

PANAMA CANAL AUTHORITY	VARIATION	PAGE 1 OF 15
1. REQUEST FOR PROPOSAL No.:	2. CONTRACT No.:	3. DATE:
76161	CMC-221427	May 15, 2014
		4. VARIATION No.:
		098

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".

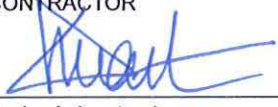
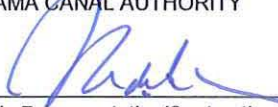
YES. NO. The contractor shall send a copy, duly signed, of this Variation to the Employer's Representative/Contracting Officer.

	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 Quarta Contractor's Representative	Jorge De La Guardia, Employer's Representative
13. CONTRACTOR	14. DATE:
	15. PANAMA CANAL AUTHORITY
(Authorized signature)	16. DATE:
15/4/2014	
	(Employer's Representative/Contracting Officer's signature)
	15/4/2014

This Variation Agreement Number 098, is dated as of the 15th day of May 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 (as defined below) pursuant to which the Employer and the Contractor have agreed to use their respective good faith best efforts to negotiate and agree a variation agreement to the Contract and any additional definitive documentation by no later than May 15, 2014 or as further extended by mutual agreement under the MOU in order to re-start progress of the Works.
- c) In anticipation of the variation agreement referred to in sub-paragraph (b) above, the Contractor has requested through letter GUPC-IAE-2815 dated April 3, 2014, that the Employer agrees:
 - (i) a temporary deferral of the repayment of the Advance Payment for Lock Gates from the Payment Certificate of February 2014 issued in April 2014 up to and including the Payment Certificate of May 2014 issued in June 2014; and
 - (ii) a temporary deferral of the Contractor's obligations to pay financing costs under Variation Agreement No. 065 dated June 24, 2013 in relation to the Advance Payment for Mobilisation, the Advance Payment for Plant and the Advance Payment for Key Suppliers commencing from the Payment Certificate of February 2014 issued in March 2014.



- d) Accordingly, the Employer has responded through letter IAE-UPC-2022 dated April 16, 2014, indicating to the Contractor that the Employer will:
- (i) agree to a temporary deferral of the repayment of the Advance Payment for Lock Gates commencing with the Payment Certificate of February 2014 issued in April 2014, up to and including the last Payment Certificate issued before the VO No. 98 Deferral End Date; and
 - (ii) agree to a temporary deferral of the payment of financing costs in relation to the Advance Payment for Mobilisation, the Advance Payment for Plant and the Advance Payment for Key Suppliers under Variation Agreement No. 065 dated June 24, 2013, commencing with the Payment Certificate of February 2014 issued in April 2014, until the VO No. 98 Deferral End Date,
- subject to certain conditions and subject to the parties agreeing a formal variation to reflect such revised arrangements.
- e) As a condition precedent to the Employer permitting the further temporary deferrals referred to in sub-paragraph (d) above and the effectiveness of the amendments specified in this Variation Agreement No. 098, the Contractor shall provide:
- (i) the VO. No. 098 Bond Issuer Confirmation in the form set out in Appendix 1 to this Variation Agreement No. 098; and
 - (ii) the VO No. 098 Plant and Material Security Modification in the form set out in Appendix 2 to Variation Agreement No. 098.
- f) Further, the Parties acknowledge and agree that from the date of this Variation Agreement No. 098 and thereafter, the Employer shall be under no obligation whatsoever to include any sums in an Interim Payment Certificate for, or make any payment in respect of any Plant and Materials that have been or may be assembled in Italy in relation to the lock gates and/or bridgeways unless and until the Contractor has provided the documents specified in paragraphs (e)(i) and (e)(ii) above, each in accordance with Appendix 1 and 2 hereof. Thereafter, the Employer shall make payment to the Contractor in respect of Plant and Materials in accordance with Sub-Clause 14.5 [*Plant and Materials Intended for the Works*] of the Contract.
- g) Therefore, subject to the terms of this Variation Agreement No. 098, 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. 098, 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. 098 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. 098 is without prejudice to the merits of any claims that either Party may have against the other relating to the Contract (as to which both Parties' positions are fully reserved). The Contractor agrees and acknowledges that it shall not make any claims against the Employer arising out of or in connection with this Variation Agreement No. 098 or in any way argue or use the fact or the terms of this Variation Agreement No. 098 in a prejudicial way against the Employer or in support of any claims or future actions. All of the Contractor's existing and ongoing obligations as to the progress of the Works remain unaffected.
4. The Parties agree that the Contractor shall have no claims for additional time or money or any other relief or entitlement of any kind as a consequence of this Variation Agreement No. 098 or arising out of it or in any way in connection with it.
5. Further, the Contractor's obligations to complete the Works and comply with the Contract remain in all respects unaffected and nothing within this Variation Agreement No. 098 is intended to be a waiver or relaxation of the Contractor's obligations under the Contract, save only as expressly stated herein and 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. 098 had been originally contained in the Contract. Any ambiguity or uncertainty in the meaning and effect of this Variation Agreement No. 098 shall be resolved in favour of the Employer.
6. This Variation Agreement No. 098 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.



