution (as defined in [paragraph 8.4](#)) of the Contractor, any Member (including without limitation the Relevant Member), or the Guarantor;
- (m) the taking over of the Contract by any other guarantor, surety or any other person;

- (n) the Employer's step-in rights under any subcontractor warranty; and/or
 - (o) any other matter or thing which may otherwise create a defense, whether legal or equitable, whereby the obligations of the Guarantor hereunder might be discharged or affected.
- 2.2 The Guarantor authorizes (a) the Contractor and the Employer to make any addendum, variation or amendment to the Contract or the Works, and (b) the Relevant Member and the Employer to make any addendum, variation or amendment to the JS Guarantee, without reference to the Guarantor, and agrees that this Guarantee shall apply to such addendum, variation or amendment.
- 2.3 The obligations of the Guarantor hereunder are primary and not by way of surety and the Guarantor shall not be entitled as against the Employer to any right of set off or counterclaim whatsoever and howsoever arising. The Employer shall not be obliged to take any action in any court or arbitral proceedings against the Contractor or any Member (including without limitation the Relevant Member) to make any claim against or any demand of the Contractor or any Member (including without limitation the Relevant Member), to enforce any bond, security, insurance, surety or guarantee (including without limitation the JS Guarantee) (other than this Guarantee) held by it in respect of the obligations of the Contractor under the Contract or the Relevant Member or any other Member under the JS Guarantee, or to exercise levy or enforce any distress, diligence or other process of execution against the Contractor or any Member (including without limitation the Relevant Member). In the event that the Employer brings proceedings (including any counterclaims) against the Contractor under the Contract and/or against the Relevant Member or any other Member under the JS Guarantee, the Guarantor will be bound absolutely by any findings of fact, interim or final award or judgment made by an arbitrator or arbitrators or court in such proceedings or counterclaims or any decision of the DAB where such decision has become final and binding under the Contract.
- 2.4 The Guarantor's obligations under this Guarantee are continuing and accordingly shall remain in full force and effect (notwithstanding any intermediate satisfaction by the Contractor, any Member (including without limitation the Relevant Member), the Guarantor or any other person) until all obligations, warranties, duties and undertakings now or hereafter to be carried out or performed by the Contractor under the Contract and by the Members (including without limitation the Relevant Member) under the JS Guarantee shall have been satisfied or performed in full and is not revocable and is in addition to and not in substitution for and shall not merge with, otherwise prejudice or affect or be prejudiced by any other right, remedy, guarantee, indemnity, insurance, surety or security which the Employer may at any time hold for the performance of such obligations and may be enforced without first having recourse to any such right, remedy, guarantee, indemnity or security. Accordingly this Guarantee may be enforced notwithstanding the existence of all or any of the same and also notwithstanding the Employer at any time, releasing or abstaining from perfecting or enforcing or otherwise dealing or omitting to deal with all or any of the same.
- 2.5 The Guarantor shall not have any greater liability to the Employer under the Guarantee than the Guarantor would have had to the Employer had the Guarantor been an original party to the JS Guarantee in place of the Relevant Member; provided that this paragraph 2.5 shall not limit or otherwise modify the Guarantor's liability to the Employer under paragraph 1.2 (b).

