

CBT LEASING CORPORATION
60 State Street
Boston, Massachusetts 02109

Date 9/1/81
Fee \$ 50.00
C. G. Willis, Inc.

RECORDATION NO. W-22A Filed 1425

SEP 1 1981 -3 30 PM

INTERSTATE COMMERCE COMMISSION

August 31, 1981

RECORDATION NO. W-22 Filed 1425

SEP 1 1981 -3 30 PM

INTERSTATE COMMERCE COMMISSION

Secretary of the Interstate
Commerce Commission
Washington, D.C. 20423

Re: Transmittal Letter for Recordation of
Charter Agreement and Charter Supplement

Dear Sir:

Enclosed herewith for recordation with the Interstate
Commerce Commission pursuant to 49 U.S.C. Section 11303 and 49
C.F.R. Part 1116 are three original executed copies of each of the
following documents:

1. Charter Agreement dated as of August 15, 1981 between
CBT Leasing Corporation, 60 State Street, Boston, Massachusetts
02109 as owner of the six box hopper barges with roll top covers
referred to below, and C. G. Willis, Inc., (the "Charterer"),
705 Mantua Avenue, Paulsboro, New Jersey 08066, as demise charterer
of said barges.

2. Charter Supplement No. 1 dated August 31, 1981
relating to the above-referenced Charter Agreement between CBT
Leasing Corporation, 60 State Street, Boston, Massachusetts 02109
as owner of the six box hopper barges with roll top covers referred
to below, and C. G. Willis, Inc., (the "Charterer"), 705 Mantua
Avenue, Paulsboro, New Jersey 08066, as demise charterer of said
barges.

Also enclosed is a check for \$50 in payment of the
recordation fee for said Charter and Charter Supplement as required
by 49 C.F.R. Section 1116.3(d).

The foregoing agreement concerns six box hopper barges
with roll top covers, each of approximately 988.69 gross tons and
approximately 988 net tons built or being built by Dravo Corporation
at Neville Island, Pennsylvania and designated by the Shipbuilder's
hull nos. 8646 through 8651 inclusive.

Please record the foregoing agreement pursuant to 49 U.S.C. Section 11303 and 49 C.F.R. Part 1116 and return one original of each document to Philip Levoff, CBT Leasing Corporation, 60 State Street, Boston, Massachusetts 02107.

Very truly yours,

CBT LEASING CORPORATION,
as Owner

By 

Title: ~~Vice~~ President

Enclosures

SEP 1 1981 -3 30 PM

CHARTER AGREEMENT INTERSTATE COMMERCE COMMISSION

THIS CHARTER AGREEMENT; dated as of August 15, 1981, between CBT LEASING CORPORATION, a Massachusetts corporation (the "Owner"), and C. G. Willis, Inc.; a Delaware corporation (the "Charterer");

WITNESSETH:

DEFINITIONS: Unless the context otherwise requires, the following terms shall have the following meanings for all purposes of this Charter and shall be equally applicable to both the singular and the plural forms of the terms herein defined:

"Agreement to Acquire and Charter" means the Agreement to Acquire and Charter dated as of August 15, 1981 between the Owner and the Charterer.

"Basic Charter Hire" means all amounts payable by the Charterer pursuant to Section 2.1(b) of the Charter.

"Basic Term" for each Vessel means the period consisting of one hundred and twenty (120) months, commencing on the first day of the calendar month next following the date on which the last of the Vessels arrives at the Final Port of Destination, or, if the date on which the last of the Vessels arrives at the Final Port of Destination is the first day of a calendar month, commencing on such date, but in any event commencing not later than November 1, 1981, and, unless this Charter is sooner terminated with respect to such Vessel pursuant to the provisions hereof, ending one hundred and twenty (120) months thereafter.

"Business Day" means any day other than a day on which banking institutions in the Commonwealth of Massachusetts are authorized by law to close.

"Casualty Value" of any Vessel as of any Charter Hire Payment Date during the Term means an amount determined by multiplying the Invoice Cost of such Vessel by the percentage set forth opposite such Charter Hire Payment Date on the schedule of Casualty Values applicable to the Vessel, attached hereto and made a part hereof.

"Casualty Occurrence" has the meaning set forth in Section 11 hereof.

"Charter Hire Payment Date" means each date on which a payment of Interim Charter Hire or Basic Charter Hire is due and payable as provided in Section 2 hereof.

"Charter Supplement" means any supplement to the Charter substantially in the form attached hereto between the Owner and the Charterer.

"Code" means the Internal Revenue Code of 1954, as amended.

"Delivery Date" means each date, which shall be a Business Day, on which any Vessel is delivered by the Manufacturer at Pittsburgh, Pennsylvania and accepted by the Owner pursuant to the Agreement to Acquire and Charter and simultaneously delivered by the Owner and accepted by the Charterer pursuant to the Charter.

"Delivery Date Certificate" means with respect to any Vessel, a certificate of the Charterer, substantially in form of Exhibit 1 to the Agreement to Acquire and Charter, approved by Owner, dated the Delivery Date which shall set forth the amount of all payments due from the Charterer to the Manufacturer pursuant to the Purchase Agreement plus any appraisal fees, fees relating to the documentation of the Vessels, any delivery or other transportation charges and sales taxes, if and to the extent that any of the same are allowable as costs of new Section 38 property within the meaning of the Code.

"Event of Default" means any of the events referred to in Section 14 hereof.

"Final Port of Destination" means Jacksonville, Florida, Savannah, Georgia or Brunswick, Georgia one of which such locations shall be designated by the Charterer prior to the first Delivery Date.

"Guarantors" means Carteret Towing, Inc., Barge Emma Willis Corporation, and Inland Terminal, Corp., together with their successors and assigns.

"Guaranty" means the Guaranty Agreement dated as of August 15, 1981 from Carteret Towing, Inc., Barge Emma Willis Corporation, and Inland Terminal, Corp., as Guarantors.

"Interim Charter Hire" means all rent payable for the Vessels pursuant to Section 2.1(a) hereof.

"Interim Term" for each Vessel means the period commencing on the Delivery Date for such Vessel and, unless this Charter is sooner terminated with respect to such Vessel (or all Vessels) pursuant to the provisions hereof, ending on the date immediately prior to the date on which the Basic Term commences.

"Invoice Cost" of each Vessel means an amount equal to the sum of (i) the total cost paid by Owner for or in connection with the purchase of such Vessel, plus (ii) all excise, sales and use taxes paid by Owner on or with respect to the acquisition of such Vessel, plus (iii) all costs and expenses approved and paid by Owner in connection with the delivery of such Vessel in Pittsburgh, Pennsylvania and the applicable Transportation Costs with respect to such Vessel.

"Manufacturer" means Dravo Corporation-Engineering Works Division, a Pennsylvania corporation, and its successors and assigns.

"Purchase Agreement" means the Purchase Agreement dated May 21, 1981 between the Charterer and Dravo Corporation-Engineering Works Division.

"Renewal Term" means the period following the end of the Basic Term with respect to which Charterer has exercised its option to renew this Charter pursuant to Section 3.2 hereof.

"Supplemental Delivery Date Certificate" means a certificate of the Charterer substantially in the form of the Delivery Date Certificate which shall set forth in reasonable detail with respect to any Vessel, the aggregate of all Transportation Costs which would have been includable in the Invoice Cost for such Vessel on the Delivery Date but which were not included in the Delivery Date Certificate because such Transportation Costs were unknown or uncertain as of such Delivery Date; including without limitation all of the transportation costs incurred by virtue of transporting the Vessels to the Final Port of Destination. The Supplemental Delivery Date Certificate shall set forth in reasonable detail the total of all costs to be included in the final Invoice Cost to Owner and such total of costs shall be the basis for all Charter Hire calculations required pursuant to the Charter.

"Supplemental Payments" means all amounts, liabilities and obligations which Charterer assumes or agrees to pay hereunder to Owner or others, including payments of Casualty Loss Value and indemnities, but excluding Basic Charter Hire and Interim Charter Hire.

"Term" means the full term of the Charter with respect to each Vessel, including the Interim Term, the Basic Term, and ~~each~~ ^{the} Renewal Term.

"Transportation Costs" means reasonable expenses incurred in connection with the transporting of the Vessels from Pittsburgh, Pennsylvania to the Final Port of Destination.

SECTION 1. MANUFACTURE AND DELIVERY OF VESSELS.

1.1 Intent to Charter. The Owner intends to acquire certain vessels described in Schedule 1 hereto (collectively the "Vessels" and individually a "Vessel"; each reference to "Vessel or "Vessels" herein shall be deemed to include the attached cover or covers thereto unless the context shall indicate otherwise) together with the lift-type barge covers to be attached to and become part of the Vessels (the "Covers") on each Delivery Date, as provided in the Agreement to Acquire and Charter, and, upon delivery of the Vessels and the Covers by the Manufacturer to the Charterer at the direction of the Owner, the Charterer shall bareboat charter such Vessels from the Owner for the charter hire and on and subject to the terms and conditions herein set forth. The obligations of the Owner to acquire and charter any Vessel to the Charterer hereunder are subject to the fulfillment of all of the terms and conditions herein and of the Agreement to Acquire and Charter, including, without limitation, the execution by the Manufacturer of the Consent and Agreement thereto as specified therein.

1.2 Inspection and Acceptance. Upon delivery of each Vessel and Cover by the Manufacturer thereof to the Charterer, the Charterer will inspect

such Vessel or Cover and if it appears to meet the specifications, the Charterer will accept delivery thereof and thereupon the Charterer will execute and deliver (a) a Certificate of Acceptance (herein called the "Certificate of Acceptance") with respect thereto, substantially in the form of Exhibit 1 attached hereto and made a part hereof, and (b) a Delivery Date Certificate with respect thereto. The Charterer's execution and delivery to the Owner of the Certificate of Acceptance with respect to each Vessel and Cover shall conclusively establish as between the Owner and the Charterer, but without prejudice to any rights either party may have against the Manufacturer, that such Vessel or Cover is acceptable to and accepted by the Charterer under this Charter, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Vessel or Cover is in good order and condition and conforms to the specifications applicable thereto.

1.3 Supplemental Delivery Date Certificate. Within fifteen (15) Business Days after the last Vessel arrives at the Final Port of Destination, Charterer shall furnish to Owner a Supplemental Delivery Date Certificate, substantially in the form of Exhibit 2, attached hereto and made a part hereof, which shall set forth the Owner's total Invoice Cost for the Vessels, which total Invoice Cost shall thereafter be used to calculate Basic Charter Hire.

SECTION 2. CHARTER HIRE AND PAYMENT DATES.

