

PANAMA CANAL AUTHORITY	VARIATION	PAGE 1 OF 7
1. REQUEST FOR PROPOSAL No.:	2. CONTRACT No.:	3. DATE:
76161	CMC-221427	July 31, 2014
		4. VARIATION No.: 109

5. ISSUED BY:

PANAMA CANAL AUTHORITY
Employer's Representative
Locks Project Management Division
Building 740, Corozal
Panama, Republic of Panama

6. NAME AND ADDRESS OF CONTRACTOR (INCLUDE PHYSICAL & POSTAL ADDRESS)	7. CONTRACTOR'S TELEPHONE NUMBER:
Grupo Unidos por el Canal, S.A. Building 22B, Brujas Road Cocoli, Republic of Panama	507-316-9900
	8. CONTRACTOR'S FACSIMILE NUMBER:

9. VARIATION:

The contract referred to in item No. 2 is hereby varied as set forth in item 10, entitled "DESCRIPTION OF VARIATION".

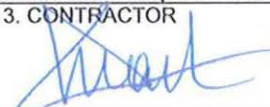

YES. NO. The contractor shall send a copy, duly signed, of this Variation to the Employer's Representative/Contracting Officer.

	9 A. THIS VARIATION IS EXECUTED ON THE BASIS OF: (Specify the legal authority).
	THE VARIATION DESCRIBED IN ITEM 10 IS HEREBY INCORPORATED AND MADE A PART OF THE CONTRACT.
	9 B. THE CONTRACT REFERRED TO IN ITEM NO. 2, IS VARIED TO INCORPORATE ADMINISTRATIVE CHANGES (such as the paying office, account numbers, etc.).
X	9 C. THIS BILATERAL AGREEMENT IS SIGNED AND INCORPORATED INTO THE CONTRACT REFERRED TO IN ITEM NO. 2 OF THIS FORM, ON THE BASIS OF: (Specify the legal authority) Volume III, Conditions of Contract, Sub-Clause 1.16 [Entire Agreement], 4 th Paragraph
	9 D. OTHER. (Specify manner and the legal authority).
	9 E. ACCOUNT NUMBER (If required):

10. DESCRIPTION OF THE VARIATION (List in accordance with the order of the Contract. If additional space is required, use blank sheets).

See Variation Agreement Enclosed

Except for the variation(s) herein specified, all other terms and conditions of the Contract remain unchanged.

11. NAME AND TITLE OF THE PERSON AUTHORIZED TO SIGN (Type or print)	12. NAME AND TITLE OF THE EMPLOYER'S REPRESENTATIVE/CONTRACTING OFFICER (Type or print)
Giuseppe Quarla Contractor's Representative	Jorge de la Guardia, Employer's Representative
13. CONTRACTOR	14. DATE:
	31/7/14
(Authorized signature)	15. PANAMA CANAL AUTHORITY
	
	16. DATE:
	31/07/2014
	(Employer's Representative/Contracting Officer's signature)

This Variation Agreement Number 109, is dated as of the 31st day of July 2014 and made

Between:

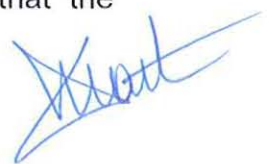
Autoridad del Canal de Panama, Building 740, Corozal, Panama, Republic of Panama (hereinafter called the "**Employer**") on the one part,

and

Grupo Unidos por el Canal S.A., of Building 22B, Brujas Road, Cocoli, Panama, Republic of Panama, a corporation organised under the laws of the Republic of Panama, registered under microjacket number 682266, document number 1683284 of the Mercantile Section of the Public Registry Office of the Republic of Panama (hereinafter called the "**Contractor**" and together with the Employer, the "**Parties**") on the other part.

Whereas:

- a) The Employer and the Contractor are party to Contract CMC-221427 for the Design and Construction of the Third Set of Locks, dated August 11, 2009 (as the same has been or may be varied, amended, supplemented or otherwise modified (the "**Contract**")).
- b) Following extensive negotiations, the Employer and the Contractor have entered into the MOU pursuant to which the Employer and the Contractor have agreed to certain matters with a view to facilitating completion of the Works but without prejudice to each Party's rights and remedies under the Contract or otherwise, and to use their respective good faith best efforts to negotiate and agree a variation agreement to the Contract and any additional definitive documentation by the Effective Date (as defined in the MOU and as extended from time to time by mutual agreement of the Parties).
- c) Pursuant to Variation Agreement No. 048 dated September 10, 2013, Variation Agreement No. 067 dated May 22, 2013, Variation Agreement No. 081 dated October 25, 2013 and Variation Agreement No. 107 dated July 7, 2014, the Employer agreed to certain revised payment arrangements for Plant and Materials on the terms set out in Variation Agreement No. 048, Variation Agreement No. 067, Variation Agreement No. 081 and Variation Agreement No. 107.
- d) The Contractor has requested through the Revised RFV No 253, dated July 28, 2014, that the Employer agrees that the progress payments for the materials included in items 2.3.3.1.11 and 2.3.3.2.11 of the Schedule of Project Elements and Prices be amended as set out in the Revised RFV No 253, dated July 28, 2014.
- e) Accordingly, the Employer has responded through letter IAE-UPC-2166 dated July 29, 2014, indicating to the Contractor that the Employer has agreed that the



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progress payments for the materials included in items 2.3.3.1.11 and 2.3.3.2.11 of the Schedule of Project Elements and Prices be amended as set out in the Revised RFV No 253, dated July 28, 2014, subject to the parties agreeing a formal variation to reflect such revised arrangements.

- f) As a condition to the Employer permitting the amendments to the progress payments referred to in sub-paragraph (d) above and the effectiveness of the amendments specified in this Variation Agreement No. 109, the Contractor shall provide the VO No. 109 Bond Issuer Confirmation in the form set out in Appendix 3 to this Variation Agreement No. 109 no later than 5 Business Days after the date of this Variation Agreement No. 109.
- g) Therefore, subject to the terms of this Variation Agreement No. 109, the Parties have agreed to a variation to the Contract as hereinafter stated, but not further or otherwise.

THE PARTIES HEREBY AGREE AS FOLLOWS:

The Employer and the Contractor agree to vary the Contract as follows:

1. In this Variation Agreement No. 109, the words and expressions shall have the same meanings as are respectively assigned to them in the Contract, save as amended below or as expressly stated.
2. It is agreed that this Variation Agreement No. 109 and the modifications contained herein are approved and dated in writing by the authorized representatives of the Contractor and the Employer and in doing so the Parties acknowledge and identify that this is done in accordance with Sub-Clause 1.16 [*Entire Agreement*] of the Contract.
3. This Variation Agreement No. 109 is without prejudice to the merits of any claims and defenses that either Party may have against the other relating to the Contract (as to which both Parties' positions are fully reserved) or otherwise. Both Parties continue to reserve all rights, remedies and defenses related hereto, as set forth at clause 9 of the MOU and clause 9 of the MOU is hereby incorporated by reference. Without prejudice to the generality of the foregoing, the Parties' rights, remedies and defenses with respect to delay-related issues are expressly reserved. The Contractor agrees and acknowledges that it shall not make any claims against the Employer arising directly out of this Variation Agreement No. 109.
4. Save in relation to breaches of, or failure by either Party to comply with, the terms of this Variation Agreement No. 109, the Parties agree that they shall have no claims for additional time or money or any other relief or entitlement of any kind as a direct consequence of this Variation Agreement No. 109.



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5. Further, the Contractor's obligations as to the progress of the Works and to complete the Works and comply with the Contract remain in all respects unaffected and nothing within this Variation Agreement No. 109 is intended to be a waiver or relaxation of the Contractor's obligations under the Contract, save only as expressly stated herein. The Contract shall remain fully effective as varied herein and the Contract shall have effect as though the provisions contained in this Variation Agreement No. 109 had been originally contained in the Contract, but notwithstanding the generality of the foregoing and for the avoidance of doubt, the provisions relating to payment of items 2.3.3.1.11.1(a), 2.3.3.1.11.1(b), 2.3.3.1.11.2(a), 2.3.3.1.11.2(b), 2.3.3.1.11.3(a), 2.3.3.1.11.3(b), 2.3.3.2.11.1(a), 2.3.3.2.11.1(b), 2.3.3.2.11.2(a), 2.3.3.2.11.2(b), 2.3.3.2.11.3(a) and 2.3.3.2.11.3(b) as set out in Appendix 2 to this Variation Agreement No. 109 shall only apply as from the date of this Variation Agreement No. 109.
6. This Variation Agreement No. 109 shall be governed by the Laws of the Republic of Panama and is deemed to be incorporated into and form an integral part of the Contract.
7. The Parties agree to amend Sub-Clause 1.1 [*Definitions*] of the Contract as follows:

The Parties agree to add the following definitions to Sub-Clause 1.1.6 [*Other Definitions*] of the Contract (which shall be added in proper alphabetical order but without any number):

"Variation Agreement No. 109" means Variation Agreement Number 109, dated 31st day of July, 2014 between the Employer and the Contractor.

