



December 2, 2014

DCN: IAE-UPC-2342

Mr. Giuseppe Quarta
Grupo Unidos por el Canal, S.A.
Building 22B, Brujas Road
Cocoli, Republic of Panama

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

Subject: Numbering of Variations

Dear Mr. Quarta:

The Employer refers to a number of determinations, as listed below, which have resulted in changes to the Contract Price. For administrative purposes, the Employer has assigned variation numbers to each determination as shown in the table below. This is not intended to have any defining, modifying or other effect on the contents of the letters referred to.

ITEM	REFERENCE	DATE	VO NUMBER
Range Tower No. 2	IAE-UPC-1201	13-Aug-2012	122
Claim No. 10 Fiscal Law 8	IAE-UPC-1202	13-Aug-2012	123
On-Site Testing	IAE-UPC-1203	13-Aug-2012	124
Transition Walls	IAE-UPC-2119	25-Jun-2014	125
Gate Drive Mechanism	IAE-UPC-2122	25-Jun-2014	126
Claim No. 66 Increase in Wages	IAE-UPC-2127	2-Jul-2014	127
VDS Semaphores	IAE-UPC-2156	24-Jul-2014	128
Claim No. 96 - Labor Strike	IAE-UPC-2192	6-Aug-2014	129
Maintenance Closure System	IAE-UPC-2199	8-Aug-2014	130
Fingerprint Readers	IAE-UPC-2217	26-Aug-2014	131

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The Employer attaches a variation form in respect of each of the items above. The Contractor's Representative's signature is not required.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'Jorge de la Guardia', with a stylized flourish at the end.

Jorge de la Guardia

Employer's Representative

Locks Project Management Division

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

July 24, 2014

DCN: IAE-UPC-2156

Mr. Giuseppe Quarta
Grupo Unidos por el Canal, S.A.
Building 22B, Brujas Road
Cocoli, Republic of Panama

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

Subject: VDS Semaphores

Dear Mr. Quarta:

By the Employer's letter IAE-UPC-0701 dated July 21, 2011 the Contractor was instructed pursuant to Sub-Clause 13.3 [Variation Procedure] of the Conditions of Contract to omit certain items of the Works relating to the VDS Semaphores. In that letter, the Contractor was requested to submit a proposal for the reduction of the Contract Price relating to the omitted items, having regard to the fact that some of the design work had already been carried out at that point.

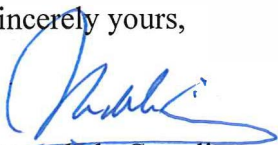
The Contractor, by its letter GUPC-IAE-1584 dated December 4, 2012, proposed a reduction of USD 74,759 and gave details of the breakdown of this amount in its letter GUPC-IAE-1754 dated February 26, 2013. Further discussions took place between the parties but an agreement has not been reached on a reduction to the Contract Price, save in relation to overheads in respect of which it has been agreed that the associated reduction in overheads is too small to measure.

The Employer considers that it is unlikely that the Parties will reach agreement in respect of an appropriate reduction in the Contract Price and now, as indicated in the Employer's letter IAE-UPC-2006 dated April 1, 2014, encloses the determination by the Employer's Representative.

The Contractor will note that the determination states that the Contract Price is to be reduced by USD 139,624.10.

In view of the limited information provided by the Contractor and the fact that the determination is based on an estimation of the cost of the work actually deleted, if the Contractor wishes to provide more detailed information to the Employer, this will be considered.

Sincerely yours,



Jorge de la Guardia
Employer's Representative
Locks Project Management Division

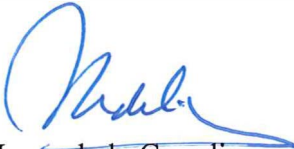
Enclosure

VDS SEMAPHORES
EMPLOYER'S REPRESENTATIVE DETERMINATION
JULY 2014

BACKGROUND

1. By the Employer's letter IAE-UPC-0701 dated July 21, 2011 the Contractor was instructed pursuant to Sub-Clause 13.3 [Variation Procedure] of the Conditions of Contract to omit certain items of the Works relating to the VDS Semaphores. In that letter, the Contractor was requested to submit a proposal for the reduction of the Contract Price relating to the omitted items, having regard to the fact that some of the design work had already been carried out at that point.
2. The Contractor, by its letter GUPC-IAE-1584 dated December 4, 2012, proposed a reduction of USD 74,759 and gave details of the breakdown of this amount in its letter GUPC-UPC-1754 dated February 26, 2013.
3. The Employer commented on the details in its letter dated IAE-UPC-1800 dated December 6, 2013 stating that:

"The Employer believes that the Contractor's estimate does not properly capture all of the work, particularly the installation of those semaphores that were shown to be installed in lock wall recesses. In addition, the estimate does not address all associated costs. For example: design not performed, testing, overhead, and profit."
4. Further discussions took place between the parties but no agreement was reached on a reduction to the Contract Price, save in relation to overheads in respect of which it has been agreed that the associated reduction in overheads was too small to measure.
5. Accordingly, the Employer's Representative has made an estimate of the appropriate valuation of the reduction as set out in the Appendix to this document and determines that the contract price is to be reduced by USD 139,624.10 for the deletion of the VDS Semaphores.

24/01/2014 

Jorge de la Guardia
Employer's Representative
Locks Project Management Division

APPENDIX

Semaphores, Pacific and Atlantic Locks	NUMBER	UNIT		ALL		
		MATERIALS	LABOR	MATERIALS	LABOR	TOTAL
A. Semaphore light with red, yellow and green LED lights installed on gate post. Includes mounting post	32	\$893.00	\$200.00	\$28,576.00	\$6,400.00	\$34,976.00
B. Semaphore light with red, yellow and green LED lights installed at ground level.	60	\$1,193.00	\$250.00	\$71,580.00	\$15,000.00	\$86,580.00
C. Cabling						
C.1 Power cable	12500 feet	\$0.30	\$0.13	\$3,750.00	\$1,625.00	\$5,375.00
C.2 Ducts	0	\$0.32	\$1.16	\$0.00	\$0.00	\$0.00
Subtotal				\$103,906.00	\$23,025.00	\$126,931.00
Contingency	10%					12693.10
Total						\$139,624.10