2.1 Charter Hire. The Charterer agrees to pay the Owner the following charter hire ("Charter Hire"):

(a) Interim Charter Hire. On August 31, 1981, and on the last day of each month thereafter continuing until the last of the Vessels arrives at the Final Port of Destination, one or more installments of Interim Charter Hire for each Vessel accepted for delivery under this Charter prior to all of the Vessels arriving at the Final Port of Destination, each such installment to be in the amount equal to the sum of (A) the product of (i) the number of days in the period from the date such Vessel is so accepted for delivery to and including the date on which such installment is due, multiplied by (ii) nineteen (19) percent (%) per annum of the Invoice Cost (exclusive of any Transportation Costs) of each such Vessel so accepted under this Charter during such period divided by 360, plus (B) the product of (i) the number of days in the period from the date of the payment by the Owner of any Transportation Costs for such Vessel to and including the date on which such installment is due, multiplied by (ii) nineteen (19) percent (%) per annum of the amount of such Transportation Costs of such Vessel so paid by the Owner divided by 360.

(b) Basic Charter Hire. The Basic Charter Hire for each Vessel accepted under this Charter shall be an amount equal to 1.3489% of the Invoice Cost of such Vessel as set forth in the Supplemental Delivery Date Certificate, or if no Supplemental Delivery Date Certificate has been delivered, then as set forth in the Delivery Date Certificate.

(c) Supplemental Payments. Charterer also agrees to pay Owner, or whomsoever shall be entitled thereto as expressly provided herein, all Supplemental Payments.

2.2 Charter Hire Payment Dates. The installments of Basic Charter Hire for each Vessel accepted under this Charter shall be payable in advance, with the first such payment to be made on the first day of the Basic Term, and with each successive payment to be made on the first day of each calendar month thereafter, for a total of one hundred twenty (120) months. All such payment dates (including the payment dates during any Renewal Term pursuant to Section 3.2 hereof or the Interim Term) are hereinafter referred to as "Charter Hire Payment Dates".

2.3 Place of and Manner of Charter Hire Payment. All payments provided for in this Charter to be made to the Owner shall be made to the Owner at 60 State Street, Boston, Massachusetts 02109, or such other place as the Owner, or its assigns pursuant to Section 16 hereof, shall specify in writing, and shall be made in good funds.

2.4 Bareboat Charter. This Charter is a bareboat charter and the Charterer's obligation to pay all charter hire payable hereunder shall be absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any character, including, without limitation (i) any set-off, counterclaim, recoupment, defense or other right which the Charterer may have against the Owner, any Manufacturer, or anyone else for any reason whatsoever, (ii) any defect in the title, seaworthiness, condition, design, operation or fitness for use of any Vessel or the ineligibility of any Vessel for any particular trade, (iii) any loss or destruction of, or damage to, any Vessel or interruption or cessation in the use or possession thereof by the Charterer for any reason whatsoever and of whatever duration, (iv) any ineligibility of any Vessel for documentation under the United States flag by reason of any law or regulation of the United States or otherwise, (v) any insolvency, bankruptcy, reorganization or similar proceeding by or against the Charterer, (vi) the invalidity or unenforceability or lack of due authorization or other infirmity of this Charter, or lack of right, power or authority of the Owner to enter into this Charter, or (vii) any other circumstance or happening whatsoever not within the control of the Owner, whether or not similar or dissimilar to any of the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Charter Hire and the other amounts payable by the Charterer hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until the Vessels are surrendered and placed in storage pursuant to Section 13 hereof.

SECTION 3. TERM OF THE CHARTER; RENEWAL OPTION.

3.1 Term of Charter. The term of this Charter as to each Vessel (the "Term") shall begin on the date of delivery to and acceptance by the Charterer of such Vessel and, subject to the provisions of Sections 1 and 14 hereof, shall end on the last day of the Renewal Term, or if none, on the last day of the Basic Term.

3.2 Renewal. Upon not less than six months' prior written notice from the Charterer to the Owner, the Charterer may, on the last business day of the Basic Term as specified in Section 3.1 hereof (if no Event of Default hereunder shall have occurred and be continuing and if Charterer shall have

obtained any governmental consent required), extend the Charter Period of all, but not less than all, of the Vessels and attached Covers from the Owner on the terms and conditions contained herein for a term of three (3) years at the then "fair market rental value" of such Vessels. For the purpose of this Section 3.2 the "fair market rental value" of such Vessels shall be determined on the basis of an appraisal mutually agreed to by two independent marine appraisers, one chosen by the Owner and one chosen by the Charterer, or, if such appraisers cannot agree on the amount of such appraisal, determined on the basis of an appraisal made by a third independent marine appraiser chosen by the American Arbitration Association. The cost of such appraisal and all other costs, expenses or taxes of any kind (except United States Federal and state net income taxes based on the Owner's net income) incurred by the Owner or the Charterer in connection with the extension of this Charter pursuant to this Section 3.2 shall be borne by the Charterer. The fair market rental value shall be payable in advance during any such extended Term on the Charter Hire Payment Dates specified in Section 2.2 hereof.

SECTION 4. REPRESENTATIONS; CITIZENSHIP; DOCUMENTATION; MARKINGS

4.1 Representations. (a) The Charterer represents and warrants that it (A) was duly organized, (B) is now existing as a corporation in good standing under the laws of the State of Delaware, and (C) except as provided in Section 17.3 hereof shall maintain its corporate existence.

(b) The Charterer represents and warrants that it is a citizen of the United States within the meaning of Section 2 of the Shipping Act, 1916, as amended, qualified to engage in the coastwise trade within the meaning of said Act, and shall remain such a citizen so qualified and qualified for operation in any other trades in which any Vessel is operated from time to time. In the event the Charterer shall cease to be a citizen, or shall cease to be so qualified, the Charterer shall notify the Owner as soon as it obtains knowledge of such fact.

(c) The Charterer represents and warrants that the execution and delivery of this Charter and the Agreement to Acquire and Charter have been duly authorized by the Charterer and are not in contravention of any indenture or undertaking to which Charterer is a party or by which it is bound.

(d) The Charterer represents that, in the Charterer's opinion (which shall not be deemed to be a guarantee) each Vessel shall have, as of the final Delivery Date, a minimum estimated useful life of at least twelve and one-half (12 1/2) years from the final Delivery Date and an estimated fair market value at the end of the Charter Period (without including in such value any increase or decrease for inflation or deflation during the term of the Charter, and after subtracting the cost, if any, to the Owner for removal and delivery of such Vessel to the Owner at the end of such Term of at least twenty (20%) percent of the Invoice Cost thereof.

(e) The Charterer represents and warrants that (i) each Vessel will be new and unused immediately prior to its delivery to the Owner and the original use of each Vessel within the meaning of Sections 1.48-2(b)(7) and

1.167(c)-1(a)(2) of the Income Tax Regulations shall not have commenced prior to the delivery of such Vessel to the Owner, and (ii) each Vessel will not be used outside of the United States.

4.2 Documentation of the Vessels. The Charterer, at its expense, will maintain the registration and documentation of each Vessel in the Owner's name under the laws and flag of the United States throughout the term of this Charter. The Owner will, at the expense of the Charterer, execute such documents and furnish such information as the Charterer may reasonably require to enable the Charterer to obtain and maintain the documentation of each Vessel, and the Charterer will not permit any Vessel to be registered or documented or operated under a foreign flag, or do, or suffer or permit to be done, anything which can or might injuriously affect the documentation of any Vessel under the laws of the United States.

4.3 Duty To Mark Vessels. The Charterer agrees to cause the Vessels to be plainly, permanently and conspicuously marked by a plate permanently affixed to each Vessel with the following legend in letters not less than one-quarter inch in height:

"This Vessel is owned by CBT Leasing Corporation, and is under charter to C. G. Willis, Inc. Under the terms of said Charter, neither C.G. Willis, Inc. nor the Master of this Vessel nor any other person has any right, power or authority to create, incur or permit to be placed or imposed upon this Vessel any lien whatsoever other than liens for wages of a stevedore when employed directly by said owner or the by the operator, master, ship's husband or agent of this Vessel, for wages of the crew of this Vessel, for general average or for salvage (including contract salvage)."

with appropriate changes thereof and additions thereto as from time to time may be required by law or by the Owner in order to protect the title of the Owner to such Vessel and its rights under this Charter. The Charterer will not place any Vessel in operation or exercise any control or dominion over the same until the required legend shall have been so marked and will replace promptly any such legend which may be removed, defaced or destroyed.

4.4 Prohibition Against Certain Designations. Except as above provided, the Charterer will not allow the name of any person, association or corporation to be placed on the Vessels as a designation that might be interpreted as a claim of ownership; provided, however, that the Charterer may cause the Vessels to be lettered with the names or initials or other insignia of the Charterer for the purpose of identifying the right of Charterer to use the Vessels under this Charter, and provided further, that Charterer may make further designations by stenciling, placarding or lettering on the Vessels as may be from time to time required by subcharters permitted by Section 17 hereof.

4.5 Indemnification for Improper Marking. The Charterer shall indemnify the Owner against any liability, loss or expense incurred by it as a result of the marking of the Vessels pursuant to the proviso of Section 4.4 with such name, initials or insignia.

SECTION 5. DISCLAIMER OF WARRANTIES.

AS BETWEEN OWNER AND CHARTERER; OWNER CHARTERS THE VESSELS TO CHARTERER AS-IS WITHOUT WARRANTY OR REPRESENTATION EITHER EXPRESS OR IMPLIED AS TO (A) THE SEAWORTHINESS, FITNESS FOR USE OR MERCHANTABILITY OF ANY VESSEL; (B) THE OWNER'S TITLE THERETO; (C) THE CHARTERER'S RIGHT TO THE QUIET ENJOYMENT THEREOF; OR (D) ANY OTHER MATTER WHATSOEVER; IT BEING AGREED THAT ALL SUCH RISKS AS BETWEEN THE OWNER AND THE CHARTERER ARE TO BE BORNE BY THE CHARTERER. So long as no Event of Default under Section 14 hereof has occurred and is continuing, the Owner hereby appoints and constitutes the Charterer as its agent and attorney-in-fact during the term of this Charter to assert and enforce, from time to time, in the name and for the account of the Owner and the Charterer, as their interests may appear, but in all cases at the sole cost and expense of the Charterer, whatever claims and rights the Owner may have as owner of the Vessels against any party whomsoever, including, but not limited to, manufacturers or contractors in respect of the Vessels. The costs and expenses incurred by the Charterer, including attorneys' fees, in connection with any recovery, shall first be deducted from such recovery, and the balance, if any, shall be distributed between the Owner and the Charterer, as their interests appear.

SECTION 6. INDEMNITIES

6.1. General Tax Indemnity. Charterer agrees to pay, and indemnify and hold Owner harmless on an after-tax basis from, all federal, state, local and foreign taxes, fees, withholdings, levies, imposts, duties, assessments and charges of any nature whatsoever, together with any penalties, fines or interest thereon (herein called "taxes or other impositions") imposed against Owner, any assignee of Owner, Charterer, the Vessels, or any Vessel, by any federal, state or local government or taxing authority in the United States, or by any taxing authority or governmental subdivision of a foreign country, upon or with respect to the Vessels, or any Vessel, or upon the ordering, purchase, ownership, delivery, leasing, releasing, possession, use, maintenance, registration, titling, licensing, documentation, return, sale or other application or disposition of the Vessels, or any Vessel, or upon the rentals, receipts or earnings arising therefrom, or upon or with respect to this Charter, or upon the Charter Hire or other sums payable by Charterer hereunder, provided, however, that the foregoing indemnity shall not apply to any taxes based upon or measured solely by Owner's (or any assignee of Owner's) net income, and which are imposed or levied by any federal, state or local taxing authority in the United States.