"VO No. 109 Bond Issuer Confirmation" means a written confirmation (or rider, amendment or modification, as applicable), in the form set out in Appendix 3 to Variation Agreement No. 109 and otherwise acceptable to the Employer, from each of (i) the issuer of the Performance Bond, (ii) the issuer of the Payment Bond and (iii) the issuer of the Plant and Material Security, in each case consenting to the modifications to the Contract made pursuant to the terms of Variation Agreement No. 109 and confirming the continuing validity of such bonds notwithstanding such modifications.

8. Subject to paragraph 10 of this Variation Agreement No. 109, the Parties hereby agree to amend Sub-Clause 14.5.1 [*Plant and Materials Intended for the Works*] of the Contract as follows:
- (a) in item (1) following the proviso to Sub-Clause 14.5.1 [*Plant and Materials Intended for the Works*] of the Contract, in the sixth line delete "Appendix 1 to Variation Agreement No. 107" and replace with "Appendix 1 to Variation Agreement No. 109";



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- (b) in item (6) following the proviso to Sub-Clause 14.5.1 [*Plant and Materials Intended for the Works*] of the Contract, in the fourth and fifth lines delete "Appendix 1 and Appendix 2 to Variation Agreement No. 107" and replace with "Appendix 1 and Appendix 2 to Variation Agreement No. 109 "; and
 - (c) in item (7) following the proviso to Sub-Clause 14.5.1 [*Plant and Materials Intended for the Works*] of the Contract, in the third line delete "Appendix 1 to Variation Agreement 107" and replace with "Appendix 1 to Variation Agreement No. 109 ".
9. Subject to paragraph 10 of this Variation Agreement No. 109, the Parties hereby agree to amend sub-paragraph (d) of Sub-Clause 14.5.3 [*Plant and Materials Intended for the Works*] of the Contract as follows:
- (a) in sub-paragraph (1) in the seventh and eighth lines delete "Appendix 1 to Variation Agreement No. 107" and replace with "Appendix 1 to Variation Agreement No. 109 ";
 - (b) in sub-paragraph (3) in the fifth and sixth lines delete "Appendix 1 to Variation Agreement No. 107" and replace with "Appendix 1 to Variation Agreement No. 109 "; and
 - (c) in sub-paragraph (4) in the fourth line delete "Appendix 1 to Variation Agreement No. 107" and replace with "Appendix 1 to Variation Agreement No. 109 ".
10. The Parties agree that the amendment of the Contract and the Employer's agreement to the Contractor's request as set out in and in accordance with paragraphs 8 and 9 of this Variation Agreement No. 109 is subject to the Contractor delivering to the Employer no later than 5 Business Days after the date of this Variation Agreement No. 109 the VO No. 109 Bond Issuer Confirmation in the form set out in Appendix 3 to this Variation Agreement No. 109, failing which the amendments set out in paragraphs 8 and 9 above shall be of no effect and void.
11. If the Contractor fails to comply with paragraph 10 above within the time period specified therein, then any amounts paid by the Employer to the Contractor in accordance with paragraphs 8 and/or 9 above shall become immediately due and payable by the Contractor to the Employer and the Employer shall be entitled, at its sole and absolute discretion, to:
- (a) deduct the full amount of any such amounts paid by the Employer to the Contractor in accordance with paragraphs 8 and/or 9 above in the next Interim Payment Certificate; and/or
 - (b) require payment of the full amount of any such amounts paid by the Employer



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to the Contractor in accordance with paragraphs 8 and/or 9 above (or any part thereof not deducted in accordance with sub-paragraph (a) above) from the Contractor, in which case the Contractor shall within 21 days of written request from the Employer make payment of such amount(s) to the Employer and/or the Employer may recover such amount(s) as a debt due from the Contractor to the Employer. Payment of any amount(s) due from the Contractor to the Employer pursuant to this sub-paragraph (b) shall be made by electronic transfer of funds to the bank account nominated by the Employer,

and the payments in respect of items 2.3.3.1.11.1, 2.3.3.1.11.2, 2.3.3.1.11.3, 2.3.3.1.11.4, 2.3.3.2.11.1, 2.3.3.2.11.2, 2.3.3.2.11.3 and 2.3.3.2.11.4 of the Schedule of Project Elements and Prices shall continue in accordance with the Contract as if the amendments set out in paragraphs 8 and/or 9 above had never been made.