7. This Variation Agreement No. 098 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.
8. 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):

"**MOU**" means the Memorandum of Understanding, dated March 13, 2014, between the Employer, Zurich American Insurance Company and the Contractor and to which the four shareholders of the Contractor, namely SACYR VALLEHERMOSO S.A. (now SACYR S.A.), JAN DE NUL N.V., IMPREGILO S.p.A. (now SALINI IMPREGILO S.p.A.), and CONSTRUCTORA URBANA, S.A.) as well as JAN DE NUL GROUP (SOFRIDA S.A.), have consented in writing.

"**Variation Agreement No. 098**" means Variation Agreement Number 098, dated 15th of May, 2014 between the Employer and the Contractor.

"**VO No. 098 Bond Issuer Confirmation**" means a written confirmation (or rider, amendment or modification, as applicable), in the form set out in Appendix 1 to Variation Agreement No. 098 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.

"**VO No. 098 Deferral End Date**" means the later to occur of:

- (a) the Effective Date under the MOU; and
- (b) the date of the deposit into the Project Completion Account of USD 400,000,000 by Zurich American Insurance Company or an affiliate thereof as anticipated by the MOU.

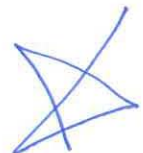
"**VO No. 098 Plant and Material Security Modification**" means a modification to the Plant and Material Security in the form set out in Appendix 2 to Variation Agreement No. 098.

9. Subject to paragraph 13 of this Variation Agreement No. 098, the Parties hereby agree to amend Sub-Clause 14.2H [*Advance Payment for Lock Gates*] of the Contract as follows:
 - (a) in sub-paragraph (I):



- (i) in the fifth line after "May 2014 issued in June 2014." insert "Notwithstanding the foregoing and subject to the second sentence of this sub-paragraph (l), from the Payment Certificate of February 2014 issued in April 2014 up to and including the last Payment Certificate issued before the VO No. 098 Deferral End Date, the Employer shall grant the Contractor a temporary deferral of the repayment of the Advance Payment for Lock Gates so that no deductions will be made from such Payment Certificates and thereafter the repayment of the Advance Payment for Lock Gates shall be determined in accordance with the variation agreement anticipated by the MOU"; and
 - (ii) delete the last sentence and insert "In the event that the VO No. 098 Deferral End Date does not occur by the termination date of the MOU (as such date may be extended by the parties to the MOU), the temporary deferral of the repayment of the Advance Payment for Lock Gates as envisaged by this sub-paragraph (l) shall cease and the Contractor shall commence the repayment of the entire outstanding balance of the Advance Payment for Lock Gates (including for the avoidance of doubt the repayments deferred by the first sentence of this sub-paragraph (l)) by way of equal installment deductions starting with the Payment Certificate immediately after the termination date of the MOU (as such date may be extended by the parties to the MOU) and continuing for the subsequent 6 months"; and
 - (b) in sub-paragraph (m)(i) in the first line delete "June 2014" and insert "the month that is the seventh month immediately after the termination date of the MOU (as such date may be extended by the parties to the MOU)".
10. Subject to paragraph 13 of this Variation Agreement No. 098, from February 1, 2014 the Employer shall temporarily defer the payment of financing costs in relation to the Advance Payment for Mobilisation, Advance Payment for Plant and the Advance Payment for Key Suppliers agreed in Variation Agreement No. 065, in accordance with this paragraph 10 of this Variation Agreement No. 098.