Owner shall furnish Charterer with copies of any requests for information received by Owner from any taxing authority relating to any tax or other imposition with respect to which the Charterer is required to indemnify hereunder, and if claim is made against Owner for any such taxes or other impositions, with respect to which Charterer is liable for a payment or indemnity hereunder, Owner shall give Charterer notice in writing of such claim. Charterer may, at its sole cost and expense, either in its own name or in the name of Owner, contest the validity, applicability or amount of such tax or other imposition by (i) resisting payment thereof if practicable, (ii) not paying the same except under protest, if protest is neces-

sary or advisable and proper, or (iii) if the payment be made, using reasonable efforts to obtain a refund thereof in appropriate administrative and judicial proceedings; provided, however, that such contest shall be permitted only if and to the extent that the same is being conducted in good faith, is being diligently prosecuted by Charterer by appropriate legal proceedings, and Owner shall have determined in its sole judgment that the action to be taken in connection with such contest will not result in the sale, forfeiture or loss of, or the creation of a lien on, the Vessels or title thereto or any interest therein. If Owner shall obtain a refund of any amount paid by Charterer pursuant to this Section 6.1, Owner shall pay to Charterer, the amount of such refund, together with the amount of any interest actually received by Owner on account of such refund. Charterer will promptly notify Owner of all reports or returns required to be made with respect to any tax or other imposition with respect to which Charterer is required to indemnify hereunder, and will promptly provide Owner with all information necessary for the making and timely filing of such reports or returns by Owner. If Owner requests that any such reports or returns be prepared and filed by Charterer, Charterer will prepare and file the same if permitted by applicable law to file the same, and if not so permitted, Charterer shall prepare such reports or returns for signature by Owner, and shall forward the same, together with immediately available funds for payment of any tax or other imposition due, to Owner, at least ten (10) Business Days in advance of the date such payment is to be made. Upon written request, Charterer shall furnish Owner with copies of all paid receipts or other appropriate evidence of payment for all taxes or other impositions paid by Charterer pursuant to this Section 6.1. All of the indemnities contained in this Section 6.1 shall continue in full force and effect notwithstanding the expiration or earlier termination of this Charter in whole or in part, including the expiration or termination of the Term with respect to any Vessel or all of the Vessels, and are expressly made for the benefit of, and shall be enforceable by, Owner.

6.2. Income Tax Indemnity.

(a) Indemnity. Owner shall be entitled, for federal, state and local income tax purposes, to such tax benefits as are provided by the Code to an owner of new property, including, without limitation (a) the investment tax credit under Section 38 of the Code equal to 10% of the Invoice Cost of the Vessels ("Investment Credit"), (b) the maximum accelerated depreciation deduction with respect to each Vessel authorized under Section 167 of the Code, based on 100% of the Invoice Cost of each Vessel, utilizing a depreciable life of seven (7) years for each Vessel (the "Depreciation Deduction"); but in no event shall such maximum method of depreciation allowed under the Code, exceed the maximum depreciation deduction which Owner would have been entitled to utilize employing the double declining balance method of depreciation, switching to the straight-line method when most beneficial to Owner, and taking into account a salvage value for the Vessel in an amount which (after the application of Section 167(f) of the Code) is equal to ten percent (10%) of the Invoice Cost of each Vessel, and (c) if Owner finances any portion of the Invoice Cost of the Vessels, deductions under Section 163 of the Code for interest payable with respect to any indebtedness incurred by Owner in connection with such financing (the "Interest Deduction"). If, for any reason whatsoever, Owner, in determining

its federal, state and local income tax liability for any taxable year, shall lose, or shall not have, or shall lose the right to claim, or shall suffer a disallowance or recapture of, or delay in claiming, all or any portion of the Investment Credit or the Depreciation Deduction or the Interest Deduction with respect to all or part of any Vessel, or if, for federal, state or local income tax purposes, any item of income, loss or deduction with respect to any Vessel is treated as derived from, or allocable to, sources outside the United States (whether or not any foreign income taxes imposed as a result thereof may be credited against federal, state or local income taxes of Owner), or if there shall be included in Owner's gross income for federal, state or local income tax purposes any amount on account of any addition, modification or improvement to or in respect of any Vessel made or paid for by Charterer (any such loss, disallowance, recapture, delay, treatment or inclusion being hereinafter called a "Tax Loss"), then in any such case, the Basic Charter Hire for such Vessel shall, on the Charter Hire Payment Date next following the date on which the liability of Charterer hereunder shall become fixed as hereinafter provided, and on each succeeding Charter Hire Payment Date, be increased by such amount which, after deduction of all taxes required to be paid by Owner as a result of Owner's receipt of such sums under the laws of the United States, any state or any political subdivision thereof or any foreign taxing authority (in each case calculated on the assumption that such tax is payable at the highest then applicable marginal tax rate applicable to corporations), will maintain Owner's after-tax economic and accounting yield and overall net after-tax cash flows in respect of such Vessel at a level which is not less than the same level that would have been available if such Tax Loss had not occurred, and Charterer shall pay to Owner an amount which, after the deduction of any additional taxes required to be paid by Owner in respect of Owner's receipt of such amount (calculated on the assumption that such taxes are payable at the highest then applicable marginal tax rate applicable to corporations), shall be equal to the amount of any interest or penalty which may be imposed in connection with such Tax Loss. In the event that the Term with respect to any Vessel is terminated prior to the time Charterer is obligated to make the payments to Owner with respect to such Vessel as set forth in the preceding sentence (either because no such payment obligation had become fixed under such sentence prior to such termination or because the due date of any such payment or payments shall occur following such termination), then Charterer shall pay to Owner, in lieu of such payment or payments, on or before 30 days after the liability of Charterer hereunder shall become fixed as hereinafter provided, such lump sum as shall be necessary to maintain Owner's after-tax economic yield and overall net after-tax cash flows in respect of such Vessel at a level which is not less than the same level that would have been available if such Tax Loss had not occurred, plus an amount which (after the deduction of any additional taxes required to be paid by Owner in respect of Owner's receipt of such amount, and computed on the assumption that such taxes are payable at the highest then applicable marginal tax rate applicable to corporations) shall be equal to the amount of any interest or penalty which may be imposed in connection with such Tax Loss.

All calculations of Owner's after-tax economic yield and overall net after-tax cash flows shall be determined on the basis of the assumptions set forth in the first sentence of this Section 6.2 (including, without limita-

tions, federal, state and local income tax rates) and methods of analysis used by Owner to compute such amounts in originally evaluating the transactions contemplated by this Charter.

(b) Exceptions to Indemnity. Charterer shall not be required to make the indemnity payment to Owner provided for in Section 6.2(a) hereof, if Owner shall have suffered any Tax Loss with respect to the Vessels as a result of the occurrence of any of the following events:

(i) a Casualty Occurrence with respect to the Vessels, if Charterer shall have paid to Owner the amounts stipulated under Section 11.7 hereof; or

(ii) such Tax Loss results solely from Owner's failure to claim the Investment Credit or Depreciation Deduction, as the case may be, in a timely and proper manner, unless such failure is due to Charterer's failure to provide Owner with the information reasonably necessary to make such claim, or unless in the reasonable opinion of independent tax counsel selected by Charterer and reasonably acceptable to Owner ("Tax Counsel"), there is no reasonable basis for such claim; or

(iii) the failure of Owner to have sufficient tax liability to benefit from the Investment Credit or sufficient income to benefit from the Depreciation Deduction (but only if and to the extent that such benefit would not be unavailable if Owner had sufficient tax liability or income, as the case may be); or

(iv) a voluntary transfer or other voluntary disposition by Owner of all or any part of its interest in any Vessel, other than any such transfer or disposition pursuant to Sections 11.4, or 14 hereof.

The liability of Charterer for the payment of the indemnity amounts specified in Section 6.2(a) hereof shall become fixed (i) on the date of a Final Determination (hereinafter defined) if Charterer elects to contest the Tax Loss pursuant to the provisions of Section 6.2(c) hereof and if Owner has received the Tax Counsel Opinion (hereinafter defined) from Tax Counsel, or (ii) otherwise on the date when Owner makes payment of the tax attributable to such Tax Loss, but in either case not earlier than 30 days after the receipt by Charterer of a written demand for payment, accompanied by a written statement describing in reasonable detail the related Tax Loss and the computation of the amount so payable.

(c) Contest. In the event a claim shall be made by any taxing authority against Owner that a Tax Loss has occurred and which claim, if successful, would result in payments by Charterer under Section 6.2(a) hereof, and if, in the opinion of Tax Counsel a bona fide defense to such claim exists, Owner shall, provided that no Event of Default has occurred and is continuing, upon Charterer's written request and at the expense of Charterer, contest such matter in such forum as Owner shall select, considering in good faith such request as Charterer may make concerning the most appropriate forum in which to proceed. Owner shall not be obligated to take any such legal or other appropriate action unless it has received an opinion

(the "Tax Counsel Opinion") from Tax Counsel that a bona fide defense to such claim exists and the Charterer shall have indemnified Owner for all costs and expenses which may be incurred by Owner in contesting such claim. The action to be taken may, in Owner's sole discretion, be commenced prior to making payment of any tax and interest and/or penalty attributable to such claim (a "Tax Payment") or after making such Tax Payment and then suing for a refund. If Owner takes such action prior to making such Tax Payment, the indemnity amounts payable under Section 6.2(a) hereof with respect to the Tax Loss need not be paid by Charterer while such action is pending; provided that Charterer shall pay the costs and expenses relating to such action when and as the same shall become due. In such case, if the Final Determination shall be adverse to Owner, the indemnity amounts payable under Section 6.2(a) hereof with respect to the Tax Loss shall be computed by Owner as of the date of such Final Determination, Owner shall notify Charterer in writing of such computation and Charterer shall make the indemnity payments required in accordance with Section 6.2(a) hereof. If Owner determines to make such Tax Payment prior to contesting the matter, and to then sue for a refund, Charterer will advance to Owner, on an interest-free basis, an amount equal to the amount of such Tax Payment attributable to such claim. If Owner sues for a refund after making such Tax Payment, and if the Final Determination shall be in favor of Owner (i) no future payments shall be due hereunder in respect of such matter (or an appropriate reduction shall be made if the Final Determination is partly in favor of and partly adverse to Owner) other than any outstanding costs or expenses incurred by Owner with respect to such contest, and (ii) Owner shall pay to the Charterer an amount equal to the amounts theretofore paid by Charterer to Owner in respect of such Tax Payment (or a proportionate part thereof if the Final Determination is partly in favor of and partly adverse to Owner) on or before such next succeeding Charter Hire Payment Date (or within thirty (30) days from such Final Determination, if there is no succeeding Charter Hire Payment Date), together with the amount of any penalty or interest actually refunded to Owner as a result of such Final Determination. If the Final Determination of such contest shall be adverse to Owner, the indemnity amounts payable under Section 6.2(a) hereof with respect to the Tax Loss shall be computed by Owner as of the date of such Final Determination, Owner shall notify Charterer in writing of such computation and Charterer shall make the indemnity payments required in accordance with Section 6.2(a) hereof.