12. The Contractor may submit to the Employer one extraordinary application for payment in a form acceptable to the Employer of an amount that the Contractor considers it is entitled to be paid for the materials included in items 2.3.3.1.11 and 2.3.3.2.11 of the of the Schedule of Project Elements and Prices pursuant to Appendix 1 and Appendix 2 to Variation Agreement No. 109 for the period up to August 31, 2014 only. Subject to the Contractor's compliance with the terms of Appendix 1 and Appendix 2 to Variation Agreement No. 109, the Employer shall make payment of the amount which the Employer considers is due for the materials included in items 2.3.3.1.11 and 2.3.3.2.11 of the of the Schedule of Project Elements and Prices within 5 days of receipt of the Contractor's extraordinary payment application provided for in this paragraph 12.
13. The Parties acknowledge and agree that the Employer's rights in relation to the processing of Interim Payments including but not limited to under Sub-Clause 14.6 [*Issue of Interim Payment Certificates*] and Sub-Clause 14.7 [*Payment*] remain unaffected by this Variation Agreement No. 109.
14. Each Party shall from time to time (at its own cost) do, perform, sign, execute and deliver all such acts, deeds, documents and things (or procure the doing, performance, signing, execution or delivery of them) to give full effect to this Variation Agreement No. 109 and secure the full benefit of the rights, powers and remedies conferred upon it in this Variation Agreement No. 109.




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In Witness whereof the Parties hereto have caused this Variation Agreement No. 109 to the Contract to be executed on the 31st day of July of the year 2014 by their duly authorized representatives.

For ACP


Jorge de la Guardia
Employer's Representative

For GUPCSA


Giuseppe Quarta
Contractor's Representative

RFV No. 253 - APPENDIX 1 TO VARIATION AGREEMENT No 109

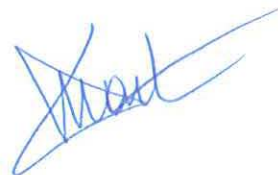
PROCEDURE TO EFFECT PROGRESS PAYMENTS FOR GATES

A. BACKGROUND

1. Sub-Clause 14.5 [Plant and Materials Intended for the Works] of the Conditions of Contract has been varied by the agreement of the Parties in Variation Agreement No. 048, Variation Agreement No. 052, Variation Agreement No. 067, Variation Agreement No. 081 and Variation Agreement No. 107. This Appendix 1 is referred to in Sub-Clause 14.5.1 and 14.5.3 (paragraphs 8 and 9 of Variation Agreement No 109).
2. The purpose of this Procedure is to establish the required steps to properly validate the progress of Gate fabrication so as to effect progress payments in accordance with Variation Agreement No. 109 and Sub-Clause 14.3 [Application for Interim Payment Certificates].
3. Further, in relation to items 2.3.3.1.11.1(a), 2.3.3.1.11.1(b), 2.3.3.1.11.2(a), 2.3.3.1.11.2(b), 2.3.3.1.11.3(a), 2.3.3.1.11.3(b), 2.3.3.2.11.1(a), 2.3.3.2.11.1(b), 2.3.3.2.11.2(a), 2.3.3.2.11.2(b), 2.3.3.2.11.3(a) and 2.3.3.2.11.3(b) set out in Appendix 2 to this Variation Agreement No. 109 and referred to in this Appendix 1 below, this Procedure sets out the regime for the payment of such items as of the date of Variation Agreement No. 109.

B. BASIS FOR VALIDATION OF PERIODIC PAYMENTS TO BE INCLUDED IN INTERIM PAYMENT CERTIFICATES

1. As specified in the Locks Contract, a complete gate comprises the following components: the gate itself (main gate hereinafter), embeds, seals, guides, bearing blocks, maintenance supports, rails, wagons, mechanical and hydraulic systems.
2. The total price for fabrication and delivery of gates is \$152,033,849.00 for the Atlantic Locks and \$156,699,089.00 for the Pacific Locks. From these total amounts, 68.31% of the value has been assigned specifically for "main gate". The remaining 31.69% is reserved for all other components outside the main gate, as listed in B.1 above.
3. The price for fabrication and delivery of recess closure is \$6,300,000.00 for the Atlantic Locks and \$6,358,168.32 for the Pacific Locks.
4. The price for the bridge ways is \$2,322,482.00 for the Atlantic Locks and \$2,322,482.00 for the Pacific Locks.
5. To validate the progress of the "main gate" for the purposes of interim payments (which applies to items 2.3.3.1.11.1(a), 2.3.3.1.11.2(a), 2.3.3.1.11.3(a), 2.3.3.2.11.1(a), 2.3.3.2.11.2(a) and 2.3.3.2.11.3(a) as set out in Appendix 2 to this Variation Agreement No. 109, the following criteria will be used:



- The main gates are divided by blocks. Gates types "A", "D" and "F", have 16 blocks; gates types "B", "C", and "E" have 20 blocks.
- The value of completed blocks will include all steel, materials, labor, and welding. Payment for the blocks will be made as the blocks are assembled and joined to comprise part of a Gate.
- The total payment for "main gate" fabrication and delivery will be recognized in an 85%-15% basis. The 85% will be partially progressed in a 62%-18%-5% basis.

First Step of Main Gate Progress Payment: 62%

- The Contractor may make application in the next application for payment for the first 24% of the individual block value, pursuant to Sub-Clause 14.3 [Application for Interim Payment Certificates] when the first two gates blocks have been fabricated, assembled, erected and tack welded in accordance with the terms of the Contract, all of which shall be validated by the Employer's Representative. The Contractor may make an application for the next 38% of the individual block value pursuant to Sub- Clause 14.3 [Application for Interim Payment Certificates] when the first two gates blocks have been welded to each other in accordance with the terms of the Contract, all of which shall be validated by the Employer's Representative. Validation for the individual welded blocks will be effective only when they are welded to the other individual blocks as part of a whole gate unit.
- For each individual block the Contractor must submit the corresponding assembly quality documentation and the welds between blocks must be properly tested and demonstrated to be in compliance with the Contract. The value for each block will be an average percentage by weight, as per table included in Appendix 2 to Variation Agreement No. 81.
- Only the blocks assembled prior to the cutoff date will be considered for certification and payment.
- The progress payment for each block is subject to the submission of relevant Quality Documentation to validate compliance with contract requirements. All required quality documentation should be uploaded in PCM prior to the relevant application for payment.
- The progress payment for each block is also subject to all relevant documentation being issued to the Employer by SGS (Société Générale de Surveillance) to confirm that the blocks are partially or tack welded.

Second Step of Main Gate Progress Payment: 18%

- The Contractor may make application in the next application for payment pursuant to Sub-Clause 14.3 after all components associated with the main gate are completely installed in the "main gate" and painting is complete.

- Some of these components are shafts, watertight hatches, manholes; also included are protective coating system for all gates, anti-slip coating on walkways, epoxy coating to roadway surfaces, ladders, gratings, cable trays, etc.
- Only one 18% payment will become due per Gate and only when all systems, paintings and coatings for such Gate are completed. The Contractor must submit all quality documentation properly validated by the Contractor's on site Quality Assurance Team.

Third Step of Main Gate Progress Payment: 5%

- The Contractor may make application in the next application for payment pursuant to Sub-Clause 14.3 when the gate is ready for shipment and all quality documentation (Factory Acceptance Tests) is ready and has been uploaded in PCM.

Fourth Step of Main Gate Progress Payment: 15%

- The Contractor may make application in the next application for payment pursuant to Sub-Clause 14.3 when each Gate has been delivered to the Site; is properly stored on the Site; is protected against loss, damage or deterioration; and is in accordance with the Contract.
- The gate must be properly inspected to ensure that no damage occurred during transportation to the Site. If the gate requires any rectification to comply with the Contract Requirements, Sub-Clause 14.6 (a) and/or (b) of the Conditions of Contract will be applicable.
- It is intended that the Atlantic Gates, will be validated when they arrive at the Atlantic Site. The Pacific Gates, will be recognized 12% upon arrival at the Atlantic site and the other 3% when arrives to the Pacific site.

C. BASIS FOR PAYMENT TO CIMOLAI – GATES FABRICATOR

[THIS SECTION DOES NOT APPLY TO VO 109. THE CONTRACTOR'S OBLIGATIONS REMAIN UNAFFECTED WITH RESPECT TO THIS SECTION AS IT RELATES ONLY TO VO 81]

1. The Contractor shall submit, no later than 45 calendar days from the date payment is made by the Employer for that month, relevant documentation of the Contractor's payment to Lock Gates Fabricator. Specific information on the proof of payment by the Contractor to the Lock Gates Fabricator is detailed in Appendix 5 of Variation Agreement No.81.
2. The Contractor's payment to the Lock Gates Fabricator shall be the net amount resulting from the difference between (i) the payments received by the Contractor from ACP for the progress payment for gates and gates mechanisms and associated equipment under Variation Agreement No. 48 and

Variation Agreement No. 67 and, (ii) the payment of such elements as consequence of the application of the new rates stipulated in the Variation Agreement No. 081.