3. PAYMENTS

- 3.1 In relation to a demand under paragraph 1.1 (b) where the relevant obligation, warranty, undertaking or duty is to pay a sum of money or a demand under any other provision of this Guarantee, the Guarantor shall have fourteen (14) days from the date of demand to make payment in full to the Employer. The Guarantor shall pay interest on any amount due under this Guarantee from the date of demand to the date of full payment (as well as before any judgment) calculated on a daily basis at the rate of two (2) percent per annum in excess of LIBOR (as defined in clause 3.2), or the highest rate allowed by law, whichever is less.
- 3.2 Determinations of interest rate and amounts under this Guarantee shall be made by the Employer, which determinations shall be conclusive and binding hereunder in the absence of manifest error. For purposes of this Guarantee, "LIBOR" shall mean a rate per annum (calculated on the basis of a 360 day year and actual days elapsed) equal to (a) the average (rounded upwards, if necessary, to the nearest 1/16 of 1%) of the offered rates which appear on the Telerate Page 3750 (or any replacement page), British Bankers Association Interest Settlement Rates (or such other generally accepted system for the purpose of displaying rates of leading reference banks in the London interbank market, as designated by the Employer) as of 11:00 A.M. (London time) for deposits in U.S. dollars for a period equal to the relevant period for calculation of interest hereunder on the day two Business Days prior to the first day of such period, or (b) if fewer than two such offered rates appear which are relevant to the applicable period, the average (rounded upwards, if necessary, to the nearest 1/16 of 1%) of the rates at which the Employer in its reasonable discretion shall determine at approximately 11:00 A.M. (London time) on the day that is two Business Days preceding such period are the applicable rates offered for US Dollar deposits by at least two prime banks in the London interbank market for a period comparable to such period.
- 3.3 If at any time any applicable law, regulation or regulatory requirement or any governmental authority requires the Guarantor to make any deduction or withholding in respect of taxes or other governmental levies or duties from any payment due under this Guarantee, the sum due from the Guarantor in respect of such payment shall be increased to the extent necessary to ensure that after the making of such deduction or withholding, the Employer receives on the due date for such payment net sum equal to the sum which it would have received had no such deduction or withholding been required to be made and the Guarantor shall on demand indemnify the Employer against any losses or costs which it has incurred by reason of failure by the Guarantor to make any such deduction or withholding or by reason of any increased payment not being made on the due date for such payment. The Guarantor shall promptly deliver to the Employer any receipts certificates or other proof evidencing the amounts (if any) paid or payable in respect of any deduction or withholding as aforesaid.

4. REPRESENTATIONS AND WARRANTIES

- 4.1 (a) Until all obligations, warranties, duties and undertakings now or hereafter to be carried out or performed by the Contractor under the Contract and by the Members (including without limitation the Relevant Member) under the JS Guarantee shall have been satisfied or performed in full, the Guarantor shall not as result of this Guarantee or any payment or performance under this Guarantee be subrogated to any right or security of the Employer or claim or prove in competition with the Employer against the Contractor, any Member (including without limitation the Relevant Member) or any other person or demand or accept repayment of any monies from the Contractor or claim any right of contribution, set-off or indemnity from the Contractor or any Member (including without limitation the Relevant Member) and any sums received by the Guarantor or the amount of any set-off

exercised by the Guarantor in breach of this provision shall be held by the Guarantor in trust for and shall be promptly paid to the Employer.

- (b) The Guarantor shall not hold any security from the Relevant Member or the Contractor in respect of this Guarantee and any such security which is held in breach of this provision shall be held by the Guarantor in trust for and shall promptly be transferred to the Employer.
 - (c) Until all obligations, warranties, duties and undertakings now or hereafter to be carried out or performed by the Contractor under the Contract and by the Members (including without limitation the Relevant Member) under the JS Guarantee shall have been satisfied or performed in full, if (notwithstanding the provisions of sub-paragraphs 4.1 (a) and 4.1 (b)), the Guarantor has any rights of subrogation against any Member (including without limitation the Relevant Member) or the Contractor or any rights to prove in a Dissolution (as defined in [paragraph 8.4](#)) of the Relevant Member or the Contractor, the Guarantor agrees to exercise such rights in accordance with the directions of the Employer.
5. (a) The Guarantor warrants and undertakes that it is duly incorporated and validly existing under the laws of [●] and that this Guarantee is its legally binding obligation, enforceable in accordance with its terms, and that all necessary governmental and other consents and authorizations for the giving, validity, enforceability and implementation of this Guarantee and the transactions contemplated by it have been obtained and are in full force and effect.
- (b) The Guarantor warrants and undertakes to the Employer that it shall take all necessary action directly or indirectly to perform the obligations expressed to be assumed by it or contemplated by this Guarantee and to implement the provisions of this Guarantee.
- (c) The Guarantor warrants and undertakes to the Employer that it has not entered into this Guarantee in reliance upon, nor was it induced to enter into this Guarantee by any representation, warranty or undertaking made by or on behalf of the Employer (whether express or implied and whether pursuant to statute or otherwise).