"Final Determination", for the purpose of this Section 6.2, means a final decision of a court of competent jurisdiction after all allowable appeals have been exhausted by either party to the action, or a determination within the meaning of Section 1313(a) of the Code.

In the event indemnity payments shall be due Owner under Section 6.2(a) hereof, the Casualty Loss Values of the Vessels shall be adjusted appropriately.

(d) Consolidated Tax Returns. For purposes of this Section 6.2, the term "Owner" will include the corporation constituting Owner and will also include any affiliated group of which Owner is, or may become a member, and each member of such affiliated group, if consolidated, joint, or

combined returns are filed for such affiliated group for Federal, state or local income tax purposes.

(e) Survival. The indemnification obligations of Charterer under this Section 6.2 shall survive the expiration or earlier termination of this Charter in whole or in part, including the expiration or termination of the Term with respect to any Vessel.

6.3. Indemnification. Charterer hereby assumes liability for, and does hereby agree to indemnify, protect, save, defend, and hold harmless Owner and any assignee of Owner, and their respective successors and assigns (each such party being herein, for purposes of this Section 6.3, called an "Indemnified Party"), on a net after-tax basis from and against any and all obligations, fees, liabilities, losses, damages, penalties, claims, actions, suits, costs and expenses, including legal expenses, of every kind and nature whatsoever imposed on, incurred by, or asserted against any indemnified party, in any way relating to or arising out of (a) any of the following not caused by an affirmative or negligent act of an Indemnified Party, its agents, servants or employees: the manufacture, ordering, purchase, acceptance or rejection, ownership, titling or retitling, registration or reregistration, delivery, leasing, releasing, possession, use, operation, storage, removal, return, sale or other disposition of the Vessels or any Vessel, including, without limitation, any of such as may arise from patent or latent defects in the Vessel (whether or not discoverable by Charterer or Owner), any claims based on strict liability in tort, and any claims based on patent, trademark or copyright infringement, or (b) any failure on the part of Charterer to perform or comply with any of the terms of this Charter. Charterer shall give each indemnified party prompt notice of any occurrence, event or condition known to Charterer as a consequence of which any indemnified party may be entitled to indemnification hereunder. Charterer shall forthwith upon demand of any such indemnified party reimburse such indemnified party for amounts expended by it in connection with any of the foregoing or pay such amounts directly. Charterer shall be subrogated to an indemnified party's rights in any matter with respect to which (and only to the extent to which) Charterer has actually reimbursed such indemnified party for amounts expended by it or has actually paid such amounts directly pursuant to this Section 6.3. In case any action, suit or proceeding is brought against any indemnified party in connection with any claim indemnified against hereunder, such indemnified party will, promptly after receipt of notice of the commencement of such action, suit or proceeding, notify Charterer thereof, enclosing a copy of all papers served upon such indemnified party. Charterer may, and upon such indemnified party's request will, at Charterer's expense, resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by Charterer and reasonably satisfactory to such indemnified party and in the event of any failure by Charterer to do so, Charterer shall pay all costs and expenses (including, without limitation, attorney's fees and expenses) incurred by such indemnified party in connection with such action, suit or proceeding. The provisions of this Section 6.3, and the obligations of Charterer under this Section 6.3, shall apply from the date of the execution of this Charter notwithstanding that the Term may not have commenced with respect to any Vessel, and shall continue in full force and effect notwithstanding the expiration or earlier

termination of this Charter in whole or in part, including the expiration of termination of the Term with respect to any Vessel (or all) of the Vessels.

SECTION 7. INSURANCE.

(a) The Charterer covenants and agrees that it will at all times during the term of this Charter at its sole cost and expense maintain insurance in respect of the Vessels against such risks, in such form (including without limitation the form of the loss payable clause and the designation of named assureds), in such amounts (and in any event in a dollar amount at all times at least equal to the Casualty Value) and with such insurers of recognized responsibility as shall be satisfactory to the Owner, which insurance, in the opinion of the independent insurance brokers referred to below, shall be at least sufficient to protect the interest of the Owner. All insurance shall cover the period from the date on which the Owner shall have any liability with respect to the Vessels under this Charter to and including redelivery of the Vessels to the Owner and shall provide for thirty days prior written notice to the Owner of any cancellation or reduction in coverage.

(b) On or before the first Delivery Date hereof and on or before November 1, of each year thereafter commencing November 1, 1981, the Charterer will furnish to the Owner a report signed by independent marine insurance brokers satisfactory to the Owner with respect to the insurance maintained under this Charter (including, without limitation, as to each policy, its number, the amount, the insurer, the named assureds, the type of risk, the loss payees and the expiration date) and stating the opinion of said brokers that the insurance carried hereunder complies with the terms hereof and stating the opinion of the signer as to the adequacy of such insurance for the protection of the interests of the Owner, (but such opinion shall not require a statement as to the adequacy of the dollar amount of such insurance coverage). The Charterer will cause such broker to agree to mark its records and advise the Owner in writing at least ten days in advance of any lapse of any insurance by reason of expiration, cancellation, failure to renew, or otherwise, and of any default in the payment of any premium and of any other act or omission of which it has knowledge and which might invalidate or render unenforceable, in whole or in part, any insurance maintained hereunder.

(c) For the purposes of hull and machinery insurance, each Vessel shall be insured for not less than the Casualty Value computed as of the immediately preceding Charter Hire Payment Date. Protection and Indemnity insurance shall be not less than \$10,650,000.00 per occurrence. Hull and machinery insurance may be subject to a deductible of \$10,000.00 per occurrence of loss per Vessel and primary Protection and Indemnity insurance may be subject to a deductible of \$2,000.00 per occurrence per Vessel. The Charterer shall maintain excess liability insurance in an amount at least equal to that carried by other companies engaged exclusively in barge operations similar to those of the Charterer and carrying similar cargo in the same waters in which the Charterer operates.

(d) All policies of insurance shall name the Owner and the Charterer as named insureds, shall provide that there shall be no recourse against the Owner for premiums, calls, assessments or other amounts, and any loss thereunder concerning the Vessels and Covers shall be payable to the Owner or order. Unless and until the Owner shall have given written notice to the underwriter that an Event of Default has occurred and is continuing, (i) any sums payable as a result of a loss under any insurance on the Vessels with respect to protection and indemnity risks may be paid directly to the person to whom any liability covered by such insurance has been incurred, or to the Charterer to reimburse it for any loss, damage or expense incurred by it and covered by such insurance, provided that the underwriters shall have first received evidence that the liability insured against has been discharged, and (ii) any sums payable as a result of a loss (other than sums payable as the result of a Casualty Occurrence as hereinafter described with respect to a Vessel) under any insurance on the Vessels, involving any damage to a Vessel or liability of a Vessel, may be paid directly for the repair, salvage liability or other charges involved, or if the Charterer shall have first fully repaired such damage or discharged such liability, or paid such other charges, may be paid to the Charterer. Any sums payable as a result of any loss which is paid to the Owner but which might have been paid, in accordance with the provisions of clauses (i) or (ii) of the immediately preceding sentence, directly to the Charterer or others, shall, so long as no Event of Default has occurred and is continuing, and upon proper proof, be paid by Owner to, or as directed by, Charterer. In the case of all insurance payments received as the result of a Casualty Occurrence with respect to a Vessel, so much of such payments as shall not exceed the sum of the Casualty Value required to be paid by the Charterer pursuant to Section 11.2 hereof and any other Charter Hire then due and owing by the Charterer hereunder shall be applied, first, in reduction of the Charterer's obligation to pay such other Charter Hire, if any, then due and owing, and second, in reduction of the Charterer's obligation to pay such Casualty Value if not already paid by the Charterer, or, if already paid by the Charterer and provided no Event of Default shall have occurred and be continuing, to reimburse Charterer for its payment of the Casualty Value; and the balance, if any, of such payments remaining thereafter will be paid over to, or retained by, the Owner.

(e) The Charterer will not do any act, nor suffer any act to be done, whereby any insurance required hereunder shall or may be suspended, impaired or defeated, and will not suffer the Vessels to carry any cargo not permitted, or the Vessels to be operated in any geographical area where they would not be covered, under the insurance policies in effect without first covering the Vessels with insurance satisfactory in all respects, including the amount thereof to the Owner.

(f) The Charterer will give prompt notice as required by the underwriters of all casualties or other insured loss or damage to any of the Vessels and of all damage or injury to cargo, property, persons or other third parties in excess of deductible amounts and the Charterer will concurrently send copies of all such notices to the Owner.

(g) All insurance policies evidencing the coverages required under this Section 7 shall contain a provision that the interest of the Owner shall be

insured regardless of any breach or violation by the Charterer of any warranties, declarations or conditions contained in said policies; that all provisions thereof except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured required to be insured under this Section, and that any right of subrogation of the insurers or any right of the insurers to any set-off, counterclaim or other deduction is waived as against Owner.

SECTION 8. USE AND MAINTENANCE OF VESSELS

(a) The Charterer agrees to comply with all governmental laws, regulations, requirements and rules (including the rules of the United States Coast Guard) with respect to the use, maintenance and operation of each Vessel subject to this Charter. In case any equipment or appliance on any such Vessel shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Vessel in order to comply with such laws, regulations, requirements and rules, the Charterer agrees to make such changes, additions and replacements, at its sole expense.

(b) The Charterer shall have full responsibility for maintenance and repair of each Vessel throughout the term of this Charter, and at its expense (whether or not any applicable insurance proceeds are adequate for the purpose) will (unless otherwise required by any military authority of the United States and except during such period as (1) the use or title of a Vessel has been taken, requisitioned or chartered by any government or governmental body, (2) there has been an actual or constructive total loss, or an agreed or compromised total loss of a Vessel, or (3) there has been any other loss with respect to a Vessel and the Charterer shall not have had a reasonable time to repair the same), maintain and preserve each Vessel and her equipment in good running order and repair, so that each Vessel shall be, insofar as due diligence can make her so, tight, staunch, strong and well and sufficiently tackled, appareled, furnished, equipped and in every respect seaworthy and in as good operating condition as when delivered hereunder, ordinary wear and tear excepted. On each November 1 during the term of this Charter, the Charterer shall furnish to the Owner a copy of the most recent vessel survey made with respect to each Vessel. Each such survey shall be made at the sole cost and expense of the Charterer.

(c) The Charterer will permit the Vessels to be operated only on the inland waterways of the Eastern United States. The Charterer will not permit the Vessels to engage in any unlawful trade or violate any law or carry any unlawful cargo that will expose the Vessels to penalty, forfeiture or capture. The Charterer will not do, or suffer or permit to be done, any act which can or may cause the Owner to become subject to Part III of the Interstate Commerce Act (49 U.S.C. 901 et seq.). The Charterer shall use the Vessels only in the manner for which they were designed and intended and so as to subject them only to ordinary wear and tear.