3. Such net amount payment to be paid by the Contractor to Lock Gates Fabricator shall have in turn a deduction equivalent to the Contractor's overhead and profit of 25% as established in Variation Agreement No. 48.

4. The payments for the overall increase stipulated in items C.2. and C.3. should be done in addition to the payments foreseen in the subcontract with the Lock Gates Fabricator for the fabrication, transportation, and installation of the lock gates, and its relevant amendments signed by the Contractor and its Lock Gates Fabricator up to date.

5. The Contractor shall submit along with the monthly Interim Payment Certificate Application a spreadsheet showing the calculation of the net amount to be paid to the Lock Gates Fabricator. This spreadsheet shall be submitted in PDF uploaded with the monthly payment backup information and in Excel format so the percentages of the activities can be adjusted according to the final monthly agreed validation. The spreadsheet format shall be similar to the table included in Appendix 4 of Variation Agreement No 081.

A handwritten signature in blue ink, located in the bottom right corner of the page. The signature is stylized and appears to be a name, possibly 'Xuan' or similar, with a long horizontal stroke extending to the right.

Appendix 2, Variation 109

RFV No. 253

GATES PAYMENT CRITERIA

ATLANTIC LOCKS

		Payment Criteria							
ITEM		Original	VO 048	VO 067	VO 81	VO 107	VO xx		
			Note	Note	Note			Note	
2.3.1.11	GATES AND RECESS CLOSURE								
2.3.3.1.11.1	Lockhead 1 Gates								
(a)	Gates Fabrication	50/50	70/30 (1)	70/30 (2)	75/25 (3)	75/25	85/15 (4)		
(b)	1st Stage Embeds Rolling Gates	50/50	70/30	70/30	70/30	70/30	70/30		
(c)	2nd Stage Embedded parts, Components and Mechanisms WS	50/50	70/30	70/30	80/20	95/5	95/5		
2.3.3.1.11.2	Lockhead 2&3 Gates								
(a)	Gates Fabrication	50/50	70/30	70/30	75/25	75/25	85/15		
(b)	1st Stage Embeds Rolling Gates	50/50	70/30	70/30	70/30	70/30	70/30		
(c)	2nd Stage Embedded parts, Components and Mechanisms WS	50/50	70/30	70/30	80/20	95/5	95/5		
2.3.3.1.11.3	Lockhead 4 Gates								
(a)	Gates Fabrication	50/50	70/30	70/30	75/25	75/25	85/15		
(b)	1st Stage Embeds Rolling Gates	50/50	70/30	70/30	70/30	70/30	70/30		
(c)	2nd Stage Embedded parts, Components and Mechanisms WS	50/50	70/30	70/30	80/20	95/5	95/5		
2.3.3.1.11.4	All Other Gates and Recess Closure Works								
(a)	Recess Closure	50/50	70/30	70/30	70/30	95/5	95/5		

PACIFIC LOCKS

ITEM									
2.3.2.11	GATES AND RECESS CLOSURE								
2.3.3.2.11.1	Lockhead 1 Gates								
(a)	Gates Fabrication	50/50	70/30	70/30	75/25	75/25	85/15		
(b)	1st Stage Embeds Rolling Gates	50/50	70/30	70/30	70/30	70/30	70/30		
(c)	2nd Stage Embedded parts, Components and Mechanisms WS	50/50	70/30	70/30	80/20	95/5	95/5		
2.3.3.2.11.2	Lockhead 2&3 Gates								
(a)	Gates Fabrication	50/50	70/30	70/30	75/25	75/25	85/15		
(b)	1st Stage Embeds Rolling Gates	50/50	70/30	70/30	70/30	70/30	70/30		
(c)	2nd Stage Embedded parts, Components and Mechanisms WS	50/50	70/30	70/30	80/20	95/5	95/5		
2.3.3.2.11.3	Lockhead 4 Gates								
(a)	Gates Fabrication	50/50	70/30	70/30	75/25	75/25	85/15		
(b)	1st Stage Embeds Rolling Gates	50/50	70/30	70/30	70/30	70/30	70/30		
(c)	2nd Stage Embedded parts, Components and Mechanisms WS	50/50	70/30	70/30	80/20	95/5	95/5		
2.3.3.2.11.4	All Other Gates and Recess Closure Works								
(a)	Recess Closure	50/50	70/30	70/30	70/30	95/5	95/5		