6. ASSIGNMENT

- 6.1 Neither party shall assign any or all of its right, title and interest in and to this Guarantee without the other party's prior written consent.

7. NOTICES

- 7.1 All documents and notices arising out of or in connection with this Guarantee shall be served upon the Guarantor at [●].
- 7.2 The Guarantor may change its nominated address for service of documents or notices to another address in the same country as the address stated herein but only by prior written notice to the Employer. All documents and notices served by the Employer shall be in writing and in English.

8. MISCELLANEOUS

- 8.1 The Employer's rights under this Guarantee are cumulative and are in addition to and not in substitution for any rights provided by law or the Contract or any other guarantee, surety, bond,

insurance or security that the Employer may have or hold in relation to the Contract, including any and all such rights as the Employer may hold under or in relation to the JS Guarantee, and the Employer may exercise its rights under this Guarantee from time to time without first having recourse to any such right, guarantee, surety, bond, insurance or security.

- 8.2 Any waiver by the Employer of the terms of this Guarantee or any consent or approval given by the Employer shall only be effective if given in writing and then only for the purpose and upon the terms and conditions if any on which it is given.
- 8.3 If at any time any one or more of the provisions of this Guarantee is or becomes illegal, invalid or otherwise unenforceable in any respect, such provision or provisions will be ineffective to the extent only of such illegality, invalidity or unenforceability and such illegality, invalidity or unenforceability will not invalidate any other provision of this Guarantee.
- 8.4 In this Guarantee "Dissolution" of a person includes the bankruptcy, insolvency, liquidation, amalgamation, reconstruction, reorganization, administration, administrative or other receivership or dissolution of that person, and any equivalent or analogous proceedings by whatever name known and in whatever jurisdiction, and any step taken (including, without limitation, the presentation of a petition or the passing of a resolution) for or with a view to any of the foregoing.
- 8.5 Where applicable, words and expressions used in this Guarantee shall have the meaning assigned to them in the Contract, as the case may be. The singular will include the plural and vice versa unless the context otherwise clearly requires. All references to the Contract and the JS Guarantee shall be deemed to include any amendment, variation or supplemental agreement thereto. Headings are inserted for convenience only and are to be ignored for the purposes of construction.
- 8.6 This Guarantee constitutes the entire agreement between the Employer and the Guarantor, and it may not be modified except by written agreement of the Employer and the Guarantor.
- 8.7 Nothing herein shall prejudice the rights (including any step-in rights) of the Employer under any subcontractor warranty.

9. DISPUTE RESOLUTION

- 9.1 This Guarantee shall be governed by and construed in accordance with the laws of the Republic of Panama.
- 9.2 Any dispute arising out of under or in connection with this Guarantee or out of the subject matter of this Guarantee shall be finally settled by international arbitration in law (within the meaning of Panamanian law). Unless otherwise agreed by both Parties:
 - (a) the dispute shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce (the "Rules");
 - (b) in addition to the Rules, the arbitration shall be conducted according to the International Bar Association Rules on the Taking of Evidence in International Commercial Arbitration;
 - (c) the dispute shall be settled by three arbitrators who shall all be licensed lawyers appointed in accordance with these Rules;

- (d) the arbitration shall be decided in law (within the meaning of Panamanian law) and conducted in the English language;
- (e) the venue of the arbitration shall be Miami, Florida - United States of America; and
- (f) the arbitration agreement and the arbitration shall be governed by the United States Federal Arbitration Act, 9 U.S.C. §§ 1 et seq.

Arbitration may be commenced prior to or after completion of the Works.

10. EXECUTION

In Witness whereof the parties hereto have caused this Guarantee to be executed the day and year before written by their duly authorised representatives.

SIGNED by:

Name:
Position:
Address:
Date:

for and on behalf of the Employer in the presence of

Witness:
Name:
Address:
Date:

SIGNED by:

Name:
Position:
Address:
Date:

for an on behalf of the Guarantor in the preser of

Witness:
Name:
Address:
Date:

[adjust, if necessary, Guarantor execution provision depending on Guarantor entity providing guarantee]