(d) Except as may be required by Section 8 (a) hereof, the Charterer shall make no material structural changes or alterations in any Vessel and shall make no material changes or alterations in, or any additions, improvements or modifications to, any Vessel unless and to the extent that, in each

instance, written notice of any such change, alteration, addition, improvement or modification is given by the Charterer to the Owner and any such change, alteration, addition, improvement or modification is made at the Charterer's expense and risk and does not diminish the value, utility or seaworthiness of such Vessel below the value, utility and seaworthiness of such Vessel immediately prior to such change if such Vessel were then in the condition and seaworthiness required to be maintained by the terms of this Charter, and, in the case of any such addition, improvement or modification, is removable without causing material damage to such Vessel. Subject to the foregoing provision, the Charterer may install any pumps, gear or equipment it may require in addition to that on board any Vessel on delivery, provided that such installations are accomplished at the Charterer's expense and risk. Pumps, gear and equipment so installed shall remain the property of the Charterer unless such pumps, gear or equipment are owned by a third-party lessor which has furnished the same to the Charterer under a lease agreement. So long as no Event of Default shall have occurred and be continuing under Section 14 hereof, any such pumps, gear or equipment not required to be installed in order to meet the requirements of Section 8(a) hereof and not installed as replacements for property included in the Invoice Cost of any Vessel may be removed by the Charterer, at its own expense and risk, at any time during, or at the expiration of, the term of this Charter.

(e) In addition to the permitted structural changes, alterations, additions, modifications, improvements and the addition of pumps, gear, and equipment referred to in paragraph (d) above, the Charterer may, in the ordinary course of maintenance, repair or overhaul of any Vessel, remove any item of property constituting a part of such Vessel, provided such item is replaced as promptly as possible by an item of property which is free and clear of all liens, charges and encumbrances and is in as good operating condition and is as seaworthy as, and has a value and utility at least equal to that of, the item of property being replaced. Any item of property so removed from such Vessel shall remain the property of the Owner until replaced in accordance with the terms of the preceding sentence, but shall then, without further act, become the property of the Charterer. Any such replacement item of property shall, without further act, become the property of the Owner and be deemed part of such "Vessel" as defined herein for all purposes hereof.

(f) The Charterer shall have the exclusive right to possession and control of each Vessel and shall navigate and operate the Vessel and shall man, victual, supply and fuel the Vessel at its expense and by its own procurement throughout the Term. The master, officers and crew, if any, of each Vessel shall be engaged and employed by the Charterer or its agents or any subcharterers or their agents and shall remain the servants of the Charterer, such subcharterer, or their respective agents, as the case may be, navigating and working such Vessel on behalf of and at the risk of the Charterer, such subcharterer, or their respective agents, as the case may be. Subject to the provisions of Section 4, the Charterer, at its expense, may name the Vessel and change its name from time to time, paint the Vessel with its colors and display its name thereon. The Charterer shall notify the Owner of any change of name and of each such choice of flag and colors.

SECTION 9. LIENS ON THE VESSELS

9.1 Creation of Liens. Liens to be Discharged by Charterer. Neither the Charterer nor any other person has or shall have any right, power or authority to create, incur or permit to be placed or imposed upon any of the Vessels, or any part thereof, or any of their freights, profits or hire, any lien whatsoever other than liens for wages of a stevedore when employed directly by the Owner or the operator, master, ship's husband or agent of the Vessels, for crews' wages, for general average or for salvage (including contract salvage). The Charterer agrees to notify any person furnishing repairs, supplies, towage or other necessaries to the Vessels that the Charterer has no such right, power or authority to create, incur or permit to be placed on any of the Vessels, any liens referred to in the preceding sentence. Such notice, as far as may be practicable, shall be in writing. The Charterer shall, no later than 30 days after they become due, pay or satisfy and discharge any and all claims which, if unpaid, might constitute or become a lien or a charge upon the Vessels, and any liens or charges which may be levied against or imposed upon any Vessel as a result of the failure of the Charterer to perform or observe any of its covenants or agreements under this Charter, save only claims, liens or charges arising as the result of claims or demands against Owner not relating to its ownership of the Vessel(s), but the Charterer shall not be required to pay or discharge any such claim so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not in the opinion of Owner affect or endanger the title and interest of the Owner to the Vessels. The Charterer's obligations under this Section 9.1 shall survive the termination of this Charter and the Charter Period of all of the Vessels.

9.2. Libels or Detentions. Without affecting the obligations of Charterer under Section 9.1 above, Charterer agrees that if a libel shall be filed against the Vessels or any of them, or if the Vessels or any of them shall be otherwise levied upon or taken into custody or detained or sequestered by virtue of proceedings in any court or tribunal or by any government or other authority because of any liens, claims or liabilities arising from any claims, Charterer shall at its own expense within fifteen (15) days thereafter cause such Vessel or Vessels to be released and all such items, claims and liabilities to be discharged. Notwithstanding the foregoing, with the prior written consent of Owner Charterer may, at Charterer's expense, contest by appropriate proceedings conducted in good faith any such lien, claim or liability, provided that (a) such proceedings shall suspend the collection thereof from Owner and the Vessels or any of them, (b) neither the Vessels nor any of them nor any interest therein would be in any danger of being sold, forfeited or lost and (c) Charterer shall have furnished such security, if any, as may be required in such proceedings or reasonably requested by Owner. Charterer agrees forthwith to notify Owner by telegram or telex, confirmed by letter, of each such event and of each such release and discharge. Charterer agrees to advise Owner in writing at least once in each three-month period as to the status and merits of all such liens, claims and liabilities not discharged within fifteen (15) days as provided above.

9.3. Owner's title to the Vessels. Subject to the provisions of this Charter, Owner shall at all times during the Term maintain such title to the Vessels as was conveyed to the Owner by the Manufacturer.

SECTION 10. FILING; PAYMENT OF FEES AND TAXES

10.1. Filing. The Charterer will, from time to time, do and perform any act and will execute, acknowledge, deliver, file, register and record (and will refile, re-register or re-record whenever required) any and all instruments requested by the Owner for the purpose of protecting the Owner's title to the Vessels unless such title has been affected by an act of Owner, (including, without limitation, the registration and documentation of the Vessels) to the satisfaction of the Owner's counsel or for the purpose of carrying out the intention of this Charter, and in connection with any such action, will deliver to the Owner proof of such filings. The Charterer will pay, as additional Charter Hire, all costs, charges and expenses incident to any such filing, re-filing, registering, re-registering, recording and re-recording of any such instruments or incident to the taking of such action.

10.2. Payment of Taxes. The Charterer, or the Owner at the Charterer's expense, shall pay and discharge when due (i) all title, license, registration and documentation fees and expenses, (ii) all duties, imposts and assessments, (iii) all property taxes, (iv) all gross receipts taxes arising out of receipts from use or operation of any Vessel, (v) all sales and use taxes which may be levied or assessed against or payable by the Owner or the Charterer on account of the acquisition, chartering or subchartering or use of any Vessel, and (vi) all other taxes, fees and governmental charges whatsoever, together with any penalties or interest thereon, imposed by any foreign, federal, state or local government, and whether assessed against or in the name of the Owner, the Charterer, any Vessel or otherwise, with respect to any Vessel, the interest of the Owner or Charterer therein, or the acquisition, chartering, subchartering, use, operation, control, ownership or sale thereof, or measured in any way by the value thereof or by the payments of Charter Hire with respect thereto, exclusive, however, of any federal or state taxes on or measured by the Owner's net income (except and to the extent of any taxes based on such net income which are in direct substitution for, or which relieve the Charterer from, a tax which the Charterer would otherwise be obligated to pay under the terms of this Section), provided however, that the Charterer shall not be required to pay or discharge any such tax or assessment (i) so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which in the opinion of the Owner will not affect or endanger the title and interest of the Owner to the Vessels; provided, however, the Charterer shall reimburse the Owner for any damages or expenses resulting from such failure to pay or discharge, or (ii) as to assessments against or in the name of anyone other than the Charterer, until 20 days after written notice thereof shall have been given to the Charterer, or (iii) if the obligation with regard to any Vessel, arises or accrues after the expiration or termination of the Term of such Vessel and does not result from an Event of Default under Section 14 hereof, or from matters arising in connection with

the Charterer's assembling, delivering, storing or transporting of such Vessel as provided in Section 13 or, as the case may be, Section 15 hereof. The obligations of the Charterer under this Section 10.2 shall survive the termination of this Charter and the Term of all of the Vessels.

SECTION 11. PAYMENT UPON CASUALTY OCCURRENCE; VESSELS UNSERVICEABLE FOR USE.

11.1 Notification by Charterer of Casualty Occurrence. In the event that any Vessel shall be declared or become a total or constructive total loss, or shall be or become lost, stolen, seized, forfeited, destroyed, or, in the opinion of the Charterer, irreparably damaged, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the Term of such Vessel (any such occurrence, except for any requisition of the use of the Vessel which by its terms does not exceed the remaining portion of the Term of such Vessel(s) being hereinafter called a "Casualty Occurrence" and any such Vessel being hereinafter called a "Casualty Vessel"), the Charterer shall promptly give telegraphic notice and fully (after it has knowledge of such Casualty Occurrence) inform the Owner in writing in regard thereto.

11.2 Payment upon Casualty Occurrence. In the event of any Casualty Occurrence, the Charterer shall promptly give at least 30 days' prior written notice to the Owner of the termination of this Charter with respect to such Casualty Vessel on any Charter Hire Payment Date occurring not more than 150 days after the occurrence of the Casualty Occurrence in respect thereof. On the termination date specified in such written notice, the Charterer will pay to the Owner the Casualty Value for the Casualty Vessel determined as set forth in Section 11.7, plus the payment of the Basic Charter Hire due on such termination date (or plus the payment of the then applicable fair market rental value due on such termination date if such date occurs during any Renewal Term pursuant to Section 3.2 hereof).

11.3 Charter Hire Termination. Upon payment of the Casualty Value in respect of any Vessel or Vessels, plus all Charter Hire, Supplemental Payments, and all other amounts owing in respect thereof through the applicable Charter Hire Payment Date, the Charter Hire for such Vessel or Vessels shall terminate, but the Charterer shall continue to pay Charter Hire for all other Vessels. In connection with the payment of the Casualty Value of any Vessel, the Charterer shall furnish to the Owner a schedule listing the Vessels which remain subject to this Charter after giving effect to such Casualty payment and the Basic Charter Hire which will accrue and become payable with respect to such Vessels.