Subject to paragraph 11 of this Variation Agreement No. 098, starting from the Payment Certificate of February 2014 issued in April 2014, the Employer agrees to temporarily defer the Contractor's obligation to pay financing costs under:



- (a) sub-paragraph (ff) of Sub-Clause 14.2A [*Advance Payment for Mobilisation*] in respect of the Advance Payment for Mobilisation;
- (b) sub-paragraph (z) of Sub-Clause 14.2B [*Advance Payment for Plant*] in respect of the Advance Payment for Plant; and
- (c) sub-paragraph (t) of Sub-Clause 14.2C [*Advance Payment for Key Suppliers*] in respect of the Advance Payment for Key Suppliers,

up to and including the last Payment Certificate issued before the VO No. 098 Deferral End Date. In the month immediately following the VO No. 098 Deferral End Date, the Contractor shall commence the payment of the financing costs agreed in Variation Agreement No. 065, temporarily deferred by virtue of this paragraph, by way of equal installment deductions from Payment Certificates for the subsequent 6 months.

For the avoidance of doubt, the Employer and the Contractor acknowledge the Contractor's continuing obligation to pay financing costs in relation to the Advance Payment for Mobilisation, Advance Payment for Plant and the Advance Payment for Key Suppliers as contemplated in Variation Agreement No. 065, but nothing in this Variation Agreement No. 098 shall constitute any agreement by the Contractor to the payment of [any other financing costs in relation to any advance payment and/or deferral of the repayment of any advance payment] under the Contract, which additional financing costs (if any) shall be as may be agreed between the Employer and the Contractor in any subsequent variation agreement or other modification or amendment to the Contract.

11. In the event that the VO No. 098 Deferral End Date does not occur on or before the termination date of the MOU (as such date may be extended by the parties to the MOU), any temporary deferral of the payment of financing costs in relation to the Advance Payment for Mobilisation, Advance Payment for Plant and the Advance Payment for Key Suppliers shall cease and the Contractor shall commence the payment of the amounts temporarily deferred that are payable under:

- (a) sub-paragraph (ff) of Sub-Clause 14.2A [*Advance Payment for Mobilisation*] in respect of the Advance Payment for Mobilisation;
- (b) sub-paragraph (z) of Sub-Clause 14.2B [*Advance Payment for Plant*] in respect of the Advance Payment for Plant; and
- (c) sub-paragraph (t) of Sub-Clause 14.2C [*Advance Payment for Key Suppliers*] in respect of the Advance Payment for Key Suppliers,



by way of equal installment deductions commencing with the Payment Certificate immediately after the termination date of the MOU (as such date may be extended by the parties to the MOU) and continuing for the subsequent 6 months.

12. Subject to paragraph 13 of this Variation Agreement No. 098, the Parties hereby agree to amend and restate Sub-Clause 14.5.3(d) [*Plant and Materials Intended for the Works*] of the Contract in its entirety as follows:

"(d) Notwithstanding any other term of the Contract, unless expressly consented to in writing by the Employer, the delivery of the Plant and Material Security shall be made by the Contractor by the delivery of an Acceptable Zurich P&M Bond in an amount not less than one hundred fifty million United States Dollars (US\$150,000,000.00), which bond shall be used as Plant and Material Security in respect of the items of Plant and Materials and associated equipment referred to in:

(1) item (1) following the proviso to Sub-Clause 14.5.1, which for the avoidance of doubt, provides that in relation to the 75% element of the payment as now provided for in Sub-Clause 14.5.1(a) (save in relation to items 2.3.3.1.9.1, 2.3.3.2.9.1, 2.3.3.1.10.1 and 2.3.3.2.10.1 of the Schedule of Project Elements and Prices as to which item (2) following the proviso to Sub-Clause 14.5.1 shall apply), such sums shall (subject to this Sub-Clause 14.5.3) become due and payable as follows [as more particularly explained and clarified in Appendix 1 to Variation Agreement No. 081 Procedure to Effect Progress Payments for Gates];

(A)(i) The first twenty-four percent (24%) of the individual block value 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.

(ii) The next twenty-eight percent (28%) of the individual block value 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.

(B) The next 18% value based on completion of painting, shafts, watertight hatches, cabling, and all other internal systems of the gate, all of which shall be validated by the Employer's Representative, which will only become due for certification in respect of completed lock gates to the satisfaction of the Employer and as per Contract requirements.

(C) The final five percent (5%) will be made upon issuance of the factory acceptance test in respect of each gate including all associated



May 15, 2014

Design and Construction of the Third Set of Locks

Quality Assurance documentation in conformance with Section 01 40 00 [Quality Requirements] of the Employer's Requirements.

(D) No partial progress payments pertaining to the items for which payment is specified in the foregoing items (1)(B) and (1)(C) following the proviso to Sub-Clause 14.5.1 shall be made.