Notes :

- (1) VO 048 : 70/30 broken down in: 70 (40 at welded blocks + 18 gate assembly + 12 ready for shipment) / 30 at delivery Atl. & 30 at delivery Pac (15 at Atl + 15 at Pac)
- (2) VO 067 : 70/30 broken down in: 70 (16 at tack welded + 24 at full welded blocks + 18 gate assembly + 12 ready for shipment) / 30 at delivery Atl. & 30 at delivery Pac (15 at Atl + 15 at Pac)
- (3) VO 081 : 75/25 broken down in: 75 (28 at tack welded + 24 at full welded blocks + 18 gate assembly + 5 ready for shipment) / 25 at delivery Atl. & 25 at delivery Pac (15 at Atl + 10 at Pac)
- (4) VO 0xx : 85/15 broken down in: 85 (38 at tack welded + 24 at full welded blocks + 18 gate assembly + 5 ready for shipment) / 15 at delivery Atl. & 15 at delivery Pac (12 at Atl + 3 at Pac)

APPENDIX 3

VO NO. 109 BOND ISSUER CONFIRMATION

[Letterhead of Zurich]

_____, 2014

Autoridad del Canal de Panama
Edificio 740, Corozal
Panama, Republica de Panama

Reference: Contract No. CMC-221427, Design and Construction of the Third Set of Locks, Panama Canal

Confirmation regarding certain amendments to the Contract (as defined below)

Dear Sirs:

We refer to (i) the Design and Build Contract for the Third Set of Locks on the Panama Canal (as amended, modified, varied or supplemented, the "Contract") tendered under RFP #76161 between you, as owner and Employer thereunder (the "Owner") and Grupo Unidos por el Canal, S.A., as contractor (the "Contractor"); (ii) the performance bond, Bond no. 08960193, dated August 7, 2009, in an amount of USD 400,000,000.00, issued in the Owner's favor in respect of the Contract (as amended, supplemented or otherwise modified from time to time, the "Performance Bond"); (iii) the payment bond, Bond no. 08960194, dated August 7, 2009, in an amount of USD 50,000,000.00, issued in the Owner's favor in respect of the Contract (as amended, supplemented or otherwise modified from time to time, the "Payment Bond"); and (iv) the advance payment bond in respect of Plant and Material Security, Bond no. 09098907, dated December 20, 2012, in an amount of USD 150,000,000.00, issued in the Owner's favor in respect of the Contract (as amended, supplemented or otherwise modified from time to time, the "P&M Bond" and, together with the Performance Bond and the Payment Bond, the "Bonds"). Unless otherwise specified, capitalized terms used herein have the respective meanings specified in the Contract.

We have been provided with a copy of Variation Agreement No. 109, dated July 30, 2014 ("Variation Agreement No. 109") to the Contract, executed by the Owner and the Contractor, which provides for certain amendments to the Contract relating to the progress payments for the materials included in items 2.3.3.1.11 and 2.3.3.2.11 of the Schedule of Project Elements and Prices.

The undersigned, as Surety under and as defined in the Bonds, hereby consents to the amendments to the Contract relating to the progress payments for the materials included in items 2.3.3.1.11 and 2.3.3.2.11 of the Schedule of Project Elements and Prices pursuant to the aforementioned Variation Agreement No. 109 and confirms to you, as Owner and beneficiary under the Bonds, the continued validity of the Bonds in the respective amounts originally stated therein, notwithstanding such amendments to the Contract and the terms of Variation Agreement No. 109.



Nothing in this confirmation letter is intended to or shall waive, alter, amend or otherwise affect any of the terms or conditions of the Bonds, other than as stated herein.

ZURICHAMERICANINSURANCE
COMPANY, as Surety under the Bonds

By: _____
Name:
Title:

ACCEPTED:

AUTORIDAD DEL CANAL DE PANAMA,
as Owner under the Contract and beneficiary under the Bonds referred to above

By: _____
Name:
Title:

A handwritten signature in blue ink, appearing to be "Huat", is located in the bottom right corner of the page.