11.4 Disposition of Vessels. Except in the case of the requisition of a Vessel constituting a Casualty Occurrence, the Charterer shall, as agent for the Owner, dispose of such Vessel or Vessels for which settlement has been made pursuant to Section 11.2 as promptly as possible for the highest price obtainable. Any such disposition shall be on an "as-is", "where-is" basis without representation or warranty express or implied by, or recourse to, the Owner (except that Owner represents that it will have such title as has been conveyed to it by Manufacturer) but Charterer shall be required to give such representation or warranties as are consistent with the full and

faithful performance of this Charter and all documents contemplated hereby. As to each separate Vessel so disposed of the Charterer shall be entitled to receive and retain all proceeds of the disposition (including in the case of a Casualty Occurrence any insurance proceeds and damages received by the Charterer or the Owner) up to the sum of (i) the out-of-pocket expenses (including legal costs and attorneys' fees) incurred by the Charterer in connection with such disposition, and (ii) the Casualty Value, and the Charterer shall remit the excess, if any, to the Owner. In disposing of such Vessel or Vessels, the Charterer shall take such action as the Owner shall reasonably request to terminate any contingent liability which the Owner might have arising after such disposition from or in connection with such Vessel or Vessels. It is understood and agreed that the Owner shall not be liable to the Charterer for any costs or expenses incurred by the Charterer in connection with the disposition of any Vessels.

11.5 Casualty Prior to Commencement of Basic Charter Hire. In the event a Vessel has suffered a Casualty Occurrence prior to the commencement of Basic Charter Hire hereunder with respect thereto, the Casualty Value for such Vessel shall be an amount equal to 108.43% of the Invoice Cost of such Vessel.

11.6 Payment of Casualty Value. If the Charterer shall give a notice of termination pursuant to Section 11.2 then the Charterer shall make the payment, if any, required to be made by the Charterer pursuant to such Section. On such termination date (subject to the provisions of Section 11.3 and 11.4), if the Owner shall have received the payments required by Section 11.2 on such date and the payments required by the last sentence of Section 11.7, this Charter shall terminate with respect to the particular Vessel or Vessels (except with respect to obligations or liabilities of the Charterer which arose or accrued on or prior to such date) and the Owner, at the expense of the Charterer, will convey its interest in the particular Vessel or Vessels upon the disposition of such Vessel by Charterer (subject, if there shall have been a requisition of the title of the particular Vessel or Vessels, to any required governmental approvals in connection with such conveyance having been obtained) to the Charterer on an "as-is", "where-is" basis without representation or warranty express or implied by, or recourse to, the Owner, except that Owner represents that it will have such title as has been conveyed to it by Manufacturer.

11.7. Casualty Value After Commencement of Basic Charter Hire. Casualty Value is expressed in Schedule 2 annexed hereto as a percentage of the Invoice Cost of a Vessel and Cover. For purposes of Section 11.2 the applicable Casualty Value for each Vessel shall each be equal to an amount determined in accordance with Schedule 2 as of the Charter Hire Payment Date on which such termination is to occur (or, in the case of a Casualty Occurrence prior to the first Basic Charter Hire Payment Date, an amount equal to 108.43% of the Invoice Cost of the Vessel and Cover, or during any Renewal Term pursuant to Section 3.2 hereof an amount equal to 50% of the Invoice Cost of such Vessel and Cover), and such amount shall be paid by the Charterer to the Owner on such Charter Hire Payment Date. In addition, the Charterer will pay the Basic Charter Hire (or if such termination occurs during any Renewal Term pursuant to Section 3.2 hereof, the then applicable fair market rental value) due and payable on each Charter Hire Payment Date

in the case of a Casualty Vessel through, but not after, the Charter Hire Payment Date on which the termination of the Charter Period with respect to such Vessel is to occur pursuant to Section 11.2 hereof.

11.8 Risk of Loss. The Charterer shall bear the risk of loss and except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence after the date hereof.

11.9 Requisition of Vessels. In the event that during the term of this Charter the use of any Vessel is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a period which does not exceed the Charter Period, the Charterer's duty to pay Charter Hire shall continue for the duration of such requisitioning or taking, and the Charterer shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for such requisition or taking of possession. In the event of any requisition constituting a Casualty Occurrence, provided Owner shall have been paid the sums referred to in Section 11.2 hereof, the Charterer shall be entitled to receive and retain for its own account all sums payable by the governmental authority as compensation for such requisition up to the sum of (i) the out-of-pocket expenses (including legal costs and attorneys' fees) incurred by the Charterer in connection with such requisition, and (ii) the Casualty Value of the Vessel or Vessels which were so requisitioned, provided Charterer shall have first in fact paid such amounts, and the balance, if any, shall be payable to the Owner.

11.10 Recovery of and Prosecution of Claims. The Owner hereby authorizes and empowers the Charterer as agent for the Owner to negotiate, accept, reject, file and prosecute any claim, including what otherwise would be the Owner's claim, for any award or compensation on account of any loss, damage, destruction, confiscation, requisition or taking of any Vessels and to collect and retain the proceeds thereof to the extent permitted by this Section 11. The proceeds obtained by the Charterer for any loss or damage which is not a Casualty Occurrence shall be retained by the Charterer and applied to the repair or replacement of such damage or loss.

SECTION 12. REPORTS

12.1 Duty of Charterer to Furnish. (a) on or before March 31, in each year, commencing with the year 1982, the Charterer will furnish to the Owner an accurate statement, as of the end of the preceding calendar year (a) showing the amount, description and designation of the Vessels then chartered hereunder, the amount, description and designation of all Vessels that may have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Charter, in the case of the first such statement), and such other information regarding the condition or repair of the Vessels as the Owner may reasonably request, and (b) stating that, in the case of all Vessels repainted during the period covered by such statement, the markings required by Section 4.3 hereof shall have been preserved or replaced.

(b) The Charterer shall, at its own expense, inspect all of the Vessels within 180 days immediately preceding November 1, 1986, and shall submit a report of each such inspection to Owner not later than November 1, 1986. Such report shall be signed by an officer of the Charterer and contain the following information with respect to each Vessel:

(i) the name and official number;

(ii) the location at the time of inspection; and

(iii) a statement as to whether (in the Charterer's reasonable and good faith opinion) such Vessel has been maintained in accordance with the terms of Section 8.

No Vessel need be placed in dry dock for the purpose of making the foregoing inspection.

12.2 Owner's Inspection Rights. The Owner or its assigns shall have the right, at its sole cost and expense, by its authorized representatives, to inspect the Vessels and the Charterer's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Owner or its assigns the existence and proper maintenance thereof during the continuance of this Charter. Charterer shall not be required to retain any records with respect to the Vessels beyond its normal lawful retention policy, provided the same be reasonable and in accord with industry standards, or as may otherwise be required by a governmental law, rule or regulation.

12.3 Certificate of No Default; Financial Statements. (a) Within 60 days after the end of each fiscal year of the Charterer, the Charterer will deliver to the Owner a certificate of the President or any Vice President of the Charterer stating that a review of the activities of the Charterer during such fiscal year has been made with a view to determining whether the Charterer has kept, observed, performed and fulfilled all its obligations under this Charter; and that, to the best knowledge, information and belief of such officer, there exists no Event of Default (or event which with lapse of time or notice or both would become an Event of Default) or, if any such Event of Default or event exists, specifying the nature thereof, the period of existence thereof and what action the Charterer has taken or proposes to take with respect thereto.

(b) The Charterer agrees to furnish the Owner (i) within 60 days after the end of each of the first three quarter-annual periods during each fiscal year of the Charterer, a balance sheet of Charterer and consolidated subsidiaries, if any, as of the close of each such fiscal quarter, together with a profit and loss statement of Charterer and consolidated subsidiaries, if any, for such fiscal quarter, all in reasonable detail, and stating in comparative form the figures for the corresponding period in the previous fiscal year and certified by the Controller or chief financial officer of the Charterer, subject to year-end audit, (ii) within 120 days after the close of each fiscal year of the Charterer, a balance sheet of the Charterer and consolidated subsidiaries, if any, as of the close of such fiscal year, together with a profit and loss statement and a Statement of Changes in

Financial Position of the Charterer and consolidated subsidiaries, if any, all in reasonable detail, and stating in comparative form the figures for the previous fiscal year of the Charterer compiled by Edmund D. Bowman & Company, Certified Public Accountants, or in the event that said Edmund D. Bowman & Company ceases to compile the Charterer's financial statements, then by any other independent certified public accountants acceptable to the Owner, (ii) promptly upon becoming available, one copy of each financial statement, report, notice or proxy statement sent by the Charterer to stockholders generally and one copy of each regular or periodic report and any registration statement or prospectus filed by the Charterer with any securities exchange or with the Securities and Exchange Commission or any successor agency, and (iv) from time to time such other financial information relating to the affairs of the Charterer as the Owner may reasonably request.

SECTION 13. RETURN OF VESSELS UPON EXPIRATION OF TERM.

Upon the expiration of the Term for reasons other than payment of the Casualty Value of a Vessel and disposition pursuant to Section 11.4, Charterer shall redeliver such Vessel to the Owner at New Orleans, Louisiana, or at such other place on the inland waterways of the Eastern United States as may be mutually agreed by the Owner and Charterer. Charterer agrees that at any time of such redelivery such Vessel will be in good order, condition and repair required by all of the terms of Section 8 hereof, safely afloat, free of cargo, and free and clear of all liens and encumbrances. At such time any insignia or identification of the Charterer or others which the Owner shall request the Charterer in writing to remove shall be removed by Charterer and approved by Owner. At the time of such redelivery at the end of such Term the Charterer will make such Vessel available to the Owner at the port of redelivery for inspection. The Charterer, at its expense, will fully correct and repair any condition disclosed by such inspection to the extent necessary to cause such Vessel to comply with all the terms of Section 8 hereof. The term of this Charter shall be extended for any period necessary to make such repairs and for any period beyond the end of the term of this Charter during which the Charterer is unable to redeliver such Vessel for any reason; and the Charterer will pay additional Charter Hire hereunder for any such period at a rate per day equal to 1/30th of the Basic Charter Hire of such Vessel as of the end of the Term of such Vessel. Upon redelivery of any Vessel hereunder, the Charterer, if requested in writing by the Owner, will, at the Charterer's expense, provide safe and accessible berthing facilities for such Vessel for a period not exceeding 30 days after the date on which the last of the Vessels which are subject to this Charter are redelivered.

SECTION 14. DEFAULT.