(2) item (2) following the proviso to Sub-Clause 14.5.1, which for the avoidance of doubt, provides that in respect of items 2.3.3.1.9.1, 2.3.3.2.9.1, 2.3.3.1.10.1 and 2.3.3.2.10.1 of the Schedule of Project Elements and Prices, seventy percent (70%) shall be paid when such items have been manufactured and are ready for shipping to the Site (subject to Sub-Clause 14.5.3) and thirty percent (30%) upon delivery to the Site for incorporation into the Permanent Works;

(3) item (6) following the proviso to Sub-Clause 14.5.1, which for the avoidance of doubt, provides that in relation to 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 such items will be paid as follows as more particularly explained and clarified in Appendix 1 to Variation Agreement No. 081:

(A) the first fifty percent (50%) when the steel fabrication is completed;

(B) the next thirty percent (30%) upon issuance of the factory acceptance test in respect of such items (where applicable) including all associated Quality Assurance documentation in conformance with Section 01 40 00 [Quality Requirements] of the Employer's Requirements; and

(C) the final twenty percent (20%) upon delivery of such items to the Site for incorporation into the Permanent Works; and

(4) item (7) following the proviso to Sub-Clause 14.5.1, which for the avoidance of doubt, provides that in relation to items 2.3.1.16 and 2.3.2.16 of the Schedule of Project Elements and Prices such items will be paid as follows as more particularly explained and clarified in Appendix 1 to Variation Agreement No. 081:

(A) the first fifty percent (50%) upon fabrication and issuance of the factory acceptance test in respect of such items (where applicable) including all associated Quality Assurance documentation in conformance with Section 01 40 00 [Quality Requirements] of the Employer's Requirements; and



(B) the next thirty percent (30%) upon delivery of such items to the Site for incorporation into the Permanent Works; and

(C) the final twenty per cent (20%) upon the incorporation of such items into the Permanent Works;

provided that:

(A) notwithstanding the terms of this Sub-Clause 14.5.3(d), in the event that the Employer is to make payment which contains in whole or in part any Excess P&M Amount, the Contractor shall, as a condition to the making of any such payment by the Employer, deliver to the Employer either (i) the previously issued Acceptable Zurich P&M Bond, increased by an amount not less than such Excess P&M Amount or (ii) a substitute Contractor Security Instrument acceptable to the Employer in its absolute discretion in an amount not less than the sum total of the amount of the corresponding previously issued Acceptable Zurich P&M Bond and the Excess P&M Amount; and the Contractor expressly agrees that the Employer shall be entitled to withhold certification and/or payment for any such Excess P&M Amount or any part thereof from any subsequent Interim Payment Certificate until such time as the requirements of this proviso have been satisfied;

(B) notwithstanding any other term of the Contract, the Employer's obligation to make payment prior to delivery of any Plant and Materials pursuant to Clause 14.5 shall be limited to only those items of Plant and Materials identified in this Sub-Clause 14.5.3(d).

13. The Parties agree that the amendment of the Contract in accordance with paragraphs 9, 10, 11 and 12 of this Variation Agreement No. 098 shall not be effective unless and until the Contractor provides to the Employer:

(a) the VO No. 098 Bond Issuer Confirmation in the form set out in Appendix 1 to this Variation Agreement No. 098; and

(b) the VO No. 098 Plant and Material Security Modification in the form set out in Appendix 2 to this Variation Agreement.

14. Further, the Parties acknowledge and agree that from the date of this Variation Agreement No. 098 and thereafter, the Employer shall be under no obligation whatsoever to include any sums in an Interim Payment Certificate for, or make any payment in respect of any Plant and Materials that have been or may be assembled in Italy in relation to the lock gates and/or bridgeways unless and until the Contractor has provided the documents specified in paragraph 13 above, each in form satisfactory to the Employer, the Employer thereafter shall make payment to the Contractor in respect of



Plant and Materials in accordance with Sub-Clause 14.5 [*Plant and Materials Intended for the Works*] of the Contract.

15. 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. 098 and secure the full benefit of the rights, powers and remedies conferred upon it in this Variation Agreement No. 098.
16. Upon delivery of the VO No. 098 Plant and Material Security Modification in the form set out in Appendix 2 to this Variation Agreement No. 098, the Contractor shall no longer be obligated to deliver the VO No. 081 Plant and Material Security Modification.

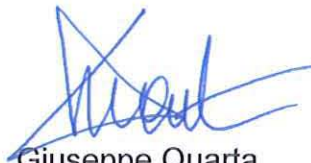
In Witness whereof the Parties hereto have caused this Variation Agreement No. 098 to be executed on the 15th day of May of the year 2014 by their duly authorized representatives.