Appendix 4, Variation 109

RFV 253 - Gates Payment Criteria (Fab & Del)

70/30

VO 67

75/25

VO 81

85/15

VO xx

TOTAL ATLANTIC + PACIFIC

Budget

210,895,469.98

210,895,469.98

210,895,469.99

Fabricate
breakdown

Fabricate
breakdown: 70%
Delivery: 30%

Fabricate
breakdown: 75%
Delivery: 25%

Fabricate
breakdown: 85%
Delivery: 15%

Fabricate
Tack Welded
Welded
Completion
FAT

0.00%
24.00%
16.00%
18.00%
12.00%

0.00%
24.00%
28.00%
18.00%
5.00%

0.00%
24.00%
38.00%
18.00%
5.00%

ATLANTIC

103,854,322.27

103,854,322.27

103,854,322.28

A-22240-160 A_LH1 G1: Fabricate Gates A1 (Type A) - Erection Gates WS
A-22240-260 A_LH1 G2: Fabricate Gates A2 (Type A) - Erection Gates WS
A-22320 A_LH1 Gates Delivery: Gates 1 & 2 on Site
A-22060-160 A_LH2 G3: Fabricate Gates B1 (Type B) - Erection Gates WS
A-22060-260 A_LH2 G4: Fabricate Gates B2 (Type B) - Erection Gates WS
A-22160 A_LH2 Gates Delivery: Gates 3 & 4 on Site
A-22080-160 A_LH3 G5: Fabricate Gates B3 (Type B) - Erection Gates WS
A-22080-260 A_LH3 G6: Fabricate Gates B4 (Type B) - Erection Gates WS
A-22180 A_LH3 Gates Delivery: Gates 5 & 6 on Site
A-22260-160 A_LH4 G7: Fabricate Gates D1 (Type D) - Erection Gates WS
A-22260-260 A_LH4 G8: Fabricate Gates D2 (Type D) - Erection Gates WS
A-22340 A_LH4 Gates Delivery: Gates 7 & 8 on Site

6,703,752.85
6,703,752.85
5,746,073.87
10,156,969.52
10,156,969.52
8,705,973.87
10,156,969.52
10,156,969.52
8,705,973.87
9,331,320.91
9,331,320.91
7,998,275.06

7,182,592.34
7,182,592.34
4,788,394.89
10,882,467.34
10,882,467.34
7,254,978.23
10,882,467.34
10,882,467.34
7,254,978.23
9,997,843.83
9,997,843.83
6,665,229.22

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8,140,271.32
2,873,036.94
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12,333,462.99
4,352,986.94
12,333,462.99
12,333,462.99
4,352,986.94
11,330,889.68
11,330,889.68
3,999,137.53

PACIFIC

107,041,147.71

107,041,147.71

107,041,147.71

P-23480-160 P_LH1 G1: Fabricate Gates F1 (Type F) - Erection Gates WS
P-23480-260 P_LH1 G2: Fabricate Gates F2 (Type F) - Erection Gates WS
P-23580 P_LH1 Gates Delivery: Load Ship and Transport To Site Gates 1 & 2 (Type F) W
P-23300-160 P_LH2 G3: Fabricate Gates C1 (Type C) - Erection Gates WS
P-23300-260 P_LH2 G4: Fabricate Gates C2 (Type C) - Erection Gates WS
P-23400 P_LH2 Gates Delivery: Load Ship and Transport To Site Gates 3 & 4 to Site (Ty
P-23320-160 P_LH3 G5: Fabricate Gates C3 (Type C) - Erection Gates WS
P-23320-260 P_LH3 G6: Fabricate Gates C4 (Type C) - Erection Gates WS
P-23420 P_LH3 Gates Delivery: Load Ship and Transport To Site Gates 5 & 6 to Site (Ty
P-23500-160 P_LH4 G7: Fabricate Gates E1 (Type E) - Erection Gates WS
P-23500-260 P_LH4 G8: Fabricate Gates E2 (Type E) - Erection Gates WS
P-23600 P_LH4 Gates Delivery: Load Ship and Transport To Site Gates 7 & 8 (Type E)

6,498,814.45
6,498,814.45
5,570,412.38
10,201,289.42
10,201,289.42
8,743,962.36
10,201,289.42
10,201,289.42
8,743,962.36
10,563,008.41
10,563,008.41
9,054,007.21

6,963,015.48
6,963,015.48
4,642,010.32
10,929,952.95
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7,286,635.30
10,929,952.95
10,929,952.95
7,286,635.30
11,317,509.01
11,317,509.01
7,545,006.01

7,891,417.55
7,891,417.55
2,785,206.19
12,387,280.01
12,387,280.01
4,371,981.18
12,387,280.01
12,387,280.01
4,371,981.18
12,826,510.21
12,826,510.21
4,527,003.61