14.1 Events of Default. If, during the continuance of this Charter, one or more of the following events ("Events of Default") shall occur and be continuing:

- (a) Default shall be made in the payment of any part of the Charter Hire or any Supplemental Payments provided in Section 2 hereof when the same shall be due and payable, and such default shall continue for 10 days;

(b) The Charterer shall cease being a citizen of the United States within the meaning of Section 2 of the Shipping Act, 1916, as amended, qualified to engage in the coastwise trade within the meaning of said Act or the Charterer shall fail to comply with the provisions of Sections 7 and 9.1 hereof;

(c) The Charterer shall make or permit any unauthorized assignment or transfer of this Charter, or of Charterer's interest in the Vessels, or any portion thereof, and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein within 15 days after written notice from the Owner to the Charterer demanding such cancellation;

(d) Default shall be made by the Charterer in the payment when due of any sum (other than Charter Hire and Supplemental Payments) payable by the Charterer hereunder, or default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Charterer contained herein or in any other agreement entered into by the Charterer with the Owner in respect of the Vessels, and any such default shall continue for 30 days after written notice from the Owner to the Charterer, specifying the default and demanding the same to be remedied;

(e) Any representation or warranty made by the Charterer herein or in any statement or certificate furnished pursuant to this Charter proves untrue in any material respect as of the date of issuance or making thereof;

(f) The Charterer shall become insolvent or bankrupt or admit in writing its inability to pay its debts as they mature or shall make an assignment for the benefit of its creditors;

(g) Bankruptcy, reorganization, arrangement or insolvency proceedings or other proceedings for relief under any bankruptcy or similar law or laws for the relief of debtors shall be instituted by or against Charterer; or Charterer shall permit or there shall occur any involuntary transfer of its interest hereunder or of all or substantially all of Charterer's property by bankruptcy or by the appointment of a receiver or trustee or by execution or by any judicial or administrative decree or process or otherwise; unless in every such case such proceedings (if instituted against the Charterer) shall be dismissed or such assignment, transfer, decree or process shall within 60 days from the filing or other effective date therein be nullified, stayed or otherwise rendered ineffective, or unless any such receiver or trustee shall within 60 days from the date of his appointment adopt and assume this Charter, pursuant to due authority of law and of the court appointing him; or

(h) The Charterer shall be in default in the payment of any debt, liability or obligation payable to any person, partnership, corporation or other entity under or pursuant to any agreement or instrument under or by which any such debt, liability or obligation of an outstanding principal amount equal to the equivalent of at least \$50,000.00 is

created, evidenced or secured, and if the effect of such default is to cause such debt, liability or obligation to become due prior to its stated maturity;

then, and in any such case the Owner, at its option may:

(1) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Charterer of the applicable covenants of this Charter or to recover damages for the breach thereof; or

(2) By notice in writing to the Charterer, and without prejudice to any other remedies of the Owner hereunder, terminate this Charter, whereupon all right of the Charterer to the use of the Vessels shall absolutely cease and terminate as though this Charter had never been made but the Charterer shall remain liable as hereinafter provided; and thereupon, the Owner may by its agents enter upon the premises of the Charterer or, to the extent Charterer may be legally permitted to grant such right, other premises where any of the Vessels may be located and take possession of all or any of such Vessels, cause the removal and storage at the Charterer's cost and expense of any cargo on board the Vessels, and thereafter hold, possess and enjoy the Vessels free from any right of the Charterer, or its successors or assigns, to use the Vessels for any purpose whatever, but the Owner shall nevertheless, have a right to recover from the Charterer any and all amounts which under the terms of this Charter may be then due or which may have accrued to the date of such termination (computing the Charter Hire for any number of days less than a full Charter Hire Period by multiplying the Charter Hire for the full Charter Hire Period by a fraction of which the numerator is such accrued number of days and the denominator is the total number of days in such full Charter Hire Period) and also to recover forthwith from the Charterer (i) as damages for loss of the bargain and not as a penalty, whichever of the following amounts that the Owner, in its sole discretion, shall specify, (i) a sum, with respect to each Vessel, which represents (x) the excess of the present value, at the time of such termination, of the entire unpaid balance of all Charter Hire for such Vessel which would otherwise have accrued hereunder from the date of such termination to the end of the Basic Term for such Vessel over the then present value of the Charter Hire which the Owner reasonably estimates to be obtainable for such Vessel during such period, such present value to be computed in each case on the basis of a 10% per annum discount, compounded monthly from the respective dates upon which such Charter Hire would have been payable hereunder had this Charter not been terminated or, if such Vessel is sold, the net proceed of the sale plus (y) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Owner shall have sustained by reason of the breach of any covenant, representation or warranty in this Charter other than for the payment of Charter Hire, or (ii) an amount with respect to each Vessel equal to the excess, if any, of the Casualty Value of such Vessel as of the Charter Hire Payment Date on which the last full payment of Basic Charter Hire was made by the Charterer (or if no full payment of Basic Charter Hire has been so made, an amount

equal to 108.43% of the Invoice Cost of such Vessel or during any Renewal Term pursuant to Section 3.2 hereof an amount equal to 50% of the Invoice Cost of such Vessel) over the amount the Owner reasonably estimates to be the sales value of such Vessel at such time; provided however, that in the event the Owner shall have sold any Vessel, the Owner, in lieu of collecting any amounts payable by the Charterer pursuant to the preceding clause (ii) with respect to such Vessel, may, if it shall so elect, demand that the Charterer pay the Owner, and the Charterer shall pay to the Owner on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Vessel, as of the Charter Hire Payment Date on which the last full payment of Basic Charter Hire was made by the Charterer (or if no full payment of Basic Charter Hire has been so made, an amount equal to 108.43% of the Invoice Cost of such Vessel, or during any Renewal Term pursuant to Section 3.2 hereof an amount equal to 50% of the Invoice Cost of such Vessel) over the net proceeds of such sale.

In addition, the Charterer shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by Owner by reason of the occurrence of any Event of Default or the exercise of the Owner's remedies with respect thereto.

14.2 Cumulative Remedies. The remedies in this Charter provided in favor of the Owner shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Charterer hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided to the extent that such waiver is permitted by law. The Charterer hereby waives any and all existing or future claims of any right to assert any off-set against the payments of Charter Hire regardless of any off-set or claim which may be asserted by the Charterer on its behalf in connection with the charter of the Vessels.

14.3 Owner's Failure to Exercise Rights. The failure of the Owner to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

SECTION 15. RETURN OF VESSELS UPON DEFAULT.

15.1. Charterer's Duty to Return. If the Owner shall terminate this Charter pursuant to Section 14 hereof, the Charterer shall forthwith deliver possession of the Vessels to the Owner. For the purpose of delivering possession of any Vessel to the Owner as above required, the Charterer shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith unload such Vessels and forthwith assemble and place such Vessels, safely afloat and cargo free, at such location along the waterways referred to in Section 8 hereof, as the Owner may designate or, if such

designation is not made within thirty (30) days, then at such location as the Charterer may select;

(b) Dock or otherwise store such Vessels as the Owner may direct at the risk and expense of the Charterer at such location for a period not exceeding 180 days after written notice to the Owner specifying the designations of the Vessels to be stored; and

(c) Transport any Vessels, at any time within such 180 days' period to any place on the waterways within a 25-mile radius of such location, all as the Owner may reasonably direct upon not less than 30 days' written notice to the Charterer.

15.2 Intention of Parties. The assembling, delivery, storage unloading and transporting of the Vessels as hereinbefore provided are of the essence of this Charter, and upon application to any court of equity having jurisdiction in the premises, the Owner shall be entitled to a decree against the Charterer requiring specific performance of the covenants of the Charterer so as to assemble, deliver, store and transport the Vessels.

15.3 Owner Appointed Charterer's Agent. Without in any way limiting the obligations of the Charterer under the foregoing provisions of this Section 15, the Charterer hereby irrevocably appoints the Owner as the agent and attorney of Charterer, with full power and authority, at any time while the Charterer is obligated to deliver possession of any Vessel to Owner, to demand and take possession of such Vessel in the name and on behalf of Charterer from whomsoever shall be at the time in possession of such Vessel.

SECTION 16. ASSIGNMENTS BY OWNER.

This Charter and all Charter Hire and all other sums due or to become due hereunder may, at any time, be assigned, sold or transferred in whole or in part by Owner, and in connection therewith Owner may grant a security interest in this Charter, in the Charter Hire and other sums due hereunder, and in the Vessels or any Vessel, or may sell or transfer the same, all without the consent of Charterer, but Charterer shall be under no obligation to any assignee of Owner except upon written notice of such assignment from Owner. Upon written notice by Owner to Charterer of any such assignment by Owner, the Charter Hire and other sums payable by Charterer which are the subject matter of the assignment shall be paid to or upon the written order of the Owner's assignee. As used herein references to assignee of Owner shall include any purchaser, transferee or mortgagee of Owner, and references to assignment by Owner shall include any sale, transfer, mortgage or grant of security interest by Owner. Without limiting the foregoing, Charterer further acknowledges and agrees that (i) the rights of any such assignee of Owner in and to the Charter Hire and other sums payable by the Charterer under any provision of this Charter shall not be subject to any abatement whatsoever and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason of failure of or defect in Owner's title, or any interruption from whatsoever cause in the use, operation or possession of the Vessels or any Vessel, or any damage to or loss or destruction of the Vessels or any Vessel, or by reason of any

other indebtedness or liability, howsoever and whenever arising, of Owner to Charterer or to any other Person or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of such assignee, Charterer shall be unconditionally and absolutely obligated to pay such assignee, all of the Charter Hire and other sums which are the subject matter of the assignment (excluding amounts payable to the Owner under Section 6.1, 6.2 and 6.3 hereof which shall remain enforceable directly by Owner), (ii) said assignee shall, if an Event of Default shall have occurred and be continuing, have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of Owner for the use and benefit of said assignee) which by the terms of this Charter are permitted or provided to be exercised by Owner (except those rights, privileges and remedies relating to amounts payable to Owner pursuant to Section 6.1, 6.2 and 6.3 hereof which shall remain enforceable by Owner), but if no Event of Default shall have occurred and be continuing, said assignee and Owner may exercise their rights, privileges and remedies stated in this Charter to be provided for their respective benefits, and (iii) all obligations of Owner to Charterer under this Charter shall be and remain enforceable by the Charterer against, and only against, Owner.

SECTION 17. USE AND POSSESSION; ASSIGNMENTS BY CHARTERER.

17.1 Use and Possession by Charterer. So long as the Charterer shall not be in default under this Charter, the Charterer shall be entitled to the possession, use and quiet enjoyment of the Vessels in accordance with, and upon and subject to the terms and provisions of this Charter (including delivery of the same to towing companies or other carriers for movement thereof in accordance with instructions of Charterer).

17.2 Assignments by Charterer. The Charterer agrees that it will not, without the prior written consent of the Owner, assign, transfer or encumber this Charter or any of its rights hereunder or subcharter any Vessel; provided, however, that nothing herein contained shall be deemed to prevent the subcharter of the use of any Vessel to a subsidiary of the Charterer or to an affiliate of the Charterer approved by the Owner, or the subcharter of the use of any Vessel for a term of six (6) months or less so long as any such subcharterer is a citizen of the United States within the meaning of Section 2 of the Shipping Act, 1916, as amended for the purpose of operating the Vessel in the coast wise trade and a United States Person within the meaning of Section 7701(a)(30) of the Internal Revenue Code of 1954, as amended. No such subcharter shall relieve the Charterer of any of its obligations, liabilities or duties hereunder which shall at all times be and remain primary and direct and those of a principal and not a surety. Except and to the extent not otherwise directed by the Owner, the Charterer may receive and retain for its own account such compensation for subchartering the Vessels and for the use of the Vessels by others as the Charterer may determine. Any subcharter permitted hereunder shall be in writing and shall provide by its terms that it and the subcharterer's rights thereunder are subject and subordinate to this Charter and the Owner's rights hereunder; and the Charterer shall promptly provide the Owner with a copy of each such subcharter and shall promptly advise the Owner in writing of the name and address of each subcharterer and the identification of the Vessels subchartered thereunder.