For ACP



Jorge de la Guardia
Employer's Representative

For GUPCSA



Giuseppe Quarta
Contractor's Representative

Appendix 1

VO NO. 098 BOND ISSUER CONFIRMATION

[Letterhead of Zurich]

May __, 2014

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

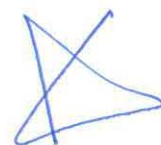
Reference: Contract No. CMC-221427, Design and Construction of the Third Set of Locks,
Panama Canal
Confirmation regarding certain amendments to the Contract (as defined below)

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. 098, dated May 15, 2014 ("Variation Agreement No. 098") to the Contract, executed by the Owner and the Contractor, which, subject to the Contractor's compliance with certain preconditions, provides for certain amendments to the Contract relating to the repayment of the Advance Payment for Lock Gates; the payment of financing costs in relation to the Advance Payment for Mobilisation, the Advance Payment for Plant and the Advance Payment for Key Suppliers (as defined therein); and the Plant and Material Security.

The undersigned, as Surety under and as defined in the Bonds, hereby consents to the amendments to the Contract pursuant to the aforementioned Variation Agreement No. 098 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 the Variation Agreement No. 098.

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. Nothing in Variation Agreement No. 098 or this confirmation letter is intended to or shall increase the penal sum of any of the Bonds.

ZURICH AMERICAN INSURANCE 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, consisting of a stylized 'X' or star shape.

Appendix 2

This RIDER to be attached to and form a part of

Bond no. PAY09098907

WHEREAS, on or about the 11th day of August, 2009, **Grupo Unidos por el Canal S.A.**, as Contractor, entered into a written agreement with the Panama Canal Authority, as Obligee (Employer), for the **Design and Construction of the Third Set of Locks of the Panama Canal – Contract No. CMC221427**, as amended, supplemented or otherwise modified, including by variation agreements thereto, herein referred to as the Contract; and

WHEREAS, the Contractor, as Principal, and Zurich American Insurance Company, as Surety, have executed an Advance Payment Bond, dated December 20, 2012 (Bond no. *PAY09098907*), in favor of Employer as required by the Contract, and Surety has issued a Rider to such Advance Payment Bond, dated September 16, 2013;

WHEREAS, Surety has been provided with a copy of Variation Agreement No. 098, dated May 15, 2014, executed by Obligee and Contractor, to the Contract (the "Variation Agreement No. 098");

and

WHEREAS, Obligee has requested that the Advance Payment Bond be amended in the following manner in accordance with Variation Agreement No. 098.

NOW, THEREFORE, the undersigned hereby agree as follows: The Advance Payment Bond is hereby amended as follows:

1. The introductory paragraph of the Advance Payment Bond is amended to (a) delete the following phrase in lines two and three: "(and as defined in) Variation No. 48 dated September 10th, 2012 (the "Variation") and"; and (b) replace the words "the Variation" in the parenthetical in line five of such introductory paragraph with the words "variation agreements thereto".
2. Paragraph 9 of the Advance Payment Bond is amended to read in its entirety as follows: "The Bond shall also guarantee and secure, and the Maximum Amount of the Bond shall be available to guarantee and secure, the repayment of (a) the advance payments made by the Obligee in respect of the Plant and Materials described in Sub-Clause 14.5.3(d) of the Contract as amended by Variation Agreement No. 098; and (b) the Advance Payment for Lock Gates in accordance with Sub-Clause 14.2H of the Contract."
3. Paragraph 11 is added to the Advance Payment Bond to read as follows: "This Bond shall remain and be available in accordance with its terms with respect to successive payments made and certified pursuant to the terms of Sub-Clause 14.5.3, provided, however, that the maximum cumulative liability of Zurich under the Advance Payment Bond shall under no circumstances exceed USD \$150,000,000.00."



4. All other terms and conditions of the Advance Payment Bond are unchanged and shall remain in full force and effect.

SIGNED, sealed and dated this ____ day of May, 2014.

WITNESS OR ATTEST:

Panama Canal Authority
Employer

By: _____ (SEAL)

WITNESS OR ATTEST:

Grupo Unidos por el Canal S.A.
Contractor

/s/ _____

By: _____ (SEAL)

Zurich American Insurance Company
Surety

By: _____

A handwritten mark in blue ink, consisting of a stylized 'X' or a signature, located in the bottom right corner of the page.