17.3 Merger, Consolidation or Acquisition of Charterer. Nothing in this Section 17 shall be deemed to restrict the right of the Charterer to assign or transfer its interest under this Charter in the Vessels or possession of the Vessels to any corporation (i) who shall have been approved in writing by the Owner and who shall have duly assumed the obligations hereunder of Charterer, (ii) who shall have executed such documentation evidencing such assumption as shall be satisfactory in form and substance to the Owner's counsel (iii) into or with which the Charterer shall have become merged or consolidated or which shall have acquired the property of the Charterer as an entirety or substantially as an entirety, and (iv) which shall be a "citizen of the United States", qualified to engage in coastwise trade, within the meaning of the Shipping Act, 1916, as amended.

SECTION 18. OPINION OF CHARTERER'S COUNSEL

Concurrently with the delivery and acceptance of the first Vessel hereunder, the Charterer will deliver to the Owner the written opinion of counsel for the Charterer, addressed to the Owner to the effect that:

(a) The Charterer is a corporation legally incorporated and validly existing, in good standing, under the laws of the State of Delaware and is a citizen of the United States within the meaning of Section 2 of the Shipping Act, 1916, as amended, for the purpose of operating the Vessels in the coastwise trade;

(b) The Charterer has the corporate power and authority to own its property and carry on its business as now being conducted and is duly qualified to do business as a foreign corporation in the states of New Jersey, Virginia and Florida;

(c) This Charter and the Agreement to Acquire and Charter have been duly authorized, executed and delivered by the Charterer under Delaware law and the federal laws of the United States and constitute valid, legal and binding agreements of the Charterer under Delaware law and the federal laws of the United States enforceable against the Charterer;

(d) To the best of our knowledge, after due inquiry, no approval, consent or withholding of objection is required from any public regulatory body with respect to the entering into or performance of the Agreement to Acquire and Charter or this Charter by the Charterer;

(e) The execution and delivery by Charterer of the Agreement to Acquire and Charter and this Charter do not violate any provision of any law, any order of any court or governmental agency to the best of our knowledge after due inquiry, the Certificate of Incorporation or By-laws of the Charterer, or any indenture, agreement or other instrument to which the Charterer is a party or by which it, or any of its property is bound, and will not be in conflict with, result in the breach of, or constitute (with due notice and/or lapse of time), a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the

SECTION 22. LAW GOVERNING.

This Charter shall be construed in accordance with the Maritime law of the United States and to the extent applicable, with the laws of the Commonwealth of Massachusetts.

SECTION 23. OPTION TO PURCHASE.

Provided that the Charter has not been terminated and that no Event of Default under the Charter has occurred and is continuing, the Charterer shall have the option to purchase all, but not less than all, of the Vessels at the end of the Term thereof for an amount (the "Purchase Option Price"), payable in immediately available funds, equal to the then fair market value of the Vessels, plus an amount equal to all sales or excise taxes on or measured by the sale of the Vessels, and provided further that Charterer shall have notified Owner in writing of Charterer's intention to exercise such option not more than one hundred eighty (180) nor less than ninety (90) days prior to the expiration of the Term of the Vessels. The fair market value of the Vessels shall be determined on the basis of, and shall be equal in amount to the value which would be obtained in, an arm's-length transaction between an informed and willing buyer-user (other than a charterer currently in possession and a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. If during or after the period of thirty (30) days from Owner's receipt of the aforesaid written notice from Charterer of Charterer's intention to exercise said purchase option, Owner and Charterer determine that they cannot agree upon such fair market value, then such value shall be determined in accordance with the foregoing definition by a qualified independent appraiser as selected by mutual agreement between Owner and Charterer or failing such agreement, by a panel of three independent appraisers, one of whom shall be selected by Owner, the second by Charterer and the third designated by the first two selected. If any party refuses or fails to appoint an appraiser or a third appraiser cannot be agreed upon by the other two appraisers, such appraiser or appraisers shall be selected in accordance with the rules for commercial arbitration of the American Arbitration Association. This appraisers shall be instructed to make such determination within a period of twenty (20) days following appointment, and shall promptly communicate such determination in writing to Owner and Charterer. The determination of fair market value so made by the sole appraiser or by a majority of the appraisers, if there is more than one, shall be conclusively binding upon both Owner and Charterer. All appraisal costs, fees and expenses shall be payable by Charterer.

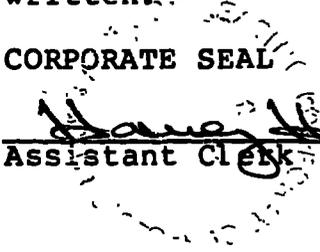
SECTION 24. INVESTMENT TAX CREDIT.

The Owner and the Charterer agree that any available investment tax credit for the Vessels shall be for the benefit of the Owner. The Owner agrees to make an election as having purchased the Vessels in accordance

with Section 48(d) of the Internal Revenue Code and the Treasury Regulations thereunder, and the Charterer agrees that it will consent to such election in the manner and within the time prescribed in said Treasury Regulations for evidencing such election.

IN WITNESS WHEREOF; the parties hereto have caused this Charter to be executed by their respective officers thereunto duly authorized and their corporate seals to be hereto affixed as of the day and year first above written.

CORPORATE SEAL


James H. Paige
Assistant Clerk

CBT LEASING CORPORATION (OWNER)

By: James H. Paige
Its: President

(CORPORATE SEAL)

Attest:

R. Willis
Assistant Secretary

C. G. Willis, Inc. (CHARTERER)

By: C. G. Willis Jr Pres.
Its: President

Its: _____

Exhibits to Charter
1-Certificates of Acceptance

Schedules to Charter
1-Description of Vessels
2-Schedule of Casualty Value

SCHEDULE 1

DESCRIPTION OF VESSELS purchased pursuant to a certain Purchase Agreement between the Charterer and the Manufacturer.

Six (6) 195' x 35' x 12' semi-integrated hopper barges with rolling covers manufactured by Dravo Corporation-Engineering Work Division, and described as follows:

<u>Name</u>	<u>Hull Number</u>	<u>Official Numbers</u>
W.B.L. 108	8646	640295
W.B.L. 109	8647	640296
W.B.L. 110	8648	640297
W.B.L. 111	8649	640298
W.B.L. 112	8650	640299
W.B.L. 113	8651	640300

SCHEDULE 2

Schedule of Casualty Values

CASUALTY VALUE: The following percent of the Invoice Cost of a Vessel and Cover attached thereto as set forth in the Delivery Date Certificate, as amended by the Supplemental Delivery Date Certificate therefor is to be paid pursuant to Section 11.2 of the Charter Agreement following a Casualty Occurrence:

<u>Basic Charter Hire Payment Date No.</u>	<u>Percent of Invoice * Cost Payable</u>
1	108.705197
2	109.431100
3	110.150897
4	110.864530
5	111.423839
6	111.901318
7	112.370198
8	112.608242
9	112.835275
10	113.051189
11	113.181823
12	109.300374
13	109.552457
14	107.489818
15	107.496566
16	107.494081
17	107.563316
18	107.613052
19	107.653996
20	107.756202
21	107.850148
22	107.935754
23	108.002036
24	105.281925
25	105.432099
26	105.463399
27	105.485738
28	105.499030
29	105.506683
30	105.495994
31	105.475927
32	105.440745
33	105.395945
34	105.341432
35	105.267962
36	102.255672
37	102.266681
38	102.107007
39	101.932406
40	101.742730
41	101.537834
42	101.304388
43	101.055287
44	100.777199
45	100.483014
46	100.172575
47	99.832541
48	95.475800
49	95.247923
50	94.847000

Basic Charter Hire
Payment Date No.

Percent of Invoice *
Cost Payable

51	94.428768
52	93.993054
53	93.539690
54	93.055322
55	92.552821
56	92.018830
57	91.466215
58	90.894793
59	90.291199
60	85.668296
61	85.171629
62	84.499264
63	83.806910
64	83.094368
65	82.467344
66	81.860576
67	81.234501
68	80.734602
69	80.216488
70	79.679977
71	79.164663
72	78.630993
73	78.224528
74	77.696291
75	77.149587
76	76.584234
77	76.000054
78	75.436630
79	74.854411
80	74.292984
81	73.712790
82	73.113653
83	72.535154
84	71.937742
85	71.466967
86	70.873854
87	70.261696
88	69.630311
89	68.979515
90	68.348890
91	67.698871
92	67.069049
93	66.419858
94	65.751112
95	65.102395
96	64.434143
97	63.891909
98	63.226706
99	62.541826
100	61.837082
101	61.112282
102	60.407002
103	59.681678
104	58.975889
105	58.250067
106	57.504020
107	56.777327
108	56.030420
109	55.689602
110	55.225120
111	54.740268
112	54.234848
113	53.708662
114	53.201284
115	52.673142
116	52.163908
117	51.633712
118	51.082654
119	50.550206
120 and each Charter Hire Payment Date thereafter	50.00000

Prior to the commencement of Basic Charter Hire, the Casualty Value shall be the amount specified in Section 11.5 of the Charter Agreement.

*After payment of the Charter Hire due and payable on the applicable Charter Hire Payment Date.

EXHIBIT 1
(to Charter Agreement)

CERTIFICATE OF ACCEPTANCE NO.

PURSUANT TO CHARTER AGREEMENT; DATED AS OF AUGUST 15, 1981

between

CBT LEASING CORPORATION, OWNER

and

C. G. WILLIS, INC.; CHARTERER

Form for Acceptance of Vessels

The undersigned Charterer under the Charter Agreement described in the caption hereof acknowledges and agrees that the Vessel described in this Certificate has been delivered to, and is now in the possession of, and has been accepted by, the Charterer under and pursuant to and subject to all the terms and conditions of the Charter:

DESIGNATION:

OFFICIAL NO:

MANUFACTURER:

TYPE:

INVOICE COST:

DATE OF ACCEPTANCE:

The Charterer does further certify that the foregoing Vessel is in good order and condition, and conforms to the specifications applicable thereto and to all applicable requirements and specifications and that said vessel has been marked in accordance with Section 4.3 of the Charter.

The execution of this Certificate will in no way relieve or decrease the responsibility of the Manufacturer of the Vessel for any warranties it has made with respect to the Vessel.

Dated:

C. G. WILLIS, INC.; CHARTERER

By _____

Its President

COMMONWEALTH OF Massachusetts)
) SS.:
COUNTY OF Suffolk)

On this 31st day of August 1981, before me personally appeared C. G. Willis, Jr., to me personally known, who, being by me duly sworn, says that he is a President of C.G. WILLIS, INCORPORATED, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Philip S. Sternstein, Notary Public

[Notarial Seal]

My Commission expires: August 19, 1988

COMMONWEALTH OF Massachusetts)
) SS.:
COUNTY OF Suffolk)

On this 31st day of August 1981, before me personally appeared James K. Seder, to me personally known, who, being by me duly sworn, says that he is a President of CBT LEASING CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

PHILIP S. LEVOFF, Notary Public
My Commission Expires Nov. 5, 1987

[Notarial Seal]

My Commission expires: November 5, 1987